

# How to respond to COVID-19 in the fish and seafood sector

The global outbreak of the COVID-19 virus is having a major impact on international trade. Small and medium-sized enterprises in the fish and seafood sector are facing serious disruptions. This study provides you with a step-by-step plan to help you take the necessary actions to ensure the survival of your business. It also gives you advice on how to prepare for the future recovery of the sector.

## Contents of this page

1. [Stay calm, sit down and think](#)
2. [Talk to your employees](#)
3. [Secure pending deliveries](#)
4. [Secure pending cash receivables](#)
5. [Minimise your expenditures](#)
6. [Make a cash flow statement](#)
7. [Have a meeting with customers](#)
8. [Reduce costs if necessary](#)
9. [Check local financial support](#)
10. [Revise your Export Marketing Plan and customer base](#)
11. [Visit your customers in person](#)
12. [Improve your Customer Relationship Management and certifications](#)

## Effect on the fish and seafood sector

After starting slowly in China, the COVID-19 virus spread quickly throughout Europe and the Americas. For the fish and seafood sector, in the beginning, the consequences were limited to a disruption of demand from China. The real panic in the sector happened when some European governments put lockdowns in place that included the closure of bars and restaurants.

From that moment on, [the outbreak caused severe problems throughout the supply chain](#). This affected small fish shops and restaurants, via importers, to producers overseas. The crisis in the fish and seafood sector spread so fast that there was no time for a carefully planned reaction. Now, a few months after the first outbreak, the question still being asked is:

How to respond to COVID-19 in the fish and seafood sector?

This study offers you a step-by-step plan, from actions you should take immediately, if you have not already, to what you should do in the coming months and years.

The first 6 steps focus on immediate actions that you can take to ensure the survival of your company in a crisis situation.

## 1. Stay calm, sit down and think

You should keep in mind that COVID-19 will not influence your sector forever. Although it will probably cause an economic recession in the short-term, people still have to eat.

There is currently more demand for cheaper fish species than for expensive luxury species. But, we think that that market will also recover. Instead of having lunch at a restaurant, people will eat fish at home. Flights will also become available again for fresh fish exports.

We fully understand that the first reaction of a company is to close the door, leave everything behind and cry. That is what most managers in the fish and seafood sector did, and are still doing. And that is good. It is

important to organise your mind. Stay calm, sit down or take a walk, and think about what is going on. Try not to panic and try to be rational. If you are unable to do so, then you should not make business decisions or speak with suppliers or customers yet. Tomorrow is another day.

### **Tips:**

Try not to panic.

Think about the situation in a relaxing environment. This could be at home, the beach, with family, and so on.

Do not make any business decisions or speak to suppliers/customers if you cannot think about the situation rationally yet.

## **2. Talk to your employees**

After your family, your closest stakeholders are your employees. If they are still able to come to the office, have a meeting with them all together. If not, try to call them on the phone. Your people are nervous too. They might not see the real impact of the crisis yet, but they are definitely aware that this situation is something we have not seen before. Their first concern will be their job and salary.

For you, it is important to create a strong team bond with your employees as soon as possible. They need you, but you also need them to keep you grounded and to have people to talk to. You cannot handle this situation alone. During your meeting, tell your employees that this is a temporary situation, but it will have an important impact on the company in the short-term.

Explain to them that your first concern is their health and the health of their families. If someone feels a bit sick, or one of their relatives at home does, they should stay home and call the manager. You should offer them any help they might need. You also need to make sure your office and processing plant are safe coronavirus-proof working environments. Your employees need to keep a safe distance from each other.

At this moment, you do not yet know if you need your employees tomorrow, or if they are even able to come to the company or processing plant. Also, you do not know if you can pay them next week/month, as you do not know what the impact on sales will be yet. You have to tell your employees this clearly. This will make them aware of the serious situation they are dealing with. But, let them focus on their health first and reassure them that you will do your utmost to secure work, sales and salaries.

### **Tips:**

Have a meeting with your employees.

Create a strong team bond.

Try to keep them motivated and strong.

Focus on health first. This includes providing a safe working environment. For more information, see, for example, the British government's [guidance on working safely during coronavirus \(COVID-19\)](#) for factories, plants and warehouses.

### 3. Secure pending deliveries

You probably have some pending deliveries or exports.

#### Fresh fish and seafood

Speak to your customer first. If you send the fish without consulting with the customer, they may not accept it and thus not pay for it. Do they still need the fish? Can they sell it? Of course, try to convince your customer that you have already packed the goods and not sending them would result in an important loss for you. In other words: you have to sell it again, reconfirm the order!

Depending on the customer's answer, there are two options:

- The customer wants the goods – Great! Confirm the order by e-mail, so you have the reconfirmation in writing. Try to ship it as soon as possible. Airfreight might be difficult to find, see step 8.
- The customer does not want the goods. You will have to speak with other customers or, as a last resort, sell the fish immediately locally, even at a loss. Do not freeze the fresh fish or let it stay in a cold store for days. This will create future costs, for example, electricity for the cold store. If a customer does not want it the first day, they will not want it the second day either.

#### Frozen fish and seafood

If the goods are already on the way to the customer, do not alert them unnecessarily. They will be very nervous right now, and their first reaction will be: "I don't want it". Let the container continue its journey and later on when your customer can think rationally again, call them. A good longstanding customer will accept the container. A serious buyer feels responsible for pending contracts that have already been shipped.

This situation will show the difference between good and bad customers. A bad customer will not collect the container dispatch documents. This means you will have a container in a European port waiting to be sent back to the country of origin. Situations like these show the need for good market research, a stable customer base, an elaborate marketing plan and serious Customer Relationship Management. We will discuss these in later steps.

You may have already received all or part of the payment in advance. This makes your negotiating power a bit stronger. However, do not make the mistake of putting a longstanding commercial relationship at risk!

If you are still producing the goods, speak with the customer first. Even serious buyers will have cash flow problems and are cancelling or postponing pending contracts that have not been shipped yet. They have probably already contacted you to stop producing right away.

A good customer will tell you that they will not be able to sell the goods, and it would be better to let the product stay in the country of origin than in an expensive cold store in Europe. Continuing to receive containers from all over the world will seem like financial suicide to them (quote from the frozen seafood company [Mariscos Apolo](#)).

This is a serious situation in which even the best customers will struggle, not just you. Do not put pressure on the situation, as this could cause the loss of a good customer when the crisis is over. Think long-term.

Your customer may sell to European supermarkets. In that case, lucky you! This means they are more likely to still want the container to be shipped. More on this subject later.

#### Tips:

In fresh business, speak with the customer and try to ship as soon as possible.

In frozen business, if a shipment is on its way to the customer, wait a couple of days before calling the customer.

In frozen business, if you are still producing for a contract, speak with the customer first.

Think long-term. Do not lose a good longstanding customer due to one short-term problem.

## 4. Secure pending cash receivables

It turns out that the biggest problem for most companies in this period is cash flow. No money is coming in, but both fixed and variable costs are still being billed. It is important to secure your cash receivables. For fresh fish, you will have no problem receiving the payment for your last deliveries; you probably have already received it.

For frozen deliveries, receiving payments is a bit more difficult. Your customers will have the same cash flow problems as you have. In the case of exports against documents, Letters of Credit (LC) or Cash against Documents (CAD), even if the customer accepts the documents for dispatch, they might ask you to change the conditions to let the bank make the payment some weeks after collecting the documents. For example, CAD 30 days instead of CAD.

You will have to weigh your urgent cash necessities against your future relationship with the customer. If you are able to wait some weeks for payment, the customer will appreciate your gesture and remember it when the situation clears up. If not, you will be able to remind them!

In the case of exports on credit, without documents via a bank), the customer might ask you to postpone payment for a couple of weeks. For example, instead of payment within 30 days, they might ask you to pay you in 60 days. Here, you will also have to consider your own financial position and the customer goodwill you are able to create for after the crisis.

### Tips:

Be aware that cash flow is the biggest problem for a lot of companies nowadays.

Show your seriousness towards customers and create goodwill if your financial position allows it.

## 5. Minimise your expenditures

Stop buying raw materials. In fresh business, tell the fishermen before they go out fishing that you will not buy from them until further notice. It is better to have the fish swimming in the ocean than to have them rot onshore. Explain to suppliers that, due to the situation, your first concerns are your employees and company. They will be angry, but soon they will hear the same information from your competition. You can also point out the lack of air freight, making it impossible to transport fresh fish to European customers.

In the frozen fish business, many companies have taken advantage of the lower purchase prices to increase their stocks of frozen fish. Lots of cold stores in developing countries are full of fish, waiting to be released when the market opens again. But the question is, at which prices is the market going to show interest? Nobody knows. Stocks may have to be sold far below cost price. In other words: only buy raw material when your customer has ordered you to do so, to comply with a pending contract.

If your customer has cancelled or postponed the contract, do not try to be smarter than the market. Even if you see rock bottom purchase prices, stocks cost money. Think about raw materials, electricity, packing, finance, and so on. This has an important impact on cash flow.

Also, stop buying machines, equipment, materials, packaging, and so on. Stop until you know the impact of the situation on your company and the evaluation of the virus worldwide, especially in Europe.

Another question to answer is: what do I have to pay? Are there any pending invoices to suppliers? In that case, try to get a postponement of the payment. Every week of delay in payment gives you more time to survive. Do not say "I am not going to pay you", say "please let me pay a bit later than normal, so I can pay my employees on time first." Besides good and serious customers, you need good and serious suppliers.

### **Tips:**

Stop buying raw material if you are not sure that you can sell it. Do not let low sale prices tempt you.

Make your company and your employees your first concern, not your supplier's employees.

Respect your suppliers, as you need them in the future.

## **6. Make a cash flow statement**

Make an inventory of your stocks, pending cash expenditures, pending sales and secured cash receivables. After this, you can plan your finances and especially your cash flow. The main question is: how long can my company survive with the in cash I have?

Keep in mind that although your variable costs may decrease considerably in the short term, your fixed costs will continue. Variable costs could be raw material, salaries of seasonal workers, electricity if your cold store is turned off, or water. Fixed costs could be machine maintenance, rents, salaries of fixed employees, or fixed electricity. These costs have to be paid from your cash flow.

After calculating all your fixed costs, you will know how many weeks you can survive on the money the company has available and the money you are definitely receiving within a couple of weeks. This is the amount of cash available divided by the fixed costs per week.

Determining the number of weeks you have to be able to survive financially under these circumstances is difficult. It all depends on how many weeks this crisis continues. It is now June. Hopefully, the situation has become a bit more normal before the end of August. That would mean about 11-12 weeks, but this is only an estimation.

If your calculations show that your company can only survive for a couple of weeks, then you have a serious problem and little time to react and adapt your company. If you can survive for about six to eight weeks, then you have more possibilities to find alternatives and other sources of income, but you will have to hurry. If you can survive for more than 12 weeks, you have time to adapt your company to the new reality. You have the time to consider your next steps and strategies in a professional and well-thought-through manner.

### **Tips:**

Make a good and detailed cash flow calculation.

Calculate how many weeks your company can survive on the cash you have.

Estimate how long you have to adapt and react until the crisis is over.

After these immediate actions, we now turn to the actions you can take in the coming months and years.

## 7. Have a meeting with customers

After the first six steps, you know where you stand. If you still think that everything is going to solve itself, you are putting your company and employees at risk. Now is the time to get motivated again. You have to think about your future!

By now, customers have become a bit more rational than they were some weeks ago. Like you, they know where they stand and they have an idea of the impact on their company. In the first weeks, it was not recommended to speak with them about anything other than pending orders. Now, they have time to talk to you about the near future. Having a meeting with them via Skype, Zoom, telephone or other channels, to help you get an idea of the market at destination.

What did the customer do with pending orders? At which capacity are they working? Did they have to send employees home? When do they think bars and restaurants are going to be open again? Do they sell to supermarkets? If so, does this include your product? Any predictions? Do they recommend you start buying raw material, or hold off for now? Did the market trends change? Do they recommend adapting your product? Do they insist on quality, safety and hygiene certifications like [BRC](#) or [IFS](#)?

An informative meeting like this will help you find out if there are any possibilities in the short-term. Do not try to sell, that will come later. Also, do not tell your customer how badly your company is affected right now. Asking for actual price levels will disappoint you, as these will be very low. And anyway, a buyer will never say that prices are going up. Be positive and constructive, and try to communicate optimism to your customer. Make it clear that you are in the same situation and willing to start again when things get better.

### Tips:

Get current market information from your customers. You can also use online sources such as our studies on [exporting fish and seafood to Europe](#), [SeafoodSource](#) and [Undercurrent News](#).

Increase goodwill from your customers by being proactive and interested.

Do not try to sell now, that will come later.

Try to find out if your product still fits the market.

Be optimistic and motivated to get started when things improve.

## 8. Reduce costs if necessary

Now that you know your situation and that of your customers, it is time to take action accordingly. What you do depends on whether you are still able to sell something soon or not.

If you think that no sales will be made, you need to think quickly about future actions, see step 10. Unfortunately, you will be forced to send your employees home, see step 9. For fresh fish, you can turn off your electricity and water supply. If you have frozen products, try to put everything in one single cold store. Shut

down the others to save energy costs. Remember step 5, do not be tempted by low purchase prices! Stop all your purchasing and try to agree to postpone pending cash expenditures.

If your customer sells to supermarkets or other operational food services, they may still be interested in buying something. For fresh fish, first find out if there are any flights available to send the product by air, unless you can send it by truck. Only take reliable flights with one stopover at most.

As almost no passenger flights are available, you may need to use delivery services like DHL and UPS. These are quite expensive, but if your customer agrees, you can add the extra costs to the sales price. Only buy raw material for each daily sale, not more.

If you sell frozen products that the customer still wants to receive, with an existing or new contract, great! You have to reconfirm the order in writing, asking the customer to reconfirm as well. It might be an option to ask for payment in advance. Only buy the raw material which covers the contract, not more.

In both fresh and frozen fish and seafood, adapt your staff to the new sales capacity. For example, if you normally sell 100, but now only 50, you have to cut your processing capacity by 50%.

You can do this in two ways:

- By reducing the number of employees, see step 9. This will particularly apply to fresh business.
- By reducing working hours. This is especially relevant in the frozen business: only work four hours per day instead of eight.

Also, adapt your costs to the new reality. If you sell 50% less than normal, try to reduce all variable costs by about 50%. For example, you could decrease your use of electricity by combining cold stores. Think about ways to reduce costs for water, telephone, transport and toll. When it comes to fixed costs, try to arrange a postponement for the rental costs for your office, processing plant, cold store, and so on. Maybe you can even renegotiate the terms. Your suppliers want you to survive this situation, so they may be more flexible.

### **Tips:**

If your sales have come to a complete halt, turn everything off and move on to step 9 and 10 as soon as possible.

If your sales continue, adapt your costs to the new sales capacity.

Check your cash flow statement from step 6 for any costs you can save on.

## **9. Check local financial support**

Governments want to control and at least stabilise the COVID-19 outbreak, but they also want to protect the national economy. Their first concern is employment. With so many companies and sole entrepreneurs in financial trouble, authorities are willing to grant loans with favourable conditions. Check with your local authorities to see if you can get financial help to pay your employees. In some countries, local government and employers split the costs of salaries. Maybe your government offers something similar.

Also, contact your local Business Support Organisation (BSO) like [Agexport](#) Guatemala, [Propanama](#), [Vasep](#) Vietnam or [Adex](#) Perú. They should be well aware of these local regulations. This is not a good time to contact international financial funds. They will be overwhelmed with enquiries and probably cannot manage them all properly. Still, you should take note of this option for when the situation gets better.

### **Tips:**

Check with local authorities to see if you can get funding or favourable loans to maintain your workforce.

Contact your BSO.

Remember to contact international financial funds when the situation improves.

## **10. Revise your Export Marketing Plan and customer base**

By now you should know exactly where your company stands, both now and in the very near future. It is time to think about the mid- to long-term situation. With less work than normal, the worst thing you can do now is relax and wait. You should now double your efforts and use your time productively by revising your Business Plan and Export Marketing Plan (EMP). If you don't have an EMP, ask for help and try to write one.

In other words, you have to reconsider some key points in your plans:

- Marketing mix: do I sell fresh or frozen fish & seafood? Or both? Value-added? Is my supply chain the right one to reach sustainability? Can I use this time to implement BRC, IFS, or Corporate Social Responsibility (CSR) standards in my company? What should I improve in my processing plant? Where can I lower my costs even more? Is my website up to date? Which business fair will be the first one to visit? Are my packaging and design still attractive?
- Markets: do I sell to Europe, the United States, Asia, Africa? Which part of Europe? Can I make local sales in my home country through digital marketing, including imported species? Did the trends change in a key market? Will there be an economic recession?
- Segments: do I target wholesale? Retail? Processors? A combination of segments?
- Customers: are my existing customers good enough? Do I depend too much on just some customers, do I urgently need more? To whom are they selling? Do my customers sell to retail? How can I improve my relationship with them? See step 12.

These questions can only be answered by you. It all depends on your company's strengths and weaknesses and opportunities and threats in the market.

You have probably noticed that you are missing one important aspect of business: alternatives. Maybe you have been focusing too much on a limited number of markets, segments, products, customers, outlets, and so on. We think a company should always have at least three different Product Market Combinations. If one fails, you still have two others to rely on.

Also, you should keep in mind that the only segment that survives relatively well under these circumstances is retail. Not many European supermarkets import directly from origin, so it is important that some of your customers deliver to retail. Modernising your local sales through digital marketing could be a good alternative for when international markets slow down. You could sell fish online to small shops and/or consumers via home delivery.

While the current situation continues, you should contact your existing customers at least every two weeks. A sign of interest keeps the relationship alive. Unfortunately, most importers are not motivated enough to listen to new suppliers at the moment. They prefer to focus on their company, future and existing suppliers who are also suffering. It is better to contact possible new customers after the crisis.



### **Tips:**

Use your time productively.

Revise your plans and follow them strictly. For market information, see our studies on [trends](#) and [requirements](#).

Revise your customer base. For examples of online platforms, see [Fresh Fish Basket](#) and [AO Seafoods](#).

Do not contact possible new customers yet.

## **11. Visit your customers in person**

As soon as it is possible to travel again, business people all over the world will look for possibilities to visit their customers and to catch up with the market. You should be one of them. Unfortunately, the [Seafood Expo Global 2020](#) has been moved to April 2021 in Barcelona, Spain. [Conxemar](#), 6-8 October 2020 in Vigo, Spain, might be the first possibility to meet new outlets in Europe. However, it is doubtful whether this fair is going to take place and, if so, in what layout, due to sanitary restrictions.

A better alternative would be to visit your existing and possible new customers as soon as you can travel without sanitary restrictions. Start with your most important customer or most promising prospect. The meeting should be used to recover the relationship and to create goodwill. It is too early to be overloaded with orders. There will be still a lot of fear in the market, especially in the frozen business.

### **Tips:**

Visit your customers and promising prospects.

Do not expect a full recovery of the market in the short-term.

## **12. Improve your Customer Relationship Management and certifications**

Many companies in developing countries still think that price is the most important means to sell. Of course, you need a good product and, if it is far too expensive, importers are not going to buy from you. But, if there are only relatively small price differences, importers focus on an issue that we think many exporters from developing countries do not value enough: Customer Relationship Management (CRM). Even in these difficult times, you must use your time productively. Try to improve your CRM skills.

Some key points are:

- Overall preparation: know everything about your company, product, processing, supply chain, internal strengths, weaknesses, market opportunities and threats.
- Transparency: be completely open and fair in your communication with importers. They know a lot and have a wide experience, so do not try to be smarter than them
- Mid- to long-term goals: be happy with the 20<sup>th</sup> delivery to the same customer, rather than being excited about the first order.
- Seriousness and accuracy: try not to make unnecessary mistakes in e-mails, documents, prices, labels, and

so on.

- Confidence: try to build confidence with your customer. If you repeatedly prove that you are a good supplier, your customer will not let you down quickly, even in bad times like these.
- Compliance with contracts: a contract is a contract, sometimes it turns out well for you and sometimes it does not. Not complying a contract is like saying goodbye forever to a customer.
- Proactivity: you have the lead, for the good and the bad. If there are problems with a delivery, you have to contact the importer before they contact you
- Response time: in fresh business, you should reply within two hours, in frozen business within one day.
- Stable product quality: the best way to build up a steady relationship is to have a stable product with stable deliveries at market-conform prices.

There are several free CRM courses available online, just enter 'free CRM courses' into a search engine like Google. A good supplier of free courses is [ITC Trade Academy](#). It offers several free courses related to export and trade. The courses normally take less than one hour per day for two weeks. If you miss one course, it is repeated every four to six weeks. Use your time productively by learning.

Quieter periods are also a good time to revise your promotional tools. Get your website in order and up-to-date. Try out new communication channels like [Zoom](#) and [Webex](#) and improve your internet connection. Update your technical sheets, business cards, leaflets, and so on. This may even be an opportunity to renew your designs and logos!

Another issue to consider in times of low activity is [certification, a trend that is gaining importance among importers in many countries](#). They want to have guarantees on quality, sustainability and CSR. According to Mr Helder Gonçalves from Brasmar Portugal: "We do not pay you more for having a certification, we just include you in our possible supplier database." This means you need certification to even be considered as a supplier. However, as the implementation of standards costs money, it depends on your cash flow statement.

At the very least, this is a good time to learn about the following certifications:

- Processing plants: [BRC](#), [IFS](#), [FSSC 22000](#).
- Sustainability: [MSC](#), [ASC](#), [GLOBAL G.A.P.](#), [BAP](#) or any internationally recognised national sustainability standard.
- CSR: [Sedex](#) or [BSCI](#).

### **Tips:**

Try to improve your Customer Relationship Management.

Follow free courses on trade and export, for example, from [ITC Trade Academy](#).

Be proactive and include a COVID-19 update of your situation on your website, like for example [Fresh Fish Basket](#) has done.


Learn about certifications.

Hopefully this situation passes quickly. In the meantime, be positive and optimistic!


This study has been carried out on behalf of CBI by [Open Europa](#).

Please review our [market research disclaimer](#).

Follow us for the latest updates

(opens in a new tab)  Twitter

(opens in a new tab)  Facebook

(opens in a new tab)  LinkedIn



[RSS](#)