

NEWSLETTER

EXPORTING TO CHINA

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Export opportunities for Australian food products

The Australian Food Grocery Council (AFGC) is the leading national organisation representing Australia's food, drink and grocery manufacturing industry. The AFGC supports and represents industry across a wide range of issues and, reflecting industry's focus on export opportunities to Asia, the AFGC has increased its engagement with international trade issues. The AFGC is working to deliver market reports on export opportunities for snacks, beverages, condiments and baking products to Malaysia, Thailand and China. This activity has received funding from Austrade as part of the Asian Century Business Engagement Plan.

Export opportunities to China

Research suggests that China's urban incomes will double by 2022, with more than 22 per cent of China's urban consumers considered middle class, earning USD 9,000 – 16,000, and 54 per cent considered upper middle class, earning USD 16,000 – 34,000.¹

China's growing population and rising income levels present opportunities for Australian food and grocery producers to position themselves as premium suppliers of safe and high quality products.

AFGC representatives recently completed a market visit to China where they met retailers, associations and government officials to better understand the market and opportunities for Australian food exporters. It is very evident that middle - upper class Chinese consumers have an increasing preference for imported food products that are able to demonstrate food safety and authenticity. These shoppers observe the purchases made by western shoppers and seek out premium imported brands they have experienced on overseas visits.

Australian Product availability in premium retailers

Visual inspections of product ranges in premium supermarkets that stock imported products revealed that Australian products are under-represented compared to South East Asian markets. Currently, the major Australian presence is in beef and dairy, with limited presence in other categories however retailers have expressed strong interest in sourcing more Australian product.

¹ http://www.mckinsey.com/insights/consumer_and_retail/mapping_chinas_middle_class



Key Findings

- The opportunities for premium food and beverages in China is increasing as incomes rise and consumers increasingly turn to imported product to be assured of product quality and safety.
- Entry into the Chinese market requires patience and a long term perspective, given the importance of building relationships, the lengthy processes for product registration and risk of delays in product entry.
- Building brand awareness is important in such a large market with competition from many international and Chinese brands.
 - Australian products need to develop unique propositions (building on safe, high quality and Australian provenance) and target the premium end of the market.
- Businesses with well recognised brands in the Australian market could consider listing with premium retailers that service expats, people who have travelled or studied internationally and wealthy local consumers, all of whom are looking for authentic brands that they recognise.
 - If targeting these consumers, it may be best to retain existing packaging and formulation so that your product meets these customers' previous experience and expectations.
- Businesses targeting product at Chinese consumers may need to consider whether it meets their tastes or whether it needs to be adapted – for instance, anecdotally, Chinese consumers generally find western chocolate based snacks too sweet.
 - If businesses have a brand that is not well known within the Australian market, it may be more difficult to get listing with a retailer unless the product's uniqueness is demonstrated.
- With significant growth in online sales in China, businesses are able to use this platform to test the Chinese market and build brand awareness with less investment in promotions. Online platforms also provide the ability to deliver detailed information about the product's provenance, quality and safety.
- There are also significant opportunities within the HoReCa (hotel, restaurant and café) segment of the Chinese market, in particular, premium hotels are looking for quality ingredients and products. It is worth exploring relationships with importers/ distributors that supply both Horeca and retail customers.

Next Steps

The AFGC will release full market reports on export opportunities in Malaysia, Thailand and China for snacks, beverages, baking products, and sauces and spreads on 20 June. To register for the webinar launch please go to [xxxxxxx](#). For further information please contact Michael Rogers: Michael.Rogers@afgc.org.au



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