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FLORIDA FISH MARKETING STUDY-- PROGRESS REPORT[1/]

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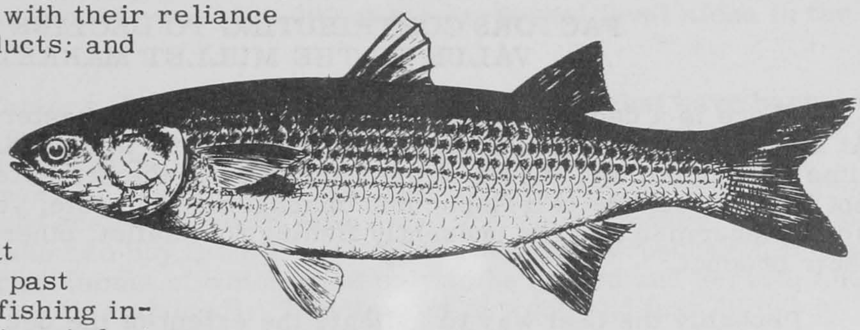
BACKGROUND

The fortunes of the Florida fisheries for finfish have suffered a marked decline during the past few years. Basically, the decrease can be attributed to three factors: first, increased competition from other seafood, meat, and other protein products; secondly, accelerated growth of the supermarkets and conversion of the supermarkets to self-service, with their reliance on frozen processed products; and thirdly, the failure of the Florida fishing industry to take advantage of many of the production, processing, marketing, and technological improvements that have occurred during the past few years. The Florida fishing industry (excluding the shrimp industry segment) has made only casual attempts to offer the supermarket customer a packaged product and has expended little effort to improve the quality of the product being distributed to its present market outlets. In short, most segments of the Florida fishing industry have remained static during the period when great changes have been taking place in practically all other sectors of the American economy.



Mullet (*Mugil cephalus*)

While this condition applies to most of the Florida fisheries, the problem is most serious in the mullet fishery, the backbone of the State's fisheries economy. Fishermen were receiving good prices for mullet from 1948 to 1952, and producers found little difficulty in marketing their catches. Some areas along the Florida coast experienced shortages of fish during this time, and as a consequence The Marine Laboratory of the University of Miami began biological studies on behalf of the State Board of Conservation in order to assist the industry to increase the mullet catch. The market price of mullet decreased rapidly after 1953 and The Marine Laboratory shifted its emphasis from biological investigations to an analysis of market conditions. This pilot study showed the desirability of doing a complete market analysis. This study was begun with State funds, but upon passage of the Saltonstall-Kennedy Act, Federal assistance was directed toward the solution of the problem. A contract with the U. S. Fish and Wildlife Service was signed in October 1954. This report represents the first progress report to the industry of this contract project.

The research during the past year has centered around the following points:

1. The past, present, and future markets for Florida mullet.
2. The forces competitive with the markets for Florida mullet.

1/ This study at the University of Miami under a contract with U. S. Fish and Wildlife Service is financed from funds made available by Public Law 466, 83rd Congress, known as the Saltonstall-Kennedy Act, approved July 1, 1954.

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3. The most promising expansion of present markets.
4. An evaluation of the present methods of handling, preserving, packaging, shipping, and selling fish, with the objective of bringing new ideas to the trade.

The research staff engaged in the mullet market research project is composed of 2 market researchers, 1 biologist, and 1 statistician. The staff members have now spent over 50 weeks in the field. Over 600 persons have been interviewed in the Southeastern States and the major metropolitan areas of the North. Cooperation on the part of the fishing industry has been excellent.

The research team has (1) conducted an intensive study of the price structure, channels of distribution, transportation, advertising, promotion, and publicity of the industry; (2) analyzed the established markets and explored new markets; (3) studied the factors affecting quality and its effects on the market; (4) analyzed data pertaining to the retail survey; and (5) set up a controlled promotional experiment. The objective is to put mullet and the other finfishes of Florida into their proper market perspective.

FACTORS CONTRIBUTING TO DECLINE IN THE VALUE OF THE MULLET MARKET

There is a decreasing demand for mullet in the eastern part of the United States. At the present time (November 1955) the dealers in Florida are having a difficult time selling mullet. Some of the fishermen in the St. Petersburg-Cortez area are not fishing because of a fishermen-management dispute, yet in spite of the fact that some fishermen are not presently fishing for mullet, other fish dealers cannot sell their product.

Probably the best way to indicate the extent of the decline in the consumption of mullet is to point out that in the years 1941 to 1949 inclusive, the State of Florida produced and sold an average of slightly over 40 million pounds of mullet a year. During the years 1950 through 1954, Florida produced 26 million pounds of mullet a year, or an average of 14 million pounds a year less than in the period 1941-49.

Adequate landing records for other states are not available, but a field survey conducted in Mississippi revealed that the landings of mullet there also have been sharply curtailed in the past few years due to market conditions.

Some areas that formerly consumed large quantities of mullet have almost been totally lost as mullet markets. For example, the market for mullet in the Nashville area has been lost to whiting and it is expected that well over a million pounds of whiting will be sold during this current year (1955). This is also true of Birmingham, where whiting also has replaced mullet to a large degree.

Four years ago, 10,000 pounds of mullet a week was being shipped to Cincinnati, but today a maximum of 3,000 pounds per week is being consumed in that area. Since it is no longer economically feasible to truck mullet into Cincinnati, most of the mullet are shipped by Railway Express. Because of the high express rates ($7.50 per 100 pounds) mullet is automatically priced out of range of competitive products such as whiting and scup (porgy). Many retailers in small towns cannot afford to purchase mullet because of high express rates.

Consumption of mullet in other parts of the southern market is decreasing. This statement is supported by the following illustrations:

1. A large wholesaler in Georgia who was formerly one of the principal distributors of mullet in the south has almost completely converted to frozen foods.

2. Scup (porgy) is rapidly taking over markets in which mullet was formerly the principal fish sold. The U. S. Fish and Wildlife Service's New York Fishery Market News report dated Friday, June 24, 1953, states: "The market had a plentiful supply of scup which had to be moved to southern markets; prices to the local trade were about 5-10 cents, to the shipping trade 4-7 cents." In March of 1955, scup were being delivered to North and South Carolina for as little as 6 cents a pound, and were being retailed for 25 cents a pound. Mullet were being delivered for 16 and 17 cents a pound, and retailed for the same price as scup at 25 cents a pound. The wholesalers and retailers in that area naturally encouraged the sale of scup (porgy) because they could make a wider margin of profit on that species of fish.

Thus the mullet industry has lost some markets and has been relegated to the number two position in other areas, such as North and South Carolina.

We may now ask: "Why are sales less and value lower?" Part of this question has already been answered. As the market area for mullet decreases, competition for the remaining markets depresses the price. The average ex-vessel price for mullet has decreased from 11¢ a pound in 1951 to 8¢ in 1954. This three-cent price differential amounted to a loss of over $800,000 at the ex-vessel level alone in the year 1954.

In addition to these factors, long-run trends are in operation that have harmed the mullet market in the past, and will continue to do so unless changes are made in the fishery. One of these trends is toward the supermarket. The housewife naturally keeps her own work at a minimum. She has the alternative of buying fresh fish (which she may have to scale and clean, which are frequently messy, and which have to be used soon) or she can buy from a variety of attractively-packaged frozen products in the supermarket (some of which need only to be heated and served, and all of which can be stored until required). The amount of work and fuss is much less in the latter case, and the buyers' preference is clearly shown.

The United States production of frozen fish in consumer-size packages alone increased from 43 million pounds in 1950 to 77 million pounds in 1953. This is exclusive of cello-wrapped frozen fish, and breaded, cooked, or other frozen specialty fishery products, and excludes fish sticks. In 1953, 7.3 million pounds of fish sticks were sold; in 1954, this jumped to 50.1 million pounds; and in 1955, the estimated consumption will be 70 million pounds.

In order to bring into sharp focus the amazing growth of the supermarket in this country, some figures are quoted from the annual report of the Super Market Institute:

> "1. Age of supermarkets: The supermarket industry is a young industry. Over 1 out of 8 supermarkets are less than one year old... over 1 out of 3 are less than three years old... 1 out of 2 are less than five years.
>
> "2. Growth of self-service: Close to half of the supermarkets (47 percent) are already completely self-service in all four major departments, grocery, meat, produce, and dairy.
>
> "3. It is estimated that 92 percent of supermarket sales are made by the self-service method.
>
> "4. In the year 1954, 475 million-dollar-or-more supermarkets were opened up.

"5. In 1955, definite plans call for the opening up of 975 new supermarkets. This means that for every 10 supermarkets as of January 1, 1955, there will be 13 by January 1, 1956."

Another trend affecting the consumption of fresh fish is the rapid increase in per capita income. As income rises, the demand for more expensive food products increases. This is probably partly responsible for the increase in the production of shrimp. In Florida this rose from 23 million pounds in 1950 to 51 million pounds in 1954.

Certainly a highly important factor in the loss of markets by fresh fish has been the inferior-quality fish reaching the market. This is because the fish have been inadequately cared for from the time of catching to the time of sale to the consumer. Today the consumer demands a better quality product than they used to, and the mullet industry has not appreciably improved quality in recent years. Northern and foreign fish producers have improved their quality, and they have captured part of the Southern market.

Florida Shrimp (Heads on) Landings	
Year	Quantity
	Million Lbs.
1954	50.8
1953	52.8
1952	43.8
1951	37.9
1950	22.9

In the cases where mullet have been frozen, too often this has been a device to prevent the loss of partly-spoiled fish, rather than to offer high-quality frozen mullet which can compete with frozen packaged fish from other areas.

A final factor mentioned which contributes to declining mullet markets is the fact that producers in the past have failed to take adequate care of customers. This has limited expansion of the Northern markets. One exception to this general rule is the Detroit market. Because of care by the suppliers serving Detroit, today this city is one of the best Northern markets for mullet, consuming more than a million pounds of mullet a year.

RECOMMENDATIONS TO THE INDUSTRY

Recommendations to the industry center around three major points: First, better quality; secondly, new product development; and thirdly, advertising and promotion.

It is essential that mullet--and all other Florida seafood--be of the highest quality when it reaches the market. In order to assure the consumer of quality products, there could be improvements in the method of prechilling and boxing fish, the construction and temperature of frozen food cabinets, and the method of refrigeration.

Several "new" mullet products should be tried, or their present use expanded. Florida's seafood industry and the mullet industry in particular should give more attention to the trend toward packaged and processed fish. The supermarket offers excellent market opportunities for packaged items, and mullet producers should make a product which supermarkets can handle. Mullet can be economically frozen and packed as fish sticks or fillets. Several leading members of the industry have had some success with this, and more trials should be made.

There is a substantial market for a fresh packaged product, and mullet can be packaged fresh economically and profitably. Several areas have promoted this product very successfully.

A sizable smoked mullet market exists and can be expanded. Several Northern smokers have expressed interest in trying mullet in their markets. Small-size mullet are ideal for this product.

The Food Technology Department of the University of Miami (in connection with this marketing study) is experimenting with canned mullet. A product has resulted which appears to be capable of acceptance by the public, and may easily provide an outlet for large quantities of mullet.

A packaged fresh or frozen roe will sell. In many areas, wholesalers and retailers could not get enough roe to supply demand.

After producing a top-quality product, and in the form necessary for consumer acceptability, the third major step is to inform the consumer that this product is available. This can be accomplished by the expanded use of advertising and promotional work.

Very little advertising is now being done by members of the industry. Some retailers advertise mullet, but their advertising is rather uninspired. Industry-wide advertising of Florida fish is unknown. By contrast the Florida citrus industry plans to spend $4,922,248 during the current fiscal year for advertising. A coordinated advertising campaign by the entire industry would do much to make the public aware of the desirability of mullet as a food fish.

Advertising could also be placed with all leading media, including magazines, home sections of newspapers, and institutional publications. Use of the home programs in radio and television would be especially desirable.

But paid advertising is not enough; many people do not know that mullet is even edible. The industry needs favorable publicity. A number of devices could be used; for example, industry-sponsored recipe contests. The dealers in each area could cooperate by distributing entry blanks and promotional literature to fish retailers. Advertising and publicity by local newspapers would increase interest in the contest. Wholesalers could take the initiative and offer the retailers point-of-sale material, such as show cards, streamers, and recipes. As part of the research program, a controlled promotional experiment is being conducted.

Another promotional device is the U. S. Fish and Wildlife Service's school-lunch program which can introduce Florida fish to children, and convince them of the excellence of this food.

It is apparent from these investigations first, that if Florida fish is to be successfully sold on the American market, it must be a top-quality product; secondly, the consumer must be educated to the product; and thirdly, the product must be marketed in a sufficient variety of outlets so that the optimum level of income will be reached.

This study has shown certain weaknesses in the marketing practices of the Florida fishing industry, but it is felt that solutions can be found for these weaknesses. It is hoped to be able to produce detailed recommendations at the conclusion of this investigation which will enable the fishing industry to increase its sales.