Middle class continues to grow. Increased consumer spending/middle class bringing change to “new retail” / focus on higher-end goods

By 2020, almost 400 million middle class consumers with incomes of $16,000 - $34,000

Consumer spending hit $46,015 per person in 2017, rising from $42,528 the previous year, projections to top $50,000 in a few years

Ecommerce primary growth driver, online shopping sales growth 23.1% 2017 to 40.8% 2021
Market Overview – Hong Kong/Macau

- Economy continues to recover from low in 2016, showing 3.7% GDP in 2017
- Driven by employment, financial/property markets, consumption growth at 6%
- Establishment of Guangdong Bay Area and opportunity to import into Hong Kong and Macau without China-imposed tariffs, Hong Kong/Macau expected to be premier seafood importer for Alaska seafood
Seafood Update

- China’s seafood imports grew 29% from 2006-2017, reaching $2,747,612,800

- Overall market experience experiencing growth

- More Seafood has been imported into China with Russia ranked at the top, followed by USA, Canada, and Norway

- With the development of e-commerce and logistics, frozen seafood is becoming the main steam for consumption

- Quality, followed by price, is the main consideration for consumers when purchasing food products
Alaska Seafood

- Alaska seafood exports to China grew 25% in value to $988,638,000 and 20% in volume to 406,429MT from 2016 to 2017
- Strong image of Alaska seafood, traceable/pure, clean
- In July 2018, 25% tariff was levied on the seafood from US, raising costs for traders to consumers
- Increased competitiveness from other countries’ products
- Given tariffs, business suspension of seafood like King Crab, Black Cod/sole still remains strong

### Competitors

<table>
<thead>
<tr>
<th>Country</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>Snow Crab</td>
</tr>
<tr>
<td>Chile</td>
<td>Salmon, King Crab</td>
</tr>
<tr>
<td>Norway</td>
<td>Salmon</td>
</tr>
<tr>
<td>Russia</td>
<td>King crab, Pollock</td>
</tr>
</tbody>
</table>

### Alaska Seafood

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>338,011</td>
<td>$788,613</td>
</tr>
<tr>
<td>2017</td>
<td>406,429</td>
<td>$988,638</td>
</tr>
</tbody>
</table>
Seafood Tariffs

- Current tariff schedule – 25% increase

<table>
<thead>
<tr>
<th>HS Code</th>
<th>Product</th>
<th>Old Tax</th>
<th>VAT Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>0303899090</td>
<td>Coho Salmon</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>0303319090</td>
<td>Pacific</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>0303670000</td>
<td>Pollock</td>
<td>5%</td>
<td>11%</td>
</tr>
<tr>
<td>0303630000</td>
<td>Pacific Cod</td>
<td>2%</td>
<td>11%</td>
</tr>
<tr>
<td>0303390090</td>
<td>Yellowfin Sole</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>0306149011</td>
<td>King Crab</td>
<td>5%</td>
<td>11%</td>
</tr>
<tr>
<td>0306149019</td>
<td>Snow Crab</td>
<td>5%</td>
<td>11%</td>
</tr>
<tr>
<td>0306149090</td>
<td>Dungeness Crab</td>
<td>5%</td>
<td>11%</td>
</tr>
<tr>
<td>0304710000</td>
<td>Pacific Cod Fillets</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>0304750000</td>
<td>Pollock Fillets</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>0306149019</td>
<td>Snow Crab Legs</td>
<td>5%</td>
<td>11%</td>
</tr>
<tr>
<td>0303120000</td>
<td>King Salmon</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>0303120000</td>
<td>Keta Salmon</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>0303110000</td>
<td>Sockeye Salmon</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>0304810000</td>
<td>Sockeye Fillets</td>
<td>7%</td>
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<tr>
<td>0304810000</td>
<td>King Salmon Fillets</td>
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<td>11%</td>
</tr>
<tr>
<td>0303910090</td>
<td>Keta Roe</td>
<td>7%</td>
<td>11%</td>
</tr>
</tbody>
</table>

*Newly assessed punitive tariff of 25% added on top of existing tariff
Highlights (I)

- **Reverse Trade Mission (All-access Pass to Alaska)**

  - Trade mission hosted by ASMI for Chinese traders/media personnel July 8 – 14, 2018
  - First-hand knowledge of product, management, sustainability and more
  - Alaska supplier interaction with Chinese traders

  - Results
    - a) two importers have carried Alaska seafood after the mission
    - b) transactions worth $100,000 to be generated after the mission
    - c) One new importer will introduce Alaska seafood to China
Online Promotions (Riding the Growth of Online Sales)

- Partnerships with giants JD.com and Tmall, SF Express, Chunbo, and new platform Fresh Fresh

- Highlight of species like Black Cod, Pacific Cod, Pollock, sea cucumber, Yellowfin Sole, and new forms such as Alaska salmon burgers and bites, and ready-to-eat forms as well

- Results
  a) Around 300,000 kgs of Alaska seafood valued at over $6 Million
  b) Strengthen presence online, maintaining relationships with new and existing players
Chef Training in Shanghai/Beijing

(Alaska Seafood Plays Well with All Types of Cuisine)

- Workshop in Shanghai and Beijing with Japanese Chef, March 12/13, 2018
- Sockeye salmon, cod, pollock, Rockfish, Yellowfin Sole, Snow Crab, Herring/Pollock roe
- Over 80 attendees at each event, including chefs and purchasing staff from high-end hotels and restaurants
- Results
  a) At least 10 hotels/restaurants have carried Alaska seafood resulting consumption of 45,000 kgs valued at around $380,000
  b) Open Alaska seafood up to international foods
Upcoming Events

- **Targeting Consumer Sector**
  
  - Educating consumers about health and nutritional benefits
  
  - Increasing exposure of Alaska seafood through social media/KOLs

  ***Boosts awareness of Alaska seafood, consumer confidence and drive consumption***
Targeting Trade Sector

- Enhance cooperation with E-commerce platforms for increased promotions
- Deepen relationships with new retailers, Hema Fresh, 7Fresh
- Trade Shows
  - China Fisheries & Seafood Expo, Qingdao – Nov. 7-9, 2018
  - Hofex in Hong Kong – May 7-10, 2018
- Trade Gatherings
  - Target more new markets such as Wuhan, Zhengzhou and Ningbo and others

***Strengthen relationships with traders and develop newer emerging markets
Upcoming Events

● **Targeting HRI Sector**

  - Continue promoting Alaska seafood in chef seminars in Guangzhou, Hong Kong through Japanese chef/cuisine
  - Menu promotions exploring different types of cuisines

***Showcase versatility of Alaska seafood with different foods as well as forms***
ATP Activities

ATP participation to minimize impact from trade conflict

- **Consumer Sector**

  LED Billboards - visual display in high traffic area
  - Target the masses
  - Interactive social media campaign/KOLs
  → Help achieve longer-lasting effect
ATP Activities

**Trade Sector**

eLearning – partnership with digital platform to boost knowledge

- Stress learning for consumers
- Drive long-term learning, enhance knowledge
- Certification to motivate users to promotional/nutrition standard, Alaska seafood ambassadors
- Short videos about cooking techniques

→ Take advantage of online space/partner with many platforms
ATP Activities

- **Trade Sector**

  Ready-to-cook or Eat Meal Promo – meal kits for the home

- Enjoy gourmet, premium-quality meals
- Healthy dining for the family
- Avoid oily/unhealthy takeout
- Traditional family values

→ drive quality, family time
ATP Activities

● Offline-2-Online Product Showcase – offline engagement/online consumption
  • Increase interaction with market
  • Assist understanding of product
  • Leverage convenience/partnerships with E-commerce players

→ Maintain modern, engaging digital presence

● Trade Seminars 2.0 – expand reach of events into Tier II & III cities
  • Encourage product awareness
  • Introduce sustainability
  • Promote retail/food service promotions
  • Stimulate local consumption

→ Expansion of new markets/understanding of new trends and demographics
Thank You!