International Markets - Greater China Market Implementation Plan: Strategy 2022 - 2023

Regional Summary

The Greater China region is not one market but a multitude of many markets at different stages of maturity. This is both a challenge and an opportunity – continuous waves of demands for a full spectrum of products and opportunities for all players.China:China is a large and complex market that represents huge market potential as well as risks. Priorities for China market is to support market access advocacy strategies, and deliver targeted business development programs, while start to develop programs in brand building as the market matures.
Taiwan:Taiwan is a stable market where US poses a strong threat to Australian industry. Priorities for Taiwan is to focus on support and collaboration with key customers and continue to enhance Australia's market position while seek opportunities of new growth areas.

Environmental Scan and Insights

Political Factors and Impact on the Australian Industry

Political relationship continues to deteriorate and is at a low point with no apparent sign of improvement in near future. Economic access conditions show no sign of improvement in near future while technical access conditions remain volatile. The political relationship limits G2G discussion on improvement of chill access and other broader market access issues.

Economic Factors and Impact on the Australian Industry

The continued economic growth and a rising middle class mean higher red meat consumption and result in increasing demand for more safe and premium meat. This sustained demand growth, combined with Australia's supply shortage and reduced access to market, will inevitably lead to continued premiumization of Australian product and shrinked market share.

Social Factors and Impact on the Australian Industry

Chinese consumers have a strong food culture demanding the best for their families. However, they lack confidence in the integrity of domestic food production system. Australia has been highly successful in building a positive provenance brand image of the country with a strong preference and recognition of Australian products in the consumer minds.

Technological Factors and Impact on the Australian Industry

Underdeveloped cold chain infrastructure, together with poor management of fresh product handling, lead to unreliable integrity of meat products, especially of chilled products, which results in rapid growth of chilled products.

Legal Factors and Impact on the Australian Industry

Weak rule of law and ambiguous interpretation and execution of food safety standards lead to wide spread counterfeits and non-compliance, threatening the integrity reputation and consumer experience of Australian products.

Environmental Factors and Impact on the Australian Industry

China is a natural resources deficient country. The water resource per capita is only 30 percent and arable land per capita 40 percent of the world average. The combination of a large population and insufficient natural resources severely impedes the sustainability of China's agriculture and social economic development. As China's agriculture is traditionally farming focused and lacks the pasture and water resources to support a strong livestock industry, the red meat consumption has outpaced the domestic production and resulted in sustained demand for imported meats.

Consumer Insights and Impact on the Australian Industry

Australia enjoys a premium brand image amongst the consumers and is trusted as a green and safe product. Australian beef has positive image across all key attributes while sheepmeat has to combat some negative associations, eg. unpleasant smell and big carcass, while still having a positive overall image as being clean green and safe. While Australian meat has been growing rapidly in China across all segments, there is a clear trend of premiumization with fastest growth in chilled and grainfed sectors. Premiumness of Australian brand and opportunity to enhance brand image through collaboration with other industry as well as government. If the current political tension sustains it will damage Australia's brand equity and lead to negative impacts on consumer perception towards Australian products.

Competitor Insights and Impact on the Australian Industry

Australia is the fourth largest supplier of beef and second largest supplier of sheepmeat. Australian meat has enjoyed rapid 40%+ growth rate over the past 5 years until the sudden drop last year due to COVID and restricted market access. China's domestic production is unable to keep up with the growth rate of the demand. South American suppliers have gained significant market share since given access albeit more focused on lower segments, but are trying to break into the more premium segments of chilled and grainfed. US has become the biggest threat with rapid growth since its trade deal with China practically granted them systematic access to the market and pressure on Chinese government to purchase US products.

Priority Overviews

Priority:	Priority 1: Build brand equity for Australian red meat amongst targeted consumers
Weighting:	13 %
Priority Summary:	Continuously stengthen the brand equity of Australian meat by focusing on target audience while expanding reach of communicaitons and enriching brand attributes (e.g. clean&green to sustainability). Key goal of brand communication is to defend and consolidate the strong brand position of Australian meat (premium, green, safe) and strengthen consumer loyalty by enriched messaging (e.g. what are we really talking about when we say True Aussie beef). The target audience, while meeting the demographic criteria (i.e. household income above US$35000), falls into tiered segments of: - discerning: regular consumers of Australian meat typically in 1st tier cities familiar with basic attributes and ready for more in depth communications - emerging: new adopters typically in 2nd and 3rd tier cities attracted to the clean and green image. In accordance, the overall brand communications strategy is also a tiered approach to:

- continuouly strengthen overall brand impression/awareness and defend the "clean and green" position
- deepen and broaden brand messaging in first tier cities, leveraging both physical product attributes (i.e. Wagyu, Angus, MSA standards, etc) and emotional attributes (animal welfare, environment sustainabiliy, Australia experience)

Priority: Priority 2: Increase the physical availability of Australian red meat products

Weighting: 48 %

Priority Summary: Apply a KA approach to empower supply chain partners to better present and promote Ausralian meat while widen product range and deepen market penetration (2nd tier cities).

Priority: Priority 3: Develop educated ambassadors (staff / customers / media / influencers)

Weighting: 13 %

Priority Summary: Leverage KOLs (media, social media, trade influencers) as well as everyday activities (staff, roadshows) to educate consumer and trade to build rapport with Australia brand in market. Examples of potential activities:
- True Aussie Rangers Grassroots Education and Tasting (TARGET): mini roadshows targeting residential and business districts.
- Liveshow online promotion: support customers' online liveshow promotions with MLA endoresement (e.g. MLA chef, social media KOL, celebrity chef/promoter).
- Lambassador
- TA Academy (butcher, buyer), TA Business School (Manager, owner).

Priority: Priority 4: Improve Market Access

Weighting: 8 %

Priority Summary: This program includes activities of market access conditions monitoring, in market information collection/reporting, and advocacy and engagement activities with key partners. Regular update on market access environment. Strong relationship with target partners. Valued input and advice to Australian government and peak council as well as to MLA.

Positive feedback from stakeholders.

Priority:	Priority 5: Cultivate commercial investment to grow overall sales and marketing presence for Australian red meat products
Weighting:	16 %
Priority Summary:	Utilizing trade shows and cross industry collaboration to cultivate commercial investment and achieve synergy in strengthening the Australia brand in China. Examples of potential events: - SIAL - CIIE - FOA (Festival of Australia, collab. with Austrade, Wine Australia, DA, HIA) - various local trade shows - in bound and out bound trade delegations.

Priority:	Priority 6: Deliver trusted and high quality insights (up and down the supply chain)
Weighting:	2 %
Priority Summary:	This program includes market insights and industry data sharing, in market studies, information gathering, stakeholder engagement and consultations, trade oriented communications. Regular communication to trade on market/industry status/trend via Wechat. Frequent interaction and engagement with KA. Positive feedback and strong relationship with KA.