DATE: April 30, 2013
MEMO TO: ASMI Board of Directors
FROM: Schiedermayer Alaska
SUBJECT: FY14 CONSUMER PUBLIC RELATIONS PLAN

I. CONSUMER PR GOAL

The Consumer Public Relations program is designed to maintain the highest possible value perception for Alaska Seafood among American consumers. This goal is in line with the Alaska Seafood Marketing Institute (ASMI) mission to increase the economic value of Alaska seafood**.** The plan also supports ASMI's Domestic Retail, Foodservice, and Communications Programs where possible to maximize the benefit of potential synergies.

II. THE MARKETPLACE

Consumer confidence dips. Gross domestic product rose as projected, driven by an increase in real consumer spending. Consumer confidence continues to nudge downward, with the U.S. economy remaining in slow-growth mode and the effects of inflation and fiscal cliff fallouts felt on pocketbooks (Thompson Reuters, 2012).

Seafood consumption is down. The U.S. per capita seafood consumption dipped to 15 pounds in 2011, down from 15.8 pounds in 2010 (NOAA, 2012).

Seafood category growth expected. The 2012 estimated $16.2 billion fish and seafood category has performed moderately well during the recession and beyond, likely due to an increased consumer desire for more healthful food alternatives (Mintel). While the category is forecast to increase by 4.6% (after inflation adjustment) through 2017, much will depend on continued innovation, particularly in areas of health.

Uncertainty restricting domestic growth. While modest domestic economic growth exists and encouragement from a stabilized housing market provides support, historic unemployment, fiscal and health care policy uncertainties continue to limit investment, spending and expansion.

Health concerns a leading driver behind increased fish/seafood consumption. Half of consumers who have increased their seafood consumption cite a desire to eat less beef, chicken, and pork, indicating a move toward healthier eating. Not only are consumers eating fish/seafood in an attempt to improve their health, they are also choosing healthier prep methods, choosing "grilled" and "baked" more often when ordering fish/seafood items, indicating a healthy halo in consumers' perceptions (Datassential).

Seafood plays an increasing role in retail foodservice and home meal replacement. Consumer interest in healthy retail foodservice options is at an all-time high, with 75% of consumers making choices at the retail deli based on health (IDDBA, Consumer in the Deli: Who's In Store Study, 2010).

Foodservice fish consumption rises, consumers cite health. When they eat out, consumers often choose fish. In a typical month, over 70% of consumers eat at least one fish/seafood dish at a casual dining chain, while 60% will choose seafood/fish in a fast food chain (Datassential). More fast-casual and quick-service operators are finding ways to add seafood options to their menus.

Fitness and health industry growth far outpacing the economy, with seafood well positioned as the healthy protein option. The fitness industry has grown about 2.3 percent per year over the last five years, a time frame in which disposable income grew by only 0.1 percent annually (IBISWorld). While low- or no-carb diets are less popular today, healthy lean protein is still touted for fitness and health by trainers, dietitians, health magazines and physicians.

III. THE AUDIENCE

Boomers: Adults ages 45-64, with an annual household income of $100,000 or more. These individuals are food sophisticates who enjoy cooking, are eco-conscious and prone to considering health implications in their dining decisions.

Gen Y: Adults between 25-34, with an annual household income of $50,000 or more. Young professionals, either single or with young families, who are also food sophisticates who enjoy cooking, are eco-conscious and prone to considering health implications in their dining decisions. Also called 'Millennials.'

IV. CHALLENGES

Consumer

Understanding of seafood issues and terminology is still lacking among target consumers. Nearly 1-in-10 consumers would be more likely to visit a chain restaurant that serves sustainable fish/seafood, however, 9% are also unsure what "sustainable" even means (Datassential). Educating consumers on sustainability may drive more to choose sustainable fish/seafood.

Consumers prefer wild, but don't equate Alaska = wild. While consumers agree most that Alaska seafood is healthy to eat, they are less sure about farmed vs. wild. Over one third of consumers agree Alaska seafood is environmentally sustainable, yet fewer realize Alaska is the worldwide leader in sustainable fisheries management. Both Gen Y and Boomer consumers continue to be confused regarding farmed vs. wild – less than a third agree all Alaska seafood is wild and only 21% of Gen Y and 15% of Boomers agree Alaska seafood is never farmed (Illuminate, 2012).

Consumers believe farmed fish is more sustainable. It may also help to clarify some of the differences between wild and farm-raised. Sustainability is important, but many consumers are confused. Sustainability remains an important issue for 55% of respondents who bought fish in the past month, indicating that companies need to continue to innovate in this area. Some 58% of respondents who bought fish in the past month would like to see clearer on-pack label information on sustainability and 37% of respondents who eat fish admit to often finding sustainability a confusing issue (Mintel). Younger Millennial consumers are more likely than Boomers to believe farmed fish are more sustainable than wild. Cultivation of this key emerging demographic is crucial.

Who do they trust? Gen Y and Boomers are at odds when it comes to fish facts. For basic seafood information, Boomers go into the store while Gen Y consumers go online. When asked who is most likely to give accurate assessments of sustainable seafood, Gen Y cites environmental groups (33%) while Boomers (34%) look to third-party certifying groups (Illuminate, 2012).

Ecolabels continue to clutter the marketplace. The Ecolabel Index is currently tracking 435 ecolabels in 197 countries, across 25 industry sectors. To date, there is still only one Alaska.

Social media remains a means to an end. The impact of digital and mobile applications continues to permanently alter the course of the media industry. While consumers utilizing social media have largely replaced the role journalists once played in breaking news, social media is still a means to an end – disseminating messaging and content – and not an end unto itself. Content is still king.

Consumers still have mercury on their minds. Mercury remains the second most often recalled information about seafood for both Gen Y and Boomers (Illuminate, 2012). Research shows that 50% of respondents who eat fish are concerned about mercury levels found in fish and seafood. This could stem from confusion regarding which fish contain higher levels of mercury and which don't. Therefore, manufacturers and retailers have an opportunity to better educate consumers in this area, which could be achieved via companies' websites, on packaging and through social media.

Consumer & Trade

Competing center-of-the-plate proteins continue to be well funded. The large budgets and lower prices of beef, chicken and pork continue to create an uphill battle for seafood marketing. Alaska's positive messages of health, sustainability and locale act to counteract other proteins' messages.

Alaska seafood perceived in the marketplace as high-priced. Anecdotal industry feedback suggests that Alaska seafood is viewed as highly value-added, a positive for industry that is consistent with the ASMI mission, but a negative for trade and a restricting influence for growth.

Legislation (both state and federal) could impact the perception of Alaska's fisheries as sustainable and pristine. Legislation within Alaska, particularly that which impacts fisheries and/or fish habitat and ecosystems, has the potential to negatively impact the perception of Alaska's fisheries as sustainably managed. While the impact of these actions remains to be seen, future public relations efforts need to be ever mindful of these issues to avoid the controversy and consumer confusion these actions could provoke.

People are eating seafood…but not often enough. According to consumer research, 86% of respondents eat fish (frozen or fresh) at home. However, only 16% of consumers actually eat fish two to three times per week as recommended by the USDA.

V. OPPORTUNITIES

Alaska continues to test high. Alaska's fisheries still evoke familiar and positive sentiments: consumers most often cite Alaska as a source of great seafood. They cite Alaska's pure unpolluted waters and often linger on the aspect of coldness. They appreciate supporting the American economy with their fish purchase. Now more than ever, consumers are much more likely to order a fish or seafood dish when "Alaska" is included in the name (Datassential).

Alaska salmon – no other salmon comes close. Half of Boomers, and 4 in ten Gen Y, choose Alaska salmon as their favorite when it comes to purchase preference (Illuminate, 2012). No other salmon variety comes close to that preference. Both groups cite taste as the top reason for preferring Alaska.

Other proteins are experiencing market turbulence, positively trending to health. Pork prices are dropping due to slack U.S. demand and plummeting overseas demand. Beef and chicken demand remains steady, while low-fat turkey demand is increasingly at double the rate of the other surveyed proteins. This indicates that the market demand is for proteins with a healthful, low-fat perception, and Alaska seafood is uniquely positioned to fit right into the demand for healthy proteins.

Consumers know it's healthy. Seafood consumer research shows that both Boomers (67%) and Gen Y (60%) agree most with the statement 'Alaska seafood is healthy to eat' (Illuminate, 2012). Marketing Alaska seafood as the premium health protein entices consumers who are fit or who aspire to be fit. Given the perception of high price, Alaska seafood may benefit from recommending smaller protein portions, in line with healthy eating trends.

Consumers show more interest in trying new species. In a recent study by the Center for Marketing Research, consumers were open-minded about trying new types of fish to allow recovery of fish stocks and prevent the disruption of fishing community economies. Participants indicated that taste, appearance, health and sustainability were 'very important' factors when determining a new species to purchase. Also important was the knowledge that the purchase would support local fishermen. Alaska's vast offering of sustainable seafood species coupled with the story of Alaska's fishing communities offers an opportunity to position Alaska seafood as the clear choice.

VI. SHIFTS

The Marine Stewardship Council (MSC) makes a big play to build consumer demand. With the blue circular label recently showing up on McDonald's fish products, the MSC is looking to build consumer preference for their brand. Other fast- and fast-casual chains may follow suit as McDonalds often leads the way in product innovation. Mainstream media is paying closer attention to the implications this has for consumers.

Home vs. Away: Where consumers are eating fish. Consumers are eating fish more often at home than at restaurants. The increase in at-home consumption may be attributed to the rising popularity of cooking shows and celebrity chefs; as such, consumers are more comfortable preparing their own foods at home. The economy may also be a factor as consumers continue to watch discretionary spending and opt for lower-priced menu items. According to Mintel's report Dining Out: A 2012 Look Ahead—U.S., January 2012, more than six in 10 consumers (66%) agree that the recession has changed the way they spend money, with 63% admitting that it's still too expensive for them to eat out regularly.

More data becoming available on Millennial consumers. Alaska seafood isn't the only brand eyeing Millenials—and as a result, we know more and more each year about them. Recent information worth considering:

- **Millennials are no more likely than older consumers to consider environmental concerns when shopping.** Sustainability is not necessarily this generation's passion. However, when sustainability does impact their purchasing decisions, it is usually from the organizational health or social responsibility perspective.
- While Millennials characterize their food and beverage choices as more healthy or organic compared to their parents' choices, they also say they are more expensive**, indicating an expectation for paying a higher price for higher quality.**
- **Millennials are more likely to purchase frozen and pre-packaged foods** they consider healthful, adding additional seasonings and fresh ingredients, than previous generations.

VII. OBJECTIVES

Emphasize multi-layered benefits of Alaska's seafood. Target consumers through a variety of mediums to educate consumers about the superior taste, texture, and health benefits achieved through Alaska's wild, natural and sustainable fisheries.

Maintain sustainability message while adding consumer education component. Focus on the state's long heritage in sustainability and Alaska's constitutional mandate. Continually refine messages into simple sound bites designed to engage the consumer with pointed details on what sustainability means to Alaska's fisheries.

Increase awareness, appreciation and preference for all species of Alaska seafood. Continue the creative and strategic promotion of all species, and remain prepared to actively promote specific species on an ad hoc basis in response to market conditions, seasons, and supply.

VIII. STRATEGIES

Layer. Impact consumer behavior with a multi-layered approach positioning Alaska seafood as the most sustainable, flavorful, delicious, healthy protein a consumer can choose.

Identify. Know the target audiences, and be present as helpful experts everywhere they go for connection, information sharing and guidance.

Engage. Deliver a brand that is smart, interesting, useful, accessible, and human. Don't interrupt the audience, but be available on a multitude of platforms. Listen to what the audience is talking about. Follow trends to know what they are interested in. Identify what information gaps exist.

Recruit. Engage surrogates in various fields to promote and legitimize all layers of messaging. Chefs, food bloggers, dietitians and nutritionists, biologists, fishermen, fitness gurus, and more will be utilized to spread the story of Alaska's superior seafood.

Local. Continue to tell the story of Alaska's fishermen, coastal communities, and the thousands of American jobs that Alaska seafood supports. Help consumers make connections between their values and purchasing Alaska seafood. Bring Alaska to the consumer.

Leverage. Make the most of Alaska Seafood's market advantages: positive perception on flavor, sustainability, health, and high value.

Clarify. Minimize consumer confusion with bite-size messaging on complicated issues.

Agility. Be flexible and prepared to take opportunities and make the most of challenges. Adjust strategy to meet changes in the market.

IX. ACTIVITIES & BUDGET

Key Budget Changes. In FY14, the overall Consumer Public Relations budget will be reduced by 20% from $1 Million to $800,000. In addition, the mix of labor and expenses will move from 70/30% to 48/52% ($380K labor, $420K expenses). The resulting monthly retainer will go from $58K to $31K per month, a reduction by almost half. In order to seamlessly scale back the PR program to this degree, the agency proposes a transition time to ensure the process goes smoothly and minimize disruptions in workflow.

Given this new budget direction from ASMI Directors, the following budget reflects a continued focus on media relations. This has been, and will continue to be, the cornerstone of the PR program. FY14 will see a corresponding greater emphasis on events and media sponsorship opportunities, and simultaneous contraction of reporting and media monitoring. Some activities will be moved to the Communications program (social media, in-state support and consumer research). Items previously housed in the FY13 PR retainer budget may be completed by the PR team on a case-by-case project basis.

Labor and expenses are combined. Funds typically shift throughout the year to accommodate the fluid nature of public relations.

ASMI Consumer PR Budget Estimate	**FY13**	**FY14**
Alaska Seafood Chef Alliance	**$40,000**	**$20,000**
Maintain roster of chefs, training of Alaska seafood messaging. Provide product support for media and event appearances.		
ASMI Staff Travel	**$5,000**	**$0**
Travel to Consumer events for ASMI staff. In FY14, this is eliminated per ASMI.		*Paid by programs in FY14 per ASMI.*
Consumer Research	**$75,000**	**$0**
Conduct Consumer Brand Awareness Research on Boomers/Gen Y. In FY14, this is moved to the Communications Budget.		*Moved to Communications Budget in FY14.*
Content Creation	**$75,000**	**$0**
Social Media posts, develop new content for Wild Alaska Flavor 'news' section, creative assets to support events. In FY14, this is moved to the Communications Budget.		*Moved to Communications Budget in FY14.*
Creative Service	**$5,000**	**$0**
Design costs for new content. In FY14, this may be completed on a project basis.		*Project basis in FY14.*
Events	**$240,000**	**$275,000**
Sponsorship, travel and hard costs for events such as: International Association of Culinary Professionals, Alaska Seafood Culinary Retreat, East & West Coast Culinary Symposiums, Nutrition Expo, New York Media Briefings, Alaska Media Tour.		

In-State Support	**$20,000**	**$0**
Support for projects such as Meet Your Biologist/Fisherman videos, Great Alaska Sportsman Show, Great Alaska Seafood Cook Off, Southeast Alaska Media Tour. In FY14, this is moved to the Communications Budget.		*Moved to Communications Budget in FY14.*
Media Relations	**$210,000**	**$205,000**
Research and develop relationships with members of the media to carry Alaska Seafood messaging to consumer. Continue to pitch key messages across all media outlets.		
Monitoring & Reporting	**$50,000**	**$100,000**
Maintain media value report and clippings reports. Catalog hits, calculate media value for PR program. Incudes media monitoring subscription costs (Vocus). In FY14, this will also include reporting to ASMI, DCCED and Industry (see below.)		*Combined with "Reporting to ASMI and DCCED" budget category. Also reflects hard cost increase of Vocus subscription.*
Proactive Outreach	**$80,000**	**$0**
Develop talking points and communications strategies for potentially negative stories in media. Prepare and send official responses to misinformation as needed. In FY14, this is moved to the Communications Budget.		*Moved to Communications Budget in FY14.*
Product		**$30,000**
Cost for product samples sent to media outlets for photo shoots, testing and cooking demonstrations. Includes product for events.		
Reporting to ASMI, DCCED	**$50,000**	**$0**
Weekly, monthly reporting of activities to ASMI staff and DCCED. Attending and presenting and committee and board meetings. In FY14 will be combined with Monitoring & Reporting (above).		*Combined with Media Monitoring and Reporting category in FY14.*
Shipping	**$30,000**	**$25,000**
Shipping costs for press materials, collateral and product samples.		
Special Projects/Sponsorships	**$70,000**	**$120,000**
Sponsored media opportunities to further deliver ASMI messages, including broadcast and/or print opportunities.		
Standard Planning Reserve		**$10,000**
Funds for unplanned strategic opportunities.		
Strategic Planning	**$50,000**	**$15,000**
Update PR plan in response to changes in the marketplace, also FY15 PR planning.		
TOTAL	**$1,000,000**	**$800,000.00**

X. INNOVATIONS

Throughout the year, new opportunities and innovative ideas arrive that cannot be implemented until the start of the following fiscal year. The following list illustrates several concepts recommended for implementation in FY14.

Alaska Seafood Chef Alliance (ASCA) Training Academy. Give ASCA chefs unique and specific Alaska Seafood training. With the addition of several new chefs in FY13 comes a renewed need to provide both new and longtime ASCA chefs specific media training on ASMI's talking points, sustainability facts, responsible fisheries management certification and priority messaging. This may be achieved through training events or compiled video resources.

Alaska Culinary Retreat Redux with East Coast and West Coast Editions. In addition to holding the popular and successful Alaska Culinary Retreat again, we will hold micro-retreats on the East and West coast to target chefs, food and health writers, and food and health bloggers to a scaled-down version of the event, to educate guests about all things Alaska seafood.

"Fuel for fitness"— new opportunities for health and fitness. We recommend a strong effort to overlay the message of sustainable, wild and delicious with a push on "healthy." Promoting Alaska seafood as "fuel for fitness" will be closely linked with Alaska to tie the brand messages; healthy ecosystems, healthy fish, healthy you.