



REPORT BRIEF

Evolution in Direct-to-Consumer Business Models for the Seafood Industry

A New Report by Future of Fish Maps the Landscape and Potential Implications of D2C Business Models for Sustainable Seafood

Summary prepared by Our Shared Seas
June 2022
OurSharedSeas.com

OUR
SHARED
SEAS



Direct-to-consumer (D2C) models in seafood are diverse and widespread, finds a study conducted from January to October 2021 by the international nonprofit Future of Fish. These D2C models are riding the wave of e-commerce and responding to new consumer demands. This synopsis features highlights from the report, which finds that the growth of D2C models offers both opportunities and challenges for supporting sustainable seafood.

The Rise of D2C in Seafood

E-commerce continues to influence trade across every sector, and the seafood industry is no exception. The COVID-19 pandemic accelerated some of these changes, including growth of D2C business models. Today, D2C models in seafood range from small companies servicing local markets to large e-commerce enterprises with international reach.

What Exactly Is a D2C Business Model?

In a D2C model—also known as DTC—a brand sells its product directly to end customers without third-party wholesalers or retailers. By definition, in D2C models the manufacturer or “maker” is the entity that connects with the customer.



GRASSROOTS

Hyperlocal, minimally processed catch-of-the-day product, mostly driven by fishers and supported by social media and/or digital marketplace technologies.



MEMBERSHIP

Subscription-based models that range from a hyperlocal to a national reach and that emphasize connection with fishers and exposure to new and different seafood products. Operated by fisher groups or an intermediary and supported by online ordering options.

The report defines a D2C seafood company as “any enterprise that produces and directly sells a seafood product to the final consumer.” *Note: in seafood, D2C companies may sell raw material (e.g., fish) or a finished product (e.g., a fillet of fish).*

What Does D2C Look Like in Seafood?

Today, D2C models have been launched by every node in the seafood supply chain and can be found around the world. Fishers are engaging via community-supported fisheries and local seafood finders, which send consumers to harbors for dockside sales. Processors, wholesalers, and distributors have embraced D2C in multiple ways—from setting up small shopfronts to launching full-blown e-commerce websites with overnight delivery. Traditional fish market vendors are running online versions of their stalls. Restaurant chefs are providing ready-to-cook meals for pick up or home delivery. These different approaches exist across the globe, though models that require greater infrastructure tend to be more prominent in high-income countries.

The report distills four categories of seafood D2C business models, shown below. The models are differentiated by the primary ways the businesses engage the consumer, which affects the type of technology used and geographic reach of the model.



FISHMONGER 2.0

Businesses with small, physical locations for consumers to purchase seafood in a variety of formats, normally operated by an intermediary and supported by online ordering and home delivery options.



BRAND DIRECT

Companies—often processors or distributors—with their own websites for online shopping. Often source from a variety of producers across local and national scales and partner with third-party logistics providers to support home delivery. Often leverage online marketplaces for increased exposure.











































































The Long Game

Three elements greatly affect the ability of D2C models to succeed and scale:

- 1) **Enabling conditions:** existing resources that allow a model or business to get off the ground;
- 2) **Challenges:** obstacles that may slow or prevent progress; and
- 3) **Drivers:** forces within or outside the system that lend momentum to a strategy.

Today, system-level drivers (many of them linked to the overall e-commerce boom) are improving enabling conditions and reducing barriers for seafood D2C efforts. Multiple drivers and the emergence of additional support structures for D2C are characteristics of a durable system that is continuing to mature and progress. Innovation is occurring at rapid rates, with new versions of D2C continuously emerging around the globe, often as adaptations of existing models to new contexts.

Drivers (abbreviated names) and the Challenges they could help mitigate (black circles) and enabling conditions (yellow circles) they could help build.

CHALLENGES 	DRIVERS							ENABLING CONDITIONS 
	More consumers shopping online	Shifting Consumer Demands	More Tech to Keep Customers Coming Back	More Technologies That Reinforce D2Cs	Innovations in Packaging & Cold Chain	Increasing Support for Domestic Markets	Last Mile Logistics Are Improving	
Home Delivery Cost to People and Planet		 		 	 	 	 	Last-Mile Delivery in Place
Digital marketing expensive but necessary			 	 				IT Support
Critical Digital and Physical Infrastructure Missing				 		 		Industry & Community Connections
Fisheries and species don't fit	 	 	 		 	 	 	Robust Fulfillment
Lack of domestic market	 	 	 	 	 	 		Cultural Fit
D2C loses out to lucrative markets			 				 	Exceptional Customer Service From the Start
D2C adds work								
Online D2C Requires Investment								
High Consumer Expectations								

Ripple Effects and Opportunities

Early pioneers have paved the way for increased experimentation and adoption of D2C across the seafood sector. D2C models are likely to continue to evolve and



THE VALUE PROPOSITION OF SUSTAINABLE, RESPONSIBLE SEAFOOD IS GROWING

The marketplace for online sales is increasingly crowded, and D2C companies across all sectors must work harder to differentiate themselves—and to do so beyond price. Sustainability and social responsibility efforts are two key ways brands are seeking to market themselves and stand out from the crowd.



TRANSPARENCY IN THE MID-CHAIN

As more distributors, processors, wholesalers, and other mid-chain actors adopt D2C sales channels, they create an opportunity for greater transparency—and public scrutiny—in the historically opaque middle of the seafood supply chain. Mid-chain actors typically have not been public-facing entities. But D2C changes that in several ways. These actors may become subject to consumer pressure—mostly via social media reviews and complaints. And, because consumers are increasingly interested in where their seafood comes from, D2C companies generally must adopt better traceability systems and become more transparent. This provides a new opportunity to leverage public pressure for more sustainable and responsible seafood.

scale, creating opportunities for those interested in advancing a more sustainable and responsible seafood sector. Opportunities include:



MORE DEMAND FOR PROCESSING

Creating products for individual home consumption was formerly the realm of retailers and restaurants. Demand for processing capacity is growing as more seafood enterprises, from fishing cooperatives to international distributors, start to sell direct. As D2C models prioritize customer preferences, this processing capacity needs to be flexible and diverse: individual portions, value-add products and more high-quality frozen products. This growing demand offers opportunity for innovation, from packaging to job creation.



ACCESS AND EQUITY OPPORTUNITIES

Advancements in logistics, more diverse products, and new business models have positioned D2C companies to move more fish to new areas while keeping costs down, potentially increasing access to affordable, nutritious seafood farther from the coast. The small shops and pop-up markets that are a growing trend and the hallmark of the Fishmonger 2.0 model offer the potential to bring seafood into “food deserts” via low-cost, small-footprint outlets scattered throughout urban centers, while last-mile delivery logistics via bicycles and e-bikes also help reduce costs. These opportunities align with existing research on the benefits of alternative seafood networks for food security and resiliency.

To view the full report from Future of Fish, visit:

<https://oursharedseas.com/direct-to-consumer-seafood-report>