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

Dr Breda McCarthy, Dr Hong Bo-Liu and Dr Tingzhen Chen.

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

The Research Project

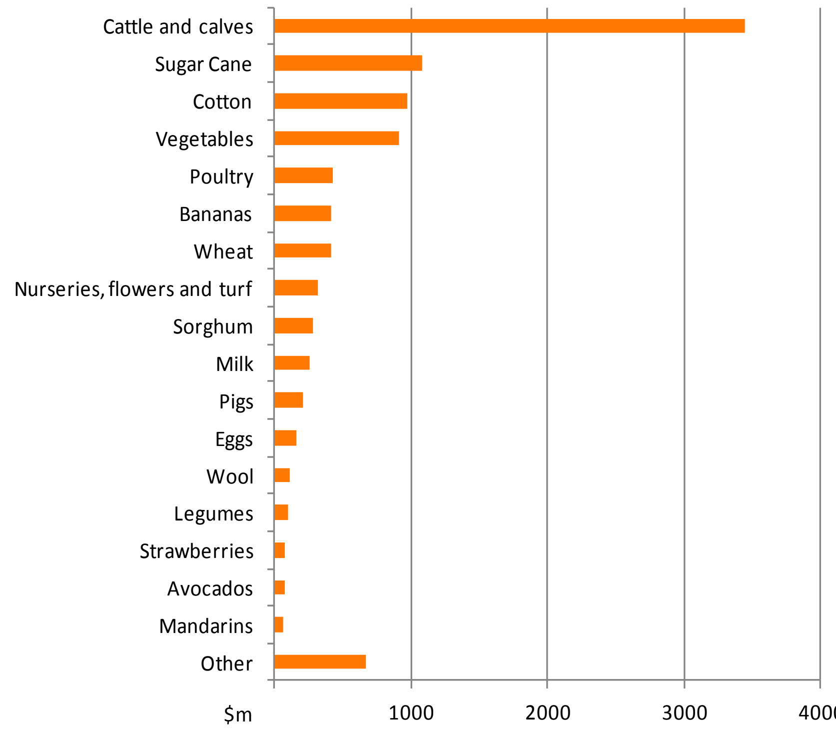
- **Objectives**
  - 1) To understand the opportunities and challenges that the Chinese market poses for regional Australian agri-food exporters
  - 2) To identify the demographic characteristics of the green/organic food buyer in China.
  - 3) To identify the reasons why consumers buy green/organic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

Value of agricultural production to Queensland, 2011–12



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

绿色食品
GreenFood

Source: Morgan and Wright (2014).

Market Opportunities in China, HAL/Cognition Research

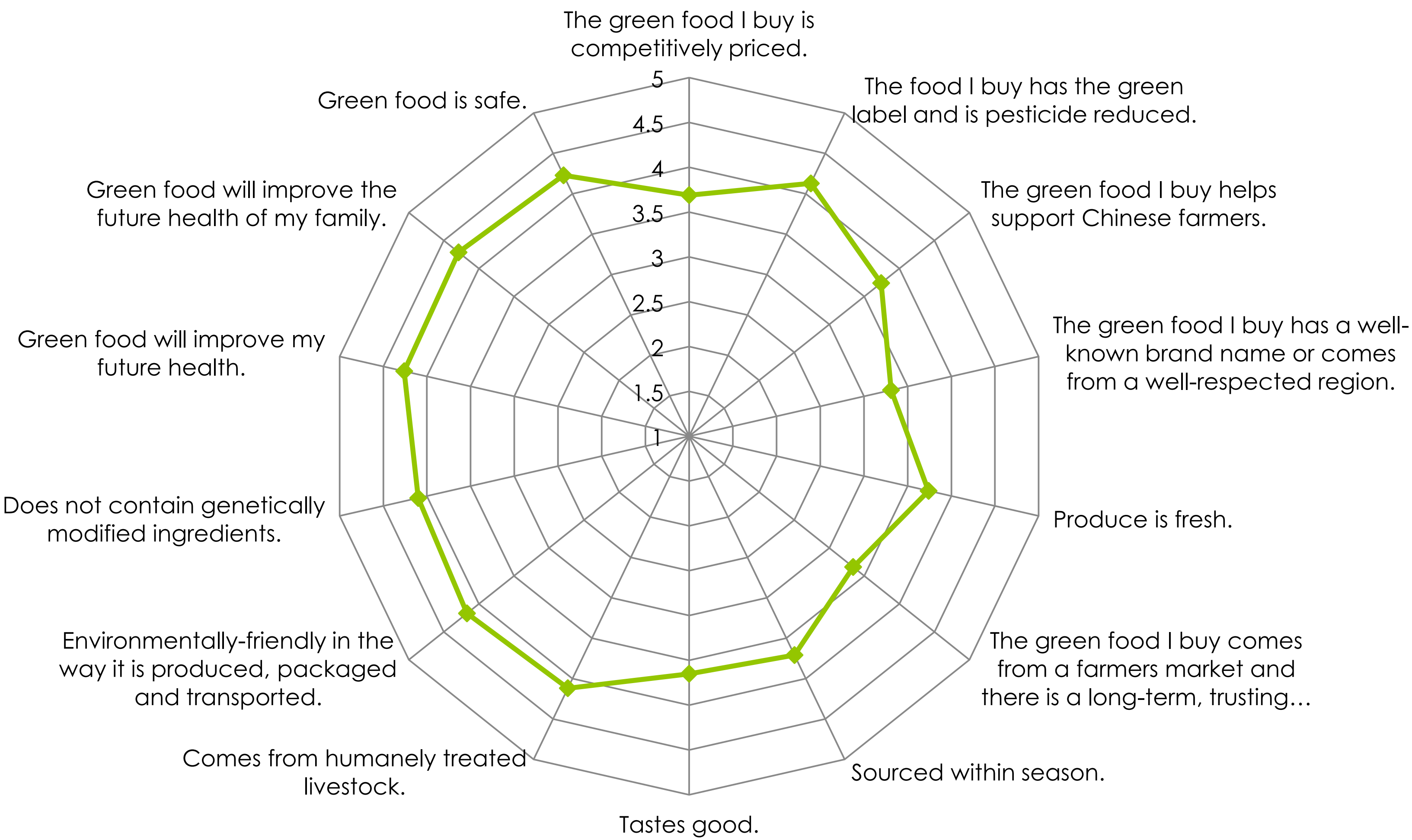
Target market

		Buy certified organic food	Pearson Chi-square
Age	35 and below	48.4%	$X^2 = 5.616$; sig.=.018*
	36 and above	51.6%	
Child	Have no child	32.5%	$X^2 = 4.915$; sig.=.027*
	Have child	67.5%	

Knowledge of green food

Statistic	I have heard of green food	I know a little bit about green food	I have good knowledge of green food
Mean	4.31	3.91	2.83
Total Responses	201	193	190

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 behaviourial aspects such as benefits sought from green/organic food.