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MARKETING STRATEGY FOR VIETNAMESE FRESHWATER SHRIMP TO THE UNITED STATES

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ABSTRACT

Freshwater shrimp (*Macrobrachium rosenbergi*) has been increasingly farmed in Vietnam. Because of its good nature in farming and high value, freshwater shrimp is becoming one of the most important commercial species in Vietnam. In order to respond to the increasing demand for freshwater shrimp in both domestic and international markets, the Vietnamese Ministry of Fisheries has outlined objectives for the development of this species in the period 2001 – 2010.

In order to achieve these goals, a marketing strategy needs to be designed and conducted. An analysis of market opportunities and market competition has been done in order to identify the possibilities of expanding the freshwater shrimp market.

Based on market analysis, it is determined that the United States is the most viable potential market for Vietnamese freshwater shrimp due to the steady increase in shrimp consumption and strong reliance on imports. In order to take full advantage of these opportunities, the Vietnamese shrimp industry needs to focus on producing large size shrimp.

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1 INTRODUCTION

1.1 Project definition

Freshwater shrimp (*Macrobrachium rosenbergi*) is a commercially important crustacean species, which is farmed in many Asian countries. In Vietnam, it occurs in most of the freshwater areas, but is especially abundant in the Mekong Delta. Freshwater shrimp is cultured in natural ponds, canals or integrated with rice farming. It is the world's largest shrimp and can grow to be up to 13 inches long (Figure 1)

- Latin/ Scientific name: *Macrobrachium rosenbergii*
- Family name: Palaemonidae
- Common name: Freshwater prawn, freshwater shrimp, giant river prawn/shrimp and scampi.

Figure 1: General biological figures of freshwater shrimp.

Freshwater shrimp farming has a long history in Vietnam, but its popularity has increased in the last two years as its value has become more and more important in raising the income of farmers. Income levels per capita in the Mekong Delta range from US $130 - $200 per year. In contrast, many shrimp farmers can earn up to US $1000 per year, in terms of net profit (JIRCAS 1998).

In response to increasing domestic and international demand, the Vietnamese government has developed a strategic plan for freshwater shrimp farming for the years 2000 - 2010.

In order to achieve the objectives of the plan, a marketing study should be conducted to analyse, identify and determine the possibilities in expanding markets to absorb an increased production from 6,000 tons of freshwater shrimp in 2000 to 11,000 tons in 2005. This project will focus on the United States market where shrimp is generally in the highest demand.

1.2 Methodologies

In order to access sources of information, identify the target market, the main competitors and the market trends, the five following methodologies are used:.

1. Longitudinal analysis is the main method used to study the historical development of shrimp consumption and imports to the EU, Japan and the United States. The historical development will be compared to identify the best potential markets for shrimp in general and freshwater shrimp in particular.

2. Appraisal scores are applied to identify the main competitors of the Vietnam shrimp industry. The scores range from 1 to 5 and are based on similarity in competitiveness. The more similar, the higher the score and vice versa.

3. Simple regression is used to design the model prediction for demand of imported shrimp to the United States over the next three years. The variables used for this simple regression are based on real observation from 1996 to 2001.

4. SWOT analysis pulls out the strengths, weaknesses, opportunities and threats of the Vietnamese shrimp industry from the situation analysis. SWOT analysis gives the basis for creating arguments to develop the marketing strategy.

5. A literature search, mostly focused on secondary data, is used to access the source and type of information, databases and statistics.

1.3 Results

Based on the historical development analysis, the United States, with its high price for shrimp and steady increase in consumption, is selected as the best potential market. The estimated demand for more than 100,000 MT of shrimp over the next three years, based on the market's preference for large size shrimp, creates favourable opportunities for the Vietnamese shrimp industry to promote freshwater shrimp into this market.

The project also reveals the strengths of the Vietnamese shrimp industry. The most important element is the capacity to supply large size shrimp. In addition with a good position, this element could help the Vietnamese shrimp industry to outscore its competitors in the United States market. In order to take advantage of these opportunities, the Vietnamese shrimp industry should focus on producing large size freshwater shrimp and direct more efforts to promoting the Vietnamese freshwater shrimp industry, in order to strengthen its image in the United States market.

2 SITUATION ANALYSIS AND DISCUSSION

2.1 General background

2.1.1 Background of the Vietnamese fisheries industry

2.1.1.1 Country profile

Vietnam is an S-shaped country located in the south-eastern part of the Indochinese peninsula – Southeast Asia. The country is geographically divided into the highlands, the Red River Delta, the Coastal Central Delta and the Mekong River Delta.

With its large number of rivers and canals, Vietnam has developed an integration of agriculture and aquaculture. Nearly 70% of the population make their living on agriculture (including aquatic farming). Agriculture contributes about 23% to the national GDP of Vietnam. Table 1 shows some general figures about the country and its economic situation.

Table 1: Vietnam at glance (World Bank 2002)

- Size: 329,560 sq km
- Population (2002 est.): 81,098,416
- Coastline: 3,260 km (excluding islands)
- GDP (2001): US $32.7 billion
- GDP growth (2001): 7%
- GDP per capita growth (2001): 5.6%
- Contribution of agriculture to the GDP: 23.6%

2.1.1.2 Fisheries economy

Fisheries and aquaculture has a long history in Vietnam and form an integral part of the culture. Typical traditional images of wooden boats, clay ponds and floating cages still characterise rural life. Fish and other aquatic products are important ingredients in traditional cooking.

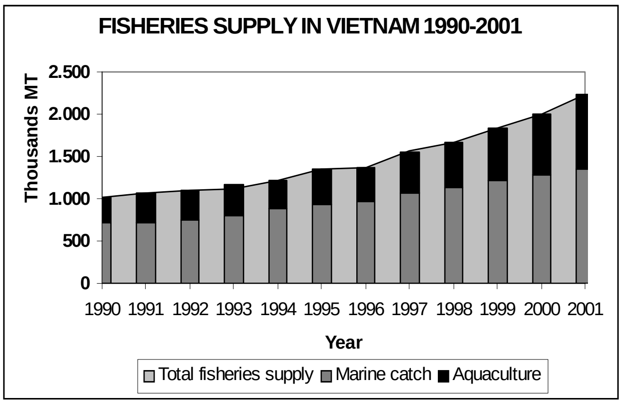


Figure 2: Fisheries supply in Vietnam 1990-2001 (National Marine Fisheries Service (NMFS) 2002).

Since its establishment in the 1950s, the Ministry of Fisheries has implemented and restructured the fisheries inflation and promoted policies to turn it into a commercial fisheries industry, which is not only for food security but also for increasing national earnings. The historical development of the fisheries industry can be divided into two phases.

Before the 1980s, the fisheries industry was considered subsistence agriculture. With the economic reforms in the 1980s, there was an increased emphasis on the value of fish products, strengthening of export, sustainable development and aquaculture. The development of aquaculture has contributed significantly to the total fisheries supply of the country (Figure 2)

At first, exports were mainly targeted to the Asian market. But after the financial crisis at the end of the 1990s, new markets were developed in Europe and the United States. In order to satisfy the requirements of the new markets, many factories have been upgraded, new technology and equipment has been installed, and education and training has been increased and implemented at all management levels including technical staff, workers and farmers. All of these efforts have created a new image of the industry. As a result, the value of seafood exports from Vietnam has increased from approximately US $2 million in 1990 to nearly US $2 billion in 2001 (Figure 3)

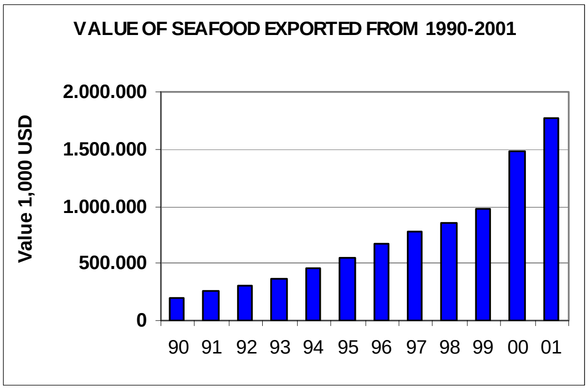


Figure 3: Seafood exports from Vietnam 1990-2001 (The Ministry of Fisheries 2002).

Nearly 70% of the world's seafood supply comes from Asia where Vietnam is today one of the biggest seafood suppliers (after China, Thailand and India). The achievements in fisheries development play an important role in Vietnam in solving socio-economic problems by providing jobs for millions of people, higher income for farmers and labour and for increased foreign currency earnings (Ministry of Fisheries 2002).

2.1.1.3 Shrimp aquaculture development and the national plan

During the 1980s shrimp farming expanded rapidly in the coastal areas of Vietnam. The culture of brackish water tiger shrimp continued to grow rapidly in the 1990s at the same time as catches of shrimp declined. Around 446,208 ha of land area were utilised in 2001, which is 97% higher than the previous year. The shrimp farming volume reached 158,755 tons, an increase of 52% since the year before.

Shrimp farming has contributed significantly to change Vietnamese rural life. Many poor farmers who worked on the rice fields with little benefits have engaged themselves with the new challenges and opportunities of the seafood industry.

However, the rapid development in shrimp farming has also created some socio-economic and environmental problems. The government was forced to implement regulations to control the development of shrimp aquaculture, especially for the black tiger shrimp. One of the key goals now, is to diversify in farmed species. The freshwater shrimp is considered one of the main species to develop and farm in coming years.

2.1.2 International shrimp industry

2.1.2.1 World shrimp supply

World shrimp production reached a record of 4.2 million MT in the year 2000 (Figure 4). The rate of growth, however, slowed down in 2000 to just 1% compared to over 9% in 1999. This reduced growth rate is largely due to the stabilisation of production in China, which remains, by far, the world's largest shrimp producer, with over 1.2 million tons/year. Of the major shrimp producing countries, the United States and Canada recorded the strongest growth rates at over 9% each. Ecuador, suffering from problems with white spot disease, experienced the sharpest decline with production falling by over 50% to 51,000 tons in the year 2000. In terms of species, the black tiger shrimp (*P. monodon*) is the most important, with world production in 2000 at 840,000 MT, up 4% in 1999 (Food and Agriculture Organization (FAO) 2002)

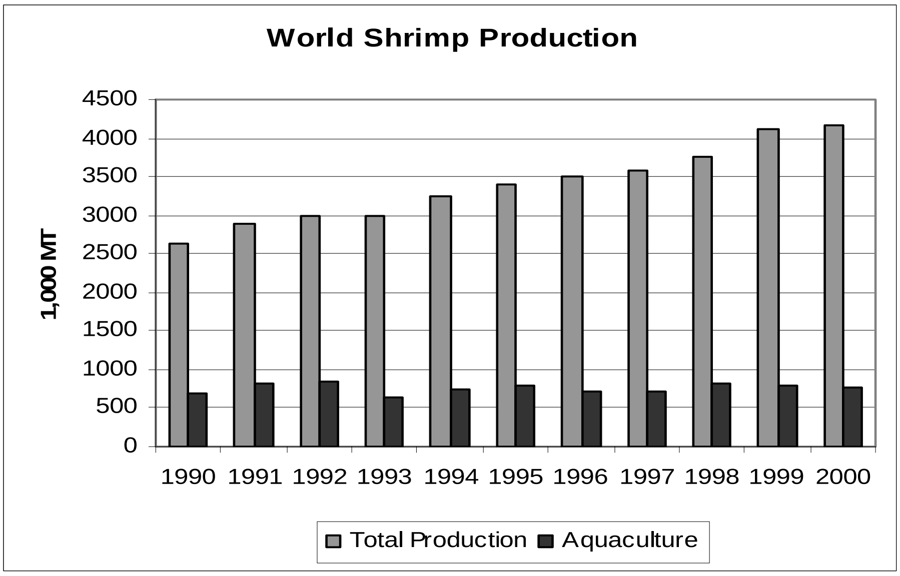


Figure 4: World Shrimp Production in 1990-2000 (Food and Agriculture Organization (FAO) 2002)

2.1.2.2 World shrimp consumption

Based on the total volume of world imports, the shrimp market can be divided into three main players; Europe, Japan and the United States, which make up about 80% of the total (Figure 5).

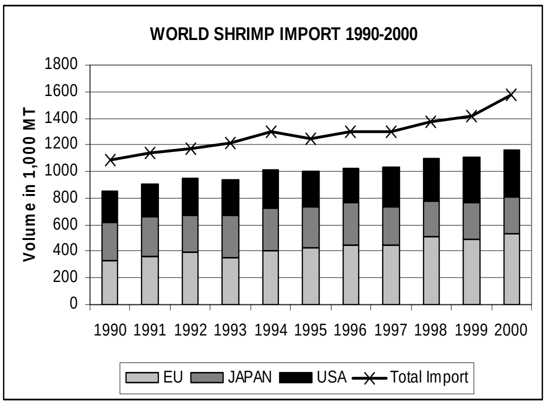


Figure 5: World Shrimp imports 1990-2000 (Food and Agriculture Organization (FAO) 2002).

2.1.2.3 Main markets

The European market is growing steadily with a growth rate of about 5% per year in terms of volume. However, in contrast to volume, the value of shrimp trading in this market is the lowest in comparison with the two other markets. With more than 428,000 tons of shrimp imports into this market annually, the average value obtained was about US $2.9 billion or US $6.8/kg (Figure 6). These figures show a preference of this market for the low-value species of shrimp. This characteristic is suitable to promote the sea-water species of shrimp with low prices from 5 – 7 US$/kg FOB.

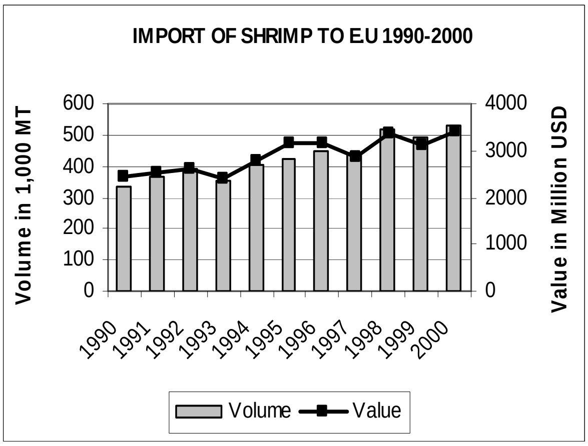


Figure 6: Shrimp imported to the EU 1990-2000 (Food and Agriculture Organization (FAO) 2002).

The Japanese market has been known as the most powerful market for seafood in general and for shrimp in particular. Undergoing many difficulties caused by the financial crisis in 1997, the Japanese market has lost its top position in the international shrimp business. The situation is now expected to recover slowly. Nevertheless, this market is still very attractive because of its high value in shrimp trading. With about 300,000 MT of shrimp imported into this market

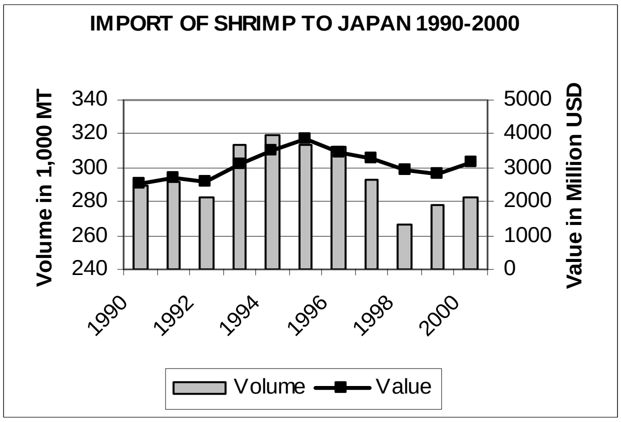


Figure 7: Shrimp imported to Japan 1990-2000 (Food and Agriculture Organization (FAO) 2002).

every year, the average value reached was approximately US $3.1 billion or US $10.04/kg (Figure 7). The Japanese market has paid the highest shrimp price during the last 10 years.

The United States market is the most developed market with a growth rate of about 4.4% and the average value of shrimp trading obtained US $2.7 billion for more than 280,000 MT which could be calculated as about US $9.40/kg (Figure 8). However, it is a very competitive market.

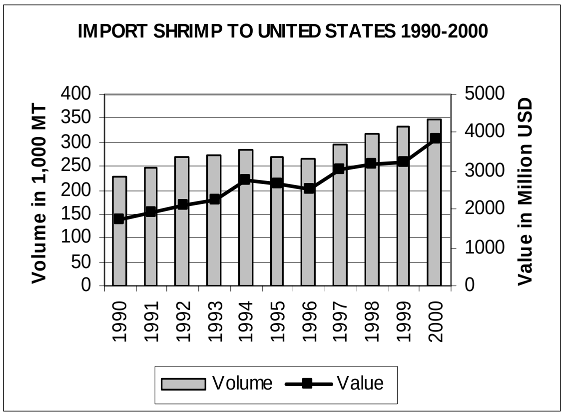


Figure 8: Shrimp imported to the United States 1990-2000 (Food and Agriculture Organization (FAO) 2002)

When the import to Europe was banned in 2001 because of chloramphenicol contamination, most shrimp suppliers concentrated on the United States market, especially since the economy of Japan showed no signs of recovery.

With the steady increase in shrimp consumption and the market's preference for high value products, the United States is in an ideal position to become the target market for the promotion freshwater shrimp, which is known to be the biggest shrimp in the world.

2.1.2.4 The United States market for freshwater shrimp

There is no doubt that the United States market is currently, the most powerful market for shrimp in the world. Despite the declining economy, shrimp consumption in the United States has increased steadily in recent years. The per-capita consumption of shrimp was always second to tuna in the years 1990 - 2000. Shrimp consumption has however now, for the first time, surpassed tuna at 3.4 lb per person (NMFS 2002).

Shrimp is the number one fresh and frozen seafood in the United States. Americans pay more than $2 billion every year for shrimp consumption at home and in restaurants. The consumption has shown a high increase in the year 2000 with a total value close to $4 billion. Imports account for about 80%, of all shrimp consumed in the United States each year.

The market for freshwater shrimp is emerging with the efforts from both the shrimp industry and Freshwater Prawn Growing Association of the United States. They all believe that the share of freshwater shrimp in this field has been growing due to its advantages such as less fat than marine shrimp, closer relation to lobster than marine shrimp, large size and firm texture (Lindsay 2002).

2.2 Situation analysis

2.2.1 The United States market

2.2.1.1 Market size

The United States is the world's largest market for shrimp, as it is for many other goods and services. Its 280 million inhabitants enjoy one of the world's highest living standards (Table 2). By any measure, the United States has the world's largest economy. There was an unprecedented boom during the 1980s during which the GNP increased at a rate of 2.2% per year (Dore 1992).

Table 2: The United States at a glance.

- Population (2001): 283 million (estimated)
- GDP per capita: $36,200
- Fish and shellfish consumption per capita (2001): 10.3 pounds
- Shrimp consumption per capita (2001): 3.4 pounds.

According to Ian Dore's (1992) study, seafood consumption in the United States rose steadily throughout the 1970s and most of the 1980s to a peak of 16.2 pounds per head in 1987. Since then, it has declined and stood at 10.3 pounds per capita in 2001 (Table 2). Shrimp imports, on the other hand, have continued to increase. (Figure 9).

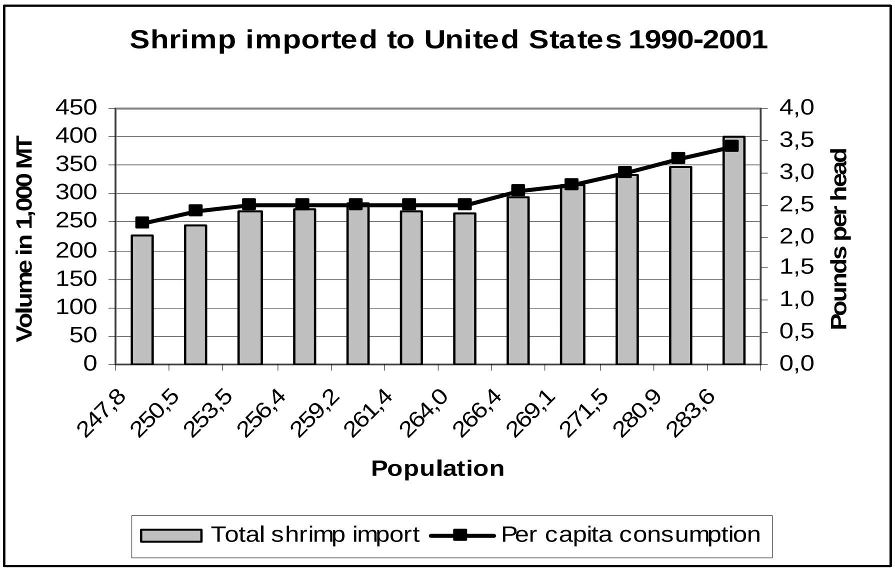


Figure 9: Shrimp imported to the United States 1990-2001 (NMFS 2002).

A survey[1] conducted in 2002 revealed that shrimp sold better than any other seafood item in restaurants in the Northwest, Midwest, South and West/Pacific regions which are the major markets for seafood in the United States (Redmayne, P. 2002.).

Reduced price may explain this trend, as the sharp decline in shrimp prices in 2001 has resulted in an increased volume of trade in key markets during the first half of 2002. The United States has seen record import levels in 2002 as lower prices have helped promote shrimp sales at retail and catering levels (Food and Agriculture Organization (FAO) 2002)

However, the Industrial Survey of Seafood Business showed different results: 58% of the respondents who were representatives of seafood restaurants kept the price on their menu the same as in 2001, 38% of them increased the price and only 4% lowered the price on their menu (Redmayne, P. 2002.)

The difference in output between Globefish and the Industrial Survey reflects the sensitiveness of price to the different levels of seafood distribution and consumption. It seems that the sensitiveness of price has a greater impact on the middle level of the value chain like importers, retailers, catering etc… than on the end customers, or higher levels of the value-chain, such as restaurants.

Lower prices make American consumers cease to think of shrimp as a luxury food. But lowering price is not the only way to increase consumption as the benefits of shrimp are well accepted by the customers. Efforts of the industry in introducing and promoting this healthy species to the consumers play a key role in this motivation.

Promotional efforts in line with lowering price have created a steady increase in shrimp consumption per capita in the United States. From 1990 to 2001 shrimp consumption has increased with an average growth rate of 4% per year. Especially, by the end of the 1990s, the increase in shrimp consumption in the United States together with the decline of the Japanese market

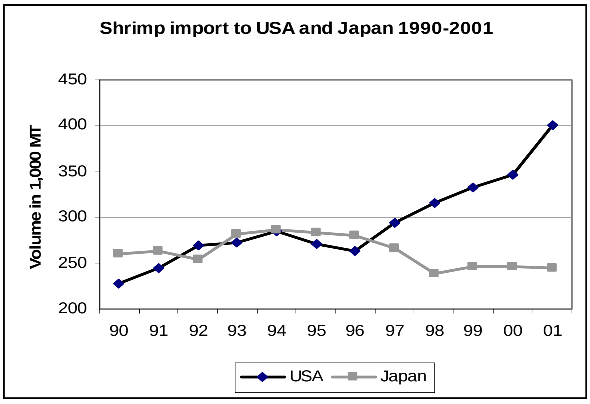


Figure 10: Shrimp imports to the United States and Japan 1990-2001 (NMFS & Japan Custom Clearance Statistics 2002).

(Figure 10) made the United States market the most important market for shrimp. As a consequence, there have been many more suppliers rushing into the United States market in an attempt to get a share of this growth.

[1] The survey was mailed on 2 August 2002 to 1,982 foodservice readers. A total of 215 readers returned a completed survey. Respondents were from one of six restaurant concepts: casual dining/dinner house, white tablecloth, cafeteria/institutional, fast casual, quick service and other.

The important questions for this project are the following: Is there any more space to promote freshwater shrimp in the United States market and when will the shrimp market in the United States reach an equilibrium between demand and supply?

2.2.1.2 Market trends

Demand:
Shrimp consumption per head in the United States has been steadily growing from 2.2 lb in 1990 to 3.4 lb in 2001 with a growth rate about 4.4% per year. The increased consumption has mainly been met with an increase in imports (Table 3).

Table 3: Shrimp consumption in the United States and volume of imports from 1996-2001 (NMFS 2002).

Year**Figure 11:**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**
Shrimp consumption (lbs)	2.5	2.7	2.8	3.0	3.2	3.4
Volume of imports (100,000 MT)	2.6	2.9	3.1	3.3	3.5	4.0

By using simple regression Y= α + βX, this data can be used to develop a model to predict shrimp consumption and shrimp imports to the United States ver the next few years (Figure 11).

Based line:

1. X: Consumption per capita
2. Y: Volume of import
3. α & β: Coefficients

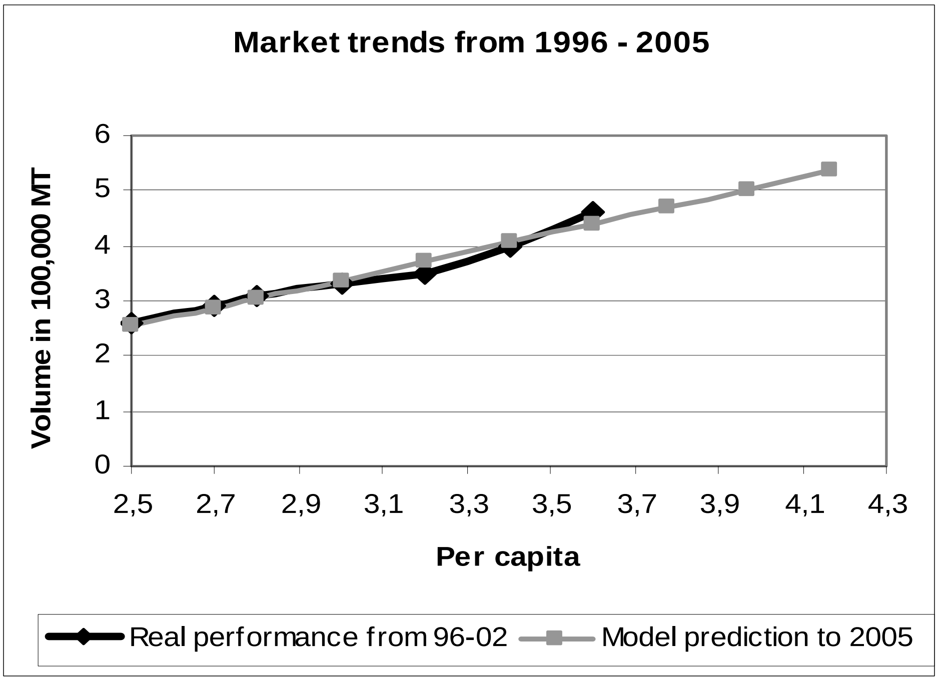


Figure 12: Market trends and prediction for shrimp imported to the United States.

With the assumption that the shrimp consumption per capita in United States will keep increasing at the average rate of 5%, we can predict the volume of imports over the next three years (Table 4).

Table 4 : The causal-relation between shrimp consumption with volume of imports from 1996-2005.

	OBSERVATION						**PREDICTION**			
Year	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Per capita (X)	2.5	2.7	2.8	3.0	3.2	3.4	3.6	3.8	4.0	4.2
Volume (Y) (100,000 MT)	2.6	2.9	3.1	3.3	3.6	4.0	4.4	4.7	5.0	5.4
Model Prediction	2.5	2.9	3.0	3.4	3.7	4.1	4.4	4.7	5.0	5.4

Based on the assumption of a 5% annual increase per capita in shrimp consumption, the United States market will require 550,000 tons of imports by 2005 (Figure 11), up from just over 400,000 tons in 2001. An increase of 1% in consumption per capita will require a 1.4% increase in the volume of imports.

Supply:
The total supply of shrimp to the United States market rose from 378,886 tons in1991 to 566,816 tons 2000 (Table 5). The domestic landings remained at a similar level throughout this period and accounted for about 20% at the end of the period.

Table 5: United States supply of all forms of shrimp 1991 – 2000 (NMFS 2001) (Head-off weight).

Year	**US commercial landing**	**Imports**	**Total supply**	**Exports**
1991	90,340	288,545	378,886	39,757
1992	94,431	316,580	411,011	37,211
1993	82,393	323,159	405,553	37,140
1994	79,786	341,997	421,783	35,456
1995	86,735	328,075	414,810	35,421
1996	89,331	328,709	418,040	34,259
1997	81,662	369,677	451,340	30,403
1998	79,027	407,472	486,498	29,778
1999	86,235	437,721	523,956	29,835
2000	99,655	467,161	566,816	32,490

1. Volume was converted from pounds to metric tons
2. Volume of imports was converted to head-off weight by using these conversion factors: breaded 0.63; shell-on 1.oo; peeled raw 1.28; canned 2.52; and other 2.4

In order to meet market demand, the United States imports shrimp from around 50 countries, mostly from Asia and Latin America. Among them, are the 18 strongest countries in the shrimp business. The largest quantity of shrimp comes from these 18 countries and covers more than 93% of the total volume of imports. The majority of the countries can be divided into Asian and Latin American groups (Table 6).

Table 6: Shrimp imported to the United States from the two majority groups (Urner Barry 2002).

	1997	1998	1999	2000	2001
MAJOR ASIAN SUPPLIERS					
THAILAND	62021	92265	114503	126448	136082
VIET NAM	3148	5029	8081	15718	33268
INDIA	16720	20149	21822	28375	32878
CHINA	12060	6995	8846	18203	28016
INDONESIA	10197	15285	16028	16757	15848
BANGLADESH	8662	6318	8750	10222	8725
Sub total 1	**112808**	**146041**	**178030**	**215723**	**254817**
Market share	**44%**	**46%**	**54%**	**63%**	**64%**
MAJOR LATIN AMERICAN SUPPLIERS					
MEXICO	29557	35434	35046	29074	30017
ECUADOR	55476	64547	50413	19097	26760
GUYANA	3410	5631	5701	8633	11689
BRAZIL	551	822	1912	5896	9819
HONDURAS	7461	8615	7402	7880	9686
VENEZUELA	7871	5720	12059	14885	9519
PANAMA	9209	10190	7757	5851	6884
CANADA	4765	7878	6563	8851	6703
NICARAGUA	2990	3799	4332	4827	5034
PERU	4125	6948	2142	487	750
COLOMBIA	2731	2128	2734	2797	3160
ELSALVADOR	2742	4006	2728	1386	1578
Sub total 1	**130888**	**155718**	**138789**	**109664**	**121599**
Market share	**52%**	**49%**	**42%**	**32%**	**30%**
Total imports	**253821**	**315445**	**331709**	**345080**	**400350**

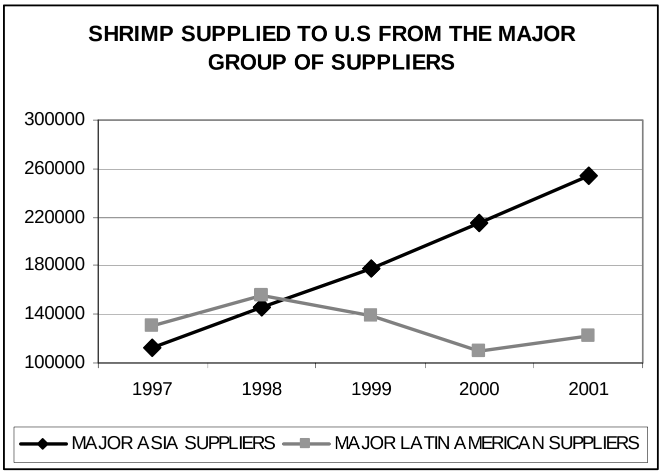


Figure 13: Shrimp supplied to the United States from the major groups (NMFS 2002).

There are many issues which need to be considered when analysing the fluctuations in shrimp supply from the Latin American group (Figure 12). One of the most important issues is the collapse of the Ecuadorian shrimp industry which used to be the strongest within the group. The collapse has been attributed to the white-spot virus and the socio-economic situation in this region.

The collapse has been attributed to the white-spot virus and the socio-economic situation in this region. It is supposed to take a long time to recover. While many shrimp industries in South America have been declining, imports from the Asian group have been steadily growing (Figure 12).

2.2.1.3 Price performance

Compared to black tiger shrimp, the price performance of freshwater shrimp in the United States market seems rather stable. Although large freshwater shrimp receives a favourable price, similarly sized black tiger shrimp often receives a lower price (Table 7).

Table 7: Price index (Urner Barry 2002).

Count:	Pond raised head-on count per kilo, $/Lb	Thailand black tiger	Indonesia, Vietnam, India black tiger	Bangladesh black tiger	Asian freshwater
<10	-	-	-	-	7.80-8.00
<12	-	9.30-9.40	8.50-8.60	8.30-8.40	6.25-6.45
<15	-	7.20-7.30	6.70-6.80	6.60-6.70	5.40-5.50
16-20	-	6.40-6.50	6.30-6.40	6.15-6.25	4.50-4.60
21-25	-	5.85-5.95	5.30-5.40	5.20-5.30	-
26-30	-	4.90-5.00	4.30-4.40	4.25-4.35	-
31-35	-	-	-	-	-
36-40	-	-	-	-	-

As can be seen in the price index above, large size freshwater shrimp (<10) is more advantageously priced than other sizes. At these sizes, the price of freshwater shrimp could further developed without competition from black tiger shrimp. The market's preference for large sizes is demonstrated as a premium price is paid for bigger shrimp. Therefore, focussing on larger sizes should be the strategy of the industry in coming years.

2.2.1.4 Distribution system for seafood

The distribution system in the United States is complex, not because it usually involves many steps, but because the functions of different levels of the trade are intermixed, and therefore confusing. A processor may also be an importer, a wholesaler and even a retailer. Many wholesalers have processing and retailing functions. Partly overlapping functions, each type of business may buy from or sell to almost any other type (Dore 1992). The following diagram shows a simple model of this complex situation.

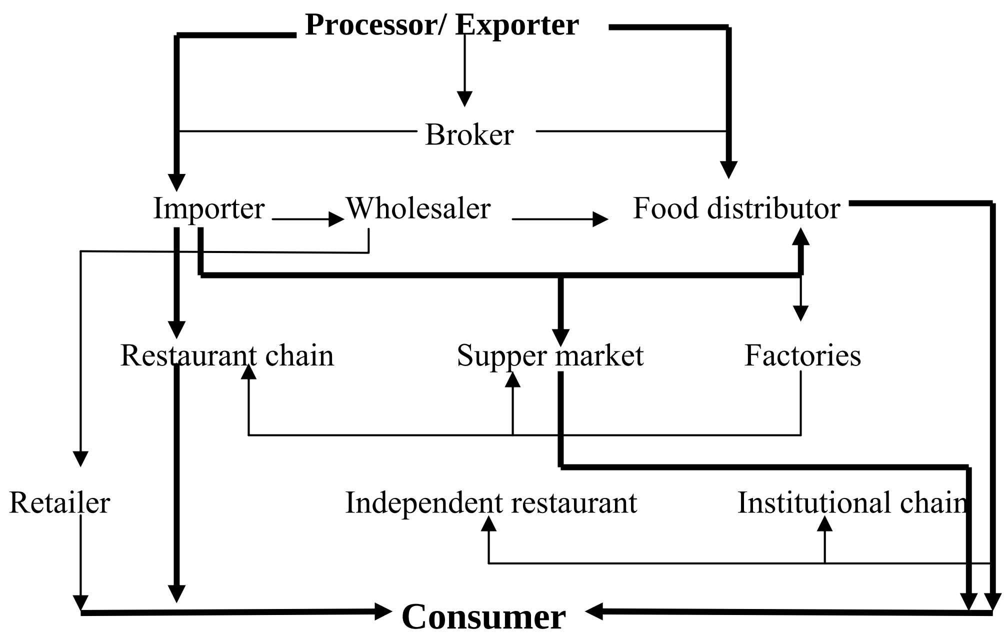


Figure 14: A model of a seafood distribution system in the United States.

The above diagram demonstrates the movement of seafood goods from the processor to the end consumer. Despite the complexity of these relations, the distribution system can be divided in to three main levels.

- The processors or exporters play the main role in producing goods for consumption. The product which is produced at this level can be either repacked to add more value or access the end consumers through the super market.
- The importers, restaurants, super market chains and food distributors link the processors and consumers. This level plays a vital role in creating demand, promotion and sales.
- The last and most important level is the end consumer. This target group is the most powerful one that determines the market size and demand.

2.2.1.5 Consumers' behaviour

Ian Dore's study (1992) focuses on seafood consumption in the United States and how it varies widely across the nation. In general, people close to the coast eat much more fish and shellfish than their compatriots inland. In some parts of the heartland, especially on the prairies, seafood is almost unknown. However, if seafood is offered in restaurants and supermarkets, shrimp is the product most likely to be available. The major markets for seafood are the New England states in the northeast, the middle east coast states from New York to Virginia, the coastal states of the southeast, and the Pacific northwest states. California, because of its size, is an important market, as are Chicago, Minneapolis and other metropolitan areas.

Another feature is that Americans tend to eat seafood in restaurants but not at home. According to Dore (1992), some studies indicate that as much as 70% of seafood is consumed outside the home. It appears, however, that there is a growing trend towards seafood consumption at home, a trend fostered by supermarket promotion of seafood and by greater availability of convenient, ready-to-eat products. This could be an opportunity for the Vietnamese freshwater shrimp industry to develop its value-added products through the supermarket chains.

The analysis of the distribution system and consumers' behaviour is one of the fundamental bases for developing the marketing strategy, which will be designed later in this project. The promotional activities targeting the individual group will be based on this analysis.

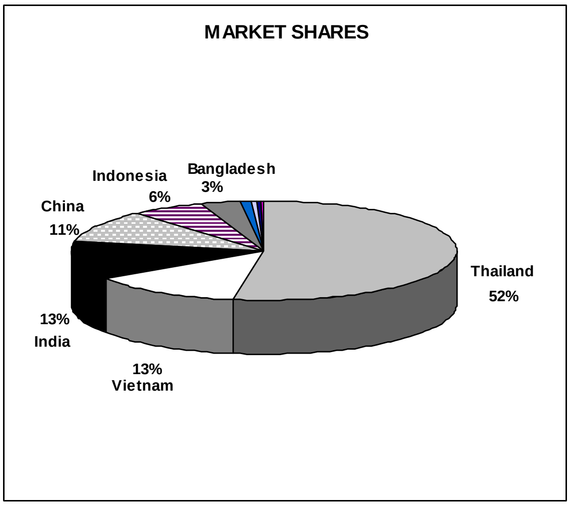
2.2.2 Competition analysis

2.2.2.1 Competitor identification

The United States import shrimp from about 50 countries. In 2001, 260,000 tons were imported from 11 Asian countries, or 65% of the total 400,000 tons (Table 8).

Table 8 : Asian shrimp exporters to the United States in 2001 (NMFS 2002).

	Country	Total (MT)
1	THAILAND	136,082
2	VIET NAM	33,268
3	INDIA	32,878
4	CHINA	28,016
5	INDONESIA	15,848
6	BANGLADESH	8,725
7	PHILIPPINES	1,758
8	MALAYSIA	1,493
9	SRI LANKA	791
10	SINGAPORE	382
11	TAIWAN	351
	Sub Total	**259,592**
	Total	**400350**



Among these countries, the first six occupied about 97% of the total volume of the group. They are, to some extent, competitors in terms of production.

However, in order to identify the main and potential competitors to the Vietnamese shrimp industry, the study will need to identify more criteria than just the volume of exports. Therefore, criteria such as geography, socio-economic situation, species, product assortment and aquaculture practices are suggested and analysed in this report.

All the countries, excluding China, are located in the tropical areas from 0° to 20°N latitudes (Figure 14). China, the biggest country, is characterised by a remarkable range in geographical conditions. Bangladesh seems to have a disadvantage compared with the others because of its relatively small land area reserved for farming.

Figure 15: Asia geography map (Vietnam, India, Indonesia, Bangladesh and Thailand geography, social-economic indicators. 2002.)

Table 9: The socio-economic indicator for six Asian countries (www.geography.about.com and www.infoplease.com).

Criteria	China	Bangladesh	India	Indonesia	Thailand	Vietnam
Population (millions)	1,284	133	1,046	232	62	81
GDP per capita	\$3,600	\$1,570	\$2,200	\$2,900	\$6,700	\$1,950
Economic growth rate	8%	5.3%	6%	4.8%	4.2%	5.5%
Literacy rate	84%	36%	52%	84%	93%	94%
Labour force on agricultural base	50%	63%	67%	45%	54%	67%

Despite the differences in population and education level, other socioeconomic indicators are similar in Vietnam and India. Two thirds of the population derive their livelihood from agriculture, with a per capita income in 2000 of US \$2200/year and an economic growth rate of 5.5-6% per year (Table 9).

The United States primarily imports two types of shrimp (Urner Barry 2002):

- Black tiger (shell-on, peel & cooked) which mainly comes from Thailand, Vietnam, India, Indonesia, Bangladesh and other Asian countries. The 'freshwater shrimp' is expected to be included in this group due to unclear customs declarations.
- White and brown shrimp (shell-on, peeled & cooked) which mainly comes from China, Ecuador, Honduras, Brazil, Venezuela and other South American countries.

The main competitors to the Vietnamese shrimp industry could therefore be identified as Thailand, India and Indonesia. China and Bangladesh can be considered as potential competitors due to similarity in natural, environmental conditions and agricultural practices.

The shrimp industry, as it is known today, can be traced back to the 1980s in some countries in Southeast Asia and South America. The industry exploded in the late 1990s when the meat industry ran into difficulties. Many more developing countries in Asia have utilised their natural advantages to motivate this business/industry. However, depending on the different natural conditions and farming technologies, the product specifications, especially size assortment, is different from one country to another. These characteristics make them different from each other.

In this section, the group including Thailand, India, Indonesia and Vietnam will be analysed, in order to point out their aquaculture performance in terms of size distribution, one of the main criteria in evaluating their competitiveness in the international shrimp market.

The figure below shows how their product assortment has been developed from 1996-2001 (Figure 15).

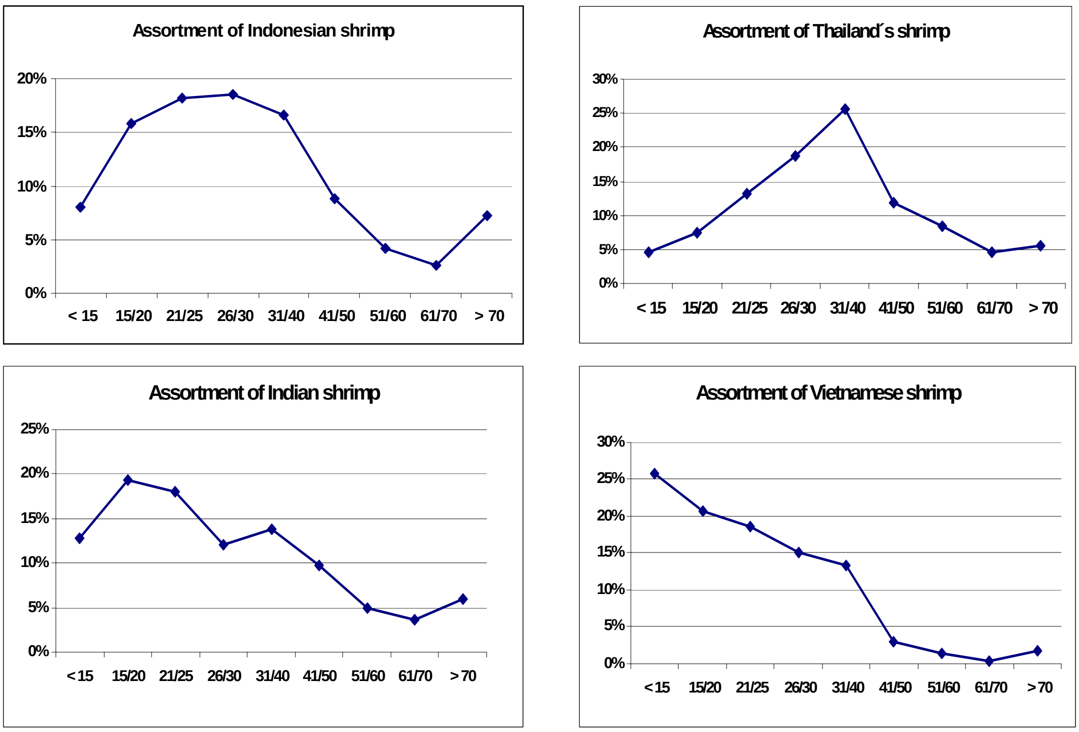


Figure 16: Size grading of shrimp imported into the United States in 1996-2002 from four Asian countries (NMFS 2002).

Indonesia and Thailand have similar distributions which concentrate strongly on sizes from 21/25 to 41/50 pieces/ pound. These sizes stand form about 64 – 70% of the total production of these countries. India and Vietnam produce large shrimp with sizes from under 15 to 31/40 that accounted about 79 – 84% of the total production.

The differences in size distribution can be explained by the different shrimp farming technology used in Thailand compared to other Asian countries. Eighty-five percent of all shrimp farms in Thailand implement the intensive method, 15% semi-intensive and extensive. With 80,000 ha for farming, Thailand produced 240,000 tons of raw material in 1998 (Department of Fisheries of Thailand 2002). Productivity is about 3 tons/ha. In contrast with neighbouring countries, 446,000 ha were dedicated to shrimp farming in Vietnam in 2001 to produce 158,755 tons, 340kg/ha, nearly 10 times lower than Thailand's productivity.

Not much information is available about the situation of the Indonesian shrimp industry. However, according to an unofficial source which was published on the Third Work Network Feature (in October 1999) entitled 'Indonesia to intensify shrimp farming', the Indonesian Agriculture Department planned to double the land coverage for shrimp farming in the next few years. The land will be used for the intensification method in 17 provinces and undertake expansions in 25 provinces. In addition to the aquaculture practice which is mainly based on the intensive method, the socio-economic situation in Indonesia may not encourage Indonesian farmers to take a long time to keep and grow their shrimp in ponds to get the large sizes.

The high density in shrimp farming encouraged the Thai and Indonesian industries to strongly focus on the medium sizes whilst the Indian and Vietnamese farmers get an advantage by farming larger size shrimp. Especially, size U15 which contributed 25% to the total volume and 37% to the total value of shrimp exported from Vietnam in 2001. This typical characteristic is a favourable condition for promoting freshwater shrimp, which is the biggest shrimp all over the world, mainly distributed from sizes 2/4 to 16/20 for HOSO and to 51/60 for HLSO. Indeed, among more than 50 suppliers, Vietnam was also recorded as the best for frozen shrimp HOSO, big sizes <15 to the United States in terms of value (Table 10).

Table 10: Top five countries exporting large size shrimp to the United States in 2001 (NMFS 2002).

	Product	**Country**	**2001 Kilos**	**Share**	**2001 Value**	**Share**
1	SHELL-ON FROZEN < 15	VIETNAM	3,067,349	14%	49,397,450	15%
2	SHELL-ON FROZEN < 15	MEXICO	2,928,179	14%	46,126,563	14%
3	SHELL-ON FROZEN < 15	INDIA	3,164,395	15%	39,247,020	12%
4	SHELL-ON FROZEN < 15	PANAMA	1,465,166	7%	29,625,193	9%
5	SHELL-ON FROZEN < 15	THAILAND	2,160,571	10%	28,747,411	9%

Based on the situation analysis above, the competitiveness of the five selected countries compared to Vietnam will be evaluated by scoring. The high or low competitiveness a country compared to Vietnam is dependent on the similarity in the given competitive condition. The more similarity, the higher the score will be (Table 11).

For example, Thailand, India, Indonesia share similar geographical conditions. Their competitiveness in terms of natural environment is highest with a score of 5. Bangladesh, although, in the same tropical region, has a disadvantage as the total area for aquaculture is much smaller than in the other countries. The competitiveness in that respect is therefore lower with a score of 4. China, with a distinctive difference in location and natural condition received a score of 3.

1 → 5

Lowest competitiveness — Highest competitiveness
Different competitive condition — Similar competitive condition

The total score shows the level of competitiveness of those countries compared with the Vietnamese shrimp industry

Table 11: Competitiveness appraisal.

Country	Geo.	Socio-eco.	Aqua. practice	Species	Assort.	Market position	Score
Thailand	5	3	2	4	2	5	21
India	5	4	5	5	4	4	**27**
China	3	3	4	1	1	4	16
Indonesia	5	3	3	4	3	3	21
Bangladesh	4	2	3	3	3	2	17

According to the appraisal sheet, India achieved the highest score which reflects the highest possible competitiveness in geography, socio-economic system, agricultural habitants, species, assortment and market position. For this reason, India is defined as the main competitor to the Vietnamese shrimp industry. The next main competitors could be Indonesia and Thailand while the last potential competitors are China and Bangladesh.

2.2.2.2 Analysis of the main competitor

Production

India, by virtue of its 8,118 km long coastline, 2.02 million sq. km of Exclusive Economic Zone (EEZ) and extensive geographical stretch with varied terrain and climate, supports a wide diversity of inland and coastal wetland habitats. It has been estimated that there are 3.9 million ha of estuaries and 3.5 million ha of brackish water areas in the country. Out of this, 1.2 million ha of coastal area have been identified as suitable for brackish water aquaculture (FAO 2002).

India exported about 127,709 MT of shrimp during the fiscal year 2001-2002 (from April to March), which contributed US $871 million to the total export of the country (MPEDA 2002). This quantity came mostly from the Andhra Pradesh. This area contributes about 70% of the country’s total shrimp exports.

Regarding the increase of Indian shrimp exported to the United States in recent years, Mr Raghunatha Reddy, President of the Association of the Indian Fisheries Industry (AIFI) stated “increased scampi (freshwater shrimp) production in India and the United States’ preference for scampi is largely responsible for this trend. With India, especially Andhra Pradesh, offering tremendous potential for further growth of scampi production, I am confident that this trend will be sustainable.” (Amit Mitra, 2002). Eleven thousand MT of freshwater shrimp were exported during the fiscal year of 2001-2002. With the favourable conditions of the market and better marketability, India hopes to become the leading scampi exporter in the world.

Position

In the beginning of the 1990s, Indian shrimp was sold to the United States market at the volume of approximately 17,000 MT per year. India has always been on the list of the main shrimp suppliers to this market, and still is. However, exports to the United States have increased rapidly since 1998 from 20,000 tons to 33,000 tons in 2001 (Figure 16).

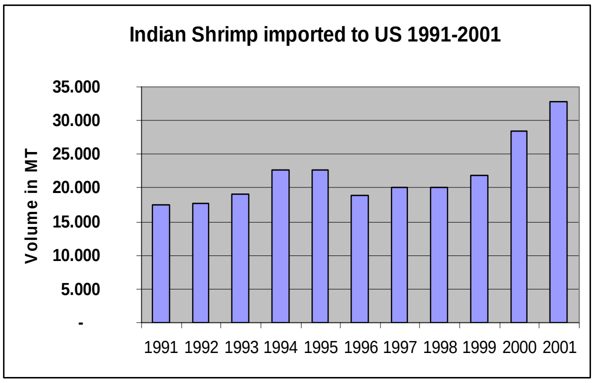


Figure 17: Indian shrimp imported to the United States 1991-2001 (NMFS 2002).

As a consequence, India became the third largest shrimp exporter to the United States in 2001, following Thailand and Vietnam.

Marketing

Being constituted in 1972, the Marine Product Export Development Authority (MEPDA) operates under India's Ministry of Commerce. With the main objective to promote the industry, MPEDA has envisaged a comprehensive marketing programme.

Market services and market promotion have a special significance in view of growing competition from other seafood exporting countries in all overseas markets. MPEDA has drawn up various market promotion programmes for projecting their resource potential, product diversification, quality assurance and liberal incentives for investments and joint ventures. These include:

- Overseas market surveys
- Data collection and maintenance of a data bank
- Assistance in market development
- Publicity through media and production of literature and films on trade promotion.
- Sponsoring sales teams / delegations and inviting overseas experts for export promotion visits to India.
- Organising buyer-seller meetings in overseas markets
- Participation in overseas trade fairs and exhibitions
- Exhibitions and trade fairs within India.

Development plan

Indian shrimp farmers have begun to farm *Macrobrachium rosenbergii* in response to growing demand from Europe and the United States, and the currently dull market outlook for black tiger shrimp. In 1996, freshwater shrimp production was below 200 MT, rising to 753 MT in 1997 and 1,500 MT in 1998. The state of Andhra Pradesh accounts for more than half of the output, followed by West Bengal, Kerala and Orissa (Food and Agriculture Organization (FAO) 2002). The volume of Indian freshwater shrimp exported to the United States in the fiscal year 2001-2002 reached

11,000 MT. The country hopes to become the biggest exporter of freshwater shrimp in the world within the next few years (MPEDA 2002).

In conclusion, the competition analysis which basically relies on the five main criteria: geography, socio-economy, species, product assortment and aquaculture practice, indicates that India is the main competitor to the Vietnamese shrimp industry, especially concerning farming of freshwater shrimp. Despite some differences in population and education levels, India seems to be very similar to Vietnam in the natural and socio-economic conditions, traditional practice in aquaculture, the position as well as the way of its development. In order to create a distinguished difference from India, the Vietnamese industry should pay much more attention to the Indian marketing methods in the Vietnamese marketing strategy which can help them to portray and promote a better image.

The analysis of the Vietnamese shrimp industry in the following section aims to help the project designer to identify the strong and weak points of the industry which will be one of the main bases of the Vietnamese marketing strategy.

2.2.3 The Vietnamese shrimp industry

2.2.3.1 Production and national plan

In the national plan for Aquaculture Development for 1999-2010, freshwater shrimp was determined as the second most important substitute species to black tiger shrimp. It does not mean that the country will no longer develop black tiger shrimp farming. It will however and should, put more efforts and concentration on the development of freshwater shrimp as an emerging species

According to the national plan, which was published in 1999, the reserved area for black tiger farming was 260,000 ha with 360,000 MT by 2010 (Table 12). However, the expansion was more rapid and by 2001 the area was 446,208 ha in 2001. Many new areas, which account for 49.5% of the total were utilised for extensive farming only.

Table 12: National targets for shrimp aquaculture from 2000-2010 (Ministry of Fisheries 1999).

	2000		**2005**		**2010**	
	Area (ha)	Production (MT)	Area (ha)	Production (MT)	Area (ha)	Production (MT)
Black tiger shrimp	226,407	100,000	500,000	250,000	?	360,000
Freshwater shrimp	11,000	6,000	13,600	11,000	22,000	34,000

Because of environmental issues, the authorities are re-projecting the plan in order to encourage the industry to increase productivity instead of enlarging the farming areas. As mentioned above in the competition analysis, the productivity of shrimp farming in Vietnam is about 340 kg per ha, or 10 times lower than in Thailand.

Compared to black tiger shrimp, freshwater shrimp is easier to grow in small ponds, lakes, rivers, canals and even in rice fields. It is not harmful to the environment and is, thus, well suited for small scale family farmers.

Domestic demand has also increased since living standards have been improving in Vietnam. In the national plan for freshwater farming, 50% of the total production is envisaged for domestic consumption.

2.2.3.2 Position

Unlike its competitors, Vietnam is a relatively new player in this business. The name of Vietnamese shrimp appeared for the first time in the United States in 1994, when the brand names of other countries like Thailand, India, Indonesia, China, and Bangladesh were already well established before the 1980s.

However, after lifting economic sanctions on Vietnam in 1997, the first container shipped directly from Vietnam to the United States was officially recorded.

Since then, the shrimp trade between Vietnam and the United States has rapidly grown. From 3,500 MT in 1997 to 33,000 MT in 2001 with the growth rate at about 70% per year in terms of volume.

Vietnam has obtained the highest growth rate in comparison with its competitors. With the lowest starting point, Vietnam has step by step proved itself as one of the strongest shrimp suppliers in the world with the second rank in the United States and the third rank in the Japanese market in 2001.

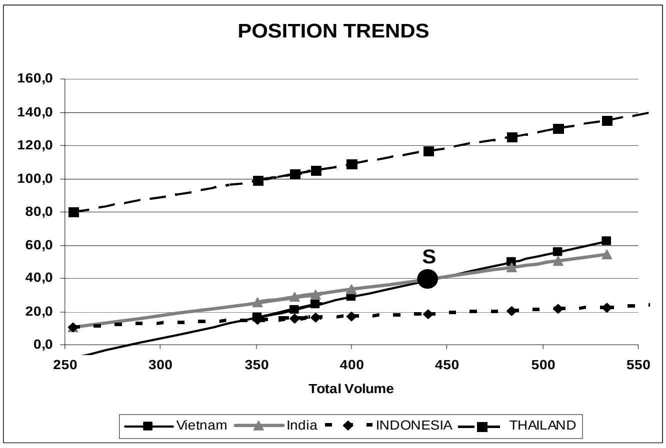


Figure 18: Position Trends between Vietnam and Asian competitors (NMFS 2002).

With the current growth rate, Vietnam could surpass India and shorten the gap with Thailand in the next few years. Figure 17 shows the trend of the development where individual countries are going to position themselves in the United States. The figure shows, that Vietnam is getting closer to point (S) where it would surpass India.

Whether the first or second in rank, Vietnam has already created a very good impression and positioned itself with the highest growth rate in comparison to other countries. This will be an advantage for Vietnam when launching its promotion strategy in this target market.

2.2.3.3 Marketing plan

The Vietnamese shrimp industry has been emerging as the young player in the international market since the end of the 1990s. The industry has been effectively promoting many efforts to advertise itself to the world. As a result, the Vietnamese image has improved and been noticed by international seafood professionals and Vietnam is now regarded as one of the leading seafood suppliers to the United States market (Redmayne 2001).

The Vietnam Association of Seafood Exporters and Producers (VASEP) was established in 1998 to promote the industry. The organisation has also carried out some projects and activities including:

- Publicity through literature and films on trade promotion
- Inviting overseas experts for export promotion visits to Vietnam
- Organising buyer-seller meetings in overseas markets
- Participating in overseas trade fairs and exhibitions
- Exhibition and trade fairs within Vietnam
- Establishing the Export Promotional Fund which will be used to finance marketing activities as well as some other promotional campaigns

In comparison with India, the main competitor, the Vietnamese shrimp industry has a similar promotion programme. These programmes have significantly promoted the image of the industry in the world market in recent years. Nevertheless, Vietnam still needs to improve its actions and direct more efforts to promote an even better image of the industry. The next chapter focuses on this strategy.

2.3 Swot analysis

Based on the preceding situation analysis, the strengths, weaknesses, opportunities and threats (SWOT) of the Vietnamese shrimp industry will be analysed in this section. SWOT analysis is the fundamental base for creating and executing a comprehensive marketing strategy.

The list of strengths has implications for the strategy formulation while the list of weaknesses has implications for investments to correct the weaknesses.

2.3.1 Strengths

Production capacity:
- Agricultural land is available for farming and increased production of freshwater shrimp
- Traditional experience in extensive freshwater shrimp farming
- Capacity in producing stocks

Market position:
- Vietnam is well known for large size shrimp
- Vietnam is already one of the top three shrimp suppliers to the United States
- Diversification in customer base

Financial sources for development:
- Agriculture Development Bank for capital access in farming development
- Export Promotional Fund for running national marketing campaigns

2.3.2 Weaknesses

Production technology:
- Lack of production technology: freshwater shrimp culture has been practiced in a traditional manner. Therefore, the productivity and the share of large size shrimp are not sufficient to meet market demand.

Marketing strategy:
- Lack of the professional activities and long-term projects for marketing campaigns
- Lack of cooperation between marketing and aquaculture development
- Lack of human resources for studying, handling, following and evaluating the marketing campaigns

2.3.3 Opportunities

Market:

- Shrimp is the most widely consumed seafood product in the United States market
- The United States market has a preference for large size shrimp
- Estimated demand for more than 100,000 MT of shrimp in the United States market for the next three years

Image:

- The image of Vietnam is good and improving
- Strong market position

2.3.4 Threats

- The trend is towards lowering prices in the shrimp industry
- The anti-dumping case on shrimp could have a negative effect on the Vietnamese image and sales opportunities in the United States
- Competition with main and potential competitors in the freshwater shrimp industry (India, Thailand, Indonesia, China, Bangladesh)

In general, the Vietnamese shrimp industry, especially freshwater shrimp, is in a good position and has favourable opportunities. In order to take advantage of the market's preference for large size shrimp, the industry should utilise its strengths by effectively utilising agricultural land to produce and focus on large size shrimp; create the typical characteristics of the Vietnamese shrimp image as 'jumbo size and friendly environmental farming'.

The price policy needs to be considered as a balance between the competitive market price and the maximum beneficial price. The Vietnamese shrimp industry should take advantage of its ability to supply large size shrimp with a high price instead of lowering prices, at least before many other competitors join this business.

The marketing campaigns for freshwater shrimp need to be comprehensively designed taking into account both marketing and aquaculture. In order to improve the marketability, a new division for national campaigns is expected to be established to run the marketing projects which will be based on strategy guidelines.

3 MARKETING STRATEGY

3.1 Strategy guidelines

A marketing strategy or marketing mix is a set of controllable variables that a firm or organisation can use to influence buyers' response. Although there are a number of different descriptions of the mix elements, probably the most popular is McCarthy's four P's: product, price, place and promotion (Cannon 1998). This description of the four P's will be used to identify the necessary variables of the proposed strategy for Vietnamese export of freshwater shrimp to the United States market. It is appropriate to begin with the product it self, the basic element of the marketing mix.

3.1.1 Product strategy

A product is anything that can be offered to a market for attention, acquisition, use, or consumption; it includes physical objects, services, personalities, places, organisations and ideas. A 'product' has three senses that are worth distinguishing (Kotler 1980).

- The most fundamental level is the ***core product***. '*The core product answers the question 'What is the buyer really buying?' The product is simply the packaging of a problem-solving service'*. In the case of freshwater shrimp, the core product is the benefit from shrimp that can be offered to the end consumers. Someone purchasing freshwater shrimp is not only buying a food for his meals; he or she is buying a lifestyle, a pleasure and a hope for being healthy.

- The second level is the ***formal product***, '*the larger 'packaging' of the core product. It is what the target market recognises as the tangible offer*'. If the formal product is a physical object, in this case the Vietnamese freshwater shrimp, it should be recognised by the market as having five characteristics: a quality level, features, styling, a brand name and packaging.

- Finally, the ***augmented product*** is the '*totality of benefits that the person receives or experiences in obtaining the formal product'*. It includes the physical benefits and services such as sales and promotion, delivery on time, warranty… what the industry can offer to the target groups of customers.

A marketable product, which is developed based on the three fundamental senses above is one that means something in both physical and spiritual terms. However, to satisfy the different expectations among the distinctive target customers, the message could and should be different from one group to another.

3.1.1.1 The message of freshness, healthiness and premium quality

The image of freshness, premium quality, nutrition and friendly natural environment of freshwater shrimp are very important elements. It satisfies the end consumers with physical and spiritual messages. These images are often linked to the raw frozen products like Head on-Shell on (HOSO) or Headless-Shell on (HLSO). There are some factors need to be considered for the strategy of the fresh water shrimp:

Production and yield:

- Typically, the head counts for more than 50% of the total weight of freshwater shrimp. The yield for producing headless-shell-on is 46% (2.15 kg HOSO/1 kg HLSO).
- Because of the low yield for headless shell-on, head-on shell-on is more favourable. Therefore, over 60% of freshwater shrimp exports to the United States are head-on shell on

Market and position:

- The market's preference is for large size shrimp. As a result, 60% of Vietnamese freshwater shrimp exported to the United States is from 4/6 to 6/12 (pieces/kg). In which, 25% is size 4/6, 20% is size 6/8 and 15% is size 8/12 (see section 2.3).
- Vietnam, today, is the second largest supplier of shrimp to the United States (see section 2.2)

The large sizes and high quality of the HOSO raw frozen freshwater shrimp have contributed significantly to its market success. The industry should take advantage of this to market freshwater shrimp HOSO as the major product.

3.1.1.2 The message of culture and lifestyle

Shrimp has become the first choice of seafood, the most favoured dishes at restaurants in the United States.

As the demand for new flavours and ethnic cuisines sparks a rise in listings at chain restaurants, the push for something different bodes well for seafood, which "plays an important role in a lot of the growth cuisines," including Italian, Caribbean and Asian (Redmayne, P. 2002.

The United States market is well known for its multi-cultural society. As the demand for ethnic cuisine is increasing in this market, Vietnam should take advantage of this trend to introduce its value added products, especially for freshwater shrimp such as shrimp sauce, shrimp curry, shrimp soup, shrimp barbecue … These ethnic foods are expected to be retail packed with additives, cooking instructions, ingredients and nutrition benefits labels.

In comparison with raw frozen products like HOSO or HLSO, value-added products take a lot of time to study, test, introduce and implement. Many efforts in studying and marketing need to be undertaken. However, as the trend for 'seafood at home' has risen in the United States, the demand for value-added, convenient, ready-to-eat products has increased.

The idea of value-added products not only serves to promote the ethnical and cultural images, it is useful for utilising the medium and small sizes as by-products of freshwater shrimp (head & claw) which are not favourable in the form of raw frozen products.

3.1.1.3 The message of good service

This message is very important, especially to the merchant middleman who is working directly with the exporters and dealing with the market risks. As mentioned above, good service includes price policy, delivery, promotion and warranty. It can be considered as a part of the value of the physical products.

The rapid growth of the Vietnamese fisheries industry in recent years has encouraged and created a new generation of management-, technical-, sales- and marketing people. The high educational level, modern technology and creativity as well as the willingness to learn helps the industry to become increasingly competitive in the international market. Being among the top three shrimp suppliers to both the United States and Japanese markets is a creditable message for ‘good service’. The professional business and marketing training programmes need to be continuously applied to strengthen the industry even further.

In summary, the Vietnamese shrimp industry has set out to penetrate and dominate the United States market by emphasising its strengths such as large size fresh water shrimp, premium quality followed by high-level service.

In order to further develop the existing market for large size raw frozen freshwater shrimp, the industry needs to further stabilise the production of large freshwater shrimp. It also needs to develop and promote new value-added products and to improve the service concept. The typical image of the Vietnamese freshwater shrimp would be based on the totality of these elements (Figure 18)

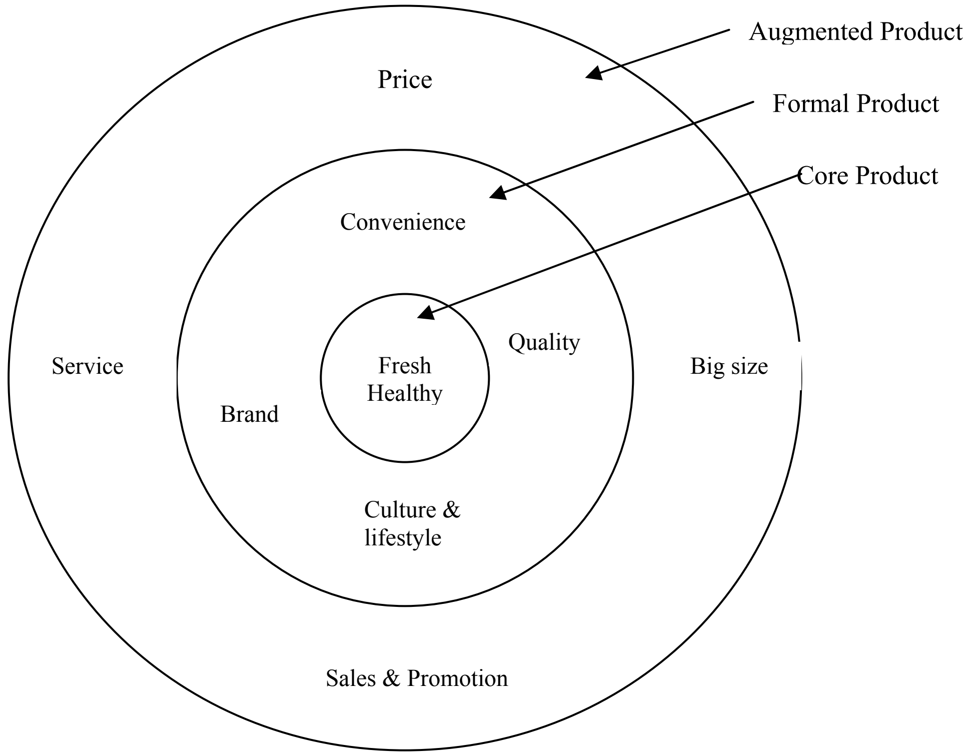


Figure 19: Schematic image of Vietnamese freshwater shrimp products.

3.1.2 Price strategy

3.1.2.1 Pricing policy

Price is always the most sensitive element in the marketing mix. Pricing is a problem when a company or an industry develops a new product. We can distinguish between pricing strategy and pricing tactics.

- Pricing strategy is the task of defining the price range and price movement through time that would support the sales and profit objectives and positioning of the product in the target market (Kotler 1980). At the national level, pricing strategy is often planned and designed by the industry through industrial clubs or associations.
- Pricing tactics encompass the task of setting specific price levels and terms and altering them within the general parameters of the price strategy as conditions change (Kotler 1980). Pricing tactics are always done by individual members of the industry such as companies, enterprises, traders and exporters who are directly involved in business negotiations and market mechanisms.

As an industrial marketing strategy, the project will focus on ways to define a pricing strategy. It could be a reference for the Shrimp Exporters & Processors Council of the industry to be used as their profit-maximisation pricing.

There are many factors which influence the price performance in a free-trade market such as demand, supply, brand name, promotional efforts, sales policy, distribution and natural disasters. Price performance, however, has been regularly ruled in the correlation with demand and supply. Whether positive or negative correlation, it is supposed to perform in the regulation (Figure 19).

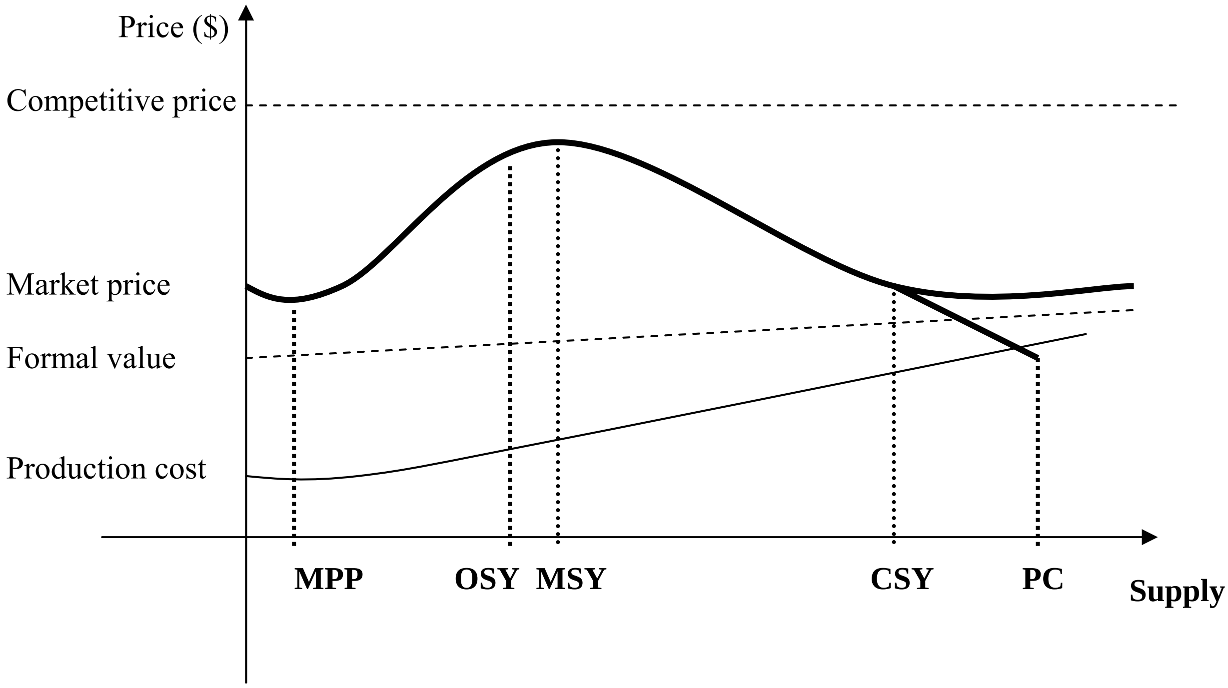


Figure 20: A model of price performance in correlation with supply.

X Axis:
- MPP (Market Penetration Point): MPP is the most sensitive point when the Vietnamese freshwater shrimp industry is likely to penetrate and dominate the new market and is ready for profit maximisation.
- OSY (Optimal Sustainable Economic Yield): This is the safety point with the highest profitability.
- MSY (Maximal Sustainable Economic Yield): This is the highest record point with the highest profitability but highest risk. In contrast to the OSY, the MSY is not the safest point.
- CSY (Competitive Sustainable Economic Yield): At this point, the business has two options: 1) If the efforts related to supply keeps increasing without any external efforts, the business is likely to get close to a collapse point. When the price is under production cost, the industry will collapse. 2) If some external efforts are going to be created such as supply limitation, new technologies, new forms of products…, the price performance is likely to be in the new life.
- PC (Point of collapse)

Y Axis
- Production cost is the core (physical) value of the product.
- Formal value includes production cost and operation cost (labour, management system, administration, quality assurance…).
- Market price is the totality or augmented value of the product including service, marketing and promotion, research and development, training etc.

- Competitive price is the price of competitive, comparable or substitute products which could be, in many cases, the reference or roof price.

In order to penetrate a new market or develop a new product, a company or industry could choose to set a market-penetration price using one of the following strategies:

Market-share pricing is the price at or below which competitors win shares, and keep bringing down their price as their costs fall. Companies or industries that implement this policy will lose money in the first few years but make it up later when they dominate the market.

Market skimming is when firms take advantage of the fact that buyers stand ready to pay a high price because the product has a high present value to them. They will initially price to yield a high profit margin per unit sold.

Current-revenue pricing is when a company or industry wishes to set the price to maximise current sales revenues. This is a matter of finding the price/quantity combination that yields the largest sales revenues.

Vietnam, at the moment, is in a good position with its strengths and advantages to choose the most practical market-penetration price.

Market-share pricing is not the best solution. Lowering prices is usually applied for new players who wish to jump into an attractive business. This solution is likely to press the market price down and discourage competitiveness. It is expected to occur after the Maximal Sustainable Economic Yield is reached when the market price achieves the highest record. In addition, lowering prices can create a harmful reference to the case of ‘Catfish’ which could be a threat for the industry.

In order to take advantage of its strengths such as having an exclusive position in production and supply of large size freshwater shrimp, ranking among the top three shrimp suppliers to the United States and having an overall good impression, the Vietnamese shrimp industry could choose to set their pricing policy according to current-revenue pricing or even market skimming.

For a short term policy, the current-revenue pricing can help the industry to dominate the market with a new product. This phase should last as long as the product is recognised and favourably accepted by the market. To maximise profit, the market skimming pricing strategy is expected to be applied right after this phase. However, there is a little danger that high price will stimulate the emergence of rivals. Therefore, it is very important for the industry to determine this sensitive point of time to achieve the highest benefit before many new players join this business.

3.1.2.2 Price setting

The most critical and difficult step is how to identify the competitive product and market price. These external elements are mainly based on assumptions and the comparison approach. It is appropriate to start with a ‘competitive product’, the most important element in determining the target point for profit maximisation.

As mentioned above, competitive products could be considered as the like-good products. These products are in the same hierarchy with similar functions, features, market shares and target customers.

- Features: Freshwater shrimp has a pair of long claws, a big head, a large size (up to 25-30cm body) and a very red colour when it is cooked, it looks more like lobster than other common shrimps.
- Function: Instead of boiling, frying or cooking the product whole as you would black tiger, white and brown shrimp, , large size freshwater shrimp is usually grilled as a barbecue-dish. This is similar to the way lobster is often cooked.
- Market share and target customers: Because of its function and features, large size freshwater shrimp is often served at restaurants and barbecue parties rather than at home. However, the medium and small sizes (from 16/20 to 31/40) could be retail packed for home serving at a lower price. Therefore, the market-share and target customers of freshwater shrimp could be divided into two branches: 1) restaurant chains where large size freshwater shrimp could compete with lobster and 2) supermarket and retail chains for medium and small size freshwater shrimp.
- Hierarchy: As its name indicates, freshwater shrimp is ranked in the same hierarchy fashion as shrimp not lobster. Being in the same hierarchy with black tiger shrimp could be a disadvantage for freshwater shrimp. The industry needs to build up a separate market for freshwater shrimp by focussing on its large size in order to diversify from the black tiger shrimp.

In sum, freshwater shrimp shares its features, functions and market with both lobster and black tiger shrimp. Depending on the sizes, this species has different competitive products. The main strength of the freshwater shrimp is that it is likely to be exposed in the bigger sizes (<10 pieces/kg) where it diversifies from the price competition and the image of black tiger shrimp (Table 13).

Table 13: Price index of freshwater shrimp (Urner Barry 2002).

Count:	**Pond raised head-on count per Kg, $/Lb**	**Thailand black tiger**	**Indonesia, Vietnam, India black tiger**	**Bangladesh black tiger**	**Asian freshwater**
<10	-	-	-	-	7.80-8.00
<12	-	9.30-9.40	8.50-8.60	8.30-8.40	6.25-6.45
<15	-	7.20-7.30	6.75-6.85	6.60-6.70	5.40-5.50
16-20	-	6.50-6.60	6.35-6.45	6.25-6.35	4.50-4.60
21-25	-	5.85-5.95	5.30-5.40	5.20-5.30	-
26-30	-	4.90-5.00	4.35-4.45	4.25-4.35	-
31-35	-	-	-	-	

The formal value of the product is regularly understood as the fundamental cost of producing a good before adding the sales effort. This includes production and operation costs, which are easily measurable. Usually producers or exporters base their price on this value. There is, however, one thing that is often forgotten: price setting is not only based on the local formal value but also takes into account the target market's domestic value. A comprehensive pricing strategy could help the exporters set a competitive and reasonable price while keeping a safety distance from 'anti dumping cases'.

Although the freshwater shrimp industry is a very new industry in the United States, freshwater shrimp has been farmed in some areas like Kentucky, Tennessee, Ohio, Alabama, and Arkansas. There are many critical opinions related to this new business. The main reasons for these critical views are unfavourable geography conditions; temperature intolerance; marketing problems caused by the short growing season; the cost of production and source of post larvae (Woods, T., Murdock. J., and Riggins, S. 1998). Despite the pessimistic views, freshwater shrimp farming has been applied in these areas under the encouragement of local authorities and the industry. It is estimated that 150 tons were produced in 2001 (prawnfarming.com). The establishment of the United States Freshwater Prawn and Shrimp Grower Association in January 2002, shows that the industry is ready to expand further.

In order to achieve the minimum return for shrimp size 26/30, with the yield 1,300 pounds/acre, the minimum or expected bottom price is $4.00/lp (University of Kentucky 1998). In Vietnam, meanwhile, similar size shrimp has been sold at 58,000 VND/kg (US $1.82/lp), half the domestic industry price (Vietnam, India, Indonesia, Bangladesh and Thailand geography, social-economic indicators. 2002.

Because of the many critical factors indicated above, the freshwater United States shrimp industry is not, at the moment, in good condition. Many more efforts need to be considered to reduce the production cost in the United States. However, the Vietnamese industry should pay more attention to this matter, as in addition to many efforts of improving the competitiveness of the industry, some economic barriers could be used to protect the local industry in the United States. The most common tool is 'anti-dumping' law, which could be harmful for the Vietnamese freshwater shrimp industry unless it can set a reasonable competitive price to penetrate this market.

In summary, price strategy is the coordination between pricing policy and price setting. The pricing policy helps the industry to set the long-term action plan, whereas price setting aims to determine the opportunities and limitations of the strategy.

The Vietnamese freshwater shrimp industry, with its advantages and good position, could choose both current-revenue pricing and market skimming to set its pricing policy. Each of them could be applied in different periods depending on conditions.

Industry coordination is very important to identify the sensitive points of time when the price strategy should move forward to a new phase.

There is an opportunity involved in creating a new class for large size freshwater shrimp in order to diversify from the image and market position of the black tiger shrimp.

It is necessary to pay attention to the decreasing gap in value between the Vietnamese and the United States shrimp industry. This is the most critical and difficult adjustment caused by correlation with many other factors such as competition from suppliers, demand-supply mechanisms and marketing efforts. The safety distance should be flexible to adjust the strategy within this complex correlation. It depends on close cooperation between the individual members of the industry.

3.1.3 Place strategy

Every producer seeks to link together the set of marketing intermediaries that best fulfils the organisation's objectives. These marketing intermediaries are called marketing channels. Placing strategy is the decision of which marketing channels to use.

In today's economy, most producers do not sell their goods directly to the final users. Between them and the final users are a host of marketing intermediaries performing a variety of functions and bearing a variety of names, they are often called merchant middlemen. As mentioned, the distribution system in the United States, which moves seafood from the producers or importers to the consumers is complex, not because it involves many steps, but because the functions of different levels of the trade are intermixed. Marketing channels in the United States can be divided into different levels:

1. The first level represents the importers who are the foreign suppliers selling to the United States. In many cases, wholesalers or importers are the most important intermediaries who transfer the products from exporters to the target market. Because of this function, the importers have been the most powerful actors in the international seafood industry. The importers are at the beginning of the whole marketing channel. In general, they buy with letters of credit, which make funds available to the seller upon shipment. Thus the importers bear the risk of market price fluctuations, custom clearance, FDA inspection and the risk of marketing and selling. Because of these risks, the importer is not often willing to pay or to finance the marketing campaigns. They prefer to run the business when market/demand is available to them.

2. The second level of middle intermediaries is the group of supermarkets, restaurant chains and food service distributions, the largest single markets for seafood in the United States. Restaurants and institutional markets are easier to deal with than supermarkets in the sense that they do not require as much support with promotion expenses. Because the products on the dinner plate are not branded, they are able to buy based on price rather than on the brand, whereas brand considerations are frequently more important to supermarket buyers.

3. The third level includes grocery stores, retail outlets, repacking factories and independent restaurants. This group joins the distribution system as an individual integrator between the industry and a group of consumers. Because of this typical characteristic, the marketability and financial resources of these middle intermediaries for public marketing campaigns are limited.

Marketing channel decisions aim to designate the length of the channel through which the new product or message could be submitted to the end-consumers. The Vietnamese industry of freshwater shrimp could choose to set up their marketing campaigns in cooperation with importers to be accessible to the market. However, in order to create demand from the end consumers, shrimp marketers should not ignore the important aspect of the second level of middle intermediaries including supermarket and restaurant chains. A marketing channel model is given in Figure 20.

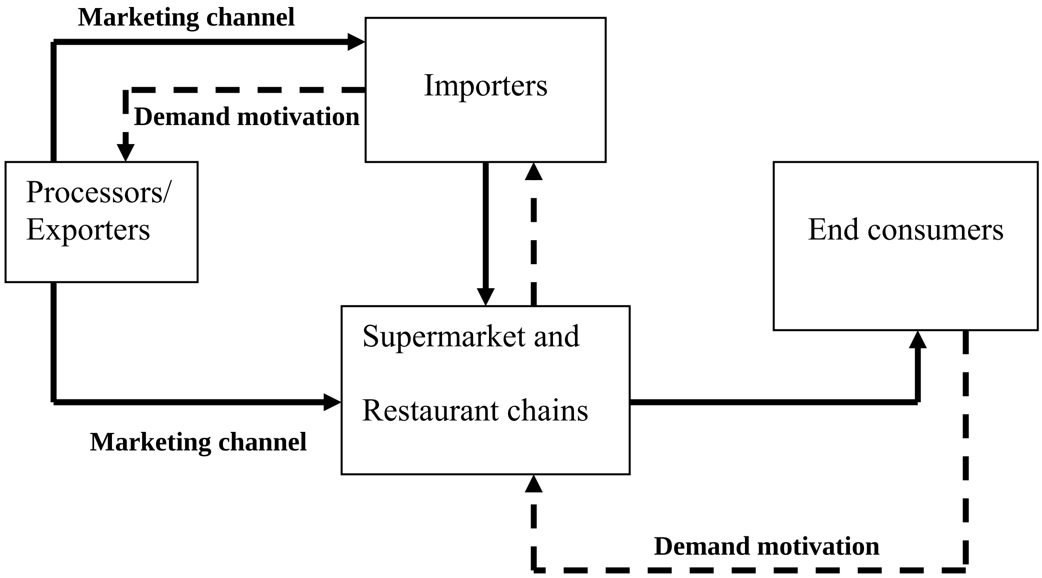


Figure 21: Marketing channel model.

3.1.4 Promotion strategy

Modern marketing calls for more than developing a good product, pricing it attractively, and making it readily accessible to target customers. The company or industry must design and disseminate information about the product's existence, features and terms and how these will benefit the target market. Every company (industry) has to take on the role of a communicator or promoter (Kotler 1980). This means that the industry must know how to market itself to various groups in order to obtain their confidence and good will. It must develop a clear corporate identity. This involves answering the difficult question of what the industry wants to be.

3.1.4.1 Definition of promo tools

One can take a broad or a narrow view of the tools in the marketing communication mix. The broad view says that each of the four Ps belongs to the marketing communication mix. The product's styling, the colour, the shape of the packaging, and the price all communicate something. Once the company or industry decides on a target market position, all the marketing-mix tools should reinforce this position.

The narrow view says that the marketing communication mix consists of the subset of marketing tools that are primarily 'communicational' in nature. They are the tools normally classified under promotion, one of the four Ps. They are called 'promo tools', and include various forms of advertising, packaging, sales-presentations and demonstrations, point-of purchase displays, sales aids (catalogues, literature, films), incentive tools (contest, trading stamps, premiums, free samples, coupons) and publicity programmes.

Each of these promo tools has specific potentialities and complexities that could justify managerial specialisation. Yet a company, even an industry, typically does not have a specialist in each area but only in those areas where the importance and usage frequency of the tool warrant specialisation. For that reason, this section will focus only on the four major tools which are defined as advertising, sales aids, incentive tools and publicity programmes.

3.1.4.2 Implementation of promo tools

Advertising is one of the four major tools the industry could use to direct its message to target buyers and the public (Kotler 1980).

Message development:
Message development is very important in advertising. It will answer the question 'what does the Vietnamese freshwater shrimp industry want to be?' Whether it could be the premium quality, the freshness, the delicious food, the good service or the jumbo size, the industry should recognise its strengths over other competitors. Because the industry has established a reputation for trustworthiness, progressiveness and social responsibility it could choose to start with an advantage over the other rivals in the minds of actual and potential customers and other publics.

Depending on the different target audiences, the message will have a different character. Concerning the end users or consumers, the premium quality, the freshness and social responsibility are extremely important messages. These elements are likely to gain the confidence and goodwill of the buyers. However, the giant sizes and good service are important to the middle merchants as it offers them a strong and progressive supply situation.

Media selection:
Media selection is the problem of finding the best way to deliver the desired number of exposures to the target audience. Selecting the specific media vehicles is the most important task the marketer has to perform in order to deliver the particular objectives in the most effective way. Professional seafood magazines are often selected for the exposures which aim at the professional target groups such as importers, wholesalers, restaurant chains, supermarkets and food services. While television or publicity programmes like Cuisine Week, Self-Introduction Week, and Special Reception are likely to be more attractive and practical to the end consumers.

In comparison to Europe, there are not many seafood magazines in the United States which are at a similar level as Seafood Business, Seafood Leader and Simply Seafood. The merger of Seafood Leader and Seafood Business made this professional seafood magazine stronger than all the others. With a qualified circulation of over 15,000, Seafood Business is the most famous seafood magazine in the industry. Fully 95% are seafood buyers who are decision-makers in purchasing for restaurants, supermarkets, processing and distribution.

Sales aids:
Sales aids are the tools which could be used to reinforce the effectiveness of the marketing communication mix. Sales aids are demonstrated through the literature media like catalogues, hand books, industry directories, cooking and recipes, reference documentaries or films. Sales aids, in many cases, are considered as tips for buyers. It is also considered as a service offer to the industry.

Incentive tools:
Incentive tools comprise a wide variety of tactical promotion tools of a short-term incentive nature, designed to stimulate earlier and/or stronger target market response. Among the more popular ones are contests, free samples, coupons, premiums and gifts. Incentive tools are used by a large variety of organisations, including manufactures, distributors, retailers, trade associations, and many non-profit groups.

Incentive tools could be effective used in some special events, especially at exhibitions, conferences, self-introduction week and special cuisine week.

Publicity programmes:
Publicity is a non-personal stimulation of demand for a product, service, or business unit by planting the commercially significant news about it in a published medium or obtaining favourable presentation on the radio, television, or stage. This action should not be paid for by the sponsor but by the editor. Publicity can reach many potential buyers who otherwise avoid salesmen and advertisements. This is because the message is packaged in a way which gets to the buyers as news rather than as a sales-directed communication (Kotler 1980).

Publicity is part of a larger concept, that of public relations. Today's public relations practitioners perform the following functions:

Press relations:
The aim of press relations is to place newsworthy information into the news media to attract attention to a person, product or service. The Vietnamese shrimp industry should emphasise close cooperation with the editorial boards of professional seafood magazines, especially Seafood Business, Seafood International and Fish magazine. Sponsoring a field trip for these editorial boards to Vietnam is the most cost effective way to introduce the progressive development and nature of the industry. Because of the high credibility, news stories and features seem to most readers to be authentic media-originated reports. They have a higher degree of credibility than if they came across as sponsored by a seller.

Product publicity:
Product publicity involves various efforts to publicise through news media and other means specific products and happenings related to products.

Corporate communication:
This activity involves many efforts in coordination with many external communication partners to give attention and understanding to the institution. Restaurant and supermarket chains are the first priority to be invited to join these activities. In cooperation with these partners, the marketing campaigns are often organised under the form of Vietnamese Seafood Week at supermarkets, Vietnamese cuisine at restaurant chains and/or customers honour receptions. Contrary to other publicity programmes, these activities are aimed at the end consumers rather than the middle merchant levels.

3.1.4.3 Financing for promotion strategy

Each year the company or industry must decide how much to spend on promotion programmes. Four of the more common methods are described below (Kotler 1980):

Affordable' method:
This method involves setting the advertising budget on the basis of what they think the company or industry can afford. Setting budgets in this manner is to say that the relationship between advertising expenditure and sales results is at best tenuous. The basic weakness of the affordable approach is that it leads to a fluctuating advertising budget that makes it difficult to plan for long-range market development.

'Percentage of sales' method:
Setting the advertising expenditures at a specific percentage of sales (either current or anticipated), the percentage of sales method means that advertising expenditures are likely to vary with what the industry can afford. This method encourages competitive stability to the extent that the competing industry spends approximately the same percentage of their sales on advertising. Despite of these advantages, this method has little to justify it usage. The dependence of the advertising budget on year-to-year fluctuations in sales militates against the planning of a long-range promotional programme.

Competitive-parity method:
Some companies or industries set their advertising budgets specifically to match competitors' outlays in order to maintain competitive parity. Two arguments are advanced for this method. One is that competitors' expenditures represent the collective wisdom of the industry. The other is that maintaining competitive parity helps to prevent advertising wars. Neither of these arguments is valid. There are no grounds for believing that the competition is using more logical methods for determining outlays.

Objective-and-task method:
The objective-and-task method calls upon advertisers to develop their budget by 1) defining their advertising objectives as detailed as possible, 2) determining the tasks that must be performed to achieve the objectives, and 3) estimating the cost of performing these tasks. The sum of these costs is the proposed advertising budget. This method has strong appeal and popularity among promoters. Its major limitation is that it does not indicate how the objectives themselves should be chosen and whether they are worth the cost of attaining them. In general, promotion strategy is a set of many skilful, tactical and professional communication marketing tools. Among the more popular are advertising, sales aids, incentive tools and publicity programmes. They are called promo tools. Each promo tool has its advantages in the marketing communication mix. Advertising is used to direct persuasive communications to target buyers and publics. Sales aids could be used as the tips or an extra service for buyers. Incentive tools are the most practical activities to achieve the target buyers' attention and good will whereas publicity programmes have the same function with higher credibility caused by the objective approach. Promotional goals should be formulated as specifically as possible in order to effectively implement the objective-and-task method in financing promotional programmes.

Table 14: Marketing strategy for freshwater shrimp to the United States 2003-2005 main tasks and objectives.

STRATEGY	OBJECTIVES	TASKS
PRODUCT	- Seventy percent of the total production should be large size shrimp - 'Jumbo size with premium quality' image - Utilise the medium and small size shrimp for retail packs	- Focus on large size production from 2/4 to 10/12 - Building the typical and unique image of Vietnamese freshwater shrimp - Focus on value-added products at the retail level
PRICE	- To penetrate and dominate the target market - Diversify from the image and market position of black tiger shrimp. - Adjust the pricing strategy for freshwater shrimp as necessary - To avoid the 'anti dumping case'	- Setting up the pricing policy based on current-revenue pricing and market skimming - Creating a new market identity for freshwater shrimp - Identifying the sensitive points of time regarding pricing - Decreasing the gap in value between Vietnamese and United States freshwater shrimp by adjusting price
PLACING	- To be accessible to the target market - To be accessible to the end consumers	- Cooperate with intermediaries to establish the marketing-channel communication mix - Importers as the main target group - Restaurant and supermarket chains as the second target group
PROMOTION	- Formulate a clear and direct message to the target customers - To provide extra services to the buyers - To gain the buyers' attention and good will - To achieve a higher level of credibility and confidence.	- Advertising - Sales aids - Incentive tools - Publicity programmes

3.2 Main actions

An action plan is a set of practical activities which are designated to the main tasks in order to obtain the target objectives.

3.2.1 Target oriented activities

3.2.1.1 External cooperation

In order to set the goals for large size freshwater shrimp production, the industry needs to cooperate with many external sectors such as aquaculture departments, local authorities, shrimp grower collectives, and research institutes. Seminars on freshwater shrimp marketing strategy could be organised by the industry in order to provide the output guidelines to these sectors.

3.2.1.2 Internal cooperation

The club of freshwater shrimp exporters should be established. The coordination of its members helps the industry to determine and carry out target objectives, pricing policies, sales policies, and product standardisation.

3.2.1.3 Promotional activities

Advertising
- Suggestions for media selection: Seafood Business, Boston Seafood
- Shows directory, worldcatch.com.

Sales aids
- Literature profile on the Vietnamese freshwater shrimp industry
- Cooking recipes for freshwater shrimp
- Posters
- Poly bags.

Incentive tools
- Product displays at the Boston Seafood Show
- Free samples at the show
- Gifts for visitors during the show.

Publicity programmes
- Sponsoring a field trip to Vietnam for the editorial board of Seafood Business annually
- Self-introduction seminar at Boston Seafood Show
- Organising a Vietnamese Seafood Week in some big cities where seafood consumption is strong, such as in Boston, New York, Chicago, Washington D.C, Miami, Seattle, and Los Angeles. These activities should be conducted in cooperation with some restaurant and super-market chains.

3.2.2 Man power proposal

Since its establishment in 1998, VASEP has been the only organisation representing the Vietnamese Seafood Industry. Under the host of VASEP, the Promotion Department has been performing its main function that is to introduce and promote the industry to the worldwide market. However, due to lack of human resources, the national campaigns have not been well organised or carried out so far. The marketing activities have been done according to a general plan and design. Therefore, in order to level up the marketability and its effectiveness, a new division of "National Campaigns" should be established. It could be formed as a sub marketing organisation which works under the coordination of the Promotion Department. This organisation will be a project working group running special projects such as freshwater shrimp marketing strategy.

The earliest and still most common form of marketing organisation has various functional marketing specialists reporting to a marketing manager or project director in this case, who is in charge of coordinating all of their activities (Figure 21).

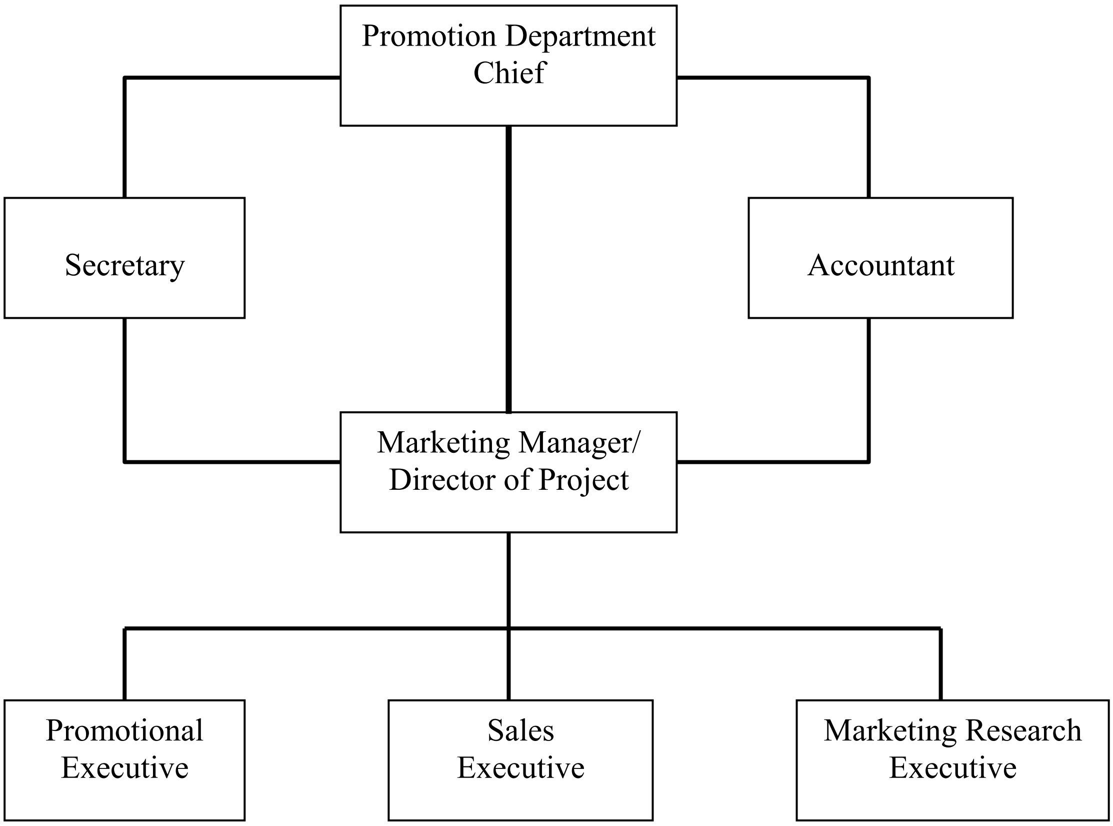


Figure 22: Functional marketing organisation.

1. The Chief of the Promotion Department is responsible for strategy planning and designing. Whether the strategy could be market-oriented or product-oriented, it will be the guideline for the Marketing Manager to refer to when designing national marketing campaigns.
2. The Marketing Manager has two major functions, planning and coordinating. He/she is expected to design the practical marketing plan and activities which are based on the strategy guidelines; coordinate the functional operations of the specialists; and have financial overview and control over the promotional budget.
3. The Promotional Executive is responsible for carrying out the promotional programmes. These activities include advertising, sales aids, incentive tools and publicity programmes.
4. The Sales Executive deals with customers. He/she is expected to be an integrator between the industry and foreign customers. Establishing the relationship between the industry and its existing and potential customers is this person's main function.
5. The Marketing Research Executive is responsible for information collection and analysis. Reports from the Marketing Research Executive could form the basis for the Marketing Manager's plans. In many cases, reports and analysis would be done under the request of the Marketing Manager.

In summary, the marketing organisation is based on a functional structure. The top manager is expected to plan and designate the practical marketing activities and regulate the operations of functional specialists. The specialists or executives are responsible for running their functional business. Depending on the quantity of work and/or the development of the project, they could also become sub-level managers.

3.2.3 Financial proposal for promotional activities (2003-2005)

The financial proposal is the estimated expenditures for the promotional activities which were suggested in the preceding section. The cost for advertising in specific media will be based on the real rates of such media. For the other activities, costs will be estimated by experience and some references. The details of the calculations are listed in the appendix. The cost for services is estimated 5% higher for every year after the first base. The timing of some special activities like self-introduction Vietnamese seafood weeks or editor trips to Vietnam is flexible. It depends on the marketability and the readiness for action of the industry. The indicated schedule in the proposal is a suggestion for reference. The financial proposal is based on the ‘objective-and-task’ approach.

Table 15: Financial proposal for project operation from 2003-2005 marketing strategy for Vietnamese freshwater shrimp to the United States market.

Activities	Rate	Unit	Quantity	Cost in US$		
Advertising and sales aids				**2003**	**2004**	**2005**
Advertising						
Seafood Business	3,000.00	1 issue	12 issues	36,000	37,800	39,690
Boston Seafood Show Directory	2,050.00	1 issue	1 issue / year	2,050	2,153	2,260
			Sub total	**38,050**	**39,953**	**41,950**
Sales aids						
Posters	500.00	1 poster	2 posters / year	1,000	1,050	1.103
Gifts	5.00	1 gift	1,000 gifts / year	5,000	5,000	5,000
Literature	3.00	1 set	1,000 sets / year		3,000	
Introduction film	10,000.00	1 film	1film		10,000	
			Sub total	**6,000**	**19,050**	**6,103**
Boston Seafood Show						
Display area renting and construction	100 sq.ft/year			5,695	5,980	6,279
Equipments renting	Including freezer, cookers, electronic and water supply			7,500	7,875	8,269
Samples and performance	100 kg of sample / year with chef and servants			2,460	2,583	2,712
Man power	1 person / year with travelling allowance and accommodation			2,630	2,762	2,900
			Sub total	**18,285**	**19,199**	**20,159**
Publicity programmes						
Self-introduction seminar	Organising during the Boston Seafood Show with 100 visitors (estimated)			-	3,000	-
Vietnam Seafood Week	3 events for 3 years with promotional supports to the co-organisers			18,600	19,030	19,482
Editors trip to Vietnam	1 trip per year with 2 persons in the editorial board			5,900	6,195	6,505
Guest honours trip to Vietnam	2 outstanding guests per year			5,900	6,195	6,505

			Sub total	**30,400**	**34,420**	**32,491**
			Annual promotional cost	**92,735**	**112,622**	**100,703**
			TOTAL COST FOR PROMOTIONAL ACTIVITIES		**306,060**	
Project management cost						
Variable cost						
Human resources	5 persons			10,680	10,680	10,680
Administrative cost	including local study travelling cost			13,400	13,400	13,400
			Sub total	**24,080**	**24,080**	**24,080**
Fixed cost			**Sub Total**	**27,000**		
			Annual operation cost	**51,080**	**24,080**	**24,080**
			TOTAL COST FOR PROJECT MANAGEMENT		**99,240**	
ANNUAL COST FOR PROJECT OPERATION				**143,815**	**136,702**	**124,783**
TOTAL COST FOR PROJECT OPERATION					**405,300**	

3.3 Closing remarks

With a population of more than 280 million and a high living standard, the United States is the most promising market for shrimp as it is for many other goods. In fact, despite of the economic downturn, shrimp consumption in United States has been increasing in the last decade. Especially, the growth rate of shrimp consumption has been high for the past three years when the meat and poultry industry was having difficulties. In addition, promotional efforts of the industry have significantly contributed to this growth. The healthy benefits of shrimp have been increasingly well accepted by United States consumers. As a consequence, shrimp has become the favourite seafood in the United States.

With the same growth in shrimp consumption, more than 100,000 MT are estimated to be in demand in the United States market within the next three years. This creates a good opportunity for the Vietnamese shrimp industry, the second biggest shrimp supplier to this market. However, in order to take advantage of this opportunity, the Vietnamese shrimp industry needs to utilise its strengths in availability of land used for aquaculture, traditional experience in shrimp farming and to focus on the production of large size freshwater shrimp. High technology needs to be implemented to shorten the growing time of the larger sizes. Furthermore, the marketability of the industry needs to be improved and levelled up to a higher standard.

As a project designer, the Chief of the Promotion Department of VASEP, I would like to make some suggestions regarding the Marketing Strategy for Vietnamese freshwater shrimp to the United States.

1. Project design and development
   This marketing project is targeted at the United States as the most promising market for Vietnamese freshwater shrimp over the next coming years. However, the project should also be targeted at other potential markets. Comprehensive market research needs to be conducted in order to identify market potential and introduce freshwater shrimp to other potential markets.

2. Human resources
   Lack of human resources is a big problem for VASEP and a handicap in the work of expanding and carrying out the national strategies or campaigns. With three staff members working at the Promotion Department, VASEP cannot operate many specific marketing strategies. The establishment of a new division for National Campaigns is needed for handling and implementing these projects.

   The Division is expected to work as a project working group under the coordination of the Promotion Deparment. This group is responsible for running the practical activities of national marketing plans which are based on the strategy guidelines. The organisation structure was described in section 3.2.

3. Financial support
   Project financing is always a problem to be considered. As mentioned in the previous section, the financial proposal for the marketing strategy is based on the ‘objective-and-task method’. Therefore, there is no ground to show the causal

correlation between marketing expenditures with sales revenues. However, the financial proposal for the marketing strategy must be affordable and reasonable.

In an assumption that 6,000 MT of freshwater shrimp would be sold to the United States from 2003-2005 with the average price of $13.00 per kg, a sales revenue could be achieved of about US $78 million. The financial proposal for the three years marketing strategy is US $405 thousand which counts for 0.52% of the estimated total sales revenue.

With 0.5% of the total sales revenue (estimated), the financial proposal for the marketing strategy should be considered reasonable. VASEP is expected to seek financial support from the Export Promotion Fund in this concern.

4. Internal cooperation
   Internal cooperation among exporters and between exporters and farmers is very important. The marketing strategy could not be comprehensive without cooperation with the aquaculture sector.

   Therefore, when the project is ready to operate, a meeting or a seminar with the aquaculture sector should be organised under the name of VASEP. The seminar brings the industry, local aquaculture authorities together to reveal ways for development. Through the local aquaculture sector, freshwater shrimp growers could be directed in the right direction towards sustainable development.

   Cooperation between project operators and local aquaculture authorities should be a long-term operation to follow and evaluate the real situation. Depending on the realistic situation, the project could be reconsidered, modified and adjusted.

In summary, in order to improve marketability to a higher level, the Vietnamese seafood industry should focus on specific marketing strategies. The strategy could be product or market-oriented. The marketing strategy for Vietnamese freshwater shrimp to the United States should be further developed into a larger comprehensive marketing project for freshwater shrimp.

The new division of National Campaigns is expected to establish and to handle this project. The project is operated under the coordination of the Promotion Department. This project is also expected to work in cooperation with many external partners, especially in the aquaculture sector.

Finally, the marketing strategy is a fundamental guideline for the Vietnamese shrimp industry. Practical marketing activities will be designed based on this fundamental approach. However, the project could be flexibly adjusted or modified to be suitable to the real situation.

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APPENDIXES

ADVERTISING & SALES AIDS - ESTIMATED COST FROM 2003 – 2005

Activities		Rate (USD)	Unit	Quantity	Cost		
Advertising					**2003**	**2004**	**2005**
1	Seafood Business	3,000,00	1 issue	12 issues	36,000	37.800	39.690
2	Boston Seafood Show Directory	2,050,00	1 issue	1 issue / year	2,050	2.153	2.260
				Sub Total	**38,050**	**39,953**	**41,950**
Sales aids							
1	Posters	500,00	1 poster	2 posters / year	1,000	1,050	1,103
2	Gifts	5,00	1 gift	1,000 gifts / year	5,000	5,000	5,000
3	Literature	3,00	1 set	1,000 sets / year		3,000	
4	Introduction film	10,000,00	1 film	1film	10,000		
				Sub Total	**16,000**	**9,050**	**6,103**
				Annual cost	**54,050**	**49,003**	**48,053**
				Total cost		**151,105**	

BOSTON SEAFOOD SHOW - ESTIMATED COSTS FROM 2003-2005

Items		Rate	Unit	Quantity	Cost		
Booth construction					**2003**	**2004**	**2005**
1	Space renting	$26,95	sq,ft	100 sq,ft	2,695	2,830	2,971
2	Booth decoration	$30,00	sq,ft	100 sq,ft	3,000	3,150	3,308
				Sub Total	**5,695**	**5,980**	**6,279**
Equipments							
1	Freezer	$1,500,00	freezer	1 freezer	1,500	1,575	1,654
2	Cookers	$3,000,00	1 set	1 set	3,000	3,150	3,308
3	Electronic supply	$1,000,00	Connection line	2 Line	2,000	2,100	2,205
4	Water supply	$500,00	connection line	2 line	1,000	1,050	1,103
				Sub Total	**7,500**	**7,875**	**8,269**
Sample & Performance							
1	Freshwater shrimp	$7,00	kg	100kg	700	735	772
2	Chefs	$50,00	Working hour	8 hours x 3 days	1,200	1,260	1,323
3	Servants	$15,00	Working hour	8 hours x 3 days	360	378	397
4	Additives				200	210	221
				Sub Total	**2,460**	**2,583**	**2,712**
Human resource							
1	Flight ticket	$1,600,00	1 ticket (2 ways)	1 ticket	1,600	1,680	1,764
2	Accommodation	$100,00	1 night	1 person x 5 nights	500	525	551
3	Travelling allowance	$ 30,00	1 day	1 person x 6 days	180	189	198
4	Per-diem	$50,00	1 day	1 person x 7 days	350	368	386
				Sub Total	**2,630**	**2,762**	**2,900**
Annual cost					**18,285**	**19,199**	**20,159**
Total cost							**57,643**

PUBLICITY PROGRAMMES - ESTIMATED COST FROM 2003 – 2005

Activities		Rate	Unit	Quantity	Cost		
Self-Introduction Seminar at Boston Show					**2003**	**2004**	**2005**
1	Meeting Room Reservation	20.00	1 person	100 persons/event		2,000	
2	Documents	5.00	1 set	100 sets		500	
3	Accessories	5.00	1 set	100 sets		500	
				Sub total		**3,000**	
Vietnamese Seafood Weeks							
1	Flight ticket	3,000.00	1 person / trip	2 persons	6,000	6,300	6,615
2	Accommodations	50.00	1 person / night	2 persons x 10 days/ trip	1,000	1,050	1,103
3	Per Diem	50.00	1 person / night	2 persons x 10 days/ trip	1,000	1,050	1,103
4	Travelling allowance	30.00	1 person / day	2 persons x 10 days/ trip	600	630	662
5	Promotional support	10,000.00	1 event	1 events/ per year	10,000	10,000	10,000
				Sub total	**18,600**	**19,030**	**19,482**
Editor's trip to Vietnam							
1	Flight ticket	1,500.00	1 person/ trip	2 persons/ year	3,000	3,150	3,308
2	Accommodations	70.00	1 person/ night	2 persons x 10 days/ trip	1,400	1,470	1,544
3	Local transportation	150.00	300 km/day	10 days	1,500	1,575	1,654
				Sub total	**5,900**	**6,195**	**6,505**
Guest Honour's trip to Vietnam							
1	Flight ticket	1,500.00	1 person/ trip	2 persons/ year	3,000	3,150	3,308
2	Accommodations	70.00	1 person/ night	2 persons x 10 days/ trip	1,400	1,470	1,544
3	Local transportation	150.00	300 km/day	10 days	1,500	1,575	1,654
				Sub total	**5,900**	**6,195**	**6,505**
				Annual cost	**30,400**	**34,420**	**32,491**
				Total Cost			**97,311**

PROJECT MANAGEMENT COST - ESTIMATED FROM 2003-2005

Activities		Rate (USD)	Unit	Quantity	Cost		
Variable cost					**2003**	**2004**	**2005**
Human Resource							
1	Marketing Manager	200.00	1 month	12 months	2,400	2,400	2,400
2	Functional executives	150.00	1 month	12 months x 3 persons	5,400	5,400	5,400
3	Accountant	120.00	1 month	12 months	1,440	1,440	1,440
4	Secretary	120.00	1 month	12 months	1,440	1,440	1,440
				Sub Total	**10,680**	**10,680**	**10,680**
Admin works							
1	Telephone	100.00	1 month	12 months	1,200	1,200	1,200
2	Internet	200.00	1 month	12 months	2,400	2,400	2,400
3	Fax	100.00	1 month	12 months	1,200	1,200	1,200
4	Paper working	500.00	1 month	12 months	6,000	6,000	6,000
5	Meetings	200.00	1 event	3 events per year	600	600	600
6	Local study trips	500.00	1 trip	4 trips per year	2,000	2,000	2,000
				Sub Total	**13,400**	**13,400**	**13,400**
				Total variable cost	**24,080**	**24,080**	**24,080**
Fixed cost							
1	Computer set	3,000.00	1 set	6 sets	18,000		
2	Furniture	1,000.00	1 set	6 sets	6,000		
3	Others	3,000.00			3,000		
				Total fixed cost	**27,000**		
				Annual operation cost	**51,080**	**24,080**	**24,080**
				Total operation cost			**99,240**