THE POWER OF SEAFOOD

2019

An In-depth Look at Seafood through the Shoppers' Eyes

FMI
THE VOICE OF FOOD RETAIL

FMI Antitrust Compliance

It is FMI's policy to comply in all respects with antitrust laws.

All participants in FMI meetings and events are expected to comply with applicable antitrust and competition laws.

Avoid discussions of sensitive topics that can create antitrust concerns.

- Agreements to fix prices, allocate markets, engage in product boycotts and to refuse to deal with third parties are illegal.
- Discussions of prices (including elements of prices such as allowances and credit terms), quality ratings of suppliers, and discussions that may cause a competitor to cease purchasing from a particular supplier, or selling to a particular customer, should be avoided.
- No discussion that might be interpreted as a dividing up of territories.

It is important to avoid even the appearance of unlawful activity.

Questions or concerns? Please consult with FMI staff.

Meet Your Presenters

Rick Stein
Vice President, Fresh
Food Marketing Institute

Steve Markenson
Director, Research
Food Marketing Institute

FMI Seafood Strategy Committee (SSC)
FMI Seafood Strategy Leadership Council (SSLC)

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FMI Seafood Strategy Committee

Guy Pizzuti- Publix (Chair)

David Wier- Meijer (Co-Chair)

Alex Corbishley- Target

Bethany Fitzgerald - Target

Josanna Busby- Food Lion.

Jennifer Lambert- Loblaws

Winnie Choo- Loblaws

Rich Castle- Giant Eagle

Leigh Chase - Hannaford

Steve Disko - Schnucks.

Thomas Domino -Wakefern

Jason Driskill - HEB

Anthony Snow –Albertsons

Buddy Jones – MDI

Suzanne Forbes –Wakefern

Joel Shaul- Harris Teeter

Dale Lubold – Weis Markets

Josh Piatek – SE Groc

Jason Pride – Hy-Vee

Kendrick Repko- Ahold

Jason Resner- Price Chopper

John Rohrs – PDI/Hy-Vee

Kyle Stevens- HEB

Frank Thurlow- SE Groc.

Beth Grant – Ahold

Thomas Domino- Ahold

Tom Sargent - SuperValu

Jeremiah Clem – Kroger

Debra Paull – Walmart

Marife (Faye) Casem- Walmart

Jim Wallace – C&S Wholesalers

Mike Decory- Wegmans

Bryan Beck- Ahold

Lisa Guinther- Giant Landover

Bo Hawkins - AWG

John Laughead- Ahold

Samantha Pease- Ahold

Frank Malott Jr – Spartan Nash

Scott Negro- Weiss

Sean Breslin – Kroger

Brian Daflen- Sobeys

Tonya Pratt- Publix

Rick Stein – FMI Staff

*

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FMI Seafood Strategy Leadership Council

Kristen Baumer – Paul Piazza

Laurel Bryant - NOAA.

Mike Kraft – Bumble Bee

Peter Larkins – Trace Register

Dave Melbourne- Bumble Bee

Andy Neely – Paul Piazza

Eric Bloom – Eastern Fish

Kari Valickis- Eastern Fish

Kevin Seeley- Eastern Fish

John Knorr – Phillips Seafood

Lou Shaheen- Trans-Ocean

Susan Marks- Alaska Seafood Marketing

Mark Jones Alaska Seafood Marketing

Chris Keller – GAA- BAP

Kathryn Novak - SFP

Dave Martin - SFP

Joe Bundrant – Trident

Adam Taylor – Trident

Stefani Moreland- Trident

Annette Chalmers- Clearwater

Aurora Alifano – FishWise

Ashley Greenley – FishWise

Jim Randazzo – AquaStar

Corey Peete- AquaStar

Dirk Leuenberger- AquaStar

Lisa Weddig – NFI

Judy Dashiell- NFI

Mark Bowen- NFI

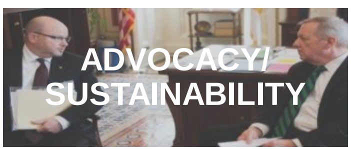
Andrea Albersheim- SNP

Holly Koehler- ISSF

FMI Seafood Strategy Leadership Council

In-depth information, trends and insights to foster innovation, take advantage of new opportunities and help develop winning strategies

Share ideas, explore best practices and develop business relations



Understand what is going on in Washington and make your voice heard. Continue to advocate Sustainability

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FMI SSC/SSLC Projects

Regulatory and Legislative

- FSMA
- IUU
- Red Snapper
- NOAA Proposed

Research/Projects

- Mitigating Seafood Fraud Best Practices
- Annual Seafood Calendar
- Power of Seafood
- Standardization of Specifications
- Social Responsibility

Industry Updates

- Human Welfare
- Sustainability
- Emerging Issues
- Trade Association/NGO Collaboration

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2019

An In-depth Look
at Seafood through the
Shoppers' Eyes

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Introduction and Methodology

- Interviews with food retailers and industry experts
- Survey of 2,096 US grocery shoppers (44% non seafood)
- Representative of US population based on geography, age, gender, etc.
  - Regular seafood consumers: 56%, at least once a month
  - Frequent seafood consumers: 21%, two times/week or more (USDA recommendation)
  - Non-seafood consumers: 44%, less than once/month or never
- Seafood includes fresh, frozen, prepared and grocery (canned/pouched)*
- Real-life data overlays from Nielsen and IRI
- For the industry by the industry
- First Power of Seafood study

*Few consumers only purchase grocery seafood

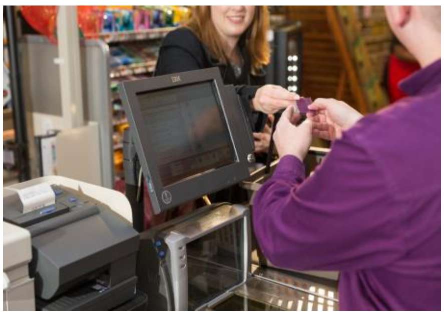
Overview


FREE SAMPLE
the **market** for seafood
the seafood **shopping basket**
where do shoppers **shop** for seafood?
how do shoppers **shop** for seafood?
educating the consumer
the seafood **counter**
how to generate **trial** of seafood
what is the role of **nutrition, health, sustainability, certifications** & **standards**?

the **market** for seafood

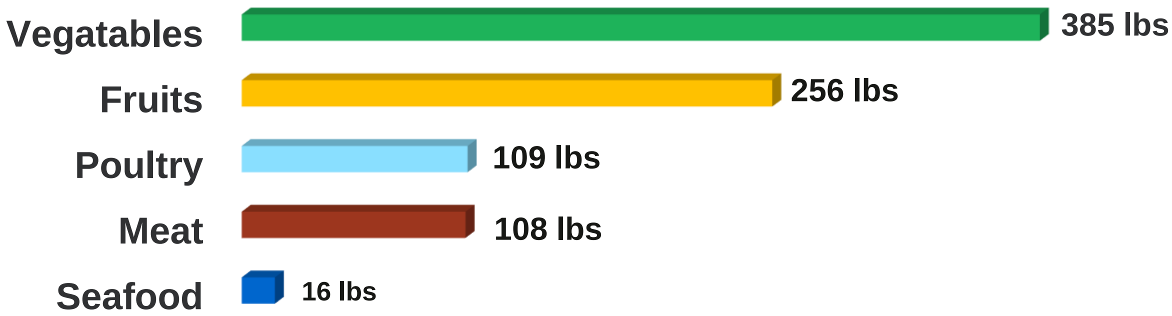
The Market for Seafood

Seafood consumers represent a small but lucrative demographic group.



The Market for Seafood

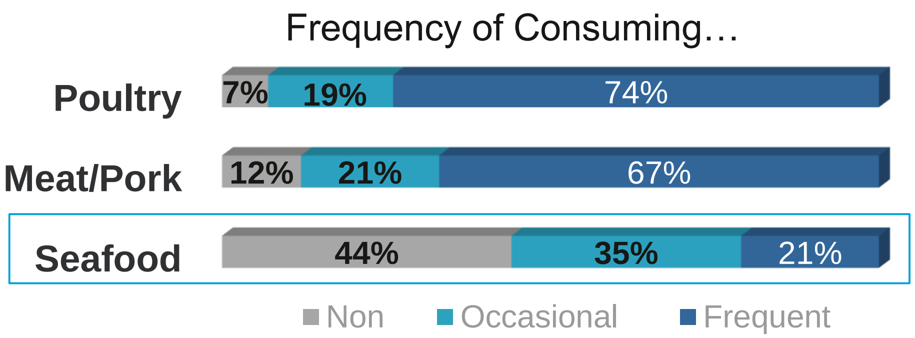
Americans annual per capita consumption (in pounds) of ...



Source: USDA

The Market for Seafood

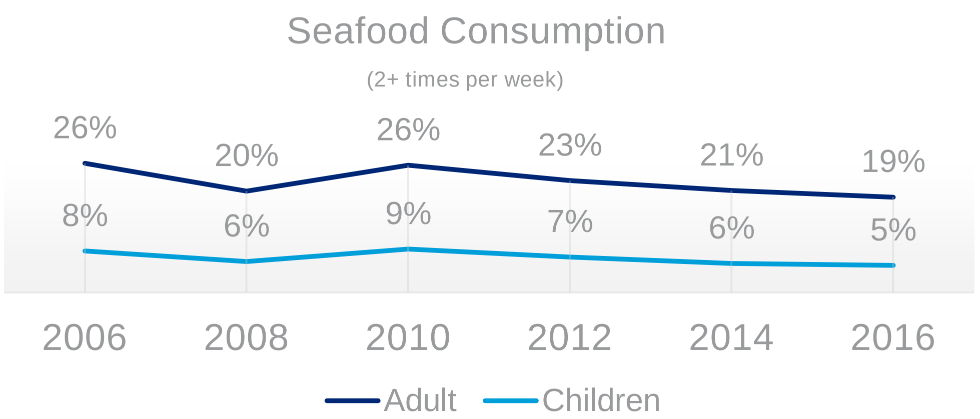
Only one in five adults (21%) can be classified as frequent seafood eaters. 44% eat seafood less than once a month or never.



- *Non – Less than once a month to never*
- *Occasional – Once a month to one time a week*
- *Frequent – Two or more times a week*

The Market for Seafood

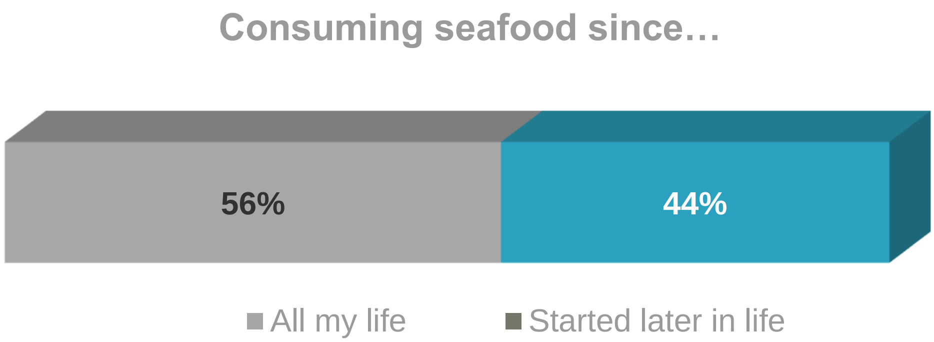
Consumption of seafood falls below USDA recommendations



Source: National Center for Health Statistics

The Market for Seafood

Starting consumption early in life: A missed opportunity



Source: FMI's Power of Seafood (Q11)

The Market for Seafood

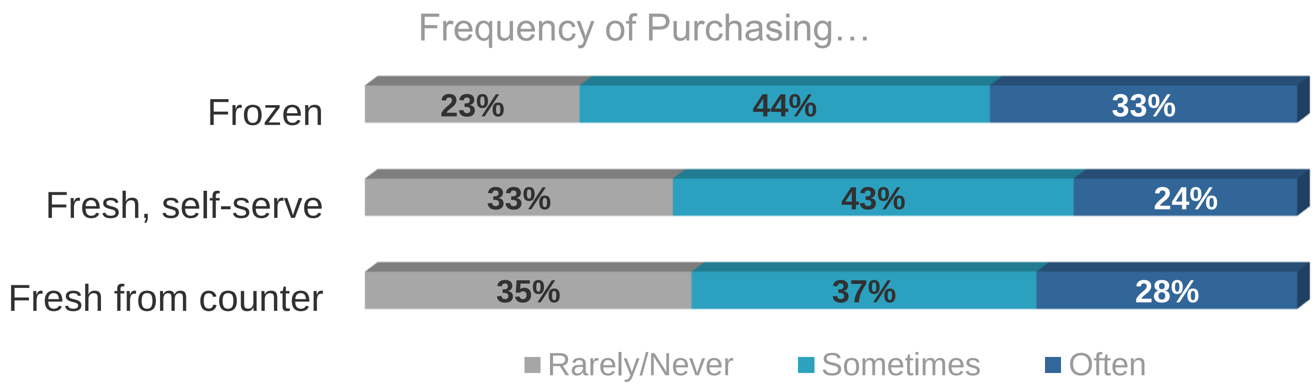
The Seafood Department is relatively small but can generate a positive impact

DEPARTMENT	$	$ Change	Unit Change
FRESH SEAFOOD (42%)	$5,144,324,203	+6.1%	+2.3%
FROZEN SEAFOOD (39%)	$4,647,363,168	+3.7%	+1.7%
GROCERY SEAFOOD (18%)	$2,104,323,097	+4.0%	-0.1%
TOTAL SEAFOOD	**$11,896,010,469**	**+4.8%**	**+1.0%**

Source: Nielsen (12 months ending 9/1/2018)

The Market for Seafood

Seafood permeates throughout food retail stores



The Market for Seafood

Seafood consumers represent valuable demographic segments of shoppers.

Compared to non-seafood consumers, seafood consumers…

- **Have higher household income - $100k+** (**16% seafood**, **20% frequent** vs.8% non)
- **More are Boomers** (**36% seafood** vs. 28% non) **and less are Millennials** (**27% seafood** vs. 35% non)
- **More likely to male** (**54% seafood**, **58% frequent** vs. 44% non)
- **More likely to be college graduates** (**50% seafood** vs. 35% non)
- **More likely to live alone** (**24% seafood** vs. 19% non) **or have no children** (**65% seafood** vs. 59% non)

- *Seafood consumers – Once a month or more*
- *Frequent – Two or more times a week*
- *Non – Less than once a month to never*

The Market for Seafood

Seafood consumers are lucrative segment of shoppers.

Compared to non-seafood consumers, seafood consumers:

- **Spend more per week on groceries** (**$129/week seafood**, **$143/week frequent** vs. $116/week non)
- **Shop more frequently – 2/week** (**69% seafood**, **76% frequent** vs. 62% non)
- **Shop for groceries online** (**34% seafood**, **46% frequent** vs. 22% non)
- **Primary store – supermarket** (**55% seafood** vs. 50% non), **supercenter/club** (**33% seafood** vs. 38% non)

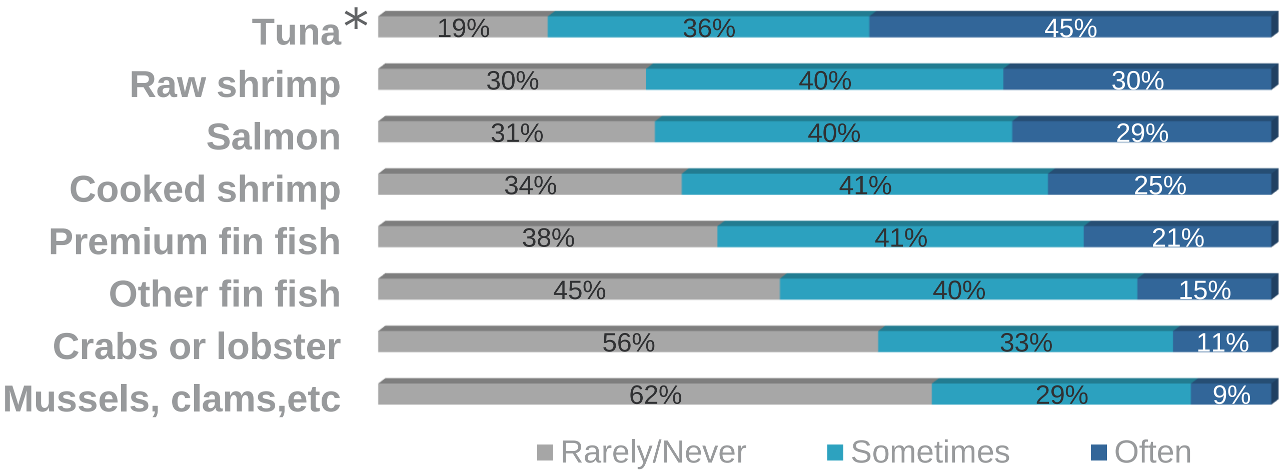
- ***Seafood consumers – Once a month or more***
- ***Frequent – Two or more times a week***
- ***Non – Less than once a month to never***

the seafood **shopping basket**

The Seafood Shopping Basket

The seafood shopping basket for seafood consumers is diverse

Frequency of Purchasing…



**primarily grocery tuna*

Source: FMI's Power of Seafood (Q13)

The Seafood Shopping Basket

The seafood shopping basket for seafood consumers is diverse

SPECIES	$	$ CHANGE
SHRIMP	$3,382,638,058	+7.6%
SALMON	$2,325,983,376	+5.9%
TUNA	$1,695,064,270	+4.4%
CRAB	$887,353,086	+2.9%
TILAPIA	$567,985,373	-14.1%
OTHER FIN FISH	$499,925,665	+4.4%
COD + SCROD	$346,503,851	+2.4%
CATFISH	$337,721,441	-0.9%
LOBSTERS	$303,744,926	+1.0%
SCALLOPS	$200,091,260	+20.0%
ANCHOVY + SARDINE	$151,991,247	+7.1%
CLAMS	$117,722,061	+2.3%
OYSTERS	$103,390,455	+5.6%
TOTAL	$11,896,010,469	+4.8%

Source: Nielsen (12 months ending 9/1/2018)

The Seafood Shopping Basket

Shrimp leads the way from the frozen food aisle

	$	$ Change	Unit Change
SHRIMP	**$3,382,638,058**	**+7.6%**	**+7.7%**
FRESH SHRIMP	$875,781,332	+5.4%	+7.8%
FROZEN SHRIMP	$2,489,852,910	+8.4%	+7.8%
GROCERY SHRIMP	$17,003,816	-0.2%	-2.7%

Source: Nielsen (12 months ending 9/1/2018)

The Seafood Shopping Basket

Salmon leads fresh seafood

	$	$ Change	Unit Change
SALMON	**$2,325,983,376**	**+5.9%**	**+3.7%**
FRESH SALMON	$1,686,479,178	+7.3%	+7.1%
FROZEN SALMON	$437,827,914	+1.7%	-1.0%
GROCERY SALMON	$201,676,285	+3.7%	-1.2%

Source: Nielsen (12 months ending 9/1/2018)

The Seafood Shopping Basket

Tuna leads from center store

	$	$ Change	Unit Change
TUNA	**$1,695,064,270**	**4.4%**	**-0.6%**
FRESH TUNA	$85,569,622	11.8%	-5.2%
FROZEN TUNA	$42,889,993	2.5%	4.6%
GROCERY (CANNED/POUCH)	$1,566,604,654	4.1%	-0.6%

Source: Nielsen (12 months ending 9/1/2018)

where do shoppers shop for seafood?

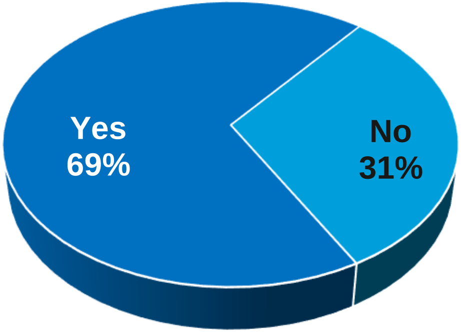
Where do Shoppers Shop for Seafood?

Seafood consumers shop around, a lot, but not online.

Where do Shoppers Shop for Seafood?

Seafood consumers shop around for their seafood.

Primary Grocery Store Same as Primary Seafood Store



Primary Store for Seafood:

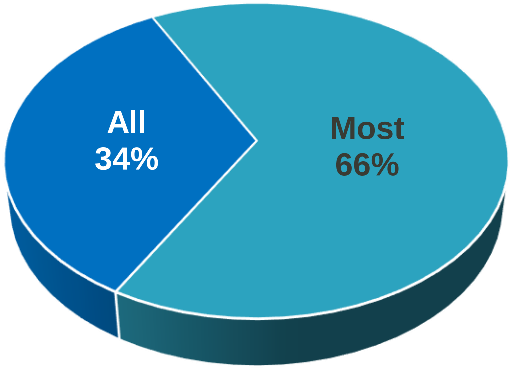
- **Supermarket – 60%**
- **Supercenter – 20%**
- **Natural/organic/specialty store – 6%**
- **Club store – 5%**
- **Limited assortment – 3%**
- **Other – 5%**

- *2018 Power of Meat - 78% Yes*

Where do Shoppers Shop for Seafood?

Seafood consumers shop around for their seafood.

Seafood Purchased from Primary Seafood Store



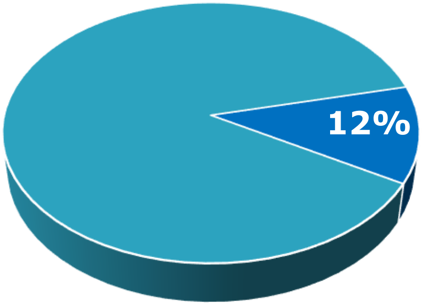
Aside from primary seafood store, where shop for seafood:

- Another supermarket – 28%
- Primary supermarket – 26%
- Supercenter – 23%
- Seafood store – 22%
- Club store – 17%
- Farmer's market – 12%
- Seafood market/monger/stand – 11%
- Natural/organic store – 11%
- Limited assortment – 8%
- Specialty store – 5%

Where do Shoppers Shop for Seafood?

Seafood consumers have <u>not</u> gravitated to online, for seafood.

Seafood Ever Purchased Online



Only 4% at least <u>occasionally</u> have purchased from an online only merchant.

*****46% of frequent seafood consumers have purchased groceries online in the past 30 days.**

- *2018 Power of Meat – 19% purchase meat online*

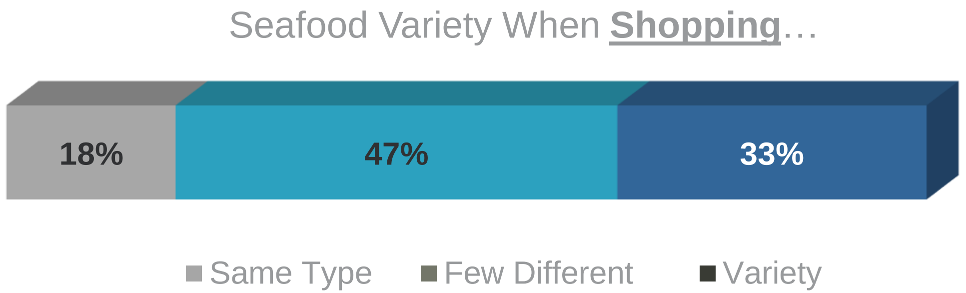
how do shoppers **shop** for seafood?

How do Shoppers Shop for Seafood?

Product quality, freshness, taste and flavor have the biggest impact on seafood shopping. But a sale/good price or just being "in the mood" can drive impulse purchases.

How do Shoppers Shop for Seafood?

Seafood shoppers tend to stay with familiar seafood options, but some are adventurous

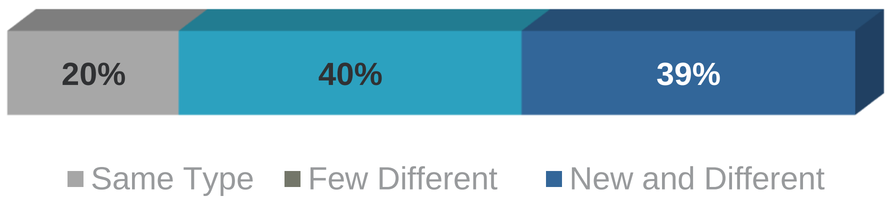


Source: FMI's Power of Seafood (Q22)
Q22: Which best describes your selection habits when shopping for seafood to prepare at home? Do you buy the same types of seafood every time, buy just a few different types of seafood or buy a variety of types of seafood?

How do Shoppers Shop for Seafood?

Restaurants bring out the adventure in seafood consumers

Seafood Variety at **Restaurants**…

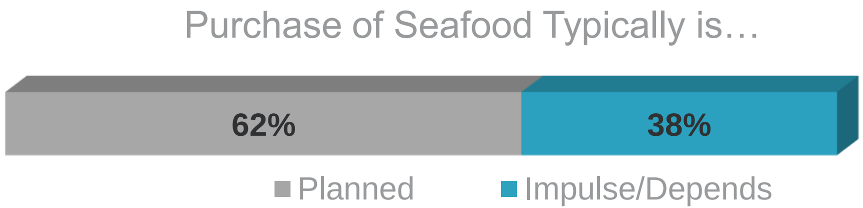


Source: FMI's Power of Seafood (Q24)

Q24: Which best describes your habits when ordering seafood at a restaurant? Do you order the same types of seafood every time, order just a few different types of seafood and don't try anything new and different, or like to try new and different types of seafood of seafood?

How do Shoppers Shop for Seafood?

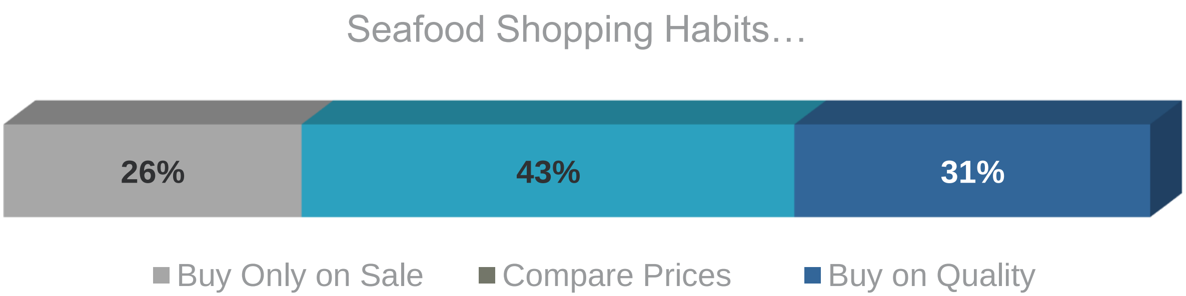
Impulse purchases common for seafood



****Being in the mood and good sale price are top influencers for impulse purchases of seafood**

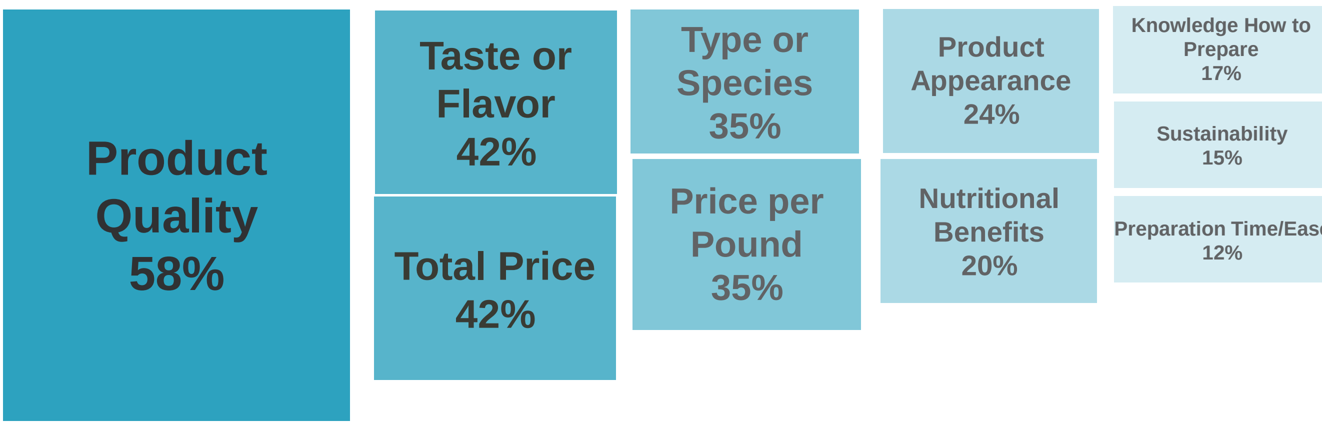
How do Shoppers Shop for Seafood?

The price vs. quality trade-off for seafood.



How do Shoppers Shop for Seafood?

Product quality and taste/flavor are most important factors when shopping for seafood.



- *2018 Power of Meat – price per pound most important*

How do Shoppers Shop for Seafood?

Freshness and taste/flavor have a major impacts on seafood consumption.

Freshness
85%

Taste or Flavor
84%

Smell or Odor
68%

Family Will Like
64%

Mercury Content
62%

All Natural
53%

Heart Healthy
51%

- *Top 7 mentions of 26 factors*

educating the consumer

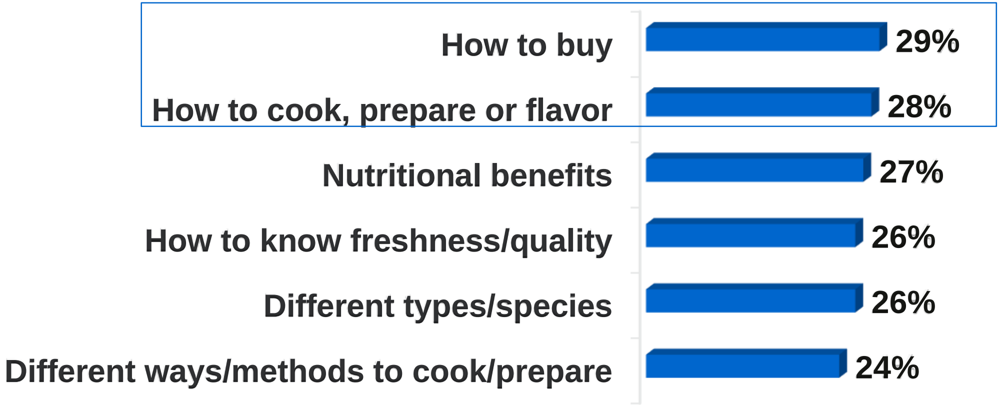
Educating the Consumer

Seafood consumers do not feel very knowledgeable about seafood and, in fact, most want to become more knowledgeable. Many believe there is a lack of information about seafood.

Educating the Consumer

Few seafood consumers consider themselves knowledgeable about seafood.

Very knowledgeable about…



Educating the Consumer

Most seafood consumers want to become more knowledgeable about seafood.

Want more knowledge about…

Educating the Consumer

Even non-seafood consumers want to be more knowledgeable about seafood.

Want more knowledge about…

Educating the Consumer

Consumers report a lack of information being available about seafood.

48% of seafood consumers say there is not enough information about seafood.

50% of non-seafood consumers say there is not enough information about nutrition/healthiness of seafood.

Educating the Consumer

Consumers' information sources about seafood.

Recipe Website or App
60%/20%

On Package Info or Recipe
37%/16%

Seafood Department
28%/7%

Cookbook or Recipe
53%/17%

TV/Cooking Channel
31%/10%

Social Media
28%/11%

Family or Friends
48%/16%

*Data for **seafood consumers/non-seafood consumers***

Source: FMI's Power of Seafood (Q41)

Educating the Consumer

Awareness of USDA recommendations limited.

USDA recommends all Americans eat at least two servings of seafood per week.

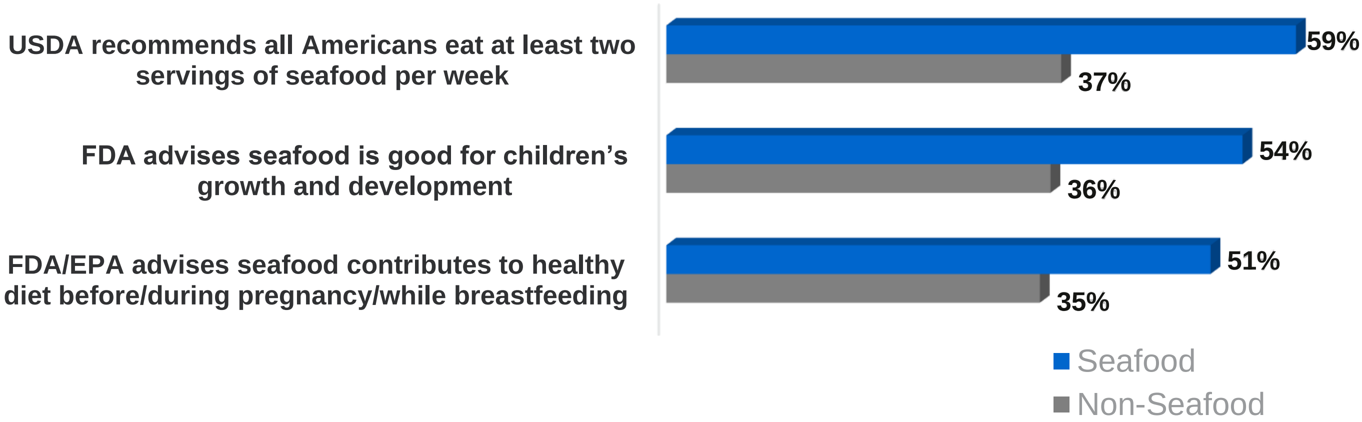
- **Only 59% of seafood consumers are aware.**
  - **But, when told 80% believe this to be true.**
- **Only 37% of non-seafood consumers are aware**
  - **But, when told 54% believe this to be true.**

- *Seafood consumers – Once a month or more, 56% of respondents*
- *Non – Less than once a month to never, 44% of respondents*

Educating the Consumer

Awareness of many recommendations about seafood consumption is far from universal.

Awareness of…



the seafood **counter**

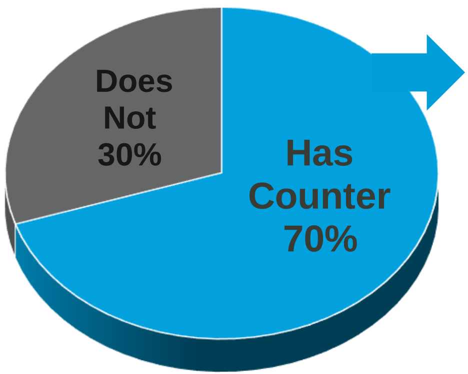
The Seafood Counter

Use of and opinions about the grocery store seafood counter are mixed, but shoppers do want one. Their expectations for information from the seafood counter are broad and varied.

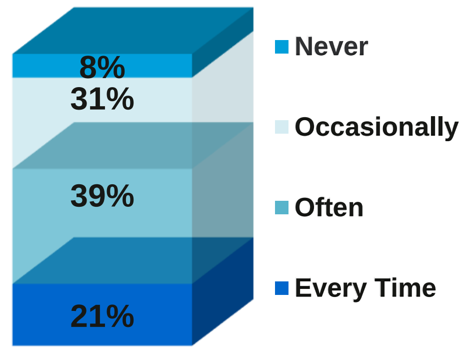
The Seafood Counter

Seafood consumers use of and experience with their primary store's seafood counter has been mixed.

Primary Store…



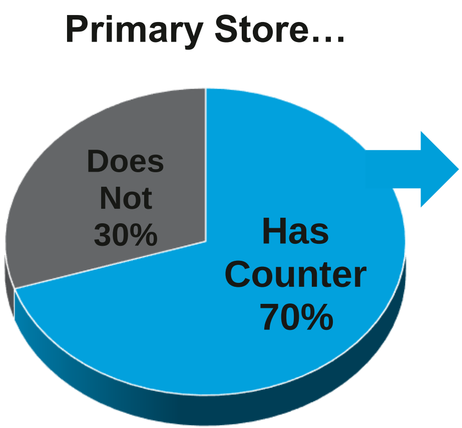
Frequency of Using Seafood Counter

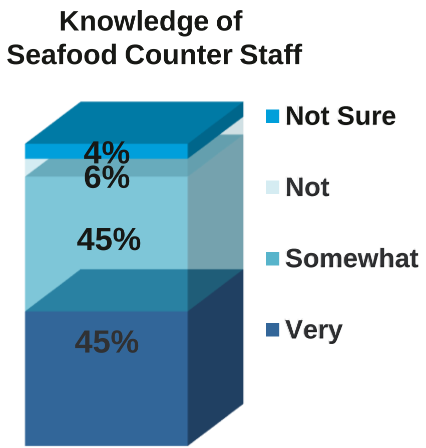


Source: FMI's Power of Seafood (Q33-37)

The Seafood Counter

Seafood consumers use of and experience with their primary store's seafood counter has been mixed.



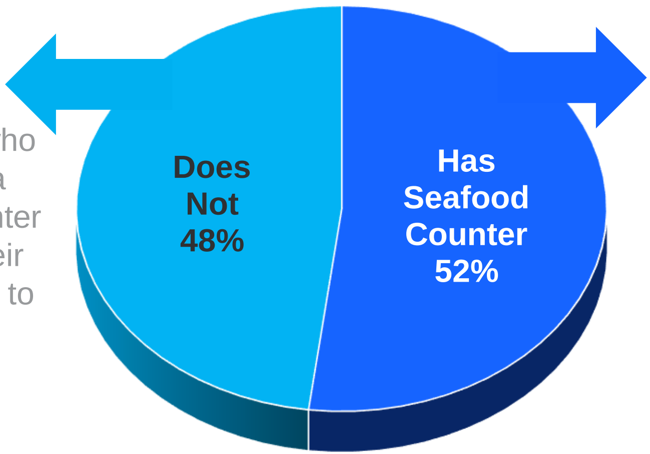


Source: FMI's Power of Seafood (Q33-37)

The Seafood Counter

A seafood counter could convert some non-seafood consumers

Primary Store…



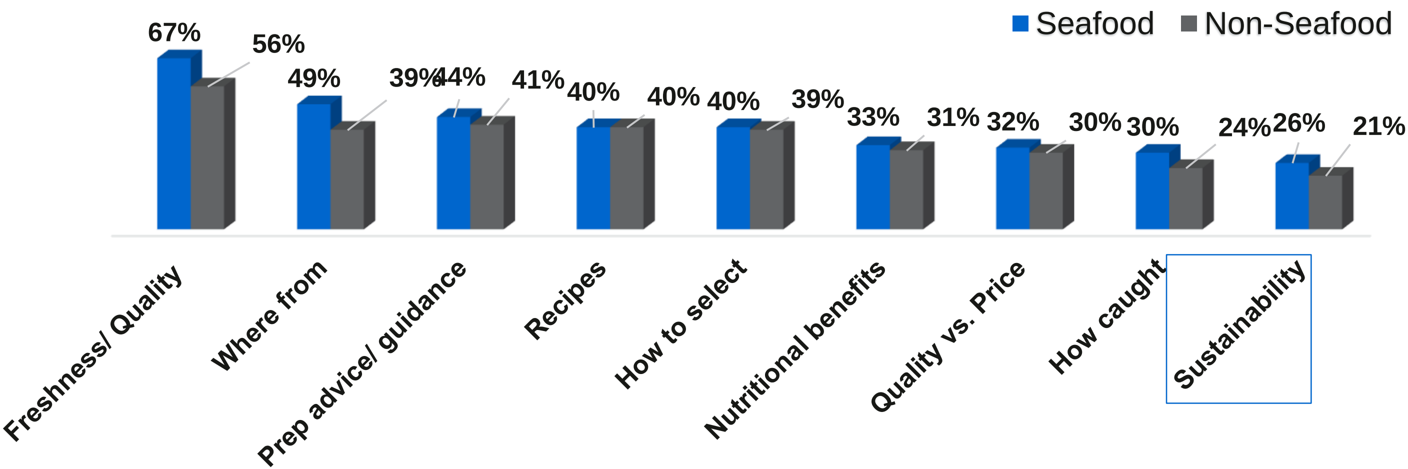
47% of non-seafood consumers who do not have a seafood counter would like their primary store to have one (22% of all).

39% of non-seafood consumers who have a seafood counter at their primary store have ever used it (20% of all).

Source: FMI's Power of Seafood (Q51-54)

The Seafood Counter

Expectations are high for the information and assistance that can be provided by seafood counter staff.

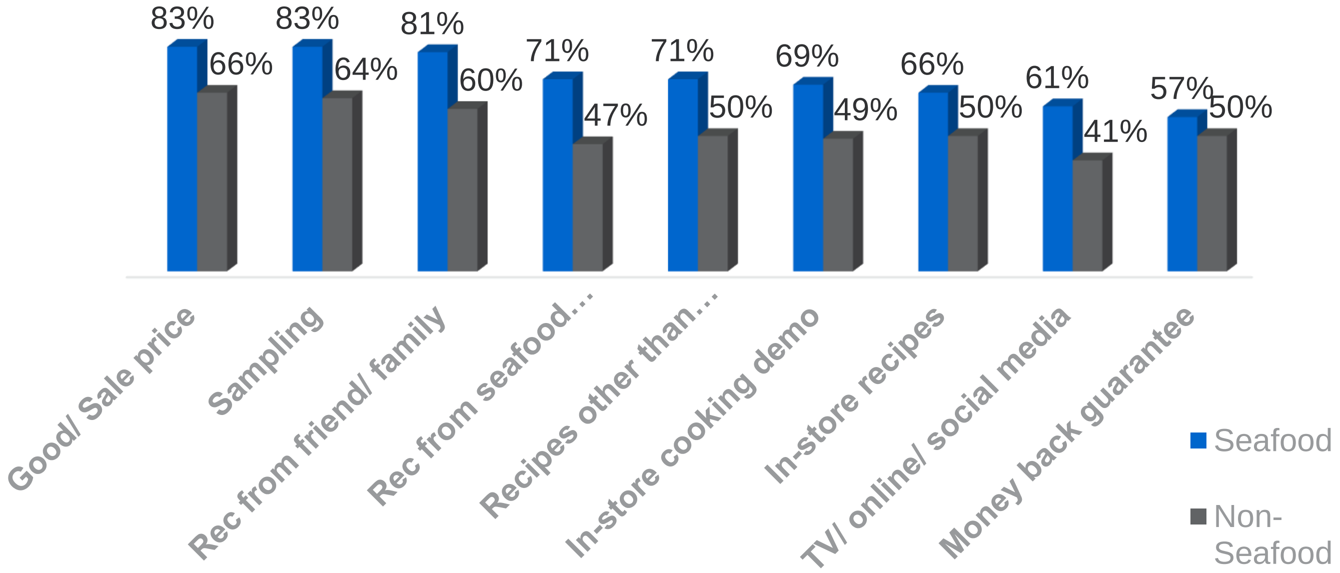


Source: FMI's Power of Seafood (Q38/56)

how to generate **trial** of seafood

How to Generate Trial

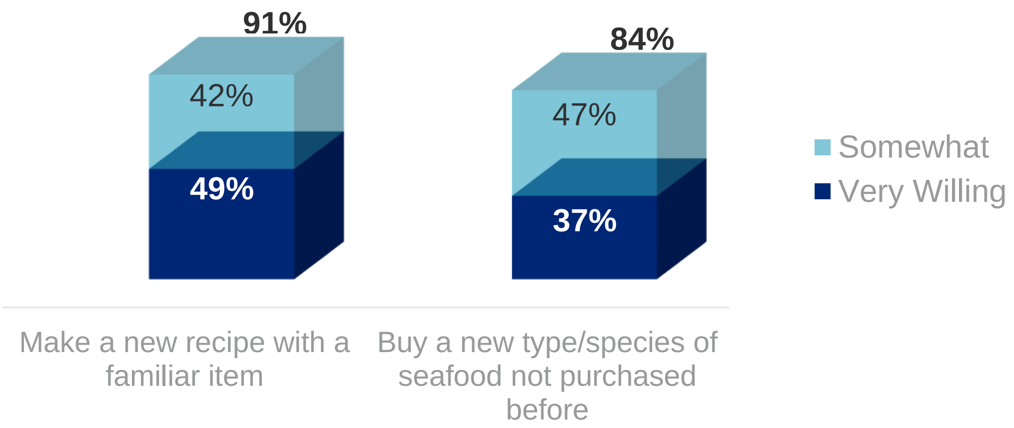
Approaches to generate trial abound



How to Generate Trial

Seafood counter staff a resource for seafood consumers

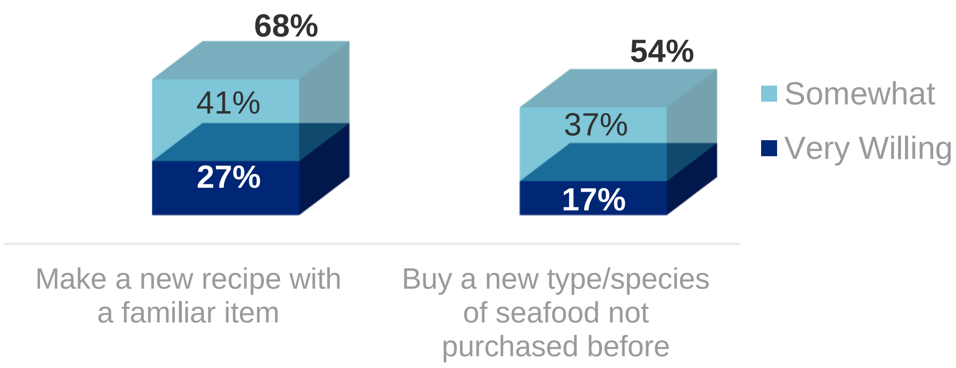
Willingness to… based on recommendation from store's seafood department



How to Generate Trial

Non-seafood consumers willing to take recommendations from seafood counter staff

Willingness to… based on recommendation from store's seafood department



How to Generate Trial

Barriers for non-seafood consumers are varied but surmountable

	Major impact
Preference for other foods	45%
Cost/Expense	43%
Taste/Flavor	39%
Cost compared to other protein	33%
Freshness	33%
Smell/Odor	32%
Seafood is not top of mind	29%
Family will not like	26%

NOTE: Top mentions among 24 factors

Source: FMI's Power of Seafood (Q49)

what is the role of **nutrition, health, sustainability, certifications** & **standards**?

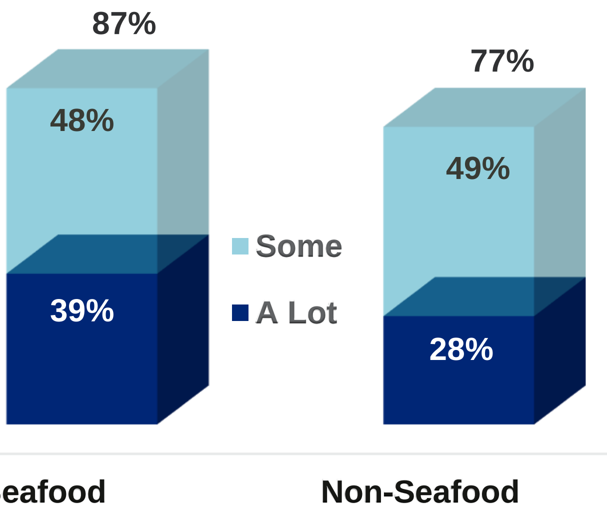
Role of Nutrition and Health

Nutrition and health are important in seafood choices, along with general food choices.

Role of Nutrition and Health

Seafood consumers are focused on nutritious and healthy options in general and when eating seafood.

Effort put into selecting nutritious and healthy <u>food options</u>.



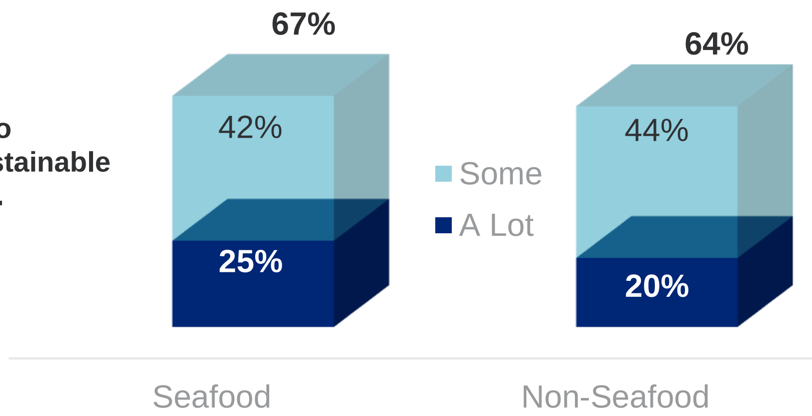
82% of seafood consumers do put at least some if not a lot of effort into selecting nutritious and healthy <u>seafood options</u>.

Source: FMI's Power of Seafood (Q42/43/61)

Role of Sustainability

Sustainability important to some consumers.

Effort put into selecting sustainable <u>food options</u>.



64% of seafood consumers do put at least some if not a lot of effort into selecting sustainable <u>seafood options</u>.

Source: FMI's Power of Seafood (Q44/45/63)

The Power of Seafood 2019

1. Seafood consumers represent a small but lucrative demographic group.
2. Seafood consumers shop around, a lot, but not online.
3. Product quality, freshness, taste and flavor have the biggest impact on seafood shopping. But a sale/good price or just being in the mood can drive impulse purchases.
4. Seafood consumers do not feel very knowledgeable about seafood and, in fact, most want to become more knowledgeable. Many believe there is a lack of information about seafood.
5. Awareness of USDA, FDA and EPA recommendations and guidelines for seafood is less than universal.
6. Use of and opinions about the grocery store seafood counter are mixed, but shoppers do want one. Their expectations for information from the seafood counter are broad and varied.
7. Nutrition and health are important in general food choices and in seafood choices.

The Power of Seafood 2019

An in-depth look at seafood through the shopper's eyes

Q&A

The Power of Seafood 2019

An in-depth look at seafood through the shopper's eyes

- **Full Report available at www.FMI.org/freshfoods**
- **Questions?**

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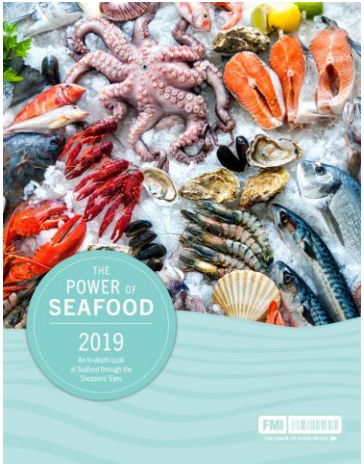

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