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Aquaculture marketing

By **MB Surtida**

Aquaculture production is meaningless unless distributed and consumed. Most of the time, the technology generated addresses production, never mind distribution and consumption. Experts say that if production is to be increased, distribution “from the point of production to the point of consumption must complement the increase.” As fish production increases, marketing must be efficient to allow it to expand.

General marketing channels

Manner and method of selling aquaculture products, however, is commodity and place specific. For example, in the Philippines, grouper is bought and sold differently from tilapia or milkfish, or catfish or seaweeds. In the same way, catfish in Zarraga, Iloilo is bought and sold differently from Pandi, Bulacan. Other countries have different systems and methods of marketing. Thus, any one description of a marketing channel, when very specific, would not describe the prevailing system of an entire place or practice. This article attempts to describe the general prevailing marketing channels that apply to most commodities and areas. A specific practice on a specific product based on interviews on pages 17 and 20 illustrates the general description.

In Iloilo City, each seller or producer transacts with 75 buyers and these “brokers” serve 33 buyers or retailers daily. The number of “brokers” or buyers may vary according to the distance of the outlet to the original sellers (usually fishing ports). These tiers of traders is necessary because of the physical distance of the producers and consumers. Among themselves, the sellers have a tacit understanding of how high or low their products would be sold, thus, a certain degree of control on price exists. In the same way, buyers have a method that is called whispered pricing where other buyers obtain their supply at an agreed price, usually, the lowest being preferred by the buyers and the highest preferred by the producers. This may be true for high production fish like milkfish and

Fish from the farms are brought direct to fishports where wholesalers and retailers obtain stocks for distribution to other retailers and consumers



Fish at fishports are further sorted to suit individual needs of retailers and distributors

tilapia. Credit tie-ups among buyers and intermediaries are common. A study said that these were brought about by the urgent need to dispose of the product immediately and the trader’s need to maintain his business. For high value crops such as shrimp and grouper, buyers go direct to the farm and pay the producer either in cash or checks.

Fry marketing channels

Fry marketing in the Philippines is good business where milkfish and shrimp aquaculture is dependent on wild fry

Tilapia and milkfish are the commodities with the most number of retailers before consumers buy them resulting in small profit margins for retailers but high price for consumers



Throughout the Philippines, places such as this roadside market are closest to most consumers

The fish marketing system in Sri Lanka

In Sri Lanka, a fish trader is also a money lender. The producer are lent money without collateral, no explicit interest rate, and no repayment schedule. It is believed that in so doing, the trader pays the producer substantially lower than the prevailing market price.

Fish has to be disposed of immediately to make sure that it reaches the consumers in good quality. A considerable distance separates the consumer from the producer, thus, an intervention is necessary to link both players. This necessitates that the marketing system operates through intermediaries called fish assemblers, wholesalers, and retailers.

Fish assemblers obtain supplies of fish from the fishermen, the wholesalers buy from the fish assemblers, and the retailers buy from the wholesalers or in some cases, from fish assemblers. The marketing function is done through these three players. There are five types of assemblers: Type 1 deals with small fish and sells within the district; Type 2 deals with big fish but sells within the district; Type 3 sells only in Colombo; Type 4 deals with export such as shrimp and lobsters; and Type 5 are those that bring the fish to the interior places of the country. It is commonly believed that fish assemblers enslave fishermen. Although loans are said to be interest-free, the price of fish paid by assemblers to fishermen is lower compared to non-debtors. Thus, the assemblers are the prime source of finance of the fishermen/producer.

Fish supply is usually obtained by auction or through a pre-agreed arrangement between fishermen and assemblers, with the assemblers usually getting assurance of a regular supply with pre-agreed arrangement. Although methods employed by fish assemblers may vary slightly,

these two are the dominant modes of buying. Where the assemblers buy at negotiated prices, the producer usually has a dependency relationship with the assembler on a long-term basis. Sometimes, kinship relationship is also considered.

Aside from the private assemblers, the Colombo Fisheries Corporation (CFC) handles about 2% of fish assemblers' function in Sri Lanka. It has 53 purchasing centers in 13 fish-producing areas, and recently gave loans to fish producers but fish obtained through this method was low compared with those obtained by private assemblers.

Until fairly recently, the market saw new entrants to the fish industry. With the socio-economic changes taking place, a new kind of fish assembler has emerged -- one who sells fish in non-coastal areas and retailers who take fish to non-coastal areas in vans and motorcycles. There is also the entry of export products such as shrimp and lobster.

The continued expansion of the fish industry in Sri Lanka has brought about a fairly competitive system for the fish assembling and fish retailing markets, and possibly disequilibrium in profits by some assemblers and retailers. The study says that the Sri Lanka government can restructure marketing arrangements and transport of fish by vans instead of trains. The state can also provide daily market information from the main consumption centers to the production centers. -- MBS

From the paper by S Fernando, 1985. The marketing system in the small-scale fishery of Sri Lanka: does the middlemen exploit the fisherman? IN: T Panayotou, ed. Small-scale fisheries in Asia: socioeconomic analysis and policy, IDRC-229e IDRC, 60 Queen Street, Ottawa, Canada

catch. Although threatened by environmental issues and depleting supply, fry gathering up to the present time is still lucrative especially for coastal subsistence farmers. Culasi, Antique in Panay Island has been acknowledged in a study to be the richest fry ground in the Philippines. Thus, it follows that fry marketing is a thriving business in the area.

Fry gatherers collect fry from the shores while the concessionaires take care of moving the fry from the gatherers to fishfarms, and in some cases to other fry dealers. In most provinces, fry grounds are divided into zones. Each concessionaire, depending on the productivity of the area, is assigned a certain area upon which he may allow gathering of fry over which he has authority to buy.

Fry concessions are acquired either through bidding or through payment of a fixed municipal fee. Bidding is usually done in municipal halls or office of the municipal treasurer. The concession fee or fixed rate is paid for either in lump sum or arranged payment scheme. Some fees require 50% at bidding with the remaining to be paid for during the term of the concession while others pay only 5% and the remaining balance in installment during the term. A study on marketing stated that Iloilo and Negros Islands have the lowest concession fee.

Fry concessionaires may be individual or group as in a co-operative. They are usually operators of nursery ponds or fishponds while others are fish brokers. Other than fry gathering,

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A Filipino fisher and marketer

The key to successful marketing is to transport as many fish in the shortest time possible. So says Mr. Joaquin Vera Cruz, a fish dealer and owner of a commercial fishing boat (*F/B Cita*). Vera Cruz, a native of Guimbal, Iloilo, relates his experience in fishing and fish transport.

“The fishing boat is of a type locally called *kubkuban*,” he says. “The boat is accompanied by light boats that carry nets (called catcher boats) and generators for the 500 watt light (“power” boat). The fishing boat can support a total of 40 persons onboard -- 31 fishers with the catcher boats and 3 persons each from the three (power) light boats. Diesel fuel is used in these boats; one night of fishing for 2-5 miles consumes 2 drums of fuel.

During the months of peak season, that is, from January to mid-May, the most common catch is bullet tuna (locally called *aloy*). Fish catch can reach to about 300 boxes, each box containing 30-35 kg of fish. Fishers can go fishing thrice in one night which is usually at 3, 6, and 8 in the morning.

The boxes of fish catch are iced to preserve freshness. One block of ice costs P130; and this is good for 6 boxes. As soon as the boat docks, as early as 5-6 in the morning, the fish are then transported thru land vehicle to the Iloilo Fishing Port. The cost of transportation is fixed at P30 per box. From this amount, fuel consumption and hauling labor is deducted and the remaining amount goes to the fish owner. The amount of P10 is paid as port entry. The fish is then sold to the broker. However, if the fishing boat lands between 7-8 in the morning, the fish is sold in nearby towns like Guimbal, San Joaquin, Miag-ao and Tigbauan.

Other varieties of fishes sold include yellowfin tuna (locally known as *panit*), mackerel or scad (*tamodios* or *galunggong*), oxeve scad (*mat-an*), and salmon (*ugayan*).

Vera Cruz fishes in the waters off southern Iloilo, Antique, some parts in Negros, and Guimaras. Vera Cruz concludes that income is very low nowadays because of high cost of fuel. -- E. Gasataya



Mr. Joaquin Vera-Cruz and his fishing boat, a typical offshore model in the Philippines



most gatherers have other occupations like fishing, business (small *sari-sari* store), or other employment.

Fry gathering is a fulltime occupation during peak fry months. In Iloilo, fry gathering is done mostly in the morning, six days a week, while in other places, it lasts until the afternoon. Gathered fry are placed in basins on the shore, sorted and counted. In some places, counting is done while the concessionnaire or buyer is present. Usually, the concessionnaire store the fry to condition them or to wait for buyers for 2 to 30 days. Fry are kept either in earthen jars, pails or basins during storage and fed mashed egg yolk. Water is changed to reduce mortality. Other fry species that are gathered with the preferred fry are sold or thrown away.

If fry must be sold within the fry grounds, concessionnaires usually send collectors to gather caught fry. Concessionnaires usually provide containers such as plastic and pandan bags, and tying materials. If fry are to be transported, oxygen is also provided. Delivery of fry to buyers depend on previous agreement. Buyers from concessionnaires consist mainly of fishpond own-

ers, fry dealers, and pond operators within the provincial boundary. Fry gatherers are usually paid in cash.

In storage, milkfish fry mortality ranges 10-18% while for shrimp, 5-20%. In consideration of mortality, gatherers give extra fry (5-20%), the quantity depending perhaps on the relationship of the gatherer to the buyer. Buying and selling of milkfish fry is year-round while for shrimp in Panay and Negros, it is April to December.

Conclusion

The above description of marketing channels in the Philippines shows a system of buying and selling to be traditional which is determined by the amount of aquaculture product produced. The traditional method applies more to small volumes for trading compared with the corporate kind of production volume. A study stated that “where the scale of fish marketing is small, the number of trading intermediaries tend to be large, specifically so where

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Tatoy Espinosa and his restaurant

his wife's knack for cooking, gave birth to Tatoy's Seafood and Manokan. Tatoy's offers a variety of seafood from grouper, milkfish, prawns, crabs, blue marlin among others. It is also known for its grilled native chicken.

"Tatoy's is really a family business. I train my children on-hand on the running of the place from marketing, cooking, customer service, management, etc," said Tio Tatoy with pride.

He oversees the management and operation of the whole business – eight of his nine children are involved in the business; one put up his own restaurant -- Nes and Tats -- in another part of the city. He also maintains 100 support staff.

Tio Tatoy's gets his supply from the central market. They buy daily from the market and do not store their supply for more than 2 days. He maintains a small fishpond for milkfish in Dulongan, Arevalo. "This (the milkfish pond) serves only as a reserve, in case we run out of supply! Most of the time, I personally do the marketing. This is to ensure that we get only the best and the freshest. I can really say that my knowledge as a fisherman helped." ###

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fish landings are at highly dispersed points far from consumers." Although technology for production is at hand, aquaculture products have hardly put a dent in the availability of fish supply. Per-



AN INVITATION

Open ocean aquaculture symposium

18-19 June 2001; New Brunswick, Canada

To provide the ever-expanding global population with safe, consistent and high quality seafood, aquaculture development will face many new challenges in the next millenium. There is no doubt that with current population increases and shifts in human consumption towards seafood, wild fisheries will not be able to meet consumer demands. Current population shifts towards coastal areas will increase user conflicts and anthropogenic sources of pollution limiting coastal aquaculture production. As a result, open ocean aquaculture may be the only viable option for future seafood production to meet the desired consumer demand.

Thus, a symposium on taking open ocean aquaculture to a commercial reality will be held in June in Canada. It will hold sessions on marine policy, ocean engineering, ocean environmental, and candidate species / integrated open ocean aquaculture.

The symposium, actually the fourth in a series, is organized by the Mississippi-Alabama Sea Grant Consortium.

For more information, visit: www-org.usm.edu/~ooa/ooa_iv.html

haps if the distribution system is efficient and the consumers benefit from low prices and at the same time assuring traders of a decent income, then perhaps more demand can be created. But then again, growth of an industry is seldom determined by a single factor. Growth of the aquaculture industry would therefore necessitate a thorough knowledge of the total system of production and marketing, which at the present time is conceived of only to be about technology, supply and demand and buying and selling, and not as a basis for action or belief.

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