

State of Alaska FY2002 Governor's Operating Budget

Department of Community & Economic Development
Alaska Seafood Marketing Institute
Component

Component: Alaska Seafood Marketing Institute

Contact: Barbara J. Belknap, Executive Director

Tel: (907) 465-5560 **Fax:** (907) 465-5572 **E-mail:** Barbara_Belknap@dced.state.ak.us

Component Mission

To increase the consumption of Alaska seafood and to promote the quality and superiority of Alaska seafood products.

Component Services Provided

ASMI has six programs: Export Marketing, Domestic Retail Marketing, Domestic Foodservice Marketing, Quality Information and Education and Public Relations. A new program, Salmon Marketing Director has been established as of September 2000 (FY 01) with the influx of the EDA Grant.

- 1) Export Marketing -- marketing Alaska seafood products in Asia, the European Union and Australia through a full spectrum of public relations, trade and consumer advertising, market research and trade promotion events. This component is financed by federal funds with a Receipt Supported Services (RSS) match and a 50% in-kind match from third party entities.
- 2) Domestic Retail Marketing -- marketing of all species of Alaska seafood in US markets through public relations, print advertising and electronic media, trade advertising and direct sales calls to retail chains by ASMI staff and three contract regional marketing representatives.
- 3) Domestic Foodservice Marketing -- increasing the consumption of Alaska seafood products through development of marketing opportunities in the foodservices sector including restaurant chains, hotel industry, institutional settings, culinary schools, and other commercial settings.
- 4) Quality Information and Education--improving the quality of Alaska seafood is one of the most important marketing components and ASMI works with fishermen, processors, brokers and traders, retail seafood handlers and chefs to ensure that quality products from Alaska are top of mind for the consumer.
- 5) Public Relations -- improving industry and trade relations to support the domestic marketing services by consolidating printed and electronic communications and providing public relations and awareness to increase visibility and consumption of Alaska seafood products.
- 6) Salmon Marketing Director -- responsible for developing and coordinating on Alaska salmon marketing plan that will lead to increased sales volume and product value for the Alaska salmon industry in the U S market.

Component Goals and Strategies

To develop and initiate an Alaska Salmon Strategic Initiative.

- Develop positioning statement and consumer promise (s) for Alaska Salmon.
- Build brand value vs. price value
- Develop Alaska Salmon brand awareness and build customer loyalty.

To further integrate domestic and export marketing programs to maximize effectiveness of global branding for Alaska seafood products.

To increase consumer awareness of and a preference for Alaska seafood.

- Develop distribution and identity programs for Alaska seafood products at the wholesaler/distributor, retail, high volume foodservice operations, and consumer levels.

- Gain multiple ad features for three Alaska seafood products during key promotion periods in major retail markets.
- Achieve promotions with 10 or more commercial restaurant chains: casual, family and steak house themed restaurants.
- Obtain promotions with 15 or more top broad line distributors and their customers.
- Achieve promotions with 2-3 top contract management companies.
- Use ASMI identity seal/logo to develop an identity for Alaska seafood products at point-of-purchase.
- Attend and have show booth presence at as many worldwide trade shows as funding will allow.

To improve and maintain quality awareness throughout the harvesting, processing, and transportation links.

- Coordinate and sponsor seafood-processing industry Hazardous Analysis Critical Control Point (HACCP) training to better ensure Alaska seafood's domestic and international competitiveness.
- Distribute seafood shippers and cold storage technical educational materials aimed at better ensuring Alaska seafood quality is maintained during distribution.
- Expand training efforts among commercial fishermen and seafood processors on recommended handling practices and sanitation information.
- Promote new marketing aids for retail and foodservice through training programs that certify food handlers in safe food practices.
- Train wholesale seafood companies in proper handling procedures to reduce/eliminate poor quality product from getting to markets.
- Conduct research on quality and quality changes in frozen Alaska salmon to provide information and assurance to buyers resistant to frozen salmon.

To collect, organize, distribute, and make available to the public information on prices paid and market conditions for salmon and salmon products.

To cooperate with commercial fishermen and others in the industry to investigate market reception of new salmon product forms and to develop future markets for Alaska salmon.

Key Component Issues for FY2001 – 2002

The seafood industry is the largest private employer in Alaska, providing one sixth of all the employment (35,000 full-time and 70,000 seasonal). The industry is losing markets due to increasing competition from foreign and domestic seafood producers, primarily farmed salmon. The farm competition now represents nearly 53% of all salmon production worldwide, which has negatively impacted consumption of Alaskan products in US and foreign markets.

ASMI's main issue and focus for FY01/FY02 will be to rejuvenate all of its marketing strategies based on sound market research: by utilizing a grant from the USDC Economic Development Administration to incorporate a new strategic marketing plan into all programs, which will assist the Alaska salmon industry in combating the impacts of imported farmed salmon in the United States markets; and to incorporate research results from ASMI's foreign markets into all overseas marketing programs

Major Component Accomplishments for FY2000

US MARKETS

Retail:

- 13,000,000 lbs Alaska seafood Summer '99 "Grill & Chill" promotion in 5,000 stores.
- 4,000,000 lbs Alaska seafood sold 'spring 00 "Packet Cooking" joint promotion/ Reynolds Metals in 4,591 stores. Recipe release in 80 publications.
- U.S. Category Volume equivalent cases of canned salmon sold
 - 837,463 during Fall '99 "Canned Solution" promotion in 4,529 stores
 - 788,083 during spring' 00 "Canned Solution" promotion in 1,963 stores
- New Retailers participating with ASMI -
- W. Lee Flowers (IGA), Scranton SC- (125 stores Georgia, North and South Carolina)

- Merchants Distributor, Inc., Hickory, NC- (900 stores East Coast)
- Food City/ Mid-Mountain Foods, Abingdon, VA- (88 stores).

Total New Promotional partners: 1,113 stores

- New Distribution-Super K-Mart (N. California)- 10 stores
- Sam's Wholesale Club (Bentonville, AR)- 482 stores
- Costco Companies (Issaquah, WA)- 290 stores
- Wal-Mart :(Bentonville, AR) - 442 stores
- BJ's Wholesale Club (Natick, MA) -87 stores
- Longs Drug Stores (Walnut Creek) -350 stores.

Total New Distribution: 1,661 stores

New Account:

- Piggly Wiggly, Charlotte- 107 stores. One of the largest chains in the Carolinas
- Promotional partnership with SCHWAN's has generated displaying the ASMI logo 52 weeks of Alaska branding/consumer visibility. ASMI now also has an Alaska page in their catalog, published 5 times a year.

Foodservice:

- Ryan's Family Steak House, (312 unit chain in Greer, S.C.) usage of Alaska salmon is estimated at 2.5 million pounds-an increase of 10% from the previous year.
- Marriott Hotels salmon promotion. 200 properties (50 NEW accounts U S/Canada). Preliminary results over 150,000 lbs of Alaska salmon sold.
- Denny's Restaurants featured an Alaska Salmon promotion. Denny's sells close to 1,000,000 lbs of Alaska salmon per year.
- Alliant-Raleigh: October Seafood/promotion 24,000 lbs of Alaskan seafood sold.
- Sysco-Minnesota: Lent Promotion 150,000 lbs of Alaska seafood products sold.
- Sysco-Miami: Cruise 2000 promotion over 120,000 lbs of Alaska Seafood sold.
- Wyndham Hotels: Promotion July/September 108 properties.100, 000 lbs sold.
- Chef's Collaborative: September 22-24th. ASMI sponsored conference for 400 executive chefs from all over the country regarding sustainable fisheries and the Marine Stewardship council (MSC) certification.
- MEG Conference: ASMI sponsored the Marketing Executives Group. 250 Marketing Directors from top U S restaurants in the country.
- National Association of Catering Executives (NACE): ASMI sponsor of NACE convention.400 members of catering executives' hotels & non-commercial business.

Foodservices NEW Accounts:

- Marie Callender's, 155 units. Halibut promotion. Estimates 85,000 lbs of halibut sold.
- Pappas Restaurants, 52 unit chain (Houston) Alaskan halibut summer /Fall promotion. Estimated volume of 45,000 lbs of Alaska Halibut to be sold.
 - Mallard's in California. Serving 540 lunch/dinners per day.
- Fran's Healthy Helpings CA. Manufacturer healthy frozen meals in large food chains. Raise awareness of Alaska Seafood among over 10 million households.
 - Sysco-Utah: Alaskan Cruise promotion. 27,000 lbs of seafood being sold.
 - Sysco-Chicago: Lent promotion. 55,000 lbs of Alaskan seafood being sold. .
- Sysco.Largest foodservice marketing/distribution company in North America.Products and services to 356,000 customers. Sales of over \$19 billion.

FOREIGN MARKETS

- Retail program in Japan achieved 128,582 store days/ 9,371 retail outlets- 6,807 metric tons of Alaska seafood products. Value over \$120,000,000.
- Export/Foodservice: 300 chefs attended seminars in Osaka/Fukuoka. 5,254 Alaska seafood meals were sold generating sales worth \$250,190 at the "Alaska Seafood Menu Fair".

- Lawson's 25th Anniversary, second largest convenience chain store in Japan. Alaska Sockeye salmon exclusively in their Bento (lunch) box April 2000 promotion. ASMI invested \$32,000 in this promotion. Total sales generated-\$15.9 million.
- Direct retail merchandising activities-European Union resulted sales of 269.5 metric tons of Alaska Seafood products at \$3.2 million. Expansion of foodservice account activity resulted in 479 Metric tons at \$2.9 million.
 - France, a TV program featuring Alaska Seafood was watched by 7 million viewers.
 - UK, 22 million consumers reached through Alaska Seafood Information Service activities. Over \$ 178,000 generated in free media coverage.
 - Spain, Export PR activities in 3 TV shows, 5 radio programs and 1HRI magazine.
 - UK, 12 new consumer recipes released to 750 publications.
- Retail promotion activities China. Over 41.2 MT sold valued at over \$200,000 in sales Foodservice promotion activities. Over 4,798 metric tons sold at over \$94,000 in sales.
 - Over 640 new trade leads were gathered over various promotional shows.
- Retail/Foodservice activities in Taiwan. 908 kgs of product sold. Valued at \$20,000.
 - Over 190 Trade leads were gathered in the Taipei International Food Show.

Statutory and Regulatory Authority

AS 16.51.010-180
AS 43.76.110-130
15 AAC 116.600-700

Key Performance Measures for FY2002

Measure: Increase volume of product sold through ASMI promotions in FY02 by 10% in the United States.
(Not yet addressed by Legislature.)

Current Status:

ASMI is maximizing value of relationships with existing promotional partners, developing new retail and foodservice partnerships in areas of value-added products and increasing demand for Alaska seafood product usage via Alaska Seafood brand oriented marketing Programs.

Benchmark:

ASMI will use its own FY01 volume of pounds sold figures as a baseline for FY02.

Background and Strategies:

Background:

- A \$5 million grant to ASMI to assist the Alaska salmon industry against the impact of imported farmed salmon has been incorporated into ASMI's next three fiscal years' budgets.
- ASMI has increased the amount of funds for domestic marketing programs through the grant. The board has approved carrying forward a substantial amount of funds to serve as the match for the federal grant and to even out the potential shortfall expected due to loss of fish revenue.

Strategies: A three-year Strategic Marketing Plan (starting FY 01) has been implemented to create a dynamic market-driven environment that will expand the global consumption of Alaska seafood products by fostering growth opportunities within the food industry through collaborative marketing and quality assurance efforts.

- All species of seafood will benefit from the enhanced salmon marketing effort funded by the federal grant.

Measure: The increase in the development of new markets.
(Added by Legislature in FY2001 version.)

Current Status:

ASMI is developing new retail and foodservice partnerships in areas of value-added products with non-commercial accounts and corporate divisions and increasing demand for Alaska seafood product usage via Alaska Seafood brand oriented marketing Programs.

Benchmark:

ASMI will use its own FY01 volume of pounds sold figures as a baseline for FY02.

Background and Strategies:

Background:

- A \$5 million grant to ASMI to assist the Alaska salmon industry against the impact of imported farmed salmon has been incorporated into ASMI's next three fiscal years' budgets.
- ASMI has increased the amount of funds for domestic marketing programs through the grant. The board has approved carrying forward a substantial amount of funds to serve as the match for the federal grant and to even out the potential shortfall expected due to loss of fish revenue.

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- All species of seafood will benefit from the enhanced salmon marketing effort funded by the federal grant.

Measure: The increase in pounds of seafood sold.

(Added by Legislature in FY2001 version.)

Current Status:

In FY00 21,000,000 lbs of Alaskan Seafood and over 1,600,000 U.S. Category Volume equivalent cases of canned salmon sold in ASMI sponsored Retail promotions. Over 4,000,000 lbs of Alaskan Seafood sold during ASMI Foodservice sponsored promotions.

Benchmark:

ASMI will use its own FY01 volume of pounds sold figures as a baseline for FY02.

Background and Strategies:

Background:

- A \$5 million grant to ASMI to assist the Alaska salmon industry against the impact of imported farmed salmon has been incorporated into ASMI's next three fiscal years' budgets.
- ASMI has increased the amount of funds for domestic marketing programs through the grant. The board has approved carrying forward a substantial amount of funds to serve as the match for the federal grant and to even out the potential shortfall expected due to loss of fish revenue.

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Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Increase volume of product sold through ASMI promotions in FY01 by 10% in the United States market.		X			
• The increase in the development of new markets.		X			
• The increase in pounds of seafood sold.		X			

Alaska Seafood Marketing Institute
Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,118.4	1,209.7	1,209.9
72000 Travel	502.0	418.0	418.0
73000 Contractual	7,318.3	8,732.1	8,713.9
74000 Supplies	185.4	180.0	180.0
75000 Equipment	68.5	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	9,192.6	10,548.3	10,530.3
Funding Sources:			
1002 Federal Receipts	2,138.2	3,500.0	3,500.0
1005 General Fund/Program Receipts	6,982.7	0.0	0.0
1007 Inter-Agency Receipts	71.7	0.0	0.0
1053 Investment Loss Trust Fund	0.0	30.5	0.0
1156 Receipt Supported Services	0.0	7,017.8	7,030.3
Funding Totals	9,192.6	10,548.3	10,530.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
Interagency Receipts	51015	71.7	0.0	0.0	0.0	0.0
General Fund Program Receipts	51060	443.4	0.0	0.0	0.0	0.0
Unrestricted Total		515.1	0.0	0.0	0.0	0.0
Restricted Revenues						
Federal Receipts	51010	2,138.2	3,500.0	3,500.0	3,500.0	3,500.0
General Fund Program Receipts	51060	6,982.7	0.0	0.0	0.0	0.0
Receipt Supported Services	51073	0.0	7,017.8	7,017.8	7,030.3	7,030.3
Investment Loss Trust Fund	51393	0.0	30.5	30.5	0.0	0.0
Restricted Total		9,120.9	10,548.3	10,548.3	10,530.3	10,530.3
Total Estimated Revenues		9,636.0	10,548.3	10,548.3	10,530.3	10,530.3

Alaska Seafood Marketing Institute
Proposed Changes in Levels of Service for FY2002

None.

Summary of Component Budget Changes
From FY2001 Authorized to FY2002 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	30.5	3,500.0	7,017.8	10,548.3
Adjustments which get you to start of year:				
-Update Executive Administration and Support Cost Allocation Plan	0.0	0.0	-29.1	-29.1
Adjustments which will continue current level of service:				
-Convert Special FY2001 Labor Cost Fund Sources to Rcpt Svcs	-30.5	0.0	30.5	0.0
-Year 2 Labor Costs - Net Change from Fy 2001	0.0	0.0	11.1	11.1
FY2002 Governor	0.0	3,500.0	7,030.3	10,530.3

Alaska Seafood Marketing Institute

Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	18	18	Annual Salaries	924,234
Part-time	0	0	COLA	21,754
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	299,055
			<i>Less 2.82% Vacancy Factor</i>	(35,143)
			Lump Sum Premium Pay	0
Totals	18	18	Total Personal Services	1,209,900

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Technician	0	0	3	0	3
Admin Support Technician	0	0	1	1	2
Administrative Officer	0	0	1	0	1
Asst Marketing Director	0	0	0	1	1
Asst Marketing Specialist	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	1	1
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