Trends and Developments in the European Fishery Market

by Dr. Siegfried Bank
Presentation Outline

• Facts and Figures on Fish Consumption in Europe
  – How much fish is being consumed?
  – What kind of fish is being consumed?
  – What are the peculiarities of European taste?
  – What are the Europeans’ attitudes towards imported seafood?

• Demographic Developments in Europe
  – How are the European populations changing?
  – What does this mean for the seafood trade?

• Wrap-Up
  – SWOT Analysis for exporting to the EU
  – Take-home messages
Facts and Figures:

FISH CONSUMPTION IN EUROPE
Fish Consumption
- how much is consumed? -

• EU-27 consumed 10.2 million tons of fish in 2006, which is around 21kg per person
• EU-27 accounts for 10% of world consumption of fishery products
• The largest consumers of fish in the EU are:

<table>
<thead>
<tr>
<th>EU-27 Member</th>
<th>Millions of tons consumed in 2006</th>
<th>Kg per capita consumed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>1.92</td>
<td>44.0</td>
</tr>
<tr>
<td>France</td>
<td>1.47</td>
<td>23.6</td>
</tr>
<tr>
<td>Italy</td>
<td>1.25</td>
<td>21.2</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1.14</td>
<td>18.8</td>
</tr>
<tr>
<td>Denmark</td>
<td>0.88</td>
<td>24.0</td>
</tr>
<tr>
<td>Germany</td>
<td>0.83</td>
<td>10.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10.18</strong></td>
<td><strong>20.6</strong></td>
</tr>
</tbody>
</table>
Fish Consumption
- what kind of fish is consumed? -

• Most of the fish consumed within individual EU countries is imported
  – 8.8 mil tons of fish have been imported in 2007
    • 45% originated from other EU countries
    • 33% originated from developing countries

• The major species of fish imported are: salmon, cod, hake, pollack and tuna
  – Salmon is the most important of these species, but most of it originates in Scandinavia

• Some of the fastest growing imports include: tilapia, Nile perch and pangasius
  – In 2007 imports of these fishes amounted to €1.1 bil, and 0.37 mil tons
Fish Consumption
- what kind of fish is consumed?

• Freshwater fish is the most important product that is imported from Developing Countries
  – shrimps, prawns, prepared/preserved tuna are other important imports
• The largest importers of developing countries’ fish are:

<table>
<thead>
<tr>
<th>Imports in 2007 (in billions of tonnes)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>2.82</td>
</tr>
<tr>
<td>Italy</td>
<td>1.46</td>
</tr>
<tr>
<td>France</td>
<td>1.21</td>
</tr>
<tr>
<td>Germany</td>
<td>0.92</td>
</tr>
<tr>
<td>UK</td>
<td>0.92</td>
</tr>
<tr>
<td><strong>EU-27 total</strong></td>
<td><strong>9.50</strong></td>
</tr>
</tbody>
</table>
## Fish Consumption - imports from developing countries (2007) -

<table>
<thead>
<tr>
<th>Product</th>
<th>Value imported (bil. Euros)</th>
<th>Share of total imports</th>
<th>Main developing country suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh, chilled or frozen fish and fish fillets</td>
<td>3.8</td>
<td>23%</td>
<td>China, Chile, Vietnam, Argentina, Namibia</td>
</tr>
<tr>
<td>Fresh, chilled or frozen crustaceans</td>
<td>2.1</td>
<td>51%</td>
<td>Argentina, Ecuador, India, Bangladesh, China</td>
</tr>
<tr>
<td>Prepared or preserved fish</td>
<td>1.8</td>
<td>43%</td>
<td>Ecuador, Thailand, Morocco, Seychelles, Mauritius, Philippines</td>
</tr>
<tr>
<td>Fresh, chilled or frozen cephalopods</td>
<td>1.0</td>
<td>64%</td>
<td>Morocco, India, Thailand, China, Mauritania</td>
</tr>
<tr>
<td>Prepared or preserved crustaceans and molluscs</td>
<td>0.5</td>
<td>33%</td>
<td>Thailand, Chile, China, Vietnam, Morocco, Indonesia</td>
</tr>
<tr>
<td>Fresh chilled or frozen molluscs other than cephalopods</td>
<td>0.3</td>
<td>29%</td>
<td>Argentina, Peru, Chile, Vietnam, India</td>
</tr>
</tbody>
</table>
Peculiarities of European taste

• The European countries represent a mix of cultures, traditions and nationalities, so it is impossible to draw up the image of a ‘typical’ European consumer
• Nevertheless, some generalisations can be made with regards to some geographical regions:

<table>
<thead>
<tr>
<th>Northern European countries:</th>
<th>These countries are characterised by a high reliance on processed fishery products. Apart from that, cold-water species such as cod, herring and mackrel are generally preferred in these countries.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mediterranean countries:</td>
<td>These countries have the biggest demand for fresh unprocessed fish. Hake, sardines, and squid are favoured in the Mediterranean.</td>
</tr>
<tr>
<td>France:</td>
<td>It represents the convergence of Northern and Southern tastes. Both value-added and unprocessed fish are consumed there in large amounts.</td>
</tr>
<tr>
<td>Central European countries:</td>
<td>These landlocked countries do not have a tradition of eating fish products. However, they have a potential to increase their fish consumption, especially through processed convenience foods.</td>
</tr>
</tbody>
</table>
**Peculiarities of European taste:**
- North-South differences in shrimp preferences

<table>
<thead>
<tr>
<th>North</th>
<th>South</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rather cold water shrimp (Pandalus, Crangon)</td>
<td>Rather big sizes</td>
</tr>
<tr>
<td>Rather boiled and cooked</td>
<td>Raw and shell on, for own boiling and cooking</td>
</tr>
<tr>
<td>System gets more open for other kinds</td>
<td>Rather reddish colours preferred</td>
</tr>
</tbody>
</table>
Attitudes Towards Seafood in general

• For many Europeans preparing fish is seen as a difficult and expensive undertaking
  – This is why it is people over the age of 50 who are the biggest consumers of fish across the continent, unprocessed fish in particular

• Nevertheless this attitude is beginning to lose importance thanks to several innovations in the fish market
  – Exotic fish (such as tilapia, Nile perch, pangasius) is gaining popularity due to its neutral taste and low price
  – Processed foods encourage more and more fish consumption. Fish can now be prepared with greater ease, or even enjoyed as part of a ready-made salad snack
Attitudes Towards Imported Fish Products

• Generally, Europeans are sympathetic towards products originating from Developing Countries
• Unfortunately the image of Developing Countries has been undermined by food safety incidents with imported fish
  – This is why it is important to assure the consumer of the quality of your product

• In wealthier countries, consumers are generally willing to pay a price-premium for certified products
  – However, minimum quality standards are expected to be present in products of all price ranges

• Effective packaging is an important tool of attracting European customers
  – Fish products are in a fierce competition among themselves and among other substitutes. The winning packaging will emphasize the product’s quality, taste and ease of preparation.
DEMOGRAPHIC DEVELOPMENTS IN EUROPE

And their relevance for the food trade
General Demographic Trends

• Ever since the 1980s, fish consumption has been steadily rising in Europe. Some sectors of the fish industry have experienced more growth than others:
  – Shrimps and prawns
  – Value-added products (surimi, sushi)
  – Convenience products (filets, portioned fish)
  – Exotic fish (such as tilapia, Nile perch, pangasius)

• Fuelling this growth are some shared trends in European societies:
  – **Health**: Europeans generally consume more fish in an attempt to have healthier diets.
  – **Changing lifestyles**: Europeans work more and have less time to spend on preparing food. Convenience products help them keep up the fast pace of their lives. This is especially true for single-parent families.
  – **Globalisation**: Tourism, migration and the resulting mixing of cultures have sensitized the tastes of the Europeans beyond the ‘traditional’. Ethnic restaurants encourage Europeans to consume different types of fish.
Demographic Developments in Europe I

Increasingly more Households in EU

Increase of 24% in only 20 years!

![Bar chart showing Household numbers in EU from 1980 to 2001](chart.png)

Quelle: Eigene Auswertung mit Daten von EUROSTAT und European Environment Agency
The increase in the number of households was matched by a drastic decline in the average size of households.

**Trend towards 1 – 2 person per household**

⇒ increasing market for convenience food

In the richer countries, the households are smaller than in the poorer...
Impact of Changing Demographics on food trade

• Dorothy Mackenzie of Dragon International, a market research institute, reported on main trends in consumer behaviour. Future consumers, according to Mackenzie, will be:
  - older
  - more health conscious
  - seeking balance
  - more concerned and cynical
  - more confident and individual
  - living new lifestyle
  - less trusting.

• For the food trade, this means: **clean label and convenience.**
Convenient Food

Convenience Food & Drink VS Total Food & Drink: Market growth projections 2006-2010
Convenient Food

Figure 3
Global: Expenditure on ready meals, 2005

$15.1bn
$25.6bn

Total expenditure = $40.7bn

Source: RTS Resource Ltd (see notes)
Convenient Food

Figure 5

Western Europe: Expenditure on ready meals, 2005

Total expenditure = €12.2bn

Source: RTS Resource Ltd (see notes)
Convenient Food

Figure 4
Global: Consumption of ready meals, 2000 to 2010
000 tonnes

Source: RTS Resource Ltd (see notes)
WRAP-UP
Exports to the EU: SWOT Analysis - overview -

**STRENGTHS**
- Continuing long-term growth in fish consumption in EU countries
- Gradual decline of production within the EU. Increased outsourcing of processes
- EU’s heavy reliance on fish imports

**WEAKNESSES**
- Rising retail prices of fishery products are hindering volume growth
- Strong positions of traditional fish species on the European market
- Increasing regulation and certification requirements – too tough/expensive

**OPPORTUNITIES**
- New developments in aquaculture are leading to cost-efficient production of wild fish
- Lack of a fish-eating culture in Central-European countries
- The global financial crisis is shrinking consumers’ incomes and the importers’ budgets

**THREATS**
- We must turn Weaknesses into Strengths & Threats into Opportunities

Fishing
Exports to the EU: SWOT Analysis
- turning Weaknesses into Strengths -

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Continuing long-term growth in fish consumption in EU countries</td>
<td></td>
</tr>
<tr>
<td>- Gradual decline of production within the EU. Increased outsourcing of Processes</td>
<td></td>
</tr>
<tr>
<td>- EU’s heavy reliance on fish imports</td>
<td></td>
</tr>
<tr>
<td>- Rising retail prices of fishery products are hindering volume growth</td>
<td></td>
</tr>
<tr>
<td>- Strong positions of traditional fish species on the European market</td>
<td></td>
</tr>
<tr>
<td>- Increasing regulation and certification requirements. – Too tough/expensive for SMEs</td>
<td></td>
</tr>
</tbody>
</table>

* Rising retail prices for fish may help to increase profits, but only if the supplier has a stable presence on the market.
* It may seem like traditional fish species leave little room for imports from Developing Countries, but this situation is changing. European fish demand outstrips supply, so tropical substitutes are gaining a consolidated position on the European market.
* Small and Medium Enterprises from Developing countries may not be able to measure up to all the requirements of the European market. But those that do, will find themselves in a strong position vis-à-vis European competitors. European consumers enjoy supporting LDC companies that guarantee high quality products.
Exports to the EU: SWOT Analysis
- turning Threats into Opportunities -

**OPPORTUNITIES**

- Developments in aquaculture will reduce the need for imports from Developing Countries, but they cannot satisfy the European fish demand altogether. Now is the right time for fish species from LDCs to make a name for themselves on the European market.

**THREATS**

- New developments in aquaculture are leading to cost-efficient production of wild fish
- Lack of a fish-eating culture in Central-European countries
- The global financial crisis is shrinking consumers’ incomes and the importers’ budgets

- Central Europe is still an undeveloped market. Those who can introduce successful products there will face less competition and will reap higher profits.
- The financial crisis will weed out the competition and consolidate your market position by the time it’s over.
Take-home Messages

- Europe is a large and growing market for seafood
- Nevertheless, each country is different from the other in terms of seafood consumption
- The European customer is generally sympathetic to products originating from LDCs, but only if there is evidence of some quality standards being applied in the process of production
- Changing demographics and faster-paced lifestyles have made Europeans more reliant on convenience foods. This is unfortunate for fresh fish exporters, since fish is generally seen as difficult to prepare.
- Therefore the future of seafood trade lies with pre-processed products
Any questions?

THANK YOU!