Arctic Development

A Strategic Review Of Fish In The Food Service Market In The Usa
Type of Study: Marketing & Trade Fisheries, Fish Marketing Agencies
Date of Report: 1991
Author: Canada-ind Sci & Tech (dist)
Catalogue Number: 3-21-78

WATTENMAKER ADVERTISING ▫ 333 HANNA BUILDING • 1422 EUCLID AVENUE, CLEVELAND, OHIO 44115-1901 ▫ 216-781-6400

Some reflections following the current Canadian focus group research study

- some questions remaining

- some follow-up research and testing needed

- some action steps recommended

*A **STRATEGIC** REVIEW OF FISH IN FOODSERVICE **IN** THE U.S.A.*

*Attitudes, Perceptions and Behavior Toward Frozen Cod and Other Species and Country of Origin Among Restaurant Operators and **Consumers***

A Study Conducted For
The Canadian Fishing Industry

by

The Brand Consulting Group
and
Wattenmaker Advertising

March, 1991

WATTENMAKER ADVERTISING □ 333 HANNA BUILDING □ 1422 EUCLID AVENUE, CLEVELAND, OHIO 44115-190! □ 216-781-6400

Some reflections following the current
Canadian focus group research study

- some questions renuu”ning

*- some **follow-up** research and testing needed*

- some action steps recommended

PRIMARY FINDINGS

1. COD CARRIES "NEGATIVE BAGGAGE" THAT MOST SPECIES DO NOT - for operators

"Most" **foodservice operators (away from the fastfood segment) do not want to deal with the baggage that they believe Cod carries. This comes from a variety of factors, some real, some perceived - all valid for those who** hold them: Cod is McDonald's, Cod is old-hat, Cod has a bad image, my customers wouldn't order Cod, Cod doesn't grill.

2. CONSUMERS APPEAR TO BE SUSCEPTIBLE TO "BEING SOLD" ON COD

We learned (again) that people like Cod when they eat it, are pleasantly surprised by both its appearance and taste - and are responsive to a story about the joys of Cod. This surprise at its good looks and good taste holds true **for most operators as well.**

3. **FISH** IN GENERAL MAYHAVEPEAKEDINFOODSERVICE

Fish no longer seems as new or profitable or exciting to operators as it did a few years ago. Some of this is simply that fish has been on a winning streak for so long, some probably due to pricing, some due to the excitement in newer new products - **notably** chicken and pasta.

4. THEPRYERHASALSOPEAKED

It isn't- going away, but the slow shift of the low **end** of **the market from the** fryer to broiied/grilled/baked preparations continues to erode the biggest historic market for Cod. It is accented by current headlines on cholesterol-watching for kids and America's continuing health concerns.

5. THE COMPETITION IS MORE FEROCIOUS TODAY

This comes from other species (primarily salmon and catfish), but also a string of others that are newer, more exciting than Cod - and "not priced that much higher".

It also comes from U.S. consumers being told to limit their protein intake to 6-8 ounces a day - and most recently 3-4 ounces. And it comes from chicken and pasta - as well as pork and beef (which are "more ok" eaten out than at home).

6. FROZEN HAS G- **SOME** RESPECTABILITY

There appears to be a significant shift in consumer attitudes towards frozen as a concept over the past few years. Both consumers and operators play back "can be fresher than fresh" - though most of this is tied to their interest in frozen at sea.

Our taste tests confirmed again that good frozen Cod is acceptable from a taste standpoint.

7. COUNTRY OF ORIGIN IS LESS IMPORTANT

This is complex and deserves more study, but the "Icelandic" image among operators is not as strong as we had believed, once we move away from the fastfood segment.

Consumers have practically zero preference in one country of origin over another, though they do like the geographic references. Canadian Cod seems to carry no strong negatives (or strong positives) for operators or consumers. "Icy pure waters of the North Atlantic" continues to sound good to operators and consumers.

8. RECIPE'D FISH (AS OPPOSED TO SIMPLE GRILL/BROIL) OFFERS POTENTIAL

There appears to be consumer interest in recipe'd fish - probably for the most part at this time operator prepared, but there is not much existing operator interest except in non-commercial. Most operators are not tuned to the potential here. We believe this represents a special opportunity for frozen Cod.

9. E'ISHPACKS . . .

We were surprised at the lack of passion we found among operators on the packs we presented. This deserves more exploration, particularly with the complaints we heard about portioning problems.

10. THE CRITICAL QUESTIONS . . .

Assuming consumers will order and like Cod, how do we get the message to them?

How do we convince operators that consumers will order and like Cod?

And, most important, how do we convince operators that it's in their interest to "sell Cod" to their customers.

The same holds true for frozen, with consumers more sophisticated than operators perceive them to be - but neither group liking the idea of giving up "fresh fish", and operators strongly believing in the power of merchandising "fresh fish" as part of their image.

IT IS **IMPORTANT** TO NOTE THAT THESE 'CONCLUSIONS' ARE BASED ON T**ALKING** WITH **APPROXIMATELY 30** CONSUMERS AND 40 RESTAURANT OPERATORS - andshould not be projected to represent the universe without field confirmation and further research.

A note on "COD/SCROD". Generally in the U.S., Scrod has much more appeal to both consumers and operators. Historically, Scrod was "baby Haddock", but today Scrod is Cod in the U.S. on most menus. Most operators and consumers are a bit confused, and are quite content to order Scrod without knowing about Cod. Scrod helps get over **some** of the negative Cod baggage.

Some recommendations for **follow-up study . . .**

1. EXPLORE THE COD/SCROD NAME
   additional research should try to pinpoint the **positives/negatives** of Cod/Scrod (separately), where they come from, what might counter them, , - and, most **importantly,** what is the GEOGRAPHY/AGE/INCOME skew of these consumer perceptions

2. **CHECK OUT "COUNTRY OF** ORIGIN"
   ditto here, for both operators and consumers - to make sure we understand Canada vs. Iceland vs. Scandinavia vs. U.S. vs. North Atlantic vs. "anywhere"

3. **MENU** PRICING
   run simple tests to determine whether, in fact, Cod will command the same menu price as Salmon or Orange Roughy or Catfish - with/without "selling words" - what is the Cod profit story for operators

   dig into operator views of fish cost in relation to this - how important are small/large variations in foodcosts

4. CREATE COD TEST MARKETING PROGRAMS WITH SELECTED OPERATORS
   explore waitstaff/consumer acceptance . . . test preparations . . . **test** menuing . . . test POS . . . test Cod against other species for incidence of ordering and reaction to taste . . . this could include a small test market with limited consumer advertising . . . investigate the one critical advantage Cod has: people like it when they eat it when it's prepared properly

5. EXPAND KNOWLEDGE OF OPERATOR REACTION TO PACKS
   portioned vs. not, shatter vs. cello 5 vs. premium . . . and "value added" - look at cello 5s, in particular, in relation to the future

6. RE-EVALUATE FOODSERVICE MARKET SEGMENTS
   traditional breakouts have less meaning today - with "fryer segments" less important, it is necessary to determine where are the best niche opportunities (for frozen Canadian Cod)

   the focus should be on current frozen users and those "about to move" to frozen

7. **EXPLORE** THE POSSIBILITIES IN RECIPE'D COD PRESENTATIONS
   build on the findings that 40-50% of the consumers said they'd order Pan-Bake (vs. plain) - test this - and test fish/pasta-bilities, taking advantage of the broad support being given to pasta

8. RUN TEST MARKETING PROGRAMS ON OCEAN PERCH
   with selected operators to see if this has profitable potential

Three specific programs offer a plan to deal with these issues . . .

1. FOCUS GROUPS in 2 more test markets - to test the findings, and get a better sense of the geography of our findings and to see if additional ' ideas come out of additional-areas (probably Southwest and West Coast)

2. **MALL TASTE/MENU** TESTS- to refine and create predictable data on the geography and market segmentation of key findings

3. most important:

   TEST MARKET CANADIAN COD IN OPERATIONS, checking ideas and assumptions with selected restaurant operators in an evolving program over a 6-month period

   this is not simple, but it offers the only effective way to pinpoint specific possibilities for understanding the market and collect facts and figures which can then be merchandised effectively to **foodservice** operators

A few conclusions seem obvious and lead to one action Plan . . .

a. **For all the reasons noted, COD'S POSITION ON** U.S. MENUS IS IN SOME PERIL. , **Competitive salmon pricing, availability of other species, Cod's inconsistent availability, no-growth forecast for fish in general, and Cod's "negative baggage" all play a part in this.**

b. The shrinking fryer market, the projected increase in TACS over the next few years, and the stronger U.S. dollar suggest modest to significantly GREATER COD SUPPLY THAN DEMAND. That suggests a sizeable problem.

c. Consumers can probablybe induced to order Cod/Scrod, but it is unlikely " that the industry can fund a major U.S. consumer advertising program.

d. That leaves one viable option:

A STRONG FOODSERVICE TRADE MARKETING PROGRAM
TXAT 'CONVINCES' OPERATORS THAT THEIR CUSTOMERS WILL ORDER/LIKE/
COME-BACK-FOR-MORE COD/SCROD and
THAT IT IS IN THEIR BEST INTERXSTS TO PUSM COD/SCROD.

This must be based on the reality of a discovery/proof program outlined on the previous pages.

The funding to create this trade marketing program is certainly affordable, if not easily obtainable.

This raises basic issues - who funds the program, how does this affect NASA, what are the advantages/disadvantages of cooperation between major Canadian companies, between Canada and other North Atlantic producers. We believe the issues must be faced, if Canadian Cod is to have a profitable and secure future. The timing is now, considering the size of the threat and the value of the resource - and the time it takes to move markets.

Can this be done by individual companies working separately? They must spend their dollars selling their own brands and products. That does not expand the market. Cooperative effort is the cost-effective way to expand the market.

TABLE OF CONTENTS

INTRODUCTION 1

METHODOLOGY ... ... * ............................*..*.*"*""""""""""*"" 2

MANAGEMENT OVERVIEW REPORT

Food Service Operators ...*,.. 10

Consumers 14

General 16

Canada 18

Some Summary Thoughts 19

SUMMARY OF FINDINGS

General - Restaurant Operators 23

Country of Origin 26

Restaurant Operator Reactions to Various Frozen Cod Forms 29

Reactions to the Taste Test 34

Selling Frozen Cod 38

New Menu Items 41

Context of Cod in the Market for Fish 44

General - Consumers 47

Consumer Fish Eating Behavior 51

Consumers on Preparation 57

The Fish Eating Test 60

APPENDIX A

APPENDIX B

INTRODUCTION

The research reported upon in these pages is built on a series of studies about seafood and the U.S. consumer and U.S. foodservice operators which started in 1977.

During this fourteen-year period there have been significant changes on the part of both foodservice operators and consumers in terms of attitude, perceptions and behavior. The most significant factor has been the dramatic increase in interest in healthful eating, due to increasing concern with the intake of fat, cholesterol and calories and their effects upon well being. In terms of main dish eating, this has translated itself into a reduction in the consumption of meats (beef dishes particularly) - and a substantial increase in the consumption of poultry and fish.

While seafood consumption has risen impressively in percent, chicken has been the big winner. Chicken consumption today equals beef, almost doubling over the past several years. Turkey consumption today is equal to all seafood. Also, the beef industry's multi-million dollar "lean" campaign has combined with the fact that most people really like beef to start moving beef sales up again.

The present study confirms some important changes in consumer attitudes. There is far more interest in fish, There is little question that the "health kick" and all the attendant publicity prompted most people to think more about fish. But they have discovered that they actually like fish - both its taste and the fact that it is "lighter."

The study also confirms that in many ways "seafood has peaked." Nothing goes up forever, and seafood is no longer the "news" that it was for most of the 80's.

Some other eating and foodservice industry trends play a role here. People are being constantly urged to eat less protein - and so portion sizes seem to be shrinking. Even a slight decrease affects seafood sales. Food costs - for both operators and consumers - are much more front-of-mind today. This accounts for part of the chicken phenomenon and the explosion of interest in pasta. And, finally, both operators and consumers are looking more for variety. And while this can easily be overstated, it does limit the possibilities for one species of fish to "own a menu" or a consumer's mind.

This study explores current attitudes, perceptions and behavior vis-a-vis, fish in general -- Cod more specifically, and, most specifically frozen Cod. Is the market still a state of flux - or, has equilibrium set in? Has there been any change in how restaurant operations of different classes and types behave toward the fish market - especially

those elements of **it** of interest to the sponsor of this project. What ' about attitudes towards frozen fish? What about attitudes towards fish with different countries of origin identification - "Icelandic, North Sea, Canadian?

Commercial markets probably change in a relatively slower fashion but consumer markets change somewhat faster. What has happened to the consumer market in the two years or so **since** it was last investigated?

This study has been financed by CANADA, and one of our key goals was to discover whether there were feasible strategies available to the Canadian fishing industry or government that might move more Eastern Canadian groundfish product more profitably. Because Cod makes up by far the largest portion of these Canadian groundfish exports to the Us., we focused primarily on Cod.

The reader should be reminded that the results of a study conducted in only three cities with seven groups cannot be reliably projected to a national scope. On the positive side, however, there was remarkable consistency between groups and cities/ on most issues. This is usually evidence enough to suspect a broadened sample would have produced similar results.

METHODOLOGY

The questions posed as objectives of this study represent a challenge of deep understanding - more of attitudes which are deep-seated in people and less in terms of behavior which is readily observed in the marketplace. The ideal mechanism for conducting research of this kind is that of the intensive depth group technique as it is practiced by The Brand Consulting Group.

The intensive depth group interview is a proven research technique based upon the psychiatric group therapy technique. It involves approximately ten people more or less sitting and talking with a highly trained moderator. One of the major features of the group interview is its challenge and response character. The moderator almost always assumes that the first response to a question is not the real answer. A challenge to that response forces the individual to prove the statement. This atmosphere affects the other members of the group and they begin to challenge each others' statements as well. The respondent who is "on the spot" wants desperately to defend the expounded point of view. In so doing, the challenged party must dig deeply into the psyche for the real answers. The process is repeated with every panel member. A group consensus of "truth" finally e"merges from such a dialogue. It is not at all uncommon to have panelists tell the moderator at the conclusion of the group that they understand themselves better than they did before the discussion.

Most importantly, during the group session the moderator is himself stimulated by what people say. Because he is an experienced, creative person, he continually develops hypotheses to explain the behavior patterns he is discovering. The very nature of the discussion, that is its flexibility, allows him to test these hypotheses immediately within the group.

The group interview is quite different from the individual interview. An individual interview only has meaning when it is averaged in as part of a much larger sample. In contrast, the intensive depth group interview session is a total study unto itself. It has its own personality, attitudes and emotions. At the conclusion of any group, the moderator should be in a position to write a full report designed to meet the objectives of the study.

For this study, seven such groups were executed. These included:

- One restaurant operator's group and one consumer group, conducted in Philadelphia, Pennsylvania on Thursday, February 28, 1991.
- One restaurant operator's group and one consumer group, conducted in Atlanta, Georgia on Wednesday, March 6, 1991.

- Two restaurant operators' groups and one consumer group, conducted in Chicago, Illinois on Thursday, March 7, 1991.

The restaurant operators' groups were designed to include a few upscale restaurants (including upscale "seafood only" restaurants), a few non-commercial establishments (industry, college, university, hospital) and a number of restaurant independents ranging from "better" to less formal family restaurants with a wide range of price point characteristics and operating philosophy.

All restaurant operator groups were conducted among restaurants which serve finfish (at least fifteen to twenty percent of their revenue), From one-half to two-thirds of each group served frozen fish (as a sample from which it could be learned what the major factors were that motivated usage). Somewhat over a third did not **use** frozen fish (as a sample from which to learn in depth what their arguments against frozen fish were and as a group against w-hich different new arguments could be tested.) Respondents included owners, head chefs and managers.

The consumer groups were composed of people who ate in restaurants with some degree of frequency and who generally visited a wide range of different kinds of restaurants. Anybody in the screening processes who indicated they did not like fish and seldom or never ate it, was not included in the sample (under 15%). Respondents included both sexes, a wide range of age and a selection of people from among the wide range of the middle class socio-economic part of our society.

Although the nature of a group study of this kind is relatively informal, its character is tightly controlled by a scenario called the “group protocol”. A separate, initial protocol design was used for both the operator and consumer Pennsylvania groups. Based upon the insights drawn from those groups, a second, more refined version of each was created for the remaining five groups. Copies of the refined versions are contained in Appendix A.

Several interviewing aids were utilized during the course of the study. These include a finfish species list, a specially contrived seafood menu, and several photographs of frozen Cod prepared as main dishes. Copies of all these aids are shown in Appendix B. Most importantly, actual fish was served and displayed during the course of the groups. In the restaurant operator groups several different samples were also shown of the following frozen Cod fish packages and products: CELLO 5s, shatterpack, and premium-pack Cod.

All respondents were given prepared fish for consumption. Usually each respondent was given a sample plate including small servings of:

- Cod
- Orange Roughy
- Ocean Perch (not served in Philadelphia)
- Catfish
- Norwegian Salmon.

In most groups, plates of different sized versions of premium Cod fillets were shown. In the Chicago groups, each respondent was also given a plate including cooked portions of frozen Cod and fresh Cod for comparison.

In all cases, the fish was prepared quite simply: The fish was placed in a pan with about a quarter-of-an-inch of white wine. A small amount of melted butter and lemon juice was placed upon the fish and the products baked approximately 10 minutes in a 450 degree oven.

All groups were audio tape recorded and in Chicago, one restaurant operators' group and the consumer group were video tape recorded as well. Copies of these tapes are available.

This study was jointly designed by The Brand Consulting Group and Wattenmaker Advertising. The groups were executed, and this report prepared, by a principal of The Brand Consulting Group.

What follows are the findings of this research program.

MANAGEMENT OVERVIEW REPORT

Food Service Operators

Basically, two major issues were examined.

- Attitudes toward Cod (as the primary Canadian North Atlantic species) and predisposition to use it
- Attitudes toward frozen fish and predisposition to use it

Relatively few restaurateurs view Cod as a “high image” finfish. Some more sophisticated operators realize that Cod can be presented in a very desirable gourmet oriented fashion. Few operators studied serve Cod in anything but a rather plain, unadorned fashion and, of course, the lowest level operators serve it virtually exclusively in breaded and fried versions.

Most better mid-scale restaurants basically do not serve Cod because they do not believe their customers want it. “I have never heard a customer ask for Cod.”

Few operators are willing to buck what they consider to be customer apathy or negativism toward Cod in order to serve it. They perceive that there are many other fish with good images, that taste better - <u>and are more acceptable to consumers</u>.

Non-commercial operators serve Cod because of its convenience and, perhaps because the eating audience is captive and less demanding.

Interestingly, all operators studied - from the least sophisticated to the most sophisticated - perceive that Cod has an image problem. None of them are about to take any heroic action to overcome this image problem. "It's not my job to educate my customers. I've got plenty of other good fish to serve them."

With all these negatives, there are few positives to make Cod appealing to operators. It is not a particularly inexpensive fish today. Operators say its cost is on a par with other species that are more positively perceived (its "slightly lower cost" does not seem to be a motivating factor).

Most operators had no clear-cut idea of Cod price, and so were not traumatized by today's price levels. Most indicated paying a lower price than what we were told is current market level. The "high cost" of Cod today vs. historic levels does not appear to be a major reason for mid-scale/upscale operators not using it.

Few operators see any advantages to them (or the consumer) in using Cod. Most operators do not think that their customers think Cod is a good or desirable product. (This is an incorrect assumption in regard to most consumers - but perception is reality in marketing.) The' operators said very succinctly: "Give me a reason to use Cod, You certainly haven't to date."

Most operators are fully aware that "frozen" as a concept for fish is "not as bad" as they had previously felt it was. Many believe substantial improvements have been made in the process. They all know about "frozen at sea" - and that's what "fresh frozen" means to most. Furthermore, many operators appear fully aware that they can make up frozen fish dishes that will be completely accepted by their customers. Many already do so with Orange Roughy, and certainly with shrimp. They still believe, however, that customers perceive frozen fish to be "second class" . (Here again, customer attitudes appear to be more enlightened than operators give credit for) They do not want to be put in a position of extolling the "virtues" of frozen fish - or more importantly of defending their use of it. This attitude extends to many family restaurants. Thus, many restaurants (even down to low price level) pride themselves on being able to say "We serve only fresh fish." (Although restaurateurs say it is not their job to educate or train consumers, in effect they are truly doing so by making this "fresh" statement. The customer who reads "fresh" on a menu begins to believe that this is probably the only good kind of fish there is!)

Again, as in the concept of Cod, it is mostly those non-commercial operators with captive audiences who use frozen fish without concern.

Restaurateurs were told that in blind tests most consumer respondents judge plain frozen Cod to be as good or even better than many other desirable species (fresh or frozen) . . .Isn't that sufficient reason to serve frozen Cod? Nobody doubted these findings, but most indicated their belief that since they could make customers happy with fresh fish - and without the danger of having to "explain away" their use of frozen - why should they push frozen (Cod)? Thiswasnottrue of the popular-price operators who were using frozen Cod, of course.

When it comes to Canada and country of origin in general, most operators have no strong feelings. Their concern is their local distributors whom they (mostly) trust. Canadian fish has no strong negatives - but also no positives. Operators don't know - or care - where most fish comes from.

Consumers

Consumer attitudes toward fish and toward frozen fish have clearly changed within the last five to ten years. The "violent", negative attitudes toward frozen fish of several years ago have softened in all cases - an amazing turnaround for most consumers -- in spite of the fact that most say they prefer fresh fish. Most indicated they were okay with a restaurant serving them frozen fish -- "as long as it tastes good." They trust the restaurant. This is a significant shift. However, they also said, "Don't tell us about it if you use frozen!" They would accept honesty in response to their query, but the "Is it fresh?" question has to do with quality, not frozen/unfrozen. Most consumers today, as most operators, are aware that frozen is often "fresher than fresh".

A keypoint: They view frozen fish more positively than most frozen food.

Consumer attitudes towards Cod were more apathetic than negative, but certainly more positive than operator attitudes. There is some geography in this, and Philadelphia and Chicago were more positive about Cod/Scrod than Atlanta - but Cod is not fish of choice for most consumers.

When Cod is identified as Scrod, its image improves rather dramatically, among virtually all respondents. This unfortunately is proof of the inherently bad image of Cod - and the wide choices in fish today available to the consumer. Most of these species (including Catfish/Salmon/Orange Roughy, plus the more exotic Tuna/Mahi-Mahi/Swordfish) are “newer” and promise more reward.

In taste tests Cod does as well or better than other desirable species.

Frozen Cod is perceived to have a somewhat different tactile character than fresh Cod but essentially is liked just about the same.

Restaurateurs appear to be right. There seemed little evidence that consumers would specifically ask for Cod in a restaurant. Some might ask for Scrod.

Consumers, of course, were even less interested in the question of country of origin for fish than operators.

General

This study, as many others before, indicates that with just slightly more aggressive marketing by restaurant operators, consumers would order Cod (or Scrod) -- even frozen. Tests snow that "selling" copy associated with Cod in a menu entry causes very positive expectations and predispositions. This kind of writing associated with "daily specials" would unquestionably generate positive consumer reaction. Operators agree - but then say, "Why should I do it?" "Give me a reason to use Cod."

Cod, unfortunately, carries baggage that most species do not.

1) Operators say firmly that they don't want to serve the fish McDonald's and other fastfooders serve. The fact that this isn't a problem (because few consumers know McDonald's serves Cod) doesn't solve the problem.

2) Cod also suffers to some extent from the old cod-liver-oil and salt-cod days. But most important from the operator standpoint, and to only slightly less an extent for consumers, Cod has been around and is no longer new or exciting. .

There are complicating issues here.

1) The importance of "daily specials" in almost very operation - usually accounting for 50+% of 'ales' These daily specials need to be varied, often take into account special purchases - and few species make it every day. Getting Cod on the menu no longer counts for as much as it once did.

2) Operators and consumers are basking in the greatly increased availability of a wide variety of fish species. Both groups are looking for variety to some extent, and they have it available. These other (newer) species have more glamour than Cod, which has been around forever.

3) Waitstaff acceptance of new items is critical. 'Peratórs again perceive waitstaff reaction to Cod would be negative.

4) Food costs are pushing operators to lower menu prices, offer more "value" . Seafood overall is suffering from this" Fish is no longer perceived by operators to be a high-profit opportunity. It appears that the expansion of fish slots on menus has probably peaked, is in danger of moving the other way.

Canada

We explored country of origin. Most operators - with a few exceptions who were totally pro-Iceland - didn't know or care where the fish came from. They dealt with local distributors.

Canada has a reservoir of good feelings in the groups we talked to, but this doesn't extend to fish, and "Canadian fish" in itself doesn't have high appeal. Consumers were even more unaware and unconcerned about where fish comes from - though the glamour of "icy pure waters" and "North Atlantic" has appeal. "Canadian fish" does not appear to have negatives - but no positives either.

The issue of CELLO 5s versus premium/portion control Cod deserves more investigation. . There is no question. All operators (except those with skilled chefs) say portioning fish is a problem. That said, we did not get strong resentment against the CELLO 5s -- though everything indicated the pack is an anachronism except where sliced for the fryer.

Some Summary Thoughts

1. Images are created over many years and are often deep-seated. "Quick fixes" do not change images. Even the best and most impactful marketing activities can only slowly chip away at images.

2. The obvious option of Cod/Scrod advertising to the consuming public is not possible because of financial restraints. (We believe it would work !) The current product-oriented ads by most packers do not appear to be capable of expanding the market.

3. The operators simply say, "You'd better tell us why if you want us to use Cod. Prove to us that customers will accept it."

   That suggests that a long-range program of generic trade advertising that sells Cod (particularly consumer acceptance of Cod) would be helpful.

4. A selective "sampling' "/test marketing program where key restaurants in important markets are provided "free" or "specially priced" Cod (and an introductory program) should be explored.

5. Creative Cod menuing also will certainly build sales. If restaurants do experiment and do "market" Cod/Scrod, many consumers will order -- and will be satisfied. The critical Cod question for the operator remains:
"Why should I?"

CAVEAT

Throughout this report frequent use is made of comments by respondents. In many **cases** these are precisely “verbatim”, In other cases, however, they are “representative” of what one or more respondents may have said on a subject.

SUMMARY OF FINDINGS

General - Restaurant Operators

The Methodology section indicated the wide variety of restaurant types represented in each group. Although extremes in restaurant character were present in each group, most respondents had a rather accurate understanding of the different types of restaurant operations represented. Thus, they could speak intelligently about their own kind of restaurant and could also understand and comment intelligently about the other kinds of restaurants in their group.

The range of main dish menu prices served by these restaurants varied substantially - from $2 - $4 for lunch in non-commercial eating establishments to $20 - $30 in some of the better seafood restaurants. The mid-range was $7 - $15.

There was a difference between lunch and dinner. This is discussed later in the report.

Unequivocally, virtually all respondents believed that the single most profitable food item they sold was pasta. It had the lowest food cost and the greatest percent profit of any kind of food. "If everybody who came into the restaurant ordered pasta, I would be rich!"

Furthermore, there was general agreement that beyond pasta, the single' most profitable kind of main dish was any kind of chicken.

There was one minor difference in perceptions of third place in the profit race. Slightly more people thought fish was more profitable than those who thought meat dishes were more profitable -- a change from a few years ago when almost all named fish over meat.

Most independent family-type restaurants said they tend to buy their fish from only one purveyor. Substantially fewer deal with two purveyors. Generally speaking, operators indicated fairly loyal, long-time relationships with their fish purveyors. Most relied on the purveyor as an excellent source of information, and indicated that certain of their stock menu items as well as specials were there because they had been suggested by the purveyor.

(In a few cases, large fish specialty restaurants indicated working with as many as ten to fifteen purveyors from all over the United States. They do this because they believe that in order to maintain the unique "specialty" image of their restaurant, they must take advantage of anything special, anything different that is available. This, **they** perceive, guarantees them the image of being the "best" fish restaurant resource in town.)

One highly structured restaurant (with a large fish business) holds a' monthly bidding auction for all its supplies - fish, meats, poultry, and non-food items as well! He is willing to change his purveyor of **any class** of product every single month - "In order that I get the best possible deal at all times." This operator claims that since he sets clear cut specifications for product acceptance, he is taking no chance in aggressively pursuing the lowest price. He indicates this process saves him thousands of dollars per year. (He was a lone exception.)

A number of operators indicated they use computers and a desk top publishing package to generate a new menu every day. "This way, whatever happens in the market with pricing or availability can be reflected in my prices instantly."

At about this point in the groups, respondents were informed that the remainder of the group discussion would be oriented toward their purchase and marketing of finfish.

Country of Origin

One of the first questions after that related to country of origin of the fish they served. For example, "You know that some cold water fish come from the North Atlantic. Some come from Iceland, Scandinavia, Canada or the United States. Some fish come from southern waters. Some fish, like Orange Roughy, comes all the way from New Zealand. Does it matter to you where a fish comes from geographically - what country its source is?"

Perhaps surprisingly, nobody indicated a significant preference for one area or another. Most were aware that certain kinds of fish came from certain areas and if one is going to serve them, this fact has to be accepted. In a general sense, there appeared to be no plus or minus predispositions.

The moderator attempted to be more specific. "Well, let's take some of the fish you might find in the North Atlantic, for instance, like Cod or Sole or Perch - or fish like that. You can buy them and see on their package that they are Icelandic fish. Still others might say Canadian. Is there a difference?"

A relatively small percentage of the restaurant operators in all groups indicated that this did not make much difference to them and that any of those areas would probably deliver equivalently good fish. When pressed for a choice by the moderator, however, rather begrudgingly the majority of respondents indicated a slight preference for Icelandic fish and, secondarily, for North Atlantic fish. In virtually every case, Canadian was either mentioned third or was mentioned with the following kind of comment: “If I have to make a choice I would say that I just don't think that the fish like that they would get ,around Canada would probably be as good as the ones they get around Iceland.”

Upon probing, not one respondent could give any reason to justify their preference. “It’s just something I feel - I don’t know why.”

Upon further “coercive” probing some felt that maybe the water might be cleaner and purer around Iceland or the North Atlantic than around Canada. It might be colder and that might make the fish better. “I don’t know why I am saying this and I don’t even like to say it. I like Canada and the Canadians very much. They are a good neighbor and it bothers me that I have just indicated it would be my third choice. But, that’s how I feel.”

The moderator suggested that perhaps brand (or rather name of packer) might be more important to them than country of origin. Brands, however, seemed to play very little role in creating perceptions of the fish purchased. Of course, those fish purchased as fresh are not brand oriented and are more commodity-oriented. Those using packaged frozen fish seemed only minimally aware of (and concerned about) packer name/brand name.

Restaurant Ooerator Reactions to Various Frozen Cod Forms

Respondents were shown several packer variations of CELLO 5s, shatterpack and premium pack Cod. On a purely aesthetic basis, almost everybody identified the premium pack as the most desirable to use. It looked more appetizing. It had a controlled and consistent portion size. “I would not have to assign some chef to cut the fish so that it is all the same portion size.” It was perceived to look better on a plate than either the CELLO 5s variations or the shatterpacks. Yet, having said that, those restaurants who indicated using CELLO 5s did not show any particular interest in changing the format of frozen fish they used. The same was true with regard to the shatterpacks. Although the bulk of frozen fish users were relatively unconcerned .sbout pricing, many felt that, “Pretty as it is, I’m not sure it would necessarily be worth any extra money per pound to buy those premium portioned fillets.”

A number of respondents indicated that their utilization of Cod did not require the more desirable aesthetics of the premium look. Those restaurants which are far more sensitive to plate appearance indicated that they would not use frozen fish any way - so it did not matter which form it came in.

The lack of intense involvement in the discussion of these three types' of packaging is rather interesting. Most restaurant operators of any class of restaurant represented appeared to be very sensitive about "equal-size" portions. The last thing they want is a patron to complain that another customer was getting a larger portion of fish than they. Operations take great pains to ensure consistently-sized portions.

All in all, the observed lack of "intensity" in the discussion of these various Cod formats essentially was a clue to much of the attitude uncovered for frozen Cod. Indeed, in these early stages of discussion, it became obvious that Cod, as a species, was not taken seriously by many of these operators - and especially frozen Cod. What did it matter how it looked when it came in frozen? Cod did not appear to generate highly involved, significant attitudes.

Although the frozen Cod products shown to respondents were of good quality and looked good, the "better" restaurants present showed little interest and seemingly refused to react positively. Inevitably, they would remark that this discussion was irrelevant to them since they only served fresh. "I built my reputation on that and that is what my customers demand."

Interestingly, even many of the family type independent restaurants concurred with this frozen food attitude and a few indicated they only bought frozen Cod either for price or for specialty use. One head chef said, ‘We only buy it for our fish fry every Friday. The customers like our fish fry and that is all we use it for. In fact, that is all we use frozen fish for - our fish fry. My boss would kill me if I tried to use frozen Cod for anything else.”

Throughout the display of these packages and the initial discussions of Cod, virtually no respondent in any operator group played the role of “champion” of Cod - defending its virtues. Nobody indicated any perceived superiority for its taste, nutritional characteristics, or even functional desirability in cooking. Almost any other fish appeared to generate more positive reactions (even Whiting which many like better because it is so much cheaper than Cod!!)

In the restaurant operator groups, various frozen Cod fillets were placed on dishes. Many respondents (especially those who appeared to have more pride in their restaurant image) indicated that the (thick, premium) fillets did not offer enough plate cover. The moderator suggested that filet mignon would give even less plate cover. “Nobody seems to object to that.”

“Yes, but filet mignon is different than frozen Cod.”

Respondents were asked about appropriateness of the various sizes shown . There was rather substantial consistency in the reaction to this question in each of the three cities.

- For luncheon meals, most felt that four ounces would be much too small. It should be at least five ounces, preferably six ounces.

- For dinner meals, almost all believed that eight ounces is the minimum that could be served and some respondents felt that ten ounces or even twelve ounces is required.

- The only respondents who had any positive reaction to four-ounce portions were the non-commercial services. "The kids in our college can come back for seconds or thirds if they want. If we served six or eight ounce portions, they would still come back for seconds and thirds. When we seine four ounce portions and they come back for seconds and thirds, we get away with serving, on the average, about eight ounces. If we served larger portions the average consumption might be as much as twelve or sixteen ounces."

Respondents were probed about their perception of desirability of frozen fish containing "added value", such as pre-breaded fish or pre-sauced fish, or fish that is packaged for the makings for a Pan-Baked entree. There appeared to be relatively little interest towards these concepts - even when some very attractive colored photographs were shown. The higher the image and price point a restaurant represented, the lower its reaction was to value-added enhancements. The lower the image and price point of a restaurant, the more positive the reaction.

Most agreed that the photos showing the aesthetic desirability of "enhanced look" cooked frozen fish is something they could probably create themselves in their own kitchen inexpensively - rather than ordering it prepared.

AS **a** follow-up to "value added", operators in Ch:icago were offered the FPI Sole Elite. The reaction was amazingly positive - both to appearance and taste. Popular price operators indicated they would consider this new (to them) product.

Reactions to the Taste Test

Each respondent was given a dish with either four or five sample products to taste - including Cod, Norwegian Salmon, Orange Roughy, Catfish and Ocean Perch (Ocean Perch was not served in Philadelphia). None of the fish was particularly identified as fresh or frozen. All these fish were simply baked as described in the Methodology section. Most restaurateurs had little difficulty in identifying the fish that were served to them. Occasionally, there was a mix-up between the Orange Roughy and the Cod. At the very least, all were considered to be acceptable. Some respondents indicated that these fish were as good as they have ever tasted. Respondents, of course, were by this time quite aware that this research was concerned with frozen Cod and thus made the assumption that the Cod was frozen. Indeed, all but one or two operators guessed it was frozen.

The almost universal reaction was that the Cod was very good - although not quite as good as fresh Cod would be. In other words, their perception of frozen was enough to predispose their taste reaction. In some cases, operators were given both identified frozen Cod and fresh Cod to eat shortly thereafter. Again, although both were thought to be "good" some operators thought the frozen Cod might" be "a little too firm."

The reaction to these taste tests were remarkably consistent. ' The Cod was perceived to be very good - just about as good as anything else on the plate. (Among some people it was perceived to be better.)

- "I am sure I could make up some frozen Cod like this into a great dish that my customers would like."
- "Most of us like the Cod here, but I am not sure my customers would like it. I have never heard a customer ask for Cod."
- I agree that the frozen Cod tastes very good but customers absolutely don't want frozen. I certainly would not advertise that it as frozen and I would hate to have to explain that it was frozen."
- "Sure that Cod [frozen] was good. But, why should I serve such an 'old hat' (and potentially controversial) product when there are so many other things I can serve without customer problems?"

The upshot of the taste test was that essentially nobody had anything negative to say about the product. Nobody thought that its taste would turn off a customer and only a few had any concerns about the tactile character of frozen Cod. Nobody thought that its appearance would turn off a customer. Virtually nobody, however, showed any disposition to serve frozen Cod in a main dish context! Many of the' current frozen users served it breaded and fried, some broiled (as Scrod), but, as indicated earlier, these tended to be non-commercial or lower-price operations.

Many operators indicated that Cod was what McDonald's uses. "Why would I want to associate my restaurant and my menu with McDonald's!?"

The essence of these reactions was that the restaurateurs who used frozen Cod were using it in spite of what customers might think and those who were not using it were not using it because of what they feared customers might think.

In every group the moderator made the following slightly exaggerated statement: "We have conducted customer taste tests just like these throughout the country for many years. Let me tell you the results. In almost one hundred percent of the cases, consumers involved in this test indicated that Cod is either as good as, or better than, any other fish that they tried. When told that the fish they had just eaten and liked so much was Cod and was frozen, virtually no consumer showed any concern. They were surprised it was Cod -- but indicated they know that frozen fish is much better 'these days' than in the past, and it does not bother them at all to eat frozen fish."

"These **are** valid and reliable findings. They indicate that your fear of negative customer reaction to be unrealistic. You don't have to worry about that fear."

Once again, in almost every group the restaurant operators accepted the stated findings of these studies. They did not doubt the results that the moderator had just described. "What I don't think, however, is that I could get away with it in <u>**my**</u> restaurant. Customers are **always** asking me if some fish is fresh or frozen. The reason they ask things like that is obviously because they don't think frozen is as good as fresh. Why should I take the chance?"

"Can you please tell me why I should use frozen Cod when there are so many other good things around that I can use ?"

Most of the users of frozen fish indicated they used the product because of convenience, price - or **"just always have." Many of the** non-users indicated in no uncertain terms that Cod is "old hat". "It's been around forever. There is nothing exciting about it."

Selling Frozen Cod

The moderator continued his probe into arguments for selling Cod. The main argument was obviously that if they served frozen Cod and the customer bought it, the customer would be satisfied. The retort, in most cases, was simply that the customer would be even more satisfied with other fish and "I don't have to overcome your Cod image problem."

Most respondents were aware that Scrod was basically Cod, although a surprising number were still confused about the difference. "Isn't it true that if you sell Scrod on your menu it would not have the same Cod-type image problem?"

Most respondents indicated that this might be the case but they also indicated that even though this was true, even Scrod was still not as exciting or perceptually desirable as other fish which is on the market today. "Where we would have trouble selling Cod, it is easier to sell Scrod - but even this is not a great favorite."

Operators talked at great length about the sample menus which they had brought to the groups. Specifically, they talked about the very high percentage of sales each day of those items listed as daily specials. They indicated that daily specials often represented availability of an exceptionally good buy offered to them by their purveyor, or an attempt to try out a new recipe before it was included on the regular menu. Most restaurants indicated that as much as fifty percent or more of their daily sales came from their daily special.

The moderator showed respondents the specially prepared test menu (see Appendix B) and indicated that the strong, "romantic sell" on "North Atlantic Cod" had generated relatively strong perceptions when consumers groups read it. "If you put some description such as this of a Cod (Scrod) dish in your menu, or as a special, there is no question that you will sell a lot."

"Why would I want to do that? It doesn't meet my criteria for daily specials. It's neither a 'special deal' nor a new recipe to be tested. <u>Besides, I don't think it is mv iob to sell mv customers on Cod or frozen Cod. Whv should I do that? That is vour iob!"</u>

The moderator then began to discuss the possibility that it would be financially advantageous for them to feature frozen Cod on their menus. "It is much less expensive than the cost of fresh Cod (Scrod) - and the other fish you're serving - and **you** can get the same money for it. Think of all the profit you generate!"

"I would never sell frozen to customers and try 'to make them think it was fresh and I don't think the probability of customer problems is worth the extra problem. Besides, I don't think frozen Cod is that' much less expensive than other products I buy." Most operators also felt they would probably not be able to price Cod/Scrod at the same price as other "more desirable" species, so they would not make more money.

Interestingly, rather extended discussions on fish prices, especially those of frozen fish, indicated that these owners, chefs and managers did not have, for the most part, accurate perceptions of what current fish prices are - certainly not current frozen Cod prices. A few estimated them too high and most indicated buying frozen Cod at prices substantially lower than the prices provided to the research company prior to the start of this research. At any rate, other than the few lower image fish fry restaurants, no respondents were found who bought frozen Cod just because of relatively low prices. Furthermore, although fish prices have risen in recent years (and all the operators were aware of this) , only a few operators were found who switched from Cod (or any fish) strictly because of increased prices. The major rationale given for switching from Cod was associated with "bad image", perceptions of taste undesirability and above and beyond all else, perceptions that "customers just do not want to eat Cod in a restaurant" and that "even Scrod is not a great drawing card."

New Menu Items

Each group discussed mechanisms by which new menu entries are selected. Relatively few restaurants seem to go through any sophisticated or highly organized technique. Quite often it is the chef, alone, who makes recommendations, or the chef together with the manager or owner.

After some recipe experimentation, quite often the restaurant's waitstaff persons are asked to sample the new recipe food. Only if they "accept" the dish does it become a potential entry. New candidates are usually first tested as a daily special and only then is there consideration of including it on the regular menu. "You have to understand that a large part of our menu stays the same year after year. Our customers demand it and depend upon it - especially our older customers. They tend to buy the same thing week after week."

It was in this context that the discussion moved once again to the possibility of considering various frozen Cod dishes. To promote new attitudes towards frozen Cod as either a new special or a full menu item, booklets with Cod recipes were shown. (A number of respondents asked to be sent such booklets). When there was discussion about "recipe'd fish", most operators said simply "no" - that most of their customers wanted fish plain and simple. In dealing with consumers, it' appears this may be another area where operators have mis-perceptions. When we showed "plain" and "recipe'd" Cod plates, 40-50% of the consumers indicated they would prefer/try the latter - suggesting an area of opportunity.

The operators also said it was unlikely chat a Cod dish - especially a frozen Cod dish - would be a candidate for a daily special in a restaurant that did not already serve frozen Cod. Clearly, the job of daily specials is perceived to move the restaurant forward into new, exciting areas - areas where customers can be assured of satisfaction. Operators again indicated this was not a place for education and was "beating a dead horse."

Over and over again, the groups, no matter how they were constituted, split into two classes. Those who did not perceive their customers as that demanding and those (including some independents and lower price point restaurants) who believe their customers are demanding. "why should I experiment and why should I take a chance? There is no point."

In one group, there was a chef present from a "lover priced family restaurant which did not serve any frozen fish. He made the following suggestion: "Why don't you do what a lot of other companies do? Give us a few cases of frozen Cod to experiment with and to sell. Maybe that kind of experiment would work out real well and maybe we would then start using the stuff."

In another group, a somewhat higher level family restaurant owner said, "You know, I never seriously considered using frozen fish, but maybe some of the things you said are right. If I felt I wasn't taking a gamble, I might try it out once."

<u>**ConteXt of** Cod in the Market For Fish</u>

Respondents were shown (or read) a list of twelve different fish species - Cod/Scrod, Catfish, Haddock, Orange Roughy, Pollock, Alaska Pollock, Sole/Flounder, Hoki, Ocean Perch, South American Whiting, Norwegian Salmon, and Tilapia.

Probing on the image of each of these was conducted. Unfortunately, although Cod inherently may be one of the finer fishes listed, it had one of the weakest images. Only Whiting and Pollock appeared to have a less desirable image. Pacific Cod had absolutely no image whatsoever. There was almost total lack of awareness of it (perhaps this would be different on the West Coast) . Haddock had a reasonably good image. “You can’t seem to get that much any more.” Sole and Flounder had extremely high positive images (many people were surprised to find that they were essentially the same.) Ocean Perch had a “good” image. Norwegian Salmon had an absolutely superb image. Catfish had a very good image. Orange roughy was recognized as a superb fish with an excellent image although some of the “we *only* serve fresh fish” restaurants indicated they would not serve it because it was frozen. Virtually no one had ever heard of "Hoki" and only a few people had heard about but had never used "Tilapia".

With all that has been described above said about the image of Cod, it , should be pointed out that its image was perceived slightly better in Philadelphia and Chicago than it was in Atlanta.

Operators indicated that a large variety of fish is **available on the market today and that many of them have exciting images, attractive images, predisposing images. "Again, why should we try to purchase something that we think will be a problem** when there is so much here we can present without a problem?"

In almost all of the operator groups, one or more respondents suggested that, "If all that has been said is true, and frozen Cod is really that good, why don't **you advertise it to the** public and convince them? If customers wanted it and asked for it, you can be sure that we would sell it. Look how effective the meat people have been with their advertising campaign."

Finally, we asked every operator group whether fish orders were up/down/same. In contrast to a few years ago, the "down/same" votes outnumbered the "up".

Another interesting point arose in connection with the 'Why should I?" question. A few respondents indicated "I couldn't "sell it to my boss -- don't know why, but he just doesn't like Cod." Then a few other similar points were made - that often "someone" (boss, owner, chef, key waitstaff person) didn't like Cod, and, '.. .even if I wanted to, I couldn't (or why fight it)."

General - Consumers

Each consumer group **started with a discussion of possible changes in recent eating behavior. "Have there been any significant changes in your eating behavior over the last two to three years?"**

This question has been asked in studies of this kind **for 14 years and during that** entire period of time the answers have been identical. People indicate that they are indeed eating differently. They are eating less meat, more fish, and more **poultry.** The rationale is always the same, "I am trying to eat more healthy than I" did before - less red meat, less fat, less cholesterol, fewer calories."

The only significant change over these years is the insertion of **"less** cholesterol". That is of more recent vintage.

Trade literature indicates that there is a revitalization of the beef market which is regaining some of its lustre. These findings cannot be supported by the consumer groups held in this study. Only a handful of people suggested that their changing behavior had "flattened out". Most indicated they were still actively involved in changing their eating style. One possible explanation for this may lie in the screening for consumer respondents. The major criterion for exclusion from these groups was the statement indication, "I don't like **fish." It may be that increasingly these days fewer people are making such a statement. This would account for the apparent continuation of the**, "I am changing my eating style" attitude.

For the past 14 years, respondents have been asked what they would probably order if they went out to a restaurant "this evening". The **answer to this question has remained unchanged as well. "I probably will order some kind of fish."**

In this particular study only one or two people indicated they would order beef, one person'poultry, and two or three some shell fish. The rest indicated finfish. In previous years the rationale for doing so was, "I don't make fish at home too much." -- or -- "Members of my family don't like fish and so I only eat it in restaurants." -- or -- "I just don't know how to make fish well and so I just get it when I go to a restaurant."

Apparently, people are making fish at home with more frequency than they did in the past. Not one respondent indicated they had trouble with serving fish at home Not one respondent indicated they had trouble in preparing fish.

Interestingly, most respondents were able to indicate precisely what fish they would order when they went to the restaurant. A large variety of fish was. mentioned. The most frequently mentioned fish

was Salmon followed by Flounder (Sole), Orange Roughy and a few other odd species. Only one person in the entire study mentioned Scrod and nobody mentioned Cod.

Notwithstanding the fact that most of these consumers indicated they would walk into a restaurant with both a class of food and a species of fish in mind, many said they might indeed change their mind once in the restaurant. Following are some of the factors that can cause an earlier predispositioned person to order something different than planned:

- "Daily special" is attractively described. Quite frequently, daily specials have more selling language associated with them than regular menu items.

- The waitstaff person may recommend that the customer "try something special" tonight.

- The customer may see a delectable dish served to an adjacent table.

- Plus obvious reasons - the restaurant is out of the fish they desire, the waitstaff person recommends against it this evening.

Of the above, the "daily special" appears to be the major motivation to change.

About two-thirds of the respondents were able to name their favorite restaurant with little trouble. It is clearly the one they go to most frequently - the one where their favorite dishes are almost always available, where the prices are right. The remaining one-third had difficulty in naming their favorite restaurant. These are people who “eat around” in many places and are not “loyal” customers to any one restaurant. Interestingly, although this was a research question and nobody had to expend any money to answer it, few, if any people, named a high image restaurant which they held in high regard but which they rarely or never frequented.

Consumer Fish Eating Behavior

Somewhat over one-half the respondents indicated that within the last few years they have been eating fish with greater frequency than they did in the past. Somewhat under one-half the respondents indicated that their fish eating frequency has not appreciably changed in the last few years. Nobody indicated that their fish eating frequency has become less in the last few years.

In the previous section there was a description of the respondents' predisposition toward a specific fish species. The fish mentioned in that section represent virtually the total list of fish which respondents generally "cycle" through in their restaurant eating behavior. Although some consumers indicate they are "venturesome" it is apparent that most of the people are not. Indeed, the majority of people indicate they eat the same finfish every time they order fish! Fewer people indicate they will cycle between two different kinds of fish and only a handful three different kinds. There are a few who will eat a species about which they know nothing. Some others might do so if the restaurant "hyped" it eloquently in a daily special or a waitstaff,person strongly recommended it. It appears that any fish species which has been associated with unfavorable experience in the past will probably not be ordered as part of a (hopefully) enjoyable restaurant eating session.

It is unfortunate but it appears that the species most frequently **associated with** this problem is Cod. Cod has been around so long that **people remember** more negative than positive things about it.

- "My mother used to fry it into a hard, salty and tasteless dish (Bacala)." (Italian heritage.)
- 'All we used to have on Friday is Cod fish cakes."
- "All I keep thinking about is Cod Liver Oil.
- Cod fish smells fishy.
- Cod fish has strange colors.
- Cod fish just doesn't taste good.

The educated reader will recognize that most of the above are untrue. They represent memories which don't relate to Cod/Scrod on a menu today. Indeed, however, such perceptions have been noted throughout the years. A smaller number of people had essentially zero perceptions (not good - not bad). Relatively few respondents had positive perceptions about Cod.

Respondents were given the species list described earlier (and found in Appendix B) . Very clearly their reaction to these species were that:

- "Haddock is not bad, but you don't see it very of ten."

- "Pollock doesn't sound great and I rarely see it offered."

- Sole and Flounder are superb and the favorite of many.

- Ocean Perch is "interesting" and frequently is listed as a second or third choice - rarely as a first choice. (Possibly confused with Lake Perch.)

- Salmon is unequivocally the number one choice of most people.

- Catfish - apparently a recent entry in the popularity sweepstakes in northern areas - although a long time favorite in the South. Virtually everybody knows it is farmed and that makes it an intriguingly desirable species although Northerners, especially, dislike the name.

- Orange Roughy is a very strong favorite - only second to Salmon.

- Alaska Pollock - virtually unknown.

e Hoki - completely unknown.

- South American Whiting is somewhat known and sometimes used. Not a great image, however - essentially the same as Cod.

- **Tilapia** - only one respondent in the entire study recognized the name and had tried the product (Chicago). Consumers appear intrigued.

About two-thirds of respondents indicated preference for ocean fish versus fresh water fish, although this preference was not a strong one. Apparently a number of people look upon ocean fish and lake fish as substantially different products and a number indicated using both in the normal cycling through of species to be eaten.

Geographic preference for ocean fish seems to be virtually identical to that indicated for restaurant operators. "Icelandic" fish and then "North American" fish are preferred over "Canadian fish" - although : there were no stated strong reasons to support these attitudes. Nobody remembers one having been "touted" over the other but it "just seems" that the more North the waters are, the cleaner they are and the healthier the fish will be. It is very clear, however, that respondents would respond to marketing efforts that touted one area over another. One woman said, "Why don't they advertise a product called 'Canadian Cod - the best of all Cods' - I bet everybody would like that." Almost everybody in her group thought that was a great idea. In the next groups, Canadian Cod didn't play so well! Nobody had any strong feelings plus or minus, nor any awareness of Alaskan fish.

Finally, in this section of probing, respondents were asked about their reaction to menu prices. Everybody is aware that prices at restaurants continue to rise year after year. Essentially consumers have become inured to increasing food prices at restaurants. Only one or two indicated that this has forced them to eat at home more, to prepare fish at home more frequently. (Remember, these were popular price restaurant patrons.) Only one or two indicated that an increase in price of $2, $3 or even $4 over what had been earlier paid or had been anticipated would cause them to select an alternate menu item. They are used to .$2 to $4 changes. Interestingly, at about $5 or more, most people would consider changing from their predisposed menu selection to an alternate.

Respondents were asked about their perceptions of value: "Supposing an equally desirable chicken entree, beef entree and fish entree were presented at the same price. Which would represent the greatest value?"

This was a relatively difficult question to understand and for some was a relatively difficult question to answer. Each group ultimately decided that the greatest value would be the one which normally would be the most expensive product. About two-thirds of all respondents suggested that the greatest value under these circumstances would be beef. About one-third said fish. Nobody said chicken.

Finally, respondents were given the same perceptual test as the' restaurateurs were given. What is the appropriate sized serving for fish? The reactions were almost totally congruent with the restaurant operators. Four ounce portions were perceived to be too small for most people - even for lunch. At least six ounces would be desirable at lunch. Six ounces is perceived to be too small for dinner. At least eight ounces would be appropriate. The only excursion from these averages occurred

- among some few women who indicated they were very small eaters and would be perfectly happy with four ounces at lunch and six ounces at dinner, and
- among some few "macho" type men who indicated that anything less than eight ounces at lunch or ten to twelve ounces at dinner would be inappropriate.

Consumers on Preparation

Prior to participating in the fish taste-test, respondents were asked about their preferred fish preparation methods. Very clearly, the number one preference was for grilled fish. Broiled fish was a close second and was only slightly higher than baked fish. Some few respondents indicated they liked sauteed fish and many said that they especially "loved" deep-fried fish. *Most* indicated they stayed away from fried versions, however, because anything involved in a frying process **was perceived** to be quite unhealthy these days.

Nobody had ever heard the term "pan-baked" or "recipe'd fish" and thus could not respond to these cooking versions on an "uncued" basis. Respondents were then shown the colored photographs of frozen Cod, both in relatively unadorned and in a Pan-Baked version. Virtually everybody was highly impressed with these pictures. In fact, virtually nobody would have guessed that Cod could look so attractive. It is obvious that they would be quite happy being **served** such a dish at a restaurant.

In all groups, when we showed consumers the recipe'd Pan-Bake vs. plain fish, 40-50% said they would order the recipe'd. This was counter to operator perceptions, and suggests an interesting marketing opportunity. It may be that "selling" recipe'd Cod would require some promotion (picture or words) that simple grilling/broiling would not.

<u>Consumers on Frozen Fish</u>

Rather extensive "discussion was held on the concept of frozen fish. The findings indicate rather important and substantial differences have occurred in the past few years. In the earlier series of studies, some 14 years ago, the concept of frozen fish was anathema. Nothing frozen could taste very good - certainly not as good as fresh. Predispositions (and especially for fish) were almost 100% toward fresh versus frozen in tests conducted during those earlier days. In subsequent taste tests, respondents were invariably surprised and amazed with how good frozen fish could be.

In the interim years this attitude appeared to ameliorate somewhat, but not totally. During <u>this</u> particular study, however, attitudes uncovered towards frozen fish were benign. <u>Nobodv</u> indicated they would go out of their way to order frozen fish, and several people thought frozen fish might well be better than fresh fish. <u>Most importantlv, with the exception of only a few people, most consumers in this research studv indicated that frozen fish was totallv acceptable to them</u>. They would not be angry if it were seined to them in a restaurant. They would be willing to use it at home. They were surprisingly educated about fresh/frozen fish. "You know, they freeze things differently these days than they used to - especially fish." Many people thought that most frozen fish was actually frozen within minutes of capture aboard the ship. The moderator indicated that only a small percentage of fish was handled in this way - but that **most fish was frozen in relatively short order. "Considering how long it might be before a truly unfrozen fish might reach you either at home or in the restaurant, a frozen fish can be considered to be fresher than most fresh fish - since essentially all chemical action stops when the fish is frozen."**

In previous years respondents would have argued this point. Virtually nobody argued the point in this test and, indeed, only one person in the entire study said, "Well, I don't care what you say, I still prefer fresh!"

It is interesting to note that the single, most significant reason restaurant operators gave for not using frozen fish was that "My customers will not accept them." Here was clear evidence that they were wrong. Customers would accept the concept of frozen fish.

They did say, "Don't tell me it's frozen, however" - but at the same time said they wanted honesty if they asked the question, and would not turn away if the answer was "yes". Again, if they went to a restaurant to order fish, they counted on the restaurant's reputation (or their experience) to provide pleasurable dining.

The Fish Eating Test

All respondents were given a sample plate identical to that given to restaurant operators. Basically the samples were as follows:

- *Philadelphia:* Cod, Norwegian Salmon, Catfish, Orange Roughy.
- **Atlanta:** **Cod**, Norwegian Salmon, Catfish, orange rough, Ocean Perch.
- ***Chicago:***
  - **Main Dish:** Norwegian Salmon, Catfish, Orange Roughy, **Ocean Perch**.
  - **Second Dish:** Frozen Cod and fresh Cod.

All these **samplings** were, again, defrosted, **simply** baked in a little white wine and lightly sprinkled with melted butter and lemon juice.

Respondents liked most of the fish. Nobody actually disliked any of the products. Clearly, the number one winner - the single fish preferred by most - was the **Norwegian** Salmon. It appeared there was a virtual tie between Cod, Orange Roughy and Catfish. Interestingly, Perch was only slightly less preferred than those three.

Although Cod was only selected as the top choice by few, everybody liked it. Everybody was surprised at how good it was and most were surprised at how different it was than they had anticipated it would be.

After the discussions on all the fish present, attention was directed to the Cod. (In each case, respondents knew by this time that the Cod industry was the sponsor of this research.) Predispositions toward it were far more positive after this taste test than before. Indeed, it is unquestionably true that after the experience of this test, some respondents would most certainly order Cod - either plain baked or (if it looked like the pictures) Pan-Baked or otherwise recipe'd.

In the Chicago tests, where fresh and frozen Cod were consumed side-by-side, the results were identical to those held with restaurant operators.

- Some people could not tell any difference whatsoever.

- Some people noticed a slight difference - again saying the frozen Cod was slightly firmer than the fresh Cod. These people, however, perceived them to be equally desirable. The "guess" between which one was probably fresh and which one was probably frozen seemed to be a matter of random probability.

Once again, a discussion was held between the relative merits of Cod and Scrod. Prior to this taste test, the only product of this class that might be ordered by a consumer would be Scrod - for whatever mystique it appears to hold. After this taste test, people generally were equally predisposed *to* **order Cod.**

Interestingly, respondents were asked if they had ever had a fish sandwich. Many indicated they had, and a number actually indicated they had had a McDonald's fish sandwich. Most thought it tasted pretty good but many stayed away from it because they were aware it was deep fried. No one knew McDonald's used Cod.

The moderator cold them, "You know McDonald's actually uses a very high grade of Cod for that sandwich." Respondents indicated that perhaps that was why those sandwiches tasted as good as they did.

It is interesting to note how this research test alone had operated as an impactful marketing *tool* upon consumers and how it had dramatically changed their attitudes to frozen Cod.

Some geographic differences were apparent. It is difficult on this three-city study to make any valid projections. Atlanta had a lower consumer image of Cod/Scrod than Philadelphia and Chicago. Geography may not be so important, however, because operator attitudes were pretty uniform.

APPENDIX A - THE PROTOCOLS

CONSUMER PROTOCOL
Study #336-18Q

1) Introduction and establishment of moderator/group rapport.

2) Sometimes we go through periods where eating behavior changes. Are you and your family eating differently today than you were a year ago (two years ago) -

- When eating at home?
- When eating out?
- What are these differences?
- What caused them?
- Do you think they are permanent?

3) Specifically about eating out -

- Are you doing it more or less these days? why?
- What determines your choice of restaurant? (Type, price)
- Do you decide what you want to eat before you go out?
    - Does this control what restaurant you go co?
    - Do you change your mind when you get to the restaurant?
- Do you usually order one of the "standards" they serve at the restaurant?
    - Do you ask for what the specials are? How often?
    - Do you get the specials?
- What is your favorite restaurant?
    - List a few in order. List one and defend.
    - Why are these particularly your favorite ones?

4) If you were going out to eat tonight

- Would you know what restaurant you would go to? Which one?
- Would you know what you would order?

5) We're going to specifically talk about fish now . the fin fish kind - not the shell fish kind.

- Lately have you been eating fish about the same, more, or less? , Why?
- Any particular kinds of fish you normally eat? (List several favorites.)
- Do you eat different kinds of fish in different kinds of restaurants? Which. Why?
- If you were going out, what determines whether you are going to have fish *that* time?
- Is your decision based on something that happens in the restaurant? What?
- Is there anything especially that either turns you off or turns you on to ordering fish?
- Is there any *reason* why you eat fish out in restaurants more than at home -- *or* is this not the case?
- Probe adventuresomeness.

6) I am going to give you a list of specific fish species I would like you to play back whatever ideas come to mind when I tell you the names of these fish.

- Cod/Scrod
- Haddock
- Pollock
- Sole/Flounder
- Ocean Perch
- Salmon
- Catfish
- Orange Roughy
- Alaska Pollock
- Hoki
- South American Whiting
- Tilapia

7) Do you have any specific preferences *to* ocean fish *vs.* fresh water fish? Do-you-know where it comes from?

- Any feelings about North Atlantic vs. Canadian vs. Alaska vs. Icelandic area fish?

  o How about farm fish vs. wild fish?

. Back to a couple of the fish we just talked about - how would you personally rate cod vs. salmon vs. orange roughy vs. catfish?

8) Lets talk about restaurant menu prices.

- **What represents value to you?**
- Would menu prices for maindish items which vary $2 to $5 from what you think they usually are affect your decision? When daes price really matter?
- Let's say there was a chicken entree, a beef *entree* and a fish entree all about the same price. Would one represent the greatest value do you think? Why?
- Do you think fish are higher priced these days? (Look at some of the sample menus.)
- Probe further on portion size/value perceptions. (Is 4 oz. portion Imperial Cod enough; would 2 portions be too much?) Lunch? Dinner?

9) I would like to get your reaction to several different fish preparation methods.

- Grill
- Saute
- Bake
- **Panbake/reciped**
- Deep-fry
- Lean vs. fun recipes for fish.

10) Do you ever have occasion to have a fish sandwich? When?

- Do you know if it is any particular species of fish?
- Do you know how it is prepared.
- How would you compare the quality of fish?
- How about the price?

. Wnat would make fish on a plate better or worse than a fish sandwich?

11) Everybody is sensitive about health these days. Where does health come in when you go out to eat?

- What concerns do you have about what is on the menu?

- Do health concerns affect your menu choices?

- Do they affect your choice of fish vs. beef vs. chicken, for instance?

- Show photos.

12) AS I said earlier, people's eating habits change over time. Name some interesting foods YOU eat these days that you did not eat (or did not eat a lot of) five years ago.

13) We are now going to talk about certain specific product types and we're also going to have a taste test of some fish.

. Attitudes and perceptions towards

- Species

- Natural vs. formed shapes.

- Three small fillets vs. one large one.

- Portion sizes.

14) Go back to final look at sample mer.us as a stimulus for comment.

RESTAURANT OPERATOR PROTOCOL

Study #336-18Q

1) Introduction and establishment of moderator/group rapport.

2) Definition of restaurants represented in group.

- Upscale/medium-scale/popular-priced/fast-food.
- Seafood specialty.
- University/business/industry.
- Chain/independent/franchise.

3) Probe price range of dinner entrees.

- Best seller price range.
- Probe lunch vs. dinner business.
- What's most profitable (beef, chicken, fish)?

4) AS you may have guessed from the questions posed to you when you were being invited, we are going to be talking about fish primarily today. First, I would like to know where and how you buy your fish. (Probe)

- Tell me about the relationships you have with the distributors that provide your fish.
  - o Consistency of supply.
  - Pricing.
  - Other problems.
- Country of origin. (Do *you know* where it comes from?)
  - Is this important *to* you?
  - Or is company (brand) of fish"more important?
  - Does anyone here buy fish from Canada?

- What is your reaction to fish from Canada? (Canadian companies?)
- How about Icelandic fish and companies?
- How about North Atlantic fish and companies?

5) I am now going to show you some actual products, some frozen and some unfrozen.

- Show CELLO 5'S, SHATTER PACK and PREMIUM PACK COD.
  - Explore reactions to look. (Natural fillets or formed.)
  - Explore reaction to problems in portion control.
  - Explore reaction to perceptions of taste, each one relative to the other.
  - Explore reactions to relative price perception of these packages.
  - Probe feelings about fillet size. On plate (just right, too mall, too! large.) Lunch, Dinner.
- Discuss and probe also perception of value-added packs (to manufacturers) .
  - Pre-sauced.
  - Pre-breaded.
- Discuss also and display (if on hand) salmon, catfish, orange roughy.

6) Introduce taste test. "I am now going to provide you a number of these fish types for actual taste. My purpose is to see the degree to which your actual taste reactions concur with the perceptions you have already indicated."

- Provide several dishes of fish ar.d probe on each species with regard to look, taste, relationship? to price awareness.

7} Expose various color phonographs of fish dishes and probe for personal reactions and expected customer reactions to each.

- Do they think customers would prefer the simpler, "unadorned" lookvs. fancier looking dishes? What percentage?
- Probe reaction to plate coverage.

8) I would like to discuss fish preparation methods you use.

- Baking/sauteing/grilling/deep-frying.
- What are the interest levels of each of these?
  - On the part of your own management.
  - On the part of the consumer.
  - Are there ,any trends?
  - Do you use any recipe'd fish such as pan-bake?
  - Do you thaw the frozen fish?
  - Do you prepare it frozen? (Canadian recommendation.)

9) Most of you indicated you seine at least some frozen fish in your establishments.

- For those who do riot, why nOt?
  - If answer is that customer do not like it, inform them of customer group results and re-probe.
- Have you always served frozen or did you recently start? Why?
- Probe for any customer reactions.
- How do you handle questions about frozen?
- Is the concept of frozen fish something that could be "pushed", or do you try to keep it quiet?
  - Would you put an attractive tent card on your tables touting the desirability of frozen fish?

10) How I'd like to talk to you specifically about cod.

- Have current cod prices affected your menu decisions?Any changes?

- Has current cod availability affected your mer,u decisions? Any changes?
- Where do you think the "cod opportunity" is? Is there one? Pricing?
  - Some restaurateurs tell us cod is a lunch dish and not a dinner dish. Probe.
- I know all of you use daily specials. What would it take to get cod on then more frequently? What percentage order the specials? Does it vary by fish?
  - Or should it be on the regular menu rather than a daily special?

11) Display of sample menus and discussion.

- How do *you* make menu decisions?
- What factors influence these decisions?
- Where do new ideas come from?

12) What have you found to be the most effective way to promote fish?

- What is the most effective way to introduce new items?
  - Particularly *new* fish items.
- What do you perceive to be the place and importance of "daily specials?"
- Where does fish (and specifically cod) fit into this?

13) Is there any item you are introducing or thinking of introducing on your menu?

- If this is not a fish/seafood item - why not?
- What affects your predisposition to adding new fish items?

14) What is your current view of fish as a menu item?

- Have you observed any changes in the fish market that affects your consideration of it?
  - As a menu feature?
  - As a profit contributor?
  - As an item to purchase?
  - As an item to prepare?
- Do you presently have more fish on your menu than you used to have?
- Do you think you will have more fish in the future? Why?
- Do you think you will have less fish in the future? Why?

15) What do you perceive to be your most important fish item? Why do you think that?

- Have there been any changes in the past few months (past few years) that affect that attitude?
- Besides your most important fish item, are there any other species that are important to you?
- Is there anything you would like to have in fish that you don't have today?

16) I would like to get your general reaction to certain specific species - what is good about them; what is bad about them; what affects your predisposition.

- Cod/Scrod
- Haddock
- Pollock
- Sole/Flounder
- Ocean Perch
- Salmon
- Pacific Cod
- Catfish
- Orange Roughy
- Alaska Pollock
- Hoki
- South American Whiting
- Tilapia

17) Reprise on discussion of fish prices today vs. a Year ago vs. two years ago.

- vs. chicken and beef prices.
- Has this/will this affect your menu?

1S) I would like to ask you some questions about your perceptions of customer attitudes.

- Have you seen any important changes *Or trends* vis-a-vis customer preferences? (Any forecasts?)
- What are customer attitudes and predispositions vis-a-vis fish vs. chicken vs. beef?
- Do there seem to be any changes in attitude with regard to eating OUt?
- With regard to eating fish?
- In what way does "health" seem to fit into current customer attitudes and behavior?
- Does the question of "safety" in 'acing fish ,Ve= arise?

19) If you could change one thing about your business today, what would that be?

- What is your most troubling problem today?
- What is your most difficult opportunity today?

20) If you had the top management of the various companies that supplied fish *to* the distributors, what 'words of wisdom"would you give them?

the brand
consulting group

APPENDIX B

- COD/SCROD
- HADDOCK
- POLLOCK
- SOLE/FLOUNDER
- OCEAN PERCH
- SOUTH AMERICAN WHITING
- CATFISH
- ORANGE ROUGHY
- ALASKA POLLOCK
- HOKI
- SALMON
- TILAPIA

our special seafood features

FARM-RAISED CATFISH

Southern favorite, cooked to a turn
in our own lemon/butter/herb sauce $14.95

NORWEGIAN SALMON

Justifiably famous, this salmon offers
a distinctive but delicate treat $14.95

ORANGE ROUGHY

Caught in the deep waters off New Zealand,
beautiful, and mild $14.95

BOSTON SCROD

From the icy cold waters of the North
Atlantic, America's favorite, baked in a
light white wine topped with our crispy
herbed breadcrumbs $14.95

PAN-MICE NORTH ATLANTIC WHITEFISH

Delicately flavored fish, baked tonight
in a slightly *zesty* Mediterranean Provencal
sauce, with tomatoes and red peppers **$15.95**

All items grilled except for the Scrod and Whitefish
which are baked