



Alaska Seafood Marketing Institute

Alaska Seafood Marketing Institute
International Marketing Committee Meeting
April 21, 2020
Zoom Meeting

Introduction

A regular meeting of the Alaska Seafood Marketing Institute (ASMI) International Marketing Committee (IMC) was called to order at 8:05 AM AKST on April 21, 2020 online via Zoom.

Roll Call

Committee members present:

Julie Yeasting, Chair
Frank O'Hara, Vice-Chair
Shigeki Okano
Phil Young
Rasmus Soerensen
Bob Barnett
Bob Janzing
Merle Knapp
Michael McGinley
Tomi Marsh
Dean Pugh
Jeffrey Stephan
Lance Magnuson

Committee members not present:

Norman Aoyagi

Staff:

Hannah Lindoff, Sr. Director of Global Marketing and Strategy
Alysha Guthrie, Assistant International Program Coordinator
Nicole Stangeland, International Marketing & Grants Coordinator
Alice Ottoson-McKeen, International Marketing Specialist
Monica George, International Marketing Specialist
Susan Marks, Sustainability/Certification Advisor
Jeremy Woodrow, ASMI Executive Director
John Burrows, ASMI Seafood Technical Program Coordinator
Michael Kohan, ASMI Seafood Technical Director
Sara Truitt, ASMI Executive Assistant/Board Liaison
Michelle Kaelke, ASMI Accountant
Ashley Heimbigner, ASMI Communications Director

Megan Rider, ASMI Domestic Marketing Director

OMRs:

Carolina Nascimento, South America OMR

Jose Madeira, South America OMR

David McClellan, SEU OMR

Katie Petherbridge, NEU OMR

Sarah Johnson, NEU OMR

Ksenia Gorovaya, EEU OMR

Tatiana Novikova, EEU OMR

Maria Kraus, CEU & WEU OMR

Jens Hombeck, CEU & WEU OMR

Guests:

Garret Evridge, McDowell Group

Mike Cusack, American Seafoods

Lilani Dunn, BBRSDA

Ron Risher, Icicle Seafoods

Andrew Jenssen, Pacific Seafood

Cassie Refour, True Bleu Seafood Services

Jordan Stover, Harvester

Approval of Previous Meeting Minutes:

Janzing moved to approve the minutes from the International Marketing Committee meeting that took place on February 6, 2020; Soerensen seconded. The motion passed unanimously.

IMC Chair Comments

Yeasting noted that it is strange to be holding the meeting virtually, but she was happy everyone was there. She stated that there will be a new normal after the pandemic, even as uncertain as it is now. She expressed her appreciation for the opportunities she has had to travel, in person meetings and how she misses spontaneous discussions and drop-by visits. She stated that she appreciates our global community and noted it was nice to see everyone. Yeasting ended her comments with a hope that this pandemic will unite us all.

Program Director Comments

Lindoff stated that she wished everyone was meeting in Brussels. She continued that appreciates the time committee members have taken to come together to share their guidance for the ASMI International Program. Lindoff noted that we anticipate more committee online check-ins throughout the summer and she hopes that ASMI can come out of this global pandemic stronger, with a new way forward. She announced that ASMI's Market Access Program (MAP) grant funding will roll over to next fiscal year. Lastly, she pointed out that a poll will be presented at the end of the call to vote on the next time to meet.

Central and Western Europe:

Hombeck provided a brief update on the COVID-19 pandemic situation in the Central and Western EU markets. He shared that Germany and Austria have loosened their restrictions slightly with some stores open and some university students back in school. Belgium and France still remain in lockdown until May 11th.

The Czech Republic will keep their borders closed through the end of 2020.

Hombeck noted that Oktoberfest has been cancelled and that is an indicator that it is unlikely any large tradeshows or gatherings will take place this fall.

He shared that companies supplying to retail are doing quite well. Consumers are increasing purchases of shelf-stable products including frozen food and canned products.

Hombeck stated that companies supplying retailers are doing well, however, those that supply the restaurant industry are struggling. He noted that there has been a 70% loss in business with 60-70% of total hotel businesses, among other impacted industries, facing bankruptcy.

Central and Western EU smokers face challenges because they have had to cut back on operations in order to minimize the risk of the virus hitting their plants.

Hombeck shared that some retailers are supporting fisherman and local companies – guaranteeing the purchase of their products to give them some stability during the crisis.

He said that some partners are facing serious challenges and are unable to talk about future promotions, etc.

He shared that all events requiring a gathering of people have been postponed with the goal to be able to run these postponed events later in the fiscal year when the global situation improves.

Hombeck stated that their plan is to use the funds not being used right now for activities that they don't usually have budget for such as infrastructure projects and materials.

He said there is a general shift towards online services and there is an opportunity for Alaska Seafood to partner on these online promotions.

Hombeck presented the new trade lead system created by his team. He shared that the link will be provided to the committee members to peruse.

McGinley shared that he is excited to start using the system – noting that it is a progressive system to reach new customers.

Yeasting asked whether they can transfer over some of the company information that is already in the old ASMI supplier directory. Hombeck responded that the idea is to encourage companies to maintain their profiles and keep the information up to date.

Kraus mentioned that we could enter the information manually on our end, but would need the contact information for the company. Hombeck shared that it is preferred companies manage their listings on

their own to ensure accuracy and for accountability purposes, but that it would be possible to start the new system with some company registrations.

Action item: ASMI staff to look into an ASMI staff member assisting with this process.

McGinley noted that it could be challenging to list sales contact names in the company profiles as personnel changes can happen frequently; he expressed concerns over potential dead-end emails. Hombeck reiterated the importance that listings and company information be maintained.

Soerensen asked about the boom of e-commerce in the CEU and WEU market. He asked whether the current focus on e-commerce will remain even after the virus is behind us. Hombeck responded that perhaps, but he thinks that stationary retail will remain, as the typical customer wants to physically shop in a grocery store – especially when it comes to meats and seafood.

Eastern Europe:

Gorovaya stated that trade is being heavily impacted by border closures and the currency is impacting business. There is some government support to businesses but not enough and she noted that many businesses won't survive the COVID-19 crisis. She noted that frozen seafood is gaining sales in the market with the current virus situation.

She noted that 2019 was a successful year for salmon in the market with significant growth seen for salmon roe, which came in part due to partnerships with salmon roe importers. A PR campaign highlighted how Alaska salmon roe differs from imitation roe, which was banned but is still entering the market.

With regard to Alaska pollock, Gorovaya noted that surimi sales were up 35% with Lithuania being a particularly strong market. ASMI partnered with Vici to promote surimi sticks as a healthy protein snack. They plan to continue the partnership next year as it was successful.

Gorovaya noted that they developed a new website for the EEU market and also shared that they partnered with a young influencer who highlights many aspects of Alaska pollock including the health benefits.

Gorovaya shared a video that a company produced highlighting salmon roe.

Northern Europe:

Johnson gave a situation analysis of the COVID-19 pandemic in the region. She noted that March 2020 was the biggest month of take-home grocery shopping that the market has ever seen, up 23% in value.

Shoppers visited an average of 4.1 different retail shops during this uptick, which was significant and never seen before.

Johnson shared that fresh fish sales were up 13.5%, frozen fish sales were up 31.1%, while canned fish was up a staggering 64% in the market.

Johnson indicated that long-term outlooks show a sharp recession and the foodservice sector will be impacted drastically.

Food delivery was initially thought to be a silver bullet but now that the students and young people have moved back to their family homes during this quarantine period – this is no longer the case.

Johnson noted that product to the market is key – suppliers want to know when they can get product in the market.

She shared that the majority of program activities have continued as normal, except for retail activities. She further noted that retail campaigns are running and scheduled with retailers for May and June, but that consumer buying behavior has changed.

Petherbridge shared the new Seafood U program that was created to support retail and foodservice professionals. She said that looking ahead, they will be working with associations that they worked with previously, to roll this out.

Petherbridge noted that they are currently putting together a distribution plan for the Seafood U program.

Yeasting stated that she is pleased with this new program and noted the time and hard work that went into the creation. She thanked the team for their preparation.

Southern Europe:

Prior to the COVID-19 crisis, the first nine months of the fiscal year were quite positive and productive.

McClellan noted that Italy, Spain, and then Portugal have all been hit strongly by the COVID-19 virus, noting that restaurants shut down in mid-March.

He further stated that the region is facing supply chain payment issues; when restaurants shut down they immediately stopped paying their bills. McClellan mentioned that many suppliers have not been paid from January 2020 on and that has left suppliers in dire shape.

McClellan noted that home delivery has increased significantly, but the challenge is the ability to scale up and many retailers simply can't meet the demand.

He noted that the HRI sector is in poor shape due to the pandemic and stay at home orders.

For future program activities, McClellan shared that their focus currently is on digital efforts - including social media and website improvements. The consumer is looking for healthy food, so SEU has been focusing on updating the "where to purchase" sections of the website, among other digital improvements.

South America:

Nascimento provided a brief update on the COVID-19 pandemic in the South America region. Brazil, and South America as a whole, are slightly behind the rest of the world in terms of the hit of the virus. The region remains in lockdown.

Nascimento noted that there is great opportunity for frozen and less expensive seafood options as consumers are looking for shelf-stable products and are doing more meal planning since they are home.

She provided an update on the negotiations between the seafood industry and the Peruvian government. The government was supposed to present a plan to the industry on importing raw product but due to the virus, there was a delay. The ministry/fisheries association has offered to write the plan for them. Currently, the entities are working together to develop the regulation policy for importing raw product.

Nascimento noted that frozen seafood sales increased 30-40% in this last month. Fresh fish is the preferred product form for consumers in the region and this saw a significant uptick, as well.

She shared that e-commerce is doing quite well due to the virus situation, and has seen an 81% increase. Similar to the SEU region, retailers have had a hard time keeping up with the online/e-commerce demand.

Nascimento mentioned that foodservice operations have stopped completely and distributors that supply restaurants have also halted operations because they have concerns about receiving payment.

Due to the pandemic, the program has shifted its efforts and is now focusing on Alaska Seafood's online presence and thinking outside of the box. She shared they are working on creating a new trade newsletter and working with influencers to create at-home cooking videos. Also noting that the Brazil website will be updated to highlight new sections of the website such as where to find/purchase Alaska seafood.

Nascimento stated that they are looking into promoting Alaska Seafood through online delivery methods including companies such as Rappi.

She noted that the priority for the program is continuing to communicate with trade and maintaining relationships, as well as supporting trade partners needs during this challenging time.

McGinley noted that the trade mission conducted in early March was very professional and well-organized. He asked what the follow up was to the entities the Alaska delegation met with during the mission.

Nascimento stated that they sent follow up communication and thank you notes to the industry members the participants on the mission met with. She further stated that they are encouraging these Peruvian companies to continue to push the government to work out the market entry obstacles.

Soerensen noted that he also felt the mission was positive and well-organized. He is in contact with Peruvian industry and said that the industry is very interested in working with us and recognizes that they can become a processing hub for Alaska seafood. He shared that samples are on their way to Peru from American Seafoods.

Species Update

Salmon:

Janzing shared that retail business picked up and inventory is moving. There were initially inquiries about sockeye but that has now transitioned to inquiries about keta. European smokers are looking for sockeye. There are questions about the 2020 season, which have inspired purchasing.

McGinley shared that inventory is starting to move. The bigger issue is the season ahead and how things are going to be managed, the main issue being labor and ensuring plants can stay operational during the virus. Pink forecasts for both Alaska and Russia are down and the canned market is strong.

Young discussed canned salmon and talked about the uptick due to the virus. Consumers looked for shelf-stable options during the quarantine. He noted that it's difficult to know if we are cutting into our own future sales.

Okano discussed salmon roe- this has been hit hard and consumption is down. While the catch will be reduced and this will help even things out, the labor issue remains, as ikura is hard to make. This may create a different situation. The Hokkaido inventory being down did create a helpful upswing. It should be emphasized that chum salmon sales will be in a much harder position this year.

Pugh noted that the Bristol Bay run will most likely again see many 2-4s and that it is important to not just market the larger size.

McGinley added that smokers won't take the 2-4s and that we need to market portion programs to retailers. He also suggested that labor issues could mean giving up things like certain gradings.

Young shared that everyone in the industry is putting all efforts to ensuring that there will be a season this year.

Okano stated that it depends on the area. He shared that they are telling their customers that there will most likely be a season, but it is unknown how things will actually turn out.

Alaska pollock:

Soerensen shared that the pollock industry is positioned well during this turbulent time. The biggest challenge are concerns among their customers and whether the virus will hit their factories. These factories are currently operating at 120% capacity and focusing on high demand products. He further noted that they have concerns plants won't be able to continue to operate fully due to concerns from factory staff and the risk of the virus.

Soerensen shared that Alaska pollock fillet blocks and surimi raw material demand remains high and that inventory is moving. However, if the situation doesn't improve, there will be long-term negative implications.

Soerensen explained that quick service restaurants weren't affected quite as severely because they could keep their drive-throughs operational, but with the current downturn in people leaving their homes – this sector is and will be further impacted.

Lastly, he noted that the industry is prepping for B season now and the pollock industry has united to ensure safety for all their workers arriving to Dutch Harbor for the season.

Cod:

Risher stated that most of the cod goes into reprocessing primarily for the foodservice sector. He noted that even with China opening up for reprocessing, there has been a significant push-back due to the lack of demand from European and American customers for finished portions and fillets. He said overall lack of demand for finished product is down significantly.

Yeasting shared that cod is significantly impacted by the virus situation due to its ties to the foodservice sector.

Flatfish, Atka Mackerel, and Rockfish:

O'Hara stated that they are still able to operate the fishing vessels, but the challenge is getting crew to Dutch Harbor safely and in compliance with state and city regulations.

He shared that the fish are there, but with the current state of the foodservice sector – supply is more than demand. He noted that there are challenges seeing payment for the products as entities stop paying their bills throughout the supply chain.

O'Hara further stated that pricing has fallen about 30% in the past two weeks.

He noted that he appreciated hearing the OMRs pivoting their marketing efforts to a more digital focus.

With regards to mackerel, O'Hara noted that the species is in a similar situation to flatfish. He further explained that 99% of the product goes to Japan with around 50% being consumed at restaurants. Prices are down significantly for mackerel and it was noted that suppliers are keeping inventory in cold storage awaiting the reopening of restaurants.

Yeasting shared that Pacific Ocean perch (POP) is in a similar situation to flatfish and Atka mackerel. She shared that the product generally goes to the Chinese consumer market to banquets and restaurants, which remain in an uncertain situation due to the virus. O'Hara noted that they are most optimistic about POP with regard to pricing and overall stability.

McGinley mentioned the new MSC certification for POP and encouraged European OMRs to make note of that. O'Hara reiterated the statement and noted how critical it is to sell into the European markets.

It was determined that, in the interest of time, other species not discussed specifically are in a similar situation with regard to the uncertainty and chaos that has been caused by COVID-19.

Yeasting thanked all members of the committee and OMRs for their participation. Lindoff noted the poll for the future meeting date. It was determined that the poll will be emailed out to committee members.

Pugh moved to adjourn. Young seconded. Meeting adjourned at 10:25 AM.