

## **Standards for Fishery Products from the Point of View of the Wholesale Buyer**

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IN 1954 the public feeding industry (hotels, restaurants and caterers) sales approximated 16 billion dollars, and the indications are that sales will reach 20 billion dollars by 1960. In the restaurant industry, about 40 per cent of the dollar sales are spent for food, 35 per cent or so for labor, rent and other expenses account for 32 per cent, leaving about 2 per cent as profit. The expenditure of the food dollar is of particular interest. 25 to 30 per cent of the food dollar goes for meat, 7 to 8 per cent for poultry and only 5 or 6 per cent is spent on seafood. In 1954, Hot Shoppes, for example, spent \$600,000 for seafood in comparison with \$3,000,000 spent on meat. It is recognized that this situation should be changed, and more money should be spent for seafoods. Ways and means of increasing seafood consumption by the catering business were discussed by the writer with the National Restaurants Association, the Director of Research of the National Restaurants Association and others. The opinion of Frank Sherill, president of the S. & W. Cafeterias, was that in order to increase sales, the seafood industry had to bring the quality up to that of foreign products. This was not an isolated opinion. In further surveys among the restaurant trade it was found that everyone agreed that quality must be improved. The only disagreement was as to how this should be accomplished and the cost. There are many ways of figuring costs, and we at Hot Shoppes determine them on a portion basis. However, very often estimates do not include hidden costs which in many instances are caused by poor quality seafood. In 1953, for example, the price of crabmeat was 65c per pound, when it should have been 80c. This was the result of an outbreak of diarrhea in New York City, which, according to the Chief of the Federal Food and Drug Administration, as he told it to the Maryland Chapter of the Institute of Food Technologists, was attributed to unwholesome crabmeat. When the federal inspector approached the producer of this crabmeat his only comment was that "It couldn't have been my crabmeat that caused the trouble, since all of my employees have diarrhea and they don't even eat the stuff!"

Some producers are doing everything possible to maintain quality; still they also have to pay for the tardiness of those who do not comply with the sanitary code. Recently about 50,000 pounds of frozen fillets were condemned in Boston and probably sold as animal feed. Most of you know the difference in the market value of edible fillets and that which has to be sold for animal feed. As a last recourse the fish could be sold to a fertilizer plant at a price which would hardly cover the cost of freight. If the fish producing company is to continue to operate at a profit, one can be sure that the cost or loss of this 50,000 pounds has to be pro-rated over the balance of its sales. This kind of hidden cost can be very expensive by comparison with the cost of adequate processing and sanitation facilities as well as the proper training of personnel.

The Hot Shoppes insist on quality. The company operates in a number of states, and its premises are subject to city, county, state, and, in some cases, federal inspection. This is accepted as a necessary part of the catering business. There exists an element of risk when buying seafood, and the insurance cov-

ering this risk is based upon experience. If one has a claim one year the insurance rate will be higher for the following five years. Needless to say, anything that helps to reduce the risk is most welcome.

Most of Hot Shoppes' experience with seafood has been very good. However, several years ago the company bought a shipment of 38,000 pounds of shrimp and the usual quality control methods were applied. A composite sample was drawn and proved to be satisfactory. All but 10,000 pounds of these shrimp were consumed before any difficulty arose, but the rest of these shrimp the company had to sell through a broker at a loss and purchase replacements at an additional cost of 4c per pound to us. This is another example of those hidden costs which adequate inspection services could eliminate.

Uniformity is an essential requirement and grading for size is an important factor to the industry. It is realized that this presents a problem because the catch does not consist of uniform sized shrimp or fish. When the fisherman drops his net he may get a great range of sizes and the producer has to find a market for all of the fish. It was believed that the grocery stores could serve as outlets for the odd sizes, but actually the large grocery firms, too, are interested in a uniform size, particularly in shrimp. Recently the shrimp producers have done much to improve the size grading and it is hoped that the fish segment of the industry will soon find a way out.

In summary, the public feeding industry offers a great marketing potential for seafood. Increased sales to this market depend, however, on the availability of adequate controls that would safeguard the quality of the product. It is believed that under ideal conditions the feeding industry can absorb as much as \$600,000,000 worth of seafood products.

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## **DISCUSSION**

### **Technology Session**

Discussion Leader: FRANCIS W. TAYLOR

Discussion Panel: HAROLD ALCOTT, JOSEPH STERN,  
JOHN D. KAYLOR, MAX MEYER

### **Fishing Industries Attitudes Towards Official Voluntary Quality Standards**

HARRIS MAGNUSSON

- Q. Kaylor: Has the Food and Drug Administration expressed any interest in the standards being developed for fishery products?
- A. Magnusson: The Food and Drug Administration is interested in developing minimum standards of identity for fishery products. This, of course, is different from the standards which we are trying to promote.
- A. Whiteleather: F.D.A. is interested in the fitness of food for human consumption. The voluntary grade standards which we are trying to develop are of a type which F.D.A. is not concerned