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A Whole Foods Market fishmonger carefully lays out product. Credit: Marine Stewardship Council



Fishing for Dollars

WITH PANDEMIC-WEARY CONSUMERS STARTING TO EAT OUT AGAIN, GROCERY RETAILERS AND SUPPLIERS MUST UP THEIR GAME TO MAINTAIN SHOPPER INTEREST. **By Bridget Goldschmidt**

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he year 2021 was huge for fresh and frozen seafood sales: They both exceeded the \$7 billion mark, besting 2020 sales, with frozen notching a 2.6% increase, although units and volumes dipped a bit, while fresh saw dollar growth of 4.0% and its sales compared with pre-pandemic 2019 increased a whopping 30.8%, according to San Antonio-based 210 Analytics.

Even shelf-stable seafood, which generated \$2.5 billion in 2021 — down about 11% to 13% across dollars, units and

volume from last year — experienced sales well ahead of the pre-pandemic normal of 2019, the market research company found.



Key Takeaways

- ▶ Buoyed by such factors as pandemic-driven eating patterns and inflation, seafood sales dollars soared from pre-pandemic levels.
- ▶ With continued massive sales growth in seafood unlikely post-pandemic, retailers and suppliers can continue to lure shoppers with convenience items, increased variety and enhanced traceability measures.
- ▶ A broader definition of sustainability will also help retailers and suppliers align product with consumers' values, goals and beliefs.

PROTEIN REPORT

Seafood Trends

The category was subject to inflation, however, with the fresh segment particularly affected: Prices per unit were up an average of 6.8% over 2020, higher than the overall food and beverage average of 5.3%.

"Behind the year-to-date view is a roller coaster ride of big increases and decreases in sales gains," notes 210 Analytics President Anne-Marie Roerink. "Sales during the last few months have alternated between slightly below and slightly above year-ago levels. But compared to 2019, frozen and fresh seafood remained far above typical levels."

"The seafood category is growing increasingly popular among our shoppers," affirms Scott Patton, VP, national customer interaction services at Batavia, Ill.-based Aldi U.S., which currently operates more than 2,100 stores in 38 states. "At Aldi, our focus has been on expanding the variety of seafood we offer to keep up with the at-home cooking trend. In all of our stores nationwide, we offer seafood favorites like shrimp and scallops and a variety of fresh, never frozen fish. Through our Aldi Finds program, we are bringing shoppers convenient items like our Shrimp Fajita Mix or Bacon Wrapped Shrimp for an easy weeknight dinner, as well as premium seafood like Dungeness crab, lobster tails and crab cakes for a special occasion like a date night in. We even carry some unique items like a Scallop & Champagne Gratin or Shrimp & White Wine Salmon Wellington."

Changing Tides

What comes next for seafood, however, as the pandemic winds down at long last? Perhaps a look at January 2022 sales provides a clue, although the Omicron variant of the virus was still much on consumers' minds that month. Frozen seafood dollar sales were significantly higher than fresh, according to 210 Analytics, at \$737 million versus \$666 million, respectively, due to a 7.3% decrease for fresh when comparing January 2022 dollar sales with year-ago levels — the steepest drop across the three temperature zones. Shelf-stable seafood, meanwhile, reached \$250 million in sales, which was down compared to 2021, but still up 6.9% versus pre-pandemic January 2020.

"Growth levels were fairly consistent during the third and fourth quarters of 2021, and dropped in January 2022 in comparison to

December 2021," observes Roerink, who also notes that fresh seafood prices were particularly hard hit by inflation. How far sales will continue to decline for the rest of 2022 remains to be seen, but, in discussing the precipitous 18.6% drop in shellfish sales from January 2021, she points out that "it is important to remember the stellar performance of shellfish in 2020 and the early part of 2021 — creating a very difficult path for continued growth."

"We see people flocking back to dining out as quickly as they can whenever COVID restrictions allow, transmission and risk rates decline, and temperatures go up enough for outdoor dining," says Arlin Wasserman, founder and managing director of Changing Tastes, a Philadelphia-based food strategy consultancy. "Some restaurants have had to minimize fish and seafood from the menu when traffic became unpredictable and kitchen talent was reduced."

However, when conditions aren't conducive to dining out — such as when a highly transmissible new variant emerges — consumers will eat at home more. "There's going to continue to be a challenging 'ping-pong' about where we eat on any given day or week, which is really challenging for business, and also for fish and seafood, which can be more perishable than other choices," Wasserman predicts. "For both grocery retail and restaurants, the sweet spot will be finding ready-to-eat, more unusual choices that can be prepared in just a few hours and offer more variety than what we've cooked at home in the past. We see ingredients like octopus and ahi tuna for sushi, poké and grilling continuing to grow in popularity."

Shelf-stable and frozen seafood won't be sharing in that popularity, though, according to Wasserman, who asserts that "the uptick in the sale of canned tuna and frozen fish that we saw during COVID won't be repeated, even if there's another wave. We've filled our freezers, shelves and pantries and continue to store a great deal of what we bought during last year's panic."

Sustainability is much on the minds of Justin Kolbeck (left) and Aryé Elfenbein, co-founders of Wildtype, a producer of cell-cultivated salmon.



The Future of Fish

Several suppliers also weighed in on what's to come in terms of seafood trends.

"Seafood has a bright future," asserts Derek Figueroa, CEO of Seattle Fish Co. and past 2021 chair of the National Fisheries Institute. "The annual per capita consumption of seafood in the United States is around 19.2 pounds per person, which is more than half of the consumption

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—Michael De Caro, Peter Pan Seafood

of beef and chicken, and this number seems to be growing each year. Cooking at home and becoming more adventurous with various species and preparations will continue.”

Along with that, Figueroa predicts: “Greater visibility into where your fish comes from will continue to improve. Think of credible traceability that lets you interact with your food, such as approachable tech that lets you search for your favorite seafood, trace its origin, [and] easily pull up recipes and stories on the people behind the product.”

That doesn’t necessarily mean that everything will go swimmingly, however.

“We anticipate continued shipping and logistics disruptions for at least a few more months,” cautions Michael De Caro, VP of retail sales and product development at Peter Pan Seafood, a Bellevue, Wash.-based Alaska producer and global importer of

many popular frozen and canned seafood products. “At Peter Pan Seafood, we are working hand in hand with our customers to weather the storm. Flexibility in terms of assortment and adaptation to logistical challenges will continue to be key.”

Continues De Caro: “But also, as people return to work and convenience moves back toward the consumer forefront, our industry will need more innovation to retain many of our gains experienced during the pandemic. For example, Hook’d, our new retail frozen brand, features products that are pre-marinated, making them easier for people to prepare at home. There are all sorts of opportunities to keep consumers interested with convenient product forms to continue the growth trends — meal kit components, ready meals and more.”

According to Aryé Elfenbein, co-founder of San Francisco-based Wildtype, a producer of cell-cultivated salmon: “[A]s we deal with the COVID pandemic, we also face global climate change, which simultaneously creates its own difficulties. One common theme we’re seeing is that consumers are more invested in supporting brands whose missions they can align with, with great momentum surrounding the desire for environmentally conscious options. We feel that the push for sustainable food options is not a trend, it is a lasting phenomenon.”

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Seafood Trends

More Than Sustainable

Speaking of sustainability, all were in agreement regarding its ongoing importance.

"The latest UN FAO data shows that more than one-third (34%) of fish stocks are estimated to be overfished, which is reason alone to make sustainable fishing critical to keep global fish populations healthy," notes Erika Feller, regional director, Americas at the London-based nonprofit Marine Stewardship Council (MSC). "But that, combined with the global human population set to reach 10 billion by 2050 and the demand for blue foods — foods from aquatic animals, plants or algae — estimated to double by roughly that same time, are important reasons why sustainable seafood is critical for a healthy planet and healthy people."

In fact, according to Feller, "Shoppers want to hear more from companies about what they're doing on sustainability. But not just any claims: Consumers are looking for credible sustainability claims. We're seeing that 64% of U.S. seafood consumers demand third-party validation of environmental claims. So seeing credible, independent labels on pack is important to shoppers and helps to drive demand."

She also attests to "the power of simple point-of-choice messaging to help consumers shop their values and navigate the many marketing messages they're bombarded with each day. Simple messaging that highlights the retailer's sustainability commitment, and pointing out what independent verification labels to look for, is working."

On their end, many retailers and suppliers are striving to meet consumer expectations in this area.

"We value sustainability and transparency just as much as our customers do, which is why all of our fresh, chilled and frozen stand-alone seafood products are responsibly sourced by industry criteria without a higher price tag," says Aldi's Patton. "On top of that, over 100 of those products are certified sustainably sourced by a third party, and we also have a partnership with the Ocean Disclosure Project (ODP) to make wild-caught seafood origin visible to the public."

"The increase in demand for fish and seafood is growing rapidly, so being able to source seafood in a way that protects both the species and its habitat is key for the future of the industry," observes Jennifer Barrett, VP of sales at Downey, Calif.-based Del Pacifico Seafoods, which supplies Fair Trade Certified wild-caught shrimp: "Differentiators like sustainability, fair-trade certification, and products that make an environmental or social impact are important as consumers look for products that they can feel good about purchasing."

"Consumers shop with their conscience," notes Seattle Fish Co.'s Figueroa. "Distributors and retailers have an obligation to provide transparent, credible information about food so consumers can make their own personal choices that align with their values, goals and beliefs."

Many companies have even begun rethinking the term "sustainability."

"If we want our children and grandchildren to have access to the resource, then our entire industry needs to get onboard," urges De Caro. "We also think it's time to do even more and look beyond the



Salmon from such suppliers as Seattle Fish Co. remains a popular choice for seafood shoppers.

traditional definition of sustainability to things like renewable energy, social responsibility and community impact. We have a really great story to tell even beyond the certified sustainability of the resources we sell."

What's more, he notes: "As great as certified-sustainable fisheries are, they can be daunting for local artisanal groups to initially achieve. Allowing for a more holistic approach to sustainability provides opportunities and employment to small communities and artisanal fishermen that might not otherwise be available to them, while also encouraging sustainable fishing efforts."

"We know consumers are looking for truly sustainable options in the seafood aisle," says Wildtype co-founder and CEO Justin Kolbeck. "To us, sustainability means protecting our oceans and the wild fish that keep them healthy. It also means quantifying greenhouse gas and other pollutants that are associated with current fishing practices, so consumers can make informed decisions about the products on offer. We recently announced our first distribution agreements with retail and restaurant partners that will help us to pave the way for a wide variety of consumers to experience Wildtype salmon. These partners came to us because their customers are asking for a level of sustainability and transparency that's hard to come by in conventional seafood channels."

What it comes down to is that, as pandemic-weary folks finally re-emerge from lockdown and start eating out more frequently, seafood retailers and manufacturers can maintain shopper interest and counteract an expected slide in sales at grocery with no-fuss items and an unwavering commitment to uphold consumers' most deeply held values.

As Figueroa puts it, "Consumers will ... continue to demand convenience, like self-serve, easy-to-prepare dishes, but will not compromise their values on quality and sustainability." **PG**

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