

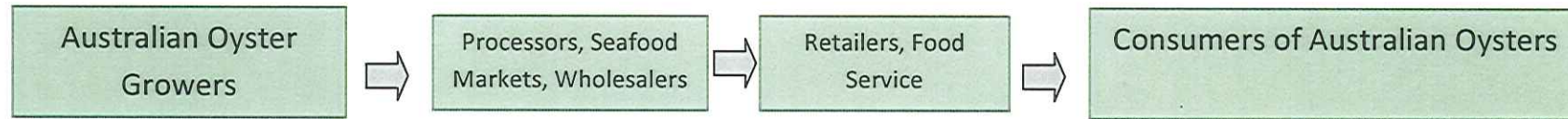
# Australian Oyster Consortium

## Market Directions Workshop

Learning, issues, and insights drawn from a CRC  
sponsored workshop of Industry Growers held in  
Brisbane, Thursday 7<sup>th</sup> August 2008

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## OYSTER SUPPLY CHAIN



### Issues and Understandings drawn from Current Reports and Advice

- Industry has a lack of supply capacity to meet increased demand
- There is a greater need to focus on products to meet consumer needs: fresh/ frozen, innovative, value added, etc
- There is a need to ensure product quality and hence product value is maintained through the supply chain

- Quality and product integrity thru chain is not well controlled or achieved
- Limited thru chain collaboration – identify and create new collaborations with chain partners and create new offers to consumers
- Limited product innovation- do new products and value adding based on a more thorough knowledge of target consumers
- Improve packaging and presentation to preserve

- Consortium does not have a thorough understanding of consumers and target markets
- High consumers of oysters offer limited sales growth, but:
  - need research to test this
  - need to work out how to use the endorsement of frequent consumers to attract new consumers
- There is a high risk associated with repeat sales from consumers who have poor experiences with oysters
- Oysters have limited presence and visibility in domestic markets
- Opportunity exists to expand seasonal availability of oysters to year round availability
- Consortium needs to educate consumers to raise awareness of the health benefits of seafood and oysters, and the safety of Australian product.

## GROWTH SCENARIOS

### AUSTRALIAN OYSTER CONSORTIUM

	Forecast										
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>NSW</b>											
\$	37,921,000	35,886,000	34,093,000	36,446,000	38,000,000	40,000,000	42,000,000	44,000,000	45,000,000	47,000,000	48,000,000
Annual spat requirement			120,000,000					125,665,467			
Tonnes	5852	4727	4267	4330	4341	4394	4436	4468	4394	4590	4687
Avg value/kg	6.48	7.59	7.99	8.42	8.75	9.10	9.47	9.85	10.24	10.24	10.24
% increase		17%	5%	4%	4%	4%	4%	4%	4%		
<b>SA</b>											
\$	21,152,000	19,995,000	32,480,000	37,751,000	40,000,000	42,000,000	47,000,000	54,000,000	56,000,000	58,000,000	60,000,000
Annual spat requirement			130,000,000					166,332,745			
Tonnes	4382	3255	5340	5376	5530	5638	6125	6832	6879	6917	6947
Avg value/kg	4.83	6.14	6.08	7.02	7.23	7.45	7.67	7.90	8.14	8.38	8.64
% increase		27%	-1%	3%	3%	3%	3%	3%	3%	3%	3%
<b>Tas</b>											
\$	17,387,000	17,432,000	16,720,000	15,746,000	17,250,000	17,500,000	17,750,000	18,000,000	18,500,000	19,000,000	19,500,000
Annual spat requirement			70,000,000					66,930,598			
Tonnes	2456	2462	2389	2249	2392	2356	2320	2284	2279	2273	2265
Avg value/kg	7.08	7.08	7.00	7.00	7.21	7.43	7.65	7.88	8.12	8.36	8.61
% increase		0%	-1%	3%	3%	3%	3%	3%	3%	3%	3%

### TOTAL AUSTRALIA

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>GVP \$</b>											
Current Estimate	76,460,000	73,313,000	83,293,000	89,943,000	95,250,000	99,500,000	106,750,000	116,000,000	119,500,000	124,000,000	127,500,000
% change		-4%	14%	8%	6%	4%	7%	9%	3%	4%	3%
CRC Target Forecast				89,943,000	98,217,756	107,253,790	117,121,138	127,896,283	139,662,741	152,511,713	166,542,791
% change					9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%

### To achieve this target GVP Growth in 2014:

#### SCENARIO 1. - Higher Prices

Modest Tonnage Growth	tonnes	12,690	10,444	11,996	11,955	12,314	12,683	13,064	13,455	13,859	14,275	14,703
% change			-18%	15%	0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
High Price Growth	\$/kg	6.03	7.02	6.94	7.52	7.98	8.46	8.97	9.51	10.08	10.68	11.33
% change			17%	-1%	8%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

#### SCENARIO 2. Higher Tonnages

High Tonnage Growth	tonnes	12,690	10,444	11,996	11,955	12,672	13,433	14,239	15,093	15,998	16,958	17,976
% change			-18%	15%	0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Modest Price Growth	\$/kg	6.03	7.02	6.94	7.52	7.75	7.98	8.23	8.47	8.73	8.99	9.26
% change			17%	-1%	8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%



## CONSORTIUM VISION

Improve the profitability of Australian oyster businesses through increasing penetration of innovative and existing oyster products into new and existing markets.

## MARKETING GOALS

### a) Increase GVP to \$166m to 2014

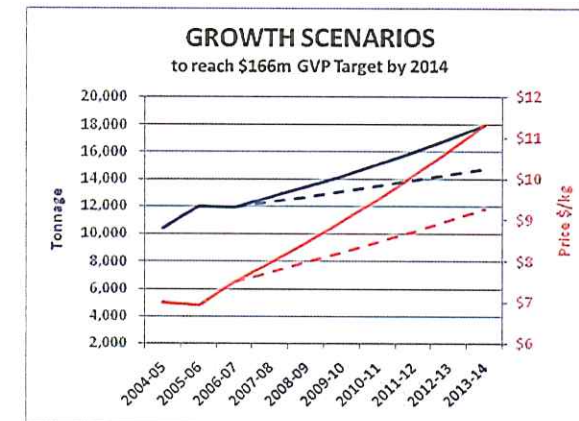
- This will require average annual growth in GVP of 9.2% for each of the next 7 years.

### b) Increase volume of oysters produced and presented to market from xxx tons in 2008 to xxx tons in 2014

- In a Base Case modest tonnage growth scenario of 3% per year, the GVP target will require annual increases of 360-430 tonnes per year.
- In a High Growth tonnage scenario of 6% per year, the GVP target will require annual increases of 720-1020 tonnes per year.

### c) Increase average real retail price from \$x/oyster in 2008 to \$x/oyster in 2014

- In a Base Case modest tonnage growth scenario of 3% per year, the GVP target will require annual real (excluding inflation) price growth of 6% per year, rising from a 2006-07 average of \$7.52/kg to \$11.33/kg over the following 7 years.
- In a High Growth tonnage scenario of 6% per year, the GVP target will require annual real (excluding inflation) price growth of 3% per year, rising from 2006-07 average of \$7.52/kg to \$9.26/kg over the following 7 years.



### d) Increase average gross margin of businesses by xx% from xx% in 2008 to xx% in 2014

- Estimates must be developed based on more detailed data drawn from the actual current gross margin achieved by current oyster growers.

## MARKETING STRATEGIES 3-5 years

The following goals and project opportunities are agreed by the workshop to inform Consortium strategic market plans.

STRATEGY	PRIORITY	PROJECT OPPORTUNITIES	PROJECT OPPORTUNITIES
		Yrs 1-3 Discovery and Development	Yrs 4-5 Action Learning and Piloting
<b>STRATEGY 1.</b> Work with chain partners to increase availability and presentation of quality oysters	Medium Long Term	<ul style="list-style-type: none"> <li>Assess current availability of oysters to specialist seafood and general retail outlets, and food service operators in selected market locations around Australia.</li> <li>Based on an agreed seafood consumer benchmarks assess the presentation of oysters to Australian consumers.</li> </ul>	<ul style="list-style-type: none"> <li>Work with seafood chain partners to increase the supply and availability of oysters to preferred outlets.</li> <li>Work with seafood chain partners to market test, and pilot ways to improve the presentation of Australian produced oysters.</li> </ul>
<b>STRATEGY 2.</b> Broaden base use of Oyster product (value adding/innovation/product development)	Medium Long Term	<ul style="list-style-type: none"> <li>Undertake a scan of seafood and oyster value adding, product development, and innovation in the world's leading seafood chains and markets.</li> <li>Identify growers, industry chain partners and science / innovation partners who will participate in a Consortium lead product and chain development program.</li> <li>Consider value adding, product development and innovation options that enable greater yield from Australia's oyster harvest and greater return for harvest yield.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct seafood chain and consumer market research to establish a short list of value adding, and innovation opportunities, that will enhance chain performance and / or create new product offers to consumers.</li> <li>Working with Consortium partners, produce and pilot test new oyster product with target consumers.</li> </ul>
<b>STRATEGY 3.</b> Increase processing and distribution to serve underserviced domestic markets	High Near Term	<ul style="list-style-type: none"> <li>Identify markets in Australian that are underserviced and how / what products are required to service them.</li> <li>Identify and implement training programs and appropriate technologies to support chains servicing these markets.</li> </ul>	



<b>STRATEGY 4.</b> Increase awareness of health benefits of seafood / oysters	High Near Term	<ul style="list-style-type: none"> <li>Collaborate and invest in Seafood Experience Australia to increase awareness of consumer health benefits from seafood and oysters.</li> </ul>
<b>STRATEGY 5.</b> Implement a national standard quality and size regime based on knowledge of key market needs	High Near Term	<ul style="list-style-type: none"> <li>Draw on existing oyster accreditation and standards to establish a national system to be adopted by industry.</li> <li>Commission (via tender) external independent professionals to consult, design, and establish the national standards and accreditation system.</li> </ul>
<b>STRATEGY 6.</b> Create a through chain national oyster brand supported (possibly voluntary) by growers and chain partners, based on quality accreditation	High Near Term	<ul style="list-style-type: none"> <li>Undertake market and chain research to investigate, develop and frame a branding strategy.</li> <li>Establish a periodic seafood cross-sectoral consumer panel to track and report on oyster consumer behaviour.</li> </ul>
<b>STRATEGY 7.</b> Identify and access selected export markets and related chains	Medium Long Term	<ul style="list-style-type: none"> <li>Consult with industry to establish a shared understanding of existing export supply, supply chains, and market segments served by Australian oyster growers.</li> <li>Establish and maintain a current understanding of the capacity and motivation for Australian growers to supply export markets on a long term basis.</li> <li>Undertake research in selected export markets to identify markets that Australia has the capacity to service, and where Australian grower margins can be increased.</li> <li>Design and pilot export trials to build Consortium knowledge and capacity to service export consumers long term.</li> </ul>
<b>STRATEGY 8.</b> Raise industry awareness (all parts of chain) re Oyster Consortium strategic market aims	Medium Long Term	<ul style="list-style-type: none"> <li>Establish and maintain close contact with SEA market and promotion initiatives.</li> <li>Establish and maintain a data base of oyster industry growers, chain partners, seafood retail and food service outlets.</li> <li>Working with SEA support initiatives that increase consumer awareness of and demand for Australian seafood.</li> <li>Establish media and information channels to build awareness of Consortium aims and activities.</li> </ul>

## Attendees

### South Australian Industry

Mark Jarvis  
Jan Lee – Executive Officer  
Phil Page  
Gary Zippel

### Tasmanian Industry

Hayden Dyke  
Scott Parkinson  
Michel  
Matt Cunningham

### New South Wales Industry

Dominic Boyton  
Mark Bulley  
Kevin McAsh  
Tony Troup  
Ray Tynan

### UniSA Ehrenberg-Bass Institute for Marketing Services

Dr Nick Danenberg  
Dr Herve Remaud  
Dipal – PhD student

### Consortium Executive Officer

Rachel King

### Ridge Partners

Ewan Colquhoun - facilitator