

Market Development and Marketing Component Narrative

1. Program Description and Scope of Work

a. Executive Summary

To cultivate markets and create brand awareness for Alaska shellfish and kelp products, the Southeast Conference (SEC) is requesting funds for this Market Development and Marketing project within the Alaska Mariculture Cluster (AMC) BBB RC application. Alaska is renowned for its cold, clean, nutrient-rich waters, providing ideal growing conditions for growing kelp and shellfish food and agricultural products. Interest in kelp farming in Alaska is being spurred by marked growth in worldwide demand for seaweed. One of our missing links is connections to prospective markets. Alaska kelp farmers recognize that “Growth will require much greater market penetration outside of Alaska” (*Alaska Mariculture Development Economic Analysis*, March 2015). With Alaska’s short history of seaweed farming and the limited current role for seaweed in the U.S. diet, “Companies have generally had to build their own markets for their seaweed products” (*Alaska Seaweed Market Assessment*, 2021). Scaling up demand for Alaska products requires that we identify markets that are a match for species and product forms that we can provide. The SEC and its partners will conduct consumer surveys; identify market gaps to inform product development; create a domestic and international marketing and branding plan for Alaska mariculture products; and implement that plan over project years 2 – 4. Project outcomes will include market research to be shared with AMC research and development partners and mariculture farmers and processors, a market development and marketing plan with quantifiable objectives, and implementation of the plan by the Alaska Mariculture Alliance and partners over four years.

b. Scope of Work

Market Research on Seaweed and Shellfish Consumers: Producers of Alaska shellfish and seaweed products will need market demand data to guide product development and inform marketing strategies. This is especially true for seaweed as a largely new ingredient to the North American diet – requiring development of a new market opportunity.

Market research will collect data:

- To determine key opportunities for growth: products, messaging, awareness, buying channels.
- To establish key tracking metrics: seaweed and shellfish awareness, usage, and consideration.
- To explore/determine key product attributes desired and market gaps; and
- To identify consumer buyer profiles for seaweed and shellfish products.
- To conduct purchase channel analysis and analyze size and growth rate according to channel.

Consumer insights and opportunity analysis results will be compiled into a final market research report by a competitively selected contractor and shared publicly. The work will be used to inform product development efforts as well brand development planning.

Market Development, Brand Planning: A contractor will be hired to complete a four-year marketing plan with detailed strategies for reaching buyers, consumers, wholesale and retail food service businesses, and chefs with promotions for Alaska mariculture products and the overall brand. Brand planning and marketing strategies will include a communications campaign that contains messages about seaweed and shellfish nutritional value, ocean ecological benefits, customer preferences, and product usage.

Marketing Implementation: In years 2 – 4 of the AMC, the AMA and partners will coordinate the work of a contractor implementing initial steps and strategies identified in the Alaska mariculture marketing plan. Implementation will include creating marketing assets such as product fact sheets, talking points memos, buyer’s guides, web sites, social media platforms and content, promotional videos, familiarization tours of Alaska mariculture farm sites for buyers and chefs, and recipe development.

Staff at the Alaska Mariculture Alliance will assist with coordinating all three of the marketing projects described above, along with assistance from other Alaska Mariculture Cluster coalition members such as Southeast Conference, AFDF, and Alaska Sea Grant.

2. Regional Industry Assets and Needs

a. Regional Description

The cluster is focused on southern coastal Alaska (Southeast (SE), Prince William Sound (PWS), Kenai Peninsula (KP), Southwest (SW)) where there are waters appropriate for mariculture development – as well as the existing seafood industry participants and interested workforce, infrastructure, and vessels which already operate and move across communities to access fishery resources. See attached separate FIPS code spreadsheet as directed by EDA staff. Alaska comprises more than half of the US coastline, continental shelf, and exclusive economic zone (EEZ) and is a world leader in seafood production; over 60% of the seafood harvested in the US comes from Alaska waters. Therefore, Alaska has the coastline and infrastructure to support growth of its mariculture industry. At the same time, Alaska has over 250 rural coastal communities that are largely inaccessible by road and have limited employment opportunities. Many of these communities have high numbers of Alaska Native residents, who make up 22% of the population of the cluster project area. The communities in these coastal regions have the need and desire to build ocean-related businesses, diversifying opportunities for residents to live and work in their communities in an industry that is beneficial to the environment and complementary to commercial and subsistence fishing.

b. Industry, Employer, and CEDS alignment

Mariculture development is a priority in state and regional development efforts and as well as aligning with the [Alaska Mariculture Development Plan](#), this cluster also aligns with the CEDS fo each of the EDDs ([SEC](#) - pgs. 2, 11, 24, 41-43, [PWSEDD](#) – pgs. 8, 32, 41, 44, 58, [KPEDD](#) – pgs. 39-50, [SWAMC](#) – pgs. 1, 4, 5, 7), and the State of Alaska (pgs. 2, 11, 24, 41-43). References to supporting the mariculture industry in AMC coalition members’ CEDS include:

- [KPEDD CEDS](#): “Objective 4.4, Support emerging sectors with high growth potential: assist mariculture operations in meeting capital and expansion needs” (2021).

- PWSEDD CEDS: supporting the Sound’s Blue Economy is central to its vision statement, and Priority Objective (C.)(1.)(a.) states “attract investment in PWS mariculture by facilitating relationships with prospective kelp and shellfish farmers, buyers and processors” (2021).
- Southeast Conference’s 2025 CEDS identifies Mariculture Development as its top priority in its Seafood and Maritime sector (2020).
- SWAMC 2019 CEDS: “educate, advocate and assist in the development of the mariculture industry to diversify rural economies”.
- Mariculture Task Force’s Five Year Action Plan (May 2021) identified “Build[ing] collaboration with Alaska Grown and [Alaska Food Policy Council, Alaska Seafood Marketing Institute]” as a key strategy for expanding the reach of seaweed and shellfish marketing to audiences beyond mariculture farmers’ own direct contacts.

A major regional asset for attaining this project’s vision and goal is the significant scale of Alaska’s existing seafood industry, the State’s largest private sector employer. Alaska produces more seafood than the rest of the US, and if Alaska were a country it would be in the top 10 for seafood production. The existing infrastructure, workforce, markets, and the Alaska Seafood brand can be utilized in the development of the mariculture industry and provide more job opportunities to a large existing workforce. Alaska also enjoys a global reputation for sustainably managed fisheries resources that the state’s mariculture products would share and enhance.

3. Proposed Solution

Global demand for seaweed products is “large, diverse and growing,” and projected to grow 8 – 10% annually (Edible Seaweed Market Analysis, Island Institute, 2020). Currently, 95% of edible seaweed products in the US are imported; Alaska seaweed growers aim to replace that with domestic product as well as build new markets and uses for seaweed tailored to the U.S. diet. Funds awarded to the Alaska Mariculture Cluster will be used to hire staff at the Alaska Mariculture Alliance and begin building its market development and marketing capacity. Three examples cited as successes in brand building are Alaska salmon (by the Alaska Seafood Marketing Institute), Maine lobster (by the Maine Lobster Marketing Collaborative), and Iceland Atlantic cod. Behind each of these successes is a concerted, industry-funded brand development effort dedicated to increasing product value through branding and collaborative marketing campaigns, consumer trend data, and promotional programs for food service customers.

Kelp farming is suitable for operations at a wide variety of scales; marketing the harvest, however, is not. Many of the aquatic farms in Alaska are in remote areas, the operations cover four to ten acres and produce a finite amount of revenue, and the prospect of each effectively creating and implementing a viable individual marketing plan outside the state of Alaska is daunting and difficult. This proposed Marketing Development project for Alaska seaweed and shellfish products will leverage the collective relationships and experience of all the partners to build relationships with potential networks to sell products. It will also assist mariculture processors, distributors, and product manufacturers to develop successful products with sustained growth supported by effective marketing activities and strategies. Building demand

for Alaska mariculture products is essential to Alaska mariculture industry growth and the associated jobs and economic opportunities.

Growing Alaska's mariculture industry will help diversify its coastal economies, an important step in balancing recent fisheries declines likely tied to changing global ocean conditions. It will also assist with building a more resilient economy and recovering from the stalled investments that resulted from COVID-related cash crunches and business uncertainty. Further, kelp farming is environmentally sustainable, as it absorbs CO₂ making local waters healthier for shellfish, and as a livestock feed additive it helps reduce methane emissions, the largest source of greenhouse gas warming the planet.

4. Partners and Program Outreach

a. Partnerships

- **Alaska Sea Grant (ASG), Kodiak Seafood & Marine Science Center:** critical partner with research and education resources. Will coordinate with Marine Advisory Program agents in several remote communities, and with development of Mariculture Research and Training Center.
- **Alaska Mariculture Alliance:** growing mariculture association that will help coordinate Alaska Mariculture Cluster component projects.
- **Alaska Fisheries Development Foundation:** statewide leader supporting research and cultivating investment in Alaska fisheries and mariculture, supporting growth of capacity at AMA. AFDF has successfully managed multiple grants in recent years related to seaweed market research and preliminary brand development.
- **Regional EDDs:** regional EDDs are facilitating partnerships and investment in kelp and shellfish farming assets.
- **Alaska Seafood Marketing Institute:** statewide marketing entity for Alaska seafood with industry, retail, food service, and wholesale networks. AMC coalition partners have extensive relationships with ASMI, providing formal and informal channels for building on ASMI's success and learning from best practices.
- **Regional Seafood Development Associations:** the Copper River/Prince William Sound Marketing Association and Bristol Bay RSDA are industry-supported models of regional brand marketing associations with brand-specific marketing campaigns, familiarization tours, and recipe development.
- **Alaska Shellfish Growers Association (ASGA):** formed in early 1980s to support shellfish growers in navigating permit requirements. ASGA helps shellfish growers with education on equipment, ocean acidification reporting, permitting needs, and marketing.

b. Promoting Diversity, Equity, and Inclusion

Broad community outreach to underserved, rural communities is a specific strategic component of the Alaska Mariculture Cluster, addressed in the Coordination and Outreach section. Historically underserved stakeholders such as remote Native villages and Native populations who have been excluded from access to capital and training will specifically be invited to participate in the AMC's annual forum for sharing research and development findings and mariculture farmer experiences. Key education partners for reaching target audiences,

holding mariculture trainings, and providing technical assistance include Alaska Sea Grant, University of Alaska campuses in Anchorage and Fairbanks, the Prince William Sound College, and University of Alaska/Southeast's Fisheries Tech program. Beyond the personal expertise developed by a few long-time kelp and shellfish growers, there is little widely available guidance on how kelp farmers can connect with prospective buyers. This Market Development and Marketing component of the Alaska Mariculture Cluster will generate market research data that are essential for kelp farmers with determining in what form they will process their kelp and shellfish products for their buyers.

5. Measurable Goals and Impacts

Marketing data and mariculture promotion efforts will be a critical resource for seaweed and shellfish farmers who need to be able to sell their products to begin paying off their initial investments. These goals were selected to ensure that Alaska products are developed in a targeted, strategic manner for prospective buyers, and to help seaweed and shellfish farmers connect with the buyers most interested in their products. Expected outcomes include:

- **Food Market Research:** Engage a contractor with expertise in food service and retail consumer surveys, consumer packaged goods market trends, and market gap analyses. Market research analysis will be shared with the public and regional seaweed and shellfish growers and processors. Coalition partners will assist with further dissemination of findings through trainings, presentations, and other venues.
 - Number of new seaweed and oyster products developed based on specific market gaps and opportunities identified through market research.
 - Number of downloads of market research reports from AMC website and number of presentations and trainings utilizing findings.
- **Four Year Marketing Plan, to include Market Development and Branding Actions:**
 - # of prospective domestic and international markets identified, diversity of prospective markets for shellfish and seaweed (food products, agricultural products, large-scale bioenergy and plastics applications);
 - estimates of market demand for Alaska products in five-, ten- and fifteen-year increments;
 - branding messages and graphics, created based on buyer analysis, for Alaska shellfish and seaweed products, for transfer to statewide mariculture association;
 - four-year marketing plan that includes strategies for reaching buyers, consumers, wholesale and retail food service businesses, and chefs.
- **Implement Four Year Marketing Plan:** a staff Marketing Specialist will be hired by the Alaska Mariculture Alliance to work with the contractor and partners on implementing the four-year marketing plan. Marketing plan success will be measured by number of consumers and buyers reached, number of marketing activities conducted (social media, videos produced, familiarization tours held, print and digital assets distributed), and increase in demand for Alaska mariculture products over the four-year project period.

As a whole, the component projects and complimentary work planned by the Alaska Mariculture Cluster (AMC) coalition is estimated to result in the creation of 318 FTE jobs and \$42 million in private investment leveraged by the final year of the grant period. The AMC

programs are collectively estimated to move Alaska's mariculture industry from a status quo growth trajectory (annual economic output of \$4.7 million at year 4 and \$10.8 million in Year 10) to a mid-case growth trajectory (economic output of \$22.6 million at year 4 and \$98.3 million in Year 10).

6. Sustainability Plan

Beyond EDA support, building up industry coordination and capacity for support of mariculture farmers, market development, and on-going marketing at the Alaska Mariculture Alliance (AMA) is critical to the industry's long-term success. Alaska has very successful models of seafood marketing associations in the Alaska Seafood Marketing Institute and regional seafood associations (Copper River/PWS Marketing Association and the Bristol Bay Regional Seafood Development Association) to which we can look for guidance and lessons learned. Growing the mariculture industry will help create a revenue source to support future AMA work. The listed organizations are funded in part through a self-assessment tax by industry participants, typically between 0.5% and 1%. With EDA investment, Alaska's mariculture industry is projected to achieve revenues of around \$14.1 million by year 4, providing \$140,000 annually at the 1% tax rate as one source of continued funding (growing to \$600,000 by year 10).

The challenges we see ahead include careful coordination in sharing data on product and market research and a need for strong coordination among AMC project components. This AMC Market Development & Marketing project will benefit underserved communities by helping small-scale kelp and shellfish farmers connect with prospective markets for selling their products. Market research will also help kelp and shellfish farmers with understanding what their buyers are looking for, determining how they should process their harvested products, in what quantities and at what times of year. Communities expected to benefit include the myriad remote coastal communities discussed in the section 2b. To help aspiring kelp farmers in these regions, funds are budgeted under the Alaska Mariculture Cluster Coordination and Outreach component for travel to trainings, workshops, and an annual conference on research and development. The conference will be a venue for kelp farmers to connect and share experiences and lessons learned.