

Santa Monica Seafood Facility Tour

PHOTO: SANTA MONICA SEAFOOD

Responsible Seafood Sourcing: A Distributor's Perspective

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Introduction

In recent years, the seafood industry, especially in the United States, has become increasingly aware of how critical sustainable resources are to their businesses. This awareness is due, in part, to industry observations and experiences with seafood resources as well as the considerable influence this nation's environmental non-governmental organizations (NGOs) have with the public over environmental issues. With the issues of sustainability and seafood sourcing rising to the forefront, the United States strives to be the world leader in sound environmental practices. To achieve sustainability, numerous factors, parties of interest, and implications must be taken into account. Ongoing global cooperation, research, policies, and enforcement will be necessary to continue seafood production without resource depletion. Distributors, such as Santa Monica Seafood Company, find themselves at the heart of addressing the intersection of theory, practice, and regulation, not just in the United States but also on a global scale.

Santa Monica Seafood Company (www.SantaMonicaSeafood.com) has been family owned since 1939, employs fourth-generation family members, and purchases more than 20 million pounds of seafood annually for distribution in Southern California, Nevada, and Arizona (Figure 1). Santa Monica Seafood's annual double-digit growth during the last eight years has made sourcing seafood the company's number one challenge and is what motivated the company nine years ago to embark on the journey of responsible sourcing. Santa Monica Seafood quickly realized that knowledgeably addressing the issue of sourcing responsibly involved the challenge of addressing complicated questions and then translating the answers into customer-friendly products.

Recognizing a Problem

Recognizing that there is a problem is the first step toward developing a solution, and around 2000, U.S. environmental NGOs set out to draw attention to the issue of overfishing and related habitat destruction. Santa Monica Seafood's first encounters with one of these awareness efforts involved the controversy surrounding farmed salmon and polychlorinated biphenyl (PCB) contamination (Easton, Lusznik, and Von der Geest 2002; Houlihan 2003; Hites et al. 2004). Although these articles' findings were heavily scrutinized (Krause 2007),

Figure 1. Santa Monica Seafood Truck

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the public initially responded with alarm. At the time, Atlantic salmon was Santa Monica Seafood's highest volume commodity, and the public uproar caused the company to call into question its product and motives.

Alarming scientific findings, vocal environmental advocates, and dire predictions pervaded the news. SeaWeb's "Give Swordfish a Break" campaign advocated from 1988 to 2000¹ and resulted in positive and negative impacts. The Atlantic swordfish stocks were indeed suffering, but the campaign unintentionally impacted the Pacific fishery and even today continues to affect the Atlantic fishery (Ruais 2010). Environmental NGOs also warned of the imminent demise of Chilean seabass (Handwerk 2002) and orange roughy (Lack, Short, and Willock 2003). In these early years, it seemed the environmental NGOs were winning the hearts and minds of the American public but trading objective, timely, balanced, and contextual reporting for sensationalism and sound bites. The public was alarmed, and needed to be, and the campaigns grabbed attention and raised awareness, but the initial reactions and solutions were overreactions.

Santa Monica Seafood recognized the inconsistencies of messaging and credibility, became immediately concerned, and resolved to become informed and proactive. There was so much confusion over what the issues were that Santa Monica Seafood had many questions and so did customers. One thing was for sure; Santa Monica Seafood had been in business long enough to know that it is not profitable to start dropping product lines without serious consideration. Being the first seafood distributor to drop a product as widely loved as farmed salmon would have ensured huge financial hardship for the company. Santa Monica Seafood recognized that to effect change, the company would need to educate employees and customers to make informed choices instead of just depriving people of the option and thereby causing them to seek the product elsewhere. This realization led Santa Monica Seafood to develop a responsible sourcing process.

Understanding the Problem

"Sustainable" is an ill-defined, almost political term. The idea of sustainability is often simplified, but in actual application, sustainability is a highly dynamic, multidimensional concept that is constantly evolving. Understanding and accounting for the complex dynamics of biology, fisheries, fishing methods, fishing nations, stock management, eco-interactions, regulations, farming systems, farming impacts, fish diseases and infestations, health and safety issues, and traceability for several hundred wild and farmed species is difficult at best (Figure 2). The newer dimensions of certification schemes, social welfare issues, and carbon footprint concerns makes accounting for all variables even more complicated.

Figure 2. Indonesian Fishery Crates

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Clearly, Santa Monica Seafood's veteran buyers, with more than 100 years of combined experience, had a lot more to learn. First, Santa Monica Seafood joined a group of academic scientists, restaurant owners and operators, and the Aquarium of the Pacific to create the Sustainable Seafood Forum in 2004. Over each of the next four years, the forum met for two days every quarter to discuss, teach, and learn from each other and from international, guest scientists. These meetings helped establish a network of expertise and rapport that Santa Monica Seafood continues to reference for vetting purposes. In 2004, Santa Monica Seafood also began attending SeaWeb's annual Seafood Choices Alliance² three-day symposiums, which bring the fishing and aquaculture industry together with environmental NGOs, academics, food service, and retail interests from all over the world to discuss issues, trends, and solutions. These symposiums helped Santa Monica Seafood expand its network of related, diverse interests, which the company used for further vetting and information gathering.

Santa Monica Seafood attended and networked at various meetings and symposiums (Figure 3) to better understand the issues, evaluate suppliers, train salespeople, and advise customers. Recognizing sustainability as a constant work-in-progress, Santa Monica Seafood's goal was to engage sources that were tackling the issues and encourage these sources through purchasing. The company refers to this philosophy as "responsible sourcing." "Sustainable" may be the perfection to strive for, but until then, Santa Monica Seafood wanted to ally itself with suppliers that were already using best practices or were at least on a positive trajectory.

Developing a Solution

Within this landscape of concerns, controversy, vocal environmental NGOs, questions, and a certain amount of enlightenment, Santa Monica Seafood developed its Responsible Sourcing Program. The company considered its core beliefs, the viability of the business, and the responsibility the company had to provide quality, safe,

and sustainable products to customers. The company's Responsible Sourcing Program is based on two primary objectives:

- Sourcing – Staying abreast of fishery issues in order to better qualify products and suppliers, using science-based guidance (Figure 4).
- Promotion – Educating customers to meet their particular responsible sourcing goals and understand the issues.

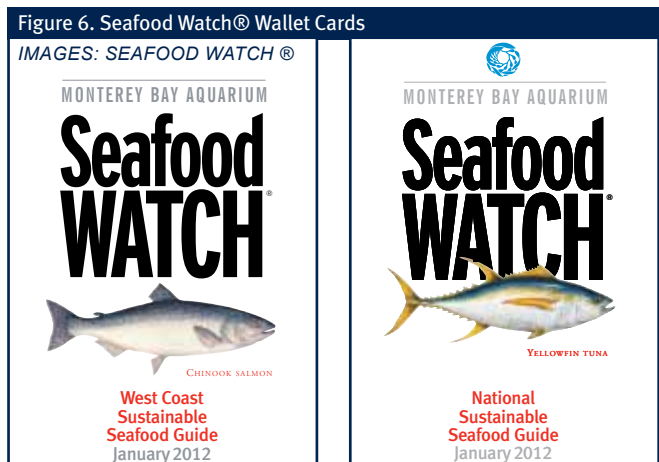
Note: In addition to these two primary objectives, Santa Monica Seafood also considers promoting positive industry changes through influence and donations as well as general environmental responsibility, food safety, and internal production improvements to be important parts of the company's Responsible Sourcing Program.

Objective One: Sourcing

Seafood Watch® Resources

Santa Monica Seafood uses a variety of tools, resources, and lessons learned to evaluate the farms, fisheries, and suppliers from which the company sources. These resources originate from networking and participating at various aforementioned events and groups as well as reading daily and monthly periodicals, such as *Intrafish*³, *Seafood Business*⁴, John Sackton's Seafood.com, SeafoodSource.com, and several others. However, the most robust and comprehensive tools Santa Monica Seafood uses are the ones developed by the Monterey Bay Aquarium (MBAq) Seafood Watch® program⁵. Seafood Watch® is a program that helps consumers and businesses make choices for healthy oceans. Recommendations indicate which seafood items are "Best Choices (green)" (Figure 5), "Good Alternatives (yellow)," and which ones you should "Avoid (red)." Seafood Watch® recommendations are science-based and peer-reviewed, use ecosystem-based criteria, and have supporting, comprehensive reports.

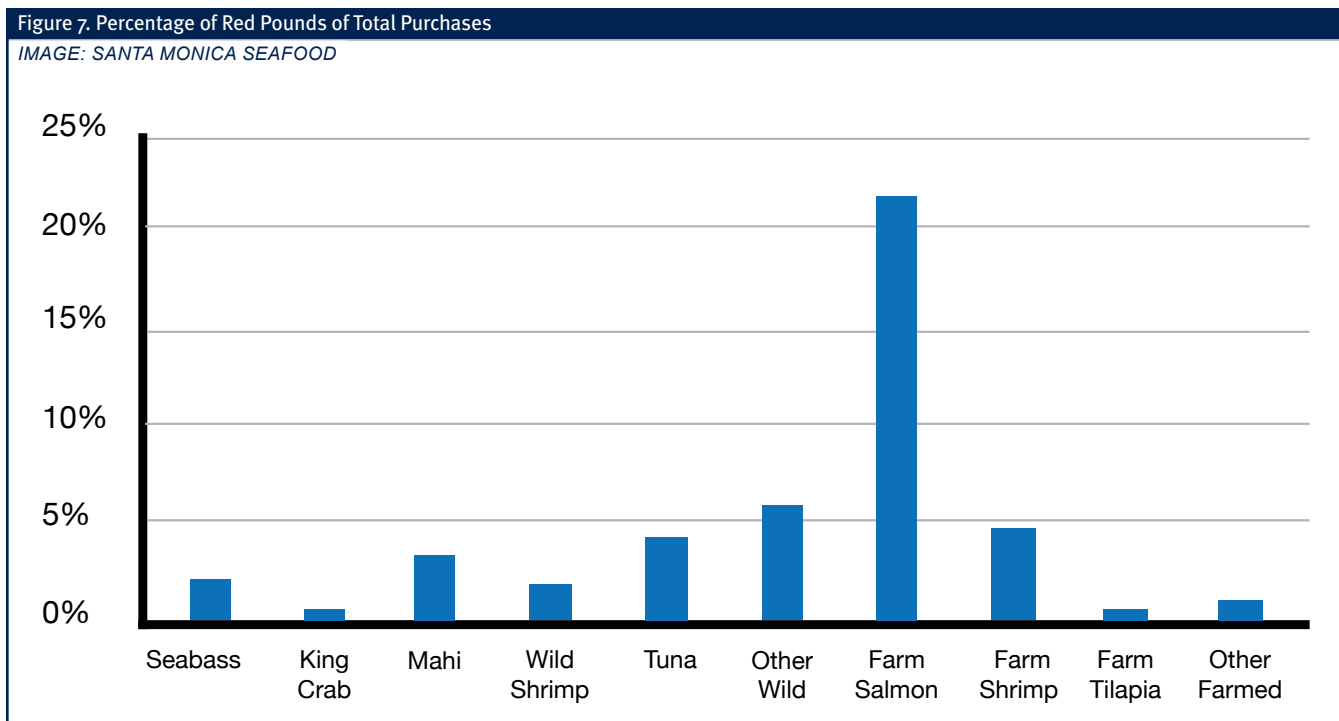
Seafood Watch® with its wallet card (Figure 6) is often criticized by the seafood industry for being too broad in scope, over-simplified, and not giving credit where it is due. What most industry people do not recognize is that this card is supported by a wealth of scientific review and a pragmatic ranking process for each rated species (e.g., yellowfin tuna; Seafood Watch 2010). Working within the limits of the program's resources and staff, Seafood Watch's approach reverts to the lowest common denominator for the overall recommendations and rarely assigns specific farms or sub-fisheries a better rating as long as other underperforming farms and fisheries exist within that country or region. This frustrates some



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Figure 7. Percentage of Red Pounds of Total Purchases

IMAGE: SANTA MONICA SEAFOOD



producers and has the potential to discourage responsible, often costly, efforts by a producer to become more sustainable if that producer will still be grouped with underperformers.

Seafood Watch® redesigned its focus and process in late 2011 and announced the changes in January 2012 (Hedlund 2012). Seafood Watch® concentrated on internal improvements to enhance its process and reach. Specific changes include revising the criteria for assessment ease and clarity, working on a system of seafood eco-certification referrals in order to incorporate and draw parallels between other certifying programs, and introducing an accreditation program for outsourcing the Seafood Watch® process for more producer-specific applications. These exciting changes effectively address many of the aforementioned criticisms and afford Seafood Watch®, and the industry as a whole, additional tools to further improve their resource assessments.

Partnering with Seafood Watch®

Before these latest changes, Santa Monica Seafood had already partnered with Seafood Watch® in 2009 for MBAq’s Major Seafood Buyer Program in which Santa Monica Seafood agreed to work hard to reduce its dependence on the “avoid (red)” species with the help of Seafood Watch’s metrics, education, and technical resources. Santa Monica Seafood applied the Seafood Watch® metric system to create a baseline analysis of Santa Monica Seafood’s purchasing activities. This analysis enabled Santa Monica Seafood to identify and focus its efforts on the high-volume, “red” species (Figure 7) in order to evaluate better sourcing of these species, according to Seafood Watch® criteria.

As part of the baseline analysis, Santa Monica Seafood submitted a list of its 2,100 products and product specifics, such as species name, origin, wild/farmed, and capture/culture method, to Seafood Watch® for specific evaluation and color-coded ranking. Seafood Watch® functioned as a certifier for these 2,100 products, and the rankings were uploaded to Santa Monica Seafood’s electronic purchasing and sales system. Santa Monica Seafood also instituted a numerical ranking system to coincide with the color-coded rankings (unrated = 0, red = 1, yellow = 3, and green = 4). Santa Monica Seafood then calculated a weighted average per product and product groupings, much like a grade point average in school. Santa Monica Seafood named these averages the responsible sourcing scores. These data allowed Santa Monica Seafood to dissect, graph, and analyze its purchases from the last few years according to various trends. Trend analysis helps Santa Monica Seafood to set goals, track progress, and report to the MBAq.

Introducing “Blue”

To address the company’s dependence on “red” species while also encouraging sources to transition to more sustainable practices, Santa Monica Seafood created an additional, transitional ranking level between “red” and “yellow,” which Santa Monica Seafood named “blue” (blue = 2). For species with an overall “red” rating, Santa Monica Seafood uses Seafood Watch® criteria to more specifically evaluate the specific farm and wild fisheries from which Santa Monica Seafood sources. In most cases, Santa Monica Seafood will not rate a fishery “blue” unless Santa Monica Seafood has actually visited the fishery and seen firsthand that the issues,

which gave the overall fishery a “red” designation, are being addressed by that specific fishery (Figure 8). Santa Monica Seafood does not expect complete solutions or perfection, but as long as the fishery or farm is on a positive trajectory, Santa Monica Seafood will support, engage, and encourage the fishery or farm through purchasing and a “blue” ranking (Figure 9).

Additionally, some fisheries and aquaculture operations involved in Sustainable Fishery Partnership or World Wildlife Foundation Aquaculture Improvement Plans/Fishery Improvement Plans may also be ranked “blue.” Santa Monica Seafood also assigns a “blue” rating to “red” fisheries that have obtained a higher rating from some other recognized organization, such as the Marine Stewardship Council (MSC), Global Aquaculture Alliance, or the Vancouver Aquarium, a practice similar to what Seafood Watch® is exploring as part of its program improvements.

Figure 8. Logan (author) Inspecting an Indonesian Aquafarm

PHOTO: SANTA MONICA SEAFOOD



Fresh Catch of Yellowfin Tuna in Indonesia

PHOTO: SANTA MONICA SEAFOOD



Figure 9. Santa Monica Seafood Tours a Processing Plant in Thailand

PHOTO: SANTA MONICA SEAFOOD




Shifting from “Red” to “Blue”: Yellowfin Tuna Example

Santa Monica Seafood takes several considerations into account when evaluating the potential shift from a “red” species to a more sustainable option. Shifting the company’s purchasing from “red” to “green” is ideal, but easy changes have already been made. At this point, this switch is not usually feasible or immediately available. Therefore, shifting from “red” to “blue” is an important first step. First, Santa Monica Seafood consults Seafood Watch® reports. For example, Seafood Watch® rates foreign, longline-caught yellowfin tuna as “red” and U.S.-caught as “yellow”

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Figure 10. Seafood Watch © Recommendations for Yellowfin Tuna
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YELLOWFIN			
	Atlantic (U.S.)	Troll/pole	Best Choice
	Eastern Pacific (U.S.)	Troll/pole	Best Choice
	Western and central Pacific	Troll/pole	Best Choice
	Western and central Pacific	Unassociated purse seine	Best Choice
	Hawaii	Longline	Good Alternative
	Atlantic (U.S.)	Longline	Good Alternative
	Atlantic (imported)	Troll/pole	Good Alternative
	Eastern Pacific (imported)	Troll/pole	Good Alternative
	Indian Ocean	Troll/pole	Good Alternative
	Indian Ocean	Unassociated purse seine	Good Alternative
	Atlantic Ocean	Unassociated purse seine	Good Alternative
	Eastern Pacific	Unassociated or dolphin purse seine	Good Alternative
	Pacific (imported)	Longline	Avoid
	Indian Ocean	Longline	Avoid
	Atlantic (imported)	Longline	Avoid
	All oceans	Floating object purse seine	Avoid

(Seafood Watch 2010; Figure 10). Unfortunately, there are just not enough U.S.-caught yellowfin available for Santa Monica Seafood to buy throughout the year. U.S. purse seine-caught yellowfin can only be canned, and U.S. and foreign troll/pole-caught yellowfin are rated “green” and “yellow,” respectively, but this capture method lowers the quality of the meat below the expectations of Santa Monica Seafood’s customers. With the company’s options narrowed, Santa Monica Seafood studies the Seafood Watch® report to determine what sustainability issues contributed to the “red” ranking for foreign, longline-caught yellowfin, namely, bycatch and fishery management in this example, and Santa Monica Seafood seeks to source with those fisheries that are addressing these sustainability issues (Figure 11). Additionally, Santa Monica Seafood can get an official rating for those select fisheries by applying the Seafood Watch® assessment process.

Shifting from “Red” to “Blue”: Common Thresher Shark Example

Santa Monica Seafood felt it was important to correct the public’s perception that all sharks are endangered because of finning and that all shark fisheries are destructive. These issues have been addressed in the California drift net common thresher shark fishery (Figure 12). Despite healthy common thresher populations, strong regulations, and minimized bycatch issues, boycott campaigns and public perception pressured Santa Monica Seafood and other distributors and retailers to stop selling this species. This loss of sales unfairly punished the California drift gillnet fishery with unintended impacts to fishing communities up and down the coast. The demand for thresher shark, despite its affordability, great eating properties, and nutritional benefits, was simply not there.

The National Oceanic and Atmospheric Administration (NOAA) FishWatch program clearly states that the California common thresher shark is not overfished (FishWatch 2011). However, shark finning and bycatch are so contentious as a whole that Santa Monica Seafood wanted to further study the particular issues surrounding common thresher before stocking it again.

Employees attended relevant workshops at the Aquarium of the Pacific and in San Diego. Santa Monica Seafood employees learned the following, which allowed them to confidently conclude that the common thresher population is healthy and the management plan effective:

- Endangered species and marine mammal bycatch has all but been eliminated due to area and temporal closures and new gear designs (Heberer 2011).
- Bycatch of other species, including pregnant female and juvenile threshers, has been greatly reduced (Kohin 2011).
- Finning is not a local catch issue, since finning is illegal in the United States, and shark fin sales are also illegal in many states, including California (AB 376 [Fong, Huffman]).

With so much sound information available, Santa Monica Seafood felt assured in its decision to shift thresher shark from “red” to “blue” and promote it to customers, regardless of public opinion. Santa Monica Seafood took a very public stance by



offering common thresher in its two retail stores and has ensured that employees were adequately educated to confidently promote common thresher. Six months later, Seafood Watch® elevated California and Hawaii common thresher shark from “red” to “yellow” (Seafood Watch 2011), and Santa Monica Seafood’s decisions were additionally affirmed.

Objective Two: Promotion

Santa Monica Seafood, with wholesale and retail lines of business, interacts with a variety of consumers, chefs, managers, and corporate sustainability officers (Figure 13). Not surprisingly, these customer groups differ with respect to their needs, priorities, product knowledge, and levels of sophistication regarding the products they buy. For all groups, concerns about food safety far exceed concerns about sustainability.

The typical consumer generally has little awareness or interest in sustainability and is more concerned about freshness, taste, cost, and ease of preparation. Conversely, other individuals care deeply about sustainability and are very outspoken. Santa Monica Seafood is proud of the availability of information for consumers and continues to augment the company website with balanced references.

Chefs, on the other hand, realize that they are in a good position to influence public perception (Figure 14). However, they are generally most concerned about freshness, variety, origin, and cost. Chefs have sustainability in mind, but from Santa Monica Seafood’s experience, only about 25% actually research the issues or are willing to pay any premium. Most chefs consider the issue of sustainability to be part of their distributor’s responsibilities and trust the distributor to take care of it.

Addressing the needs of corporate sustainability officers is the most challenging, and this customer group encourages the biggest changes in Santa Monica Seafood’s responsible sourcing program by constantly raising standards. Accountability, traceability, local sourcing, and social impact concerns put new requirements on Santa Monica Seafood’s purchasing practices, which must, in turn, be pushed down to the suppliers.

Santa Monica Seafood does various things to promote sustainability and help build the trust between the company and its customers. Throughout Santa Monica Seafood’s distribution area, the company hosts demonstrations and tours (Figure 15) as well as sustainability luncheons and dinners featuring sustainable products, with short presentations by speakers from NOAA, the MSC, the MBAq, and others (Figure 16). Santa Monica Seafood also prints the Seafood Watch® product rankings on each line item of every invoice as well as providing the responsible sourcing score at the bottom of the invoice. Upon request, Santa Monica Seafood can also provide a breakdown of a restaurant’s purchases by risk category over time and will consult with the restaurant about how to improve its responsible sourcing score.

Figure 13. Display at a Santa Monica Seafood Event

PHOTO: SANTA MONICA SEAFOOD



Figure 14. Chefs at a Seafood Show

PHOTO: SANTA MONICA SEAFOOD



Figure 15. Santa Monica Seafood Facility Tour

PHOTO: SANTA MONICA SEAFOOD



Figure 16. Display and Educational Information at Event

PHOTO: SANTA MONICA SEAFOOD



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Conclusion

There is a paradox between short-term profitability and long-term resource management. Trading off present earnings for future assurance in an industry as old and as highly fragmented as the seafood industry is a challenging mind shift, but since the United States imports 85% of its seafood from dozens of countries overseas, this mind shift needs international appeal to effect change. Market pressures, certification schemes, and influence are not enough. Long-term resource management requires cooperation between and within countries and must be institutionalized with regulation, enforcement, and short-term consequences.

Until governments take a stronger lead, distributors are the bridge between supply and demand. Sustainability is an important concern, but it is also a complicated issue. Sifting through the numerous contributing factors and agenda-driven rhetoric can be frustrating for everyone in the value chain. Consumers, chefs, restaurateurs, retailers, and corporations have entrusted Santa Monica Seafood to source seafood responsibly, and in turn, Santa Monica Seafood provides its customers the knowledge to make informed choices. Distributors are sophisticated buyers motivated by a sense of responsibility for the products they sell to expectant markets and customers. Santa Monica Seafood is proud to play a role in U.S. responsible sourcing and will continue to strive to meet the challenges of sustainability.

¹ <http://www.seaweb.org/initiatives/swordfish/index.html>

² <http://www.seafoodsummit.org/>

³ <http://www.intrafish.com/global/news/>

⁴ <http://www.seafoodbusiness.com/magazine.aspx>

⁵ http://www.montereybayaquarium.org/cr/cr_seafoodwatch/sfw_recommendations.aspx?c=ln

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