
Recommendation for a Massachusetts Seafood Marketing Program



**Prepared by
The Special Commission on Seafood Marketing**

July 2013

The Special Commission on Seafood Marketing

Edward Barrett - Massachusetts Fishermen's Partnership representative
Roger Berkowitz - seafood specialty retail representative
Michael Botelho - MA Department of Agricultural Resources representative
Richard Canastra - wholesale seafood dealer representative
Representative James Cantwell - legislative member
Paul Diodati (Chair) - MA Division of Marine Fisheries representative
Bernard Feeney - commercial lobster fishery representative
Daniel Georgianna - Massachusetts Marine Fisheries Institute representative
Frank Mirarchi - commercial groundfish fishery representative
Senator Mark Montigny - legislative member
Paul Parker - industry advocacy group representative
Representative George Peterson, Jr. - legislative member
Angela Sanfilippo - industry advocacy group representative
Ron Smolowitz - commercial scallop fishery representative
Senator Bruce Tarr - legislative member



Purpose

The State Legislature established a special commission in 2010 to investigate the merits of developing a coordinated, generic marketing program for Massachusetts seafood. This ad hoc commission was assigned a comprehensive task to determine if a permanent Massachusetts seafood marketing program could “enhance and stabilize the economic environment for the commercial fishing industry and fishing communities” (see Appendix 1 for legislation).

This report provides the recommendations of the special commission in response to its charge. Recommendations include the development of a marketing program for wild-caught seafood landed in Massachusetts, supported by a directed fund, led by an industry steering committee, and hosted and staffed within the Massachusetts Executive Office of Energy and Environmental Affairs. Strategic planning and selection of programmatic elements, including a branding logo, are left to the decision of the program’s steering committee. Legislation to create the marketing program is being drafted.



How This Report Was Developed

Through a series of periodic meetings in 2012 and early 2013, the 15-member special commission addressed its legislative charge and developed this report. To inform its discussion and recommendations, the special commission:

- ◆ Discussed the attributes of the Massachusetts commercial fishing industry;
- ◆ Summarized challenges facing the industry;
- ◆ Reviewed seafood marketing programs in other states, including their funding sources, as well as a Massachusetts marketing program for local agricultural products;
- ◆ Considered potential marketing strategies such as consumer education, direct-marketing, product differentiation, and seafood labeling;
- ◆ Assessed technologies that could be useful for marketing and traceability;
- ◆ Learned of the Commonwealth's initiative to address seafood mislabeling;
- ◆ Discussed the goals of a national seafood marketing initiative;
- ◆ Reviewed the structure, undertakings, and successes of one of the most comprehensive public-private state seafood marketing programs; and
- ◆ Learned of potential certification options for a Massachusetts seafood brand.



These actions involved presentations from numerous guest speakers; discussion benefitted from input of numerous ex officio members and meeting attendees (see Appendix 2 for participants).

Introduction

The Massachusetts commercial fishery is one of the oldest industries in the Nation. It is steeped in historical significance and is a critical part of the Commonwealth's heritage. A carved "Sacred Cod" has hung in our State House since before the American Revolution as a symbol of the importance of the fishing industry in Massachusetts.

The quantity and value of Massachusetts marine fish and shellfish landings is great. With nearly 283 million pounds landed in 2010, Massachusetts ranked sixth in the Nation, which itself ranked fourth globally that year (Van Vorhees & Lowther 2012). Moreover, the 2011 value of seafood landings in Massachusetts (\$571 million) was highest within New England and second only to Alaska on a national scale.

A fishery of this size is built upon a strong workforce, and indeed the commercial fishing sector is a major contributor to the marine economy. It is estimated that the Massachusetts commercial fishing sector directly employs 11,270 persons (primarily in commercial fishing and seafood processing and wholesaling activities), for a total payroll of \$509 million annually (UMass 2006). Secondary employment impacts of this industrial sector create over 11,000 additional jobs within the region (for an employment multiplier of 1.99).





Seafood – the primary output of the commercial fishing industry – is also a smart choice to fulfill recommended protein intake levels. Seafood is generally lower in fat and higher in protein than meat and poultry, and is also a good source of essential fatty acids, which are thought to support the prevention of heart disease. The nutritional value of seafood is also of particular importance during fetal growth and development, as well as early infancy and childhood (USDA & USHHS 2010). Despite all this, the per capita consumption of seafood is much lower than that of meat and poultry: 15.8 pounds seafood compared to 58.1 pounds beef, 56 pounds chicken, and 46.6 pounds pork in 2009 (US Census Bureau 2012). The *Dietary Guidelines for Americans, 2010* recommends an increase from the average intake of approximately 3.5 ounces seafood per week to an intake of 8 ounces or more per week (although less for young children; USDA & USHHS 2010).

Report Findings

Review of the industry and its market suggests that the Massachusetts commercial fishery and its seafood suffer from a number of challenges.

These include:

- ◆ Many consumers have inadequate or incorrect information about commercial fishery operations, resources, and management. Some of this results from insufficient or ineffective consumer education and outreach, while attack campaigns also contribute to a negative public perception of commercial fishing. Better outreach – about the important economic stature of commercial fishing, its cultural significance, the stringent regulatory oversight governing its conduct, and the multiple non-fishing factors (such as change in predator-prey dynamics, climate, and oceanographic conditions) which individually or in combination can trigger profound fluctuations in marine fishery resource abundance and availability – is needed to counteract public campaigns that seek to portray commercial fishing as ecologically irresponsible with regard to its production and utilization practices.
- ◆ Massachusetts seafood has no (or minimal) brand recognition. Being locally produced, processed and packaged currently does not provide added value to the industry. The value of branding is about the extent to which it can sell products at a premium price. According to Aswath Damodaran, a professor of finance at New York University's Stern School of Business, brand name value is the “most sustainable competitive advantage known to business.” In Coca-Cola's case, he estimated that branding accounts for 80% of its (\$80 billion) value (Swallow 2010).



- ◆ The Massachusetts seafood industry faces tough competition in the marketplace. Over 91 percent of the seafood consumed in the U.S. is imported (Van Voorhees & Lowther 2012). Almost half of imported seafood comes from aquaculture, or farmed seafood. Aquaculture outside the U.S. has expanded dramatically in the last three decades and now supplies the world with half its seafood demand, according to the United Nations Food and Agriculture Organization.

Not all competition is from aquaculture or from outside the U.S. The Massachusetts lobster industry is facing dire consequences caused by an oversupply of lobsters harvested by fishermen from Maine and Canada. Record catches without a concomitant increase in demand recently drove lobster prices to their lowest level in over 30 years.

- ◆ The seafood industry is disconnected. It lacks a forum for harvesters, dealers, processors, retailers, and others in the industry to discuss their common and different business challenges. Poor communication between the industry's components weakens its ability to respond to complex issues and challenges, and fosters distrust.





- ◆ Market forces heavily influence seafood prices. During the height of a product's season, market glut can reduce price. Lesser known species or those more difficult to cook can suffer from lower market demand and price. Fluctuating market prices result in economic instability for fishery participants. Some of these marketing issues are driven by the nature of the management system (a subject outside the scope of this paper and the Commission's charge), but all have insufficient demand at their root.
- ◆ Mislabeling of seafood devalues local products. Consumers that are the recipient of a mislabeled (and inferior) seafood product may form a negative opinion of the product that was requested (and not provided), reducing demand for it in the future. Mislabeling causes distrust amongst consumers, who can generally more readily identify other proteins, and reduces demand for seafood products.



Committee Recommendations

First and foremost, the special commission recommends the development of a coordinated seafood-marketing program to increase consumer demand for Massachusetts seafood products and strengthen the Commonwealth's seafood industry and communities. The program would provide services that support the Massachusetts seafood industry, promote Massachusetts seafood products, and grow an informed seafood consumer base for the benefit of all citizens of the Commonwealth. The program would aim to, for example, increase public knowledge about commercial fishing, fisheries management, and fishery resources and counteract the negative messaging about commercial fishing; stabilize market prices through promotion of local products in low demand and for species when their supply is high; create brand recognition and consumer preference for Massachusetts seafood; and strengthen the industry's ability to respond to challenges by providing a nexus for the splintered industry components.



Government-supported seafood marketing programs have operated for many years in states like Maine, Alaska, and Washington where – like in Massachusetts – the fishing industry is of major socio-economic importance and serves as a vast employment hub. These programs have successfully established a heightened stature in the marketplace for certain seafood products originating from these states. Consumers from throughout the country easily relate “Maine Lobster” with the species *Homarus americanus*, regardless of where it was caught along the Atlantic coast of North America. With products like king crab, salmon, and halibut, “Alaska Seafood” is the second most commonly specified brand on U.S. menus (Tyson Fick, personal communication, 12 March 2012).

These marketing programs increase the name recognition and demand for seafood products with a variety of promotional and educational tools. They inform about the extensive and science-based fisheries management systems thereby building consumer confidence that seafood is an environmentally friendly and socially acceptable selection. They highlight the benefits of buying locally produced seafood, educating the public about fishing and the difficulties endured by fishermen, thus building much needed community support for these industries. They promote the nutritional value of seafood, offer storing and cooking tips, and provide a directory of seafood dealers. They also teach marketing techniques. Many employ a brand name or logo to allow for product differentiation in the market place.



Second, the special commission recommends the appointment of a permanent industry-based steering committee to administer the marketing program. The special commission is to be disbanded after its charge (this report) is completed. The steering committee should have a composition similar to the special commission with the addition of several industry groups not yet represented – retail markets for example. The steering committee would be responsible for such duties as strategic planning, financial management, and prioritization of programmatic initiatives.

Third, the special commission recommends that the marketing program be hosted within a state government agency. Operational effectiveness of a permanent program requires a strong home base to provide administrative support, housing for staff, and to carry out program initiatives. The committee recommends the Massachusetts Executive Office of Energy and Environmental Affairs (EEA) for programmatic host. The mission of EEA, “to safeguard public health from environmental threats and to preserve, protect, and enhance the natural resources of the Commonwealth,” makes the agency a sound choice to serve as host of a marketing program.

Fourth, the special commission recommends that a directed fund be established to provide a permanent funding source for the marketing program. Furthermore, that the fund be seeded with a portion of monies collected from the sale of state commercial harvester and dealer permits. This funding mechanism would make it so that most of the beneficiaries of the program contribute (although it does lack contribution from restaurants), without necessarily increasing their operating costs which would ultimately be passed to the consumer. The steering committee should consider means to bring restaurants into the benefactor category in the future.

The steering committee should also pursue external funding opportunities from government and private sources. In particular, collaboration with the national Sea Grant program is recommended, as numerous other states have had successful marketing projects through such a partnership. Other grant opportunities to review include the U.S. Treasury's Healthy Food Finance Initiative and the U.S. Department of Commerce's Economic Development Administration. The steering committee may consider additional sources of revenue to fund its programs, such as a subscription fee collected from harvesters and dealers to use a state seafood logo (should one be adopted).



Fifth, the special commission recommends that the marketing program establish a plan to promote wild caught seafood landed in Massachusetts. In doing so, the plan will define what products qualify as “Massachusetts Seafood” in the marketing programs initiatives.

Sixth and final, while the steering committee will determine the specific programmatic elements, the special commission recommends a strong educational component. Better public understanding of the fisheries management programs and fishing practices will encourage greater support of the industry as a whole and will lead to growth in consumer demand for Massachusetts seafood products. Industry education will enable suppliers to meet consumers' expectations. The special commission also recommends consideration of a branded identity, emphasizing that it would require some measure of accountability to be successful. However, the steering committee is best suited to select the specific approach regarding certification, use, and enforcement.



References

- Swallow, E. 2010, November 6. What's the Value in a Brand Name? Retrieved August 15, 2012 from <http://mashable.com/2010/11/06/value-of-brand-names/>.
- UMass. 2006. Report I: An Assessment of the Coastal and Marine Economies of Massachusetts. University of Massachusetts Donahue Institute, Amherst, MA. 169 pp.
- U.S. Census Bureau. 2012. Statistical Abstract of the United States: 2012. Table 217. <http://www.census.gov/compendia/statab/>
- U.S. Department of Agriculture and U.S. Department of Health and Human Services. 2010. Dietary Guidelines for Americans, 2010. 7th Edition, Washington, DC: U.S. Government Printing Office. 95 pp.
- Van Voorhees, D & A. Lowther. 2012. Fisheries of the United States 2011. National Marine Fisheries Service, Silver Spring, MD. 125 pp.

Photo Credits

Division of Marine Fisheries: Cover; P5-right; P6; P8; P9; P10; P11; P13; Back Cover
 Cape Cod Commercial Fishermen's Alliance: P5-left & center; P7; P12

Appendix 1

Resolves 2010 Chapter 4: Resolve providing for an investigation and study by a special commission relative to seafood marketing

Resolved, That a special commission to consist of 2 members of the senate, 1 of whom shall be appointed by the senate minority leader, 2 members from the house of representatives, 1 of whom shall be appointed by the house minority leader, the director of the department of agriculture resources or his designee, the director of the division of marine fisheries or his designee, and 9 persons to be appointed by the governor, 1 of whom shall be a representative of the Massachusetts Marine Fisheries Institute, 1 of whom shall be a representative of the Massachusetts Fishermen's Partnership, 1 of whom shall be a member of a wholesale seafood dealer, 1 of whom shall be a member of a seafood specialty retail business, 2 of whom shall be members of a fishing industry advocacy organization, and 3 of whom shall be members of the commercial fishing industry, 1 of whom shall be a representative of the groundfish industry, 1 of whom shall be a representative of the scallop industry and 1 of whom shall be a representative of the lobster industry, is hereby established for the purpose of making an investigation and study relative to establishing a coordinated, generic marketing program for seafood caught in the commonwealth and determining whether such program will enhance and stabilize the economic environment for the commercial fishing industry and fishing communities. The commission shall include, but not be limited to: determining, via an economic analysis, whether a generic seafood marketing program has the potential to enhance the consumer surplus derived from Massachusetts' seafood catches; exploring the creation of a branded identity for Massachusetts seafood which embraces the historic roots of fishing in the commonwealth; and continuing development of sustainable fishing practices through cooperative research.

Said commission shall report to the general court the results of its investigation and study, and its recommendations, if any, together with drafts of legislation necessary to carry its recommendations into effect by filing the same with the clerks of the house of representatives and senate who shall forward the same to the joint committee on environment, natural resources and agriculture on or before July 31, 2011.

Approved August 9, 2010.

Appendix 2

Additional Participants

Ex Officio Members

Commissioner Mary Griffin (MA Department of Fish and Game)
Representative Antonio Cabral
Representative Ann-Margaret Ferrante
Senator Daniel Wolf

Invited Speakers

Bruce Schactler, Kevin Adams (National Seafood Marketing Coalition)
Tyson Fick (Alaska Seafood Marketing Institute)
Mike Carroll, Dave Garforth (Global Trust Certification)
Suzanne Condon (MA Department of Public Health)

Special Commission Staff

Nichola Meserve, Story Reed (MA Division of Marine Fisheries)

Other Attendees

Mary-Lee King (MA Department of Fish and Game)
Daniel McKiernan, Brant McAfee, Brian Kelly (MA Division of Marine Fisheries)
Michael Moore, Eric Hickey, Julian Cyr (MA Department of Public Health)
Mackenzie Chase (Office of Representative Cabral)
Richard Gould, Hiram Shah (Office of Senator Tarr)
Toody Healy (Office of Representative Ferrante)
Michael Murray (Office of Senator Montigny)
Seth Rolbein (Office of Senator Wolf)
David Bergeron (Massachusetts Fishermen's Partnership)
Dave Casoni, Beth Casoni (Massachusetts Lobstermen's Association)
Nancy Civetta (Cape Cod Commercial Fishermen's Alliance)
Stephen Clark, Patricia McCarthy (Massachusetts Restaurant Association)
Colleen Coyne, Tim Hamilton (Food Export USA – Northeast)
Elizabeth Dubovsky (Trout Unlimited Alaska)
Sheila Jarnes, Don Frei, Ariella Muth (NOAA Fisheries Law Enforcement)
Meghan Jeans (New England Aquarium)
Pat Keliher (Maine Department of Marine Resources)
Phil Lansing (National Seafood Coalition)
Dana Mattson (Mass Media, Inc.)
Olivia Rugo (NOAA Fisheries Service Northeast Regional Office)

