

The Impact of Reported Product Substitution on Grouper Consumption in Florida

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ABSTRACT

Recently, several state and U.S. federal agencies, along with consumer advocacy groups, have reported incidents of lower-valued fish species being sold to consumers as higher valued species. In Florida, the news media has reported some restaurants that claim to be selling grouper are actually serving lower valued species mislabeled as grouper. This fraudulent product substitution could have an impact on the market for grouper in Florida. The main goal of this study is to determine if the reported product substitution has affected consumer purchasing patterns for grouper and other types of seafood, if consumers would be willing to pay a premium for Florida-caught grouper if the industry created a product integrity labeling program, and what information could the label convey that would be most valuable to consumers.

KEY WORDS: Product substitution, grouper, survey

El Impacto de la Substitución Divulgada del Producto en la Consumición del Mero en la Florida

Recientemente, varios indican y las agencias federales de los E.E.U.U. junto con los grupos de presión del consumidor han divulgado los casos de las especies infravaloradas de los pescados que eran vendidas a los consumidores como especies valoradas más altas. En la Florida, los medios de noticias han divulgado que algunos restaurantes que demandan vender el mero están sirviendo realmente la especie más bajo valorada mislabeled como mero. Esta sustitución del producto podría tener un impacto en el mercado para el mero en la Florida. El objetivo principal de este estudio es determinar si la sustitución divulgada del producto ha afectado a los patrones de la compra al por menor para el mero y otros mariscos, si los consumidores estuvieran dispuestos a pagar un premio mero Florida-cogido si la industria creara un programa de etiquetado de la integridad del producto, y qué información podría la etiqueta transportar que sería la más valiosa a los consumidores

PALABRAS CLAVES: Substitución del producto, mero, examen

L'impact de la Substitution Rapportee de Produit sur la Consommation de Merou en Floride

Récemment, plusieurs énoncent et les États-Unis les agences fédérales avec des groupes de droits du consommateur ont rapporté des cas des espèces bas-évaluées de poissons étant vendues aux consommateurs en tant que plus hautes espèces évaluées. En Floride, les sorties de nouvelles ont rapporté quelques restaurants qui prétendent mérou vendre patrons' servent réellement des espèces plus bas évaluées que leurs menus identifient comme mérou. Cette substitution de produit pourrait probablement endommager considérablement de longue durée la pêche commerciale de mérou de la Floride si les espèces bas-évaluées a différentes caractéristiques (par exemple, taille, couleur, ou texture). Le but principal de cette étude est de déterminer si la substitution rapportée de produit a affecté des modèles d'achat du consommateur, et si oui, les consommateurs seraient disposés à payer une prime les poissons pêchés par Floride si l'industrie créait un programme de certification qui garantit les espèces des poissons (et des caractéristiques associées de qualité) comme est débarqué en Floride. La méthode d'enquête sera un aperçu aléatoire d'adulte Floridiens par la poste et d'Internet pour trouver comment ils ont réagi aux campagnes précédentes de fruits de mer, comment la substitution rapportée de mérou a affecté leurs modèles de consommation, et comment ils répondraient à un programme de certification d'industrie. Avec le but principal de l'étude, l'aperçu sera conçu pour capturer la volonté du consommateur de payer pour information lié au contenu alimentaire (mercure et acides gras d'Omega) et à la durabilité de pêche (les questions soutenables de moisson et de capture accessoire).

MOTS CLÉS: Grouper, substitution rapportee de produit

INTRODUCTION

In 2006, the Florida seafood industry generated approximately \$5.2 billion dollars and 103,000 jobs in the state of Florida (Curtis, Kosaka, and Lovell 2008). The Florida commercial fishing industry has a strong reputation of supplying safe, high quality seafood to consumers. Grouper, in particular, is an extremely important species to the Florida seafood industry. According to the Florida Department of Agricultural and Consumer Services, grouper was the most valuable finfish harvested in Florida during 2007, with commercial landings valued at approximately \$21 million dockside. In terms of total dockside

value, the Florida grouper fishery trails only shrimp, lobster, and stone crab. Grouper also commands a high dockside price, exceeded only by pompano and swordfish in terms of per pound dockside value. Given the high demand for grouper by consumers, the prices at the subsequent wholesale and retail market levels are also high relative to other finfish harvested in Florida. In addition, the importation of large quantities of grouper from many foreign sources is required to meet the ever-growing demand for Florida grouper.

The strong demand for grouper, which continues to be

evident in the marketplace, is also a motivation for economic fraud. The most prevalent economic fraud associated with grouper is the selling of a cheaper finfish as grouper. Though such deception may generate short term gains by unscrupulous vendors, fraud may also result in long term loss to the industry. In fact, Florida fishermen claim the reputation of their grouper has suffered recently due to news reports that some Florida restaurants and seafood distributors are engaging in product substitution. Allegedly, some restaurants are claiming to be selling grouper, while actually they are selling a lower valued species (Waddell 2007, Siegel 2007). For example, a recent article in The Florida Times-Union claims that “you ordered grouper, but what ends up on your plate might be catfish or another whitefish mislabeled by unscrupulous businesses” (Bauerlein 2007). To further emphasize consumer reaction, the article also maintains that “everyone wants to be sure that they’re getting grouper.”

The incidence of grouper substitution is not isolated to a single segment of the supply chain, as both food distributors and restaurants have been accused of mislabeling. In late 2008, Sysco, a large food distributor, agreed to pay the state of Florida \$300,000 to end an investigation into Sysco’s alleged sales of “champagne-braised grouper” to restaurants. The product in question was eventually revealed to be Asian catfish (Nohlgren 2008). In addition, the problems associated with mislabeling grouper are affecting menu choices at some restaurants. For example, Guy Harvey, a noted artist and marine conservationist, has stopped offering grouper at his four Florida restaurants because he cannot be certain of the species when ordering grouper from distributors (Harvey). Harvey’s restaurants are not the only ones to stop offering grouper for fear of product substitution. The Columbia Restaurant, an upscale restaurant with six locations in the Tampa Bay area, stopped selling grouper to patrons for fear of reputational damage to the restaurant due to mislabeled fish being provided by their suppliers (Tampa Bay Business Journal 2007). Grouper mislabeling is also occurring at the restaurant level. Between November 2005 and May 2008, the Florida Department of Business and Professional Regulation reported 281 incidences statewide of restaurants selling lesser-valued fish species as grouper. The incidences spanned the entire state geographically, with reports of mislabeling stretching from the panhandle of Florida to the Miami-Dade region. To date, the media reports have focused on mislabeled grouper being sold at restaurants, but the reports could be detrimental to the reputation of other retailers, including grocery stores and specialty seafood shops.

Florida’s commercial seafood harvesters have recently been confronted with increasing production costs, over-capitalization in the harvest sector, and more stringent regulatory measures. In addition, the prevalence of less expensive, imported seafood, which often is supplied by countries with less stringent fishing and environmental

regulations, is reducing the market share held by domestic producers. Rampant product mislabeling of grouper, a “marquee” finfish species for the southeastern US seafood industry, along with widespread media visibility of the problem could generate uncertainty in the minds of consumers and damage the reputation of these high value species, which are important to the Florida seafood industry. Such an outcome could further weaken the role of the Florida seafood industry in providing high quality finfish for the regional seafood market

The objectives of this study are to:

- i) Determine consumer awareness of reported seafood product substitution (i.e., mislabeling) at restaurants and the effect any awareness has had on consumer purchase decisions,
- ii) Determine whether consumers would pay a premium for a label guaranteeing the product purchased is Florida-caught grouper, and
- iii) Determine what attributes consumers would require that may lead to a willingness to pay for such a grouper quality assurance label.

MATERIALS AND METHODS

The data for this study will be gathered through a random digit dialing survey of 400 seafood consuming adults within Florida. The survey will be administered by the Florida Survey Research Center at the University of Florida in Gainesville, Florida in early 2009. The survey will solicit the following six general types of information from the respondents:

- i) General seafood consumption information,
- ii) Awareness of grouper mislabeling and its effect on seafood purchasing,
- iii) Grouper consumption information and willingness to pay for a grouper labeling program,
- iv) Awareness of issues related to seafood harvesting and consumption,
- v) Attitudes towards seafood information available to the public, and
- vi) Demographic characteristics.

The first section of the survey will be designed to determine the respondent’s seafood consumption patterns, including information on product forms (fresh, frozen, canned, etc.) and frequency of purchase. The second section will be designed to determine awareness of reports of grouper mislabeling and its effect on purchasing behavior, by type of seafood (i.e., grouper versus other fish species) and by location (i.e., for consumption at restaurants or for preparation and consumption at home). The third section will be designed to establish grouper consumption patterns and willingness to pay for a grouper labeling program. Respondents will be asked willingness to pay questions for grouper with a label guaranteeing the product purchased is Florida grouper in both a restaurant setting and for-home consumption. In particular, respon-

dents will be asked how frequently they would buy a labeled entrée or fish for home preparation (always, sometimes, rarely or never) for each of three increasing price premiums. Respondents will also be given information that a labeling program could convey and then asked how important these pieces of information are to them. Some of the information that the label could convey would be: (a) to support local fishermen and the Florida economy, (b) to indicate the labeled seafood is fresher, and or (c) to verify that the labeled seafood is correct with respect to species. The fourth section of the survey will be intended to find out how aware and concerned respondents are of current issues related to the seafood industry. Some of the issues to be mentioned by the survey include the effect of fishing gear on the environment, problems related to the sustainability of fish stocks, and contaminated seafood. In the fifth section respondents will be asked about their attitudes regarding information available on nutritional quality of seafood, safety of seafood consumption, seafood origin, and seafood harvesting techniques; specifically, is there too little, too much, or the right amount of information available to the public on these subjects. The final section will solicit demographic information to determine how representative the sample will be for the state of Florida.

NEXT STEPS

Once the survey is completed, the responses will be analyzed to determine the following information:

- i) Awareness of reported grouper mislabeling and how it has affected seafood purchasing decisions,
- ii) Willingness to pay for a grouper labeling program and what information the label can convey that is most valuable to consumers, and
- iii) What consumer attributes (seafood consumption patterns, seafood issue awareness, demographic characteristics, etc.) explain willingness to pay for a grouper labeling program.

This information gathered by the survey should provide insight into how beneficial a grouper labeling program would be for the Florida seafood industry, what premium consumers would be willing to pay for labeled grouper, and how to market such a program. This information will then be provided to the Florida seafood industry to assist in their efforts to develop a product integrity program for Florida grouper products. Such a program will help the industry better ensure their future role in the U.S. seafood market and continue to provide consumers with high quality seafood products.

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