

# FishBay.In - Fishing on the Net

Case Analysis by Moira Krier

## Introduction

FishBay.in is an online store that allows individuals to order fish online, and receive it the same day. The online store is based out of owner Mohammed Haneef's brick-and-mortar outlet, Karavali Fresh Fish, in Mangalore, Karnataka, located in Southern India. Both FishBay.in and the outlet store are units of Shireen Marine Industries (SMI), Haneef's company. Originally developed in 1985 as a fish processing venture, SMI grew to process 400 metric ton of fish daily, and employing 150 people as of 2013.

FishBay.in was launched when Haneef was inspired by the success of an entrepreneur in Mumbai, who ran a similar venture. Haneef believed that having an online option would attract a certain section of the market, consumers who would rather avoid the poor hygiene conditions that accompany most traditional Indian fish markets.

FishBay.in sells four categories of fish, ocean fresh, shell, freshwater, and frozen fish. Each fish is listed with availability and price. When an order is placed it is confirmed with the customer, then, given to another employee who hygienically cleans, cuts, and packages the fish. Additional dressings for the fish come at an additional cost. This process takes on average 30 minutes. If ordered before 3 PM, the fish is then delivered to the customer. If ordered after 3 PM, the fish is stored in chilled package with ice blocks, or through refrigeration, and delivered the following day. Given its location in Mangalore, FishBay.in operates primarily in the area, delivering up to a 20 km radius of the store.

## Situation Analysis

The situation surrounding FishBay.in has been analyzed in a SWOT analysis framework. The SWOT analysis identifies the internal strengths and weaknesses, as well as the external opportunities and threats of a firm.

### Strengths

The most important strength that FishBay.in has is the backing of a larger company. It is not an independent venture, but rather an extension of Karavali Fresh Fish, and a subsidiary of SMI. That provides Haneef with a level of security in his decisions that no matter what happens with FishBay.in, he has something to fall back on. Because of this, Haneef can view his situation through the most unbiased lens possible.

FishBay.in is in the unique position to have cornered a specific market. Initially targeting customers who were deterred by the lack of proper conditions in traditional fish markets, FishBay.in found a strong market with working families who didn't have the time to go to the fish markets. After about a year in business, the company had 20-30 loyal customers within this niche, and on average 5 of these customers ordered from FishBat.in daily. Due to the convenience, these customers are also less price-sensitive. FishBay.in builds customer loyalty by

offering them discount coupons on their orders, as well as rewarding constructive feedback with gift coupons for later orders.

Over time, FishBay.in has seen a steady income growth, and has a reliable model for estimating income. During fishing season (September to May), daily sales reached INR18,000. This balances out, given the well managed costs that FishBay.in has. With the average monthly profit after estimated expenses of INR 232,000, the company is profitable during this peak season (See Exhibit 1). With these regular numbers, FishBay.in also sees boosted sales during two major cultural events, Diwali and Christmas.

## Weaknesses

Despite its many strengths, FishBay.in still has some significant weaknesses, first of which being the off season income. From June to August, when India's fishing ban goes into effect. During that time, saltwater fish are not available, and in Karnataka, there is not a high demand for alternatives. Haneef's sales during those three months would drop as low as INR 5,000 per day at his current operating level. His biggest expense is a high electricity cost, topping INR 5,000 day, leaving him with a negative balance, before even paying employee salaries. Plain and simple, at his current level of operation, FishBay.in is working at a severe deficit of INR -80,000 per month, for every off season month (Exhibit 2).

FishBay.in does not have an active payment gateway option on the website, meaning the orders are only payable via cash upon delivery. By not offering other pay options, Haneef is losing potential customers who would rather pay before delivery. Additionally, having the delivery service collect cash for all deliveries creates a security risk for all parties, putting payment money at risk for theft by internal or external parties.

Finally, FishBay.in has a small staff. While this does help in keeping costs low, losing one person can have severely negative effects on the supply chain of FishBay.in. For example, Haneef employs two people who clean and package the fish, each having the capacity to pack 36 kg of fish in an 8 hour day. If one of the workers misses a day, Haneef's processing ability is cut in half, and so is his potential profit for the day. His daily success or failure resides in the hands of his employees, having only 9 total staff, losing one could be a serious hit for FishBay.in.

## Opportunities

FishBay.in's first opportunity resides in the garnered interest. When FishBay.in launched in October of 2013, his average daily sales sat around INR 12,500. By June of 2014 daily sales reached INR 18,000. Within 8 months, Haneef's company grew about 70%. It is clear that there is a market for FishBay.in's ordering and delivery service.

Mangalore is a well connected city, Haneef has access to markets in further inland cities like Chikmagalur and Madikeri, both less than 150 km from Mangalore. FishBay.in already serves 7 homestays in these cities, but there is potential to increase market share there in a

variety of market segments. Haneef found that even beyond 150 km, his transportation costs would not significantly impact his business if he serves markets beyond the current 150 km area

The most significant opportunity is the interest that local businesses have shown in Fishbay.in as a fish supplier. Nearby tourist spots like hotels and restaurants have reached out to Haneef. At this point he only supplies seven homestays, without a contract, and with a small credit period. With low transportation costs, and the ability to offer a lower competing price than offline fish suppliers, FishBay.in has a unique selling proposition.

## Threats

While the growth potential is large, the market for fish sellers is crowded. There are many competing firms in all of Haneef's interest areas. One such competitor is in-person fish markets, most significantly the Karnataka Coastal Development Authority's new fish market in Mangalore. With that market's success, there are nine similar markets going up in towns around Mangalore. With cleaner and more modern equipment, these markets may be preferred by future buyers.

Another threat are retail fish outlets including Fish Bazaar and Auchan. Fish Bazaar sells export-quality fish, nearly 100 kg a week. Auchan is a French-based hypermarket selling dry goods, meat, fish, and more. With a pan-India network, Auchan could source fish at reasonable prices from its network providing a unique value proposition.

The presence of other online fish retailers is another notable threat. These retailers have local, regional, and national reaches across India. One example is FreshFishIndia.com, which sold a range of seafoods, had a minimum order for delivery, used a strong loyalty program, and provided unhappy customers with a replacement.

On the commercial supply side of the markets, one external threat to consider is the demand for basa fish. Basa, a vietnamese catfish, is not a local species, but has high demand as an alternative for other Indian river fish. The imported fish is preferred over locally caught or raised. Other suppliers contracted with local fish farms could charge a much lower price.

## Assumptions and Missing Information

Without knowing the long term statistical and economic information of both India and Karnataka, it is assumed that the market growth information as stated in the text is correct. This includes the data regarding fish industry, fish consumption, and the 2020 predictions. Additionally, it is assumed that the consumer tastes in shore areas, including Mangalore, in specific include a preference for saltwater fish and an accompanying drop in sales during fishing ban season, June to August.

Significant missing information in the case is the background on SMI, Haneef's original company. Is it known that SMI is a fish-processing venture that handles 400 metric tons of fish daily, but there is not information beyond that. Market share, growth over time, and what current

market SMI serves in the Karnataka community is necessary information. Additional missing information is details on the buying practices of restaurants, specifically what kinds of fish they order at what price and volume. This would give a comparative overview for comparison between the consumer and business customer.

## Problem Definition

In the case of FishBay.in, owner Mohammad Haneef must decide whether he wants to continue with his original business plan, or cater to restaurant business opportunities. Sticking with his original business plan, FishBay.in would continue to serve individual fish buyers who were less price sensitive, but ordered smaller quantities. When catering to restaurants FishBay.in would be serving larger orders, but at lower negotiated prices. As per the text, Haneef does not want to pursue both consumer segments, as he only has the resources to pursue one.

## Developing Alternatives

Given the situation, Haneef has to choose one of three alternatives for the future of his company

1. Shift the business plan to supply commercial customers in and around Mangalore.
2. Keep the current business plan, focusing on serving individual customers in and near Mangalore and eliminating commercial customers.
3. Continue serving current customers, both individual and homestay, making small changes in the business plan to increase market share in and around Mangalore.

## Recommendation to Management

It is my recommendation that Fishbay.in continue serving its current customers, making small changes in the business plan to increase the company's market share in and around Mangalore.

FishBay.in primarily serves individual buyers, most of whom are working families. In order to grow, the company should expand delivery into surrounding major cities, including Bangalore and Mysore, allowing FishBay.in to reach a larger market of working individuals.

After entering these larger, more competitive city markets, FishBay.in should first provide a strong customer loyalty program. Currently, the company offers occasional discounts to regular customers. In order to increase loyalty, they should model a loyalty program after that of FreshFishIndia.com that includes free events or discounts. Having this program increases the value of ordering through FishBay.in, giving the customer the feeling of appreciation and receiving more bang for their buck.

With that expansion, it is important to do two things to accommodate the increased sales: hire more employees, and allow for online payment. Haneef should hire more staff to manage order processing, preparation, and delivery. With the increased production ability, FishBay.in

can handle more orders per day, across greater distance, without any slow downs. Additionally, with the drivers delivering more orders, they will need to deliver faster. By opening up the online payment gateway customers can pay upon ordering, rather than giving the drivers cash upon delivery.

Taking into account the changes in income during the fishing ban season, the changes for FishBay.in should be implemented in the fall. By launching FishBay.in in new markets at the start of peak season, the website will have cemented itself as a significant player before the holiday season. By providing fish preparation and delivery services for a competitive price, customers are more likely to go to FishBay.in for large orders when holidays like Diwali or Christmas come around.

## Closing

Mohammad Haneef launched FishBay.in in late 2013, and quickly grew his company during the first season. With his exponential growth, he attracted the attention of many potential customers, both individuals and businesses. Originally, FishBay.in was designed to target individuals, but with the increase in commercial interests, Haneef was debating which path to choose. Unable to serve both individuals and businesses, he had to decide whether to change his business plan, or keep it the same. It is my recommendation that Haneef continue on his current track with a few changes to expand his online fish ordering and processing services into larger cities. Having reached a unique market for working families, he can continue that momentum in cities, providing fish deliveries to working families.

## Appendix

### Exhibit 1

Tabular Calculation of FishBay.in's Monthly Income During Fishing Season, in Rupees

18,000	Average Daily Income
108,000	Weekly Income for 6 Days per Week
- 35,000	Weekly Operating Expenses (5,000/day, 7 days a week)
<b>= 73,000</b>	Subtotal for Weekly Income
<b>= 292,000</b>	Subtotal for Monthly Income (Assuming a 4 week month)
- 60,000	Approximate Monthly Salary Expense (See Exhibit 3)
<b>= 232,000</b>	Approximate Monthly Income

### Exhibit 2

Tabular Calculation of FishBay.in's Monthly Income During Fishing **Ban** Season, in Rupees

5,000	Average Daily Income
30,000	Weekly Income for 6 Days per Week
- 35,000	Weekly Operating Expenses (5,000/day, 7 days a week)
<b>= -5,000</b>	Subtotal for Weekly Income
<b>= -20,000</b>	Subtotal for Monthly Income (Assuming a 4 week month)
- 60,000	Approximate Monthly Salary Expense (See Exhibit 3)
<b>= -80,000</b>	Approximate Monthly Income

## Exhibit 3

## Tabular Calculation of FishBay.in's Monthly Salary Expense, in Rupees

30,000	Marketing (15,000 per, 2 employees)
20,000	Procurement (10,000 per, 2 employees)
10,000	Processing (10,000 per, 1 employee)
??	Fish Preparation (Unknown salary, 2 employees)
<b>= 60,000</b>	Approximate Monthly Salary Expense