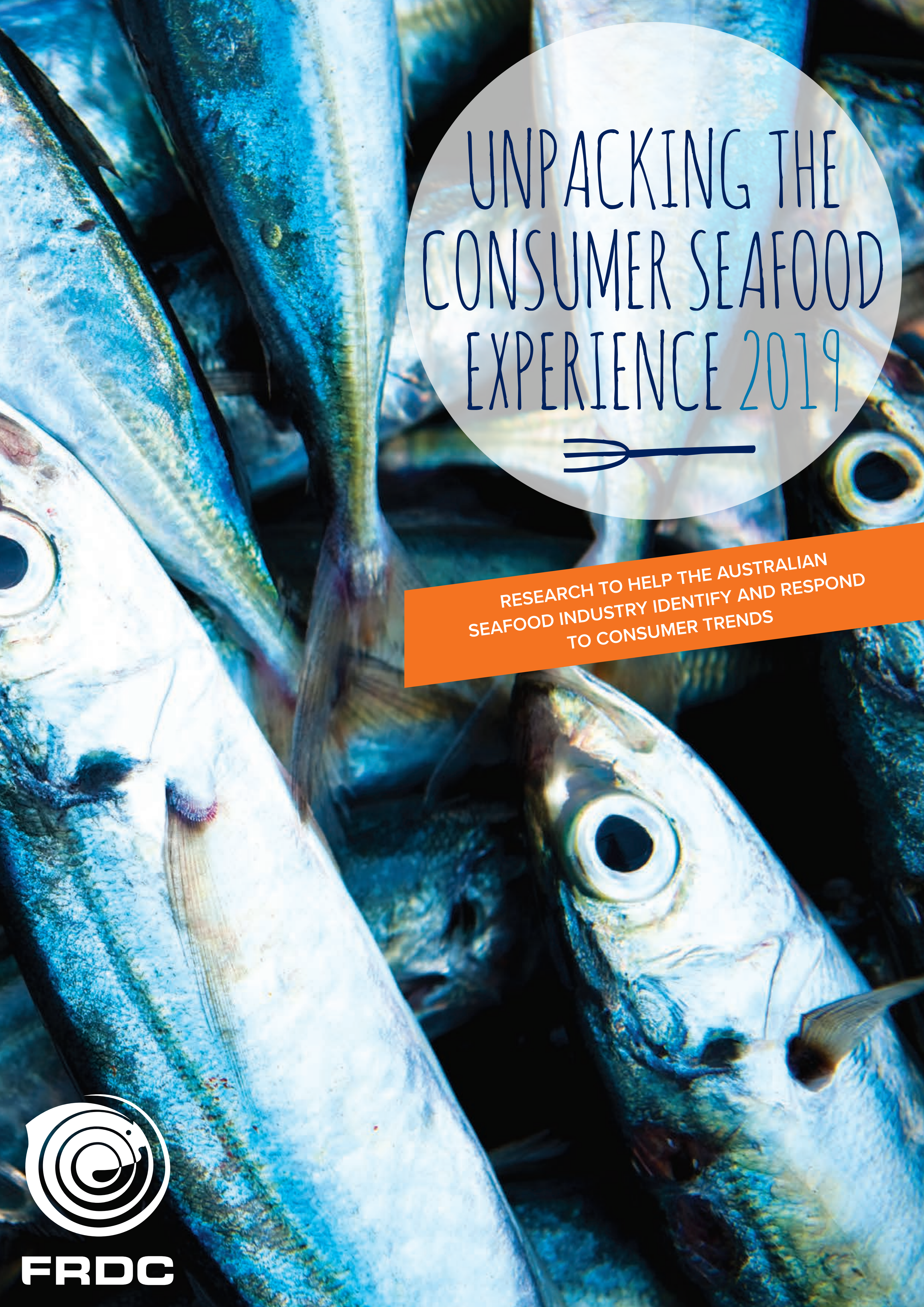


UNPACKING THE CONSUMER SEAFOOD EXPERIENCE 2019

RESEARCH TO HELP THE AUSTRALIAN SEAFOOD INDUSTRY IDENTIFY AND RESPOND TO CONSUMER TRENDS

FRDC

UNPACKING THE CONSUMER SEAFOOD EXPERIENCE: 2019

Seafood consumption is a key focus for the Australian seafood industry. Identifying and responding to the perceived barriers to the purchase and consumption of fresh seafood among Australian consumers is a priority.

To help the industry better understand seafood consumers, their purchasing experiences and perceptions of the industry as a whole, the Fisheries Research and Development Corporation (FRDC) has commissioned a series of consumer insight studies.

A baseline study, *Unpacking the consumer seafood experience*, was first undertaken in 2016 to map and measure consumer experiences related to the purchase, preparation and eating of seafood. The second tranche of this research was undertaken in 2019 to follow consumers' evolving attitudes towards seafood.

The 2019 *Unpacking the consumer seafood experience* used the same survey framework from 2016 research and expanded areas where clear changes in consumer behaviours had been identified.

It collected information about what consumers do, what they like and don't like and what information would be useful to help them overcome the challenges they have in buying, cooking and eating seafood.

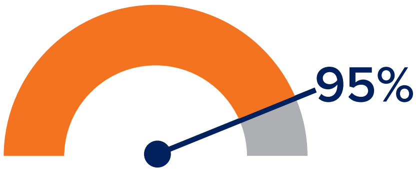
As part of the analysis of the 2019 data, results from overseas consumer research, particularly that conducted by Food Marketing Institute in the US, have been used to provide international comparisons, where possible.

What we did

The 2019 research involved an online survey of 2002 adult Australian main grocery buyers, sourced from an accredited market research panel. The sample was nationally representative of Australia, as detailed by the Australian Bureau of Statistics, by geographic location, age and gender.

The research was undertaken between 18 April 2019 and 9 May 2019. The online survey took 10 to 20 minutes to complete and collected information on consumers' buying, cooking and eating experiences with seafood, and their perceptions about the sustainability of the fishing industry.

KEY FINDINGS



95% **The vast majority of Australians eat seafood.**

Findings from our survey about seafood purchases and consumption show that:

92% eat fresh fish and seafood

87% eat seafood purchased as a frozen product

86% eat tinned or ambient seafood products

78% eat seafood from all three categories (77% in 2016)

We grouped our respondents by how often they eat fresh seafood as a main meal:

- **frequent eaters** – 33% of respondents account for 77% of consumption (once a week or more)
- **regular eaters** – 32% of respondents account for 20% of consumption (once a fortnight to once a month)
- **infrequent eaters** – 26% of respondents account for 3% of consumption (no more than once every two months, includes 5% of consumers who never eat seafood)

ACTION ▶ There are opportunities to increase sales and consumption in all three groups. However, given the frequency of consumption, and the large share of seafood sales attributed to frequent eaters, initiatives that target this group are likely to create the most significant increase in seafood sales.

Seafood sales

Supermarkets continue to dominate seafood sales; 60% of consumers most frequently buy seafood from supermarkets (57% in 2016).

Fresh seafood accounts for 49.4% of the value of seafood sales in major supermarkets, according to Nielsen Homescan data, although this has fallen 0.5 per cent in the 12 months to February 2019, with a 1.9% drop in the volume sold.

Overall, however, the value of supermarket fish and seafood sales increased 1.4% in the same period, driven by a 5.8% increase in the value of frozen product sold, which represents a 2.4% increase in volume sold. Frozen product now represents 25.7% of the value of supermarket sales; tinned and other ambient products make up 24.9%.

The growth in frozen product sales represents an opportunity for the Australian seafood sector to expand its range of offerings in this category.

Barriers

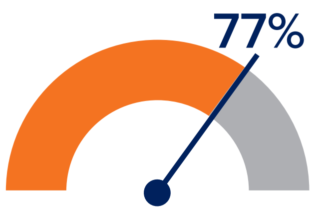
The 2019 survey results reiterated the 2016 findings that uncertainty around choosing, preparing and cooking seafood remain as barriers to seafood consumption.

"How to prepare it, how to keep it, how long does it last in the fridge before cooking, recipes and what fish goes best."

"It is not always stated where it is from, how fresh it is or whether it's sustainable. This information would help, I feel nervous asking staff questions, I am more comfortable with written information."

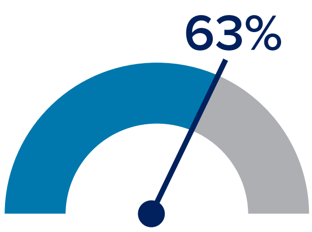
CUSTOMER PROFILES: WHO EATS SEAFOOD?

FREQUENT SEAFOOD EATERS



77% **of all seafood meals eaten**

- ✓ Represent 33% of fresh seafood consumers
- ✓ Predominantly buy seafood in supermarkets
- ✓ Are more likely than the other groups to be married, a Baby Boomer, a parent, a regular recreational fisher, and to have a higher income
- ✓ 37% believe seafood offers better value for money than meat
- ✓ 68% buy seafood regularly for meals during the week
- ✓ 72% buy the same types of seafood all the time



63% **buy seafood usually as a planned purchase**

Seafood confidence score

- ✓ In buying seafood 7.8/10
- ✓ In preparing and cooking 7.2/10

Action for industry

- ✓ Reaffirm their decision to consume seafood regularly.
- ✓ Leverage their current consumption of seafood to explore and trial other seafood species.
- ✓ Address the perceived 'taste' barrier and use price incentives to encourage trial of new species.
- ✓ Consider if partnering a familiar and unfamiliar species might provide an opportunity for this segment to explore new tastes.

Profile detail

MEAN AGE: 48.6 years of age

GENERATION: Boomers 33%, Millennials 30%, Gen-X 25%

EDUCATION: 45% have a postgraduate or bachelor degree

EMPLOYMENT: 41% are employed full-time

HOUSEHOLD: 56% are married

PARENTAL STATUS: 70% are a parent to a child or children

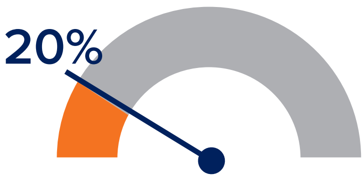
MEAN HOUSEHOLD INCOME: 29% have a household income of $100,000 or more

RECREATIONAL FISHING: 29% fish once a month or more

AVERAGE WEEKLY SPEND ON GROCERIES: $155.35

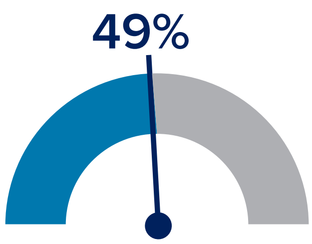
AVERAGE WEEKLY SPEND ON SEAFOOD: $31.77

REGULAR SEAFOOD EATERS



20% **of all seafood meals eaten**

- ✓ Represent 32% of fresh seafood consumers
- ✓ predominantly buy seafood in supermarkets
- ✓ are more likely than the other groups to be a Millennial and on a higher income
- ✓ 27% believe seafood offers better value for money than meat
- ✓ 28% buy seafood regularly for meals during the week
- ✓ 74% buy the same types of seafood all the time



49% **buy seafood usually as a planned purchase**

Seafood confidence score

- ✓ in buying seafood 7.3/10
- ✓ in preparing and cooking 6.5/10

Action for industry

- ✓ Increase the frequency of purchase for these consumers and encourage seafood as a planned weekday meal option, rather than just as a weekend or special occasion meal.
- ✓ Support the consumer appetite to learn more about seafood, such as how to determine the freshness of seafood and different ways to prepare and cook it.

Profile details

MEAN AGE: 45.4 years

GENERATION: Millennials 33%, Gen-X 28%, Boomers 28%

EDUCATION: 37% have a postgraduate or bachelor degree

EMPLOYMENT: 40% employed full-time

HOUSEHOLD: 50% are married

PARENTAL STATUS: 62% are a parent to a child or children

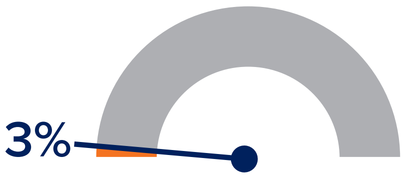
MEAN HOUSEHOLD INCOME: 29% have a household income of $100,000 or more

RECREATIONAL FISHING: 18% go fishing once a month

AVERAGE WEEKLY SPEND ON GROCERIES: $151.68

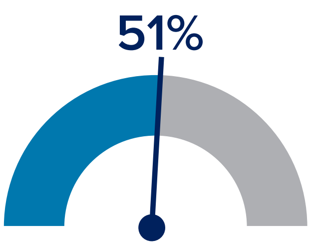
AVERAGE WEEKLY SPEND ON SEAFOOD: $20.93

INFREQUENT SEAFOOD EATERS



3% **of all seafood meals eaten**

- ✓ Represent 26% of fresh seafood consumers
- ✓ Predominantly buy seafood in supermarkets
- ✓ They are more likely than the other groups to be a Millennial or Gen-X, are less likely to be employed full-time and will have a lower income
- ✓ 17% believe seafood offers better value for money than meat
- ✓ 9% buy regularly for meals during the week
- ✓ 81% buy the same types of seafood all the time



51% **buy seafood usually as a planned purchase**

Seafood confidence score

- ✓ In buying seafood 6.4/10
- ✓ In preparing and cooking 5.6/10

Action for industry

- ✓ These consumers are largely special occasion seafood consumers; the challenge will be to migrate them to consuming seafood as a meal on a regular basis.
- ✓ Support consumers through education, as this group has low levels of confidence in buying and cooking seafood.
- ✓ Focus on resetting their price expectations (compared with other proteins) as an important first step in building greater opportunity among these consumers.

Profile detail

MEAN AGE: 44.5 years

GENERATION: Millennials 33%, Gen-X 31%, Boomers 26%

EDUCATION: 29% have a post-graduate or bachelor degree

EMPLOYMENT: 28% are employed full-time

HOUSEHOLD: 38% are married

PARENTAL STATUS: 60% are a parent to a child or children

MEAN HOUSEHOLD INCOME: 18% have a household income of $100,000 or more

RECREATIONAL FISHING: 12% fish once a month or more

AVERAGE WEEKLY SPEND ON GROCERIES: $135.51

AVERAGE WEEKLY SPEND ON SEAFOOD: $12.90

DEMOGRAPHIC GROUPS

Millennials (23-38 years old)

- 32% of respondents in survey
- 31% of all main fresh seafood meals eaten
- 63% shop at supermarket, 16% shop at seafood market
- 37% only buy seafood for special occasions
- 33% regularly eat fresh seafood during the week
- 25% buy on the spur of the moment
- Impulse vs planned purchase 25%/75%
- 33% believe fresh seafood is better value than meat
- 83% repeatedly buy the same species to prepare at home
- Confidence in buying seafood 6.7/10
- Confidence in preparing and cooking seafood 5.9/10

Gen-X (39-58 years old)

- 28% of respondents in survey
- 26% of all main fresh seafood meals eaten
- 58% shop at supermarket, 17% shop at seafood market
- 33% regularly eat fresh seafood during the week
- 30% only buy seafood for special occasions
- 28% buy on the spur of the moment
- Impulse vs planned purchase 18%/82%
- 25% believe fresh seafood is better value than meat
- 73% repeatedly buy the same species to prepare at home
- Confidence in buying seafood 7/10
- Confidence in preparing and cooking seafood 6.5/10
- Most problematic part of preparation: knowing how long to cook seafood
- Most problematic part of the experience: lingering smell of seafood

Boomers (55-73 years old)

- 28% of respondents in survey
- 31% of all main fresh seafood meals eaten
- 58% shop at supermarket, 14% shop at seafood market
- 42% regularly eat fresh seafood during the week
- 38% buy on the spur of the moment
- 22% only buy seafood for special occasions
- Impulse vs planned purchase 17%/83%
- 22% believe fresh seafood is better value than meat
- 70% repeatedly buy the same species to prepare at home
- Confidence in buying seafood 7.7/10
- Confidence in preparing and cooking seafood 6.9/10

All three demographic groups say:

– the most problematic part of preparation is knowing how long to cook seafood

– the most problematic part of the seafood experience is the lingering smell of seafood

IDENTIFYING BARRIERS

The 2019 FRDC survey results reiterate the findings of the 2016 survey: uncertainty around choosing, preparing and cooking seafood remain as barriers to seafood consumption.

> There's a lack of variety, particularly of fish, so you have to just settle for the limited choices available at the deli counter.
>
> – SURVEY RESPONDENT

THE PURCHASING EXPERIENCE

Conservative consumers

The FRDC's survey shows that 40% of consumers buy a few different types of seafood when they shop, while 36% buy the same types every time. This reflects consumers' very conservative selections and narrow choice of seafood options. Opportunities to encourage and help consumers to explore and trial different seafood options should be explored further.

Impulse purchases

One in five seafood consumers is typically an impulse buyer of seafood and this is more prevalent among the less regular seafood eaters. While 55% of Australian shoppers do plan their seafood purchases, this compares with 62% of planned purchases in the US, according to the Food Marketing Institute's (FMI) 2019 *Power of Seafood* research.

ACTION ▶ The challenge for the Australian seafood industry is to convert the impulse nature of many purchases into planned purchases and a regular inclusion in household meals.

Value for money

The share of consumers who believe they get better value for money from seafood compared with other meats has increased from 24% in 2016 to 27% in 2017. Over time, continuing small positive shifts in consumer attitudes around the comparative pricing of seafood can help re-set consumer perceptions with a more favourable disposition to seafood when compared with other proteins.

ACTION ▶ Value-added products and the celebration of species-specific seasonal opportunities offer the potential to generate consumer acceptance of higher prices.

Shopping locations

When Australian seafood consumers were asked where they most often bought seafood, 60% mentioned the supermarket (57% in 2016) and a further 15% mentioned a seafood market (17% in 2016). In the US, 60% of seafood purchases are made in supermarkets and 20% in supercentres, according to the FMI.

ACTION ▶ This centralised shopping trend highlights the need for industry to work with supermarkets to develop differentiated products in the fresh category and also in the growing frozen category.

Purchasing decisions

Confidence in buying seafood averaged 7.1/10 across all consumers and ranged from 7.8 for frequent eaters down to 6.4/10 for infrequent eaters.

THE SURVEY ASSESSED THE CONFIDENCE RATINGS OF SHOPPERS ON A RANGE OF ISSUES INCLUDING:

- being able to buy fresh seafood 7.4/10 (up from 6.9/10 in 2016)
- knowing the nutritional benefits of seafood 7.3/10
- knowing how to assess the freshness and quality of seafood 6.9/10
- availability of different types and species of seafood 6.6/10
- staff knowledge at point of sale about different types of seafood available 6.4/10
- staff knowledge at point of sale about how to prepare/cook seafood 6.5/10

ACTION ▶ Increasing the seafood knowledge of sales and service staff supports consumer confidence in their purchasing decisions and can also help to increase confidence in preparation and cooking.

Preparing seafood at home

Despite a growing confidence in buying seafood, overall consumer confidence in preparing and cooking seafood remains modest at 6.4/10. However, survey participants who were not confident in their selection of seafood have shown a strong appetite to learn more about:

– how to assess the freshness and quality of seafood 80%
– how to cook/prepare or flavour seafood 77%
– different ways or methods to cook/prepare seafood 75%
– different types/species of seafood 68%
– how to buy seafood 63%
– the nutritional benefits of seafood 60%.

ACTION ▶ Industry can help with the education of consumers by working with the supply chain to provide relevant information and also to build the skills and knowledge of sales and service staff who interact with consumers.

Producers and marketers can work together to provide simple consumer tips on preparation and seasonings for the range of Australian species, as the Love Australian Prawns campaign has done, https://www.australianprawns.com.au

FRDC research shows that consumers and chefs are not aware that there are negligible differences between fresh and frozen product when cooked. The opportunity for producers is to move to frozen (branded products) and educate consumers on how to prepare this product.

Marketing seafood

What consumers say they like most about eating fresh seafood is:

– the delicious/amazing taste 55%
– the nutritional and health benefits 22%.

These are traits the seafood industry should continue to leverage through its ongoing promotions.

However, action is also needed to address those issues that deter seafood consumption, with the top complaints including the smell of seafood on fingers and hands, in the waste, and throughout the house, reported by 26% of consumers.

The three top issues that infrequent seafood eaters identified as deterring them from eating more seafood were:

– the lingering smell of seafood
– being careful about eating undercooked seafood
– the mess it creates when eating.

ACTION ▶ Solutions might include an expanded range of pre-prepared meals, fresh or frozen, with options such as packaging that uses bake-in-the-oven bags or oven-proof trays that reduce the need to handle seafood.

Social influences

The influence of family and friends can also have an important impact on seafood consumption.

'Friends' have been nominated as the second most important source for consumers looking for information about preparing seafood (42%), behind cooking websites and apps (59%).

Information on household consumption of seafood has also identified an increase in different eating patterns within households. This may have the potential to reduce the consumption of seafood as the main meal.

In 2016 74% of respondents indicated that all household members ate seafood; in 2019, this fell to 63%.

Conversely, in 2016, 13% of respondents indicated 'most people' in their household ate seafood. This increased to 18% in 2019.

PERCEPTIONS OF THE INDUSTRY

Community perceptions

Positive community perceptions about the sustainability of the seafood industry have been trending upwards since 2015, when the combined total of those who believed the industry was, or could be sustainable was 58%.

Community perception questions included in the 2019 consumer survey found that 65% of respondents had a positive outlook on the sustainability of the sector – 46% believe it already is sustainable and 19% are hopeful and confident that it can be. However, another 31% of respondents were not sure, not confident, or didn't know whether the industry could be sustainable, with 3% thinking it would never be a sustainable industry. In rating the sustainability of the Australian seafood industy, consumers gave it a score of 6.4/10, indicating there is more work to be done to improve the standing of the industry.*

Influence in purchasing

Consumers rated the importance of sustainability in their seafood purchases at 6.5/10, a slight drop in the 2016 rating of 6.9/10. This put the issue 10th on a list of 14 considerations. The most important consideration was product freshness (knowing how long the seafood had been in store) and that the seafood was safe to eat, both of which rated 8.3/10.

Sustainability was rated as more important by frequent eaters of seafood with a score of 7, compared with 6.4/10 from regular eaters and 6.2 by those who infrequently eat seafood. The sustainability of Australia's fishing and seafood industry remains an important issue, but it does not rate highly as a factor that influences consumer purchasing decisions.

Certification schemes

The certification of seafood as sustainable was rated 6.5/10 in terms of its importance in purchasing decisions, and was 11th on a list of 14 factors influencing purchases.

By consumer group, certification rated 6.9/10 for frequent eaters, 6.4/10 for regular eaters and 6.3/10 for infrequent eaters. There was relatively low recognition of sustainable seafood certification schemes and branding among consumers, which also suggests it is not an active factor in purchasing decisions. Wider recognition of certifications may require increased visibility and a connection with the sustainability and buying concerns of customers.

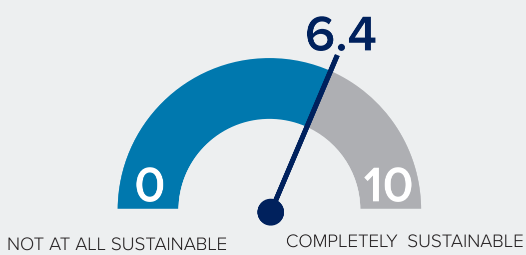
INDUSTRY ISSUES

Consumers also rated a range of industry issues out of 10, according to the influence of those issues on seafood purchasing:

- mercury levels in fish 6.4
- disease outbreaks 6.4
- the health of fish stocks 6.2
- whether a seafood or species is sustainable 5.9
- the environmental impacts of wild-catch fishing 5.6
- wild-catch fishing practices 5.5
- farming practices of fish farms 5.4
- the need for marine parks 5.4
- fishing quotas 5.2
- the amount of bycatch 5.2.

The survey also identified that 39% of consumers are highly influenced by at least one of these industry issues. Some have already changed their purchases in response to these issues, and others are at risk of reducing their seafood purchase should the issues of greatest concern to them become even slightly worse.

ACTION ▶ It is important that the industry continues to keep the issues that drive purchasing decisions and community perceptions front of mind in its communication and promotion efforts.



* With that in mind, on a scale from 0 to 10, how sustainable do you think the Australian fishing industry is overall? Base: all respondents (excludes 'not sure') n = 1849

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25 Geils Court

Deakin ACT 2600

(02) 6285 0400

email frdc@frdc.com.au

www.frdc.com.au