

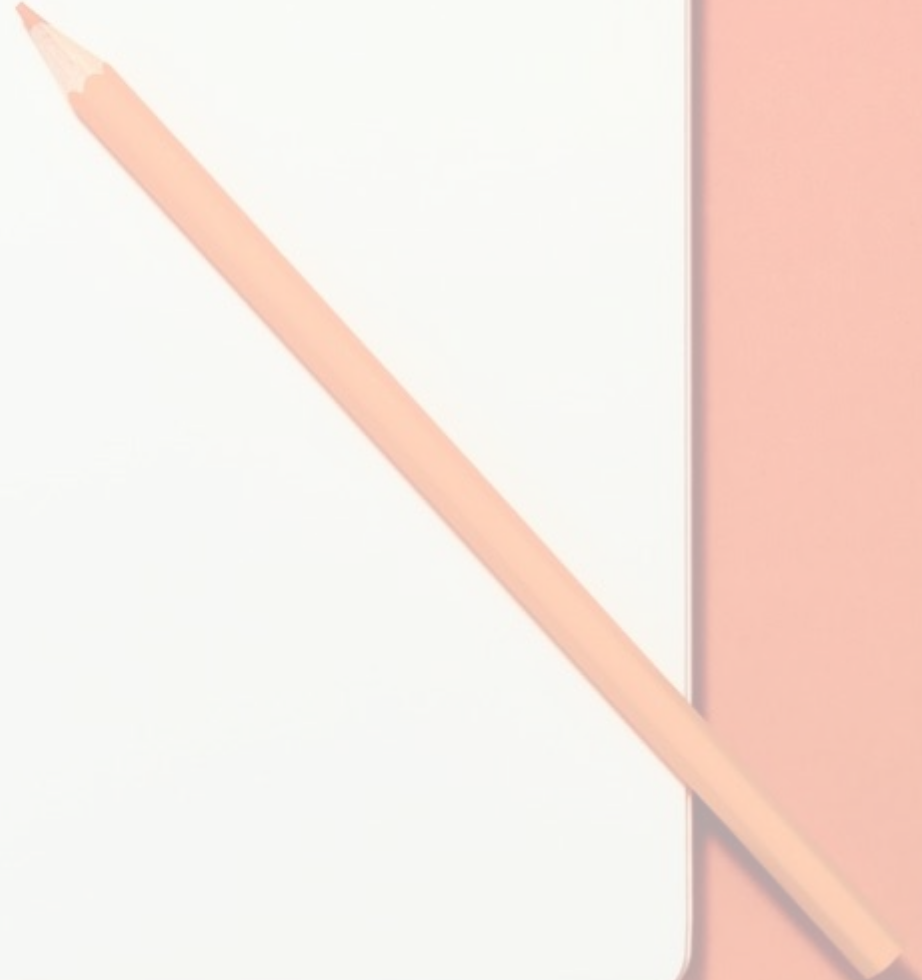


Exploring Growth Potential of Mentaiko & Tarako in the US Market

Qualitative Research Summary
Prepared for Genuine Alaska Pollock Producers
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Background

- Wild Alaska Pollock roe is sold primarily to Japanese and Korean processors who create Mentaiko and Tarako for the Japanese market.
- The stock assessment of Wild Alaska Pollock is healthy and strong yet Japanese demand for roe is flat or declining. Genuine Alaska Pollock Producers has identified the U.S. as an alternative market for Mentaiko and Tarako products to respond to Japan's declining demand and stabilize prices.
- Genuine Alaska Pollock Producers is a non-profit marketing association representing its harvesters, community development quota groups, at-sea and shore-based processors that interviewed U.S. Japanese/Asian food distributors to understand American Mentaiko and Tarako potential.



Mentaiko and Tarako Research Objectives

- Understand U.S. expansion opportunities and deterrents for Mentaiko and Tarako
- Understand distributors' experience, interest and knowledge
- Determine marketing values and needs for these distributors to promote Mentaiko and Tarako



Research Methodology

- 1 hour Zoom interviews with wholesale purchasers
- Respondents recruited by telephone and e-mail from a contact list of those who appear to handle roe products.
- Five respondents were distributors and/or wholesalers. All handle Mentaiko and Tarako.
- A sixth respondent declined an interview because they stopped handling Mentaiko and Tarako many years ago.
- Interviews were conducted from February 4 – March 5, 2021.

Note: This research is qualitatively conducted. While all the learnings are not statistically proven, they would provide the directional guidance on those key questions.

Executive Summary

- Insignificant revenue from unchanging demand means no incentive to expand sales of a risky, import-only item.
- Consumer issues (among non-Japanese/Korean):
 - Awareness
 - Acquired taste and texture
 - Negative perception of fish eggs
- Actions: Address Supply Issues While Driving Demand
 - Assure supply by addressing FDA restrictions
 - Establish B2B USP, product education and new recipes
 - Target early adopters with relevant products such as pasta and onigiri



Key Learnings

Four Mentaiko & Tarako Barriers



1. MARKET SIZE



2. SUPPLY



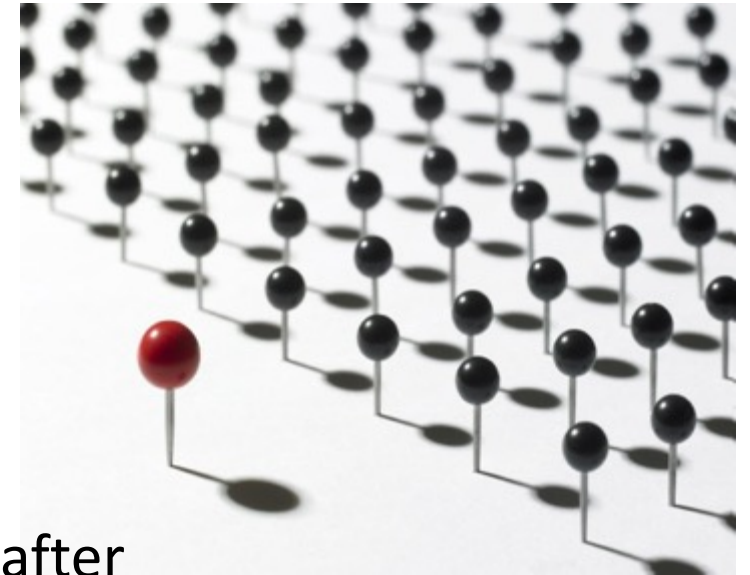
3. AWARENESS



4. TASTE

1. Market Size: Not worth the effort.

- Tarako & Mentaiko are niche items
- Less than 1% of total revenue.
 - ✓ One distributor stopped handling Tarako & Mentaiko after insufficient demand.



1. Market Size, *continued*

- Distributors are satisfied with limited but stable demands from former residents of Japan and Korea currently living in America.
 - Asian groceries:
 - ✓ Very few non-Asian customers
 - ✓ Individual Full form in the tray
 - Asian restaurants:
 - ✓ plastic container or tube for Sushi and Onigiri (rice ball)



1. Market Size: Distributors Comments

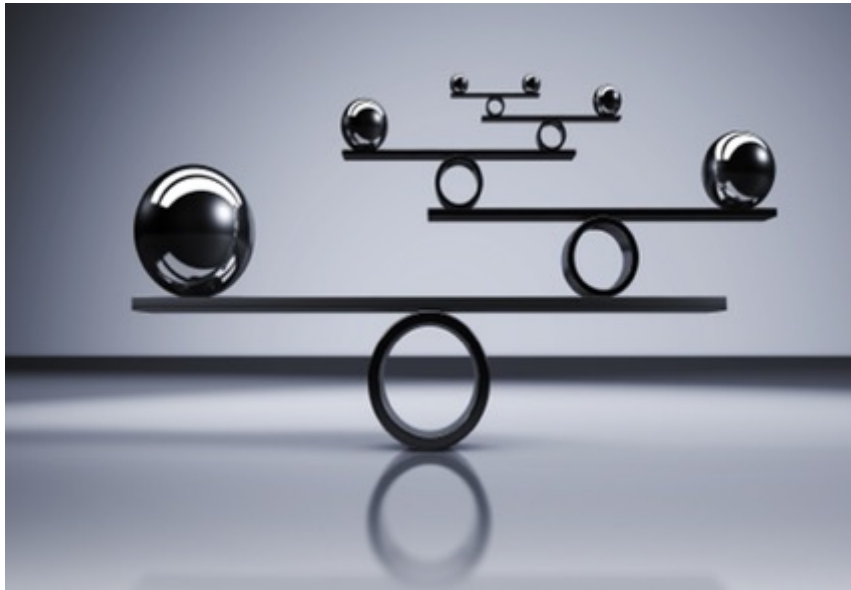
“Tarako is used for a traditional Korean Soup, but I do not see any other way of using Tarako”

“Tarako and Mentaiko are Japanese breakfast staples, but I don’t know any other way to use these products.”

“We used to handle Tarako and Mentaiko but stopped several years ago because there was so little demand among our core customers.”

“We promoted to Chinese customers, but they didn’t take to it.”

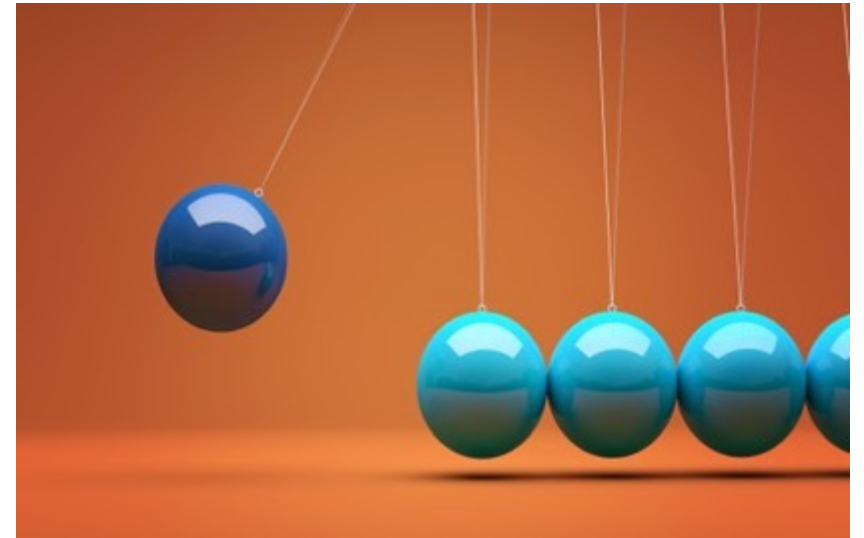
2. Supply: Concern about Reliability & Continuity



- These distributors question how Tarako and Mentaiko supplies can be reliable, given that it is almost 100% import-only and very few Mentaiko/Tarako manufacturers can import their products into the US.
 - ✓ The Japanese Tarako/Mentaiko manufacturing method is not FDA approved.
 - ✓ The Japanese method requires liquid temperatures higher than FDA regulation, concerning bacteria.

2. Supply, *continued*

- Almost all Wild Alaska Pollock roe is sold to Japan and Korea where it is used for Tarako and Mentaiko; and very little remains available for US production and even that has limiting conditions.
 - ✓ One Korean factory beside Seattle's auction house produces small batches of Tarako.
 - ✓ Production in the US is difficult as well due to FDA guidelines.



2. Supply: Distributors Comments

“I’m always worried about not having enough Tarako stock.”

“I’m open to Tarako and Mentaiko promotions, but I’d need assurance of sufficient supply.”

“Why can’t we negotiate with FDA to produce Tarako and Mentaiko in US? I do not like to rely on 100% imports. It is more expensive and harder to manage inventory.”

“I cannot carry much in the fridge because it has such low turnover. I usually import once a quarter, every 3 months or so. Grocery store customers think its expensive, so it doesn’t get much interest, and this limits the turnover.”

3. Awareness: Unknown product with unknown benefits and value.



- Every distributor recognizes that Mentaiko and Tarako are obscure to American consumers.

3. Awareness: Unknown, *continued*

- Some distributors are very optimistic about possibility for Mentaiko/Tarako, citing “Edamame” as an example.
- The industry could work with the Japanese government, either MAFF or JETRO to promote these products.
- Awareness must coincide eventually with Distribution, expanding beyond Japanese & Korean groceries to Japanese & Korean restaurants, then to restaurants offering fusion style menus and ultimately to specialty or high end mainstream grocery.



3. Awareness: Unknown, *continued*



- Nutritional value is unknown for Mentaiko or Tarako .
 - ✓ The success of Salmon is often mentioned as a great example to follow in terms of selling Salmon's health benefits.
 - ✓ It would be a unique point of differentiation to have Mentaiko/Tarako positioned as healthy foods, if substantiated.
 - ✓ There is concern that it's high sodium is a potential issue.

3. Awareness unknown: Distributors Comments

"How can non-Japanese/Korean consumers buy Mentaiko, if they do not know how delicious it is with beer?"

"It is impossible to promote Mentaiko or Tarako to those who don't know it, including its nutritious value. Salmon Roe or Caviar are known to western consumers because Russian people have already established these products as luxurious foods."

"We need to make Mentaiko the next Sockeye salmon, which was positioned as the healthy alternative to meat. I really admired Azumi-san's courage and focus on promoting Sockeye salmon."

"I hope customers would order Mentaiko at a restaurant, as they do Edamame. "

4. Taste: Acquired, with negative perception

- The distributors are skeptical about non-Japanese/Korean consumers reactions to Tarako's taste, given their belief that American consumers would find Tarako too salty and too fishy, with a strange texture.
- They are also concerned about negative perception of fish eggs among American consumers.



4. Taste: *continued*

- Distributors believe that the strong, spicy taste of Mentaiko has a better chance to become popular.
- Spicy food and condiments are hot. And American consumers continue to embrace Asian spicy offerings: Wasabi, Sriracha Gochujang, Spicy Chili Crisp to name a few.



4. Taste: Distributors Comments

“ At the store tasting, everyone complained about its salty, fishy taste.”

“ We tried to make Tarako taste milder by adding sesame oil. Other spices failed to cover its fishy after-taste.”

“ I think Mentaiko should be more accepted than Tarako, because of its hot spicy taste.”

“Mentaiko became the smash hit at a wine tasting event. We are so pleased to see that American people understand high-quality food”

Marketing Support: Reaction to GAPP suggestions

- Any marketing support would be highly appreciated.
 - ✓ Few distributors have a dedicated marketing function.
 - ✓ Promotions usually include supplier price discounts.

Marketing Support: Reaction to GAPP suggestions

Top 3 most popular suggestions:

- Restaurant recipes (not necessarily by famous chefs)
- Material for consumer education, including Mentaiko & Tarako nutrition, how to eat, prepare, store.
- Tastings



Distributor suggestions: *continued*

Generate awareness and demand for Mentaiko

- Look to popular Japanese “non-traditional” uses of mentaiko for inspiration and apply to widely consumed American foods.
 - ✓ toppings for pizza, pasta or bread.
 - ✓ freeze-dried powder for chips or popcorn.
- Enter the distribution channels of snacks for younger people (vending machines, etc.)



Distributor suggestions: *continued*

- Recipe development with the Culinary Institute of America.
 - Student competition with public voting.
- Support tasting events for both the trade and consumers
 - Wine fairs
 - Bakery shows
 - Food fairs
 - Provide samples prepared in promoted recipes.



Suggestions: What Distributors say

“It’s great to get support from a large organization like GAPP to increase awareness of Mentaiko and Tarako. We need this kind of industry level movement.”

“ I hope GAPP will arrange the promotional product supply by negotiating with those Mentaiko makers to get promotional prices.”

“ I support any promotion ideas but at the end, it’s up to grocery stores and restaurants to implement those promotions.”

“ I want to see the increased demand from non-Japanese consumers.



Thought starters:
Recommendation

Recommendation:
Three parallel
workstreams.

Supply	Secure the sustainable supply of Mentaiko/Tarako products
Educate	Build awareness and understanding for B2B stakeholders (distributors, retailers and restaurants)
Taste	Promote “Taste and Experience” of Mentaiko

Recommendation

1. Secure the sustainable supply of Mentaiko

- The most critical first step. If additional supply can not be obtained, the next two steps are not recommended.
- Understand and communicate FDA's concerns about Mentaiko (and Tarako) production, both imported and domestically produced.
- Work with producers in Japan & Korea, potential US producers and governmental agencies in the US and in Japan (JETRO) to find workable solutions to Mentaiko production issues and support implementation of them to supply the US market.



Recommendation

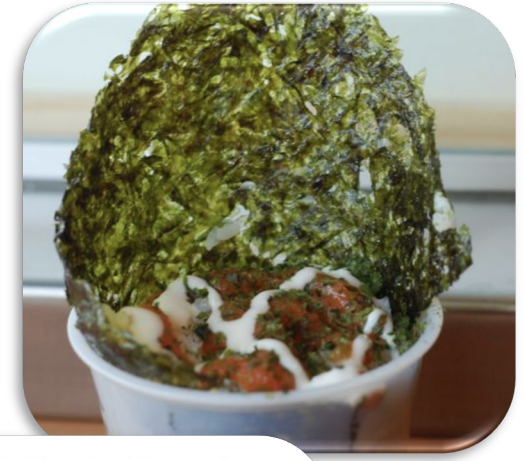
2. Educate B2B targets on Mentaiko, building awareness and knowledge
 - Create trade targeted sales materials that not only describes the products (product description, nutritional value, handling, cooking and serving, and recipe resources) but promotes the roe's **unique selling proposition**, identifying the relevant benefits of Mentaiko *for* the distributor, restaurateur and retailer. It should address the benefits to them of promoting, stocking or using Mentaiko in addition to the other roe products they currently use or stock.



Recommendation

3. Promote “Taste and Experience” of Mentaiko

- Promote Mentaiko as the next spicy Asian food or condiment to consumers, particularly in food service as a trial venue.
- Target on-trend culinary exploring consumers first.
 - Expand beyond conventional, expected venues such as sushi, as alternative roes already dominate this segment.
- Focus initially on a few different mentaiko applications in ‘test and learn’ market opportunities, possibly as part of GAPP’s Fast Start program
 - Consider targeting Onigiri/Omusubi shops in Los Angeles as a growing on-the-go/snack food, that is a traditional mentaiko application.
 - Take advantage of the US consumers love of pasta, and test “Americanized” versions of mentaiko pasta in seafood and Italian restaurant as part of the Fast Start program.
 - Develop recipes for pasta and pizza using mentaiko
 - Provide promotional product & marketing support to those who offer these mentaiko dishes.



Mentaiko Spicy Cod Roe Rice Ball (\$4.95)

Served unconventionally in a cup, the spicy cod roe rice ball may leave you wondering why there isn't more of the addictive sweet and briny cod roe. Given that it's at the high end of the price range, I would've liked a more generous serving. Then again, there's probably no such thing as enough cod roe. Ever. It makes sense that this is one of the restaurant's most popular omusubi, because full as I got, I couldn't stop myself from sneaking more furtive bites.



Appendix

Suggestion List of Marketing support

- Matching dollars for a marketing campaign of your design
- Recipe ideas for consumers and restaurant chefs.
- Chef to chef contents ideas (referral/advocates of M&T products based on their experience)
- Sales stories and tool kits about the value of M&T and the fish it comes from.
- Ideas for channel specific programs
- Buyer education materials
- Product tasting