

## Tuna industry thinking outside the can with new products

by Michael Kinsman

Bumble Bee Foods has added packaged chicken fillets to its seafood lineup, while Chicken of the Sea is sticking with tuna as its primary product - contrasting strategies bound to keep Jessica Simpson up nights.

"We aren't moving away from tuna," said Chris Lischewski, chief executive of San Diego-based Bumble Bee, the nation's second-largest tuna company. "But we are expanding the Bumble Bee brand for other high-protein, nutritious foods."

THINKING OUTSIDE THE CAN - Bumble Bee Foods recently began selling packaged, cooked, skinless and boneless chicken breasts as entrees. It marks the first time any products other than seafood have been marketed under its brand. CNS Photo. In December, Bumble Bee began selling packaged, cooked, skinless and boneless chicken breasts that are intended as entrees and can be heated in ovens or microwaves. The chicken is available in three seasoned varieties: garlic and herb, southwest seasonings and barbecue sauce.

It marks the first time any products other than seafood have been marketed under the Bumble Bee brand.

But when a tuna company starts selling chicken, it can be only bad news for Simpson.

In 2003, the pop celebrity was eating from a Chicken of the Sea can when she blurted out, "Is it chicken, what I have, or is it tuna?" on her MTV show "The Newlyweds." She soon discovered that Chicken of the Sea actually markets tuna.

But while Bumble Bee stretches beyond tuna, San Diego-based Chicken of the Sea, the nation's No. 3 tuna company, said it was content selling seafood. The company is not standing pat, however. It began selling cooked and seasoned tuna and salmon steaks in 2005.

Chicken and prepackaged entrees are part of the tuna industry's efforts to market its products to younger customers who don't buy many canned items, as well as to counter damage to its image caused by mercury health scares.

Although the nation's largest tuna company, Starkist, has limited itself to tuna products, it offers tuna fillets and tuna packets in hickory-smoked, zesty lemon pepper, garlic and herb, and sweet and spicy flavors.

"What the tuna companies are doing is a natural extension of their business," said Tygarajan Somasundaram, an associate professor of marketing at the University of San Diego. "They have very valuable brand names, and it only makes sense that they leverage the relationships they have with consumers with additional products."

The tuna industry has been battling a public image issue over the levels of mercury in its product in recent years, although it has been buoyed by favorable court decisions and health studies.

One of those - a November 2005 study by the Harvard Center for Risk Analysis - confirmed that the health benefits of consuming seafood outweigh any risk due to trace amounts of mercury found in fish.

The U.S. Tuna Foundation said much of the confusion is attributable to a joint advisory by the Food and Drug Administration and U.S. Environmental Protection Agency that limits tuna consumption by women who are pregnant or might become pregnant, nursing women and young children. The advisory's recommendation is that individuals in these groups can eat up to 12 ounces of canned light tuna per week as well as 6 ounces of albacore or white tuna.

The foundation has started a public education program that includes a Web site with science-related facts about fish. It's monitoring media to ensure that reporting is based on factual information, and it is promoting research that confirms the health benefits of eating fish.

In addition, the foundation plans to develop a Web site for health care providers that will provide information about fish and mercury levels.

Combined, the three big tuna companies hold about 81 percent of the U.S. tuna market, according to surveys by A.C. Nielsen. Starkist's market share is about 33 percent, followed by Bumble Bee at 31 percent and Chicken of the Sea at 17 percent.

"People are interested in health and convenience, and we knew that our tuna and salmon were inherently healthy products," said John Signorino, president and chief executive of Chicken of the Sea. "We also knew that canned products were not convenient for many people, so we began looking for alternatives to cans to sell our seafood."

Anne Luke, president of the U.S. Tuna Foundation, said she saw nothing wrong with the diversification of companies in her industry.

"They are simply doing creative thinking and innovation, which is healthy in any business," she said.

"I grew up with cans, but a lot of Generation X and Generation Y (consumers) aren't used to getting food out of cans," Luke said. "These companies are just looking toward the future and trying to find ways of serving foods that younger people are comfortable with."

Research by Bumble Bee showed that 36 percent of consumers said they would increase their chicken consumption if it were quicker to prepare.

"We knew that a lot of people liked chicken, but it really wasn't too convenient to prepare," Lischewski said. "But if we can give people something that is nutritious and high-protein that they can prepare in just a couple of minutes, they will accept it."

Bumble Bee is marketing its chicken nationwide. The suggested retail price is \$2.99 for the 4-ounce packets.

Lischewski said the company was trying to cultivate the premium end of the prepared food market by offering products such as packaged, cooked chicken fillets and albacore steaks.

"We see this as an area we can grow quickly," he said.

Although Chicken of the Sea is committed to seafood products, it has marketed grilled ahi and salmon steaks and introduced tuna and salmon in 2.8-ounce open-and-eat cups in September. Suggested prices on the cups: \$1.79 for chunk light tuna and \$2.79 for chunk white and salmon.

The cups feature tuna in Cajun and teriyaki flavors and salmon in mandarin orange and honey barbecue flavors.

"The can business hasn't been that strong for 20 years," said Signorino, the Chicken of the Sea executive. "We knew we had to look to different ways of marketing our products. We knew that if we made it simpler for consumers, they would welcome it."

Chicken of the Sea said that this spring it would introduce snack kits - flavored tuna in peel-open cups that can be spread on crackers included in the pack. The company has not revealed what flavors will be offered.

USD's Somasundaram said the additional products being marketed by tuna companies helped them capitalize on the distribution relationships they have with retailers.

"Retailers are looking to have fewer distributors," he said. "They would prefer to have one distributor with 10 products than 10 distributors with one product. From that perspective, the tuna companies are positioned very well to do that."

Lischewski said Bumble Bee was looking at the possibility of relabeling other products with its Bumble Bee name.

"We know that the Bumble Bee brand name is good," he said, "and I would expect to see some consolidation under that name."

The Tuna Foundation's Luke said that the nation's tuna companies had demonstrated themselves to be good marketers and that product diversification was part of a smart business plan.

"These companies are run by executives who are smart and excited about opportunities to expand their markets in new ways," Luke said. "That's healthy in any industry. If you aren't changing and growing, you can stagnate. But that's definitely not going to happen in this industry."

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