

Lobster is high in protein, has important trace elements and essential amino acids, is low in cholesterol or saturated fats and virtually calorie-free, depending on the method of preparation. As such, it holds attraction for a growing number of consumers preoccupied with the health benefits of food products, a fact which should be emphasized, particularly in Europe.

Canadian exporters have demonstrated a capacity to adapt to varying market conditions. Examples are the introduction of processed product innovations in recent years involving an increased emphasis on specialty meat products (e.g. scored lobster claws to compete with scored crab claws) and the introduction of new packaging concepts and techniques.

Similarly, development of frozen lobster products provides scope for the creation of brand identity. It also alleviates oversupply and some transportation problems and cuts across the issue of seasonality.

Proximity to, and ability to access the large US market is a significant advantage for Canadian suppliers.

4. SECTORIAL MARKETING AND ACCESS ISSUES

4.1 MARKETING CHALLENGES

Since the US is our sole competitor for *homarus Americanus*, both in the US domestic market and offshore, movement in the Canadian dollar has a rapid impact on our competitiveness. Competition from lower priced shellfish (snow crab, Alaskan snow crab and shrimp) is increasing.

Canadian industry, with many small firms, is vulnerable to a lack of coordination in its marketing approach. The formation of CALPA and development of a generic marketing plan presents an opportunity to address these problems.

A tendency to market lobster simply as a commodity without more sophisticated marketing techniques, (including packaging) undermines its appeal and consequently, full profit potential. The subject of upgrading and added value must also be addressed in order to exploit the full economic value of lobster.

Limited direct transportation links, especially by air, into many overseas markets represents a problem for exporting live Canadian lobster with minimum losses through mortality. Boston has better air connections, resulting in significant trans-shipments to Europe.

The availability of tanks necessary to support live sales is limited, or absent, in many markets although this situation appears to be improving.

An effective distribution system in the US, beyond the northeast, is not yet well established.

Except in New England, a strong Canadian identity at the consumer level is not evident in the US. Canadian lobsters are often sold as "Maine" lobsters, with which consumers identify. Canadian hard-shell lobsters are sometimes mixed with American soft-shell varieties. There is also evidence that some US brokers sell imported Canadian lobster as US product.

Unstable prices, combined with fluctuations of supply, affect the growth of live lobster consumption in the US restaurant and food-service trade. Many US restaurants use lobster on menus as a traffic builder, or sell as a loss-leader or for special promotions when supply is abundant and prices depressed. The use of holding tanks is only seen as a partial solution due to the high capital cost.