Changing Consumer Demands

Mega-Trends that will influence the future production in Aquaculture

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Who are our Consumers?

- Premium fish buyers are 35 – 55 years old
- There is a growing preference for convenience foods – lifestyle issues
- Fish is gaining popularity for health reasons
- Organic sector is growing – 25% per annum (€300 million 2003)
- Consumers are concerned with ethical, environmental and biological issues
- Consumer qualification is increasing

Changing consumer lifestyles

More flexible

- Part-time work
- Shift work
- Work at home
- Ageing population
- Early retirement

More pressurized

- Long working hours
- More women working
- Information overload

Individual lifestyles

More uncertain

- Decline in established institutions
- Decline in class-based identities

More Heterogeneous

- Importance of individuality
- Concerned with "self"

FAO 2004

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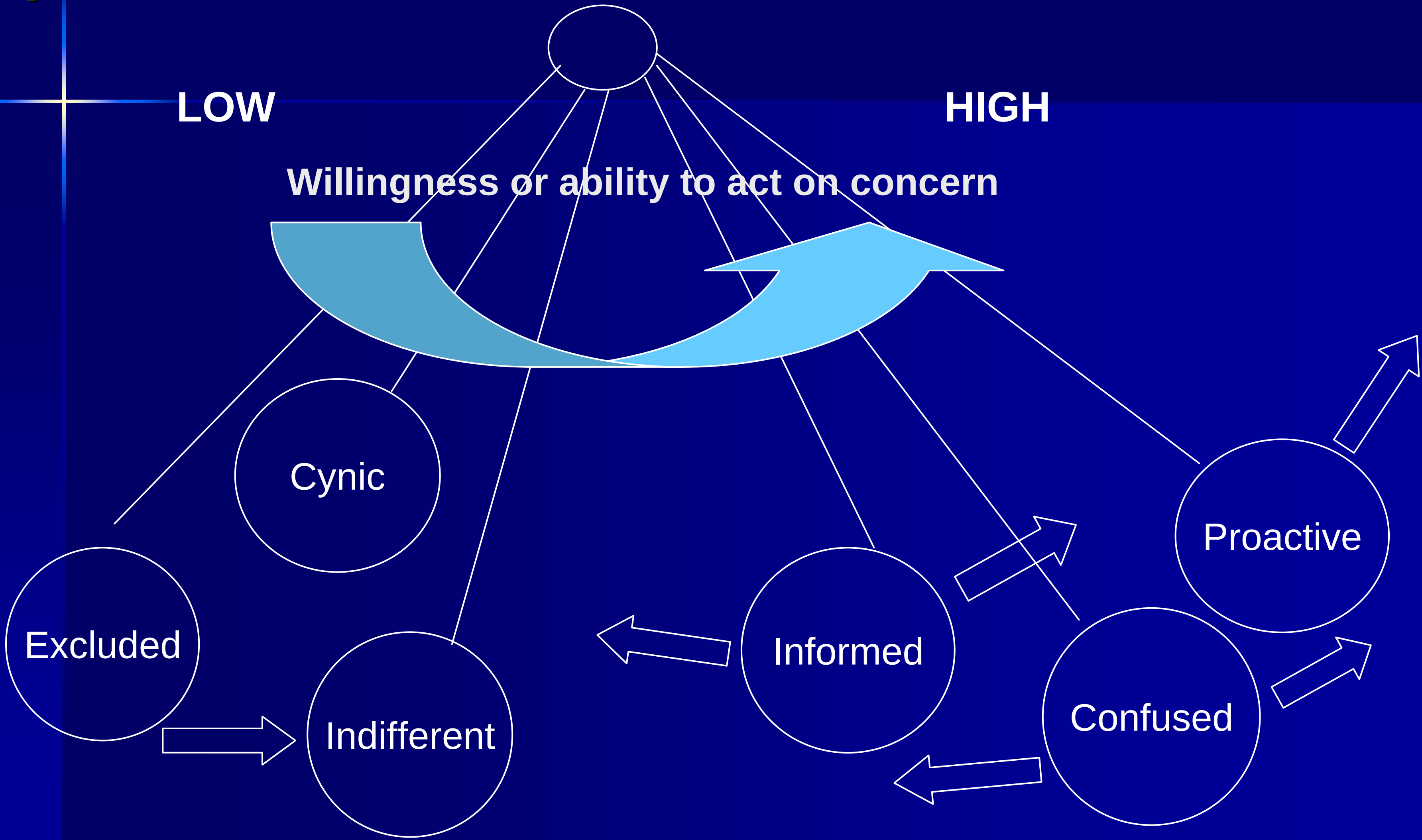
Defining consumer types – the concern spectrum



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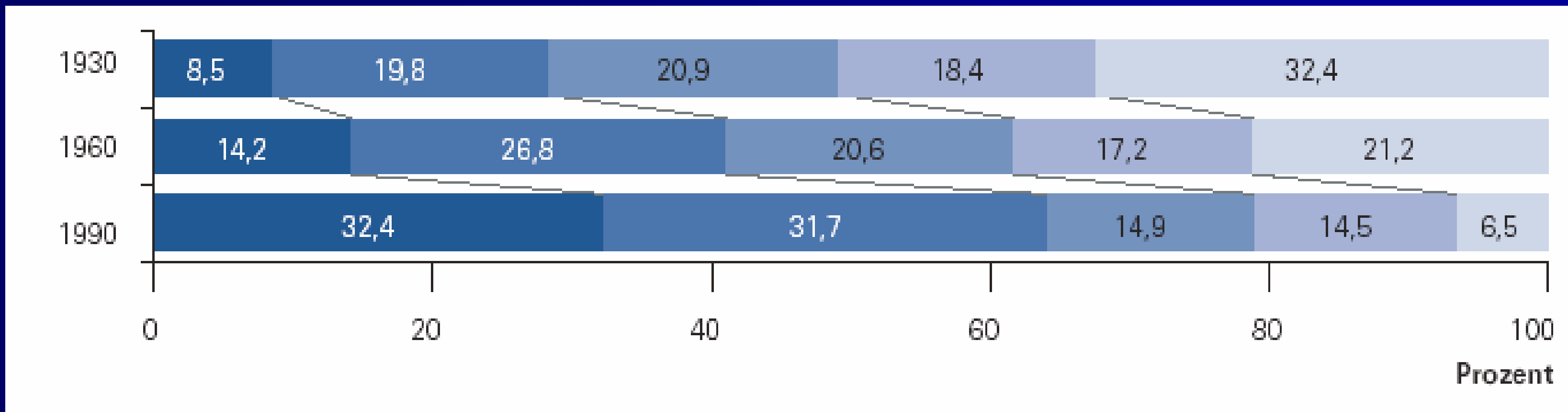
Consumer Profiles

Swiss Household Development



- Trend towards 1 to 2 person per household
- Increasing market for convenience food

Source SIPPO - 2004

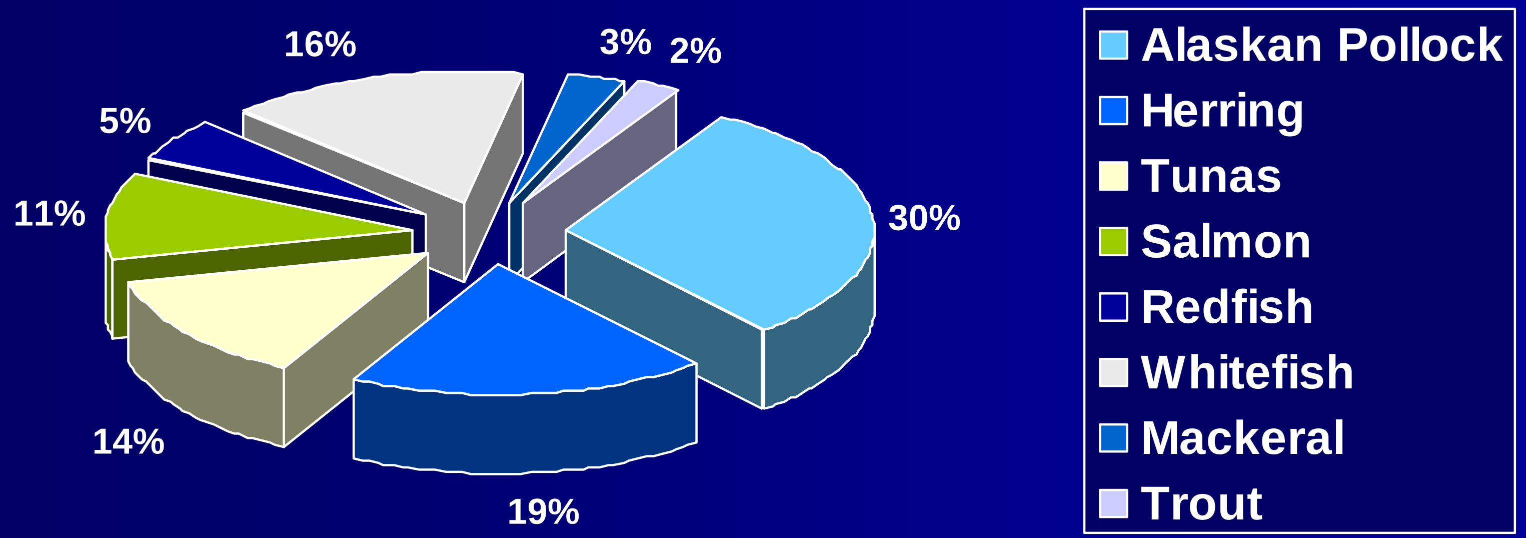
Who are our Consumers?

A German Perspective

- 60% (18-65 year old) are single
- 84% of Germany‘s 33m households buy fish
- Germans average spend €60 per year
- Fishmongers sell more fresh fish than supermarkets (ave. Spend €15-20)
- Supermarkets focus on pre-packed & ready meals (price barrier of €3.00 per product)
- 70% of money spent on seafood is at restaurants
- Seafood dishes generate 8% of restaurant turnover
- Germans like *meaty fish* –red colour, no bones, no smell

Germany's top 10 favourites in 2002

% market share – Source Neubacher



Whitefish products account for 51% of the market

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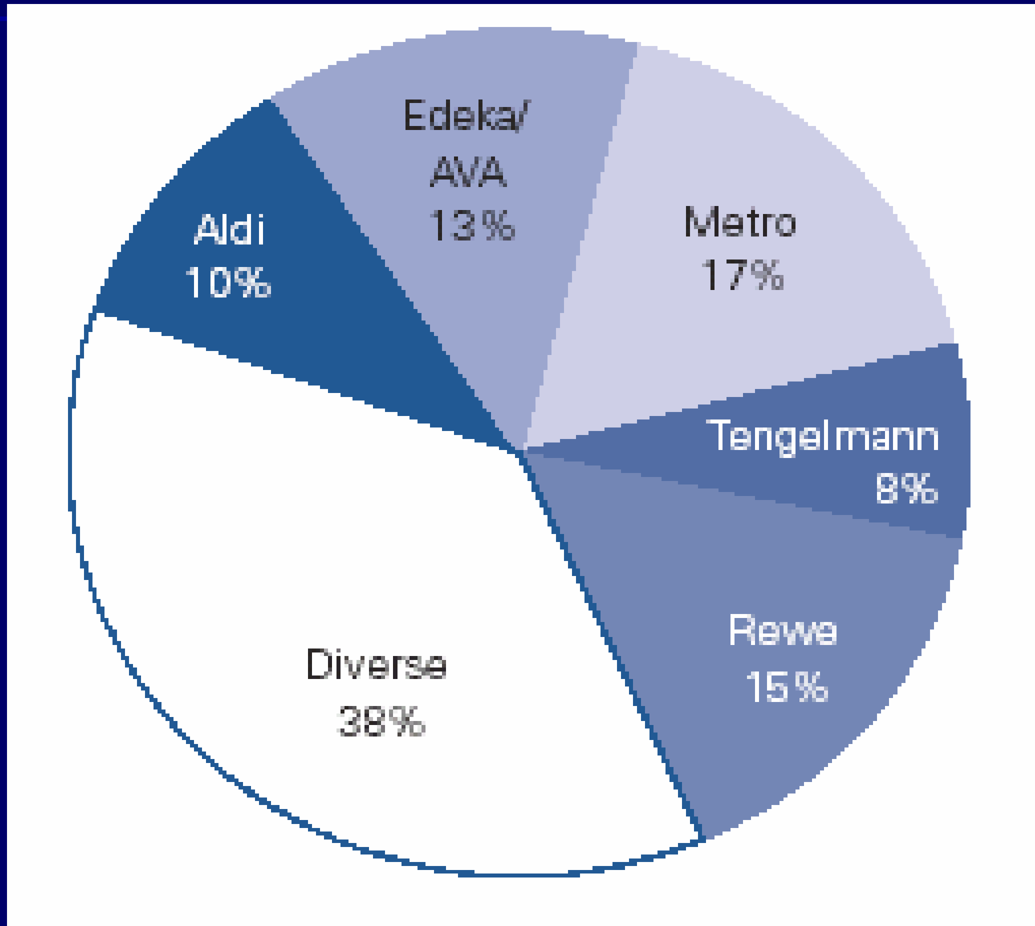
The German market



Source: SIPPO

Who are our retailers?

	Supermarkets	Specialist	Others
Germany	62%	34%	4%
France	80%	17%	3%
UK	60%	36%	4%
Spain	55%	42%	3%
Italy	25%	68%	7%
USA	75%	23%	2%
Japan	33%	45%	22%

Source (SIPPO 2004)

What can we say about the future?

Consumers Want !!!!!

- **Open & Honest Business Practices – 94%**
- **Clear & Effective Communication – 93%**
- **Provide best value in products & services – 83%**
- **Visibly demonstrate care & concern for employees 83%**
- **Do a better job of understanding their needs – 65%**
- **Show clear leadership in the industry – 65%**

Golin/Harris Trust, USA. 2002

Recent Consumer Surveys also suggest

- Life Styles will affect consumer choices – "pit stopping, Boomerang children, grey markets leading active lives"
- Traditional markets e.g. France see 7% drop in fresh fish consumption while ready meals see 13% rise
- Convenience foods set to grew by 16,5% in 2004 – UK and Sweden lead consumption
- 70% of consumers concerned about ready meals for health reasons – 46% concerned with additives
- Consumers more interested in chilled fresh ready meals rather than frozen

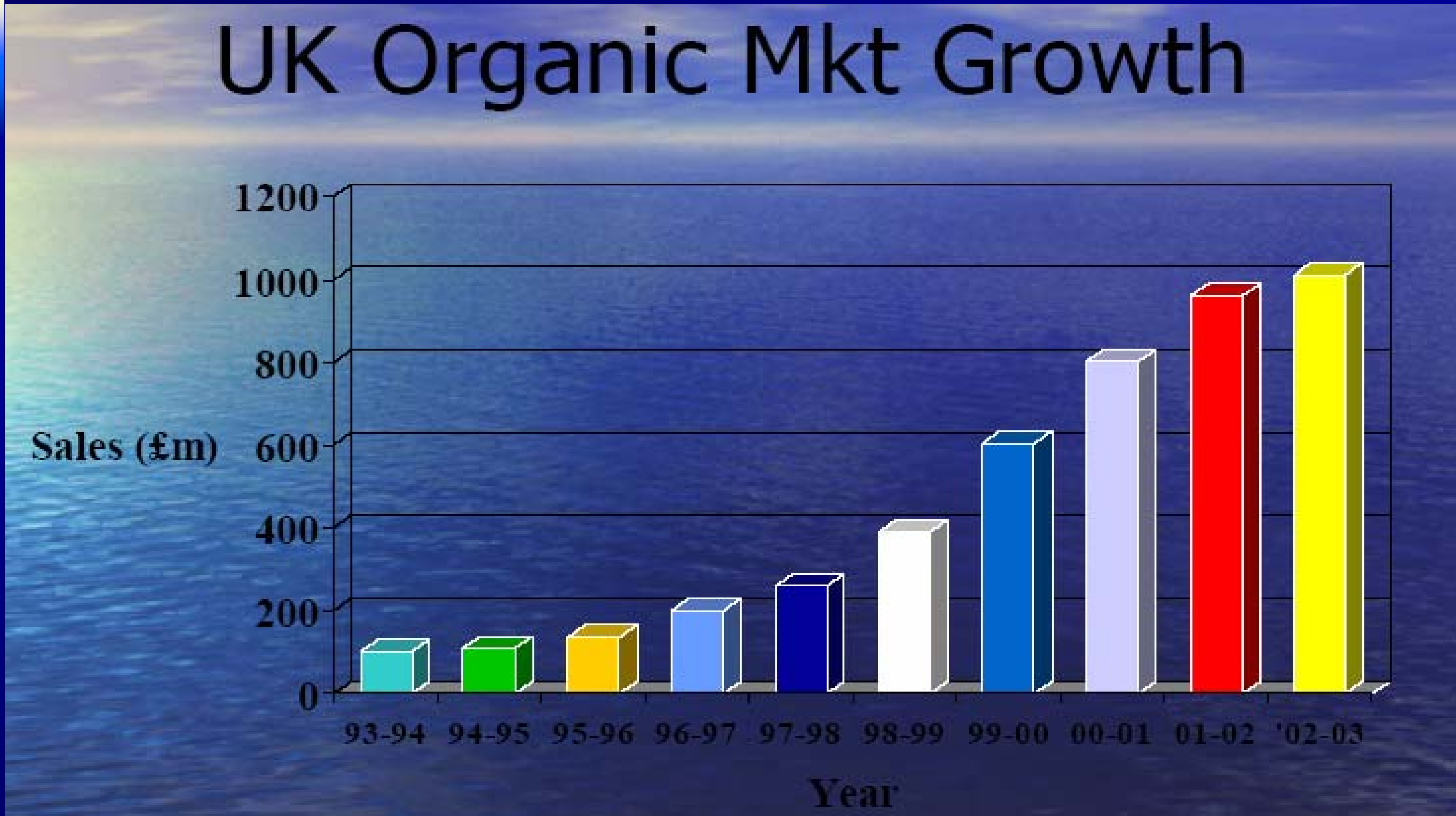
Source – Datamonitor 2005

Further indicators from consumers

- 84% of consumers regularly check labels for nutrition information
- 73% consumers interested in fish products due to healthiness of fish – Omega 3 breakthrough
- 63% of USA and EU consumers now treat themselves to higher quality foods and drinks – gourmet specialities
- Potentially 20 billion special occasions by 2008
- Premium products expected to cost more
- Organic and eco-labeled product consumption growing at more than 25% per annum

Source – Datamonitor 2005

The growth of organics



Key Attributes to Future Marketing Success

Perceived Quality and Willingness to Pay Price Premium

Intrinsic Quality Attribution

Colour, shape/size, texture, ingredients

Extrinsic Quality Clues

Packaging, Brand Name, Country of Origin, Product information

Experiential Quality Attributes

Taste, Flavour, Freshness, Convenience

Credence Quality Attributes

Production, Healthiness, Exclusivity, Sensitivity

Datamonitor (adapted from Meiselman, 2001) 2005

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The Consumer Led Approach

- Communication is 2 – way. Are we listening?
- Production is market driven. What do our consumers want?
- Products need to be consumer sensitive. How do our consumers perceive us?
- Products must be above the consumers expectations. How do our products taste, freshness, look, healthy?
- Products must be safe. Can we answer the consumers concerns?
- We have to look after our environment. How can we improve our image with our consumers?
- Prices must remain stable. Can we reduce our operating costs or add value to products?

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Thankyou

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