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2008 Survey of the UK Seafood Processing Industry

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Seafish Economics, 18 Logie Mill, Logie Green Road
Edinburgh EH7 4HS

Author

Adam Brown

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Executive Summary

This report is based on a survey of the UK seafood processing industry carried out by Seafish between March and September 2008. This was similar in many respects to previous Seafish surveys in 1996, 2000 and 2004. It included a telephone survey of the entire industry, postal questionnaires, face-to-face interviews and emailed questionnaires to businesses identified as seafood processors. Published financial data was used to augment questionnaire responses.

Structure and Employment

The 2004 survey identified reductions in both industry employment and the number of processing units, and this trend continued to 2008.

In just four years, the total number of people employed in the industry decreased by 20% and the total number of processing units decreased by 15%. According to the 2008 data, the UK seafood processing industry now employs 14,660 full time equivalent (FTE) employees in 479 processing units.

The primary processing sector has remained relatively stable in terms of both the number of employees and the number of processing units. Employment within primary processing units has actually increased marginally since 2004. This means that primary processors now constitute a greater proportion of the total number of industry units and employment.

The number of units undertaking a mix of primary and secondary processes has decreased by almost 30% since 2004. Employment within mixed processing units has decreased by 20% and they now account for just over 40% of industry units and employ 56% of the industry workforce. The number of units undertaking only secondary processes has decreased by almost 10%, with employment down by 35%.

The industry remains characterised by a small number of large, multi-unit businesses and a large number of small, single site businesses. Seafood processors employing 100 people or more account for only 6% of units but nearly 50% of industry employment. By contrast, small units employing 10 people or fewer account for more than 50% of all processing units yet provide less than 10% of total industry employment. In recent years there has been consolidation within the industry with acquisitions by already large seafood processing businesses. This means that a high proportion of industry employment is now concentrated within a small number of very large, multi-unit seafood processing companies.

The geographical distribution of the industry has remained relatively unchanged since 2004. Humberside and Grampian are still the most significant areas in terms of employment and the number of processing units. Humberside provides 27% of total industry employment and Grampian provides 23%. Several large processing companies are based in these traditional seafood processing areas.

In contrast to the trends observed in the seafood processing industry, employment within the salmon processing industry at the time of the survey had increased by 17% since 2004. The number of salmon processing units had decreased which means that the average size of salmon processing units had increased.

The main reason for the increase in salmon processing employment is that a small number of large processing units which used to process mainly seafood are now processing predominantly salmon. Due to their size, their reclassification as salmon processing units has made a significant change to salmon processing employment.

Scotland retains the majority of UK salmon processing units and employment. Almost 80% of all salmon processing jobs and 75% of salmon processing units are based in Scotland. Outside Scotland, 18 processing units were identified as salmon processing units providing 1150 jobs.

Supply

Although volumes of imported seafood fell in 2007, the overall trend since 2004 has been for increased imports of seafood and decreasing landings by UK fishing vessels.

The volume of demersal species landed by fishing vessels in the UK has decreased by 13% since 2004. Imports of demersal species increased in 2005 and 2006 but decreased in 2007 to a lower volume than in 2004. This means that there is a lower volume of demersal species available to UK processors.

Similarly, landings of pelagic species by fishing vessels in the UK have decreased. Imports of pelagic species have remained stable which means that there is a lower volume of pelagic species available to UK processors.

By contrast, shellfish landings, driven by increased landed volumes of nephrops and crabs, have increased by around 13% since 2004. Imports of shellfish have also increased marginally. This means that there is a greater volume of shellfish available to UK processors.

Processors with different characteristics use different supply methods to source their raw materials. The most important source of supply for primary processors is auction (48%) followed by direct contract with vessels (24%). Mixed processors now directly import 58% of their raw materials which is an increase from 2004 when they imported only 15%. Secondary processors have three main methods of obtaining supplies: fish merchants (33%); fish processors (32%); and direct imports (27%).

Primary processors are closest in the supply chain to the catching sector so utilise auctions and direct contracts with vessels; mixed processors include some of the largest processing companies and rely heavily on high volumes of imported raw materials; and secondary processors require partially processed materials, which they obtain from fish merchants and processors.

Price, quality and consistency of supply remain the three most influential factors on processors' buying decisions. Quality means different things to different buyers and not all buyers will be looking for the same quality. These responses can be interpreted as meaning that processors require specific quality of product at the correct price.

Processors have observed changes in the supply situation during the past five years. Around 50% commented that the volume of supplies available is decreasing. Many cited a reduction in the number of fishing vessels along with quotas as the reason for this. Processors also commented that the cost of raw materials has increased but that the quality of materials available has decreased. Other changes cited by processors were the internationalisation of the seafood markets and that there are no longer any 'black fish' in the supply chain.

Sales

Total sales of fish and fish products from the UK seafood processing sector are estimated at around £2.6 billion. This includes sales made to other seafood processors and sales to seafood merchants, but does not include sales of salmon processors. Mixed species processors generate the greatest proportion of sales value at an estimated £1.8 billion followed by primary processors (£480 million) then secondary processors (£330 million).

The largest customer group for the industry as a whole is retail which attracts 57% of sales value. Multiple retailers are particularly important as they attract 54% of total industry sales value. Wholesalers are the second most important customer group with 15% and the export markets attract 12%.

Processors with different characteristics have different target markets. The most important customer group for primary processors is export (32%) followed by wholesale fish merchants (24%) and food service (19%). The most important customer group for mixed and secondary processors is retail, where these processors make 63% and 59% of their sales respectively.

Different sizes of processors sell to different markets. Small processors tend to sell to fish merchants (29%) and food service (26%) and are also likely to sell within their own region. The most common market for products of medium sized processors is the export market which accounts for 30% of their sales value. Large processors are most likely to sell their products to retailers as 70% of the value of their sales are made to retail markets.

Productivity (measured as turnover per FTE) has decreased in real terms since 2004. Although the absolute turnover per FTE figure has increased from £142,700 in 2004 to £148,600, when this figure is adjusted for inflation it is equivalent to £134,200 in 2004 terms. Pelagic processors deliver the highest productivity results at £235,100 per FTE while shellfish processors generate the least at £112,000. As a greater proportion of industry employment is now within shellfish processing units this may explain the reduction in overall industry productivity.

Environmental and Sustainability

Opinion is divided on the effect of environmental issues on the industry. Almost a third of processors interviewed stated that environmental issues have no effect on their business, but others reported that environmental issues are a key driver of their business strategy. Processors that do notice an affect on their business from environmental issues cited increased regulation; waste treatment and disposal; increased costs; and an increased administration burden.

Most seafood processors believe they are unaffected by sustainability issues when sourcing raw materials. The majority do not purchase materials from accredited sources and those that do are driven by their customer requirements. 75% of large processors purchase materials from accredited sources, compared with just 16% of small processors.

Business Management

Seafood processors in the UK continue to operate in a pressurised environment. Just over half (51%) of the survey respondents cited survival as their main aspiration over the next five years with the next popular response being growth (44%). Some segments of the industry are more optimistic than others. Over 50% of shellfish processors aspire to grow in the next five years in comparison with only 31% of demersal only processors. Similarly, 60% of large processors interviewed aspire to grow while for 60% of small processors the main aspiration in the coming years is survival.

Processors were asked to specify the key internal and external business issues they expect to face over the next three years. The biggest internal business issues mentioned were staffing, rising business costs and increasing bureaucracy. The key external issues that processors think will impact upon their business are: energy costs, raw material supply and environmental issues.

Financial

Financial performance in the seafood processing industry is characterised by small and in many cases decreasing margins leading to reduced profitability across the industry.

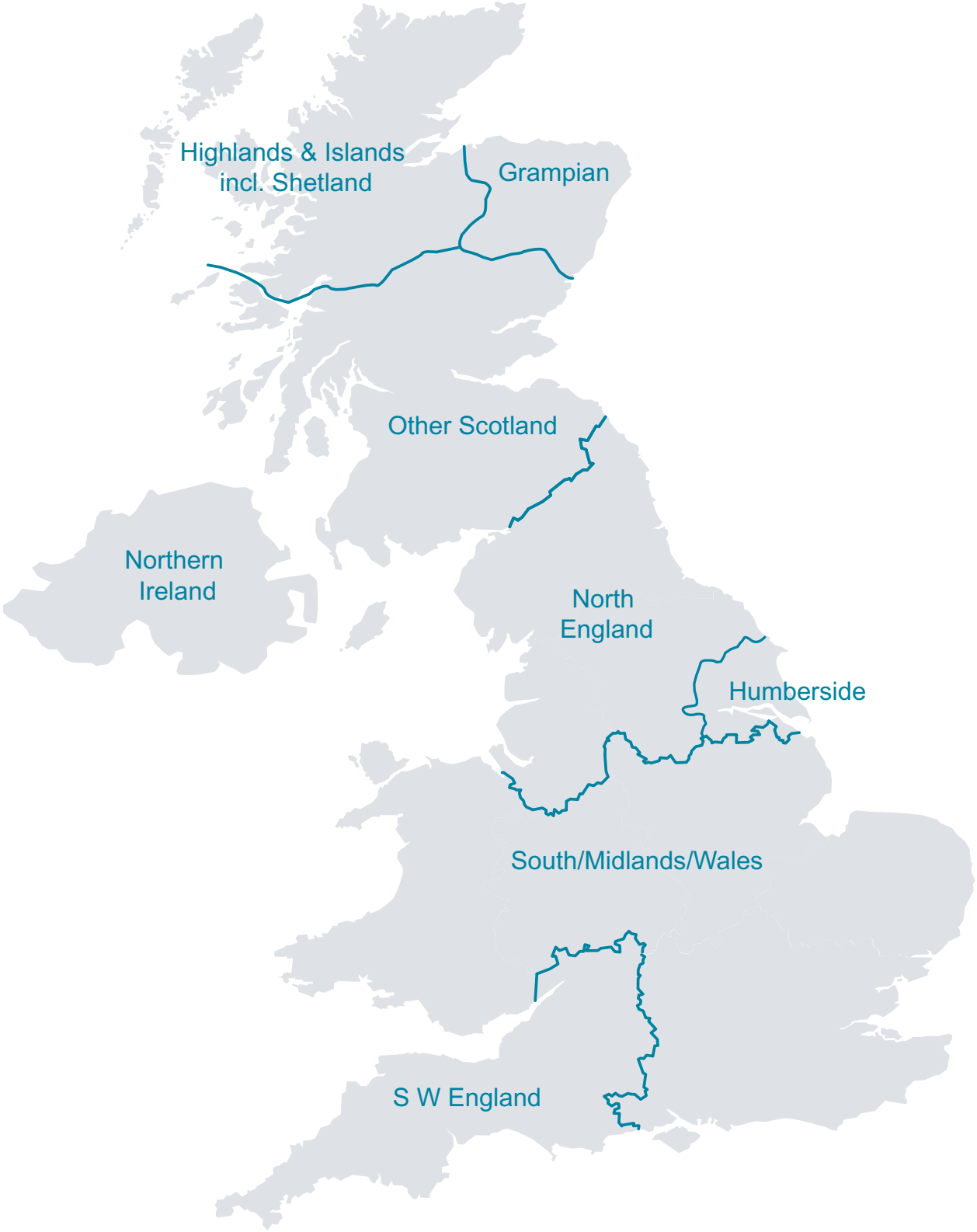
The timing of the survey means that the full impact of the economic downturn in 2008/09 is not reflected in the results produced.

Direct costs as a proportion of sales revenue have increased across the industry since 2004. The proportion of revenue absorbed by raw material purchases has increased to 67.5% on average. Total direct costs now account for an average of 85% of sales revenue. By contrast, the proportion of sales revenue absorbed by indirect costs has decreased slightly from 12.7% in 2004 to 11% in 2008.

Average profit margins across the industry have reduced since 2004. Primary processors deliver the greatest operating profit margin at 4.1% and secondary processors deliver the smallest at only 1.1% which is a decrease from the 2004 figure of 5.8%. Mixed processors' profit margins have increased from 2.9% to 3.4%.

Liquidity within the processing industry has decreased since 2004. The average current ratio in the industry is now 1.7:1. Although the average current ratio for the sample is quite healthy, this disguises the fact that over 40% of processors in this sample have a current ratio of less than 1:1 and over 60% have a ratio of less than 1.5:1.

Seafish Data Collection Regions



Introduction

This new survey of the UK seafood processing industry was carried out by Seafish Economics in 2008.

Seafish is often asked by government and the industry, including fish processors and supermarkets, for updated information on the UK processing sector. This report provides an update on the information collected for the 2004 Survey of the UK Sea Fish Processing Industry.

Similar reports were published in 1986, 1995, 2000 and 2004, and the series can therefore be used to identify and analyse trends. The inclusion of salmon processors allows reconciliation of estimates of employment for salmon processing and non-salmon fish processing and removes doubt about double counting of jobs in firms which process both salmon and sea fish.

Objectives

The survey had the following main objectives:

1. Provide key insights into the changing structure, employment, business issues and financial performance of the seafood processing industry.
2. Provide data to update the Seafish Economics processor database.
3. Provide essential data for future input-output reports on the UK processing sector

Scope

The scope of the survey included UK (not Channel Islands or Isle of Man) seafood and salmon processing businesses, of all sizes, engaged in any type of processing, where 50% or more of the turnover is generated from processing of fish (as opposed to trading or wholesaling of fish).

Definitions

The following definitions have been used throughout this survey. These are consistent with previous surveys.

Processor

1. A processor is a company which in some way materially changes the seafood. This excludes seafood merchants who buy and sell seafood, possibly including defrosting, repackaging and selling in smaller quantities but not actually coating or cutting the seafood in any way.

2. Fishmongers who process seafood solely for sale in their own retail outlet are not included.

3. Service companies, who provide a processing service to other companies without owning the seafood, are included, as they materially change the seafood.

4. Processors were divided into seafood and salmon processors according to whichever constituted the greater part of their turnover.

5. Trout-only processors are excluded from the report although data was gathered from these companies.

6. Employment data includes mainly seafood-processing employees. Onsite admin staff have been included, but not office staff or office-only sites. This is a natural consequence of viewing each processing plant as a separate unit and is consistent with previous surveys.

7. Businesses that process fishmeal that is not for human consumption were excluded.

8. Processors located in Isle of Man and Channel Islands were excluded.

Process Types

Primary processes include cutting, filleting, picking, peeling, washing, chilling, packing, heading and gutting. Secondary processes include brining, smoking, cooking,

freezing, canning, deboning, breading, battering, vacuum and controlled packaging, production of ready meals. Processors who carry out processes from both of these categories are classed as “mixed” processors.

It is important to remember these strict definitions when considering the figures presented in this report, since there is often a general idea that a primary processor is a smaller firm filleting fresh fish and a secondary processor is a large firm producing ready packaged seafood products.

For the purpose of this survey, large units which carry out primary processes to provide material for their finished products have been classed as mixed.

Processor Size

Small processor: 1–25 FTEs
Medium processor: 26–100 FTEs
Large processor: 100+ FTEs

Seafood Types

Fish types included have been defined as follows:
Demersal / whitefish includes: cod, haddock, plaice, whiting, pollack, saithe (coley), hake, monk/anglerfish, soles, lemons, megrim, witches, brill, turbot, halibut, dogfish, sharks, skates, rays, john dory, bass, ling, catfish, redfish.
Pelagic includes: herring, mackerel, pilchard, sprat, horse mackerel, whitebait, tuna.
Shellfish includes: nephrops (scampi, langoustines), scallops, crabs, oysters, cockles, mussels, winkles, lobster, crawfish, shrimps, squid, cuttle-fish, octopus.

Methods

Information was collected in four phases: a telephone survey; a postal survey; face-to-face interviews; and collection of published financial data for limited companies.

A census approach was taken for the telephone survey. Using a variety of resources, a list of around 1100 organisations was created. Telephone calls were then made to each of these organisations to establish which were fish processors according to the definitions of the survey. Each of the 550 processors identified was asked about the species they processed, the type of processing they did, their employees, the ownership of the firm and the age of the firm. This data provided information to characterise the industry as presented in the Industry Structure chapter, and also to identify the population for collection of detailed data.

Questionnaires were mailed to around 440 companies who had agreed in principle on the telephone to complete and return them. The postal questionnaire included six sections: supply; sales; people; environment and sustainability; business management; and financial. Most of the questions were devised so that the data could be compared with data from previous surveys but some of the questions were new, relating to the changing business environment that seafood processors operate in.

Field researchers were hired to travel across the UK and administer the questionnaire face-to-face with processors. Around 140 of these interviews were undertaken ensuring that the survey included a wide sample of different processing businesses. This method of obtaining data ensured a higher rate of return than would otherwise have been possible.

Further details of the methods used in the survey and analysis are given in the chapter on Methods.

Reporting

The report provides a commentary and high level analysis of the survey findings. Data tables for all Figures and Tables are included in the Appendix.

Chapter 1

Industry Structure

1. Industry Structure

The structure of the UK seafood processing industry has continued to change since the last review in 2004, with further consolidation in the industry alongside reductions in both the number of processing units and full time equivalent (FTEs) employees.

1.1 Processing units and employment

1.1.1 Industry overview

Since 2004, the number of seafood processing units in the UK has decreased (Table 1.1). In the past four years the number of processing units has decreased by 15% from 573 to 479 units. Employment in the industry has also reduced in the period since 2004. There are now 14,660 FTE[1] jobs in the seafood processing industry in comparison with 18,180 FTE jobs four years ago.

UK seafood processing industry population: FTEs and units					
Seafish processors	1986	1995	2000	2004	2008
No. of UK Employees	19,359	19,659	22,255	18,180	14,660
No. of processing plants	988	719	541	573	479
Average employees per plant	19.6	27.3	41.1	31.7	30.6

Table 1.1 UK seafood processing industry population: FTEs and units

The processing industry is now employing fewer people at fewer units than previously. The apparent loss of employment may be a little exaggerated by the survey figures. There are a number of businesses that are still operating but are no longer included as seafood processors in the survey exercise. Some businesses that were previously classified as seafood processors are now seafood traders; some large units are now processing a majority share of salmon rather than seafood; some large food processing businesses no longer process significant volumes of seafood. Employees in these businesses are no longer included in the survey.

1.1.2 Industry characteristics

The industry remains characterised by a small number of large multi-unit businesses and a large number of small, single site businesses. This means that there are a large number of units employing fewer than ten people and a very small number of units employing over 100 people (Figure 1.1).

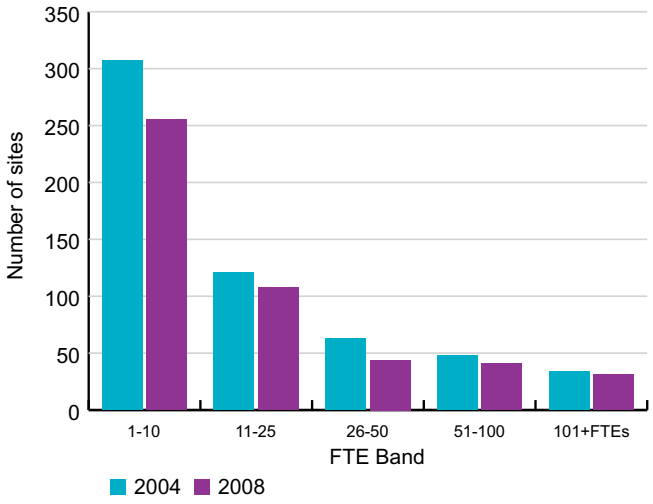


Figure 1.1 Number of processing units by size (FTE band)

The distribution of FTEs between each size of processor has remained relatively constant since the previous survey (Figure 1.2). Small single unit businesses with between 1 -10 FTEs account for just over 50% of all processing units (Figure 1.1) but only around 10% of total industry employment (Figure 1.2). Seafood processing units with over 100 FTEs account for just over 6% of the total number of units but provide almost 50% of the total employment figure. Seafood processing units employing 11 – 25 FTEs account for 20% of units and 10% of employment, units with 26 – 50 FTEs account for 10% of units and 10% of employment while units employing 51 – 100 FTEs account for 10% of total units and 20% of the total employment. This indicates that, despite consolidation in the industry in recent years, the industry remains fragmented with a large number of small businesses in operation.

1 FTE jobs assume that part time employees work 21.1 hours of a 37 hour week. This conversion factor was used in previous surveys of the industry. Seasonal employees are adjusted on a pro rata basis to weeks worked per year.

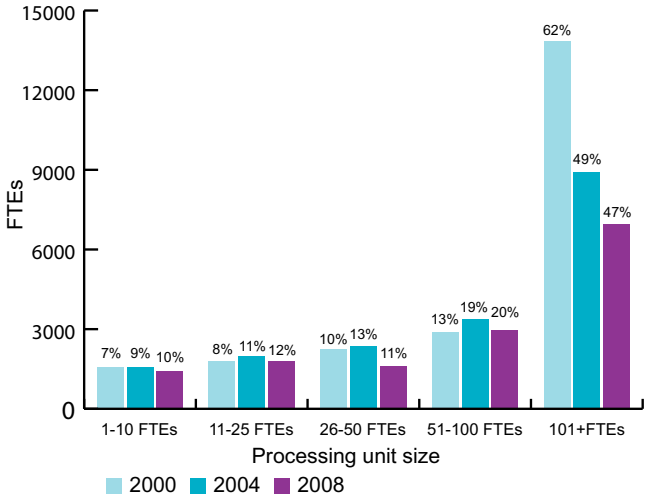


Figure 1.2 Industry employment by processing unit size

1.1.3 Structure by species processed

Since 2004 there has been a reduction in the proportion of total employees working in units processing only demersal species (Figure 1.3) and an increasing proportion of total industry employment within mixed species processors and shellfish processors.

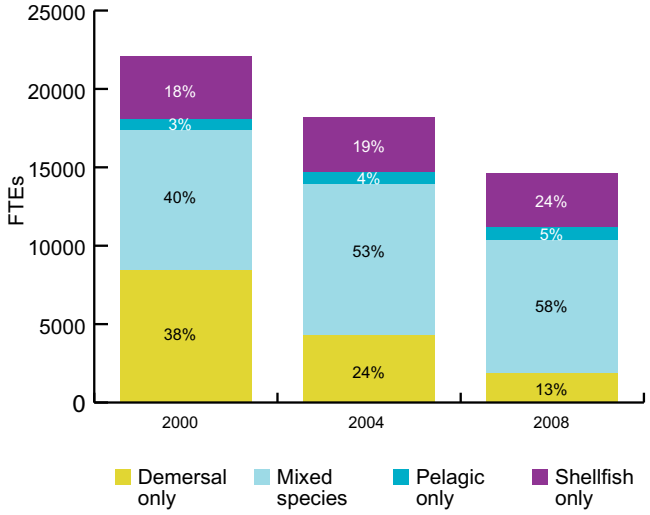


Figure 1.3 Industry employment by species processed

The segment of the industry that has changed most dramatically is the demersal processing segment. Since 2004, the number of demersal-only processing units has decreased by over 30% and employment has more than halved. This change may be due to the reduction in UK fishing vessel landings of demersal species and the challenging supply environment that these processors work in.

Mixed species processing now accounts for around 45% of the industry's processing units and provide around 58% of total employment in the industry. This means that the proportion of units processing mixed species has decreased by around 5% but the proportion of FTEs within them has increased by a similar percentage.

The proportion of units processing only shellfish has increased to 26% of the industry total. Their share of industry employment has also increased slightly: this may be a result of the increased volumes of shellfish landed by UK fishing vessels in recent years.

Pelagic processing units make up a similar proportion of total employment and the number of processing units as in 2004.

1.1.4 Structure by process type

Primary processing units continue to be the most prevalent type. 46% of all processing units undertake only primary processes. They have an average size of only 14 FTEs and account for 20% of total employment in the industry.

Units which undertake only secondary processing account for only 12% of all units but employ almost 25% of the industry total. They are generally larger units with an average of almost 60 FTEs per site. These figures indicate a slight decrease in the proportion of total units which carry out only secondary processes and also a decrease in the proportion of total employment within them.

The proportion of processors which undertake a mix of both primary and secondary processes (mixed processors) has increased to 42% of total units. Mixed processing units have an average size of 41 FTEs and 55% of total industry employment. Some of the largest processing units in the industry are mixed processors.

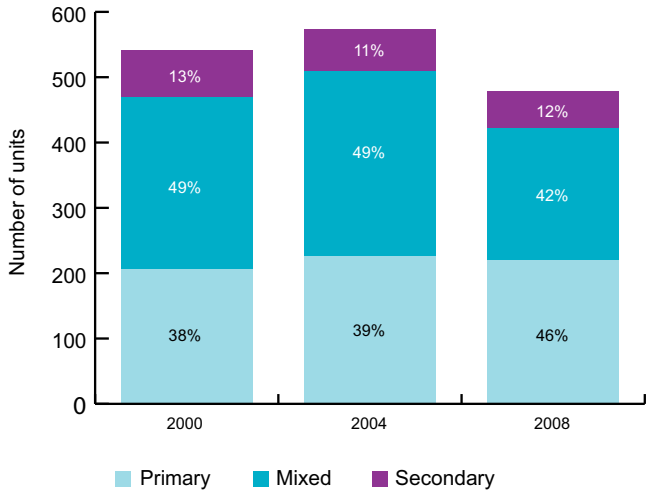


Figure 1.4 Proportion of seafood processing units by process type

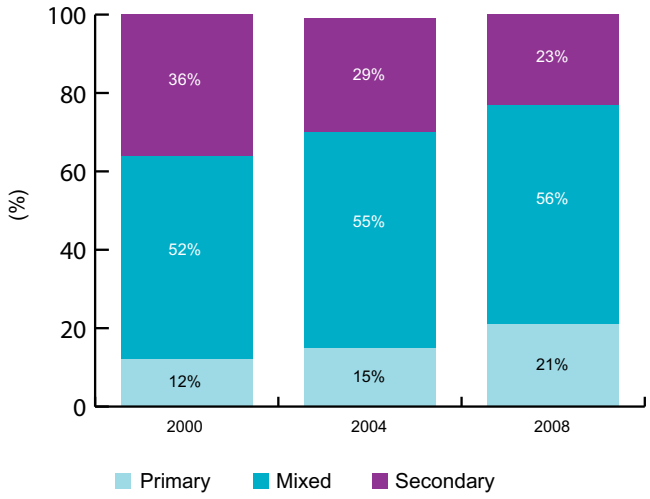


Figure 1.5 Proportion of industry employment by process type

1.2 Company ownership

Ownership within the industry has continued to change over the last 4 years with an increase in the number of processing units operating as part of a larger company. It was noted in 2004 that the industry ownership structure had changed due to several acquisitions within the industry. This trend has continued and the proportion of processing units operating as a subsidiary of a larger company has increased from 5% in 2004 to almost 10%.

The number of businesses operating as limited companies also increased marginally from the 2004 figure of 54% to 55%. The numbers of sole traders and partnerships decreased by 3% and 4% respectively. Sole traders and partnerships account for around 35% of the total number of seafood processing units but only 10% of total industry employment, indicating that it is smaller processors that tend to operate with these modes of business.

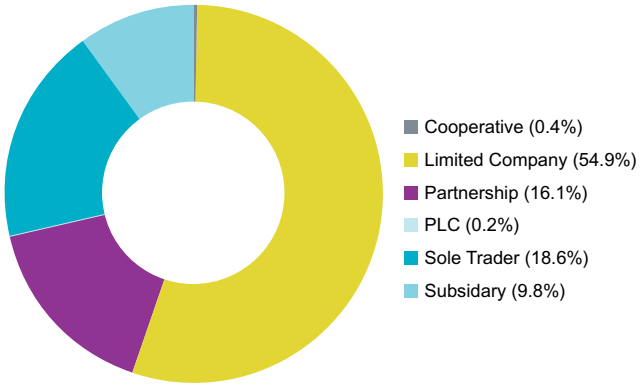


Figure 1.6 Ownership type of processing units

1.3 Age of firms

The overall age structure of industry businesses has not changed significantly since 2004. Most are between 16 and 50 years old. The survey results show that around 80 seafood processors have ceased trading since 2004. This figure is very similar to the period between 2000 and 2004 when around 70 processors closed down. Since 2004, around 25 new seafood processing businesses have been established, carrying out mainly primary or a mix of primary and secondary processes.

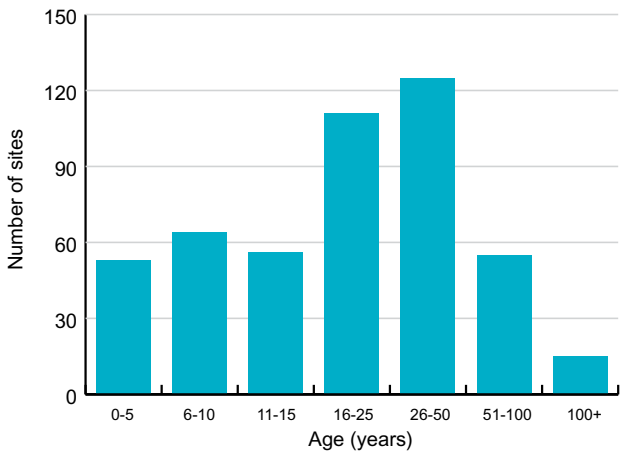


Figure 1.7 Age of processing units

1.4 Geographical distribution (see map on p.10)

The geographical distribution of the industry is not much changed since 2004. Humberside has the highest number of processing units followed by Grampian. As was the case in 2004, most units in Humberside undertake primary processing of seafood, mixed process units are the second most numerous. In Grampian mixed processing units form the majority, followed by primary processing units then secondary only. These findings are similar to those revealed in 2004. The South, Midlands and Wales has the third highest number of processing units followed by North England, and Other Scotland (Figure 1.8).

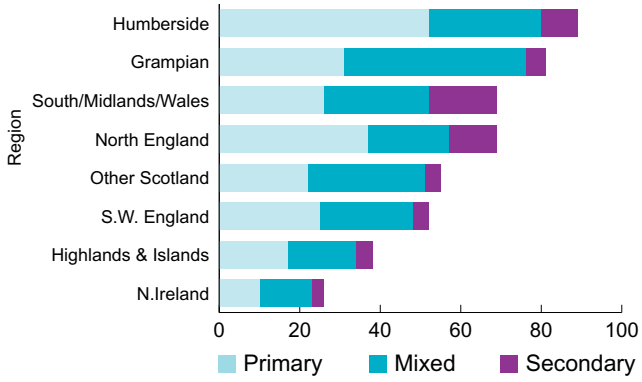


Figure 1.8 Seafood processing units by region

Geographical distribution of employment and processing units follow similar patterns. Humberside and Grampian are again the most significant areas. In Humberside it is interesting to note that although only 10% of the units are secondary processors they provide 40% of employment in comparison to primary processing units which make up almost 60% of the units but only 12% of employment. In Grampian the vast majority of employment is in mixed processing units as almost 80% of employment is in such units. As Figure 1.9 demonstrates, these trends continue across all regions where the majority of employment is within units undertaking either mixed or secondary processes with a smaller proportion of employment in units undertaking only primary processing activities.

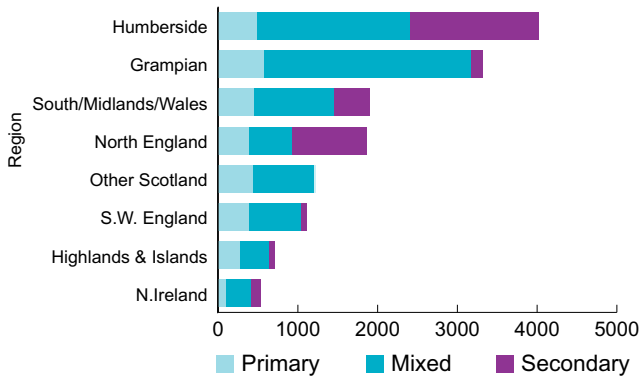


Figure 1.9 Industry employment by region

1.5 Gender balance

The gender balance in the seafood processing industry has remained stable since 2004. The results reveal that 60% of total employees in the industry are male in comparison with 61% in 2004. The primary processing sector has a disproportionately high number of males (67%). Secondary processors have the highest proportion of females with 44%.

The gender balance of part time workers is different from that of full time employees as 69% of part time employees are female. This is an increase from 2004 when 65% of part time workers were female. Grampian continues to have the highest proportion of part time female employees with the proportion increasing from 75% to 86% since 2004.

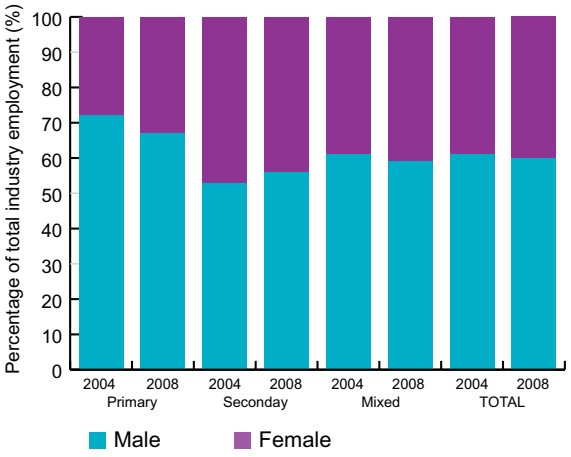


Figure 1.10 Industry employment by gender and process type

1.6 Recruitment and retention

Region	Is your company able to recruit enough staff of the required skill level?		Is your company able to retain enough staff of the required skill level?		Are there any particular skills shortages in your workforce?	
	Yes %	No %	Yes %	No %	Yes %	No %
Grampian	61%	39%	68%	32%	52%	48%
Highlands and Islands	69%	31%	92%	8%	23%	77%
Humberside	62%	38%	76%	24%	38%	62%
N. Ireland	69%	31%	92%	8%	8%	92%
North England	70%	30%	87%	13%	17%	83%
Other Scotland	62%	38%	86%	14%	38%	62%
S W England	76%	24%	86%	14%	24%	76%
South/Midlands/Wales	50%	50%	67%	33%	33%	67%

Table 1.2 Industry recruitment, retention and skills shortages

Just under 35% of processors stated that they are unable to recruit staff of the required skill level. This is a reduction from the 2004 figure of 51%, but those that can recruit staff are finding the process increasingly time-consuming and workers recruited are not always of the standard required.

Demersal processors have the most difficulty. Almost 50% said they are unable to recruit staff of the required skill level. This is due to the filleting skills frequently required.

Many processors blamed difficulties in recruitment on the 'nature of the industry', including cold conditions and smell in many processing units. Other explanations offered were local labour shortages and competition from other industries. Many said that potential employees may prefer to take jobs in local supermarkets than in the seafood processing industry.

Managers of businesses which can recruit enough skilled staff commented on the importance of being a good employer. Another common explanation for the increased ability to recruit suitably skilled staff was the increased volume of migrant labour available in the UK.

With regard to retaining staff, the picture is better. Most seafood processors are able to retain skilled staff with only 20% responding that they are unable to do so. The explanations offered were similar to those for recruitment. Processors that can retain staff believe that they are good to work for or that they offer good pay. Those processors with staff retention difficulties cited reasons such as labour market competition and the nature of the industry.

The proportion of processors with skills shortages in their business has reduced from 47% to 33% over the past four years. A shortage of filleters was identified by 80% of those with skills shortages and was mentioned most often by primary processors and by processors in Grampian. Other skills shortages include supervisory staff, engineers and food technologists.

1.7 Graduates in the workforce

The majority of processors in the sample do not employ graduates within their business. More than 40% of large processing businesses employ graduates compared to only 10% of small processors.

This suggests that seafood processors are not fully exploiting the benefits of employing graduates, which can assist with innovation and lead to improved management competence. Processors that are aiming to raise standards and continually improve their business may benefit from recruiting graduate employees with the right skills. In recent years, a strong UK economy has increased the competition for quality graduates; but during the current economic downturn the number of unemployed graduates may present opportunities for processing businesses.

1.8 Employee remuneration

	Pay per hour (£)	
Region	Male	Female
Grampian	7.59	7.38
Highlands and Islands	6.90	6.88
Humberside	7.19	7.37
N. Ireland	6.69	6.75
North England	7.10	7.00
Other Scotland	6.85	6.85
S W England	7.05	6.88
South/Midlands/Wales	6.39	6.43
UK Average	7.05	7.02
2008 UK Average in 2004 terms	6.37	6.34
UK Average in 2004	6.00	5.64

Table 1.3 Employee remuneration by region

The average pay for processing staff has increased from the 2004 average of £6 per hour for males and £5.64 for females to the 2008 figures of £7.05 for males and £7.02 for females. This means that the differentiation in pay between males and females has reduced since 2004 and pay for both sexes is almost equal. During the survey many processors commented that they did not think it was legal to differentiate between males and females in terms of pay. Part-time employees are generally paid slightly less than full time.

The pay increase remains apparent after removing the effect of inflation. Table 1.3 shows that in real terms both males and females have enjoyed an increase in their hourly rate of pay. Female workers have received a higher than average increase as the pay gap between male and female pay has reduced.

The highest paying region in the sample is Grampian. Many Grampian processors employ skilled demersal filleters who receive higher levels of remuneration. Grampian also has high levels of employment which means that higher levels of pay may be required to retain staff.

1.9 Salmon industry structure

Employment trends in salmon processing contrast with those in the seafood processing sector. Employment within salmon processing units has increased in the UK but the number of salmon processing units has decreased.

Employment within processing units which process predominantly salmon has increased since the previous survey from 4,462 to 5,223 FTE jobs. The main explanation for this increase is that three large processing units, previously processing predominantly seafood, are now processing predominantly salmon. These jobs have therefore been attributed to the salmon sector.

	2001 (Scotland)	2004 (Scotland)	2008 (Scotland)	2004 (UK)	2008 (UK)
No. of Employees	4,728	3,849	4,073	4,462	5,223
No. of processing plants	145	55	48	76	71
Average employment per plant	33	70	85	59	74

Table 1.4 UK salmon industry population: FTEs and units

The number of salmon processing units in the UK has decreased since 2004 from 76 units to 71 units (Table 1.4). The increase in employment combined with the decrease in plants means that the average size of each salmon unit has increased to 74 FTEs per unit.

1.9.1 Salmon industry geographical distribution

The majority of UK salmon processing is undertaken in Scotland. Around 78% of salmon processing employment is now within Scotland which is a slightly smaller proportion of the UK total than four years ago. Although the proportion of UK jobs has declined, the number of FTE jobs in Scotland has increased by just over 200 since the previous survey. The number of salmon processing units in Scotland has decreased slightly from 55 to 53 in the last four years.

The survey results show that Other Scotland, which includes the central belt, remains the key area for salmon processing employment in the UK. Almost 35% of all UK salmon processing employment is in Other Scotland (Figure 1.11) and almost 28% of all units (Figure 1.12). This means that salmon processing units in Other Scotland are larger than average for the UK. The Highlands and Islands is also a significant area for salmon processing. The region has a higher proportion of units than Other Scotland at 34%

Figure 1.11 Distribution of UK salmon employment by region

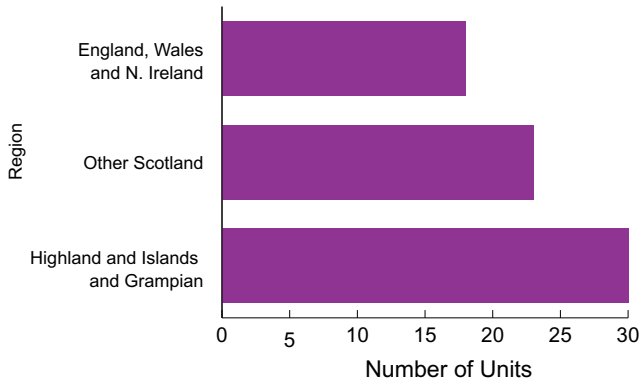


Figure 1.12 Distribution of salmon processing units by region

but only 26% of FTE jobs, which means that its salmon processing units are typically smaller than those in Other Scotland. The traditional seafood processing regions of Grampian and Humberside have few units that process predominantly salmon.

1.9.2 Salmon industry process types

An increasing number of salmon processors are undertaking a mix of primary and secondary processes. The proportion of processors undertaking mixed processes has increased to 54% from 47% (Figure 1.13). Meanwhile the proportion of processors undertaking only primary processes has decreased from 32% to 23%.

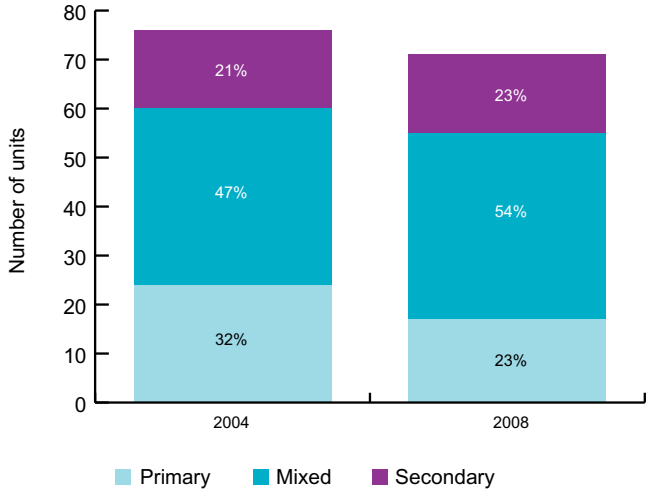


Figure 1.13 Salmon processing units by process type

The majority of employment within the salmon processing industry remains within mixed processing units (Figure 1.14). The proportion of employment within these units has increased while the proportion employed within primary processors has decreased. These results indicate that a greater proportion of salmon processors process raw materials from start to finish. This is likely to be due to a higher degree of vertical integration within the salmon supply chain in comparison to the seafood supply chain.

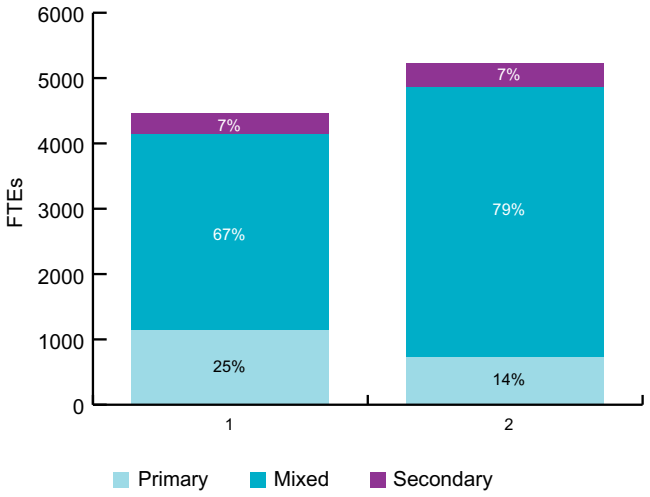


Figure 1.14 Salmon industry employment by process type

Chapter 2
Supply

2. Supply

The supply situation in the seafood processing industry has continued to change over the past four years. The trend towards decreased fishing vessel landings and increased imports has been apparent in the previous two surveys of the sector and is supported by official government data on vessel landings and imports, but the rate of change has decreased in recent years. This suggests that the balance between supplies from UK fishing vessels and supplies from imports has nearly reached a point of equilibrium.

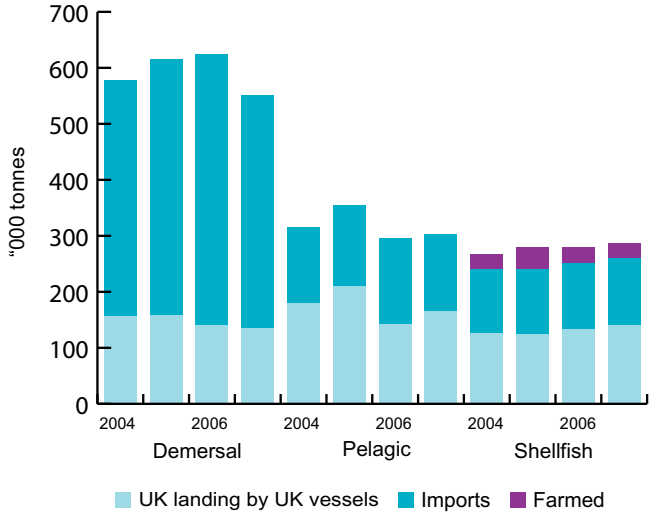


Figure 2.1 Seafood supplies available in the UK
Source: HM Revenues and Customs

The volume of demersal species available to UK processors has generally increased since 2004. In 2007 this trend was reversed slightly as volumes fell. The UK now imports 75% and lands only 25% of the demersal species available for UK processors. The most noticeable change in demersal landings is the decrease in the volume of haddock which has fallen by 28% since 2004. Imports of cod have fallen by just over 10% while imports of haddock have remained relatively constant. This means that processors have lower volumes of these two key species available for processing than four years ago and competition for these supplies is likely to be higher. The largest increase has been in UK fishing vessel landings of whiting which have increased by almost 80%.

The total volume of shellfish supplied to the UK has increased since 2004. The increase of almost 8% is largely due to an increase in the volume landed by fishing vessels as imports have increased only slightly during this period. The most significant change in shellfish supply is the volume of nephrops being landed by fishing vessels which in 2007 was 45% higher than the volume landed in 2004. Similarly, the volume of crab landed by fishing vessels into the UK has increased by over 30% during the same period. The ratio of fishing vessel landings to imports for shellfish is different to that of demersal species. Just over 50% of shellfish is UK landed and less than 50% imported. A large proportion of shellfish imports are warm or cold water prawns which will often require little or no processing in the UK.

The total volume of pelagic species available to processors has fluctuated over the past four years. The volume of pelagic species landed by fishing vessels into the UK peaked in 2005, reduced by around 30% in 2006 and increased again slightly in 2007 to a volume around 10% lower than that landed in 2004. Over 90% of total pelagic landing volumes consist of herring and mackerel and it is the landings of these species which has fluctuated most since 2004. Landing volumes of herring are likely to continue to decrease as the Total Allowable Catch (TAC) decreases. In 2006 the TAC for North Sea Herring was 454,751 tonnes but in 2008 this figure will only be 201,227 tonnes. Imports of pelagic species are dominated by tuna imports of which the vast majority is finished product and does not require further processing. Of the remaining pelagic imports, the majority is probably overseas fishing vessels landing their catch in the UK.

UK seafood processors purchase a large proportion of the available seafood supplies in the UK (Figure 2.2). Purchases by UK seafood processors were estimated to be around 570,000 tonnes in 2007/08 from total available supplies of around 1.1 million tonnes. In terms of value, it is estimated that processors purchased around £1500m of seafood in the year 2007/08.

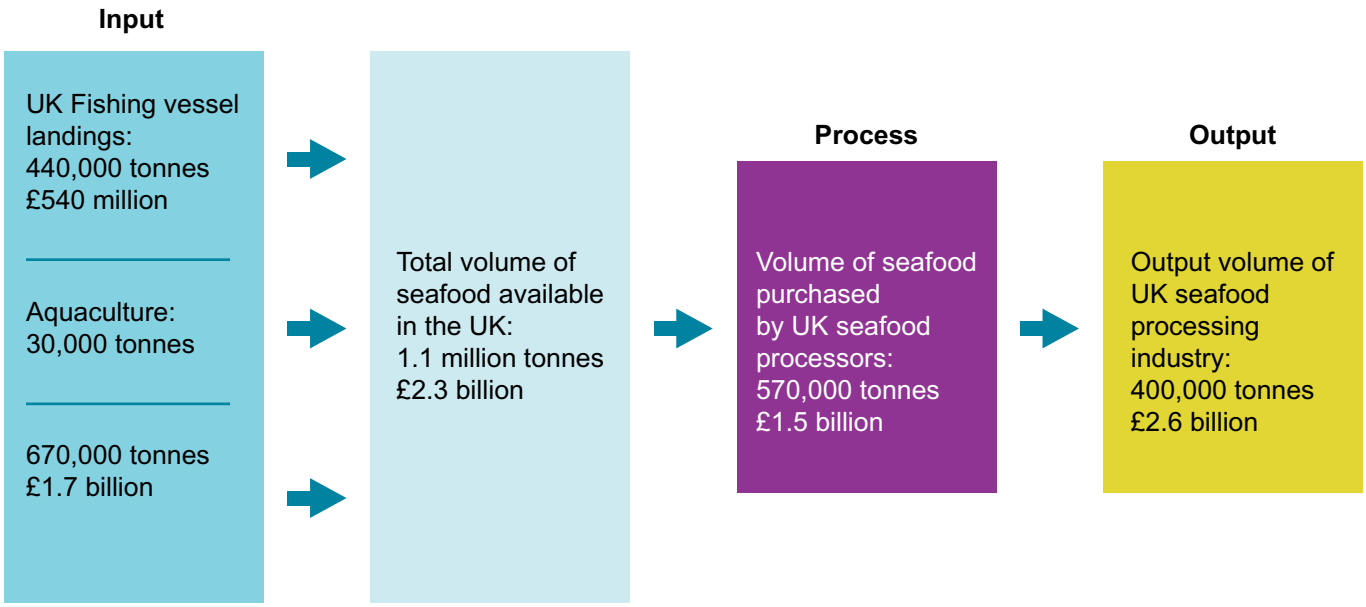


Figure 2.2 UK seafood processing supply chain (Figures are product weight and are rounded to nearest 10 tonnes. Includes imported salmon but not farmed salmon)

Figure 2.2 illustrates that there are large volumes of seafood supplies that are not purchased by UK seafood processors. There are a number of reasons for this: large volumes of species such as tuna and warm water prawns are imported into the UK but require no further processing; large volumes of seafood, e.g. frozen fillets, are imported by wholesalers and distributors and sold to wholesalers or food service without further processing; a proportion of UK fishing vessel landings are exported by fish merchants without undergoing any processing within the UK; a proportion of imported seafood is re-exported; and a proportion of seafood will be processed by food processing companies that are not classified as seafood processors under the definitions of this survey.

These results indicate that increasing volumes of seafood are entering the UK seafood supply chain with no need for further processing. It appears that a large proportion of this seafood is destined for the food service sector via either wholesalers or distributors.

2.1 Method of obtaining supplies

The mix of methods used by processors to obtain supplies has shifted during the past four years. The most common method of obtaining supplies for the industry as a whole remains direct imports (Figure 2.3). The method used by processors to obtain supplies is influenced by the type of processor (e.g. primary, mixed or secondary), the species processed, the size of the processing business and the region in which the processor is based.

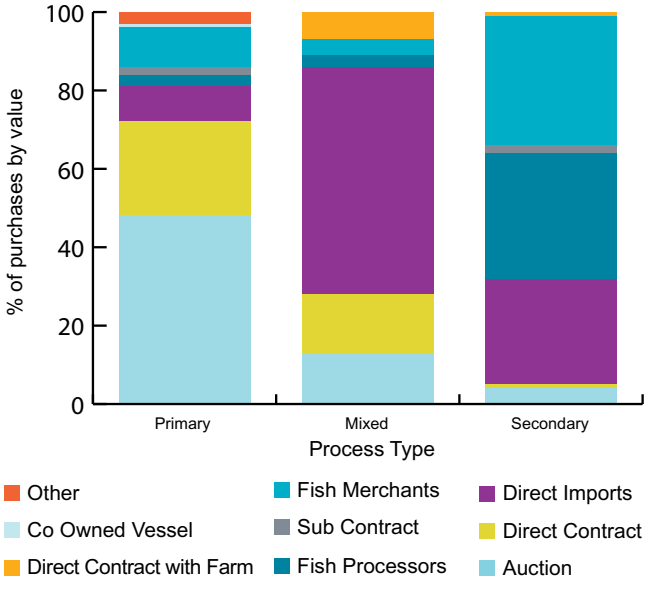


Figure 2.3 Supply type by process type

2.1.1 Supply source by process type

Primary processors are more likely to source within the UK at auction while mixed processors directly import most of their supplies.

The methods used by primary processors to obtain supplies have not changed greatly since 2004. They are the first to process materials and are closest in the supply chain to fishermen and the auction where fish is first sold. Auction remains their most important source (48% of supplies), followed by direct contract (24%).

The most common source of supplies for mixed processors has changed since 2004 from direct contract with UK fishing vessels to direct imports. Mixed processors now obtain 58% of their supplies through direct import in comparison with only 15% in 2004, while the proportion of supplies sourced through direct contract with fishing vessels has reduced from 48% to 15%. Mixed processors include some of the UK's largest processing businesses, so the scale of these changes may be partly a result of different companies participating in the survey.

Secondary processors have also changed their sourcing strategies making use of a wider range of supply resources than previously. In 2004 secondary processor purchases were dominated by direct imports. In 2008 this has changed slightly with secondary processors sourcing around 30% of their materials from each of fish processors, fish merchants and direct imports. It is noticeable that secondary processors tend to use supply sources further removed from catching and source very few materials from auction or direct contract with vessels. Secondary processors generally purchase part processed materials from within the UK and often frozen materials from overseas.

2.1.2 Supply source by size of processor

The size of a processing business affects the method of obtaining supplies. Smaller processors are more likely to source locally and within the UK while larger processors are more likely to source internationally.

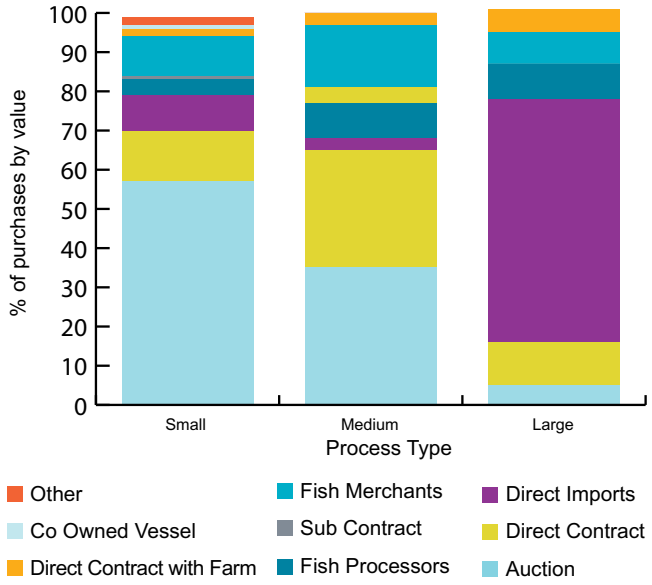


Figure 2.4 Supply type by size of processor

Small processors, those with between 1 and 25 employees, source their materials predominantly from auction (57%) or through direct contracts with vessels (13%) (Figure 2.4). These figures are similar proportionally to those of primary processors. By contrast, large processors, those with 100+ employees, are most likely to import materials directly. Large processors source 62% of their materials through direct imports while direct contract with vessels (11%) is the second most popular source. Processors that are medium sized, with between 26 and 100 employees, use a wider range of sources for their materials. Medium processors source from auction (35%), direct contract (30%) and fish merchants (16%).

These results (Figure 2.4) indicate that smaller processors have a greater tendency to source locally than larger processors. They may not possess the expertise or resources required to source from overseas, and may not purchase sufficient volumes to make importing materials economically viable. They may have few problems adapting to the fluctuations in supply from local markets, which may be unable to consistently provide the high volumes of specific materials that larger processors need to operate at capacity and meet customer demands. This may explain why larger processors look to imports to obtain their supplies.

2.1.3 Supply source by species processed

The mix of species processed affects the way in which raw materials are sourced. Processors using a mixture of different species are more likely to obtain materials by import than single species processors that tend to source a greater proportion of their supplies within the UK.

Processors that process only demersal species will source their materials primarily at auction (50%) followed by direct import (21%). Shellfish processors tend to source within the UK and are likely to have direct contracts with vessels (37%) or purchase materials from fish merchants (24%). Shellfish processors make less use of auctions (12%) than demersal processors. This difference may reflect the fact that shellfish processors can work closely with fishing vessels on the quality of catch. Shellfish processors can obtain higher prices for higher quality materials and may therefore benefit from having a relationship and the ability to influence the practices of vessels that supply them. Mixed species processors source the majority of their materials through imports (57%) with auction the second most important source.

2.1.4 Supply source by region

The results indicate that processors based in different regions use different methods of obtaining raw materials. This is partly due to the types of processors based in different regions and partly due to the species most commonly available in different regions.

A number of large, mixed species, mixed process processors are based in Humberside. The most common source of supplies on Humberside reflects this as Humberside processors directly import 73% of supplies. As noted above, large processors and mixed species processors have a tendency to import raw materials. In contrast Grampian, where many demersal processors are based, has a higher proportion of supplies sourced at auction (29%) and by direct contract with vessels (49%).

Processors in South West England, Other Scotland and Northern Ireland are most likely to source materials at auction. In Northern Ireland 82% of supplies are sourced from auction. This proportion is less in South West England (50%) and less again in Other Scotland (42%).

The most common source of supply in Highlands and Islands is direct contract with vessels (70%), reflecting the high proportion of shellfish producers in the region.

2.2 Region of supply

The regions from which processors obtain their raw materials have changed since 2004. The proportion of raw materials obtained within the UK has decreased and the proportions of raw materials sourced from EU countries and from outside the EU have both increased. There appears to be a trend for larger, mixed species processors to source globally and import raw materials for processing. These processors need to consistently source large volumes of specific species in order to satisfy their customer demands.

2.2.1 Region of supply by process type

Processors undertaking different types of processes source raw materials in different ways (Figure 2.5).

Primary processors are likely to source their materials within the UK with Grampian (19%) and Humberside (18%) the most likely sources.

An increasing number of mixed processors source their materials from outside the UK and the majority of this is imported from outside the EU (45%). This is in comparison to 2004 where only a small proportion of mixed processors' materials were sourced form outside the UK. The mixed processors segment includes some of the largest processing businesses in the industry which have a tendency to import large proportions of their raw materials.

The mix of regions used by secondary processors has also changed. The results of this survey indicate that secondary processors are importing less of their materials and sourcing a greater proportion of supplies in Humberside (22%), South, Midlands and Wales (14%), North England (13%) and Grampian (11%).

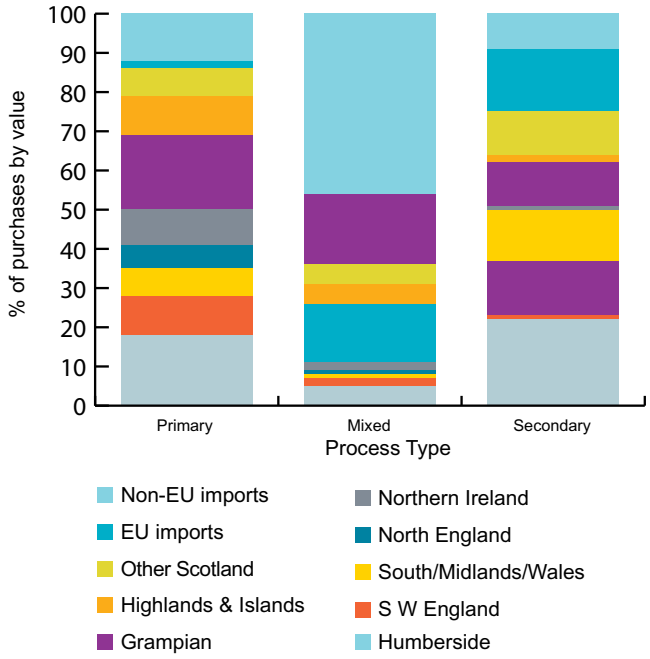


Figure 2.5 Region of supply by process type

2.2.2 Region of supply by size

The results indicate that different sizes of processor source their materials from different regions. Larger processors are more likely to source supplies from outside the UK while smaller processors are more likely to source within the UK.

The most popular regions for small processors to source raw materials from are Humberside (24%) followed by Grampian (19%). The figures for small processors are similar to those for primary processors. Medium-sized processors, similar to small processors, are likely to source supplies within the UK. Only 14% of supplies to medium sized processors are imported consisting of EU imports (6%) and non-EU imports (8%). The remainder of supplies into medium processors come from around the UK with Grampian (30%), Highlands and Islands (18%) and Humberside (10%) the most common sources. Large processors use different sources of supply to small and medium processors, using non-EU imports for 45% of their supplies and EU imports for 20%. Grampian is the most popular UK source of supplies for large processors as 12% come from this region.

2.2.3 Region of supply by species

The types of species processed have an effect on the source of supply. Single species (e.g. demersal only) processors are more likely to source materials from within the UK but mixed species processors are more likely to source materials from outside the UK.

Processors that process only demersal species are most likely to obtain their supplies in Humberside (37%), from Non-EU imports (25%) and from Grampian (19%). Shellfish-only processors source most of their supplies within the UK, with the most popular sourcing regions being Other Scotland (27%), South, Midlands and Wales (22%) and Grampian (16%). This is logical as shellfish is landed by UK fishing vessels into these areas.

Mixed species processors make more use of imports as 19% of their supplies come from EU imports and 45% is imported from outside the EU. These results reflect the fact that the largest processors tend to process a mix of species and import a large proportion of their raw materials.

2.2.4 Region of supply by processor region

The region where processors are based influences where they source their raw materials. They seem to source locally where possible. Those based in Grampian purchase 65% of their supplies in Grampian, Northern Irish processors source 56% of their materials in Northern Ireland and processors in South West England purchase 40% of materials in the South West.

The exceptions are Humberside and South, Midlands and Wales where 82% and 79% of materials are imported respectively. These two areas contain large processing businesses which require a greater volume of supplies than can be found locally. For example, Humberside contains some of the UK's largest processing businesses, supplying products to the whole of the UK. These processors require large volumes of specific species supplied consistently and therefore use imports to guarantee the consistency of supply required.

2.3 Purchasing decisions

As in previous surveys, processors responded that the most important factor influencing their purchasing decisions is the quality of the materials followed by the price (Table 2.1). It should be noted that quality will mean different things to different buyers and not all buyers will look for the same quality. These responses should perhaps be interpreted as meaning that processors are looking for a quality of material appropriate for their business, if the quality of the material is correct then the next most important factor is the price. Consistency of supply was ranked as the third most important factor influencing buying decisions. Consistency of supply was actually given as the most important factor by processors in North England and this was the only segment not to place both price and quality in the top two influencing factors. It is also interesting to note that, although most processors said that location of market is not an important factor in the buying decision, many processors buy their raw materials in the region in which they are based.

	Number of responses				Total Position
	1st	2nd	3rd	Total	
Quality	87	63	9	159	66
Price	59	55	48	162	56
Consistency of Supply	24	35	55	114	33
Species	9	13	29	51	14
Location	2	7	16	25	6
Credit Terms	0	4	10	14	3
Other	2	1	3	6	2
Style of Auction	0	0	1	1	0

Table 2.1 Factors affecting purchasing decisions for seafood processors

2.4 Number of suppliers

The majority of seafood processors have a narrow supply base (Table 2.2). Around 65% of processors surveyed had 10 or fewer suppliers, and only around 25% of processors bought from more than 20. Small primary processors are likely to use a small number of suppliers. Larger mixed or secondary process processors are more likely to have a larger number of processors. It is likely to be more expensive to manage a large supplier base, and for larger processors it is important to have enough suppliers to ensure consistency of supply.

Number of suppliers	Number of responses
1 - 5	55
6 - 10	47
11 - 15	14
15 - 20	5
20+	35

Table 2.2 Number of suppliers used by seafood processors

2.5 Supply issues

Official data suggests that the supply situation for seafood processors is increasingly challenging, and this is supported by the survey responses.

As already described, supplies available within the UK have declined but have generally been replaced by imported materials. At a global level, demand for seafood continues to increase in the face of stable supplies. This means that processors face increased and probably increasing competition for global supplies of seafood, and may have to be more innovative about how and where they source their materials.

Processors were asked how the supply environment has changed over the past five years. The main changes they cited were:

- Reducing volumes of materials available
- Increasing costs for materials
- Lower quality of raw materials available

Around 50% of processors responded that the volume of raw materials available is reducing. This response is similar to 2004 when processors commented that supplies were reducing and sources of supply harder

to find. A number of reasons were offered: more than 20% of processors stated that a decrease in the number of vessels was responsible for reduced availability, while others mentioned quota and government policy.

Processors are also experiencing increasing costs for supplies. The price of fish would be expected to rise if supply reduced and demand remained consistent. Rising costs for food and commodities have been commonplace over the past 18 – 24 months and seafood has not been an exception.

The third most frequently experienced change was that the quality of raw materials has reduced over the last five years. If processors are unable to get the correct quality of material then they may have difficulty meeting customer demands.

The responses described are gathered from all segments of the processing industry. The majority of the respondents are however smaller processors. In the light of falling fishing vessel landings into the UK it is natural that these smaller processors observe decreasing volumes and increasing prices of raw materials. These trends are very similar to those noted in previous surveys indicating that on a continuing basis, processors have to work harder to source adequate supplies.

Internationalisation of the seafood markets was a change noted by a number of large processors. They must have the correct expertise if they are to successfully source from overseas and take advantage of the broad range of international sourcing options available. One processor also noted that China is now a very big player and increasingly important for supplies.

Other processors stated that the supply of fish is now more regulated than previously. “There are no more black fish” was a response given by many of the processors interviewed in the survey, which must be a good sign of the improvement in sustainability of UK catching activities.

Chapter 3
Sales

3. Sales

Processors sell their seafood products to wholesale, retail, food service and export markets, and face different demands depending on which they supply. Retailers may make demands with regard to volume, price and environmental issues such as stock sustainability, and export markets may expect high quality products for discerning consumers. The type of market that a processor wants to sell into will influence the business model adopted. Those selling to multiple retailers may need the ability to consistently deliver low value products in high volumes, but those selling directly to food service may benefit most from being flexible and adapting to changing customer demands while regularly delivering fresh products.

Consumption of seafood in the UK is split between home consumption of products purchased in retail outlets and consumption of prepared food from food service outlets. Figure 3.2 shows that a slightly higher value of seafood is consumed from food service outlets than is consumed in the home although there is only a small margin of difference. These habits have remained proportionally similar since the previous survey in 2004.

The figures for retail consumption indicate that most seafood purchased for in the home consumption is of the chilled variety. The most popular chilled seafood species include cod, warm and cold water prawns, and haddock. These products may be sold from a wet fish counter or as Modified Atmosphere Packaging (MAP) packed products. The most commonly purchased frozen seafood products are cod, haddock, cold water prawns and scampi. The most popular ambient product is tuna. In the current economic climate it is expected that sales of frozen seafood products will increase at the expense of fresh products.

Most out-of-home seafood consumption is in restaurants or from fish and chip shops, with slightly greater value spent in restaurants. It is estimated that 548 million servings of fish are ordered out of the home in the UK each year, of which more than 400 million orders are for fried fish products[2].

The total industry sales value of the seafood processors identified in the survey is estimated at £2.6 billion (Figure 3.1). This figure includes sales that are made between seafood processors but does not include sales made by: processors identified as salmon processors or sales made by seafood businesses that are not predominantly seafood processors.

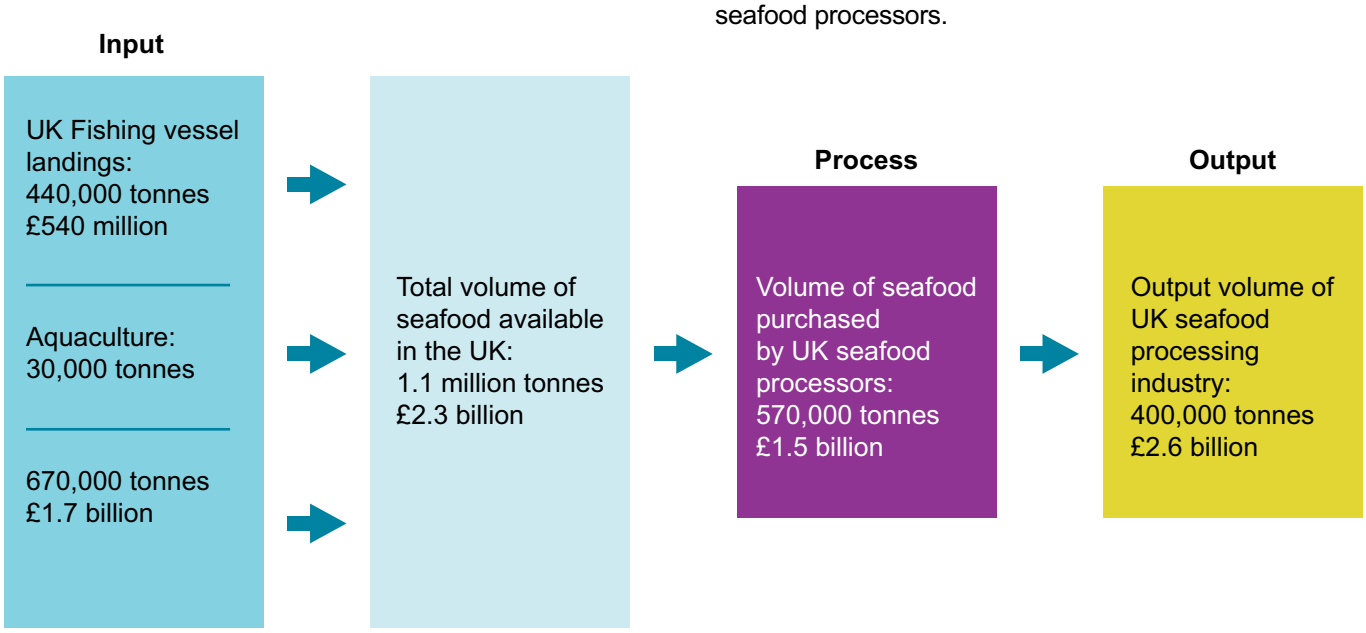


Figure 3.1 UK seafood processing supply chain (Does not include salmon processor sales estimated to be in the region of £600 million)

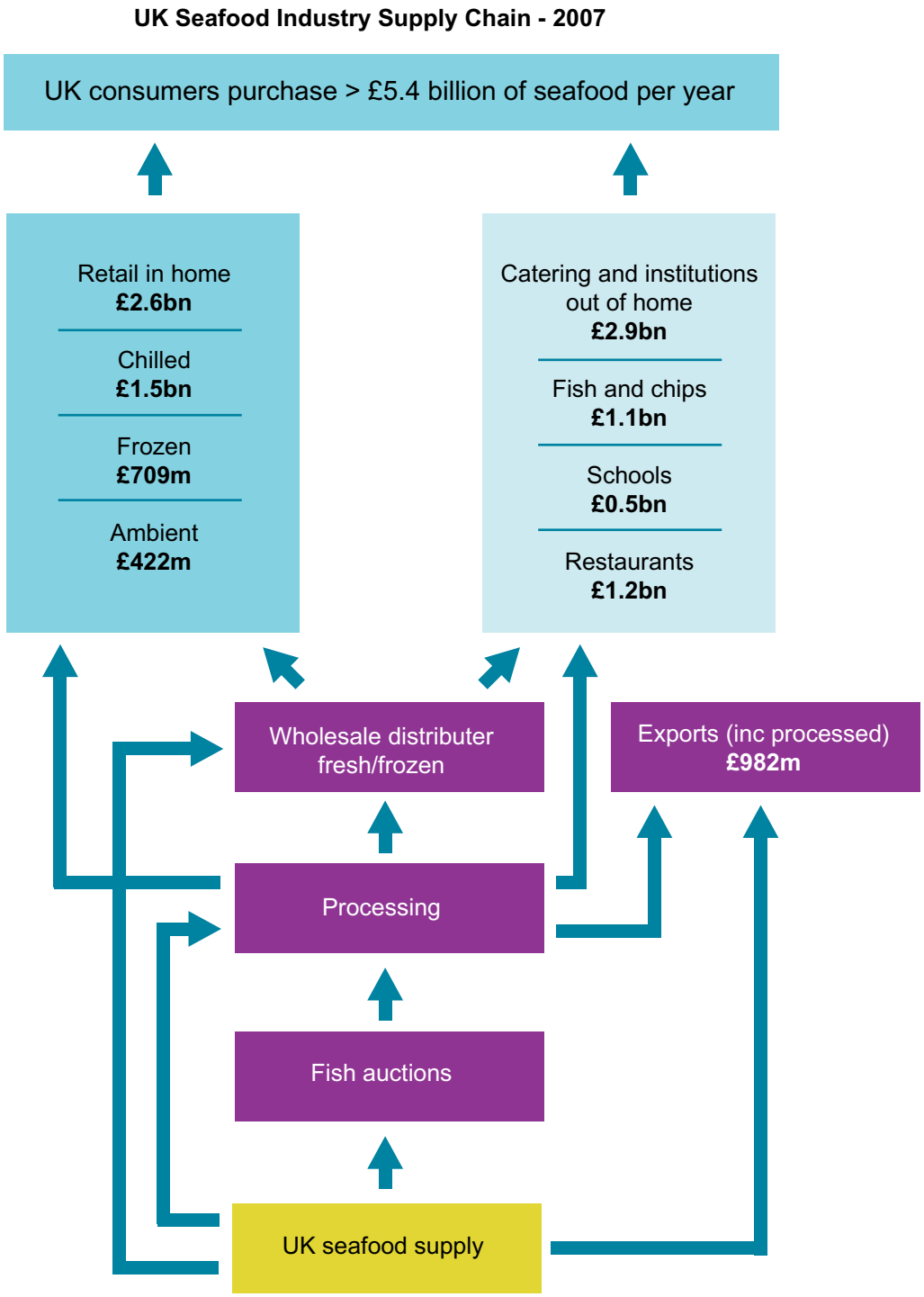


Figure 3.2 UK seafood industry supply chain 2007

Source: Nielsen, TNS, HM C & R, MFA and Seafish surveys. These figures include sales made by salmon processors.

3.1 Sales by customer type

The mix of customer types for UK processors as a whole has changed slightly since 2004. There has been a slight increase in the proportion of sales into retail and other processors but a slight decrease in the proportion of export sales (Figure 3.3). The type of customer that a processor sells to is influenced by the process type, the business size, the species processed and the region in which the processor is based.

3.2 Customer type by process

The survey results indicate that the customer types of processors are likely to be influenced by the type of processes carried out (Figure 3.3).

There has been a shift in the customer base of primary processors. The largest customer group for primary processors is now export which is the destination for 32% of their sales. Primary processors in the sample export 24% of their products (by value) to the EU and

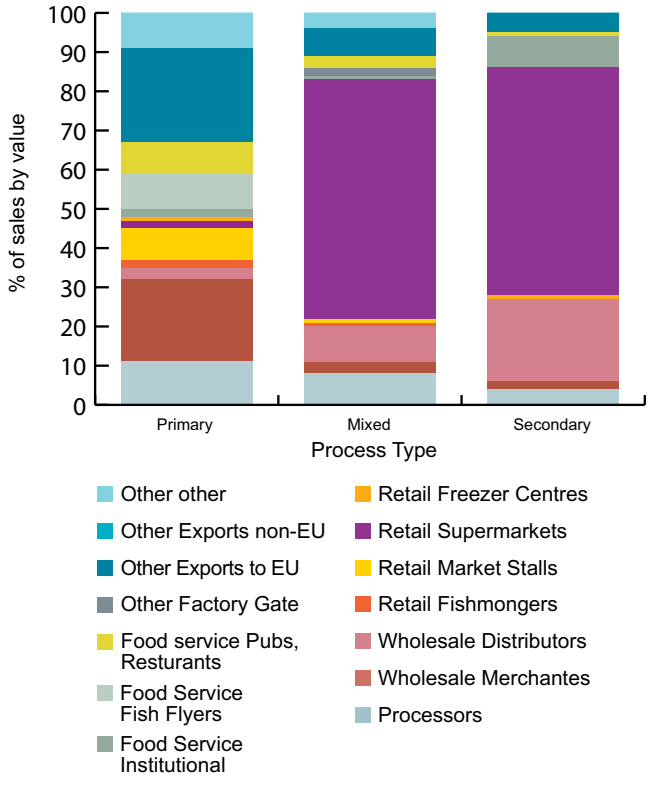


Figure 3.3 Customer type by process type

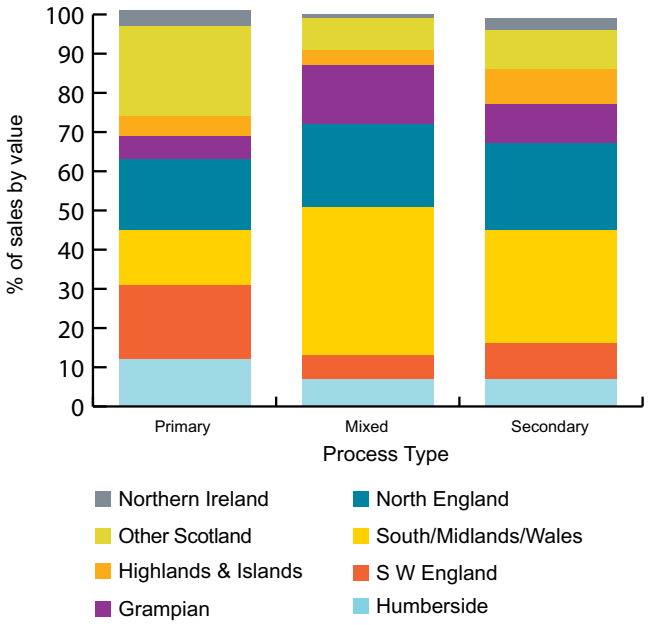


Figure 3.4 Destination of sales by process type

8% to countries outside the EU. Further analysis of these results shows that shellfish processors (including nephrops/langoustine) are responsible for the majority of these exports.

The second most common customers for primary processors are wholesale fish merchants (24%), which is similar to the findings of the previous survey. Food service is the third most important customer type attracting 19% of sales. This represents a considerable decrease on the findings in 2004, when 51% of sales went to this customer group, but it is closer to the figure of 29% stated in the 2000 survey. These results reflect the fact that many primary processors do not sell into large retailers but are likely to sell into food service either directly or indirectly through fish merchants.

In 2004 the main customer group for mixed processors was export (40%) but the new results show that retail is now the most important group with 63% of sales. Wholesale remains the second most important customer group but here the proportion of sales has fallen back from 24% to 13%. Exports are now the third most important customer group at 10% of sales. These results are influenced by the sample of participating companies and the fact that some of the largest processing businesses are classified as mixed processors.

These large mixed processors sell the majority of their products into multiple retailers.

The customer group mix of secondary processors has remained relatively constant since the previous survey. Retail is proportionally the largest customer group attracting 59% of sales in comparison with 69% in the 2004 survey. The proportion of secondary processor sales into wholesale has increased from 13% to 22%. The proportions of sales into food service and export markets have reduced slightly since 2004 standing at 8% and 7% respectively. Secondary processors tend to be large operations with a high production capacity and the ability to meet the quality, volume and consistency requirements of the multiple retailers.

3.3 Customer type by size

The size of a processor is influential on the main type of customer group.

Small processors have two dominant customer groups. The first is fish merchants where 29% (value) of small processors' sales are made. The second is food service which absorbs 26% of output. Small processors are well placed to service the fragmented food service market either directly or indirectly through wholesale merchants. The results for small processors are similar to those for primary processors.

The largest customer group for medium-sized processors is export. Just over 30% of medium processor sales are exported with the majority of these sales being made by shellfish processors. The other important customer groups for medium-sized processors are wholesale (21%) and food service (15%).

Large processors make 70% of their sales to multiple retailers. Large contracts with supermarkets require a business to possess a range of competencies. Processors must be able to fulfil requirements in terms of volume, price, consistency and increasingly sustainability standards. Large processing businesses have the manufacturing capabilities to meet the needs of the retailer on a scale which allows them to keep prices as low as possible.

3.4 Customer type by species processed

The type of species processed by a processor impacts upon the main type of customer sold to.

Processors working with only demersal species are most likely to sell to other processors for further processing (26%), wholesale merchants (22%) or food service (17%). By contrast, shellfish processors export 35% of their output with 32% sold to wholesale merchants within the UK. There is limited sample data for pelagic processors but it appears that the majority of pelagic sales are exports both within and outside the EU. Mixed species processors are the processors that tend to sell to supermarkets with 75% of their sales made to this customer group. Mixed species processors include some of the UK's largest processors that predominantly sell into multiple retailers. As this is the case, results for the mixed species segment of the industry are affected by this small number of large processors included in the survey sample.

3.5 Customer type by region in which processors are based

Processors based in specific regions tend to sell to different customer types. This appears to be due to two reasons: firstly, different types of processors are based in different regions e.g. secondary processors in Humberside; and secondly, different species are more readily available in different regions e.g. shellfish in Highlands and Islands.

The most important customer type for processors in Humberside, North England and South, Midlands and Wales are retailers. The results show that 85% of Humberside sales are made to retailers, that figure is 62% in South, Midlands and Wales and 46% for North England. The reason for this is that large processors are based in each of these regions. Processors based in N. Ireland, Highlands and Islands and Other Scotland are most likely to sell to export customers. Each of these regions has a high proportion of shellfish processors and as noted above the most important markets for shellfish are overseas. Processors in Grampian are likely to sell their products

to other processors for further processing (30%) or into wholesale merchants and distributors (16%). This is because of the number of demersal processors operating in Grampian and selling products either for further processing or into food service via merchants and distributors.

3.6 Sales: Region of destination

The pattern of destinations for UK sales has shifted slightly since the previous survey. The most popular UK destination of sales remains South, Midlands and Wales although the proportion has decreased from 40% (value) in 2004 to 32% in this year's survey (Figure 3.4). The large proportion of sales into this region is to be expected as it is the most densely populated area within the UK. The results of the latest study also show that sales into Grampian have increased from only 3% to 12%. Sales into Humberside by UK processors have reduced from 10% to 8% which is perhaps indicative of Humberside mixed and secondary processors sourcing more materials by way of imports.

The results in this section refer only to sales made by processors within the UK. These latest results are generated from a larger sample size than the previous survey, which may have affected the results. It should also be noted that sales figures of around £750 million from large processors were withdrawn from this analysis. These particular businesses sell their products across the UK and were unable to provide a regional break down of sales values.

3.6.1 Sales: Region of destination by process type

The regions to which UK processors sell are affected by the type of process undertaken.

Primary processors in all regions sell the greatest proportion of their output (value) within their own region. The only exception is Grampian where primary processors generate 59% of their sales value in Other Scotland. This is likely to be sales made to wholesale merchants in the central belt, most likely Glasgow. When primary processors are viewed as a whole it is apparent that their sales are made to a wide range of destinations in almost equal proportions, with Other Scotland the most popular sales destination. These results indicate that the most important markets for primary processors are local food service and wholesale.

The most important sales destination for mixed processors remains South, Midlands and Wales (38%) followed by North England (21%) and Grampian (15%). Mixed processors in Scotland have a tendency to sell within their own region. The results show that mixed processors in Other Scotland, Grampian and Highlands and Islands sell 64%, 43% and 41% of their total sales value within their own region. The South, Midlands and Wales attracts the largest proportion of sales from all other areas except for North England where 68% of UK sales are made within the region.

Unlike primary processors, secondary processors do not sell in their local regions. They continue to sell similar proportions of their UK sales to South, Midlands and Wales and North England, but are now selling a greater proportion to Grampian (up from 1.5% to 10%) and a reduced proportion to Other Scotland (down from 22% to 11%). The results reflect the fact secondary processors are likely to sell their products into multiple retailers, with large proportions sold into the densely populated areas of South, Midlands and Wales and North England.

3.6.2 Sales: Region of destination by size

The size of a processor influences the region of destination for their sales. It was noted above that small processors tend to have a similar customer type to primary processors. The same is true in terms of the region of destination of sales because small processors, as a whole, sell to a wide range of regions in similar proportions. Similar to primary processors, small processors have a tendency to sell within their own region. They are reliant on demand in their local area from food service markets either directly or through merchants. The densely populated area of South, Midlands and Wales is the most popular sales destination for small processors providing 22% of UK sales revenue.

Medium-sized processors also sell to a range of regions. It is apparent that a slightly greater than average proportion of their sales are made to the areas of South, Midlands and Wales (28%), North England (20%) and South West England (17%). The group of medium-sized processors includes a wide range of different types of processing businesses. Some processors in this group display characteristics of a small processor while others are similar to some of the largest processing businesses. This means that some medium-sized processors will sell their products predominantly to local markets while others sell throughout the UK.

Large processors do not appear to sell locally. Their key UK sales destinations are South, Midlands and Wales (40%), North England (22%) and Grampian (18%). These results reflect their different customer base, with large processors tending to sell into the distribution hubs of large multiple retailers.

3.6.3 Sales: Region of destination by processor region

The survey results shows that processors tend to generate a significant proportion of their sales within the region in which they are based. This is most apparent in South, Midlands and Wales where 77% of UK sales are made within that region, North England where 63% of UK sales are made within that region and Other Scotland where processors sell 50% in their own region. The same pattern is apparent in all regions with the exception of Humberside where only 16% of sales are destined for Humberside. A large proportion of the value of sales made by Humberside processors is sold to multiple retailers which means that it is sold into retailer distribution hubs and distributed throughout the UK.

3.7 Number of customers

The majority (80%) of processors in the UK have more than 20 customers. There is no obvious difference in terms of process type, size, region or species processed. There is no previous data to compare with this finding so it is not possible to tell if this is more or fewer customers than previously.

The number of customers has cost implications for the business. A high number of customers is likely to mean that a business spends more resources servicing customer needs: there is an increased administrative burden, increased opportunity for error in order satisfaction and increased client management costs. In most businesses the general rule is that 20% of customers will provide 80% of the sales and profits, and 20% of customers will create 80% of the customer satisfaction issues. It may be beneficial for seafood processors to review their customer base and understand which customers are most profitable. Too many customers can be difficult to manage while too few can increase risk, so a balance has to be struck. It is important that a business does not have so few customers that it is unable to spread risks and is exposed to the business fortunes of a handful of customers.

3.8 Productivity per employee

Productivity, as measured by turnover per FTE, has increased since 2004. The average turnover per employee across the industry has risen from £142,700 in 2004 to today's figure of £148,600. In real terms, when this figure is adjusted for inflation, the average turnover per employee has fallen to the equivalent of £134,200 in 2004. This means that the industry is effectively less productive than in 2004 although these figures may be affected by different businesses participating in the survey. The turnover figures gathered from processors indicate that the turnover generated per employee varies greatly across the industry figures ranging from around £24,000 per employee to around £700,000.

3.8.1 Productivity per employee by process type

The results indicate that primary processors are the most productive (Figure 3.5). This finding is the same as the finding in 2004 where it was found that primary processors generate more sales per employee than other types of processors. Figure 3.5 shows that mixed processors generate the least turnover per FTE. This is a change from the findings in 2004 when secondary processors were the least productive.

3.8.2 Productivity per employee by size

When productivity is compared in terms of the size of the business it is apparent that large processing businesses generate greater turnover per FTE than small processors. This is likely to be due to economies of scale and higher levels of automation. Processors with 25 or fewer employees generate around £132,000 per employee while processors with between 26 and 100 employees generate around £160,000 per employee. Processors with over 100 employees generate £194,000 per FTE.

3.8.3 Productivity per employee by region

The productivity results reveal that processors operating in North England are likely to be the most productive, generating £159,000 per FTE. Processors based in South West England generate the least turnover per employee at around £83,000. These regional differences are largely explained by different types of processing businesses. For example, North England and Humberside have a greater number of large processors and this means that these areas attain higher productivity results. Processors in South West England and Other Scotland have higher numbers of (labour intensive) shellfish processing units.

3.8.4 Productivity per employee by species

The type of species processed affects the productivity per employee. Pelagic processors use a high degree of mechanisation and this is reflected in a productivity figure of £235,100 of sales per FTE. Processing shellfish can be labour intensive and shellfish processors on average generated £112,000 per FTE. Processors working with demersal species or a mixture of species returned productivity figures of between £150,000 and £160,000.

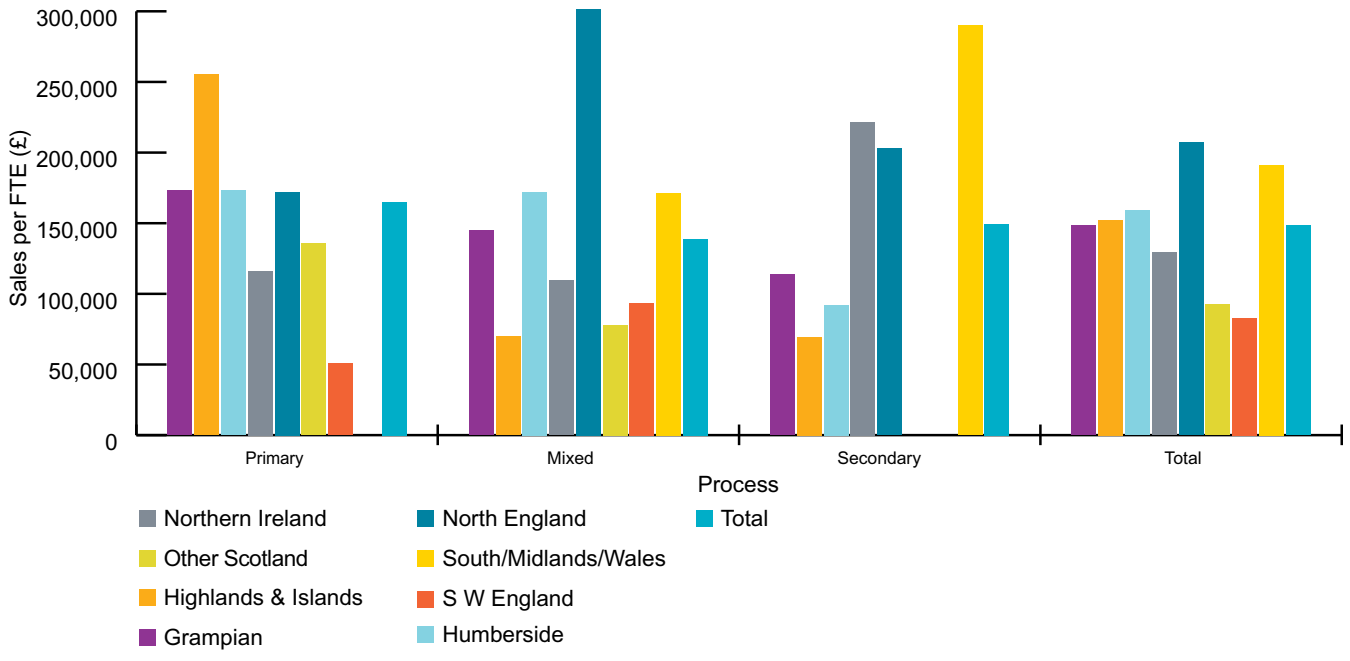


Figure 3.5 Average turnover per FTE for seafood processors by region and process type

Chapter 4
Environmental and Sustainability Issues

4. Environmental and Sustainability Issues

The food industry is only one of a number of industries affected by environmental and sustainability issues in recent years. Multiple retailers, often responding to the demands of non-governmental organisations and pressure groups, have placed an emphasis on issues such as sustainability, traceability and the carbon footprint of products.

This survey is the first in the series to gather opinion and information from processors on these issues, so it is not possible to comment on changes in industry attitudes.

4.1 Understanding of environmental issues

Many processors seem unaware of the environmental issues affecting their business. 31% stated that environmental issues have no effect on their business. 12% believed that environmental issues lead to increased regulation. 8% of processors responded that environmental issues affect the way they deal with waste while 8% said that environmental issues lead to increasing costs.

Issue	%
None	31%
Increased regulation	13%
Other	12%
Waste	8%
Increased Costs	8%
Climate Change/Global Warming/Weather	7%
Administration	6%
Sourcing	5%
Customer Awareness	3%
Sustainable fisheries	3%
Packaging	3%
Quotas	1%

Table 4.1 Effects of environmental and sustainability issues on seafood processors

The responses indicate that many processors do not perceive themselves to be affected by environmental issues while for others environmental issues have a big impact on the way they operate.

Large processors and secondary processors are most likely to have noticed an effect on their business from environmental issues as 85% of large processors and 86% of secondary processors commented on the effects that it has on their businesses. These processors generate a large proportion of their sales from multiple retailers and must react to customer demands.

Some of the responses offered by processors that fell into the 'other' category demonstrate that for some processors environmental and sustainability issues are crucial to their business. One large processor commented that environmental issues are "a key driver of our business strategy". Another noted that these issues "drive our need to employ full time sustainability personnel" while another said that they "consider food miles when purchasing". One processor responded that these issues are "partly bandwagon".

4.2 Environmental policy

Processors are increasingly feeling the need to create environmental policies.

More than one third of processors responded that their customers require them to show an environmental policy if they want to do business. 75% of large processors are required to show customers an environmental policy in comparison with only 25% of small processors. Just over 50% of medium-sized processors said that their customers require to see an environmental policy. As noted above, larger processors are more likely to sell into large retailers and it is this type of customer that is most likely to be concerned with environmental issues. It remains to be seen how the markets for smaller processors will be affected by these issues in the future.

The number of processors that have an environmental policy is higher at almost 50%. The proportion of processors with an environmental policy is greater than the proportion of those required by their customers to have one. Over 40% of small processors, over 60% of medium sized processors and over 90% of large

processors have an environmental policy. This is an interesting result as it demonstrates that processors are considering these issues even when not required to do so by their customers and that many processors are prepared for the likelihood that environmental issues will impact upon their business in the future.

It may be expected that in the future the number of customer types requiring these policies will increase. However, given the current economic climate it will be interesting to see which way the markets go on these issues.

4.3 Waste

Research continues into finding alternative uses for waste from seafood processing but the cost of treatment and disposal concerns many seafood processors.

Many processors were unable to provide figures for the cost of waste treatment and waste disposal, so that the survey sample was reduced for this section.

4.3.1 Waste treatment

Many processors think that the cost of waste treatment places an increasing burden on their business. Although the restricted sample size made analysis difficult, it is apparent that the amount paid is somewhat proportional to the size of the business: larger businesses generate more waste.

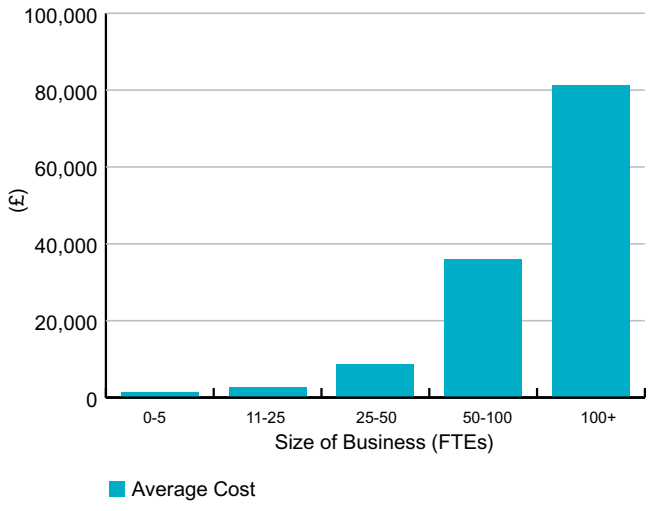


Figure 4.1 Average cost of waste treatment by business size (FTE band)

4.3.2 Waste disposal

Waste disposal costs are also viewed as an increasing business cost by many processors, and once again it is apparent that costs are influenced by the size of the processing business (Figure 4.2). It is also clear that shellfish processors have higher waste treatment costs than average. In South West England, where many shellfish processors are based, the cost of waste treatment is above average.

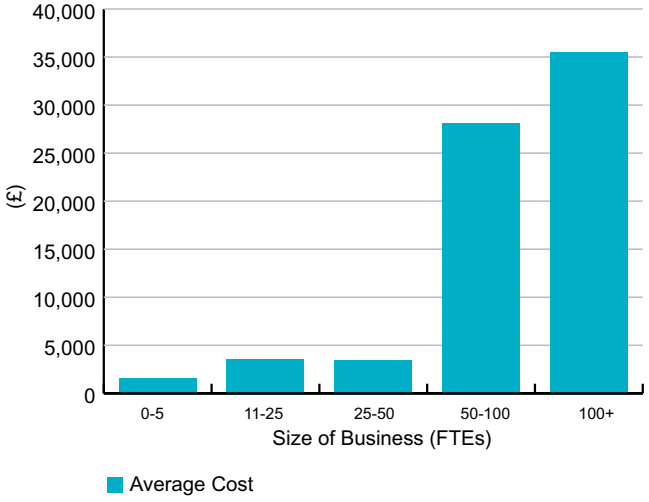


Figure 4.2 Average cost of waste disposal by business size (FTE band)

4.4 Sustainability and sourcing of raw materials

Most processors believe that they are unaffected by sustainability issues with regards to sourcing raw materials. The majority do not seek raw materials from accredited sources and if they do, it tends to be because their customer requires accreditations. However, different segments of the industry are affected more than others. It is particularly noticeable that larger processors are more affected by sustainability issues in their sourcing policies than small processors. This is largely due to the customer types of the different sizes of businesses and the fact that multiple retailers drive the sustainability agenda. Moving forward it may be the case that more processors find sustainability issues impacting upon their sourcing practices.

4.4.1 Sustainable sourcing practices

Only a small proportion of seafood processors engage in sustainable sourcing practices (Figure 4.3). It is apparent that there is a split in attitudes between small processors and large processors. Less than 20% of small processors responded that sustainability issues affect the way they source raw materials in comparison to 75% of large processors.

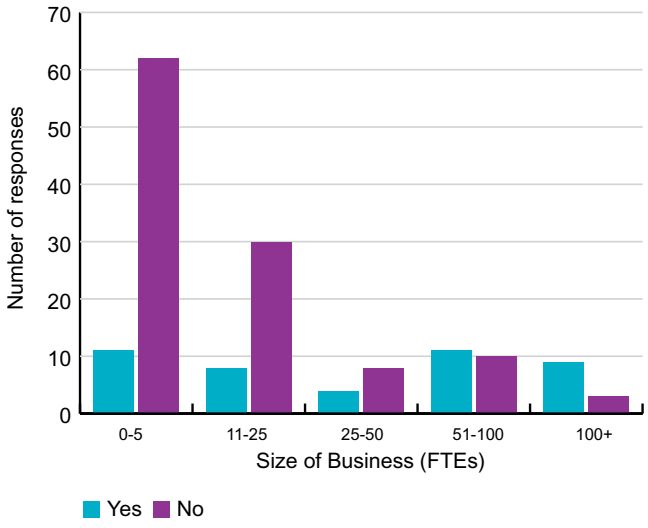


Figure 4.3 Do sustainability issues affect the way in which you source raw materials?

For processors who do take account of sustainability issues, key drivers are customer requirements and accredited stocks. Larger processors selling into multiple retail outlets are likely to be required to take sustainability issues into account when sourcing raw materials and it may be a prerequisite for selling to a particular customer. Smaller processors in general do not face the same pressure from their customers.

4.4.2 Accredited supplies

The proportion of processors purchasing raw materials from accredited sources e.g. Marine Stewardship Council (MSC) accredited stocks or Responsible Fishing Scheme (RFS) accredited vessels is 27%. This proportion increases as the size of the processing business increases: only 16% of small processors purchase from accredited sources in comparison to 40% of medium sized businesses and 75% of large businesses (Figure 4.4). As noted above, these proportions reflect the common customer types of these different types of business.

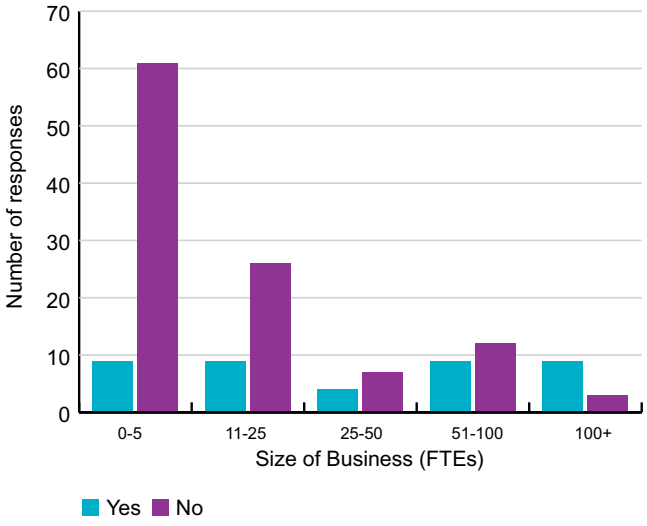


Figure 4.4 Do you source materials from accredited sources?

Of processors that purchase from accredited sources, 60% seek the MSC accreditation. Raw materials from RFS vessels are also a popular accredited source. It is indicative of recent attitudes to sustainability issues that one large processor has developed their own method of assessing the sustainability of the stocks they purchase from.

The key driver is the requirements of customers. Almost 40% of processors cited this as their reason for buying materials from accredited sources. Some processors noted that materials from accredited sources are prevalent at the market so there is little option but to buy while others noted that it helps to add value to the product and is a marketing tool.

Processors sourcing from accredited sources also tend to rely on non-accredited sources. Slightly less than half of processors buying from accredited sources purchase between 1 – 25% of their materials this way (Figure 4.5). In comparison, 28% purchase between 76 – 100% of materials from accredited sources. Materials from accredited sources may not always be available as consistently as processors need, and they may have customers with different requirements.

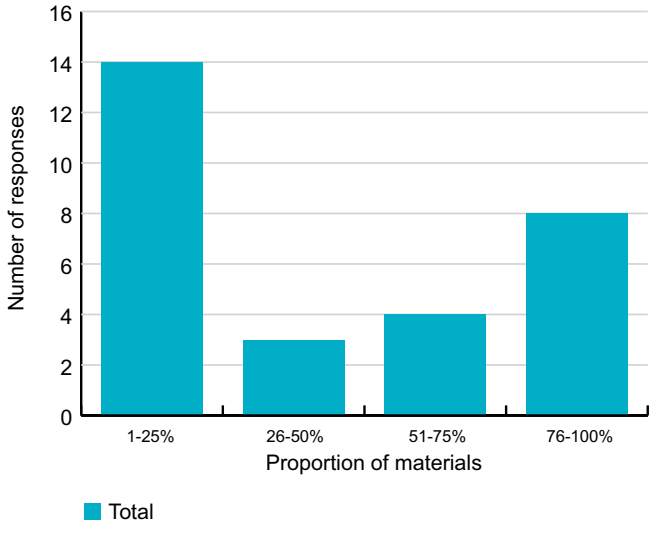


Figure 4.5 Proportion of raw materials purchased from accredited sources

Chapter 5

Business Management

5. Business Management

Trading conditions in the UK have changed during the last 12 months and businesses are now operating in an increasingly challenging environment. Seafood processors in the UK are no exception. The data for this survey was gathered during the summer of 2008 when the economic downturn had not fully affected processors, and the responses gathered do not fully reflect the trading conditions they currently experience.

5.1 Strategy

Seafood processors in the UK continue to operate in a pressurised environment where for many the main aspiration is survival.

5.1.1 Business aspirations

Processors in different parts of the industry show notable differences in aspiration (Figure 5.1). The majority of processors (51%) stated that survival is their main business aspiration over the next 5 years. A slightly smaller proportion (44%) stated that growth is their main aspiration. Only 5% suggested alternative aspirations.

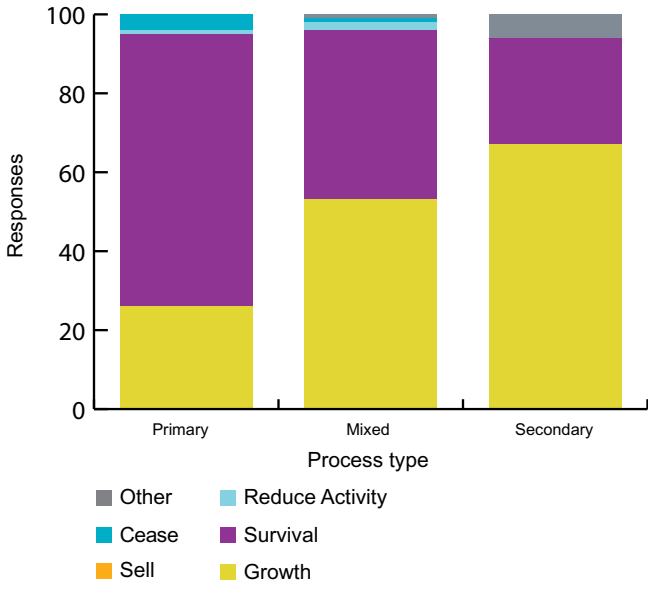


Figure 5.1 Business aspirations by process type

Smaller processors are less ambitious in their outlook for the future with over 60% stating survival as their main aspiration. 73% of medium sized processors and 60% of large processors aspire to grow in the coming 5 years. The shellfish sector has greater aspirations than processors working with other species: 50% of shellfish processors aspire to grow during the next 5 years compared to 47% of mixed species processors and 31% of demersal species processors.

The results demonstrate the difference in outlook for each sector of the industry. Smaller processors are less positive about the future and are more likely to be affected in the short term by cost increases and the changing supply environment. Larger businesses may be better placed to adapt to these changes and this is reflected in their future aspirations. Shellfish processors also have positive aspirations perhaps reflecting the fact that shellfish landings into the UK have grown and are healthy in comparison to landings of demersal species.

5.1.2 Future issues

Processors were asked what key internal and external business issues they expected to face over the next three years.

Internal Issues

Staffing issues, rising costs and an increasing volume of paperwork are the three biggest internal issues facing processors over the next three years. There is little difference of opinion between different segments of the industry.

While more than 60% of processors expected staffing issues to affect their business in the next three years, the specific issues varied. Many processors are concerned about shortages of staff and skilled staff in particular: a lack of filleters was mentioned most frequently. Some processors believe the availability of migrant labour will decline as the economies of Eastern EU states strengthen.

Just fewer than 50% of processors cite rising costs as one of the main three internal issues that will affect their business. Rising costs for bought-in goods and services affect the profitability of processors. Although strictly speaking rising costs are not an internal issue they were cited by just fewer than 50% of processors as one of the three internal issues.

Processors also think that the bureaucratic burden that they currently face is going to increase and place further strains on resources. Around 40% of processors gave this as a major issue they expect to face in the next three years.

Other key issues mentioned were the need for new premises (16% of primary processors) and staff training (20% of sample).

External Issues

Most processors who responded indicated that the biggest external issue likely to affect their business in the next three years is the cost of energy.

Over 70% of processors believed this would be one of the three biggest external issues for their business during the next three years. Seafood processors are particularly exposed to energy and fuel prices as these affect the price of raw materials, production costs, freezing costs and transportation costs. As the majority operate with very tight profit margins (see Chapter 6), rapidly increasing energy costs can impact greatly upon the viability of their businesses. (These responses were all gathered between June and August 2008 when fuel prices were at an all time high.)

Supply of raw materials was the second most frequently offered response with more than 60% of processors stating that they are concerned about supplies. In Humberside, more than 80% of processors cited this as a big issue (the only area to place it above energy costs). Medium-sized processors also placed supply issues above energy with 66% of respondents citing supply as a key external issue. These results indicate that a large proportion of processors expect that consistently obtaining sufficient supplies is going to be a key issue for their business in the coming years.

26% of processors think that environmental issues will impact upon them in the next three years. This response was mostly given by primary processors and small processors: the groups that stated they are currently unaffected by environmental issues (Chapter 4). It is indicative that these segments of the processing industry are aware that these issues may shortly be of greater importance to them.

A number of other issues were cited. Increased government regulation was offered as a response by almost 20% and quotas were mentioned by almost 20%.

Other than the differences already mentioned there is little variation between different segments of the industry over the issues that they expect to face in the next three years.

5.1.3 Strongest selling point

The majority of processors remain convinced that their strongest selling point is the quality of their product.

Almost 75% stated that quality is their strongest selling point. This is an interesting response (similar in a sense to the purchasing criteria discussed in Chapter 2) because quality is subjective and can mean different things. In the context of selling seafood, quality may mean shelf-life, freshness, appearance or the end use of the product.

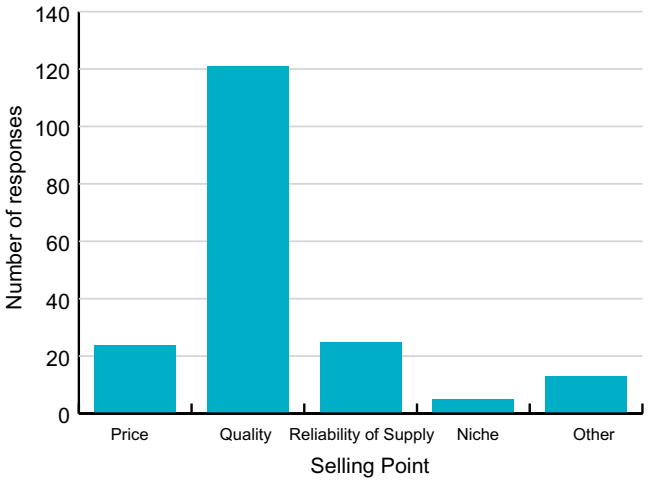


Figure 5.2 Strongest selling point of UK processors
(Some processors offered two responses)

The second most frequent responses were price and reliability of supply, which were both mentioned by 15% of processors. When seen in conjunction with quality, this may indicate that the strongest selling point of a processor is a particular quality at a competitive price. Reliability of supply is a theme that has recurred throughout this report. Competition for supplies has

become greater and is likely to continue to do so. The ability to consistently meet demand may become an even more important attribute for a processor.

5.1.4 Sources of trade information

Processors use a range of resources to gain information about their industry. Over 50% use the internet and 49% use the trade press. Other sources of information included word of mouth, networking and customers. Just over 66% of processors said that they use Seafish as a source of information.

5.1.5 Accreditation

Just over 45% of the sample responded that their business is accredited and of these 45% hold the Seafish Quality Processors Award and just fewer than 45% are certified to British Retail Consortium (BRC) standards. Some hold more than one accreditation.

All but one of the large businesses in the survey sample is certified to the BRC standard. The majority of medium-sized processors that hold an accreditation are also accredited to the BRC standard. By contrast, a smaller proportion of small processors in the sample hold accreditation and most that do are certified to the Seafish Quality Processor standard.

Different customer groups have different accreditation requirements. If a processor wants to sell to a large retailer it may be a condition that they are BRC certified. The Seafish Quality Processor Award is less stringent and is often seen by processors as a stepping-stone to BRC accreditation, which is internationally recognised and may help them to access markets overseas.

The Seafish Quality Processors Award has since been withdrawn: the last certificate was issued in September 2008. It is likely that in the future there will be an increase in processors holding the Safe and Local Supplier Approval (SALSA) accreditation, which Seafish supports.

5.1.6 Production efficiency

The vast majority of processors are now measuring and monitoring their production efficiency to some extent. 95% of the processors in the sample stated that they measure and monitor production efficiency but the survey did not capture what level of detail is recorded.

It is not unknown for processors to gather large volumes of data without using it to improve production, or to question the data gathered before questioning the production methods. In order for processors to improve production efficiency it is important that they gather production data, analyse this data to produce information and then act upon this information.

5.2 Information technology

The seafood processing industry has yet to fully explore and exploit the opportunities that information technology can offer. A number of processors still operate without computers and email, and the proportion of processors with a website has actually reduced since the previous survey.

5.2.1 Computers

The percentage of processing businesses that use computers has decreased since 2004. As it is unlikely that the use of computers is decreasing in the industry, this change may be due to a different sample of processing businesses.

Of the businesses in the sample, 13% are operating without a computer. This is an increase on 7% from 2004. The respondents operating without a computer were all small businesses with fewer than 10 employees and were mainly primary processors.

5.2.2 Email

The number of processors that use email has remained relatively constant since 2004. While most processors are taking advantage of the convenience and efficiency that it can offer, 20% apparently remain unconvinced. It is again noticeable that all but a handful of the businesses not using email are small processors with fewer than 10 employees.

5.2.3 Websites

The proportion of processors with a website was 57% in 2004 but has fallen back to just 47%. Further analysis

shows that one third of small processors, two thirds of medium sized processors and all but one of the large processors has a website. Demersal-only processors are the least likely to make use of a website.

Of the 47% that use a website, the most common use is for advertising (71%) followed by information (59%). Almost one third of processors claim to sell through their website although only 13% said that they take orders online. No processors responded that they use their website for client management.

It may be neither practical nor affordable for every small processor to have a website, but there may be opportunities for them to collaborate on websites for specific areas, species or products.

Many of the businesses that do have a website may also be failing to fully exploit the opportunities that the web offers. Although a common response from processors was that “people don’t buy fish online” it is almost certain that online shopping and retail will continue to increase rapidly, providing more opportunities for processors. There are also opportunities to strengthen customer feedback, order tracking and general customer service.

5.3 Business management style

It is apparent that businesses that appear similar can perform differently and deliver different levels of profit. One explanation for this is the way in which they are managed.

In order to gather information about their style of management, processors were asked three questions relating to customers, business planning and product development.

5.3.1 Customers

What measures do you use to track your performance relating to customers?

We don’t use anything formal, we rely on instinct and informal feedback	1 --- 2 --- 3 --- 4 --- 5	We formally collect and track feedback from customers to predict and improve customer satisfaction.

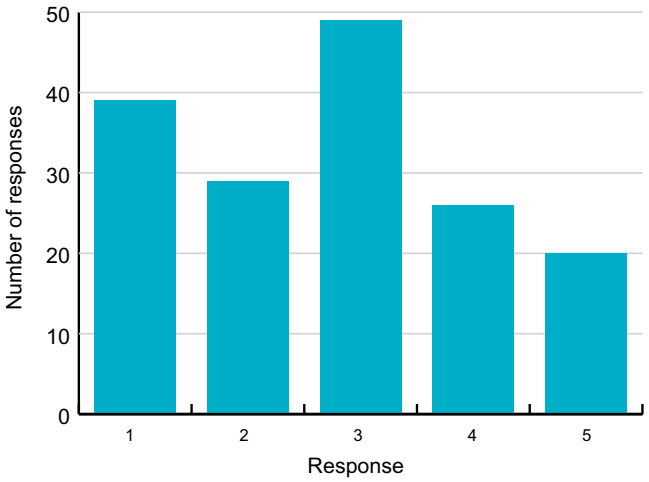


Figure 5.3 UK seafood processor customer management style

The most common response from processors is that the measures they use to track customer performance lie somewhere between no formality and having formal tracking systems. Larger processors tend to have more formal systems while smaller processors tend to be more informal. This is natural as larger businesses may have a dedicated sales or customer service function which is not affordable or necessarily desirable for smaller processors.

Processors may realise business improvements by measuring and monitoring their performance in relation to customers. By tracking performance and setting targets for customer satisfaction a business may increase levels of customer satisfaction and ultimately the quality of the service that they deliver.

5.3.2 Planning

Planning – how do you put plans in place and ensure they are continually right for the business?

Our business plans are informal and tend not to be written. We review things if we have a problem.	1 --- 2 --- 3 --- 4 --- 5	Business plans are written and consider the next few years as well as this year. We regularly review plans to ensure that they are right for the business and make changes if necessary.

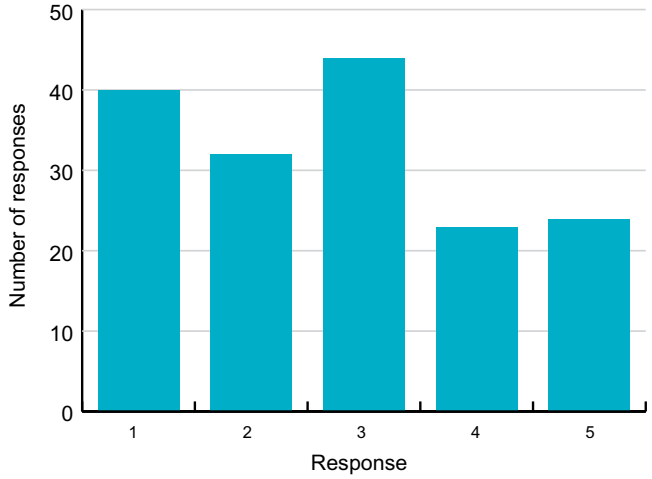


Figure 5.4 UK processor business planning management style

Smaller businesses are less likely to have formal plans with larger companies more likely to have formal plans. More than 25% of processors responded that their business plans are informal and tended not to be written down. Surprisingly, this included larger processing businesses with over 51 employees.

Business planning is about a business understanding what it wants to achieve and how it plans to do so. This is more important than complex documents. Lack of business planning is unlikely to benefit processors, particularly given the competitive, low profit margin environment that they operate in, but this does not mean that detailed written business plans are always appropriate.

It may be beneficial for a large number of seafood processing businesses to reassess their business planning strategy and take advantage of the benefits that planning can offer.

5.3.3 Product development

Product Development – how do you design and develop your products?

We design and develop what we think our customers will buy. We might use customer comments in this process	1 --- 2 --- 3 --- 4 --- 5	We use feedback and comments from a variety of sources, including customers, suppliers and partners. We also involve customers, suppliers and partners in developing new products.

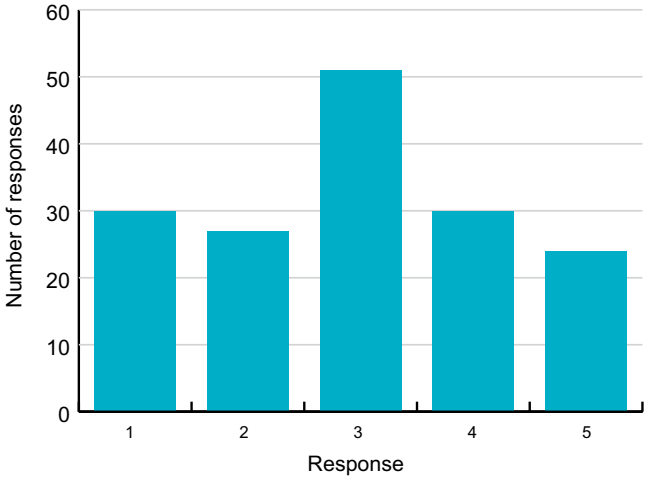


Figure 5.5 UK processor product development management style

The most common response from processors was that their approach to product development fell in the middle between very little customer engagement in the development process and full stakeholder involvement. Larger processors are more likely to engage with external stakeholders in the product development process while smaller processors are less likely.

Within the seafood processing sector there are many different types of processors producing different types of products. Liaising with external parties on product development will be more appropriate for some than it is for others. For secondary processors there may be real benefits in terms of understanding customer requirements and allowing them in turn to understand the processor's supply situation. For primary processors very little in the way of product development may be necessary.

5.4 Credit terms

Processors are being increasingly squeezed in the credit cycle. On average, seafood processors tend to give more credit than they receive. They are increasingly required to pay more quickly while the credit terms they offer customers have not shortened. Credit terms are less favourable for processors now than they were four years ago, and the overall theme reflects the results of previous surveys: seafood processors have difficulty dictating credit terms to either suppliers or customers.

Just over 55% of primary processors in the sample receive less than 10 days credit when they buy raw materials. Of the remainder, 40% must pay within 30 days of purchase. This means that the credit terms received by primary processors are shorter on average than in the previous survey. In contrast, only 13% of primary processors receive payment within 10 days of a sale. They are giving customers increasingly lengthy payment terms, with 46% now offering more than 31 days credit in comparison with the 2004 figure of 21%.

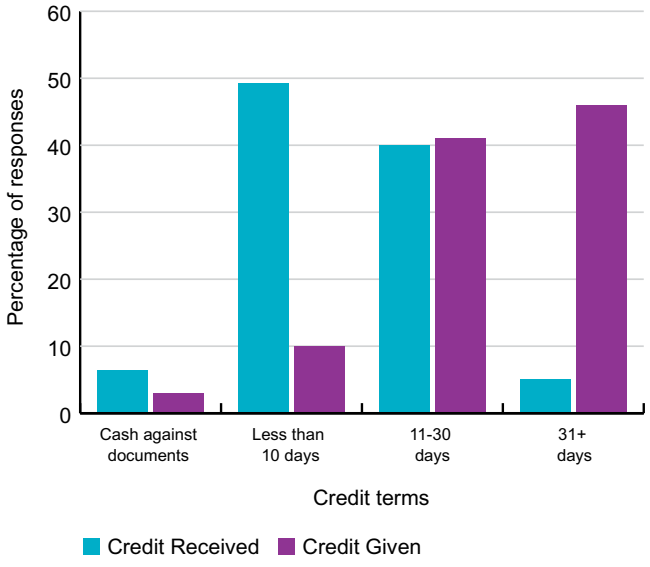


Figure 5.6 Primary processor credit terms

Mixed processors are also facing increasingly difficult payment terms as payment times are shortening but the time taken to get paid is not. More than 60% of mixed processors in the sample receive credit terms of less than 10 days. When selling products, 91% of

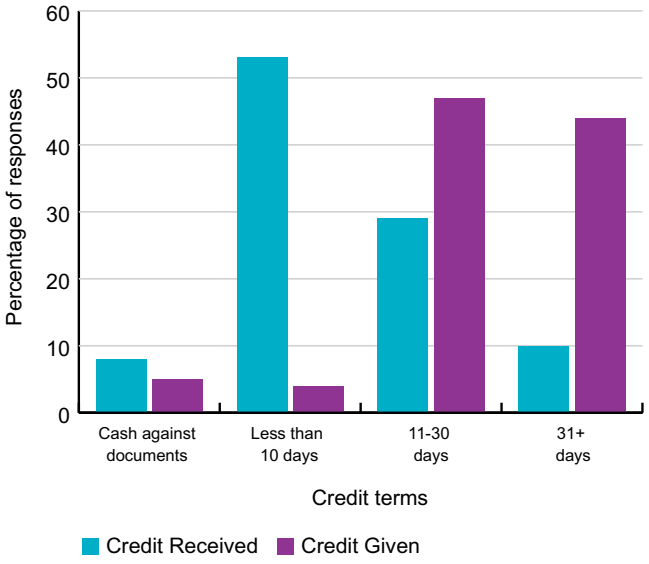


Figure 5.7 Mixed processor credit terms

mixed processors in the sample offer more than 10 days credit, with over 40% offering credit terms in excess of 31 days.

Secondary processors in the sample receive slightly more favourable credit terms with almost one third receiving credit terms in excess of 31 days; but they also give generous credit with almost 60% offering terms in excess of 31 days.

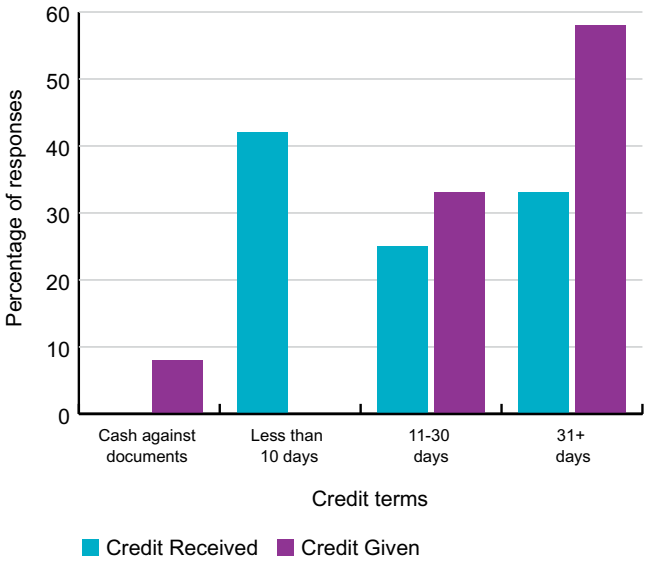


Figure 5.8 Secondary processor credit terms

The data gathered in the survey correlates with anecdotal evidence gathered during the survey. Typically, processors must pay for their raw materials much more quickly than they receive payment for their products. This can cause cash flow problems with many processors commenting that they effectively provide an overdraft for their customers. Some processors, particularly those selling to the continent, stated that payment terms of up to 120 days are not uncommon. Processors, particularly those selling into large retailers, appear to generally have less power to leverage than their customers, who can dictate payment terms. In contrast, those that purchase raw materials locally may be facing increased competition for supplies. Processors struggle to influence either the terms they buy on or the terms that they sell on.

Chapter 6

Financial Performance

6. Financial Performance

Financial performance in the seafood processing industry is characterised by small and often decreasing margins, leading to reduced profit margins. The figures used here are collected from the most recent complete financial year of processors. Due to the timing of the survey, much of this data is from the financial year ending in late 2007 or early 2008. The economic downturn experienced in the UK, particularly from mid 2008 onwards is not reflected in the financial results on which these findings are based.

Average Turnover (£s)	16,911,149	83	4,782,233	27	23,320,841	48	19,388,084	8
	Total		Primary		Mixed		Secondary	
	% of sales	No. of cases	% of sales	No. of cases	% of sales	No. of cases	% of sales	No. of cases
Fish Purchases	67.3%	60	70.7%	24	66.1%	29	60.4%	7
Labour	12.2%	70	10.0%	26	14.2%	36	10.4%	8
Transport	3.4%	53	3.5%	19	3.1%	28	4.1%	6
Energy	1.2%	51	1.0%	22	1.2%	24	2.1%	5
Water	0.5%	52	0.4%	22	0.6%	25	0.2%	5
Packaging	2.8%	44	2.3%	17	2.4%	21	5.4%	6
Non-Fish	3.8%	6	0.3%	2	3.3%	2	7.8%	2
Other Direct Costs	3.1%	45	3.8%	20	2.5%	21	2.1%	4
Total Direct Costs	85.3%	81	87.8%	28	83.8%	45	85.2%	8
Rent	1.1%	39	1.0%	15	1.2%	19	1.1%	5
Rates	0.6%	49	0.5%	21	0.6%	22	0.9%	6
Administration	1.7%	50	1.6%	22	1.3%	23	4.0%	5
Sales and Marketing	0.7%	30	0.3%	11	0.7%	14	1.7%	5
Repairs	1.0%	50	0.8%	21	1.1%	24	1.0%	5
Insurance	0.6%	49	0.7%	20	0.6%	23	0.7%	6
Other	3.5%	49	2.4%	20	4.0%	24	0.0%	5
Total Indirect Costs	11.0%	82	8.0%	28	12.3%	47	14.6%	7
Total Costs	96.6%	80	95.9%	28	96.6%	44	99.3%	8
Operating Profit	3.4%	83	4.1%	28	3.4%	47	1.1%	8
Interest	1.0%	62	1.3%	21	0.9%	34	1.0%	7
Depreciation	2.0%	68	2.0%	22	2.0%	39	2.3%	7
Pre-Tax Profit	3.4%	81	4.0%	27	3.5%	46	0.6%	8
Tax	0.7%	35	0.2%	7	1.0%	24	0.1%	4
Retained Profit	3.0%	81	3.9%	27	2.9%	46	0.5%	8
Fixed assets as a % of sales	18.9%	75	19.4%	23	18.8%	45	17.6%	7
Fixed Asset Turnover	15	73	16	21	15	45	10	7

Current ratio	1.73	110	1.79	40	1.65	62	2	8
Net assets as a % of sales	18.9%	74	12.2%	23	20.6%	44	30.1%	7
Return on capital employed	38%	86	54%	27	33%	51	16%	8
Sales per FTE	£148,633	83	£165,012	28	£138,744	47	£149,407	8
Value added as a %age of sales	13.5%	70	12.5%	26	14.8%	36	10.7%	8
Value added per FTE	£20,049	80	£21,922	29	£19,327	42	£17,382	9

Table 6.1 Financial results reported for 2007/08 for seafood processors

6.1 Direct costs

Direct costs in the processing industry continue to increase. Since 2004, total direct costs for processors have increased from 83% to 85.3% of sales. Processors must reduce their expenditure on indirect costs if they are to maintain operating profit margins.

6.1.1 Fish purchases as a percentage of sales

The average cost of fish purchases as a percentage of sales across the industry has risen since the 2004 survey from 58.5% to 67.3%.

The average proportion of sales revenue spent by primary processors on fish purchases has reduced slightly from 74% to 71%. By contrast, secondary processors are typically spending 60% of sales revenue on raw materials, up from 47% in the previous survey. For mixed processors, the proportion of sales revenue spent on raw materials has risen from 56% of sales to 66% over the last four years.

In terms of species, demersal processors spend the greatest proportion of sales revenue on raw materials (73%) and pelagic processors spend the least (45%). Shellfish processors also spend a below average proportion of sales on raw materials at 60%.

Processors in Grampian, where many demersal processors are based, spend the largest proportion of sales revenue on raw materials at 72%. In Highlands and Islands and South West England, regions popular for shellfish processing, producers spend the least, at 61% and 60% respectively.

6.1.2 Labour costs as a percentage of sales

The proportion of sales value absorbed by labour costs has reduced since 2004. It now stands at an average of 12.2% across the whole industry in comparison with the 2004 figure of 14.8%. This is partly explained by increasing costs of raw materials and other commodities, which may have inflated sales revenue without affecting the labour input requirement.

Mixed processors and secondary processors have reduced the proportion of revenue spent on labour. They may be undertaking different processes offshore in low labour cost economies such as China, or making increasing use of automation. In contrast, the proportion of sales revenue spent on labour by primary processors has increased from 8.4% to 10%.

Shellfish processors spend a higher proportion of revenue on labour costs than other processors at just under 15%. Demersal processors spend only 10.8% of revenue on labour, with mixed species and pelagic processors falling between these figures.

6.1.3 Transportation costs as a percentage of sales

The cost of transporting raw materials and products to market, as a proportion of sales revenue, has remained stable across the industry as a whole since 2004. Results indicate that the 2008 figure is 3.4% of sales in comparison with the 2004 figure of 3.3%. It should be

noted here that the data collected will not reflect the fuel price increases experienced during 2008 as accounting data for this period was not yet available.

There is no change in the proportion of revenue spent by primary and mixed processors on transportation as these figures remain 3.5% and 3.1% respectively. Secondary processors have seen an increase in the proportion of sales revenue spent on transportation from 3.5% to 4.1%. This may reflect the fact that they source materials from further away, or they may transport raw materials to lower cost areas for specific processes.

Medium-sized processors spend a larger proportion of sales revenue (5%) on transportation than either small (2.9%) or large processors (2.5%). Small processors have a greater tendency to sell locally (Chapter 3) while larger processors may benefit from economies of scale in their transportation.

Processors in the Highlands and Islands spend a greater proportion of revenue on transportation than any other segment of the industry spending 5.1% on transportation. The likely reason for this is the remote location of many of these processors.

6.1.4 Energy costs as a percentage of sales

Similar to transportation costs, the average cost of energy as a percentage of sales value remains the same at 1.2% of total sales value in comparison with 1.1% in 2004.

These results do not reflect reality in the industry today. Escalating energy costs were frequently commented upon in survey interviews and energy costs are a widespread concern within the industry. Recent price increases have shown processors the risks they face from fluctuating energy costs. The UK Department of Energy and Climate Change[3] stated that energy costs to the industrial sector increased by 24% between the third quarter of 2007 and the third quarter of 2008. These increases will not be fully reflected in the results of this survey due to the availability of accounting data.

Energy costs for primary processors account for 1.0% of sales revenue on average, and mixed processors spend 1.2%. These figures have changed little since 2004, but secondary processors have seen an increase from 1.2% to 2.1% of sales revenue. Demersal processors spend the smallest proportion of revenue on energy at 0.7% while shellfish processors spend the largest (1.7%).

Energy costs are an area of concern for processors as they look to the future (Chapter 5). Seafood processors are exposed to rising energy costs as some automated manufacturing processes may be energy intensive while refrigerated storage and freezing increase energy requirements. In order to reduce exposure to future price fluctuations the industry may need to look further into industry specific best practices in energy use and conservation.

6.1.5 Water costs as a percentage of sales

The cost of water as a proportion of sales to processors has also remained largely the same in the last four years. Processors now spend an average of 0.5% of sales revenue on water charges in comparison with 0.4% in 2004. At only 0.2%, secondary processors spend a smaller proportion of revenue on water than primary processors (0.4%) or mixed processors (0.6%). This lower cost is likely to be due to their place in the supply chain, and is offset by the higher energy costs they experience.

6.1.6 Packaging

Processors in the sample spend an average of 2.8% of sales revenue on packaging, which is below the figure of 3.3% revealed by the 2004 survey. This is an interesting result as anecdotal evidence indicates that the cost of packaging for processors is increasing. The reason for this may be that the unit cost of sales has generally increased so that packaging costs may have increased in absolute terms but decreased as a proportion of sales revenue.

Primary processors, at 2.3%, typically spend a smaller proportion of sales revenue on packaging than either mixed processors (2.4%) or secondary processors (5.4%). The higher spend may be expected as they are closer to the final customer and may have to package the product for the consumer. Primary processors,

3 http://www.berr.gov.uk/files/file49203.pdf.

by contrast, are likely to have more simple packaging requirements.

6.2 Indirect costs

The proportion of processors' sales revenue apportioned to indirect costs has reduced from the average 2004 figure of 12.7% to the 2008 figure of 11%. This is positive for the industry in light of increasing direct costs.

6.2.1 Rent and rates

In 2004 the figure for rent and rates was 1.8% but in 2008 the figure is 1.1% for rent and 0.6% for rates indicating an overall reduction of 0.1%. Primary processors rent and rates costs, at 1.5%, are proportionally lower than both those of mixed processors (1.8%) and secondary processors (2%). These small changes in rent and rate costs may be due to a different group of businesses participating in the survey.

6.2.2 Administration costs

The cost of administration as a percentage of sales has also reduced slightly with processors now spending an average of 1.7% of sales revenue on administration in comparison with the 2004 figure of 1.8%. Administration costs, as a proportion of revenue, are highest in secondary processors where an average of 4% of turnover is spent on administration. Secondary processors tend to be larger businesses which would explain a higher level of expenditure on administration.

Unfortunately accurate administration costs were not gathered from a sufficient proportion of large companies to allow a comparison to be made with this group. It is however apparent that processors of a medium size spend a greater proportion (3.2%) of revenue on administration than do small processors (1.3%).

6.2.3 Sales and Marketing

The indirect cost labelled as advertising in 2004 was reworked to include sales and marketing in this year's survey. Although a direct comparison may not be possible it is notable that in 2004 only 0.5% of sales revenue was spent on advertising while the proportion spent on sales in marketing in 2008 is 0.7%. This increase may indicate that processors are working harder to find profitable sales opportunities.

Secondary processors spend the largest proportion of revenue on sales and marketing with an average spend of 1.7% of revenue, in comparison to primary processors (0.3%) and mixed processors (0.7%). This is likely to be due to different customer types and the fact that secondary processors may also advertise to the end consumer.

6.3 Profitability

Profitability in the processing industry has declined since the last survey. The business costs incurred by many processors are increasing as a proportion of sales revenue. Unless they can pass these cost increases on to their customers there will naturally be an adverse affect on profitability.

6.3.1 Operating profit

Operating profit as a percentage of sales has fallen from the 2004 figure of 4.3% to 3.4% in 2008. While 3.4% is a positive profit figure indicating that the industry is making a profit on average it is not a large margin.

Small profit margins mean that it is difficult for investors to realise sufficient returns and may affect the attractiveness of increased investments in the

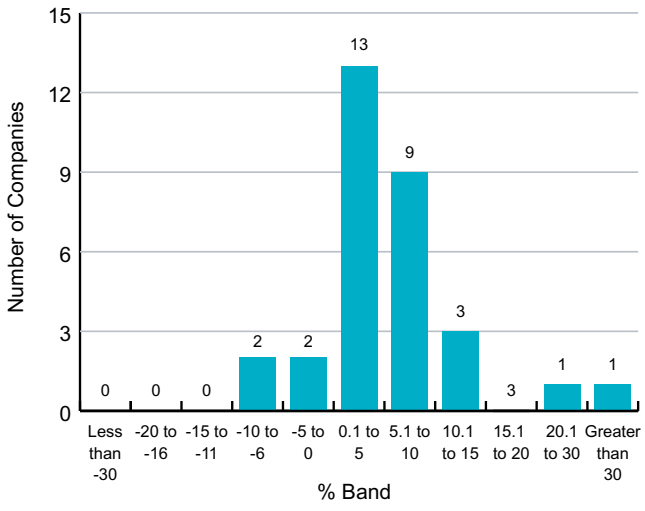


Figure 6.1 Operating profit as a percentage of sales for primary processors

industry. Low profit margins also limit opportunities for product development and innovation.

The average operating profit for primary processors has increased since the previous survey from 2.5% to 4.1%, due to slight reductions in both average direct costs and average indirect costs. Figure 6.1 indicates that the majority of primary processors in the sample are profitable with only 14% making a loss. The largest proportion of the sample made a profit between 0.1 – 5%.

The mixed processors' operating profit margin of 3.4% is smaller than that of primary processors. It represents a reduction from the previous survey result of 4.1%, but is higher than the 2.9% recorded in the 2000 survey.

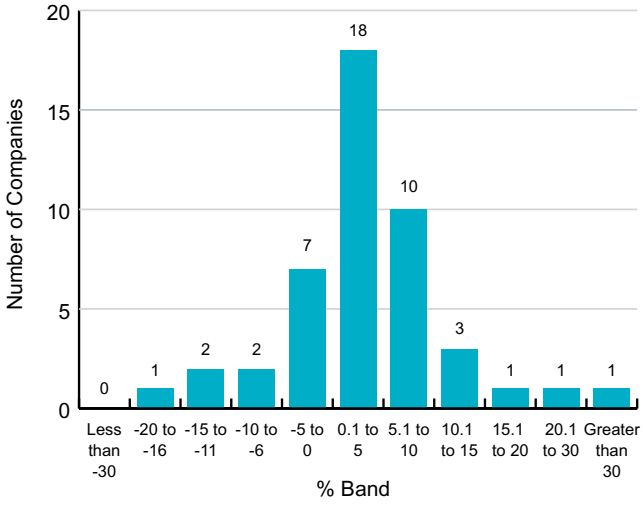


Figure 6.2 Operating profit as a percentage of sales for mixed processors

Mixed processors are clearly finding it more difficult to return a profit in the current environment as just over 25% of the sample made a loss in their latest set of accounts. Secondary processors have the smallest profit margins as the average profit is only 1.1%. This is a significant change from the 2004 survey when secondary processing was the most profitable segment with an operating profit margin of 5.8%. Figure 6.3 indicates that the majority of the secondary processors in the sample are profit-making but this average figure is dragged down by two loss making processors included in the sample. It should be noted that while this retained profit margin is a reduction from the 2004 survey it is actually an increase on the 2001 finding of 0.2% operating loss for secondary processors.

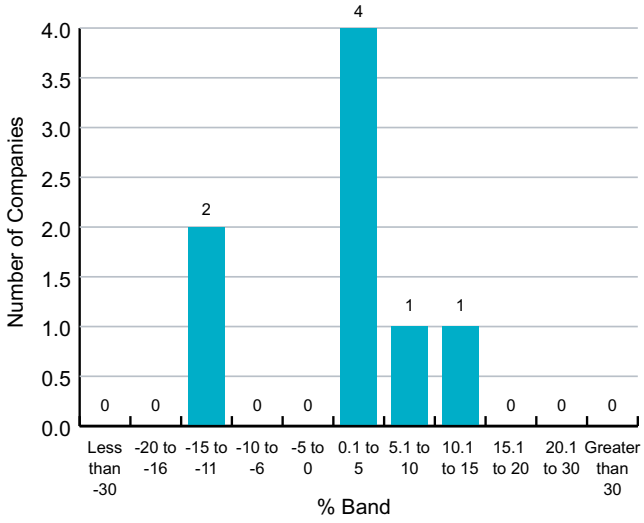


Figure 6.3 Operating profit as a percentage of sales for secondary processors

6.3.2 Retained profit

Analysis of retained profits provides similar results to those for operating profits. Primary processors have the largest margin at 3.9% while secondary processors have the smallest margin at 0.5%.

In terms of size, the small processors' average retained profit margin of 4.7% is higher than that of medium sized processors who on average make a loss of 0.2% or large processors whose profit margin is 1.4% on average. Processors working with pelagic species make the highest average retained profit in comparison to other species at 7.4%. Meanwhile South West England is the most profitable region with a retained profit margin of 7.9%.

6.4 Productivity

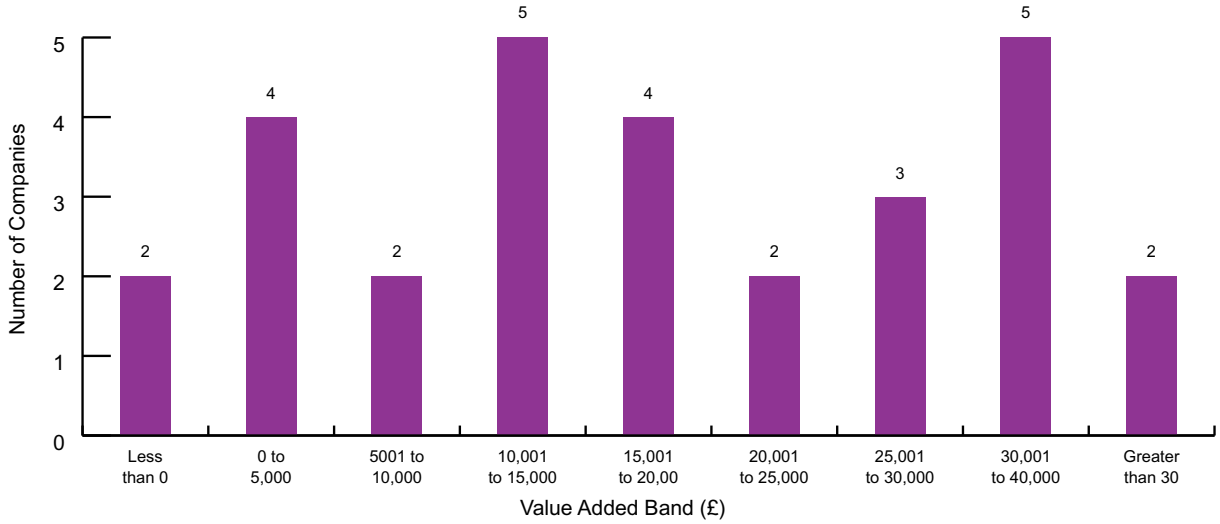


Figure 6.4 Value added per FTE for primary processors in 2007/08

6.4.1 Value added

The average figure for value added as a percentage of sales by processing companies is unchanged from four years ago at 13.5%. Meanwhile value added per FTE has fallen from £21,355 to £20,049 (Figure 6.4). Value added figures are calculated in line with previous surveys as the sum of labour costs and operating profit, less depreciation and interest.

The results indicate that mixed processors add the greatest value as a proportion of sales adding an average of 14.8%. Mixed processors are followed by primary processors (12.5%) then secondary processors (10.7%). In the previous survey secondary processors added the most value on average at 25.8% but the fall in profit margins for secondary processors in this survey will have adversely affected the value added figure.

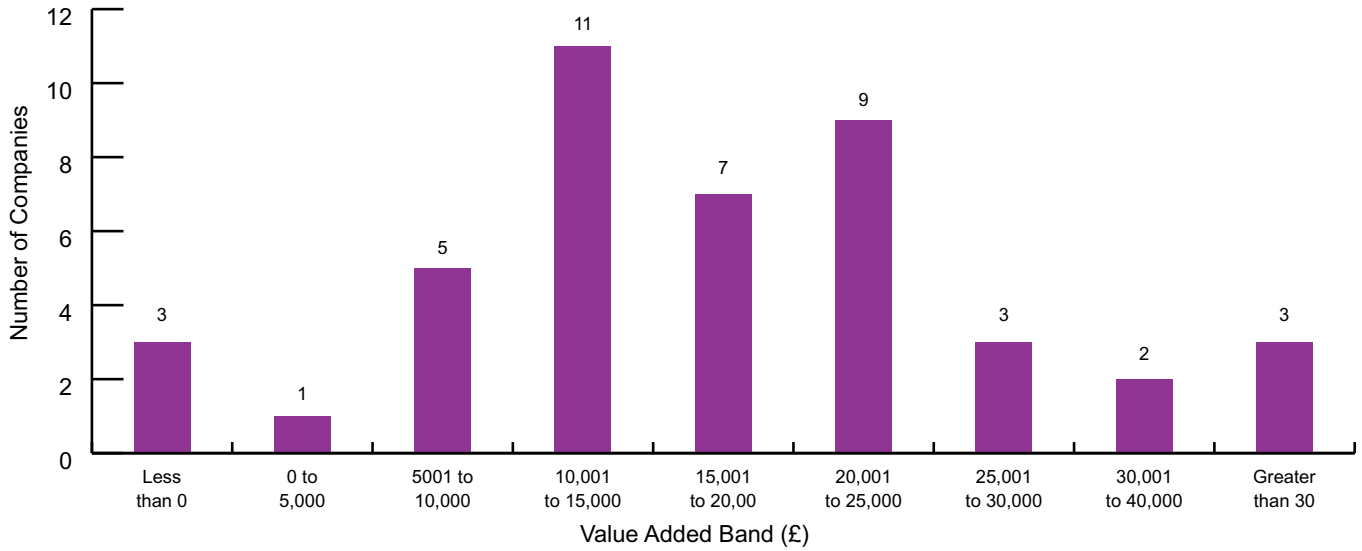


Figure 6.5 Value added per FTE for mixed processors in 2007/08

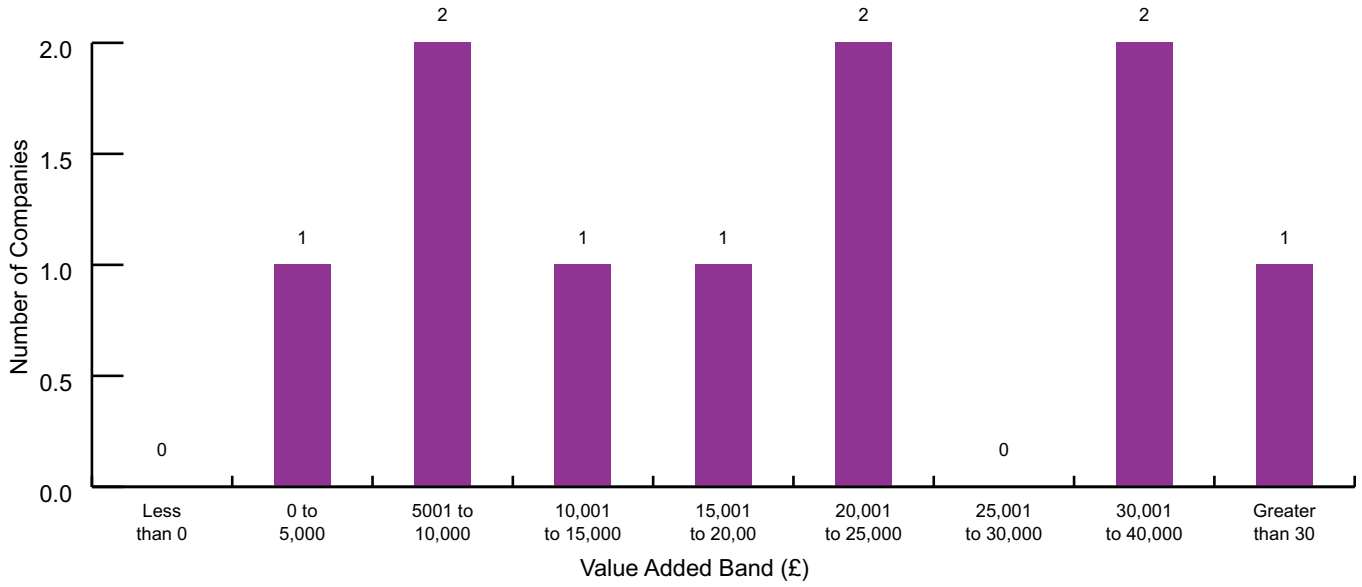


Figure 6.6 Value added per FTE for secondary processors in 2007/08

6.4.2 Fixed assets turnover

The fixed assets turnover of processors has increased since the previous survey with processors now generating average sales equivalent to 15 times the value of fixed assets in comparison to the 2004 figure of 12.3 times. This means that processors are generating a greater sales value for every pound invested in fixed assets than they were in 2004.

Primary processors have the highest fixed asset turnover figure. Primary processors generate £16 of sales for every £1 of fixed assets utilised in the business. Secondary processors generate the least sales per pound invested in fixed assets with a ratio of 10:1. These differences are to be expected as secondary processors are generally more heavily mechanised than primary processors. The ratio for small companies and large companies mirrors those of primary and secondary processors. This is because secondary processors tend to be larger businesses while primary processors are often small businesses. Secondary processors will tend to own machinery and possibly land and buildings while primary processors are likely to own less machinery and may be less likely to own buildings. For this reason the level of investment required for new entrants to the industry is lower for primary processors than secondary processors.

6.5 Current ratios

The current ratio is a comparison of current assets to current liabilities which indicates to what extent short term debts can be covered by current assets. Potential creditors may use this ratio to measure a business's liquidity.

The average current ratio for the processing industry has reduced from the 2004 figure of 3:1 to 1.7:1. This means that the value of current assets held by the average processor in the sample is only 1.7 times the value of current liabilities that they have. A current ratio of 2:1 is considered a healthy ratio although this will vary from industry to industry. The industry average for seafood processors is low. In terms of process type, secondary processors have the highest current ratio at 2:1 while mixed processors have the lowest at 1.65:1.

Figure 6.7 shows the distribution of different current ratios and the number of companies that fall into each band. This demonstrates that a large proportion of seafood processing companies have a ratio which is less than 1:1. This means that if the creditors of these processors asked to be paid immediately, these processors would not have sufficient current assets to meet their short term obligations. This is an unhealthy situation and indicates

poor liquidity within these particular businesses. In the current economic climate many processors are dumping stock onto the market in a bid to liquidate stocks and improve the liquidity of their businesses.

6.6 Return on capital employed

The average ROCE for the industry as a whole has increased from the 2004 figure of 20.1% to the 38% in the current survey. This means that seafood processors are making more effective use of the capital employed in their businesses to generate profit. The results show that primary processors deliver the highest return to capital employed at 54%. Primary processors have the highest level of retained profit and tend to have lower levels of capital employed which enables them to deliver stronger returns to capital employed. By contrast, secondary processors tend to have higher levels of capital invested. As secondary processors' profits were less in this survey, the returns on capital employed are lower.

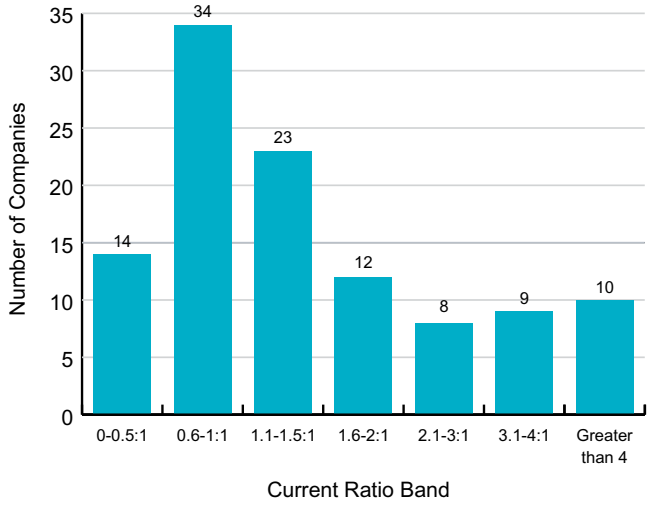


Figure 6.7 Current ratio for seafood processors 2007/08

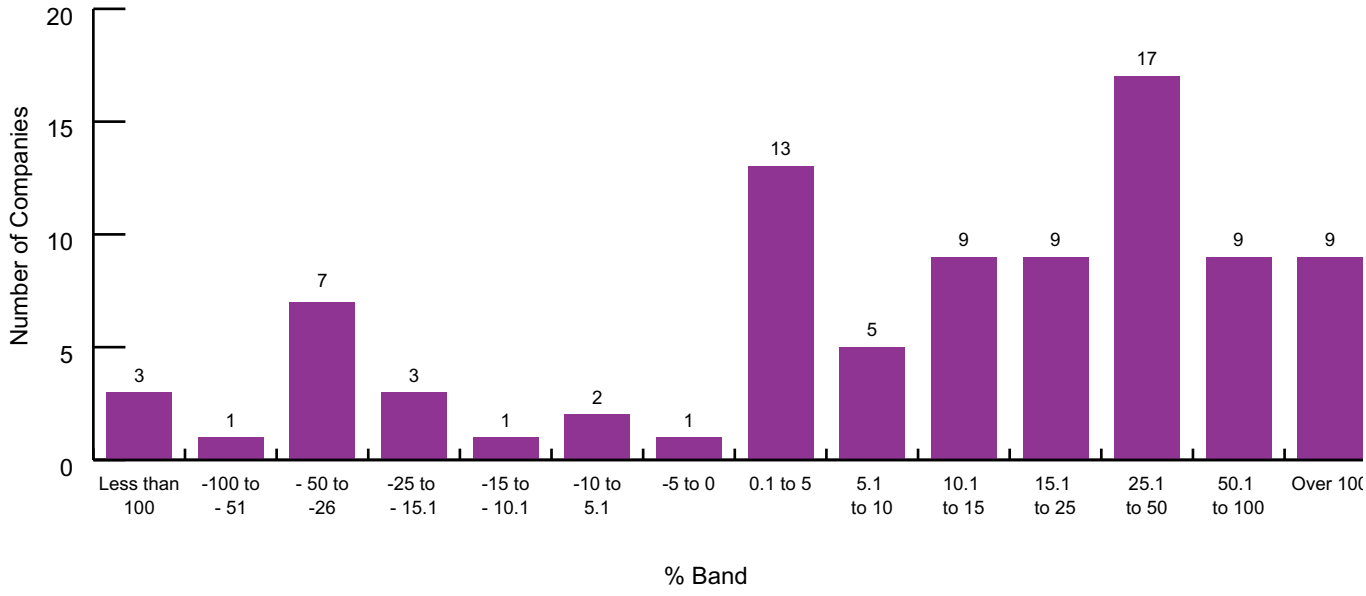


Figure 6.8 Return on capital employed as a percentage of sales

Chapter 7

Survey Methods

7. Survey Methods

This chapter gives details of the methods used in the collection and analysis of survey data.

7.1 Telephone survey

The base population of seafood and salmon processing units was taken from the database created for the 2004 Survey of the UK Sea Fish Processing Industry. This database had been updated on an ongoing basis since 2004. This source was supplemented by lists from a variety of other sources including: Seafood Scotland, Seafood Cornwall; Grimsby Fish Merchants Association; Food and Drink Scotland; trade associations; Yellow Pages online and other online resources.

During March and April 2008, each processor was telephoned, and a member of Seafish staff explained what the survey was about, how the data would be used, and asked the following questions:

- Do you process seafood at this site?
- What type of seafood is processed? (demersal, pelagic, shellfish, salmon, trout)
- What type of processing is carried out (primary, secondary)
- What proportion of annual turnover is generated through processing?
- Do you trade seafood?
- What types of seafood are processed?
- How many full time, part time, permanent and seasonal, male and female employees are employed?
- What is the business ownership format?
- How old is the business?
- Can we use the data to make an updated version of the UK Sea Fish industry wall map?
- Will you agree to complete a more detailed questionnaire or take part in an interview?

For businesses which could not initially be contacted by telephone, extensive efforts were made to trace their current contact details, and for some companies this effort continued into September 2008. Over 1000 organisations were telephoned and 550 processors were identified. Of the total, 71 were classed as salmon processors, because salmon processing generated more than 50% of their turnover.

Processors employing more than 50 employees were asked to provide written confirmation of the number employed. To facilitate this process they were each faxed a form to complete with accurate employee numbers. Where it was not possible for this fax to be returned, efforts were made to confirm with the processor that the employee numbers given were accurate. This process reduced the risk of compromising the accuracy of industry employment totals by using inaccurate data from large processors.

7.2 Detailed survey

Companies that had agreed at the telephone census stage to complete a detailed business performance questionnaire were each sent a copy by post. These were distributed to companies rather than individual units so that businesses with more than one site would receive only one questionnaire posted to their head office. This method was chosen because financial information could only be gathered at a company level using company accounts.

A total of 433 questionnaires were posted. Questionnaires contained assurances that information provided would be kept confidential and that no individual firm would be identified in the report. Of the 433 questionnaires posted to processors 15 were returned. A copy of the questionnaire is included in the appendix.
To supplement the postal questionnaire, two field researchers were employed to gather data for the

survey. They targeted a specific area of the UK each week and arranged interviews with processors at which they administered the questionnaire face to face. Around 140 questionnaires were completed using this method. A handful of questionnaires were emailed on request to processors. In total 161 seafood and salmon processors completed survey questionnaires with processors at which they administered the questionnaire.

7.3 Survey sample

Table 7.1 shows the sample of companies that completed the detailed questionnaire for this survey. There are variations between the total population FTE figures in this table and those described in Chapter One. This is because of the method of distribution of the questionnaires which meant that each company received one questionnaire as opposed to each site. Some large companies in the survey have a salmon processing unit as part of their business. The FTEs employed in these salmon processing units are included in the Total FTEs Population column in Table 7.1.

Process Type	Population	Sample	Ratio	Sample FTEs	Total Population FTEs	% of FTEs
Primary	212	64	30%	850	2844	30%
Mixed	193	83	43%	7096	11227	63%
Secondary	51	14	27%	1046	1975	53%
Total	456	161	35%	8992	16046	56%
Region	**Population**	**Sample**	**Ratio**	**Sample FTEs**	**FTEs**	**% of FTEs**
Grampian	77	31	40%	1631	2904	56%
Highlands and Islands	35	13	37%	311	600	52%
Humberside	83	29	35%	4461	6295	71%
N. Ireland	25	12	48%	210	478	44%
North England	66	23	35%	1183	1921	62%
Other Scotland	53	20	38%	438	1173	37%
S W England	51	21	41%	320	1030	31%
South/Midlands/Wales	66	12	18%	438	1645	27%
Total	456	161	35%	8992	16046	56%
Size	**Population**	**Sample**	**Ratio**	**Sample FTEs**	**FTEs**	**% of FTEs**
1-10 FTEs	252	77	31%	438	1392	31%
11-25 FTEs	105	40	38%	667	1701	39%
26-50 FTEs	35	12	34%	414	1254	33%
51-100 FTEs	39	21	54%	1390	2717	51%
100+ FTEs	25	11	44%	6083	8982	68%
Total	456	161	35%	8992	16046	56%
Species	**Population**	**Sample**	**Ratio**	**Sample FTEs**	**FTEs**	**% of FTEs**
Demersal	123	43	35%	861	1899	45%
Pelagic	12	3	25%	179	745	24%
Shellfish	120	46	38%	1518	3169	48%
Mixed	201	69	34%	6434	10233	63%
Total	456	161	35%	8992	16046	56%

Table 7.1

7.4 Published financial data

Financial results in the report are generated from accounting information gathered from processors augmented by accounts purchased from Companies House. Estimated financial results were not used in the analysis.

It is important to note that the financial results in this report are calculated as non-weighted averages. This method of analysing the financial data is in line with previous surveys.

Operating profit values for all companies in the financial analysis was stated after charging depreciation. This approach allowed for consistency with the company accounts gathered from Companies House.

7.5 Terms used in financial performance chapter

Fixed Assets: Fixed Assets are generally those assets which a firm does not intend to trade. These include tangible assets such as land, buildings, plant and machinery, vehicles etc., and also assets such as goodwill and long term investments.

Current Assets: Current Assets are generally those which can be liquidated sooner rather than later, normally within one year at the most. These include stocks, debtors, cash and other liquid assets.

Net assets: Net assets = Fixed assets + Current assets – Current liabilities

Current liabilities: Current liabilities include trade creditors, short term loans, overdrafts, VAT due to be paid, etc., generally payable within one year.

Capital employed: Capital employed = Total assets – Current liabilities

Return on capital employed (ROCE): ROCE = Pre-tax profit / Capital employed

Value added = (Operating profit + Labour costs) – (Interest + Depreciation)

7.6 Statistical analysis

The survey data were analysed using software known as the Statistical Package for the Social Sciences (SPSS).

Data was transformed by using multiple linear regressions and log linear multiple regressions. The method used was dependant upon which of the two methods showed the most significance between the variables and the calculated variable.

Supply and sales figures in Chapters Two and Three were calculated using the following method. Data was gathered from processors at the detailed survey stage relating to supply method and region along with customer type and region (see Detailed Questionnaire questions 2, 4, 6, and 8). Where fish purchase and turnover values were provided by the participating company these were used in the analysis. Where these figures were not provided by the processor, values generated using linear and log linear regressions were used in the analysis to generate the results shown.

7.7 Qualitative analysis

Analysis of qualitative results was undertaken by using a coding system. Responses were generally capable of being categorised into one of a number of themes. These themes were then assigned codes allowing for analysis of the responses to be carried out.

Appendix

Data Tables

Chapter 1

FTE Band	2004	2008
1-10	307	255
11-25	121	108
26-50	63	44
51-100	48	41
101+	34	31
Total	573	479

Figure 1.1 Number of processing units by size (FTE band)

	2000	2004	2008
1-10 FTEs	1,561	1,579	1,400
11-25 FTEs	1,784	1,964	1,781
26-50 FTEs	2,230	2,349	1,600
51-100 FTEs	2,899	3,385	2,944
101+ FTEs	13,826	8,903	6,935
Total	22,300	18,180	14,660

Figure 1.2 Industry employment by processing unit size

Species	2000	2004	2008
Demersal only	8,474	4,335	1,899
Mixed species	8,920	9,596	8,467
Pelagic only	669	762	785
Shellfish only	4,014	3,487	3,504
Total	22,077	18,180	14,660

Figure 1.3 Industry employment by species processed

	2000	2004	2008
Primary	206	226	220
Mixed	263	283	201
Secondary	72	64	58
Total	541	573	479

Figure 1.4 Proportion of seafood processing units by process type

	2000	2004	2008
Primary	2,695	2,812	3,051
Mixed	11,465	10,025	8,186
Secondary	8,096	5,343	3,423

Figure 1.5 Proportion of industry employment by process type

	Sites	Percentage of units
Cooperative	2	0.4%
Limited Company	263	54.9%
Partnership	77	16.1%
PLC	1	0.2%
Sole Trader	89	18.6%
Subsidiary	47	9.8%
Total	479	100%

Figure 1.6 Ownership type of processing units

Age Range	Total
0-5 Years	53
6-10 Years	64
11-15 Years	56
16-25 Years	111
26-50 Years	125
51-100 Years	55
over 100 Years	15

Figure 1.7 Age of processing units

Region	Process Type	Number of units
Grampian	Mixed	45
	Primary	31
	Secondary	5
	Total	81
Highlands and Islands	Mixed	17
	Primary	17
	Secondary	4
	Total	38
Humberside	Mixed	28
	Primary	52
	Secondary	9
	Total	89
N. Ireland	Mixed	13
	Primary	10
	Secondary	3
	Total	26
North England	Mixed	20
	Primary	37
	Secondary	12
	Total	69
Other Scotland	Mixed	29
	Primary	22
	Secondary	4
	Total	55
S W England	Mixed	23
	Primary	25
	Secondary	4
	Total	52
South/Midlands/Wales	Mixed	26
	Primary	26
	Secondary	17
	Total	69
Total	Mixed	201
	Primary	220
	Secondary	58
	Total	479

Figure 1.8 Seafood processing units by region

Region	Process Type	FTEs
Grampian	Mixed	2,603
	Primary	570
	Secondary	138
	Total	3,311
Highlands and Islands	Mixed	365
	Primary	267
	Secondary	84
	Total	716
Humberside	Mixed	1,931
	Primary	480
	Secondary	1,606
	Total	4,017
N. Ireland	Mixed	324
	Primary	88
	Secondary	118
	Total	530
North England	Mixed	538
	Primary	383
	Secondary	939
	Total	1,860
Other Scotland	Mixed	762
	Primary	435
	Secondary	26
	Total	1,223
S W England	Mixed	653
	Primary	387
	Secondary	69
	Total	1,109
South/Midlands/Wales	Mixed	1,010
	Primary	441
	Secondary	443
	Total	1,894
Total	Mixed	8,186
	Primary	3,051
	Secondary	3,423
	Total	14,660

Figure 1.9 Industry employment by region

	Primary		Secondary		Mixed		Total	
	2004	2008	2004	2008	2004	2008	2004	2008
Male	72%	67%	53%	56%	61%	59%	61%	60%
Female	28%	33%	47%	44%	39%	41%	39%	40%

Figure 1.10 Industry employment by gender and process type

Region	FTEs
Highlands and Islands and Grampian	2,281
Other Scotland	1,792
England, Wales and N. Ireland	1,150

Figure 1.11 Distribution of UK salmon employment by region

Region	Sites	FTEs
Highlands and Islands and Grampian	30	2,281
Other Scotland	23	1,792
England Wales and N. Ireland	18	1,150

Figure 1.12 Distribution of salmon processing units by region

	2004		2008	
Primary	24	32%	17	24%
Mixed	36	47%	38	54%
Secondary	16	21%	16	23%

Figure 1.13 Salmon processing units by process type

	2004		2008	
Primary	1,135	25%	725	14%
Mixed	3,004	67%	4,134	79%
Secondary	322	7%	364	7%
Total	4,462		5,223	

Figure 1.14 Salmon industry employment by process type

Chapter two

	Demersal				Pelagic				Shellfish				Total			
	2004	2005	2006	2007	2004	2005	2006	2007	2004	2005	2006	2007	2004	2005	2006	2007
UK landings by UK vessels	156	158	141	135	180	209	143	165	126	125	133	140	462	492	417	440
Imports	423	458	484	415	136	146	153	138	114	116	117	119	672	720	754	672
Farmed									27	39	29	27	27	39	29	27
Total	578	616	625	550	315	355	296	302	267	280	279	286	1,160	1,251	1,200	1,139
% Landed	27%	26%	23%	25%	57%	60%	48%	55%	47%	45%	48%	49%	40%	39%	35%	39%
% Imported	73%	74%	78%	76%	43%	41%	52%	46%	43%	42%	42%	42%	60%	58%	63%	59%

Figure 2.1 Seafood supplies available in the UK ('000 tonnes)

Process Type	Auction	Direct Contract	Direct Imports	Fish Processors	Sub Contract	Fish Merchants	Direct Contract with Farm	Co Owned Vessel	Other	Total	No. of Cases	Sample total fish purchases (£s)
Primary	48%	24%	9%	3%	2%	10%	0%	1%	3%	100%	63	74,996,786
Mixed	13%	15%	58%	3%	0%	4%	7%	0%	0%	100%	79	617,962,968
Secondary	4%	1%	27%	32%	2%	33%	1%	0%	0%	100%	14	140,031,692
Total	15%	13%	48%	8%	1%	9%	5%	0%	0%	100%	156	832,991,446

Figure 2.3 Supplier type by process type

Size	Auction	Direct Contract	Direct Imports	Fish	Sub Contract	Fish Merchants	Direct Contract with Farm	Co Owned Vessel	Other	Total	Number of cases	Sample total fish purchases (£s)
Small	57%	13%	9%	4%	1%	10%	2%	1%	2%	100%	114	101,423,677
Medium	35%	30%	3%	9%	4%	16%	3%	0%	0%	100%	33	97,383,942
Large	5%	11%	62%	9%	0%	8%	6%	0%	0%	100%	9	634,183,827
Total	15%	13%	48%	8%	1%	9%	5%	0%	0%	100%	156	832,991,446

Figure 2.4 Supply type by size of processor

Process Type	Humberside	S W England	South/ Midlands/ Wales	North England	Northern Ireland	Grampian	Highlands & Islands	Other Scotland	EU Imports	Non-EU Imports	Total	Number of Cases	Sample total fish purchases (£s)
Primary	18%	10%	7%	6%	9%	19%	10%	7%	2%	14%	100%	64	75,651,819
Mixed	5%	2%	1%	1%	2%	15%	5%	5%	18%	45%	100%	79	617,962,968
Secondary	22%	1%	14%	13%	1%	11%	2%	11%	16%	10%	100%	14	140,031,692
Total	9%	2%	4%	3%	2%	15%	5%	6%	16%	37%	100%	157	833,646,479

Figure 2.5 Region of supply by process type

Additional graphs

Supply region by size of processor

Size	Supply Humberside	Supply SW England	Supply South/ Midlands/ Wales	Supply N England	Supply Northern Ireland	Supply Grampian	Supply Highlands and Islands	Supply Other Scotland	Supply European Imports	Supply Non EU Imports	Supply Total
Small	24%	8%	7%	3%	10%	19%	10%	6%	1%	12%	100%
Medium	10%	5%	6%	6%	2%	30%	18%	10%	6%	8%	100%
Large	6%	1%	3%	3%	1%	12%	2%	6%	20%	45%	100%
Total	9%	2%	4%	3%	2%	15%	5%	6%	16%	37%	100%

Supply region by processor region

Region	Supply Humberside	Supply S W England	Supply South/ Midlands/ Wales	Supply N England	Supply Northern Ireland	Supply Grampian	Supply Highlands and Islands	Supply Other Scotland	Supply European Imports	Supply Non EU Imports	Supply Total	No. of Cases	Sample total fish purchases (£s)
Grampian	4%	0%	0%	1%	1%	65%	8%	5%	1%	15%	100%	30	131,500,792
Highlands and Islands	0%	0%	0%	0%	1%	8%	79%	10%	0%	2%	100%	12	15,119,164
Humberside	9%	2%	0%	0%	1%	3%	2%	1%	22%	60%	100%	29	386,900,445
N. Ireland	2%	0%	2%	14%	56%	9%	8%	9%	0%	0%	100%	12	15,042,455
North England	18%	1%	12%	12%	2%	6%	0%	18%	19%	11%	100%	23	177,066,754
Other Scotland	4%	1%	0%	3%	3%	45%	15%	26%	2%	0%	100%	20	25,082,900
S W England	2%	40%	27%	1%	2%	0%	28%	0%	0%	0%	100%	19	17,786,719
South/ Midlands/Wales	4%	4%	6%	1%	1%	3%	1%	1%	26%	53%	100%	12	65,147,249
Total	9%	2%	4%	3%	2%	15%	5%	6%	16%	37%	100%	157	833,646,479

Supply region by species processed

Species	Humberside	S W England	South/ Midlands/ Wales	North England	Northern Ireland	Grampian	Highlands & Islands	Other Scotland	EU Imports	Non-EU Imports	Total	Number of Cases	Sample total fish purchases (£s)
Demersal	37%	1%	2%	4%	3%	19%	3%	3%	4%	25%	100%	43	77,146,847
Shellfish	1%	3%	22%	4%	5%	16%	11%	27%	12%	0%	100%	44	123,492,639
Pelagic	-	-	-	-	-	-	-	-	-	-	-	-	-
Mixed	7%	2%	1%	3%	2%	15%	4%	3%	19%	45%	100%	69	632,952,583
Total	9%	2%	4%	3%	2%	15%	5%	6%	16%	37%	100%	157	833,646,479

Supply region of demersal processors

Demersal	Humberside	SW England	South/ Midlands/ Wales	North England	Northern Ireland	Grampian	Highlands & Islands	Other Scotland	EU Imports	Non-EU Imports	Total	Number of Cases	Sample total fish purchases (£s)
Grampian	22%	1%	0%	3%	1%	52%	8%	10%	0%	3%	100%	11	20,147,036
Humberside	59%	0%	2%	3%	0%	0%	1%	0%	6%	28%	100%	18	38,330,055
N. Ireland	0%	0%	0%	0%	75%	0%	25%	0%	0%	0%	100%	2	704,882
North England	12%	0%	4%	12%	5%	3%	0%	2%	2%	60%	100%	9	13,692,540
Other Scotland	0%	0%	0%	0%	23%	74%	3%	0%	0%	0%	100%	2	2,630,334
South/Midlands/ Wales	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	37%	1%	2%	4%	3%	19%	3%	3%	4%	25%	100%	43	77,146,847

Supply region of shellfish processors

Shellfish	Humberside	SW England	South/ Midlands/ Wales	North England	Northern Ireland	Grampian	Highlands & Islands	Other Scotland	EU Imports	Non-EU Imports	Total	Number of Cases	Sample total fish purchases (£s)
Grampian	0%	0%	0%	6%	2%	69%	6%	16%	0%	0%	100%	5	19,918,393
Highlands and Islands	0%	0%	0%	0%	2%	0%	83%	15%	0%	0%	100%	7	10,042,600
Humberside	-	-	-	-	-	-	-	-	-	-	-	-	-
N. Ireland	0%	0%	4%	30%	21%	21%	5%	18%	0%	0%	100%	4	6,688,807
North England	1%	2%	32%	2%	5%	0%	0%	34%	22%	0%	100%	5	65,674,158
Other Scotland	0%	0%	0%	5%	0%	33%	25%	36%	0%	0%	100%	8	12,284,053
S W England	0%	34%	60%	0%	6%	0%	0%	0%	0%	0%	100%	10	5,474,907
South/ Midlands/Wales	0%	32%	68%	0%	0%	0%	0%	0%	0%	0%	100%	4	2,909,721
Total	1%	3%	22%	4%	5%	16%	11%	27%	12%	0%	100%	44	123,492,639

Supply region of mixed species processors

Mixed Species	Humberside	S W England	South/ Midlands/ Wales	North England	Northern Ireland	Grampian	Highlands & Islands	Other Scotland	EU Imports	Non-EU Imports	Total	Number of Cases	Sample total fish purchases (£s)
Grampian	1%	0%	0%	0%	0%	67%	9%	1%	1%	20%	100%	14	91,435,363
Highlands and Islands	0%	0%	0%	0%	0%	23%	71%	0%	0%	6%	100%	5	5,076,565
Humberside	3%	2%	0%	0%	1%	4%	2%	1%	24%	64%	100%	10	348,070,390
N. Ireland	3%	0%	1%	2%	84%	0%	9%	2%	0%	0%	100%	6	7,648,766
North England	31%	0%	0%	19%	0%	11%	0%	10%	19%	11%	100%	9	97,700,057
Other Scotland	10%	3%	0%	2%	0%	53%	5%	22%	5%	1%	100%	9	10,114,102
S W England	3%	43%	12%	1%	0%	0%	40%	0%	1%	0%	100%	9	12,311,812
South/Midlands/ Wales	4%	3%	4%	1%	1%	0%	1%	1%	28%	57%	100%	7	60,595,528
Total	7%	2%	1%	3%	2%	15%	4%	3%	19%	45%	100%	69	632,952,583

Supplier type by size (FTEs)

Size	Auction	Direct Contract	Direct Imports	Fish Processors	Sub Contract	Fish Merchants	Direct Contract with Farm	Co Owned Vessel	Other	Total	Number of cases	Sample total fish purchases (£s)
Small	57%	13%	9%	4%	1%	10%	2%	1%	2%	100%	114	101,423,677
Medium	35%	30%	3%	9%	4%	16%	3%	0%	0%	100%	33	97,383,942
Large	5%	11%	62%	9%	0%	8%	6%	0%	0%	100%	9	634,183,827
Total	15%	13%	48%	8%	1%	9%	5%	0%	0%	100%	156	832,991,446

Supplier type by region

Region	Auction	Direct Contract	Direct Imports	Fish Processors	Sub Contract	Fish Merchants	Direct Contract with Farm	Co Owned Vessel	Other	Total	Number of cases	Sample total fish purchases (£s)
Grampian	29%	49%	1%	17%	1%	3%	0%	0%	0%	100%	30	131,500,792
Highlands and Islands	13%	70%	0%	12%	1%	0%	2%	2%	0%	100%	11	14,464,132
Humberside	10%	2%	73%	1%	1%	3%	10%	0%	0%	100%	29	386,900,445
N. Ireland	82%	5%	0%	12%	0%	1%	0%	0%	0%	100%	12	15,042,455
North England	5%	11%	39%	21%	0%	24%	0%	0%	1%	100%	23	177,066,754
Other Scotland	42%	19%	2%	0%	3%	22%	11%	2%	0%	100%	20	25,082,900
S W England	50%	8%	1%	3%	0%	28%	10%	1%	0%	100%	19	17,786,719
South/ Midlands/ Wales	5%	4%	78%	3%	1%	8%	0%	0%	0%	100%	12	65,147,249
Total	15%	13%	48%	8%	1%	9%	5%	0%	0%	100%	156	832,991,446

Supplier type by species processed

Species	Auction	Direct Contract	Direct Imports	Fish Processors	Sub Contract	Fish Merchants	Direct Contract with Farm	Co Owned Vessel	Other	Total	Number of cases	Sample total fish purchases (£s)
Demersal	50%	11%	21%	3%	4%	8%	0%	0%	2%	100%	43	77,146,847
Shellfish	12%	37%	20%	2%	1%	24%	2%	1%	0%	100%	43	122,837,606
Pelagic	-	-	-	-	-	-	-	-	-	-	-	-
Mixed	11%	9%	57%	10%	0%	6%	7%	0%	0%	100%	69	632,952,583
Total	15%	13%	48%	8%	1%	9%	5%	0%	0%	100%	156	832,991,446

Supplier type of demersal processors

Demersal	Auction	Direct Contract	Direct Imports	Fish Processors	Sub Contract	Fish Merchants	Direct Contract with Farm	Co Owned Vessel	Other	Total	Number of cases	Sample total fish purchases (£s)
Grampian	83%	12%	0%	0%	0%	5%	0%	0%	0%	100%	11	20,147,036
Humberside	31%	15%	24%	5%	8%	14%	1%	0%	2%	100%	18	38,330,055
N. Ireland	100%	0%	0%	0%	0%	0%	0%	0%	0%	100%	2	704,882
North England	36%	6%	47%	0%	2%	0%	0%	0%	9%	100%	9	13,692,540
Other Scotland	99%	1%	0%	0%	0%	0%	0%	0%	0%	100%	2	2,630,334
South/Midlands/ Wales	-	-	-	-	-	-	-	-	-	-	-	-
Total	50%	11%	21%	3%	4%	8%	0%	0%	2%	100%	43	77,146,847

Supplier type of shellfish processors

Shellfish	Auction	Direct Contract	Direct Imports	Fish Processors	Sub Contract	Fish Merchants	Direct Contract with Farm	Co Owned Vessel	Other	Total	Number of cases	Sample total fish purchases (£s)
Grampian	19%	65%	0%	0%	0%	16%	0%	0%	0%	100%	5	19,918,393
Highlands and Islands	0%	96%	0%	0%	1%	0%	0%	3%	0%	100%	6	9,387,567
Humberside	-	-	-	-	-	-	-	-	-	-	-	-
N. Ireland	63%	11%	0%	27%	0%	0%	0%	0%	0%	100%	4	6,688,807
North England	1%	25%	38%	0%	0%	36%	0%	0%	0%	100%	5	65,674,158
Other Scotland	26%	32%	0%	0%	5%	11%	22%	4%	0%	100%	8	12,284,054
S W England	63%	24%	0%	0%	0%	11%	0%	3%	0%	100%	10	5,474,907
South/Midlands/ Wales	0%	16%	0%	29%	28%	27%	0%	0%	0%	100%	4	2,909,721
Total	12%	37%	20%	2%	1%	24%	2%	1%	0%	100%	43	122,837,606

Supplier type of mixed species processors

Mixed Species	Auction	Direct Contract	Direct Imports	Fish Processors	Sub Contract	Fish Merchants	Direct Contract with Farm	Co Owned Vessel	Other	Total	Number of cases	Sample total fish purchases (£s)
Grampian	19%	53%	1%	25%	1%	0%	0%	0%	0%	100%	14	91,435,364
Highlands and Islands	38%	22%	0%	35%	0%	0%	5%	0%	0%	100%	5	5,076,565
Humberside	8%	0%	78%	0%	0%	2%	12%	0%	0%	100%	10	348,070,390
N. Ireland	98%	0%	1%	0%	0%	2%	0%	0%	0%	100%	6	7,648,766
North England	3%	1%	38%	38%	0%	20%	0%	0%	0%	100%	9	97,700,057
Other Scotland	47%	8%	5%	0%	0%	41%	0%	0%	0%	100%	9	10,114,102
S W England	44%	1%	1%	4%	0%	36%	14%	0%	0%	100%	9	12,311,812
South/Midlands/ Wales	3%	4%	83%	2%	0%	8%	0%	0%	0%	100%	7	60,595,528
Total	11%	9%	57%	10%	0%	6%	7%	0%	0%	100%	69	632,952,583

Chapter three

Process Type	Processors	Wholesale Merchants	Wholesale Distributors	Retail Fishmongers	Retail Market Stalls	Retail Supermarkets	Retail Freezer Centres	Food Service Institutional	
Primary	11%	21%	3%	2%	8%	2%	1%	2%	
Mixed	8%	3%	9%	1%	1%	61%	0%	1%	
Secondary	4%	2%	20%	1%	1%	58%	0%	8%	
Total	8%	5%	10%	1%	2%	54%	0%	2%	

Figure 3.3 Customer type by process type

Process Type	Humberside	SW England	South/ Midlands/ Wales	N England	Grampian	Highlands and islands	Other Scotland	N Ireland	Total	Number of cases	Sample total sales (£s)
Primary	12%	19%	14%	18%	6%	5%	23%	4%	100%	62	113,419,234
Mixed	7%	6%	38%	21%	15%	4%	8%	1%	100%	77	374,249,337
Secondary	7%	9%	29%	22%	10%	9%	10%	3%	100%	13	48,887,694
Total	8%	9%	32%	21%	12%	5%	11%	2%	100%	152	536,556,265

Figure 3.4 Destination of sales by process type

	Primary	Mixed	Secondary	Total
Grampian	172,987	144,765	113,529	148,510
Highlands and Islands	255,387	69,887	69,465	152,285
Humberside	173,229	172,159	92,113	159,085
N. Ireland	116,186	109,485	221,650	129,338
North England	172,112	301,585	203,068	207,060
Other Scotland	135,553	77,894	-	92,309
S W England	50,701	93,594	-	82,871
South/Midlands/Wales		171,394	289,788	191,126
Total	165,012	138,744	149,407	148,633

Figure 3.5 Average turnover per FTE for seafood processors by region and process type

Additional graphs

Destination of sales by size (FTEs)

Size FTEs	Humberside	SW England	South/ Midlands/ Wales	N England	Grampian	Highlands and islands	Other Scotland	N Ireland	Total	Number of cases	Sample total sales (£s)
Small	8%	15%	22%	19%	8%	8%	16%	5%	100%	113	128,781,391
Medium	5%	17%	28%	20%	8%	6%	14%	1%	100%	31	164,963,803
Large	10%	2%	40%	22%	18%	2%	7%	0%	100%	8	242,811,070
Total	8%	9%	32%	21%	12%	5%	11%	2%	100%	152	536,556,265

	Food Service Fish Fryers	Food Service Pubs, Rest's etc	Other Factory Gate	Other Exports to EU	Other Exports non-EU	Other other	Total	Number of cases	Sample total sales (£s)
	9%	8%	0%	24%	8%	0%	100%	64	167,943,223
	2%	3%	0%	7%	3%	0%	100%	83	1,098,017,793
	0%	1%	0%	6%	0%	0%	100%	14	225,323,078
	3%	3%	0%	9%	3%	0%	100%	161	1,491,284,094

Destination of sales by processor region

Region	Humberside	SW England	South/ Midlands/ Wales	N England	Grampian	Highlands and islands	Other Scotland	N Ireland	Total	Number of cases	Sample total sales (£s)
Grampian	11%	1%	26%	10%	39%	2%	10%	1%	100%	29	138,347,271
Highlands and Islands	2%	4%	27%	8%	3%	44%	13%	1%	100%	11	15,080,969
Humberside	16%	9%	31%	29%	5%	5%	4%	1%	100%	27	89,208,557
N. Ireland	9%	3%	28%	13%	5%	7%	4%	30%	100%	12	16,803,071
North England	1%	5%	21%	63%	1%	7%	1%	1%	100%	22	81,513,009
Other Scotland	10%	14%	10%	7%	4%	4%	50%	0%	100%	19	74,444,568
S W England	3%	45%	30%	18%	3%	0%	1%	0%	100%	20	39,194,948
South/Midlands/Wales	2%	10%	77%	6%	0%	2%	4%	0%	100%	12	81,963,871
Total	8%	9%	32%	21%	12%	5%	11%	2%	100%	152	536,556,265

Destination of sales by species processed

Species	Humberside	SW England	South/ Midlands/ Wales	N England	Grampian	Highlands and islands	Other Scotland	N Ireland	Total	Number of cases	Sample total sales (£s)
Demersal	8%	6%	30%	34%	7%	1%	11%	3%	100%	42	120,207,687
Shellfish	7%	8%	25%	36%	4%	7%	12%	0%	100%	40	144,405,439
Pelagic	0%	10%	15%	0%	69%	7%	0%	0%	100%	3	919,146
Mixed	8%	11%	37%	7%	19%	5%	11%	2%	100%	67	271,023,993
Total	8%	9%	32%	21%	12%	5%	11%	2%	100%	152	536,556,265

Destination of sales of demersal processors

Demersal	Humberside	SW England	South/ Midlands/ Wales	N England	Grampian	Highlands and islands	Other Scotland	N Ireland	Total	Number of cases	Sample total sales (£s)
Grampian	5%	13%	21%	46%	8%	3%	2%	2%	100%	13	28,429,723
Humberside	26%	0%	11%	6%	3%	3%	50%	0%	100%	7	59,072,448
N. Ireland	0%	0%	0%	0%	0%	0%	8%	92%	100%	2	997,089
North England	3%	20%	29%	42%	3%	1%	3%	0%	100%	9	16,440,287
Other Scotland	0%	0%	0%	0%	0%	0%	99%	0%	100%	2	3,442,239
South/Midlands/ Wales	-	-	-	-	-	-	-	-	-	-	-
Total	15%	6%	17%	22%	5%	3%	31%	1%	100%	34	110,381,786

Destination of sales of shellfish processors

Shellfish	Humberside	SW England	South/ Midlands/ Wales	N England	Grampian	Highlands and islands	Other Scotland	N Ireland	Total	Number of cases	Sample total sales (£s)
Grampian	12%	0%	7%	0%	64%	0%	16%	0%	100%	3	1,918,344
Highlands and Islands	1%	4%	41%	12%	3%	27%	13%	0%	100%	6	8,486,587
Humberside	-	-	-	-	-	-	-	-	-	-	-
N. Ireland	18%	7%	57%	9%	8%	2%	0%	0%	100%	4	8,370,171
North England	1%	1%	20%	68%	1%	9%	0%	1%	100%	5	56,043,281
Other Scotland	15%	17%	13%	11%	6%	6%	32%	0%	100%	7	48,227,652
S W England	1%	9%	49%	38%	1%	0%	2%	0%	100%	10	17,780,052
South/Midlands/ Wales	3%	14%	38%	17%	5%	0%	17%	7%	100%	4	2,779,353
Total	7%	8%	25%	36%	4%	7%	12%	0%	100%	40	144,405,439

Destination of sales of mixed species processors

Mixed Species	Humberside	SW England	South/ Midlands/ Wales	N England	Grampian	Highlands and islands	Other Scotland	N Ireland	Total	Number of cases	Sample total sales (£s)
Grampian	17%	1%	27%	1%	45%	2%	6%	1%	100%	14	133,290,990
Highlands and Islands	2%	2%	7%	2%	2%	48%	33%	2%	100%	5	9,361,313
Humberside	19%	16%	18%	22%	10%	11%	2%	1%	100%	9	23,468,399
N. Ireland	0%	0%	0%	14%	3%	11%	6%	67%	100%	6	9,843,470
North England	0%	0%	14%	78%	1%	7%	0%	0%	100%	8	9,029,441
Other Scotland	0%	10%	6%	1%	1%	1%	80%	0%	100%	9	24,208,272
S W England	5%	75%	13%	1%	5%	1%	1%	0%	100%	9	21,187,644
South/Midlands/ Wales	2%	10%	79%	4%	0%	2%	3%	0%	100%	7	77,815,656
Total	10%	10%	35%	6%	21%	4%	11%	3%	100%	67	308,205,185

Customer type by size

Customer type by size (FTEs)	Processors	Wholesale Merchants	Wholesale Distributors	Retail Fishmongers	Retail Market Stalls	Retail Supermarkets	Retail Freezer Centres	Food Service Institutional
Small	8%	29%	5%	8%	7%	4%	1%	3%
Medium	13%	6%	15%	3%	5%	8%	0%	3%
Large	7%	2%	9%	0%	0%	70%	0%	1%
Total	8%	5%	10%	1%	2%	54%	0%	2%

Customer type by region of processor

Region	Processors	Wholesale Merchants	Wholesale Distributors	Retail Fishmongers	Retail Market Stalls	Retail Supermarkets	Retail Freezer Centres	Food Service Institutional
Grampian	30%	6%	10%	2%	1%	12%	0%	0%
Highlands and Islands	15%	6%	7%	0%	3%	4%	0%	4%
Humberside	3%	2%	4%	1%	1%	85%	0%	1%
N. Ireland	0%	12%	24%	0%	0%	6%	6%	2%
North England	2%	7%	28%	1%	0%	46%	0%	6%
Other Scotland	13%	6%	2%	4%	10%	5%	0%	2%
S W England	1%	22%	23%	2%	4%	15%	0%	2%
South/ Midlands/Wales	4%	16%	1%	0%	1%	62%	0%	0%
Total	8%	12%	5%	2%	6%	27%	0%	2%

	Food Service Fish Fryers	Food Service Pubs, Rest's etc	Other Factory Gate	Other Exports to EU	Other Exports non-EU	Other other	Total	Number of cases	Sample total sales (£s)
	16%	10%	1%	9%	0%	0%	100%	115	141,194,488
	3%	9%	0%	31%	4%	0%	100%	35	239,705,508
	1%	1%	0%	4%	4%	0%	100%	11	1,110,384,097
	3%	3%	0%	9%	3%	0%	100%	161	1,491,284,094

	Food Service Fish Fryers	Food Service Pubs, Rest's etc	Other Factory Gate	Other Exports to EU	Other Exports non-EU	Other other	Total	Number of cases	Sample total sales (£s)
	1%	1%	0%	22%	16%	0%	100%	31	233,027,858
	1%	8%	0%	49%	1%	0%	100%	13	31,692,423
	3%	0%	0%	1%	0%	0%	100%	29	701,007,399
	5%	8%	0%	35%	3%	0%	100%	13	26,895,306
	2%	5%	0%	1%	1%	0%	100%	23	260,492,612
	5%	7%	1%	35%	9%	0%	100%	21	114,590,676
	1%	25%	3%	2%	0%	0%	100%	20	39,416,175
	1%	11%	0%	3%	0%	0%	100%	11	84,161,645
	3%	11%	1%	18%	4%	0%	100%	52	1,491,284,094

Customer type by species processed

Species	Processors	Wholesale Merchants	Wholesale Distributors	Retail Fishmongers	Retail Market Stalls	Retail Supermarkets	Retail Freezer Centres	Food Service Institutional
Demersal	26%	22%	10%	1%	4%	16%	0%	3%
Shellfish	6%	7%	32%	0%	3%	4%	0%	5%
Pelagic	2%	1%	0%	0%	0%	0%	0%	0%
Mixed	6%	3%	4%	1%	1%	75%	0%	1%
Total	6%	4%	10%	1%	1%	58%	0%	2%

Customer type of demersal processors

Demersal	Processors	Wholesale Merchants	Wholesale Distributors	Retail Fishmongers	Retail Market Stalls	Retail Supermarkets	Retail Freezer Centres	Food Service Institutional
Grampian	21%	31%	34%	1%	1%	0%	0%	0%
Humberside	30%	12%	2%	2%	5%	29%	0%	5%
N. Ireland	0%	82%	0%	0%	8%	10%	0%	0%
North England	29%	44%	0%	1%	4%	0%	0%	1%
Other Scotland	0%	0%	0%	0%	16%	0%	0%	0%
South/ Midlands/Wales	-	-	-	-	-	-	-	-
Total	26%	37%	0%	1%	5%	0%	0%	1%

Customer type of shellfish processors

Shellfish	Processors	Wholesale Merchants	Wholesale Distributors	Retail Fishmongers	Retail Market Stalls	Retail Supermarkets	Retail Freezer Centres	Food Service Institutional
Grampian	2%	4%	14%	0%	0%	0%	0%	0%
Highlands and Islands	21%	4%	9%	0%	1%	5%	0%	0%
Humberside	-	-	-	-	-	-	-	-
N. Ireland	0%	10%	39%	0%	0%	1%	0%	3%
North England	0%	8%	64%	0%	0%	0%	0%	14%
Other Scotland	16%	6%	1%	0%	10%	6%	0%	0%
S W England	3%	13%	48%	2%	1%	19%	0%	0%
South/ Midlands/Wales	0%	12%	0%	2%	3%	37%	0%	3%
Total	13%	7%	9%	0%	8%	10%	0%	0%

Customer type of mixed species processors

Mixed Species	Processors	Wholesale Merchants	Wholesale Distributors	Retail Fishmongers	Retail Market Stalls	Retail Supermarkets	Retail Freezer Centres	Food Service Institutional
Grampian	47%	1%	6%	2%	1%	20%	0%	1%
Highlands and Islands	2%	13%	2%	2%	9%	2%	2%	15%
Humberside	0%	0%	4%	0%	1%	91%	0%	0%
N. Ireland	0%	9%	1%	0%	0%	14%	16%	0%
North England	0%	1%	0%	3%	0%	93%	0%	0%
Other Scotland	6%	7%	6%	19%	11%	1%	1%	11%
S W England	0%	30%	0%	2%	6%	10%	0%	4%
South/ Midlands/Wales	3%	16%	1%	0%	1%	65%	0%	0%
Total	6%	3%	4%	1%	1%	75%	0%	1%

	Food Service Fish Fryers	Food Service Pubs, Rest's etc	Other Factory Gate	Other Exports to EU	Other Exports non-EU	Other other	Total	Number of cases	Sample total sales (£s)
	13%	1%	0%	3%	0%	0%	100%	43	123,930,176
	0%	6%	0%	30%	5%	0%	100%	48	301,421,039
	0%	0%	0%	22%	75%	0%	100%	3	28,941,067
	2%	3%	0%	3%	1%	0%	100%	67	1,036,991,812
	2%	4%	0%	9%	4%	0%	100%	118	1,367,353,917

	Food Service Fish Fryers	Food Service Pubs, Rest's etc	Other Factory Gate	Other Exports to EU	Other Exports non-EU	Other other	Total	Number of cases	Sample total sales (£s)
	6%	0%	0%	6%	0%	0%	100%	11	34,311,561
	12%	1%	0%	3%	0%	0%	100%	18	66,739,000
	0%	0%	0%	0%	0%	0%	100%	2	997,089
	18%	4%	0%	0%	0%	0%	100%	9	16,440,287
	82%	0%	0%	0%	0%	3%	100%	2	3,442,239
	-	-	-	-	-	-	-	-	-
	27%	3%	0%	0%	0%	0%	100%	12	21,882,526

	Food Service Fish Fryers	Food Service Pubs, Rest's etc	Other Factory Gate	Other Exports to EU	Other Exports non-EU	Other other	Total	Number of cases	Sample total sales (£s)
	0%	7%	0%	73%	0%	0%	100%	5	36,831,510
	0%	2%	0%	58%	0%	0%	100%	8	22,331,111
	-	-	-	-	-	-	-	-	-
	0%	0%	0%	46%	1%	0%	100%	5	16,054,746
	0%	9%	0%	2%	3%	0%	100%	5	114,806,884
	0%	5%	0%	45%	12%	0%	100%	9	86,820,147
	0%	4%	5%	4%	0%	0%	100%	11	19,140,043
	0%	0%	0%	40%	0%	4%	100%	4	4,636,598
	0%	4%	1%	37%	9%	0%	100%	24	110,596,788

	Food Service Fish Fryers	Food Service Pubs, Rest's etc	Other Factory Gate	Other Exports to EU	Other Exports non-EU	Other other	Total	Number of cases	Sample total sales (£s)
	0%	0%	0%	11%	11%	0%	100%	14	133,290,990
	3%	22%	0%	28%	2%	0%	100%	5	9,361,313
	3%	0%	0%	1%	0%	0%	100%	10	633,468,399
	14%	22%	0%	20%	5%	0%	100%	6	9,843,470
	1%	2%	0%	0%	0%	0%	100%	9	129,245,441
	14%	14%	2%	6%	0%	0%	100%	9	24,208,272
	1%	46%	0%	0%	0%	0%	100%	8	20,048,880
	1%	12%	0%	1%	0%	0%	100%	6	77,525,047
	2%	3%	0%	3%	1%	0%	100%	67	1,036,991,812

Chapter four

	FTE Band				
	1-10	11-25	26-50	51-100	100+
Average Cost (£s)	1,545	2,783	8,640	36,000	81,200
Count	15	8	4	4	5

Figure 4.1 Average cost of waste treatment by business size (FTE band)

	FTE Band				
	1-10	11-25	26-50	51-100	100+
Average Cost	1,628	3,506	3,412	28,171	35,500
Count	47	20	6	14	4

Figure 4.2 Average cost of waste disposal by business size (FTE band)

	FTE Band				
Response	1-10	11-25	26-50	51-100	100+
Yes	11	8	4	11	9
No	62	30	8	10	3

Figure 4.3 Do sustainability issues affect the way in which you source raw materials?

	FTE Band				
Response	1-10	11-25	26-50	51-100	100+
Yes	9	9	4	9	9
No	61	26	7	12	3

Figure 4.4 Do you source materials from accredited sources?

Response	Total
1 - 25%	14
26 - 50%	3
51 - 75%	4
76 - 100%	8
Count	29

Figure 4.5 Proportion of raw materials purchased from accredited sources

Chapter five

Response	Primary	Mixed	Secondary
Growth	26	53	67
Survival	69	42	27
Reduce Activity	1	2	0
Sell	0	0	0
Cease	3	1	0
Other	0	1	7

Figure 5.1 Business aspirations by process type

Response	Total	%
Price	24	15%
Quality	121	74%
Reliability of Supply	25	15%
Niche	5	3%
Other	13	8%

Figure 5.2 Strongest selling point of UK processors

Response	Count
1	39
2	29
3	49
4	26
5	20

Figure 5.3 UK seafood processor customer management style

Response	Count
1	40
2	32
3	44
4	23
5	24

Figure 5.4 UK processor business planning management style

Response	Count
1	30
2	27
3	51
4	30
5	24

Figure 5.5 UK processor product development management style

	Credit received		Credit Given	
Response	Primary		Primary	
Cash against documents	4	6%	2	3%
Less than 10 days	31	49%	6	10%
11-30 days	25	40%	26	41%
31+ days	3	5%	29	46%
Count	63	100%	63	100%

Figure 5.6 Primary processor credit terms

	Credit received		Credit Given	
Response	Mixed		Mixed	
Cash against documents	6	8%	4	5%
Less than 10 days	42	53%	3	4%
11-30 days	23	29%	37	47%
31+ days	8	10%	35	44%
Count	79	100%	79	100%

Figure 5.7 Mixed processor credit terms

	Credit received		Credit Given	
Response	Secondary		Secondary	
Cash against documents	0	0%	1	8%
Less than 10 days	5	42%	0	0%
11-30 days	3	25%	4	33%
31+ days	4	33%	7	58%
Count	12	100%	12	100%

Figure 5.8 Secondary processor credit terms

Chapter six

	Industry		Primary		Mixed		Secondary	
	% of sales	No. of cases	% of sales	No. of cases	% of sales	No. of cases	% of sales	No. of cases
Fish purchases	67.3%	60	70.7%	24	66.1%	29	60.4%	7
Labour	12.2%	70	10.0%	26	14.2%	36	10.4%	8
Transport	3.4%	53	3.5%	19	3.1%	28	4.1%	6
Energy	1.2%	51	1.0%	22	1.2%	24	2.1%	5
Water	0.5%	52	0.4%	22	0.6%	25	0.2%	5
Packaging	2.8%	44	2.3%	17	2.4%	21	5.4%	6
Non-Fish	3.8%	6	0.3%	2	3.3%	2	7.8%	2
Other direct costs	3.1%	45	3.8%	20	2.5%	21	2.1%	4
Total direct costs	85.3%	81	87.8%	28	83.8%	45	85.2%	8
Rent	1.1%	39	1.0%	15	1.2%	19	1.1%	5
Rates	0.6%	49	0.5%	21	0.6%	22	0.9%	6
Administration	1.7%	50	1.6%	22	1.3%	23	4.0%	5
Sales and Marketing	0.7%	30	0.3%	11	0.7%	14	1.7%	5
Repairs	1.0%	50	0.8%	21	1.1%	24	1.0%	5
Insurance	0.6%	49	0.7%	20	0.6%	23	0.7%	6
Other	3.5%	49	2.4%	20	4.0%	24	0.0%	5
Total Indirect Costs	11.0%	82	8.0%	28	12.3%	47	14.6%	7
Total Costs	96.6%	80	95.9%	28	96.6%	44	99.3%	8
Operating Profit	3.4%	83	4.1%	28	3.4%	47	1.1%	8
Interest	1.0%	62	1.3%	21	0.9%	34	1.0%	7
Depreciation	2.0%	68	2.0%	22	2.0%	39	2.3%	7
Pre-Tax Profit	3.4%	81	4.0%	27	3.5%	46	0.6%	8
Tax	0.7%	35	0.2%	7	1.0%	24	0.1%	4
Retained Profit	3.0%	81	3.9%	27	2.9%	46	0.5%	8
Fixed assets as a % of sales	18.9%	75	19.4%	23	18.8%	45	17.6%	7
Fixed asset turnover	15	73	16	21	15	45	10	7
Current ratio	1.73	110	1.79	40	1.65	62	2.00	8
Net assets as a % of sales	18.9%	74	12.2%	23	20.6%	44	30.1%	7
Return on capital employed	38	86	54	27	33	51	16	8
Sales per FTE (£s)	148,633	83	165,012	28	138,744	47	149,407	8
Value Added As a %age of Sales	13.5%	70	12.5%	26	14.8%	36	10.7%	8
Value Added per FTE (£s)	20,049	80	21,922	29	19,327	42	17,382	9

Table 6.1 Financial results reported for 2007/08 for seafood processors

Primary

Less than -30%	0
-20% to -16%	0
-15% to -11%	0
-10% to -6%	2
-5% to 0%	2
0.1% to 5%	13
5.1% to 10%	9
10.1% to 15%	3
15.1% to 20%	0
20.1% to 30%	1
Greater than 30%	1

Figure 6.1 Operating profit as a percentage of sales for primary processors

Mixed

Less than -30%	0
-20% to -16%	1
-15% to -11%	2
-10% to -6%	2
-5% to 0%	7
0.1% to 5%	18
5.1% to 10%	10
10.1% to 15%	3
15.1% to 20%	1
20.1% to 30%	1
Greater than 30%	1

Figure 6.2 Operating profit as a percentage of sales for mixed processors

Secondary

Less than -30%	0
-20% to -16%	0
-15% to -11%	2
-10% to -6%	0
-5% to 0%	0
0.1% to 5%	4
5.1% to 10%	1
10.1% to 15%	1
15.1% to 20%	0
20.1% to 30%	0
Greater than 30%	0

Figure 6.3 Operating profit as a percentage of sales for secondary processors

Primary

Less than 0	2
0 to 5,000	4
5,001 to 10,000	2
10,001 to 15,000	5
15,001 to 20,000	4
20,001 to 25,000	2
25,001 to 30,000	3
30,001 to 40,000	5
Greater than 40,000	2

Figure 6.4 Value added per FTE for primary processors in 2007/08

Mixed

Less than 0	3
0 to 5,000	1
5,001 to 10,000	5
10,001 to 15,000	11
15,001 to 20,000	7
20,001 to 25,000	9
25,001 to 30,000	3
30,001 to 40,000	2
Greater than 40,000	3

Figure 6.5 Value added per FTE for mixed processors in 2007/08

Secondary

Less than 0	0
0 to 5,000	1
5,001 to 10,000	2
10,001 to 15,000	1
15,001 to 20,000	1
20,001 to 25,000	2
25,001 to 30,000	0
30,001 to 40,000	2
Greater than 40,000	1

Figure 6.6 Value added per FTE for secondary processors in 2007/08

0 to 0.5	14
0.6 to 1	34
1.1 to 1.5	23
1.6 to 2	12
2.1 to 3	8
3.1 to 4	9
Greater than 4	10

Figure 6.7 Current ratio for seafood processors 2007/08

Less that -100%	3
-100% to -51%	1
-50% to -26%	7
-25% to -15.1%	3
-15% to -10.1%	1
-10% to -5.1%	2
-5% to 0%	1
0.1% to 5%	13
5.1% to 10%	5
10.1% to 15%	9
15.1% to 25%	9
25.1% to 50%	17
50.1% to 100%	9
Over 100%	9

Figure 6.8 Return on capital employed as a percentage of sales

Response	Count
1	39
2	29
3	49
4	26
5	20

Figure 6.9 EFQM Customers

Response	Count
1	40
2	32
3	44
4	23
5	24

Figure 6.10 EFQM Product Development

Response	Count
1	30
2	27
3	51
4	30
5	24

Figure 6.11 EFQM Planning

Additional appendix

Average Turnover (£s)	1,260,210	50	10,795,216	19	81,107,553	14
	Small		Medium		Large	
	% of sales	No. of cases	% of sales	No. of cases	% of sales	No. of cases
Fish Purchases	68.4%	43	62.1%	11	68.7%	6
Labour	11.1%	41	13.5%	17	14.3%	12
Transport	2.9%	32	5.0%	13	2.5%	8
Energy	1.1%	38	1.5%	10	1.6%	3
Water	0.5%	36	0.3%	12	0.4%	4
Packaging	2.2%	32	4.2%	10	4.1%	2
Non-Fish	2.8%	3	6.3%	2	1.7%	1
Other Direct Costs	2.9%	34	3.0%	8	4.8%	3
Total Direct Costs	83.8%	50	87.8%	19	87.6%	12
Rent	1.3%	31	0.5%	6	0.5%	2
Rates	0.7%	41	0.3%	9	0.3%	2
Administration	1.3%	37	3.2%	11	0.7%	2
Sales and Marketing	0.5%	20	1.2%	8	1.0%	2
Repairs	1.0%	39	0.8%	9	0.8%	2
Insurance	0.7%	38	0.5%	9	0.3%	2
Other	3.7%	38	3.0%	9	2.5%	2
Total Indirect Costs	11.5%	49	11.8%	19	8.4%	14
Total Costs	95.3%	50	99.7%	19	97.4%	11
Operating Profit	4.7%	50	0.4%	19	2.7%	14
Interest	1.1%	33	0.8%	17	1.2%	12
Depreciation	2.1%	38	1.4%	18	2.6%	12
Pre-Tax Profit	5.0%	49	-0.1%	19	2.6%	13
Tax	1.1%	12	0.1%	13	1.2%	10
Retained Profit	4.7%	49	-0.2%	19	1.4%	13
Fixed assets as a % of sales	17.1%	43	17.8%	19	26.4%	13
Fixed Asset Turnover	16	42	15	18	10	13
Current ratio	1.84	56	1.75	38	1.28	16
Net assets as a % of sales	14.2%	42	22.7%	19	28.4%	13
Return on capital employed	67	43	6	27	15	16
Sales per FTE (£s)	131,793	50	159,549	19	193,962	14
Value added as a %age of sales	13.2%	41	12.7%	17	15.3%	12
Value added per FTE (£s)	16,878	41	22,706	24	24,466	15

Average Turnover (£s)	3,405,733	20	7,647,400	24	30,324,567	33	25,210,394	6
	Demersal		Mixed		Shellfish		Pelagic	
	% of sales	No. of cases	% of sales	No. of cases	% of sales	No. of cases	% of sales	No. of cases
Fish Purchases	73.1%	16	60.7%	19	69.5%	24	45.3%	1
Labour	10.8%	17	14.7%	21	11.1%	27	12.5%	5
Transport	3.6%	13	3.5%	17	2.7%	20	6.3%	3
Energy	0.7%	14	1.7%	17	1.2%	19	1.5%	1
Water	0.4%	18	0.7%	19	0.2%	14	2.4%	1
Packaging	2.8%	11	3.0%	16	2.5%	17	0.0%	0
Non-Fish	1.7%	1	4.9%	1	4.1%	4	0.0%	0
Other Direct Costs	1.6%	12	5.1%	14	2.6%	18	0.4%	1
Total Direct Costs	88.0%	20	84.1%	24	85.4%	31	80.6%	6
Rent	1.0%	11	1.4%	11	1.0%	17	0.0%	0
Rates	0.7%	14	0.4%	15	0.6%	19	0.9%	1
Administration	1.0%	14	2.1%	17	1.4%	16	4.1%	3
Sales and Marketing	0.1%	9	1.0%	12	1.0%	9	0.0%	0
Repairs	0.7%	14	1.5%	17	0.7%	18	0.2%	1
Insurance	0.5%	14	0.8%	17	0.6%	17	1.6%	1
Other	2.0%	13	4.9%	17	3.2%	18	0.0	1
Total Indirect Costs	7.2%	19	14.2%	24	11.2%	33	0.1	6
Total Costs	95.4%	20	98.6%	23	97.1%	31	90.6%	6
Operating Profit	4.6%	20	1.4%	24	3.0%	33	9.4%	6
Interest	1.4%	13	0.8%	20	0.8%	23	2.3%	6
Depreciation	1.1%	14	2.9%	21	1.6%	27	3.1%	6
Pre-Tax Profit	4.2%	20	2.0%	23	2.8%	32	8.9%	6
Tax	1.0%	5	0.5%	10	0.7%	15	0.8%	5
Retained Profit	4.0%	20	1.8%	23	2.5%	32	7.5%	6
Fixed assets as a % of sales	8.3%	17	22.2%	22	17.7%	30	42.7%	6
Fixed Asset Turnover	25	16	11	21	15	30	5	6
Current ratio	1.73	25	1.85	33	1.64	46	1.74	6
Net assets as a % of sales	8.5%	17	20.6%	22	17.9%	29	46.9%	6
Return on capital employed	99	18	28	26	18	36	18	6
Sales per FTE (£s)	152,636	20	111,570	24	157,441	33	235,100	6
Value added as a %age of sales	14.2%	17	13.2%	21	13.3%	27	13.0%	5
Value added per FTE (£s)	19,846	18	16,678	24	22,202	33	22,755	5

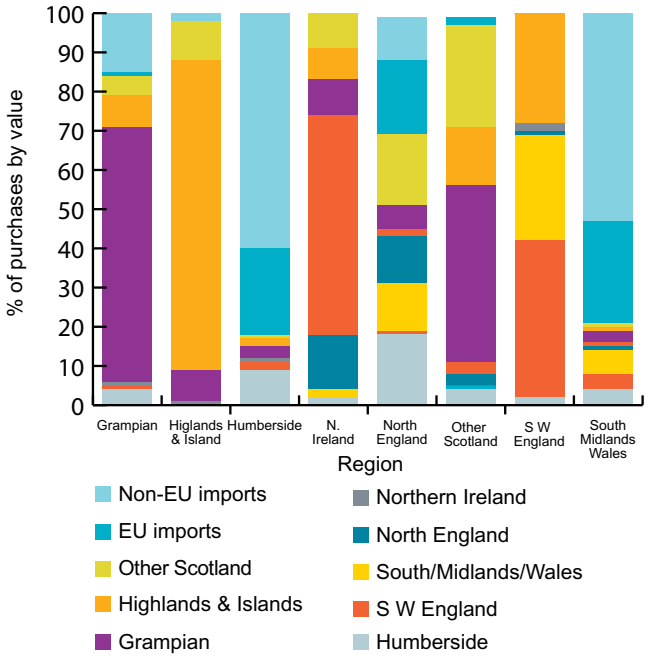
Average Turnover (£s)	9,742,232	21	9,889,967	9	58,110,354	12	
	Grampian		Highlands & Islands		Humberside		
	% of sales	No. of cases	% of sales	No. of cases	% of sales	No. of cases	
Fish Purchases	72.1%	13	60.9%	1	65.0%	8	
Labour	11.4%	19	16.4%	8	13.4%	9	
Transport	3.3%	16	5.1%	6	2.5%	6	
Energy	0.9%	12	2.2%	5	1.9%	4	
Water	0.3%	12	1.2%	6	0.3%	7	
Packaging	2.5%	11	4.3%	4	3.1%	5	
Non-Fish	0.0%	0	7.9%	1	3.3%	3	
Other Direct Costs	0.7%	9	5.9%	4	6.8%	6	
Total Direct Costs	90.7%	20	91.3%	9	85.1%	11	
Rent	0.6%	9	2.3%	3	1.3%	6	
Rates	0.5%	12	1.1%	4	1.1%	6	
Administration	1.0%	11	3.1%	6	1.5%	5	
Sales and Marketing	0.2%	3	2.1%	3	0.3%	5	
Repairs	0.6%	10	1.9%	5	1.0%	5	
Insurance	0.5%	12	0.7%	5	0.6%	4	
Other	0.0	10	0.0	5	0.0	5	
Total Indirect Costs	0.1	21	0.2	9	0.1	11	
Total Costs	96.6%	19	108.4%	9	96.0%	11	
Operating Profit	3.1%	21	-8.4%	9	4.5%	12	
Interest	1.0%	17	1.0%	7	0.8%	6	
Depreciation	1.8%	19	2.4%	8	1.0%	8	
Pre-Tax Profit	2.5%	21	-6.0%	9	3.9%	11	
Tax	0.2%	11	-0.2%	4	1.2%	6	
Retained Profit	2.4%	21	-5.9%	9	3.2%	11	
Fixed assets as a % of sales	17.2%	20	21.6%	9	8.5%	9	
Fixed Asset Turnover	13	20	9	8	24	9	
Current ratio	1.85	29	1.93	18	1.98	14	
Net assets as a % of sales	16.2%	20	22.7%	9	17.0%	9	
Return on capital employed	67	25	23	9	32	12	
Sales per FTE (£s)	148,510	21	152,285	9	159,085	12	
Value added as a %age of sales	13.4%	19	5.4%	8	15.6%	9	
Value added per FTE (£s)	19,823	24	10,547	8	31,265	12	

	2,003,082	7	13,119,436	12	4,240,303	8	4,428,069	8	28,650,454	6
	N.Ireland		N England		Other Scotland		S W England		South/ Midlands/Wales	
	% of sales	No. of cases	% of sales	No. of cases	% of sales	No. of cases	% of sales	No. of cases	% of sales	No. of cases
	66.0%	7	73.2%	10	61.2%	7	60.4%	5	69.8%	5
	10.8%	7	9.4%	11	14.2%	7	15.4%	5	8.1%	4
	2.1%	5	3.2%	5	3.9%	6	3.1%	3	3.6%	6
	1.4%	6	0.9%	9	1.4%	7	0.7%	4	0.6%	4
	0.4%	6	0.4%	8	0.7%	6	0.3%	3	0.2%	4
	1.7%	6	3.2%	6	3.9%	5	1.1%	4	2.8%	3
	2.5%	2	0.0%	0	0.0%	0	0.0%	0	0.0%	0
	1.5%	5	3.8%	7	0.4%	6	1.4%	4	6.1%	4
	82.3%	7	87.5%	12	82.1%	8	68.3%	8	85.0%	6
	0.4%	1	0.9%	7	1.3%	5	1.6%	5	0.7%	3
	0.4%	6	0.3%	7	0.5%	7	0.4%	4	0.6%	3
	1.7%	7	1.2%	7	1.8%	6	1.2%	5	3.3%	3
	1.2%	5	0.6%	4	0.3%	5	0.3%	3	1.7%	2
	0.6%	7	1.0%	8	0.6%	7	1.7%	5	0.6%	3
	0.6%	6	0.7%	8	0.9%	6	0.7%	5	0.4%	3
	0.1	6	0.0	8	0.0	7	0.1	5	0.0	3
	0.1	7	0.1	12	0.1	8	0.2	8	0.1	6
	92.4%	7	99.3%	12	92.0%	8	90.0%	8	94.4%	6
	7.5%	7	0.7%	12	8.0%	8	10.0%	8	5.6%	6
	2.0%	6	0.7%	8	0.7%	7	1.9%	7	0.3%	4
	2.0%	6	3.1%	9	2.0%	7	2.2%	6	1.5%	5
	6.7%	7	1.1%	12	7.8%	8	9.6%	7	7.3%	6
	0.3%	3	0.9%	5	0.0%	0	2.8%	3	1.0%	3
	6.6%	7	0.7%	12	7.8%	8	7.9%	7	6.8%	6
	25.8%	6	22.3%	11	19.6%	7	30.3%	7	8.6%	6
	5	6	17	10	8	7	19	7	27	6
	2.57	6	1.24	15	1.18	7	1.42	15	1.77	6
	37.1%	6	9.1%	11	22.1%	7	23.9%	6	16.3%	6
	-9	6	-10	13	53	7	64	8	48	6
	129,338	7	207,060	12	92,309	8	82,871	8	191,126	6
	16.6%	7	9.6%	11	16.9%	7	21.7%	5	14.2%	4
	19,233	7	13,937	13	16,505	7	23,365	5	30,117	4

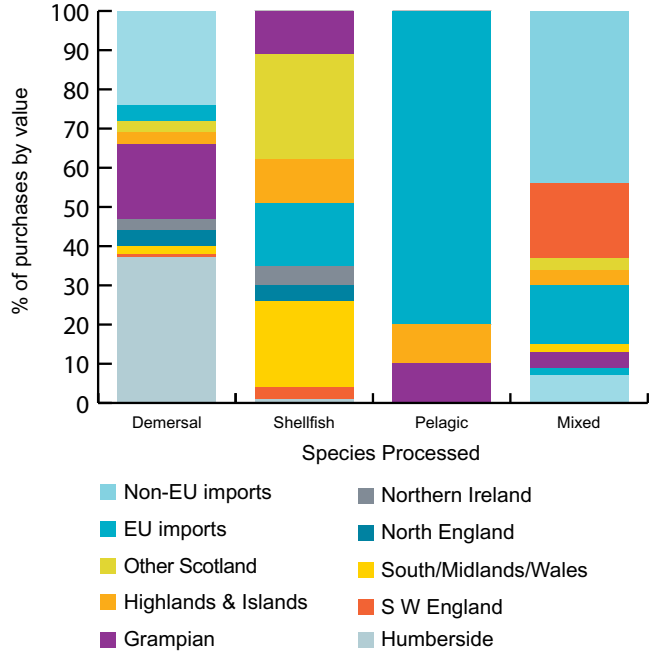
CHAPTER TWO additional tables

Supply Region

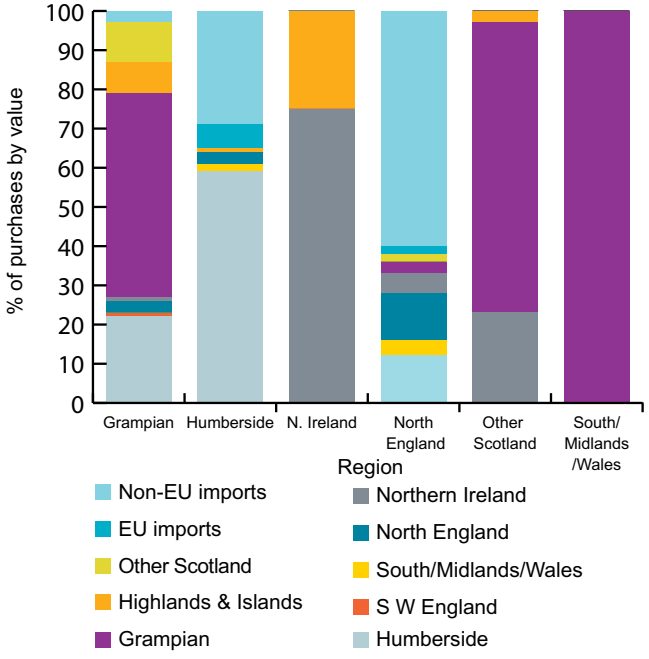
Supply region by size of processor



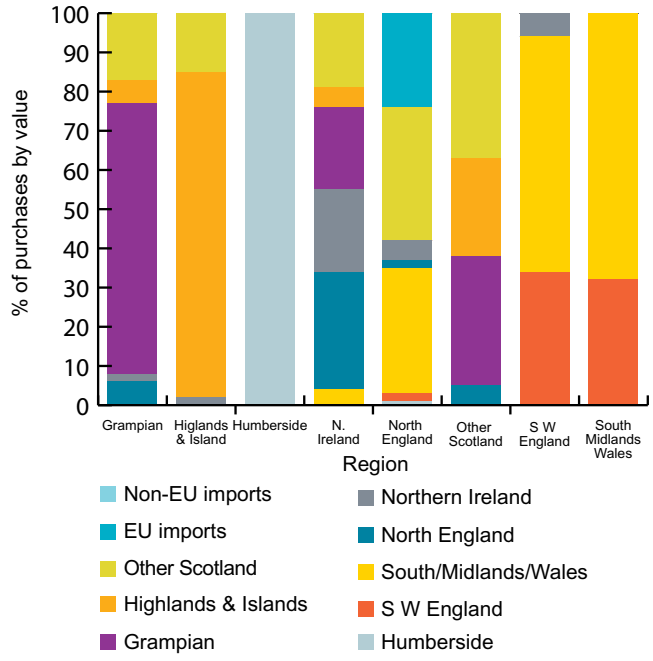
Supply region by region of processor



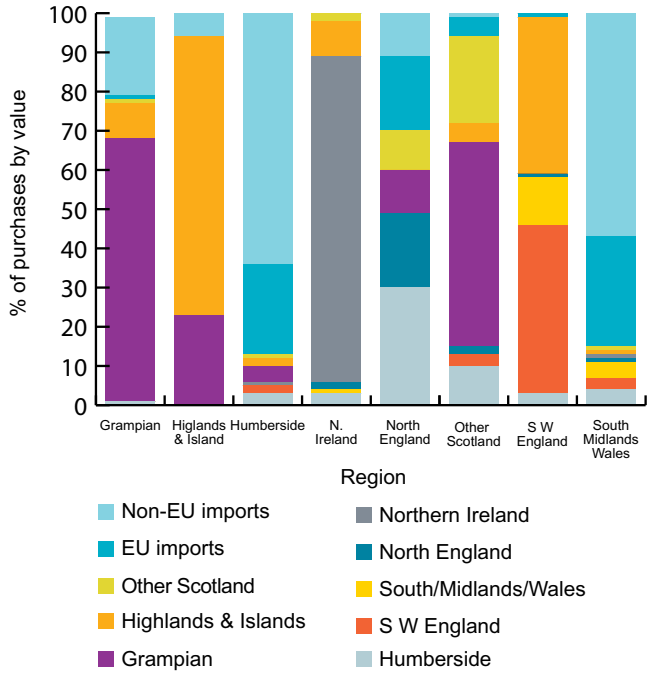
Supply region by species processed



Supply region of demersal processors by region

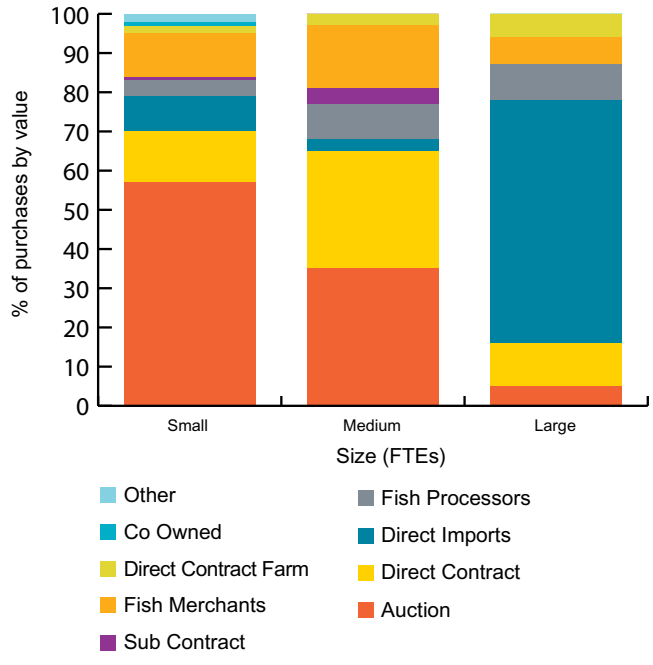


Supply region of shellfish processors by region

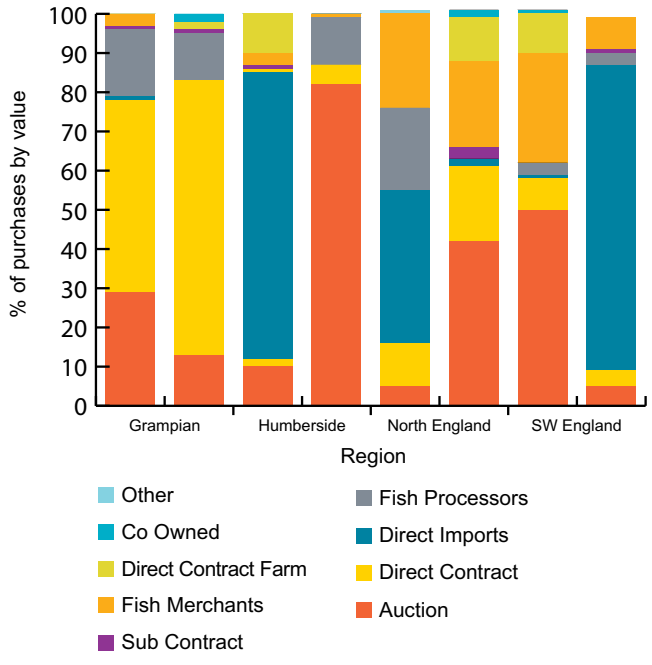


Supply region of mixed species processors by region

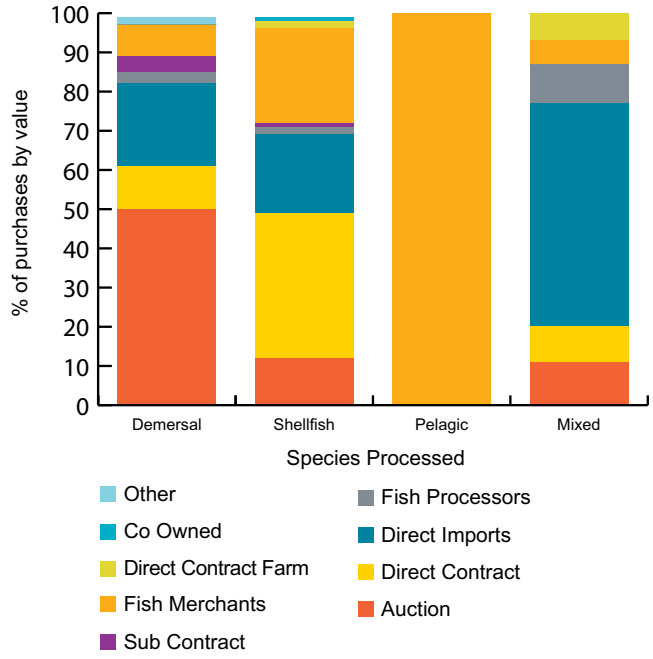
Supply Type



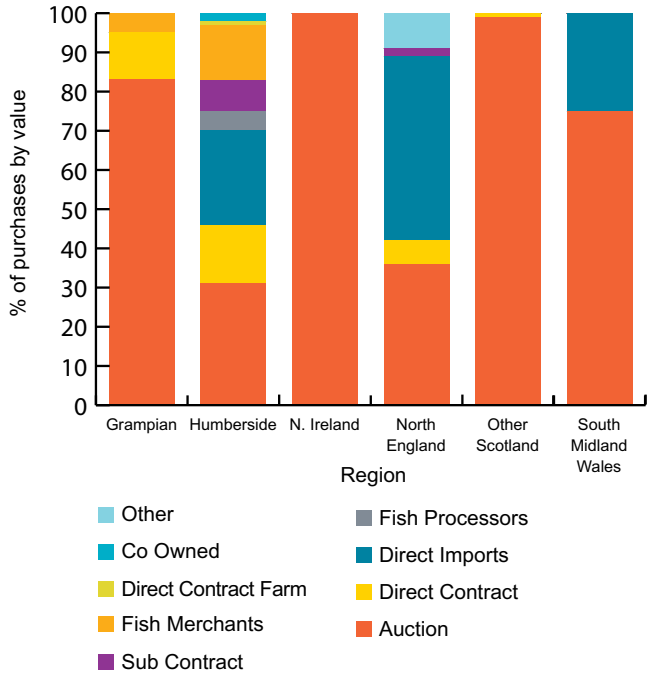
Supplier type by size



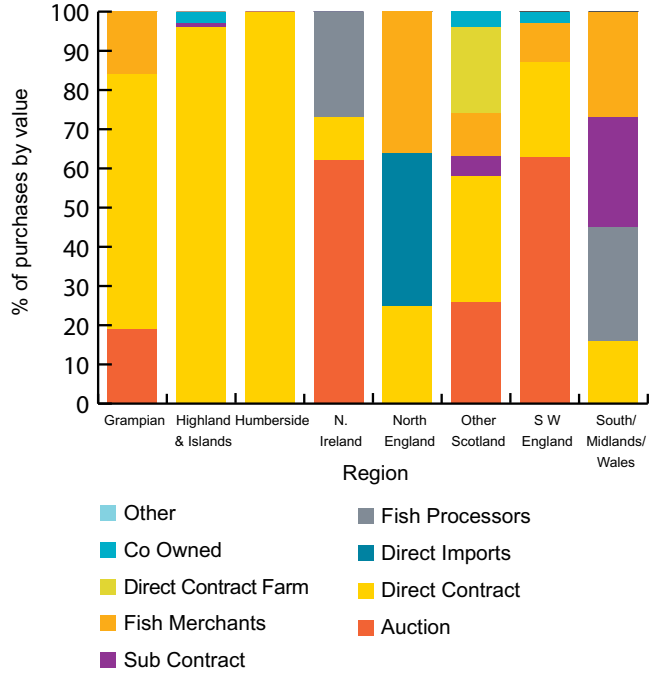
Supplier type by region



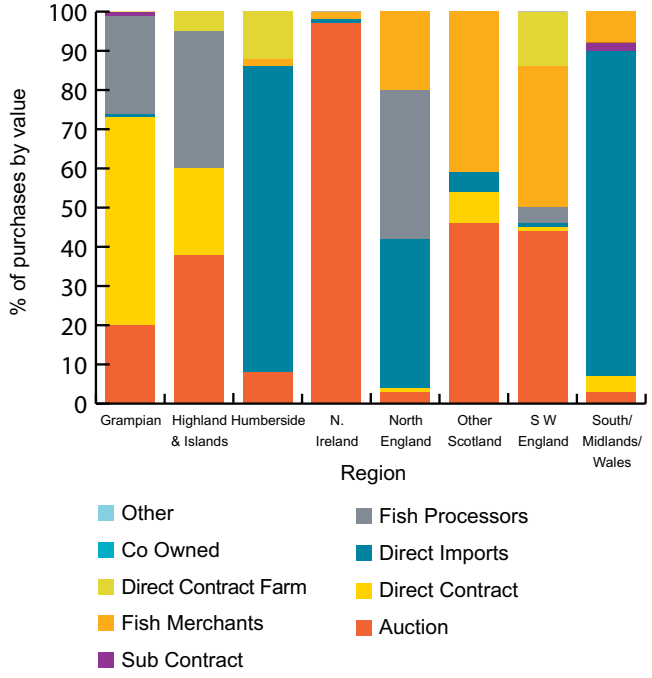
Supplier type by species processed



Supplier type of demersal processors by region



Supplier type of shellfish processors by region

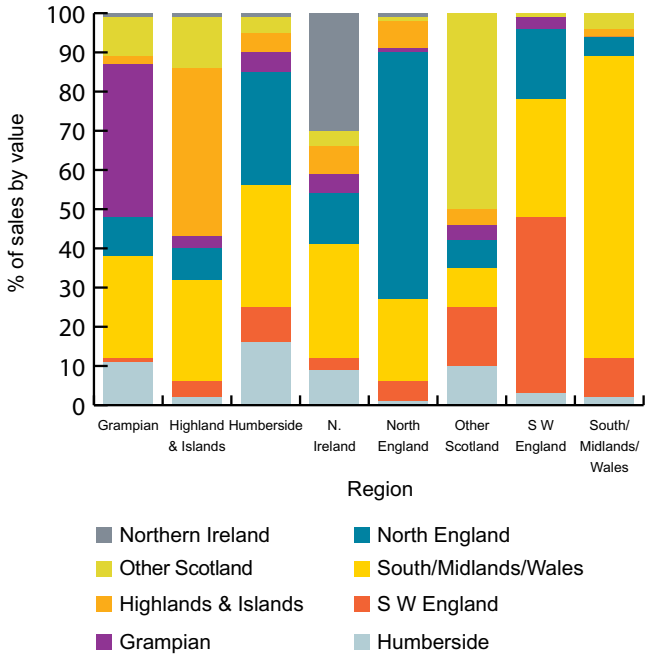


Supplier type of mixed species processors by region

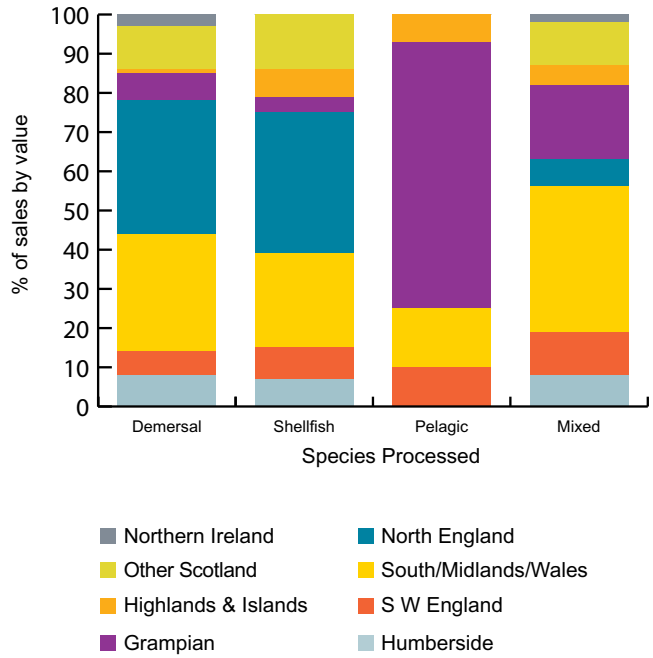
CHAPTER THREE additional tables

UK sales destination

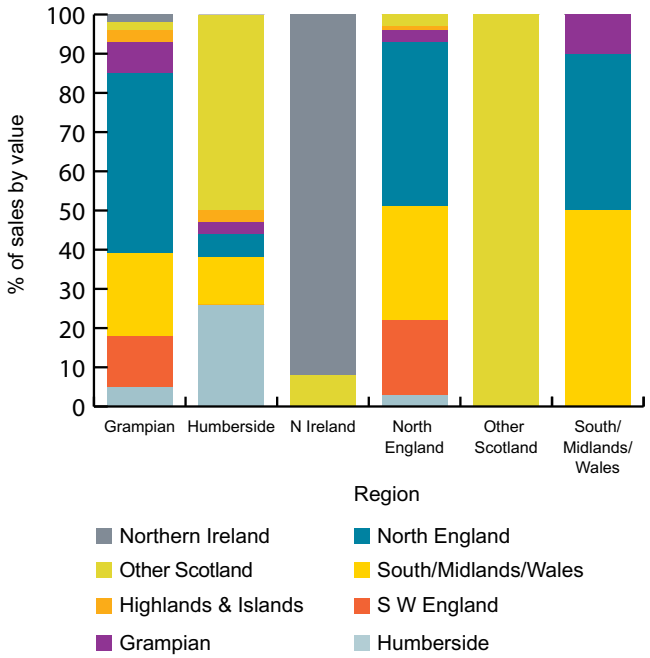
Sales destination by size (FTEs)



Sales destination by region

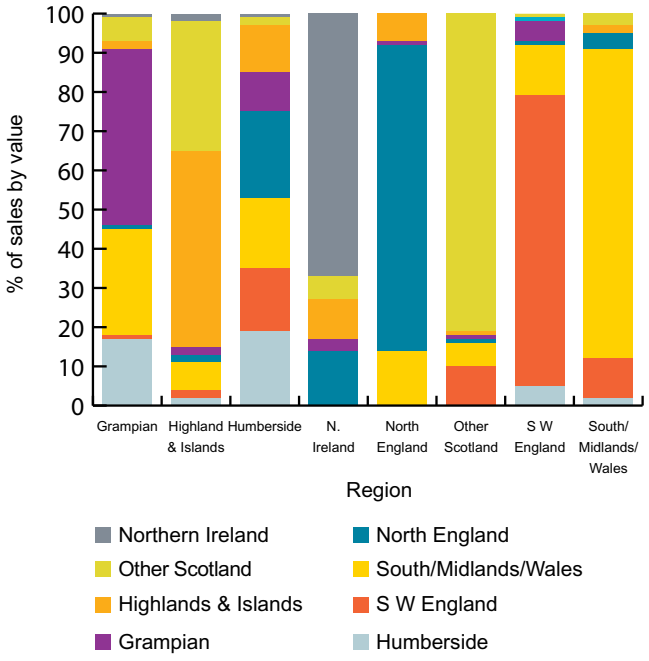


Sales destination by species processed



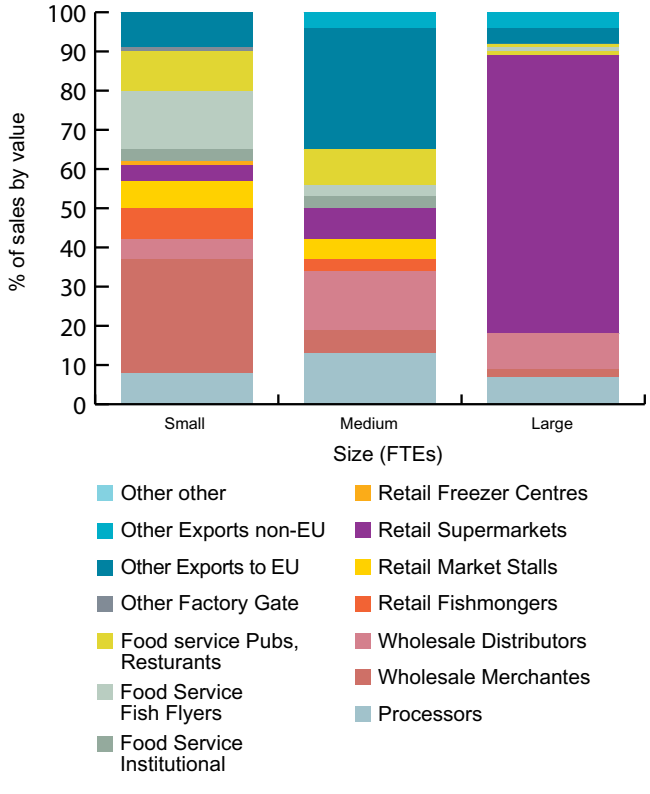
Sales destination of demersal processors by region

Sales destination of shellfish processors by region

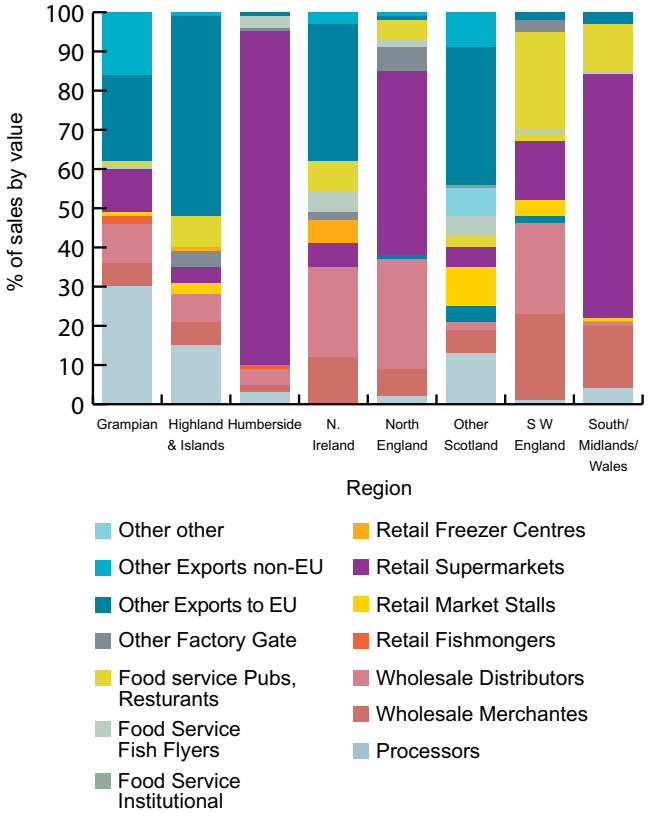


Sales destination of mixed species processors by region

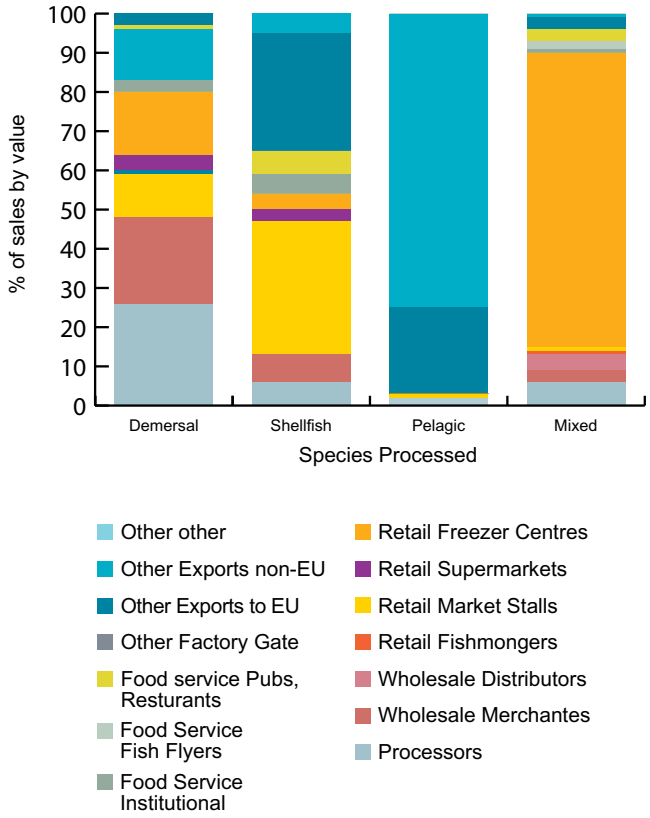
Customer type



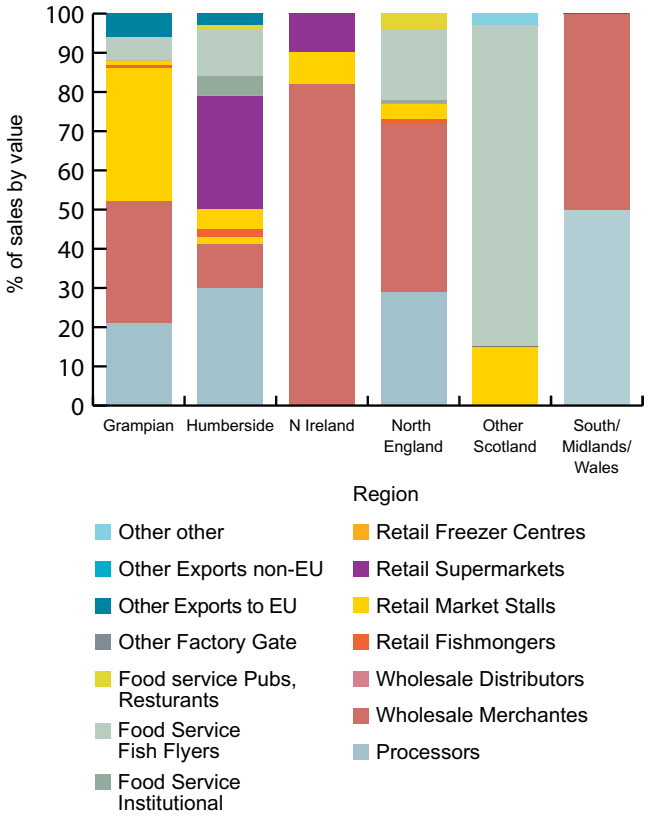
Customer type by size (FTEs)



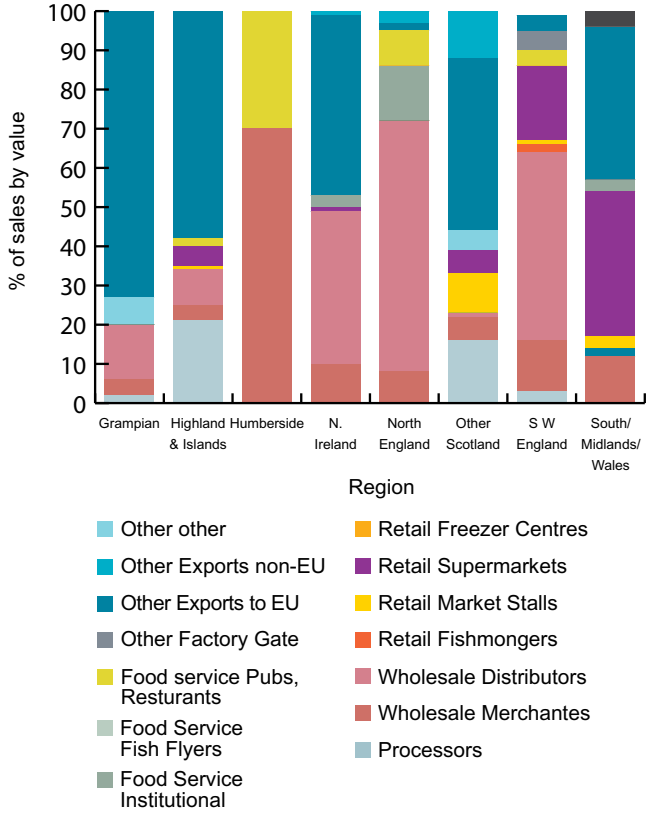
Customer type by region



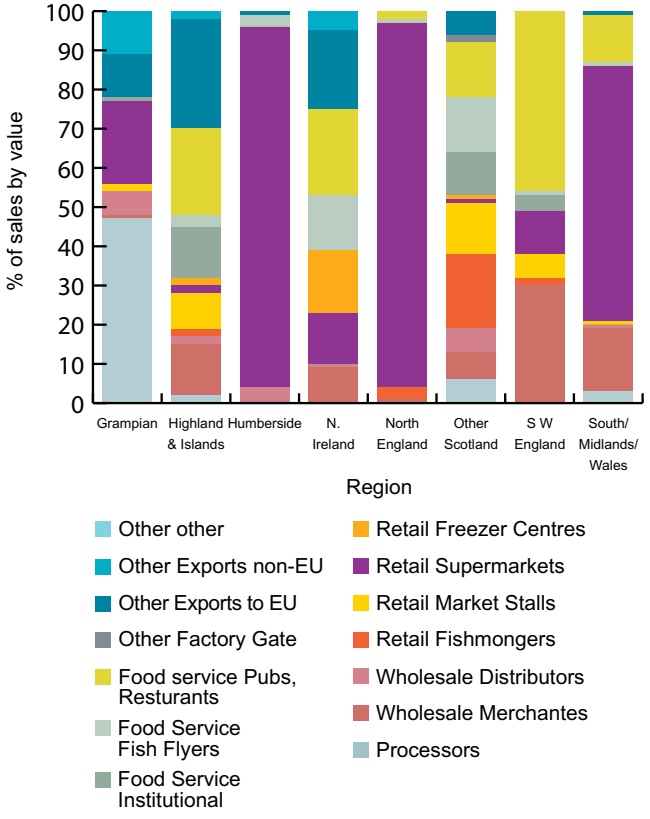
Customer type by species processed



Customer type of demersal processors by region



Customer type of shellfish processors by region



Customer type of mixed species processors by region

Detailed Questionnaire

Sea Fish Industry Authority
UK Fish Processing Survey, 2008
Sea fish /sea fish & salmon processors

Co Id:

Thank you for agreeing to complete this questionnaire.

The value of the industry report depends on the accuracy of the information gathered – we appreciate the time and care you take. We are offering a free 2008 Seafood wall map to companies who complete the form, including financial details.

Please note that all information received will be treated confidentially and no individual businesses will be identified in the report.

You will be contacted in the next few weeks by a Seafish Research Assistant to arrange a time to complete this form with you. Alternatively please complete the questionnaire and return it in the prepaid envelope to the address below by 22 August 2008.

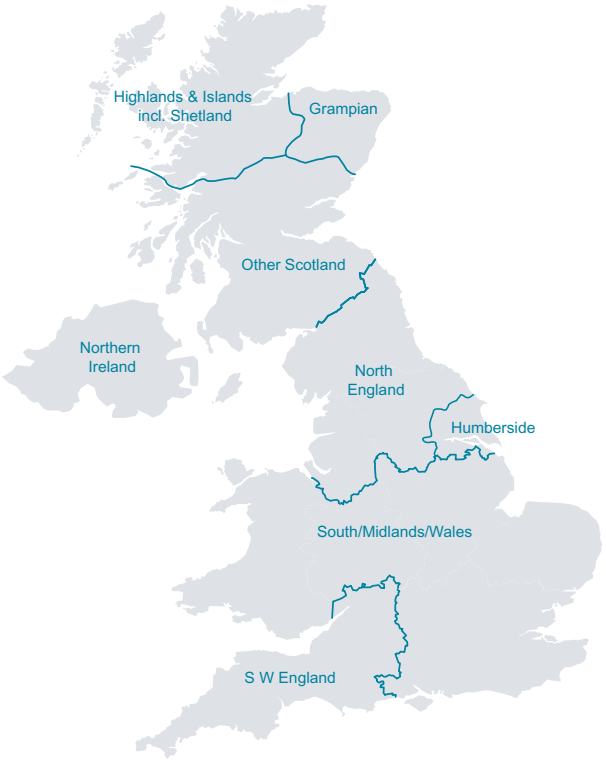
Adam Brown
Seafish
18 Logie Mill
Logie Green Road
Edinburgh EH7 4HS

If you have any questions, please contact Adam Brown at the above address; by telephone on 0131 524 8663 or on a_brown@seafish.co.uk.

To receive a free copy of the final industry report,
☐ please tick

- Seafish has a statutory obligation under the terms of the Fisheries Act 1981 to keep the contents of your completed form confidential. The survey report will not identify individual companies.
- In order to protect your confidentiality, please do not write your company name on this questionnaire. Your responses will be identified by the code number on this questionnaire.

Map and Definitions



All questions relate to your most recently completed business year.

Sea fish includes:
Demersal round fish: includes: cod, haddock, whiting, pollack, saithe (coley), hake, monk/ anglerfish, dogfish, sharks, John Dory, bass, ling, catfish, redfish
Demersal flat fish includes: plaice, halibut, brill, skates/rays, soles, lemons, megrim, witches, turbot
Pelagic includes: herring, mackerel, pilchard, sprat, horse mackerel, whitebait and tuna
Shellfish includes: nephrops (scampi, langoustines), scallops, crabs, oysters, cockles, mussels, winkles, lobster, crawfish, shrimps, squid, and octopus.

Fish Definitions

Freshwater / Exotics
Pangasius, tilapia, nile perch, carp, zander
Salmon – all salmon
Trout – all trout

Regions

Please see map for how Seafish defines the regions of the UK.

European Union comprises: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, Republic of Ireland, Spain, Sweden, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic, Republic of Slovenia, Bulgaria & Romania

Non EU comprises: all countries not listed above including Norway, Faroes, Greenland, Iceland and Turkey.

Supply

1. **What are the three factors which most affect your company's purchase of sea fish?** Please enter 1, 2 & 3 in order of importance (1 is the most important 3 is the third most important).

Price		Credit terms available	
Quality/Specification of fish		Consistency of supply	
Location of market		Style of auction (e.g. electronic, traditional)	
Species available		Other (please specify)	

2. **What percentage (by cost) of your sea fish (see definitions for sea fish) supply in your last complete business year came from:**

Auction	%
Direct contract (landed by UK vessels & in direct contract with boat)	%
Direct imports (imported & purchased direct by your company)	%
Fish processors (partially processed fish)	%
Sub contract (owned by others, processed by your company on a sub-contract basis)	%
Fish merchants (wholesale fish merchants or commodity traders)	%
Direct contract with farm	%
Company owned fishing vessel	%
Other (please specify)	%
Total	**100 %**

2. b) **How has the supply of sea fish changed over the last 5 years?**

_____

_____

_____

_____

_____

3. **How many different suppliers do you use (count an auction market as one supplier)?**_____

4. Please enter the approximate percentage (by cost) of your sea fish (see definition of sea fish) purchases obtained from each of the following regions last business year. Please see definitions for a map of regions:

Humberside	%	Grampian	%
SW England	%	Highlands & Islands	%
South / Midlands / Wales	%	Other Scotland	%
N England	%	European Imports	%
Northern Ireland	%	Non EU Imports	%
		Total	100%

5. **How much of your total volume of seafish supplies comes from farmed fish or aquaculture?** _____ %

Sales

6. **Who are your customers?**

Please tell us what percentage (by value) of the processed seafood sales from your site in the last year went to each of the following types of outlet. If you mainly process fish on a sub-contract basis, please tick this box and enter the approximate percentage of your income that comes from each custom type.

		sea fish	freshwater / exotics	salmon	trout
Processors	For further processing (e.g. secondary processing units)	%	%	%	%
Wholesale	Merchants at inland markets (e.g. Billingsgate, Manchester)	%	%	%	%
	Frozen food wholesalers/catering distributors (e.g. 3663, M & J)	%	%	%	%
Retail	Fishmongers	%	%	%	%
	Market stalls and mobile sales	%	%	%	%
	Supermarkets	%	%	%	%
	Freezer centres	%	%	%	%
Food Service	Institutional & industrial caterers (e.g. schools, hospitals etc)	%	%	%	%
	Fish fryers (fish and chips)	%	%	%	%
	Pubs, hotels & restaurants (incl. chains)	%	%	%	%
Other	Factory gate sales	%	%	%	%
	Exports to EU countries	%	%	%	%
	Exports to non-EU countries	%	%	%	%
	Other _____	%	%	%	%
	Total	100 %	100%	100 %	100%

7. **How many customers do you sell to?**
Tick the box that applies

0 – 5	6 – 10	11 – 20	20 or more

8. **Where are your sea fish customers based?**
Please tell us the approximate percentage (by value) of your UK sales of processed sea fish (not salmon and trout) that was sold to customers in each of the following regions in the last business year. Please see definitions for map of region:

Humberside	%
SW England	%
South / Midlands / Wales	%
N England	%
Grampian	%
Highlands & Islands	%
Other Scotland	%
Northern Ireland	%
Total	%

People

9. a) **Is your company able to recruit enough staff of the required skill levels?** Yes No

9. b) **Why do you think this is?**

10. a) **Is your company able to retain enough staff of the required skill level?** Yes No

10. b) **Why do you think this is?**

11. a) **Are there any particular skills shortages in your workforce?** Yes No

11. b) **If yes, what are they?**

12. **Do you employ graduates in your business?** Yes No

13. **What is the average pay rate for your fish processing staff?**

	Male	Female		
Full time	£	£		
Part time	£	£		

Please tick as appropriate	per hour	per day	per week	per year

Environment and Sustainability Issues

14. **What effect, if any, do you think environmental issues have on your business?**

15. **Do any of your customers require to see your environmental or sustainability policy?** Yes No

16. **Does your business have a written environmental policy?** Yes No

17. **What was the total cost of waste treatment or disposal last year?**
a) Waste treatment £
b) Waste disposal £

18. **What were your water charges last year?**

£ _____

19. a) **Do sustainability issues affect the way in which you source raw materials?** Yes No

19. b) **If yes, in what way?**

_____

_____

_____

_____

20 a) **Do you source raw materials from accredited sources? (e.g. the Marine Stewardship Council or the Responsible Fishing Scheme)**

Yes No

20. b) **If yes, which accreditations do you require when purchasing?**

_____

_____

_____

_____

20. c) **What proportion of your raw materials (by value) comes from accredited sources?**

_____%

20. d) **Why do you source from accredited sources?**

_____

_____

_____

_____

Business Management

21. **What are your business aspirations over the next five years?**

Growth	Survival	Reduce activity	Sell	Cease	Other _____ _____

22. **What do you think is your company's strongest selling point to customers? (please select only one)**

Price	Quality	Reliability of supply	Niche	Other _____ _____

23. **What are the three biggest issues that you think will affect your business over the next five years?**

Internal	External
1.	1.
2.	2.
3.	3.

24. **What sources do you use to find out the latest information about the industry?**

Seafish	Food and Drink Federation	Trade Press	Internet Sources	Other _____ _____

25. **Which of the following accreditations does your company hold?**

ISO 9000	ISO 14001	BRC	Seafish Quality Processor	Other _____ _____

26. **Do you measure and monitor production efficiency?** Yes No

27. a) **Does your business use computers?**

Yes No

27. b) **Does your business use email?**

Yes No

28. a) **Does your business have a website?**

Yes No

28. b) **If your business does have a website, what do you use it for?**

Information	Advertising	Selling
Order taking	Recruitment	Client management

29. What other activities does your company carry out? (e.g. wholesale/trade of unprocessed fish, retail, transport, processing of non-fish foods)

_____

_____

_____

_____

_____

For questions 30 - 32, read the statements and circle the number indicating how well the statement describes your business. 1 indicates the statement on the left best describes your company, circling 5 indicates the statement on the right best describes your business while 2, 3 or 4 indicate that your company is somewhere in between.

30. **Customers – what measures do you use to track your performance relating to customers?**

We don't use anything formal, we rely on instinct and informal feedback.	1 --- 2 --- 3 -- 4 -- 5	We formally collect and track feedback from customers to predict and improve customer satisfaction.

31. **Planning – how do you put plans in place and ensure they are continually right for the business?**

Our business plans are informal and tend not to be written. We review things if we have a problem.	1 --- 2 --- 3 -- 4 -- 5	Business plans are written and consider the next few years as well as this year. We regularly review plans to ensure that they are right for the business and make changes if necessary.

32. **Product Development – how do you design and develop your products?**

We design and develop what we think our customers will buy. We might use customer comments in this process.	1 --- 2 --- 3 -- 4 -- 5	We use feedback and comments from a variety of sources, including customers, suppliers and partners. We also involve customers, suppliers and partners in developing new products.

Financial

This information is important as it will allow us to understand trends and differences in financial performance since 2004. This data will allow us to demonstrate what has changed in the industry over the previous four years. For example, this information will enable us to establish how changes in costs of energy, fuel, packaging and raw materials are affecting the industry. Please provide data relating to your company's last complete year of trading.

If you prefer, you can submit your company's detailed profit & loss account and balance sheet from your management accounts. We can then extract the relevant figures. If you would like us to collect the information from your accountant please complete and sign the accounts permission form that is included in the survey pack.

33. **What proportion of your company turnover in your last complete business year is from processing each of these types of fish?**

Sea fish	Salmon	Trout
_____%	_____%	_____%

34. **What purchase credit terms do you normally receive?**

Cash against documents	Less than 10 days	11 – 30 days	31days or more

35. **What credit terms do you most often give when selling products?**

Cash against documents	Less than 10 days	11 – 30 days	31days or more

* Indicates the data that is of the highest priority for Seafish to collect

	£	£	
36. **Total Turnover**			*
Cost of Sales			
37. Fish Purchases			*
38. Labour			*
39. Transportation & Distribution			*
40. Energy (electricity, gas, heat and light, etc)			*
41. Water			
42. Packaging			*
43. Non-fish raw materials			
44. Other costs of sales			
45. **Total direct cost of sales**			
46. **Gross Profit**			*
Administration Costs			
47. Rent			
48. Rates			
49. Admin			
50. Sales and Marketing			
51. Repairs and Maintenance			
52. Insurance			
53. Other indirect costs (incl directors salaries)			
54. **Total Administration Costs**			*
55. **Operating Profit**			*
56. Interest			
57. Depreciation			*
58. Other Income			
59. Profit/loss on disposal			
60. Other Charges			
61. **Total**			
62. **Pre Tax profit**			
63. Tax			
64. **Retained profit**			
Fixed Assets			
65. Land & Buildings			
66. Office Equipment			
67. Vehicles			
68. Plant Equip and Motor			
69. Other			
70. Tangible Assets			
71. Intangible Assets			
72. Total Fixed Assets			*
Current assets			
73. Cash/Bank			
74. Stock			
75. Debtors			
76. Other			
77. Total Current Assets			*
78. Total Assets			
Current liabilities			
79. Loans/overdraft			
80. Trade Creditors			

81. Other Creditors			
82. Total Liabilities			*
83. Net Assets			
Financed by			
84. Capital / Shareholder Funds			*
85. Retained Earnings / Profit and Loss account			*
86. Long term loans (over one year)			*
87. Total Capital Employed			*

Investments in last financial year			
88. £			
89. £			
90. £			
91. £			
92. £			
94. £			

Volumes, values and sources of raw materials

The following section requires you to provide Seafish with data regarding species, volumes, formats and values of the raw materials processed by your company.

We require data regarding the purchases of raw materials which includes where it was sourced, the format of the fish when it is purchased, the species, the volume and the value. We also require data for product sales including the species, format, volume, value and customer type of the product.

This data will be treated as confidential information by Seafish and no individual companies will be identified in the report. The data will be used to develop an understanding of fish processing volumes, values, sources of raw materials and customer types within the industry.

Seafish Supply: Please provide information about your company's purchases of seafood, salmon, trout, freshwater species and exotics. Please provide data relating to your company's last complete year of trading.

Sources please choose source from list below:	Formats – formats include:
Landings at auction (from UK or foreign vessels)	Fish – Fresh or Chilled: Head on Gutted, Headed and Gutted, Fillets, Loins
Overland at auction (overland or consigned fish, including imported)	Fish – Frozen: Head on Gutted, Headed and Gutted, Fillets, Blocks, Loins
Direct contract (landed by UK vessels & in direct contract with boat)	Fish other: Cheeks, Tongues and Stomachs, Salted, Dried and Smoked.
Direct imports (imported & purchased direct by your company)	Shellfish – Fresh: Live, Whole, Tail only, Meat only.
Fish processors (partially processed fish)	Shellfish – Frozen: Tail (shell on), Tail (meat only), Tails meat block, Tails shell on block, Tails meat IQF, Tails shell on IQF,
Sub contract (owned by others, processed by your company on a sub-contract basis)	Other – please write
Fish merchants (wholesale fish merchants or commodity traders)	
Other (specify)	

Source	Species	Format	Volume	Value
e.g. Direct Import	Cod	Fillet Frozen	50 Tonnes	£2 per kg

Sales

Please provide information about your company's sales of seafood. For definitions format and customer types please refer to the table below. Please provide data relating to your company's last complete year of trading.

Customer Type: please choose source from list below:	Formats – formats include:	
Processors: For further processing (e.g. secondary processing units)	Fish – Fresh or Chilled: Whole, Head on Gutted, Headed and Gutted, Fillets, Loins, Coated Fillets, Steak, Coated other	
Wholesale: Frozen food wholesalers/catering distributors (e.g. 3663, M & J)	Fish – Frozen: Head on Gutted, Headed and Gutted, Fillets, Blocks, Loins, Coated Fillets, Coated other	
Wholesale: Merchants at inland markets (e.g. Billingsgate, Manchester)	Fish other: Cheeks, Tongues and Stomachs, Salted, Dried and Smoked, Other	
Food Service: Pubs, hotels & restaurants (incl. chains)	Shellfish – Fresh: Live, Whole, Tail only, Meat only, Coated, Brined, Marinated	
Food Service: Fish fryers (fish and chips)	Shellfish – Frozen: Tail (shell on), Tail (meat only), Tails meat block, Tails shell on block, Tails meat IQF, Tails shell on IQF,	
Food Service: Institutional & industrial caterers (e.g. schools, hospitals etc)	Ready Meals (please indicate fish content)	
Retail: Freezer centres or Supermarkets or Market stalls and mobile sales or Fishmongers	Fish meal or Fish Oil	
Other: Factory gate sales, Exports to EU, Exports to non-EU, Other_____	Other: Cans, Jars, Cod Roe, Salted.	
	Other (please state)	

Species	Format	Volume	Value	Customer Type
e.g. Haddock	Fresh Fillets	100 Tonnes	£4 per kg	Retail: Fishmongers

Seafish
18 Logie Mill
Logie Green Road
Edinburgh
EH7 4HS

t: +44 (0)131 558 3331
f: +44 (0)131 558 1442

Seafish
Origin Way
Europarc
Grimsby
DN37 9TZ

t: +44 (0)1472 252 300
f: +44 (0)1472 268 792

Seafish
Fishgate
William Wright Dock
Hull
HU1 2ET

t: +44 (0)1482 486 480
f: +44 (0)1482 486 489

e: seafish@seafish.co.uk
w: www.seafish.org
SIN: http://sin.seafish.org

SEAFISH
the authority on seafood