

# “Seafood - Still a long way of being a full category retail product - Salmon and Cod compared to Chicken”

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marineharvest  
excellence in seafood

# Content

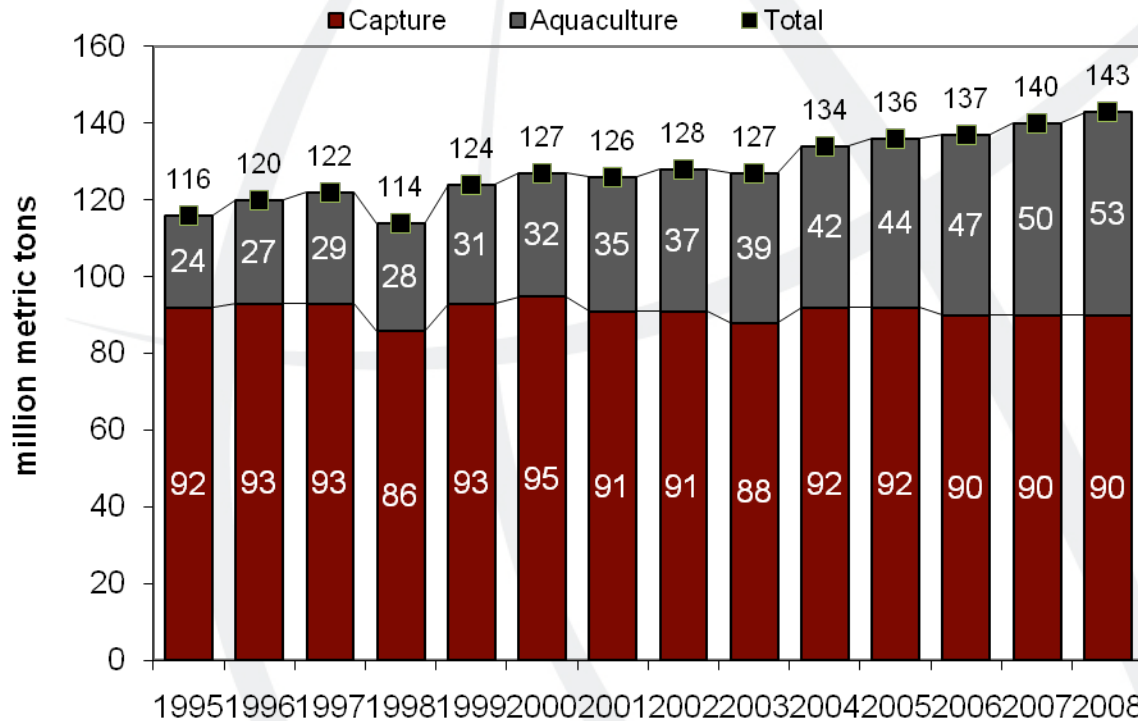


- Availability
- Characteristics
- Price Points
- Product Development
- Possible Take away

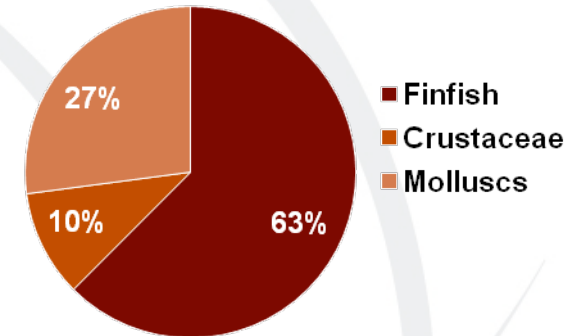


# Global Seafood production

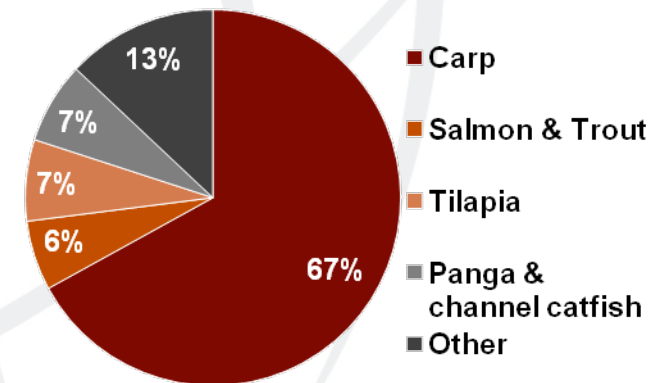
Capture and Aquaculture 1995-2008 (FAO)



Aquaculture 53 mio T



Finfish 32 mio T



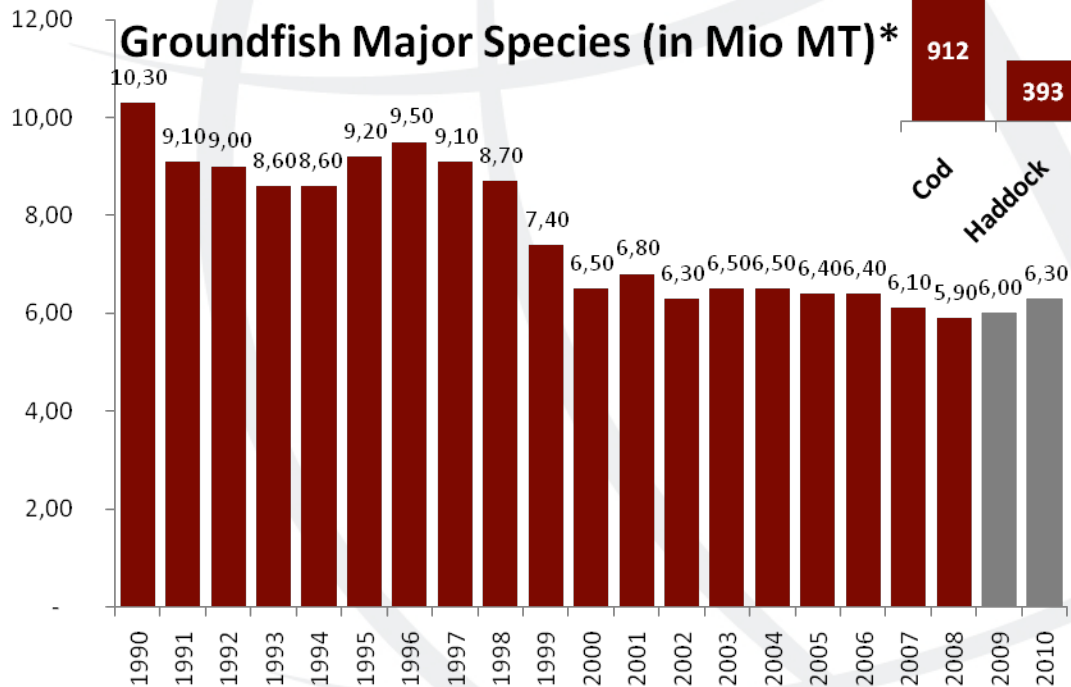
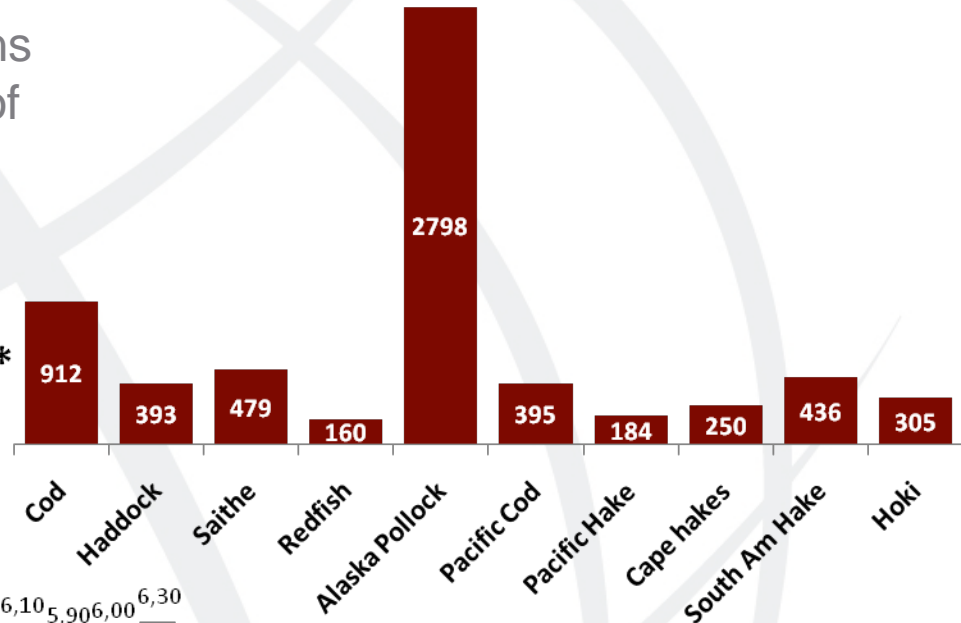
- Growth due to aquaculture, in 2009 the aquaculture production was close to 54 mio MT (excl seaweeds), almost doubling the volumes in 10 years.



# Global white fish supply stagnating

- Global white fish catch in Major species , globally ~ 6,3mio metric tons for the last 8 years, consists mainly of Alaska Pollack (2.8 mio. tons) and Cod (Atl. + Pacific)(1.3 mio tons)

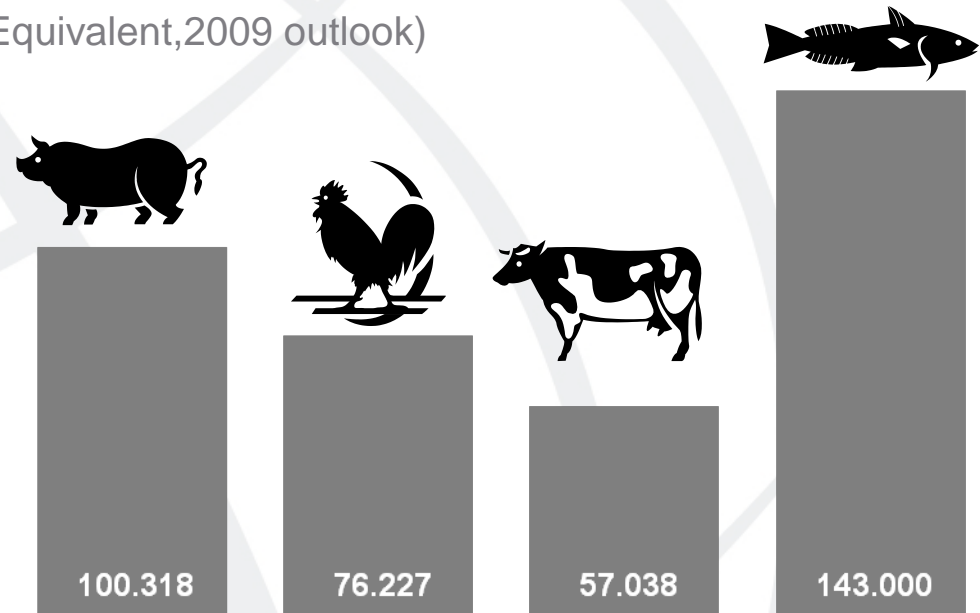
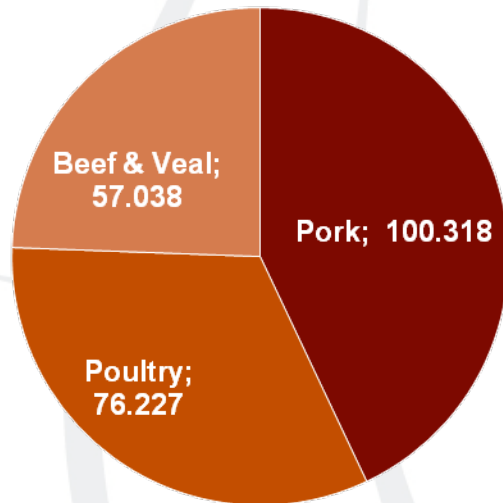
10 Major Groundfish Species (in '000 MT)\*



\*Source: Groundfishforum 2009

# Global meat market

- World consumption of meat  
(in 1.000 Metric Tons, Carcass Weight Equivalent, 2009 outlook)



- Poultry is the n° 2 category within the meat market
- The poultry production in the EU totals 11,5 mio MT, of which 8,5 mio MT chicken (75%)
- Other big producers in the world are China (15,8 mio MT), Brazil (11,5 mio MT) and USA (19,5 mio MT)

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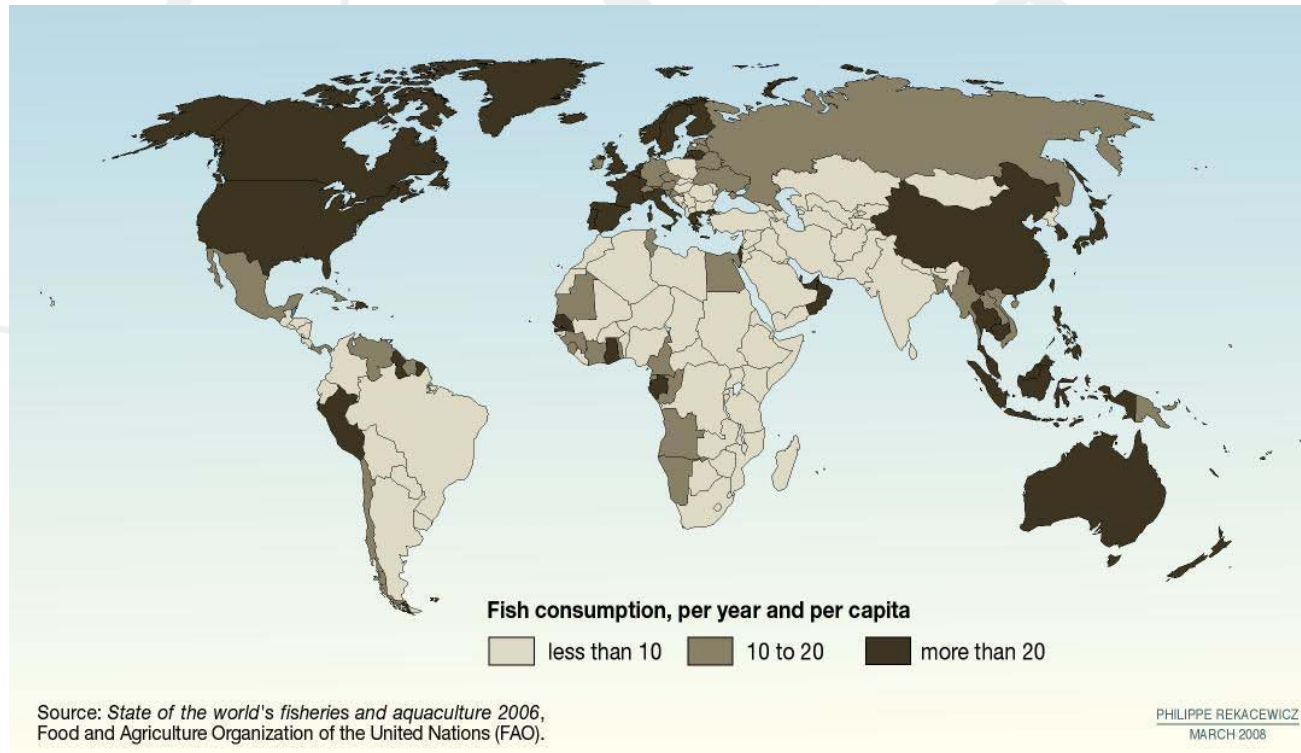


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# Europeans eat poultry, not Salmon!

- World seafood consumption (per year and per capita)



- Consumption of salmon in EU (27) is **1.3 kg per capita**\*
- Consumption of poultry meat in EU (27) is **23 kg per capita**
- Consumption of seafood in the world is **17 kg per capita** , **22 kg in the EU**



# Differences and Similarities: Salmon vs Chicken

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## Some Similarities

- Both Farmed species and category captains within their segment
- Both a more healthy alternative to fatty red meat
- Comparable product mix and rate of innovation
- Easy to prepare, all be it that the perception is different

## Some Differences

- Sustainability is more an issue for seafood, but ethical worries for chicken
  - Price point for salmon is relatively higher than chicken
  - Global market volumes of chicken outperform salmon
  - Growth time for slaughtering of 6 weeks for chicken vs 2 years for salmon
  - Salmon farming is very restricted to a selected amount of territories
  - Fish has consumer issues on taste, ways of preparing and bones
-



# Convenience & Health: Very different profiling



Salmon references with a clear convenience – health profile

High Omega-3	Microwaveable	Quick	Organic	Low Fat	Single Serving	Recyclable
28	27	23	15	13	10	9



Chicken references with a clear convenience – health profile

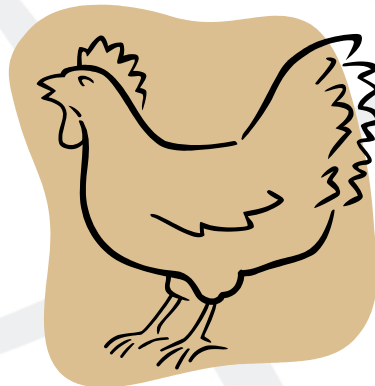
Microwaveable	No Artificial Color	Quick	No Preservatives	No Artificial Flavor	Low Fat	Single Serving	No Gluten
121	78	72	66	60	39	27	24



# Strengths and Weaknesses: Chicken

## Poultry strengths

- Easy to prepare
- Versatile: It can be cooked in many different ways, either by itself or paired with other foods
- Multiple use: It can be used in appetizers, soups, salads, sandwiches and main dishes.
- Low in fat and calories: white meat chicken is one of the lowest fat protein sources



## Poultry weaknesses

- Ethical issues on how chicken is raised and treated
- Still a (meat) product with higher cholesterol levels than fish
- High in chemical residues as consequence of short cycle
- Highly risk on contamination (Salmonella)

# Strengths and Weaknesses: Fish

## Fish strengths

- They clearly enjoy it ...  
An important part of my diet –74%
- Because it's healthy  
Good for me and my family –68%
- It's good value  
Fish is better value than Meat and  
Chicken –95%
- If you know how, it's easy to cook  
Confident about cooking with fish –  
95%



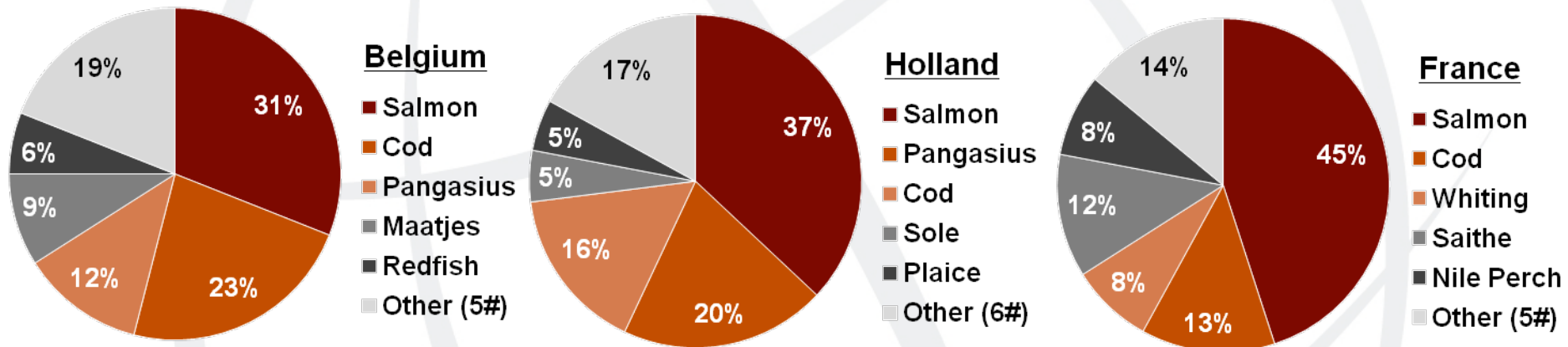
## Fish weaknesses

- Hard to handle  
29% don't like the touch and smell
- Hard to cook  
31% think it's easy to ruin
- Sometimes hard to eat  
41% are put off by bones
- Hard to please everyone  
In 26% of families, someone  
doesn't like it




## Preferences translated into consumption

- Top 10 in fresh prepacked fish in the retail market (2008 figures, B/NL/FR)



- Salmon and Cod are the product leaders in fresh prepacked (also in non prepacked fish) in terms of volume and value in most European countries
- Pangasius, which is refreshed and offered in fresh retail, is very popular in some markets and competes with white fish in general with a lower price
- In coated and frozen fish, alaska pollack and saithe dominate, which are less costly

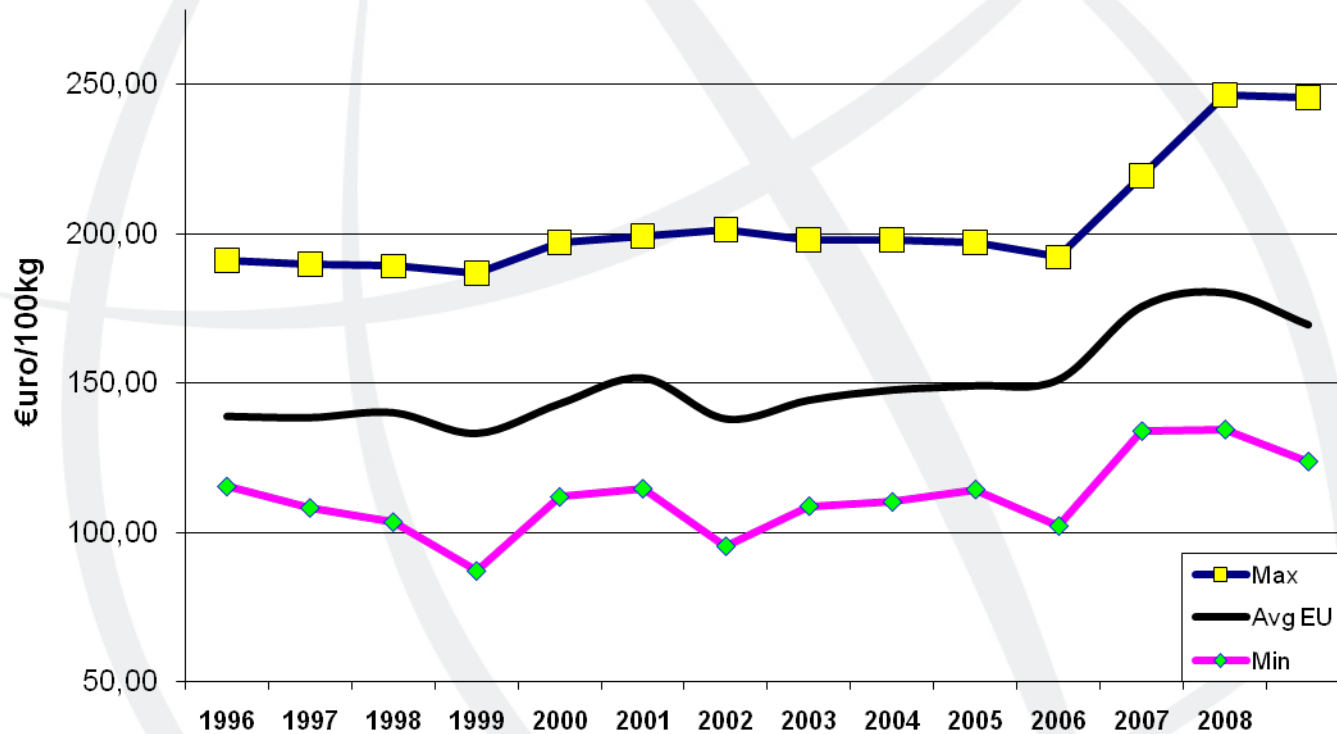
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# Price evolution of chicken

## Annual Minimum and Maximum price for whole chicken in the EU

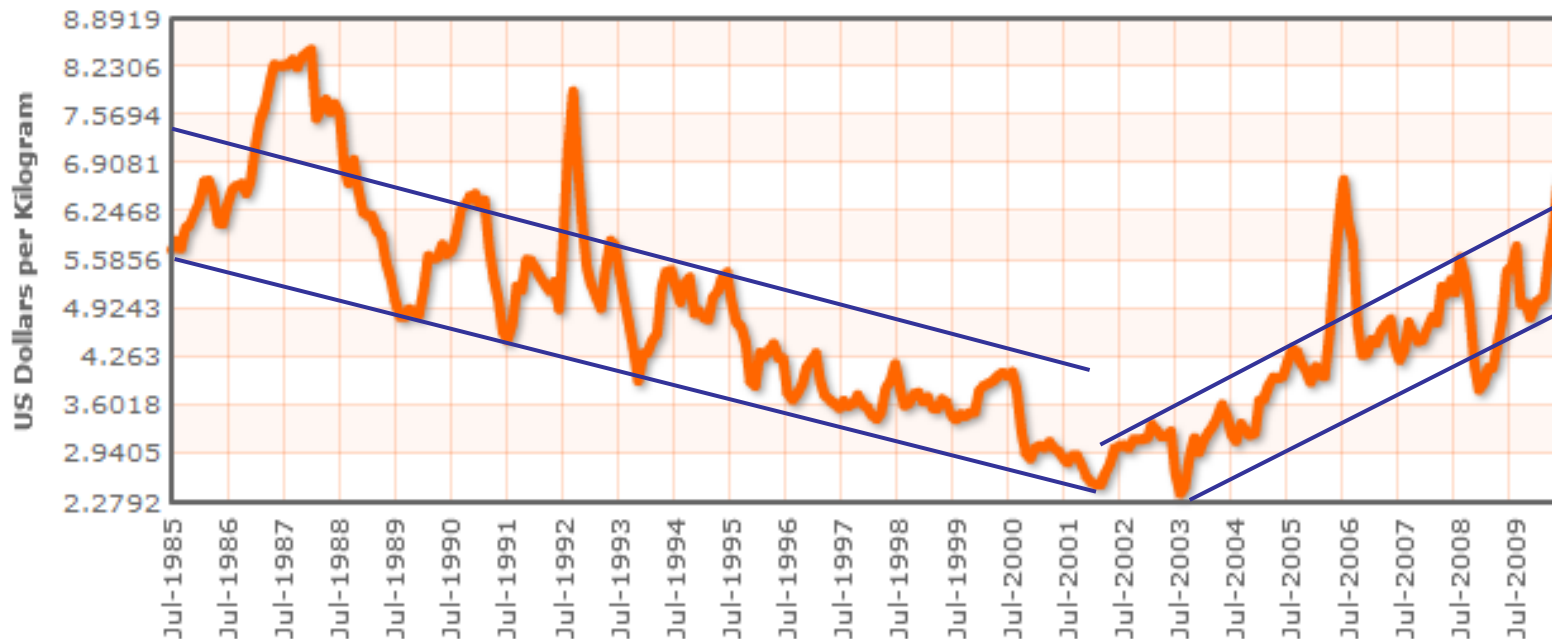


- Between 1996 and 2006, average prices ranged between 1.0 and 2.0 EUR/kg
- Since 2007 price ranges between 1.2 and 2.5 EUR/kg



# Price evolution of salmon

Norwegian Salmon, export price, USD per kilogram

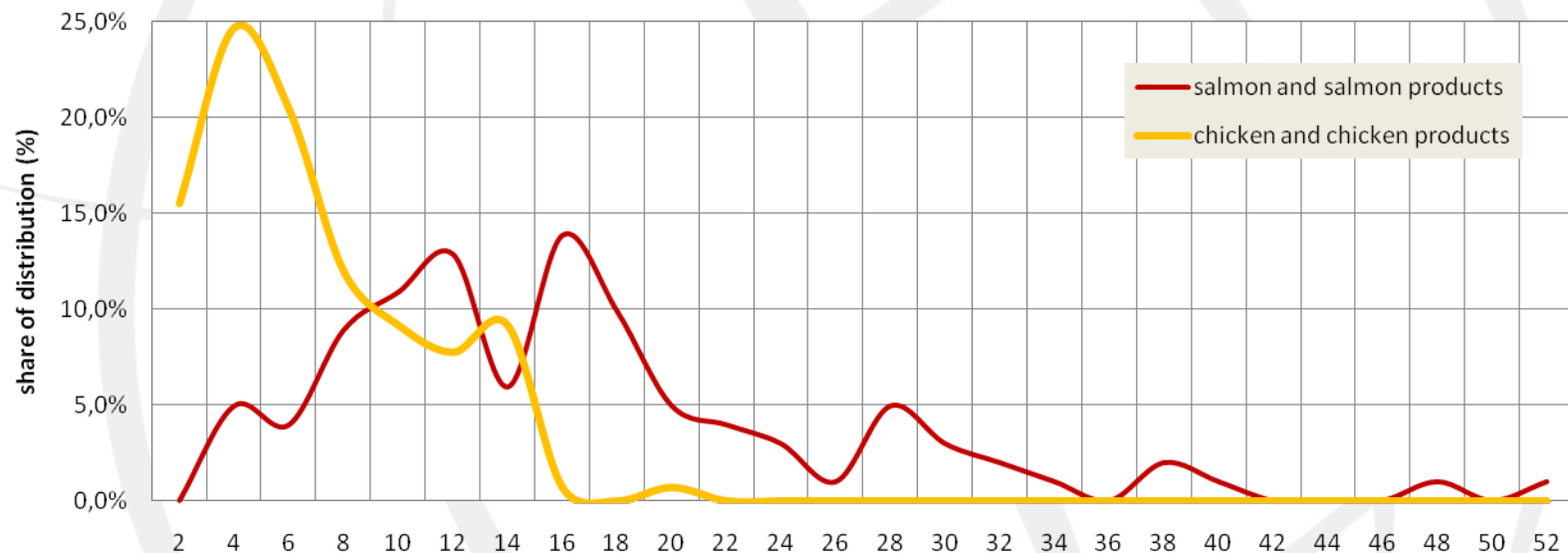


- Penetration of salmon increased substantially over the period of '95 and 2004
- Since 2002 salmon prices have risen from 2.3 USD/kg to 6.7 USD/kg (April 2010)

# Price entry and distribution


New products launched in Europe over 2 years

**Price distribution (%) of chicken compared to salmon**



- The main price distribution of chicken (80% of the refs) is from 2 – 10 EUR/kg and peaks at 4-6 EUR/kg
- The main price distribution of salmon (80% of the refs) is from 4 – 22 EUR/kg and peaks at 12-14 and 16-18 EUR/kg

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# Megatrends in food

## 4 megatrends





## New product launches, Europe 2009 -2010

### Salmon and fish products respond to today's market needs:

- Nutrition & Health advantages (omega 3, ...)
- Eco-perception (organic, ...)
- Convenience (out of home, individual packaging)
- Different moments of use (snack, starter, main dish, sandwich)
- Different ways of use (oven, pan, wok, steam, ready to eat)



Cooked salmon cubes for salads



Salmon fresh ready meal



Marinated salmon 'tournedos'

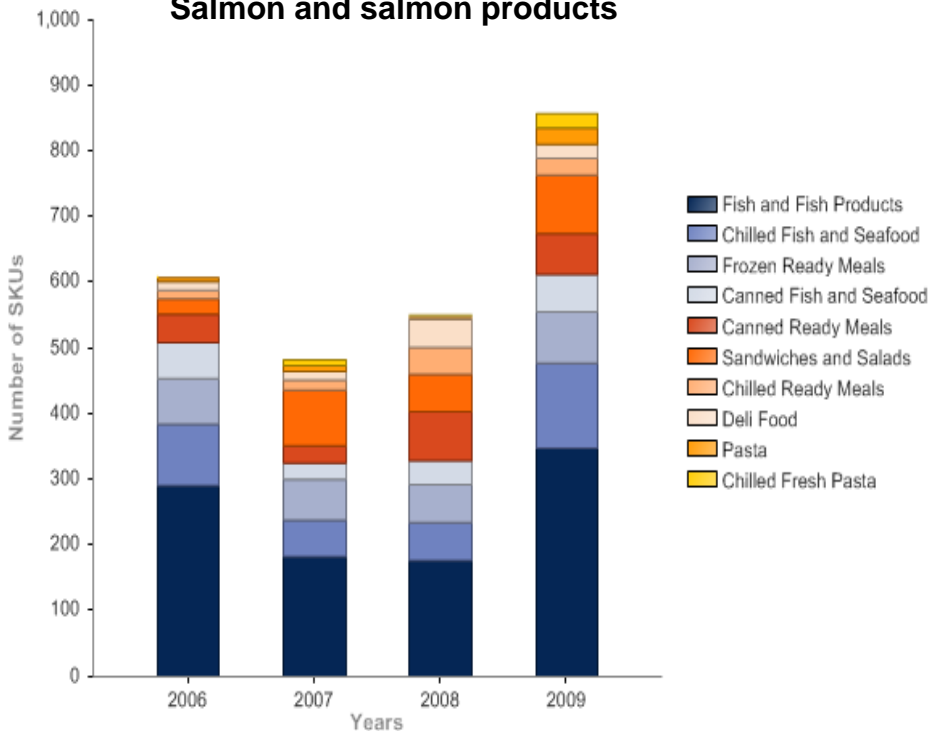


Smoked salmon sandwich

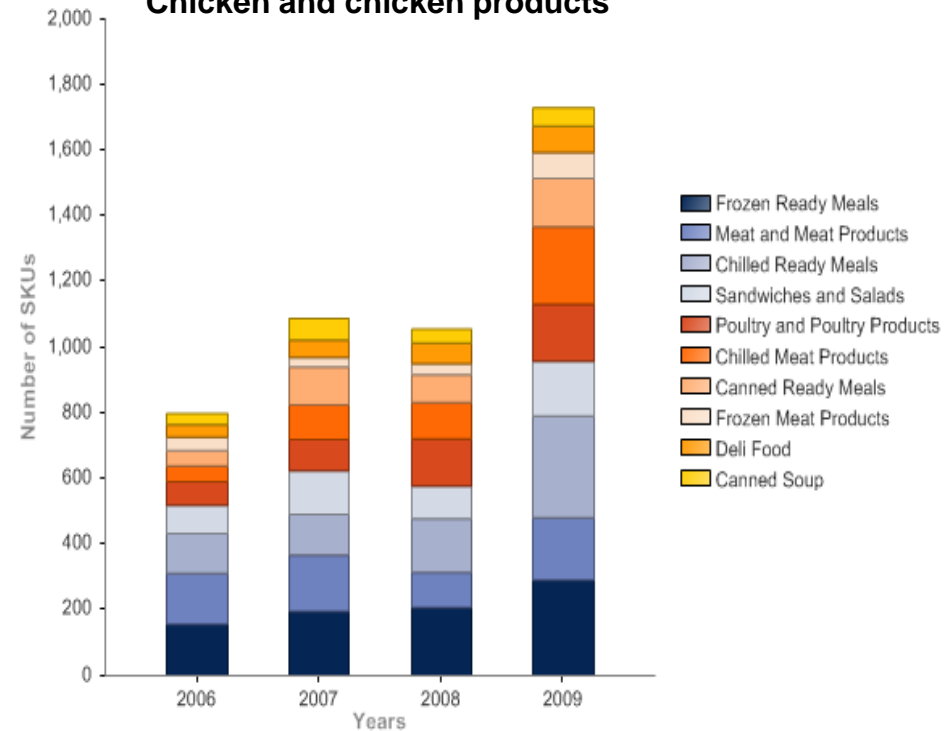
# New Product Development on Salmon vs Chicken

## Product launch activity in Europe (2006-2009, in new sku's)

### Salmon and salmon products



### Chicken and chicken products



- Launch activity of cod was about 200 sku's in 2009



# Launch activity on Cod

Amount of new product launches in a 2 year period, selected european countries

**Heat Map**  
orange areas = higher activity

	Russia	France	Italy	Netherlands	Norway	Spain	Sweden	United Kingdom	Total
<b>Fish and Fish Products</b>	28	6	23	-	2	9	14	40	122
<b>Frozen Ready Meals</b>	5	24	1	-	1	8	-	14	53
<b>Chilled Fish and Seafood</b>	2	3	2	-	-	6	14	26	53
<b>Canned Fish and Seafood</b>	26	1	-	-	-	-	-	-	27
<b>Sandwiches and Salads</b>	-	-	-	2	-	-	-	-	2
<b>Chilled Ready Meals</b>	-	-	-	-	5	-	-	-	5
<b>Deli Food</b>	-	-	-	-	1	-	4	-	5
<b>Total</b>	61	34	26	2	9	23	32	80	267

**Cod is not so frequently used, except in the more base form and frozen ready meals.**



# Launch activity on Salmon

Amount of new product launches in a 2 year period, selected european countries

Heat Map  
orange areas =  
higher activity

	Russia	Belgium	France	Germany	Italy	Netherlands	Norway	Spain	United Kingdom	Total
<b>Fish and Fish Products</b>	216	7	91	54	27	22	17	24	57	515
<b>Chilled Fish and Seafood</b>	27	-	53	25	11	5	8	13	35	177
<b>Sandwiches and Salads</b>	5	20	47	16	10	60	-	1	15	174
<b>Frozen Ready Meals</b>	30	1	39	21	11	2	9	-	24	137
<b>Canned Fish and Seafood</b>	52	-	11	11	5	1	1	-	4	85
<b>Chilled Ready Meals</b>	-	4	54	6	2	19	11	5	40	141
<b>Pasta</b>	-	1	3	3	27	-	-	3	4	41
<b>Deli Food</b>	-	-	35	-	-	-	-	11	-	46
<b>Canned Ready Meals</b>	-	-	8	6	-	-	-	-	10	24
<b>Chilled Fresh Pasta</b>	-	-	-	3	17	-	-	3	4	27
<b>Total</b>	330	33	341	145	110	109	46	60	193	1367

**Samon still has some blind spots**



# Launch activity on Chicken

Amount of new product launches in a 2 year period, selected european countries

Heat Map orange areas = higher activity

	Russia	Belgium	France	Germany	Italy	Netherlands	Norway	Spain	United Kingdom	Total
Chilled Ready Meals	10	3	140	78	7	49	16	37	249	589
Frozen Ready Meals	93	4	99	89	3	27	22	35	134	506
Chilled Meat Products	39	28	79	18	50	43	10	34	81	382
Poultry and Poultry Products	18	1	87	12	20	27	16	41	42	264
Meat and Meat Products	62	-	28	31	33	30	4	9	73	270
Deli Food	49	-	41	29	12	11	-	3	3	148
Pizza	4	-	15	3	-	7	4	12	33	78
Sandwiches and Salads	-	25	115	12	9	79	3	11	45	299
Frozen Meat Products	-	1	14	9	2	7	10	12	56	111
Chilled Soup	-	3	18	1	1	13	-	1	40	77
<b>Total</b>	<b>275</b>	<b>65</b>	<b>636</b>	<b>282</b>	<b>137</b>	<b>293</b>	<b>85</b>	<b>195</b>	<b>756</b>	<b>2724</b>

Chicken is used almost every were

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## Possible Take away; Consumer criteria

	Price entry	Convenience	Moments of use	Health profile	Taste	Preparation	Market
<b>Chicken</b>	Low	High	Full	Medium	Generic taste	Easy	Mature
<b>Salmon</b>	High	Medium	High	High	Specific taste	Seems difficult	Growing
<b>Cod</b>	High	Low	Medium	High	Specific taste	Seems more difficult	Medium



## Possible take away



**Salmon closed the gap with chicken substantially, and is well on its way to become a full category product.**



**Cod will most probably never get there, but will remain a very important product group within the seafood offering.**

## Possible take away

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### Things for salmon and cod to become more adult categories

- **Increase moments of use (lunch, diner, snacks, appetizers, salads)**
  - Offer a bigger range by means of a better management of cuts (bellies, tails, portions) and off-cuts (salads, spreads)
  - Increase offerings at lower price points
  - Stability in price offering to enter more frequently into big retail promotion schemes
- **Increase consumer awareness on**
  - how to prepare in an easy way (by means of recipes)
  - the healthy aspects (omega 3)
- **Need for Seafood industry to further mature**
  - Scattered value chains vs. integrated
  - Fragmented vs. consolidated
  - Trading approach vs. market oriented
  - Stable Supply in volumes and qualities

# Mange Takk - Thank you

Further questions and comments always welcome!

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