Introduction to market research studies on aquatic food products

Young J.A., Smith A.P.

in

Paquotte P. (ed.), Mariojouls C. (ed.), Young J. (ed.).
Seafood market studies for the introduction of new aquaculture products

Zaragoza : CIHEAM
Cahiers Options Méditerranéennes; n. 59

2002
pages 9-13

Introduction to market research studies on aquatic food products

J.A. Young and A.P. Smith
Department of Marketing, University of Stirling, Stirling FK9 4LA, Scotland

SUMMARY – The central and common thrust of the various MASMANAP project tasks has been to identify and evaluate the data which are available to aquaculture producers so that they might be able to make decisions about developing new products. The paper presents and discusses the existing and desirable data for market research on aquatic food products. The need for qualitative data as a complement to quantitative data is shown, to allow an accurate understanding of the customer/market interface, and an analysis of the needs of individual users groups. The advance of information and communication technology (ICT) enables more detailed investigation and survey. The difficulty of access to market research data for individual small producers is pointed out, and the interest of alliances between organisations along the supply chain for a better information about highly dynamic markets.

Key words: Market research, aquatic food products, data, objectives.

RESUME – *"Introduction aux études de marché sur les produits aquatiques". La motivation commune et centrale des différents travaux entrepris dans le cadre de MASMANAP a été d'identifier et d'évaluer les données disponibles aux producteurs aquacoles pour décider du développement de nouveaux produits. Ce texte présente et discute les données existantes et souhaitables en matière de connaissance des marchés des produits aquatiques. Le besoin de données qualitatives en complément des données quantitatives est souligné, afin de cerner finement l'interface entre consommateur et marché, et d'analyser les besoins de groupes individuels. Le développement des nouvelles technologies d'information et de communication (NTIC) ouvre des possibilités pour des recherches et des suivis plus détaillés. La difficulté d'accès à l'information relative aux marchés, pour des entreprises individuelles de petite taille, est soulignée, ainsi que l'intérêt d'alliances entre groupes au sein de la filière, en vue d'une meilleure information sur des marchés très évolutifs.*

Mots-clés : *Etude de marché, produits aquatiques, données, objectifs.*

Introduction

This paper aims to explain the market background and rationale for the MASMANAP project. The central and common thrust of the various MASMANAP project tasks has been to identify and evaluate the data which are available to aquaculture producers so that they might be able to make decisions about developing new products. Making such marketing management decisions about the range of products demands data; and clearly it follows that good decisions are critically dependent, as a minimum, upon good quality data. The decision to launch a new product, whether it be a simple extension of an existing product or a radically different concept, is fraught with high levels of risk and uncertainty. Within the market for food comparatively few new product development (NPD) decisions prove successful and the vast majority of new product ideas fail well before they even reach the market (Piercy, 1999). Even of those ideas which make it through to the product launch phase, only a small percentage can expect to prove viable and will remain on the market.

Many reasons can be brought forward to explain the difficulty and low success rate in launching new products. Firstly it should be confirmed that producers of aquatic foods compete not only with other aquatic food products, whether they are of captured or cultured origin, but also alongside products from other food categories. Whilst the extent to which any aquatic food product might be substituted for another food product (aquatic or otherwise) will depend upon a wide range of factors, the market remains highly competitive. Secondly, many of the organisations producing competing food products are large and have access to extensive corporate resources, be they financial, human or technical skills which can be used in NPD. In contrast, with some sectoral exceptions, many aquaculture producers are comparatively small-scale and lack the supporting infrastructure or expertise of their competitors.

This imbalance in corporate resources is often significant in terms of market information. Traditionally many aquaculture firms tend to focus primarily upon technical issues of fish husbandry rather than devoting attention to emergent events within the product-centred forces of the market. Failure to adopt a market-orientated perspective is a recipe for disaster, not least because of the rapidly pace of change within the market for foods. The contemporary food consumer displays a far greater propensity to change their patterns of food purchase and consumption than has traditionally been so (Dubois, 2000). This more dynamic buyer behaviour has been stimulated by a combination of heightened concerns and awareness of healthy eating combined with food scares and varying levels of trust and credibility in the food consumed. Consequently even where time and effort is expended in researching, creating and communicating about new product options, consumers tastes may well have changed by the time the novel product is delivered to the market. In order to enhance the chances of success, it is vital to have good quality market data if producers are to have a realistic chance of remaining in business (Lambin, 2000). Certainly their prospects are much diminished if they fail to take account of the market dynamics that can be read from the data.

Existing data

Market data are manifest in a wide variety of guises and, particularly for the untrained, it is possible for these vital aids to good decision making to pass unnoticed. Data can be prohibitively expensive, sometimes at a price level which renders it beyond the bounds of financial viability for the individual producer. In most cases however data are available at a cost which makes financial sense and a worthwhile, arguably vital, investment for the organisation; this is indefatigably the case where the data are freely available (Kent, 1999). Market data are available about a range of different aquatic food market sectors; this reflects the wide range of discrete, *ad hoc* studies undertaken in different countries and with varied scope. In addition to these quite specific studies focused upon some particular aspect of the market, sources of continuous, or longitudinal, data are also available to provide insights into phenomena over time (Chisnall, 2001).

Studies of the market for food typically divide into those concerned with consumption in the home and away from home. Generally, more data are available about in-home consumption as consumption away from home tends to break down into a series compartmentalised units within which fish will become only part of a larger more identifiable product: the meal. The type of data may also be classified as quantitative or qualitative. Quantitative data are factual measurements or estimates which provide some indication of what number of a given unit have been observed e.g. the quantity of salmon sold in a city market or the price/kg at which it was sold. However, whilst knowing what has happened is useful, effective marketing also requires some understanding of why or how these events have occurred. Qualitative data attempts to provide this additional insight and explanation. Understanding what has happened promotes the ability to predict what is likely to happen in the future and thus whilst most data is reactive, reflecting what has already been done, there is also a role for proactive data which attempts to forecast future trends.

Perhaps because of the abundance of data that exists, a situation that will increase through the advance of information and communications technology (ICT), there is a danger of becoming complacent about the real needs for understanding the market and its mechanisms (Reedy *et al*., 2000). However interrogation of the data often reveals a number of deficiencies and these suggest the need for remedial actions. The majority of data available tends to be quantitative and with a distinct emphasis on price and quantity. Whilst these parameters are clearly of interest their real value is often diminished by their lack of disaggregation. Data are commonly pooled in such a way that the detail of component markets and products are lost, and this makes it much more difficult for producers to assess the existence and composition of potential target markets for their products (Varley, 2001). From a marketing management decision making perspective these data are critical, yet are commonly absent. Even when such information can be found, data will normally provide only an average price, or perhaps a range of prices. However ideally, producers need to have more transparent data to clarify the demand schedule so that decisions might be made as what quantity the market can absorb at different price levels.

Similarly the temporal dimension is often lost which would indicate how much is purchased at different time periods, how frequently, where and by whom. Such micro data are of great value and of course the very existence of the aggregate summarised data means that this more detailed

information is already available; the missing link is accessibility and this needs to be remedied through ICT progress (Richardson, 2001). Many other non-price quantitative data are also commonly obscured. For example, producers may be interested in the market for trout, but whilst aggregate data may provide some national market statistic this may conceal important variations in respect of the region, product form (chilled, frozen, etc.), type (whole, fillets, etc.) and the type of packaging and pack sizes employed. Much of this type of data is readily available but often in a format that renders it difficult to analyse.

Qualitative data is arguably under-appreciated within the marketing intelligence of many organisations, although it provides an insight as to why certain behaviours might be observed. The more limited availability of qualitative data undoubtedly contributes to this lack of appreciation and commonly the focus of reports tends to be one-off ad hoc surveys or very limited components of continuous data sets. Paradoxically it is precisely within these more qualitative data that more subtle and pervasive elements of change are manifest and this sort of information can provide a very useful advantage in delivering products that fit consumers needs more exactly. For example, a preference for one brand of shrimp over another of exactly the same species may stem from the convenience of ability to open and reseal the packaging employed, a desire that shifts in response to other changes in shopping behaviour and food preparation equipment used. But without exploration of why a particular preference is exhibited through qualitative research decision-makers would be left with quantitative facts without trace of elucidation. The frequent deficiency of both quantitative and qualitative data suggest that some improvements in data provision might be sought and these are explored in the following section.

Desirable data

Market research has long held the ambition of realising some data nirvana and encouragingly, as ICT gains have lifted the scope of change, so too does it seem realistic to contemplate construction of data that might truly make significant differences to marketing management decision making. Perhaps the universal goal in improving the quality of data provision is the versioning of data to suit the more specific situations of individual users (Sargeant and West, 2001). Most data can be cut according to a variety of criteria and these should be combined to enable construction of market profiles covering individual segments and niches along with their respective current and prospective customer bases. Successful participation within the market also requires more detailed understanding of competitors' actions and the proactive assessment of emergent trends.

As consumers are able to access, and be targeted by, an increasingly wide range of media communications they are now subject to a much wider array of influences, both positive and negative, about the food products that they may choose to purchase or avoid. This has been especially evident within a number of markets where a variety of food scares has occurred and has produced some quite dramatic shifts in consumer behaviour. Whilst aquatic food products have escaped hitherto with a relatively light touch compared to some other food sectors, it seems unlikely that they will manage to avoid all consumers' concerns. In order to prepare more proactively for such attention it may be advocated that data collection processes automatically incorporate such softer data in their sifting of the market. Only by gathering a detailed understanding of consumers' concerns about other product categories and the emergent issues, can there be any prospect of adequate preparation for such events. The establishment of the green consumer as a more central part of the food retail and catering markets is perhaps the classic example of how an emergent force of only a few years ago is now a significant factor in current and near future market trends. Many attitudinal shifts such as increased concern with animal welfare, ethical production systems and environmental footprints and suchlike are more opaque to conventional systems of data collection and there is consequently a real need to ensure that more refined collection mechanisms are emplaced.

As data collection systems evolve and have the capacity to take fuller advantage of ICT innovations a number of new dimensions need to be considered (Capon and Hulbert, 2001). A significant problem of many current data sets is that despite the advances of recent years in terms of access and detail, the data still tend to retain only the hard, cold edge of statistics: numbers far removed from the vibrancy, sensuality and close proximity of the customer/market interface. Many of the essential product cues, vital for distinguishing one product from another are lost from such data and thus play a less meaningful, sometimes absent, role in marketing management decision making.

It is suggested that as databases are established to assist aquaculture producers much more attention should be given to the visual and other sensory cues. The way that a pack looks to the consumer's eye, the way that product texture is conveyed in the consumer's hand and its smell are all critical determinants of the decision to buy and consume. It therefore be argued that such stimuli should be seen as an integral part of any marketing intelligence and should be fully incorporated in the process of identifying gaps in the market and opportunities to establish unique selling propositions (USPs) for the products concerned.

Post purchase behaviour in the context of food transportation, storage, preparation and consumption is also often overlooked within traditional data sets, but again, the potential exists to remedy this lack of understanding. Much can be learned from analysis of these tasks and the findings can facilitate identification, creation and delivery of improved levels of customer satisfaction. For example, increasing attention is seemingly being paid by consumers as to the provenance of foods purchased, and much of this trust will be generated from a combination of the reputation of the purchase outlet and the label of the product itself. Such information should be regarded as central to the data needs of product range extension decisions. More powerful ICT systems also enable more detailed experimentation and assessment of the responses of consumers to changes within the product. Identification of frequent and light users, variations in pack design, product contents, information provision and other variables can be monitored and assessed far more readily than before and so enable identification of more loyal and repeat buyers within the product range (de Chernatony, 2001). But if these advantages are to be realised data from such proactive opportunities need to be built into the data set, rather be seen as some additional post-hoc analytical function.

Desirable data in future will commonly have the capacity to provide cumulative analysis tailored to meet the needs of individual user groups. Currently this is the domain of larger organisations with resources far greater than those typically available to small producers. However the economics of information are such that the marginal costs of additional provision are negligible and the combined revenue that can be generated through a number of customers is attractive. This would also suggest that more strategic alliances between different organisations along the supply chain might be established in order to share the mutual benefits available.

Determining the optimal level of data provision and acquisition for any organisation is a matter of balancing the costs of awareness, access, interpretation and implementation against the benefits realised in so doing. Necessarily this equation will change over time but realisation of the benefits will also require a long term commitment to the underlying market research process. Data needs will also change over time and decisions will need to be made as to whether ad hoc research provides sufficient awareness levels or if ongoing measurement is required.

Conclusions

The data demands of aquaculture producers are clearly set to increase. The dynamics of the contemporary food market dictate that many more marketing decisions are made, each within shorter time periods and with potentially more significant impacts upon the organisations concerned. These changes will affect all within the supply chain and will not be confined just to the larger organisations; all channel members have their role to play and this must be done if they are to have a realistic chance of survival. Understanding the signals of the markets is more important and more challenging than ever before, and data-driven delivery of the solutions created must be seen as the bedrock of future aquatic food marketing management.

References

Capon, N. and Hulbert, J.M. (2001). *Marketing Management in the 21st Century*. Prentice Hall, Upper Saddle River, New Jersey.

de Chernatony, L. (2001). *From Brand Vision to Brand Evaluation*. Butterworth Heinemann, Oxford.

Chisnall, P.M. (2001). *Marketing Research,* 6th edn. McGraw-Hill, Maidenhead.

Dubois, B. (2000). *Understanding the Consumer*. Prentice Hall, Harlow.

Kent, R.A. (1999). *Marketing Research: Measurement, Method and Application*. International Thompson Publishing, London.

Lambin, J.J. (2000). *Market-Driven Management*. MacMillan, London.
Piercy, N. (1999). *Tales from the Marketplace*. Butterworth Heinemann, Oxford.
Reedy, J., Schullo, S. and Zimmerman, K. (2000). *Electronic Marketing Integrating Electronic Resources into the Marketing Process*. Dryden, Orlando.
Richardson, P. (2001). *Internet Marketing.* McGraw Hill, New York.
Sargeant, A. and West, D.C. (2001). *Direct and Interactive Marketing*. Oxford University Press, Oxford.
Varley, R. (2001). *Retail Product Management Buying and Merchandising*. Routledge, London.