



West Coast Groundfish Regional Market Demand and Opportunities

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KEY FINDINGS AND RECOMMENDATIONS

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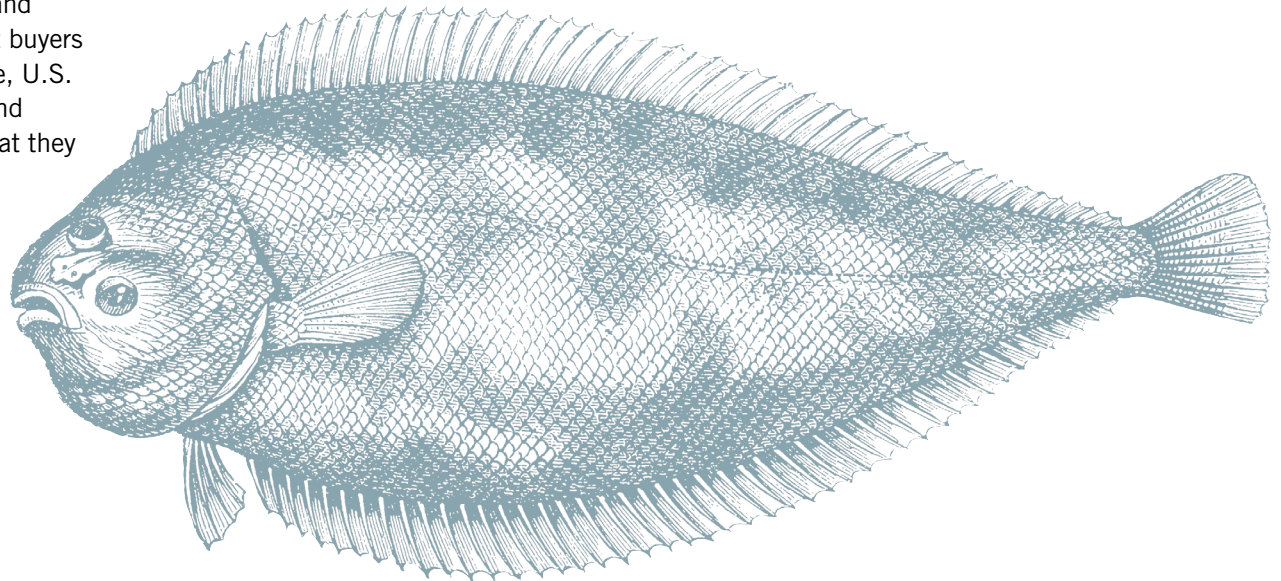
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Faced with plummeting catch levels and fish populations near collapse, many fishing boats left the U.S. West Coast groundfish fishery in the 1990's and 2000's. Commercial seafood buyers on the West Coast turned to other whitefish, including Asian tilapia and Alaskan pollock, to fill the void.

Today, under new management systems, U.S. West Coast groundfish populations have rebounded and are fished sustainably – more than 20 species now rate as a “green, best choice” or “yellow, good alternative” with the Seafood Watch program, and 13 have received Marine Stewardship Council certification. With this conservation success in hand, how do U.S. West Coast groundfish regain a competitive market position and ensure that the recovery story includes economic success for fishermen?

Several studies have looked at the production side of this question, outlining supply chain hurdles and infrastructure issues that keep fishermen from reaping higher prices for their fish. This study is the first to look at the demand side of the market: how much whitefish West Coast buyers purchase; what potential there is to sell sustainable, U.S. West Coast groundfish in these regional markets; and how fishermen can increase the price per pound that they receive for their fish.

Through a combination of market analyses, buyer surveys, industry interviews, and expert review, Changing Tastes and Wilderness Markets examined the current demand for West Coast groundfish in Washington, Oregon, and California. We identified categories of commercial buyers (e.g., restaurants, retail grocery stores) and types of seafood products that hold the greatest potential to increase economic gain for fishermen. We also explored the key barriers that fishermen will need to overcome to sell more West Coast groundfish in these markets. Based on these findings, we recommend the development and launch of a pilot project to increase the use of West Coast groundfish in a few categories and regions and build the case for more commercial buyers and suppliers to use U.S. West Coast groundfish as a domestic, sustainable source of whitefish and demonstrate that these fisheries can provide a reliable supply of local fish to West Coast markets.



Key Findings

HOW BIG IS THE U.S. WEST COAST WHITEFISH MARKET?

The current U.S. West Coast Market for whitefish is not large enough to easily absorb the entire U.S. West Coast groundfish catch. Seafood buyers in Washington, Oregon, and California purchased a total of 95.8M pounds of whitefish in 2015. In comparison, fishermen caught 26.3M pounds of U.S. West Coast groundfish in 2015. To sell this entire catch, the fishery would need to secure approximately 25% of the current market, which is currently dominated by Asian tilapia (a reliable, low-priced option, especially for processed products) and Alaskan pollock (a low-priced, domestic, sustainable option). Gaining this large of a market share will be a significant challenge, especially considering that nearly half of the U.S. West Coast catch is Dover sole, which is not as appealing to buyers as other species with thicker, easier to prepare meat.

While the U.S. West Coast regional market for whitefish is not large enough to absorb the entire groundfish catch, there are still opportunities for U.S. West Coast groundfish fisheries to expand their sales in these regional markets, which may expand to national markets in due course.

WHAT PRODUCTS AND BUYERS ARE LIKELY TO BRING FISHERMEN THE HIGHEST PRICE PER POUND FOR THEIR CATCH?

Minimally processed products provide fishermen higher prices at the dock. Processed products, such as breaded, marinated, and pre-cooked fillets, represent a large percentage of the West Coast whitefish market. However, they typically have longer supply chains in which

processors create and capture a large share of the end-sale price, leaving less on the table for fishermen.

Targeting seafood buyers and suppliers who want fresh and minimally processed fish holds greater promise for fishermen to increase the price per pound that they receive at the docks. For example, in our value chain analysis, we found that fishermen could receive a larger share of the final sale price in the grocery retail sector (19%) than in several restaurant and foodservice sectors such as quick service (or “fast food”) that tend to purchase larger amounts of processed products (6.1% to 8.4%).

Retail grocery stores, institutional foodservice and full service restaurants are the most likely buyers to try U.S. West Coast groundfish at premium prices and provide fishermen with a larger share of the final sale price. Our research identified six types of consumer-facing end buyers that make up the U.S. West Coast whitefish market: full service restaurants, quick service restaurants (e.g., fast food chains), institutional foodservice (e.g., hospitals, universities), hotels, grocery retail, and specialty retail. The most promising buyers for West Coast groundfish are retail grocery stores and full-service restaurants. These buyers can vary their offerings and have flexibility in the types of fish they use (making it easier for them to try U.S. West Coast groundfish or offer it seasonally); are more likely to have incentives for local and sustainable foods (which makes the U.S. West Coast groundfish story appealing); and purchase whitefish in minimally processed form (which tends to bring higher prices to the dock).

What's Next?

WHAT'S KEEPING BUYERS FROM PURCHASING U.S. WEST COAST GROUND FISH?

Lack of awareness, dependence on suppliers, and perception of reliability issues pose hurdles to increasing sales of U.S. West Coast groundfish. Most of the buyers we interviewed did not immediately recognize whitefish as a distinct category, even though they use large amounts of these fish in products like fish tacos and breaded fish fillets. They rely almost exclusively on their suppliers' advice and available inventory when purchasing fish to fill these product needs. In addition, most buyers were unfamiliar with U.S. West Coast groundfish species, their handling or cooking attributes, and the conservation story associated with these stocks.

Equally important, the buyers and their suppliers who were familiar with West Coast groundfish perceived the supply to be inconsistent and unreliable.

Despite these hurdles, several buyers expressed interest in learning more about U.S. West Coast groundfish, and a few expressed a willingness to pay up to fifty cents per pound more for domestic, high-quality fish, like black cod or rockfish, that are easy to handle and have thick, flakey meat. This interest was strongest among companies that had a mandate to provide sustainable and/or local food.

Given the low awareness about West Coast groundfish and the strong dependence on existing suppliers, seafood buyers are unlikely to switch to higher-priced, West Coast groundfish without additional incentives and/or a convincing demonstration of the advantages of these fish.

With this in mind, we recommend the development and launch of a pilot project to test these findings and demonstrate the potential of U.S. West Coast groundfish to a broader market. Built around a targeted branding and marketing effort, the pilot would aim to increase the use of West Coast groundfish in some specific categories and regions in order to improve awareness of sustainable, U.S. West Coast groundfish among buyers and suppliers, and prove that U.S. West Coast groundfish fisheries can provide a reliable supply of whitefish. This pilot project would require coordination among key buyers, suppliers, and fishermen, and offer concrete, tailored incentives for each to participate. If successful, it will establish new markets for these fishermen and demonstrate the benefits and availability of West Coast groundfish to other buyers and suppliers.

We welcome your feedback on the market report and pilot concept. We hope that this research will stimulate additional conversations and partnerships that can help the U.S. West Coast groundfish fishery become a model of both ecological and economic success.

FOR MORE OF OUR WORK WITH U.S. WEST COAST GROUND FISH, please see our previous report, **"West Coast Groundfish in California Value Chain Assessment."** Find it online at: www.wildernessmarkets.com/our-work/california-groundfish-value-chain-assessment/

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U.S. WEST COAST

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