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Marketing and promotion of quality by the private sector. The case of Hellas

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SUMMARY – In Hellas a population of over 240 fish farms operating are producing some 45,000 tonnes of sea bream and sea bass. The product of the Hellenic Aquaculture is obliged to compete with some 50,000 tonnes produced in 11 other Mediterranean countries. The period when production was limited and demand exceeded supply has passed, the considerable increase of the tonnage available has turned the market from a seller's market to a buyer's market. The congestion of sellers and high volumes of product to certain markets and specifically to Italy pressed the prices down to almost 50% over the last 5 years with a direct effect on the profitability of the enterprises. The product by its nature deprives the marketers from playing with some elements of the product mix: you cannot create a brand easily or build brand awareness amongst the final consumers, you cannot have special retail packaging, or influence the retail price and so on. Furthermore, although the product started as a delicacy nowadays it is more a commodity thus creating even more difficulty. The evolution of the markets in the retail selling, that has moved from the traditional fishmonger shops to the large supermarket chains created greater needs for better organization and severe demands on the quality all the way. With the prices so low and so near to the production cost, with the competition rising and rising and the supply increasing well over the demand, with limited possibilities of diversifying using marketing tools of other consumer products and the final consumer becoming day by day even more demanding, quality is the tool for survival and penetration into the markets.

Key words: Hellas, Greece, marketing, quality, commodity, certification.

RESUME – "Marketing et promotion de la qualité par le secteur privé. Le cas de la Grèce". En Grèce, plus de 240 fermes piscicoles opérationnelles produisent environ 45 000 tonnes de bar et de daurade. Le produit de l'aquaculture hellénique doit faire face à la concurrence de 50 000 tonnes provenant de 11 pays méditerranéens. La période pendant laquelle la production était limitée et la demande dépassait l'offre est révolue, et l'augmentation considérable du tonnage disponible a transformé le marché, passant d'un marché de vendeurs à un marché d'acheteurs. Le grand nombre de vendeurs et les forts volumes de produits vers certains marchés et spécialement vers l'Italie ont fait tomber les prix de presque 50% pendant les dernières cinq années avec un effet direct sur les bénéfices des entreprises. Le produit par sa nature même ne permet pas aux négociants de jouer sur certains éléments du mix du produit : il n'est pas facile de créer une marque ou de construire une conscience de marque chez les consommateurs finaux, on ne peut pas avoir de packaging spécial au détail, ou influencer le prix de détail, etc. En outre, bien que le produit ait commencé comme un mets délicat, il est aujourd'hui un produit de grande consommation ce qui rend les choses encore plus difficiles. L'évolution des marchés dans la vente au détail, qui est passée des poissonneries traditionnelles aux grandes chaînes de supermarchés, a créé un fort besoin de meilleure organisation et d'exigences rigoureuses de qualité tout au long du processus. Avec des prix aussi bas et aussi près des coûts de production, avec une compétition qui augmente de plus en plus et une offre qui dépasse de loin la demande, avec des possibilités limitées de diversification et en utilisant les instruments de marketing d'autres produits de consommation, et un consommateur final qui devient plus exigeant de jour en jour, la qualité est l'instrument de survie et de pénétration des marchés.

Mots-clés : Hellas, Grèce, marketing, qualité, produit de consommation, certification.

The industry

Hellas with more than 240 production units for the 10th consecutive year is the major aquaculture producer (40%) in Mediterranean. In contrast to the intensive growth of the industry several market conditions such as Italian market congestion and lack of coordination between the countries lead to a market crisis that is dominating most of 1999. The period where the production was limited and demand was exceeding supply has passed. The considerable increase of the tonnage available has turned the market from a sellers market to a buyers market. The congestion of supply and the high volumes offered in certain markets and especially in Italy pressed the prices down to almost 50% over

the last 5 years. The natural upward trend in prices experienced up until last year during the late spring to early summer with the successive fall was not experienced in 1999 with prices remained low throughout the year. This crisis lead ex-farm prices around or below cost.

The Group

The Selonda Group, a leading organisation in Greece and abroad in the field of aquaculture and the breeding of Mediterranean species, protects the marine ecosystem with its high specification installations and its highly specialised staff. It is the belief of the Group that efficient fish culture constitutes the only reliable solution to the continuously increasing demand for fish.

The production of Sea Bass and Sea Bream from the Group in 1999 was 3,500 tons, and it is increasing every year, thus offering to the world market, fish of high nutritional value, bred in an ideal marine environment coming from offsprings of very good families indeed. Sea bass and Sea bream stocks are harvested, sorted and packed under the strictest criteria. They reach the consumers while still fresh and delicious. Furthermore the preference for Sea Bass and Sea Bream goes beyond the borders of Greece, and more and more people from all over the world who enjoy good quality fish are attracted by them.

There are a large number of people who having visited the Mediterranean and tasted the local healthy, light and nutritional cuisine, seek it when they return to their countries.

The activities of the Group cover three major fields:

(i) *Hatchery Stage*. This includes the production of spawn and fry at the 3 hatcheries of Managouli, Selonda and Triton.

(ii) *On-growing Stage*. This entails the production of the finished product. The group operates 10 on-growing units.

(iii) *Fish Distribution Network*. This operates under the name of ASTARTE in Greece and the name of EUROFISH in the international markets. These two companies sell and distribute the products of the Group.

The Selonda Group is responding to the demands of the consumers by increasing the supply of Sea Bass and Sea Bream to the international markets. The organisation of the production in Selonda is vertical. It starts from the land installations of our three hatcheries where the best quality of parents, the most advanced technology and staff with the highest scientific qualifications are used in order to produce over 50 million excellent quality fry per year.

Part of the fry production is sold to other on-growing cage farms in Greece and abroad, while the remainder is stocked in our own 11 on-growing cage farms within Greece. The locations of these cage farms at various coastal areas have been selected for the purity of the seawater and generally to guarantee ideal conditions for the production of fish.

Selonda has also been closely involved in the design and management of projects in Singapore and Kuwait, providing expertise and technical support in all areas of management.

The export distribution network (Eurofish) expanded activities in 7 main markets (Italy, Great Britain, Spain-Portugal, Germany-Austria, France, Switzerland and USA) exporting around 1700 tons (1998). In the domestic market the Astarti distribution network sales are oriented to: (i) supermarket chains; (ii) Athens Fish Mongers; and (iii) rest of Hellas with sales figures around 900 tons (1998).

The market conditions

Fish became the choice of the consumer for the tasty and healthy meal, thus driving the distribution channels in an increasing expansion for satisfying the demand. Furthermore, farmed fish, assuring quality, freshness, excellent growing procedures and stability in supply, becomes the first choice of both retailers and the consumers all over the world. In Mediterranean all companies devote their continuous effort for maximization of scale economies, continuously increase production capacity and intensify marketing activities in order to secure sales.

Minimization of distances, Secure Quality transports and elimination of borderlines has created a very competitive terrain. The fish as product by nature deprives the marketers from intervention to certain elements. The product has a limited self-life, it is very difficult to create a brand, build brand awareness between the final consumers, to use special retail packaging or to influence the retail price. Furthermore although the product started as a delicacy it is now more like a commodity creating more marketing difficulties.

The evolution of the markets led from the traditional fishmongers to the large supermarket chains. Large retail chains increase the service to their clients by offering fresh fish throughout the year and they create value-added products widening the consumption and offering new horizons to product development. At the same time increase substantially their demand on quality, professionalism and integrated service.

The ever increasing competition, rise of supply well over demand and the dominant role of supermarket chains along and the difficulties to diversify using common marketing techniques bring Quality in the spotlight and prove that it is the only tool for survival and market penetration.

The Hellenic quality concept

The concept of quality is an incentive, a creative factor as well as a justification for the various activities in the Selonda Group. Quality is the reason for the consistent leading position of the Selonda Group in the field of fish culture world-wide, the reason for which the products of the Group are present in more than 12 countries and the reason for the long customers' list which includes names from the wholesalers sector and from the large supermarket chains that would generate the envy of many.

The production of the Group is under the strict guidance of a complete Quality Assurance System as well as of a HACCP system. This combined with the commitment of the staff will result in the production of 3500 tons of high quality Sea Bass and Sea Bream in 1999. Provisions have been made for all the quality assurance factors, which are monitored ceaselessly. Complete traceability from the laying of eggs by the fish to the final sales outlet, the conditions of the packing station, the automatic sorting of sizes, the excellently trained staff, the hygiene observed, packaging, transport and refrigeration are factors that are controlled and their quality is assured to the highest possible extent.

The Greek Mariculture industry and SELONDA group have long recognized the need of a product quality certification scheme for Greek farmed Sea bass and sea bream. An ambitious program has been developed along with the Federation of Greek Maricultures and 18 aquaculture groups representing around 60 on-growing units and around 40% of the Greek production. This scheme is open to all aquaculture companies that operate in Greece.

The objective of this Certification system is to provide through approved certification scheme. This represents the means by which a range of quality assured sea bass and sea bream products can be supplied to retailers, wholesalers and caterers and through them to consumers in a way that is demonstrated by the certificate of registration. This scheme where practicable is demonstrated by means of a certification mark, that certifies that the product has been produced only by Approved producers who operate to standards, procedures and practices defined and approved by the certifying authority. The program is under the authority of the Department of Fisheries and Aquaculture of the Ministry of Agriculture. The certifying authority is AGROCERT who is responsible for certification of all agricultural and fisheries products.

A detailed scheme with internal and external quality controls is gradually being developed in all the above companies and detailed auditing will ensure that the production procedures follow the quality assurance manual that is being developed.

This document defines the product quality standards, the operational procedures and practices, the standards for the production environment and for transporting / distributing the sea bass and sea bream that are required by the certification scheme for the Greek sea bass and sea bream. A non-profitable organization will be responsible for the coordination and supervision of the internal and external quality controls. Auditors will be able to check the production procedures through scheduled

and random visits and often fish samples will be taken to specialized labs for Microbiological analysis, Antibiotic residue testing and Nutritional profile monitoring.

Through a well-established objective system supervised and checked by the official certification authority of the Ministry of Agriculture a high quality product will be ensured. The consumer awareness on environmental issues and the pressure that media build on the rearing conditions of food industries throughout the world are issues to be considered in any quality assurance scheme. Careful monitoring on management practices and auditing by external experts are essential.

Conclusions

Quality assurance is one of the most difficult challenges that the aquaculture industry in Mediterranean has to face in order to survive this current "maturity" stage. Although Quality costs, the indirect and direct benefits on the marketing value of sea bass and sea bream in the future are fundamental in this extremely competitive and open market. Certain quality standards have to be followed by all countries in Mediterranean (not only by the EU member states that are obliged to follow certain directives) in order to avoid uneven competition and in order to ensure consumer safety and aquaculture sector sustainability.