Marketing Virginia Croaker

By Stuart A. O’Bier

December 1, 2005

A final report on a project sponsored by the Virginia Fishery Resource Grant
Croaker Stocks come back in the 1990's

In the early 90's croaker stocks were at a low ebb and few were caught. But then stocks rebounded and for the last nine years or so 26 to 28 million pounds a year of the fish have been caught nationally. Croaker catch in the Chesapeake Bay followed a similar trend ranging between 10 and 15 million pounds for the years 1996 to 2003. National Marine Fisheries statistics trace out this resurgence in catch.

These big catch numbers will almost inevitably decline and may be doing so already. Large number of croakers were caught all through the 70's and then the catch continuously declined through the 80's before beginning another upsurge in the 90's. In the seafood business the one constant is change. Available quantities are extremely variable. If seafood businesses are to survive they must continuously reposition themselves to take advantage of such changes.

Developing Markets for Croakers

Given the abundance of croakers, we, at O'Bier Seafood, wanted to develop additional markets. We thought we could sell Chesapeake Bay headed and gutted IQF croaker if the right packaging and production process was developed. We applied for and received a grant from the Fishery Resource Grant Program to help us do that.
For the first year (2002) of the project we had attractive two and five pound plastic bags printed with our EAY’S BEST brand, a picture of a croaker, a see through panel and appropriate FDA nutritional information on it.

Development costs for the croaker bags were as follows: Design layout, composition and production - $1,401.50; bag plates and pre-pressed artwork - $4,091.50. Total costs for the development of the croaker bags were $5,493.00.

In order to enter the frozen H&G market, we would need to clean and dress the croakers, individually freeze them and seal them in the two and five pound bags. Although we initially wanted to lease a tunnel IQF freezer, that approach proved so expensive that we turned to a co-packer, Wanchese fish, to get that part of the operation done.

The Production Process and Costs

The production process was as follows: Pack and dress the croakers at our plant in Callao, VA. Then, after making them ready for tunnel freezing, we transported them to
Suffolk. We put the H&G croaker on our trucks which were already going to Hampton so there wasn’t much additional transportation expense. The frozen croakers were then returned to our plant where they were weighed into two and five pound bags. After sealing the bags we packed them into 20 pound master packs. The two pound packs were, of course, 10 to the case and the five pound packs were four to the case.

Our costs to get the frozen dressed fish in the 2 lb bag were as follows:

<table>
<thead>
<tr>
<th>Per Pound croaker</th>
<th>$0.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>H&amp;G yield 60%</td>
<td>$0.25</td>
</tr>
<tr>
<td>Processing Costs</td>
<td>$0.10</td>
</tr>
<tr>
<td>Processing Cst after H&amp;G</td>
<td>$0.15</td>
</tr>
<tr>
<td>Co-pack IQF Charge</td>
<td>$0.25</td>
</tr>
<tr>
<td>Two Lb Bag @ $.14</td>
<td>$0.07</td>
</tr>
<tr>
<td>Bag Packing Cost</td>
<td>$0.05</td>
</tr>
<tr>
<td>Sealing Machine Lease</td>
<td>$0.01</td>
</tr>
<tr>
<td>Transportation</td>
<td>$0.05</td>
</tr>
<tr>
<td>Total Per Lb Cost for Dressed</td>
<td>$0.83</td>
</tr>
</tbody>
</table>

Selling the Product

Using previous contacts, we scheduled a presentation of the new product to the buyer for Murry’s Steaks. Murry’s Steaks, is a purveyor of frozen meat and seafood with their own retail stores. Many of their stores have an Asian and African-American customer base. Asians and African-Americans have been a traditional target market for croakers.

We knew we would be competing with a less expensive Uruguayan croaker. However, we made the pitch to Murry’s on the basis that our Bay’s Best brand would be a higher quality domestic product with more appeal. As noted, it was also agreed to be packed in 2 pound packs. The Uruguayan product was available only in four pound packs. The
Uruguayan product was selling at less $1.00 per pound or less. Murry’s buyer agreed to give our product a try; paying us $1.25/lb. This allowed us a gross margin of 32 percent, which was sufficient to cover overhead and other possible misestimates of costs. We delivered the product to their warehouse in Landover, MD and Murry’s subsequently distributed it to their stores.

In that first year we made 2 deliveries of the product to Murray’s and sold a total of 14,000 pounds. Murray’s was our only significant customer for this product. More of the product was sold to some of our independent stores via regular route deliveries. The demand for the two pound packs was more significant than the five pound packs.

So the product did have some success that first year. We put up the frozen H&G product only when the price of croakers was at $.15/lb. If the cost of croaker went above 15 cents it made our margins so narrow that it wasn’t worth doing.

Price Paid to Fishermen Increases

The next year, in 2003, the fisherman’s price for croaker was $.25 or $.30/lb. or more most of the time. Prices in subsequent years have also been higher. Because yield of H&G croakers is about 60 per cent the off the knife price of croaker increases $.25 per pound when you go from $.15/lb to $.30/lb. Thus between 2002 and 2003 our H&G price for croaker went from $.25 to $.50. This increase in H&G price of $.25 pound so squeezed our gross margins to about five per cent. This small a margin would not cover our overhead so what was profit became unprofitable with the increased round croaker price. Thus we decided we were unable to compete with the Uruguayans even if we did have superior product.

Taking the Project in a Different Direction

Although we could no longer compete in the frozen H&G market, we took what we learned there and began selling in the fresh vacuum pack business in 2004. While this has not been a large business it is a steady business and continues to present. This fresh market has an added advantage in that Uruguayans can’t supply fresh product to the U.S. The product does not have enough value so that it can absorb air-shipping from Uruguay.

Using the same art work developed for the frozen croaker project we started vacuum-packing H&G croaker fresh. Now in a good week we move 700 to 800 pounds of fresh vacuum packed croaker, mostly to Wal-Mart. This is all to store-door delivery to Wal-Mart and a few independents.

Without the film and the label we would not have been able to sell Wal-Mart. Wal-Mart no longer takes fresh product packed on ice for its “full service” cases. Everything in the “service” cases is slacked out. If you inspect their “service” case you will see that nearly every product says previously frozen. Much of it is imported. Subsequently we
expanded vacuum-pack sales into other species. The best selling species are black bass, sea trout and summer flounder.

Vacuum-Packing Costs.

The price we sell the fresh vacuum-pack croaker is, of course, dependent on the price we pay for croakers. However the vacuum packing costs make up a fixed portion of our selling price.

Those costs are as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tray for Vacuum-pack</td>
<td>$0.20</td>
</tr>
<tr>
<td>Vacuum-pack bag</td>
<td>$0.15</td>
</tr>
<tr>
<td>Bay’s Best sticker</td>
<td>$0.08</td>
</tr>
<tr>
<td>Dressing and Packing</td>
<td>$0.20</td>
</tr>
<tr>
<td>Leak-Proof Master</td>
<td>$0.17</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>$0.80</strong></td>
</tr>
</tbody>
</table>
The Chesapeake Bay and its tributaries have had a rich history in producing some of the finest seafood in the world. The watermen that work the bay take pride in the job they do, as it has been handed down generation to generation—a life style all its own.

Please enjoy Bay's Best Croaker—a mild, sweet flavor fish with a moist texture, suitable for baking, broiling, steaming or frying.

Thawing Instructions:

Thaw fish in refrigerator and prepare in your favorite recipe.

For more recipes and information on Virginia Seafood, visit the state web site at www.virginiaseafood.org

Nutrition Facts

<table>
<thead>
<tr>
<th>Serving Size</th>
<th>3.5 oz (100g)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servings Per Container</td>
<td>about 9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amount Per Serving</th>
<th>Calories: 100</th>
<th>Calories from Fat: 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Fat</td>
<td>3.2g</td>
<td>5%</td>
</tr>
<tr>
<td>Saturated Fat</td>
<td>1.1g</td>
<td>6%</td>
</tr>
<tr>
<td>Cholesterol</td>
<td>61mg</td>
<td>20%</td>
</tr>
<tr>
<td>Sodium</td>
<td>56mg</td>
<td>2%</td>
</tr>
<tr>
<td>Total Carbohydrate</td>
<td>0g</td>
<td>0%</td>
</tr>
<tr>
<td>Dietary Fiber</td>
<td>0g</td>
<td>0%</td>
</tr>
<tr>
<td>Sugars</td>
<td>0g</td>
<td>0%</td>
</tr>
<tr>
<td>Protein</td>
<td>17.8g</td>
<td>7%</td>
</tr>
</tbody>
</table>

| Vitamin A | 0% | Vitamin C | 0% |
| Calcium | 0% | Iron | 2% |

*Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.

| Total Fat | Less than 65g | 80g |
| Sat Fat | Less than 20g | 25g |
| Cholesterol | Less than 300mg | 300mg |
| Sodium | Less than 2,400mg | 2,400mg |
| Total Carbohydrate | 300g | 375g |
| Dietary Fiber | 25g | 30g |

Calories per gram:

| Fat: 9 | Carbohydrates: 4 | Protein: 4 |

SPICY PAN-FRIED CROAKER
3 lbs. Bay's Best Croaker
1 cup yellow cornmeal
1 1/2 teaspoons paprika
1 teaspoon salt
1/2 teaspoon celery salt
1/2 teaspoon pepper
1/4 teaspoon dry mustard
1/4 teaspoon cayenne powder
1 cup milk
Bacon fat for frying (or substitute your favorite oil)
Lemon wedges for garnish
Wash fish and pat dry. Combine cornmeal and seasonings. Dip fish in milk and then roll in seasoned cornmeal. Place fish in a single layer in hot bacon fat in a 12-inch skillet. Fry at a moderate heat for 4 to 5 minutes or until brown. Turn carefully. Fry 4 to 5 minutes longer or until fish are brown and flake easily when tested with a fork. Drain on absorbent paper. Serve with lemon wedges. Serves 6

GRILLED ORIENTAL CROAKER
4 medium dressed Croaker
1/4 cup soy sauce
2 tablespoons brown sugar
1 clove garlic, minced
1 tablespoon fresh ginger, minced
2 tablespoons orange peel, finely juliened
2 tablespoons orange juice
1/4 teaspoon red pepper flakes, crushed
2 tablespoons butter, melted
4 scallions, sliced
Place fish in a bowl. Combine remaining ingredients and pour over fish. Marinate one hour. Place fish on a grill, about 5 inches from heat for about 5 minutes per inch thickness of fish, turning once halfway through cooking time and basting often with the marinade. When fish is tender and flakes easily, remove from grill and serve hot. Fish can also be cooked indoors by placing it on a broiler pan and broiling about 5 inches from the heat for 10 minutes per inch of thickness, turning once halfway through the process. Serves 4

Packed by O'Brien Seafood Inc.
Callao, Virginia 22435

PRODUCT OF U.S.A.
Refrigerator & Freezer Storage for Seafood

- For best taste cook fresh seafood as soon as possible.
- Upon arrival, immediately store fresh seafood in its original wrapping in the coldest part of the refrigerator or in the "meat keeper" drawer.
- Fresh seafood can be refrigerated up to 2 days.
- Immediately freeze any seafood you do not plan to use within 2 days. Do not refreeze previously frozen and thawed products.
- Seafood can be frozen at 0°F for up to 3 months. However, the longer it is frozen, the more likely it is to lose flavor, texture & moisture.
- Thaw frozen seafood in refrigerator, under cold running water or in microwave following manufacturer's guidelines. Never thaw seafood at room temperature.

SPICY PAN-FRIED CROAKER
Bay's Best Croaker
1 cup yellow cornmeal
1/2 teaspoon paprika
1 teaspoon salt
1/2 teaspoon celery salt
1/2 teaspoon pepper
1/4 teaspoon dry mustard
1/4 teaspoon onion powder
1 cup milk
Bacon fat for frying (or substitute your favorite oil)
Lemon wedges for garnish

Wash fish and pat dry. Combine cornmeal and seasonings. Dip fish in milk and then roll in seasoned cornmeal. Place fish in a single layer in hot bacon fat in a 12-inch skillet. Fry at a moderate heat for 4 to 5 minutes or until brown. Turn carefully. Fry 4 to 5 minutes longer or until fish are brown and flake easily when tested with a fork. Drain on absorbent paper. Serve with lemon wedges. Serves 6

For more recipes and information on Virginia Seafood visit our state website at www.virginiseafood.org

Packed by O'Herr Seafood Inc., Callao, Virginia 22435
Croaker

This bony bycatch has a loyal following in the Southeast and the potential for larger markets

By Rick Ramsayer

C roaker has a bit of an image problem. The fish is bony, it's sometimes considered bycatch, and its name isn't particularly appealing.

But thanks to its lean, tender flesh and near-sustenance taste, croaker remains popular with many U.S. consumers, primarily in the Mid-Atlantic and along the Gulf Coast. It is also prized in far-flung locales such as South Korea and China.

"I'm not sure sales are growing, but it certainly is a popular fish, especially with the Asian and African American communities," says Stuart O'Beir, president of O'Berry Seafood in Calais, Va. "It seems to do well in major markets like New York and Washington, D.C., and it still has a strong following in the Carolinas."

The Atlantic croaker (Micropogonias undulatus) is the smallest member of the Sciaenidae family of drum, often 3 to 12 ounces, though some to 5 pounds are available.

Also known as hardhead, the species gets its name from the sound made by the contraction of muscles attached to its air bladders.

Croaker is harvested in the Atlantic and Gulf of Mexico, from Massachusetts to Texas. It's plentiful in the Chesapeake Bay region during the spring, summer and fall and is found farther south and offshore in winter. The Mississippi Delta is another prime production area.

Offshore, a longtime staple, it's now up to half its fish sales from croaker in season, mostly to supermarkets. Wholesale prices range from 75 cents to $1.50 per pound for whole fish and from $1.50 to $2.50 per pound dressed.

The family-run company, which already has frozen croaker in its product mix, recently introduced refrigerated, packaged croaker that will be sold under the Bay's Best brand, possibly in Walmart stores in Virginia and in other regions. Each package will contain two or three, dressed, 12- to 16-ounce fish.

"Through proper marketing and packaging — there's a special label that gives the consumer information about how to prepare it — I can see where croaker has a chance to go," O'Beir says.

Shirley Estes, executive director of the Virginia Marine Products Board in Newport News, Va., doesn't need convincing about croaker's potential.

"It's ideal because it is plentiful, plentiful, plentiful, and it's great-eating," says Estes, citing croaker's prevalence in area supermarkets and in regional and Asian-themed restaurants.

Croaker is exported as well, predominantly to Canada, China and South Korea.

In Korea it's a very prestigious fish, Estes explains. "Dried and properly packaged, it goes for hundreds of dollars."

Some U.S. companies import related species, including white-mouth croaker (Micropogonias furnieri) and yellow croaker (Pseudosciaena crocea), from Uruguay, Brazil and Argentina.

The Atlanta-based Great Fish Co., which sources from South America, tests a shelf-stable bag of croaker that's packed in parts of the Southeast by retailers such as Bi Lo and Wal-Mart.

The 6-pound bags, primarily sold frozen, contain 8- to 16-ounce headed- and gutted fish priced at around $1.70 per pound.

"But I don't see frozen getting super popular, just from the standpoint of all the bones in it," points out Great Fish President George Cates, noting between its bones and unappealing name, croaker can be a hard sell in some areas.

that croaker represents less than 1 percent of sales for his company.

"Most American consumers refuse to deal with that," said Cates. "Still, 'wet's a lot of communities in the Southeast that will gou crazy over it,' Carter adds.

Glenn Sales Co. in Atlanta also imports croaker, which accounts for about 5 percent of its revenue. The fish, either H&G or dressed, is destined for regional or specialized grocery outlets.

"There's steady demand, but it's more of a niche market for us," says Bruce Pearlman, company president.

"My best guess would be we move a couple million pounds per year."

Croaker, given its familiarity in the South, has long been a staple at leading supermarkets there. The Ukrop's and Pam Fish chains carry it, as do Safeway, N.C.-based Food Lion, with more than 1,200 stores in 11 states. It's available very much chain-wide, says Jeff Loewence, Food Lion's corporate communications manager, who says the company uses domestically caught fish whenever possible.

The bell of croaker at Food Lion is packaged and refrigerated, but a handful of sites have full-service seafood counters that display fish on ice. Prices run from $3.50 to $3.90 per pound.

"Croaker is kind of a mid-range in popularity, so it has a good following," Loewence says.

Restaurants in the Mid-Atlantic and Southeast offer croaker as well, albeit with varying degrees of success.

"It's not an easy sell," said Dale Reuter, chef-owner of Acadia, a top dining draw in Richmond, Va. "Everyone in this area is familiar with croaker, but they don't consider it a fish they'd buy in a restaurant as much as one they'd catch themselves and cook at home."

Reuter nonetheless cooks croaker from time to time as a lunch special, perhaps crusted with cornmeal or crushed potato chips, or sautéed and served with fresh pants. Featured items normally range from $5 to $9.

"We usually serve it over rice, because people have the memory of croaker being a bonefish, and it is just easier like that," Reuter said. "But I stay away from small croaker, because they're just too much work; then they won't eat them."

Nino Masciul, chef at the newly opened Fish Out restaurant in Lewes, Del., also serves croaker as a special, typically grilled, for $18. And though he says business is one of croaker's challenges, he has his own theory for its slow sales. "The name just isn't sexy."

That apparently doesn't matter to customers at Grandma's Country Kitchen in Charlotte, N.C., where croaker represents roughly 60 percent of the restaurant's fish business.

"It's pretty popular, mainly among African Americans," says owner Abdul Bilal, who serves fish-croaker sandwiches ($8.95 for lunch and $9.95 for dinner) and entrees ($5.75 and $7.95). And since the fish is mostly served head off and fanned open, he's got some advice for bone-shy diners.

"There's an art to eating croaker," Bilal says. "You start on the inside and, then you flip it over and go under the skin. Once you learn that, it's easy."

Contributing Editor Rick Ramsayer lives in Cumberland, Maine.

Nutrition Facts

For information on croaker and 92 other species, order the brand-new expanded Seafood Marketing Professional Edition, with two free posters, by calling (207) 842-5082 or order online at www.seafoodbook.com

Scale croaker in water, milk or a combination of the two, then roll in corn flour and cook in hot grease. The meaty fish also can be steamed whole. For something different, sauté croaker fillets and spoon over them a sauce of vinegar, garlic and white wine.

How do you cook it?

A popular pan fish, croaker is often breaded or dusted with cornmeal or flour and pan-fried. It can also be barbecued and grilled, roasted, broiled, or baked. For a Southern favorite, dip a dressed,

croaker

for

in

croaker

amount

per

serving

Calories

Fat Calories

Total Fat

Saturated Fat

Cholesterol

Sodium

Protein

Omega-3

Nutrition Facts

810

10

34

1.1

18

56

17.8

0.3