

Can this packaging turn your money-losing seafood counter into a cash machine?

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By Phil Gibson

It's time for the US seafood industry to embrace packaging technology that extends shelf life, reduces shrink, and improves sales for retailers. With the ever-increasing costs of doing business at retail, it becomes harder and harder to justify the expense of a full-service seafood counter. Counters that produce less than \$5,000 per week in sales simply can't be profitable. Let's look at the numbers to see why:

- \$5,000/week = about \$715/day (assuming all days are equal in sales)
- Assume the average profit rate is 35% after accounting for ad specials, this leaves \$250/day in gross profit.
- The average labor cost for a union shop is about \$15/hour, or \$120/day for a one-person 8-hour/day. Now the profit is down to \$130.
- The average shrink is about 10%, or \$71 (this is being generous – most low volume counters have higher shrink rates). Now the profit is down to \$59.
- Supplies, the cost of ice, equipment maintenance, utilities, etc. are another 10%, or \$71. So now the counter is in the red \$12/day or \$84/week. Hard to justify!



Could OTR packaging be the cure for ailing supermarket seafood departments?

So what's an alternative? How about a fully stocked self-service counter with products that have an average shelf life of 7 to 10 days; that are sealed so there is no purging that requires re-wrapping and shrink loss; that is centrally processed and packaged so product quality is assured; that come into the store frozen so there's no sitting in the back room cooler dripping more purge; that are easy to display so the department personnel don't have an excuse not to keep the counter stocked; and that are attractive and easy for the consumer to handle? This packaging technology is in wide use in the European Union and should be so in the United States.

The technology is called 10K OTR vacuum film and it can be used as a bag or sheets of film that are applied to trays or to backing boards. The OTR stands for Oxygen Transmission Rate and the 10K means the product "breathes" at the rate of 10,000 cubic centimeters per square meter in 24 hours. It accomplishes this by having microscopic holes in the film that allow oxygen molecules to pass through without allowing much larger water molecules to escape. The result is a tight vacuum seal that is attractive and easy to handle. It's also FDA approved for refrigerated vacuum-packed seafood. Some seafood suppliers are offering products using the OTR packaging.

This technology allows the retailer to carry a variety of products and place only as much as is expected to sell in two to three days on display at a time. The product arrives frozen and is placed in the refrigerated display case directly, where it will thaw in approximately 2 hours. It can be either a net-weight package or a scalable random-weight package, at the retailer's discretion. There is no purge, so there is no need to cull and re-wrap the case. There's no mess in the case from dripping packages. There are no cross-contamination issues with different types of seafood. There are no food safety issues from histamines and other toxins. In short, there's no reason not to embrace the technology.

Over 25 years ago the poultry industry converted from shipping bulk chickens and parts to cutting and packaging at the plant before shipping to the retailer. Since all the retail department personnel had to do was display the packages of chicken, sales instantly improved. Counter space expanded to accommodate the varieties, and the industry never looked back. It's time the seafood industry followed suit and embraced this technology. Retailers need the industry's help, and we all need better execution at retail to escape the sales stagnation that is plaguing our business.



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