

FY 2023

Alaska Seafood Marketing Institute

ANNUAL REPORT



Alaska Seafood Marketing Institute





BOARD of DIRECTORS

The governor-appointed, seven member Alaska Seafood Marketing Institute Board of Directors is allocated to five processors (four large processors, one small processor) and two commercial harvesters. Through ASMI's system of operational and species committees, the board and staff receive input primarily from industry experts in the harvesting and processing sectors.

FY 2023 BOARD MEMBERS

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Message from the EXECUTIVE DIRECTOR



As the calendar turns into another year, the Alaska seafood industry finds itself at a familiar crossroads. It has been years since the value and demand of seafood has fallen to the current level that we now consider a crisis. We know that innovation combined with a continued focus on quality will guide us through this challenging period and allow our industry to thrive into the future.

The current imbalance between supply and demand for nearly all Alaska species has placed incredible stress on most members of Alaska’s seafood industry — fishermen, processors, suppliers and buyers. Market distortions, inflation, a strong U.S. dollar and the loss of global markets due to unfair trade competition, notably from Russia and China, have created market turbulence. Experts warn that these market conditions have thrust our industry into an economic crisis, echoing challenges not witnessed for decades.

For better or worse, Alaska is reliant on the global market where 80% of our catch, by weight, is destined. This exposes us to the complexities of foreign markets and the challenges created by geopolitical tides, trade inequities, foreign currency values and economic disorder beyond our control.

Given these realities, **the Alaska seafood industry and ASMI must respond quickly and intentionally to turn the tide back to our favor.** For over 20 years, in partnership with the seafood industry, ASMI built China as the top export market for Alaska seafood products. While China remains significant, it is far too apparent that we need more diversity and competition in the export markets for Alaska seafood.

ASMI is committed to supporting our industry to diversify and grow export markets for Alaska seafood products, whether it be Southeast Asia, South America, Latin America, the Near East or beyond. Over the next decade, ASMI will be accessing existing and new federal funding to match and maximize the seafood industry’s financial contribution in support of this effort. This funding will allow ASMI to reach more and new global customers at a time when our industry needs it most.

Additionally, with the help of Alaska’s federal delegation and President Biden, the U.S. market is now off limits to Russian-origin seafood products, including those that arrive by way of a third country. This provides an equitable opportunity for Alaska’s fishermen and seafood companies to compete in our single largest market, and better informs customers of the source of their seafood. **It is now imperative that the entire seafood industry, including ASMI, work tirelessly to bring U.S. customers back into the seafood category.**

ASMI’s research informs us that consumers continue to show an overwhelmingly strong preference for wild, sustainable Alaska seafood. Furthermore, our research underscores **consumers’ strong preference for wild seafood over farmed**, a narrative we continue to share both domestically and internationally; that the majority of seafood shoppers plan to increase their purchases of seafood in the coming year; and Alaska Seafood continues to be the No. 1 menued protein brand across the U.S.

In crisis we must find opportunity, and opportunity is within our reach. Alaska’s fisheries have been the gold standard for over 60 years. By working together, we will maintain this standard for the next 60 years and beyond.

A handwritten signature in black ink, appearing to read 'J. Woodrow'.

Jeremy Woodrow, Executive Director

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HOW ASMI WORKS

MISSION STATEMENT

The Alaska Seafood Marketing Institute is a marketing organization with the mission of increasing the economic value of the Alaska seafood resource through:

- Increasing the positive awareness of the Alaska Seafood brand;
- Collaborative marketing programs that align ASMI and industry marketing efforts for maximum impact within the food industry;
- Championing the sustainability of Alaska's seafood harvests resulting from existing Alaska fisheries management imperatives. (State of Alaska Constitution and Magnuson-Stevens Fishery Management and Conservation Act and The Halibut Act);
- Proactive marketing planning to address short- and long-term goals while remaining flexible and responsive to a changing environment and economy;
- Quality assurance, technical industry analysis, education, advocacy and research;
- Prudent, efficient fiscal management.

CORE PRINCIPLES

ASMI exists to serve the entire Alaska seafood industry, harvester and processor alike. It is supported by industry self-assessments and uses available public funds to achieve marketing successes for the common good. ASMI adheres to the following core principles:

- ASMI follows the highest ethical standards in its day-to-day operations and in its business relationships.
- ASMI values its employees and members and insists that all be treated with dignity and respect.
- ASMI conducts business in the open so its actions and decisions are visible.
- ASMI acts with integrity when it conducts promotions or makes claims in the marketplace.
- ASMI conducts marketing activities that provide the largest economic benefit for its industry members.

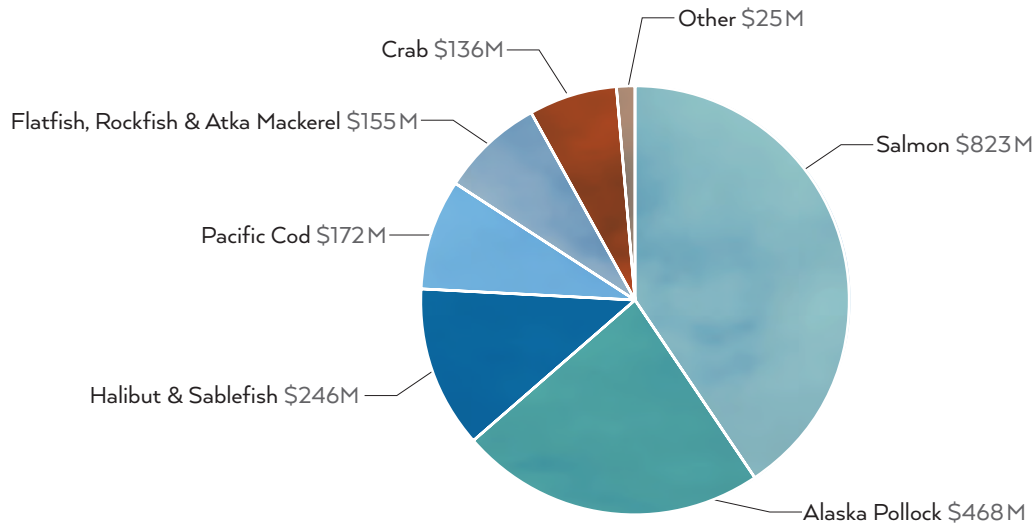
ASMI'S ROLE

ASMI is a public-private partnership between the State of Alaska and the Alaska seafood industry established to foster economic development of a renewable natural resource. ASMI plays a key role in the positioning of Alaska's seafood industry as a competitive, market-driven, food production industry.

ASMI increases the value of Alaska's seafood resource by building equity for the Alaska Seafood brand in both U.S. and international markets through:

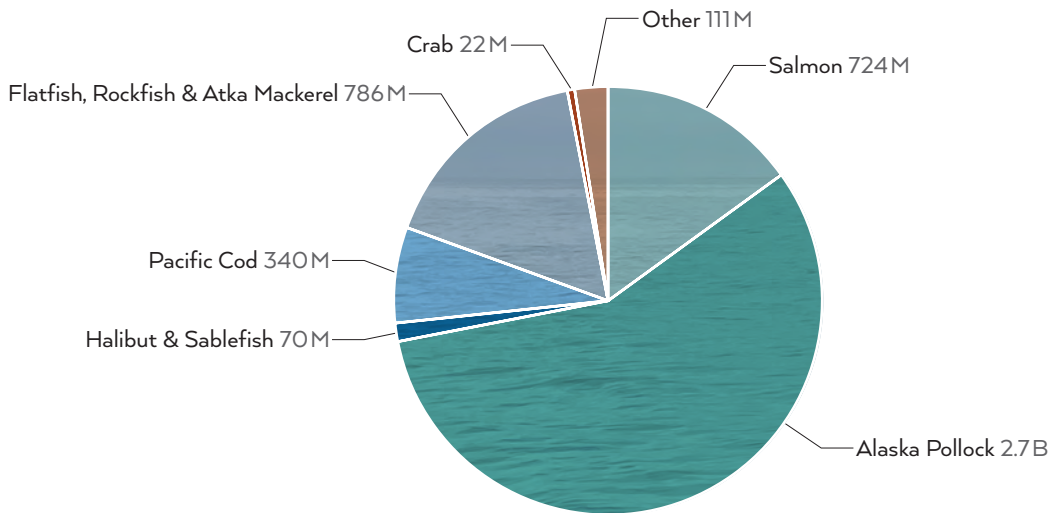
- Consumer campaigns to strengthen demand for wild and natural Alaska seafood, stimulate sales and increase economic value of Alaska seafood;
- Advertising and public relations campaigns to boost usage of all commercial species of Alaska seafood;
- Outreach at expositions and trade shows;
- Engaging broadline foodservice distributors to maximize Alaska Seafood brand penetration on menus domestically and abroad;
- Promotions with retailers and foodservice operators to build on strong brand equity to differentiate Alaska Seafood from the competition;
- Partnering with restaurant chains to increase the number of restaurants that feature Alaska Seafood as a branded menu item;
- Media tours and media outreach to secure positive publicity for Alaska seafood products and the Alaska seafood industry; and
- Managing the Alaska Seafood brand.

ALASKA SEAFOOD INDUSTRY SNAPSHOT



2022 Ex-Vessel Value

TOTAL \$2.03 B



2022 Harvest Volume (pounds)

TOTAL 4.75 B

Ex-vessel value refers to the value of payments made to fishermen by processors.

First wholesale value is revenue received by processors when they sell processed seafood outside of their network.

Source: McKinley Research Group for ASMI

ALASKA SEAFOOD IN THE GLOBAL MARKETPLACE

2022

ASMI PROGRAM AREAS	Export Volume (million lbs.)	Export Volume (MT)	Export Value (\$M)
China*	548	248,723	\$607
Europe	368	166,950	\$743
Japan	342	155,334	\$669
Canada* †	120	54,208	\$318
Southeast Asia*	103	46,770	\$143
South America	25	11,563	\$40
TOTAL	1.39B	630,017	\$2.21B

NON-ASMI PROGRAM AREAS	Export Volume (million lbs.)	Export Volume (MT)	Export Value (\$M)
South Korea*	263	119,310	\$409
Australia	11	4,807	\$26
Taiwan	11	5,099	\$11
Israel	1	661	\$6
Namibia	10	4,356	\$6
United Arab Emirates	1	287	\$5
India	3	1,375	\$4
Costa Rica	2	1,030	\$3
Other Countries	8	3,796	\$15
NON-ASMI AREAS TOTAL	310	140,695	\$485

In addition to these vital export markets, about one-third of the value of Alaska’s seafood production flows to the domestic market, along with about 20% of the volume, based on the percent of Alaska seafood exported. These values could be higher as they are not accounting for Alaska seafood that is exported for reprocessing and re-imported to the domestic market.

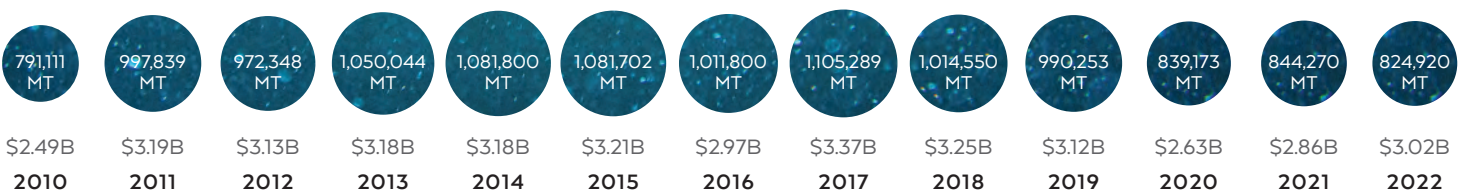
* Major re-export country or region.

† Canada is included in the Domestic Marketing Program.

Data reflects direct exports only; product is not necessarily consumed in the country shown.

Total Export Volume and Value of Alaska Seafood, 2010–2022

Export Volume in Metric Tons // Export Value in \$Billions



Source: NMFS and McKinley Research Group estimates

SIGNIFICANT MARKET CHALLENGES

Lead to Low Prices in Calendar Year 2023

A combination of factors, from local to global, contributed to lower prices for many Alaska, U.S. and global seafood species in 2023.

Photo credit: Sarah Nugent, ASMI Commercial Fishing Photo Contest 2022



KEY FACTORS CONTRIBUTING TO LOWER SEAFOOD PRICES IN 2023

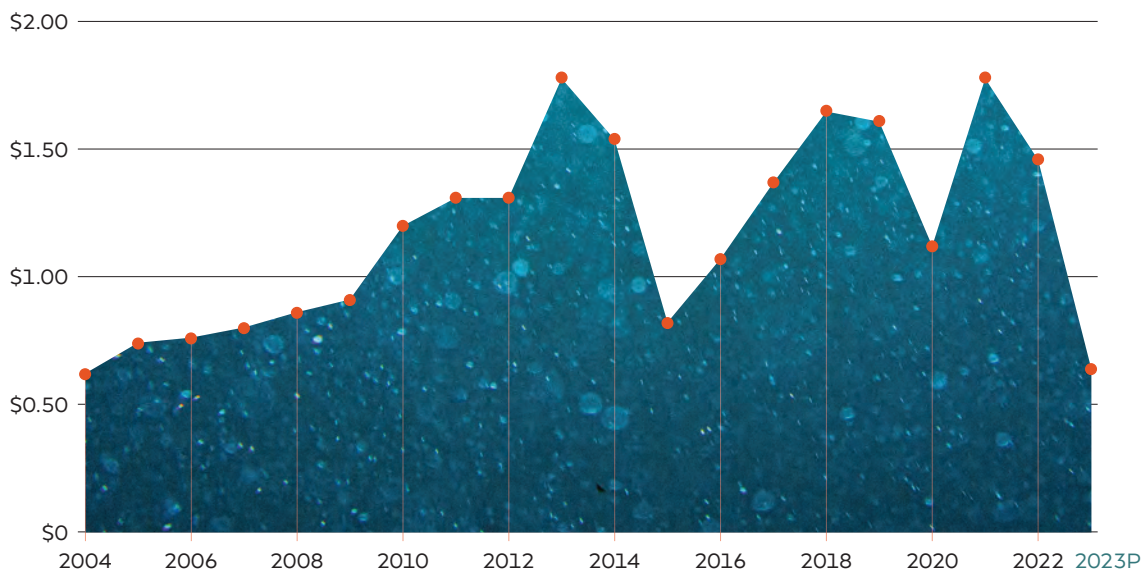
- **Lower Consumer Demand:** In 2023, U.S. seafood retail sales volumes fell below pre-pandemic benchmarks, reversing substantial gains during the pandemic; **consumers cite the rising cost of food as a main factor in moving away from seafood** in favor of lower cost land-based proteins.
- **Strong U.S. Dollar:** The U.S. dollar was strong in 2023 compared to currencies of key Alaska seafood importers (especially Japan), **making Alaska seafood prices less competitive.**
- **Lingering Inventory:** Large 2022 inventory of products including, but not limited to, sockeye salmon, whitefish, and crab from Russia were being held across the supply chain in 2023. **This made wholesale and retailers less motivated to buy 2023 products.**
- **Increased Supply:** Global harvest, **including Alaska harvest and competing harvest from Russia,** increased for many key Alaska seafood products such as pollock and pink salmon in 2023.

ALASKA SEAFOOD PRICES AT HISTORIC LOWS

As a result of these market challenges, preliminary data show that prices paid to both fishermen and processors in calendar year 2023 were historically low for many key Alaska seafood species, including two that comprise the majority of both volume and value: salmon and Alaska pollock.

For sockeye salmon, the average 2023 ex-vessel price of \$0.65/pound was not only a 50% drop from 2022, but was the lowest ex-vessel price since 2004 in nominal dollars and among the lowest prices on record when adjusted for inflation.

ALASKA SOCKEYE SALMON NOMINAL EX-VESSEL PRICES (nominal \$/lb)



Preliminary salmon harvest prices are usually adjusted up after the harvest year to account for retroactive payments paid to fishermen. Anecdotal reports indicate that while retroactive payments will bring the average price above \$0.65/pound, **the 2023 ex-vessel sockeye price will likely remain among the lowest prices on record.**

Source: The Economic Value Of Alaska's Seafood Industry Report prepared for ASMI by McKinley Research Group 2024

MAJOR ACCOMPLISHMENTS

In the face of both obstacles and opportunities, ASMI persisted in its efforts to enhance the value of Alaska's seafood resource through the execution of several program initiatives. Following are some of ASMI's key achievements for FY 2023.



DOMESTIC MARKETING SUCCESSES

Telling the Alaska Seafood Story at Retail and Foodservice

In the domestic U.S. market, ASMI executed custom promotions of Alaska Seafood including social media, point of sale materials, product demonstrations, and merchandising in over 36,000 U.S. retail stores and e-commerce platforms, and over 18,000 foodservice establishments. These promotions help visually tell the wild, Alaska seafood story. It is important to keep Alaska's brand top of mind for consumers, especially as they return to brick and mortar restaurants and grocery stores post-pandemic.

E-Commerce Marketing Attracts New Consumers and Lifts Sales

ASMI expanded its ecommerce footprint to target top nationwide retailers like Kroger, Walmart and Whole Foods Markets with online banners, digital advertisements, imagery, influencer posts, blogs, and shoppable recipes. These tactics proved effective in reaching digital native millennial shoppers, a target audience for Alaska Seafood, and resulted in significant sales lift, new consumers and return on investment. Furthermore, by promoting the private label brands like Whole Foods and others, ASMI cultivates stronger relationships with the respective retail partners.

GLOBAL MARKETING SUCCESSES

Developing New Global Markets Critical for Economic Viability

Developing new markets and maintaining existing global markets are critical to ensuring the economic viability of Alaska's seafood resource. The global marketing program works year-round to monitor trends, engage industry partners and consumers, and create new opportunities for the processing, purchasing and consumption of Alaska seafood around the globe. ASMI operates global marketing programs across five areas: China, Japan, Southeast Asia, Europe and Latin America.

Trade Missions Strengthen Relationships and Grow Sales

ASMI International spent significant time and resources hosting in-bound missions to Alaska and out-bound missions to foreign markets. ASMI began the spring/summer season with a trade mission to South America, visiting Brazil, Peru and Colombia in May. In early June, ASMI International held a culinary retreat with chefs from around the world in Sitka. Also in June, the 7-Eleven Japan team came with ASMI to Bristol Bay. They were joined by some of their customers, as well as Alaska seafood industry representatives. As a result of the mission and ASMI's ongoing relationship with 7-Eleven, the convenience store chain, which has over 21,000 stores in Japan, has added two new products bearing the Alaska Seafood logo: an Alaska pollock burger and a tarako spaghetti.



GLOBAL FOOD AID SUCCESSES

Program Sales of Alaska Seafood Increased 25%

ASMI Global Food Aid Program marketing activities continued to support Alaska fishermen and suppliers through a variety of channels to facilitate Alaska seafood sales to the U.S. government food, nutrition and safety net programs, primarily through the USDA. **Sales of Alaska seafood products reached over \$200 million in the first nine months of federal FY 2023, up 25% from this period the year prior.** In addition to providing needed support to industry and fishing families in stressed fisheries, these efforts expand Alaska's markets by increasing domestic consumption and exposing 30-40 million people a year to Alaska seafood through USDA programs serving school children, mothers and infants, and food insecure families nationwide and abroad. Throughout this year and the next, they will be receiving wild pink and sockeye (red) salmon, wild Alaska pollock and Pacific rockfish in product forms they can find in local grocery stores.

PUBLIC RELATIONS CAMPAIGNS

Social Media Campaign Helps Shoppers Make The Wild Choice

Highlighting seafood on social media ensures Alaska seafood stays relevant to consumers by providing fresh, engaging content such as cooking tips, recipes and fresh takes on current offerings. **This year's campaign, Make The Wild Choice, featured a connected commerce element which allows customers to watch an influencer video, then click through to an online shopping platform to purchase Alaska seafood directly through retail partners.** This is just one example of how ASMI's omnichannel marketing strategy drives brand preference.

Seafood Sustains Alaska Campaign Educates Alaskans About Benefits of Seafood Industry

In January 2023, ASMI expanded its efforts to help Alaskans better understand and appreciate the Alaska seafood industry. **The Seafood Sustains Alaska campaign centers on the economic value the industry brings to the state, and the importance of Alaska's seafood industry to communities and families** as told through broadcast and connected TV commercials, digital video advertising, social media and custom printed materials.



NEW TECHNICAL RESOURCES

New Study Finds 'Excellent' Rating For Frozen Seafood

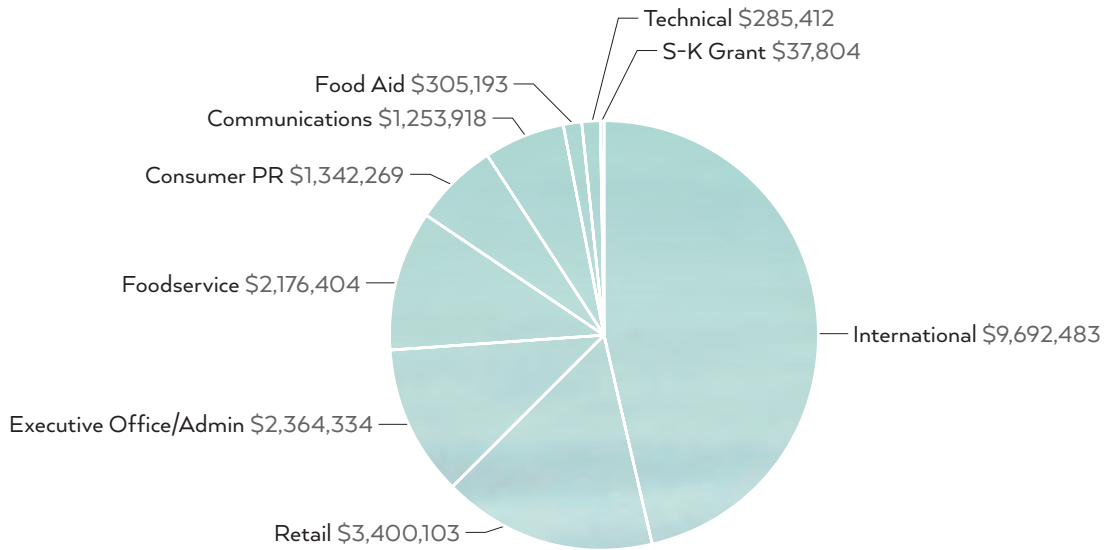
ASMI Technical partnered with the Food Innovation Center at Oregon State University and the University of Maine to conduct a sensory evaluation of frozen Alaska seafood with chef participants. Over 60 participants attended the event which included sensory evaluation of Pacific halibut, sockeye, keta and yellowfin sole. A team of seafood-savvy chefs and culinary students, under their tutelage, prepared the samples while testers were unaware of the species or the once-frozen nature of the products. Evaluations of the product were on average in the “excellent” range. Through consultation with ASMI committee members, ASMI was able to tailor the questionnaire to obtain actionable marketing data relating to chefs as seafood consumers in addition to sensory questions. A full report is available and a future publication of this data is planned.

Breast Cancer Survivors Benefit From Seafood

ASMI Technical produced a feasibility study, which was published in February 2023, suggesting that **patients recovering from breast cancer who consume high levels of omega-3 fatty acids from seafood may be able to reduce pain, stress, fatigue and other symptoms** of their treatment.

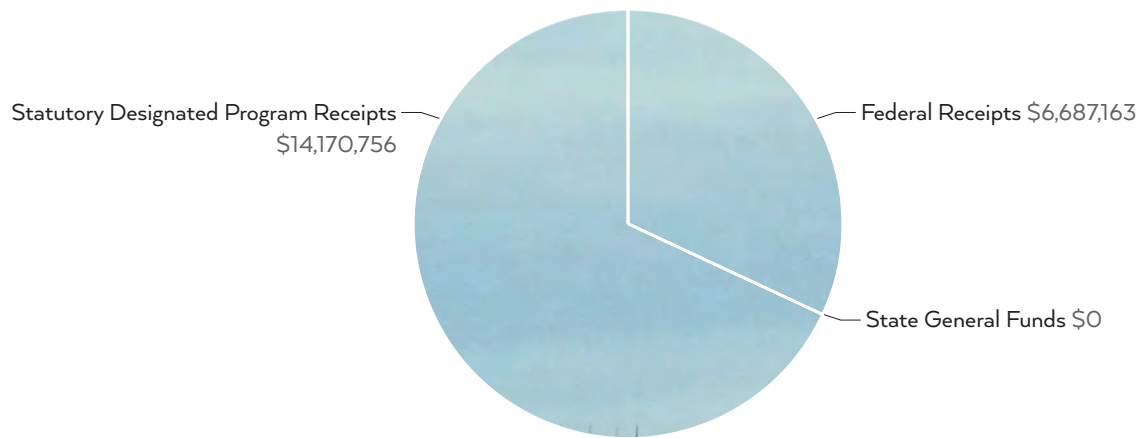


ASMI EXPENDITURES AND REVENUES



FY 2023 Total Expenditures \$20,857,920

Full Time Employees: 20



FY 2023 Total Revenues \$20,857,920

ASMI FISCAL UPDATE

FY 2023 reflects the fifth consecutive fiscal year in which ASMI received zero State of Alaska General Funds. As a result, ASMI's budget is wholly composed of Statutory Designated Program Receipts (SDPR) and federal funds. This requires that ASMI match federal grants using SDPR generated and provided by the seafood industry.

The reduction in state matching funds may affect ASMI's ability to secure competitive federal grants. Awarded in 2019, ASMI has invested USDA Agricultural Trade Promotion program funding in strategic marketing activities designed to enhance and expand marketing and trade opportunities in both established and emerging markets. Results from these activities show increase in sales, partner promotions and brand awareness in relevant markets. This one-time, multiyear award ends fall 2024.

Additionally, harvests of numerous other key fisheries have been volatile in recent years which may impact overall value moving forward. The economic impact of harvest reductions or closures of fisheries affects coastal communities, harvesters, state landing taxes and ASMI's SDPR. Decreases in ex-vessel values, coupled with reduced state support, mean future budgets are inadequate to address Alaska's seafood marketing needs. Like the industry we represent, ASMI will continue to show resilience and fiscal responsibility amid both forecasted and unanticipated challenges to best fulfill the mission of increasing the value of Alaska's seafood resource.





Alaska Seafood Marketing Institute

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