Strategies and co-operation for marketing development at a national level: The case of Greece

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Strategies and co-operation for marketing development at a national level: the case of Greece

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SUMMARY - The rapid development of Aquaculture in Greece in terms of multiplication of ongrowing units as well as production output, together with the attempt of each farmer to be marketer and adding to the above the complete lack of any marketing/promotional strategy or activity targeting to the intermediate seller or to the final consumer, had lead the market into a crisis situation. A market, the Greek, that consumes hundreds of thounsand tonnes of fresh fish, that considers fish as the best possible human diet, a market that imports thousands of tonnes of fresh fish from Africa. This presentation aims to analyse, as thoroughly as possible, the case of Greece, regarding strategies and co-operation for Marketing development of Aquaculture products at National level. Primarily, an attempt at presenting data and the present situation of production structure and development in terms of production outputs and farming units growth. Secondly, an effort to identify Greece's market potential in terms of consumption capacity (volume and value), and on trade customers' and final consumers' attitude. Finally, an analysis of the problems that arise in Marketing of Aquaculture Products, followed by my own thesis on how the fish farming sector will overcome existing problems and implement succesful strategies and co-operation in order to achieve a winning position for these products in our highly competitive and demanding market.

Key words: Aquaculture, Greece, marketing, strategies.

RESUME - *"Stratégies et Coopération pour le développement de la commercialisation à l'échelle nationale. Le cas de la Grèce." Le rapide développement de l'aquaculture en Grèce en termes de multiplication des unités d'élevage et de la production atteinte, ainsi que la tentative de chaque éleveur d'être négociant, en ajoutant à ceci le manque total d'une quelconque stratégie ou activité de commercialisation/promotion visant le vendeur intermédiaire ou le consommateur final, a mené le marché à une situation de crise. Un marché, le marché grec, qui consomme des centaines de milliers de tonnes de poisson frais, qui considère le poisson comme le meilleur aliment possible pour l'homme, un marché qui importe des milliers de tonnes de poisson frais à partir de l'Afrique. Cette présentation a pour propos d'analyser, de manière aussi juste que possible, le cas de la Grèce, du point de vue des stratégies et de la coopération pour le développement de la commercialisation des produits aquacoles à l'échelle nationale. En premier lieu, on essaye de présenter les données ainsi que la situation actuelle de* *la structure de production et de développement en termes de production atteinte et de croissance des unités d'élevage. En deuxième lieu, un effort pour l'identification du potentiel du marché grec en termes de capacité de consommation (volume et valeur) et d'attitude des intermédiaires commerciaux et des consommateurs finaux. Finalement, une analyse des problèmes qui apparaissent lors de la commercialisation des produits de l'aquaculture, suivie de ma propre thèse sur la façon dont le secteur de l'élevage aquacole pourra résoudre les problèmes existants et instaurer des stratégies et une coopération pour la réussite afin de lui gagner une position prédominante pour ces produits sur notre marché hautement compétitif et exigent.*

Mots-cles : *Aquaculture, Grece, commercialisation, stratégies.*

INTRODUCTION

The purpose of this presentation is, by exploring the present situation in the Greek Aquaculture sector and in the Greek wholesale and retail market, to, primarily approach the basis of the problems occurring, to acknowledge the problems existence, and through that, finally, to propose certain strategies and co-operation, within marketing common practice, that will help, Greek Aquaculture, its members, and those of us who are dealing with the domestic marketing, trade and distribution of these products to achieve a winning position in the market.

Briefly we will go through the evolution of Aquaculture sector in Greece, then a market structure analysis together with a market potential will follow. The problems and opportunities arousing from the above will lead us to strategies and co-operation for better marketing development.

It is known, at least to those of us trained in marketing, that in the market of any product there are strong forces active, forces that by managing them could work in favour or not for the products. Only one thing is positive, if a product is introduced in a market and be left on its own these forces are bound to create severe problems for those who expect to make business out of it.

With natural fish supplies declining, aquaculture production is growing in importance. But for future growth, the seafood industry must also improve marketing, packaging and quality as well as ensure stable prices, the final task being partly beyond its control.

IDENTIFICATION OF PRODUCTION STRUCTURE AND DEVELOPMENT

Greece's people, physically and sentimentally close to the sea and its activities, inevitably were involved in the magic of fish growing, Aquaculture, within 10 years an industry developed that was pioneering in the Mediterranean and took the leading role, occupying the first position among other Mediterranean countries accumulating more or less 50% of the production of sea bass and sea bream.

It all started back in 1984 when a few people, the pioneers, started the first ongrowing farms, basically as a personal satisfaction rather than a business to be, since then others followed, the EEC granted financial aids to those who dared and the Aquaculture sector became an industry.

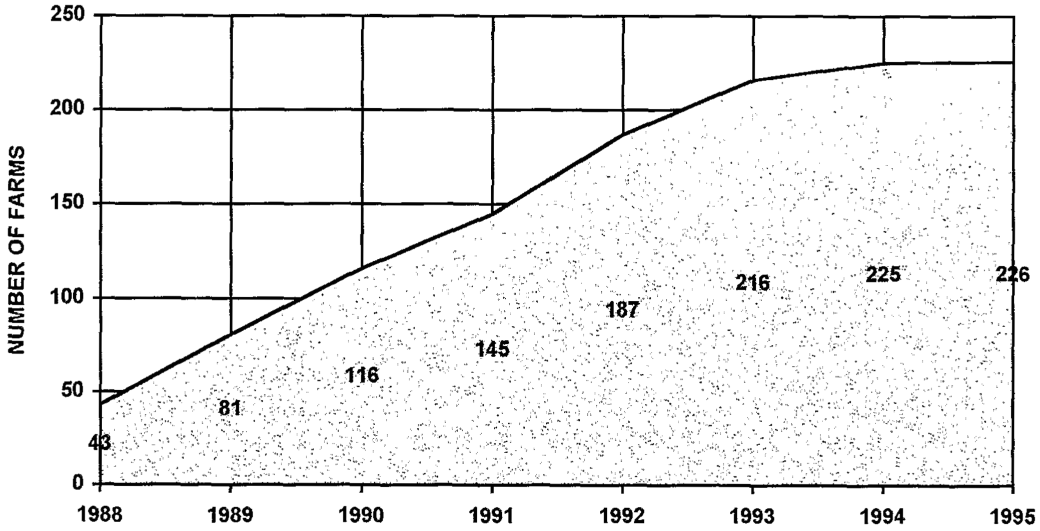


Fig. 1. Cummulative increase of licenced ongrowing farms. 1988 - 1995.

The quality of the coastal waters of Greece together with the ideal temperature, salinity etc., assisted the effort of the farmers and gave spectacular results in terms of production output, the yearly increase in tonnes speak for themselves in the following figure.

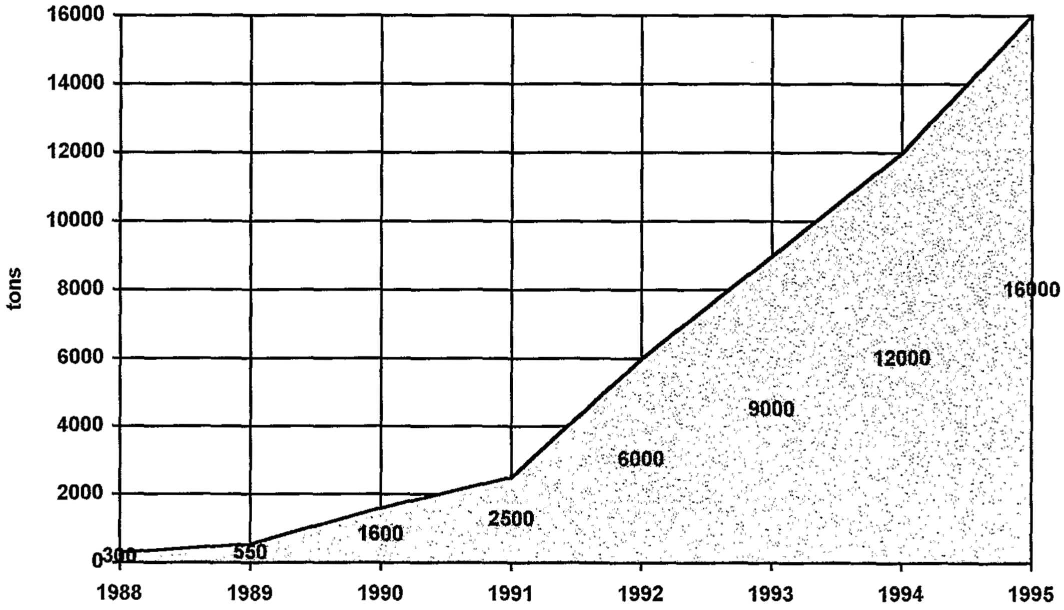


Fig. 2. Total sea bream & sea bass production in Greece.

MARKET STRUCTURE

Out of the total production of Greek Aquaculture 54% is sea bass and 46% sea bream, 90% of the production of sea bass and 42% of sea bream are exported from Greece, this means that about 32% of both species is to be consumed in the domestic market, from that 83% is sea bream and 17% sea bass, that for 1994 is equal to 4.000 tonnes total for domestic consumption out of which 3.300 tonnes is sea bream and 700 tonnes sea bass (Data : Greek Mariculture federation and V. Dakos estimates).

Table 1. Estimation of domestic consumption sea bream and sea bass (in tons)

	SEA BREAM	SEA BASS
WILD CATCH FISH	300	600
GR. AQUACULTURE	5,500	6,500
EXPORTS	(2,500)	(6,400)
IMPORTS	-	-
TOTAL DOMESTIC CONSUMPTION	3,300	700
TOTAL DOMESTIC CONSUMPTION BOTH SPECIES	4,000	
PER CAPITA CONSUMPTION	0.4 Kg	

Through which channels these quantities will end up in final consumers hands. Which mechanisms of marketing channels exist, are they enough to support a product like this ?

The only available marketing channel was what will be described as the traditional channel or should I say the traditional flow of fresh fish.

Landings from the fishing vessels and aquaculture fish ends up at the fish markets where the wholesalers have their stands, fishmongers visit these markets and they purchase fresh fish for their outlets, they supply the final consumer and in most cases the caterers, (restaurants etc.), caterers can also visit the fishmarket and purchase directly their fish supplies.

With the population of ongrowing farms rising, the production output increasing and taking in consideration that the wholesalers of the fish market had a tremendous concentration of power over fresh fish trade, farmed or not, a lot of farms in order to achieve better prices created a para-channel and with minimum means started supplying directly the different outlets, plus the S/Markets that come in the picture, they even reached the point of selling directly to final consumers with a rather primitive door to door service.

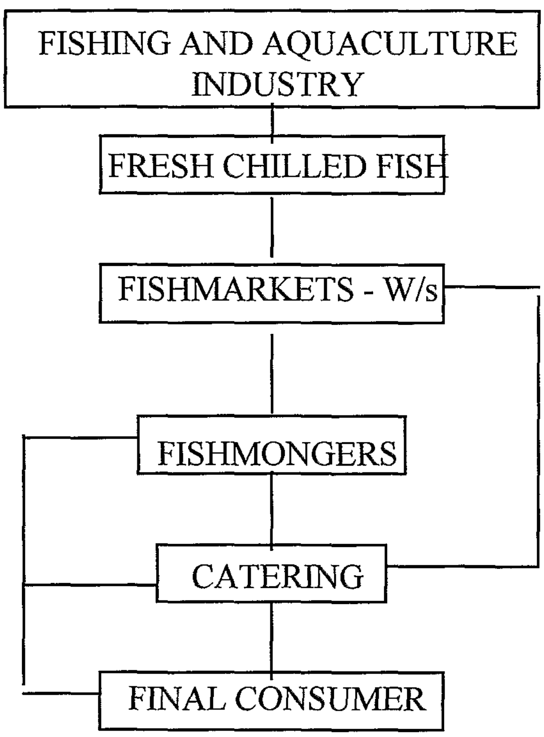


Fig. 3. Fresh fish traditional channel.

At the same time, a few farms mainly out of the so called "big ones" have developed distribution companies with a more serious and consistent approach on the wholesaling. These mechanisms tried to avoid "Fish market passing" and with daily distribution they deliver to fishmonger's S/Market's, caterer's, door step fresh aquaculture fish and at the same time give an effort in supporting prices, keeping them to a reasonable level.

The effort on retaining reasonable prices was not very successful and how could it be, the power is still in the fish markets, fish markets control 95% of fish trade, farmed or wild catch, so they can regulate prices, they can increase or stole product flow and one thing is for sure they are mainly, if not only, interested in wild catch fish, why, because in wild catch fish they can speculate, while farmed fish with standard supply they cannot.

Since we have explored the marketing channels lets see how the retail market works. Where and when with what credibility can the final consumer purchase fresh fish.

Fishmongers, markets stalls and mobiles were, until recently, the only retail outlets from which a consumer could purchase fresh fish for home consumption.

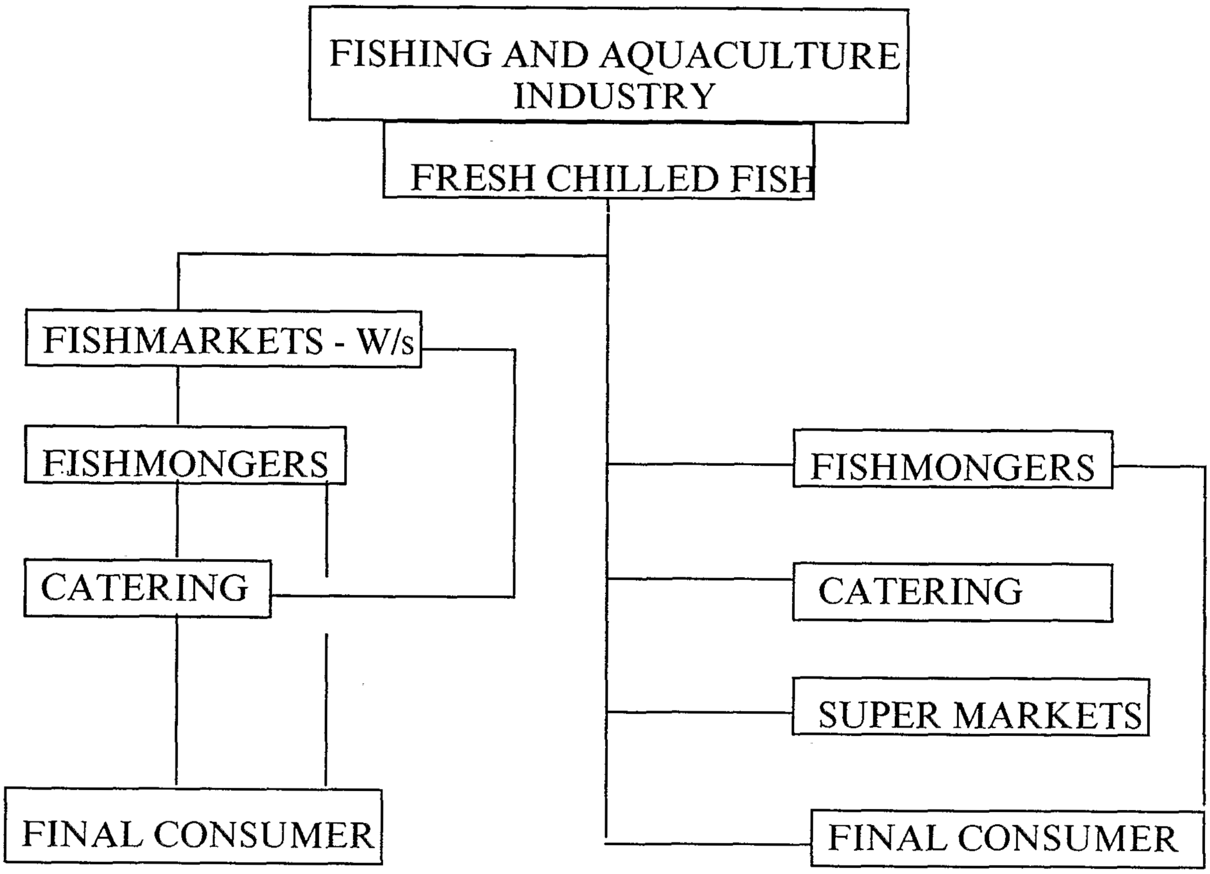


Fig. 4. Fresh fish traditional channel & fishfarming products channel.

Lets go through each one for a more detailed look. Fishmongers, small neighbourhood shops, exhibiting fish in open air tables with ice, working total 5 days a week, 07:00 to 13:00, prices sky high. Market stalls, poor peoples markets, exhibiting fish in open air tables with ice, b! category of fish mainly, cheep prices, working table 6 days a week 06:00 - 13:00. Mobile units specially adopted cars, covering areas that lack fish mongers or market stalls, quality of fish questioned, prices high, working table not standard.

Super Markets come and fill the picture, in the beginning only with farmed fish , mainly sea bream, covering the gap of afternoon sales so that working families can purchase their fish after working hours together with the rest food shopping. Slowly S/M moved in wild catch fish, they pay attention to quality, maintain reasonable prices and from time to time they announce promotional activities mainly "low price" and they become the fear of fishmongers.

MARKET POTENTIAL-TRENDS

The per capita consumption of fish in any form, (frozen, fresh etc.) in Greece is estimated to 18 kg, while the per capita consumption of aquaculture fish is estimated to 0.4 kg, only 2,2% of the total consumption.

The landings in fish markets of fishing vessels of any kind were always much less than the demand, the gap was filled with imports of fresh fish mainly from Africa, (Senegal, Morocco, Tunisia), and secondly from other European countries. It is estimated that about 5 to 10 tonnes imported fresh fish arrives daily at the fish markets, and as the local traders admit, trade of fish wouldn't exist in Greece if the imported fish were not there. That means that at least 200-300 tonnes of demand monthly cannot be covered by Greek fish although aquaculture contributes by supplying the market with 300 tonnes and more monthly.

What we have in our hands is a market, the Greek, that year by year is increasing its demand, since consumers are seeking more healthy diets and especially white proteins, a demand that cannot be covered by Greek fishing industry and Aquaculture, a market that imports almost 4.000 tonnes of fresh fish from other countries yearly, a market that creates new points of sale for fresh fish, (S/Markets) and yet aquaculture fish looses ground from its price month by month, year by year.

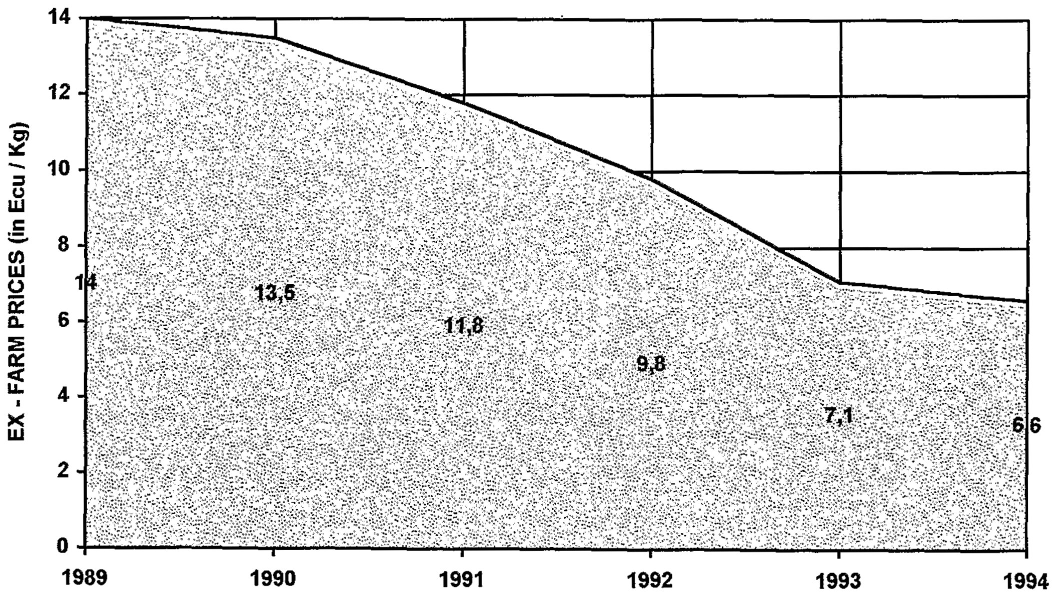


Fig. 5. Sea bream & sea bass annual mean price evolution in Greece. 1989 - 1994.

Other things to be taken in consideration are :

* people increasingly buy goods on price.
* there is a shift of power from producers to retailers.
* there is a shift of power from fishmongers to S. Markets.
* final consumer is unaware of aquaculture activities and so he becomes prejudiced.

ALTERNATIVE STRATEGIES

Sophisticated marketing and production cost are the key elements of the future Greek Aquaculture. Alternative strategies for the future should be :

(1) Formation of marketing and distribution companies.

(2) New marine species development

(3) Cost of production should be always at a decrease.

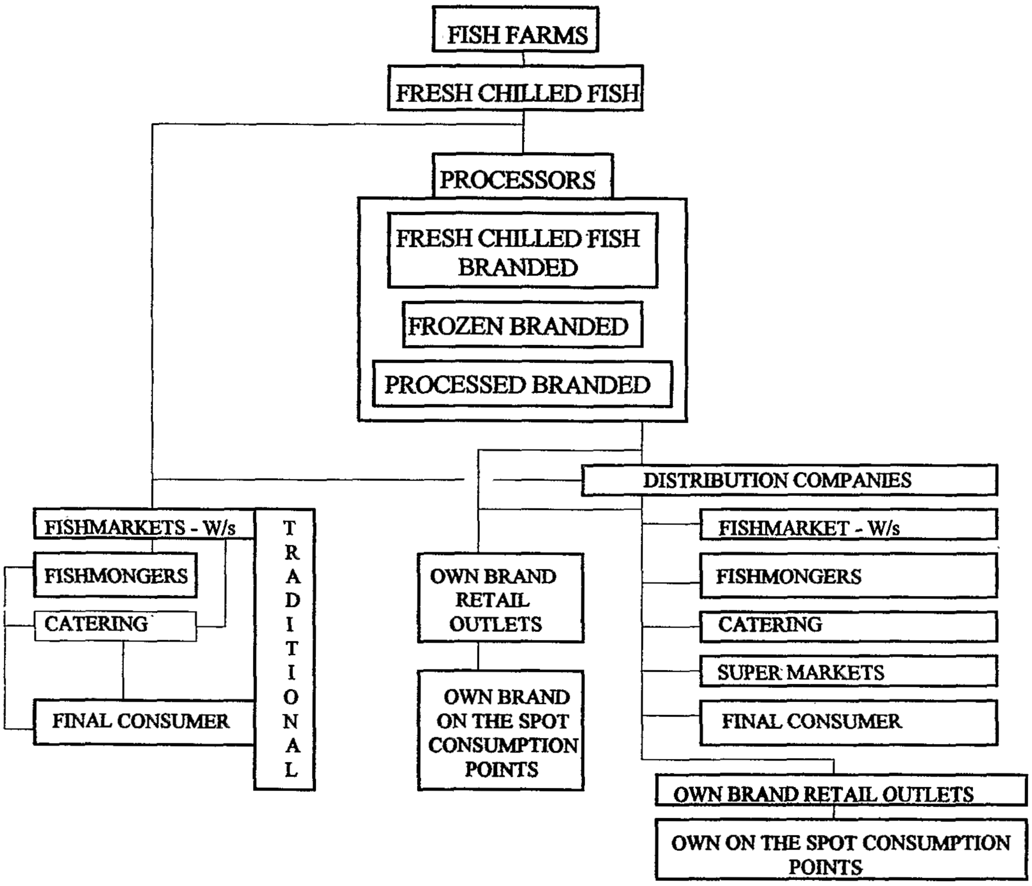
(4) Selling prices should resist severe downfall pressure.

(5) Move closer to the final consumer.

(1) Formation of marketing and distribution companies.

Producers should focus on producing and not become marketers as well. Group of farmers can get together and create marketing organisations that will be in position to put a lot of emphasis adopting more sophisticated methods of marketing, considering that as top priority task. Therefore, what should be expected in a few years, is that the marketing picture of our industry will be completely different and look like the following chart.

FUTURE DEVELOPMENT OF MARKETING CHANNELS



Investing in advanced marketing channels, abandoning the traditional wholesale system, could be a solution. This strategy implies also differentiation of the product, either by processing it or by branding it - quality scheme being part of this.

On the other hand creating marketing organisations that will exclusively market, trade and distribute only sea bream and sea bass will not be very effective, these companies will have to be fresh fish traders, offering to the market a greater variety of fish in order to penetrate and achieve customer loyalty.

(2) New species development

It is inevitable that increase of bass and bream production will continue to have a negative effect on selling prices, which will eventually lead to major crisis. Enterprises on the other hand are aiming to increased production in view of microeconomics benefits i.e. profit maximisation through higher volume and cost advantages economies of scale.

A possible answer, with positive effects on both the micro and macroeconomics level, could be diversification to new species. By definition such diversification would create market demand enlargement, under the restriction that for each tonne production of new species, production of sea bream will be decreased for 1/2 tonne.

(3) Decrease of production cost

During the last 5 years a number of innovations have been implemented on the production cycle, that had positive influence on the production cost. There is definitely room for further improvement in this area.

(4) Resistance in decreasing prices.

This is a very difficult task because it depends on a number of factors, most of which are beyond the control of the producer. It is true, though, that each producer can effectively contribute by refusing to accept dictated prices, it is also true that if marketing organisations created by group of producers and as such being price conscious, and also cost conscious, the effort on retaining reasonable levels of price will be assisted.

(5) Move closer to the final consumer

We must realise that the final consumer is our target, for he is the creator of consumption and not the fishmonger or the Super Market, in reality our client is the final consumer who uses our product. We simply can influence his choice by,

* educating him regarding our industry and our product,
* supplying the market with branded top quality product,
* advertising our product properly,
* imposing competitive prices,
* displaying our products successfully at the points of sale.

Yes in reality our customer is the final consumer, we simply act at the same space, the selling outlets, where we sell and he buys.

How will he favour our products when he cannot identify them.

How will we influence his choice towards our products and respectively increase market share.

The above questions surely cannot be answered during a presentation as such, strategies and co-operation that will fountain from the above five points will lead the industry to a wining position in the Greek market.

CONCLUSION

In a market that will be growing its demand for fresh quality fish, in a market that creates new powerful outlets, (multiples), in a market where the final consumer is uneducated and prejudiced in fish farming, I feel that producers should focus in what they should be doing, producing high quality fresh fish in variety of species and low cost, they should get together and create marketing and distribution organisations, employ marketing experts to do the trade and let their production be 100% marketing driven.

These marketing organisations must have the following three long term targets.

1. *Turn the final consumer's opinion to the fact that the fish from aquaculture is of guaranteed quality and freshness.*

2. *Continuos effort on increasing market share of Aquaculture fish steeling mainly from the imported fresh fish while enlarging the market's demand.*

3. *Drive successfully producers to new species development according to market's demands and create by processing value added products.*