

TAA

Trade Adjustment
Assistance for Farmers

Technical Assistance

Lobster Market Overview



Trade Adjustment Assistance for Farmers

Intensive Training:

Lobster Market Overview



TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

Lobster Market Overview

Prepared by:

Annie Tselikis
Maine Lobstermen's Association
Education Coordinator

Patrice McCarron
Maine Lobstermen's Association
Executive Director

TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

Workshop Overview

- Consumer preferences
- Protein and Seafood Trends
- US Lobster Exports; relationship with Canada
- Market supply chain
- Live lobster in the market
- Lobster processing sector
- Global market case study, price crash of 2008
- Future opportunities

Chapter 1: Consumer Preferences

What do people want to eat?

Outback Favorites

Add a cup of Walkabout Soup or one of our Signature Side Salads. 2.79

Baby Back Ribs

These fall-off-the-bone ribs are exactly the way ribs should be. Succulent and saucy, each rack is smoked, grilled to perfection and brushed in a tangy BBQ sauce. Served with Aussie Fries. Full order 16.99 1/2 order 12.99

Alice Springs Chicken

Chicken breast flame-grilled and topped with sautéed mushrooms, crisp strips of bacon, melted Monterey Jack and Cheddar and finished with our honey mustard sauce. Served with Aussie Fries. 13.99

Grilled Chicken on the Barbie

Seasoned and grilled chicken breast with our signature BBQ sauce and served with fresh seasonal veggies. 10.99

No Rules Parmesan Pasta

Fettuccine noodles tossed in a creamy Parmesan cheese sauce. 10.99 Up the flavor with the addition of grilled shrimp, scallops or chicken breast, or choose two. 14.69

New Zealand Rack of Lamb

A rack of tasty New Zealand lamb (cooked to order) with a rich Cabernet wine sauce. Served with garlic mashed potatoes and fresh seasonal veggies. 17.99

Filet with Wild Mushroom Sauce (based on availability) - NEW!

Sliced filet topped with our rich Marsala and wild mushroom sauce served with garlic mashed potatoes and fresh seasonal veggies. 14.99

Sweet Glazed Pork Tenderloin (based on availability)

Prepare to be impressed! Fork tender pork tenderloin drizzled with a sweet tangy glaze. Served with garlic mashed potatoes and fresh steamed French green beans. 10.99

Straight from the Sea

Add a cup of Walkabout Soup or one of our Signature Side Salads. 2.79

Norwegian Salmon

Seasoned and grilled fillet with fresh seasonal veggies. 13.99

Fresh Tilapia with Pure Lump Crab Meat

Fresh Tilapia crowned with a crab stuffing, then topped with pure lump crab meat and sliced white button mushrooms, finished with a drizzle of light lemon butter Chablis sauce. Served with fresh seasonal veggies. 14.99

Shrimp En Fuego Fettuccine - NEW!

This amazing new pasta dish has quickly become a house favorite. Large crispy shrimp, sliced mushrooms and fresh tomatoes in a spicy, creamy sauce served over fettuccine. 12.69

Lobster Tails

Two cold water tails simply steamed or seasoned and grilled, served with your choice of two freshly made sides. 23.99



TAA

Trade Adjustment
Assistance for Farmers
Technical Assistance

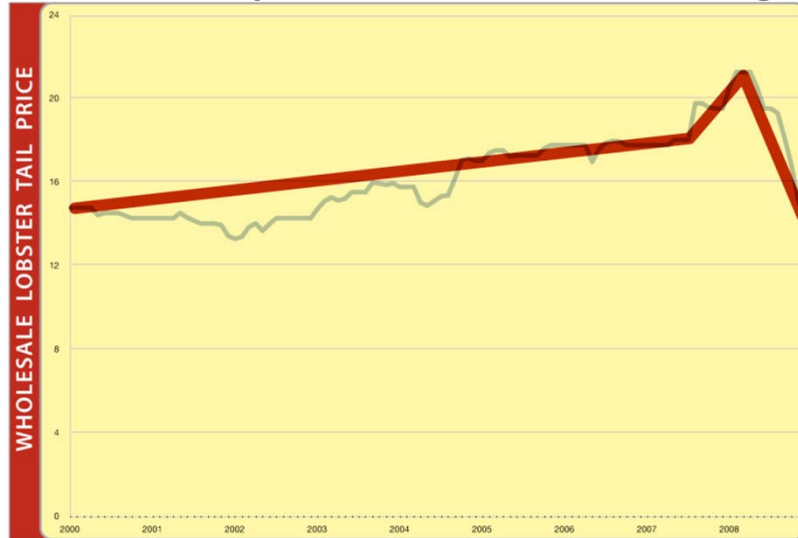
Consumer Preference

- 80% of seafood consumed through restaurants; 20% through retail
- Casual dining and retail demand for lobster expanded in 2008 motivated by low prices
 - Many chains added lobster to menu such as Panera, Pizzeria Uno, Outback, etc

TAA

Trade Adjustment
Assistance for Farmers
Technical Assistance

Frozen tail prices and casual dining



TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

US Consumer Seafood Preference

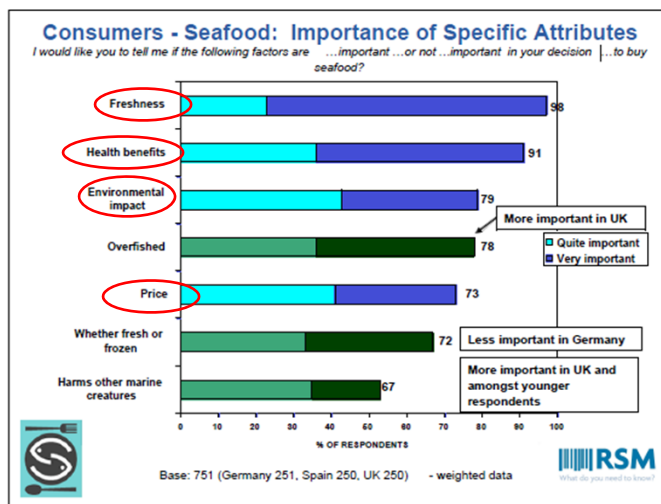
- US is 3rd largest seafood market in the world, behind Japan and China
- Americans ate an average of 16.3 lbs of seafood in 2008 and is expected to remain stable.
 - < 40% shop for seafood at local grocery store 1 x month
 - < 04% shop for seafood at local grocery store 1 x week
 - 32% never shop for fresh seafood
- Poor economic conditions have seen a shift to more affordable seafoods, such as farm-raised products.
- Growing US Latino population enjoy seafood and are becoming more health conscious.

TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

US Seafood Consumer Preferences

- Want to know where their food comes from; support domestic and local food sources
- Seeking sustainable sources (eco-labels)
- Seek wild caught, fresh, organic, chemical free over frozen and processed foods
- Seek convenience
- Health conscious; seek low fat, low cholesterol, high omega 3 and omega 6 fatty acids
 - USDA dietary guidelines recommend that 20% of total protein intake come from seafood; about 8 to 12 oz per week.

Consumer Preferences



Consumer Preferences



Weighing Wal-Mart

Feb 28, 2011 12:00 PM, By JEFF WELLS

Five years into its sustainability mission, the world's largest retailer is getting some respect

[SAVE THIS](#) [EMAIL THIS](#) [PRINT THIS](#)

[ShareThis](#) [comment](#)

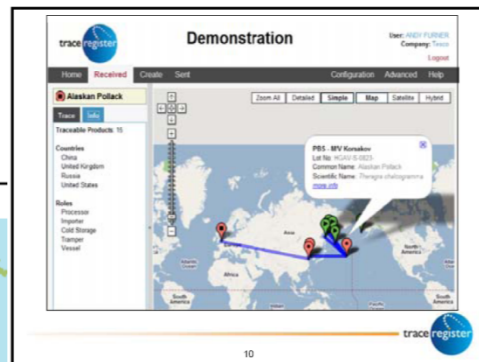


"Lee came in with the fervor of the newly converted, and that really resonated with people," said the EDF's Harvey. "With Mike, his real signature has been to make Wal-Mart a more cohesive global company. He's taken this initiative and moved it into foreign countries."

TAA Trade Adjustment Assistance for Farmers Technical Assistance



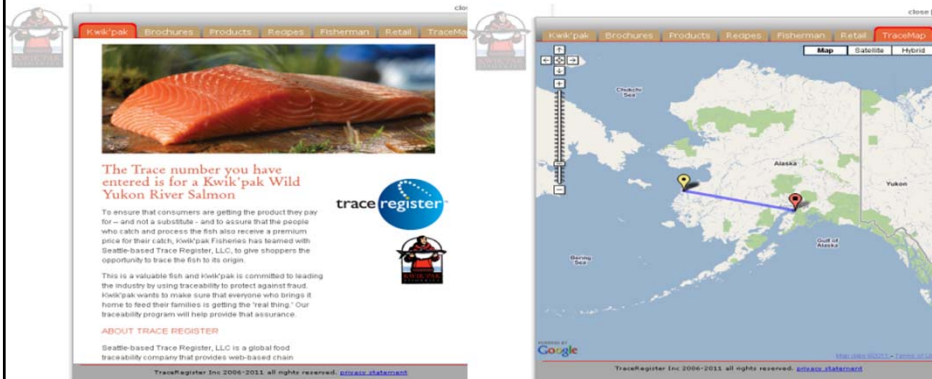
Traceability



TAA Trade Adjustment Assistance for Farmers Technical Assistance



Traceability



TAA Trade Adjustment Assistance for Farmers Technical Assistance

Consumer Preference for Lobster

- 74% of consumers prefer to eat lobster in a restaurant
- 64% would be likely to buy lobster meat if it was cooked and picked from the shell
- 62% think lobster is good for you
- 50% don't know how to cook a live lobster
- 67% are NOT encouraged to buy lobster when they see them in a live tank
- 93% will pay more for a really special ingredient for a meal



Source: Maine Lobster Promotion Council, 2005

TAA Trade Adjustment Assistance for Farmers Technical Assistance

Lobster Nutrition

Nutrition Facts		Amount/Serving	% Daily Value*	Amount/Serving	% Daily Value*
Serving Size 3 oz. (85g)		Total Fat 0.59g	1%	Potassium 300mg	9%
Servings Per Container		Saturated Fat 0.107g	1%	Total Carbohydrate 1g	0%
Calories 98		Stearic Acid 0g		Dietary Fiber 0g	0%
Calories from Fat 5		Polyunsaturated Fat 0.16g		Soluble Fiber 0g	
Calories from Saturated Fat 0		Monounsaturated Fat 0.091g		Insoluble Fiber 0g	
		Cholesterol 72mg	24%	Sugars 0g	
		Sodium 380mg	16%	Protein 20.5g	
		Vitamin A 2%	• Vitamin C 0%	Vitamin B6 4%	• Folate 2%
		Calcium 6%	• Iron 2%	Vitamin B12 45%	• Biotin 2%
		Vitamin D 0%	• Vitamin E 6%	Pantothenic Acid 2%	• Phosphorus 15%
		Vitamin K 0%	• Thiamin 0%	Magnesium 8%	• Zinc 15%
		Riboflavin 4%	• Niacin 4%	Selenium 50%	• Copper 80%
				Manganese 2%	

Provided by Nutri-Facts from the USDA Nutrient Database for Standard Reference, Release 13

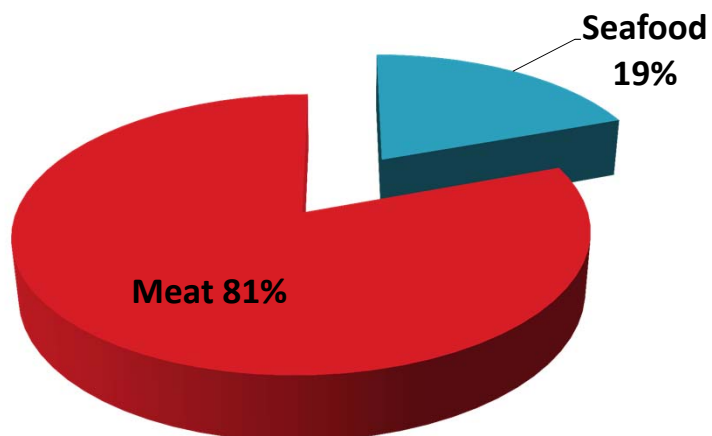
Consumer Preferences: Summary

- Lobster competes with beef, pork, poultry, and other seafood.
- Lobster is healthy and should be promoted as such.
- People want meals that are easy to prepare and consume.
- Seeking sustainable, healthy products; willing to pay.
- Want to be connected to harvesters.

Chapter 2: Protein and Seafood Trends

TAA Trade Adjustment Assistance for Farmers Technical Assistance

2007 Global Seafood and Meat Consumption per capita

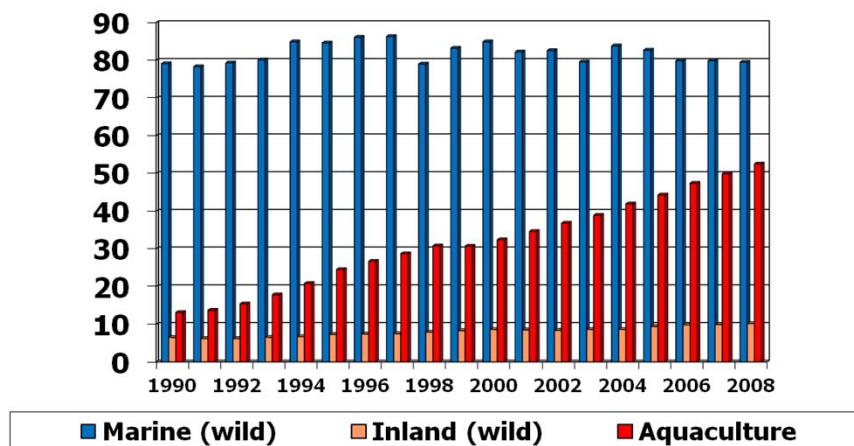


TAA Trade Adjustment Assistance for Farmers Technical Assistance

Seafood Consumption Trends

- Total food fish supply and consumption growing at 3.6% per year since 1961.
 - World's population growing at 1.8% per year in that same period.
- Consumption of fish, mollusks, and crustaceans account for an average of 13.8% - 16.5% of animal protein intake in human diet.

Trends in World Seafood 1990-2008



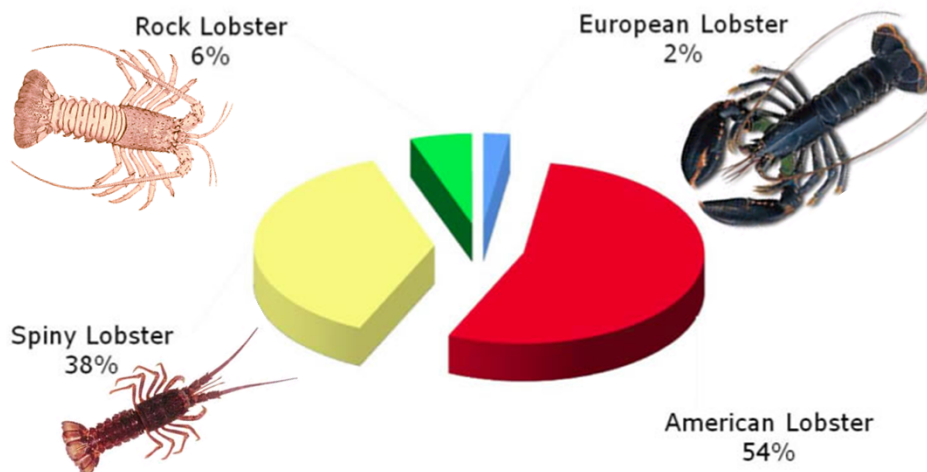
Source: "Fisheries of the United States", various years. NOAA / NMFS.

Seafood Menu Trends

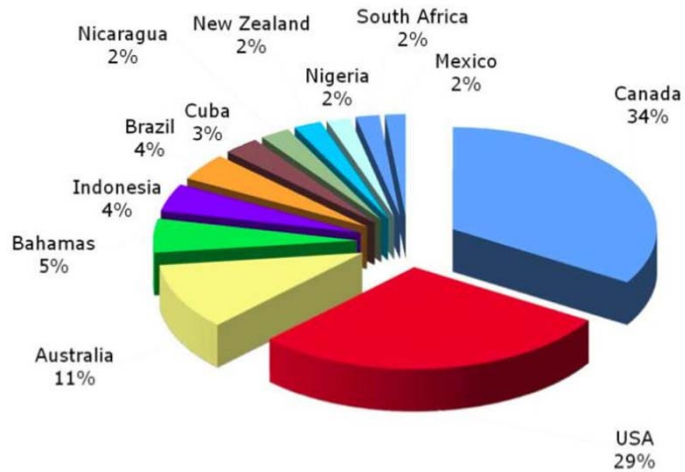
NUMBER OF MENU ITEMS MENTIONED BY SPECIES					NUMBER OF MENU ITEMS MENTIONED BY SPECIES				
Finfish	2001	2003	2006	CAGR 01-06	Shellfish	2001	2003	2006	CAGR 01-06
Salmon	147	163	202	6.6%	Shrimp	478	607	893	13.3%
Tuna	141	143	167	3.4%	Crab	117	160	233	14.8%
Cod	52	57	58	2.2%	Lobster	64	88	122	13.8%
Catfish	39	45	54	6.7%	Clams	84	93	90	1.4%
Mahi-Mahi	13	18	34	21.2%	Scallops	59	63	73	4.4%
Tilapia	6	16	34	21.2%	Mussels	34	29	26	-5.2%
Whitefish	26	17	23	-2.4%					
Halibut	21	15	20	-1.0%					
Trout	9	11	12	5.9%					
Flounder	7	7	11	9.5%					
Haddock	3	8	9	24.6%					
Swordfish	17	10	9	-11.9%					
Snapper	6	6	7	3.1%					
Sea Bass	2	3	7	28.5%					
Grouper	1	4	4	32.0%					
Sole	5	6	3	-9.7%					

Source: Chain Account Menu Survey 2007 of top 200 chain restaurants. Includes multiple mentions of the same species (different preparations).

World Lobster Production (2006)

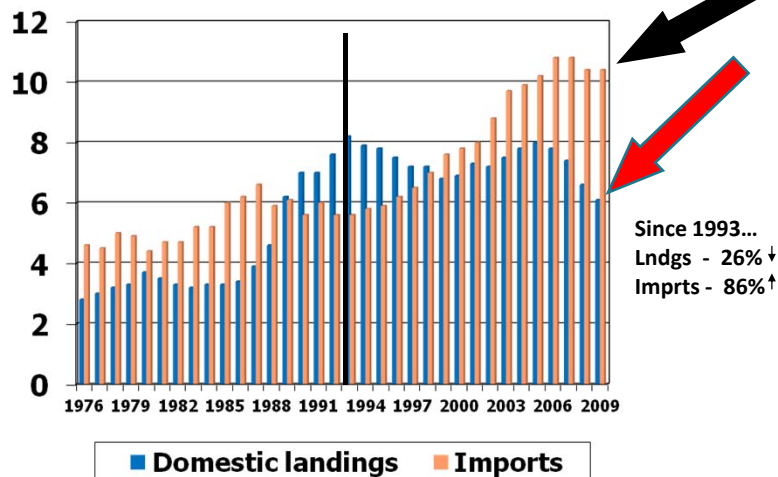


Major Lobster Producers (2006)



TAA Trade Adjustment Assistance for Farmers Technical Assistance

US Seafood Supply 1976-2009

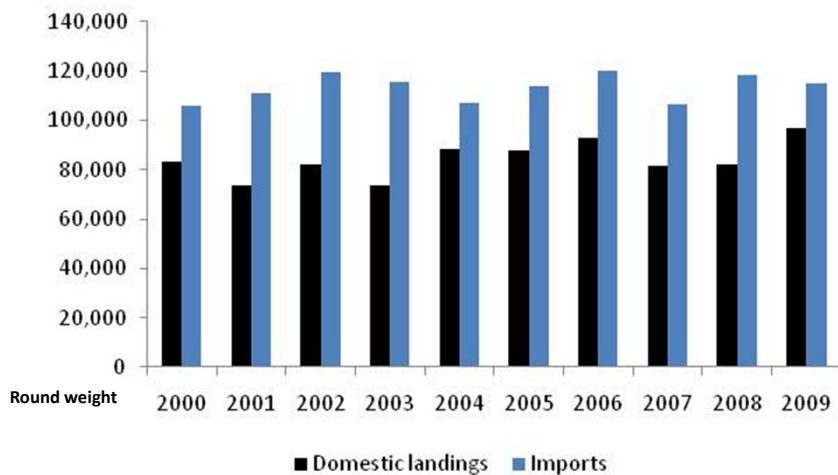


Billion pounds, round weight

Source: "Fisheries of the United States", various years. NOAA / NMFS.

TAA Trade Adjustment Assistance for Farmers Technical Assistance

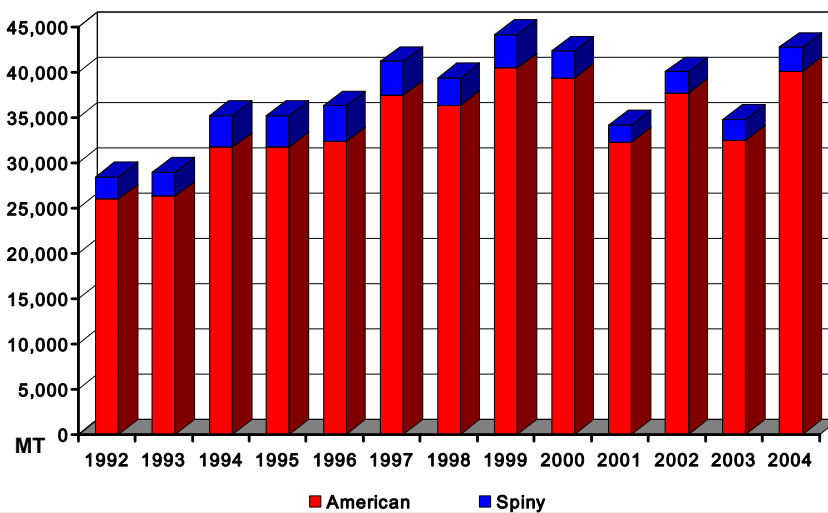
US Lobster Supply



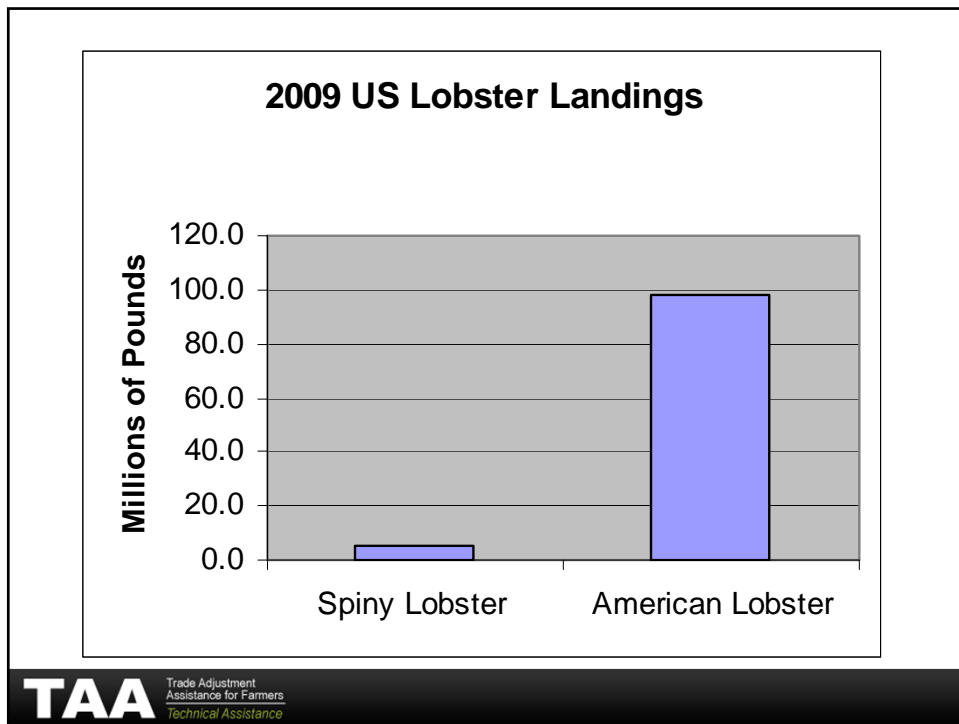
Source: "Fisheries of the United States", various years. NOAA / NMFS.

TAA Trade Adjustment Assistance for Farmers Technical Assistance

US Lobster Production by Species 1992-2004



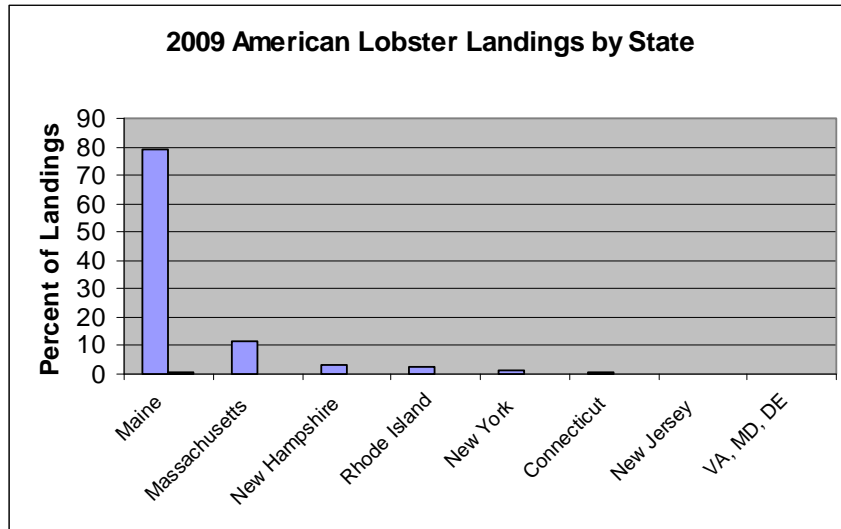
TAA Trade Adjustment Assistance for Farmers Technical Assistance



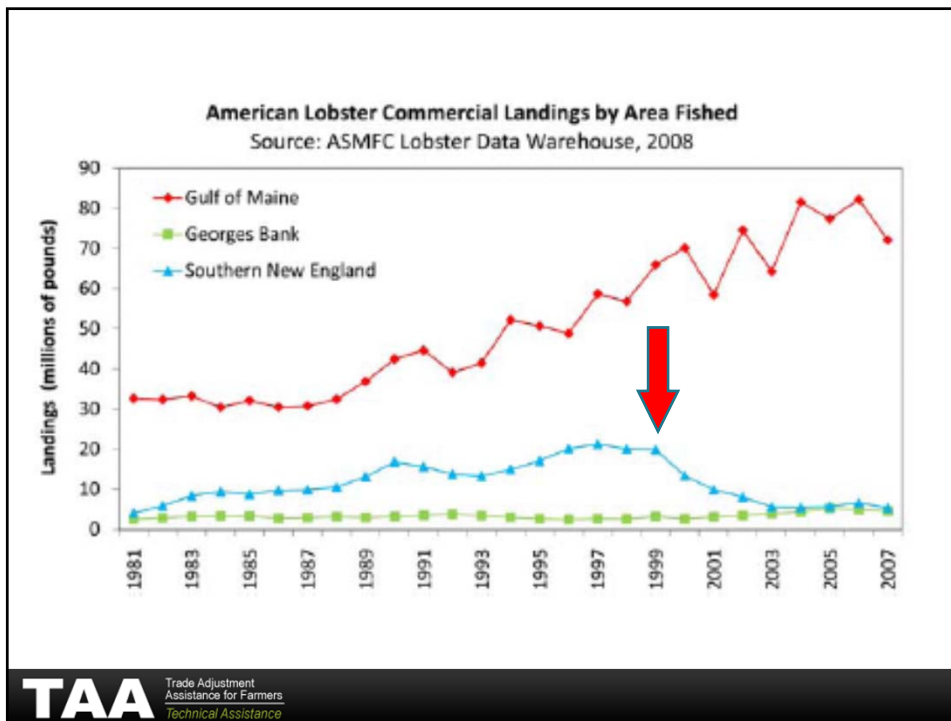
Spiny vs. American Lobster

- Spiny Lobster
 - Small live market in Asia; some in Mexico and US
 - Most sold as frozen tails; entire value of lobster
 - Little processing need
- Homarus
 - Large live market – domestic and abroad
 - Frozen tail is only PART of the lobster
 - Processed tails also yields claws, knuckles.
 - Value varies based on live, tail, and meat market





TAA Trade Adjustment Assistance for Farmers Technical Assistance



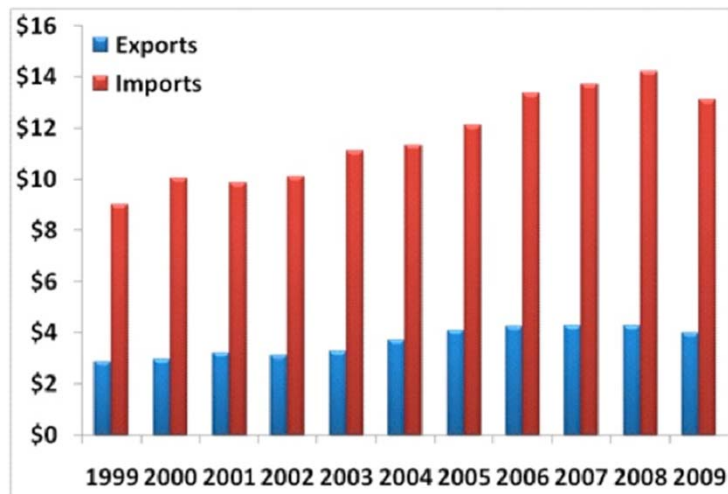
TAA Trade Adjustment Assistance for Farmers Technical Assistance

Protein and Seafood Trends Summary

- Seafood makes up 15-18% of protein in human diet
- Seafood consumption increasing faster than rate of population increase worldwide
- Wild caught production has leveled off
 - Aquaculture on the rise
- American Lobster is 54% of total lobster production

Chapter 3: US LOBSTER EXPORTS & THE US/CANADA RELATIONSHIP

US Seafood Deficit



TAA Trade Adjustment Assistance for Farmers
Technical Assistance

Export Market

- Total US Live lobster export: \$345 million
- US processed seafood exports: \$22 million
- US dominates live lobster market export to Europe



TAA Trade Adjustment Assistance for Farmers
Technical Assistance

Lobster Exports by Volume

FRESH AND FROZEN LOBSTER EXPORTS, BY COUNTRY OF DESTINATION, 2007 AND 2008 (1)

Country	2007			2008		
	Thousand pounds	Metric tons	Thousand dollars	Thousand pounds	Metric tons	Thousand dollars
Canada	32,247	14,627	163,303	29,423	13,346	137,044
Spain	8,547	3,877	64,848	8,655	3,926	67,675
Italy	8,139	3,692	61,968	8,433	3,825	64,586
France	5,900	2,676	47,268	5,282	2,396	39,921
Japan	924	419	8,249	966	438	8,062
United Kingdom	844	383	6,644	829	376	6,782
China - Hong Kong	333	151	3,578	505	229	5,133
South Korea	608	276	5,684	401	182	3,500
Belgium	280	127	2,269	395	179	3,461
Other	2,879	1,306	27,072	3,283	1,489	30,787
Total	60,701	27,534	390,883	58,171	26,386	366,951

(1) Figures reflect both domestic and foreign (re-exports).
Source:--U.S. Department of Commerce, U.S. Census Bureau.

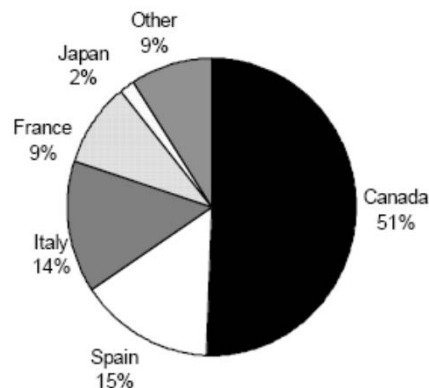
- US exported approximately 30 million pounds a year to Canada in 2007 and 2008
- US exported more than 8 million pounds each to Spain & Italy

TAA Trade Adjustment Assistance for Farmers Technical Assistance

Lobster Exports by Volume

- Fresh and frozen lobster exports
 - 51% to Canada
 - 15% to Spain
 - 14% to Italy

U.S. Lobster Exports by Major Importer, 2008 by Volume



source: NOAA Fisheries of the United States

TAA Trade Adjustment Assistance for Farmers Technical Assistance

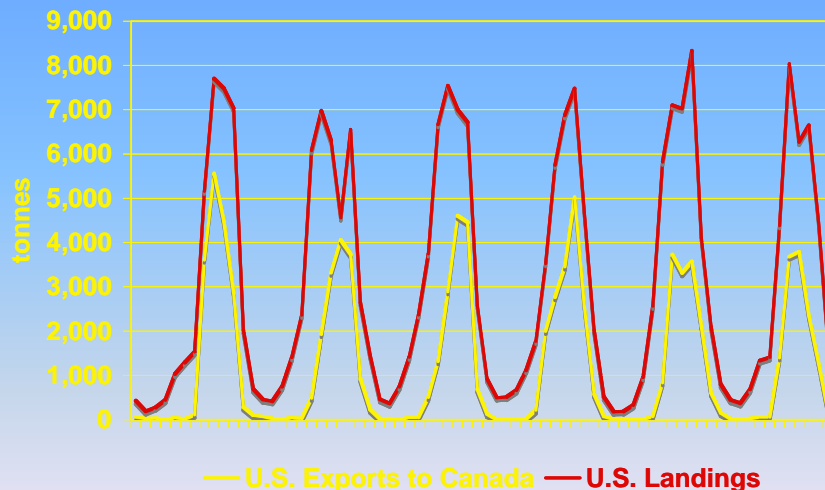
US vs Canada Lobster Industry

	Canada	United States
Landings (lbs)	124 million	96.9 million
Value (millions)	\$495 million CAD (~ 473 million USD)	\$300 million
Avg Price	\$3.99 CAD (~\$3.81 USD)	\$3.02
Vessels	9,000+	7,000+
Buyers/shippers	100's	100's
Processing	40-50	<10
Jobs	35,000	20,000
Export value	\$1 billion (60% to US)	\$150-\$200 million (45-50% to CN)

Sources: Dept. of Fisheries & Oceans, Maine Dept. of Marine Resources, Gardiner-Pinfold Consulting

TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

U.S. lobster landings and exports to Canada,
2003-2008

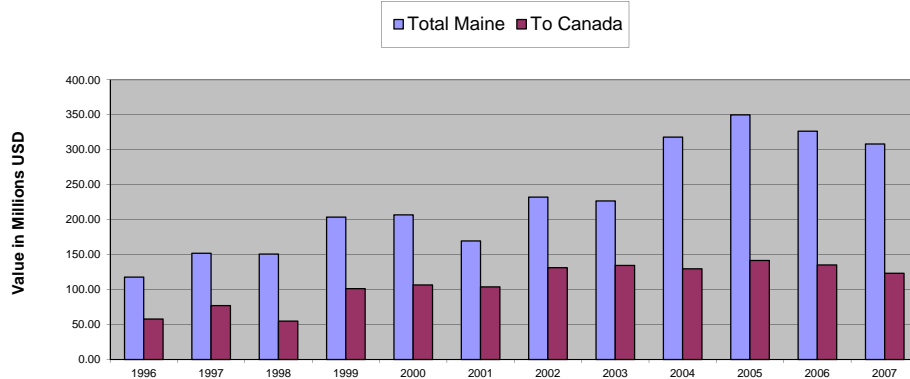


Source: Presentation to Lobster Town Meeting, Portland, ME, Gardiner-Pinfold, 2010

TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

Maine Lobster exports to Canada

Live Lobster Exports to Canada

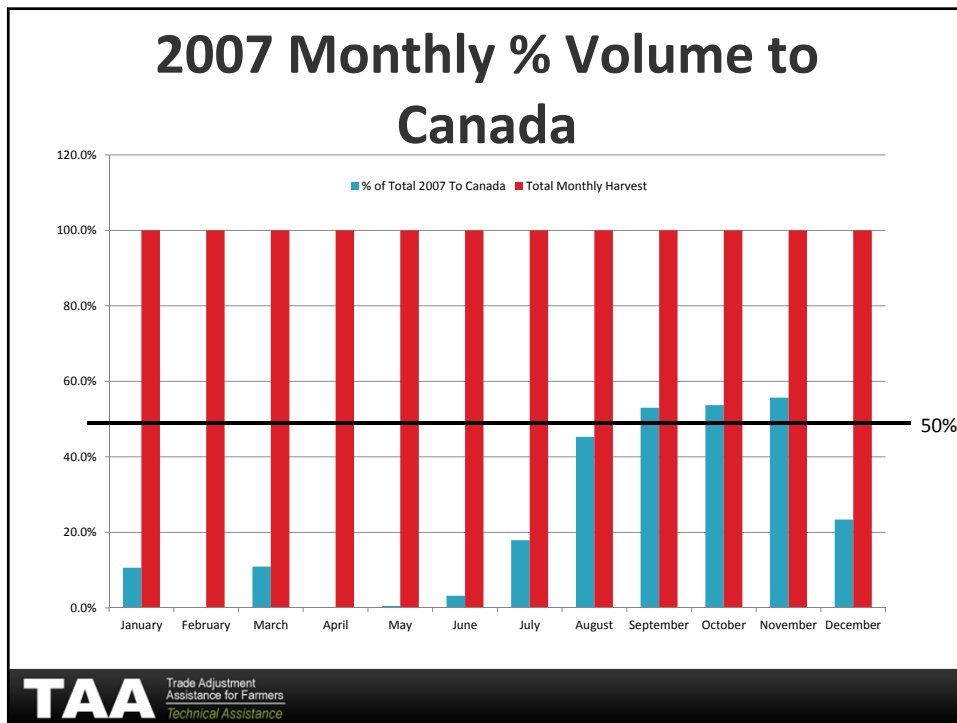
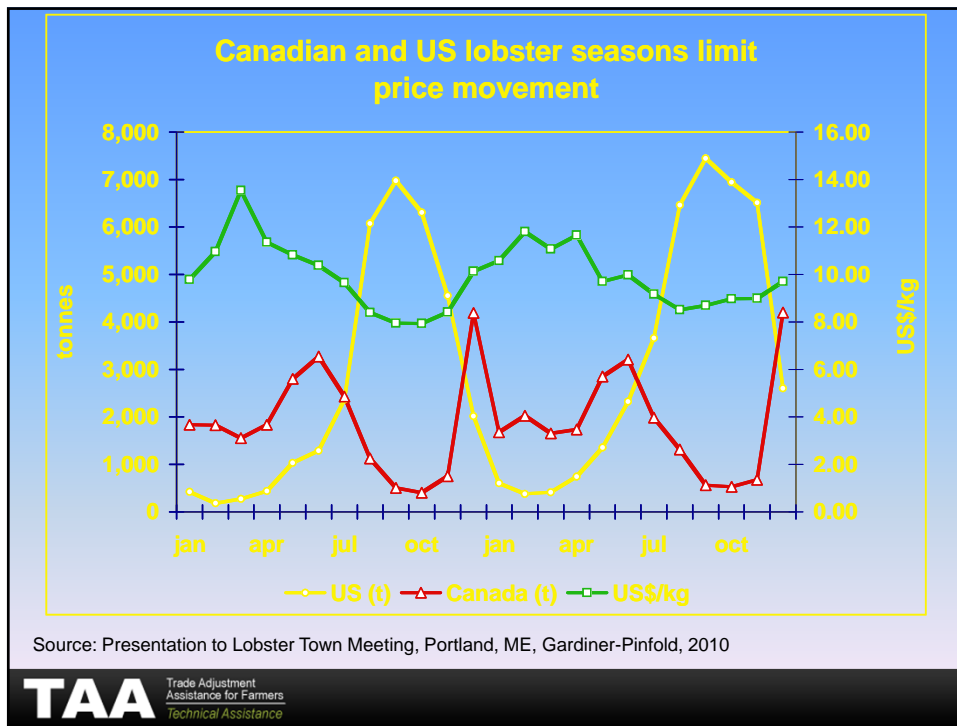


TAA Trade Adjustment Assistance for Farmers Technical Assistance

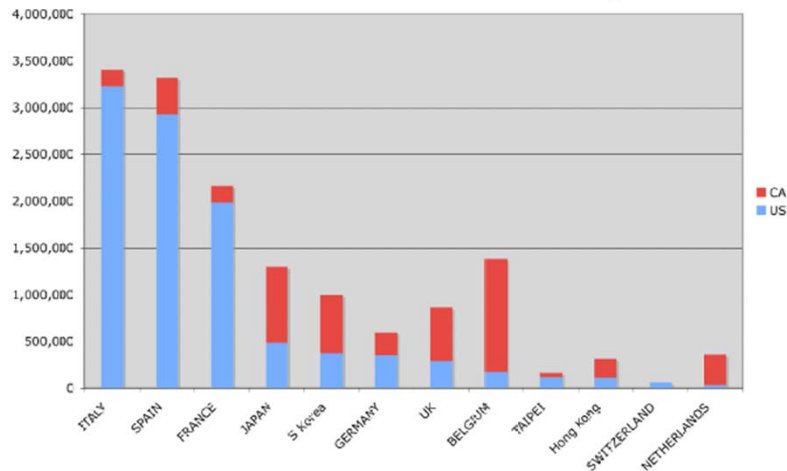
Impact of Currency on Market

- US/Canadian exchange rates
 - Weak US currency will boost US exports
 - Weak Canadian Dollar will boost Canadian exports
- Rising value of CAD relative to USD
 - Canadian revenues down \$200 million over 5 years

TAA Trade Adjustment Assistance for Farmers Technical Assistance



Overseas Markets: Live North American Lobster (volume)



Source: What are the Opportunities for North American Lobster, John Sackton, 2007

TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

COOL (country of origin labeling)

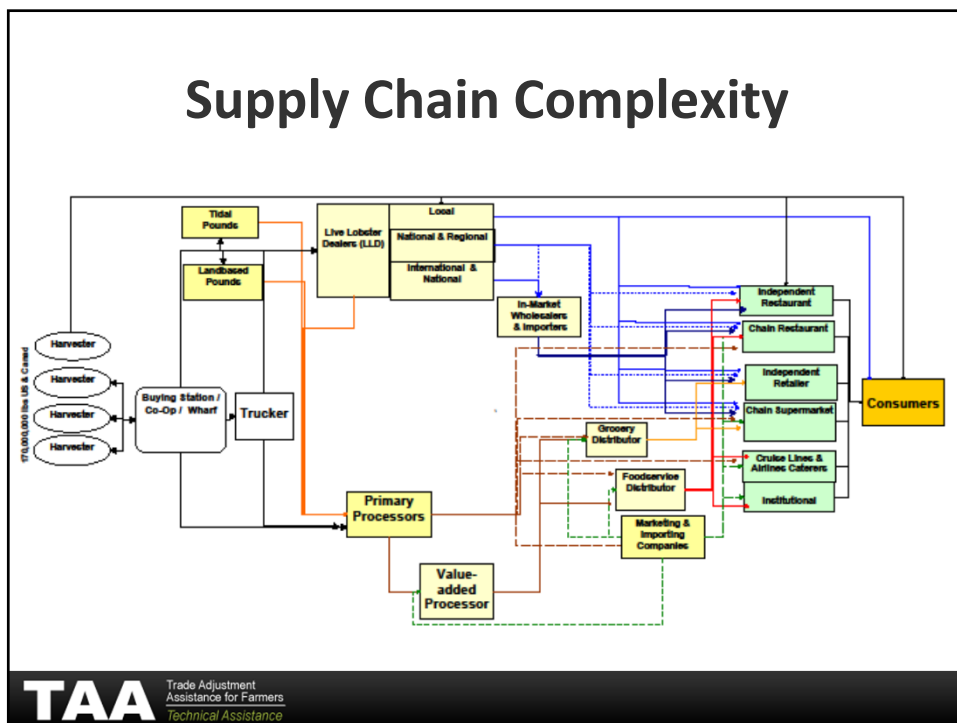
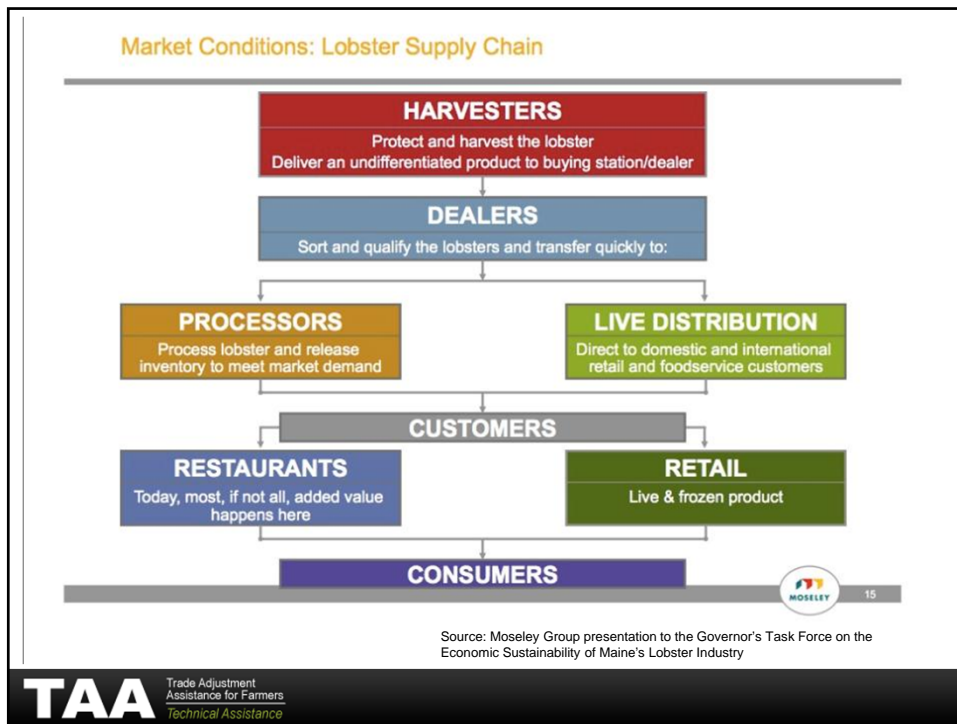
- Lobster harvested in USA should be labeled as “product of the USA”
- Lobster frozen whole in Canada and sold in the USA should be labeled “Product of USA”
- Lobster harvested in the USA, but processed in Canada (altered from its original state) should be labeled “product of Canada”.
- Live lobster exported to Canada, co-mingled with CN lobster, and re-exported to the USA should be labeled “product of Canada and USA”

TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

US/Canada Relationship Summary

- US has a \$9 billion seafood deficit
- Live lobster exports are on the rise
- Major live lobster markets: Canada, Italy, France, Spain
- 51% of **total** lobster **exports** to Canada

Chapter 4: Market Supply Chain Overview



Lobster Pricing

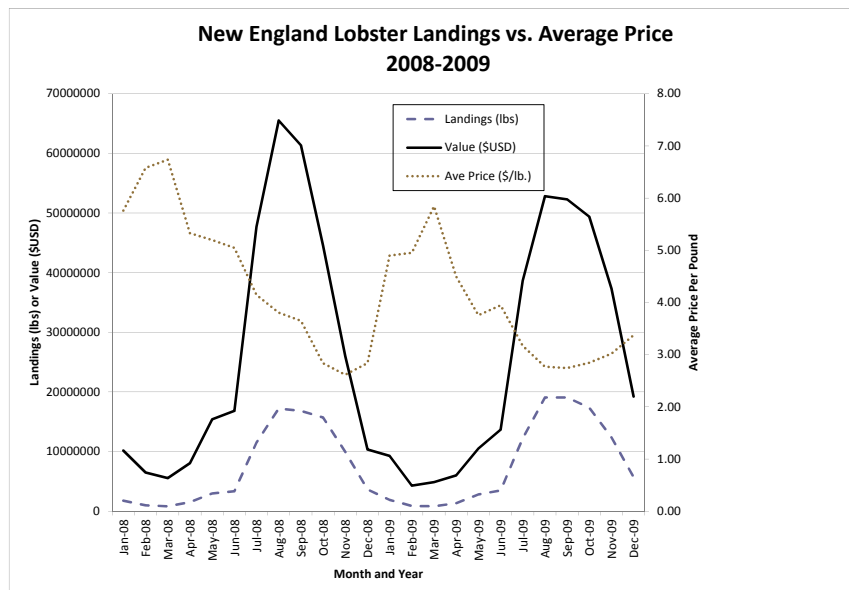
- Harvesters and dealers compete to maximize their respective shares of revenues.
 - Need to collaborate to maximize the value of the resource
- The relationship is characterized by a lack of trust
 - Harvesters believe that dealers collude to fix prices
 - Strained relationships undermine the industry's ability to function effectively in product markets
 - Prices are unstable and unpredictable

Lobster Pricing

- The boat price model provides a foundation for instability.
- Shore prices are set competitively in response to volume buying by shippers and processors.
- Price levels are sensitive to general market conditions, but the signal they send fails to influence either quantity or quality.
 - US lobster industry lands majority of product when prices are weakest
- Price does not influence quality because competition frustrates any attempt to set prices that differentiate on the basis of quality.



Source: Long-term value strategy for CN Lobster Industry, Gardiner-Pinfold, 2010



Source: NMFS Statistics Office

Harvesters

- Harvest product and bring it to shore
- Responsible for the quality and supply of product
- Delivery of undifferentiated product to dealers; delivery “run”



Dealer's role

- Purchase product from lobstermen
 - Buys virtually all lobsters, regardless of quality or quantity
- Dealer may grade lobsters to gain value
 - Time and cost to employ shoreside workers
- Assume the risk to move lobster to customer
 - Shipping, credit issues, shrinkage
 - All lobsters are sold

Dealer's role



Source: Island Seafood website, Eliot, ME

TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

Talk to your dealer

- Who does your dealer sell to?
 - Who is his customer ?
 - Who is the consumer?
- What is the average shrinkage in a week?
- Does your dealer grade or sell run?

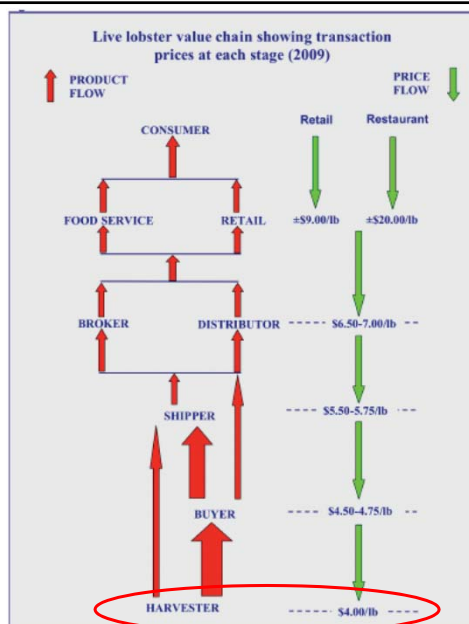
TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

Talk to your dealer

- Can your dealer get a better price for quality product? Do you know why?
 - Hard shell product is most valuable; shippable for live market and high meat yield for processors
 - Shedder has stable value during summer months due to high demand from New England tourists
- What actions can you take to improve quality and price?

The Markup

- Retail markups 30-40% of boat price
- Restaurant markups 300-400% of boat price



Source: Long-term value strategy for CN Lobster Industry, Gardiner-Pinfold, 2010

Marketing Strategy

- Harvester-dealer rivalry is high; need to work together to maximize market returns
 - Harvesters and dealers each trying to maximize individual profits
 - Need more cohesion amongst players to stabilize price and supply
- Need marketable product
 - Market wants quality, consistency and stable pricing
- Who are your customers?
 - What do your customers want?
 - Base of customers for undifferentiated product
 - Build markets for premium products

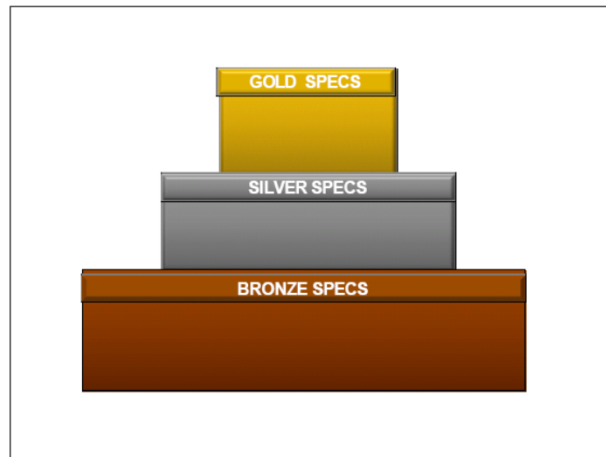
Marketing Opportunities



- Maine Lobster Harvest
- Promote the seasonal nature of the catch

Source: Maine Lobster Industry Strategic Plan, Mosely Group, 2009

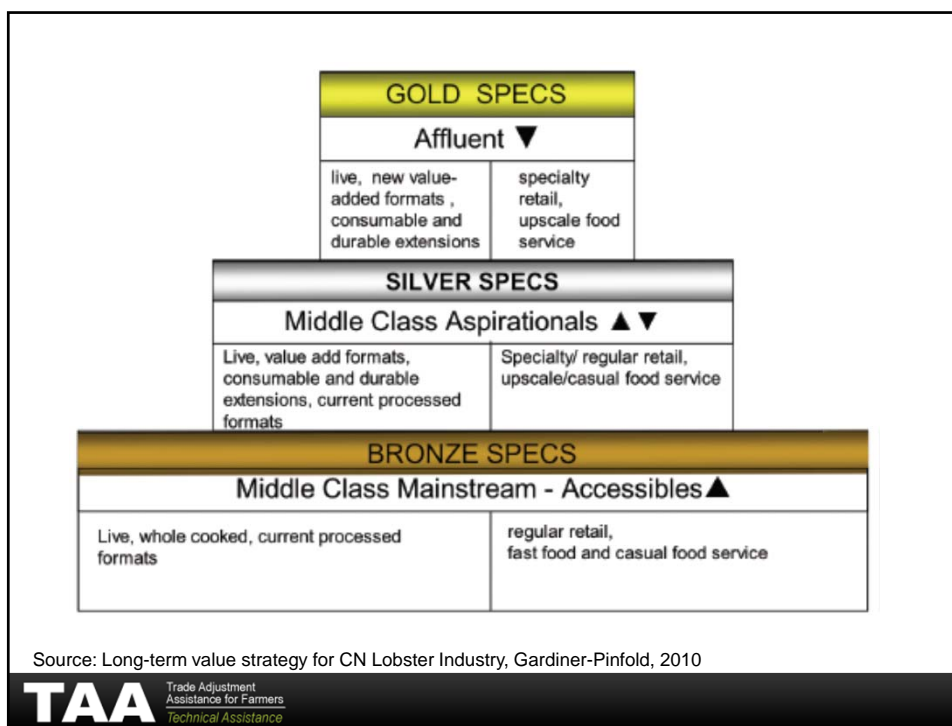
Market Segmentation



Source: Long-term value strategy for CN Lobster Industry, Gardiner-Pinfold, 2010

Marketing Opportunities

- Product differentiation
 - Sheddors – for taste, tender, sweet, succulent meat, ease of eating, seasonal
 - Hard-shells – for shipability, for high meat content; market the shell
- Innovative value-added convenience food



Marketing Obstacles

- Few large buyers at retail and restaurant level exert influence over prices
 - Undifferentiated product and lack of diversity in market give large buyers power
 - Allows for product substitution
 - Imposter lobster
- Dealers undercut one another to gain market share



Marketing Investment

- Promotion – Industry invest in generic promotions and building interest and awareness of the brand and products
 - \$.05 per pound anticipated return of 5-8% increase in boat price
 - \$.10 per pound, anticipated return of 12-18% increase in boat price
- Marketing and branding – Private companies invest in marketing and branding individual products and bring the products to market

Source: Maine Lobster Industry Strategic Plan, Mosely Group, 2009

TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

Canada Moving Ahead on Marketing

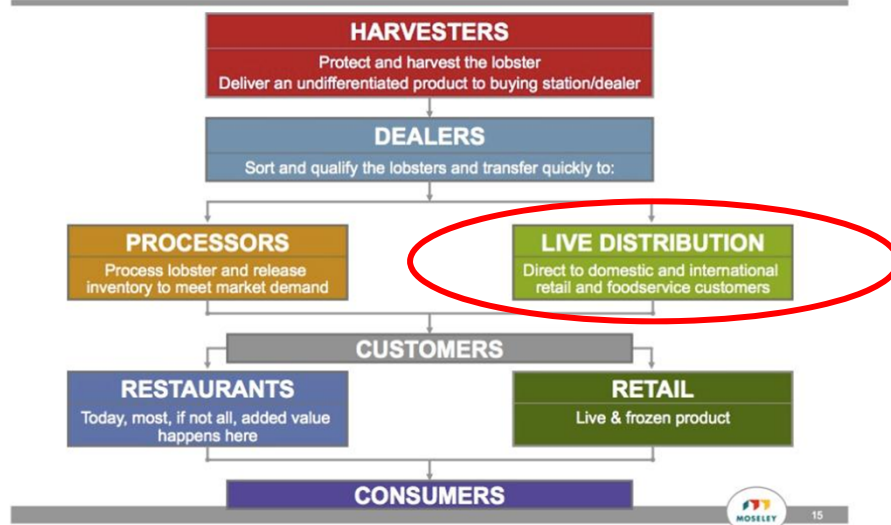
The screenshot shows the Canadian Lobster Council website. The header features a red navigation bar with links for HOME, ABOUT US, CONTACT, and FRANÇAIS. The main content area has a large image of a person holding a lobster, with the text 'Buy Prepare Enjoy' overlaid. To the left, there is a section titled 'Where and how to buy lobster' with a 'Read more »' link. The footer includes a red bar with the TAA logo and the text 'Trade Adjustment Assistance for Farmers Technical Assistance', followed by a white bar with links for BLOG, NEWS, VIDEO, RESOURCES, and MEMBERS.

Market Supply Chain Summary

- Complex supply chain
- Highest markup is in the restaurant segment
- Boat price model is a foundation for instability
- Harvesters bring a high quantity of undifferentiated product to market when price is weak
- Dealers purchase product; turn it over
- Market opportunities – Canada moving ahead. Might New England get left behind?

Chapter 5: LIVE LOBSTER IN THE MARKET

Market Conditions: Lobster Supply Chain



Key Live Lobster Customers



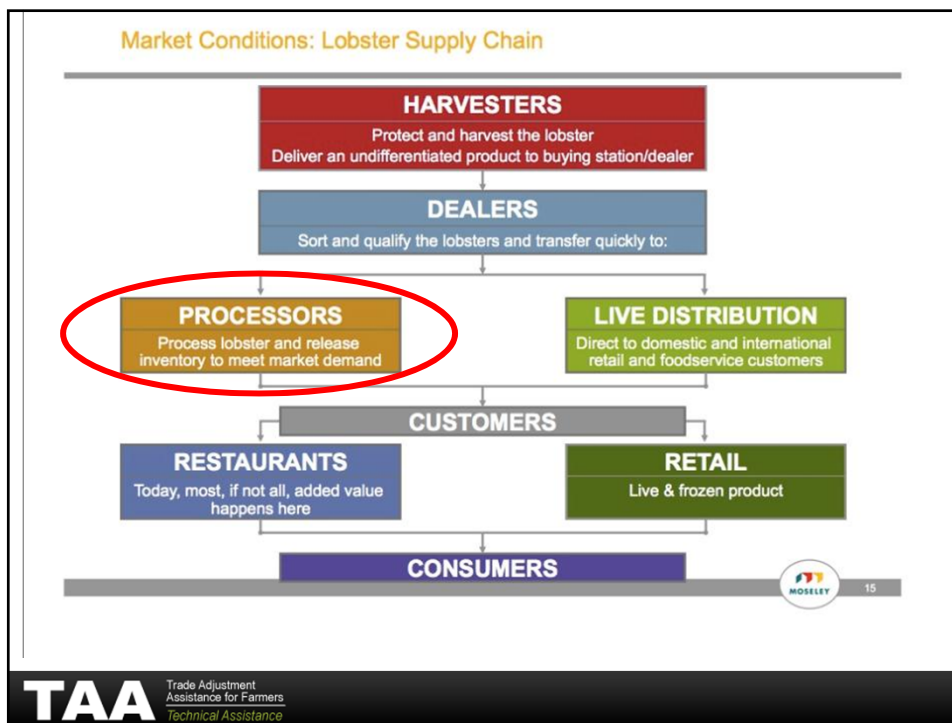
US Live Market

- Largest live market consumption
- Most cost effective way to sell lobster – no weight loss
- Volatile market dependent on supply
- Price varies by quality of shell → shippability
- Little differentiation, stable market
- White tablecloth restaurants take highest quality

Live Market Summary

- Third tier in supply chain
- US – largest live lobster market worldwide
- Live market saturation varies regionally
 - Customers – fish shacks and retail take away in New England.

Chapter 6: LOBSTER PROCESSING SECTOR



Why Processing is important

- Consumers want convenient, easy to prepare foods
- Adds value to raw product
- Provides mechanism to move oversupply of non-shippable shedder lobster to market
 - Expands shelf life and shippability
- Produces products for food service and retail

TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

Key Lobster Customers



TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

COLD WATER WHOLE LOBSTER

Product Overview



Whole [raw]



Whole [cooked]



Whole Netted [raw or cooked]

Whole Lobster Sizing: 8 oz-6 lb

-Any whole lobster with a carapace length smaller than 3-3/8" is considered undersized in the U.S. North Atlantic Coastal States.

Image: Harbor Seafood

TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

Product Overview



Cull [cooked]
One Claw & Arm Missing



Pistol [cooked]
Claws & Arms Missing



Whole Split [cooked]

Cull & Pistol Sizing: Ocean run and size range available upon request

TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

Product Overview

LOBSTER TAILS



Whole [raw]
Sizing : 2/3 oz—20 oz and up



Split [raw]
Sizing : 2/3 oz—20 oz and up

PARTS & PIECES

Claw & Arm



Double Scored
Sizing : 3/5, 5/9, 9/11 [count per lb]
Available : Unscored, Single-Scored

Bodies



Image: Harbor Seafood

TAA Trade Adjustment Assistance for Farmers Technical Assistance

Product Overview

LOBSTER MEAT



Combinations Available [Custom Combination Available Upon Request]

[TC] Tail/Claw	[TKL] Tail/Knuckle/Leg	[CKLB] Claw/Knuckle/Leg/Body
[TK] Tail/Knuckle	[CKL] Tail/Claw/Knuckle	
[CK] Claw/Knuckle	[CKL] Claw/Knuckle/Leg	

Minced, Salad, and Broken



Minced Body and/or leg meat
Salad Body and leg meat
Broken Broken tail, claw, knuckle, body and/or leg meat

Image: Harbor Seafood

TAA Trade Adjustment Assistance for Farmers Technical Assistance

Product Overview

WARM WATER

LOBSTER TAILS



Whole Tail [raw]



Split Tail [raw]



Tail Sizing : 5 oz-20 oz and up

*Under 100 *Paralimna argus* lobster tails are prohibited from all countries.
*Brazil produces 3 oz and 4 oz in the *Paralimna laevistauda* species.

WHOLE LOBSTER



Whole [raw]



Whole [cooked]



Whole Split [raw or cooked]

Whole Lobster Sizing : 12 oz-2 lb and up

*Under 100 *Paralimna argus* lobsters are prohibited from all countries.
*Brazil produces 3 oz and 4 oz in the *Paralimna laevistauda* species.

Image: Harbor Seafood

TAA

Trade Adjustment
Assistance for Farmers
Technical Assistance

Processor Case Study: East Coast Seafood

- 6 plants
- Purchases ~16 million lbs raw material annually
- Average: 25,000 lbs frozen processed per day



TAA

Trade Adjustment
Assistance for Farmers
Technical Assistance

Processed Tails – Pricing

- Processed market prices driven by international tail market and live market price
- Cold water frozen tails are used primarily in foodservice and are preferred by chefs
- Warm water tails (Brazil, Central America, Caribbean) are preferred by some regionally where they are local (Florida, California)
 - takes major price swings to create adjustments from one product to another

Processed Tails – US Market

- North American lobster has most variation in product form and pricing.
- Cold water whole lobster command higher price
- Warm water spiny lobster, sold as tails, are often priced higher than cold water lobster tails

Processed Tails Pricing – US Market

Year	N. American Tails 5-6 oz	Brazil Tails 6 oz	Australia Tails 6-8 oz
2005	\$17.85	\$16.98	\$22.48
2006	\$18.37	\$20.06	\$27.56
2007	\$20.28	\$22.07	\$30.70
2008	\$19.83	\$18.43	\$25.30
2009	\$14.85	\$13.53	\$23.20

TAA Trade Adjustment Assistance for Farmers Technical Assistance

Value-added Products





"Our unique lobster pizza brings gourmet Maine lobster into the 21st century. Our chefs have combined Old World thin and crispy crust with a white Newberg sauce loaded with lobster and delicious mozzarella cheese."

Calendar Islands Maine Lobster



TAA Trade Adjustment Assistance for Farmers Technical Assistance

NEW Products – Convenience


 Retail & Foodservice 

Wednesday, April 13, 2011 12:24:39 PM

Blount Introduces Premium Lobster Salad For Foodservice
by Blount Fine Foods
Posted: Tuesday, April 12, 2011 at 3:20PM EDT

Fall River, Mass – Blount Fine Foods, a leading manufacturer of hand-crafted artisan soups and gourmet dips, sauces and salads, today announced the introduction of premium lobster salad packaged fresh for foodservice. The salad is made with 70 percent premium North Atlantic lobster meat. Other ingredients are mayonnaise, lemon juice and special seasoning.

“Our new Premium Lobster Salad is as straight forward and delicious a product as we have ever introduced,” said Bob Sewall, Blount executive vice president.



Blount Fine Foods
Along with lobster, Blount also introduced eight additional salads as part of the new line, all of which ship fresh in 5 pound tubs and are available for immediate order.

[Print Article](#) [Send Article](#) [Respond](#) [Permalink](#) [Share Article](#)

[FONT SIZE](#)

TAA Trade Adjustment Assistance for Farmers Technical Assistance

Processing Sector Summary

- Processing is necessary
- Processors are a means to get product to market
- Primary processors; value-added processors
 - Primary: whole (cooked/live), tails, meat
 - Value-added: ready to eat meals

Chapter 7: GLOBAL MARKET CASE STUDY – PRICE CRASH OF 2008

TAA Trade Adjustment Assistance for Farmers Technical Assistance

Pricing Case Study – Crash of 2008

The New York Times

Demand and Price Are Falling for Lobster

By [KATIE ZEJIMA](#)

BOSTON — For many, summer in New England would not be complete without throwing on a bib and cracking open a freshly boiled lobster.

This year, however, fewer people are ordering the region's signature dish, driving down lobster prices and making times harder for lobster fishermen already reeling from the high cost of fuel and bait.

"Lobster is a luxury item, and when things are tight, people don't buy lobster," said Peter Eaton, a lobsterman from Kennebunkport, Me., who is getting about \$3.75 per lobster off the boat, a quarter less than three months ago and about a dollar less than last summer.

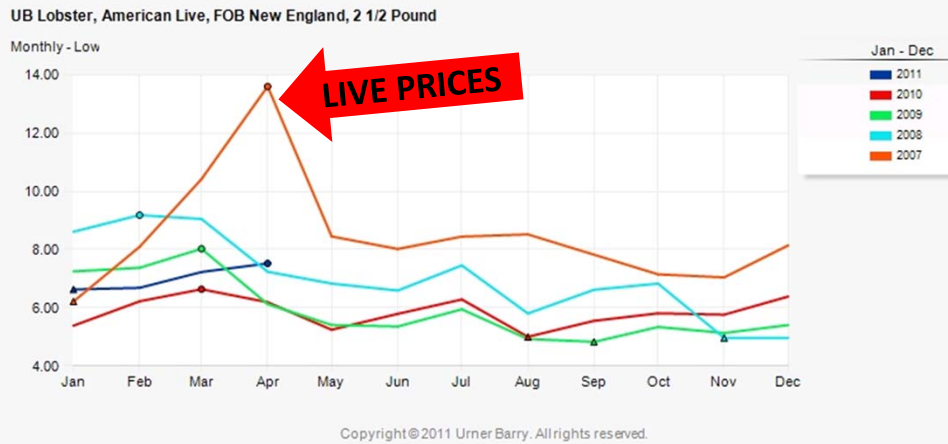
While price and demand have hit their lowest point in years, lobster fishermen are hauling in larger catches than ever. Restaurants in New England have been running lobster specials all summer, trying to pass on the lower prices and move lobsters from the tank to the table.

"We can be creative with lobsters, given the fact that demand across the country is off on them a bit," said Roger Berkowitz, the president and chief executive of Legal Sea Foods, a restaurant chain based in Boston. Its restaurants have been running lobster specials this summer, and a lobster is about \$4 cheaper this summer than last.

"It's not necessarily a bad thing," Mr. Berkowitz said. "It's becoming a little more affordable, like one of those more affordable luxuries. If you're going to indulge, you might as well indulge at a discount."

TAA Trade Adjustment Assistance for Farmers Technical Assistance

The lobster story began in Spring 2007



TAA Trade Adjustment Assistance for Farmers Technical Assistance

Fall 2007 lobster market

- Maine harvest was down 9% below the seasonal average
- Market adjusted to the reduced supply, but prices remained high
 - \$14 in April and \$8 from May-Sept for 2.5 lbs
- Tail prices were up 8% over spring season
 - \$21.48 for 4oz tails
- Live market demand was flat compared to four previous years

TAA Trade Adjustment Assistance for Farmers Technical Assistance



TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

Worldwide Economic Crisis

- 2008 global recession
 - US financial crisis (Lehman Brothers, stock market decline)
 - Crash in housing and commodity prices after major price expansion in 2000's
 - Uncertainty in the banking system (sub-prime loans)

TAA Trade Adjustment
Assistance for Farmers
Technical Assistance

Fall 2008 – lobster price crash

- Lobster prices and inventories were high
- Consumer confidence fell sharply
- Banking and credit crisis
 - Icelandic Banks credit crisis impacted credit and cash flow for Canadian processors
 - Buying of lobster came to a halt resulting in vast amounts unsold product and a glut of frozen inventory.

2008 Financial Crisis impact on Supply & Demand



2009 Market

- The lobster market had time to adjust to the fall out from 2008
- Lobster buying for 2009 only happened with firm deals.
 - Low consumer confidence translated into poor demand for lobster
 - Low price began to drive new demand based on price

Global Market Summary

- 2008 Price Crash due to a variety of issues beyond our control
- The low 2008 prices allowed additional lobster markets to open up

Chapter 8: FUTURE OPPORTUNITIES

TAA Trade Adjustment Assistance for Farmers
Technical Assistance

Future Opportunity – US Market

- 3rd largest consumer of seafood in the world
- Affluent and educated population
- Population is growing; expected to increase by 50% from 1990 to 2050
- Seafood trade deficit, can be closed by marketing US products
- Large and diverse food service sectors
- Of all of the lobsters consumed in the US, Canada supplies 57%

TAA Trade Adjustment Assistance for Farmers
Technical Assistance

Risk associated with new market

- Capitalizing on any new market opportunity requires a commitment from an established business
- Business must secure credit and assume risk of selling to a new customer
- Business will weigh the risk of investing in opportunity with anticipated return
- Selling large quantities of lobster requires large amounts of capital tied up in shipments of perishable product

Future Opportunity – Asian Market

- Japan supplies China with massive amounts of seafood protein
 - With their fisheries production at a standstill following the earthquake and tsunami, is this the time for North American Lobster to enter the Chinese marketplace?

Future Opportunity – Asian Markets

- Which lobster products are supplying the market now?
 - Australia, New Zealand
- Why isn't New England lobster filling Asian market with greater volume?
- Efforts to get product to China

Future Opportunity - Middle East

- While China has population, the United Arab Emirates is a wealthy nation with a growing upper class.
 - The UAE's per capita GDP is on par with those of leading West European nations

Lobster Market Overview Summary

- Seafood competes with other proteins
- Lobster supply chain is complex
- The US / Canada relationship is critical to lobster market
- Harvesters and dealers could collaborate to better access market
- Processors are a means to get product to market
- Opportunity for new markets at home and abroad

Thank you

Annie Tselikis
Education Coordinator
Maine Lobstermen's Association
annie@mainelobstermen.org
207-479-9778