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# RETAIL MARKETING OF FRESH SEAFOOD<sup>1</sup>

by

Charles W. Coale, Jr.

Don L. Long

Agricultural Economics Department

Blacksburg, Virginia

and

George H. Harrison

Harrison Seafoods, Incorporated

Newport News, Virginia

## A Summary

Marketing fresh seafood in retail stores may be best accomplished through a systems approach. Participants of a retail workshop learn about seafood marketing and the systems approach through lectures, case studies, slide series, and practical exercises. Three systems are highlighted in a fresh seafood department--management, quality maintenance and sanitation, and merchandising. The notion of departmental profitability was stressed throughout the total program. The importance of management planning is stressed by illustrating the development of action plans supporting the systems approach to marketing fresh seafood.

Marketing fresh seafood may not be a feasible merchandising alternative for all retailers. However, if a carefully documented analysis indicates there are greater benefits than costs associated from the establishment of a fresh seafood department, management should consider it.

## The Management System

Top management must make a commitment to support a fresh seafood department by allocating resources--personnel, funds, and space--in adequate amounts to

ensure departmental success. Continuous management planning begins with establishing departmental objectives designed for profitable fresh seafood operations. Store management is concerned about total store profitability and the seafood department should contribute to this concept. There are certain sales-related objectives that management expects from the seafood department--sales, gross margin, inventory turnover, etc. These objectives should be supported by an in-store marketing plan consisting of detailed plans for sales, procurement, inventory, labor, quality assessment, and facilities.

A well-thought-out sales plan should serve management as a marketing tool. Its value is shown by the gross sales and gross margin dollars generated by each fresh seafood product sold by the department. Adequate gross margin dollars are a necessary condition for covering the costs incurred in operating the department. Gross margin dollars generated from seafood sales must exceed the costs of the department to provide an adequate contribution to overhead. Management will expect a contribution to overhead from the fresh seafood department.

There are many methods for controlling cost in the fresh seafood department.

These methods include various work study and analysis techniques utilized in industrial engineering. Management oriented cost control techniques discussed in this workshop include utilizing on-site records, effective labor scheduling, and proper definition of duties and assignments for personnel in the seafood department.

The departmental manager is another key to successful and profitable operation of a fresh seafood department. In our systems approach for retailing fresh seafood, the job analysis chart, consisting of four categories, gives the seafood manager enough authority to achieve the objectives set for the seafood department. The job analysis chart is developed from data collected from the manager's daily routine and illustrated by a diary of his activities. These activities are analyzed by a time use chart. The chart divides the activities into management (thinking and operational), and labor (productive and non-productive) functions. These data and other managerial insights (action plans) are utilized during the development of the job analysis chart. Store management and the seafood manager jointly develop a clearly defined set of duties, the corresponding authority, a management information system (controls), and determine the resources needed to support each duty of the seafood manager. It is important that sufficient authority be granted the seafood manager for each duty that management expects him to perform. If this authority is not granted, the seafood manager is reduced to performing tasks and management does not receive the fullest contribution of the seafood manager. On the other hand, management must have an information system to ensure that the seafood manager is performing according to the job analysis agreement. Finally, resources must be allocated to support the manager. These resources may be in the form of training, equipment, funding, space, etc.

### Quality Maintenance and Sanitation

Many independent retail stores receive fresh seafood deliveries once a week. Fresh seafood is highly perishable. So, retailers must take precautions to protect the quality of fresh seafood once it is in the retail store. Retailers have available procedures and techniques to extend the shelf life of fresh seafood.

Packaging materials and techniques protect the shelf life of fresh seafood. Proper packaging protects fresh seafood from outside contamination, protects other commodities from seafood, enhances sales appeal, and puts fresh seafood on more equal terms with other food commodities.

Many factors affect the shelf life of fresh seafood, but the control of four major factors--initial product quality, temperature, contamination, and cross-contamination--will improve consumer satisfaction from fresh seafood.

Probably the most important of these factors is initial product quality. If fresh seafood arrives at the retail store in poor quality, its quality characteristics cannot be improved, regardless of the environmental conditions at the store or expert handling by personnel. The best insurance against receiving poor quality fresh seafood is selecting a reputable seafood distributor, establishing quality standards, and checking all incoming fresh seafood against these standards. Fresh seafood quality and price usually are related. The lowest priced fresh seafood may not be the best buy for a retailer and his customers.

Fresh seafood should be maintained at a constant temperature of about 35 degrees Fahrenheit. If this temperature varies upward for an extended period, fresh seafood shelf life is drastically

reduced. The seafood manager should check temperatures of all incoming fresh seafood and have the authority to reject items not meeting the temperature standard.

Fresh seafood requires special handling to prevent product contamination. Employee handling is a source of contamination when rules for hand washing, smoking, and other sanitary procedures are violated. Employee rules must be enforced if shelf life is to be maintained.

Cross-contamination reduces shelf life and may cause other dangers to consumption. Storing fresh seafood with other meat, poultry, or live seafood products may cause cross-contamination. The same dangers are present when seafood is merchandised at the retail center. Picking up and moving raw seafood products over cooked seafood is a common source of cross-contamination because contaminants fall or drop into cooked seafood.

Sanitation procedures and agents are available to help the seafood manager maintain shelf life of fresh seafood. A written sanitation plan assures the manager that all needed spaces will be cleaned. A duty list, from the plan, assigning personnel to clean up tasks contributes to the overall sanitary conditions of the department. Many sanitizers for cleaning are available--chlorine, iodophors, and quaternary compounds. Each set of sanitizers has certain advantages and disadvantages and its application should be studied carefully.

#### The Merchandising System

Effective merchandising is the third building block in the systems approach to marketing fresh seafood profitably. Customers use a definite decision-making process and seafood retailers can help with this process. One excellent merchandising theme for fresh seafood is "Value for the Food

Dollar." Management has a set of merchandising tools for promoting this concept to its customers. Merchandising seafood begins with newspaper ads, store front window ads, aisle walkers, and is completed at the display case with a sale. Weekly newspaper ads stimulate ideas for seafood purchases by the consumer. These ads highlight value and serve as an aid to menu planning prior to the shopping experience. Food editors may highlight fresh seafood which complements store newspaper ads. Window ads at the store front again reinforce the value inherent in fresh seafood. Aisle walkers call attention to seafood and direct customers to the seafood department. Once at the department, the fresh seafood display must favorably impress the customer and reflect value for the food dollar. The fresh seafood display should be convenient and colorful and the department neat and clean. The department must be convenient to shop without excessive reaching or stopping; with prices clearly marked; and with all seafood items visible in the display case. The display of fresh seafood will be effective if contrasting colors associated with seafood species are used when building the display. The department must be clean. This is demonstrated by employee dress and attitudes, the condition of the display, the condition of the floors, and other decor.

The value of fresh seafood is enhanced by effective pricing strategies. Each seafood product has periods when it is either relatively plentiful or scarce. The availability of seafood by specie and season is publicized by state seafood councils. Corresponding wholesale prices are found in various governmental and private industry reports and forecasts. This information is valuable to the retailer for developing a merchandising plan and taking advantage of the marketing opportunities for fresh seafood.

Retailers may develop their pricing strategies to generate in-store traffic

and/or secure sales to make a contribution to store overhead. There are traditional fresh seafood items which are constantly in high demand. Higher than average margins should be taken on these items. However, there may be periods in the season when their supply is limited and margins will be squeezed. During these periods, many less-well-known species of fresh seafood may be substituted for the traditional highly demanded seafood with the quantities and prices in both groups adjusted according to product movement. Alternative species, many of which are close substitutes for the high demand items, can be utilized as fresh seafood specials capturing acceptable margins and giving customers a recognized value for their food dollar.

New ideas for merchandising fresh seafood may be associated with deli operations. Fresh seafood forms include--hot and cold salads, sandwiches, soups, and other products.

#### FOOTNOTES

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