

FISHERIES DIVERSIFICATION PROGRAM

Market Intelligence & Trade Development

Project Summary: FDP 149

2002

Marketing and Promotion of Value-Added Mussels

Introduction

The Newfoundland and Labrador processing sector has been deeply rooted in primary production of fishery products for many years. The majority of our products are exported with minimal added value. As well, there are many species, both wild and farmed, that have not been developed. The fishing industry is cyclical in nature from a resource and market perspective. While demand may be high for some species, it may not be for others. Dependency upon only a few species increases risk significantly in the presence of declining markets. It is, therefore, critical that the processing sector diversify into new products and maximize the value of primary products if long-term stability and growth is going to be achieved.

In response to an increasing requirement to diversify into new, value-added production, Higdon's Seafoods Ltd. has made significant progress in value-added mussel production since 1999. Design and implementation of mussel-processing lines, in conjunction with product development, have proven successful. Given this situation, the company, with funding from the Fisheries Diversification Program, began an incremental market development initiative for its value-added, rope-cultured mussel product. The initiative involved product demonstrations in retail out-

lets, presentations to major customer accounts and contractual marketing services in the United States. The main objective of the project was to create demand for Newfoundland and Labrador mussels, particularly the company's own brands by stimulating movement and consumption of mussels in institutional and retail markets.



Illustration 1-1 Newfoundland Mussel Production

Source: Canadian Center For Fisheries Innovation

Background

Higdon's Seafoods Ltd., located in New Harbour, Trinity Bay, is owned by Woodman Sea Products Ltd. Woodman's has been in business for over 25 years, during which time it has built a strong reputation on quality,

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product consistency and employee loyalty. Diversification is one of the guiding principals of the business as it now produces a wide variety of products including crab, cod, redfish, pollock, hake, monkfish, scallops, capelin, herring, mackerel, and mussels. This growth strategy has proven effective in dealing with rising costs and, in some areas, declining resources.

The objective of this project was to promote immediate sales of mussels and develop long-term markets for Higdon's Seafoods product line. As a result of the company's investment in value-added mussel production, there would be additional operating revenues, increased employment for plant personnel, and a market for mussel growers.

Methodology

The company initiated several marketing initiatives in the United States retail and food service sectors, with key activities being product demonstrations in retail outlets, presentations to major customer accounts and contractual marketing services to increase demand for Higdon's products. A marketing person was retained to coordinate and carry out these marketing strategies.



Illustration 1-2 Higdon's Seafood's Ltd. Mussel Production Line

Results

This market development initiative for Higdon's Seafoods' value-added mussel products has resulted in increased employment of between 35 to 50 people and a 20% increase in production. There was a tripling of sales, made possible by a 34% increase in sales at the retail level, and a 66% increase in sales in food service markets. In excess of 400 industrial accounts were serviced, while over 230 retail outlets carried the Bayshore and/or private label. Multi-year orders and sales contracts for mussel products have been placed with new and existing customers.

Conclusion

Marketing and promotion of value-added mussels by Higdon's Seafoods Ltd. has been a huge success. Although the company has been in the mussel business for a very short time, it has quickly elevated to being one of the largest producers in the province. Their continued efforts directed at value-added processing have been rewarded by increased demand for their brand. This project provided the company with an appreciation of some of the difficulties in the mussel business. Market competition from Quebec, Prince Edward Island, and more recently Chile, plays a large role in the successful development of the Newfoundland mussel industry. The importance of effective marketing campaigns is clear, especially since all processors compete for the same customers.

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The \$10 million Fisheries Diversification Program is part of the \$81.5 million Canada-Newfoundland Agreement Respecting the Economic Development Component of the Canadian Fisheries Adjustment and Restructuring Initiative.