



## **MARYLAND DEPARTMENT OF AGRICULTURE**

### **LEGISLATIVE COMMENT**

**DATE: February 8, 2017    BILL NO.: HB 120**

**SUBJECT:                    SEAFOOD AND AQUACULTURE PRODUCT MARKETING**

**COMMITTEE:            Environment and Transportation**

**MDA POSITION:        Support**

#### **EXPLANATION:**

This bill will move the marketing responsibility for Maryland seafood products to the Maryland Department of Agriculture from the Department of Natural Resources.

At MDA, seafood marketing will join the current Agriculture Marketing and Development Program. The program will be renamed Agriculture & Seafood Marketing and Development. Currently, Marketing at MDA includes a Chief of Marketing providing oversight and direction to: one Director of International Marketing, three marketing specialists, one ag mediation coordinator, ag education outreach coordinator, an Executive Secretary for Fair Board and one support staff. Additionally, a grants program, with one grants management specialist, for the state's spay and neuter program is housed in Marketing, as the program manages another grant program and has expertise in outreach. The three marketing specialists currently are assigned to: Maryland's Best program; farmers market nutrition program, the Jane Lawton Farm to School program and the specialty crop block grant program.

MDA will reassign one staff member to focus on seafood marketing and integrate seafood in the existing marketing programs. For example, staff currently developing promotions and purchasing advertising for the Maryland's Best Buy Local program, will procure advertising for Maryland seafood and produce. MDA expects to gain efficiencies in this process for both agriculture promotions and seafood promotions. Currently MDA staff work with food buyers from grocery stores, restaurants, wholesale distributors, school systems and institutions. This inhouse expertise will now be applied to seafood as well. Additionally, MDA will develop international marketing for Maryland seafood companies. Currently, MDA international marketing participates as a member in the Southern U.S. Trade Association. MDA's membership in this organization, which receives funds from the U.S. Department of Agriculture as a Foreign Agriculture Service Cooperator, will allow for Maryland seafood companies to participate in seafood trade shows international

#### **COMMENT:**

Maryland Department of Agriculture's Marketing and Agribusiness Development section is devoted to increasing farmer profitability and supporting priority initiatives of the

Secretary of Agriculture. Staffing includes a chief of marketing, an international marketing director, three marketing specialists and an office secretary. Marketing also includes staff managing federally funded programs to market crop insurance and mediate ag related conflicts and a special funded spay and neuter grants program.

Directly related to this legislation to move seafood marketing to MDA are programs which build demand for Maryland ag products through all available market channels. Particular focus is on connecting farmers to distributors, grocery store chains, restaurants, farmers markets, schools and other institutions. Staff are assigned to build relationships with buyers in these market channels and connect them with Maryland producers. A key annual meeting, the Buyer-Grower Expo, has grown from a few dozen buyers and farmers when started in the 2003 to nearly 400 now. This currently includes oyster farmers, a practice begun with Seafood Marketing was located at MDA previously.

In addition to the direct connections that MDA staff work to develop for Maryland farmers with buyers, Marketing also works hand-in-glove with MDA's Communications office to send out timely press releases to promote Maryland agricultural products. MDA Marketing also works with Communications to co-produce the Maryland Public Television program, Farm&Harvest as another tool to connect consumers with farmers. Finally, Marketing purchases advertising with federal funds primarily, approximately \$80,000 annually, and about \$10,000 of general funds. Advertising pushes consumers to the Maryland's Best web site, [www.marylandsbest.net](http://www.marylandsbest.net), a platform to both connect buyers to farmers and provide general information about production agriculture to Maryland's consumers.

These programs have been measured in a number of ways, all indicating success for the Maryland farmer. Demand for local ag products has increased from about 55% preferring Maryland produce (University of Baltimore Schaefer Center) in 2005 to 78% in the same study in 2012. The Farm to School program has been adopted statewide since its launch. More than \$18 million is spent by Maryland schools annually purchasing local ag products (USDA Farm to School Census).

An analysis of the Maryland's Best program conducted in 2015 attributed as much as \$7 million of additional income to Maryland farmers to MDA's marketing campaign between 2007 and 2012. Additionally, Maryland saw increases of direct farmer to consumer sales of 24%, while other states did not see growth in those years in which Maryland's Best has been steadily promoting local produce and other ag products.

### **Joining Seafood Marketing with Maryland's Best**

MDA proposes to bring Seafood Marketing back to MDA, where current marketing staff and one reassigned MDA staffer will work with Chief of Marketing and MDA leadership to ensure Maryland's seafood industry gets marketing support of the caliber currently afforded agriculture. In short order, MDA will begin work with the industry to identify their goals and challenges as well as work to provide a brand which will benefit from the 14 years of state investment in promoting Maryland's Best. Additionally, promotion of Maryland's Best seafood will build the state brand for both seafood and ag products. This is a natural alliance.

For example, the National Restaurant Association's latest forecast for trends in food service are No. 1, Locally sourced meat and seafood. No. 3 is Locally grown produce. No. 9 is sustainable seafood. All of these attributes will benefit from a strong, combined marketing campaign at MDA.

MDA will apply for a USDA Federal-State Marketing Improvement Program grant to fund MDA work with the University of Maryland Eastern Shore's Maryland Seafood Quality Assurance and Inspection Program and a consultant to develop a marketing strategy for Maryland seafood tied to the UMES Crabmeat Quality Assurance and Inspection Program and Maryland Oyster Vibrio Control and Monitoring Program.

#### General Producer Marketing Strategy

MDA's seafood marketing efforts at the beginning of the supply chain will aim to assist producers in developing products and locating/establishing new markets. By establishing and maintaining relationships with wholesale seafood buyers and distributors, MDA will gain insight to market trends/requirements and developing markets that can then be disbursed to seafood producers in the state.

#### Buyer/Distributor Marketing Strategy

The marketing strategy towards seafood wholesale buyers and distributors will focus on developing relationships with key purchasing companies and promoting the benefits and availability of Maryland products.

Efforts to develop and maintain relationships with wholesale buyers will be conducted through outreach and special events. MDA along with wholesale suppliers will exhibit at key industry tradeshows to meet new key contacts and maintain a visual presence. MDA will hold seafood production tours with buyers in order to give a firsthand experience on the advantages of Maryland seafood and connect buyers directly with wholesale producers. MDA already has experience in promoting seafood to international buyers through the Southern US Trade Association trade missions. In 2017 and 2018, MDA will reengage with SUSTA seafood missions at the Seafood Expo North America in Boston, Seafood Expo Global in Brussels, the International Seafood and Fisheries trade show in Bussan, South Korea and Seafood Expo Asia in Hong Kong.

MDA's Buyer-Grower Expo which attracts nearly 400 wholesale food buyers each year already features a number of Maryland seafood companies. This event which now focuses on wholesale fruits and vegetables can place a higher importance on seafood and increase the number of exhibiting Maryland seafood companies. If demand calls for it, MDA will develop a Seafood Buyer-Grower Expo.

Work with retailers will also include in-store promotions to increase Maryland's Best Seafood brand awareness and drive sales of products.

#### Consumer Marketing

In order to increase consumer demand and sales of Maryland seafood a marketing mix of advertising and promotions will be established in both the region and strategic locations throughout the globe. This will be achieved through placement with business to business media, consumer media, in store promotion, in restaurant promotions among other proven

tools to increase sales. In addition, special promotions will be executed during key seafood seasons in order to gain needed sales.

Established MDA assets will be leveraged for seafood marketing in order to fully take advantage of available resources. One of these assets is the Maryland's Best web site which is designed to connect consumers directly with producers and create awareness for special promotions. This site is primarily used by Maryland farms and wineries, however an increased presence of seafood and seafood producers can be achieved with minimal additional resources.

Preliminary discussions are also underway now to collaborate with the Oyster Recovery Project on a new Maryland seafood cookbook. This and perhaps relaunching the Maryland Seafood Cookbook will be considered in consultation with the industry.

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