

An Overview of New England Seafood Auctions: Implications for the Marketing of Seafood in the New England Marketplace and Beyond

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Several fishing ports in New England sell seafood using a system called an auction. Boston and New Bedford are the homes of New England's oldest auctions, ports where fish are still sold as they have been for years: sight unseen (Griffin 1988).

However, the Boston auction system is different from that of New Bedford. In Boston, fish is sold by vessel and by species, so a buyer is free to buy only, say, the cod from a boat without taking several other unwanted species (Griffin 1988). After the old New Bedford auction collapsed in May 1994, the fish processors reopened it as a display auction (Katz 1995), a concept the United States fish business borrowed from Europe. The idea is that buyers and sellers benefit from being able to see, feel, and smell the fish right off the boat, and everyone benefits from a more accurate, open market (Duchene 2000).

In 1986, the city of Portland made history with the opening of the country's first display auction of the type common in Europe, Japan, and Scandinavian countries (*National Fisherman* 1986). The working waterfront in Portland has been an active, integral, and successful part of the Maine fishing infrastructure for decades (Schreiber 2004).

The founders of the Portland display auction set out to improve the way fish were sold in New England. With money from the government and input from fishermen, fish processors, academics, and city officials, the nonprofit exchange opened in 1986 as the region's first public display auction, where buyers could inspect the fish before they bid. Previously, fishermen had either negotiated a private sale with a dealer or fish processor or had used the Boston or New Bedford auctions, both of which were owned and operated by the buyers (Katz 1995).

The idea was simple—separate the catches brought in so fishermen could be rewarded if they delivered higher-quality hauls—but it was totally

new to the United States fishing industry, where weight-based hunks of unsorted masses had been sellers' only options (Smith 2001). What the founders did not count on was the new professionalism that added accountability would slowly bring to the Portland fish auctions, an operation that quickly set the standard for others across the United States (Smith 2001). Furthermore, some dealers said they like the display method of buying fish because it allows them to pick and choose what they are getting, rather than relying on brokers (Robinson 1997).

In 1997, the city of Gloucester, with development loans from the state and city, opened a \$3 million state-of-the-art fish pier, storage, and auctioning facility on prime waterfront property (Schubarth 2002). Prior to opening, they researched display auctions and spent a great deal of time thinking about how to run the business. The Gloucester auction was modeled after the one in Portland (Adelman 1988). This auction gives boats another market where they can off-load and have licensed buyers place bids on the fish (Robinson 1997).

The Gloucester auction serves boats from all over the northeast coast. The auction gets money from the fishermen for each pound of fish sold at the auction. Additional money comes from the seafood dealers for services that include handling, trucking, packaging, and preparing of fish (Adelman 1988). It attracts buyers and sellers from the New England and Mid-Atlantic states and has expanded the variety of seafood traded to include farmed fish, scallops, mussels, tuna, and many species of groundfish. Now buyers' representatives often stay in close contact with buyers before and during an auction (Duchene 2000).

In some cases, buyers might pay slightly higher prices for locally caught fish because fishermen are taking better care of the fish they do catch—for instance, icing it more quickly (Haywood 1998). As soon as the auction ends, refrigerated trucks are loaded and much of the haul is headed south (Greenberg 2002).

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Survey Design and Data Collection

A telephone questionnaire was developed and a target population was identified of 25 respondents who are familiar with the operation of the New England Seafood Auctions. The study sample was representative of the marketplace. The survey responses were somewhat disappointing. A total of 25 telephone interviews were conducted in August of 2004; nine people responded to the telephone survey resulting in a respectable yield of 37%. It is also interesting to note that another 37% were too busy to take the time to answer the questionnaire.

Survey Results

Survey respondents were asked to rate the New England Seafood Auctions using open-ended questions. Almost all of the respondents felt that the concept of the seafood auction is good for the seafood industry in New England and beyond.

The respondents were asked to rate the 4 P's of Marketing—Product, Price, Place and Promotion—as they are applied to the New England Seafood Auction. Following is a list of responses from the respondents concerning the 4 P's of Marketing as applied to the New England Seafood Auction. These comments were not weighed and are in no particular rank order.

PRODUCT

Comments

- Inspect product
- Buyers determine quality
- 10 day old not as good as 1 day old
- Better quality
- Day boat fresh
- Purchase local product
- Break the lot down
- Smaller quantity to buy

PRICE

Comments

- Help make an even playing field
- Boats benefit
- Boats can scratch (take catch off the market for rebid)
- Pay more because no middleman
- Selling to highest price without loyalty
- Fairness and honesty enhanced
- Order to an insane world
- Boats with better reputations benefit

PLACE/DISTRIBUTION

Comments

- Get fish ready for distribution to New England and beyond
- Trucks and handling fish
- Ship to New York and Philadelphia
- Take away long-term relationships
- Get fish from boats with good reputation
- Temperature is key
- Make fish available to buyers who might not otherwise have access to New England product

PROMOTION

Comments

- Important to partner in fishing industry

Most of the comments tend to be positive in nature and present some interesting ideas concerning the 4 P's of marketing as they pertain to the marketing of seafood auctions.

Conclusion

The New England Seafood Auctions have played an instrumental role in the marketing of seafood in New England and beyond. This concept has proven to be beneficial to many members of the seafood supply chain.

Auctions are only one small segment of the seafood supply chain. However, many people feel that they are a very important segment indeed. The efforts of each and every individual involved in the process has made the New England Seafood Auctions an effective element in the marketing of seafood in New England and beyond. The business environment is always changing, and it will be exciting to keep abreast of the evolution of this concept in future years.

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