

SECTION 3

THE USE OF MARKETING INSTRUMENTS

From marketing research it will become apparent where and which marketing instruments are necessary, and which is the best approach needed to achieve successful marketing. The use of the correct marketing mix in a systematic/strategic approach will bring optimum results in terms of marketing penetration and distribution efficiency. This is particularly important where small producers are attempting to enter a large market where their input is insignificant to the overall market e.g. Irish salmon (20,000t) in a world market of over 1 million tonnes, unless identification and branding is used and markets are targeted for these products. ([see the case study on Salmon – the trendsetter with maturity](#)) Unless this is done they will have no influence or effect on the market. If the project is to be successful, this situation needs to be avoided by searching for niche markets for the product i.e. out of season production, larger sizes, designer products, attractive packaging, etc. or identifying a local market for a particular product where distribution costs are minimised. That does not mean to say that a shrimp farmer in Thailand will not be successful, as long as his production costs are well below the normal market price. One thousand tonnes of shrimp being added to a 3 million tonne market has absolutely no impact and little risk.

3.1. Marketing plan and budget

The marketing plan and budget are the result from all of the above elements. The plan needs to be formalised and agreed by the decision makers in the project, and incorporated in the feasibility study schedules of the project. Budgets also need to be established, not only for the sales costs but for ongoing market research, and product and market development. Budget costs vary widely depending on the scope of the study, the geographical spread of the study and the complexity of the market and proposed products. A typical fresh product marketing study for one species in one European country will cost €6,000, while a study in to processed and value added products for the same country will be nearly double. The Norwegian Seafood Export Council on the other hand has invested over US\$6.5 million in the last 5 years developing markets for salmon worldwide. The Chileans have benefited significantly from the generic name of salmon promoted by Norway. It should be mentioned that in times of financial difficulties, the marketing budget is often the first area to be reduced, however this is often a false economy as the market and product development often lead to greater profitability. This has been the case of the Mediterranean sea bass and sea bream farmers, who have not invested in developing new markets while prices were good, and now are having to work in developing new markets while suffering from low prices ([see case study on supply and demand – the sea bass and sea bream story](#))



3.2. Marketing concept & Project strategy

From the above marketing mix and the limitations which constrain production it will be possible to begin to define a marketing concept by answering the following key questions:

- What raw materials will the project produce?
- When will these materials or products be available?
- Which other producers produce the same raw material and when?
- What markets generally sell these products and why?
- What prices are paid for these products?
- How much product is available on these markets?

From this basic series of questions the general plan of existing market strategies will emerge. The marketing concept is needed to assess how the existing markets can be used and how they can be improved. The aim is to find gaps in the system which could lead to niche or better markets. Here we can often employ SWOT analysis to help us in defining a market concept and project strategy.

3.3. SWOT Analysis

SWOT analysis (strengths, weaknesses, opportunity and threats) compares the position now (strengths and weaknesses) with the position of the future (opportunities and threats) and also considers ways to manage and mitigate these developments. It is not the now which is most interesting, but the future, and the future is often better understood by looking at the developing trends in the past, and the more mature products on the market.

In different market texts strengths and weaknesses are considered as internal issues, and opportunities and threats are external issues. Both concepts are valid and should be used to provide different perspectives on the marketing study.

So SWOT can be summarised as follows:

- **Strengths** – things and products that are done well by existing producers operating in the markets or internally
- **Weaknesses** – things that are done badly in the existing markets or within the company
- **Opportunities** – things that could be done better and which could improve market access or the development of new markets by innovation or distribution
- **Threats** – things that could damage the opportunities and place the company in a loss making position i.e. more products entering the market causing lower prices, etc.



The marketing analyst has to decide which criteria to use and which ones the project will be most sensitive to. This is also used in financial modelling to ascertain where the project is most exposed to risk – often the sales price, and how to minimize the potential risks. The marketing concept and project strategy aim to discover and develop management ideas for the successful marketing of the project's products.

3.4. Objectives, organization and scope of research

By defining the marketing concept, objectives needed for completion of the marketing study will have become clearer. The principle objective is to have a clear understanding of the existing markets and trends and other market forces working in these markets, and how the production from the project will fit in to these markets.

As was previously stated, 1,000 tonnes in 100,000 ton market is unlikely to have a significant impact, but 1,000 tonnes on a 10,000 ton market will have a significant impact. The objectives need to establish ways to minimise this impact by spreading production, opening new markets or distribution patterns, etc. that deflect the potential price fall by increased production. This will need to be the focus of the market analyst.

The organization of marketing research has to be carefully coordinated with the proposed production systems and schedules so that it meshes with production limitations, and optimises returns. This requires a continuous flow of information between the responsible parties developing the project, and a continual reassessment of data and ideas to streamline and perfect the eventual plan for the project and the marketing.

In this equation is also the scope for the market analysis – costs are always brought into question, as is time for completion of the work. These must be related to the overall size of the project in terms of investment, but the correct analysis of the market should always receive 10% of the proposed investment cost, and the size of the project therefore dictates the effort and skill needed to establish a secure marketing plan – and this then defines the scope. E.g. for a project aiming at the local or regional markets, it is not necessary to do in-depth analysis of the world markets, while a major investment which has no or limited sales locally will have to investigate the world markets, not only for the specific product, but for all products that compete or can be used as substitutes in the same market.