New Marketing May Help Undifferentiated Species Regain Sales

E.U. Markets For Seabass, Sea Bream

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Summary:
With the increasing European consumption of seafood and the appearance of new products such as Pangasius, sea bream and seabass have become undifferentiated products with slipping sales. To reestablish their position, they need to improve their differentiation. This effort will allow them to capture the most affluent consumer segments, while differentiation can help maintain competitiveness and market share in countries with greater competition and consumption.

Differentiation
The economic viability of the seabass and sea bream producers in southern Europe, who have optimized the farming process and minimized costs through adequate production scale, requires differentiation to increase the market value of their offerings.

The presentation of sea bream and seabass as fillets and bulk forms, either frozen or fresh, largely hinders differentiation of the species, which results in an unwanted price competition. Therefore, their differentiation will require a more advanced level of processing that allows consumers to more effectively identify the products and differentiate their quality. The differentiation effort must also establish prices sufficient to offset the additional costs of this strategy and stabilize the performance of producers.

Market Potential
To regain competitiveness, producers should not only consider their products, but also where they intend to market. The key is to identify how a market may be suitable for the marketing of the differentiated fish and the distribution channels that can successfully implement the strategy of differentiation.

The differentiation effort must also establish prices sufficient to offset the additional costs of this strategy and stabilize the performance of producers. Large differences in both the amount of fish consumed each year and the prices paid for it (Table 1). The differentiation strategy requires that the products and differentiation to increase the market value of their offerings.

Table 1. Per-capita seafood consumption in various E.U. countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>Potential</th>
<th>Apparent Consumption</th>
<th>Price Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Medium</td>
<td>High</td>
<td>High (23.95 kg)</td>
</tr>
<tr>
<td>France</td>
<td>Medium</td>
<td>High</td>
<td>High (23.95 kg)</td>
</tr>
<tr>
<td>Germany</td>
<td>Low</td>
<td>Medium</td>
<td>High (7.76 kg)</td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td></td>
<td>Medium-High</td>
</tr>
<tr>
<td>Italy</td>
<td>Low</td>
<td>Medium</td>
<td>Low (8.56 kg)</td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td></td>
<td>Medium-High</td>
</tr>
<tr>
<td>Poland</td>
<td>Medium</td>
<td>High</td>
<td>Medium-High</td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td></td>
<td>Medium-High</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>Medium</td>
<td>High</td>
<td>High (4.35 kg)</td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td></td>
<td>Medium-High</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Medium</td>
<td>Medium</td>
<td>Low (7.12 kg)</td>
</tr>
</tbody>
</table>

Perspectives
The significant differences in the markets of studied countries suggest it will be challenging to establish a unique business strategy for seabass and sea bream to address the varied factors. A cost leadership strategy is required to maintain competitiveness and market share in countries with greater competition and consumption. Penetration strategies are needed in low-potential markets, while differentiation can help capture the most affluent consumer segments in the markets with greater consumption in high-potential countries.

Greater differentiation at the consumer level can help support higher prices for seabass and seabream.

Currently in the European Union, there is considerable debate related to imported aquaculture products. The growth in imports, mainly from Africa and Asia, has raised questions about the health and environmental standards during the production process, while many European producers have been priced out of the market by another of lower price.

Sea bream and seabass farmed in southern European countries are among the species most affected by imports. In recent years, continued growth in production has led to successive supply shocks that have resulted in falling prices and the disappearance of many producers. With the increasing European consumption of frozen and processed fish products and the appearance of new products such as Pangasius, sea bream and seabass have become undifferentiated products that can often not effectively compete against fish with lower costs of production.

The development of a market for the processed products of seabass and sea bream in terms of fish consumption patterns is shown above.

High market potential. France’s high level of consumption and the sale of sea bass and seabass at high price levels identified France as the country with the greatest potential for marketing of processed products of these species.

Medium market potential. The countries of the Mediterranean coast, Portugal, Spain and Greece, had the highest fish consumption per capita. However, the low prices for sea bass and seabass products there make for lower marketing potential.

Although prices in Austria, Italy, United Kingdom and Germany are higher, lower consumption and the low proportion of processed products of sea bass and seabass put these countries within the medium potential category, due to the advertising efforts needed to successfully introduce the revised products. Among these countries, Italy and the U.K. are the countries with the highest potential.

Low market potential. The annual fish consumption in Russia is similar to other studied countries such as France or Italy. However, test results showed how seabass and seabream are not sufficiently valued and sold at low prices. This points to Russia as a market with low potential for these species.

On the other hand, Poland is a country with low per-capita fish consumption, and seabass and sea bream are not sold at high prices. A low level of consumption would require a major effort to introduce the products, but the investment could be recouped if the price level was high, as is the case in Germany.