

Key Success Factors for performance of the Chinese international fish value chain -a cooperative research project

By

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Aim of project

- To identify Key Success Factors (KSF) for performance in the seafood value chain related to
 - Value chain context in China & Europe
 - Firm strategies, behaviours and resources (capabilities)
- Understanding the transformation of value chains from cost oriented value adding (COVA) to market oriented value adding (MOVA) orientation
- To develop a theoretical and methodological analytical basis

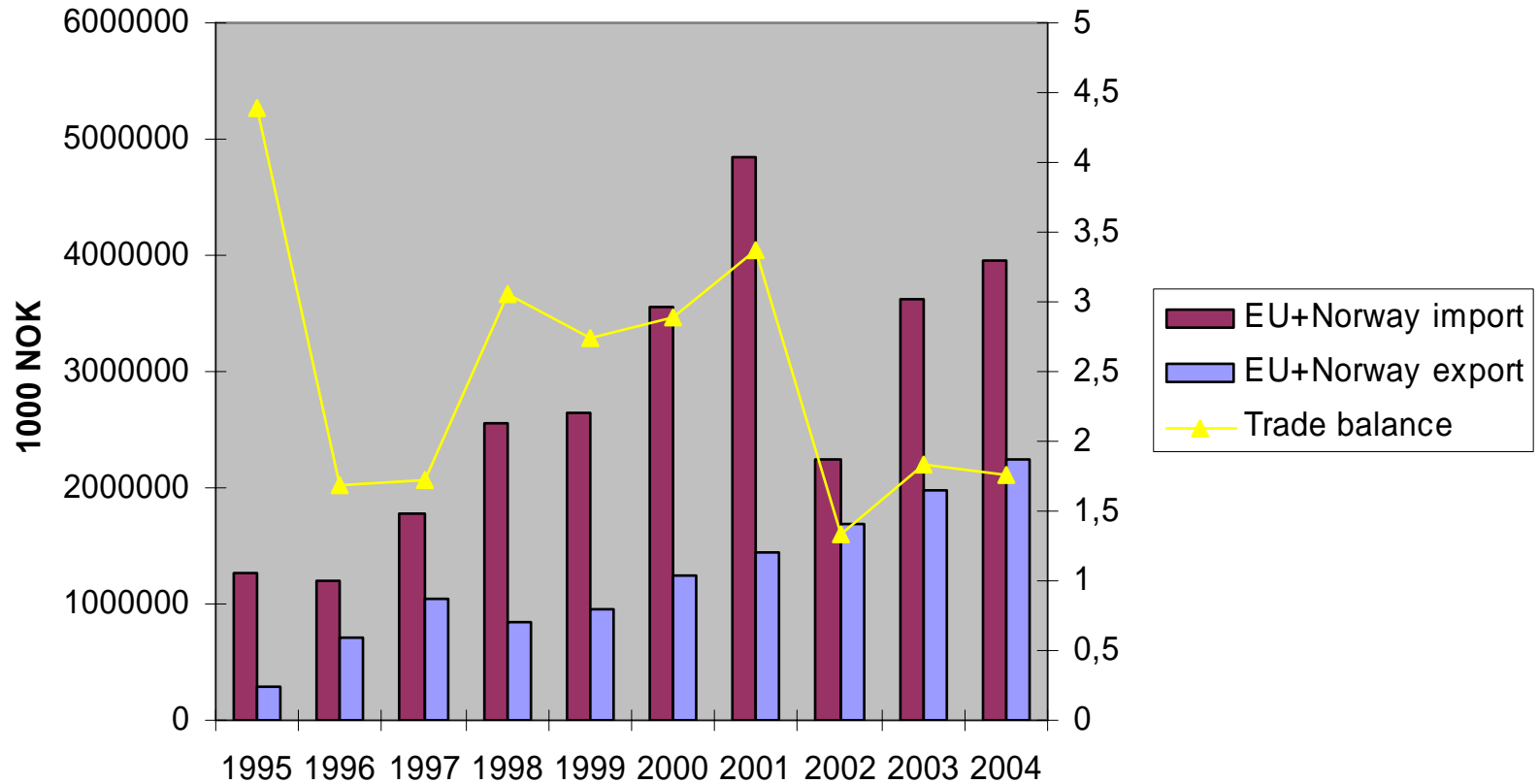
Relevant target groups

- Governments
 - Regional, industrial and trade policy
- Business investors
 - Strategy & investment
- Academic
 - Better knowledge of transformation of value chains relying on limited natural resources

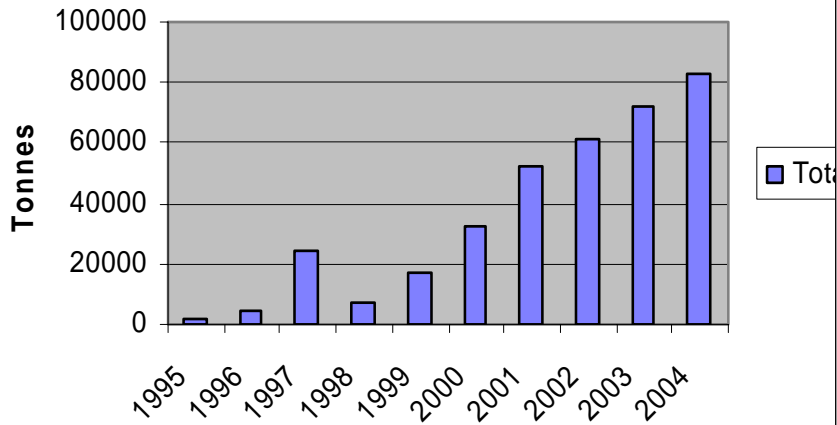
1. Identify the Chinese international fish value chain

- Building databases
 - Combining trade statistics from FAO, EU, Norway and China
 - Collecting primary interview data of value chain structure
 - with exporting and importing firms
 - common theoretical based design
- Analyses of trade flow

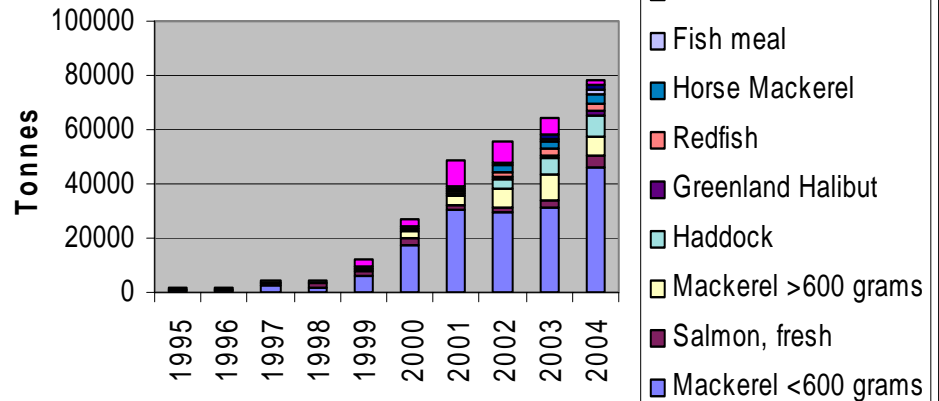
Trade balance EU & Norwegian-China Import/Export



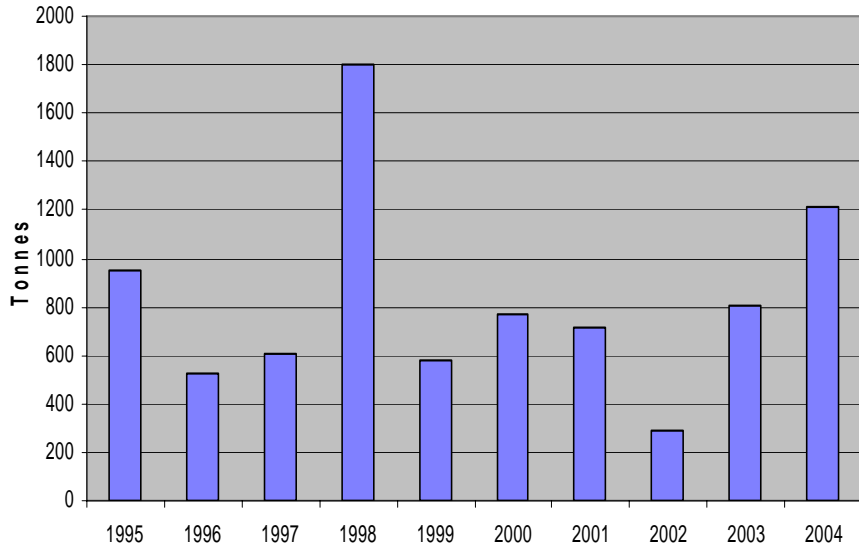
Norwegian Export to China



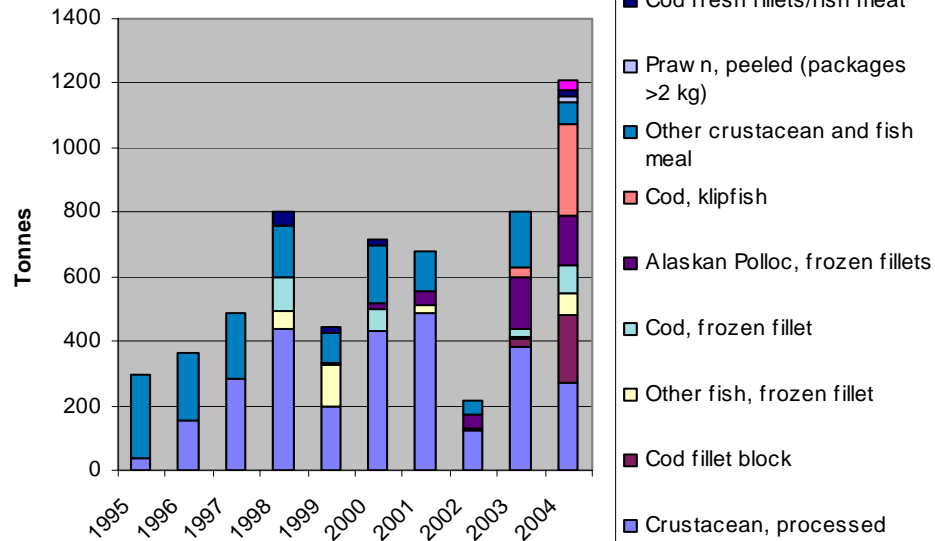
Norwegian Export of the 10 most important fish products to China



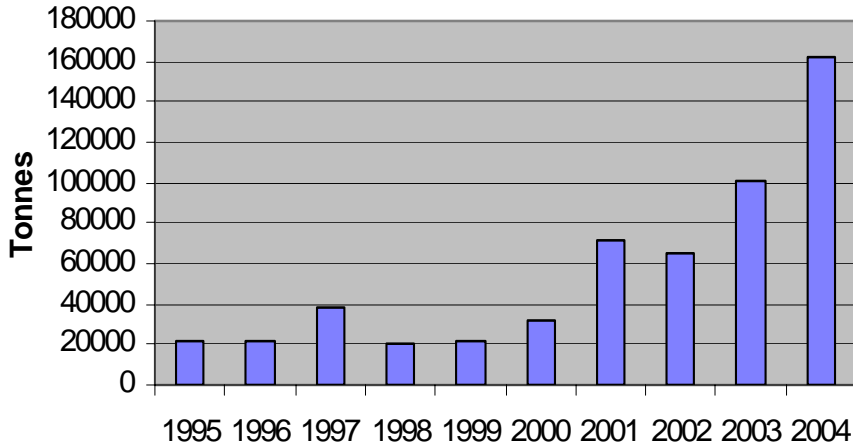
Norwegian Import of Seafood from China



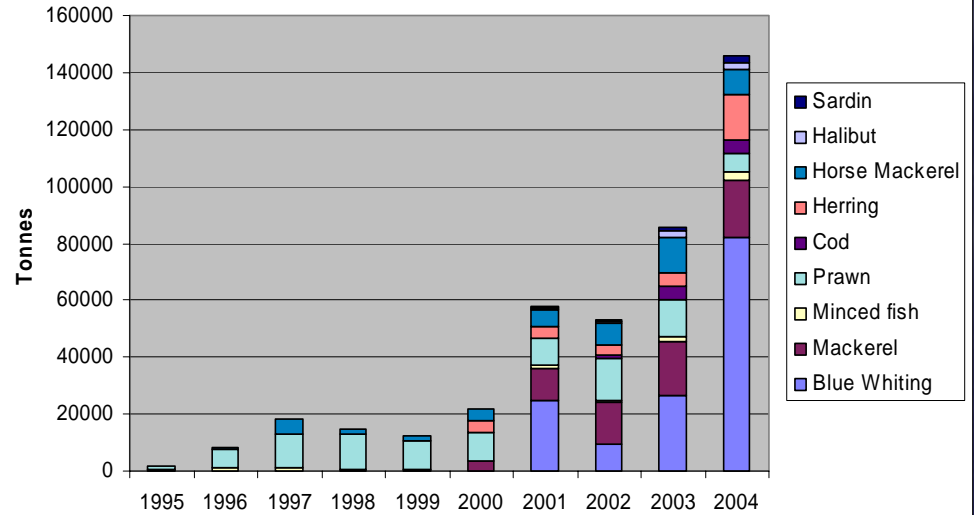
Norwegian import from China of the 10 most important fish products



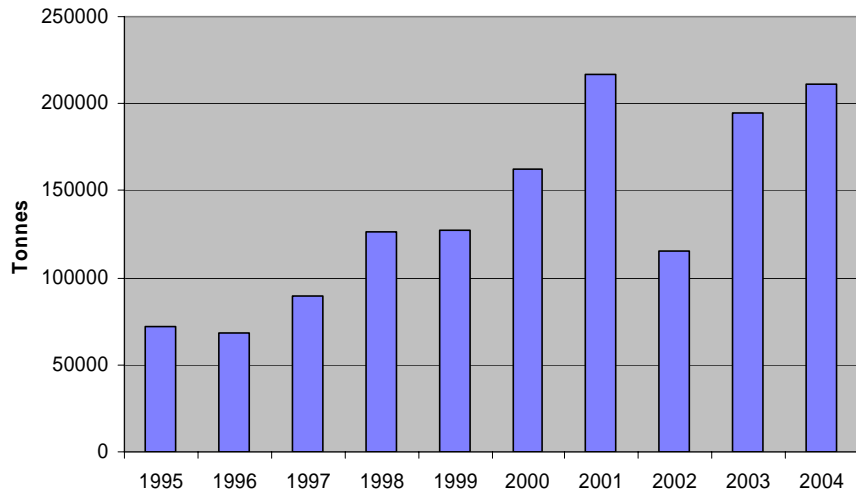
EU seafood export to China



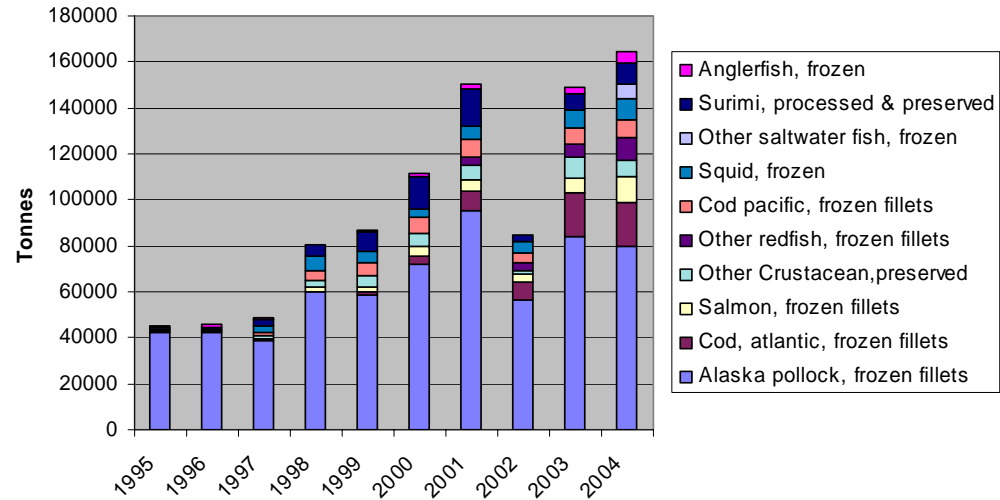
EU export to China of the 9 most important seafood products



EU import of seafood from China



EU import from China of the 10 most important seafood products



Main trade picture

- Norway & EU export raw material for processing in China, mainly small fish & low priced fish
- Norway is a big net exporter of seafood to China
- EU is net importer of seafood (processed) from China
 - Norway & EU together: net seafood importers from China
- China an important processing link in the fish value chain from the Pacific to Europe

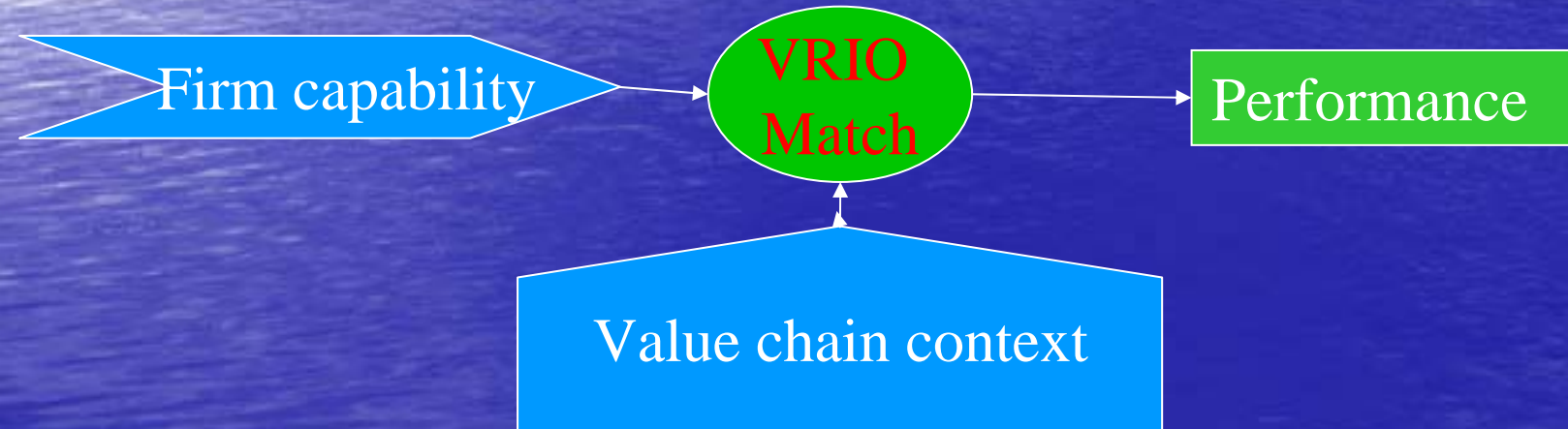
2. Theoretical perspectives

- International marketing
- Business behaviour
- Industrial economics



Theoretical perspectives

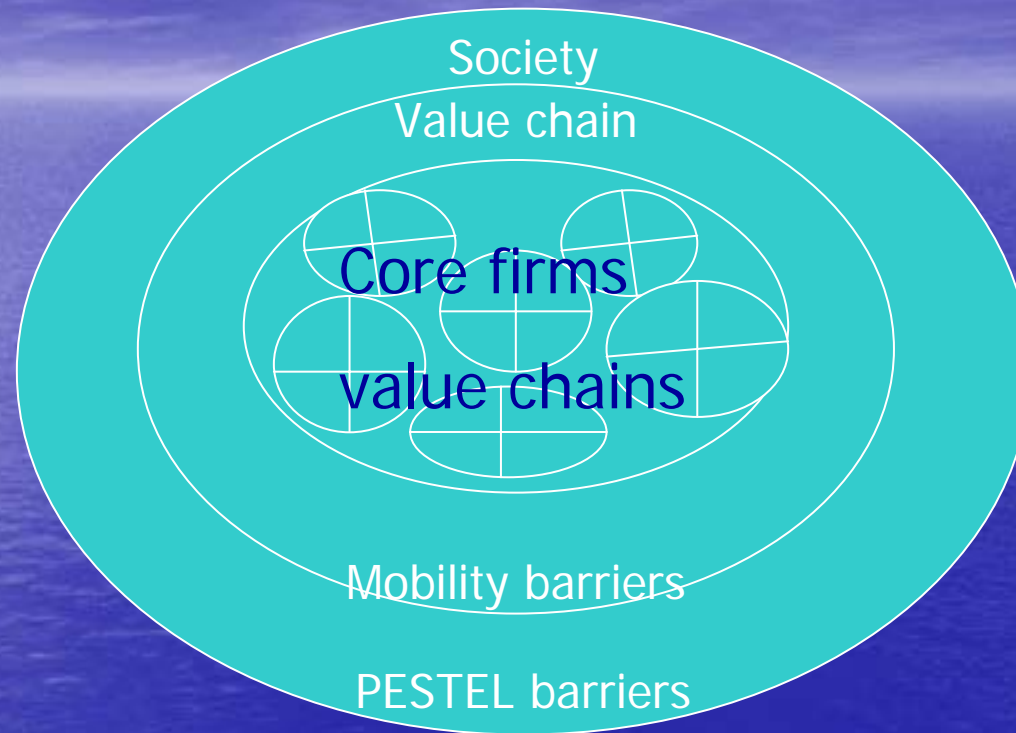
- Performance in value chains is a function of a match between
 - Value chain context in China & Europe
 - Firm strategies, behaviours and resources (capabilities)



International value chain

- Is physical, economic and social transactions between firms crossing national borders
 - Transforming and moving products from raw material to final consumption against profit

VALUE CHAIN TUBE



Value chain mobility barriers: Value chain specific PESTEL factors

Society PESTEL: Political, Economic, Social, Technological, Ecological, Legal conditions

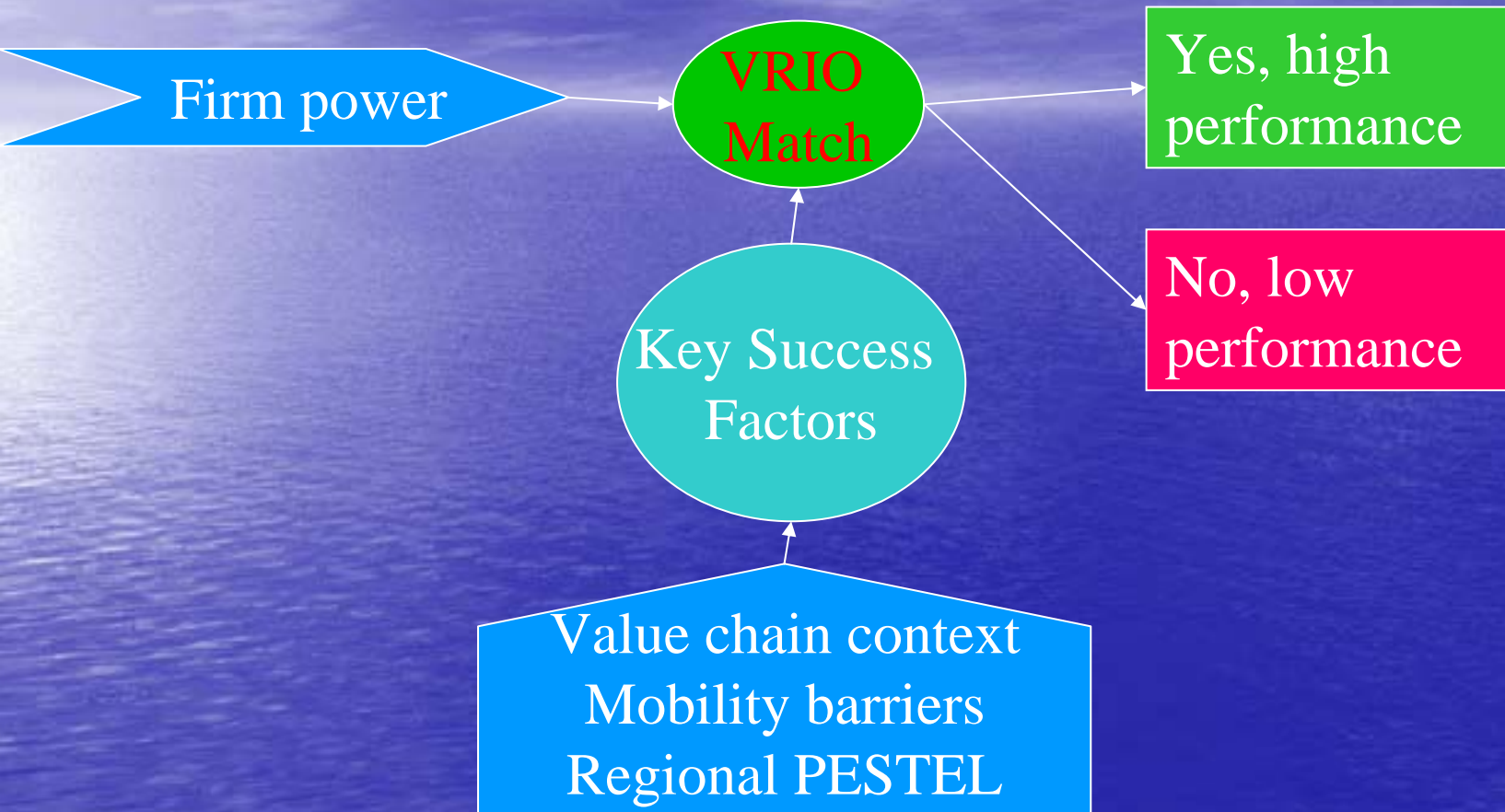
Driving force

- Transactions for adding value through the chains
- Value adding performance is a function of market power in the chain

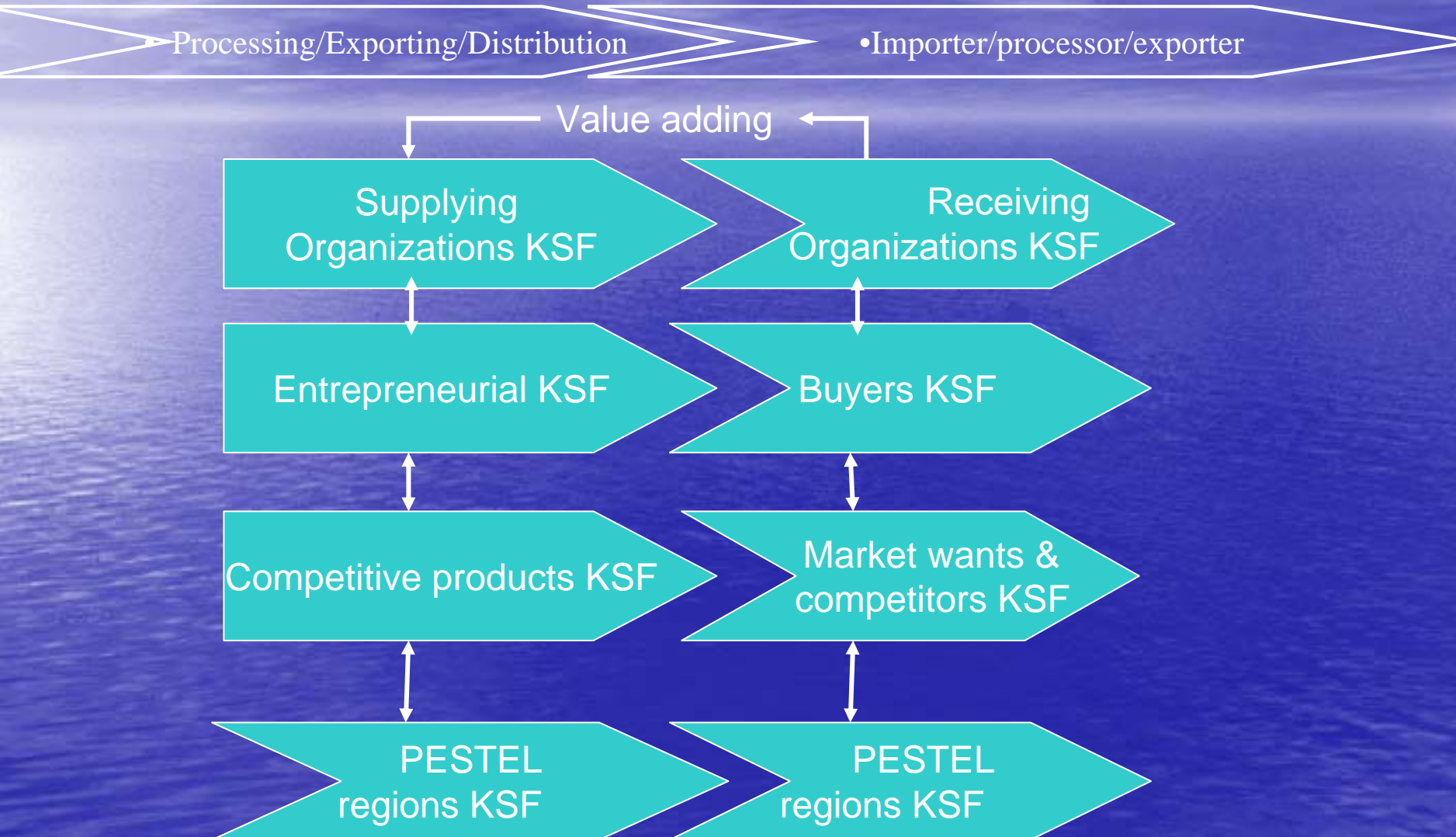
Key Success Factors for market power in value chain

- Market power
 - A function of firm control over scarce demanded values
- **The VRIO** power control
 - **V**= Supply of demanded values
 - Products/mix of product, prices, place/distribution, promotion, service and customer relations
 - **R**= Rare supply values compared to competitors
 - **I** = Imitation protection of rare supply values
 - **O**= Supply values protected by unique value chain organization & strategies

Performance



Performance: VRIO matches on different levels



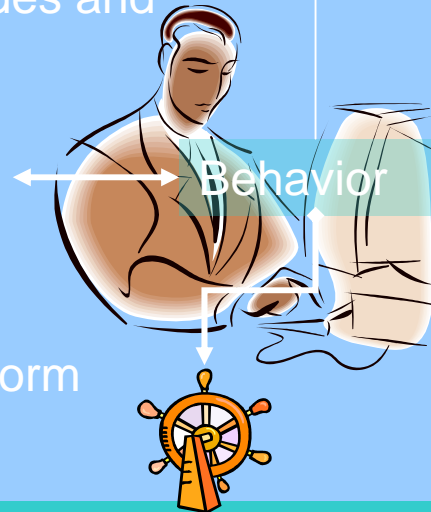
Business behavior model

PESTEL KSFs



Regulations

Managers attitudes and motivation
Mental models
Strategy
Managers norm
Business culture



Behavior

Value adding



Match VRIO

Value chain control

Output KSFs

Market preferences

Competitors

Input KSF



Value chain KSFs

3. Analysing Key Success Factors of selected value chains

- Performance data
 - profitability, sales value, unit values etc.
- Operating strategic behaviour
 - COVA, Cost Oriented Value Adding
 - MOVA, Market Oriented Value Adding
- Input KSF factors
- The business organizations' KSFs
- PESTEL regional & national KSFs

4. Cooperative research & financing

- Develop the researcher network
 - Chinese researchers: collecting and analyzing the Chinese data
 - Norwegian & other European researchers: Collecting & analyzing European data
- Secure grants for a multiyear research program

Concluding remarks

- There are a lot of seafood trade between China & Europe
- Seafood is a limited natural resource
- Norway is a big player in the seafood market
- China is already a main seafood importer & exporter, but will soon be an even bigger seafood consuming nation relying on international trade
- Better cooperation between Norway and China might develop a deeper trade relationship in which both parties would take advantages
- Value chain research might improve the bench mark for further development of the Key Success Factors for trade
- I look forward for a fruitful cooperation with good Chinese colleagues