Quality grading and e-commerce in European fish auctions

J. Vader\(^1\), H. Carrapato\(^2\), O. Maraschio\(^3\), G. Thygesen\(^4\), Y. Guirrec\(^5\), E. Míguez Lopez\(^6\) and K.D. Berglundsson\(^7\)

\(^1\)United Fish Auctions, P.O.Box 9, 3250 Stellendam, The Netherlands, Tel.: +31 187 491377, Fax: +31 187 492006, E-mail: Vader@unitedfishauctions.com, \(^2\)Lisbon Auction (PARA), Docapesca Portos e Lotas, Aptdo 31 31, 1301-961 Lisboa, Portugal, \(^3\)Fish Market of Ancona (MERIT AN), Via Toresi 100, 60100 Ancona, Italy, \(^4\)Puerto de celeiro s.a., Muelle pesquero s/n, 27863- Celeiro-Viveiro, Lugo, Spain, \(^5\)Auction Hvide Sande, Ostergade 18, DK-6960, Hvide Sande, Denmark, \(^6\)Quimper, La Criée, P.O.Box 336, 29183 Concarneau Cedex, France, \(^7\)Fishgate Hull Fish Auction, POBox 146, HU1 2YD Hull, United Kingdom

Abstract

The management of most European auctions are more or less convinced that nearly all the freshly captured fish will be sold over the internet in a few years time. This tendency towards e-commerce demands equal sorting and grading between the markets within the European Union and interconnected auctioning-instruments.

Today there are four types of auctioning in praxis: e-commerce, electronic, shouting and whispering.

Most of the grading in these auctions takes place in sizes and/or weight according to EU legislation. This way of grading where the products are mixed up makes quality assessment a difficult aspect to handle. Grading on board, on size and day of capture, is done on small scale in some countries. Even though the catches are not all sold separately by date. Today eleven European auctions are participating in an open e-commerce marketplace. In this market a quality management system is in place in order to make international transactions possible.

These e-market players try to attach quality-labels at the lots determined by the Quality Index Method (QIM). In mixed batches the lowest quality found in the batch is assigned. Together with the refining of the quality classes E, A and B into more commercial standards E, A+, A, A- and B, training of quality teams in QIM was and is organised.

In the Netherlands this approach led to significant price-quality related developments. Higher quality generates higher prices. In this way fishermen can be stimulated and motivated to an adequate good manufacturing practice on board of vessels. The remote buyer tends to buy the higher quality product. However in some auctions the large variation in fish species daily landed and the amount of landed fish are considered to be obstacles for implementation of sophisticated quality assessment methods.

Keyword: Quality, grading, QIM, auction
Introduction

After landing fish is graded into quality classes (size and freshness) in auctions before sale. In this paper the actual situation of quality grading in some individual auctions in seven European countries (the Netherlands, Portugal, Italy, Denmark, Spain, France and United Kingdom) are described as well as the developments in the area of e-commerce and implementation of modern grading systems like the Quality Index Method (QIM).

The Netherlands

In the Dutch auctions fish is graded into 4-6 size classes before sale. The fish is stored in 40 kg boxes in ice. Fish inspectors, under the supervision of the Dutch Board for Fisheries, evaluate the freshness of fish according the EU grading system (EEC 1996) into three classes (E, A and B). In 1995 an initiative was taken by the auction of IJmuiden to introduce fish under the label “Silver Sealed” with a guaranteed high freshness (fish not longer stored in ice than 2 days after the catch). This was also the start and breakthrough in the Netherlands for the implementation and training of auction personnel with the QIM (Luten and van de Vis 1999).

Three of the eleven auctions in Holland merged in 2000 in United Fish Auctions (UFA). The management works towards uniformity amongst the auctions, especially in quality. Quality teams were trained in QIM and installed at each auctions. The team leaders, quality-coordinators, are led by the manager quality assurance.

UFA participates in an open European e-commerce market place of PEFA (Pan European Fish Auctions). Results of two years QIM in practice show that the refining of the A class into three sub-classes (A+, A, A-) generates higher prices for better quality. Remote buyers tend to buy quality from A+ and higher. This is a stimulating and GMP motivating development for the supply chain. Assigning QIM labels in the auctions leads to practical QIM challenges. During days that auctions are ‘stuffed’ with fish, QIM is used sample wise.

At this very moment UFA is setting up a quality administration with use of the Wise Fresh system. QIM software is used and input via handheld computers from the auction floor to the administration system. At the UFA auction of Stellendam this will be laid down in the ISO 9002 system.

Portugal

Docapesca is the largest European manager company of fish auctions in Portugal, with a total management of 19 main fish auctions and fifty small outlets. Docapesca operates a network of infrastructures allowing the development of several complementary activities of trading and distribution and plays a role among fishermen and producers related with fish freshness classification.

During the 80’s and the first years of the 90’s, investments were made in modernizing of buildings and infrastructures, improvement of fishing harbours and installation of computerized systems for all fish auction halls. Today the main fish auctions halls are equipped with screens, projectors and remote infrared control for auction interruption. All the main fish auctions halls are licensed for sanitary conditions. Since 2000 there is a
permanent team appointed by the General Directorate of Veterinary for quality hygienic and sanitary inspection.

Docapesca disposes other facilities and services such as financial help for the acquisition of fishing equipments and improvement of ships.

The assessment of quality and quality grading faces several problems. Producers organisations do not have trained staff to develop uniform criteria for fish grading. Another difficulty specific for Southern European countries is the great diversity of species. Approximately 40 to 50 species are landed per day in some auctions. This makes it probably difficult to bring e.g. the Quality Index Method in practice.

Linking of the Portuguese fish auctions to the internet, to enable purchasing for other countries, is not quite ripe yet. The present quality control system needs to be developed but is considered by Docapesca as quite adequate for the Portuguese situation.

**Italy**

In Italy there are 61 registered auctions, where sanitary inspections are performed with respect to hygienic-sanitary quality of the products and their marketability (sensory characteristics). The management of most auctions is in hands of many independently operating co-operations.

The two auction systems, shouting and electronic, show large differences in quality classification. The electronic system gives rise to a sale considered of a 'high quality' with the simultaneous coding of all the data related to the sale by means of a computer system. Whereas the shouting system, being separated at the moment of the sale from specific statement of the sale data, can be considered to be of a 'lower quality' sales process.

In the electronic auctions, for each transaction, a ticket with relevant data is dispatched. However, these markets are still lacking in labelling of the boxes and in the writing and recording of the freshness category. As far as labelling the boxes, longer periods need to be considered, since hardware and/or organisational interventions are required.

In the Marche Region the company Fish-Tel is developing for the commercialisation of the fishing products a telematic auction through an internet connection. The system is in operation in an experimental phase in some fish markets such as Ancona.

The Fish-Tel system could be the occasion for an interesting qualitative development for the markets still operating by the conventional auctions. With a limited investment they could turn to a transparent sale system and with all the informative supports relative to the traceability of the product.

**Denmark**

Management of Danish auctions is of individual structure. Various juridical entities are found. Participation from municipal side, fishermen and buyers in cooperation is common since January 2002.

The auctioning systems in use are shouting and e-commerce. The auctioneer and part owner of Hvide Sande Fish-auction expects that in a few years time most of the fresh captured fish will be sold via the internet. This will demand equal sorting and grading between the markets in the European Union. Two main questions arise:

- will the present quality grading be sufficient?
who is going to decide whether the grading was done correctly when disagreement appears between buyer and auction?

Grading in size is not the problem, but grading to quality is. The opinion is that a more specified quality grading system is preferred, with three E-classes, two A-classes. This would make it easier for remote buyers to know the quality of the product. The auction of Thyborøn sells via the pefa.com e-commerce network and has the specification in place such as the UFA auctions in Holland, according the PEFA Quality Management System.

Training of the personnel on the auction-floor in quality assessment is important. This should be done in cooperation with the buyers in order to know their demands. Uniform quality standards should be applied. Seminars should be organised with participation from all the EU countries. Besides the coming of e-commerce the fish will probably be graded and weighed at sea in the near future. The first vessels are working with it and are successful. The labels on the boxes give information about the catch date, the catch location and the applied fishing method. Fishermen could guarantee the quality in this way.

France

The auction of Concarneau is one of 41 auctions in France. The auction is under control of the “Chambre de Commerce” in Quimper, an organisation that coordinates the management in the auction network. The products are sold by shouting and electronic auctioning systems and graded according the European Legislation (2406/96) on size. This is done by hand, mostly on the auction floor.

An auction team has been selected and formed by NORMAPECHE, to control the grading made by the Producers Organisations. NORMAPECHE is an association of producers, auction administrators and buyers, for the application of uniform commercial criteria throughout the French auctions.

The team inspect the lots and determines the quality grading in E, A or B according to sensory criteria. About 90% of the lot must be composed of the same quality. The independency of the grading staff, which is paid by the producers, is considered to be a problem. Same holds for the final responsibility for the quality label: could the auction enforce the decision of the producers if the latter upgrades the quality label? Therefore it is necessary to define the role and the responsibility of all the agents in this process. In case of a buyer’s reclamation, it is the auction that has to try to find a settlement. The veterinary authorities should act along the NORMAPECHE association to control the sanitary criteria as well as the fairness of each auction grading. The Concarneau auction works with before sale and after sale labels that show adequate information about the product.
Spain

Celeiro is the operation centre of fishing vessels that works on the improvement of the quality processes of fish products. The management of the auction of Celeiro has laid down a series of procedures that regulate all the functioning of the auction. The building is fully hygienic equipped and acclimatized with temperatures lower than 8°C. Contact of the product with the floor is avoided due to the use of plastic pallets. The homogeneous batches are identified with a label with information indicating the degree of freshmess and a unique sanitary record number. A quality manager is in charge for these activities. Veterinary service is present during the whole process of landing, grading and auctioning. In the near future a quality brand will be developed with the name “Galicia Calidade” and in a pilot study the first steps will be done to be able to carry out a ‘Traceability Process of the Hake’ from Celeiro’s Harbour.

United Kingdom

Fishgate is a relatively young fish market identified by a group of fish-merchants and vessel agents in Hull. Fishgate went overnight from a traditional shouting auction in a shed, into a temperature controlled building, fitted with a sophisticated electronic grading system and electronic selling system. The great support from both suppliers and buyers made the whole concept a reality.

Fishgate has been constructed with the principals of good manufacturing practice, traceability, labelling and QIM in mind. The mechanisms are in place and Fishgate is moving slowly towards the implementation. The policy is that people have to feel they want and need these features and there is an economic benefit. Major changes to the way the trade is conducted and a wider use of remote buying is needed, together with training of staff and buyers before QIM can be introduced.

In the catalogue that contains most of the box label information a column is available for the QIM score, which is a part of the next phase when more remote buyers are introduced. Auctioning takes place with a modern electronic system.

The fresh fish product is graded for 70-80% electronically, packed, weighed, labelled and iced. The internal Logistic is excellent considered to traceability, each box is labelled and the as the grading and selling system is designed, it is impossible to auction a box of fish without a label being printed. The quality label assigned is the EU quality grade. Throughout the business process Fishgate places “trust” at a higher level than full chain traceability.

Concluding remarks

In fresh fish auctions in EU member states the EU quality grades E, A and B are in use. With the coming of the remote buyers via e-commerce or electronic auctioning systems in the auctions, more specified quality information is needed. Subdivision of the existing EU classes into more classes would fulfil the demands from the market.

Future initiatives on quality grading should emphasize on uniformity throughout the EU member states. Each country faces its own specific problems considering quality labelling.
The expectation is that e-commerce will be the auctioning instrument of the near future. More and more auctions are coming 'on line'. Buying borders will disappear and fish will be sold and bought across Europe. This makes the need for one quality standard evident.

References


Quality of Fish from Catch to Consumer

Labelling, Monitoring and Traceability

Editors:
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