Trends in Organic Food Consumption in China: Opportunities and Challenges for Regional Australian Exporters.

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4. Productive Industry - Future Trends and the Impacts on Regional Australia
The Research Project

- **Objectives**
  1) To understand the opportunities and challenges that the Chinese market poses for regional Australian agri-food exporters
  2) To identify the demographic characteristics of the green/organic food buyer in China.
  3) To identify the reasons why consumers buy green/organic food

- **Methods**
  - Online survey of 250 Chinese consumers
  - Further surveys being distributed
Agriculture – A Key Pillar of the Economy

Agriculture in Queensland

- Leading state for fruit and vegetable production.
- Queensland had an estimated 4,021 horticultural businesses in 2009-10.
- The gross value of Australia’s horticultural exports was $1.9 billion (ABS, 2012).
- Queensland’s agricultural exports are worth $8.9b
China – market opportunities for Australian Fruit and Vegetables

- Horticulture Australia (HAL) has identified China as a potential export market for horticultural produce.
- Chinese export demand is likely to drive an increase in farm-gate returns in the future (AusVeg, 2012).
- The ABARES report What Asia Wants (2013) shows that the value of fruit and vegetable consumption in China is projected to be US$118 billion and US$551 billion in 2050, respectively, over 50 per cent higher than in 2007.
- Claims are being made that Queensland, along with Northern Australia, will become a ‘food bowl’ for Asia, but these perceptions are not well informed (CSIRO, 2009).
- A recent study found that standard Australian produce is perceived by Chinese consumers to be as good as Chinese ‘Organic’ produce (Morgan and Wright, 2014)
- Due to rising incomes and food safety concerns, an opportunity exists to export certified organic products (BFA, 2012).
Rising middle class driving demand for premium products

LESS: Basic loose vegetables (cheapest)

MORE: Farm Branded

MORE: Pre-packaged

MORE: Green Food/Organic

## Target market

<table>
<thead>
<tr>
<th>Age</th>
<th>Buy certified organic food</th>
<th>Pearson Chi-square</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 and below</td>
<td>48.4%</td>
<td>$X^2 = 5.616; \text{sig.} = .018^*$</td>
</tr>
<tr>
<td>36 and above</td>
<td>51.6%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Child</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Have no child</td>
<td>32.5%</td>
<td>$X^2 = 4.915; \text{sig.} = .027^*$</td>
</tr>
<tr>
<td>Have child</td>
<td>67.5%</td>
<td></td>
</tr>
</tbody>
</table>
## Knowledge of green food

<table>
<thead>
<tr>
<th>Statistic</th>
<th>I have heard of green food</th>
<th>I know a little bit about green food</th>
<th>I have good knowledge of green food</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>4.31</td>
<td>3.91</td>
<td>2.83</td>
</tr>
<tr>
<td>Total Responses</td>
<td>201</td>
<td>193</td>
<td>190</td>
</tr>
</tbody>
</table>
The green food I buy is competitively priced.
The food I buy has the green label and is pesticide reduced.
The green food I buy helps support Chinese farmers.
The green food I buy has a well-known brand name or comes from a well-respected region.
Produce is fresh.
The green food I buy comes from a farmers market and there is a long-term, trusting...
Sourced within season.
Tastes good.
Green food is safe.
Green food will improve the future health of my family.
Green food will improve my future health.
Does not contain genetically modified ingredients.
Environmentally-friendly in the way it is produced, packaged and transported.
Comes from humanely treated livestock.
Green food will improve the future health of my family.
Green food will improve my future health.
Does not contain genetically modified ingredients.
Environmentally-friendly in the way it is produced, packaged and transported.
Comes from humanely treated livestock.
Tastes good.

Consumer Motivation
Export Barriers

- Too difficult or too time-consuming (ABARES, 2014)
- Inadequate prices and high shipping costs (Valle, Caboche & Lubulwa, 2014)

According to the Department of Agriculture, Fisheries and Forestry, (2013), the following are barriers:

- Competitive Challenges (Chile, New Zealand, South Africa)
- High Australia Dollar
- Globally High Production Costs
- Limited Supply Capability
- High Tariffs
- Shelf Life for Perishable Products
- Supply Chain Logistics
- A Highly Variable Climate
Conclusion

- Viable market opportunities exist but export barriers need to be dismantled.
- Consumers lack knowledge and this presents opportunities.
- Segment the market on socio-demographic variables, but also on behavioural aspects such as benefits sought from green/organic food.