

Business model and marketing strategy development

Socio Economics
WP30; Deliverables 30.1-30.3

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Objective

- **Business models and market strategy generation for species**
 - based on products developed and tested (e.g. sensory, communication and pricing studies)
- **Offer guidelines for relationship development to ensure success**

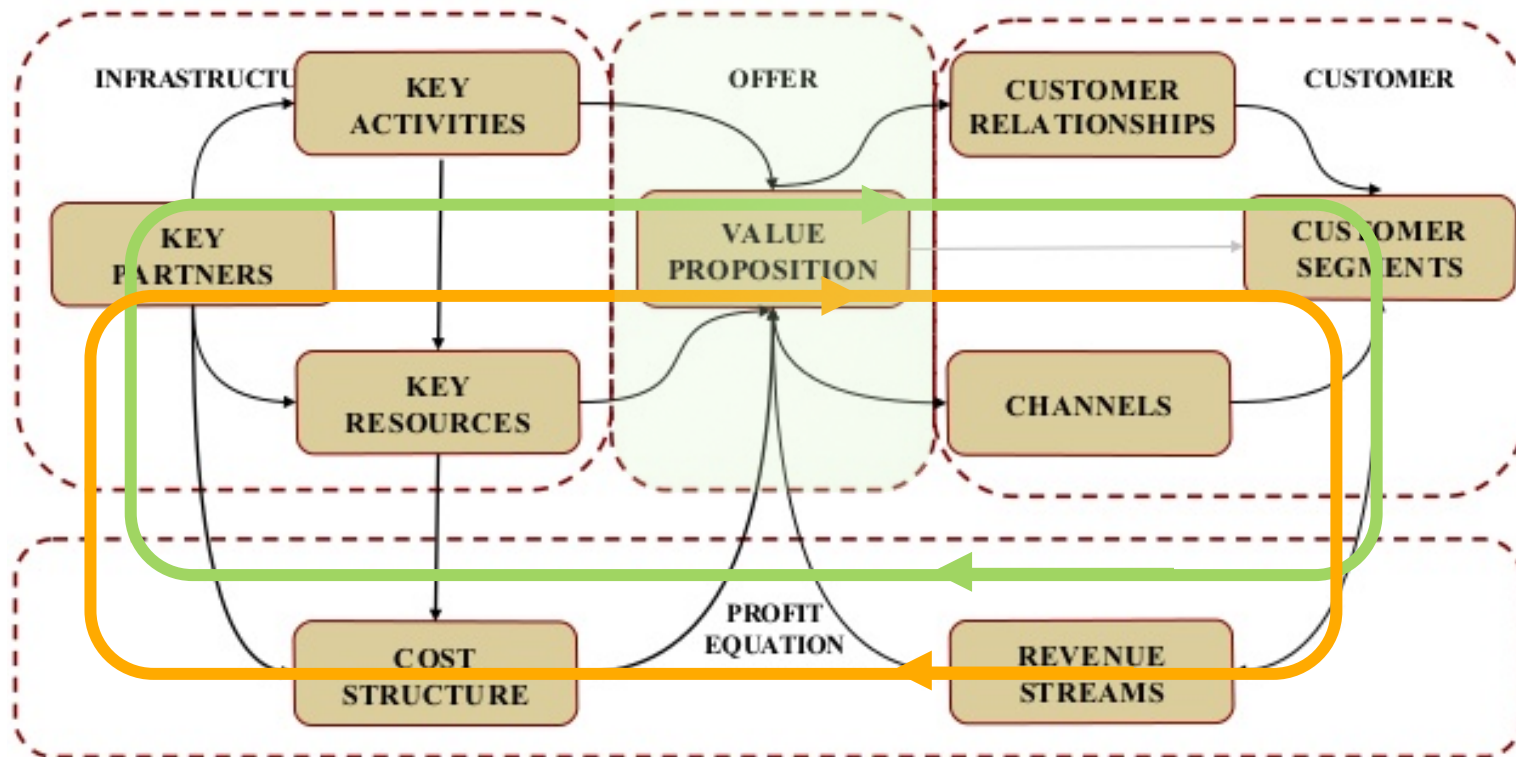
Business model: a reality check



Def. **Business Model**

A business model describes the rationale of how an organization creates, delivers, and captures value

Canvas model: Nine building blocks

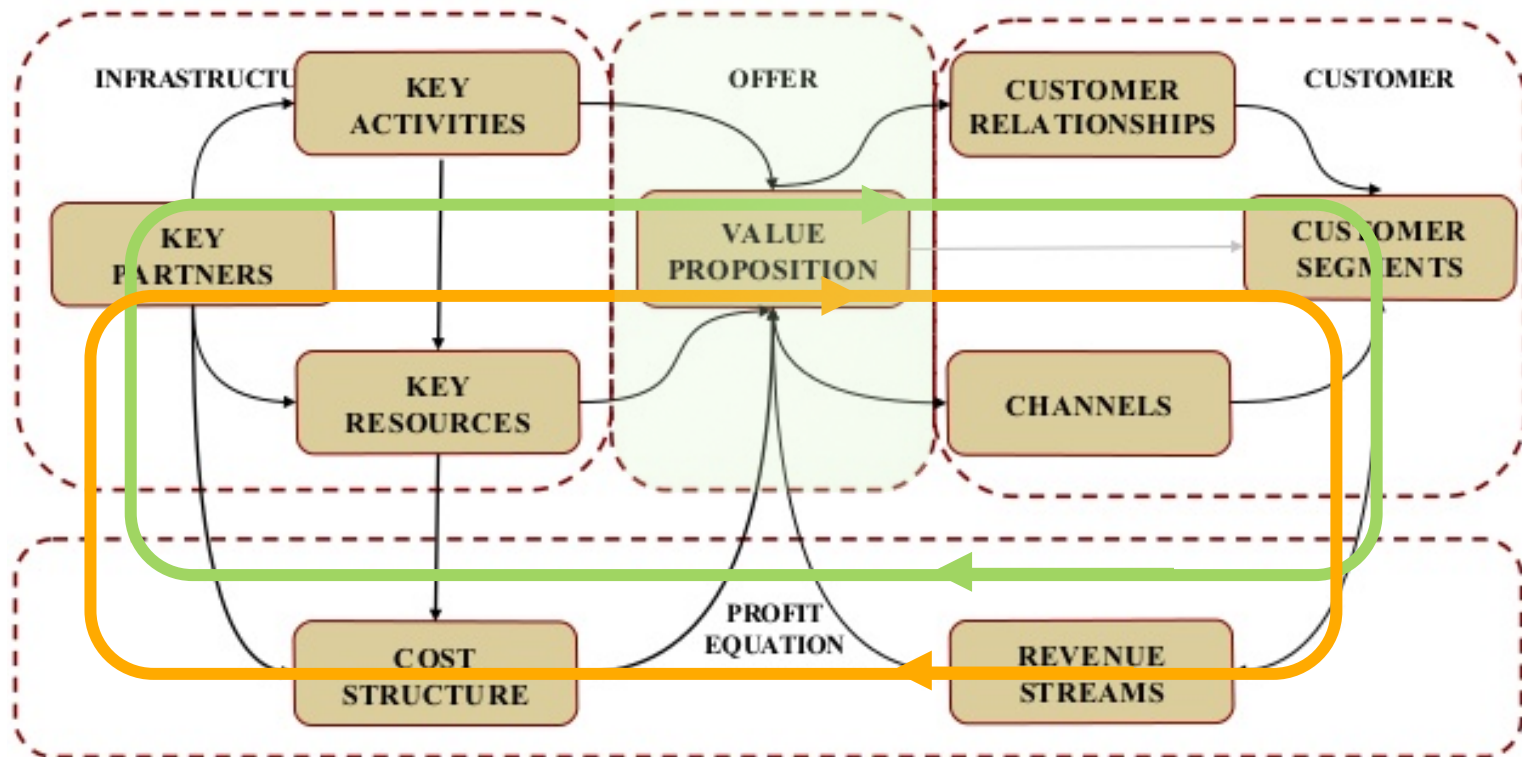


Litmus test:

-story ———

-do numbers add up ———

Current focus is story line



Litmus test:

-story —

-do numbers add up —

Inventory

	Production readiness (farming)			
	Low		high	
INNOVATION FUNNEL	Greater amberjack	Grey mullet	Meagre	Pikeperch
Stage 1 'Idea generation'	43 product ideas			
Stage 2 'Prototyping'				
Stage 3 'Product concepts developed' (29.4)				
Stage 4 'Consumer test communic's (29.5)				
Stage 5 'Business model development and market test' (30)				

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Stage 1 'Idea generation'	43 product ideas			
Stage 2 'Prototyping'	12 different prototypes based on 10 ideas selected for the 4 fish species.			
Stage 3 'Product concepts developed' (29.4)	Grilled steak	Thin smoked fillets Fillets in olive oil	Fish burger Fish salad	Fish pate
Stage 4 'Consumer test communic's (29.5)	Grilled steak	Thin smoked fillets Fillets in olive oil		
Stage 5 'Business model development and market test' (30)				

Empty bucket issue...

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Stage 4 'Consumer test communic's' (29.5)	Grilled steak	Thin smoked fillets Fillets in olive oil		
Stage 5 'Business model development and market test' (30)	No product yet	No product yet	No product yet	No product yet



Conclusions

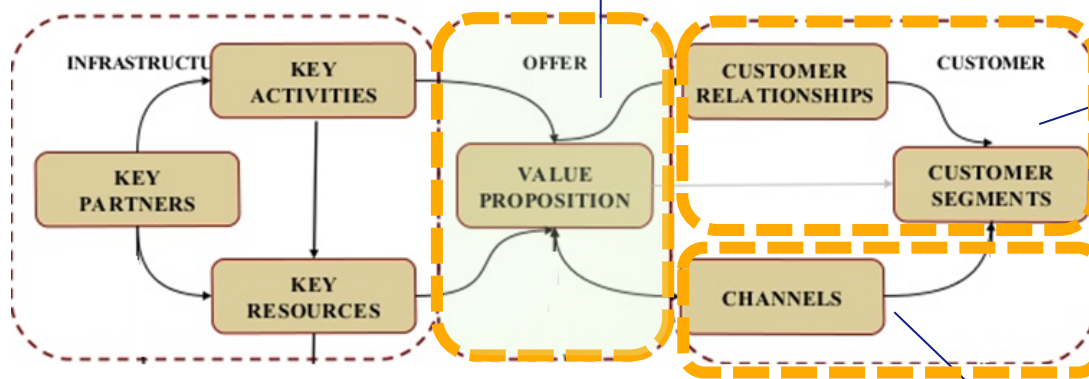
- Partners' fish production remains rather experimental even for more production-ready species
- Funnel coordination would be beneficial
- *Consistent with this:*
 1. Switch from actual to virtual market test
 - Study online, competitive setting
 - Manipulating several launch elements (e.g., price, promotion)
 2. Drawing on prior Deliverables to fill in the model (also adding data) but accepting limitations

Methodology

- **Three sources**
 - **Prior deliverables, in particular:**
 - **D27 current business model**
 - **D28 product ideas, concepts, sensory tests and customer response**
 - **D29 segments and communications research**
 - **Workshop in Barcelona on Business models**
 - **Additional**
 - **Survey focusing on relationship development with key partners**
 - **Desk research**

Example: Pikeperch's general BM

- Fresh water fish resembling rainbow trout and carp
- Soft texture, mild taste, versatile in preparation
- Recognizable/skin marks
- Revenue from selling fillets but may also accrue from selling juveniles and fish to recreational ponds
- ***Delicious fresh water fish from a trustworthy source close to home.***



- Consumers prefer products sold under local label; willing to pay higher price
- Main market German speaking countries, however also well accepted in eastern European countries (fest days).
- Potential in N-America and China
- Target segments: Innovators and Traditionals

Leveraging retailers' relations
Super markets and mongers
Buying criteria:

- (i) reliable delivery,
- (ii) physical product quality,
- (iii) attractive product line/price
- (iv) lean order handling
- (v) Traceable; label/certificate

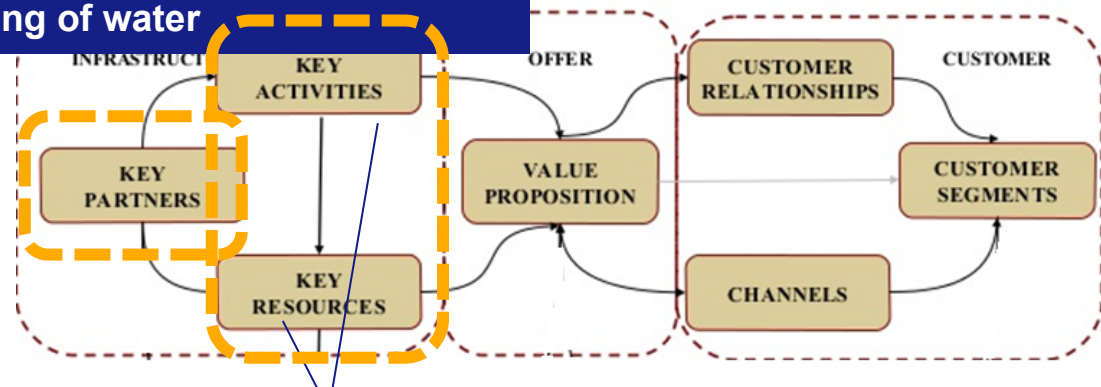
Example Pikeperch's general BM

SUPPLY SIDE

- Several parties have invested in new farming facilities e.g., Fish2be (BE), AcquiPri (DK)
- However, producers come and go (French partner went bust);
- So, still trying to cross the “valley of death”

ISSUES:

- Growth lowers disproportionately after 800 gr
- Cannibalization
- Prone to stress and bacterial loading of water



- Relationships with research institutes
- Water treatment/equipment suppliers
- Channel partner
- Investors

- **Strong production knowledge required (e.g. spawning, post mortem treatment)**
- **Good data and live stock management for optimal results**
- Energy cost management
- Relationships with research and water treatment/equipment suppliers
- Constant supply, e.g. using multiple breeding groups
- Labeling/traceability.
- **(International) marketing knowledge (eg, brand, channel relations)**
- Financial slack to overcome incidents

Example: Pikeperch, detailing value at product level -- fillets

- Fillets rather than pâté/ spread which was originally selected in stage gate decisions
 - based on feedback Barcelona workshop (inappropriate post mortum treatment).
 - positive results from additional sensory test
- Freely interpreting results of communication and pricing studies that excluded Pikeperch...

4.3.4. Pikeperch- Fish fillets†

Table 2d. Detailing of value proposition and marketing mix for pikeperch/fish fillets (based on D28.2, 29.6)

	<i>Fish fillet</i>	<i>Suggestions</i>
<i>Value proposition</i>	<ul style="list-style-type: none">• [no information]• 2 small fillets (with and/or without skin)• High price, market confirm with premium: 9-10 euro /300 g	<ul style="list-style-type: none">• Position as fresh water fish with excellent taste• Premium product / meal component• Healthy and lean; e.g. Omega 3• Offer with skin to emphasize uniqueness; (may be also offer without skin)• Sustainable ASC label• Offer recipes in print and online

Example: Pikeperch, detailing value for fillets

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<i>Customer segments</i>	<ul style="list-style-type: none"> • Hedonic consumer with high sensory quality / convenience & environmental conscious • Mass market strategy in German speaking countries • All other countries may be better to focus on niche 	<ul style="list-style-type: none"> • Niche product • First penetrate German speaking countries, and France. Followed by Belgium, Netherlands
<i>Customer relationship</i>	<p>Focus on existing contacts</p>	<ul style="list-style-type: none"> • Build awareness for new species with trade/restaurants and consumers • Offer with recipes • Consider using celebrity support in adoption (food blogs/vlogs)
<i>Distribution channels</i>	<ul style="list-style-type: none"> • Super market, specialty store, convenience store • Catering and restaurants 	<ul style="list-style-type: none"> • Retail • Mongers • Restaurants • Use results from extra sensory test to convince Spanish parties

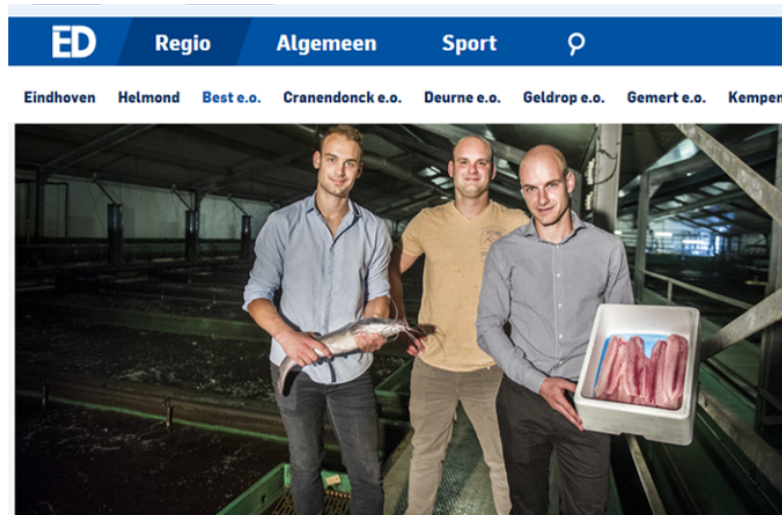
† We selected, for pikeperch, fillets rather than pâté/spread based on feedback during the workshop.

Conclusions

- **Business models remain difficult due to lingering research stage**
- **Story line for some species is consistent and looks promising**
 - **new attempts for farming Pikeperch e.g., Fish2be and AcquaPri, plus investments of Migros (Swiss retailer) in outgrow basins confirm potential**
 - **However, for several other species BM less clear/obvious**
- **More channel and marketing investments appear necessary to ensure business model viability**
 - **Create buy-in from channel partners; co-create**
 - **Prepare consumer market e.g. recipes/TV chef(s)**
 - **Be able to defend competitive position (e.g., brand)**

Results from Relationship study (D30.3) offer further support

- **Comparing current *versus* planned relational investments we identify challenges for farmers:**
 - **Current focus is mainly on partners involved in (re)production**
 - **A shift towards market development and channels is anticipated**
 - **However,**
 - **several partners rely on government/association to raise consumer interest**
 - **planned marketing and channel efforts increase, but still appear rather low**
 - **extra attention for certificate /labelling could be warranted**



Sustainable fish of pioneers from Son proves unsellable

SON EN BREUGEL - Not many fish are grown as durable as Claresse from the town of Son. Nevertheless, the pioneers in fish farming do not succeed in getting an official certified quality label: too small and unknown. Today, fish without a quality label is not welcome in the super market.

Eindhovens Dagblad, redactie 19-07-17, 09:49

Important observations

- **Approach to business models seems evolutionary. Little attention to**
 - ...learning from other, related sectors
 - ...little attention to alternative products (e.g. exclusive pet food) and full valorization (e.g., depleting value options in production process)
 - ...business model innovation could be explored more
- **It requires moving from current (re)production-
via product-, towards marketing focus**
 - Innovation research shows that market development underestimated, it typically requires similar effort as R&D
 - Sometimes less (production volume), is more

THANK YOU FOR YOUR ATTENTION!