



Alaska Seafood Marketing Institute

Alaska Seafood Marketing Institute
International Marketing Committee Meeting
August 9, 2017
Courtyard Marriott, Seattle, WA
DRAFT MINUTES

INTRODUCTION

A regular meeting of the Alaska Seafood Marketing Institute (ASMI) International Marketing Committee (IMC) was called to order at 9:14 AM on August 9, 2017, at Courtyard Marriott in Seattle, Washington.

Roll Call

Committee members present:

Michael McGinley, Chairman
Lance Magnuson, Vice Chairman
Norman Aoyagi
Shigeki Okano
Merle Knapp
Jeff Stephan (telephonic)
Duncan Fields (telephonic)
Dean Pugh
Tomi Marsh (telephonic)
Julie Yeasting

Committee members not present:

Bob Janzing

Staff present:

Alexa Tonkovich, Executive Director
Hannah Lindoff, International Marketing Director
Megan Rider, International Marketing Specialist
Monica George, International Marketing Coordinator
Michael Kohan, Seafood Technical Director

Guests:

Chris Jacquette, USDA
Moises Huerta, FAS Colombia
Ron Risher, Icicle Seafoods

Mark Tupper, Triad
Mike Cusack, American Seafoods
Elisa Daun, Washington State Department of Agriculture
SOGDA Representatives

OMR Introductions:

Ksenia Gorovaya (EEU), Anastasia Semenova (EEU), Jose Madeira (Brazil), Keiko Sasaki (Japan), Robin Wang (China), Sandy Sheh (China), Maria Kraus (CEU/WEU), Bruno Correard (WEU), Sarah Johnson (NEU), David McClellan (SEU)

Introduction of Guests/Visitors: McGinley introduced Chris Jacquette, FAS, USDA – Branch Chief for livestock and seafood product. Jacquette noted FAS is in the middle of UES review – Joel has submitted ASMI’s UES. Congress is putting forward a budget for 200 million. Huerta, FAS – Bogota, Colombia, stated that he works closely with importers in Colombia (2.4 billion worth of sales to the US).

Approval of Previous Meeting Minutes: Pugh moved to approve, Yeasting seconded. Unanimously approved.

Announcements: No announcements.

Public Comment: No public comment.

REPORTS

Chairman’s Report

McGinley reminded the committee that this was the semi-annual meeting with ASMI’s Overseas Marketing Representatives (OMRs). He reported that the industry is having a good run this year with a substantial run in Bristol Bay and with chum salmon. He expanded by saying this is also a good year in the markets with the dollar in our favor, farmed fish prices being high, and expansion in European markets compared to 20 or 30 years ago when Japan was the only market for salmon. Reprocessing nations like China are also coming to the US for different grades. The OMRs pulse on the market is a good thing for the industry. He reminded the OMRs to not forget a strategy for marketing the pinks and the chums. King salmon, sockeye salmon, and black cod remain an easy sell to consumers but the bulk of the sales are the smaller species which are in need of good promotions. The main goal is to get the prices up for Alaska processors and fisherman. McGinley encouraged the industry members to talk to the ASMI OMRs about their markets. McGinley encouraged OMRs to communicate with industry by sending informative reports and collaborating with each other through standing invitations, dinners, and meetings.

Vice Chairman’s Report

Magnuson echoed McGinley’s concern over promotions for under-utilized species such as pollock. He reminded the group that the industry still needs to focus on pollock. Yeasting agreed.

Program Director Report

Lindoff reported the budget was approved by the board of directors and Tonkovich with the amendment to remove the non-international program staff salaries which the international program supported in previous years. This puts more funding in the marketing programs. Lindoff reported the international program had two inbound missions with Washington State Agriculture, participated in a culinary retreat attended by eight international chefs, and filmed a virtual reality 360 film of a fishing family in Cordova. In addition, Megan Rider attended the FAS Attaché conference in Washington DC and Lindoff attended SeaWeb Seafood Summit in Seattle. During this period, the UES grant application was also submitted to USDA. Lindoff thanked committee members, Jeff Stephan and Duncan Fields, who assisted greatly in setting up the OMR strategy session in Kodiak. Unfortunately, the group was unable to fly into Kodiak due to weather conditions. The group stayed in Anchorage and traveled by train to Seward for a day trip, visiting the SeaLife center, meeting a local ASMI ambassador chef, and visiting the Icicle plant. The strategy session occurred the following day. Lindoff gave a big thank you to Icicle for a very last-minute plant tour. Sarah Johnson gave big thanks to Rider and Lindoff for putting together an alternative itinerary immediately.

Lindoff reminded the industry of the Global Based Initiative to Southeast Asia coming up in September. Rider will be leading the ASMI group in both Singapore and Thailand working closely with other cooperator groups. Lastly, Lindoff reminded the committee of ASMI's pavilions at Conxemar in Vigo Spain, October 3 – 5, and China Fisheries, November 1 - 3.

WEU Introduction and Presentation

Maria Kraus introduced Bruno Correard as the WEU contractor working with MK2. Correard started in seafood in 1999 for Carrefour as Seafood Safety Manager and from 2003-2006 was the Manager for Sustainable Marine Resources. In 2006, he founded his own company specializing in optimization of processes in the seafood industry.

Market update: Correard gave a market update for France. He reported France is the second largest economy in Europe with 67 million people. In 2016, France had a record year in the value of seafood. Seventy-five percent of the market is in retail with the remaining twenty-five percent in HRI. There are two segments, refreshed and dried cod, and the market is very attached to cold water species. Sixty percent of all of the seafood consumed in France are finfish species from wild origins. The frozen segment is suffering and is in need of vendors, improved packaging, and better communication. The French know seafood and they buy the beautiful story. The smoked fish (trout, sockeye, and coho) market is successful and dynamic. Pacific cod is improving, while surimi has suffered. Correard addressed the Chairman and agreed lesser known species need to be improved in the consumer's perception. Correard looks forward to the synergy between CEU and WEU but addressed specific issues special to France (see strategy slide in the presentation). He stressed that there needs to be a focus on more appealing products, innovative packaging to keep up with market trends, and the introduction of value-added products (ready to go in the oven). Correard reported the key is training for seafood buyers in the global market to improve market position, achieve new listings, push impact and sales, and develop trade channels.

Upcoming plans: The upcoming plans for France include workshops to educate retail buyers and category managers, a blogger and cooking apps approach, and building relationships with food trendsetters. Correard recognized McClellan for his work with Cash & Carrys in Spain highlighting the need for end users to be informed of their offers through modern imagery, stories, and packaging along with improved social media and specialized websites.

Correard sees increased mixed shipments for smaller buyers as an opportunity to increase the availability of rare Alaska seafood species. Pugh asked about increasing value of the product and was interested to hear about the salmon steak market because he's been told it's a dying market. Correard responded yes and no, in the retail market salmon steaks are dying and have been replaced by fillets and skin on. However, salmon steaks are seeing a resurgence in foodservice with BBQ and grilled. Correard said customers need to know how to use and cook it. McGinley commented you can promote single frozen products. There is an increased market and industry is looking for people in Europe who understand the US as the first stage and expect increased processing in Europe with links to the direct importers of France.

Correard emphasized improving the image of products will increase value because if consumers are convinced then the price matters less. For example, with Atlantic cod, Iceland is perceived as the best. Its image is so strong and therefore it's sold before it's produced and the price is 20-30% higher. Michael Kohan asked if there are specific secondary processors that could be put together to discuss how to create value-added products. Correard said it will take work as they are all competitors, however there has been brainstorming sessions around improving the positive image around specific species such as scallops. Okano emphasized the taste of Alaska salmon is the best yet it is very seasonal and promoted on a seasonal basis. For instance, smoked sockeye demand is very popular in Europe yet promoting lower value species remains important. Correard said fresh is a very niche market and not in the mainstream and keta and pink salmon sales can be improved but only if the perception is improved, especially if they are only offered as old-fashioned products. Correard said Atlantic salmon is a huge competitor and their industry's highly optimized logistics to Europe mean they are able to penetrate the market.

Aoyagi asked which logo is preferred by the consumer in the French retail market? Correard said the most common logo is MSC and is embraced by the French retailers. However, recognition among consumers is very low and retailers and suppliers use it to avoid any conflict with NGOs. Correard said the most important thing is the message behind the beautiful story and a label is not enough. McGinley asked if Correard is located in the south of France. Correard reported he travels all around. He noted the South is focused on cold water products and elsewhere is on Mediterranean products.

CEU Presentation and Discussion

Market update: Maria Kraus gave a market overview of CEU. Germany is the biggest market in the CEU with Poland the second biggest market. Frozen sales have increased while retail remains stagnant and consumer research shows consumers are willing to pay more for sustainable seafood. Frozen and smoked products are popular. Consumers rely on MSC and comparable certifications. Alaska pollock and

salmon are the most popular fish with pollock number one in Poland and salmon ranked seventh. The best performer in the last year was cod with a shift to cod fillets. One of the reasons for this popularity, is cod is sold as refreshed.

Strategy: Kraus reported CEU's strategy is to cooperate with importers to educate clients on the superior quality of Alaska seafood, raise trade interest, gain sales support, push brand building, improve product image and widen consumer range. She said messaging is important in Germany and brand building is effective. The poke trend has seen great success in CEU and with the opening of the first poke restaurant, it's surpassed the prior ceviche trend. Kraus will use the domestic poke brochure in the CEU markets translating it to German and French for distribution to consumers.

What didn't work: Kraus reported on what didn't work this year highlighting a failed opportunity to work with Sky Chefs to implement a "Sky High" culinary promotion. After negotiations, Lufthansa withdrew because they did not want to call out wild Alaska salmon and/or use the ASMI logo. However, a partnership with Condor airlines did succeed with a print ad in their in-flight magazine at half-price, which will be featured on all international flights for the next four months.

Program highlights: Kraus played a short video ad as a program highlight featuring the wild Alaska seafood pop-up restaurant in Cologne. It was open for two weeks and was the first-ever Alaska only restaurant with almost 4,000 guests visiting in two weeks (400 kg of pollock, cod, and salmon was served). The event had wide social media coverage, generated a lot of interest and was the second most successful concept of "Laden Ein."

Kraus discussed the collaboration with salmon smoker Gottfried Friedrichs including a POS promotion combined with a blogger and press campaign. ASMI CEU and Friedrichs developed recipes through food blogs and produced a cooking video.

Kraus highlighted an Alaska Seafood Week featured in 90 company cafeterias supporting a different dish and species every day. ASMI CEU worked with the chefs to educate them on recipes and uses (see the presentation for results). The ASMI bear was provided and 10,000 brochures were distributed. Kraus highlighted other events including Fischwirtschaftsgipfel 2017 and Polfish 2017. ASMI CEU staff attended and received 30 new industry contacts in Alaska, distributed 12,000+ ASMI materials, created a new partner in Germany in the organic sector (Wechsler) and established a 2018 product launch in Poland (Gadus – BBQ salmon on wood). Additionally, ASMI CEU continues to work closely with FAS representatives.

Upcoming plans: The upcoming plan for ASMI CEU includes an Alaska origin project in Switzerland, chef education seminars, and a fitness promotion campaign. Kraus asked the industry to investigate an option for shared containers for species such as flatfish, lingcod, and rockfish and larger Alaska pollock IQF fillets. Magnuson asked if Poland is acting as a processing place to ship into Western Europe and if the actual consumption in Poland is rising (salmon, cod, pollock). Kraus said pollock is the highest species being consumed. Magnuson asked what product form is being consumed? Kraus reported H&G is going down and more fillets and blocks are being consumed. Kraus said it is a price issue and our focus at ASMI should be on education. She said Russia is heavily investing in pollock and is working on value-

added products for consumers. McGinley said he's found during campaigns and seminars the people are interested, however, there seems to be a disconnect of how they find the fish afterward. He asked if we are able to give out importer names after a promotion or create access to a list of importers. Kraus said she works closely with the customers such as Transgourmet and ASMI CEU supports product innovation and education for consumers but there is a fine line because they have to stay generic. Any information for importers is shared via trade leads through the ASMI Juneau office.

EEU Presentation and Discussion

Market update: Ksenia Gorovaya gave a market overview update on EEU. The EEU is known for niche products such as pink salmon roe. With low income and low fish consumption, the average person in Romania consumes just six kilos of fish per person compared to France at 33 kilos. The main market remains in Ukraine although the economy has shrunk two-fold. Romania is the second focus with approximately 20 million consumers. Double-frozen pollock from China and breaded pollock from Germany are prominent in Romania. Seventy percent of Alaska product is sold via retail. Canned salmon is processed domestically and frozen roe is highly appreciated by traders. Salmon is typically consumed salted either as roe or salted salmon. Pollock is largely sold in bulk as H&G. Breaded pollock arrives from Poland. Surimi comes from Lithuania, and posh products such as Alaska Seelachs come from Germany. Pollock roe sales increased eleven fold this year and were supported with education on the product. Russian sanctions were prolonged until December 2018 with domestic catch and exports increasing but imports are down. Russia is now seeing chum and pink refreshed on retail shelves at around \$4 per pound. Officially, the Russian fishery agency is doing a better job promoting Russian catch and there seems to be more order and updated catch information by region. At Brussels, the Eastern European presence is growing with 15 countries participating and an outlook of up to 25 countries increasing participation. There is a new initiative of investment in fish quotas to support new state support measures which may result in 100 ships and ten coastal plants built in the next five to seven years in the Far East.

Strategy. Gorovaya reported on upcoming EEU strategy with importers at the core focus through market visits, trade show attendance, representational events, generating trade leads, creating multi-language educational materials, quarterly trade newsletters, and the blog www.alaskaseafood.ru. There is limited outreach to retailers through in-store demos (see slides). Gorovaya presented EEU highlights with 70% of Alaska products sold in retail, ASMI EEU coordinated retail promotions in Georgia, Moldova, Romania and the Ukraine featuring mainly salmon roe. They also generated trade leads and attended trade shows. Gorovaya said representational events have had higher impact by partnering with UFC Ukraine, FAS Ukraine, FAS Kazakhstan, FAS Romania, the US Embassy Lithuania, and the US Embassy Estonia.

What didn't work: Gorovaya reported on what didn't work with ASMI EEU, reporting on the lack of marketing experience in-stores, caution around partnership events because of self-interest from importers, regional shows are small scale and questionable, parasite communication with chefs, and the questionable handling of fish by wholesale. ASMI EEU will focus on Lithuania surimi products in Ukraine, Romania, Georgia, and the Baltics (the three new countries added to ASMI programs). Gorovaya informed the committee of the Cochran Ukraine mission approved for 2018, the potential for a quality

sample program (QSP) of Alaska pollock samples to Ukraine and Romania, and the diversification of pollock promotions (canteen workshops, printed materials for HRI and final consumers, ASMI technical materials).

McGinley asked, with Ukraine being a big market, wouldn't that translate into a bigger market share for Alaska product because of the political implications with Russia? Gorovaya said it is helping but decreased purchasing power due to decreasing income and a low exchange rate has an impact. However, sales of Alaska pollock are up 80%. Some Alaska pollock roe is arriving in Russia because it is processed there making it legal in the market. David McClellan asked how the 40 tons of pollock roe is processed. Gorovaya reported it is salted in a small processing plant that traditionally processes salmon and cod roe. She said that purchasing power remains an important factor but the price of pollock is attractive. However, it remains low quality and not labeled as an Alaska product. She said competition from hake is relevant because traditionally pollock has been considered cat food and hake doesn't have the same historical connotation. Gorovaya said they are not seeing an abundance of Russian pollock in Western Europe however they are seeing more Russian salmon on the market shelves. SOGDA reported they have lost a huge market with the embargo but the Ukraine still imports pollock. Knapp said there is a discussion about the Russian oligarchy changing the amount of Russian product consumed locally. Knapp said he thinks Russian product will increase in the market but the infrastructure isn't there for transporting product. Cargo companies are looking at the polar route for transport and Knapp is sensing major changes from the buyers. Approximately 800,000 tons of Russian product (single frozen and H&G) is expected to go into the domestic Russian market. Knapp emphasized keeping a close watch on what is going on with the trade. McGinley asked, outside of the Ukraine, which country has the most potential for sales and what products. Gorovaya said Romania has the most potential with 20 million people and overall consumption of salmon, pollock, and salmon roe is growing however consumers still only eat six kilos of fish annually.

China Presentation and Discussion

Market update: Sandy Sheh presented the market update for mainland China and Hong Kong. The consumer price index (CPI) rose 2% in 2016 and the growing economy and e-commerce experienced robust growth. Traditional retail is suffering and new retail is increasing rapidly. The Hong Kong retail sector rose by 3.9% (see presentation slides).

Seafood market update: Reprocessing is down as production shifts to Southeast Asia. There is increased domestic consumption. A "healthy" trend has increased the demand for seafood over meat with a focus on health for children. E-commerce and logistics remain at the forefront of growth for Alaska seafood. There is high demand for imports of Alaska seafood with reprocessing shifting to Southeast Asia. Four different online platforms have had promotions of Alaska seafood and the total sales equal 280MT (double or triple non-sale periods) and over ten online platforms in China are selling Alaska seafood on a regular basis. Sheh presented the e-commerce highlights from a live streaming event in Detroit via a mobile app. The live streaming reached 150,000 viewers and featured Alexa Tonkovich. In conjunction with the online promotion, there were offline VIP events to promote Alaska seafood. There is increased focus on selling pollock roe and herring roe through chef seminars, trade gatherings and online

promotions and new recipes have been developed to feature these new products. Many HRI companies have integrated these products into their menus and offerings.

What we need to improve: ASMI China is transitioning from printed publications to new digital media in China. The strategy is to continue to work with key importers, continue promoting the nutritional value, maintain close relationships with e-commerce platforms, promote Alaska seafood through different channels especially new social media, and digital media.

Upcoming plans. ASMI China will attend both China Fisheries and SIAL in Shanghai to expand ASMI's presence and introduce new products to traders. Additionally, they will increase efforts in foodservice and chef training to enhance promotions of Alaska seafood in international hotel and chain restaurants and focus on chef education. They will continue to partner with e-commerce retail platforms for online sales of Alaska seafood. They will also increase ASMI's presence and interaction on social media (Wechat, Weibo, utilize KOLs, etc). Aoyagi asked for more detail on how the e-commerce platforms work and if it compares to Amazon Fresh. Wang reported on e-commerce in China. He said Chinese consumers are now using their smartphones for everything. These online platforms are reaching 2nd and 3rd tiers markets and consumers can receive products quickly. In the last few years, logistics have been improved to reach a larger scale of markets outside of Shanghai and Hong Kong and the infrastructure is growing. McGinley reported he had a meeting with Alibaba and he suggested providing them product through a cold storage in Shanghai but they could not come up with a distribution system for the market through the online platform. Wang said Alibaba is the portal and they only provide the platform. Wang has been working with a local distributor and emphasized the importance of continuing to encourage them to work on logistics for distribution. He said Alibaba differs from Amazon as far as logistics. Amazon Fresh is vertically integrated with an immense distribution system. **Action Item: McGinley would like ASMI China to assist demystifying e-commerce distribution logistics.** Aoyagi asked if we can put the ASMI logo on products. Wang said the import company wants the ASMI logo. He also said MSC is very strong in China, working with WWF. ASMI China puts effort into connecting Alibaba with logistics through networking and educational events. Wang said it's a good point and maybe we need to improve communication.

Okano asked if Chinese people are eating more salmon and if they are, in what product form? Wang said Chinese people eat a lot of sashimi, salted salmon, fried and steamed salmon, and salmon in dim sum. Wang emphasized ASMI China tries to educate the chefs on different preparations of salmon. They work with hotel groups to create promotions to expand uses of seafood. Salmon is not served as a whole fish but as a portion, fried with vegetables. Knapp asked what country is Alaska's biggest competitor. Wang said Norway, South America, Canada, Australia, and New Zealand but he is not worried about competition because China is so large. The goal is to promote more products.

LUNCH BREAK – 12:04 p.m. Resumed 1:16 p.m.

NEU Presentation and Discussion

Market overview: Sarah Johnson gave a market overview of the NEU political and economic update. The UK and the Netherlands are 93% of the market. The government continues to be unsteady due to Brexit

and security. Consumer confidence is down with a sluggish economy and the trade deficit widening and unstable currency. The meal kit market stands at 1.7 billion and is a growing trend in the UK, and the retail sector is experiencing many mergers and acquisitions. The UK value growth in seafood is +2.3%, chilled fish is up 3.3%, and frozen is up 2%. Sales at Easter had a three-year peak of 188 tons. “We are Wild” continues to be a successful campaign and the UK is seeing online activity increasing with more consumer insights, increased engagement, and an increase in ROI. Consumer themes continue to be eating for fitness and eating for good health or “clean eating,” and minimizing food waste. “New Year, New You” and “Fit for Summer” are strong campaigns in the UK.

What didn't work: The *Olive Magazine* sponsorship contest (circulation of 60,000) was unsuccessful. The print media was beautiful, however the data capture was weak with only 31 participants out of the anticipated 200. In terms of data capture, it was a failure. Additionally, ASMI NEU had hoped to further develop or redesign the Seafood U platform in FY17. It is been a challenge to modernize based on the existing material and progress has been slow. They are hoping to complete the project in FY18.

Program highlights: Chef innovation day saw a new audience and they showcased an Alaska seafood immersion with follow-up by Slow Burn. The retail promotion at Princes / Sainsburys resulted in 97,635 units sold over a three week promotion. ASMI NEU is producing a virtual reality film story of a fishing family bringing to life the reality of the fishing industry. The goal is to use it alongside trade and college partners to use online and through various social media channels. Chef Adam Reid, who attended the culinary retreat, will premiere the film at his restaurant and talk about his experience in Alaska.

Upcoming plans: ASMI NEU will continue to engage influencers, create a #knowyourfisherman/woman campaign (with a refined title), promote Alaska seafood at the Superbowl All America week, roll-out the virtual reality 360 film, partner with a chef for British heart month, and develop a new Seafood U. Yeasting asked what project had been most successful. Johnson highlighted that the chef innovation day was successful because it is a new audience that is typically hard to reach and they were completely enthused. She expanded by saying European markets are sharing the same objectives and it's important to begin to share creative projects and synergies for success. McGinley asked how the refresh market is in the UK. Johnson said it is continuing to grow in the refresh market and seafood in general. Knapp asked what is driving the retail market. Johnson said not refresh but the chilled product and thinks the drive is due to innovative packaging. She said NEU is seeing growth in fresh fish cakes and also in salmon sandwiches, but there is no change in canned salmon. Generally, people are eating less meat and seafood consumption is up.

Japan Presentation and Discussion

Market update: Keiko Sasaki gave a market overview of Japan. Japan's population is declining. According to 2016 import statistics, the import volume of seafood was 2.4 million MT, which is the lowest level since 1989. She gave an update on species sold and promoted in Japan.

Strategy: The strategy is to focus on the strong consumer value store (CVS) sector, partnerships with large-scale stores and restaurant chains, partnerships with Japan's largest supermarket chains, and on the young demographics through social media.

Program highlights: Sasaki presented the year’s highlights including “Seven & I holdings’ Sustainability month” (see slides for promotions). Sasaki showcased the sustainability leaflet which ASMI Japan anticipates will be distributed to over 300,000 people.

Upcoming activities: ASMI Japan will participate in the Aeon Alaska Seafood Fair and various ASMI food truck promotions (Tokyo Jazz Festival, Kitchen Car Collection – Osaka – and Kyoto Brewery). She briefly updated the committee on e-commerce promotions (Oisix and Bio Market), the Alaska Seafood Menu Promotion, and coop Alaska Seafood.

What didn’t work. The Alaska seafood rice bowls partnership could only be conducted at one CVS store. It was a unique promotion but with only one participating store, the sales were not significant compared to the investment. ASMI Japan would like to continue these types of promotions with larger chains. ASMI Japan also plans to hold a fisherman seminar to tell and promote the Alaska seafood story. McGinley asked for a pollock update. Sasaki informed the committee of the pollock king crab surimi product (100% pollock) released at Costco in Japan along with the ASMI and MSC logo on the packaging. Knapp reported on the market’s shift to making surimi and notified the OMRs to prepare for the request to promote underutilized species very soon.

SEU Presentation and Discussion

Market update: David McClellan gave an update on Pacific salmon volume imports in Spain, Italy, and Portugal. The total salmon market makes up approximately 80,000 tons per year. Norwegian salmon is sold fresh. Import and export statistics are from Global Trade Atlas and include import figures, the volume of frozen, H&G cod (Atlantic versus Pacific). There is increasing consumer awareness of cod. He is working on the number of importers and exporters and a growing market for the lightly salted cod fillet imports. Alaska pollock fillet imports are small. The US is gaining market share in Spain but still, it is very small. McClellan believes it has the potential for growth.

Strategy: ASMI SEU’s strategy is to make Alaska a well-known and regarded seafood origin in Spain, Italy, and Portugal.

Program highlights: ASMI SEU participated in nine different trade shows last years including Conxemar, San Sebastian Gastronomika, and Salon de Gourmets. ASMI SEU sponsored ten chef demos and conducted sales force training seminars. Two Michelin chefs attended the ASMI culinary retreat in Seward. McClellan reported he didn’t feel like this year’s retreat was as successful as previous years. ASMI SEU sponsored the Wild Alaska food truck participation in 22 festivals and events in Spain. The new Makro HRI seafood catalog (German metro chain) featured a two-page message about Makro’s commitment to sustainable fisheries featuring Alaska, crediting ASMI. ASMI SEU also had in-store product tastings in fresh seafood departments in the nine largest supermarkets in Spain. Alaska cod promotions were held with Pambuffetti in Central Italy. Every year ASMI SEU partners with PAM on a giveaway to consumers for a week in Alaska.

Upcoming events: Conxemar Seafood Tradeshow in Vigo, Spain, October 1-3.

Call to action: McClellan asked the processors to give extra support to the SEU distributors who are using the ASMI logo and working to build the image of Alaska seafood. He would also like additional harvest updates and information from ASMI to share with customers geared towards buyers and not just industry. Risher asked if SEU has seen an increase in the demand for pink fillets or other species. McClellan said in Spain there is a big market for chum but there has not been a high demand for pinks because they are too small to steak. Yeasting asked if SEU has any promo activities for pollock. McClellan is not currently involved in any direct retail promotions for pollock however he does promote pollock at tradeshow. Yeasting asked about opportunities for pollock promotions. McClellan said there is an opportunity with institutional catering with a shatterpack or IQF, particularly in schools where they are requesting organic. Trade servicing and training programs with chefs are important for pollock promotions as well. Magnuson thinks the addition of the food cart is a big boon for the market and he has seen the value in having it present at the pavilion.

Brazil Presentation and Discussion

Market update: Jose Madeira gave a market overview for Brazil. Brazil's population is 210 million and continuing to increase. There is GDP growth coupled with decreasing inflation (see presentation slides). In Brazil, 80-90% of seafood sales are through retail. Seafood consumption is going up in Brazil, especially among millennials.

Program highlights: ASMI Brazil organized retail merchandising campaigns in nine states, 41 retail chains, 727 outlets, for a total of 2,300+ store days. ASMI Brazil ran an Alaska seafood Walmart TV ad resulting in the sale of 39 tons for a total of \$527,000 in sales. Additionally, there were launches in Noronha, Komdelli, Swift, and Frumar. Attendance at the APAS show in May generated 45 new trade leads. ASMI Brazil's social media Facebook has over a million likes and has garnered earned media worth over \$1 million. ASMI Brazil works closely with the FAS office in Brazil and the US Food Experience in partnership with FAS/ATO.

Strategy: ASMI Brazil plans to explore opportunities in other South America markets. The FY18 strategy is to continue strong emphasis in making more Alaska products available in the market, continue in-store promotions, create a special program for medium-size retail chains, participate in culinary and nutrition schools presentations, events, chef demonstrations, training, and workshops. ASMI Brazil will create special campaigns around Alaska pollock and keep the emphasis on the "wild and sustainable" message and Cook It Frozen! There will be continued focus on trade education and relations and work with top retailers in major cities as well as select restaurants. ASMI Brazil also plans to increase partnerships with other US origin products and continue to use social media as a retail merchandising tool.

What didn't work: ASMI Brazil held a 10 day Christmas promotion with sockeye salmon in the Northeastern states. The results were very few sales and a low return on investment. They discovered salmon is too expensive for low-income regions. Moving forward ASMI Brazil wants to see more companies applying for DIPOA registration, more visits and attendance at shows, development of new recipes and Alaska seafood plated shots, and continued participation in FAS/ATO activities to expand

opportunities in the South American region. Yeasting asked about the opportunities for Alaska pollock. Madeira said for pollock H&G there are Northeastern companies buying pollock for the yield. McGinley asked how Brazil is enforcing laws against glaze on products imported from China. Madeira said the health certificate must state there are no chemicals in the product and customs will confiscate containers from China. Okano asked what type of product industry should plan to export to Brazil. Madeira said consumer ready products as he is seeing more processing occurring in Brazil. Madeira said the industry can start importing immediately and asked the committee to work with ASMI Brazil to become qualified for shipment.

Species Updates from IMC Members

Arrowtooth Flounder

McGinley gave an overview, saying the second largest biomass in the sea is arrowtooth flounder and the price of the fish is very low. He said the industry is excited about arrowtooth flounder, however, there is an immense amount of halibut bycatch and it is a tough fishery to work.

Cod

Magnuson said the cod market is very firm and industry is allocating product before it is harvested because of high demand. Forty percent is sold to Japan but domestically sales of cod are growing. The industry has tripled sales in volume domestically over the past three years. Europe remains a weak market because of competition from the Barents Sea. Cod is not a product the industry needs a lot of help on in terms of sales. There is a recommendation to decrease the quota in the Barents Sea by 20% and if that decrease does come to fruition, cod prices will continue to rise and be in greater demand. The cod market will be strong for the next several years and is benefitting from high salmon prices. McGinley concluded there is a great cod fishery out of the Bering Sea and it is an excellent product.

Pollock

Yeasting gave an overview on pollock saying it is the other white fish and has good value and industry is hoping to see an increase in prices. It's abundant, sustainable, good price and industry are working on creative solutions to introduce different product types. Elevated prices and increased demand are necessary for the fishery to make a profit. Particularly, the industry is working to promote blocks into the industrial food market. Refreshed fillet products are not feasible because the only 1/10th of 1% of fish has a bigger fillet portion. The USDA is buying 20 million dollars of serpentine cut, two-ounce portions resulting in a frozen single portion of unbreaded fish. Through GAPP, they have been able to cook an entire pollock block and use it for various uses as an economical product, drilled down into the food chain without a lot of secondary production. Gorovaya asked if these new portions are under development or on the market. Yeasting said Trident has showcased the product at the Boston Seafood Show. The Wildly Simple Alaskan pollock brochure is available on Trident's website.

Rockfish

Rockfish is important to continue to have in the cycle but not a species that needs a lot of promotional help. It is a unique item with very red skin and beautiful texture and can be frozen at sea or H&G. There are a variety of product forms and it's relatively inexpensive. McGinley finds it an undervalued product.

Flatfish

Knapp reported flatfish has no issues. It seems like the demand is exceeding the supply and its value continues to increase. For yellowfin sole and atka mackerel, there has been consolidation in the industry and an increase in demand with a reduction in supply with diversified product types. The China market demands whole round and some markets still want a whole fish. McGinley commented this seems like a worldwide demand. McClellan noted he has seen a demand for dover sole. Knapp said Alaska has a small supply of dover sole but it's different from dover sole from Dover and is not a volume fishery.

King Crab

King crab and opilio are down and all product going to high-end, key markets. King crab seems to sell itself and does not need assistance with promotions.

Salmon roe

McClellan said his importers are hoping the prices decrease significantly for ikura. McGinley's impression is Japan is worried about its own run. The prices keep going up and the inventory is less than they need. The supply in Hokkaido is down and someday the fishery will return and the prices are going to drop hard but for now there is no good news for Ukraine. Ikura will stay in Russia but Japan will continue to import. Okano sees this being a potential problem.

Canned salmon

McGinley said one of the things he has noticed is a stronger demand on frozen salmon prices and less dependence on canned salmon. Industry wants to maintain the canned market but it's getting more difficult for consumers to accept the prices because so much of the product is now going to the freezer. There is an additional canned market loss because of an aging population. In light of that, there is still opportunity in some of the new markets.

Frozen salmon

McGinley reported it has been a good year for sockeye and chum and a little too early to tell with pinks and coho. So far, 50 million sockeyes have been caught. The US is purchasing a lot of fish this year for the fresh market.

Kelp demand

The group briefly discussed the growing kelp market. ASMI has had discussions with the mariculture industry regarding kelp but is not involved in marketing.

Okano asked if ASMI has a video to promote Alaska salmon or pollock. Okano would like to see a promotional video with sustainability messaging. Knapp suggested producing one video and translating to other languages. Lindoff reported there is an existing video and ASMI is also launching a video contest. **Action Item: ASMI staff will send links to Okano of the videos ASMI already has and further discuss the needs of the industry.**

McGinley moved to adjourn the meeting. Knapp seconded. The motion carried unanimously. The meeting adjourned at 4:35 p.m.

Next IMC Meeting Date: All Hands November 27-29, Anchorage, AK