



# Marketing Management in Aquaculture

## AQUACULTURE FACT SHEET

Sea Grant is a unique partnership between the nation's universities and its primary ocean agency, the National Oceanic and Atmospheric Administration (NOAA). Connecticut Sea Grant, based at the University of Connecticut, collaborates with maritime industries and coastal communities to identify needs, and fund research, outreach, and educational activities that have special relevance to Connecticut and Long Island Sound. Its mission is to foster the wise use and conservation of our nation's coastal and marine resources.

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Culturing an aquaculture product to market size may be the most difficult task faced by the aquaculturist, but finding a market for the product produced may be the most important task. Marketing must be considered in planning the enterprise. All too often, the product is produced and then a market is sought. Marketing must be considered before the product is grown and not as an afterthought.

As an aquaculturist, the producer has the unique advantage of first knowing what the market wants and then producing it. The aquaculturist can shift away from a strict "production mentality" to a "market mentality", where the market will drive production decisions, within technological limitations. Adjustments in the production schedule, i.e., time of stocking, stocking density, grow-out period and harvest period, can lead to higher prices and higher profits when market information is included in production management.

To take the best advantage of the market, the aquaculturist must develop and keep an up-to-date marketing plan. Due to the uncertainty of yields and prices, planning the marketing strategy becomes very important. Market planning is not a one-stage process. It must be continuous throughout the year. A successful market plan must be flexible. The market plan must address several critical points including:

- The location of the market
- The competition
- The volume the market requires
- When the market needs the product
- When the harvest will be ready
- The quality necessary to satisfy the market
- The market requirements (size, form)
- Product delivery and handling
- The cost/price relationship.
- The market plan should be reviewed and revised often.

Market planning is not to "predict" but to "interpret" pricing and market alternatives. Pricing and market decisions should be made when the odds are that realistic pricing and financial goals can be reached based on the outlook. Market planning requires discipline and tough decision-making but can determine the success and failure of the aquaculture operation.

A marketing plan should be prepared for each individual outlet and product chosen by the producer.

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A market plan can help organize this information into a workable strategy. A typical marketing plan outline is illustrated below.

### **Market Plan**

- I. Cost Estimates
  - Cost of production
  - Breakeven price
  - Production costs estimates from competing areas
- II. Marketing History
  - Inventory of previous production – producer/competition
  - Harvest dates
  - Transportation costs
  - Prices in various markets
  - Market requirements
  - Problem/opportunities
- III. Current Market Situation
  - Market situation – size of market, price, consumer profile
  - Production situation – form, quality, size, price
  - Competitive situation – market share, production, market strategy, market location
  - Distribution situation – market channels, market margin
  - Macroeconomy situation – political, regulatory, financial, international
  - Buyer situation – number, requirements, location
- IV. Opportunity and Issue Analysis
  - Summary of major problems/opportunities/strengths and weaknesses
  - Issues facing the product
- V. Business Objectives
  - Future goals of the business in the areas of production, profit, growth, and market share
- VI. Market Strategy
  - Market alternative identification for primary and secondary markets and salvage operation
  - Strategy for each market alternative—price, market requirements, processing, distribution services, costs, buyer needs, tying arrangements with other products, profit
- VII. Action Program
  - Coordinate with potential buyers to determine price, volume, availability, market requirements, market services, harvest and delivery time
- VIII. Feedback Procedures
  - Establish feedback procedures and controls to monitor plaqn from customers, buyers, production facility

Information for market planning is available through a variety of sources including aquaculture industry publications, other producers, industry associations, agribusiness firms, university researchers, government agencies, Cooperative Extension Service, Sea Grant, processors, and buyers.

Knowing that a market exists is the starting point. Gaining access to the market can often pose a problem. There may be entry barriers that an aquaculturist must overcome before the product can be marketed.

How can a new producer gain access to the market? Some methods require innovation and salesmanship, while others are more direct. A small producer may find direct sales to consumers as the best alternative. A larger producer may be able to contract with an established buyer.

A number of market outlets are available to the aquaculturist. These include:

- Sale to a processing plant
- Contract to a processing plant to process the product that are then sold by the producer
- Operate own processing and marketing facility
- Local sales to stores – fish markets, food markets, specialty stores, restaurants
- Sales to chain outlets – restaurants, supermarkets
- Sales to institutions – government, food service
- Sales to live haulers
- Sales to individuals (at pond side or delivered for food, pond stocking or fee fishing)
- Sales to farmers markets
- Catering
- Sales through a cooperative
- Sales through a seafood broker
- Sales for export

In many situations, the volume, quality and price may be determined by the buyer. Consequently, the producer must be willing to work with the buyer and meet the market requirements. Quality and consistency of the product are key factors in successful marketing. Quality is vital for successful marketing, as is the ability to provide good service at competitive prices. Major factors of importance to fish buyers at the time of purchase include:

- Appearance
- Flavor
- Freshness
- Consistent supply
- Quality guarantee
- Price

An understanding of the market requirements and a commitment to fulfilling them are fundamental to success.

