

# Module Three

Marketing and exporter relations



## Handout

Also Present Site Specific SWOT Analysis

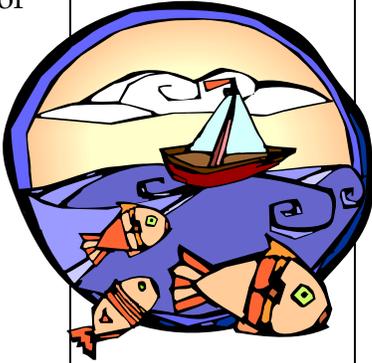
### SWOT ANALYSIS

In this session you will guide participants in a SWOT analysis of the marine industry. This will give you the opportunity to assess whether or not participants are familiar with the elements of this kind of analysis. The suggestions of participants should be written on pieces of colored paper and displayed on a big poster. Use the contributions of the participants to assess what they perceive to be present and future challenges to the industry. We give an example of a SWOT analysis below. The trainer should go through this example.

A SWOT analysis examines all of the following:

- S = strengths**
- W = weaknesses**
- O = opportunities**
- T = threats**

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
TRAINER'S INTRODUCTION			
<p>Strong product line in a multibillion dollar industry.</p> <p>Our coral reefs are located within the world's center of biodiversity</p>	<p>Indonesia has a bad reputation for the use of cyanide and other damaging fishing techniques that result in poor quality fish.</p>	<p>The ornamental fish industry is a USD earner for the government and should be nurtured and further developed.</p> <p>The government</p>	<p>Our coral reefs are threatened and, as a result, fish volume has been negatively affected.</p>

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<p>and can provide the widest selection of fish in the marine ornamental fish market.</p> <p>We have unique and endemic marine ornamental species that are in high demand</p> <p>The global market is aware of the availability of marine ornamentals from Indonesia and exports are made to all parts of the world.</p> <p>Indonesia can offer the full line of marine aquarium products: cultured live rock and corals; fish; and a wide variety of invertebrates.</p> <p>Indonesia is served by many airlines, as it is a popular tourist destination.</p>	<p>Compressor diving is practiced. This is not safe for divers because the air is unfiltered and can be disastrous if divers are not implementing the proper decompression stops.</p> <p>Local businessmen lack sufficient financial reserves. The political climate in Indonesia is unstable and it is difficult to get investors to provide sustainable financial backing.</p>	<p>and NGOs are working together to provide incentives for conservation.</p> <p>Resources are available from various NGOs: MAMTI; MAC; REEF CHECK; CCIF; WWF; Terumbu Karang; etc.</p> <p>The market is now looking for MAC-certified fish, and the certification program is now available in Indonesia and within reach.</p> <p>Through MAC certification, the collector can find more markets for their fish catch.</p>	

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
Therefore, ornamental fish collection for the export market can be a profitable venture.			
PARTICIPANTS CONTRIBUTIONS: [Examples listed below]			
Species mix strength	<p>High mortality</p> <p>Lack of communication equipment and road networks</p> <p>Lacking in communication skills</p> <p>No bookkeeping system employed</p> <p>No teamwork effort for a more efficient output</p>		Terrorism weakens investment climate

We can use Singapore as a good example of success in the ornamental fish industry.

Singapore exports 60% of all freshwater ornamental fish that is sold around the world. Those fish are mainly from Indonesia but also from Vietnam, Malaysia and other countries from South-East Asia.

The Singaporean industry is professional and reliable and western countries buy from there mainly because quality is good, both marine and fresh water products are available.

## HOW DO YOU FIND MORE EXPORTERS?

There are about a hundred exporters of different sizes in Indonesia. The easiest way for fishermen to find links to these exporters is through the MAC network.

### Introduction to the NGOs providing support to fishermen

Explain the business rationale of MAC. The **MAC (Marine Aquarium Council)** was formed to raise the quality level of the industry and to foster a sustainable business environment for the industry to thrive. MAC is a certification body that identifies the collectors, exporters, importers, wholesalers, and pet shops upholding a best practices standard in the marine ornamental fish industry. Through this network, collectors will be linked to exporters who would like to do business with them. Exporters will prefer to do business with MAC-certified collectors because they are ensured better quality fish through the MAC standards.

Before the MAC can certify an area, it must first conform to certain requirements. The first of these is that the area must have healthy populations of fish. **REEF CHECK** does this assessment, and if the area complies with the set standard, then it can be considered for MAC certification.

**CCIF (The Conservation and Community Investment Forum)** specializes in designing conservation solutions. A capacity-building program is being conducted by CCIF to introduce participants to the tools they will need for developing practical, effective solutions for implementing a sustainable trade.

Together, these three groups have developed a project called the MAMTI. Their objective is to transform the marine aquarium trade of the Philippines and Indonesia to one that is ecologically and economically sustainable using conservation management and rehabilitation. These steps will ensure the health of coral reef ecosystems and their contribution to poverty alleviation and food security.

### Common miscommunication problems concerning local fish names:

Often the names of the particular kinds of fish differ between areas. This can make it difficult for the exporter to order the kinds of fish he is looking for.



We encourage fishermen to offer free samples to the exporter to ensure that he can get the right ones. We also recommend that collectors all use the same fish identification book. We recommend: “Reef Fishes of the World” (see references). This book is simple, comprehensive, and readily available in Indonesia.

*Trainers should make this book or part of it available during the presentation. They should show the participants how to use it as a reference. Use examples from fish shown in the presentation.*

Some common problems are:

- Same fish, many different names
- Same fish, different names depending on growth stage (e.g. different names for juveniles, semi-adults and adults).
- Same fish, same name for males and females that are actually quite distinct in color pattern.

## **IMPROVING EXPORTER RELATIONS**

For a business relationship to thrive, it must be mutually beneficial.

### **a. HOW DO YOU MARKET YOURSELF?**

Collectors with the following traits will not find it hard to find an exporter who would be willing to buy their fish, on a continuous basis.

- **KNOW YOUR PRODUCT**

Know what fish varieties are unique to your area. Include these as an important component in your deliveries. This will distinguish you from other suppliers and make you important to the exporter. Knowing your product well will also help you determine how to price your fish.

- **USE OF PRICE-LISTS TO PRESENT YOUR PRODUCT**

(See b) The price-list is the face of the company, what the client sees as the company. It should contain all necessary information, including name of the fish (both Latin and common), price, quantity/box, seasonality, conditions, etc. It should also provide a brief background on the fishing area, the history of the fishing community in that area, and their achievements (e.g., MAC-certification or the establishment of CAMP).

- **DELIVER REGULARLY AT A PREDICTABLE VOLUME BASED ON THE EXPORTER'S REQUIREMENTS.**

Collectors should avoid bringing too much of a certain variety and forcing the exporter to absorb the volume. This is not a sustainable business practice because it is not good for the exporter.

- **DELIVER CONSISTENT QUALITY**

Exporters prefer to do business when quality is predictable... This is especially useful in marketing ordinary fish. There are many suppliers for

ordinary fish, but, if your fish are of consistent quality, the exporters would prefer to get them from you.

- **BE REASONABLE AND HONEST IN YOUR DEALINGS**

Price your fish according to fair market value. Exporters will appreciate your honesty and will want to do business with you because they trust you. If they make an error in the payment, be honest enough to call their attention to it. Sooner or later they would probably find out that they had made an error, and it would reflect badly on your business character if you had not told them.

If you have taken a loan from the exporter, make good your commitment to pay back your debt. Do not run away from this commitment by delivering to someone else. You will ruin your credit standing and find it harder to find creditors in the future when you need the money.

- **BE LOYAL**

Exporters appreciate loyalty and will reciprocate this loyalty in many ways.

- **BE POLITE AND COURTEOUS**

Treat exporters respectfully, and they will reciprocate that respect.



## **b. PRICE LIST**

The price list is essentially your face. It is the way you present yourself and your business. It is the way you introduce yourself to new customers.

MAC is the “make-up” that you can use to make your price list look even better. Describe your business history with MAC, your reasons for becoming MAC-certified, and the establishment of your CAMP on your price list. Show the prices for MAC-certified fish and for uncertified fish on your list.

## **IMPROVE YOUR PRICE LIST BY:**

- Names of available fish (both Latin and common), quantity available (per week), seasonality, etc.
- Reference to MAC-certification; show MAC logo
- Special reference to unique or important species from your area
- A short history of your fishermen's group, MAC certification of the group, and establishment of the CAMP.
- Terms and conditions

### **c. HOW TO NEGOTIATE WITH AN EXPORTER**

When negotiating with an exporter, the collector must be prepared to provide the following information:

- COMMON IDENTIFICATION OF FISH

It is very important to use the same names for fish. This ensures that no miscommunication occurs during ordering or marketing of fish..

- VARIETY

Provide a clear explanation of what kinds of fish are available from the collection area.

- VOLUME

State the average volume that can be delivered.

- DELIVERY

Explain how frequently delivery can be made and how it will be made.

- CONTACT INFORMATION

Explain how the exporter can contact the collector to communicate purchase orders or stop-buying/no-buying changes.

The collector, in turn, should raise the following issues with the exporter:

- PRICE

Discuss the buying price for the variety of fish that can be delivered. If there are any disagreements, these can be settled before any subsequent deliveries are made.

- VOLUME

Discuss the volume needed by the exporter. This will help the collector to plan collection activities in advance.

- STOP-BUYING LIST AND NO-TAKE LIST

Discuss fish on the exporter's STOP-BUYING list and how the collector will be notified of any changes. Discuss fish on the exporter's NO-BUYING list so that the collector can avoid collecting these fish. Establish how will the collector will be notified of any changes. Ex., False Cleaner Wrasses, Mantis Shrimp.

- PURCHASE ORDERS AND CHANGE ORDERS

Establish how these are to be transmitted and received.

- SCREENING PROCEDURES AND RECEIVING REPORTS

Establish the criteria used by the exporter to accept or reject a fish. This will help the collector to avoid sending fish that will not be bought. Also, establish how reports of shipment receipt will be transmitted.

- PAYMENT

Discuss how collectors will be paid and give payment details.

- PACKING MATERIALS

Discuss whether or not the exporter will provide assistance in paying for packing materials. Establish how fish will be returned to the collector, if this is to happen, and who will absorb this cost.

- TRANSPORT AND DELIVERY

Establish how the fishes will be transported and delivered.

- CONTACT INFORMATION

Establish contact details for the exporter.

This agreement can be done in writing or verbally, if the exporter can be trusted to keep his word.

**d. COMMON DISCREPANCY ISSUES WITH EXPORTERS AND HOW THEY CAN BE RESOLVED**

**PACKING LIST AND RECEIVING REPORTS**

Prepare a Packing List that is accurate. This will help in sorting out claims in incomplete delivery.

**MISCALCULATED REIMBURSEMENTS**

Know your mathematics so that you can tell if any miscalculations occurred in the payment.

**REJECTIONS DUE TO STOP-BUYING ORDERS OR NO-TAKE ORDERS**

Before delivery, it is always good to call the exporter to let him know you are coming and what varieties you already have on hand. This will give him the opportunity to let you know if there are any varieties he is not buying at the time, in case he has not yet called you in advance. This will give you a chance to turn-over the variety to another delivery so that you can still earn income from it.

Never send fish that the exporter has said he does not need. This will mean unnecessary packing and delivery expenses upon rejection of the order.

**VALIDATION OF SCREENING REPORTS**

Send only animals in good condition and determine the causes of rejections, if there are any. The process of screening involves lots of trust, as there usually are no other parties to validate it.

**e. HOW TO IDENTIFY GOOD EXPORTERS THAT ARE GOING TO SUPPORT THEIR BUSINESS FOR THE LONG TERM**

**PROVEN TRACK RECORD**

Look for exporters with a proven track record and a good reputation. Get this information by talking to other suppliers who have worked with your candidate exporters and by finding out how long they have been in business. Look for MAC-certified exporters as ones you can trust.

**PROPER SCREENING PROCEDURES AND FEEDBACK**

- Exporters who have fair and proper screening procedures and give an accurate count of your delivery are exporters that can be trusted to be fair and honest. Your exporters should be ready to work with you by providing you with feedback to improve your delivery results.
- Avoid exporters who reject a delivery after you have already called them to confirm that the shipment will be sent. This is unfair practice.
- Exporters who have screeners that take bribes should be avoided or the screeners reported to the exporter. Usually, the owner does not know what the screeners are doing. The collector will never get a fair screening and just payment for his delivery under this kind of system. Also, the collector would be allowing the Screener to take money that belongs to the company and take fish that should have been refused. This is not good for either party.
- Exporters who make an effort to save the fish, handle your deliveries with care, and return rejects to the sea are exporters who genuinely are concerned in conservation and will help you obtain the most from your delivery. Sometimes it is mishandling by the exporter that causes mortality and rejects.

**MAKES PROMPT PAYMENTS**

Exporters who pay immediately are better than exporters who make you wait or return another day for the payment for no reasonable cause.

**REGULARITY, CONSISTENCY, AND SECURITY OF BUSINESS**

There are some exporters who increase buying prices at certain times of the year to lure collectors to deliver certain goods to them. Although it may seem good to take advantage of the temporary windfall, always remember that loyalty, regularity and consistency will be more important in the long term. Stick to the exporter who has provided you with regularity, consistency, and fair business. It pays off more in the long term because you will be able to keep his business.

**f. HOW CAN YOU MARKET SPECIES THAT ARE NOT IN DEMAND?**

It is hard to market species that have no demand. The collector should simply avoid catching these species. For this reason, it is important for the collector to keep on top of information about what varieties of fish the exporters do not take.

**g. FISHES THAT EXPORTERS DO NOT TAKE OR WOULD STOP BUYING TEMPORARILY**

**SIZING PREFERENCES**

Oversized fishes are not in demand by customers. Examples are oversized damsels, angels, and other such fishes. Exporters who ship to Europe and the US avoid oversized fish because they increase shipping costs. However, exporters with customers in neighboring Asian countries like Hong Kong and Taiwan actually prefer jumbo angels and other such fish.

**VARIETIES NOT SUITABLE FOR HOME AQUARIUM**

- Varieties that grow too large for aquarium
- Highly predatory fish and invertebrates, e.g., Mantis Shrimp and False Cleaner Wrasses
- Fishes that do not acclimatize to the home aquarium, refusing to feed and wasting away in captivity. Fishes like this should be left on the reef.

Examples are the Harlequin Filefish (*Oxymonacanthus longirostris*), Baroness Butterflyfish (*Chaetodon baronessa*), Bennet's Butterflyfish (*Chaetodon bennetti*), and Eightband Butterflyfish (*Chaetodon octofasciatus*). These species are difficult to keep in captivity due to their restricted diets. The small (maximum 9 cm) Harlequin Filefish (*Oxymonacanthus longirostris*) typically inhabits shallow coral reefs in the Indo-West Pacific

and spends most of the day feeding almost entirely on the polyps of corals of the genus *Acropora*. It lives in an exclusive and heterosexual pair, with the male and female sharing the same territory to feed. These requirements are difficult or impossible to replicate in an aquarium.

#### OTHER VARIETIES THAT DO NOT SELL WELL

Exporters will not accept fish that they cannot sell. Such fish would only consume space in the exporter's holding facility. One example is the Mandarin (*Synchiropus splendidus*). There is a demand for this fish, but because it costs too much in Indonesia, exporters are not able to sell it. Customers tend to buy instead from the Philippines, where the species is less expensive.

#### OVERSTOCKED ITEMS

Exporters will not accept too many of one kind of fish. Too much means the volume that they cannot dispose of within two weeks of acceptance. If fish are kept longer than this period, even if they feed they tend to lose color and then cannot be shipped. Exporters are likely to issue a "stop-buying" order for species they have overstocked.

#### SICK, THIN, OR DAMAGED FISH

Sick, thin or damaged fish do not meet export quality standards. These will be rejected outright.

#### **h. SEASONS**

It would help the collector to understand seasonal patterns of demand and supply so he can plan collection activities well.

Buyers buy fish during the winter season, when it is cold outside and they stay at home during their free time to take care of their aquaria.

During summer they go out during their free time, take care of their garden, or go to the beach. They are generally not interested in setting up and caring for an aquarium during this season.

With this information, the collector can anticipate that demand volume will increase during the month prior to when export sales demand is strongest. Demand will decline towards the period when other countries, especially western countries, are approaching summer (between May and August).

#### **i. HOW TO IMPROVE MARKETING FOR ORDINARY FISH**

Ordinary fish are still purchased with regularity. They comprise the major bulk of most shipments. But, every exporter prefers to receive ordinary fish from their regular suppliers. For this reason, it is essential for collectors to maintain their loyalties to these exporters so they can be assured of a steady absorption of these fish.

Endeavor to provide consistent quality at all times. As mentioned earlier, suppliers of ordinary fish are plenty and competition is stiff. The exporter will prefer to take ordinary fish from those suppliers who provide consistent quality.

#### **j. HOW CAN you GET BETTER PRICE FOR your FISH?**

By touching briefly on the value chain analysis, remind the participants that the market dictates the buying price for the fish. The collector must also keep in mind that the price is greatly influenced by the quality of their delivery. An exporter will be willing to pay more for fish that he knows he will be able to keep alive and ship. He will not be willing to pay as much to a collector he knows to deliver fish that die easily, or are always in poor condition. This exporter will, in fact, eventually stop doing business with the collector.

#### **k. WHERE CAN you OBTAIN FINANCING?**

Some exporters provide financing assistance to their regular suppliers. However, this is a practice that should not be encouraged. When the supplier is indebted to the exporter, he is controlled by the exporter and obliged by his debt to deliver exclusively to the exporter. For this reason, the collector should endeavor to keep his financial independence.

### **REDUCING MORTALITIES TO INCREASE EARNINGS**

Start this session by having the trainees describe the mortality rates they ordinarily sustain from the point they catch to the point they deliver these fish, and sketch the figures on the whiteboard/blackboard: Example: Use a regular work week for the assessments.

Review the scale of regular mortalities, and translate these losses to lost earnings. If the collector can reduce mortality, he will definitely earn much more than he is getting today, or, at the very least, he can work less for the same amount of money.

After filling the table with the 35% mortality rate, re-do the table with a 10% mortality rate to illustrate the increase in earnings as mortality decreases. Point out that MAC believes that these mortalities can still be reduced to 1%.

VARIETIES	QTY CAUGHT	MORTALITY (Holding)	MORTALITY (Before Delivery)	MORTALITY AND REJECTS (Exporter's Facility)	TOTAL QUANTITY REMAINING	PRICE	TOTAL EARNINGS FOR THE WEEK
Green Chromis	500	20	20	10	450	600	270000
Sixline Wrasse	30	1	1	1	27	2000	54000
Neon Damsel	200	5	10	5	180	500	90000
Bicolor Angel	15	1	1	0	13	3500	45500
Dispar Anthias	50	2	2	1	45	1500	67500
<b>TOTAL</b>	<b>795</b>	AVERAGE WEEKLY EARNINGS (35%)			<b>516</b>		<b>381000</b>
		AVERAGE WEEKLY EARNINGS (10%)			<b>715</b>		<b>527000</b>

Stress the importance of reducing these losses as a good business plan to increase earnings. Have participants identify reasons mortality is high. Point out other items that they may have overlooked, such as those listed below. This does not have to be covered in detail, as the MAC shall have covered this in their training. However, the trainer should be aware of these items.

The general conclusion should be: **REDUCING MORTALITIES TO INCREASE EARNINGS WILL ALSO IMPROVE OVERALL QUALITY**

#### a. IMPROVE COLLECTION METHODS

Collectors should stop using poison and apply the correct decompression stops for fish. They should also improve their skills in using nets.



#### b. IMPROVE HOLDING METHODS

- Use containers with holes to hold fish in the sea. This keeps the water fresh and removes the need for changing water.
- Make sure that these sea-based containers are placed far apart and at a depth to ensure stable water and reduced stress.
- Make sure that the jars are large enough and do not have jagged edges that can damage the fish.
- If collectors must hold their stock in plastic bags, ensure that the bags are of a comfortable size and change water frequently to avoid damage to the fish from bad water.
- When making water changes, make sure that the fish are properly acclimatized and introduced to the new water, especially if tools are not available to check pH and water temperatures.
- Damsels may need to be packed separately or placed in larger containers with fewer fish to reduce friction and damage.
- Put the fish in out of direct light and in stable temperature conditions.



### c. IMPROVE PACKING METHODS

- When packing fishes for delivery, make sure that the plastic bags are of ample size with enough water and oxygen

### d. IMPROVE DELIVERY METHODS

- Stock the fish in a manner that will eliminate collapsed bags and water leaks.
- Keep the fish in stable temperature conditions, not on the hot floor of a jeep. Do not travel in the heat of the day without appropriate counter measures.

## IMPORTANCE OF HARNESSING A SUSTAINABLE FISHING ENVIRONMENT

For collectors to continue doing business, they must have continuous supply. It is not true that there is an infinite supply of marine fish. Collectors must do their share for conservation. If collectors do not help to conserve marine fish, supplies will

decrease, the collectors will have to search further for fish, and eventually they will not be able to earn a decent living.

## **FINAL REVIEW OF THINGS LEARNED IN THE ENTIRE SESSION**

**DO NOT USE POISON.** The buyer will know you have used it. There are ways to test this. The use of poisons will show in the health of the fish and your reefs. You will lose business this way. You can catch the same quantity of fish using nets.

**DEVELOP YOUR SKILLS IN USING NETS.**

**DO NOT OVERFISH; CATCH FISH TO ORDER.** There is no need to compete for volume. You can achieve the same results by improving skills, quality, and service because you will suffer fewer mortalities in your catch and be assured of continuous business with exporters.

**HANDLE THE CORAL REEFS WITH CARE WHILE DIVING AND ANCHORING.**

**REDUCE MORTALITY AND WASTE THRU PROPER HANDLING.** By reducing mortalities, you will be able to increase your earnings.

**USE PROPER DOCUMENTATION,** including the preparation of accurate **PACKING LISTS** to avoid any disputes and conflicts.

**INCREASE THE VALUE OF INDONESIAN MARINE FISH BY INCREASING QUALITY.** The industry is ready to pay the price for good quality and good services, but it may take sometime to achieve this objective while the reputation of Indonesian marine fish remains poor. Through the application of the MAC standards, the reputation of Indonesia can be redeemed and the value of our fish will improve. This will help us in future generations as well.

**DO NOT ADD TO MARINE POLLUTION.**

**HELP PRESERVE THE MARINE REEFS.** Then our children always have a place to fish.

**JOIN THE MAC NETWORK.** Ensure a sustainable future for the marine ornamentals industry.

