

Silver Perch Industry Development Plan

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**F I S H E R I E S
R E S E A R C H &
D E V E L O P M E N T
C O R P O R A T I O N**



Project Number 92/125.21

SILVER PERCH INDUSTRY DEVELOPMENT PLAN

SILVER PERCH MARKETING

Development Of A Model Marketing Plan And Critical Path
To Facilitate A Strategic Approach To The Marketing Of Silver Perch

**Prepared by PSM Consulting Group P/L
for the
National Seafood Centre (NSC).**

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ATTACHMENTS

1. Silver Perch Growers Survey - 1994 (Summary of Key Results)
2. Retail Marketing Plan
3. Letter From SPGA President
4. SPGA Newsletter (Sept. 1997)

1. INTRODUCTION

This report provides the silver perch industry with a basic overview of production and marketing related strategies, developed essentially from input by members of the Silver Perch Growers Association (SPGA) at a workshop in Gloucester (NSW) in November, 1996.

The workshop was facilitated by PSM Group using models developed in an earlier stage of the project. These models focused on the process of identifying the options which individual businesses, or industry leaders, have for manipulating both production and marketing outcomes. The models categorised the activities for the purpose of planning, highlighted their importance, demonstrated the linkages between them, and sought to define the actions which could be taken to produce the planned outcomes.

Although the models are applicable to individual businesses, the project sought specifically to provide direction for the SPGA, so the resulting plans are targeted at achieving favourable change in the industry as a whole, rather than in individual businesses.

Through-out the project, PSM focused on producing 'tools' which might be applied in a practical sense. It is clear that (as in other sectors) many silver perch growers are determined to operate independently based on their own assessment of market demand and identified market niches. The SPGA has limited influence over this.

A key methodology, therefore, adopted during the project was to provide guidance in keeping with the industry's management culture and practices. For instance, **although a prescriptive marketing plan (which provided detailed strategies and tasks for each identified market niche) might have been expected as an outcome of this project, it is unlikely that it would have ever been widely adopted, no matter how applicable.**

Instead, the project focused on developing broad strategies which, if adopted in variation by individual growers, might produce the same broad direction as that decided by the SPGA. The project also focused on assisting the SPGA with that broad direction by addressing the fundamental issues reflected in the Industry Development Plan.

The SPGA is also constrained by limited resources (of time, manpower and finances), so the Industry Development Plan, incorporated in this report, has been kept basic and brief so that the essential elements can be accessed quickly.

In view of the difficulty (albeit typical) in convincing producers to take an 'academic' approach to marketing, PSM chose to build a relationship with silver perch growers, visited them on site, and discussed marketing related issues. The project then focused on teaching growers about the process of mutually developing marketing strategies, rather than simply presenting plans for them to follow. Indeed, this project's approach is based on the assumption that the latter would fail.

Growers found it difficult to separate production and marketing issues. Rather than insist on this separation during the facilitation process, growers were encouraged to take an integrated approach which is reflected in the Industry Development Plan.

This report does not seek to detail the research of issues, the lengthy deliberations with growers, or the workshop processes undertaken during the project (although some internal resource documents are included as appendixes.) It provides an overview of the project, and a summary of the main strategic issues addressed and the directions to be taken.

2. PROJECT SUMMARY

2.1 Stage 1

As part of the first stage of this project, PSM consultants visited a number of silver perch farms in NSW (including the Grafton, Gloucester and Gilgandra regions) and in south east Queensland (including the Isis River and Beaudesert areas). An extensive written survey was also conducted from which a production profile was developed, along with a profile of farmers: their levels of expertise, aspirations and problems.

The information gathered in the surveys and through interviews and site visits, and from existing marketing research by Ruello & Associates, enabled the development of a situation analysis which was subsequently used in workshop presentations.

Stage one also involved the development of a Model Marketing Plan. This process, as outlined in the application, involved identifying the important components in both the production and marketing streams of typical silver perch farming enterprises, examining the critical linkages between components (eg. between pricing strategies and promotion) and between production and marketing activities.

A second aim of this stage was to create a Work Manual in which this process could be replicated by individual businesses, without the assistance of facilitation. To achieve this, it was deemed necessary to develop a concise summary of what marketing is, in the context of fish farming (as most farmers had no real idea what comprised marketing). The resulting summary, which forms a preamble to the Work Manual and Work Book, was used in the stage 2 workshop.

2.2 Stage 2

At the commencement of the project, arrangements had been made to liaise with a Silver Perch Task Force established under the previous NSW Government to examine marketing related issues. In early 1995, however, the Government changed and the Silver Perch Task Force was not reconvened (although this decision was not confirmed until mid-1995.)

The contingency adopted by PSM was to liaise with the SPGA (as a reference group for the project) and this was initially confirmed. However, in the latter half of 1995 the SPGA executive officer resigned and the organisation remained inactive until early 1996.

During this time, a series of production failures cast doubt on aspects of silver perch farming technology and the industry's focus was clearly on production problems. (Indeed, the industry failed to meet production forecasts provided to Ruello & Associates, by a significant factor.) PSM was advised by many farmers who had originally supported the project, to defer further planning until a stable level of production was established. PSM concurred with this approach on the basis that the impetus provided by group facilitation would be lost if a marketing plan was developed but not acted upon shortly thereafter.

Stage 2 of the project was suspended until early 1996 when one group of farmers sought assistance to develop a marketing plan for their consortium. Initial attempts to apply the project to that group's needs, failed. This was primarily because the group was determined to establish a narrow-based 'single desk selling' scheme, rather than develop an industry marketing plan.

In mid-1996 (despite continuing production problems), NSW Fisheries agreed to conduct a Quality Workshop for silver perch farmers and invited PSM to present this project to a re-vamped SPGA, as a marketing component of the workshop. The SPGA subsequently invited a more lengthy presentation at its next meeting.

2.3 Stage 3

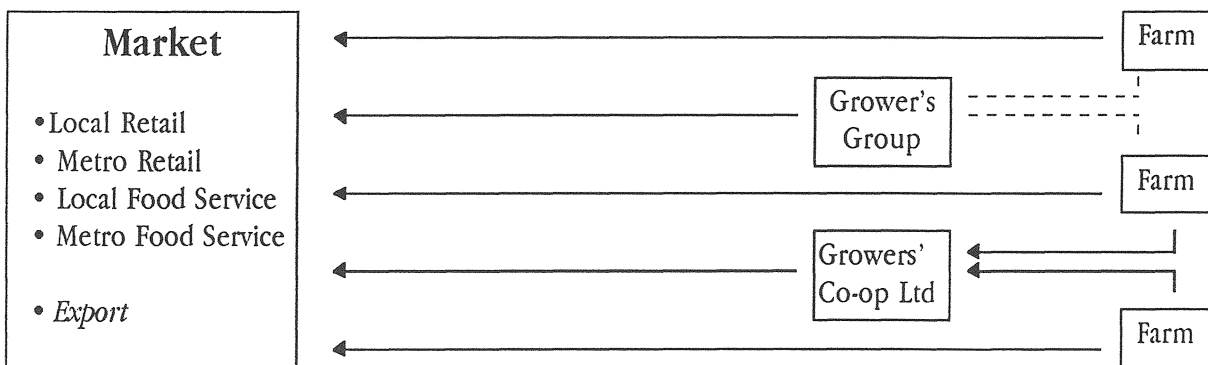
In November, 1996, the SPGA met in Gloucester (NSW) to hear details of the facilitation process by PSM. Although there was an objection by a member of the local grower's co-operative (who preferred to embark immediately on another 'single desk selling' scheme), the SPGA agreed to participate in a marketing plan facilitation workshop. Two weeks later, six members of the Association returned and the workshop was conducted over two days, using the Work Manuals and Work Books developed in Stage 1.

2.4 Stage 4

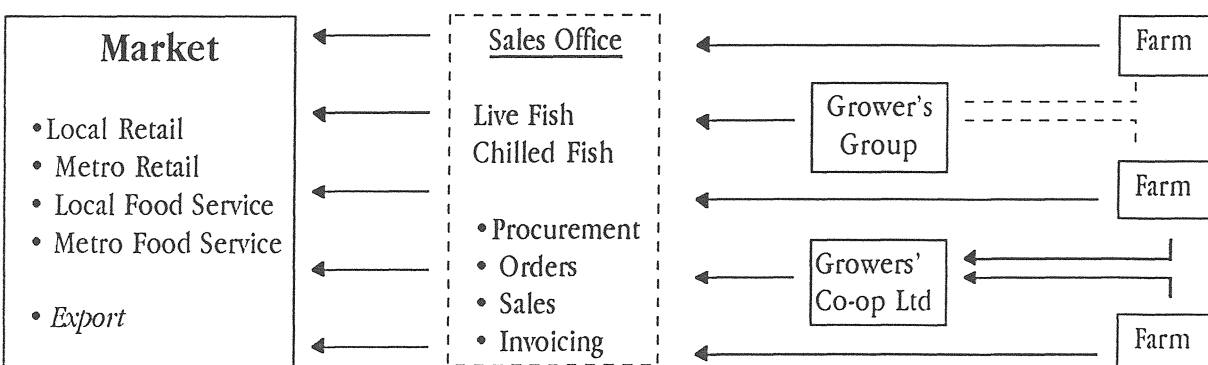
The final stage of the project sought to demonstrate the plan in a commercial environment, and to provide a commercial incentive for growers to adopt elements of the plan.

A Retail Marketing Plan was negotiated and developed involving a large retail distribution network. In addition to being commercially feasible, the plan reflects much of the process developed during this project. Only key elements of the Retail Marketing Plan are incorporated in this report. The commercial arrangements are to be conducted directly between growers and the distributor, and any such details are considered Commercial-In-Confidence. Their omission is not considered detrimental to the report.

Current Marketing Approach



Single Desk Selling Approach (proposed in 1996 - see 2.2)



3. SITUATION ANALYSIS

3.1 Production

Many silver perch operations have been up and running for several years and hatchery produced juvenile fish are readily available. The development of production technologies has been under way for over a decade. Some excellent workshops have provided growers with access to the latest information, and regulations have been developed to provide a sound foundation for the development of grow-out operations.

Industry Survey

In 1994 PSM conducted a survey of growers in accordance with the original proposal. The survey sought a range of information including experience and aspirations; production forecasts and marketing plans.

The survey (see Attachment A) confirmed the heavy focus on production issues, with immediate concern about business survival and expansion due to production problems. Few respondents related business survival and expansion to marketing issues, at that time.

Commercial Production

Production statistics from State Aquaculture managers indicate that the level of silver perch production has grown from 10 to 50 tonnes per year since 1991, but has been static at between 40 and 50 tonnes for the past 5 years.

This is despite grower forecasts which were well in excess of this figure, for each of those years, indicating the unreliable nature of industry forecasting, and consistent production failures (in terms of established capacity).

In 1995/96 there were around 30 farms producing silver perch commercially in NSW, 13 in Queensland and 3 in South Australia. The total value of this production was estimated at less than \$500,000.

National statistics for 1996/97 were not available at the time of this report.

Commercial Silver Perch Production 1995/96

Number of commercial farms	Total area of pondage	Total annual production	Total w/sale value of production
46	96 hectares	50 tonnes	\$465,000

(Source - Australian Aquaculture, ABARE research report 97.3).

Forecasts

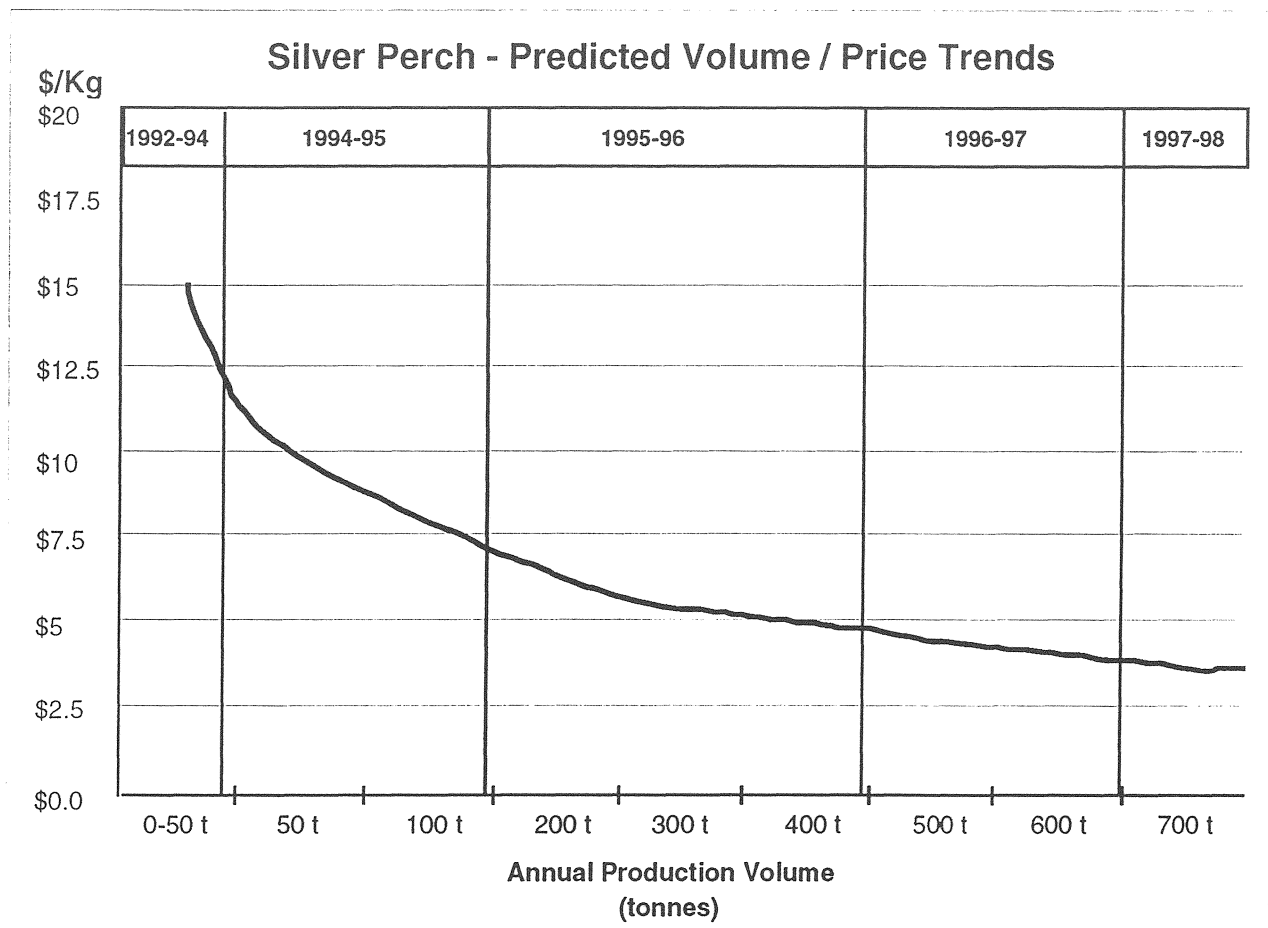
Estimates for the 1997/98 season vary from 100 to 200 tonnes. Australian Native Fish, the largest established operation, predicts its harvest will be 50 tonnes. Thus the national total is estimated at around 100 tonnes. This is a formula supported by many farmers. However, the SPGA is confident that the 1997/98 harvest will exceed that of previous years and is estimating 200 tonnes in total.

3.2 Marketing

Although some attention has been focused on marketing issues in the past year (partly due to this project) almost all of the progress in the industry has been on the production of fish. The growth of the industry to date can be accurately described as 'production driven'.

There has been little objective marketing research undertaken. The most comprehensive work was an overview by Ruello & Associates in 1994. This indicated that some latent demand existed for silver perch but that prices would decline significantly as production rose.

The following graph is indicative of the price/volume predictions made at that time.



It is interesting to note that many growers have based their expectations on unit price growth (rather than revenue growth), starting at prices received at the current low volume levels. The concept of unit prices declining with volume growth, but resulting in overall revenue growth, as a satisfactory long term pricing strategy has not been considered by a surprising number of growers.

Current Situation (1997)

The vast bulk of the industry's commercial output is in the form of live fish and whole chilled fish.

The live fish market is generally limited to the Asian restaurant trade in Sydney and Brisbane. Silver perch are at the lower end of the preferred product range and prices are heavily influenced by available supply. Distribution is mainly by specialist wholesalers and competition between them is fierce, often leading to price reductions based on winning market share. Growers appear to have little control over the distribution or pricing strategies. Average first sale prices have fallen from \$22.00 to \$9.00 per kilo since 1991/92. (ABARE)

The largest market for whole chilled silver perch is Sydney, and again the focus of demand is the Asian restaurant trade. One wholesaler specialises in silver perch distribution and has made some progress developing a limited market based on a first sale price between \$6.00 and \$7.00 per kilo (delivered Sydney). There are irregular supplies to the Sydney Fish Market auction where prices vary between \$4.00 and \$9.00 depending on volume and quality. (In all cases volumes are low by comparison to other mainstream commercial species).

Independent niche marketing of very small volumes of whole chilled fish to food service outlets in rural areas is common.

A growers' co-operative has been formed in Gloucester (NSW) but as yet has no established infrastructure to handle or sell fish on behalf of members.

Although export marketing is under consideration by several farms, we are not aware of any regular exports of grown-out fish.

Product promotion is mainly limited to rural trade shows and field days. There has been no industry-wide co-ordination of promotional efforts to date.

3.3 Organisational Culture

During the mid-1990's, NSW Fisheries (in particular) promoted silver perch farming extensively through publications, rural workshops and extension services from its research station near Grafton.

The rapid growth in silver perch farming has resulted in a plethora of operations ranging in size and investment from hobbies to genuine commercial fish farms, and at various level of advancement. NSW Fisheries has partly rationalised this by limiting commercial operations to purpose-built ponds, through a permit system.

The industry is clustered around several key centres in NSW and south east Queensland. The Native Fish Co-operative in Gloucester is the only attempt, to date, at a formal structure within any of these clusters. However, the SPGA has delegates from most of these clusters, and is the most representative and active of all the groups in the industry. There is a notable exception to its membership (as at October 1997), namely Australian Native Fish (ANF) - the largest growing operation so far established.

ANF, also located near Grafton, is well advanced in its development and has significant production capacity. It recently offered a 'buy back' scheme to SPGA members (and other operators) under which it would supply both fingerlings and feed, and later harvest and purchase grown-out silver perch - all at a pre-determined cost/price.

Not-with-standing that some members may take advantage of ANF's commercial marketing scheme, the SPGA is determined to progress development of the industry strategically, and has already utilised the planning processes and models so far developed in this project.

3.4 SWOT Analysis

The following brief analysis of the silver perch industry's Strengths, Weaknesses, Opportunities and Threats (SWOT) highlights some of the key factors which should influence the industry's future decisions.

<u>Strengths</u>	<u>Weaknesses</u>
Strong research support on production and feeds Increasing production Good food conversion ratios Peak body and regional associations representing growers' interests Culture recognising the need for change Moderately popular in limited niche markets Opportunities for physical expansion Current income and cash flow	Lack of market information, both domestic and export Few firm links to enable market expansion Limited product range Current markets easily saturated, thus reducing prices (growth will be price dependent) Peak supply in summer Widely decentralised Variable quality Variable grow-out times Vast majority in industry have no aquaculture background or required skills
<u>Opportunities</u>	<u>Threats</u>
Improved sales volume through market research and innovation Direct sales of fresh and value-added products Potential all year supply of some fish Product development from raw materials (processing and value-adding) Growing a brand name as an asset	Industry growth restricted due to narrow market base Small growers failing due to inadequate planning Individual growers undermining industry on marketing gains Too many growers create supply gluts

4. Planning Models

This stage of the project was to provide silver perch growers with both the mechanism and information to assist in their development of a strategic approach to marketing.

4.1 Developing Planning Options

The project firstly examined existing production and marketing data (as outlined above), interpreted and sorted this into a useful format relative to a marketing plan. The initial survey, dozens of personal interviews with growers and buyers, and on-going consultation with the SPGA, were used to define industry, regional and individual goals and aspirations.

The purpose was to develop a framework of suitable options on which to base the design of a marketing plan. This involved identifying and defining basic components for a model, applicable to the goals of the silver perch industry.

4.2 What Is Marketing

Firstly, however, it was essential for farmers to understand the concept and definitions (elements) of marketing. To do this, a Work Manual was prepared (Attachment B) providing a basic introduction to marketing in its preamble. For the purpose of this report, extracts are included here to provide continuity. Basic models were also included so that elements and linkages could be displayed graphically, and by this method farmers were introduced to modelling.

4.3 Extracts From Work Manual

Any business performs functions in addition to the production of goods. (Consider the very successful business of selling bottled water, for instance. How much of that success can be attributed to filling bottles with water (production), and how much is due to other aspects of the business - keeping the water pure (quality control); devising and then advertising the advantages of paying for bottled water (promotion) and even identifying who the customers will be, and how much they will pay (marketing research)).

Naturally, there is no silver perch industry until commercial production of the fish is proven. Equally, however, there is no industry until the other areas essential to success are also tested or developed. Simply put - you can't plan successfully (or safely) if you haven't considered all the options.

So what are these other areas - and which comes first?

4.4 Seeing The Bigger Picture

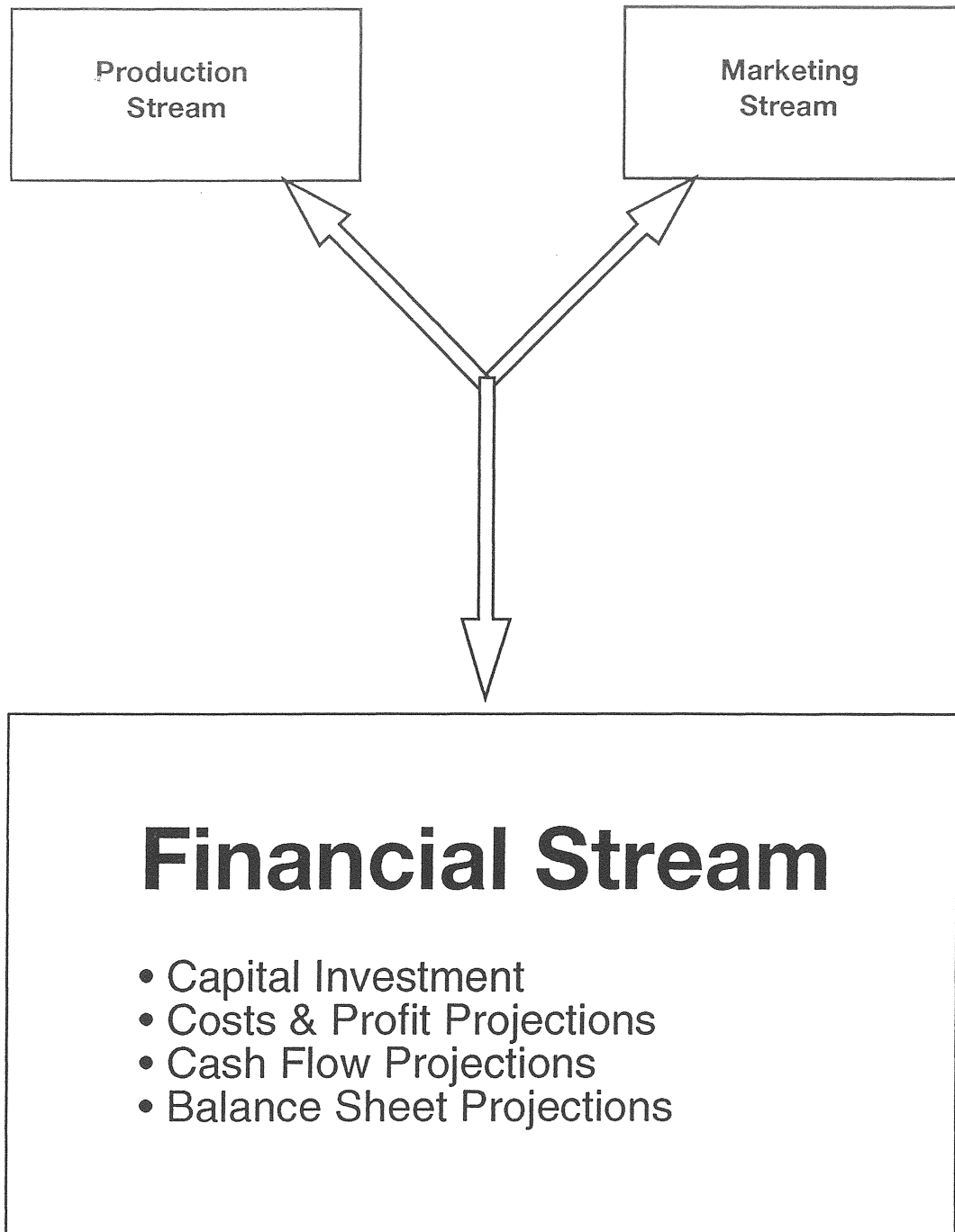
Broadly speaking, all businesses perform two key operational functions - Production and Marketing. For the purposes of planning we often consider these individually - though not independently.

Note: - For the purposes of financial planning, we often add a third (non-operational) category to our business plan - linking the other two in a financial sense. We can think of these as the Production, Marketing and Financial streams of a business plan.

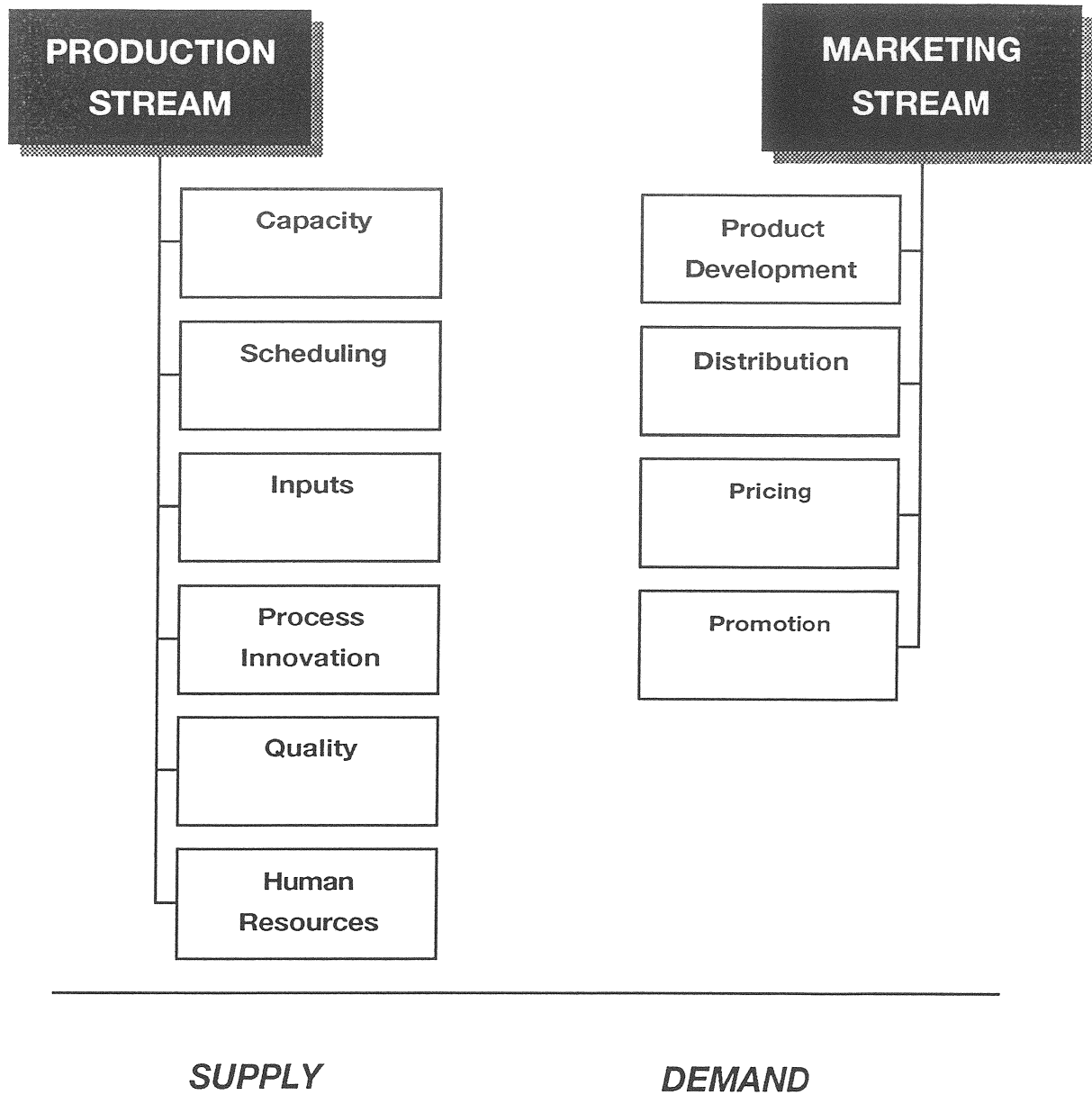
Production planning is based on the results of research and the application of technologies available for commercial use. All established growers have undertaken some production research at some time to reach even the most basic stage of development of their business. The extent of their research and its application to good planning will ultimately be reflected in how successful they are in producing fish. Workshops, field days and many equipment suppliers - as well as reference books - are readily available sources of information on Production technologies. Given the solid progress made in this area in relatively few years, this information is well catered for.

Financial planning is a reflection of the considered outcome of work in the other two streams - balancing Production costs against revenue from Marketing activities, and your Investment against Profits. Surprisingly, many feasibility studies and business plans jump straight from Production research to Financial planning, providing enormous detail about capital requirements and production costs, but avoiding genuine Marketing research and simply guessing at the anticipated revenue - a full half of the equation.

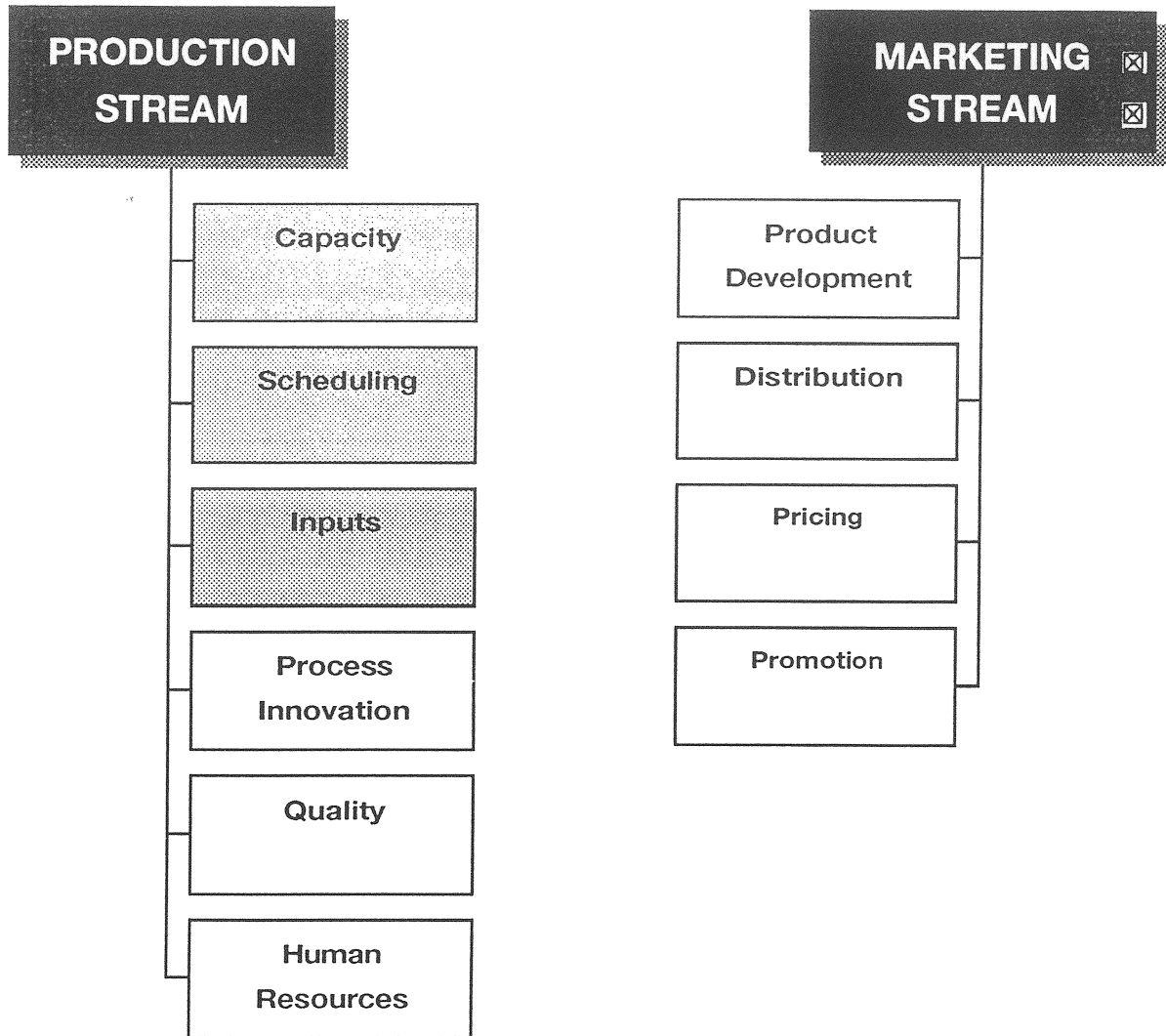
For Industry Planning
Financial Stream



Silver Perch Industry



In 1996 - What Type of Industry Is this?



NOTE:
Shading of boxes indicates where the industry's focus is (i.e. currently on Capacity, Scheduling and Inputs)

4.5 The Concept Of Marketing

It is important, firstly, to understand Marketing as a concept. Boone & Kurtz described the production-oriented firm as 'typical of fifty years ago' (and that comment was made in 1974). Experience, they say, has shown that a firm's ability to produce a quality product is simply not enough to achieve success in a dynamic business environment. Marketing effort is also required. The assumptions that a quality product will sell itself, and that effective production is the key to high profits, have proven to be wrong.

For instance, the company that did eventually produce a better mouse trap (Pioneer Tool & Die Co.) did not succeed with this product because it failed to research consumer needs. The quality of its design and engineering were excellent but no-one wanted to buy a \$30.00 mouse-trap. Millions of products have failed for the same reason. Henry Ford said of his customers - "They can have any colour (car) they like, as long as it is black." Henry's attitude would not survive in business today. The product not only has to be produced, it has to be sold for a profit - and Marketing is the key.

So Marketing is a large and essential component of a modern business, and one that can't be developed in isolation from customers. Its very essence is a consumer-oriented approach (rather than a production-driven approach), and this may require a fundamental change in attitude and priorities for some people.

In the days to come, Marketing (in addition to Production) may occupy much of your time and/or attention, and will almost certainly be a significant cost in your overall operation. (It is estimated that, on average, marketing costs represents 50% of the price paid by consumers for goods and services).

4.6 What Does Marketing Involve?

A formal approach to the subject of Marketing would take you through the variables of product development, packaging, distribution, pricing strategies, promotion, and people management. It would look at the gathering of information on which to base your Marketing strategies (marketing research.) It would cover the development of products, the distribution channels and Marketing institutions (retail and wholesale). It would include the options for promoting goods and services and the elements that comprise a pricing strategy. It might also cover areas such as ethics, legal and societal responsibilities and how all this fits in to the wider economic environment.

This Workbook, however, is designed to assist in the actual process of planning, rather than to be used as a detailed reference on the subject of Marketing.

For this reason we have chosen a different approach - selecting in this chapter a few of the fundamental functions of Marketing which we think are most relative to the silver perch industry. Our explanation of each is fairly brief. The idea is for you to grasp the concepts, rather than the detail.

As we go further into the Workbook, we will expand on these explanations by introducing the important inter-relationships between the components and how they all fit into the 'big picture'. However, if you require further information on any of these subjects, there are dozens of good reference books readily

available.

4.7 A Short List Of Marketing Functions

We often get asked questions such as these: "How much will I get for my fish, and who will I sell them to?" "Should they be purged?" "How do I keep them fresh?" "How will we promote them?" Although these all seem related, each represents a different component of Marketing - as you will soon see.

To simplify the process here, some of the titles we have given to these components (or the activities or functions they cover) might not match the classic descriptions enshrined in Marketing theory. If this concerns you, please refer to reference books for more information.

The components we have selected for our planning models are - **Marketing Research; Product Development; Distribution; Promotion and Pricing Strategies.**

To demonstrate how these Marketing activities integrate with the Production stream, we have also included some basic Production components to enable an integrated approach.

4.8 Marketing Research

Some people argue that there is no point in undertaking Marketing Research until there is a consistent supply of product to sell. This is a far too narrow view of what Marketing involves: seeing it simply as a sales function - that is, when a buyer considers the quality and quantity of a specific batch of product and negotiates a deal on price and volume. Much has to be done before that stage is reached.

Before setting up, a producer has to know what markets are available, their dimensions, what products are being sold into them and what price and volume opportunities are available. Are there, in fact, any opportunities at all (in a specific market.) Or, what are the attributes that might give your products a comparative advantage. To know this, you have to know all about the competitive products already in the market, and about the needs of the customers. You also have to know about the nature of the market - the marketing environment - to learn the most effective way to distribute and promote your products to a specific group of clients or consumers.

In fact, Marketing Research embraces the very core of what Marketing is all about. Finding out about customers needs, and how you can satisfy them. (As opposed to trying to 'push' a product onto them). Only by identifying customers' needs, understanding the environment in which they operate, their behaviour and limitations, can a producer confidently establish the parameters for the successful sale of any product.

Objectives of Marketing Research

Marketing Research can provide essential information for a number of key planning decisions - including whether to develop a product (or even whether to start a business for that purpose). Let's look briefly at just some of the essential roles of Marketing Research.

- To explore opportunities. This might begin with essential background about the marketing environment a business is about to enter - the total size and value of the market (market research), the distribution channels available, the market segments and how they are shared, profiles of competitive products - and most importantly, what the market wants and how that demand is being met. Only from this can a producer establish the best 'marketing mix' - the design of the product, the best means of distribution, how to promote it to customers and what to charge them.
- To counter problems. When an established product is not performing, a good manager will turn to marketing research to ask customers why they are not buying. This may reveal trends in consumers' buying behaviour, or problems closer to home - incorrect pricing strategies, inappropriate distribution, poor advertising and/or a host of other reasons unrelated to the product itself.
- Sales forecasting. Particularly important to producers of agricultural products with fixed lead-times, marketing research can provide vital data on volume and timing demands in the market place - indicating your supply requirements and when you can get the best price.
- To design promotional campaigns. Before promoting a product it is essential to know what customers/consumers will respond to. The things you like about a product might not be what sells it. And the best means of reaching customers with any message can vary widely between market segments.

Marketing research might even tell you how much Marketing you will need to do, which areas to focus on, and how much Marketing costs will represent in your overall budget.

Further reading will take you into the areas of how to gather and 'decode' marketing research data; the information systems used to handle this, and many other - often complex - tasks. However, marketing research can be as fundamental as thinking strategically about what questions to ask, who to ask them of, and what the answers tell you.

Armed with that information you can then set about designing a product which best suits the demand-.

4.9 Product Development

What is a product?

When you harvest a pond, what do you have? Hopefully some fish! But in the world of business what you really need, to convert those fish to cash, are **products**. And preferably a range of products - so that you can spread your risk over more than one market.

What, then, is a product? First and foremost, a product is something which provides 'want' satisfaction. That is, it satisfies a potential customer's 'want'. This could simply be the fish you just harvested from a pond - or to describe it more precisely: "an unpurged, ungutted whole fish". But are these the attributes likely to

attract a large degree of 'want'. Indeed, are there attributes that your Marketing research has indicated must be attached to a product to make it fit a demand niche. For instance, 'a fresh chilled, salt water purged, gutted whole fish' sounds like it might satisfy many more 'wants'.

However, before you begin to simply invent a whole lot of names, you need to know much more about the product, and precisely what each description means. For instance, what does 'chilled' mean in relation to your fish? What is the optimum storage temperature for fresh silver perch? What is its storage life, fresh and frozen? What is the best packaging to maintain original quality? Clearly a great deal of work is required to provide all the answers - information you must know before a product can be developed and successfully marketed and sold.

Often this work is of a highly technical nature and must be performed by qualified food technologists or other experts. An industry approach here is often desirable. For instance, establishing (from physiological research, and perhaps market research) if silver perch should be purged and, if so, the parameters for this process.

What Does A Product Consist Of?

From your marketing research you will have to decide where your best opportunities lie. Perhaps it is with a range of products. Some live fish, some fresh (chilled) gutted whole fish for retailers, some fresh (chilled) gutted whole fish for restaurants. Each market has its special requirements which can only be satisfied with an appropriate product - one that genuinely incorporates all the characteristics 'wanted'.

But there is much more to a product than its physical form. Customers often want a product which fits their physical description, but has other attributes as well. The first of these is generally a particular 'quality' - and this might be anywhere in a range from high to low, usually depending on price. The buyer might also want some evidence of the quality (other than the physical form), and even a guarantee or warranty. These attributes can be added in many ways. They might include a Quality Assurance scheme backed by independent certification of controls or systems, evidenced by a label attached to the product. Various levels of labelling might be denoted by a special name or logo (brand) which the supplier promotes as identifying the attributes for a specific market.

Particular groups of customers (markets) might also want special packaging - and this difference is particularly applicable between retail and wholesale markets, and domestic and export markets.

Indeed, packaging is so important that modern Marketing theory now devotes an entire component to it. (We have not included detail on Packaging in this because it is less applicable at this stage of the industry's development than the other major Marketing components.)

In every case, the producer must carefully plan the design of a product to suit identified market 'wants', and then set about developing that product within the constraints of his resources (site, plant and equipment, etc) and - naturally - within the intrinsic capacity of the product. This process not only adds costs to the product

but can add value well beyond the intrinsic value of the physical product (eg. bottled water) so product planning and development are vital stages in the Marketing process.

Another aspect of product planning is the development of a Product Strategy which takes into account the attributes of the various products in your range and matches them with market opportunities identified in the Marketing Research phase.

4.10 The Distribution Function

The function of Marketing also satisfies some key 'wants' of customers in addition to the product itself. These are the utilities of time, place and ownership. In other words, customers not only want products, they want them at a certain time, at a certain place and they want the facility of obtaining ownership - usually via invoicing/credit arrangements, or cash 'over the counter'. These utilities are part of the value of the product - essential parts of the deal (included in the price) and may be as important to the customer as the product itself.

The time factor is particularly important as it is the essential difference between producing products to orders (or estimates), or producing them on speculation. It is also important to remember that products have no value to a customer while still on the farm (unless purchased there). At some stage a transaction must take place - a customer will want to take physical possession and obtain ownership - and the producer will want to get paid.

These are all factors in choosing a means of distributing your products to customers. There are also other factors relating to the product and the marketing environment. Firstly, however, lets look at some of the distribution options.

Marketing Channels

The traditional marketing channel is from producer to wholesaler to retailer to consumer. Two of these are classed as middlemen and each plays an important, and quite different, role according to the physical resources (eg. trucks or shops) and marketing services performed. There are dozens of alternative options, often designed to eliminate the cost of utilising middlemen. However, before choosing for this reason, it is important to fully understand the role of these middlemen.

Wholesalers can be used as a fast source of funds, and to gain access to dozens of outlets - a task which would not be cost effective for the producer. The wholesaler's knowledge of the market and marketing environment are also being utilised, along with any of his incentives to purchase - such as offering a range of ancillary products. (Agents are a type of wholesaler middlemen but differ in that they, typically, do not take title to the goods.)

Retailers must meet consumers' demands for high standards in premises, service and range of goods - almost certainly not cost effective for producers. They provide a valuable service in promoting products to consumers and by providing any necessary variations to product form to suit consumers' final needs.

For aquaculture producers, the most likely options are -

- Direct sale to consumers from the farm gate;
- Direct sale to wholesalers ;
- Direct sale to retailers, (including restaurants);
- Sales via an agent (usually through an established marketing facility);
- Sales via a public market.

A mix of these and other marketing channels is also common.

Distribution Strategies

With perishable products such as fish (live or chilled) the 'length' of the marketing channel is a major factor in determining choice. A general trend in fish marketing in recent years is towards shorter marketing channels - by supplying direct to retailers and foodservice outlets, both to lower costs and to add value by maintaining quality). However, this must be offset by other factors (such as payment terms and security, distribution costs and ancillary services) which can be just as crucial to the final outcome.

Geographic location and consumer demographics, the need to retain control of the product, and competition, are just some of the additional factors which a producer might consider in the development of a distribution strategy.

4.11 Promotion

This is one of the most obvious Marketing functions and can be defined as informing, persuading and influencing the consumer's purchase decision.

Promotion is probably best thought of as Marketing Communications, (although this is not strictly right because the latter also includes unsystematic communications such as word-of-mouth). However, the fundamental strategies of communication apply. Promotion is mostly (and often only) successful when it stimulates the 'want' of a consumer and suggests an appropriate way of satisfying that 'want'. In other words, there must be a great deal of understanding by both sides - the promoter in understanding what the consumer wants and designing messages to solve that 'want', and the receiver who must interpret the message in the way the promoter intends. Not a simple task.

The Promotional Mix

There are four basic functions in the promotional mix. The first is Personal Selling. The remainder are non-personal and comprise Advertising, Sales Promotion and Public Relations.

Advertising is non-personal selling to large numbers of potential customers. This may be through advertisements in newspapers and magazines, on radio and television, and even on billboards and signs. Sales Promotion consists of displays or product sampling in retail stores, at trade exhibitions or other appropriate gatherings. Sometimes point-of-purchase promotional aids (eg. posters and recipes) are set up in-store to assist retail sales - a sales promotion function called Merchandising. Public Relations is the communication between a company and its customers at various levels (eg. wholesalers, retailers and consumers (the public) and is an extremely important, though often mis-understood, function. Publicity, (organised media messages about a company or product) is a part of this function.

Promotional Strategies

The extent to which each (or any) of these is used depends on the products, the market, the marketing environment being operated in, and the budget.

Promotional strategies can be quite complex. For instance, if you are distributing only through wholesalers, you may want to advertise only in media which reaches them, such as trade magazines. This is known as pushing your product through. Personal sales, because they are mainly 'one-to-one' are generally limited to this. However, you might also want to apply some leverage to this tier of distribution by stimulating sales at the other end of the marketing channel - pulling your product through. You could do this by conducting sales promotions in retail shops or (if you have the budget) by consumer advertising in the mass media. Most strategies have advertising and publicity preceding personal sales, so that salesmen are not going in completely 'cold'.

Whatever the strategy, the objectives of promotion are generally the same:

- To provide information
- To increase demand
- To differentiate between products
- To accentuate the value of products
- To stabilise sales

Developing Promotion Budgets

Promotion can be a major cost for producers of certain products. Sales may be directly tied to the promotion dollars spent in some cases, while in others benefits may not always be obvious. There are several ways of developing a budget for promotion. A common method is to simply apply a percentage of sales turnover to promotion, so that the cost always relates to sales revenue. Establishing the percentage will depend on many factors and may vary from product launch to on-going sales. However, the percentage can be adjusted - based on experience or performance indicators. Another way is the task objective method in which the objectives of promotion are defined and the cost calculated to give the productivity of each promotional dollar. This can then be adjusted according to actual performance. Applying a fixed sum per unit of product or simply matching the competition are methods less applicable here.

Monitoring the effectiveness of promotion is essential. Whether simply by observing sales revenue or by utilising more complex performance indicators, it is necessary to know which promotions are working, and to what extent they are contributing to profits (or other objectives). A problem here is that the cost of researching the effectiveness of promotion can be high and may not deliver precise information (eg. customer surveys). Never-the-less, some effort should be made to objectively assess the performance of promotions.

Strategic Planning

When it comes to developing promotional strategies there are some basic, and often sequential, steps which can be followed. Lets look at advertising first. It should be clear by now that Marketing Research is essential to promotion - both in the forms of research for planning, and feedback to monitor success, changes in consumer trends or behaviours, and to make the correct adjustments. You simply cannot design effective messages in isolation from your customers.

A typical starting point involves the concept of Positioning, which allows you to target a particular market segment. It is useful to find out where customers place your product in relation to price and quality (compared to similar products), and how far this is from where you want it to be. This can tell you which messages to send to potential customers in your advertising - and even what 'language' or style will reach them best.

Advertising

Of all the promotional functions, advertising is the most commonly used and complex. There are two major types of advertising - Product Advertising and Institutional Advertising. The latter concentrates on promoting a concept, idea, philosophy or goodwill of a company, organisation or industry. The style of advertising can be Informative, Persuasive, Comparative or Reminder-Oriented - all of which are fairly self-explanatory titles.

It may be that selecting the right advertising strategy for your product will require professional assistance. Advertising Agencies can provide this service, along with helping to select the most appropriate and cost effective media to carry your messages (newspapers and magazines, radio and television, billboards, etc). They can also create messages and supply the physical material for advertisements.

Advertising is a complex subject and can be very costly, especially when dealing with advertising agencies. However, it is a vital component of almost any Marketing plan and growers are well advised to obtain at least a working knowledge of the subject before embarking on any such course. Apart from the cost, advertising (and promotion) can be counter-productive if poorly researched or implemented.

4.12 Pricing Strategies

Pricing may well be the most complex aspect of marketing and is certainly one of the most important. Prices are critical to both planning and to the on-going viability of a business. Price and Volume equal Revenue, and Revenue less Costs equals Profit - usually the aim of a business. Strangely, many owners and managers rate attention to pricing as a lower priority than many other functions they carry out.

Price does not just reflect the intrinsic value of a product, but what it can be traded for. So what is the correct price? Is it simply what the customer will pay? Or will lower prices lead to higher volumes and, hence, higher revenue. Perhaps the right price is best described as 'one which will maximise long-term profit'. However, it all depends on the goals of the business.

The goals of a business must be well understood before attempting to develop a pricing policy. A small fish farmer might develop a high price, low volume objective - to satisfy lifestyle goals. Another might hold prices up to maintain the prestige of the product in the eyes of consumers - a wider marketing objective. Yet another might aim at maximum market penetration and simply discount until profits start to fall. This business might have a longer-term market share objective, hoping that forcing out the competition will eventually lead to higher prices in the future.

Generally a business will try to balance price and volume variations against costs to find the 'point of profit maximisation'. However, this balance can be hard to achieve in the real world because it depends on rational responses and near perfect communication. Some businesses settle for 'reasonable' returns and price stability, and adopt a 'target' approach to this balancing act. They might seek a percentage return on profit and adjust prices accordingly until this is achieved.

How To Approach Pricing

There are three general approaches - one based on supply and demand, another based on costs 'plus', and a combination of the two.

The first approach recognises that supply (competition) and demand ('want') has an effect on prices beyond your costs and profit targets. This approach is based on an assessment of the effect of competitive suppliers, and of demand 'elasticity' - the extent to which either price or volume can be adjusted with a disproportionate effect on the other - therefore adjusting Revenue - due to the level of demand. (In rare cases, putting the price up doesn't result in lowering the volume, so Revenue keeps going up. The product is said to be demand inelastic. There is a wide variation in demand elasticity between fish species). This approach assumes that revenues will exceed costs.

The second approach is generally based on the cost of production plus a margin to cover overheads and profit. When taken as a percentage of cost, this margin is referred to as **mark-up**. When taken as a percentage of revenue, it is referred to as **gross profit**. A 100% mark-up results in 50% gross profit. Owners and managers must be familiar with these terms when setting prices or negotiating with customers.

Prices calculated this way, however, do not take into account supply and demand. Often, the cost-plus price is used as a 'base' or 'floor' price (below which profits fall). To this is added any further margin assessed as achievable due to supply or demand influences.

The **break-even** analysis is a useful tool in comparing the consequences of alternative prices. However, it is cost-oriented and cannot be relied on alone to calculate prices which reflect supply and demand influences.

Some Common Elements of Pricing Policy

List Prices. Even after costs have been calculated and supply and demand influences estimated, prices are often subject to further variations to suit particular customers or situations. So businesses will often start with 'list' prices which can be varied as needed. However, it is absolutely essential that the impact of these variations on revenue be fully understood.

Discounts. List prices are often discounted for cash or prompt payment - the discount being offset by a reduction in finance costs or other benefits of having cash in hand. Certain trade buyers might also receive discounts in return for performing a marketing function. Discounts might also be given for large volume sales where the cost of handling bulk quantities is reduced.

Transport Costs. It is essential that final prices include all associated costs that the

buyer has agreed to. This often includes freight and/or insurance. It is necessary to be familiar with terms such as F.O.B. (Free on Board), to be clear about whose responsibility additional costs are, and to know exactly what those charges will be. Some businesses will choose to have a uniform delivered price to maintain an even market share.

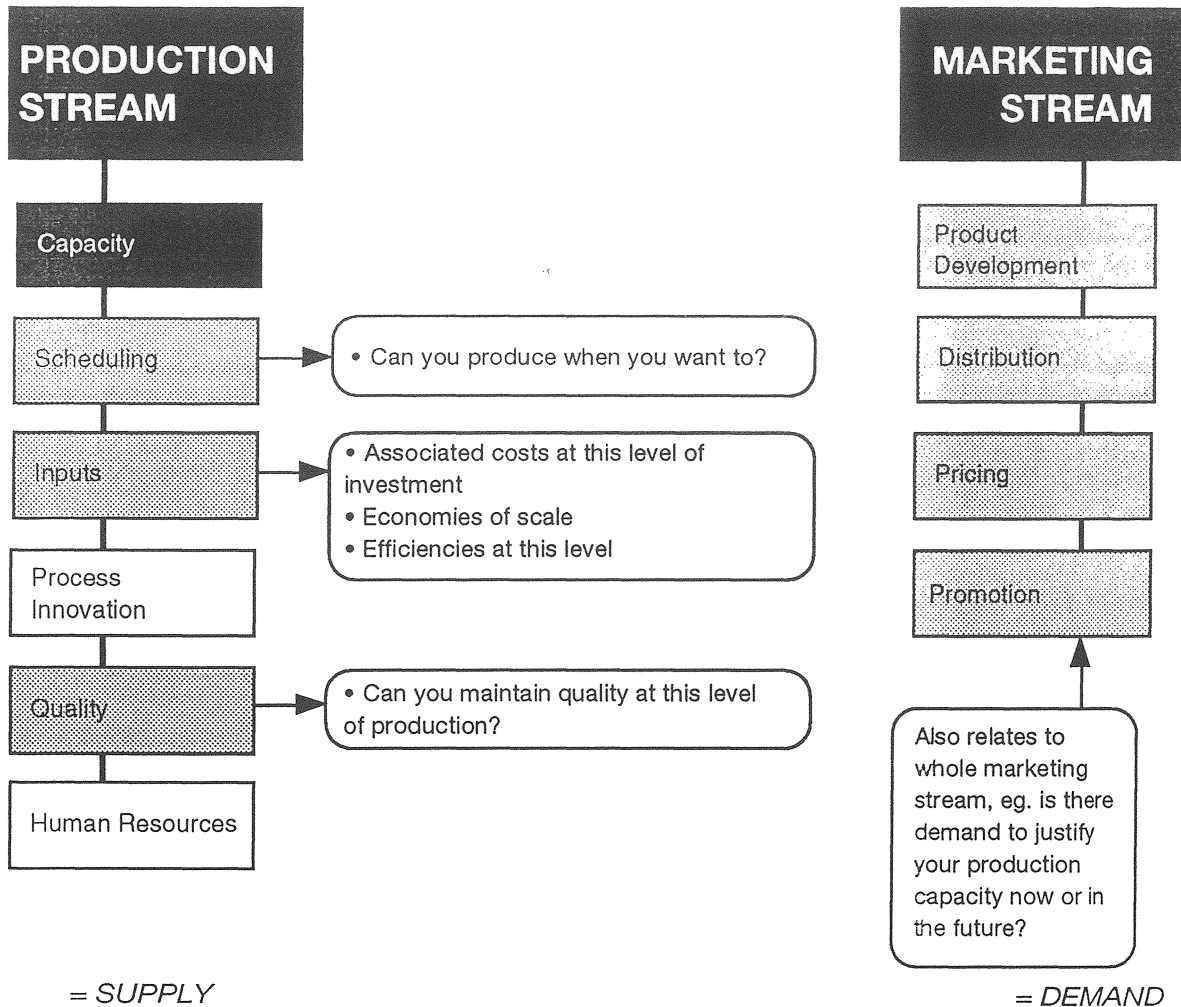
New Product Strategies. Producers may choose to enter the market with higher or lower initial prices. High entry, or skimming, is a common pricing strategy which is particularly relevant to the early stages of aquaculture. It allows producers to exploit 'unsatisfied' demand before volume/competition increases and prices stabilise at lower levels. It can provide an opportunity for some rapid cost recovery but encourages competition. Low entry 'penetration' pricing seeks to establish a product in a market before sustainable higher prices are phased in. It discourages competition.

Distribution Tiers. One of the most crucial elements of pricing policy is to respect the distribution tiers in the marketing channels you are using. Unless you intend a deliberate policy of market fragmentation for some reason, it is essential that your prices don't undercut the margins of your middlemen customers. If you do choose to sell 'down the line' in competition with your customers, it will normally be on the basis that you will maintain the appropriate margins at each tier, and compete on other grounds - such as service. That is, you would not sell to a retail outlet at the same price as you would to a wholesale client. However, you may choose to do this if you believe the wholesaler is impeding your overall sales by being too expensive or not supporting your product lines.

4.13 Production And Marketing Streams In Graphic Form

The following graphics from the Work Manual depict both Production and Marketing elements (including those Marketing activities described above) which we have selected as the basis of models demonstrating the interactions and linkages between the two operational streams.

Silver Perch Industry



CAPACITY

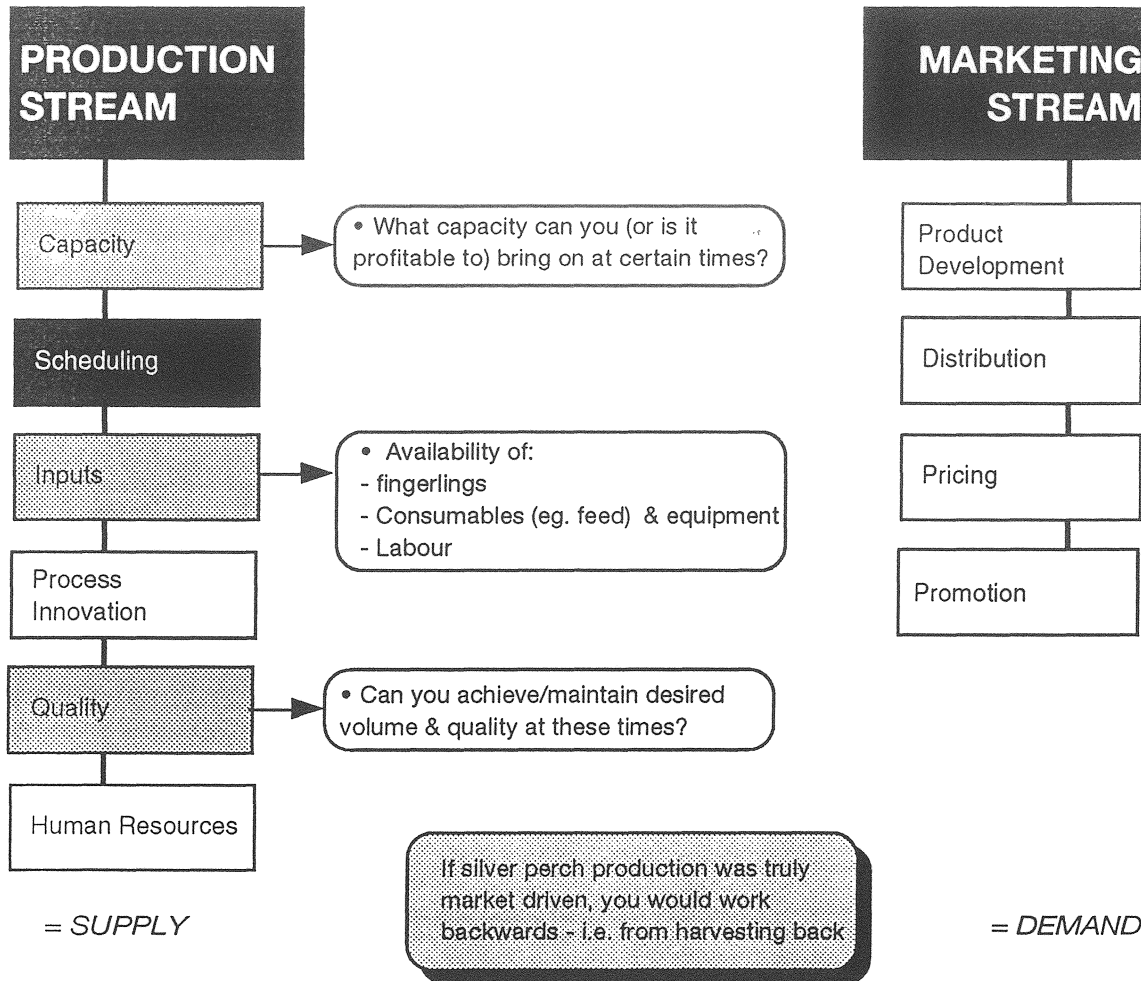
Key points:

- Scale of investment
 - a) Sets your fixed costs
 - b) Sets return on investment to make profit
- Efficiency
- Output

Relates to:

- Pondage area
- Harvesting capacity
- Labour
- Stocking density achievable
- Processing & Handling facilities
- Distribution & Markets

Silver Perch Industry



SCHEDULING

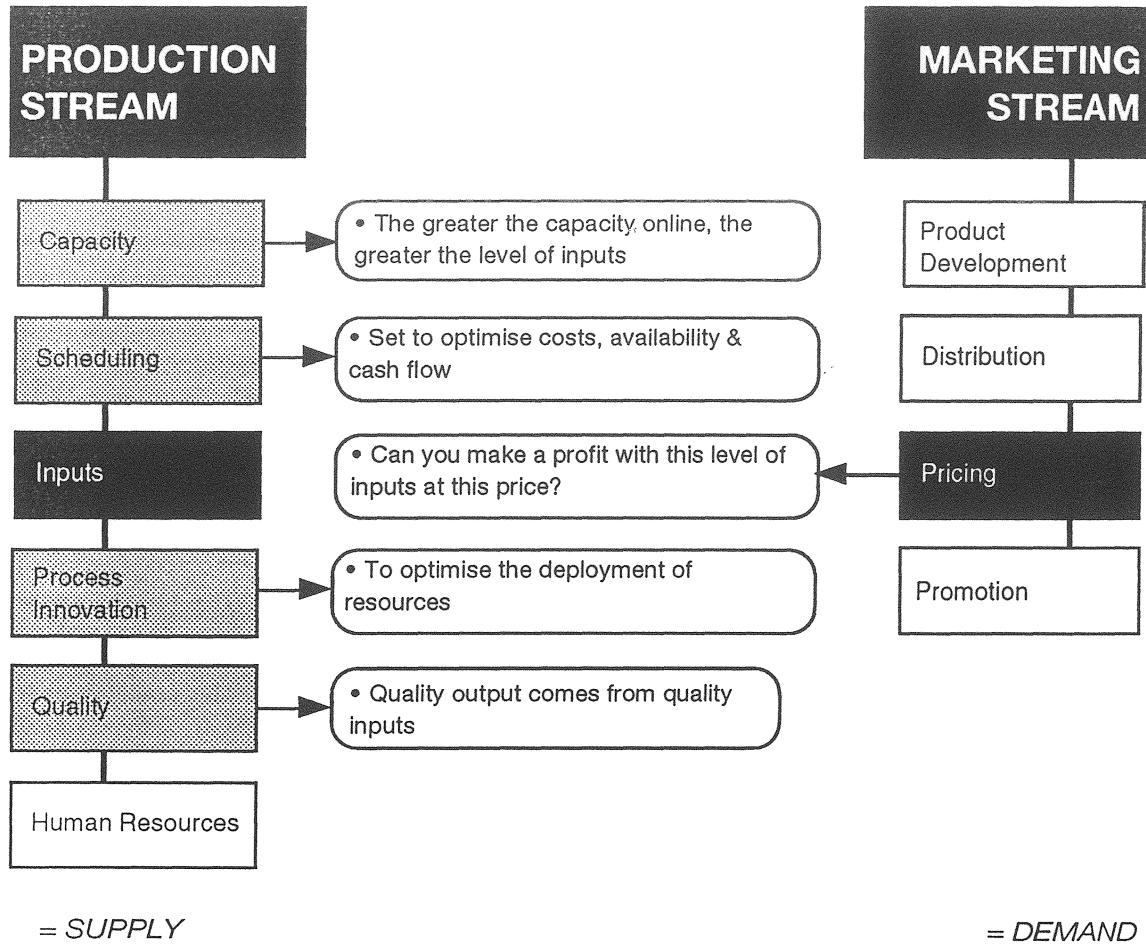
Key points:

- Species selection
- Stocking times
- Harvesting times (distribution & sales)
- Cash flow (financial stream)

Relates to:

- Growth rates
- Feed & Labour inputs
- Distribution & sales factors
- Environmental factors
- Equipment needs
- Market demand

Silver Perch Industry



INPUTS

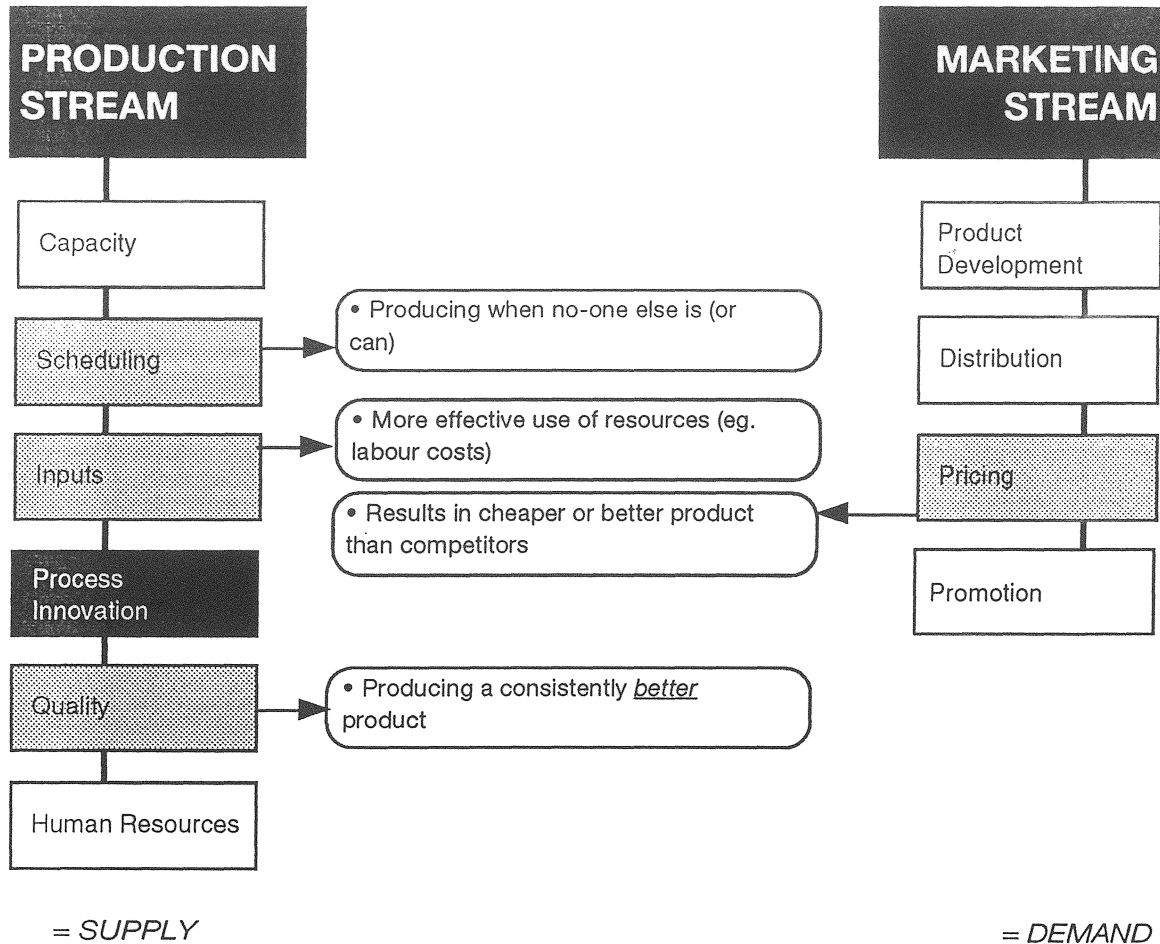
Key points:

- Stock
- Feed
- Materials (consumables)
- Equipment
- Labour

Relates to:

<ul style="list-style-type: none"> • Costs • Suitability • Optimum deployment (of inputs) 	<ul style="list-style-type: none"> • Availability • Cash Flow
--	---

Silver Perch Industry



PROCESS INNOVATION

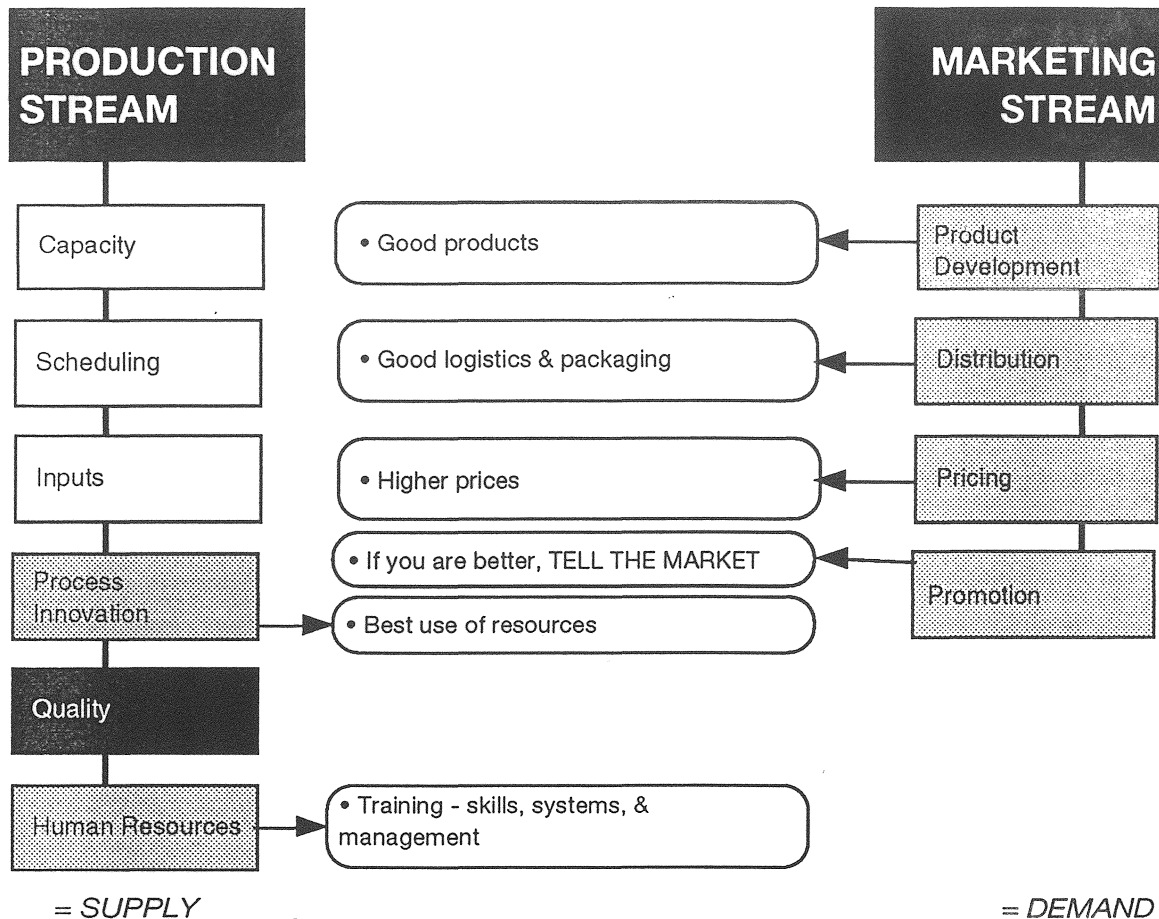
Key points:

- Using Research & Development (R&D)
- Applying technologies
- Creativity (innovation)
- Management

Relates to:

- Optimum deployment of your resources (capacity & inputs)
- Competitive advantage

Silver Perch Industry



QUALITY

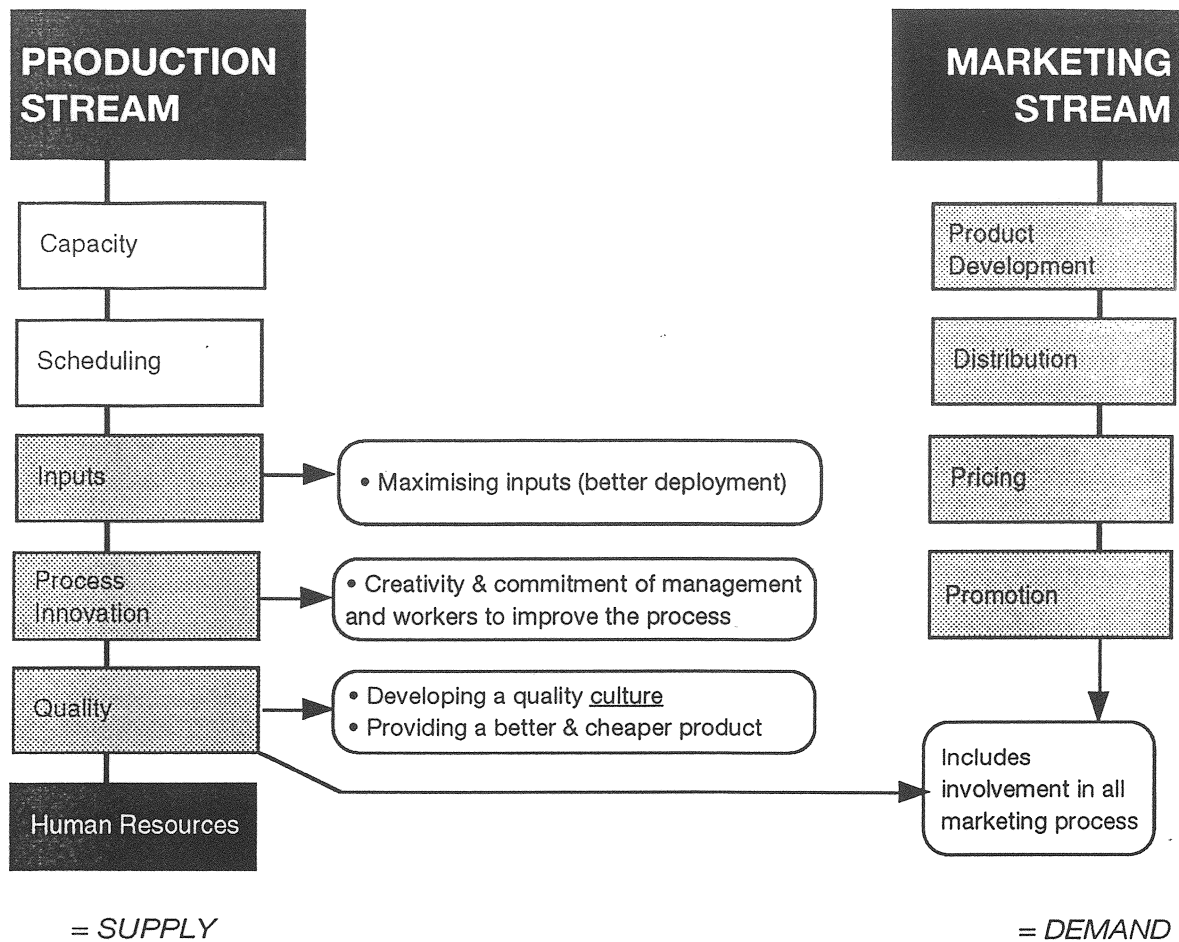
Key points:

- Better (more competitive) products:
 - higher prices
 - larger market share so higher volumes
- Cheaper production costs:
 - better systems
 - less waste
 - less exposure to waste
 - less exposure to risk
- Better use of resources (improved overheads)

Relates to:

- Quality Culture: i.e. the 'mind set' or attitude of people involved
- Quality Systems (ISO, HACCP)
- Product identification
- Accreditation & promotion
- Continuous improvement

Silver Perch Industry



HUMAN RESOURCES

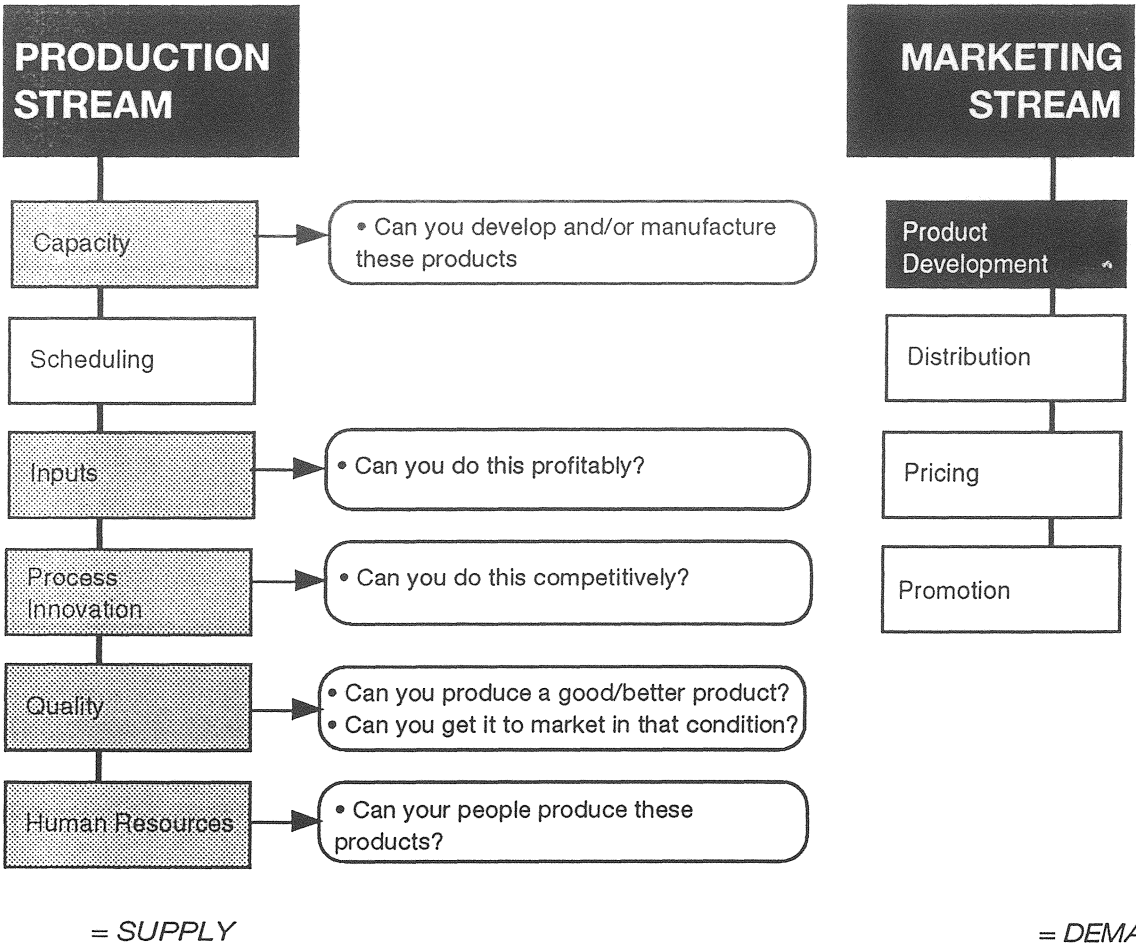
Key points:

- Identifying skills required (management production, marketing, finance)
- Finding or developing those skills
- Training
- Productivity

Relates to:

- Competency standards/levels in the process
- External or on-the-job training
- Productivity schemes (payment vs. commitment)
- Worker satisfaction and safety

Silver Perch Industry



PRODUCT DEVELOPMENT

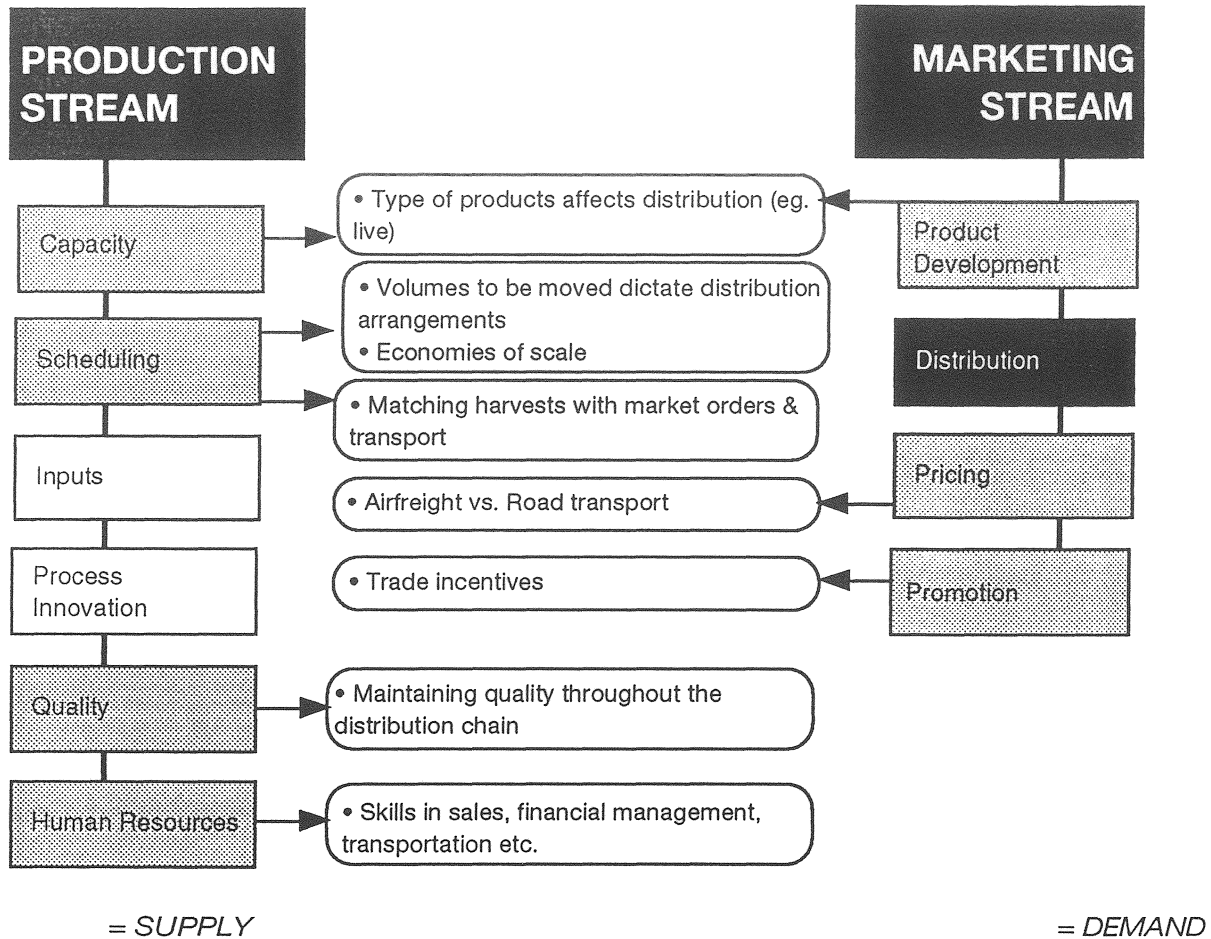
Key points:

- Understanding product attributes
- Having a range of products
- Packaging

Relates to:

- Product R&D
- Applied technology (eg. purging, smoking)
- Product mix (the best range for your market)
- Innovation - turning your raw materials into products that are in demand on an ongoing basis

Silver Perch Industry



DISTRIBUTION

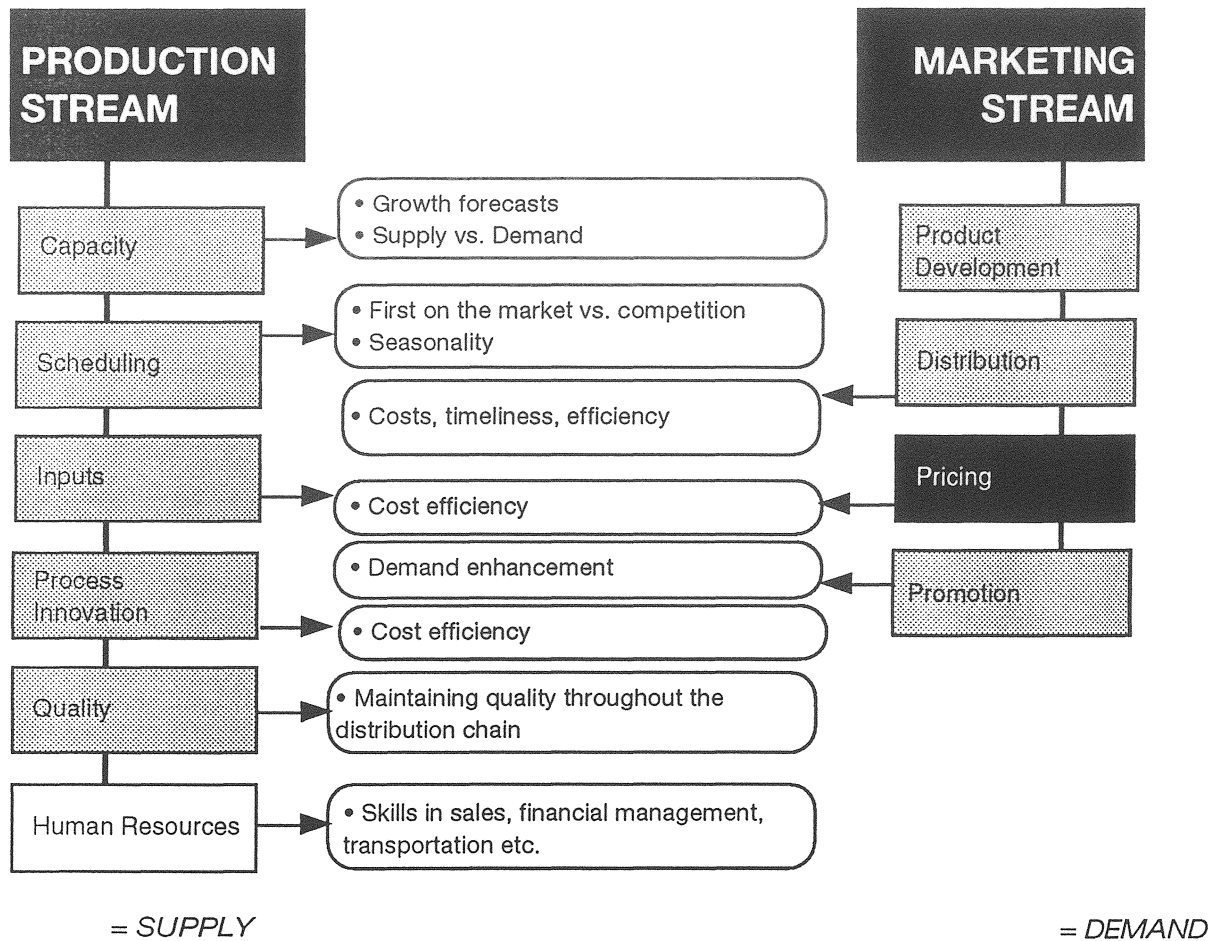
Key points:

- Managing stock
- Selecting the best channels of distributions
- Freight arrangements
- Orders, invoicing, credit control etc.

Relates to:

- Understanding the marketing environment and the needs of target markets
- Geographic location in relation to markets
- Comparable and competitive advantage
- The role of middle men

Silver Perch Industry



PRICING

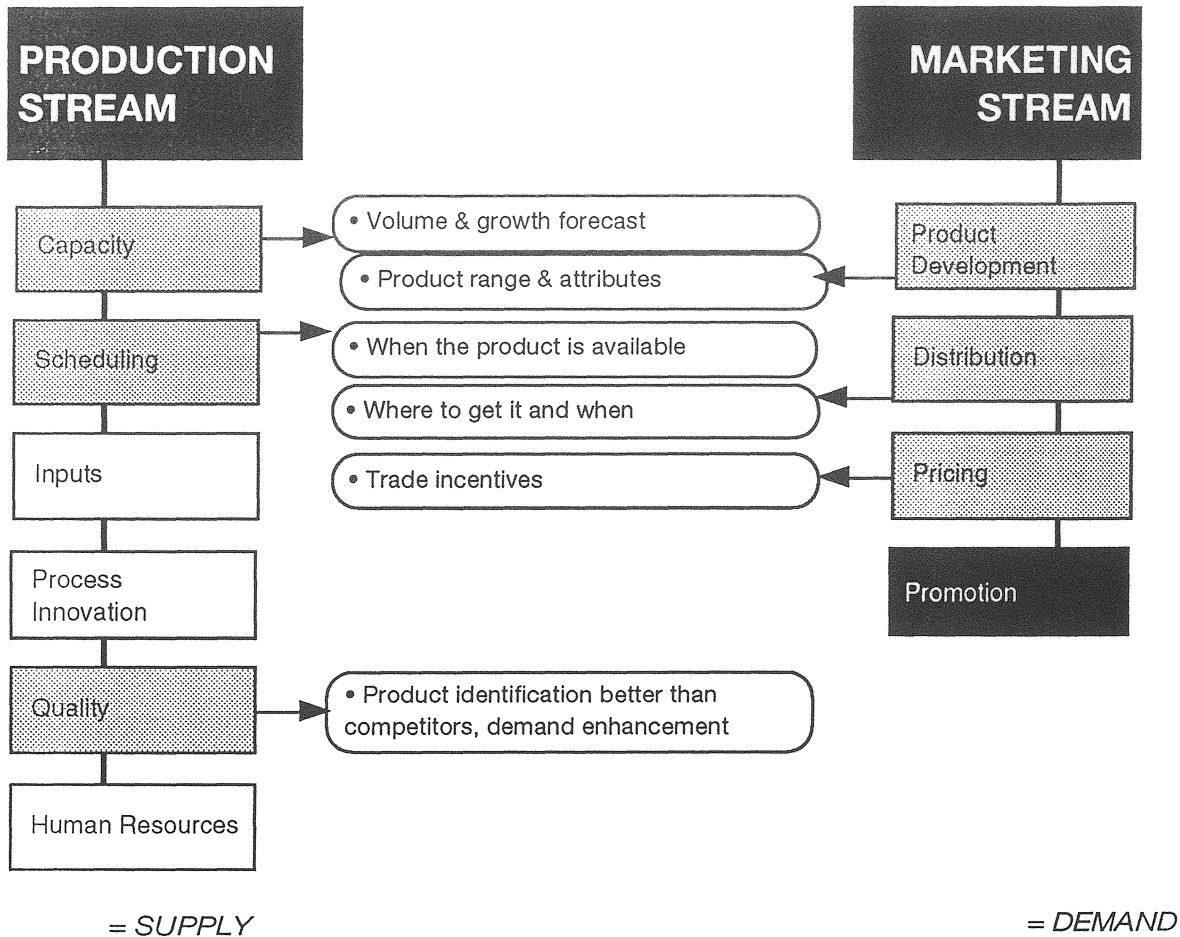
Key points:

- Developing a price philosophy ("Get Rich", lifestyle, cost plus profit, fierce competitor)
- Positioning
- Developing pricing ranges (volume, discounts, distributors, discounts etc.)

Relates to:

- Supply/Demand
- Demand elasticity
- Competition
- Market development
- Product life cycles

Silver Perch Industry



PROMOTION

Key points:

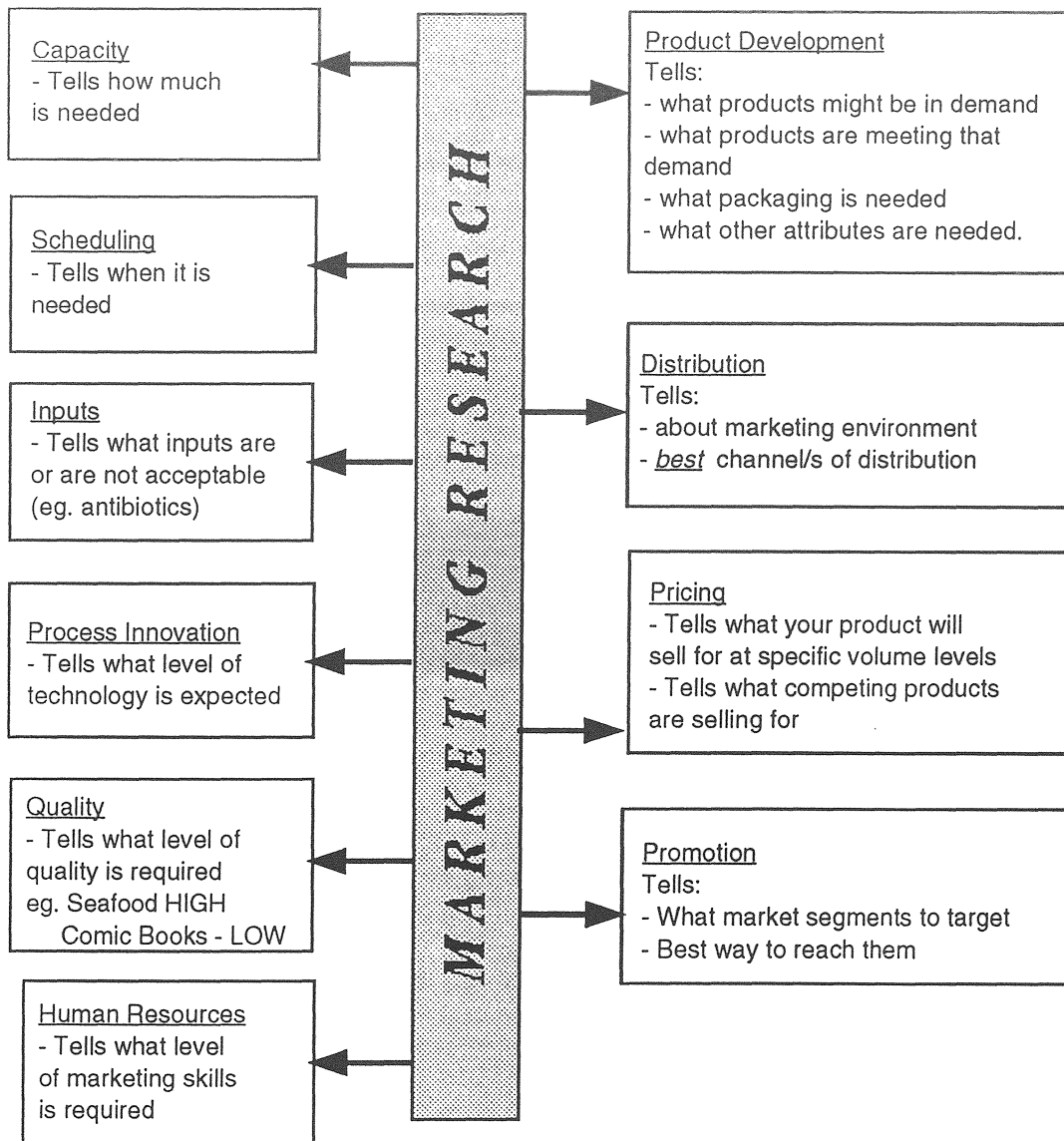
- Advertising
- Sales promotion
- Public relations (publicity)
- Personal selling

- The Promotional Mix

Relates to: (Developing promotional strategies)

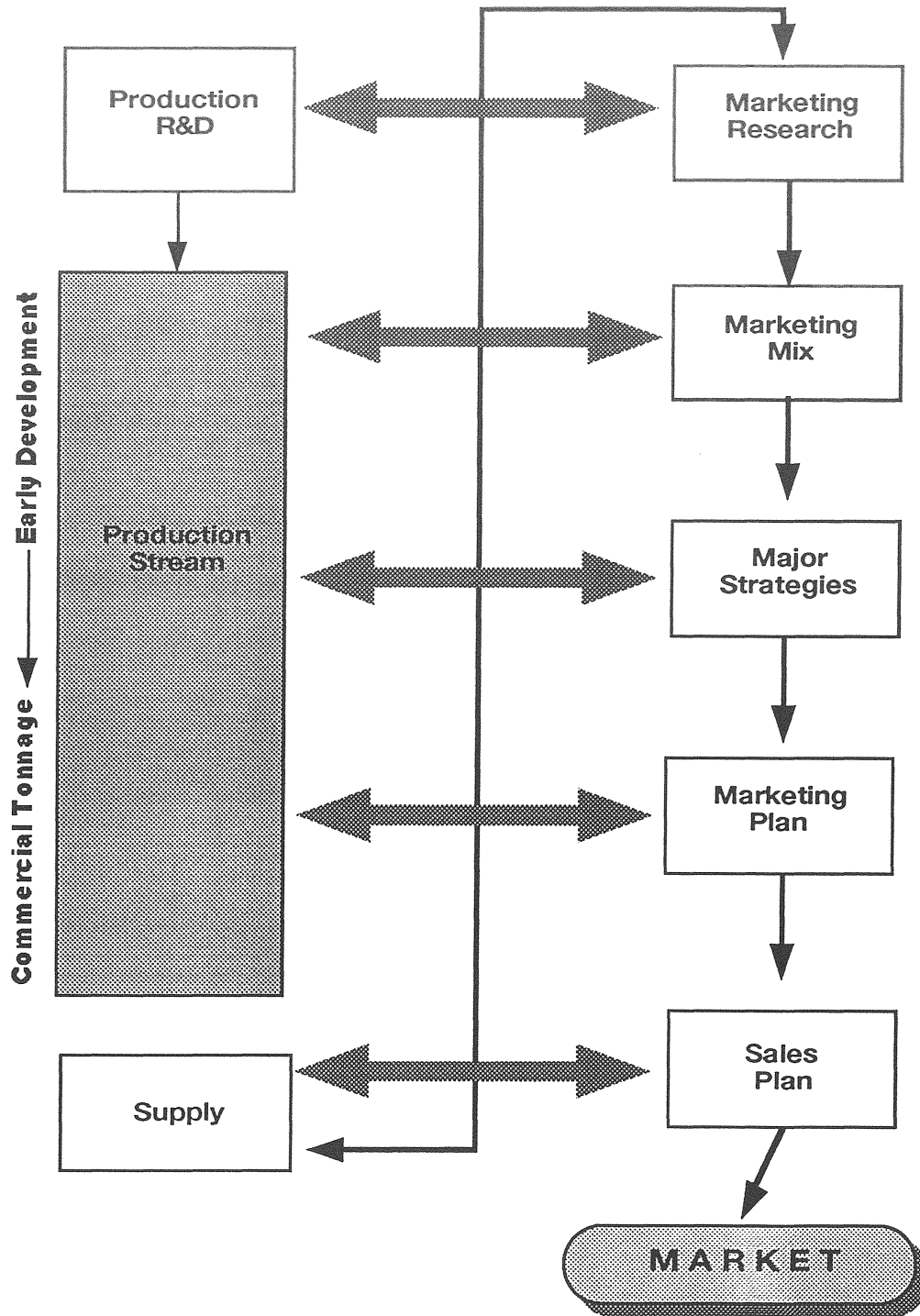
- that are most appropriate for the product & distribution methods
- that meet budgets
- that effectively reach target markets
- that correctly position the product (or industry)
- that differentiate quality and other attributes
- that are measurable

MARKETING RESEARCH

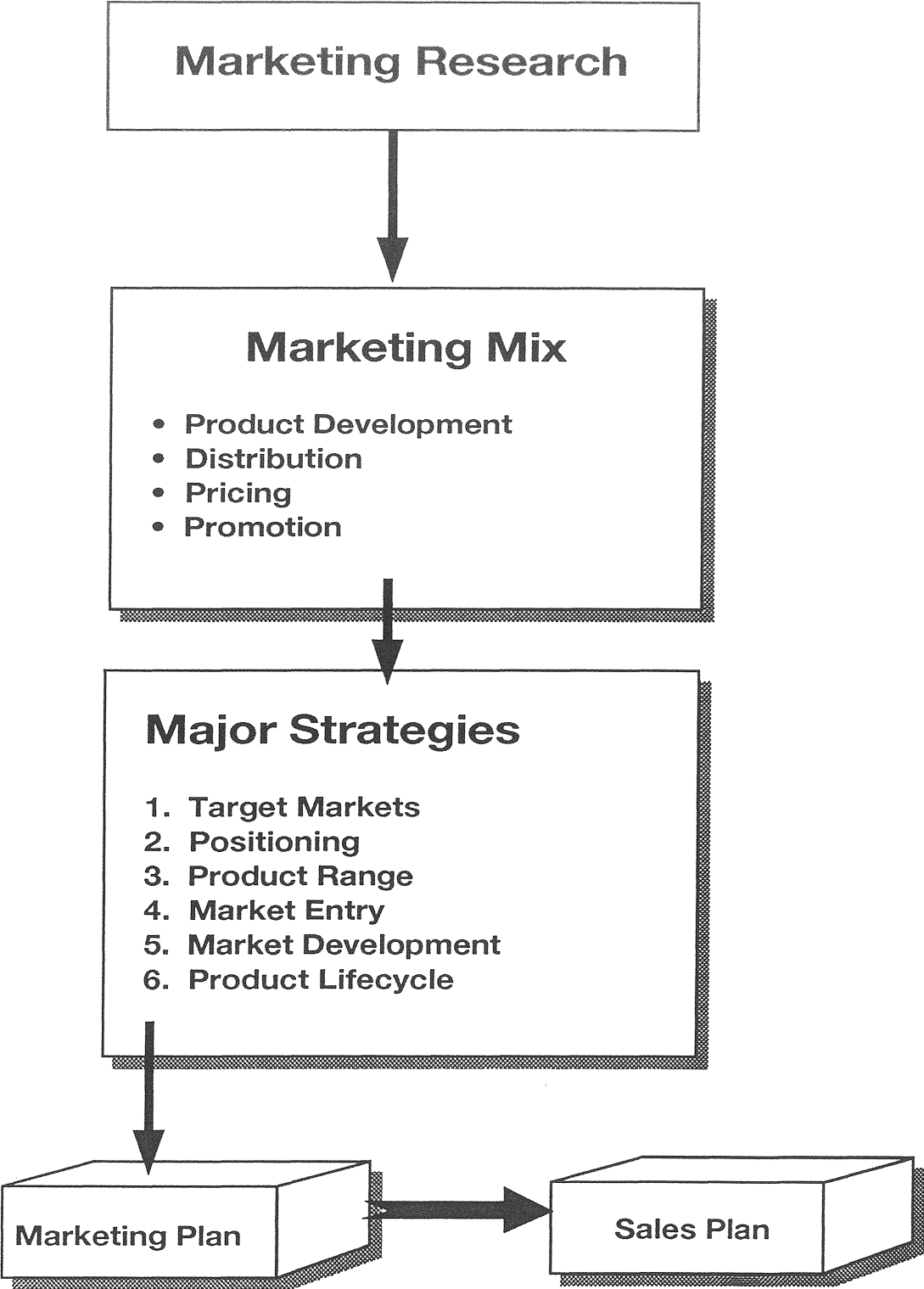


Shows:

1. The impact and importance of *Marketing Research*
2. *Highlights just how production focused the industry is, i.e. **NONE** of the marketing research questions are answered:
Capacity; Scheduling and Inputs are untouched by market research input*



The Planning Process





Fishing Industry National Strategies (FINS)

Major Planks

- **Resource Access**
- **Industry Profile**
- **Quality**
- **Product Identification**
- **Market Development**
- **Information Flow**

5. Industry Development Plan And Critical Path

5.1 Focusing On The Process

The second stage of the project was to facilitate development of an Industry Development Plan. This involved the SPGA at critical stages in the process, and ultimately in a two day workshop.

The Production and Marketing models, along with other useful information, were developed into a Work Book. The primary purpose of this Work Book was to show growers how the various elements, identified in the basic models, could be manipulated or modified to exert an influence on the industry. The analogy used was 'creating levers' to influence a particular area of production or marketing, with debate on what those levers should be, and what the 'settings' should be.

5.2 Creating Levers And Settings

Again, extracts from the Work Book (which provided examples only) are included here, for continuity. The following graphic pages show the process used to identify strategies which could influence industry direction.

How Can We Influence **CAPACITY?**

- Encourage/discourage investment to suit supply/demand:
 - By providing accurate market information to show supply/demand, competition, profitability etc.;
 - By providing *real cost* information;
 - By encouraging a *market* focus;
 - By influencing government/s to regulate entry;
 - By 'discouraging' *poor quality* entrants; and
 - By encouraging *species diversity* .

How Can We Influence **SCHEDULING?**

- Better understanding of the time requirements of markets.
- Encouraging market share arrangements, for example:
 1. Southern growers supplying markets requiring smaller fish
 2. close in growers supplying live fish markets.
- Closer relationships with hatcheries
- Better communication between growers

How Can We Influence **INPUTS?**

- Economies of scale
 - Joint purchase of materials, feed, stock etc;
 - shared facilities
 - freight consolidation or bulk rates
- Negotiate availability, costs, quality etc. of major goods & services inputs (industry to industry and industry to Govt);
- Labour matters - negotiate productivity or enterprise arrangements, labour pool, OH&S standards etc.

How Can We Influence **PROCESS INNOVATION?**

- Access to the latest R&D
- Conferences & Seminars
- Field Days & Tours
- Access to latest publications
- Promoting better communication and relationships within industry and between industry and Government

How Can We Influence **QUALITY?**

- By promoting a 'Quality Culture'
- By encouraging the adoption of Best Practice, QA Systems etc.
- By organising Quality Workshops, Field Days, Seminars, access to R&D, promoting quality, technology, publications and overall better communications
- By increasing the benefit of quality through Product Promotion
- By influencing Govt. to regulate in favour of quality

How Can We Influence **HUMAN RESOURCE MANAGEMENT?**

- Promotion of 'Skills Development'
- Promoting and supporting ongoing training, both internal (on-the-job) and external
- Establishing labour pools
- Establishing career paths (across aquaculture industries)
- Establishment of Occupational Health & Safety (OH&S) standards and guidelines

How Can We Influence **PRODUCT DEVELOPMENT?**

- Undertake 'Market Research' to:
 - identify what products can be sold profitably and to what markets;
 - the packaging requirements;
 - the 'time' requirements;
 - the volume requirements (including growth);
 - the impact of current & future competition

- Undertake 'Technical Research' to:
 - assess and understand the characteristics and attributes of the products;
 - convert raw materials into 'products';
 - overcome technical challenges;
 - ensure quality, food safety and maintenance of desirable attributes.

NOTE: A Strategies approach is required

How Can We Influence **PROMOTION?**

- Develop overall promotion objectives that other competing 'brands' can 'pull' in the one direction.
- Economies of Scale - pooling resources to develop effective promotions and run them.
- By running effective public relations to promote industry profile.
- By participating in trade promotions
- By organising export promotions.

How Can We Influence **DISTRIBUTION?**

- Undertake Market Research to:
 - establish best channels of distribution for each product and/or region (logistics).
 - establish best distribution tier structure(economics)
- Promote efficient methods (and costs).
- Assist with impediments (and costs) particularly with export.

How Can We Influence **PRICING?**

NOT by collaborating to fix prices

- Undertake Market Research to:
 - establish real market opportunities;
 - establish competition levels and areas of comparative or competitive advantage.
 - By establishing real costs, real volume growth potential, positioning, and market entry strategies.
 - By differentiating quality and other attributes.
- By promotion at trade and consumer level.

CAPACITY (Example page only)

Key Issues:

1. Unplanned growth.
2. Growth in capacity not matched to market demand
3. Too much capacity

Strengths	How To Capitalise On Them
• Potential for high volume output	1. Develop markets to match 2.
•	
•	
Weaknesses	How To Overcome Them
• Oversupply/price weakness	1. Develop markets to match 2. Control supply
• Over investment/non-viable farms	1. Control investment
•	
•	
•	

CAPACITY (Example page only)

DEVELOPMENT OPTIONS: 1. Control investment. 2. Control supply

OBJECTIVES	STRATEGIES
<ul style="list-style-type: none"> • Encourage/discourage investment 	<ol style="list-style-type: none"> 1. Undertake marketing research to forecast potential market growth, and to provide accurate market information to guide investors. 2. Provide 'real cost' information to potential entrants. 3. Influence government to regulate entry. 4. Actively encourage/discourage entry 5. Encourage species diversity
<ul style="list-style-type: none"> • Control supply 	<ol style="list-style-type: none"> 1. Undertake marketing research to forecast sector demand, and provide information to guide growers. 2. Assist better communication between growers. 3. Encourage a market focus.
<ul style="list-style-type: none"> • 	<ol style="list-style-type: none"> 1. 2.
<ul style="list-style-type: none"> • 	<ol style="list-style-type: none"> 1. 2.

5.3 Developing An Integrated Approach

Throughout the period of the project, many separate initiatives were canvassed or floated by government and private industry organisations. Several of these directly overlapped some of the identified needs or strategies identified by silver perch growers. Some of these originated with the silver perch industry in mind, and others were industry-wide, generic initiatives.

Development work undertaken in each of these areas represents a substantial cost to industry and/or government. Growers are often reliant on the outcomes of this work but results don't always coincide with industry needs in terms of timing or usefulness.

The workshop felt it was essential, therefore, that each phase of both production and marketing development be integrated so that overall development could proceed down a predetermined, timely and economically sound path - making best use of available resources and with defined industry goals as an outcome. This would also assist growers to predict the wider, and longer term, impacts of both their production and marketing decisions.

The workshop resulted in a basic nine point draft plan which integrated both marketing and production strategies in a broader Industry Development Plan. Each step in the plan was prioritised chronologically to establish a Critical Path.

This draft was further developed by PSM with information on resources and funding options, market opportunities, marketing options, as per available data.

5.4 Facilitation

It is important to note that PSM's role was to facilitate the informed consideration of the numerous planning options, and to assist by providing additional information and examples based on experience in other industries.

In particular, an effort was made to draw attention to those aspects which might require a difficult policy decision by the SPGA. For instance, would the SPGA consider limiting support to new entrants to control growth in capacity?

Care was taken, however, not to steer the outcome of any debate in any particular direction. As can be imagined, the workshop resulted in considerable deliberation of many related issues, and participants found it difficult to keep track of the overall plan.

It was decided, therefore, that the conclusions of the workshop should be condensed to keep the plan as simple as possible. A draft was presented to the SPGA in mid-1997 for comment.

Again, it should be reiterated that throughout the project, the focus has been on familiarising participants with the process, and developing strategic direction for the industry - rather than trying to produce a detailed plan for any one area, given that the marketing environment is subject to such rapid change, and that individual members may choose alternative marketing arrangements for themselves.

5.5 Silver Perch Industry Development Plan

5.5.1 PRODUCT INFORMATION

Task	Objectives	Strategies
<ul style="list-style-type: none"> Collect and compile statistics and data on investment, total farm capacity, production costs, predicted output, and other relevant activities. 	<ul style="list-style-type: none"> To provide the basis for accurate production forecasting, pricing and distribution strategies, product promotion and industry planning. To assist in the co-ordination of supply for specific marketing schemes. 	<ul style="list-style-type: none"> Collection of data from members on a regular basis, as well as on the broader industry from Government and other sources. Consider, as a matter of policy, imposing a requirement on members to provide basic production statistics. Controlling the growth in capacity by providing accurate information to new investors.

Comments

Historic production statistics are currently compiled by State Fisheries Departments and the Federal Department of Primary Industries & Energy (Aquaculture). However, the information is in aggregated form and subject to omissions and a large degree of error. Some information is also collected on farm capacity as part of State permit systems.

Unless harvests can be forecast accurately, in terms of volume, time and size of fish, the SPGA cannot assist the industry with planning.

It is clear that accurate production and scheduling forecasts have not been possible, even within the SPGA. Major policy decisions are required in regard to the provision of information by members, and how that information will be used (including a confidentiality policy).

The SPGA should also consider carefully the information it makes available to new investors. The current policy of providing advice and information for every new inquiry, should be balanced with the need to control investment in new farm capacity.

Key Linkages

PRODUCT INFORMATION	MARKETING RESEARCH	PRODUCT DEVELOPMENT	QUALITY	BASIC PRICING STRATEGY	PROMOTION
BRANDING	POSITIONING	MARKET DEVELOPMENT	LIFE CYCLE REVIEW		

5.5 Silver Perch Industry Development Plan

5.5.2 MARKETING RESEARCH

Task	Objectives	Strategies
<ul style="list-style-type: none"> Undertake or commission detailed marketing research 	<ul style="list-style-type: none"> To provide fundamental information on domestic and export market demand, market niches, preferred product forms, preferred packaging and competitive pricing. 	<ul style="list-style-type: none"> Establish closer distributor/buyer relationships. Establish formal systems for distributor/buyer feedback. Seek funding to undertake or commission more detailed marketing research.

Comments

The only public report on the market potential of silver perch was an overview undertaken by Ruello and Associates in 1994. More in-depth research needs to be done, particularly on potential export markets. A sound understanding of the marketing environment is fundamental to the industry's pricing and distribution strategies, and will provide direction for product development and investment in promotion.

Research to date indicates that demand elasticity is such that prices will fall significantly (from 1994-1997 levels) as production volumes increase to hundreds of tonnes. This predicted pattern of volume/price performance needs to be confirmed and understood to prevent investment based on unrealistic price expectations, and to encourage efficiency at higher volume/lower price levels (or lower unit price break-even points).

Key Linkages

PRODUCT INFORMATION	MARKETING RESEARCH	PRODUCT DEVELOPMENT	QUALITY	BASIC PRICING STRATEGY	PROMOTION
BRANDING	POSITIONING	MARKET DEVELOPMENT	LIFE CYCLE REVIEW		

5.5 Silver Perch Industry Development Plan

5.5.3 PRODUCT DEVELOPMENT

Task	Objective	Strategies
<ul style="list-style-type: none"> Encourage the development of a wider product range. 	<ul style="list-style-type: none"> To provide more marketing opportunities and mitigate the current experience of market saturation at low volumes. To provide markets for fish at different size ranges. To provide markets for fish with different production costs and unit prices. 	<ul style="list-style-type: none"> Undertake or commission marketing research to identify new product opportunities. Undertake or commission food technology research to better understand the technical characteristics of the species and thus identify potential product applications.

Comments

The industry's marketing opportunities are constrained because its product range is limited, basically, to live whole fish and small, chilled whole fish. Work needs to be done to broaden this range.

This requires marketing research to identify new product opportunities, and food technology research to better understand the characteristics of the species and thus identify potential product applications. New products could include different size and product forms, different packaging, as well as value-adding.

The broader the product range, the greater the opportunity of finding markets to absorb the raw material (in one form or another), and more opportunities to solve economic dilemmas such as on low production/high cost farms.

Key Linkages

PRODUCT INFORMATION	MARKETING RESEARCH	PRODUCT DEVELOPMENT	QUALITY	BASIC PRICING STRATEGY	PROMOTION
BRANDING	POSITIONING	MARKET DEVELOPMENT	LIFE CYCLE REVIEW		

5.5 Silver Perch Industry Development Plan

5.5.4 QUALITY

Task	Objective	Strategies
<ul style="list-style-type: none"> • Encourage on-farm quality management, and the development of minimum product quality standards. 	<ul style="list-style-type: none"> • To improve production and post-harvest efficiency. • To provide consistent product quality standards. • To ensure food safety. • To promote a quality assurance culture within the industry. 	<ul style="list-style-type: none"> • Continue with the development of a Best Practice hand book. • Encourage the continuation of extension services and organise quality assurance workshops. • Develop a model quality assurance scheme, demonstrated by several farms agreeing to formal accreditation. • Seek funding support for QA initiatives.

Comments

Quality has been identified by the SPGA as a priority and the focus of much of its work during 1997. The ultimate aim is to instil a quality assurance culture which will see raw material and end products subject to quality controls both within the farm and through the marketing system.

The products from those farms utilising best practice or quality assurance procedures, could be differentiated by use of an 'umbrella' logo or brand (the start of a group marketing approach).

A model QA plan, (accreditation level, training, etc.), should be considered as a separate project for the SPGA, and funding sought to develop and implement it. Advice on the appropriate QA plan and accreditation level might be sought from AUSEAS.

Key Linkages

PRODUCT INFORMATION	MARKETING RESEARCH	PRODUCT DEVELOPMENT	QUALITY	BASIC PRICING STRATEGY	PROMOTION
BRANDING	POSITIONING	MARKET DEVELOPMENT	LIFE CYCLE REVIEW		

5.5 Silver Perch Industry Development Plan

5.5.5 BASIC PRICING STRATEGY

Tasks	Objectives	Strategies
<ul style="list-style-type: none"> • Promote an understanding of pricing principals, and develop a basic pricing strategy for the industry. • Encourage members to include marketing costs in their pricing. 	<ul style="list-style-type: none"> • To prevent misguided investment based on unrealistic price expectations. • To foster genuine production efficiency (at high volume/low cost). • To develop a strategy for financing promotion and market development. 	<ul style="list-style-type: none"> • Collect and analyse production information to develop model production and marketing costs, and to forecast impact of production growth on demand elasticity. • Assess the industry's current position in relation to production and market demand. • Encourage members to participate in an industry-wide pricing strategy under an umbrella brand. • Seek advice from accountants or agri-business marketing consultants.

Comments

The silver perch industry can only achieve commercial success by developing sound pricing policies. Many companies fail to realise their competitive advantage, or recoup their investment in production facilities and services, simply because they adopt the wrong pricing strategies for the product/market mix; or because they fail to take important cost elements into account; or because they have no formal price strategy at all.

Continued over page

5.5 Silver Perch Industry Development Plan

5.5.5 BASIC PRICING STRATEGY CONT.

Comments cont.

Cost information to be taken into account should include not only real production costs (including packaging), but allocations for on-going marketing research, product development, product promotion, corporate overheads and profit. The process may be lengthy and require expert assistance (marketing consultants, accountants) but, as this is where the dollars are earned, it is strongly recommend for the benefit of SPGA members and the industry.

All the market research to date, and current market intelligence, suggests that basic raw material (whole chilled fish at farm gate) prices will fall as significant production is developed. At the current low level of available production, the industry is still basically 'skimming' - ie. soaking up surplus demand at abnormally high prices. The 'real' market (ie. for hundreds of tonnes) is well below this.

This implies that growers must aim for lower unit price break-even points at relatively high volumes, and focus on developing production efficiency. It also implies that not everyone will be able to grow 10 tonnes (for instance) and get the price they need to cover their high unit production costs unless they develop some very innovative new products. (However, fish isn't like wine, with infinite variations consumers are prepared to pay extra for). The bulk of the industry's raw materials will sell in the same price range - and all indications are that this will be in the \$4.00 to \$7.00 range for high volumes of chilled fish. The industry's challenge is to make that work through production efficiency.

The danger of not accepting this scenario is that many growers will invest on the basis of small turnover/high price, and be uncompetitive against larger farms. (There will be exceptions to this such as niche markets for special products, live fish, etc. - but this is the 'boutique' end of the industry.)

Promotion and market development might mitigate this price/demand elasticity.

It is essential that growers are able to properly cost their products, including marketing costs (product development, distribution and promotion). The SPGA can assist by examining costs and providing realistic information (or models) to members and the industry. (It may well be that, if a realistic assessment indicates continuing low volume pro*duction, the industry can plan a pricing strategy to capitilise on this.)

Some growers have advocated a single desk selling system. However, regardless of the level of producer support and brand loyalty achieved, the achievable price will still reflect supply volume and market demand to a large extent. The SPGA could assist, however, by recommending prices at different distribution levels, to establish benchmarks in addition to the (often distorted) 'free market'.

Key Linkages

PRODUCT INFORMATION	MARKETING RESEARCH	PRODUCT DEVELOPMENT	QUALITY	BASIC PRICING STRATEGY	PROMOTION
BRANDING	POSITIONING	MARKET DEVELOPMENT	LIFE CYCLE REVIEW		

5.5 Silver Perch Industry Development Plan

5.5.6 INDUSTRY AND PRODUCT PROMOTION

Task	Objective	Strategies
<ul style="list-style-type: none"> Promote the silver perch industry. Develop consumer awareness of silver perch products. 	<ul style="list-style-type: none"> To provide a positive image of the industry and its products. <p>To reach trade outlets and consumers with product information in an efficient way.</p> <ul style="list-style-type: none"> To target market segments identified as most important by marketing research. 	<ul style="list-style-type: none"> Undertake a public relations campaign by targeting selected media with press releases and product samples. Participate in field days and food trade shows. Provide trade information for distributors and basic merchandising (posters and recipe leaflets) for retailers. Co-ordinate supply to specific retail outlets to maximise exposure to consumers.

Comments

Silver perch is still relatively unfamiliar to most Australian consumers. Considerable favourable attention could be focussed on the species by, firstly, taking a public relations approach to promoting the industry - particularly in rural areas. (This involves media releases highlighting the potential of silver perch farming to improve rural incomes, field day participation and product demonstrations.)

The second strategy should be a product promotion targeting distributors with information and low cost merchandising support material.

Thirdly, by targeting a large retail chain and providing a consistent supply of quality fish at a price which reflects the promotional benefit of this exposure, small quantities of silver could be placed before tens of thousands of consumers weekly.

Prior to any major investment in promotion, it is essential to have a basic product range established; to have undertaken some market research to correctly identify target markets; to have a quality standard agreed between suppliers and distributors; and to have a pricing strategy (also agreed by suppliers and distributors). This last element is particularly important because this is where the money for promotion (and market development) comes from - that is, the price contains a portion to cover these costs. The amount available increases as the volume grows, but as the promotion needs are greater at first, the initial portion should be larger.

Key Linkages

PRODUCT INFORMATION	MARKETING RESEARCH	PRODUCT DEVELOPMENT	QUALITY	BASIC PRICING STRATEGY	PROMOTION
BRANDING	POSITIONING	MARKET DEVELOPMENT	LIFE CYCLE REVIEW		

5.5 Silver Perch Industry Development Plan

5.5.7 BRANDING

Task	Objective	Strategies
<ul style="list-style-type: none"> Establish an umbrella brand. 	<ul style="list-style-type: none"> To differentiate the product of those growers who follow the recommendations of the SPGA. 	<ul style="list-style-type: none"> Develop a silver perch industry or SPGA brand (logo and artwork). Develop a policy for ownership and use of the brand. Develop a tag system (with brand) for use on fish sold under the brand policy.

Comments

Although many of the strategies of the SPGA will be thwarted by individual growers who see commercial advantage in not following the SPGA recommendations, marketing opportunities may arise which can be protected under contract or agreement. (For example, a supermarket supply contract).

In any case, the recommendations of the SPGA (such as an agreed quality standard) should provide competitive advantage, and should be protected by differentiation from other silver perch products. Branding, therefore, is essential. The most practical applications of this appear to be gill or tail tags, although specific research should be undertaken to investigate the best method.

Tags provide product tracking opportunities with beneficial implications for both marketing and production data collection.

Product differentiation has become increasingly difficult for both suppliers and buyers due to the pressure to buy large volumes of fish quickly. A large degree of market failure has resulted. (By our use of the term 'market failure' we mean when buyers fail to respond to attributes such as quality (due to lack of buying skills or time pressure). Buyers have very little time to assess quality.

Therefore, the opportunity for preferred supplier relationships has grown. This also applies to supply and price consistency which buyers increasingly need, enhancing the opportunities for direct sales and shorter distribution chains.

This situation could advantage silver perch growers if the SPGA develops strong buyer relationships, co-ordinates the supply of consistent quality products which are easily differentiated from the rest, and actively seeks to service buyers' needs.

Underpinning this is the need for on-going marketing research to better understand daily volume and price fluctuations, trends towards new products, niche market opportunities and the effect of competitive products. This may require some form of market representation and an efficient system of information flow.

Key Linkages

PRODUCT INFORMATION	MARKETING RESEARCH	PRODUCT DEVELOPMENT	QUALITY	BASIC PRICING STRATEGY	PROMOTION
BRANDING	POSITIONING	MARKET DEVELOPMENT	LIFE CYCLE REVIEW		

5.5 Silver Perch Industry Development Plan

5.5.8 POSITIONING

Task	Objective	Strategies
<ul style="list-style-type: none"> • Relaunch and position silver perch products (under an umbrella brand). 	<ul style="list-style-type: none"> • To re-establish quality standards, and reshape trade and consumer perception of good quality silver perch. • To establish a process for the launch of new silver perch products which will maximise their potential for success. 	<ul style="list-style-type: none"> • Correctly identify target markets for each different product through marketing research. • Establish product ranges to suit target markets, and which best match competitive products. • Develop a 'market entry' price strategy. • Develop promotion strategies for each market segment.

Comments

Many suppliers of food products will have undertaken the above (and more) prior to product roll-out (ie. prior to making the product available for general distribution).

Although silver perch has been available for some time, much of the fish so far marketed have been a 'mixed bag' of size, quality and consistency, and there is an opportunity for a new 'roll-out' under a group marketing approach or an umbrella brand.

Certainly any new products developed by the industry (such as value-added) should follow this route.

The industry should actively seek to understand where it should position each silver perch product in relation to each market segment targeted; to production forecasts; and to competitive products.

The industry should identify where a competitive advantage lies for each product, and position its products to maximise that advantage.

Members should be encouraged to adopt a positioning strategy for their individual products, which is in line with the SPGA's.

Key Linkages

PRODUCT INFORMATION	MARKETING RESEARCH	PRODUCT DEVELOPMENT	QUALITY	BASIC PRICING STRATEGY	PROMOTION
BRANDING	POSITIONING	MARKET DEVELOPMENT	LIFE CYCLE REVIEW		

5.5 Silver Perch Industry Development Plan

5.5.9 MARKET DEVELOPMENT

Task	Objective	Strategies
<ul style="list-style-type: none"> • Make an on-going commitment to growing the market. 	<ul style="list-style-type: none"> • To mitigate early market saturation. • To provide more market segments/niches opportunities. • To tune the market to long term strategies. 	<ul style="list-style-type: none"> • Undertake or commission on-going marketing research. • Engage a marketing representative. • Undertake on-going product development research. • Develop a long term promotion strategy.

Comments

Market development is an essential long term strategy. The existing 'wet' fish market segment is narrow, and to some extent has become saturated by lack of genuine market development (and therefore unable to cope with surpluses). The intensity of competitive trading (as opposed to value adding) is such that few opportunities exist for price growth or innovation. This has been the experience of other farmed fish suppliers such as the Tasmanian salmon industry, which has largely bypassed the 'wet' fish segment by going downstream directly to end-users - most of whom are not in the regular fresh fish 'loop'.

Here the opportunity to break out of the intensely price-driven fresh fish market is greater, with more emphasis on quality, suitability, service and added value. Fortunately, there are some 'new generation' wholesalers who specialise in servicing these outlets so that it is not necessary to go downstream in every case. Regional (as opposed to city) distributors are often in this category. Some research of the market should identify the segments not directly in the fresh fish 'loop' and these should be increasingly targeted as their requirements are better understood.

Whilst there appear to be many opportunities for suppliers of quality raw materials and professionally developed value added products, the requirements of these markets are such that on-going marketing research will be required to correctly identify and maintain this business.

There may be some good opportunities to develop export markets for silver perch in the future. Beforehand, though, the industry will need to ensure it has sufficient volume and a standard quality product. Market research to determine overseas buyers' requirements will be necessary.

The industry's long term strategy might be towards high volume/low price production, requiring different marketing messages as the strategy unfolds.

Key Linkages

PRODUCT INFORMATION	MARKETING RESEARCH	PRODUCT DEVELOPMENT	QUALITY	BASIC PRICING STRATEGY	PROMOTION
BRANDING	POSITIONING	MARKET DEVELOPMENT	LIFE CYCLE REVIEW		

5.5 Silver Perch Industry Development Plan

5.5.10 PRODUCT LIFE CYCLE REVIEW

Task	Objective	Strategies
<ul style="list-style-type: none"> • Regularly review the performance of silver perch products. 	<ul style="list-style-type: none"> • To ensure the best pricing strategy for products at their position in the product life cycle. • To reposition products as necessary to offset market decline. 	<ul style="list-style-type: none"> • Undertake or commission on-going marketing research. • Engage a marketing representative. • Undertake on-going product development research. • Develop a long term promotion strategy.

Comments

Any product will have a limited life in the market-place. The product range must be constantly reviewed to assess what stage each product is at, and to develop appropriate pricing and promotion strategies for that stage.

Some products may have to be 'repositioned' according to market shifts, or even replaced with new ones (when the cost of maintaining them in the market is higher than the return.)

Key Linkages

PRODUCT INFORMATION	MARKETING RESEARCH	PRODUCT DEVELOPMENT	QUALITY	BASIC PRICING STRATEGY	PROMOTION
BRANDING	POSITIONING	MARKET DEVELOPMENT	LIFE CYCLE REVIEW		

6. RETAIL MARKETING PLAN

6.1 Background

Release of the Industry Development Plan immediately after the workshop was delayed because of the concern that there was no 'catalyst' to drive the process further. It was strongly held that if a discernible linkage between adopting the strategies and a commercial outcome could not be demonstrated, it would be perceived as a failure by growers, eroding their confidence in future planning by the industry.

This was eventually addressed by identifying a commercial incentive to drive the process. That stage involved identifying a specific market of sufficient scale to focus the attention of growers, and to develop a simple, commercial marketing plan to suit that market, demonstrating the practical application of the components in the broader Industry Development Plan. A Retail Marketing Plan was negotiated, developed and presented to growers separately to the release of the final report.

6.2 Presentation

The SPGA called a special meeting in Sydney to consider the Retail Marketing Plan. Whilst it was accepted in principle, it was not unanimously endorsed at the meeting for two reasons.

1. It required a commitment by the SPGA to undertake elements of the broader plan, and a number of those present would not agree (at that stage) to that commitment.
2. The commercial arrangement between participants and the distributor, in particular the ex-store price, had to be agreed.

Both these involve decisions beyond the role of PSM and the scope of this report. However, PSM's objective in developing the Retail Marketing Plan was achieved in that the onus fell on growers to consider a genuine commercial opportunity requiring commitment to elements of the Industry Development Plan.

A further outcome of that meeting was the announcement of an offer by Australian Native Fish Pty Ltd to pre-purchase silver perch from growers (not limited to the SPGA). The offer included the free supply of fingerlings and feed, and technical support. ANF also announced that its own marketing plan contained many of the elements of the retail marketing plan presented by PSM. (ANF has declined membership of the SPGA, but was invited to hear the PSM presentation.) Again, any decision by the SPGA and individual members, in relation to the ANF proposal, was reserved but the SPGA was in the happy position of considering two commercial opportunities of some scale.

6.3 Objectives and Negotiation

(Note - the main commercial details of the plan have been excluded for this report as they were held to be Commercial-In-Confidence).

The retail marketing plan focused on whole, chilled silver perch as it is the most consistent product currently available. The key objectives of the plan included sufficient sales volume to be a significant opportunity, and maximum exposure to consumers. In addition, participants would have to have the opportunity to develop a marketing agreement which was realistic in the commercial market-place, but which would also result in a practical demonstration of good marketing practice.

A large seafood retail/wholesale distributor, who supplies the seafood departments of a major supermarket chain, agreed to consider a plan to market silver perch through the supermarket retail network.

The distributor's estimate of initial volumes and likely growth was very significant (relative to current production levels) although the volume per store was low (relative to other established species). The number of stores serviced (about 60) ensured considerable exposure.

6.4 Key Elements Of The Retail Marketing Plan

The arrangement was subject to conditions to be agreed directly between the distributor and suppliers, including prices. However, it was agreed that the arrangement would include the following -

1. The SPGA would decide who participates, the basis of this participation, and who co-ordinates orders and delivery. (A major advantage was that delivery would be to a central point). To ensure consistency of supply, the SPGA would be required to have accurate information about each participant's current and anticipated level of available production. (#1 Production Information).
2. The distributor insisted that a range of sizes was required. This was to enhance the product range (#3 Product Development) and provide immediate feedback about consumer preferences (#2 Marketing Research).
3. The supermarket's, and the distributors quality standards would have to be met. In addition, the SPGA would have to mutually agree on a quality criteria to present the best fish for sale. (#4 Quality). The details of this, including product form (eg. G&G) and size, would be included in a product specification.
4. Acceptable fish from agreed participants would be differentiated from other fish by a practical method such the use of a gill or tail tag. (#7 Branding). The tag would bear a brand on one side, and a participant identification number on the other. The ID numbers would assist with complaints or consumer feedback, and provide production and sales data.
5. The supermarket required a commitment to promotion. (#6 Promotion). A poster and recipe/information leaflets were considered adequate. Colour posters were costed at around \$2,000 and sufficient leaflets at around \$500. It was suggested that each recipe leaflet include a customer feedback coupon (offering a prize) for comments on taste, size preference, quality, future use, etc. This feedback could include the ID tag number on the fish purchased.

6. To pay for the promotion, a significant component of the wholesale price negotiated (50¢ per kilo was suggested) would be collected for promotion. This amount would decrease as volumes increase (#5 Pricing Strategy).
7. The wholesale price negotiated should reflect the exposure and market development opportunities (#9 Market Development) of the arrangement. It was suggested that although the distributor's initial offer might seem low compared to other small volume sales achieved, this exercise should be seen in those terms. It was also suggested that this pricing structure could be isolated from all other sales, so that if higher prices were obtainable elsewhere, participants could exploit those separately. (#5 Pricing Strategy).

Although essentially a simple plan, the above elements combined with commercial aspects, would form the basis of a quite comprehensive agreement (relative to normal fish marketing arrangements). Most of these elements (numbered) are included in the marketing models and were considered by SPGA participants at the workshops in Gloucester.

7. CONCLUSION

During the project, key sections of the Industry Development Plan were circulated in summarised form, both for comment by growers, and to assist the SPGA with its current programs. Many of the plan's elements have been acted on - at least in part, and within the constraints of the association.

Attachment 3 is a letter from the SPGA President, Calvin Terry, who confirms the SPGA is following the broad directions of the industry development plan, and has found the project to be beneficial for this purpose (direction) and as a source of practical information about marketing.

Attachment 4 is part of the SPGA Newsletter (September 1997) which comments on the Retail Marketing Plan and other discussions outlined in section 6 of this report.

No consensus had been reached by the SPGA on the application of the Retail Marketing Plan by the end of 1997. This is primarily because most members are unwilling to forgo immediate profits and accept a period of lower, market entry, prices (for a portion of their stock) to promote the industry.

This reluctance demonstrates the fragility of prescriptive marketing plans in production driven industries, and confirms the need for education, methodology and broad strategies to encourage sound industry planning and market development.

Attachment 1

Silver Perch Grower Survey - 1994 (Summary Of Key Results)

Two hundred and thirty survey questionnaires were sent out and 35 completed or partially completed forms) were returned. The low response was partly due to the inclusion of a large number of potential (as opposed to established) growers identified from various sources (such as workshops). Although the purpose of the survey was to produce an internal resource to assist the project, some key findings are listed below in summary form.

BUSINESS PLANNING

	<u>Yes</u>
1. Did you undertake a feasibility study?	62%
2. Did it include marketing research	58%
3. Have you written a business plan?	52%
4. Do you have a background in fishing or aquaculture?	35%
5. Any training in aquaculture training (actual or planned)?	83%
6. (Omitted from summary)	
7. Do you have (or plan) a quality assurance program?	100%
8. Do you plan to export?	30%
9. (Omitted from summary)	
10. Do you have any training for this business?	43%

PRODUCTION PROBLEMS

Why was your production less than anticipated?

	<u>Ranked Responses</u>
Management deficiencies	1
Lack of necessary equipment	2
High predation	3
Poor water quality	4
Farm design problems	5
Harvest/Post harvest mortalities	6
Poor feed quality	7

SALES

A. Percentage of respondents selling:

	<u>Live</u>	<u>Chilled</u>	<u>Frozen</u>
1992/93	66%	33%	0
1993/94	88%	12%	0
1994/95	76%	17%	6%
1995/96	58%	35%	6%

B. Percentage achieving expected revenue in these years?

23%

C. If not, list by priority why?

	<u>Ranking</u>
Lower than expected production	1
Post harvest mortality	2
Fish quality problems	3
Higher than expected marketing costs	4
Lower than expected prices	5

D. How do you plan to sell your fish?

	<u>Ranking</u>
Direct to retailers/restaurants	1
Farm gate	2
Wholesaler	3
Fish Market	4
Export	5
Agent	6

E. Importance and priority of issues.

	<u>Importance Ranking</u>	<u>Priority Ranking</u>
Market information	1	4
Quality assurance	2	1
Advertising & promotion	3	2
Product research	4	3
Extension services	5	5
Management training	6	7
Staff training	7	6

ADDITIONAL COMMENTS BY RESPONDENTS

The operation was not feasible. The return on funds was uncertain because of market and the effort required. The Feasibility Study was worth every cent.

Biggest problem is finance. The death of majority of fish caused major \$\$\$problems, ie they were going to pay for better equipment, food etc.

Access to information - other states seem to have publications & conferences but not advertised. Info on specific areas eg. live transport design, harvesting, holding tanks.

The emphasis on marketing is rightly pushed but, if you can't grow the fish, how can you market it?

Live market in Asia needs to be researched especially with regard to size of 'plate' fish. It is relatively easy to grow fish to 400 grams which are plate size but the extra 100-200 grams to get fish to 5-600 grams is difficult and not worth the \$10/kg currently offered.

Availability of an immediate service to conduct post mortems on any suspicious mortalities that may occur in ponds

Research into transport & packaging of live fish is very important. VIP that a group of growers carry out same practices as another eg. good aeration to achieve similar growth rates etc.

Lack of controls over interstate movement of fish.

Market or proposed option for fish at different size ranges eg. 150 gram (what I can do?).

Farmer interaction, better idea of aquaculture resources available. Training & development of post-harvest handling, transport, processing & sales.

The need for legislation to prevent the uncontrolled movement both intra and inter-state of live fish, carrying with them the potential to spread disease throughout the industry.

Attachment 2

The following plan outlines some basic marketing strategies which have been developed in conjunction with both the SPGA and a large seafood retail/wholesale operator servicing a national supermarket chain. The SPGA can use this Retail Marketing Plan to develop a Sales Plan which would include negotiated prices, and the allocation of tasks such as order processing, invoicing and credit arrangements/payments.

Retail Marketing Plan

Objective	Major Strategy	Task(s)
Production Information	Participants required to provide data on harvest schedules, expected volumes and fish sizes	<ul style="list-style-type: none"> • Compile inventory of available stock
Product Range	Present a range of sizes to assess, and accommodate, consumer preferences	<ul style="list-style-type: none"> • Ensure product range is available • Measure consumer preferences
Market Research	Analyse feedback from sales data (eg. preferred sizes), POS (Point of Sale) devices and gill/tail tags	<ul style="list-style-type: none"> • Incorporate feedback device (eg. competition form) in POS material • Develop system for collection and analysis of sales and feedback data • Develop system for customer return of tags (when applicable)
Distribution	To agreed central and/or regional consolidation points. Participants arrange and pay for their own freight	<ul style="list-style-type: none"> • Agree on delivery arrangements with buyer. • Participants to make individual freight arrangements
Quality	Participants agree to meet quality specifications of buyer and SPGA (including bulk packaging and delivery)	<ul style="list-style-type: none"> • Develop product specifications (with buyer) and quality guidelines • Develop quality controls at critical production and distribution points
Branding	Differentiate product by branding (eg. tagging system)	<ul style="list-style-type: none"> • Develop effective tagging system • Develop brand identity (logo and mission statement)
Pricing	Low market entry (retail) price to maximise market penetration	<ul style="list-style-type: none"> • Participants to agree on Free Into Store (FIS) price • Negotiate agreement to fix buyer's retail price against FIS price • Isolate agreement from all other sales (to continue servicing higher price markets) • Develop system to deduct promotion levy on these sales
Promotion	Promote industry and products with POS support	<ul style="list-style-type: none"> • Develop POS support (eg. posters and recipe leaflets)
Market Development	Seek to maximise the number of retail outlets selling product	<ul style="list-style-type: none"> • Negotiate (retail) distribution plan with buyer
Product Recall	Use tags for grower/batch ID.	<ul style="list-style-type: none"> • Develop policy and system for product recall and/or replacement

Attachment 3

Letter from Calvin Terry - President of the Silver Perch Growers Association

(Reprodeced from handwritten facsimile)

To Norm Grant
From Calvin Terry

Dear Norm

Just writing to inform you that the association is continuing to work on or to the industry development plan adopted in 1996.

While the industry is small it has been helpful to be able to examine and resolve issues in the context of the basic plan where otherwise we could have been easily distracted or have been tempted to take options not in our best interest.

I have found the plan particularly useful to work up policy on things such as marketing and/or promotion and to refer to. I'm sure (it) has made it easier at a committee level to remember what it is we are on about.

We still have a lot to do on the Quality Assurance side of things but rather than leave that aspect out of the plan all together we are going with what we've got and will source all information to improve it as we go.

Regards

Calvin Terry

Marketing Meeting

Calvin Terry

It was great to see enough people interested in their future turn up to the marketing meeting held in Sydney given everyone would have had home commitments and that it was a Tuesday.

The main objective was to allay fears creeping into the industry that the market will soon be flooded. I think this was achieved as we worked through the markets and market options available to us it was clear that with the right approach and some level of communication between growers, it should be along time before competition affects the farm gate price.

In saying that we have a real fly in the ointment at the moment in the live fish sector that seems hell bent on destroying several years work on the part of a few growers who have improved the quality greatly and made it a highly sought after product. This persons approach is not the right one and I would prefer it if growers sought out more responsible traders in this sector who go into the market at the accepted price - or take the fish there yourself. We had a short meeting prior to the marketing meeting and it seems all the promises made there in front of us have been totally ignored with the buyer offering fish to one restaurant for as low as \$8.00 / kg live. Less than he brought them for.

What this approach aims to achieve is anybody's guess but it has meant that several growers and members who have delivered fish responsibly into Sydney for some time have seen their market collapse. I'm sure the growers supplying this person did not foresee these consequences

but the fact is enormous damage has been done to the quality of the product and the price. Try and find alternatives if you can so this person can meet their inevitable conclusion soon.

The main objective was to allay fears creeping into the industry that the market will soon be flooded.

Perhaps those of you involved in the actual delivery of live fish into Sydney should form some sort of transporters group along with the wholesalers and come up with some standards on transporting

fish that can be recognised by the relevant authorities so that traders bringing in or holding poorly treated fish can be banned from the practise. This could open a can of worms but I don't think so if your approach is in the best interest of the fish and uses accepted methods. Sooner rather than later the bad traders will attract unwanted attention to this sector of the market and that could result in very undesirable consequences.

The marketing meeting was called partially give Norm Grant the chance to outline a proposal worked out with De Costi brothers to

(Continued on page 7)



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(Continued from page 3)

requirements mean the first 20 litres will have to be in 1 or 4 litre packs but we can get this for \$255/litre with about \$120 freight for the 20 litre order. After that we will have the containers with labels and the next 20 litre price will be \$250/litre.

Let me know soon if you are interested. We can get the price back to \$500 for 2 litres, that's a lot of harvesting you can do, with an excellent safe product that meets our QA standards. Although Clove Oil is widely used, it will have to be phased out and growers switch to Aqui-S, a legally registered chemical. Coincidentally, to buy over the counter in small quantities Clove oil is about \$440/2litres.

Business Opportunity For Sale or Lease

Futuristic Fish Farm - Established licensed fish farm, currently producing Silver Perch. Located 3 1/2 hours from Sydney, 20 mins from Taree, near Nabic, on the Wang Wauk River. The property is 2 kms by gravel road from a Pacific Highway entrance.

The farm has been operating 3 years. There is a total of 30 ponds and dams, effluent pond, 2 water bores and river water available, all on 107 acres. There are 3 sheds with hatching, purging and packing facilities. An export licence is also available. The property has agriculture potential and is surrounded by pine forest with 20 000 pine trees planted inside a fully fenced boundary.

There is a 3 bedroom fully furnished cottage, with bathroom, lounge and dining rooms and a laundry with separate toilet. Large verandahs, pergola and garage. It contains a fully equipped office.

Lease arrangements could be made.

Contact : Mrs Irene Hofstein.

Phone: 02 93984834 fax: 02 93989664.

Association Rules

(Continued from page 4)

(2) The office bearers of the association shall be;

- (a) the president;
- (b) the treasurer; and
- (c) the secretary.

ELECTION OF MEMBERS

15. (1) (c) shall be invalid if that candidate has held that particular position or office for a period of longer than 3 consecutive terms immediately prior to the election or more than 4 terms in the immediately previous 6 terms.

MEETINGS AND QUORUM

20. (8) At a meeting of the committee:

- (a) the president or, in the absence of the president, the treasurer is to preside; or
- (b) if the president and the treasurer are absent or unwilling to act, such one of the remaining members of the committee as may be chosen by the members present at the meeting is to preside.

PART IV - GENERAL MEETINGS

PRESIDING MEMBER

28. (1) The president or, in the president's absence, the treasurer, is to preside as chairperson at each general meeting of the association.

- (2) If the president or treasurer are absent or unwilling to act, the members present must elect one of their numbers to preside as chairperson at the meeting.

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Marketing Meeting

(Continued from page 6)

market fish through the Woolworths chain. We discussed all the points of this plan and we all agreed that the exposure it would give the fish would greatly lift the profile of the fish. That was about as far as we got on the agreement side. The next step is to assess how many members would be willing to commit product to this plan and go from there.

The plan involved several basic steps; assessing and coordinating supply, deciding on the product, size etc; QA to meet Woolworths standards and fish to be identifiable in some way through tale tags or some other method; a commitment to promotion in the form of posters and information leaflets with consumer feedback collected - this would be paid for by some form of levy built into the price.

I guess the question on everyone's lips is what price. That is up to De Costi and us to discuss but Norm was talking in the region of \$7.50/kg. Some growers thought \$10.00 /kg would be a good starting point but I have trouble seeing how this would work, given that for most of the year De Costi's could buy the fish cheaper from the auction floor and supply Woolworths anyway - with out our involvement at all. Participants are not obliged to commit all their product to this plan but those interested should contact me soon. We also need a chief organiser for this because I'm not exactly lying around looking for things to do and I don't see why it should be my decision alone to go ahead with this.

Nick Lambert of Australian Native Fish also spoke at the meeting about their proposal for growers to

contract growing. Much of the catfish farming in the U.S. is done in a similar way and it will certainly suit some growers who have no appetite for marketing, for what ever reasons. ANF's number is 066 449722. I certainly have no problems with this approach as long as it is a situation that suits you, that it advances the progress of the industry and the quality of the fish remains high.

growers who have good quality product should be proud of it

At the meeting I also discussed some developments in the export. There is great potential here too and I will soon get a reply from information I sent to an English company wanting fish for some retail outlets.

Apparently someone from the Coffs Harbour area has sent fish - unpurged fish to Korea and they

were not impressed at all. So thank you to that person for doing the right thing by the rest of us - may bull ants infest your armpits. There are plenty of opportunities open to growers but if they are done incorrectly doors will quickly close. The fish have a very poor name in Coffs Harbour and here at Grafton and it takes along time to turn peoples confidence around and it is a good example of what can happen. Everybody I know who has eaten good quality fish purged in clean clear water have absolutely raved about them and they really are top class. So how hard is it to do properly when the rewards can be so great.

Growers who have good quality product should be proud of it and proud that they are becoming familiar with the whole process. Be confident to target good markets with good product. If you are getting rejected by your customers then talk to fellow members who are succeeding and find out why.

Field Day at Narranderra- July 1997

The annual general meeting and a field day was held in July at Narranderra. Both were good days and we crunched our way through the -5C frost both mornings to get to the NSW Fisheries John Lake Centre.

It is all a bit in the past now to go through all that happened on day one. You should have been there! Gerry Gerlach of Exportise stressed the need for unity in the industry and to have a single source for export marketing. We also had a long discussion with Mick Day of the EPA and I have since received some further information on the EPA general pollution policy. It's a bit of a snore to read and is of limited use for us. The draft policy on aquaculture still has not been sighted but when it is released we can give it the thrice over.

My thanks once again to the speakers for Kevin Ryan, Gerry Gerlach, Mick Day, Stuart Rowland and Adrian Van Huissteden and to Jan and Brian Hay for on the spot support. The Fisheries centre is a great venue and we also thank Kevin Bock and Steve Thursten for helping to make the days run smoothly.

AGM Report

Sam Clift and Calvin Terry

The annual general meeting held in July proved a good time to discuss many issues and directions we need to take on so many things.

Just briefly, the committee changed only slightly to keep continuity as we work through the development plan. Those elected were; Calvin Terry-President, Sam Clift-Secretary, Jan Hay-Treasurer, Bruce Rhodes-Inverell Region, Lindsay Fraser-Gloucester Cooperative and Mike Beveridge-Gilgandra Region. New to the committee are Rob Mc Cormack-Eastern Freshwater Aquaculture Association and Paul Trevethan from Murray River Region Aquaculture Association was nominated and will confirm after their next meeting.

At the meeting we formed a promotion and funding sub-committee. Rob Mc Cormack and Kevin Ryan volunteered; Bruce Rhodes was nominated (drafted?) by Lindsay Fraser. This was seconded by Lisa Terry and passed. (Has Lindsay informed you of your decision yet Bruce?)

Other motions also passed were to exert more pressure on NSW Fisheries to raise awareness about the need for an extension officer. Just on this - Sam Clift has since written an excellent letter to the Director. Fisheries and TAFE are trying to sort out funding for a position. Ian Lyall suggested to me before the AMRAC meeting that if funding could not be arranged would industry be willing to contribute. I said that would appeal to me only if the officer helped us with the QA.

Talking over the issue with

members before and at the Marketing Meeting in Sydney recently, some thought it would be good to contribute others thought we should be sure that all efforts by Fisheries were made to fund the position. Given the intention of the Australian and New Zealand Food Authority to bring in food safety programs next year I think we will need all the support from all the Authorities on this and they will have to do more, much more than just fund a Liaison position.

Other motions passed were, the approval of the treasurers report from Jan Hay, that the Draft of the QA program be sent to all grower members and the minutes of the last meeting were in order.

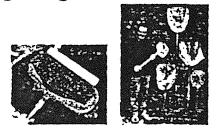
At the meeting we also discussed pricing for field days, progress on the extension officer position, World Aquaculture Conference, the Grafton NPWS plan on bird predation, ABARE reports on aquaculture and raising money for the Association.



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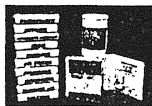
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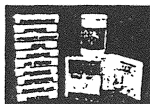
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