

MARKETING OYSTERS

A summary of CSREES research in Alaska

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THE RESEARCH

Examination of Alaskan oyster industry

- Survey of oyster buyers
- Identification of preferences, trends
- Assessment of market opportunities
- Consideration of implications for cooperative development

METHODS

- Executive interviews with industry, markets
- Mailed survey distributed to oyster buyers
 - Identified through industry database
 - Distributed to 100% of businesses
- Data analyzed for trends

SURVEY DISTRIBUTION

- 984 surveys distributed
- 87 returned, 9%
- Highest response rates in WNC, Mountain, ENC
- Greatest number in Pacific, South Atlantic (26, 19)

Census Division	Return Rate
West North Central	18%
Mountain	15%
East North Central	16%
Pacific	12%
New England	10%
West South Central	8%
South Atlantic	7%
Middle Atlantic	7%
East South Central	3%

WHO ARE OUR RESPONDENTS?

- Highest utility ratings
 - 60% distributor/wholesaler (8.5)
 - 54% harvester
 - 46% retail
 - 39% processing
 - 20% import, 7% export

GENERAL ATTRIBUTES AND RATINGS

Confidence in Vendor	9.1	N/A
Shelf Life	8.9	Two weeks
Supply Consistency	8.9	YRCS
Price	8.1	Lowest
Product Form	8.0	Live
Size	7.4	Medium
Region of Origin	6.8	NE
Method of Production	6.0	Wild

QUALITY

✓ Purity, safety

Water Quality	9.3	Consistent Grading	8.4
Shelf Life	9.3	Shrinkage	8.4
Gov't Safety Certification	9.0	Size	8.3
Lack of Grit	8.9	Geographic Origin	7.1
Supply Consistency	8.8	Shape	7.1
Price	8.8	Cup Depth	7.1
Fill	8.6		

DECISION TO BUY

- Most important are:
 - Vendor Confidence (9.3)
 - Taste (9.2)
 - Water Quality (8.9)
 - Price (8.9)
- Least important are uniqueness, min. order size, packaging (6.8 to 7.3)

PRODUCT FORM

- Respondents prefer raw (whole and shucked) product over all other forms
 - Average ratings of 8.7 and 7.1
 - Other product forms in 1 to 3 range (smoked, frozen, other)

SIZE

- Respondents prefer medium size, then small

Size	Rating
Medium (4-5")	7.6
Small (3-4")	6.5
Large (>5")	5.6
Extra Small (2-3")	4.3
Yearling (<2")	3.0



OTHER PRODUCT CHARACTERISTICS

- ✓ Shelf life important in general, and in assessment of quality
- ✓ Taste important to decision to buy
- ✓ Lack of grit in product fairly important
- ✓ Water quality very important
- ✓ Wild harvest and suspended culture are most preferred production methods
- ✓ Packaging preference varies

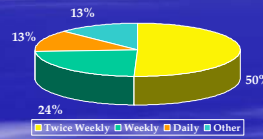
ALASKAN ACTUALITY FOR PRODUCT

- ▲ Product form from Alaska is generally raw, unshucked
- ▲ Suspended culture is only production method
- ▲ Water quality is excellent
- ▲ 80% of familiar respondents say product is high quality
- ▶ 40% of familiar respondents give AK good shelf life, but 40% are neutral or don't know
- ▶ Size range is variable, though industry tends toward small (3-4")
- ▼ Shelf life is decreased by mandatory testing, distance from market

SOURCING PRODUCT

- More than 50% source straight from primary producer
- Enduring buying relationships
 - 84% have relationship w/primary supplier longer than 3 years
 - 54% w/secondary, 32% w/tertiary

DELIVERY SCHEDULE

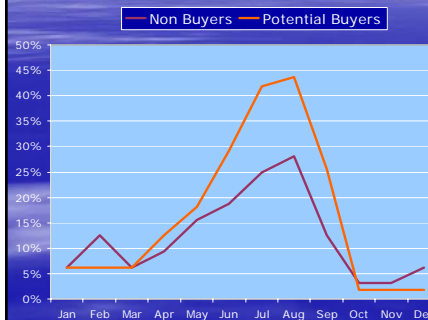


- More than 50% prefer twice weekly
- Another 24% prefer weekly
- Balance split between daily and other options

MARKET GROWTH

- Majority of respondents (60%) see market growing at home
- Growth highest in East South Central, South Atlantic, Pacific
- Least growth in Middle Atlantic, West South Central

SUPPLY PROBLEMS AND WILLINGNESS TO BUY



- 53% of potential buyers have supply problems (vs. 41%)
- 40% of potential buyers have problems in late summer (vs. 28%)

OTHER PLACEMENT ISSUES

- Units of purchase
 - 100-count purchasing preferred by 44%
 - bushel preferred by 25%
 - dozen preferred by 18%

ALASKAN ACTUALITY FOR PLACEMENT

- ▲ Alaskan product currently distributed close to home
- ▲ High growth area, Pacific, relatively close to AK
- ▼ Potential buyers are far from supply, even farther from AK
- ▼ Likely fluctuations in supply consistency due to weather, transportation infrastructure
- ▼ Twice weekly/ weekly delivery more difficult

PRICE RESEARCH LIMITED

- Responded to generic statement

"Alaskan oysters are grown in the cool, clean waters of Coastal Alaska. Alaska has 34,000 miles of coast line and oyster growing sites are generally located five or more miles from human development. Alaskan oysters are currently selling for \$4.50 to \$6.00 per dozen, wholesale delivered to your business."

OBSERVATIONS

- Of the respondents:
 - 22% would buy at +10% of current cost
 - 6% at +20% of current cost
 - 1 person would pay +30%
- Some perceived value, though measurement is outside scope of research

ALASKAN ACTUALITY FOR PRICE

- Ability to reduce costs is limited
 - Alaskan production method is costly
 - Shipping and costs of doing business are relatively high
- Important to match other product profile to *de facto* price range
- Much of marketing mix is driven by the price factor

PROMOTIONAL ELEMENTS

- Theme: bargain versus luxury
- Communication: direct mail, print or broadcast media, personal contact
- Target audience: business professional, stay-at-home mom

ALASKAN TWIST

- Many promotional decisions are already set by cost of product
 - Priced straight into luxury range
 - Small organizations, limited capital for communications

RECOMMENDATIONS

- Limited to elements of Alaskan product that may be emphasized when possible
 - ✓ Relationships between buyers and sellers
 - ✓ Water quality
 - ✓ Shelf life
 - ✓ Supply consistency
- Less important
 - ✓ Uniqueness

ALASKAN ACTUALITY FOR PROMOTION

- ▲ Water is extremely clean, perceived that way (93%)
- ▲ Familiar respondents approve of taste (87%)
- ▲ Product is available during summer months
- ▼ High cost of production limits freedom in markets
- ▼ Hard to access potential clientele
- ▼ Unfamiliarity of Pacific oyster

IMPORTANT ATTRIBUTES

- ✓ Consistent supply
- ✓ Regular and frequent delivery
- ✓ Government safety certifications
- ✓ Confidence in vendor
- ✓ Water cleanliness
- ✓ Price
- ✓ Taste

MARKETING STRATEGY

- ✓ Stick with raw
- ✓ Go with medium size
- ✓ Match distribution to marketplace desires
- ✓ Deliver frequently, 1-2 times weekly
- ✓ Stay away from oyster producing areas, but in the West
- ✓ Consumers want to know where product is from
- ✓ Promote safety certification
- ✓ Invest in good name, reliability
- ✓ Build on the base of positive feedback from present customers

INDUSTRY STRATEGIES? Quality

1. Water quality and shelf life (9.3 each) – shelf life studies
2. Government safety certifications (9.0) – DEC standards
3. Absence of grit in the product (8.9) – not a problem
4. Supply consistency and price (8.8 each) – production and coops
5. Fill (quantity of meat) in the shell (8.6) – farming BMPs
6. Consistent product grading (8.4) – regional standards
7. Low levels of “shrinkage,” & product discards (8.4) – Storage and shipping standards
8. Oyster size (8.3) – standards development, sorting practice
9. Geographic origin, shape, and cup depth of the oysters (7.1 each) - low priority, shellfish quality function of BMPs

INDUSTRY STRATEGY Decision to Buy

1. Confidence in vendor (9.3) – The buyer needs to know you, confidence in delivery, and product consistency
2. Taste (9.2) – Harvest time (spawny), Quality control plan
3. Water quality (8.9) DEC regulations can be a good thing
4. Price (8.9 each) – reduce production cost & cooperatives
5. Year-round availability (8.2) – Cooperative marketing
6. Size (7.9) – Standards development, sorting
7. Geographic origin of the oyster (7.8) – Alaskan uniqueness
8. Uniqueness of the product (7.3) – BMPs & quality control
9. Minimum order size (7.0) – Production and cooperative marketing
10. Packaging (6.8) – Processing BMPs

Erin Harrington 2005