



**Abalone Council  
Australia Ltd**



## **Australian Wild Abalone™ Program and Road Show Events**

Dear Australian Abalone stakeholder,

You would be aware that for the last five years, a small team have been conducting “in market” research in China, Hong Kong and more recently Singapore and Japan regarding Australian wild abalone. This important and timely research project was initiated by *Abalone Council Australia* (ACA) in 2010 and has been supported with R&D funding provided by the *Fisheries Research & Development Corporation* (FRDC) and the *Australian Seafood Cooperative Research Centre* (SCRC).

The research has culminated in the development of a Market Research and Development Platform called ***Australian Wild Abalone™*** (AWA). For information about the AWA™ Program please go to [www.australianwildabalone.com.au](http://www.australianwildabalone.com.au). The website has over 4000 words of text - along with quality images that explain and illustrate what AWA™ is.

For information and pictures from key AWA™ events, please click on the *News* link and then click on one of the featured stories. On the right hand side of the *News* panel are further links to recent AWA™ stories as well as Archived AWA™ newsletters going back to 2012.

One of the key successes to date has been the fact that eighty percent of Australia's abalone exporters (measured by value and volume of sales) have joined the AWA™ program since it was launched in Shanghai four and a half years ago.

Since the Shanghai launch in August 2010, the AWA™ Program has been enthusiastically endorsed by over 50 Abalone Importers in China, Hong Kong, Singapore and Japan. In China and Hong Kong they are now waiting for (and encouraging us!) to commence AWA™ “in-market” activation activities and to launch the AWA™ promotional presence on Asian social media sites – *WeChat, Weibo, Baidu and YouKu*.

**A very considerable amount of time, effort and resources have been devoted to this important industry-wide initiative and the support from all sectors of the supply chain from Exporter to Importer, Hotels & Restaurants to Food Retailers has been absolutely fantastic.**

Whenever and wherever we talk about the AWA™ program with Importers, Wholesalers, F&B Managers and Executive Chefs, the most frequently asked question is **“why wasn't this done years ago?”**

## Australian Wild Abalone™ Program and Road Show events – plus some key FAQ's

As mentioned above, the AWA™ Program and the research behind it has been funded to date via the Seafood CRC from funds collected by the FRDC *R&D Levy* that industry contributes at a rate of 0.25% of annual fishery GVP, and which is then leveraged by funds from the Commonwealth Government. The Seafood CRC finishes in June 2015 and therefore the time has now come for the AWA™ Program to stand on “its own two feet” as it enters the next critical stage in its ongoing development.

As the AWA™ Program transitions from being an R&D project to full commercialisation, the funding support needs to transition from the R&D providers (FRDC and the SCRC) to the abalone industry.

**If the Australian abalone industry wants the AWA™ Program to go forward and promote Australian wild caught abalone products on a global stage into the future, we now need to work towards the establishment of a dedicated Abalone Marketing Levy.** For this reason the AWA™ Project team is currently conducting the AWA™ Road Show. We are travelling to each of the Abalone producing states and hosting AWA™ Briefing sessions with stakeholders – abalone divers, license and quota owners and processors/exporters. The objective of the Road Show is to update everyone on the findings and achievements of the AWA™ Program to date, as well as seek industry support for an **Abalone Marketing Levy** equivalent to one percent (1%) of annual gross industry turnover.

At each AWA™ Road Show event, a formal presentation is provided and then there is an opportunity for stakeholders to ask questions and provide feedback to the AWA™ Team.

Several AWA™ Road Show briefing sessions have already taken place and I have provided a list of Frequently Asked Questions (FAQ's) in response to the feedback provided from stakeholders to date.

For information about the *Australian Wild Abalone™* Program, please go to:

[www.australianwildabalone.com.au](http://www.australianwildabalone.com.au) and [www.abalonecouncil.com.au](http://www.abalonecouncil.com.au)

I also recommend that you search for *Australian Wild Abalone* on **facebook** and join up – this way you will receive regular updates on AWA™ activities and events.

**It must be remembered that the AWA™ project is a generic promotion of Australian wild Abalone based around the values of the product and why people in these markets should purchase it in preference to Abalone from other supply sources. The AWA™ is not about purchasing or selling Abalone. This has and always will remain the commercial activity of individual exporters and their importers.**

I look forward to meeting you as I move around the country during the AWA™ Road Show,

Yours sincerely,



Dean Lisson; Executive Chairman

## AWA™ Frequently Asked Questions (FAQ's)

### 1) Why do we need to invest in marketing?

Because returns to abalone stakeholders at all levels from catch to market have declined in real terms (i.e. inflation adjusted) *since the turn of the century*. There are a number of reasons for this decline;

- From virtually nothing 20 years ago there is now around 100,000 metric tonne per annum of abalone produced by aquaculture (i.e farmed) around the world
- Prior to the establishment of the abalone aquaculture industry in the nineties, Australia produced 50% of the total global supply of abalone and as such enjoyed a dominant position in the market. Fast forward to now and we supply less than 4% - we have lost our dominant position in the global abalone market.
- Australian wild Abalone has only ever been traded as a commodity (albeit an expensive one.) Our competitors are changing this model and if we do not do the same we will be left behind.
- our major competitors, particularly South Africa, New Zealand, Chile and China are investing considerable amounts of money in marketing and promotion

One of the key learning's of our research in China, Hong Kong, Singapore and Japan has been that Asian consumers, including chefs, actually know very little about abalone. Sure, they know *what it is* and they have an appreciation of its *cultural significance* but generally speaking, "abalone is abalone" – currently 99% of them would not know if they were eating wild caught or farmed abalone. Clearly some targeted "consumer" education may be appropriate.....

In order to reverse declining prices and lift returns to abalone stakeholders across Australia, we need to educate consumers in our target markets about the benefits of eating Australian wild abalone over farmed abalone from China/Korea/Chile/South Africa. The ONLY way to do this is to invest in a strategic **marketing/promotional/educational** campaign.....this is what the Australian Wild Abalone™(AWA) Program is all about.....i.e. **creating an awareness of and a preference for Australian wild caught abalone products.**

### 2) What is the AWA™ Program and who is involved?

The Australian Wild Abalone industry with the support of *Abalone Council Australia (ACA)*, have initiated a domestic and international market development program called *Australian Wild Abalone™ (AWA)*. It is supported with funding by the Australian Seafood Cooperative Research Centre (SCRC) and the Australian Fisheries Research and Development Corporation (FRDC).

The program is working to assure *Australian Wild Abalone™* customers that they are purchasing a premium quality product, harvested sustainably by experienced divers from the cool clean waters of southern Australia and processed and packaged according to stringent Quality Assurance guidelines. These attributes are all represented in the *Australian Wild Abalone™* certification mark - the 'centrepiece' of this initiative, which has been developed focusing on our unique selling point – our abalone is hand-harvested by divers. The certification mark is for our Australian exporters' to co-brand their products: this along with the unique product provenance (brand protection technology) NanoTag, will differentiate Australian Wild Abalone™ premium products as safe, sustainable and prestigious.

## Australian Wild Abalone™ Program and Road Show events – plus some key FAQ's

*The AWA™ Program is underpinned by the following key attributes;*

- *A Quality Assurance Code of Practice from harvest to export*
- *Brand Protection Technology called NanoTag™ that guarantees product provenance*
- *AWA™ labelled product meets the food safety requirements of the Australian Government*
- *AWA™ labelled product is harvested from sustainable fisheries certified for export status by the Australian Government.*
- *Australian wild abalone is recommended for consumption by the World Wildlife Fund (WWF) on their Green “preferred” list because it comes from well managed, sustainable fishery and is harvested in an ecologically friendly way, causing no ecological damage and with absolutely no by-catch*
- *New research shows conclusively that AWA™ product is extremely healthy and nutritious*

The Australian Wild Abalone™ program is designed to differentiate, promote and create preference for our product against some stiff global competition from other wild capture fisheries (principally New Zealand, South Africa and Mexico) as well as competition from the burgeoning abalone farming industry (in China, South Africa, Korea and Chile).

### **3) What's in it for me?**

Eventually – *improved financial returns* and the comfort in knowing that somewhere someone is working hard “24/7” to educate consumers in our target markets as to the benefits of eating Australian wild abalone – i.e. building AWA™ brand awareness and preference thereby increasing demand for Australian wild abalone!

### **4) Why don't our importers do this work for us?**

Because they import a broad range of seafood and abalone products from all over the globe and don't have the time or the resources to actively promote Australian Wild abalone products directly to consumers. They will promote their own brand but not the benefits of Australian Wild Abalone. Additionally, most of them import abalone from numerous countries and do not want to risk losing some of their suppliers by being seen to promote one country's abalone over another. Finally, the reality is that promotion/marketing to consumers in countries as large as China and Japan is too onerous and expensive a task for individual Importers to take on.

### **5) How much money do we need to invest per year for abalone marketing?**

Between \$1.5 million to \$2 million per year or about 1% of annual industry GVP (Gross Value of Production) – this quantum of funds will provide sufficient resources to fund an effective and strategic marketing campaign in China, Hong Kong, Singapore and Japan as well as looking at other markets. This figure is based on *in-market* research conducted since the AWA™ Project commenced in 2010.

The fairest way to spread the cost of a national marketing program is to collect a levy from across the whole of industry – a national levy allows abalone businesses around Australia to collectively “pool” their resources to find a solution to priority issues that require a “whole of industry” approach – in this case the establishment and ongoing cost of a marketing program.

## 6) Who pays the Abalone Marketing Levy?

The biggest advantage of an Abalone Marketing Levy is that the cost is spread as widely as possible across the industry keeping the cost to each abalone business at an absolute minimum. The AWA™ Team have met several times with staff at the *Levies Collection Unit* (Commonwealth Department of Agriculture) and have discussed the options and mechanism for collecting a levy on behalf of the Australian Abalone industry.

Quota license owners will pay the levy which is likely to be collected at the narrowest part of the supply chain – i.e. the Processor. The levy would be deducted from payments to quota owners (at 1% of the value of the sale) and forwarded by the Processor to the Government. The entire process would be managed by the Commonwealth *Levies Collection Unit*.

For information about Agribusiness levies, please go to:

<http://www.agriculture.gov.au/ag-farm-food/levies>

For information about the process that we have to go through to set up an Abalone Marketing Levy, please go to:

<http://www.agriculture.gov.au/SiteCollectionDocuments/ag-food/levies/documentsandreports/levy-principles-guidelines.pdf>

In the first year (2015-16) the payment would be a voluntary levy payable by Quota Holders. **The Tasmanian abalone industry have already committed \$ 200,000 as a voluntary contribution to the AWA™ Program for the 2015/2016 year.** During 2015/2016 the levy application will be developed and submitted to the Federal Minister for approval. In the second year and thereafter from 1 July 2016 (following Ministerial approval) the payment would be a compulsory levy under the Commonwealth PIERD Act, managed jointly with FRDC.

## 7) Who gets the benefits of the Levy investment

The benefits of the AWA™ Marketing Program will “in time” flow down to **all abalone stakeholders**. Increased “pull” demand generated by a successful AWA™ Program within our target markets will maintain and increase financial returns to all abalone stakeholders along the supply chain.

## 8) If we agree to a levy, will it be forever?

No, the industry (i.e. Quota Holders) always retain the power to alter the payment amount (collection time or payment terms) of the levy at any time via a national vote. This includes the power to turn the levy off completely (i.e. setting the amount payable to zero).

## 9) How many years will we need to invest in marketing?

This depends on many factors, including how competitive and organised our competitors are and how the markets respond to the AWA™ Program. We are currently “building” a solid foundation to commence marketing activities in the key markets but of course it will take time to gain visibility and “traction” within these markets and for the AWA™ brand to be known and respected along the supply chain.

At a minimum, it would be reasonable to assume that the levy will need to be in place for an initial **five year** period allowing time for the AWA™ Program to successfully established itself in the key markets of China, Hong Kong, Singapore and Japan.

**10) How much will it cost me and is everyone going to pay?**

All quota licence owners will pay the levy. The levy payment each year will depend on the beach value of your total annual catch during the year (i.e. your average GVP). Assuming say a \$30/kg beach value and a 1% levy rate, a small quota holder landing 1 tonne (in shell weight) will pay 30 cents per kilo (\$300 per year.) The “average” size quota holder (e.g. 6 tonnes) will pay \$1,800 p.a., and a large quota holder (e.g. 20 tonnes) will pay \$6,000 p.a.

**11) What if people don't pay?**

In the first year (2015/2016) the levy is voluntary, so there will be no legislative means to force quota holders to pay. It is likely there will be a few non-payers. But once the levy is approved by the Minister and is gazetted in Commonwealth legislation (from 1 July 2016), it has the force of a tax and non-payers will be followed up by the agency and required to pay or face legal action.

**12) What other Australian Primary industries have marketing levies?**

Marketing Levies are collected via Dept of Agriculture (Commonwealth) for each of the following industry bodies:

Australian Egg Corporation Limited, Australian Grape and Wine Authority, Australian Meat Processors Corporation, Australian Pork Limited, Australian Wool Innovation, Cotton Research & Development Corporation, Dairy Australia Limited, Forest and Wood Products Australia Ltd, Grains Research & Development Corporation, Horticulture Australia Ltd, Live Corp, Meat & Livestock Australia, Plant Health Australia, Sugar Research Australia and Wheat Exports Australia.

The Seafood industry is the last remaining Primary industry sector to adopt a levy to address priority industry issues such as the need to invest in Marketing.

**13) What has AWA™ done and what is it planning to do?**

As well as developing the Australian Wild Abalone™ Certification Trademark, establishing the AWA™ website at [www.australianwildabalone.com.au](http://www.australianwildabalone.com.au), modifying NanoTag™ technology to suit abalone products and designing AWA™ Marketing collateral in four languages, the Australian Wild Abalone™ Program has researched and trialled market opportunities in Hong Kong and China. This research along with extensive discussions and advice from Australian Exporters and Hong Kong and China Importers along with key influencers in the Food & Beverage industry, has culminated in the development of a supply chain education program.

The AWA™ Supply Chain Education Program has been introduced in HK and China over the last 3 years promoting the product and the industry and partnering with other food sectors when and where appropriate (wine and other seafood) - at the Commonwealth Government Trade Mission in April 2014 (*AWIC the Australia Week in China*) and at F&B Trade Shows in Hong Kong and China during 2013 and 2014.

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The AWA™ program has been working with key F&B Retail customers, Chefs from 4 & 5 Star Hotels and top Restaurants in Hong Kong and China - hosting “technical” food preparation and cooking seminars to gather information and to inspire new and exciting Australian Wild Abalone™ dishes!

*In 2015 the program plans to do the following with guidance from the participants and industry:*

- *Continue to build the Australian Wild Abalone™ story and promote the premium brand in China by launching a China optimised website and social media campaign on WeChat, YouKu, Baidu and Weibo, and a Diver Cam!*
- *Partner with the China Cuisine Association and host a 2015 “Abalone Chef Ambassador” event and competition in Beijing, China*
- *Continue to educate the China and Hong Kong supply chain with a range of activities and technical workshops for chefs (partnering with other sectors and leveraging on Austrade events) – and some consumer focused activities in Hong Kong.*
- *Supply Chain branding activities in China to activate our distributors and gain brand recognition from customers - this will be an activation activity for our China Social media campaign*
- *Market Diversification research in existing markets (Japan and Singapore) and potential “new” markets (Australia).*
- *Commence the introduction of the AWA™ program into Singapore and Japan*

### **14) Who will manage the AWA™ program and how do I get a say in what the priorities are?**

The AWA™ Program will be managed by the AWA™ Executive Team which will have a representative from each abalone producing state in Australia. The AWA™ Team will report regularly to each State abalone organisation via newsletters, emails, facebook updates and regular face to face briefings.

Feedback and input from stakeholders will be encouraged and where appropriate noted and “actioned”.

### **15) How do we find out what's going on?**

Via the AWA™ Website, emails, newsletters, facebook updates and face to face briefings.

**For further information about the AWA™ Program, please send an email to [helen@australianwildabalone.com.au](mailto:helen@australianwildabalone.com.au)**

**Also join our facebook page – search for *Australian Wild Abalone***

**And.....don't forget to visit:**

**[www.australianwildabalone.com.au](http://www.australianwildabalone.com.au) and**

**[www.abalonecouncil.com.au](http://www.abalonecouncil.com.au)**

**Happy Fishing!**