

# **The Seafood Industry**

## **A Self-Study Guide**

### **Merchandising**



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## MERCHANDISING AND MANAGING A FRESH SEAFOOD DEPARTMENT IN A RETAIL FOOD STORE

Seafoods are gaining popularity with more and more segments of the American population, with this popularity generally felt strongest in the food service industry. While Americans still consume most of their seafoods outside the home, a growing number is becoming interested in preparing seafoods at home for family and friends.

Seafoods are here to stay in the supermarket. Nationally, more than 17% of the industry reports having a fresh seafood program. In major market areas, competitive pressure alone is pushing retail food outlets into some form of a fresh seafood operation. Firms strongly committed to a fresh seafood program have found long run success; for many, the sheer drawing power is well worth the added expense and effort to operate the department.

It appears that in the next three to five years the retail food industry will be able to significantly increase its market share in fresh seafoods by providing high quality, acceptable, affordable products to consumers. Many retail outlets are already reacting to this demand by expanding the fresh meat mix to include a variety of fresh aquatic and marine food products. These progressive firms have realized that success in retailing fresh seafoods is much more involved than simply investing in equipment and inventory and placing products in the display case.

A seafood merchandising effort may be defined as the process of maximizing consumer satisfaction through buying, pricing, and presenting seafoods, related products and services with the end result being to achieve the seller's financial objectives.

This definition contains two distinct and interconnected goals:

- 1) To provide customers with satisfaction from their patronage;
- 2) To achieve the financial target that sellers set for themselves.

Whether these two goals are attained depends on how well retailing efforts (buying, pricing and presenting seafoods, related products and services) are tailored to the needs of the trade area.

The process of developing and managing a seafood merchandising effort is really common sensical. To justify the square footage, employee time, inventory expense and capital equipment cost, the seafood effort must contribute to storewide goals by ultimately providing the customer with desired products and services. Each of the diagrams in Figure 1 represents a seafood merchandising system. In the diagram where the circles do not intersect, we can assume the retailing efforts are not contributing to customer satisfaction, therefore departmental and storewide objectives are not being met.

The diagram with the interlocking circles indicates that consumer satisfaction and departmental objectives are being met. In this situation a two-way flow occurs: a bundle of products and services flows out of the

store in the form of consumer satisfaction while this "satisfaction" is repaid with achievement of departmental objectives. From this diagram, we can assume that the closer we adjust our mix of retailing efforts to meet the needs of our trade area, the easier it will be to obtain departmental objectives.

Providing customer satisfaction in purchases and realizing departmental objectives requires the retail food marketing team to have:

- 1) The ability to judge and maintain quality in fresh seafoods;
- 2) Knowledge of the variety of seafoods available;
- 3) How to provide a mix of affordable, acceptable products to the trade area;
- 4) An understanding of existing consumer attitudes towards shopping for and consuming seafoods;
- 5) An awareness of how to incorporate certain tried and proven marketing techniques to help insure consumer adoption and acceptance of seafoods in the home;
- 6) The necessary managerial information available to evaluate past experiences and techniques and apply positive experiences to future efforts.

These six merchandising strategy components, which comprise the goods and services we call consumer satisfaction, reflect the normal information needs required to successfully retail most any product. A fresh seafood effort also presents additional challenges because:

- 1) Much of the success in food merchandising is the result of past experience, knowing what is correct in a given situation, and skillful manipulation of events. Seafood is often a completely new product line, and often there is little information available to use in deciding what is correct in a given situation. We must learn about seafoods as the weeks come and go.
- 2) We generally receive some assistance from manufacturers and middlemen, either in the form of money or services. Examples of this assistance are promotional allowances and rack jobbers who are responsible for maintaining the display and properly rotating the stock. With a fresh seafood effort, there may not be a lot of assistance from either processors or middlemen. In essence, the retailing firm opting for a fresh program generally needs to rely on its own motivation, resources and commitment to be successful.

The six merchandising strategy components mentioned above are discussed in this chapter. Once this chapter is completed, you should have a well-rounded understanding of the activities required to provide an array of affordable, acceptable products and support services that fill the needs of your trade area.

Beyond this understanding, you should remember that the enthusiasm and interest you have is critical to the success of a fresh seafood department.

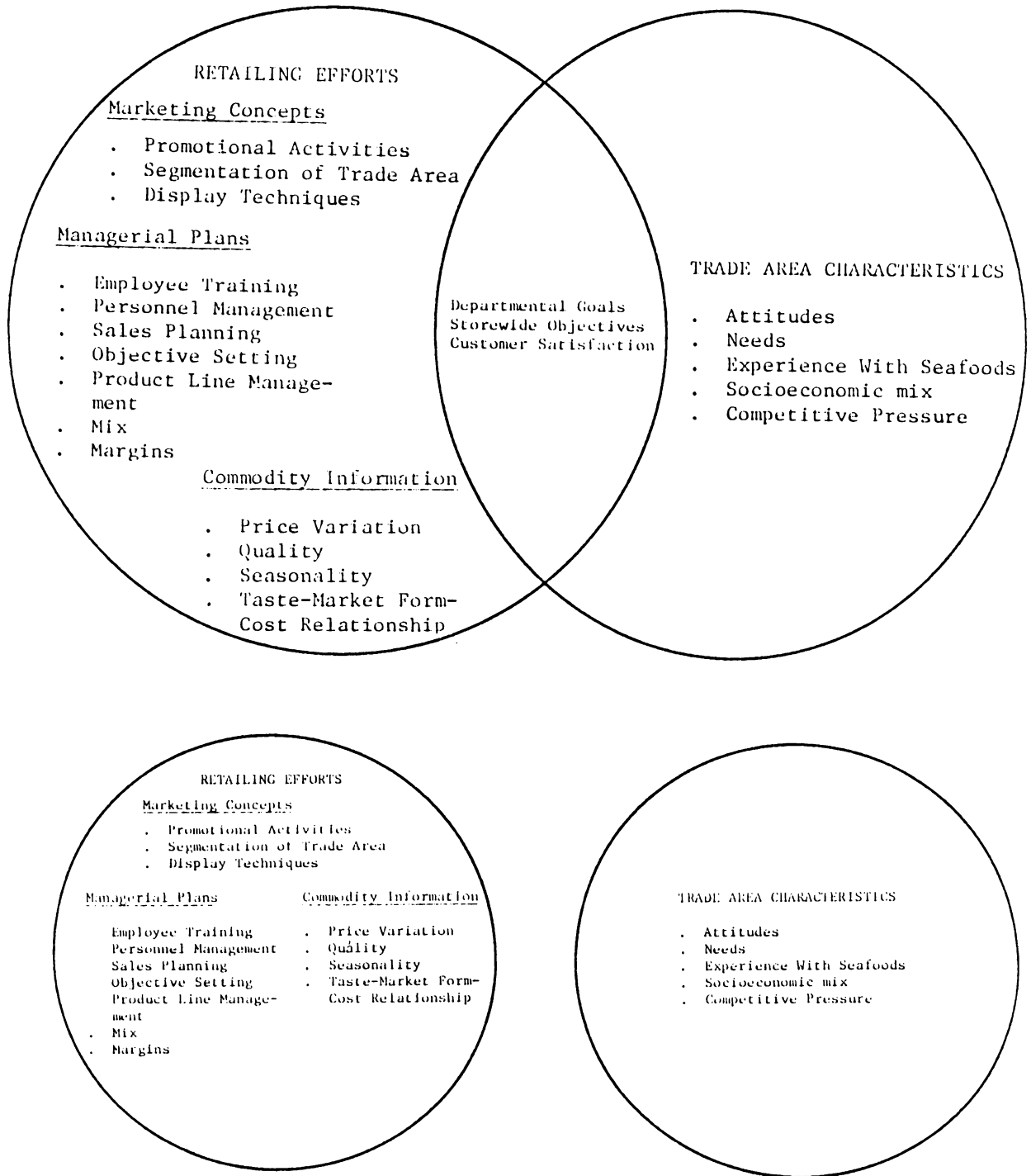


FIGURE 1  
 CONCEPT OF THE SEAFOOD RETAILING SYSTEM

This chapter was organized by assuming that we should first have some general information about what we are selling: the seafood product. The second informational need is a review of selected attitudinal work conducted to determine how consumers feel about seafoods. This provides some basic information useful in developing a communications and display package. The third concern in becoming better equipped to meet seafood department objectives is to tie together the seafood offerings with customer needs through the use of accepted retailing tools.

## BUYING FRESH SEAFOOD

Buying for retail establishments is done either by general office personnel or market management in individual outlets. Regardless of who does the buying, procurement of fresh seafood products requires more than simply ordering from a supplier. There is no mandatory inspection of fishery products in the United States. Grading and inspecting is optional, and since seafood processing plants have to pay for the service, the competitive nature of the seafood business keeps many firms from incurring this expense. Unless the seller mentions otherwise, the products he carries, in all probability, are not inspected by the public sector. Therefore, the responsibility for consistently purchasing the highest quality products available lies with the buyer.

Besides quality considerations that influence shelf life, shrinkage and consumer acceptance, product specifications can provide consistency in the products that are retailed over the long haul. Purchasing fresh or frozen seafoods is a game of trust: trust between wholesale purveyor and retail buyer. Both parties should understand the other's expectations, so agreeing on a set of guidelines for products will help alleviate the confusion that is likely to surface from time to time. A good set of product standards will earn you the reputation as a marketer of consistent quality and style of products, and ultimately enable you to increase fresh seafood sales.

The third consideration in buying is to provide customers with acceptable products they can afford week-in and week-out. Given the price variability of fresh seafoods, this aspect of buying can only be accomplished with aggressive management of the product line.

These three considerations comprise the buying function, and each component can be expressed as an objective. A hypothetical buying objective may be to maximize customers' value in seafood purchases by:

- 1) Procuring the highest quality products available;
- 2) Setting specifications for the types of products ordered;
- 3) Procuring a mix of products that are acceptable and affordable to the trade area.

Procurement practices and quality identification are discussed elsewhere in this correspondence course. For further information, please refer to the appropriate section. This section on buying seafoods

discusses the objectives of setting specifications and procuring a mix of acceptable, affordable products.

### Setting Specifications For The Types of Products Ordered

Seafoods within many product classes have historically been lumped together as agricultural-type commodities. However, all gallons of select Oysters, all five-pound boxes of 36-42 count Shrimp, all skinless fillets of Gulf Red Snapper, and all one-pound containers of lump Blue Crab meat are not the same. Within each product category, there can be significant price variations.

Many variables can influence the price of a particular product. The price for a 50-pound bag of crawfish, for example, depends on 1) whether the animals were purged (cleaned) before packing, and 2) the percentage of extraneous material contained in the pack: was bait, mud, and rice stalks included in the 50 pounds or are the 50 pounds 100% crawfish. Generally speaking the price for a particular product is reflected in 1) the species used, 2) the quality of product the processor started with, 3) the quality control of the manufacturing process, 4) the cost of packaging, and 5) the cost of distributing the product.

Often, marine and aquatic food products are purchased strictly on the basis of price. Price will always be an important criteria for making a purchase decision, but it should not be the only one. By coupling price awareness with specifications about quality, and style of the pack and using indicators, which exist to effectively determine species, a much more comprehensive approach to buying can be used.

Incorporating specifications into the buying and receiving makes these tasks more involved. More time will be required to educate employees about testing incoming product, and additional time will be needed to evaluate incoming goods. But the extra time ultimately means more dollars spent. What benefits exist in using product specifications that will offset this additional expense?

The most obvious benefit is the retailers' reputation with the consuming public is better protected. Just ask yourself who the consumer will blame for an unpleasant experience with seafood: the fisherman, the processor, the wholesaler, or the retailer? Expressed positively, using specifications helps the seafood department provide the level of satisfaction that customers expect.

Keen price competition is normal in the retail food industry. Establishing specifications will allow retailers to effectively meet the competitive price or compete on the basis of consistency, quality and value to consumers. For example, many processors would like to know what prices retailers want to charge so they can pack accordingly. Without the use of specifications it is difficult to guess. A hypothetical example may help. Let's assume a retailer, facing serious seafood competition in several outlets, would like to sell the 36-42 count Shrimp at cost as a leader time, and he wants the price to be competitive. By communicating this information to the wholesaler, he can find the style of pack that will fit

the appropriate price range. The pack may have 5% pieces, and the grade may average out to be more towards 42 count Shrimp than 36 count.

Alternatively, an objective may be to have the reputation as the purveyor of the best quality shrimp in town. A set of specifications, in essence a buying guide, enables the retailer or his distributor to seek out shrimp packs which have the fewest pieces, a low average tail count in the grade and good uniformity in size.

What sort of product specifications need to be established? The simplest answer is: specifications should guard against potential problem areas. Aside from quality, there are essentially three main areas of concern to retail foodsmen:

- 1) Substituting another product for the requested item;
- 2) Substituting a different size than what was ordered. This is more critical with shellfish since they are graded and priced by size;
- 3) Skimming products by adding extra liquid to make up a short weight.

Specification 1: Product Substitution. Accurately identifying the species of skin-off fillets is difficult without a chemical analysis. As an example, skinned Cod and Haddock fillets almost look as though they were cut from the same fish. The growing practice in New England is to leave the skin on Haddock so that a quick recognition can be made. Since Haddock is more expensive than Cod, the skin provides retailers and consumers alike with proof of what they are purchasing.

The prize finfish in the Gulf of Mexico is the Red Snapper. Over the years, a variety of less expensive fish have been substituted for Red Snapper fillets. To be certain, purchase Red Snapper with the skin on. The distinguishing red iridescent skin is a tip-off that the product is genuine Red Snapper. Frozen snapper fillets are imported from Taiwan and usually sell for much less than genuine Red Snapper from the Gulf of Mexico and marketed fresh. These Taiwanese products are generally sold skin on, but the characteristic red speckled skin is normally faded compared to skin of fresh, true Gulf Snapper.

With the advent of the North Pacific harvesting of "Rock Fish", which may carry a variety of names including Pacific Red Snapper, certain purveyors may try to sell these skin-off fillets as Gulf Snapper. While "Pacific Rockfish" is a fine seafood product, it should not be confused with the genuine Gulf Snapper. Once again, the skin of true Gulf Snapper will prove what is being purchased.

Four types of Blue Crab products are on the market today. While all grades of Blue Crab meat have essentially the same flavor, the size of meat segments and meat color determine the relative price. Lump meat, the large chunks found in the back of the crab shell, is from the muscles that drive the swimming legs and is the highest priced meat from Blue Crabs because of its size. Lump meat is generally used for hors d'oeuvres when eye appeal is as important as taste. Special, body or flake meat is



the muscle removed from the body of the Blue Crab. This meat is white like the lump, but the individual size of muscle filaments is smaller than in lump meat. Special meat is less expensive than lump and is often used in prepared dishes, such as casseroles, stuffings and crab cakes where eye appeal is not as critical. Claw meat, the least expensive crab meat, has some reddish-brown tone to it and is most often used in dishes where color is not important. Blue Crab fingers are being marketed in increasing numbers. Prime for appetizers, Blue Crab fingers are most often sold fresh or pasteurized.

The crab meat plant is generally responsible for insuring the integrity of the pack, but it is advisable to randomly check the contents of lump meat containers to be sure there is not any special or claw meat comingled. The reason is not taste difference, but the fact that lump meat is more expensive than either special or claw meat. Since lump meat is sold at a premium, make sure customers receive the type of Blue Crab product they purchase.

Specification 2: Size Substitution Shrimp are sold by count sizes. The majority of green headless Shrimp are packed in five-pound boxes. Table 1 below distinguishes the names and count sizes for tropical shrimp on the market today.

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Table 1  
Tropical Shrimp Tail Counts Per Pound And the  
Customary Market Name

<u>Count</u>	<u>Name</u>
Under 10	Extra colossal
10 - 15	Colossal
16 - 20	Extra jumbo
21 - 25	Jumbo
26 - 30	Extra large
31 - 35	Large
36 - 42	Medium large
43 - 50	Medium
51 - 60	Small
61 - 70	Extra small
Over 70	Tiny

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To accurately determine whether the contents of the box corresponds with the specified count size, the following test may be used:

- 1) Thaw the product in a sieve or a strainer.
- 2) Remove and weigh the total weight of all pieces. (A piece is defined as any portion of shrimp not possessing at least 5 segments along

with the tail intact. The box should not contain more than 5% pieces by weight. In actual practice, a lower percentage of pieces is normally encountered.)

- 3) Weight the remaining contents. (The combined weight of thawed pieces and tails should be right at 5 pounds.)
- 4) Count the number of remaining whole shrimp.
- 5) Divide the weight of remaining contents by the number of shrimp.
- 6) Divide this average weight into 16 ounces to determine tail count per pound.
- 7) If the count per pound falls between the range specified on the box, then the count is acceptable. Ideally the average count should fall along the mid-point of the grade range. For example, the ideal average tail count in a grade size of 36-42 should be 39.

This method will quickly determine whether the box is accurately marked. Lower priced Shrimp within the same size grade and weight may be indicative of 1) an excessive number of pieces, 2) shrimp which are blackspotted, 3) extraneous material in the box, or 4) a short weight.

Most shrimp packers adhere to the guidelines mentioned above, and most even perform additional tasks to determine the uniformity of size within a particular grade. However, many seafood products are often repacked so it is a good idea to check the count sizes in brands new to the outlet.

Oysters, like any substance packed in a volume measure, will settle some during the distribution process. Oysters may absorb and release liquid with processing and transportation. Thus, to determine whether oysters have been replaced with liquid, count the meats upon arrival. Oysters are graded by size of meat, with the larger meats commanding a higher price per volume. Table 2 below indicates the general guidelines for size grades in Oysters.

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Table 2  
Eastern Oyster Meat Counts Per Gallon And The  
Customary Market Name

<u>Grade</u>	<u>Meats Per Gallon</u>
Very small	Over 500
Small or Standard	301 to 500
Select or Medium	211 to 300
Extra Select or Large	160 to 210
Counts or Extra Large	under 160

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Specification 3: Skimming Products. Like other meats, seafoods contain a lot of liquid. Since seafoods lack the connective tissues found in land animals, they tend to weep liquids once they are harvested. Bulk packed fresh fillets should normally contain between 1% and 1.5% liquid in the package. In a 10-pound container, you should find 1.6 ounces to 2.4 ounces of liquid. Containers with larger amounts of liquid indicate either substitution of liquid for product or a slow freeze, which inevitably ruptures cell walls and releases liquid. An improperly frozen product will have less flavor intensity because the juices contain most of the flavor elements.

### SUMMARY

This section on specifications is not meant to accuse anyone with deceptive business practices. Rather, the point is that your reputation is at stake with the consuming public. No doubt, honest purveyors realize that in the long run their business is dependent upon retail success. But it is important to understand how certain situations develop in the industry so steps can be taken to insure credibility with customers.

Incidentally, once buying criteria have been established and accepted by buyers and wholesalers, it is another promotional topic which can be used to differentiate the competition. We all know that anything can be given away, but profitably selling products which customers regularly purchase is a challenge. If customers understand that products that do not provide values are being filtered out, then many of these patrons will become even more loyal.

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## Procuring Acceptable, Affordable Product Mix

Seafood retailing operations must simultaneously accomplish two objectives. On the one hand, sales from the seafood marketing effort should generate enough gross margin dollars to meet departmental objectives. On the other hand, the seafood effort should assemble, price, and present a mix of seafoods which, week-in and week-out, provides the trade area with a selection of affordable, acceptable products.

Assuming that the average retail store's seafood line contains fifteen to forty items, the person responsible for seafood must select the product mix from thousands of fishery products. The seafood line includes an array of finfish, crabs, clams, oysters, shrimps, mussels, and other items. Each species may be sold in a more or less processed state. For example, finfish are sold in many market forms ranging from whole fish to deep skinned fillets. Oysters are sold live or shucked. Shrimp price is based on size with at least 10 sizes on the market today. Many varieties of shucked and picked shellfish meat can be packed to the buyer's specifications with the price based on the quality of the pack.

While selecting this mix seems easy superficially, interruptions in the seafood marketing system may continually plague the seafood merchandiser. These interruptions occur in both the supply of and demand for seafood products. Unless the seafood line is well managed, interruptions in the marketing system can prevent the seafood retailing effort from attaining the two objectives, stated above, which are critical to a sustained seafood retailing effort.

As logical as this may seem, retail management of the seafood-product line is one of the most neglected aspects of seafood merchandising. The objective of this section is to provide background information about the seafood marketing system and sketch a strategy to assist retail foodsmen in providing a profitable, competitively-priced and acceptable mix of products to their customers.

The requirement for success is first a rethinking of why people buy certain seafood products to the exclusion of others, and second, a slight re-orientation in the various functions of merchandising: product procurement, display, and communication with customers.

### Seafood Supply

Seafood production is hunting; vessels scour the waters in search of seafood. Natural fluctuations in climate and water conditions create variations in the presence and abundance of seafood varieties, so one of the most evident supply interruptions is seasonality. This cyclical variation, at least, creates fluctuations in prices, and in extreme cases may affect the availability of products. Seasonality used to mean that at times of the year certain products were unavailable, while during the "run" these varieties were quite abundant.

This idea of "Feast or Famine" has changed, in part because of a more sophisticated harvesting effort and a more updated communications

network among dockside buyers and other seafood marketing intermediaries.

Today, seasonality implies price fluctuations based on the level of production. Basically when certain fish are scarce, the price paid to harvesters goes up, and when fish are plentiful, the ex-vessel price drops. As a rule of thumb, in winter months when the weather is more of a limiting factor, expect prices to be higher for most seafood products.

### Seafood Demand

Demand also exerts a strong influence on seafood prices. From an overall industry perspective, demand for seafoods has been determined by historic use patterns. Therefore, products such as cod, haddock, flounder, shrimp, salmon and tuna are traditional favorites and annually are good selling products. These varieties are in great demand almost perpetually, and prices for these seafoods are generally high. There is another group of seafood items: the under-used, non-traditional, seldom-seen, or unappreciated varieties. This category, which encompasses everything else that does not get classified as "traditional", makes up a tremendous resource capable of providing delicious meals. These non-traditional products--including certain species of Shark, Whiting, Cusk, Hake, Grouper, and many other--do not experience the more intense nationwide demand as do the traditional favorites.

While production fluctuations create price variations with traditional and under-used products alike, prices are generally lower for seldom-used species/products because the demand is not as intense.

This issue of traditionally consumed seafoods and seldom-used varieties has come about because of some traditional industry practices and by consumers' reactions to these practices. Traditional industry practices include the historic dependence on just a few species to satisfy fresh market demands of American consumers. For years, the New England groundfish fleet has concentrated on three finfish varieties: Cod, Haddock, and Flounder. In the Gulf states, Shrimp production is the most valuable fishery in the United States. Alaska, Washington, and Oregon have traditionally produced 90% of the Salmon. Today, fishermen are faced with higher production costs and are seeking ways to earn more profit from each fishing voyage. To do this, they are harvesting more varieties of fish and taking better care of landed product. U. S. fishermen are attempting to more fully utilize the abundance of products available off our shores.

This effort, however, is stifled by another traditional industry practice -- the retail identification system for seafoods. Marketing seafood products is first done by species, then by market form, and in some cases, by size as in shellfish. Therefore, Cod fillets, Swordfish steaks, and select Oysters typify the retail identification plan for seafoods.

Seafood is the only animal protein source that is retailed by species and market form. Retail identification for beef is based solely on the

location of the cut, while retail poultry identification is based on anatomical features such as legs, thighs, backs, etc.

The typical industry practice of marketing seafood on a species basis creates an artificial sense of exclusiveness among species. This creates real barriers for consumers who are somewhat adventurous and willing to try other species. Cod fillets, for example, sound nothing like Ocean Whitefish, although the meats are very similar. Imagine how difficult red-meat marketing would be if consumers began to request Santa Gertrudis T-Bones, Hereford Round Steaks, London Broil cut from Charlois cattle.

One reason why we find a few highly demanded, traditional species and a host of so called under-used varieties is consumer reaction to typical industry practices. As consumers, we all react to our environment. A variety of attitudinal studies done with consumers, consistently indicate that 1) preparation knowledge continues to be an impediment to greater retail seafood sales, and 2) people are not interested in purchasing unfamiliar seafood products. Purchase risk, an outgrowth of consumers wanting to get the most value for their dollar, is a common thread running through these feelings about seafood. Seafoods are particularly good candidates for purchase risk syndrome because:

- a) They are fairly high priced items, and the degree of purchase risk is proportional to the cost of the item;
- b) As edibles, seafoods are experience items which means the product must be purchased to test the claims made:
- c) The variety of seafood products may be confusing to the shopper.

Purchase risk translates into low levels of demand, and slow retail movement for all but a few tried and proven traditional seafood varieties.

The idea of traditional and under-used species has major demand implications for the retail seafood operation. Effective demand in a seafood department is influenced by a number of inter-related factors. For example, customers' familiarity with the product influences how intensively they will consume it, but concern for staying within budgets may force patrons to purchase lower-priced items in the meat department. Therefore, seafood departments which incorporate a variety of traditional and seldom-seen products may find profitability enhanced because certain species, while still competitively priced, carry higher gross margins than some more traditional favorites.

From the standpoint of profitability, one of the best reasons for carrying a mix of traditional and under-used products is the way that price changes in a seafood variety affect consumption of the product. According to a study conducted at Virginia Tech, the factors that most affect consumption of meat and seafood products are changes in product price, changes in income, and changes in family size.<sup>2</sup> While price

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2. Secondary factors include location of residence, the availability of complementary items, and substitute goods. (Capps and Havlicek, 1981)

changes are only one factor influencing consumer demand, variation in seafood prices is the norm in the seafood industry, and the effect of price changes in certain seafood items generally places the retailer in a no-win situation for that item. As an example of how price changes affect the sales of seafood, researchers at Virginia Tech found that if the price of an item increased by 1%, the expected reduction in demand is reduced by more than the 1% increase.<sup>3</sup> From these findings if we multiply prices times the quantities demanded before and after the price change, total sales would be higher before the price change.

For example, if the price of Cod fillets increases from \$2.89 to \$3.49 from one week to the next, it is reasonable to expect a reduction in the consumption of Cod. Consumption may be increased through an aggressive, intense promotion and advertising effort, but is this a realistic alternative? Alternately, the retailer may decide to maintain the same retail price after the price increase. Here the market manager would be trading off reduced gross margin dollars for constant turnover of product. In essence the department is carrying Cod fillets to please customers, not management.

If price variation is a silent partner in the seafood marketing effort, how can a seafood department adjust so it can earn a profit? The only way to achieve the dual objectives of profitably providing competitively priced, acceptable products to customers is to aggressively manage the seafood line.

### Beginning Strategy For Product-Line Management

As stated earlier, the goal in retailing fresh seafoods is to provide acceptable, affordable products to your trade area. If this can be accomplished, then enough gross margin dollars should be earned to attain departmental objectives. The key to generating an adequate flow of gross margin dollars is to simultaneously provide shoppers with acceptable products that are also affordable.

Accomplishing this task is difficult because of the idea of traditional and under-used products exists. While acceptable, many traditionally demanded products are priced beyond many consumers' budget constraints. Conversely, while many under-used products are well within the consumers' budgets, they are unacceptable simply because they are unfamiliar. It appears we are attempting to simultaneously achieve two mutually exclusive goals, because providing an affordable mix of products may force us to handle many of the so called under-used species and consumers have shown a reluctance to purchase these varieties because they are not familiar with them.

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3. While the study was conducted on a national scale using historic data, it is logical to expect demand to decrease because of the price change, since the meat mix at retail contains several substitutable animal protein sources: beef, pork, poultry, and perhaps veal.

The essence of our strategy is to make affordable products acceptable by relating them to those traditional, and acceptable, products. This is done by understanding why people consume a certain species and not another. As an example, why do people eat haddock? Familiarity is important, but beyond this "familiarity" there are other reasons: the flavor, color, texture, etc. Essentially, people eat haddock because they enjoy the edibility traits of haddock. Once we understand this idea of edibility, a mix of affordable products can be provided by ordering substitutable varieties, which, reflect retail prices that contribute to constant demand. In this section, we will concentrate on techniques for 1) determining substitute products, and 2) presenting this information to the trade area.

#### A Review of Activities Related to Substitutability.

Seafood chefs have long known that many finfish varieties are similar in taste. For example, the term "whitefish" is indicative of cooked white flesh with a low fat content and delicate-to-bland flavor. Traditional whitefish products include flounder, halibut, trout, ocean perch, cod, and haddock. Whitefish species which are more unfamiliar include grouper, monkfish, cusk, drum, wolf fish or ocean catfish, pollock, tilefish, shark, and freshwater pond-raised catfish. Many of these white-fish varieties are practically identical in terms of flavor, but the texture may vary from firm with large flakes to soft with a more smooth texture.

The bolder, richer tasting, darker-fleshed varieties also have some similarities in flavor intensity and overall edibility. As an example, the Atlantic bluefish and the Atlantic mackerel are quite similar in their edibility.

One technique which has been suggested is to categorize finfish based on similarities in the normal market form, thickness of the form, and flavor. This technique specifies four groupings of finfish:

- Group 1: Thin, delicate product
- Group 2: Medium dense, light colored
- Group 3: Medium dense, darker-colored meat
- Group 4: Thick and dense-fleshed products

The idea behind this categorization is that cooking techniques should match characteristics of the product. From a retailers' standpoint, this is a very good technique because consumers can understand it easily.

Products falling into Group 1 include fillets of sole, flounder, some Turbot, and Pacific Sand Dab, all very delicate varieties. They tend to fall apart if handled once cooked. A saute or a bake are the best cooking techniques for these varieties. Also, when wrapped around a stuffing mixture, these flatfish products make an elegant meal.



The product line in Group 2 is much more extensive. These varieties are firmer than the previous group, and the fillets are generally thicker. Within this category are several species which are generally marketed as headed and gutted, or pan-ready. Small speckled seatrout, scup or porgy, whiting or silver hake, croaker, and catfish are often sold as pan-ready products. Fillets within Group 2 include cod, haddock, pollock, cusk, rockfish, ocean perch, corvina, gray seatrout, sheepshead, catfish, tilefish, sablefish or butterfish, monkfish, red snapper, Black Drum, Pacific rockfish, and Spiny Dogfish. Salmon is generally steaked, but more outlets are finding good product movement with salmon fillets. Despite their thickness, most products in this category are flaky. Even the Spiny Dogfish, a small shark which is not too flaky, can be flaked into a delicious cold salad.

The best cooking techniques for these varieties are baking, poaching, frying or cooking in foil. Some of the products in this category have a higher oil content and will baste themselves while baking. The leaner varieties generally need some adornments to insure a moist, cooked product.

The medium dense, darker colored fish in Group 3 include tuna, mackerel, mullet, King Mackerel, salmon, and bluefish. These fish are oily, and are very good smoked. Poaching and baking are good indoor cooking techniques, but frying these varieties often makes them too rich in oil.

Group 4 consists of the large, meaty, extremely dense fish. Examples of these fish include swordfish, shark, grouper, Atlantic and Pacific halibut, and sturgeon. These products are generally sold as steaks, some with the bones removed. Their dense, meaty character makes them ideal for grilling, making kabobs, or barbecuing. Poaching is also a fine cooking technique for these varieties.

The strength of this categorization is that each group contains similar tasting but different priced products. This provides the shopper with the ability to seek out products that bear some similarities to familiar ones but sell for less. In Group 1, the most expensive product is fillet of sole, while the least expensive is turbot. Haddock, catfish, Pacific rockfish, cusk, and sheepshead represents a group of light, flaky, bland fish which spans a wide price range. As another example, a large shark steak generally retails for about 1/3 the cost of a similar-sized swordfish steak.

The real question retailers of fresh seafood need to address are: 1) will the consumer enjoy the seafood purchase, 2) can the purchase be prepared without a mistake, and 3) does the particular purchase fit into the consumers' overall budget constraints. These questions, and the retailers' efforts to answer them are the essence of successfully retailing seafood products. Helping the consumer understand the similarities among products is a positive step toward greater consumption of seafoods in the home. Considering that substitutability will require additional time to better understand species' similarities, is it worth the extra time required?

There are several benefits in using this technique. First, some supply-side interruptions can be managed by using substitutability. For

instance, in a case when consumers' palates are adjusted to a particular tasting item which goes out of season, a similar tasting product can be substituted. The silver hake or whiting, is a traditional favorite in the Northeast, appearing off the coast of Long Island in late October. Whiting are usually sold pan-ready, with a retail price of about \$2.00. The whiting fishery lasts until March, and for the winter months, represents a good value to shoppers. Spring and summer, on the other hand, are seatrout season. The size of the trout varies from 1 pound to 10 pounds; the typical market form for the smaller animals is pan-ready; and the price per pound is roughly \$2.00. Therefore, for those trade areas which prefer a lower priced fish, the trout/whiting combination can perpetually be carried, thereby dramatically reducing the effect of seasonality.

As another example, Red Snapper, long the prized food fish of Gulf waters, has many of the same edibility characteristics as sheepshead and shark: light colored meat, bland flavor with a firm texture. In the Texas market, Red Snapper retails for about \$6.00 per pound, while shark and sheepshead sell for roughly \$3.00 and \$2.25, respectively.

Because so many species have such close similarities, seafood varieties can be substituted without sacrificing the more important edibility traits. Using this tool adds extra skill in managing the seafood product line because a more systematic substitution process exists. If the price of a trade area favorite gets too high, then a similar-tasting, less expensive product of the same market form can be added to the mix. From the consumption standpoint, we know that by handling a mix of items that are similar in taste, we should be able to reduce the impact of weekly demand fluctuations caused by price variation.

Another benefit is that if displayed properly, a fresh seafood program can provide comparison shopping, which more and more consumers are demanding. According to studies done in the grocery section of supermarkets, retail foodsmen found that rearranging the mix so that consumers can actually compare prices among national, private and generic brands of the same product has increased the sale of private and generic brands, both of which carry higher gross margin percentages than do some of the national brands.

Other work has shown that repositioning the mix so that national, private, and generic brands of an item can be compared at one location has led to the firm maintaining its image and having the capability to draw from a wider target market. This merchandising strategy can increase total sales volume. For example, assume a trade area comprised of both middle and lower income households. By handling both the Red Snapper and sheepshead, each income level can be satisfied with a good tasting product which fits into its budget.

The final benefit depends on how well substitutability is integrated into the personal selling function. If seafood department personnel help consumers better understand the similarities between products, then the department should see greater movement of less well-known but greater gross-margin items. This type of movement translates into more gross margin dollars to offset direct departmental expenses.

## Insuring Success

It should be remembered that procurement is merely one function in the merchandising process. Simply adopting the concept of substitutability among species is no guarantee of greater sales and profits. This concept must be subjected to the rigorous follow-through that the retail food industry has made so famous. Specifically, sales and margin goals will only be achieved when display techniques, point-of-purchase information, and personal selling/service practices are consistent with procurement strategies.

Managing seafood products to achieve the dual objectives of profit and satisfied customers requires that merchandisers and department managers factor out as many of the artificial differences among finfish species as possible. These "contrived" differences baffle the customer, and in fact, may intensify their sense of purchase risk. Imagine how intimidating a thirty-five item seafood mix can be when the shopper may be familiar with only five items. Imagine how difficult it is for the infrequent seafood user to make a purchase decision strictly by species name alone.

The first and most difficult "difference" which can be factored out is taste similarities among species. Referring back to the categories discussed earlier it is clear that a host of seafood varieties have similar edibility traits. Understanding and using the idea of taste similarities takes time, but this concept can be the most important aspect of managing the product line. Favorite seafood varieties that are either unavailable or priced beyond comparable alternatives represent a lost sale. Systematically selecting similar tasting varieties that are available and competitively priced provides a better opportunity for meeting sales and gross margin goals.

A display technique consistent with the procurement strategy would be to segregate the case based on two variables: market form and taste. Within each market form category, seafoods of similar tastes could be arranged. Therefore, when a patron views the "fillet" portion of the case they may see a variety of Red Snapper, sheepshead, cod, cusk, etc. Each of these varieties is similar, so by comparing the costs of each item, a purchase decision can be facilitated. This technique will help consumers compare costs of similar tasting market forms.

The last variable cannot be factored out: the cost of the item. Consumers can make intelligent decisions about cost when the differences in taste and market form are alleviated. Returning to the example of Red Snapper fillets and sheepshead fillets, when customers understand that the two varieties when cooked taste basically the same, then their individual budgets help make the purchase decision. Conversely, if shoppers are not aware of the taste similarities, then price does not play as major a role in making the decision as does familiarity with the variety. To return to the original objective, will Red Snapper move at the retail price needed to generate gross margin dollars? If not, then appropriate substitutions may.

Point-of-purchase information should complement the idea of substitution among species. Generic recipe information makes sense because: 1) it provides customers with the idea that a variety of products

will work in a recipe, and 2) in printing, the cost will be reduced due to longer print runs.

The training of counter people is extremely important. They should be well versed in the similarities among species and be prepared to assist shoppers. One training technique would be to cook the same recipe using three available products within an edibility grouping, and have seafood personnel try to tell the difference

## SUMMARY

Today we find increasing interest in preparing seafoods in the home. While shoppers sense the value of greater seafood consumption, actually comparing and selecting seafood products is a difficult undertaking, in part because the consumer has very little "seafood sense". Customers rely on meat department employees for information to reduce their purchase risk. The idea of substitutability among species is a way for the retail food industry to build customer confidence in the commodity and simultaneously realize the gross margin dollars necessary to keep seafood departments operating.

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4. Generic in this sense applies more to finfish than shellfish. For example, a recipe calling for two pounds of fish fillets provides a lot more flexibility than one calling for a particular variety. Insofar as shellfish is concerned, many times varieties of crabmeat or shrimp can be interchanged if the market forms or sizes are compatible in the recipe.

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## COMMUNICATION AND DISPLAY TECHNIQUES FOR SEAFOOD RETAILING

In marketing circles a commonly agreed upon topic is the necessity of communicating with potential patrons. Marketing communications are consumer-oriented, which helps sell products or services. In turn, this assistance provides potential customers with information about the product or service for sale, who is selling the product, what additional services or guarantees are part of the purchase and what benefits the purchase will bring to the buyer. Advertising, promotional activities and personal selling are all examples of marketing communications.

Merchandisers responsible for profitable seafood retailing programs agree that profits from seafood operations are, in part, dependent upon an aggressive, coordinated marketing communications effort that supports the seafood department. A communications strategy can make an important difference with seafoods because 1) in many retail outlets, fresh seafoods are a new product line, 2) of consumers' feelings about seafoods, and 3) of how purchasing decisions are made.

In many trade areas, fresh seafoods in the supermarket may be a new concept to consumers, yet must, as do all new products, compete with existing ones. Firms support new product introductions with an intensive marketing communications effort, trying to get people to try the product. Certainly in retailing a variety of advertising and promotional techniques are used, including coupons, sampling and media time. This same rationale is appropriate for any new product or product line. If consumers are not aware of a new product, chances are the product will fail. No product line decision should be made without making the commitment of time and money to properly communicate this new line to potential customers. Dr. Sam Gillespie, of Texas A&M University, says it this way: "Make the consumer a success at the dinner table, and they will make you successful in your seafood endeavors." Communicating the attributes of a seafood product and its preparation alternatives is the only way to make people "comfortable" and "successful" with it.

In this section we want to: 1) review consumer attitudes, 2) relate the purchase decision process to the marketing communications effort, 3) establish some guidelines useful in developing and implementing any marketing communications strategy, and 4) outline some communicable product attributes, which mesh with the needs of different trade areas.

### CONSUMER TRENDS AND ATTITUDES

"Who are we serving?" is one of the most important questions retailers can ask. In short, if long range profit goals are to be achieved by the seafood department, then the customer's needs must be satisfied. The "customer" has a variety of ever-changing needs and therefore requires different products to fill these needs. If the business is to grow and prosper, then the array of products and related services must continuously change to fit customer needs. To arrange, position, and target the seafood effort so that customer satisfaction, loyalty, and repeat

seafood purchases occur, the retail food marketing team must be aware of consumer trends and attitudes and understand how decisions about purchases are made. Understanding these consumer characteristics establishes a benchmark for developing a seafood merchandising operation specifically tailored to trade area needs.

### Consumer Trends

Any consideration of consumer beliefs will not be completely accurate for all market areas. This section identifies some emerging consumer trends that have a bearing on increased, long-term seafood sales in the retail store.

The most significant consumer trend to emerge in recent years has been the desire to be physically fit while maintaining a youthful, healthy appearance. Physical fitness is big business. Consider the array of health studios, tanning salons, and athletic equipment dealers in your area that have opened in the last five years. Exercise is becoming a part of more and more peoples' lifestyle, along with a greater concern for a more healthful diet that minimizes saturated fats and cholesterol. Generally seafoods are among the most nutritious meat items as they contain high quality protein, fewer calories and a variety of essential vitamins and minerals. Looking at these trends, it is easy to see how seafoods can be a natural in today's physically-fit lifestyle.

Another significant and widespread trend is an interest in preparing home-cooked gourmet fare. With eating out becoming more expensive, many households are discovering that similar-tasting dishes can be prepared for a fraction of the cost. It is interesting to note that two-thirds of all seafood is eaten in restaurants today, but with the budget-mindedness many families are adopting, the potential exists for retail food stores to take advantage of this situation and increase their market share in seafood.

Two-income households are another growing trend. According to research findings, 60% of all adult women now enter the work force. To cope with this trend, merchants are re-orienting their promotions geared to women, and stressing speed and convenience in shopping. First, the convenience of one-stop shopping is critical. While speciality shops exist, consumers indicate that patronizing seafood markets is inconvenient, so they prefer to buy everything at one stop. The other implication of more two-income households is a growing demand for quick-cooking meat items.

The growing desire for value is another consumer trend significantly affecting the mix of meat products. Consumers want maximum satisfaction and use from products purchased, shellfish meats and fillets fulfill the desire for waste-free meat items. But even consumers who enjoy seafood are constantly looking for bargains, so price plays a major role in their purchasing decision. Therefore, if a seafood department is to appeal on the basis of value, some lower priced items need to be included in the mix. To help customers get over the risk associated with purchasing a relatively inexpensive but unheard of finfish variety, the substitutability concept should be used. This idea, as was discussed earlier, basically relates the edibility characteristics of unknown or unheard of species to more familiar, traditional varieties.

A spin-off trend from tight budgets is the consumer's need to learn how to stretch a given purchase. With certain seafoods being high-ticket items, greater home consumption may depend on teaching the consumer how to get maximum use from seafoods. Specific, expressed consumer needs are: 1) the desire to comparison shop, 2) the use of menu planners which provide shoppers with a cost estimate of what the suggested menu will be, 3) more information on taste and best cooking technique for "seldom-seen" products, and 4) the use of extender foods to stretch a seafood purchase.

Based on these and other lifestyle forces at work, the consuming public seems to be caught between wanting to eat nutritiously, elegantly and quickly, but at an affordable price. Seafood presents itself as a unique alternative to the more well-known meat items and is capable of accommodating the needs of many segments of the consuming public. As a result, U.S. consumption of seafoods has been increasing continuously.

The information in Table 3 indicates that the seafood market has been steadily increasing over the past 30 years. Currently the per capita consumption amounts to thirteen pounds annually, and this consumption figure has been increasing in recent years.

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Table 3

POUNDS OF SEAFOOD EATEN NATIONWIDE

YEAR	TOTAL PER CAPITA CONSUMPTION	TOTAL CONSUMPTION IN BILLIONS OF POUNDS
1950	11.8	1.779
1952	11.2	1.724
1954	11.2	1.789
1956	10.4	1.727
1958	10.6	1.825
1960	10.3	1.834
1962	10.6	1.947
1964	10.5	1.986
1966	10.9	2.108
1968	11.0	2.168
1970	11.8	2.382
1972	12.5	2.594
1974	12.1	2.560
1976	12.9	2.785
1978	13.4	2.955
1980	12.8	2.888
1981	12.9	2.937
1982	12.3	2.828
1983	13.1	3.039
1984	13.7	3.217
1985	14.5	3.437

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This increased consumption is significant because it indicates a growing interest in seafood as an alternative meat item, but it still isn't purchased as frequently as beef, pork and poultry. If seafood possesses such impressive attributes, what is the reason for purchase reluctance in the retail establishment? Part of the answer is found in consumer attitudes toward seafood and toward shopping for it.

### Consumer Attitudes

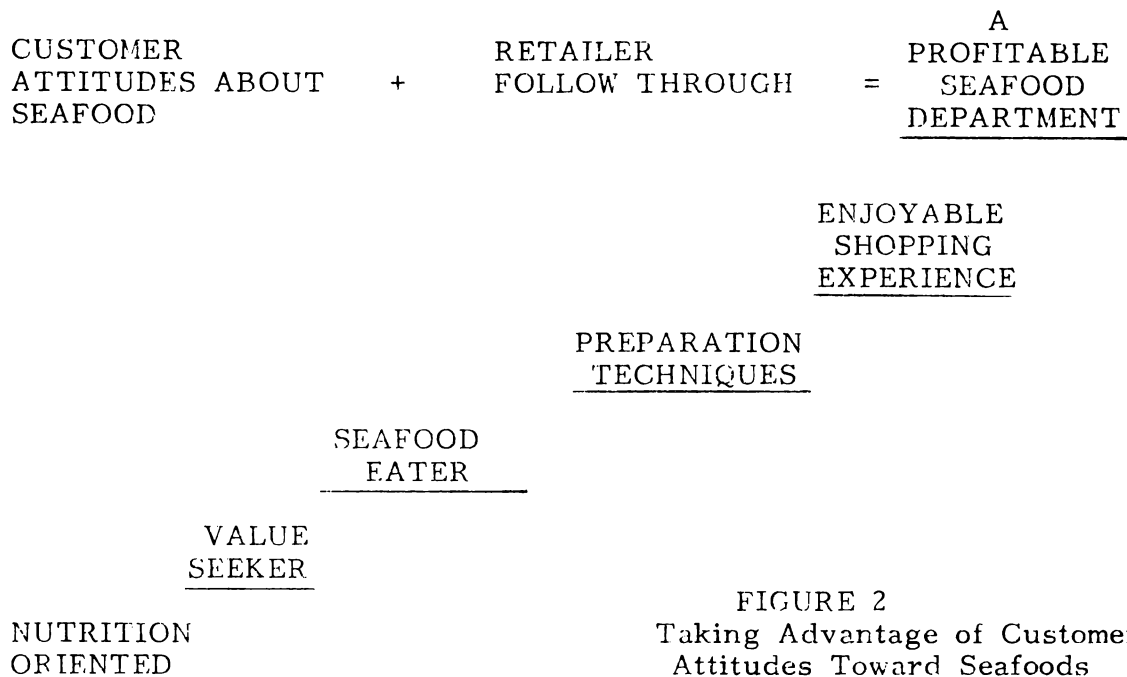
Today we have more information on consumers' feelings toward seafoods than ever before. These attitudes have been studied and evaluated by universities, different levels of government and various industry groups involved in seafood marketing. Interestingly, the results of all studies are quite consistent.

Consumers' attitudes toward seafoods are both positive and negative. In general, consumers have a favorable attitude toward seafood and feel it would offer nutrition, variety and novelty in the household menu. While expressing an interest in utilizing more seafoods in the home, consumers simultaneously indicated a genuine lack of confidence in selecting quality seafoods from supermarkets and felt uncertain about what to do with the product if it was purchased. They simply do not possess the "seafood sense" required to feel comfortable in buying the fresh product on a consistent basis. Despite any positive attitudes about enjoying seafoods, not being familiar with the commodity translates into a purchase risk for many people.

Two types of purchase risk are involved in a seafood purchase. First, seafoods are "experience" items, which means a purchase must occur if the consumer is to test the claim that seafoods make delicious home-cooked meals. Beyond a purchase risk, consumers perceive seafoods as expensive meat items with the level of risk proportional to the cost of the item. In such purchase-risk situations, the typical consumer reaction is to shy away from unfamiliar items and remain loyal to the tried and proven products.

Another limit to increased home consumption has been negative experiences in shopping for seafoods. Rough handling of products, poorly arranged displays, lack of product selection, and drippy packages have presented a poor image to customers. This idea gets back to consumerism: people want the maximum value for their dollar and expect to be treated "fairly" with an adequate variety of quality products and services at prices that represent a value. This idea is tremendously important in a seafood department as most customers already are uneasy about home preparation and consumption of seafood.

Limited experience in preparation of seafood and negative shopping experiences have combined to seemingly create a pessimistic environment for the retailer wishing to merchandise fresh seafood.....or have they? A customer's negative attitude generally relates to experiences, not the product. A retailer committed to profiting from a seafood department can turn these negative attitudes into positive buying habits through a comprehensive, well-planned merchandising program.



Basically, managing a profitable seafood operation is like getting to a room at the top of the stairs. The stairs need to be climbed. Looking at Figure 2, it is clear that consumers, because of their positive attitudes about seafoods, put the retailer three-fifths of the way toward a profitable department. If the retailer in concert with other members of the seafood industry provide the other two-fifths of the staircase by helping consumers become acquainted and confident with seafood use, then customer acceptance will provide both the sales volume and profit needed to continue a seafood department.

#### Customer Purchase Decision Process

Consumers make purchase decision by following a logical, at least in their own minds, set of thought processes, often called the consumer behavior model or the purchase decision process. Whatever it's called, the fact remains that consumers perform a coordinated effort to decide on a purchase.

Consumers are problem solvers. They want to resolve the risk of making an incorrect purchase by collecting information. The steps in this purchase decision process are problem recognition, search, decision, purchase, and post-purchase evaluation.

The decision process begins with the recognition of a problem, which for food items, may be what to serve for dinner. Once a problem is recognized, a search is made of what could be served. Cookbooks,

newspapers and other sources are solicited, and some evaluation is made of what to prepare and serve. Once the actual purchase is made and the item prepared, the shopper evaluates the decision as to whether the item will be purchased and prepared again.

Thus, the customer searches for a product to fulfill a need and evaluates the purchase. The decision of whether to purchase the item a second time relates to how well the product tasted, how easy it was to prepare, and its price in relation to substitute items. If any of these evaluation criteria are negative, repeat buying may not occur. Two crucial steps in this process are getting customers to try seafood and getting them to continually buy seafood. Shoppers must be motivated and enticed into trying seafoods, and retailers must make sure shoppers have a positive experience with seafood by turning the purchase into a tasty, nutritious meal.

The purchase-decision process indicates that consumers perform a coordinated effort to decide on a purchase. This process is very important in discussing marketing communications because it gives some direction in developing a strategy for passing along information. By understanding the components of this model, we can determine what kinds of communication are most appropriate at each stage in the purchase-decision process.

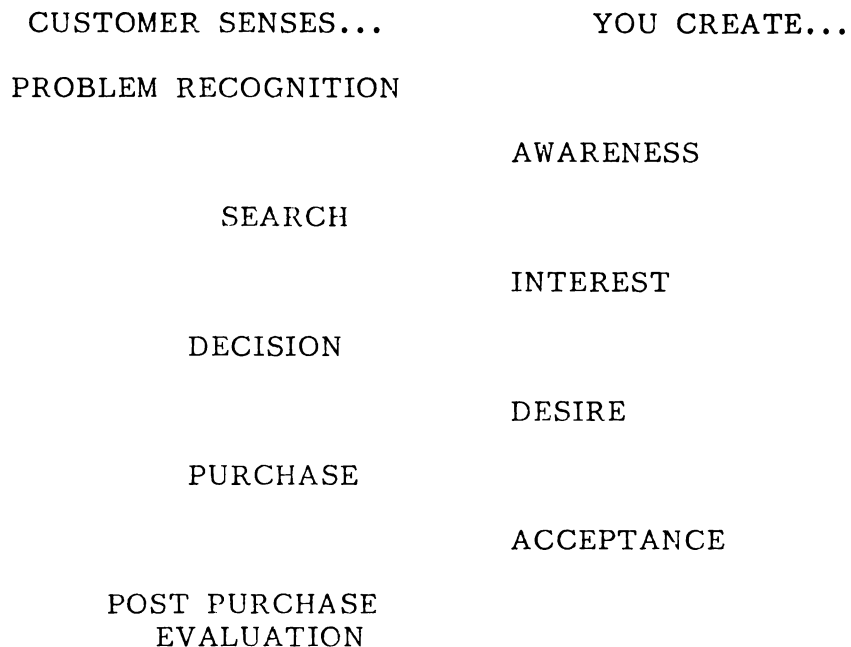
As consumers flow through the five distinct but coordinated steps in the information-evaluation process, information must be made available to them if there's to be a successful marketing communications effort. Using a comprehensive information flow is a tried and proven marketing concept, adopted by virtually every firm which offers a product or service. The essence of this concept is illustrated in Figure 3. In retailing, the idea of a comprehensive information flow is known as the pull strategy. With each successive step in the pull strategy, the retailer attempts to pull consumers through their purchase decision process until they buy the marketer's item.

An important concept of the pull strategy is that each successive step should be stronger than the one before. Therefore, a variety of marketing communication tools must be used if the pull strategy is to be successful. Table 4 indicates, hypothetically, the types of marketing communications appropriate for each segment in the strategy.

In summary, the purchase-decision process establishes several guidelines, which add utility to a seafood marketing communications strategy. First, the flow of information should be continuous, beginning at the problem recognition stage. Second, the marketing communication used should enable the marketer to provide stronger, more suggestive information and cues at each step in the pull strategy. These stronger informational cues parallel the successive stages of the purchase-decision process. The third guideline is that to provide this continuous and ever-stronger message, top, middle, and departmental management must be involved and understand what particular type of marketing communication is expected. The need for in-store follow through is always important, but it is particularly critical when a new product line, such as seafood, is

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FIGURE 3  
THE PULL STRATEGY  
(From Gillespie & Schwartz, 1977)



introduced. Also, the marketing communications activity that occurs at the seafood case or department should be among the strongest and most suggestive in the entire communications strategy.

As indicated in Table 4, the types of marketing communications which should occur at the seafood case or department are a mix of intense promotion and personal selling by employees. This mix of promotion and personal selling is determined by the type of arrangements made for the seafood effort. For example, many service seafood cases in supermarkets are placed near the premium meats case, which is also a service-oriented effort. Supermarkets that do not offer a service meat case often provide for only self-service fresh seafood selection.

In a service seafood effort, there should be more emphasis placed on the personal selling and salesmanship function for two reasons. First, with a higher cost per hour to operate the department, management must expect greater sales (or volume sold) per man-hour. Second, the customer generally expects more interaction with personnel in a service case. Obviously, counter personnel in a service case should be well trained in seafood cookery and selection. Additionally, with a higher investment in labor, the seafood person should receive special training in meal and beverage recommendations, and supportive tie-in displays should be used in the seafood department. For a service case, promotional efforts such as recipes and posters, which support a seasonal special or

outline cooking techniques, should assist and prompt counter personnel in their selling efforts.

Active communication with clientele is the keystone of successful seafood sales where a service department is operated. In essence, the counter person should be ready to interact and react to customers' questions and comments. Besides building shopper trust and confidence, this verbal communication provides the support needed for consumers to pick up recipes and product information brochures. As an example, in certain traffic flow studies of large retail outlets' seafood departments, customers only picked up recipes when suggestions were made by the counter person; without such suggestions, the recipes were not taken.

TABLE 4

COMPREHENSIVE VIEW OF PURCHASE DECISION PROCESS, TYPES OF COMMUNICATION AND THE SPECIFIC DUTIES & TRAINING REQUIRED FOR CONTINUAL PROMOTION OF SEAFOOD PRODUCTS

CONSUMER'S LOCATION IN PURCHASE DECISION PROCESS	MOST PROCPABLE PHYSICAL LOCATION	CORRESPONDING PULL STRATEGY SEGMENT	APPROPRIATE MARKETING COMMUNICATIONS	SPECIFIC DUTIES/ ACTIVITIES	TRAINING REQUIRED TO EXECUTE DUTIES
Problem Recognition	Out-of-store	Creating AWARENESS of seafood and its role in your store.	<ol style="list-style-type: none"> <li>1. Advertise in newspaper and/or radio.</li> <li>2. Use of coupons.</li> <li>3. Incorporate short preparation tips in newspaper advertising.</li> </ol>	<ol style="list-style-type: none"> <li>1. Corporate office sets ads.</li> <li>2. Calculate impact of sale items on departmental margins.</li> <li>3. Line up selected recipes.</li> <li>4. Distribute promotional materials.</li> <li>5. Communicate prices to departments.</li> </ol>	1. Weekly update on upcoming activity to department personnel.
Search Decision	At home/in store	Stimulating INTEREST in seafoods.	<ol style="list-style-type: none"> <li>1. Storefront promotion.</li> <li>2. Use of handbills/flyers to make shoppers aware of</li> <li>3. Use of P/A.</li> <li>4. Shelf talkers.</li> </ol>	<ol style="list-style-type: none"> <li>1. Insure that storefront and in-store promotion is displayed.</li> <li>2. Make sure space is allocated for products.</li> <li>3. Coordinate tie-ins with grocery and produce managers.</li> </ol>	

TABLE 4 CONTINUED

CONSUMER'S LOCATION IN PURCHASE DECISION PROCESS	MOST PROBABLE PHYSICAL LOCATION	CORRESPONDING PULL STRATEGY SEGMENT	APPROPRIATE MARKETING COMMUNICATIONS	SPECIFIC DUTIES/ACTIVITIES	TRAINING REQUIRED TO EXECUTE DUTIES
Purchase	In store/at department	Creating the DESIRE to purchase products.	<ol style="list-style-type: none"> <li>1. Layout of department (products, tie-ins, P-0-P information).</li> <li>2. Passive communication tools: cost/serving, substitute products, menu planners featuring assorted tie-ins, assorted P-0-P materials.</li> <li>3. Personal selling.</li> <li>4. Product sampling.</li> </ol>	<ol style="list-style-type: none"> <li>1. Evaluate display case, supportive material, tie-ins. Objective: a)eye appeal-use of color, contrast: b)full case, stock quick movers throughout so that shoppers will have to look over the entire selection- this enhances impulse buying; c)maintenance of quality: insure product temperature, top ice if appropriate; d)use of tie-ins, make sure feature items are complemented with edible/non-edible products; e)comparison shopping display similar market forms and similar tasting products together.</li> </ol>	<ol style="list-style-type: none"> <li>1. Understand the merchandising objectives and why they are important.</li> <li>2. Become familiar with seafood products in case.</li> <li>3. General flavor, flakiness, cooking techniques.</li> <li>4. Complementary side dishes.</li> <li>5. Sample recipes to enhance suggestive selling techniques.</li> <li>6. Prepare same recipe with different, similar products.</li> <li>7. Learn how to develop passive communication tools using substitute species.</li> </ol>
Post Purchase Evaluation	In the home	Acceptance of seafoods and your outlet as the source for good quality and variety of products and service.		<ol style="list-style-type: none"> <li>2. Develop tasteful menu planners-breakout recipes on cost per plate with alternative substitute products.</li> <li>3. Clearly marked price.</li> <li>4. Prepare samples or coordinate in-store demonstrations and other active consumer education.</li> <li>5. Be ready to make beverage recommendation.</li> <li>6. Use dump sheet to record discards.</li> </ol>	

What about a self-service fresh seafood operation? Self-service was one of supermarketing's first innovations. Even the meat department, which has remained "service" longer than grocery or produce divisions, is now predominantly self-service. The mix of seafood promotion/personal selling in a self-service situation is different than in a service department, but the objectives of communication should not change. Essentially, more of the information that would be communicated in person will be done by passive means, such as posters, recipes, and "talking sheets" that provide a variety of handling information.

Using these forms of "passive communication" can effectively deliver much of the product information demanded by clientele. Personal selling is not the exclusive domain of a service seafood effort. All people responsible for seafood should receive training in serving suggestions and be prepared to answer customer's questions. The response to questions should be no less professional. Regardless of the type of seafood effort, the guideline to work under is that an informed consumer is your patron!

### Significance of Impulse Purchases

An impulse purchase occurs without a lot of prior decision-making; in essence, decisions are made at the point of sale. Many industry members feel that a high percentage of retail seafood sales are impulse-oriented. Over the short run impulse sales may be great, but the goal of a seafood retailing effort should be to turn first-time impulse purchasers into repeat buyers. The only way to do this is to insure, to the best of your ability, that the customer has a good experience with seafoods. Therefore, it is absolutely critical that as much information be communicated at the point of sale as possible. As we have seen, point of sale communication can be a mix of personal selling and passive communication. From what we have learned about purchase risk, we know that one bad experience with a new product can have a long term effect on the patron's desire to purchase the product again.

### Marketing Communications and Trade Area Needs

The final objective of any marketing communications effort is knowing what product attributes and characteristics can be useful information for consumers wishing to fill a need. As stated earlier, people have a variety of ever-changing, developing needs. Depending on the particular market segment, certain product and store attributes are more important than others.

Insofar as product information is concerned, seafoods have many attributes, any of which make good themes. Consumer attitude findings indicate most people feel that seafoods provide nutritious variety to home menus. These are two good product attributes. One of the best techniques for stressing variety is to relate an extensive recipe collection to your ads. One example might be, "Our fish is fabulous fixed fifty ways.....we will show you how." In addition, the health aspect of consuming more lean meats and unsaturated fats needs to be communicated extensively.



Referring to consumer attitudes about seafoods, another promotional idea is convenience--seafoods are a quick-cooking meat item that takes less time than beef. Also, in budget crunch times, fillets and steaks of finfish and shellfish meats represent basically waste-free foods. Additionally, many seafoods can be stretched out to feed more people by adding extenders such as rice, canned soups, or noodles. One of the best budget choppers is to establish generic seafood recipes calling for any of a list of possible fish. As we have seen, many times there is more difference in the price of similar seafoods than in the taste. Additional information that consumers desire is 1) how to tell freshness, and 2) how to determine the quantity needed.

The common thread running through all of these product attributes is building consumer confidence in selecting and preparing seafoods. Consumers will purchase only those high ticket items which they know can be prepared simply, and with no chance of making a mistake. Thus, ease of preparation and seafood know-how should be an integral part of the marketing communication system.

Going a step further, the attributes and characteristics of the seafood line should be consistent with the needs of the region. Understand what your customers' most pressing needs are and adjust your product line and the supporting marketing communications effort to fill those needs.

One example of this consistency among products, communications, and the trade area needs is presented in Table 5. From this table it is easy to see that an appropriate mix of products is only half of what is required to make a success of retailing fresh seafoods.

## SUMMARY OF MARKETING COMMUNICATIONS EFFORTS

Effective seafood communications should be oriented to the purchase decision process. Providing this information should be continuous throughout the purchase decision process and should become more pointed and suggestive the closer the shopper gets to the seafood department. Typically, the types of communication used are categorized as out-of-store messages and in-store information. Out-of-store information transfer relies on advertising, usually by newspaper, and radio and television time.

Once in the store, communication of seafood information is provided by signage, which helps shoppers locate the seafood section. Point-of-purchase communication is provided by a mix of one-on-one personal selling by department personnel and passive communication through the use of printed recipe cards, product informational brochures, and posters that can provide a variety of product handling and selection information. The relative importance of personal selling and passive point-of-purchase materials depends on whether the department/case is service or self-service. Regardless of this mix, continuous information should be directed toward potential patrons, making them more comfortable with the commodity group. Seafoods are a high ticket item, so consumers need reassurances and reinforcement in support of these products.

Establishing a marketing communication program, which provides information geared to making consumers better users of your seafood line, enables you to sell not just a product, but a product and a number of consumer assistance services. By creating a seafood following, the entire store will benefit from one-stop shopping by store-loyal patrons.

TABLE 5

HYPOTHETICAL EXAMPLES OF CONSISTENT PRODUCTS, COMMUNICATIONS AND TRADE AREA NEEDS

<u>TRADE AREA PROFILE</u>	<u>CONSISTENT PRODUCT ATTRIBUTES</u>	<u>THEMES WHICH COULD BE USED TO HIGHLIGHT PROD. ATTRIBUTES/DEPT. SERVICES</u>	<u>CONSISTENT SEAFOOD ITEMS</u>	<u>SPECIFIC COUNTERMAN EFFORTS</u>
Upwardly mobile single & newly wedded professionals: fairly high disposable income, spends a high percentage on food eaten out of the home.	<ol style="list-style-type: none"> <li>1. Quick cooking meat items-convenience.</li> <li>2. Nutritional benefits, high protein, low in fats.</li> <li>3. Elegance of a home cooked seafood meal.</li> <li>4. Provide personal services and recommendations for entrees.</li> <li>5. Make sure at-home workload is low--this will require a wide mix or products.</li> <li>6. Create a market-within-a-store concept.</li> </ol>	<ol style="list-style-type: none"> <li>1. Restaurant fare without the inconvenience or added expense of eating out ("Make it your place tonight!")</li> <li>2. Modern, pleasant, and educational shopping experience.</li> <li>3. Ethnic seafood cookery or seafoods of the world.</li> <li>4. Cooking with herbs and spices.</li> <li>5. Sell the expertise of department employees.</li> </ol>	<ol style="list-style-type: none"> <li>1. Shellfish</li> <li>2. Smoked fishery products.</li> <li>3. Finfish line tied to recipe offerings.</li> <li>4. Perhaps a line of heat-and-eat items such as gumbos, creoles, and chowders.</li> </ol>	<ol style="list-style-type: none"> <li>1. Be able to make product and beverage recommendation.</li> <li>2. Be knowledgeable about serving suggestions and beverages.</li> <li>3. Coordinate with grocery and produce managers about tie-ins such as wines and gourmet foods.</li> </ol>
Middle incomes: heterogeneous mix of households.	<ol style="list-style-type: none"> <li>1. Menu novelty</li> <li>2. Nutritional aspects of seafood consumption.</li> <li>3. The idea of substitutability among different products.</li> <li>4. The luxury of restaurant fare without the cost of eating out.</li> <li>5. Should be presented as both a staple and luxury purchase. Therefore a mix of differently priced products would mesh well with trade area needs.</li> </ol>	<ol style="list-style-type: none"> <li>1. Seasonal cooking techniques, outdoor grilling, the use of cold, flaked meat in a salad for summer. Winter stews, gumbos, chowders.</li> <li>2. Information on nutritional aspects of seafoods.</li> <li>3. A change of pace...it's not just for Friday anymore.</li> </ol>	<ol style="list-style-type: none"> <li>1. Seasonal favorites and similar tasting, lower cost varieties.</li> <li>2. A mix of modestly priced and higher priced items.</li> </ol>	<ol style="list-style-type: none"> <li>1. Understanding similarities between species.</li> <li>2. Recommend beverages/side dishes.</li> <li>3. Develop P-O-P information which breaks out cost per serving using substitute species.</li> </ol>

TABLE 5 CONTINUED

TRADE AREA PROFILE	CONSISTENT PRODUCT ATTRIBUTES	THEMES WHICH COULD BE USED TO HIGHLIGHT PROD. ATTRIBUTES/DEPT. SERVICES	CONSISTENT SEAFOOD ITEMS	SPECIFIC COUNTERMAN EFFORTS
One-income families, perhaps with small children.	<ol style="list-style-type: none"> <li>1. Convenience-quick cooking to have more time with family.</li> <li>2. Economy-the idea of extenders to make a purchase go further.</li> <li>3. Substitution of lower cost species in recipes which could be combined with weekly specials.</li> <li>4. Stress waste-free nature of certain market forms.</li> <li>5. Nutritional aspects.</li> <li>6. Decide whether to run service or self-service, which will reduce operating costs. The need for educational information will not change.</li> </ol>	<ol style="list-style-type: none"> <li>1. Convenience/economy with one-dish recipes. stress use of seasonal specials.</li> <li>2. Provide for comparison shopping experience: merchandise similar market forms/tastes together.</li> </ol>	<ol style="list-style-type: none"> <li>1. Aim for a modest priced seafood line.</li> <li>2. Sell more dressed fish and explain how to poach and flake for other uses.</li> </ol>	<ol style="list-style-type: none"> <li>1. Tie-in efforts with rice, noodles and canned soups to suggest seafood extenders.</li> <li>2. Tie-ins with seasonal produce bargains which implies a value for budget-conscious folks.</li> <li>3. Warm weather nutritional extender foods could be cold salads. Make a cost comparison between using canned fish and poached, fresh product in a cold salad. Be able to provide total dish cost with and without use of extenders.</li> <li>4. Use of generic recipes which allow shoppers to decide on species based on cost per pound and similarity with well-known products. Each of these recipes could be featured and the cost per serving could be calculated based on the idea of using different cost products.</li> <li>5. Explain how to get 100% utilization out of purchase by the creation of stocks and chowders.</li> </ol>
Families with seasonal or business cycle employment problems.	<ol style="list-style-type: none"> <li>1. Waste-free meat.</li> <li>2. Substitution idea-substitute lower cost products for gourmet recipes.</li> <li>3. Cost breakdown of recipes.</li> <li>4. Strong push for extender foods - rice, noodles, use of sauces.</li> <li>5. Self-service to reduce department cost.</li> </ol>	<ol style="list-style-type: none"> <li>1. "They are running again" - seasonal promotion, which provides price savings.</li> <li>2. Sell "freezer specials", and "family pack" with some savings.</li> <li>3. Stress cost per serving.</li> <li>4. Casseroles, soups/stews; extenders.</li> </ol>	<ol style="list-style-type: none"> <li>1. Waste-free items-shellfish meats. For extenders - chowders, soup-stew ideas.</li> <li>2. Seasonal specials, modest priced items.</li> <li>3. Self-serve, reduce department cost.</li> </ol>	<ol style="list-style-type: none"> <li>1. Cost-out recipes, tie-in with rice, noodles for extenders.</li> <li>2. Prepare poster information - to communicate costs, etc.</li> </ol>

## DISPLAY OBJECTIVES AND TECHNIQUES

Display techniques should effectively communicate all the care and concern put into the seafood effort. A well-planned aggressive consumer sensation package should be reflected in 1) the display case, 2) tie-in sale items, and 3) related services such as factual, confidence-building "talking" posters.

The intent of this section is not to define how to arrange products for sale....you are professionals whose job is to create a sales environment which contributes to both routine and impulse buying. Your creative skills tell you how to arrange a case. This section discusses the implications of impulse sales upon display objectives and provides a framework of merchandising objectives that enable you to create attractive displays of fresh product and insure that your seafood effort meshes well with trade-area needs.

### Eye Appeal

Eye appeal is a critical concern to retailers. One display technique used almost universally is the addition of color through garnishes. Many retailers use citrus as a color addition, although the application of lemon or lime wheels directly on product is not recommended since the citric acid effectively cooks the contacted surface. The result will be an off-color blotch that can significantly detract from eye appeal once the citrus slice is removed.

Another display technique which enhances eye appeal is to disperse routinely-purchased items throughout the case so that customers are forced to shop the entire display. This practice is successfully used for soft, seasonal produce and generally contributes to a greater volume of impulse sales. This particular technique would also work for firms interested in using the idea of substitutability where similar market forms and classes of finfish are displayed together. To effectively disperse quick movers throughout the department, you have to know what is selling and the only way to know this is to record which products are moving and which have to be discarded.

### Maintaining Quality

Before considering specific handling practices required to maintain quality, it should be noted that nowhere else in the meat department will there be a more diversified product line. A hypothetical seafood product mix may include:

- a) Live shellfish: clams, oysters.
- b) Jarred shellfish products: oyster meats, clams, and picked crabmeat.
- c) Whole cooked shrimp, crabs, and lobsters.
- d) Fillets.
- e) Whole Fish.
- f) Smoked fishery products requiring refrigeration.

Each of these types of products requires particular handling practices. Additionally, the merchandising of live, cooked, and raw products requires particular attention to minimize the risk of cross contamination.

### Service Cases

Maintaining product quality in the display case depends on the variables already mentioned: 1) keeping the display case clean to prevent contamination of products and development of odors, and 2) making sure the product is kept as close to 32°F as possible. Depending upon the particular equipment used and the rate of stock turnover, we may have to take precautions to prevent dehydration or "mechanical shrink" of our seafood mix.

Keeping the display case clean: Industry wide, one week is the standard interval between complete breakdown and cleaning of the case. In cleaning, be sure to completely wash down all case surfaces, including coils that are below the front viewing glass. Washing and cleaning should be done with a non-porous soft bristle scrub brush, an approved detergent, plenty of water, and a lot of elbow grease. The mechanical removal of bacteria is quite important. Once the case has been cleaned and rinsed, the sanitizer can be applied as directed. One key often overlooked is to allow the case to dry thoroughly overnight.

Keeping the product as close to 32°F as possible: Developing tasteful, decorative, eye appealing displays for perishable marine food products is a challenge to the retail food industry. The challenge is to make the display look good--because that's where a sale is made--while maintaining the quality of the product. This is a difficult undertaking because there must be a tradeoff between eye appeal and quality maintenance.

Assuming that the display environment is clean, maintenance of quality revolves around keeping the product cold. A second and closely related quality maintenance factor is insuring that mechanical refrigeration does not dehydrate products. The amount of dehydration for a particular product is based on how quickly it passes through the case and the type of case used. With a slower turning inventory, mechanical dehydration can be a problem because first it robs the product mix of some saleable weight, an additional shrink factor, and second, the eye appeal of a case is diminished with dehydration.

Three types of display equipment are in use today: ice-only cases, refrigerated cases, and refrigerated cases used with ice. Ice-only cases are becoming more popular. Some merchants prefer the simplicity of an ice-only case, but this simple design requires more scrutiny to insure that products are held as close to 32°F as possible. The procedures recommended for maintaining quality in an ice-only case are as follows:

- a) Do not build piles of product because keeping the pile cold can be difficult;

- b) If product is stacked, be certain that there is a layer of crushed ice between the layers;
- c) A sprinkling of ice on top will keep the product moist and glistening, as well as keeping it cold;
- d) An optional step may be to mist the entire display every 30 to 45 minutes with chilled water.

Some retailers prefer to use straight refrigeration. These types of cases are good when selling seafoods such as clams and oysters, which are dipped out of pans. The problem with refrigerated cases is that they cannot wash and freshen whole fish, fillets, and steaks. One way to manage this shortcoming is to mist these finfish products regularly with cold water to simulate the effect of melting ice. Additionally, make sure the thermostat is set at 33°F, because at freezing the bacteria-ridden drip from the product will create an odor problem. Another recommendation to enhance eye appeal and maintain quality is to make sure that pans used to hold products have drainage holes.

Ice-refrigeration cases combine the attributes of temperature control with the effective chilling and washing principles of melting ice. But using an ice-refrigeration combination does not allow you to stock the case and "forget it". As mentioned, there is a trade off between eye appeal and quality maintenance. Many retailers use ice as a bed for products, but forget that: 1) cold flows down, and 2) that mechanical refrigeration removes moisture from the product. Therefore, a light top icing will prevent the products from drying out; top icing will not cloud up the viewing windows as misting often does, and the lack of top ice will indicate the need for more.

Keeping the product moving: Proper stock rotation through the display case is important. When the case is set, orders should be filled by taking the front products and working back, or by any means that insures a first-in, first-out rotation.

Regardless of the equipment used, closing for the night can be a problem in a service seafood department as a lot of time may be expended removing product, etc. Seafoods can be effectively held overnight in refrigerated cases. To effectively hold seafoods, the entire display should be covered with cleaned and sanitized cheesecloth, and then liberally top iced, which will provide the same product environment as pulling the product and placing it in a cooler. The next day, ice and cheesecloth can be removed and with minimum rearranging and restocking, the seafood display should be operative. It may take some trial and error work to decide how much top ice to use so that the ice just barely shows the following morning.

### Self-Service Cases

There are two important handling requirements for a self-service program: not stacking the products above the load line and making sure packages are butted up against one another. If tray-packed products are stacked above the load line, the temperature of the product will increase.

If products are not butted up against one another, "nosediving" of cold air will occur, a phenomenon that may raise the temperature 2°F to 4°F. For cold water varieties, temperature increases of 2°F to 4°F above 32°F will significantly reduce the product's shelf-life.

Use of gondolas (a type of ice-only case) enables consumers to serve themselves. Free standing gondolas are an effective display technique for use with prepackaged items, such as shucked oysters, clams and crabmeat. The products should be buried in ice up to the lip of the container. Just placing the container on the ice will not provide for effective chilling or a reasonable shelf life.

To close for the evening, a variety of techniques are used, including leaving the products in the case and covering the entire case with cardboard or removing the inventory and placing it in the cold room, held at 29°F to 32°F.

### Quality Maintenance for Specific Products

Whole or dressed fish: Whole or dressed fish being displayed should be placed directly on the ice and lightly sprinkled with ice on top. The head area of the fish should be lower than the rest of the body because there are many bacteria on the gills. Therefore, ice melt will run into the gill and head area, which are usually discarded before cooking. Dressed fish should be stored belly cavity down to prevent ice melt from collecting in this space.

Fillets and steaks: A debate exists about whether to place fillets and steaks directly on bed ice, or place these products in shallow pans. Experience will help you decide. If pans are used, they should be modified to allow for drainage. Placing products in shallow pans without drain holes may inoculate fresh product with bacterial ice melt. A top icing is recommended to maintain the "bloom".

Many retail foodsmen have a tendency to create stacks of product. Stacking products may prevent the continual moistening of fish, but unless the stacking is done in anticipation of a rush, such as on Thursday or Friday afternoon, it is not recommended. If product is stacked, it should be layered with ice to allow for equal chilling.

Shrimp: Shrimp are displayed in various ways, depending on the count sizes. Many retailers hand-position large-count shrimp, using a light top icing for chilling. Displaying smaller shrimp is usually done in piles on top of ice. One alternative to this technique is to nestle a stainless or plastic colander in bed ice up to the lip of the container. Shrimp displayed in such vessels should be misted with ice water continuously to keep the shrimp cold.

Scallops: Scallops sold by the pound from bulk containers could be displayed similar to small shrimp. As long as the tin is nestled in ice, the product should stay cold. The liquor naturally present in a gallon of scallops should be retained, because under mechanical refrigeration exposed scallops will become sticky.



Jarred oysters, clams, and crabmeat: The processing of these products requires hand labor, and therefore the opportunity for contamination is great. To obtain maximum shelf life on these products, they should be kept in a slush ice so that the inner temperature hovers around 32°F.

Live oysters and clams: These products are generally displayed on the ice which keeps them cold and extends their longevity. It should be noted that these products cannot be overwrapped, or they will suffocate.

Displaying raw and cooked products together: Space limitations often make it necessary to merchandise cooked and raw products together. Although this introduces the possibility of a public health risk through cross contamination, we can minimize this risk. If cooked products are pulled over the raw products, then any bacterial contamination can be diminished when the raw product is cooked. The reverse situation is not recommended since raw product may weep onto cooked items, which may not be reheated, thereby contributing to a less than enjoyable meal.

### Summary of Quality Maintenance Objectives

There are no secrets to maintaining the quality of fresh seafoods. We know that bacteria, when given the proper environment, can quickly spoil a product, and contamination of clean products can significantly increase bacterial counts. Finally, we have seen that holding a product too long will make it unacceptable. Thus, the keys to an effective quality maintenance program are maintaining the proper temperatures, keeping the work area and all food contact surfaces clean, and effectively rotating products on a first-in, first-out basis. Using the rule: keep it cold, keep it clean, and keep it moving, applied with lots of attention to detail and liberal amounts of elbow grease will provide customers with the quality they expect from high ticket seafood items.

### Cross Merchandising

The use of tie-in sales items is almost a universally accepted practice in retailing fresh seafoods. Tie-ins, both edible and inedible, help the consumer who may be uncertain about seafoods by "suggestively" selling. In concert with this idea, there should be the supportive point-of-purchase materials that highlight serving suggestions and function as menu planners for impulse sales.

While the time taken to develop menu planners, serving suggestions, and cost breakdowns may seem like additional work, remember that the customer's uncertainty is an opportunity. If we can describe preparation and cost per serving, then we have gone one step further in making the shopper a success at the dinner table. An example of a menu planner is outlined in Figure 4. Oysters are the featured product and this recipe is for Anne's Golden Oyster Stew. The menu may consist of oyster stew and hard French bread. One additional idea which would expand the potential demand for oysters in this feature is to do a cost comparison using extra potatoes and canned cheese soup instead of natural cheese. In this way

consumers who may be on tighter budgets could note the savings in cost per serving and opt for the feature. To better insure the purchase of all required foods for the recipe, other ingredients could be displayed at the seafood counter. This would make a nice tie-in display, which is highly suggestive. Furthermore, the gross margin dollars generated by departmental talent may be greater due to movement in related products.

FIGURE 4

ANNE'S GOLDEN OYSTER STEW

- |                                  |  |
|----------------------------------|--|
| 1 quart fresh oysters, undrained | 2 cups milk                            |
| 1/2 cup chopped onion            | 1 1/3 cups grated sharp Cheddar cheese |
| 1/2 cup sliced celery            | 1 can (10 ounces) Cream of Potato soup |
| 2 cups sliced fresh mushrooms    | 1 jar (2 ounces) diced pimento         |
| 1/4 cup flour                    | 1/4 teaspoon liquid hot pepper sauce   |
| 1 teaspoon salt                  | 1/4 teaspoon pepper                    |

Remove any remaining shell particles from oysters. In large sauce pan, cook onion and celery in margarine until tender. Add mushrooms and cook for 1 minute. Over low heat, stir salt and pepper into vegetable mixture. Add milk gradually until thickened, being careful not to boil. Add cheese and stir until melted. Add oyster, soup, pimento, and liquid hot pepper sauce. Over low heat, cook for 5 to 10 minutes or until oysters begin to curl. Makes 6 to 8 servings.

Cost Per Serving for Anne's Golden Oyster Stew

<u>Item</u>	<u>Cost</u>
1 quart oysters	\$6.15
Onion	.04
Celery	.10
Can Mushrooms	1.29
Milk	.24
Sharp Cheese	.78
Soup	.36
Pimento	.51
TOTAL	<u>\$9.47</u>

	Cost/Servir. g
Yield: 8 - 8 ounce servings	\$1.18

Additional savings could be obtained by adding extra diced potatoes, substituting cheese soup for grated cheese and adding extra onion and celery.

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## Comparison Shopping

Another display objective underutilized in retailing fresh seafoods is providing a comparison shopping experience. As we have seen substitutable products can add extra muscle to a retail strategy, when supported with generic recipes calling for any number of products.

Generic recipes are a unique approach. Why? On the demand side, we know consumers are generally familiar with only a few of finfish varieties. Most familiar species are traditional products and many carry high prices. In many cases, however, there is a greater difference in the cost of certain similar products than in taste. Therefore, by suggesting a patron try a variety of products using the same recipe, we may be able to persuade patrons to try an unfamiliar but lower priced product.

Another justification for the aggressive use of a generic recipe program is that the marketing system for seafoods is somewhat erratic, with price fluctuations and out-of-stocks a common occurrence. Consumer response to this sort of fluctuation creates problems for the retailer because either 1) the price which he must charge on a week-to-week basis to cover these fluctuations leads to a reduction in demand, or 2) when price increases are absorbed by the retailer, the department loses gross margin dollars even though consumer demand may remain constant. Either way, the seafood department may suffer.

Simply stated, a recipe system using generic requests for particular market forms can easily support the idea of substitution among similar species. Retail interest may benefit from greater movement of unfamiliar, less expensive products because these varieties often carry higher gross margins than some of the more traditional varieties.

Another distinguishing feature of a generic recipe system lets customers comparison shop. Many trade areas contain a mix of socioeconomic characteristics, and many retailers dream of being able to appeal simultaneously to a variety of these segments. Ironically, it is one of the most difficult retail accomplishments when profit performance is considered. By developing cost per serving information for a variety of finfish and arranging it in a form that allows for easy comparison, shoppers are able to decide which product to use based on their own budgets rather than on product familiarity.

## Evaluation of Display Efforts

A final objective is evaluating the display effort. One way of evaluating your entire marketing effort from the customers' perspective is to follow the "3-C" rule of convenience, cleanliness and color.

Is the marketing effort for seafood convenient? This is a "broad brush" question, but the customer should sense convenience from whatever vantage they take. Thus, the departmental "atmosphere" right down to the package, should not escape the retailer's scrutiny.

- Is advertising accessible?
- Can shoppers peruse ads to find specials?
- Are storefront ads visually accessible?
- Is the department in a convenient spot?
- Do customers get snarled up trying to move through it?
- Are products visually and physically accessible?
- Are packages accurately and legibly weighed, labeled, and priced?
- Is there ample promotion and preparation material?
- Is point-of-purchase material accessible?
- Are sales people helpful?
- Will actual preparation be helpful?
- Is the seafood department clean? This "C" is a very important consideration. The manager should be on guard for anything customers may see, smell, or sense which would presuppose an untidy work environment, display case, product, or employee.
- Do the walls and floors connote cleanliness?
- Are they kept clean through regular maintenance?
- Is the display case free from any annoying effects, such as a jumbled array, dirty ice, or torn packages?
- Are the packages themselves odor and leak proof?
- Do employees intimate the idea of cleanliness in their appearance, their mannerisms, and their handling of a customer's purchase?
- Colorful is the last "C". Is the retailing effort a colorful one?
- Does the department maintain good color contrast which sets it apart from other perimeter sections?
- Is the lighting casting the product in a warm, appetizing glow, or washing it out?
- How well is the promotional material complementing package wrap and other colors in the seafood section?
- Do labels beckon to the customer and add that needed color contrast?
- Finally, are the slogans colorful and vivid in their description of the department and the line it handles?

By using this checklist the retailer can preview his efforts through the consumer's eyes and alter any situations that do not measure up before the customer catches them. The "3-C" rule also allows a comprehensive assessment of seafood marketing practices, from newspaper ad layout and copy to product labels and point-of-purchase material. Through continual use of these sorts of questions, a seafood department can constantly be evaluated and upgraded, making for a more positive shopping experience.

## LONG-RANGE PLANNING AND SEAFOOD DEPARTMENT SUCCESS

An effective long-range planning program is essential for ensuring success in a seafood department of a retail store. Consumer research has shown that customers perceive certain risks associated with purchasing and preparing fresh seafood. Further, consumers do not fully understand that seafood, with its many different species and market forms, is highly perishable if not marketed effectively. These two variables (consumer risk and perishability) require retailers to develop a supportive management program. Long-range planning applied to a retail seafood department by management concerning its policies, procedures, and practices must deal with both customer needs and departmental operations to achieve long term profitability and growth.

Developing a long-range planning program for a seafood department enables the department manager to improve his/her capabilities in effectively managing a retail seafood department. In this section, we will create a knowledge base for a seafood department's long-range planning by illustrating principles and case study examples of successful seafood programs. The reader can apply these findings to operational problems in his/her seafood department. The quiz at the end of the section will enable the reader to demonstrate his/her competence by formulating long-range plans to solve management problems.

The focus of this unit is on effective planning to utilize all the resources available to a seafood department to meet its departmental and retail store objectives. First, it illustrates customers' needs for products and services demanded from a seafood department. These customer needs represent different demand levels for seafood and seafood products. Product information provided for customers in a long-range plan may influence attitudes of shoppers and affect the demand for seafood either positively or negatively.

The supply side of seafood marketing deals with those activities controlled by retailers and contribute to a profitable department. Topics affecting retailer supply focus on specifying a broad purpose for the department (what customer needs does it serve), the variety of seafood and seafood products merchandised in the department, and the operational practices and employee programs of the seafood department. Seafood department managers reading this unit and working out solutions for the case studies should improve their management skills.

Food retailers were asked what they saw at the key issues underlying the operation of a successful seafood department. Issues mentioned fell into four categories-- 1) long-range planning, 2) personnel, 3) communications, and 4) profitability. Food retailers felt that if a well planned management program could resolve the four broad issues cited -- a seafood department in a retail store would succeed.

### Long Range Planning

A successful seafood department requires management planning and training just as do other in-store departments. This requires an investment in planning time and a commitment of financial resources. A retailer must ask himself, "How can I allocate my resources most

effectively?" Without a long-range plan and a training program, the seafood department will fail to meet the retailers' expectations as they compare the results of the seafood department to other in-store departments.

### Personnel

A major concern of food retailers about their personnel was finding ways to motivate key store personnel to recognize the vital role fresh seafood can play in total store sales. Seafood as a food product is unique, therefore the challenge to store personnel is to determine where seafood fits into consumer needs and how to capitalize on it in a seafood department and relate that to total store sales.

### Communications

Management must find ways to communicate its seafood offering of products and services to customers in their trade area. There are many ways -- both out-of-store and in-store -- of promoting seafood products, including food advertisements in newspapers; by maintaining a clean, colorful and conveniently located seafood department; by handling a quality-oriented and wide array of seafood products; by properly training employees; and by maintaining a good reputation with customers.

### Profitability

The possibility of limited profitability in a seafood department tends to discourage retailers from committing themselves to seafood sales. Many factors influence profitability in their judgement. Incomplete merchandising programs may cause inactivity in sales of certain species causing product losses through perishability. In some cases, fresh seafood may be under priced compared to the market, creating lost income on the revenue side. The lack of cost controls could cause total costs to exceed total revenues and create departmental losses.

## TOP MANAGEMENT COMMITMENT TO RETAIL MARKETING OF FRESH SEAFOOD

A successful fresh seafood marketing program requires a commitment by top management, which incorporates long range planning, skilled personnel, communications and a profitable outlook. Management must be willing to support a fresh seafood program through the assignment of trained and qualified personnel, a budget and facilities. A fresh seafood department should be integrated into the total store format and be viewed as other departments for its potential as a sales and profit generator. Management must make a commitment that a fresh seafood department is a vital part of the retail store.

Top management, in both independent and chain retail food stores, have observed consumer trends toward a demand for fresh seafood in their stores. However, there are several barriers that must be overcome in order to capitalize on this important trend. Typically, fresh seafood sales have been limited because of a lack of supply, fluctuations in price and quality, and higher cost when handled in small volumes. These operational problems were at times too much for retailers to easily overcome, so they often preferred to devote their resources to other departments instead of getting involved with fresh seafood sales.

Today conditions are changing for seafood marketing. U.S. policy regarding fishing rights have changed, which is influencing the supply and availability of seafood in all coastal states. Factors affecting supply point to three decisions: 1) the off-shore fishery has become more regulated; 2) territorial limits have been moved 200 miles from the boundaries of the U.S.; and 3) a quota system prevents overfishing of species. Also, more favorable income conditions exist for fishermen through liberalized rules for boat financing, and tax shelter provided by the NMFS capital construction fund which further stimulates output in the off-shore fishery. Chain stores have developed an aggressive approach to marketing fresh seafood, and their sophisticated merchandising methods may draw customer traffic from stores not handling fresh seafood.

The second managerial step in supporting a fresh seafood department is assigning qualified and trained personnel to manage the department. The seafood manager implements the long-range plan for the department and is an important factor in its success. Effective fresh seafood marketing at retail does not just happen but is the result of a carefully planned and organized effort on behalf of management. Top management's commitment to a seafood department works hand-in-hand to support the department manager to ensure a positive contribution to store overhead. The seafood manager must accept responsibility for operating the department profitably, be given sufficient authority to accomplish his duties, and be held accountable for the results. The success or failure of a fresh seafood department, assuming top management support, rests with the seafood department manager.

The third step retailers should take in creating a successful seafood department is an endorsement of a marketing plan, consisting of sales, procurement, merchandising and inventory unit plans, and then incorporating these plans within an adequate budget. Planning should be

flexible enough to meet unexpected situations and be closely tied to the funding available for operating the department. The written plans and the budget must be realistic and fair when compared to other departments in the store.

The final step expected of management in supporting a seafood department is providing adequate auxiliary and support facilities. Store management must assign the total space necessary to support the financial and nonfinancial objectives met for the seafood department.

In summary, management's contributions, which help ensure a profitable operation from its seafood department, are: a commitment from top management; staffing with qualified personnel; formulating a written marketing plan and assigning an operating budget; and allocating adequate facilities for in-store merchandising and auxiliary support for product handling and storage. These essential factors support the drive for profit in a retail seafood department.

#### ASSUMPTIONS UNDERLYING A SEAFOOD DEPARTMENT PHILOSOPHY

Assumptions made by management can influence a seafood department's progress. Two principle assumptions reflect on the overall profitability and growth potential of a seafood department. Without recognizing them, the department may not adequately contribute to its profit potential.

Assumption One -- "A seafood department must generate sufficient revenues from the sale of seafood and related products to cover the cost of operating the department."

Positive gross margin dollars result when the selling price of a seafood specie exceeds its product cost. This assumption shows that pricing strategies must be set so that product sales exceeds product costs. Any department in a retail store should, at some time, contribute to store profits. Management may set prices which violate this assumption periodically by featuring a specie below its procurement costs. A more desirable strategy may be merchandising seafood products that are in an abundant supply. The contribution to overhead from various in-store departments pay for overall operating costs--utilities, management salaries, property and equipment leases, etc. Overhead costs must be paid; therefore, a contribution to overhead from each store department provides for a profitable store operation.

Assumption Two -- "A seafood department must provide customers with acceptable, affordable products in the long term."

This assumption focuses on serving customer needs and complements the first assumption. Customers' budget restraints and tastes may limit the sales of certain items. The wrong seafood product or an improperly priced product may cause poor product movement. This increases shrinkage through perishability which in turn reduces gross margin dollars supporting the department.



Several other critical assumptions should be recognized because of their impact on the departments' success.

Assumption Three -- "Fresh seafood and seafood products are scarce food resources."

Their value tends to increase and decrease with available supplies; however, an abundance of seafood is not always available. The implication of this assumption means that pricing strategies must be studied carefully to take full advantage of the intrinsic value of fresh seafood.

Assumption Four -- "Seafood -- you sell it or smell it."

Seafood is a highly perishable product, therefore management decisions must be made properly to ensure product movement and quality. In the long run, the level of quality of seafood products is vital to the continued success of the seafood department.

#### PROFILE OF A RETAIL STORE TRADE AREA

Seafood is gaining popularity with many segments of American society. Americans want to be healthy and slim, and seafoods contribute to these objectives. This new-found consumer interest in a variety of seafoods has baffled many seafood managers. The principles and procedures of management illustrated in this unit show seafood managers how to think through the needs of their consumers and how to serve these needs profitably.

#### Philosophy and Purpose For Creating a Seafood Department

A profitable retail food store must meet the needs of its customers. To do this the food store reflects the offerings of a composite of many departments.

Principle - "Customers' needs, must be met if a seafood department is to be profitable."

The first step in satisfying this principle is analyzing customer needs of a store trade area. Customer needs can be determined by family income, employment status, and other measures such as preferences for seafood products and services. Customer needs, when translated through a written purpose statement for the seafood department, can guide management in developing an effective marketing program and result in greater customer satisfaction.

A seafood department purpose statement should reflect its overall philosophy by taking into account the needs of its consumers based on their incomes, employment, tastes and preferences for seafood. For example, if a retail store is located in a trade area where customers have high incomes, a seafood manager may market high-value items such as crab meat, lobster and/or traditional fin fish. In trade areas noted for lower incomes, underutilized fish species might be offered to customers. In all cases, customer needs for seafood must be met if the department is to be successful and profitable.

The "purpose statement" for a seafood department consists of at least five principle categories. An example purpose statement for a case study store might read as follows:

Purpose of the Seafood Department - "To increase store traffic and sales by providing customers with a wide selection of fresh and wholesome seafood products and services at prices that reflect a value while contributing adequate returns to the food store for the resources used while providing employment satisfaction to the personnel involved in the department."

#### Significance of Each Part of Purpose Statement

"TO INCREASE STORE AND SALES TRAFFIC..." This statement creates an agreement among store management that greater emphasis will be given to the sales volume of the seafood department. At the same time, the seafood manager needs adequate resource to make this aspect of the purpose statement a reality.

"...BY PROVIDING CUSTOMERS WITH A WIDE SELECTION OF FRESH AND WHOLESOME SEAFOOD PRODUCTS AND SERVICES..." The product mix aspect of the statement implies that management expects to provide an array of seafood products, maybe 16 to 30 different products, for customers to make choices in the department. It also may imply that customers with a wide range of incomes shop at the store. In this purpose statement, management has provided many choices to satisfy the needs of their customers. It also indicates that management is committed to merchandising a high quality product mix. The word "wholesome" means added care in handling and inventory control will be expected from employees. Adequate "services" in the department will be provided to support the seafood products and their quality until the purchase is completed.

"...AT PRICES THAT REFLECT VALUE..." means that customers will be sold products that represent value for their food dollar. Along with the "wide selection", this will provide customers with an opportunity to do comparison shopping and enhance value-seeking shoppers; customer satisfaction.

"...WHILE CONTRIBUTING ADEQUATE RETURNS TO THE FOOD STORE FOR THE RESOURCES USED..." Prices set competitively in a seafood department should provide for adequate gross margins to cover the costs of department operations and return adequate dollars for overhead. Management should set sales and overhead objectives expected from the seafood department, and accordingly, departmental prices and gross margin strategies should be set to realize those objective.

"...WHILE PROVIDING EMPLOYMENT SATISFACTION TO THE PERSONNEL INVOLVED..." Key personnel in a seafood department help determine its success. These employees must realize the opportunity to work for themselves as well as the company. Seafood marketing is a new venture for many retail stores; consequently, additional employee orientation and training will be necessary to develop and maintain seafood department employees at a competitive edge.

A purpose statement creates a philosophy for a seafood department by causing management to think through the opportunities and problems associated with servicing their customers. In general, the purpose statement sets the standard for department operations. The "statement" recognizes the "key actors" in seafood marketing -- customers, seafood products and services, the retail department and store, and employees of the seafood department. The purpose statement of a seafood department is the cornerstone for expressing management's philosophy for the department. A well thought out purpose statement shall serve as a guide to a profitable seafood department.

### Setting Objectives for the Seafood Department

Food retailers operate their stores with certain objectives in mind to ensure their competitive position in a trade area. Specific objectives focus on total sales, gross margins and expenses. These objectives can only be accomplished if each department contributes to the overall results from store operations.

For much of the past two decades, many food retailers have not viewed seafood departments as potentially profitable. There were many problems, both external and internal, with a seafood department operation that created a negative image of fresh seafood departments for most retailers, whose simple solution was -- "don't sell fish". Today, many of the earlier operational problems associated with seafood have been or are being eliminated, making the profitability of a department more of a reality.

Principle - "SUCCESSFUL SEAFOOD DEPARTMENTS SHOULD SET OBJECTIVES FOR TOTAL SALES, GROSS MARGINS, AND EXPENSES."

John Troke said, "Objectives are like mile markers on a highway." They keep you on the path and identify your progress toward your destination. There is a similar value to a seafood department manager for setting goals for the department. By setting goals, the manager knows the progress being made toward the benchmarks relating to profitability. The department purpose statement sets the broad boundaries, and the objectives further refine the scope of the department.

Departmental objectives generally focus on personnel, preparation, products, and profit (the 4 P's). Written objectives of a seafood department translate tasks into benchmarks (numbers). This information enables a manager to guide a department toward meeting customer needs profitably. The seafood department may have as many as ten specified objectives relating to its operation.

Setting objectives for the seafood department should be a joint venture between store management and the department management. These multiple objectives reflect customer needs in a trade area, the supply conditions of seafood products, and the internal store operations. In supporting management principle two above, it is suggested the following objectives be set for a seafood department operation: dollar sales volume, gross margins (percent and dollars), shrinkage, direct costs, sales per employee, in-store traffic generator, and contribution to overhead.

Objectives should be written in a format that is easily understood by both those writing them and those using them. The objectives will be utilized by store management, seafood department manager, and departmental personnel. Objectives should be measurable, have a time limit assigned, and be expressed in either absolute or percentage terms. Suppose a food market sold \$2,000 of fresh seafood each week but wanted to increase that sales value. A sales objective might be stated as follows: "To increase sales of fresh seafood by one hundred percent by June 30 of the following year."

This means many things to the seafood department when it comes to accomplishing this sales objective. The implications of the objective means more customer traffic moving through a department, more and varied seafood products merchandised, more support activities, and more facilities space devoted to the seafood department. It may or it may not mean all of the stated changes noted as a result of making one objective statement.

What are some of the implications realized from the sales objectives? Assuming the department has at least one year to work toward the objective, twice as much seafood will be moved through the department annually. New sources of product supply may be needed. Additional display space may be needed. The seafood department may need relocating within the store, or a new image created. Brainstorming is helpful in determining all the impacts that will affect the seafood department because of the change in the sales volume objective.

### An Action Plan

An action plan should be developed to support each stated objective, increase sales volume of seafood by one hundred percent, for example. How will this objective be realized? Information from previous sections shall impact the action plan for a sales objective.

#### Action Plan:

1. Expand seafood products offered by the department.
  - a. Factors affecting the trade area impact here.
  - b. Availability of supply is a factor.
  
2. Promote new items.
  - a. Attract new customer segment.
  - b. Have available recipes.
  - c. Conduct cooking demonstrations.
  - d. Coordinate newspaper, and instore advertising with available products.

There may be many other parts to the action plans for the sales objective, but the example above shows the coordination needed to reach a stated sales department objective.

The gross margin dollars provide operating dollars for a department to cover the costs of seafood products sold. A gross margin objective will

be based on a sales plan and other strategies determined by the store management. An overall gross margin is a product of the retail seafood products prices sold minus cost of goods. A gross margin on crab meat, for instance, may be set at 20 percent but a 50 percent margin specified for blue fish, giving an average margin somewhere between 21 and 49 percent, depending on the volume of each product sold during a sales period. If an overall gross margin is specified, the seafood manager may have great latitude in adjusting the gross margin on each of say 10 to 21 different products. Managing the gross margin objective will probably be the easiest when seafood supplies are plentiful and the most difficult during periods of scarcity.

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$$\text{Gross Margin Formula} = \frac{\text{Retail Price} - \text{Cost of Seafood}}{\text{Retail Price of Seafood}}$$

$$30\% = \frac{\$1.00 - \$.70}{\$1.00}$$

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#### Action Plan for Accomplishing gross Margin objective

1. Better signage in the department.
  - a. Permit customers better comparison shopping.
  - b. Show the value of each product in the department.
2. Merchandise more whole fish.
  - a. Weigh the fish before filleting.
  - b. Buy the specie in plentiful supply.
  - c. Increase the number of specie marketed.

Gross margin dollars cover the cost of operating the department plus contributing to overhead costs. Three categories of particular importance to the seafood manager are: shrinkage, direct costs, and sales per employee. Shrinkage is defined as any products not sold resulting from spoilage or other losses. Shrinkage will have a direct affect on gross margin -- a one percent increase in shrinkage can reduce the gross margin by one percent or more.

Management expects some shrinkage in a perishable department such as seafood. Suppose the seafood manager set an objective of 3 percent for the shrinkage expense. What is the catch?

1. Reduce spoilage of seafood products.
  - a. Use ice to cover inventory while on display.
  - b. Clean utensils properly to prevent contamination.
  - c. Rotate stock to retain shelf life of products.

2. Account for all incoming products.
  - a. Check weight of specie against invoice.
  - b. Make sure invoice price charged is related to specie in the shipment, i.e., if invoice price is for haddock, it should be haddock, not turbot.

Direct costs incurred in the seafood department are those costs allocated directly to the operation of the seafood department. A few examples of direct costs are labor, wrapping paper, and receipts, etc. These costs are charged against the gross margin dollars of the department. Efforts to control these expenditures will direct more of the sales dollars into the contribution to overhead column.

#### Action Plan for Controlling Direct Costs Objective

Reduce labor costs to \$5.00 per hour including fringes.

1. Be more selective in hiring.
2. Devote 20 minutes to employee training per day.
3. Schedule work on a priority basis in the department.
4. Pay on performance.

Reduce packaging costs one half of one percent of sales.

1. Study alternative packaging materials for value and cost.
2. Reduce waste in the wrapping program.

Hold receipt costs to present levels.

1. Focus on receipts that apply to several species.
2. Print recipes in large quantities to realize cost savings.

Productivity standards are important to controlling costs in the seafood department. The most common measure of productivity is the sales per employee value. A reasonable common measure to aim for is the sales per hour in the meat department, because the seafood and the meat departments will have similar functions. If the standards are realistic, labor costs should be under control. Sales per employee is measured in dollars and not physical units, yet it should be a figure that valid comparisons can be made from if used in the same time period.

Sales per employee can be affected by an effective labor management program. Tasks in the department should be defined and listed. These tasks are classified into duties and assigned on a priority basis.

## Quiz: Merchandising & Managing A Seafood Department

### True/False

- 1) Profits are the main reason for firms becoming interested in retailing fresh seafood.
- 2) Merchandising is a process of simultaneously meeting trade area needs and the firms' financial objectives through the buying, pricing and presentation of products and related services.
- 3) The day to day supply of seafoods fluctuates.
- 4) As a rule of thumb, seafood prices in Winter are higher than in Summer.
- 5) A shopper's fear of failing to satisfy family and friends with home cooked seafoods is not a deterrent to greater consumption.
- 6) Marketing communications are advertising, promotional activities such as recipe and personnel selling by departmental employees.
- 7) There is enough control in the seafood distribution channel that I do not need to inspect incoming product for weight, style of pack, and species.

### MATCHING

Select statements from II that best describe a statement in I. Not all items in II will be used.

- I. 1) An item that generally provides us with a higher percentage gross margin in our fresh seafood effort.
- 2) Speaking of a 36-42, a 16-20, or 10-15, we are referring to
- 3) Relating the edibility of seldom-seen species to traits of more traditional products.
- 4) Taste, market form, and cost.
- 5) The pull strategy
- 6) Oyster meats and fresh crabmeat.
- 7) Use of menu planners and cost breakdowns.
- 8) A feature which has great potential for a seafood retailing effort but is not commonly used.

## MATCHING, Part II

- (A) Are quite useful because 1) impulse purchases play a role in sales of fresh seafood, and 2) more information enables customers to make better decisions.
- (B) Comparison shopping by reducing contrived differences among products.
- (C) Ounce designation for roasts cut from large fish.
- (D) Reduces the degree of purchase risk.
- (E) Eye appeal.
- (F) A traditional seafood product such as shrimp, flounder, or salmon.
- (G) A product rotation strategy.
- (H) Should be buried in ice up to the rim of the container for maximum shelf life and quality.
- (I) Size designation for green headless tropical shrimp.
- (J) Differences that the retailer can't do anything about.
- (K) A marketing technique which helps customers purchase products.
- (L) Under-utilized seafood products.
- (M) Differences which affect the purchase of certain products, but differences which the retailer can help to diminish.
- (N) Will keep if just placed on top of ice when an ice-only case is used.
- (O) Doesn't help too much because consumers already know what they want.

### Essay Question:

- 1) What is the retail identification plan for seafoods, how is it different from beef or poultry, and how does it affect the retailing of marine and aquatic food products? How can we as retailers overcome this situation to increase our fresh seafood sales?