

## Understanding consumers returns premium price for Australian prawns

Country of origin and price are the two key drivers of prawn sales, with some market segments willing to pay a premium for Australian prawns, a recent consumer survey reveals.

In early 2008 the Ehrenberg-Bass Institute (University of SA), was commissioned by Marine Innovation South Australia (MISA), to conduct a survey determining what consumers look for on labels when purchasing prawns. This information will help prawn producers better target their marketing resources to aspects that consumers value more highly, thereby increasing profit margins.

An online survey of 1,146 Australian seafood consumers was used to simulate a real life shopping decision for prawns. Those surveyed were asked to purchase prawns by choosing between: production method (farmed or wild caught); storage type (fresh or frozen); price (\$12.50, \$19.00, \$25.50 or \$32.00/kg); region of origin (Australia, Spencer Gulf (Australia), Thailand or China); health message (rich in omega-3, low in fat or no health message); and sustainability claim (sustainable fishery or no sustainability claim made).

Country of origin was the overall key driver accounting for 44% of purchase decisions.

Price also played an important role with 35% of decisions being based on cost per kg of product options. Less important were product storage (15%), health messages (4%), production method (2%) and sustainability claims (1%).

A 'relative willingness to pay' analysis translated the value that consumers placed on the different attributes into a monetary figure. For example, this indicated consumers were willing to pay significantly more for Australian prawns (either 'Australian' or from the Spencer Gulf) at the expense of prawns from China or Thailand.

More detailed analysis of the prawn purchase experiment showed that consumers who participated in the survey comprised five distinct groups based on the importance they placed on each attribute. These groups identified the market segments that prawn producers could decide to target.

The largest group (31% of consumers) had a preference for Australian prawns, and to

a lesser extent prawns from Spencer Gulf, but also considered affordability. They tended not to buy imported prawns. This group was strongly represented by women over 45 with children, living in South Australia and Tasmania.

The second group (30% of consumers), had a strong equal preference for prawns from Australian and Spencer Gulf, irrespective of the price. They were very unlikely to buy imported prawns. The majority in this group were slightly older women (55-64) with a high household income (>\$150K). They tended to purchase seafood direct from a fishmonger, and live in New South Wales, Western Australia and South Australia.

By contrast, a third group (15% of consumers), focused on price. Unlike the previous consumers, this group were mainly middle-aged men (35-44) with a low household income (<\$30K). They generally purchased seafood from the supermarket, and lived in New South Wales and Western Australia. For them, prawns priced at \$12.50 per kg were preferred twice as much as prawns at \$19 per kg.

So what could this mean for the Australian prawn industry?

Marketing prawns as Australian should be the focus as this is a key driver for retail consumers, with less attention paid to regions within Australia. Producers should also look to supply fresh prawns as they were the preferred option, at least for one market segment, although this is not likely to be an obstacle to prawn consumption. Marketing should continue to promote the health benefits of seafood; however, this should not be relied upon as a reason for people to purchase one type of seafood over another. Most consumers were aware of the health benefits of seafood but generally this didn't translate into purchases made on that basis. Finally there is space in the market place for 'eco-friendly' prawns although this is not likely to be a key driver at this stage.

Marketing research can assist prawn producers to strategically manage the supply chain for their benefit. This survey clearly demonstrates that by understanding what consumers value and by targeting the right market segment, a product can command a premium price.

Further details at [www.misa.net.au](http://www.misa.net.au).

## Key Points

An online survey investigated what consumers look for on labels when purchasing prawns, choosing between: production method; storage type; price; region of origin; health message; and sustainability claim.

Country of origin and price were the key drivers in the Australian market.

Five distinct consumers groups were identified based on what they considered when purchasing prawns.

The Australian prawn industry can benefit from this sort of marketing research by understanding what consumers value and targeting the right market segment to command a

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