Icelandic efforts marketing Arctic charr

HERMANN OTTÓSSON

Association of Arctic Charr Producers, Bændahöllin v/Hagatorg, P.O. Box 7080, IS-127 Reykjavík, Iceland

SUMMARY
The organization of marketing efforts for Arctic charr from Iceland is described. The charr producers have formed an association (AACP) which cooperates in market research and promotion of Arctic charr. The main emphasis is on quality control and carefully defined target groups in the European market. Cooperation between producers in the Nordic countries and Canada is suggested.

Key words: aquaculture, Arctic charr, Iceland, marketing, Salvelinus alpinus.

RÉSUMÉ
Efforts Islandais pour la commercialisation de l’omble chevalier

Les producteurs de l’omble chevalier en Islande ont formé une association (AACP) qui dirige et coordonne le marketing et la promotion de ce produit. Le travail interne se base surtout sur le contrôle de qualité. L’effort de promotion vise en particulier certaines niches, bien définies, du marché européen.

La suggestion est présentée que les producteurs de l’omble chevalier au Norvège, Canada et en Islande développent ensemble une stratégie de marketing.

Mots clés: aquaculture, commercialisation, Islande, omble chevalier, promotion, Salvelinus alpinus.

YFIRLIT
Markaðssöflun fyrir íslenska bleikju

Í greininni er gerð grein fyrir markaðssöflun fyrir bleikju á vegum íslenskra framleiðenda. Lögð hefur verið höfuðhersla á gæðaefritli og samvinnu milli framleiðenda í gegnum Fagráð bleikjuframleiðenda. Lagt er til að framleiðenda bleikju, á Norðurlöndum og í Kanada, vinnu saman að markaðssöflun.

Aquaculture in Iceland is undergoing great changes. Salmon farming is rapidly going bankrupt, mainly because of lack of strategic planning in the beginning, both on the biological research side and the marketing side. The use of competitive advantages has never been seriously discussed from the marketing point of view. It would have been quite a challenge to try to analyze here what really went wrong, but salmon farming and marketing of premium salmon from the land-based farms in Iceland and the Icelandic wild salmon is not on my agenda, the Arctic charr from Iceland is.

As a short historical introduction, it was decided early in 1989 that market research and marketing would play a central role in establishing the farming of a Arctic charr in Iceland. There seemed to be no point in spending a lot of money on other research, and farm building if there was no market for the product. The cooperating partners in this effort have been from the beginning Óskar Ísfield Sigurdsson, from the Agricultural Society of Iceland, and Hermann Ottósson from the Export Council of Iceland.

It was decided to put up a following working scheme:
- Market research on the German market.
- Collection of secondary data where possible.
- Evaluation and future planning.

The target groups for the market research were buyers, importers, brokers, wholesalers, involved in the selling and buying of seafood. In 1990 a picture was taking form of how the market and the buyers would like to see the Arctic charr from Iceland marketed. This included size, colour, type of product, i.e. frozen, fresh, smoked, round or gutted, steaks or fillets, and also how the target groups would prefer to see Arctic charr from Iceland marketed to the catering or retail business, as an upscale product, a middle scale product or as a low scale product.

The results of the market research indicated that there is a pyramid shaped and elastic market for Arctic charr both in the United States of America, Canada and Europe. Firstly there is a high class gourmet market in areas where the product is known or has been available as a wild product. A part of this gourmet market is special, because there is always a tendency to look for something new.

A little lower in the pyramid there seems to be a bigger market around the high gourmet market, that could follow in price but would cost considerable marketing efforts. Lower in the price pyramid there seems to be another and a much bigger market for high quality portion fish in direct competition with rainbow trout. This market would also cost some great marketing efforts.

The conclusion was that there is a market for the Arctic charr from Iceland, but only profitable if producers were ready to follow a certain course regarding marketing efforts, quality control and cooperation in export and promotion. The market is small, limited, difficult, and it needs a lot of effort and work to make through.

In early 1990 it was decided to form a co-operation or an association of Arctic charr farmers in Iceland that would unite in a Strategic Marketing Plan and to put up goals to reach for the future of Arctic charr farming in Iceland. The Association of Arctic Charr Producers in Iceland (here after AACP) was established in January 1991.

The AACP in Iceland has made a three year written Strategic Marketing Plan, where every goal regarding quality control, marketing, market research, promotion, image building, both for the domestic and export market are defined step by step. Recently the AACP was granted 20 millions ISK to carry out this plan.

The first step the board of AACP took, was to concentrate the already existing small export to exporters authorized by the AACP. At the moment there is only one authorized exporter mainly exporting to the United States market, where he deals only with one importer. To become an authorized and licensed exporter for the AACP the exporter has to cooperate fully on the marketing goals of the AACP and to offer competitive prices and terms.

The second step for AACP was to start building a first class quality control only for the charr and at the same time to start the image making of the product Arctic charr from Iceland. It was decided early in the process to focus only on the highest level of the pyramid and to put the main marketing effort on the catering market. To narrow it further, the target group for the promotion material are first of all buyers for hotels and five star restaurants, and secondly for better supermarket chains in certain areas in English, German and French speaking countries. The promotion material is not made for consumer use, but can be converted to consumer use or other use at minimum costs.

Regarding quality control and product de-
velopment the charr is just a commodity heading for the gourmet market and therefore it has to go through a strictly planned quality control. The quality chain has to be unbroken from the producer to the consumer. This is planned through the following actions:

- Education of farm staff aiming at high quality production. Make one or two persons responsible for the harvesting of the fish as the first link in the quality chain.
- Authorization of a few packing and handling companies and educating their staff. One quality manager is made responsible for the quality of the packing and handling.
- Number tagging of all fish so the buyer can track back information on every single fish he receives.
- Regular sampling of fish from every farm for quality control in the laboratory.
- Development of handling and packing methods suitable for the charr.
- Classification of fish into three quality classes; premium, secondary and production. Only premium quality is exported in the beginning.
- Recognition of the Quality Chain of AACP by EC ISO 9000 is a goal for 1992.

The promotion material and marketing efforts of the Arctic charr are concentrated on the image of a new exotic product and its relation to the clean and unspoiled nature of Iceland.

A great emphasis is on “Nature is Left to its Own Devices”, and farming in land-based farms, that take full advantage of Iceland’s unique natural phenomena: water which has been filtered for hundreds of years through porous lava fields and heated naturally by geothermal forces.

All the charr producers are united behind these marketing efforts and everyone is ready to do his best for good results.

One may ask why the Arctic charr is not marketed through one of the large fish selling companies instead of the AACP doing all this work.

In order to prepare for the single European market, or the large corporations in the United States of America, the trend towards bigger units has become apparent. Bigger outlets have become members of either retail chains or hotel and restaurant chains and are still merging into larger units. The super retail and hotel chains have been moving towards fewer suppliers and are trying to deal only with one or few suppliers for each product group. This means that the suppliers also have to merge and create larger units. Each supplier has to be able to supply a full line of products within his area of speciality. If the aquaculture industry in Iceland is to stay competitive with other food producers it has to recognize the trend and react in a way to market their competitive advantages.

Looking specifically at cultured species like Atlantic salmon and Arctic charr it is apparent that the successful supplier in the 90’s will be able to supply all the products the customer wants to a store, or a restaurant, or a hotel. This supplier has to be able to offer fresh fish, frozen fish, fillets, steaks etc. One of the main purposes of the single European market is increased efficiency and it looks certain that this increased efficiency will be achieved in the economy as a whole. In order to stay competitive with other fish producers or other food producers it will be necessary to reorganize in a similar way as other fish or food suppliers. The only way to stay alive as small supplier, is to offer something unique, and different to a few chosen customers.

The giant hotel chains and the hypermarkets or superstores on the edges of the major cities and towns are becoming an ever more common sight throughout western Europe. These large units have rapidly changed shopping habits and time-tables in all the developed economies and they seem to understand the need for speciality.
The marketing of fish has often lagged behind marketing of other food products. Accidents have happened, and guarantees have been broken too often. The trend in food consumption in western Europe and in the United States of America in recent years indicates that the image of food is becoming more and more important. People choose food that relates to their culture and lifestyle. This relation may be just as important as the food itself. Product development must therefore take into account demands that the consumers make towards their food, not only its look and taste but also the nutritional value, content and image. The Arctic charr from Iceland should be able to meet those demands as a new quality product, if it gets its chance on the market with full marketing support.

In conclusion, the AACP is open for all kinds of cooperation and it seems feasible for the future that the Nordic countries and Canada should form a cooperation for the marketing of Arctic charr.

Manuscript received 8 November 1991.