



2018

All Hands IMC Meeting

ASMI Mainland China / Hong Kong

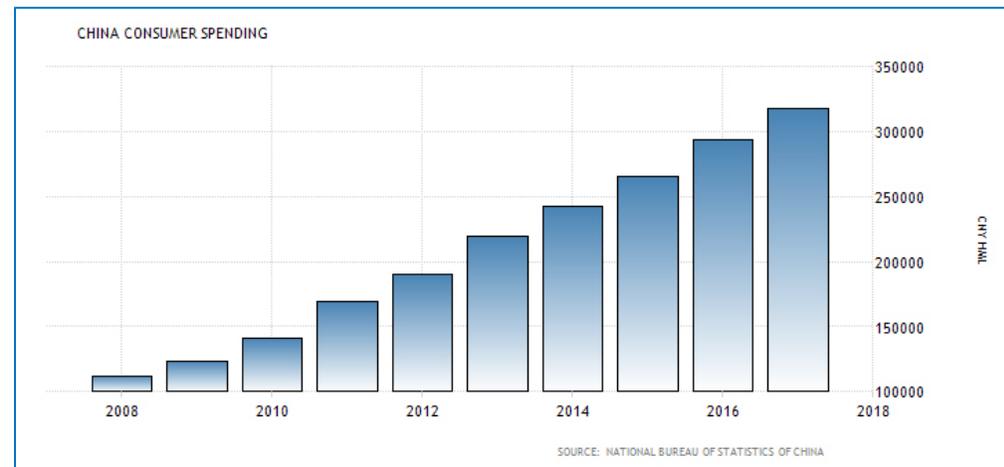
*Prepared by SMH
October 2018*

Market Overview – Mainland China



Mainland

- Middle class continues to grow. Increased consumer spending/middle class bringing change to “new retail” / focus on higher-end goods
- By 2020, almost 400 million middle class consumers with incomes of \$16,000 - \$34,000
- Consumer spending hit \$46,015 per person in 2017, rising from \$42,528 the previous year, projections to top \$50,000 in a few years
- Ecommerce primary growth driver, online shopping sales growth 23.1% 2017 to 40.8% 2021



Market Overview –Hong Kong/Macau

HK/Macau

- Economy continues to recover from low in 2016, showing 3.7% GDP in 2017
- Driven by employment, financial/property markets, consumption growth at 6%
- Establishment of Guangdong Bay Area and opportunity to import into Hong Kong and Macau without China-imposed tariffs, Hong Kong/Macau expected to be premier seafood importer for Alaska seafood



Seafood Update



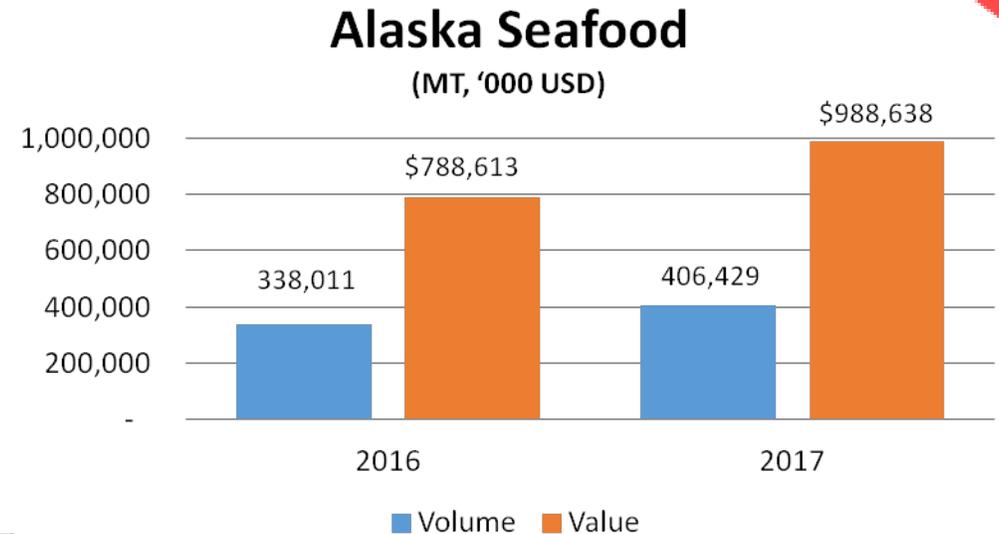
- China's seafood imports grew 29% from 2006-2017, reaching \$2,747,612,800
- Overall market experience experiencing growth
- More Seafood has been imported into China with Russia ranked at the top, followed by USA, Canada, and Norway
- With the development of e-commerce and logistics, frozen seafood is becoming the main steam for consumption
- Quality, followed by price, is the main consideration for consumers when purchasing food products



Alaska Seafood



- Alaska seafood exports to China grew 25% in value to \$988,638,000 and 20% in volume to 406,429MT from 2016 to 2017
- Strong image of Alaska seafood, traceable/pure, clean
- In July 2018, 25% tariff was levied on the seafood from US, raising costs for traders to consumers
- Increased competitiveness from other countries' products
- Given tariffs, business suspension of seafood like King Crab, Black Cod/sole still remains strong



| Competitors | |
|-------------|--------------------|
| Canada | Snow Crab |
| Chile | Salmon, King Crab |
| Norway | Salmon |
| Russia | King crab, Pollock |



Seafood Tariffs

- Current tariff schedule – 25% increase



| HS Code | Product | Old Tax | VAT Tax |
|--|---------------------|---------|---------|
| 0303899090 | Coho Salmon | 7% | 11% |
| 0303319090 | Pacific | 7% | 11% |
| 0303670000 | Pollock | 5% | 11% |
| 0303630000 | Pacific Cod | 2% | 11% |
| 0303390090 | Yellowfin Sole | 7% | 11% |
| 0306149011 | King Crab | 5% | 11% |
| 0306149019 | Snow Crab | 5% | 11% |
| 0306149090 | Dungeness Crab | 5% | 11% |
| 0304710000 | Pacific Cod Fillets | 7% | 11% |
| 0304750000 | Pollock Fillets | 7% | 11% |
| 0306149019 | Snow Crab Legs | 5% | 11% |
| 0303120000 | King Salmon | 7% | 11% |
| 0303120000 | Keta Salmon | 7% | 11% |
| 0303110000 | Sockeye Salmon | 7% | 11% |
| 0304810000 | Sockeye Fillets | 7% | 11% |
| 0304810000 | King Salmon Fillets | 7% | 11% |
| 0303910090 | Keta Roe | 7% | 11% |
| *Newly assessed punitive tariff of 25% added on top of existing tariff | | | |



Highlights (I)

- **Reverse Trade Mission (All-access Pass to Alaska)**

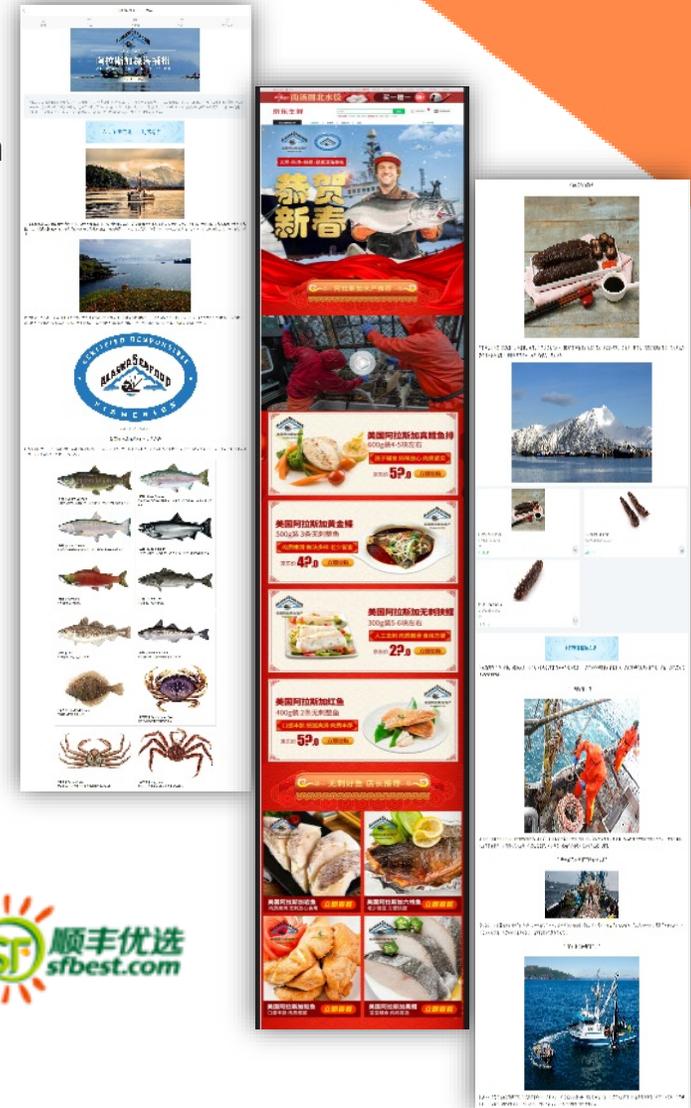
- Trade mission hosted by ASMI for Chinese traders/media personnel July 8 – 14, 2018
- First-hand knowledge of product, management, sustainability and more
- Alaska supplier interaction with Chinese traders
- Results
 - a) two importers have carried Alaska seafood after the mission
 - b) transactions worth \$100,000 to be generated after the mission
 - c) One new importer will introduce Alaska seafood to China



Highlights (II)

- **Online Promotions (Riding the Growth of Online Sales)**

- Partnerships with giants JD.com and Tmall, SF Express, Chunbo, and new platform Fresh Fresh
- Highlight of species like Black Cod, Pacific Cod, Pollock, sea cucumber, Yellowfin Sole, and new forms such as Alaska salmon burgers and bites, and ready-to-eat forms as well
- **Results**
 - a) Around 300,000 kgs of Alaska seafood valued at over \$6 Million
 - b) Strengthen presence online, maintaining relationships with new and existing players

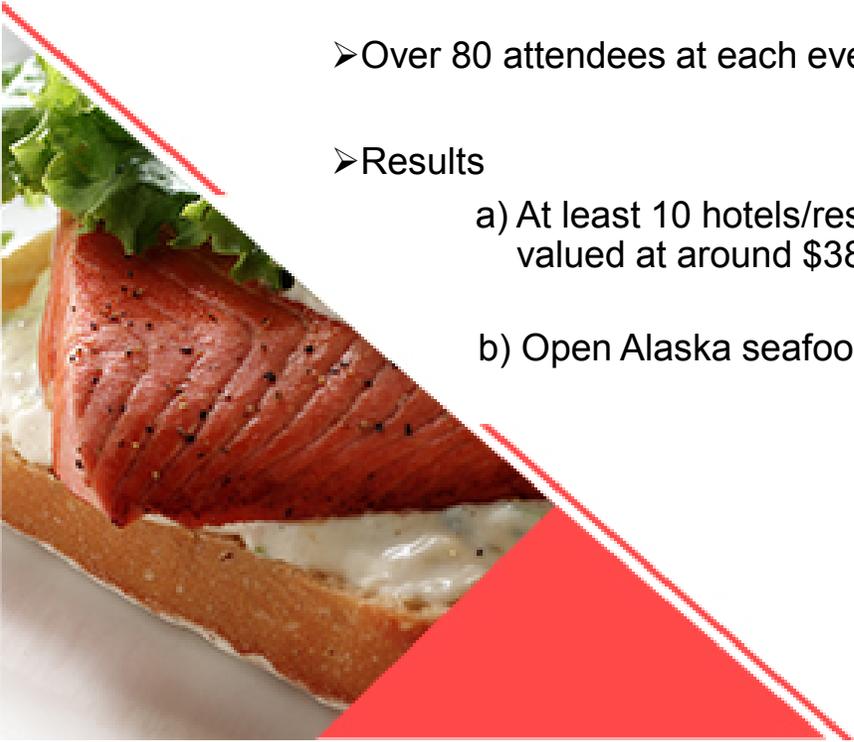


Highlights (III)



- **Chef Training in Shanghai/Beijing
(Alaska Seafood Plays Well with All Types of Cuisine)**

- Workshop in Shanghai and Beijing with Japanese Chef , March 12/13, 2018
- Sockeye salmon, cod, pollock, Rockfish, Yellowfin Sole, Snow Crab, Herring/Pollock roe
- Over 80 attendees at each event, including chefs and purchasing staff from high-end hotels and restaurants
- Results
 - a) At least 10 hotels/restaurants have carried Alaska seafood resulting consumption of 45,000 kgs valued at around \$380,000
 - b) Open Alaska seafood up to international foods



Upcoming Events



- **Targeting Consumer Sector**

- Educating consumers about health and nutritional benefits
- Increasing exposure of Alaska seafood through social media/KOLs

***Boosts awareness of Alaska seafood, consumer confidence and drive consumption



Upcoming Events



● Targeting Trade Sector

- Enhance cooperation with E-commerce platforms for increased promotions
 - Deepen relationships with new retailers, Hema Fresh, 7Fresh
 - Trade Shows
 - China Fisheries & Seafood Expo, Qingdao – Nov. 7- 9, 2018
 - Hofex in Hong Kong – May 7-10, 2018
 - Trade Gatherings
 - Target more new markets such as Wuhan, Zhengzhou and Ningbo and others
- ***Strengthen relationships with traders and develop newer emerging markets



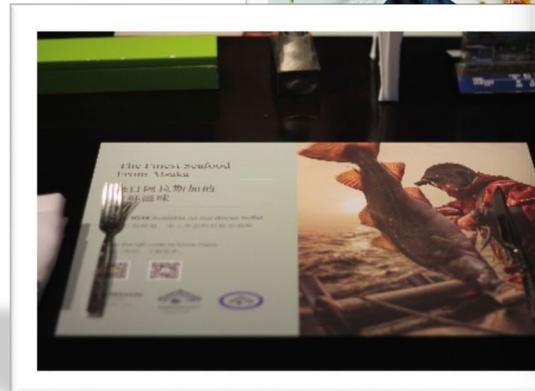
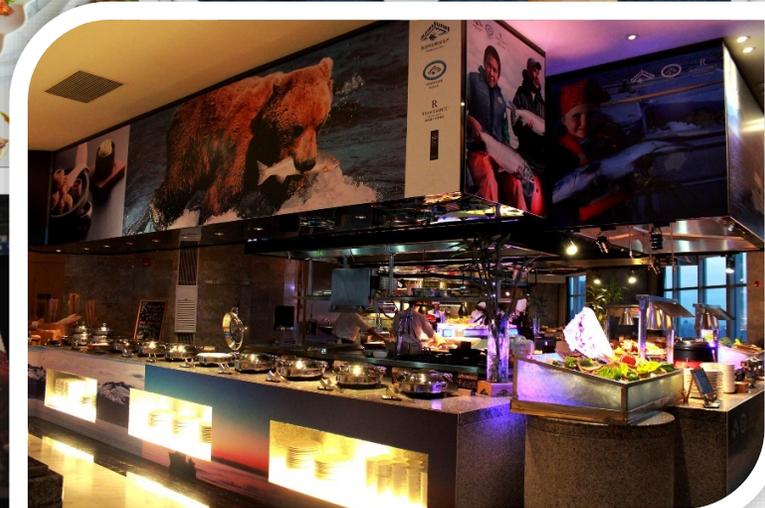
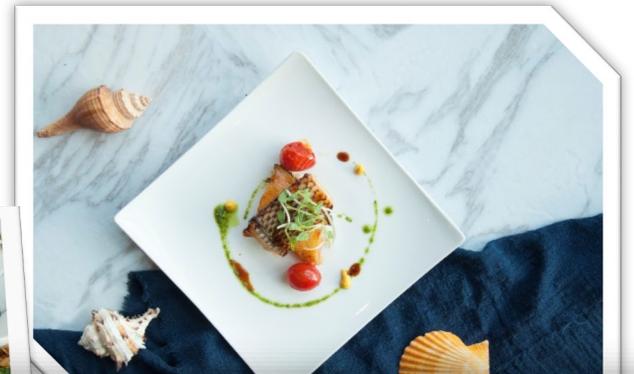
Upcoming Events



- **Targeting HRI Sector**

- Continue promoting Alaska seafood in chef seminars in Guangzhou, Hong Kong through Japanese chef/cuisine
- Menu promotions exploring different types of cuisines

***Showcase versatility of Alaska seafood with different foods as well as forms



ATP Activities

ATP participation to minimize impact from trade conflict

- **Consumer Sector**

LED Billboards - visual display in high traffic area

- Target the masses
 - Interactive social media campaign/KOLs
- Help achieve longer-lasting effect



ATP Activities



● Trade Sector

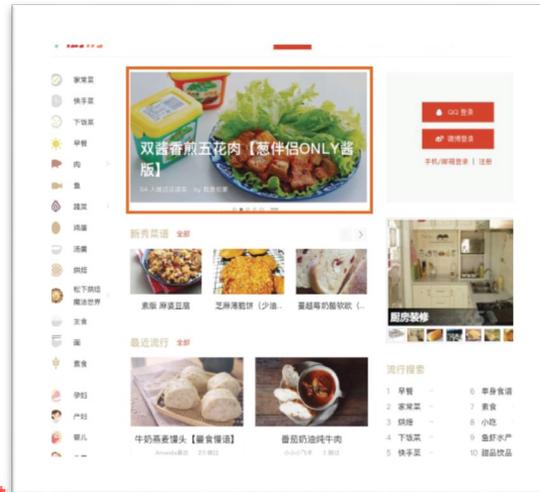
eLearning – partnership with digital platform to boost knowledge

- Stress learning for consumers
- Drive long-term learning, enhance knowledge
- Certification to motivate users to promotional/nutrition standard, Alaska seafood ambassadors
- Short videos about cooking techniques

→ Take advantage of online space/partner with many platformS



Step-by-step Instructions



Scrolling ads for culinary inspiration (featuring top weekly dishes)

Learn visually through videos



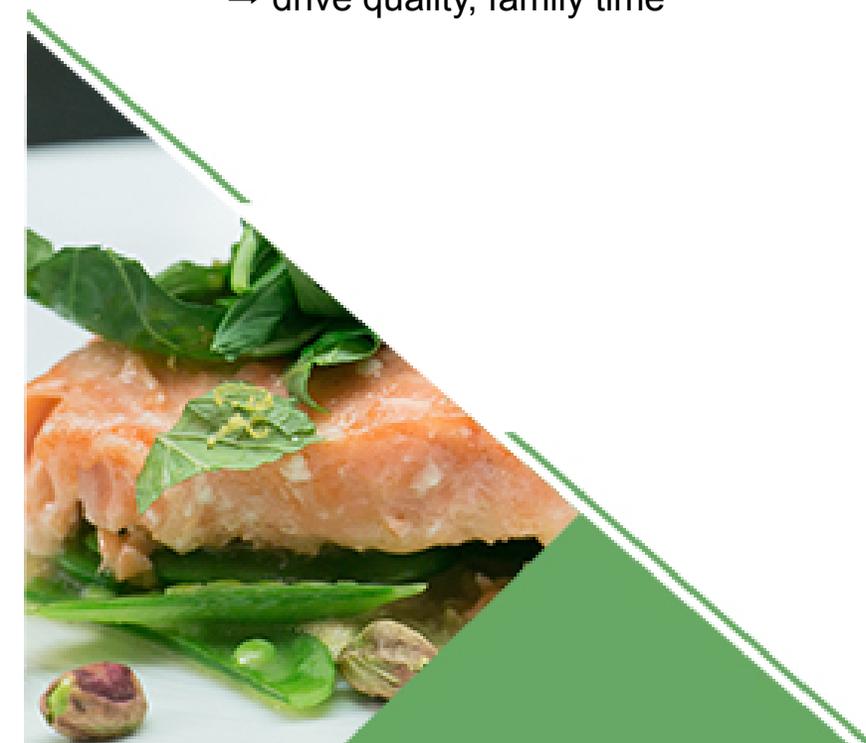
ATP Activities

● Trade Sector

Ready-to-cook or Eat Meal Promo –meal kits for the home

- ✓ Enjoy gourmet, premium-quality meals
- ✓ Healthy dining for the family
- ✓ Avoid oily/unhealthy takeout
- ✓ Traditional family values

→ drive quality, family time



ATP Activities



- Offline-2-Online Product Showcase – offline engagement/online consumption
- Increase interaction with market
- Assist understanding of product
- Leverage convenience/partnerships with E-commerce players

→ *Maintain modern, engaging digital presence*

- Trade Seminars 2.0 – expand reach of events into Tier II & III cities
- Encourage product awareness
- Introduce sustainability
- Promote retail/food service promotions
- Stimulate local consumption

→ *Expansion of new markets/understanding of new trends and demographics*





Thank You!

