Overview

Commercial fishing has been a vital component of New England’s economy for centuries. However, during the last decade, an influx of low-cost, imported seafood has displaced domestic seafood in many commercial markets. Further, recent federal regulations – such as the shift to sector management and quota allocations for groundfish – have contributed to a reduction in New Hampshire’s total catch and its fleet. This has led fishermen to explore alternatives to increase their profits by reducing the costs of handling, processing and distribution, or by capitalizing on higher-value markets.

Over the past few years, members of N.H.’s commercial fishing industry have embarked on various ventures to capture new markets and add value to their product, including forming a community supported fishery (CSF), selling at winter farmers’ markets, creating a N.H. Fresh & Local Seafood brand, and establishing direct linkages with retailers and restaurants in the N.H. Seacoast.

In spite of these efforts, it is unclear what local seafood products consumers in the Seacoast currently consume, what products they would be willing to try, and how much they would pay. Thus, the goal of this N.H. Sea Grant-funded project is to characterize the potential market for fresh, local, sustainably caught seafood and identify opportunities to reach new markets.

The Study

The specific goals of the study are to:

• Characterize consumer preferences and demand for N.H.-caught seafood.
• Understand what seafood product characteristics – including species and product quality – retailers, restaurants and other market outlets are looking for with respect to seafood products.
• Identify new markets for local seafood, as well as opportunities to add value to seafood products so that fishermen capture more revenue.

To address these goals, the study incorporated multiple research methodologies, including a consumer preferences survey of 308 randomly selected New Hampshire residents, a survey of 90 seafood retail and restaurant outlets, seafood blind taste-tests and restaurant tastings, and a farmers’ market survey.
Q1:
What do seafood consumers want and how often do they purchase it?

A survey of 308 randomly selected New Hampshire residents indicates that the majority are willing to purchase local seafood if it is fresh, a species they are familiar with, and processed. Specifically, 89% indicated that they preferred fresh filleted seafood and 53% said they would purchase shellfish if it were peeled and ready to cook. Overall, consumers were less receptive to trying species that they were not familiar with, such as dogfish, wolffish and redfish. When asked how often they eat seafood, over three-quarters of respondents said they consume seafood at least three times per month.

Q2:
Where do people eat seafood?

The consumer survey indicated that roughly three-quarters of consumers cook seafood regularly at home. Similarly, three-quarters eat seafood regularly when dining out. This finding suggests that people are just as likely to cook seafood at home as they are to order it at a restaurant.

Q3:
How much more are people willing to pay for local seafood?

Nearly 80% of seafood consumers said that purchasing local seafood is very important to them. When asked how much more they would be willing to pay, respondents on average said that they would pay $2.25 more per pound for known seafood species if it were locally caught. Note that peoples' definition of local varies, but there is general consensus that local signifies seafood harvested in the Gulf of Maine and landed within a few hours drive of New Hampshire market outlets. Also important to note, studies suggest that what people say they are willing to pay and what they actually pay may differ by as much as 50%.
Q4:

What seafood characteristics and qualities are retail markets/restaurants looking for?

Of the 90 restaurants and retail market managers who were surveyed, over half indicated that price was the most important factor in their seafood purchasing decisions. While 40% said they would pay more for local seafood, particularly if it were fresh, they can only pay up to a certain price per unit if they hope to make a profit. When asked what it would take to get them to purchase local seafood, 82% of store managers indicated that the product had to be processed (i.e., filleted or peeled), with the exception of lobster. Second, the supplier would have to provide a consistent supply over at least half of the year, even if the particular mix of species varied by season. And third, species is a key factor: less than one-third of managers were willing to purchase redfish and dogfish respectively.

Q5:

Where is the target market for local seafood?

Consumers on average would be willing to travel up to five miles to purchase local seafood. The primary purchasers of seafood are the female heads of household, middle- to upper-middle income earners, and 35-55 years of age. As well, there is a correlation between average household income and the likelihood that individuals will purchase seafood at a restaurant or market; the higher the income the more likely consumers are to purchase seafood. Utilizing the data on the characteristics of the average seafood consumer, and incorporating a geographic information system (GIS), one can identify where likely consumers live, particularly in relation to where there are seafood markets and restaurants.
Prime Opportunities in the Marketplace

• Build public awareness around local seafood options

Given that consumers are generally hesitant to try species that they are not familiar with – wolffish, redfish and dogfish – there is work to be done to raise consumers’ awareness of alternatives to cod and haddock.

• Focus on species and quality

Consumers do not want to purchase fishy-smelling fish, or fish that does not hold up in cooking. There are a number of white, sweet and non-fishy alternatives to cod, haddock and flounder, which include pollock, hake, cusk, redfish and king whiting. Proper handling and processing are key to ensuring freshness and quality.

• Re-branding

Given that the names of certain lesser-known species – namely wolffish and dogfish – conjure strong negative images in some consumers, there is an opportunity to brand these and other lesser-known species as “whitefish.” In fact, in blind taste tests, people appear to be more receptive to the name “whitefish” than names such as “dogfish.”

• Value-added processing

Considering that both consumers and retail/restaurant managers expressed strong preferences for filleted or processed seafood, as compared to whole or gutted seafood, there is an opportunity to expand processing capacity. Not only would market outlets be more receptive to a filleted product, but the data suggests that consumers would be willing to pay significantly more for locally caught seafood. Additional opportunities may include development of frozen, breaded products for restaurants and institutions, and supporting New Hampshire’s community supported fishery, which is raising awareness of local seafood options.

Next Steps

1: Convene fishermen and industry partners to discuss the significance of the findings and identify opportunities to expand markets and increase value for local seafood.

2: Support existing efforts to promote and raise awareness about local seafood, including New Hampshire Community Seafood, the N.H. Fresh and Local Brand, and events such as Fishtival.

3: Conduct a mini-processing pilot to create seafood products made from lesser-known species and test these products with consumers, retail outlets and/or restaurants.

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