

***Record of Proceedings:***  
***ASMI Customer Advisory Panel***  
***Strategic Workshop***

*Prepared for:*  
***Alaska Seafood Marketing Institute***

*FACILITATED BY:*



**Juneau • Anchorage**

**March 2 & 3, 2010**

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# ASMI Customer Advisory Panel Strategic Workshop

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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 expertise available in the world. CAP members were carefully selected to insure not only the utmost in competence, but also to provide a wide range of supply chain feedback in Alaska's most important markets – European Union, Japan, China, and the United States. In turn, CAP members gain priority and ongoing access to the Alaska seafood industry's production, marketing, government, and resource management leaders.

Further, the purpose of this initial ASMI CAP Strategic Workshop is to initiate long-term relationships with the esteemed members of the CAP, and establish a communications and activity agenda for enhancing these relationships over the long term. The workshop was held on March 2 and 3, 2010 in Juneau, Alaska, the headquarters location for ASMI and Alaska's Capital City.

This document summarizes the essence of the two facilitated discussion sessions – 1PM to 5PM on March 2, and 9AM to Noon on March 3.

## ASMI Customer Advisory Panel Members

Jennifer Keith  
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Orlando, Florida

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Peter Hajjieris  
Director of Sustainability and External Affairs  
Birds Eye Iglo  
Middlesex, United Kingdom

Quentin Clark  
Senior Seafood buyer  
Waitrose Ltd  
Bracknell Berks, United Kingdom

## The Process

Prior to their travel to Alaska, CAP members were provided a list of questions developed by the professional staff of ASMI. While all of the specific questions are not listed here in this report, the CAP was asked to consider four major topical areas:

- **SUSTAINABILITY**
- **MARKET TRENDS AND ISSUES**
- **ALASKA SEAFOOD MARKETING CHALLENGES**
- **MARKET COMMUNICATIONS AND CONDITIONS**

## Sustainability

The first facilitated discussion session took place between 1PM and 5PM on March 2. Most of the time involved a thorough vetting of the sustainability issue. In the morning educational session prior to the afternoon's facilitated discussion, ASMI made presentations for the purpose of updating the CAP on ASMI programs and Alaska seafood in general. The final presentation was by Global Trust, an internationally recognized 3<sup>rd</sup> party certification organization selected by ASMI via the competitive proposal process to provide 3<sup>rd</sup> party sustainability certification for Alaska fisheries management practices. ASMI and Global Trust had developed a comprehensive plan and presented this plan in detail to the CAP and the ASMI Board of Directors. Both CAP and ASMI Board members asked a number of clarifying questions.

Based on this presentation, the afternoon discussion session focused on the following questions. These specific questions on sustainability were also provided to CAP members over a week in advance of the workshop, giving them time to consider them. Finally, the afternoon session opened with a 30-minute presentation showing in detail how the sustainability issue affects, and is dealt with, by a major UK-based food producer with a dominant position in the European Union. CAP member were then asked:

"You observed this morning's presentation (on March 2) on our Alaska plan for third party independent certification of Alaska's sustainable fisheries management practices.

- Would our proposed plan work in your markets? How could we improve on this proposed plan?
- Are we correct to assume that proving our fisheries are managed for sustainability is becoming a cost of doing business, of market entry, and no longer a means to differentiate to earn a higher price?
- Is independent, third party certification of our fisheries now a market requirement no matter how well the fisheries are managed? If so, how long will this trend continue?
- Is the customer prepared to pay for the additional costs for third party eco-labels?"

## **Summary of CAP third party certification and sustainability discussion**

### **WILL OUR ASMI/GLOBAL TRUST PLAN WORK IN YOUR MARKETS?**

#### **CAP ANSWER: YES**

The overall consensus of the CAP, following a thorough two-hour discussion, was that ASMI's proposed plan to have Global Trust manage Alaska's 3<sup>rd</sup> party certification would work well in all markets represented. CAP members were complimentary of the plan with the caution that strong communications and relationship development were essential, since Global Trust was not universally known in all markets as a leading 3<sup>rd</sup> party certifier. No improvements were suggested, other than the overriding theme of communication and education.

### **IS SUSTAINABILITY CERTIFICATION SIMPLY A COST OF DOING BUSINESS, EARNING NO MARKET PREMIUM?**

#### **CAP ANSWER: YES**

Regarding any possible price premium for certification, CAP members were unanimous that sustainability certification earned no premium whatsoever in any market represented by the CAP. In short, CAP members informed ASMI that sustainability certification was simply a necessary condition for participation (like food safety), it is simply a cost of doing business, and no market will pay a premium. Sustainability certification is simply a sunk cost of doing business.

### **IS 3<sup>RD</sup> PARTY CERTIFICATION A REQUIREMENT NO MATTER HOW WELL WE MANAGE OUR FISHERIES?**

#### **CAP ANSWER: YES**

While CAP members uniformly regarded Alaska as having "the best managed fisheries in the world", they also agreed that 3<sup>rd</sup> party certification by some reputable party is essential, no matter how well Alaska tells its own sustainability story.

### **WILL THE CUSTOMER PAY A PREMIUM FOR 3<sup>RD</sup> PARTY ECO-LABELS?**

#### **CAP ANSWER: NO, AND NO**

Even without current economic issues, CAP members were united in their opinion that customers are completely unwilling to pay any price premium for 3<sup>rd</sup> party eco-labels. Perhaps the most meaningful quote on the market value of eco-labels came from an executive with a major store chain in the most eco-sensitive market, "Third party eco-labeling does not sell one additional pound of fish and is not an effective lead promotional message. It is just like assurance of food safety – a minimum requirement."

## **Individual Comments: Third party certification and sustainability**

Each CAP member was asked to address the sustainability certification issue and provide their views in detail.

- The proposed plan is fine for our markets.
- There is a great deal of eco-label confusion for the consumer – so many agendas, depending on the particular eco-label.
- There is no margin to be gained from an eco-label, especially on all but the most premium products, and not often with those.

- Chinese market has no premium for eco-labels, and it is not really an issue there. They care more about good Alaska seafood. But we are most concerned with a consistent supply of fish and we buy lots of Norwegian farmed fish in China.
- The 3<sup>rd</sup> party may not work in China, not because the plan isn't good, but because that market has no knowledge nor experience with the issue.
- We have a strong relationship with a prominent eNGO and ASMI and Global Trust would need a strong relationship with them as well. We are willing to facilitate this relationship (which Global Trust already has) and your plan will work fine.
- Customers want sustainable seafood but don't want to pay extra for it.
- 3<sup>rd</sup> party certification is vital – 100% transparency is the bottom line.
- Can we prove that we are compliant with FAO standards – that is the issue.
- Traceability is step #1 and is a requirement.
- ASMI is #1 in transparency.
- Improve communication of the Alaska story.
- Japanese seafood market is shifting – tuna is now #1 followed by shrimp. Salmon is down to #3.
- Japanese favors 3<sup>rd</sup> party certification for protection – simply a basic requirement like food safety assurance.
- ASMI role should be the overall organization for marketing resources.
- No dollars are added when a product has an eco-label.
- eNGOs set the climate on a corporate brand basis.
- Collaboration with NGOs is much preferred to any oppositional relationship. We work with NGOs and recommend you do as well.
- The Global Trust model will work in our markets.
- Alaska is world class when it comes to seafood quality and management – you are the world's Gold standard.
- Competition with MSC is a good thing in the 3<sup>rd</sup> party certification world. We support ASMI for this.
- How you present the Alaska and sustainability message is key.
- Price is #1 with consumers no matter what anyone says about sustainability.
- Seafood must be lead by the industry, not the consumer – we need to stay ahead and be proactive.

- Communicate the new Global Trust model. It is an excellent one and everyone needs to know about it.
- In marketing we need to address the true motive for purchase – this has to be the lead message.
- Price and health are the two dominant drivers of seafood sales.
- The minimum sourcing criteria is FAO – that is the starting point.
- Market communications, market communications – that is how you can help us the most.
- The image of the standard (FAO) is critical.
- Decide on what should be our priority message for Alaska – then stick with it.
- Restaurant guests don't care about eco-labels and certification.
- 3<sup>rd</sup> party certification creates confusion in the restaurant market.
- Young customers are more sophisticated and want more food options.
- Sustainability is simply assumed. It is not a marketing advantage.
- The brand is everything – Alaska has done well with brand identity and what it stands for.
- It takes a long time to educate the Japanese consumer (about eco-labels).
- The Alaska brand is very strong and positive in Japan.

## Market Trends and Issues

Following the third party certification discussion, the remainder of the first day's facilitated discussion focused on market trends and issues. CAP members had been asked in advance to consider the following questions as examples of topics for open discussion.

- What are the biggest consumer trends in your markets today? What major consumer trends do you anticipate in the next decade?
- Are food safety and traceability issues market entry requirements? Will addressing these issues bring a premium in the market or are they simply another, new cost of doing business?
- What other seafood products do you consider competition for Alaska? How can we improve our competitive position with them?
- What is your take on seafood consumer demographics? Do you anticipate short-term or long-term changes?
- How do we introduce new products into your traditional markets?
- What is the next NGO issue?

### Summary of CAP discussion on market trends and issues

While each question was not addressed in detail, a summary of the general consensus of the CAP on major issues follows. While differences exist among world markets, the summary addresses common themes.

**Consumer trends:** Growing emphasis on value even more so than low price. Trends continue toward health and safety. A number of CAP members emphasized the growing trend in quick scratch cooking at home requiring ease of both purchase and preparation, and the implications on portion/package size and value perception. Even more emphasis on buying healthy food at price favorably perceived in the consumers' "value equation."

**Food safety and traceability trends:** CAP members see these as minimal bottom line requirements, and are absolutely adamant about food safety. "A single seafood food safety incident anywhere in the world hurts us all." was one comment.

**Competition for Alaska seafood:** Competition for Alaska includes: Twice frozen product from China, Canada production, the live market, fish secured by poaching, and beef, pork and chicken. In other words, Alaska seafood is in the protein center-of-the-plate business against all comers. An important element of the discussion was about point-of-sale instantaneous consumer decisions, often based on irrational motives. Alaska seafood competes against all protein at that point. Price point matters.

**The next NGO issue:** CAP members listed several current and emerging issues including by-catch, trashing the seabed, farm fish, hatchery fish, and defining the carbon footprint only in transport miles. Their recommended action plan is for Alaska to lead in these issues and not be put in the defensive position when these flare brightly in the consumer consciousness in today's dysfunctional and sensationalistic news media.

**Demographic Trends:** Overall, demographic trends indicate a strong future for fish, especially products with high nutritional value. Seafood is now viewed by all age groups in all markets as healthy and nutritious. Younger people are deluged with information on nutrition, and expect a far greater menu selection than older

diners. Japanese tastes are changing toward tuna, farmed salmon, and some non-fish. In China, dining out is increasing significantly, especially among the younger, more affluent households. In the U.S. all age groups are increasing fish consumption looking for value. In the EU, aging demographics also lead to fish as a growing healthy choice with proof of safety, chain of custody, and sustainability being bottom lines for market participation.

### **Individual Comments: Market Trends and Issues**

- Disposable income has declined.
- A huge shift toward price.
- Coupon programs are growing.
- Shift in protein category to chicken.
- Top dollar item demand really dropping.
- Health and safety are dominant concerns.
- The value equation is much more significant.
- In Japan, price sensitivity has really increased and luxury item demand is down.
- In Japan the largest suppliers are now Chile, Norway and Russia, followed by U.S.
- New trend is toward quick scratch cooking at home, and fish is ideal for this.
- More consumer sensitivity for buying good healthy food, but at a value price.
- Market awareness of product weight and of efficiency in preparation is a trend.
- Demand is up for products with a fixed weight for a fixed price.
- Loose vs. pre-pack is up – loose product is gaining.
- Ready to cook and convenient to purchase are trends.
- Demand for transparent corporate stewardship has increased significantly.
- Carbon footprint is being misinterpreted to mean transport distance.
- The UK is more value sensitive and waste sensitive.
- The frozen market is more mature and is value-driven.
- In China, major trends are in food safety and in demand for nutrition.
- In China, wild salmon is preferred, but Alaska supply is seasonal.
- In China, consistent supply is most important.
- In China, a long-term strategic commitment is necessary for market penetration.
- Price dominates in the market place. Price is what matters.
- Marketers must understand that the motive for a purchase decision is often irrational.
- The value equation is key and perception of value varies with different consumers.
- In the UK, fish demand is up in this economy, and the future looks good.

- UK trends: everybody shops everywhere and store brand loyalty is minimal.
- Price wars drive the market in the UK.
- Chinese household income is up and will continue to grow.
- Young Chinese eat out more, and Alaska product has a place in food service.
- Private label demand is growing.
- The service element has value in seafood purchasing, especially with trade customers.
- Imminent challenges include Russian seafood (especially salmon) production.
- Aquaculture is a threat, but also doesn't compete well with wild.
- Wild, such as wild frozen sockeye, is a market advantage that will grow stronger.
- Alaska can differentiate – Alaska's market advantage is all about the "Alaska story"
- Words to tell the Alaska story: "Flavor," "Pure," "Alaska," "Lean," (implying health), "Natural."
- Competition for Alaska includes: Twice frozen product from China, Canada production, the live market, fish secured by poaching, and beef, pork and chicken.
- Price point at the point of sale triggers category decision for consumers. Fish price point must be right.
- A trend is reduction is layers of middlemen in supply chain as traditional relationship loyalty declines with margins.
- NGO issues to consider are by-catch, trashing the seabed, farm fish, hatchery fish, and defining the carbon footprint only in transport miles.
- In China, restaurant business is increasing, especially on the weekends. Research shows China as a high potential market, and with particular health consciousness among pregnant women.
- In the US and other markets, young people are overwhelmed with nutrition information, health and longevity, and they eat out more than their parents.
- Markets are moving from fat to seafood for center-of-the-plate.
- Young people in the US are moving away from owning (the acquisition culture) to experiencing (the relationship culture). This has implications on their buying trends.
- Young people are day-snackers, trend toward dry-snacking.
- In retail the trend is to seafood and away from beef and pork.
- Boomers prefer seafood for health
- Millennials have eaten seafood since birth.
- Gen Y is less money oriented than their boomer parents.

## **Action Plan for ASMI and the CAP: Marketing Challenges and Communications**

The CAP and ASMI Board of Directors reconvened in a closing facilitated session on the morning of March 3. A revised list of questions for the CAP was presented for the morning's discussion. After completing the discussion of demographic trends summarized in the preceding section, the CAP was asked to address three general topics:

- CAP member marketing, training and messaging practices
- Advice for ASMI, including how ASMI can help CAP members present Alaska seafood as a the "best value proposition"
- A communications plan for the ongoing ASMI – CAP relationship

### **CAP member practices in marketing, training and messaging**

#### **SUMMARY OF DISCUSSION**

CAP members discussed their particular operations and how they conducted their seafood and Alaska marketing, as well their training practices, and messaging. These are not shared in detail in this report for proprietary reasons. The ASMI Board of Directors asked many questions and both ASMI staff and board members gained considerable insight as to how they could coordinate and support CAP efforts in the marketing of Alaska seafood.

Questions utilized to stimulate this discussion are shown below.

- What in-store marketing methods work best for you? Will this change in the future?
- How are you communicating to customers outside the store/operation, in order to drive traffic?
- What training techniques for retail seafood counter staff and buyers, and for foodservice wait staff and chefs work best for your organization?
- How, if at all, do you proactively communicate to your customers regarding food safety? Will this change in the future?
- How does the trend in social media affect your customer messaging? How do you use it?

### **Advice for ASMI**

#### **SUMMARY OF DISCUSSION**

Overall, advice for ASMI by the CAP was very supportive for continuing what ASMI is doing. CAP members thought that ASMI sets the standard for competent generic marketing for a geopolitical entity, and that Alaska resource management and seafood products are world quality leaders. Specific support for POS materials (especially customized to the individual promotion) as an example of a comment about what ASMI could do to help.

Perhaps most important was the CAP support for ASMI education, information and communication that supports CAP members in the ongoing challenge of addressing and leading on NGO issues around the world, and especially in the EU. Following consensus support by the CAP for the ASMI/Global Trust plan, the CAP urged ASMI to stay ahead of and lead on NGO issues, cooperate with NGOs in problem solving, and constantly communicate this to CAP members and other marketers in key markets.

Some questions that stimulated discussion of advice to ASMI are listed below:

- What types of new products would you like to see coming out of the seafood industry?
- How do other products/brands conduct marketing/communications that you deem most successful?
- What are we doing that works well for you? What are we doing that doesn't work?
- What should be our core messages to help you sell Alaska seafood as a best value proposition?
- How can we improve our own customer and trade communications?
- What would make our messaging more compelling?
- How should we utilize social media?
- How can we best deal with market and media misinformation about Alaska?
- What should we focus our market research on in the next 5 to 10 years? In the EU? Japan? China?
- How can we help you to be sure your customers have the correct information about Alaska Seafood?
- What is the most important single thing we can do to help you sell Alaska seafood as a best value?
- How can we best communicate with you?

The limited time in the morning session did not allow for complete treatment of all questions, but the CAP provided guidance on many of these.

#### **INDIVIDUAL COMMENTS FROM THE CLOSING SESSION**

- We do wait staff training, so any ASMI programs that can contribute education and communications are welcome.
- Convenience and contemporizing salmon is a goal of our stores.
- We see ASMI as the generic Alaska platform for marketing Alaska seafood.
- Social media is critical to communicating with young people.
- Norway sets the standard for seafood market research
- Australia and New Zealand are the standard setters for recipes
- The Dutch lead in sustainability
- The pork industry did a great crisis management job on H1N1
- Recommend a benchmarking exercise

- Customized POS material from ASMI really helped us with our most successful Alaska salmon promotion ever.
- We have a seafood school in our company with three levels of qualified specialists.
- Online training is a very important tool for us.
- Face-to-face training is unique
- Training videos are very helpful.
- Introduction of new fish is preceded by wait-staff certification for fish, shellfish and fresh fish. Seafood University at ASMI is a great idea.
- Eight basic cooking techniques.
- Training for internal website is a continual challenge
- POS recipe card format needs to be simple with fewer ingredients
- We try to grow the category by featuring the catch of the day and in-store engagement with staff
- Keep your NGO relationships positive.
- Blogs and twitter with chefs.
- Huge print media shift away from print in the next few years
- Social media very fragmented, each with custom etiquette.
- Video and iphone apps are trends to take advantage of
- Keep apps to 2-3 minutes.
- Simple recipes – less than 5 ingredients.

## **ASMI and CAP Communications Plan**

At the conclusion of the workshop, participants outlined a communications and action plan for an ongoing relationship among the CAP, ASMI Board, and ASMI staff. Elements of this plan are shown below:

- ASMI to send out evaluation of ASMI/CAP Strategic Workshop and Juneau visit.
- Schedule every event, meeting, videoconference, and travel way in advance.
- One on-site trip to Alaska each year – next year will feature in-season production location.
- Use committees to keep focus on specific aspects of ASMI programs and market feedback.
- Hold short meeting for ASMI/CAP members who attend Boston and Brussels.
- Scheduled video conferencing.
- CAP budget review and advise function for ASMI timed to summer budget preparation.