

# Marketing Virginia Croaker

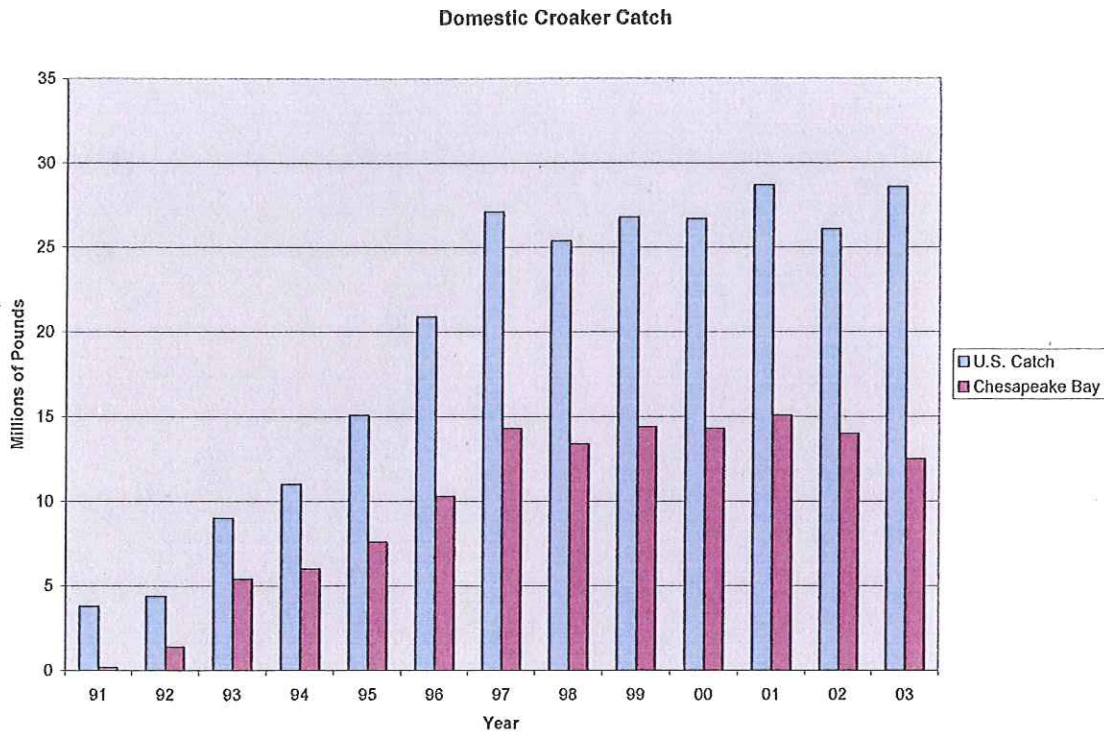
By Stuart A. O'Bier

December 1, 2005

A final report on a project sponsored by the Virginia Fishery Resource Grant

### Croaker Stocks come back in the 1990's

In the early 90's croaker stocks were at a low ebb and few were caught. But then stocks rebounded and for the last nine years or so 26 to 28 million pounds a year of the fish have been caught nationally. Croaker catch in the Chesapeake Bay followed a similar trend ranging between 10 and 15 million pounds for the years 1996 to 2003. National Marine Fisheries statistics trace out this resurgence in catch.



These big catch numbers will almost inevitably decline and may be doing so already. Large number of croakers were caught all through the 70's and then the catch continuously declined through the 80's before beginning another upsurge in the 90's. In the seafood business the one constant is change. Available quantities are extremely variable. If seafood businesses are to survive they must continuously reposition themselves to take advantage of such changes.

### Developing Markets for Croakers

Given the abundance of croakers, we, at O'Bier Seafood, wanted to develop additional markets. We thought we could sell Chesapeake Bay headed and gutted IQF croaker if the right packaging and production process was developed. We applied for and received a grant from the Fishery Resource Grant Program to help us do that.

For the first year (2002) of the project we had attractive two and five pound plastic bags printed with our BAY'S BEST brand, a picture of a croaker, a see through panel and appropriate FDA nutritional information on it.



Development costs for the croaker bags were as follows: Design layout, composition and production - \$1,401.50; bag plates and pre-pressed artwork - \$4,091.50. Total costs for the development of the croaker bags were \$5,493.00.

In order to enter the frozen H&G market, we would need to clean and dress the croakers, individually freeze them and seal them in the two and five pound bags. Although we initially wanted to lease a tunnel IQF freezer, that approach proved so expensive that we turned to a co-packer, Wanchese fish, to get that part of the operation done.

#### The Production Process and Costs

The production process was as follows: Pack and dress the croakers at our plant in Callao, VA. Then, after making them ready for tunnel freezing, we transported them to



Suffolk. We put the H&G croaker on our trucks which were already going to Hampton so there wasn't much additional transportation expense. The frozen croakers were then returned to our plant where they were weighed into two and five pound bags. After sealing the bags we packed them into 20 pound master packs. The two pound packs were, of course, 10 to the case and the five pound packs were four to the case.

Our costs to get the frozen dressed fish in the 2 lb bag were as follows:

	Whole Cost	Final Cost
Per Pound croaker	\$0.15	
H&G yield 60%		\$0.25
Processing Costs	\$0.10	
Processing Cst after H&G		\$0.15
Co-pack IQF Charge		\$0.25
Two Lb Bag @ \$.14		\$0.07
Bag Packing Cost		\$0.05
Sealing Machine Lease		\$0.01
Transportation		\$0.05
Total Per Lb Cost for Dressed		<u>\$0.83</u>

### Selling the Product

Using previous contacts, we scheduled a presentation of the new product to the buyer for Murry's Steaks. Murry's Steaks, is a purveyor of frozen meat and seafood with their own retail stores. Many of their stores have an Asian and African-American customer base. Asians and African-Americans have been a traditional target market for croakers.

We knew we would be competing with a less expensive Uruguayan croaker. However, we made the pitch to Murry's on the basis that our Bay's Best brand would be a higher quality domestic product with more appeal. As noted, it was also agreed to be packed in 2 pound packs. The Uruguayan product was available only in four pound packs. The

Uruguayan product was selling at less \$1.00 per pound or less. Murry's buyer agreed to give our product a try; paying us \$1.25/lb. This allowed us a gross margin of 32 percent, which was sufficient to cover overhead and other possible misestimates of costs. We delivered the product to their warehouse in Landover, MD and Murry's subsequently distributed it to their stores.

In that first year we made 2 deliveries of the product to Murray's and sold a total of 14,000 pounds. Murray's was our only significant customer for this product. More of the product was sold to some of our independent stores via regular route deliveries. The demand for the two pound packs was more significant than the five pound packs.

So the product did have some success that first year. We put up the frozen H&G product only when the price of croakers was at \$.15/lb. If the cost of croaker went above 15 cents it made our margins so narrow that it wasn't worth doing.

#### Price Paid to Fishermen Increases

The next year, in 2003, the fisherman's price for croaker was \$.25 or \$.30/lb. or more most of the time. Prices in subsequent years have also been higher. Because yield of H&G croakers is about 60 per cent the off the knife price of croaker increases \$.25 per pound when you go from \$.15/lb to \$.30/lb. Thus between 2002 and 2003 our H&G price for croaker went from \$.25 to \$.50. This increase in H&G price of \$.25 pound so squeezed our gross margins to about five per cent. This small a margin would not cover our overhead so what was profit became unprofitable with the increased round croaker price. Thus we decided we were unable to compete with the Uruguayans even if we did have superior product.

#### Taking the Project in a Different Direction

Although we could no longer compete in the frozen H&G market, we took what we learned there and began selling in the fresh vacuum pack business in 2004. While this has not been a large business it is a steady business and continues to present. This fresh market has an added advantage in that Uruguayans can't supply fresh product to the U.S. The product does not have enough value so that it can absorb air-shipping from Uruguay.

Using the same art work developed for the frozen croaker project we started vacuum-packing H&G croaker fresh. Now in a good week we move 700 to 800 pounds of fresh vacuum packed croaker, mostly to Wal-Mart. This is all to store-door delivery to Wal-Mart and a few independents.

Without the film and the label we would not have been able to sell Wal-Mart. Wal-Mart no longer takes fresh product packed on ice for its "full service" cases. Everything in the "service" cases is slacked out. If you inspect their "service" case you will see that nearly every product says previously frozen. Much of it is imported. Subsequently we

expanded vacuum-pack sales into other species. The best selling species are black bass, sea trout and summer flounder.

#### Vacuum-Packing Costs.

The price we sell the fresh vacuum-pack croaker is, of course, dependent on the price we pay for croakers. However the vacuum packing costs make up a fixed portion of our selling price.

Those costs are as follows:

Tray for Vacuum-pack	\$0.20
Vacuum-pack bag	\$0.15
Bay's Best sticker	\$0.08
Dressing and Packing	<u>\$0.20</u>
Leak-Proof Master	<u>\$0.17</u>
Total Cost	<u><u>\$0.80</u></u>





CUT HERE TO OPEN

Virginia's Finest

Bay's Best

Pan Ready

From the Fertile Waters of  
the Chesapeake Bay

# CROAKER

Harvested Daily and Frozen at the Peak of Freshness



  
VIRGINIA  
SEAFOOD  
Product of  
USA

NET WT 32 OZ (2 LBS) 908G

Serving Suggestion



# Bay's Best

From the Fertile Waters of the Chesapeake Bay

# CROAKER

The Chesapeake Bay and its tributaries have had a rich history in producing some of the finest seafood in the world. The watermen that work the bay take pride in the job they do, as it has been handed down generation to generation — a life style all its own.

Please enjoy Bay's Best Croaker — a mild, sweet flavor fish with a moist texture, suitable for baking, broiling, steaming or frying.

### THAWING INSTRUCTIONS:

Thaw fish in refrigerator and prepare in your favorite recipe.



For more recipes and information on Virginia Seafood, visit our state web site at [www.virginiuseafood.org](http://www.virginiuseafood.org)

### Nutrition Facts

Serving Size: 3.5 oz (100g)  
Servings Per Container: about 9

Amount Per Serving	
Calories 100	Calories from Fat 30

	% Daily Value*
<b>Total Fat</b> 3.2g	5%
Saturated Fat 1.1g	6%
<b>Cholesterol</b> 61mg	20%
<b>Sodium</b> 56mg	2%
<b>Total Carbohydrate</b> 0g	0%
Dietary Fiber 0g	0%
Sugars 0g	
<b>Protein</b> 17.8g	

Vitamin A 0%	•	Vitamin C 0%
Calcium 0%	•	Iron 2%

\* Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs:

	Calories: 2,000	2,500
Total Fat	Less than 65g	80g
Sat Fat	Less than 20g	25g
Cholesterol	Less than 300mg	300mg
Sodium	Less than 2,400mg	2,400mg
Total Carbohydrate	300g	375g
Dietary Fiber	25g	30g

Calories per gram:  
Fat: 9 Carbohydrates: 4 Protein: 4

### SPICY PAN-FRIED CROAKER

3 lbs. Bay's Best Croaker  
1 cup yellow cornmeal  
1 1/2 teaspoons paprika  
1 teaspoon salt  
1/2 teaspoon celery salt  
1/2 teaspoon pepper  
1/4 teaspoon dry mustard  
1/4 teaspoon onion powder  
1 cup milk  
Bacon fat for frying (or substitute your favorite oil)  
Lemon wedges for garnish  
Wash fish and pat dry. Combine cornmeal and seasonings. Dip fish in milk and then roll in seasoned cornmeal. Place fish in a single layer in hot bacon fat in a 12-inch skillet. Fry at a moderate heat for 4 to 5 minutes or until brown. Turn carefully. Fry 4 to 5 minutes longer or until fish are brown and flake easily when tested with a fork. Drain on absorbent paper. Serve with lemon wedges. Serves 6

### GRILLED ORIENTAL CROAKER

4 medium dressed Croaker  
1/4 cup soy sauce  
2 tablespoons brown sugar  
1 clove garlic, minced  
1 tablespoon fresh ginger, minced  
2 tablespoons orange peel, finely julienned  
2 tablespoons orange juice  
1/4 teaspoon red pepper flakes, crushed  
2 tablespoons butter, melted  
4 scallions, sliced  
Place fish in a bowl. Combine remaining ingredients and pour over fish. Marinate one hour. Place fish on a grill, about 5 inches from heat for about 10 minutes per inch thickness of fish, turning once halfway through cooking time and basting often with the marinade. When fish is tender and flakes easily, remove from grill and serve hot. Fish can also be cooked indoors by placing it on a broiler pan and broiling about 5 inches from the heat for 10 minutes per inch of thickness, turning once halfway through the process. Serves 4

Packed by O'Bier Seafood Inc.  
Callao, Virginia 22435

PRODUCT OF U.S.A.

INGREDIENTS: Croaker







#### Refrigerator & Freezer Storage for Seafood

- For best taste cook fresh seafood as soon as possible.
- Upon arrival home, immediately store fresh seafood in its original wrapping in the coldest part of the refrigerator or in the "meat keeper" drawer.
- Fresh seafood can be refrigerated up to 2 days.
- Immediately freeze any seafood you do not plan to use within 2 days. Do not refreeze previously frozen and thawed products.
- Seafood can be frozen at 0°F for up to 3 months; however, the longer it is frozen, the more likely it is to lose flavor, texture & moisture.
- Thaw frozen seafood in refrigerator, under cold running water or in microwave following manufacturer's guidelines. Never thaw seafood at room temperature.

#### SPICY PAN-FRIED CROAKER

Bay's Best Croaker  
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 1 1/2 teaspoons paprika  
 1 teaspoon salt  
 1/2 teaspoon celery salt  
 1/2 teaspoon pepper  
 1/4 teaspoon dry mustard  
 1/4 teaspoon onion powder  
 1 cup milk

Bacon fat for frying (or substitute your favorite oil)

Lemon wedges for garnish

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**VIRGINIA  
SEAFOOD**

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Packed by O'Bier Seafood Inc., Callao, Virginia 22435

# Croaker

This bony bycatch has a loyal following in the Southeast and the potential for larger markets

By Rick Ramseyer

**C**roaker has a bit of an image problem. The fish is bony, it's sometimes considered bycatch, and its name isn't particularly appetizing.

But thanks to its lean, tender flesh and near-sweet taste, croaker remains popular with many U.S. consumers, primarily in the Mid-Atlantic and along the Gulf Coast. It also is prized in far-flung locales such as South Korea and China.

"I'm not sure sales are growing, but it certainly is a popular fish, especially with [the Asian and African-American communities]," says Stuart OBier, president of OBier Seafood in Callao, Va.

"It seems to do well in major markets like New York and Washington, D.C., and it still has a strong following in the Carolinas."

The Atlantic croaker (*Micropogonias undulatus*) is the smallest member of the Sciaenidae family of drums. (Market size generally is 3/4 to 1 1/2 pounds, though some 3- to 5-pounders are available.)

Also known as hardhead, the species gets its name from the sound made by the contraction of muscles attached to its air bladder.

Croaker is harvested in the Atlantic and Gulf of Mexico, from Massachusetts to Texas. It's plentiful in the Chesapeake Bay region during the spring, summer and fall and is found farther south and offshore in winter. The Mississippi Delta is another prime production area.

OBier Seafood, a longtime supplier, derives up to half its fish sales from croaker in season, mostly to supermarkets. Wholesale prices range from 75

cents to \$1.50 per pound for whole fish and from \$1.50 to \$2.50 per pound dressed.

The family-run company, which already has frozen croaker in its product mix, recently introduced refrigerated, packaged croaker that will be sold under the Bay's Best brand, possibly in Wal-Mart stores in Virginia and in other outlets. Each package will contain two or three dressed, 12- to 16-ounce fish.

"Through proper marketing and packaging—there's a special label that gives the consumer information about how to prepare it—I can see where croaker has a chance to grow," OBier says.

Shirley Estes, executive director of the Virginia Marine Products Board in Newport News, Va., doesn't need convincing about croaker's potential.

"It's ideal because it is plentiful, plentiful, plentiful, and it's great-tasting," says Estes, citing croaker's prevalence in area supermarkets and in regional and Asian-themed restaurants.

Croaker is exported as well, predominantly to Canada, China and South Korea.

"In Korea it's a very prestigious fish," Estes explains. "Dried and properly packaged, it goes for hundreds of dollars."

Some U.S. companies import related

species, including white-mouth croaker (*Micropogonias furnieri*) and yellow croaker (*Pseudosciaena manchurica*), from Uruguay, Brazil and Argentina.

The Atlanta-based Great Fish Co., which sources from South America, touts a shelf-ready bag of croaker that's carried in parts of the Southeast by retailers such as Bi-Lo and Wal-Mart.

The 4-pound bags, primarily sold frozen, contain 8- to 16-ounce headed-and-gutted fish priced at around \$1.70 per pound.

"But I don't see [croaker] getting super popular, just from the standpoint of all the bones in it," points out Great Fish President George Carter, noting

that croaker represents less than 1 percent of sales for his company.

"Most American consumers refuse to deal with that." Still, "there's a lot of communities in the Southeast that will go crazy over it," Carter adds.

Glenn Sales Co. in Atlanta also imports croaker, which accounts for about 5 percent of its revenue. The fish, either H&G or dressed, is destined for regional or specialized grocery outlets.

"There's steady demand, but it's more of a niche market for us," says Bruce Pearlman, company president. "My best guess would be we move a



Photo courtesy of Virginia Marine Products Board

## CROAKER AT A GLANCE



### What's it look like?

Raw croaker meat is usually snow white but may have a reddish tint. The cooked meat is white.

### What's it taste like?

Croaker is lean, tender and full flavored, with an almost sweet taste. The flesh is firm, similar to that of black drum. The skin is edible.

### How do you cook it?

A popular pan fish, croaker is often breaded or dusted with cornmeal or flour and pan-fried. It can also be marinated and grilled or sautéed, roasted and broiled. For a Southern favorite, dip a dressed,

scaled croaker in water, milk, egg or a combination of the three, then roll in corn flour and cook in hot grease.

The meaty fish also can be steamed whole. For something different, sauté croaker fillets and spoon over them a sauce of vinegar, garlic and white wine.

### Nutrition Facts

Serving size: 100g/3.5 oz. (raw)

Amount per serving	
Calories	104
Fat Calories	29
Total Fat	3.2 g
Saturated Fat	1.1 g
Cholesterol	61 mg
Sodium	56 g
Protein	17.8 g
Omega-3	0.3 g

Photo courtesy of Smithsonian Environmental Research Center

couple million pounds per year."

Croaker, given its familiarity in the South, has long been a staple at leading supermarkets there. The Ukrop's and Farm Fresh chains carry it, as does Salisbury, N.C.-based Food Lion, with more than 1,200 stores in 11 states.

"It's available pretty much chain-wide," says Jeff Lowrance, Food Lion's corporate communications manager, who says the company uses domestically caught fish whenever possible.

The bulk of croaker at Food Lion is packaged and refrigerated, but a handful of sites have full-service seafood counters that display fish on ice. Prices run from \$3.50 to \$3.90 per pound.

"Croaker is kind of a mid-range in popularity, so it has a good following," Lowrance notes.

Restaurants in the Mid-Atlantic and Southeast offer croaker as well, albeit with varying degrees of success.

"It's not an easy sell," said Dale Reitzer, chef/owner of Acacia, a top dining draw in Richmond, Va. "Everyone in this area is familiar with croaker, and they don't consider it a fish they would buy in a restaurant as much as one they would catch themselves and cook at home."

Reitzer nonetheless highlights croaker from time to time as a lunch special, perhaps crusted with cornbread or crushed potato chips, or sautéed and

served with fresh pasta. Featured items normally range from \$5 to \$9.

"We usually serve fillets, because people have the memory of croaker being a bony fish, and it's just easier like that," Reitzer said. "But I stay away from small croaker, because they're just more work than they're worth."

Nino Mancari, chef at the trendy Fish On! restaurant in Lewes, Del., also serves croaker as a special, typically grilled, for \$18. And though he says boniness is one of croaker's challenges, he has his own theory for its so-so sales: "The name just isn't sexy."

That apparently doesn't matter to customers at Grandma's Country Kitchen in Charlotte, N.C., where croaker represents roughly 60 percent of the restaurant's fish business.

"It's pretty popular, mainly among African-Americans," says owner Abdul Bilal, who serves fried-croaker sandwiches (\$3.95 for lunch and \$4.95 for dinner) and entrées (\$5.75 and \$7.95).

And since the fish is mostly served head off and fanned open, he's got some advice for bone-shy diners.

"There's an art to eating croaker," Bilal says. "You start on the meaty side, and then you flip it over and go under the skin. "Once you learn that, it's easy."

Contributing Editor Rick Ramseyer lives in Cumberland, Maine

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