

State of Alaska FY2005 Governor's Operating Budget

Department of Community & Economic Development Alaska Seafood Marketing Institute RDU/Component Budget Summary

Contents

RDU/Component: Alaska Seafood Marketing Institute	3
<i>End Results</i>	3
<i>Strategies to Achieve Results</i>	3
Component Financial Summary.....	7
Summary of Component Budget Changes.....	8
Personal Services Information.....	9

RDU/Component: Alaska Seafood Marketing Institute

(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

Contribution to Department's Mission

The mission of the Alaska Seafood Marketing Institute (ASMI) is to:

- Increase Domestic & International awareness of Alaska Seafood and
- Promote the quality and positive attributes of Alaska Seafood.

Core Services

Core Services:

- Retail Promotions
- Food Service Promotions
- Seafood Quality Technical Support
- Public Relation & Communications

End Results	Strategies to Achieve Results
<p>(1) Increase Awareness of positive attributes of, and stimulate demand for, Alaska Seafood</p> <p><u>Target:</u> 10% increase in awareness of positive attributes of Alaska Seafood <u>Measure:</u> Media coverage, surveys and customer feedback</p> <p><u>Target:</u> 5% increase in promotional effort for Alaska Seafood <u>Measure:</u> Retail, foodservice, and public relations promotional effort (partnerships, store outlets, publications).</p>	<p>(1) Conduct retail and foodservice promotions, public relations activity, and technical education on the quality and positive attributes of Alaska Seafood</p> <p><u>Target:</u> 2% increase in number of retail and foodservice outlets offering Alaska Seafood <u>Measure:</u> Promotional partnerships, store days increased over last year</p> <p><u>Target:</u> 5% increase in positive articles about Alaska Seafood in trade and consumer publications over last year <u>Measure:</u> Increase in numbers of articles over last year</p> <p><u>Target:</u> Maintain number of educational presentations at relevant conferences, quality workshops and seminars <u>Measure:</u> Number of requests for workshops, presentations and technical materials, compared to last year</p>

Major Activities to Advance Strategies

- Use customized promotion methods to build on strong brand name equity and increase demand for Alaska Seafood products
- Work with broad line foodservice distributors to maximize Alaska seafood penetration in the segments that offer best sales and promotional opportunities (e.g.colleges & universities, catering, non-commercial)
- Aid all parts of the Alaska Seafood industry, including large and small processors, regional marketers and

Major Activities to Advance Strategies

- marketplace
- Use customized promotion methods with grocery retailers and foodservice operators to differentiate Alaska Seafood from farmed products
- Work directly with restaurant chains to increase number of restaurants that feature Alaska Seafood on their menu; build a customer base in other
- harvesters selling direct in their promotional and quality efforts

FY2005 Resources Allocated to Achieve Results

FY2005 Component Budget: \$11,089,500	Personnel:	
	Full time	18
	Part time	0
	Total	18

Performance Measure Detail

(1) Result: Increase Awareness of positive attributes of, and stimulate demand for, Alaska Seafood

Target: 10% increase in awareness of positive attributes of Alaska Seafood
Measure: Media coverage, surveys and customer feedback

Analysis of results and challenges: This is a new measure and will be calculated starting in FY04.

Target: 5% increase in promotional effort for Alaska Seafood
Measure: Retail, foodservice, and public relations promotional effort (partnerships, store outlets, publications).

Analysis of results and challenges: This is a new measure and will be calculated starting in FY04.

(1) Strategy: Conduct retail and foodservice promotions, public relations activity, and technical education on the quality and positive attributes of Alaska Seafood

Target: 2% increase in number of retail and foodservice outlets offering Alaska Seafood
Measure: Promotional partnerships, store days increased over last year

Analysis of results and challenges: This is a new measure and will be calculated starting in FY04.

Target: 5% increase in positive articles about Alaska Seafood in trade and consumer publications over last year
Measure: Increase in numbers of articles over last year

Analysis of results and challenges: This is a new measure and will be calculated starting in FY04.

Target: Maintain number of educational presentations at relevant conferences, quality workshops and seminars
Measure: Number of requests for workshops, presentations and technical materials, compared to last year

Analysis of results and challenges: This is a new measure and will be calculated starting in FY04.

Key Component Challenges

The global market glut of farmed salmon has reduced salmon to a commodity which results in significant, and continuing, downward pressure on price paid to fishers and processors.

Farmed halibut, cod and tilapia are beginning to affect prices in the whitefish and surimi markets much as farmed salmon did a decade ago.

Product form and quality, primarily for Alaska salmon, are not in line with market trends and consumer demands (e.g. skinless, boneless filets of consistent quality).

Limited marketing funds and declining budgets reduce ASMI's ability to impact the market place in the face of stiff, well funded competition.

Inflammatory messages in the media about possible contaminants in seafood affect all seafood's image in the consumer's mind and make further protein market penetration by the seafood industry more difficult.

Significant Changes in Results to be Delivered in FY2005

No significant changes.

Major Component Accomplishments in 2003

Rapid consolidation of the food business is taking place around the world, and this development has increased the value of ASMI's access to corporate offices. This access has been successfully leveraged to increase the number of corporate partnerships, accomplishing increased use and awareness of the Alaska Seafood brand and companion brands (Alaska Salmon, Alaska Crab, Alaska Halibut, Alaska Pollock, Alaska Cod). The reach and impact of the brand have expanded, although the total number of business entities operating in the food sector has contracted.

The relationships developed by ASMI with the nation's top food business corporations (grocery retailers, restaurant operators and foodservice distributors) have built brand equity for Alaska Seafood: it has been made the third most popular food brand on menus of the top 500 U.S. restaurant chains, and despite consolidation in the retail grocery sector ASMI cultivated new corporate partnerships increasing the number of stores involved in promotions by 20%. Growth in the number of partnerships in US and overseas markets has led to more people than ever before being exposed to the brand and key messages about what it stands for; they understand value, quality, sustainability, and healthfulness of wild-caught Alaska salmon and other seafood species. These key messages are communicated throughout the supply chain to large scale foodservice distributors, grocery store chains, chefs and restaurant operators, and to their respective customers, building demand for Alaska Seafood.

ASMI had a total of 171 NEW promotional partners established in FY03- 142 in the Export market program and 29 in the Domestic programs. The 171 new partners further comprise of thousands of accounts/stores.

A total of 45.4 millions pounds of Alaska Seafood were sold through all the promotions done by ASMI. This does not include the poundage sold as follow up by Alaskan seafood suppliers and foodservice broadline distributors like SYSCO etc as these numbers are considered proprietary and not available to the public. Canned salmon sales numbers are not included in the number above as the final numbers are to be announced later.

Statutory and Regulatory Authority

AS 16.51.010-180	Alaska Seafood Marketing Institute
AS 43.76.110-130	Salmon Marketing Tax
15 AAC 116.600-700	Seafood Marketing Assessment on Processors

Contact Information

Contact: Earnest R. Riutta, Executive Director

Phone: (907) 465-5560

Fax: (907) 465-5572

E-mail: ray_riutta@dced.state.ak.us

**Alaska Seafood Marketing Institute
Component Financial Summary**

All dollars shown in thousands

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,285.0	1,287.9	1,325.2
72000 Travel	299.3	418.0	418.0
73000 Contractual	5,886.6	9,119.2	9,157.8
74000 Supplies	115.6	180.0	180.0
75000 Equipment	16.8	8.5	8.5
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	7,603.3	11,013.6	11,089.5
Funding Sources:			
1002 Federal Receipts	3,025.9	5,500.0	5,500.0
1156 Receipt Supported Services	4,577.4	5,513.6	5,589.5
Funding Totals	7,603.3	11,013.6	11,089.5

Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Unrestricted Revenues				
Receipt Supported Services	51073	148.9	0.0	0.0
Unrestricted Total		148.9	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	3,025.9	5,500.0	5,500.0
Receipt Supported Services	51073	4,577.4	5,513.6	5,589.5
Restricted Total		7,603.3	11,013.6	11,089.5
Total Estimated Revenues		7,752.2	11,013.6	11,089.5

**Summary of Component Budget Changes
From FY2004 Authorized to FY2005 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2004 Authorized	0.0	5,500.0	5,513.6	11,013.6
Adjustments which will continue current level of service:				
-Changes to Retirement and Other Personal Services Rates	0.0	0.0	37.3	37.3
Proposed budget increases:				
-Increase for Administrative Support Provided by DCED's Division of Administrative Services	0.0	0.0	30.6	30.6
-Increase for Management Support Provided by DCED's Commissioner's Office	0.0	0.0	8.0	8.0
FY2005 Governor	0.0	5,500.0	5,589.5	11,089.5

Alaska Seafood Marketing Institute Personal Services Information				
Authorized Positions			Personal Services Costs	
	FY2004 Authorized	FY2005 Governor		
Full-time	18	18	Annual Salaries	989,124
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	381,688
			<i>Less 3.33% Vacancy Factor</i>	(45,612)
			Lump Sum Premium Pay	0
Totals	18	18	Total Personal Services	1,325,200

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Technician	0	0	2	0	2
Admin Support Technician	0	0	1	1	2
Administrative Assistant I	0	0	1	0	1
Administrative Officer	0	0	1	0	1
Asst Marketing Director	0	0	0	1	1
Communications Coordinator	0	0	1	0	1
Executive Director	0	0	1	0	1
Export Program Director	0	0	0	1	1
Foodservice Director	0	0	0	1	1
Marketing Assistant	0	0	0	1	1
Marketing Specialist	0	0	0	2	2
Project Assistant	0	0	1	0	1
Quality Assurance Coordinator	0	0	1	0	1
Retail Program Director	0	0	0	1	1
Sr Marketing Spec/Res Analyst	0	0	0	1	1
Totals	0	0	9	9	18