



New Zealand Aquaculture

Market Development Strategy





The New Zealand Aquaculture Market Development Strategy was commissioned by Aquaculture New Zealand with the assistance of New Zealand Trade & Enterprise.

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“Aquaculture New Zealand will provide a conduit to high quality research and information for the industry as a whole.”

New Zealand aquaculture

The New Zealand aquaculture industry is focused on a small number of species and makes up approximately 20% of New Zealand's seafood exports by revenue. It is very strongly outward-focused with approximately 60% by value of aquaculture products exported. The industry is currently dominated by the production of Greenshell™ mussels which account for approximately 65% of the total industry revenue with King Salmon and Pacific Oysters being the other significant species.

The vision for the New Zealand aquaculture sector within the New Zealand Aquaculture Strategy is:

The New Zealand aquaculture sector is recognised within New Zealand and around the world as producing healthy, high quality, environmentally sustainable aquaculture products.

Following that statement, the New Zealand Aquaculture Strategy then states the goal of the sector as:

The goal of the strategy is that by 2025 the New Zealand aquaculture sector will have sales of \$NZ1 billion per annum.

The purpose of this Market Development Strategy (the Strategy) is to guide the marketing initiatives for the sector over the medium to long-term. The Strategy will not in itself deliver the above target, but market-led research and analysis will enable Aquaculture New Zealand to be a catalyst and better support the industry to optimise its activities, which with success will lead to growth in the industry towards this goal. A coherent strategy and a shared commitment across both government and the sector will assist the sector to deliver on its potential.

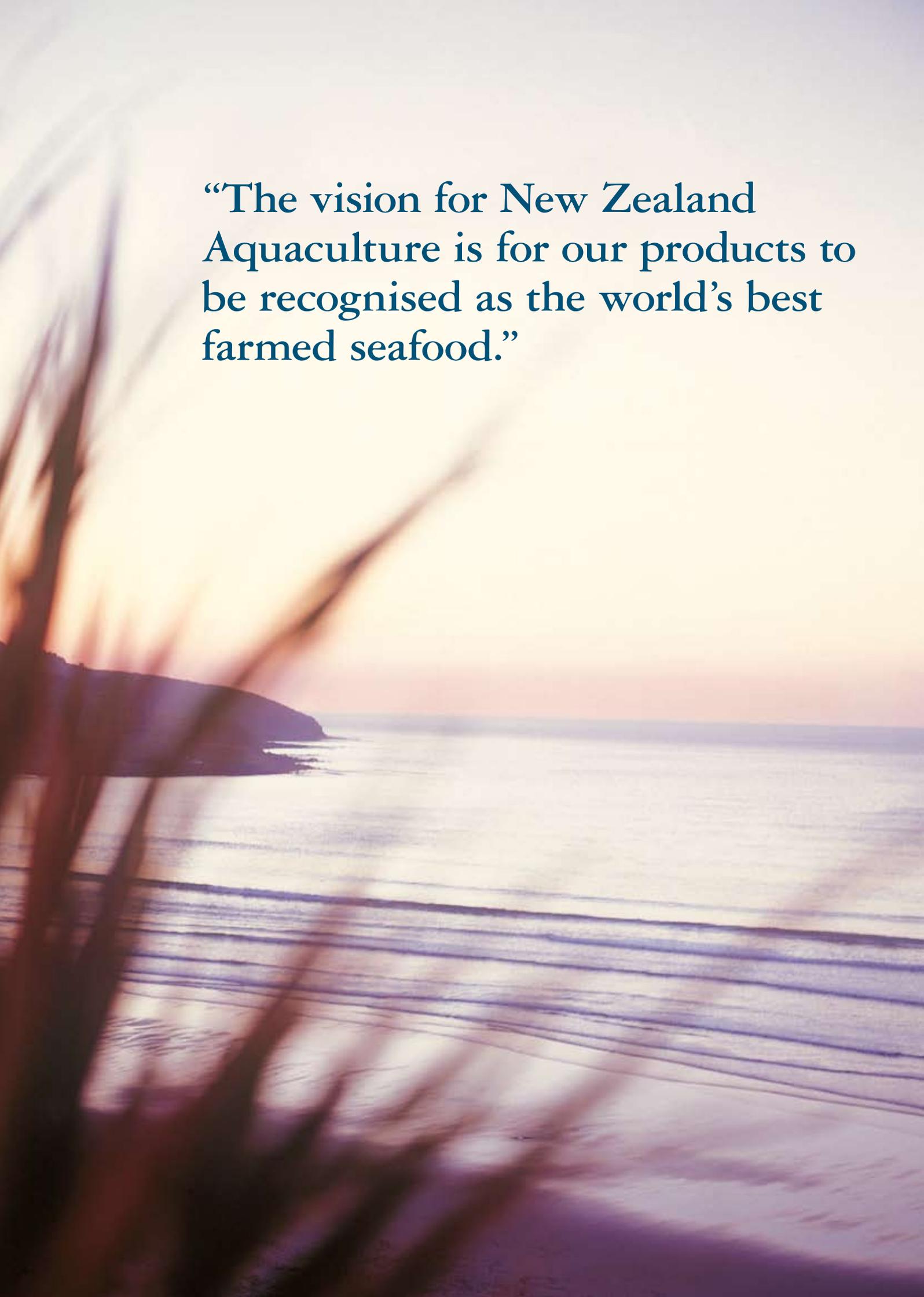
The industry has a genuine desire to improve performance for the collective good of the whole sector – this includes growers, processors and exporters. It is prepared to improve collaboration to maximise industry and government relationships, which will enable individual and collective benefit to ensue. Participants are willing to support initiatives that will derive best value from the sector's assets and ensure it is equipped to succeed in increasingly dynamic and competitive markets.

It is important to note that individual companies will continue to shift and refine their focus with regard to aquaculture in accordance with their individual strategic and operational plans. This is likely to include changes in product form, possibly changes in species, and perhaps even some industry consolidation, particularly in regard to processing operations. These changes will and must remain company-led initiatives. The role of Aquaculture New Zealand is to support the actions of the private sector by managing the projects within the yearly Tactical Plans. Aquaculture New Zealand will provide a conduit to high quality research and information for the industry as a whole.

At the big picture level, the outlook for the New Zealand aquaculture sector is very positive based on global trends in demand for quality protein, increasing concern about the environmental impacts of capture fisheries, and increasing value being placed on sustainable farming practices and nutrition. These three points, coupled with the fact that the world's population is now increasing faster than world grain production, means that the market potential for New Zealand aquaculture product will continue to rise.

There is clearly a need for a short term focus on improving sector returns for Greenshell™ mussels. In order to do this, the first step is to understand and quantify consumption trends, consumer preferences, distribution channels, pricing and nutritional value. To reposition Greenshell™ mussels, it will be imperative to investigate different channels and the exploration of new markets to reduce reliance upon the price sensitive commodity market.

In addition, it is important that the New Zealand aquaculture sector can coordinate activity for the overall good of the sector. The Tactical Plan proposes a logical approach for the first year to provide a platform of information and to build momentum. The future lies in developing new markets and in developing new products. There will be costs associated with capturing new opportunities, but the resources of industry and government focused in partnership can deliver faster, smarter and sustainable growth in the sector.



**“The vision for New Zealand
Aquaculture is for our products to
be recognised as the world’s best
farmed seafood.”**

Vision and goal for the Strategy

Vision

For the purpose of the Strategy, the vision for the sector is to have a product that is:

Recognised as the world's best farmed seafood

Having the world's best farmed seafood means that we can also own the positions of the world's best sea farmers, the world's best sea farms and the world's best high quality products and extracts.

This is a position within our reach. As a relatively young and lightly populated country, New Zealand has been able to develop while retaining a fresh, pure and clean environment. It is a country of spectacular coastlines located in the vast South Pacific Ocean making it one of the world's finest environments for marine farming.

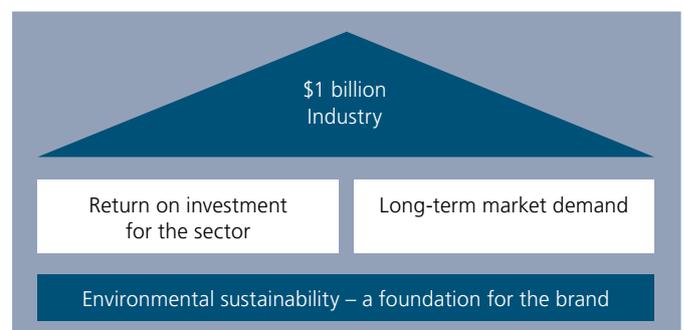
In a world that is increasingly environmentally conscious, this positioning is a critical enabler to obtain a premium for our farmed seafood products. In the short term the premium is likely to be in terms of the additional price achieved compared to competitor products. In the medium to long-term, the premium will also be in the way in which the products are positioned as premium farmed seafood.

Goal

The goal for the Strategy is to achieve:

A profitable industry, sustainably farming in-demand premium seafood and ingredients

In order to be a \$1 billion industry, aquaculture in New Zealand must farm products that have a long term market demand (i.e. economic sustainability) sufficient to provide a return on the investments made at all levels in the industry (i.e. a profitable industry) while building on the bedrock of environmental sustainability – one of the foundation elements for the position of *being recognised as the world's best farmed seafood*. The following diagram shows in a summarised form the building blocks to achieve the goal.



The sector supports the vision and goal. It has strong views about the critical importance of maintaining and enhancing the quality of all aquaculture products. It is particularly concerned about the immediate need to enhance the quality of Greenshell™ mussels.

The Strategy provides one of the foundation elements that are required to enable the industry to achieve its objectives. It is not the only answer and it will take collective action from all industry participants to bring about the changes required to achieve the goal.

Market Development Strategy

The ten point plan

The seventh point of the ten point plan in the Aquaculture Sector Strategy is to further develop the market for new and existing New Zealand aquaculture products. This area highlighted that growth will continue to come from existing species and products, but it also acknowledged the experience of other New Zealand industries and in overseas aquaculture sectors, that suggests that significant future growth may also come from new species and products.

The identification of areas for market research and market development provides the platform for the specific activity in the Strategy. All activity supports one or more of the following strategic priorities.

Strategic priorities	Description
1	Building capability and cohesion across the sector.
2	Building value through greater margins of existing species and products.
3	Building value through higher-value products.
4	Identification of new species driven by market demand.
5	Strengthen the industry’s position in accessing new markets .

A number of the projects set out in the Tactical Plan contribute to more than one strategic priority.

Strategic framework

The Strategy is built on a number of themes and each of these contributes to the goal of achieving **a profitable industry, sustainably farming in-demand premium seafood and ingredients**. This Strategy will enable the market for New Zealand aquaculture products to be enhanced and is built on a framework that establishes:

- Approaches to clarifying whether there are ways in which pricing can be improved for existing products in existing markets;
- A process to determine whether there are alternative profitable markets for existing products;
- An approach to clarifying whether there are additional aquaculture products that can be profitably grown in New Zealand and sold to existing markets; and
- A process to investigate whether those additional products could achieve better margins by being sold to different markets than those currently served by the aquaculture sector.

The implementation of the Aquaculture Market Development Strategy is supported by New Zealand Trade & Enterprise (NZTE) and their funding assistance through the Food and Beverage Taskforce. This funding will be focused on export market related initiatives. For this reason, the Tactical Plan focuses on export market related initiatives.

The overall strategy encompasses both the domestic and export markets. Aquaculture New Zealand will explore opportunities to develop and implement the domestic component of the strategy.



Action areas

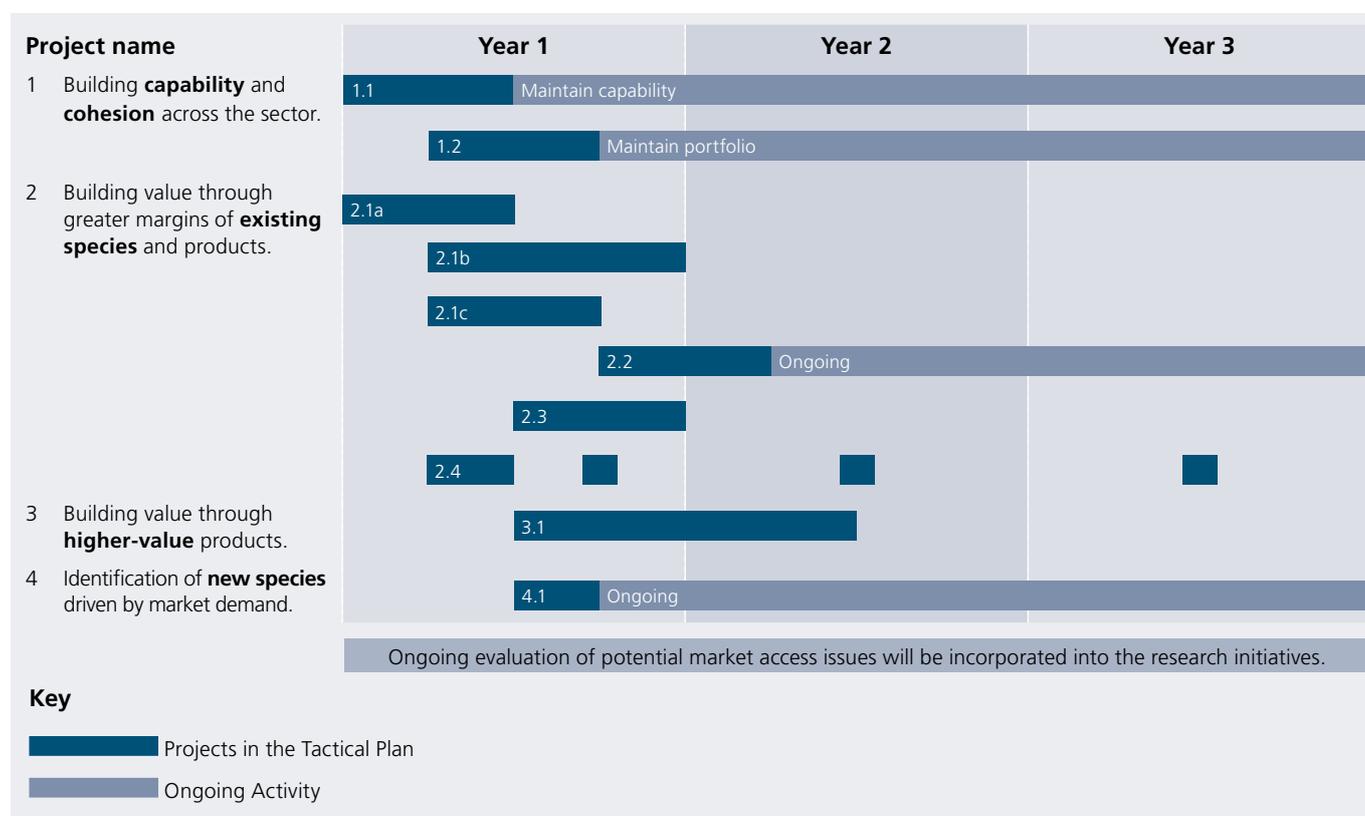
This Strategy acknowledges that the value of new species and products will increase as companies recognise the commercial potential and are prepared to invest capital on the increased returns that can be obtained. While it is difficult to predict a timeframe in which this will occur, Aquaculture New Zealand has a role to champion these new initiatives and bring leadership to the sector in a way that will enable the industry to better co-ordinate in order to capitalise on future opportunities.

Each of the projects set out in the Tactical Plan, and the proposed initiatives for years two and three, support one or more of the strategic priorities as set out in the diagram below.

Year one – the Tactical Plan

The Tactical Plan presents a range of projects to be undertaken in year one, the 2008/09 year commencing 1 July 08. Completion of the projects in the Tactical Plan is a critical step to establishing a foundation for accelerating the growth of the industry and will provide a basis from which the industry can co-ordinate to improve its collective performance for the future. Actions are required to deliver both incremental and significant change.

In implementing the Tactical Plan, Aquaculture New Zealand will establish structures and systems that will allow the sector to work more effectively in an integrated way. This will align research with the commercial needs of the industry to exploit new opportunities and create higher value.



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Market Development Strategy

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Years two and three – maximising the market opportunities and competitive advantage

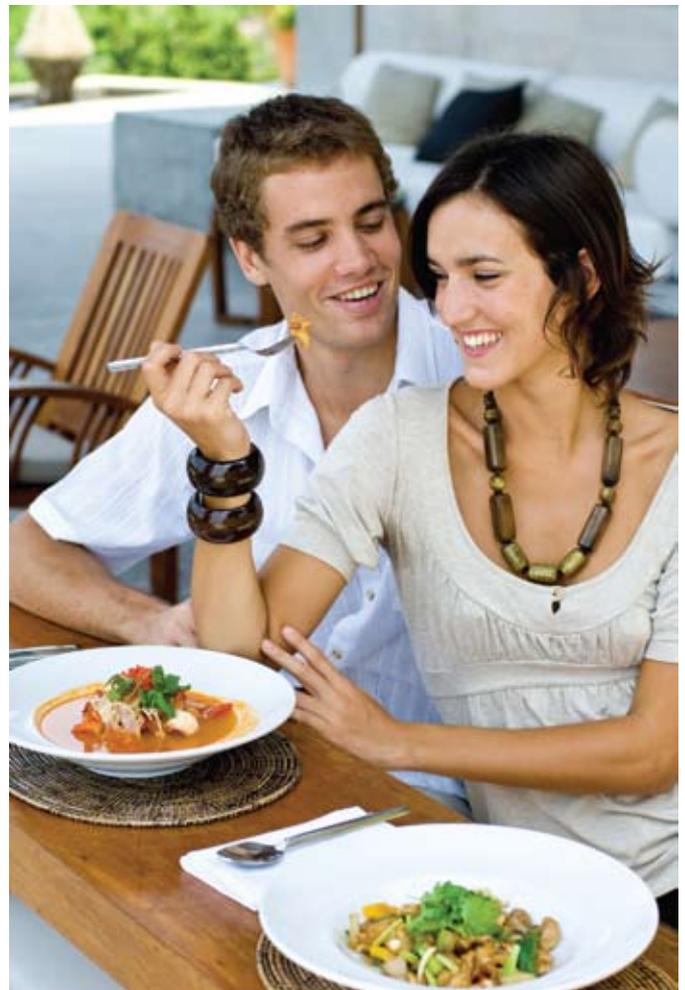
In years two and three the area of focus will move from research into enabling companies to commercialise new product forms, deployment of generic promotional collateral and marketing campaigns and contestably funded and consortia driven market and channel development. Significant funding allocation will be made for implementation (focused expenditure in-market) while smaller amounts will be allocated to the continuation of research.

The research and development activity undertaken in year one will strongly inform how any further research should be targeted towards assessing markets for products that New Zealand can produce, rather than simply looking at the market in totality.

As noted above, the focus in the Tactical Plan i.e. year one activity is on Australia, Korea, USA, and China, with a focus in years two and three likely to more broadly look at the Pacific Rim, Russia, and Europe. Overall, it is hoped that the provision of the research to the industry will enable the industry to better respond to 'market pull' as opposed to 'product push' scenarios.

In year three we anticipate a continuation of the research into international consumer demand, but with an increasingly targeted focus that has built on the findings from the research undertaken in years one and two.

The following section defines each of the strategic priorities and provides context for the development of the projects in the Tactical Plan.



Strategic priority 1 – Building capability and cohesion across the sector

This strategic priority is designed to establish an environment where there is greater capability across the sector, enabled by greater cohesion across the companies and other important stakeholders. It is important for Aquaculture New Zealand to have the support and commitment of the sector, with strong leadership from the Board of Aquaculture New Zealand.

The Strategy will be led by the actions of the companies within the sector. The role of Aquaculture New Zealand is to support the actions of the private sector by managing the projects within the Tactical Plan.

In this instance, there is a role for Aquaculture New Zealand to promote the debate on industry structure, behaviour and governance.

Tactical Plan

The following projects in the Tactical Plan support this strategic priority:

Project 1.1 – **Build capability** to ensure successful implementation of the strategy.

Project 1.2 – Establish a **portfolio of generic marketing information, collateral** and other sector data.

Years Two and Three

The sector will need to continue to establish structures and systems that will allow it to work more effectively in an integrated way. Aquaculture New Zealand will continue to encourage the consolidation of infrastructure, knowledge, channel development and marketing by providing a platform of information and data.



Strategic priority 2 – Building value of existing species and products

Strategic priority 2 seeks to protect and increase the value of existing species and products in existing and new markets. Projects that support and protect the current species, market share, and channels to market in the short-term contribute to this strategic priority.

Consumption patterns are changing as income rich, time poor and health conscious consumers demand convenience, food safety, nutritional value, traceability and environmental sustainability. The projects that support this area are focused on developing a better understanding of the markets, and in particular the consumers of the current range of aquaculture products and species. This market protection activity is of particular relevance to Greenshell™ mussels. There is a consensus across the industry that current and past returns from Greenshell™ mussels are inadequate and that alternate channels to market need to be considered. However, the Strategy also recognises the importance of continuing to maintain and enhance existing relationships in order to maintain optimal channel access for existing product forms.

The issue of 'brand' and the Greenshell™ 'label' is also an important factor to consider when looking at building the value of New Zealand's aquaculture products. Given the potential need for a positioning device or brand based on real quality standards and actual customer preference, there is a need for consistent quality standards associated with a premium product positioning.

There is currently a strong association between New Zealand aquaculture products and New Zealand's clean water and generally good practice processing. In order to maximise this, a process of environmental certification is also proposed.

Understanding where New Zealand aquaculture products go and who is eating them, as well as countries or consumer segments with the potential to start eating them or to eat more, will benefit producers and importers wishing to increase market share or to target new market segments. Currently, not all processors or importers are interested in developing new markets, or convinced of the need for such research. However, the provision of information about new opportunities could well convince these companies that there is profit to be made in exploiting new markets.

If producers and distributors are successful in creating greater demand, this should, given an environment of constrained supply, create price increases that should flow through the industry.



Activities for this strategic priority include:

Development of near (e.g. Australian) markets –

There are two distinct strands to this approach:

- Enable the low cost testing (qualitative research) of product, price and promotional mixes in 'near markets' that could then be extended into other key markets offshore. Priority markets for testing include Australia, the United States and Korea.
- Create a market (particularly in Australia) that can provide at least some buffer against exchange rate fluctuations.

The New Zealand market is also very important and has been identified as a priority market, particularly for Greenshell™ mussels. However, it falls outside of the scope of the Tactical Plan which is focused on export initiatives and Aquaculture New Zealand will seek to address this priority through other channels.

Identify whether there are alternative profitable markets for existing products –

The Strategy proposes market research in the first year that is designed to clarify whether there are alternative markets or channels that could enhance the profitability of existing products. Such alternative markets may be in geographic areas not currently focused on by the sector, or they may be in areas already serviced but through a limited channel. This research will involve interviews with existing mussel consumers and those who do not eat mussels to test a range of product forms and clarify those with the highest potential for the target market.

Test existing product form –

This step is required in order to identify which product forms have the most acceptance. If the frozen product can be enhanced through changes to the way in which it is processed, cooked, frozen and/or thawed or presented, it may well appeal to a wider market.

Identify the optimal target market –

Given the size of the potential market, the relatively limited supply, and the possibility that the product forms that have the highest acceptance may not be the current dominant form (IQF Half Shell), focus will be required. Once the market has been clearly identified and scoped or sized, the next stage will be clarification of the most appropriate channel to that target market.

Set the quality standards for the industry –

The sector has consistently signalled a desire to have consistent quality standards. This strategy proposes that a clear specification be designed, encompassing size, colour, type of processing, and any other characteristics deemed critical in order to meet customer requirements. The proposed environmental certification process will likely form part of the generic industry standards.

Conduct a generic campaign –

In order to promote the product to the target market, and educate customers and consumers, a generic marketing campaign must be commissioned and run. The size, scope and nature of this campaign will be dependant on the results of the market research and the nature of the target market identified.

Tactical Plan

The following projects in the Tactical Plan support this strategic priority:

Project 2.1 – Market research

Project 2.2 – Market development

Project 2.3 – Framework for environmental certification process

Project 2.4 – Contestable market development fund

Years Two and Three

In years two and three, it is anticipated that activity will shift away from market research into the deployment of generic promotional campaigns. Significant funding allocation will be made for implementation (focused expenditure in-market) while smaller amounts will be allocated to the continuation of research.



“The role of Aquaculture New Zealand is to support the actions of the private sector by managing the projects within the tactical plan.”

Strategic priority 3 – Building value through higher value products

Strategic priority 3 is focused on extracting more value from existing species and products. By implication, 'higher value products' means products that are valued more highly by buyers than existing products are. This strategic priority is intended to build in part on the lessons that are learned from the market research in strategic priority 2 above, and in part on more focussed research designed to identify markets where the specific characteristics of existing species can be optimised in order to meet demand.

Examples of this include innovative products using Greenshell™ mussel extracts, fresh-frozen product, positioning aquaculture products as functional foods, and the like.

The primary action in support of this strategic priority is to understand trends in consumption demand across protein sources and trends in 'market pull' from selected international markets.

The research will have a global focus but will include Australia, USA, China with a secondary focus on the Pacific Rim, Russia and Europe.

In addition, the research must cater for the potential to reposition Greenshell™ mussels as a functional food. There is sufficient evidence worldwide – but particularly in western markets – of a desire to arrest the aging process through healthy eating. It would be timely to test the international potential – and the implications for the existing product form.

Tactical Plan

The following project in the Tactical Plan supports this strategic priority:

Project 3.1 – International consumer demand research

Years Two and Three

In years two and three, it is anticipated that there will be a focus on areas showing a potential for return on investment. With enhanced market intelligence and communication systems, companies within the sector will be in a better position to maximise market opportunities.



Strategic priority 4 – Identification of new species

This strategic priority relates to supporting the scientific analysis of new species by providing market research to understand the mid to long-term market opportunities for these species.

Much research has been undertaken, and continues to be undertaken, in respect of the science surrounding the viability of farming other species in New Zealand's marine eco-system as well as land based operations. This research suggests that other species are viable, but in the majority of cases this is still unproven on a commercial basis.

The research must consider how new species can be brought to market in a sustainable and profitable way, so that they meet an identified market need. The research and development proposed in the Tactical Plan must consider all of these issues and present the findings to the industry so that an informed decision can be taken on whether or not to invest in doing things differently.

In other words, this objective requires an interesting mixture of product push and market pull. There is no point identifying a new market opportunity for an aquaculture product that cannot be sustainably and profitably grown in New Zealand, and equally there is no point in growing an aquaculture product that meets the above parameters but for which there is no market demand.

Actions for this priority include:

Research providers –

Engage with the research providers in New Zealand, and with the research arms of the commercial stakeholders in the aquaculture sector, and to clarify the species that can be grown in the New Zealand environment.

Working with NZTE –

Work with NZTE where possible and other entities with wide overseas connections, and identify the market potential for the range of species that can be supported in the New Zealand environment. Note that if there are some species which are exhibiting enormous potential from the market scan, but which are currently prohibited from New Zealand water space, then there is a potential role for Aquaculture New Zealand to lobby for the importation of such species.

Optimal channels to market –

Clarify the optimal channels to market for these new species or range of species.

Tactical Plan

The following project in the Tactical Plan supports this strategic priority:

Project 4.1 – Market research into the commercial potential for new species being currently researched in New Zealand

Years Two and Three

Commercialisation of new species by companies within the sector is a longer term initiative. Significant engagement with the research community will be required, part of which will be facilitated through the Aquaculture New Zealand Research Programme.

New species and innovation will involve both a substantial science input and a strong 'connect' to real market demand. It will be important to encourage the consolidation of knowledge and tools for sharing best practice to ensure the sector can achieve the greatest return from its scientific and research capability.

Strategic priority 5 – Accessing new markets

Strategic priority 5 will provide a basis of robust information and analysis from which the industry can explore new markets on a targeted basis, and tackle market access issues in a coordinated way.

Some markets have given evidence of a propensity to pay above average prices for New Zealand aquaculture products. Detailed consideration is being given to the full value chain to determine where there are information gaps about customer and consumer preferences, attitude to the product, and identify where industry wide trend and benchmark information would add value to industry decision-making. This research will also determine where there are 'weak links' in the value chain. These could be areas where there is high degree of value leakage away from the New Zealand companies, requiring strategies to be put in place to strengthen these areas.

Exporting from New Zealand is expensive. We are a long way from our major markets and tend to supply relatively small quantities. The majority of companies are small by international standards; they do not have access to economies of scale and cannot afford to maintain strong in-market platforms.

Aquaculture New Zealand will work with the industry to identify the barriers to accessing any new markets and develop strategies that will assist the industry to work through these challenges to access new markets.

Tactical Plan

Projects will be identified for year two and beyond once the findings from the market research and international consumer demand research are analysed and proposals are put to industry participants. The scope for all market research commissioned within the tactical plan will include an assessment of potential market access issues. This will ensure immediate priority and focus can be given to areas (markets/channels) showing significant potential to the sector.



Tactical Plan



The seventh point of the ten point plan in the Aquaculture Sector Strategy is to develop the market for New Zealand aquaculture products. This highlighted that growth will continue to come from existing species and products, but it also acknowledged the experience of other New Zealand industries, and in overseas aquaculture sectors, that suggests that significant future growth may also come from new species and products.

The identification of important areas for market research and market development provides the platform for specific activity in the strategy. All activity contributes to achieving one or more of the following strategic priorities focused on the export market.

Strategic priorities	Description
1	Building capability and cohesion across the sector by providing a platform for the transformation and growth of companies and the sector as a whole.
2	Building value through greater margins of existing species and products in existing markets and new markets .
3	Building value through higher-value products.
4	Identification of new species driven by market demand.
5	To strengthen the industry's position in accessing new markets with trade and regulatory expertise and stronger alliances.

A number of the projects described in the Tactical Plan contribute to the achievement of more than one strategic priority.

Strategic priority 1 – Building **capability** and **cohesion** across the sector by providing a platform for the transformation and growth of companies and the sector as a whole.

Project Name	Objective	Rationale	Actions	Resources
1.1 Build capability to ensure successful implementation of the Strategy.	To assure optimal allocation of resources within Aquaculture New Zealand.	Given the number of initiatives that are proposed as part of this Tactical Plan, plus in the ongoing Strategy implementation, it is crucial that a programme view is developed and maintained.	<p>Engage the appropriate resource for Aquaculture New Zealand.</p> <p>Develop a portfolio view of all programme activity and the various initiatives.</p> <p>Build a scenario view of current and possible futures including understanding possible changes in the legal environment and the access to waterspace and other regulatory and environmental impacts.</p> <p>Undertake economic and environmental analysis looking at market information, volume and price trends, and commentary on future industry direction.</p> <p>Review the strategy at the end of three years to determine the success of the initiatives.</p>	<i>Aquaculture New Zealand</i>
1.2 Establish a portfolio of generic marketing information, collateral and other sector data.	To make industry information freely available to customers and consumers and create suitable collateral that is readily accessible.	Currently there is no central store of information on New Zealand aquaculture species, product attributes, production methods, sector values and environmental practices. The purpose of the collateral will be to provide the market with access to such information that supports the New Zealand aquaculture 'brand story'.	<p>Scope the project and engage resource as required.</p> <p>Market research will determine the need for future targeted generic marketing and branding requirements.</p> <p>Development of the generic aquaculture market focused website.</p>	<i>Aquaculture New Zealand</i>

Strategic priority – Building value through greater margins of existing species and products in existing markets and new markets.				
Project Name	Objective	Rationale	Actions	Resources
<p>2.1 Market research.</p> <p>To be completed in three parts:</p> <p>(a) Qualitative research into 'near' markets for Greenshell™ mussels focusing on Australia, the USA and South Korea.</p>	<p>To identify the size and scope of the markets and to understand and quantify consumption trends, consumer preferences, distribution channels, and pricing for Greenshell™ mussels, to include King Salmon, and Pacific Oysters.</p> <p>Consideration will be given to the market for 'live' product.</p>	<p>The experience obtained from the near markets can be deployed into other current and newly identified markets and market segments.</p> <p>This research will provide the business case for Project 2.2 below.</p>	<p>Scope survey to define target audience/mix (end-user/ supermarket buyer/ restaurateur/ food service) and desired approach (face to face/ telephone survey/ hard copy survey/ email). Analyse data and develop recommendations including an assessment of market access issues. This research can be expanded as required to include data such as regional preferences, ethnic variations in preference, success of promotions and the like.</p> <p><i>Note: Prior to commencement of research, consolidation of existing research findings is required.</i></p>	<p>Market Research Firm(s)</p> <p>Aquaculture New Zealand</p>
<p>(b) Quantitative research into existing 'large' markets for Greenshell™ mussels including Australia, the USA and South Korea.</p>	<p>To identify the size and scope of the existing markets to 'flag' any channels, segments or opportunities currently 'untapped'.</p>	<p>The outcome from this research will enable short to medium term optimisation of the markets for existing species and potentially through the development of new product offerings. However, to be of real value the in-market activity and research needs to be targeted so that the industry can effectively capitalise on any opportunities that arise.</p>	<p>Engage appropriate local and international market research experts with an understanding of the species and the market (existing and potential), scope the study, and commission the work.</p>	<p>As above</p>
<p>(c) Quantitative research for King Salmon and Pacific Oysters to test 'new market/channel' alternatives.</p>	<p>To identify the size and scope of the existing markets to 'flag' any channels, segments or opportunities currently 'untapped'.</p>	<p>The objective to capture the pricing & consumption dynamics of existing markets whilst identifying any immediate / emerging potential elsewhere.</p>	<p>Engage appropriate local and international market research experts with an understanding of the species and the market (existing and potential), scope the study, and commission the work.</p>	<p>As above</p>

Strategic priority – Building value through greater margins of existing species and products in existing markets and new markets.

Project Name	Objective	Rationale	Actions	Resources
<p>2.2 Market development.</p> <p>(a) Greenshell™ Mussels</p>	<p>To grow the markets for Greenshell™ mussels on the basis of the findings from the market research completed in Project 2.1.</p>	<p>Developing the Australian market for Greenshell™ mussels should be a focus as this will allow the industry to test product variation, promotion activity, and pricing elasticity in a way that could enable the lessons to then be applied to other markets or market segments. It will also allow the industry to reduce currency risk to an extent. Priority for all other market development activity will be set on the basis of the findings from the market research completed in Project 2.1.</p> <p>Any generic marketing is contingent on the outcomes of the market research.</p>	<p>Using the recommendations from the market research, commence activity to maximize the size of the market through generic marketing. The market research will provide a basis for deciding on consumer preferences, desirable channels and the price points at which substitution will occur, and the likelihood of success of various promotions.</p> <p>In addition there is a role required by Aquaculture New Zealand to work with SeaFIC to address likely market access issues.</p>	<p><i>External Consultants (Market Research Firm)</i></p> <p><i>Aquaculture New Zealand</i></p> <p><i>Seafood Industry Council</i></p> <p><i>Aquaculture Industry</i></p>
<p>(b) King Salmon and Pacific Oysters</p>	<p>To investigate opportunities for new markets or new segments and channels in existing markets.</p>	<p>To engage with key decision makers (within retail/food service) in market.</p> <p>The in-market activity will be targeted so that the industry can effectively capitalise on any opportunities that arise.</p>	<p>Attendance at events or other focused activity offering exposure of existing products to key decision makers via product demonstration.</p> <p>Product demonstration/showcasing to targeted food service/retail channels.</p>	<p><i>Aquaculture New Zealand</i></p> <p><i>Aquaculture Industry</i></p>
<p>2.3 Create a framework for environmental certification process.</p>	<p>To identify and develop an appropriate certification methodology for New Zealand aquaculture products.</p>	<p>Environmental certification is of increasing importance in the global food trade. Retailers are increasingly demanding information on product origin and food production standards before willingly selling to consumers.</p> <p>The industry must prepare for a standard, but must consider the process undertaken and credibility of existing standards or those under development. These will provide very useful lessons to be applied to the New Zealand aquaculture sector.</p>	<p>Continue to identify appropriate certification methodology and scope for its appropriateness for New Zealand aquaculture products.</p>	<p><i>External Consultants</i></p>

Strategic priority – Building value through greater margins of existing species and products in existing markets and new markets.

Project Name	Objective	Rationale	Actions	Resources
2.4 Establish and manage a contestable market development fund.	To establish and manage a contestable fund available to the industry for international market development initiatives and to agree the process by which funding is to be allocated.	<p>A contestable market development fund will provide the industry with access to a pool of funds on a contestable basis to undertake market development activity. It will allow individual or groups of businesses to pursue activities that are to their benefit but at the same time they must demonstrate spill over benefits for the sector.</p> <p>All market development initiatives must be linked to transformational activity i.e. new markets, new channels, new product positioning, product development or access to premium prices.</p> <p>This approach allows the funding to be extended with the requirement for ‘match funding’.</p>	In consultation with NZTE, Aquaculture New Zealand (with direction from the Marketing Steering Group) will develop a set of rules for selecting proposals to a contestable fund for market development projects.	<p><i>Aquaculture New Zealand</i></p> <p><i>NZTE</i></p> <p><i>Aquaculture Industry</i></p>

Strategic priority – Building value through higher-value products.

Project Name	Objective	Rationale	Actions	Resources
3.1 Research into international consumer demand.	To understand and quantify the international demand for fish products that are compatible with the New Zealand environment.	<p>To understand trends in consumption demand across protein sources and trends in market ‘pull’ from selected international markets. The research will have a global focus but will include Australia, USA and China with a secondary focus on the Pacific Rim, Russia and Europe.</p> <p>Aquaculture development scenarios adopted by other countries e.g. bream, sea bass aquaculture in Europe, should be considered to look at the experience obtained from these ‘product push’ models.</p> <p>The research will look to ‘match’ existing species and products from New Zealand to high value markets and also identify, where possible, other potential species and product forms. It will consider channels to market and product form – specifically fresh vs. frozen.</p>	<p>Scope research including the completion of a stocktake of existing research to develop a clear understanding of the aquaculture potential in New Zealand.</p> <p>Engage experts with access to the required information channels and who can advise on trends in global demand and how to optimally match this with current or potential New Zealand product.</p> <p>In addition, where possible engage NZTE to assist in developing an understanding of local markets, the likely demand, and to gain their assistance with market testing and in-market promotion.</p>	<p><i>External Consultants (e.g. experts from the International Food Policy Research Institute)</i></p>

Strategic priority – Identification of new species driven by market demand.

Project Name	Objective	Rationale	Actions	Resources
4.1 Market research into the commercial potential for new species currently under research.	To assess the market potential of new species currently under research.	To maximise the return on waterspace, new species, and combinations of species are being investigated in terms of their viability in New Zealand conditions. However, for new commercial species to be developed the research must be supported by a robust understanding of market potential so that the research is geared towards developing an understanding of what may be commercially viable, and not just scientifically possible.	Expand and enhance the dialogue with current research partners to ensure a better industry-wide understanding of the research that has taken place and is currently underway. With a full stocktake complete, prioritise the species with the most likely commercial potential and develop an appropriate market research programme. See Project 2.1 under strategic priority 2 for the likely scope of such research activity.	<i>Aquaculture New Zealand Aquaculture Industry Research agencies including: NIWA, Cawthron Institute, Crop & Food Research (and Universities where applicable)</i>

Strategic priority – To strengthen the industry’s position in accessing new markets with trade and regulatory expertise and stronger alliances.

Project Name	Objective	Rationale	Actions	Resources
The scope of research identified above will include an assessment of potential market access issues that should be evaluated immediately. Existing resources in the area of trade expertise within the Seafood Industry Council will be utilised where possible to avoid duplication.				



Approach and acknowledgements

Deloitte was commissioned by Aquaculture New Zealand to develop this strategy to guide the New Zealand aquaculture sector over the medium to long-term. It was initiated in order to meet the requirements of Point 7 in the New Zealand Aquaculture Strategy (“Develop the market for New Zealand aquaculture products”). The timing of this initiative was also in response to a provisional allocation of \$6.5 million of funding from NZTE as part of the Food and Beverage Task Force commitment to assisting the aquaculture sector achieve its goal of \$1billion by 2025.

The following approach was adopted to complete the Strategy:

- The key players in the industry were identified through discussion with Aquaculture New Zealand, and interviewed either face to face or by phone.
- A two stage literature review was undertaken, with the initial focus being on the previous studies that had been carried out on or by the sector, and subsequently on the wider trends in demand for seafood products of all types.
- Discussion with the industry on a more collective basis was conducted through two full day sessions with the Marketing Steering Group of Aquaculture New Zealand.
- A number of discussion sessions were held either by phone or face to face with Aquaculture New Zealand.

The Strategy focuses on improving returns in the short to medium-term, and on identifying opportunities to improve the demand for existing and potential products and species in the medium to long-term.

Aquaculture New Zealand would like to thank all of the businesses that generously provided their time for the interviews. They would also like to acknowledge and thank the Marketing Steering Group for their willingness to provide expertise and input throughout the development of the Strategy.







