

COMMITTEE REPORT
SENATE

FURTHER: None

6/2/81.

Date: 6/20/81

Mr. President:

The Committee on FINANCE has had HB 453(efd failed) making a special appropriation for the Alaska Seafood Marketing Institute

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature] [Signature]

CHAIRMAN

LETTER OF INTENT
TO ACCOMPANY
SCS FOR CSHB 198 (FINANCE) AND HB 453

In passing these bills, it is the intention of the Legislature that during FY '82 and prior to the submission of ASMI's budget request for FY '83, ASMI develop a methodology and program for evaluating the success of their efforts.

Prior to future funding of ASMI, the Legislature should have sufficient information on which to judge the cost effectiveness of the program by having information available on the results of the various activities undertaken by the ASMI.

Specifically, the ASMI shall develop a baseline and program for measuring the degree of its success at achieving the development of the seafood industry in Alaska, the achievement of quality control within the industry and the expansion of national, state and international markets for each type of seafood dealt with by the Institute.



Don Bennett
Co-chairman
Senate Finance Committee

Funding Information
General Fund \$3,000,000
Other Funds -0-
\$3,000,000

Introduced: 4/1/81
Referred: Finance

1 IN THE HOUSE BY THE RESOURCES COMMITTEE

2 HOUSE BILL NO. 453 (efd failed)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for the Alaska
7 Seafood Marketing Institute."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. The sum of \$3,000,000 is appropriated from the general fund
10 to the Department of Commerce and Economic Development for the Alaska
11 Seafood Marketing Institute.

12 * Sec. 2. The unexpended and unobligated portion of the appropriation
13 made by this Act lapses into the general fund June 30, 1982.

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545

ALASKA SEAFOOD MARKETING INSTITUTE

Projected Central Office Budget
July 1, 1981 - June 30, 1982

Wages & Benefits

Exec. Director Salary @-\$4,400. per month	-	\$ 52,800
Special Assistant @ \$2,500. per month	-	30,000
Information Manager @ \$2,200. per month	-	26,400
Secretary @ \$1,400. per month	-	16,800
Health Insurance	-	6,000
Retirement Plan	-	8,000

Travel

Projected travel expenses for staff/members, (Board Meeting travel budgeted separately) includes most trade show related expenses	-	30,000
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Office Space

Net Cost for lease	-	6,000
Utilities/Repairs	-	10,000
Janitorial/Maintenance	-	4,000
Telephone	-	7,200

Contractual Services

Legal	-	10,000
Accounting	-	5,000
Marketing	-	10,000

Office Furniture

Chairs, filing cabinets, shelving etc.	-	3,000
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Office Equipment Lease

Lexitron	-	10,700
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Commodities

Copying Expenses	-	7,500
Office Supplies	-	4,000
Stationery/Cards	-	2,000
Postage & Deliveries	-	6,000
Other Printing/Design Costs	-	5,000

Miscellaneous

Subscriptions/Reference Materials	-	3,000
Dues & Affiliate Memberships	-	1,000
Board Meetings (Includes travel & per diem, other attendant costs, for 4 projected meetings)	-	<u>40,000</u>

Total Central Office Budget - \$ 304,400

Contractual Services for Advertising &
Promotion - \$2,695,600

Total A.S.M.I. Budget - \$3,000,000

For the committee
10/11

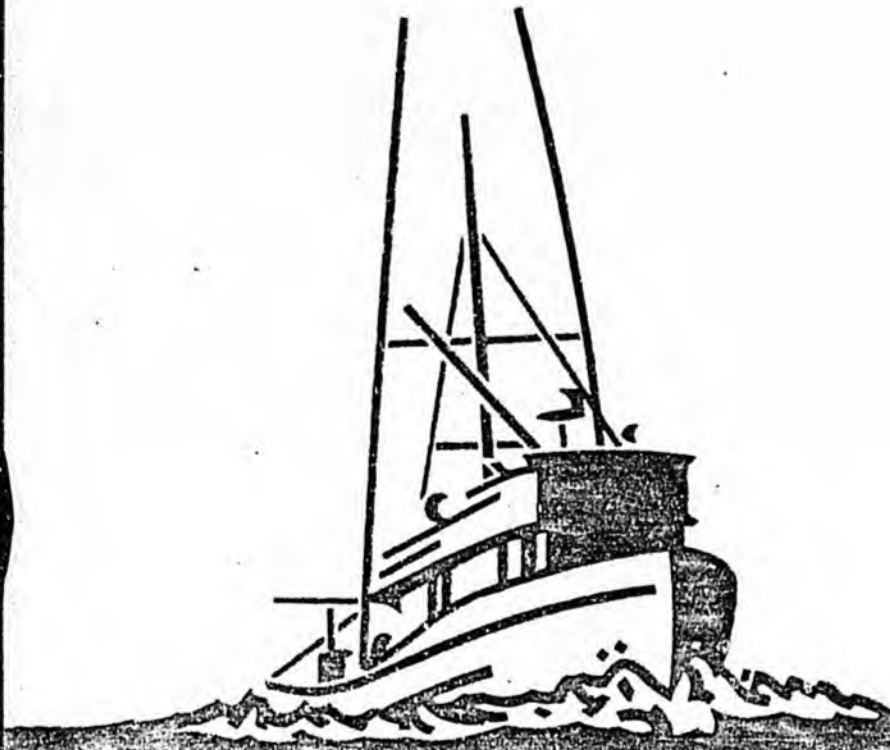
Letter of Intent -- HB 198 and HB 453

In passing these bills, it is the intention of the Legislature that during FY '83 and prior to the submission of ASMI's budget request for FY '83, ASMI develop a methodology and program for evaluating the success of their efforts.

Prior to future funding of the ASMI, the Legislature should have sufficient information on which to judge the cost effectiveness of the program by having information available on the results of the various activities undertaken by the ASMI.

Specifically, the ASMI shall develop a baseline and program for measuring the degree of its success at achieving the development of the seafood industry in Alaska, the achievement of quality control within the industry and the expansion of national, state and international markets for each type of seafood dealt with by the Institute.

ALASKA SEAFOOD MARKETING INSTITUTE



MARKETING PLAN

A PRESENTATION BY
Mandabach &
M S Simms/pacific inc.

EXECUTIVE OVERVIEW

Recommendations for Fiscal Year 1982

INTRODUCTION

The following outline covers the recommendations and budgeting for \$3,000,000 appropriated for expenditures during the Fiscal Year 1982 period (1st year of plan). Recommendations for subsequent years are explored in the total marketing plan submitted separately for your study and approval.

These recommendations are the result of exhaustive investigation into the existing and potential markets for Alaskan seafood. They have been prepared in accordance with the direction and objectives given us and are intended to provide a comprehensive course of action to be followed upon acceptance and approval of the total plan.

U.S. FOODSERVICE

We recommend allocating the largest portion of the appropriation to development of the U.S. Foodservice market as we are convinced that we can achieve faster, more meaningful results in this area.

1. "Special" Marketing Supplement - A special,

24-page supplement designed to introduce all Alaskan seafood species, telling why and how they are superior and detailing reasons why operators should specify seafood products of Alaskan origin is recommended to be prepared and run in publications that have been selected in order to kick-off the total program.

Additional uses for these supplements (direct mail, distributor salesmen's handouts, trade shows, key customer leave-behinds, inquiry responses, educational) give these supplements long life and exceptional value. Used in the magazines to launch the program, they will be noticed by virtually all key prospects.

Costs are:

Restaurants & Institutions (incl. production)*	\$ 75,000
Restaurant Business	33,885
Restaurant Hospitality	24,500
Nations' Restaurant News	26,231
Institutional Distribution	23,310
Additional Quantities to Books	68,115
	Total
	261,041**

*doesn't include on-sight photography

**includes \$10,000 agency supervision

The production costs for photography, design, layout and mechanicals are included in the publications cost of Restaurants & Institutions. \$10,000 should be budgeted for agency supervision and creative input.

2. Magazine Advertising - In a field where the audiences are as readily identifiable as they are in foodservice, advertising in the industry's leading publications is the most cost-effective way to reach the people who can purchase or influence purchase of Alaskan seafood. The publications best suited to the mission are:
 - a. Restaurants & Institutions - largest and most prestigious publication in the industry, reaching 107,000 contact points. Covers all the leading foodservice operations in both the commercial and non-commercial segments.
 - b. Restaurant Business - covers only the commercial segment, reaching 70,000 higher volume operators, Covers chain headquarters, higher volume independents. Excellent editorial.

- c. Nations' Restaurant News - the only newspaper and the only paid circulation in the industry. Tabloid size and "news" coverage have developed excellent readership in chains and large independents. Circulation of 65,000. Sponsors MUFSO (Multi-Unit Foodservice Operators) annual seminar.
- d. Restaurant Hospitality - is referred to as the "white tablecloth" publication. Reaches only those hotel/motel and fine dining restaurants that do in excess of \$200,000 annual volume. Fine editorial. 76,000 circulation.
- e. Institutional Distribution - is the only foodservice publication written for and circulated to foodservice distributor executives and salesmen. Circulation of 26,000 covers all key distributors.

The scheduling of Alaskan Seafood advertising is designed to achieve a delicate balance between maximum impact and frequency. In order to command attention, we have recommended use of

4 consecutive right-hand pages. A series such as this, featuring eye-stopping 4/color photography and strong headlines will bring the message of ASMI to the attention of target audiences and will create almost instant identification of ASMI and its objectives.

Restaurants & Institutions	\$114,000
Restaurant Business	96,000
Restaurant Hospitality	90,000
Nations' Restaurant News	107,000
Institutional Distribution	69,000
Total	<u>476,000</u>

Ad Production Costs as follows:

Four 4/color pages (umbrella, salmon, crab, whitefish) including concept, layout, copy, photography, finished art, color separations	\$36,000
Revised copy versions for Institutional Distribution	3,000

We recommend interspersing the 4 page approach with single page insertions throughout the year. This will keep the costs in line and at the same time not decrease the effectiveness of the total

program. A proposed schedule to start July 1982 is shown:

	J	A	S	O	N	D	J	F	M	A	M	J	Total Pages
R&I	4	1	1	4	1	1	4	1	1	4	1	1	24
RB	1	4	1	1	4	1	1	4	1	1	4	1	24
RH	4	1	1	4	1	1	4	1	1	4	1	1	24
NRN	1	1	4	1	1	4	1	1	4	1	1	4	24
ID	1	1	4	1	1	4	1	1	4	1	1	4	24
Total Pages	11	8	11	11	8	11	11	8	11	11	8	11	120

3. Market research - An "attitude and awareness" study will enable us to measure the impact of our first year program. Done in 2 stages, we can accurately gage changes achieved by our campaign. Cost of this study is approximately \$50,000.
4. A "Bounce Back" Post Card is recommended in those ads which will be most effective in enabling the operator to request information from the Institute. More important, it will enable ASMI to build a most effective and valuable mailing list. The cost of these cards,

printed in 4 colors on both sides and addressed to ASMI, excluding placement in the advertisement is approximately \$23,000.

5. We recommend that each of these ads be tested using focus group techniques, prior to completion and placement. The approximate cost of this testing is \$20,000.
6. Cooperative Advertising is an important part of this plan. Until specific recommendations are worked out with other associations or companies it is not possible to set a dollar figure for cooperative advertising. We suggest that \$150,000 be allocated for this activity.
7. An Audiovisual Training/Education Program for use with brokers/distributors and with appropriate leave-behind materials should be prepared as part of the 1st year plan. The estimated costs are \$40,000.
8. A Complete Merchandising Kit must be made available to operators early in the program. This should include placemats, table tents, menu clip-ons,

advertising slicks, T.V. storyboards, banners, waitress buttons, children's programs, etc. Dollars allocated for this program should be approximately \$250,000.

9. Direct Mail is a great way for the Alaska Seafood story to be told in the foodservice industry. This program should be aimed at key operators and the influential buying decision makers. Something as simple as a fact-filled newsletter is an effective way of utilizing marketing dollars and can be easily analyzed. Total cost of reaching the top industry leaders on a regular basis is approximately \$50,000.
10. A budget for ASMI to participate with a dramatic booth and collateral materials at key trade association shows, such as NRA, Western Foodservice, ADA, The School Lunch Show and others should be estimated at \$100,000.
11. We recommend that an "800 number" be established for ASMI as soon as possible. This is a new idea for the seafood industry. A "Seafood Hotline"

such as this would open communication with consumers, distributors, brokers and retailers, and would immediately make Alaska Seafood the talk of the industry. The estimated cost is \$35,000.

12. A Contingency Fund of \$50,000 should be appropriated for expenditures within the foodservice industry.

U.S RETAIL MARKET

As the American Retail Consumer (the Housewife is the major purchaser) currently accounts for about 30% of the U.S. seafood consumption, we are not recommending that large amounts of advertising dollars be spent during the 1st year of the plan in the retail market.

1. Market Research - We do feel strongly that some solid market research be started to enable us to start an effective program in the second year and in consecutive years. The research should reach the retailer; who is the key to marketing our products. This research will tell us what approach must be taken to educate, motivate him to sell Alaska Seafood products.

Approximately 10,000 national chains, independents and seafood operations will be questioned through the use of direct mail questionnaires, personal and telephone interviews, and focus groups. The entire cost of this project will be approximately \$65,000.

2. Advertising - A small amount of trade advertising is recommended in year one to tell the retail trade that Alaska Seafood products will be a large part of their future business and that their customers will start to look for and ask for Alaskan products.

We recommend a small trade schedule be run in:

Progressive Grocer, which is edited for retail grocery management at the headquarter as well as store levels. \$43,500

Supermarket News, a weekly, paid newspaper edited for chain, voluntary and co-op supermarket executives and high volume supermarket managers and owners.

25,100

TOTAL

78,600

Magazine advertising, Television, and Sunday Supplements are being proposed for the second year.

3. Radio Advertising should be tested early in the plan, as we feel it can give us a quick, hard-hitting impact into separate markets. We recommend two flights of four weeks duration to run in 10 cities. These cities are picked for their overall GRPs and represent 28.7% of the U.S., giving some consideration to geographical splits. These cities are:

	<u>% U.S.</u>
New York	8.44
Los Angeles	5.34
Chicago	3.76
Atlanta	1.24
San Francisco	2.49
Boston	2.38
Seattle-Tacoma	1.17
Washington, D.C.	1.34
Denver	1.00
Dallas-Ft. Worth	1.55
<hr/>	
Total	28.70%

15-20 spots per week in each market will average 75 GRPs and will strengthen our impact. Total costs of this campaign are \$423,000.

4. Pre-Post Awareness Studies should be conducted. The cost of these studies will be \$10,000.

U.S. PUBLIC RELATIONS

The scope of the public relations/publicity activities discussed in the Marketing Plan are so comprehensive that it will be impossible to implement them all during the first year of the plan. As in the advertising section, we have recommended that, initially, major attention and emphasis be given to execution of the foodservice portion of the public relations program since that is where results can be achieved most quickly and most effectively at minimum cost.

We do not mean to diminish or demean the importance of the retail public relations program - and we do recommend putting effort against that, too. But, since the major portion of seafood consumed in the U.S. moves through foodservice channels, it is logical

to tackle the biggest current market first.

Simultaneously, it must be emphasized here that public relations can and will receive a disproportionately larger share of responsibility for the success of the Plan since it can and will produce a much larger share of attention and publication space for the dollars expended than will advertising, collateral materials or merchandising programs.

In simplistic terms, our challenge is to convince a variety of target publics that seafood from Alaska is better, so that present Alaskan Seafood users will use more and present non-users will be converted.

To accomplish this, our first year recommendations for ASMI are:

A. Foodservice

1. To select and employ an ASMI spokesperson
who:
 - a. Will lend credibility to ASMI marketing efforts and information.
 - b. Will relate well to the largest number of people in the most important demographic

and geographic segments.

- c. Will be able, easily, to deliver ASMI's messages in either formal or informal situations.
- d. Will have the charisma necessary to convince consumers that eating Alaskan Seafood is not only a smart thing to do but is also fun and satisfying.
- e. Will present an enthusiastic, sincere attitude.
- f. Will be "professional" but not stiff.
- g. Will reflect only positive, good and pleasing qualities for ASMI and its members.

Estimated cost, including expenses is \$90,000.

- 2. To select and employ a home economist who will be used for demonstrations and recipe development; who will represent ASMI at more technical meetings; who will assist in training and educational activities.

Estimated cost, including expenses is \$60,000.

- 3. Alaska Seafood Handbook - should be developed

to provide a complete history and appraisal of Alaskan Seafood. It should have the flexibility to be customized for various audiences. Estimated cost is \$45,000.

4. Recipe Development - a vital, major program. Should involve development and production of at least 6 recipes per specie per year. Estimated cost is \$40,000.
5. Media Tour - to familiarize editorial personnel with "everything there is to know" about Alaskan Seafood. Estimated cost is \$50,000.
6. Speaker's Bureau - booklet. The estimated cost is \$25,000.
7. Special Events - such as National Restaurant Association Function, Press Conference and Luncheons in Association with Alaska Seafood Week are estimated to cost \$30,000.
8. Release Mailings
2 releases per month: Estimated Cost: \$20,000.

9. Editorial Features

3 during 1981-82 F.Y.: Estimated Cost \$8,000.

B. Retail

1. Spokesperson will work in this area as well as in foodservice. No additional cost.

2. Home economist will work in this area as well as in foodservice. No additional cost.

3. Recipe Development

2 recipes/specie/year: Estimated Cost \$15,000.

4. Publicity (News Releases)

12 per year: Estimated Cost \$15,000.

5. Publicity to Retail Trade

12 per year: Estimated Cost \$10,000.

6. Press Functions

3 per year: Estimated Cost \$15,000.

7. Contingency Fund - is estimated to be \$15,000.

Europe/Japan

Our first year plan will handle both the European and

Japanese markets the same way:

1. Local Trade Advertising should be aimed at our customers, i.e. catering companies, distributors, smokers and retail buyers to acquaint them with the Alaska Seafood Marketing Institute and position them to expect strong advertising and promotion support for Alaska Seafood products in the future. The cost of this trade advertising is estimated to be \$100,000 for both markets.
2. An Extensive Market Research Study should be conducted in both Europe and Japan to determine the exact thrust we should take. In our second year plan we are recommending that we contract with GIRA for this project. They are the top research firm of this type. (Further information on them is detailed in the Plan.) The cost of the Research is \$150,000.
3. A Contingency Fund is estimated to cost \$50,000.

Alaskan Plan

1. This budget covers expenditures for promoting the activities of ASMI to the Alaskan peoples as well as to the Alaskan fishing industry. In addition

to the T.V. commercials that have already been prepared and the current brochure, we recommend that a "marketing up-date" communication be prepared for general circulation to the Alaska market. We estimate the cost of this program to be \$25,000.

2. An Alaska Seafood Quality Assurance Plan should be developed. This should be an industry monitoring program that includes a "Seal of Approval" for products that are deemed to fall within the guidelines of this plan. The cost to develop this plan and a "Seal of Approval" are approximately \$75,000.

3. Contingency Fund - is estimated to be \$25,517.

This is intended to be a short synopsis of the total 1st year recommendations. Greater detail is included in the total plan.

A Budget is recapped on pages 19 through 21.

BUDGET

Foodservice

1. Special Marketing Supplement	\$ 261,041
2. Magazine Advertising	515,800
3. Market Research	50,000
4. "Bounce-Back" Post Cards	23,000
5. Advertising Testing	20,000
6. Cooperative Advertising Plan	150,000
7. Audio Visual Training Program	40,000
8. Merchandising Kit	250,000
9. Direct Mail Campaign	50,000
10. Trade Show Booth & Participation	100,000
11. "800" Number	35,000
12. Foodservice Contingency	50,000
Total Foodservice	1,814,841

Retail

1. Market Research	65,000
2. Trade Advertising	78,000
3. Radio Advertising	223,000
4. Pre- Post Awareness Studies	10,000
Total Retail	376,000

Foodservice Public Relations

1. ASMI Spokesperson	80,000
2. Home Economist	60,000
3. Alaska Seafood Handbook	45,000
4. Recipe Development	40,000
5. Media Tour	50,000
6. Speakers Bureau Booklet	25,000
7. Special Events	30,000
8. Release Mailings	20,000
9. Editorial Features	8,000
Total Foodservice Public Relations	<u>358,000</u>

Retail Public Relations

1. Spokesperson	No Charge
2. Home Economist	15,000
3. Recipe Development	15,000
4. Publicity Releases	15,000
5. Trade Publicity Releases	10,000
6. Press Functions	15,000
7. Retail Contingency Fund	15,000
Total Retail Public Relations	<u>90,000</u>

Europe/Japan

1. Trade Advertising	100,000
2. Market Research Studies	150,000
3. Contingency Fund (Travel, etc.)	50,000
Total Europe/Japan	<u>300,000</u>

Alaskan Plan

1. Promote to Alaskan People	25,000
2. Quality Assurance Plan	80,000
3. Contingency Fund	25,517
Total Alaska	<u>130,517</u>

GRAND TOTAL 3,000,000

RECAP BY CATEGORY

1. Foodservice - U.S.	1,000,000	(64%)
2. Retail - U.S.	600,000	(20%)
3. Europe/Japan/Alaska	400,000	(14%)
<u>GRAND TOTAL</u>	<u>3,000,000</u>	<u>100%</u>