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by Nils Torsvik

Pelagic Industry: - Don't forget the fact that Iceland and the Faroe Islands are free riders

While Norges Sildesalgslag has great faith in increasing the market effort for pelagic fish, Seafood Norway does not believe that it will pay, and indicates that it allows for free riders.

Today, Wednesday, the American economist, Oral Capps, Jr., presented the analysis of how joint marketing of pelagic fish affects the export of herring and mackerel. His conclusion is that Norwegian exports have a lot to gain from joint marketing, where a krone invested gives nine kroner in increased revenue for herring and 19 kroner for mackerel.

Icy between industry and fishermen about the marketing of herring and mackerel

Not a good picture

While CEO Paul Oma of Norway's Sildes sales team is very positive about Capps' analysis by his company Forecasting and Business Analytics (FABA), says Deputy Managing Director of Seafood Norway, Trond Davidsen, says that the analysis does not provide a satisfactory picture of how the market will respond to an increase or reduction in marketing.

- The analysis does not measure the effect of the efforts made in the marketing of the stores or through product development, he says. Such a high gain of NOK 19 for every dollar invested in marketing, he does not particularly believe in.

Hard to measure

Davidsen does not believe that the Norwegian Seafood Council should not use such analysis, but believes it is difficult to measure the effect of market efforts, and that there will therefore be different opinions on the results.

- I think that some perceive the return in the majority of the team, he says. Davidsen does not dispute that joint marketing has something for himself, but will not have any idea of how that information is used for the marketing of pelagic fish. It is up to the members of Seafood Norway to think about.

- There will definitely be a discussion about this, he says.

Freeloaders

After the presentation to Capps, Davidsen asked whether or not joint marketing also leads to a number of free riders who benefit from the Norwegian market efforts. Capps says that this applies to all joint marketing, but that the experience from other countries indicates that it still pays off with such a joint effort. He pointed out that a massive joint marketing of orange juice from Florida was stopped over three months, which led to a loss of between \$ 54 and \$ 58 million. It took six to seven months to regain the demand, Capps pointed out.

Pay off

Herring legal director Paul Oma has previously stated that efforts in the market work for pelagic fish should be up. He takes the US analysis that this will pay off for the entire pelagic industry.

- The analysis shows a fantastic good return on joint marketing for pelagic fish, he says and believes it also shows that too little is invested in such market efforts.

Important markets

Asking whether or not such marketing leads to countries like Iceland, the Faroe Islands and Scotland becoming free riders in a Norwegian venture, he replies that there are probably many free riders, but that does not mean that Norwegian fishermen lose on a such efforts. "If we look at Japan and South Korea, which are our main markets, there are not many free riders there," he says. In these markets Norwegian fish dominate.

"We can't fail to invest in marketing just because someone gets to free ride," he says.

For good?

Asked if the results of the analysis, which say the revenue is increasing by ninety-nine times for each kroner, is too good to be true, he says these are results that are on par with other foods.

FABA does similar analysis on a number of foods, where the results on average are NOK 10 in gain for each krone.

- The results for herring are slightly below this, while for mackerel they are higher, Oma says.