



THE Bidvest GROUP LIMITED

Seafood Holdings online sustainability report

BUSINESS CONTEXT

In December 2010, Bidvest Foodservice Europe acquired 100% of the share capital of Seafood Holdings for an enterprise value of £45 million. UK-based Seafood is a leading national fresh fishmonger and distributor to the catering and hospitality sectors.

Seafood Holdings has eight depots, with a strong London presence and solid representation in other key markets, including Colchester, Birmingham, Bristol, Cardiff, Manchester, Liverpool and Scotland. This provides a solid platform for growth. The business focuses strongly on white-tablecloth restaurants, has an entrepreneurial culture and is known for successful innovation. It found a ready fit with its new UK sister companies.

In accordance with Bidvest practice, Seafood retained its operational autonomy. The founder-owner retired on handover, but management continued as before and the new managing director was promoted from within.

The business responded positively to the change of ownership as its operations have been inhibited in recent years by capital constraints. To demonstrate Bidvest's confidence in the new acquisition and build momentum, work began at the end of the period on a new site in south London. New infrastructure will increase Seafood's capacity in this key market by 25%.

PERFORMANCE

Operations made a pleasing trading profit contribution largely in line with expectations.

Solid performance was driven by national accounts gains with restaurant groups, caterers and hotel chains. A shift in the customer mix boosted volumes but put pressure on margins. Independent account growth is a priority. While respecting Seafood's independence, synergies with shared customers with 3663 Wholesale will be pursued.

The business was severely impacted by adverse December weather, but overheads were well controlled.

Seafood is differentiated by quality service. In addition to BRC 5A grading and MSC certification for sustainability management, the company has recognition from the Soil Association for organic management and from the Manchester United 'In Safe Hands' supplier audit.

PEOPLE

Seafood Holdings is a relatively small company employing about 450 people. Although we do not measure employee satisfaction directly, our employee turnover and absenteeism rates are very low, suggesting a relatively satisfied workforce. Only about 5% of employees are represented by trade unions. We experienced no industrial action.

Facilities are run according to high health and safety standards, as reflected by the British Retail Council (BRC 5) A grade.

ENVIRONMENT

Sustainable fish sourcing and marketing

We only sell fresh fish caught within quotas. While this is a step towards sustainable management of fisheries, it may not be enough to secure a steady supply of fresh fish into the future, something that is critical to our business. We are therefore pursuing a number of strategies to maximise sustainability.

Coastal fish campaign

To address some of the anomalies in our market, we encourage customers to buy more fish caught in their local fishing grounds. For instance, most of the fresh fish caught off Hastings, just 50 miles from London, is sold in France. Local fishing grounds supply both premium wild-caught fish and by-catch. As an industry we need to supply markets for both the premium and by-catch species. One way to improve sustainability is to harvest and sell a variety of fish rather than focus on a narrow range of (often threatened) species. By redirecting interest towards the variety of local fresh fish, we not only reduce pressure on premium species, we also reduce food miles and support small communities. We can also supply fresher fish (within 24 hours of catching) to our restaurant customers. This is a win-win situation.

Encouraging the utilisation of by-catch

There are two reasons why haddock and cod tend to be the only fish served as “fish and chips” in the UK. The first is that they are constantly available at a fairly stable price; the second is that most customers are reluctant to experiment.

Consistent availability and stable haddock and cod prices are the result of a stable commercial marketplace. In addition, cod and haddock are caught all over the world. On the other hand, most by-catch species, such as gurnard and pouting, are synonymous with small areas. The result is that even when weather conditions prevent fishing in the UK, cod and haddock can be brought from Scandinavia or further afield.

A fisherman catches a substantial quantity of by-catch along with premium fish. Because there is currently no market for the by-catch, it is often dumped back into the sea to make room on board for more commercially desirable fish. It is pointless for a fisherman to return with a load of by-catch worth less than 50 pence per kg, which will not cover the cost of the trip. However, the ecological consequences (and waste) of catching and discarding by-catch are undesirable.

In response, we are creating and developing a market for by-catch by buying it from fishermen for a commercially acceptable price. This will create the availability and stability necessary to support a market for local speciality species that have traditionally been discarded as by-catch. Restaurants and caterers can then become more comfortable using these products. For this strategy to operate successfully, restaurants and caterers need to allow for greater menu flexibility and be more adaptable when creating dishes.

Marine Stewardship Council certification

We support the Marine Stewardship Council (MSC) by buying products from MSC-registered fisheries. We have been audited to ensure we can manage the MSC chain of custody and have been granted MSC certification at all our depots. This is an important first step in preparation for marketing opportunities springing from the Olympic Games as sustainability is a key theme. Dover soles are already being acquired for the Olympics from the Hastings MSC-certified fishing ground. MSC certification also enables us to ask fishermen to target a species that we can add value to, such as the Hastings herring currently being turned into smoked fillets for a growing restaurant chain.

Aquaculture

While aquaculture might appear to offer a solution to depleting wild fish populations, it presents several challenges. Farmed fish is fed on pelletised wild-caught fish. Typically, 3-4kg of wild fish has to be caught to generate 1kg of farmed salmon, demonstrating that aquaculture is not a sustainable option.

In response, Seafood Holdings is working in partnership to research a number of fishmeal substitutes. We are also investigating other sources of farmed salmon, such as “freedom food” and organic salmon, both of which have much lower conversion ratios.

Customer education

Though supplies of cod and haddock are abundant at the moment, focusing consumption on a few popular species inevitably leads to overfishing. For example, in the 1970s most of the cod consumed in the UK came from the North Sea, but over-fishing drastically depleted the wild population. Cod for the UK is now sourced from Iceland and Norway. Environmental organisations have been working to change customer perceptions and we are starting to see a welcome shift in the market, which we wish to encourage. We have already seen an increase in average mackerel prices as a direct result of media coverage of these issues.

Seafood Holdings is working with the Seafish Authority to develop a harmonised response to sustainability. Contradictory information can confuse consumers. Through our work with the Seafish Authority we aim to provide clarity based on scientific evidence and create a consensus that the food service sector can feel confident about.

Our customer-base consists of restaurants and caterers. These customers guide consumer choice and influence what is considered to be good taste. If fisheries are not well managed, new fashions in food can unintentionally deplete some species, even when the trends are meant to be more sustainable. A topical issue is whether better utilisation of by-catch species may increase demand to such an extent that these wild stocks will be threatened.

As a responsible steward of ocean resources, our job is to educate our customers on the importance of diversity and greater flexibility. We have developed training courses to encourage broader use of available species. We encourage fish specials rather than menus with fixed-item fish dishes. Getting chefs to focus on variety will lead consumers in the same direction and help society to understand that all species of fish – especially when fresh – can be delicious.