



*Wild, Natural & Sustainable®*

# ALASKA SEAFOOD MARKETING INSTITUTE

House Fisheries  
February 26, 2019

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# Table of Contents



*Wild, Natural & Sustainable®*

- About ASMI
- Alaska Seafood Market Update
  - Economic Impact
  - Challenges/Opportunities
  - ASMI Program Highlights
- Harvest Value, Volume and Competition





# WHAT IS THE ALASKA SEAFOOD MARKETING INSTITUTE?



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As Alaska's official seafood marketing arm, **ASMI maximizes the economic value of the Alaska seafood resource** by:

- developing and creating markets
- building and protecting the Alaska Seafood brand
- working directly with the seafood industry

ASMI is a **public-private partnership** directed by a Governor-appointed Board of Directors: five processors, two commercial harvesters.



# ALASKA SEAFOOD MARKETING INSTITUTE

## PROJECTED BUDGET



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	ACTUALS FY2016	ACTUALS FY2017	ACTUALS FY2018	PROJECTED FY2019	PROJECTED FY2020
PRIOR YEAR CARRYFORWARD REVENUE	\$19,217.0	\$18,846.1	\$19,065.3	\$18,084.1	\$14,858.1
<b>ANNUAL REVENUE</b>					
UNRESTRICTED GENERAL FUNDS	\$429.0	\$0.0	\$0.0	\$0.0	\$0.0
GENERAL FUND MATCH	\$4,482.3	\$2,000.0	\$1,000.0	\$0.0	\$0.0
FEDERAL FUNDS (MARKET ACCESS PROGRAM)	\$4,164.6	\$4,338.6	\$4,209.6	\$4,274.0	\$4,500.0
VOLUNTARY INDUSTRY TAX (STAT DESIG PROGRAM RECEIPTS)	\$9,681.8	\$9,566.5	\$9,860.2	\$8,500.0	\$8,500.0
<b>TOTAL REVENUE</b>	<b>\$37,974.7</b>	<b>\$34,716.9</b>	<b>\$34,135.1</b>	<b>\$30,858.1</b>	<b>\$27,858.1</b>
<b>BUDGET AUTHORIZATION</b>	<b>\$24,846.2</b>	<b>\$24,424.2</b>	<b>\$21,569.9</b>	<b>\$20,569.9</b>	<b>\$20,360.3</b>
<b>MARKETING SPEND PLAN</b>	<b>\$19,128.6</b>	<b>\$15,651.6</b>	<b>\$16,051.0</b>	<b>\$16,000.0</b>	<b>\$16,000.0</b>
ENDING CARRYFORWARD	\$18,846.1	\$19,065.3	\$18,084.1	\$14,858.1	\$11,858.1

# UPDATE ON 2016 LEGISLATIVE INTENT



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- **Supplemental Funding Task Force**
  - ASMI awarded \$5,497,860 in Agricultural Trade Promotion Program (ATP) to mitigate the adverse effects of other countries' tariff and non-tariff barriers.
- **Options to Increase Industry Revenue**
  - According to statute, processors could elect to increase revenue from .5% to .6%, raising an additional \$1 million annually
- **All ASMI Positions Located in Alaska**
  - Seattle office closed June 2018
  - All ASMI PCNs are in Alaska
- **Reduced Spend Plan**
  - Gradual, sustainable ramp down of expenditures to eliminate reliance on state funds





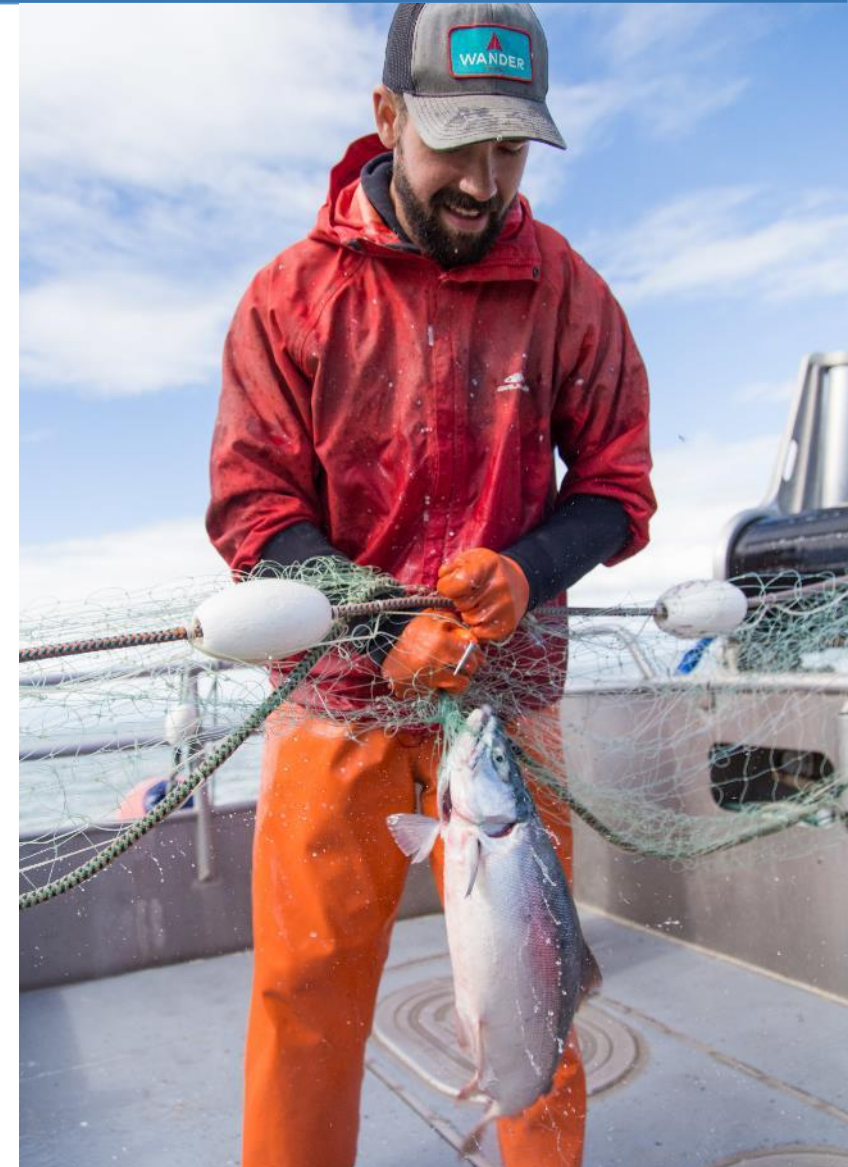
# ALASKA SEAFOOD MARKETING INSTITUTE

## FY19 vs FY20 AMENDED BUDGET



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- **No General Funds**
  - Reduced budget authorization in FY2019
  - ASMI has SDPR to cover program activities
  - Fully self-supported by industry
- **Travel Budget Reduced**
  - FY19: \$368.3
  - FY20 Amended: 158.7
  - Travel is essential to the core mission of ASMI
  - ASMI has reduced travel costs by 20% since FY12 and continues to seek and create efficiencies and opportunities that will reduce travel costs.





Many Alaska seafood products receive a market premium over other seafood products. This added value is largely due to the marketing efforts of ASMI.

**ASMI's strategic and targeted marketing efforts produce significant results.** For example:

- Promotions for online sales in China sold over \$1 million in product for only \$10,000 spent in advertising, an **ROI of 100:1**.
- A 2018 week-long retail promotion in Japan produced over \$223 million in Alaska seafood sales for a spend of \$35,000, which equates to an **ROI of 6,371:1**.
- In North America, Alaska Seafood overtook Angus Beef in 2016 to be the **No. 1 ranked protein** brand on menus nationwide.
- **71 percent** of domestic seafood eaters are willing to pay more for seafood labeled with the “Alaska Seafood” logo.

# ALASKA SEAFOOD MARKETING INSTITUTE

## CHALLENGES & OPPORTUNITIES



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### CHALLENGES

Trade disputes with China, Russia embargo, Brexit

Reduced harvest of high value species (crab, halibut, sablefish)

Significant competition from farmed, other proteins

High prices of some key species

### OPPORTUNITIES

Successful application for federal marketing funds

Highest value salmon harvest despite low runs due to Bristol Bay

Qualities that align with consumer ethos

Incredible story to tell



# HIGHLIGHT INTERNATIONAL



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**E-COMMERCE PLATFORMS** see good rate of return in China: Over \$6.12 million (661,400 lbs) of Alaska seafood was sold over 44 sales promotion days.

**TRADE MISSIONS** bring buyers from China, Ukraine and an international group of women seafood executives to Alaska to tour our fisheries and host media and chefs to explore Alaska's seafood species and fisheries.

**SEAFOOD EXPO GLOBAL** in Brussels directly connects Alaska seafood companies to buyers worldwide. 2018 onsite sales at the ASMI Pavilion exceeded \$52M; Projected sales total from the show will exceed \$640M.



# HIGHLIGHT PUBLIC RELATIONS



**NEW YORK EVENTS** activate major media coverage of the Alaska Seafood brand.

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**ALASKA CULINARY RETREAT** hosts media and chefs to explore Alaska's seafood species and fisheries.

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**2018 STATS:** Alaska Seafood featured in 340 stories, resulting in 991 million impressions.



HIGHLIGHT

# RESTAURANT and RETAIL PROMOTIONS



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ASMI works with the following restaurants, retailers and organizations to promote Alaska Seafood to consumers



American  
Heart  
Association®  
*Learn and Live*





## HIGHLIGHT

# AMAZON PRIME + AMAZON FRESH PARTNERSHIP



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**CO-OP** between ASMI, Amazon Prime, Amazon Fresh, Serious Eats and Simply Recipes.

**SHOPPABLE RECIPES** featuring Alaska salmon, whitefish and shellfish all approved by the American Institute for Cancer Research.

**CLICKABLE INGREDIENTS** added to shopper's carts online, available for 24-hour delivery in applicable areas.



# INDUSTRY OUTREACH RESOURCES

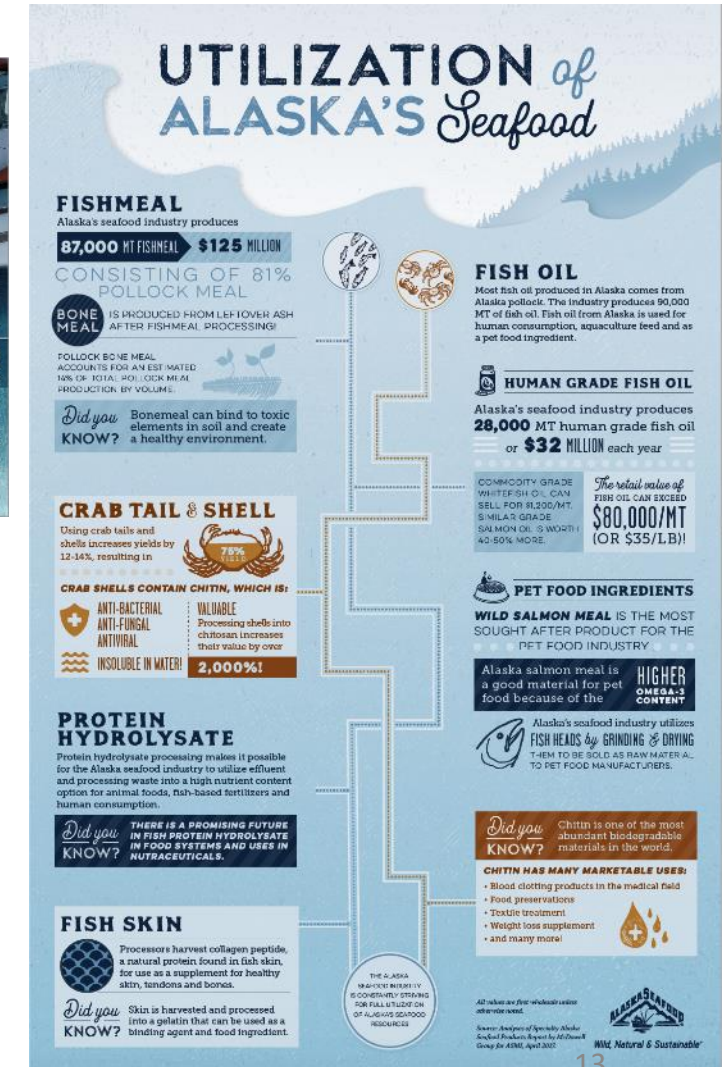
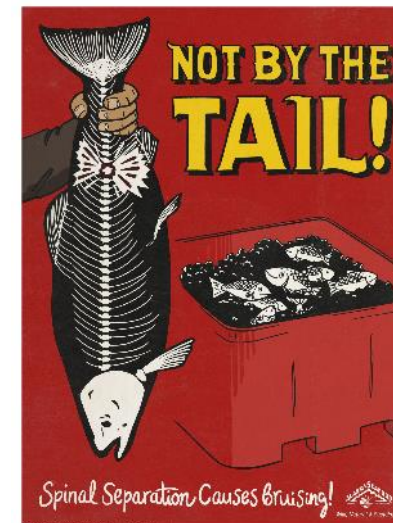
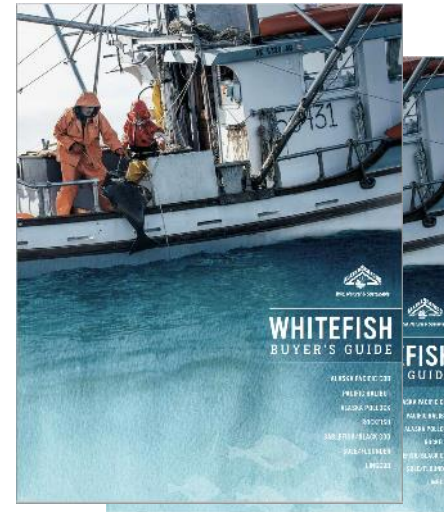


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**QUALITY** handling guides and resources for processors and fishermen

**BUYERS GUIDES** help distributors, chefs, retailers learn more about Alaska's seafood.

**RESEARCH AND REPORTS** on health, nutrition, utilization and industry efficiency



# INTERNATIONAL RECOGNITION FOR RFM



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- **Alaska Responsible Fisheries Management (RFM)** is Alaska's sustainability certification program, ensuring market access at no cost for all Alaska producers.
- RFM successfully benchmarked against Global Sustainable Seafood Initiative (GSSI)'s Global Benchmark Tool. GSSI is a global platform to streamline seafood purchasing decisions while promoting sustainability.
- Alaska RFM was the first certification to do so in 2015.





Alaska Seafood Industry

# HARVEST VALUE VOLUME & COMPETITION



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# VALUE OF ALASKA SEAFOOD



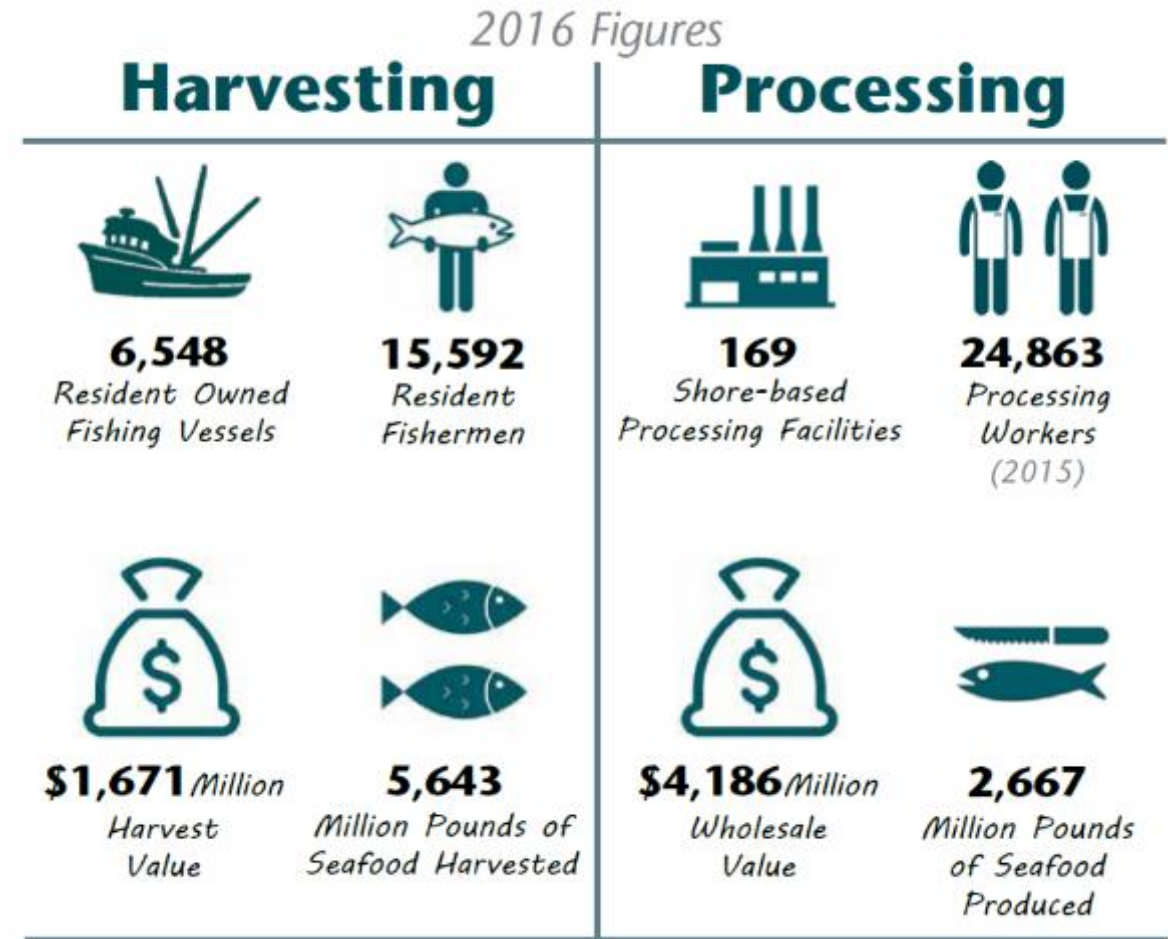
# ECONOMIC VALUE of ALASKA SEAFOOD



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## A Cornerstone of Alaska's Economy

- Directly employs 60,000 workers annually, more than any other industry in Alaska - Largest private sector employer in Alaska
- Contributes \$146 Million in Taxes, Fees, and self-assessments which help fund state, local and federal government
- Alaska Seafood contributes an annual average of \$5 billion in economic output to the Alaska economy
- Industry operates 8,600 Vessels and 176 Shore Plants
- Alaska exports over 1 million metric tons of seafood each year, returning over \$3 billion of new money into the U.S. economy
- If Alaska would rank #8 in wild harvest volume if it were its own country



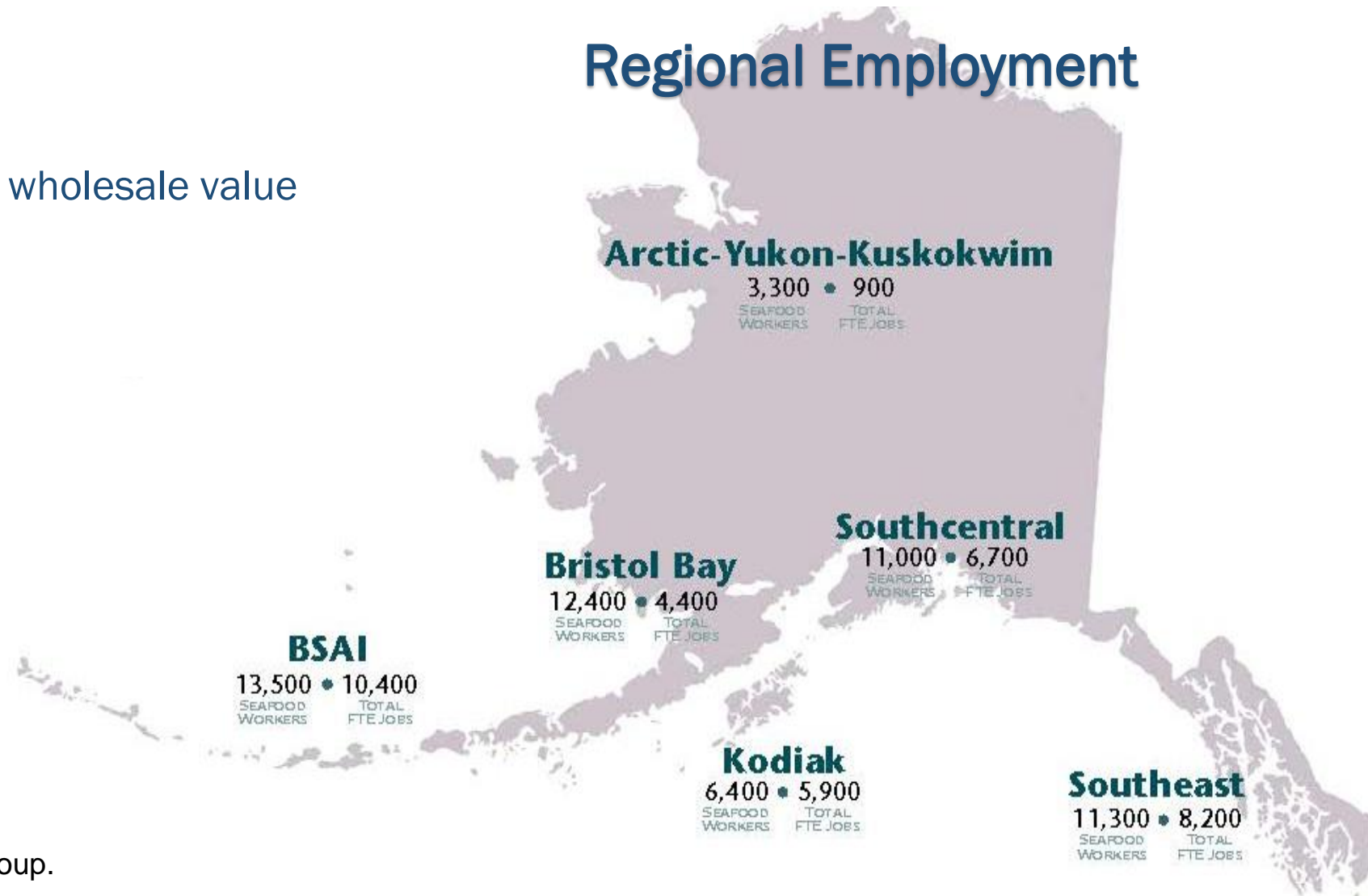




## Top Alaska Ports: by first wholesale value

Dutch Harbor	\$474 million
Naknek	\$292 million
Kodiak	\$262 million
Cordova	\$134 million
Sitka	\$121 million

## Regional Employment





# Alaska Seafood Industry

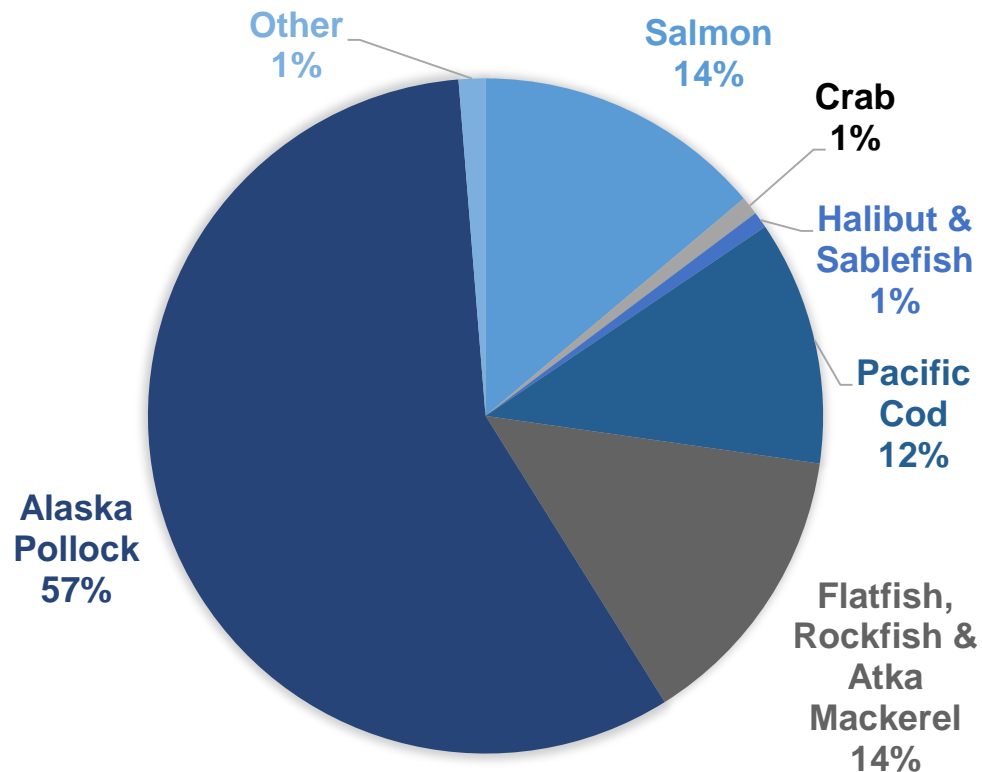
## VOLUME & VALUE BY SPECIES



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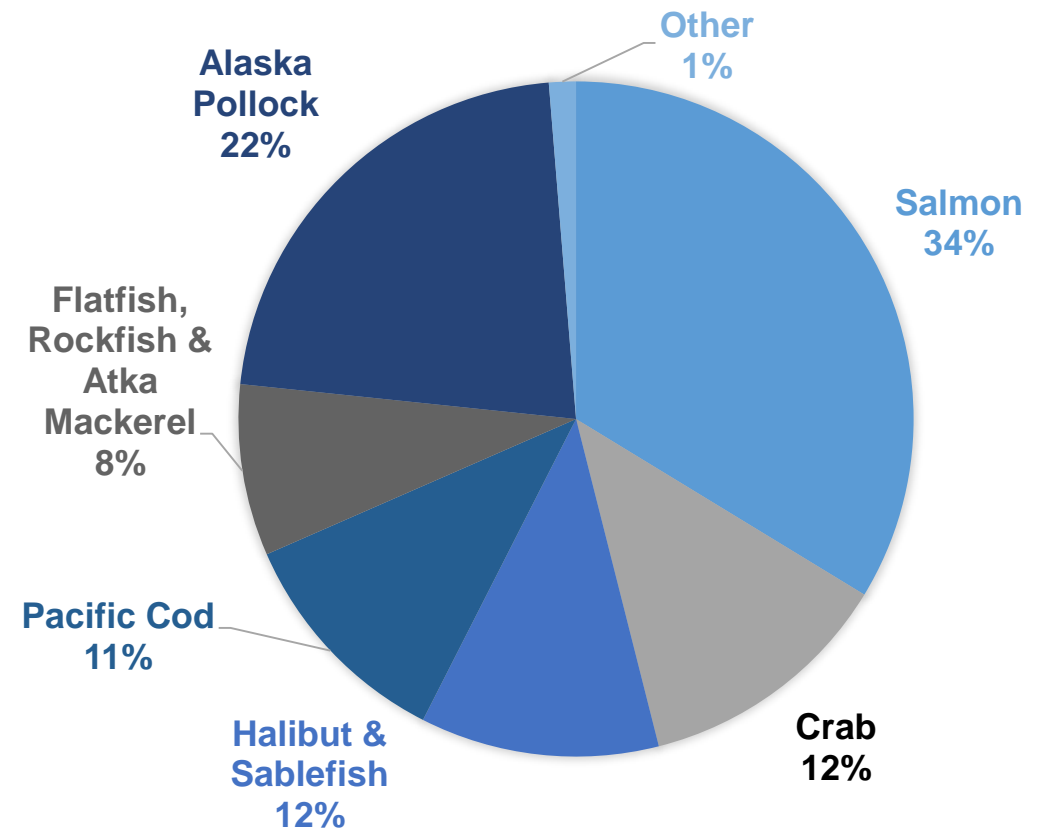
### HARVEST VOLUME

5.9 Billion Pounds



### EX-VESSEL VALUE

\$1.9 Billion

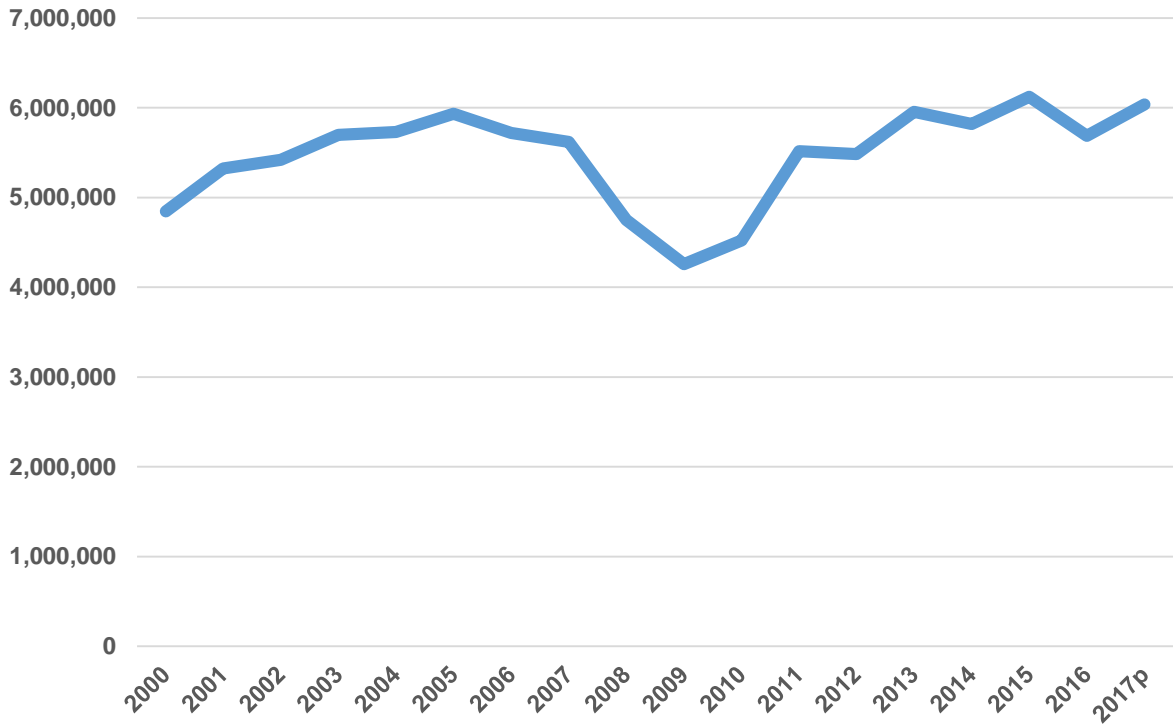


# Alaska Seafood Industry

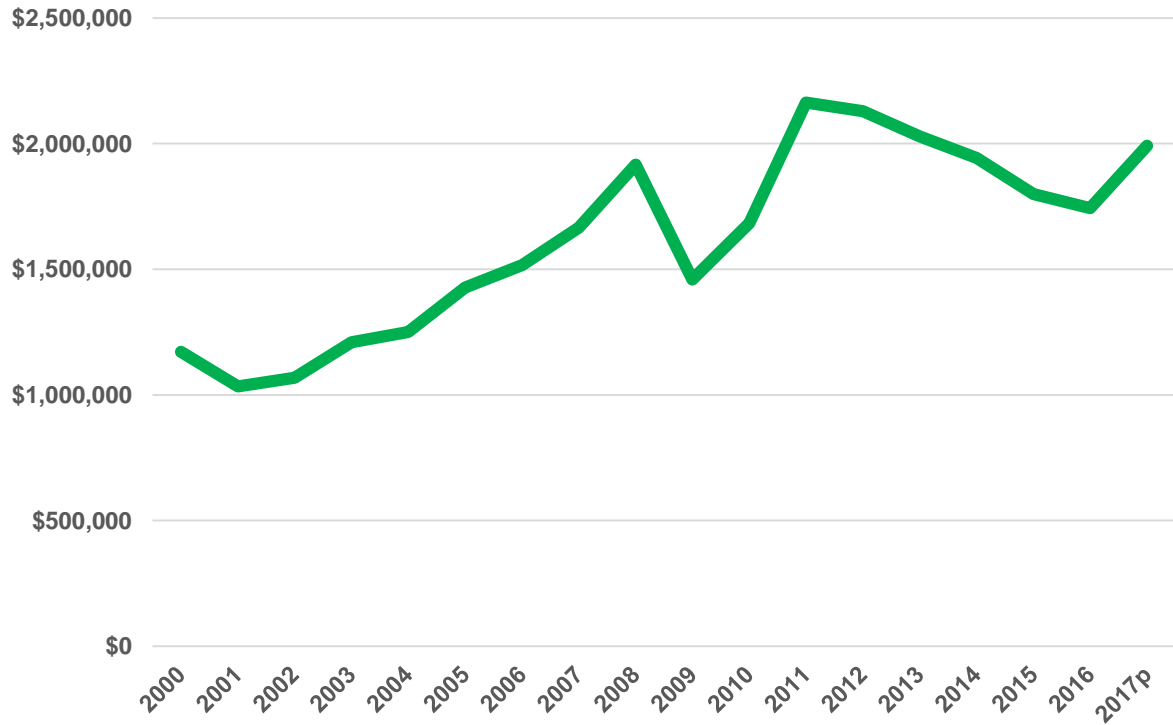
## EX-VESSEL HARVEST VALUE



### Total Harvest Volume



### Ex-Vessel Value



Source: NMFS and ADF&G; compiled by McDowell Group.

# Alaska Seafood Industry PRODUCT TYPE



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H/G & Wholefish  
39%



Surimi  
12%



Crab  
9%



Meal  
& Oil  
4%

**EXPORT  
MARKETS  
~66%**



Fillets  
21%



Canned  
6%



Roe  
7%



Other  
3%

**DOMESTIC  
MARKET  
~33%**

***Alaska produces mostly primary and intermediate products***

Note: Percentage of first wholesale value, estimated 2015-2016 avg.  
Source: NMFS and ADF&G, compiled by McDowell Group.



# FACTORS IMPACTING VALUE



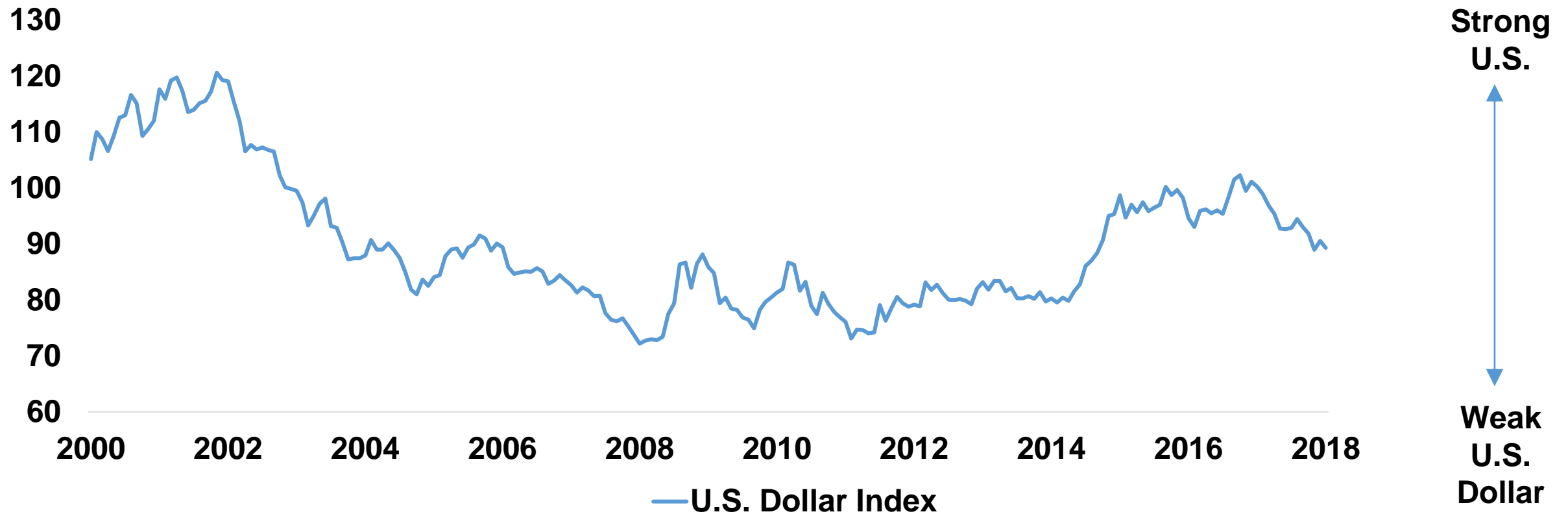
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- Supply
  - Large harvests
  - Inventory
  - Competition w/other species
- Demand
  - Consumer preferences
  - New markets/products





## U.S. Dollar Index, 2000-2018



Note: 2018 data through March.

Source: investing.com; compiled by McDowell Group.



## **Alaska Species**

Pollock

Pacific Cod

Snow Crab

POP/Rockfish

Atka Mackerel

Black Cod

Pacific Halibut

Salmon

## **Primary Competition or Substitute**

Russia Pollock, Hake

Atlantic Cod & Haddock

Atlantic Snow Crab

Redfish & Non-AK Sebastes

Russia Okhotsk Mackerel; Japan A.M.

Sea Bass

Canada Pacific Halibut & Atlantic Halibut

Chile/Norway farmed salmon; other wild



# ALASKA SEAFOOD EXPORT MARKETS



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60% of  
Alaska Seafood  
is exported

60%  
value of Alaska  
Seafood from exports



# ALASKA SEAFOOD

## US – China Tariffs



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### **25% Tariff on Alaska Seafood Exports to China**

- Implemented July 6, 2018
- Most major Alaska Seafood products including frozen finfish (salmon, pollock, cod, sablefish, rockfish, flatfish), roe, geoduck, sea cucumber, scallops, crab species and fishmeal. Some fresh product is exempt (salmon, herring) and fish oil.
- Short-term impacts: Tariffs will likely increase the cost of Alaska seafood products to Chinese consumers. Long-term impacts: If the tariff stays in place, it could impact demand & consumer sentiment in China for Alaska seafood/U.S. products.
- Does not include product reprocessed and re-exported

### **10-25% Tariff on Alaska Seafood Imports from China to U.S.**

- 10% increase Sept. 2018; 25% increase March 1, 2019
- Excludes some salmon, cod and Alaska pollock products
- Could increase cost of Alaska Seafood products to U.S. companies and to U.S. consumers.
- Long-term - This could slow U.S. consumption of our own seafood because prices could increase. Companies may eventually look elsewhere for reprocessing.
- The proposed tariffs have already caused cancellations and delay, as well as uncertainty by U.S. and Chinese seafood companies.



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(Industry site)

[www.wildalaskaseafood.com](http://www.wildalaskaseafood.com)  
(Consumer site)



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