Sustainable Pangasius market potential in Europe

III Retailer feedback
Introduction:

To assist in the development of a greater understanding of Pangasius products in the European marketplace, 14 key retailers from Austria, Belgium, France, Germany, the Netherlands, Spain, Switzerland the UK were approached to participate in a telephone conference call to discuss Pangasius. The following letter is an example of what was sent to selected retailers as a pdf. on SUPA letterhead along with a SUPA project fact sheet.

Dear XYZ company,

21 May 2013

I am assisting WWF Austria, WWF Vietnam, the Vietnam Cleaner Production Centre (VNCPC) and the Vietnam Association of Seafood Exporters and Producers (VASEP) on a European Commission funded SWITCH-Asia project. The project is entitled “Establishing a Sustainable Pangasius Supply Chain in Vietnam” (SUPA).

You may have read about SWITCH-Asia which is an ambitious EC initiative with the objective of developing “sustainable consumption and production” (SCP) in the Asian region. This excerpt from the European Commission website describes the SWITCH-Asia programme.

“**Overall, SWITCH-Asia** aims to promote sustainable growth and contribute to economic prosperity and poverty reduction in Asia. At the same time, it is fostering a green economy and mitigating climate change in target countries.”

Here is a link to the EC website, this excerpt and more in-depth information: [http://ec.europa.eu/europeaid/where/asia/regional-cooperation/environment/switch_en.htm](http://ec.europa.eu/europeaid/where/asia/regional-cooperation/environment/switch_en.htm)

The goal of the SUPA project is that “by 2020 the pangasius producing, processing and exporting sector in Vietnam is environmentally, economically and socially sustainable”. A project fact sheet providing further information is attached for your reference.

We are especially interested in getting input and feedback on the “sustainability” of Pangasius raised in Vietnam from the European retail sector, particularly from companies like “XYZ company”, who buy and sell farmed seafood. To that end, WWF Austria has asked me to assist in the gathering of market feedback and perceptions of certified and non-certified farmed Vietnamese Pangasius. I would like to set up a time to talk to learn more about “XYZ company’s” views on this topic. Our discussion will be treated as confidential and should take no more than 30 minutes. If you don’t feel you’re the right person to talk to, please let me know who in your organization would be the right fit.

At present, the weeks of June 10th, 17th and 24th are targeted for the calls, I hope this is convenient.

I want to thank you in advance on behalf of SUPA project members: WWF Austria, WWF Vietnam, the VNCPC and the VASEP. Your help is appreciated as we work together to make the world’s aquaculture systems stronger and sustainable. I look forward to your reply and to our discussion.

Kind regards,

Carson Roper

A set of 14 questions was developed to gather information based in the following areas:

1. Do you sell Pangasius products? If yes, in what form (e.g. canned, chilled or frozen)?
2. Does your store have a private-label Pangasius product? If yes, do you have product specifications for eco-certification, food safety, glazing and tri-polyphosphate content?
3. What certifications do you require for farm-raised fish and why (e.g. ASC, Freedom Food, G.A.A., GlobalG.A.P. and/or Naturland)?
4. Is the price of Pangasius important? Why or why not?
5. Do you have direct contact with Pangasius companies in Vietnam or do you work through the supply chain?

6. Is your Pangasius purchase decision influenced more by price, quality or service. Please explain.

7. How does your company communicate its sustainability policy most effectively (e.g. website, product eco-labels, in-store signage or weekly ads)?

8. Is there a profile for your average seafood customer? What motivates them to buy fish, especially Pangasius? Is the seafood customer’s behavior predictable or is it changing?

9. Tell me a little about the reputation of Pangasius... is this an issue? If yes, what needs to be done to improve the image of Pangasius in your mind and in the customer’s mind?

10. Are you willing to pay more for certified product? Are your customers willing to pay more for certified product? Why or why not?

11. Do your suppliers explain the differences between certified and non-certified Pangasius in terms of product attributes or production practices?

12. If yes, how important are these differences and how do you put a value on them.

13. How do you communicate product specific feedback to your Pangasius suppliers (e.g. in person, over the phone and or written correspondence)?

14. Are you interesting in learning more about the Pangasius farming and processing practices in Vietnam?

Participating retailers were assured no proprietary information would be solicited or used in the final report. Furthermore, retailers were informed they would be identified by a number rather than name or location to encourage an open discussion.

Summary of findings:

A total of 11 retailers were interviewed. Additionally, 2 retailers responded by email confirming they carried Pangasius and provided some brief comments. Below is a summary by question.

1. Do you sell Pangasius products? If yes, in what form (e.g. canned, chilled or frozen)?
   All participants sell Pangasius products. Product forms include: canned, chilled and frozen.

2. Does your store have a private-label Pangasius product? If yes, do you have product specifications for eco-certification, food safety, glazing and tri-polyphosphate content?
   Pangasius is sold under both retailer private labels and name brand labels. ASC, GlobalG.A.P., GAA 4 star and organic were the “sustainability” certification schemes cited. A GFSI benchmarked scheme was important to ensure food safety at the processing level. Many retailers had policies on the use of sodium tri-polyphosphates, citric acid or other additional ingredients. Glazing was a concern.
3. What certifications do you require for farm-raised fish and why (e.g. ASC, Freedom Food, G.A.A., GlobalG.A.P. and/or Naturland)?

Requirements of certifications schemes varied from no requirements at all for any scheme to providing an option of GAA (various levels), ASC or GlobalG.A.P. or a combination of ASC, GAA and GlobalG.A.P.

4. Is the price of Pangasius important? Why or why not?

Price is very important with Pangasius. Pangasius is positioned as a product for the “budget minded”.

5. Do you have direct contact with Pangasius companies in Vietnam or do you work through the supply chain?

The overwhelming majority of the retailers interviewed work with domestic suppliers and have limited direct contact with Vietnamese companies.

6. Is your Pangasius purchasing decision influenced more by price, quality or service? Please explain.

While price was an overarching concern, quality is extremely important.

7. How does your company communicate its sustainability policy most effectively (e.g. website, product eco-labels, in-store signage or weekly ads)?

There is a heavy reliance on eco-labels to communicate sustainability with wild capture. ASC label is in early stages of market uptake. Websites are relied upon heavily to communicate detailed policies. Other tools include store magazines and weekly mailings. Often it is difficult to communicate to customers all the work put into ensuring a safe and sustainable product.

8. Is there a profile for your average seafood customer? What motivates them to buy fish, especially Pangasius? Is the seafood customer’s behavior predictable or is it changing?

Customers rely on the retailer to act responsibly in the sourcing of seafood. One motivation to purchase Pangasius is price. Pangasius also is easy to cook, has a mild flavor and no bones, all important attributes for the customers.

9. Tell me a little about the reputation of Pangasius... is this an issue? If yes, what needs to be done to improve the image of Pangasius in your mind and in the customer’s mind?

The reputation of Pangasius was perceived as both good and bad. It offers an affordable fish product that attracts a broad base of customers who wish to buy a mild flavored product with no bones. Often times regional aquaculture or fishing interests perceive Pangasius as a competitor in the marketplace and promoted a negative image. The media has been quite instrumental in building negative images of Pangasius. Certification can help, but will not solve all the problems. Issues raised included: animal welfare, use of GM feed ingredients, food safety (anti-biotic, chemical and growth hormone use), traceability and social issues. Overall product quality was an overarching concern.

10. Are you willing to pay more for certified product? Are your customers willing to pay more for certified product? Why or why not?

Retailers were more willing to pay more for quality product than certified product. Customers were overwhelmingly portrayed as unwilling to pay more for certified product. Customers don’t understand certification, therefore they are not willing to pay more.
11. Do your suppliers explain the differences between certified and non-certified Pangasius in terms of product attributes or production practices?

*There is very little exchange of information on the differences between certified and non-certified Pangasius in terms of product attributes or production practices.*

12. If yes, how important are these differences and how do you put a value on them.

*Due to the lack of exchange this question was not relevant.*

13. How do you communicate product specific feedback to your Pangasius suppliers (e.g. in person, over the phone and or written correspondence)?

*Overwhelmingly feedback is communicated to domestic suppliers. Additionally, many buyers make trips to Vietnam to visit farms and processing plants, but this is not the primary relationship.*

14. Are you interesting in learning more about the Pangasius farming and processing practices in Vietnam?

*Yes, however due to schedules this is subject to time. A concern was raised over a need for positive information to be provided by the Pangasius industry in Vietnam.*