



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

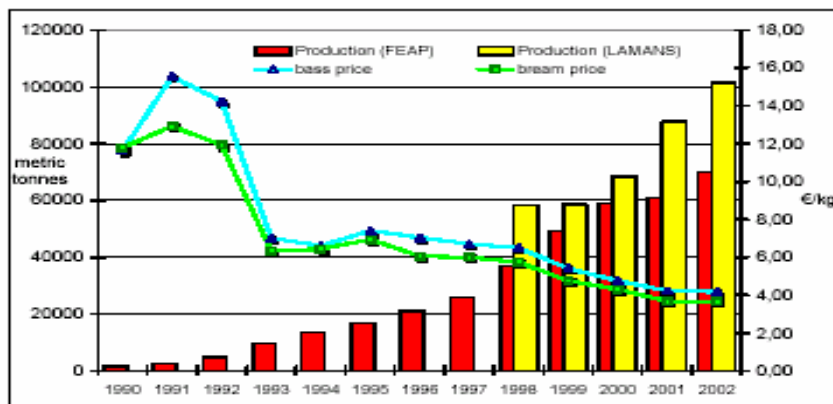
CASE STUDY 6

Supply & Demand – The Sea Bass and Sea Bream Story

This story shows all of the classical market trends at work over a relatively short time period. Supply, demand and price are all closely linked; the market will pay high prices when there is a shortage of supply and visa versa. However as prices fall, the market becomes more elastic, as more and more consumers can afford the lower prices. If consumers enjoy the product, and the supply decreases then they maybe willing to pay more to maintain there supply, but this is by no means guaranteed.

In the 1980s, the sea bass and sea bream life cycle was closed, and commercial production began. Initial production was low and the traditional markets in the Mediterranean region, notably Italy could absorb all of the production. Prices were high and the operators made significant profits – reinvesting in production but not marketing.

The crunch came when, with 60% of all production being sold in Italy, the market collapsed to where market prices were lower than the actual production costs of the producers. There was a major call on the EU to support either the price or subsidize the farmers. Neither was acceptable to the EU. The EU then commissioned an extensive marketing study to understand the problems for these fish in the EU market.



Lamans, Athens, 2004.



The key findings of the study showed that;

- The producers were operating alone, and could not, or were not willing to put their initial profits in to marketing activities
- No major marketing activities had been undertaken to build up the market outside the traditional consumers
- No product development had been initiated to develop the market, or service other consumers who wanted “ready to eat meals”, etc.
- The fish were relatively unknown in many Northern European markets, where consumers were looking for white fish fillet products.

With prices now falling to very low levels, there is an organic growth in the consumption of these fish in response to price. New consumers are trying the fish because it is very affordable – could this have been avoided if marketing had promoted the fish before the prices went so low?