OUT-MARKET DISTRIBUTION SYSTEMS

The out-market distribution activities are of increasing importance. The traditional distribution system, with its costly network of middlemen, is slowly losing ground to those importing or dealing with wholesalers directly. Their activities cover transactions of frozen tuna, shrimp, surimi and other fish and shellfish products, by large fishing companies and general trading houses, and the procurement of fish directly from wholesale markets in producing areas by large supermarkets. As the buying power of the different market participants increases many are choosing to bypass the traditional distribution channels in an effort to avoid the added costs of the distribution system's various middlemen. In such instances fishery products are purchased directly from the wholesale market, from processors or directly from the ship. Industry sources estimate that 25 to 30% of imports are distributed through the out-market system.

The rise in prominence of the out-market distribution by supermarkets and other large retailers has brought about changes in the way transactions are performed. Both imported and domestically caught tuna and striped marlin, until about the mid-1970s, were shipped whole to wholesale markets in consuming areas. Due to out-market pressure, shipments in cut parts have become the mainstay. Imported tuna is handled by specialized tuna wholesaling companies, some of which are owned by general trading companies. This specialized distribution system has developed because the flesh and freezing quality varies from fish to fish and needs to be closely scrutinized to ensure proper distribution.

Sea bream and marlacious are distributed through two different types of channels. One channel runs the more traditional route from a general trading company or a large fishing corporation to the wholesale market in a consuming area, then to outlets such as fish retailers and stores specializing in cooked and packed meals. The other channel bypasses the wholesale market in a consuming area, and connects directly to processors for lunch services. In the case of frozen shrimp, outsiders such as trade companies and retail chains have emerged as major importers, resulting in the creation of new channels -- 80% of frozen shrimp product traded is said to be done now through these new lines. The elimination of the middlemen, has the potential to translate into lower prices.

The Japanese aquaculture industry, as well as some fishermen's groups such as the tuna fishermen, have set up many of their own retail outlets to market their products directly to consumers. The aquaculturists and fishermen receive higher returns by avoiding the costly distribution channels and consumers may end up paying lower prices.

DISTRIBUTION SYSTEMS FOR DIFFERENT PRODUCTS

Distribution channels for fishery products depend largely on the product. Fishery products are distributed through channels that have evolved based on the products individual characteristics. The general distribution outline is good guideline for all fishery products.

Tokyo Central Wholesale Market -- Tsukiji

Of all the "consumer wholesale markets" in Japan, the Tokyo Central Wholesale Market (Tsukiji) is the largest. The market occupies a total space of 225,215 square meters -- the size of six baseball fields. A total of 807,920 tons of fish and fisheries products, valued at 804.9 billion yen, were sold through the Tsukiji market in 1992. More than 300 kinds of marine products are traded, a diverse selection of species, at an average of approximately 2,500 MT per trading day, six days a week.