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- US supermarkets losing ground

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The good news is consumers are buying more fresh, frozen and prepared seafood. The bad news is supermarkets — traditionally the largest retailers of fresh and frozen fish — are losing market share to other formats.

In its recent “Future of Food Retailing” report, retail research and consulting firm Willard Bishop found traditional grocery channel sales increased 1 percent to USD 522.8 billion (EUR 388.9 billion) in 2013, and the category’s overall market share declined slightly to 46 percent. To make matters worse, the market share for traditional grocery formats will drop 1.2 percentage points to 44.8 percent by 2018, according to the report.

“Traditional supermarkets are having trouble because of increased competition. Drug stores, dollar stores and others have taken away some of supermarket perishables’ shoppers,” said Brian Todd, president of the Food Institute, which recently cohosted a webinar on the Future of Food Retailing with Willard Bishop.

Warehouses and club stores are also snaring some of the fresh and frozen seafood business from supermarkets. Some Costco stores, for example, regularly feature fresh seafood with events such as “Friday Fish Day” and demos of seafood spreads.

In addition, fresh format sales grew a whopping 10.4 percent to USD 14 billion (EUR 10.4 billion) in 2013 and are projected to grow at a rate of 12 percent annually over the next five years. In fact, The Fresh Market, Whole Foods Market and Sprouts Farmers Market all boasted double-digit sales growth in 2013, according to Willard Bishop. Fresh format stores, including Whole Foods and Trader Joe’s, are performing well because U.S. consumers are seeking fresher, healthful foods.

While fresh formats continue to grow, they are still a small segment of the overall market, Todd said. Plus, traditional supermarkets sport many advantages that consultants say will cement their place at the fresh seafood table.

“Fresh departments, including seafood, are still strengths for traditional supermarkets, so there is likely to be less erosion there,” said Jim Hertel, managing partner of Willard Bishop. “Smart retailers are realizing they can establish their own reputation for fresh, even within the traditional supermarket format.”

For example, Rochester, N.Y.-based Wegmans goes out of its way to cater to foodies looking for fresh seafood and other perishables. The retailer operates its own restaurants and provides gourmet meals to go. It sets itself apart from most traditional grocers in the region, which typically do not have the same focus on fresh, sustainable seafood,; in-store cafes and a heavy emphasis on gourmet and fresh foods. In fact, the traditional supermarket chain recently received the highest consumer rating in the Northeast United States based on a Harris Poll.

Likewise, Dayton, Ohio-based Dorothy Lane Market (DLM) sets itself apart from other grocery competitors with its fresh and gourmet food focus, cooking classes and fresh seafood demos and events. Every Memorial Day weekend, the retailer holds a “Lobstermania” sale, previewed the night before by a cooking and lobster educational class with lobstermen. A few times a year, DLM hosts its Sidewalk Salmon Sale, cooking fresh Alaska salmon sandwiches to order for its customers.


The retailer also educates its shoppers about how to prepare seafood and the sustainability of its products via a very educated staff, point-of-purchase materials and signage. The education component is key, in order for traditional supermarkets to set themselves apart from all the newer types of retailers selling seafood, according to Hertel.


“Success starts with quality and freshness and, in the perimeter departments like seafood, knowledgeable and engaging service department personnel,” Hertel said. “Staff should be able to explain differences between farm-raised and wild-caught, how to prepare a delicate fish like sole, and so on. Extreme value operators can’t compete with that level of service.”


Some traditional supermarket chains are also faring well with fresh and frozen seafood sales simply because the price gap between seafood and other proteins has narrowed. “When beef is hitting USD 6 (EUR 4.46) a pound, suddenly seafood at USD 12 or 13 (EUR 8.93 to 9.67) a pound is not as much of a stretch as it would typically be. It looks more favorable to consumers,” Todd said.

While seafood costs have risen in recent years, they have not risen more than other proteins and prices have not turned shoppers off, according to Jack Gridley, meat and seafood director at DLM. “I think people understand [rising seafood prices]. They see that fuel prices are up and the amount of fuel it takes to put a boat on the water. Some of the biggest price increases have been on the farm-raised side, because of the feed.”



Even though fresh and frozen seafood is now being sold via a variety of channels — including dollar stores and online retailers such as AmazonFresh — many traditional grocery stores are stepping up their perishables game. By differentiating their seafood departments with high quality seafood and meals, educated staff and events, traditional grocers can continue to grow their fresh and frozen seafood sales.

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