



*Quality From the Inside Out*



**WRANGELL**  
— SEAFOODS —

# “Building to Excellence”

Wrangell Seafood's  
Presentation



WRANGELL  
— SEAFOODS —

# The Mission Statement

- Quality Product - “Equal to or Better Than Anyone”
- Quality Control - “From the Inside Out”
- Lowest Cost Processor
- Priority Focus on maintaining the highest Environmentally Ethical Standards  
Congruent with the Marine Stewardship Council’s Eco-friendly Sustainable Fisheries Policy
- Sensitivity to corporate responsibility to local citizens and economy, particularly due to Local Economic Development Relevance and recognition of the impact on harvesters, who comprise small family owned businesses.
- Corporate direction and marketing plans to build in programs recognizing business challenges and financial objectives of all participants in the Chain of Custody as well as creating incentives for all participants to achieve our mutual Mission



# Consumer-Driven Marketing Focus

*“Great marketing is like having a gun in a knife fight.”*

## **Salient Tactical Considerations:**

- Brand Positioning – Alaskan Salmon
- Consumer perception values: wild, health consciousness, flavorful, prestige, quality, sustainable & eco-friendly resource
- Brand differentiation through effective leveraging of umbrella marketing position established by ASMI.
- All farmed salmon processors are “Me Toos” – Wrangell Seafoods markets a unique special Alaska salmon
- Reinforce critical consumer dynamic – focus groups – 78% of consumers indicate Alaska salmon as a planned purchase.
- Capitalize on market trends due to health conscious consumers, reinforced recently by mainstreaming of organic foods by Walmart & co-branding relationship with Marine Stewardship Council

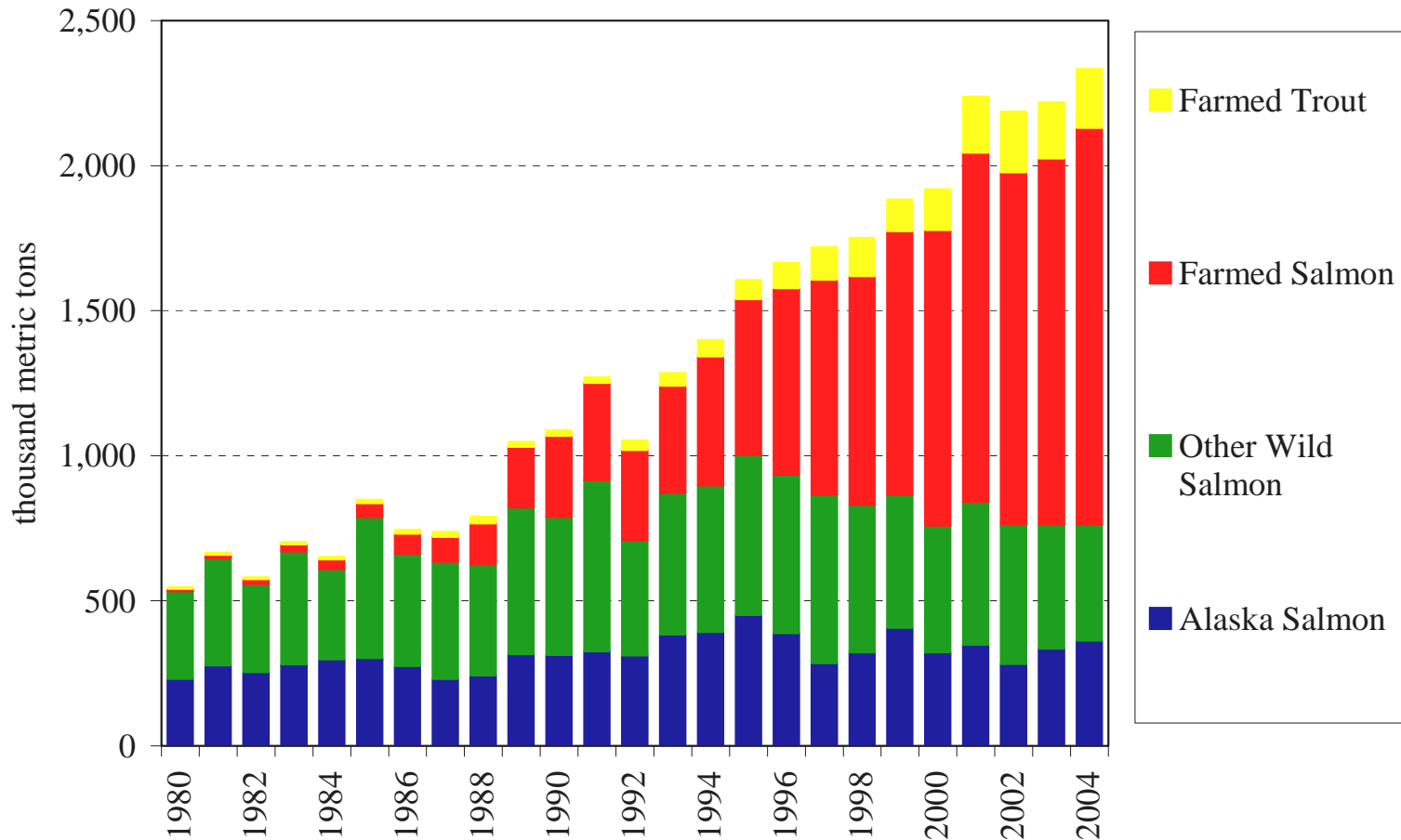


- Capitalize on increasing world consumer demand for limited Alaskan salmon supply resulting in prestige positioning and price elasticity.
- Establish participation/ownership by all chain of custody partners in continually expanding marketing leverage.
- Co-branding relationship with strategic preferred supplier (Royal Greenland) to capitalize on “highway to the global seafood market”.
- Psycho-graphic and socio-economic attributes of target group
- Leverage prestige positioning with “limited availability” and “while it lasts” promotions to counteract the existing perception of lack of reliability in supply
- Resolve logistical constraints to capitalize on consumer demand for freshness
- Unique concept/product development – “Go Alaskan” – “Go Wild” – “Be Healthy, Alaskan Style”



# An Overview of World Salmon Markets

World Salmon and Trout Supply, 1980-2004

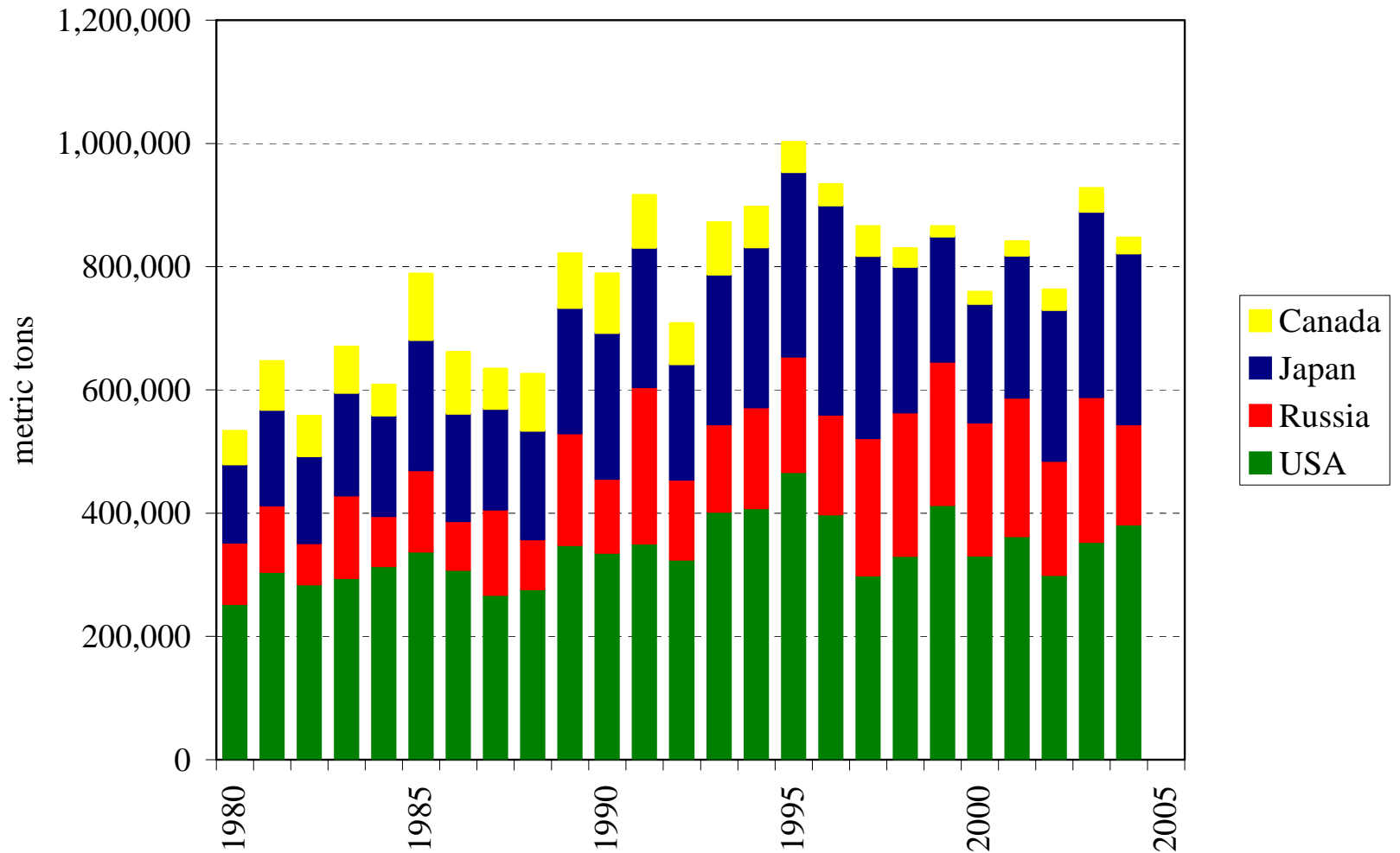


# Conclusions

- The world salmon market is complex. There are many species, products and markets. Supply and price trends differ between markets.
- The seafood industry is in a period of rapid and profound change, driven by aquaculture and globalization.
- Changes in the seafood industry are increasing pressures on all seafood suppliers—including wild and farmed salmon producers--to respond to increasingly stringent market demands while lowering costs.
- Changes in the seafood industry are also creating new opportunities for wild salmon, building on the inherent quality characteristics of wild salmon, the fact that it is natural and in limited supply, and the fact that the costs of production can be low.
- These new opportunities include high-quality niche markets as well as value-added products.
- To take advantage of these new opportunities, it is essential for wild salmon producers to meet market demands—particularly for consistent high quality and traceability.

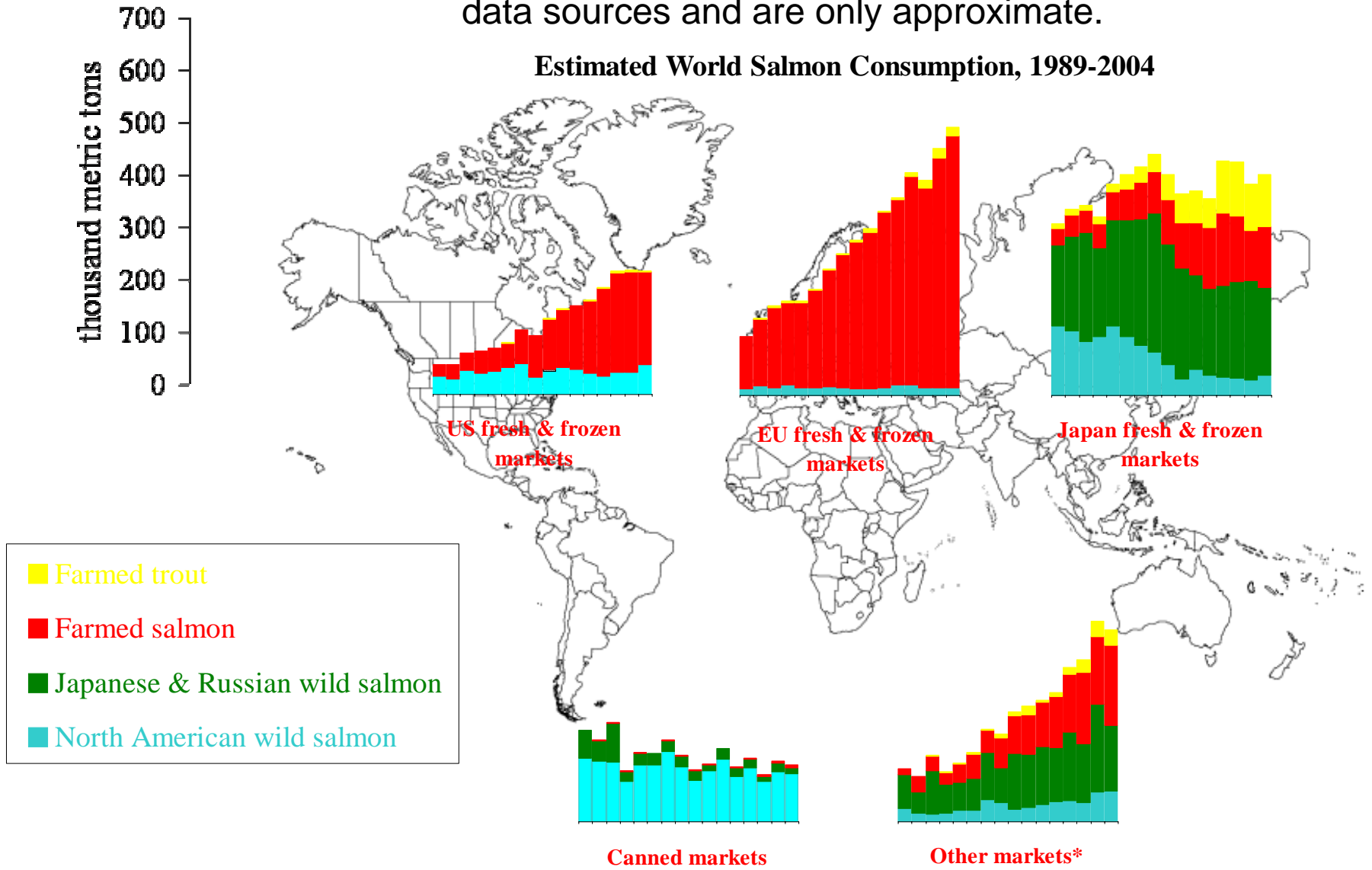
The United States (almost entirely Alaska) is the largest producer of wild salmon, followed by Japan, Russia and Canada.

**World Wild Salmon Supply, by Country, 1980-2004**



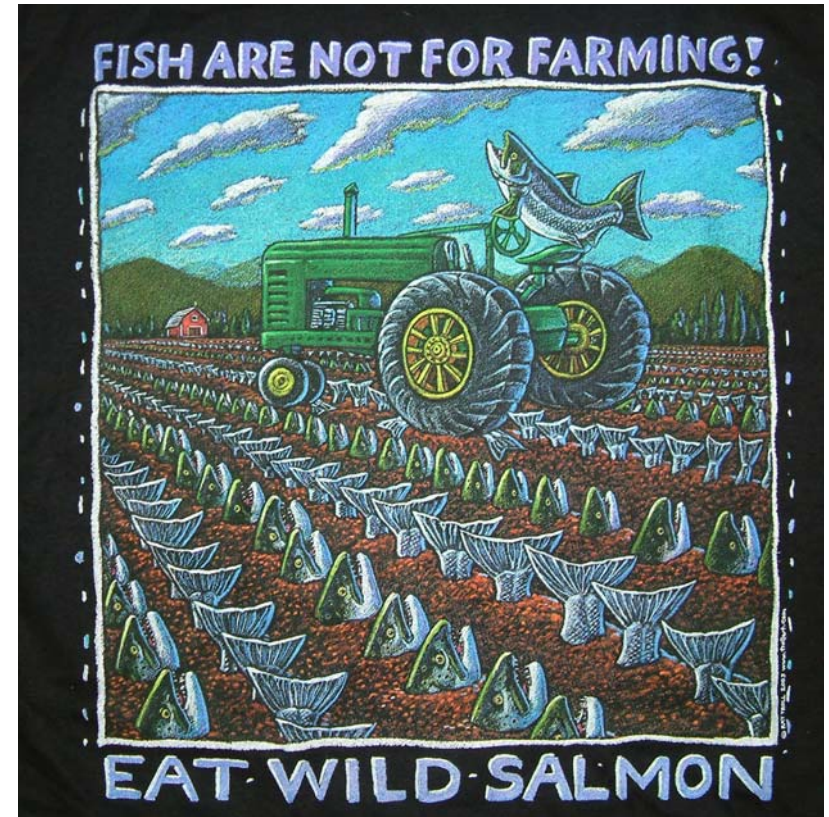
I have estimated world salmon consumption of wild and farmed salmon for five major markets. The estimates are based on many data sources and are only approximate.

**Estimated World Salmon Consumption, 1989-2004**



\*Note: estimates of consumption in other markets are highly sensitive to yield assumptions and are less reliable than other estimates shown.

Many Alaskans wish fish farming would go away.



*T-shirt by Alaska  
artist Ray Troll*

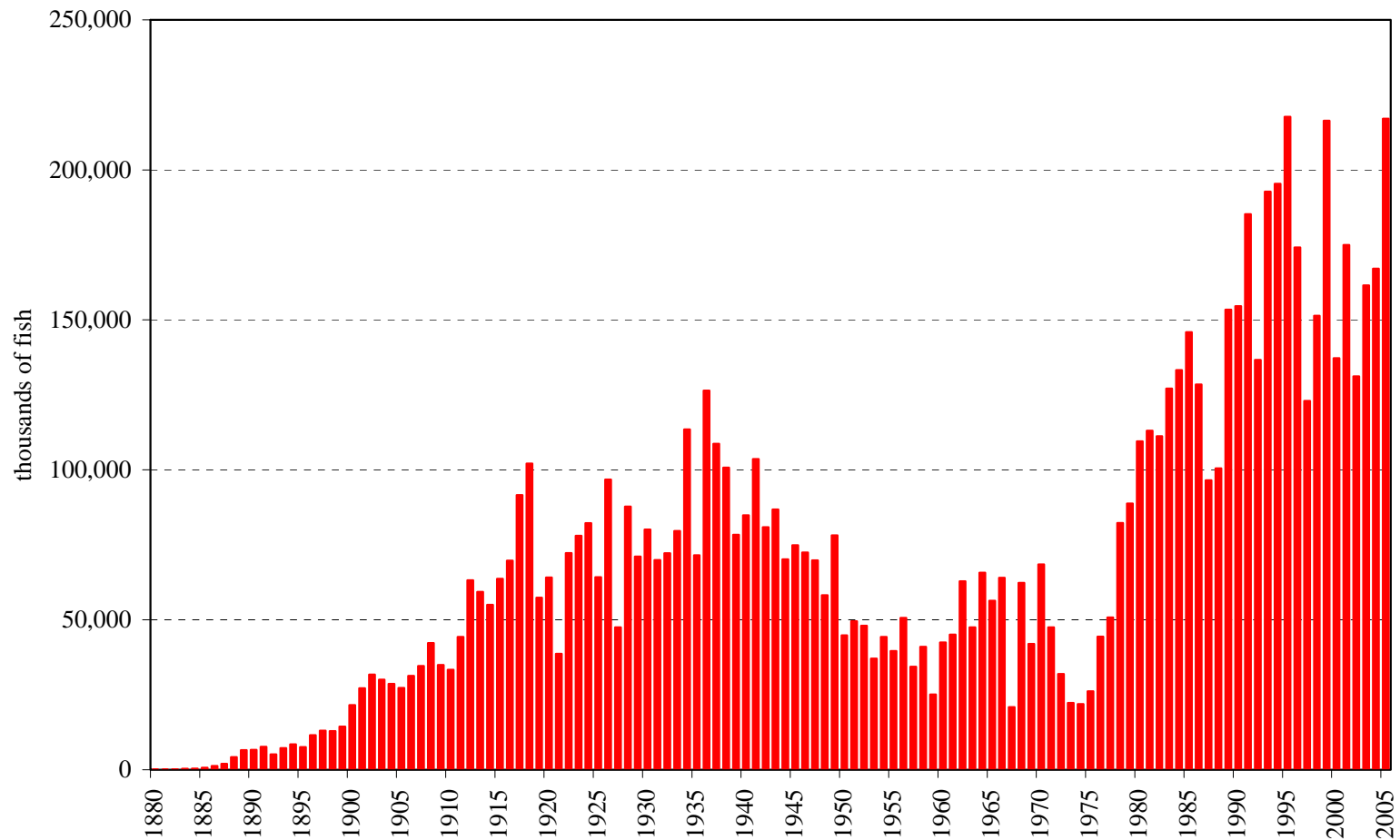
Globalization is transforming seafood production, processing, distribution, and retailing.

- Rapid expansion of seafood trade
- Shift in labor-intensive seafood processing to countries with low labor costs
- Increasing consolidation and market power in the retail and food service industries
- Restructuring of seafood distribution networks
- Increasing pressure on seafood suppliers to improve quality and lower costs
- International standards for food handling and safety
- Demand for new product forms

*For seafood producers, globalization means:  
more competition from other suppliers around the world  
more demands from buyers which add to producers' costs*

Historically, there have been long-term cycles in wild salmon harvests, which are associated with changes in ocean currents and temperatures (“regime shifts”). We are in a period of historically high wild salmon harvests. There could be future periods of lower harvests.

**Alaska Commercial Salmon Catches, 1880-2005 (all species, thousands of fish)**

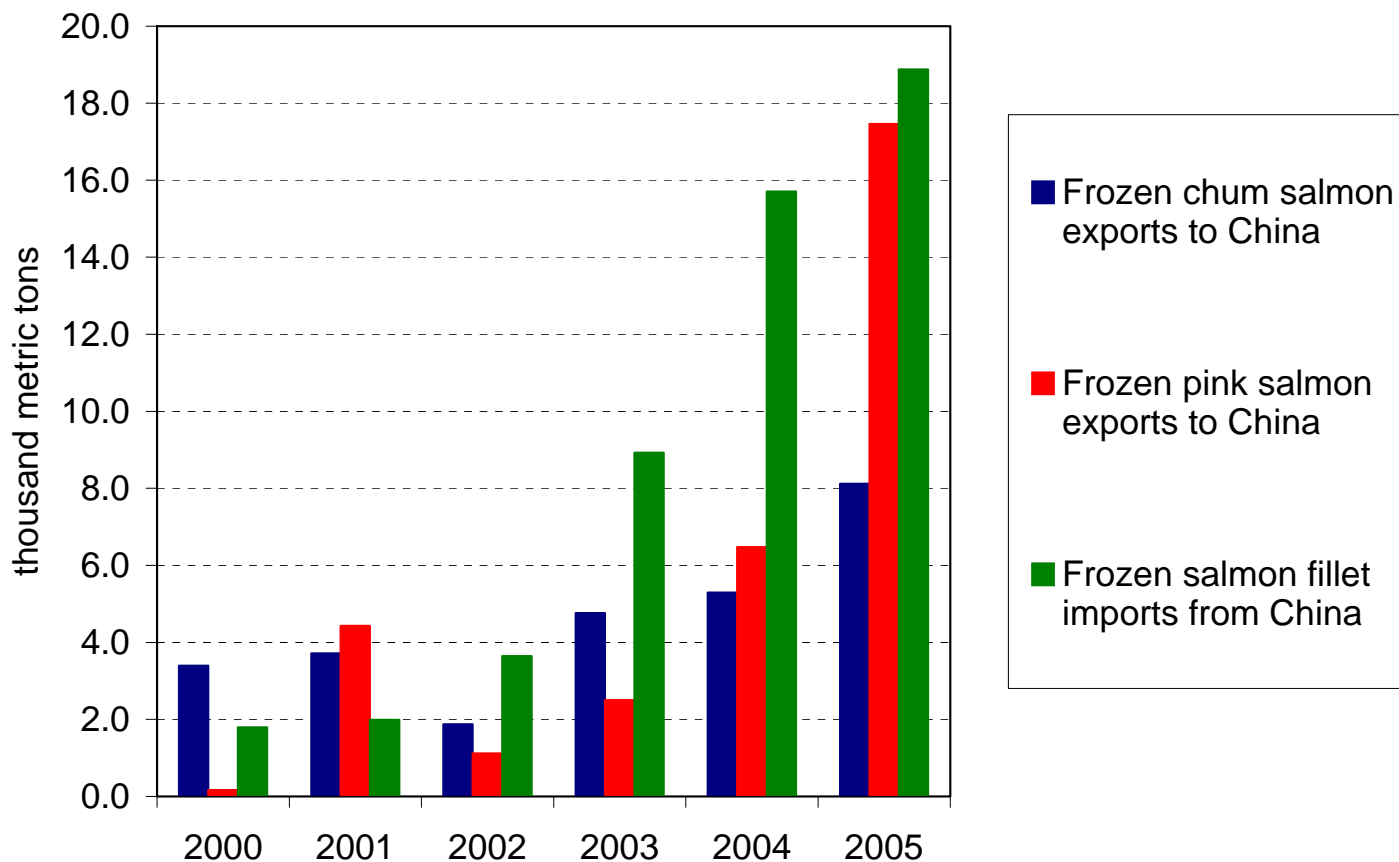


In addition to inherent challenges, the wild salmon industry faces significant “self-inflicted constraints.” These include:

- Quality problems
- Inefficiency in harvesting
- Lack of innovation
- Overproduction for some markets
- Long-standing and divisive internal conflicts
  - between processors and fishermen over prices
  - between gear groups and regions over allocations

Many of the new value-added products are being processed in China, taking advantage of low-cost labor and modern new processing facilities. Increasing volumes of frozen wild salmon are being exported from the United States to China and other Asian countries for reprocessing into value-added products.

**Selected U.S. Salmon Exports to and Imports from China**



I am an optimist about the long-term outlook for Alaska's wild salmon industry.

I am most optimistic for those fishermen and processors who pay close attention to what markets are demanding and to meeting those demands with consistent high-quality in a cost-effective way.