PLACE

Promising Channels for Market Growth

Growing the market for Alaska kelp

2024

FOOD FOR CLIMATE LEAGUE

ALASKA MARICULTURE CLUSTER

Which B2C and B2B channels will maximize the reach of Alaska kelp products in CPG and foodservice?

CONTENTS

This deck is part of a broader suite of resources that supports the Alaska Kelp Food Roadmap.

1 Executive Summary

1. **CPG** as the preferred channel for B2C

83% of Established Kelp Eaters

40% of Alaska Visitors

...prefer to buy kelp in supermarkets, followed by natural specialty grocers, international food stores, and specialty food stores, which aligns with current U.S. market trends.

B2B

A phased approach is recommended to enter the CPG space: Phase 1 focuses on direct-to-consumer (D2C) via online sales and small retailers to build brand recognition and streamline the supply chain, while Phase 2 shifts to a hybrid model (1/3 D2C, 2/3 small distributors) to scale the business and prepare for larger distributor partnerships, keeping in mind the high certification costs and large volume requirements.

2. Exploring **health-oriented and international restaurants** as promising growth market channels – considered the most strategic entry point by B2B stakeholders

Casual dining and full-service restaurants are preferred settings for eaters.

Currently, in the U.S., kelp is primarily available in casual dining health-oriented restaurants and Asian cuisine establishments, presenting an opportunity as an entry point in casual dining. Additionally, tourist-focused restaurants in Alaska can spark interest among visitors and encourage repeat purchases when they return home.

Increasing the presence of Alaska kelp in foodservice and partnering with chefs is key to shifting these foods into the mainstream.

Additionally, foodservice offers potential for high volumes, with fewer decision-makers, lower marketing investments, and less stringent regulations for introducing new ingredients making it a strategic entry point.

2 **Supermarkets and Gift Shops are the Main Channels to Reach** Alaska Visitors

CPG AS THE MAIN CHANNEL

41%* **Supermarkets** (e.g., Kroger, Ralph's, Wegman's, Publix, Ingles)[1]

33% **Mass Merchandisers** (e.g., Walmart, Target)[1]

32% **Specialty Food Stores**[1] (e.g., Gift shops, Citarella, Zabar's)[1,3]

FOODSERVICE AS AN EXPLORATORY CHANNEL

23% **Casual, Full-service Restaurants** offering table service in a relaxed setting (e.g., New York Cafe (Ketchikan), Beak Restaurant (Sitka))[1,3]

18% **Health-oriented Restaurants**[1](e.g., Flower Child, True Food Kitchen, Cava)[1]

17% **International Fine Dining Cuisine Restaurants**[1] (Asian restaurants, e.g., Sichuan Taste, Ginya Sushi)[1,2]

[1]FCL Validation Survey *(N=200)*, 2024 | [2]Datassential Menu Trends, 2023 | [3]Secondary Needfinding Research, 2024.

! *These percentages indicate how many eaters prefer to purchase or eat kelp from/in that particular channel.

3 **Top Touchpoints for Engaging** Alaska Visitors: Shore Excursions

AREAS
Inside Passage (56%),*
Southcentral (54%),
Interior (26%)

TOP PAID EXCURSIONS
Goldbelt tram (20%), day cruise (18%), bus tour to glacier (18%)

ACCOMODATION
Cruises (45%) or Hotels (30%)

TOP ATTRACTIONS
Mendenhall Glacier (26%), Whale statue (12%), Totem Pole Trail (9%)

TRAVEL PLANNING RESOURCES
TravelAlaska.com, Official State of Alaska Visitors Guide, ExploreFairbanks.com, etc.

*These percentages indicate how many visitors engaged in said touchpoint, i.e., activity, experience, or resource.
Alaska Visitor Profile 2022-2023 l Juneau 2023 Tourism Survey l Juneau 2023 Cruise Passenger Survey.

4 **Supermarkets as the Main Channel to Reach** Established Kelp Eaters

CPG AS THE MAIN CHANNEL

83% **Supermarkets**[1] (e.g., Kroger, Ralph's, Wegman's, Publix, Ingles)

65% **Natural Specialty Grocers**[1] emphasizing organic and natural products (e.g., Whole Foods Market, Sprouts, Trader Joe's)

41% **Mass Merchandiser** (e.g., Walmart, Target)

FOODSERVICE AS AN EXPLORATORY CHANNEL

23% **Casual, Full-service Restaurants** offering table service in a relaxed setting (e.g., Café Gratitude, Sweetfin, True Food Kitchen)[1,2,]

19% **International Fine Dining Cuisine Restaurants** (Asian restaurants, e.g., Sichuan Taste, Ginya Sushi)[1,2,]

Increasing its presence in foodservice and partnering with chefs is key to expand these foods into the mainstream.

[1]FCL Validation Survey *(N=246)*, 2024 | [2]Datassential Menu Trends, 2023.

! *These percentages indicate how many eaters prefer to purchase or eat kelp from/in that particular channel.

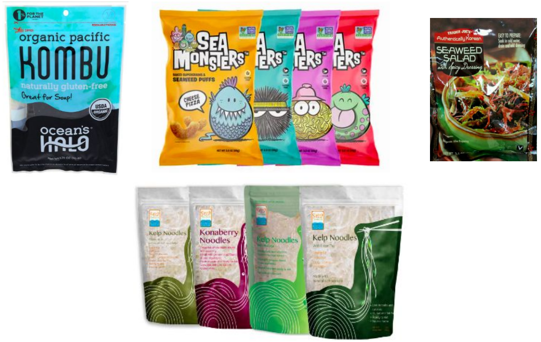
5 Current Channels for Kelp Products in the U.S. Market

CPG

Specialty, Natural, and Organic Stores

Mainly found in specialty online store,s and natural and organic stores like Whole Foods, Trader Joe's, and Sprouts.

Examples include: **Whole Foods** for Sea Tangle Noodle Company's Kelp Noodles, **Trader Joe's** Seaweed Salad mix, and snacks like **Sea Monsters's** Seaweed Puffs.



FOODSERVICE

Health-oriented Restaurants

Kelp is mostly consumed as kelp noodles in vegan and healthy restaurants or cafés, sometimes on its own, or in a salad, or bowl. Smoothies and beverages are also an undertapped, but promising format.

This is especially common in Asian cuisine restaurants and vegan/gluten-free cafés.

Examples include: **Sweetfin's** Kelp Noodles Slaw, **Café Gratitude's** Raw Pesto Kelp Noodles, **True Food Kitchen's** Kimchi Fried Rice Bowl, and **Caravan of Dreams's** Chocolate Mint Recovery Shake.

6 Considerations for B2B: Entering Foodservice

Foodservice may be less profitable and less preferred by prioritized consumers, but B2B stakeholders in the seaweed space consider it the most strategic entry point.

It offers potential for high volumes, fewer decision-makers, lower marketing investments, and less stringent regulations for introducing new ingredients than retail. It also allows farmers and producers to demonstrate the product's value before expanding to broader retail markets.

CONSIDERATIONS FOR ENTERING FOODSERVICE

High volume requirements: Success in foodservice depends on the ability to fulfill large orders and adhere to reliable delivery schedules. Consistency in supply and timely delivery are essential to gain the trust of foodservice operators.

Prefer working directly with producers: Chefs value supporting local communities. Personal connections and stories behind the ingredients resonate with chefs, as they aim to reflect these values on their menus.

Organic certifications are less critical: Chefs prioritize sustainability over formal certifications like USDA organic. They want assurance that ingredients are farmed sustainably, but certifications are not a decisive factor.

Seasonality over consistency: Foodservice operators acknowledge the need for menus to reflect seasonality but highly value clear delivery commitments. Chefs are willing to accept such occasional gaps in product in exchange for reliable availability when needed.

Scale strategically: Begin with small, health-focused restaurants in the Lower 48, then expand to larger health-oriented chains. As growth progresses, evaluate using food brokers over direct producer relationships.

"Chefs want to know if it was farmed in a sustainable way. But the actual USDA organic isn't that relevant to them." ***- CPG seaweed company***

"We prefer to have direct relationships with the producers where possible. So that would be our preference." ***- Popular health-oriented restaurant chain in the Lower 48***

FCL Task 4 B2B Stakeholder Interviews (N=14), 2024.

7 Considerations for B2B: Strategies for Entering CPG

PHASE 1

Initial focus on D2C (Direct-to-Consumer)

Prioritize online direct-to-consumer (D2C) sales and partnerships with B2B small, natural retailers.

Streamline the supply chain by minimizing intermediaries to reduce costs, improve margins, and maintain better control over product quality and delivery timelines.

Build brand recognition.

Avoid large distributors to maintain control over margins and avoid large regulatory hurdles and high certification costs.

Secure high-visibility placement.

PHASE 2

Transition to a hybrid distribution model

Shift to a multi-pronged approach:

- Maintain 1/3 of sales through D2C to preserve direct customer relationships.
- Utilize 2/3 small distributors to scale the business and expand reach.

Further streamline and refine the supply chain as volume increases.

Ensure production capacity is scaled to meet volume demands and justify larger distributor partnerships in the future.

"You need production at scale to make sense to work with distributors."
- CPG Seaweed condiments company

FCL Task 4 B2B Stakeholder Interviews (N=14), 2024.

8A Considerations for B2B: Entering Retail via Large Supermarket Distributors

CERTIFICATION PROCESS

- Distributors **require farms to undergo an expensive certification** for product distribution, including both online and in-person audits to ensure compliance.
- **Timeline varies** depending on farm readiness; this process typically takes a few months.
- **Different procedures apply to farmed vs. wild** products.
- **Alaska kelp lacks standardized quality certification**—buyers base their decisions to purchase primarily on perceived quality, taste, and price, as well as stories around

SEPARATE DEPARTMENTS FOR CATEGORIES: Fresh/frozen seafood vs. shelf-stable products

Supermarket fresh/frozen seafood and shelf-stable products are managed by separate departments. Each category requires specific strategies to navigate. As an Alaska kelp producer or CPG company, **ensure that you connect with the appropriate department.**

"We don't yet have quality standards for kelp. So, I would say that the buyer is gonna be going on quality, taste, price, you know, and they're always looking for a good sustainability story as well, but we haven't yet defined that."

- Large supermarket distributor

FCL Task 4 B2B Stakeholder Interviews (N=14), 2024.

! *If you want to know more about the recommended narratives for promotion: link

8B Considerations for B2B: Entering Retail via Large Supermarket Distributors

REGIONAL PREFERENCES

- **Distributors prioritize local sourcing, with product selection varying by region.** For example, stores in the Pacific Northwest may stock different products than those in the Northeast.
- **Alaska kelp can gain traction** in large supermarkets in regions with strong Alaska-origin product appeal, such as **the Pacific Northwest.**

TARGETING DISTRIBUTORS WITH ESTABLISHED CONNECTIONS TO ALASKA SEAFOOD

Distributors in regions like the Pacific Northwest, or retailers such as Whole Foods, can provide easy entry points. **Identify and leverage these existing relationships to introduce and promote Alaska kelp**. **Use the recommended narratives** and talking points to promote adoption.

“You might see seafood products in the stores in Pacific Northwest that are different from what you might see in the northeast part of the US, right? Because they'll try to source more regional when possible."

- Large supermarket distributor

FCL Task 4 B2B Stakeholder Interviews (N=14), 2024.

! *If you want to know more about the recommended narratives for promotion: link

9 APPROACH

How FCL Arrived at the Most Recommended Channels for Market Growth

SOURCES

150+ National and International Kelp Products and Dishes *(websites and top U.S. supermarket immersions)*

18 Datasets *(SPINS, Mintel, Datassential, Nielsen, etc)*

899+ eaters surveyed through quantitative and qualitative research

14 interviews with B2B stakeholders (including R&D chefs, an Indigenous chef, CPG brands, large distributors, and food historians)

Find the full bibliography: here

Identified	existing kelp-based CPG products and dishes featuring kelp by reviewing inventory at the largest supermarkets and online stores, as well as menus at popular foodservice establishments across the U.S.
Built	a database of kelp CPG products and dishes, organized by brand/restaurant, category, price, format, attributes, and featured narratives/branding.
Conducted	primary research focused our audience – Established Kelp Eaters and Alaska Visitors – to pinpoint their preferred CPG and foodservice channels.
Analyzed	where these eaters go to eat kelp and purchase kelp products.
Compared	findings with current market data, including industry reports, for additional insights on eaters and how to reach them.
Validated	findings with prioritized B2B stakeholders, uncovering key considerations and strategies for entering the recommended channels.

THANK YOU!

Questions? Please contact us at:
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Visit the Southeast Conference website to access the Roadmap Resources Hub