



SECTION 7

ANALYSIS OF COMPETITORS

Competition is not necessarily a bad thing, and in mass markets it can even be useful. In the salmon industry, having producers in both the Northern and Southern hemispheres makes marketing easier as there is a constant supply of fresh salmon. When dealing with the large retailers, they must have continuity of supply. Consumers cannot be turned-on and turned-off to a product. All of the hard work of conditioning a consumer to a product in terms of availability and quality can be lost overnight when the product is suddenly not available, and then there is a risk that the buyer will substitute to another product. So competitors supplying the same markets, can maintain a market and buying behaviour for when a producer has more product for sale.

However, competition needs to be evaluated as to their potential impacts on the proposed markets, and it can be considered under the following two headings;

Direct competition: These are the producers selling the same product on the same markets. To avoid direct competition it is essential to look for ways where your product can be differentiated from the rest of the same products available. Why should a consumer buy the product in preference to the competition? It is almost back to the 7Ps and consumer concerns, but it is also worth considering what the competition is doing and how they are reacting to the market. In taking on the competition it is worth considering what they do well and what they do badly and how this could be done better. Cost implications should also be assessed and the affects the better system could have on project margins.

An interesting area that should not be overlooked and cost compared are the last points from the “10 points of salmon”.

- **Biological sustainability** – which includes the culture techniques used as not affecting the quality of life of the organisms being farmed and that the systems do not impact on the biological diversity of the region
- **Ethical sensitivity** – is specifically related to the employment of the staff working on the project. The working conditions, and pay are seen to be fair and safe to all employees and there is a regard by the management for fair working conditions
- **Environmentally responsible** – in so much that the project respects and manages its operation in an environmentally sustainable manner and has the correct management systems in place to maintain and mitigate the projects operation

These are not necessarily costly, but can form the basis for product differentiation or branding, and increasingly competitive markets should not be ignored.



Substitution: It has to be recognised that in the mass markets of today. Price is often the first consideration of the shopper, and however much they like fish if it is too expensive they will not buy it and will substitute to another protein source. Fish can also be substituted for another fish product and when undertaking a market study it is necessary to look at all products that fit in to a similar category. Fresh cod fillet is in direct competition with Alaskan Pollock fillets, but there is a significant price difference. Where is the market for the product? A niche market is at less risk to substitution than a mass market product. Consumers are buying a specialist high price product because of its perceived quality, taste, freshness, not farmed, etc. A good example is wild smoked salmon versus farmed smoked salmon. The price difference for basically the same product is extreme, while the basic product is the same, but there is no substitution. Call it “snob value” but that is the market. The risk to any product is the ease of substitution and the price levels in the market when substitution will occur.