

Direct Marketing of Seafood: A Fisherman's Perspective

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Good afternoon,

My name is Michael Washburn, I am a commercial fisherman out Coos Bay, Oregon. I have been a salmon fisherman in California and Oregon since 1978. I have witnessed many changes in the industry over this time. Today, we are faced with shorter and shorter seasons, government regulations that force us to buy expensive safety equipment, fuel prices that are almost double that of what they were a couple of years ago. Insurance rates, moorage costs, almost every cost that we incur as a business has increased. Unfortunately, the price that we receive for our catch has actually decreased over the last five years. Last year salmon fishermen were receiving \$1.25 a pound for their fish. That is approximately one third of the price they received in 1989. It is getting harder and harder for the small, family fisherman to survive in this scenario.

There are many factors that have gone into the swing in the ex-vessel price of fish. My theory goes kind of like this. California Shellfish was the major player in the west coast seafood market. They pretty much dictated the price up and down the coast. Mr. Bob Bugatta, who ran Cal Shell, passed away a few years ago. Upon his death a few new companies took over the dominant role that Cal Shell had played. These new players began buying up the smaller buyers and consolidating their market dominance. With fewer and fewer independent buyers the competition decreased. Other buyers have simply just gone out of business because they could not compete. The old line fish buyers, who were not overly generous in their own right, but always took care of their boats, were a far sight better than this new group. The new players in the fish business play hardball. It's "our way or the highway" so to speak. They know that fishermen these days are not very organized and that all it takes is one or two boats to break up any price dispute.

Farmed salmon has also played a major role in the decline in the price that fishermen receive for their catch. Many restaurant operators prefer farmed fish because of the availability and price. They can serve salmon on a year round basis and are not dependent on weather or seasons. With shorter salmon seasons we have lost our market share to that of the farmed fish. Also the decline in the Japanese economy has play a role in the decline of

salmon prices. A few years ago the Japanese were major buyers of salmon. They wanted a quality product and paid well for it. Today their presence is much smaller and they too look to the farmed fish for their product. Many fishermen are forced to go fishing for these low prices because they simply need the paycheck. We have found ourselves in a position where there are not many choices but to fish for these low prices.

One avenue around the low prices is for fishermen to sell their catch directly to the public. This option is becoming more and more popular. My experience in direct marketing is somewhat limited for the most part to salmon, although I have sold some albacore tuna and dungenous crab.

By direct marketing we can eliminate the middle man and let the market dictate what the price of the product should be. By direct marketing of their catch fishermen are not locked into some arbitrary price that insures the fish buyers a lions share of the profits, and doing the least amount of work. This also gives the consumer a much better bargain. Fresh seafood is often over priced in the store. Many people simply cannot afford expensive seafood and thereby leave it out of their weekly shopping. By offering our product at a fair price, above the price that is paid on the dock, but below the store price, it is a win-win situation for everyone. My target price is halfway between the store price and the dock price, around \$4.00 a pound for salmon. Some venues you can charge more, some less depending on the area and the amount of disposable income that people have. In ports that are closer to the Portland metro area you can charge a little more, in Coos Bay a little less. Fishermen can definitely increase their income substantially and the consumer gets fresh, quality seafood at a bargain price.

I also look at direct marketing as a unique opportunity to educate the public about seafood and to promote the fishing industry in general. There are many misconceptions going around about the industry (especially when it comes to salmon: ESA, cohos, logging, watersheds issues, wetlands, etc.). I always take time to give people my opinion of what is good, and bad with the industry. Another area that I never fail to talk about is farmed salmon. I always take time to explain to my customers the shortcomings of farmed salmon. I also

ask them to look at the rich, deep red color of the salmon that I sell and compare that to the pale orange color of farmed salmon in the supermarkets. As far as taste and quality go, farmed salmon can not compete with wild fish. I also ask customers if the last time they ordered salmon in a restaurant “did it have a sauce on it?” Many places use a heavy sauce to cover the bland taste of farmed salmon. I also take time to explain when our seasons are, and some of the changes that have occurred. Almost every customer that I have come in contact with has shown an interest in learning about the industry and I think walks away with not only a quality product, but with a deeper understanding and appreciation of the fishing industry.

In order to be successful selling your fish, quality is a must. A good quality product is the best advertising you can have. Quality fish will sell themselves. I usually keep my fishing trips short, about 3 to 4 days, to insure the quality of the fish.

Another key is your presentation. I have seen several fishermen just tie their boat up and expect the fish to sell themselves. Interaction with the public is a must. Colorful signs, have a BBQ going, anything that will peak customers interest. A fisherman needs to be a showman in order to sell fish. Tourists and weekend visitors to the coast also seem to expect fishermen to be somewhat quirky individuals anyway, so you need to humor them, and do your best to entertain them. I also often give away some fish to hesitant buyers as a trial offer. If they like it they know where to find me.

Different venues in which fish are sold are also important. In addition to selling fish off the boat, I have sold fish at farmer's markets (Eugene starting hopefully in August). I have also sold fish out of my pick up truck along the side of the road near fruit and vegetable stands. I sometimes advertise in the paper and distribute business cards to people. Anything that gets a customers attention.

A diversified product is also important. From 1995 until last November my wife and I lived in Las Vegas while she completed her graduate work at UNLV. (Any openings in the History Dept?). I was a high school teacher while there so I had the summers off and was able to stay somewhat active in the fishing industry. I tried selling fresh fish in the Las Vegas area, but that had too many obstacles such as: transportation (the cost and the heat during the summer would ruin the fish) and a general market apathy. The demographics of the Las Vegas valley was one of upper mid-westerners (Chicago, Detroit) and people from the east coast that did not have a taste for seafood, and certainly did not want to pay for

quality seafood. They have what I call the ³buffet mentality².

One day I noticed our good friend Harvey was eating a bagel and lox. He was lamenting that he could not get good smoked salmon in town. I had some at home in the freezer so the next time he was over I offered him some. Before long I had several members of his temple calling me to see if they could get some for themselves. So I began selling smoked salmon. It made more sense economically, with a higher priced product that could be transported at a lower cost. The key was developing a product that met the market demand. Direct marketers need to meet these market demands by being proactive in what they sell and finding new markets in which to sell their product. I have heard of several people that now market their fish as fresh, canned or smoked via the internet. I am working with a former student of mine developing my own web site in which to sell fish. There is some talk of even establishing an internet auction for selling seafood directly to the public.

The advantages of selling your fish directly are definitely positive. More cash flow, less reliance on the traditional fish buyers and taping into an ever expanding market.

But there are certainly drawbacks to direct marketing. The biggest problem that I face is the fact that my boat does not catch fish while I am taking the time to sell fish. It is very difficult for one person to run a direct market operation. The marketing and transportation aspects are almost a full time job. And if you miss a couple of days of good fishing while selling your catch, you may very well lose any economic advantage you gained for that week. Also, there are the added costs such as transportation, processing of smoked and canned fish, and storage. And on top of this there is the fear that someone will become ill after eating fish that you sold, in our litigious society today a lawsuit could be devastating financially. Liability insurance is an option, but the added cost eats into profits, again decreasing any economic advantage that you gain.

Also weather and seasons play a big part in the success of any operation. Customers come to expect the product when they want it, and if you do not have what they want they will look somewhere else. This is especially true when selling in a weekly “farmers market” setting. People are really disappointed when they plan a special meal and you do not have the product that you advertise. Competition is also increasing. Many times during albacore season boats are tied up together competing with each other for customers.

New licensing and consumer health and safety regulations are also looming in the future. Both of these requirements can increase costs and drive down profits.

All in all, direct marketing has worked out well for me. Not only have I been able to increase my fishing income, I also really enjoyed the contact with my customers. I not

only have several regular customers, but I look forward to meeting new ones. The market for fresh seafood is always expanding. It is up to fishermen to tap into these new markets and get away from relying on the dock side fish buyers for their survival.

Thank you.