



MATCHING CONSUMER NEEDS



Blue Academy for Professionals
of the Seafood Industry

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1. ANALYSIS OF COMPETITORS

1.1. PORTER'S MODEL

- ❑ This considers the companies and brands that compete in the market of interest and since competition often occurs within specific industries, the study of the structure is useful in defining the competitive situation.
- ❑ It is conducted from the point of view of a particular company and requires **two types of information**:
 - A descriptive profile of the industry, including the industry characteristics and trends as well as the operating practices of the companies in the industry, including the product mix, the services provided, barriers to entry and geographical scope.
 - An analysis of the value chain and distribution channels that link suppliers and end users in this industry.
- ❑ It is important to examine the industry structure beyond domestic market boundaries. The identification of competitors within the industry is based on product similarity and location at the same level in the value chain.



1. ANALYSIS OF COMPETITORS

1.1. PORTER'S MODEL



1.1. PORTER'S MODEL

RIVALRY AMONG EXISTING COMPANIES

- ❑ This force recognizes that active competition among industry members helps to determine industry performance and is the most direct and intense form of competition.
- ❑ This **rivalry increases** when:
 - Many companies operate in the industry or the companies operating are about the same size
 - Low market growth rates
 - High level of fixed/warehousing costs
 - Low product differentiation (companies are competing on low prices)
 - Excessive production capacity
 - Similar competing strategies
 - “Exit barriers” are high. These exit barriers could be specialized assets, emotional barriers, high exit costs, government restrictions or social pressure.



1.1. PORTER'S MODEL

THREAT OF NEW ENTRANTS

- ❑ This force highlights the possibility of new competitors entering a market. In this situation, the existing companies may try to discourage new competitors by aggressive expansion and by market entry barriers.
- ❑ The new entrants face the **following barriers** to entry the sector:
 - High product differentiation
 - High capital/investment costs
 - Limited access to distribution channels
 - Limited access to essential resources/technology
 - Experience curve effects
 - High switching costs for customers
 - Customers' brand loyalty
 - Economies of scale



1.1. PORTER'S MODEL

THREAT OF SUBSTITUTE PRODUCTS

- ❑ This force considers the potential impact of substitutes in the sector. New technologies that satisfy the same customer needs are sources of competition, and this includes alternative technologies.
- ❑ This **threat is greater** when:
 - Buyers purchase large volume of inputs
 - Great availability of substitute products
 - Low price/better performance of substitute products
 - Low switching costs for customers



1.1. PORTER'S MODEL

BARGAINING POWER OF SUPPLIERS

- ❑ This force is related to the power that suppliers could be able to exert on the producers and manufacturers in an industry.
- ❑ This **bargaining power is greater** when:
 - Few large and no fragmented suppliers
 - No substitutes for a particular input
 - Inputs are highly differentiated
 - High switching costs from one supplier to another
 - Possibility for the supplier in integrating forwards



1.1. PORTER'S MODEL

BARGAINING POWER OF BUYERS

- ❑ This force means that buyers may use their purchasing power to influence their suppliers. Understanding which organizations have power and influence in the value chain provides insights into the structure of competition.

- ❑ The **bargaining power is greater** when:
 - Buyers purchase large volume of inputs
 - Large number of small suppliers
 - Products are undifferentiated
 - Low switching costs from one supplier to another
 - Buyers have low profit margins or are price sensitive
 - Product/Input is not strategical for the buyer
 - Possibility for the buyer in “integrating backwards”



2. PRODUCT

Product: *"anything that is offered to a market for attention, acquisition, use or consumption that might satisfy a want or need"* (Kotler et al., 2008).

- ❑ It is an item that may satisfy consumers' wants or needs. Could be also defined as anything that is of value to a consumer and can be offered through an exchange.
- ❑ From the marketing standpoint it includes more than tangible goods: products, services, organizations, places, ideas, events and experiences.
- ❑ More than the object itself, the relevant aspect of products is the complete bundle of benefits or satisfactions that buyers perceive they will obtain if they purchase the product.



2. PRODUCT

2.1. CONCEPT

Core product

- It defines the basic benefits that consumers are seeking when they purchase the product.
- Core question: what are consumers looking for?

Actual product

- It adds to the core product attributes such as brand, features/design, quality level, packaging and labelling.
- The marketing department convert the core product into actual product, increasing the value delivered to customers.

Augmented product

- It adds associated or additional services to the actual product, could be product warranties, financing, product support, maintenance, or after-sale service.
- The amount and types of additional services varies with the type of product.



2. PRODUCT

2.2. ATTRIBUTES AND CLASSIFICATION

The familiarity and the quality of the fish products drives the consumption of certain species, influencing consumer purchase behaviour.

Familiarity

- How much the end consumer knows about a species of fish and how much exposure has had to it.
- It takes place when the consumer has eaten the species of fish, prepared it at home or has become used to the attributes of texture, flavour and colour.

Quality

- It refers to the consistency of flavour and texture, and by the environment where the fish was raised.
- Perceived quality is referred to the customers' perception of how fresh the fish is.



2. PRODUCT

2.2. ATTRIBUTES AND CLASSIFICATION

PRODUCT	=	PHYSICAL ATTRIBUTES	+	FUNCTIONAL ATTRIBUTES	+	PSYCHOLOGICAL ATTRIBUTES
		Intrinsic/ Objective They cannot be created by the company		They are created by the company		
Physical objects						How they are perceived by consumers
Services		COLOUR		COLOUR		
Persons		FLAVOUR		FLAVOUR		
Places		COMPOSITION		FEATURES		BRAND
Organizations		SIZE/SHAPE		PACKAGE		
Ideas		CONTENT		LABELLING		PERCEIVED QUALITY
		DURABILITY		DESIGN		
				CONVENIENCE		



2. PRODUCT

2.2. ATTRIBUTES AND CLASSIFICATION

The evaluation of product quality through intrinsic attributes can be through search, experience or credence.

Search

- Those evaluated prior to purchase and consumption.
- For example, colour.

Experience

- Those evaluated after purchase and consumption.
- For example, fish taste and texture.

Credence

- Those not evaluated, even after purchase or consumption.
- For example, evaluate whether tuna is really “sustainable”



2.2. ATTRIBUTES AND CLASSIFICATION

CLASSIFICATION

Convenience products

- Those for which the consumer is not willing to expend any effort to evaluate prior to purchase. Frequently purchased commodity items usually bought with little effort.
- For example, laundry detergents, fast food or magazines.

Shopping products

- Those for which the consumer will spend a great amount of time comparing alternatives, brands, prices, features and product characteristics.
- For example, furniture, apparel, or home appliances.

Specialty products

- Those for which the consumer express such a strong preference and strong involvement that they will expend considerable effort to search for the best suppliers.
- For example, a Lamborghini.

Unsought products

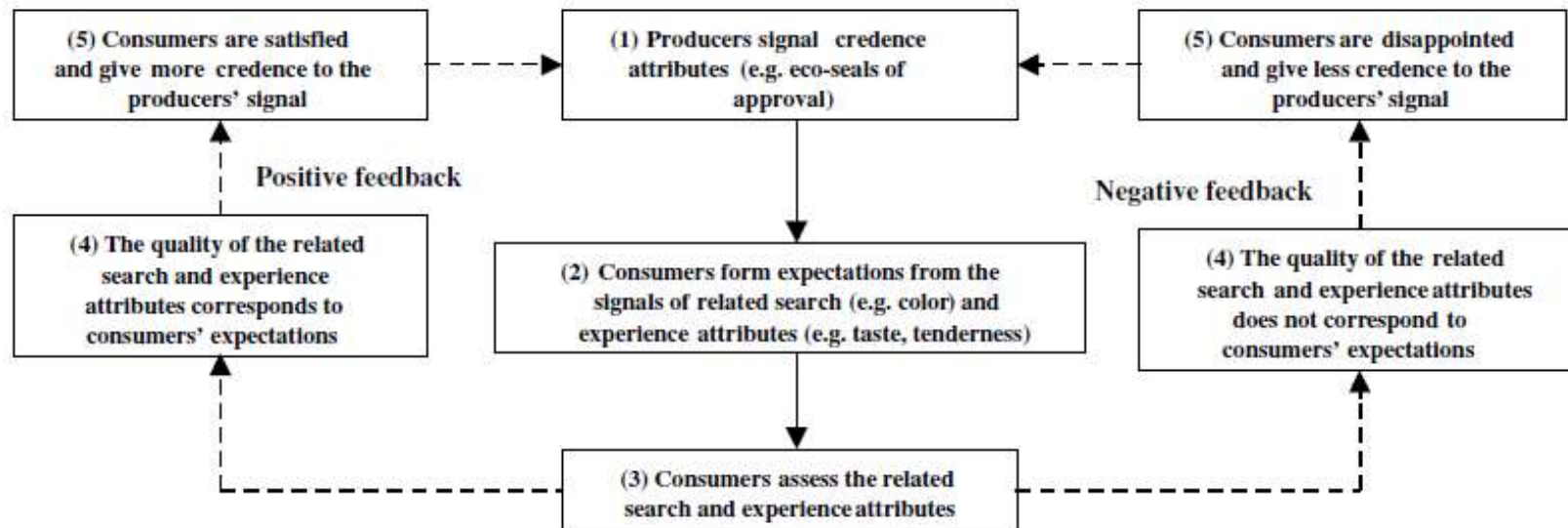
- Those for which the consumer either do not normally think of buying or do not know about them. Because of their nature, these require great marketing effort and strong promotion.
- For example, life insurance.



2. PRODUCT

2.2. ATTRIBUTES AND CLASSIFICATION

Search and experience attributes on the credibility of credence attributes.



2.2. ATTRIBUTES AND CLASSIFICATION

IN THE FISH SECTOR

- ❑ Research on product in the fish sector mostly focuses on what type of person is buying fish but provides no information regarding what species of fish end consumers are buying, or why they are buying a certain species of fish over another.
- ❑ Fish value-added products are gaining popularity among consumers. They are looking for these products with emphasis on convenience and ease of preparation.
- ❑ Fish products' sales have increased in the last years in part because fish is perceived as a healthy alternative.
- ❑ The majority of the end consumers can tell the difference between fresh and frozen fish, and they perceive fresh fish to be superior to frozen in both taste and consistency.



2.2. ATTRIBUTES AND CLASSIFICATION

IN THE FISH SECTOR

- ❑ Farm-raised fish are perceived as safer for consumption than wild caught fish because of the controlled environment in which the fish are raised. They are also reported to be more consistent in quality and size when compared with wild caught fish. A key factor behind its consumption is the homogeneous and constant offer of the type of fishes.
- ❑ The fish nutritional value and its price are the main determinants of consumer demand, it should be in an acceptable price range.
- ❑ In general terms, when buying fish, the end consumer is looking for a healthy alternative to meat. However, it should be easy to prepare and available in food retailers, given that if it is not in the supermarket, the customer cannot buy it and is unlikely to request it.



2.2. ATTRIBUTES AND CLASSIFICATION

IN THE FISH SECTOR

INTRINSIC	EXTRINSIC
TASTE	PRICE
ODOUR	BRAND
TEXTURE	CONTEXT OF CONSUMPTION
PERCEIVED FRESHNESS	METHOD OF PRODUCTION
COLOUR	CERTIFICATION OF QUALITY
PRESENCE OF BONES	COUNTRY OF ORIGIN
	NUTRITIONAL INFORMATION
	EXPERT/PRESCRIPTOR OPINION
	CONVENIENCE
	PRODUCT AVAILABILITY
	LABELLING
	PACKAGE



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2.2. ATTRIBUTES AND CLASSIFICATION

IN THE FISH SECTOR

- ❑ Consumers frequently identify themselves as having to be “in the mood” to eat fish, showing that emotional and situational factors may come into play in certain circumstances in fish consumption. The more appealing the fish looks and smells, the more likely the consumer will be “in the mood” for fish.
- ❑ With changing consumer lifestyles, there is increasingly higher demand for fish products that offer convenience, variety, familiarity and added-value.
- ❑ The convenience-driven end consumer has little time for preparing fish, so food retailers are seeking ways to address this behaviour and are asking fish producers for more value-added products.
- ❑ Popular items include kabobs, stuffed fillets, boneless marinated fillets, and cold seafood salads.
- ❑ In some countries farm-raised fish is perceived by consumers as not as flavourful as wild caught fish; and therefore, would be less expensive.



2.2. ATTRIBUTES AND CLASSIFICATION

IN THE FISH SECTOR

These are some of the attributes that influence consumers in purchasing and eating fish.

ATTRIBUTE	CONSUMERS' PREFERENCE
BENEFIT	Healthy and nutritious.
ODOUR	Mild odour.
TEXTURE	Firm or flaky.
APPEARANCE	Appealing and attractive.
PACKAGING	Convenient and well packaged.
COLOUR	Relate freshness to the actual colour.

ATTRIBUTE	CONSUMERS' DISLIKE
CONVENIENCE/ AVAILABILITY	Products not convenient / available.
DISLIKE OF THE TASTE	When they dislike fish taste.
HIGH PRICE	Perceived as expensive.
FOOD-SAFETY CONCERNS	Not perceived as safe.



2. PRODUCT

2.3. PACKAGING

- ❑ The package is the first encounter with the product, and it is capable of deciding a purchase.

- ❑ The **objectives of the package** are:
 - To contain and protect the product
 - To preserve the product
 - To identify and differentiate the product among competitors
 - To communicate and promote (packages are “silence sellers”)



2.3. PACKAGING

PACKAGING FISH PRODUCTS

- ❑ It is an integral part of the fish and seafood products' purchasing process for the customer at the retailer. In addition, it could potentially be a marketing tool for the fish processor.
- ❑ Recipes, sturdiness of the material, Zip-locked or vacuum-sealed containers would catch the eye of the end consumer. They want to see what they are buying, which implies that a see-through package may help to enhance the sale of the fish and fish products.
- ❑ In supermarkets and other self-service stores, the packaging must be of high quality and durable. Many distributors and food retailers believe that the packaging of the fish and fish products is the most important part of the product. In traditional fresh fish markets the product is commonly sold without pre-packaging and is only wrapped at the point of sale.
- ❑ Similarly, where the fish is sold in a whole form or displayed as fillets, steaks or other pieces, packaging may be inappropriate and may well hinder rather than assist quality evaluation of the product. A notable trend has been growing in the sale of prepackaged fish products, in supermarkets and food retailers, especially in modified atmosphere and vacuum skin packs that afford the opportunity to brand the product.



PACKAGING FISH PRODUCTS

EXAMPLES

Consumers positively evaluate fish packages that allow to see the content.



Consumers negatively evaluate fish packages that not allow to see the content.



The fish canning sector has developed innovative and aesthetic packaging. Packages developed by Sala Nort and by Mark & Spencer.



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2.4. LABELLING

FOOD PRODUCTS

- ❑ The **label of food products** must contain the following information:
 - Name of the manufacturer
 - Identification manufacturer
 - Product composition
 - Product content
 - Expected shelf-life and best-before date
 - Product features and characteristics
 - Place of production: “Country of Origin” (when the product is exported out of the EU).
 - If it has been previously frozen



2.4. LABELLING

FISH PRODUCTS

- ❑ The objective of labeling in fish and seafood products is providing consumers with valuable information that they may use in making purchasing decisions.
- ❑ The end consumer is looking for information on the handling, preparation, and the nutritional value of the product. Therefore, this information will enhance the sale of fish and fish products.
- ❑ **Fish safety labeling** may have three forms:
 - Fish product attributes.
 - Fish product processing attributes: correlated with final product safety
 - Safe consumption directions: how and who should consume or avoid the product or when the product should be consumed (for example, raw shellfish should not be consumed by individuals with z condition).



2.4. LABELLING

FISH PRODUCTS

- ❑ If the **product safety information** is crucial to consumers' informed use of the fish and seafood product, a country's government may judge that consumers have a "need to know" about it. Often related to safety, nutrition or important functional characteristics of the fish product. It is mandatory in labeling.
- ❑ A country's government may also identify other relevant information that it deems that consumers "have a right to know". This includes information that consumers may care about it and the government believes they have a right to be informed prior to purchasing a product. It is usually mandatory.
- ❑ For other information, government may oversee the provision of information that consumers may "want to know". It is voluntary.



2.4. LABELLING

LABELS THAT COMMUNICATE - EXAMPLES

Impossible™ Burger is made from plants, for people who love meat, and cooks like ground beef — and now it's more affordable than ever.



The Matsu winery, which has created a journey through the passage of time over three generations of winemakers.



El Pícaro

El Recio

El Viejo



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2.5. DEVELOPING NEW PRODUCTS

THEORETICAL VARIABLES

Attributes according to Kotler's marketing-mix variables.

VARIABLE	INFLUENCE
PRODUCT	It is the extent to which product innovations are important to attract target customers.
PROMOTION	It is the extent to which new product promotions are important to attract target customers, they can impact consumer behaviour and attitudes.
PLACE	It is the extent to which innovative distribution and places of sale are important to attract target customers.
PRICE	It is the extent to which the innovative pricing as a signal about value for money are important to attract target customers.

Attributes according to Rogers' Theory of Adoption of innovations (2003)

VARIABLE	INFLUENCE
RELATIVE ADVANTAGE	It is the extent to which the marketing mix variables are perceived by the target customers to have a relative advantage compared with other product alternatives.
COMPATIBILITY	It is the extent to which the marketing mix variables are perceived by target customers to be compatible to similar alternative solutions covering the same needs.
COMPLEXITY	It is the extent to which the offered marketing mix are perceived by the target customers to be complex in use compared with similar alternative solution covering the same needs
TRIALABILITY	It is the extent to which the offered marketing mix variables are perceived by target customers to be tested in small scale compared with similar alternative solution covering the same needs.
OBSERVABILITY	It is the extent to which the offered marketing mix variables are perceived by target customers as possible to be observed and attract attention compared with similar alternative solution covering the same needs.



2.5. DEVELOPING NEW PRODUCTS

NEW FISH PRODUCTS

- ❑ The issue in **fish products' innovation** is to identify important predictors for successful entering of target markets with competitive new economic sustainable seafood and fish product offers preferred by the consumers.
- ❑ Restaurants are considered the number one location where consumers purchase fish and try new fish and fish products for the first time. So, they prepare different species of fish in numerous and different ways offering consumers something to compare when they attempt to prepare the fish themselves at home.

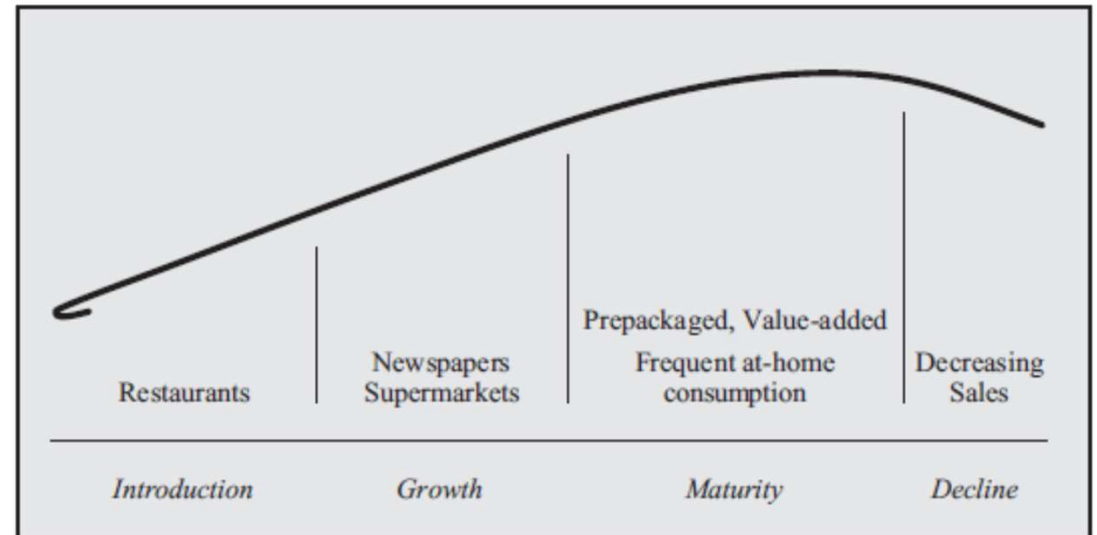
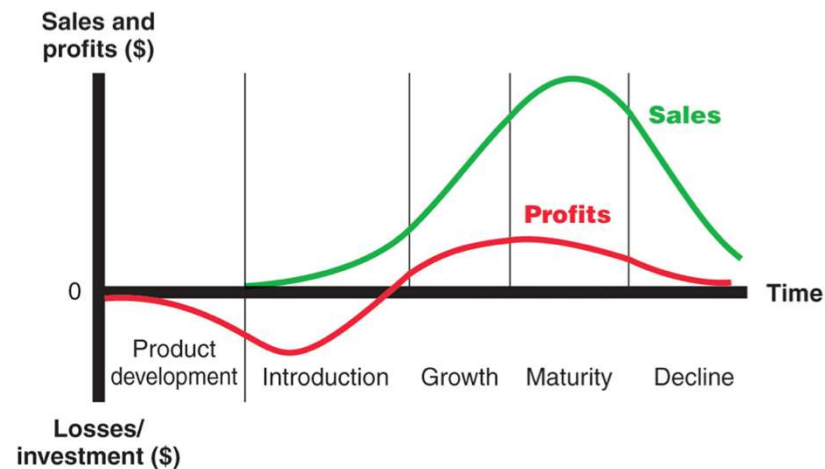


NEW FISH PRODUCTS

THE LIFECYCLE

- ❑ The product life cycle of a species of fish progresses as long as there is enough supply to sustain the increased growth in demand for the fish and to keep the price competitive.
- ❑ It depends on three criteria: familiarity, availability, and price. Farm-raised fish species move through the product life cycle faster than wild caught.

Introduction Growth Maturity Decline



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NEW FISH PRODUCTS

AN EXAMPLE OF A POTENTIAL INTRODUCTION OF A NON POPULAR SPECIE THROUGH THE LIFECYCLE



- ❑ Food distributors introduce the fish species to the restaurants. After being educated on this new species, restaurants begin to introduce it on the menu and supermarkets notice that it is being offered at restaurants.
- ❑ The new fish species is available only in some restaurant menus and in few fish specialty markets
- ❑ Customers' awareness of the new fish species is low. The ones who are considered innovators are the first to try the new species and will promote it through positive "word of mouth".
- ❑ During this stage, the price of the species of fish is high and generally the supply is low.



NEW FISH PRODUCTS

AN EXAMPLE OF A POTENTIAL INTRODUCTION OF A NON POPULAR SPECIE THROUGH THE LIFECYCLE



- ❑ Supermarkets and food retailers monitor the local restaurants and discover the new species of fish on the menu.
- ❑ They educate the seafood counter staff on the new species of fish focusing on the major selling attributes such as flavour, texture and preparation. The supermarkets also educate their customers with demonstrations, samples, and advertising, promoting familiarity with the fish product.
- ❑ Assuming the supply of the new species of fish is adequate to meet the demand, distributors will begin to sell the species to the supermarkets. And as the demand for the species of fish increases, the price begins to decrease.
- ❑ If the supply of this new species of fish is not sufficient to meet the demand or the prices become too high for potential consumers, the distributor will try to identify a substitute species of fish and sell that product.



NEW FISH PRODUCTS

AN EXAMPLE OF A POTENTIAL INTRODUCTION OF A NON POPULAR SPECIE THROUGH THE LIFECYCLE



- ❑ The new species of fish can now be found in the prepackaged section of the supermarket (examples are salmon, trout or tuna).
- ❑ The consumer no longer needs information about the attributes and preparation of the new species of fish and has adopted it as a regular shopping item.
- ❑ The great product supply and low price allows collective catering and institutions to offer the fish on their menus.
- ❑ If the supply of this species is limited and/or the prices too high for consumers, the product will not reach the maturity stage unless a substitute species of fish is found that can meet the demand at a competitive price level.



NEW FISH PRODUCTS

AN EXAMPLE OF A POTENTIAL INTRODUCTION OF A NON POPULAR SPECIE THROUGH THE LIFECYCLE



- ❑ If the end consumer gets tired of this species, if the supply of the species cannot meet the demand or if prices are not competitive, the product will enter a decline stage of the product life cycle.
- ❑ If the species of fish has a limited supply, due to overfishing, fish farmers can provide an alternative fish species that can be sustained for a long period of time and at a competitive price.
- ❑ The life cycle of a new fish species progresses as long as there is enough supply to sustain the increased demand and to keep the product price competitive.



2.5. DEVELOPING NEW PRODUCTS

CONSUMERS' ADOPTION PROCESS

- ❑ The “**consumer adoption process**” is a theory that explains how consumers accept a new product and how that product moves through the product life cycle. The basis for this theory is that individuals become aware of new products only after the products have been on the market for some time, and that individuals accept such innovations gradually.

- ❑ **Key variables** influencing this process:
 - Product awareness: when the potential consumer becomes aware of the product but lacks information about it.
 - Product interest: when a potential consumer’s interest prompts him/her to seek out information about a particular product.
 - Product evaluation: when the potential consumer enters the evaluation step deciding whether to try the new product.
 - Trial: when the potential consumer tries the product, maybe several times before adopting the product.
 - Adoption: when the consumer decides to use the product regularly and there are no substitutes for the product in his/her mind.



2.5. DEVELOPING NEW PRODUCTS

CONSUMERS' ADOPTION PROCESS

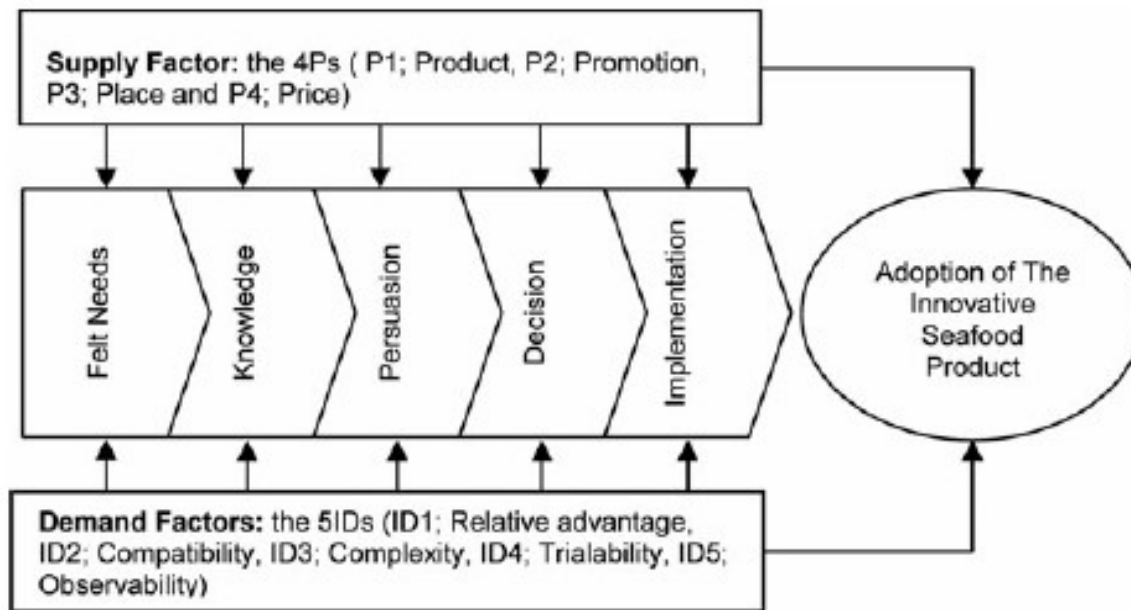
- The **stepwise decisions** process in the adoption of new fish and seafood products is the following:
 - 1) The consumers' feel needs and satisfaction to purchase and consume product innovations, which is dependent on their consumption habits and innovativeness.
 - 2) The consumer knowledge about the available product innovations, depends on his/her attempt to identify new product innovations, that is influenced by the personal characteristics of the fish consumer.
 - 3) The consumers' persuasion when it comes to intention to adopt the characteristics of the current fish offer compared with offered innovations.
 - 4) The consumers' decision to accept and give priority to use/consume an innovative fish product.
 - 5) The consumers' implementation of their decision to adopt more product innovations.



2.5. DEVELOPING NEW PRODUCTS

CONSUMERS' ADOPTION PROCESS

The adoption decision process of an innovative fish or seafood product



2.5. DEVELOPING NEW PRODUCTS

CONSUMERS' ADOPTION PROCESS

The consumers' adoption process: "It's the consumer decision to adopt innovative products goes through a process in which individuals pass from feeling a need, gaining initial knowledge of the new products, to forming an attitude to make the decision to adopt or reject; and finally confirming the decision to adopt the new products" (Rogers, 2003).

- According to this process, the consumer might see a new species of fish on a menu at the restaurant, inquire about it and decide to try it. After few trials, the customer may begin to purchase the species of fish in the supermarket regularly if the product maintains a consistent quality and is available at a competitive price.



2.5. DEVELOPING NEW PRODUCTS

SENSORY ANALYSIS

Sensory evaluation or analysis of products: *"a scientific method used to evoke, measure, analyse and interpret the responses to products as perceived through the senses of sight, smell, touch, taste and hearing" (Institute of Food Technologists (IFT), 2007).*

- ❑ Once a prototype of a new food product has passed through the initial stages of approval, it will be necessary to obtain some consumer hedonic feedback on both the concept and the product itself. This is achieved using a number of methods. These methods can be used at many stages of the design process to assess the quality of the product, the expectations of consumers and their reactions to the product.
- ❑ The sensory evaluation of a product includes an analytical sensory evaluation carried out by a panel of experts and an affective test carried out by consumers that allows to obtain more information about the product being analysed. While the purpose of analytical tests is to assess in detail the sensory quality of a product, while affective tests are used to measure the acceptability or preference of a product by consumers.
- ❑ When assessing the characteristics of a food product, the company first assess its appearance, then its odour, texture/consistency and flavour/taste. The reaction to a sensory stimulus on the other hand, can be divided into three different dimensions: 1) qualitative perception, 2) quantitative perception, and 3) hedonic reaction.



SENSORY ANALYSIS

ANALYTICAL TESTS

- ❑ In analytical tests, the sensory quality of products are mainly evaluated by a panel experts and the company can use a discrimination test to determine if there are differences or similarities among food products, without describing their nature. In addition, the company can use the Triangle test, Duo-trio test, Two out of five test,...
- ❑ As far as the nature of the differences among food products is known, the company can use a grading test such as paired comparison test, to position different products according to their sensory characteristics.
- ❑ Three types of tests can be used:
 - **Ranking test:** Assess noticeable differences between several food products depending on the intensity of the difference
 - **Scoring test:** Assess the specific intensity of the sensory characteristics of food products.
 - **Descriptive test (also sensory profiling):** Describe and evaluate both the intensity and quality of perceived product characteristics.



SENSORY ANALYSIS

SUMMARY

ANALITICAL TESTS

TYPE OF TEST	QUESTIONS
Discrimination test Triangle Trio-Duo Two out of five	Which sample is different? Which sample is different from the reference sample? Which three samples are the same type?
Grading test Paired-comparison test Ranking test Scoring test	Which sample is most (sweet, bitter, etc.)? List the samples in increasing order of intensity for a selected attribute (sweet, bitter, etc.)? How (sweet, bitter, etc.) the sample is?
Descriptive test Quantitative Descriptive Analysis® flavour Profile® Texture Profile® Spectrum Descriptive Analysis Free-Choice Profiling	Are the products different and how do they differ

AFFECTIVE TESTS

TYPE OF TEST	QUESTIONS
Paired comparison test	Which do you prefer? Which do you like the most?
Ranking test	Rank this product by preference
Hedonic scoring test	Asses the degree of pleasure or liking on a scale



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Source: *Swiader & Marczevska (2021)*

SENSORY ANALYSIS

AFFECTIVE TESTS

- ❑ The **affective tests** can assess the sensory acceptance or preference of a food product by the consumer, its hedonic reaction. They can be:
 - Paired comparison test: the consumer chooses the sample they prefer or like most from two or more.
 - Ranking test: the consumer ranks the product according to their preferences.
 - Hedonic scoring test with scales: the consumer determines the scale of preference between the products or the degree of pleasure/liking the product gives.
- ❑ An example of a qualitative affective sensory test is the focus group, a rapid method to test the product and packaging concepts and ideas.



SENSORY ANALYSIS

EXAMPLE

Sea chips were introduced in the UK as the first handcrafted salmon skin chips using the often wasted salmon skin. A sensory analysis is crucial for the introduction of this innovative fish product into the market.



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3. SERVICES

3.1. CONCEPT

Service: *"an intangible offering that involves a deed, performance or effort that cannot be physically possessed" (Grewal & Levy, 2019).*

"an intangible customer benefit that is produced by people or machines and cannot be separated from the producer" (Grewal & Levy, 2019).

- ❑ Most of the market offerings lie somewhere in the continuum of a pure service to a pure good, and in turn, include some service and some good. For example, dining at a restaurant both contains elements of a good –the menu, the food served, etc.-and of a service.
- ❑ Even companies that are primarily engaged in selling physical goods, view service as a method to maintain a sustainable competitive advantage. For example, an apparel store sells garments, but the service provided to customers becomes increasingly important to compete in the Marketplace.
- ❑ In this context, the concept of customer services refers to activities that companies undertake to help satisfy their customers' needs and wants. For example, a hypermarket offers customer services such as free parking, purchase home delivery or financing services.



3. SERVICES

3.1. CONCEPT

- ❑ The main characteristics of services are the following:
 - Intangibility: Refers to services that are intangible and do not have a physical existence. From the customer's point of view, this attribute makes it difficult to evaluate or compare services prior to experiencing the service.
 - Inseparability of production and consumption: Refers to services are produced and consumed at the same time. That is, services cannot be provided separately from production and consumption; thus, leading to short distribution channels.
 - Perishability: Refers to services cannot be stored for use in the future.
 - Heterogeneity/ Variability: Refers to the uniqueness of each service, given the very nature of services, and cannot be exactly repeated even by the same service provider.
 - User participation: Refers to services involve some interaction with the user, and do not result in a transfer of ownership.



3. SERVICES

3.2. QUALITY OF SERVICE MODEL

- ❑ The **quality of service model** identifies five gaps that cause the purpose to be missed:
 - Between customer expectations and management perception
 - Between management perception and service quality specification.
 - Between service quality specifications and service delivery
 - Between service delivery and external communications.
 - Between perceived service and expected service

- ❑ In this model there are **five determining factors** that have the following order of importance:
 1. Reliability: It refers to the ability to reliably and accurately perform service
 2. Responsiveness: It refers to the willingness to help customers
 3. Safety: It refers to the knowledge and courtesy of employees, in addition to the ability to transmit trust and security.
 4. Empathy: It refers to the willingness to serve customers carefully and individually.
 5. Tangible elements: It refers to the appearance of physical facilities, equipment, personnel and communication materials.



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Source: A Conceptual Model of Service Quality and
Its Implications for Future Research

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First Published September 1, 1985 Research Article

<https://doi.org/10.1177/002224298504900403>

4. BRAND

Brand: *“a name, term, sign, symbol, design or a combination of these elements, that identifies and differentiates the maker or seller of the product or service offered”* (Kotler et al., 2008).

“the set of beliefs and expectations surrounding the product that make it distinctive and differentiated from the competition” (DeChernatony & McDonald 1992).

- ❑ So, it enables the consumer to identify a particular product offering and to be aware of other products similarly associated.
- ❑ In the case of the fish food sector, branding has historically had rather lesser use than in many other food product categories for reasons related to the characteristics of the product.



4. BRAND

4.1. REQUERIMENTS

Meaningful

Extendable

Easy to read

Distinctive

Memorable

Likeability

Without negative
connotations

Easy to recognize

Protectible



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4.1. REQUERIMENTS

EXAMPLES

Meaningful: Brand names that relate to the product characteristics



Difficult to read: not adequate brand names.



Negative connotations



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4. BRAND

4.2. STRATEGIES

- **Brand extension:** Benefits from consumers' familiarity with an existing brand name in a product category to launch a new product line in another product category. This line should be closely related to the brand from which it is being extended. It entails some potential risks:
 - Diluting existing brand associations
 - Creating undesirable attribute associations
 - Failing of the new brand among consumers to deliver its promise
 - Cannibalization between the existing and the new brand.
- **Brand theft:** Represents a huge global business that negatively impacts authentic brands, damaging brand equity and attracting sales from the real brands. The high profit margins and the low law enforcement have increased the distribution of counterfeit brands, which are also distributed and sold online.



4. BRAND

4.2. STRATEGIES

Line extension:

It refers to the introduction of the new product by linking it to an existing brand name. Offering additional items of the same category as the core brand; they may include new flavours, forms, colours and packages. The main danger is overextending the product line.

Caribbean style MOWI salmon



Mexican style MOWI salmon



Japanese style MOWI salmon



Stretching the brand vertically:

It includes moving up or down in the price or quality from the core brand and it may involve sub-brands that vary in price, features and characteristics. The advantage is that expands market opportunities, while the main limitation is that it could damage the image of the core brand.



3€ (80g)



2€ (80g)

Global branding:

It is based on the existence of cosmopolitan consumers in many countries with similar tastes. The main limitation of this strategy is that global brand image and identity may create barriers to building strong identification with local markets.



Co-branding:

It refers to two well-known brand working together in promoting their products. They combine to create a product offering in which both brands play a key role. The main advantages is leveraging the customer bases of the two brands and that both brand names are used in various promotional efforts.



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4. BRAND

4.2. STRATEGIES

Internet brands:

It refers to brands that exist only on the internet. The major problems of this strategy are related with the issue of brand sustainability and the impact of web brands on the equity of conventional brands existing offline. The main advantage of this strategy is offering customers a new degree of interactivity with the brand.

Brand licensing:

It consists of the sale of a company's brand name to another company for the use on a non-competing product. The company granting the license obtains additional revenue with only limited costs and gains free advertising and communication for the core brand name. However, the main limitation of licensing is that the license may create a negative image for the brand.

Brand extension:

It benefits from consumers' familiarity with an existing brand name in a product category to launch a new product line in another product category. This line should be closely related. Some risks are: Diluting brand associations; undesirable attribute associations; failure to deliver its promise; or cannibalization.



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4.2. STRATEGIES

BRAND EXTENSION – EXAMPLE OF SUCCESS

- ❑ It will only be available in 22 stores around the world.
- ❑ It includes items such as lipsticks, makeup, balm, oils, sun powders, long-lasting enamels and brushes, with formulas of the highest quality designed by British makeup artist Diane Kendal.
- ❑ The packaging is composed of refillable containers, which favour reuse, and recyclable glass containers, all of them characterized by the diagonal inclination of their lines, inspired by the "Z" of the Zara logo.

'There is no beauty, only beauties'
(“No hay belleza, sólo bellezas”)

There is NO BEAUTY, only BEAUTIES.



*Our REFILLABLE SYSTEM
makes REUSING our products
EASY and INTUITIVE.*



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Source: [BEAUTY | ZARA España](#)

4.2. STRATEGIES

CO-BRANDING – EXAMPLE OF SUCCESS

- ❑ McDonald's uses wild-caught Alaska Pollock for our Filet-O-Fish® sandwich in the U.S., which is 100% sourced from sustainable fisheries.
- ❑ The MSC "is proud to support McDonald's and its commitment to sustainability." The fast-food giant has been serving four kinds of MSC-labelled sustainable fish in European locations since October 2011 (cod, haddock, Alaska pollock and New Zealand hoki). In the U.S. also serves Alaskan pollack, as well as less sustainable whitefish.
- ❑ They also tried to launch the product Fish McBites in three sizes: Snack (10 pieces), Medium (15 pieces), and Shareable (30 pieces). They got their debut in February 2013, but were discontinued in late March 2013, due to a lack of sales.



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4. BRAND

FISH SECTOR

- ❑ Having a brand name for fish products is ranked low in importance by end consumers as a reason for purchasing and consuming fish. Most of the wild-caught fish is sold unbranded as well as some frozen, cut and filled fish products.
- ❑ In most of the cases, the region of the fish becomes the brand name, not the company harvesting or selling the fish. For example, Norwegian salmon, Portuguese sardines, etc. Therefore, the “country of origin” could act as the most important signaling information.



5. DISTRIBUTION CHANNEL

5.1. CONCEPT

Distribution channel: set of approaches, methods and techniques that companies use to efficiently integrate their suppliers, manufacturers, warehouses, stores and transportation intermediaries into an operation in which merchandise is produced and distributed in the right quantities to the right locations and at the right time.

- ❑ All distribution channels take the **form of** a direct channel, and indirect channel or a combination thereof:
 - Direct channels: there are no intermediaries between the buyer and the seller.
 - Indirect channels: one or more intermediaries work with manufacturers to provide goods and services to end consumers.

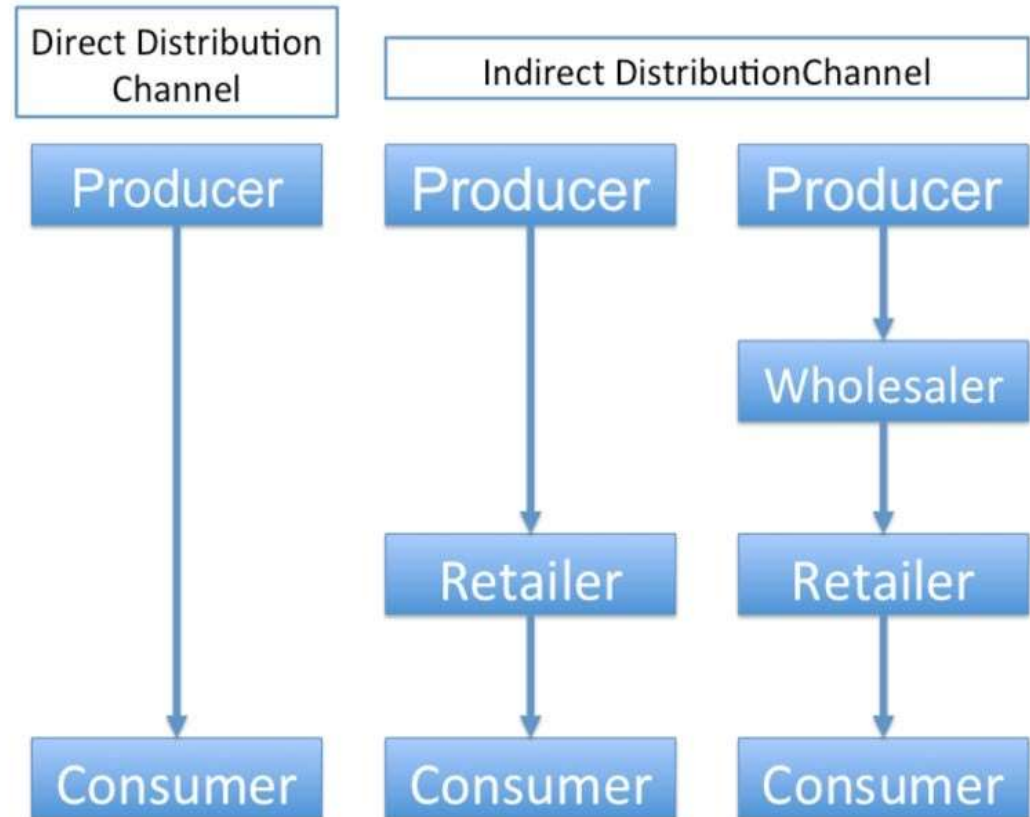


5. DISTRIBUTION CHANNEL

5.1. CONCEPT

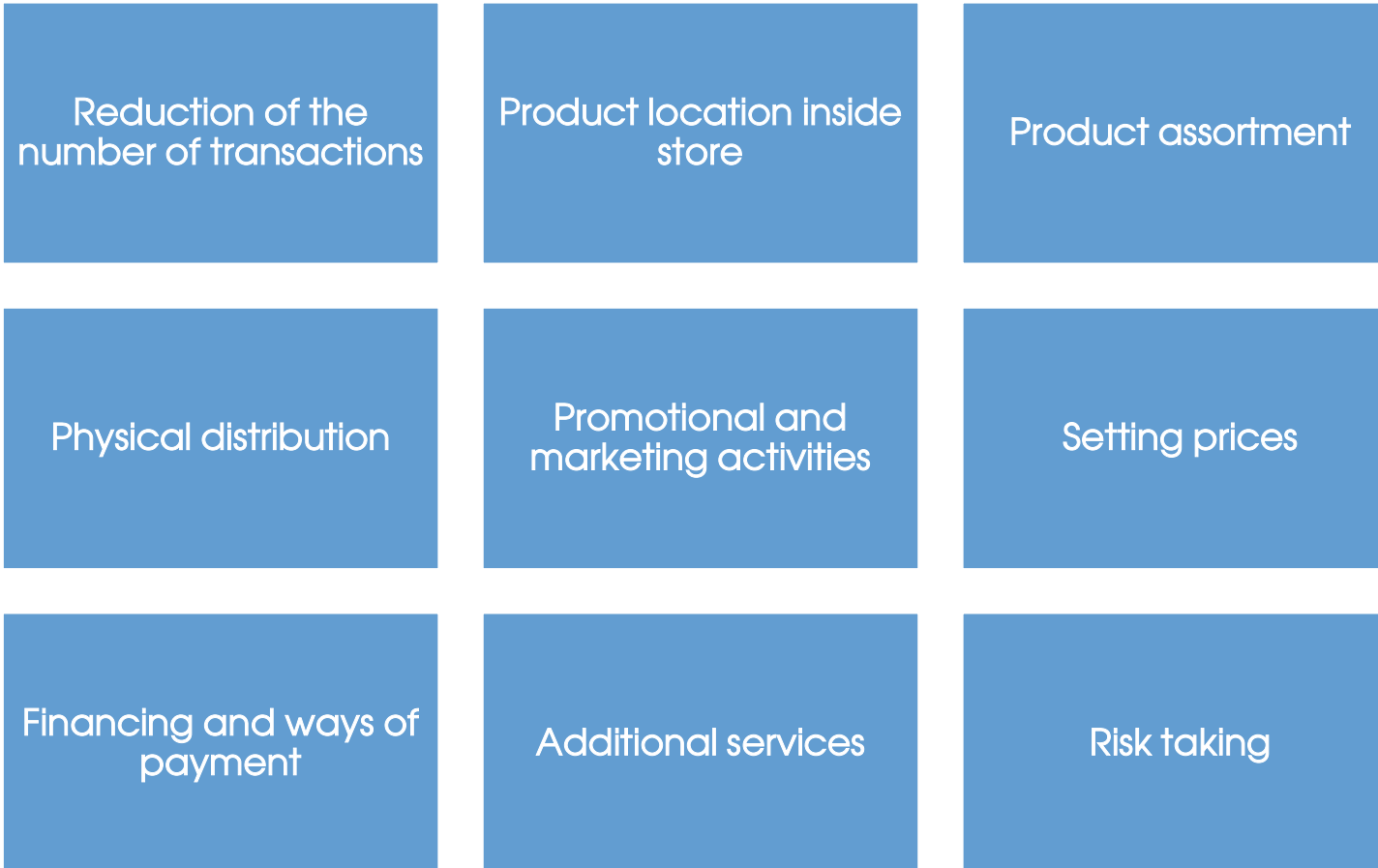
Differences between distribution channels:

- 1) The **direct distribution channel** does not have intermediaries between the manufacturer and the end consumer.
- 2) The **indirect distribution channels** have at least one intermediary between the manufacturer and the end consumer.



5.1. CONCEPT

FUNCTIONS

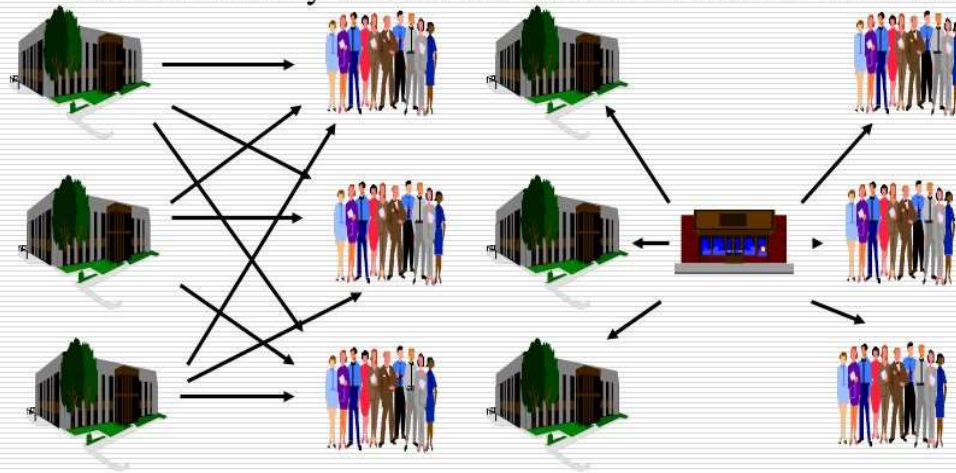


5.1. CONCEPT

INTERMEDIARIES

Why Use Marketing Intermediaries?

An intermediary reduces the number of channel transactions



Number of contacts without a distributor
 $M \times C = 3 \times 3 = 9$

Number of contacts with a distributor
 $M \times C = 3 + 3 = 6$



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5. DISTRIBUTION CHANNEL

5.2. FORMATS



Supermarket: It is a self service store designed to meet total needs for food and household products. Includes numerous product lines. Less than 800 square meter sales area.



Hypermarket: It is a self service store designed to meet total needs for food and household products, as well as non-food products like clothing, furniture or home appliances. More than 800 square meter sales area and often located at suburban shopping agglomerations.



Discounter: It offers lower prices by offering poor services and operating in a warehouse-like facilities in heavily commercial areas. Low markup, low margin and high volume of products.



Specialty food store: It includes short product line and broad deep assortment. High markup and low volume of products. Offer high quality, exclusive or traditional products.



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5. DISTRIBUTION CHANNEL

5.2. FORMATS



Open/closed markets: It carries out the commercialization and selling of fresh and perishable food products. Usually controlled and managed by the public administration.



Convenience stores: It includes small stores in residential areas that carry a limited products' line of high-turnover convenience goods. Could open seven days a week (24/7)



Department stores: It carries a wide variety of product lines, and customer services remain their key differentiation.



Shopping mall: It is a shopping centre with a large structure managed by a single company, housing a variety of retail shops and services, located in a suburban setting.



Outlet: It offers prices 30 - 50 % below retail on a wide range of off-season items. Offer branded products at substantial savings.



Category killer: It is a giant commercial size space that carries a very deep assortment of branded products of a particular product line.



5. DISTRIBUTION CHANNEL

5.3. LOCATIONS

- ❑ The location of the value-added fish products in the food retail point of sale is important and some studies suggest the supermarket's deli section as a suggested placement. The reason is that the deli section or the deli corner is where the consumer shops for meals, rather than items.
- ❑ End consumers do not request a species of fish that are not available in the food store or supermarket at the time of purchase as they do not ask for the fish species that is not on the menu of a restaurant. In addition, restaurant chefs serve as the gatekeepers for what the customer will order. The species of fish that restaurant chefs purchase depend less on price and more on what species of fish is available when needed.
- ❑ The fish species offered and commercialized by food retailers such as supermarkets and specialty stores is directly related to its availability and price. The fish caught as wild and fish farm-raised for resale to intermediaries or for food for the end consumer represent a "processed food" sector.
- ❑ The intermediaries in the processed food sector of the supply chain are often referred to as wholesale distributors, restaurants, food retailers (supermarkets, hypermarkets and specialty retail fish suppliers), and food catering institutions (workplace cafeterias, schools, health care facilities, etc.)
- ❑ Food retailers feel it is their responsibility to enhance and positively influence the end consumer's attitudes and behaviour by making them more comfortable with purchasing fish. From their standpoint farm-raised fish exhibits valuable characteristics for distribution, namely, consistency in supply, quality, and pricing



5. DISTRIBUTION CHANNEL

5.3. LOCATIONS

- ❑ Fish can be found in restaurants, supermarkets, fish markets, specialty stores, school cafeterias, workplace cafeterias (collective catering or institutions), and hospital cafeterias. The consistent price and availability of farm-raised fish are the key factors for institutions and schools to serve fish regularly.
- ❑ Distributors and food retailers carry what is available and what institutions, restaurants and consumers are demanding. Fish is not something that is always put on a shopping list. Therefore, food retailers and distributors must work at drawing the customers to the fish. Both the uninformed consumer and the consumer who is intimidated by purchasing and preparing fish at home turn to restaurants for their initial consumption and purchases of fish.
- ❑ Some food retailers have cut out the channel intermediaries by dealing directly with fish farmers and producers. This strategy aims to ensure that the quality and freshness of the fish are passed on to the end consumer by shortening the distribution channels.



5. DISTRIBUTION CHANNEL

5.3. LOCATIONS

- ❑ Supermarkets and food retailers should advertise whether the fish commercialized is farm-raised or wild caught. They play a critical role in educating the consumer about fish and fish products. Distributors and food retailers do not have problems acquiring a supply of fish in general. However, distributors may face a problem obtaining a supply of a specific species of fish although it is not a major task to substitute one species of fish for another.
- ❑ Food retailers and distributors aim to develop relationships within the supply chain, these require trust among the members of the distribution channel, and it is supported with a continuous supply of quality fish and fish products at competitive prices.
- ❑ When food retailers are choosing what products to carry in the supermarket, they should visit local restaurants to see what fish products are being served and to observe the characteristics that are being ordered by consumers at the restaurants.
- ❑ It is recommended that supermarkets and food retailers carry fewer fish items and concentrate on quality and consistency. In addition, they need to ensure that what is sold is ready for the consumer to eat with little or no preparation required.



5. DISTRIBUTION CHANNEL

5.3. LOCATIONS

- ❑ The two biggest problems with selling fish at the store are getting the customer to see the fish and their lack of knowledge about preparing the fish.
- ❑ In the supermarkets and food retailers the fish counter must be clean and odorless. The main reason is that customers who are already fearful of the safety of fish, an uninviting or dirty fish counter will prevent them to buy fish.
- ❑ The attractiveness, lighting and staffing of fish counters can project a safe and positive/pleasant image for fish that appeals to consumers. A friendly and knowledgeable staff can increase the sales of fish, so retailers who invest in their staff get positive results.



5. DISTRIBUTION CHANNEL

5.3. LOCATIONS

- ❑ Restaurants play a central role in fish consumption. Chefs have the task of creating an enticing fish dish and presentation to promote fish consumption. The customer is looking for information on how to prepare different species of fish at home. More specifically, restaurants give them the ability to try different fish species without having to prepare the fish.
- ❑ Sensory images of fish products come into consideration at restaurants. So, the way in which the fish is illustrated on the menu, the smell of the restaurant, and the look of the dish all contribute to enhance customers' sensory perceptions and increase the likelihood that fish will be ordered.
- ❑ Education and training are important. Therefore, the manner in which the staff of the restaurant explains or promotes fish and the extent of their ability to answer the customer's questions influence their order.



5.3. LOCATIONS

EXAMPLES

Comparing a US specialty deli store “Whole Foods” with a conventional supermarket: product convenience and location are key factors.

Supermarkets and food retailers can promote fish with actions such as tastings, show cooking, promotional gifts, creative presentation of the products..



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5.3. LOCATIONS

FISH SUBSTITUTION

- ❑ Distributors substitute one species of fish with similar price, texture, and taste for one that they cannot obtain or is not price competitive. This strategy gives the illusion that the supply of fish is not a problem if the customers are willing to substitute one species of fish for another
- ❑ They do not have a fish supply problem, but they may have a problem obtaining a specific species of fish. Therefore, when necessary, the distributor will substitute one species of fish for another to offer it at the store. The ability of the fish farmer to identify the species of fish in short supply and to know which species of fish can be farm-raised as substitutes at competitive prices could represent a potential opportunity.
- ❑ **Food substitution at the store:**
 - 1) The species of fish being substituted for another species need to be similar in flavour and texture and have the same colour so that the preparation of the end product would remain somewhat the same.
 - 2) If the costs associated with obtaining the substitute species of fish are similar to or less than the costs to obtain the fish being substituted, the substitution is likely to be successful.



5. DISTRIBUTION CHANNEL

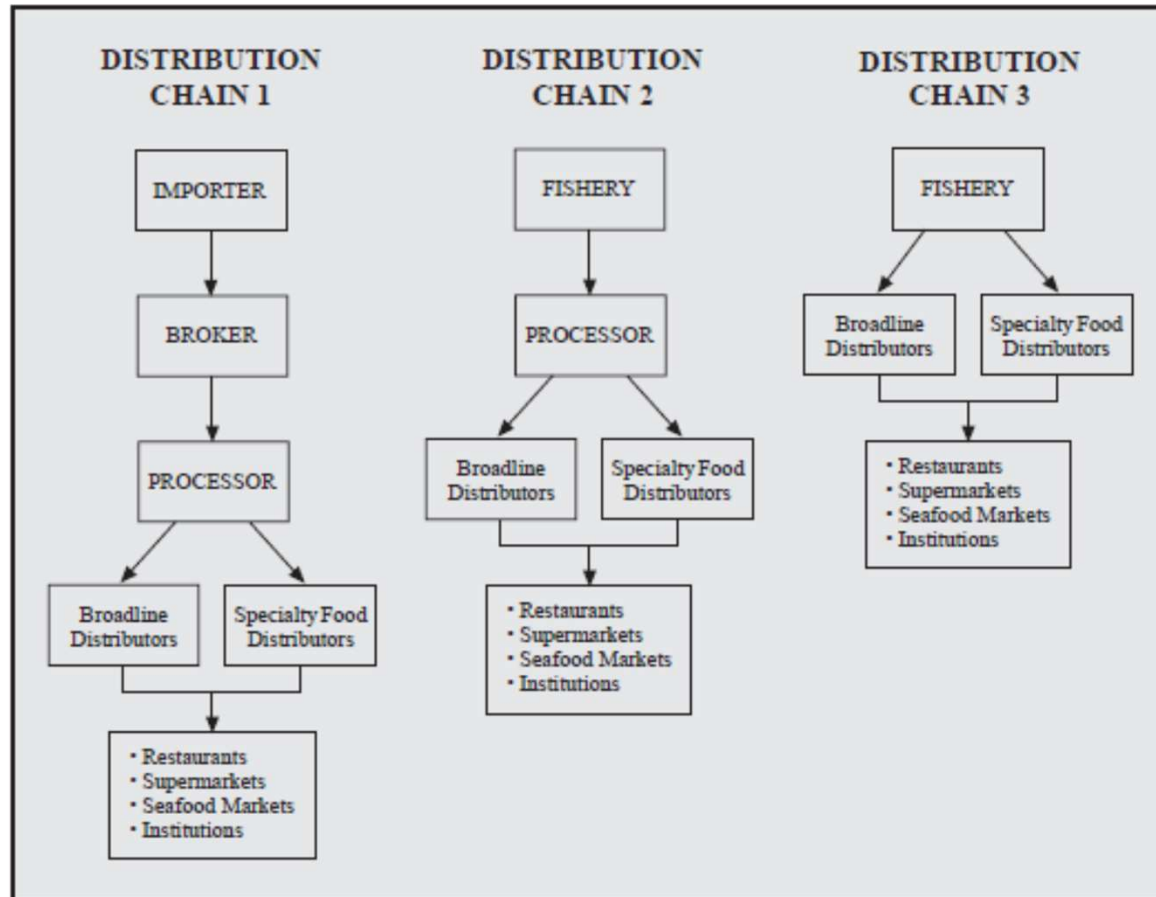
5.4. SHORTENING THE CHANNEL

- ❑ Fish can go through three or four different hands before reaching the customer in a supermarket or restaurant. The length of time it takes to reach the end customer cuts into the freshness and quality of the fish and it increases the final price.
- ❑ A shorter distribution channel shortens the time it takes the fish to reach the end consumer. Depending on the species of fish, the freshness can last from two days following catch to ten days before the product must be frozen or consumed. This factor provides the fish producer or farmer with an opportunity to deal directly with food retailers and restaurants if they are able to provide the species of fish needed.
- ❑ Knowing when your fish will be harvested and getting the product to the supermarket or restaurant immediately, will increase the quality and freshness of the product. When fish farmers and producers directly sell to the restaurants and supermarkets it will potentially give them more control over setting prices and retaining some of the profit that would normally have gone to the distribution channel intermediaries.
- ❑ Different alternative distribution/supply chain structures are applicable to the fish industry. The fish farmer needs to consider the level of involvement and role to be played in the distribution/supply chain and position the business accordingly.



5.4. SHORTENING THE CHANNEL

POSSIBILITIES



5.4. SHORTENING THE CHANNEL

POSSIBILITIES - EXAMPLES

Fish stores now are creating vending machines where they can sell their products at any hour of the day. They prepare the fresh product on the counter, package it and put it in the machine, ready for anyone to buy 'fresh and clean' fish whenever they want.



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6. PRICING

- ❑ Price directly impacts the financial performance of the company and is a key influence on consumers' perception of products and brands.
- ❑ It is strongly and closely related with product quality, specially when consumers have difficulty in evaluating complex products. For example, in luxury products a high price is linked to the product exclusivity.
- ❑ It has many possible uses as a critical strategic instrument but its important role as a competitive tool was emphasized due to the economic downturn of year 2008.



6. PRICING

6.1. ROLES

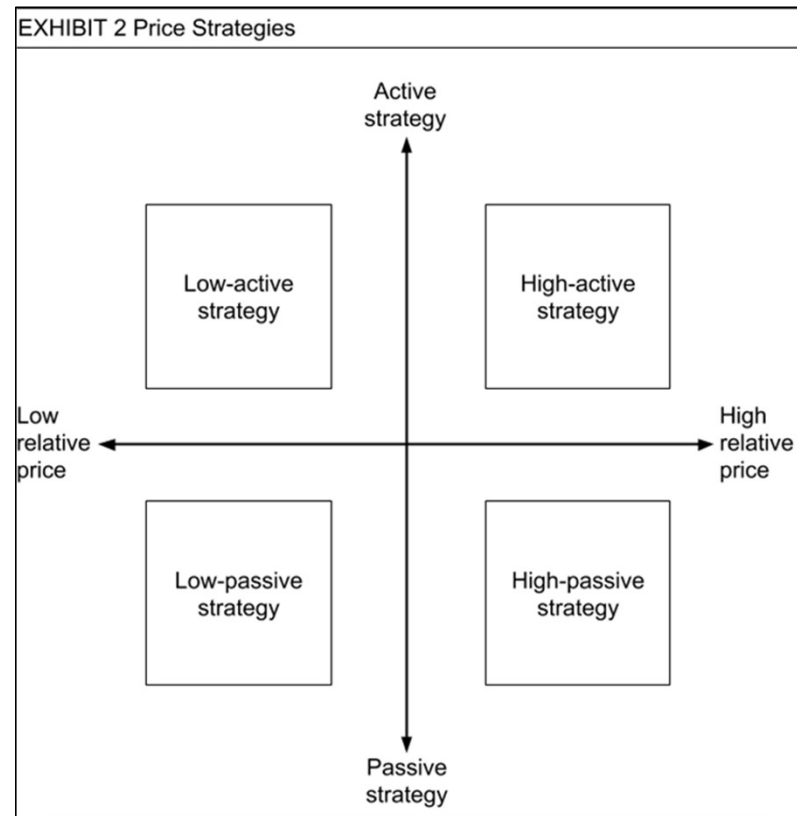
- ❑ Signal to the consumer:
 - Offers a direct way of communicating with consumers and provides a basis of comparison among brands.
- ❑ Instrument of competition:
 - Offers a way to quickly attack competitors, or alternatively to position a brand or product away from direct competition. This role is particularly important in times of recession.
- ❑ Improves financial performance:
 - Along with costs the financial performance of the company is determined, and pricing strategies need to be evaluated in their estimated impact in the short and long term.
- ❑ Variable in the marketing plan:
 - Depends on how other marketing variables are used and developed in the marketing plan. In addition, they could be used to reinforce promotional and communication activities.



6. PRICING

6.2. STRATEGIES

Pricing strategies based on high/low prices and active/passive price communication



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6. PRICING

6.2. STRATEGIES

- ❑ High-active strategy:
 - It is emphasizing a high price in promotional activities as intended to convey the consumer that the expensive product/brand offers superior value. Traditionally its used to position products as premium.
- ❑ High-passive strategy:
 - It refers to market high-priced products or brands by featuring non-price factors, rather than using high-active strategies. For example, product performance, quality or features could be stressed.
- ❑ Low-active strategy:
 - It is adequate when price is important for a large segment of consumer, when competition for the target market is not heavy or when the company has cost advantages.
- ❑ Low-passive strategy:
 - It is not emphasizing a low price, so the company runs less danger than potential consumers assume that the product/brand is inferior to other alternatives. It could be used by small companies whose products and brands are not familiar to consumers.



6. PRICING

6.3. IN THE FISH SECTOR

- ❑ Competitive prices and the availability of a species of fish determine what the distributor buys and sells to consumers, restaurants and food retailers such as supermarkets. Price sensitivity occurs at each level of the fish supply chain.
- ❑ Distributors will not buy what is too expensive to sell, instead they will seek an alternative species of fish and seafood to sell to the intermediaries in the distribution system/supply chain.
- ❑ The fish that is available to the supplier and reasonably priced to the end consumer is what is offered for sale, in restaurants, in food retailers (supermarkets) and in food catering of institutions. In restaurants, customers are willing to spend more money on fish products because they are paying for the experience in addition to the meal.
- ❑ Price was the number one factor for sales of all species of fish. The relationship between price and perceived value is more important to consumers than price alone. Some customers would pay more if they knew the quality of fish was high.



6. PRICING

6.3. IN THE FISH SECTOR

- ❑ The primary reason fish consumption has declined over the last several years is its higher prices relative to meat. The increase in fish farming has helped to stabilize the prices of many species making it affordable for all types of restaurants, schools, and institutions to offer fish in their menus.
- ❑ The profit margin, however, for the fish industry is relatively small. Therefore, the availability of a steady supply of larger quantities becomes important when considering the financials of the business.
- ❑ The distributors and chefs of restaurants report that their knowledge of prices is directly correlated with the number of years they have been in the industry. These actors have a sense of what to purchase at what prices and what their customers want and are willing to pay.
- ❑ Price is a contributing factor to determining the menu, but it becomes a concern if that price changes over a time period.
- ❑ As the market price for fish is different for wild-caught fish, the fish farmer is in a better position to maintain costs and thus maintain the price levels of the fish sold to restaurants, retailers or supermarkets.





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