Norwegian Seafood Export Council

Restaurants preferences toward the use of fresh Norwegian salmon in Shanghai and Hong Kong

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“This paper is written as a part of the undergraduate program at BI Norwegian School of Management. This does not entail that BI Norwegian School of Management has cleared the methods applied, the results presented, nor the conclusions drawn.”
Executive Summary

The thesis has been carried out in collaboration with the Norwegian Seafood Export Council (NSEC). The objective of this bachelor thesis is to analysis the current market situation for Norwegian salmon in Shanghai and Hong Kong when it comes to purchase/consumption of raw Norwegian salmon as sushi and sashimi in restaurants. This thesis presents the findings based on in-depth analysis and secondary information from the Shanghai and Hong Kong markets, as these are the targets markets NSEC wanted more knowledge about.

Norwegian Seafood Export Council (NSEC) is the Norwegian seafood industry's combined marketing and information council. NSEC was established by the Norwegian Parliament on July 1, 1991, and has been operating in the Chinese market for more than a decade. The goal of the Council’s operations is to increase the interest for and awareness of Norwegian seafood in Norway and the rest of the world, and during this period in China the Council have acquired great knowledge and experience when it comes to Chinese end consumer’s preference. Now NSEC feel the time is ripe to look more into the restaurant business.

Methodology

As the authors had little prior knowledge, regarding the subject of the thesis, an explorative design was applied. To answer the problem definition the authors has based the research on published data, secondary data as well as qualitative primary data gathered by in-depth interviews. The operating area for this thesis has been both Shanghai and Hong Kong. The majority of the interviews have been with people working within restaurants. As it has proven to bee difficult to get in touch with the restaurants in Shanghai within the time limitation the author choose to interview some of the Norwegian seafood exporters in Shanghai as they where available.
Findings

Different marketing theories have been applied in this thesis. Analysis of the external and internal environment has been done in order to draw a picture of the current market situation of the Norwegian salmon in the two markets. The findings from the analysis and collected data indicates that Norwegian salmon has a strong position in both the Shanghai and Hong Kong market, where Norwegian salmon is clearly dominating. And there are few competitors, substitutes or new entering intruder that was considered as serious threat in the near future.

Norwegian salmon is popular and well known among restaurants and end consumers but the two markets had developed to different stages thus some dissimilarities was identified. Norwegian salmon was perceived to be suitable as ingredient in sushi and sashimi, because these products demand that the fish is fresh and have good quality. Some of the most important purchasing criteria that was recognized regarding the purchase of Norwegian salmon were; price, quality, and steady supply. The end customer’s taste and appreciation affected the demand and has created new trends and opportunities that were identified. Based on the overall finding it has been generated strategic recommendations in order to solve the problem definition.
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Abbreviations

NSEC – The Norwegian Seafood Export Council
CSF – Critical Success Factors
SPD – Strategic Problem Definition
The following model illustrates the main chapters presented in this thesis.

- Introduction
- Norwegian Seafood Export Council
- Methodology
- Theory
- Analysis
- Strategy
- Conclusion

Figure 1: The thesis structure
1. Introduction

1.1. Background for the Research

As a closure to a bachelor degree in International Marketing the authors wrote this thesis in collaboration with the Norwegian Seafood Export Council (NSEC). The thesis covers market research of the consumption of raw Norwegian salmon as sushi and sashimi in restaurants in Shanghai and Hong Kong.

Fish represents one of Norway’s largest export products, where Norwegian salmon represents the major part\(^1\). NSEC wants more knowledge about the attitude towards Norwegian seafood when it comes to the restaurant business, particularly towards the Norwegian salmon in order to identify different preferences.

The global trend of increased consumption of sashimi and sushi has been strong in many developed markets, for instance USA, Hong Kong and Europe. This trend is also growing in the emerging markets, such as Southeast Asia, and East Europe. In China and Hong Kong, sushi and sashimi is commonly regarded as "healthy". Previous research indicates that there has been an increase in the import of fish to China included Hong Kong, and the demand is expected to boost furthermore in the future\(^2\).

According to Åshild Nakken (China Director of Norwegian Seafood Export Council) is of key importance for the entire Norwegian seafood industry that the Norwegian exporters have at least equally good access to the different markets as their competitors. NSEC works to improve the conditions of competition for the Norwegian seafood industry and access to relevant markets of interest. Norwegian salmon is already used in the Chinese market as sushi and sashimi, and has through this use been “licensed” and labelled as “quality”. But the potential has not been fully utilized, neither commercially nor in a marketing coherence.

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\(^1\) Norsk sjømatexport 2005, NSEC
\(^2\) Appendix CD: Landprofil Kina 2007. NSEC.
In this thesis the authors have focused the research on interviews with purchasing managers, or similar, in restaurants. However, the authors have also talked to other persons in the industry that can provide information from other perspectives.

1.2. Problem Statement

The aim is to conduct interviews to describe the current market situation and potential for raw Norwegian salmon. This will form a basis for a SWOT analysis. To do this, the authors have focused on exploring the preferences and attitudes that purchasing managers in restaurants have towards Norwegian salmon regarding the purchase of raw Norwegian salmon for sushi and sashimi products. Based on the findings, NSEC can hopefully find ways to utilize the existing market in a better and more effective way when it comes to selling Norwegian salmon for use in sashimi and sushi products in restaurants. To accommodate these aspects, the problem definition of this thesis is:

“What are the preferences toward the use of raw Norwegian salmon in sushi and sashimi products, in restaurants in Shanghai and Hong Kong?”

1.3. Research Aim

The market for Norwegian salmon as sushi and sashimi in restaurants has not yet been sufficiently explored. Therefore it is important for NSEC to acquire more depth knowledge of the different objectives that shape and affect the preferences and attitudes of purchasing managers in restaurants towards Norwegian salmon. NSEC has a lot of knowledge about Norwegian salmon being preferred in Japanese restaurants, but wants more facts about it along with confirmation on a few things the Council already has certain knowledge about. In addition NSEC wish to find out whether there is any variation in the menus. The main objective is to confirm that Norwegian salmon is good and preferred, and also the reason why it is number one among the restaurants and consumers. The research aim of this
thesis is to deliver a substantial, concrete and accurate foundation for the further work of NSEC towards the sushi and sashimi restaurants.

1.4. Clarifying terms and concepts

1.4.1. Clarifying Objectives

In this thesis the authors will focus on raw Norwegian salmon as an ingredient in sushi and sashimi products in restaurants in Shanghai and Hong Kong. Following is a clarifying explanation about the roles of the different actors that will be mention in this thesis, and also description of what sushi and sashimi is.

1.4.2. The Roles of the Different Actors

This thesis is written on behalf of NSEC’s representative office in China. The aim is to provide NSEC a survey for raw Norwegian salmon in the sushi and sashimi restaurants in Shanghai and Hong Kong. NSEC is not a company; they are a council operating on behalf of the Norwegian seafood industry. The goal of its operations is to increase the interest for and awareness of Norwegian seafood in Norway and the rest of the world. The term fresh salmon, or fresh Norwegian salmon, will be used from now on when instead of the term raw salmon, or raw Norwegian salmon.

As a representative for NSEC, Åshild Nakken holds a position as a representative for the Norwegian seafood industry and a diplomat for the Norwegian government (the Ministry Of Fisheries And Coastal Affairs) due to this Åshild Nakken holds a diplomatic passport and have extensive government contact in Norway and China, and act as a intermediary between the two countries regarding business which relate to the Norwegian seafood industry.

Wholesalers came into being to increase the efficiency of physical distribution, but the wholesalers can also result in a decrease of the costs of information dissemination and the transaction accomplishment. Different names are used for
wholesalers in the different industries, and it can be difficult to have a clear picture of what a wholesaler is. An internationally acknowledged definition is:

“A wholesaler is a person or an institution that sells to retailers, business institutions and/or industrial, institutional and commercial users, but that does not sell to a particular extent to end customers”


The different wholesalers that will be mentioned later in this thesis are exporters, importers and agents/representatives. An exporter is by definition *someone, a person or a company, who works with the export of goods and services*. Export can be divided into indirect and direct exporting. Indirect export means working through independent intermediaries. *Independent intermediaries* can for instance be importers, agents and distributors. By using independent intermediaries the exporting company has a lower risk and reduced investments. The intermediary possesses know-how, service and guanxi (network), which reduce the risks for the exporting company. *Direct exporting* means that the export company handles its own export; this can be done through representative office, wholly owned foreign enterprise or a joint venture. The Norwegian seafood exporters mainly use representative offices in China. These offices are also responsible for Hong Kong. A *representative office* can carry out business activities, but may not receive fees for services, generate direct income or sign contracts that generate income. The purpose of a representative office is to forward promotion, marketing, marketing research and so on. *Agents* operate with arranging sales for other’s by doing handling sales actions in the others name. *Importers* work with importation of products and services from other countries.

*Sushi connasionaries* are shop in shop sushi counters, which are found in some of the big supermarkets in Hong Kong. The supermarket itself is not necessarily managing these sushi counters; another company who are more specialised on sushi and sashimi products can be managing them.

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The figure (below) shows the channels for the Norwegian salmon form the Norwegian exporters to the Chinese (including Hong Kong) markets. There are no arrows to or from NSEC in the middle of the figure; this is because the Norwegian salmon does not go through NSEC. NSEC is placed in the middle of the figure because they provide marketing, information and support to the actors in relation to the Norwegian seafood industry.

Figure 2: Product Channels
1.4.2.1. What is Sushi?

Originally, the word *sushi* refers to rice. The Japanese word *su* means vinegar, and *shi* is from *meshi*, the Japanese word for rice; hence *sushi* is “vinegared rice”¹. Consequently sushi does not mean raw fish as generally believed, though raw fish and seafood is one of the key ingredients. The rice on the sushi is formed into small balls (about 20-25 grams). The “toppings” of the sushi do not have to be raw fish only; they can also consist of cooked items as well as eggs, vegetables and tofu (soy bean products)⁶. Nowadays, the term sushi is used to describe a finger-size piece of raw fish on a bed of rice. The sushi can be eaten as it is, or it can be dipped into soy sauce and then eaten. Great care is taken in the creation of the dish and the many methods of preparing the food indicate the importance of appearance to the consumer. Sushi can be seen as a work of art, as much as food⁷.

1.4.2.2. What is Sashimi?

Sashimi is raw fish served sliced and “as-it-is”. This means no rice bed or roll (sushi ingredients rolled in a seaweed sheet). Sashimi is often cut in different ways to enhance the appearance of the fish. *Hira zukuri* is the standard rectangular shape cut. A thinner cut is called *Ito zukuri*, which is often no more than 1/16 inch thick. The thinnest, called *Kaku zukuri* is paper-thin and is often presented in a pattern⁸.

1.5. Research Limitations

The thesis is limited to Shanghai and Hong Kong. This limitation was set by NSEC. Our primary target group in this thesis is sushi restaurants that use salmon as an ingredient in sushi and sashimi today. In addition the authors will also look at sushi concessions (shop in shop) in the Hong Kong market.

Due to time limitations NSEC mainly wanted us to focus on the research and analysis part in this thesis and therefore the authors have a lesser focus on

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² Appendix CD: Short Sushi Guide Line for NSEC
strategy. NSEC already has a lot of experience and knowledge regarding strategy; as long as they have information about the relevant market they can put their experience and knowledge into use.

Being foreigners in China involves several obstacles that have sometimes been hard to overcome. Both language barriers and getting in touch with the right persons have been challenging at times, and consequently the authors have not been able to reach all the contacts/interview subjects the authors had planned for in the beginning. This will be further discussed in Chapter 11 Discussion.
2. The Norwegian Seafood Export Council

2.1. About the Norwegian Seafood Export Council (NSEC)

The Norwegian Parliament established the Norwegian Seafood Export Council (NSEC) on July 1st 1991. A board consisting of representatives from both the Norwegian seafood industry and the Ministry Of Fisheries And Coastal Affairs is managing NSEC. Its activities are founded in the Fish Export Act; the Norwegian Seafood Export Council performs the administrative functions and is an advisor to the Ministry of Fisheries And Coastal Affairs. NSEC’s headquarter and administrative offices are located in Tromsø and have representatives in ten countries, one of which is China. NSEC established an office in Hong Kong in 1995, and in Beijing in 1998. Before 2006 NSEC reorganised its offices in Asia, which led to the office in Hong Kong to be shut down, and all activities regarding China and Hong Kong were controlled from the office in Beijing. The delegate in Beijing, Åshild Nakken, has therefore responsibility for China and Hong Kong.

NSEC is a combined marketing and information council on behalf of the Norwegian seafood industry and the Norwegian government. The goal is to get consumers all over the world to choose Norwegian seafood above seafood from other countries; in addition the Council also works to secure the reputation of Norwegian seafood. NSEC operates as a connecting link between education, research and industry. It is the Norwegian seafood industry itself that finance the work of NSEC through export duties.

NSEC has four main tasks marketing, marketing information (statistics and analysis), market access and PR, information, market preparedness and crisis management. NSEC conducts joint marketing on behalf of the Norwegian seafood industry at home and abroad, it is to contribute to increase the demand for Norwegian seafood. And continuously works with statistics and trade information about Norwegian seafood, through collection, analysis and distribution of information. NSEC is the industry’s central source of information on national and
international supply and demand for seafood. The Council monitors the main seafood markets in order to map the competitive situation for Norwegian seafood products, and the situation of key competing nations. The aim is to provide the industry and the Norwegian government with a good and reliable foundation on which they can base decisions. It is of key importance for the entire Norwegian seafood industry that the Norwegian exporters have at least equally good access to the different markets as their competitors. NSEC works to improve the conditions for competition, and access to relevant markets of interest for the Norwegian seafood industry. Through goal-oriented work towards the media NSEC contributes to improving and maintaining the Norwegian seafood industry’s reputation.

2.2. The Norwegian Seafood Export Council’s Market Strategy

NSEC works towards a vision that "the best seafood comes from Norway”, and hopes that this vision will be the prevailing comprehension throughout the world. The aim is to increase the demand for Norwegian seafood.

The Norwegian seafood industry is to be seen as a quality leader and quality supplier in the markets. The main arguments are: fresh products, food-safety and stable supply. To ensure that the industry can make the most of the common marketing for the Norwegian salmon, NSEC will actively inform and motivate the participants to engage in the marketing activities. NSEC will also organize business-adjusted events that make it possible for the individual businesses in the industry to make the most of the activities in terms of their own needs – so that the individual business can achieve direct sales results. In every market the consumers are the primary target group when it comes to building loyalty and preferences for Norwegian salmon. Simultaneously, is it also important to establish loyalty with the decision-makers and the purchasing managers in the industry - this is where this thesis will have its main focus. Over time the Norwegian seafood industry has built up a high knowledge and preference for the Norwegian salmon. NSEC will work to maintain this advantage through COO-

marking all the way out to the consumer. This is to make sure that the consumer recognizes the Norwegian salmon where it is being purchased and to secure that the effect of the market-effort is as big as possible. NSEC will also make the most of the knowledge and preferences of Norwegian salmon when it comes to introducing other species of fish into new markets.

2.2.1. Strategies

The Norwegian Seafood Council has six individual strategies for how NSEC generally plan, carries out and follows through on market investments:

1. NSEC will carry through a general Country Of Origin (COO) marketing for the Norwegian seafood industry.
2. NSEC will work based on a long-term perspective accommodate the local market challenges; prioritise target groups and markets that value quality. NSEC is to work in both the established markets and the new markets, to established products and introduce new fish species. The strategies are to be adjusted to the particular product’s position, and the situation incidentally in the respectively markets.
3. NSEC will adjust the activities and the use of policy instruments towards the different target groups in order to build and strengthen the loyalty and preferences to Norwegian seafood were the Council seeks to persuade new consumers and existing consumers to eat Norwegian seafood more often.
4. NSEC will make arrangements so that Norwegian seafood companies can make the most of their marketing. This will be done through actively informing, motivating and adjusting the activities towards the companies’ own activities and needs.
5. NSEC will document the effect of the joint marketing, and consecutively evaluate and communicate the results from their market work to the actors in the Norwegian seafood industry.
6. NSEC will develop their marketing work and marketing competence, as it is be characterized by high competence and innovation.
2.2.2. Business Strategy

The business strategy defines the long-term main guideline considering preferences and goals. The salmon industry has a two-part strategy for the period of 2007-2009:

*Maintain the position of fresh Norwegian salmon in the core markets, and increase/develop the position of fresh Norwegian salmon in chosen markets.*

To reduce the risk and secure an even return on the market investments over time, NSEC continues their work to increase the total markets share in established markets. This will come about through goal-oriented achievements towards established consumer groups in order to increase their consumption frequency, and towards new consumer groups in order to secure future consumption of the Norwegian salmon. To secure future the growth potential in the industry, NSEC will develop new markets for Norwegian salmon. Markets where NSEC has the opportunity to establish long-term superiority above competitors will be prioritised.

2.2.3. Main Goal for the Marketing of Norwegian Salmon in China

The main goals for NSEC in China for the period of 2007-2009 is to

*Increase the consumption of salmon by enhancing the purchasing frequency in segments where Norwegian salmon is established, and at the same time introducing Norwegian salmon to new consumers in other cities and regions.*

The main points to achieve this strategy will be to turn the focus towards East- and Southeast-China, where the regions with the number 1, number 2 and number 3 cities are located when it comes to purchasing power, focus on health, quality and food-safety in the communication towards the most relevant and chosen

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10 From Markedsplan 2007-2009: NORSK LAKS OG ØRRET. NSEC.
11 Markedsplan 2007-2009: NORSK LAKS OG ØRRET. NSEC.
market segments (women 20-40 years, middle class, families with children), increase the number of promotions of fresh Norwegian salmon in the supermarkets, and closely co-operate with Norwegian exporters to strengthen their commitment to developing the market for salmon.

2.3. Norwegian Seafood and Salmon

Norway is the world’s largest exporter of Atlantic salmon - the salmon is exported to more than 130 countries\(^\text{13}\). The Norwegian salmon’s distinct and delicate flavour makes it an excellent basis for attractive and tasty dishes, while at the same time satisfying the rigorous demands of the best chefs in the world.

Salmon is an important source for a variety of useful vitamins and minerals, especially noted for its rich content of beneficial fatty acids such as Omega-3. The salmon is considered to be healthy due to the fish's high content of protein, Omega-3 acids, and vitamin D\(^\text{14}\). Research shows that people who eat seafood rich in Omega-3 develop a natural protection against cardiovascular diseases.

Food safety is an important issue for consumers all over the world, and for Norway as the second largest seafood exporter in the world\(^\text{15}\). Norwegian Seafood meets the highest international standards for seafood safety. The Norwegian system rests on internationally recognized standards; these standards are marshalled through a thorough national system of control and inspections. The cold, wild and clean waters of the Norwegian coast provide excellent conditions for high quality seafood. The Norwegian seafood industry takes great pride in proving the quality and strives to maintain top class quality\(^\text{16}\). NSEC tries to communicate these qualities to the market where the goal is to achieve a position where the seafood labelled as Norwegian seafood is looked upon as quality. It is

\(^{12}\) Markedsplan 2007-2009: NORSK LAKS OG ØRRET. NSEC.
\(^{13}\) http://www.seafoodfromnorway.com/page?id=100&key=35926 Date: June 2, 2008. Time: 15:45.
important to leverage this kind of positive reputation, and Country Of Origin (COO) could be an important influence. NSEC strategy also includes this as it says that they shall carry through a general Country Of Origin (COO) marketing for the Norwegian seafood industry. According to NSEC, Norway has over time built up a high knowledge and preference for the Norwegian salmon. NSEC shall work to maintain this advantage through COO-marking all the way out to the consumer. This is to make sure that the consumer recognizes the Norwegian salmon were it is being purchased and secure that the effect of the market-effort is as big as possible.

The country of origin is the country of manufacture, production, or growth of the product. Country of origin represents labelling, packaging, logo or advertising that makes a statement, claim or implication about which country a product comes from. The most common claims are “Made in Norway”, “Product of Norway” - or similar representations about a product’s origin. The purpose is to inform the end consumer in the imported country (e.g. China) of the country in which the imported product was made. COO is defined in an inclusive way to ensure the protection of a product.

Norway has a clean environment and solid law and regulations that might be used by marketers to influence consumers' valuation of the brand. This could effect on consumer perceptions, affect and behavioural intentions when making the purchasing decision. In addition a strong favourable COO could be a cue that strengthens NSEC’s brand name; “Norway – Norwegian seafood”.

2.4. Today’s Market Situation

2.4.1. China a Promising Market

NSEC has been in the Chinese market for more than a decade, and has acquired great knowledge and experience when it comes to customer preferences and market knowledge. In addition, NSEC has built itself a vast and solid network.
China has experienced continual strong economic growth. This has lead to a strong urbanization where over 40% of the population lives in cities, which have gradually become ultramodern cities. The economical growth and the urbanization have together lead to a growing middle class, which today consist of around 130 million people, and within 3-4 years the middle class is expected to consist of around 300 million people\textsuperscript{17}.

The seafood consumption in China today is about 25.6 kg per capita; it is predicted to increase heavily towards 2020 in the urban parts of China according to a range of studies\textsuperscript{18}.

2.4.2. The Main Challenge for Norwegian Salmon in China

Norwegian salmon faces a number of challenges in China (including Hong Kong), especially in Mainland China. The restaurant business and the end consumers in Shanghai are still lacking knowledge when it comes to the wielding and sales of the Norwegian salmon. Continued development in the modern distribution will be an important condition to increase quotation and with that increase the consumption of the Norwegian salmon. According to Åshild Nakken:

“Hong Kong is a well-established market when it comes to salmon. Shanghai is a well-established market too, but is still a step behind Hong Kong. When NSEC arranges promotions in Mainland China they always see Shanghai as the top tier city, before Beijing.”\textsuperscript{19}  

\textsuperscript{17} Appendix CD: Landprofil Kina 2007. NSEC.  
\textsuperscript{18} Norsk Laks i Kina. NSEC.  
\textsuperscript{19} Appendix Interview: Åshild Nakken
3. Methodology

In this chapter the authors will go into the research objectives and talk about the methodology that have been chosen to use in this thesis, the authors will also present the benefits and limitations with each type of research methodology.

3.1. The Research Process

It is necessary with different approaches to investigate a research problem. The methodology should make clear the reasons why one particular method or procedure is chosen based on the research purpose and prior knowledge to the subject.

The research can be described according to the Research Process Model\(^\text{20}\) (the authors have done a few modifications to the figure):

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According to the figure above is the first step, Analytic Purpose, already covered, the author will therefore proceed to Research Design.

3.2. Research Design

The purpose of market research is to reduce the business risk. Almost all the frameworks that help us understand our business and markets require data, market research is therefore a vital component in many marketing paradigms.

Research design implies a description of how the entire process will be organized so that the problem in question can be solved. In this context it is particularly important to know what types of data are needed, how to collect these data, and how they should be analysed. What design to choose depends on how much knowledge there is about the problem in question, and what the ambitions are when it comes to analysing and explaining the context.

According to the book “Metode og dataanalyse” (Geir Gripsrud, Ulf Henning Olsson and Ragnhild Silkoset. 2006) research designs can be divided into three different designs:

1. Explorative
2. Descriptive
3. Causal

This thesis will adopt an explorative design in order to provide better insight into and understanding of the subject. The authors will do this by using in-depth interviews as one of the research designs.

Explorative research design is a method often used when the problem is unclear or the subject is new to the researchers. It is best suited for formulating problems, hypotheses and clarifying terms, or to give a better insight into and understanding of a given area. The authors will mostly base the research on published data,
secondary data and primary data gathered by in-depth interviews with purchasing managers or other persons in the restaurant business and seafood industry.

There are two main techniques of data collection when it comes to the explorative design: focus group and in-depth interviews. NSEC is today in a position where they have sufficient knowledge about the end customers, but lack satisfying knowledge about the preferences in the restaurant segment when it comes to purchasing Norwegian salmon. Based on the findings, NSEC can develop a strategy that can be used in their work towards the restaurant business.

**3.3. Quantitative and Qualitative Research Strategy**

Market research information can be classified as quantitative or qualitative. With quantitative information *measurements and calculations* are important, and the research requires some level of *accuracy* - where as qualitative information emphasis id on “*understanding*” rather than measurement, and *thoroughness* is vital part of the research.

This thesis will be bases on the *qualitative* research method. Qualitative research is used to understand *how and why* people feel the way they do. In-depth interviews are a common method to collect qualitative information\(^2\). Qualitative research is used both in social research and in practical market analysis.

**3.4. Data Collection**

There are two main sources of conducting market research, secondary research (i.e. desk research) and primary research.

3.4.1. Secondary Research

Secondary research is also known as “desk research”, in this thesis the authors use both terms. Desk research is a term that is used loosely, and generally refers to secondary data or data, which can be collected without fieldwork. Secondary research involves accessing data that are already available, that have been collected for other research. Most secondary data accessed through desk research were originally generated through primary research. Thorough validation requires going back to the source and understanding the methodology. Secondary research is often regarded as a cheap and fast way of collecting data; examples of secondary research can be economic trends and statistics as well as specific industry reports.

A crucial rule of desk research is always to note the reference of the data. The source of any data should always be recorded, so that their accuracy can be both evaluated and, if necessary, retraced. Information needs not only to be collected but also evaluated. This is partly a matter of making judgments about the data’s validity; people are often fooled to trust data that is published.

Desk research is an excellent tool for putting together pictures of a marketing environment. There is everything to be gained by carrying out desk research first and then filling the gaps through interviewing.

In this thesis the authors have used books, Internet, articles, statistics and so on. The Internet has, for example, been used to localize relevant restaurants of interest, in addition to those restaurants the authors have received contact information about from NSEC.

3.4.2. Primary Research

Primary research involves a collection of new information through market surveys, telephone questionnaires, focus groups and so forth. This research is based on direct contact with the target group, which in this case consists of the sushi and sashimi restaurants.
There are two main types of primary data, both of which involve an interview with an interviewee; qualitative data and quantitative data. Qualitative data are often collected in connection with explorative market studies, generally as a precursor for a survey. Quantitative data are collected based on a survey where the researcher wishes to analyse the scope of a phenomenon or to understand a connection between variables.

To find the information needed to answer the problem definition of this thesis the authors will perform interviews with persons in the restaurant business and in the seafood industry.

3.5. Interviews

3.5.1. In-depth Interviews

Interviews imply formality, structure and purpose\textsuperscript{22}. In-depth interview is one of the most common methods of gathering information in market research; it is a qualitative research method that is preferable in a number of circumstances. In-depth interviews offer the opportunity to collect rich, descriptive data about people’s behaviours, attitudes and perceptions, and to unfold complex processes. The interviews can be used as a research method alone or as part of a multi-method design, depending on the needs of the research.

In-depth interviews are normally carried out face-to-face so that rapport can be created with respondents and body language can be used to add a high level of understanding to the answers. However, telephone and e-mail can also be used to carry out in-depth interviews. The authors mainly conducted interviews face-to-face, but some interviews had to be done over the telephone or e-mail when the authors do not have the opportunity to meet with the subject in person.

Skilled interviewers will try to create connection and harmony with the respondent as quickly as possible, to put he/she at ease. The sooner the

interviewer gets the respondent talking, the sooner he/she will settle down and the greater will the cooperation level be. After a brief introduction of the process, easy questions will start the ball rolling.

Successful in-depth interviewers listen rather than talk, have a clear line of questioning and use body language as a cue to build a rapport. The format of the in-depth interview is loosely structured, allowing freedom for both the interviewer and the interviewee to explore additional points and change direction if necessary. The interviews incorporate a great deal of the respondent’s perspective into the findings and therefore increase the validity of the information collected. Interviewing is very important where the research issues are not known, or where there is a feeling that decisions have been driven by assumptions which may, or may not, be an accurate reflection of the views in the marketplace.

The in-depth interview uses a loosely structured discussion guide. It should follow a definite sequence; a conventional sequence can be:

1. Introduction.
2. Warm up questions.
3. Main body of interview.
4. Thanks and closing.

The main body of the interview is characterized by a number of specific questions relating to the research objective(s), and the probes and prompts that can be used to develop the discussion and thus provide rich data. Open-ended questions are at the heart of the in-depth interview. They allow the flexibility to probe so that the interviewer may go into greater depth if required. This will allow the interviewer to test the limits of the respondent’s knowledge and experience, and can thus result in unexpected answers.

The interview should be like a guided conversation with a form and a purpose, where the interviewer and the interviewee are usually talking for the first time.
The interviewer has limited time to get the respondent to talk freely and openly about a subject. Therefore, there are some guidelines that can help this process:

- Listen rather than speak.
- Adopt a clear line of questioning.
- Facilitate a permissive tone.
- Demonstrate engagement with the respondent.

An interview guide serves to ensure that all the research topics are covered in the discussion, but this does not mean that it is being followed to the letter. A more skilled interviewer will hold the discussion guide in his/her hand and make a mental note of coverage in the interview. This way, the interview flows in the form of a “guided conversation” and appears “natural”. As topics of discussion arise naturally, they can be followed, and the interviewer can raise issues that have not occurred naturally. The discussion will be improved if the respondent in a natural course of the conversation raise topics. The importance of listening to the responses cannot be emphasized strongly enough, many gems of wisdom can be lost if the interviewer does not pick up on issues either rised by the respondent or implied throughout the interview.

The general rules for the development of the discussion guide are to follow a developmental sequence of discussion which will appear natural, building the conversation in depth, and to use questions that open rather than close down the discussion. The types of questions to avoid are:

- Long and complex questions
- Vague questions
- Questions using technical jargon or company jargon
- Leading questions
- Aggressive or threatening questions or comments

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One of the most serious problems faced by the market research industry nowadays is the falling level of cooperation from the public to survey. To best try to avoid this problem the authors have received books from NSEC that can be used as gifts to the interviewees. These books are also used by the NSEC themselves as gifts. Other options could be payments or other gifts that would motivate the interviewee to participate in research.

3.6. Selection of Respondents

In Shanghai the authors interviewed twelve respondents, nine of these respondents where in the restaurant business (chefs, managers or like), whereas the last three were working for Norwegian export companies in China.

In Hong Kong the authors interviewed eight respondents, six interviews with managers or chefs in restaurants, one manager in a headquarters office and one shop-in-shop (connasionaries) representative.

The authors interviewed chefs to uncover their purchasing preferences when it comes to fresh Norwegian salmon in the restaurant business. The different managers were also interviewed with the intention to uncover purchasing preferences and consumer knowledge. Some of these managers were interviewed because the authors could not get in touch with the chef or person in charge of purchasing. The headquarters manager in Hong Kong was interviewed because the headquarter for this restaurant chain (Genki Sushi) are responsible for all the purchases and restaurant activities. Many other restaurant chains also operated like this, with a centralized management, but unfortunately, the authors were not able to get interviews with any of the other restaurants headquarters. The shop-in-shop (connasionaries) representative was interviewed based on a request from NSEC. One can find shop-in-shop (connasionaries) sushi counters only in Hong Kong, out of the two markets the authors have researched. The shop-in-shop (connasionaries) counters are placed in supermarkets; these are a few large counters with sushi/sashimi. Some of these shop-in-shop (connasionaries) counters are not operated by the supermarket itself but by other companies, like
PTC-Nakajima Suisan, whom the authors interviewed. The authors also interviewed three respondents from Norwegian export companies in Shanghai because of difficulties regarding getting interviews with respondents within the restaurant business, and hoped that the representatives from the Norwegian export companies could contribute with some relevant information.

In addition to the mentioned interviews have the authors also had an e-mail interview with Arne Hjeltnes (Communication Director for the whole group Marine Harvest ASA), this to collect additional information as Mr. Hjeltnes has a background in NSEC (Hong Kong) and now are Communication Director in Marine Harvest. The interview was conducted by mail, and is to be found in the Appendix Interview.

The authors has also at several occasion interviewed Åshild Nakken (NSEC Director China) by mail and telephone, this to build up background information and to get a clearer picture of today’s market situation in the industry in general. The results are to be found in the Appendix Interview.

**3.7. Validity and Reliability**

Whether one is planning to do a new analysis or to consider an analysis that has already been done, it is important to consider how “good” the research is. One has to evaluate the research’s reliability and validity. These concepts are often used when considering how well one or several phenomena are measured.

Validity deals with how well one is measuring what one intends to measure. Measuring does not necessarily have high validity even though it may have high reliability. It is possible to measure something with high accuracy and reliability and receive very consistent results, but to be measuring something other than what one is supposed to. This is called systematic error. It is important to know that

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what one is validating is not a specific measuring method or test, but an interpretation of the data that emerge by the precise procedure\textsuperscript{27}.

Reliability has to do with the extent to which measurement will give the same results if the research is repeated. Reliability on a superior level is about what degree one can trust that the results are reliable (trustworthy). This means that the random error that always arises must be at a minimal level for the search to be reliable. An important demand in researches is therefore a strict description of the progress in the actual research itself, describing how concepts have been measured, how the samples were done, and how the actual research itself took place.\textsuperscript{28}

\textsuperscript{27} Geir Gripsrud, Ulf Henning Olsson & Ragnhild Silkoset. Metode og dataanalyse. 2006.
\textsuperscript{28} Geir Gripsrud, Ulf Henning Olsson & Ragnhild Silkoset. Metode og dataanalyse. 2006.
4. Theory

4.1. Internal Environment

The authors have used the ACE-Model and the Marketing Mix to provide a better understanding of the internal environment. The authors will not be looking at other theories that have to do with the internal environment within the Norwegian Seafood Export Council, as the focus is on the preferences when it comes to the use of raw Norwegian salmon in sushi and sashimi products in restaurants in Shanghai and Hong Kong.

4.1.1. The ACE-Model

To create the right view of the company it is important to be aware of how it is structured, how the various people fulfil competence needed for its product to succeed and also how the attitude outwards from the company it regarded. The core culture within the company is very important since the culture within will reflect upon the end product\textsuperscript{29}.

Progress, growth and success in the international market depend on several conditions. However, the company’s internal involvement in and support of the internationalisation process plays a big role if the council is to succeed in its activities abroad. Through the council’s involvement, the knowledge and expertise level of the council’s international operations will develop.

The ACE-model consists of three factors: attitude, competence and embodiment. These factors have to play an important part in the council throughout every division from the top level and all the way down to “the floor” (where the operation is delivered\textsuperscript{30}.

\textsuperscript{29} Carl Arthur Solberg. Internasjonal markedsføring. 2005.
4.1.2. Marketing Mix

The marketing mix is a set of marketing tools that a firm uses to pursue its marketing objectives in the target market. These tools are called the four P’s: product, price, place (distribution) and promotion. Marketing mix decisions are made to influence the trade channels as well as the consumers. The four P’s represent the seller’s point of view regarding the marketing tools that may influence consumers.

There are two ways of using the marketing mix; standardized marketing mix and adjusted marketing mix. Standardized marketing mix is when the product, communication channel, distribution and other elements are standardized to contribute to lower cost. Adjusted marketing mix is when the elements in the marketing mix have been adjusted to every individual market. NSEC uses the adjusted marketing mix, which means that NSEC in China adjusts to the Chinese culture, food tradition and trends.

The marketing mix is used as a tool in communication. The marketer’s responsibility is to shape a marketing programme or plan to reach those goals, which the company wishes to achieve. The marketing programme consists of numerous decisions about the mix of marketing tools that can be used. Decisions have to be made about the marketing mix to be able to affect both the trade channels and the end customers.

**Product**

A product is “the bundle of benefits offered by the organisation” (Jim Blythe. Marketing. 2006:7). A product is more than just an object, it is the object and everything with and around the object, such as the service, quality, design, brand name, guarantees and like. The product is the most important element in the marketing mix and in the work of NSEC, as it is the key element in the offer. When the marketing mix is to be planned, it must formulate an offer that meets the needs and requests from the target group. Three elements the offer can be
evaluated based on: 1) the products quality/characteristics, 2) service mix and service quality, and 3) price.

**Price**
The price is a consideration of the product\(^\text{32}\). Price can be used in the marketing mix to give discounts, or when it comes to payment period or terms of payment.

**Place (distribution)**
The place (distribution) is “the location where the exchange takes place” (Jim Blythe. “Marketing”. 2006:7). Place includes factors like assortment, shipping, supply and more.

**Promotion**
Promotion is “the communications about the product which are aimed at the consumers” (Jim Blythe, “Marketing”. 2006:7). Promotion includes actions like advertising, public relations, sponsoring and etc. Marketing is one of NSEC’s key responsibilities.

There are three additional P’s for marketing of services: *people, physical evidence* and *process*. NSEC is a combined marketing and information council that work on behalf of the Norwegian seafood industry and the Norwegian government, this means that NSEC mainly provide services to these actors in the shape of marketing, information and knowledge.

A service is produced at the same time as it is being consumed. *People* perform service, due to this can recruitment, training and motivation of the employees create considerable differences in the customers’ satisfaction. People are an important factor when it comes to service, as the people are the providers. The *physical evidence* is the evidence from the service that proves that the service took place; this can be the receipt of sale from the hairdresser or the *physical environment* where the service took place. The different services have different *processes*, and because the consumer is involved in the creation of the service

there will always be variations to the service. In the case of NSEC the process will in this case be the co-operation with the Norwegian seafood industry and the Norwegian government.

4.1.3. Communication Channels

To reach the target group the marketer can make use of three marketing channels: communication channels, distribution channels and service channels. In this thesis the authors will look closer at the communication channels as these are important for the Norwegian Seafood Export Council. Communication channels give and receive messages from target groups.

Communication channels can be personal or impersonal, and each has several subgroups. Personal communication channels involve two or more persons communicating directly with each other; this can be face to face, one person to a general public, on the telephone or so on. Personal communication has the advantage of individualization of the presentation and feedback. Impersonal communication channels are the opposite of personal communication channels, such as communication through the media.

4.2. External Environment

When it comes to the external environment, the authors have chosen relevant theories like the PEST-analysis, Michael Porter’s Five Forces, Michael Porter’s Diamond Of National Advantage, Product Life Cycle, Market Demand, and Organizations Buying Process.

4.2.1. Michael Porter’s Diamond of National Advantage

Michael Porter’s Diamond Of National Advantage illustrates the determinant factors of a country’s national advantages. The authors believe this is of great

importance for understanding as the authors find it applicable to describing and stating the possible reasons for why the Norwegian seafood industry has achieved such a dominant position in the Chinese market.

Michael Porter’s Diamond Of National Advantage consists of four factors; Factor Conditions, Related And Supporting Industries, Demand Conditions, and Company Strategy, Structure And Rivalry.

Factor Conditions relate to the situation in a country regarding production factors, like skilled labour, infrastructure, natural resources and so on. Related And Supporting Industries deal with the presence of relating and supporting industries that exist in the country. Demand Conditions in a domestic market provide the primary driver of innovation and quality improvements, as well as the customer requirements within the country that drive the development forward. Company Strategy, Structure And Rivalry deals with local competition conditions that affect company strategy. Strong competition within domestic markets is likely to provide a powerful stimulus for innovation and efficiency.

4.2.2. PEST-Analysis

There are various ways to recognize the macro/external environments. The authors have used the PEST analysis in order to gain a better understanding of the macro environment in the market. The PEST analysis covers the key aspects of the external business environment that will have an impact on operational performance of the company in the market. PEST stands for Political, Economical, Social and Technological factors. The analysis examines the impact of each of these factors, which the authors considered relevant. These macro factors are beyond what the council can control, and it is therefore important to identify the environmental factors in which the council operates. Changes in environmental factors may directly affect the organisation, and may sometimes be considered threats just as well as opportunities.

The political factor refers to changes in government, or in government policy. Examples of government policy changes that might affect in the everyday life are laws and regulations, or what goods and services a government wants to provide. Political decisions can have a direct impact on many vital areas for business and the way business operates, such as education of the workforce, the health of the nation and the quality of the infrastructure of the economy.

Economical factors relate to changes in the wider economy such as rises in living standards or the general level of demand, rises or decreases in interest rates, etc. While a country’s economical conditions to some extent will be controlled by the political factors, these will have great impact on a company's activities. For example, a strong currency may make exporting more difficult because it may raise the price in terms of foreign currency, and a high national income growth may boost the population's demands for different products.

Socio-Cultural factors include the demographic and cultural aspects of the macro environment, meaning changes in wider society that most likely will have an effect on the way business operates. This could be changes in population growth rate, health consciousness, social attitudes, employment patterns or any changes in lifestyles like e.g. changes in tastes and buying patterns.

Technological changes relate to applications of new inventions and ideas that might affect the product in the market. In this case, this could be change such as the development of the Internet and websites as business tools or the transportation/logistics/distribution technology. The technological factors do not play a very significant role in this thesis, but will be mentioned briefly.

Although a PEST analysis is a useful tool to understand and anticipate changes within the company’s environment, one should be aware that the PEST analysis is an analytical method that only provides a “snapshot of the firm’s current position at the time of the analysis”37. “This means they are backward-looking: by the time

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a full marketing audit has been carried out, events have moved on and circumstances have changed” (Jim Blythe, "Marketing”, page 20).

4.2.3. Michael Porter’s Five Forces

The authors have used Michael Porter’s Five Forces to determine the Norwegian salmon industry’s attractiveness in the Chinese market context in which it operates. The five forces that determinate the results in this model are Suppliers, Potential entrants, Substitutes, Buyers and Rivalry.

Figure 4: Michael Porter’s Five Forces

The bargaining power of suppliers

The suppliers of raw materials, components, and services (such as expertise) to the company can directly influence the company's business as they can be a source of power over the firm. Suppliers may refuse to work with the firm, or e.g. induce high prices for the resources.
The threat of new entrants
The attractiveness of a market will depend on the existence of barriers to entry. The most profitable markets have high barriers, as high returns will draw new entrants and intruders, which will decrease profitability.

Threat of substitutes
A product is less attractive if there exist substituting products in the same market or if there is a high possibility that such products will be introduced. As more substitutes become available the demand becomes more elastic and can force prices down for a product.

The bargaining power of buyers
The bargaining power of buyers concerns the ability of customers to put the firm under pressure. Customers' bargaining power increases as the product is less differential, when costumers' switching cost are low, when there is a high availability of existing substitute products, and so on. Under such market conditions, the market will be more sensitive to price changes and the buyer will have stronger power to force the price down.

The rivalry among existing firms
The competition between rivalling companies within an industry is at the core of Michael Porter's five forces model. It is determinant of the markets competitiveness/attractiveness. Rivalry is affected by other factors such as suppliers, new entrants to the market, substitutes and the buyer’s power.

4.2.4. Organisations’ Buying Process
Organisations' buying process is a complex process that has to be understood by the marketer. By understanding the buying process on the corporate market, the marketer will be able to reach marketing measures that are adjusted to fit the information need that the customer is engaged in at any given time.

If the relationship between the buyer and the seller is a close long-term running relationship, the internal procedures for the buying process will be different than if the buyer makes use of several suppliers where each has a loose connection or when it comes to purchases that the buyer does seldom.

The buying process can be illustrated as a process from beginning to end where every purchase can count as a separate action or transaction; this way of illustrating the buying process is based on a transaction perspective. The transaction perspective is not adequate where there is a running relationship (relationship perspective); here the focus of the suppliers’ attention will be on the co-operation with the customer. In the practical work the marketer often has to combine knowledge from both transaction perspective and relationship perspective.

4.2.5. Product Life Cycle

According to Harald Biong and Eirik B. Nes (“Markedsføring på bedriftsmarkedet”. (2003)), can organisations and consumers be categorized according to the time it takes before a new product is adopted. The new product will in this thesis be the sushi and sashimi products, and the authors want to use the theory Product Life Cycle to analyse where the sushi and sashimi products are today in the two markets, Shanghai and Hong Kong.

The product life cycle theory contributes to give an understanding of what happens with a product in a market; this can be used when it comes to planning and supervision of the product. The theory focuses on one particular product and is therefore product oriented.

The theory of product life cycle consists of four stages from putting the product into the market to withdrawing it from the market, and these stages are the introduction stage, the growth stage, the maturity stage and the decline stage.
In the *introduction* stage the sales numbers are low, the operating cost per customer is high, the profit is negative, the customers can be described as innovators and at this stage there are normally few competitors.

The *growth* stage is characterized by fast growing sales numbers, medium operating cost per customer, growing profit, the customers can be described as premature and the number of competitors is growing.

In the *maturity* stage the sales numbers are at their peak, the operating cost per customer is low, the profit is high, the customers can be described as mature and in the majority and the number of competitors is stable and beginning to fall.

In the *decline* stage the sales numbers are declining, the operating cost per customer is low, the profit is declining, the customers can be described as latecomers and the number of competitors is falling.

According to Carl Arthur Solberg (*Internasjonal markedsføring* (2005)), does every product go through a life cycle. When the curve has reached its maturity and is starting to fall towards decline, it does not necessarily imply that the need is about to cease, but that it is being met with other new or better-developed
products or services. In international marketing is it generally so that a product at one point can be at many stages of a life cycle in the different countries or markets. One of the key factors for the shape of the curve is the effectiveness of the overall marketing effort. This is important to remember for international marketers such as NSEC.

The different stages in the life cycle demand different ways of “satisfying” the particular need. To face this difference a company can choose one out of two strategies:

1. The company can concentrate on markets that are at the same stage in the life cycle, and with that try to standardize the production as much as possible. This will of course depend on the company’s business, flexibility, size and strength. This strategy is best suited for companies that can take advantages of scale advantages.

2. The company can fan out on several markets to make the most of the life cycles opportunity to prolong the product’s life. This implies a market accommodation in the product strategy to every market or market group. By being represented in markets that are in different stages in the life cycle the company can consciously manage the development.

The life cycle is less suitable to give a prognosis of the forecast in the market. One of the criticisms toward this theory is that one can rarely say what stage the product is in at a given time.

4.2.6. Market Development

The authors have used the market development theory⁴⁰ to analyse where in the development the two markets, Shanghai and Hong Kong, are today.

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The market development contributes to providing an understanding of what happens in a market, and this can be used when it comes to planning and supervision of the marketing activities and other developments within the company. The market development focuses on the entire market in question and is therefore characterized as market oriented.

The market development theory consists of four stages: emergence, growth, maturity and decline\(^{41}\). Before a market arises, a latent market exists. A creator has three options when it comes to creating the optimal product; one-niche strategy, multi-niche strategy and mass market strategy\(^{42}\). In the one-niche strategy the product is designed to satisfy the preferences of one of the corners in the market. With the multi-niche strategy two or more products that cover two or more parts of the market can be launched at the same time. In the mass market strategy the product is being made for the principal market. The emergence stage begins when a product is being launched. If the sale of the new product is going well, new companies will rush in, and the market will soon find itself in the growth stage. As times goes by the competitors meet the demand and serve all the big market segments, and the market moves into the maturity stage. As the competition continues the profit will be reduced for all the participants. At the end the demand starts to decline, and the market enters the decline stage. This can be a consequence of new technology that replaces the old or of new requirements from the consumers.

4.3. **SWOT-Analysis**

The SWOT-analysis is a tool that can be used to identify the current situation in a company and its environment, and to map the possible events for the future. The analysis provides a company with a general evaluation of the company’s internal strengths and weaknesses, and external opportunities and threats. The internal factors can be controlled by the company itself and are affected by the actions

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made by the company. The external factors are factors that are out-side of the company’s control, for example competitors and so on.

4.3.1. SWOT-Analysis Internal

The internal analysis looks at the company’s strengths and weaknesses. The company has to be able to evaluate its own strengths and weaknesses. The internal factors can be controlled by the company itself and are affected by the actions made by the company.

*Strengths* can be described as the company’s resources and capabilities that serve as foundation to develop competitive advantages. A company’s *weakness* is an unsuccessful application of a competency or the non-exploitation of a critical factor that diminishes company competitiveness.

4.3.2. SWOT-Analysis External

The external factors are factors that are out side of the company’s control; this implies supervision of the macro system (which implies factors such as politics, culture, law, economy and so on) and other actors in the micro system (such as customers, competitors, and connecting links etc.). All this should be a part of the company’s surveillance of the market when it comes to trends and development in the market, and the company should be able to map the opportunities and threats linked to these trends and developments.

*Opportunities* are external conditions that are helpful to achieving the objective that cannot be controlled by the company itself. An important objective with the analysis is to find new market opportunities. A market opportunity gives a company the chance of profitability based on the customers needs or potential interest.

Some of the factors in the external operating conditions represent *threats*, which are harmful when it comes to achieving the company’s objectives and/or profit.


Side 37
threat from outside is a challenge caused by a disadvantageous trend and
development that can undermine the company’s sale or profit if the company does
not bring into action any countermeasures in the marketing. Threats should be
classified by how serious they are, and how likely it is that they will arise.

When the company has identified the most important opportunities and threats
they can be faced with, can they estimate the value of these and decide how
attractive they are for their business. There are four possible outcomes\textsuperscript{44}:

\begin{itemize}
  \item The ideal business area faces huge opportunities and a few threats.
  \item A speculative business area has both huge opportunities and big threats.
  \item A mature business area has few opportunities and threats.
  \item A problematic business area has few opportunities and many threats.
\end{itemize}

The authors will come back to this later in this thesis.

\textbf{4.3.3. Criticism of the SWOT}

The SWOT-analysis has often been criticised for being poorly structured, and too
general. Mistakes have been made as a result of inadequate and/or defective on
the company’s internal and external environment. The analysis does not provide
the whole picture, and is not detailed enough for a company to base all decisions
on it. Another problem with the analysis is that it can often be too subjective.

\textsuperscript{44} Philip Kotler. Markedsføringsledelse. 2004.
5. Business-To-Business Marketing

Business-to-business marketing (B2B) has become an international term, which deals with all products and/or services that are being demanded by companies. Marketing is a field that in a systematic and partly scholarly way deals with the processes that leads to transactions that gives the customers requirement.

According to the book “Markedsføring på bedriftsmarkedet” (2003) by Harald Biong and Erik B. Nes the American Marketing Association defined marketing as

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\text{the process of planning and carrying out development, pricing, promotion and distribution of products and ideas to create exchange that satisfy individual and organizational goals.}
\]

This definition implies that marketing is not an isolated activity, but a process. The process starts before the product has been developed, and continues even after the sales. Marketing includes the planning and accomplishment of strategies and activities. These strategies and activities deal with development, pricing, promotion and distribution of products and ideas. “Products” includes both physical products and services. A premise for marketing is the intention of creating exchanges.

There are several orientations that can be chosen when it comes to how the organisation perform its marketing. The author will look into the market concept and market orientation, as this fits the Norwegian Seafood Export Council the best. A traditional definition of the market concept is that it is a company-management-philosophy based on a thorough acceptance internally in the organisation for the necessity of customer orientation, profit organisation of the necessity for customer orientation and profit orientation and acceptance of the important role marketing has in communicating the needs in the market to all the divisions in the company. Market orientation is regarded as the implementation of the market concept philosophy. Market orientation takes place when the company
focuses on areas like customer orientation, competitor orientation and inter-functional orientation.

*Customer orientation* means to have sufficient information about the customers so that the supplier can continuously deliver superior concepts. This implies that the supplier has to understand the customer’s entire value chain, not only as it is today, but also how it will develop in the future. *Competitor orientation* implies that the company has to understand the competitors’ strengths and weaknesses, and their short-term and long-term strategies. *Inter-functional orientation* implies that the company co-ordinates all of its resources to give the customer maximum value. All the employees can, and should, contribute to create customer value.

Marketing orientation is based on information. Professional work with the market information is therefore a necessity for market orientation companies. The companies’ marketing information system includes information systems, market monitoring and market research.

The result of market orientation can be an organizational culture that influence in the direction of the employees continuously are engaged in delivering eminent value to the customers.

**5.1. The Corporate Market vs. the Consumer Market**

The corporate market is different from the consumer market. The marketers in the corporate market sell to organisations. Customers in the corporate market purchase on behalf of an organisation in order to generate other products. This causes functionality and capacity to be dominating factors along with the fact that demand after corporate products derive from the demand for other products. More people are involved in the buying process in the corporate market; most purchases in the corporate market are made by a group of staff members. Purchases in the corporate market are more formal and comply with formal regulations, and the elements around the products (service, punctual supply, and
so on) are also more important. In the corporate market relationships play a bigger role between the supplier and the customer, along with factors such as trust, long-term co-operation, and a good and open two-way communication. Furthermore, the competition is more global in the corporate market.

5.2. Relationship Marketing

Marketing is the tools and actions used to implement or support economic activity between supplier and customer. A general requirement is that the tools and actions should be cost-effective and lead to desired results for the company. The marketing literature distinguishes between transaction marketing and relationship marketing. What will be the best suited depends on type of product or service, market and company. In transaction marketing, the transaction itself is the goal of the marketing activities. The responsibility of the marketer will be to find buyers and make use of necessary tools to complete the purchase. The effects of the activities are often measured in market share, sales value, number of sold units and so on.

The Norwegian Seafood Export Council utilizes relationship marketing, and the authors will therefore look closer at this. Relationship marketing aims at using long-term tools to influence the customer to become a long-term customer. Long-term customers are difficult to win back if lost, and it is therefore important to hold on to them.

There are many ways of defining relationship marketing. According Morgan and Hunt can relationship marketing be defined as:

“All the marketing activities which has the intention of establish, develop and maintain successful relations.”

The main point is that the relationship is the main goal of the activities; this means that it is the relationship itself that the marketers’ action has to reach for. Generally one can therefore say that relationship marketing is about creating tools and implement actions that establish, develop and maintain co-operation between supplier and customer. Relationship marketing aims at strengthening the efficiency and the productivity in the customer-supplier-relationship.

Excess value in a customer-supplier-relationship does not come by itself and it is not a result of one person’s input of labour. Cost reduction or new products is a result of the co-operation processes between customer and supplier where several functions and persons from both parties are involved. Hence, relationship marketing also includes direction and coordination of the co-operation processes. This requires the marketer to have understanding of and knowledge about how the organisations and the co-operation processes work. Additional requirements are the ability to think in the long-term, to organise the activities internally in ones own company and between supplier and customer, as well as to govern the activities so that they provide advantages for both parties. Finally, relationship marketing requires a high and even quality level in the entire organisation, because

“successful relationship marketing means to carry through a list of activities the right way and with the same quality level (consistent) over time.”


When the working relationship is the goal itself, this also means that it can be difficult to measure the effect of the actions, also because there is a time difference between the effort and the result.

The aim of a working relationship is often to add value by reducing cost and/or increase income, and because the working relationship is resource demanding it has to have a purpose. The relationship is a process between the partners to realize the purpose. The result of the relationship will affect the parties’ experience of the advantage and the will to continue/change the relationship. A working relationship
implies that both parties devote resources and carry out activities to reach a common goal. In this manner, the working relationship implies that activities and decisions must be co-ordinated, and that the parties must be motivated to contribute with resources and carry out their own part of the task. At the same time this means that the company entrusts some of the control of the resources and activities to the collaborating partner. In addition, the time aspect will be of importance as the parties are in contact with each other beyond the time aspect of one single transaction.

5.3. Guanxi

Guanxi is an essential and defining element of Chinese culture, handed down relatively unchanged through time and space. The term guanxi literally means relationship, and refers to a person’s network of private and social relationships. Guanxi can be looked at as the concept of “social capital”, which is:

“the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance and recognition – or in other words, to membership in a group – which provides each of its members with the backing of the collectively-owned capital, a ‘credential’ which entitles them to credit, in the various senses of the word.”

6. Branding

The American Marketing Association defines a brand as a name, a symbol or a combination of these that shall identify the products or the services to a salesperson or a group of salespersons and separate them from the competitors. The brand identifies then the seller or producers (Norwegian salmon).

A strong brand strategy can add significant value in the long-term by creating a unique position in the market; it can help the company differentiate itself from its rivals, stand out in the competition, influence the customers purchasing decision in favour of the company and build customer loyalty. Brands provide competitive advantages as they create strong bonds and loyalty with customers and create barriers for competition.

A strong brand will provide its customers with an identity to which they can relate, and expresses their own beliefs and attitudes. Brands give customers a sense of identity, stimulate their senses and enrich their life experiences47. From the customers’ point of view, a brand is a signal of quality and creates a bond of trust with the supplier.

Brand identity is the strategic character for the brand that should be closely linked to the business strategy. Brand identity is a long-term perspective, which should describe the company’s strategic intention for the brand and how the brand aims to be positioned in the marketplace. Even though there are changes in the marketplace the brand identity does not often change, but the way it is communicated might change within the limits and boundaries described in the brand identity. The brand image is the picture of the brand that the customers and stakeholders have in their minds, as it refers to how the customers and stakeholders interpret the signals given by the brand, the company and other surroundings to the brand.

The process of building a strong brand requires long-term commitment. A strong brand is characterized by a unique brand promise (customer focus) and an prominent brand delivery (performance behind the promise), the two must be consistently balanced to achieve branding excellence.

Country branding can be divided into three categories by the purpose they serve:

1. Export branding
2. Generic country branding
3. Internal country branding

The authors will look closer into export branding. The country branding activities in export branding give the benefits of a positive halo effect on products and increase the ability to export.
7. Summaries Of Findings

This chapter will sum up the findings based on the conducted in-depth interviews and information gathered from secondary data. The authors have divided the findings in accordance to the two markets, and at the end summarized some of the differences and likenesses between the two.

7.1. The Shanghai Market

In Shanghai the majority of the restaurant respondents thinks that the quality of the Norwegian salmon is better than salmon with other origins, even though the price for the Norwegian salmon is higher. The price of the Norwegian salmon has increased a lot during the last two years.

The economic growth in China has lead to a stronger purchasing power among end consumer, which again has resulted in an increase in consumption of salmon. A growth in purchasing power creates great opportunities for Norwegian salmon to increase its market share and sales number. As the economy of the Chinese generally is getting better and the knowledge of salmon increases, restaurants and exporters also noticed that customers are getting pickier when it comes to quality. A respondent says:

“not more than four (4) years ago, customers would complain about the small size of the sushi pieces and that there were too few slides of sashimi on the platter, nowadays they care more about the quality of the food rather than the quantity”.

Restaurant respondents in Shanghai have noticed that there has been a large growth in the number of restaurants in the Shanghai market. All respondents believe there is a huge potential for further growth in the market for the Norwegian salmon, and exporters believe events like the Olympic Games 2008 (where many events will take place in Shanghai) and the World Expo 2010 (where
the main event will take place in Shanghai) will create an even stronger increase for the Norwegian salmon.

High inflation rate of food prices in China have lead to an increase of meat prices, which might affect the demand for salmon in a positive way. In addition, the one child policy and baby boom in China was mentioned as a factor that might increase the salmon demand, this matter is discussed more in detail later.

According to information from NSEC, do the majority of Norwegian exporters, in China, not have their own distribution system, and are therefore dependent on cooperation with different importers and distributors. This fit with findings in the Shanghai market.

The findings show that salmon is mainly sold as a whole fish to the restaurants in Shanghai. And that the Fish Markets are still the main sources for purchasing salmon among smaller restaurant chains and single restaurants, while the large restaurant chains have headquarters that are responsible for joint purchasing and marketing activities.

Chinese salmon occur in the Shanghai market, but is not regarded as any threat to the Norwegian salmon as the quality and supply are not comparable. Canadian salmon is the only fresh salmon that can be compared to the fresh Norwegian salmon and can be regarded as a competitor, but the Canadian fresh salmon is only available a few months of the year. Canadian salmon has good quality and might be a little cheaper when it comes to price. Some of the restaurant had considered purchasing Canadian salmon instead of Norwegian salmon when the price of the Norwegian salmon was at its peak.

A few of the restaurant respondents in Shanghai have found it difficult to get in contact with good suppliers who offer Norwegian salmon, even though there are

48 Appendices Interview: Yuting Japanese Cooking
50 http://china.org.cn/english/China/208057.htm Date: June 3, 2008. Time: 17:43,
deliveries from Norway to Shanghai approximately every day. One of the Norwegian seafood exporters expressed that the logistics and distribution is still not fully developed. Law and regulation problems are subjects Norwegian exporters consider as an inconvenience in Shanghai. The control standards are different, and does sometimes cause problems. Common for all the Norwegian exporters in Shanghai/China is that they all focus toward larger retailers and restaurant chains as their main customers.

7.2. The Hong Kong Market

According to NSEC the export of Norwegian salmon in the period 2000-2006 grew from 6800 tons to 10 300 ton. However, large quotas of the Norwegian salmon that are exported to Hong Kong are re-exported to Mainland China.52

Hong Kong has had a continuous slow growth rate in sales and demand of Norwegian salmon the last years. One of the respondent’s think the slow growth rate can be explained by the strong economy in Hong Kong recent years.

Although the Chinese culture predominates Hong Kong, the British influence remains strong. Chinese and English are the official languages, and English is widely used in Government and by the legal, professional and business sectors. The legal system in Hong Kong is based on the common law, where the regulations towards import and export are relatively simple as Hong Kong is a free port.

There are no Norwegian exporters with representative office in Hong Kong; finding indicate that there are no need for exporters to be represented in the Hong Kong market (as much as in the Shanghai market), due to well developed wholesalers that take care of the logistics in a very efficient way.

51 Appendices CD: Landprofil Kina 2007. NSEC.
52 Appendix CD: Landprofil Hong Kong. 2007. NSEC.
The respondents indicate that it is common with headquarters for large restaurant chains, and that the headquarters are responsible for joint purchasing and marketing activities. Norwegian salmon is commonly regarded as a good product among restaurants, mainly because of the overall quality of the salmon and the stable supply. Even though the price of Norwegian salmon has increased during the past years, it is still regarded as price competitive compared to salmon with other origins. The price of Norwegian salmon is a little lower in Hong Kong compared to Shanghai. Japanese salmon for example are often regarded as more exclusive in the Hong Kong market, and respondents that had experience with Japanese salmon said that the cost prices were much higher. According to Victor Lui are

“Japanese salmon not as oily as the Norwegian salmon, but it has a stronger fish taste, and the meat are softer and smoother.”

Another respondent mentioned the Japanese salmon has a more shiny colour on the meat and are of smaller size which also means that the bones are slimmer compared to Norwegian salmon. As a result the respondent said that one could prepare the Japanese salmon in a few more ways, due to the smaller size.

In Hong Kong the authors also interviewed a sushi connasionaries that operates sushi counters in supermarkets. The sushi connasionaries offer a variety of ready to eat sushi and sashimi at a low price. Connasionaries are becoming more popular in Hong Kong.

When it comes to trends in Hong Kong, has the focus been on eating habits for some time now. One example of this is the Eatsmart@restaurants campaign, which is launched by the government.

53 Appendix Interview: NOBU InterContinental
54 See interview: Inagiku
According to studies in Hong Kong, obesity and over-weight rose from 36 per cent in April 2005 to 41 percent in April 2006 and diet-related chronic diseases accounted for over half (57%) of all registered deaths in 2005\(^55\). Salmon is a very healthy product that contains omega-3, this has likely contributed to a large consumption of salmon in Hong Kong as the end consumer have high knowledge regarding salmon.

“Eating out is a common habit in Hong Kong. While taste is important, more and more emphasis is now placed on the nutritional value of food. A study carried out by the Department of Health finds revealed that more than 40% of Hong Kong people have lunch in restaurants at least five days a week, while more than 90% wish to have more healthy choices when they have lunch outside eat out\(^56\).”

Another factor that has affected the salmon sales in a positive way is the trend regarding dinning in at restaurants in Hong Kong. This supports the many statements from respondents, where it has been said that the Hong Kong have a strong dining culture that leads to strong demands on restaurants\(^57\).

The growing popularity of fusion restaurants is another trend that is growing in Hong Kong, NOBU InterContinental and JW's California Sushi Bar are two examples of fusion restaurants. Fusion cuisine is a general term for the combination of various forms of cookery\(^58\).

### 7.3. Differences And Likenesses Between the Shanghai and Hong Kong Markets

Common for both markets is that salmon is the most popular ingredient when it comes to sushi and sashimi, and Norway is commonly linked with salmon.

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\(^{57}\) Appendix interview: Miso and Åshild Nakken
Norwegian salmon is a well-known product in the restaurant business as well as among the end customers. Norwegian salmon has managed to obtain a good reputation and is commonly associated with high quality. Norwegian salmon has a strong position in the Chinese end consumers mind. People are familiar with the Norwegian salmon and many end customers prefer the Norwegian salmon as opposed to salmon with another origin. Characteristics of Norwegian salmon that has been frequently repeated are that the meat has a firmer texture and a better colour, and that the fish has a mild fish taste and are oilier than salmon of other origins. These are all unique product qualities that are hard to imitate.

The end customers taste and preferences for Norwegian salmon, the overall sustainable high quality, the good reputation and the stable supply are all factors that influence restaurants to purchase the Norwegian salmon. This is generally confirmed by most by the respondents conducted in Shanghai and Hong Kong. These factors are contributing to the dominance of the Norwegian salmon in Shanghai and Hong Kong.

In both markets the population are predominantly of Chinese descent where the culinary food traditions are quite similar. This can help explain why the taste and preference of salmon in Shanghai and Hong Kong are so alike. Restaurants prefer whole salmon of big size (6-8 kg) with a firm meat consistence that are oily and has a mild fish taste.

According to findings the Norwegian salmon is mostly used to make sushi and sashimi. As a result, many restaurants only have a limited range of salmon dishes besides sushi and sashimi in menus. Most of the respondents considered salmon a unique product that was hard to replace with other fish species or products, other salmon origins could not compete with the Norwegian salmon. Salmon is still considered to be an exclusive and expensive product; this specially applies to the Shanghai market where Norwegian salmon was among the most expensive.

When it comes to supply, the findings show that there are a few large seafood importers in both markets whom are leading in the business. One common
drawback regarding both markets is that price for the Norwegian salmon would vary from period to period.

Both Hong Kong and Shanghai are “fresh markets” for salmon this means that fresh salmon is favoured\textsuperscript{59}. In some of the interviews the authors were told that restaurants uses or have used salmon originating from Norway, Canada, Japan, Scotland, Ireland, Australia, China and Chile. Japanese salmon are often regarded as more exclusive\textsuperscript{60} in the Hong Kong market.

Most of the restaurants the authors have been in contact with purchase whole salmon and that they cut and slice it themselves. The fight logistics from Norway to Shanghai and Hong Kong are good, with flights arriving in both markets approximately every day\textsuperscript{61}.

However, in Shanghai exporters say that the import process in Mainland China is somewhat more complicated compared to Hong Kong, and this may cause problems. The taxes in China/Shanghai account 10% and 13% VAT, while Hong Kong is a free port\textsuperscript{62}.

“\textit{Norway and China are planning to finalize a preparatory study concerning the opportunity to initiate negotiations regarding a free trade contract. These negotiations will at the earliest start primo 2008\textsuperscript{63}.}”

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\textsuperscript{59} Appendix CD: Landprofil Hong Kong. 2007. NSEC. Appendix CD: Landprofil Kina. 2007. NSEC.

\textsuperscript{60} Appendix Interview: Uminosachi Restaurant, Inagiku, JW’s California Sushi Bar

\textsuperscript{61} Appendix Interview: Åshild Nakken

\textsuperscript{62} Appendix interview: Marine Harvest and Atlantic Pelagic AS
\end{flushleft}
8. Analyses

8.1. Internal Environment - Findings

8.1.1. ACE-Model - Findings

NSEC has an attitude throughout the council of a market-oriented focus towards its targets as it has a high cultural understanding. NSEC built up its competence through market analysis. In addition the council co-operates closely with the Norwegian seafood exporters, and has a customer directed product policy towards the end customers in the markets. NSEC has great knowledge when it comes to international business and the attitude to internationalisation is greatly embodied in the entire council. The embodiment of internationalisation has always been a focus within NSEC as they main goal is to communicate to every parts of the world that “the best seafood comes from Norway”, and the goal is to get more people in different countries to choose the Norwegian seafood.

8.1.2. Marketing Mix – Findings

NSEC adjusts their marketing mix towards the China market with Chinese friendly activities such as their beauty concept, new and adjusted recipes targeted the Chinese culinary art and so on.

The product in question is fresh Norwegian salmon as an ingredient in sushi and sashimi products. The findings in this thesis does emphasise that the quality of the product (the fresh Norwegian salmon for use in sushi and sashimi) and the stable supply (service) are the main elements for restaurants regarding why they prefer the fresh Norwegian salmon above fresh salmon from other origins. To be able to maintain the high level of quality is it important that the fresh (Norwegian) salmon is delivered every day with the same high level of quality. In addition the respondents say that price of course play a part in the decision making, but that it is not as important as the other two (quality and stable supply).

63 Appendix CD: Landprofil Kina. 2007. NSEC.
The price in Mainland China is regarded as a little high, but also as an indicator of high quality. In Hong Kong the price is lower due to a better and more developed supply as well as the low taxes. The price is set by the Norwegian exporter themselves, and is not something NSEC controls or influences in any way.

Regarding place, where the exchange takes place the interviewees mentioned the Tongchuang Fish Market, Norwegian exporters, importers in China and agents. When it comes to distribution, the shipping and supply is regarded as unstable in Mainland China and some of our interviewees looked upon them as inadequate. In Hong Kong, the distribution is regarded as developed and stable. NSEC does not have anything to do with the place element in the marketing mix.

When it comes to promotion, NSEC offers joint marketing for the Norwegian seafood industry through collective advertising and public relations along with sponsoring and events. The promotion element in the marketing mix is the most important one regarding NSEC, as they are a combined marketing and information council. “Norway – Norwegian seafood” has become a brand name in the seafood industry in Mainland China and Hong Kong, due to the stable quality of the salmon from Norway.

When it comes to the three P’s for the marketing of service, NSEC makes use of them all. People play a part in the sense that NSEC co-operates with chefs that provide culinary training to chefs in restaurants, connessionaries (shop in shop) and at culinary schools. NSEC also provides recipes adjusted to the Chinese market, and that NSEC provides training for chefs and waiters. As for physical evidence, NSEC provides a variety of data collected through research performed by or on behalf of NSEC. The Norwegian exporters are the ones that request the different events and they are a big part of the entire process that takes place regarding the events hosted by NSEC.
8.1.3. Communication Channels – Findings

The Norwegian Seafood Export Council uses both personal and impersonal communication channels. NSEC uses personal communication channels in events where they are talking to or with a group of people. The Norwegian Seafood Export Council can be seen as an expert channel, an independent expert articulating to the target group. The Norwegian Seafood Export Council also uses impersonal communication channels such as the media, events and other arrangements.

8.2. External Environment – Findings

8.2.1. Michael Porter’s Diamond Of National Advantage - Findings

As the findings illustrates that the Norwegian salmon is dominating the Shanghai and Hong Kong markets, the authors have used Porter’s diamond model to further illustrate the determinants of competitive advantages Norway as a nation posses in order to produce such a strong competitive product.

Demand Conditions

As a result of a long seafood tradition in Norway can the market be defined as a demanding market. The ideal natural conditions and the skills that the people holds regarding the harvesting of salmon are some of the most important elements regarding the Norwegian salmon export. The Norwegian consumers has extended knowledge about salmon, which is the reason why they have become demanding. Demanding consumers can force companies to devote more attention to their product value, and thereby lead to a competitive industry.

Firm Strategy, Structure, And Rivalry

The structure of Norwegian seafood industry can be described as an industry with strong competition. This kind of local conditions where several rivals provide the same products creates pressure on firms to be more creative, innovative and to improve.
Factor Conditions
A factor condition can e.g. be the country’s (Norway's) geographical location. Norway has a unique coastline stretching 83,000 kilometres that makes the country ideal for fishing industry. The geographical location of Norway provides the country with a great accessibility when it comes the cold and clear fjords is perfectly suited for salmon. The long traditions within the fishing industry have provided Norway with a large stock of knowledge about fishery and seafood. And the low pollution of the seas in Norway makes it unnecessary to use artificial enhancement methods to better the quality of the fish. This natural resource gives Norway an advantage compared to other countries.

Related And Supporting Industries
A large number of related and supporting industries such as technological companies and companies in the maritime industry, shipping, shipbuilding, and the fishing industry in general contribute to the development of the Norwegian seafood industry.

8.2.2. PEST-Analysis – Findings in Shanghai

Political Factors
China’s national political decisions and its integration into international political and cultural relations have a significant consequence for today’s globalised trade. China's form of government is a One-party rule by the Chinese Communist Party (CCP). The Chinese Communist Party (CCP) has governed China since 1949 and retains an iron grip on politics. Other parties and folk religion are illegal and criticism quickly suppressed.

The Chinese government has the power to change national policies including laws, import duties and tax regulations that will have a large impact on the Norwegian seafood industry’s operations in China. However, China has initiated political changes to accompany economic reforms. In the last twenty-five years,
China has embarked on radical economic reforms intended to transform the centrally planned economy into a socialist market economy.\(^{64}\)

Good political relationships between China and Norway also seem to have an effect on the results of the salmon business in China.

“The Norway and China are planning to finalize a preparatory study concerning the opportunity to initiate negotiations regarding a free trade contract. These negotiations will at the earliest start primo 2008.\(^{65}\)”

According to one of the respondents\(^{66}\), if Norway could enter into a free trade agreement with China, 10% of the import taxes would be eliminated and it would be a great advantage for Norwegian salmon in China.

Some of the difficulties and barriers with doing business in China are related to the strict import procedure in China. China has a different standard of control systems than Norway, and the customs and food safety control are severe. In one of the interviews with an export company it was mentioned that documentation is one issue that has caused problems with the collection of the fish as it arrives in China. The exporter told the authors that it has happened that the Chinese customs or food safety inspectors claim that they do not have the right documentation and refuse to give an approval for the goods (fish) to be released.\(^{67}\)

Laws and regulations are another concern that is of huge importance and influence. In this case the question is how to protect Intellectual Property (IP) rights when it comes to country of origin.


\(^{65}\) Appendix CD: Landprofil Kina. 2007. NSEC.

\(^{66}\) Appendix Interview: Marine Harvest

\(^{67}\) Appendix Interview: Atlantic Pelagic AS
“IP refers to the exclusive rights subsisting in the ideas or inventions with individually or originality. Its main features include: intangibility, exclusiveness, territorial effect, and timelines.”

The intellectual property (IP) rights protection in China has for many companies been a huge problem. China has made great strides since joining the World Trade Organization (in 2001), and has strengthened its legal framework and amended around its IP rights and related laws and regulations to comply with the WTO Agreement on Traded-Related Aspect of Intellectual Property Rights.69

In one of the interviews the authors became aware of the problem of Canadian salmon being sold as Norwegian salmon at the fish market.70 A supplier at the fish market labels Canadian salmon as Norwegian salmon. If this is the case, then the current system of implementation and enforcement regarding product labelling in China needs to be strengthened.

It is important that the Norwegian salmon is clearly labelled. If the product is not clearly labelled is could be confusing and potentially misleading for consumers because it may give consumers a false impression of where the product originated which would give the consumers a wrong basis of assessment when making purchase decisions and damage the reputation of the Norwegian salmon. In some of the supermarkets the authors see that the Norwegian salmon is labelled with stickers of either the logo of NSEC or the Norwegian flag.

**Economical Factors**

As a developing country Mainland China has sustained a nine (9) to ten (10) percent annual GDP growth rate over the past 25 years, and the economy has been
expanding rapidly\textsuperscript{71}. Shanghai is looked upon as China's commercial capital and richest city\textsuperscript{72}. The gross domestic product of Shanghai rose 13.3 percent in 2007\textsuperscript{73}.

Known for its population of over 1.3 billion people and as a communist country, China has attracted a lot of global businesses after opening up to the outside world. Shanghai as the most populous city in China has with a strong growing economy has raised a growing middle class. Higher income rates and better living standards, lead to a stronger purchasing power. The purchasing power in China has increased significantly during these years for urban (11.3\%) and rural (15.9\%) residents\textsuperscript{74}. These growth rates underscore the ability of Chinese consumers to demand and consume more. And this development has most likely contributed to a change in the purchasing patterns of the Chinese people, with supermarkets becoming more and more common and gradually replacing the old food markets. In order to provide the products at the most adequate locations, NSEC has incorporated agreements with some of the largest hypermarkets both in Shanghai and Hong Kong, so that Norwegian salmon (and in some cases other Norwegian seafood) is sold in these supermarkets.

In addition, China’s inflation rates has in 2008 accelerated at the fastest pace since 1996 as a result of the enormous rise in food prices, this goes for Shanghai as well. The consumer prices had in April raised by 8.5\% from the year before and food prices jumped 22\%. Meat prices has climbed 48\% in April compared to last year (2007). As a result of this situation one of our respondents\textsuperscript{75} believes this can contribute to an opportunity for more seafood and salmon sale.

\section*{Socio-Cultural Factors}

The social issues which the author think that NSEC should focus more on in order to enter the restaurant market are; guanxi/network, Chinese food culture/traditions, customers' attitudes and changes in taste and lifestyles.

\textsuperscript{74} The Path to Success for Retailers and Consumer Brands in China. 2005.
\textsuperscript{75} Appendix Interview: Atlantic Pelagic AS
Shanghai has had a large increase in the number of restaurants. The selection is growing within the whole restaurant price range, and Japanese restaurants have become particularly popular among customers. The Chinese generally like to go out dining, which has created a huge restaurant business. But it seems like salmon still is considered a foreign product, and it is still not a part of the common Chinese meal. This food culture that exists among Chinese people, has created an attitude and perception where salmon is regarded as a product most appropriate for cold dishes, and thereby mainly as sushi and sashimi.

Another trend that is commonly recognized is topic regarding health consciousness\textsuperscript{76}. The rapidly growing middle class are aiming for a more healthy lifestyles, and are getting more considerate regarding what they eat. An interesting finding is that this trend is possibly connected to the one-child policy, which has led to parents being more concerned with taking good care of the child and spoiling it. In addition according to a population officer, China can expect a baby boom as more and more only children grow up and get married. The reason to this is the government's family planning policy, where couples in which both man and wife were raised as single children are now authorized to have two babies\textsuperscript{77}. Further more Chinese folk customs of zodiac may affect the birth rates, as it is commonly believed that being born in certain years are of good fortune. China saw a baby boom in 2000 when people wanted their children to be born in the year of the Dragon and in 2007, known as the year of the Golden Pig.\textsuperscript{78}

**Technological Factors**

There are not many topics that can be mentioned related to technological factors regarding consumption of fresh Norwegian salmon in Shanghai. the transportation in Shanghai has developed over the years when it comes to the cooling system of transportation\textsuperscript{79}, but there are still room for improvements.

\textsuperscript{76} Appendix CD: Landprofil Kina. 2007. NSEC.
\textsuperscript{77} http://china.org.cn/english/China/208057.htm Date: June 3. Time: 15:56.
\textsuperscript{78} http://www.chinadaily.com.cn/china/2007-01/11/content_781352.htm Date: June 3. Time: 15:56.
\textsuperscript{79} Appendix Interview: Åshild Nakken
8.2.3. PEST-Analysis – Findings in Hong Kong

Political Factors
Hong Kong became a Special Administrative Region (“SAR”) of Mainland China following an agreement with the United Kingdom on July 1, 1997. Mainland China agreed not to interfere with the affairs in its two SAR’s (the other being Macau) and both were allowed to exercise autonomy, except in defence and foreign affairs. The Hong Kong government is responsible for its own administration, legal system, police force, monetary system, customs policy, immigration policy, and delegates to international organizations and events.

In contrast to Mainland China's civil law system, Hong Kong continues to follow the common law tradition established by British colonial rule. Hong Kong has a well-established rule of law and transparent regulations with low and predictable taxation, which makes it easy.

Economical Factors
Hong Kong is regarded as having one of the world’s best examples of a free enterprise economy due to its low taxes, unrestricted flow of foreign currency, skilled labour force, well-developed financial system, an entrepreneurial environment and freedom from foreign exchange controls. Over the past decade it has been named the “freest economy” in the world several times by international organizations.

The Hong Kong SAR is among the wealthiest entities in Asia, with a GDP per capita of almost HK$ 214,000 (nearly US$ 27,527) in 2006. Although income disparity in recent years has aroused increasing public concern and discussions in Hong Kong, the purchasing power among the people is still regarded as very high.

the interviewees in Hong Kong have thorough experience with and knowledge of the salmon industry, and they all considered Hong Kong a mature market when it

81 Doing Business in Hong Kong. 2007.
82 Doing Business in Hong Kong. 2007.
came to salmon. One of the respondents\textsuperscript{83} said that he believes the reason why the sale of Norwegian salmon in Hong Kong continues to grow is the strong economic growth Hong Kong has had in recent years. According to statistics Hong Kong’s economy has had a strong growth recent years, and the restaurant receipts grew by 9.5% in 2006, and by 13.4% in 2007 based on a year-to-year comparison\textsuperscript{84}.

**Socio-Cultural Factors**

Hong Kong was under British rule until 1997, and British influence is still evident everywhere including in the dining culture. Hong Kong's cuisine is renowned for its exotic fusion of Eastern and Western flavours along with a wide variety of culinary delights. It is a cultural blend of Chinese traditional food and western flavours. Hong Kong is looked upon by other cities when it comes to trends, NSEC hopes other cities in Southeast-Asia will look at Hong Kong also when it comes to the sushi sashimi segments\textsuperscript{85}.

**Technological Factors**

The transportation/logistic/distribution technologies that exist today are well developed; possible changes that may occur here are expected to be in the direction of upgrading and improvement in the efficiency regarding cooling systems.

**8.2.4. Michael Porter’s Five Forces – Findings**

Michael Porter's five forces analysis is a framework for industry analysis and business strategy. Due to the special position that the Norwegian Seafood Export Council is in the authors have done some adjustments to the model, which refers to the Norwegian salmon industry in the Shanghai and Hong Kong market as whole. The purpose of this model is to provide a framework for the industry as being influenced by five forces. The authors have analysed the five factors in the Chinese market based on findings concerning the five forces.

\begin{flushright}
\textsuperscript{83} Appendix Interview: Marine Harvest
\textsuperscript{85} Appendix Interview: Åshild Nakken
\end{flushright}
Supplier

The suppliers in the Norwegian seafood industry have a relative high power over NSEC as they supply NSEC with the means and resources to fund the running of the council. However, it is worth mentioning that NSEC provides the Norwegian seafood industry with valuable information regarding the different markets, as well as the PR and networks. But these things can all be acquired in other ways than through NSEC, thus making NSEC disposable in many ways. This means that the suppliers (the Norwegian seafood industry) and the NSEC have somewhat equal positions in this collaboration.

There are various different Norwegian suppliers of salmon in both Shanghai and Hong Kong, thus the industry can be characterized as very fragmented. There are a few large Norwegian salmon exporters in Mainland China market that have established their own sales offices in China to promote their businesses. There are a total of five (5) Norwegian seafood exporters with offices in China today\(^\text{86}\), all located in Mainland China - none in Hong Kong.

Intruders

In this case intruders include every countries that have the ability to provide export of raw salmon into the Shanghai and Hong Kong market in such volume that they may threaten the position of the Norwegian raw salmon.

It will take a lot of energy and time to achieve a market position for intruders even though they manage to get a foothold into any of the markets. Bigger and stronger market leaders will launch countermeasures to prevent intruders from growing and become direct competitors.

The authors’ findings from the interviews indicate that there exist local produced Chinese salmon on the Shanghai market. But because it count for a very limited sales amount and do not stand out as any threat to the Norwegian fresh salmon at the moment, the authors do not see it as an intruders. In addition, have the authors

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\(^{86}\) Apendix CD: Norwegian Seafood Companies in China. 2007. NESC.
been told that what has been sold as Chinese salmon sometimes appears to be trout, because there is no word for trout in Chinese so it is being referred to as salmon due to similarities in colour etc.

Chile has a strong position in China when it comes to frozen salmon, but due to poor infrastructure/logistics and distribution between Chile and China the country is currently not able to export a large supply of fresh salmon to the Chinese market. However, when these circumstances improve, it is likely that fresh Chilean salmon will enter the Chinese market as an intruder that may over time become a threat to the fresh Norwegian salmon.

**Substitutes**

Substitutes could be any other similar product that could replace or cover the same needs as the fresh Norwegian salmon covers today. The authors have defined substitutes as other products that can affect the demand for Norwegian fresh salmon in the Shanghai and Hong Kong markets.

There are some species of fish that can be defined as substitutes, such as *tuna* and *yellowtail*. These species was mentioned by a number of interviewees. These species was mentioned several times by a number of interviewees. Still, from the restaurant, chef, exporters and NSEC’s point of view, salmon stands out as a unique product and in their opinion any other fish cannot replace it. However, Canadian salmon and Norwegian salmon could to some degree work as substitutes for each other. When a restaurant meets inconveniences regarding Norwegian salmon, the restaurant could use fresh Canadian salmon as a substitute. But the Canadian fresh salmon is only available for a shorter period a year.

**Buyers**

The buyers in this thesis refer to the buyers of fresh Norwegian salmon; this means that the buyers can be large retailers such as Wall-Mart, Carrefour, E-mart, etc, other considered buyers are restaurants, especially those that sell sushi and sashimi. This shows that the number of buyers are higher than the number of actors that offer the product in question (fresh salmon), this provide the
Norwegian seafood exporters with a stronger negotiation power (e.g. regarding price).

**Competitors**

The industry rivals to the Norwegian salmon in the Chinese market would (according to the definition of rivalry) be salmon exporters from other countries. The Mainland China market currently has only a few countries represented in this industry, and Norwegian salmon clearly dominates the market. The same goes for Hong Kong where the competition can be described as somewhat more competitive as the market is more price sensitive. Other countries contribute only a limited percent of the total salmon export into Mainland China. The most common salmon origins mentioned were Norwegian, Chilean, Canadian and Japanese.

The authors would sum up this section by saying that NSEC does have a strong position in almost all aspects of Michael Porter’s Five Forces. The reasons why they have a strong position overall is that the Chinese salmon market is a large market with few large competitors, many buyers, and a steady supply from the Norwegian exporters, and that the entry barrier can be considered too high for some participants. The fact that the Norwegian seafood industry stands for 70% of the market in China and Hong Kong regarding frozen and fresh indicates that they are well established.

8.2.5. *Organisations Buying Process – Findings*

The buying process is different from organisation to organisation; in some organisations there are many people in the buying centre while other companies have just a few people or one. Within the big restaurant chains are headquarters often responsible for the marketing, purchasing and so on. In the single restaurants it is often the chef whom are responsible for the purchases and activities in the kitchen, and the restaurant manager who are responsible for the marketing activities in the restaurant. This way the different restaurants try to reduce the risk

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87 Appendix CD: Landprofil Kina. 2007. NSEC.
88 Appendix CD: Landprofil Kina. 2007. NSEC.
and ensure that supplier and purchased product has the right qualities. This also shows that the size of the organisation has a big impact on the buying process. For buyers whom uses several suppliers and does not have a relationship perspective with any of its suppliers are often concerned about the risk of not getting the right product, quantity, and so on. Guanxi and relationships are important in this context.

8.2.6. Product Life Cycle & Market Development - Findings

The authors will combine the theory of product life cycle with the theory of market development when the authors analyse the findings regarding these two theories. The reason why the authors are combining these two theories is that NSEC is in a special position due to the fact that it does not sell any products, as it is a combined marketing and information council on behalf of the Norwegian seafood industry and the Norwegian government. Even if the NSEC does not sell any products itself, the council has to keep in mind that the actors in the Norwegian seafood industry do. The actors in the Norwegian seafood industry have to keep up with the market development and at the same time have focus on the product’s life cycle. NSEC has to adjust its work to fit the Norwegian seafood industry’s market development and product life cycle. Using these theories and placing the two markets, Shanghai and Hong Kong, will help us understand how far the Norwegian seafood industry have come in its product life cycle and how far the two markets has come in their development regarding the fresh Norwegian salmon for sushi and sashimi products.

A company needs to forecast how the market is likely to develop regarding new needs, competitors, technology and so on, which means that it, also has to be market oriented. In this case, NSEC also needs to know something about changes in politics, trends, economy and so on. This is factors has been analysed in the PEST analysis.

The council’s strategy has to accommodate to the product, market and competitors changes. This means that NSEC has to be aware of all the changes that are taking
place in the industry for its marketing and information to change along with the changes that the Norwegian seafood industry goes through. The product in question, raw Norwegian salmon for consumption as sushi and sashimi, has not come equally far in the two markets. In Hong Kong, the consumption of raw salmon in products like sushi and sashimi is something people are used to, and according to Christopher Chan (Operating Service Manager GSHK in Genki Sushi) people in Hong Kong have good knowledge regarding sushi and sashimi. The Hong Kong market can be regarded as mature because the sale numbers have slowed down. Most of those who the authors interviewed in Hong Kong also thought that the Hong Kong market had reached a mature level in the product life cycle, but they still believed in a small-continued growth. The reason why they still believed in a small-continued growth were the economical growth, the fact Japanese food remains a strong trend, health consciousness and so on. According to the product life cycle theory, the maturity stage can be described by sales numbers at their peak, the operating cost per customer being low, the profit high, the customers premature and in the majority and the number of competitors is stable and beginning to fall. All this also indicates that the Hong Kong market can be regarded as a mature market according to the market development theory as there are many competitors who meet and serve the market demand. According to some of our interviewees in Hong Kong, they had already noticed that the profit was reduced as a result of all the competition in the market from all the different restaurants and outlets.

According to Carl Arthur Solberg (“Internasjonal markedsføring”. 2005), this does not necessarily mean that the demand is about to cease; the case can be something totally different – maybe there are other developments in the markets that causes the demand to cease. For the Hong Kong market many of our interviewees thought that the number of sushi restaurants and sushi outlets was the reason why it looked like the sales were about to stagnate. But the interviewees where still positive regarding the future for the sushi segment in Hong Kong, and they still believed in a small growth in sales numbers. The interviewees believe that there are still possibilities in expanding the sushi segment through the price range and expanding the sushi menus.
The Shanghai market is a different story. Our experience after all the interviews in Shanghai is that most of those the authors interviewed do not have a lot of knowledge about (raw) salmon or about Norway, neither do they have adequate information about the market’s consumption or the markets/end customer’s preferences and/or attitude towards these kinds of products. Most interviewees in Shanghai characterized the Shanghai market as a growing market. But the growth stage is characterized by quickly growing sales numbers, medium operating cost per customer, growing profit, the customers can be described as premature and the number of competitors is growing. This does not describe the Shanghai market and the sushi and sashimi segment within the restaurant business. The Shanghai market would be better described by saying that the sales numbers are low, the operating costs per customer are high, the profit is negative, the customers can be described as innovators and at this stage there are normally few competitors, which means that the Shanghai market is in the introduction stage. Mr. Mass (Cook at Hanagatami Portman Ritz-Carlton Hotel) says that sushi and sashimi have become common and accepted by the urban people and the younger generation in Shanghai, and he also says that there is a good potential for further growth and that the Norwegian salmon still is recognised as an exclusive product. This indicates that the sushi and sashimi segment has not managed to get a steady hold of the end customers and that there still are some sceptical end customers in the market. Those end customers who have accepted the sushi products can be characterised as innovators. All this indicates that the market is in the beginning of its development and can therefore be said to be in the emergence stage of the market development.

Just by comparing the two markets, Shanghai and Hong Kong, the authors can say that NSEC has to be able to fan out its knowledge on several markets, and NSEC and the Norwegian seafood industry can take advantage of the information and knowledge that run through the council. The open and easy access to the information and knowledge contribute to the effectiveness of the overall marketing effort.
8.3. Business-To-Business – Findings

NSEC has implemented the market concept as a company-management-philosophy within the council as it are consumer-oriented towards the Norwegian exporters, profit-oriented towards increasing the export of Norwegian seafood, and everyone the authors have spoken to within NSEC have all shown understanding of the important role marketing has for the council and in the market.

In the implementation of the market concept philosophy NSEC uses market orientation through customer orientation, competitor orientation and inter-functional orientation. In customer orientation, NSEC works with getting hold of information related to the restaurant business, on of the steps in that direction is this thesis. NSEC says that it already has a certain understanding and knowledge, but wishes to verify/invalidate what they think the people in NSEC know. In addition, NSEC can make use of the Norwegian exporters and its knowledge and acquaintance with the restaurant business. This way NSEC can build up their understanding and knowledge faster and more easily. The Norwegian exporters who are in contact with the restaurant business today might also have an idea and/or opinion about how this business will develop in the future. When it comes to competitor orientation NSEC should have an understanding of other countries’ strengths and weaknesses as well as their short-term and long-term strategies when it comes to exporting seafood. Through an Inter-functional orientation NSEC can make sure that their customers, the Norwegian exporters, receive maximum value. This can be done through a close relationship and co-operation with the Norwegian exporters and through priorities where activities that give the most value for most of the Norwegian exporters are the activities that are carried out. In addition, NSEC contributes by sponsoring and similar when exporters themselves ask for it in connection with activities they carry out themselves. NSEC also has information systems, market monitoring and market research in the shape of Internet, monthly reports, and so on.
8.3.1. **The Corporate Market vs. The Consumer Market - Findings**

NSEC provides services and information to organisations – export companies and others who are interested in information related to the Norwegian seafood industry. The relationship NSEC has with the Norwegian seafood industry plays an important part for NSEC when it comes to factors such as trust, long-term co-operation, and a good and open two-way communication. This means that the Norwegian actors in the seafood industry obtain a more compatible image in the foreign trade. The competition is becoming more global on the corporate market; this is also one thing NSEC is aware of and is one of the reasons why NSEC was established. NSEC has, as mentioned in the beginning of this thesis, representatives in ten countries - including China. The representatives in each country all try to promote Norwegian seafood in the country as much as possible through marketing adjusted to the country in question with its culture and trends, along with a close co-operation with the Norwegian seafood industry.

8.3.2. **Relationship Marketing – Findings**

NSEC has always focused on relationship marketing towards the Norwegian exporters and the Norwegian seafood industry. The goal is a long-term relationship along with factors such as trust, long-term co-operation, and a good and open two-way communication. The relationship is profitable in the way that the co-operation gives both parties knowledge and an advantage in the industry. Relationship marketing demands a high and even level of quality from both parties in the relationship.

8.3.3. **Guanxi – Findings**

There is a durable network between NSEC and the Norwegian seafood industry, which provides mutual acquaintance and recognition, and provides each party with the backing of the collectively owned capital in the shape of understanding, information and knowledge of the industry. Guanxi is important in the Chinese business culture, and will play a key role for NSEC now that they are considering moving on to the restaurant business.
8.4. Branding - Findings

The Asian market is becoming slightly more aware of brand identity, as it is capturing more and more consumers. China has achieved a new and profound confidence with the booming economy, and the emergence of millions of middle-class end customers with an increasing disposable income enables customers to buy brands. Branding and brands are closely linked to developments in society, and to people and cultures, and NSEC and the Norwegian seafood industry can therefore make use of branding as a strategic concept by influencing the economic development of societies.

As the NSEC tries to appeal to Chinese customers emotionally by adjusting the marketing of the brand to the culture of these customers, the council is also aware that China is a big and diverse country, with a history and cultural heritage, religious affiliations, migration and the pattern of a rural vs. urban divide, and that the cultures are collectivistic.

NSEC knows that stressing their country of origin can help their sales through positive associations. The “Made in” label can help increase a brand’s equity. Customers rely on the origin of a product when they are unable to tell the true quality of the product before purchasing. As for the more unknown brands, customers are likely to rely on the country of origin – NSEC can take advantage of this when introducing new seafood to China.

NSEC has established a common brand vocabulary within the council to ensure that issues are communicated at a common level.

The role of brand visibility must not be underestimated. NSEC receives much credit for the work they have done in Hong Kong, by making their logo well known both within the seafood industry, the restaurant business and among end customers (i.e. in supermarkets and so on). The brand visibility is looked upon as a sign of quality and other positive aspects.
When it comes to export branding, in these cases, the product’s country of origin acts as a proxy for judging the quality of the product. A country’s intangible assets are associations on quality dimensions that a country has gradually acquired through the export of goods and services.
9. SWOT-Analysis

The authors will now sum up the findings in the SWOT-analysis, which will end with an analysis of Critical Success Factors (CSF) in next chapter where the authors present those that are most prevailing. NSEC has requested that this thesis would end with a SWOT-analysis; therefore will the authors go thoroughly into the analysis and give a more complementary description of the findings than required of the thesis. The thesis also require the authors to come with some strategic guidelines, this will be done in the next chapter.

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Figure 5: SWOT
9.1.1. SWOT-Analysis Internal

Strengths

Market leader

Norwegian salmon has obtained a strong market position in both Shanghai and Hong Kong. According to Åshild Nakken⁸⁹, fresh Norwegian salmon hold 99% of the market shares in Mainland China; she cannot provide numbers for the market in Shanghai but says that it is probably equally high. In Hong Kong the fresh Norwegian salmon hold 89% of the market shares while the Canadian fresh salmon is the second largest with 9.8% market shares⁹⁰. The reason why the fresh Norwegian salmon hold such large percentage of the market is, according to Åshild Nakken⁹¹, because of the enormous demand for the Norwegian salmon, which is a consequence of the strong preferences in the market and the great sales- and profiling work that has been done by the Norwegian seafood industry through many years. According to Åshild Nakken⁹², there are few competitors to the fresh Norwegian salmon – the Norwegian salmon control the market when it comes to delivery of high quality fresh salmon throughout the entire year. No other country can deliver fresh salmon throughout the entire year.

NSEC possess a high level of competence

NSEC have been in the Chinese market for more than ten years, they first established representation office in Hong Kong in 1995 that was moved to Beijing in 1998 and has been there since. NSEC has conducted research and holds information about the seafood markets in Shanghai and Hong Kong. But NSEC feels the need for more information regarding the restaurant business in the two markets, as NSEC have best knowledge about the consumer market. By improving the knowledge regarding the restaurant business NSEC is able to make the most of the developments that is taking place in the markets today regarding sushi and sashimi.

⁸⁹ Appendix Interview: Åshild Nakken
⁹⁰ Appendix CD: Landprofil Hong Kong. 2007. NSEC.
⁹¹ Appendix Interview: Åshild Nakken
The Norwegian salmon has a good image and reputation

NSEC carries out marketing activities in the markets where they are represented. These activities attract attention towards the salmon with Norwegian origin. The Norwegian salmon has managed to establish a good image and reputation in the Shanghai and Hong Kong markets. But the author does not think that there have been enough activities within the restaurant business in Shanghai, as NSEC still is quite unknown among the majority of the respondents. This provides big room for improvements.

Quality and stable supply

Quality and stable supply are the main factors that have been highlighted by our respondents regarding the fresh Norwegian salmon. Raw salmon is mainly used to make sushi and sashimi that requires the fish to be fresh, therefore many restaurants has expressed that they are very fastidious regarding the quality and the stable supply of the salmon. The fresh Norwegian salmon answers all the requirements regarding the quality when it comes to raw salmon as an ingredient for sushi and sashimi products, this has led the Norwegian salmon to be placed above other salmon origins. In addition, the requirement for fresh salmon call for a stable supply; Norway is also able to answer this requirement, as there are fresh salmon flown in from Norway approximately everyday to both Shanghai and Hong Kong.

Weakness

Lack of visibility in the Shanghai market

NSEC, along with their logo and the good reputation of Norwegian seafood, is more visible in Hong Kong than they are in Shanghai; this is, according to the respondents, a result of the comprehensive labelling in Hong Kong and the lack of labelling in Shanghai. In Hong Kong one will see labels on the Norwegian seafood in the stores, and often on the menu in restaurants, that says the salmon is of Norwegian origin. But in Shanghai is the labelling not so widely used, and not every restaurant menu informs the consumer where the salmon/seafood is

92 Appendix Interview: Åshild Nakken
93 Appendix Interview: Åshild Nakken
originally from. In addition, the authors did get the impression that the personnel in the restaurants in Hong Kong hold knowledge about Norwegian salmon and its advantages regarding origin and health, which they gladly shared with the restaurant guests - this contributed to what the authors like to call “oral” visibility. In Shanghai the story quite another, the visibility is extremely low, and the authors got an impression that the acquaintance with NSEC in the restaurant business was equally low. As none of the restaurants the authors were in contact with had any knowledge about NSEC, none of the restaurant respondents had heard about NSEC or were familiar with the logo of NSEC.

NSEC’s lack of network/guanxi in the restaurant business (Shanghai)

The authors early on discovered that NSEC does not obtain much of a network/guanxi within the restaurant business. This was discovered, as none of the restaurants the authors were in contact with knew of NSEC. In addition, NSEC did not have any contact persons in the restaurant business when the authors asked about this early in the process with the thesis. NSEC has previous had their main focus on the end consumers and targeted retailers in an effort to reach the targeted end consumer group. This has lead to less focus on the restaurant business and a more superficial relationship towards this business.

NSEC is unknown within the restaurant business (Shanghai)

In Shanghai there are not many people in the restaurant business, or among end consumers, that know about or have heard about NSEC, while in Hong Kong the situation is the opposite – both the restaurant business and the end consumers are familiar with NSEC or their logo. Norwegian salmon sold at hypermarkets in Hong Kong is often labelled with the logo of NSEC or a Norwegian flag, but the products are not sufficient labelled in Shanghai. According to some of the respondents NSEC has used more time and effort to educate end consumers and the restaurant business in Hong Kong about the origin of the Norwegian salmon, the respondents feel that NSEC has not gone through the same effort in Shanghai. NSEC is well known in Hong Kong where the majority in the restaurant business knows about their work, and speaks highly about all the promotions and events NSEC has arranged that has contributed to more visibility and knowledge about Norwegian salmon in the Hong Kong market.
Poor knowledge level within the restaurant business in Shanghai

The authors found that the restaurant business in Shanghai occupy poor knowledge about NSEC, and holds restricted knowledge about the Norwegian salmon, all of its advantages and range of usage. None of the respondents in Shanghai recognise the NSEC logo when the authors presented it to them. In Hong Kong was the situation reversed; the majority of the restaurant respondents were familiar with NSEC and their work, and the NSEC logo was well known to them. In Shanghai the sushi and sashimi menus were very limited, and contained just a few variations of sushi and sashimi. The situation, or to be more correct – the development, was a little better in Hong Kong. The menus contained several different variations of sushi and sashimi; in addition the authors felt a screaming desire to develop the menus even further to satisfy both old and new customer-groups.

In Hong Kong the respondents had knowledge about the breeding conditions of the Norwegian salmon, as well as Norway, the long cold coasts and so on. Where as in Shanghai, the respondents’ knowledge (roughly speaking) was limited to just knowing that salmon was of Norwegian origin

9.1.2. SWOT-Analysis External

Opportunities

Market growth (Shanghai)

As already mentioned Mainland China has experienced an annual growth rate in GDP by nine (9) to ten (10) percent the last 25 years. In addition, the authors has also mentioned that Hong Kong are among the wealthiest entities in Asia with an growth in GDP of more then 6.4% in 2007 based on a year-to-year comparison. This development has already resulted in an increased number of new restaurants in every price range in both markets. But the Shanghai market can still be regarded as a big opportunity for further development, as the marketplace is quite large compared to the number of restaurants. In Hong Kong the development is going towards growing number of restaurants, mostly within the low price

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restaurants chains which opens for a whole new customers segment. It is expected that these restaurants also will come to the Shanghai market in the future, many of our respondents said they are just waiting for the Shanghai market to develop further. In addition is it expected that the Olympic Games 2008 (many activities regarding the Olympic Games will take place in Shanghai), World Expo 2010 and other future events will contribute to strengthen the growth for salmon in the Shanghai market even more.

Higher food price
The food price inflation has increased dramatically the last year. For instance the price of chicken and other kinds of meat has been tripled during this year. This provides an opportunity for the Norwegian salmon to increase its market share. As far as the authors know has the food price inflation not yet influence the menu prices in the restaurants. But it would be wise to expect that the food price inflation also might influence the prices in the menus in restaurants, which might provide an opportunity to increase the sales numbers for the Norwegian salmon.

Strong Chinese currency (RMB)
The strong Chinese currency may lead to an increased profitability for Norwegian exporters and work as the determent stimulus for further increasing sale numbers.

Growth in purchasing power
Strong growth in the economy, especially in Shanghai, has led to stronger purchasing power among the general population. China (including Hong Kong) has a large population, and a continued growth in the purchasing power will lead to an increased product demand that will provide the Norwegian salmon with an enormous opportunity.

Market trends
A trend that has started to arise (in both markets) with the growing middle class is the growing health awareness, end consumers seem to favour the Norwegian salmon as it is a healthy product due to the high protein level, high Omega-3 acids, and high vitamin D content. In association to this trend the NSEC organize
projects like, for instance, the “Beauty project” which focuses on the healthy aspects of the Norwegian salmon like the high content of Omega-3.

The one child policy in China has nurtured a tendency where parents tend to spoil the child and provide the child with the best products they can afford. In association to this (and the trend regarding health awareness) parents are very conscious when it comes to the food they serve their child. As salmon is sailing up as an important and trendy health product, there is a huge opportunity for the Norwegian salmon to achieve market growth. In addition, the baby boom in the year 2000 and the assumed baby boom this year (2008) might even strengthen the demand further for the Norwegian salmon.

Japanese food is getting more commonly accepted among end consumers (Shanghai), and are becoming quite popular among the younger generations. This provides a tremendous opportunity for the Norwegian salmon as an ingredient in sushi and sashimi products within the Japanese restaurants.

Logistics
Flights to Shanghai and Hong Kong are available approximately every day, which provide an opportunity for the Norwegian salmon.

Threats
Competitors
Currently there are not too many competitors for the Norwegian salmon in Shanghai and Hong Kong according to the authors’ findings. The authors are aware of Norwegian, Canadian, Japanese, Australian, Scottish, Irish, Chinese and Chilean (mainly frozen) salmon, but according to the respondents, none of these are of such character that they are regarded as serious competitors to the Norwegian salmon. The competitive situation might not be a threat at the moment, but the authors are afraid that this might represent a threat if the Norwegian seafood industry pays little attention to these competitors as they might develop over time.
The strongest competitor at the moment, in both markets, is the Canadian salmon which holds only a very small market share of fresh salmon compared to the fresh Norwegian salmon which in 2006 holds 94% market share\(^96\). This is the reason why the competitors are not regarded as any threats in the short-term perspectives.

**Substitutes**
When it comes to substitutes there are some other fish species that are gradually becoming more popular. The most frequently mentioned ones are tuna and yellowtail, but some of the respondents say that the Norwegian salmon is unique and cannot be replaced by other products. The Canadian salmon was by some respondents described as a substitute, but they pointed out that the quality was not the same as on the Norwegian salmon and that the limited supply (only able to deliver fresh salmon a short period a year) was major setbacks for the Canadian salmon.

**The clinical picture of the salmon**
Diseases among Norwegian salmon are a huge threat for the Norwegian seafood industry; not only for the farmer in question, but it can cause spin-off effects to the entire Norwegian seafood industry.

**Salmon desertion from farms**
Desertion of salmon from farms can provide a threat, as this can lead too small amount of breeding salmon for delivery.

**Law and regulations**
Changes in laws and regulations like taxes and duties will have a huge impact on the export of Norwegian salmon. Food safety inspection and custom checks is issues that has already become much stricter because of the Olympic Games 2008, and is expected to become even worse as the event approaches. This can lead to problems like delays or even a shortage of supply of Norwegian salmon that would create a threat for the sales numbers of Norwegian salmon. The same situation is assumed when the World Expo 2010 in Shanghai approaches. All this

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\(^96\) Appendix CD: Landprofil Kina. 2007. NSEC.
will affect the Mainland China (Shanghai) market more than it will affect the Hong Kong market.

Transportation costs
Transportation costs can increase as a consequence of the increased oil prices. But this is a matter that does not concern NSEC, as they are not responsible for any transportation.
10. Strategic Guidelines

The strategic guidelines will be based on the findings and relevant theory, but the main focus will be on the findings from the SWOT-analysis based on the Strategic Problem Definition (SPD), (short-and long-term) goals and the following Critical Success Factors (CSF).

10.1. Strategic Problem Definition (SPD)

The authors have drawn a picture of the market situation of NSEC and the Norwegian salmon in Shanghai and Hong Kong in the SWOT-analysis above, based on this have the authors chosen to define our Strategic Problem Definition (SPD) as follows:

*How can NSEC make use of their high competence and leading position of the Norwegian salmon and its good image in the Shanghai and Hong Kong markets to further utilize the two markets, obtain stronger brand awareness, better visibility and gain a solid network/guanxi?*

Even though most of the negative factors that were revealed in the SWOT-analysis were regarding the Shanghai market this does not mean that NSEC should exclusively focus on the Shanghai market, merely that they should have the majority of focus on the Shanghai market. And still pay attention to the Hong Kong market and contribute to the developments that are taking place there. In the Shanghai market, NSEC can take advantages of the development they have seen in Hong Kong - as Shanghai probably will develop in much of the same way. But differences in the development can appear; this is something NSEC should be prepared for.

Based on the findings and the SPD have the authors produced the following short- and long-term goals for NSEC:
Short-term goals for China (including Hong Kong):
Expand visibility and network/guanxi in Shanghai, to increase the purchase frequency in both markets.

Long-term goals for China (including Hong Kong):
Work towards the slogans “the best seafood comes from Norway” and “we (the Norwegian seafood industry) shall win the world for seafood”, and become the largest importer of fresh Norwegian salmon in Asia within the year 2013.

10.2. Critical Success Factors

Critical Success Factors (CSF) is a business terminology regarding factors that it is necessary for NSEC to do well in order to cope with the competitive forces within the industry in question – the Norwegian seafood industry. For the fresh Norwegian salmon to utilize the market and at the same time maintain or strengthen its position as markets leaders (in Shanghai and Hong Kong) is it important to identify the factors that are critical to achieve success, the authors has identified the following (three) CSF based on the SWOT-analysis and the Strategic Problem Definition (SPD), along with the short- and long-term goals;

- Visibility (external branding) – in the Shanghai market
- Network (guanxi) (interactive branding)
- Personnel (internal branding)

Different factors stand out in the different markets this demands different strategies.

10.2.1. Visibility

If NSEC focuses to improve the visibility they can achieve stronger brand awareness and maintain their good image. Visibility deal with the question about how visible the product, fresh Norwegian salmon, is in the market. Here there is a tremendous improvement potential when it comes to Shanghai. If the Norwegian fresh salmon wants to be placed as a top of mind products, regarding the
restaurant business and the end consumers (both in Shanghai and Hong Kong), visibility is essential. The visibility should be built both towards those who work in the restaurant business (e.g. chefs, management, and waitresses) and the end consumers (the restaurant guests). NSEC could work with or towards the restaurant business regarding creating new recipes of salmon dishes.

The authors have discovered that the level of knowledge within the restaurant business is quite low especially in the Shanghai market. Brand equity can be used to correct this. As brand equity can be defined as *the effect marketing has on the customers’ response to the product*, the consumers are here the restaurant business and the product is the fresh Norwegian salmon. Brand equity is what makes the customer prefer the Norwegian fresh salmon above fresh salmon with other origin. How much the customer is willing to pay for the Norwegian fresh salmon compared to salmon with another origin can be considered a measurement on brand equity. NSEC can build up brand equity by encouraging and educating the restaurant personnel when it comes to handling and preparing the fresh Norwegian salmon.

NSEC should also put some effort in trying to incorporate the biggest restaurant and hotel chains in promotion campaigns, in the same way as NSEC have done with Carrefour and so on when it comes to visibility. And through these larger actors build up visibility.

NSEC can make use of branding strategies to increase the visibility. Branding is an important part of a company’s product strategy and demand vast long-term investments to build a brand product, not at least in advertising, promotion, etc. A brand can be defined as a delivery of determined characteristic, advantages and services to the customer. Branding is used to make it easier to separate one product from another; NSEC can make use of better visibility and labelling to separate the Norwegian seafood from seafood with other origin. Cooperating with restaurants regarding menus and profile the NSEC logo in the menus can do this. Clearer and more credible labelling could be attributes that most likely provide more reliability among consumers, which would help to assure the origin of the salmon. All factors that would provide the product with additional value are
regarded as attributes. The Council can improve the product value that is being offered by focusing on attributes. As some respondents mentioned it could be hard to get in touch with exporters or retailers of Norwegian salmon in Shanghai, the authors suggest that NSEC support the Norwegian seafood exporters by becoming more visible. Providing market information as an attribute to the core product, Norwegian salmon, would likely add great value to customers and become a competitive advantage of the Norwegian salmon. One way to do this is by creating a forum for Norwegian salmon exporters and potential buyers, this forum could of course be available for the entire Norwegian seafood industry all over the world and not limited to one market. To make the forum better arranged could there be a menu that allows the users to choose the desired market. This way the forum could work as a communication channel for the Norwegian seafood industry, and favour the suppliers, retailers and also the salmon product. A restriction in relation to the forum has to be that the members are connected to the Norwegian seafood industry or/and the Norwegian salmon. A forum like this would increase the visibility, and make it easier to connect to other actors in the industry.

Policy instrument, which the authors recommend to increase the visibility, are:

- **PR and press release** on web sides like smartshanghai.com og cityweeken.com about the fresh Norwegian salmon, its benefits and in which restaurants this food can be enjoyed, in addition can small booklets with information and recipes be provided to restaurants that offer fresh Norwegian salmon.

- **Sponsoring** to restaurants regarding different kinds of promotion of the fresh Norwegian salmon.

- Participate on **industry exhibition** to show of the fresh Norwegian salmon and to provide information and knowledge to the restaurant business.

- **Marketing events** such as chef contests, and happenings in relation to the Olympic Game events that will take place in Shanghai.

- **Celebrity endorsement** when a celebrity or a public figure may also help the brand achieve wider awareness and better recall.
10.2.2. Network/guanxi

NSEC is today lacking the right network/guanxi when it comes to the restaurant business, as many of the respondents told the authors that they do not have any acquaintance with NSEC. This can contribute to make it more difficult for the NSEC to obtain a strong and profitable network/guanxi. The authors have gotten the impression, from the respondents, that network/guanxi is a vital factor for a collaboration in China – both to get a collaboration and to obtain it.

The authors recommend NSEC to co-operate more intensely toward the restaurant business together with the Norwegian exporters whom today are working towards the restaurant business. Those exporters the authors have been in contact with cannot give information about which restaurants they are working with, as trust, loyalty, relationship and so on are of importance in the Chinese market and in the restaurant business. But the authors believe that NSEC can excess this information easier then the authors (=students), and based on this NSEC can co-operate closer with the exporters towards the restaurant business and at the same time achieve a better network/guanxi.

The restaurants, which the authors have been in contact with, have been generally positive to collaboration and/or events in co-operation with NSEC. Where NSEC can contribute to educate the chefs and restaurant personnel about the Norwegian salmon and its benefits and characteristic usage property. The respondents generally think this will make the personnel better shaped to sell the Norwegian salmon. In addition several of the respondents did suggest events that aimed at the restaurant guests, as they are the ones that have the biggest decision power regarding sales number in a restaurant.

As China is one of the largest markets in Asia the key to business success is a good distribution. Given the tremendous size of the country (China, including Hong Kong), is it more important for global brands to reach every part of the market and the Council must make sure that all these places gets proper delivery consistently. Efficiency improvement regarding forms and regulation when it comes to the logistics can provide an opportunity for the Norwegian seafood industry. NSEC can work to simplify or improve the document processing
concerning import to China. With a bigger and broader network this is a problem NSEC easily could have wangled.

10.2.3. Personnel

NSEC posse’s high competences due to their highly qualified personnel whom all have different backgrounds that combined contribute to increased competence. This mixture of different backgrounds is an important contributor to maintain and further develop the competence.

The exporters, that the authors have been in contact with, have all expressed concern about NSEC’s limited human resources in the Chinese market. As there is just one person with an assistant working the entire market. China including Hong Kong is a big and diverse country, and a lot for one person to cover alone even though NSEC has a lot of knowledge about the Chinese business culture and market. This presents a constraint on the preferment NSEC is able to present.

A solution to this problem might be to divide the market between business-to-business and business-to-consumer. Seeing that these two directions have different characteristics and demands. Business-to-business are characterised with fewer buyers whom buy bigger quantity hence are the purchases larger and the relationship between customer and supplier have a great influence on the decision making regarding a purchase. Based on these facts will the authors’ advice NSEC to employ one person that can work working full-time towards the restaurant business to build up network/guanxi within this segment. This would be easiest if it were done by a person with a Chinese background, whom speaks the nations language (Mandarin in China and Cantonese in Hong Kong) and knows both the Norwegian and Chinese culture. Seeing that Hong Kong has developed further than Mainland China and that one can get very far by using English the authors believe that it would be satisfying if the right person speaks fluently Mandarin and English. In addition, must, of course, other criteria such as motivation, knowledge, etc. be fulfilled. The reason why one person should be responsible for this segment is because if one person is responsible it will be easier for the business to act in accordance with this person.
When it comes to the business-to-consumer the authors here think of business towards the end consumers. In this business direction is personal relationships of less importance. This means that the authors recommend that NSEC should have one person to be responsible for the end consumer market, while another person is responsible for the business market. This because the Chinese market (including Hong Kong) is of such a severe size, that it will be impossible for one person to cover both directions. This has proven to be the case in the today’s situation, where the Norwegian Seafood industry and Åshild Nakken herself has noticed the subject.
11. Conclusion

The authors have, through relevant theory, analysis and qualitative data, tried to gain relevant information and knowledge to answer the research aim. The aim of this thesis was to provide NSEC with a foundation when they begin their project of expanding the sushi and sashimi concept in restaurants, with the fresh Norwegian salmon as a main ingredient. To provide NSEC with the right foundation the authors have used secondary data and a primary research (in-depth interviews) in order to give a better insight and understanding of the subject, the authors summed it all up in an SWOT-analysis.

NSEC will use the findings to carry out a strategic evaluation and make a marketing plan to further develop the market for the fresh Norwegian salmon. Based on the marketing plan NSEC produce will they make a communication strategy and plan, in addition will NSEC also develop a new method of usage for fresh Norwegian salmon as a main ingredient in the sushi and sashimi segment.

The research aim was narrowed down to the following problem definition:

“*What are the preferences toward use of raw Norwegian salmon in sushi and sashimi products, in restaurants in Shanghai and Hong Kong?*”

In China the Norwegian salmon is mostly used to make sushi and sashimi in restaurants, which requires that the fish is fresh and of good quality. As a result it seems like the freshness, the quality, the stable supply and the price are the most important factors for the restaurants when purchasing salmon.

In both the Shanghai market and the Hong Kong market are the population predominantly of Chinese descent where the culinary food traditions are quite similar. This can help explain why the taste and preference for salmon among consumers in Shanghai and Hong Kong are so alike. The restaurants prefer whole salmon in big size (6-8kg) with firm meat that are oily and have a mild fish taste to it. All these product qualities match the fresh Norwegian salmon well.
NSEC operates in the ideal business area where they face huge opportunities and a few threats. The authored recommends NSEC to focus on visibility, network/guanxi and personnel where the as the two first are of more importance. NSEC should take advantage of the favourable position they find themselves in, as an outcome of the ideal business area they operate in, and should therefore focus on the three critical success factors the authors have reached; visibility, network/guanxi and personnel. Consequently the authors propose that these factors should be the center of attention.

By utilizing the good qualities that the NSEC personnel possess, the council can build stronger network/guanxi and increase the visibility in the markets in question. The authors believes that the combination of all three critical success factors will contribute to increase the purchasing frequency of Norwegian salmon and reach the long term goal of becoming the largest importer of fresh Norwegian salmon in Asia within the year 2013.
12. Reflections

12.1. Criticism And Obstacles

Even if the analysis already has been done, it is important to consider how “good” the research is. There is always a risk for error in collection and analysis of data and information. The authors would hereunder describe some general source of error that the reader should take into consideration when evaluating the findings based on the conducted in-depth interviews in this thesis, before the authors point out some findings that are opposing.

In the approach the authors have used qualitative research in form of in-depth interviews and one of the criticisms towards this is that qualitative research can be somewhat impressionistic and subjective. The findings rely much on the view about what is significant and important, due to this the authors might have failed to obtain information regarding other valuable issues. In addition, the in-depth interviews are conducted with a small number of individuals (22), which cannot represent the whole sushi and sashimi restaurant market in Shanghai and Hong Kong. How can just one or two cases be representative of all cases? Thus it is arguable if the results/findings can be generalised to whole segment.

Then there might have been imbalance for who the authors has chosen to interview, as it have proven to be hard to get in touch with people one wanted to talk with in the first place. In addition, there seems to be a sign that some of the respondents might have had inadequate knowledge on various subjects in the interviews, and as a result they did not have enough foundation and/or knowledge to give trustworthy response to some of the questions which might have resulted in less credible answers.

Another potential source of error arises from the fact that not all respondents may have answered accurately and honestly. This might be because the questions are considered to be sensitive. During the interviews the authors have experienced
that respondents say they cannot answer various questions as it is confidential information or because they did not know.

Language obstacles might have lead to many misunderstandings and interpretations faults. The language has been one of the largest barriers/problems during the research process in this thesis. Even within the same culture and language a certain loss of meanings can occur when persons are transmitting messages to each other. It is naturally that the lost meanings and misunderstandings increase as the cultural distance grows. Many of the respondents of the in-depth interviews conducted in Shanghai were done in Mandarin, as the respondent’s English skills often were limited. Some of these interviews where done without an interpreter which have affected the quality of the results - as the interviewers only mastered basic mandarin skills. Even when the authors used an interpreter during the interviews is there a possibility that message got lost.

12.2. Possible source of errors of the conducted interviews

As the authors are not supposed to change or correct any of the data collected, the authors can only point out some of the findings that were defect or/and conflicting.

According to Åshild Nakken (NSEC Director China)98, NSEC does not know of any Chinese salmon. The authors were told in one interview99 that there are Chinese salmon on the market, but that the quality, supply and size are of low quantity. According to the Norwegian exporters the authors have been in contact with is the Chinese salmon so limited that it is of no concern, also the restaurant that were asked answered that the Chinese salmon was of no interest. After further study and dialog the explanation might be in that the Chinese language do not has

98 Appendix Interview: Åshild Nakken
99 Appendix Interview: Hanagatami
separate words for salmon and trout, instead they call both species as salmon\textsuperscript{100}. This is an example of conflicting information, so is the following case.

In one of the interviews in Hong Kong\textsuperscript{101}, was it mentioned that the logistics was not a problem as the importer got \textit{“directly deliveries from Norway twice a week normally, and sometimes more frequently when the demand in the Hong Kong market is high”}. Still the respondent stated that they had a good supplier that provided fresh salmon to the restaurant every day, and that the freshness was essential. According to other interview findings can the fresh salmon only maintain its freshness for no longer than maximum two days, and if the restaurant supplier only gets fresh salmon twice a week then they would not be able to serve fresh Norwegian salmon the whole week.

\textsuperscript{100} Appendix Interview: Åshild Nakken
\textsuperscript{101} Appendix Interview: NOBU InterContinental
13. References

13.1. Books

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13.2. Reports

- Norsk sjømateksport 2005. NSEC.
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13.3. Web sites


Appendix Interview

**Questionnaires used in restaurants to chefs, managers and so on.**

The questions below are some of the questions the authors have used in our in-dept interviews with chefs, managers and so on. The questions have been adjusted to the interview-conversation, which means that not all of the questions have been asked to every interviewee and the order of the questions has been determined of the flow in the conversation.

- When did your restaurant open? Is it a single restaurant or chain?
  
  If yes: how many others? What is your concept?

- Why opened in Shanghai or Hong Kong? Comparing Chinese and Norwegian culture what differences and likeness do you see? (These questions have just been asked to those interviewees whom were Norwegian)

- When working in the China do you think guanxi or relation is important? Why? How can it affect your business/work?

- What are the biggest barriers or difficulties doing business in China?

- Do you have salmon on your menu?

- How is salmon used in their menus? What kind of dishes? How many dishes? (Menu variation)

- What is the average consumption price for a dinner/lunch?

- What is the origin of the salmon they are currently using?
  
  If not, have you ever used Norwegian salmon?

- What is your experience with Norwegian salmon?
  
  Is it a well know product? Why (do you think there are any specific reasons for that)?

- How does it differ from other salmon? (Advantages/disadvantages does Norwegian salmon have compared to other salmon)

- What do you think will be necessary to do to optimise and to expand the market for Norwegian salmon?

- The restaurants estimated usage amount?
• What are of the most important criteria for purchasing the salmon: could you give a description? (Price, freshness, frozen/fresh, availability, stability in supply, “fat content”, degree of wastage, different product cut, packaging, origin of product, product know how, food safety etc.)
• What form is this purchased? Fresh, frozen, whole, fillet, ready to use. Why? How is it delivered (box, bags)?
• Are there any other alternatives? (Whole, fillets, ready to use as “sushi toppings”)
• How important is frozen vs. fresh for the product? What is the main difference? Reasons for preferring one from the other? (Colour, texture, taste, price, others)
• Where do you buy your salmon? Suppliers?
• Does it exist other alternatives (suppliers, agents, direct exporters in Norway)?
• What is the general price level of Salmon compared to other products?
• What position does Salmon have for sushi/sashimi consumption, is it popular?
• In your opinion what do you think is the largest competing product for salmon? Substitutes? Why?
• What are the most popular/sold products? Why?
• How many salmon dishes is it on your menu? Why?
• Any general trend to for the consumption of sushi/sashimi? (Trends, consumers becoming more aware of health, usage, volume, consumer segment, menu variation, take out)
• How would you describe the market situation in the Shanghai/Hong Kong market? Why? (Introduction stage, growth stage, maturity stage or decline stage)
• What are your expectations of salmon in the future?
• How can NSEC affect this development? What will be necessary to do to optimise and to expand this market for Norwegian salmon? Or what can NSEC do in order to sell more salmon?
• Does your company execute any promotion? If so, how?
• Are you familiar with the Norwegian Seafood export council?
• If familiar to NSEC: What do you think of job done by NSEC so far, are they doing a good job?
• Do you have any suggestion to improvements? What NSEC can do to increase the reputation and sales of Norwegian salmon?

**Questionnaires used in interviews with exporters**

The questions below are some of the questions the authors have used in our in dept interviews with exporters and so on. The questions have been adjusted to the interview-conversation, which means that not all of the questions have been asked to every interviewee and the order of the questions has been determined of the flow in the conversation.

• What is your position and responsibility in the company? How long have you been working towards the Chinese market?
• How long experience does you or your company have at the Chinese market, when did your company start to export to China, and when did you establish own office here? Why China?
• What species of fish do you offer?
• Do your company offer only Norwegian fish, or do they also offer fish with other origin?
• What are the most popular species/sold products? Why?
• Who are your customers? Only customers/retailers that buy’s larger quantity or everyone including restaurants and hotels? Do you sell to Chinese importers/agents as well?
• How does your company reach the customers? Accidentally, troughs the Norwegian seafood export council or other channels?
• What do you think are the most important criteria for your customers when purchasing seafood? (Price, freshness, frozen/fresh, availability, stability in supply, “fat content”, degree of wastage, different product cut, packaging, origin of product, product know how, food safety etc)
• How important is frozen vs. fresh for the product?
What is the main difference between fresh vs. frozen and what do you think is the reason of preferring one from the other?

What is your experience with Norwegian salmon?

How does it differ from other salmon?

What advantages/disadvantages does Norwegian salmon have compared to other salmon/other seafood?

What is the largest competing product for salmon?

How much salmon does your company sell?

What kinds of product cuts are preferred? Why? (Whole, fillets, ready to use as “sushi toppings”)

How is the logistics? How often do you get fish/salmon from Norway?

What is the general price level of Norwegian salmon compared to other products?

What will be necessary to do to optimise and to expand this market for Norwegian salmon? Or what do you do in order to sell more seafood/salmon?

Does your company execute any promotion? If so, how?

Can you see any general trends for the consumption of fish/salmon?

(Trends, consumers becoming more aware of health, usage, volume, consumer segment, menu variation, take out)

What future opportunities/possibilities do you see for Norwegian salmon in the future?

What are the biggest barriers or difficulties doing business in China?

Any obstacles regarding law and regulations, Import duty, taxes etc.?

When working in the China, do you think guanxi or relation is important? Why? How can it affect your business/work?

What are your expectations of seafood market in here in China for the future?

How would you describe the market situation in these two markets? How far/ what stage would you say Hong Kong and Shanghai are in now.

(Introduction, growth, maturity and decrease)

Comparing the Shanghai market and Hong Kong market what differences and likeness do you see?
Do you think there are any differences regarding taste and preferences?

Are you familiar with the Norwegian Seafood export council?
  - Do you know what they do?
  - Have you ever been in contact with them, any cooperation or anything?

If familiar to NSEC: What do you think of job done by NSEC so far, are they doing a good job?

Do you have any suggestion to improvements? What NSEC can do to increase the reputation and sales of Norwegian salmon?

**Summaries of interviews conducted in Shanghai**

Below are summaries of interviews conducted in Shanghai.

*Interview:* 禾綠回转寿司 (hé lù huí zhuan shòu si ka) - Shanghai

Date: 24.03.2008

Interviewee: 禾綠回转寿司 (hé lù huí zhuan shòu si ka)

Type of interview: Personal interview

Present representative: Ms. Zhou - Restaurant Manager

禾綠回转寿司 is a Japanese restaurant chain that operates in Mainland China. The chain has many outlets in Shanghai. The restaurant uses a revolving conveyor belt to serve its sushi; in addition they serve at tables.

The restaurants have Norwegian salmon on their menu prepared as different sushi and sashimi products. The demand is good, and Ms. Zhou says salmon is one of the most popular sushi among all sushi and sashimi. The reason why the restaurant use Norwegian salmon is because of its good quality, and the fact that it has a good reputation among consumers. The customers are familiar with Norwegian salmon and prefer it to salmon from other places”. Ms. Zhou’s personal opinion is that the Norwegian salmon is firmer than salmon from other
places, and therefore it is very appropriate for sushi. The consistency of the salmon is an important factor. 株式会社回转寿司卡 (hé lù huí zhuan shòu si ka) buy their salmon from the market as whole fish and prepare it by themselves in the restaurant. 株式会社回转寿司卡 (hé lù huí zhuan shòu si ka) sell about one salmon each day, which equal about 5-7 kg. The Norwegian salmon has a higher cost price compared to for example Chilean or Canadian salmon, but Ms. Zhou could not provide us with the exact prices.

The only drawback with the Norwegian salmon was that the prices vary lot from period to period. Ms. Zhou says that consumers are getting more aware of what they eat, and therefore the freshness and hygiene of the salmon is very important. Ms. Zhou mentioned that the lasting ability for fresh salmon was very short, and this it had caused some inconvenience for the restaurant. Normally they could keep the salmon for up to two days and after that if the restaurant had not managed to sell it all the salmon was wasted. But this was a general problem with all fresh salmon, and not only the Norwegian salmon. Overall Ms. Zhou was quite satisfied with the Norwegian salmon.

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*Interview: Wuminosachi - Shanghai*

*Date: 24.03.2008*

*Interviewee: Wuminosachi*

*Type of interview: Personal interview*

*Present representative: Wu Jun - Chef*

Wuminosachi is a Japanese restaurant chain that serves teppanyaki, sashimi and sushi. The restaurant offer a buffet for 150 RMB; “all you can eat sushi including alcohol and beverages”. The restaurant uses Norwegian salmon for all the salmon dishes on their menu. Wuminosachi prepare the salmon as salmon teriyaki, sushi and sashimi. The restaurant use Norwegian salmon because the chef thinks that the quality of the fish is higher than salmon from other countries even though the price is higher. Mr. Wu Jun, the chef in the restaurant said that the cost price for
salmon varies a lot. At the lowest the price is around 65 RMB and up to over 110 RMB at the highest. The cost price of salmon depends on the market price, and was currently about 80 RMB per kilo. Mr. Wu is in charge of the purchasing and think price is acceptable. Mr. Wu then explains that the prices have increased quite a lot during the last two years, in a period when the prices for Norwegian salmon was on the top (110 RMB) he considered to buy Canadian salmon.

The chef said that salmon is a popular product, and that the demand is great. He thinks this might be because of the good reputation and image of Norwegian salmon. The restaurant offers buffet, so the customers would automatically choose the fish they think is the most expensive one. When the authors asked how much salmon Wuminosachi sell, Mr. Wu answered that it varies. One day Wuminosachi might sell only one fish, while another day they might sell three, but overall the restaurant sell about two (2) fishes a day (about 15 kg a fish). Wuminosachi buy the fish directly from a Norwegian supplier.

_Interview: Fuki Sushi Restaurant - Shanghai_

Date: 24.03.2008  
Interviewee: Fuki Sushi Restaurant  
Type of interview: Personal interview  
Present representative: Sting Leung - Chef/Owner

Sting Leung has worked as a cook for more than 35 year. Today Mr. Leung and his friend own and run two restaurants in Shanghai. The restaurant, which the authors visited, had opened just a few days prior to the interview.

Before Sting Leung came to Shanghai, he had been working many years abroad, mostly in Hong Kong but also in Japan. When it comes to the salmon Mr. Leung tells us that he put much emphasis on the quality of the fish, and Sting has therefore throughout all his years as a chef, prioritised Norwegian salmon over salmon from other countries. The few times he was not able to use Norwegian salmon he choose Canadian salmon, as he feels Canadian salmon is the only one
that can be compared to the Norwegian. In his opinion the Norwegian salmon contain more oil, has a nicer colour and a firm consistency that makes it very suitable for sushi and sashimi. Another advantage is the fact that Norwegian salmon is well known and recognized as good of quality; this helps the sales numbers for the salmon.

When the authors asked Mr. Leung about the most important factors when it comes purchasing salmon, Mr. Leung answered that freshness and price are most important. Mr. Leung then explains that even thought the price is of a significant importance, the quality of the fish is the main criterion. In Shanghai salmon is expensive, Mr. Leung says. And Mr. Leung finds it quite strange that the prices can at times be so much higher here in Shanghai compared to cities like Shenzhen and Hong Kong. At the beginning, Sting Leung, used the same supplier company when purchasing salmon as he had used in Hong Kong, only that the supplier now was the Shanghai branch. But the prices were obviously higher in Shanghai Mr. Leung says. More important is that even though it was the same company, the fish was fresher in Hong Kong. This was the reason Mr. Leung stopped buying from that supplier. At the moment he is buying the salmon at the Tongchuang Fish Market, but he is not too satisfied with it. The quality varies from time to time “normally the fish is ok, but a few times the fish was so bad that it smelled” (Sting Leung). Mr. Leung buys whole salmons, which he cuts and slices himself. Mr. Leung could not tell us how much they sold each day, since this restaurant has been in business for only a few days. However, the other restaurant they have sells about two fishes a day i.e. 15 kg. The salmon can bee used as sushi and sashimi for only one day, so the shelf life is very short. If they do not manage to sell the fish the first day, they usually use it to make Teriyaki for another day or two, and after that it has to be thrown out. This is a common solution for many Japanese restaurants in order to waste as little as possible of the fish.

Sting Leung was very interested in getting in touch with Norwegian salmon exporters here in Shanghai, as he considers using other supply alternatives. Sting Leung says he is very concerned when it comes to finding a good supplier that can provide him the quality salmon he needs in the long term.
Skal vi få med at Sting Leung var veldig interessert i å komme i kontakt med NSEC og norske eksportører.

Interview: Ålesund Fish - Shanghai

Date: 30.03.2008
Interviewee: Ålesund Fish
Type of interview: Personal interview
Present representative: Mr. Oliver Li - Branch Manager

Ålesund fish is one of the few Norwegian seafood exporters that have a representative office located in Shanghai. They distribute mainly Norwegian salmon, but also have other sorts of fish like whitefish, mackerel and cord. Mr. Oliver Li is Chinese and has been working with the Chinese seafood industry on behalf of Norwegian companies for more than 15 years. Mr. Li is the only permanent employee at the office here in Shanghai, which acts as the branch office in Asia. In order to handle the workload for this huge market, the office here in Shanghai mainly focuses on the major importers and larger quantity sales.

At this time Ålesund fish business/export quantity is limited, but the profit is still good. According to Mr. Li their total sale volume for salmon in the China market has increased dramatically over the last two years. Mr. Li believes that the potential for further growth is promising. China is a huge market and he expects an increase in consumption in the future, especially towards the summer when Beijing will host the Olympic Games. The Chinese market may still be to some extent immature, but it is clearly developing. Consumers in China still have limited knowledge about the salmon as a product. However salmon served as sushi and sashimi is becoming more and more common and accepted. People are becoming familiar with Norwegian salmon, and they think of it as a good and healthy product. This advantage is often used in promoting and selling Norwegian salmon that most likely has contributed to increased sales. Mr. Li praises the NSEC for doing a great job when it comes to promoting salmon, and says that they are very efficient at their job. But as the market and consumers are gaining more knowledge about the salmon they will also become pickier, this is something that is already happening. Mr. Li says that in the South China areas
were salmon was first introduced, the customers are more aware of the quality and freshness of the fish, while the customers in the northern part of China do not worry that much about the quality.

When it comes to the competition Mr. Li says that there are about five Norwegian export companies with offices are located in China. Fresh salmon from other countries is not a treat as the overall fish quality for Norwegian salmon is so much better. Canadian salmon is the only salmon that may be comparable, but as they can only provide salmon during a short period of the year Mr. Li would not describe it as a concern. Mr. Li also said that Canadian salmon market as Norwegian salmon was for the time being not an issue since it was a seldom problem. In addition in Mr. Li opinion this would contribute to spread the “Norwegian” name.

Interview: Hanagatami - Shanghai
Date: 24.03.2008
Interviewee: Hanagatami
Type of interview: Personal interview
Present representative: Mr. Mass - Cook

Hanagatami is one of the restaurants at the Portman Ritz-Carlton Hotel in Shanghai. The restaurant offers sushi, kaiseki (light meal served during tea) and teppanyaki. Hanagatami has been open for more than 16 years and it is a high-end restaurant, with menu prices that vary and are about 400 RMB per person and up. The restaurant has Norwegian salmon on the menu, which is mainly used for sushi, sashimi and to some extent for teppanyaki. The reason why they choose Norwegian salmon and not any other alternatives is because of the good quality. Norwegian salmon differs from others when it comes to the freshness, in that it has more oil and a firm texture. These are (according to Mr. Mass a cook at the Hanagatami restaurant) the most important factors when selecting salmon. The cost price is of course also an important issue, but Mr. Mass is very clear about his opinion that the quality comes above all other criteria. Norwegian salmon is
generally more expensive than salmon from other countries. There are many other alternatives, but Norwegian salmon are the most popular and well known. Mr. Mass says that Hanagatami used Chinese salmon many years ago, but that the quality of the fish was not satisfying, and since then the restaurant has been using Norwegian salmon. Hanagatami buys its salmon from a Chinese agent that gets the fish from a Norwegian exporter. When the authors asked why the restaurant did not buy directly from the exporter Mr. Mass explained that Hanagatami have used this Chinese agent for a long time, and their relationship is very good. Therefore Hanagatami see no needs to change the supplier for salmon.

Hanagatami buy the salmon as a whole fish, because they can use the whole fish and cut it as they want. The fish head is very good as soup juice, it is prepared by boiling the whole fish head. As the customer demand varies not only when it comes to quantity but also what kinds of dishes the order, the salmon is cut differently in order to waste as little as possible. If they had bought salmon fillet it would be very difficult to do this. Salmon is the most popular fish when it comes to sushi and sashimi, and the demand is good. Hanagatami sells about one fish every day, and gets it delivered from their agent each day.

When it comes to the Chinese market, Mr. Mass says that salmon was the fish that was first served raw. This was many years ago when Japanese cuisine restaurants started to appear in Shanghai. Mr. Mass believes that today sushi and sashimi are quite common and accepted by the urban people and the younger generation. Mr. Mass thinks that the salmon market has a good potential for further growth, and says Norwegian salmon still is recognized as a more exclusive product.

According to Mr. Mass is Hanagatami interested in collaboration with NSEC towards the restaurant guests and personnel.
Interview: Atlantic Pelagic AS - Shanghai

Date: 10.04.2008
Interviewee Atlantic Pelagic AS
Type of interview: Personal interview
Present representative: Lill Maren Møgster

Lill Maren Møgster works for Atlantic Pelagic AS on a project to develop a better understanding of the possibilities for pelagic fish products in the Chinese market. More exactly Lill Maren Møgster is trying to find out if there is a market for their company to start exporting herring, mackerel, blue whiting and capelin into the Chinese market. She came to Shanghai, China in October 2007 and will continue to work in China on this project until July 2008. For the time being she offices with the Norwegian Consult in Shanghai, which was were the interview was conducted.

China has experienced great economic growth, which has led to a huge increase of consumption demand within the fish industry. Atlantic Pelagic therefore sees a huge potential in exporting fish to China in the near future. Lill Maren Møgster tells us that the price of meat increased dramatically this year, for instance the price of chicken and other kinds of meat has been tripled during this year. The food price inflation has increased dramatically this year, which her company sees as an opportunity for them to sell more fish. They assume that people will start looking for cheaper alternatives, and that fish is a product that can compensate for the demand for meat.

Language and communication also is a problem that can cause some inconveniences. Lill Maren Møgster does not speak Chinese and is dependent on having an interpreter with her when meeting her Chinese costumers. Even thought her interpreter speaks good English, sometimes Lill Maren Møgster is uncertain of whether the interpreter really understands the meaning Lill Maren Møgster is trying to get across. Other obstacles she has to overcome are that Chinese people are generally sceptical to Atlantic Pelagic AS their products are new in this market. In addition there are few large Chinese importers that already have established good relation with other fish exporters, to whom they stay loyal.
Moreover, there are a limited number of retailers that have large and unoccupied cold stores to store the fish. Distribution and logistics still remains a concern, the logistics system is still poor and unstable compared to Norwegian standards and the standards demanded to keep the fish in the right condition during transportation. Law and regulations are different and can be a huge barrier. Payment delays are also a common problem Lill Maren Møgster has meet here in China, it seems like the Chinese have a very different culture when it comes to paying their bills she says. These are some of the initial problems that Lill Maren Møgster has meet, some of these have been solved by now others not. The competitors to her company, Atlantic Pelagic AS, are the local fisheries and the imported fish from Russia, which both supply herring and mackerel to the China market in huge quantities. So it seems like the entry barrier for Atlantic Pelagic as newcomer it is hard to overcome in the Chinese market. The overall quality of the Norwegian fish they provide is better than what the competitor can provide, but on the other hand the prices are higher.

When Lill Maren Møgster first came to Shanghai she got help to find the right contacts by the Norwegian Seafood Export Council. Lill Maren Møgster tries to sell to supermarkets and, restaurants and is currently working on some deals now. Lill Maren Møgster is planning to launch some promotion campaigns in the supermarkets in November.

When it comes to the expectations for the seafood market in the future Lill Maren Møgster says that China is a big market with a high demand, and that fish sorts like herring and mackerel are still very new products in China and have a huge potential for growth. If one look at the Norwegian salmon that has become the dominating product in the seafood industry, one can imagine the opportunities that lie here, for other Norwegian fish species.

The general trends for the Chinese people’s consumption of fish, and salmon, are changing. The attitudes are changing towards more focus on diet and health that is positive for the Norwegian fish business in China. Salmon are very healthy, and the consumption of salmon would likely increase due to this trend.
Interview: Marine Harvest - Shanghai

Date: 19.04.2008
Interviewee: Marine Harvest
Type of interview: Personal interview
Present representative: Mr. Dennis Cai

In China, Marine Harvest has sales and marketing activities, and established a representative office in Beijing seven (7) years ago. This is the branch office for the China market including Hong Kong. The unit is part of Marine Harvest Asia. Why Marine Harvest made the decision to enter the Chinese market with their own representative office instead of just sell to China from Norway as they did before, can be explained from the market situation in China. Firstly, the huge population masses in China make the market very attractive. The economical growth in China contributed to an increase in restaurants and more importantly a development of stronger purchasing power among the people. Exported fish was regarded as quite expensive, but more and more people can afford it. There were many factors that favoured an expansion to China as opportunities too increase the demand of salmon appeared. In China Marine Harvest sells herring, mackerel and halibut but their main focus is on salmon and trout (fresh and frozen). The company has production in practically all areas where salmon is produced. In addition to fillet production Marine Harvest operates with further processing in Norway, Scotland, Ireland, Chile and Canada.

According to Dennis Cai the salmon industry in China has changed a lot in the last few years; most of the companies that are in China are expanding and growing. Marine Harvest itself has gone through a consolidation process where Pan Fish ASA, Fjord Seafood ASA and Marine Harvest N.V merged into the new Marine Harvest Group, in December 2006. Mr. Cai could not tell us how much Norwegian salmon Marine Harvest sold in the China market as it was confidential information, but he said that Marine Harvests market share in the world when regarding Norwegian salmon was about 35%, and that in China their sales would cover even a higher market share. According to Ms. Cai, Norwegian salmon dominates the Chinese fresh salmon market including Hong Kong. NSEC has promoted the Norwegian salmon well here. Mr. Cai explains that the quality of
salmon from different origins is not that different, salmon from various places may have a slightly different taste but most people do not mind that to much. It is likely that it is the image and perception of the Norwegian salmon that makes it so popular. Some advantages Norwegian salmon has are the good image/reputation among consumers, the huge production scale in Norway and the stable supply. For Marine Harvest logistics has not been an issue so far. Flights between Norway and China are available every day and at the moment the supply of Norwegian salmon arrives every day except Wednesday. The only thing that might be an inconvenience is that Norwegian production farms are closed at the weekends, but until now this has not caused any problems.

In addition the general price level of Norwegian fresh salmon is quite competitive against salmon from for example Scotland and Ireland. At moment Mr. Cai cannot see salmon of any other origin as a threat to Norwegian salmon. However Canadian salmon do have a good reputation as well, and often work as a substitute for Norwegian salmon when the price variation is at its highest. Chile mostly offers frozen salmon and is competitive in that segment, but does not offer much fresh salmon in China. The reason might be the poor distribution system and logistics between Chile and China. Norwegian frozen salmon is also one of the most popular and Norway and Chilean are the two largest providers of frozen salmon in China. Local Chinese salmon can also not be considered as a threat. The Chinese salmon is fished in lakes, the fish are small and of poor quality. Japan and Russia offer more white salmon. Japan does have fresh salmon, but the supply is unstable as the salmon is not available the whole year. Most of the salmon sold in China is sold as whole fish and the reason why Marine Harvest mainly sells whole fish is the cheap labour in China. There seems to be no sense in importing any value added products to China. The demands for such products as salmon fillet are much lower than the demand for whole salmon. The most important criterion for Marine Harvests customers when purchasing salmon is the price. The Chinese market is becoming more and more price sensitive; if the price were good the importers and retailers would often be willing to try. The second criterion is quality and then logistics, and in addition the service level and ability to provide documentation is also important. When the authors asked about what he would see as the largest competing product for salmon, Mr. Cai answered that
salmon is a unique product, and he can not think of any competing product for salmon. There are not many other species of fish that have orange meat, and salmon is a must have product for sushi and sashimi that can not be replaced.

Marine Harvest customers in China include restaurants, hotels and super/hyper markets but the company mainly focuses on selling to wholesale customers like fish markets and other international larger retailers. It is more convenient to sell to wholesalers as they buy large quantities and are easy to find and contact. There are about 10 large wholesale companies that dominate the industry in mainland China and the situation is the same in Hong Kong. But in Hong Kong the market and demand is a little different than in China. Hong Kong has imported salmon for more than 20 years, and can be considered as a mature market. Buyers in Hong Kong often have better contact with Norwegian fisheries, and many get their salmon imported directly from Norway. Also something worth mentioning is that in Hong Kong salmon is not traded at fish markets, but instead mostly at super and hypermarkets. The Hong Kong consumers are familiar with Norwegian salmon, it is a common product and the market and the market can be described as competitive and very price sensitive. There is still a slow growth of demand around 5% each year because of the strong economy in Hong Kong. But in mainland China there is much more room for expansion as the market still remains in the introduction and growth stage. As far as Dennis knows Hong Kong imports about 7500 tons of fresh Norwegian salmon and 1000 ton of frozen Norwegian salmon while China imports about 8500 ton fresh and 3000-4000 ton frozen Norwegian salmon each year. In terms of customer preferences and taste for Norwegian salmon Hong Kong and China are quite similar. Both markets prefer fresh whole salmon, big size and Norwegian origin. Hong Kong has a larger range of salmon products and the Norwegian salmon is easier to get and better market/displayed at super/hyper markets compared to in China, but as mentioned China is developing and catching up.

The mainland market has grown considerably these years, it is no more than 2-3 years ago that Mainland China was still importing less than Hong Kong. The market growth over the past few years has been as much as 20-30% each year for Norwegian salmon, and Mr. Cai assumes that the growth in the future years will
continue to increase. The Olympic Games this year and the 2010 Expo in Shanghai are both big events that most likely will contribute to an increased consume of Norwegian salmon. In addition Mr. Cai says that factors like the baby birth rate boom and the one child policy also can affect and create and increase in the demand for Norwegian salmon. The fact that people are only allowed to have one child, has contributed to a development were children are getting more spoilt. Parents are becoming more health conscious and buy more food that they think is healthy for their children. Another trend is that younger people are getting more willing to try new things, and dine more often in restaurants.

According to Mr. Cai one of the difficulties Marine Harvest has to deal with is the strict import procedure in China. Import taxes in total including VAT tax for Norwegian salmon are about 23%, and Mr. Cai tells us that if Norway could enter into a free trade agreement with China 10% of the import taxes would be eliminated and it would be a great advantage for Norwegian salmon in China. In addition in China they have different control standards than in Norway, and for Marine Harvest it has proven to be a challenge sometimes to meet those standards. The custom and food safety control is strict and documents are critical. Dennis Cai says that Marine Harvest has noticed more frequently inspections and controls now before the Olympic Games. In Hong Kong it is much easier as it is a duty free port. For this reason Norwegian salmon also has a lower purchasing price in Hong Kong compared to Mainland China. Furthermore, another difficulty deals with the stable supply of Norwegian salmon in China. The Chinese for some reason tend to prefer large salmon fish that weight around 6-7 kg. The problem is that the average size for Norwegian salmon is only about 4-4,5 kg. In other words it is impossible to meet the Chinese customer’s size demands all the time.

Marine Harvest produces salmon in order to optimise the sales of Norwegian salmon. When Marine Harvest has promotions they are often organized or sponsored by NSEC. Mr. Cai thinks that NSEC has done a good job in promoting Norwegian seafood especially towards the end consumers in China. NSEC has provided good education about Norwegian salmon through different promotions in China to end consumers.
E-mail correspondence from Dennis Cai:

“It's true that I am also in charge of sales to Hong Kong. However, customers usually are very sensitive and unwilling to be interviewed.

What I can recommend is that you can go check the following places:

1. Supermarket chains
   - Wellcome and ParkNShop are the most popular with lots of outlets all over Hong Kong
   - CitySuper is a high-end supermarket
   - All of them have salmon/sushi counter in the store

2. Sushi restaurant chains
   - Genki Sushi
   - Genryoku Sushi
   - Sushi One”

Interview: Uminosachi Restaurant - Shanghai
Date: 05.05.2008
Interviewee: Uminosachi Restaurant
Type of interview: Personal interview
Present representative: Mr. Lin - Manager

Uminosachi Restaurant is an all-you-can-eat Japanese restaurant chain in Shanghai, which opened about 10 years ago and which has seven outlets by now. At Uminosachi Restaurant you can order anything listed on the menu, from sushi, sashimi and tempura to teppanyaki, while also enjoying a free flow of sake, refreshing plum wine and other Japanese beverages. They have different price ranges on their buffets; for 150 RMB you can order anything listed on one menu with general Japanese food, sushi and sashimi, and for 198 RMB you can have two (2) of those menus and in addition a teppanyaki menu where you can order teppanyaki dishes.
Mr. Lin, the Manager of the outlet the authors visited, told us that Uminosachi Restaurant chain had a head office, which did the joint purchasing for all the seven Uminosachi Restaurant outlets. Therefore he does not have detailed information or knowledge regarding purchase and purchase decisions. Mr. Lin knows that they have always used Norwegian salmon and in his opinion the quality of the Norwegian salmon is good. Mr. Lin only knew of salmon with Norwegian and Japanese origin, and thought that Japanese salmon would be much more expensive. Japanese food is typically rather expensive, using relatively higher-priced ingredients; therefore Mr. Lin believed that the owners pay more attention to controlling their prime costs while also hoping to tempt their customers. In China many people thinks that the Norwegian salmon is the best and most exclusive one, and that is what Norway is known for. With this strong position in the consumers minds Mr. Lin believes that the market for Norwegian salmon in Shanghai offer many possibilities.

This outlet used about one salmon every day, which they would get delivered every morning. The customer demand for salmon was quiet good. Mr. Lin thinks there are few dishes that can be made of salmon, and their menus only offer three dishes in addition to salmon sushi and sashimi.

Salmon is the best selling product in this outlet. Another fish species that also is very popular is yellowtail and tuna, which is the most sold product after salmon. In order to sell more salmon Mr. Lin thinks it is important to create a larger costumer demand for salmon, and suggests promotion towards the end consumers and not towards the restaurants. The menu at Uminosachi Restaurant is changed and renewed every 1-2 year according to what the customers demand.

A drawback for the Norwegian salmon might be that it is very hard to get in touch with the right people or in other words the suppliers that sell Norwegian salmon. Mr. Lin knows this as he worked for another Japanese restaurant before, and remembers that they had problem getting steady a steady supply of Norwegian salmon because the supplier at the fish market was often out of stock. And he had in addition never heard that it exist Norwegian exporter with representative offices in Shanghai.
Yuting Japanese Cooking is a Japanese restaurant that opened for about two years ago. On the menu Yuting Japanese Cooking offer only one grilled salmon dish besides of salmon sushi and sashimi. Cooked/grilled salmon is not that popular, the restaurants customers prefer to eat salmon raw and for that sushi, sashimi, other salmon different sushi rolls and salmon salads are enough to satisfy the customers Mr. Ni says. This restaurant used Canadian salmon that they buy on the Thougchuang Fish Market themselves. Mr. Lin buys only fresh whole salmon in order to retain the freshness. Deep frozen salmon is also sold at the fish market, but the quality of the meat is not the same and cannot be used as sushi/sashimi even thought the price for deep frozen salmon is lower. When purchasing salmon the most important criteria for Mr. Ni are freshness and price.

The restaurants supplier, OFON at the Tongchuang Fish Market, sell Canadian salmon as Norwegian salmon. But Mr. Ni knows that it is Canadian as he has seen that the original expanded polyester box in which the fish get delivered in was market from Canada and distributed through DHL. Mr. Ni does not mind as he thinks that the price and quality of the Canadian salmon is satisfactory. Sometimes when the restaurant supplier, OFON is short on Canadian salmon, they do sell Norwegian salmon. This is easy to notice, as it is market on the expanded polyester box, and in addition Norwegian salmon often bigger in size. The guests in the restaurant might not notice any big differences between Norwegian and Canadian salmon when consuming it, especially when the salmon is served cooked.

Mr. Ni has considered changing to another supplier that sells only Norwegian salmon, but finds it hard to get in touch with suppliers in Shanghai. At the Tongchuang Fish Market there are some stores that imports Norwegian salmon but the quality and supply are not always that good. Mr. Ni says he has used
OFON for some time now and is satisfied with their products so he has not bothered to make an effort trying to find a new supplier. But if someone were to approach Mr. Lin, he would gladly consider his or her offer. At the moment Yuting Japanese Cooking only sells about a half salmon a day, but in the peak season they sell about one salmon a day.

Salmon is generally considered somewhat expensive compared to other fish species. The cost price is also quite high, Mr. Ni says, but salmon is very popular and he cannot imagine any other fish that can replace it. Every customer order salmon, and according to Mr. Ni it is especially the ladies that loves salmon. Yuting Japanese Cooking changes its menu up to 4-5 times a year where they remove and add new dishes. Mr. Ni says Japanese food contains much seafood, which varies according to seasons and therefore they need to renew their menu often.

*Interview: Collection/Pure - Shanghai*

Date: 08.05.2008

Interviewee: Collection/Pure

Type of interview: Personal interview

Present representative: Eric Chew - Executive Chef

Pure opened in July of 2007, as a part of Collection concept including the Japanese restaurant called Pure, a desert parlor called Sugar and a cocktail lounge called Cube. At Pure, Japanese dishes are served, and the menu includes sushi standards with some twists, like crab bundled in cucumber slices and soba noodles in egg.

Pure use Norwegian salmon and buy it from a local Chinese supplier. The restaurant estimated use of salmon per week is about five fish and each fish weights about 5,8-6,8 kg. The most important factors when purchasing salmon are the quality, a stable supply and on-time delivery. As Mr. Chew sees it, the price is an issue that can be discussed after they have found a good supplier.
Pure buys the salmon as whole fish and the chef cuts and slices the fish himself in the restaurant. The reason why Mr. Chew chooses whole fish is that he wants to maintain the best quality of the salmon fish. If you buy files, you do not know how the fish has been handled and whether the hygiene has been good. In addition it is easier to see if the fish is fresh or not on whole fish Mr. Chew says. To maintain the quality and the freshness of the fish Mr. Chew even demand that the supplier places dry ice instead of normal ice beside and on the fish in the polyester box during delivery. According to Mr. Chew, usual ice will melt and then the water will be absorbed into the fish and the colour of the salmon meat will change. Mr. Chew is very picky about the quality of raw materials.

The top selling species at Pure are; salmon, yellowtail and butan ebi. Salmon is very popular and it is a must in all the sushi sashimi assorted mix they offers. Beyond sushi and sashimi Pure also offers different salmon dishes including half cooked/steamed salmon and some salads. An average dinner for one person costs about 250 RMB and a lunch 70-100 RMB, Mr. Chew claims that the prices at Pure are quite low compared to other Japanese restaurants in the area.

*Interview: Shiki Tei - Shanghai*

Date: 08.05.2008

Interviewee: Shiki Tei

Type of interview: Personal interview

Present representative: Ms. Zhai - Restaurant Manager

Shiki Tei is a Japanese restaurant chain that currently has four outlets in Shanghai. This outlet opened about 4 years ago. Ms. Zhai tells the authors that Shiki Tei uses salmon of Norwegian origin, which the purchasing manager buys at the Tongchuang Fish Market. The customers’ demand for salmon is good and the restaurant sells about one whole fish each day. This outlet does not use any permanent supplier at the moment, as the purchasing manager thinks it is more convenient to just go and buy a whole salmon at the Tongchuang Fish Market by
himself when the restaurant is out of stock. Ms. Zhai say that the purchasing manager think the Norwegian salmon is quite expensive compared to other raw materials the restaurant uses in the restaurant. Ms. Zhai thinks it might have something to do with the fact that the Norwegian salmon is imported goods and that the taxes and import duties are high. The market price for Norwegian salmon has risen a lot during the last two years, and she remember that Norwegian salmon cost around 50 RMB per kg about 2 years ago, while now she believes the price is around 65-85 RMB per kg. Regarding purchasing criteria and more detailed information Ms. Zhai cannot answer as they have a purchasing manager that is responsible for that, but of course price and quality would be among the most important criteria’s.

On the menu Shiki Tei offers a few salmon dishes besides of sushi and sashimi, like grilled salmon. Also salmon head is one of the dishes they have. However according to Ms. Zhai salmon sushi and sashimi are the most popular. Ms. Zhai would say that out of 100 customers 80 would order salmon sushi or sashimi, and salmon is without doubt their best selling product. Other fish species that are popular are tuna, sea urchin and mirugai (geoduck), but all of these are regarded as more expensive than salmon. Ms. Zhai says that customer often choose dishes after they considered the price, but she believes that if he customers become more aware of and familiar with the advantages and health benefits of eating salmon they would be less price sensitive. For this reason Ms. Zhai thinks it is important to first promote Norwegian salmon to the end consumers, and educate them so that they get a better knowledge concerning Norwegian salmon, because at this moment it seem like most people are not sure of the facts and health benefits of eating salmon. Customers always say that they heard rumours that salmon is good for your health, but few know exact what it is good for. Norway on the other hand is already well known and famous for its salmon. Ms. Zhai thinks salmon is popular because of its pure and fresh taste; it has a more mild fish taste than many other fish. In larger cities like Shanghai consumption of sushi sashimi or raw fish is generally accepted. Japanese food was first introduced in Shanghai about 13 years ago, but only during the last 6-7 years has Japanese food such as sushi and sashimi gotten more popular. It was at this time Japanese restaurant chains started to enter in Shanghai, and there are still many new Japanese restaurants and chains
opening. But in smaller cities where not as many foreign dinning places exist, people still prefer the food cooked. Some Chinese people would have little confidence in eating raw fish because of hygiene. Ms. Zhai explains that most Chinese local fish species cannot be eaten raw as the water is too polluted and may have many bacteria’s.

Personally, Ms. Zhai would describe the Shanghai market for salmon as a market in the beginning of the growth stage. Ms. Zhai thinks that the consumer demand for salmon will follow the development in the economy. Norwegian salmon is still a relatively expensive product even though there are many that can afford it now, but the sale will most likely increase as the purchasing power of the people gets stronger. Overall Ms. Zhai believes that the future potential for Norwegian salmon is great as the economy is growing that fast.

Interview: Sushi Express - Shanghai

Date: 08.05.2008
Interviewee: Sushi Express
Type of interview: Personal interview
Present representative: Ms. Qu Feng Li - Manager Assistant

Sushi Express originally comes from Taiwan. It is a low price sushi fast food restaurant that is based around a central revolving conveyor belt with the chef behind the counter preparing the food, the conveyor holds a large variety of sushi. The outlet the authors visited was located at the same building as Carrefour right outside the entrance/exit. This Sushi Express outlet opened in April 2006. Ms. Li knows that in China Sushi Express have about 8 others outlets located in Shanghai and Sushi Express also has outlets in Beijing. As far as Ms. Li knows, the Sushi Express head office is responsible for joint purchases for all the restaurants in Shanghai, and she does not know what supplier Sushi Express use to get Norwegian salmon. MS. Li does not know the reason for why Sushi Express chooses to use salmon of Norwegian origin, but she knows that this outlet has been using it since they opened in 2006. Once in a while Sushi Express puts up
posters with the Norwegian flag to promote Norwegian salmon in their outlets. Salmon is very popular, and in consumers minds when they think of sushi and sashimi they picture salmon in sushi and sashimi. On the front-page of the menu Sushi Express uses a picture of salmon sushi for this reason. Ms. Li tells us that many of the customers come to Sushi Express just to have the salmon sushi. On the menu Sushi Express offer a large variety of sushi; sushis rolls, salads, sashimi and some other side dishes, and in total Sushi Express have 5-6 dishes that contain salmon on the menu.

Ms. Li says that the company concept is to offer sushi in the low-end segment and focus on selling in quantity instead of exclusivity. The average consumption price is 35-45 RMB per person and the restaurant has an average customer flow of 500-600 people each day.

This Sushi Express outlet estimated usage of salmon is about 15 kg each day. The salmon is delivered to the restaurant every morning as whole fish packed in polyester boxes.

Ms. Li thinks there exists a huge potential for growth and expansion for Norwegian salmon. The market in China is huge and still in the introduction stage in many places. In Shanghai she noticed that more and more Japanese restaurants are opening, and that some supermarkets are also beginning to sell sushi and sashimi.
Summaries of interviews conducted in Hong Kong

Interview: Kanamizu Sushi - Hong Kong
Date: 16.04.2008
Interviewee: Kanamizu Sushi
Type of interview: Personal interview
Present representative: Ms Ling - Restaurant Manager

Kanamizu Sushi is Japanese sushi restaurant that serves sushi on a revolving conveyor belt. Kanamizu Sushi currently has three outlets/restaurants located in different parts of Hong Kong. The restaurants have a structure where all administrative tasks are made by the restaurants headquarter. This implies the purchasing decisions as well as the marketing. For this reason Ms. Ling could only answer questions as far as they apply to the restaurant she has responsibility for, which is Kanamizu Sushi at Tsim Sha Tsui.

Kanamizu Sushi uses Norwegian salmon. Ms. Ling tells us that the company today imports Norwegian salmon directly from a fishery in Norway. The reason why the company chooses to buy Norwegian salmon, Ms. Ling does not know but she guesses it is an evaluation based on factors like the quality, reputation and of course the cost price.

Kanamizu Sushi has a very good demand for Norwegian salmon; it is the best selling sushi and sashimi at this outlet. The three Kanamizu Sushi restaurants in Hong Kong needs about 8-9 whole fish each day, and because of the huge demand the restaurant has to get the raw material (fresh salmon) delivered more than once each day. The Kanamizu restaurant purchases whole salmons delivered from their supplier in expanded polyester boxes with salmon filled with ice. Why Kanamizu Sushi prefers whole fish Ms. Ling cannot answer.

Kanamizu Sushi restaurant offers salmon mainly as sushi and sashimi, but also has a few other dishes that contain salmon in grilled state. However, Kanamizu
Sushi only has a few of the grilled of dishes on the menu compared to sushi and sashimi, examples are appetizers and salads.

*Interview: NOBU InterContinental Hong Kong - Hong Kong*

Date: 16.04.2008  
Interview object: NOBU InterContinental Hong Kong  
Type of interview: Personal interview  
Present representative: Oyvind Nasheim - Executive Chef

Nobuyuki Matsuhsisa is the acclaimed and highly influential founder of the NOBU restaurant chain. The NOBU restaurant chain is today one of the world’s most acclaimed Japanese restaurants, which is known for its innovative new-style Japanese cuisine. NOBU InterContinental Hong Kong has imaginative menus, combining the finest skills and ingredients of traditional Japanese cuisine, with an acceptance of Western cooking (particularly South American influences), took the glamorous Hollywood society of LA by storm when it first opened there in 1987. Since then, NOBU InterContinental Hong Kong has stretched its empire across the world with more than 19 restaurants in 15 cities, and counting. NOBU InterContinental Hong Kong had its opening in late December 2006. Commenting on the opening of NOBU InterContinental Hong Kong, Nobu Matsuhsisa says:\(^{102}\)

*“Hong Kong is extremely cosmopolitan, fashionable and international. Hong Kong people are very sophisticated and have the taste and appetite for high quality food at world-class restaurants.”*

*“Many of our regular clients who travel internationally are dining at NOBU restaurants around the world, so we are now delighted to greet our friends from abroad here in Hong Kong.”*  

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\(^{102}\) Appendix Interview: NOBU InterContinental Hong Kong
NOBU InterContinental Hong Kong is headed by Oyvind Nasheim, formerly a Senior Sous Chef from the NOBU restaurant in London. Oyvind Nasheim is executive chef at NOBU InterContinental Hong Kong, and has the responsibility of ensuring the integrity of the NOBU restaurant chain and present the “NOBU style” in the restaurant. Oyvind Nasheim has formerly worked as chef in Norway, France, Caribbean, and most recently in the NOBU restaurant in London where he worked for 5 years before he came to Hong Kong.

NOBU InterContinental Hong Kong is the first restaurant opening in Asia besides the NOBU restaurant in Tokyo that opened approximately 10 years ago. Oyvind Nasheim explains that it is difficult to start up in Asia as the culture is very different from the western counties. The location (Hong Kong) was chosen because it is an international metropolis and because Mr. Nobuyuki Matsuhisa felt that they had more knowledge about this market.

The kitchen at NOBU InterContinental Hong Kong is divided into two parts, warm dishes and sushi. At the warm dishes kitchen they work in a system were the cooks change positions, and rotates so that everyone learns as much as possible. At the sushi kitchen the chefs have a more permanent position, as sushi and sashimi requires more technical skills to be prepared, and it takes years to master this profession. The chefs and staff at the kitchen consist mainly of local people. There are a few Japanese and others as well; therefore the communication is mainly in English. But this is not a problem; the restaurant staffs works as a great team and has good structure.

When the authors asked Oyvind Nasheim what the biggest challenges was when it came to starting up a restaurant in Hong Kong, Oyvind Nasheim answered the culture. People’s way of thinking, understanding and personal perception is very different from the western countries. Of course, the culture and people’s manner of perception differs a lot in the western countries to, but one can still find some similarities. Working in the kitchen in Asia is another story, since both the local customer’s tastes and preferences, and also the employees’ mentality is unlike the western stereotype. One example is that chefs in the European countries have a mentality were they want to learn as much as possible in one position/restaurant.
and then move on in order to grow and climb up into higher levels on the career ladder. There are few that stay for a longer period in the same restaurant or positions in the Western countries. In Asia, however it seems like as long as the job provides good conditions and offers a future with opportunities employees happily stays within the same restaurant.

At the moment NOBU InterContinental Hong Kong uses Norwegian salmon. The restaurant guests prefer the Norwegian salmon because it has a firm texture and contains more oil than salmon with other origin. Some may use these factors to evaluate the quality of the salmon, but the truth is that the taste, colour and texture of the salmon varies depending on its. Oyvind Nasheim’s experience is that most European and Japanese people like the salmon to contain less fat; therefore Oyvind Nasheim used salmon from Scotland when he worked at NOBU London. NOBU InterContinental Hong Kong had salmon from Scotland and Australia on the menu for a short period, but due to local taste preferences and difficulties regarding stable supply and quality, Oyvind Nasheim decided to use Norwegian salmon instead. Norwegian salmon is a good product to use in a long-term perspective, the salmon quality is stable, the price is reasonable and it is easy to get hold of. As far as Oyvind Nasheim knows, Norwegian salmon is far more expensive when exported abroad (out of Norway), although in Hong Kong the cost price for Norwegian salmon is still competitive compared to other salmon. This might be because of the large quantity of imported Norwegian salmon. When the quantity increases usually the price decreases. Oyvind Nasheim believes that the majority of imported salmon in Hong Kong is Norwegian, and states that there are few other alternatives.

NOBU InterContinental Hong Kong uses World Wide Seafood, a local Hong Kong supplier that imports Norwegian salmon directly from Norway. NOBU InterContinental Hong Kong buys salmon as whole fish, and cuts and slices the fish by themselves in order to assure the quality of the salmon, as it is hard to keep the fish fresh once it has been cut. Moreover, it is to assure that the hygiene is taken care of while processing the salmon. The less treated the fish is the better it is for NOBU InterContinental Hong Kong, this way they can do every thing themselves and have total control regarding the processing of salmon. Salmon is a
product that can be used in many ways, but it requires good quality from the fish and good skills/techniques from the chief. Salmon was one of the first species people started to eat raw (in Hong Kong), and it is a very common and popular product for this type of consumption. However, Oyvind Nasheim personally thinks, salmon is a somewhat boring product.

According to Oyvind Nasheim, World Wide Seafood provides very good service, and the overall quality of the salmon is good. The only problem is that the company has grown a lot recent years, and has become one of the largest suppliers of seafood in Hong Kong. As a result World Wide Seafood no longer focus on the entire assortment they had before, and they have begun to focus more on frozen products instead of fresh fish. NOBU InterContinental Hong Kong uses about 1½-2 fresh salmon a day (4-5 kg each fish), which is being delivered once a day. The supplier, World Wide Seafood, normally gets deliveries directly from Norway twice a week\(^\text{103}\) normally, and more frequently in periods when the demand in the Hong Kong market is high. This is typical during Easter and other public holidays.

Besides salmon, NOBU InterContinental Hong Kong buys the most important raw materials, like other seafood and meat, directly from a Japanese supplier. Oyvind Nasheim says that the Japanese supplier provides more than 40% of all the raw material NOBU InterContinental Hong Kong needs. When it comes to everything else, the restaurant makes use of the InterContinental Hotel’s network of suppliers. There are many suppliers in Hong Kong and since InterContinental Hotel in Hong Kong already has established a good network, Oyvind Nasheim has not used much time trying to find new suppliers. A permanent long-term relation with the suppliers is important when doing business in Hong Kong. The NOBU restaurant in Tokyo has used the same supplier in Japan since the opening, more than 10 years ago. Which means that the NOBU restaurant in Tokyo have already developed trusting and great relationship with the supplier, now all the NOBU restaurants use this suppliers as far as possible. Relationship is very important,

\(^{103}\) Possible source of error as the author has received information that fresh Norwegian salmon is being delivered in Hong Kong approximately every day, and because the fresh salmon has restricted durability
Oyvind Nasheim explains. Without a good relationship the supplier will provide average quality and service, and nothing extra. The supplier companies are often more concerned about quantum, and therefore less engaged in getting the best quality. This means that if one does not have a good relationship with the supplier, it would be hard to get the best quality when it is available. It is quite natural that the suppliers provide the products with best quality to their favourite customers first, as they know that these customers are loyal to them and would not easily switch to other suppliers. This is the reason why NOBU InterContinental Hong Kong has quite permanent relationships with suppliers as it needs the best quality of the raw material and the most expensive raw materials. NOBU InterContinental Hong Kong can call their suppliers in the middle of the night and say that they are out of stock on something, and the supplier will do whatever they can to help. “Even if the manager has to do it himself!”

It is most convenient to use the Japanese supplier, as they are already familiar with the needs and requirements of the NOBU restaurants. As Oyvind Nasheim says: “they know what we want”. This relationship contributes to give NOBU InterContinental Hong Kong the best raw material and sometimes exclusive meat and fish sorts.

NOBU restaurants are high-end restaurants were the quality of the food is essential. NOBU does not only offer the food, but the whole experience. NOBU InterContinental Hong Kong features a stunning view of the harbour from the dining room, a bar lounge, sushi bar and private dining room for special events. The average price for a dinner is about HK$ 800-1000 for one person.

On the menu NOBU InterContinental Hong Kong offers many different dishes besides sushi and sashimi that consists of salmon. On the menu, the origin of the raw material is not stated. In fact, if NOBU InterContinental Hong Kong were to mentioned the origin of every product it would take up too much space and the menu would look less exclusive. Some of the dishes that contain salmon on the menu are; Sashimi Tacos (salmon cubes with salsa sauce), Salmon Tempura, New Style Sashimi and Tartar. Oyvind Nasheim says that salmon is already one of the
best selling fish sorts at the restaurant. They do not need to promote Norwegian salmon to the customer as the Norwegian salmon already has such strong connection to sushi and sashimi. In other words, customers expect to get Norwegian salmon when ordering a set of sushi or sashimi. It has become a matter of course.

When NOBU do promotion or offers new special dishes they uses rare raw materials that are hard to find or products that are less known among customers. If they used salmon it would be to boring, and customers would not find it much exciting because it is a very common product in Hong Kong. Salmon has got a strong position in the Hong Kong market; it is most likely the most popular sushi and sashimi sort. Oyvind Nasheim’s opinion is that this situation will not change much in the coming years. Japanese restaurants have been established in Hong Kong for more than two decades, and are still very popular. This trend is most likely to continue, but the focus may change more towards new Japanese food like fusion and not the traditional restaurants. The market for salmon sushi and sashimi is entering a stage where the growth might start to slow down, thus Oyvind Nasheim believes it will continue to grow. Trends like health and diet are new ways to encourage people to eat more salmon.

NOBU InterContinental Hong Kong are not interested in any promotion or collaboration with NSEC or other Norwegian seafood actors out towards their guests, as this collide with their image. But they are open for collaborations towards their personnel as this will educate the personnel and contribute to higher knowledge regarding the subject.
PTC-Nakajima Suisan runs Japanese sushi connasionaries in some of the largest supermarket chains in Hong Kong. This means that they have their own sushi counter within the super/hypermarkets. This is a shop-in-shop concept, were customer can buy freshly made sushi at a reasonable price. For the super/hypermarket these kind of shop in shop sushi connasionaries offer the consumers a wider spectre of products and can contribute to drawing more customers to the super/hypermarkets.

PTC-Nakajima Suisan started in Japan 60 years ago. Today they operates in Malaysia, Taiwan, Hong Kong and Singapore. PTC-Nakajima Suisan has its headquarters located in Singapore. At the moment PTC-Nakajima Suisan has established ten connasionaries in Hong Kong, four of which were opened within the last year.

Moreover, other similar sushi connasionaries companies already existed in Hong Kong at the time PTC-Nakajima Suisan started to plan entering the market. The PTC-Nakajima Suisan company saw a potential in the Hong Kong market and felt that the products their competitors provided were not as good as theirs. In 2000 PTC-Nakajima Suisan began to collect data about the consumer market in Hong Kong and continued to do market researches there for a period of three years. In March 2003 PTC-Nakajima Suisan opened its first connasionaries shop in a Jusco store and has since then expanded rapidly. The location that was picked was at Hung Hum in an area named Whampoa Garden, because this is a residential area were it lives many Japanese people live. At the beginning PTC-Nakajima Suisan only had contracts with Jusco stores in Hong Kong, as they already used Jusco in Japan and other Asian markets. Jusco is a store which has its origin in Japan and is a chain of General Merchandise Stores (or hypermarket). The store has a hypermarket and other different departments that offers different products such as
toys, furniture, home appliances and there is also a food court were with small self-serve restaurants and noodle bars.

Sushi and sashimi have been popular in Hong Kong for a long time, and people had already accepted sushi and sashimi were the fish generally is consumed raw.

The problem PTC-Nakajima Suisan met at the beginning was that operating only in Jusco stores was not enough in Hong Kong. Their competitors had agreements with ParknShop hypermarkets which had far more stores located all around Hong Kong. To solve this problem PTC-Nakajima Suisan entered an agreement with another supermarket chain, Welcome. Both of ParknShop and Welcome supermarkets have more than two hundred outlets each and are continuing to grow in Hong Kong. Today PTC-Nakajima Suisan have three shops in shop at Welcome, six shops in shop at Jusco and one at Seiyu. The growth process in Hong Kong has started in the city centre and then steadily expanded outwards to the residential areas. PTC-Nakajima Suisan mainly offer sushi and sashimi, often in sets of different sizes with a variety of sushi and sashimi. Sushi and sashimi made of salmon are products that people expect in these sets, and therefore the connassionaries offer as many as more than 100 sushi and sashimi sets that have sushi or sashimi made of salmon in them. A set with eight pieces’ of sushi costs around HK$ 30. Overall the average price is about HK$ 3-4 per sushi and sashimi.

In two of the larger supermarkets PTC-Nakajima Suisan also has spiced and flavoured fish fillets and finished fish cuttings that that are offered fresh for the customers to easily prepare at home.

So far now this shop-in-shop concept has been a great success, and it is assumed that this development will continue in the future. PTC-Nakajima Suisan uses Norwegian salmon, as it is popular in Hong Kong. The Norwegian salmon is oilier and people prefer to eat oily fish in Hong Kong. Mr. Ryo says that taste differs from place to place, and for instance in Japan it is the other way round.
Mr. Ryo thinks that NSEC has done a good job of creating a brand name for Norwegian salmon, as Norwegian salmon has a great position in the Hong Kong market. People usually connect Norwegian salmon with good quality.

Salmon is definitely PTC-Nakajima Suisan top selling product in Hong Kong. In second place it would be tuna. But compared to salmon tuna only sells about 5% of the total salmon sale, and it is a little more expensive than salmon. Tuna is the most popular sushi and sashimi in Japan, and PTC-Nakajima Suisan therefore started to offer fresh tuna in the Hong Kong market in 2003, which no one did before that.

The provider of Norwegian salmon for PTC-Nakajima Suisan is a local Hong Kong import company. There are many importers to choose between in Hong Kong; however there is only 5-10 of those that is large import companies, according to Mr. Ryo.

With 10 outlets in Hong Kong today PTC-Nakajima Suisan needs about a 25000 kg salmon supply each month, and generally buys whole fish in order to keep the freshness, which is the most important factor when it comes to raw salmon. According to Mr. Ryo, perhaps 15-20% of the 25000 kg are bought as salmon fillets. PTC-Nakajima Suisan gets deliveries each day from their supplier company and then does the cutting and slicing for the whole salmon themselves inside every outlet. The overall quality of the salmon supply was quite adequate, but, according to Mr. Ryo, the situation this year is getting worse. More specifically, Mr. Ryo says, it takes about 4 days from PTC-Nakajima Suisan order until they get the supplies transported from Norway to Hong Kong. This time aspect apply to the ordering time from the order is placed to the product is received. The problem is that the demand has grown a lot during holidays these last years, and the prices are growing sky-high during these holidays. Normally the cost price varies between HK$ 60 and 65 per kg, but during last Easter the price increased to HK$ 76. Salmon is a natural product where the volume of fish varies during different seasons of the year. There is a limit to how much salmon Norway export during these holidays, which then causes a lack of supply in Hong Kong. In addition, in Norway there are often holidays compared to Hong Kong.
which force PTC-Nakajima Suisan, and others that needs Norwegian salmon, to order 10 days in advance. As a result they have to keep the salmon much longer than normally, and the freshness and quality decreases. But this occurs rarely. Mr. Ryo recommend the Norwegian seafood industry and NSEC to look closer at this problem to minimize this problem as much as possible.

When the authors asked what Arima Ryo though was the largest competing product to Norwegian salmon, he answered that in his opinion there were none. Norwegian salmon is dominating the salmon market in Hong Kong. Even substitutes are hard to find. In Hong Kong it is hard to find any salmon with other origins that can provide a stable trade in such quantity as the Norwegian salmon. Arima Ryo believes that the market for salmon will continue to grow in the future, and that Japanese food, like sushi and sashimi, will benefit even more from increased awareness of health. NSEC has done a very good job in Hong Kong, as their logo is well known (especially within the industry), and it has become visible at many supermarkets and etc.

*Interview: Genki Sushi Headquarter - Hong Kong*

Date: 17.04.2008

Interview object: Genki Sushi Headquarter

Type of interview: Personal interview

Present representative: Christopher Chan - Operation Services Manager GSHK

Genki Sushi originally comes from Japan, and as far as Mr. Christopher Chan knows today, Genki Sushi has outlets in Singapore, Malaysia, USA, Japan and Hong Kong. In the mid-90s the demand for Japanese sushi and sashimi in Hong Kong was growing in such scope, that the whole sushi and sashimi restaurant segment was becoming more common and less high end than it was before that time. Genki Sushi decided to enter the market as they saw an opportunity to establish a Japanese sushi chain that aimed at the middle class population. Genki Sushi started their first restaurant in Hong Kong in 1995 and today they have two different sushi chain lines; the new line is named Sen-Ryo which currently which
currently has five outlets while Genki Sushi has twenty-nine outlets. Genki Sushi Hong Kong is now a part of the Maxim Group, the largest catering group in Hong Kong, which acquired the restaurant chain 2 years ago. Since then Genki Sushi has expanded rapidly, and at the moment their goal is to open ten new outlets within this year. Until now they have already managed to open three new outlets and have seven to go. Currently when picking out new locations for new outlets in Hong Kong Genki Sushi generally follow a simple business model. First they find a good location, secondly they do some market research regarding that location and finally if no problems are found within a short time the restaurant outlet will open. Hong Kong is becoming a mature market in the sushi restaurant industry. Genki Sushi is expanding very fast here, and one of the problems that have occurred is that they are beginning to get too many outlets. Hong Kong is a small place of a quite limited area; with so many Genki Sushi outlets located everywhere they might just start to compete instead of attracting new customers to the restaurant. Every Genki Sushi outlet have to maintain the good sales, but in a market were that many similar competing sushi chains exist, it is a challenging task. There are about ten other big sushi chains in the Hong Kong market, but at the moment Genki Sushi remains the largest. Genki Sushi has planed to continue this expanding of new restaurant with different concepts. The Sen-ryo brand is a new line that is a little more exclusive than Genki Sushi and was opened to attract new costumers. The prices tat Genki Sushi for two pieces of sushi are today between HK$ 9-23 and salmon sushi costs HK$ 12. The price is HK$ 35 for a small platter of sashimi, and according to Christopher the average consumption per customer is about HK$ 80-120.

When it comes to the Mainland China market it is another story. In Hong Kong Sushi has existed for about three decades and it is not something new. People have accepted to eat raw fish and they have much better knowledge regarding sushi and sashimi. As a result people are more demanding and harder to please, they know the origin of different fish sorts and have a clear picture of what they expect. In China on the other hand, raw and cold food is not that popular and commonly accepted among people and they are used to Chinese food were you cook and steam the fish. In Mainland China people are not fully educated about sushi and sashimi, so they have less knowledge about it. It will take time to
change the culture in Mainland China; Mr. Chan thinks it is still a long way to go before sushi and sashimi are commonly accepted. The Mainland China market can be compared to the Hong Kong market for 10-15 years ago. Genki Sushi has started to look into the Mainland China market, and think it is a very attracting opportunity. Therefore they are planning to enter the China market within the 2 next years to try it out. The main focus in the Mainland China lies on cities like Shenzhen and Shanghai. It is most likely that Genki Sushi will be opening in Shenzhen first, and then eventually enters the other cities. The reason for why Genki Sushi picked those places that the purchasing power is higher there, and they think Genki Sushi has a good potential to succeed there. Shenzhen is located right outside of the border between Hong Kong and mainland China, and the local people who lives there has to a large extent been influenced by the Hong Kong way of living. Many Hong Kong and Shenzhen residents cross this border daily to go to work, and you can see that many Hong Kong brands have had great success establishing shops in Shenzhen. Compared to Shanghai the purchasing power in Shenzhen might be a little, but Genki Sushi sees it as easier to start in a place were the culture are more similar to Hong Kong and where they have more knowledge and are more familiar with salmon.

Genki Sushi orders everything through the Maxim Group, which has its own purchasing department handling orders for all the companies under them. When it comes to salmon Genki Sushi uses salmon of Norwegian origin. The Maxim Group imports Norwegian salmon itself directly from Norway. As far as Mr. Chan knows Hong Kong’s main imports of salmon are from Norway, Norwegian salmon dominates the market. Genki Sushi’s salmon consumption is about 310 000 kg per year, and salmon is one of their most important products which provides about 15% of all their sales, which is a huge number. Genki Sushi use Norwegian salmon as it more liked and known among their customers. The origin of the salmon is important as the customer have knowledge about it; on the menu it often says that it is Norwegian salmon. Price is a factor that encourages using Norwegian salmon. Generally most of the salmon in Hong Kong comes from Norway, which makes the competition is fierce and by that the market is very price sensitive. Mr. Chan believes this can explain why the Norwegian salmon has a more reasonable price compared to salmon from other origins. Genki Sushi
Hong Kong has its own central kitchen for all the Genki Sushi sushi and Sen-ryo outlets. Genki Sushi receives the salmon as whole finished cut fillets and the central kitchen cut’s and slices the fillets into sashimi and sushi toppings. Then the finished cuts of sashimi and sushi toppings are distributed to all the different restaurant outlets and made into sushi at the place. It is more convenient to buy fillets as Genki Sushi and Sen-ryo consume that much, if they bought salmon as whole fish it would demand too much work and cost price would increase a lot. The most important criteria when buying salmon are the quality and price, and until now the overall quality has been good. On the other hand the price of Norwegian salmon has increased by 15-20% these two years. Of course this affects the Genki company, but there is nothing they can do to reduce this market price. Currently the price for Genki Sushi is about HK$ 50-60 per kg for salmon fillet. In order to uphold the freshness delivery and distribution is essential for Genki Sushi, and therefore they have a high delivery frequency. The finished cut and sliced sushi topping gets delivered 2-3 times a day to every sushi outlet.

The strongest competing product for salmon is tuna. During the last three years more and more people are starting to like tuna. It is getting more popular but salmon would still without doubt be ranked as number one. In Mr. Chans opinion salmon will continue to be the most popular fish for sushi and sashimi in Hong Kong for the future, but tuna will gradually become a stronger threat. The demand in the Hong Kong market for Norwegian salmon might in the future flatten out a little. But since the Hong Kong peoples taste preference toward Norwegian salmon he is optimistic for the future. Mr. Chan thinks that more pro-active promotions and events for Norwegian salmon with a focus on quality, as a key element would help to increase the sales. The environment and the clean and pure water could be more emphasized as people are becoming more and more aware of health and safety concerns. This health trend has lasted for a couple of years now, and is most likely to continue Mr. Chan says.
Miso is a modern Japanese restaurant that serves fusion food (a cross of Japanese and Western). Together with Kiku, they are the Japanese restaurants that belongs the to m.a.x. concepts, a contemporary restaurant division of the Maxim's Group. At the moment Miso has two restaurants in Hong Kong, while Kiku has three restaurants. They are two different lines of Japanese restaurants that target different customers, both under the m.a.x. concept that takes care of the restaurants’ administration and functions as a common head office, but beyond that they generally operates separately. Mr. Chung told the authors that all the purchasing tasks usually would be taken care of by the m.a.x. concept, which again is a division of the Maxim Group. This is the situation regarding Miso and Kiku restaurants’ seafood supplier. Miso used a Japanese seafood supplier that as far as Mr. Chung knows import directly from Norway. Usually, most of the orders from the different restaurant under the m.a.x. concept are gathered and ordered through their mother company, the Maxim Group. This does not mean that each restaurant under the m.a.x. concept or Maxim Group cannot choose its own suppliers for raw material. In Miso’s case Ivan Chung the manager of Miso can request to use a specific supplier for some special products. They do this from time to time when they find some exceptional products that are normally hard to get. Miso uses Norwegian salmon and the m.a.x. concept’s head office has so far delivered them Norwegian salmon without any problems. At Miso they get the salmon as whole and do the cutting and slicing by themselves in the restaurant. Japanese sushi and sashimi requires technique to prepare, and therefore a skilled chef has to do this job to ensure the quality of the food. In addition sometimes the remaining parts of the salmon like the head and bones can be used in other ways. For example the head can be grilled and served as a special side dish. But this is up to the kitchen chef to decide, as it is not a part of the menu. However the point is that the quality is the most critical factor for a restaurant in order to survive and Mr. Chung says they will not risk letting other do this job. Salmon is the most
popular sushi and sashimi so the customers demand is pretty good. Miso uses about 3-4 whole salmon fish’s each day (20 kg). The quality of the Norwegian salmon is quite good and more importantly, the supply has been stable and the logistics/distribution system is good. As for the market prices for salmon Mr. Chung cannot answer for certain, instead he says to contact the m.a.x. concept head office.

Miso serves Japanese dishes as well as sushi and sashimi. As a result they offer both warm grilled salmon fillets and raw salmon sushi and sashimi. Altogether Miso have between 6-8 sorts of dishes that contain salmon as an ingredient, about 4-5 of these dishes are served as sushi and sashimi and the remaining are mostly salads and grilled salmon. The average price for a dinner at Miso per person is around HK$ 250-350, Mr. Chung would say their prices are a little higher than average, and he knows that Kiku charges an even higher price. Miso has also recently started to serve lunch. The lunch menu has to be changed often so that their customers will not get weary of it. Different salmon dishes are from time to time included in this lunch menu. The average price for lunch per person is about HK$ 130-180.

When it comes to promotion Miso does not say that the salmon is of Norwegian on the menu. The kitchen does some times make special dishes when they get the rare raw materials, and then their waitress promotes these special dishes to the customers. But they have never done it with salmon, as it is very common. Though Mr. Chung says that he is open to launch some kind of special salmon dishes and promote it if they get some form of support.

Mr. Chung has in fact just recently returned to Hong Kong from London, where he has been working in the restaurant business for 5 years. According to Mr. Chung the dinning culture in Hong Kong is much stronger than in London, and there is therefore a huge demand for restaurants in Hong Kong. After 5 years spent in London, Mr. Chung could see that the market for sushi and sashimi has become much more casual. People can buy ready to eat sushi and sashimi in most of the large supermarkets today and, more importantly to a reasonable price. Personally he believes that the market is still in growth, but clearly the
competition is getting fiercer. Salmon is an inevitable ingredient for sushi and sashimi, and with that the demand for salmon will most likely be affected by the development of Japanese restaurants in the market. On the other hand salmon is a product than can be used in many other restaurants as well, so there is a good possibility for future sales within other segments of restaurants too.

Interview: Sen-ryo – Hong Kong

Date: 18.04.2008
Interviewee: Sen-ryo
Type of interview: Personal interview
Present representative: Paul Yuen - Kitchen manager

Sen-ryo is a sushi restaurant that belongs to the Genki Sushi chain. As the kitchen manager was uncertain of many issues this interview only covered some aspects regarding Sen-ryo consumption and customers demand for salmon today.

Sen-ryo a premium conveyor-belt sushi chain arrived in Hong Kong in May 2005 for the first time. The Sen-ryo restaurant the authors visited opened five months ago, and at the moment the chain has five branches scattered around town. The costumers can either grab their own favourite sushi and sashimi from the conveyor belt, or order from the menu. The prices are a little higher than at Genki Sushi’s restaurants, where two piece of sushi costs between HK$ 12-48 and sashimi costs from HK$ 40-96. As far as Paul Yuen knows the average consumption price is around HK$ 130-160. The restaurant uses Norwegian salmon but does not print the origin on the menu. Salmon is one of the most common sushi and sashimi, and people have become so familiar with and positive to Norwegian salmon that it is seen as a quality brand. As a part of the Genki Sushi Company, Sen-ryo get finished cut files and sushi toppings from the same central kitchen as Genki Sushi.

Currently Sen-ryo sales are good, but there is still much room for growth as this restaurant is quite new. Each day they need about 21 kg finished cut salmon meat,
and they receive the delivery as packed frozen fillets once or-twice daily, depending on the weekday. Then Paul and the other chefs cut and slice the salmon fillet into sushi toppings and prepare it. The usual plates are all freshly prepared and continuously placed on the conveyor-belt according to the consumption demand for each sort of dish. Sen-ryo also has a few special innovative dishes, which they place on the conveyor belt some-times, these dishes cannot be fond on the menu as they only offer this on days when they have raw material to use for it.

Interview: Inagiku - Hong Kong

Date: 19.04.2008
Interviewee: Inagiku
Type of interview: Personal interview
Present representative: Victor Lui -Senior Assistant Manager

Inagiku is a relatively new restaurant; they started in January 2007 and have today two outlets in Hong Kong. Inagiku is a Japanese restaurant that serves traditional Japanese food where sushi and sashimi are a part of the menu. Salmon is only used in sushi and sashimi, and they use Japanese salmon. According to Mr. Victor Lui, the restaurants customers expect the salmon to be of Japanese origin when they come to eat at a traditional Japanese high-end restaurant like these. The price for Japanese salmon is much higher than Norwegian salmon. Mr. Lui knows that the Norwegian salmon is popular in Hong Kong and has a overall good quality, but still he chooses to use Japanese salmon as that is what his customers demand. According to Mr. Lui Japanese salmon is not as oily as the Norwegian salmon, but it has a stronger fish taste, the meat is more soft and smooth.

Inagiku buy salmon as a whole fish in order to keep the fish as fresh as possible, and in addition it is easier to control the usage and adjust how to cut and slice the fish then. Once you cut and slice the fish, the water content of the fish will dry out and it will hard to keep it fresh. When buying a whole fish and cutting it by themselves, they can delay this process.
The restaurant sells about one salmon fish every day, and the average price per person is about HK$ 400-500 for lunch and about HK$ 800-1000 for dinner. Mr. Lui thinks that Japanese food is very popular in Hong Kong, and would say that it is the most preferred food after Chinese food. Thus Mr. Lui believes that the future market for more expensive traditional Japanese restaurants like themselves is relatively stable, and will continue to grow slowly. The way it looks today, the general market situation for Japanese food has changed from being very exclusive towards more common and casual food. During the last 5 years he has seen many new sushi restaurant/bar chains opening within the lower price segment, but Mr. Lui also sees a growing popularity for fusion restaurants that are within the higher price segment. In Mr. Lui opinion modern Japanese fusion restaurants are becoming a trend, and for the restaurant this would be a future threat. However, for Norwegian salmon this would most likely not do any harm as these restaurants also use salmon as ingredient in their food.

Interview: JW's California Sushi Bar - Hong Kong
Date: 19.04.2008
Interviewee: JW's California Sushi Bar
Type of interview: Personal interview
Present representative: Dimmy Pon - Sushi Bar Division Kitchen Manager

JW's California Sushi Bar has been open for more than 14 years by now. The restaurant offers Californian style Japanese fusion food. As Mr. Pon is responsible for the sushi division in the kitchen, and could consequently not answer all the questions.

Their price for a set lunch at JW's California Sushi Bar varies from HK$ 400 to 550, and a dinner costs about HK$ 600-800 per person. The restaurant uses Norwegian salmon and their supplier is the local seafood company World Wide Seafood that imports the salmon directly from Norway. The JW's California Sushi Bar restaurant does not offer that many salmon dishes so they only need a small quantity of salmon. Currently they are buying salmon as fillets and they use fillets
equivalent of approximately one fish each day. Using fillets requires much less work, and it fillets are very easy to get from suppliers. Mr. Pon says that the restaurant have used Japanese salmon in the past, but as the supply was unstable and the price very high, the restaurant started using Norwegian salmon instead. The Norwegian salmon is thick, oily and firm. Personally, as a sushi chef, if the price and logistic factors were ignored, Mr. Pon would prefer the Japanese salmon as a replacement for the Norwegian salmon. The salmon from Japan has a stronger taste, better colour, is less oily, is smaller in size and thus the bones are also slimmer compared to Norwegian salmon. One can prepare the Japanese salmon in a few more ways, as it is smaller. Fried salmon bones were one of the side dishes the restaurant could offer when using Japanese salmon, as the bones were very slim and therefore edible.

The restaurant have promotions in the form of special exclusive dishes some times. JW's California Sushi Bar has had these promotions with a few more rare salmon species like Coho salmon and rainbow trout but never with Norwegian salmon. If they could manage to get a hold of wild Norwegian salmon Mr. Pon says the restaurant would do it. Also they use salmon roe from Japan in many appetizers and in sushi. There are fewer suppliers that import salmon roe and as a result there are not that many alternatives to choose between when it comes to salmon roe here in Hong Kong. Mr. Pon cannot remember that he has been offered to buy Norwegian salmon from any suppliers before.
Questionnaire to Arne Hjeltnes

(There have not been made any modifications (spell check or similar) to the interview.)

As a closure to our bachelor degree in International Marketing the authors wrote this thesis in collaboration with the Norwegian Seafood Export Council (NSEC). The thesis will cover market research of the consumption of raw Norwegian salmon as sushi and sashimi in restaurants within Shanghai and Hong Kong.

Our aim is to conduct interviews to describe current market situation and potential for raw Norwegian salmon. This shall build a base for a SWOT analyse. To do this the authors will focus on finding out more about the preferences and attitudes that purchasing managers in restaurants have towards Norwegian salmon, when it comes to consumption of raw Norwegian salmon as sushi and sashimi.

About your company:

1. What is your position and responsibility in Marine Harvest? How long have you been working towards the Chinese market (Shanghai and Hong Kong)?
   Communication Director for the whole group (MH ASA).
   I have spend 2.5 yrs in Hong Kong working with SE Asia

2. How long experience does Marin Harvest have in the Chinese market, when did Marin Harvest start to export to China, and when/where/why did Marin Harvest establish its own office in China?
   Marine Harvest consist of several companies after the merger.
   Our history belongs to the former MH, Panfish and Fjord Seafood.
   The former MH merged with Stolt Sea Farm in 2004. Stolt Sea Farm had a strong presence in Asia.
   You should check with NSEC(EFF) to get the figures for export to China. My guess is that it took off in the late 90s. But salmon entered developed markets in Asia like Singapore and Japan 30 yrs ago.

3. Why did Marine Harvest decided to enter the Chinese market?
I assume it was a natural development of the emerging business to Asia; first Singapore and Japan, then Korea and Hong Kong – and then China. The potential and the economic growth in China is of course one important driver.

4. **What is your position and responsibility in Marine Harvest? How long have you been working with the Chinese market?**

Communication Director for the whole group (MH ASA).

I have spend 2.5 yrs in Hong Kong working with SE Asia

5. **What species of fish does Marin Harvest export?**

Atlantic salmon from Norway and Chile, farmed halibut from Norway.

Coho and trout from Chile.

6. **Does Marin Harvest only export Norwegian fish or do you also export fish with other origins?**

We farm fish in Norway, Chile, Canada and Scotland. We export to Asia and China from all regions, but the main volumes come from Norway and Chile.

7. **What are the most popular/sold fish? And does Marin Harvest know the reason for this?**

Atlantic salmon (fresh)

8. **Who does Marin Harvest sell to, who is your target group?**

Whole-sellers/importers/distributors in other words business-to-business

9. **Does Marin Harvest sell to intermediary in the Shanghai and/or Hong Kong market whom then again sell further to restaurants/supermarkets?**

Yes

10. **Does Marin Harvest sell to the fish markets?**

Not directly
11. *How does Marin Harvest reach the customers? Does Marin Harvest use the Norwegian Seafood Export Council or other channels to reach customers?*
   We have our own sales team on the ground in China with long experience.
   But we also work closely with NSEC.

12. *How is the logistics? How often does Marin Harvest get fish/salmon to China (Shanghai and Hong Kong) from Norway?*
   Fresh salmon from Norway by air and frozen salmon from Chile by boat/container.

**General about seafood:**

1. *Can you give an description of the most important criteria customers have for purchasing seafood for raw consumption ranged after importance: Price, freshness, frozen/fresh, availability, stability in supply, “fat content”, degree of wastage, different product cut, packaging, origin of product, product know how, food safety, etc.*

   **Business-to-business:**
   1. Stability in supply
   2. Availability
   3. Freshness
   4. Origin
   5. Price

   **End-consumers:**
   6. Taste/fat content
   7. Freshness
   8. Price

2. *What are the most popular/used products? Why?*
   Tuna and salmon (because of taste)

3. *What kinds of product cuts are preferred and what does Marin Harvest offer? Why? (Whole, fillets, ready to use as “sushi toppings”)*
Whole fresh salmon (HOG)
Fresh filets
Frozen portions
Frozen filets
Smoked salmon

4. *How important is frozen vs. fresh for the product?*
   
   Very broadly;
   
   Fresh and frozen are two different segments.
   
   Fresh is for sushi/sashimi, top-end.
   
   Frozen is for industrial production.

5. *What is the main difference between fresh vs. frozen and that is the reason of preferring one from the other? (Colour, texture, taste, price, others).*
   
   No big difference. Until a few years ago all salmon sold as sushi in Norway had to be frozen.
   
   But we see that that a large part of the Asian market prefers fresh because they assume it has to do with quality. Fresh is more expensive in Asia, because of freight.
   
   Asians would prefer to have the salmon live, if it was possible.

6. *Does Marin Harvest execute promotion? If so, how/when/how often? Do you have any examples? What results are achieved through promotional activities?*
   
   Yes, we do promotions with NSEC or on our own all over the world.
   
   The regularity depends on markets. In China we have done 3 campaigns the last year and have more planned.

**Specific for salmon:**

1. *What is the origin of the salmon Marine Harvest offers?*
   
   Norwegian, Chilean, Canadian, Scottish

2. *What form is salmon mostly purchased in? Fresh, frozen, whole, fillet, ready to use, etc.*
3. **What are the price ranges for the different variation?**
The market price will vary. Filets are more expensive than whole, frozen less than fresh. Value added products from Europe are not a big item in Asia.

4. **Estimated annual exported amount of salmon to Shanghai/Hong Kong?**
We export approx. 20.000 tons to Asia.

5. **What is the general price level of salmon compared to other products?**
We strongly believe that salmon is under-priced and most importantly under-marketed compared to meat, poultry and ex. Tuna.

6. **Estimated annual exported amount of salmon within the different variation to Shanghai/Hong Kong?**
We do not sell any significant volume other than Hog to China.

7. **What position does salmon have when it comes to sushi/sashimi consumption in Shanghai and/or Hong Kong? And how would you compare these two markets to the rest of the world?**
Sushi is the main driver for salmon in Asia. Hong Kong is by far the most developed sushi-market outside Japan, with a well developed sushi consumption in retail in addition to food service. Shanghai is catching up. Singapore is also advanced. But many other big cities in China are coming fast.

8. **Name the strength and weakness for usage of salmon in sushi/sashimi.**
No weaknesses. The proof of that is the enormous success salmon has had in this segment, since it was introduced by Norwegians to the Japanese chefs in the early 80s. We see this even in Brazil, where the salmon enters new markets because sushi-bars are coming in (in fashion).

9. **Potential for developing salmon as product in sushi/sashimi in Shanghai and/or Hong Kong?**
We have seen a fantastic growth in Hong Kong, especially among the young. But the largest potential is in Shanghai. I think consumption in HK is approx. 1 kg/capital (check with NSEC)

10. *What is the most competing product for salmon Shanghai and/or Hong Kong?*
   Tuna

11. *What will be an alternative as a substitute for the salmon in the future?*
   No alternative. Salmon is its own category in sushi.

12. *Any general trend to for the consumption of sushi/sashimi? (Product, usage, volume, consumer segment, menu variation, take out).*
   Sushi is growing our salmon business all over the world. Sushi Express growth in China with a fix price pr. piece is an interesting concept.

13. *What are Marin Harvest/your expectations of salmon in the future?*
   Because of the environmental- and energy friendly production salmon will be a seafood winner in the future. Over feed convertion ratio is very favorable compared to meat.

**Specific for Norwegian salmon:**

1. *How does Norwegian salmon differ from other salmon?*
   Atlantic salmon is more or less the same.

2. *What advantages/disadvantages does Norwegian salmon have compared to other salmon/other seafood.*
   Undermarketed compared to other protein sources

3. *What future opportunities/possibilities/threats/weaknesses do you see for Norwegian salmon in the future market?*
   I think our production story, 1 kg feed = 1 kg fish will be our big opportunity, but it is not known. It needs to be marketed.
4. What will be necessary to do to optimize and/or to expand the market for Norwegian salmon in Shanghai and/or Hong Kong?
   More marketing

5. Would you describe the Norwegian salmon as an unknown, known or well-known product in Shanghai and/or Hong Kong, and why? Why do you think Norwegian salmon has the position it has?
   Known in sushi and sashimi, but there is a big potential in getting salmon into the everyday Chinese kitchen.

The market:
1. How would Marin Harvest/you describe the market in Shanghai? In Hong Kong? Differences and/or resemblance?
   Shanghai is catching up/similar to HK.

2. Is it easy/difficult to get the hold of sufficient fresh Norwegian salmon in Shanghai/Hong Kong for the usage of sushi/sashimi? Why? What can be done to improve this?
   It is fairly easy

3. How can the Norwegian salmon be combined with the Chinese culinary traditions?
   More recipe development and more marketing

4. How can the sushi/sashimi products be renewed? How can the sushi/sashimi products be more exciting? Innovations?
   More marketing and partnerships with the sushi-innovators.(eg. Sushi Express)

5. Is there any new ways of selling sushi/sashimi?
   Retail concepts are very exciting and will travel.

6. What are the preferences in China today toward use of raw Norwegian salmon in sushi and sashimi, in restaurants in Shanghai and Hong Kong?
Norwegian salmon is preferred and well known in sushi.

7. **What are the biggest barriers or difficulties doing business in China?**
   No serious barriers (maybe custom tax) but the main challenge is the size of the market.

8. **Working towards China, does Marin Harvest/you think guanxi or relationship is important? Why? How can it affect your business/work?**
   Relationships/network is very important. We have experienced Chinese employees.

9. **What are Marin Harvest/your expectations of salmon/seafood market in China (Shanghai/Hong Kong) for the future?**
   It will be significant if we are able to explore, develop and market our products.

10. **Comparing the Shanghai market and Hong Kong market what differences and likeness do Marin Harvest/you see? Do you think there are any differences regarding taste and preferences?**
    Salmon is mainly sold as sushi/sashimi.
    No differences.

11. **How would Marin Harvest/you describe the market situation in the two markets Shanghai and Hong Kong?**
    Hong Kong is saturated, but with segment opportunities.
    Shanghai has huge potential.

**The future:**

1. **What are Marin Harvest/your expectations for the future when it comes to Norwegian seafood (and the salmon in particular) in the Shanghai market and in the Hong Kong market?**
   Strong belief in the development in China
2. *Are there any intruders (possible or new competitors) whom might be a competitor to the Norwegian salmon in the future?*
   Yes, other Norwegian companies and foreign salmon producers. I do not see any threats from other species. Salmon is pretty unique.

3. *What future opportunities/possibilities do you see for Norwegian salmon in the future market?*
   New segments, new partnership, new cities and Chinese cuisine.

4. *What will be necessary to do to optimize and to expand this market for Norwegian salmon? Or what does Marin Harvest do in order to sell more salmon?*
   More knowledge and marketing. Maybe also value added production for Chiense retail in China.

5. *How can NSEC affect this development?*
   NSEC is a good help in many areas. Keeping us updated and as a partner in activities.

**The Norwegian Seafood Export Council:**

1. *Does Marine Harvest have any projects together with NSEC?*
   At least 3-4 this year in China.

2. *What is your opinion on the work done by NSEC? In your opinion what do you think is their largest challenge to overcome in the Chinese market (Shanghai and/or Hong Kong)?*
   We are very happy with NSEC.

3. *Does Marin Harvest/you have any suggestion to improvements? What can NSEC do to increase the reputation and sales of Norwegian salmon?*
   We are in constant dialogue. The main potential is more marketing.

4. *Do you know why NSEC moved their representative office from Hong Kong to Beijing?*
Yes, but I think it was not a smart move. NSEC should have offices in Shanghai and Hong Kong. Beijing is less important. Move to Shanghai!

Thank you for your time to answer these questions!
Summary of interviews with Åshild Nakken

Interview object: Norwegian Seafood Export Council
Type of interview: Personal interview conducted through face-to-face interviews, and correspondence through e-mail and telephone.
Present representative: Åshild Nakken - Director China

Since 2006 Åshild Nakken has been a representative for the Norwegian Seafood Export Council in China, with responsibility for China and Hong Kong (where she is approximately every other month). Åshild Nakken and her assistant are the only employees in China (including Hong Kong).

NSEC operated with representative offices in the Hong Kong market since 1995 and in China, Beijing, since 1998, but the offices in Asia was reorganised before 2006 and now the Beijing office is responsible for China and Hong Kong. NSEC has acquired a lot of knowledge about the end consumers, hotels and the restaurant segment. In addition, NSEC has built up a solid base of chefs and network throughout China and Hong Kong. NSEC has conducted different market analysis on the market situation through consumer surveys, and has through this a good foundation when it comes to understanding and knowledge about the end consumers in the markets in China and Hong Kong. Norway is the second largest seafood exporter nation today, after China.

According to Åshild Nakken, Hong Kong is a well-established market when it comes to salmon. Shanghai is a well-established market to, but is still a step behind Hong Kong. When NSEC arranges promotions in Mainland China they always see Shanghai as the top tier city, before Beijing.

The situation for consumption in Shanghai and Hong Kong might be some different. But in both the markets people like to go out dinning. In Hong Kong NSEC had a research regarding this and the results showed that around 80% of the people went out dinning before, however this number seems to have decreased some by now. Instead people more often go shopping and consume the food at home. This is a trend NSEC has noticed, and can to a small degree been seen in
Shanghai as well. Åshild think this might have something to do with that products are easier accessible now.

Åshild Nakken says that the preferences toward use of raw Norwegian salmon in sushi and sashimi restaurants in Shanghai and Hong Kong are high. Åshild Nakken would say that the preferences in higher in Hong Kong than in Shanghai, due to better knowledge level of Norwegian salmon in Hong Kong. NSEC knows that salmon is among the most popular product in the sushi and sashimi segment, especially among younger end consumers. The popularity of consuming salmon is growing among the younger. In addition, Hong Kong is a fantastic market within sushi/sashimi in retail. The product assortment is amazing. You can find several sushi counters in the supermarkets and there is creativity in presenting the product to the end costumers which much better than even Tokyo can offer. Shanghai has not come that far yet. But NSEC hopes other cities in China looks to Hong Kong and follows their steps when it comes to that.

NSEC has a marketing information division that works with all the statistics and analysis for all the seafood markets in the world. Based on these results, NSEC makes decision on how to implement its marketing, and what appliance this marketing should conduct. The marketing information division is divided according to the fish species. Where one person is responsible for salmon, and holds much information and knowledge about global trends within salmon. Another division work to maintain the good reputation of the Norwegian seafood industry. If there is to happen anything that can put the Norwegian seafood reputation in danger, this division will go about to avoid this to happen or to minimize the damages. In addition, one division is working with PR and information.

NSEC’s aim is to increase the demand and consumption to Norwegian seafood, and this is best done (according to Åshild Nakken) by communication towards the end consumers. Toward the market NSEC want to appear as a professional supporter to the Norwegian seafood industry, while they want the Norwegian seafood industry to perceive that NSEC are doing a good job and that the Norwegian seafood industry gets benefits in return for their investments in NSEC.
NSEC works with generic marketing of Norwegian seafood on behalf of the Norwegian seafood industry. The logo of NSEC is used as a common logo for all the Norwegian exporters whom are authorized; this means that if someone uses the NSEC logo and offers products with poor quality, it will have consequences for everyone using the NSEC logo. Since the consumers recognize the logo and not the products. Until now the Norwegian logo and the Norwegian seafood is well known among the end consumers in many markets. This is the strength of the generic marketing method, and it had made salmon as one of the most known Norwegian product in the world. NSEC are working towards a quality brand arrangement, where the goal is to include requirement for the logo "Norway - Norwegian seafood" so that it becomes a brand arrangement system were NSEC can impose sanction to those whom damage the logo.

The vision of NSEC is "we shall win the world for Norwegian seafood". There cannot be found any other organizations that are equally big in the same field. NSEC builds up their competence through people with difference background and education into the organisation, they run various recruitment programs such as trainee and scholarship. It was through a trainee position Åshild Nakken began her career in NSEC. Also, NSEC provide development course and programs for their staffs, thus it is not that easy to attend on these from abroad.

As NSEC is a marketing and information council on behalf of the Norwegian seafood industry, they do not take part in the buying process regarding the seafood, and does therefore not have anything to do with the price of the Norwegian seafood.

The values NSEC brand name is build up with are tradition, competence, personal/human and nature. NSEC wants the Norwegian salmon to be looked at as a product with stable supply, and a nation that delivers “high quality the whole the year around to a reasonable price”.
NSEC wants the end consumers to perceive Norwegian salmon as palatable, great quality, and maybe a little exclusive depending on the market. NSEC want Norwegian salmon to be a product end consumers would eat over and over again.

When it comes to improve the logistics and the transportation in China (Shanghai/Hong Kong), is this not a part of the main work of NSEC, but they did earlier try to help the development. NSEC has lately made some effort to get more Norwegian salmon out to the retailer segment, and has emphasized the important of continually cooling during the transportation, which has made the retailer better and more aware on maintaining the freshness of the salmon during transportation.

Logistics and transportation in Hong Kong is, as far as Åshild Nakken knows, not a concern. NSEC says a difference is that importers are much more included in Hong Kong. There are importers that fillets, smokes and do all the processes before they distributes the finished salmon products to hotels, restaurants and others. In Shanghai it is more common that several links is included in this channel, where for instance the product goes through a wholesales market and then a supplier before it reaches the restaurant or hotel.

Åshild Nakken states that is should not difficult to get the hold of sufficient fresh Norwegian salmon in Shanghai/Hong Kong. “If there is a demand there is a supply” and should not be a problem she says. If there is a problem Åshild Nakken thinks it is more likely related to price issues and not supply issues. This goes for Shanghai as well as Hong Kong. As there are frequently flights to Shanghai and Hong Kong with fresh Norwegian salmon, approximately every day.

When the authors asked Åshild Nakken about obstacles and barriers she had meet, she answered that the NSEC delegates before her who established the representative office in 1998 most likely had been thought much more. Åshild Nakken said herself that she came into an established system. China is a country under great development. Because of that government contact is an important issue in order to do business in China. Even thought Norwegian salmon has been sold in China for over a decade there still arise barriers due to that the market is
not that well developed. China entered WTO in 2001, and it has been done effort to make trade easier, but still much can be done, something that automatically leads to government contacts. It is simply imperative. Therefore the role of being a representative for the Norwegian seafood industry has often the equal importance for Åshild Nakken job. Åshild Nakken attends on meetings with the Norwegian and Chinese food supervision and control authorities to understand and learn the rules and regulations China have in different areas, then she forwards this information to the Norwegian exporters. Moreover Åshild Nakken do preliminary works so that experts in Norway and China can have dialogue for instance when a problem or challenge have occurred within the trade of Norwegian seafood. Because of this representative role Åshild Nakken have a diplomatic passport.

According to Åshild Nakken, when working with the Chinese government it can be extremely bureaucratic. Matters take time to solve; therefore it is important to have a long time horizon to go on. And to build guanxi is, of course, significant, as relations are important for NSEC.

NSEC would describe the Norwegian salmon supply from farming industry as a fantastic quality product. Compared with the other counties Åshild Nakken think Norway supercilious when it comes to aquaculture drift in a good way and providing a stable quality product all the year. The Norwegian aquaculture has gone through many years with development since the start of the aquaculture in the beginning of the 80s. The Norwegian aquaculture has become an incredible healthy industry, it is for example used extremely little antibiotics (next to nothing) and at same time the production has increased. Åshild Nakken is proud of the fish farming industry Norway has today. Norway is one of the leading in the world and has a technology and innovation within the fish farming industry that few others have.

The country/salmon NSEC regard as competitor to the Norwegian salmon are: Chile, Scotland, Ireland and Canada. But none of them are consider as a threat. But competitors are not causing any threats for the Norwegian salmon at the moment. Chile has problems on their home ground due to salmon diseases at the
moment. And according to the prognosis at the moment, Chile will not be able to deliver much salmon this year (2008) or next year (2009).

Chilean Salmon cannot compete with salmon from Norway when it comes to salmon quality either. Chile has an antibiotic usage that is very high, but there are no official statistics on this Åshild Nakken says. Åshild Nakken did not want say any more or stir down on other countries as she has limited knowledge of it. Salmon diseases are not something Norway is dealing with now. But it can appear. Is a problem in Chile at the moment, therefore Chile will not serve much competition this year (2008) or next year (2009).

When asked about Chinese salmon, NSEC had not heard that it were much of Chinese salmon in the market, Åshild Nakken have heard about some trout thought. It is said that it is an attempt on raising salmon farming in China, but Åshild Nakken has no knowledge beyond that about it.

Substitutes to the Norwegian salmon on the market are as Åshild Nakken opinion frozen salmon from Chile and the fresh salmon from Canada in periods. Norway is number one when it comes to supply of salmon to China, the market shares is enormous. In Mainland China the Norwegian salmon market shares are over 90% for all salmon, and 99% for fresh salmon. NSEC does not have any numbers for market shares in Shanghai, but assumes it is nearly the same. In addition, Åshild Nakken states that there are no potential new intruders in the market. But the Norwegian seafood industry must be aware of the competitors that are already on the market. The Norwegian salmon has managed to attain large market share in the two markets because of the huge demand and strong preferences the Norwegian salmon possess, and as a consequence of the massive profiling preformed by NSEC and the Norwegian seafood industry through the years. In addition to the low number of competitors when it comes to fresh salmon – where Norway is in an exceptional position when it comes to delivering fresh salmon the whole year.

The main challenge regarding Norwegian salmon in retail is to establish the product in more stores and increase the purchasing frequency – these are the two
most important things to focus on for the Norwegian seafood industry. The Norwegian salmon is already to be found in 500 out of the 1200 retails in Mainland China. In addition, must NSEC focus on educating the store personnel and have more in-store promotions.

NSEC has a budget of 5 million in China and 2 million in Hong Kong that is mainly used on marketing, but a large amount is also used on PR. At the moment NSEC schedule of the whole budget were they prioritise promotion and advertising towards the retailers. Åshild Nakken says that 70% of the marketing expenses go to retail and 30% to foodservice. The reason is because of the tremendous expansion in the retail segment. However, if you look at the sales numbers and consumption statistics the division is the other way around, where foodservice is the main source

In the foodservice (restaurants, hotels, catering, etc.) the Norwegian seafood industry must focus on being present at a high level the entire time. Now, that the product (the Norwegian fresh salmon) has become an accepted and known product, the Norwegian seafood industry has to focus on increasing the sales volume. To manage this must the Norwegian seafood industry invests in the media – advertising in magazines, TV-advertising, blog-advertising, etc. With a larger budget NSEC could run a massive promotion campaign which most likely would contributed to increasing knowledge and preferences towards the Norwegian salmon to an astounding level. But NSEC’s budget is not enough to do so in China (including Hong Kong). The challenge here will be to convince the marketing group in Norway to conduct more financial support so that a promotion campaign can be arranged in China (including Hong Kong).

Åshild Nakken then mentioned some of the advantages salmon possesses. The versatile taste of the salmon makes it easy to use in many different culinary, and in Åshild Nakken’s opinion, this can be the reason for why salmon is so popular internationally. One can find salmon everywhere, and salmon has in addition achieved a high fixed place in the French and Italian kitchen she says. NSEC now works much towards including salmon in the Chinese kitchen. NSEC tries to change the thought of salmon as raw consumption, and combine it with the
Chinese culinary traditions. To do so, NSEC has to get Chinese chefs to be innovative/creative with the use of Norwegian salmon. NSEC has a program towards chefs and culinary schools, where they arrange contest, training/education and selected courses for Norwegian salmon. NSEC has received good feedback from Chinese chefs on that they appreciate this contribution from NSEC and that the Norwegian salmon is healthy and very suitable. NSEC sees that Norwegian salmon is used more than earlier, and no longer only in raw dishes.

Towards the retail business in Mainland China and Hong Kong, NSEC provides training to the staff in super/hyper markets that handles the Norwegian salmon. NSEC teaches them how to present and handle the salmon, knowledge concerning hygiene and how to fillet the salmon. This is especially in the China market where salmon is about to be more common at retailers.

Towards restaurants, NSEC has done a few single campaigns with hotels and restaurants in Shanghai and Hong Kong to widen and create new recipes. NSEC has planned to launch a restaurant campaign in August this year in 6 cities in mainland China and 10 restaurants in Hong Kong. Here NSEC will generally display ways to prepare Norwegian salmon, in primary Chinese culinary but also western culinary.

Åshild Nakken’s expectations of salmon in the future is very positive. "The sky is the limit!" she says – indicating that the Norwegian seafood industry just has to keep on up their good work. The prognosis and the estimates regarding the Norwegian seafood are bright and the potential is tremendous. Moreover the Norwegian government is working towards a free trade agreement with the Chinese government. The preparatory study is finished. According to the plan will the first negotiation begin this summer (2008). It is estimated that the negotiation will take about two years to complete. After this, if there is a free trade agreement, it might take a few years to remove the duties between the two countries, China and Norway.
Appendix CD