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Transparency Masters
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Module V-B — Planning and Managing an Aquabusiness

**Problem Area:** Marketing the Product

**Estimated Time:** 4-8 hours

**Purpose/Goal:** This problem area develops introductory level competencies in the marketing of aquacrops. Stress will be on developing an understanding of the meaning of marketing and the functions involved.

**Learning Objectives:** Upon completing this problem area, students will be able to:
- define marketing;
- explain the elements in developing a marketing strategy;
- describe the process of marketing aquacrops;
- explain the importance of developing a marketing plan;
- identify possible market outlets for aquacrops;
- select an appropriate market;
- explain costs in marketing;
- describe the role of market promotion in aquaculture.

**Instructional Resources:**

The following instructional resources are recommended in teaching this problem area:

**Essential:**
- Transparencies made from the masters attached to this teaching plan.
- Small-Scale Marketing of Aquaculture Products, by Gilbert.
- A general book on aquaculture that includes a section on marketing. Examples:
  - Introduction to Aquaculture, by Landau.

**Additional:**


Any references on aquaculture or agriculture marketing.
CONTENT AND PROCEDURES

Preparation
(Interest Approach):

The interest approach prepares students for this introductory study of aquacrop marketing. Selecting and producing a crop consumers want will be stressed.

The procedure follows:

1. Ask students to name where their family or the school cafeteria obtains food. Develop a short list on the chalkboard. Responses are likely to include: supermarket, convenience store, deli, restaurant or institutional supply house.

2. Ask students why they don’t get their foods directly from the farmer. (Of course, a few might get some of their food from their family’s farm or a nearby roadside market on a farm.) Use examples of foods such as flour, chicken, shrimp and orange juice. Examples of reasons they might give are: local farms don’t grow the crop, the farmer doesn’t dress the chicken, a convenient form of the food is desired, and supermarkets are more convenient. Explain that very few people want to buy a live chicken, take it home and dress it for cooking.

3. Have students identify a few of the activities involved in preparing foods into the forms they want. Examples include processing, pre-cooking and transporting. Summarize by indicating that all of the items they are naming are a part of the process of getting food from the producer to the consumer.

4. Lead from the interest approach into listing the problem area objectives.
# AQUACULTURE

## Presentation

<table>
<thead>
<tr>
<th>Key Questions/Summary of Content</th>
<th>Teaching Techniques</th>
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<tbody>
<tr>
<td>This teaching plan helps students develop a basic understanding of aquaculture marketing.</td>
<td>Present the objectives by using TV-B-1 or by writing on the chalkboard. Allow time for students to write the objectives in their notebooks.</td>
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## I. What is marketing in aquaculture?

A. Marketing is the process of getting aquacrops from the farm to the consumer.
   1. Marketing is the final step in providing food.
   2. Marketing links farmers with consumers.
   3. Marketing is far more than the farmer selling the aquacrop to a processing plant or other outlet.
   4. Marketing involves performing certain functions with the aquacrop to make it more desirable to consumers.

B. Marketing begins when the aquafarmer is deciding which crop to produce.
   1. Consumer demand determines if there will be a market for an aquacrop once it is produced.
   2. Farmers should never produce a crop unless they know there will be a market for it.

A. Use TV-B-2 or the chalkboard to describe marketing. Explain marketing is more than selling an aquacrop. Have them offer examples of procedures that make marketing more than selling.

- Refer to a current edition of “Aquaculture: Situation and Outlook Report” for details on volumes marketed and trends in marketing.

1. Ask students why consumer demand is so important. Compare it to unsold cars on an automobile dealer’s lot. Relative to price, there is not enough demand for the cars to be sold.
C. Some vertical integration of production and marketing are occurring.
   1. This refers to the ownership of processing plants by the producers and vice versa.
   2. Vertical integration insures that an aquacrop will be marketed when it is ready.

II. What is a marketing strategy?
   A. Marketing aquaculture products is a little different from marketing agriculture products.

   1. Aquafarmers need to develop a strategy for marketing their aquacrops.

   2. A three-element marketing strategy is recommended.
      • Determine the present situation
        (This involves assessing the market alternatives and personal financial circumstances. The market alternatives are studied to gain an awareness of the current market situation, such as supply of and demand for aquacrops. Personal financial situation involves studying the cash flow and goals of the aquafarmer.)
      • Determine marketing goals
        (This involves setting goals for marketing and giving direction to a producer’s market opportunities. Goals should be compared to production costs. Know the risks involved and the other personal goals of the farmer.)
      • Develop a plan to reach the goals
        (This involves considering marketing alternatives to develop a marketing plan. Each alternative should be evaluated from the producer’s perspective.)
   B. Written marketing strategies provide direction for the actions taken in production and marketing of aquacrops.

A. Ask students to describe how an agricultural commodity gets from the farm to the consumer. Select one or more local examples, such as corn, beef, milk, fruit or poultry. In some cases, aquacrops could be discussed from a marketing perspective.
   • List the three elements of a marketing strategy on the chalkboard. Encourage students to offer comments on each.
III. What are the functions in marketing aquacrops?

A. Marketing involves several functions.

1. Assembling — Collecting aquacrops from different farms at a central location so the volume to be processed will be large enough for efficient use of the processing facilities.

2. Grading — Trying to insure the aquacrop batch is of uniform size and species; turtles, trash fish and other undesirables are sorted out. A grader may be used to screen out animals that are too large or too small.

3. Transporting (hauling) — Moving the aquacrop to a location where it is to be further processed. Most aquacrops should be kept alive and in good condition until the time of processing. Specialized haul tanks with aerators and oxygen injection systems may be needed.

4. Changing ownership — Most aquacrops are sold several times between the farm and the consumer. Initially, the farmer sells fish to the processor based on the weight of the fish at the time of delivery. Honesty and accuracy are very important and prices vary from day to day but the change of ownership involves the seller and buyer agreeing on a price.

5. Processing — This involves a number of procedures to prepare an aquacrop for consumption; with fish, processing typically involves removing the skin and viscera, cutting into portions, pre-seasoning or cooking and properly disposing of waste products from the processing.

A. Use T V-B-3 or the chalkboard to list the functions in the marketing process. Explain each function and have students record the information in their notebooks.

2. Take a field trip to an aquafarm to observe harvesting, assembling, grading, hauling, etc., from the producer’s perspective.

4. Have students explain what changing ownership means. When does it occur? What makes it official?

5. Take a field trip to a processing plant to observe procedures used in preparing an aquacrop for the consumer.
6. Packaging — Consumers want to buy products that are packaged attractively, conveniently and that keep the food safe and wholesome. Containers for packaging include cans, paper boxes, plastic dishes with covers, and glass jars. Labels are attached that describe the product and, possibly, how it is to be prepared.

7. Storing — Aquacrops are stored several times between the farm and the consumer. Tanks are used at the processing plant to keep the crop alive until processing. Refrigeration and freezing are used with many aquacrops to preserve and store them. Canned products may be stored in large warehouses and at supermarkets.

8. Wholesaling — The processor sells the product to distributors (jobbers) or retail outlets. A price level is established so the processor can make a profit.

9. Retailing — Selling to the consumer, restaurants, supermarkets, and fish markets may be involved. Attractive merchandising is needed.

10. Advertising — Consumers need to be aware of aquaculture crops. Advertising is used to develop awareness and encourage consumers to buy the product. Newspapers, radio and television, signs and other means of advertising may be used. Grower associations, processors and local stores may sponsor the advertisements. Advertising is also known as product promotion.

IV. What is the importance of a marketing plan?

A. Marketing plans are written descriptions of how a product is to be marketed.

1. The plans may be a sophisticated document of several pages or informal plans that have been developed.

2. Plan development is a process of analyzing opportunities and needs.

6. Have students develop a display or bulletin board showing different ways aquafoods are packaged. Classify packaging according to how the product has been preserved.

7. Have students observe the storage facilities and practices followed at a processing plant or retail market.

9. Visit a local retail market, such as a supermarket. Observe how the aquafoods are displayed. Note the pricing and kind of packaging. What species are sold live?

10. Collect examples of aquafood advertisements. Have students prepare posters or bulletin boards. Some critique of the advertisements might help students understand the importance of an attractive ad layout.

A. Use TV-B-4 or the chalkboard to summarize marketing plans.
3. Marketing plans help an aquafarm use resources effectively and efficiently.
   - Plans provide a central focus to production.
   - Limited resources are allocated to the highest priorities.
   - The aquafarm should be more profitable.
   - Marketing planning forces owners/managers to analyze the market situation.
   Therefore, they make better decisions.

B. Aquafarms may need two types of marketing plans.
   1. New product plan — used when a new aquacrop is being considered.
   2. Annual or continuing plan — used on a continuing basis and is prepared each year.

C. The National FFA Organization has initiated a Marketing Plan Project activity.
   1. Students can develop in-depth skills in marketing planning through participation.
   2. Teams of students focus on the marketing of products or supplies in their local communities.

V. What are the market outlets for aquacrops?
   A. Available outlets vary among species produced and community situations.
      1. Some communities have a strong demand for aquacrops.
      2. Marketing channels are better developed for some species than for others.
      3. Most aquacrops are marketed for food. A few are used as breeding stock and to re-stock streams and lakes.
   
B. In general, there are four market outlets for food aquacrops.
   1. Processing markets — primarily involve processing plants buying aquacrops from farmers and converting them into forms desired by consumers or by restaurants and supermarkets. In some cases, farmers may operate their own processing facilities and sell to retail outlets after processing.

B. Use T V-B-5 or the chalkboard to summarize the two types of marketing plans. Indicate that farms often fail because of lack of attention to planning the marketing of crops.

C. Using the "Instructional Packet: Marketing Plan Project," have students develop a marketing plan for aquacrops that exist or could exist in their local community. The students should form a team for competition. (Most of the work of this activity will need to be completed outside the class time.) Check with your state FFA advisor for details.

B. Use T V-B-6 or the chalkboard to present the four market outlets for aquacrops. Have students critique the outlets from the perspective of aquaculture in their local community.
   - Develop a list of the specific processing outlets available.
2. Recreational markets — primarily serve the interests of sport fishers; farmers may open the recreational businesses themselves (primarily fee lakes), market the aquacrops to live haulers who sell to fee lakes or sell directly to the fee lakes.

3. Retail markets — a few producers operate direct-to-the-consumer retail markets that have live or dressed aquacrops. This represents a small portion of the aquacrops marketed. It adds another dimension to duties of an aquafarmer. Some aquafarmers may lack skill in the management of retail markets and find this approach unattractive.

4. Restaurant markets — direct marketing by the aquafarmer to the restaurant. The product may be marketed live, dressed or partially dressed. Only a small volume of aquacrops are marketed directly from the farm to the restaurant.

VI. How is an appropriate market selected?

A. Producers may have several possible marketing alternatives for aquacrops.

1. Decisions must be made about the markets to use.

2. The major factor is to select the combination that produces the greatest return to the aquafarmer. (This requires careful analysis of the market situation.)

3. A few producers have contacts with the public and offer direct sales or recreational opportunities.

4. Producers select a market using the rational decision making process presented in Module V-A.

B. Several factors should be considered in selecting a market:

1. Profitability — Selecting the market that provides the greatest return on investment to the producer. The highest price per pound may not provide the largest profit if expenses are involved.

2. Ask if students know the locations of recreational markets in their local communities. Determine if students use these or would use them if available.

A. Explain that aquafarmers may have several possible market alternatives available. A choice must be made.

B. Use TV-B-7 or the chalkboard to summarize the factors to consider in selecting a market.
2. Need for specialized equipment — Some marketing approaches may require expensive equipment, such as processing an aquacrop.

3. Accessibility — Good markets may exist but may not be readily accessible to the aquafarmer. Costs to deliver products to the market may be more than the increased price for the product.

4. Species of aquacrop — Market channels tend to vary by species; some species have a fairly well developed marketing system, while others do not.

5. Quantity to be marketed — Large quantities can be marketed through processing plants. Small quantities are more amenable to direct marketing. Processing plants may not be interested in small quantities.

6. Size or maturity of aquacrop — Aquacrops that are immature or over-size may require special efforts to market. Processing plants may not accept them and, if they do, may penalize the price paid per pound.

7. Quality — Most processors insist on an aquacrop that is healthy, free of injury, and has the right flavor. Animals that do not meet these standards should not be marketed.

VII. **What are the costs in marketing?**

A. Costs are associated with every function in the marketing process.

1. Costs add to the retail price that must be charged for a product.

2. Consumers are often willing to pay the extra costs if the product is of high quality and attractive to them.

B. Market costs occur in several areas.

1. The aquafarmer is typically responsible for harvesting, grading and hauling the product to the processing plant or other outlet.

2. Ask students to name examples of specialized equipment that may be needed.

5. Ask students to offer reasons why a processing plant might not be interested in buying small batches of fish.

7. Explain that damaged fish are not very appealing to consumers and may be unfit for consumption.

B. Use TV-B-8 or the chalkboard to summarize the marketing costs to aquafarmers and processors.
• Some farmers own their trucks. Others use live haulers and pay them a fee.
• Losses through injury and death may occur. Good procedures can help reduce losses.
• Aquacrops that are off-flavor will not be accepted by a processor. Before harvesting, a sample should be collected and cooked to assess the flavor. Crops with off-flavors should not be harvested and steps should be taken to remedy the situation.

2. The processor has costs for all areas of the processing activity: labor, equipment, packaging, hauling, storing and advertising.
• Processors have a large weight loss in processing. Dressing percentage is about 55% for most fish crops.

C. The retail price of an aquafood must provide for the costs and produce a profit for those involved.

VIII. What is the role of market promotion?

A. Market promotion involves encouraging consumers to buy a product. A major component is advertising.

B. Market promotion may be done by several areas of the aqua industry:
1. Grower associations — Growers may form associations to promote consumption of the crops they produce.
2. Check-off systems — Fees may be assessed to growers or others involved with aquaculture. For example, a fee is added to the price of feed to fund an advertising campaign.
3. Processors — Processing companies may join together to promote consumption of the products they produce. Promotion is of the species and not a particular brand.
4. Government agencies — Federal, state and local government agencies may develop promotional campaigns for certain species or all species in general.

A. Use T V-B-9 or the chalkboard to summarize market promotion.

2. Ask students how they feel about check-off systems. Do they feel it is a good idea to add a few dollars to the cost of feed to promote consumption?

4. Have students respond to the questions: Should tax money be used to promote an aquafood? (The promotion serves only the needs of a narrow population segment of growers and processors.)
5. Individuals — Individual farms, suppliers, or processors may conduct promotional campaigns. They fund it from their resources which may not be as great as if they had associated themselves with others and cooperatively promoted their products. Individuals typically promote specific product brands.

C. Market promotion activities offer education to consumers.

D. Promotion can lead to the revitalization of communities through success of a new aquacrop and the jobs it creates.

C. Ask students to describe how promotion activities educate consumers.
Review

Have students demonstrate their understanding of the objectives. This can be done by using T V-B-1 to present the objectives and calling on students to explain the content that goes with each objective. Questioning can also be used.

Combine application with review by having students visit local aquafarms and determine how the crops are marketed. (Note: Some preparation for this activity will be needed. Students will need to develop a list of questions and understand how to properly visit and interview a manager.)

Application

Application can be achieved in several ways:

- Assign students different aquafoods available in the local supermarket and have them trace the marketing channel from the store back to the producer. In some cases, the product may be a wild product, such as canned salmon. Students may need to interview store managers, contact local distributors, or use other sources to get the information.

- Assign students to select an aquacrop grown in the local community and trace the marketing channel from the producer to the consumer. (This activity is a reverse of that listed above.)

- Students can apply marketing knowledge in their supervised experience programs.

- Involve students in developing a marketing plan project using a local aquacrop. Use the “Instructional Packet: Marketing Plan Project” to guide the activity. Involve students in local and regional competition. (This is an excellent way to show students how aquacrops can be used to enhance the economic vitality of a local community.)

Evaluation

Evaluation should focus on achievement of the objectives specified for this teaching plan. It might involve one or more of the following:

- Observe how students approach marketing in their supervised experience programs.

- Give a written test. (See attached example.)
Planning and Managing an Aquabusiness

Problem Area: Marketing the Product

Instructions: Answer the following questions. Be sure to give as much detail as you can and spell correctly.

Name

1. What is marketing? Explain the term from an aquaculture perspective.

________________________________________________________________________

2. Marketing involves several functions. List and briefly explain five of the functions. Be sure to keep them in sequence.

<table>
<thead>
<tr>
<th>Function</th>
<th>Explanation</th>
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<tbody>
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<td>a.</td>
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<td>c.</td>
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<td>d.</td>
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<td>e.</td>
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3. What is a marketing plan? Why is a plan important?

What? __________________________________________

Why important? _________________________________

4. What are two kinds of marketing plans?

a. ___________________________________________

b. ___________________________________________
5. What are the four broad categories of market outlets for aquacrops?
   a. 
   b. 
   c. 
   d. 

6. What factors should an aquafarmer consider in selecting a market?
   

7. Select one area of marketing costs for producers and one for processors. Briefly describe the area of cost you selected for each.
   producer marketing cost 
   
   processor marketing cost  

8. What approaches are used to fund market promotion of aquacrops? Identify two and offer an assessment of each.
   a. 
   
   b. 
   

1. The process of getting aquacrops from the farm to the consumer.

2. a. Assembling — Collecting aquacrops from different farms at a central location, for efficient use of facilities.

   b. Grading — Trying to insure uniform size of species in a batch; turtles, trash fish, etc., are removed.

   c. Transporting — Moving the aquacrop to processing location while keeping the fish alive and in good condition.

   d. Changing ownership — Aquacrops are usually sold several times between farm and consumer; seller and buyer must agree on price.

   e. Processing — Procedures to prepare aquacrops for consumption; proper disposal of waste products from processing.

3. What? A written description of how a product is to be marketed.
   Why Important? Provides for analysis of opportunities and needs; helps an aquafarm use its resources effectively and efficiently.

4. a. New product plan

   b. Annual or continuing plan

5. a. Processing markets

   b. Retail markets

   c. Recreational markets

   d. Restaurant markets

6. Profitability; need for specialized equipment; accessibility; species of aquacrop; quantity to be marketed; size or maturity of aquacrop; quality.

7. producer marketing cost — Hauling the product to processing — some farmers own their own trucks but others don’t; must use live haulers and pay a fee.

   processor marketing cost — All areas of processing — processors have a large loss of weight; dressing percentage is only about 55% for most fish crops.

8. a. Grower associations — growers may form associations for promoting consumption of the crops they produce.

   b. Check-off systems — Fees may be assessed to growers or others; example is a fee added to the price of feed to fund an advertising campaign.
Planning and Managing an Aquabusiness:
Marketing the Product

OBJECTIVES
• Define marketing
• Explain marketing strategy
• Describe marketing functions
• Explain the importance of a marketing plan
• Identify market outlets for aquacrops
• Select an appropriate market
• Explain costs in marketing
• Describe the role of market promotion
Marketing

DEFINITION:
Process of getting aquacrops from farm to consumer

PROCESS THAT:
• Links farmer with consumer
• Is final step in providing food
• Consumer demand is important
Aquacrop Marketing Functions

- Assembling
- Grading
- Hauling
- Changing ownership
- Processing
- Packaging
- Storing
- Wholesaling
- Retailing
- Advertising
Aquaculture Marketing Plans

DEFINITION:
Written description of how a product is to be marketed

REASONS:
• Provide central focus on the farm
• Helps assess profit potential
• Make better decisions
Aquaculture Types of Marketing Plans

- New Product Plan — used with a new crop
- Annual Plan — used with a continuing crop
Aquaculture Market Outlets

- Processing markets
- Recreational markets
- Retail markets
- Restaurant markets
Aquaculture Factors in Selecting a Market

- Profitability
- Need for equipment
- Accessibility
- Species of aquacrop
- Quantity
- Size or maturity
- Quality
Aquaculture Marketing Costs

- Aquafarmer
  - Harvesting
  - Assembling
  - Grading
  - Hauling
  - Losses (injury, death)

- Processor
  - Shrinkage of product (dressing percentage)
  - Dressing
  - Storing
  - Hauling
Aquaculture Market Promotion

DEFINITION:
Programs that encourage consumers to buy a product

AREAS SPONSORING:
• Grower associations
• Check-off systems
• Processors
• Government agencies
• Individuals