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FEAP marketing studies and promotion initiatives

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SUMMARY – The Federation of European Aquaculture Producers (FEAP) groups 28 National Aquaculture Associations that cover all different finfish species. The paper explains why marketing and promotion are necessary to keep aquaculture profitable and what the main initiatives of the FEAP have been in these fields.

Key words: Aquaculture, Europe, marketing, promotion.

RESUME – *"Les études de marketing de la FEAP et les initiatives de promotion". La Fédération des Producteurs Européens d'Aquaculture (FEAP) rassemble 28 associations nationales qui traitent de toutes les espèces de poissons d'élevage. L'article explique pourquoi le marketing et la promotion sont indispensables pour que l'aquaculture reste une activité rentable et quelles ont été les principales démarches de la FEAP dans ce sens.*

Mots-clés : Aquaculture, Europe, marketing, promotion.

Introduction

Marketing and promotion are integral to successful sales in the modern business environment, within which the European aquaculture sector firmly finds itself. European aquaculture is an active business activity. While capture fisheries have the physical advantage of landing their catch in locations (ports) that have a fixed sales structure – notably auctions or buying houses – aquaculture units are widely dispersed geographically and the products are either sold directly from the site of production or are passed through a point of sale that serves to concentrate the offer. This may be through an established wholesaler or a processing factory but, historically, the aquaculture sector has not been too involved with auctions or public sales.

These geographical circumstances also reflect a fact that is sometimes forgotten. While the local climate may be good for the aquaculture of a desirable species, the market for the products may be distant. Furthermore, the structure of sales and distribution may have to adapt to the conditions of the target market, particularly where export is concerned. For example, Norwegian and Scottish salmon has targeted France and other continental markets while the major market for Greek aquaculture products is Italy. These conditions have always affected aquaculture producers. Once production levels exceed the capacity of the local market, the producer has to organise the sales and, perhaps, the distribution of the product. It is interesting to remember how European fish farming has developed. All of the products that have shown significant production increases in the last 20 years (mainly salmon, seabass and seabream, but also turbot and eels) were, initially, expensive and prized items. High prices and demand markets meant that virtually no marketing or promotion was necessary. It is perhaps this situation that led to the first price crashes, caused by production supplies that exceed the existing market size and scope.

Historically, therefore, it was the realisation by the aquaculture production sector that markets for "high-value" products are not limitless and that increasing production and sales, without effective marketing and promotion actions, has only one result – decreasing profitability. The consequent situation is that the entire European aquaculture sector, with some exceptions, now undertakes marketing and promotion activities, whether these be at a corporate level, through a regional or National Association and, also, at the European level.

Marketing actions

Other talks within the context of this Seminar will deal with aspects of corporate and regional

marketing and this presentation will only refer to those items that the Federation of European Aquaculture Producers (FEAP) has approached. The FEAP groups 28 National Aquaculture Associations that cover all of the different finfish species produced through aquaculture in Europe, including marine and freshwater, northern, central and southern climates.

Individual Associations are often involved with some form of generic promotion activities occasionally accompanied by active marketing efforts. The FEAP collects information on the efforts put towards marketing and promotion in the European fish-farming sector. In a nutshell, promotional efforts can be measured against the value of annual production (ex-farm values). The maximum percentage spent on promotion by the salmon sector attained nearly 3% of value, compared to 1% spent by trout, less than 0.2% by the Mediterranean sector and next to nothing by the carp production sector. These distinctions can be interpreted as reflecting the structure and histories of the individual species sectors but also demonstrate that the attention given to marketing and promotion has been weak and disparate throughout Europe.

A major problem encountered in formulating concerted marketing efforts (i.e. through an Association) is the organisation of the finance for a promotional campaign or accompanying marketing actions. Financing through an Association's normal revenue can be difficult, particularly for the smaller States or sectors, but National Public assistance and European funds (through the Financial Instrument for Fisheries Guidance) can be obtained for generic marketing purposes. Evidently, the scope and nature of a particular action is directly linked to the degree of financial participation of both the Association and the Member State.

The use of inter-professional structures (for example, the CIPA in France) or producer organisations (for example, APROMAR in Spain) or Quality Schemes (e.g. Scottish Quality Salmon in Scotland) can facilitate the obtaining of higher levels of participatory funding than can normally be obtained from Association levies. It is also clear that a certain level of financing is required if significant market progress is to be obtained. Some Associations actually question the utility of spending small amounts of money on promotion.

The activities and initiatives that can be led by a European organisation, such as the Federation of European Aquaculture Producers, are limited by the political and financial focus that can be accorded by the organisation in question. The circumstances surrounding the development of a "European" position are similar to those encountered by the European Commission, where one cannot favour a particular product above another, one cannot favour one country's production above another's, one cannot favour one region's activity above another's. Equity and equanimity are the basic principles that a European approach has to adopt and, in respect of marketing and promotional activities, initiatives are relatively few in number.

Financing a pan-European action is the key reason for this observation. Aquaculture and its products are rarely featured on television or in the press, the exceptions being a limited number of campaigns for salmon and an occasional national promotion for trout. Even these efforts can be the result of exceptional circumstances, for example, the recent salmon campaign resulted from a common agreement between the major producing countries following a trade dispute. Within Europe, it is also of interest to note how the allocation of European funds for sectoral development has changed. The initial target for aid was primarily for capital investment assistance for production; the primary change was to focus investment in actions concerning food safety and resolving environmental issues. Finally, when assistance for marketing and promotional efforts became available, another issue became evident. The policy of subsidiarity has meant that it is almost impossible to organise a pan-European campaign for aquaculture products.

In several sectors, the producers want to achieve such campaigns, particularly in the target demand markets. Within the FEAP, both the trout and the Mediterranean sectors wanted to organise campaigns at a pan-European level, focusing on Germany and Italy respectively. To date, the difficulties encountered in organising such efforts have not been resolved. Such campaigns cost in excess of € 1,000,000, which represents sums of money that neither the FEAP nor the individual Associations concerned can accord. The Commission, in this respect DG FISH, does not have adequate funds to assist such efforts either. At the present, the FEAP sees this to be a major problem for the aquaculture sector – within the context of a common market, the desire exists within the production sector to do such campaigns, and the private funding can be obtained, but the political will appears to be absent within the very structure of the FIG.

FEAP Initiatives

From this lengthy introduction to the topic, it may seem to be a surprise that the FEAP has done anything at all! In fact, the FEAP has been able to achieve a number of significant actions that have all been designed to benefit the entire European aquaculture sector. These have focused on specific studies and initiatives that may appear to be a little disparate in nature but where each, in its own way, has contributed to better knowledge of the market place and, hence, improved actions.

Marketing studies

The first marketing study of the FEAP (at the time when it was the Fédération Européenne de la Salmoniculture) was a study on the European market for portion size trout (Fédération Européenne de Salmoniculture, 1990). Although this study is now eleven years old, it remains a reference point for understanding how European trout production works (in terms of supply) that is combined with a basic pan-European appreciation of the product. The FEAP still provides some 10-20 copies a year of this particular study following requests. The study demonstrated the structure of the European production sector, its characteristics and, above all, provided the results of a comprehensive pan-European consumer panel testing that showed the position and strengths and weaknesses of the product when compared to competitors.

The FEAP has also participated in several other actions to provide better market information to the production sector, mainly through contributing to other market studies and other data-gathering exercise. An example of this is the recent study, made by Macallister Elliott and Partners (1999), on a "Forward Study of Community Aquaculture", where the FEAP played a significant role in providing information on both production and the structure of different parts of the European aquaculture sector. Currently, the FEAP is also involved within an EC-supported research study that is examining the consumer acceptability of Red Porgy produced from aquaculture, where coloration problems are seen as a hindrance to marketing issues.

The FEAP marketing database

One of the key initiatives of the FEAP in the mid-1990s was to promote the improved collection of data on the quantities of aquacultured fish being placed on the market and the prices obtained. The idea was that information should be sourced from the production sector in order to give accurate and recent market information – the amounts, types and prices of product being sold in the European markets. This was a very complex problem which, one should add, remains to be fully resolved. The one item that each producer considers to be the most confidential is the price obtained for the product sold while, on the other hand, the outside observer would say that last week's price is history.

The principle of this project was that producers would provide details of: (i) the product sold (e.g. seabass 300-450 g); (ii) the price (ex-farm, in local currency); and (iii) the destination market (local, national, export, etc.). The operation involved the design of a database capable of assimilating all of the data concerning the different products and the currency fluctuations while guaranteeing the confidentiality of the data sources (i.e. the individual companies), a factor seen initially as the key point of success. This meant "selling" the project's concept to the producers, through the individual Associations, the latter being charged with data collection from the national producers. Such National data was, by definition, the intellectual property and the responsibility of the National Association and they were charged with communicating the results (a monthly report) to their members. The basic rule was that if you contribute data, you get a report – but likewise, if you do not contribute, you don't. Nonetheless, it was rapidly discovered that these reports were the most accurate information updates available and in the Associations that this project was implemented successfully, the project was considered to be a success. One can ask the questions "why is this project not implemented everywhere?" and "where are the results?".

The answers are the following:

(i) Operating (and checking) a database is a complicated and meticulous task, particularly when the data has to be accurate and correct and where confidentiality remains a key issue. Hence, the database structure and its operation are quite complex. Therefore, a key requirement is the qualified operator

within the Association and most Associations do not employ such people. This means that expansion of the project (from its pilot phase) has been very difficult, since such costs cannot always be justified – particularly within the small Associations – within the normal operating function of the Association.

(ii) Since the project started as a pilot project [in Greece, Italy and the United Kingdom (trout)], it was agreed that the data on a National scale would not be communicated publicly until other Associations (producing the same products) were active. The summary data from the Associations operating the database and/or who contribute data on production and sales are incorporated into the FEAP's master database, where no personal or corporate records are included – all national data "becomes" Association information, respecting fully the confidentiality demanded. Such data, when comparable to that from other Associations (annual or six-monthly) is published by the FEAP on its web-site "feap.org".

Code of Conduct

While not initially obvious as a marketing and promotion effort, the efforts made by the FEAP to establish an authoritative Code of Conduct (FEAP, 2000) for European aquaculture have provided a base for demonstrating responsibility and concern for how European aquaculture should operate. As the sector grows and matures, it is increasingly in the public eye, a position that has led to closer examination and scrutiny of its operations. It was realised by some individual Associations that public Codes of Practice were required but, at a pan-European level, no agreed protocols had been developed either within the production sector or by European legislation. There are more than 100 individual pieces of legislation that directly affect European aquaculture production but, prior to the preparation of the Code of Conduct, there was no "European" document that specifically covered how aquaculture should be done responsibly.

It was understood by the FEAP that it should not sit back and wait for a third-party opinion but that it should use the experience of the production sector to develop, with appropriate consultation, its own Code of Conduct. This was developed using representatives from each sector of European fish farming, with a wide geographical coverage, and each Association had opportunities to comment and suggest modifications. Input from the FAO and the European Commission was also incorporated in order to provide a comprehensive document that was also in line with certain international Conventions and Agreements.

The goal of the FEAP was to provide a base document that could be developed further, following technical and policy developments, and that was acceptable to the production, legislative and public interests. Measuring the success of such a venture is quite difficult but its existence has given the following reactions: (i) there has been no criticism of the content of the Code of Conduct, although some wished that it had gone into further detail. The FEAP would argue on this point that it would have become a Code of Practice; (ii) communications of the European Commission, notably the "Biodiversity Action Plan for Fisheries" (CEC, 2001), have clearly indicated support for this action since it is a declaration by the industry for sustainable and responsible aquaculture development in the European Community; and (iii) the Code of Conduct rejected the use of Genetically Modified Organisms in European aquaculture, a position that has not changed and which supports the general concern of the European public and many active NGOs.

It appears likely and necessary that the FEAP will have to review and take the Code of Conduct further, demonstrating its application within the European aquaculture sector. Translation into most European languages has been undertaken but it required further promotion within and outside of the sector. While one of the initial goals was that it should be possible to print the Code on a poster that should be in the fish farmer's office, the key must be that the European aquaculture sector becomes fully aware of all of the issues that affect its development and is prepared to react and develop when and where necessary. Such pro-active responsibility is essential for the successful long-term development of European aquaculture.

Aqua-Media

The FEAP Assembly decided in late 1998 to investigate the means of presenting accurate and up-to-date information on European aquaculture to the widest possible audience. This action was taken in response to a recognised need for the aquaculture to be more positive in promoting its position

within the agriculture, fisheries and food supply sectors. The FEAP proposed a co-ordinated European sectoral effort for the promotion of the professional aquaculture sector, whose prime purpose would be to provide accurate and interesting information on aquaculture to the public and influential institutions or groups, without avoiding sensitive issues of concern.

A detailed study was made on how to realise the project, financed jointly by the FEAP and DG FISH of the European Commission, examining the issues raised by managing such a project and the wide range of operating options that could be considered. After many discussions relating mainly to how such an initiative could be financed, the FEAP has agreed with several major players in the aquaculture sector that this initiative will be started immediately (May 2001), with financial support to commence the project being provided entirely by the private sector.

The project is called "Aqua-media" which will prepare and release relevant and interesting information, using the Internet, multimedia CDs, Newsletters and brochures. Aqua-media will be an important co-ordinated response on issues affecting the aquaculture sector. The target audience will include: (i) the general public; (ii) people in education (schools, colleges and Universities); (iii) government and related institutions; and (iv) the press, consumer and special interest groups.

In order to reach the widest possible audience, Aqua-Media will be developed in multilingual formats, where translation will be achieved primarily through the National Associations and/or sponsoring organisations. Aqua-Media will seek to provide correct and proactive information that is interesting and authoritative whilst promoting and supporting the whole of the aquaculture sector – producers, suppliers and researchers – since the target audience is not receiving such information at present. To achieve this, Aqua-Media will address all aspects of the sector (production, environmental and consumer issues) and not avoid sensitive areas where criticism has been raised.

Production information will focus initially on European activities, providing data on the different species being produced in marine and freshwater aquaculture and including profiles on basic biology, life-cycles, etc. It is intended to develop detailed national profiles containing, for example, information on farms that encourage visits or tourism and sport fishing opportunities. Producers and players in the sector will be encouraged to present themselves through "Aqua-Media".

Aquaculture's interactions with the environment are the subject of wide discussion that often reflect conjecture rather than substantiated fact. Aqua-Media will provide factual data demonstrating that aquaculture can exist in harmony with nature, including cited references to its interactions with the environment. The development of objective arguments and a reliable information stream, paying attention to sectoral transparency and proven facts, will be an important part of the initiative. It is intended to source reports on specific subjects and to commission articles on selected topics.

Consumer interests will be answered through nutritional facts and figures and topics of general interest. The website will include an interactive section for finding and submitting recipes containing aquaculture products, based on a wide variety of criteria. It is intended to develop video/slide presentations for these items too (for example, how to fillet a seabream).

A section of "Aqua-Media" is to be devoted to providing general news on legislative, technical and production issues – this will be done to keep those who are interested in aquaculture activities up-to-date on the latest developments and initiatives.

These core subjects will be the focus of "Aqua-Media" and will be presented within a multi-lingual website. Farmers, suppliers and aquaculture associations will be able to obtain single language CD-ROMs, based on the website, for national distribution and promotional purposes. The motivation and problems encountered within the Marketing Database were summarised previously. It is anticipated that this will be integrated within the functioning of Aqua-Media in a simpler format, allowing web-based data entry and analysis, a facility that did not exist at the time of the Marketing Database's conception.

It is also increasingly believed that "Aqua-Media" could develop, promote and improve intra-sectoral communication, notably on affairs and issues of common concern that directly affect aquaculture activities. The interest generated since the initial development of this initiative has clearly demonstrated that this type of activity is both required and requested of organisations such as the FEAP.

Conclusions

Maintaining a pro-active position towards European aquaculture development and sustainability is a key role for the FEAP both now and in the future. For this, the FEAP anticipates that further communication and development of its Code of Conduct is important since this represents European aquaculture's responsibility towards the consumer and the legislator.

The FEAP was originally incorporated as a forum for the production sector to allow debate and resolution of common problems and, as it has grown and developed, its focus is to provide appropriate services to the sector that cannot be achieved at National levels, addressing specific actions that are of benefit to the entire sector.

Aqua-Media is seen as being the most important project that has been undertaken by the FEAP. It is a considerable challenge that should answer the immediate and future communication concerns of the production sector. The initial reactions to this proposal have clearly indicated that these concerns are not limited to Europe and it is hoped that the challenges and responsibilities accepted by the FEAP will encourage fish farmers elsewhere in the world to follow similar lines of action.

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