Arctic Development

Marketing And Secondary Processing Of Fish Fisheries, Fish Marketing In The Nwt
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Table of Contents

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My discussion paper focuses on three parts:

1. marketing;
2. secondary processing; and
3. the Japanese market.

PART I
Marketina Concepts

Marketing is very important as this activity ends the process of production and starts the process of consumption.

Marketing is aii things that need to be done to seii a product or service to the end user. A product or setvice's success in the marketplace depends on totai commitment to marketing.

Marketing efforts are in six major areas:

- define the target market and outiook;
- research consumer needs and wants;
- deveiop and re-develop product or service to meet demand at a seliing price which generates profits for the producer and distribution system;
- recruit, seiect and train peopie to deliver the product or service;
- deveiop a sales approach and advertising support (promotion); and
- position the product in the consumers' mind.

A MARKETING STRATEGY IS NEEDED

Market Segmentation

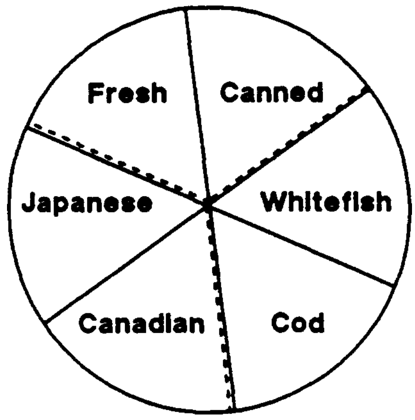
What is your position in the market?

Where should you compete?

How should you compete?

FISH MARKET SEGMENTATION

. Part of moat market.
. Need to segment by form (fresh, canned), species (cod, whitefish) use (restaurant, home), consumer (age, ethnic).

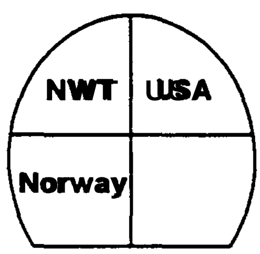


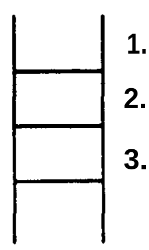
Concision:

. Very important to know who the buyer is and what his needs are.

How does the product rank?

Top of Mind Perception of Leaders in Fish Market



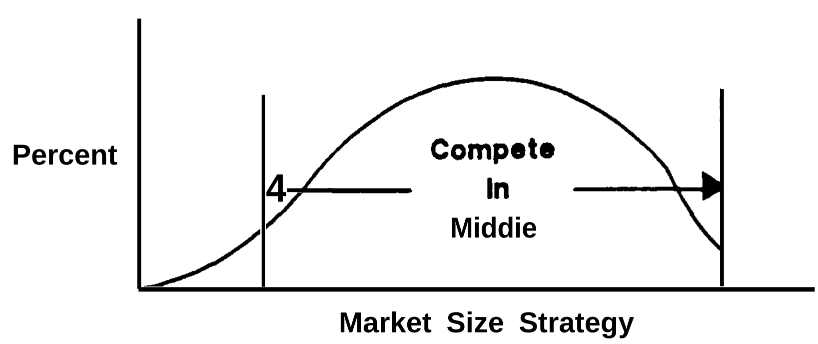


Mind Ladder Ranking

Who is No. 1?

Hard to knock off the No. 1 position.

Where should you compete?



Compete in niche (speciaity market)?

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Phase 1- Market Analysls

Objectlve: Measure Market Needs

Tasks: a. Prellminary market appraisal

b. Selection of tentative market segment

Market survey -an evaluation of:
. Demography
. Economics and trends
. Marketplace

Capability of company
. Technical
. Financial
. Product
, Marketing

Selection of tentative market-segment targets

Go/no-go on viability of targeted market segments

DECISION #1

Source: Frelman

Phase 2- Product Plannlng

Objective: Feasibility Study on the Proposed Products

Tasks: a. Define target market segment

b. Profile consumer

c. Clarify product concept and develop positionlng strategy

d. Make preliminary profltabllity estimate

e. Establish probability of having a winner

~::”~-

Market Segment Study

Product **Concept** Study

Clarify Product Concept

Preliminary Estimate of Produot Value and **Profitability**

Go/no-go on estimated
. **Profitability**
. Potential market share
. Ability to position product in the **marketplace**
. Likelihood of developing a viable product mix

DECISION #2

. Size and Profile Market
. **Analyze:**
Life-style process
Competitive product offerings
Demration, shape, style
Acceptance of basic product idee
Consumer buying habits
Retail environment

. Teat product Concept
. Clarify Concept
. Trend Analysis to Deoide Shape, Style, Funotion of Product

Source: Frelman

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Phase 3- Product Development

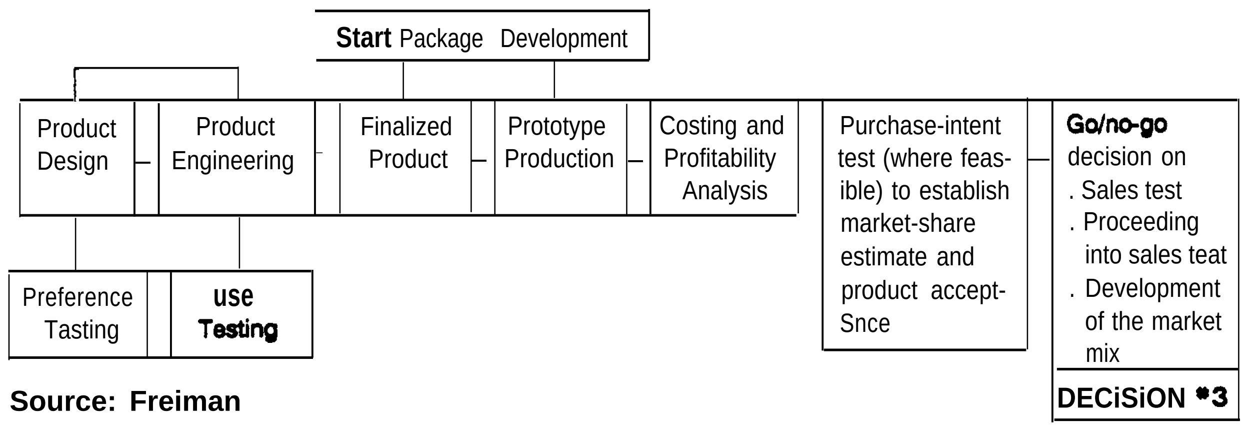
Objective: Develop a Viable Product MIx That Reflects Market Needs

Tasks: ●. Flnallze **design, engineer product**

b. Cost product mix

c. Establish consumer acceptance

d. Conduct preliminary profitability anaiysis



Source: Freiman

Phase 4- Merchandising

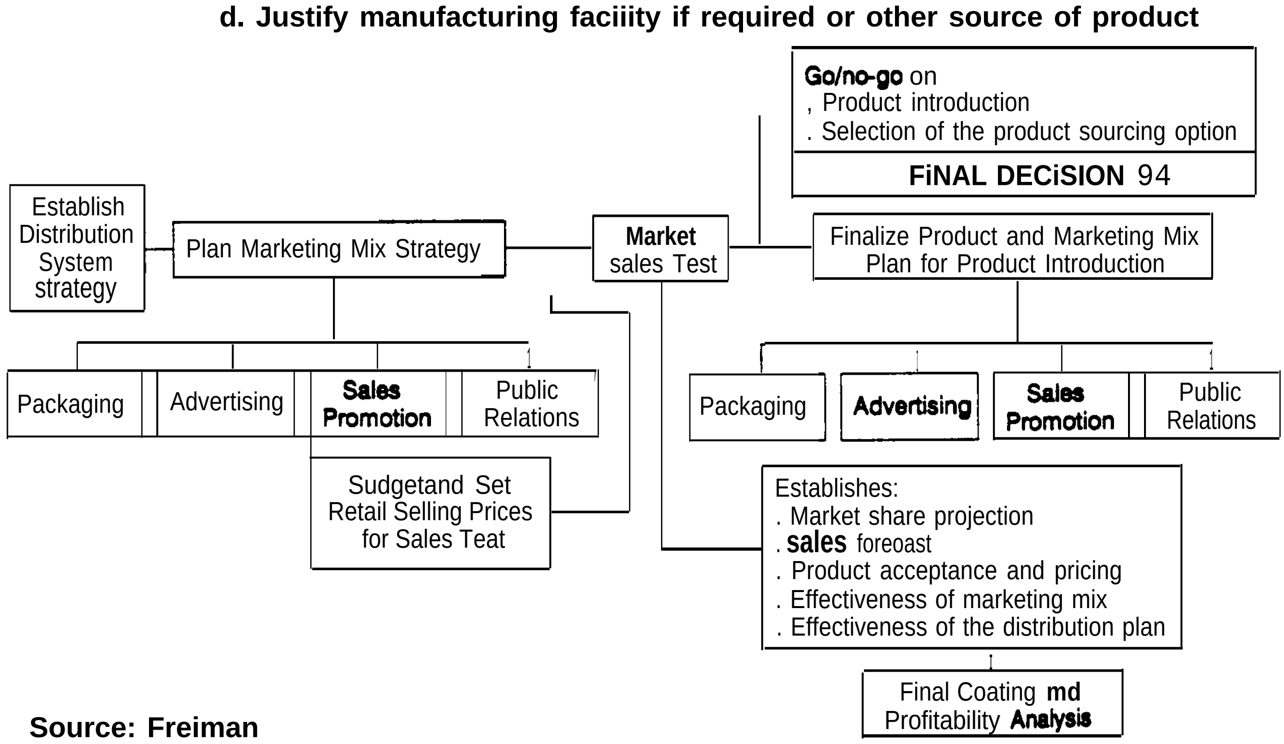
Objective: Marketing Mix and Distribution System Pianning

Tasks: a. Estabiish distribution system strategy

b. Deveiop marketing mix and purchasing proposition

c. Confirm market share potentiai and viabiiity of product offering

d. Justify manufacturing faciiity if required or other source of product



Source: Freiman

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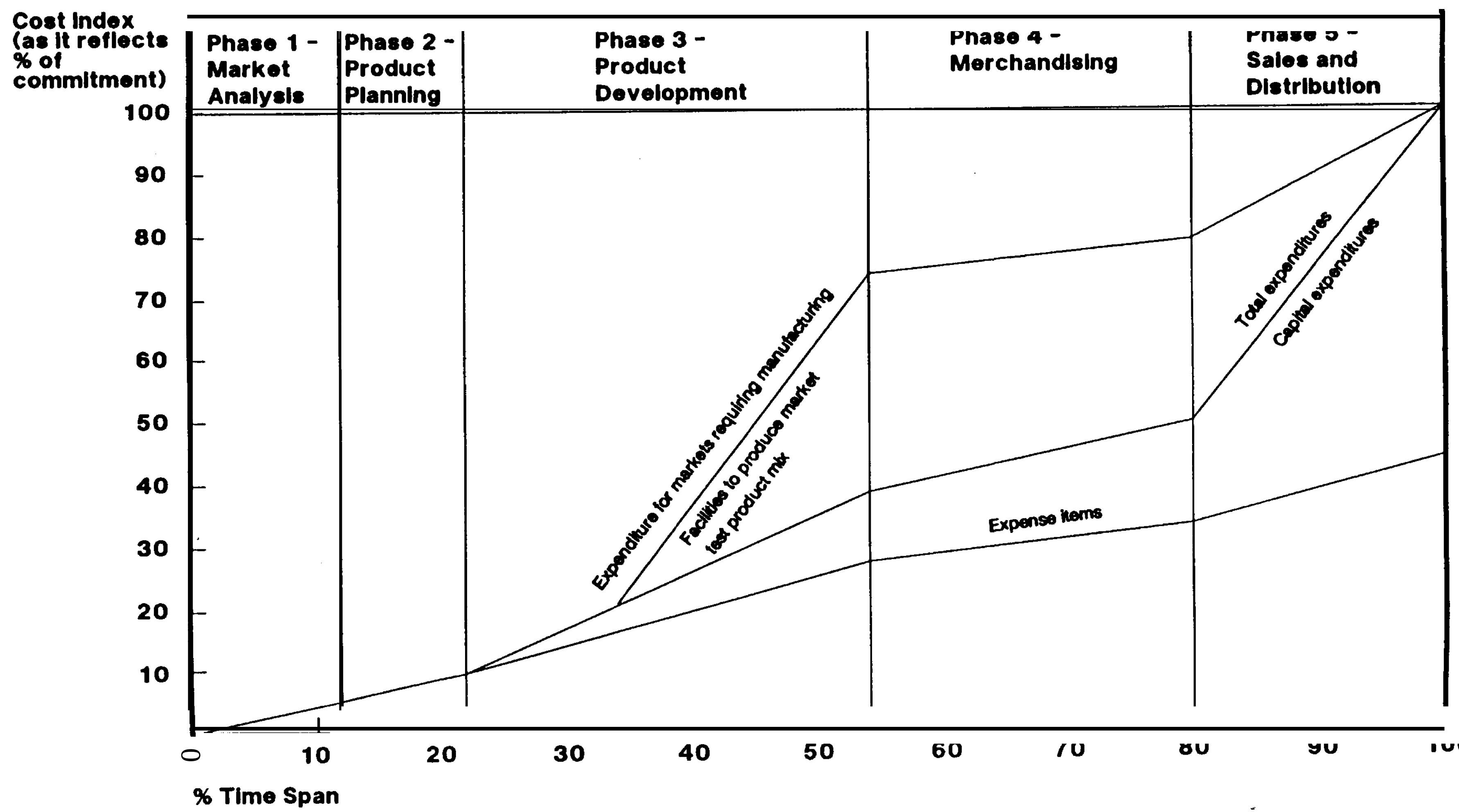
MARKETING-PATH EXPENDITURES FOR MULTINATIONAL MARKETS



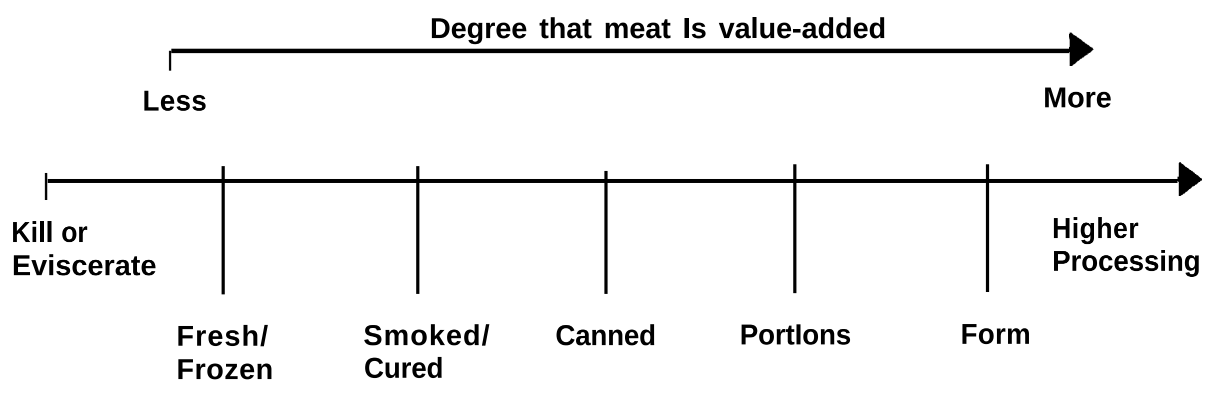
PART II

Secondary Processing of Fish

Primary processing - is eviscerating the fish and leaving it as whole fish.

Secondary processing - is doing something further to add value.

Secondary Meat Processing Examples



Fresh/Frozen:

- Fish (e.g. at counter)
- Beef (e.g. steak)
- Pork (e.g. cutlet)
- Chicken (e.g. fryer)

Smoked/Cured:

- Fish (Char)
- Beef (Jerky)
- Pork (bacon)

Canned:

- Fish (Tuna)
- Beef (stew)
- Pork (ham)
- Chicken (whole)

Portions:

- Beef (steak)
- Pork (loln)
- Chicken (thighs)

Form:

- Chicken/Turkey
  - 9-piece
  - dinners
  - nuggets
  - sausage
  - rolls
  - strips
  - paFts
  - welners
  - patties
  - fillets
  - dark/llght

Trends Relevant to Meat Market

- trend away from heavy meals to light.
- trend away from red meats to white.
- aging population needs more easily digested food.
- smaller portions.
- more convenience and time saving.
- more delis' in-store.
- more fresh meat than frozen used.
- more ethnic dishes (and segmenting of market).
- more trimming of fat and better presentation.
- smaller family size in North Amerioa.
- more income per family.

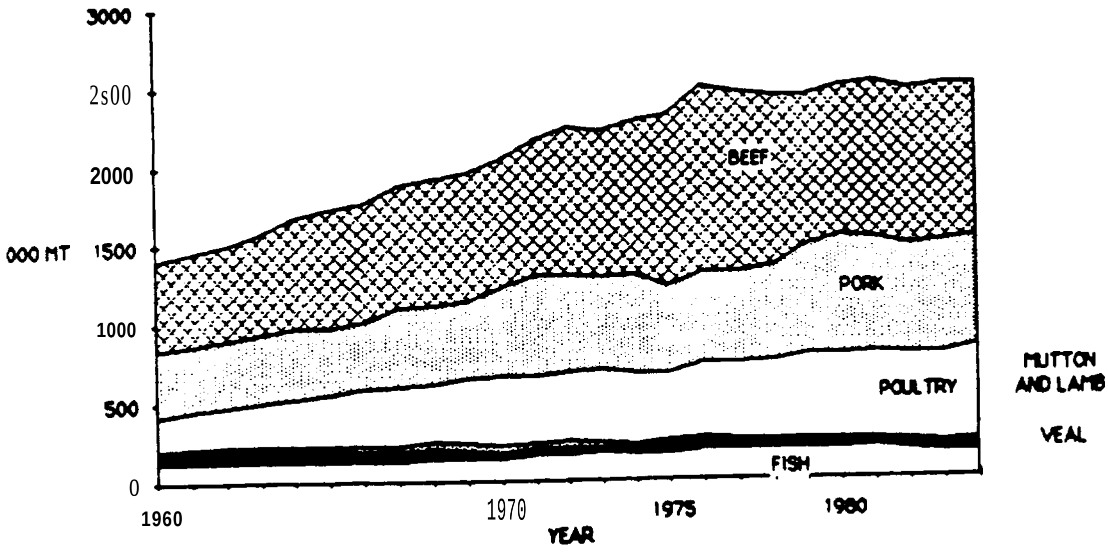
Need to be market responsive and match product to the segment.

POPULATION OF CANADA

YEAR	POPULATION CANADA
	1, 000'9
1961	**18,238**
1971	21,569
1981	24,342
1985	**25,358**

Source: Statistics Canada

TOTAL MEAT CONSUMPTION IN CANADA, 1960 - 1984



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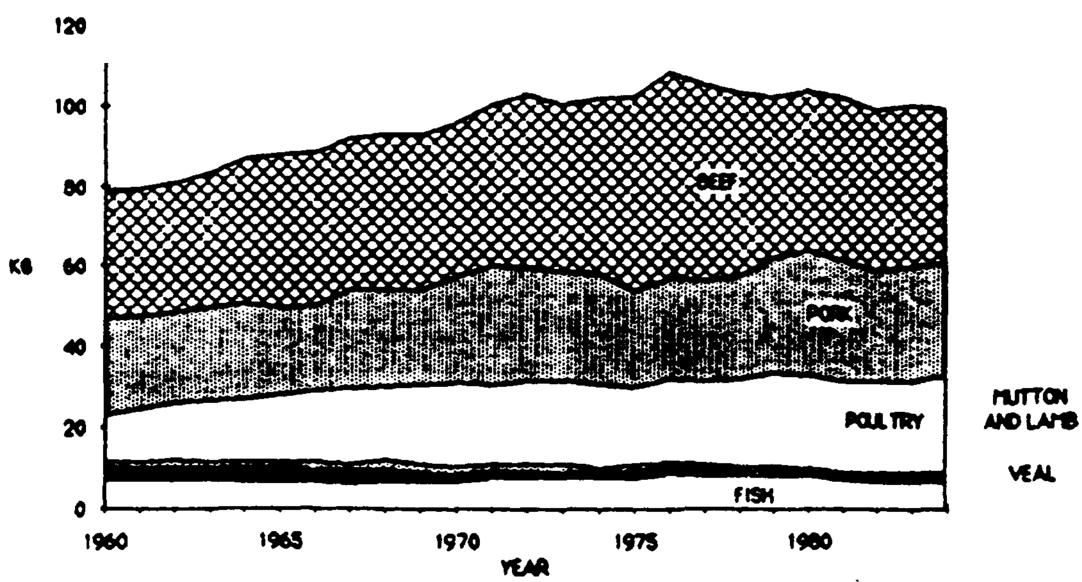
ANNUAL GROWTH RATES IN PER CAPITA TOTAL ISAT CONSUMPTION

To \ FROM	1961	1971	1976	1981
1971	2.4 $	--	--	--
1976	2.1 s	1.6 S	--	--
1981	1.1 s	0.2 s	-1.1 $	--
1984	1,0 $	-0.1 s	-1.0 $	-1.1 $

PER CAPITA MEAT CONSUMPTION IN CANADA, 1960-1984



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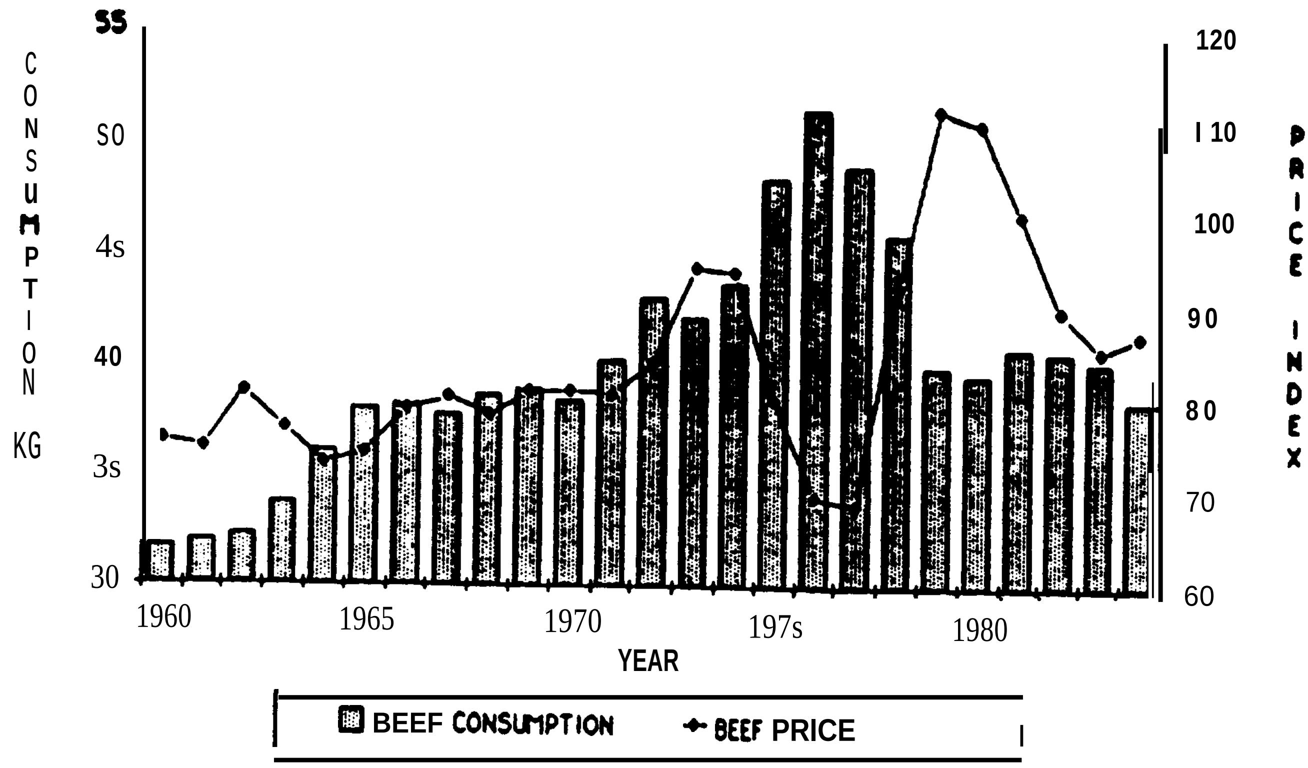
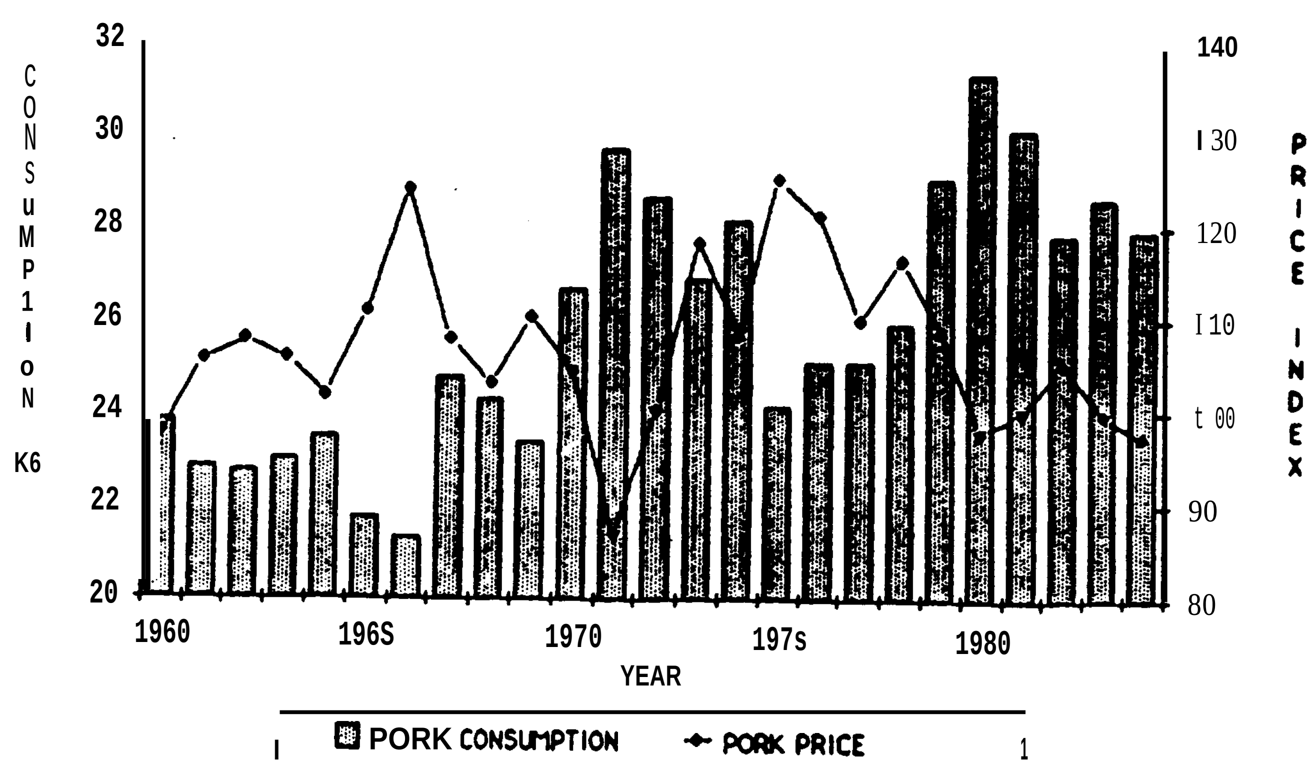
PER CAPITA CONSUMPTION AND THE REAL PRICE OF BEEF, 1960-1984



PER CAPITA CONSUMPTION AND THE REAL PRICE OF PORK, 1960-1984



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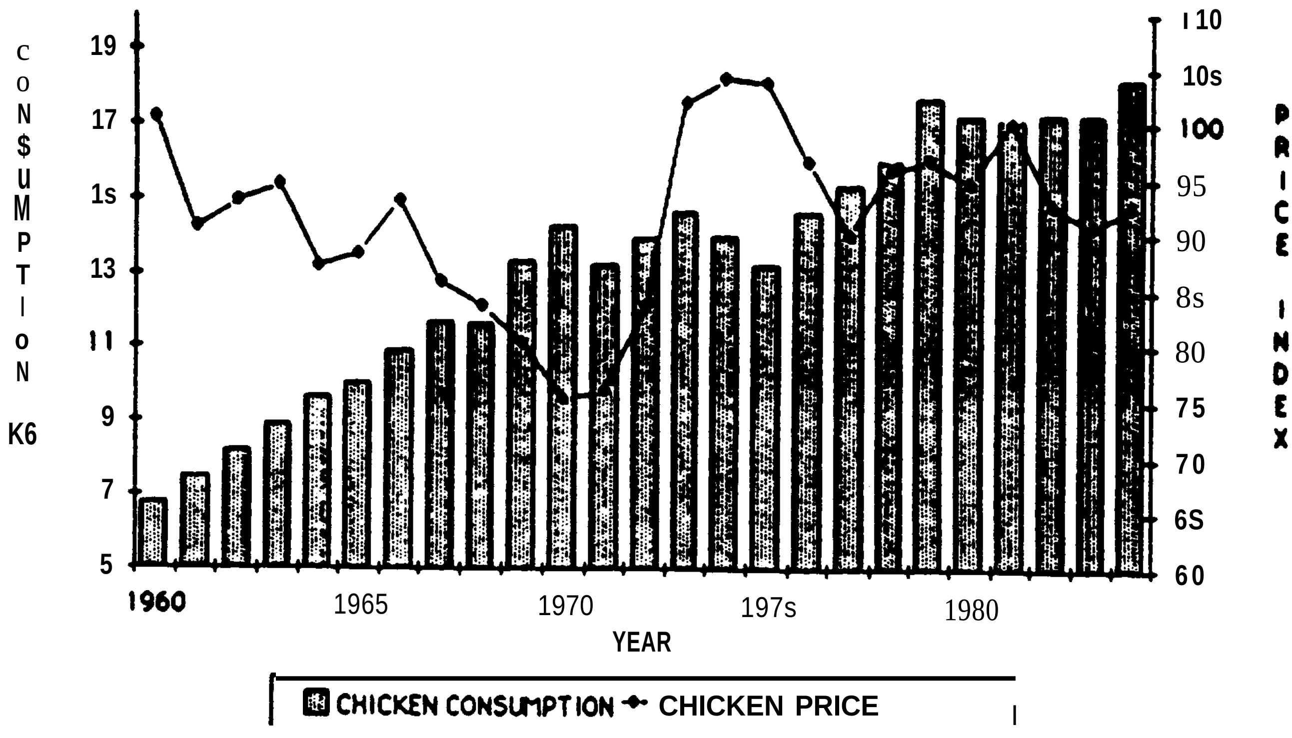
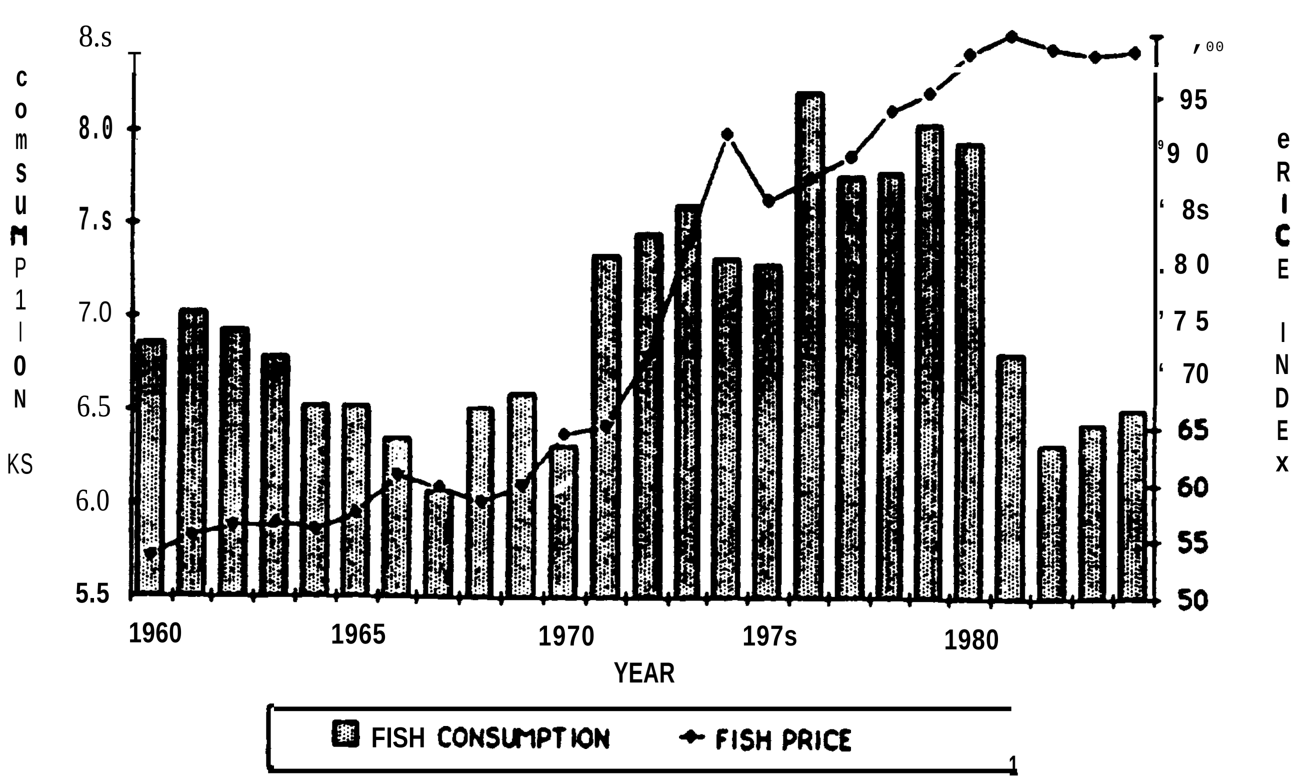
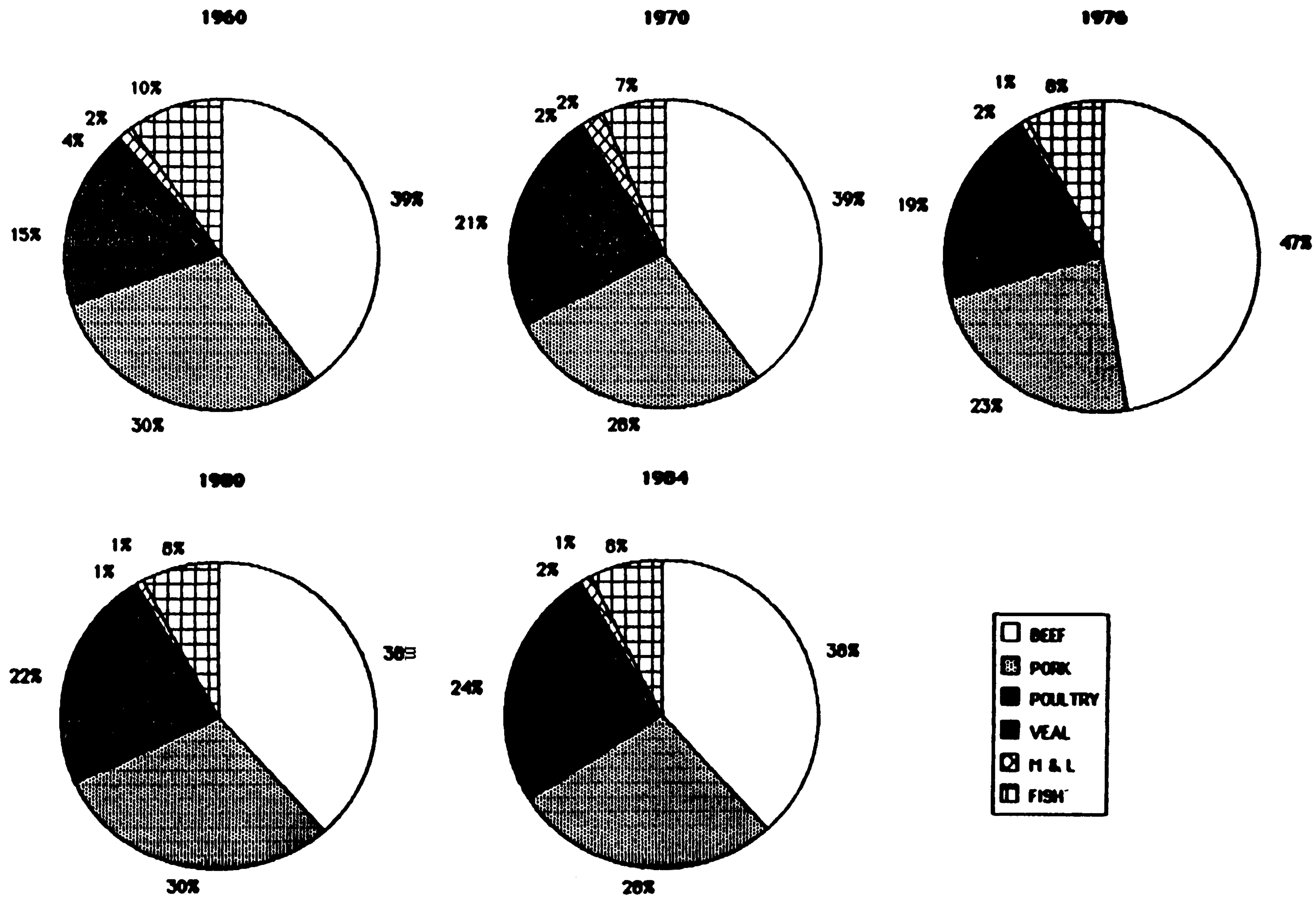
PER CAPITA CONSUMPTION AND THE REAA PRICE OF CHICKEN, IWO -1984



PER CAPITA CONSUMPTION AND THE REAI PRICE Of FISH, 1960-1984



MARKET SHARES OF MEAT PRODUCTS, SELECTED YEARS



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MEAN DAILY INTAKE OF MEAT, FISH, POULTRY, & EGGS

AGE	INTAKE FOR MALES		INTAKE FOR FEMALES		AVERAGE INTAKE	
	Can	Ont	Can	Ont	Can	Ont
	Grams/day					
1-4	89	B2	89	82	89	82
5-11	116	108	116	108	116	108
12-19	197	208	131	118	164	163
20-39	285	318	160	156	222.5	237
40-64	211	185	145	160	178	172.5
65 +	162	173	102	107	132	140

Source: Health and Welfare Canada, Food Consumption Patterns Report.

PROPORTION OF POPULATION OVER 40, SELECTED YEARS

PERCENTAGE SHARES OF FOOD-AT-Ho= EXPENDITURES ON VARIOUS MEAT PRODUCTS BY ETHNIC STATUS

ETHNIC STATUS	BEEF	PORK (FRESH & PROCESSED)	POULTRY
	---- Per Cent ----		
All Classes	11.5	6.3	4.5
Canadian & U.S.	11.9	6.3	4.4
Britian & U.K.	10.0	5.8	3.9
Other N. Europe	12.0	6.9	4.2
Italy	9.2	4.4	4.1
Other S. Europe	11.8	4.6	4.3
Poland & E. Europe	10.8	6.o	4.8
Australia & Asia	10.1	6.1	6.9

Source: M. Zafirou, Food Market Commentary, December, 1985.

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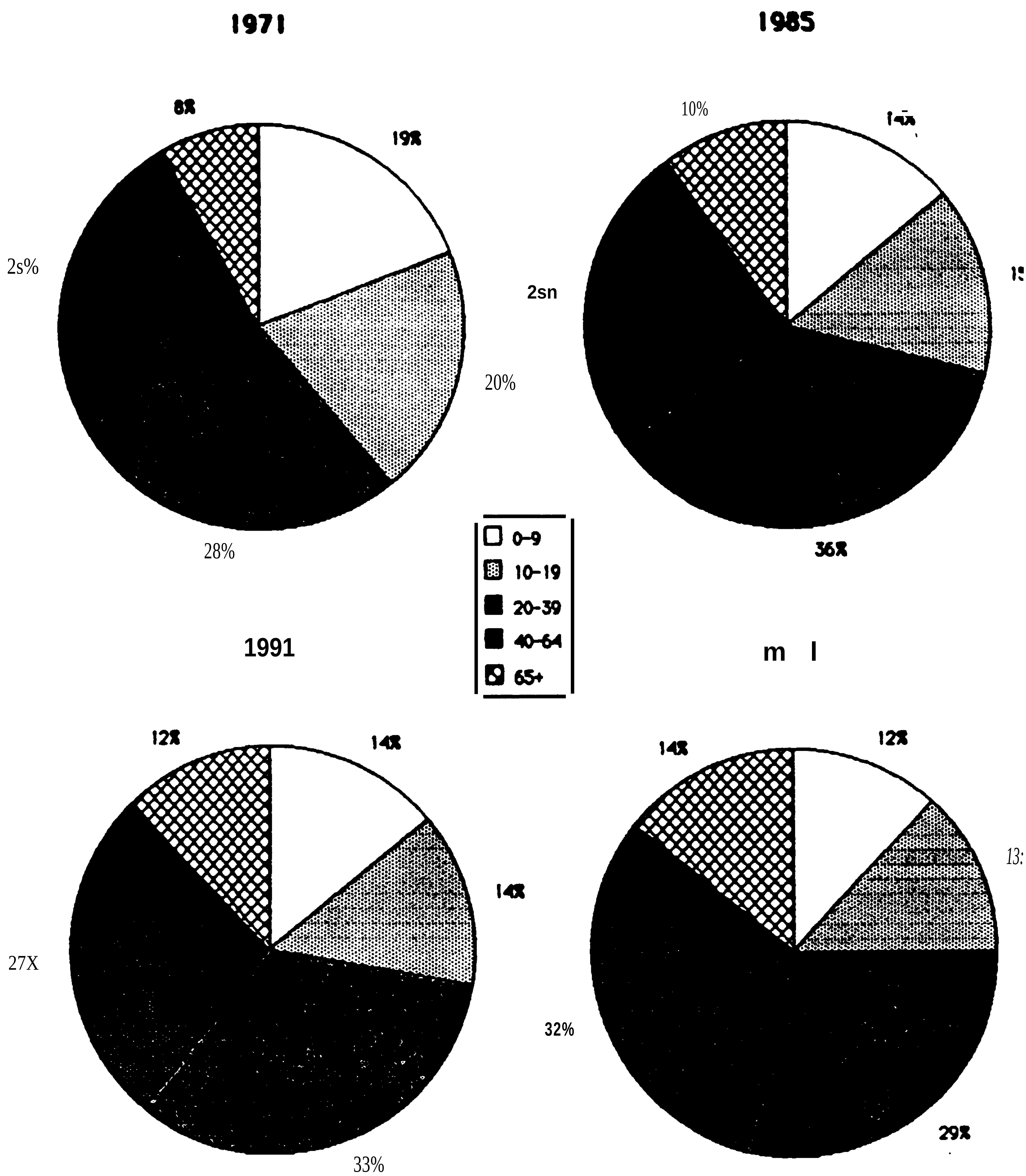
AC1 DISTRIBUTION 0? THE CANADIAN POPULATION, SELECTED YEARS



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MEAT, POULTRY, & FISH CONSUMED AT HOW AND AUAY FROM HOHE, U.S. (1976)

CATEGORY	AT HOME		AWAY FROM HOHE		TOTAL
	grams/day	$	grams/day	s	grams/day
All persona	164	80.4	40	19.6	204
Males 23-34	218	74.7	74	25.3	292
Females 23-34	148	79.1	39	20.9	187
Males 35-50	226	78.5	62	21.5	288
Females 35-50	159	83.3	32	16.7	191
Income					
s0-6,000	155	82.7	28	17.3	183
$6,000-10,000	165	82.9	34	17.1	199
$10,000-16,000	165	80.8	39	19.2	204
$16,000 & over	160	76.2	50	23.8	210

Source: Facts in Food Consumption

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PART III

Japanese Market

Economy

Second largest in the free world, second to the United States.

Highest levels of per capita GNP among industrialized oountries.

Japanese people have been enjoying a rapidly improving standards of living. Average annual household (gross) income in 1987 stood at 5.5 million Yen ($53,000 Cdn), with disposable income at 84% of gross.

Population

Total population of Japan was 122 million in 1987. Approximately 61% was mnoentrated in the three major metropolitan areas of Tokyo, Osaka and Najoya.

The average Japanese household in 1985 was 3.1 persons, down from 4.1 in 1965. This decline in size is due to decline in the birth rate and smaller nuclear families, as fewer oouples live with their parents. Japanese women comprise approximately 40% of the labour force, of which 60% are married, many working part-time.

Consumption Trends

Trends in consumption patterns have shown a shift from basic food and shelter towards non-essentials such as food services and leisure activities. Consumer durables (TVs, refrigerators, washing machines, etc.) have reached the saturation point; more than two-thirds of Japanese households own a car.

Economic and social changes have furthered the growth of expenditure on food services. From 1977 to 1987, Japanese food service industry sales almost doubled from 11.1 trillion Yen to 21.3 trillion Yen ($205 billion Cdn). Japanese food service industry sales ($187 billion Cdn) account for 35% of all food sales in Japan ($353 billion Cdn).

Fish Consumption Patterns

Japan is the world's largest market for salmon, consuming one-third of world production.

Japan's total fish and seafood imports increased by about 20% in 1988 from the previous year, reaching 134 thousand tonnes. Canada supplies Japan with less than 10% of this demand (13 thousand tonnes).

The fishery sector has been one of the most rapid growth sectors for Canadian exports to Japan, having tripled since 1983 (approximately 4 thousand tonnes).

Consumer Preferences

Japanese consumers typically favour salted and smoked salmon over fresh.

Consumers are sensitive to prices for imported salmon; Japanese consumers are very quality and price conscious.

Japanese prefer sockeye salmon because of the deep red flesh colour while Pacific salmon is indigenous to Japan.

Japanese trading companies view the Briiish Columbia salmon farming industry with skepticism and require assurances with respect to quality and insistently.

Japanese consumers are especially sensitive to packaging quality and appeal. Inadequate care and attention to packaging detail can lead to a product failing on the market.

Canadian packing is not generally acceptable in that market.

Conclusions

1. Need to know the market well.

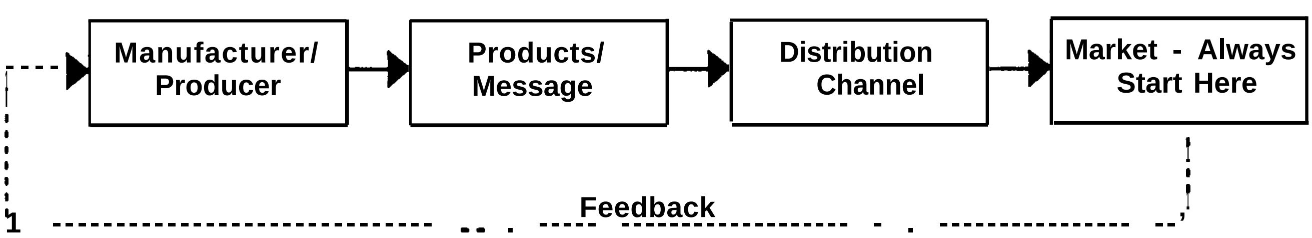
2. Conduct market research.

3. Conduot financial research.

4. Make go/no go decision.

Useful Model

Marketing/Communlcatlon Process
. for targettlng a marketing plan



Remember "Fish where the fish swim and you're more likely to catch one'. Marketing is really no different.