

MARKETING AND TECHNOLOGY SESSION

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Emergency Marketing Program

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INTRODUCTION

The energy crisis in the latter part of 1973 and early 1974 precipitated the worst crisis in the marketplace for the commercial fishing industry than at any other time in the history of our country. The energy crunch particularly hurt the restaurant business where 60% of all fishery products are sold, by severely limiting travel. This, in conjunction with generally poor economic conditions (job cutbacks, less money to spend), caused severe reactions in the marketplace. Many firms went out of business and those that remained lost tens of millions of dollars.

Officials at the NMFS became concerned about changes in market conditions as early as October 1973, and predicted the collapse in late November 1973. Surveys made in December 1973 confirmed these predictions.

On January 8, 1974, a meeting was held with members of the U.S. shrimp industry where findings were presented pointing toward a collapse in the shrimp market followed by close substitute products such as Snow and King crab and ultimately affecting virtually every segment of the seafood industry. Unfortunately, the predictions were accurate.

Conditions in the marketplace went from bad to worse throughout 1974. In particular, happenings within the shrimp industry could only be described as chaotic. One million dollars of Saltonstall-Kennedy Act funds were released by the Office of Management and Budget to the National Marine Fisheries Service to initiate the Emergency Marketing Program (EMP). These funds were released in November 1974, and were to cover a 20-month period. Shortly thereafter, NMFS officials met with the executive directors of the National Cannery Association, the National Federation of Fishermen, the National Fisheries Institute, the National Shrimp Congress, and the Shellfish Institute of North America to request they form an industry committee to work with NMFS in planning and

executing the EMP. This resulted in the establishment of the National Fisheries Industry Marketing Committee (NFIMC) composed of representatives from every segment of the U.S. commercial fishing industry.

Many problems were present at the beginning of the EMP. For example: the Gulf shrimp fleet was losing 90 cents per pound for every pound of shrimp landed because of high trip costs and low exvessel prices for shrimp. Shrimp freezer holdings were very heavy and the product was not moving. Canned shrimp inventories were also heavy. Canned tuna stocks were about three times normal. King crab that cost \$5.00 to the processor was selling at less than \$3.00. Snow crab fishermen who needed to get 17 cents per pound at the dock to break even were offered 12 cents by the processors because of decreased demand. The market for mullet, mackerel, and oysters was very weak. In general, there were very high inventories and very little demand for most fishery products. Also a drop in per capita consumption was observed.

APPROACH

Joint industry-Government-NFIMC meetings resulted in establishing four major objectives for the EMP: (1) to stimulate the consumption of seafoods, (2) to facilitate economic adjustments in the industry, (3) to maintain normal ranges of domestic production, and (4) to increase industry marketing capabilities. The approaches used to meet these objectives were as follows:

1. *Tying into the Bicentennial.* A strategy was developed to promote the commercial fishing industry as "America's First Industry." A suitable logo was developed to further this strategy. This theme proved to be a rallying point for industry and enabled achievement of an inordinate amount of public service coverage in the media. This coverage, in turn, was instrumental in carrying out seasonal seafood merchandising programs in major U.S. markets.
2. *A coordinated and cooperative program.* Early in the planning, the decision was made to effect a coordinated and cooperative marketing effort involving industry, state agencies, Sea Grant, and the NMFS. It was recognized that collective efforts would enhance the effectiveness of the total program.
3. *Four major promotions per year.* The Emergency Marketing Program called for four seasonal national promotions annually: Lent; Summer; October as "National Fish 'n Seafood Month;" and Christmas holiday. This approach tied in with normal industry marketing practices and thereby enhanced the effectiveness of advertising and promotional programs by the private sector.
4. *Enlist support of other groups.* The EMP program was designed to take advantage of potential support from cooperating groups including: USDA's cooperative extension service; state dietetic associations; state restaurant associations; utility home economists; other professional

foods educators; all segments of the commercial fishing industry including dealers, processors, brokers, distributors, retail food chain merchandisers, restaurant chain executives and others in the food trades; allied food trades groups; and others having impact on the movement of fishery products into normal trade channels.

5. *Reaching five target markets.* All EMP activities were designed to promote the free flow of fishery products into normal trade channels, thereby stimulating consumption in five major markets—retail food chains; restaurant chains; institutional outlets including hospitals, nursing homes, colleges and universities, in-plant feeders, and other similar type institutions; school food service outlets; and military establishments.

The first major national promotion was the "Shrimp Christmas Tree" and was an excellent example of how all segments of the industry can work together toward a common goal. The State of North Carolina produced 25,000 "Shrimp Christmas Tree" posters for retail food and restaurant chains. The NMFS provided instructions on how to make the tree. Florida produced 5 million cards (containing instructions) that were mailed out to 15,000 members of the food trades—restaurant and retail food chains, agricultural home economists, utility home economists, and the media. State and federal seafood consumer specialists appeared on more than 70 TV stations. NFI covered another 100. Food editors were contacted throughout the country. Major coverage was provided by over 100 major newspapers. Over 30 major food chains and many restaurant chains featured the "Shrimp Christmas Tree" in their operations. A total of 10 State governors cooperated. As a result of all these efforts, sales in the fourth quarter of 1974 were over 18 million pounds greater than in the fourth quarter of 1973. The shrimp market firmed in January of 1975 and has remained strong ever since.

The next major emphasis was with crabs, particularly King and Snow crab. Then came canned seafoods in the summer of 1975 (including tuna). Special color mats were designed for seafoods. A series of fish charts were designed for distribution as well as 360,000 copies of a new bicentennial cookbook, "A Seafood Heritage from America's First Industry." Other educational materials that were developed during this time under the EMP were: 8 radio spots and 12 TV spots designed for national distribution and tying into the Nation's bicentennial celebration; 3 new recipe booklets and reprints of 6 existing booklets; recipe cards for restaurants; 5 28-minute color films for TV, schools, and consumer groups; 5 color mats; and a host of color transparencies, black and white food photographs and recipes for use by newspaper and magazine food editors.

The magnitude of the EMP effort can be partially illustrated with some statistical facts:

1. Over three thousand (3,013) personal contacts were made by state and federal personnel with the media and food trades groups. Over ten thousand additional contacts were made via mail and telephone.

2. Public service media coverage value received amounted to nearly \$6 million (\$5,974,058).

RESULTS

As a result of concentrated efforts throughout the EMP, many examples can be cited as positive results.

1. Food fish production was maintained and even increased slightly (from 2,417,000,000 pounds in 1974 to 2,430,000,000 pounds in 1975).
2. Overall cold storage holdings were brought back into line with about 125,000,000 pounds of surplus products being moved into normal trade channels.
3. The Christmas Tree Promotion in December 1974 turned the shrimp market around and cold storage holdings were reduced to a manageable level.
4. The exvessel value of shrimp (value to the fishermen) increased \$48,400,000 from 1974 to 1975. Exvessel value for all fish in 1975 (total) was worth \$73,000,000 more than in 1974.
5. Wholesale prices for Snow and King crab began going up in January 1975. Cod and flounder followed suit while meat and poultry prices fell.
6. Retail prices for most fishery products were also up as they followed wholesale prices.

SUMMARY

To reiterate, the four main objectives of the EMP were to:

1. *Stimulate sales:* 1975 per capita consumption was maintained at 12.1 pounds while prices were higher. Although 1974 was a disaster, industry realized a profitable year in 1975.
2. *Facilitate economic adjustments:* Throughout 1974, cold storage holdings were about 125 million pounds above normal. By July 1, 1975, inventories were reduced to a more manageable level (approximately the same as in July 1973) and products again were moving in the marketplace at profitable levels for industry.
3. *Maintain domestic production:* Landings of edible fish and shellfish were 13 million pounds higher in 1974.
4. *Increase industry marketing capabilities:* The National Industry Marketing Committee was established as a truly joint industry-government marketing effort. It was one of the few examples where industry representatives representing all segments of the commercial fishing industry met on a frequent basis to discuss common problems and execute programs to achieve solutions to these problems. The future role of the

committee will be to canvass the industry and find out their plans so that government marketing activities can more effectively supplement industry activities.

In 1975, over \$20 million in direct advertising was spent by eight industry firms on fishery marketing activities. In general, the total expenditures were much higher for advertising and promotional activities during the life of the EMP than at any time in the past.

The 20 months devoted to the Emergency Marketing Program was most likely the best example of a collective industry-government marketing effort of all time in the annals of the commercial fishing industry. Cooperation such as this will be needed for the alleviation of any future marketing crises.

The EMP illustrates that marketing must play a vital role if this country is to take full advantage of Extended Fisheries Jurisdiction.