

Industry leaders believe the boycott merely shifted demand, increasing swordfish imports and unfairly hurting U.S. fishermen.

But the swordfish boycott taught both camps an important public relations lesson: High-end chefs can influence other chefs and consumers. Chefs who buy and promote eco-friendly fish have been a part of the "movement" ever since.

Under Sutton's watch, Packard over the last six years has spent millions of dollars funding efforts from SeaWeb (parent of the Seafood Choices Alliance), Monterey Bay Aquarium, Environmental Defense, National Environmental Trust and Natural Resources Defense Council to transform the marketplace.

Sutton sees five key elements in the effort: species boycotts; purchasing guides like the Monterey Bay Aquarium Seafood Watch; business/environmental partnerships like Ahold and the New England Aquarium's EcoSound project; independent certification via the MSC; and mainstreaming, as large retailers and restaurateurs adopt sustainable seafood-purchasing practices.

The conservation groups' collective projects in recent years raised the blood pressure of many seafood-industry professionals. They also effectively raised doubt among buyers and consumers in upscale, niche markets about whether their fish purchases damage the ocean, which helped fuel a market trend toward sustainable product.

The Seafood Choices Alliance in 2003 released a study of consumer attitudes related to seafood sustainability. The survey of 1,000 people, while not statistically valid, indicated consumers may consider environmental factors when purchasing seafood. Thirty-seven percent reported environmental concerns stopped them from buying a species; 57 percent did not purchase a product due to health or contamination concerns.

The alliance also surveyed wholesale buyers and found 30 percent of chefs and 20 percent of retailers said they had decided not to sell a species because of environmental concerns.

"Cumulatively, all those [activities like boycotts and guides] have led to what we're seeing now," says David Coombs, executive VP at Steve Connolly Seafoods, a Boston distributor.

"It may have been a painful process to get to this point, but I certainly think [the industry and consumers] are on the right track. Everybody is more or less on the same page, and it's a good page to be on."

Sustainability became a purchasing factor first for buyers at niche restaurant and retail markets, many of whom conduct business in line with their environmental stance and are linked to the political movement. Influential chefs like Rick Bayless in Chicago, Nora Pouillon in Washington, D.C., and Greg Higgins in Portland, Ore., have preached about sustainable seafood to other chefs, consumers and food writers.

National natural-foods retailers Wild Oats in Boulder, Colo., and Whole Foods Market in Austin, Texas, seek out and promote sustainable fish. Whole Foods carries and promotes MSC eco-labeled products. Wild Oats carries EcoFish products in 108 stores.

In 1999, Henry and Lisa Lovejoy founded EcoFish, a Portsmouth, N.H., seafood-distribution company that carries only seafood that meets strict sustainability criteria set by an advisory panel from the conservation community. The panel includes Sutton; Carl Safina, director of the Blue Ocean Institute; and Rebecca Goldberg, senior scientist at Environmental Defense.

Lovejoy estimates that product meeting the panel's approval represents a tiny fraction, about 1 percent, of what is available on the market. The company has



The Marine Stewardship Council has generated headlines with its solution to overfishing.

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an organization that would improve the health of the world's fisheries by harnessing market incentives like big-volume wholesale-buying power and the added value of eco-certification at the wholesale and retail levels.

The MSC's creators and critics alike agree that the MSC is off to a good start.

In addition to 10 certified fisheries, 15 are in final stages of certification, including Alaska sablefish and Pacific halibut from Alaska, Washington, Oregon and British Columbia. Another 55 are in the pipeline.

Landings from all fisheries certified or in the pipeline represent about 4 percent of the global wild, edible supply, according to the Bridgespan report. That puts MSC on track to surpass the market impact of organic foods.

After 30 years on the market, certified organic foods make up about 2 percent of U.S. grocery sales, says the report.

"The [MSC's] overall trajectory is pretty remarkable," says Scott Burns, director of WWF's marine conservation program and a

member of MSC's board of directors. "Everybody's taking a closer look, and that's really the reason we see this criticism. It shows that people take the MSC seriously now in a way that they didn't a few years back."

MSC can soon deliver a variety of certified sustainable seafood to European and U.S. seafood buyers, says Burns.

European retailers like Sainsbury's and Waitrose have embraced the program. U.K. stores that sell MSC-labeled product are big market players representing 85 percent of the country's food sales. But the MSC has not yet had as much success in the U.S. market.

"[Demand for eco-labeled product] is just starting up in the United States," says Jim Yorker, director of corporate quality assurance and government relations for Ocean Beauty, a Seattle company with eight Alaska salmon plants.

Ocean Beauty began selling eco-labeled canned Alaska salmon, frozen fillets and burgers three years ago when a U.K. retail customer required proof of environmental sustainability.

In the United States, mass-market retailers have not signed on, but MSC-labeled prod-

uct has a national presence in the domestic retail market through a partnership with Whole Foods Market, a 161-store natural-foods chain in Boulder, Colo.

Xanterra Parks & Resorts, a foodservice vendor in Aurora, Colo., promotes MSC-labeled Alaska salmon in 15 restaurants it runs at eight national parks. The company, which buys about \$1 million of seafood per year, signed on to the MSC program last year as a way to incorporate its environmental ethic into its menus.

The program has helped assure Unilever that it will meet its goal of sourcing 100 percent of its fish from sustainable sources — but not in 2005 as planned.

When Unilever helped found the MSC, European, Grand Banks and New England cod stocks were depleted, and the company was seeking sustainable sources of whitefish.

"Overfishing is a threat to the continued supply of raw material," says Dierk Peters, the international marketing manager for sustainability initiatives in the company's frozen-

foods division. European consumers are increasingly eco-conscious when purchasing seafood, he says.

By next year, Unilever estimates 75 percent of its supply will come from either MSC-certified fisheries like New Zealand hoki and South African hake or fisheries that meet Unilever's internal criteria for sustainability.

The company's definition is based on the United Nations'



Alaska salmon suppliers say the MSC eco-label has been an effective marketing tool.

Food and Agriculture Organization's code of conduct for responsible fisheries, which balances conservation with the nutritional, social and cultural importance of fisheries.

This month, a new CEO will take the helm to steer MSC through its political and economic challenges. Rupert Howes, who has a background in business and environmental sustainability, was named in July as successor to Brendan May, who stepped down as CEO after five years.

Howes' skills will be put to the test as the MSC reaches out to the business and conservation communities to provide a viable path to sustainable seafood. — L.D.

grown by 50 to 250 percent annually in five years and expects to do \$5 million in sales this year. Its products are sold in 1,200 stores nationwide.

Sustainable buying progresses

Over the last couple of years, the ethic behind the "movement" — not necessarily its definition of sustainability — became smart business for mainstream buyers.

For them, "sustainable" or "eco-friendly" seafood has come to mean added value akin to organic produce or antibiotic-free beef.

"I think the sustainability tag has value on the menu and will help people make a decision," says Brad Nelson, VP of culinary for Marriott International, which operates restaurants at many of its 2,400 hotels worldwide.

Sustainability is the overall theme of a Marriott seafood promotion this fall. Marriott's health-focused menus will also highlight organic products or fish the company considers harvested responsibly, like wild salmon and wild halibut.

Nelson sees the sustainability ethic extending into the rest of the seafood Marriott buys.

"Strategically, we want all of our purchases of center-of-the-plate proteins to have sustainability as part of the consideration," says Nelson.

To gauge market demand for sustainable seafood, *SeaFood Business* interviewed 17 seafood buyers, half of whom are distributors. Five out of nine distributors around the country said they have seen additional demand for either sustainable or environmentally responsible seafood.

An increasing number of chefs seek assurance that the fish they buy is environmentally responsible, says Joel Knox, president of Inland Seafood, an Atlanta distributor.

"Every grocery store is conscious of it, this year more so than last year, and next year more so than before," he observes.

Two distributors, Plitt Seafood in Chicago and M.F. Foley, have grown their business by marketing to the trend.

"Sustainable" has become such a buzzword that Plitt, a high-end distributor with more than \$50 million in annual sales, instead uses "responsible" to mean high-quality, healthful seafood harvested in responsible, non-damaging ways.

"If you're being responsible, you're going to have long-term profits," says Bob Sullivan, Plitt's president. He is seeing demand for natural products free of additives, chemicals, hormones, antibiotics and PCBs.

Sullivan promotes Rushing Waters' antibiotic-free, chemical-free rainbow trout raised in ponds instead of in cement raceways and "de-markets" items he would rather not sell, like treated fish. He has not yet found an acceptable source of organic farm-raised salmon.

"There is not enough Marine Stewardship Council product out there yet. As [the MSC product list] grows, it will be easier," says Sullivan.

The approach has led to top-line and bottom-line growth for Plitt, although Sullivan says he can't quantify the increase. "Every time we step out of our mission statement, we don't make money, and we regret it," he adds.

M.F. Foley, a fourth-generation, family-held seafood distributor, in March launched the Special Harvest program to offer mainstream retailers a seafood parallel to certified organic products.

Market research showed consumers buy grocery items at traditional grocery stores but purchase seafood at natural-foods markets, says Laura Foley Ramsden, VP of sales and marketing.

"What we hear direct from consumers and what we see from grocers in the industry is that there's

Ahold USA balances sales volume and conservation

EcoSound steers seafood buys toward most responsible options

Each year, Ahold USA buys more fish from the companies and sources it has identified as environmentally responsible.

The nation's No. 5 grocery chain, with 1,600 stores and 20 million customers, represents the U.S. market's largest retail commitment to environmentally sustainable seafood. Ahold operates six chains along the Eastern seaboard: Stop & Shop, Tops, BI-LO, Giant-Carlisle, Giant-Landover and Bruno's. The company, with central procurement operations in Assonet, Mass, also owns the Peapod online grocery operation in Boston.

Ahold's EcoSound initiative incorporates environmental sustainability, food safety and labor conditions into the company's purchasing criteria.

"It's important for Ahold to make sure we have seafood for generations to come. That's No. 1," says Craig Appleyard, former sustainable-seafood-project manager.

Appleyard, who has a master's degree in aquaculture from the University of Rhode Island, was hired by Ahold four years ago to investigate accusations from environmental groups that salmon farms polluted waters and threatened wild salmon stocks.

Both Appleyard and his boss, Rick Sciulla, left Ahold early this month. Chuck Anderson, who was involved in the early stages of EcoSound and just rejoined it as VP of seafood procurement, says Ahold remains committed to the project.

"I've been a huge supporter from day one and I will continue to do so. I'm sold on the concept," says Anderson.

As the program evolved, Appleyard started looking at other species as well, and in 2001, Ahold enlisted help from the New England Aquarium to boost the science behind the effort and give it third-party credibility, says Appleyard.

Using research conducted in-house and at the New England Aquarium, the company determines which vendors, fish farms and fisheries represent the best practices and steers buying toward those sources.

Initially, Appleyard researched farmed species while the aquarium studied the wild species. Early this year, the aquarium brought an aquaculture specialist aboard to help Ahold investigate farmed salmon and shrimp.

The aquarium is giving EcoSound additional layers of credibility. Its goals are to have three other scientists peer review every report and formalize its methodology, says Heather Tausig, director of conservation for global marine programs at the aquarium.

Since partnering with the aquarium, Ahold annually has spent \$100,000, about one-third of the aquarium's overall costs associated with EcoSound. Private foundations pay the rest. Packard just awarded \$185,000 to the aquarium for the first year of a three-year commit-

ment, and the Jessie B. Cox Charitable Trust committed \$25,000 for each of three years.

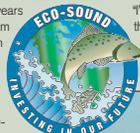
Ahold declined to say how much seafood it purchases annually, but Appleyard says the company and aquarium have audited species that in total represent nearly half of the volume the chain buys and sells. Farmed salmon, tilapia and catfish have all been researched. Preliminary audits are complete on wild and farmed shrimp, and reports on other species are in progress.

Appleyard and Michael Tusty, a research scientist and aquaculture specialist at the aquarium, visited Chilean salmon farms that supply Ahold USA to gauge their environmental responsibility. They examined feed content, levels of contaminants like PCBs in fish feed, possible farm pollutants in the local waters, disease and escape issues.

Tusty says he was impressed with the operations and pleased with the distance between farms — about two to three miles.

"I'm confident they're working with farms that are the best in Chile," says Tusty.

For wild fish, Glenn Hovermale, a senior conservation associate at the aquarium, reviews stock status, stock



Glenn Hovermale at the New England Aquarium reviews wild species for Ahold.

assessments and bycatch reports. Wild species that have been audited include cod, haddock, snow crab, scallops, flounder, Chilean sea bass and orange roughy.

Translating those results into action is in various phases, depending on the species, says Appleyard.

Research into orange roughy fisheries conducted in international waters near Namibia, Australia and New Zealand, for example, identified the healthiest fishery, and Ahold now buys from that one, says Appleyard, who declined to identify the fishery.

Ahold's research of Chilean sea bass led it to conclude the long-lived. *Continued on page 30*

definitely a calling for [an eco-friendly seafood alternative] that traditional retailers weren't meeting," says Ramsden.

The Special Harvest program includes a changing list of species with information explaining why Foley considers the selection environmentally responsible. Foley's list of Special Harvest groundfish species includes Georges Bank cod, haddock, monkfish, yellowtail sole, lemon sole and summer flounder; Gulf of Maine pollock; and Acadian redfish. The list changes with stock-status reports.

The program includes point-of-sale signage with



a dark-green Special Harvest Seafood logo stating "all-natural" and "eco-friendly." Recipe cards contain nutrition facts and scientific tidbits about stock biomass.

Foley hopes the program will improve the image of New England groundfish and let consumers know that the management regulations to address overfishing and depleted stocks have been effective, says Ramsden.

"New England has definitely turned it around," she says. "There are fishery-management measures in place to guard against overfishing, and you can enjoy the health benefits of these species."

Eight companies that own a total of 26 grocery stores buy Foley's Special Harvest fish, and most sell it under that brand instead of under their own. Ten



more multi-unit grocery companies are considering the program, says Ramsden.

Media coverage of the health of global fisheries and aquaculture prompted Darden to begin its sustainable-seafood effort.

"[Sustainability] will be one of the criteria that we will use to make judgments about the suppliers of our

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Ahold's Giant-Carlisle division saw sales rise after launching EcoSound.

species is suffering a dramatic depletion due to overfishing and lack of management. The company decided to discourage selling the fish as much as possible. The procurement staff asked each of the grocery chains not to promote or display the species and suggested offering customers alternatives like turbot and halibut. As a last resort, the store can special-order the fish to avoid losing a customer, an important concession central purchasing made in order to sell the program to the stores.

While Ahold's central-procurement staff uses EcoSound as a behind-the-scenes guide, each grocery chain decides independently whether to tell its customers the EcoSound story to help promote seafood.

This spring, the Giant chain in Carlisle, Pa., and Tops in Buffalo, N.Y., with the help of aquarium staff, trained their seafood associates in the program. Print, radio and point-of-sale advertising promoted EcoSound as "investing in our future."

"Employees have responded favorably to the new information," says Appleyard. "Customers are aware of the program, are asking more questions and walking away with positive results."

EcoSound has not raised retail prices, but the program has boosted sales at the Giant-Carlisle and Tops stores.

"We know customers are responding positively through our communication with the seafood managers, the demand for information provided at store level and the hits we are getting on our Web site," he says.

Sales numbers over the next several months will offer the company the first solid evidence of whether environmental assurance carries weight with consumers.

"I don't think [sustainability] is driving their purchasing decisions at this point," says Appleyard, "but it is going to have more and more impact on their decisions."

Ahold USA's EcoSound approach is in line with the philosophy of its Dutch parent company, Royal Ahold, which advocates corporate responsibility in such areas as food safety, consumer health and environment.

Royal Ahold operates 7,000 retail outlets

worldwide and, with \$73 billion in global annual sales, is the world's second-largest retailer, behind Wal-Mart, according to Rabobank, a Dutch food and agribusiness bank.

"The first priority for all food providers is to ensure that what you produce will not do any harm to the consumers you are seeking to attract," Alfons Schmid, Royal Ahold's VP of food safety and consumer health, recently wrote about the corporation's philosophy.

"The next task is to ensure that your production process doesn't inflict suffering on the species you work with or cause environmental or social damage of any kind," wrote Schmid.

Ahold's philosophy not only influences its purchases but has the potential to influence those of other companies.

In June, Schmid announced that Royal Ahold is working to create a farmed-salmon standard that highlights the best practices in the industry. The standard could be used by a certifier to audit a farm or by retailers as an industry gauge of environmental responsibility.

The standard is being developed through a European program called Eurepagg, which standardizes good agricultural practices. It is expected to be made public this month at www.eurep.org.

The New England Aquarium has not yet endorsed the new guidelines, says the aquarium's Tausig. Some environmentalists have criticized Eurepagg standards for not being tough enough, she says.

In addition to the potential benefit of a farmed salmon standard, Appleyard and his partners at the aquarium hope EcoSound represents a program that can in the future be a template for other retailers.

"We try to isolate the best practices. Using all this buying power, you can create improvement, you can initiate change, and I think that's the heart of the program," says the New England Aquarium's Hovemarle. — L. D.



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