Direct Marketing for Southeast Alaska Shrimpers

United States Department of Agriculture
Trade Adjustment Assistance Program

Southeast Alaska Shrimp

Greg Fisk, SeaFisk Consulting & Management LLC for Alaska Sea Grant Marine Advisory Program
Direct Marketing
what we’ll look at...

Basic knowledge to assess your direct market opportunities / Guidance on addressing operational & regulatory complexities

What is direct marketing? / Individual expectations and aptitude / Direct marketing potential, tips and techniques / Alaska regulatory environment

“For Alaskan shrimp fishermen direct marketing may not only be beneficial, but necessary for survival”
What is Direct Marketing?

“Direct marketing is selling your own catch to a buyer farther down the distribution chain than a primary or secondary processor.”

A simple concept...but it can get complicated.
Seafood Marketing Chain

If you by-pass the Primary and Secondary Processors, you are Direct Marketing
What Defines a Direct Marketer?

Direct Marketers don’t eliminate the middleman - they become the middleman!

You’re still a fisherman but now you also:

- process & prepare shrimp for sale
- package, ship or deliver shrimp
- arrange sales & attract customers
- collect payment
- handle fish tickets, licenses, permits, fisheries taxes, etc.
Why Direct Market Alaska Spot Prawns?

Spot prawns lend themselves to direct marketing:

☆ Catch rates are modest & gear is simple, so the physical burden of handling, & the space needed are not great
☆ Coonstripe bycatch is small & easy to work with
☆ Prawns are in high demand & supply is quite limited, so unit prices are high
Why Direct Market Alaska Spot Prawns

☆ Good marketing opportunities exist with several product forms – live, fresh tails, frozen tails, & whole frozen

☆ Fishing regulations create time for processing

☆ Marketing margins are substantial
Why Direct Market Alaska Trawl Shrimp?

Situation for beam trawlers is both simpler …and more complex:

☆ Right now there isn’t much choice…no processor
☆ Good market opportunities exist for large sidestripes, & spot / coonstripe bycatch
☆ But pinks & small sidestripes are problematic
Why Direct Market Alaska Trawl Shrimp?

- Multi-species, big size range & large catch volumes impose difficult sorting burdens & space demands
- Regulations restrict ability to produce important "whole cooked" product form on DM boats
- Marketing margins on large species are good, but selling small shrimp too may impose a two part market strategy
Product description –
Major Japanese Importer

Product description from Schooner Co Ltd - Japan’s biggest importer of cold water shrimp

“We import 6000MT of shrimp from Greenland, Canada and Russia. Our brand name means the No.1 quality in Japan for many years.”

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Cold Water Shrimp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scientific Name</td>
<td>Pandalus borealis</td>
</tr>
<tr>
<td>Origin</td>
<td>Greenland, Canada, Russia</td>
</tr>
</tbody>
</table>
| Package          | Raw Frozen (1kg X 12)  
                    Cooked Frozen ((5kg X 1) |
| Size             | 40/60 (40-60 pcs/kg)  
                    50/70 (50-70 pcs/kg)  
                    60/80 (60-80 pcs/kg)  
                    70/90 (70 – 90 pcs/kg)  
                    80/100 (80 – 100 pcs/kg)  
                    90/120 (90 -120 pcs/kg)  |
| Remarks          | Frozen at sea by plate freezer  
                    Our technician attend the production  
                    No chemical treatment |
Whole cooked Shrimp

This is a major product form in the coldwater shrimp business…but it has not been produced in Alaska.

For a direct market beam trawler, cooking & freezing smaller shrimp sizes onboard could be vital.

But DEC regs do not allow this under Direct Market Vessel permits – You’d need a full processor permit (Vessels < 5000 lbs/day..........................$795)

Royal Greenland A/S
If You Decide to Direct Market You Enter a Regulatory Maze

First we’ll look at Alaska agencies that regulate your activities

Then at Federal agencies you’ll have to deal with.
Materials available from MAP
UofA Seagrant Marine Advisory Program

Responding to demand from Alaska fishermen, MAP has done a lot of work on direct marketing over the years...here’s a great free tool

Fishermen's Direct Marketing Manual
Editor: Terry Johnson
Pub. no.: MAB-53
Year: 2007, 4th edition
No. pages: 96
Price: Single copies free; also available at Sea Grant and MAP offices
http://seagrant.uaf.edu/bookstore/pubs/MAB-53.html
Alaska Department of Revenue

DOR – wants to **tax** your catch

Issues: “Direct Marketing Fisheries Business License”

Determines: Tax basis of your catch (grounds price)

Collects: Fisheries Business Tax (aka FBT or “raw fish tax”)
Alaska Department of Fish & Game

ADF&G is responsible for **counting** the catch

Requires: “*Intent to Operate*” form & Completion of Fish Tickets

Direct marketing classes relevant to shrimpers

- Catcher seller
- Catcher processor
- Catcher exporter
Alaska Department of Environmental Conservation

DEC’s Primary responsibility - **food safety**

Issues: “Alaska Seafood Processing Permit” for either

- Direct Marketing Vessel
- Direct Marketing Land-Based

Inspects your operation

Also administers some US FDA requirements that can impact your operations
EPA - monitors pollutant Discharges

You may need a **National Pollutant Discharge Elimination System** (NPDES) permit if you have Direct Marketing Land-based facility that discharges processing waste into a waterway.

*EPA requirements are unlikely to present any hurdles for shrimp / prawn direct marketers*
US Food and Drug Administration

FDA regulates

- labeling requirements
- food additives – chemical dips, etc.
- legal species names - see the Regulatory Fish Encyclopedia, or RFE (no kidding!)
- and other matters

Some items are delegated to DEC…some are not. Check with DEC!
## Legal species names - Aid consumer identification, limit mis-labeling & consumer fraud

<table>
<thead>
<tr>
<th>Scientific Name</th>
<th>Acceptable Market Name</th>
<th>Scientific Common Name</th>
<th>Vernacular Name</th>
<th>Other Common Market Names (not acceptable in US)</th>
</tr>
</thead>
<tbody>
<tr>
<td>P. platyceros</td>
<td>Shrimp</td>
<td>Spot Shrimp</td>
<td>Alaskan Prawn</td>
<td>Spot prawn, botan-ebi</td>
</tr>
<tr>
<td>P. hypsinotus</td>
<td>Shrimp</td>
<td>Coonstripe Shrimp</td>
<td>none listed</td>
<td>King prawn, botan-ebi</td>
</tr>
<tr>
<td>Pandalopsis dispar</td>
<td>Shrimp</td>
<td>Sidestripe Shrimp</td>
<td>Red Shrimp</td>
<td>Giant Shrimp, shima-ebi</td>
</tr>
<tr>
<td>P. borealis</td>
<td>Shrimp or Pink Shrimp</td>
<td>Northern Shrimp</td>
<td>Deep Water Prawn</td>
<td>Northern prawn, Ocean prawn, ama-ebi</td>
</tr>
<tr>
<td>P. goniurus</td>
<td>Shrimp</td>
<td>Humpy shrimp</td>
<td>none listed</td>
<td></td>
</tr>
</tbody>
</table>
Types of Alaska Licensed Direct Market Operations

Catcher/Seller

Direct Marketing Fisheries Business
- Direct Marketing Vessel
- Direct Marketing Land-Based
- Catcher Exporter

Custom Processor
Catcher / Seller

The most basic direct marketing option...

permits required:
- Valid CFEC limited entry or interim use permit
- *Catcher / Seller permit* issued by ADF&G (no cost)

limited to:
- Selling your own *unprocessed* catch directly off your boat at dockside; or
- To restaurants, & markets with a *DEC exemption*;
What does “unprocessed” mean?

For shrimpers “unprocessed” means whole or headed raw shrimp… and live shrimp.

You can decapitate shrimp to avoid decomposition. But, if you do anything else - cooking, peeling, freezing (even whole) or packaging your catch - you are processing.
What’s a DEC exemption?

You can sell your catch directly to a local retail market or restaurant, if they have a written processing exemption from ADEC allowing the them to buy up to 500 pounds of raw seafood from a fisherman weekly

*It is your responsibility to determine if they have the proper waiver. Call DEC at (907) 269-7637 to find out if the store or restaurant you want to sell to has a waiver.*
Catcher/Seller
Best Practices

✓ Keep your operation neat, clean & sanitary
  Don’t put shrimp directly on ice or in slush – keep them in buckets or Baskets surrounded by ice to avoid color loss
✓ Keep shrimp chilled, covered & away from contamination – insulated totes with plenty of ice are your best bet.

✓ ☓ Never use harbor water for rinsing product or for keeping live shrimp
✓ Provide good bags or other means for customers to carry their shrimp
✓ Have money to make change

FOLLOW ALL THEM GUMMINT RULES !!
Direct Market Fisheries Business

More options...
More complexity

If you sell “un-processed” fish in general commerce, or process your catch in any way... you must be properly licensed and permitted by the State of Alaska.
Direct Market Fisheries Business - Permits Required

Limited Entry or Interim Use Permit…plus:

“Direct Marketing Fisheries Business License” - Department of Revenue ($25.00) and

“Intent to Operate” on file - ADF&G (no cost) and

“Alaska Seafood Processing Permit” from DEC…either: Direct Marketing Vessel - $325; or Direct Marketing Land-based - $200
What is a “Direct Marketing Vessel”

DEC defines a Direct Marketing Vessel as

- Less than 65’ LOA, &
- Processes only its own catch onboard

Essentially this means you are a small catcher / processor or, if a beam trawler, a “mini factory trawler”
And “Direct Market Land-based” Facilities?

Option for direct marketers to process only their own catch onshore…

Does not allow cooking, canning or smoking
DEC Direct Marketing
Regulatory Requirements

HACCP - *Hazards And Critical Control Points* plan

SSOP – *Sanitation Standards Operating Procedure*

DEC On-Site Inspection.
Materials available from MAP
UofA Seagrant Marine Advisory Program

A DEC inspection can be a bit intimidating ... particularly the first time. MAP prepared this simple guide to make it a bit easier

Tips for Direct Marketers: The Onboard DEC Inspection
Author: Torie Baker
Pub. no.: ASG-45
Year: 2006
No. pages: 6
Price: Single copies free, multiple copies $0.30 US each
What is HACCP?

A plan to manage hazards in your food operation

- Bacterial, viral & fungal pathogens
- Physical contaminants, like hair & metal
- Toxic material & chemicals

Helps you understand & manage product flow
What is HACCP?

If hazards are identified your HACCP Plan sets

- Critical limits
- Monitoring procedures
- Corrective actions
- Record Keeping
- Verification
What is SSOP? - 8 Key Points of Sanitation Standards Operating Procedure

1. Sanitary processing water
2. Cleanable contact surfaces
3. Stop cross contamination
4. Hand wash & toilet facilities
5. Protect food, packaging & contact surfaces from contamination
6. Careful storage & use of toxic compounds
7. Employee health
8. No pets on the boat
Tips for Direct Market Facilities

- Read & understand regulations
- Regulations are "minimums" – exceed them
- Space – as much as you can afford
- Surfaces - non-porous, stainless metals, food grade plastics
Tips for Direct Market Facilities

- Design for easy cleaning & sanitizing
- Brighter is better & safer
- Assure safe water supply
- High personnel hygiene standards
So what’s a Catcher / Exporter?

An ADF&G designation for catching & exporting your own seafood.

No exemption from DEC requirements. Direct Marketing Vessel or Direct Marketing Land-based permit required even if fish is technically “unprocessed”

Only likely use for shrimpers is live product
Custom Processing

Can ease your workload as a Direct Marketer… but if you retain ownership, you’ll still need a Fisheries Business License & Intent to Operate

There’s an easier way… Sell product to your processor / Buy back only what you need for your customers / Processor covers permit requirements.

You concentrate on fishing & marketing
Direct Market
Business License Applications

- ADF&G and DOR requirements are on a joint form titled:
  “Alaska Fisheries Business License Application and Intent to Operate”
  Available at:

  Department of Revenue – Tax Division
  Fisheries Business License
  PO Box 110420
  Juneau, AK 99811-0420
  Ph. (907) 465-2320
  www.tax.state.ak.us/fish

  Department of Fish & Game
  PO Box 115526
  Juneau, AK 99811-5526
  Ph. (907) 465-6131
  www.cf.adfg.state.ak.us
Direct Market Business License Applications

- DEC requirements are no longer on a joint form with ADF&G and DOR
- You must complete the DEC “Alaska Seafood Processor’s Permit Application”

Available at:

Department of Environmental Conservation
Seafood Permits
555 Cordova St., 5th Floor
Anchorage, AK 99501
Ph. (907) 269-7637 or 7638
www.dec.state.ak.us/eh/fss/seafood/applicationspermits.htm
Some final notes about branding ...
either as an
individual, or
group / cooperative

Simply put, a brand helps you sell product
It professionalizes your operation…
Let’s customers identify with you &
appreciate where their seafood comes from
Developing a Market Niche

...local Juneau spot prawnner

Same product he produced before in a plain white box, but...

after developing his “Primo Prawns” label Ian Fisk saw interest in his shrimp pick up

Local stores selling his product reported much brisker sales
Developing a Market Niche
Fogo Island Cooperative, Nfld.

Remote Fogo Island, Newfoundland developed their own shrimp brand, which helps support their small cooperatively owned processing plant & maintain jobs in their community.

They “put themselves on the map” by branding their community & product, and direct marketing instead of going through “major” processors.
Materials available from MAP
UofA Seagrant Marine Advisory Program

Additional MAP publications

**Calculating Profitability for a Direct Marketing Operation**
Author: Glenn Haight
Pub. no.: ASG-47 / Year: 2010 / No. pages: 12
Price: Single copies free, multiple copies $0.30 US each
http://seagrant.uaf.edu/bookstore/pubs/ASG-47.html

**Tips for Direct Marketers: Working with a Broker or Trader**
Authors: Sunny Rice, Quentin Fong, and Glenn Haight
Pub. no.: ASG-49 / Year: 2010 / No. pages: 4
Price: Single copies free, multiple copies $0.30 US each
http://seagrant.uaf.edu/bookstore/pubs/ASG-49.htm

**Tracking Your Money: A Quick Guide for Alaska’s Skiff Fisherman and Catcher-Seller**
Authors: Glenn Haight and Jerry Liboff
Pub. no.: ASG-50 / Year: 2010 / No. pages: 2
Price: Single copies free, multiple copies $0.30 US each
http://seagrant.uaf.edu/bookstore/pubs/ASG-50.html