DEVELOPING A NICHE MARKET FOR AUSTRALIAN WILD CAUGHT EELS IN CHINA

Initial Workshop

Yamba
18 August 2017

Jayne Gallagher
Honey & Fox Pty Ltd

Honey & Fox
sweet and smart

Agenda – fast and focused!

11:00am	Welcome and introductions
11:10am	About the project
11.20 am	Getting to know you and your business
11:40am	The China Market and Exporting
12.10am	The Consumer, Marketing and Branding
12:40am	Communicating about the project?
12.50am	Our timetable of action!
1.00pm	Workshop close

Who am I?

- 10 years in Federal Government (DFAT, Austrade, Defence and Agriculture)
- 20 Years experience in seafood industry
- 8 years with Seafood CRC market and product development focused in Asia
- BSc - ANU
- EMBA - QUT
- Harvard Business School

The business

- July 2015 Founder and Managing Director with 2 colleagues from the Seafood CRC
- Provide strategy, market development and communication services for food and agribusinesses primarily in Asia
- Offices in Brisbane, Hobart and Adelaide, Sydney & Shanghai – soon in Singapore
- Currently working with seafood and pork to China

Honey & Fox

sweet and smart

Our Clients

- Candy Abalone Pty Ltd
- China Cuisine Association
- Fisheries Research and Development Corporation
- Institute of Food and Grocery Management
- Australian Harvest
- Lobster Exporters New Zealand
- Meat & Livestock Australia
- Australian Pork Limited
- New South Wales Seafood Industry Council
- Sydney Fish Market
- Southern Rock Lobster Limited
- Torres Strait Regional Authority
- Two Gulfs Crab
- Planet Protector Packaging
- Queensland University of Technology

China Experience

- Market and consumer insight research for
  - Australian Wild Abalone
  - Southern Rock Lobster (Australia and New Zealand)
  - SFM
- Australian Wild Abalone program in China & HK
- Developing and launching new premium pork products into Hong Kong and China
- Market familiarisation visits – China and Australia
- SFM China Strategy

Our China Journey!

About the Project

What we have been funded to do

Step 1: Initial Workshop

- Establish communication protocols and contact points to support information exchange throughout the project.
- Establish a dedicated page on the PFA website for communication with project stakeholders
- Establish mechanisms to consult with stakeholders during each step of the project and report on findings as they occur
- Link to Seafood Trade Advisory Group for regular market intelligence reports on the seafood market in China

Step 2: Supply Chain Study

- Research the Eel business
  - where it is caught, how much and how often,
  - transport needs to maintain product quality and integrity,
  - Australian export regulations and Chinese import regulations as they pertain to Eels from Australia
- Conduct phone/skype interviews with all relevant stakeholders (fishers, government, transport and logistics providers and others)
- Collate the data and develop options for creating an efficient supply chain that consolidates shipments to China via GFresh

Step 3: China Market Research

- Conduct desktop and in-market research with supply chain, potential channel partners and consumers
- Collate the data and conduct a teleconference with Eel fishers and PFA to discuss initial findings
- Conduct any supplementary research needed to clarify initial findings
- Prepare a report providing an analysis of the findings and recommendations for undertaking a market trial in China via the GFresh e-commerce platform

Step 4: Market trial planning workshop

- deliver a workshop outlining the research, findings, conclusions and a draft action plan for discussion.
- reach agreement as to how the fishers can work collaboratively to trial market shipments to China via the GFresh e-commerce platform
- develop a draft action plan for undertaking the trial shipment
- Agree performance metrics

Step 5: Trial shipments

- Work with the Eel Fishers, supply chain partners, Export facility and GFresh to send an agreed number of trial shipments to China
- Organise for data loggers to be inserted into shipment boxes and then retrieved to enable analysis of supply chain performance
- Collate reports from receivers regarding product quality and market response
- Communicate with Eel fishers as shipments are sent and received, provide market feedback and make any changes required

Step 6: Final project meeting

- deliver a summary of all the research findings and the outcomes of the trial shipments,
- Discuss the feasibility of working collaboratively to develop a niche market for Eels in China
- If agreed that it is feasible develop a draft action plan to do that
- If not prepare a final report detailing why it isn’t feasible

Lets get to know you and your business

Workbook

China market and exporting

Workbook 2


A long and proud history

Pace of Change

7 = 1

Seafood is BIG business in China

China is expected to consume more than 50% of the world's seafood production by 2020


Everyone is headed there!

Chinese official statistics for eels - 2017

- Live eel
  82 953 kg
  US$ 756 437
  US$ 9/kg.
- live eel fry
  14 451 kg
  US$ 2 229 136
  US$ 154/kg

- Australia ranked second after Thailand in the top list of import source countries for China's import of live eels (excluding fry).
- Both fry and other live eels were mainly imported by southern Chinese cities, such as Xiamen, Guangzhou, Fuzhou etc

Chinese official statistics for eels - Australia

	value	volume	$/kg
2015	22702	1466	15.49
2016	84610	5334	15.86
2017	178328	12960	13.76

Chinese official statistics for eels - Australia

2016 – 6th

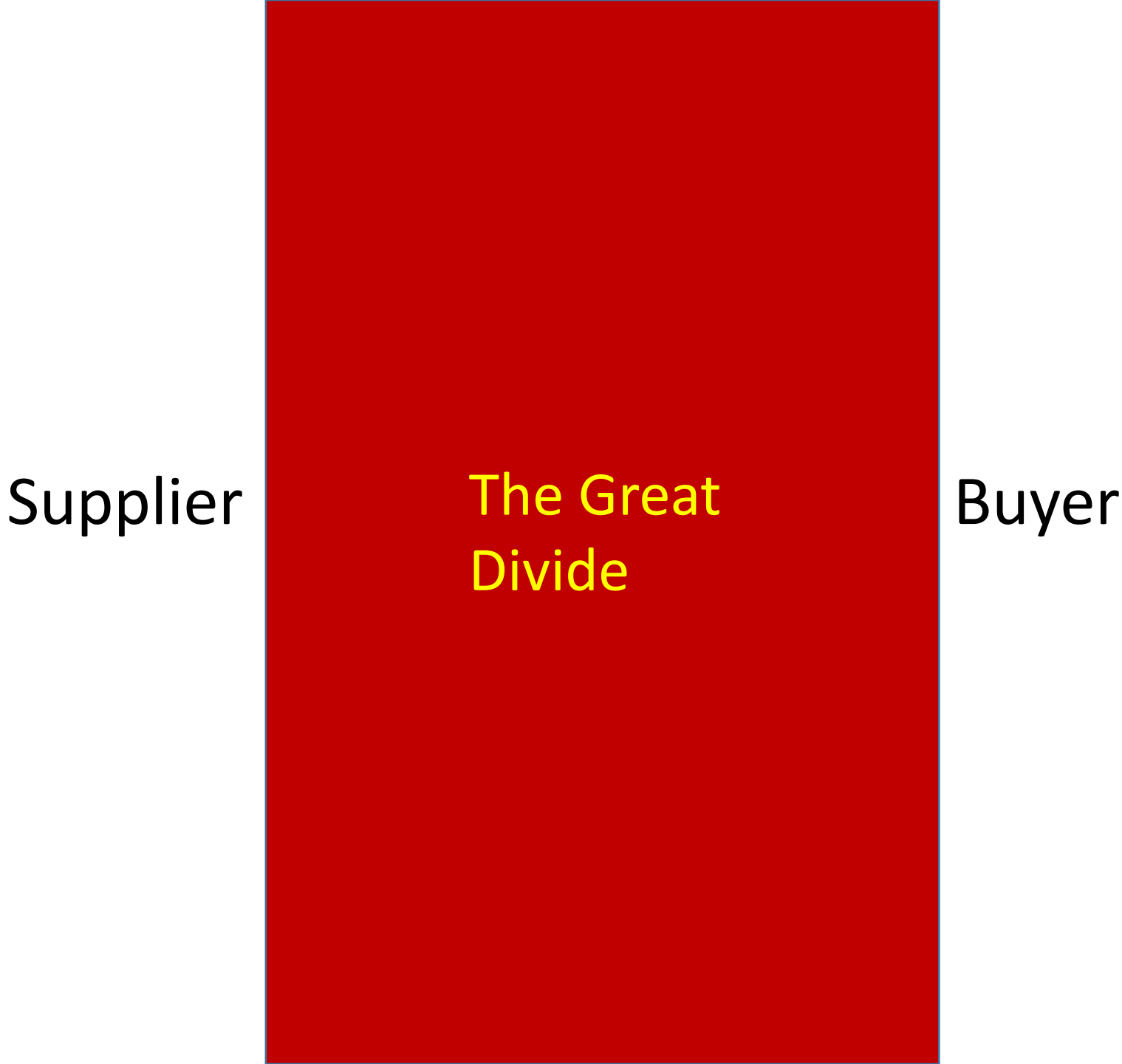
New Zealand	46,092	476,248
Indonesia	34,743	398,155
Thailand	33,525	281,972
Myanmar	12,512	116,669
Madagascar	9,311	93,388
Australia	5,334	84,610

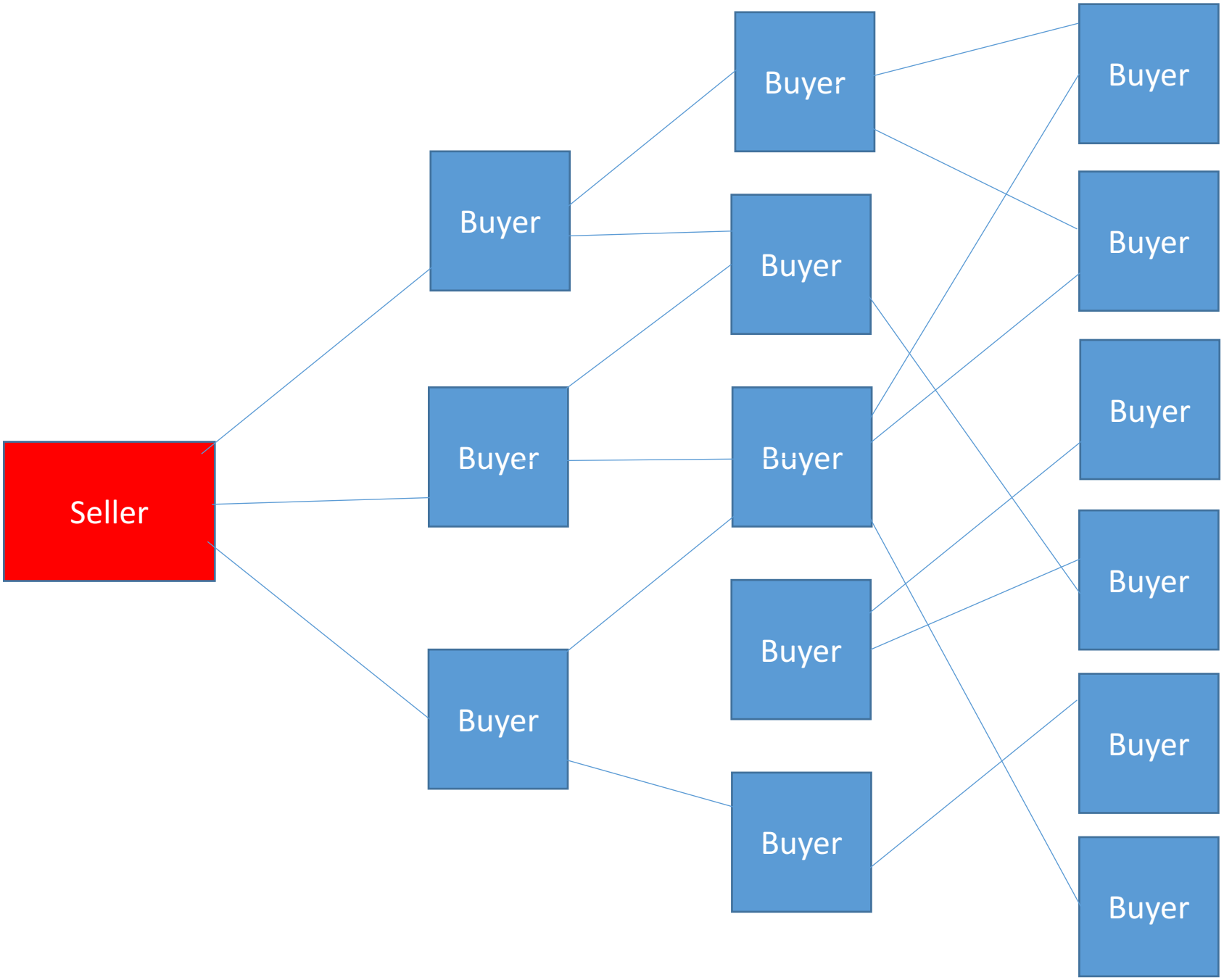
2015 – 9th

New Zealand	157,023	1,909,883
Indonesia	61,229	687,551
Madagascar	20,502	205,628
Bangladesh	31,180	144,236
Myanmar	11,392	101,414
Thailand	11,585	93,580
India	12,442	88,481
USA	2,640	25,155
Australia	1,466	22,702


The old business model is dead!


JAPAN
MAFF
Ministry of Agriculture, Forestry and Fisheries
JETRO
Japan External Trade Organization
Japan
STAFF ONLY


Supplier
The Great Divide
Buyer


Seller
Buyer
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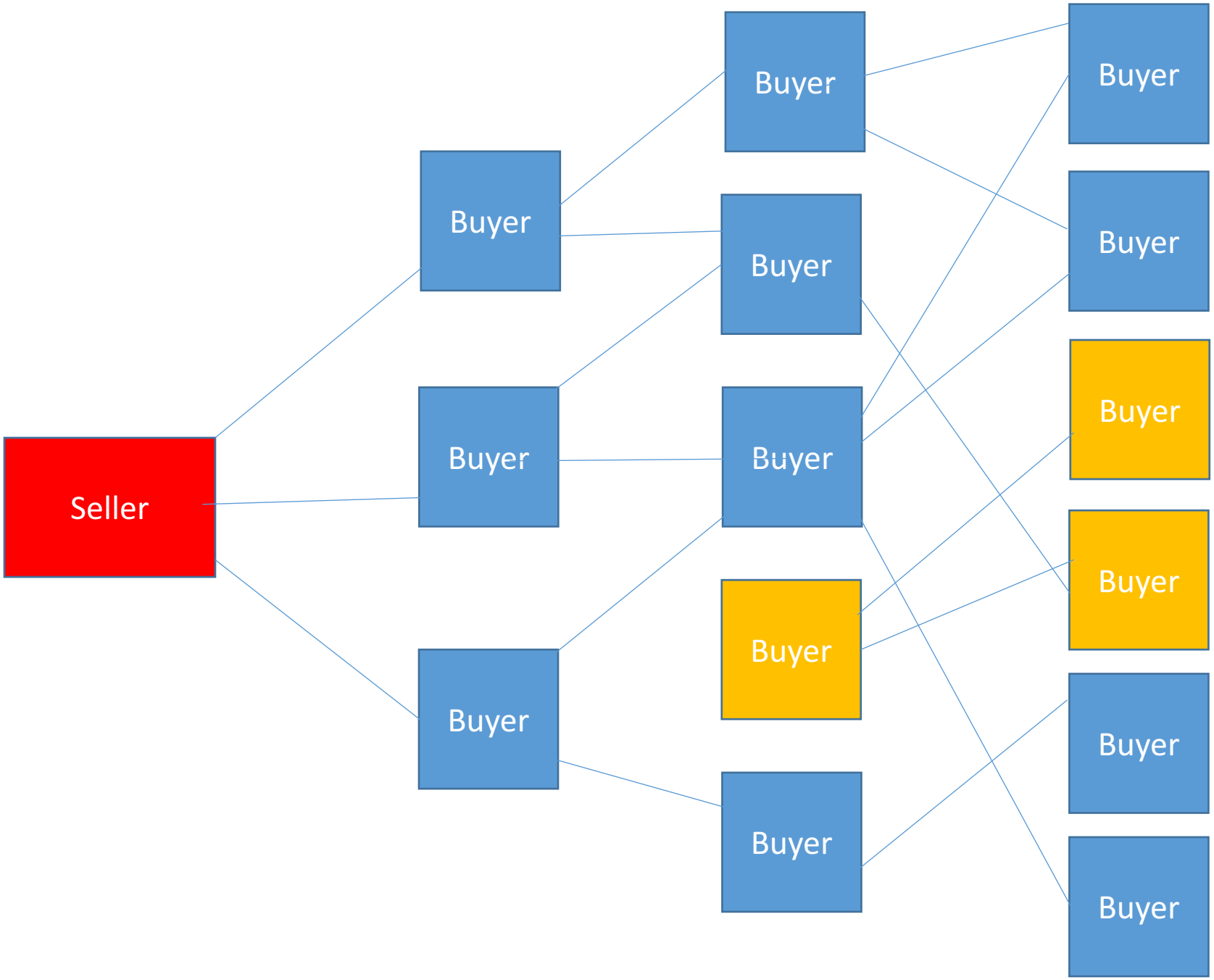
Seller
Buyer
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e-commerce

An ecosystem with many touch points

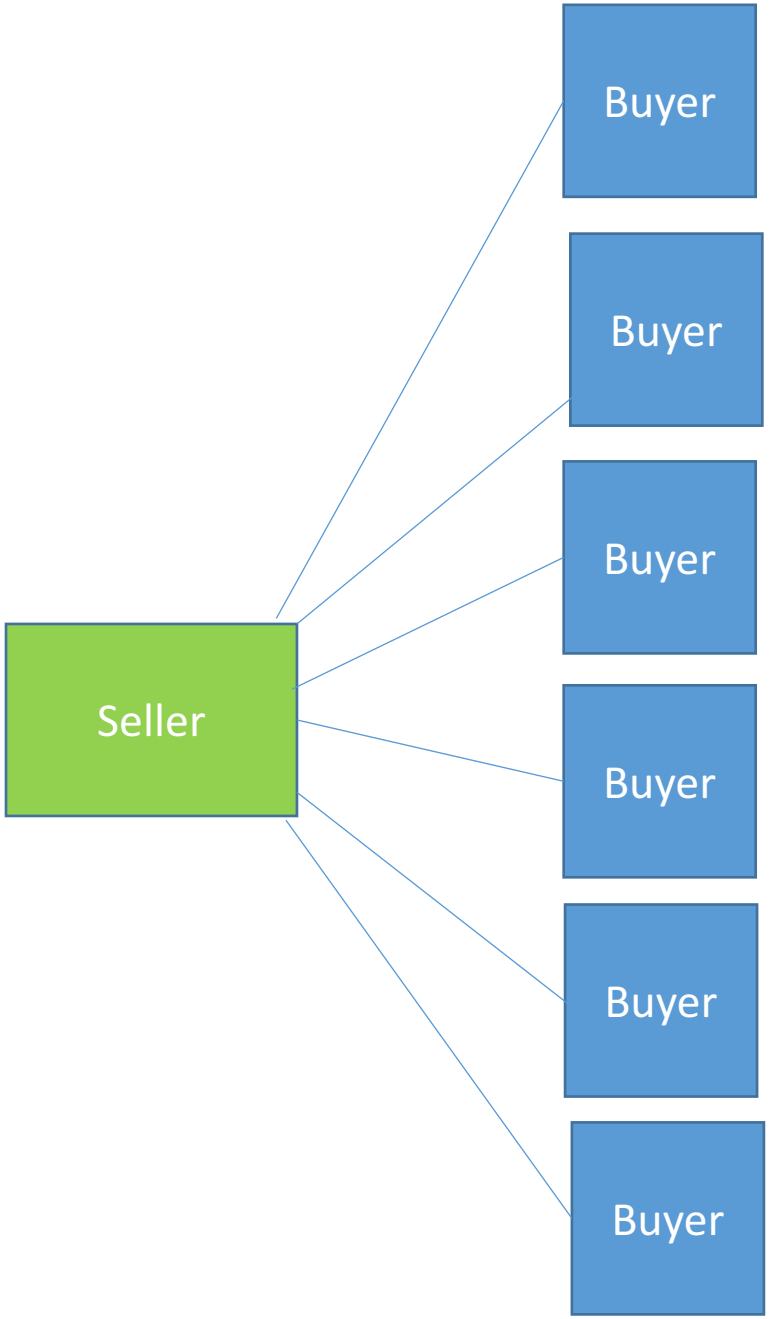
China has 700+ million Internet users

90% via a smart phone

淘宝网
Taobao.com

Alibaba.com®

天猫 TMALL.COM


Buyer
Buyer
Buyer
Seller
Buyer
Buyer
Buyer

JD Fresh Food's Cold Chain Coverage Area

JD.京东.COM

Cold Chain Coverage Cities

Covered Cities: 100+

Same-day Delivery Cities 21+


E-commerce distribution centre Beijing


环球海鲜
海外原包
一箱起送
鲜活直达
FRESH.CO
极鲜网
Gfresh.com

65% of Canada's live crab is now sold online by Gfresh - direct to China

1.5 years ago not a single Canadian Crab was sold online!

G Fresh (B2B) online seafood

2015

- 200 sellers - global
- 2500 registered buyers
- Live seafood specialty

2016

- 3-4 x growth
- 50,000+ lobsters sold every day of 2016
- Largest online seller of crabs
- 20 buyer cities
- Live, Fresh, Frozen
- G Fresh app
- Product tracking

Questions for our project

Question 1:
What market segment are you targeting now with what product?

What would you like to do?

Question 2:
What barriers do you currently face getting your product to market and managing it?

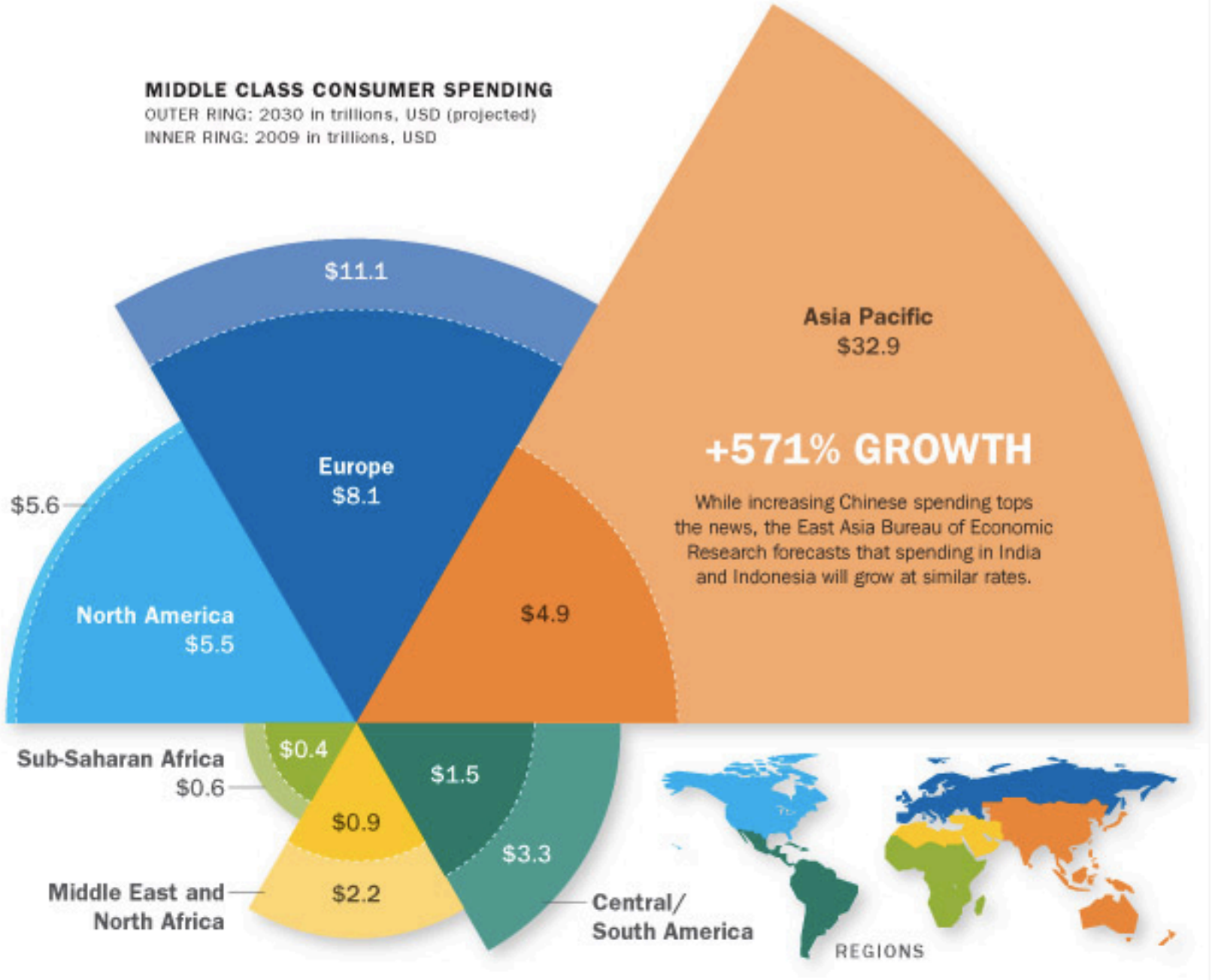
How could you overcome these barriers?

Question 3:
Who could you partner with – people and organisations?

Question 4:
What does your supply chain look like?

Consumer Marketing and Branding

Workbook 3



Source: https://qzprod.files.wordpress.com/2013/01/middle-class-spending.png?w=611

Who are these consumers?

Question 1:
Describe your consumer in China?

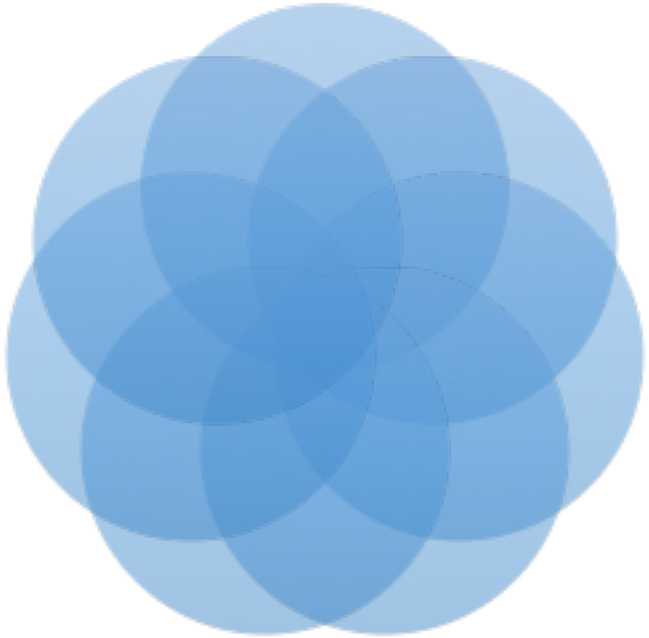

PORKSTAR


EMPEROR

Luxury focused

Looking for experiences

mid to high income



Concerned about food safety

30-85 years old (average age 33)

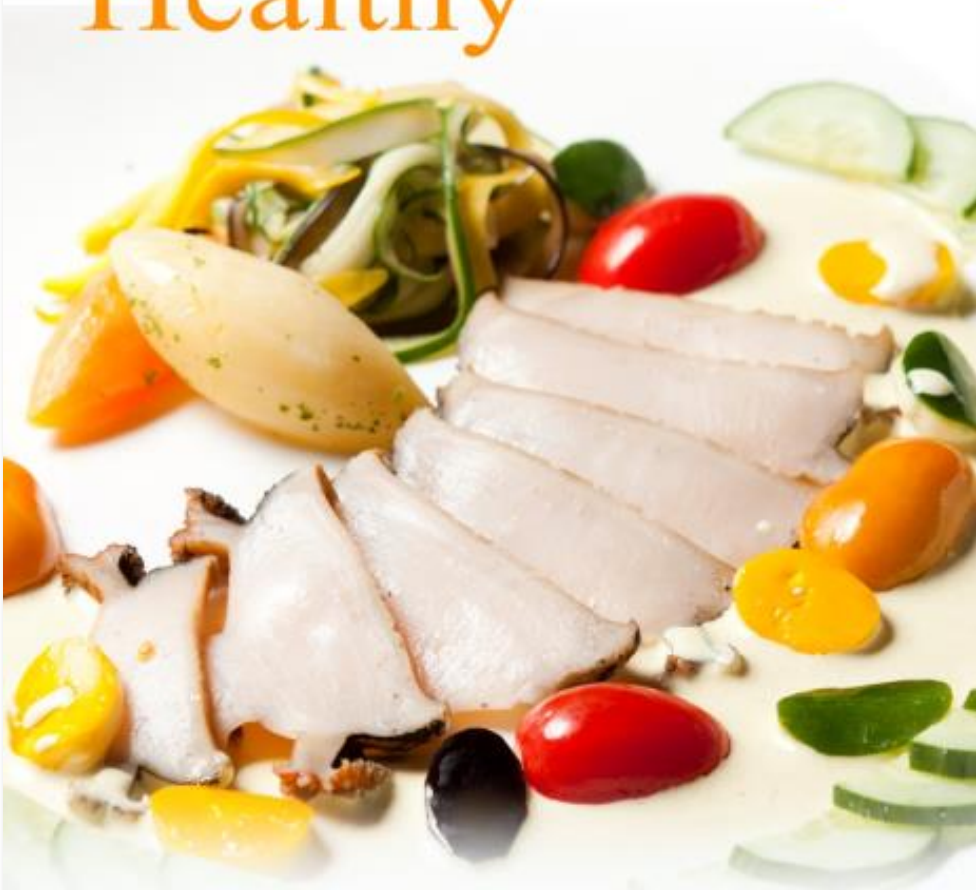
Well travelled

Foodies

Question 2:
What are the drivers and barriers for your consumers?

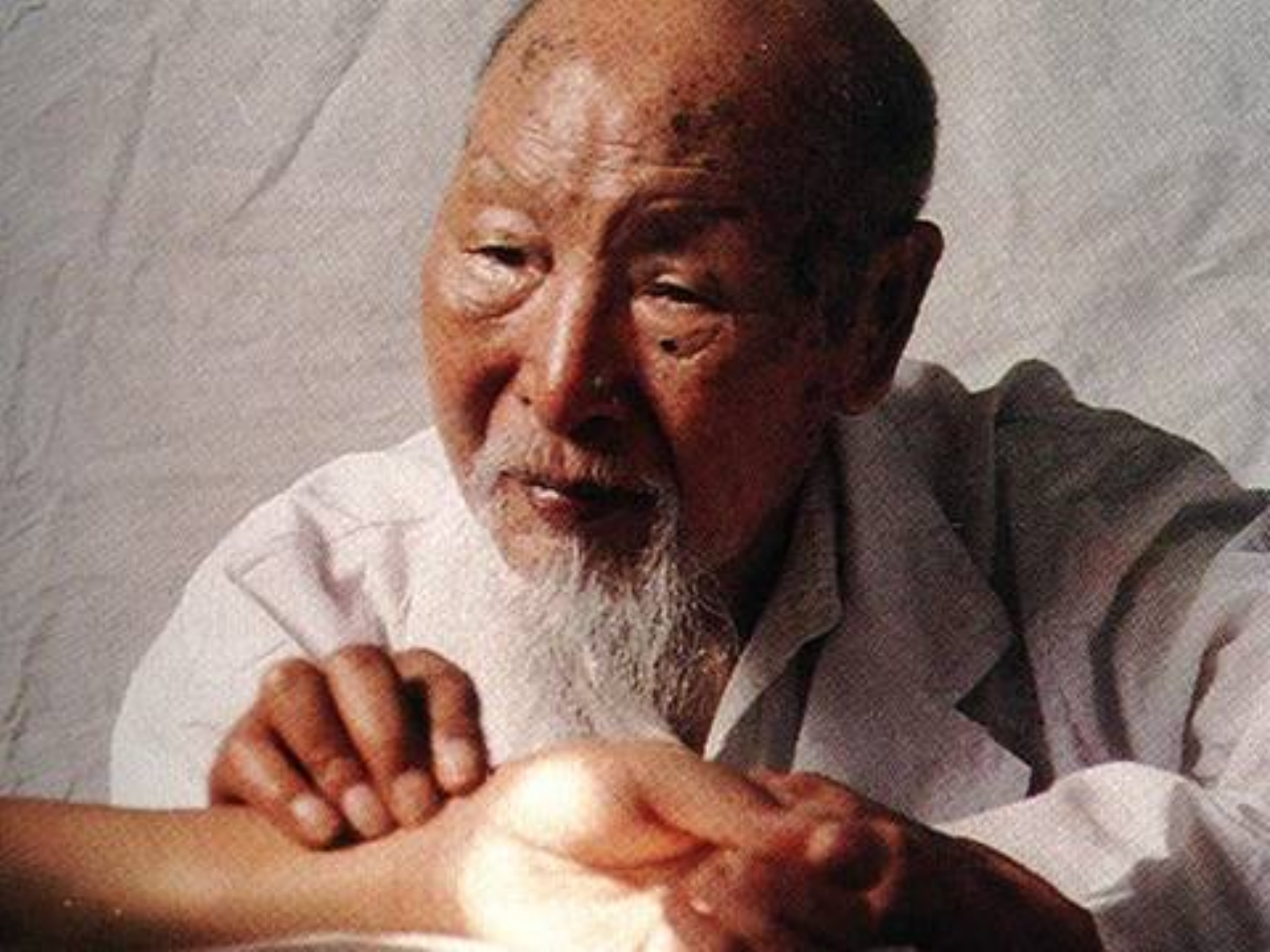

SAFETY
FIRST

Naturally Healthy



Taste the Australian Ocean

WILD ABALONE - SERVING SIZE: 100G SERVINGS PER PACK: 1	AVERAGE QUANTITY PER SERVING	% DAILY INTAKE* (PER SERVING)	AVERAGE QUANTITY PER 100G
ENERGY	392kJ	4.5	392kJ
PROTEIN	18.6g	37.3	18.6g
FAT, TOTAL	0.58g	0.83	0.58g
saturated	0.29g	0.85	0.30g
trans	0g		0g
polyunsaturated	0.24g		0.24g
omega-3	0.094g		0.094g
docosahexaenoic acid	29.30mg	97.7	29.30mg
eicosapentaenoic acid	6.67mg	2.2	6.67mg
monounsaturated	0.13g		0.13g
CARBOHYDRATE	0.14g	1.01	0.14g
sugars	0.0g	1.0	0.4g
SODIUM	268mg	11.6	268mg
PHOSPHORUS	132mg	13.2	132mg
IODINE	0.13mg	84.4	0.13mg
IRON	2.86mg	23.8	2.86mg
VITAMIN E	1.33mg	13.3	1.33mg
MAGNESIUM	48.3mg	15.1	48.3mg
SELENIUM	0.009mg	12.9	0.009mg




Culinary skills are one of the
8 ancient Chinese arts –
highly revered

High service level expectations

Our Challenge!

Increase **desire**
for our products

Give them **distinct and special place** in **consumers' minds**

Question 3: What is your story?

Regular communication is key!

- Dedicated page on PFA website
  - Key documents
  - Timetable
  - Feedback form
- Sign up for the Seafood Trade Advisory Group
  www.seafoodtradeadvisory.com
- Key messages document – what the project is doing
- Direct email group – key issues that need discussion and resolution

Set up a group for ourselves!

Questions concerns ideas and suggestions?

Contact me

P: 0438336712

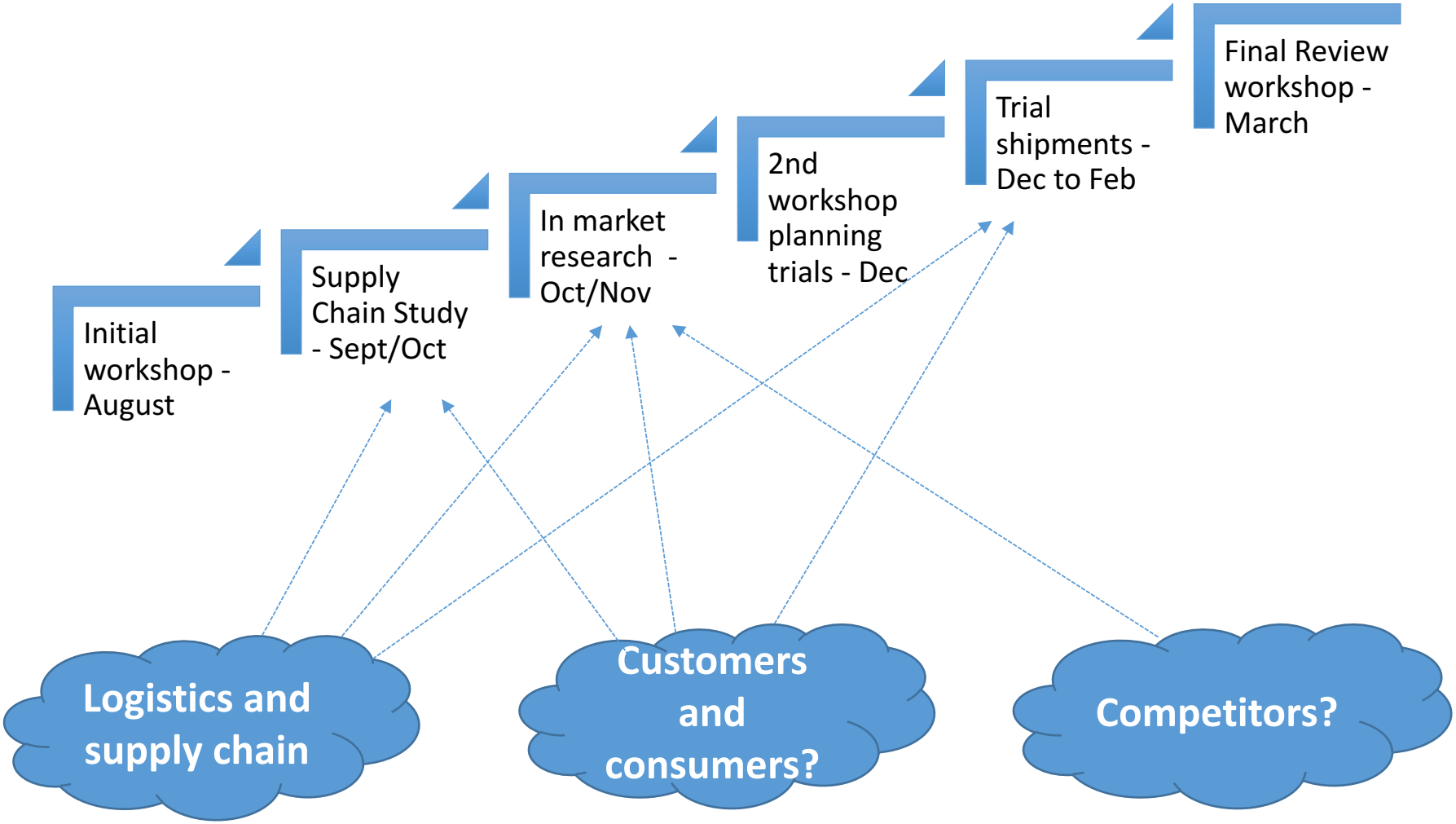
E: jayne@honeyandfox.com.au

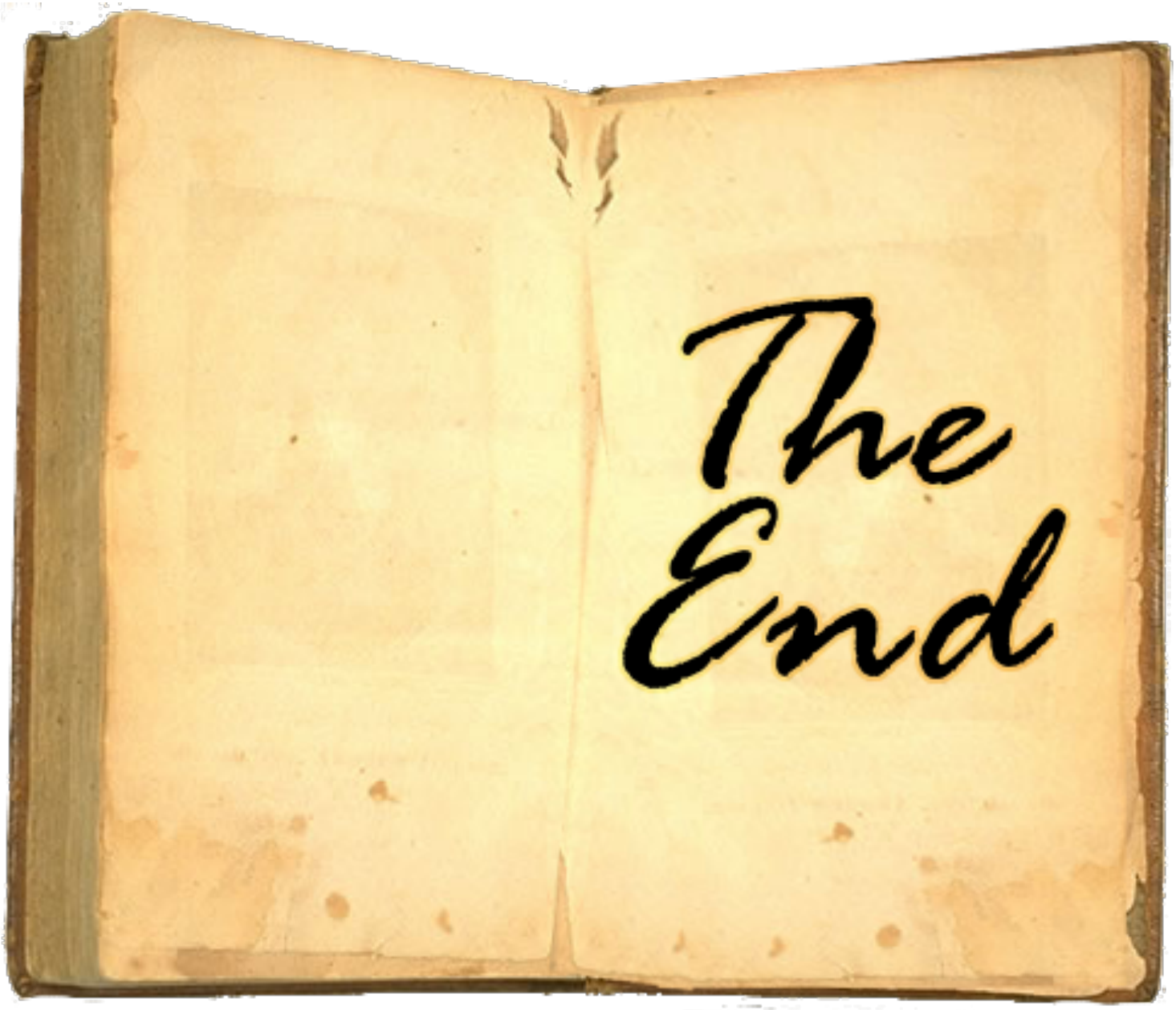
W: www.honeyandfox.com.au

Contact Trish at the PFA

7 = 1

Timetable


Initial workshop - August
Supply Chain Study - Sept/Oct
In market research - Oct/Nov
2nd workshop planning trials - Dec
Trial shipments - Dec to Feb
Final Review workshop - March
Logistics and supply chain
Customers and consumers?
Competitors?


The
End