



Retail Marketing Committee Meeting Friday, April 4, 2014

A meeting of ASMI's Retail Marketing Committee was held on Friday, April 4, 2014 in the offices of Trident Seafoods, Seattle, Washington.

Present were: Tom Sunderland, Chair (Ocean Beauty Seafoods)
Matt Christenson, Vice-Chair (Trident Seafoods)
Bob Barnett (Aleutia)
Scott Blake via teleconference (Copper River Seafoods)
Mark Gleason (Alaska Bering Sea Crabbers)
Ron Jolin (Fisherman)
Lavi Ruderman (Westward Seafoods)
Yvonne Shay (Peter Pan Seafoods)
Thea Thomas via teleconference (Fisherman)
Arni Thomson via teleconference (Alaska Salmon Alliance)
Mike Cerne (Executive Director, ASMI)
Larry Andrews (Director, ASMI Retail)
Linda Driscoll (Assistant Director, ASMI Retail)
Lilani Estacio (ASMI Retail)
Mark Jones via teleconference (ASMI Retail)

Guests: Merle Knapp via teleconference (Glacier Fish)
Encore – Roger Soman, Phil Gibson and Tom DeMott

1. CALL TO ORDER:

The meeting was called to order by Chair Tom Sunderland. Lilani Estacio called the roll; it was determined that a quorum was present.

Tom Sunderland welcomed new Committee members Yvonne Shay and Lavi Ruderman, and asked them to introduce themselves.

Sunderland reminded the group that each meeting is public (and recorded) and that all comments and discussion points are public. He also reminded the group that anything that might violate anti-trust law cannot be discussed (such as pricing, sales, customers, etc.). Keep the meeting focused on what ASMI can take action on, not what the needs of each member company might be.

2. APPROVAL OF MINUTES:

Ron Jolin moved to approve the minutes. Bob Barnett seconded and the motion passed with a correction to the spelling of Claire Laukitis' name.

3. ENCORE RESEARCH FINDINGS:

Tom DeMott, Phil Gibson and Roger Soman walked the Committee through the Encore Research findings and the Best of Class data for cod, crab and salmon. Sunderland asked for clarification of acronyms and asked that they be explained so that everyone is able to understand what each acronym means.

4. ASMI RESPONSE TO 2013 PINK SALMON HARVEST:

Larry Andrews recapped the upcoming advertising schedule for canned pink salmon, detailing efforts for current users as well as new users. ASMI will be participating in four Rock 'n' Roll Marathons, with 30,000 to 35,000 people in attendance at each event. ASMI staff will be sampling canned salmon with a traditional salmon sandwich and a salmon pasta salad. Andrews explained that the messaging attacks the skin and bones issue head on by stating that "our product may not be pretty, but staying healthy sometimes isn't." Staff will also be handing out nutritional information at each event and distributing a coupon for a free can of tall pink salmon to help generate product trial.

Andrews added that staff is also creating a video that addresses the skin and bone issue and that it will be placed on ASMI's You Tube channel and distributed to retailers via the Multi-Ad digital asset library. The video plays up flavor and nutritional benefits, and will be a great resource for retailers.

Arni Thomson suggested using Kikkan Randall as a spokesperson as she won the Mount Marathon Race in Seward, Alaska two years ago. It could diversify the appeal by having her advertise canned salmon with the REI crowd, for example. Thomson stated that there were some great photos of her and she completed the marathon within a great timeframe.

Andrews recapped end-aisle display efforts:

- Kroger committed to 1400 end-aisle displays (4 cases on each end-aisle; promotion to last a minimum of a week).
- HEB declined as they don't dictate products for display; instead they provide a suggested products list and let the store managers decide what products work for their particular markets.
- AWG has committed to 835 stores promoting Alaska canned salmon.

There have not been any other retailer responses. Andrews welcomed any help or suggestions on how to get more retailers on board with end-aisle displays.

Sunderland brought up the idea of adding a silk screen graphic to the can lids as a way to identify Alaska packed product vs. product packed elsewhere using Russian or Pacific salmon. A discussion followed about artwork details that would go on the can lids. Mark Gleason said that he really liked the concept as a means of differentiation and that artwork could be finalized later. Sunderland pointed out that can manufacturers may have produced lids for 2014 already, but this is something we could have in place for the 2015 harvest, which is anticipated to be another big year. It was stated that this artwork could only be used if the product is packed in Alaska.

5. FY2015 BUDGET:

Andrews walked the committee through the proposed FY2015 Retail budget. He stated that there is anticipation of a small reduction in ASMI's overall allocation from the State, which will most likely be absorbed by the Consumer PR and Advertising programs rather than program budgets. A discussion followed about the agency RFP and whether the retail program needs an agency or if contractors would be sufficient. Sunderland asked about timing: can the new agency be in place by the beginning of the new fiscal year? Yes, but it will be cutting it very close. The decision about conducting a retail RFP is pending (next week). The issue is retaining trained talent while complying with state procurement codes.

ACTION ITEM: Sunderland said the Committee wants to follow this decision closely and directed staff to keep the Committee informed.

Andrews updated the Committee on the Kwikiee/Multi-Ad online digital asset library – it has enabled retailers to download assets and enhanced distribution, which should lead to increased visibility in the marketplace.

Andrews spoke to continuing the canned salmon effort with uber-athletes next year using retail funding. This means a reduction in the trade advertising budget: eliminating some publications, but going deeper into the publications we're successful in, such as *Grocery Headquarters*. *Grocery Headquarters* is a very well read trade publication for retailers and has been a great partnership for Alaska Seafood.

Andrews explained that the coupon redemption budget has increased in FY2015 because of the additional canned salmon efforts. Bob Barnett asked about coupon redemption and stated that everything is getting so electronic now, that most shoppers don't have to clip coupons and that coupons are automatically loaded onto shoppers value cards. Andrews explained that most of our coupons are "neckers" that go on a wine bottle in a case display that is placed in the seafood department.

Cerne asked how much, if any, of the pink salmon promotion was part of the \$1.5 million allocation for pink canned salmon? Andrews replied that there hasn't been a canned salmon allocation for FY2015 – it was allocated for FY2014 only. If not all the \$1.5 million is spent this year, some could potentially go to FY2015 but that won't be known until the current year is over.

Ron Jolin moved that the budget be approved as presented. Thea Thomas seconded and the committee accepted the draft FY2015 budget with minor adjustments to labeling and verbiage, but with no changes to actual financial allocations.

ACTION ITEM: Sunderland asked staff for: 1) a FY2014 budget reconciliation, when available; and 2) to provide more detail on the FY2015 allocation for canned salmon activities targeting uber-athletes and the Multi-Ad digital asset library.

Andrews thanked the retail team for all of their hard work and taking on the new tasks that have been put on the team. Jolin complimented staff, saying their work shows up in the industry and is appreciated.

6. UPDATE ON ALASKA HOUSE BILL 204 – Extension and Modification of the Salmon Product Development Tax Credit:

Sunderland updated the Committee on HB 204: an extension and modification of the salmon product development tax credit. The bill extends the tax incentives through 2019 and modifies them more than in the past.

There would be three major changes:

1. Herring canning equipment is to be included, which is a big change and is very forward-looking and innovative.
2. Allows for the reduction in can salmon size, so if a processor chooses to produce traditional product in a smaller size, that it is applicable as well.
3. Includes equipment that makes saleable byproduct(s) from unused portions of the fish (i.e. oil, etc.)

The bill is written for salmon and herring, not just salmon alone. The bill passed 38-0 in the House of Representatives and is in the Senate now. There is no major opposition to the bill, but it may get tangled up in the end of session in the next couple of weeks.

7. MSC – RFM – ECO-LABELS AND SUSTAINABILITY

Sunderland stated that he hopes we can get back to marketing and that we don't have to keep talking about sustainability as we are a marketing organization, but understands that it is an important issue. Sunderland reported that Matt Christenson calls on Wal-Mart and they are one hundred percent okay with RFM. Andrews added that the ASMI logo and tagline has been added to private label packaging for Sam's Club.

Scott Blake commented that his customers to the EU are concerned that ASMI is backing off RFM. If this is the certification method we support, then we have to keep promoting it. The perception is that we are losing ground on it. Lavi Ruderman stated that his domestic re-processing customers don't know anything about RFM.

- Blake reminded the Committee that the original intent was to provide an ecolabel alternative. This is, and will continue to be, an issue with customers.
- Christenson stated that his customers know about RFM and accept it wholeheartedly.
- Sunderland stated that there is a clear differentiation between the international market and the domestic market.
- Blake said that staying consistent in the marketplace – regardless of whether it is domestic or international – and having follow-through is essential, or customers won't accept it.

8. EMERGING ISSUES AND CHALLENGES:

Matt Christenson asked what the next step is with the Encore research and how it will be delivered to the trade? Will ASMI take it out to retail trade or should industry present it on calls? For example, who will take this information to Publix, etc.? Andrews stated that ASMI staff will be going out and making the presentation, but would also ask the industry to present it and to become familiar with the information.

- ASMI can publish a list of retailers they have presented it to on the .org website so that there is not redundancy and duplication of presentations.
- Andrews stated that he could provide a short deck on each species with the highlights so that the information is easier to understand and present and if more information was requested, that could be made available.

Linda Driscoll and Andrews reminded the Committee that they will receive monthly updates from Encore. Driscoll suggested that the list of retailers that have seen the presentation could be included with the monthly report.

ACTION ITEM: The Committee asked that the list be cumulative to avoid the duplication and redundancy that Matt Christenson was concerned about.

9. DIRECTION TO THE BOARD AND OTHER COMMITTEES:

Sunderland asked if the Committee wanted to send a message to the Board regarding RFM. Blake said yes.

ACTION ITEM: Sunderland will send out a draft via email for Committee review and approval; no response from a Committee member will be considered an approval of the draft document.

10. NEXT COMMITTEE MEETING:

The next meeting was tentatively scheduled for Friday, September 26, 2014.

Ron Jolin then moved to adjourn the meeting. The motion was seconded by Mark Gleason and passed. The meeting was adjourned at 3:52pm.

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