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**Join the Clubs
Warehouse clubs have potential for companies willing to listen**

*By Jody Record, Gofish.com News
Publish date: August 10, 2000 12:15 AM*

NORWOOD, Mass. (Aug. 10) - Seafood manufacturers who want to tap into the \$57 billion warehouse club market may do well to follow a simple philosophy: think like a warehouse club buyer.

Offer value. Rely on rotation. And forget the myth that the members-only stores are driven by price and not quality. They want both, industry experts say, and seafood sellers can give it to them.

They just have to come up with a good plan.

"So far, there hasn't been a seafood manufacturer who has built a program around clubs," said Michael Clayman of Warehouse Club Focus, an industry newsletter. "The opportunity is there to do more, to go with more exciting fish, but it has not been done. As a result, seafood manufacturers are getting what they deserve when it comes to their share of club sales."

Glen Llopis of Power Insights International, a specialty marketing consulting company in Los Angeles, agrees that seafood processors can do more to tap into the warehouse clubs.

One way is to provide a stable source of supply. The fact that various species are available at different times of the year makes seafood a perfect fit for warehouse clubs, which present limited selections on a number of revolving items through the year, Llopis says.

"Seafood manufacturers are responsible for their own lack of growth because they haven't brought the innovation necessary to expand the category," he said. "Making the buying and selling process easier for clubs will allow seafood sellers to expand."

Nobody is sure exactly how much seafood is sold each year at the national warehouse clubs. Estimates range up to \$500 million a year.

But when you walk into the clubs - those cavernous buildings with bulk items stacked floor to ceiling - it's easy to see the potential. The stores are growing fast, and the three largest chains have 75 million members among them.

Those chains include Costco, Sam's Club and BJ's. Costco, with headquarters in Issaquah, Wash., has more than 30 million members using 300 locations worldwide. Sam's Club has 39 million members in 465 U.S. stores and is part of the Wal-Mart conglomerate based in Bentonville, Ark. BJ's Wholesale Club, headquartered in Natick, Mass., has 107 stores with more than 5.8 million members in 14 states across New England and the eastern United States.

Current seafood offerings at the big three include shrimp, swordfish, crab cakes and flounder. Costco Online, the company's Internet outlet, also sells king crab, lobster and salmon.

Clayman advises vendors to first understand what the warehouse clubs offer - and then create a product unique just for them. They must also tune in to the critical issue of space - being flexible in package type and size is important, for example - while making their products attractive to members.

"Freezer space is limited in warehouse clubs," Clayman said. "It's hard for a club to justify allocating space if seafood generates \$200 a week when a chicken item generates \$500 a week. If manufacturers can meet the need, it might get them additional freezer space. If a seafood item warrants space, the clubs will take out another item to make room for it. Space is determined by what sells. In the past, seafood hasn't done that well."

Warehouse clubs stock an average of 4,000 items at any one time, compared to supermarkets that, depending on their size, carry between 25,000 and 60,000 different products.

Seafood vendors like Ocean Beauty, Contessa and Aqua Star sell more than 28 different species across 236 products at the three major warehouse clubs, Llopis says.

"When you're selling to a category like that," Llopis said, "there can only be opportunity for growth."

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