

## Which trends offer opportunities or pose threats to the European fish and seafood market?

The European fish and seafood market is experiencing rapid growth. Product premiumisation, created through trends in the communication of sustainability, certification, transparency, health and romantic origin stories, as well as industry consolidation, act as driving forces behind this growth. At the same time, the increased bargaining power of international company groups and negative trends, like mislabelling, put pressure on the bottom line of producers. Being aware of how these trends affect your business is an important ingredient to success.

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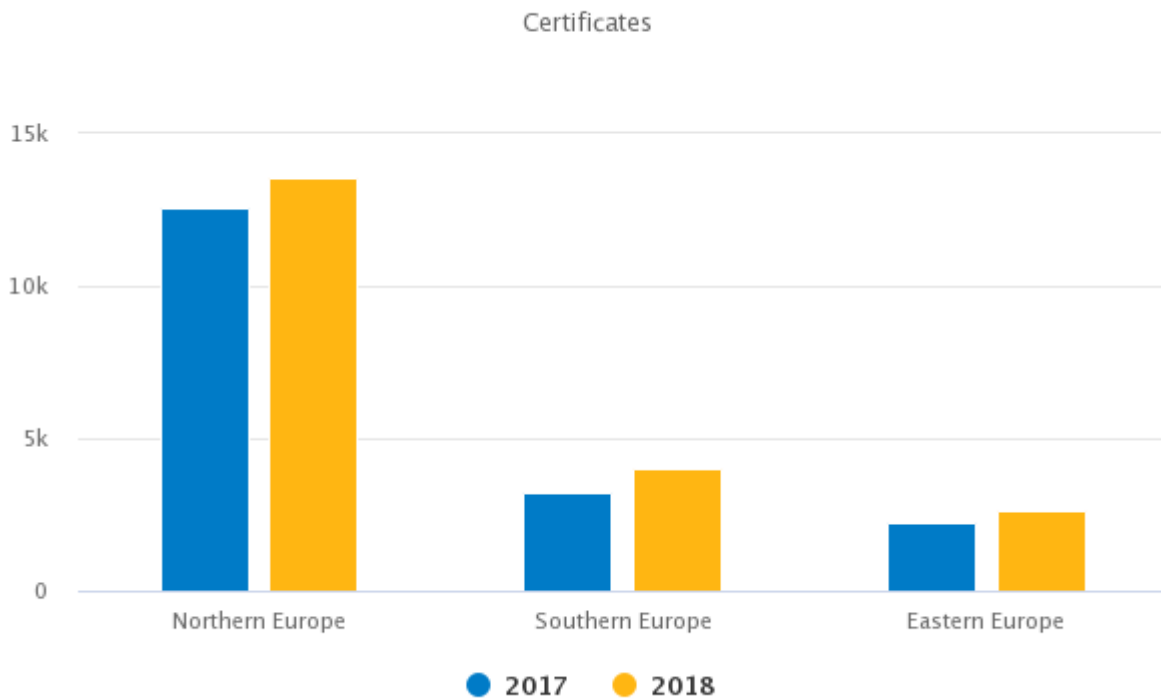
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## 1. Sustainable certified fish and seafood continues to gain market share

European and US retailers are leading the trend of only selling sustainably certified seafood. For a long time in Europe, this trend was limited to North Western Europe and the Nordic countries. In 2019, however, Southern and Eastern Europe has shown strong growth in their offerings of sustainably certified seafood.

There are many sustainability certifications out there but the Marine Stewardship Council (MSC) and the Aquaculture Stewardship Council (ASC) are the main ones to which European retailers have committed for wild caught and aquaculture fish and seafood. Figures 1 and 2 show the growth of these two certification schemes over the last two years.

**Figure 1: MSC Certificates per region in 2017–2018**



Source: Marine Stewardship Council (2019)

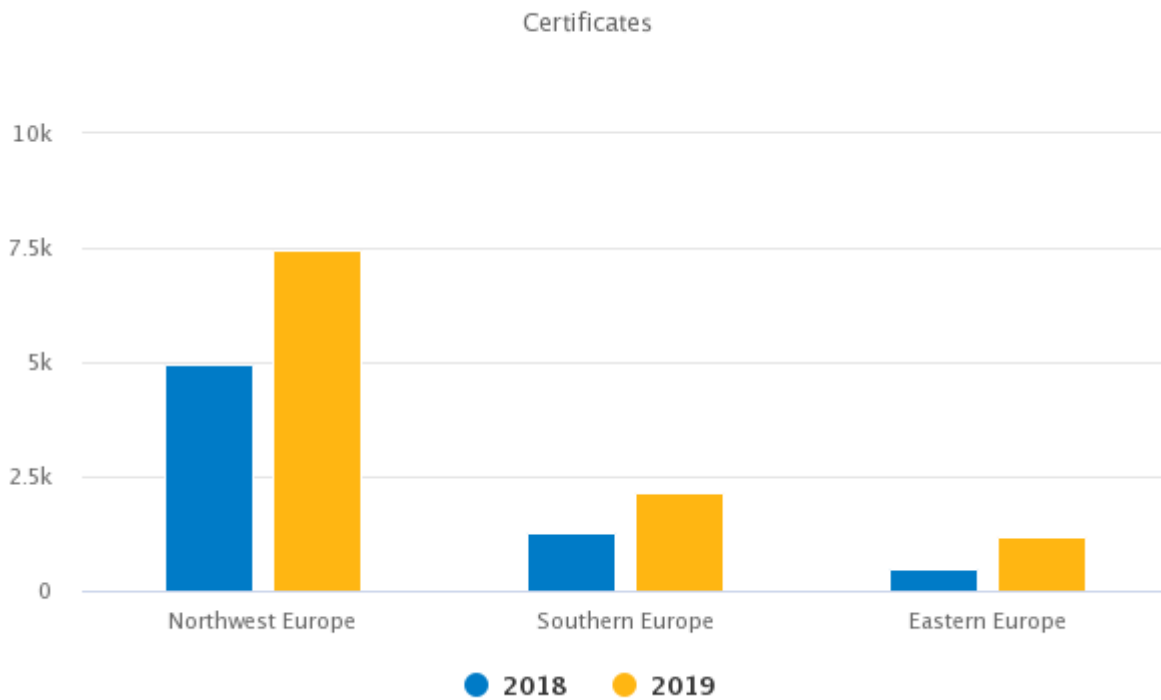
In 2018, almost 800,000 tonnes of MSC certified seafood was sold on the European market, compared to about 650,000 tonnes in 2017. This is an increase of nearly 25%. MSC certified products include whole fish and fish fillets, crustaceans (mainly cold-water shrimp), and canned fish (mainly tuna). Increasingly, other products that include fish and seafood, such as pet food and shrimp crackers, are also sourcing sustainably certified fish and seafood.

North Western Europe and Scandinavia still account for the largest share of the European sales of MSC certified fish and seafood, with a volume of about 700,000 tonnes. After Germany and the UK, France has now become Europe's third largest market for MSC products, taking over from the Nordic countries, which MSC collects data for as a group.

The 25% growth in the volume of MSC certified seafood sold was mainly accounted for by Southern Europe. The volume of MSC products sold in France grew by 93%, Italy and Spain by 70% and Portugal by 35%. Although still small, Eastern European countries doubled their sales of MSC certified products to 50,000 tonnes.

ASC was founded much later than MSC but is rapidly growing and catching up. In May 2019, there were 936 ASC certified farms, and another 311 in assessment, most of which are expected to be certified soon. At the start of 2019, these farms and their supply chain partners brought almost 15,000 types of ASC-certified products to the European market. This is an increase of nearly 50%, compared to a year before.

Figure 2: ASC Certificates per region in 2018–2019



Source: Aquaculture Stewardship Council (2019)

In terms of geography, ASC is rapidly expanding the number of products available in markets all over Europe. Looking at year on year growth figures, North Western Europe increased sales of ASC certified products by 50%, Southern Europe by 71% and Eastern European sales more than doubled between May 2018 and 2019. The biggest markets within Northwest Europe, Southern Europe and Eastern Europe are respectively Germany, France and Poland.

ASC currently certifies farmed salmon, pangasius, tilapia, shrimp, sea bass and sea bream, trout, bivalves, and seaweed.

Although general consumer awareness about sustainability has played a role in the development of MSC and ASC, the main factor is the commitment that international retail groups have made at the corporate level. While their commitments originated from consumer demands in North Western Europe or in some cases the US, now they require their group companies in other markets to meet the same targets.

In practice, this means that all seafood on offer in their product range has trustworthy certifications that are recognised by the Global Sustainable Seafood Initiative (GSSI), a global initiative that benchmarks seafood sustainability standards. GSSI recognised certifications include ASC and MSC, but also others like Best Aquaculture Practices (BAP) and Global GAP.

Once the international retail groups introduce certifications to a new market, other food service and retail companies must offer certified products to remain competitive. As a result, within a couple of years, we expect that the majority of fish and seafood sold in Southern European retail and institutional food services will be sustainably certified, just like in North Western Europe and the Nordic countries.

[Ahold Delhaize, Europe's fourth biggest retailer](#) with supermarkets in the Netherlands, Belgium and Greece, as well as the US and Indonesia, is an example of retail company that has made a group-wide commitment to sourcing sustainable seafood. On its website, Ahold Delhaize explains that they are working hard to make sure that all fish and seafood sold under their private label is sustainably sourced. If certification is not available for specific species (which is the case for certain species among the product they offer in Greece), they work with social partners like the WWF to take a close and critical look at the supply chains of those products. Together, they ensure that Ahold Delhaize does not source seafood that has a negative effect on people or the

environment.

A criticism of ASC and MSC is that their standards are not readily applicable for small-scale producers. Some small-scale producers lack the capacity to implement standards at the fishery or farm level and it is often too difficult to organise the farmers in such a way that ensures chain of custody. However, ASC and MSC are making their standards increasingly accessible to small-scale fisheries and aquaculture operations, making it easier and more affordable for small-scale producers to gain certification.

### Tips:

The ASC shares a lot about the [ASC standards](#), recently released [group audit standard](#), and the [ASC improver programs](#) and publishes a [monthly ASC certification update](#). Staying up to date will help you to understand certification requirements and options for support in getting certified.

The MSC shares a lot about [the MSC fishery certification guide](#) and [capacity building program](#), which can help understand the requirements of and potential support for certification. Learn about the growth and market expansion in [MSC's annual report page 32](#) to learn about MSC's expansion from 2008 to 2018.

Read the [CBI Market Statistics and Outlook](#) study for a greater understanding of regional definitions differences in their consumption and import patterns.

Ask your customers about their sustainability certification requirements. When possible, partner with the importer and get their support in becoming certified. Check what Ahold Delhaize says about the importance of sustainability for their fish and seafood assortment as an example of what will be required for a growing number of your potential partners.

Do not look at MSC, ASC and other certifications as a means to get a premium price for your product, look at it as a market access requirement for Europe's retail market. Take a closer look at the [Global Sustainable Seafood Initiative](#) and their benchmark of sustainable seafood standards. It will help you determine which certification standards to consider when you want to access the European market.

## 2. Storytelling: Purchases that empower

The new generation of European consumers care about the story behind your products. Whether it is a story about the health benefits of your products or the sustainability of your production methods, particularly if your client is in retail and your packaging reaches the end consumer, your story adds value. These consumers have an appetite for authentic, healthy, and sustainable products. In a crowded market place, your story may allow you to attract more consumers to your product and increase your margins.

To tap into this trend, you must think about your product and the story that it tells. This story can be about the production practices used, the type of producers that are involved or even the health benefits of your products. Imagine the romantic image of a happy but small-scale farmer who sustainably grows tilapia. Imagine how seeing this image on a package appeals to the emotions of the end user, as they choose between one tilapia fillet and another.

There are several ways to develop a story around your product. You can do this together with your client, taking advantage of their intimate market knowledge. Or, it can be done in partnership with other producers in your area to develop a joint brand or a campaign for your products. It all starts with you looking at the unique selling points that your company and the products that you sell have.

[The Dutch Seafood Company](#) is a shrimp importer that works with their source companies and applies origin

branding to one of its product lines (figure 3). This company achieves product premiumisation by displaying the name of the country of origin and an image that represents that country on each package. On shrimp from Guatemala, for example, the image features a volcano and temple. How romantic is that?

By setting its South American shrimp products apart from its Asian competitors, the Dutch Seafood Company may be able to sell the product at a slightly higher price, making it possible to source the higher priced products that come from this region. Without this effort, it is unlikely that their clients would be willing to pay a higher price for this product and would require the Dutch Seafood Company to source from cheaper origins. The Dutch Seafood Company, therefore, seeks out producers, like you, to develop these stories and bring products to market.

Figure 3: new retail product line for shrimp from the Dutch Seafood Company



Source: Undercurrent (2019)

The one-by-one Indonesian tuna branding initiative, on the other hand, is made up of a group of Indonesian tuna exporters who have developed a joint production method-based brand (see figure four). This is another example of storytelling being successfully employed to conquer space in the market. This group of companies have a similar ambition and can achieve product premiumisation by uniting to position their products as a high-end brand in the market.

One-by-one tuna branding focuses on highlighting Indonesia's long-standing tradition of pole and line caught skipjack and handline caught yellowfin tuna. The [brand website](#) promises a product that is superb in quality and sustainable by tradition. Products sold under the brand are sold in a universal package, which shows the brand logo and slogan and carries a deep blue colour. It sets participating companies apart from other tuna producers.

The one-by-one Indonesian tuna website allows the visitor to read the story and commitments behind the brand, as well as find facts and figures, and suppliers that can sell the brand. In the website's [suppliers list](#), it becomes clear that 36 companies in Indonesia can supply this brand.

Figure 4: A picture used in the promotion of One-by-one Indonesian Tuna



Source: [indonesiantuna.com](http://indonesiantuna.com) (2019)

It is important to understand that the stories these companies tell about their products are true. This is not a fairy-tale. They have looked at the unique selling points of their producers and have tried to (simply) communicate this on the package. If you cannot ensure that the story is true, it's better not to tell the story at all. We will come back to this point later in the CBI Trends Analysis when we introduce our next trend: traceability. The emergence of these brands is further evidence of the increasing importance of storytelling in branding.

### Tips:

Develop a story around your brand when selling to markets in which the consumer sees your packaging; think about the retail and wholesale market. Even in the B2B market, your brand story can give you an advantage over your competitors.

Start telling your company's story now as, though it is not a market entry requirement yet, it is a growing trend and increasingly important to the end user. Get ahead of your competitors.

Take inspiration from other companies successfully telling stories to create a brand identity.

Check the [Fish Tales brand](#), a major sustainable seafood brand in North Western Europe, that tells the story of the producers of the seafood in their product range on package and online.

Check the [Selva Shrimp](#) brand which tells the story of mangrove-friendly shrimp farming to set its product apart of other sustainable shrimp.

Check the website of [German-Vietnamese seafood company Binca](#) who tries to set its products apart by storytelling in online and offline communication materials.

### **3. Digitisation as a means to improve traceability and transparency**

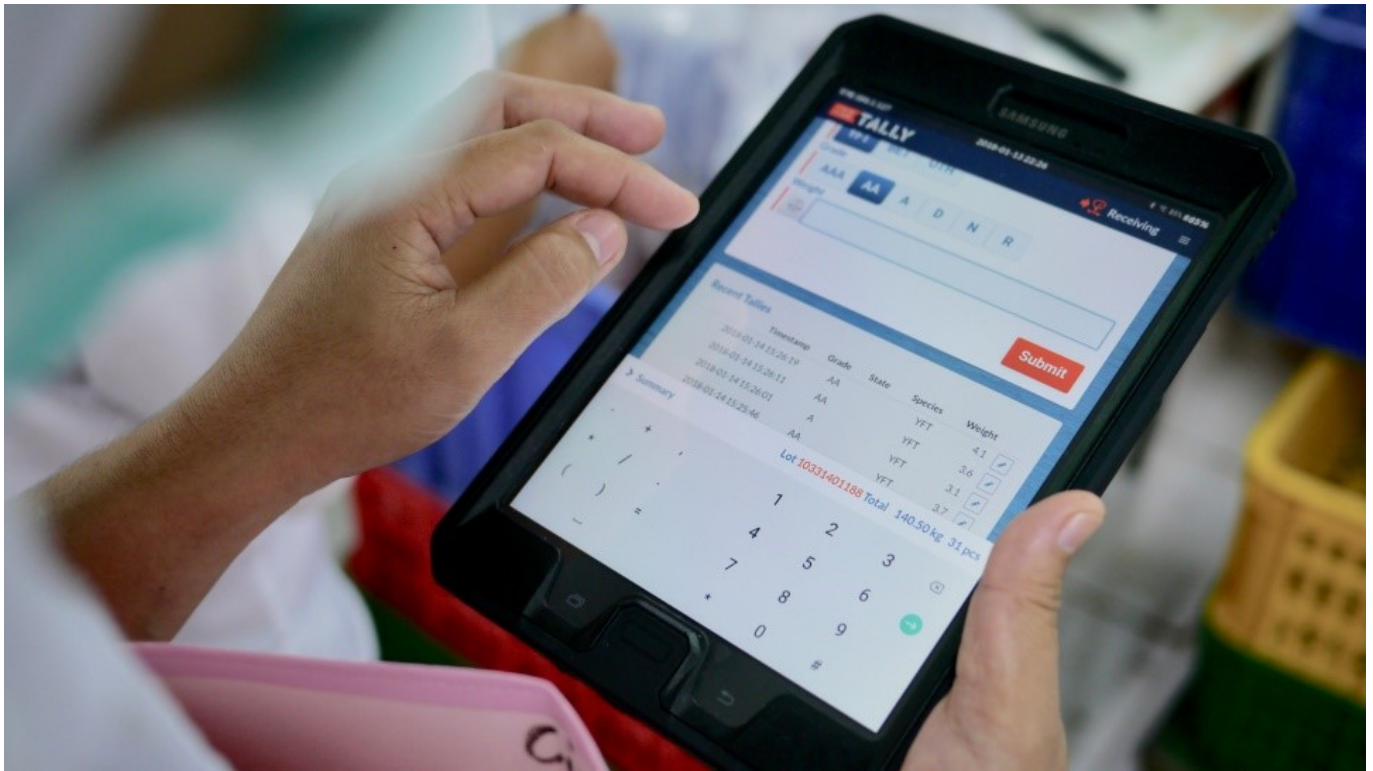
It is not only that European regulations on traceability have become more stringent, European consumers also want to know where their products come from. Market requirements on traceability continue to expand, meaning that meeting Europe's legal requirements alone may no longer be enough. Modern technologies like blockchain and tally software make it possible for you and others in the supply chain to fully digitise your processes.

Digitisation does not only facilitate traceability, it will also allow you to verify that the stories that you tell about your products are genuine. This is important considering the added value of storytelling. If your story claims that the products you sell come from a specific group of farmers, then you need to be able to provide proof that this is true. Digital technologies like block chain, tally software, and other verification tools can help.

Blockchain is one of the 'buzzwords' of the moment, and you would not be the first one applying it in seafood. The idea of blockchain is that every transaction along the supply chain is captured online and can never be changed. In this way, supply chain activities, and the distribution of margins become more transparent. While non-governmental organisations (NGOs) try to use blockchain to bring more income back to the farmer, some leading seafood companies use it to show their customers that they can offer full transparency.

Tally software, on the other hand, can replace all the paperwork that your staff is currently using to keep track of what happens in the factory. Being able to show your customer that you have digitised all the paperwork in your factory will make you look more professional and potentially make you one of the preferred suppliers for many of your European customers.

Figure 5: The use of Tally software in a processing factory



Source: thisfish.info (2019)

Besides guarantees about the source of the product and your ability to trace back where problems have occurred, traceability in itself is a story that will help you to sell. Imagine that you have a database of every boat that you buy your products from and for every package that you sell you can let people scan a QR code which will show them the boat and fisherman where the product is sourced from. This is a story that will sell and create product premiumisation around the traceability and transparency of your operations.

Although it will take a while until digitisation is the new standard in the fish and seafood industry, there is no doubt that, eventually, it will happen. If you invest in digitising your paper trails now, you will be a frontrunner and have another unique selling point to bring to your customers.

### Tips:

To learn more about blockchain in seafood check [WWF's project in the Pacific region](#), [Fishcoin's Blockchain for small scale fisheries](#) or global seafood giant [Bumble Bee's recently launched blockchain platform](#).

[Read more about how Regal Springs](#), one of the world's largest tilapia producers, is using blockchain to tell the story behind some of their premium products.

[Read this ShrimpTails article on ThisFish](#), a tally software supplier, to learn how they can support you to digitise all the paperwork that you are currently doing in your fish and seafood processing units.

Check also Ecuador's [Sustainable Shrimp Partnership's website](#) and [a recent article](#), which explains how SSP combines certification, storytelling and blockchain to build a strong country brand for its products.



## 4. 'Out of home' market more committed to sustainable certified fish and seafood

For quite some time, sustainability has been something that was mainly a requirement in the retail sector, where the product is marketed and sold directly to the consumer. In the retail market, a company's reputation is more at risk. Wholesalers selling to the 'out of home' sector, on the other hand, claimed that restaurant chefs did not care that much about sustainability and that the clients eating at the restaurant were not asking for it. They argue that the chef would say that sustainability is important, but the price is leading. Well, this is changing.

Typically, it takes about five years before a trend in retail will also show in the 'out of home' sector. This has proven to be true for sustainable seafood. In North Western Europe, restaurant chefs are increasingly aware that consumers want to know that what they eat is sustainable. Although it is a slow movement, in recent years, an increasing number of restaurants market themselves as only selling sustainable seafood.

Furthermore, the claims that restaurants in North Western Europe make about the sustainability of their seafood often goes beyond certification. In this area of Europe, restaurants often sell different kinds of fish than is stocked by their retail counterparts, some of which are not available certified. In those cases, restaurants tend to commit only to sell seafood that has a recommendation in a seafood guide, such as the [Good Fish Guide](#).

The Netherlands based [Good Fish Foundation](#), the organisation behind the Good Fish Guide, works actively with restaurants and creates campaigns to convince consumers that it is possible to work solely with sustainable seafood. The Good Fish Foundation knows, from experience, that once the chefs are convinced and ask for sustainable fish and seafood, wholesalers will start to expand their offerings. Recently, smaller fish and seafood wholesalers, like the Netherlands based [Ecoseafood](#), have also started joining this trend of selling sustainable seafood.

Even if the increased demand for sustainable seafood is not driven by demand from chefs or restaurant visitors, if the prices of certified-sustainable fish and seafood come down to more or less the same level as their conventional competitors, wholesalers may suddenly decide to start selling more certified seafood. A recent example is one of the largest Dutch wholesalers, Sligro. During the price slump of Pacific white shrimp, they suddenly requested that their shrimp supplier, Fisherman's Choice, start supplying ASC certified Pacific white shrimp only.

We believe that the growing trend of demanding more sustainable seafood in wholesale will spread in the same way as it did in retail. In a couple of years, the demand for sustainable seafood will have increased across the European wholesale market. Though this topic might not seem relevant to you if you do not currently supply retail, you had better start looking at how sustainable your fish and seafood is now if you want to stay ahead of your competitors.

### Tip:

Check whether your product is recommended as a responsible choice in the [Good Fish Foundation's Good Fish Guide in the Netherlands](#) or the [Marine Conservation's Good Fish guide in the UK](#).

## 5. Increased use of social media, especially LinkedIn

[Seafood companies, like Ecuador based Omarsa, frequently use social media for marketing](#). LinkedIn is the primary medium for business-to-business contacts and campaigning in Europe. If you monitor LinkedIn, you will see many seafood companies, especially the bigger ones who have marketing staff, communicate about their

products and their achievements.

Brand recognition is crucial to expanding your market, and you may be surprised that social media campaigns can help you reach clients that you otherwise would not. While it is an option to pay for advertisements on social media, it is not necessary. You can make a company page on LinkedIn, Facebook and Twitter free of charge. Posting regular free company updates will begin to help you to improve your exposure.

Being successful on LinkedIn will require you to be patient and persistent. The most important for you will be to build the number of followers on your company page. Things to keep in mind in building a network of followers include the frequency of your posts (post updates weekly to keep your network engaged), the relevance of your content, and the look and feel of your content.

While most major social media platforms are used by businesses, LinkedIn is the most popular among European businesses, with Twitter having more popularity in the US market than it does in Europe. If you want to engage the end consumers of your product, Facebook is a better choice than LinkedIn.

If you do it, make sure to do it well. Ensure that your texts are professionally written and in the correct language. English is the most used language on LinkedIn. Make sure that you use beautiful visuals, ideally photos of your operations or the people working in your operations. If you post about more general topics, be sure to use visuals that match the topic.

### **Tips:**

Create your company page on LinkedIn. Ask your company staff to share and comment on your company updates from their personal accounts. This will increase exposure.

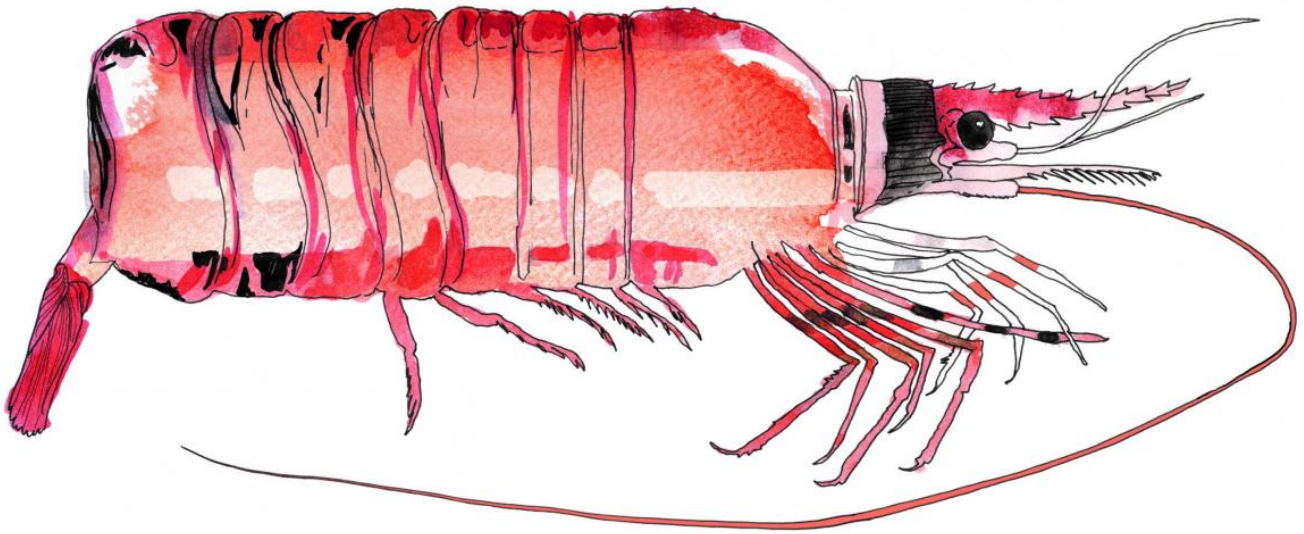
To learn from other companies, be sure to start following them on LinkedIn. Ideally, you learn from your competitors or your desired buyers.

Read these [tips from LinkedIn, about how to use your company page to grow your business.](#)

## **6. Mislabelling creates unfair competition**

North Western Europe is the primary market for fish fillets and peeled shrimp. These products are sensitive to malpractices such as the mislabelling of the quantity of water that is added through glazing and soaking. Although glazing and soaking both have their role to play in terms of moisture retention during processing and storage, both practices are also used to manipulate the price of the product. The more water in the product or around the product, the more water you sell rather than fish and shrimp. And as you know, water is cheaper.

Figure 6: A “soaked” shrimp



Source: Shrimptails (2018)

Although European law does not prohibit the treatment of fish fillets and shrimp with phosphates, non-phosphates or salt, or the use of glazing, you are required to label it correctly on the final product. So, if you treat a product with phosphates and soak more than a certain percentage of water, EU regulation requires you to note this on the package. The same goes for glazing. If you decide to glaze your product and add 20% water, you can only declare a net weight of 800 grams, not of 1000 grams.

A supplier rarely engages in mislabelling proactively; it's usually done at the request of the importer. The importer sometimes does it on demand of their client, usually a wholesaler. For the consumer, it's impossible to see the difference between two bags with the same specifications on the label but a different water quantity in the package. If these two packages have a different price, the customer will go for the cheaper option. If the price difference is due to mislabelling, this creates unfair competition.

This negative trend has the potential to cause serious damage to the producers who participate in these practices and places producers who weigh their products honestly at a disadvantage. Increasingly, European importers and their clients who do not commit fraud with labelling complain about their competitors who do, showing that some companies have begun to resist this trend. Even though it might not be your idea to mislabel, if you fulfil these requests, you are not only committing fraud, you also put your reputation at risk.

Once your name is connected to these malpractices, it will be tough for you to get rid of the bad reputation. Although these practices may provide you with short-term economic gains, in the long run, once the market becomes better regulated or once consumer awareness prevents these practices to continue, you will be confronted with a problem.

The poultry industry is often given as evidence of why these malpractices will not continue to happen in the future. While the poultry industry was not well regulated ten years back, with many malpractices aimed at manipulating the price of the products, nowadays the poultry sector is strictly regulated, and malpractices are

rarely seen.

### Tips:

Read more [details about the issue of adding water to shrimp](#) and how it negatively affects the industry.

Openly communicate with your customers on the specification of the product you are about to produce and write down the agreed details on specification, treatment and glazing in the contract so no misunderstanding can present itself when the product reaches the European customer.

Find out whether malpractices happen with the products that you are selling. If they do, pay extra attention to your customers' requests to avoid participating in fraud or other malpractices.

Include the accuracy of your labeling into your brand story. This might make you a preferred supplier in your target market

## 7. Rapid consolidation through mergers and acquisitions

The global trend of consolidation through mergers and acquisitions in seafood industry can also be seen in Europe. This can benefit you in two ways: as companies merge or are acquired, all companies in the group often expand their portfolio of products, creating new potential buyers for you; and, some companies invest in the production sector to ensure access to raw materials. Mergers and acquisitions can also increase a groups bargaining power, putting pressure on your bottom line.

The question is, who is driving it and why? Traditionally, in the fish and seafood industry, global fishing industry players that invest in their target markets drive mergers and acquisitions. By purchasing distribution companies that sell into wholesale and retail markets, these companies hope to have better channels through which to sell their products. Also, they hope to improve their margins by controlling the whole supply chain.

Contrary to many other industries, until recently, private equity firms did not play a major role in mergers and acquisitions in the fish and seafood industry in Europe. However, as the industry has matured, this scenario has also changed. Now, private equity funds are looking for investment opportunities in Europe's fish and seafood industry and some interesting deals have already been inked. Keep this in mind when seeking investments or financing, as this is a new group who might be open to partnership or investment.

An example of private equity driven consolidation is the case of [private equity group Bencis Capital](#), which acquired [Belgium based Morubel](#) in 2014. Soon after Bencis came on board, in 2016, Morubel bought German shrimp importer Ristic and its subsidiary in Costa Rica. In the same year, the group also acquired a 50% share of Dutch cold-water shrimp company, Telson.

Together, [the three companies formed the new shrimp group Shore](#). The group now covers the whole range of shrimp products (both warm and cold water) and strengthened its position in the European market by acquiring companies that serve specific geographic markets. [Shore](#) also owns Costa Rican organic shrimp producer, Rainbow Exports, ensuring their access to raw materials.

[Maruha Nichiro, the world's biggest seafood company](#), purchased [Seafood Connection](#) to have better access to the European market and, through Seafood Connection, then made other acquisitions such as [Anova Seafood in the Netherlands](#) and [Inlet Seafish in Spain](#).

At the smaller scale of mergers and acquisitions, in the Netherlands, seafood importer and wholesaler Affish and

its sister company, wholesaler Wylax, were acquired by The Urker Zalmhuys in 2018. The Urker Zalmhuys is a Dutch salmon smoker that, with this acquisition, aims to expand its sales market. However, for Affish and Wylax, this merger also means that they suddenly have more products to sell and can grow their overall distribution business by sharing the customer base of The Urker Zalmhuys'.

### Tips:

Find your way into bigger groups and aim to become a preferred supplier. This could give you access to a much more stable demand, allowing you to become less dependent on spot market selling.

Subscribe to newsletters of the major seafood news media such as [UndercurrentNews](#), [Intrafish](#) and [Seafood Source](#) to stay up to date about mergers and acquisitions to make sure that you understand the latest market dynamics.

Purchase [UndercurrentNews M&A report](#) published in March 2019 to get a more in-depth understanding of mergers and acquisitions in the seafood industry and what effect they have on your clients, and therefore your business.

This study has been carried out on behalf of CBI by [Seafood Trade Intelligence Portal](#).

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