



Foreign tourists visit a fish sauce establishment in Phu Quoc District's An Thoi Town.

SYNDICATION / VIETNAM NEWS

FIRMS FISH FOR STAKE IN THE SAUCE MARKET

The fish sauce market is witnessing increasingly fierce competition among many famous brand names that use both industrial and traditional methods like Unilever, Masan Consumer, Phu Quoc, and Phan Thiet.

By **Thien Ly**



Seasoning is an essential item on a Vietnam-ese family's dining table, and with demand for it increasing by the day, the industry is growing at 25–32 percent a year, according to Nielsen Vietnam.

Among seasonings, fish sauce is considered to have the greatest potential, with consumption increasing year after year: 15,434 tons in 2005, 75,000 tons in 2016, and an expected 98,770 tons in 2022.

According to a study by Kantar World panel, 95 percent of Vietnamese families use fish sauce in their meals and per capita consumption is around 4 liters a year.

Not surprisingly, more and more players have been entering the market.

The competition first intensified when two major brands, Unilever's Knorr Phu Quoc and Masan Consumer's Chinsu, made an entry. Until then most of the sauces in the market were made in the traditional method and on a small scale.

In 2002 Knorr, a German brand owned by the Anglo-Dutch company Unilever, built a bottling plant on Phu Quoc Island and has since been selling Phu Quoc fish sauce made by local producers and bottled on the island under its own Knorr brand.

The brand's entry into the market was backed by a marketing campaign with slick television advertisements inviting Vietnamese consumers to "taste the legend." Unilever was the pioneer in making fish sauce on an industrial production line.

In 2007 Masan Consumer began to sell bottled fish sauce products, soon overtak-

ing Knorr Phu Quoc to reach the number one position, and the battle of the fish sauces began in earnest.

Masan built a series of large modern fish sauce plants in Binh Duong and Nghe An, and a cellar for giant, wooden barrels containing fermenting anchovies.

Masan's Chinsu and Nam Ngu fish sauces, made on an industrial scale, have rapidly become popular and now account for nearly 70 percent market share, also thanks to the company's big advertising budgets and low prices. Masan has been followed into the market by many other brands also producing industrially. In 2009 the Ngoc Nghia Group, a company that manufactured packaging for food products, decided to enter the fish sauce industry by buying a stake in the Hong Phu Food Joint Stock Company and beginning to produce the Kabin and Thai Long brands of sauce.

Not wanting to be left out, noodles and

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Masan's giant cellar in Phu Quoc Island with hundreds of barrels that is now being made even bigger.



Vietnamese Food



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vermicelli giant Acecook entered the market in early 2010 with its De Nhat brand of fish sauce.

The rapid development of industrially produced fish sauces was mostly at the expense of traditionally made products.

According to Euromonitor data, Vietnam's

fish sauce market was worth US\$502 million in 2015, of which industrial production accounted for 76 percent.

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Le Cam Thuy, deputy director of Cam Van Fish Sauce based in Nha Trang, said the reason the fish sauce market is enticing to investors is the high potential profitability.

"If produced industrially, one liter of pure fish sauce can be made into several liters with an aromatic flavor that consumers will like." Yet, not all entrants have actually managed to make profits.

Ngoc Nghia Company, for instance, has spent considerably on marketing to promote its products and has a 3 percent share of the market. But it also has accumulated losses of nearly US\$35.55 million.

Despite having a massive distribution network and a famous brand name, Acecook was unable to sustain its fish sauce business, and in 2013 had to sell De Nhat to Nam Phuong Viet Nam Company, which renamed it Barona.

Changing tastes

The question is, why have industrially produced fish sauces taken over from traditional ones even though the latter have been successful for centuries?

Many analysts attribute this to consumers' changing tastes.

To answer this question in detail, however, we must know the differences between what is in industrial fish sauce and what is in traditional fish sauce. Many people assume traditional fish sauce is made using only fresh fish (mainly anchovy) mixed with salt and put in a traditional wooden barrel, while its industrial cousin has additives. But Pham Ngoc Dung, former chairman of the HCM City Fish Sauce Producers Club, who has 38 years' experience in the industry, said there are no pure fish sauces sold in the market now, though many companies claim so. "Firstly, the price of pure fish sauce is so high that not many consumers can afford them: one ton of fish can give a maximum of 200 liters of pure fish sauce."

Thus, Pham says, the price of pure fish sauce is five to seven times higher than



sauce processed with additives, and the income of most consumers is still very modest.

Secondly, most fish sauce brands — including Phu Quoc, Phan Thiet and Nha Trang — have to use additives to make their products palatable since pure fish sauce is often very rough and salty.

“All fish sauces are produced with fish, salt, and additives, but some are produced in traditional conditions and others in modern industrial conditions,” Pham says. Producers must know what chemicals can be used and how much to ensure not only good taste but also consumers’ health, because nowadays people pay a lot of attention to eating healthily and are focused on food safety. Bui Huy Nrich, head of Masan Fish Sauce Laboratory, says, “To make good fish sauce, it is very important to have fresh fish, mainly anchovies, since they often give high amino acids. The fish for production at Masan is caught from the sea near the barrel house. To ensure freshness, the fish is salted immediately after being caught.”

Before being put into barrels, fresh anchovies must pass through some rigorous checks for other fish, salinity, freshness, and dryness to ensure top quality.

“The salt used for aromatizing the fish is also very important. Masan often uses salt from Ba Ria-Vung Tau Province since it does not have acidity of calcium, bitterness of potassium, or hotness of magnesium.”

Invest in technology

Thanks to such rigorous screening, a taste that is not as salty as pure fish sauce, and lower prices than its competition, Masan has quickly conquered the market despite entering later than many others.

Le Thi Nga of the company says, “Masan built the cellar for producing pure fish sauce in 2008, and it can contain 448 barrels with a combined capacity of 10,000 tons of fish.

“This capacity allows it to supply 15 per-



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cent of the pure fish sauce required for processing Chinsu and Nam Ngu fish sauces sold in the market.”

The remainder is bought from major fish sauce production establishments nationwide such as Phu Quoc, Kien Giang, Nha Trang, and Phan Thiet, and that accounts for 60 percent of their output.

“All pure fish sauce Masan buys from other manufacturers is carefully checked with modern equipment before being used for processing for bottled fish sauce.”

Faced with the rapid growth in popularity of industrially produced fish sauces, traditional manufacturers have also increased investment in production technologies to improve the quality and polish the image of their products. Lien Thanh Fish Sauce Company, which is more than 100 years old, has spent a considerable amount to modernize its production lines, rebuild distribu-

tion networks, and improve packaging.

Vo Van Dai, chairman of Dien Chau Van Phan Fisheries Company, says that “Knowing that many people still prefer pure fish sauces, we continue to produce them.

“However, we combine traditional and advanced methods to produce our fish sauce to ensure quality but also reduce labor and operation costs, making it affordable for many consumers.

“The result is that we are able to achieve annual growth of 20–25 percent, and produce 1.5 million liters now.”

Bui Thi Sach, chairwoman of Thanh Phat Fisheries Joint Stock Company, which produces the Nam Phan brand of fish sauce, says, “To ensure product quality, we check four samples of our fish sauce every three months and spend millions to examine each sample.”

Le Quoc An, director of Ca Na Noi Fish Sauce Company, says that in addition to regularly improving product quality his company now has to spend double on better packaging to make the company’s products more eye-catching and replace plastic bottles with glass bottles to protect the aroma.

As a result, sales have grown by around 20 percent a year.