Seafood Consumer of the Future
PROGRAM OVERVIEW

Alaska Seafood Marketing Institute retained Technomic to identify future trends in seafood consumption, and how Alaska Seafood can best position itself within this dynamic marketplace.

Technomic proposed a two phase approach

PHASE ONE: SECONDARY REVIEW
Deep dive into secondary sources to assess landscape and opportunity of future seafood consumer marketplace

PHASE TWO: PRIMARY RESEARCH
Assess Alaska Seafood fit within the market to develop target consumer personas, and actionable brand strategy - anticipating strengths and challenges for the brand.
PHASE ONE: SECONDARY REVIEW METHODOLOGY

Technomic leveraged internal and external resources to assess the current landscape and opportunity for Alaska Seafood. Data sources used in this phase include:

- Technomic Trend Reports and Presentations
- Bureau of Labor
- U.S. Census
- Morgan Stanley
- Euromonitor
- Mintel
- Nielsen
- Food Marketing Institute
- U.S. National Library of Medicine
- Pew Research Institute
- Among Others…
The best predictor of future behavior is... past behavior
Consumption Levels by Age Group 1984-2013

OVERALL SPEND PATTERNS
By age groups over time

Source: Morgan Stanley (2016) “Generations Change How Spending is Trending”
AGE GROUP FOOD SPEND

At-home and away-from-home

Mean Food Expenditures by Age, 2013

Share of spend away-from-home

<table>
<thead>
<tr>
<th>Age Group</th>
<th>45%</th>
<th>43%</th>
<th>41%</th>
<th>41%</th>
<th>37%</th>
<th>38%</th>
<th>32%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 25</td>
<td>45%</td>
<td>43%</td>
<td>41%</td>
<td>41%</td>
<td>37%</td>
<td>38%</td>
<td>32%</td>
</tr>
<tr>
<td>25-34</td>
<td>45%</td>
<td>43%</td>
<td>41%</td>
<td>41%</td>
<td>37%</td>
<td>38%</td>
<td>32%</td>
</tr>
<tr>
<td>35-44</td>
<td>45%</td>
<td>43%</td>
<td>41%</td>
<td>41%</td>
<td>37%</td>
<td>38%</td>
<td>32%</td>
</tr>
<tr>
<td>45-54</td>
<td>45%</td>
<td>43%</td>
<td>41%</td>
<td>41%</td>
<td>37%</td>
<td>38%</td>
<td>32%</td>
</tr>
<tr>
<td>55-64</td>
<td>45%</td>
<td>43%</td>
<td>41%</td>
<td>41%</td>
<td>37%</td>
<td>38%</td>
<td>32%</td>
</tr>
<tr>
<td>65-74</td>
<td>45%</td>
<td>43%</td>
<td>41%</td>
<td>41%</td>
<td>37%</td>
<td>38%</td>
<td>32%</td>
</tr>
<tr>
<td>75+</td>
<td>45%</td>
<td>43%</td>
<td>41%</td>
<td>41%</td>
<td>37%</td>
<td>38%</td>
<td>32%</td>
</tr>
</tbody>
</table>

IN 2025...

NEW WORKFORCE, NEW LIFESTAGE GROUPS

• A larger proportion of Gen Z will be in the workforce

• More Millennials will be married with kids, impacting their food spend behavior

• Some Gen X and older Millennials will start becoming empty nesters
American Diversity by Generation

<table>
<thead>
<tr>
<th>Generation</th>
<th>10-19</th>
<th>20-29</th>
<th>30-39</th>
<th>40-44</th>
<th>45-50</th>
<th>50-60</th>
<th>60-69</th>
<th>70-79</th>
<th>80+</th>
</tr>
</thead>
<tbody>
<tr>
<td>GI Generation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boomer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gen X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Millennial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gen Next</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


© 2017 Technomic Inc.
By 2060… 
NH White population share shrinks by 20%

<table>
<thead>
<tr>
<th>Ethnic Group</th>
<th>2014 Population (Millions)</th>
<th>2014 (%)</th>
<th>2060 (%)</th>
<th>2060-2014 % Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Hispanic White</td>
<td>197</td>
<td>62.1%</td>
<td>42.6%</td>
<td>-19.5%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>56</td>
<td>17.6%</td>
<td>29.3%</td>
<td>+11.7%</td>
</tr>
<tr>
<td>African-American</td>
<td>40</td>
<td>12.7%</td>
<td>14.7%</td>
<td>+2.0%</td>
</tr>
<tr>
<td>Asian-American</td>
<td>16</td>
<td>5.0%</td>
<td>8.2%</td>
<td>+3.2%</td>
</tr>
<tr>
<td>Other/2+ Races</td>
<td>14</td>
<td>4.3%</td>
<td>8.2%</td>
<td>+3.9%</td>
</tr>
</tbody>
</table>

Source: Nielsen (2015). “The Multicultural Edge: Rising Super Consumer”. Original data sourced from Nielsen Pop-Facts 2014 with U.S. Census Bureau, 2060 projections (Dec 2012) with reported numbers to exceed 100% due to allocation/overlap for Hispanics of mixed race. Included in “Other/2+ Races” are 3.1 million native American Indian and Native Alaskans (AINA), plus 600,000 Native Hawaiian & Pacific Islanders (NHPI), all generally of moderate growth.
CURRENT THEMES DRIVING SHOPPER CHANGE

In addition to demographic shifts, changes in taste, technology and the American household will shape the future of seafood consumption.
who

...is

shopping
THE SHOPPER GENDER DIFFERENTIAL WILL CONTINUE TO DECREASE

GROCERY SHOPPER ROLE SEGMENTATION

83% OF CONSUMERS ARE RESPONSIBLE FOR HOUSEHOLD GROCERY SHOPPING

17%  21%  36%  8%  19%

- Non-Shopper
- Self-shopper
- Primary shopper
- Secondary shopper
- Shared shopper

Grocery Shopping Roles Among Adults in U.S.

MONTHLY+ SEAFOOD CONSUMER DEMOGRAPHICS

Age group

<table>
<thead>
<tr>
<th>Age group</th>
<th>Any seafood</th>
<th>Fish</th>
<th>Shellfish</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-30</td>
<td>75%</td>
<td>61%</td>
<td>55%</td>
</tr>
<tr>
<td>31-50</td>
<td>84%</td>
<td>73%</td>
<td>56%</td>
</tr>
<tr>
<td>51-70</td>
<td>88%</td>
<td>81%</td>
<td>54%</td>
</tr>
<tr>
<td>71+</td>
<td>85%</td>
<td>81%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Ethnicity

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>All</th>
<th>Fish</th>
<th>Shellfish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caucasian (non-Hispanic)</td>
<td>83%</td>
<td>74%</td>
<td>53%</td>
</tr>
<tr>
<td>Mexican American</td>
<td>83%</td>
<td>70%</td>
<td>60%</td>
</tr>
<tr>
<td>Non-Hispanic Black</td>
<td>85%</td>
<td>78%</td>
<td>51%</td>
</tr>
</tbody>
</table>

Source: US National Library of Medicine
© 2017 Technomic Inc.
how

...are they shopping
grocery shopping is increasingly a multi-channel experience

---

### Primary Grocery Store by Channel

<table>
<thead>
<tr>
<th>Channel</th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarket</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supercenter</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warehouse</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limited Assortment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No Primary Store</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Grocery Category Segment Usage (%)

<table>
<thead>
<tr>
<th>Category</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairly Often/Almost Always visit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supermarket</td>
<td>85</td>
<td>83</td>
</tr>
<tr>
<td>Supercenter</td>
<td>54</td>
<td>53</td>
</tr>
<tr>
<td>Discount Store</td>
<td>29</td>
<td>31</td>
</tr>
<tr>
<td>Limited Assortment</td>
<td>21</td>
<td>25</td>
</tr>
<tr>
<td>Dollar Store</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>Drug Store</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Natural + Organic</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>Convenience Store</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Ethnic Food Store</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Online-only Food Store</td>
<td>5</td>
<td>11</td>
</tr>
</tbody>
</table>
IN THE UNIVERSE OF MEAL SOURCING OPTIONS
NEW FORMATS BRIDGE FOODSERVICE AND RETAIL SOLUTIONS

Foodservice

- TRADITIONAL FOOD SERVICE
- DIGITAL ON-DEMAND DELIVERY
- TRADITIONAL DELIVERY

Retail

- TRADITIONAL RETAIL
- ONLINE GROCERY
- MEAL KITS
- DIGITAL/BRICK & MORTAR HYBRID
- 3RD PARTY DELIVERY

Sourced away-from-home

- Grocery Store
- C-Store

Sourced at-home

- Club store
- Food only
THE EMERGENCE OF DIGITAL/BRICK & MORTAR HYBRID FORMATS REFLECT GROCERY SHOPPING IN TRANSITION
DIGITAL GROCERY USAGE AT 23% IN 2017

Internet users who have purchased groceries digitally

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Usage Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Younger Millennials</td>
<td>24%</td>
</tr>
<tr>
<td>Older Millennials</td>
<td>26%</td>
</tr>
<tr>
<td>Gen X</td>
<td>24%</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>21%</td>
</tr>
<tr>
<td>Senior (73+)</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: Emarketer (2017) “Online Grocery Shipping is No Longer Just a Millennial Story”
© 2017 Technomic Inc.
THE AVERAGE AMERICAN OWNS FOUR INTERNET ENABLED DEVICES

The “Internet of Things” is closing the gap between need recognition and need fulfillment

- 64% of households
- Over half of users make purchases on them

SMART “PHONE”

SMART KITCHEN

FOOD/MEAL NEED RECOGNITION

OTHER DEVICE(S)

SMART “SPEAKERS”

- 17 million appliances expected to hit 202 million globally by 2021 at CAGR of 25%
- Currently in 7% of households
- projected to be installed in 55% of households by 2022

- From the TV to the tablet to the SUV, Americans are online, building wishlists and placing orders

Source: Grand View Research (2015); Juniper Research (2016); Pew Research Center (2016); Tech Crunch (2017)

© 2017 Technomic Inc.
WHERE AMERICANS DO THEIR ONLINE SHOPPING

- **43%**
  - In Bed

- **23%**
  - In the office

- **25%**
  - In retail stores

- **20%**
  - In the bathroom

- **20%**
  - In the car

- **10%**
  - While drinking

Source: BigCommerce (2017) "Omni-Channel Retail in 2017"

© 2017 Technomic Inc.
WHERE IT’S HEADED... EVEN EASIER
SEAFOOD CONSUMPTION IS FRAGMENTED ACROSS FOODSERVICE BUT SILOED IN RETAIL

Seafood entree sourcing
Once a week+ & never

Base: 1,300 seafood consumers
Q: How often do you eat seafood as a main entree, or as an ingredient/topping on a main entree (e.g., on a sandwich, entree salad, etc.) from the following places?

Sourcing by department for at-home consumption

- Meat dept: 95%
- Produce dept: 97%
- Deli dept: 97%
- Bakery dept: 86%
- Seafood dept: 95%

> $2MM grocery
Mass merch w/ supercenters
Warehouse/club
Drug store
Convenience store

© 2017 Technomic Inc.
THE E-COMMERCE CONSUMER LOOKS FOR…

Currently this favors non-grocery and non-fresh categories. This will shift as e-commerce becomes normalized and previous deterrents become additional drivers.

<table>
<thead>
<tr>
<th>DRIVERS</th>
<th>DETERRENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONVENIENCE</td>
<td>FRESHNESS</td>
</tr>
<tr>
<td>VALUE</td>
<td>QUALITY</td>
</tr>
<tr>
<td>ABILITY TO</td>
<td>SAFETY</td>
</tr>
<tr>
<td>“STOCK-UP”</td>
<td></td>
</tr>
</tbody>
</table>
what

...are they shopping for
AMERICANS ARE ASPIRING TO A HEALTHY DIET

% who have changed their diet in past 3 years

Of those who have changed their diet, 70% are now eating healthier foods
CONSUMERS WHO REPORT EATING MORE SEAFOOD CITE, HEALTH AS THE PRIMARY DRIVER

Say they’ve eaten more seafood over the past year

30%

Base: 447 who report eating more meals with seafood
Q: Why are you eating more meals with seafood? Select all that apply.

© 2017 Technomic Inc.
**Health perceptions of seafood & vegetarian options**  
Agree & agree completely

<table>
<thead>
<tr>
<th>I consider seafood to be healthier than…</th>
<th>18–34</th>
<th>35+</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>…beef and/or pork</td>
<td>64%</td>
<td>56%</td>
<td>58%</td>
</tr>
<tr>
<td>…chicken and/or turkey</td>
<td>50%</td>
<td>40%</td>
<td>43%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>I consider vegetarian/vegan options to be healthier than…</th>
<th>18–34</th>
<th>35+</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>…beef and pork</td>
<td>59%</td>
<td>52%</td>
<td>55%</td>
</tr>
<tr>
<td>…chicken and turkey</td>
<td>49%</td>
<td>39%</td>
<td>43%</td>
</tr>
<tr>
<td>…seafood</td>
<td>46%</td>
<td>36%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Base: 1,083 (seafood) and 589 (vegetarian/vegan) consumers

Q: Please indicate your agreement or disagreement with the following statements regarding seafood.

Please indicate your agreement or disagreement with the following statements regarding vegetarian and/or vegan options/substitutes.

© 2017 Technomic Inc.
THERE IS AN OPPORTUNITY FOR VALUE PRODUCTS FOR YOUNGER SEAFOOD CONSUMERS

% who say they purchase the following types of seafood


© 2017 Technomic Inc.
CONSUMER INTEREST IN HOW FOOD IS PRODUCED HAS INCREASED

“I am more interested today in where my food was sourced from than I was two years ago…”
% agree completely or agree

64% Overall

“I am more interested today in how food is grown, raised or produced than I was two years ago…”
% agree completely or agree

64% Overall

71% Millennials

69% Women

Base: 2,000
Q: Is it more important to you that a food’s source is regionally specified at certain types of restaurants and other foodservice locations versus others?
© 2017 Technomic Inc.
### Top Three Reasons Consumers Prefer Origin-specific Products

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>I prefer to support food producers who are located in my region or in the U.S.</td>
<td>61%</td>
<td></td>
</tr>
<tr>
<td>I am just interested to know where an item was grown/produced</td>
<td>42%</td>
<td></td>
</tr>
<tr>
<td>Products from regions associated with certain foods are higher in quality</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>I prefer to avoid food from certain regions because of concerns over safety or quality</td>
<td>31%</td>
<td></td>
</tr>
<tr>
<td>I prefer to avoid food from certain regions because of environmental issues</td>
<td>18%</td>
<td></td>
</tr>
</tbody>
</table>

**Base:** 1,505

Q: Thinking about all the types of items in restaurants or other foodservice locations for which origin-specific sourcing is important to you, what would you say are your TOP TWO reasons for preferring origin-specific products? (Top 5 shown)

© 2017 Technomic Inc.
PLACE OF ORIGIN, ENVIRONMENTAL IMPACT AND PRODUCTION METHOD ALL PLAY A PART IN THE SEAFOOD PURCHASING DECISION

Importance of seafood sourcing
Agree & agree completely

- It's important that the environment is not negatively impacted by the seafood I eat: 37% (45%)
- It's important to know which country the seafood I eat is from: 38% (43%)
- I prefer to eat seafood caught in the wild rather than farm-raised seafood: 36% (41%)

Base: Approximately 1,082 seafood consumers
Q: Please indicate your agreement or disagreement with the following statements regarding seafood.

© 2017 Technomic Inc.
The seafood consumer of the future is [...] digitally native ...highly educated ...health-conscious ...sustainability-minded ...sourcing their meals from wherever ...urban & suburban ...on social media
Key Takeaways

Alaska Seafood is well positioned to take advantage of trends in seafood consumption, but to do so will need . . .

. . . A consumer strategy that targets consumers in and approaching peak spending years

. . . A product strategy that highlights health, sustainability, and uses source-specificity to elevate the Alaska Seafood brand

. . . A go-to-market strategy that anticipates the challenges and opportunities of omni-channel fresh food sourcing
Next Steps

PHASE ONE: SECONDARY REVIEW
SEPTEMBER-NOVEMBER

DOMESTIC COMMITTEE MEETING
NOVEMBER, 27

PHASE TWO: PRIMARY RESEARCH
DECEMBER-FEBRUARY

STRATEGIC WORK SESSION
FEBRUARY, TBD
Questions?