Retail Transformation Project

Pre Prospectus

March 9th 2009
Foreword

Welcome to the Pre Prospectus for the Australian Seafood CRC Retail Transformation Project.

For quite some time, the seafood industry has discussed the concept of seafood retailing in Australia. Putting it plain and simple, there is overwhelming evidence to suggest that if the seafood industry is able to raise the quality of the seafood retailing across Australia, there is a huge opportunity to be had.

There are many hypotheses (anecdotal and researched) about what we are doing wrong in seafood retailing in Australia. Numerous factors have been mentioned – poor product range, poor packaging options, unappealing retail environments, confused consumers, lack of training - to name a few.

The Australian Seafood CRC Retail Transformation Project is designed to inspire a revolution in seafood retailing in Australia. It’s time for the talking to stop and the action to happen.

To show our seriousness about this initiative, the CRC contracted a specialist resource, Market Strategy Ltd, to assist with the construction of the project. Major activities completed to date include:

- An interpretative assessment of consumer research currently available to the Australian seafood industry.
- A quantification of the size of the Australian seafood retail market.
- The generation of a Project Pre Prospectus (this document), that outlines what this project is and how it might happen.

As this document goes to press, we are talking about this project with a number of retailer groups who have expressed interest in participating in a retail revolution.

We would like you to join with us (and them) to make this happen. We would also like you to contribute to the project development by identifying retailers you work with, businesses that you think should participate and products that you have that could exploit this opportunity.

We don’t pretend that this will be easy, but with the commitment of CRC members and collaboration across a broad number of sub projects, we are confident that we can inspire huge change in the Australian seafood retailing industry. We intend to use recognised, cutting edge experts to manage and deliver the desired industry transformation.

We look forward to working with you to achieve this challenge. Full details of how to get involved are included in this document.

Yours sincerely,

Dr. Len Stephens
Managing Director,
Australian Seafood CRC
Background

Origin

The Australian Seafood Cooperative Research Centre (CRC) identified the need for a Retail Transformation Project in the February 2008 SellFish Business Plan.

The business plan described the project as using market research and retailing innovations to increase gross revenue from sale of high value seafood. This contributes to CRC milestone 1.6.

Genesis

Since the identification of this project, various tasks have been performed in order to develop the project to its current position.

The intention of these tasks has been to define what activities a CRC Retail Transformation Project might contain and how the project might be constructed.

Briefly, the tasks undertaken have been:

- Meetings and workshops with stakeholders who had been identified as potential participants in the project (November / December 2008).
- Summary of available Australian Seafood Consumer Research (January / February 2009). See Appendix 1 for summary.
- Development of Project ‘Pre Prospectus’ for CRC members to consider their investment (February 2009).

Project Definition

The work completed so far has allowed for the following project definition to be established:

_The Retail Transformation Project will consist of a number of smaller sub-projects, which are aimed at developing the capability of Australian seafood producers in the retail environment, in order to provide an increase in gross revenue._

By coordinating a number of retail focused sub projects under one banner, the CRC will create a transformational step change in the retailing of seafood in Australia.

Each sub project will be undertaken separately, with linkages and synergies developed where appropriate.

Each sub project is expected to have different timescales dependent on its objectives, methods, partners etc.

Project Funding

This project is not a CRC Communal Project. Each sub project must be funded by members of the CRC.
NOTE: The sub projects have been developed specifically with the objectives of CRC members in mind. As the funders of the project are primarily seafood producers, this is not a project which is aimed at developing the skills of seafood retailers themselves. Various partners may be interested in, and are encouraged to, co invest in a sub-project that does handle this issue.

Retail Transformation – Big Picture Innovation Sub Project

The CRC would like its members to consider a Big Picture Innovation Sub Project. This sub project would be funded from a levy established on each individual sub project.

This will give all participants access to a large amount of research and data at a fraction of the cost.

Further details of the Big Picture Innovation Sub Project are contained later in the document.

Links to Other CRC Work

This project will draw on work performed in other CRC projects and programs. All links and synergies to other CRC projects will be exploited as far as possible (e.g. this project has good synergies with CRC Consumer Research Project).

Members should see this project as a component of many CRC projects that are aimed at developing the Australian seafood industry.

CRC Retail Transformation Project

Document Purpose

The purpose of this document is to outline the potential sub projects that could be contained within the Retail Transformation Project. It is intended that the sub projects most appealing to CRC Members and Retail Partners will then be developed in more detail.
Potential Sub-Projects

The following have been identified as sub projects that could contribute towards retail transformation of Australian seafood. They have been identified through analysis of existing research and consultation with industry.

CRC members may wish to invest individually in a sub project, or to co-invest in the sub project with other members.

This list is not exhaustive; CRC members may wish to recommend additional sub projects to be considered, may wish to alter the contents of the sub projects described, or may wish to merge certain sub projects together.

Each sub project is broken down into:

- Title
- Vision – this is a vision for the project and brief summary of what it might contain.
- Premise – this is the fit to CRC investment guidelines.
- Rationale – why this project would be beneficial.
- Example – any examples of similar work that has been conducted.
- Potential Investors – thoughts on who might be interested in investing in this type of project.

Sub Project 1

**Title: Australian Seafood Platform**

**Vision:** This is the creation of specialist Australian Seafood Sections in mainstream multiple retailers. The sections would most likely occur within fresh seafood counters. Products will be signposted as Australian. This program will require working with a major Australian retailer. This project might also contain research and development for company capabilities on how to supply the retailer.

**Premise:** The CRC will conduct this project as an experiment to show ‘Australian seafood producers can raise their turnover by supplying into mainstream Australian retailers’.

**Rationale:** Research shows that consumers are increasingly purchasing their fresh seafood from supermarkets and not from independent fishmongers. Major Australian supermarkets have shown interest in developing their supply of Australian products (and in this project).

**Example:** The Department of Agriculture and Food Western Australia established Regional Food Sections in selected Perth IGA supermarkets. Performance outstripped forecast, in some cases leading to a tripling of sales.

**Potential Investors:** Large Australian seafood businesses / organisations that can supply in suitable quantities to nationwide supermarket chains.

Sub Project 2

**Title: Trade Buyers Guide**
Vision: This is the creation of a buyer’s guide for trade customers looking to purchase more Australian seafood products. Dependent on investors, it could be done by sector (e.g., Oysters), or it could be done across multiple sectors to create a total ‘Australian’ guide. In simple terms, the purpose of the guide is to identify Australian seafood businesses and how to purchase their products from them. It will highlight basic information such as contact details, products, seasonality, etc. It will also highlight more detailed information such as distributor, promotional materials available, method of delivery, etc. The trade would be consulted for the type of information that is required. The trade organisations that are expected to use it include retailers and wholesaler distributors.

Premise: The CRC will conduct this project as an experiment to prove that it is possible to sell more product and realise more commercial return from retailers, when there is better visibility of what is available, when and from whom.

Rationale: Research shows that Australian retailers would like to sell more Australian product, but find it difficult to source suitable products. Consumers would like to buy more Australian products, but find availability difficult.

Example: The Department of Agriculture and Food Western Australia established a booklet of regional producers for IGA supermarkets. IGA supermarkets were then able to select the producers they wished to meet with and ask their distributors to come and present products for prospective listing. Individual businesses have forecasted an increase in turnover of over 30% due to this project.

Potential Investors: This project would suit industry sectors looking to raise awareness with trade customers.

Sub Project 3

Title: Best Practice Seafood Retailing Program

Vision: This project aims to develop a best practice program for Australian seafood retailers. It is likely to include a research audit of existing seafood retailers to benchmark performance. The project will then work with the appropriate retail associations and expert consultants to develop a series of tools to assist the development of Australian seafood retailers. It is envisaged that the output of this project will be a program from which seafood retailers purchase services, that are aimed at enhancing their profitability.

Premise: The CRC will conduct this project as an experiment to show that there are a range of basic retail activities which could be implemented to immediately generate margin improvement.

Rationale: Various research studies conducted in Perth, Melbourne, Sydney and Queensland have identified that seafood retailers could increase profitability by implementing better retail practices. Ruello’s Queensland Supply Chain Study 2008 suggests that some retailers will be able to improve profitability by 50-100% with minor alterations.

Example: While there is no specific example of a project of this kind, readers are asked to consider the concept of chicken franchise Leonards, who have built a significant business based on sound retailing concepts and practices. In addition, associations such as the Australian Retailers Association have introduced consultancy schemes that have increased profitability of retail significantly (and might well be a service provider to this project).
Potential Investors: It is difficult for individual producers to see benefit in investing in this project. Certain types of industry association, federal and state government organisations and groups representing retailers would be suited to invest in this project. Subject to the interest of investors the first task for this project might be to investigate what other partners might be available to support this initiative outside of the CRC.

Sub Project 4

Title: Product Range Development

Vision: Consumer research is used to identify product development opportunities. These product development ideas are then commercialised in order to drive better value return for the producer.

Premise: The CRC will conduct this project as an experiment to show that developing consumer focused products delivers better value return for producers.

Rationale: Consumer research has shown that seafood producers have not developed products that fit with the latest consumer trends and needs. With notable exceptions, industry has concentrated on supplying products that it can produce, not products that consumers want/need.

Example: Sushi is a product category that has developed from meeting consumer needs (convenient, healthy, tasty). Flavoured canned tuna is a product category that has developed from meeting consumer needs (convenient, healthy, tasty). Sydney Fish Markets ‘Market Pride’ is a range that has developed from meeting consumer needs (convenience, taste).

Potential Investors: This would suit any investor who would like to undertake consumer research to inform its product development, particularly sector associations and private businesses.

Sub Project 5

Title: Convenience Food Manufacturing

Vision: This project gets primary producers to work closely with food manufacturers in order to provide ingredients for convenience food propositions. By providing seafood as an ingredient to a meal, producers are able to realise better value returns and meet key consumer trends. This project will identify a target geographic area and convenience food manufacturer. It will work with them to produce a consumer focused seafood product range to complement their existing offerings.

Premise: The CRC will conduct this project as an experiment that seeks to prove that value return for the producer is greater when working with added value food manufacturers.

Rationale: Seafood is an expensive ingredient and consumers cite cost as a barrier to purchase. In addition, consumers are seeking convenient meal solutions as they are not comfortable cooking seafood and are increasingly time poor. Convenient meal solutions have seen massive success, particularly in the UK. Convenient meal solutions are a growing trend in the Australian food market. There are a number of ready meal manufacturers establishing themselves in Australia, but seafood is poorly represented in their product offerings.

Example: Sydney Fish Markets Market Pride Range is a good example of this type of work.

Potential Investors: Sector associations and private businesses.
Sub Project 6

**Title:** Retail Wastage Reduction

**Vision:** This project will research and test a number of activities that could be implemented in order to reduce wastage of seafood in retailers. This could include: additional point of sale / store theatre; better aligned forecasting systems between retailer and supplier; trialling position of frozen products in store. This project will need to work with a retailer and key supplier.

**Premise:** The CRC would conduct this project in order to prove that it is possible to make the retail environment more profitable by a consumer driven approach to reducing in store wastage.

**Rationale:** One of the simplest ways to increase profitability is to reduce waste. Anecdotal evidence suggests that seafood retailing has very high wastage due to fluctuating demand and poor communication between supplier and retailer.

**Example:** Sainsbury’s Supermarkets in the UK ran a trial across their Meat, Fish and Poultry sections. The trial implemented full point of sale in 25 stores. The categories increased sales and reduced wastage in all stores that it was trialled in. Profitability was estimated to increase by 30%.

**Potential Investors:** This project is suitable for sector associations and private businesses.

Sub-Project 7

**Title:** World Class Packaging

**Vision:** Using consumer research and industry research to determine the best packaging formats, it is possible to bring better value return to the producer. This project will develop new packaging formats for producers. It may require investment in packaging machinery and packaging design by producers.

**Premise:** The CRC would conduct this project as an experiment to show that new packaging formats can have a very positive influence on product sales.

**Rationale:** Packaging workshops across Australia have shown that the seafood industry is behind other sectors in the take up of new packaging formats. Consumer focused packaging solutions should be an industry priority.

**Example:** The most significant example of packaging innovation in the last 30 years was the development of MAP. In countries such as the UK, this has revolutionised the retail sale of seafood, where it now accounts for around 80% of fresh retailed seafood. The Australian seafood industry has been slow to take up new packaging technology. Other sectors have developed in this area more quickly (e.g Ham ‘snap’ packs are a good example of a response to consumers wanting portionability to retain freshness).

**Potential Investors:** Sector associations and private businesses.
Sub Project 8

Title: Seafood Marketing

Vision: Consumer focused seafood marketing is able to realise a better value return for the producer. This project will experiment with a range of marketing activities to see which activities are able to drive the greatest value return to the producer. These activities might include price promotions, sampling, in store advertising, point of sale, recipe cards, leaflets etc. The project will also test the impact of marketing activity on other unrelated seafood products to test its affect.

Premise: The CRC will conduct this project to test the most effective marketing activities that seafood producers can use for their products. It will also use it to test the effect that marketing activity can have on total category behaviour.

Rationale: There is a huge amount of marketing activity conducted by food manufacturers. Comparatively, seafood spends very little money of its marketing. This project will identify the most cost effective marketing activities for seafood producers to use, in order to get best value return for their money.

Example: Research has shown that when a seafood producer advertises on television, category sales go up for the whole of seafood section, not just the seafood producer that advertises. Consumer research has also shown that 66% of shoppers make their seafood purchase decision at point of purchase and can therefore be heavily influenced by marketing.

Potential Investors: Sector associations and private businesses.

Sub Project 9

Title: Seafood Consumer Analysis

Vision: This project will select a retailer to work with who has a store loyalty card program – most likely a small Australian independent supermarket (not a national chain). The project will analyse the behaviour of seafood consumers to build accurate shopper profiles of the consumer. Based on this research, marketing and product development programs will be implemented which will specifically appeal to seafood consumers and drive increased seafood consumption.

Premise: The CRC will conduct this project as an experiment to show that by understanding consumer behaviour, it is possible to drive increased sales.

Rationale: Consumer research shows a very fragmented consumer base for the industry. By tailoring activity to individual consumer niches it is possible to build a better consumer proposition. A better consumer proposition is a more profitable product.

Example: The UK retail sector has a sophisticated store loyalty card program which enables them to profile their consumers by category. The retailers and their suppliers are able to use this data to better target customers with new product development. Tesco ClubCard & Sainsbury’s Nectar are examples of these data cards.

Potential Investors: Sector associations and private businesses.
**Sub Project 10**

**Title:** Australian Seafood Brand Endorsement

**Vision:** An Australian Seafood brand endorsement for use on Australian seafood products. It can also be used on marketing and communications materials. This brand would be backed by strict quality guidelines, which are the backbone of much industry regulation. This project could be national across sector, or be run as an experiment within one sector (Prawns? Salmon?) to prove the model works. If successful this project could be rolled out across the foodservice and international markets.

**Premise:** The CRC would conduct this as an experiment to prove that increased Australian seafood sales can be driven by communicating Australian origin of species.

**Rationale:** Consumer research has shown that consumers would value a national branding initiative. Most consumers are not aware of the country of origin of most of their seafood and claim to buy Australian seafood only. By developing a proper endorsement for Australian seafood which makes consumers aware of the local product, research has shown that an increase in sales will occur.

**Example:** Various sectors have made a virtue of their national production base. This includes Lamb, Beef and Pork. This has been done with various levels of brand endorsement and marketing. As a quality mark, the most well known is the Australian Made symbol, that appears on many food and non food products.

**Potential Investors:** ALL

**Sub Project 11**

**Title:** Fresh Labelling Packaging

**Vision:** This project will establish labelling on seafood to show when and where it was caught. On packaged fish, this would be clearly printed (stickered) on the box. On fresh fish, it would be clearly signposted on the pricing ticket. For the most part this data is recorded at some point in the supply chain, but it is currently used for technical compliance and not communicated to the consumer. Given that all activities that happen within the supply chain should add value to the final consumer, it makes sense to communicate this information.

**Premise:** The CRC would run this project as an experiment to test that clear labelling on product freshness will increase product sales.

**Rationale:** Consumer research has shown that consumers value knowing the freshness (and origin) or their seafood products. This should lead to an increase in product sales. In addition, consumer research has shown that traceability is an important factor in the purchase decision.

**Example:** At Mitch Tonks FishWorks restaurants in London, each piece of seafood is clearly labelled with its origin and date of catch. Consumers can trace their fish back to the boat and fishing ground it was caught at and when.

**Potential Investors:** Sector associations; Private Businesses
Sub Project 12

Title: Foodie Packaging Pictures

Vision: Great food shots on product packaging are a key motivator to convince consumers to purchase a certain product. This project will take great food product shots and put them on the product packaging in order to drive in store purchase. The project will require a business that wants to develop its packaging offer, to increase its potential to sell product at point of purchase.

Premise: The CRC would conduct this project as an experiment to show that quality food photography will lead to an increase in product sales.

Rationale: Consumer research has shown that consumers value food photography (not fishing industry pictures) on product packaging. Much of the packaging in the Australian seafood industry does not have appetising food photography.

Example: The packaged frozen seafood section is a good area of the store to see high quality food product images. Often frozen seafood found in the frozen ‘bins’ near the fish counter, or outside of mainstream multiple retailers, does not have this quality of photography. In addition, it is possible to see great foodie product photography in the other food categories and in photography used by retailers to signpost categories.

Potential Investors: Sector Associations; Private Businesses.

Sub Project 13

Title: Cross Promotional Strategy

Vision: This project will aim to establish a series of innovative cross category promotional activities in order to drive increased seafood purchase. Cross category promotional activities mean promotional activity done in combination with sectors outside of seafood. Examples of the promotional activities could be: ‘link save’ deals – buy Prawns and get an Old El Paso Mexican Kit free; sampling – Smoked salmon tasting with Philadelphia cream cheese.

Premise: The CRC would conduct this project as an experiment to show that promotional activities with sectors outside of seafood can bring additional consumers into the seafood sector (and increase sales).

Rationale: Consumer research has shown that promotional activity conducted across product categories can increase the product sales generated. This is due to increased awareness and the ability to bring new consumers into the category.

Example: It’s common in mainstream multiple retailers to see meal deal promotions which sell all the ingredients for a certain dish at a special price (eg for a Spaghetti Bolognaise). Some stores have ‘clustered’ these products in the same place (eg Coles Supermarkets).

Potential Investors: Sector associations and private businesses.
Sub Project 14

Title: Health Education Campaign

Vision: A marketing campaign emphasising the health benefits of seafood is executed in a distinct geographic location (state / city). The marketing campaign includes in store activity supported by out of store marketing activities. It’s possible that this might be run as a pilot campaign with a certain sector (Salmon? Prawns?) to test its effectiveness.

Premise: The CRC would conduct this project as an experiment to show that emphasising the health benefits of seafood to consumers can increase seafood consumption.

Rationale: Research has shown that the seafood industry does very little to market its health benefits, compared to other sectors. Research also shows a clear consumer shift to healthy products. Seafood should capitalise on its natural strengths in this area, rather than let other proteins dominate the health messages.

Example: There are various examples of industries that are trying to market their products on health benefits. The following examples should be considered: MLA’s ‘Red Meat – We Were Meant To Eat It’ campaign (www.mla.com.au); ‘Australian Apple Industry’s ‘Apple a Day’ campaign (www.haveanauuieapple.com.au); and Western Potatoes ‘Feel Good Food’ campaign (www.westernpotatoes.com.au).

Potential Investors: State and Federal Government Departments, Sector Associations, Private Businesses. It is possible that health departments might be approached to assist funding of this type of initiative.

Sub Project 15

Title: Consumer Education Campaign

Vision: This project will develop and test a marketing campaign that is designed to educate consumers about seafood. The marketing campaign is designed to raise the skills and knowledge of the everyday seafood consumer. The anticipated response is that the removal of barriers to seafood purchase (through educating the consumer), will lead to an increase in seafood consumption. This marketing campaign would be run as a pilot study in a distinct geographic market. It might also be run in a distinct sector (Salmon? Prawns?) to prove the model.

Premise: The CRC would conduct this project as an experiment to show that an educated seafood consumer will purchase more product.

Rationale: Consumer research shows that the barriers to seafood purchase prevent many people from consuming more seafood. Removal of these barriers should mean an increase in seafood consumption.

Example: The meat industry has effectively run similar campaigns to this. They can be found at www.mla.com.au

Potential Investors: Federal and State Governments; Sector Organisations.
Sub Project 16

Title: Cooperative Seafood Innovation Project

Vision: Each CRC Retail Transformation sub project will have a levy attached to it. This levy will be put towards a big picture seafood innovation project. The objective of this project is to bring together leading seafood experts in Australia and, by conducting a global search for seafood retailing best practice, identify revolutionary concepts to change the face of seafood retailing. The project would work with leading retail consultants and global grocery innovation agencies in order to deliver the innovation concepts. The concepts would be commercialised in partnership with Australian seafood businesses that have participated in the research process.

Premise: The CRC would run this project as a research project designed to deliver best practice innovation in seafood retailing.

Rationale: Australia has some of the best seafood in the world. While there are pockets of excellence in seafood retailing, the Australian consumer is confronted by a relatively poor seafood retailing offer. There is great opportunity for seafood to mimic the success of other proteins and increase its consumption. A big picture innovation project can create the next revolution in seafood retail.

Example: There is no specific example for this project as it is a blue sky initiative. However, it is common for major grocery company to use innovation specialists when they are looking to develop major new branding initiatives or product concepts. This project will use these innovation specialists to help identify new concepts that might transform seafood retailing.

Potential Investors: ALL. This sub project is not linked specifically to the objectives of any members. However, by taking a blue sky approach to innovation, it is hoped that there will be many outcomes that are beneficial to industry. If each member invests a small amount of their money in this project, the potential results for industry could be very large.
Summary of Sub Projects

The following is a summary of the potential sub projects that have been identified. They have been grouped into sections of similar activities, to assist members who may want to merge certain sub projects.

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Process and Next Steps

The CRC would like to commence the Retail Transformation Project as soon as possible. The following activities and timings have been agreed. The CRC have agreed for Paul Graham from Market Strategy Ltd to act on its behalf during this process:

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<th>Activity</th>
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<td>Feedback from Members to CRC</td>
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<td>Sub - Project Development</td>
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<tr>
<td>Sub - Project Sign Offs</td>
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What Should You Do Next?

1. We would like for you to join with us in one or more of these sub projects.

2. Please take the time to carefully read through this pre prospectus.
   
   a. Your swift feedback and registration of interest (or not) is appreciated.
   b. Please send written feedback to Paul Graham on paul@marketstrategy.com.au. Paul can be contacted on 0414382738 for further advice.
   c. This must be received by April 3rd (preferably sooner).

3. Your feedback should include:
   
   a. Identification of sub projects you would most like to be involved in.
   b. Identification of any retailers you work with who might be interested to participate.
   c. For industry associations / sector bodies - identification of businesses likely to participate in these programs from your associations / sectors.

4. Feedback from members and prospective retail partners will be used to develop the detail for specific sub - projects.

5. These sub projects will then be approved by the CRC and members. Members will be responsible for entering the projects on Fishnet before they can commence.
Appendix 1 – Interpretative Summary of Consumer Research

As part of the CRC Retail Transformation Project, the CRC commissioned an interpretative summary of existing consumer research on the Australian seafood industry. The following is an excerpt from the Executive Summary:

Executive Summary Excerpt

The need for this study was identified by the project working group, who were unsure about what consumer research is available to industry; how up to date this information is; how useful industry would find the available research; and how accurate the research is?

Publically available research was gathered from SEA, CRC and FRDC in consultation with various industry professionals. The work was assessed by Market Strategy Ltd, a commercial market development agency.

This research identifies the need for general socio economic information, food trend information, specific seafood trend information and specific seafood performance information. The research identifies gaps in Australian research knowledge, with potential sources of information.

The current research is found to lack currency, consistency and accuracy. It also lacks trended perspectives and structured recommendations of consumer responses to research results.

The document highlights the fundamental importance of consumer research, but also suggests that commercial operators need to consider other research such as opportunity quantification, trade research, competitive analysis, market entry requirements etc.

Despite the criticisms of current research, there are over 15 key lessons that are drawn as interpretations of the research. These key lessons show that consumer focused programs are needed in product development; communications / marketing; packaging development; environmental sustainability; supply chain; and technical development. In addition 7 potential sub projects are identified for the CRC Retail Transformation Project.

Unfortunately, there are very few public examples are of consumer research being used for commercial advantage in the seafood industry. Certain product examples are highlighted and a public project completed in the South Australian wine industry is recommended as a case study of consumer research for commercial advantage.

The following information is a summary of section 7 of the document entitled ‘Interpretative Summary of Research’. This section analyses the existing consumer research available to industry and picks out the key trends. For further information and background on this report, members should contact Jayne Gallagher on jayne.gallagher@seafoodcrc.com

Interpretative Summary of Research

Despite the criticisms of the research, there are lessons that can be drawn from it. One of the purposes of this review is to interpret the results of the research in order to provide insights for the proposed CRC Retail Transformation project.
The following is an interpretative summary with practical implications for seafood businesses to consider. These interpretations should be taken in the spirit which they are intended – an interpretation of existing research, not a fundamental assessment of the Australian consumer!

**Interpretations**

1. Consumers are demanding more **easy to prepare** products. Cooking skills and confidence in seafood preparation is dramatically waning and consumers are demanding products that are pre or part prepared.
   
   **Practical Implications**
   - Product development of pre or part prepared products is needed.
   - Packaging development to assist consumer preparation of seafood products.
   - Development of the consumer seafood preparation skills is needed.

2. Consumers are demanding **great tasting** products. Competitive sectors to seafood are far more developed in their product offerings and Seafood has been left behind.
   
   **Practical Implications**
   - Product development of new, exciting product offerings. Where is our ‘Rack of Lamb’? Think ‘Pint of Prawns’ etc.
   - Supply chain robustness needed to ensure delivery of product taste/quality.

3. Consumers are demanding more **convenient product offerings**. As consumers have become increasingly time poor, they have developed a requirement for convenient meal solutions. Seafood has to offer convenience and can offer convenience! The growth of sushi is an excellent example of a convenient seafood proposition.
   
   **Practical Implications**
   - Product development of convenient products
   - Packaging of convenient products
   - Distribution of product to convenience locations

4. Consumers would like to **purchase Australian** products. Consumer’s value Australian product and many of them are under the impression (perhaps mistakenly) that they are eating lots of Australian seafood. The price premium that consumers are willing to pay for Australian product is relatively unknown as research (and sales) has given mixed messages.
   
   **Practical Implications**
   - Development of an Australian seafood endorsement branding mechanism

5. Consumers value **economic, social and environmental factors** when purchasing seafood. They would like to know that there is minimum environmental impact (they would prefer maximum environmental benefit). They would like to know that they are not economically exploiting participants in the production process (they would prefer to know they are benefitting (Australian) communities. They would like to know that they and not creating social disruption (they would prefer to know they creating positive social benefit).
   
   **Practical Implications**
   - Seafood businesses must look at developing frameworks for capturing their economic, social and environmental credentials.
• These policies must be translated into marketing communications collectively and as individual businesses.

6. Consumers purchase product based on **value**. Value is a trade off between their fundamental purchase drivers. Being able to satisfy consumer drivers gives the ability to command a higher price point. Australian seafood is a higher price point and must satisfy the consumer expectations of that market.

*Practical Implications*
• Supply chain robustness in order to ensure delivery of product quality
• Product and packaging development to suit consumer drivers

7. Consumers want to eat **healthy** food. There is an increasing knowledge of health orientated foods. The growth in popularity of salmon is an ideal example of a food that has ridden the health surge.

*Practical Implications*
• Communication of seafood health benefits to exploit seafood natural competitive advantage is a necessity.

8. Consumers want to purchase products with ‘**ingredient integrity**’. The concept of ‘no artificial, preservatives, flavourings’ is very popular. In addition, there is backlash against over engineered food (eg GM) and over processed foods (eg artificial fruit juices). Increasingly consumers are looking to purchase minimally transformed food in order to capture the full nutritional benefits.

*Practical Implications*
• Primary process implications for aquaculture production.
• Product development implications for prepared products.

9. Consumers are consistently purchasing **familiar species**. Future growth in seafood consumption is predicted to come from product format extension and not from consumers taking up new species offerings.

*Practical Implications*
• Product development of new formats to suit consumer niche’s is integral to future success.

10. Consumers value the **appearance** of their seafood. One study has ranked product appearance as the most priority factor over price and product origin.

*Practical Implications*
• Presentation of product to final consumer is integral to product success.
• Packaging development to solve product appearance concerns necessary.
• Retailer relationship development and education needed.

11. Consumers **compare** across categories. Australian fish is generally expensive and price is a major barrier, especially when cross protein comparisons are made.

*Practical Implications:*
• Communicate portion sizes to demonstrate value for money.
• Develop product offerings based on competitive portion sizes.
12. Consumers value **freshness labelling** as a motivating factor to increase purchase intent.

   *Practical Implications:*
   - Develop packaging technology (or use technology) that allows freshness labelling to appear on product packaging.

13. Consumers are **open to the production method** of their seafood (wild capture or aquaculture). When pushed, they prefer (sustainable) wild capture fish. However, this isn’t generally top of mind in the decision process.

   *Practical Implications:*
   - Do not over utilise communication of wild capture or aquaculture origins.

14. Consumers **prefer great product shot images**. Food sells food. Imagery strongly associated with final product is a motivating factor at point of purchase.

   *Practical Implications:*
   - Use product photography that is ‘food’ orientated, preferably showing final product shots. Do not use technical, processing, boat, cage etc shots.

15. Consumers **do not perceive seafood as a family food** as it is not (perceived) to be child friendly. It misses out on eating occasions for this reason.

   *Practical Implications:*
   - Product development of seafood for younger consumers.
   - Communication of health benefits of seafood to parents.

16. Consumers are **fragmented** into many niches. Generally targeted products are not as likely to be successful. Niche targeted products at specific consumers stand a better chance of success.

   *Practical Implications:*
   - Target propositions at individual consumer niches, not across the whole category.

What can we learn from some inconsistent research results?

17. The supermarket is the main place for purchase of seafood! Independent retailers are the main place of seafood purchase! People are mainly purchasing seafood when they eat out!

   *Practical Implications:*
   - Seafood has potential in all channels! We need to target them effectively in order to make sure the opportunities are realised.

18. People don’t eat seafood because they don’t like the taste or have allergies! People don’t eat seafood because it’s not front of mind in their purchasing repertoire!

   *Practical Implications:*
   - There is a large opportunity to converting existing purchasers to purchase more regularly. There is also a large opportunity to make seafood a ‘front of mind’ shopping purchase.

What No Value Adding?
Value adding is a term that has come up frequently during the research analysis. While its place in developing the seafood industry is not in question, the term is not particularly insightful.

In reality, every step taken along the chain should be adding value to the product in the eyes of the consumer – otherwise time, money and effort are wasted.

Historically, ‘value adding’ has meant transforming the product into something else. This is no longer the case. Value can be added to a product in ways which do not alter its intrinsic make up.

For example, Sashimi is a good example of a product that has an increased value over a product of similar format, due to a set of practices that make it possible to get a price premium from the consumer. To compare versus another unrelated category, imagine two identical garments, one marked with the Nike brand, one unbranded. The Nike garment will sell for more, as Nike has created value through Marketing.

**Recommendations**

1. **Consistent themes in the practical implications are work programs in:**
   a. Product Development
   b. Communications / Marketing
   c. Packaging Development
   d. Environmental Sustainability
   e. Supply Chain Robustness
   f. Technical Development

   Real consumer benefit can be delivered through programs in these areas.

2. **The CRC Retail Transformation should seek to add the following projects to the pre prospectus generated for its members (if not already covered in other CRC projects):**
   a. Store loyalty card program. Experiment – by working with a retailer with a store loyalty program we can find out more about the consumer and instigate a range of activities that will lead to an increase in product profitability.
   b. Australian seafood brand endorsement program. Experiment – by developing and using an Australian seafood brand endorsement, it is possible to increase product profitability.
   c. Fresh labelling packaging development program. Experiment – by developing a packaging labelling concept that allows freshness to be highlighted, it is possible to increase product profitability.
   d. Food picture packaging program. Experiment – by developing an attractive food shots on packaging, it is possible to increase product profitability.
   e. Cross promotional strategy to other categories. Experiment – by developing cross promotional activities into other sectors, it is possible to increase seafood sales (eg a cross promotion between prawns and Old El Paso).
   f. Health education campaign. Experiment – by developing a simple health promotion message it is possible to inspire extra sales (eg haveanaussieappleaday.com.au)
   g. Consumer education campaign. Experiment – by creating a simple consumer education campaign in a discreet area, it is possible to increase seafood consumption.
3. The document has been critical of the accuracy and research of the documents reviewed, but has tried to interpret them into this summary. Any research programs undertaken should try and sense check these interpretations for accuracy.