

Annual Consortium Meeting

DIVERSIFY

WP7 SOCIO ECONOMICS

**WP30: Launching the New Diversify Products:
Business Models, Market Tests, and Market Diffusion**

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Where innovation starts

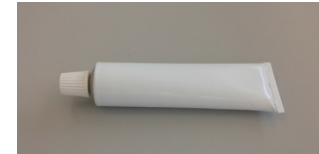
Importance

- **Market demand is essential for the extra fish and new products developed. It requires:**
 - **Retailer and food service firm interest**
 - **Consumer interest**
 - **Processing firms' involvement**
- **If absent, then no extra**
 - **revenues & labor**
 - **fish consumption & health gains**
 - **sustainability**
- **It explains why**
 - **investment in market and particularly customer development is important**
 - **research in high-tech shows effort always underestimated, and underinvestment (O'Connor and Price, JPIM, 2013)**

Socio Economics: WP30

- **Objective**

- **New developed product concepts & market/consumer response in WP28 and 29**



EXAMPLES

- **Next steps**

- a) **Devise business model: value proposition, resources, revenue model**
- b) **Devise launch strategy and perform market test to help optimize product proposition and market approach**
- c) **Simulate and predict market diffusion**
- d) **Recommendations for industry development and market expansion**

Those involved in WP30

- **IRTA**
- **SWR**
- **TU/e**
- **AU**
- **APROMAR**
- **CTAQUA**

a. Business models for the producers and partners

• Business model development concerns

- How supply chain partners jointly create value (based on resources/activities)
- The value proposition they offer customers
 - Downstream partners
 - Consumers
- How they make money, i.e. the revenue model

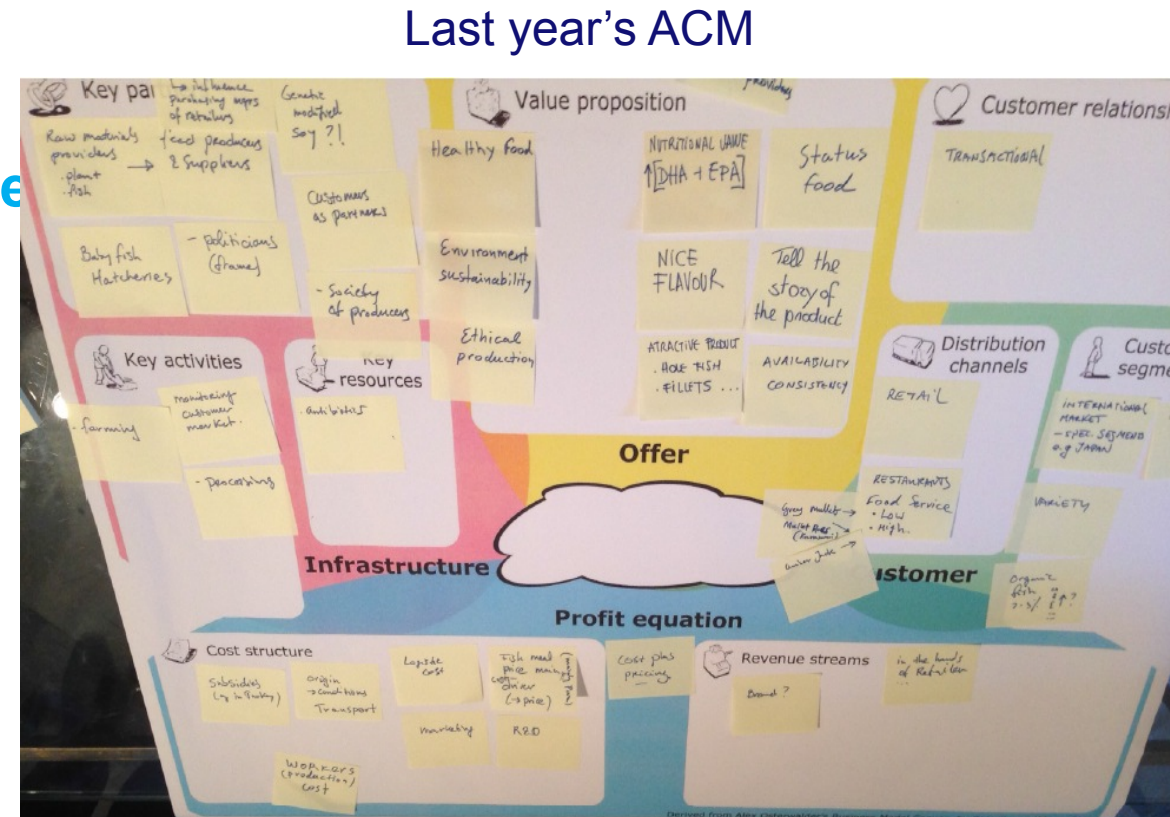


Figure 2: Example of filled-out Business model canvas for three farmed fish species of DIVERSIFY.

D27.7 Current Business Model

Table 1: Overview of business model canvas for 6 fish species.

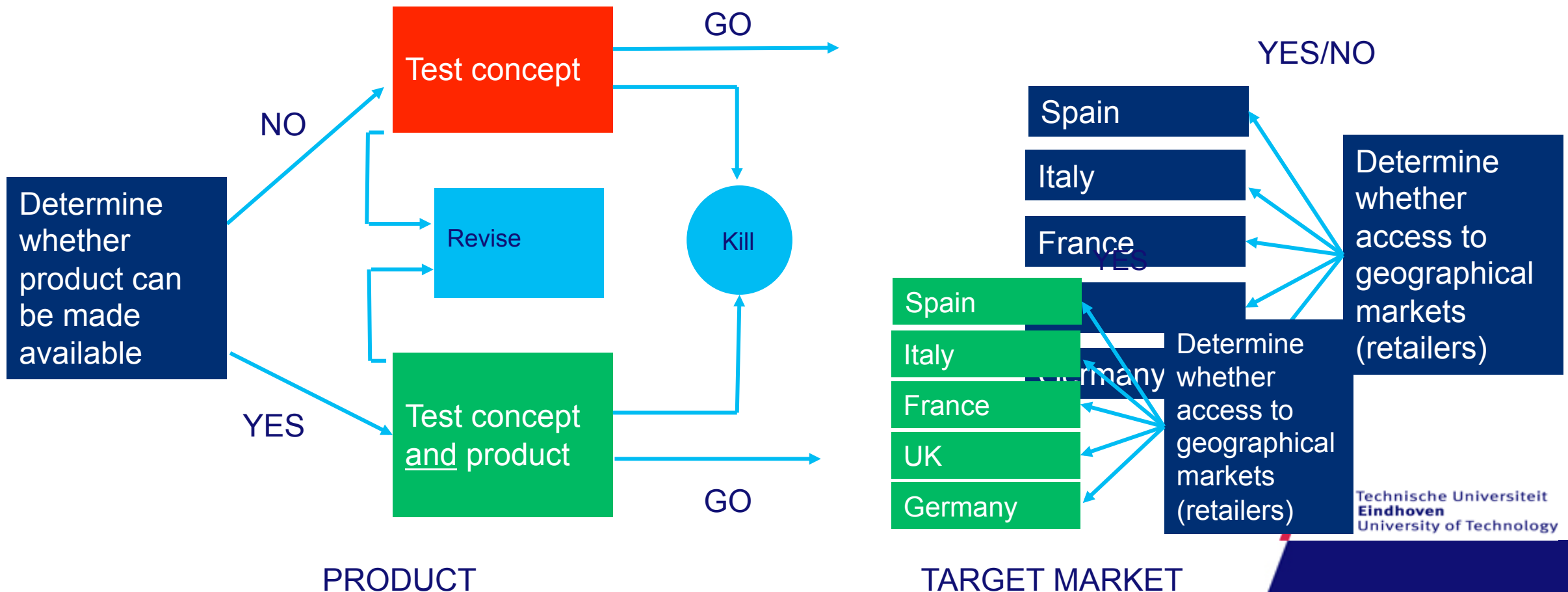
		<i>Grey mullet</i>	<i>Atlantic halibut</i>	<i>Pikeperch</i>
Product	<i>Value proposition</i>	<ul style="list-style-type: none"> • Environmental friendly (Farming vs. wild catch) • Easy to cook • Versatile in type of preparation • Premium product: Gonads - Bottarga • Low trophic level 	<ul style="list-style-type: none"> • Branded product (sterling) • High quality flesh • Scarcity (high demand, low volume farmed fish; quota wild catch) 	<ul style="list-style-type: none"> • Sold whole • Continuous supply (year round) • High quality flesh • French fish (country of origin) • Customizable size (near future) • Scarcity (increasing demand, low volume farmed fish; wild catch dominates)
	Customer interface	<i>Customer segments</i>	<ul style="list-style-type: none"> • Mass market: grey mullet (housewife) • Niche market: Bottarga • Main markets southern and eastern Mediterranean area. • No export. 	<ul style="list-style-type: none"> • Niche market: Dealers & Chefs
<i>Customer relationship</i>		<ul style="list-style-type: none"> • Close relationships • Big market with tradition 	<ul style="list-style-type: none"> • Short & long term relationships (building) 	<ul style="list-style-type: none"> • Short & long term relationships (building)
<i>Distribution channels</i>		<ul style="list-style-type: none"> • Partner channels: Dealers (face/phone) & Bottarga makers (face/ phone) 	<ul style="list-style-type: none"> • Partner channels: Small set of distributors (face/ phone) 	<ul style="list-style-type: none"> • Partner channels: Small set of distributors (face/ phone)
infrastructure management	<i>Key activities</i>	<ul style="list-style-type: none"> • Breeding • Farming • Processing 	<ul style="list-style-type: none"> • Breeding • Farming • Processing (transfers to customer given difficulty in processing fish) 	<ul style="list-style-type: none"> • Breeding • Farming • Processing
	<i>Key resources</i>	<ul style="list-style-type: none"> • Money / capital • Knowledge • Water quality • Oxygen • Temperature • Energy 	<ul style="list-style-type: none"> • Money / capital • Knowledge • Water quality • Oxygen • Temperature • Energy 	<ul style="list-style-type: none"> • Money / capital • Knowledge • Water quality • Oxygen • Temperature (constant) • Energy
	<i>Key partners</i>	<ul style="list-style-type: none"> • Hatchers • Farmers • Feed co. • Scientists • Processing 	<ul style="list-style-type: none"> • Scientists • Processing industry 	<ul style="list-style-type: none"> • Scientists • Broodstock (limited number of broodstock farms) • Transport
Aspects	<i>Revenue model</i>	<ul style="list-style-type: none"> • Cost price plus (market price wild catch) 	<ul style="list-style-type: none"> • Cost price plus (market price wild catch) 	<ul style="list-style-type: none"> • Market price wild catch
		<ul style="list-style-type: none"> • Cost-driven (grey-mullet) • Value-driven (Bottarga) 	<ul style="list-style-type: none"> • Cost-driven • Juveniles (7-8%) 	<ul style="list-style-type: none"> • Cost-driven • Feed (25%)

Next steps for Business Model development (spring 2017)

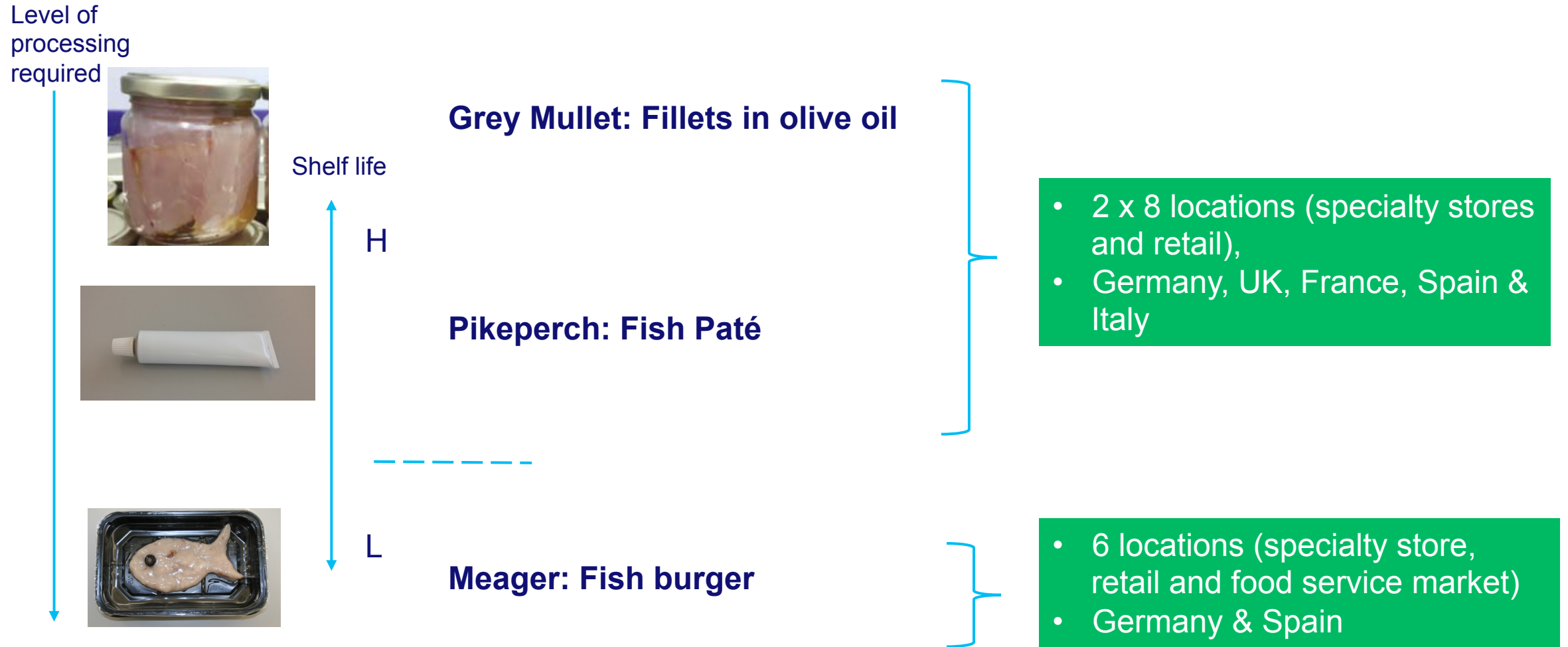
- **Finalization and validation** (*in session tomorrow morning*)
 - Based on effort from last year, D27.5; 27.7
 - Adding new information from concept tests, consumer/market research, biological research outcomes
 - Interactive session using input/reflection of partners

b. Launch strategy and test market

- **Goal: Test the concepts in (quasi) realistic market context, varying marketing instruments (product, price, promotion, place) in order to test response and optimize market approach**



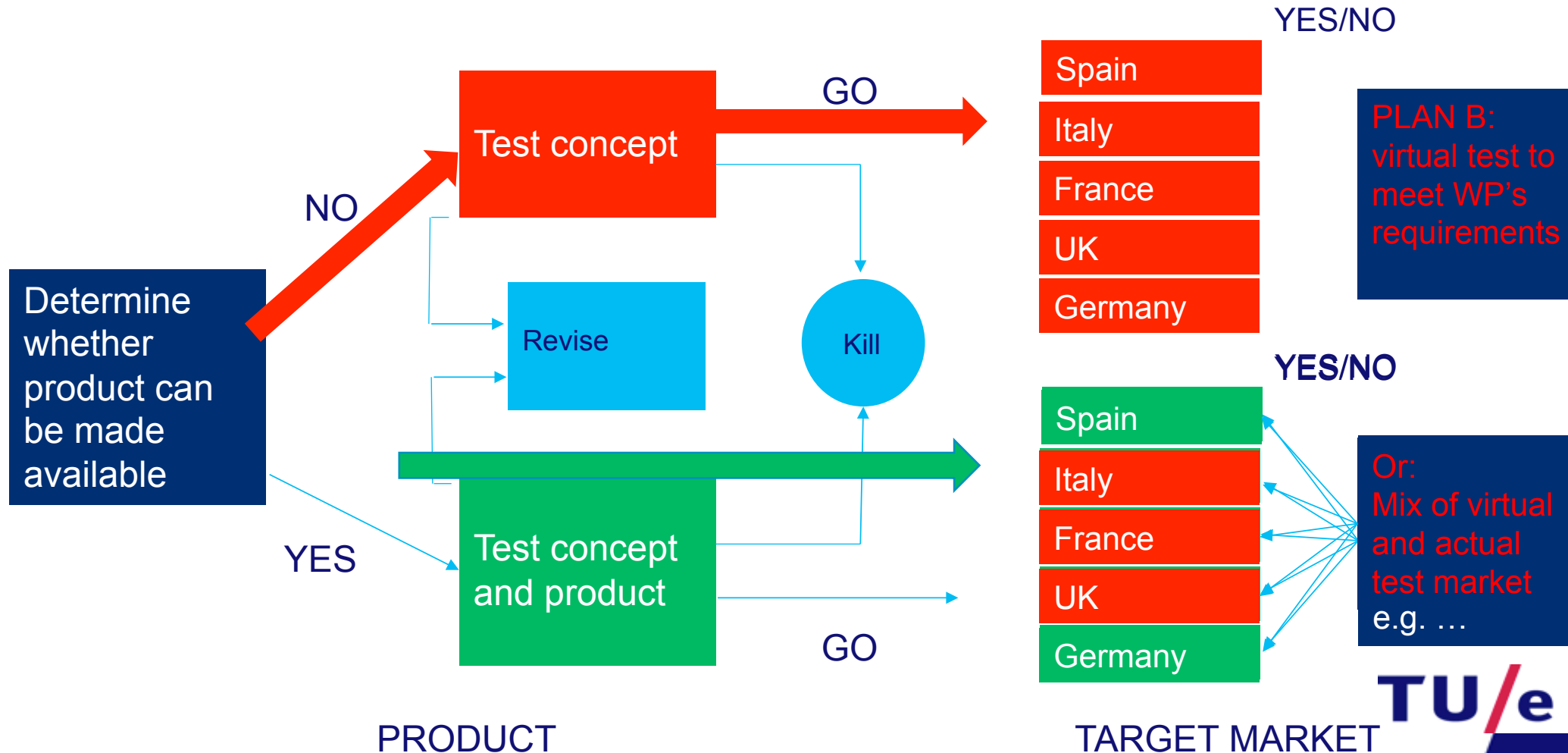
Our dream: (or optimal) set up we currently work with



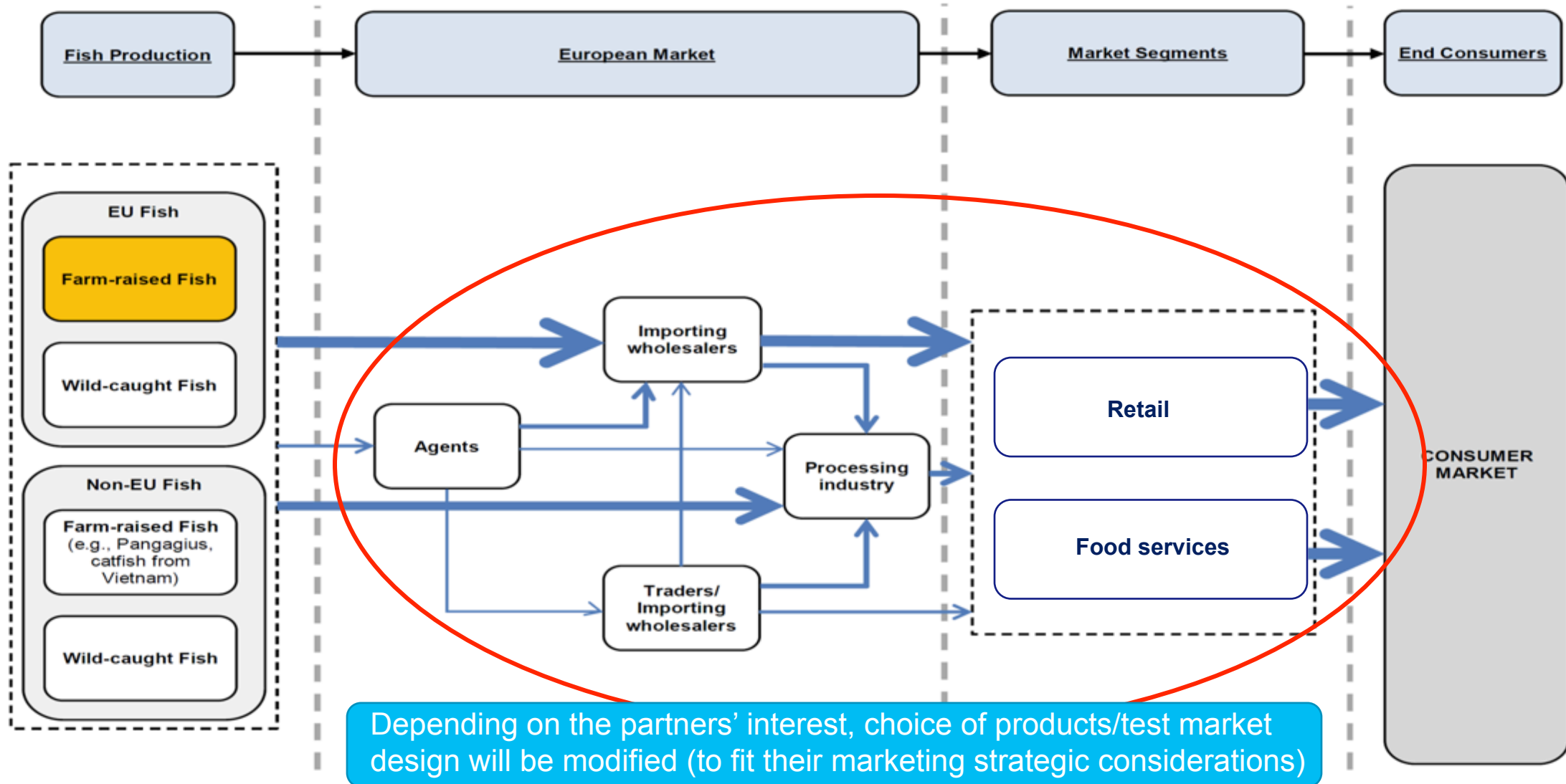
Minimal (so-called Taguchi) experimental design varying price, promotion, place, (product). 3 or 4 runs (=weeks) of approx 40 units to sell on location. Recording number and speed unit sold (DVs).

b. Market test Cont'd

- If no or only partial interest of producing firms can be mustered



The challenge that we as consortium face: engaging producers and partners with market access



c. New product market strategy development

- Aim:
 - **Identify opportunities** for newly developed products (WP 30.2) and suggest how to promote growth and market expansion.
 - **Predict diffusion** of the EU produced fish species internationally.
- Method: system dynamics modeling; **simulation**
- Input: Draw on results from test market

Previous efforts of socio economics program have pointed us in a certain direction (testing consumer products, retail oriented packaging). But, again partners' current market strategy and vision will be important input for this effort.

Diffusion and internationalization: Simulation

- System Dynamics

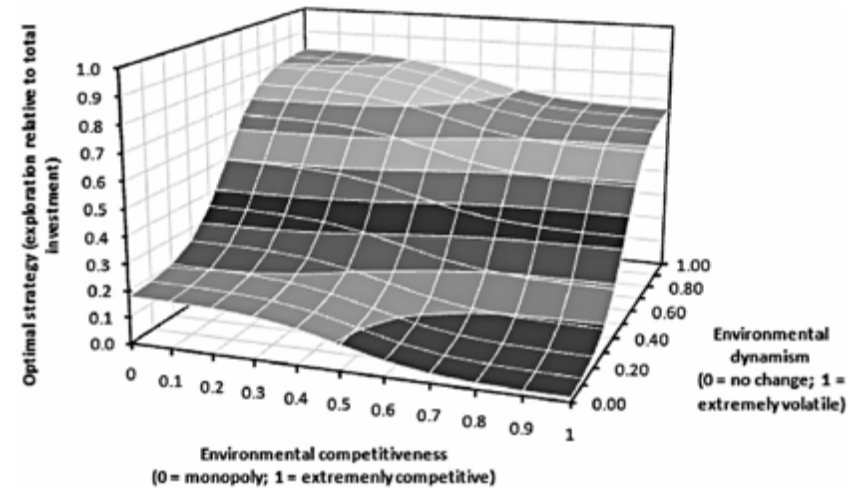
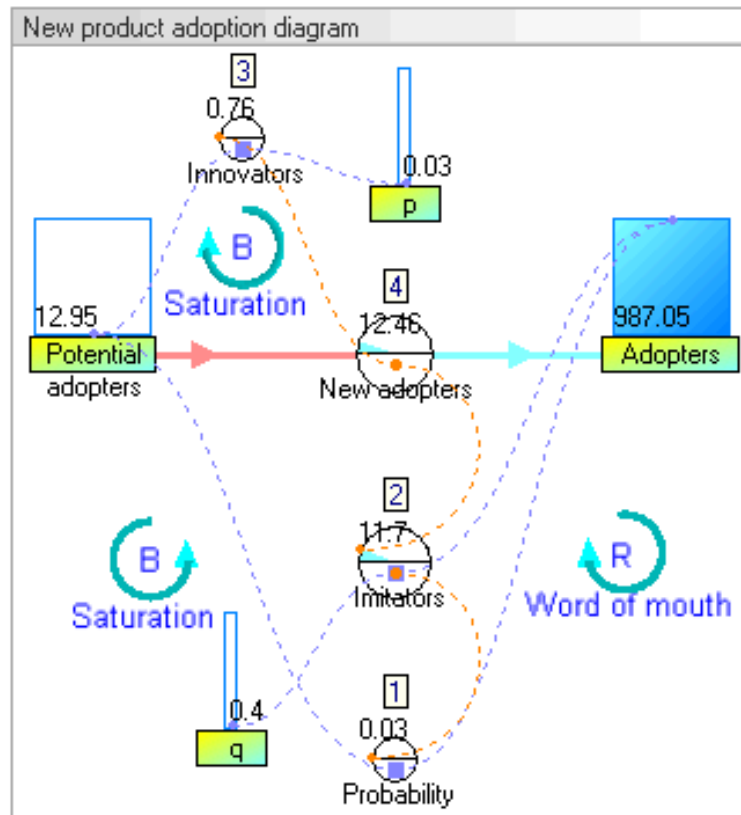
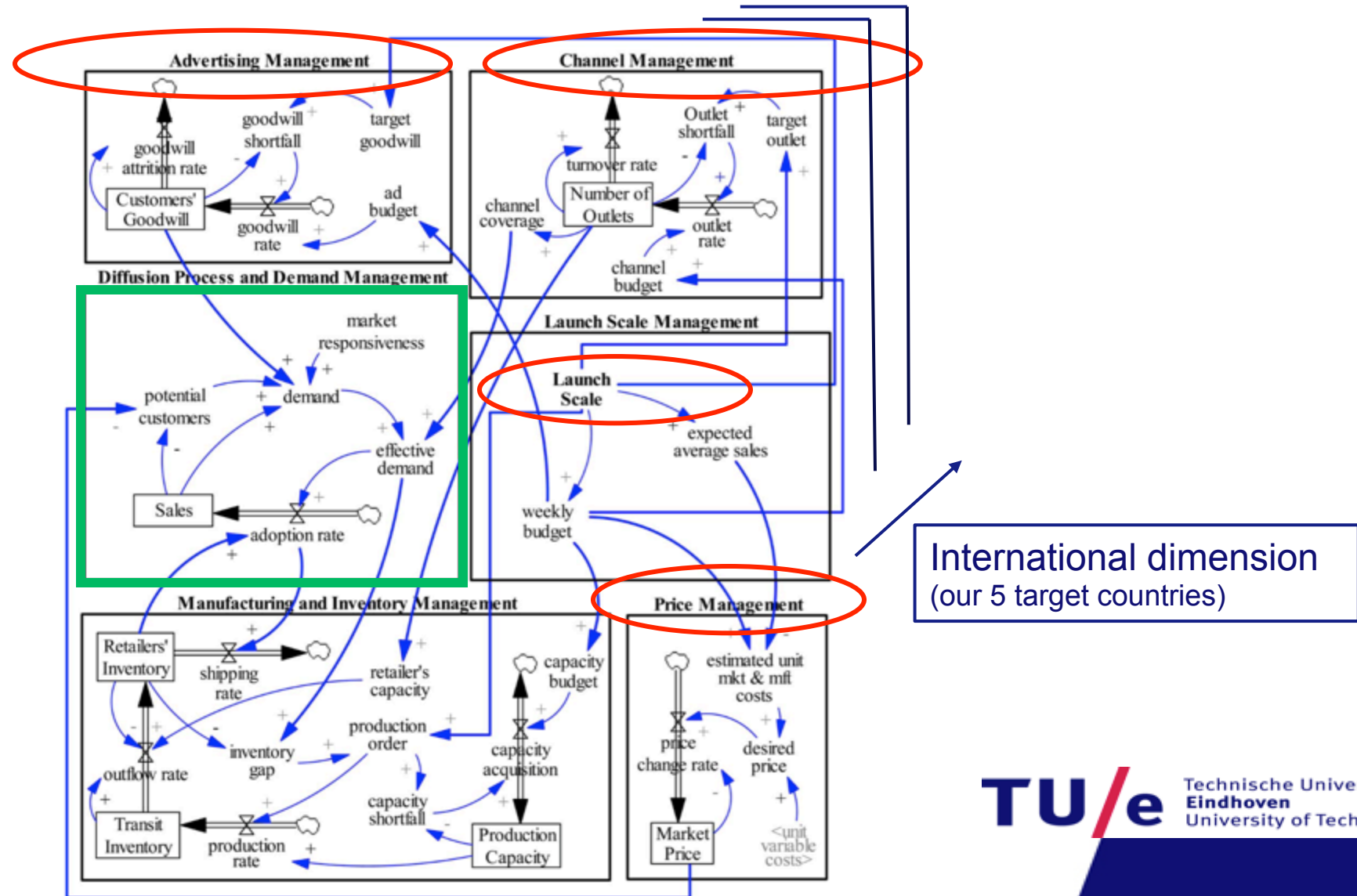


Figure 2. Appropriate strategy given the environmental situation

Walrave et al. (2012)

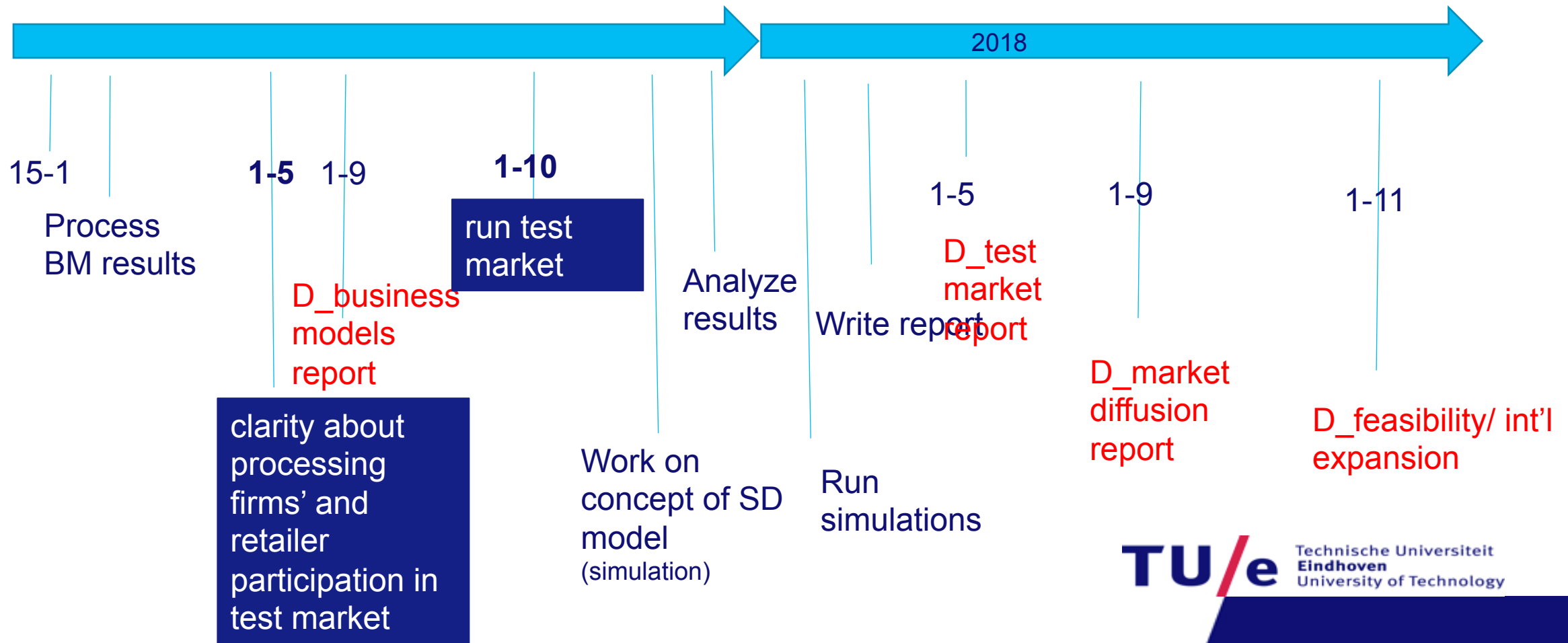
Extended model that we will build on



d. Industry development and international market expansion

- Feasibility study (SWR)
- Global market approach (SWR)

Global Planning



WP 30 – Deliverables

- D30.1 - 4
 - Report on Business Models
 - Incl. value propositions for the producers and Partners (M46-48)
- D30.5
 - New product marketing strategies per species and product (M52)
- D30.6
 - Report on results of test markets per species (M54)
- D30.7
 - Report on EU and international market development plans and recommendations (M60)

Thank you

