Seafood Consumer of the Future

Technomic®

Alaska Seafood®

Wild, Natural & Sustainable®

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

Deep dive into secondary sources to assess landscape and opportunity of future seafood consumer marketplace

PHASE ONE: SECONDARY REVIEW

Assess Alaska Seafood fit within the market to develop target consumer personas, and actionable brand strategy - anticipating strengths and challenges for the brand

PHASE TWO: PRIMARY RESEARCH

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**

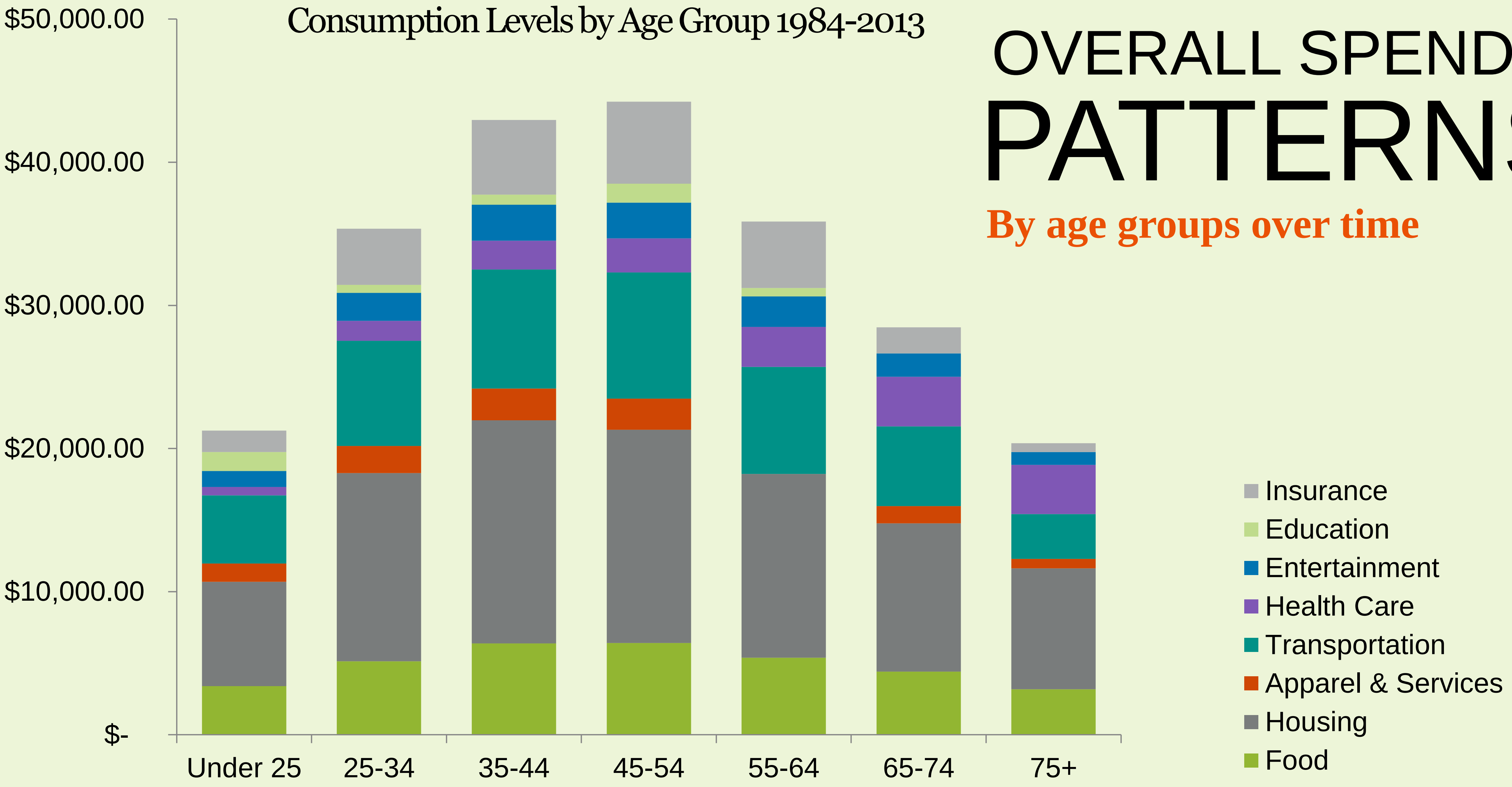
- **Mintel**
- **Nielsen**
- **Food Marketing Institute**
- **U.S. National Library of Medicine**
- **Pew Research Institute**
- **Among Others…**

The best predictor of future behavior is…

past behavior

OVERALL SPEND PATTERNS

By age groups over time

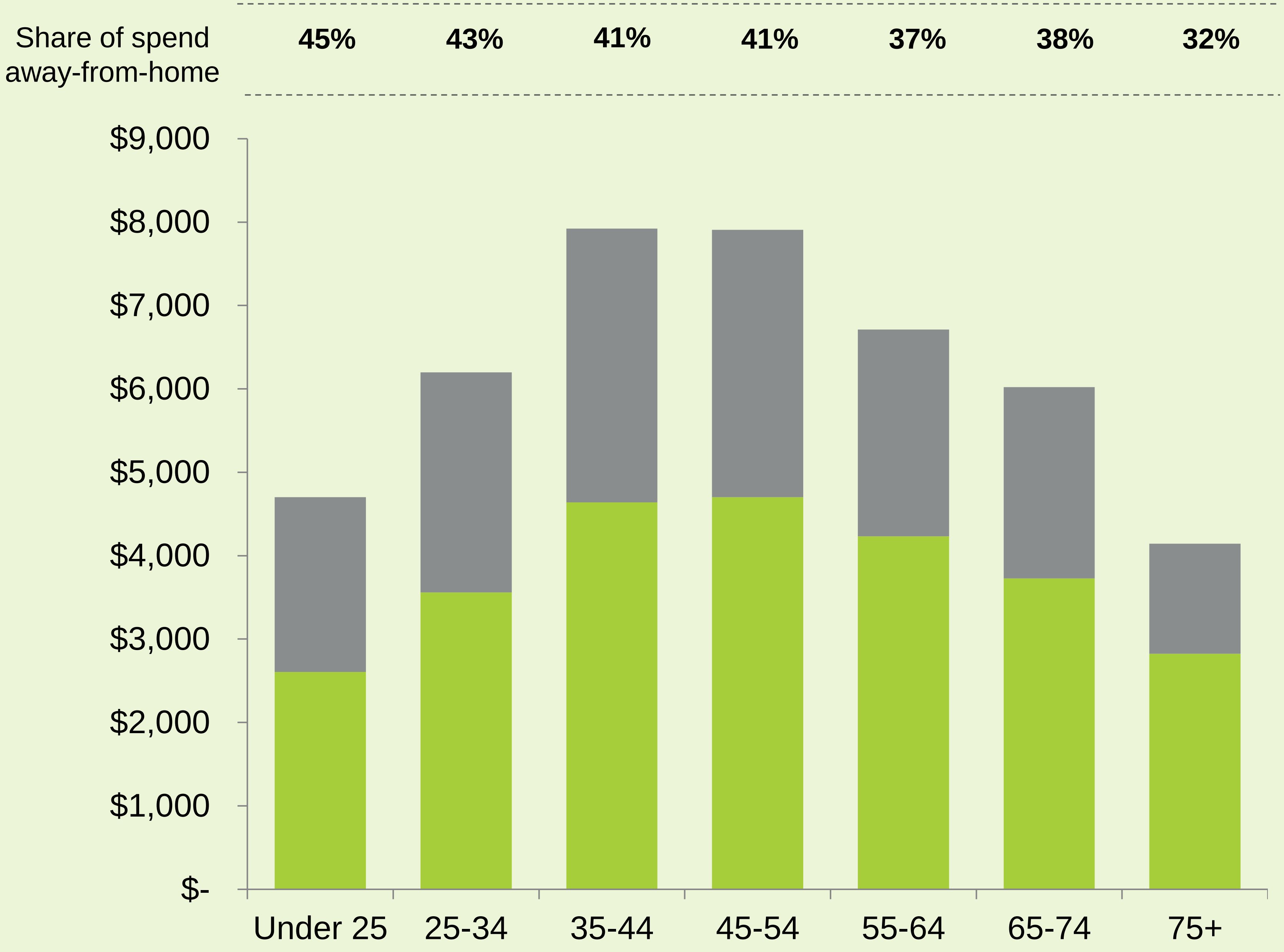


Source: Morgan Stanley (2016) “Generations Change How Spending is Trending”

AGE GROUP FOOD SPEND

At-home and away-from-home

Mean **Food Expenditures** by Age, 2013



Food away-from-home

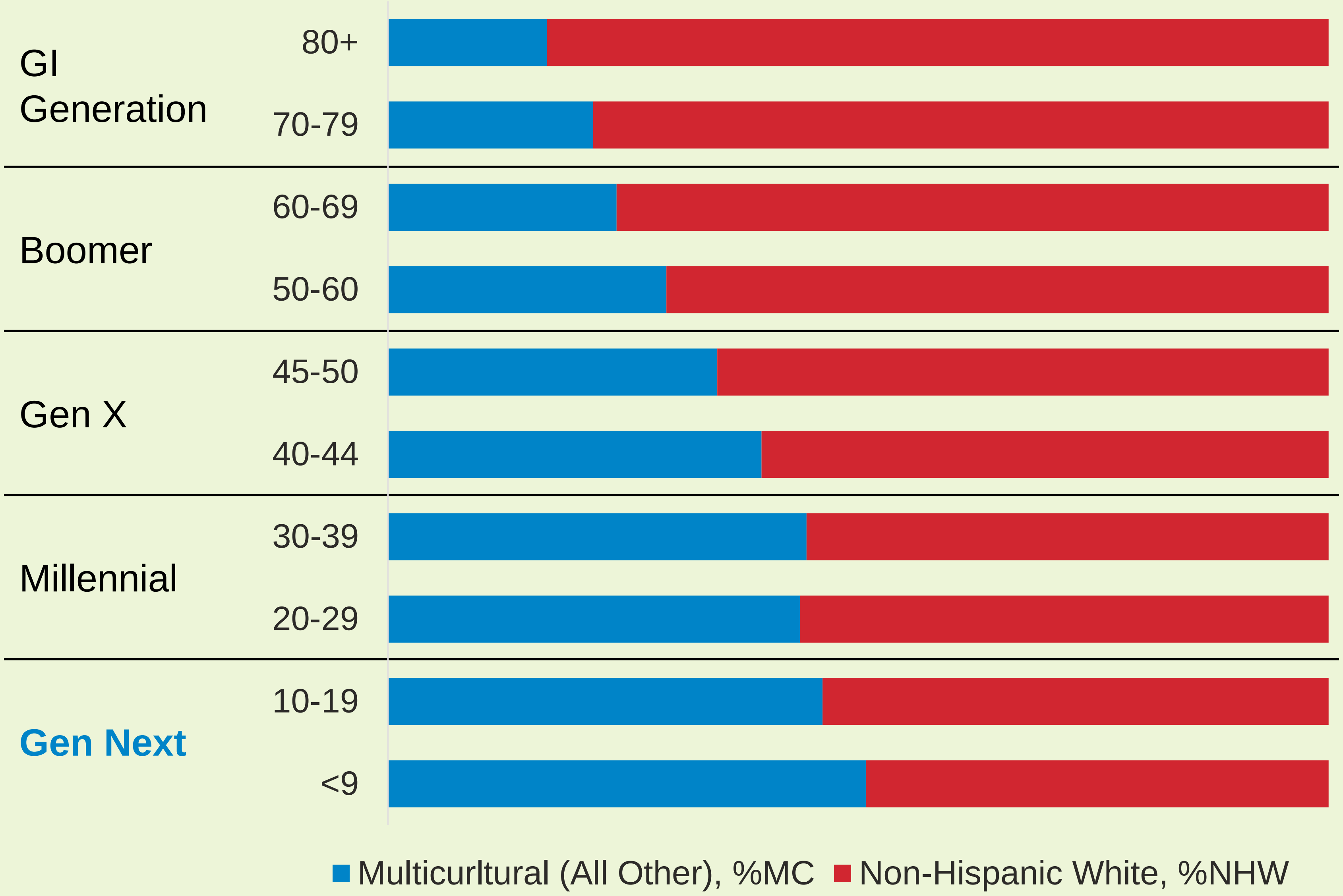
Food at-home

Source: bureau of Labor Statistics (2105) "Consumer expenditures by age"

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



FUTURE CONSUMERS WILL BE MORE DIVERSE

Source: Nielsen (2015), "The Multicultural Edge: Rising Super Consumer". Original data sourced from Nielsen Pop-Facts 2014 aggregate of singe year age by race by ethnicity (ASRE) with collapse Race/Ethnicity into "core" diversity cohorts.

U.S. Ethnic Group Population Projections

By 2060…
NH White population share shrinks by
20%

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

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

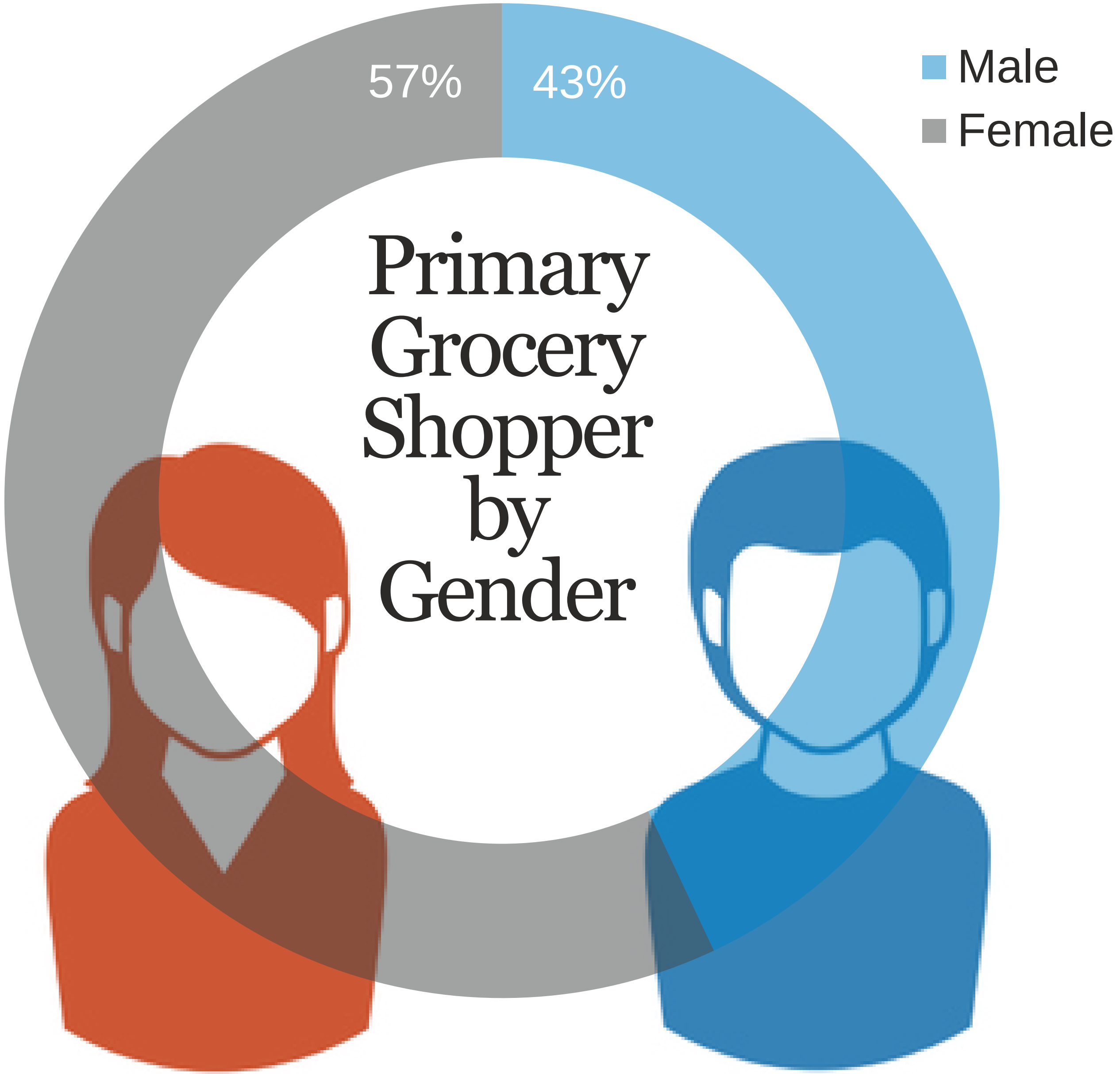
In addition to demographic shifts, changes in taste, technology and the American household will shape the future of seafood consumption

- DIGITAL EVERYWHERE
- WOMEN BREAKING THROUGH GLASS CEILING
- CONSUMER DEMAND FOR HEALTHY
- CONSUMER PREFERENCES FOR SUSTAINABLE
- HIGHER EDUCATION & HIGHER DEBT
- CHANNEL AGNOSTIC SHOPPING

who

…is shopping

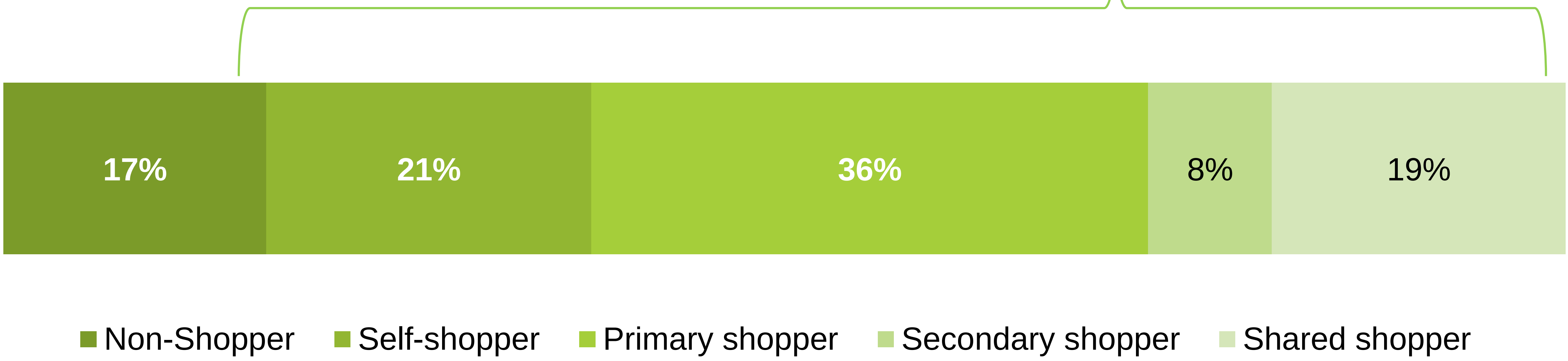
THE SHOPPER GENDER DIFFERENTIAL WILL CONTINUE TO DECREASE



Source: FMI (2015) "U.S. Grocery Shopper Trends, 2015

GROCERY SHOPPER ROLE SEGMENTATION

83% OF CONSUMERS ARE RESPONSIBLE FOR HOUSEHOLD GROCERY SHOPPING

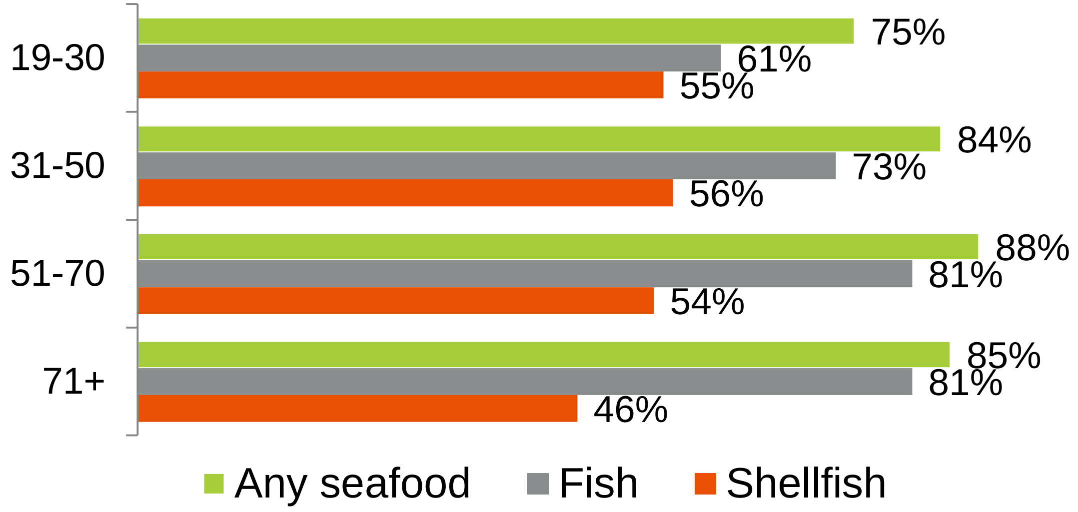


Grocery Shopping Roles Among Adults in U.S.

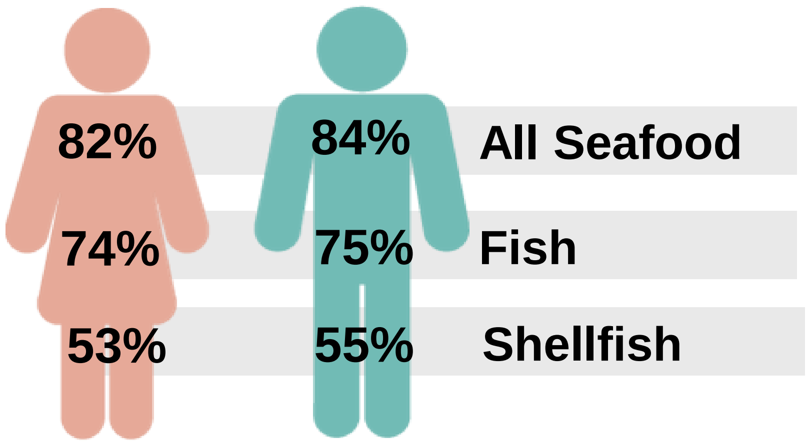
Source: FMI (2015) "U.S. Grocery Shopper Trends, 2015

MONTHLY+ SEAFOOD CONSUMER DEMOGRAPHICS

Age group



Gender



Education

	All	Fish	Shellfish
Post Secondary	87%	80%	60%
HS or equivalent	82%	71%	50%
<High school	78%	66%	49%

Ethnicity

	All	Fish	Shellfish
Caucasian (non-Hispanic)	83%	74%	53%
Mexican American	83%	70%	60%
Non-Hispanic Black	85%	78%	51%

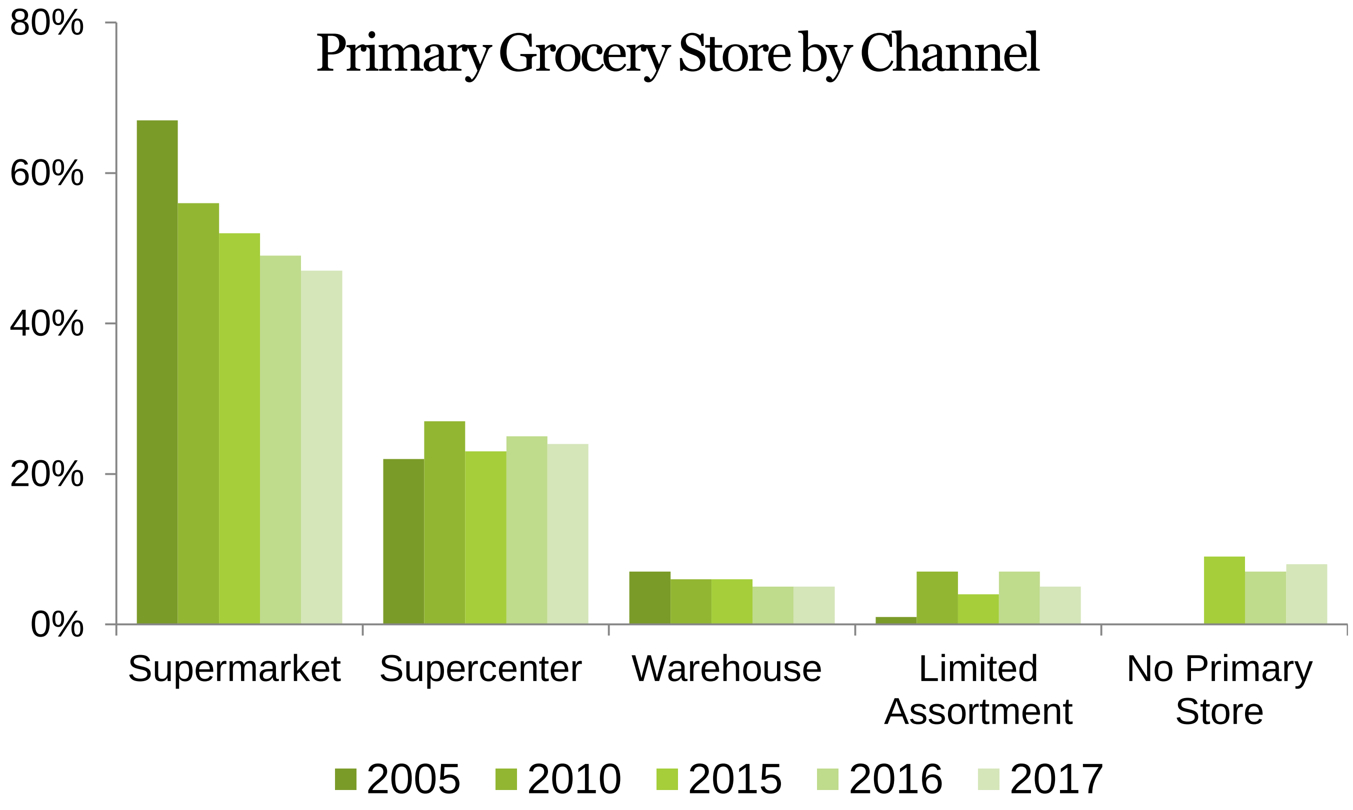
Source: US National Library of Medicine

how

…are they shopping

GROCERY CHANNEL SOURCING FRAGMENTATION

grocery shopping is increasingly a multi-channel experience



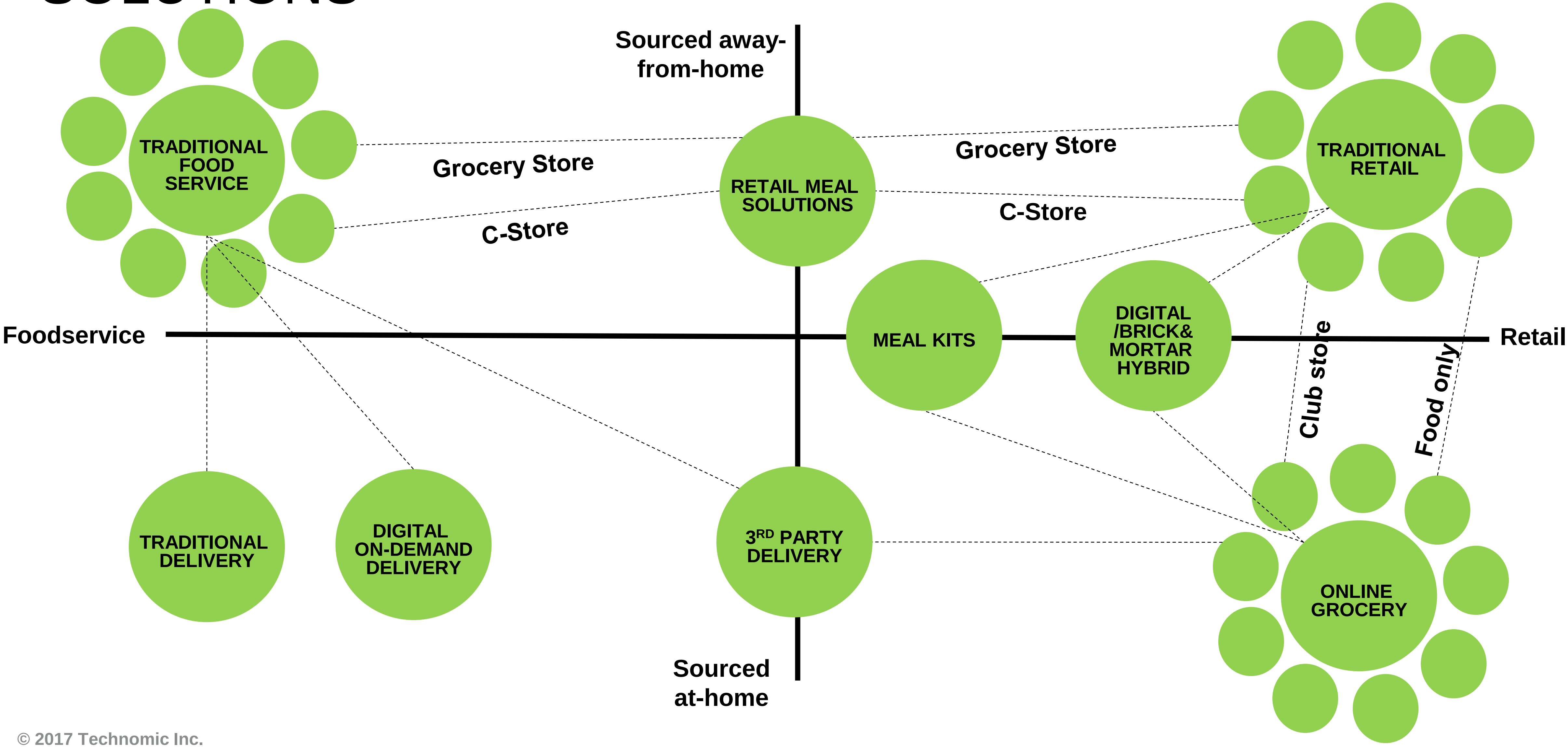
Grocery Category Segment Usage (%)

Fairly Often/Almost Always visit	2016	2017
Supermarket	85	83
Supercenter	54	53
Discount Store	29	31
Limited Assortment	21	25
Dollar Store	20	22
Drug Store	18	18
Natural + Organic	13	17
Convenience Store	8	11
Ethnic Food Store	7	11
Online-only Food Store	5	11

Source: FMI (2017) "U.S. Grocery Shopper Trends, 2017

IN THE UNIVERSE OF MEAL SOURCING OPTIONS

NEW FORMATS BRIDGE FOODSERVICE AND RETAIL SOLUTIONS



THE EMERGENCE OF DIGITAL/BRICK & MORTAR HYBRID FORMATS REFLECT GROCERY SHOPPING IN TRANSITION

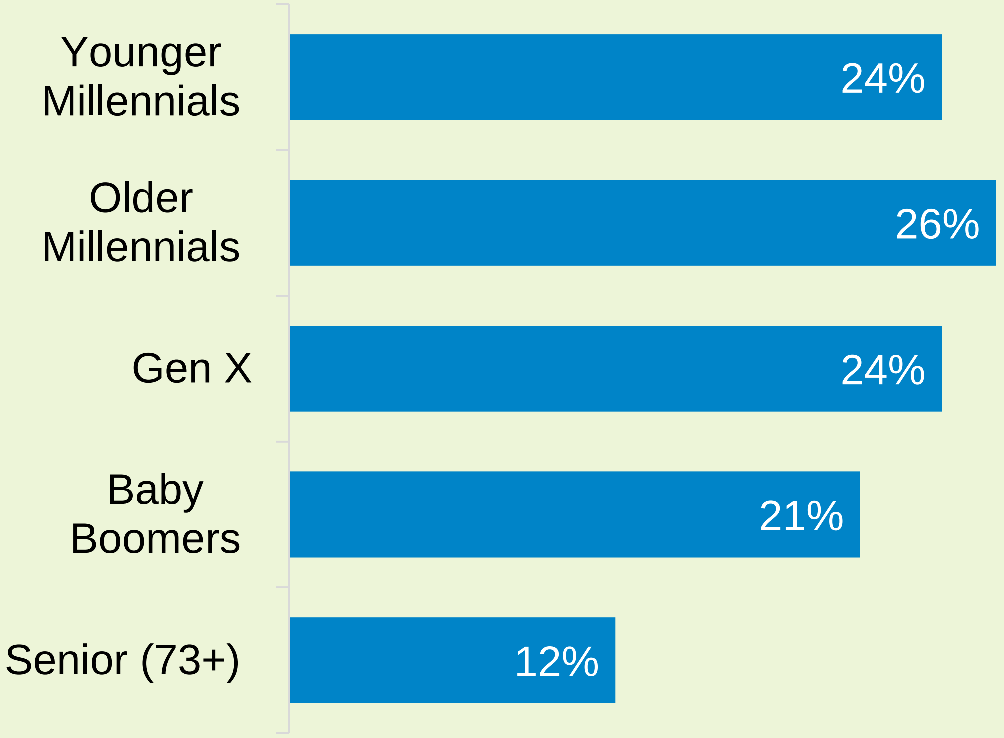
ClickList
Order your groceries online.
Kroger

amazon go

Walmart
Pickup

DIGITAL GROCERY USAGE AT **23%** IN 2017

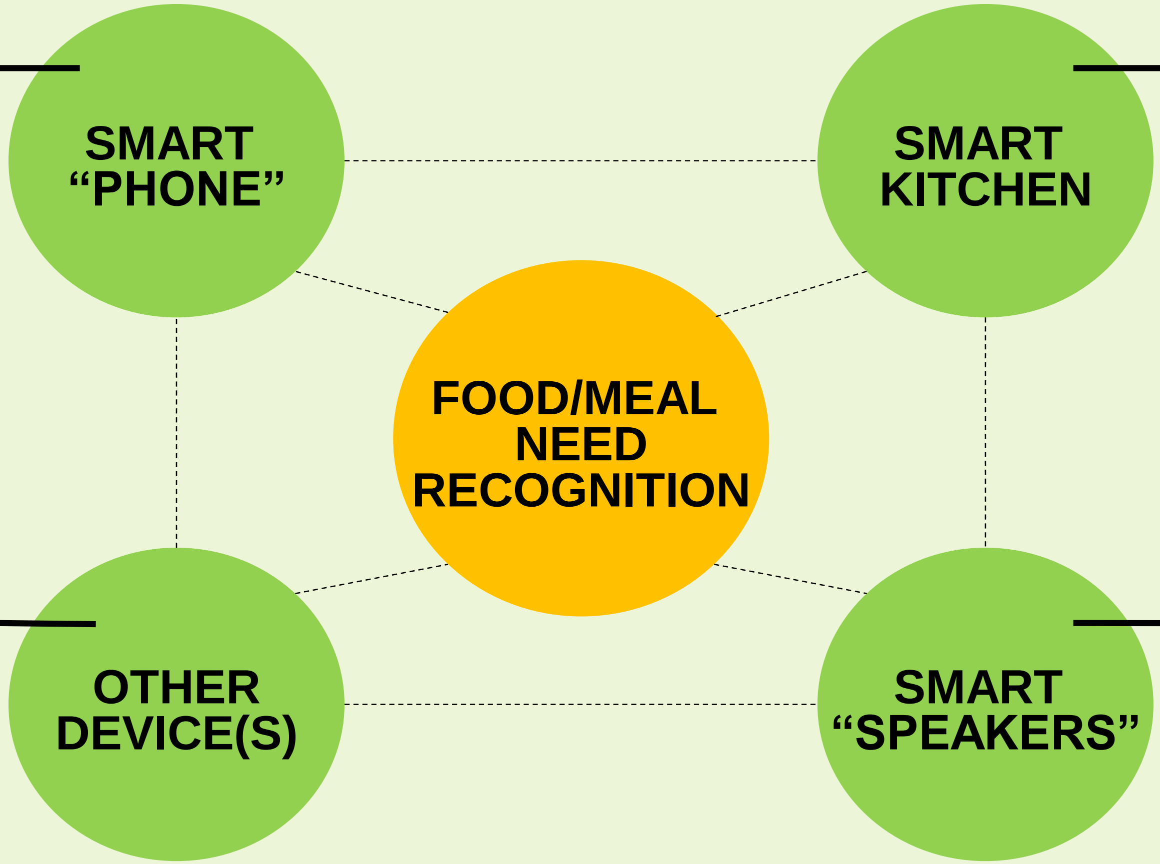
Internet users who have purchased groceries digitally



Source: Emarketer (2017) "Online Grocery Shipping is No Longer Just a Millennial Story"

THE AVERAGE AMERICAN OWNS
FOUR INTERNET ENABLED DEVICES

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



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

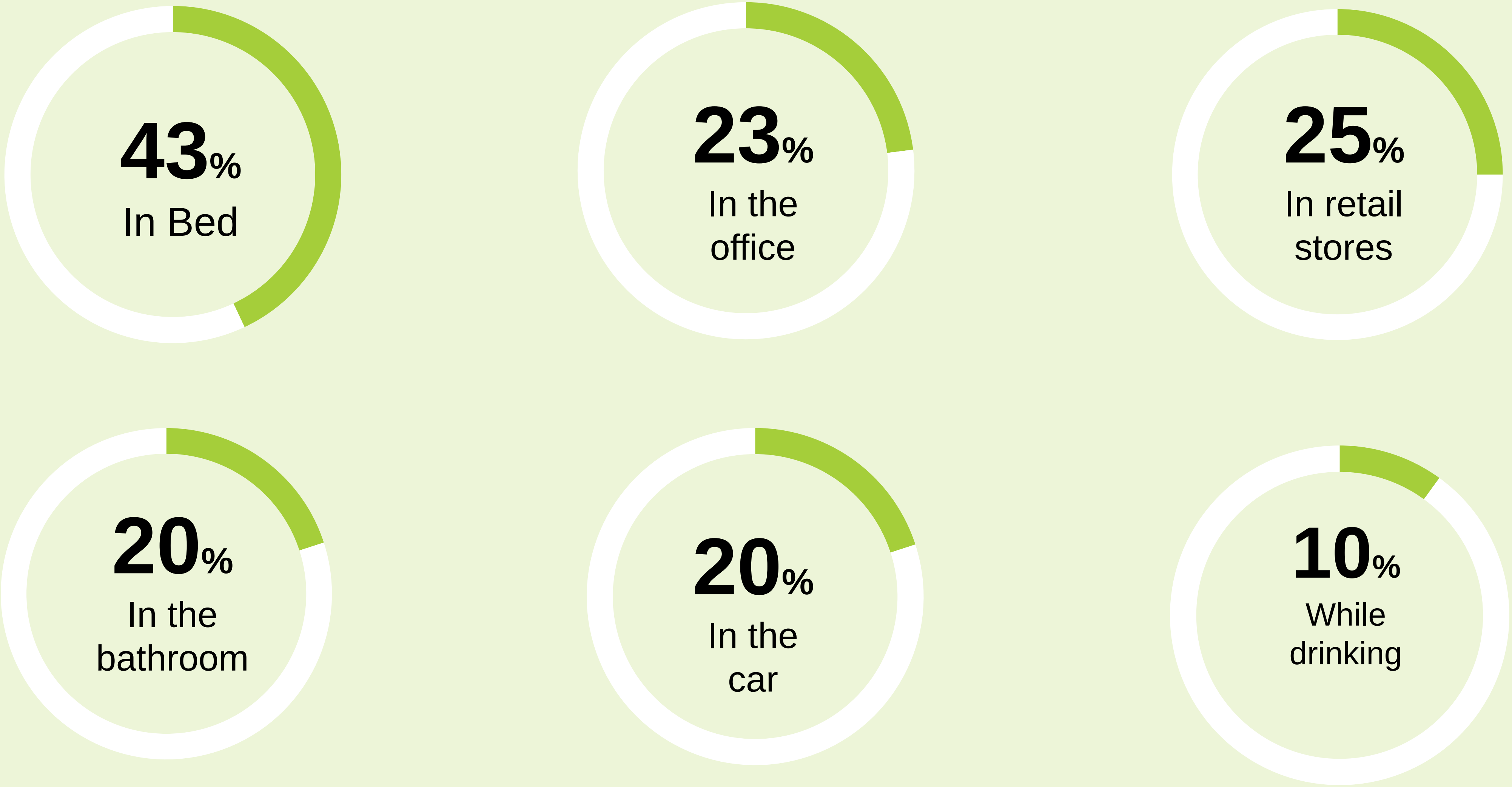
Smart Kitchen
- 17 million appliances expected to hit 202 million globally by 2021 at CAGR of 25%

Other Device(s)
- From the TV to the tablet to the SUV, Americans are online, building wishlists and placing orders

Smart "Speakers"
- Currently in 7% of households
- projected to be installed in in 55% of households by 2022

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

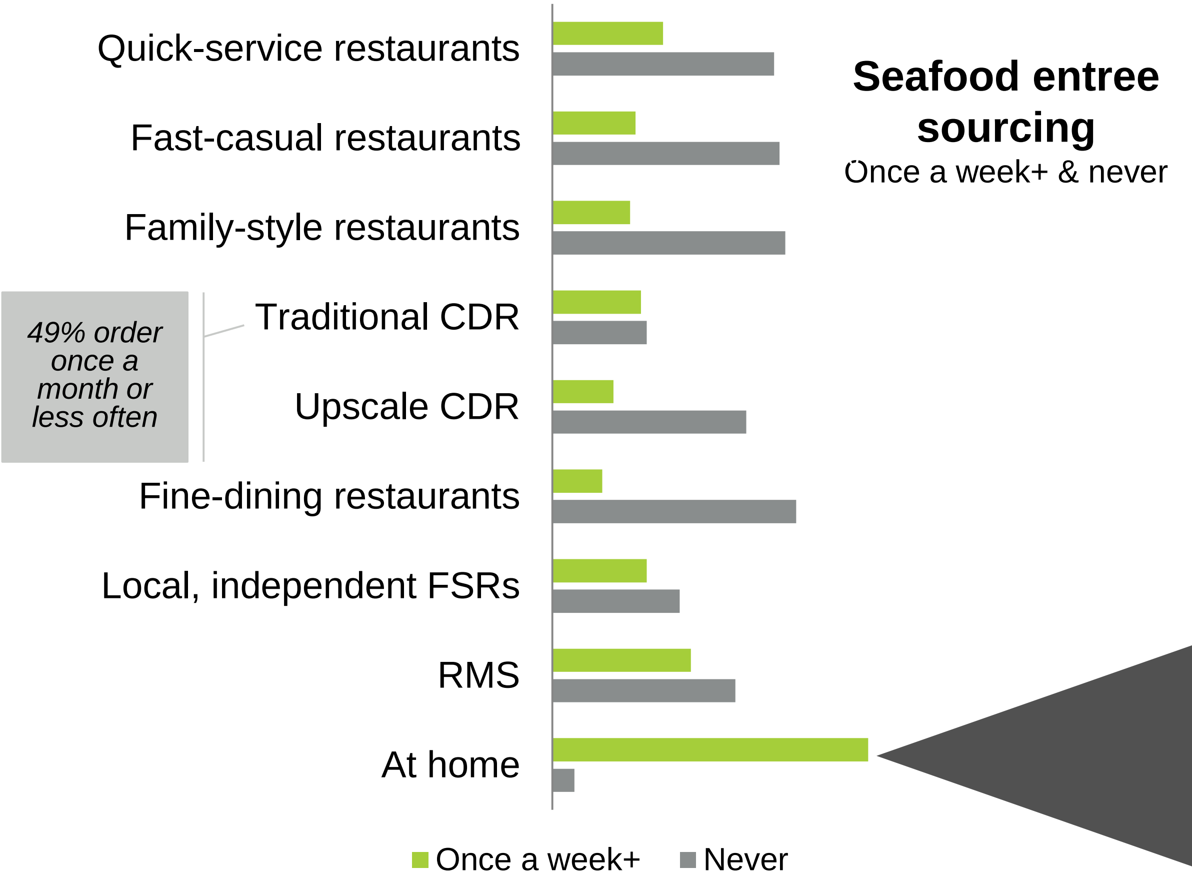
WHERE AMERICANS DO THEIR **ONLINE SHOPPING**

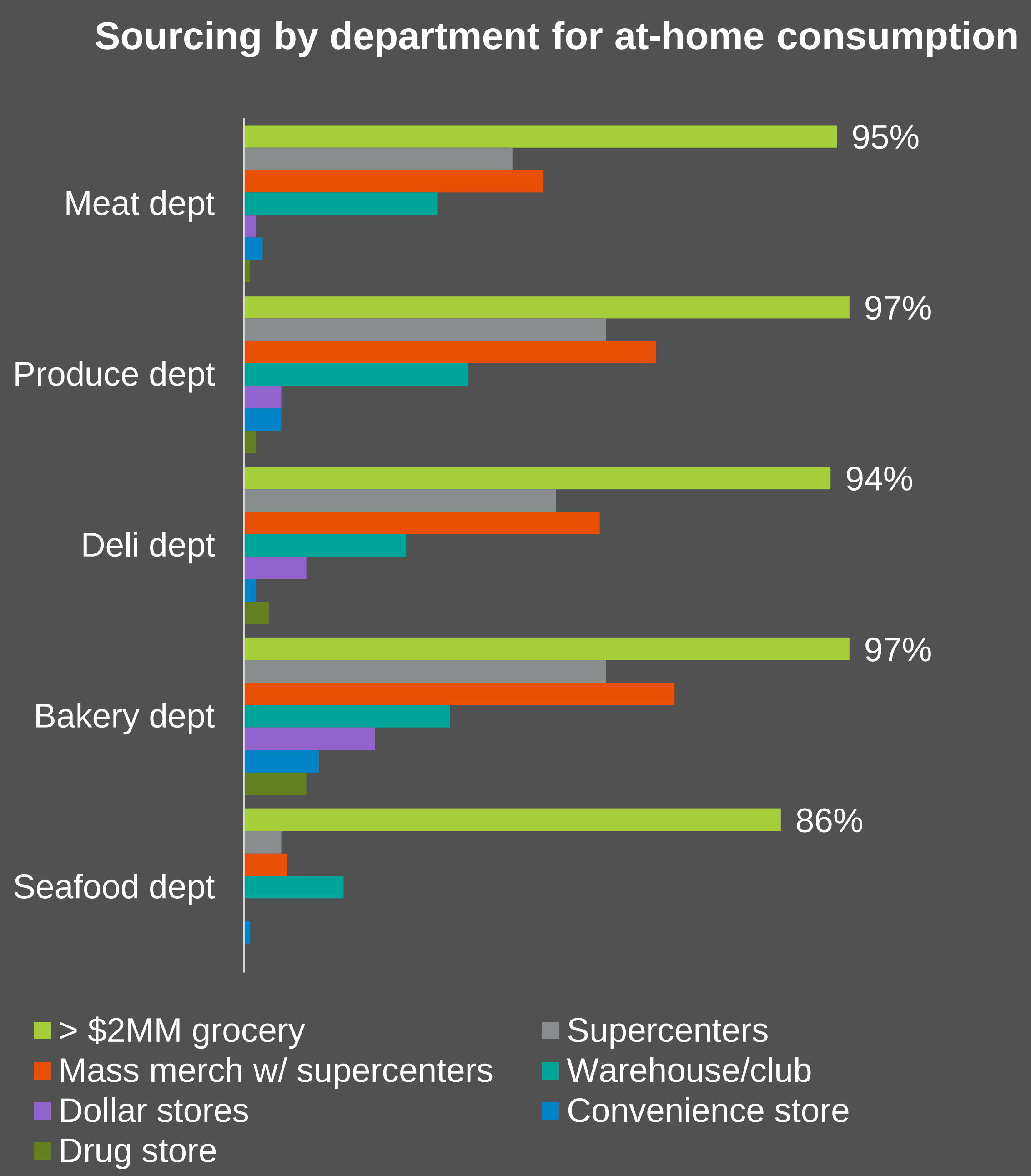


Source: BigCommerce (2017) "Omni-Channel Retail in 2017"

WHERE IT'S HEADED?...
EVEN EASIER

SEAFOOD CONSUMPTION IS FRAGMENTED ACROSS FOODSERVICE BUT SILOED IN RETAIL





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?

Source: Nielsen (2014) "Perishables Group Seafood Trends"

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.

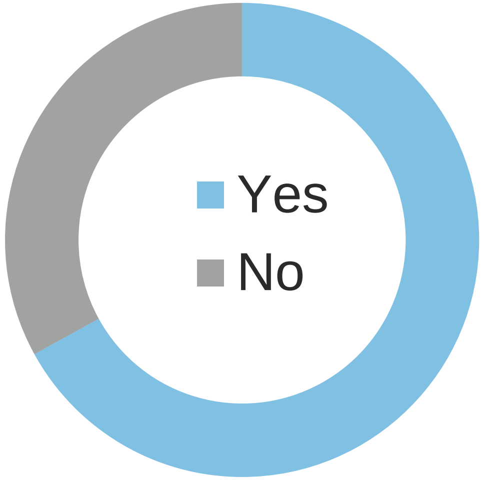
DRIVERS	DETERRENTS
CONVENIENCE	FRESHNESS
VALUE	QUALITY
ABILITY TO "STOCK-UP"	SAFETY

what

…are they shopping for

AMERICANS ARE ASPIRING TO A HEALTHY DIET

% who have changed their diet in past 3 years



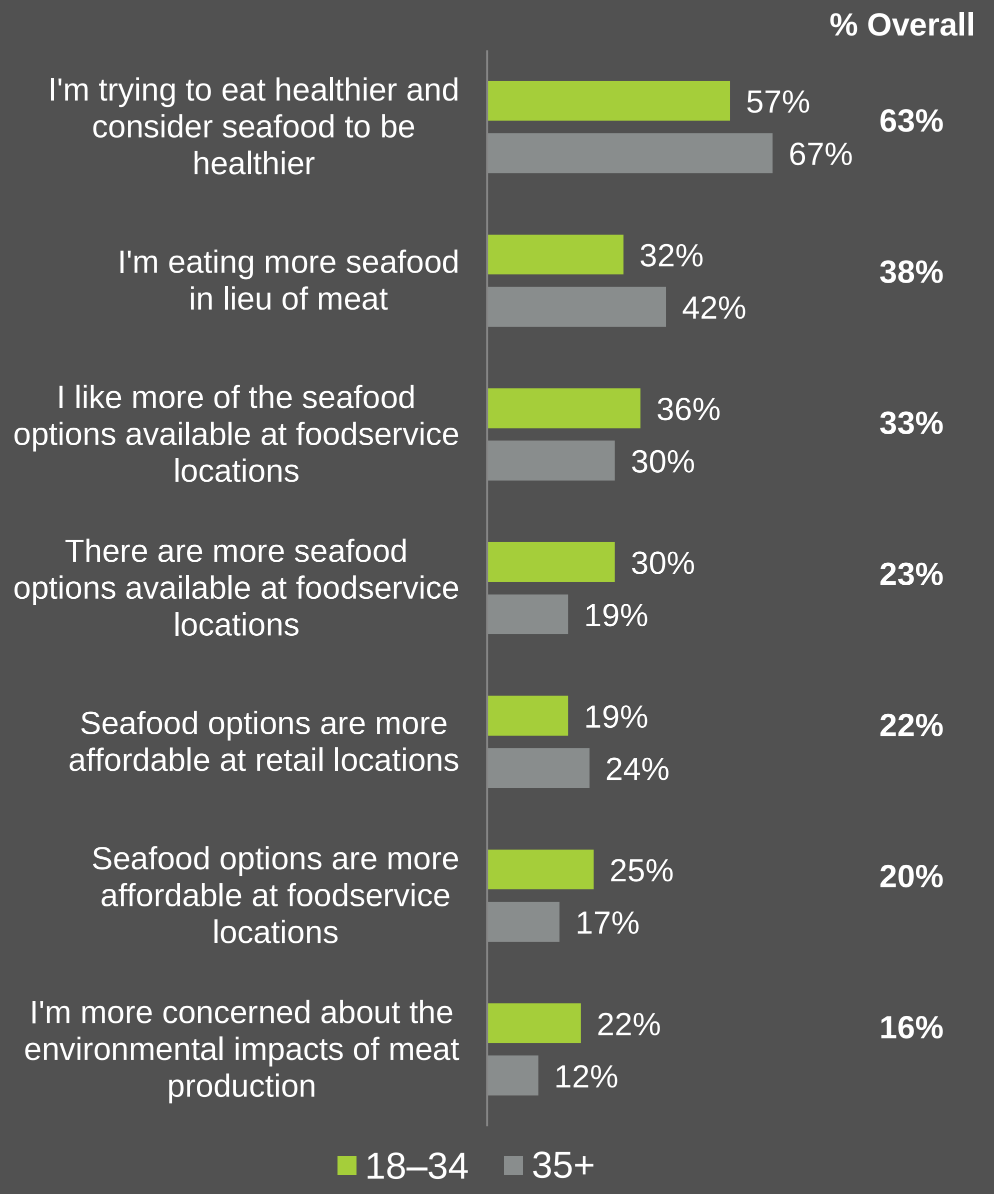
Of those who have changed their diet, 70% are now eating healthier foods

CONSUMERS WHO REPORT EATING MORE SEAFOOD CITE, HEALTH AS THE PRIMARY DRIVER

30% *Say they've eaten more seafood over the past year*

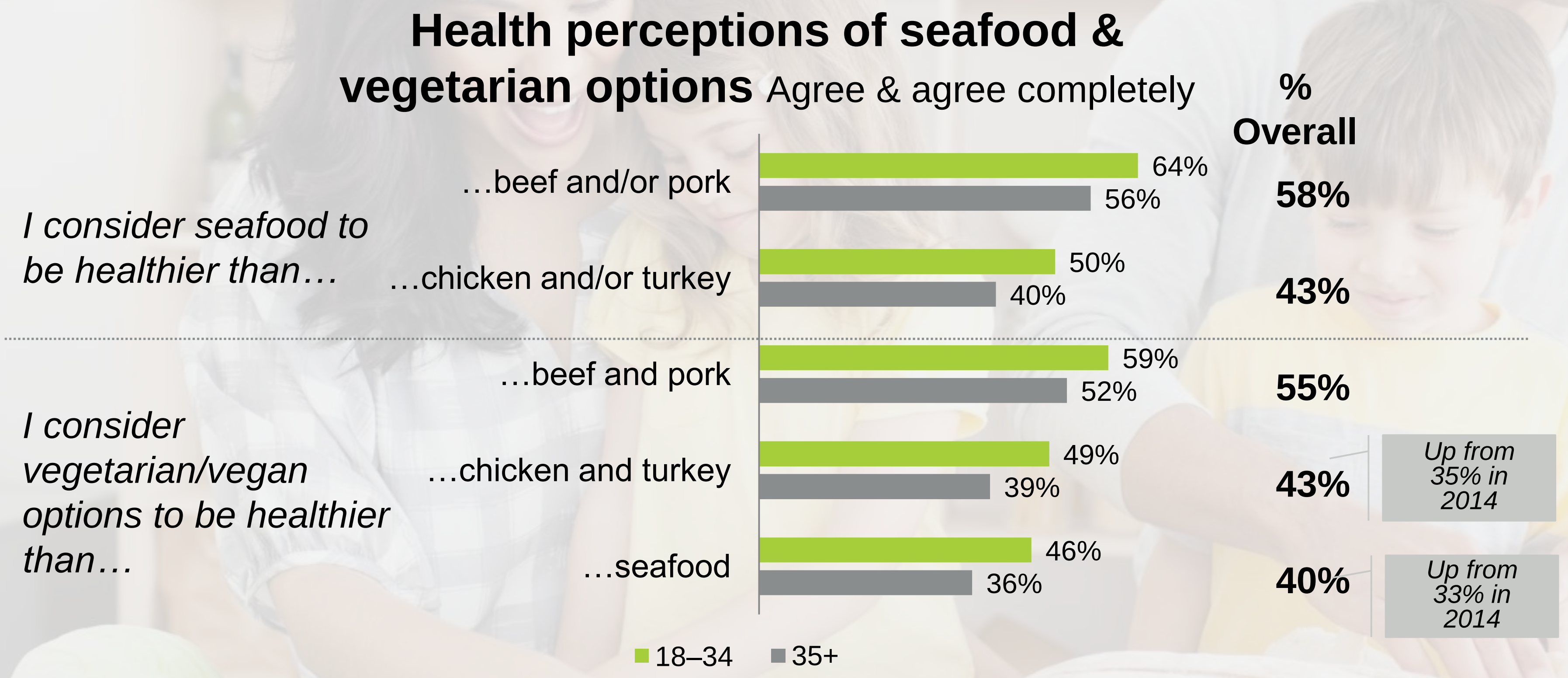
Reasons for eating more meals with seafood

Select all



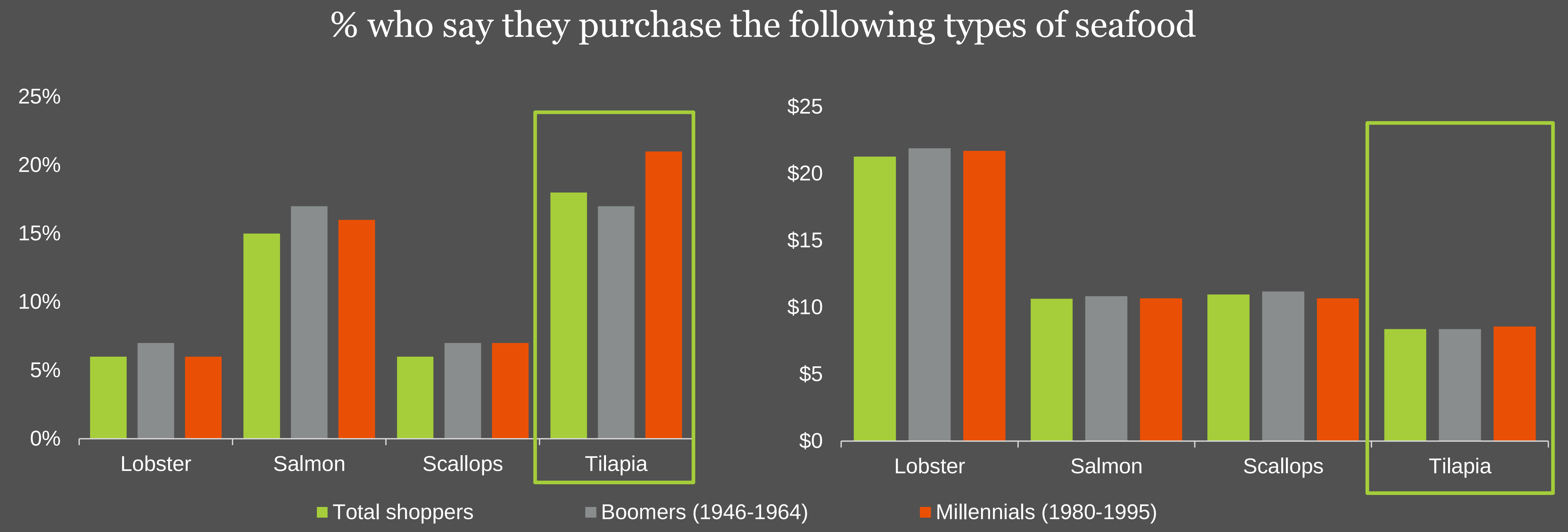
Base:447 who report eating more meals with seafood
Q: Why are you eating more meals with seafood? Select all that apply.

YOUNGER CONSUMERS ARE MORE LIKELY TO FIND SEAFOOD AND PLANT-BASED PROTEINS TO BE HEALTHIER THAN POULTRY, BEEF OR PORK



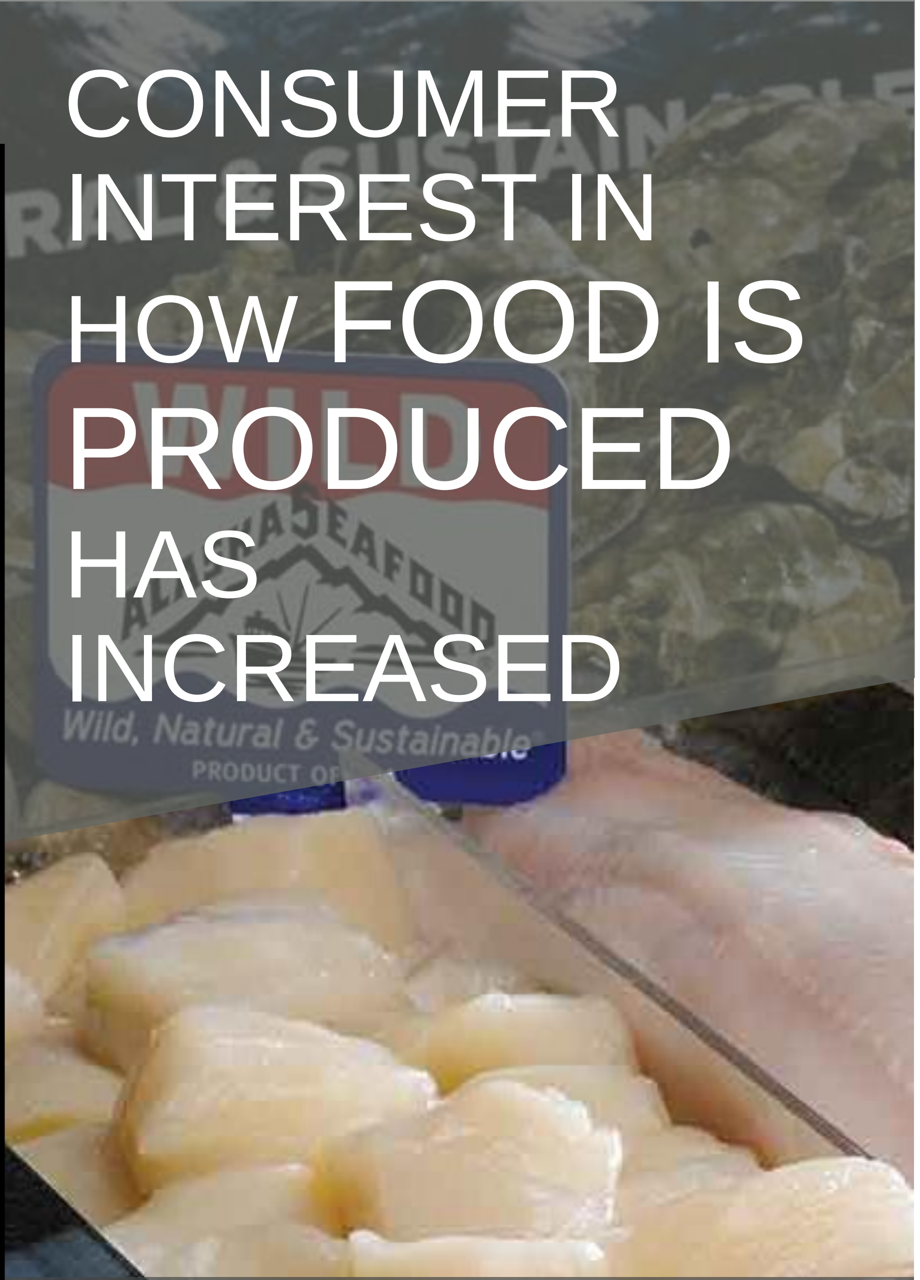
Base: 1,083 (seafood) and 589 (vegetarian/vegan) consumers
Q: Please indicate your agreement or disagreement with the following statements regarding seafood.
Please indicate your agreement or disagreement with the following statements regarding vegetarian and/or vegan options/substitutes.

THERE IS AN OPPORTUNITY FOR VALUE PRODUCTS FOR YOUNGER SEAFOOD CONSUMERS



Source: Nielsen (2014) “Perishables Group Seafood Trends”

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

71% Millennials

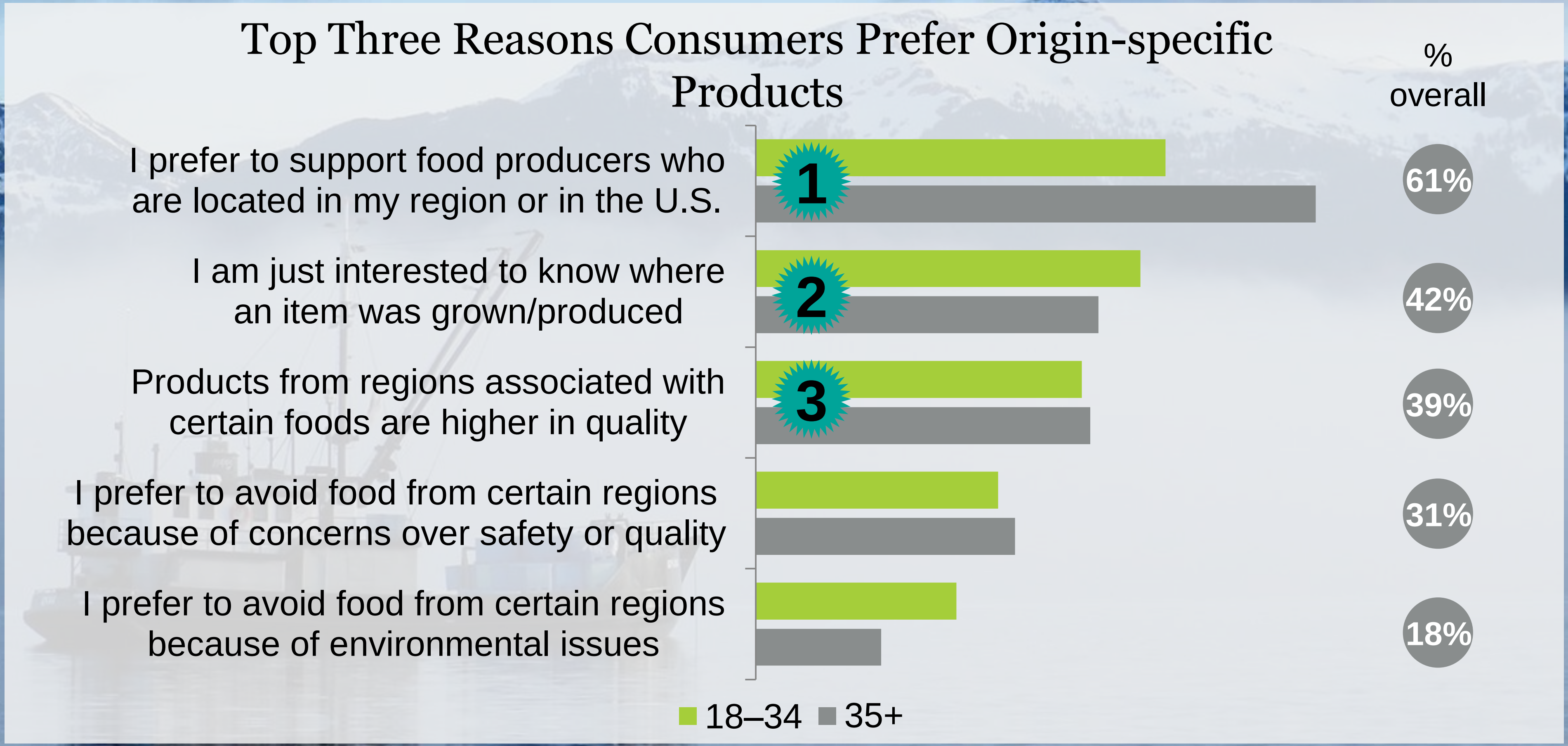
"I am more interested today in how food is grown, raised or produced than I was two years ago…"
% agree completely or agree

64% Overall

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?

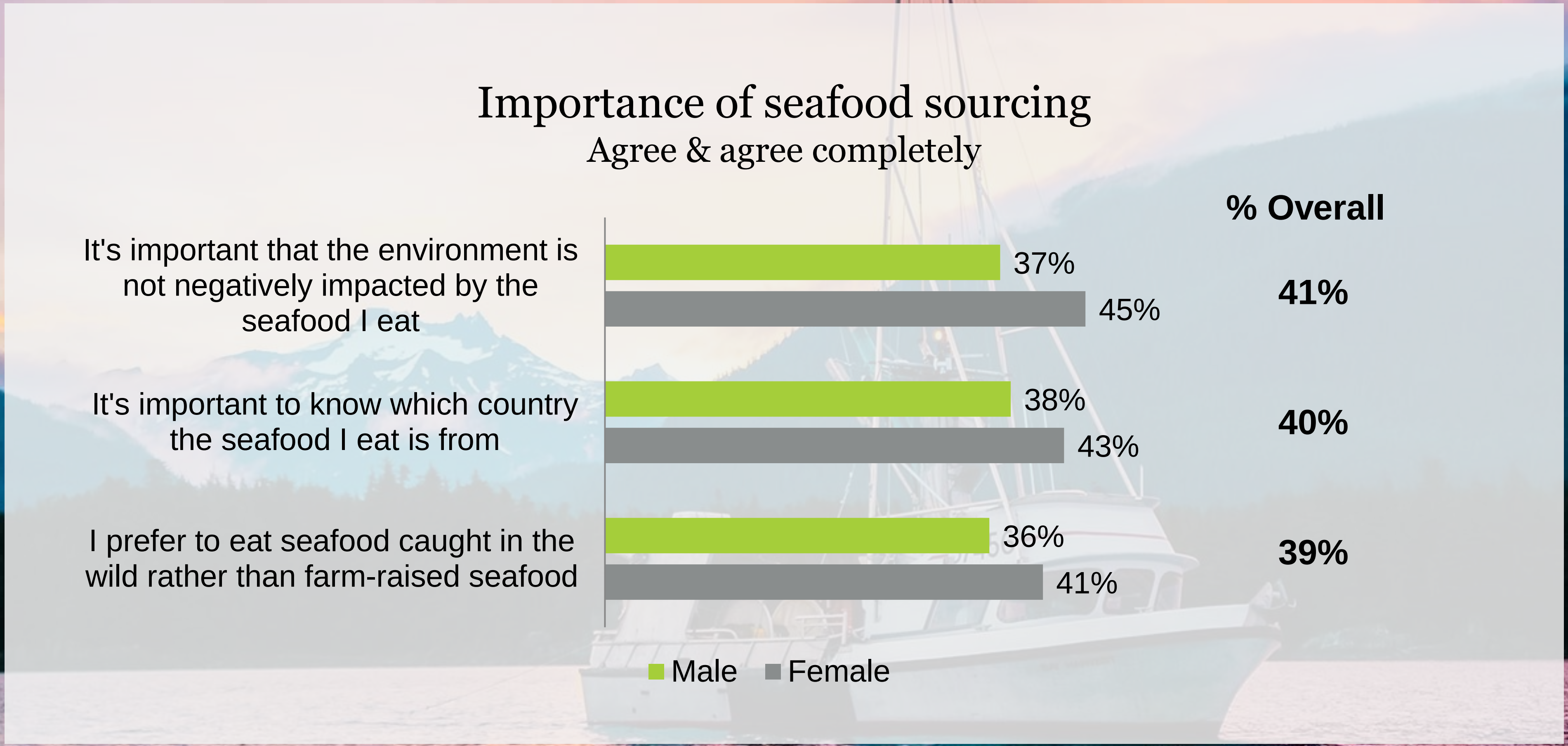
SUPPORTING FOOD PRODUCERS RANKS HIGHEST FOR PREFERENCE FOR ORIGIN-SPECIFIC PRODUCTS



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)*

PLACE OF ORIGIN, ENVIRONMENTAL IMPACT AND PRODUCTION METHOD ALL PLAY A PART IN THE SEAFOOD PURCHASING DECISION



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

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**

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Questions?