Strategic Marketing & Adapting to Dynamic Market Demand

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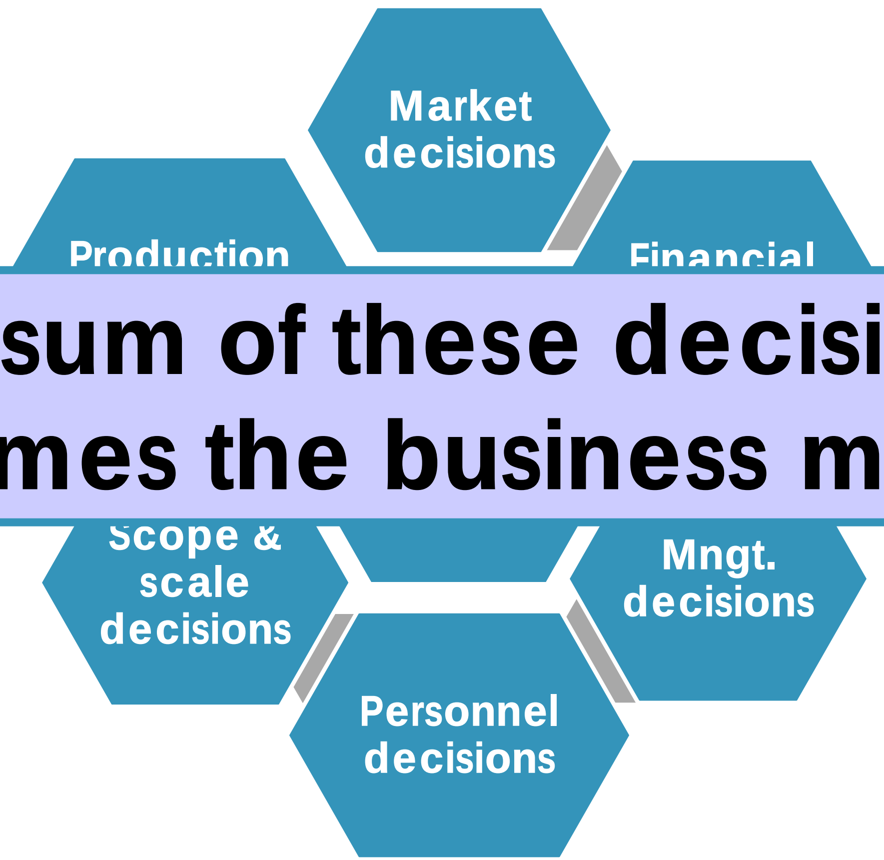
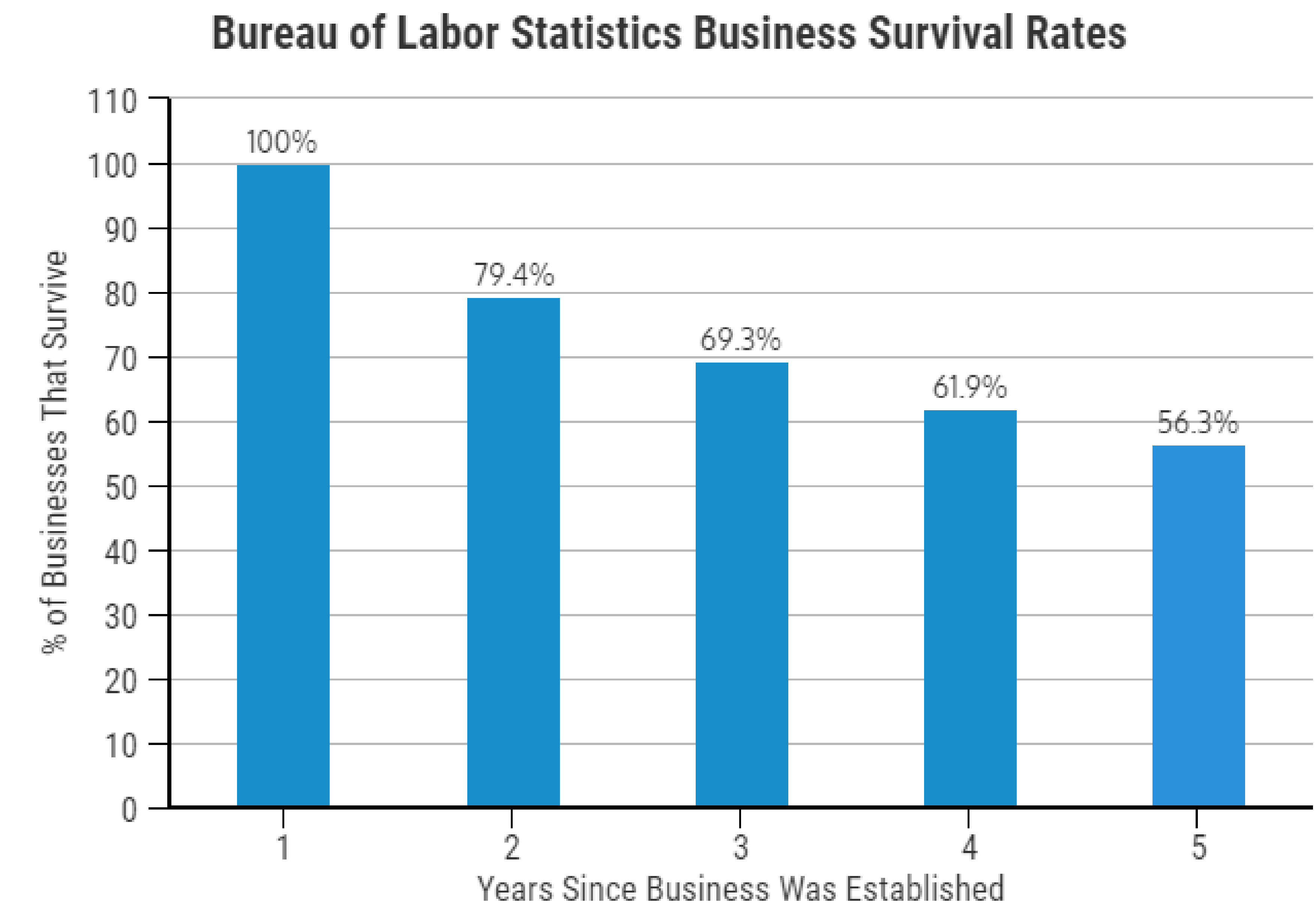
Successful businesses are complex & require many good decisions.



The sum of these decisions becomes the business model.



Source: Bureau of Labor Statistics' Business Employment Dynamics, 2011

Cardinal mistake

Eric Wagner:

"Entrepreneurs retreat to a cave instead of thoroughly understanding their customers' needs."

Reasons for small business failures

- Lack of market need
- Liquidity/Negative cash flow
- Management/lack of separation of business
- Competition/Pricing
- Product quality
- Lack of business planning

Fundamental to have a unique "practical" business plan.

Preparing a strategic business plan

Steps…..

Feedback; revise production & financial plan

Set business goals, SWOT

What are you really selling?

Identifying target customers

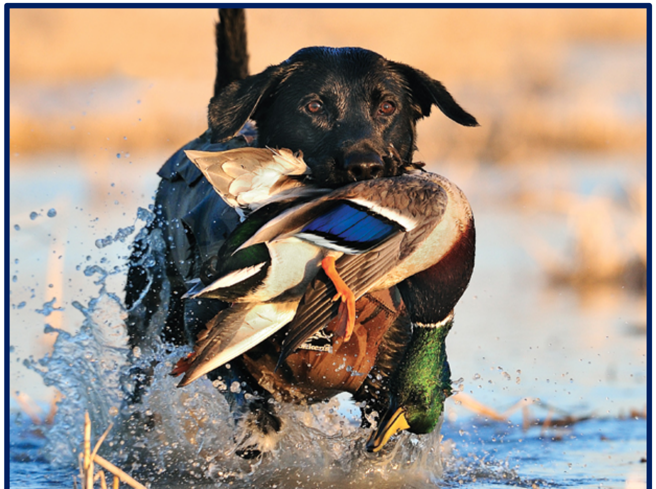
Develop marketing strategy

Setting Goals: Every Year
Business & personal
Long-term & short-term

What else do I need?

I've got my truck..

I've got my dog..



And a place to hunt…

Identify your target market

- What is unique about your product?
- Who wants your product?
- Where are your customers from?
- How many customers are there?
- When do they want your product?
- How much will they buy?
- What price will they pay?

Common Pitfalls for Aquaculture Businesses

- Not adapting to changing consumer preferences.

- Market risk.

- Capital constraint.
  - ✓Investment
  - ✓Cash flow

- Confusing a hobby as business.

Assumptions that Lead to Business Downfalls:

Assumption: **I can sell all my produce.**

Reality: **In most cases, you will end up raising more than what you can sell.**

Finding Your Key Markets:

How to locate customers

- Visit similar businesses
- Observe
- Ask others

Google

PRICING: You have to find a price that covers your ALL costs.....

Can you compete with price of wild-caught & imported shrimp?

If not, who will pay higher prices?

For how long & what volume?

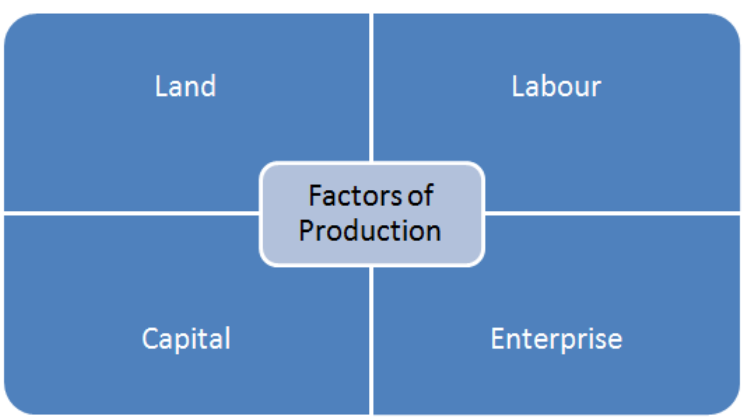
Be a conservative accountant, Avoid pseudo-profits

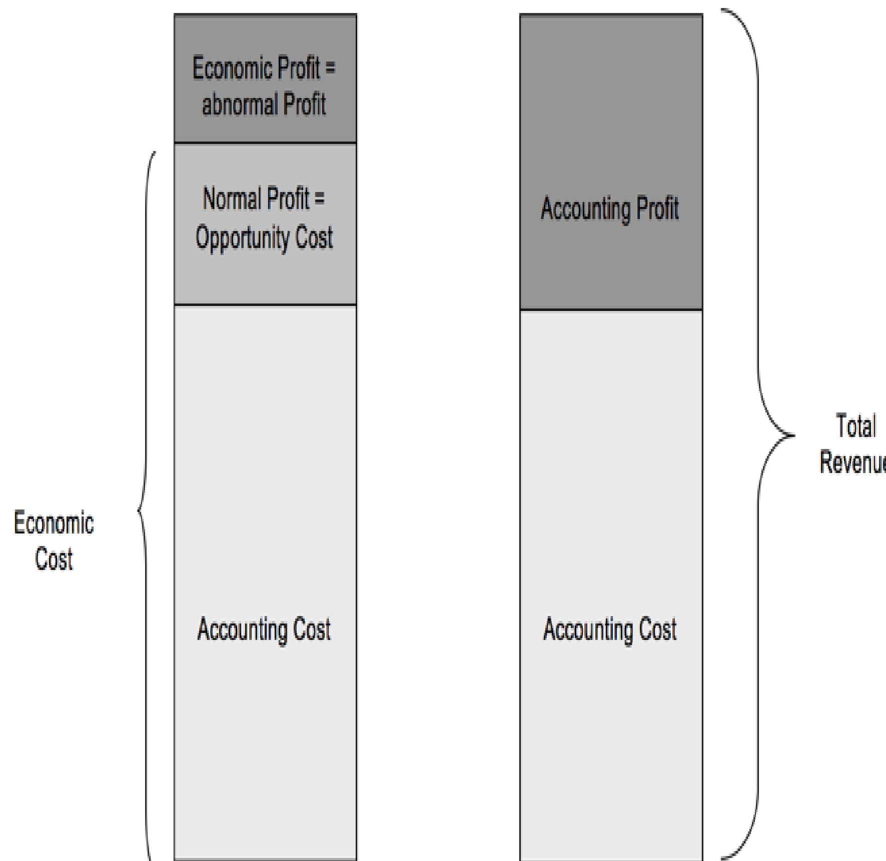
- Earth work/construction cost
- Pond renovation & associated labor costs
- Repairs and maintenance costs
- Backup equipments
- Permits/insurance/legal fees
- Interest costs (operating, capital)
- Opportunity costs

Most elusive concept

Caution:

Account for all **opportunity costs**.





Engage business effectively with supply chain partners

- **Map out your distribution channel**
- **Do you need trucks?**

Will your markets require grading facilities?

Will you need to invest in shipping facilities?

Communication/promotion strategies.

Social Media

Traditional

What can you do to be the best at growing & selling?

Know your market well.

Your targeted customers must buy at a price that is profitable for you !!

Specific needs of your customer

- What size?
- When do they want to buy this product?
  - Weekends?
  - July 4?
- What form do they want it in?
  - Live?
  - Filleted?

How many different products should you sell?

- Do your customers want variety?
- How much variety?
- How many different types of products can I manage efficiently in my business?

Economies of scope

Develop the Marketing Strategy

Processing?

- Operations
- Costs

Distribution?

Advertising?


U.S. FISH & WILDLIFE SERVICE
DEPARTMENT OF THE INTERIOR
FDA
Texas Department of Agriculture
Todd Staples, Commissioner
DEPARTMENT OF AGRICULTURE • TEXAS •
Jobs for People. People for Jobs.
DWS
Department of WORKFORCEServices
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
TEXAS PARKS & WILDLIFE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
NOAA
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RESOURCES AGENCY CALIFORNIA DEPARTMENT FISH & GAME
KENTUCKY DEPT. OF FISH & WILDLIFE RESOURCES
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
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DEPARTMENT OF LABOR UNITED STATES OF AMERICA
NRCS
OSHA
Occupational Safety and Health Administration
Food Products Inspection
Delaware DEPARTMENT of AGRICULTURE
Serving Agriculture and Protecting Consumers
WASHINGTON STATE DEPARTMENT OF Natural Resources

Use Marketing Plan to Inform Overall Business Plan

- Facilities, location
- Production system
- Permits, licenses
- Customer service
- Risk management
- Financial plan

Revise annually & keep business fresh!

Business Plan

There's really no substitute for it any more. 20-30 years ago it wasn't as essential as it is today.

- **There are no short-cuts around this.**
- **Need to spend time every year in thorough business planning & on-going financial analysis.**

Can your aquaculture business stay the same and survive?

Can we still stock fish from milk cans?

Changing Consumer Demand

Catfish is no longer consumed only along the Mississippi River

Orange roughy was once called “slime head.”

Shrimp is no more a luxury product.

Changing Consumer Demand: where is it headed?

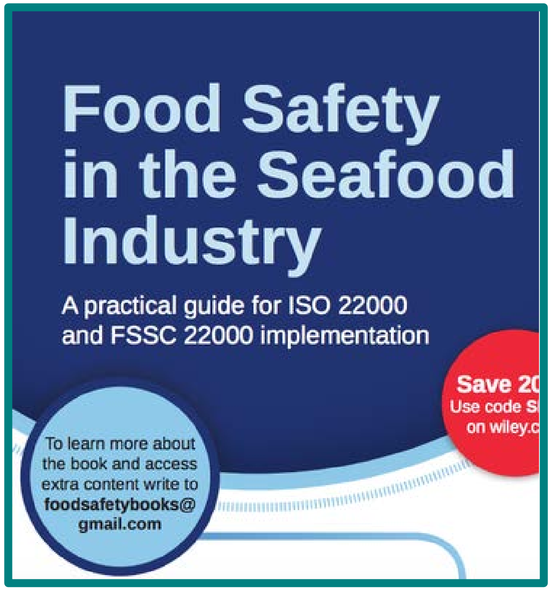
Consumers want highly differentiated, individualized flavors & products.

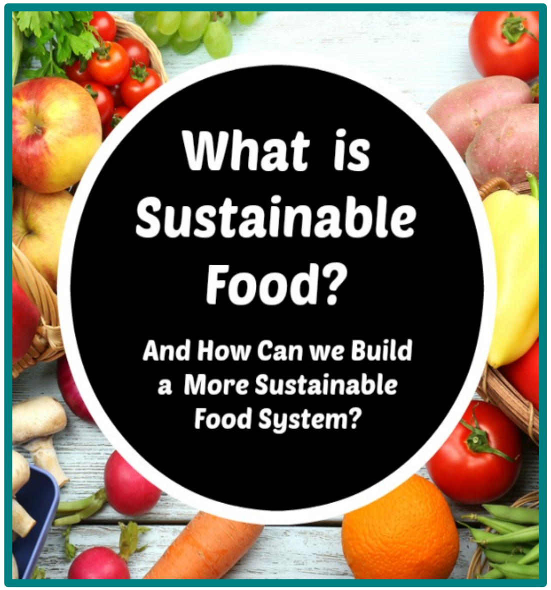
Demand for “local” food growing; people want to know the “story” behind their food.

Changing Consumer Demand: where is it headed?

Millennials want quality:

TASTE, SAFETY, SUSTAINABILITY, RESPONSIBILITY





Now What?

Understanding the challenges posed by dynamic markets are important,

But what is the most feasible way for your business to adapt to these changes?

Keys to Avoiding These Pitfalls

- Not looking/waiting for a silver bullet.
- Make adjustments every year.
- Don't let the business go too far into DEBT.
- Develop plans to strengthen the greatest weaknesses.

Financial planning

Annually

- Enterprise budgets
- Income statement
- Balance sheet
- Depreciation schedule
- Amortization schedule

Monthly

- Cash flow

FREE!!!

AgPlan

The Agriculture, Fisheries and Small Business Planning Website

www.AgPlan.umn.edu

Fact Sheets on Business Planning for Agriculture

- NRAC 150 - Business Planning For Agriculture Is It Feasible?

  http://www.nrac.umd.edu/files/Factsheets/fact150.pdf

- FS101 - Making Plans for Commercial Agriculture in the North Central Region

  http://www.ncrac.org/Topics/plans101.htm

- SRAC 381 - Developing Business Proposals for Agriculture Loans

  http://srac.tamu.edu/

Questions?

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