Credit Crunch: Implications for Uk Seafood Processors

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Abstract: The credit crunch has had a dramatic effect within the seafood industry. Recent years saw a buoyant UK economy with increasing sales of chilled seafood material and a growing interest in sustainability. Credit tightening and declining consumer confidence has placed pressures on these trends. This is unlikely to be reversed in the near future and raises questions over how seafood processors balance the requirements of sustainability in a cost conscious environment. As part of the Seafish range of strategic studies, this study set out to consider the implications of the credit crunch for UK seafood processors. A systems approach was adopted with value chain and life-cycle concepts used as the study framework. This allowed the range of competitive pressures within seafood to be described. Drawing on primary and secondary research sources, the study sought to capture how the credit crunch affected customers, processors and suppliers and how the behaviour of these actors reverberates through the industry system. Findings suggest the industry is exposed to a widening set of risk factors, and the credit crunch exacerbates this. Different strategies can be pursued as a response, depending on context. Large processors may be more oriented towards lean and cost control, small and medium sized processors may be more agile but struggle to contain costs. Both have advantages and disadvantages and these may be exposed depending on future global conditions. Future scenarios are identified: a price focussed world (continued recession) and a price plus sustainability world (recovery) to understand relative strengths and weaknesses.