



CASE STUDIES FOR DEVELOPING A MARKETING CONCEPT FOR FISH PRODUCTS (2005)

CASE STUDY 4

Value adding to a product

Most people think of value adding as the use of other ingredients, coatings, sauces, packaging, presentation, etc. and while these are all true, value adding can be much simpler. In a recent program involving Natural Resource Institute (NRI) Greenwich, and the Know-How-Fund from the UK, a marketing study and product development program was undertaken in Romania.

The first stage of the program was a marketing study to assess Romanian consumer behavior, and then to test the results of the study by actual marketing activities. The key findings from the consumer survey showed:

- 98% of Romanians consumed fish
- The typical spend on a purchase was US\$ 2,00
- Fish favorites were carps, mackerel, hake
- The size of portions and price per fish were problems in purchasing
- Fish was purchased mainly for special occasions, not on a regular basis

It is important to recognize that in post-communist Romania, many people had little disposable income and this prohibited the purchase of many more luxury type items, including fish. The quality of many of the products therefore offered was well below the normal standards expected so as to meet this price barrier.

Two initiatives resulted to value add to Romanian fish markets:

- The import of quality tinned mackerel from South America – a 500g tin (350g of mackerel in 150g oil) could be imported and sold for US\$ 1,00 per tin. The local entrepreneur who started this business initially had to raise cash for his first container and sold this with a margin of nearly 50% per tin. His company now handles over 30 containers per year in Romania, and he has operations in Hungary, Bulgaria, Ukraine and Serbia. Due to logistics throughout the region (lack of cold storage, transport, etc.) tinned fish is always of high quality and easy to store and handle.
- Carp in Romania is transported live from the farms to the main population centers where it is held in tanks and the consumer then buys a whole fresh fish. The difficulty arises as most fish are 2-3kg in size and cost US\$ 2-3/kg, making them too expensive for many consumers. A test filleting/steaking program was initiated so that 200-300g portions were available which were sold at US\$1,00 per piece.



With the typical extraction rate of 45% from a carp, a single fish yielded US\$ 5,00 per kg and the 10kg of portions made for the first trial were sold out in one hour. There was even a market for the heads, bones and trimmings for soup. This activity raised the income per kg by over 30% even after allowing costs for filleting.

Value adding does not have to be complex, but market analysis is necessary to find the consumers needs and solve their problems by providing the right product at the right price.