

China Business: A Seafood Perspective

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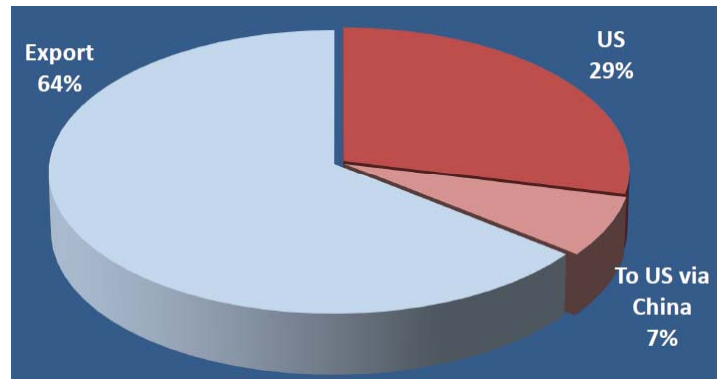
Topics

- Alaska Seafood Exports
- Alaska Seafood Exports to China
- China as a Reprocessing Center
- Economic & Market Overview
- ASMI in China
- Target Markets
- Activities
- Future Trends



Alaska Seafood Exports

- Alaska produced 5.4 Billion pounds of seafood in 2012
- 57% of US Commercial Seafood Harvest
- Percentage Exports:



Alaska Seafood Exports

- Alaska is the 6th largest seafood exporter

2012 Rank	Country (Primary Exporters)	Seafood Exports in Billions of \$US (2012)
1	Norway	\$9.5
2	Russia	4.5
3	Vietnam	4.2
4	Chile	3.9
5	Canada	3.7
6	ALASKA	3.2

Alaska Seafood Export Markets

Country	Metric Tons	\$000s	\$\$/Ton	\$Change%
China*	365,228	\$949,288	\$2,599	1%
South Korea*	119,608	362,763	3,033	7%
Canada	68,007	357,707	5,260	11%
Thailand/Taiwan/Vietnam*	20,650	40,017	1,938	-33%
Norway & Portugal*	14,136	47,474	3,358	-3%
Poland & Lithuania*	7,908	30,592	3,868	-9%
Japan	181,581	647,422	3,565	-6%
Central Europe	147,364	473,438	3,213	-9%
UK & Ireland	17,733	88,324	4,981	-10%
Russia & Ukraine	16,217	67,478	4,161	-10%
Spain & Italy	16,514	51,187	3,100	10%
Other Countries	22,472	97,443	4,336	14%
Totals	997,418	3,213,134	3,221	0%
ASMI Countries	760,068	2,332,844	3,069	-3%
Non-ASMI Countries	237,351	880,290	3,709	6%

Alaska Seafood Exports to China

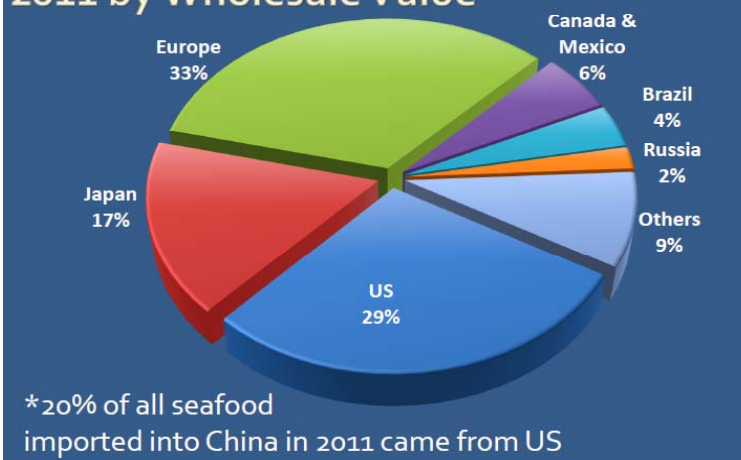
	2007	2008	2009	2010	2011	2012	Year-on-Year Change
Volume (in MT)	251,922	215,341	239,131	279,394	366,258	365,228	0%
Value (in \$000s)	485,477	483,452	510,998	611,319	934,998	949,288	2%

•In 2012: 365,228 Metric Tons (Volume)

•In 2012: \$949,288,000 (Value)

China as a Reprocessing Center

Exports of Frozen Fillets Out of China 2011 by Wholesale Value



China as a Reprocessing Center

- Traditionally a Reprocessing Center for Alaska Seafood headed to the U.S., EU, and Japan
- Increasing Cost of Business in China, Increasing Wages
- Reprocessing Sector is Shifting (Thailand, Vietnam)
- Domestic Demand Increases



Economic Overview

- China has realized a gross domestic product (GDP) of USD 6.446 trillion in the first nine months, a 7.7% year-on-year increase.
- Real GDP is expected to grow by 7.6% a year on average in 2013-17
- The U.S. is China's 2nd largest trading partner, 3rd largest export market and its #1 source of imports
- China is currently a \$250 BILLION market for U.S. firms

Market Overview

- High levels of Consumer Confidence
 - Growth in Retail Sales: 14.5% y-o-y (2012)
 - Growth in Urban Retail Sales: 15% y-o-y (2012)
- Dynamic Growth in the Foodservice Sector
- Demand for Imported Products
 - Food safety scandals test people's trust in domestically produced products
- Demand for Imported Seafood
 - Domestic seafood does not match demand and viewed as unsustainable
 - Increasing per capita seafood consumption (50 lbs/person)

- *According to the Food and Agriculture Organization Market analysis from the Chinese Ministry of Agriculture predicts that seafood prices are expected to rise up to 70% between 2013 and 2050 due to shortage of supply and wage growth. The real value of seafood will almost double to USD 30 billion. This increase is being driven by the demand for high-end seafood.*

ASMI in China

- Office established in 1997
- Headquartered in Shanghai with offices in Beijing, Guangzhou, and Hong Kong
- ASMI's China Program has always focused on the domestic seafood market, rather than the reprocessing sector



Strategy



- Creating Awareness
 - Alaska Seafood Attributes
 - Alaska Seafood Variety
 - New-to-Market Products
- Education
 - Storing, Handling, Preparation
- Comfort
 - Frozen vs. Fresh
 - Preparing Alaska Seafood
 - Recipe Development



Target Markets



- 1st Tier Cities (Shanghai, Beijing, Guangzhou) & Surrounding Areas, Select 2nd Tier Cities (Coastal- Qingdao, Dalian)
- Consumer: **Aged 25-35, housewives, consumers whose annual salary is over \$10,000 USD**
- Trade: **Importers and Distributors who supply hotels and restaurants, as well as large chain retailers (Metro, Carrefour, Lotus, Jusco, Vanguard)**
- Foodservice: **Chefs and purchasing managers from mid-range and upscale hotel groups and restaurants as well as select fast food chains**
- Foodservice (2): Young & Future Chefs

Activities

- Consumer
 - PR- Event Sponsorship, Press Campaigns, Consumer Club
 - Advertisements, Advertorials
 - Social Media
- Trade
 - Trade Shows & Seminars
 - Retail Promotions
 - Trade PR
- Foodservice
 - Hotel & Restaurant Promotions
 - Chef Seminars & Chef Competitions
 - Culinary School Training Program



Activity Highlights

Press Campaign

Alaska seafood features, recipes, and nutritional information are shopped out to dozens of food and lifestyle magazines as well as newspapers in 1st & 2nd tier cities (roughly 70 hits/quarter)



PR Activities

Collaboration between the USDA Agricultural Trade Office & online retailer womai.com

- American Food & Wine Products



TV Shows

- Reach a broad audience and directly educate consumers on how to use Alaska seafood at home



Billboards

- 1 x/year, 50-75 billboards per city in 1st Tier Cities



Web & Social Media

- ASMI China runs a trade website and a consumer website, as well as a consumer-targeted micro-blog (weibo)



Retail Promotions

- Major International & Domestic Retailers- Aeon, Ito Yokado, Carrefour, Park N Shop, BHG, Lotte & more
- Showcasing a variety of Alaska seafood products- high end (salmon, black cod) & value (yellowfin sole)
- Point of Sale Materials, Demonstrators & In-Store Mailers



- 1st Quarter Sales: 174 metric tons

Online Retailer: Tmall.com

- A total of 33,759 orders were placed during the promotional period
- A total of 50 tons of Alaska seafood valued at roughly \$1 million, followed by another 8 tons of the products were sold on Single's Day



天猫 Tmall.com

Trade Shows

- SIAL Shanghai
- HOFEX, Hong Kong
- China Fisheries & Seafood Expo (Dalian/Qingdao)



Trade Seminars

- Trade Members including importers, retailers, wholesalers and distributors
- Provide the latest information about Alaska seafood and ASMI activities.
- Informational materials and seafood samples given out



Chinese Buyers Mission to Alaska

- Seattle, Juneau, Petersburg
- One-on-one meetings with suppliers, fishing, plant tours, hatchery tour, and more!

\$150,000 in sales so far



Hotel & Restaurant Promotions

- International Hotel Chains
- Locally-targeted hotels and restaurants
- Casual Dining/Fast Food
- Specially designed menus, menu-call out, Alaskan themed decorations, advertisements



Chef Competition

- Collaboration with China Culinary Association
- Competing chefs create original recipes using select Alaska seafood ingredients



Culinary School Training

- ASMI works with leading Culinary Schools to educate the next generation of chefs
- Chefs gain knowledge of Alaska seafood attributes and hands-on practice handling, storing, and preparing frozen seafood



Thank you!

Alaska Seafood Marketing Institute

www.alaskaseafood.org

www.alaskaseafood-china.com