New Business Models for Small-Scale Fishermen and Seafood Processors

Sea Grant/NOAA Central Library Webinar
November 10, 2011

Barry Nash, North Carolina Sea Grant
Susan Andreatta, UNC Greensboro
Long-term Goals

- Retaining and creating jobs in fishing communities, through science and business principles.

- Ensuring safe and high-quality seafood for consumers.

- Satisfying consumer demand for local seafood.
North Carolina Sea Grant Team

- **Extension**
  - Scott Baker
  - Brian Efland
  - Sara Mirabilio
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- **Communications**
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- **Research**
  - Susan Andreatta
New Business Models for Small-Scale Fishermen and Seafood Processors, Part I

Barry Nash, North Carolina Sea Grant
National Statistics

From “Food Technology,” a publication of the Institute of Food Technologists

- Local means “grown/harvested in my state.”
- Consumers believe local food is fresher, has less chemical contamination and is of higher quality.
- When it comes to food quality, more than half of consumers say they buy local whenever possible.
- Consumers are looking for authentic products prepared in a “special place,” such as Copper River Salmon.
National Statistics

From “Food Technology,” a publication of the Institute of Food Technologists

- 61% of consumers would pay a premium of 30% or more for fresh seafood.\(^5\)
- Seafood among the “Top 10” fastest-growing categories for natural-products retailer
- **Local seafood was first among National Restaurant Association’s “Top 10” culinary trends in 2011.**\(^7\)
- USDA predicts seafood will have the largest per capita gains through 2020.\(^8\)
2005 NC Seafood Festival Survey by Carteret Catch

- 84% expected seafood at the coast to be locally caught.
- 90% expected seafood in local restaurants to be locally harvested.
- **92% were inclined to purchase local seafood over imports if given a choice.**
- Favorite commodities: shrimp, flounder, scallops, oysters and blue crabs.
2006 Survey by Susan Andreatta, UNC-Greensboro

- 84% said seafood they were eating at the coast should be locally harvested.
- **83% were willing to pay a price premium for local seafood at restaurants.**
- Favorite commodities: shrimp, flounder, scallops, oysters, hard-shell crab, tuna, grouper, soft-shell crab, clams, snapper, bluefish and trout.
Other Local Surveys

• 95 % would buy branded local seafood if it were available in other North Carolina markets. *2007 survey by Rita O’Sullivan, UNC-Chapel Hill*

• 90 % of consumers were willing to pay a premium price to ensure the seafood they buy is local. *2008 survey by Amy Anderson, UNC-Chapel Hill*

• 84 % prefer local seafood for its freshness and quality, its perceived safety and to **support local fishermen.** *2010 survey by Susan Andreatta, UNC-Greensboro*
Opportunity & Challenges in 2003

• Market research indicated consumers were eating more seafood.
• Consumers seemed inclined to purchase domestic seafood over imports.
• Carteret County, NC, restaurants offering local seafood were not receiving a market incentive.
• **Local seafood was indistinguishable from imports.**
Branding Local Seafood

- Carteret Community College (CCC) in Morehead City, NC, received a Rural Community College Initiative (RCCI) grant in January 2003.
- RCCI Program: Supported by the Ford Foundation and administered by the Southern Rural Development Center at Mississippi State University.
- RCCI Mission: Support economic development initiatives that improve the livelihood of rural county residents.
Branding Seafood

Commercial Objectives:
• Create a stronger awareness of – and demand for – local seafood.
• Improve revenues for fishermen, dealers and restaurants.

Educational Messages:
• Commercial species are seasonally available.
• Local seafood is inspected for wholesomeness.
• Continuity of marine resources is enhanced by state and federal regulations.
• The lifestyle and heritage of Carteret County fishermen should be valued.
2008 Survey by Amy Anderson, UNC-Chapel Hill

- 79% purchase local seafood because marine stocks are managed for continuity by state and federal regulators.
- 87% purchase local seafood because harvesters and processors comply with federal and state rules that protect food quality and safety.
- 94% purchase local seafood because doing so supports local fishing communities.
Community Partners

- American Culinary Federation – Carteret County Chapter
- Carteret Community College
- Carteret County Chamber of Commerce
- Carteret County Economic Development Council
- Carteret County Fishermen’s Association
- NOAA Fisheries Service
- North Carolina Cooperative Extension Service
- North Carolina Division of Marine Fisheries
- **North Carolina Sea Grant**
- North Carolina State University Seafood Laboratory
Funding Sources

- Carteret Community Foundation
- Carteret County Board of Commissioners
- Carteret County Tourism Development Authority
- North Carolina Fishery Resource Grant Program
- North Carolina Sea Grant
- Southern Rural Development Center
- UNC-Chapel Hill Office of Economic & Business Development
Brand & Message Development

• Who are your primary customers?
• What value will you bring to those customers?
• What differentiates you from your competition?
• What do you offer that your competitors do not?
• What are your strengths and weaknesses?
• What is your greatest asset(s) and challenge(s)?
• What is your vision of the future? Five years from now? Ten years?
Brand Name Options

• Carteret Tradition
• Carteret’s Wild Catch
• Carteret Select
• Carteret Reserve
• Carteret Pride
• Captain’s Catch
• Southern Harbor
• Southern Horizon
Tag Line Options

- It’s a coastal tradition
- A southern tradition
- Down East seafood
- Locally harvested
- The pride of Carteret County
- Locally harvested from the Crystal Coast
- Local, sustainable wild catch
- Select seafood from the fishing families of Carteret County
Membership Categories

• Commercial Fishermen (county resident, SCFL#)
• Seafood Dealers (Carteret County business address, N.C. dealer’s license, government inspection, dealer’s stamp)
• Seafood Retailer (government inspection, N.C. dealer’s license)
• Restaurants offering at least one local commodity throughout the year when seasonally available
• Associate Members
• Sponsors
Endorsements

Carteret County Board of Commissioners

Carteret County Tourism Development Authority

Carteret County Marine Fisheries Advisory Board
QUALITY COUNTS:
A Consumer’s Guide to Selecting North Carolina Seafood

<table>
<thead>
<tr>
<th>Seafood Type</th>
<th>What to Look For</th>
<th>What to Avoid</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRESH CUT FISH</td>
<td>• Firm, elastic flesh</td>
<td>• Mushy or bruised flesh</td>
</tr>
<tr>
<td></td>
<td>• Translucent color</td>
<td>• Milky color</td>
</tr>
<tr>
<td></td>
<td>• Moist appearance</td>
<td>• Dry or brown edges</td>
</tr>
<tr>
<td></td>
<td>• Mild scent</td>
<td>• Strong sour or “fishy” odor</td>
</tr>
<tr>
<td></td>
<td>• Unexpired sell-by date, if present</td>
<td>• Expired sell-by date, if present</td>
</tr>
<tr>
<td>WHOLE AND DRESSED FISH</td>
<td>• Bright, shiny eyes</td>
<td>• Cloudy, sunken eyes</td>
</tr>
<tr>
<td></td>
<td>• Bright red gills, if present</td>
<td>• Pale or gray gills</td>
</tr>
<tr>
<td></td>
<td>• Firm, elastic flesh</td>
<td>• Mushy flesh</td>
</tr>
<tr>
<td></td>
<td>• Scales adhering tightly to skin</td>
<td>• Scales dull or missing</td>
</tr>
<tr>
<td></td>
<td>• Smooth, glistening skin</td>
<td>• Excess slime on skin</td>
</tr>
<tr>
<td></td>
<td>• Mild scent</td>
<td>• Strong sour or “fishy” odor</td>
</tr>
<tr>
<td></td>
<td>• Bright red blood line in gut cavity</td>
<td>• Dark or brown blood line in gut cavity</td>
</tr>
<tr>
<td>FROZEN FISH</td>
<td>• Solidly frozen flesh</td>
<td>• Partially thawed fish</td>
</tr>
<tr>
<td></td>
<td>• When thawed, passes same criteria as unfrozen fish</td>
<td>• Discolored flesh</td>
</tr>
<tr>
<td></td>
<td>• Tight, moisture-proof packaging</td>
<td>• Dry or papery edges</td>
</tr>
<tr>
<td></td>
<td>• Product is visible, unmarrred</td>
<td>• Torn packaging or crushed edges</td>
</tr>
<tr>
<td></td>
<td>• Unexpired sell-by date, if present</td>
<td>• Signs of ice crystals or freezer burn</td>
</tr>
<tr>
<td>LIVE SHELL FISH</td>
<td>• Tightly closed shells if open</td>
<td>• Expired sell-by date, if present</td>
</tr>
<tr>
<td></td>
<td>• Gaping shells: do not buy</td>
<td></td>
</tr>
</tbody>
</table>
Seafood Sightings: November 3, 2011
Posted on November 3, 2011 | Leave a comment

SEAFOOD SIGHTINGS
(printer-friendly version)

With a chill in the air, you can warm up by trying one of the recipes for chowder or gumbo. Enjoy!


Posted in Seafood Sightings

Seafood Sightings: October 27, 2011
Posted on October 27, 2011 | Leave a comment

SEAFOOD SIGHTINGS
(printer-friendly version)
Local Seafood Branding Initiatives

Queensland Seafood Industry Association, Australia

Port Clyde Fresh Catch, Maine
www.portclydefreshcatch.com

Brunswick Catch:
*Fresh from local fishermen to you*
www.brunswickcatch.com

Ocracoke Fresh:
*Caught today the traditional way*
www.ocracokeseafood.com

Outer Banks Catch:
*Fishermen approved*
www.outerbankscatch.com
The North Carolina Seafood Festival

“Cooking with the Chefs: A North Carolina Seafood Experience”
Direct Marketing for Local Seafood

• Brainstorming by North Carolina Sea Grant fisheries specialist Scott Baker.

• 2005 *New York Times* article on Community Supported Agriculture (CSA) arrangements connecting farmers and New York City residents.

• Baker’s online research showed no similar model for seafood – but revealed Susan Andreatta’s contribution to CSAs in North Carolina.

• Baker introduced Andreatta and Nash to pilot a direct-marketing arrangement for seafood through Carteret Catch.
New Business Models for Small-Scale Fishermen and Seafood Processors, Part 2

Susan Andreatta, UNC-Greensboro
Alternative Niche Markets for Local Seafood

Direct Marketing:

• Fishermen connecting directly to consumers.

• Fish house dealers/seafood processors connecting to consumers.

• Consumers connecting to area restaurants who buy from local fishermen and seafood processors.
Creating CSFs, but what is a CSF?

CSFs are modeled on CSAs.... Okay, but What is a CSA?
Community Supported Agriculture (CSA)

*Shareholders * Members * Subscribers*

- **Pre-pay:** purchase a "membership" or "share“ prior to the beginning of the growing season(s). *(advance commitment)*
- **Commitment:** Small-scale grower to shareholder; shareholder to grower.
- **Responsibility:** Shareholders share in risks and the benefits with grower. *(No purchasing of supplemental products when weather/insects interferes with harvest.)*
Community Supported Agriculture (CSA)

- **Social Responsibility** – not an elitist or privileged food system. A percentage is dedicated to those not able to pay for a share (scaling payments, working shares).

- **Ecological Responsibility** – stewarding the earth: Small-scale producers, biologic farms, ladybug friendly farms, certified organic.

- NOT niche market for *conventional* farmers. ⁹,¹⁰
Community Supported Fisheries (CSF)

• Based upon the direct marketing concept of “Community Supported Agriculture.” (CSA)

• The public supports local, small-scale fishermen by buying directly from fishermen or their families. *Anyone else is a peddler, middleman or retailer.*
Community Supported Fisheries (CSF)

• A way for the public to support their fisherman ~ a partnership.

• Like a CSA, individual CSFs are designed and operated by a fisherman, with his household or extended family.

• The public/consumers pre-pay a fisherman to receive seasonal catch.
Buying Clubs/Cooperatives

- Multiple fishermen offer a variety of species.
- Team up with seafood processors.
- Held together with a branding identity.
- Team up with small-scale farmers (vegetable and flowers).
- Team up with livestock farmers (beef, dairy, poultry, pork).

Retailers re-selling are not CSFs.
Cooperatives Including Local Processors and Retailers

• Branding local products ~ niche marketing.
• Freezers and coolers ~ already equipped.
• Labor or machinery for value-added components ~ filleting, deveining, deheading, shucking.
• Transportation via refrigerated trucks.
• Useful for multiple fishermen, provides employment opportunities within community.
Alternative Opportunities for Marketing Local Seafood

Coastal Delivery Packages:
Consider a seafood delivery package to hotels, condos, summer rentals, etc.
  – Visitors/residents receive fresh seafood to cook immediately or to take home/freeze for later use.

Inland Delivery Package:
Consider a seafood delivery package to inland residents.
Planning for a CSF

• What are the ordinances/regulations for selling fresh seafood to the public (in a city, at a farmers market, directly to the public)?
• Learn the markets: Who are the buyers? Residents, visitors, chefs, others?
• What seafood do customers buy and cook for themselves?
• What seafood do consumers and chefs prefer to have at a restaurant and in what form?
Research Strategy

Identified interest in new seafood market niches

Interviewed:

- Commercial fishermen (small-scale)
- Coastal residents and visitors
- Seafood dealers (wholesalers and retailers)
- Restaurant owners, local chefs
- Realtors
- Tourism professionals

- Connect the dots from waters to plate.
Ethnographic Research: Interviewing and Participant Observation
Developing New Market Niches From the Fishing Perspective

1. Start small.

2. Talk to family and partners.

3. Discuss goals and responsibilities.
Fishermen/Watermen: Know Limits

• How many shareholders will you and your family be able to support?
• What are your resources?
• How will you find shareholders?
• How will you distribute shares?
• What are your major obstacles?
• Who fillets? Do you de-head?
How to Calculate a Fair Price per CSF Share

• Not modeled on a “cheap” food policy.
• Not modeled on “designer” food buyers.
• Figure out costs: Value of the catch, operating costs, transportation, etc. Then divide shares accordingly.
• Price should be higher than a grocery store.

*CSF value added: A safe, quality product caught by a local fisherman.*
What We’ve Learned from CSA Research

Price to shareholders: $300 - $800

Depends on:

• number of weeks
• weight (volume) of the filled bags
• number and type of items included
• sliding scale to be inclusive
• drop-off site (on farm or elsewhere)

Share value: Based on a $$ average per week
Pre-Paid Shares of Seafood
(½ pound serving of seafood per person)

Full Shares
  – feeds 4 people, 1 to 2 meals/week

Half Shares
  – feeds 2 people, 1 to 2 meals/week

10 to 15 weeks
  – Seasonal share (Spring, Summer, Fall or Winter )

24 to 30 weeks
  – 2 or 3 seasons depending on region and fishery

Variations for weekly or biweekly deliveries.
Example: An Oyster Farm

“You pay an annual fee toward the farm’s operating costs and, in return, receive a monthly share of the shellfish harvest. As a CSF partner, a shareholder receives one dozen oysters and two dozen clams each month for 6 months starting in April. Some months we will be substituting local scallops, mussels, and trout.”
Example: Finfish Shares

Price to shareholders per 12-week season:

• Whole fish: cleaned and packed on ice
  (4 to 6 lbs per week vs. 8 to 12 lbs per week)

• Fillets half-share ($180): 1.5 to 2 lbs filleted

• Fillets full share ($360): 3 to 4 lbs filleted
Example: Shrimp Only Shares

• Price to shareholders/12-week season: $150 to $300
• Shrimp only shares: Packed on ice
• Price depends on seasonal size average: $2.50/pound with heads on
• Half share: $150 for 5 pounds weekly
• Full share: $300 for 10 pounds weekly
The Brochure:

- Advertise CSF, Buying Club or Cooperative
- Describes philosophy, share amounts, cost distribution sites, contact information

Local Seafood from Community Supported Fisheries

For More Information

Call the fishermen and vendors to see what is in season. Remember weather influences seafood availability. Call and plan ahead; make your arrangements today. Remember to ask the count size for shrimp. For example, 30-40s mean there are about that many in a pound. The larger the number the smaller the shrimp. Bigger shrimp such as, 16-20s, are some of the biggest available when in season and cost more than the mid-size shrimp. When quoted a price it will be for the size of shrimp with their heads on, some ice, and no ice chest. You might want to have your own cooler with additional ice or ask if an ice chest is available for an additional charge.

Check Out Our Websites:
Carteret Catch
www.carteretcatch.org

Carteret Catch is a grassroots community based organization for the direct marketing of local seafood. Look for the flag at area seafood markets, restaurants, and roadside stands.

UNCG Project Green Leaf
http://greenleaf.uncg.edu and look under wild caught fisheries project.

Participating businesses of Carteret Catch appreciate your support. Remember to ask for local seafood.
CSF Concept

North Carolina, Maine, Long Island, New Hampshire, Massachusetts, Connecticut, South Carolina, Alaska, Oregon, California, Vancouver, Nova Scotia, Australia
Andreatta’s Recommendations

• Policies to protect small-scale fishermen involved in direct marketing from those who misrepresent CSFs.
• Reselling of local catch needs to be labeled.

*Reselling local seafood ≠ CSF*
Moving Forward:
North Carolina Sea Grant,
Sea Grant Network and Partners
Sea Grant Fosters Business Success

• **Seafood Safety Training** ~ Seafood HACCP Alliance

• **Business Development Training & Assistance**
  • Business planning
  • Websites
  • Promotional materials (business cards, brochures)

• **Value Addition**
  • Processing
  • Traceability (link products to specific fishermen)
  • New products
Innovation through Education

North Carolina Seafood Marketing Workshops

• Brunswick Catch and Ocracoke Fresh
• Surfin’ Seafood (Seattle, WA) and Fishtowne Seafood Center (Beaufort, NC) partnership
• “Shore to Door” delivery service

Local Catch Summit

• Planned for February 2012
• Facilitating collaboration
Long-term Goals

• Retaining and creating jobs in fishing communities, through science and business principles.

• Ensuring safe and high-quality seafood for consumers.

• Meeting consumer demand for local seafood.
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Andreatta’s Research
Supported by North Carolina Sea Grant

Harnessing Consumer Preferences to Create New Markets for North Carolina Seafood
FRG 06-ST-02 * FRG 07-ST-04

Examining the Impact of Social Marketing Programs on the Public Assessing Local Seafood
R/MG-11-04
Footnotes for Nov. 10, 2011, Presentation

Additional Information on Business Development
Barry Nash


Additional information on Community Supported Fisheries
Susan Andreatta

Articles


Project Reports

