# final report

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Prepared by: Neil Hendry

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# China – Identifying and Profiling Attractive Cities for Australian Agricultural Products

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# Meat & Livestock Australia

China – Identifying and Profiling Attractive Cities for Australian Agricultural Products

Phase III Deliverable – Recommended Approaches for Success in the Final Five Chinese Cities

Neil Hendry – Director of Consulting

***September 9, 2016***

MARKET INSIGHT
PRODUCT INSIGHT
CONSUMER INSIGHT
INDUSTRY INSIGHT

# About Canadean

## Canadean is a part of GlobalData Plc – a diverse organisation with its primary focus on providing timely and relevant information to its clients

We work with blue-chip global brands delivering unique data and valuable insight to enable informed business decisions.

**Our strength is our combination of:**

- Unique, robust data
- Trusted industry analysis and valuable insight
- Innovative integration and collaboration.

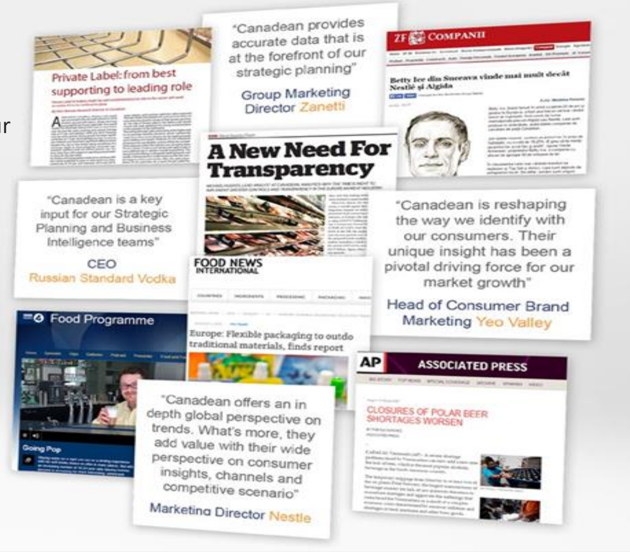
Canadean data offers industry-leading granularity, broad global coverage, high quality and exclusive perspectives. Our analysis is widely respected for its skill and experience.

**Our expertise includes:**

- Market planning and development
- Innovation and new product development
- Consumer insight and new customer acquisition
- Channel and sales management
- Competitive intelligence
- Strategic planning

**Canadean aims to be different through:**

- Providing a clearly differentiated service from our peers
- Ensuring our data is relevant right across an organisation
- Delivering thought leadership and intelligently challenging the accepted norm




Canadean's success and future relevance will be built on ensuring that we understand the needs of our customers and can readily adapt and change in order to ensure that we continue to provide what you need to continue to make informed decisions.

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# Executive Summary

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# Project objectives

**The overall objective of the project is to identify the top cities in China that offer Australian red meat producers the best opportunities in China for securing the maximum value for beef, sheep meat, and goat meat.**

**Phase I**
**Long List Analysis**
**(353 cities)**

Assess the full list of 353 Tier 1, Tier 2 and Tier 3 cities in China based on available secondary research in order to develop a consistent scoring system that allows for **15 cities** to be shortlisted for research in Phase II.

This was done by building and applying a PESTE style model combining and weighting over 40 factors from a comprehensive database.

**Completed May 2016**

**Phase II**
**Shortlist Analysis**
**(15 cities)**

Add additional PESTE criteria and consumer-focused primary research for each of the 15 cities in order to build consumption models, red-meat-eating propensity and the perceptions of "brand Australia" by Chinese consumers.

Findings have been scored and analysed to identify **five cities** for final research.

**Completed July 2016**

**Phase III**
**City Finalisation**
**(5 cities)**

Undertake in-depth on-the-ground research in each of the five cities identified in order to provide a comprehensive assessment of each market, and present full and final recommendations to MLA on the best city-level opportunities for success in China.

**Completed September 2016**

# Selecting five cities from a pool of 353

## The project narrowed the scope from an initial 353 Chinese cities down to five

### Original 353 cities

Aksu
Aletay
Alxa
Ankang
Anqing
Anshan
Anshun
Anyang
Aral
Baicheng
Baise
Baisha
Baishan
Baiyin
Baoding
Baoji
Baoshan
Baotou
Bayannur
Bayingolin
Bazhong
Bei'an
Beihai
Bengbu
Benxi
Bijie
Binzhou
Bortala
Bozhou
Cangzhou
Chamdo
Changde
Changji
Changjiang
Changshu
Changzhi
Changzhou
Chaohou
Chaoyang
Chaozhou
Chengde
Chengmai
Chenzhou
Chifeng
Chizhou
Chongzuo
Chuxiong
Chuzhou
Dali
Dandong
Danzhou
Daqing
Datong
Daxing'anling
Dazhou
Dehong
Deqen
Deyang
Dezhou
Ding'an
Dingxi
Dongfang
Dongguan
Dongying
Enshi
Ezhou
Fangchenggang
Fenghuang
Foshan
Fushun
Fuxin
Fuyang
Gannan
Ganzhou
Garze
Guang'an
Guangyuan
Guigang
Guilin
Guoluo
Guyuan
Haibei
Haidong
Hainan
Haixi
Handan
Hanzhong
Harbin
Hebi
Hechi
Hegang
Heihe
Hengshui
Hengyang
Heyuan
Heze
Hezhou
Hinggan
Honghe
Hotan
Huai'an
Huaibei
Huaihua
Huainan
Huanggang
Huangshan
Huangshi
Huhehaote
Huizhou
Huludao
Hulunbuir
Huzhou
Ili
Jiamusi
Ji'an
Jiangguanch
Jiangmen
Jiaozuo
Jiaxing
Jiayuguan
Jieyang
Jilin
Jinchang
Jincheng
Jingdezhen
Jingmen
Jingzhou
Jinhua
Jining
Jinzhong
Jinzhou
Jiujiang
Jiuquan
Jixi
Jiyuan
Kaifeng
Kaxgar
Kizilsu
Kumul
Laibin
Laiwu
Langfang
Laohekou
Leshan
Liangshan
Lianyungang
Liaocheng
Liaoyang
Liaoyuan
Lijiang
Lincang
Linfen
Linxia
Linyi
Lishui
Liuan
Liupanshui
Liuzhou
Longnan
Longyan
Loudi
Lu'an
Luohe
Luoyang
Luzhou
Lvliang
Maanshan
Maoming
Meishan
Meizhou
Mianyang
Mudanjiang
Nanchong
Nanning
Nanping
Nantong
Nanyang
Neijiang
Ngari
Ngawa
Ningde
Nujiang
Ordos
Panjin
Panzhihua
Pingdingshan
Pingliang
Pingxiang
Pu'er
Putian
Puyang
Puyang – Chengguanzhen
Qiandongnan
Qiannan
Qianxi'nan
Qingyuan
Qinhuangdao
Qinyang
Qinzhou
Qiqihar
Qitaihe
Quanzhou
Qujing
Quzhou
Rizhao
Sanmenxia
Sanming
Shangluo
Shangqiu
Shangrao
Shaoyang
Shashi
Shigatse
Shihezi
Shijiazhuang
Shiyan
Shizuishan
Shuangyashan
Shuozhou
Simao
Siping
Songyuan
Suihua
Suining
Suizhou
Suqian
Shangyao
Shangyu
Shanwei
Shaoguan
Shaoxing
Suzhou
Taian
Taizhou
Tangshan
Tianmen
Tianshui
Tieling
Tongchuan
Tonghua
Tongliao
Tongling
Tongren
Wafangdian
Wanning
Weifang
Weihai
Weinan
Wenchang
Wenshan
Wenzhou
Wuhai
Wuhu
Wulanchabu
Wulumuqi
Wuwei
Wuzhong
Wuzhou
Xi'an
Xiangtan
Xiangyang
Xianning
Xiantao
Xianyang
Xiaogan
Xilingol
Xingtai
Xining
Xinxiang
Xinyang
XinYu
Xinzhou
Xishuangbanna
Xuancheng
Xuchang
Xuzhou
Ya'an
Yan'an
Yanbian
Yancheng
Yangjiang
Yangquan
Yangzhou
Yantai
Yibin
Yichang
Yichun (Heilongjiang)
Yichun(Jiangxi)
Yinchuan
Yingkou
Yingtan
Yiyang
Yongzhou
Yueyang
Yulin(Guangxi)
Yulin(Shanxi)
Yuncheng
Yunfu
Yuxi
Zaozhuang
Zhangjiajie
Zhangjiakou
Zhangjiakou – Shi Xuanhua Qu
Zhangye
Zhangzhou
Zhanjiang
Zhaoqing
Zhaotong
Zhenjiang
Zhongshan
Zhongwei
Zhoukou
Zhoushan
Zhu Cheng City
Zhumadian
Zhuzhou
Zibo
Zigong
Ziyang
Zunyi

### Shortlisted 15

Beijing
Changsha
Chengdu
Chongqing
Dalian
Guangzhou
Hangzhou
Nanjing
Qingdao
Shanghai
Shenyang
Shenzhen
Tianjin
Wuhan
Xiamen

### Final 5

Beijing
Shanghai
Hangzhou
Shenzhen
Chengdu

## Summary of Phase I – top 15 cities

**Data was collected for 46 individual factors across all 353 cities. Data points were collected for 2010, 2015, and 2020 (forecast), to show growth rates as well as net position. They were then weighted as heavy, light, or no influence on red meat value opportunities.**

| | | | |
|---|---|---|---|
| P | Political | • Government effectiveness<br>• Corruption | • Distance from free trade zones<br>• Distance from ports (including inland meat ports) |
| E | Economic | • GDP<br>• CPI<br>• Household food consumption | • Composition of economy (services vs other)<br>• Local meat producers in city<br>• Level of foreign direct investment |
| S | Social | • Working-age population<br>• Population growth | • Unemployment rate<br>• Employment within multinational corporations) |
| T | Technological | • Internet usage<br>• Number of airports<br>• Number of heavy goods vehicles | • Penetration of hypermarkets, supermarkets & formal foodservice outlets<br>• Number of 4 and 5 star hotels |
| E | Environmental | • Number of power plants | • $CO_2$ emissions |

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# Summary of Phase I – top 15 cities

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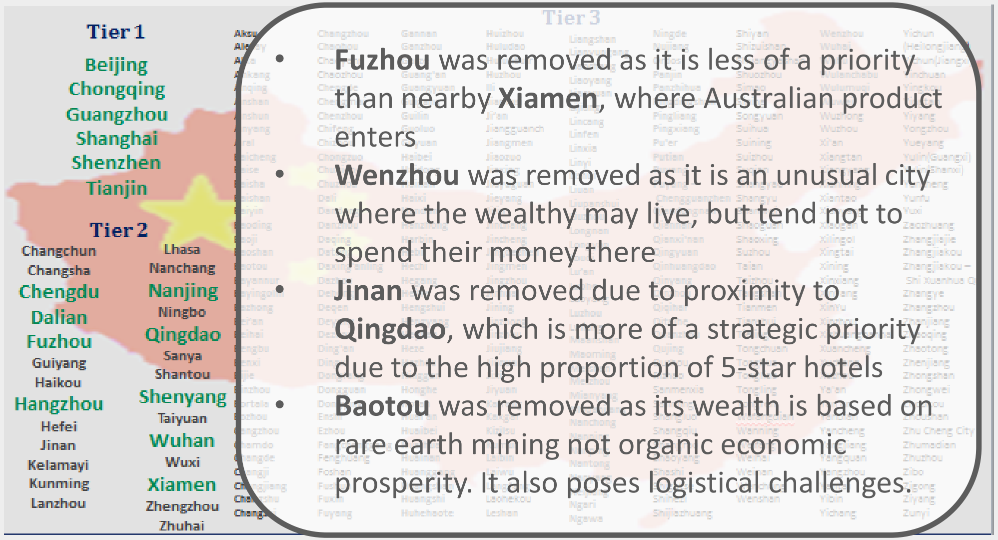
China City Database

| Parameters | Unit | Factor | Relationship (value to score) | Weighting | Weighted Sco |
|---|---|---|---|---|---|
| 15 - 64 population % | % | Social | Direct | HEAVY | 8.15 |
| Agriculture as % of GDP | % | Economic | No Score | DO NOT INCLUDE | 0.00 |
| Annual change of consumer prices, overall | % | Economic | Inverse | HEAVY | 4.44 |
| Average No. of Power Plants per city | Number | Environmenta | Direct | LIGHT | 1.13 |
| Buddhism % | % | Social | No Score | DO NOT INCLUDE | 0.00 |
| CAGR of agriculture % over GDP | % | Economic | No Score | DO NOT INCLUDE | 0.00 |
| CAGR of construction % over GDP | % | Economic | No Score | DO NOT INCLUDE | 0.00 |
| CAGR of GDP in last 5 years | % | Economic | Direct | LIGHT | 2.22 |
| CAGR of manufacturing % over GDP | % | Economic | No Score | DO NOT INCLUDE | 0.00 |
| CAGR of Mean household income | % | Economic | Direct | HEAVY | 4.44 |
| CAGR of over 65 population | % | Social | No Score | DO NOT INCLUDE | 0.00 |
| CAGR of population in last 5 years | % | Social | Direct | HEAVY | 8.15 |
| CAGR of services % over GDP | % | Economic | Direct | HEAVY | 4.44 |
| Carbon-di-oxide emission per capita | Metric ton | Environmenta | Direct | LIGHT | 1.13 |
| Christianity % | % | Social | No Score | DO NOT INCLUDE | 0.00 |
| Construction as % of GDP | % | Economic | No Score | DO NOT INCLUDE | 0.00 |
| Distance of city from Free Trade Zones | Kilometre | Political | Inverse | HEAVY | 3.02 |
| Distance of city from nearest meat port | Kilometre | Political | Inverse | HEAVY | 3.02 |
| FDI Value | USD | Economic | Direct | HEAVY | 4.44 |
| Female Population % | % | Social | No Score | DO NOT INCLUDE | 0.00 |
| Government Effectiveness Index | Number | Political | Direct | LIGHT | 1.51 |
| Household food consumption | Number | Economic | Direct | HEAVY | 4.44 |
| Incidents of corruption per 100,000 people | Number | Political | Inverse | LIGHT | 1.51 |
| Islam % | % | Social | No Score | DO NOT INCLUDE | 0.00 |
| Male population % | % | Social | No Score | DO NOT INCLUDE | 0.00 |
| Manufacturing as % of GDP | % | Economic | No Score | DO NOT INCLUDE | 0.00 |
| Mean household disposable income | USD | Economic | Direct | HEAVY | 4.44 |
| MNC employees, as a % of total population | % | Social | Direct | HEAVY | 8.15 |
| No of 4 and 5 star hotels | Number | Technologica | Direct | HEAVY | 2.55 |
| No of food service outlets per 100,000 people | Number | Technological | Direct | LIGHT | 1.27 |
| No. of airports | Number | Technologica | Direct | LIGHT | 1.27 |
| No. of heavy goods vehicles per 100 people | Number | Technologica | No Score | DO NOT INCLUDE | 0.00 |
| No. of households | Number | Social | No Score | DO NOT INCLUDE | 0.00 |
| No. of internet users per 100 people | Number | Technologica | Direct | LIGHT | 1.27 |
| No. of local meat producers in the city | Number | Economic | Direct | LIGHT | 2.22 |
| No. of passenger cars per household | Number | Technologica | Direct | LIGHT | 1.27 |
| No. of persons per household | Number | Social | No Score | DO NOT INCLUDE | 0.00 |
| Over 65 population | Number | Social | No Score | DO NOT INCLUDE | 0.00 |
| Over 65 population % | % | Social | No Score | DO NOT INCLUDE | 0.00 |
| Penetration of hypermarkets/supermarkets | % | Technologica | Direct | HEAVY | 2.55 |
| Real GDP | USD | Economic | Direct | LIGHT | 2.22 |
| Services as % of GDP | % | Economic | Direct | HEAVY | 4.44 |
| Taoism % | % | Social | No Score | DO NOT INCLUDE | 0.00 |
| Total Population | Number | Social | Direct | HEAVY | 8.15 |
| Under 15 population % | % | Social | No Score | DO NOT INCLUDE | 0.00 |
| Unemployment rate | % | Social | Inverse | HEAVY | 8.15 |

**After final inclusions and weightings were decided, the top 15 cities were decided to proceed with Phase II. In addition to the weighted model, some qualitative adjustments were made to the final list after consultation with the MLA team in Beijing:**




- **Fuzhou** was removed as it is less of a priority than nearby **Xiamen**, where Australian product enters
- **Wenzhou** was removed as it is an unusual city where the wealthy may live, but tend not to spend their money there
- **Jinan** was removed due to proximity to **Qingdao**, which is more of a strategic priority due to the high proportion of 5-star hotels
- **Baotou** was removed as its wealth is based on rare earth mining not organic economic prosperity. It also poses logistical challenges.

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# Inputs into Phase II – from 15 cities to 5

**Phase II is data-intensive, with a variety of information sources combined and analysed. While a key outcome is to prioritise the top 5 cities for further analysis (in-market interviews), just as important is the collection of comprehensive data on all the top 15 cities. Analysis of this data forms the basis of this summary report, and all data has been retained for future 'deep dives' as required.**

**Market Sizing Database** — Comprehensive database of meat market size (volume and value) in the top 15 cities, segmented by species, meat type, retail and foodservice channels. Size estimates from 2013-2020 to show growth trajectory

**Retail Pricing Database** — Store-level data on featured meats, cuts, and prices, collected via on-the-ground visits to selected supermarkets and butchers in May 2016

**Point of Purchase Image Library** — Photographs of meat products at point of retail, taken as part of store visits

**Primary Consumer Research** — Wide-ranging survey of 4500+ consumers (300 per city) into beliefs, attitudes and behaviours relating to food, in particular meat, red meat, and Australian red meat

**Existing *Canadean* Research** — Relevant insights from recent research in China conducted by Canadean, including the proprietary TrendSights framework of consumer trends

**Expanded PESTE Model** — Database & model expanded with additional35 factors: Red meat market size and growth by sector; Cold chain capacity and logistics; Attitudes to red meat; Awareness of and attitude to Australian product; Nature of foodservice and retail, including e-commerce; Regulatory

# Summary of Phase II – the final five

## The final 5 cities offer strong geographical coverage over China, connected by strong transport and trade links

**Shanghai** and **Hangzhou** are located along China's Eastern Coast, which has long been established as a commercial gateway to China.

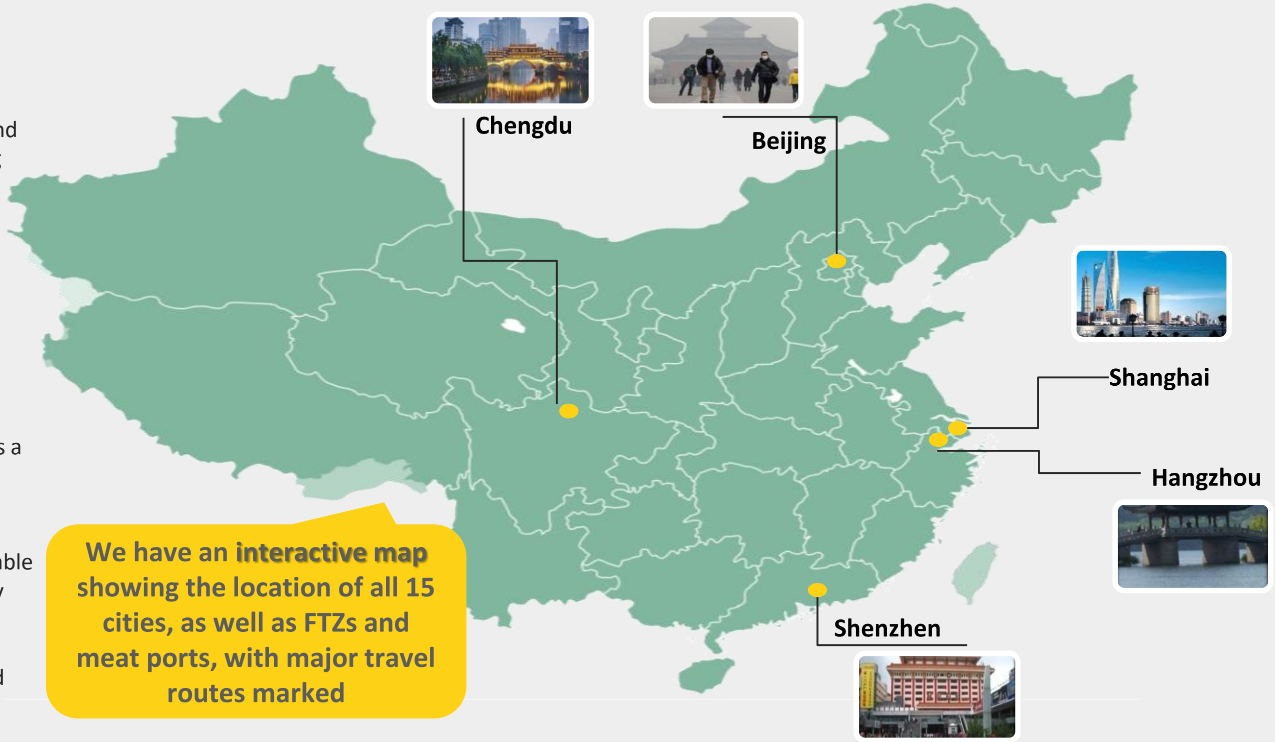
Located in the North, **Beijing** is the capital of China, and connected by two major commercial airports allowing good trade links.

**Shenzhen** is located in a key economic area, the Pearl River Delta, whch lies on the coast of the South China Sea, and is one of the main hubs of China's economic output – aided in part by proximity to Hong Kong and Macau.

**Chengdu** is China's western centre of logistics, commerce, finance, science and technology, as well as a hub of transportation and communication; well connected by rail and air links to facilitate trade.

The geographical spread of the final five cities will enable MLA to build strong trade networks to increase supply across China.

Their combined GDP was over US$670bn in 2015,  and their combined population triple that of Australia.




We have an **interactive map** showing the location of all 15 cities, as well as FTZs and meat ports, with major travel routes marked

# Summary of Phase II – the final five

**The five cities generally outperform the others from a political, economic and social standpoint, with the exception of Chengdu, which performs particularly well on social and environmental indicators.**

From a political, economic , and social standpoint Shanghai, Beijing, Hangzhou and Shenzhen perform strongly among the shortlisted 15 cities. Hangzhou and Shenzhen are less strong from a technological position; however, modern retail is growing, which will drive investment in cold-chain logistics, making them attractive prospects. While less economically and technologically advanced, Chengdu's good demographic balance and low unemployment gives it a strong social score, it ranks third environmentally, and its economy is rapidly growing, earning the city its place in the final 5 cities.

| City | P | E | S | T | E | Total |
|---|---|---|---|---|---|---|
| **1 Shanghai** | 16 | 56 | 74 | 46 | 11 | 69.4 |
| **2 Beijing** | 16 | 54 | 66 | 43 | 11 | 65.6 |
| **3 Hangzhou** | 16 | 47 | 72 | 32 | 12 | 61.4 |
| **4 Shenzhen** | 16 | 51 | 69 | 28 | 13 | 60.5 |
| 5 Tianjin | 19 | 54 | 58 | 28 | 11 | 59.5 |
| 6 Guangzhou | 16 | 42 | 63 | 32 | 13 | 58.8 |
| 7 Dalian | 13 | 51 | 62 | 31 | 15 | 57.7 |
| **8 Chengdu** | 14 | 49 | 68 | 24 | 13 | 56.4 |

| City | P | E | S | T | E | Total |
|---|---|---|---|---|---|---|
| 9 Chongqing | 15 | 43 | 55 | 33 | 9 | 55.1 |
| 10 Shenyang | 14 | 53 | 66 | 24 | 11 | 54.4 |
| 11 Nanjing | 19 | 40 | 58 | 25 | 10 | 54.0 |
| 12 Xiamen | 15 | 43 | 73 | 25 | 9 | 52.3 |
| 13 Qingdao | 14 | 41 | 65 | 24 | 10 | 50.7 |
| 14 Wuhan | 13 | 40 | 57 | 20 | 12 | 48.4 |
| 15 Changsha | 13 | 29 | 47 | 21 | 13 | 44.1 |

Highest scoring cities

Lowest scoring cities

# Summary of Phase II – the final five

**The cities are characterized by relatively high social, technological and economic scores with consistent political scores. Their combined GDP was over US$670bn in 2015, and their combined population triple that of Australia.**

| Rank (of 15 cities) | City | Tier | Political | Economic | Social | Technological | Environmental | Total Weighted Score | Population (m) | GDP US$bn, 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Shanghai | Tier 1 | 16 | 56 | 74 | 46 | 11 | 69.4 | 22.3 million | 318.6 |
| 2 | Beijing | Tier 1 | 16 | 54 | 66 | 43 | 11 | 65.6 | 19.7 million | 142.9 |
| 3 | Hangzhou | Tier 2 | 16 | 47 | 72 | 32 | 12 | 61.4 | 6.5 million | 69.3 |
| 4 | Shenzhen | Tier 1 | 16 | 51 | 69 | 28 | 13 | 60.5 | 9.7 million | 83.1 |
| 8 | Chengdu | Tier 2 | 14 | 49 | 68 | 24 | 13 | 56.4 | 11.1 million | 59.8 |

# Summary of Phase III

**Insights from 50 in-depth face to face interviews with consumers and key experts in the five target cities have been combined with outputs from Phase II to form a series of strategic recommendations to answer key questions for MLA's stakeholders**

**Key questions answered:**

- Which trends are most influential?
- What products should I offer?
- Who should I target?
- Where should I sell them?
- How should I market them?

**The report is split into two key sections:**

**1. Operating in the Final Five Cities: Key things you need to know**

*Actionable recommendations common to all five target cities*

**2. City Specific Recommendations**

*Insights and actionable recommendations tailored to specific to nuances in the individual target cities*

# Summary of Phase III

## Key things you need to know about operating in the final five cities

### Which trends are most influential?

- ✓ **Health & Wellness:** Guided Health; Wellbeing
- ✓ **Sensory & Indulgence:** Experimentation; Fresh, Natural & Pure; Premiumization
- ✓ **Comfort & Uncertainty:** Caution; Sterilized Society; Trust & Transparency
- ✓ **Evolving Landscapes:** Migrating Influence

### What products should I offer?

**Now/mid-term horizon**
- ✓ Premium processed meats (e.g.. burgers)
- ✓ Pre-diced/sliced raw meats for stir-frying
- ✓ Frozen meats which "lock in" freshness
- ✓ Partially prepared/pre-marinated meats

**Long-term horizon**
- ✓ Beef jerky and cooked meat snacks
- ✓ Meal kits
- ✓ Creative flavours

### Who should I target?

- ✓ **Females:** most likely to be responsible for shopping and cooking
- ✓ **Seniors:** spend the most on red meat and most likely to consume Australian meat
- ✓ **Young adults:** most experimental in their choices and seek convenience
- ✓ **Pleasure Seekers**
- ✓ **Ethically Minded**
- ✓ **Health Conscious**
- ✓ **Global Giants**

### Where should I sell them?

**Retail**
- ✓ Hypermarkets
- ✓ Supermarkets
- ✓ E-retail/online
- ✓ Butchers
- ✓ Convenience stores

**Foodservice**
- ✓ Full service restaurants
- ✓ 4* & 5* hotels
- ✓ Fast food chains (especially Western brands)
- ✓ Cafes & teashops

### How should I market them?

**Now/mid-term horizon**
- ✓ Transparent packaging for product visibility
- ✓ Bold label/pack design for shelf-standout
- ✓ Leverage social media as a promotional tool
- ✓ Promote recipes that use red meat in familiar Chinese dishes
- ✓ Highlight ethical, nutritional and natural credentials on-pack

**Long-term horizon**
- ✓ Interactive packaging to inform consumers

# Summary of Phase III

## Key things you need to know about operating in the final five cities

| | | |
|---|---|---|
| **Meat is a crucial part of the Chinese diet and will continue to be so in the future** | Over 85% claim to eat meat at least a few times per week, and people are eating more of it than in the past and intend to eat even more in the future. They are looking to expand their repertoire of dishes, and try different meat types from different countries, and most importantly are looking for better quality products. | **5 cities:** meat & seafood sales will be **382bn** CNY in 2020; red meat will be 32% of sales. **15 cities:** meat & seafood sales will be **801bn** CNY in 2020; red meat will be 31% of sales. |
| **Red meat faces strong competition from traditional staples but sales growth is strong** | Consumption of pork and chicken is high, while a very broad range of more occasional protein choices such as fish, eel, shellfish, duck, goose, frog, dog, turkey and pigeon have all been eaten by over 20% of Chinese consumers in the past year, creating competition for red meat. | **5 cities:** Red meat sales are forecast to grow 6% per year until 2020 to reach **123bn** CNY **15 cities:** Red meat sales are forecast to grow 6% per year until 2020 to reach **247bn** CNY |
| **Beef is in a stronger position competitively than lamb, mutton and goat** | After pork, beef is most likely to be consumed 'most often'. Goat, lamb and mutton are much less frequently consumed, and are thought of very similarly in consumers' minds. Providing recipes and in-store demonstrations could help increase consumption of these meats and compete better with key staples. | **5 cities:** Sales of beef will reach **74bn** CNY in 2020; while sales of lamb will be **13bn** CNY. **15 cities:** Sales of beef will reach **139bn** CNY in 2020; while sales of lamb will be **25bn** CNY. |
| **Frequent imported meat consumers are less likely to eat traditional staples like pork and fish** | Those who consume imported meats regularly are more likely to be experimental in their meat choices, moving away from key staples like pork and fish to consume a wider variety of meats, including lamb, mutton and goat. | **5 cities: 79%** of frequent imported meat consumers say they would like to experiment with different types of meat in future **15 cities: 78%** of frequent imported meat consumers agree with this |

# Summary of Phase III

## Key things you need to know about operating in the final five cities

**Imported meat eaters are more likely to have a high monthly spend on red meat**

Consumers who eat imported meat regularly are more likely to spend over RMB 200 on any specific type of red meat, compared to frequent meat eaters overall. Around a third of those who consume Australian meat specifically claim to spend RMB 200 on average per month on any specific type of red meat.

**5 cities**: 51**%** consume imported meat in the home several times per month
**15 cities:** 51**%** consume imported meat in the home several times per month

**Online shoppers spend more per month on red meat than in-store shoppers**

Higher average spend on red meat among online shoppers is linked to online shoppers being more likely to buy larger quantities/in bulk (larger households are more likely to shop online for meat); and also more likely to be buying more expensive/specialist cuts of meat that are not as widely available in-store.

**5 cities:** Sales of red meat through e-retail are forecast to grow 16% per year to reach **5.9bn** CNY in 2020
**15 cities:** Sales of red meat through e-retail are forecast to grow 16% per year to reach **10.5bn** CNY in 2020

**Awareness, and consumption of, Australian-origin red meat is higher than other imported meats**

Chinese consumers are more aware of Australian red meat than that from any other foreign origin, with awareness of Australian lamb especially strong. The perceived benefits over local meat include being better in terms of quality, taste and safety.

**5 cities: 57%** of beef consumers are aware of Australian beef; compared to just **32%** for non-Australian* beef.
**15 cities: 53%** of beef consumers are aware of Australian beef; compared to just **31**% for non-Australian* beef

**There is a lack of availability of Australian meat in local stores and foodservice locations**

While awareness among red meat eaters of Australian meat is relatively strong, the lack of availability in local stores and restaurants means consumption is not as high as it could be. Increasing distribution presents a strong opportunity to turn high awareness of Australian meat into active purchases.

**5 cities:** Among those aware of foreign origin beef, just **32%** claim Australian beef is available where they shop
**15 cities:** Among those aware of foreign origin beef, just **28%** claim Australian beef is available where they shop

*Argentinian, Brazilian, Canadian, Chinese, New Zealand, Uruguayan beef

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# Operating in the final 5 cities

## Key things you need to know

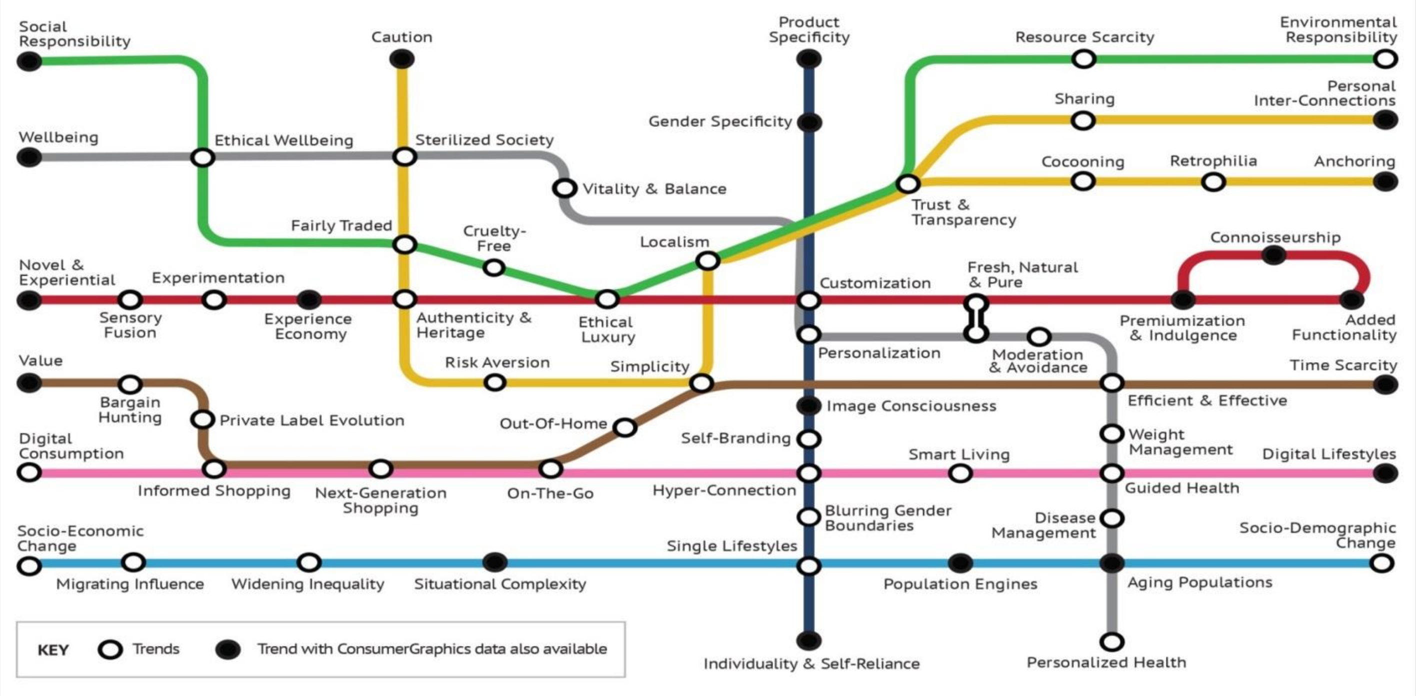
# Operating in the final five cities

## Key things you need to know

- Which trends are most influential?
- What products should I offer?
- Who should I target?
- Where should I sell them?
- How should I market them?

# Six mega-trends have been identified as most influential to meat purchases in China

**Canadean's TrendSights framework is a network of 8 mega-trends and 63 trends that help shape the consumer brand landscape. As highlighted, 6 megatrends have been identified as being most relevant to meat consumption in China; and underpin the development of six key consumer segments**

# Align closely with the strongest mega-trends to achieve success in the five cities

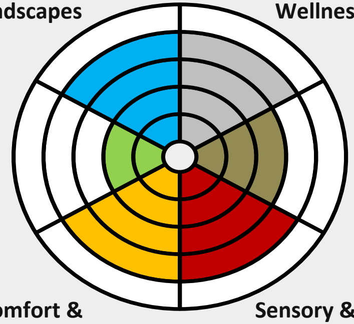
## Red meat purchases in the five cities are influenced most strongly by health, sensory attributes, safety concerns and globalisation

**Assessing the relevance of key TrendSights mega-trends on purchase decisions for red meat**

*Consumers in these five cities are strongly influenced by exposure to other cultures; and are highly open to products that reflect this (e.g.. **imported meat; Western flavours/recipes and methods of cooking.**)*

*Health considerations underlie many red meat purchasing decisions in the five cities. Consumers will be attentive to on-pack claims and visual cues to guide their choices (e.g.. **clear nutritional information, minimal visibility of fat and natural ingredients**).*

*While ethical factors are less of a consideration among Chinese consumers, given consumers in the five cities are more ethically minded than average they shouldn't be ignored altogether (e.g.. **promoting the welfare benefits of Australian meat** can help justify premium prices).*




*Convenience is somewhat important to consumers in the five cities; however, strong preferences for fresh ingredients and scratch cooking mean consumers are looking for solutions to aid this, rather than highly processed convenience foods (e.g.. **fresh meal kits.)***

*Consumers across the five cities need strong assurances as to the safety and provenance of the meat they're buying (e.g.. **country of origin stated on pack, reasonable use-by dates, and certification logos**).*

*Consumers in the five cities are highly driven by sensory attributes, with taste, flavour and product appearance important (e.g.. **ensure meat is clearly visible through transparent packaging and appears fresh in color; and provide recipe recommendations to encourage trial of new meats**).*

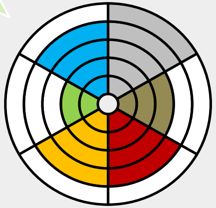
Sources: Canadean's TrendSights Analysis informed by qualitative and quantitative analysis; Canadean/MLA Survey, May 2016

# The relevance of the mega-trends to red meat varies slightly by city

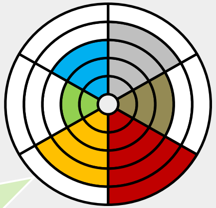
## Red meat purchases in China overall are influenced most strongly by health, sensory attributes, safety concerns and globalisation

**Assessing the relevance of key TrendSights mega-trends on purchase decisions for red meat in the final five cities**

**Health** attributes such as "organic", ingredients lists and visible fat content are more influential in red meat purchase decisions in Beijing



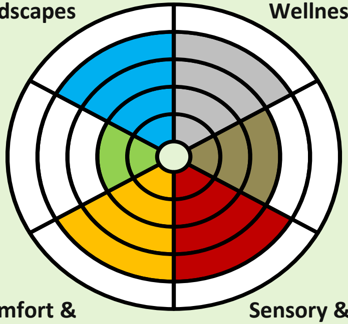
**Beijing**



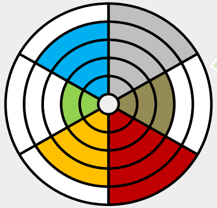
**Shanghai**

**Sensory** attributes such as the meat's color and taste are especially influential in red meat purchasing decisions in Shanghai

**5 city average**

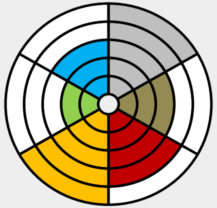



**Hangzhou**



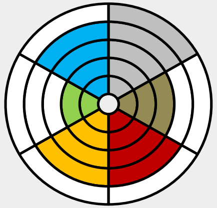
**Health** (e.g. visible fat) and **sensory** attributes (e.g.. color) are both particularly influential in red meat purchasing decisions in Hangzhou

**Shenzhen**



**Health** (e.g. visible fat) and **comfort** assurances (e.g.. safety guarantees) are both particularly influential in red meat purchasing decisions in Shenzhen

**Chengdu**



**Health** attributes such as "organic", ingredients lists and visible fat content are more influential in red meat purchase decisions in Chengdu

Sources: Canadean's TrendSights Analysis informed by qualitative and quantitative analysis; Canadean/MLA Survey, May 2016

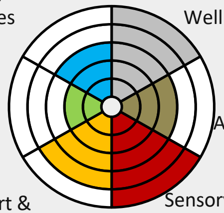
# The strength of the mega-trends differs by species with implications for innovation

## Health is more important for beef; global influences and convenience for lamb; and safety reassurances for goat

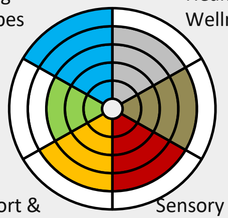
**Assessing the relevance of key TrendSights mega-trends on purchase decisions for different species of red meat**

- ✓ *Clearly highlight nutritional content on pack*
- ✓ *Keep visible fat to a minimum*
- ✓ *Promote taste advantages of Australian beef*
- ✓ *Ensure color is a desirable red to emphasize freshness*

### Beef



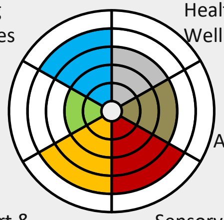

### Lamb



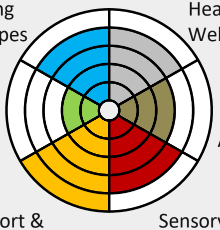

- ✓ *Promote country of origin as a clear point of differentiation*
- ✓ *Develop convenient meal kits inspired by Western flavours and recipes*
- ✓ *Use certification logos to reassure consumers of the safety and ethical standards*

- ✓ *Sensory attributes are a priority over health; ensure mutton looks visually appealing and promote recipe inspiration to encourage trial*
- ✓ *Promote country of origin on pack as a key selling point*

### Mutton



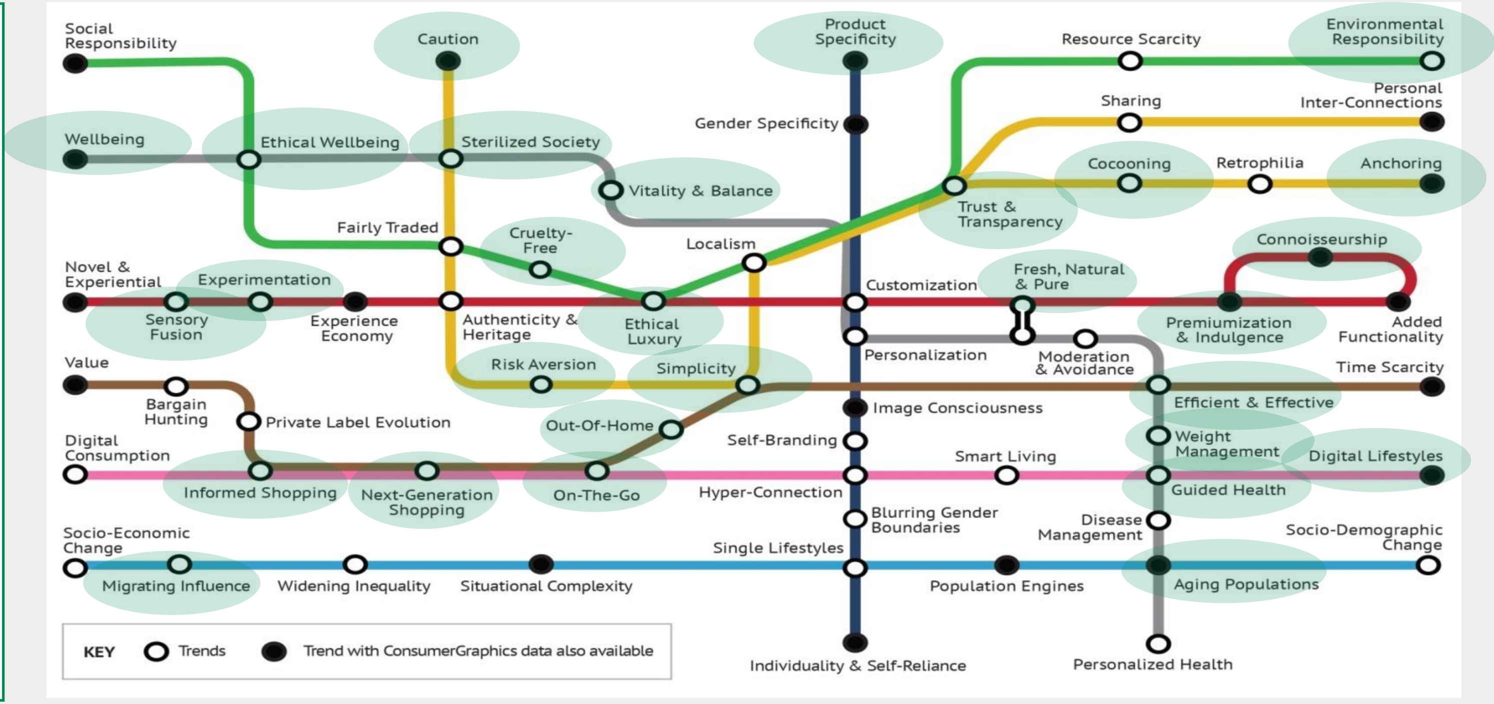

### Goat




- ✓ *Use certification logos to reassure consumers of the safety of goat meat*
- ✓ *Promote recipes that include goat meat as part of traditional and familiar dishes to encourage trial*

# The most relevant trends for red meat innovation in China are highlighted below

**As highlighted, key innovation trends have been identified as being of most relevance to Australian red meat suppliers looking to enter the Chinese market**

# Operating in the final five cities

## Key things you need to know

- Which trends are most influential?
- What products should I offer?
- Who should I target?
- Where should I sell them?
- How should I market them?

# What products should I offer?

## Key things you need to know

**Freshness is the most influential factor in the overall meat purchasing decision, but it can be overcome**

The majority of consumers consider freshness most influential when buying meat; with use-by dates also of key importance among over half of consumers creating challenges for imported meat suppliers, who will struggle to compete on freshness when compared to local produce.

Those not influenced by freshness are more likely to consider factors such as visibility of blood and ice in the pack, animal welfare and product quantity – attributes which Australian suppliers can address more readily. **Ensure meat looks visually fresh in color and natural benefits are clearly promoted.**

**Freshness is less important to imported meat consumers**

The strong influence of use-by dates highlights that freshness is still a concern to imported meat consumers when shopping for meat, but factors like country of origin and animal welfare also hold greater sway compared to the average meat consumer.

Ensure attributes such as country of origin and animal welfare benefits are clearly displayed on-pack to drive purchase of Australian meat and compete with freshness advantage of local meat.

**Chilled counter meat dominates sales; but packaged and frozen meat are the biggest opportunities**

Fresh red meat sold over the counter currently accounts for 73% of total red meat value sales in the five cities; however, growth is slow as demand shifts towards premium pre-packaged meats and frozen red meat.

By 2020, fresh counter red meats' share of value sales will have declined to 67% of total red meat sales. The market for frozen red meat will be **7.6bn CNY** and chilled packaged red meat will be **10bn CNY**.

# What products should I offer?

## Key things you need to know

**Retail value sales of meat & seafood in the five cities, by species, 2015-20 (CNY m)**

| | Beijing | | | Chengdu | | | Hangzhou | | | Shanghai | | | Shenzhen | | | 5 City Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 |
| **Beef** | 11,914 | 15,188 | 5.0% | 10,256 | 12,491 | 4.0% | 4,721 | 5,899 | 4.6% | 25,115 | 32,025 | 5.0% | 6,799 | 8,332 | 4.1% | **58,805** | **73,935** | **4.7%** |
| **Lamb** | 2,083 | 2,747 | 5.7% | 1,270 | 1,620 | 5.0% | 601 | 799 | 5.9% | 5,164 | 6,928 | 6.1% | 857 | 1,116 | 5.4% | **9,975** | **13,210** | **5.8%** |
| **Pork** | 21,024 | 27,049 | 5.2% | 11,298 | 14,129 | 4.6% | 5,889 | 7,697 | 5.5% | 33,516 | 43,684 | 5.4% | 10,063 | 13,028 | 5.3% | **81,790** | **105,587** | **5.2%** |
| **Chicken** | 5,760 | 7,491 | 5.4% | 2,810 | 3,544 | 4.8% | 1,810 | 2,378 | 5.6% | 8,614 | 11,333 | 5.6% | 3,328 | 4,313 | 5.3% | **22,322** | **29,059** | **5.4%** |
| **Turkey** | 68 | 92 | 6.1% | 58 | 76 | 5.3% | 27 | 36 | 6.2% | 207 | 279 | 6.2% | 56 | 74 | 5.7% | **416** | **557** | **6.0%** |
| **Fish & Seafood** | 21,901 | 27,997 | 5.0% | 16,428 | 20,338 | 4.4% | 7,561 | 10,306 | 6.4% | 37,483 | 49,882 | 5.9% | 12,376 | 16,446 | 5.9% | **95,749** | **124,969** | **5.5%** |
| **Others** | 5,313 | 7,444 | 7.0% | 3,203 | 4,318 | 6.2% | 2,266 | 3,200 | 7.1% | 10,665 | 15,061 | 7.1% | 3,635 | 5,034 | 6.7% | **25,082** | **35,057** | **6.9%** |
| **Total Meat & Seafood** | 68,063 | 88,008 | 5.3% | 45,322 | 56,514 | 4.5% | 22,876 | 30,315 | 5.8% | 120,763 | 159,193 | 5.7% | 37,114 | 48,343 | 5.4% | **294,138** | **382,373** | **5.4%** |

Over-indexing growth (vs 5 city total)

Under-indexing growth (vs 5 city total)

Strongest growth categories (overall)

Medium growth categories (overall)

- **Beef faces stiff competition from other meat and seafood** in terms of value sales growth. It is not growing as strongly as other categories, highlighting the importance of adding value to offer premium, higher-value beef products that will help drive beef value sales going forward.
- **Beijing and Shanghai are the strongest growing beef markets by value**, making them prime locations for introducing premium Australian beef products.
- **Hangzhou and Shanghai are the strongest growing lamb markets by value**, meaning these cities should be key targets for driving growth of premium Australian lamb in China.

*Meat Snacks and Meat Based Ready meals include all meat not just beef and lamb

# What products should I offer?

## Key things you need to know

**Retail value sales of red meat (beef and lamb) in the five cities, by product type, 2015-20 (CNY m)**

| | Beijing | | | Chengdu | | | Hangzhou | | | Shanghai | | | Shenzhen | | | 5 City Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 |
| Ambient Red Meat | 21 | 28 | 5.8% | 17 | 21 | 5.3% | 7 | 10 | 5.7% | 46 | 61 | 5.6% | 10 | 12 | 5.0% | **101** | **132** | **5.5%** |
| Chilled Raw Packaged Red Meat - Processed | 439 | 794 | 12.6% | 686 | 1,214 | 12.1% | 188 | 341 | 12.7% | 1,122 | 1,991 | 12.1% | 459 | 794 | 11.6% | **2,894** | **5,135** | **12.1%** |
| Chilled Raw Packaged Red Meat -Whole Cuts | 724 | 1,190 | 10.4% | 653 | 1,035 | 9.7% | 317 | 518 | 10.3% | 2,183 | 3,555 | 10.2% | 594 | 941 | 9.6% | **4,471** | **7,238** | **10.1%** |
| Cooked Red Meats - Counter | 399 | 605 | 8.7% | 330 | 482 | 7.9% | 131 | 197 | 8.5% | 814 | 1,215 | 8.3% | 175 | 253 | 7.6% | **1,850** | **2,752** | **8.3%** |
| Cooked Red Meats - Packaged | 950 | 1,447 | 8.8% | 370 | 543 | 8.0% | 213 | 321 | 8.6% | 1,633 | 2,434 | 8.3% | 300 | 432 | 7.6% | **3,465** | **5,177** | **8.4%** |
| Fresh Red Meat - Counter | 10,342 | 12,053 | 3.1% | 8,697 | 9,607 | 2.0% | 4,066 | 4,670 | 2.8% | 22,428 | 26,425 | 3.3% | 5,701 | 6,375 | 2.3% | **51,233** | **59,129** | **2.9%** |
| Frozen Red Meat | 1,122 | 1,818 | 10.1% | 774 | 1,207 | 9.3% | 400 | 642 | 9.9% | 2,053 | 3,274 | 9.8% | 418 | 641 | 8.9% | **4,767** | **7,582** | **9.7%** |
| Meat based Ready Meals* | 145 | 191 | 5.7% | 82 | 106 | 5.2% | 55 | 74 | 6.4% | 179 | 241 | 6.2% | 81 | 108 | 5.8% | **542** | **721** | **5.9%** |
| Meat Snacks* | 140 | 212 | 8.7% | 84 | 123 | 8.0% | 53 | 82 | 9.1% | 169 | 263 | 9.2% | 82 | 123 | 8.6% | **527** | **803** | **8.8%** |

Over-indexing growth (vs 5 city total)

Under-indexing growth (vs 5 city total)

Strongest growth categories (overall)

Medium growth categories (overall)

- **Chilled processed and whole cuts** of red meat represent opportunities for value growth. Capitalize by launching premium chilled cuts and processed products such as meatballs, sausages and burgers.
- **Frozen meat** is an opportunity for Australian meat suppliers to compete over the freshness “barrier” against local offerings, with strong growth prospects.
- Growth in **Shenzhen and Chengdu** is forecast to be slower than average for most categories, but they nonetheless still present strong prospects.

*Meat Snacks and Meat Based Ready meals include all meat not just beef and lamb

# What products should I offer?

## Key things you need to know

**Retail value sales of beef in the five cities, by product type, 2015-20 (CNY m)**

| | Beijing | | | Chengdu | | | Hangzhou | | | Shanghai | | | Shenzhen | | | 5 City Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 |
| Ambient Red Meat | 18 | 24 | 5.7% | 15 | 19 | 5.2% | 6 | 8 | 5.6% | 39 | 51 | 5.5% | 8 | 11 | 5.8% | 86 | 113 | 5.4% |
| Chilled Raw Packaged Red Meat - Processed | 356 | 643 | 12.6% | 646 | 1,145 | 12.1% | 167 | 303 | 12.6% | 928 | 1,642 | 12.1% | 432 | 746 | 10.4% | 2,528 | 4,478 | 12.1% |
| Chilled Raw Packaged Red Meat -Whole Cuts | 607 | 1,006 | 10.6% | 567 | 900 | 9.7% | 281 | 458 | 10.3% | 1,774 | 2,902 | 10.3% | 537 | 851 | 8.7% | 3,766 | 6,118 | 10.2% |
| Cooked Red Meats - Counter | 312 | 477 | 8.8% | 279 | 408 | 7.9% | 109 | 164 | 8.4% | 625 | 931 | 8.3% | 145 | 208 | 7.5% | 1,470 | 2,186 | 8.3% |
| Cooked Red Meats - Packaged | 829 | 1,269 | 8.9% | 314 | 461 | 8.0% | 183 | 276 | 8.5% | 1,366 | 2,033 | 8.3% | 257 | 368 | 6.9% | 2,948 | 4,406 | 8.4% |
| Fresh Red Meat - Counter | 8,810 | 10,169 | 2.9% | 7,746 | 8,480 | 1.8% | 3,601 | 4,091 | 2.6% | 18,721 | 21,815 | 3.1% | 5,040 | 5,565 | 4.1% | 43,917 | 50,119 | 2.7% |
| Frozen Red Meat | 983 | 1,601 | 10.3% | 690 | 1,078 | 9.3% | 374 | 600 | 9.9% | 1,663 | 2,652 | 9.8% | 381 | 584 | 8.4% | 4,090 | 6,515 | 9.8% |
| Meat based Ready Meals* | 144 | 190 | 5.7% | 82 | 105 | 5.2% | 54 | 74 | 6.4% | 178 | 241 | 6.2% | 81 | 108 | 5.8% | 541 | 720 | 5.9% |
| Meat Snacks* | 139 | 212 | 8.7% | 83 | 122 | 8.0% | 52 | 81 | 9.1% | 169 | 263 | 9.2% | 81 | 123 | 8.6% | 526 | 802 | 8.8% |

Over-indexing growth (vs 5 city total)

Under-indexing growth (vs 5 city total)

Strongest growth categories (overall)

Medium growth categories (overall)

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- Growth in **Shenzhen and Chengdu** is forecast to be slower than average for most categories, but they nonetheless still present strong prospects.

*Meat Snacks and Meat Based Ready meals include all meat not just beef and lamb

# What products should I offer?

## Key things you need to know

**Retail value sales of lamb in the five cities, by product type, 2015-20 (CNY m)**

| | Beijing | | | Chengdu | | | Hangzhou | | | Shanghai | | | Shenzhen | | | 5 City Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 |
| Ambient Red Meat | 3 | 4 | 6.1% | 2 | 2 | 5.9% | 0.8 | 1 | 6.8% | 7 | 10 | 6.5% | 1 | 2 | 6.1% | **14** | **19** | **6.3%** |
| Chilled Raw Packaged Red Meat - Processed | 84 | 151 | 12.6% | 40 | 70 | 11.8% | 21 | 39 | 12.9% | 195 | 349 | 12.4% | 27 | 48 | 12.4% | **366** | **657** | **12.4%** |
| Chilled Raw Packaged Red Meat -Whole Cuts | 117 | 184 | 9.5% | 86 | 135 | 9.4% | 36 | 60 | 10.4% | 409 | 652 | 9.8% | 57 | 90 | 9.5% | **705** | **1,121** | **9.7%** |
| Cooked Red Meats - Counter | 86 | 128 | 8.2% | 51 | 74 | 7.9% | 22 | 33 | 8.8% | 189 | 284 | 8.4% | 31 | 46 | 8.2% | **379** | **565** | **8.3%** |
| Cooked Red Meats - Packaged | 121 | 178 | 8.0% | 57 | 82 | 7.8% | 30 | 46 | 8.7% | 267 | 401 | 8.5% | 43 | 64 | 8.3% | **518** | **771** | **8.3%** |
| Fresh Red Meat - Counter | 1,533 | 1,884 | 4.2% | 951 | 1,127 | 3.5% | 465 | 579 | 4.5% | 3,707 | 4,610 | 4.5% | 661 | 810 | 4.1% | **7,316** | **9,010** | **4.3%** |
| Frozen Red Meat | 139 | 217 | 9.3% | 84 | 130 | 9.0% | 26 | 42 | 9.9% | 390 | 621 | 9.8% | 37 | 57 | 9.0% | **677** | **1,067** | **9.5%** |
| Meat based Ready Meals* | 144 | 190 | 5.7% | 82 | 105 | 5.2% | 54 | 74 | 6.4% | 178 | 241 | 6.2% | 81 | 108 | 5.8% | **541** | **720** | **5.9%** |
| Meat Snacks* | 139 | 212 | 8.7% | 83 | 122 | 8.0% | 52 | 81 | 9.1% | 169 | 263 | 9.2% | 81 | 123 | 8.6% | **526** | **802** | **8.8%** |

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*Meat Snacks and Meat Based Ready meals include all meat not just beef and lamb

# What products should I offer?

## What the consumers are saying

**Simple is better**
*"I judge a good quality meat by simple packaging and just one label. Simple means real."*

**Father,** aged 38 from Shanghai

**Frozen is not a barrier to freshness**
*"With imported foods, the chilled meat is not as good as frozen when it comes to freshness. "*

**Father,** aged 38 from Hangzhou

**Individual packaging is better**
*"Meat display must be clean and tidy. I don't look like the local meat display. They pile it up in the middle. Very messy. I like to see meat displayed individually packed and priced, and very clean."*

**Female Empty Nester,** aged 43 from Hangzhou

**Safety guarantees are essential**
*"I'm concerned about the quality of imported meat. I'm not sure if the meat will be affected by some kind of bacteria during the transportation. I'm not sure about the safeness of the imported meat."*

**Mother,** aged 40 from Beijing

*"My son like western style meal, he likes potato chips, rice with curry beef."*

**Mother,** aged 40 from Beijing

***Meet demand for Western-style cuisine***

**Male,** aged 25 from Beijing

*"Western restaurants have a more elegant environment which makes you relax and feels luxurious."*

**Male,** aged 29 from Chengdu

*"My favorite is Western cuisine, like steak."*

**Wrapping is important**
*"I likes the vacuum packaging that is used for online meat deliveries. It looks well wrapped. Would like to be able to buy the same packaging from the supermarket."*

**Father,** aged 38 from Hangzhou

# Recommended innovation platforms: product format

## Canadean recommends the following innovation platforms to capitalize on opportunities across the five cities

| Innovation platform | Size of the "prize" | Most applicable species | Relevant trends |
|---|---|---|---|
| **Timeline: now**<br>**Packaged frying and grilling cuts**, such as steaks and chops, will appeal to the more Westernized tastes of frequent eaters of imported meat. | Growth in packaged chilled whole red meat (beef & lamb) cuts is rapidly outpacing counter offerings, with sales expected to reach **CNY 7.2bn** by 2020. With grilling and pan-frying among the top three methods for preparing meat among frequent imported meat consumers, it is important to offer cuts that facilitate these cooking styles. | Beef<br>Lamb | Migrating Influences<br>Experimentation |
| **Timeline: 2-4 years**<br>Launch **premium processed meats** such as sausages, burgers & grills, and meatballs to capitalize on strong growth opportunities. | Overall chilled processed red meat is forecast to grow 12.1% per year over 2015-20 to reach **CNY 5.1bn** by 2020 across the five cities. Sales of processed lamb are growing fastest at 12.4% per year. | All Red Meat<br>*especially*<br>Lamb | Premiumization & Indulgence<br>Experimentation<br>Migrating Influences |
| **Timeline: now**<br>**Offer frozen meat formats**, clearly highlighting benefits of freezing in terms of retaining freshness on-pack. | Frozen red meat (beef & lamb) is forecast to see strong growth of 9.7% per year over 2015-20 to reach **CNY 7.6bn** by 2020 across the five cities. Sales of frozen beef are growing fastest at 9.8% per year. | All Red Meat<br>*especially*<br>Beef | Fresh, Natural & Pure<br>Efficient & Effective<br>Trust & Transparency |

# Recommended innovation platforms

## Canadean recommends the following innovation platforms to capitalize on opportunities across the five cities

**Innovation inspiration: fresh frozen**

**Emphasize "freshness" of frozen products to overcome a barrier to consumption**


**Ivy's Garden Sweet & Sour Chicken**
Frozen ready meal claims to be ***"made with all-fresh natural ingredients"*** and lists on front of pack the four main ingredients, suggesting simplicity.


**Asia's Best Bounty Fresh Chicken Top Torikatzu**
Frozen coated, tomato-flavoured chicken from the Philippines that claims boldly on the front of the pack to be "***freshly frozen.***"


**Haipawang Xianyan Fish Dumplings**
Frozen fish dumplings from China marketed under a brand name that translates to "***The King of the Sea, A Meal of Freshness***" to project a fresh image.

# Recommended innovation platforms: product format

## Canadean recommends the following innovation platforms to capitalize on opportunities across the five cities

| Innovation platform | Size of the "prize" | Most applicable species | Relevant trends |
|---|---|---|---|
| **Timeline: now**<br>Offer **pre-diced/sliced braising and stir-frying** cuts to align with the most popular methods of cooking meat in China. | Across the five cities, the most popular cooking method for meat is braising or stewing (37% prepare meat this way). Stir frying is also very popular (35%), indicating an opportunity to encourage consumers to use red meat in stir-fries in place of chicken or pork. | All Red Meat | Cocooning<br>Anchoring<br>Experimentation |
| **Timeline: 2-4 years**<br>**Partially prepared or pre-marinated meats** with unique and innovative flavour profiles, inspired by international cuisines. | Red meat purchases among consumers across the five cities are strongly driven by sensory attributes, with 45% being classed as Pleasure Seekers looking for new experiences and to try new things (e.g.. international flavours). Partially prepared cuts will appeal to the majority (54%) who prefer to cook meat mainly or partially from scratch and want to buy more prepared meats in future (49%). | All Red Meat | Sensory Fusion<br>Experimentation<br>Migrating influences |
| **Timeline: 5+ years**<br>Develop healthy, high-protein **meat snacks** such as flavoured dried jerky or pre-cooked deli meat snack pots. | Meat snacks are a strong growth category, with sales expected to grow 9% per year between 2015 and 2020 to reach **CNY 800m** across the five cities. | Beef | On-the-Go<br>Weight Management<br>Sensory Fusion |

# Recommended innovation platforms: product format

## Canadean recommends the following innovation platforms to capitalize on opportunities across the five cities

**Innovation inspiration: adding value through snacks and prepared meats**

### On-the-go snack pots


**Denny Fire & Smoke Chicken Snack Pot**

Just launched in the UK these "on-the-go" snack pots contain fire-grilled chunks of smoked and flavoured chicken breast meat. Targeting young Pleasure Seekers, these snacks focus on flavour rather than protein; with varieties including Smokin' BBQ and Sweet Heat. On the longer-term horizon such snack pots with locally appealing flavours should be a focus for innovation in China.

### Innovatively flavoured high protein beef snacks


**Krave Beef Jerky**

Recently acquired by Hershey in the US, Krave offers high protein dried beef jerky in "amazingly unique and savory flavors" such as 'lemon garlic,' 'pineapple orange,' and 'basil citrus.' Similar snacks for the Chinese market could adopt more familiar local flavours alongside unique tastes inspired by Western cultures.

### Pre-seasoned steaks facilitate easier "scratch" cooking


**Tesco Finest Ranch Steaks with Garlic Butter**

This pre-flavoured pack of beef topside steaks from the UK is an example of how Australian meat could be packaged in China to add an element of convenience to scratch cooking. The steaks are pre-seasoned with salt and pepper, and come with a flavoured butter to add during cooking. The transparent packaging will add extra appeal to Chinese shoppers who like to visually inspect meat before purchase.

# Recommended innovation platforms: product format

## Canadean recommends the following innovation platforms to capitalize on opportunities across the five cities

| Innovation platform | Size of the "prize" | Most applicable species | Relevant trends |
|---|---|---|---|
| **Timeline: 5+ years**<br>**Drive consumption of less consumed meats with easy-to-prepare meal kits** featuring combined fresh ingredients, pre-chopped meat, seasoning, and recipe suggestions on pack. | Taking lamb as an example, while almost half of consumers like the taste, they find it significantly less easy to prepare compared to the more popular pork and chicken. Facilitating easier preparation will help drive consumption among more novice consumers. Furthermore sales of chilled and frozen meal kits are **forecast to reach CNY 180m** by 2019 (China's overall figure). | Lamb<br>Mutton<br>Goat | Efficient & Effective<br>Time Scarcity<br>Experimentation<br>Fresh, Natural & Pure |

### Innovation inspiration: meal kits to facilitate partial scratch cooking


**Mother's Zuocanpai Steak**

Ready to eat vacuum-packed mini beef steaks that can be served hot as part of a main meal and come with sachets of sauce to serve alongside. The "Mother" brand name evokes nostalgia and comforting emotions associated with home-cooking.

**Shuanghui Shizitou**

Frozen meal kit for making Shizitou; a traditional dish from Eastern China which consists of a large meatball stewed with vegetables. This frozen kit contains the meatballs, which are ready to be boiled in a vegetable broth and served within 20 minutes.


**Yongda Hongfu Qitian Hot Pot Meal Kit**

This frozen meal kit contains all ingredients needed to create a Chinese-style hot pot. The contents includes 285g chicken giblet rolls, 385g silkie rolls, 340g sausages, 340g mushroom pork balls and 250g frozen concentrated soup.

# Recommended innovation platforms: product format

## Canadean recommends the following innovation platforms to capitalize on opportunities across the five cities

| Innovation platform | Size of the "prize" | Most applicable species | Relevant trends |
|---|---|---|---|
| **Timeline: 2-4 years**<br>**Highlight** specific meat types such as **rare breed, Wagyu, grass-fed, or grain finished on-pack** to emphasize superior quality and flavour. | The overwhelming majority (88%) of consumers in the five cities are looking to buy better quality meat in the future; creating strong opportunity to premiumize on attributes beyond country of origin. It is estimated that 22.3% of volume meat sales in China are driven by Quality Seeking motivations;[1] the equivalent of **207k tonnes of red meat in the five cities combined in 2020**. | Beef<br>Lamb | Premiumization & Indulgence<br>Connoisseurship<br>Product Specificity |
| **Timeline: 2-4 years**<br>**Target high-end restaurants serving Western cuisines**, with cuts to recreate popular dishes such as quality **minced beef for burgers** and **premium steaks and chops**. | High-end full service restaurants are one of the largest and fastest growing channels for out-of-home red meat consumption in the 5 cities; with sales in restaurants with spend over 151 per head forecast to grow 4.7% to **CNY 3bn** by 2020. | Beef<br>Lamb | Out-Of-Home<br>Migrating Influences<br>Premiumization & Indulgence |
| **Timeline: now**<br>**Keep visible fat to a minimum** and prioritize offering leaner cuts. | One in five beef consumers consider visibility of fat in pack one of the key influencers on their meat buying decision Approximately **10.7%** of volume sales of meat in China are influenced by Health motivations [1] which would translate to around **83.4k tonnes** of beef in the top 5 cities in 2020. | Beef | Weight Management<br>Guided Health<br>Moderation & Avoidance |

Sources: [1] Canadean's Consumer Graphics tool, 2014

# Recommended innovation platforms: packaging

## Canadean recommends the following innovation platforms to capitalize on opportunities across the five cities

| Innovation platform | Size of the "prize" | Most applicable species | Relevant trends |
|---|---|---|---|
| **Timeline: 5+ years** **Use packaging methods that promote freshness** and implement technology such as on-pack freshness indicators for reassurance. | Freshness is the top priority for Chinese consumers when shopping for meat. Although it is less of a priority for current imported meat consumers; it will be essential to encourage new consumers to try imported options. | All Red Meat | Fresh, Natural & Pure<br>Trust & Transparency |


### Innovation inspiration: on-pack freshness indicators

**"Living labels" which inform in real-time when meat is no longer safe for consumption**

In 2014, a design and technology graduate won the UK round of the James Dyson award, for her innovative new "living" food label design. The bio-reactive gelatine-filled label features a "tactile bump" which indicates, by touch, when fresh food has expired. Gelatine is a protein which decays at similar rates as protein-rich foods such as meat or cheese, changing from a solid to liquid over time, creating bumps which indicate when food has gone bad. Furthermore the concentration of gelatine can be altered to match the decay process of the specific food. Implementing similar pack technology in China would help to reassure safety-conscious consumers that meat is safe to consume.

# Recommended innovation platforms: packaging

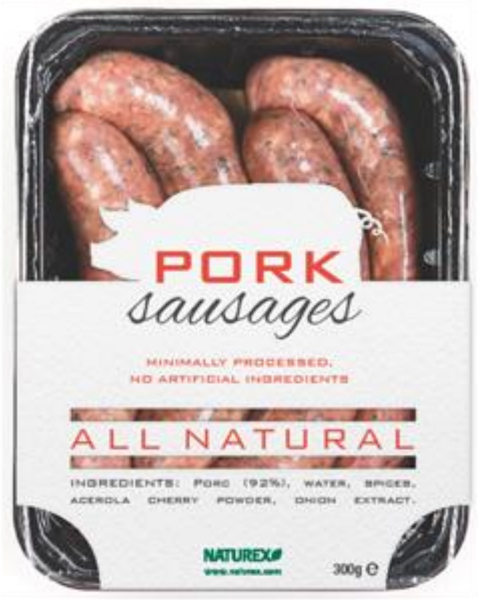
## Canadean recommends the following innovation platforms to capitalize on opportunities across the five cities

| Innovation platform | Size of the "prize" | Most applicable species | Relevant trends |
|---|---|---|---|
| **Timeline: now**<br>**Offer large pack sizes** to cater to large households and families. | Those who are already frequently consuming imported meat are most likely to be from households of at least 3 or more. Furthermore consumers from three of the four key TrendSights segments (Pleasure Seekers, Health Conscious and Global Giants) are most likely to be from large households with five or more members. | All Red Meat | Value<br>Efficient & Effective<br>Situational Complexity |
| **Timeline: 2-4 years**<br>**Adopt modified atmosphere packaging (MAP)** to ensure color is a desirable red to emphasize freshness. | Almost half of consumers in the five cities (44%) consider the "color of the meat" one of the most influential factors when shopping for meat; in addition to the 64% who are influenced by freshness. Technology such as MAP will help ensure meat looks as fresh as possible in color and appearance for longer. | All Red Meat<br>*especially*<br>Beef | Fresh, Natural & Pure<br>Trust & Transparency |
| **Timeline: now**<br>**Ensure visibility of blood and ice inside packs is kept to a minimum** to ensure products are visually appealing. | Those not influenced by freshness when buying meat are more likely to consider the visibility of blood or ice in the pack when making a purchase – an aspect Australian suppliers can address more readily with imported meat products compared to aspects like freshness. | All Red Meat | Fresh, Natural & Pure<br>Caution<br>Simplicity |

# Recommended innovation platforms

## Canadean recommends the following innovation platforms to capitalize on opportunities across the five cities

**Innovation inspiration: Ensuring meat looks visually appealing**




**Naturally enhancing the color of meat to extend freshness**

**Naturex Xtrablend OA**

France-based ingredients manufacturer Naturex has developed an innovative natural ingredient to freshness of chilled meat by keeping it a visually appealing "healthy red" color for longer. Developed in response to growing demand for natural and simplified ingredients lists, as well as attempts to reduce food waste the blend of acerola and onion is said to preserve color in chilled fresh meat, making it look fresher for the duration of it's shelf life; preventing cases where discoloured meat being wasted despite being safe to eat. Nutrex's Xtrablend OA can be labelled as "acerola powder and onion extract" on ingredients labels to align with it's natural credentials.

Such an innovative ingredient would be ideal for use in the Chinese market where freshness, color of the meat and natural ingredients are among the top priorities when shopping for meat.

*"To define a beef as a superior quality the color can not be too scarlet. Too deep a color may come from dyeing. If it's too light, it might also have problem. It should be well balanced."*

**Restaurant manager,** Chengdu

Source: http://www.naturex.com/Media2/Naturex-News/Extending-meat-product-shelf-life-naturally-an-alternative-way-to-fight-food-waste

# Recommended innovation platforms

## Canadean recommends the following innovation platforms to capitalize on opportunities across the five cities

| Innovation platform | Size of the "prize" | Most applicable species | Relevant trends |
|---|---|---|---|
| **Timeline: 5+ years**<br>**Get creative** offering innovative flavour combinations to appeal to the experimental, sensory-driven nature of Chinese consumers. | **78%** of consumers in the five cities agree that they enjoy trying new and unusual products, highlighting the strong likely appeal for more interesting and innovative flavour combinations in meat products being offered. | All Red Meat<br>*especially*<br>Beef | Sensory Fusion<br>Experimentation |

### Innovation inspiration: creatively flavoured meat products


**CP Good Morning Vanilla Milk Sausages**
Targeting breakfast consumption, these chicken and pork sausages have an innovative sweet vanilla flavour.


**Shunaghui Feichang Meili Pear Sausage**
The sweetness of pear cuts through the richness of the meat in this light and aromatic portable sausage snack.


**Shunaghui Yexiangwang Coconut Sausage**
Said to have a crispy texture and refreshing taste, these coconut flavoured sausages can be eaten as a snack, stir-fried, deep-fried or microwaved.

# Operating in the final five cities

## Key things you need to know

- Which trends are most influential?
- What products should I offer?
- **Who should I target?**
- Where should I sell them?
- How should I market them?

# Who should I target?

## Key things you need to know

| | | |
|---|---|---|
| Meal preparation and shopping responsibilities lie mainly with <u>women</u> | Three quarters (73%) of women claim to be completely responsible for meal preparation compared to just half (54%) of men; while 75% of women are completely responsible for grocery shopping (52% of men). | Meat must appeal to females who are the ones most likely not only to prepare the products but also buy them. Women are typically more health conscious and sensory driven then men making these aspects a key priority for packaged meat products being sold in China. |
| <u>Impulsive cooks</u> have a higher monthly spend on meat | Consumers who typically buy ingredients on impulse are more likely to have a higher monthly spend on red meat. | Promotions and eye-catching displays will help draw the attention of impulsive cooks in-store, while the use of recipe cards and in-store tasters could also help to encourage impulsive shoppers to choose Australian meat over other types. |
| <u>Older consumers</u> (aged 45+) spend the most on red meat | The older generations are much more likely to spend over RMB 200 per month on any specific type of red meat. Their spend is particularly high on beef, with 36% of over 45 year olds spending over RMB 200 in the five cities (average is 26%). | Target older consumers willing to pay more by adding value to meat in a way that addresses this segments needs. E.g. Older consumers are more likely to be mindful of their health, so draw attention to specific health benefits that will appeal to this demographic (e.g.. heart health). |
| <u>Ethically Minded</u> consumers are willing to pay a premium | Ethically Minded consumers agree that the meat they buy is from animals that are well taken care of and that it is environmentally sustainable; and importantly are willing to pay more for this. | Promoting the ethical advantages of Australian meat, from animal welfare and sustainability point of view (e.g.. through the use of on-pack certification logos), will be essential to help justify premium price points among Ethically Minded consumers. |

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# Who should I target?

## Key things you need to know

| Target | Insight | Recommendation |
|---|---|---|
| Young adults are most open to experimentation | Those aged 25-34 are most likely to be pleasure seekers, and most open to experimenting with new kinds of meat, flavours, products and recipes; making them a highly lucrative target for Australian meat suppliers. | Appeal to the experimental young by offering creative products that excite (e.g.. bold packaging, novel flavours) and use online channels/social media to share cooking demos and recipes which get younger consumers excited about cooking with Australian meat. |
| Young consumers are most in search of convenience | Those aged 18-34 are more likely to agree they rely heavily on time-saving products and services (69%) compared to those aged above 34 years (66%). | Offer time-saving benefits tailored towards the preferences of busy younger consumers, for example meal kits which aid the more convenient preparation of exciting new recipes (e.g.. inspired by Western cuisines), to align with the fact that this age group are also more experimental. |
| High income earners are a prime target for Australian meat | Affluent, high income earners are the most receptive to Australian meat, with more disposable income to spend on premium quality cuts. | Encourage affluent consumers to spend more by appealing to their desire to try new products and experiment. These consumers tastes are strongly influenced by other cultures and cuisines so provide prepared meats and recipe suggestions which align with this. |
| Sheep and goat meat consumers are more adventurous and health conscious | Those consuming mutton, lamb and goat are the most likely to be influenced by experimental desires, ethics and international influences when making purchases – likely making Australian origin meats highly attractive to these consumers in China. | Engage with sheep and goat meat consumers by raising awareness of the sensory and ethical benefits of Australian origin meat (e.g.. through on pack certification and claims; and point of sale promotional materials). Promote recipes inspired by Australian cuisine to appeal to experimental nature of globally influenced consumers. |

# Australian red meat eaters in the five cities

## Key characteristics of the average Australian meat consumer in the target cities

| Australian Beef Eaters | Australian Lamb Eaters | Australian Goat Eaters | Australian Mutton Eaters |
|---|---|---|---|
| Aged 45+ years | Aged 35-54 years | Aged 45+ years | Aged 45+ years |
| Live in Hangzhou & Shanghai | Live in Hangzhou & Shenzhen | Live in Chengdu or Hangzhou | Live in Hangzhou & Shanghai |
| Earn over 20,000 Yuan per month | Earn 20,000+ Yuan per month | Earn 40,000+ Yuan per month | Earn 40,000+ Yuan per month |
| Prefer to braise/stew or stir fry their meat | Prefer to braise/stew, roast or stir fry their meat | Prefer to braise/stew or stir fry their meat | Prefer to braise/stew, bake or stir fry their meat |
| Buy beef from hypermarkets | Buy lamb from hypermarkets | Buy meat from hypermarkets | Buy meat from hypermarkets |
| Have a household size of 3 or more | Have a household size of 5 or more | Have a household size of 3 or more | Have either a small household size of 1 or 2; or more than 5 |
| Health Conscious, Pleasure Seekers & Global Giants | Global Giants, Ethically Minded & Health Conscious | Global Giants & Ethically Minded | Global Giants, Ethically Minded & Pleasure Seekers |

# Consumers can be segmented based on different lifestyle and behavioural traits

## Canadean has focused its analysis and recommendations around affluent consumer groups who hold most value for Australian meat suppliers

**Demo-graphics**
- Household
- Age
- Income
- Gender

**Behaviour**
- Travel
- Cooking
- Shopping

**Attitudes**
- Ethics
- Health
- Value

**Lifestyle**
- Exercise
- Eating habits
- Work

Images: Shutterstock

# Canadean has identified six TrendSights-driven consumer segments

**The behaviours of each segment are linked to a series of distinct attitudinal mind-sets and behavioural traits, which will be explored through this report . Importantly these segments are not mutually exclusive (e.g.. someone's purchases can be motivated both by health and convenience). These segments are inherently more likely to be affluent consumer groups, which hold the most value for Australian meat suppliers**


**Health Conscious**

**Busy Lifestylers**

**Home-Bodies**

**Pleasure Seekers**

**Ethically Minded**

**Global Giants**

Sources: Canadean's TrendSights analysis

# Defining the six TrendSights consumer segments


**Health Conscious**

Most likely to be female and aged 25-34, these consumers are mindful of what they eat and how it affects their health; with nutritional information and ingredients lists strongly influential on their purchases.

**Busy Lifestylers**

Most likely to be aged between 45-54, these consumers rely heavily on time-saving products and services; and don't always have enough time to read food labels or prepare and cook what they would like. Their purchases are driven by convenience.

**Home-Bodies**

Likely to be mid-aged females with a household size of 3 or more, Home-Bodies prefer staying at home rather than going out, particularly for meal occasions. Their risk averse nature is also reflected in their preference for familiar, traditional recipes and flavours.

# Defining the six TrendSights consumer segments

**Pleasure Seekers**

Typically aged 25-34, these consumers love experimenting with new dishes, recipes, ingredients, and cooking styles and find trying new and unusual products appealing. They have a strong desire to try new meats and cooking styles.

**Ethically Minded**

Animal welfare and environmental factors influence purchases with these consumers willing to pay a premium for ethically sound products.

**Global Giants**

Typically young culturally aware consumers, generally without children, whose food preferences are influenced by travel and exposure to other cultures; with strong awareness of meats from a range of origins.

# Four TrendSights segments stand out as key consumer targets

**Consumers in the final 5 cities are Pleasure Seekers, making them highly receptive of new sensory experiences, while also being mindful of health and ethical considerations**

### Shanghai


Pleasure Seekers 42%


Home-Bodies 10%


Global Giants 7%

### Beijing


Pleasure Seekers 43%


Global Giants 10%


Ethically Minded 22%

### Hangzhou

Health Conscious 26%


Pleasure Seekers 42%


Ethically Minded 25%

### Shenzhen

Health Conscious 30%


Pleasure Seekers 44%


Global Giants 8%

### Chengdu

Health Conscious 27%


Pleasure Seekers 45%


Ethically Minded 26%

Sources: Canadean Analysis. Please see methodology for segment definitions

# Pleasure Seekers are more likely to:

**43%** of consumers across the top 5 cities are Pleasure Seekers

***Be young adults and women***

45%

**25-34** years old

44%

***Be high earners***

Have a household pre-tax income of over **80k** Yuan per month

59%

***Live in a large household***

Large households with five or more members

52%

***Eat meat frequently***

Eat **meat** at least a few times per week — 47%

&

Consume **imported meat** frequently — 58%

***Consume sheep meat***

| **Goat** consumer | **Mutton** consumer | **Lamb** consumer |
|---|---|---|
| 59% | 63% | 59% |

***Seek convenience***

Those who consume the following ***at least a few times a week*** are more likely to be pleasure seekers

| | |
|---|---|
| Chilled processed meat | 60% |
| Chilled pre-cooked deli meats | 59% |

***Buy meat via modern and specialist channels***

| Online retailer | Specialist/ Butcher | Hyper-market |
|---|---|---|
| 56% | 54% | 47% |

***Have a "top-up" approach to buying cooking ingredients***

*"I purchase basic ingredients in advance but **top up** on others as I need them."*

45%

# Health Conscious people are more likely to:

**25%** of consumers across the top 5 cities are Health Conscious

### *Be very young or old; and female*

27%

18-24
31%

55+
26%

### *Be high earners*

Have a household pre-tax income of above **80k** Yuan per month

26%

### *Live in a large household*

Large households with four members

30%

### *Eat imported meat regularly*

Consume **imported meat** at least once a week or more

29%

### *Consume a wide variety of meat, especially goat meat*

**Goat** consumer

33%

### *Consume pre-cooked deli meats regularly*

**Chilled pre-cooked deli Meats** at least a few times a week or more

29%

### *Buy meat via modern and specialist channels*

**Online retailer** 30%

**Super-market** 30%

**Specialist/ Butcher** 31%

### *Plan meals in advance and cook from scratch*

**Scratch Cooks**

27%

**Plan** meals in advance before buying ingredients

27%

# Ethically Minded consumers are more likely to:

**23%** of consumers across the top 5 cities are Ethically Minded

***Be middle-aged, but of either gender***

45-54 years old

23% | 23% | 32%

***Be high earners***

Pre-tax income of:

40-80k Yuan per month — 41%

Over 80k Yuan per month — 51%

***Be families with children***

Couples with kid(s) — 25%

***Eat meat sparingly, but opt for more ethical imported meat***

Infrequent meat eaters generally — 30%

Frequent imported meat eaters — 43%

***Consume sheep meat***

Goat consumer — 35%

Mutton consumer — 39%

Lamb consumer — 35%

***Choose chilled processed meat and convenience***

Chilled Processed Meat consumer — 37%

Frozen Meat consumer — 34%

Chilled cooked deli meat consumer — 34%

Ready meal consumer — 34%

***Use online specialist retailers to purchase meat***

Online retailer — 33%

Specialist/ Butcher — 29%

***Be impulsive in their meat purchasing behaviour***

*"When preparing meals, I purchase ingredients on the day for the day."* — 25%

# Global Giants are more likely to:

**8%** of consumers across the top 5 cities are Global Giants

### *Be middle-aged, and female*

35-44 years old

9% | 7% | 10%

### *Be high earners*

Have a household pre-tax income of over **80k** Yuan per month

31%

### *Live in a large household*

Large households with five or more members

9%

### *Eat imported meat regularly*

Consume **imported meat** at least once a week or more

18%

### *Consume sheep meat*

| Goat consumer | Mutton consumer | Lamb consumer |
|---|---|---|
| 17% | 32% | 25% |

### *Choose chilled deli meat and convenience*

| | |
|---|---|
| **Chilled Processed / Deli** consumer | 14% |
| **Ready meal** consumer | 13% |
| **Frozen Meat** consumer | 12% |
| **Warm/Ready-to-eat meat** consumer | 12% |

### *Buy meat via modern and specialist channels*

| Online retailer | Super/hyper-market | Specialist/ Butcher |
|---|---|---|
| 18% | 13% | 13% |

### *Be impulsive in purchases, and seek convenient meal solutions*

**Convenience Cooks**

8%

Purchase ingredients **on the day** or topping up as needed, rather than planning in advance

14%

# Key affluent segments to target in China

## Six key affluent segments should be the primary consumer targets for Australian meat in China


Affluent Singles


DINKs (Dual Income No Kids)


Families with Young Children


Families with Older Children


Empty Nesters


Multi-Generational Households

Sources: Images from Shutterstock

# Targeting Affluent Singles

### *Frequent meat consumers*

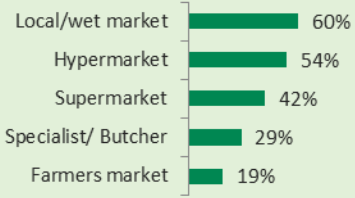
**73%** Eat **meat** at least a few times per week

**31%** Consume **imported meat** at home frequently

**73%** Consumed **beef** in the last month

### *Shop via traditional and modern retail channels*

*Top locations for buying meat & seafood*




### *Most do not buy meat online but would consider doing so in future*

**17%** Bought meat online in the last month

**82%** Would be likely to use an online shopping service to buy chilled beef in future

### *Fast food outlets are a key destination for eating out*

*Top 3 locations for eating meat or seafood out of home*

**44%** **Full Service Restaurant** (RMB 51-150/ head)

**35%** **QSR/ Fast Food** (Local chains/independents)

**27%** **QSR/ Fast Food** (Western chains)

### *Home comforts are important*

Affluent Singles are slightly more likely than the average Chinese consumer to be **Home Bodies** (10%). As they branch out by themselves they seek home comforts, and familiar foods and dishes which remind them of their families.

### *Mainly cook meat entirely from scratch using fresh ingredients*

**52%** Cook meat from scratch from **raw ingredients**, without using any pre-prepared ingredients

**Most common method:** ***Braising/Stewing***

### *Want better quality meat and recipe inspiration*

*Top 3 future desires:*

**83%** Buy **better quality** meat

**71%** Learn to cook **more exciting dishes** with meat

**65%** Try **different types** of meat

**How to target them:**

- ✓ Provide recipe inspiration (e.g.. at point-of-sale) to encourage use of Australian red meat in familiar dishes with a “twist” (e.g.. using beef instead of pork)
- ✓ Premium packaged minced beef to enable cooks to make their own Western fast food at home
- ✓ Target hypermarkets and fast food chains for distribution

Sources: Affluent Singles are defined as those who live alone, with a household income of at least 5,000 Yuan per month

# Targeting Affluent Singles

## Portrait of an Affluent Single from Beijing

**City:** Beijing
**Age:** 25 years old
**Lives:** Alone
**Occupation:** Manager in Finance
**Income:** 20,000 RMB
**TrendSights Segment(s):** Ethically Minded; Health Conscious; Global Giant; Home-Body; Pleasure Seeker

*"I can't do without meat. I need to have meat in every meal."*

*"I like to eat and travel overseas, exploring culture of other countries."*

*" I like to eat healthy food without preservatives. Green and organic."*

*"I always think imported meats taste better and are safer to consume. Their farming standard is very professional, unlike Chinese."*

**Favorite Dishes to Cook:**

1. Steamed Scallops
2. Fried Clams
3. Japanese Beef Rice
4. Spaghetti Bolognese
5. Beef or Chicken Curry

- **Plans to eat more beef** as a source of protein as he's planning to start working out more to lose weight.
- **Busy weekdays:** buys simple healthy dishes for lunch, usually with meat (e.g.. Chinese pastry or Japanese food). Has a simple dinner (e.g.. congee – a dish made with oats) or eats out with friends.
- **Enjoys cooking at the weekend:** weekends are for family time, eating home-cooked meals rather than going out. Uses "Who's Cooking" software to learn recipes.
- **Buys meat from the Supermarket (Carrefour)** rather than closer convenience stores because the choice is better and fresher.
- **Doesn't shop online for meat** because he finds it easy to buy in the store.
- **Chooses chilled meat over frozen** because the quality is better and it tastes better, although he'll sometimes freeze it himself at home if he can't eat it the day he buys it.
- **Opts for packaged over loose** meat because they are branded, more convenient, better quality and safer.
- **Finds steak difficult to cook** so tends to have this when he goes out to restaurants rather than at home.
- **Prefers to buy for pre-sliced raw meats** because he finds it difficult to chop it himself.
- **Japanese and Australian** are his favorite imported meats but says the selection is still limited.
- **Prefers to eat smaller quantities of good quality meat**, over larger quantities of cheap local meat.

# Targeting Affluent Singles

## Portrait of an Affluent Single from Beijing

**Kitchen equipment includes stove top, basic utensils and a large fridge freezer to store meat**

**Lots of sauces and cooking ingredients highlight desire to experiment**

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# Targeting DINKs

### *Frequent meat consumers*

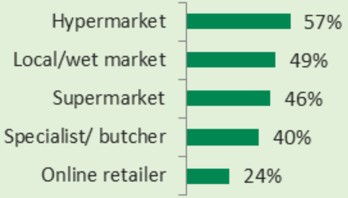
**86%** Eat **meat** at least a few times per week

**50%** Consume **imported meat** at home frequently

**82%** Consumed **beef** in the last month

### *Hypermarkets are the primary retail destination*

*Top locations for buying meat & seafood*




### *A quarter already buy meat online and many will consider it*

**24%** Bought meat online in the last month

**82%** Would be likely to use an online shopping service to buy chilled beef in future

### *Eat out at mid- to high-end restaurants*

*Top 3 locations for eating meat or seafood out of home*

**47%** **Full Service Restaurant** (RMB 51-150/ head)

**38%** **Full Service Restaurant** (RMB 150-300/ head)

**21%** **Full Service Restaurant** (RMB >300 / head)

### *Experimentation drives consumption*

DINKS are slightly more likely to be **Pleasure Seekers** (42%), with purchases less driven by health and ethics. They seek sensory excitement in terms of taste, variety and visual appeal.

### *Enjoy scratch cooking but like to use some shortcuts*

**49%** Cook meat mainly from scratch but using some **prepared or ready made ingredients**

**Most common method:** ***Braising/Stewing***

### *Want better quality and more variety in future*

*Top future desires:*

**85%** Buy **better quality** meat

**76%** Try **different types** of meat

**70%** Try meat from **different countries** & learn to cook more **exciting dishes**

**How to target them:**

- ✓ Pre-marinated and pre-prepared fresh cuts to make cooking more convenient.
- ✓ Online meal kit subscription services to deliver the ingredients to make a series of exciting recipes for the week
- ✓ Distribute through mid-to-high spend full service restaurants and hypermarkets

Sources: DINKs are defined as couples living together with no children and a combined income of at least 10,000 Yuan per month

# Targeting DINKs (Dual Income No Kids)

## Portrait of a DINK household from Chengdu

**City:** Chengdu
**Age:** 29 years old
**Lives:** With his wife
**Occupation:** Real Estate Manager
**Income:** 30,000 RMB
**TrendSights Segment(s):** Health Conscious; Global Giant; Pleasure Seeker

*"The price of what I buy is about RMB 40-50 per portion, the price of imported meat cannot be too high. If its like RMB 200 per piece, I won't buy it."*

*"We have popular dishes at home every day, so like to have something new when eating out."*

*"I somehow tend to believe the health claims, but won't trust them all. I just believe fresh meat is better."*

**Favorite Dishes to Cook:**

1. Lamb Chops
2. Stewed Beef with Potatoes
3. Stewed Beef with Spices
4. Beef with Tomato
5. Fried beef slices with celery

- **Cooks at the weekend** while relying on food deliveries and meals at his parents during the week.
- **Favours Western and Mexican cuisine** and enjoys eating them during special occasions and celebrations.
- **Prefers beef** but will also consume lamb more during the winter time.
- **Chooses chilled meat over frozen** because it tastes better.
- **Enjoys experimenting** with new dishes when cooking at home, while having more traditional Chinese dishes at his parents.
- **Shops differently depending what he's buying**: goes to the supermarket for Western-style ingredients (e.g.. steaks, lamb chops) and wet market when making Chinese food (e.g.. beef brisket).
- **Negative experience buying meat online** from Taobao as the steak was attractively cheap but arrived "mouldy." Would consider buying online again "if they have good quality like the supermarket" and it is delivered chilled not frozen.
- **Avoids processed meats (e.g.. burgers, meatballs)** because he's concerned over the quality following negative media reports.
- **Trusts family/friends recommendations** but not adverts or celebrity endorsement.
- **Price, date, weight and cut** are the priority when buying meat, rather than origin.
- **Thinks imported meat is better but expensive** however would consider buying if the price was lower.
- **Freshness of imported meat**: concerns about added preservatives and storage during transportation need to be alleviated to justify price points.
- **Positive perception of Australian meat**: although unsure if he's tried it before, he believes it is the "best in the world" and would consider paying "10-20% more."

# Targeting DINKs (Dual Income No Kids)

## Portrait of a DINK household from Chengdu

**Kitchen equipment includes stove top and a large fridge freezer to store meat**

**Refrigerator and freezer includes lots of fresh ingredients for health scratch cooking**

*Fresh vegetables and cooking ingredients in fridge*

*Loose unpackaged raw meat in freezer*

# Targeting Families with Young Children

### *Frequent meat consumers*

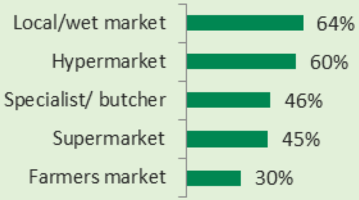
**86%** Eat **meat** at least a few times per week

**62%** Consume **imported meat** at home frequently

**84%** Consumed **beef** in the last month

### *Local markets and hypermarkets are primary retail destinations*

*Top locations for buying meat & seafood*




### *Online retail presents a strong future opportunity*

**26%** Bought meat online in the last month

**86%** Would be likely to use an online shopping service to buy chilled beef in future

### *Eat out at mid-end restaurants & Western fast food chains*

*Top 3 locations for eating meat or seafood out of home*

**47%** **Full Service Restaurant** (RMB 51-150/ head)

**41%** **Full Service Restaurant** (RMB 151-300/ head)

**31%** **QSR/ Fast Food** (Western chains)

### *Ethics, sensory and cultural influences affect purchases*

Families with young children are much more likely to be **Ethically Minded** (30%) than average; and also over-index as Pleasure Seekers and Global Giants.

### *Cook with fresh ingredients but will use some shortcuts*

**46%** Cook meat from scratch only from **raw ingredients**

**44%** Cook meat mainly from scratch but with some **prepared ingredients**

**Most common method:** ***Braising/Stewing***

### *Want better quality meat and recipe inspiration*

*Top 3 future desires:*

**91%** Buy **better quality** meat

**80%** Learn to cook **more exciting dishes** with meat

**76%** Try **different types** of meat

### How to target them:

- ✓ Pre-marinated and prepared cuts to make cooking easier.
- ✓ Certified organic and/or animal welfare friendly meats
- ✓ Online recipe kit subscriptions providing ingredients to create exciting dishes for the family.
- ✓ Distribute through mid-to-high spend full service restaurants, Western fast food chains and hypermarkets

Sources: Families with young children are defined as couples living together with at least one child aged under10 years old, and a combined income of at least 10,000 Yuan per month

# Targeting Families with Young Children

## Portrait of a young family from Shanghai


**City:** Shanghai
**Age:** 38 years old
**Lives:** With his wife and two sons (aged 4 and 7 years old)
**Occupation:** Business owner
**Income:** 100,000 RMB
**TrendSights Segment(s):** Health Conscious; Global Giants

*"I like to try some new cooking from TV shows."*

*" No meat, no energy!"*

*"I realize that you are what you eat. Before I ate pork, but now I decide to eat beef. It' more healthy, and has more advantages."*

*"I wish my kids can have a stronger body, because we are Asians, muscles are not strong as Europeans or Westerners. I hope to improve this aspect in my children."*

**Favorite Dishes to Cook:**
1. Oxtail Soup
2. Braised Beef brisket
3. Lamb Hotpot
4. Braised Lamb
5. Onion Fried Beef Steak

- **Enjoys travelling:** loves to eat and travels to places to enjoy the food and culture.
- **Children strongly influence purchases:** buys good quality meat for his children as he wants them to grow strong and healthy.
- **Stopped eating pork for health reasons:** health strongly influences purchases for himself and his children. Claims to have lost over 30kg by cutting out pork; and instead opts for beef which he believes is much healthier and less fatty.
- **Influenced by popular food trends** he sees on TV and the internet.
- **Health is a strong driver:** eats meat for protein and essential nutrients like omega-3 but avoids processed meat because it's unhealthy,
- **Enjoys cooking and experimenting** with recipes learned from TV, the internet and friends via WeChat (a Chinese online messaging service)
- **Buys local Premium beef:** he opts for local premium brands Snow Dragon and Black Cattle which are available at his friend's neighbourhood store.
- **Prefers frozen meat** because "it tastes better and is safer as it kills harmful bacteria."
- **Does not buy meat online** because "you cannot see the physical goods." However, he hopes to shop more online in future if quality improves" especially as "there's more refrigerated transport vehicles now."
- **Spends RMB500-600 on beef per week** and does not intend to increase the amount he buys in future.
- **Perceives Australian beef positively** but does not currently buy it to cook at home because local meat is fresher.
- **Quality is a priority:** always buys higher quality meat because its healthier and he can afford it.

# Targeting Families with Young Children

## Portrait of a young family from Shanghai

**Kitchen equipment includes stove top, microwave and freestanding oven/grill**



**Freezer contains lots of vacuum packed red meat**

**Fridge contains fresh ingredients like coconut, fruit, vegetables and chilled ham**

canadean

# Targeting Families with Older Children

### *Frequent meat consumers*

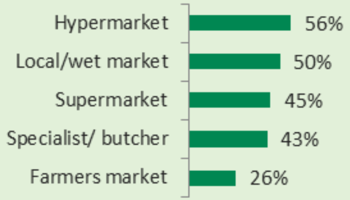
**85%** Eat **meat** at least a few times per week

**58%** Consume **imported meat** at home frequently

**80%** Consumed **beef** in the last month

### *Hypermarkets are a key destination for meat purchases*

*Top locations for buying meat & seafood*




### *Online retail holds strong future appeal*

**22%** Bought meat online in the last month

**83%** Would be likely to use an online shopping service to buy chilled beef in future

### *Eat out at mid-end restaurants & Western fast food chains*

*Top 3 locations for eating meat or seafood out of home*

**47%** **Full Service Restaurant** (RMB 51-150/ head)

**38%** **Full Service Restaurant** (RMB 151-300/ head)

**30%** **QSR/ Fast Food** (Western chains)

### *Sensory attributes are a key purchase driver*

Families with older children are much more likely to be **Pleasure Seekers** (51%) than average; and also more health conscious, ethically minded and influenced by other cultures than average.

### *Cook with fresh ingredients but will use some shortcuts*

**45%** Cook meat from scratch only from **raw ingredients**

**43%** Cook meat mainly from scratch but with some **prepared ingredients**

**Most common method:** ***Braising/Stewing***

### *Want better quality and excitement in future*

*Top 3 future desires:*

**87%** Buy **better quality** meat

**75%** Try **different types** of meat

**74%** Learn to cook **more exciting dishes** with meat

### How to target them:

- ✓ Pre-marinated and prepared cuts to make cooking easier.
- ✓ Lean cuts with minimal visible fat
- ✓ Certified organic and/or animal welfare friendly meats
- ✓ Distribute through mid-to-high spend full service restaurants and hypermarkets

Sources: Families with older children are defined as couples living together with at least one child aged over 10 years old, and a combined income of at least 10,000 Yuan per month

# Targeting Families with Older Children

## Portrait of an Older Family with Children from Beijing

**City:** Beijing
**Age:** 40 years old
**Lives:** With her husband and 11 year old son
**Occupation:** Manager in Hotel industry
**Income:** 80,000 RMB
**TrendSights Segment(s):** Health Conscious; Home-Body; Global Giants

*"Most of the time, I would rather cook and eat at home. Just because I feel much safe at home, and the flavor and taste is not so good outside."*

*"I think imported meat is okay to eat. Those meats are inspected in order to come to China. But why are these goods not branded?"*

*"I would prefer to go to the supermarket as I can check the meat closely. But if I place an order online you can only have whatever they delivered."*

**Favorite Dishes to Cook:**

1. Fish in Red Wine
2. Potato Cakes
3. Bread
4. Roasted Rack of Lamb
5. Roasted Lamb Chops

- **Travels frequently** and enjoys taking in the culture and trying local foods. Recent vacations include Europe and America.
- **Health drives purchases:** avoids chicken ("too many hormones") and pork ("too fatty"). Eats beef because "it won't make me fat."
- **Will travel to buy good quality meat:** buys meat from Neimeng Building (premium retailer in Beijing) which is "far away from here" because the meat is fresh.
- **Has bought meat online** but has concerns over quality: "you have no way to check the goods. You just received whatever the seller delivered to you."
- **Takes care cooking quality meat:** buys Australian beef because its safer and better quality than domestic and other imports (e.g.. US beef); and takes more care when preparing it because it's expensive to buy.
- **Wants to see Australian meat "brands:"** Would like to see actual Australian brands in-store, not just the origin.
- **Chooses pre-packaged frozen meats** as they are not exposed to the air and are usually stay fresher longer than chilled.
- **Prefers to buy whole cuts** as trusts the quality to be better than pre-cut which may have other meats/ingredients added.
- **Celebrates with Western food**: pizza, chicken nuggets and chips feature on special occasions as it is her son's favorite cuisine.
- **Does not trust packaged processed meats:** "I have no idea what the meatballs are made of. I will make them myself."
- **Uses mobile apps** to learn recipes and news about cooking.
- **Prefers to eat at home than go out**: "Just because I feel much safer at home, and the flavor and taste is not so good outside."

# Targeting Families with Older Children

## Portrait of an Older Family with Children from Beijing

**Modern kitchen is well equipped with oven, stove, slow cooker and fryer**

**Large fridge freezer includes packaged frozen meats**

# Targeting Empty Nesters

### *Frequent meat consumers*

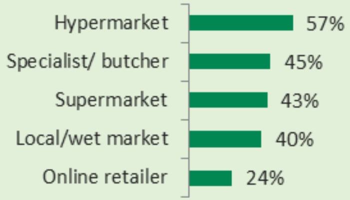
**89%** Eat **meat** at least a few times per week

**54%** Consume **imported meat** at home frequently

**73%** Consumed **beef** in the last month

### *Hypermarkets are a key destination for meat purchases*

*Top locations for buying meat & seafood*




### *Online retail holds strong future appeal*

**24%** Bought meat online in the last month

**83%** Would be likely to use an online shopping service to buy chilled beef in future

### *Eat out at mid- to high-end restaurants*

*Top 3 locations for eating meat or seafood out of home*

**44%** **Full Service Restaurant** (RMB 51-150/ head)

**43%** **Full Service Restaurant** (RMB 150-300/ head)

**20%** **Full Service Restaurant** (RMB >300 / head)

### *Health considerations underpin purchases*

Empty Nesters as likely as the average consumer to be **Health Conscious** (25%) but under-index for other TrendSights segments. This reflects the influence of health as older consumers react to onset of age-related disease.

### *Enjoy scratch cooking but like to use some shortcuts*

**51%** Cook meat mainly from scratch but using some **prepared or ready made ingredients**

**Most common method:** ***Braising/Stewing***

### *Want better quality and more variety in future*

*Top 3 future desires:*

**83%** Buy **better quality** meat

**75%** Try meat from **different countries**

**72%** Try **different types** of meat

### How to target them:

- ✓ Lean cuts with minimal visible fat
- ✓ Promote health benefits of red meat on pack (e.g.. high protein, source of iron)
- ✓ Partially prepared meats and meal kits to aid scratch cooking
- ✓ Distribute through mid-to-high spend full service restaurants, hypermarkets and specialist butchers

Sources: Empty Nesters are defined as couples living together aged over 45 with no children, and a combined income of at least 10,000 Yuan per month

# Targeting Empty Nesters

## Portrait of an older couple whose child has left home from Hangzhou

**City:** Hangzhou
**Age:** 43 years old
**Lives:** With her husband. Her 20 year old is away during the week studying.
**Occupation:** Manager in textiles
**Income:** 40,000 RMB
**TrendSights Segment(s):** Health Conscious; Home-Body

*"It's better to have a brand. I can mention the brand to other people."*

*"I'll pay more for better quality."*

*"I prefer beef. It has less fat. Pork has too much fat."*

*""Local beef does not look good. Australian beef is bright. Looks very fresh. Local one may be frozen too long. Looks grey."*

**Favorite Dishes to Cook:**

1. Mutton sautéed with leek
2. Grilled steak
3. Stewed beef with potato
4. Grilled lamb chop
5. Fatty beef with vegetables

- **Beef is her favorite meat**: prefers beef because it's less fatty than pork.
- **Has better food when son is home:** cooks simple food during the week, but have "better food" and more variety such as steak when her son is home at weekends.
- **Eats out at upscale restaurants:** only eat out at upscale restaurants (RMB 70-100 per head) because they are clean, and goes to 5* hotel buffets on special occasions because of the variety and quality (e.g.. thinks they serve Australian or NZ beef).
- **Cooks simple dishes at home:** uses recipes passed from her mother, but sometimes learns from TV shows, friends or product packaging information.
- **Prepares convenient Western food for her son**: her son enjoys steak, spaghetti, lamb chops and hot dogs which she claims are "simple and convenient." Happy to buy packaged processed meats like burger patties and meatballs as they are quick.
- **Prefers chilled meat over frozen** because it preserves the quality and texture better.
- **Buys Australian meat from Lianhua Supermarket**: buys from a special counter in-store for Australian beef. Thinks Australian beef is safer and looks better, and is prepared to pay more for it.
- **Rarely buys meat online:** thinks imported beef online seems "too cheap" which raises concerns over the quality. Tried it once but the texture was "too soft."
- **Origin, cut and price are most influential** when buying meat and will spend RMB 70 on quality steak which she considers a premium price.
- **Cleanliness is key:** Does not like buying local meat because the displays are messy and piled up. Prefers to buy meat that's individually packed, priced and very clean.
- **Plans to buy more premium meat:** will buy better quality meat rather than a higher volume in future as "you can only eat so much meat."

# Targeting Empty Nesters

## Portrait of an older couple whose child has left home from Hangzhou

**Kitchen equipment includes stove top, freestanding oven, and large fridge freezer**

**Freezer contains many convenience and pre-packaged foods**

# Targeting Multi-Generational Households

***Frequent meat consumers***

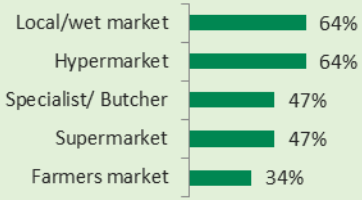
**92%** Eat **meat** at least a few times per week

**69%** Consume **imported meat** at home frequently

**85%** Consumed **beef** in the last month

***Shop via traditional and modern retail channels***

*Top locations for buying meat & seafood*




***Many already buy online, and more will in future***

**31%** Bought meat online in the last month

**85%** Would be likely to use an online shopping service to buy chilled beef in future

***Eat out at mid-end restaurants & Western fast food chains***

*Top 3 locations for eating meat or seafood out of home*

**47%** **Full Service Restaurant** (RMB 151-300/ head)

**44%** **Full Service Restaurant** (RMB 51-150/ head)

**36%** **QSR/ Fast Food** (Western chains)

***Purchases are driven by a multitude of factors***

Purchases are underpinned by many factors to keep everyone happy; over-indexing for all the key TrendSights segments: **Health Conscious** (30%), **Ethically Minded** (32%), **Pleasure Seekers** (56%) and **Global Giants** (17%).

***Mainly cook meat entirely from scratch using fresh ingredients***

**47%** Cook meat from scratch from **raw ingredients**, without using any pre-prepared ingredients

**Most common method:** ***Braising/Stewing***

***Want better quality and more variety in future***

*Top 3 future desires:*

**94%** Buy **better quality** meat

**75%** Try **different types** of meat

**72%** Try meat from **different countries**

**How to target them:**

- ✓ Online delivery services to supply premium Australian meat in bulk
- ✓ Lean cuts and on-pack ethical certifications
- ✓ Minced beef to enable households to recreate popular Western dishes at home
- ✓ Distribute through mid-to-high spend full service restaurants and hypermarkets

Sources: Multi-generational Households are defined as those with five or more members living in the same household and a combined household income of at least 15,000 Yuan per month

# Targeting Multi-Generational Households

## Portrait of a multi-generational household from Hangzhou

**City:** Hangzhou
**Age:** 38 years old
**Lives:** With his wife, 6 year old son, and his parents (five person household)
**Occupation:** Office worker
**Income:** 430,000 RMB
**TrendSights Segment(s):** Busy Lifestyler; Health Conscious; Home-Body

*"We all believe that, compared to pork, beef may benefit my child's growth. Americans look tall and strong, it may have some relation with beef, as they like beef a lot. For us, we do hope our child can grow taller, so we encourage him to eat more beef. Anyway, we think beef is more healthier."*

*"I can roughly tell a bad meat from a good meat, but won't be able to tell a premium one from a normal one."*

**Favorite Dishes to Cook:**

1. Fried beef steak
2. Fried short ribs with black pepper
3. Stir fry beef with chilli
4. Stir fry beef with green pepper

- **Consumes meat with every meal:** chicken and pork are consumed most often, has fish most days and beef occasionally, but rarely eats lamb/mutton.
- **Health is a priority**: he eats prawns often because he perceives them to be healthier than meat. Buys beef because he believes it is good for his son's health.
- **Sticks to familiar dishes:** when cooking he makes dishes passed down from his family, rather than following recipes and is not interested in trying something new.
- **Prefers Chinese cuisine to Western:** they have Western food such as steak occasionally because his son enjoys it  and its healthy.
- **Branding is not important**: claims to have found no difference between branded pork and others, so is not really brand conscious when buying meat. However the overall packaging is important.
- **Freshness influences meat purchases**: always checks expiry dates and the color of the meat for freshness ("dark color indicates the flesh is not so fresh.")
- **Prices and promotions are influential:** will buy meat as long as the price is not too high, and will buy more meat when its on promotion. Thinks imported meat can be cheaper than domestic when bought on promotion online.
- **Food safety is a key driver:** "Once a problem with a product is exposed, we will never buy from the brand again."
- **Thinks Australian is better:** Believes Australian beef better than local because the cattle have been raised on grasslands and the meat is safer. The brand is not important, but origin is.
- **Buys meat online or in the supermarket:** purchases frozen imported meat online from COFCO when on promotion as there's more choice and its cheaper than the supermarkets.

# Targeting Multi-Generational Households

## Portrait of a multi-generational household from Hangzhou

Kitchen equipment includes two microwaves, a slow cooker and a stove

Large deep freezer to store meat and seafood for the family

# Operating in the final five cities

## Key things you need to know

1. Which trends are most influential?
2. What products should I offer?
3. Who should I target?
4. Where should I sell them?
5. How should I market them?

# Where should I sell them?

## Key things you need to know

**Hypermarkets should be seen as the primary distribution channel for Australian meat**

Older consumers and larger households are most likely to purchase Australian meat, and are also more likely to use Hypermarkets cementing the importance of this distribution channel to help drive both value and volume sales. Wider distribution through Hypermarkets will also better meet the needs of Ethically Minded and Global Giants who are among the most likely to buy Australian meat, but use specialists/butchers in addition to hypermarkets, indicating that the offerings in the larger stores are not always aligning with their needs.

Value sales of red meat through hypermarkets is forecast to grow 9.9% to reach **CNY 14.1bn** by 2020; accounting for 16% of all red meat sales. Ensure products stand-out on hypermarket shelves by using bold packaging and labelling, making clear on-pack claims and providing point of sale information.

**Online shoppers spend more per month on red meat than in-store shoppers**

Higher average spend on red meat among online shoppers is linked to buying larger quantities/in bulk (larger households are more likely to shop online for meat); and also more likely to be buying more expensive/specialist cuts of meat that are not as widely available in-store.

Value sales of red meat through e-retailing is forecast to grow 16% to reach **CNY 5.9bn** by 2020; accounting for 7% of all red meat sales. Drive loyalty by offering meat delivery subscriptions (regular weekly/monthly meat deliveries) to feed the family and recipe kit boxes (e.g.. meat combined with other ingredients to produce recipes quickly and easily).

**Online meat delivery services appeal to the majority but concerns over freshness and hygiene must be addressed**

Over two thirds of Chinese consumers say they would be likely to use online shopping to have chilled and frozen red meat delivered to their home, however the majority have reservations about hygiene and freshness; creating a necessity for stringent safety guarantees.

Create distribution partnerships with trusted e-retail brands in each city; as well as providing detailed information at point of ordering on details such product images, use-by dates and money-back guarantees if product freshness is not to the desired standard.

## Where should I sell them?

### Key things you need to know

**Retail value sales of red meat (beef and lamb) in the five cities, by retail channel, 2015-20 (CNY m)**

| | Beijing | | | Chengdu | | | Hangzhou | | | Shanghai | | | Shenzhen | | | 5 City Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 |
| Butchers | 2,777 | 3,971 | 7.4% | 1,786 | 2,482 | 6.8% | 802 | 1,137 | 7.2% | 5,557 | 7,849 | 7.1% | 1,042 | 1,433 | 6.6% | 11,964 | 16,872 | 7.1% |
| Cash & Carry | 144 | 186 | 5.3% | 86 | 108 | 4.7% | 33 | 42 | 5.1% | 298 | 380 | 5.0% | 58 | 73 | 4.4% | 619 | 789 | 5.0% |
| Convenience Store | 545 | 754 | 6.7% | 536 | 731 | 6.4% | 223 | 308 | 6.7% | 1,555 | 2,130 | 6.5% | 361 | 485 | 6.1% | 3,220 | 4,408 | 6.5% |
| Department Store | 105 | 140 | 5.9% | 85 | 110 | 5.3% | 49 | 64 | 5.7% | 144 | 189 | 5.6% | 49 | 62 | 5.1% | 432 | 565 | 5.5% |
| E-Retailers | 533 | 1,149 | 16.6% | 419 | 883 | 16.1% | 183 | 391 | 16.5% | 1389 | 2,944 | 16.2% | 258 | 539 | 15.9% | 2,782 | 5,906 | 16.2% |
| Hypermarkets | 1,771 | 2,879 | 10.2% | 1,321 | 2,107 | 9.8% | 614 | 993 | 10.1% | 4,127 | 6,614 | 9.9% | 978 | 1,541 | 9.5% | 8,811 | 14,134 | 9.9% |
| Supermarkets | 1,329 | 2,161 | 10.2% | 1,054 | 1,680 | 9.8% | 452 | 732 | 10.1% | 2,487 | 3,984 | 9.9% | 613 | 967 | 9.5% | 5,935 | 9,524 | 9.9% |
| Wet Market | 6,727 | 6,606 | -0.4% | 6,194 | 5,952 | -0.8% | 2,943 | 2,999 | 0.4% | 14,538 | 14,625 | 0.1% | 4,256 | 4,296 | 0.2% | 34,658 | 34,478 | -0.1% |
| Others | 67 | 88 | 5.8% | 45 | 58 | 5.4% | 24 | 32 | 5.7% | 183 | 239 | 5.5% | 41 | 53 | 5.0% | 360 | 470 | 5.5% |

Over-indexing growth (vs 5 city total)

Under-indexing growth (vs 5 city total)

Strongest growth categories (overall)

Medium growth categories (overall)

**Key Opportunities**

- **Now:** ***Hypermarkets and Supermarkets*** are gaining ground as consumers move away from wet markets, meaning demand for chilled, frozen and processed packaged will continue to grow away from counter/loose meat.
- **Now:** ***Butchers and convenience stores*** represent large and growing channels which should not be overlooked by Australian meat suppliers.
- **Long-term horizon:** ***E-retailing*** is the strongest growth channel with fastest growth in Beijing and Hangzhou. This creates exciting opportunities for Australian meat producers to reach Chinese consumers on a wider scale by selling direct to their homes.

# Where should I sell them?

## Key things you need to know

**Retail value sales of red meat (beef and lamb) in the five cities, by foodservice channel, 2015-20 (CNY m)**

| | Beijing | | | Chengdu | | | Hangzhou | | | Shanghai | | | Shenzhen | | | 5 City Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 |
| Leisure | 56.5 | 68.5 | 3.9% | 58.3 | 70.3 | 3.8% | 53.7 | 62.8 | 3.2% | 128.3 | 150.1 | 3.2% | 70 | 80 | 2.9% | 367.0 | 431.9 | 3.3% |
| Pub, Club & Bar | 36.8 | 40.3 | 1.8% | 55.1 | 59.7 | 1.6% | 53.3 | 58.0 | 1.7% | 54.6 | 60.0 | 1.9% | 37.5 | 38.8 | 0.7% | 237.3 | 257.0 | 1.6% |
| Cafes & Teashops | 7.8 | 11.2 | 7.5% | 10.5 | 14.8 | 7.0% | 4.9 | 6.8 | 6.7% | 13.2 | 18.8 | 7.4% | 7.3 | 9.9 | 6.3% | 43.7 | 61.5 | 7.1% |
| Full Service Restaurant (<RMB50 per head) | 132.4 | 169.4 | 5.1% | 87.4 | 109.5 | 4.6% | 67.3 | 82.9 | 4.3% | 155.4 | 198.9 | 5.1% | 66.4 | 78.0 | 3.3% | 509.0 | 638.7 | 4.6% |
| Full Service Restaurant (RMB51-RMB150 per head) | 368.7 | 471.3 | 5.0% | 415.1 | 520.1 | 4.6% | 219.1 | 267.2 | 4.0% | 557.9 | 695.8 | 4.5% | 293.2 | 356.2 | 4.0% | 1854.1 | 2310.6 | 4.5% |
| Full Service Restaurant (RMB151-300 per head) | 247.5 | 315.6 | 5.0% | 240.4 | 306.8 | 5.0% | 191.9 | 237.0 | 4.3% | 475.6 | 608.1 | 5.0% | 265.6 | 322.2 | 3.9% | 1421.1 | 1789.6 | 4.7% |
| Full Service Restaurant (>RMB300 per person) | 149.3 | 191.4 | 5.1% | 200.5 | 261.2 | 5.4% | 92.5 | 110.7 | 3.7% | 331.0 | 416.5 | 4.7% | 177.3 | 217.1 | 4.1% | 950.7 | 1196.9 | 4.7% |
| QSR & Fast Food (Local Chains & Independents) | 364.3 | 448.1 | 4.2% | 416.0 | 502.3 | 3.8% | 161.3 | 190.9 | 3.4% | 657.3 | 798.8 | 4.0% | 245.4 | 286.7 | 3.2% | 1844.4 | 2226.8 | 3.8% |
| QSR & Fast Food (Western Chains) | 52.6 | 66.7 | 4.9% | 58.4 | 73.2 | 4.6% | 31.7 | 38.6 | 4.0% | 87.9 | 111.4 | 4.8% | 45.0 | 54.1 | 3.8% | 276.0 | 344.0 | 4.5% |
| Other Restaurants | 17.5 | 24.1 | 6.6% | 19.6 | 25.4 | 5.4% | 2.6 | 3.3 | 5.2% | 20.0 | 25.9 | 5.3% | 9.2 | 11.6 | 4.9% | 69.0 | 90.4 | 5.6% |
| 4* & 5* Hotels | 1.8 | 2.3 | 5.2% | 3.0 | 3.7 | 4.7% | 2.1 | 2.6 | 4.2% | 7.5 | 9.7 | 5.3% | 3.4 | 4.2 | 4.2% | 17.1 | 23.0 | 4.8% |
| Other Accommodation | 112.9 | 146.8 | 5.4% | 121.6 | 155.2 | 5.0% | 91.6 | 111.5 | 4.0% | 305.0 | 386.5 | 4.8% | 125.9 | 151.5 | 3.8% | 757.1 | 951.5 | 4.7% |

Over-indexing growth (vs 5 city total)

Under-indexing growth (vs 5 city total)

Strongest growth categories (overall)

Medium growth categories (overall)

**Key Opportunities**

- **Now:** ***Full Service Restaurants and 4/5* hotels*** are strong opportunities, especially in Beijing and Shanghai. Premium Australian meat offers an attractive proposition for such locations which can be capitalized on.
- **Next 2-3 years:** ***Fast Food chains*** *should be a key target, particularly Western brands.* Offering ready prepared processed meats such as burgers can help fast food chains premiumize their offerings (e.g.. by selling Australian inspired burger for example).
- **Long-term horizon:** ***Cafes and teashops*** are a small but fast growing channel as food increasingly becomes an offering alongside beverages.

# Where should I sell them?

## Key things you need to know

### Retail value sales of beef in the five cities, by foodservice channel, 2015-20 (CNY m)

| | Beijing | | | Chengdu | | | Hangzhou | | | Shanghai | | | Shenzhen | | | 5 City Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 |
| Leisure | 45.7 | 52.9 | 3.0% | 50.2 | 58.5 | 3.1% | 47.8 | 54.4 | 2.6% | 109.7 | 123.9 | 2.5% | 64.2 | 72.6 | 2.5% | **317.7** | **362.2** | **2.7%** |
| Pub, Club & Bar | 30.1 | 31.5 | 0.9% | 49.0 | 51.6 | 1.0% | 42.3 | 43.7 | 0.6% | 40.0 | 40.9 | 0.5% | 35.5 | 36.3 | 0.4% | **196.8** | **204.0** | **0.7%** |
| Cafes & Teashops | 6.7 | 9.3 | 6.8% | 9.5 | 12.9 | 6.4% | 4.3 | 5.8 | 6.0% | 10.9 | 14.9 | 6.5% | 6.4 | 8.5 | 5.7% | **37.8** | **51.4** | **6.3%** |
| Full Service Restaurant (<RMB50 per head) | 114.3 | 140.9 | 4.3% | 82.1 | 101.1 | 4.3% | 57.5 | 68.2 | 3.5% | 121.2 | 146.2 | 3.8% | 66.4 | 78.0 | 3.3% | **441.5** | **534.4** | **3.9%** |
| Full Service Restaurant (RMB51-RMB150 per head) | 320.6 | 395.3 | 4.3% | 388.5 | 478.5 | 4.3% | 196.3 | 232.8 | 3.5% | 489.4 | 590.3 | 3.8% | 256.8 | 301.8 | 3.3% | **1651.5** | **1998.6** | **3.9%** |
| Full Service Restaurant (RMB151-300 per head) | 217.4 | 268.1 | 4.3% | 208.4 | 256.7 | 4.3% | 162.6 | 192.8 | 3.5% | 372.9 | 449.7 | 3.8% | 233.7 | 274.7 | 3.3% | **1195.1** | **1442.0** | **3.8%** |
| Full Service Restaurant (>RMB300 per person) | 128.2 | 158.1 | 4.3% | 157.9 | 194.5 | 4.3% | 89.2 | 105.8 | 3.5% | 279.7 | 337.3 | 3.8% | 150.0 | 176.3 | 3.3% | **805.1** | **972** | **3.8%** |
| QSR & Fast Food (Local Chains & Independents) | 303.7 | 358.5 | 3.4% | 371 | 435.4 | 3.3% | 141.8 | 162.3 | 2.7% | 536.3 | 621.7 | 3.0% | 216.1 | 244.8 | 2.5% | **1568.9** | **1822.8** | **3.0%** |
| QSR & Fast Food (Western Chains) | 44.2 | 53.7 | 4.0% | 50.5 | 61.1 | 3.9% | 27.3 | 32.1 | 3.3% | 69.7 | 83.6 | 3.7% | 38.8 | 45 | 3.0% | **230.5** | **275.4** | **3.6%** |
| Other Restaurants | 14.1 | 18.5 | 5.6% | 17.6 | 22.2 | 5.6% | 2.3 | 2.9 | 4.5% | 18.1 | 22.8 | 4.7% | 7.9 | 9.7 | 4.1% | **60** | **76.1** | **4.9%** |
| 4* & 5* Hotels | 1.4 | 1.7 | 4.1% | 2.6 | 3.1 | 4.1% | 1.9 | 2.2 | 3.7% | 4.8 | 5.7 | 3.5% | 2.9 | 3.4 | 3.5% | **13.6** | **16.3** | **3.7%** |
| Other Accommodation | 86.8 | 106.4 | 4.1% | 107.1 | 132.6 | 4.4% | 84.6 | 100.9 | 3.6% | 254.1 | 309.1 | 4.0% | 111.4 | 130.4 | 3.2% | **644.1** | **779.4** | **3.9%** |

**Over-indexing growth (vs 5 city total)**

**Under-indexing growth (vs 5 city total)**

**Strongest growth categories (overall)**

**Medium growth categories (overall)**

**Key Opportunities**

- **Now: *Full Service Restaurants and 4/5* hotels*** are strong opportunities, especially in Beijing and Shanghai. Premium Australian meat offers an attractive proposition for such locations which can be capitalized on.
- **Next 2-3 years: *Fast Food chains*** *should be a key target, particularly Western brands.* Offering ready prepared processed meats such as burgers can help fast food chains premiumize their offerings (e.g.. by selling Australian inspired burger for example).
- **Long-term horizon: *Cafes and teashops*** are a small but fast growing channel as food increasingly becomes an offering alongside beverages.

# Where should I sell them?

## Key things you need to know

**Retail value sales of lamb in the five cities, by foodservice channel, 2015-20 (CNY m)**

| | Beijing | | | Chengdu | | | Hangzhou | | | Shanghai | | | Shenzhen | | | 5 City Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 | 2015 | 2020 | CAGR 2015-20 |
| Leisure | 10.8 | 15.6 | 7.6% | 8.0 | 11.8 | 8.0% | 5.9 | 8.4 | 7.3% | 18.5 | 26.2 | 7.2% | 5.4 | 7.6 | 7.0% | 48.7 | 69.6 | 7.4% |
| Pub, Club & Bar | 6.7 | 8.8 | 5.7% | 6.1 | 8.1 | 6.0% | 11.0 | 14.3 | 5.4% | 14.9 | 19.1 | 5.2% | 1.9 | 2.5 | 5.2% | 40.5 | 52.8 | 5.5% |
| Cafes & Teashops | 1.1 | 1.9 | 12.1% | 1.1 | 1.9 | 11.5% | 0.6 | 1.0 | 11.2% | 2.3 | 4.0 | 11.4% | 0.8 | 1.4 | 10.8% | 5.9 | 10.1 | 11.4% |
| Full Service Restaurant (<RMB50 per head) | 18.1 | 28.5 | 9.5% | 5.3 | 8.3 | 9.4% | 9.8 | 14.7 | 8.5% | 34.2 | 52.8 | 9.0% | - | - | - | 67.4 | 104.4 | 9.1% |
| Full Service Restaurant (RMB51-RMB150 per head) | 48.2 | 76.0 | 9.6% | 26.6 | 41.7 | 9.4% | 22.8 | 34.4 | 8.5% | 68.5 | 105.5 | 9.0% | 36.4 | 54.4 | 8.4% | 202.5 | 312.0 | 9.0% |
| Full Service Restaurant (RMB151-300 per head) | 30.2 | 47.5 | 9.5% | 32.0 | 50.0 | 9.4% | 29.4 | 44.2 | 8.5% | 102.7 | 158.3 | 9.0% | 31.8 | 47.6 | 8.4% | 225.5 | 347.6 | 9.0% |
| Full Service Restaurant (>RMB300 per person) | 21.1 | 33.3 | 9.5% | 42.6 | 66.7 | 9.4% | 3.26 | 4.9 | 8.5% | 51.4 | 79.2 | 9.0% | 27.3 | 40.8 | 8.4% | 145.6 | 224.8 | 9.1% |
| QSR & Fast Food (Local Chains & Independents) | 60.6 | 89.7 | 8.2% | 45.0 | 66.7 | 8.2% | 19.6 | 28.5 | 7.8% | 121.0 | 177.1 | 7.9% | 29.3 | 41.9 | 7.4% | 275.4 | 404.1 | 8.0% |
| QSR & Fast Food (Western Chains) | 8.4 | 13.0 | 9.0% | 7.9 | 12.1 | 9.0% | 4.4 | 6.5 | 8.5% | 18.2 | 27.8 | 8.8% | 6.2 | 9.2 | 8.1% | 45.1 | 68.6 | 8.7% |
| Other Restaurants | 3.4 | 5.6 | 10.6% | 2.0 | 3.2 | 10.0% | 0.3 | 0.5 | 9.7% | 1.9 | 3.1 | 10.1% | 1.3 | 2.0 | 8.9% | 8.9 | 14.3 | 10.1% |
| 4* & 5* Hotels | 0.4 | 0.5 | 9.1% | 0.4 | 0.6 | 9.2% | 0.2 | 0.3 | 9.7% | 2.7 | 4.0 | 8.7% | 0.5 | 0.7 | 8.4% | 4.1 | 6.1 | 8.4% |
| Other Accommodation | 26.1 | 40.5 | 9.2% | 14.4 | 22.5 | 9.3% | 7.0 | 10.5 | 8.5% | 50.9 | 77.4 | 8.7% | 14.5 | 21.1 | 7.9% | 113.0 | 172.0 | 8.8% |

Over-indexing growth (vs 5 city total)

Under-indexing growth (vs 5 city total)

Strongest growth categories (overall)

Medium growth categories (overall)

### Key Opportunities

- **Now:** ***Full Service Restaurants and 4/5* hotels*** are strong opportunities, especially in Beijing and Shanghai. Premium Australian meat offers an attractive proposition for such locations which can be capitalized on.
- **Next 2-3 years:** ***Fast Food chains*** *should be a key target, particularly Western brands.* Offering ready prepared processed meats such as burgers can help fast food chains premiumize their offerings (e.g. by selling Australian inspired burger for example).
- **Long-term horizon:** ***Cafes and teashops*** are a small but fast growing channel as food increasingly becomes an offering alongside beverages.

# Where should I sell them?

## Comparing key supply chain indicators across cities reveals different strategic considerations for each city

| | Beijing | Shanghai | Hangzhou | Shenzhen | Chengdu |
|---|---|---|---|---|---|
| No. commercial international airports within 50km | 2 | 2 | 1 | 1 | 1 |
| Distance from city to closest meat port | 30km | 28km | 185km | 22km | 270km |
| No. refrigerated vehicles per 100,000 population | 132 | 135 | 123 | 123 | 124 |
| % refrigerated vehicles that can carry red meat | 28.8% | 40.7% | 40.4% | 34.9% | 39.1% |
| Liters of cold storage capacity per capita | 94 | 94 | 105 | 113 | 144 |
| % of cold storage capacity that can handle red meat | 23.4% | 31.9% | 24.6% | 22.9% | 26.8% |
| Food wastage per capita | 92kg | 102kg | 95kg | 98kg | 96kg |
| Penetration of hyper/supermarkets in organised retail | 43.9% | 43.8% | 44.8% | 45.0% | 43.1% |
| Number of foodservice outlets per 100,000 population | 139 | 90 | 81 | 64 | 62 |
| Number of 4* and 5* hotels in the city | 316 | 301 | 223 | 206 | 219 |
| Number HACCP certified meat wholesalers | 112 | 180 | 18 | 29 | 32 |
| Incidents of corruption per 100,000 people | 2.59 | 2.77 | 2.90 | 2.05 | 2.35 |

As would be expected, the final five cities all have strong indicators for a solid delivery infrastructure and cold-chain capacity. Nevertheless, there are differences between the cities to be aware of when considering market entry strategies. For example, the distance from the closest meat port can be countered by the existence of good road or rail networks as in the case of Hangzhou.

Given the vast difference in size between the final five cities, measuring cold chain capacity and transport on per capita basis enables a more meaningful comparison between the cities, revealing, for example, that despite having a high absolute cold storage capacity, Beijing and Shanghai's cold chains are under more pressure than the other three cities.

Source: MLA /Canadean Phase II PESTE analysis

# Where should I sell them?

## Comparing key supply chain indicators across cities reveals different strategic considerations for each city

### Transport networks

All five of the final cities benefit from strong transport networks. All have access to at least one airport, and road and rail networks are well established. Beijing, Shanghai, and Shenzhen also benefit from close proximity to sea ports, and Shanghai and Shenzhen also have access to river transport. Hangzhou and Chengdu are not necessarily disadvantaged by their relative far distance from their nearest meat ports given the strength of their local transport infrastructure. Additionally, the geographical locations of the final five cities make them attractive as potential regional centres for eventual expansion of red meat distribution, either within the city's local region or as hubs of a wider distribution network.

### Retail and food service environment

A high number of 4* and 5* hotels and foodservice outlets, and hyper/ supermarket penetration of organised retail can be used as indicators of efficient food distribution networks. Business and tourism hubs Beijing and Shanghai boast the highest numbers of hotels and restaurants of the five cities, but other cities score more highly for hyper/supermarket penetration: a city's size or international prominence is not necessarily a clear indicator of the local food distribution situation. For example, Shenzhen has the highest hyper/supermarket penetration of organised retail, and is geographically close to Hong Kong where several grocery retailers are headquartered, making it a likely candidate for having a strong food distribution network.

### Cold chain logistics

While Beijing and Shanghai have the largest absolute cold chain capacities and refrigerated vehicle fleets, the high population density of these cities means that per capita cold chain capacity is relatively low compared to the other final cities. This indicates there is likely to be more pressure on capacity in Beijing and Shanghai, potentially making logistics more costly or more complicated as more rapid turnaround times are likely to be required. Food wastage per capita can be used as an indication of the effectiveness of a city's supply chain. Despite the pressures upon it, Beijing registers a much lower figure for food wastage than Shanghai, indicating that Beijing's cold chain may be slightly more effective.

### Regulatory environment

The number of HACCP certified meat wholesalers has been chosen as an indication of the state of each city's regulatory environment. A high number of HACCP certified facilities indicates a willingness within the local food distribution network to adhere to higher international food quality and safety standards. Indeed, adherence to international standards may even be stipulated by the many international retail, foodservice, and hotel chains operating within the final five cities. The number of incidents of corruption per 100,000 population has also been used as indicator of the regulatory health of the city as fewer HACCP facilities doesn't necessarily mean poor regulation. For example, Shenzhen has the second lowest number of HACCP certified meat wholesalers but also the lowest incidence of corruption.

# Where should I sell them?

## What the consumers are saying

**Supermarkets are more hygienic**

*"Meat exposed in the open air makes me worried somehow. The hygiene situation in the wet market is not so good. Supermarket is more hygienic because the meat isn't exposed."*

**Father,** aged 38 from Hangzhou

**Online has more choice**

*"The transport is good, the meat is fresh. Most importantly, the goods are imported. The goods I bought online are those imported."*

**Create "Experience Centers"**

*"I want to be able try before I buy online. If there is an experience center where I can go to try some (meat) then I will continue to buy online. These centers would enable me to see the quality of the meat and also learn how to cook it. You cannot see the true things on internet, it's better to have an experience center."*

**Father,** aged 38 from Shanghai

***Convenience stores are used for processed meats:***

*I will buy sausages in Convenience stores when I'm hungry and have no time to eat breakfast at home."*

**Father,** aged 38 from Shanghai

*"I've never purchased fresh meat from convenience stores but have bought processed meats (lunch meat and sausages)."*

**Father,** aged 38 from Hangzhou

**Quality is a barrier to online shopping**

*"I would prefer to go to the supermarket as I can check the meat closely. Freshness, color. I can choose whatever I want. But if I placed order online you can only have whatever they delivered."*

**Mother,** aged 40 from Beijing

**Use push notifications to drive online sales**

*"How often do I buy meat online? It depends. They (COFCO) will send us SMS or push notification of promotions. Upon seeing the message I will check the website."*

**Father,** aged 38 from Hangzhou

# Where should I sell them?

## What the experts are saying

**Online retail is the future**

*"In future, like me, more and more people will buy fresh products online. I often buy fresh products online. From BenLaiShenghuo, COFCO. ChunBo is also ok."*

**Super premium restaurants are a growing trend**

*"Lido has a new restaurant called CHAR. Per person RMB800-900 with very good service and ambience. Their sauce, their meat, their dishes. Even the steak knife you use also very good. I recommend it. Their homemade truffle sauce is very good. They prepare it according to the meat. Their sea salt is always very special, black color and they also have 4 types of knifes. The Japanese is a single piece of metal. The British one uses deer horn. Very detail."*

**Food Journalist,** HuoLishi gourmet food app, Beijing

**Innovation Manager**, Miandian Food Company Ltd, Shenzhen

**5* hotels present entry challenges**

*"It is very time consuming to target 5 star hotels. The chef only recognize several suppliers. We called these suppliers "Old Chai". You will need to go through these 'Old Chai'. Afterwards, you need to go through the chef and other executives. You need to pay your way through and demonstrate why they should let you in. Quality of meat is not enough. Chefs need to have a cut. You need give them things before they let you in."*

**Set up an Australian restaurant as a marketing vehicle**

*"For raw meat, you still need a platform to market. We have (opened a premium restaurant to do this) before. Previously we were government owned. When we opened our first restaurant, it failed. Opened again, failed again. We are doing well only with the fifth restaurant. We sell our dishes. At the same time, we do vacuum packed cooked food in supermarkets. Then we market semi-prepared products. Now we have a full value chain."*

# Operating in the final five cities

## Key things you need to know

Which trends are most influential?

What products should I offer?

Who should I target?

Where should I sell them?

How should I market them?

# How should I market them?

## Key things you need to know

**Family and Friends are the most trusted source of information when buying meat**

97% of consumers across the five cities trust family and friends, making them the most trusted information source when shopping for meat; ahead of on-pack certification logos (91%); on-pack marketing claims (88%) and brand websites (88%). Encouraging consumers to share their experiences of Australia and Australian meat with friends/family should therefore be seen as a primary marketing tool to build awareness and trust in the product/brand.

Offering innovative products which spark conversation can help build brand awareness from trusted source and in turn will encourage product trial and raise the profile of Australia and Australian origin meats in China. Leveraging social media can help facilitate these conversations between close friends and family; encouraging sharing of information (e.g.. recipes) to help build awareness and trial.

**Bright colors and unique shapes will help entice consumers, but the product inside must also remain visible**

The packaging features that Chinese consumers consider most essential or exciting are bright colors, interactive packaging (e.g.. QR codes) and unique shapes. However, with sensory cues such as color of the meat and visibility of ice/blood in packs also important; it is essential that bold marketing includes an element of transparency.

Combine pack transparency with colors and bold branding to entice consumers. While the product inside needs to be visible, bold designs are needed to achieve shelf-standout in a crowded and largely undifferentiated category.

# How should I market them?

## What the consumers are saying

**Provide recipe cards**
*"Occasionally brands give me some seasoning, like pepper, but they don't have something like recipe cards. I would also like information on how to prepare different cuts for the best taste."*

**Female Empty Nester,** aged 43 from Hangzhou

**Facilitate recipe sharing**
*"I want to know more ways of cooking meat and will then buy it everyday to try different cooking methods. Another suggestion is to create a discussion group, so everybody can talk about the cooking methods."*

**Father,** aged 38 from Shanghai

**Use in-store sampling to promote taste advantages**
*"As for taste (of imported meat) there is no obvious difference from domestic meat."*

**Mother,** aged 40 from Beijing

**Create a brand**
*"I want to see brands rather than just buying "Australian" beef. It's better to have a brand. I can mention the brand to other people."*

**In-store advice**
*"I would like to see better service instore to offer professional advice. For example, ask me what dish I want to make. If I say steak, let him recommend the cut and how best to prepare it."*

**Promote benefits to justify premium**
*"I want to know what the cow eats, how much protein, nutritional content. I want this on the label of top grade meat."*

**Male,** aged 25 from Beijing

**Use digital apps to promote recipes and cooking tips**
*"There is an app, which, say I had bought ingredients for today, I can search by ingredient and the result will show me recipes I can make with those items."*

# Recommended marketing platforms

## Canadean recommends the following marketing platforms to capitalize on opportunities across the five cities

| Innovation platform | Size of the "prize" | Most applicable species | Relevant trends |
|---|---|---|---|
| **Timeline: now**<br>**Promote country of origin on pack** as a key selling point; either through on-pack claims or Australian themed branding | Although less important than freshness cues, many consumers are influenced by country of origin and brand when buying meat. Building a strong brand presence and positive image of Australia will be important in encouraging consumers to choose this over other meat options. | All Red Meat | Migrating Influences<br>Authenticity & Heritage |

### Innovation inspiration: Using country of origin as a key selling point


**Shuanghui Fengwei Xiangchang Fujiniya**

Translating as Virginia style seasoned sausage, this ready to eat sausage product from the Shuanghui brand is made with imported American pork. The red packaging and imagery of the iconic stars and stripes of the USA flag clearly highlights provenance to Chinese consumers, while also creating shelf standout. The product itself includes five 50g individually wrapped sausages seasoned with a Southern style spice mix and made with Virginia Ham (a protected ham that can only be produced in Smithfield Virginia).

# Recommended marketing platforms

## Canadean recommends the following marketing platforms to capitalize on opportunities across the five cities

| Innovation platform | Size of the "prize" | Most applicable species | Relevant trends |
|---|---|---|---|
| **Timeline: 2-4 years**<br>**Use innovatively shaped packs and bright colored labels**, such as with imagery of Australia to make transparent packaging stand out | Almost half (47%) of Chinese meat consumers find bright colors essential or exciting in product packaging while 42% feel the same about unique shapes; highlighting the importance of packaging to help sell Australian meat. | All Red Meat | Novel & Experiential<br>Authenticity & Heritage |
| **Timeline: now**<br>**Use transparent packaging** to ensure the product is clearly visible inside | Visual cues are extremely important to Chinese meat buyers, with 44% in the five cities considering color of the meat as one of the most influential factors. Visibility of blood, ice and fat in the pack are also influential for many. Indeed, the lack of product visibility is cited as one of the main barriers to buying meat online. | All Red Meat | Trust & Transparency<br>Simplicity |

# Recommended marketing platforms

## Canadean recommends the following marketing platforms to capitalize on opportunities across the five cities

### Innovation inspiration: creating shelf stand-out

**Transparent pack with eye-catching and informative overlay**


**The Black Farmer Pulled Pork Sausages**

Pulled pork flavoured sausages are clearly visible inside this shrink-wrapped pack. The eye-catching card overlay enables the product inside to stay clearly visible while standing out on shelf. Simple imagery conveys important messages without being over cluttered: gluten free, certification logos (Red Tractor and Freedom Foods welfare), product origin and heritage ("celebrating 10 years of great taste and flavour").

**Bright colors offer strong shelf-standout**


**Shuanghui Hong Kong Style Barbecued Pork**

This pre-prepared chilled meat is packaged in an over boxed plastic bag, retailing for 24.50 CNY. The bold pink packaging is eye-catching and designed with the primary female shopper in mind. The on-pack claim "good taste" will appeal to Pleasure Seeking consumers.

# Recommended marketing platforms

## Canadean recommends the following marketing platforms to capitalize on opportunities across the five cities

| Innovation platform | Size of the "prize" | Most applicable species | Relevant trends |
|---|---|---|---|
| **Timeline: 5+ years**<br>**Adopt interactive packaging (e.g.. QR codes)** to provide greater information on the product, without cluttering packaging labels | 86% of consumers in the five cities consider information on brand/manufacturer websites at least somewhat trustworthy when shopping for meat. Given 40% of Chinese meat consumers find interactive packaging exciting or essential in product packaging; interactive packaging can help help build trust and drive purchase | All Red Meat | Informed Shopping<br>Next Generation Shopping<br>Digital Lifestyles |

### Innovation inspiration: Adopting technology to better inform consumers



**Waitrose adopted QR codes to highlight higher welfare standards and offer cooking tips**

To highlight its commitment to higher pig welfare standards across its pork range, Waitrose launched a marketing campaign in 2012 that enabled consumers to learn more about the products through their smartphones. Packs of private label meat featured a QR code sticker on pack and on the shelf edge, which the consumer could scan with their smartphone to be directed to a web page with additional information about the product. This included information on where the pig was reared and welfare conditions, alongside recipes and cooking tips.

Image from Shutterstock

# Recommended marketing platforms

## Canadean recommends the following marketing platforms to capitalize on opportunities across the five cities

| Innovation platform | Size of the "prize" | Most applicable species | Relevant trends |
|---|---|---|---|
| **Timeline: 2-4 years**<br>**Leverage social media** to encourage consumer-to-consumer and brand-to-consumer conversations | Consumers are generally trusting of information sources given when shopping for meat whether from professionals, friends/relatives, retailers or brands themselves. Family and friends are the most trusted information source of all: facilitating conversations can help build brand awareness encourage product trial. | All Red Meat | Informed Shopping<br>Digital Lifestyles<br>Trust & Transparency |

**Innovation inspiration: Leverage local social media tools to engage with target consumers**

weibo

**Sin Weibo**

The microblogging site referred to as "Twitter of China." It has around 500 million active users in China overall; making it an attractive tool to reach a target consumers. Australian meat brands can use the site as a promotional tool to interact much as they would via Twitter; by creating content that is highly shareable (e.g.. competitions to win a trip to Australia etc.)

QQ空间 QZONE.COM

**QZone**

This social networking site has around 700 million active users who share photos, music, videos and blogs. The tool offers users a forum to review and recommend products to their followers and friends; while brands can create customized microsites to inform and engage with target consumers.

# Recommended marketing platforms

## Canadean recommends the following marketing platforms to capitalize on opportunities across the five cities

| Innovation platform | Size of the "prize" | Most applicable species | Relevant trends |
|---|---|---|---|
| **Timeline: 2-4 years**<br>**Promote recipes** which include red meat as part of traditional and familiar Chinese dishes to encourage trial | Consumers enjoy experimenting with new dishes, recipes, ingredients and cooking styles (88%) and trying new or unusual products (78%); however can also be cautious to stick to familiar dishes they know their families will enjoy (78%). Recipe suggestions can bring a familiar twist to something new. | All Red Meat<br>*especially*<br>Goat | Anchoring<br>Localism<br>Migrating Influences<br>Sensory Fusion |

**Innovation inspiration: Promoting recipe ideas on pack**



**Can Cook Smoky BBQ Pulled Pork, UK**

This ready to eat ambient canned pork product features imagery on the front of pack to help highlight different ways the product can be used in dishes familiar to local consumers (e.g.. jacket potatoes). Such labelling will help encourage purchase among consumers who may other not buy the product because they are unsure how they would use it.

# Recommended marketing platforms

## Canadean recommends the following marketing platforms to capitalize on opportunities across the five cities

| Innovation platform | Size of the "prize" | Most applicable species | Relevant trends |
|---|---|---|---|
| **Timeline: 2-4 years**<br>**Clearly highlight nutritional content on pack as well as highlighting the health benefits of red meat** (e.g.. levels of beneficial nutrients such as being high in protein and iron) | Approximately 10.7% of volume sales of meat in China are influenced by Health motivations [1] which translates to around **99.4k tonnes of red meat in the top five cities combined in 2020.** | All Red Meat | Guided Health<br>Weight Management |

### Innovation inspiration: Promoting health benefits on-pack


**Jinluo Jiagai Jingluowang "Carb-free" Sausage**

Ready to eat snacks sold in packs of 10 x 38g sausages, individually wrapped in easy to tear plastic chub. Retailing for 16.50 CNY the ham sausages claim to have added calcium and to be "carb-free" appealing to the more health conscious segment; particularly those following a high protein diet. The packaging also features a Chinese television celebrity to endorse the product.


**Gourmet Game Kangaroo Kebabs**

These pre-marinated kangaroo meat kebabs in Australia are sold with health claims clearly flagged on front of pack relating to fat, iron, protein and gluten. Adopting similar labelling will appeal to the Health Conscious in China, particularly to highlight benefits of less consumed meats such as goat.

# Recommended marketing platforms

## Canadean recommends the following marketing platforms to capitalize on opportunities across the five cities

| Innovation platform | Size of the "prize" | Most applicable species | Relevant trends |
|---|---|---|---|
| **Timeline: 2-4 years**<br>**Promote ethical credentials of** meat products on-pack such as being free-range, pasture-raised, or grass fed. | Ethical considerations are said to drive around 5.4% of volume meat consumption in China overall. [1] This will equate to around **50.2k tonnes of red meat** in the five target cities combined in 2020. | All Red Meat<br>*especially*<br>Lamb | Cruelty Free<br>Ethical Wellbeing<br>Social Responsibility |
| **Timeline: 2-4 years**<br>**Highlight natural credentials** on-pack such as being antibiotic and hormone-free. Organic certification can strengthen these credentials and enhance trust. | Australian meat eaters rank "hormone/additive free" and "all natural" as two of the five most influential factors when buying meat in supermarkets. **91% of consumers** find on-pack certification, such as the Green Food organic logo, trustworthy. | All Red Meat | Fresh, Natural, & Pure<br>Vitality & Balance<br>Trust & Transparency |

**Innovation inspiration:**
**Organic food certification**

绿色食品 GreenFood

**Green Food Logo**
Food carrying this logo must comply with production standards set by the China Green Food Development Center which oversees organic food standards in China. *Importantly, products not certified by China cannot be labelled organic, even if they are recognised as organic in Australia.*

Source: [1] Canadean's Consumer Graphics, 2014

# How should I market them?

## What the experts are saying

**Capitalize on unique taste**

*"You can emphasize on the meat's unique taste and texture, or the unique way of cooking. the end, it has to come down to taste. Otherwise, people will not come back, and will not spend again.*

**Teach people how to cook**

*"If the brand is not well known in China, promoting the brand is not very helpful. It's more useful to link up with video websites (e.g.. Penguin Guide) that teaches people cooking."*

**Find a unique selling point**

*"Premium red meat definitely needs emphasis on the quality of meat, its taste and texture, its price, way of farming. Then see how you can attract people, like wagyu promotes melt in your mouth."*

**Food Journalist,** HuoLishi gourmet food app, Beijing

**Use apps to engage with consumers about red meat**

*"Our app is facing the consumers. We will not talk too much detail things. On the public forum, we will talk about beef. Give some knowledge. We have videos and articles, and interviews with chefs. One thing we are working on now is to use commentator and trendy celebrities. "*

**Influence the influencers to reach the consumers**

*"(Australian meat suppliers) can make a video to be run by media. Then you can do print media to strengthen the message. Let it influence the next wave of people. Then you can do product tasting. Start with the professional chefs. They will know whether the pricing is suitable for the quality of meat. After that you do product tasting with the media people. Let them know you product exists. Then you can do the product tasting with the print media. They are the ones who will finally impact the end consumers.*

# How should I market them?

## What the experts are saying

**Choose price point carefully**

*"(Price) depends on who you are targeting. For middle income group, RMB300-600 unit price is considered premium. If you want top grade, then it is RMB600-1000. A middle class with monthly salary of RMB5000 may think a RMB300-500 meal is premium."*

**Food Journalist,** HuoLishi gourmet food app, Beijing

**Innovation Manager**, Miandian Food Company Ltd, Shenzhen

*"To enter China, (foreign companies) first must understand the pricing. The price can be higher, but cannot be more than 30%. Many people cannot accept above 50%."*

**Less packaging can be more**

*"Chinese are no longer going just for luxury packaging. Now people go for the basic quality packaging with quality goods."*

**Innovation Manager**, Miandian Food Company Ltd, Shenzhen

**Promote natural**

*"Consumers consider natural when choosing meat. Must emphasize natural. Plus promote organic grassland, and no pollution."*

**Advertising is worth paying more for**

*"China's advertising cost is very high. The cheap ones are not effective. "*

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MARKET INSIGHT
PRODUCT INSIGHT
CONSUMER INSIGHT
INDUSTRY INSIGHT

# City-Specific Recommendations

## Targeting the final 5 cities

# Each city has distinct characteristics that make it stand out as a key target

| | |
|---|---|
| **Beijing** | Not only the capital of China, but also the political, cultural and educational centre of the country. Located in North and connected by strong transport links the city has a favourable transport and logistics infrastructure. Consumers in Beijing are more likely to be vegetarian than those in the other cities, however, its dense population of meat eaters still makes it an ideal target city. Furthermore, it is one of the largest and fastest growing consumers of beef. |
| **Shanghai** | Located along China's Eastern coast, the city is a commercial gateway to China, close to the major hub of Shanghai Waigaoqiao Port and with a designated free trade zone. The city has a large population with high GDP which is forecast to reach US$324bn by 2020; solely accounting for almost half the combined GDP of the five cities. It is also one of the fastest growing red meat markets in China, in terms of retail value. |
| **Hangzhou** | The largest city in Zhejiang province and one of the most prosperous cities in China, ideally located along China's Eastern Coast close to the nascent Shanghai Free Trade Zone and to the port of Ningbo – providing direct market access and shortening supply chains. Second only to Shanghai in terms of imported red meat consumption, with an additional 700g expected to be consumed per person by 2020. |
| **Shenzhen** | Located in a key economic area, the Pearl River Delta, which lies on the coast of the South China Sea; the city is one of the main hubs of China's economic output aided in part by proximity to Hong Kong and Macau. The city grew rapidly from 30,000 residents in 1980 to 9.7 million in 2015; although population growth has slowed dramatically and economic growth is lagging behind other cities. |
| **Chengdu** | Chengdu is the capital of Sichuan province located inland in the South West of China and the city is fast becoming an economic powerhouse in the region. Chengdu city authorities have been seeking to establish a free trade zone in the city for some years and have recently been approved to establish a Chengdu Hi-tech Free Trade Zone, a multi-functional facility for bonded export, logistics and customs clearance, slated to begin operation by end of 2016. Chengdu is only 270km from Chongqing, which is home to China's only inland custom-bonded port. |

# Snapshot - Beijing



**As would be expected of the national capital, Beijing scores highly on economic, social, and technological indicators.**

TIER: 1

POP: 19.7 million

GDP: 142.9 US $bn

### Weighted Score

65.6

| P | E | S | T | E |
|---|---|---|---|---|
| 16 | 54 | 66 | 43 | 11 |

### City Ranking out of 15

- Economic 5
- Social 7
- Technological 2
- Political 3
- Environmental 11

***Overview***

Beijing's high score is driven by strong transport links, high internet penetration and a high working age population.

Beijing is not only the capital of China, but also the political, cultural and educational centre of the country. The scale of urbanization in the city has sparked the growth of a formidable middle class who are diverse, cultured, and hold immense purchasing power. Busy lives mean that Beijing is a high potential city to target with convenient, tasty meal solutions for adventurous cooks.

Beijing is well connected with two major commercial airports allowing for good trade links with the city. Its distance from Tianjin Free Trade Zone and Beijing Capital Airport, are facilitating foreign direct investment, which is however undermined somewhat by local governance issues.

An aging population is expected to contribute to growth rates behind the national average – although still strong.

# Snapshot of supply chain and logistics environment - Beijing

**Beijing** | Shanghai | Hangzhou | Shenzhen | Chengdu

## Strong transport links and high focus on international quality standards but existing cold chain logistics under strain

| Key supply chain and logistics indicators | Beijing |
|---|---|
| No. commercial international airports within 50km | 2 |
| Distance from city to closest meat port | 30km |
| No. refrigerated vehicles per 100,000 population | 132 |
| % refrigerated vehicles that can carry red meat | 28.8% |
| Liters of cold storage capacity per capita | 94 |
| % of cold storage capacity that can handle red meat | 23.4% |
| Food wastage per capita | 92kg |
| Penetration of hyper/supermarkets in organised retail | 43.9% |
| Number of foodservice outlets per 100,000 population | 139 |
| Number of 4* and 5* hotels in the city | 316 |
| Number HACCP certified meat wholesalers | 112 |
| Incidents of corruption per 100,000 people | 2.59 |

### Transport networks

As expected, China's capital benefits from strong transport networks, not least its two airports and relative proximity to the Free Trade Zone and port of Tianjin. It is well connected to other major hubs in China via road, and rail: eight major railways depart from Beijing, including high speed lines.

### Cold chain logistics

Beijing has the second largest estimated number of refrigerated transport vehicles per 100,000 people but only 29% of them can carry red meat. It also has joint lowest cold chain capacity per capita with Shanghai, indicating that the existing network is becoming saturated. Unlike Shanghai, food wastage is relatively low, indicating greater effectiveness.

### Retail and foodservice environment

Of the final five cities, Beijing boasts the highest number of 4* and 5* hotels, and foodservice outlets per 100,000 population, and the increasing prominence of hypermarkets and supermarkets indicates that modern, efficient distribution networks are likely being established.

### Regulatory environment

As a cultural, business, and diplomatic hub, Beijing enjoys a high concentration of Western retail, hotel, and foodservice chains and correspondingly registers the second highest number of HACCP certified meat wholesalers to meet commercial demand for products that conform to high international quality and safety standards.

# Snapshot of retail environment - Beijing

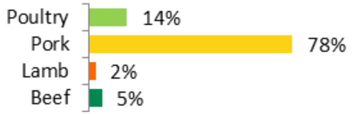
**Beijing** | Shanghai | Hangzhou | Shenzhen | Chengdu

## Observations from store visits to Chinese and Western hyper/supermarket chains and local butchers and wet markets

### Chinese hyper/supermarket

Vanguard 华润万家

**Proportion of SKUs in store by species**

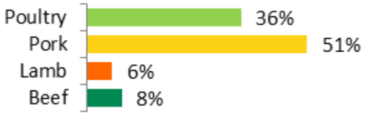



- Beef and lamb restricted to a handful of chilled pre-pack and frozen value-added products.
- Most meat products were private label.
- Negligible in-store or on-pack promotional activity.
- All products sourced from China.
- Packaging and branding very minimal – shrink wrapped plastic trays with label or vacuum packs with labels.

### Western hyper/supermarket

Auchan 欧尚

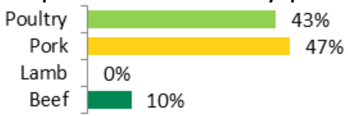
**Proportion of SKUs in store by species**




- More beef and lamb vs. other outlets.
- Fresh beef and lamb offer concentrated on butcher service counter (including products packed in store). Counter proposition slightly more premium than the chilled pre-pack.
- Frozen offer small and focussed on convenience (e.g. sliced/diced product)
- All products sourced from China.
- Packaging and branding very minimal – shrink wrapped plastic trays with labels.

### Local butchers and wet markets

**Proportion of SKUs in store by species**




- Very little beef on offer and no lamb.
- All meat, (including beef) was sourced from China.
- Much wider variety of cuts and species available vs the hyper/supermarkets.
- Store environment appears to be less appealing than the supermarkets – fixtures are very functional.
- Packaging and branding extremely minimal.

# Key things to know about operating here

**Beijing** | Shanghai | Hangzhou | Shenzhen | Chengdu

## Strong spending power, rising meat consumption and desire for better quality make Beijing an ideal target for premium Australian meat

### Consumer spending power is strong and growing

- The scale of urbanization in the city has sparked the growth of a formidable middle class who are diverse, cultured, and hold immense purchasing power.
- Although GDP growth rates are slowing, growth is still strong enough to drive healthy increases in consumer spending, with disposable income set to increase by overUS$4000 in the next five years.
- Consumers will have more money to spend on food, meat, and, importantly better quality meat.

### Consumers want better quality and a better variety of meat

- The cosmopolitan nature of the city emphasizes its attractiveness in terms of FMCG opportunities to meet increased consumer expectations of choice and quality.
- Not only are consumers looking to eat more meat, but 89% want to eat more high quality meat and 84% expressed an interest in trying different cuisines and experimenting with food.
- This desire for quality and variety means they will be open and willing to try not only foreign meat but also less familiar types (e.g.. goat).

### Consumers will eat an additional 700g imported red meat each by 2020

- Meat consumption is rising with a third of consumers already claiming to eat more meat than they did a year ago.
- Specifically opportunities exist for imported meat, with consumption of imported red meat set to rise 300g per person in foodservice and 400g in retail by 2020, equating to around seven extra portions (100g) of imported meat per person.
- Australian meat can capitalize on these additional imported meat-containing meal occasions.

### Perceptions of imported red meat are favourable

- A significant proportion already eat imported red meat a few times a month or more (45%); with consumption frequency expected to grow.
- While awareness of Australian-origin beef is fairly high, it is comparatively low compared to other cities meaning there is significant opportunity to raise awareness and grow penetration as well as consumption frequency.
- Australian meat producers can capitalize on a strong positive perception of Australia generally (90%) as well as perceptions of Australian meat being high quality, more nutritious and safe.

# Key things to know about operating here

**Beijing** | Shanghai | Hangzhou | Shenzhen | Chengdu

## Good technological infrastructure, coupled with strong opportunities to target out-of-home consumption, cements Beijing's position as a key target city

### Strong supply chain infrastructure in place for distributing chilled and frozen meat

- There are an estimated 26,000 registered refrigerated transport vehicles, 29% of which can carry red meat.
- There are an estimated 1.85billion liters of cold storage capacity; 432 million liters (23%) of which is specifically for handling red meat .
- There are 112 HACCP certified meat wholesalers and 102 SAQSIQ registered meat producers.

### High proportion of food service outlets; with high-end representing a large proportion of out-of-home eating occasions

- Beijing has the highest number of 4 star and above hotels in China – 316 – and a high proportion of food service outlets, one for every 718 people.
- Over half of out of home consumption occasions take place in full service restaurants or four-star and above hotels, and of those occasions, 52% were estimated to include red meat.
- Supplying Australian meat through these high-end establishments is a clear opportunity, especially given rising imported meat consumption.

### High internet penetration lends itself to consumer engagement and e-retailing

- Beijing has the highest internet penetration in China (75%), giving rise to a highly connected and well-informed population.
- This creates opportunities to engage directly with target consumers through direct marketing and social media, as well as a tool for better informing consumers (e.g.. using QR codes on packaging).
- It also lends itself to greater opportunities in the e-retailing space as a large proportion of the population will be able to place orders online.

### Rising multinational workforce will drive demand for convenience

- The proportion of people working for multinational enterprises in Beijing is the second highest of the five target cities, behind Shanghai. Specifically it is set to rise from 17.3% in 2015 to 18.3% by 2020.
- This growing population is driving immigration and rising disposable incomes in the city, and growing demand for convenience as lifestyles become busier and more time-pressed.
- Partially prepared meats will become increasingly popular, alongside quicker cooking cuts such as steaks and chops.

# What products should I offer?

**Beijing** | Shanghai | Hangzhou | Shenzhen | Chengdu

## Recreate restaurant quality in the home through prepared meal kits

**What?**

**Kits to create easy and innovative fresh meals at home**

- Kits which combine all the necessary raw ingredients needed to create fresh meals from scratch at home.
- Ingredients are conveniently pre-portioned to save time, while step-by-step instructions help consumers to learn to create new and unfamiliar dishes.

**Why?**

**Feeds desire to experiment with more exciting dishes**

- Beijing consumers are more likely to agree that they prefer to eat at home rather than out of home, but are keen to learn how to cook more exciting dishes with meat in the future.

**How?**

**Timeline: 5+ years**

- Offer kits with familiar recipes with a twist (e.g.. Szechuan pork, but made with beef) and those with Western favorites that they're not used to cooking (e.g.. steak).
- Online subscriptions which deliver fresh ingredients for a few days worth of meals direct to the home.

*"I can never make steak as good as I can get outside the home."*

**Male,** aged 25 from Beijing


**Scratch Michael Roux** meal kits contain pre-portioned fresh ingredients for a meal for two, in transparent packaging with instructions.


**Hello Fresh** is a meal kit subscription service which delivers a weekly box of fresh raw ingredients to the home, pre-portioned to make a set number of meals.

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# What products should I offer?

Beijing | Shanghai | Hangzhou | Shenzhen | Chengdu

## Frozen formats that "lock in" freshness

**What?**

**Freshness is a priority, but frozen holds strong potential**

- Freshness is the top priority when shopping for meat; creating psychological barriers for purchasing imported meat which can never be as fresh as local in many consumer's minds.
- Freezing helps "lock-in" freshness.

**Why?**

**Consumers in Beijing are becoming more receptive of frozen**

- Sales of frozen red meat are forecast strongest growth out of the top five cities over the next five years.
- A third of Beijing consumers eat frozen meat at least a few times per week; and half eat it at least once per week.

**How?**

**Timeline: now**

- Educate consumers about the benefits of freezing meat, in terms of freshness and safety via point of sale and online information.
- Emphasize "freshness" and "purity" in branding and on-pack claims.

*"I buy chilled meat and freeze it myself at home. I don't buy ready frozen because the quality isn't good and it doesn't last long."*

**Male,** aged 25 from Beijing

**Sales of Frozen Red Meat are forecast to grow 10.1% per year between 2015-20; to reach CNY 1.8bn by 2020 .**

**50% of Beijing consumers eat frozen raw meat at least once a week.**

# Who should I target?



## Beijing's aging population means the needs of seniors must be addressed

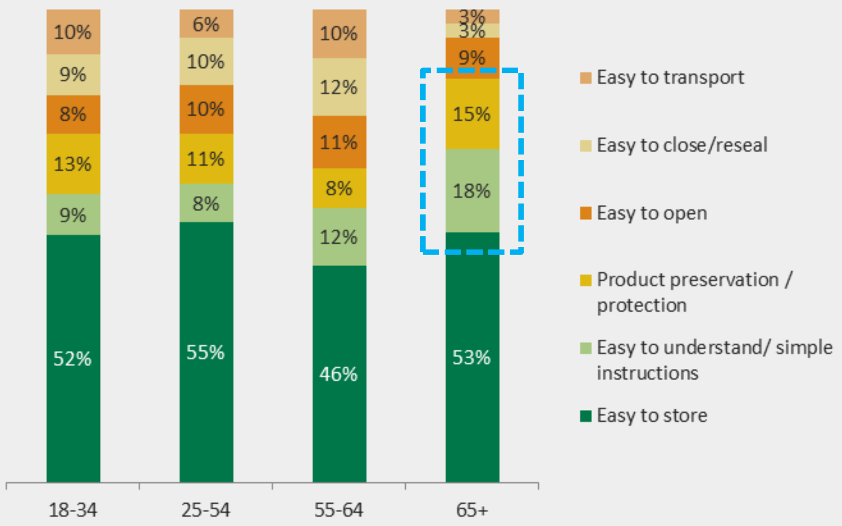
**Empty Nesters**

- Beijing's population is aging, and the proportion of working age people is set to fall from 80.2% in 2015 to 79.6% in 2020.
- Older consumers (45+ years) are most likely to be responsible for household shopping and meal preparation decisions, and typically spend the most on meat making them an ideal target in this city.

**So What?**

- ✓ Offer red meat in formats which are suitable for use in familiar Chinese recipes (e.g.. minced beef for dumplings) and with traditional cooking utensils (e.g.. quick frying cuts that are suitable for cooking in wok).
- ✓ Highlight health/nutritional benefits on-pack (e.g.. low fat).
- ✓ Design packs that are easy to read with simple usage instructions, easy to store and offer good product protection to align with the needs of older Chinese consumers.

**China: Highest priorities in packaging among frequent meat eaters shopping for food, by age**




Sources: Canadean's global survey, Q2 2015

# Who should I target?

Beijing | Shanghai | Hangzhou | Shenzhen | Chengdu

## Females are the primary decision makers in terms of shopping and cooking

**Female Scratch Cooks**

- Females are most likely to have complete control over meal preparation decisions (79% women vs 60% men).
- They prefer to cook meat completely from scratch using only fresh raw ingredients; whereas their male counterparts prefer to cook mainly from scratch using some ready prepared ingredients.

**So What?**

- ✓ Ensure use-by dates are prominently displayed and the product is visible inside the pack to address freshness concerns.
- ✓ Promote the natural-ness of Australian meat, by highlighting it is free from preservatives, hormones and other additives.
- ✓ Utilize digital tools and apps to provide recipe inspiration which promote the use of Australian meat.

***" Cooking is my job. My husband never does that, and doesn't care about it. "***

***" I have lots of apps on my mobile, basically I learn (to cook) from my mobile. And I follow hot news and if there's some about cooking I will check the link***

**Mother,** aged 40 from Beijing

**Top 5 priorities (aside from freshness) when shopping for meat among Females in Beijing**

1. Use-by date
2. Free from additives/ hormones
3. Color of the meat
4. All natural/ 100% natural claims
5. Price

# Who should I target?

**Beijing** | Shanghai | Hangzhou | Shenzhen | Chengdu

## Beijing consumers are more likely to be driven by sensory and multicultural influences

**Global Giants**

- Although representing a relatively small proportion of consumers in the city overall, consumers in Beijing are more likely to be Global Giants (10%) than the national average (6%). Their purchase behaviour is highly influenced by international culture and they have good awareness of meats of different origin.

**Pleasure Seekers**

- Consumers in Beijing are more likely to be Pleasure Seekers (43%) than the national average (39%). Their willingness to experiment with new recipes and ingredients makes them a prime target for driving Australian meat consumption.

**So What?**

- ✓ Develop meal kits and ready meals that are inspired by flavours and dishes found in popular international cuisines.
- ✓ Provide recipe inspiration (in-store, on-pack or via online apps) to promote the use of Australian meat in foreign dishes (e.g.. Western cuisine).
- ✓ Offer meat format such as minced beef which enable Chinese consumers to more easily recreate Western dishes at home (e.g.. burgers, Bolognese).

# Where should I distribute these products?

Beijing | Shanghai | Hangzhou | Shenzhen | Chengdu

## Canadean recommends targeting the following distribution routes

**Hypermarkets**

- Hypermarkets are the most popular channel for meat purchases.
- 52% buy their beef through hypermarkets and 60% buy lamb through this channel.
- Foreign brands Carrefour and Walmart are the top two retailers that Beijing consumers claimed to have purchase meat from in the past month.

**So What?**

- Red meat sold through Hypermarkets in Beijing will be worth **CNY 2.9bn** by 2020; accounting for 16% of total value red meat sales.

**Online**

- Online retail represents a big opportunity, with red meat sales set to increase 16.6% per year between 2015-20.
- Overall 76% hold a positive attitude to purchasing meat online; although concerns around freshness and brand familiarity must be addressed: over half of consumers would only purchase from well known e-commerce brands and are concerned about freshness.

**So What?**

- Distribute via well known e-retailers such as Jing Dong.
- Offer money back guarantees if quality does not meet consumer's expectations.

**High-spend full service restaurants**

- Red meat sales through full service restaurants are growing fastest in Beijing.
- Beijing's food service market is particularly favourable for consumption of good quality beef products with this city over indexing on consumption in mid-priced range full service restaurants.
- Supplying these establishments is a clear opportunity, particularly those offering Western cuisines.

**So What?**

- Red meat sold through full service restaurants (spend of RMB 50 per head and above) will account for 50% of out-of-home sales by 2020, worth **CNY 978m**.

# How should I market these products?

Beijing | Shanghai | Hangzhou | Shenzhen | Chengdu

## Canadean has pinpointed some key marketing platforms to consider in Beijing

**Promote the environmental benefits of Australian meat and use environmentally friendly packaging**

Consumers in Beijing are most likely to strongly agree that the meat they buy is environmentally sustainable and are prepared to pay more for this (36%). Although levels of pollution in Beijing are extreme, with CO2 emissions standing at 11 metric tons per capita, this can be to Australian meat supplier's advantage as consumers become more willing to spend on clean, green products and those stressing environmental friendliness.

**Use on-pack certification logos to build trust**

Almost half of consumers in Beijing consider on-pack certification logos to be completely trustworthy in informing their decision when shopping for meat.

**Use online media to engage with consumers and drive usage of Australian meat**

Internet penetration is high in Beijing which can be used to advantage as a means to inform consumers of Australian meat, promote the benefits, and engage consumers in conversation. Apps can also be used to help promote recipes and cooking tips.

# Views from the experts

**Beijing** | Shanghai | Hangzhou | Shenzhen | Chengdu

## Opportunities and threats from Beijing's experts

**On Diet:**

*"Cancer and heart disease are on the rise due to changes in the consumer diet. I recommend meat with less fat. For example, beef and mutton are better than pork. Give consumers the overall impression (red meat) tastes better. Then if they want to know more, tell them about nutrition value, protein content, fat content, and its benefit against disease."*

**Dietician,** China-Japan Friendship Hospital, Beijing

**So What?**
- ✓ Promote tasty recipes that use lean red meat cuts
- ✓ Make on-pack claims to highlight the nutritional benefits e.g.. "low fat"

**On Marketing:**

*"If you are targeting middle to high income individuals that have time, then you need to pay attention to the packaging and communication. For me, I like to cook at home with good ingredients. I also like to try new ingredient. Most beef are now from Australia. Increasingly there are other countries' as well. Beef and mutton is the trend for premium meat."*

**Food Journalist**, HuoLishi gourmet food app, Beijing

**So What?**
- ✓ Ensure the packaging communicates a premium image and communicates the quality of the meat and ingredients used to attract affluent consumers

**On Consumers:**

*"(To enter China with premium red meat) you target the high income group. High income group is split into people with money no time, or with money likes to cook. They are very different. Also another type of people that have money, have time, but do not cook. They may hire private chef. How do you let them get what they need? How do you tell them you have the products? Through what channel?"*

**Food Journalist,** HuoLishi gourmet food app, Beijing

**So What?**
- ✓ Tailor offerings to differing consumer needs. Fresh ingredients and convenience offerings are demand, but the end-user will be different.

# Views from the experts

Beijing | Shanghai | Hangzhou | Shenzhen | Chengdu

## Opportunities and threats from Beijing's experts

**On Branding:**

*"Now people only know country of origin (for Australian meat). No brand. Brand building must be done properly and build the company on that. Now people only talk about Australian meat. If you can do it like Adidas or Nike. People will remember you, especially you are the first one."*

**Food Journalist,** HuoLishi gourmet food app, Beijing

**So What?**

✓ Create a brand for the Chinese market, which projects an image and a complete package, rather than just an origin.

**On E-retailing:**

*"I don't think there will be more e-commerce companies in Beijing. There is a need to partner with other companies to increase your advantage. New companies may find it difficult to enter the market.*

**Purchasing Manager**, Missfresh E-Commerce Co, Beijing

**So What?**

✓ Partner with established e-retailers to gain online presence in Beijng (e.g.. Xianfeng, Tmall, JD, BenLaiShenHuo and YiGuo)

*"Our main customers are young working class aged 20-40 with a medium level of income. They want to have food with better quality. People who often visit wet markets and supermarkets do not like to buy online. The products are different."*

**Purchasing Manager**, Missfresh E-Commerce Co, Beijing

**So What?**

✓ Target younger consumers through online retail, using promotions to appeal to middle-income consumers who want better quality but cannot always afford it.

# Snapshot - Shanghai



## Shanghai presents the greatest opportunities based on social, technological and economic development factors

TIER: 1

POP: 22.3 million

GDP: 318.6 US $bn

### Weighted Score

69.4

| P | E | S | T | E |
|---|---|---|---|---|
| 16 | 56 | 74 | 46 | 11 |

### City Ranking out of 15

- Economic 2
- Social 1
- Technological 1
- Political 6
- Environmental 7

***Overview***

Shanghai scores the highest on social and technological indicators, along with economic, driven by high GDP, a service industry mix in its economy and a high working-age population. However unemployment is relatively high due to a large amount of internal migration.

Its geographical location on China's east coast and proximity to the major hub of Shanghai Waigaoqiao Port make it a highly attractive target city. It is also has a designated Free Trade Zone and is one of the fastest-growing markets for meat, although local product is well-regarded here.

It attracts high levels of foreign investment and scores well on government effectiveness measures, making it a low risk investment destination.

The social profile of consumers living in the city suggests that imported food products are likely to be well received. Food distribution may benefit from a fairly well established organised retail sector and good internet access rates give scope for e-commerce or marketing initiatives.

# Snapshot of supply chain and logistics environment - Shanghai

Beijing | **Shanghai** | Hangzhou | Shenzhen | Chengdu

## Strong logistics environment and high focus on international quality standards but cold chain under strain

| Key supply chain and logistics indicators | Shanghai |
|---|---|
| No. commercial international airports within 50km | 2 |
| Distance from city to closest meat port | 28km |
| No. refrigerated vehicles per 100,000 population | 135 |
| % refrigerated vehicles that can carry red meat | 40.7% |
| Liters of cold storage capacity per capita | 94 |
| % of cold storage capacity that can handle red meat | 31.9% |
| Food wastage per capita | 102kg |
| Penetration of hyper/supermarkets in organised retail | 43.8% |
| Number of foodservice outlets per 100,000 population | 90 |
| Number of 4* and 5* hotels in the city | 301 |
| Number HACCP certified meat wholesalers | 180 |
| Incidents of corruption per 100,000 people | 2.77 |

### Transport networks

As would be expected of a first tier city, Shanghai benefits from strong transport networks, not least its two airports and proximity to Shanghai Waigaoqiao Port, reputed to be the world's busiest container port. It is well connected to other major hubs in Eastern China and beyond via road, rail, and river.

### Cold chain logistics

Compared to the other five cities, Shanghai has the largest estimated number of refrigerated transport vehicles per 100,000 population able to transport red meat. However, of the five cities, Shanghai also has the lowest cold chain capacity and highest food wastage per capita indicating potential inefficiencies.

### Retail and foodservice environment

Shanghai is second only to Beijing in terms of the number of 4* and 5* hotels, and foodservice outlets per 100,000 population, and the increasing prominence of hypermarkets and supermarkets indicates that modern, efficient distribution networks are likely being established.

### Regulatory environment

China's most populous city also enjoys a high concentration of Western retail, hotel, and foodservice chains and as such registers the highest number of HACCP certified meat wholesalers in comparison to the other five cities. This indicates commercial demand for products that conform to high international quality and safety standards.

Source: MLA /Canadean Phase II PESTE analysis

# Snapshot of retail environment - Shanghai

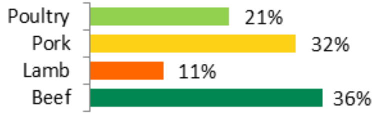


## Observations from store visits to Chinese and Western hyper/supermarket chains and local butchers and wet markets

### Chinese hyper/supermarket

city'super

**Proportion of SKUs in store by species**

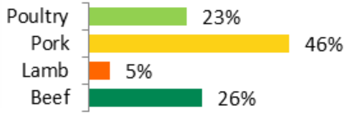



- Relatively high availability of beef and lamb reflects City Super's upwardly mobile customer base.
- Wide range of product formats across butcher, deli, pre-pack chilled and frozen aisles, with an emphasis on premium butcher counter offering.
- 85% beef imported – mostly from Australia plus a few products from Canada. 100% of lamb imported from New Zealand (80%) and Australia (20%).
- Minimalist but up-market packaging and in-store merchandising: high quality films and trays used to display product to maximum advantage, marble slabs, wooden boards and wicker baskets added to in-store "theatre"

### Western hyper/supermarket

Carrefour 家乐福

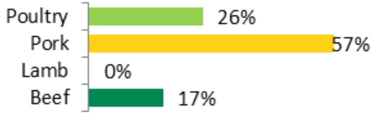
**Proportion of SKUs in store by species**




- Beef was available as fresh raw meat as well as frozen, but lamb was only available as frozen.
- Beef was offered in a variety of product formats including whole joints steaks, and ready sliced/diced, whereas the lamb products were all sliced/diced only.
- Almost all beef and lamb was sourced from China, with a few branded (Top Cut) beef products coming from Australia. .
- Packaging and branding very minimal and fairly uninspiring – shrink wrapped plastic trays with labels. Some beef products had black trays which made them look more premium .

### Local butchers and wet markets

**Proportion of SKUs in store by species**




- A small amount of beef available but no lamb.
- All meat (including beef) was sourced from China.
- Much wider variety of cuts and species available vs the hyper/supermarkets.
- Store environment appears to be less appealing than the supermarkets – fixtures are very functional.
- Packaging and branding extremely minimal.

# Key things to know about operating here

Beijing | **Shanghai** | Hangzhou | Shenzhen | Chengdu

## High awareness of Australian meat alongside rising consumption, a strong eating-out culture and high purchasing power make Shanghai a key target for Australian meat

**Rising consumer purchasing power**

- Disposable income set to increase by over US$2000 in the next five years to US$14,112 per person,
- Although disposable income levels will fall behind Beijing, Shanghai will remain in a strong position in terms of spending power, especially given the vast population size.
- This means consumers in Shanghai will have more money to spend on food, meat, and, importantly better quality meat.

**Meat consumption is rising, with an additional five portions of imported red meat per person by 2020**

- Meat consumption is increasing with over a quarter (28%) of consumers claiming to eat more meat now than they did a year ago.
- Specifically consumption of imported red meat set to rise 250g per person in foodservice and 300g in retail by 2020, equating to more than five additional portions of imported meat per person per year.
- This will in turn place increasing pressure on retailers and restaurants to sell imported origin meats; an opportunity to capitalize on.

**Favorable future prospects for Australian meat**

- Shanghai represents a high potential market with 86% of consumers wanting to buy better quality meat in future; aligning with favorable perceptions of Australian red meat products and high willingness to want to try meats from different countries (62%).
- Over 60% of beef consumers in the city are aware of Australian beef; higher than any of the other five cities and creating especially good prospects for Australian beef in the city.

**High cultural propensity to dine out, particularly in high-spend locations**

- There are 301 4* and 5* hotels in the city and one food service outlet for every 712 people highlighting the cultural propensity to dine out.
- Consumers here are highly likely to have eaten meat in high-end full service restaurants or 4* and above hotels in the last month (most likely of all five cities), with over half of out of home consumption occasions taking place in such locations; of which 53% include red meat.
- This presents strong opportunities to target high-end outlets with premium Australian meat cuts.

# Key things to know about operating here

Beijing | **Shanghai** | Hangzhou | Shenzhen | Chengdu

## Good technological infrastructure and high foreign investment affirm Shanghai's position as a key target city

**Strong supply chain infrastructure in place for distributing chilled and frozen meat**

- There are an estimated 30,000 registered refrigerated transport vehicles, 41% of which can carry red meat.
- There are an estimated 2.1billion liters of cold storage capacity; 678million liters (32%) of which is specifically for handling red meat .
- There are 180 HACCP certified meat wholesalers and 5 SAQSIQ registered meat producers.

**High internet penetration creates good avenues for brand-consumer engagement**

- Shanghai has one of the highest internet penetration rates in China (71%), giving rise to a highly connected and well-informed population.
- This creates opportunities to engage directly with target consumers through direct marketing and social media, as well as a tool for better informing consumers (e.g.. using QR codes on packaging).
- It also lends itself to greater opportunities in the e-retailing space as a large proportion of the population will be able to place orders online.

**Strong service industry strengthens Shanghai's economic position**

- The service industry accounts for a high proportion of GDP (65%) in Shanghai, with low reliance on agriculture.
- This strong service industry brings with it greater opportunity for distributing Australian meat to local consumers; whether through food service outlets, hotels, or e-retailing; as well as opening up potential for greater exposure to non-traditional, more innovative product concepts.

**High level of foreign investment allows for greater innovation**

- Foreign direct investment is set to reachUS$22.0bn (representing 3.1% of total investment in China) by 2020.
- This high foreign investment will help position Shanghai as a melting pot of more innovative concepts and a hub of potential consumer demand.
- Australian meat suppliers can take advantage of such investment to deliver products in more exciting and innovative ways to consumers in Shanghai.

# What products should I offer?

Beijing | **Shanghai** | Hangzhou | Shenzhen | Chengdu

## Easy and convenient meat products which make cooking less of a chore

**What?**

### Partially prepared meats to make meal preparation simpler

- Prepared meats which are either ready to cook or ready to be added to recipes with minimal preparation (e.g.. pre-marinated or cut) to facilitate desires for simplicity and convenience.

**Why?**

### Cooking is more likely to be seen as a chore

- Consumers in Shanghai are most likely to agree (44%) that they find cooking a chore and so just eat whatever is easy and available.
- They also are more likely to prefer to cook mainly, rather than completely, from scratch to make life easier.

**How?**

### Timeline: 2-4 years

- Fresh meats packaged ready to cook in the microwave (e.g.. by steaming)
- Pre-cut and sliced meats that save time on preparation
- Pre-marinated meats that can be added straight to dishes

*"Weekday meals should be simple and convenient. Occasionally I've bought pre-prepared meals or meat from convenience stores."*

**Male,** aged 41 from Shanghai

**Photos from the kitchens of Shanghai consumers:**


**Microwaves** are common features of homes among the affluent of Shanghai – offer fresh meats packaged ready to cook conveniently by microwave.

# What products should I offer?

Beijing | **Shanghai** | Hangzhou | Shenzhen | Chengdu

## Meat snacks present an opportunity to capture new consumption occasions

**What?**

### Meat for on-the-go consumption

- Meat positioned at the snacking occasion, rather than a meal (e.g.. dried meat jerky, salami sticks).
- A high working age population is contributing to growing demand for more convenient on-the-go meat products.

**Why?**

### Meat snacks are showing promising growth

- Meat snacks growth in Shanghai is outpacing the other five cities, with retail sales forecast to grow 9.2% per year to reach CNY 263m by 2020.

**How?**

### Timeline: 5+years

- Sell meat snacks online through regular subscriptions
- Use pack formats which are resalable, easy to carry and do not require refrigeration for on-the-go consumption
- Promote as a healthy high protein snack

*"I buy packaged foods like snacks online."*

*"I eat meat as a protein supplement and for essential nutrients like Omega-3."*

**Male,** aged 41 from Shanghai


**Dick Stevens Jerky Mix** contains a healthy mix of dried beef jerky with nuts and dried fruit. Promoted with the slogan "live hard, snack well," the high 16g protein content is also highlighted clearly on front of pack. The re-sealable format preserving freshness for on-the-go consumption.

# Who should I target?

Beijing | **Shanghai** | Hangzhou | Shenzhen | Chengdu

## Time-pressed women seek convenient solutions

**Convenience-seeking females**

- Females in Shanghai are most likely to have complete control over meal preparation decisions (70% of women, compared to 51% men).
- They prefer to cook meat mainly from scratch (men prefer to cook completely from scratch), but using a small amount of prepared or ready-made ingredients to make the process easier.

**So What?**

- ✓ Fresh meats packaged ready to cook in the microwave (e.g.. by steaming)
- ✓ Pre-cut and sliced meats and pre-marinated meats that can be added straight to dishes, saving time on preparation
- ✓ Packaging that will appeal to the preferences of females (e.g.. bold colors, natural claims)


**Shuanghui Sour Sausage** is a ready to use sausage, either to be used in recipes or eaten as a snack. The pink feminine pack design creates bold shelf standout, and will hold particular appeal to younger working-age women seeking convenience.

**Top 5 priorities (aside from freshness) when shopping for meat among Females in Shanghai**

1. Use-by date
2. Color of the meat
3. Price
4. Free From additives/ hormone
5. All natural/ 100% natural claims

*"My wife and I are very busy with work this year. We are more into simplicity, nutrition, and convenience."*

**Male,** aged 41 from Shanghai

# Who should I target?

Beijing | **Shanghai** | Hangzhou | Shenzhen | Chengdu

## Shanghai's large senior population should not be ignored

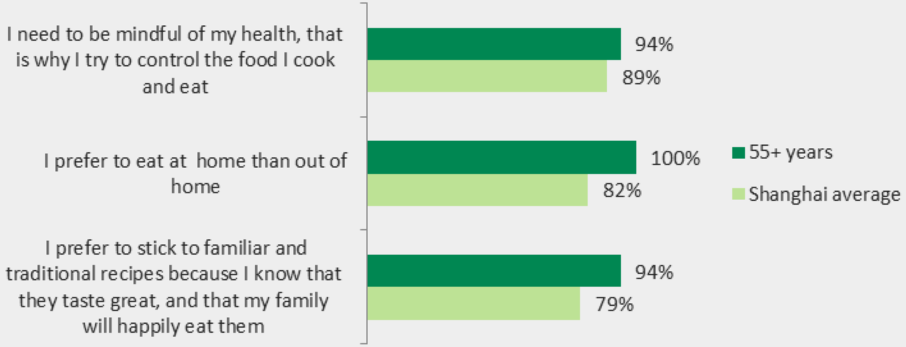
**Seniors**

- Shanghai has the largest proportion of over 65s of any of the cities, accounting for 14% of the population; the equivalent to 3.4million people.
- Seniors (55+ years) are less likely to be completely responsible for meal preparation or shopping decisions, but still hold at least partial influence.
- More likely to prefer to stick to familiar and traditional recipes (94%) and prefer to eat at home than go out (100%).

**So What?**

- ✓ Appeal to primary household decision makers (younger family members) by promoting ideas for using red meat in familiar cuisine to encourage trial while meeting the more traditional preferences of seniors.
- ✓ Offer red meat in formats which are suitable for use in traditional recipes (e.g.. minced beef for dumplings) and with traditional cooking utensils (e.g.. quick frying cuts that are suitable for cooking in wok).
- ✓ Highlight health/nutritional benefits on-pack (e.g.. low fat) to align with senior's health needs.

**Shanghai: Consumers who agree with the following:**




**Just a 25% of 55+ year olds in Shanghai are completely responsible for grocery shopping decisions (75% are partly responsible).**

**31% are completely responsible for meal preparation (69% are partly responsible).**

# Who should I target?

Beijing | **Shanghai** | Hangzhou | Shenzhen | Chengdu

## Convenience needs of a large young workforce must be addressed

**Millennial workers**

- Around three quarters of Shanghai's population will be of working age by 2020. The proportion working for multi-national enterprises is also high, creating strong demand for convenience and willingness to try more experimental & innovative product concepts.
- Younger consumers (particularly 25-34) are more likely to be looking to buy more ready prepared meals containing meat in future and are more likely to favor Westernized cuisine.

**So What?**

- ✓ Develop meat-based ready meals inspired by popular Western cuisines (e.g.. spaghetti Bolognese, steak and chips).
- ✓ Packaged processed meats to recreate Westernized meals such as burgers and hot dogs at home.
- ✓ Target tech-savvy millennials through direct mobile marketing to promote Australian beef and offer promotions for buying online.


**Liangchenmei Food Xian Chinese Hamburger** is a plastic pouch containing 100g bread and 50g prepared stewed meat, which can be toasted, microwaved or steamed to create a pork-based hamburger. The convenient dish is inspired by Western cuisine, while containing traditional Chinese spices and seasoning.

**76%** of 18-34 years olds in Shanghai say their tastes have changed as a result of exposure to food from other cultures

**50%** would like to buy more ready prepared meals with meat in the future

# Who should I target?

Beijing | **Shanghai** | Hangzhou | Shenzhen | Chengdu

## Shanghai consumers are more likely to be driven by sensory factors, but also seek home comforts

**Pleasure Seekers**

- Represent a large segment of consumers in the city, and over-index (42%) compared to the national average (39%).
- Their willingness to experiment with new recipes and ingredients makes them a prime target for driving Australian meat consumption.

**Home-Bodies**

- Although a small proportion of consumers, those in Shanghai are more likely to be Home-Bodies (10%) than the national average (8%).
- Consumers seek comfort in familiarity and are risk averse in their shopping behaviour preferring to stick to what they know.

**So What?**

- ✓ Develop meal kits and ready meals that are inspired by flavours and dishes found in popular international cuisines, as well as more familiar Chinese cuisines.
- ✓ Provide recipe inspiration (in-store, on-pack or via online apps) to promote the use of Australian meat in both foreign dishes (e.g.. Western cuisine) and traditional local cuisines.
- ✓ Provide reassurances over safety and freshness of imported Australian meat (for example freshness indicators on pack) to drive consumption.

# Where should I distribute these products?

Beijing | **Shanghai** | Hangzhou | Shenzhen | Chengdu

## Canadean recommends targeting the following distribution routes

**High-spend full service restaurants and 4* & 5* hotels**

- There are 301 4* and 5* hotels in the city and one food service outlet for every 712 people highlighting the cultural propensity to dine out.
- Consumers here are highly likely to have eaten meat in high-end full service restaurants or 4* and above hotels in the last month (most likely of all five cities), with over half of out of home consumption occasions taking place in such locations; of which 53% include red meat.

**So What?**

- Red meat sold through full service restaurants (spend of RMB 151 per head and above) and 4*/5* hotels will account for 30% of out-of-home sales by 2020, worth over **CNY 1bn**.

**Online**

- Unlike most Chinese cities, online meat retail in Shanghai is more likely to appeal to men and younger consumers.
- Almost half (44%) of 25-34 year olds say they are extremely likely to use online delivery services for chilled beef. In comparison to the China average where 55+ year olds and women are most likely to do this,
- Barriers to online shopping are lower in Shanghai compared to many other cities. While it is important that the meat is sold through a well-known e-commerce brand, fewer than half of consumers in Shanghai are concerned about aspects such as being able to visually inspect meat or freshness/use-by dates.

**So What?**

- Shanghai represents an ideal location to target males and millennials with online retail offerings to drive Australian meat consumption.
- Distribute via well known e-retailers such as Jing Dong.
- Online will account for **CNY 2.9bn** of red meat sales by 2020 in Shanghai.

# How should I market these products?

Beijing | **Shanghai** | Hangzhou | Shenzhen | Chengdu

## Canadean has pinpointed some key marketing platforms to consider in Shanghai

**Emphasize quality, safety and taste to compete with local origin meat**

While awareness of Australian-origin meat in Shanghai is very high; preference and consumption of local Chinese origin goat and lamb is significantly higher than that of Australian origin. To improve uptake of these meats it will be important to focus on the high quality of Australian bred and imported lamb and goat, strong safety credentials, and superior taste which they are associated with.

**Use on-pack certification logos to build trust**

Almost half of consumers in Shanghai consider on-pack certification logos to be completely trustworthy in informing their decision when shopping for meat.

**Use online media to engage with consumers and drive usage of Australian meat**

Internet penetration is high which can be used to advantage as a means to inform consumers of Australian meat, promote the benefits, and engage consumers in conversation. Apps can also be used to help promote recipes and cooking tips.

# Views from the experts

Beijing | **Shanghai** | Hangzhou | Shenzhen | Chengdu

## Opportunities and threats from Shanghai's experts

### On Consumers:

*"Premium meat is more nutritional than the normal meat. Coupled with the taste of it, cooking is also more exquisite. Because people in Shanghai are more willing to learn new things, many will take cooking lessons. Because they want to learn things, they also feel good to share. This will be good for promotion."*

**Journalist,** WITRIP Magazine, Shanghai

**So What?**

✓ Provide recipes to appeal to Shanghai's consumer's willingness to cook and learn new recipes.

### On Marketing:

*"When entering the Chinese market. first of all, you should promote the origin. After three years you focus on the meat quality, and other benefits important to the Chinese market; it is a combination. Initially, people don't know this brand at first. You should promote the brand origin to give people more confidence, and later focus on characteristics."*

**Journalist,** WITRIP Magazine, Shanghai

**So What?**

✓ Focus on building a brand when entering the market.

✓ Mid-to-long term promote the advantages of red meat to reinforce the brand.

### On Millennials:

*"The 80's and 90's generation will become a major group of consumers. Their thinking is even more advanced. They like branded goods, imported goods. They may think China products are a bit low class."*

**Marketing Manager**, Ole' Supermarket, Shanghai

**So What?**

✓ Millennials (18-34 years) should be a key target given their propensity to buy more premium and imported products; and desire to try new things.

# Views from the experts

Beijing | **Shanghai** | Hangzhou | Shenzhen | Chengdu

## Opportunities and threats from Shanghai's experts

**On Brands:**

*"Consumers do not understand the brands (of imported meat). They are depending on appearance of the product in-store (e.g. color, pattern). They don't know much about the brands, because there is little promotion."*

**Marketing Manager**, Ole' Supermarket, Shanghai

**So What?**

✓ Create a brand, rather than just an origin, to reinforce Australian meat in the consumer's mind and build up loyalty.

**On Trends:**

*"Eating too much meat is perceived as not very healthy. The trend is to eat less meat but better quality meat. Premium meat firstly has more nutrition, then it is the taste, thirdly is health and safety. It is premium meat. People feel safe. The price is acceptable. Better health and taste. People will choose it."*

**Marketing Manager**, Ole' Supermarket, Shanghai

**So What?**

✓ Promote the health and taste qualities of Australian meat to drive consumption and counter negative assumptions around red meat consumption.

**On Competitive Advantage:**

*"I think you have a great advantage, for example, there is no leading brand selling beef and mutton on YHD, and for Chinese consumers, Australian origin is better than USA. You have to do online and offline at the same time in same region. You cannot just start chasing your profits at beginning, you have to pursue exposure (e.g.. media, high-end restaurants). Then you will succeed."*

**Operations Manager**, Yihaodian (YHD) Online, Shanghai

**So What?**

✓ Distribute through online and offline channels to maximise brand exposure.

✓ Target media and restaurants to build brand awareness.

## Snapshot - Hangzhou

Beijing | Shanghai | **Hangzhou** | Shenzhen | Chengdu

### Primary city of Zhejiang – China's richest province – with falling unemployment and rising incomes

TIER: 2

POP: 6.5 million

GDP: 69.3 US $bn

**Weighted Score**

61.4

| P | E | S | T | E |
|---|---|---|---|---|
| 16 | 47 | 72 | 32 | 12 |

**City Ranking out of 15**

- Economic 8
- Social 3
- Technological 4
- Political 5
- Environmental 2

***Overview***

One of the most prosperous cities in China, Hangzhou is the largest city in Zhejiang province. It will host the G20 summit in September 2016. Strategically located between Shanghai and Ningbo, the city opened up economically in 1992, an event that was rapidly followed by the opening of the Hangzhou Economic and Technological Development Zone. Modernisation of the retail sector has followed.

Alibaba, the world's largest online B2B trading portal is located in Hangzhou, while Siemens has a major R&D facility in the city. Hangzhou has high levels of internet penetration (forecast to reach 82% by 2020).

The city is a major rail hub with high speed services to Shanghai already taking under one hour. Approval has been granted to upgrade the line to a Maglev link, with work expected to start in the next twelve months.

Meat consumption is high, with Australian product well known and regarded.

# Snapshot of supply chain and logistics environment - Hangzhou

Beijing | Shanghai | **Hangzhou** | Shenzhen | Chengdu

## Good roads minimise distance from meat port; high red meat cold chain capacity but lower focus on HACCP

| Key supply chain and logistics indicators | Hangzhou |
|---|---|
| No. commercial international airports within 50km | 1 |
| Distance from city to closest meat port | 185km |
| No. refrigerated vehicles per 100,000 population | 123 |
| % refrigerated vehicles that can carry red meat | 40.4% |
| Liters of cold storage capacity per capita | 105 |
| % of cold storage capacity that can handle red meat | 24.6% |
| Food wastage per capita | 95kg |
| Penetration of hyper/supermarkets in organised retail | 44.8% |
| Number of foodservice outlets per 100,000 population | 81 |
| Number of 4* and 5* hotels in the city | 223 |
| Number HACCP certified meat wholesalers | 18 |
| Incidents of corruption per 100,000 people | 2.90 |

### Transport networks

Hangzhou benefits from a good transport network, including an international airport, and well-developed rail network. Compared to Beijing, Shanghai, and Shenzhen, it is relatively far from its closest meat port, but investment in the road network thanks to the Hangzhou Economic and Technological Zone means that Ningbo Port is just 90 minutes away.

### Cold chain logistics

Hangzhou ranks third behind Beijing and Shanghai for the estimated number of refrigerated transport vehicles per 100,000 population but given that an estimated 40% can carry red meat vs just 29% for Beijing, Hangzhou actually has greater potential for an effective red meat supply chain. It also outstrips Beijing and Shanghai in terms of cold storage capacity per capita and relatively low food wastage.

### Retail and foodservice environment

Of the five cities, Hangzhou ranks third behind Beijing and Shanghai for the number of 4* and 5* hotels, and foodservice outlets per 100,000 population, and higher than both of them for hyper/supermarket penetration of organised retail. This indicates that modern, efficient distribution networks are likely being established.

### Regulatory environment

Despite the number of restaurants and luxury hotels, Hangzhou has a relatively small number of HACCP certified meat wholesalers, perhaps indicating that compliance to international standards is not top priority for the local food industry. Hangzhou also had the highest number of incidents of corruption of the five cities.

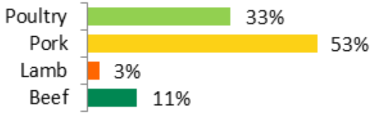
# Snapshot of retail environment - Hangzhou

Beijing | Shanghai | **Hangzhou** | Shenzhen | Chengdu

## Observations from store visits to Chinese and Western hyper/supermarket chains and local butchers and wet markets

### Chinese hyper/supermarket

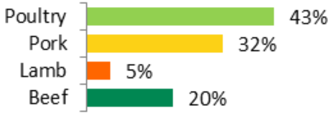
**Proportion of SKUs in store by species**




- Not much beef or lamb – almost all product was frozen with just a few fresh beef lines.
- The fresh beef lines tended to be more upscale whole joints whereas the frozen products tended to be sliced/diced or value-added.
- All beef and most lamb was branded – very little private label – and all were sourced from China.
- Packaging and branding very minimal on butcher counter/in chilled aisle – shrink wrapped plastic trays with label or vacuum packs with labels.
- Bamboo trays and artificial greenery used to make counters look less “functional”.
- Frozen products heavily branded.

### Western hyper/supermarket

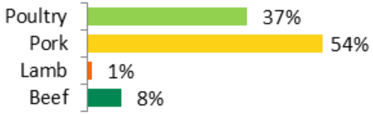
**Proportion of SKUs in store by species**




- More beef and lamb  vs. other outlets.
- Beef products were offered across the butcher and deli counters, chilled and frozen pre-pack aisles and were typically whole joints or steaks.
- The lamb offer was mostly frozen diced lamb.
- All products sourced from China and there was a mix of private label and Chinese branded product.
- Packaging and branding  of butcher counter / deli / pre-pack chilled products was very minimal – shrink wrapped plastic trays with labels wheras frozen products were heavily branded.
- Service counters were quite “functional”.

### Local butchers and wet markets

**Proportion of SKUs in store by species**




- Very little beef on offer and just one lamb product was recorded.
- Both fresh raw meat and pre-cooked deli style lines and hot-ready-to-eat products were on offer.
- All meat was sourced from China.
- Much wider variety of cuts and species available vs the hyper/supermarkets.
- Store environment appears to be less appealing than the supermarkets – fixtures are very functional; meat portions are often “piled high” rather than laid out in a display.
- Packaging and branding extremely minimal.

# Key things to know about operating here

Beijing | Shanghai | **Hangzhou** | Shenzhen | Chengdu

## Strong online retailing environment and high propensity to consume imported red meat make Hangzhou an attractive city to operate in

### High working age population and low unemployment will drive consumer spending power

- Three quarters (76%) of the population is of working age, and by 2020 just 1.5% of the working age population are expected to be out of work, meaning overall the citizens of Hangzhou will have increased spending power.
- This means not only will demand for meat grow, but consumers will be willing and able to pay more for premium quality cuts and added value products.

### Favorable online trading environment

- The world's largest online B2B trading portal – Alibaba - is located in Hangzhou making it an extremely attractive prospect for developing e-retailing partnerships for distributing Australian meat.
- The city also has one of the highest internet penetration rates in China at 68%, and is forecast to reach 82% by 2020 further cementing opportunity to reach consumers through e-retailing and online marketing.
- Consumers here are the most likely of all five cities to be extremely likely to use an online delivery service for buying chilled beef.

### Meat consumption frequency is below average but future outlook is good

- Approximately 42% of consumers eat meat on a daily/almost daily basis which is below the national average (48%).
- However with 41% claiming to eat more than they did a year ago and more than half (53%) wanting to eat more meat in the future, the outlook is favorable.
- Furthermore, consumers are looking not only to increase consumption, but also to buy better quality (89%) and try meats from different countries (60%).

### Consumption of imported red meat is high and rising

- Consumers are second only to Shenzhen in their consumption of imported red meat; with an additional seven (100g) portions of imported meat to be consumed per person per year by 2020 across foodservice and retail. This will take overall per capita consumption to 3.1kg per year.
- Australian meat can capitalize thanks to favorable perceptions towards quality, safety and nutrition of Australian meat versus other origins; and an overall positive perception of Australia generally.

# Key things to know about operating here

Beijing | Shanghai | **Hangzhou** | Shenzhen | Chengdu

## Rising investment makes Hangzhou an increasingly attractive city to operate in going forward

### Growth in organized retail is strengthening cold chain investment

- There are an estimated 8,000 registered refrigerated transport vehicles (fewer than the other five cities), 40% of which can carry red meat.
- There are an estimated 679m liters of cold storage capacity, 25% of which is specifically for handling red meat. There are 18HACCP certified meat wholesalers and 5 SAQSIQ registered meat producers.
- Within the organized retail sector, penetration of hypermarkets and supermarkets is 45% which will drive investment in cold chain logistics, whilst exposing consumers to a wider variety of products.

### Foodservice is underrepresented in the city, but premium outlets are a key avenue

- There are 223 4* & 5* hotels and just 81 foodservice outlets per every 100,000 people in Hangzhou. However 48% of out of home consumption occasions occurred in high-spend outlets in 2015 and almost half (48%) of these consumption occasions included red meat.
- Furthermore, the city is forecast strong growth in value meat sales in 4* and 5* hotel accommodation at 10.7% annually 2015-2020 (the same as Shenzhen and ahead of other cities).

### Strong shift towards services will strengthen the economy

- Services already represent nearly 50% of economic output in Hangzhou reflecting a change in business and consumer priorities in the city. By 2020, the service industry will account for over half of the city's GDP.
- This growing service industry brings greater opportunity for distributing Australian meat to local consumers; whether through food service outlets, hotels, or e-retailing; as well as opening up potential for greater exposure to non-traditional, more innovative product concepts

### Fast growing foreign investment

- The level of foreign direct investment in the city in 2020 is set to be triple the level in 2010, reachingUS$9.8bn.
- Increased foreign investment will place Hangzhou in a better position for developing more innovative concepts and drive consumer demand for more exciting and varied products.
- Australian meat suppliers can take advantage of such investment to deliver products in more exciting and innovative ways; increasing competitive advantage.

# What products should I offer?

Beijing | Shanghai | **Hangzhou** | Shenzhen | Chengdu

## Convenient processed meats and ready meals

**What?**

### Ready-to-eat or -cook meat products

- Convenient products which require minimal cooking or preparation in the form of ready meals with meat and ready to cook processed meats (e.g. burgers, meatballs).

**Why?**

### Convenience foods are showing strong growth prospects

- While consumers are less inclined to want prepared meats/ingredients in Hangzhou compared to the average, strong growth prospects for meat snacks and ready meals suggest this is changing.

**How?**

### Timeline: 5+ years

- Use natural ingredients in ready prepared and processed meats, and emphasize these qualities to the consumer.
- Adopt terms such as "real," "pure" and "fresh" on packaging to alleviate concerns around the freshness of processed foods.

*"I buy processed meat products like meatballs and hamburgers. Hamburger beef patties are very quick to cook and convenient."*

**Female Empty Nester** aged 43 from Hangzhou

**46%** of consumers in Hangzhou want to buy more pre-prepared meat in future.

**68%** agree they rely heavily on time-saving products and services

Sales of processed packaged red meat are forecast to grow 12.7% per year (2015-20) to reach **CNY 2bn** by 2020, above the average for the five cities (12.1%).

# What products should I offer?

Beijing | Shanghai | **Hangzhou** | Shenzhen | Chengdu

## Meal kits to recreate traditional Chinese dishes at home

**What?**

### Combining convenience with tradition

- Recipe kits containing all the necessary components (e.g. meat, vegetables, spices and herbs), pre-measured, with instructions to create traditional Chinese dishes from scratch. This will facilitate the use of Australian meat in traditional cuisines.

**Why?**

### Consumers are more inclined to stick with tradition

- Along with Beijing, consumers in Hangzhou are some of the most likely to agree they prefer to stick to familiar and traditional recipes that they know taste good and their family will enjoy.

**How?**

### Timeline: 5+ years

- Offer Australian meat in familiar formats that Chinese consumers are used to and offer meal/recipe kits that help them recreate traditional recipes and ways of cooking.
- Promote kits using terms such as "home-style" or "mum's recipe" to evoke nostalgia.

*"I don't know how to create new dishes, just simple dishes. I make traditional dishes made by my mother when I was little."*

**Female Empty Nester,** aged 43 from Hangzhou

*"I cook traditional familiar recipes so do not need to find any recipes. I'm inspired by my parents cooking and meals from childhood. I'm not interested in trying new recipes."*

**Father,** aged 38 from Hangzhou

**Favorite beef dishes among Hangzhou consumers:**

- *Stir fried beef marinated in soy sauce and chilli*
- *Beef strips fried with green pepper*
- *Fatty beef hotpot with mushrooms*

# Who should I target?



## The needs of a growing aging population must be addressed

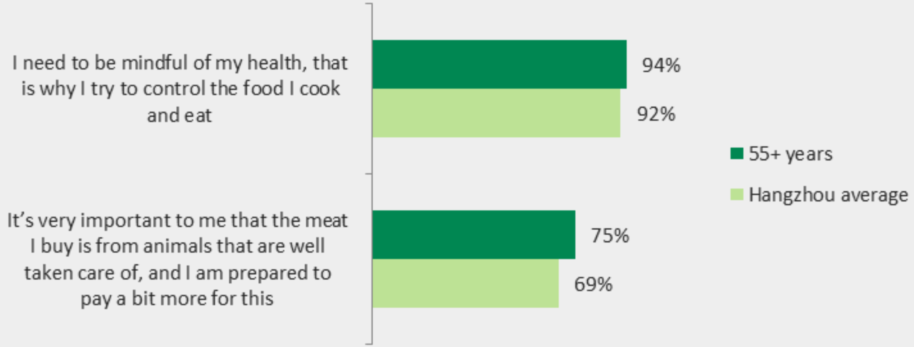
**Seniors**

- Growth in population of over 65s in Shenzhen is nearly four times that of the overall population growth in the city.
- By 2020 13% of the population will be aged over 65, the oldest population of the five target cities after Shanghai.
- The 55+ segment are most likely shop online for meat in the city, and also have a higher monthly spend making them more willing to spend on premium quality cuts.

**So What?**

- ✓ Target seniors through targeted online promotions that drive purchasing of premium quality meat among this segment.
- ✓ Use on-pack health claims to promote the benefits of Australian red meat and appeal to the more healthful mind-set of seniors.
- ✓ Promote the ethical advantages of Australian meat clearly on pack

**Hangzhou: Consumers who agree with the following:**




**93%** of 55+ year olds in Hangzhou would be likely or extremely likely to use an online shopping service to have chilled beef delivered to their home (80% average).

**43%** of over 55's spend more than RMB 200 on beef per month (35% average).

# Who should I target?

Beijing | Shanghai | **Hangzhou** | Shenzhen | Chengdu

## Hangzhou consumers are driven by health and taste

**Health Conscious**

- More likely to be Health Conscious (26%) than the national average (24%). Health considerations are at the forefront when making meat choices; with close attention paid to ingredients lists and nutritional information.

**Pleasure Seekers**

- More likely to be Pleasure Seekers (42%) than the national average (39%). Their willingness to experiment with new recipes and ingredients makes them a prime target for Australian meat.

**So What?**

- ✓ Focus on offering lean cuts of meat with less visible fat, clearly display nutritional information on pack and emphasize naturalness of ingredients used.
- ✓ Keep ingredients lists to a minimum, using only easily recognizable, natural ingredients (e.g.. natural spices for flavor).
- ✓ Ensure healthy offerings do not compromise on flavor or taste; and clearly communicate this to the consumer using phrases such as “real,” “fresh” and “pure” to evoke both a tasty and healthy image.
- ✓ Provide healthy recipe inspiration to drive consumption and feed desire for experimentation.

# Where should I distribute these products?

Beijing | Shanghai | **Hangzhou** | Shenzhen | Chengdu

## Canadean recommends targeting the following distribution routes

### Hypermarkets and Supermarkets

- While local/ wet markets are primary destinations for meat buyer overall, hypermarkets and supermarkets are the preferred shopping destinations for beef and lamb.
- 57% buy their beef through hypermarkets and 61% buy lamb through this channel.
- Walmart, Carrefour and Lianhua are the top two retailers that Hangzhou consumers purchase meat from.

**So What?**

- Red meat sold through Hypermarkets and Supermarkets in Hangzhou will be worth **CNY 1.7bn** by 2020; accounting for 26% of total value red meat sales.

### Online

- Hangzhou has a very favorable environment for online shopping with high internet penetration and the presence of Alibaba (the world's largest online B2B trading portal).
- Furthermore 77% of consumers in Hangzhou hold a positive attitude to purchasing meat online.
- 20% bought meat online in the last month, with Jing Dong and T Mall most popular.

**So What?**

- Red meat sold through E-retailers in Hangzhou will be worth **CNY 391m** by 2020; growing at an average rate of 16.5% per year between 2015-2020.

### 4* and 5* Hotel Accommodation

- Consumers here are most likely to have consumed meat & seafood in 4* & 5* hotels in the last month.
- Value sales of meat overall through 4* and 5* hotel accommodation is growing strongly in Hangzhou, with sales of meat forecast to reach 14.5m CNY by 2020; of which 18% will be red meat.
- Growth in red meat sales is slower than the five city average, yet still represents a prime opportunity.

**So What?**

- Red meat sold through 4* and 5* hotels in Hangzhou will account for **CNY 2.6m** by 2020.

# How should I market these products?

Beijing | Shanghai | **Hangzhou** | Shenzhen | Chengdu

## Canadean has pinpointed some key marketing platforms to consider in Hangzhou

**Ensure key advantages of your product stand-out on pack**

Consumers in Hangzhou are least likely to spend time looking at food labels and reading claims. Over half (53%) agree they do not to have enough time to read food labels when shopping (49% average) while 90% say they just focus on one or two key things: shelf standout is therefore extremely important in Hangzhou.

**Recipes ideas/demonstrations (both online or in-store)**

Offering recipes ideas will help attract the more experimental consumers to try cooking with Australian meat, especially given the propensity for scratch cooking among Hangzhou consumers. Since internet penetration is high, online videos may be a good avenue for promoting the benefits of Australian meat and giving step by step recipe tutorials.

**Point of sale information to promote the virtues of Australian meat**

Hangzhou consumers are more likely to completely trust point of sale information when shopping for meat than the average consumer. Point of sale media in the retail store can therefore help raise awareness of Australian meat and drive purchases, especially given the high propensity of shoppers to purchases ingredients impulsively, rather than plan in advance.

# Views from the experts

Beijing | Shanghai | **Hangzhou** | Shenzhen | Chengdu

## Opportunities and threats from Hangzhou's experts

**On Trends:**

*"Beef hot pot is very popular in Hangzhou this year. The hot pot is from Guangzhou and we don't see this before."*

**Journalist,** Market Review, Hangzhou

**So What?**

✓ Develop prepared meal kits and meats that align with the hot pot trend. For example, kits which include braising steak, vegetables and spices in one.

**On Premiumization:**

*"If you use the term premium, then it should not be about high price, but refer to healthier. Use health as a selling point, and also high quality. You cannot mention high price at all."*

**Chef,** 5* Radisson Hotel, Hangzhou

**So What?**

✓ Do not rely on the Australian name alone to justify higher prices. Emphasize product quality and health credentials (e.g.. through on-pack claims).

**On Strategy:**

*"If you can, let people know how good your cow is in a visual way, such as invite people to have site visit, this can have influence. I suggest organizing a tour (for professionals), I think no one will refuse. "*

**Chef,** 5* Radisson Hotel, Hangzhou

**So What?**

✓ Develop promotional videos which show the "story" of Australian meat to show where the cattle is raised and farmed.

✓ Organize site visits for industry buyers.

# Snapshot - Shenzhen



## Shenzhen is a city in transition - looking to move away from its outsourced manufacturing past

**TIER:** 1

**POP:** 9.7 million

**GDP:** 83.1 US $bn

### Weighted Score

**60.5**

| P | E | S | T | E |
|---|---|---|---|---|
| 16 | 51 | 69 | 28 | 13 |

### City Ranking out of 15

- Economic 6
- Social 4
- Technological 7
- Political 7
- Environmental 5

***Overview***

Shenzhen is the embodiment of the modern Chinese city, having grown from 30,000 residents in 1980 to 9.7 million in 2015. Known as a manufacturing powerhouse, the majority of the economy is actually service-based.

Located on the southern tip of the Chinese mainland, bordering the New Territories of Hong Kong, it was designated as the first Special Economic Zone (SEZ) in China. The government launched the Shenzhen City Master Plan (2010-2020) aimed to develop the urban structure and optimize land utilization in SEZ and non-SEZ areas.

This allowed the city to become the leader in out-sourced manufacturing for many global brands – including Apple – and as a result its own stock exchange was established in 1990. Business links have undoubtedly helped grow the high penetration of 4 and 5 star hotels. Shenzhen is the only city where consumers are more likely to have eaten imported meat out of home than in home

# Snapshot of supply chain and logistics environment - Shenzhen

Beijing | Shanghai | Hangzhou | **Shenzhen** | Chengdu

## Situated in a prime transport hub with good cold chain and organized retail and foodservice logistics potential

| Key supply chain and logistics indicators | Shenzhen |
|---|---|
| No. commercial international airports within 50km | 1 |
| Distance from city to closest meat port | 22km |
| No. refrigerated vehicles per 100,000 population | 123 |
| % refrigerated vehicles that can carry red meat | 34.9% |
| Liters of cold storage capacity per capita | 113 |
| % of cold storage capacity that can handle red meat | 22.9% |
| Food wastage per capita | 98kg |
| Penetration of hyper/supermarkets in organised retail | 45.0% |
| Number of foodservice outlets per 100,000 population | 64 |
| Number of 4* and 5* hotels in the city | 206 |
| Number HACCP certified meat wholesalers | 29 |
| Incidents of corruption per 100,000 people | 2.05 |

### Transport networks

Shenzhen is extremely well situated for transport links to other key commercial hubs in China, benefitting not only from its position at the mouth of the Pearl River Delta and proximity to Hong Kong, and Macau but also from its strong transport infrastructure that includes an airport, access to sea ports, and well established rail , road, and river networks.

### Cold chain logistics

With an estimated 35% of its refrigerated vehicles that can carry red meat, Shenzhen has greater red meat transportation capacity per 100,000 population than Beijing. It also has a larger cold chain capacity per capita than Beijing, although its food wastage per capita – a potential indicator of ineffective cold supply chain – is marginally higher.

### Retail and foodservice environment

Of the five selected cities, Shenzhen has the highest hyper/supermarket penetration of organised retail, owing perhaps to its proximity to Hong Kong where several grocery retailers are headquartered. This indicates that strong grocery distribution networks are likely to be being established.

### Regulatory environment

Shenzhen has the second lowest number of HACCP certified meat wholesalers of the five cities but this is likely to be reflective of the much lower number of 4* and 5* hotels and food service outlets in the city rather than an indication that reaching international quality and safety standards is not a priority. Indeed, Shenzhen had the lowest incidence of corruption among the five cities.

# Snapshot of retail environment - Shenzhen

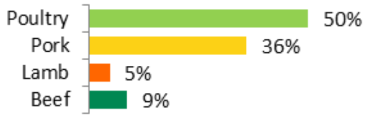


## Observations from store visits to Chinese and Western hyper/supermarket chains and local butchers and wet markets

### Chinese hyper/supermarket

Vanguard
华润万家

**Proportion of SKUs in store by species**

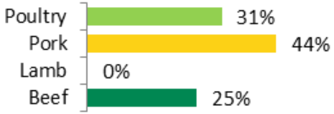



- Beef accounted for 9% and lamb 5% of the overall meat and poultry offer.
- Most beef products and all lamb products were frozen and typically sliced/diced product. There were also a few chops and whole joints.
- All lamb and most beef was sourced from China, while a few beef products were sourced from Australia. Half of the lamb and two thirds of the beef offer were branded.
- Packaging and branding of own label products was very minimal, while a few branded chilled products created a strong shelf presence with printed film.

### Western hyper/supermarket

ÆON

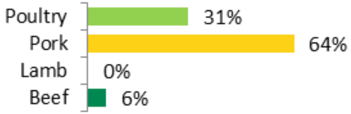
**Proportion of SKUs in store by species**




- Beef accounted a quarter of the meat and poultry offer and was offered exclusively in the chilled pre-pack aisle. Products were mostly steaks, diced/sliced beef, and a few whole joints.
- About a quarter of the products were branded and the rest private label.
- Roughly 50/50 split between imported and domestically sourced product. Beef was imported from both Australia and New Zealand
- Packaging and branding very minima, mostly shrink wrapped plastic trays with labels. Certain products used gold coloured or even faux wood trays which=h gave a premium appearance.

### Local butchers and wet markets

**Proportion of SKUs in store by species**




- Very little beef and no lamb on offer at any of the outlets.
- Products were either steaks or offal .
- No branded products were available.
- All beef was sourced from China.
- Store environment appears to be less appealing than the supermarkets – fixtures are very functional.
- Displays are "piled high" with loose product – meat as a commodity rather than considered purchase.
- Packaging and branding extremely minimal.

# Key things to know about operating here

Beijing | Shanghai | Hangzhou | **Shenzhen** | Chengdu

## Economic slowdown and gender imbalance bring both challenges and innovation opportunities for operating in the city

**Appetite for better quality and wider variety is strong, despite weakening economy**

- Population growth has slowed dramatically to just 0.8% per annum, meaning Shenzhen is not getting the requisite productivity or value improvements to drive economic performance, resulting in economic growth lagging behind other cities.
- The overall slowdown in China's economy is likely to hit Shenzhen harder than most cities with GDP forecast to grow only 3.3% per year over the next five years as its manufacturing and construction sectors shrink.
- Growth in household disposable income will lag behind the rest of China; and is forecast to reach justUS$7,883 in 2020; lower than the other four cities. Furthermore strong reliance on migrant workers in the city means that much of the disposable income is remitted back to villages and not spent in Shenzhen itself.
- However, meat consumption overall is very high in the city with 57% of meat eaters consuming it daily/almost daily. Although consumers in the city are not necessarily looking to increase their meat consumption in future; they are looking to buy better quality meat and more variety of meat types; an need Australian meat suppliers can respond to.

**Reasonable supply chain infrastructure in place to facilitate chilled and frozen meat distribution**

- Shenzhen is served by one international airport and an estimated 12,000 registered refrigerated vehicles, 35% of which can carry red meat.
- There are an estimated 1.1bn liters of cold storage capacity, 250 million liters of which is specifically for handling red meat.
- There are 29 HACCP certified meat wholesalers and 2 SAQSIQ registered meat producers.

**The population is imbalanced, with a male bias**

- Shenzhen's high working age population is skewed towards men (ratio 54:46), due to an influx of migrant workers in the city.
- This imbalance creates opportunities for specifically targeting the needs of male consumers, especially migrant workers who will not necessarily be used to shopping or meal preparation. Such consumers will be seeking convenient products (in retail and foodservice) which Australian meat suppliers should take into consideration when targeting this market.

# Key things to know about operating here



## Out-of-home should be a key focus of strategies to target Shenzhen

### Outlook for imported meat is favorable, particularly out of home

- Consumption of imported red meat out of home is the second highest behind Hangzhou; and is forecast to grow 400g per capita by 2020 to reach 1.65kg per person. Conversely , consumption in the home is lower at just 0.68kg per person; forecast to grow 200g per person to 0.9kg (lower than all cities except Chengdu).
- Overall this equates to an increase in consumption of 600g imported meat per person (or an extra 6 portions) by 2020; with most growth in foodservice outlets. This skew towards out-of-home consumption is driven, at least in part, by the higher male population who are more inclined to rely on convenience foods and takeaways rather than preparing food at home.
- Overall, the majority of Shenzhen consumers are aware of Australian red meats with high quality and safety featuring among the top three perceived benefits across these meat types. Despite high awareness, opportunities exist to improve distribution of Australian lamb in this city with just 40% of consumers saying it is available where they shop, compared to 71% for Chinese lamb.

### Out of home represents a big growth opportunity

- Shenzhen is the only city where consumers are more likely to have eaten imported meat out of home than at home. This likely ties in with the population skewed towards male migrant workers who are less likely to cook from scratch and more likely to rely on convenience and fast foods.
- Although overall value growth through foodservice is lowest of the five cities, it is still strong at CAGR 2015-20 9.9% with particularly strong growth in value meat sales in 4* and 5* hotels (10.7%).
- Almost half (48%) of out of home consumption occasions occurred in full service restaurants or 4* and 5* hotels in 2015; of which 51% of included red meat.

### Internet penetration rates are high

- 73% of people having access to the internet in the city, largely driven by migrant labourers using internet enabled devices to communicate with their families.
- This creates opportunities to engage directly with target consumers through direct marketing; as well as driving opportunities in e-retailing (particularly targeting male grocery shoppers).

# What products should I offer?

Beijing | Shanghai | Hangzhou | **Shenzhen** | Chengdu

## Convenience foods requiring minimal preparation

**What?**

### Ready-to-eat or -cook meat products

- Convenient products which require minimal cooking or preparation in the form of ready meals with meat, meat snacks, ready to cook processed meats (e.g.. burgers, meatballs) or partially prepared meats.

**Why?**

### Skewed male population are looking for convenience

- Shenzhen has a large migrant population, skewed towards men, creating significant opportunity convenience foods to meet the needs of these consumers, especially given fewer than half of males in the city are completely responsible for meal preparation.

**How?**

### Timeline: 2-4 years

- Ready meals with meat which offering traditional recipes (which remind migrants of home) as well as more experimental foreign cuisines.
- Meat snacks targeting out of home consumption for busy workers.

*"I like to cook by myself, I like to use seasoned, pre-marinated products. (I would be willing to pay more for Australian beef if it has) better seasoning, more choices of seasoning flavors, which is more convenient for us."*

**Female,** aged 34 from Shenzhen

**50% of consumers in Shenzhen want to buy more ready meals with meat in future.**

**Favorite dishes among Shenzhen consumers:**

- *Bamboo Shoots cooked with beef*
- *Lamb brisket*
- *Beef fried with onions*
- *Stewed beef brisket*
- *Thai and Japanese cuisine*

# Who should I target?

Beijing | Shanghai | Hangzhou | **Shenzhen** | Chengdu

## Address the convenience driven needs of a skewed male workforce

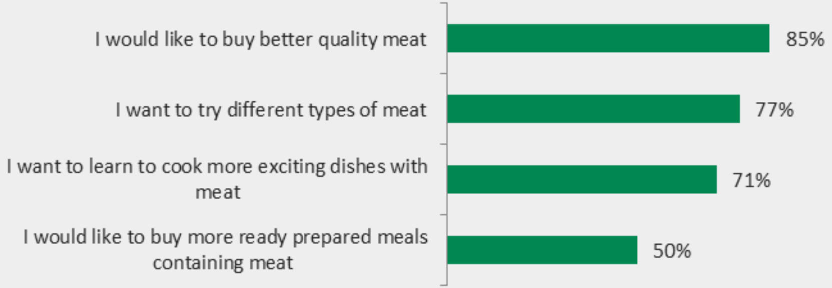
**Working-age Men**

- ➢ Due to high levels of migrant labor there is gender imbalance in Shenzhen with 54:46 split between males and females.
- ➢ These men are looking to try different types of meat and learn how to cook more exciting dishes with meat. They also tend to shop on impulse and prefer to cook mainly, rather than entirely from scratch.

**So What?**

- ✓ Provide recipes and/or clear preparation instructions on pack to help less accomplished cooks learn to create dishes they enjoy
- ✓ Develop ready meals containing meat which enable migrants to have a taste of home while away from home, using terms like "home-style" and familiar Chinese recipes.
- ✓ Meal kits and partially prepared (e.g.. pre-marinated or sliced) meats which aid scratch cooking.

**Shenzhen: Male consumers who agree with the following:**




**61%** of men in Shenzhen prefer to cook mainly or partially from scratch (using some prepared ingredients) rather than entirely from scratch.

# Who should I target?

Beijing | Shanghai | Hangzhou | **Shenzhen** | Chengdu

## Shenzhen consumers are driven by health and taste

**Health Conscious**

- More likely to be Health Conscious (30%) than the national average (24%). Health considerations are at the forefront when making meat choices; with close attention paid to ingredients lists and nutritional information.

**Pleasure Seekers**

- More likely to be Pleasure Seekers (44%) than the national average (39%). Their willingness to experiment with new recipes and ingredients makes them a prime target for Australian meat.

**So What?**

- ✓ Focus on offering lean cuts of meat with less visible fat, clearly display nutritional information on pack and emphasize naturalness of ingredients used.
- ✓ Keep ingredients lists to a minimum, using only easily recognizable, natural ingredients (e.g.. natural spices for flavor).
- ✓ Ensure healthy offerings do not compromise on flavor or taste; and clearly communicate this to the consumer using phrases such as “real,” “fresh” and “pure” to evoke both a tasty and healthy image.
- ✓ Provide healthy recipe inspiration to drive consumption and feed desire for experimentation.

# Where should I distribute these products?

Beijing | Shanghai | Hangzhou | **Shenzhen** | Chengdu

## Canadean recommends targeting the following distribution routes

### Western fast food chains

- Consumers in Shenzhen are more likely to eat meat & seafood in Western Fast Food chains than the other five cities.
- Sales of red meat through Western chains are growing faster than local chains.
- Working age men in particular are most likely to frequent such locations, making them a prime target given the high proportion of migrant workers in the city relying on quick convenient meal options.

**So What?**

- Red meat sold through fast food chains will be worth **CNY 340m** by 2020; of which 16% will be via Western fast food chains.

### Local/Wet Markets

- Traditional markets are favored for overall meat and seafood purchases, and although hypermarkets are the primary destination for beef; 48% still purchase through wet markets, more than supermarkets.
- Given the popularity of fish and seafood in the city, and the desire to buy these fresh; the presence of Australian red meat in such markets may help drive purchase especially given the impulsive nature of shoppers.

**So What?**

- Shenzhen is one of only two cities with positive growth for this channel.
- Red meat sold through wet markets will be worth **CNY 4.3bn** in Shenzhen by 2020.

### Online

- High internet penetration and low car ownership creates a favorable environment for online shopping in the city, and overall 75% of consumers hold a positive attitude to purchasing meat online.
- In particular the 35-54 age group are the most likely to consider using online delivery services. The challenge is to overcome concerns around meat freshness which are particularly strong in Shenzhen.

**So What?**

- Red meat sold online will be worth **CNY 539m** by 2020 in Shenzhen; growing at a rate of 15.9% per year between 2015-20.

# How should I market these products?



## Canadean has pinpointed some key marketing platforms to consider in Shenzhen

| | |
|---|---|
| **Use recipe cards, information and in-store demonstrations to encourage purchase at point of sale** | Consumers in Shenzhen are most likely to strongly agree that they love experimenting with new dishes, recipes, ingredients and cooking styles (53% compared to 47% average). Shenzhen consumers are also more likely to completely trust point of sale information when shopping for meat. Point of sale media in the retail store can therefore help raise awareness of Australian meat and drive purchases, especially given the high propensity of shoppers to purchases ingredients impulsively, rather than planning in advance. |
| **Leverage quality credentials** | Highlighting quality benefits of Australian meat (e.g.. through premium packaging and on-pack claims) will be essential to tap into aspirations of consuming better quality meat in future, particularly for Australian lamb and beef which have much higher quality perceptions than local variants. |
| **Targeted online marketing** | High internet penetration creates opportunities for targeted online mobile marketing to help drive Australian meat consumption. Use online tools to promote the benefits, offer targeted promotions and engage consumers in conversation. Apps can also be used to help promote recipes and cooking tips targeted towards specific consumer groups. |

# Views from the experts

Beijing | Shanghai | Hangzhou | **Shenzhen** | Chengdu

## Opportunities and threats from Shenzhen's experts

### On In-Store Sampling:

*"In the future, in fact, there are a lot of foreign brands who want to come to the store and cook. If you are cooking, let people try, and actually in many cases, you can sell while doing on-spot demonstrations. There are many supermarkets abroad doing this but domestic ones don't. This may also be a trend in the future."*

**Supermarket Director**, China Resources Vanguard, Shenzhen

**So What?**

✓ Organise in-store cookery demonstrates so consumers can sample meat before they buy, learn new cooking methods and pick up recipe ideas.

### On Marketing:

*"Partner with famous companies to market your products. For example, Yihao was targeting higher end consumers. They market to up-scaled restaurants. The meat does taste better. Gradually, the restaurant help you promote the products."*

**Innovation Manager**, Miandian Food Company Ltd, Shenzhen

**So What?**

✓ Collaborate with well known chains locally to help promote Australian meat. For example, ensuring the brand appears on menus as point of differentiation.

### On Trends:

*"We will see something like 'Beijing's Family Kitchen Supermarket." They sell already pre-cut fresh meat, separated for different purposes like sauté, fried, grill etc. The Consumer just selects and cooks at home. No need to cut. The meat is fresh and consumers feel safe as they do the cooking themselves. This is the future of meat."*

**Innovation Manager**, Miandian Food Company Ltd, Shenzhen

**So What?**

✓ Get ahead of the trend by offering fresh pre-cut meat formats and meal kits which enable consumers to prepare meals at home more conveniently.

# Views from the experts

Beijing | Shanghai | Hangzhou | **Shenzhen** | Chengdu

## Opportunities and threats from Shenzhen's experts

### On Logistics

*"The biggest difficulty in developing a very premium product in China is transportation. The logistics. It is a long journey (from overseas to China). The storage is an issue, although there is cold storage, it may not be that good. The Government are also strict on imported goods. I will suggest you build a processing plant in the north."*

**Innovation Manager**, Miandian Food Company Ltd, Shenzhen

**So What?**

✓ Use air freight to get Australian meat to China faster and fresher.

✓ Consider building a processing plant for producing prepared meats domestically.

### On Millennials:

*"Target customers should those born in 1980's and after. They accept new things. After they taste it (imported beef), they will understand. We can show them how to cook it. That's how people think of doing steak at home."*

**Innovation Manager**, Miandian Food Company Ltd, Shenzhen

**So What?**

✓ Direct marketing towards millennial consumers to show them new recipes and cooking styles to encourage trial and experimentation.

### On Online Retail:

*"I think the market (for online) is good. Local customers like imported food, as better nutrition. They can check the physical products before they buy online. I think this is a trend. We have physical stores. We allow consumers to see the real products before buy, that's why they recognize us."*

**Purchase Manager**, Osell, Shenzhen

**So What?**

✓ Raise awareness of Australian meat through physical sampling (e.g.. presence in restaurants and stores); to drive online purchasing.

# Snapshot - Chengdu



## Chengdu is expanding rapidly as Chinese economic growth moves towards the West

TIER: 2

POP: 11.1 million

GDP: 59.8 US $bn

### Weighted Score

56.4

| P | E | S | T | E |
|---|---|---|---|---|
| 14 | 49 | 68 | 24 | 13 |

### City Ranking out of 15

Economic 7

Social 5

Technological 9

Political 10

Environmental 3

***Overview***

Despite its status as a Tier 2 city, Chengdu is fast becoming an economic powerhouse – the gateway to Western China. It now boasts one of the busiest railway stations in China and one of the world's thirty busiest airports.

The city has clearly benefited from the opening up of the west of China and has developed rapidly as a counter point to Chongqing. Unemployment is low. As early as 2007, the World Bank recognized Chengdu's potential, declaring the city to be a benchmark city for investment in inland China.

As well as its growing economic importance, Chengdu is the capital of Sichuan province and is located in one of China's most arable areas – the Chengdu plain. The city is also internationally renowned for the Research Base for Giant Panda Breeding.

The population of Chengdu are heavy eaters of meat, of all kinds, but consumption of beef is the highest of any city. Butchers and wet markets are still the go-to places to buy meat.

# Snapshot of supply chain and logistics environment - Chengdu

Beijing | Shanghai | Hangzhou | Shenzhen | **Chengdu**

## Key transport hub in inner China; high cold chain capacity but lower focus on retail and foodservice logistics

| Key supply chain and logistics indicators | Chengdu |
|---|---|
| No. commercial international airports within 50km | 1 |
| Distance from city to closest meat port | 270km |
| No. refrigerated vehicles per 100,000 population | 124 |
| % refrigerated vehicles that can carry red meat | 39.1% |
| Liters of cold storage capacity per capita | 144 |
| % of cold storage capacity that can handle red meat | 26.8% |
| Food wastage per capita | 96kg |
| Penetration of hyper/supermarkets in organised retail | 43.1% |
| Number of foodservice outlets per 100,000 population | 62 |
| Number of 4* and 5* hotels in the city | 219 |
| Number HACCP certified meat wholesalers | 32 |
| Incidents of corruption per 100,000 people | 2.35 |

### Transport networks

Although situated in China's interior and relatively far away from the nearest meat port, Chengdu is an important air, rail, and road transportation hub in China. Construction work has begun on a second international airport to serve the city and surrounding region.

### Cold chain logistics

With an estimated 39% of its refrigerated vehicles that can carry red meat, Chengdu has greater red meat transportation capacity per 100,000 population than Beijing or Shenzhen, and it outstrips all the other five cities in terms of its cold chain capacity per capita – particularly its red meat capacity.

### Retail and foodservice environment

Chengdu has the lowest hyper/ supermarket penetration of organised retail of the five selected cities as well as the lowest number of foodservice outlets per 100,000 population, and second lowest number of 4* and 5* hotels. This suggests that food distribution networks may be slightly less developed than in other cities.

### Regulatory environment

Compared to Beijing and Shanghai, Chengdu has a relatively low number of HACCP certified meat wholesalers, but, like Shenzhen, this is likely to be reflective of the much lower number of 4* and 5* hotels and food service outlets in the city rather than an indication that reaching international quality and safety standards is a not a priority. Indeed, of the five cities, Chengdu had the second lowest incidences of corruption.

# Snapshot of retail environment - Chengdu

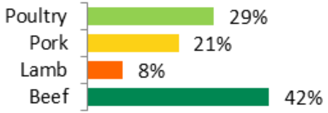


## Observations from store visits to Chinese and Western hyper/supermarket chains and local butchers and wet markets

### Chinese hyper/supermarket

Olé

Proportion of SKUs in store by species

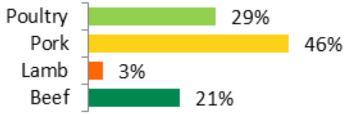



- Unusually compared to other outlets visited across the 15 cities beef accounted for 40% of the meat products, perhaps reflecting Olé's premium offering and upwardly mobile target customer.
- Beef was offered mainly in the frozen and chilled pre-pack aisles; these products were mainly steaks or sliced and diced beef. A small selection of whole beef joints was available on the butcher counter.
- Two thirds of beef products were branded. Kerchin was the dominant chilled brand. True Aussie Beef, Glenfyne, and Canada beef were dominant frozen brands. One third of beef was imported - exclusively frozen lines.

### Western hyper/supermarket

Auchan 欧尚

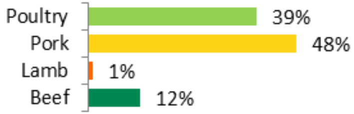
Proportion of SKUs in store by species




- Beef accounted for 1-in-5 meat products in store but just four lamb products were recorded
- Almost all beef products were offered as chilled pre-pack or deli counter lines, and there was one frozen product. Beef products were mostly steaks or sliced / diced beef, plus some whole joints. The lamb was chilled pre-pack offal.
- 70% of beef products were private label . Hondo Beef was the dominant brand. All the lamb was private label.
- All beef and lamb was sourced from China.

### Local butchers and wet markets

Proportion of SKUs in store by species




- Very little fresh beef on offer and only at a few outlets. Products were mostly whole cuts or value-added. All beef was sourced from China.
- Just one lamb product was recorded: a frozen premium lamb dice product. It was unbranded and sourced from China.
- Store environment appears to be much less appealing than the supermarkets – fixtures are very functional.
- Packaging and branding extremely minimal.

# Key things to know about operating here

Beijing | Shanghai | Hangzhou | Shenzhen | **Chengdu**

## High meat consumption and an experimental consumer base make Chengdu an attractive city with long-term growth prospects

**Consumer spending power is lower than other cities but is increasing with good long term prospects**

- Despite being located in one of China's poorer provinces, Chengdu's GDP is forecast to continue growing strongly at 6.3% CAGR 2015-2020 to reachUS$74.2bn in 2020.
- Disposable income is predicted to rise around US$1000 from US$7594 in 2015 to US$8532 by 2020
- Rising incomes means consumers will have more money to meet their desire to buy more meat in future; and specifically better quality meat.

**Consumers are the most experimental making them highly receptive to new types and origins of meat**

- Consumers here are the most open to trying different cuisines and experimenting with food, indicating a more general propensity to try imports from foreign and Westernized countries.
- Cementing their willingness to try new meats, more than half are aware of red meats of Australian origin; with 45% eating imported meat a few times a month or more.

**High propensity to consume meat on a daily basis; with beef popular**

- Meat consumption is extremely high with 58% of meat-eaters consuming meat it daily or almost everyday; compared to an average of 48% across the five cities.
- Consumers in Chengdu are also the highest consumers of beef of the five cities with 28% citing it as their most often consumed meat and 82% having consumed it in the last month.
- Rising incomes means consumers will not only continue to eat beef more frequently but also more premium cuts.

**Consumption of imported red meat is expected to rise 700g per person by 2020**

- Meat consumption is rising with a third of consumers already claiming to eat more meat than they did a year ago; with imported meat a key source.
- Per capita consumption of imported red meat is forecast to rise by around 300g per person in foodservice and 200g per person in retail by 2020; equating to an additional five (100g) portions of imported red meat per person.

# Key things to know about operating here

Beijing | Shanghai | Hangzhou | Shenzhen | **Chengdu**

## Rising investment offers good long-term commercial prospects in Chengdu

**Foodservice is underrepresented in the city, but high-end outlets are a key growth avenue**

- Chengdu is underserved by the food service sector with just 87 foodservice outlets per every 100,000 people.
- Despite this, half of all out of home consumption occasions occurred in full service restaurants or 4* & 5* hotels in 2015; and 52% of these occasions included red meat. The city is also showing strong growth in value meat sales in mid-high spend full service restaurants (151-300 RMB per head) at 10.7% (just behind Shanghai and Beijing 10.8%).

**Increased foreign investment will bring long term benefits**

- Foreign investment is increasing in Chengdu, rising fromUS$10.2bn in 2015 toUS$14.5bn in 2020, resulting in more overseas companies having a presence in the city and a more multicultural population.
- An estimated 12.7% of the workforce is forecast to be employed by a foreign headquartered company by 2020.
- This foreign investment will aid economic development in the city, boost infrastructure and help drive innovation making the city overall more attractive commercially for Australian meat suppliers.

**Good supply chain infrastructure in place to support meat distribution**

- There are an estimated 13,800 registered refrigerated transport vehicles, 39% of which can carry red meat in the city.
- There is an estimated 1.6bn liters of cold storage capacity; 429million liters of which is specifically for handling red meat.
- There are 32 HACCP certified meat wholesalers and 4 SAQSIQ registered meat producers.

**The lack of Free Trade Zone or a meat port means distribution will have to go via Chongqing**

- In order to operate in the city it is important to keep in mind that Chengdu has neither a Free Trade Zone, nor a meat port.
- The nearest potential hub location is Chongqing, which is well connected by rail, air and road to facilitate distribution to Chengdu.

# What products should I offer?

Beijing | Shanghai | Hangzhou | Shenzhen | **Chengdu**

## Use Chengdu as a testing ground for new products

**What?**

**Trial experimental new products in Chengdu**

- The experimental nature of Chengdu consumers make the city an ideal market to test new products/ideas before giving them a wider launch.

**Why?**

**Chengdu consumers are most experimental**

- A high propensity to try new things is partly driven by exposure to other cultures, with consumers in Chengdu most likely to agree their tastes have changed as a result of exposure to other cultures (80%).

**How?**

**Timeline: 2-4 years**

- Introduce new products formats (e.g. meat snacks, ready meals, pre-marinated meats and meal kits) in Chengdu to assess popularity before launching on a wider scale.

*"We have popular (Chinese) dishes at home every day, so like to have something new when we eat out."*

**Male,** aged 29 from Chengdu

*"For the young generation, they would prefer something new and fashion."*

**Manager**, HongZhaoBi Sichuan Style Restaurant, Chengdu

**86%** of consumers in Chengdu agree that they enjoy trying new or unusual products (average 77%).

**79%** of consumers in Chengdu agree they want to try different types of meat in the future (average 71%).

# Who should I target?

Beijing | Shanghai | Hangzhou | Shenzhen | **Chengdu**

## Experimental Scratch Cooks

**Adventurous Cooks**

- Consumers in Chengdu over index on their desire to try different types of meat and learn how to cook more exciting dishes with meat in the future, making it an attractive city to target with convenient, tasty meal solutions for adventurous cooks.
- They prefer to cook mainly, but not entirely, from scratch; so are open to using some prepared ingredients.

**So What?**

- ✓ Give recipe ideas and inspiration on pack to encourage trial of less familiar red meat cuts.
- ✓ Develop meal kits which enable Chengdu consumers to replicate foreign cuisine at home to appeal to their more adventurous tastes.
- ✓ Partner with local television channels to encourage the use of Australian meat on popular cookery programs to help promote usage.

*"I like to experiment with cooking new dishes at home, and learn from gourmet television programs."*

**Male,** aged 29 from Chengdu

*"I like following cookbooks. We enjoy trying different flavors. Me and my husband like roasts and also Western food."*

**Mother,** aged 28 from Chengdu

**78%** of consumers in Chengdu want to learn how to cook more exciting dishes with meat in the future.

# Who should I target?

Beijing | Shanghai | Hangzhou | Shenzhen | **Chengdu**

## Chengdu consumers are driven by health, ethics and taste

**Pleasure Seekers**
- Considering almost half of Chengdu consumers are pleasure seekers, well above the national average (39%), they are a key demographic to target. Their willingness to experiment with new recipes and ingredients makes them a key target for Australian meat.

**Ethically Minded**
- More likely to be Ethically Minded (26%) than the national average (22%). Animal welfare and sustainability have significant influence over their purchases. Perceptions of Australian meat as more ethical and better for the environment than local will help drive consumption.

**Health Conscious**
- Consumers in Chengdu are more likely to be Health Conscious (27%) than the national average (24%). Health considerations are at the forefront when making meat choices; with close attention paid to ingredients lists and nutritional information.

**So What?**
- ✓ Offer recipe inspiration to drive consumption and developed prepared meats with innovative  flavours inspired to feed desire for experimentation.
- ✓ Promote the ethical advantages of Australian meat over local offerings, using on-pack certification logos to engage consumers at point of sale.
- ✓ Focus on offering lean cuts of meat with less visible fat, clearly display nutritional information on pack and emphasize naturalness of ingredients used.

# Where should I distribute these products?

Beijing | Shanghai | Hangzhou | Shenzhen | **Chengdu**

## Canadean recommends targeting the following distribution routes

### Hypermarkets and Supermarkets

- Red meat is most likely to be purchased through modern retail channels.
- While shoppers in Chengdu are most likely to buy meat & seafood generally from local markets, this is more likely to be pork, chicken and fish; with hypermarkets (beef) or supermarkets (lamb) most likely to be used for red meat.

**So What?**

- Red meat sold through Hypermarkets and Supermarkets in Chengdu will be worth **CNY 3.8bn** by 2020; accounting for 27% of total value red meat sales.

### Online

- Despite relatively low internet penetration, e-retailing is showing strong growth in Chengdu, in line with the average across the five cities.
- The over 45+ demographic are most likely to use online services for meat purchases in the city. These online shoppers also have a higher monthly spend on meat making them more willing to spend on premium quality cuts.

**So What?**

- Red meat sold through E-retailers in Chengdu will be worth **CNY 888m** by 2020; growing at an average rate of 16.1% per year between 2015-2020.

### Mid-spend full service restaurants

- Consumers in Chengdu are more likely than any other city to have consumed meat & seafood in mid-spend full service restaurants (RMB 51-150 per head), with 52% having done so in the last month.
- Red meat sales through such outlets are growing faster than other Chinese cities, at a rate of 5% per year between 2015-20.
- Distribute cheaper cuts (e.g.. burgers, rump steak) suitable for mid-price outlets.

**So What?**

- Red meat sold through mid-spend full service restaurants (RMB 51-150 per head) in Chengdu will be worth **CNY 307m** by 2020.

# How should I market these products?

Beijing | Shanghai | Hangzhou | Shenzhen | **Chengdu**

## Canadean has pinpointed some key marketing platforms to consider in Chengdu

**In-Store and print media will be key promotion tools**

Relatively low internet penetration (42%) means that in-store and print advertising media will be more important in the city to attract consumers. Chengdu consumers are also more likely to completely trust point of sale information when shopping for meat than the average consumer. In-store demonstrations and recipe cards will help attract the more experimental Chengdu consumer to try cooking with Australian meat.

**Promote the taste and health benefits of Australian sheep meat to boost consumption**

Awareness of Chinese lamb and mutton is higher than Australian varieties. Boost consumption by promoting high quality, superior taste and health credentials; attributes that locals associate Australian-origin meats with; and which appeal due to the high propensity to be health conscious and pleasure seeking among Chengdu consumers.

# Views from the experts

Beijing | Shanghai | Hangzhou | Shenzhen | **Chengdu**

## Opportunities and threats from Chengdu's experts

### On Health:

*"I can agree eating beef is healthier than eating pork. I cannot agree eating one type of beef is healthier than eating the other type. Some people think imported is always good. But the local ones also free range. There's not much difference in nutritional value. The texture may be different."*

**Dietician,** Chengdu Fuxing Hospital, Chengdu

**So What?**

✓ Focus on the promoting the health benefits of red meat, rather than positioning Australian meat as healthier than local meats.

### On Origin:

*"Few consumers can identify the origin of the meat they ate. We will make a brief introduction when we introduce the dish, only the origin country will be mentioned. You should let them know why it cost so much. Or else no one take the high price."*

**Manager**, HongZhaoBi Sichuan Style Restaurant, Chengdu

**So What?**

✓ Build awareness of specific Australian brands or breeds which can be used on menus as a selling point (e.g.. Wagyu beef).

### On Online Retail:

*"Displaying photos is very important. We have a review on the display photos on our website regularly. If its not up to standard, we will put a fine on that company. Our target consumers are concerned both about the packaging and the product inside."*

**Regional Manager,** Meituan Gourmet Buying group, Chengdu

**So What?**

✓ Ensure photos used for online retail display meat products clearly and attractively and are kept up-to-date to persuade consumers to choose them over others.

# Views from the experts

Beijing | Shanghai | Hangzhou | Shenzhen | **Chengdu**

## Opportunities and threats from Chengdu's experts

**On Safety:**

*"Generally the are public concerned about food safety everyday, price after. This is because there was incident of pork injected with water about 10 years ago in Chengdu, which still worries consumers today."*

**Journalist,** Chengdu Evening News, Chengdu

**So What?**

✓ Safety concerns heighten the appeal of imported meat over local; but brands must reassure consumers over quality and safety measures to build trust.

**On Entry strategy:**

*"First tell consumers the country of origin. (Then after a few years) no need to say from Australia anymore, start focusing on how the product can enhance my quality of life. It is basically brand promotion. Just like the "Milk Deluxe", their advertisement emphasis on quality but nothing else."*

**Journalist,** Chengdu Evening News, Chengdu

**So What?**

✓ Once awareness of Australian meat is high, it is important to focus on aspirational qualities of the "brand" rather than relying on the origin alone.

**On Premium Potential:**

*"I think the premium market is quite small in Chengdu, part of it is medium level, but there will be large potential. people's living quality is getting better. Such as the 90s generation, we have statistics showing that they have very high browsing frequency and their spending is increasing."*

**Regional Manager,** Meituan Gourmet Buying group, Chengdu

**So What?**

✓ Rising demand for premium products cements Chengdu's position as a key target market for premium Australian meat.

MARKET INSIGHT
PRODUCT INSIGHT
CONSUMER INSIGHT
INDUSTRY INSIGHT

# Appendix

## Methodology

**Insights in this report are based on four key methodology streams**

| | |
|---|---|
| PESTE Analysis | Phase I & II |
| Consumer Survey | Phase II |
| Market Size | Phase II |
| Face-to-Face Interviews | Phase III |

# Methodology: PESTE

## The political indicators selected for the PESTE analysis are designed to identify cities with a favorable environment for conducting business

**Political**

**Max. PESTE score: 20**

**Max. weighted score: 91.76**

| POLITICAL FACTORS | | | | |
|---|---|---|---|---|
| **Indicator** | **Parameter** | **Rationale** | **Scoring** | **Source** ■ Proprietary ■ Secondary |
| How effective is government in the city? | Government Effectiveness Index | Reflects degree to which government can facilitate foreign business | A higher index score correlates to a higher PESTE score out of 5 (cities ranked by quintile) | Secondary |
| How rife is corruption within the city? | Incidents of corruption per 100,000 people | Reflects degree to which government can impede foreign business | A lower index score correlates to a higher PESTE score out of 5 (cities ranked by quintile) | Secondary |
| How far is the city from current or future declared Free Trade Zones? | Distance of city from Free Trade Zones | Indicates ease of access to the Chinese market for foreign businesses | Closer proximity to a Free Trade Zone correlates to a higher PESTE score out of 5 (cities ranked by quintile) | Secondary |
| How far is the city from the nearest meat port? | Distance of city from nearest meat port | Indicates ease of access for meat importers / exporters | Closer proximity to a meat port correlates to a higher PESTE score out of 5 (cities ranked by quintile) | Secondary |

# Methodology: PESTE

**The economic indicators selected for the PESTE analysis aim to assess each city's attractiveness in terms of existing and forecast economic performance, as well as considering the industrial mix of the city**

## Economic

**Max. PESTE score: 85**

**Max. weighted score: 102.53**

| ECONOMIC FACTORS | | | | |
|---|---|---|---|---|
| **Indicator** | **Parameter** | **Rationale** | **Scoring** | **Source** ■ Proprietary ■ Secondary |
| What is the absolute GDP of the city? | Real GDP in $billion | Shows the relative and overall size of the city's economy | Higher GDP correlates to a higher score 1-5 (cities ranked by quintile) |  |
| How quickly is the city's economy expected to grow in the next five years? | CAGR of GDP in last 5 years | Shows relative growth of the city's economy over time | Higher GDP growth correlates to a higher score 1-5 (cities ranked by quintile) |  |
| What proportion of GDP is accounted for by services? | Services as % of GDP | A greater service proportion indicates a movement towards a more modern economy | Higher proportion of GDP from services correlates to a higher score 1-5 (cities ranked by quintile) |  |
| What is the expected growth rate of services over the next five years? | CAGR of services % over GDP | Measures change in the indicator above to show economic evolution | Higher GDP services growth correlates to a higher score 1-5 (cities ranked by quintile) |  |
| What is the per capita spend on imported retail purchased red meat? | Imported Retail Red Meat PCE | As per above, but understanding the effective spend per capita and hence the propensity to purchase quality and trade up | Higher per capita consumption correlates to a higher score 1-5 (cities ranked by quintile) |  |

# Methodology: PESTE

**The economic indicators selected for the PESTE analysis aim to assess each city's attractiveness in terms of existing and forecast economic performance, as well as considering the industrial mix of the city**

## Economic

**Max. PESTE score: 85**

**Max. weighted score: 102.53**

| ECONOMIC FACTORS | | | | |
|---|---|---|---|---|
| **Indicator** | **Parameter** | **Rationale** | **Scoring** | **Source** (Proprietary / Secondary) |
| What was the level of foreign direct investment in the city over the past five years? | FDI Value, as an aggregate in $billion | Indicates city's receptiveness to foreign businesses | Higher foreign investment correlates to a higher score 1-5 (cities ranked by quintile) | |
| What proportion of household consumption is based on food consumption? | Food consumption in absolute US$ per household | Indicates not only quantity but quality of food consumed | Higher food consumption correlates to a higher score 1-5 (cities ranked by quintile) | |
| What is the level of disposable income per household? | Mean household disposable income | Indicates population's ability to make discretionary purchases | Higher disposable income correlates to a higher score 1-5 (cities ranked by quintile) | |
| How are levels of disposable income per household anticipated to change over the next five years? | CAGR of mean household income | Shows improvement in potential standards of living by city | Higher growth in household income correlates to a higher score 1-5 (cities ranked by quintile) | |
| What is the rate of inflation in the city? | Annual change of consumer prices, overall | Shows price change at a city level | Higher inflation correlates to a higher score 1-5 (cities ranked by quintile) | |
| How many local meat production enterprises and businesses are there in the city? | Number of local meat producers in the city | Indicates level of competition for foreign businesses | Lower number of meat producers correlates to a higher score | |

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# Methodology: PESTE

**The economic indicators selected for the PESTE analysis aim to assess each city's attractiveness in terms of existing and forecast economic performance, as well as considering the industrial mix of the city**

## Economic

Max. PESTE score: 85

Max. weighted score: 102.53

| ECONOMIC FACTORS | | | | |
|---|---|---|---|---|
| Indicator | Parameter | Rationale | Scoring | Source ■ Proprietary ■ Secondary |
| How many out-of-home consumption occasions are in full service restaurants or 4-star and above hotels? | % of out-of-home consumption in 4*+ Hotels and FSR | To identify the incidence of "quality" out-of-home consumption occasions | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | |
| What proportion of out-of-home consumption occasions in full service restaurants or 4-star and above hotels include red meat? | % of out-of-home consumption occasions in full service restaurants or 4-star and above hotels include red meat? | To drill down into the propensity of consumers to choose red meat as part of a high end dining occasion | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | |
| What is the per capita consumption volume of imported red meat in food service? | Imported Red Meat in Food Service PCC | To understand the volume of imported red meat consumed out-of-home - and hence, to identify whether imported meat consumption is occasion led, thereby helping to understand behaviours and choice | Higher per capita consumption correlates to a higher score 1-5 (cities ranked by quintile) | |
| What is the per capita volume consumption of retail purchased imported red meat? | Imported Retail Red Meat PCC | To understand the penetration of imported meat volumes by city and hence propensity to purchase non-Chinese produced products | Higher per capita consumption correlates to a higher score 1-5 (cities ranked by quintile) | |

# Methodology: PESTE

## The social indicators selected for the PESTE analysis aim to capture a wide range of measures for assessing how favorable the consumer environment is likely to be in each city

## Social

**Max. PESTE score: 150**

**Max. weighted score: 87.3**

**SOCIAL FACTORS**

| Indicator | Parameter | Rationale | Scores | Source ■ Proprietary ■ Secondary |
|---|---|---|---|---|
| What is the population of the city? | Total Population | Base indicator to determine overall opportunity | Higher population correlates to a higher score 1-5 (cities ranked in quintiles) | |
| How fast is the population of the city growing? | CAGR of population in last 5 years | Base indicator to show whether the city is growing or in decline – particularly important for regional centers | Higher population growth correlates to a higher score 1-5 (cities ranked in quintiles | |
| What is the demographic structure of the population in the city? | Between 15 - 64 population % | Base indicator to understand population mix and future growth. | Higher working age population correlates to a higher score 1-5 | |
| What is the unemployment rate in the city? | Unemployment rate | Helps illustrate deviation from overall Chinese norm, but also to determine income disparity. | Lower levels of unemployment correlate to higher scores 1-5 | |
| What percentage of people in the city work for multinational or foreign owned businesses? | MNC employees, as a % of total population | Proxy for determining propensity to accept foreign products. | Higher level of MNC employees correlates to a higher score 1-5 | |

# Methodology: PESTE

## The social indicators selected for the PESTE analysis aim to capture a wide range of measures for assessing how favorable the consumer environment is likely to be in each city

# Social

**Max. PESTE score: 150**

**Max. weighted score: 87.3**

| SOCIAL FACTORS | | | | |
|---|---|---|---|---|
| **Indicator** | **Parameter** | **Rationale** | **Scores** | **Source** ■ Proprietary ■ Secondary |
| What proportion of consumers are looking to eat more meat and more high quality meat? | % of consumers looking to eat more and eat more high quality meat | To identify the target cohort that provides a potential significant growth opportunity | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | Proprietary |
| What proportion of consumers are interested in trying different cuisines and experimenting with food? | % of consumers who are interested in trying different cuisines and experimenting with food? | To understand the intent to progressively change diets and embrace different food types | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | Proprietary |
| What proportion of consumers believe Australian red meat to be high quality? | % of consumers who believe Australian meat to be high quality | To understand the correlation between perception of Australia and perception of Australia a red meat supplier and the key drivers behind consumption | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | Proprietary |
| What proportion of consumers believe Australian red meat to be safe to consume? | % of consumers who believe Australian meat to be safe to consume | To understand the correlation between perception of Australia and perception of Australia a red meat supplier and the key drivers behind consumption | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | Proprietary |

# Methodology: PESTE

## The social indicators selected for the PESTE analysis aim to capture a wide range of measures for assessing how favorable the consumer environment is likely to be in each city

**Social**


**Max. PESTE score: 150**

**Max. weighted score: 87.3**

**SOCIAL FACTORS**

| Indicator | Parameter | Rationale | Scores | Source (■ Proprietary ■ Secondary) |
|---|---|---|---|---|
| What proportion of consumers believe it is important to be able to trace meat products from source to the plate? | % of consumers who believe it is important to be able to trace meat products from source to plate | To test the understanding of provenance and its importance in consumer decision making criteria | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | Proprietary |
| What proportion of consumers eat imported red meat regularly either at home or out-of-home? (regular defined as being at least once a month) | % of consumers who eat imported red meat a few times of month or more often. | To understand frequency of consumption of imported red meat and hence the proportion of overall occasions on which imported red meat is eaten - thereby, helping to understand the potential available opportunity | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | Proprietary |
| What proportion of consumers have a positive attitude towards purchasing red meat online? | % of consumers who have a positive attitude towards purchasing red meat online? | To understand receptiveness to changing purchasing behaviours and habits and utilization of new distribution channels | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | Proprietary |
| What is the proportion of consumers who most often consume beef, lamb, mutton and goat? | % of consumers who most often consume beef, lamb, mutton and goat | To understand the most favoured preference of meat products among consumers | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | Proprietary |
| What proportion of consumers trust the claims made by the food brands they purchase? | % of consumers who trust food label claims | The greater the mistrust in food brands and their provenance, the greater the opportunity for Australia to make a positive impact | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | Proprietary |

# Methodology: PESTE

**The social indicators selected for the PESTE analysis aim to capture a wide range of measures for assessing how favorable the consumer environment is likely to be in each city**

## Social

**Max. PESTE score: 150**

**Max. weighted score: 87.3**

| SOCIAL FACTORS | | | | |
|---|---|---|---|---|
| **Indicator** | **Parameter** | **Rationale** | **Scores** | **Source** ■ Proprietary ■ Secondary |
| What proportion of protein consumption (volume) is constituted by red meat? | % of protein consumption is constituted by red meat | In order to understand where red meat fits into overall dietary behaviour - this will highlight where there is a propensity for consumption and where opportunities for growth exist | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | |
| What proportion of red meat is purchased from a supermarket or other modern retail formats? | % of red meat purchased from a supermarket or other modern retail formats? | To indicate the propensity of the population to engage with modern retail and therefore to be more discerning in terms of presentation and also more accessible from a marketing stand point | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | |
| What proportion of consumers are vegetarian? | % of vegetarianism | To understand the absolute number of consumers who are outside of the target audience for meat products | A lower percentage correlates to a lower score 1-5 (cities ranked by quintile) | |
| What proportion of consumers believe Australian red meat to be nutritious? | % of consumers who believe Australian red meat to be nutritious | To understand the correlation between perception of Australia and perception of Australia a red meat supplier and the key drivers behind consumption | A higher rank correlates to a lower score 1-5 (cities ranked by quintile) | |

# Methodology: PESTE

**The social indicators selected for the PESTE analysis aim to capture a wide range of measures for assessing how favorable the consumer environment is likely to be in each city**

## Social

**Max. PESTE score: 150**

**Max. weighted score: 87.3**

| SOCIAL FACTORS | | | | |
|---|---|---|---|---|
| **Indicator** | **Parameter** | **Rationale** | **Scores** | **Source** ■ Proprietary ■ Secondary |
| How does Australia rank in terms of nutrition perception against other major meat exporters to China? | Australia nutrition perception | To understand how Australian companies are perceived against other major meat exporters to china | A higher rank correlates to a lower score 1-5 (cities ranked by quintile) | |
| How does Australia rank in terms of quality perception against other major meat exporters to China? | Australia quality perception | To understand where Australia fits relative to other meat exporters and hence to begin the process of understanding what Australia needs to do in order to retain its top ranking or surpass other exporting nations | A higher rank correlates to a lower score 1-5 (cities ranked by quintile) | |
| What is the proportion of food wastage per capita? | Food Wastage PCC | High levels of food wastage as an indicator of supply chain inefficiencies or weaknesses | A lower PCC Wastage correlates to a higher score 1-5 (cities ranked by quintile) | |
| What is the volume of red meat sales through convenience channels? | Volume red meat purchases through convenience stores 2016 - 2020 | To measure the changing shopping behaviours of Chinese consumers by city and therefore the design of product offerings required to align with the "convenience / time scarcity" trend | A higher volume correlates to a higher score 1-5 (cities ranked by quintile) | |

# Methodology: PESTE

## The social indicators selected for the PESTE analysis aim to capture a wide range of measures for assessing how favorable the consumer environment is likely to be in each city

**Social**

**Max. PESTE score: 150**

**Max. weighted score: 87.3**

| SOCIAL FACTORS | | | | |
|---|---|---|---|---|
| **Indicator** | **Parameter** | **Rationale** | **Scores** | **Source** ■ Proprietary ■ Secondary |
| How does Australia rank in terms of safety perception against other major meat exporters to China? | Australia safety perception | To understand how Australian companies are perceived against other major meat exporters to china | A higher rank correlates to a lower score 1-5 (cities ranked by quintile) | |
| What is the growth of red meat sales through convenience channels? | CAGR of red meat purchases through convenience stores 2016 - 2020 | To measure the changing shopping behaviours of Chinese consumers by city and therefore the design of product offerings required to align with the "convenience / time scarcity" trend | A bigger CAGR correlates to a higher score 1-5 (cities ranked by quintile) | |
| What is the per capita consumption volume of red meat in food service? | Food Service Red Meat PCC | To understand the volume of red meat consumed out-of-home - and hence, to identify meat consumption as part of an occasion potentially outside of the standard home diet | A higher FS PCC correlates to a higher score 1-5 (cities ranked by quintile) | |
| What is the per capita spend on red meat at operator buying prices in food service? | Food Service Red Meat PCE | As per above, but understanding the effective spend per capita and hence the propensity to purchase quality | A higher FS PCE correlates to a higher score 1-5 (cities ranked by quintile) | |

# Methodology: PESTE

## The social indicators selected for the PESTE analysis aim to capture a wide range of measures for assessing how favorable the consumer environment is likely to be in each city

## Social

**Max. PESTE score: 150**

**Max. weighted score: 87.3**

| SOCIAL FACTORS | | | | |
|---|---|---|---|---|
| **Indicator** | **Parameter** | **Rationale** | **Scores** | **Source** ■ Proprietary ■ Secondary |
| What proportion of consumers have a positive awareness of Australia as a country? | Positive consumer awareness of Australia | To understand how Australia is perceived and whether there is a positive base on which marketing campaigns can be built | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | |
| What is the per capita volume consumption of retail purchased red meat? | Retail Red Meat PCC | To understand the volume of red meat consumed at home - and hence, eaten as part of a normal diet | A higher retail PCC correlates to a higher score 1-5 (cities ranked by quintile) | |
| What is the per capita spend on retail purchased red meat? | Retail Red Meat PCE | As per above, but understanding the effective spend per capita and hence the propensity to purchase quality | A higher retail PCE correlates to a higher score 1-5 (cities ranked by quintile) | |
| Against key measures of quality (health, safety, taste, sustainability, quality), what is the perception of red meat? | The perception of red meat, against key measures? | To understand how cities rank based on perceptions of red meat quality overall | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | |

# Methodology: PESTE

## The technological indicators selected for the PESTE analysis aim to capture the uptake of modern business concepts and products among consumers

## Technological

**Max. PESTE score: 60**

**Max. weighted score: 126.62**

| TECHNOLOGICAL FACTORS | | | | |
|---|---|---|---|---|
| **Indicator** | **Parameter** | **Rationale** | **Score** | **Source** ■ Proprietary ■ Secondary |
| How many people in the city have access to the internet? | Number of internet users per 100 people | Proxy for determining ability to access modern commerce | Higher number of internet users correlates to a higher score 1-5 | |
| What is the penetration of hypermarkets / supermarkets in organized retail? | Penetration of hypermarkets/supermarkets | Reflects sophistication of the organized retail sector | Higher penetration correlates to a higher score 1-5 | |
| What is the penetration of passenger cars per household in the city? | Number of passenger cars per household | Correlates with economic activity, purchasing power, and consumer mobility | Higher number of cars correlates to a higher score 1-5 | |
| How many 4 and 5 star hotels are there in the city? | Number of 4 star and 5 star hotels | Correlates with propensity for high value food expenditure and demand | Higher number of properties correlates to a higher score 1-5 | |
| How many commercial airports within 50kmsq of the city offering domestic and international flights? | Number of airports | Proxy for investment in transport infrastructure | Higher number of airports correlates to a higher score 1-5 | |
| How many food service outlets per 100,000 people? | Number of food service outlets per 100,000 people | Reflects demand for out-of-home served, delivered, or takeaway meals | Higher number of food service outlets correlates to a higher score 1-5 | |

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# Methodology: PESTE

## The technological indicators selected for the PESTE analysis aim to capture the uptake of modern business concepts and products among consumers

**Technological**


**Max. PESTE score: 60**

**Max. weighted score: 126.62**

| TECHNOLOGICAL FACTORS | | | | |
|---|---|---|---|---|
| **Indicator** | **Parameter** | **Rationale** | **Score** | **Source** ■ Proprietary ■ Secondary |
| What proportion of registered meat transport vehicles in the city can carry and distribute red meat? | % of registered meat transport vehicles in the city that can carry and distribute red meat? | To further understand the effectiveness of the cold chain transportation at a local level | A higher percentage correlates to a higher score 1-5 (cities ranked by quintile) | |
| How many litres of cold storage warehousing capacity are there within the city's jurisdiction? | Cold storage capacity | To understand the capacity of logistics providers in the city to be able to service Australian meat exporters satisfactorily | A higher capacity correlates to a higher score 1-5 (cities ranked by quintile) | |
| How many HACCP certified meat wholesalers are located within the city? | No. of HACCP certified meat wholesalers | International compliance to a recognized standard indicates best practice and potential client base | A higher number correlates to a higher score 1-5 (cities ranked by quintile) | |
| How many registered refrigerated transport vehicles are in the city? | No. of Refrigerated transport vehicles | To understand the effectiveness of cold chain transportation at a local level | A higher number correlates to a higher score 1-5 (cities ranked by quintile) | |

# Methodology: PESTE

## The technological indicators selected for the PESTE analysis aim to capture the uptake of modern business concepts and products among consumers

## Technological

**Max. PESTE score: 60**

**Max. weighted score: 126.62**

| TECHNOLOGICAL FACTORS | | | | |
|---|---|---|---|---|
| **Indicator** | **Parameter** | **Rationale** | **Score** | **Source** ■ Proprietary ■ Secondary |
| How many SAQSIQ registered meat producers and wholesalers are located within the city? | No. of SAQSIQ registered meat producers | SAQSIQ registered meat producers indicate levels of compliance with Chinese food safety standards and procedures and hence ability to provide products to a given quality | A higher number correlates to a higher score 1-5 (cities ranked by quintile) | |
| How many litres of cold storage warehousing capacity is there within the city's jurisdiction specifically for handling red meat? | Red meat specific cold storage | In order to further explore the preceding indicator and to begin to differentiate between overall cold storage capacity and that dedicated purely to meat | A higher number correlates to a higher score 1-5 (cities ranked by quintile) | |

# Methodology: PESTE

**The environmental indicators selected for the PESTE analysis are intended to support analysis of factors such as sustainability of power supply and the impact on consumers of pollutants**

## Environmental

**Max. PESTE score: 20**

**Max. weighted score: 91.76**

| ENVIRONMENTAL FACTORS | | | | |
|---|---|---|---|---|
| **Indicator** | **Parameter** | **Rationale** | **Score** | **Source**<br>Proprietary Secondary |
| Wat is the electricity generation capacity of the city? | Number of power plants within 50 square kilometres of the city | Indication of electricity availability – important to understand supply chain infrastructure and likelihood of consumers owning white goods such as refrigerators, cookers, and microwaves | Higher number of power plants correlates to a higher score 1-5 |  |
| What are the levels of carbon dioxide emissions per capita in the city? | Carbon dioxide emission per capita | While not generally seen as a positive, higher levels of carbon dioxide emissions can be seen as an indicator of higher-value industrial activity. May also be reflected in more positive consumer attitudes to sustainable products | Higher Carbon Dioxide emissions correlate to a higher score |  |

# Methodology: PESTE

**The environmental indicators selected for the PESTE analysis are intended to support analysis of factors such as sustainability of power supply and the impact on consumers of pollutants**

## Environmental

**Max. PESTE score: 20**

**Max. weighted score: 91.76**

| ENVIRONMENTAL FACTORS | | | | |
|---|---|---|---|---|
| **Indicator** | **Parameter** | **Rationale** | **Score** | **Source** ■Proprietary ■Secondary |
| What proportion of consumers believe Australian red meat to be produced to high standards of animal welfare? | % of consumers who believe Australian meat to be produced to a high standard of animal welfare | To understand the correlation between perception of Australia and perception of Australia a red meat supplier and the key drivers behind consumption | Higher percentage correlates to a higher score 1-5 | Secondary |
| How does Australia rank in terms of animal welfare perception against other major meat exporters to China? | Australia animal welfare perception | To understand how Australian companies are perceived against other major meat exporters to china | A higher rank correlates to a lower score 1-5 (cities ranked by quintile) | Secondary |

# Methodology: consumer survey

## Canadean's bespoke meat consumption in China survey coverage and sample size

A bespoke consumer survey was designed and conducted across approximately 300 respondents in each of the shortlisted 15 cities, via online survey, focusing on understanding Chinese meat consumption habits and preferences, shopping behaviours and attitudes to brand Australia. The survey screened out respondents aged under 18 years of age; those are not responsible for grocery shopping decisions and those who do not eat meat (i.e. vegetarians and vegans).

| NORTH | | EAST | | CENTRAL | | SOUTH | | SOUTH WEST | |
|---|---|---|---|---|---|---|---|---|---|
| City & sample size | | City & sample size | | City & sample size | | City & sample size | | City & sample size | |
| **Beijing** | 304 | **Hangzhou** | 306 | **Changsha** | 301 | **Guangzhou** | 301 | **Chengdu** | 302 |
| **Dalian** | 300 | **Nanjing** | 303 | **Wuhan** | 301 | **Shenzhen** | 300 | **Chongqing** | 301 |
| **Qingdao** | 303 | **Shanghai** | 306 | | | | | | |
| **Shenyang** | 300 | **Xiamen** | 300 | | | | | | |
| **Tianjin** | 302 | | | | | | | | |

**Field date: May 2016**

**Total sample size: 4,500**

# Methodology: consumer survey

## Consumer segments

Consumers have been segmented in a number of different ways throughout the consumer insight analysis in this report, as defined below. Clustering consumers based on similar characteristics allows analysis at a more granular level, providing more in-depth insights into how specific groups of consumers behave. It also allows us to identify which consumer segments are most relevant to Australian meat producers and suppliers in each of the 15 cities, and draw comparisons to the national average.

| Segment | Definition | Segment | Definition |
|---|---|---|---|
| **Frequent Meat Eater** | Eat meat at least a few times per week | **Occasional Imported Meat Consumer** | Eat imported meat (at home or out of the home) a few times per month or less |
| **Occasional Meat Eater** | Eat meat once a week or a few times per month | **Imported Meat Non-consumer** | Never eat imported meat at home or out of the home |
| **Infrequent Meat Eater** | Eat meat once a month or less | **Aware of Australian Beef** | Aware of Australian Beef, but not necessarily a consumer (ditto for other meat types) |
| **Beef Consumer** | Have eaten beef in the last month (ditto for other meat types) | **Aware of Australian Meat** | Aware of Australian beef, lamb, mutton and/or goat |
| **Beef Most Often** | Beef is their most often consumed meat (ditto for other meat types) | **Eaten Australian Beef** | Have eaten Australian Beef in the last year (ditto for other meat types) |
| **Frequent Imported Meat Consumers** | Eat imported meat (at home or out of the home) at least once per week | **Eaten Australian Meat** | Have eaten Australian beef, lamb, mutton and/or goat in the last year |

# Methodology: consumer survey

## Consumer segments

| Segment | Definition | Segment | Definition |
|---|---|---|---|
| **North China** | Live in Beijing, Shenyang, Tianjin, Dalian, or Qingdao | **Impulsive Cook** | Consumers, responsible for meal preparation, who purchase ingredients on the day for the day |
| **Central China** | Live in Wuhan or Changsha | **Planned Cook** | Consumers, responsible for meal preparation, who purchase ingredients for a set number of main meals they have planned to prepared in advance. |
| **East China** | Live in Shanghai, Xiamen, Hangzhou, or Nanjing | **Flexible Cook** | Consumers, responsible for meal preparation, who purchase ingredients typically used to make a range of meals, but haven't decided exactly what meals to prepare in advance. |
| **South** | Live in Guangzhou or Shenzhen | **Top-Up Cook** | Consumers, responsible for meal preparation, who purchase basic ingredients in advance but top-up on other ingredients as needed. |
| **South West** | Live in Chengdu or Chongqing | **Scratch Cook** | When cooking meat they prepare it completely or mainly from scratch, using mainly raw ingredients or just a few ready prepared ingredients. |

# Methodology: consumer survey

## Consumer segments

| Segment | Definition | Segment | Definition |
|---|---|---|---|
| **Health Conscious** | Consumers who are mindful of their health and so try to control the food they cook and eat; and who are influenced by nutritional information or ingredients lists when shopping for meat | **Home Bodies** | Consumers who prefer to eat in the home; and prefer to stick to familiar and traditional recipes which they know taste good and their family will happily eat. |
| **Busy Lifestylers** | Consumers who rely heavily on time-saving products & services; don't have enough time to read food labels; and/or find other priorities get in the way of preparing or cooking the food they want. They are also influenced by convenience and/or cooking times when buying meat | **Ethically Minded** | Consider it very important that the meat they buy is from animals that are well taken care of and environmentally sustainable and are willing to pay more for this. Animal welfare and/or country of origin are important when buying meat |
| **Pleasure Seekers** | Enjoy trying new or unusual products and experimenting with new dishes, ingredients and recipes; and are open to trying meats from different countries. | **Global Giants** | Their taste in food has changed as a result of exposure to other cultures; have visited Australia before and have wide awareness of red meats from other origins. |

# Methodology: consumer survey

## Canadean's global surveys: China coverage

Canadean conducts a range of global surveys annually, including coverage in China as detailed below. Insights from some these surveys have also been drawn upon where necessary in this report to add context and give an overview of how city level behaviour compares to the national average.

| Survey | China Sample | Method | Key Themes |
|---|---|---|---|
| **2014 Q2 Global Survey** | 1,000 | Online | Dietary habits; grocery shopping behaviour; health concerns; snacking behaviour, category specific (including meat) consumption habits and purchasing behaviour |
| **2014 Q4 Global Survey** | 900 | Online | Snacking preferences; attitudes to raw/unprocessed food; Breakfast consumption habits; preferred cuisines |
| **2015 Q1 Global Survey** | 2,021 | Online | Influences on product choice; attentiveness to nutritional labels; attentiveness to new products; attitudes to national economy and political stability |
| **2015 Q2 Global Survey** | 1,000 | Online | Health perceptions of food and drink ingredients; attentiveness to ingredients; meat consumption habits |
| **2015 Q4 Global Survey** | 1,000 | Online | Out of home meal consumption habits; snacking motivations and habits; awareness of clean labelling; appeal of functional health claims |

# Methodology: in-depth interviews

## Canadean conducted face-to-face interview with 50 consumers and key experts across the five cities

**Consumer Interviews Summary:**

| City | Gender | Age | Occupation | HH Income (RMB) | Child(ren)? | Age of child(ren) | Consumer Group |
|---|---|---|---|---|---|---|---|
| Shenzhen | Female | 34 | None | 25,000.00 | No | N/A | Dink |
| Shenzhen | Female | 38 | HR manager | 20,000.00 | Yes | 15 | Family with older children / teenagers |
| Shanghai | Male | 38 | Manager | 100,000.00 | Yes | 7, 4 | Family with young child / children |
| Shanghai | Male | 41 | Freelancer | 30,000.00 | No | N/A | Dink |
| Chengdu | Male | 29 | Manager | 30,000.00 | No | N/A | Dink |
| Chengdu | Female | 28 | Manager | 100,000.00 | Yes | 8 months | Family with young child / children |
| Beijing | Female | 40 | Manager | 80,000.00 | Yes | 11 | Family with older children |
| Beijing | Male | 25 | Manager | 20,000.00 | No | N/A | representative" of affluent key lifestyle |
| Hangzhou | Male | 38 | Office dean | 30,000.00 | Yes | 6 | Multigenerational household |
| Hangzhou | Female | 43 | Manager | 40,000.00 | Yes | 20 | Empty nesters |

# Methodology: in-depth interviews

## Canadean conducted face-to-face interview with 50 consumers and key experts across the five cities

**Expert Interviews Summary:**

| City | Gender | Company | Job Description |
|---|---|---|---|
| Shenzhen | Female | Shenzhen Chuangshiren New Media Co.,Ltd | Food topic editor, mystery shopper to collect food info, Write food articles for websites. |
| Shenzhen | Female | Dalong Network Sci&Tech Co,.Ltd | Purchase manager, taking in charge of imported meat and promotion. |
| Shenzhen | Male | Shenzhen Yili Youpin Trading Co.,Ltd | Owner. The company is doing wholesale of Austrian beef to restaurants. |
| Shenzhen | Male | CHINA RESOURCES VANGUARD Co.Ltd. | Supermarket Director. In charge of product sales, labor training, market analysis. |
| Shenzhen | Male | Shenzhen Lvshan Investment Management Co.,Ltd | Owner |
| Shenzhen | Male | The King of Noodles Co.,Ltd | Manager of new food proposition innovation. |
| Shenzhen | Male | Shen Zhen Venice Hotel | Purchasing manager of hotel restaurant. |
| Shenzhen | Female | Futian Chinese Medicine Hospital | Dietitian physician |
| Shanghai | Male | A Food Company | Director. Food company branding, producing, food frozen, R&D |
| Shanghai | Female | Tongji Hospital affiliated to Tongji University, Shanghai | Dietitian physician |

# Methodology: in-depth interviews

## Canadean conducted face-to-face interview with 50 consumers and key experts across the five cities

**Expert Interviews Summary:**

| City | Gender | Company | Job Description |
|---|---|---|---|
| Shanghai | Female | WITRIP Magazine | Magazine editor, writing articles for travel, food topics. |
| Shanghai | Male | Shen Zhen CaiNa Branding Planning Co.,Ltd | Director. Used to study in Austria. Taking in charge of Housefood promotion, branding. Also take part of some O2O projects. |
| Shanghai | Female | Light&Salt | Admin Chef |
| Shanghai | Male | Yihaodian Online shopping website | Operation manager. Has 6 years experience on E-commerce site. |
| Shanghai | Male | Crowne Plaza Fudan Shanghai | Purchasing manager. 10 years+ experience. |
| Shanghai | Male | OLE supermarket | Marketing manager. More than 6 years experience. |
| Chengdu | Female | Chengdu Evening News | Senior journalist on food topic. 20 yrs experience. |
| Chengdu | Male | HongZhaoBi Sichuan Style Restaurant | General manager |
| Chengdu | Female | Chengdu Fuxing Hospital | Dietitian physician |
| Chengdu | Male | Fu Rong Jin Hui Restaurant | Purchasing manager |

# Methodology: in-depth interviews

## Canadean conducted face-to-face interview with 50 consumers and key experts across the five cities

**Expert Interviews Summary:**

| City | Gender | Company | Job Description |
|---|---|---|---|
| Chengdu | Female | Da Zhong Dian Ping (Mei Tuan) | Regional manager |
| Chengdu | Female | West China Hospital affiliated to Sichuan University | Dietitian. |
| Chengdu | Female | Chengdu BoYuTianCheng Advertising Company | Planning Director. Involved in food packaging planning, designing planning etc. |
| Chengdu | Male | Chengdu YiZhengTang Advertising Company | Design Director. Involved in packaging, designing, VI design etc. |
| Beijing | Female | HuoLiShi APP | Food senior editor. Writing articles of food, wine etc. Now is developing Sogreen website to introduce Austrian advanced food producing method to China. |
| Beijing | Male | 4A Adv Company | Director. Work in the field of package design. Now is involved in writing articles for Italian restaurant and some coffee brands. |
| Beijing | Male | Marriote Hotel | Admin vice chef. In charge of product purchasing, innovative food design |
| Beijing | Female | Beijing Missfresh E-Commerce Co., Ltd | Purchasing manager. More than 7 years experience. Has good understanding of red meat market. |

# Methodology: in-depth interviews

## Canadean conducted face-to-face interview with 50 consumers and key experts across the five cities

**Expert Interviews Summary:**

| City | Gender | Company | Job Description |
|---|---|---|---|
| Beijing | Male | Jinglun Hotel | Admis Chef |
| Beijing | Male | Wumart supermarket | Purchasing manager. |
| Beijing | Male | Peking University First Hospital | Dietitian physician |
| Beijing | Male | China-Japan Friendship Hospital | Dietitian physician |
| Hangzhou | Female | Market Guide Newspaper Agency | senior journalist. Be involved in SME, entertainment, food. |
| Hangzhou | Male | Ningbo New Type Marine Organism National Food Center. | Office dean. R&D of marine organism, food, medicine etc. |
| Hangzhou | Male | Meiyuan Hotel | Chef. |
| Hangzhou | Male | Sofitel Hotel | Vice chef |
| Hangzhou | Male | Landison Hotel | Vice Chef. |
| Hangzhou | Male | Ao Sifu Western-style food Restaurant | Owner. The restaurant provides different kinds of imported Austrian red meat to consumers |
| Hangzhou | Male | Jiu Shi Westrn-style food restaurant | Owner |
| Hangzhou | Male | Hangzhou Longchuan Trading Co.,Ltd | Company partner. In charge of offline delivery, operation and promotion. |

# Methodology: market size

## The following are the definitions for each of the channels used in the market sizing data

| Channel Type | Channel Segment | Definition |
|---|---|---|
| Retail | Department Stores | Includes all sales through multi-category retailers, focusing primarily on non-grocery categories with distinct departments specializing in defined product areas Examples include Parkson and Jiuguang Department Store in China. |
| Retail | E-Retailers | Includes all sales that take place over the internet, irrespective of whether the vendor is a pure-play internet company or the online offering of a physical retailer. Example: T Mall and Jing Dong in China. |
| Retail | Hypermarkets | include all sales through retailers with floor area over 2,500 sq. m that carry full lines of both grocery and general merchandise (e.g.. Wal-Mart and Wumart in China). |
| Retail | Supermarkets | include all sales through retailers with a floor area of 300 sq. m -2,500 sq. m that offer a wide, departmentalized range of groceries, and may carry some general merchandise lines (e.g.. China Resources Vanguard and Lianhua Supermarket in China). |
| Retail | Wet Market | Includes all sales of fresh meat and produce sold through a market |

# Methodology: market size

## The following are the definitions for each of the channels used in the market sizing data

| Channel Type | Channel Segment | Definition |
|---|---|---|
| Retail | Convenience Stores | Stores, kiosks, and newsstands of an area generally less than 300 square meters, which specialize in a limited range of food and grocery products, designed primarily for convenience-seeking consumers, and that have in-store foodservice provision for customers. |
| Retail | Food & Drink Specialists | Includes bakers, butchers, delicatessens, drinks specialists, fishmongers, greengrocers, Food & drinks only stores, and single category stores (e.g.. stores selling only cheese, or only olives, or only honey, or only Confectionery products). |
| Retail | Other | Includes other generalist retail channels not included in the categories above (e.g.. market traders, charity stores, student union stores, and direct sales). |
| Retail | Cash & Carry | Cash & carries sell from a wholesale warehouse to customers (small retailers, professional users) who pay on the spot and transport goods away themselves. Warehouse clubs are no-frills stores that sell discounted goods to members who pay an annual fee. Delivered wholesale sales are not included. In our data only sales from these stores direct to the public (for example through work place deals allowing otherwise regular consumers to shop there) are covered. |

# Methodology: market size

## The following are the definitions for each of the channels used in the market sizing data

| Channel Type | Channel Segment | Definition |
|---|---|---|
| Accommodation | Accommodation | Locations that provide paid lodging services to their guests. |
| Leisure | Leisure | Locations that operate arts or leisure pursuits that are open to the public, or upon becoming a member, for participation or spectating for the purpose of entertainment. |
| Pubs, clubs & bars | Pubs, clubs & bars | Drinking establishments that have on-trade alcohol licensing arrangements, this may include pubs or bars that are either freehold, tenanted, or managed, with or without a restaurant, however, more than 50% of revenue should be from drinks. Include private members and social clubs, and nightclubs. |
| Restaurants | Full service restaurants | Eating establishments primarily focused on the provision of meals with a full table service and payment occurring after consumption. These locations typically serve alcohol. Takeaway services are either typically not offered or constitute a small proportion of revenues. |
| Restaurants | Coffee houses & tea shops | Foodservice establishments that may serve a mix of food and drink, but the focus and core offering is on the provision of coffee or tea for immediate consumption on premise or takeaway, and will often have limited seating on site for customers with limited table service, but may also frequently operate from kiosks or mobile units. |
| Restaurants | Quick service restaurants & fast food outlets | Eating establishments primarily focused on the provision of meals or soft drinks, but not hot beverages, with limited or no table service and with payment occurring before consumption. These locations typically do not serve alcohol and are characterized by short order times. |

# Methodology: market size

## The following are the definitions for each of the products under consideration in this project

| Product type | Definition |
|---|---|
| Ambient meat | All shelf-stable meat products. For example, tinned meat in cans, meat in jars. Excludes cured and fermented meats (such as salamis, chorizos and meat snacks like Biltong) which are typically sold at deli counters or in chilled packs. |
| Chilled raw packaged meat - processed | Raw whole cuts of meat packaged in trays or similar but which have been coated or pre-marinated or similar. Includes bacon. |
| Chilled raw packaged meat – whole cuts | Whole cuts - raw whole cuts of meat packed in trays or similar |
| Cooked meats - counter | These are pre-cooked meats sold over the counter in retailers (i.e. at deli counters in supermarkets or butchers). Often these are sliced upon request. |
| Cooked meats - packaged | pre-packaged cooked meats (usually already sliced, but not necessarily - e.g.. whole pre-cooked chicken portions as opposed to sliced chicken). |
| Fresh meat - counter | Fresh meat products sold over butchers' counters in retailers. |
| Frozen meat | All frozen meat products, whether whole cuts or not and whether coated or not. Excludes meat-based from ready meals. |
| Meat snacks | Ambient savoury snacks made from meat (e.g.. Slim Jim) which are specifically designed for snacking on (i.e. they don't form part of a main meal occasion such as breakfast, lunch or dinner). Includes Pepperami. |
| Ready meals with meat | All types of complete meals with meat which only require heating before being served, regardless of whether they are frozen, chilled, "shelf-stable (i.e. in cans or shelf-stable packs) or are dried. Includes noodle-based, rice-based and pasta-based dishes with meat. |

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MEAT & LIVESTOCK AUSTRALIA

MARKET INSIGHT
PRODUCT INSIGHT
CONSUMER INSIGHT
INDUSTRY INSIGHT

# Thank You