SEAFISH

market insight Key Features

Independent Fishmongers Study

Introduction

In the summer of 2005, The Sea Fish Industry Authority (Seafish) commissioned research to examine the independent retail seafood market. This research sought to establish the true value share of this sector and understand how independent fishmongers have adapted in order to remain competitive. The findings show that the sector consists of a number of strong, thriving independent fishmongers and despite difficult trading conditions in recent times, many have carved a niche position within their locality. Seafood in general and specifically independent seafood retailers are in a strong position to capitalise on the well documented trend towards healthier lifestyles being pursued by consumers.

Key Findings

- **Independent retailers need to use their expertise to encourage customers, old and new, to shop more frequently.**
- **The range on offer in the shop is very important as it may persuade customers to use an independent outlet.**
- **Shop environment is also crucial as consumers are increasingly aware of hygiene.**
- **Other routes to market are under-exploited by some retailers, eg supplying restaurant trade, delivery service, call and collect.**
- **Complementary items can be used to increase consumer spend.**
- **Generating new business and price occupy retailers' thoughts. These are things that the independent retailers can influence.**
- **Independent retailers have an opportunity to make themselves more accessible by considering flexing their opening hours.**
- **Accessibility could also be improved by considering a delivery or call and collect service.**
- **Consumers are likely to be less price conscious when shopping in independent retailers.**
- **Consumers see independent retailers as the specialists.**

Methodology and Sample

The first stage of the research questioned 116 independent fishmongers geographically dispersed throughout the UK. The majority (55%) of those questioned had more than 20 years experience within the industry working in well-established businesses – 70% of the businesses had been established before 1985.

Stage two involved consumer based focus groups to help understand the shopper perspective of the strengths and weaknesses of this channel. Talking directly to shoppers helped the identification of barriers to improved footfall for these retailers.

This Key Features focuses on:

Understanding consumer and shopper needs from independent seafood retailers; and

Identifying and highlighting the unique strengths of the independent seafood retailers versus these consumer needs.

(Independent retailer = fishmongers, markets and vans)

Market size and future prospects

The total seafood retail market is currently worth approximately £2bn (year to August 2005). In order to gain a reliable estimate of the independent share of this, an average annual income was established from stage one (see Figure 1). This was then multiplied by the approximate number of businesses in each of the four identified streams. This methodology estimates the independent sector at £236m, 12% per cent of the total seafood market, rising to a 21% share of the total chilled market.

Figure 1

Type of outlet	No. of outlets	Average Income (£)	Market size (£)
Fishmongers' shop	950	202,903	192,757,850
Permanent market	80	170,536	13,642,880
Transient market	120	153,750	18,450,000
Fish van	120	95,724	11,486,880
Total	**1,270**	**Total**	**236,337,610**

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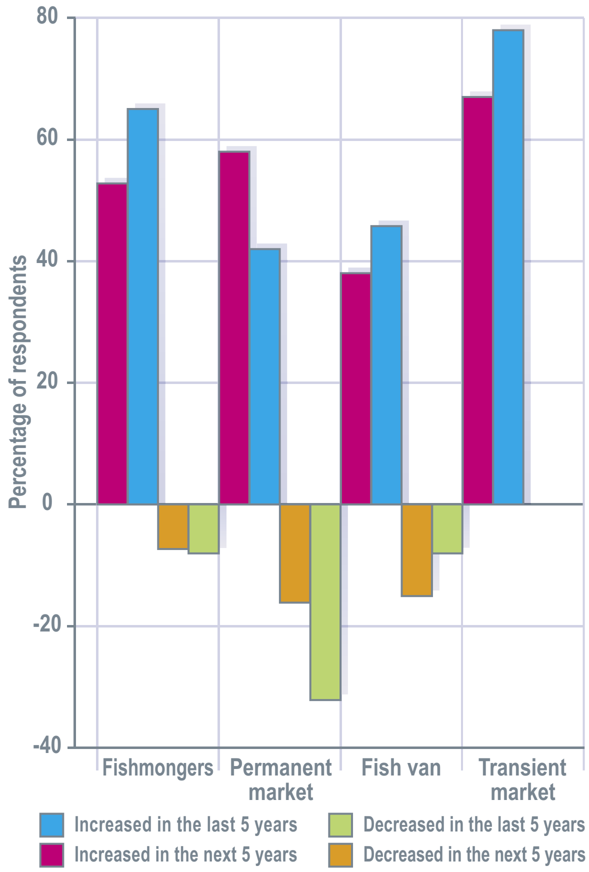
Market size and future prospects (continued)

Comparatively, the independent seafood channel is buoyant at +6%** versus independent butchers who are currently +1%**.

In order to establish performance over time, the retailers were asked *"Over the last 5 years, has your company's revenue increased, decreased, or stayed about the same?"* Of respondents, 65% of fishmongers said that their revenue had increased over the past 5 years. They were also asked *"Do you think your company's revenue will increase, decrease, or stay about the same over the next 5 years?"* (See Figure 2). Looking forward, the mood is optimistic with 53% of fishmongers saying that they expected revenue growth to continue to 2010.

Those mongers who were predicting a decline in revenue were in the minority with only 7% predicting declines to 2010. This positive outlook was true for respondents from other trade streams that the independent retailers operate in, with permanent markets seeming the most cautious.

Figure 2: Revenue Performance



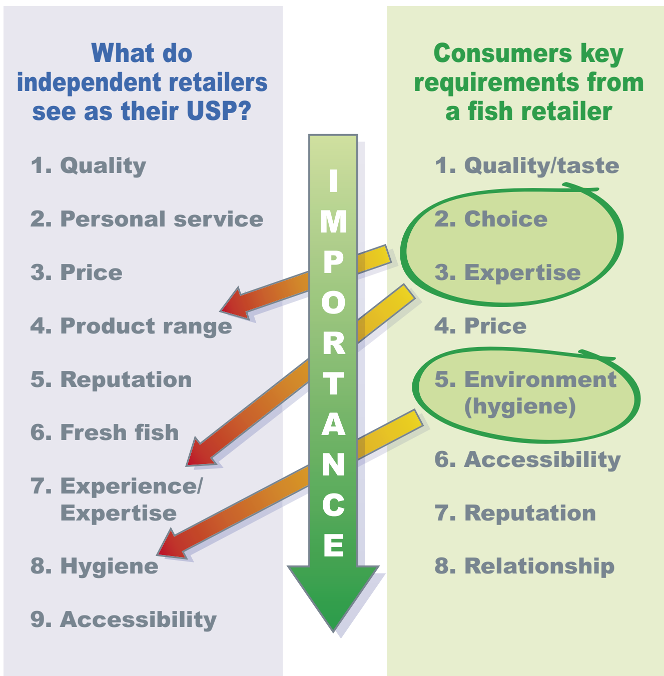
What's important to independent retailers?

When independents were asked to rank their unique selling points, that is the things that differentiates them from the competition, their response was QUALITY. Encouragingly, consumers agreed with this: *"There is a good choice in the supermarkets but the independents still offer more and the quality is better"* (see Figure 3).

However, there were some significant differences between consumers and retailers. Choice, expertise and hygiene were all higher on consumers' lists than they were on the independents. This indicates that independents undervalue their expertise. Consumers where very conscious of food hygiene, which is especially pertinent in fish retailing. Hygiene was further down the independents list and suggesting greater focus should be given to this area. Significantly consumers are not so worried about price when they are using independent retailers. This means that retailers do not necessarily have to reduce price to compete with supermarkets. However, local market conditions should be looked at before changes to pricing strategies are made.

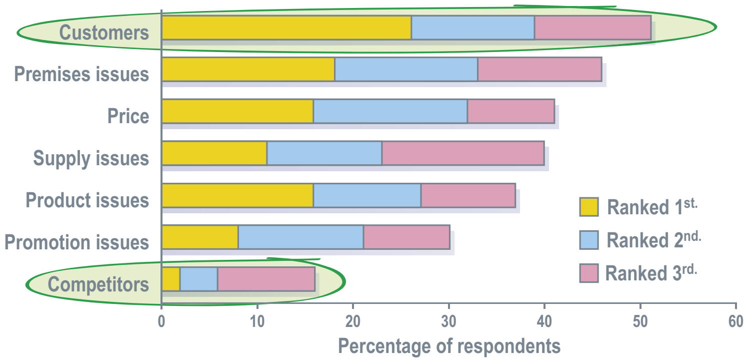
When asked *"Which three issues would have the most potential to help you improve your business, if you could change them in some way?"* Independent retailers ranked customers as the area that they thought they could have most influence over. This was followed by premises issues, price and supply. Competitors, who include supermarkets, come well down the list. This indicates that

Figure 3: Retailer and Consumer values



independents realise that supermarkets are not going to drive them out of the market and that they are able to compete by using other market advantages (see Figure 4).

Figure 4: Customers are the key opportunity



Independent retailers place a lot of emphasis on relationship building. However, customers are not as influenced by this as they are by the independent retailer's expertise and knowledge.

How can footfall be increased

New and additional custom could be gained by making your service more accessible. There are a number of ways to do this:

- Opening hours could be more accommodating especially to customers who work.
- Call and collect service would be convenient for customers.
- Delivery service would attract customers who may not be able to make it to the shop.
- On-line ordering would be attractive to certain customers.

Not all of these will be appropriate for every business but some of the solutions may be viable. An on-line web presence can be a cost effective way to promote your business and in the future is likely to become expected.

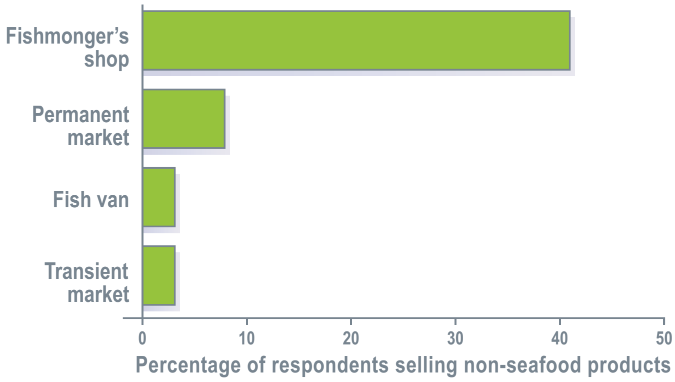
Consumers are increasingly looking for convenience. With this in mind independent retailers have to make the service and proposition as attractive as possible. By increasing your range you will increase the spend in your outlet. The range has to be carefully considered. For example, in cities or affluent areas exotic species may be sought after but the cost of these species will be prohibitive in a working class area.

People want quick meal solutions. If you can provide the ingredients for a meal and tell them how to cook the product, emphasising the speed of preparation, consumers will be encouraged to increase their basked spend. This chart indicates that a large number of retailers are not taking advantage of this opportunity (see Figure 5). If stocking complementary items, consider how perishable they are.

Will the customers really buy these items? Do they complement the recipes that I am suggesting?

At present 78% of fishmongers' business comes from the public. Other independent retailers such as fish vans and market stalls are even more reliant on the public. Some fishmongers have diversified into supplying the restaurant trade as an alternative income stream which helps to spread risk.

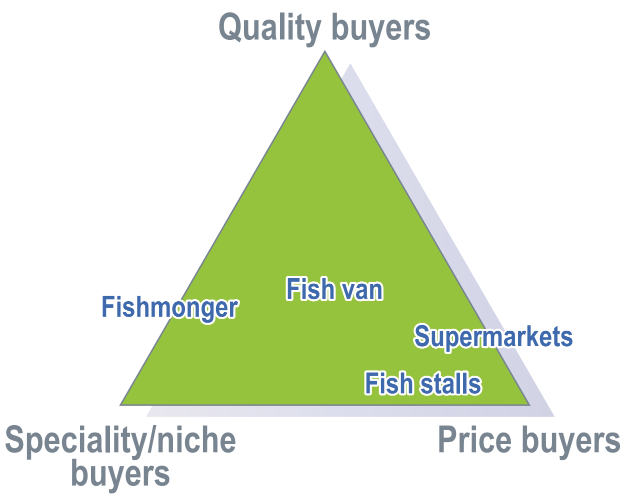
Figure 5: Do you sell any non-seafood products?



Consumers view independents as the specialists

The research highlighted the fact that, whilst not very convenient, consumers liked going to a fishmonger's. Customers identified with the superior quality product and knowledge that independent retailers have. Consumers' perceptions of independent retailers' positioning in the market is shown in Fiigure 6.

Figure 6: Strategic positioning



To be a successful business you need to position yourself towards one of the corners of this model. Consumer's feedback positions retailers as shown with fishmongers and fish vans close to the specialist and quality segments of the market. Supermarkets and fish stalls were perceived by consumers to be competing on price.

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Building successful businesses

In undertaking this project many successful businesses were identified. They have managed to adapt to the various competitive forces that they have been faced with over the past decade and are thriving. Below are some of the ideas that have been used.

"We extended our range of seafood to include wild bass and giant Madagascan crevettes - this relieved pressure on basic species such as cod and plaice."

Product

"Our shop sells 'exotic' fish and sauces 'to appeal to our many ethnic customers'. Success is partly due to increasingly adventurous customers who have eaten abroad."

Stocking products to suit your local customers and to appeal to more adventurous tastes has also proved a successful way of increasing business.

This action helped to offset supply issues, offered consumers a greater range which encouraged them back and is a way of introducing species with premium prices.

Promotions

Some independents have run promotions on species that are in ready supply. This could be supported by leaflets or advice on preparation or cooking as well as offering ingredients to make a meal. There have also been less conventional methods used such as advertising in the local doctor's surgery. This can work well as it is almost like getting an endorsement from your doctor. Other ideas might include using A-boards, or boards in-store with promotional information.

"Often we do promotions based on bulk buy (Fish of the Day, Fish of the Week). We also paid to be featured on a video recording which is on in the doctor's surgery waiting room."

Place

"We decided to deal with a wider range of suppliers - security and range of supply."

You can take positive action to try and minimise the adverse effects of supply issues. It can be risky to be too dependant on one source and by establishing links with a number of suppliers you may be able to negotiate better terms and have a wider variety of species available to you.

"Buy fresh fish 6 days a week from a total of 17 suppliers."

Initial appearances are extremely important so the retail outlet must look appealing and great attention must be given to hygiene.

"The owner recognises the need to revamp the premises and will do so shortly."

Price

There is no need to reduce prices to compete with supermarkets. There are a number of fishmongers that are thriving despite the fact that there are several supermarkets within the near vicinity.

"Refuses to conduct price promotions, although all prices are relatively keen."

* B2B independents research
** TNS Superpanel July '05

Further information

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