



UNIVERSITY OF NORTH CAROLINA

SEA GRANT COLLEGE

NEWSLETTER

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Seafood Marketing

The winds of change grow stronger

Marketing. To most people it's an abstract, ill-defined word whose meaning is only important to the economist or businessman.

Yet, like it or not, marketing touches the lives of every one of us daily. Our economic system is based on a series of markets. And they are as vital to that system as the goods they serve to move.

In the seafood industry, marketing is the concern of all. From the dealer who sells ten thousand dollars worth of fish in a single phone call, to the small-time fisherman who works from sunup to sunset to fill his nets, everyone is interested in markets.

And rightly so. In terms of marketing, seafood is one of the most complicated of commodities. Not only is it extremely perishable, but it is subject to highly individualized preferences. To make matters worse, supplies are never constant but bounce up and down according to the whims and seasons of nature.

In North Carolina, the channels and methods for marketing seafood have changed very little over the last several decades. Traditionally fishermen have sold their catches to local fish houses or "packers." From there, the fish are iced and packed whole in
(See "New laws," page 2)

New laws, rising consumer interest: the formula for change

(Continued from page 1)

boxes and sold either directly to retail markets within the state or to larger dealers who distribute the fish in more distant markets such as Baltimore, Philadelphia and New York.

Of course the product flow isn't always so simple or cleanly defined. Some of the fish are processed and then sold to wholesalers and retailers. Other supplies are frozen until market prices are more favorable. But for the most part, North Carolina's seafood industry has always focused on the sale of whole, fresh finfish and shellfish, with special emphasis on the more traditional, higher-yield species.

But there are indications that the industry may be changing.

Signs of change

Though only a little more than a year old, the new 200-mile Fisheries Conservation Zone (FCZ) is already beginning to have an effect on U.S. exports of fishery products. Last year the U.S. exported more than 350 million pounds of fish valued at \$520.5 million. While we still import far more than we export—some \$2.6 billion worth in 1977—the export figure represents a record 35 per cent increase over 1976.

Obviously this increase cannot be solely attributed to the new fishery zone. Many other factors are involved, including the continued devaluation of the U.S. dollar abroad. But as more and more restrictions are placed on foreign fishing activities within the FCZ, it is only logical that other nations will begin to rely more heavily on U.S.-caught fish to meet demands for seafood. Thus the potential for a strong ex-

port market becomes more plausible. In addition, the 200-mile zone is beginning to open the way for the development of new markets and uses of relatively non-traditional species such as mullet, rock shrimp and squid.

There are other signs of change. Consumer interest in seafood, as reflected by per capita consumption, has shown a slow but steady rise over the last decade. Ten years ago per capita consumption of seafood in the U.S. averaged 11 pounds. By 1977 it rose to 12.8 pounds. Though the figure is dwarfed by beef and poultry consumption levels, it is a signal to many seafood marketing specialists that more and more consumers are developing a taste for seafood.

In North Carolina this changing climate has captured the attention of the entire fishing industry. Among organizations such as the state's Department of Commerce, the North Carolina Fisheries Association and UNC Sea Grant, there is growing concern over the impact these changes will have on the future of the North Carolina seafood industry.

Even within the legislative branch, the seafood industry has become the subject of great interest. During the 1977 session of the General Assembly, a special committee of the Legislative Research Commission was created to look into some of the problems of price instability in the commercial fishing industry. Though the committee has only begun its examination, it plans to make a full report to the 1979 General Assembly on the feasibility of legislation addressing this problem.

Elsewhere attention is being focused on the nurturing of new and broader markets for fresh seafood, both within the state and in the Midwest. Coupled with this has come increased interest in the in-



New markets will require changes in the industry as the appetite for seafood continues to grow.

dustry's expansion of processing capabilities so that it can move away from the "ice 'em down and ship 'em out" syndrome.

"In order for the industry to grow—if it really wants to grow—it will have to update and expand and process the product in a more extensive form," maintains Fay McCotter, marketing and consumer specialist with the state Department of Commerce's Marine and Seafood Development Division.

Bob Barker, chief of the Marine and Seafood Development Division, agrees with McCotter that one of the biggest problems facing the North Carolina seafood industry is its lack of processing capability. He argues that this inability to process, freeze and store large quantities of fish has left the industry wide open to gluts, scarcities and dramatic price fluctuations. In the end Barker believes both the fisherman and dealer lose out. "Neither one is making as much as they could from these products," he says.

The seafood park concept

One solution Barker and others envision is the development of seafood industrial parks at key locations along the coast. One such park—the Wanchese Harbor Development Project—is already becoming a reality. The 20-acre site in Dare County is expected to be completed by 1980. Among other things, the state-owned park will include facilities for major seafood processing, storage and distribution operations. Funding has also been approved for feasibility studies on similar projects in the Carteret County and Wilmington-Southport areas.

According to Barker, the seafood parks will be a valuable boost to the entire industry. Because their large-scale processing facilities will be able to accommodate tremendous volumes of fish, the parks will make it possible for fishermen to enlarge and modernize their fleets. As a spin off of this, Barker foresees the day of an expanded boat building industry within the state.

Of course changes such as these will not take place tomorrow. For one thing the North Carolina seafood industry is made up of a fiercely independent lot who are often skeptical of large-scale, government-sponsored development schemes.

For example, not everyone agrees with the seafood industrial park concept. Some processors fear they will lose substantial amounts of business to the larger, out-of-state processors who can afford to relocate in the parks. And there is some question as to how much seafood dealers actually need to expand their markets. Like many dealers, Milton Evans of Evans Seafood Company in Washington is not particularly interested in additional markets. "I've got all I can handle," he emphasizes. "I don't need any more markets."

New markets or not, most observers agree that the North Carolina seafood industry is in a stage of transition. For many this will simply mean business as usual. But for a growing number of fishermen, processors and dealers, it will mean harvesting new species of fish and meeting new market demands.



Tapping the M

To most North Carolina coastal residents sitting down to a meal of fresh croaker or mullet is as natural as eating popcorn at the movies. But tell someone from St. Louis or Cincinnati that you're serving Spanish mackerel for dinner and you're liable to get a few stares.

These fish, like many of the less traditional fish caught off the South Atlantic coast, are virtually unknown in the central sections of the United States. As a result, markets for them have been primarily limited to a narrow region along the Southeastern coast. But if efforts to promote these species in the Midwest pan out, eating king mackerel in Memphis may one day be as acceptable as eating rainbow trout in Toledo.

For nearly two years now the Gulf and South Atlantic Fisheries Foundation, Inc. has been coordinating the activities of nine different organizations involved with the Midwest marketing program. The basic purpose of the project is to encourage the use of so-called underutilized fish through product development and marketing. If successful, it will not only expose consumers in these states to a source of high protein, low cost food but will provide South Atlantic fishermen with an additional, year-round market for their catch.

The initial concept of a Midwest marketing program began to take shape in 1975 when, in an effort to buoy up failing domestic shrimp prices, the National Marine Fisheries Service instituted its



Midwest market

Emergency Marketing Program. According to Roger Anderson, executive director of the Gulf and South Atlantic Fisheries Foundation, Inc., the Midwest was selected for several reasons. First its location was within reasonable reach of the Southeast. Plus it had the vital characteristics of being a relatively untapped market while having "good marketing potential."

The success of the Emergency Marketing Program eventually led to the current promotional program with its focus on new species development—in particular croaker, gray trout, king and Spanish mackerel, mullet and rock shrimp.

Much of the money for the marketing effort comes from the Coastal Plains Regional Commission. Other organizations involved in the program include the National Marine Fisheries Service, Florida Department of Natural Resources, University of Georgia, South Carolina Wildlife and Marine Resources Department, Virginia Seafood Council, Virginia Polytechnic Institute and State University, North Carolina Fisheries Association and UNC Sea Grant.

During individual marketing tours, promotion participants from the various organizations visit target cities in the Midwest. This year the program has expanded to include 18 cities in Minnesota, Wisconsin, Iowa, Missouri, Illinois, Indiana, Michigan, Ohio, Tennessee and Kentucky. At each city, participants visit buyers representing area retail and institutional markets, providing samples and information on where supplies can be obtained.

"It's a little like being a traveling salesman," notes UNC Sea Grant participant Skipper Crow. "You spend the day going from buyer to buyer."

In addition to working with food brokers, participants place substantial emphasis on promoting the products among consumers. Information on the products, including recipe books, brochures and other educational materials, are distributed at demonstrations and exhibits. Marketing specialists also work closely with newspaper food editors and conduct live and taped radio and TV programs.

So far marketing participants have been pleased with the results. Last year they received over one million dollars in complimentary advertising. And in January, Kroger, Inc., a large, Cincinnati-based grocery chain, instituted a fresh seafood market in about 200 of its stores, selling about 100,000 pounds of fish per week. "We think that alone has made it all worthwhile," observes Jim Ayers, program participant and fishery marketing specialist with the National Marine Fisheries Service.

There are, of course, problems that will have to be worked out before long-term markets in the Midwest can be established. Both the logistics and economics of transportation pose difficulties for dealers and retailers.

Currently it takes about seven to ten days to get fresh fish from the ocean to markets in the Midwest. With present packaging technology, that leaves the retailer only a few days to sell the fish before its shelf life expires—an added time constraint many retailers are unwilling to work around.

From the seafood dealer's perspective, the high cost of transportation is another drawback to marketing fish in the Midwest for the first time. "There's no way you can just go into a place and sell a truckload of fish," emphasizes Murray Nixon of Murray Nixon Fisheries, Inc. in Edenton. "You gotta do it gradually."

"The quantities we could ship at the beginning aren't enough to make it worthwhile," adds Tom Caroon of the Riverview Crab Company in Oriental. "The freight costs would eat us up."

According to Anderson, consumer acceptance is one of the biggest blocks to establishing markets in the Midwest. "Everything is new . . . the names are new, the fish are new, the recipes are new. It takes a long time to get consumer acceptance of anything new."

Hand-in-hand with this is the problem of educating the people who handle the fish in the retail market. "The guy behind the meat counter has got to be adequately trained in handling the fish properly," emphasizes Ayers, adding that it only takes one bad experience to turn a consumer off to fresh seafood altogether.

Despite these problems, there are indications that the Midwest marketing effort is paying off. Already buyers such as Kroger are beginning to worry about the availability of supplies on a year-round basis. In North Carolina, seafood dealers are studying the growth of these new markets with a watchful eye. They know that success in the Midwest could signal a change for the entire industry.

New markets closer to home

The search for new markets doesn't have to begin west of the Appalachians. Within North Carolina dealers are beginning to look more closely at markets in the central and western parts of the state—areas that have often been ignored in the past.

Not surprisingly increased public demand for seafood has had an impact in North Carolina. Today seafood restaurants and retail markets are popping up all over the state. Yet ironically many of the fish that are sold to these markets come from Virginia and South Carolina. "Our dealers have established routes up to Baltimore and New York markets," explains Fay McCotter of the state's Division of Marine and Seafood Development, "but they don't have an established drop off route in the western part of the state." As a result many dealers are missing out on profitable markets in their own back yards.

Back yard markets

That's one reason McCotter and others are trying to introduce dealers to markets in key distribution centers further inland. As part of this effort, the Division of Marine and Seafood Development in cooperation with the North Carolina Fisheries Association is setting up promotional exhibits of North Carolina seafood products. One such display was held in Statesville this spring where about 60 inland buyers met with seven coastal dealers. According to McCotter the exhibit was primarily intended to give retailers a chance to find out what kind of seafood products are available in North Carolina. After that, she notes, it's up to the dealers and buyers to make individual trade agreements.

Among dealers the concept of in-state marketing of fresh seafood has hit a far more responsive chord than many of the efforts in the Midwest. The biggest advantage appears to be distance. Most seafood dealers are interested in those markets they can reach with their own trucks. "I feel like we've got markets here in North Carolina," emphasizes Murray Nixon. "We could do a good job right here in North Carolina without shipping all the way West."

Year-round needs

But distance isn't the only critical element in expanding markets. According to McCotter, wholesale and retail markets, whether in the Midwest or the mountains of North Carolina, will require certain changes on the part of the seafood industry. "For one thing, it has to be a year-round thing; it can't quit. They have got to establish a reputable business that can offer the product year-round and not just three or six months a year," she stresses.

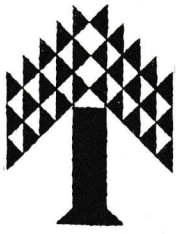


Today seafood restaurants and markets are popping up all over the state.

"It won't sell if it's not there on a week to week basis," adds Sea Grant marine advisory agent Skipper Crow. He emphasizes that retailers and wholesalers must be able to count on the supply because they know that if supplies are sporadic, sales will also be sporadic. "It would be like walking into your favorite grocery store and finding the beef counter empty for two weeks at a time . . . seafood would become a low priority item." Low priority items, adds Crow, are risky ventures in any business operation.

While many North Carolina processors already custom-cut their products, the newer markets will require that more and more of the industry process the fish according to consumer demands and specifications. The specifications will vary from market to market. For example, a restaurant or grocery chain might require that the fish be filleted and portion cut, while institutional markets, such as hospitals and schools, might prefer to dress and portion the products themselves.

"If I were to go into fish marketing today," observes Norm Angel, executive secretary of the North Carolina Fisheries Association, "I would beg, borrow and steal all the money I could to buy myself a wholly owned freezer and custom cut the fish for the consumer market . . . this is where the money is."



A festival of North Carolina folklife

Basket weaving, soap making, lye dripping, net making . . . Each is an integral part of North Carolina's cultural heritage. Yet for many of us these activities are something out of the past, found only in history books and legends.

The North Carolina Folklife Festival will bring these activities to life Saturday, July 1 through Tuesday, July 4 at Durham's historic West Point on the Eno River. It's all part of a four-day celebration of community and family folk traditions found throughout the state.

More than 300 crafts and trades people, musicians, storytellers, cooks and dancers are scheduled to participate in the festival. Each region of the state, including the mountains, piedmont and coast, will be represented through folklore, crafts, music and food. There will be boat building demonstrations from Harker's Island, blues guitar and piano music from Greensboro and corn meal grinding from Cherokee.

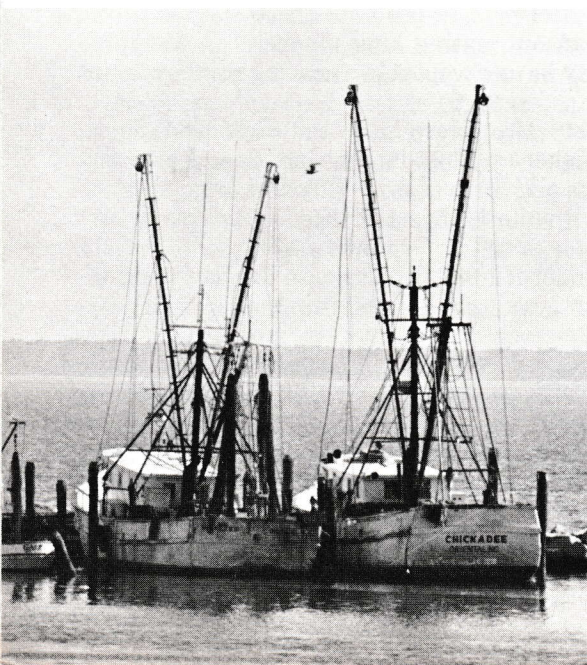
In addition to the regional folk exhibits and demonstrations, there will be a Crossroads section where both festival goers and participants will have a chance to talk about some of the traditional folkways in more detail and look at how these traditions have changed over time.

For children, a special Children's Area is being set up where the activities will include traditional games, songs, toys and crafts of the various regions.

The festival is sponsored by the North Carolina Department of Cultural Resources' Office of Folklife Programs. Admission is \$1 per day for those between ages 12 and 65, and 50 cents for ages 6 to 12. Senior citizens and preschoolers will be admitted free. All festival parking will be located at designated lots along the main routes to the festival. Shuttle bus service will be available from the parking lots to the festival.

For more information on the festival, contact the Office of Folklife Programs, North Carolina Department of Cultural Resources, Raleigh, North Carolina 27611. Telephone: (919) 733-4867.

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