



Wild, Natural & Sustainable[®]

**Alaska Seafood Marketing Institute
All Hands on Deck
Board of Directors Meeting
October 23, 2015
Egan Center
Anchorage, Alaska**

Draft minutes

The meeting was called to order at 9:00 AM.

Members present:

Chairman Barry Collier, Peter Pan
Vice Chair Tomi Marsh, Harvester
Mark Palmer, Ocean Beauty
Allen Kimball, Trident
Kevin Adams, Harvester
Jack Schultheis, K'wik Pak
Ana Hoffman, Office of the Governor
Commissioner Chris Hladick
Senator Bill Stoltze
Representative Cathy Munoz

Others present:

Alexa Tonkovich, ASMI Executive Director
Ray Riutta, ASMI Interim Executive Director
Deb Tempel, ASMI
Members of ASMI staff, contractors, industry and press.

The following amendments to the agenda were made:

Change time of ASMI Report Card presented by Andy Wink to 10:00 am and ASMI Budget update presented by Becky Monagle to 1:00 pm.

Motion: Allen Kimball moved to approve the agenda as amended; the motion was seconded by Tomi Marsh. The motion passed unanimously.

Motion: Mark Palmer moved to approve the minutes from the July 7, 2015 and July 28, 2015 meetings; the motion was seconded by Kimball. The motion passed unanimously.

Chair Report

The following was read by Chairman Barry Collier:

On behalf of the Board of Directors of ASMI, we recognize the challenges faced by fishermen, processors, and communities. In response to the fiscal realities in the industry and the state of the Alaska, we are implementing following actions.

- *We are redeploying ASMI's efforts to reflect what is happening in the marketplace, with a focus to maximize opportunities in domestic market.*
- *We are evaluating board and committee meeting frequency.*
 - *Anticipate using more teleconferences.*
 - *No CAP meeting in 2016; likely shifting to every other year.*
- *Holding on all committee appointments until our committee structure is reviewed.*
- *Will be holding a board meeting in Juneau in March on the budget.*
 - *Will be seeking economic and organizational efficiencies.*
 - *We are seeking savings in the current fiscal year.*
 - *Exploring budget scenarios to achieve a 30% reduction in the next fiscal year.*
- *We are looking closely at the Responsible Fisheries Management (RFM) program.*
 - *We are committed through the Global Sustainable Seafood Initiative (GSSI) full audit, anticipated in spring 2016.*
 - *Developing a transition plan for the next couple years.*
 - *Want to ensure a viable and efficient program focused on stock management only.*

In summary, we are taking these actions to maximize our effectiveness as a marketing organization. We recognize we may have to take additional actions in the future. We remain committed to the Alaska industry and the Alaska brand. We appreciate the work of the committees and will continue to welcome ideas for innovations and efficiencies as we go forward.

This statement was unanimously approved by the board in executive session October 22, 2015.

Public Comment

Arnie Thompson member of the Alaska Salmon Alliance – Southcentral:
Thompson presented the board with a report that was prepared by the McDowell Group; the full report can be located at www.aksalmonalliance.org.

Duncan Fields – Harvester from Kodiak:

Fields would like to see ASMI and ASMI's budget in a larger context, the current fiscal situation parallels what the state faced 15 years ago. His concern is what will happen if we cut the ASMI budget. The state cannot afford to not spend money on marketing seafood. Fields encouraged everyone to look at the problem with a big picture, not to concede that the legislature will cut our budget, to continue to move forward and to persuade the men and women that lead our state that marketing seafood saves jobs, it will save money and is what the state needs to move forward.

Collier responded that the board felt like they needed to tighten their belt and to be fiscally responsible to see the agency through tough times.

Julie Decker with the Alaska Fisheries Development let the group know that the Symphony of Seafood will continue this year and they are adding a new category, "beyond the egg."

Executive Director Update

Riutta thanked the ASMI Board for this time to come back, and stated that he is confident that Tonkovich will do a great job, that he will remain onboard for the transition, but that this time he is really going to retire.

Tonkovich noted that she was honored to be given this opportunity and she looks forward to working with everyone to see ASMI through this tough time.

ASMI Report Card (Andy Wink)

Wink gave an overview of the ASMI Report Card and let the Board know that the full report can be found in the member section of the ASMI website under Board and Committee Meeting Materials. The sample size this year is a bit smaller than what we have had in the past and smaller than what they would have liked. Hoffman ask about the difference in the sample size. In 2011 it was 80, this year the goal was 80 but only 50 responded. She felt like there were some concerning downward trends in the satisfaction of ASMI programs. Wink pointed out that 2011 was the high year for price on fish, and this year the prices dropped dramatically, the downward trends may very well be due to that fact. Kimball asked about the sample of fishermen being very salmon centric. Wink replied that there are just many more salmon permit holders than other species.

Operational Committee reports

International Marketing Committee Report (Jeff Stephan)

Taking into account comments from the species committees, are there any changes you would suggest be made in the ASMI program you guide?

a. What is working well? What is not? What adjustments would you like to see made?

Working well:

- CONXEMAR, recommend same set up next year
- Calling out Alaska in Italy is important to our industry. We are competing with Russian sourced seafood.
- Chart of product calling out number of origin identified products
- Sockeye promos in Japan helped counter-balance the market situation and was very effective
- “Forever Wild”
- RFM promo in the UK with ASDA
- EEU is doing the right thing to focus on different markets
- The OMR network and their ability to creatively respond

Adjustments:

- The term “FAO 67” should be incorporated into ASMI materials, this may be the only identifier on the product
- More promotions to kids and families
- Need to push forward with cod marketing to counter balance against Tilapia and Pangasius

Are there questions or comments from your customers that ASMI should take into account in developing and executing market strategies and tactics for the coming year:

The overseas trade sometimes doesn't know who the OMRs are, we need to find ways to get everybody to know the OMRs.

Are there questions or comments from stakeholders that ASMI should take into account?

We have to do something with salmon. We are 9-12 months away from a serious crisis with salmon, support Ukraine to establish a roe market. Processors have mentioned that they are concerned that they see online or hear from a customer that ASMI did a promo with their customer after the fact.

What major Challenges do you see ASMI facing in the coming years?

Our trade partners in Japan, China, and EU need focus
Focus on China and Southeast Asia on domestic sales

Challenges in the next five years?

Our Russian competitors are investing in their fleet, their quality will go up and we need to build brand recognition because we won't be able to differentiate on quality as much.

With the state facing serious budget deficits for the foreseeable future, ASMI funding may see reduced state funding in future years. Do you see opportunities for increased efficiencies or coordination between programs?

EU joint strategies met with favorable opinion. Cross pollination between OMRs should continue, encouraged collaboration with GAPP in Germany as they undergo a new campaign.

Which program activities should be maintained, increased or reduced in the event of declining revenues?

Continue strong on pollock and cod, Brazil is the largest cod market in the world, salmon (Four years ago 100% Chilean, now we are making a dent, we should continue). Some market for high end species. We need to stay in Brazil, this is a pattern, it has happened before.

Should ASMI programs be communicating their efforts and promotions in a different way than they are currently?

Want to see more info about how many origin IDed products are in the market. Would like more information about “refreshed product” in France called “chilled.”

International Marketing Committee elections: Chair Michael McGinley and Vice Chair Lance Magnuson

Foodservice Marketing Committee Report (Jennifer Castle)

Joint Communications, Foodservice, Retail meeting

What major challenges do you see ASMI facing in the coming years?

Budget

Year 1:

- How to stabilize?
- Declining state revenue
- Fish tax

Year 5:

- Sustainability, NGOs.
- Moving target for standards
- How we handle is key
- **Differentiation in the global market.**
- Consolidation of wild fish areas/ groups
- More organizations like ASMI
- Investment in fisheries; boats, manufacturing, especially in Russia
- Staying relevant – key for ASMI
- Industry consolidation; example: mass markets, brand has several processors
- Perception of our waters due to global warming/ climate change
- We are on it... here in Alaska
- Social responsibility
- Sustainability messaging challenges for ASMI
 - NGO's
 - Climate change
 - Perception of our waters

Year 5-10:

- Gear communications to young people – since parents currently don't cook much seafood at home (US Market)

Year 10:

- Face of fleet changing

Do you see opportunities for increased efficiencies or coordination between programs?

Yes. Streamlining consumer PR and consumer activities.

Priorities:

1. Consumer Advertising and Consumer PR
2. In state awareness and prioritization based on funding available. If we do not have enough for the activity, to have an impact, we will move money to another priority or activity. However, the budget may be cut and we would go to free or low cost ideas to meet objectives. Staff will also look into efficiencies further

Are you familiar with ASMI's websites and social media channels? ASMI has a consumer site, www.wildalaskaseafood.com and a corporate site, www.alaskaseafood.org as well as active accounts on Facebook, Instagram, YouTube, Pinterest and Twitter. Yes.

How often do you visit the ASMI corporate website, www.alaskaseafood.org?

As needed for information. How will the new website be launched? Please soft launch it with committee members before it goes live to the public.

Is there information that isn't on the ASMI websites that should be?

Yes.

- A full list of all ASMI staff, including bios and a photograph.
- A full list of committee members and what the intent and process of each committee is.
- Direct staff to look into having an online store to sell SWAG.
- Information on industry promotions.

Are there ways we can improve our social media marketing?

Yes.

- Expand on the YouTube channel.
- More video clips. Perhaps having videos of Alaska Seafood being cooked in a kitchen.

Foodservice Marketing Committee Priorities:

Equally weighted as the top priorities:

Distributor Program: (the committee likes these programs)

- Big bang for the buck
- Measureable

Category Management has helped ASMI strengthen their foothold, and more money is directed to Alaska branded seafood due to corporate based programs. Example, instead of selling something in at many divisions, it can be sold at the corporate level and pushed out to all divisions.

Operator Programs

- Very good value as the chains give significant support while using the Alaska Brand to build their own brand, creates visibility for Alaska Seafood to large groups of diners
- Again, this program is measurable, and a huge value on the dollar for ASMI (\$1 to \$11)

Trade PR:

- This makes a big impact with fewer funds specifically in with foodservice trade, as the campaigns target decision makers and influencers.

Trade Education:

- This program is important, as it is how the ASMI brand gets out to a wide variety of people. example: “Bar Bites and Cocktail Pairings” and the “swap meat” contest are creative ways ASMI is elevating the use of Alaska seafood.

ALWAYS LOOK FOR SYNERGIES WITH CREATIVE AND RECIPE DEVELOPMENT WITH IN ALL DOMESTIC PROGRAMS.

Foodservice Marketing Committee: Chair Julianne Curry and Vice Chair Mike Cusack

Palmer asked about the communications re: environmental impact on seafood, and what their recommendation is. Jennifer said to promote that Alaskan waters are healthy.

Seafood Technical Committee Report (Hart Schwarzenbach)

- We addressed species topics such as Canada / USA mercury testing; we need to get these aligned and equal and are not going to give up on this effort.
- We would like to add “non-traditional products” to our buyers guides and wants ASMI to start promoting these products as well.
- The technical committee has made edits to the chain of custody update to version 2.3 and recommends that the board approve the updated version.
- Work on the USDA website for sockeye has been updated, still waiting for cod and pink salmon. The process is very slow and takes a couple of years. They are looking for direction on which species that we should do next.
- Whitefish buyers guide, the deadline of December 1st has been given for the rough draft to be completed.
- Seafood Products Association SPA – FSMA is soon to have new regulations in effect; we can share the contacts with industry members that we have at SPA and ADEC. Also they will be hosting a packaging seminar for industry members and we encourage industry members to attend.
- ADEC Kimberly Stryker informed the group about the budget cuts. Their inspections will be significantly reduced, with the new FSMA regulations this will pose a huge challenge for their inspectors and they will require more training.
- ADEC does a heavy metals tissue testing and with the lack of funding it might not take place in the future, we encourage ASMI to support this testing with funding if needed.
- Kodiak Seafood and Marine Science Center is in jeopardy of losing their facility due to the change in hands of the building to UAA.

What major challenges do you see ASMI facing in the coming years?

1 year:

GSSI benchmark

5 years:

Changing marine environment, ocean acidification, the blob

10 years:

Mariculture not fitting in with the ASMI tagline

One way the Seafood Technical committee wants to cut back is on printed materials. They want to make them available in the form of an app/flash drive.

Seafood Technical Committee elections: Chair Dan Block and Vice Chair Hart Schwarzenbach

Marsh asked about renewable energy sources and tapping that, Schwarzenbach let her know that they have not discussed it but if the board wants them to investigate that to please let them know.

Kimball asked re: by-products and how we market them or name them. Schwarzenbach replied that Seafood Technical is not giving them specific names, just general information.

The Kodiak Seafood and Marine Science Center was discussed at length, if was determined that Schwarzenbach and Block would do some research as to what is exactly happening with the center and make a recommendation to the board, possibly starting a grass roots effort to encourage the University not change the center and their ability to doing research. The importance for the center especially in a time of crisis is critical to all of Alaska seafood.

Retail Marketing Committee Report (Tom Sunderland)

Key Questions (questions 2, 4, 5, and 6 were covered by the Joint Communication/Foodservice/Retail Committee and in the Foodservice Report)

Taking into account comments from the species committees, are there any changes you would suggest be made in the ASMI program you guide? (species committee comments and recommendations will be provided in writing at the conclusion of their respective meetings)

Changes to Current Program

- We request clarification on which ASMI group has responsibility to market in Canada. (If a retail opportunity comes up there is it to be handled by Retail or the IMC.) We have no issues currently in front of us that require urgent action, we make no recommendation on how this should be handled, and will be happy to comply with whatever direction we get: but we do need clarification.
- What is going well: the committee strongly supports the ***Cook It Frozen*** demo program that started specifically to support frozen sockeye in the post-Lenten period, and was later expanded to other species. This has been an unqualified success.
- Questions or comments from stakeholders: help with identifying and marketing bairdi crab separately from opilio crab. The same issue goes for sablefish/black cod.

With the state facing serious budget deficits for the foreseeable future, ASMI funding may see reduced state funding in future years. Do you see opportunities for increased efficiencies or coordination between programs?

Opportunities for increased efficiencies or coordination

- There are potential redundancies between overlapping and shared cost programs. We recommend a deeper look at these. The first place we recommend looking is at outside agencies and contractors.

Priorities

- Keep with the in-store Cook-It-Frozen demo program.
- We are getting good results from PR and recommend keeping up with this activity. While paid advertising is a valuable part of the marketing mix it requires a certain concentration to be effective, and it is unclear that even our current paid advertising budget is sufficient to meet an effective threshold of activity. Therefore we feel that as long as we are confident that our PR efforts are on target and on message, we should prioritize PR over paid advertising. The first measure of PR effectiveness is whether or not the message being delivered is the right one, since complete control of the message is lost in the distribution, and since our results so far are very good in that area, PR is a good spend for us. The results we have seen from Edelman have been extremely strong.

Other Issues

The issue of supporting a Costco pollock promotion was brought to us during the meeting. This was added to the agenda during the meeting, giving the committee no time to prepare for it. The promotion

Retail Marketing Committee Report continued

was presented as a generic Alaska pollock ad that would direct consumers to value-added frozen Alaska pollock products in support of a BOGO on those items, but that the only Alaska pollock items available in Costco are Trident branded items.

In this case, many other processors have been enlisted to supply product to Trident to manufacture the finished goods, so the benefit would be spread broadly to other Alaska pollock suppliers. The committee was instructed that this promotion would not be funded from the retail budget and would require special funding approval, so we were asked to evaluate it strictly on its merits without consideration of funding source. Three potential ads were presented, ranging from roughly \$400,000 to \$600,000.

The committee was unable to come up with a position on it considering we had no time to adequately prepare for such a complex and, in our experience, unprecedented activity. Neither Larry Andrews nor I have been involved with a similar ASMI promotion. However, we felt it was our duty to take some sort of action on it, so we subsequently passed a motion to advance this to the board for consideration. Our motion does not take a position on it, but simply passes it along to be considered.

Charge to Staff

Collier directed that this needs to be fully considered by the retail committee and encouraged the committee to meet telephonically and report to the board within two weeks. It was discussed that we possibly need to have Tonkovich seek further guidance from State agencies.

Retail Committee Chair elections: Chair Thea Thomas and Vice Chair Tom Sunderland

Responsible Fisheries Management Committee Report (Larry Cotter)

The RFM committee would like the board to reevaluate the sunset clause for December of 2016. The committee would like the board to remove the sunset clause as they will likely need a bit more time to finish the business of RFM.

Cotter provided the board with the QMS model and highlighted the key changes. A binder will be sent to all board members and will also be available online. The main concern is that there is only one certifying body, however there is an interest by a couple of new certified bodies. The RFM committee's recommendation is that the board approve the QMS document as modified. It was clarified that the board has not reviewed this document, however it has gone through a large amount of work by the RFM committee.

The QMS must be reviewed and approved by the board is by the end of December 2015.

Hoffman asked if the actions of the board taken this morning will affect the transition plan for RFM. Cotter stressed that without GSSI certification, which we cannot attain that without the approval of the QMS document, the trajectory of the RFM program will be thrown off. They are hoping that RFM version 2.0 will be finished by the end of 2016 and presented to GSSI and at that point we will transition RFM out of ASMI. As to whom we transition RFM to, things such as costs and a revenue source need to be identified.

Charge to Staff

Collier recommended that, in addition to any documents that need board approval, a briefing or white paper document (in the simplest of terms) be provided. A board meeting via teleconference will be held in November to vote on approving the QMS.

Cotter mentioned that the RFM committee is in support of the comments by the board regarding the budget, and that they anticipate being able to shave \$300,000+ for FY16 off of RFM expenses. The

importance of the program was discussed and that doing RFM correct the first time is critical for its success.

Version 2.0 will be reviewed by the CCC in January and the document will be ready sometime in March.

Cotter and the RFM team were commended for the work of RFM till this point.

Palmer asked about the frequency of GSSI reassessing their standards, Marks replied about 3-5 years. It is not publicly stated as such, but that is what they have heard.

RFM Committee elections: Vice Chair Ron Rogness

Executive Session

Due to the actions of the board taken earlier to freeze all committees, there was no need for executive session.

ASMI Budget update (Becky Monagle)

Monagle presented on the ASMI budget. There were no questions.

Old business

Peggy Parker the Executive Director of HANA and new Chair of the Halibut- Sablefish committee: Parker stated that she would like to see the *Halibut Act* be added to the Mission Statement under the third bullet. Collier stated that the board would take this up at a later meeting or by vote via email.

New business

Changes to bylaws and policies and procedures re: ex-officio and committee travel will be taken up at the next meeting or via email vote.

RFM Program approvals will be taken up at a teleconference meeting in November.

Guidance to staff on FY17 budget and marketing strategies and FY16 marketing plans, there was nothing additional to recommend.

Appoint/reappoint committee members will be taken up after an assessment is completed.

Set dates and locations for the following:

- Spring budget Board of Directors meeting, sometime in March 2016 in Juneau
- Customer Advisory Panel and Board of Directors meeting, cancelled in 2016
- 2016 All Hands on Deck meeting; Anchorage, AK the week of October 24, 2016

Motion: Palmer moved to adjourn; the motion was seconded by Jack Schultheis. The motion passed unanimously.

Prepared by Deb Tempel