E.U. Markets For Seabass, Sea Bream

New Marketing May Help Undifferentiated Species Regain Sales

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

Dr. Ladislao Luna
Universidad de Cantabria
Faculty of Business and Economics
Av. de Los Castros, s.n.
E-39005 Santander
Cantabria, Spain
lunal@unican.es

Dr. José Fernández-Polanco
Ignacio Llorente
Universidad de Cantabria
Faculty of Business and Economics

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 will require 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.

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 health and environmental standards during the production process, while many European producers have seen prices drop or the replacement of one product 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 in the market 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.

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 identification of the species, which results in 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 Research Group in Economic Management for the Primary Sector Sustainable of the University of Cantabria maintains a tracking system (http://desarrollos.las.es/pescado/) for the supply of main species in aquaculture and fisheries in nine E.U. countries and Russia in the framework of a cooperative agreement with the General Ocean Secretariat of the Ministry of the Environment and Rural and Marine Environs of Spain. Within its objectives is analysis of the potential for different markets to commercialize products supporting fishing and aquaculture.

The commercial potential is defined as the ability of a market to receive the processed products of sea bream and seabass in terms of fish consumption patterns and price levels:

- **High market potential** is shown where there is high consumption of fish and high prices for fishery and aquaculture products.
- **Average market potential.** In this case, there are two scenarios: markets with a high consumption of fish with low prices for fishery products and aquaculture due to abundant supply, and markets with lower consumption of fish, but higher prices for fishery and aquaculture products that could offset the investment needed to market the products.
- **Low market potential.** Here, consumption is very low, making it necessary to disclose the product and create the habit of consumption, while prices of fish and aquaculture products are low.

To characterize the potential of different European markets, two variables were used: the annual per-capita consumption of fish in each country obtained from the United Nations Food and Agriculture Organization and the World Bank (updated until 2007), and data on the supply of fishery and aquaculture products and final consumer prices obtained from the tracking system mentioned above.

Identification of sea bream as a premium product at the processing plant can carry over to the seafood counter.

Results

Analysis of the European markets on which information was available showed large differences in both the amount of fish consumed each year and the prices paid for it (Table 1).

- **High market potential.** France's high level of consumption and the sale of sea bream 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 bream 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 bream 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 sea bream and seabass 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.

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.

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

Country	Potential	Apparent Consumption	Price Level
Austria	Medium	Low (9.06 kg)	Medium-High
France	High	High (23.95 kg)	Medium-High
Germany	Medium	Low (7.76 kg)	Medium-High
Greece	Medium	Medium (28.02 kg)	Medium-Low
Italy	Medium	Medium (22.18 kg)	Medium-High
Poland	Low	Low (8.56 kg)	Low
Portugal	Medium	High (49.47 kg)	Medium-Low
Russian Federation	Medium	Medium (23.73 kg)	Medium-Low
Spain	Medium	High (41.25 kg)	Medium-Low
United Kingdom	Medium	Medium (17.12 kg)	Medium-High