

## VERTICAL INTEGRATION ON AN INTERNATIONAL SCALE FOR PESCANOVA

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*Pescanova* was founded in 1960 in Vigo, Spain by José Fernández López and his brothers. From the beginning, *Pescanova* was a pioneer in boosting the reproduction of species. It has reared salmon in Chile, prawns in Guatemala, Nicaragua and Ecuador, tilapia in Brazil and has the largest turbot rearing plant in the world, which was inaugurated a year ago. *Pescanova* has an influence that spans five continents and its ships are present in all of the main shipping grounds in the southern hemisphere and in European Union waters. Furthermore, *Pescanova* has developed innovative technology that enables fish to be cleaned, cut, frozen and packaged immediately after being caught on board its factory ship. This process provides speedy and solid growth for *Pescanova*.

On the back of such rapid growth, *Pescanova* started to process the fish. *Pescanova* has its own food processing factories in Spain and in other countries, and it has its own docks and storage units so that the goods can be unloaded and stored efficiently. *Pescanova* has factories located in Argentina, Australia, Chile, France, Ireland, Mexico and Namibia. It also has distributors in France, Italy, Portugal, Greece, Poland and the United States.

*Pescanova* established a trade network in order to sell its products under its brand name. By 2010 it had become one of the biggest Spanish firms in the food sector and has a wide range of frozen products (vegetables, pizzas, fish and other pre-cooked food). In addition, it is the leading firm in the fresh fish and seafood market in Spain and Portugal, plays a significant role in Italy, France and Belgium, and is improving its standing in the United States.

Another key enterprise for *Pescanova* has been the marketing of frozen foods. In 2006, it bought the group *Seabel SAS* to reinforce its own market developers that are present in Portugal, Italy, Greece, Japan and Poland. Also, in 2007, it underpinned its strong position in Spain and the United States by purchasing *Fricatamar* and *Ladex*, respectively.

The internationalization of *Pescanova* stems from the search for raw materials in international fishing grounds. *Pescanova* sets its assets and its staff beyond its borders with the aim of ensuring the supply of raw materials or the distribution and sale of goods or services. This development strategy has enabled the firm to reduce costs through fishing at high seas and its fish farms.

In conclusion, we could argue that *Pescanova* not only produces but the activities that it carries out also include the processing, distribution and sale of its products, as well as developing other industrial and commercial activities, such as investing in national or foreign firms (as shown in figure 1).

**Figure 1.** *Pescanova*: Firms belonging or associated to the Group

Firms <sup>1</sup> belonging to the Group	Country	Activity <sup>2</sup>	Investment in % <sup>3</sup> in 2009
Argenova, S.A.	Argentina	1	94.99
Camanica, S.A.	Nicaragua	4	46.21
Bajamar Séptima, S.A.	Spain	3	100.00
Camanica Zona Franca	Nicaragua	4	0.10
Corporación Novaperú, S.A.C.	Peru	1	0.01
Eiranova Fisheries Ltd.	Ireland	2	98.48
Frigodís, S.A.	Spain	5	99.99
Frinova, S.A.	Spain	2,3	90.36
Frivipesca Chapela, S.A.	Spain	2,3	8.27
Insuiña, S.L.	Spain	4	99.90
Kodeco D. C. S.A	Nicaragua	4	98.66
Austral Fisheries Pty.	Australia	1,2	50.00
Nova Austral Chile	Chile	2	99.90
Novapesca Trading, S.L.	Spain	5	99.99
Acuinova Chile, S.A.	Chile	4	7.41
Pesca Chile, S.A.	Chile	1,2	51.00
Pescafina, S.A.	Spain	2	94.94
Pescafresca, S.A.	Spain	2	100.00
Pescamar, Ltd. 1	Mozambique	1	70.00
Pescanova France, S.A.	France	2	100.00
Pescanova Inc. 2	U.S.	2	100.00
Pescanova Italia SRL	Italy	2	100.00
Pescanova Portugal Ltda.	Portugal	2,3	99.99
Pesquerías Belnova, S.A.	Uruguay	1,5	100.00
Río Real, S.A.	Nicaragua	4	1.48
Río Tranquilo, S.A.	Nicaragua	4	98.00
Associated firms	Country	Activity	Investment % in 2009
Boapesca, S.A.	Spain	5	50.00
Hasenosa, S.A.	Spain	3	50.00
NovaNam Limited	Namibia	2	49.00

Source: Adapted from [http://www.pescanova.com/pdf/2010/info\\_pres/Cuentas\\_Anuales\\_Emp\\_MATRIZ\\_2009.pdf](http://www.pescanova.com/pdf/2010/info_pres/Cuentas_Anuales_Emp_MATRIZ_2009.pdf)

**Question:** Analyse the development strategy for Pescanova, as well as the reasons, advantages and disadvantages for this development.

<sup>1</sup> None of the Groups stated previously are listed on the stock market

<sup>2</sup> The coding for the activities are as follows: 1) Extraction and sale of fish products, 2) Processing and sale of fish products, 3) Processing and sale of other food products, 4) Agriculture, 5) Other services

<sup>3</sup> The percentage of investment indicated corresponds to direct investment. The total investment, direct or indirect is set out in the Groups Annual Consolidated Accounts.