

Research and rural economies: delivering insight and impact in regional Australia



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POULTRY

Daily supply of calories
Cal per person per day

Year
1961

CHINA

UNITED
STATES

4 cal
in 1961

64 cal
in 1961



PORK

Daily supply of calories
Cal per person per day

Year

1961

CHINA

UNITED
STATES

20 cal
in 1961

127 cal
in 1961





...Today's Top 20 Worldwide Internet Leaders *Today* = USA @ 11...China @ 9

Public / Private Internet Companies, Ranked by Market Valuation (5/29/18)

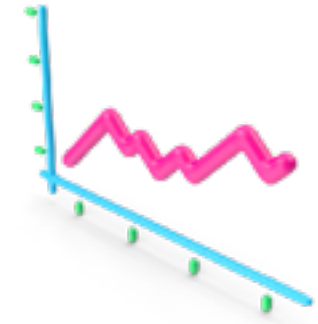
Rank 2018	Company	Region	Market Value (\$B)	
			5/29/13	5/29/18
1)	Apple	USA	\$418	\$924
2)	Amazon	USA	121	783
3)	Microsoft	USA	291	753
4)	Google / Alphabet	USA	288	739
5)	Facebook	USA	56	538
6)	Alibaba	China	--	509
7)	Tencent	China	71	483
8)	Netflix	USA	13	152
9)	Ant Financial	China	--	150
10)	eBay + PayPal*	USA	71	133
11)	Booking Holdings	USA	41	100
12)	Salesforce.com	USA	25	94
13)	Baidu	China	34	84
14)	Xiaomi	China	--	75
15)	Uber	USA	--	72
16)	Didi Chuxing	China	--	56
17)	JD.com	China	--	52
18)	Airbnb	USA	--	31
19)	Meituan-Dianping	China	--	30
20)	Toutiao	China	--	30
Total			\$1,429	\$5,788

- Rural Economies Centre of Excellence. Recently formed with Qld Govt funding
- Partnership between DAF and 4 universities
 - Preliminary work to understand drivers, challenges and opportunities in regional economies





Rural Economies
centre of excellence



Economic tools



Business innovation



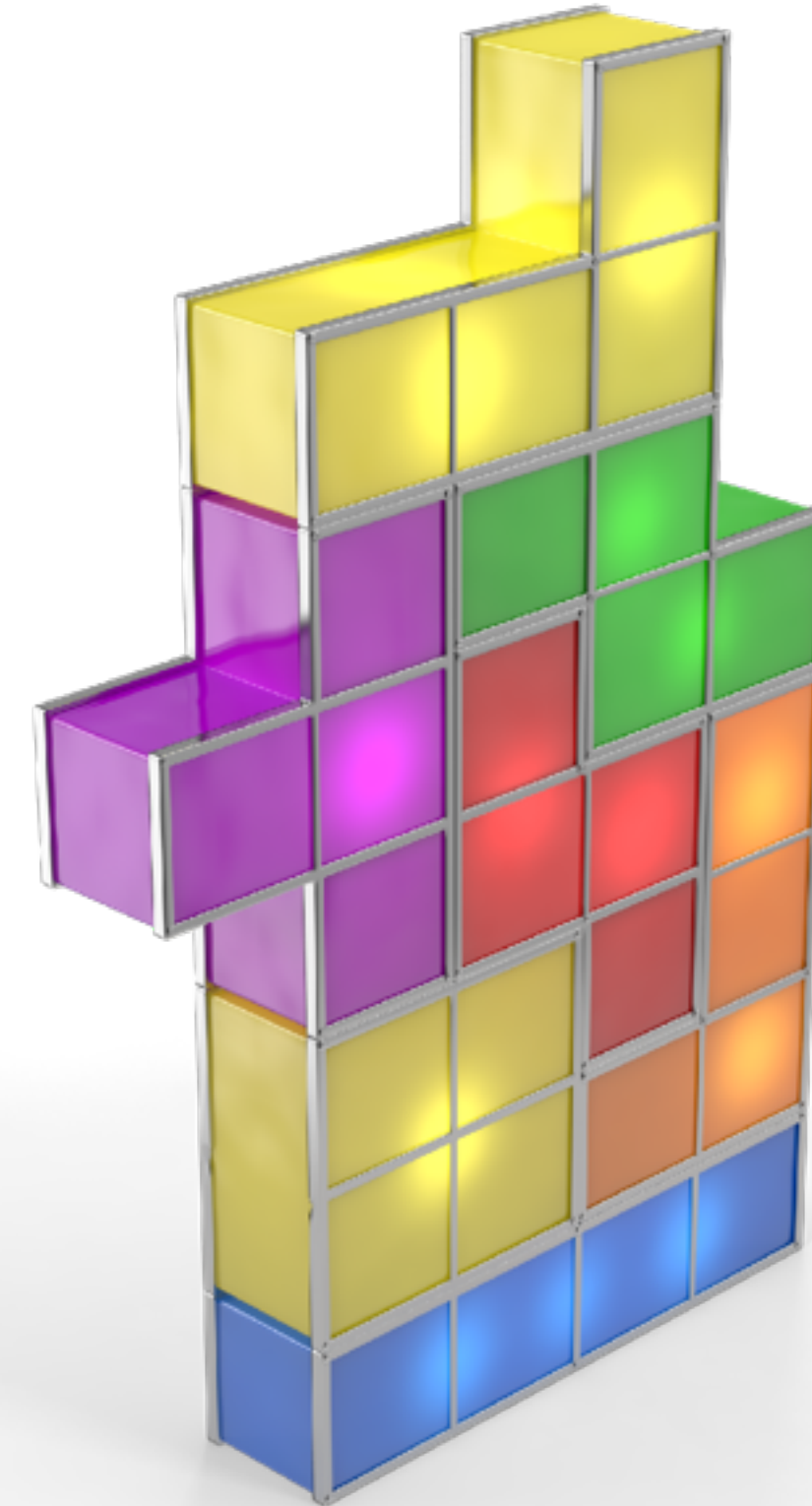
Value chain insight



Policy development



Engagement & impact



Regional QLD (outside of south-east)

- Contributes about 1/3 of gross state product (\$101B out of \$306B in 2015-16)
- Has 28.6% of Qld workforce. Key sectors are:

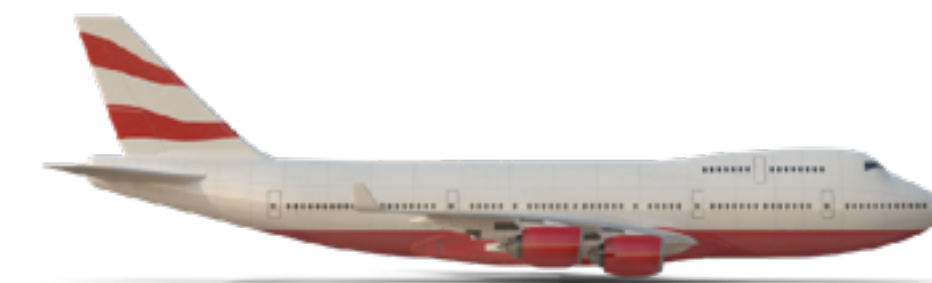
- Agriculture
- Resources
- Tourism
- Construction
- Services
- Small Business

Snap fact: Livestock + grain exports account for \$25bn
of our \$28bn ag exports sector



Challenge & opportunity: the software to go with the hardware

- Wellcamp Airport took 19 months to complete
- How long does it take to build \$ustainable relationship with a Chinese customer?
- What skills do you need to achieve this?



Challenge & opportunity: going up the value chain

- Strong growth in certain categories being driven by demographic shifts in China.
- Asian trade players acquiring Australian brands with valuations often top of range.
- Most of the value is captured off-shore
- How do Australian exporters capture more downstream value?



Global mega trends impacting the Australian agriculture

A hungrier world...



Population growth in China is stagnating but diets are evolving with aspiration and income rises...



Transformative technologies:

Advances such as the Wellcamp airport linkage to Hong Kong from the Darling Downs, DEXA lamb carcass objective measurement at processing, block chain and traceability technologies.

A wealthier world:



A new middle class in China ... Shanghai household now spends over \$A1700 per annum on food.



Choosy customers...

Information empowered consumers of the future will have expectations for health, provenance, sustainability and ethics.

Continuing market volatility



Globalisation, climate change and environment change will reshape the risk profile for agriculture.

Chinese consumers will be keen to know more about how Australian food was produced, who produced it and to what standards.

China consumer trends



Evolving landscapes

Consumers 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.)



Sustainability & Ethics

A growing segment of the Chinese consumption landscape is concerned about not just what but HOW



Comfort & Uncertainty

Chinese consumers have been burnt by multiple domestic food safety scandals in the past, from clenbuterol and melamine additives, to avian and swine flu, to overuse of antibiotics, to dyeing meat and injecting water into it



Health & Wellness

Health considerations underlie many red meat purchasing decisions. 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). China also has some unique health beliefs and attitudes.



Easy & Affordable

Convenience is somewhat important to consumers; 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.)



Sensory & Indulgence

Consumers 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 colour; and provide recipe recommendations to encourage trial of new meats).

China is not one market but many....MLA key cities research

identified 15 key cities:

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

01

Then narrowed it down to 5 key cities:

- Beijing
- Chengdu
- Hangzhou
- Shanghai
- Shenzhen

02

Which trends are most influential?

Health & Wellness: functional health & nutrition; traditional notions of holistic wellness
Sensory & Indulgence: experimentation; premiumization; freshness & appearance
Comfort & Uncertainty: food safety; authenticity; provenance
Evolving Landscapes: migrating influence; family structures

03

What products should be offered?

- Premium processed meats (e.g.. burgers)
- Pre-diced/sliced raw meats for stir-frying/braising
- Frozen meats which “lock in” freshness
- Partially prepared/pre-marinated meats
- Larger pack sizes for large households
- Visually appealing fresh meat with markers of freshness

Where should they be sold?

04

Retail: Supermarkets, hypermarkets ,
eCommerce, Convenience stores.
Food Service: fast food chains, hotels, full service restaurants

Who should I target?

05

- Affluent Singles
- DINKs
- Families with young children
- Families with older children
- Empty Nesters

How should they be positioned?

06

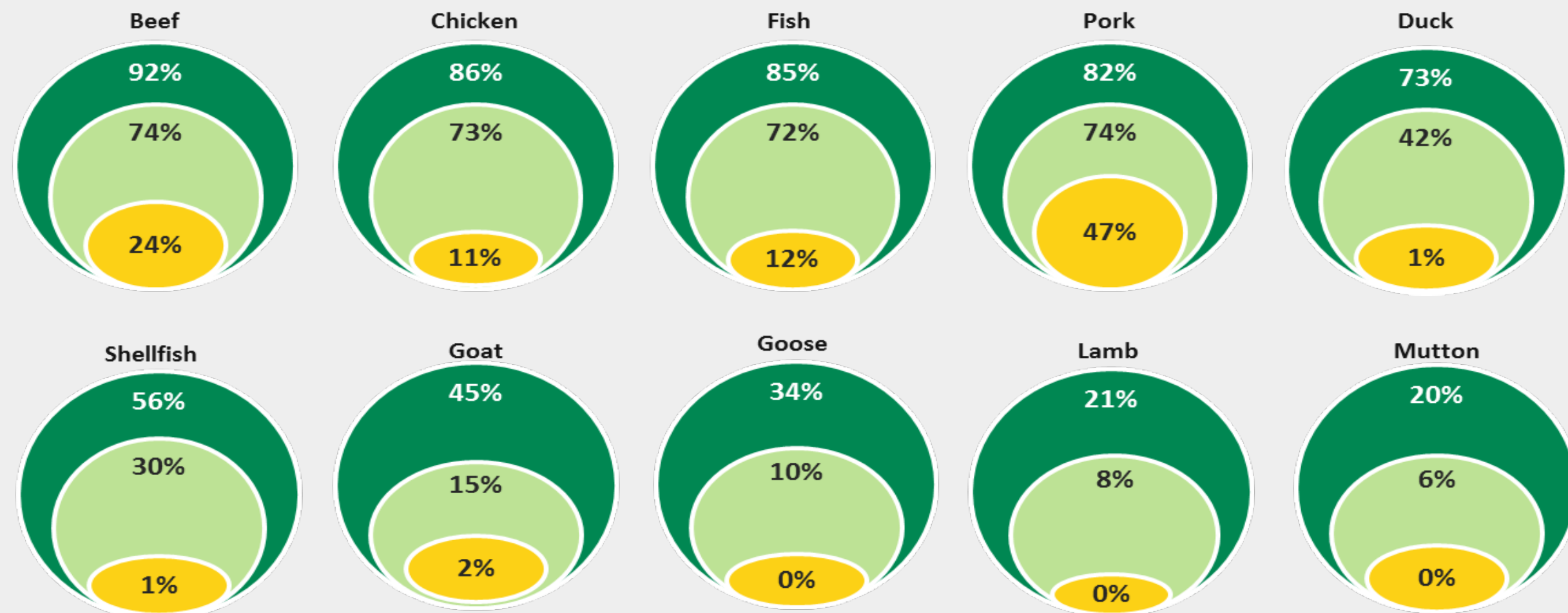
- Transparent packaging for product visibility
- Bold label/pack design for shelf-standout
- Leverage social media as a promotional tool
- Promote recipes that use red meat in familiar Chinese dishes
- Highlight ethical, nutritional and natural credentials on-pack

Beef is widely consumed, however sheepmeat is a niche, occasional choice

Pork is the meat eaten most frequently

15 Chinese Cities: The meat type consumers said they consumed in the last year, month and most often

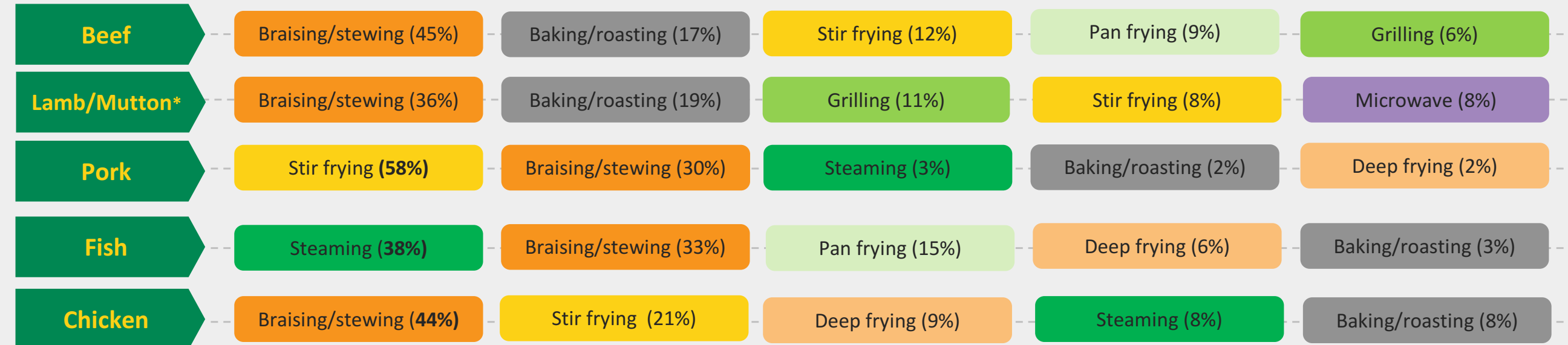
Consumed in the last year Consumed in the last month Consumed most frequently



Braising/stewing, grilling/frying, and baking/roasting are preferred for red meat

Stir frying, braising/stewing and steaming are generally preferred cooking methods

15 Chinese Cities: Top 5 preferred cooking methods for key meat types (% of times this method was used when last cooking)



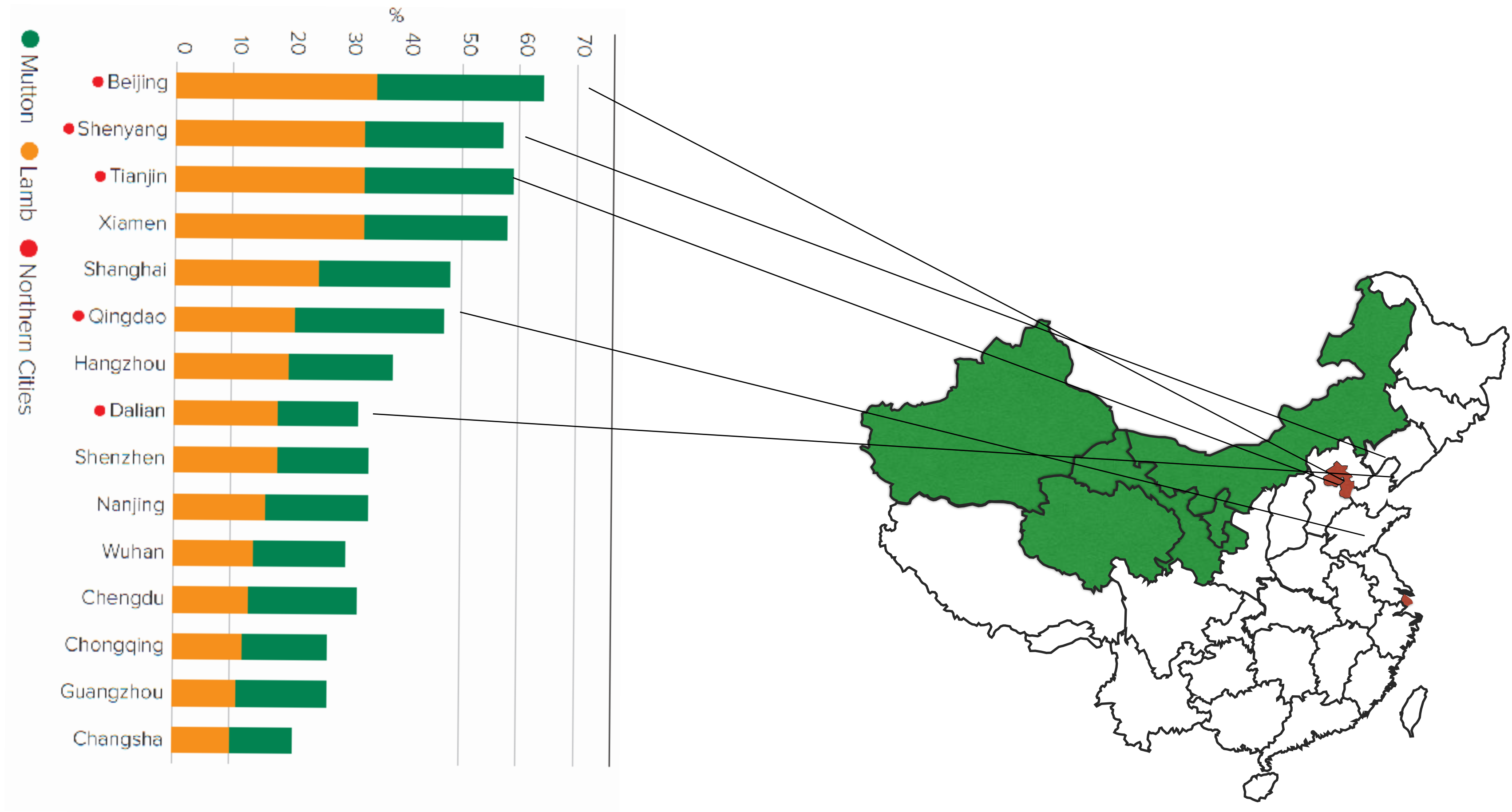
- Baking and roasting are cooking methods Chinese consumers enjoy for beef & lamb but need to purchase from retail/foodservice channels and generally are not able to do themselves at home - most Chinese homes have woks, stewing pots and flat fry pans but NOT ovens (except for microwave ovens).
- Less frequently consumed meats are approached using traditional cooking methods** – On average, less popular red meat types such as lamb and mutton are treated with similar cooking methods to the frequently consumed goat and beef. Mainly traditional methods such as braising/stewing and grilling are used.
- Many Chinese cooks will prepare **multiple dishes for the one meal** e.g. a beef, a seafood, two vegetable dishes – with only a few key ingredients per dish

China consumer themes

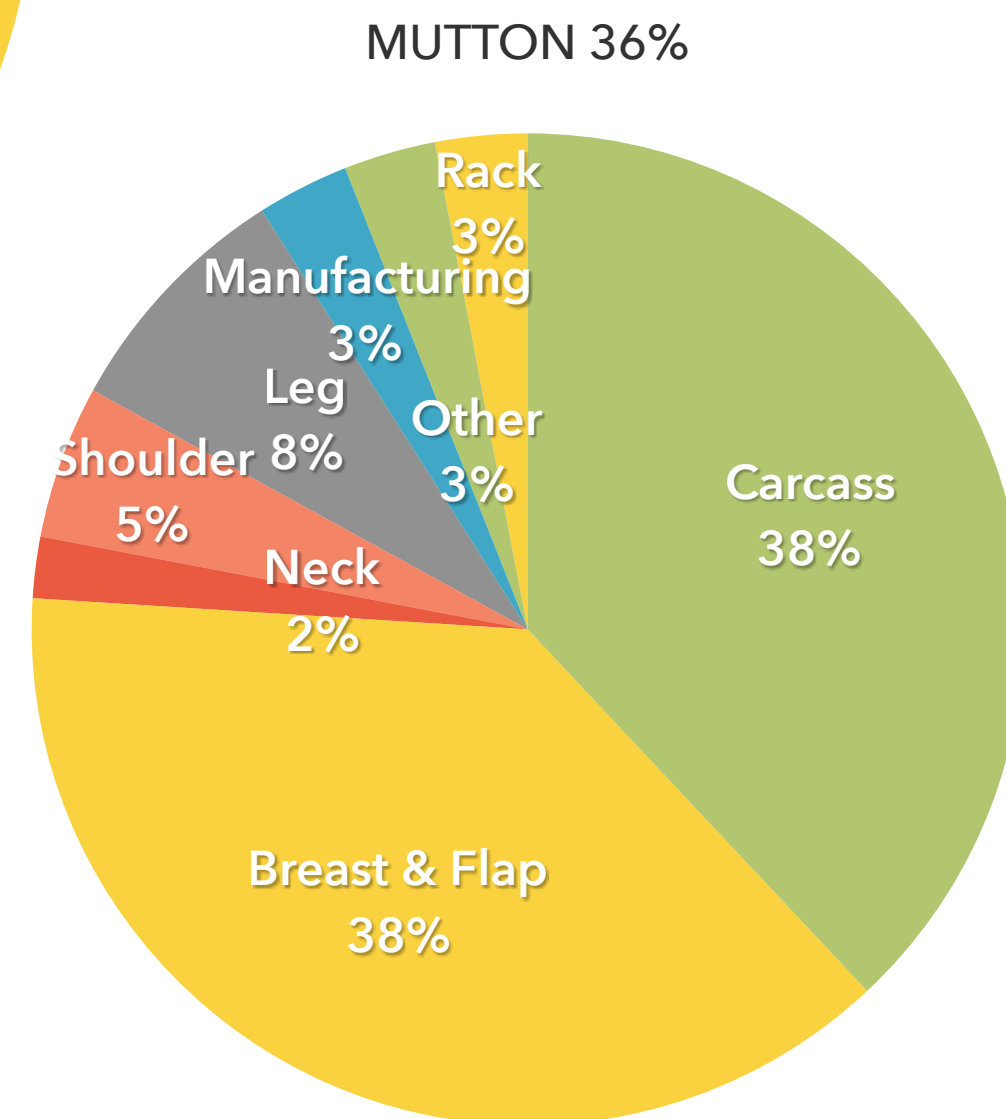
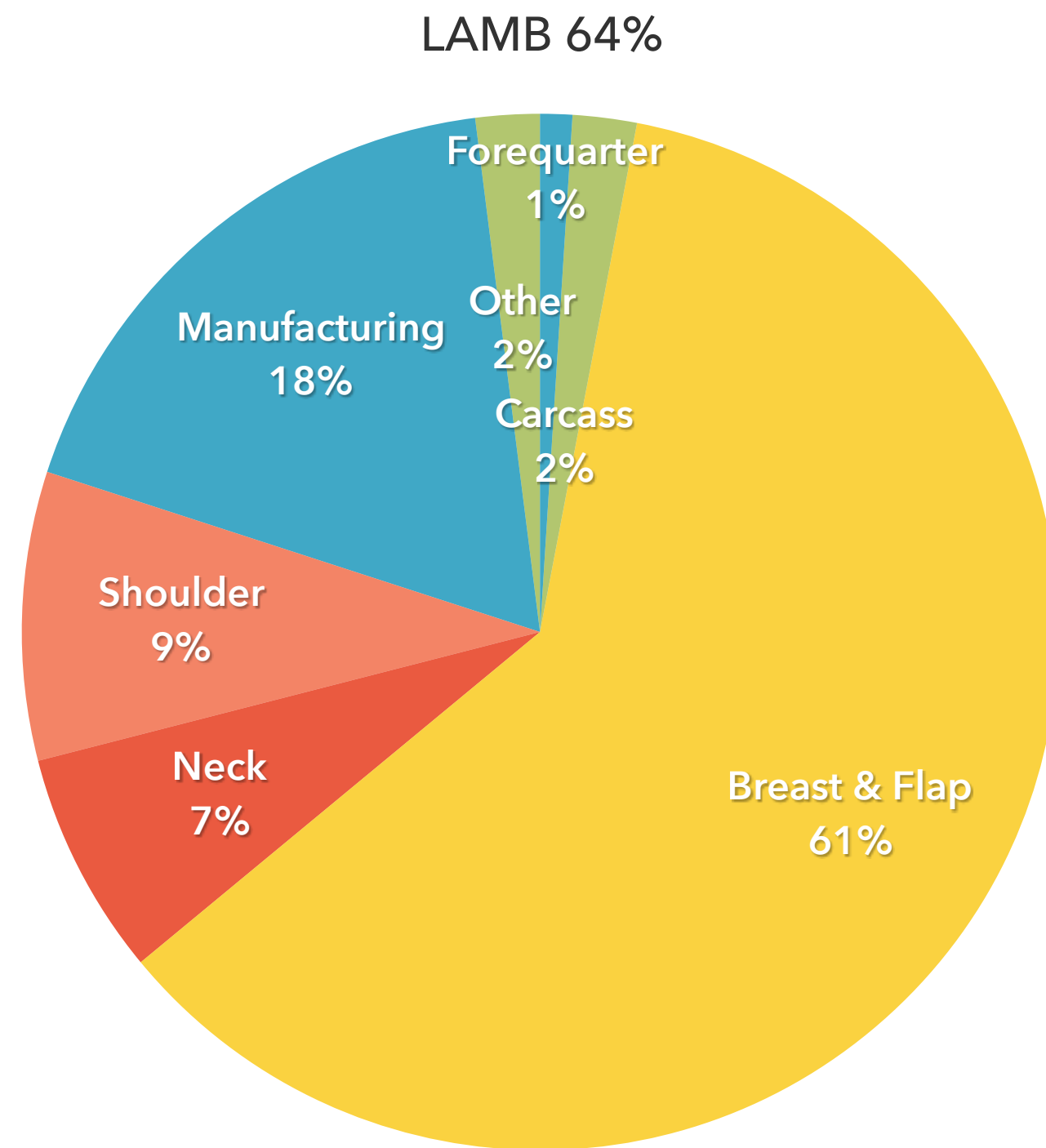
MLA has commissioned a range of consumer research pieces that they share with other Australian product sectors (dairy etc).

Canadean Research work “Research Insights Horizon 1 from China Attractive Cities” December 2016, commissioned by MLA

Northern cities in China eat more sheep meat



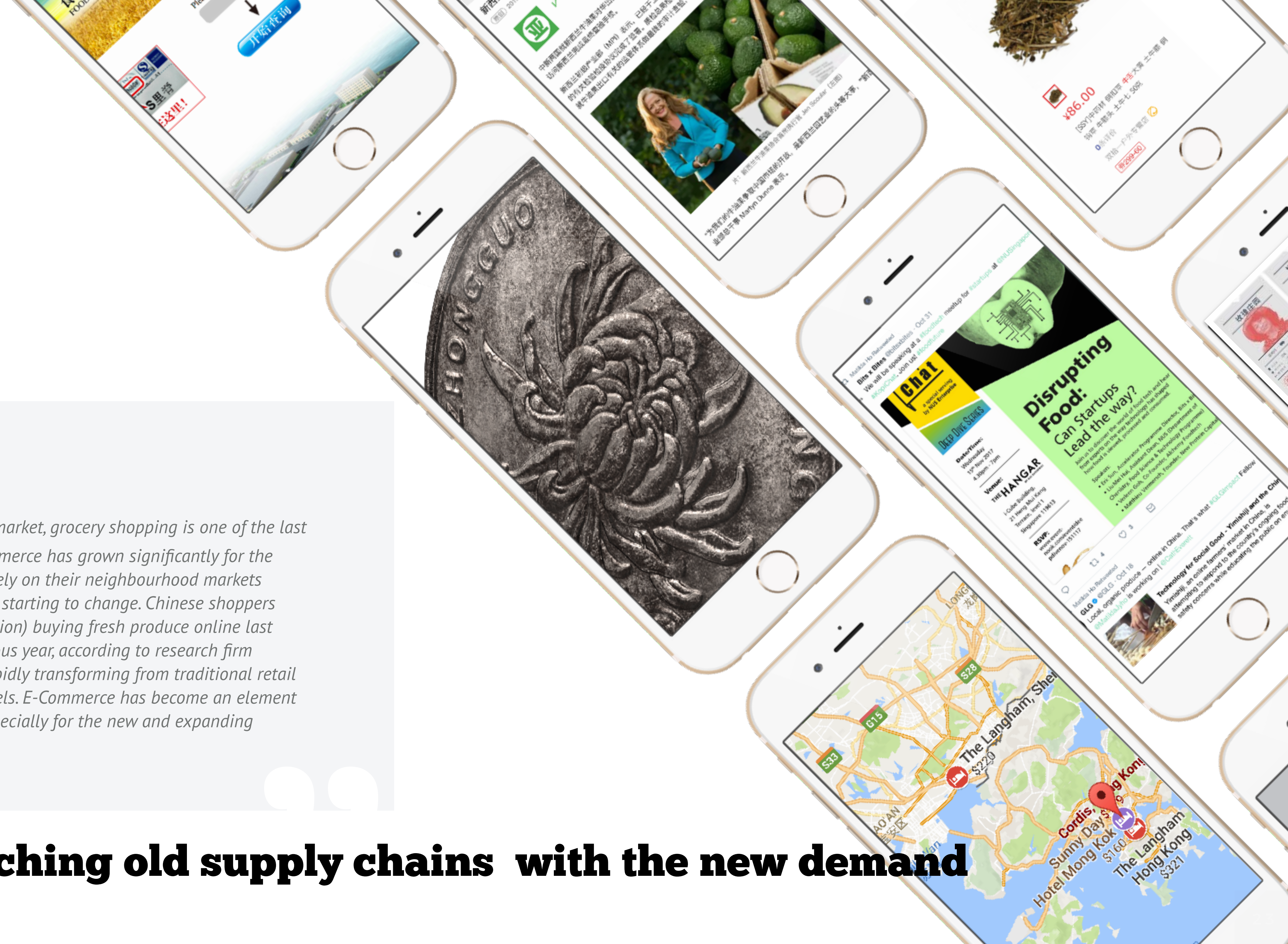
Challenge: matching old supply chains with the new demand



“

In the world's top e-commerce market, grocery shopping is one of the last frontiers. Although Chinese e-commerce has grown significantly for the past 15 years, most Chinese still rely on their neighbourhood markets when it comes to groceries. That's starting to change. Chinese shoppers spent 90.5 billion yuan (\$13.1 billion) buying fresh produce online last year, an 86% jump from the previous year, according to research firm iResearch. China's retailers are rapidly transforming from traditional retail channels into e-Commerce channels. E-Commerce has become an element of nearly all retailers in China, especially for the new and expanding retailers...

Challenge: matching old supply chains with the new demand



RESPONSIBLY GROWN FOOD STRAIGHT FROM THE FARM

来自农户自家菜园，浸透着农户拳拳用心的直供食材

STEP 1

SIGN UP AND GET CONNECTED TO A UNIQUE RURAL FAMILY.
参与阳光三农计划，直接与一个农户家庭实现对接。



STEP 2

ORDER FROM THE EXTENSIVE LIST OF PRODUCE AND GET DELIVERY EVERY WEEK. YOUR FIRST BATCH WILL TAKE ABOUT 2 MONTHS TO HARVEST.
从丰富的列表中随心挑选后，每周的食材将由专车送到家门口。您的第一批直供食材从种植到收获需要大约两个月。



STEP 3

TAKE A TRIP AND SEE NATURAL FARMING IN ACTION. MEET THE WONDERFUL FAMILY WHO GROWS YOUR FOOD AND RECEIVES YOUR SUPPORT!
参与的城市家庭还可以拜访对接的农户，去享受自然的风光，现场体验、见证整个生态农业的生产过程。



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BENEFITS OF COLLABORATION

合作的益处

FOR YOU
为了您们



ONLY THE BEST HEALTHY AND FRESH PRODUCE FOR YOUR FAMILY.

您的家庭可以放心享受到新鲜健康的直供食材。

FOR EARTH
为了环境



SUSTAINABLE FARMING KEEPS THE SOIL AND WATER FREE OF CHEMICALS.

可持续性农耕保证土壤和水分不被化学品所污染。

FOR FARMERS
为了农户



RELIABLE INCOME HELPS KEEP RURAL FAMILIES TOGETHER.

直接稳定的收入让农户不需外出务工，可以帮助农户留在家中，让乡村重新焕发生机。



growing organic connections | 培育有机的城乡关系

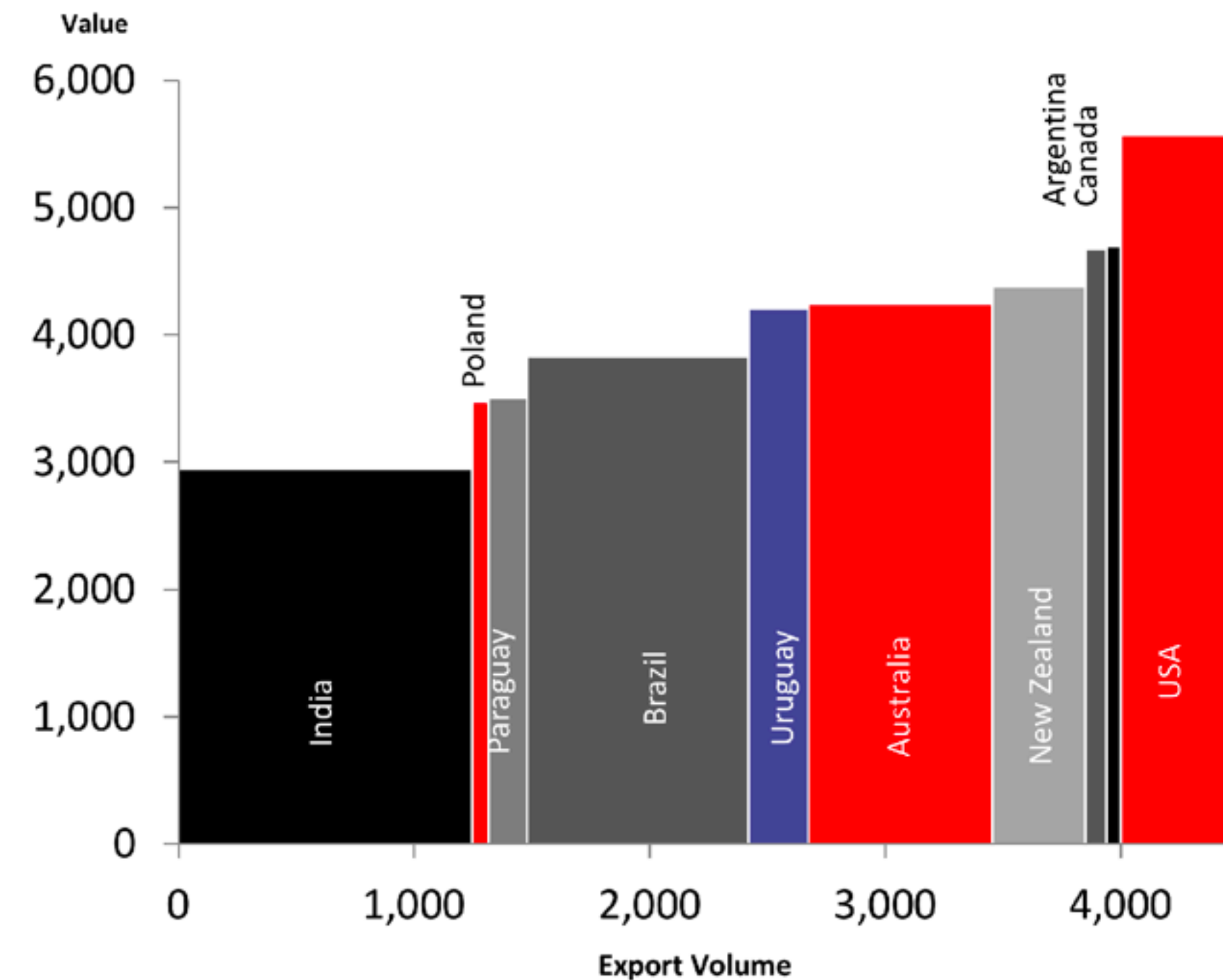
CONTACT 联系我们

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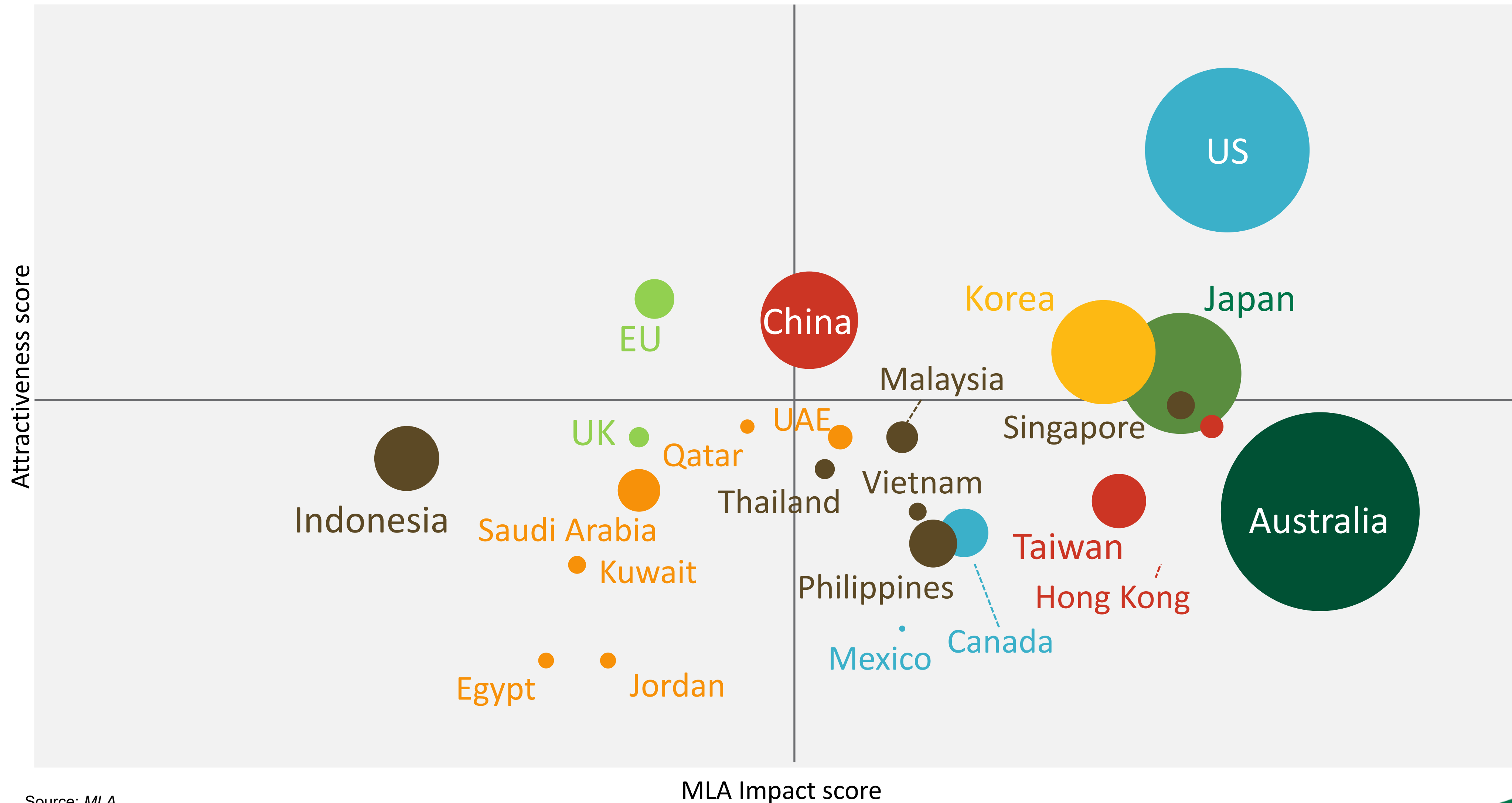
+86 135 0181 7207 (Fred Young 杨宗强)

We have competition

- China is the largest trading partner of 124 countries (the US is the largest for 56)



Proposed Market Strategy – Grassfed Beef



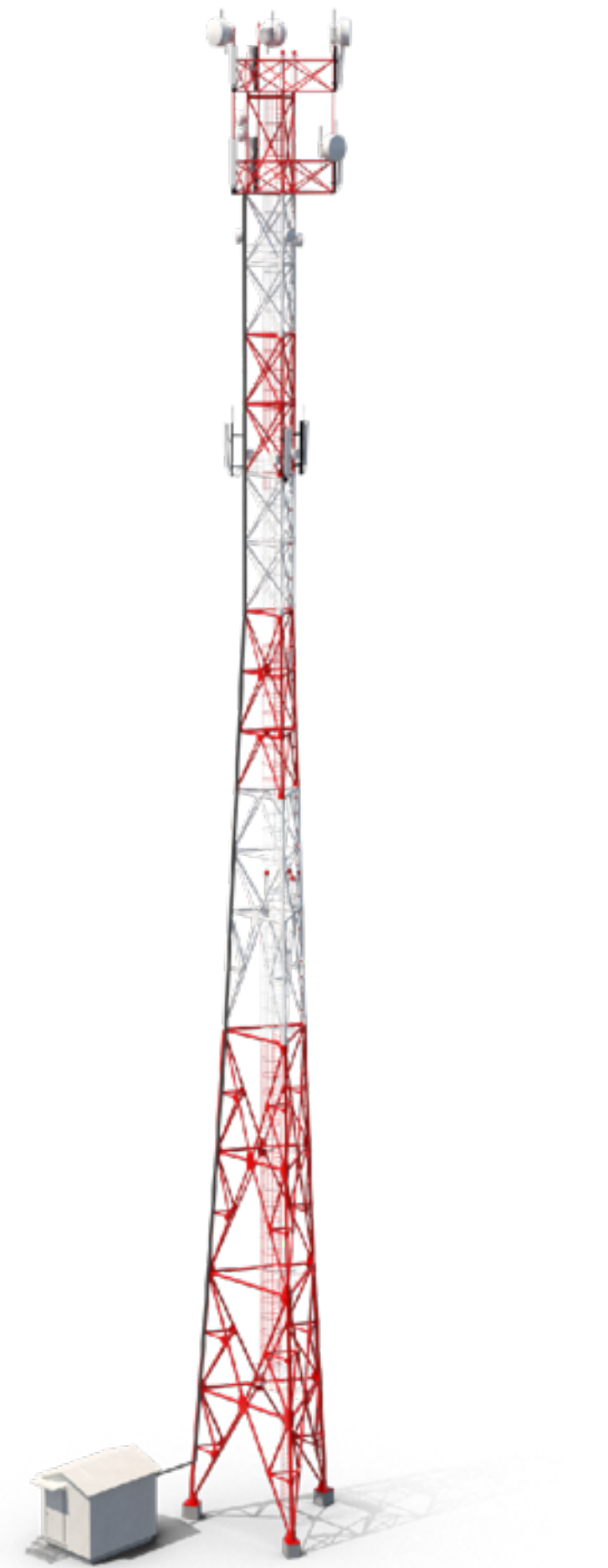
Source: MLA





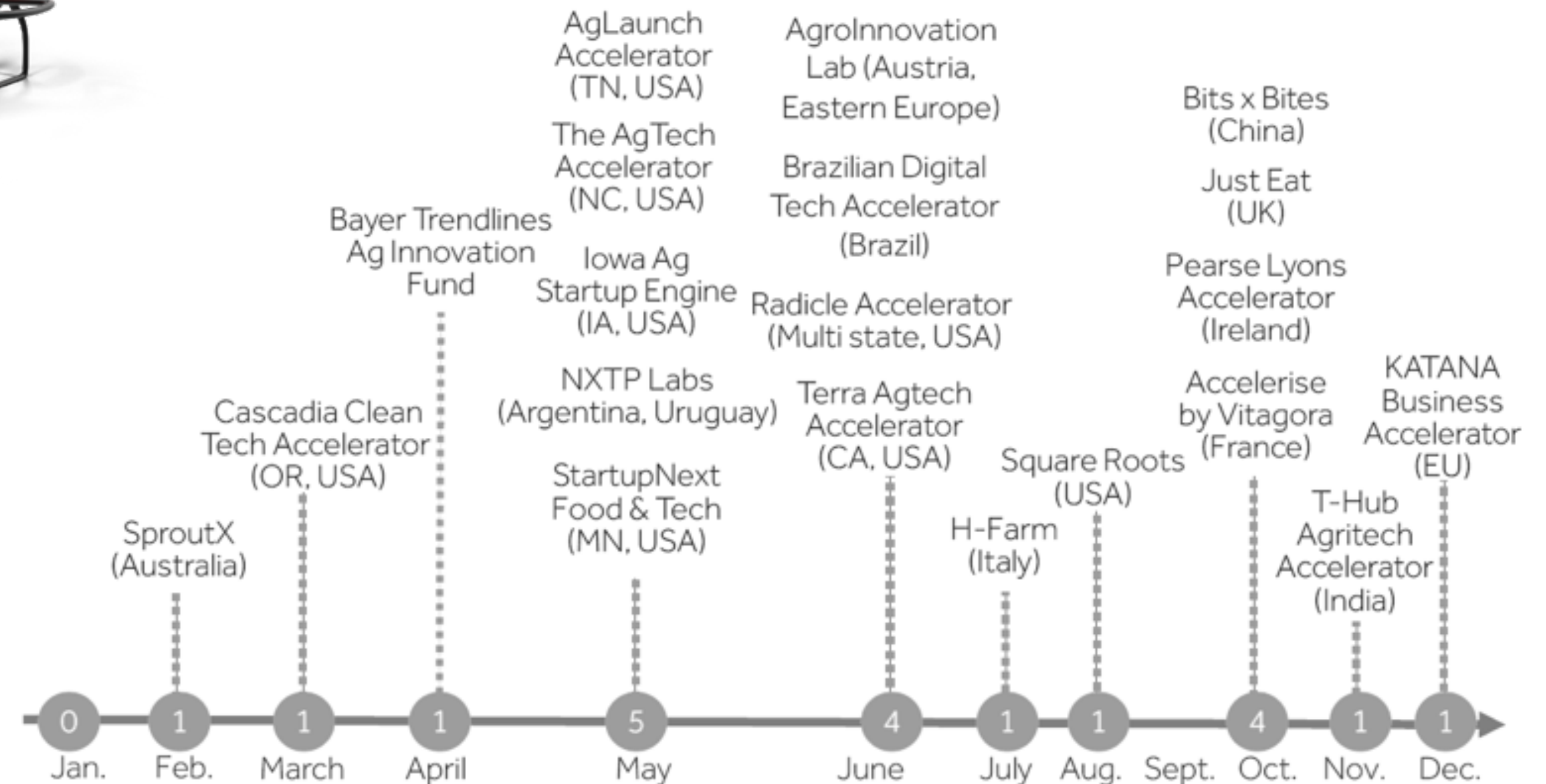
Challenge + opportunity: Digital connectivity

- The outer Barcoo where mobile bars are few...
- Diamantina & Barcoo shires: population circa 800
- Government investment: \$16m
- Annual tourism quantum: $n=18,000+$ visitors —> what is the ROI? How to achieve that ROI?
- Let me tell you about Andrew Sevil



Challenge + opportunity: Ag tech & regional innovation

- The Dining boom & Tech
- The farm & tech
- Q. What are the key ingredients to building resilience in regional communities? A. Its not just about drones.
- In 2017/18 China Food & Ag tech saw USD\$1.7bn in deals



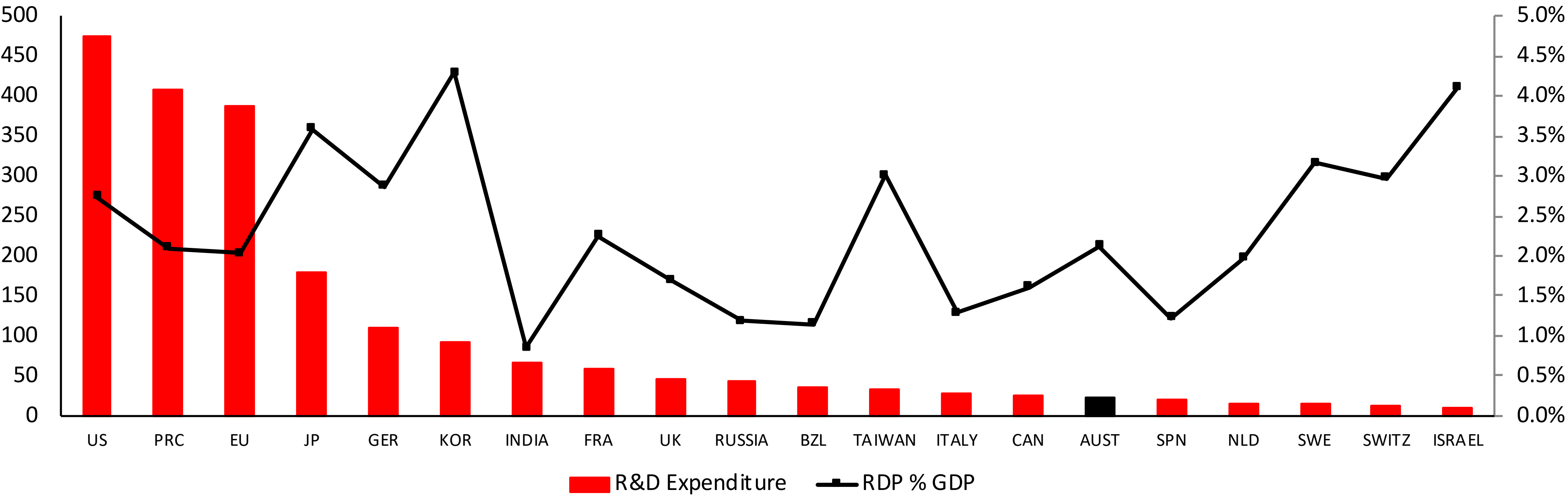
Agtech ecosystems 2016/17 Source: Agfunder

Global Spending on R&D

Source: FAOStat, United Nations, NAB Analysis, OECD

US\$ PPP and % GDP (US\$ PPP)

In terms of R&D spending Australia ranks:
● 15th in absolute R&D spend at US\$23.3b (PPP).
● 10th in R&D/GDP at 2.1%.



Challenge + opportunity: Drought

Q. How do we flatten the climatic impact curves?



A. Adaptation. Technology (Agrihive). New business models.

Challenge + opportunity: What is good policy development?

- Key policy issues effecting regional Queensland include:
 - Water access (social licence)
 - Vegetation management (social licence)
 - Access to labour (Immigration & Visa regulation)
 - Foreign investment capital (Foreign investment laws and political climate)



Challenge + opportunity: for Regional Universities

- Skin in the game! Move away from peer-reviewed to a more market driven metric
- Start-up land has been good but there the need for “deep” research and insight remains
- Embedded in communities more than geographically
 - “The United States is really and truly a country of farmers. Here, governors, legislators, Presidents, are all farmers. .. —William Cobbett, 1818
 - “I have never before thought of calculating what were the profits of a capital invested in Virginia agriculture....where land is abundant and labour scarce” —Thomas Jefferson to George Washington, 1793
- 农村包围城市 – “Surround the cities from the countryside” — Chairman Mao, 1920s









References



Segmenting the audience by demographic helps make sense of a large and diverse market

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

www.canadean.com | Local Experts, Global Insight

Sources: Images from Shutterstock



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SCENE