



Partnering for Customer Value snapshot: Island Fresh Seafoods

Island Fresh was a brand developed to market farmed prawns to Japan. The prawns were sourced from independently owned farms in North QLD, who formed an alliance to supply. While initially successful, the lack of governance and formal structure meant suppliers could not be compelled to meet quality and supply requirements of the Japanese based customer



Snapshot

Industry

Seafood

Location

North Queensland, Australia

Timeframe

- Established: 2001
- Established exports to Japan: 2002
- Failure to meet customer requirements and to reinvest: 2004

Transformation

Individual producers forced to price-take on domestic wholesale market → lost opportunity to build on exports of 700 tonnes through unwillingness to meet customer's needs and gain the benefits of an aggregated supply

Key investments

- No investment from prawn producers
- Brand owner (prawn feed supplier and consultant) invested yearly for 4 years

Key markets

Japan

Tools/Models

The customer, Ito Yokado in Japan, had a 10 year strategy for growth of the partnership and explicit, strict production level and quality requirements as expected for a premium product going into a high end market; the producers were not suitably aligned and the required governance had not been established.

"By the three-year mark, it became evident that the supply side of the value chain lacked the progressive mentality to move beyond easier ad-hoc harvesting traditions. The Australian prawn producers were aware of the increased value they could gain by adapting their processes but were not at that point willing to conform to the increased expectations of the Japanese export market."

Phil Green, Author

Concepts



Value chain
partnerships



Whole product
offering



Collaborative
advantage of
partnering



Customer
development
model

Critical Success Factors

1. Focus on the customer development model; taking time to discover the right customers and sales strategy through actual approaches to market

“It took more than 12 months to identify the right customer channels including testing, prototypes, samples and feedback from potential customers to settle on the best market strategies; this stage was critical to success, as the right customer channel would have to recognise the current product and processing capabilities but also have an appetite for growth and diversification in collaboration with the production group.” **Phil Green, Author**

2. Focus on delivering a ‘whole product’ to its customers; Island Fresh supplied fresh, sustainable premium prawns with a good provenance story, however they failed to add the services to meet the needs of their customer — consistent high volume supply and quality and the desire to grow their business.
3. Understanding of the importance of detailed research, planning and formal structure in forming a successful value chain partnership

“A lack of corporate governance in the farm alliance coupled with this producer unwillingness meant that investment to develop the facilities necessary for the on-farm development was not acquired or even sought. The premium the Japanese market offered was significant, yet a resistance to a cultural change from the traditional ad-hoc harvesting mentality proved that producers were unwilling to retain and further develop this premium market.” **Phil Green, Author**

4. Appreciation of need to identify similarly aligned businesses in order to form successful value chain partnerships

“These are critical business operational qualities that Japanese retailers’ value and expect yet were not at all aligned with the current production processes and capabilities that the producers were utilising...The key contributor to the failure of the business model was lack of alignment between supply side and demand side behaviours.” **Phil Green, Author**

5. Willingness to invest time and effort in to strategic planning with value chain partners

“The Ito Yokado sales teams visited Australia six months in advance of promotions to plan product specifications, cooking methods, ingredients and sales volumes. Their willingness to collaborate with the supply side of the value chain meant that production schedules, quality control and governance could be managed effectively.” **Phil Green, Author**



Why you should read the full case study

- In depth discussion of how lack of strong partnership governance and structure can lead to collaboration failure
- Real world example of the expectations of a premium, high end market customer

Island Fresh Seafoods full case study

➔ agric.wa.gov.au/p4cv

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