



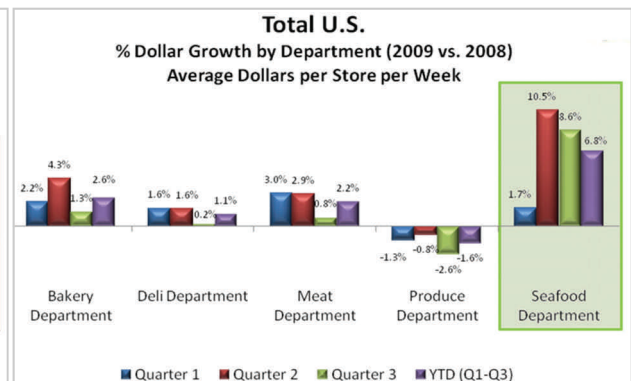
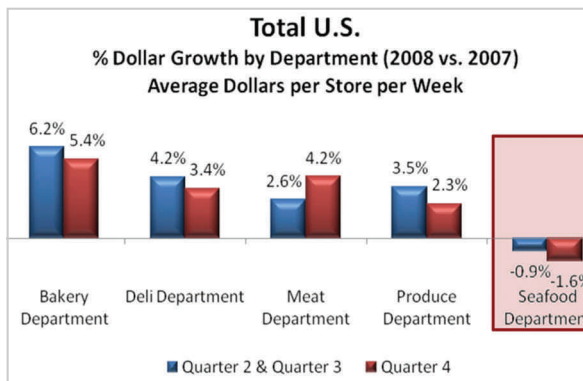
The Fresh Perspective

March 2010

Seafood's Impressive Comeback

The seafood department suffered during the onset of the recession in 2008, but it came back in a big way in 2009.

While other fresh departments benefited from the boost in sales spurred by consumers cooking at home more often in 2008, the seafood department took a hit. When 13 of 15 seafood categories increased prices in 2008, the result was a loss in volume for 10 categories. The only notable bright spots occurred in catfish, which consumers purchased more of as an inexpensive fin fish option, and lobsters, which consumers stocked up on after the category experienced a price decline of more than 10% due to abundant supply.



Source: Perishables Group FreshFacts® Powered by Nielsen

The seafood department sales trends flipped in 2009. The bakery, deli and meat departments saw some success throughout the first three quarters of 2009, but dollar growth didn't surpass 5%. Produce actually experienced dollar declines in all three quarters. Seafood, however, increased consistently, with as much as a 10.5% increase in the second quarter of 2009. The exact opposite of 2008, 10 of 15 seafood categories *increased* in volume in 2009, and the increases weren't always driven by the lowest priced items. The sales success was apparently driven by consumers' perceived value, as lobster, crab and halibut – three of the relatively high-priced seafood categories – boosted volume anywhere from 21.5% to 80.7%.

What fueled this impressive shift in seafood performance? As was common in all the fresh departments last year, promotion played an important role. Lobster, crab and halibut all experienced double-digit lifts in dollars sold on promotion, and even more impressive lift in volume sold on promotion.

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Product	Dollars % Lift on Promotion % Change vs. Year Ago	Any Promo Volume % Change vs. Year Ago	Average Retail Price % Change vs. Year Ago
Shrimp	-5.7%	-2.7%	0.0%
Salmon	-2.1%	-5.9%	5.2%
Crabs	35.7%	66.8%	-17.0%
Tilapia	-5.5%	13.6%	7.2%
Lobsters	40.9%	142.8%	-20.6%
Catfish	-1.6%	0.4%	5.2%
Scallops	0.8%	2.3%	-5.3%
Cod/Scrod	9.7%	38.5%	-3.2%
Crabmeat	5.6%	11.8%	0.3%
Haddock	6.6%	43.6%	-11.7%
Tuna	-5.1%	-2.7%	-1.0%
Flounder	-3.6%	-6.3%	4.4%
Clams	2.1%	3.2%	4.0%
Halibut	18.4%	54.1%	-10.4%
Swordfish	-1.6%	-5.5%	1.3%

Source: Perishables Group FreshFacts® Powered by Nielsen

How have YOUR sales performed in the first quarter of 2010?

Much better than expected. Consumers are spending again!
33%

Slightly better than expected.
17%

Average. No better or worse than anticipated.
33%

Slightly worse than anticipated.
17%

Poor. The effects of the recession are still very apparent.
0%



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This consumer push in purchasing more seafood when on promotion is reflected in retailer loyalty card data as well. It is evident, in an analysis of loyalty card data from a sample of 100,000 households, that the money-saving strategies of decreasing trip frequency but stocking up on deals prevailed.

It is always interesting to see if consistency exists between what consumers are saying and what they are doing. In this case, the two match up. When asked in an October 2009 consumer survey by the Perishable Group if there are any ways consumers are *now trying to economize that they were not the year before*, 40% said they are *just buying less* (consistent with smaller overall seafood basket sizes), and 35% said they are *purchasing economy packs* (stocking up when prices are lower). Additionally, 69% reported *choosing meat and seafood items on sale over items that are not* either the same amount or more often than they did the year before. Consumers are also willing to trade to a different item based on sale, as 58% said they are *likely to purchase a meat or seafood item that is on sale instead of an item they normally purchase that is not on sale*.

Health also played a significant role in the seafood department's success across 2009. When asked why they are purchasing more fresh seafood than they did the year before, 82% of consumers attributed it to *trying to eat a healthier diet*. Additionally, 34% said they were *eating less meat*, and 18% said they are purchasing more fresh seafood, because they *want their children to eat a healthier diet*.

With the fluctuation in seafood department performance in 2008 and 2009, it can be tricky to predict how sales will turn out in 2010. It is clear, however, that consumers are beginning to spend more if there is a perceived value. For some, value means getting a high-end product at a good price; for others, value means purchasing items that help improve their health. The key is knowing your consumer, and what value means to them.