

Retailers weigh passing rising seafood costs on to customers

By Christine Blank

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Seafood executives tell *SeaFood Business* that wholesale seafood prices have risen 8 to 20 percent over the past year. Across the country, as fresh seafood retail prices rise, sales are dropping, according to Chicago-based consulting firm the [Perishables Group](#). For the 52 weeks ending May 1, U.S. retail seafood prices rose around 6.5 percent, while sales volume dropped by 4.5 percent. And, for the first quarter of 2011, average retail prices on seafood spiked 9 percent.

Prices of 13 of the top 15 categories of finfish increased during the year that ended May 1. Some of the most notable increases include fresh Atlantic salmon, which spiked by 16 percent in price and experienced a corresponding 21 percent drop in sales volume, says Steve Lutz, executive VP of the Perishables Group.

In addition, the volume for all crustaceans plummeted 26 percent for the year ending May 1, likely due to an average price increase of 15.7 percent across the category.

"Lobster and crab had been pretty cheap the previous few years. Now that those products are snapping back to historical pricing levels or higher, it is having a significant impact on volume," says Lutz.

Meanwhile, the price of tilapia increased 7 percent while volume declined 2 percent. Catfish prices increased by 6 percent and experienced a corresponding 7.7 percent decrease in volume.

As more fresh seafood sellers pass along their increased costs, they have to be wary of a long-term change in consumer buying habits. Seafood departments had one of the highest price hikes, compared to all other fresh departments, according to Lutz. "Food inflation has been a much more serious issue in 2011 across all fresh foods," says Lutz.

Unfortunately, higher seafood prices could turn some buyers off to the category. "You are already dealing with a product that many consumers perceive to be a more expensive center-plate item than all other items. When you get these price increases, you are talking about an increase on a price that is already higher," says Lutz.

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