

Record of Proceedings:
ASMI Customer Advisory Panel
Girdwood, 2012

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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 ensure not only the utmost in competence, but also to provide a wide range of supply-chain feedback with respect to Alaska's most important markets – the European Union, Japan, China, and the United States. In turn, CAP members are invited to interact with the Alaska seafood industry's production, marketing, government, and resource-management leaders.

The third ASMI CAP Strategic Workshop was to be held in Kodiak, but was re-located to the Hotel Alyeska in Girdwood when weather grounded all flights between Anchorage and Kodiak. The purpose of the facilitated CAP discussion in 2012 was to exchange views and insights on key issues facing the Alaska seafood industry, including fisheries certification and how it is viewed by different market segments, important market trends and opportunities, and ASMI's allocation of resources to build the Alaska brand. Other issues were raised during the discussion, including new technologies and the potential impact of the Pebble Mine on Alaska seafood markets. Specifically, 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.

This document summarizes the facilitated discussion session held the afternoon of August 15, 2012.

Discussion Participants

CUSTOMER ADVISORY PANEL

Jennifer Keith – Darden Restaurants
Shannon Wood - Gordon Food Service (by telephone)
Phil Gibson – Safeway Inc.
Philip Gadsden - Harris Teeter
Chen Hui Ming - Pan Fish, Ltd
Jerry Iwasa - Kibun Foods Inc.
Peter Hajipieris - Birds Eye Igloo
Jeremy Langley – Waitrose Ltd.

ASMI

John Garner - Trident Seafoods
Kevin Adams – Harvester (by telephone)
Barry Collier - Peter Pan Seafoods, Inc.
Dennis Guhlke - Icicle Seafoods, Inc.
Mark Palmer - Ocean Beauty Seafoods LLC
Jack Schultheis - Kwik'Pak Fisheries
John Moller - Office of the Governor
Representative Bill Stoltze - Alaska Legislature
Roberta Graham - Alaska Department of Commerce, Community and Economic Development
Ray Riutta – ASMI Executive Director

Content Summary

ASMI FAO 3rd Party Certification

CAP members reiterated their support for Alaska's withdrawal from Marine Stewardship Council (MSC) in favor of Global Trust. Key points offered by the CAP include the following:

- Independent certification was the right decision. Control by a single organization or type of organization strangles the market. Consumers care much more about quality, nutrition and price than a particular certification.
- Larger distributors and retailers make their own decisions about sustainability. No single label is critical as long as the scheme is reasonable and acceptable.
- CAP members were in general agreement that ASMI should engage actively in the Global Seafood Sustainability Initiative (GSSI).
- ASMI has limited resources and should not allow certification to diminish its marketing activities.
- ASMI should build alignment strategies and identify allies in its efforts to inform the public about alternatives to a single certification provider.
- NGOs have been mainly unresponsive to ASMI's attempts to engage in substantive dialogue about certification alternatives. CAP members recommended approaching foundations rather than their grantees.

REPRESENTATIVE CAP QUOTES:

- *Your (ASMI'S Global Trust certification) program is a direct threat to the NGOs, as Randy said. They will not cooperate. You hit the nail on the head, we need to talk to the people who are funding these NGOs.*
- *There are thousands of standards in my business and fish is the only one that has this problem. We have 144 eco-labels that apply to our products – everything from poultry to light bulbs.*
- *MSC is the high cost alternative so nothing is equivalent. It's difficult for Alaskans to understand. It's expensive; ultimately the consumer pays for it.*
- *Retailers just want it to be easy and to be able to tick the box when a credible 3rd party, and Global Trust is one, has certified a fishery. (Then ASMI can step back into a support role.)*
- *We had a customer who [kept the Alaska product after MSC was dropped], but he said, "Okay, but don't go back on the direction you're going."*
- *We have customers who will only buy wild, but it's not about sustainability, it's about flavor.*
- *The next battle is GSSI. If GSSI reaches critical mass then your problem goes away.*

Consumer Trends

CAP members were asked what consumer trends ASMI should be especially aware of. Key points offered by the CAP include the following:

- The Alaska brand is extremely strong.

- Alaska seafood is seeing continuous growth in popularity/value in China.
- Key seafood-consumer demographics in most places are baby-boomers and millennials.
- Keep abreast of communications and shopping technology. What we have seen so far is the tip of the iceberg.
- The U.S. is behind in adopting innovations. New transportation and packaging techniques may be relevant to Alaska.
- World demand for fishmeal is growing, as is demand for low-sodium diets.

REPRESENTATIVE CAP QUOTES:

- *Our customers trust the brand, especially the Boomers and Gen X. The millennials care more about sustainability, but are they willing to pay for it?*
- *Younger consumers want instant gratification. They want it fast, healthy, and they want wifi access. Portions/costs have to be reasonable, too.*
- *KFC and McDonalds are widely promoted [to younger Japanese customers] and have low prices.*
- *There are [technological] tools there now that allow customers to shop every store everywhere to find the best deal, how do we harness that?*
- *We would like to know what are the main drivers for purchases of Alaska seafood in different markets. For our customers, they care about taste, freshness, quality and price. Our customers trust our brand.*
- *We're getting detailed inquiries about social audits, gender/work shifts/lunches/working conditions. Is there more we can do to marshal public support, or what can we do to get our key customers to take a more public position on sustainability.*
- *[A market-by-market report from Nielsen] is a great tool to target market efforts. We partnered with Perishables group and Nielsen three years ago and found out where we were winning/losing market share. It was very enlightening. Nielsen consumer survey data is also very informative.*
- *[In Japan] we need to see a 4 ounce can or so. The big can is not popular at all and a food waste issue. Be careful though, we shrunk the frozen salmon size from 1.75 to 1.4oz and the customers revolted and said they liked the larger portion size.*

ASMI Programs

CAP members have been highly positive about the quality and focus of ASMI's programs in past discussions. One sentiment expressed at this meeting was the number of programs ASMI pursues is extremely ambitious, particularly with the limited budget available (in comparison to other seafood producing nations or regions.)

- ASMI is doing a great job, but its programs are massive given the limited budget.
- Can marketing be more targeted? Do you use research to understand markets in more detail to maximize return on investment?

One CAP member said, and most others agreed, that both seafood purveyors and ASMI would benefit if they shared with each other more high-level market intelligence. CAP members also suggested that ASMI:

- Give retailers/distributors more notice about promotions and work with them on timing. (This sentiment has been expressed at a previous CAP meeting. Seafood purveyors require a good deal of lead time to leverage promotions effectively.)
- Consider using 3rd party research to look at Alaska’s penetration in individual markets and develop reasonable targets.

The ASMI board asked CAP members about ways to leverage the exposure and excitement generated each year by the fishing season in Alaska. Some CAP members said they would be interested in partnering with ASMI on promotions more often than they currently do. This led to further discussion of potential cooperative promotions focusing on health benefits, Lent, and particular species.

REPRESENTATIVE CAP QUOTES

- *You have a very strong brand. ASMI gets their money worth. Beef check-off program got \$75M last year.*
- *Amazing.*
- *You do an amazing job.*
- *Do more customer insight work. Why do people buy into the ASMI program? There is not as much penetration into the UK market as there could be.*

Future Outlook

Trends and issues discussed included the potential impact of the Pebble Project, new packaging and transportation technologies, and social networking.

- CAP members consider the Pebble Project “very scary” and expressed concern the massive mining project could devalue the whole Alaska brand.
- The U.S. is not known for being an early adopter of new technologies. For example, DARFRESH (vacuum skin packaging) is being widely used in Europe.
- ASMI staff noted packaging technology would be a perfect project for the fish tech center in Kodiak – good for the university too. Packaging is a huge issue for Alaska and something government has a role in supporting to benefit the whole industry.

REPRESENTATIVE CAP QUOTES

- *(Pebble Mine) has the possibility and likelihood to destroy an ecosystem and the reputation of all Alaska seafood. When the gulf spill happened, there was less seafood of all types sold.*
- *Regarding Pebble, how does ASMI not talk about the mine? I can’t believe it. I don’t buy much salmon, but I do buy a lot of pollock. There is a crisis management situation surrounding the inevitable problem that might happen. When you ask us is there anything that concerns you, I say the most obvious answer is Pebble Mine. Pebble is bigger than anything else we have discussed today.*
- *Shipping live Dungeness to China has been very successful. King crab too, but we need more direct flight transportation space. Even with 20-30 hours of flight time mortality is no more than 3 percent.*

- *Transportation technology for aquaculture could improve logistics for remote salmon fisheries. Company called Global Fresh Foods has a system that extends shelf life of fresh fish to 28 days, and [another] 14 days after you break the seal.*
- *Alaska seafood is growing in popularity in China. There is [opportunity for herring roe products] and there is some work being done already. ASMI could focus more on the China market and would see some growth. Black cod is replacing Chilean Sea Bass because CSB has sustainability issues. Pollock consumption is increasing with fish patties/burgers in KFC/McDs [this not always true AK product]. Geoduck clams fetching extremely high price, \$30-40 per pound now, used to be \$6-10 per pound. I see big challenges for reproprocessors. Labor supply for those plants is shrinking and costs are rising. 100 percent increase in labor cost in the last 5 years, and I could see 30-50 percent increase in next 3-5 years. Some Japanese processors are moving to Vietnam from China. There are especially challenges with smaller fish, IQF sole/pollock. Have seen some herring roe in Japanese restaurants in China, that could grow with some more promotion.*

Closing Comments

At the end of the facilitated session participants were asked to evaluate the discussion. Both CAP members and ASMI Board members were asked to respond. Typical comments included:

- *Alaska is our shining knight. I found this meeting very valuable to hear from other stakeholders, aside from regulated fishermen.*
- *This type of meeting is important and unique. There is nothing like it in Japan, for example, and this has led to mismatches between supply and demand.*
- *Set aside time at future CAP meetings for CAP-member presentations on big-picture topics relevant to ASMI.*

Several CAP members also supported the suggestion that it would be useful to meet twice a year because things change fast. However, make it easy for participants to get in and out. Possibly piggyback on an industry event like Boston or Brussels.