

Alaska Seafood Marketing Institute
International Marketing Committee Meeting
July 21, 2015
Ray's Boathouse, Northwest Room-6049 Seaview Ave. NW
DRAFT MINUTES

INTRODUCTION

A regular meeting of the Alaska Seafood Marketing Institute (ASMI) International Marketing Committee (IMC) was called to order at 8:09 AM on July 21, 2015 at Ray's Boathouse in Seattle, Washington.

Roll Call

Committee members present:

- Jeff Stephan, Chair
- Michael McGinley, Vice Chair
- Torunn Halhjem
- Lance Magnuson
- Norman Aoyagi
- Julie Yeasting
- Merle Knapp
- Bob Janzing
- Duncan Fields

Committee members absent:

- Dean Pugh – Excused
- Tomi Marsh, ASMI Board-Excused called in at 10:15 AM

Staff present:

- Ray Riutta – Executive Director
- Alexa Tonkovich – International Program Director
- Megan Rider - International Coordinator
- Tasha McKoy – International Coordinator
- Nicole Stangeland – ASMI Communications
- Susan Marks – Sustainability Officer
- Maria Kraus – Central Europe
- Jens Hombeck – Central Europe
- Tatiana Novikova – Eastern Europe
- Robin Wang - China
- Roger Wong - China
- Akiko Yakata - Japan
- Pierre-Hubert Meilhac – Western Europe
- Sarah Johnson – Northern Europe
- Jose Madeira - Brazil
- David McClellan – Southern Europe
- Jon Harman – Northern Europe

Guests:

Anna Brown, Ocean Beauty Seafoods
Pat Shanahan, Genuine Alaska Pollock Producers (GAPP)

Approval of Previous Meeting Minutes:

Stephan moved to approve the minutes from the previous IMC meeting. The motion was seconded and passed.

Announcements:

Stephan welcomed new ASMI staff McKoy to her first meeting with the IMC and Ray Riutta, who returned as Interim Executive Director. Stephan also welcomed Stangeland to her first IMC meeting.

Riutta explained that he would be with ASMI for three to four months while ASMI sought a new Executive Director. ASMI is also seeking a new Technical Director. The Sustainability Officer will now report directly to the Executive Director. The new Technical Director will be focused on science-based issues rather than sustainability.

Stephan welcomed Marks and announced that she was at the meeting to give an update on RFM.

Introduction of Guests/Visitors:

McGinley welcomed his new staff member Anna Brown.
Pat Shanahan GAPP Executive Director.

Public Comment:

There was no public comment.

REPORTS

Chairman's Report

Chairman Stephan welcomed committee members, thanked Ray's Boathouse and staff for the use of their facility, and recognized the work of the International Marketing Program staff and contractors. Stephan also welcomed guests and new Overseas Marketing Representatives (OMRs).

Program Director's Report

Tonkovich introduced Tasha McKoy of the International Program and Nicole Stangeland from ASMI Communications. Tonkovich outlined the latest highlights from the International Program: The Unified Export Strategy (UES) application was submitted in June with no issues. A federal audit was completed and was more favorable than the previous three audits.

Last week, ASMI was awarded an Emerging Markets Program (EMP) grant for an exploratory mission to Southeast Asia. ASMI will seek interest for participation among the industry.

ASMI recently worked with Alaska Tourism to host a group from NHK from Japan. The group visited Seattle, Seward and Homer.

The International Program collaborated with the Domestic Program to participate in the Culinary Retreat. McKoy participated. Rider will lead a German buyer's mission to Alaska this August.

RFM UPDATE (SUSAN MARKS)

Marks stated that the RFM program has stayed out of the MSC fray. Over the last six to eight months the ASMI website has evolved to reflect a new RFM Governance Structure page. There is a new guidance manual for RFM that provides credibility to the RFM program, the Quality Management System (QMS) Manual. This document is important for GSSI certification. GSSI completed a pilot audit of the RFM program at the end of June. The audit went well. The manual was audited heavily. The audit focused on governance and operations of the program. Knapp asked about website navigation. Susan asked that people contact her with website questions.

In January 2016 there will be a full GSSI Audit review. Program objectives:

- Further manual implementations of procedures;
- Implement stakeholder consultation as updating the conformance criteria standard (NGO's, science and academia, govt' entities, industry considered stakeholders);
- Continue to recruit new certification bodies; and
- Reduce certification costs.

The IMC and OMRs requested an RFM video. It has been edited and will be finalized by the board meeting next week and will be distributed to OMRs and Committee Members after that. The program needs feedback from the IMC regarding the video.

INTRODUCTION OF NEW OMR'S (IMC MEMBERS)

- **MARIA KRAUS AND JENS HOMBECK / MK2 (GERMANY AND CEU)**
- **PIERRE-HUBERT MIELHAC / GOLIN (FRANCE/BELGUIM)**

WEU INTRODUCTION & PRESENTATION (GOLIN)

New OMR Pierre-Hubert of Golin addressed three challenges: improved image perception, emerge in a competitive landscape, and specific targets motivations and needs.

- Addressing targets will move to a continuous cyclical plan. More than 60% of French consumers say that origin matters, non-French 30%.
- Need similar codes and messages to negate diluting of messaging. Sustainability as a category convention.
- Misleading quality reassurance: chef endorsements, labels, premium codes, and local relatability.

The current Alaska positioning is not specific enough. The agency plans to make messaging more compelling and credible. Wild is also on trend. A "Forever Wild" campaign will capture this enchantment with nature.

2015-2016 marketing plan: advertising in consumer press. News, women's press, cooking/house interest. In-store activities with creative animations (especially in December). Street marketing: 20 towns/districts visited. Staff restaurants: proposing an Alaska Week and negotiating with upstream service purchasing groups.

Trade relations: Rungis- one site during one week and Metro 20 stores.

CEU INTRODUCTION & PRESENTATION (MK2)

Maria and Jens- mk2

Kraus introduced her agency, mk2 which started with ASMI July 1, 2015. mk2 was founded in 2000 with 11 staff and is a full service marketing and communications global agency specialized in food and beverages around the globe. mk2 has a longstanding relationship with USDA/FAS.

Jens presented the agency's EU marketing strategy: origin and quality, best agers (+45), and youngsters, supply and demand, safe and trustworthy.

New activities planned: street food trend: the Alaska liner, our marketing vehicle emphasizing quality sells! The idea is to attend street food festivals, present innovative recipes, educate consumers about Alaska to establish a new food trend and make Alaska desirable.

Press communication: consumer magazines and high class German magazines. Advertorials will be placed with high influence on origin. The social media strategy will be revived, there is not really a current presence in CEU. The social media strategy will also include blog cooperation. Bloggers have a level of trust with consumers because they are consumers themselves writing about the story/history/products of Alaska.

CEU will focus on smaller trade shows vs. Brussels, i.e. TransGourmet and House Fairs of the biggest retailers. A house fair is a small booth to present new products and present to buyers and people in charge.

Teleshopping is an alternative trade channel, a new kind of POS promotion.

HRI sector target groups will be wholesalers, chefs, manufacturers, and caterers. mk2 will also pursue junior chef competitions and work with designated chefs prior to working in restaurants. This is an investment for the future with the hopes that they will have loyalty to Alaska seafood. GastroVision is a great way to get in contact with HRI sector members.

Riutta recommended that when the RFM GSSI process is complete, working with CEU/Germany because this region has been the most vocal about the MSC verification.

Magnuson encouraged and reemphasized sharing among programs, both domestic and international. **The IMC formally confirmed support for collaboration among programs including support for an EU Strategy Meeting to be determined by OMRs and Staff.**

Knapp recommended trademarking "forever wild." **Action Item: Tonkovich will work with the trademark attorney and Golin to investigate obtaining trademark.**

EEU INTRODUCTION & PRESENTATION (TATIANA NOVIKOVA)

Market Update:

The US food ban has been extended until August 5, 2016. Prices on seafood have increased 40%. The Ukrainian market remains open to Alaska seafood but is facing volatile times. Consumers have also reduced seafood consumption (down 4% from last year). The challenges include a two season food ban, instability, pause in cooperation with local importers, and anti-west spirit in Russia on the consumer level.

However, EEU participated in four tradeshows, which resulted in 20 trade leads and 80 contacts. Crisp Consulting also developed ASMI materials in Ukrainian. Promotions took place in 36 stores across the Ukraine.

New Market Exploration:

EEU will explore Kazakhstan, Azerbaijan, Georgian, Moldova, Belarus and Romania. Most seafood is frozen or canned, but traditional eating habits are evolving. The program continues trade servicing for roe and pollock products.

CHINA PRESENTATION & DISCUSSION

China Market Situation: the retail market is the 2nd largest in the world after the U.S. and the current market value is \$1.93 trillion. China is the largest consumer foodservice market in the world, at \$560 billion (twice the size of the U.S.) E-commerce is rated #1 in the world, and E-commerce in China has the strongest growth in lower tier cities. Imports from the U.S. decreased 15%, but have seen a positive growth since 2009 and crustaceans showed the largest growth since 2014.

SWOT:

- Strengths: Alaska seafood brand is highly recognized by 1st and 2nd tier citizens. There is a strong core trade network and a good reputation among retailers.
- Weakness: unit price still high, frozen needs to be accepted and lesser known Alaska seafood species need to be promoted.
- Opportunities: consumer demand is still strong, exposure in media, new food safety laws, and ecommerce/online sales.
- Threats: economic slow down/dining less, anti-extravagance campaigns nationwide, FTA's.

Activity highlights:

- Increased focus on 2nd tier cities, which is over 200 cities with larger households. Many 2nd tier cities are outgrowing 1st tier. Several retail stores/restaurants now carry Alaska seafood.
- Cooperated with Chinese ecommerce giants: Tmall and JD. New products were introduced like pollock roe and sea cucumber.

The strategy for 2015-2016 is to utilize key opinion leaders (KOL's). WeChat is the most popular social media app, which ASMI now has a platform, with 5,000 followers already. Working with KOL's (who have 1 million+ followers) will help expand the ASMI social media presence. Upcoming activities include China Fisheries and Seafood Expo in November and more online to offline (O2O) promotions which target 25-35 year olds. Chefs and celebrities will

educate the audience on Alaska seafood via videos (i.e. cook it frozen). These videos will be broadcast on Youku and Tudou sites.

NEU PRESENTATION & DISCUSSION

NEU Market update: the strength of the dollar presents a challenge. There is a new coalition of governments (Denmark, Netherlands, and Finland). Discounters (Aldi, Lidl) are leading the retail market and taking chunks of market share. Seafood consumption has been declining since 2006. Frozen is seeing a steady decline, probably due to slowing inflation. Young's created a new Gastro range. Gastro is calling out both Alaska and pollock.

Challenges: seafood consumption is in decline, issues with parasites affected the Waitrose salmon festival.

Opportunities: school food programs and the usage of "wild" both offer opportunities. The decline of frozen has caused producers to innovate. The consumption decline in foodservice is less than in retail (3% v 9%).

NEU was inspired by the domestic campaign and incorporated fitness into activities. *Men's Health/Runners World* ran print, ads, and editorials, recipe banners, competitions, and strategic partnerships with John West to show the journey of salmon from sea to plate. NEU also sponsored the Liverpool 10K and an ambassador program with the Rugby association in which they hosted a workshop with Druv Baker and taught Rugby players about the health benefits of Alaska seafood. They would like to repeat the event!

NEU would like to continue partner in online promotions. There may be an Alaska RFM call out on ASDA (Walmart) salmon. ASMI will continue to work with smokers and those innovating with pollock products. ASMI NEU will emphasize the salmon species and target the sushi market. The Young's Fish Finger promotion focused on learn to swim, which will offer vouchers for kids to learn to swim. ASMI will seek out an ambassador for this learn to swim program and host a Fish Day featuring pollock and salmon in schools.

JAPAN PRESENTATION & DISCUSSION

The market has seen a 2.3% increase in seafood consumption. POS materials were developed for herring roe. The program ran a sockeye promotion (March – June) for a total of 45 store-day demo sales. Alaska seafood logo is currently on package for four companies.

The strategic approach for FY 15/16 is to emphasize seafood for every season and every generation. ASMI will attend the Tokyo International Seafood Show Aug 19 - 21. Mentaiko is commonly used for gifts and for daily consumption. The mentaiko paste market is attempting to grow.

Janzing commended Yakata on the sockeye promotions. Yakata emphasized that the industry must keep a steady supply of sockeye for retailers to maintain shelf space.

SEU PRESENTATION & DISCUSSION

Market update: The Portuguese cod market is elastic; Italy and Spain are stable. There's steady growth in desalted cod in all three markets. Portugal is comprised of mostly H&G cod versus Spain which is primarily fillet. Italy has a growing cod fillet market. Magnuson noted that fillets rendered from H&G fish are then wet or light salted and sent to Italy from places like Denmark.

Salmon markets in all three countries are growing. Fresh Norwegian farmed salmon is leading the growth.

China dominates the frozen APO pollock fillet market; with the exception of Portugal where the US dominates due to migas. The surimi market is growing to include whiting.

The strategy to increase cod imports from Alaska is to distinguish Alaska cod with origin packaging, in-store promotions and flyers. The second major strategy is to penetrate the fresh salmon market; ASMI must develop the market with in-store promotions, POS materials, brochures, and work with high-end retailers with social responsibility programs. It is also part of the strategy to get "Alaska" on packaging and to promote the use of Alaska on trend-setting restaurant menus and to maintain regular communication with wholesalers, retailers, importers via social media.

Magnuson noted how excited Pambuffetti is to be partnering with Alaska Seafood. Halhjem inquired about whether it is difficult to get Alaska recognized on menu and McClellan confirmed that they will call out wild Alaska salmon as consumers are interested in origin and this becomes a value added opportunity.

BRAZIL PRESENTATION & DISCUSSION

Brazil had 1.3 billion dollars in seafood imports, down by 7%. The National Seafood Processing Association was created to increase duties on imported, consumer ready products. Agriculture and Fishery Ministries held public consultation on fish names – ASMI suggestions:

1. Use name "cod" instead of "Bacalhau" for fresh/frozen
2. Wild salmon, incorporate Alaska species to differentiate from general salmon category
3. Black cod, Gindara (sablefish under consideration).

A major challenge in the market is the high demand for chum; the consumer does not understand seasonality of species. The salmon market is growing by 20-25% a year.

Stephen inquired about the alternative name for black cod – gindara. Madeira said they do not want gindara but would prefer sablefish. Yakata said that gindara translates as silver cod in Japanese. "Cod" is an English name which Brazilians are prohibited from using. Shanahan asked about pollock nomenclature and Madeira responded that the government in the United States must make changes before foreign markets will.

SPECIES UPDATES FROM IMC MEMBERS

Flatfish:

Yeasting stated that rockfish going into China could be promoted more. Flatfish has had low demand. Fields noted that the arrowtooth flounder fishery closed down as chinook bycatch was too great. He added that halibut bycatch must be reduced by 15% by 2016, as determined by the Council. There has been a reduction in catch in the Bering Sea for flatfish fleet. Yeasting noted that YFS is cleaner, however, there has been a reduction in rock sole, arrowtooth flounder, and YFS, due to halibut bycatch areas.

Cod:

Magnuson noted that Japan is an important market and Alaska sells 40% of production there. Increasing volumes are moved to China for reprocessing, up by 50% by sales volume. In the European market there is a battle for quota which is being reduced in the Bering Sea. The strong US dollar is making the European market difficult. However, the market is better than two years ago. Yeasting added that shore based cod primarily ends up in China, with some in Portugal for salting. Halhjem noted that the Chinese banking system is a challenge. Janzing added that shore based cod is also ending up in Africa (Angola, Nigeria and other coastal countries). Cash sales make it appealing versus a 60-90 day turnaround.

Pollock:

Halhjem suggested that the GAPP workshop on pollock was enough of an update.

Salmon:

Aoyagi noted the Russian forecast for 21,300 lbs of sockeye. It's looking like \$2.75/lb, the majority IQF. 90% are going to Moscow. Janzing stated that the Russian 4-6 range are in \$2.75 range and will bypass 2-6. There is price disparity between 4-5 in Europe vs. Japan. There's no 6-9 available, currently at 4%. There's significant carryover in the canned salmon market. McGinley noted that there are good pink projections but as of yet it's unclear whether Chinese buyers buying Russian pinks will be cheap. This is a value product with a large amount getting canned. Coho is a flavorful, red meat fish, however, it's soft and easily bruised. It's genetically a soft fish but it's a good fish for smoking. Chums will have a short run so it's not wise to do big chum promotion.

Black Cod:

Janzing noted that the black cod market is expanding in Europe. 5-7 is no longer going to Japan as rest of world markets are willing to pay more.

Roe:

Janzing stated that sujiko and higher grade ikura is fine in Japan. Frozen green roe is a challenge as it used to go to the Russia market. The inspection between Belarus and Russia is getting more intense. McClellan wondered about lower grade roe like pink. McGinley noted that the Russia/Ukraine situation will affect this. Chum roe will not be cheap as there is shorter supply; it's better to promote pink roe.

Fields stated that discards must be addressed by the industry. The Magnuson Act states that they must reduce bycatch and discards. The European Economic Community has a standard to be adopted in 2018; they have a 0 discard policy. There is awareness in Alaska communities as stewards of resources comes responsibility. Eight million pounds of halibut is discarded

annually. Amendment 80 fleet depends on the fishery. Greenling is a large discard species, as is skate.

Emerging Markets:

Halhjem asked about the status of the Emerging Markets Program Grant Application (EMP). Tonkovich stated that the program was awarded EMP funds. The countries that qualify are the Philippines, Indonesia, Thailand, Vietnam and Malaysia. Tonkovich will follow up regarding the dates. ASMI could also do a feasibility study for the Korea market. To commission an agency to fund a feasibility study in Korea would typically run \$30-60,000.

Motion: Fields moved to encourage staff to explore the Korean market and provide the committee with information regarding the feasibility of expanding sales of Alaska seafood products in Korea, with a suggestion to consider or note-expanding Japan OMR's responsibilities to Korea. Magnuson seconded the motion.

Fields congratulated Tonkovich and staff on receiving the EMP grant.

Stephan noted that the next IMC meeting will be during the All Hands meeting in September at the Egan Convention Center. **Action item: ASMI staff will speak to Deb Tempel regarding having OMRs sitting at table with the IMC.** The date for the December meeting was discussed and Fields proposed the 3rd.

Motion: Fields moved to adjourn. Magnuson seconded. Meeting adjourned at 4:10 PM.