

Iowa Aquaculture Conference

Role of Markets

March 22, 2019

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Overview


- Industry Data
- Trends
- Business Failure
- Keys for Markets
- Marketing Products



Market Data

You may need more than one source
Bizminer, IBIS World, USDA



		United States Department of Agriculture															
		Economic Research Service		The Economics of Food, Farming, Natural Resources, and Rural America													
Aquaculture Trade tables																	
U.S. imports and exports of fish and shellfish that may be products of aquaculture.																	
Created Friday, March 08, 2019																	
All years and all countries																	
Updates of this data can be found at http://www.ers.usda.gov/data-products/aquaculture-data.aspx																	
Jump to a table in this workbook by selecting its worksheet tab or by clicking its link below.																	

Macro Level

WWW.IBISWORLD.COM

Fish & Seafood Aquaculture in the US March 2018

4

Industry at a Glance

Fish & Seafood Aquaculture in 2018

Key Statistics Snapshot

Revenue

\$1.5bn

Profit

\$104.1m

Annual Growth 13–18

0.3%

Exports

\$66.7m

Annual Growth 18–23

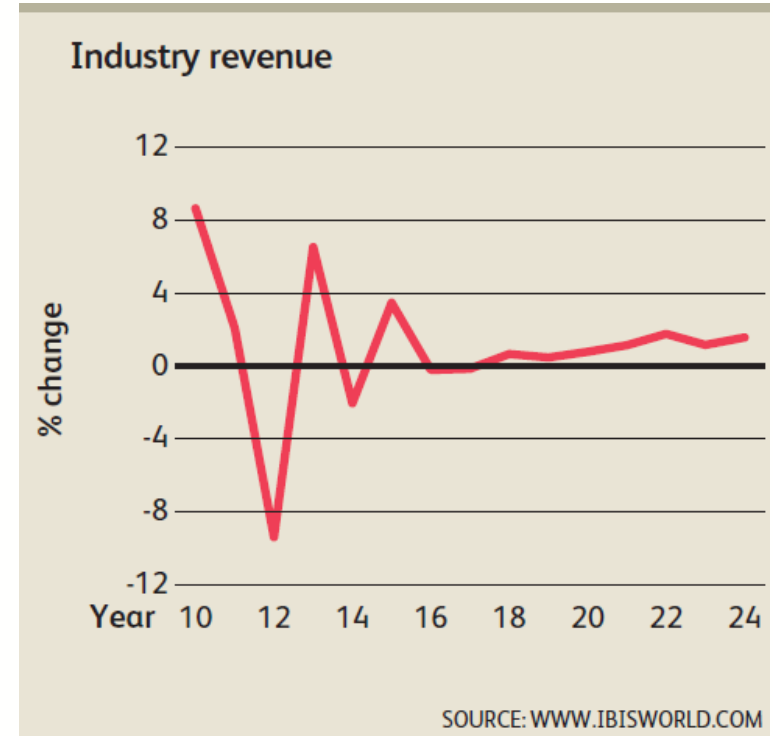
1.1%

Businesses

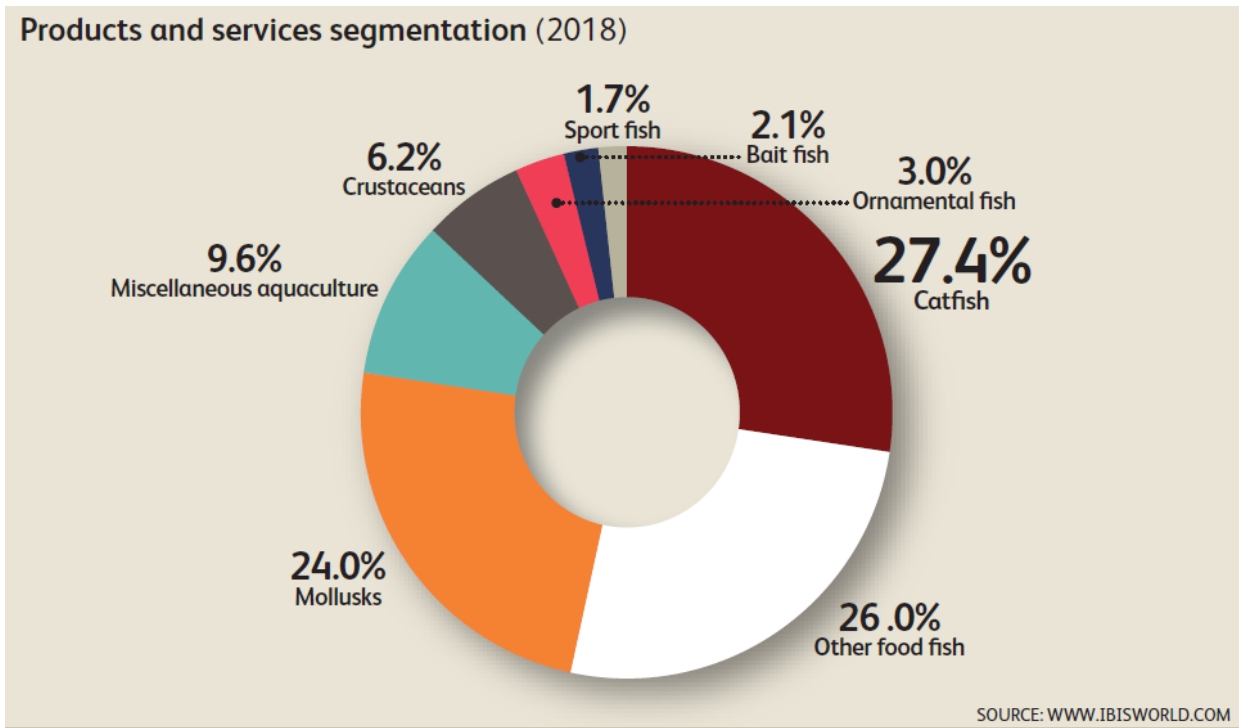
2,808

Projected Revenue

- Growth projected annualized at 0.3% to \$1.5 billion from 2018-2023
- Number of enterprises to decline 1.9%
- Industry consolidation - automation
- Industry employment to decline at 0.8%

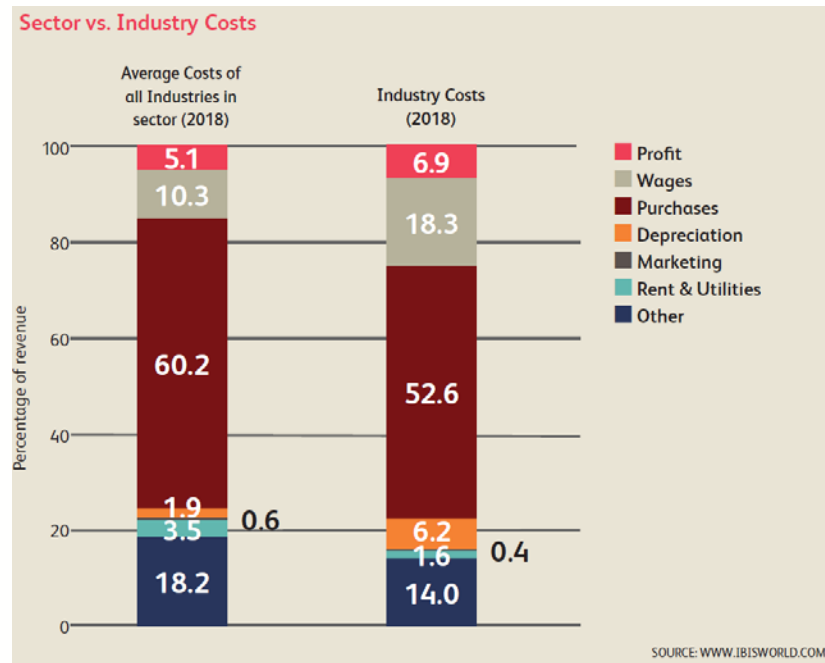


Products and Services



Cost Structure Benchmarks

- Feed Input Costs
- Profit Margins
- Material supplies – policies
 - Increase use of soy and corn 2015-2017
 - Supply is currently expanding
- Wages – 2nd largest cost 18.3%



Competition

- Internal Competition
 - Barriers to entry are low
 - Quality is critical
 - Vertical Integration – value added
- External Competition
 - Expected to increase 8.7%
 - 67.2% of domestic demand

Barriers to Entry checklist

Competition	High
Concentration	Low
Life Cycle Stage	Mature
Capital Intensity	High
Technology Change	Medium
Regulation & Policy	Medium
Industry Assistance	Medium

SOURCE: WWW.IBISWORLD.COM

Key Buying Industries

KEY BUYING INDUSTRIES

31111	Animal Food Production in the US Fish is commonly used as an ingredient for making pet food.
31171	Seafood Preparation in the US This industry is the most significant purchaser of fish, mollusks and crustaceans from aquaculture firms.
42446	Fish & Seafood Wholesaling in the US This industry purchases fresh, live, unprocessed fish and seafood from aquaculture producers and commercial fishers.
44511	Supermarkets & Grocery Stores in the US Larger grocery stores and super markets may also bypass wholesalers and buy direct from the industry.
44522	Fish & Seafood Markets in the US Some of the larger markets may have the purchasing power to bypass wholesalers and buy direct from the industry.

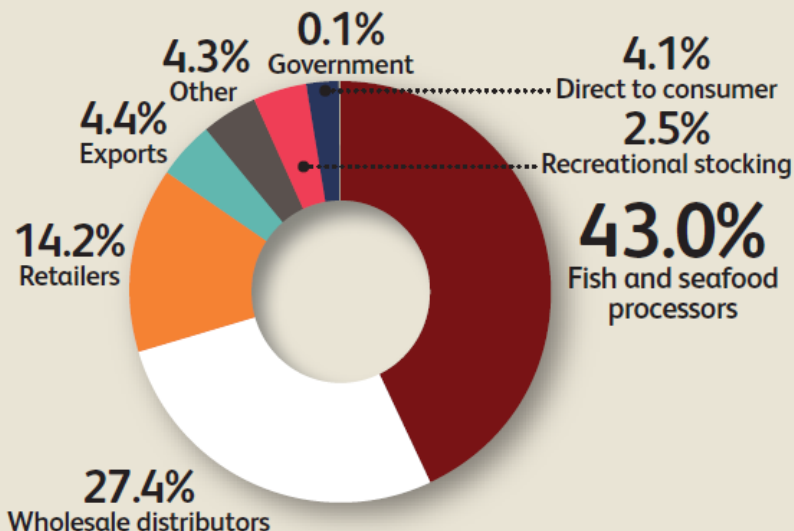
Key Selling Industries

KEY SELLING INDUSTRIES

31111	Animal Food Production in the US Fish and seafood farms demand feed for each species.
33391	Pump & Compressor Manufacturing in the US This industry supplies oxygen and pump equipment used to divert fish through water.
42343	Computer & Packaged Software Wholesaling in the US Fish farms need to run specialist aquaculture-management software programs.
42369	Electronic Part & Equipment Wholesaling in the US The Fish and Seafood Aquaculture industry requires various electronic devices, such as temperature, humidity, pH and EC monitors.
42382	Farm, Lawn & Garden Equipment Wholesaling in the US The Fish and Seafood Aquaculture industry purchases nets, gauges, fittings and valves through these wholesalers.
81121	Electronic & Computer Repair Services in the US Maintenance and repair of electronic water-quality and monitoring equipment on fish farms is essential to keep operations going.
81131	Machinery Maintenance & Heavy Equipment Repair Services in the US Maintenance and repair of transport equipment, pumps and compressors on fish farms is also essential to keep industry operations going.

Market Structure

Major market segmentation (2018)

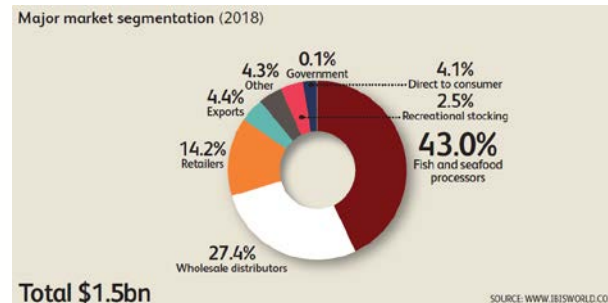


Total \$1.5bn

SOURCE: WWW.IBISWORLD.COM

Market Structure - cont.

- Processors
 - Value Added
 - Scaling, peeling, salting, breading, smoking, freezing, and canning of fish
 - Stable over past 5 years
- Wholesale
 - Brokers and Live Haulers
 - Sold to Retailers
- Retailers
 - Fish Markets
 - Super Markets
 - Restaurants



Keys to Success

Keys to Success

- Suitable site with appropriate conditions
- Production techniques for high quality
- Evaluate aggregation for exporting
- Latest technology
- Environmental Compliance



Micro Analysis

- Business Failure
- Marketing Strategy
- Market Relevance
- Market Narrative
- Market Analysis
- Distribution Channels
- Profitability



Top Reasons Business Fail

- Not Profitable
- Blinders On
- Fast Growth
- Accounting
- Cash Flow
- Inefficient
- Management
- Market Transition
- No Plan or Vision



Keys for Marketing Strategy

- Analyze the Opportunity
- Simple and Clearly Focused
- Test Markets
- Customer Validation - Feedback
- Identification of Market Niche
- Recognition of Market Conditions
- Network
- Resources



Seven “P’s” – Market Relevance

- Product
- Pricing
- Place
- Promotion
- Packaging
- Positioning
- People



Market Narrative

Seafood is generally a more expensive than substitutes than chicken, meaning that an increase in seafood consumption can be attributed to the falling price of seafood.

Source: IBIS World

Total seafood production aquaculture of 74.81 million tons is lower than captured fisheries. But the report details how aquaculture will likely overtake wild-caught fisheries within the next five years. *Source: SeafoodSource.com*

In 2017. Americans consumed over a pound more fish and seafood per capita than they did the year prior. Americans ate 16 pounds of fish and shellfish per capita which is the highest total in 8 years. *Source: Fisheries of the United States Report 2017*

Market Channels

- *Wholesale*
- *Retail*
- *Direct to Consumer*

7 Comments



James on February 25, 2016 at 12:28 pm

I am interested in selling farm raised fish, but I am having no luck with finding a buyer in my area. I have googled every possible arrangement of where to sell farm raised fish in North Carolina. Any suggestions?

[Reply](#)

Back to Benchmarking

- The financial institution – investors will evaluate the business risk by reviewing and comparing the projections provided
- It's very important that the projections be completed with the assumptions clearly identified
- How are they calculated?
- Financial institution will take the projections and compare them to the market data
- Thus know the market data and reference it in the plan

Realistic

It's important to provide realistic projections for each year

In some cases it OK to demonstrate a loss in year one

What's the net profit margin

Remember

If you project high and don't meet expectations what are the impacts?

If you are conservative and exceed expectations what are the impacts?

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