

# THE US TUNA MARKET SHOULD THINK LIKE A STARTUP

By Jan Tharp

***The COVID-19 pandemic has turned the US tuna market upside down. Effects include dramatic increases in labour costs coupled with workforce shortages, supply chain disruptions, freight cost increases in tandem with availability decreases, and shortages of packaging materials. Through the chaos, the pandemic has prompted an upsurge of younger consumers to the category; consumers with whom we have consistently struggled to find relevancy. The startup mentality illustrates how our industry can use innovative thinking and digital tools to establish thriving connections with younger generations for years to come.***



*Credit: The Bumble Bee Seafood Company*

When I was much younger, I loved to visit Disneyland and ride Space Mountain. I remember feeling a bit of adrenaline-filled vertigo as the car high speeds through a dark galaxy with steady inclines and steep drop offs. The lack of control coupled with the inability to predict the twists and turns created a state of controlled chaos. For a kid, this was exhilarating.

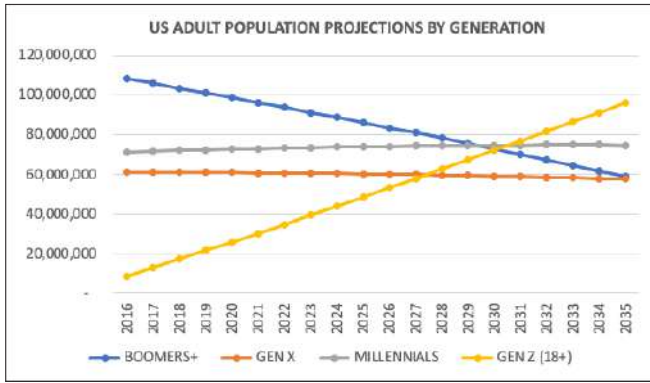
The impact of the global pandemic on business, in some ways, feels like the Space Mountain ride with significant ups and downs, information overload and a heightened pace of unpredictable change. However, unlike the roller coaster ride, the duration of this “new normal” is not known. But what we can control is how we adapt our businesses and our business strategies. Whenever there is any kind of significant change

or shock to a system, there are those who move forward and those who are left behind. Those who move forward seize change as an opportunity to adjust their strategies, while others are slow to react and wait for things to return to the original state.

As an industry, we were given a golden opportunity over the last eighteen months to reconnect with our consumer base. People all over the country stocked their pantries with shelf stable products and canned seafood. Household penetration of Shelf Stable Tuna peaked at 55% during the height of the pandemic; the highest level we have seen in over a decade. No marketing campaign could have ever done what COVID-19 did for our industry in a few short months with millions of new consumers entering the category. The question is, what happens next?

Although we may have benefited from the shifts in consumer trends during the pandemic, it does not mean we have the luxury to rest. We will experience continued ups and downs, twists and turns in the US tuna category. At the time of writing, the impact of the new variants as well as the future cessation of some of the US government stimulus money on US shopping behaviour is unknown. What is known is that we are facing significant cost inflation due to input costs and the CPI (Consumer Price Index) is up 5.4% versus a year ago, driven by a 24.5% increase in energy prices.

What I would like to focus on are not the many downstream effects of COVID, but the same fundamental issue our industry faced pre-COVID: lack of relevancy with a younger consumer base. Yes, the COVID-implied crises are extremely important to address and manoeuvre through, and yes, we also need to continue to provide great tasting products to the baby boomers who purchase over 58% of canned tuna today, but there is an ever pressing need to cultivate relationships and usage occasions with a younger audience in order to survive long term. As our audience ages we must be highly aware of the needs of the next generations.



Source: US Census

## Generational changes

The Millennial generation makes up nearly a quarter of the total US population. With demands for transparency, a love for customisation and convenience, and a health- and planet-conscious mindset, this demographic's preferences have made monumental shifts in food culture over the past decade.

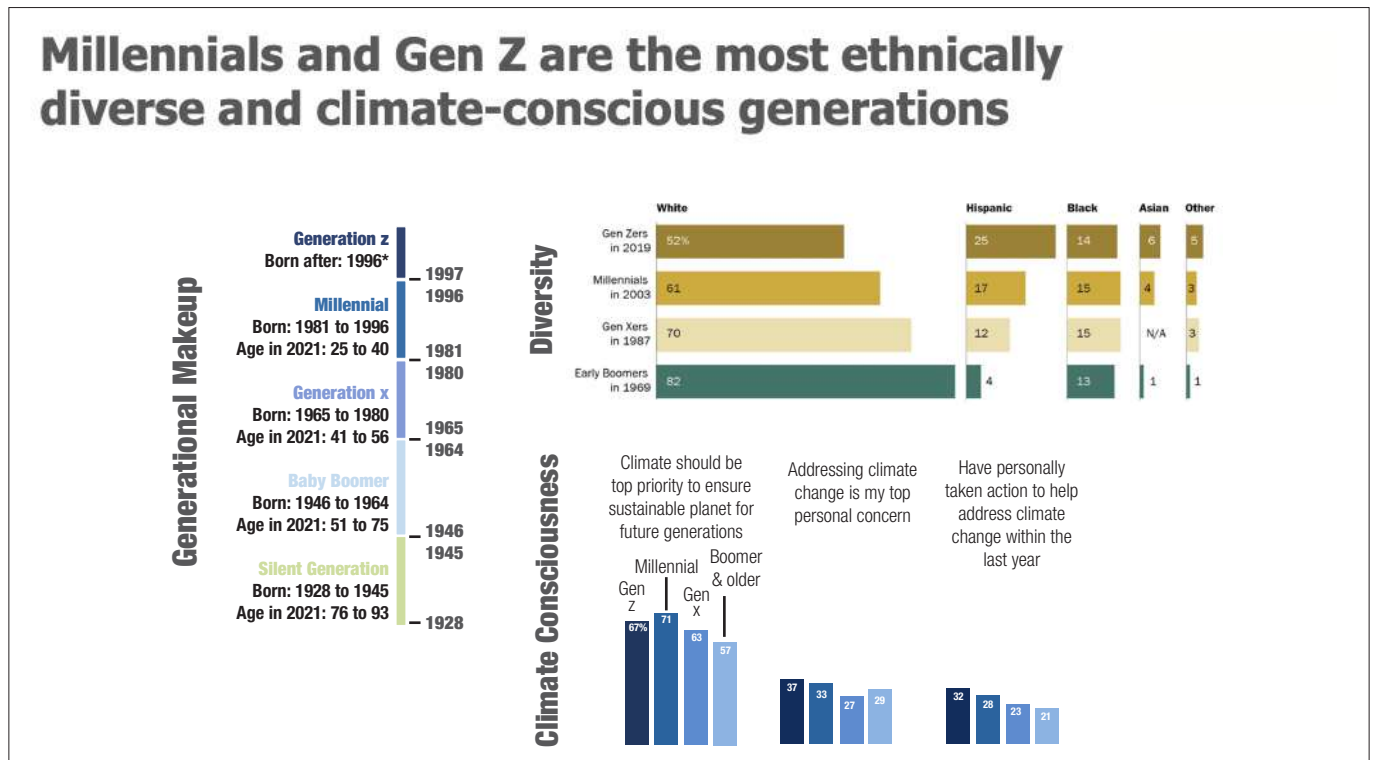
Gen Z makes up 27% of our population. They are projected to be the most well-educated and most ethnically diverse generation to date. They also happen to be digital natives; born into the age of digital technology and immersed for their entire upbringing. The average member of Gen Z

received their first smartphone before age 12. Being the first generation never knowing a world without technology, they are consistent users of restaurant apps, take-out and delivery as opposed to making meals regularly at home.

Whereas previous generations were more open to adopting their parents' food habits that included canned staple items, generational transfer of the love of canned seafood is simply not happening like it used to. Therefore, our jobs are shifting from doing what we've always done very well, to being open minded and acting on opportunities to give new consumers more ways to be excited about canned seafood. We must embrace transformative thinking, add new tools to our toolboxes and adjust our business strategies to be laser focused on listening and meeting the consumers where they are.

## Think like a startup

To become an innovative organisation, we need to emulate other innovative organisations; we need to begin thinking like a startup. Startups create something new under conditions of uncertainty. They aren't shackled with the processes of the past. Their strategies are based on connecting with consumers and meeting them where they are. This allows them to identify new and innovative paths to reach and connect with the consumer. For our industry, not only are we trying to



Source: Pew Research Center

create longevity, we're also trying to recreate a connection to younger generations and transform our product to meet the food trends of the day. If we can think and act like a start-up, we will have a better chance of success. To begin thinking like a startup, here are a few considerations for our industry:

**Align your messaging with the consumer journey**

The number one thing a successful startup does is align messaging around their product or service with the consumer journey. The pandemic rapidly accelerated the percentage of consumers using online platforms for grocery purchases. Online grocery e-commerce sales exceeded 15 billion dollars last year and survey data suggests this trend will stick even after consumers begin to return to grocery stores and other channels for their needs. This is one of the largest opportunities for our industry to show up and meet the consumer on their purchasing journey, and to tell our story in a more compelling way.

Another opportunity to connect with consumers through messaging strategies is to leverage their heightened focus on health and wellness as well as weight management. Some 61% of US adults report undesired weight change during the first year of Covid and 42% say they gained more weight than intended with an average weight gain of 29 lbs. With 97% of consumers planning to follow a diet or eating plans more closely than in the past now that the vaccine is more readily available, our industry has a huge opportunity.

Canned tuna is a perfect protein to meet the needs of today's consumer and there is no better time to talk about it than now. In fact, we should be talking about it anywhere and everywhere we can. Digital, social, in-store, in produce, at the seafood counter and in new channels of distribution. There is no other protein that delivers the amount of overall health benefits that tuna delivers per calorie. Whether consumers are looking to lose weight, build muscle or improve their overall health – our products meet their needs.



*Credit: The Bumble Bee Seafood Company*

While businesses like ours that have been around for some time have an established connection with aging generations, we must consider that we are still in the early stages of building a relationship with the younger generations. Consistency in messaging is important to maintaining a brand image and should be considered a measure of success across all channels.

We must find a way around the challenge of communicating relevant product information in a clear, consistent manner that conveys the benefits of tuna in a manner a consumer can understand. We are expecting consumers to drink from a firehose with respect to how many messages we are conveying in our product category. The average consumer doesn't understand most of them. Consumers looking to purchase a can of tuna are barraged by gear-type, fishing methodology, sustainability, GMO, BPA, heavy metals, protein content and health benefit claims which can sometimes be confusing to industry insiders much less a consumer and these messages simply can't be conveyed adequately on a label.



*Credit: The Bumble Bee Seafood Company*

Again, the solution to this problem can be found in educating our consumers online through social, digital, and online content. Digital also allows us to market to different consumers in ways we cannot do in-store. Consumers are online seeking information about companies, brands, and health claims. A digital presence allows us to be incredibly thorough and precise with our messaging.

**Digital, digital, and more digital**

Gone are the days when business success was strengthened with years of existence. Digital



marketing strategies are routinely used by startups to directly engage with consumers and form personal relationships. Either through social media, couponing, digital couponing or QR codes, digital marketing allows us to tell our story in a way that a static tower of canned seafood in a store cannot. Whether the stories are about new usage occasions, recipes, sustainability programmes, packaging programmes or health and wellness, we now have a huge opportunity to connect with the consumer in ways that match what they are seeking.

For example, Chobani, which became number one in Greek yogurt sales in just a few short years of the category's introduction in the US, used social media to encourage real fans of the brand to share their Chobani "love stories" by sharing posts and comments across digital channels. Greek yogurt sales surpassed traditional yogurt sales as many consumers got the message that the less sweet, more robust texture of Greek yogurt was a healthier choice. Once they received that message, they weren't shy about sharing their passion about the product with others, generating a consumer-up campaign.

Digital marketing is not the only tool that new technologies offer to our industry. We have the opportunity to be incredibly thoughtful with product offerings in an omnichannel environment. Through the proper use of data and analytics, we can be much more precise about our offerings. Manufacturers need to decide what products and assortments are best for each channel of distribution. For example, pack sizes should reflect the usage occasion consumers seek. Purchasing a 48-count case of canned tuna online for a family of one is probably not ideal; paying significant freight and packing costs for a single can of tuna is also not practical. Through digital analytics we are much better positioned to understand which consumer is shopping which channel and tailor our product offerings to meet their individual needs.

Data and insights are the new currencies driving growth and relevancy. Like startups, we can differentiate ourselves by using the appropriate tools to target messaging and help generate actionable insights.

### Show up in new ways

Finally, think back to where you had your first poke bowl. Was it at your house? Probably not. Rather, it was most likely in a restaurant. Like poke, if we want to gain relevancy with

the younger consumer group, having tuna show up in fast food, fast casual, quick service and high-end restaurants is critical. Foodservice is the gateway to attracting the younger generation. Those that can find a way to bridge this gap will be in a strong position to establish relevance in adjacent categories like canned tuna.



*Credit: nadianb, licensed through Adobe Stock*

## The future

Innovative solutions can manifest from any situation, at any time. This is our moment to seize change. Our industry has a near-term opportunity to leverage the impact COVID has had on shopping behaviour and consumer needs. With the expanded consumer base driven by the pandemic, the stakes are high to use this opportunity wisely and connect on new levels. By thinking like a startup, taking advantage of digital tools, meeting our consumers where they are, and showing up in a consistent way across a variety of channels, we increase the odds of addressing some of the legacy issues around relevancy.

We need to talk about and celebrate tuna! We need to bring tuna back into the conversation and show pride in making one of the most nutritious, versatile food items on earth!

Just as the roller coaster car followed the track on Space Mountain through all the ups and downs and twists and turns and brought us safely to the other side, if we follow the tracks of the consumer and listen and watch their shopping behaviours as they navigate through the societal changes impacting their daily lives, we will come out of these challenging times in a better place. 🍣



**Jan Tharp** is President and CEO of The Bumble Bee Seafood Company, a 120-year leader in the seafood industry. She is known as a transformational leader within the industry, among her peers and with Bumble Bee employees and is dedicated to continuing to redefine what sustainability means for the seafood industry. Under her leadership, Bumble Bee was named one of the "Top Places to Work" in both 2019 and 2020 by the San Diego Union Tribune. Ms Tharp is a board member of the National Fisheries Institute and Gathered Foods. She is also Co-Chair of the Processing and Packaging Women's Leadership Network.