



AUSTRALIAN
**Prawn
Farmers**
ASSOCIATION

APFA MARKET STRATEGY 2021



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- Australian Prawn Farmers Association Members for input,
- Fisheries Research and Development Corporation (FRDC) for funding,
- Ridge Partners for contribution to the development of the Plan.



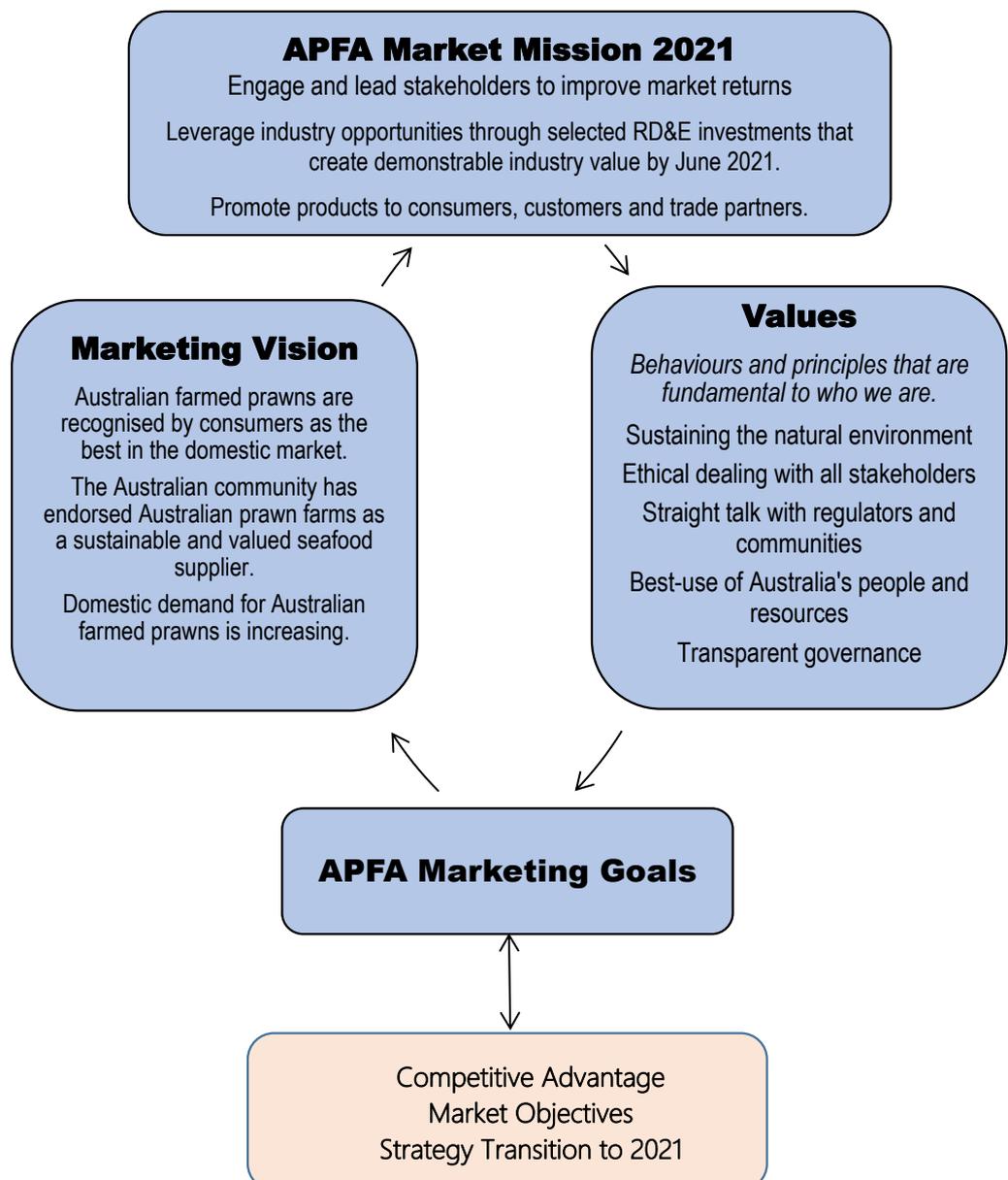
STRATEGY FRAMEWORK

Australian Prawn Farmers collectively contribute \$65 million in sales (at farm gate value) and downstream economic contribution to Australia. This represents 3,800 tonnes of premium seafood annually supplied to the domestic seafood retail and food service markets.

This Plan aims to position the sector to market to best advantage, its products over the next 5 years to 2021.

STRATEGIC PURPOSE AND INTENT

The APFA has agreed the following strategic framework to guide its investment in marketing over the next 5 years to June 2021.



MARKETING GOALS

APFA has agreed three goals it intends to achieve in the domestic market by 2020:

1. Maintain or increase real prices for Australian farmed prawns
2. Maintain or increase the market share of Australian farmed prawns
3. Enable the financial capacity of Australian prawn farmers to invest, innovate and promote their products.

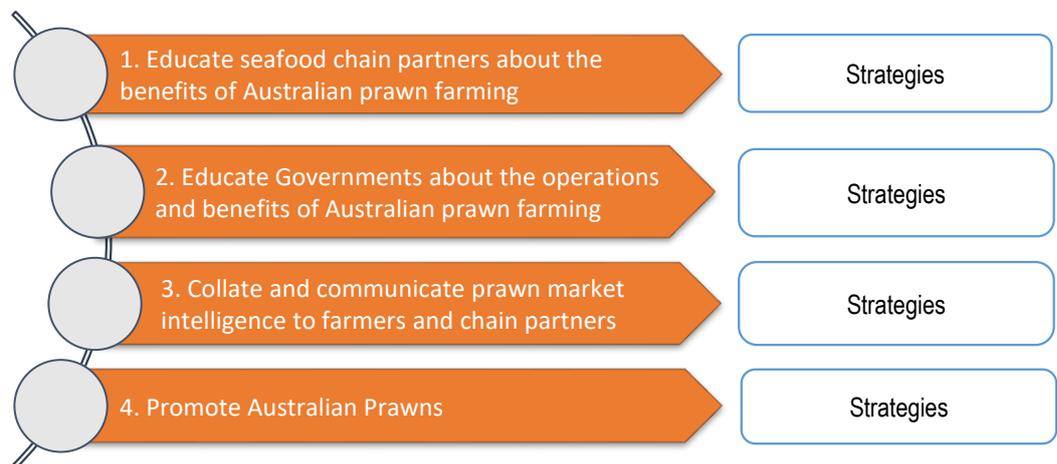
COMPETITIVE ADVANTAGE

APFA and prawn farmers plan to implement domestic market enhancement strategies over the next 5 years that will expand and leverage their competitive advantages in the seafood industry, including:

- Ability to ensure year round supply of fresh premium prawns
- The “Australianness” of their offer
- Professional and transparent certification of key drivers of their market offer:
 - responsible of farm production systems and supply chains
 - the eating quality of Australian farmed prawns
- Predictable, and stable prawn pricing over a season.

MARKET OBJECTIVES

The Australian farmed prawn industry is an emerging domestic supplier of premium seafood. In order to achieve its three goals, APFA will lead the farmed prawn sector to:

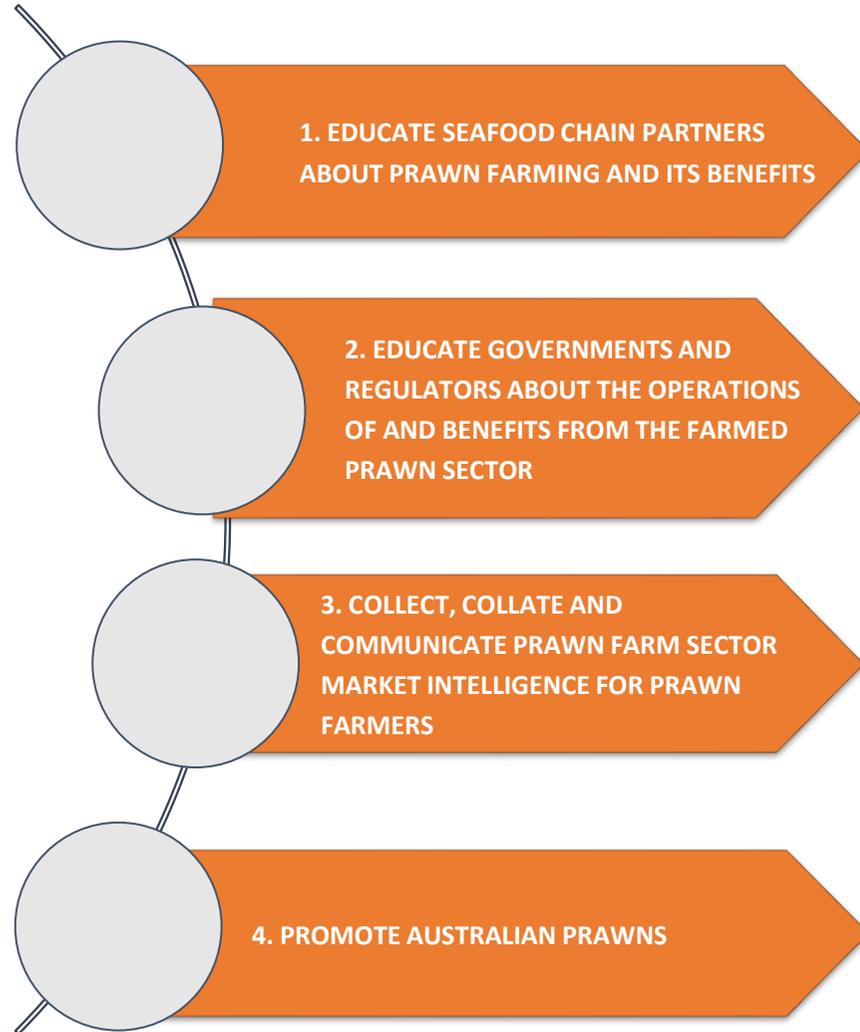


These four strategic market objectives have been identified by APFA Members, to be achieved over the next five-year planning horizon. All four objectives are important to APFA’s integrated delivery of its planned market outcomes by 2021. APFA Members intend that their staged investment in and management of these objectives will underpin the enhanced performance of their businesses over the five-year term of this Plan.

KEY STRATEGIES

APFA is a domestic supplier of premium prawns. Our strategic landscape will be framed by the following Objectives and Strategies.

DOMESTIC MARKETING OBJECTIVES



DETAILED STRATEGIES

Strategy 1: Progress APFA's 'Green Tick Sustainability Accreditation' with 90% industry coverage
Strategy 2: Consistency of supply
Strategy 3: Consistency of quality
Strategy 4: Ability to increase supply, through productivity improvements and farm expansions.

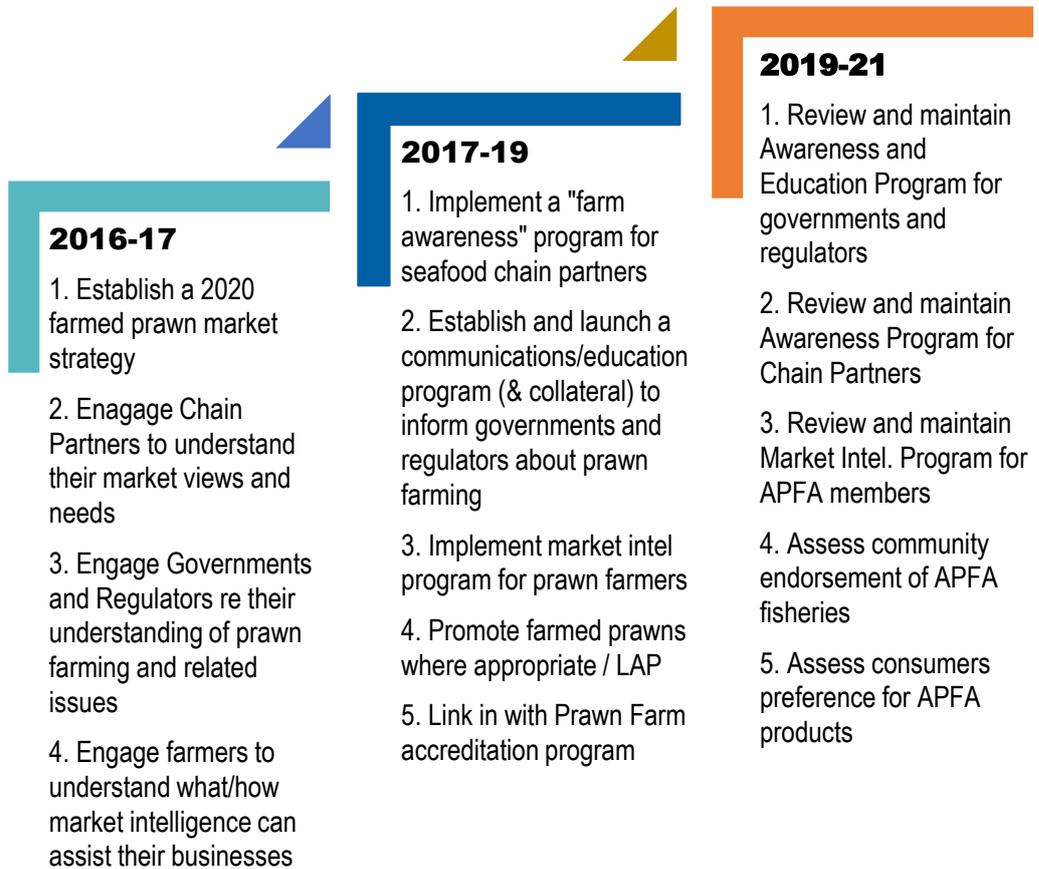
Strategy 5: Regional employment - our capacity to employ more people/ha than other industries
Strategy 6: Regional economic impacts – our contribution to reduced imports and foreign debt
Strategy 7: More control over discharge waters than other rural farming (i.e. cane, cotton, etc)

Strategy 8: Communications - all domestic and overseas market reports advised to Members.
Strategy 9: Prawn trade data – import and export data collated and advised to Members.

Strategy 10: Support and monitor 'Love Australian Prawn' campaign and its viability for Members – conduct periodic reviews of performance, returns and commitments
Strategy 11: Partner with other Australian aquaculture products to leverage farmed prawn promotion, i.e. Ready to Eat salmon & oysters, or BBQ packs i.e. king fish, cobia, barramundi etc.
Strategy 12: Joint promotions with Australian beverage sectors (boutique beers, wine) – avoid conflicts with LAP and others retailers

STRATEGY HORIZON

The APFA will implement and invest in market enhancement strategies in three stages to achieve market enhancements.



GLOBAL DRIVERS

Global population and middle class income growth drive seafood demand. By 2030 an extra billion consumers (to 8.3 Bn) will add 25 MMT to global seafood demand. Today, fishery products are the most globally traded human food commodity, and seafood is the most consumed by volume.

A number of uncontrollable global trends (World Bank - Fish to 2030, 2013) identified a number of major trends impacting seafood supply growth over the next 15 years:

- ▶ Growing GDP per capita (17% increase) will drive increased demand for human food. Per capita consumption is expected to grow fastest in regions with highest projected income growth – China (177%), India (93%) and SEAsia (88%).
- ▶ Rising farmed fish supply (23% increase) will deliver ~90 MMT in 2030, equalling wild capture supply, but comprising >64% of fish for human food. This growth brings new farm technologies, production efficiency, genetic improvement, and lower unit costs for APFA's competitors.

- ▶ Rising seafood consumption (36% increase or 40 MMT) will be met solely from new farmed supply. APFA Members now face millions of new middle class Asian consumers who will value branded seafood options.
- ▶ Fish supply is highly traded (38%) and very competitive in international seafood markets. Low cost developing countries currently export most (67%) of their supply to developed countries. Access to competitive trade (via Free Trade Agreements) is critical for prawn farmers who face import competition daily.
- ▶ Climate change impacts over the long term are uncertain but wild capture open waters events (e.g. red tides, AVG, and reduced growth) in Australia, China, Korea, and Taiwan are impacting wild harvest competitors now.
- ▶ Seafood is very nutritious – evidence is strong that modern consumers want fish as food as it is low in saturated fats, carbohydrates, and cholesterol and provides high-value protein, and essential micronutrients (vitamins, minerals, and polyunsaturated omega-3 fatty acids).
- ▶ China will increasingly influence global seafood markets, including prawns and shrimps. China will account for 37% of total fish supply and 38% of food fish. Since 1990 China's per capita fish consumption grew at 6% p.a. to 33.1 kg in 2010. Expected high growth in farmed supply means China will likely remain a net exporter of seafood including processed re-exports.
- ▶ Rising affluence and awareness is driving Asian consumers to travel, and to seek branded, safe, accredited, convenient products from sustainable production systems. Australian premium food systems (dairy seafood, beef) are increasingly seen by Asian consumers as sustainable, safe and nutritious, and attractive investment targets.
- ▶ Channel sophistication – Consumer with increasing disposable income and greater market awareness have more power in supply channels. While top level political decrees drive austerity and put pressure on the grey channel, the legal accredited import channels become more attractive to branded products, especially where they are supported under an FTA.
- ▶ Resilience and adaptability – Prawns have traditionally been merchandised and presented to urban consumers via the retail and Food Service Sector. As urban centres and consumer markets mature in Asia, retail/cool chain/processed lines will present new and compelling sales opportunities, especially online and from sustainable secured supply chains.
- ▶ Currency – the long term value of the Australian dollar value relative to the Yuan and other trade currencies can have a large and direct impact.