



SECTION 8

ANALYSIS OF SOCIO-ECONOMIC ENVIRONMENT

In a way this section is also related to competition, as every consumer has a limited amount of disposable income, so to sell a fish product there is a direct competition with all of the other expenditure a consumer must or wants to make. “This week I want to buy a TV so I will not spend so much on food, apart from the basics – bread, salt, sugar, etc.” A fish consumer always has to prioritize spending on a short-term basis. Food consumption is to a large degree a daily decision and very rarely is it a long term strategy.

Bearing this very basic overview in mind, the market analysis has to consider the social and economic situation affecting the market area, and the overall performance of the sector over the past few years. Key issues are:

- **Economic Performance:** this is a very general grouping but it considers the growth in the economy, unemployment, wages, costs of housing, welfare, insurance, etc. The aim of this general overview is to assess the likely trends in the market and the potential risks to fish markets
- **Social issues:** this looks at similar trends as seen in demographics, but also considers threats to the existing consumers. In many developed countries the principle consumers are older, and in these markets there is social reform with people having to contribute more of their disposable incomes to pension and health systems. How will this affect their buying of a luxury item “fish”?

In comparison, the developed markets of USA, Japan and Western Europe have all under performed in recent years, while China and SE Asia have all seen considerable growth, and are increasing their buying power. Although China is the largest aquatic product producer in the world accounting for 75% of all production, this production has very little impact on the world markets as so much is consumed “in-country”. With China’s economy growing and consumers having more and more money to spend, importation of luxury fish products is increasing and is likely to continue.

But these simplistic items are not all; consider the impact of higher oil prices (in particular in the USA), the weakness of the US Dollar or other exchange rate fluctuations, the impact of a stock market crash, another international terrorist attack, foreign policy or wars, natural disasters, another media campaign against fish farming, etc, etc. All are likely to have an impact on sales and consumer confidence. Many we can assess, but others are impossible to predict. The important factor is to have a very conservative marketing policy and assume lower than normal prices. If the project is viable with this conservative marketing approach, then it is reasonable to assume that the project is relatively secure.