

FRESHMARKET

Labels Sway Seafood Shoppers

By LIZ WEBBER

Seafood traffic light labels — which designate fish as red, yellow or green based on its level of sustainability — push consumers towards the more sustainable purchases and may even boost sales in the department, retailers that use such programs said.

New Leaf Community Markets pioneered a traffic light system with the nonprofit FishWise in 2002. The eight-store, Santa Cruz, Calif.-based chain now only stocks seafood that is labeled green or yellow.

“And slowly but surely our customers stopped buying the red. And it was a combination of them actually not buying the red and us being able to work with FishWise to source alternatives to the red products that we were carrying,” said co-owner Rex Stewart.

Similarly, New Seasons Market, Portland, Ore., gradually phased out red items based on customer preferences.

“And over time, through education, they chose to go with alternatives, which was kind of our ultimate goal, to be able to eliminate some of those items just through the education process,” said Alan Hummel, meat and seafood director. The 12-store independent relies mainly on the Monterey Bay Aquarium Seafood Watch for determining its traffic light labels.

Retailers agreed education was important in
See Seafood, Page 43



LAW AND ORDER

Industry debates the impact of new FSMA rules and the Farm Bill extension

By LIZ WEBBER

Two recent developments in Washington promise to have a major impact on the fresh food industry in 2013.

The Food and Drug Administration released two long-delayed rules for produce growers and processors as part of the Food Safety Modernization Act, an action industry sources applauded while remaining cautious about the specifics of the proposed requirements.

Additionally, the 11th-hour deal that avoided the “fiscal cliff” also included an extension of the 2008 Farm Bill, which addressed some worries of the dairy industry but left most groups frustrated by the lack of a new bill.

After languishing in the White House Office of Management and Budget since fall 2011, the new FSMA regulations are the first steps toward shifting the FDA’s focus from reacting to outbreaks to protecting against

potential foodborne illnesses.

“No strategy can achieve a zero risk food supply but our strategy is grounded in the conviction that we can better protect consumers and the economic vigor of the food system if everyone involved implements reasonably available and scientifically sound measures to reduce risk,” FDA Commissioner Margaret Hamburg said in a recent media briefing.

The first FSMA proposal relates to produce safety at the farm level. It covers five areas where contamination could occur: worker hygiene; water; biological soil additions, such as manure or compost; animals in the fields and packing houses.

The second, a rule on hazard analysis and risk-based prevention, calls on most processors to implement Hazard

Continued on Page 42

Law and Order

Continued from Page 41

Analysis and Critical Control Points plans, a standard that is already used for juices, seafood, meat and poultry.

The proposed regulations aimed to address certain industry concerns regarding flexibility, ease of adoptability for all those covered, and unique rules for specific crops, rather than blanket mandates.

"We've worked very hard to try to make these proposed rules as flexible and adaptable but appropriate as possible. And not to do a lot of things simply because they might be done but to do the things that will really matter to protect the health of the public," said Hamburg.

As dictated in the original FSMA legislation, small

hesitant to immediately assess the FSMA regulations.

"So our first goal is to really understand the rules, get that information out to members and touch off a dialogue about what's right and what's wrong in the rules and get that back to FDA within the comment period," Tim O'Brien, the Produce Marketing Association's Washington lobbyist, told SN.

As part of its proposed rules, the FDA included a cost-benefit analysis. It is estimated the average annual cost for a small farm will be about \$13,000 and for a large farm, about \$30,500.

For processors, annual costs will depend on whether or not the facility executes a HACCP plan, a requirement from which small firms are exempt. The

sickened by a foodborne illness each year, 128,000 are hospitalized, and there are 3,000 deaths, according to the Centers for Disease Control.

O'Brien also stressed that the new FSMA rules mirrored procedures that some companies already had in place.

"Food safety is not new to the produce industry, however. And I think that becomes important as you evaluate cost. I mean, a number of the activities that might be required for the first time in regulation are already commonplace in the industry," said O'Brien.

The FDA has allowed 120 days for public comment on the rules, after which it will make changes and present a final version. It will likely be at least a year before the proposed regulations are finalized, said Taylor.

FARM BILL FLAWS

Meanwhile, industry sources expressed relief that the previous Congress was able to pass an extension of the 2008 Farm Bill, particularly as it avoided the so-called "dairy cliff" that would have led to significant price increases for consumers. Yet, the lack of a new, complete bill was cause for concern.

For milk-buying consumers, the Farm Bill extension was a good thing.

"There would not be any increase in prices to consumers, that's for sure," said Robert Cropp, professor emeritus at the University of Wisconsin-Madison and a dairy market specialist.

The extension also means business as usual for retailers and producers.

"Consumers, retail stores, everybody through the dairy supply chain down to farmers will find that there's really no difference today than there would have been, say, a few weeks ago," said Mark Stephenson, director of the Center for Dairy Profitability at the University of Wisconsin-Madison.

The problem lies in the uncertainty of what happens after the Farm Bill extension expires on Sept. 30.

"I think the unfortunate thing is that it is relatively short term," said Stephenson.

If a new Farm Bill is passed in 2013, it could mean big changes for the dairy industry. Provisions to change the existing price supports in the failed 2012 version of the legislation were very much opposed by dairy processors, and producers' opinions were split, Stephenson said.

The bill would have eliminated the current Milk Income Loss Contract and the Dairy Product Price Support Program and introduced two new programs. The first was a margin insurance program, with government-subsidized premiums, that would have protected farmers when feed costs got too high in relation to milk prices.

Farmers that chose to take the insurance would then be subject to the Dairy Market Stabilization Program, also called supply management, that would force them to cut back on production if the price of milk dropped below a certain point.

The National Federation of Milk Producers, a dairy lobbying group, was the biggest supporter of this second provision, while many other dairy groups petitioned against it.

Though margin insurance would carry a small cost for taxpayers, the DMSP could have a much wider impact.

"If the supply management would go in, well that would restrict supply at certain times, which would mean higher prices to consumers," said Cropp.

Cropp said it seemed likely some sort of margin insurance would make it into the 2013 bill but probably not the DMSP, because of its controversy.

Those in the produce industry voiced mixed opinions about the Farm Bill extension.

"It's relief, but it's also disappointment. Because we had crafted what we thought was a good 2012 Farm Bill, for produce at least, and now we're going to have to go back with a new Congress and a new bill in a new environment where who knows what kind of budgetary concerns everybody's going to have and try to get that bill back on track," said Ray Gilmer, the United Fresh Produce Association's vice president of issues management and communications.

The fear is that the produce industry will not be able to hold on to the funding deals it reached in 2012 as the new Congress looks to keep spending low.

"But that's the challenge, because everybody's going to be looking to cut money. Produce is a sliver compared to the spending that is in the Farm Bill. But everybody, I'm sure everybody is going to be watching very carefully where those dollars are spent," said Gilmer.

Overall, consumers are unlikely to see any effect on produce from the Farm Bill extension.

"There's some hiccups

"We've worked very hard to try to make these proposed rules as flexible as possible."

MARGARET HAMBURG
commissioner, FDA

and very small businesses — designations based on total sales and to whom products are sold — are exempt from certain requirements under both regulations.

In addition, certain crops will not be subject to all the requirements of the produce safety rule. For example, potatoes and artichokes, which are normally not consumed raw, won't have to undergo the stringent measures, said Michael Taylor, the FDA's deputy commissioner for foods and veterinary medicine.

"We've said all along that we do not want regulation that is 'one size fits all.' That will never work across the diversity of the agricultural system, the produce sector of the ag system," Taylor said.

Industry groups were

financial burden is estimated at \$13,000 per facility for those that do implement a HACCP plan and \$1,000 for those that do not.

Among growers and processors, there is "certainly concern out there over the cost," but the industry should look at the bigger picture, said Mike Rozembajgier, vice president of recalls at Stericycle ExpertRECALL, which advises food companies on recalls and regulatory compliance.

"While concerns of produce growers are warranted, the benefit of preventing an estimated — with the latest numbers I've seen — 1.75 million foodborne illnesses annually could certainly outweigh those costs," said Rozembajgier.

One in six people are

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in terms of the production and research side, but for consumers, we don't think there will be any significant impact," said Gilmer.

Perhaps surprisingly, Supplemental Nutrition Assistance Program benefits, commonly called food stamps — a contentious part of Farm Bill negotiations in 2012 — remain largely intact in the extension, except for a small decrease in funding for employment and training programs and a \$103 million cut to an education program focused on nutrition and obesity. **SN**

Labels Sway Seafood Shoppers

Continued from Page 41

helping customers understand the available seafood choices.

"Basically everybody wants to do something if they can, but they just don't know how, and seafood sustainability is so complex, so the traffic light version relies on experts to sift out the complex information and give it to stores and consumers in a very easy to process way," said Leah Caplan, chief food officer at Metcalfe's, Madison, Wis. Caplan oversees the quality and direction of the three-store chain's perishable departments.

At BriarPatch Co-op, Grass Valley, Calif., customers have come to expect that seafood sustainability information will be readily available and employees will be able to answer any questions, said Johnny Micco, meat and seafood manager. "They want to know everything. They want to know the nitty gritty. So we're definitely very transparent because of that, because of them."

Retailers that have adopted seafood traffic light labels are mainly small, independent chains or co-ops, many of them clustered in northern California, where FishWise is headquartered, although the nonprofit has partners as far away as New England. Large chains have partnered with FishWise, but most do not use the traffic light labels.

Nationally, Whole Foods Market uses traffic light labels based on recommendations from the Monterey Bay Aquarium and Blue Ocean Institute for wild-caught seafood that has not been certified by the Marine Stewardship Council; the chain no longer stocks red-labeled fish.

Not all retailers have eliminated red-labeled fish.

New Frontiers Natural

Marketplace, a Solvang, Calif.-based independent with five stores in California and Arizona, can't always find a sustainable alternative for all the items it wants to carry.

"The coordinator of our meat and seafood departments continues to work with our suppliers to get that, but not everything is available," said Ron Colone, marketing coordinator. The

times it means retailers are able to bring back a previously discontinued item.

"The flow charts of what's green, what's red, what's yellow, it's very fluid, fortunately. Some things do turn from red to yellow or red to green and vice versa," said Caplan.

Some retailers experienced a boost in seafood sales following the implementation of a traffic light

interested customers.

Metcalfe's, which signed on with FishWise's traffic light system two years ago, noticed a similar sales bump.

"All I can tell you is our sales have gone up," said Caplan. "First of all, people will shop here over other places because our staff is more educated and the labels reflect that."

However, other retailers saw the opposite, with the decrease in seafood selection hurting the depart-

proved, retailers stressed that the traffic light system was about company values, rather than making money.

For New Frontiers, the emphasis was on making a positive impact on the environment and educating customers, said Colone. "And whether or not it's the most obvious, best thing for the bottom line or not, in this case was not the primary consideration."

The use of traffic light systems by retailers often impacts community seafood preferences outside of the grocery store.

"One restaurant discontinued skate wing, which was one of their signature dishes, after we discontinued carrying skate here," said Metcalfe's Caplan. "And it was just, they weren't aware that it wasn't sustainable. And then the same customers dine there and shop here and I think brought it to their attention."

More broadly, a retailer's shifting seafood purchases can influence suppliers to promote sustainable options to other buyers.

New Leaf and FishWise met with wholesalers during the early years of the program to educate them on alternative seafood choices. Additionally, the retailer and nonprofit advocated for area restaurants to sign on to the high seafood sustainability standards.

"I think FishWise and New Leaf and a lot of the local restaurants were instrumental in creating a market for the alternative product," said Stewart.

New Seasons worked on finding acceptable seafood options with its main supplier, which in turn reached out to other partners to let them know about the program.

"By what we've done, we've actually altered some of the buying habits amongst other — I would say more restaurateurs than retailers — in our area," said Hummel.



Traffic light labels help educate consumers on seafood sustainability.

retailer started using the FishWise system about five years ago.

In order to increase its sustainability credentials, New Frontiers chose to discontinue some of its best-selling fish. "And instead [we] started offering customers information like, instead of this, try this," said Colone.

Others acknowledged that sourcing only fish that meet the FishWise green and yellow label standards is no easy task.

"It's really hard to find fish that we can carry. It's tough," said BriarPatch's Micco.

Moreover, the lists can change, so retailers must remain diligent on keeping up to date with the latest rankings. The positive side of that variability is some-



system. New Leaf's fish sales increased in the double digits each year for multiple years in a row, Stewart said.

"And I have to admit, that wasn't my projection. I projected either flat or somewhat negative based on our lack of selection," said Stewart. He credits positive media attention for drawing in

ment's bottom line.

"We've actually seen a loss in market share by taking a stance on it. Not a very smart choice for profitability, but for sustainability and just to support the industry in that way it was the right thing to do," said New Seasons' Hummel.

Even when sales im-