

July 2022

# Global Tracker: China *Presentation Deck*

*Brought to you by your Kantar Team:*  
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# Flow of the presentation today



## MACRO-MARKET CONTEXT

A quick look at the market context and post covid trends that are impacting consumer choice in the Chinese market.



## PROTEIN LANDSCAPE

Setting the scene by looking at the awareness, claimed consumption and perceptions of the key proteins in market. This also includes general beef buying behaviours.



## IMPORTED BEEF CONSUMPTION & COUNTRY OF ORIGIN

Looking at the key associations with COO brands and trust in those brands.

How does this flow through to brand equity and Power.



## COMMUNICATING TO GROW BEEF & LAMB

Looking at what associations drive brand choice and premium perceptions to understand what we can leverage in spite of labelling challenges.



## Final Thoughts & Discussion

What levers can we pull and what should we continue to communicate to build likely AU product choice.

## The Central Question

How can Australian red meat build relevance for Chinese consumers, while continuing to differentiate from other accessible premium imports in the Chinese market?

We have conducted the global tracker in 22 markets over the last 8 years, with Chinese fieldwork run every year.

MARKETS	 Japan	 Korea	 China	 Indonesia	 Singapore	 Malaysia	 Philippines	 Taiwan	 Thailand	 Vietnam	 USA	 Canada	 KSA	 UAE	 Oman	 Jordan	 Kuwait	 Qatar	 UK	 Hong Kong	 Mexico	 Chile	Total # of markets	
2015	█	█	█	█		█	█	█			█	█	█	█									11	
2016	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█									15
2017	█	█	█	█	█	█					█	█	█	█		█							11	
2018	█	█	█	█		█			█		█		█	█					█	█	█	█	13	
2019	█	█	█	█		█					█		█	█			█	█					10	
2020	█	█	█	█		█		█			█		█	█									9	
2021	█	█	█	█		█			█	█	█		█	█					█				11	
2022	█	█	█		█		█			█	█	█	█	█				█					11	



# INTRODUCING MLA'S GLOBAL CONSUMER TRACKER

*Diverse markets, with some universal truths.*



8,300 consumer interviews in 2022

*Annual quantitative consumer survey conducted via a 20-minute online interview\**

*Surveying consumers about*

- *their meat consumption habits and attitudes*
- *their perception of Australian beef and lamb versus competitors*
- *Drivers of purchase, channels used*
- *Trust and recommendation of COO brands*

*11 markets in 2022*

*Historical data allows tracking of trends over time*

- *Respondents selected are aged 18-64, and both grocery buyers and meal planners for affluent households. They are deliberately pre-selected based on their potential openness to, and ability to purchase, Australian beef and/or lamb, and are not representative of the overall market in each country.*



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*\* UAE/KSA conducted with face to face interviewer*

**mla**  
MEAT & LIVESTOCK AUSTRALIA

## China sample – a deliberate skew (not Nationally Representative)



**Sample is made up of 800 consumers**

		COUNTRY INCIDENCE	SAMPLE STRUCTURE
Gender	Male	52%	40%
	Female	48%	60%
Age	18-34	-	47%
	35-49	-	40%
	50-64	-	15%
Cities	Beijing	2%	22%
	Shanghai	3%	19%
	Guangzhou	3%	20%
	Chengdu	1.3%	20%
	Chongqing	2%	19%
Consumption	Buy Fresh Meat at Least Occasionally	-	100%
MGBs	Main Grocery Buyers	-	96%
Children	Households with Children	-	74%
Income	Less than 100K	-	4%
	100K - 199,999	-	30%
	200K and more	-	66%



# MACRO- MARKET CONTEXT



## There are 3 broad macro-contextual factors that are impacting markets and these are filtering down to 4 consumer considerations



### Economic

The post-covid economic environment, has increased concerns across developed markets around managing household income and rising costs and inflation this has left consumers preparing for affordability challenges



### Trade Relations & Politics

Political forces at play have altered the landscape for beef trade impacting accessible product, in particular Bi-lateral trade agreements



### Covid

Covid response has been to refocus on health & well-being, and re-evaluate brand choices. Health consciousness entrenched post-COVID, has impacted food choices, and use of e-commerce to procure products, including groceries.



### Value

Consumers are seeking value, whether buying better - premium products and categories, or bringing value options into their repertoire



### Accessibility & Availability

Supply challenges mean physical availability is increasingly important for maintaining relevance



### Health

A focus for particular segments of society who are finding ways to better manage their mental and physical health through diet and exercise



### Local

Buying locally produced products, consumers have traditionally shown a strong willingness to buy local products even at higher costs



# PROTEIN LANDSCAPE

A reminder, we know that there are some consistent themes of what the proteins stand for across all of our markets. Beef is the Superior protein.



### THE STAPLE



- Cheap and easily available
- Versatile and easy to prepare
- Doesn't play to taste
- Not very nutritious
- Animals treated poorly
- Questionable safety
- *Pork: Consistent quality, favourite and taste in key markets like China, Taiwan, US, Jp, SK)*



### THE SUPERIOR



- Good quality, good taste, superior meat
- Worth paying more for
- Nutritious
- *In MENA, beef is a Staple*

### THE CURIOSITY

- Unfamiliar, occasional purchase
- Premium option
- Not sure what to do with it
- Fatty
- Taste is a barrier for some
- *In MENA lamb is a Prime*



### THE SPECIALTY



- Few strengths or weaknesses
- Weakly positive on animal welfare and sustainability
- Taste is a barrier
- Lean/tough
- Unfamiliar and uncommon except amongst certain groups



### THE HEALTHY ALTERNATIVE

- Fresh
- Nutritious – especially for children
- Low in fat
- Tricky to use
- Welfare is not great
- *In SEA, fish is a cheap, low value protein - elsewhere it is premium*



In China, red-meat has stronger perceptions of nutrition to accompany the universal perceptions of superiority and premium. As with many markets, Chicken and Pork playing similar role of the staples.



## PREMIUM



**Premium, nutritious favourite**



**Superior, tender**

### Beef

#### Strengths *vs others*

- High nutritional value
- Essential part of a healthy diet for growing children
- Family's favourite meat
- Is the most superior meat
- I am willing to pay a bit more for this meat

#### Weaknesses *vs others*

- Not Fresh
- Not Cheap
- Not easy or convenient to purchase
- Not tender

### Lamb

#### Strengths

- Is the most superior meat
- Willing to pay a bit more
- High nutritional value
- The animal is well-cared for
- The meat is usually tender

#### Weaknesses

- Not cheap
- Not versatile
- Not convenient to purchase or prepare
- Not essential for kids
- Not favourite



## STAPLES



**Easy, affordable, healthier**

### Chicken

#### Strengths

- Cheaper
- Versatile
- Easy and convenient to purchase & prepare
- Low in fat
- Essential part of a healthy diet for growing children

#### Weaknesses

- Not fresh
- Not nutritious
- Not Consistent quality
- Not delicious
- Not superior
- Not willing to pay more



**Easy, affordable, tasty**

### Pork

#### Strengths

- Cheaper
- Versatile
- Easy/convenient to purchase & prepare
- Essential part of a healthy diet for growing children
- Guaranteed safe to eat
- Family's favourite meat

#### Weaknesses

- Not Nutritious
- Not low in fat
- Not superior, worth paying more for or tender



**Fresh & healthy**

### Fish/ Seafood

#### Strengths (common)

- Fresh
- Low fat

*Seafood - Delicious, Pay more*

*Fish - easy convenient to purchase, Tneder*

## There are 2 nuances to the protein landscape when looking at China...



### Red meat marries superiority & nutrition

In keeping with what we see in East Asian markets in tandem with being premium, superior meat, beef and lamb also delivering nutrition.



### Role of beef varies across geographies

Beijing and Shanghai drive the consistent quality and nutrition benefits of beef, while other cities perceive a greater lack of accessibility. Other proteins play consistent roles across geographies.

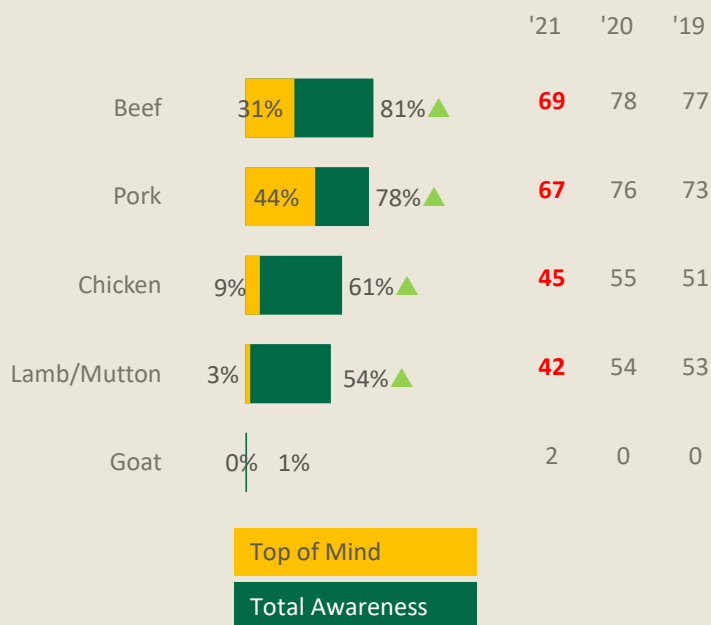
...while these roles have remained relatively stable over the last 5 years, although

1. Chicken seems to have improved a bit on healthiness
2. Beef has lost some perceptions on welfare

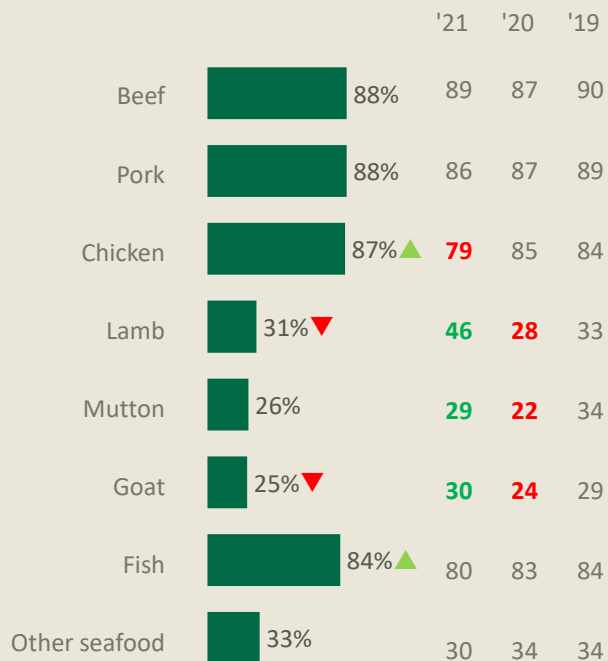
Spontaneous awareness, penetration and the claimed consumption of proteins largely in line with 2020 numbers. Beef and pork remain most TOM, but beef, pork, chicken and fish all have same levels of monthly HH penetration. As staple, pork most consumed.



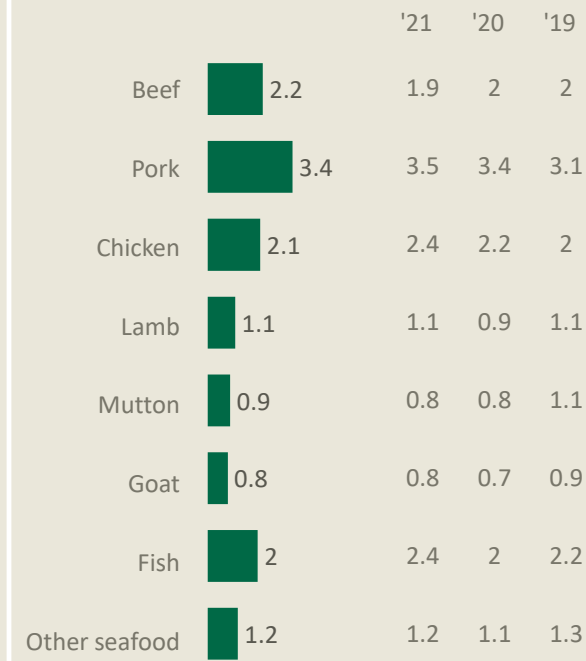
### SPONTANEOUS AWARENESS



### BOUGHT IN LAST MONTH



### AVERAGE SERVES LAST 7 DAYS

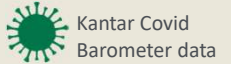


CH1 Spontaneous Awareness – When thinking about meat, which types come to mind?  
 CH10 How many meals that included the following meats have been prepared and eaten in your home in the last 7 days? CH2 Bought in the last month – Which types of meat have you bought in the last month to prepare for a meal at home?  
 Base: '22 (n=800), '21 (n=800), '20 (n=801)

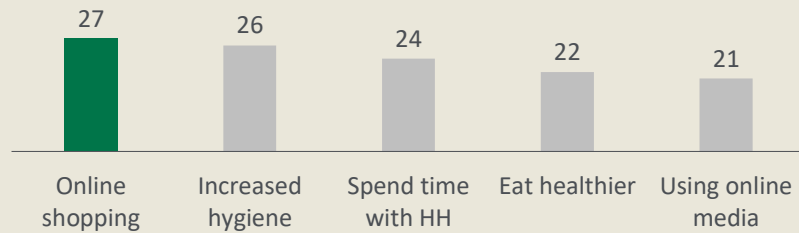
▲ ▼ Sig. different at 95%

# Throughout 2021 online shopping was the #1 increased behaviour, and expectations amongst consumers were that they would retain the behaviour into the future. (Kantar Global Barometer Data)

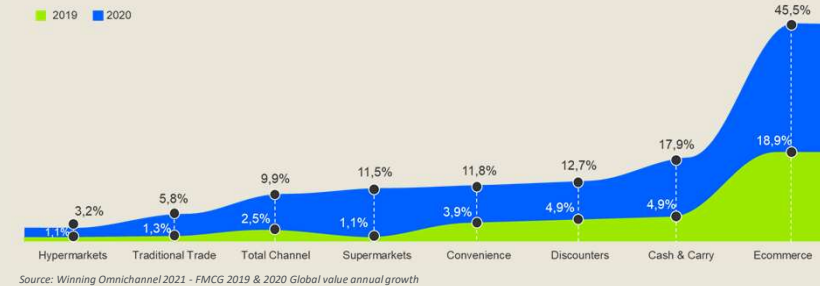
## The pandemic accelerated online shopping



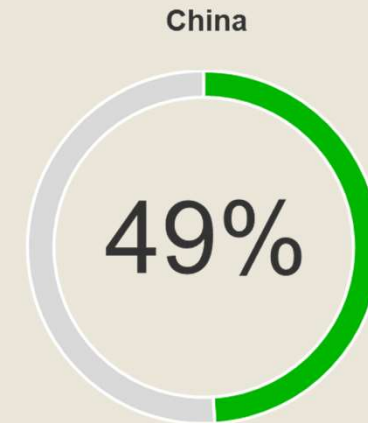
### Online shopping is the #1 increased behaviour



Resulting in ecommerce being the fastest-growing channel in 2020, more than doubling its growth rate from 2019



### % of groceries bought online



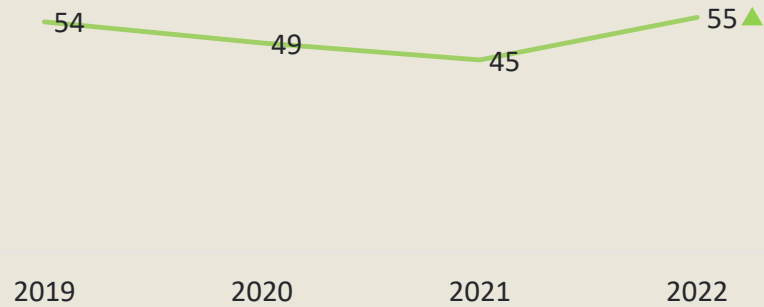
Vs 41% before pandemic

## Use of the online channel has followed the same trend for both beef and lamb in China

### BEEF PLACES OF PURCHASE - ONLINE



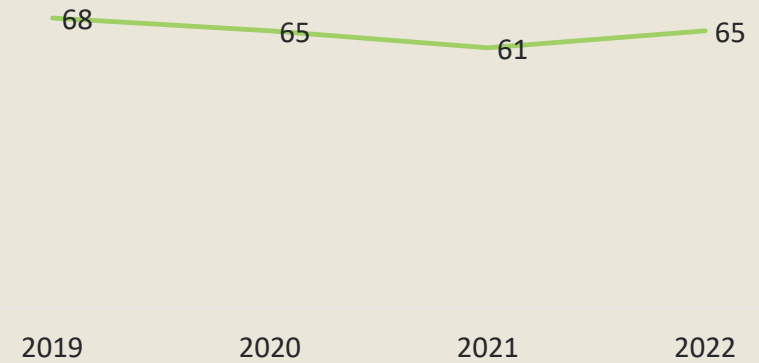
Once per month or more often (net)



### LAMB PLACES OF PURCHASE - ONLINE



Once per month or more often (net)



# BEEF COO KNOWLEDGE, TRUST & PERCEPTIONS

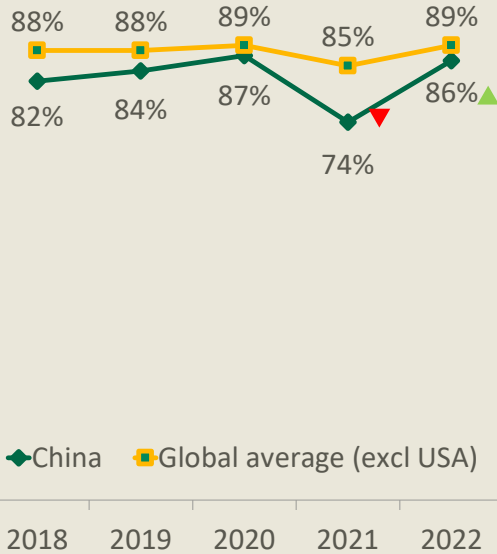


All questions in this section were asked of beef buyers only (must have ever bought beef). They also must have previously bought, or would consider buying, imported beef.

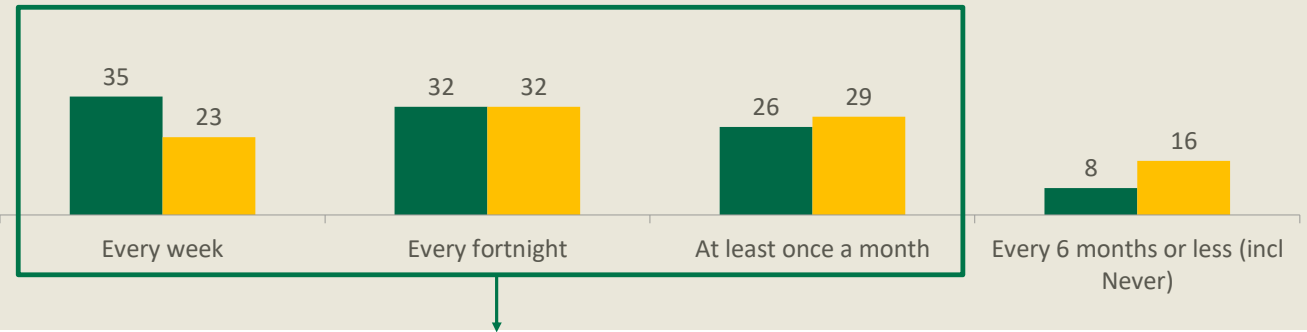
**Awareness of COOs maintains its long term trend, matching global levels of 9 in 10.  
 Similar proportions claiming to buy imported beef monthly compared with local, and this has remained stable over the last 5 years at close to 9 in 10.**



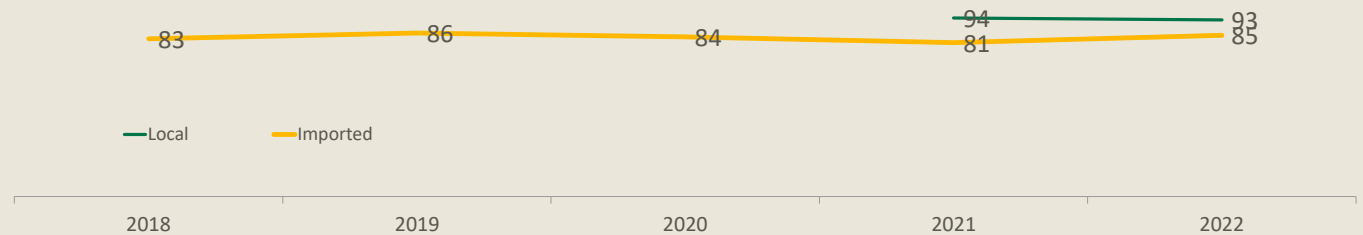
**Know Country of Origin?**



**FREQUENCY OF BUYING LOCAL AND IMPORTED BEEF**



**LOCAL & IMPORTED MONTHLY PURCHASE BEEF OVER TIME**



## Growth in USA imported product in 2021 and ongoing reports of demand for grain fed product in China

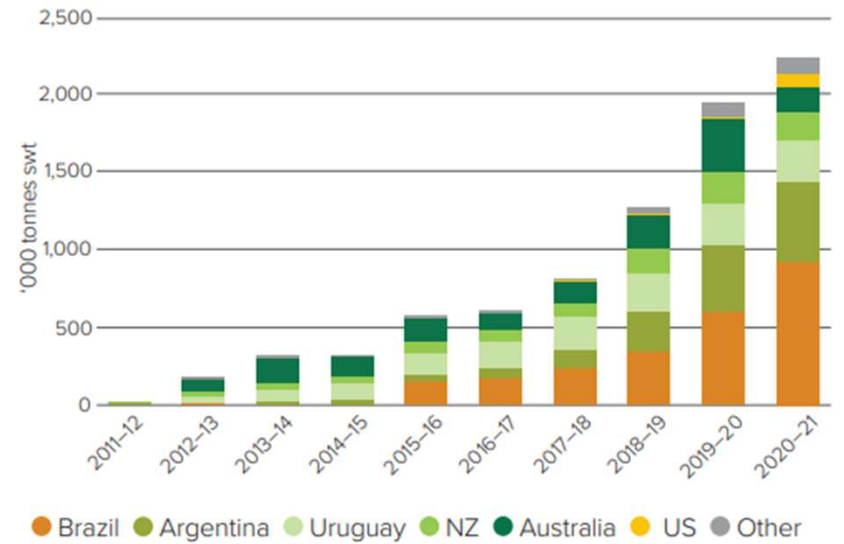
*Reuters, December 2021*

BEIJING/CHICAGO, Oct 1 (Reuters) - As Australian beef exports to China wither amid diplomatic tensions, demand there for U.S. grain-fed beef has soared, fuelled by the appetites of a growing Chinese middle class.

Beef imports from the U.S. have grown to 83,000 tonnes in the first eight months of 2021, nine times the amount in the same period a year ago, according to Chinese customs data, and are set to be worth more than \$1 billion this year. Australia also fell behind the United States this year as the top exporter of grain-fed beef to China.

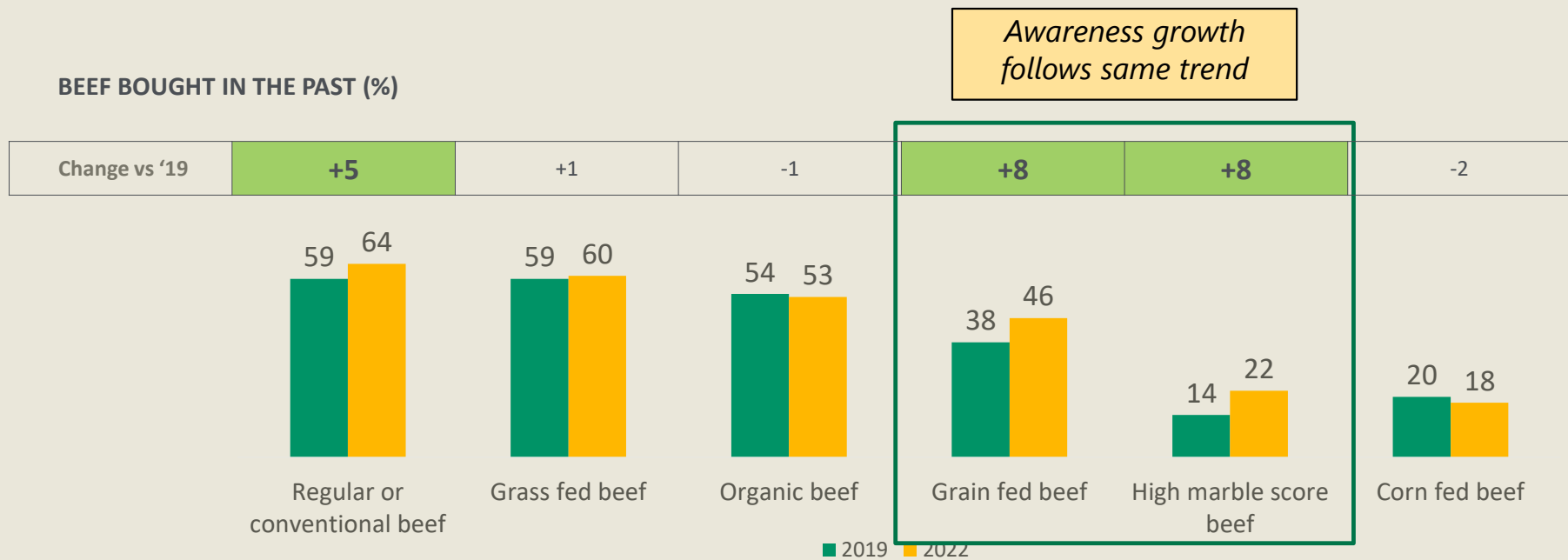
<https://www.reuters.com/world/china/china-gorges-american-grain-fed-beef-amid-shrinking-supplies-down-under-2021-10-01/>

Mainland China direct total beef imports by supplier

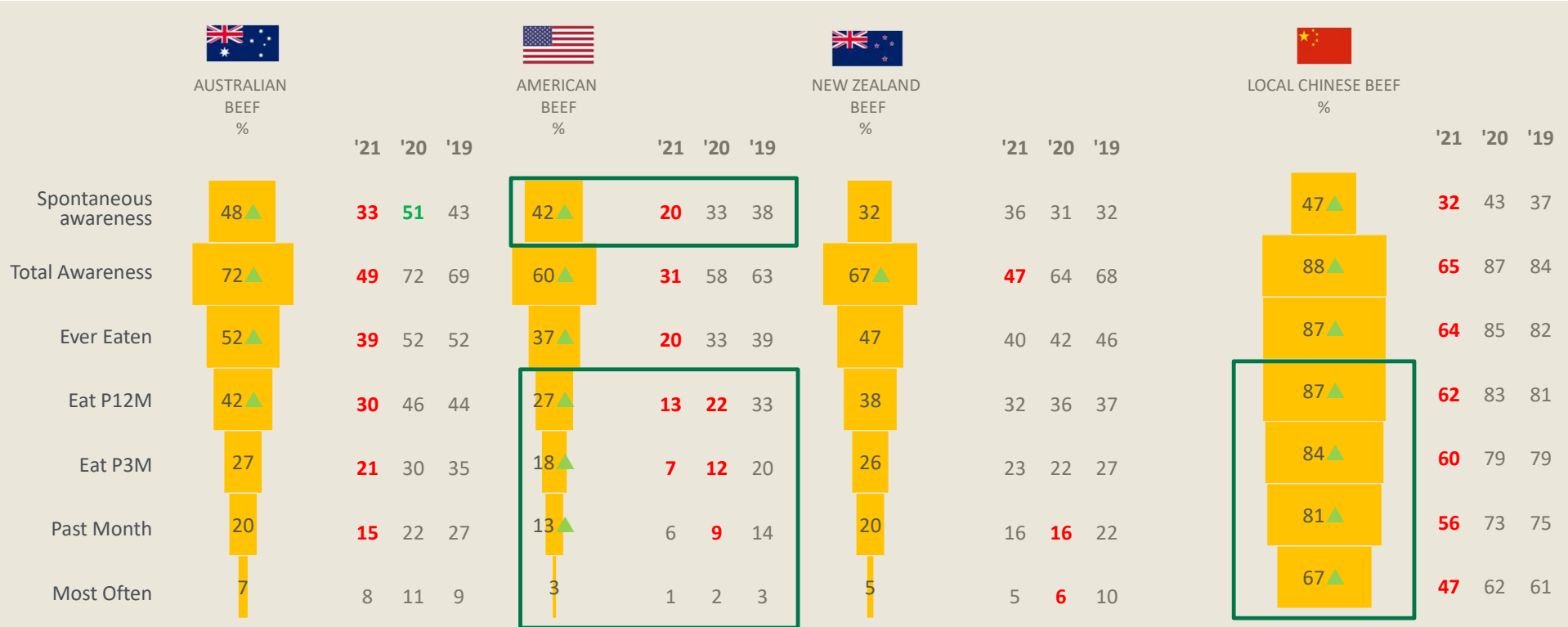


<https://www.mla.com.au/globalassets/mla-corporate/prices--markets/documents/os-markets/export-statistics/feb-2022/2202---china-beef-imports---global-summary-us-added.pdf>

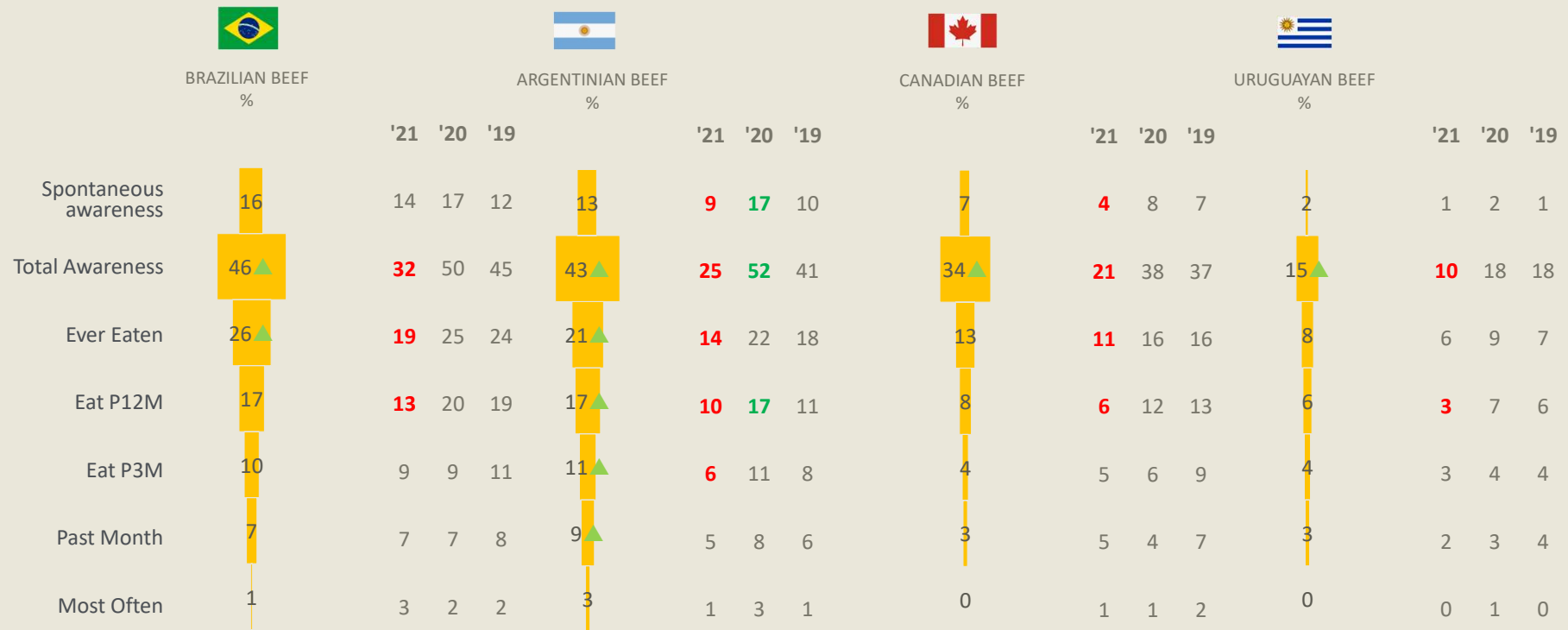
While grass-fed awareness remains strong, grain-fed and high marble score have grown significantly in awareness and trial, suggesting a change in the mix of what is available on shelf, and activity by US importers?



USA's spontaneous awareness and lower funnel showing growth vs 2020, while Australian beef funnel, like other imported product, has reverted to 2020 levels. Local sees increases vs 2020.



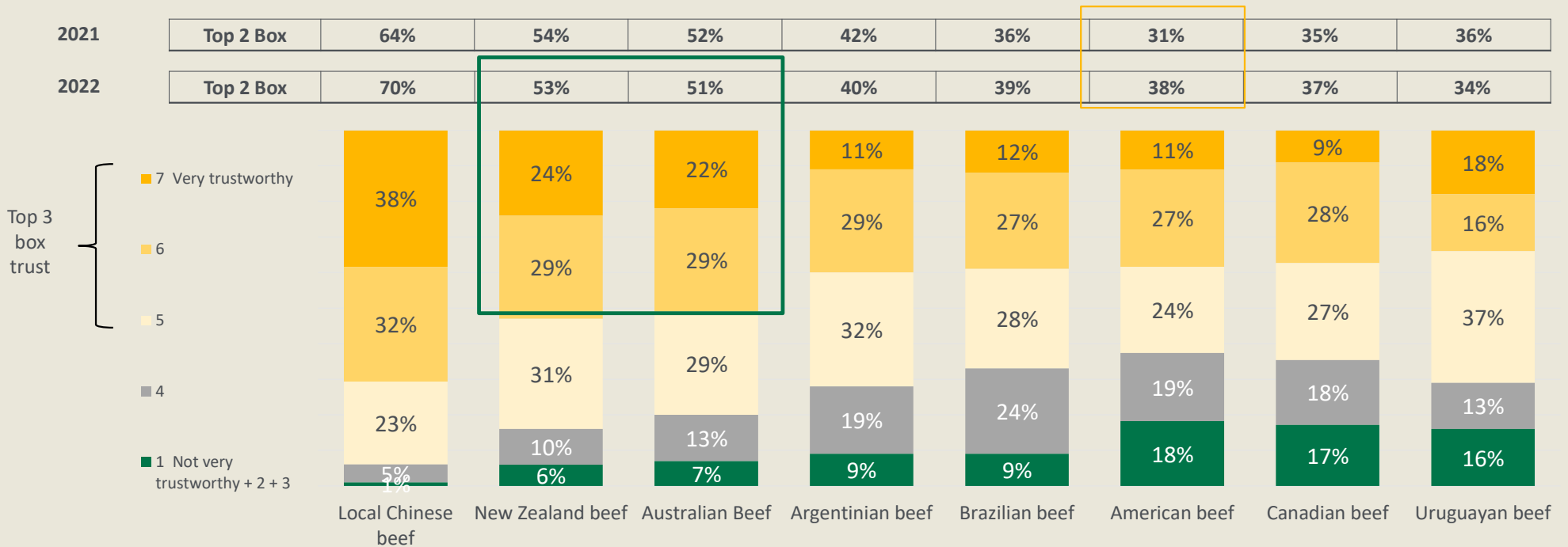
# Awareness and consumption of Local Chinese Beef continued to grow in 2022, with levels being the highest seen since 2019. All other COO's have showed a recovery from the 2021 declines.



While local Beef has very strong trust perceptions in China, AU and NZ Beef continue to show a similar levels of trust as a clear 2<sup>nd</sup> tier ahead of other imports.



Trustworthy - COO BEEF  
(CHINA)

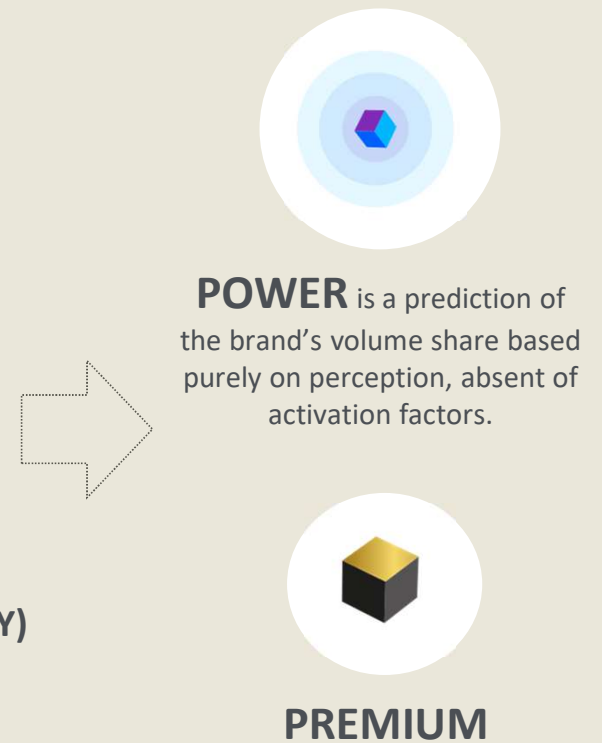
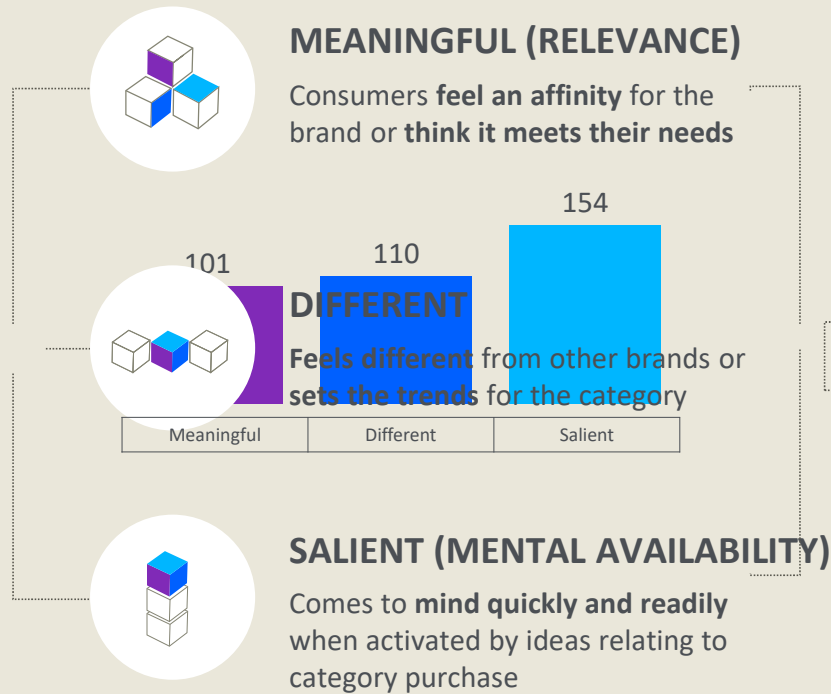
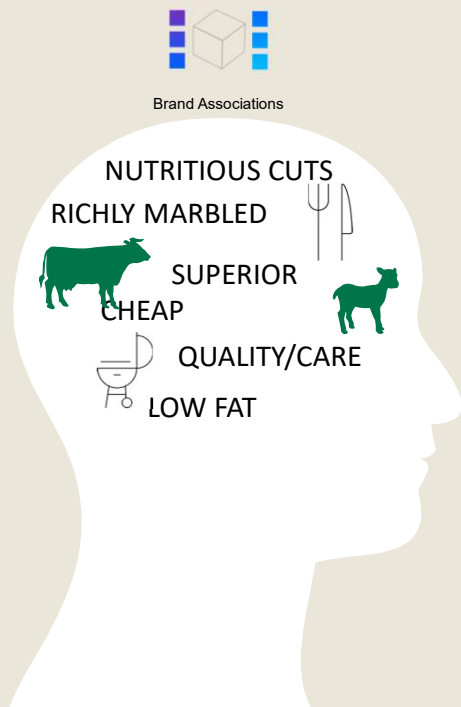


We see some shifts in perceptions this year, with local seen as cheaper than before, and improving on favourite, but weaker on superior perceptions. USA beef has

Changes in absolute % endorsement



The elements of a successful brand or ensuring you are relevant, build an emotional connection, are differentiated from the crowd and mentally available when it matters.



## The associations that consumers hold in their minds for beef in China breaks up into 7 themes



### CHEAP & EASY

Cheaper  
Is easy and convenient to purchase



### GOODNESS

Guaranteed safe to eat  
More nutritious  
The animal is well-cared for  
Is my/my family's favourite beef



### FRESH CUTS

Offers a variety of cuts  
Fresh



### SUPERIOR

Is the most superior beef  
The meat is usually tender  
Consistent quality standards



### ENVIRONMENT

The industry is  
environmentally sustainable



### MARBLING

The fat is nicely marbled



### LOW FAT

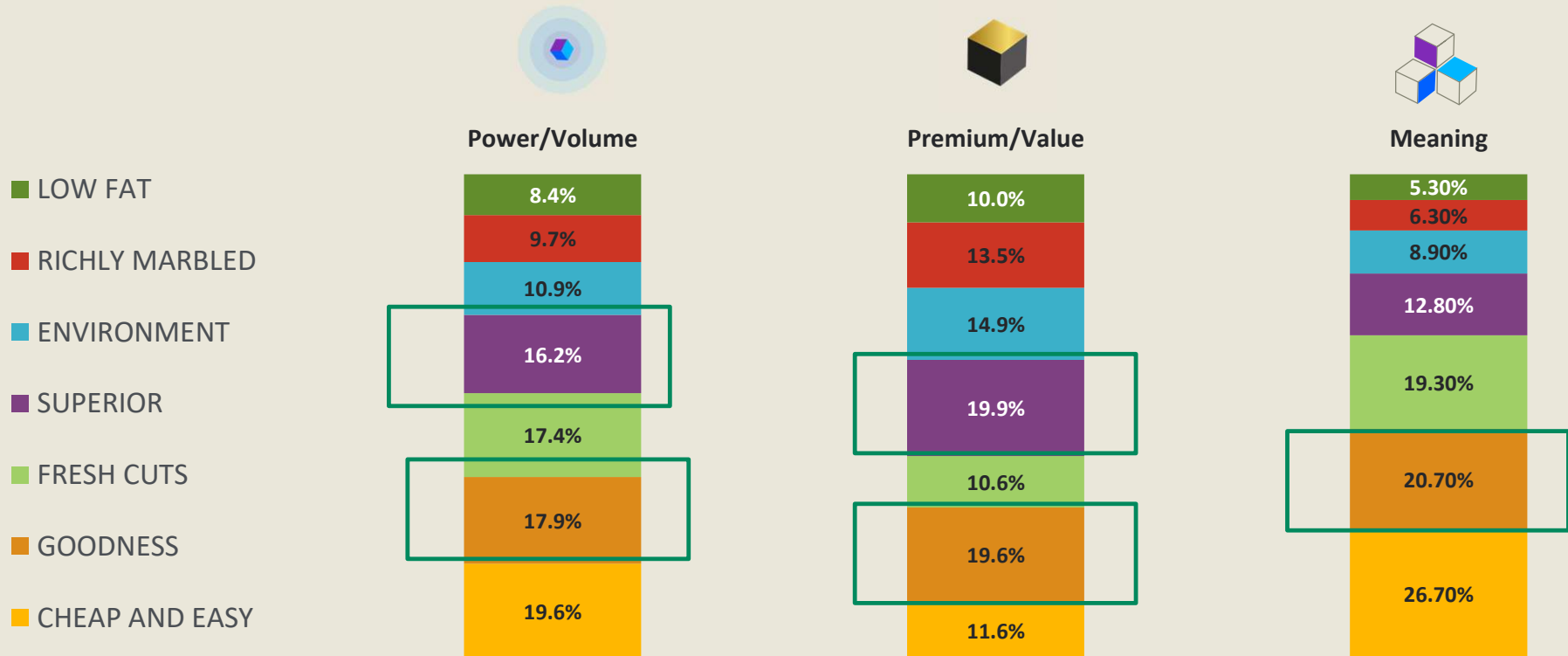
Is low in fat

NOTE: GRASS FED LEVEL

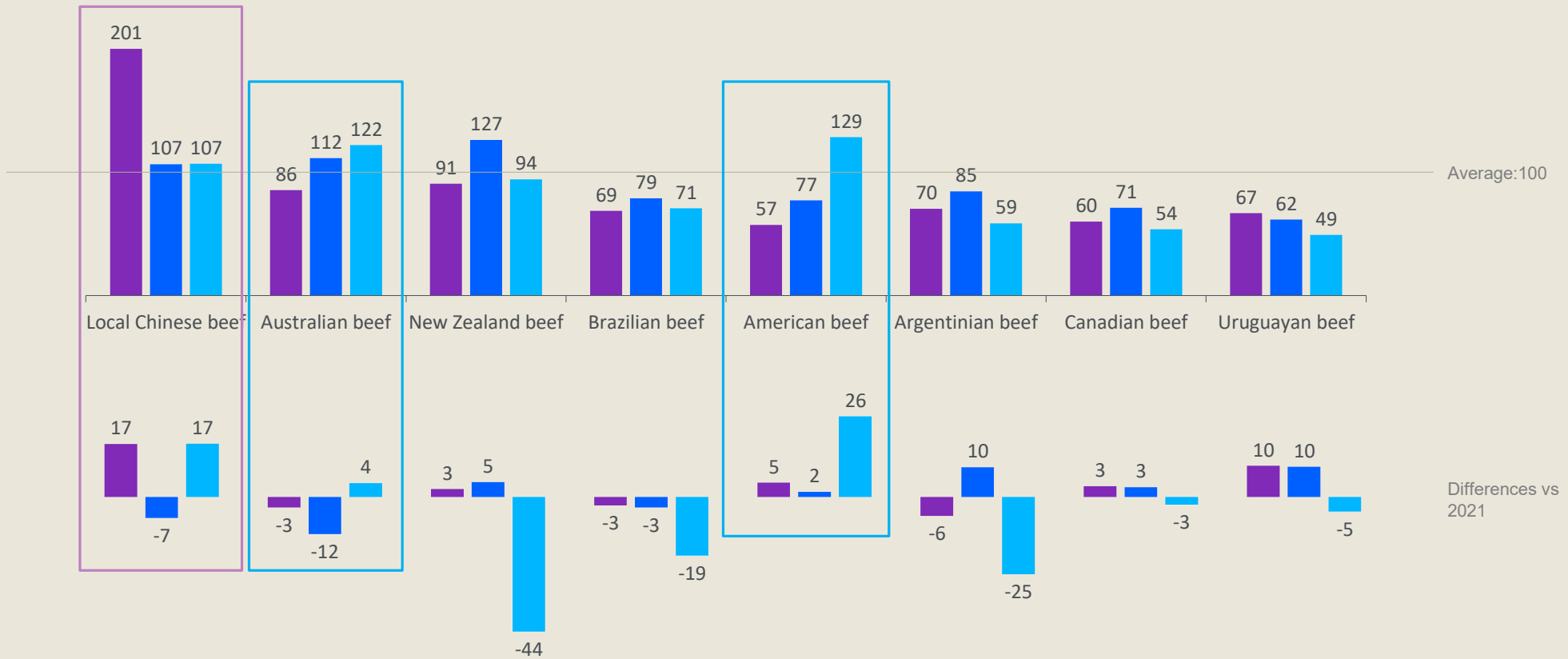
**KANTAR**

  
MEAT & LIVESTOCK AUSTRALIA

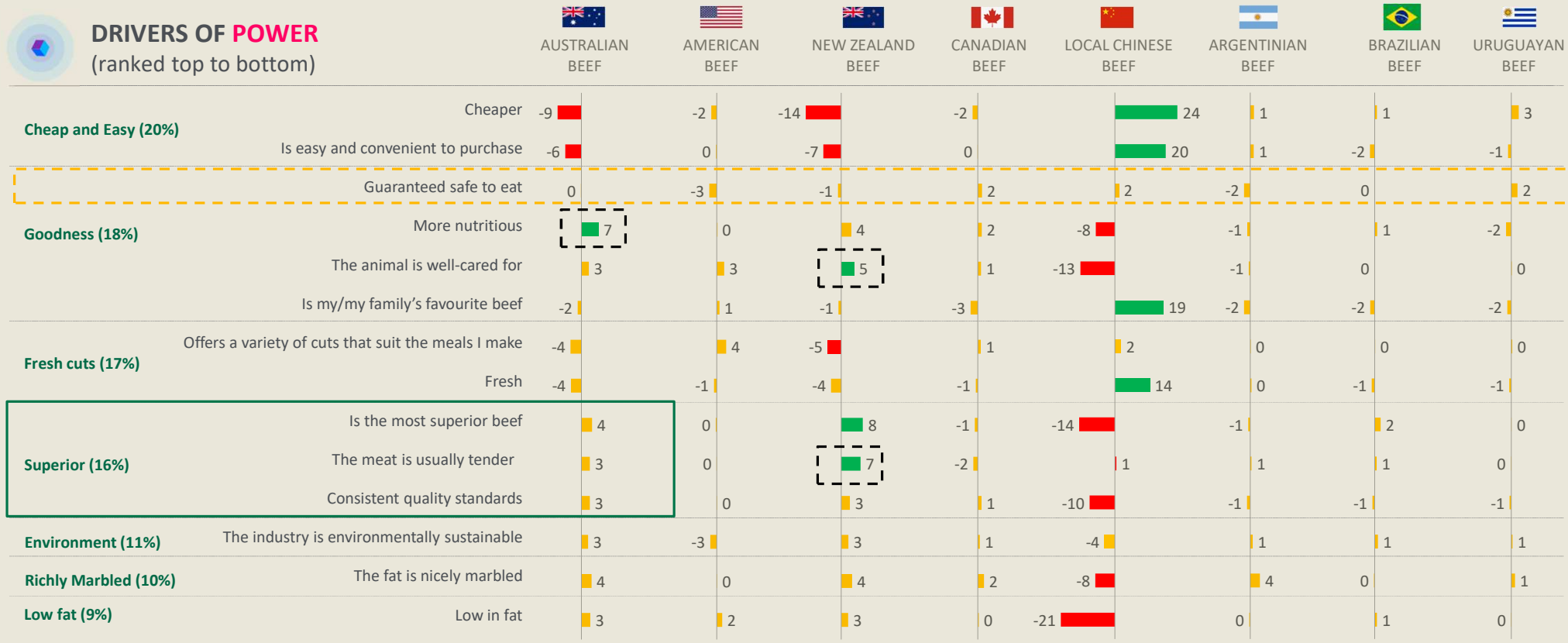
Each factor makes a meaningful contribution to building equity, presenting the opportunity to own a territory and find a differentiating position to grow equity



AU and US beef have established stronger mental availability than competitor imports, with US and Local seeing the greatest gains in salience. AU retains some relevance but local is well ahead.



# AU Beef continues to stand out on nutrition, and has established a platform in a number of territories. NZ Beef has built perceptions in care and owns the 'superior' space. USA has no clearly defined strengths.



BBH9. Here are some things which people have said about beef. We would like to know which of the following statements apply to beef from different countries of origin. You may choose as many or as few countries of origin as you wish. It doesn't matter if you don't buy any of them - it's your impressions we'd like. Base: (n=415). Attributes are grouped according to level of co-endorsement i.e. when respondents endorse one attribute for a brand, they are likely to endorse the others in the group. In this way the attributes are linked, then the groups are given an appropriate, summary name.

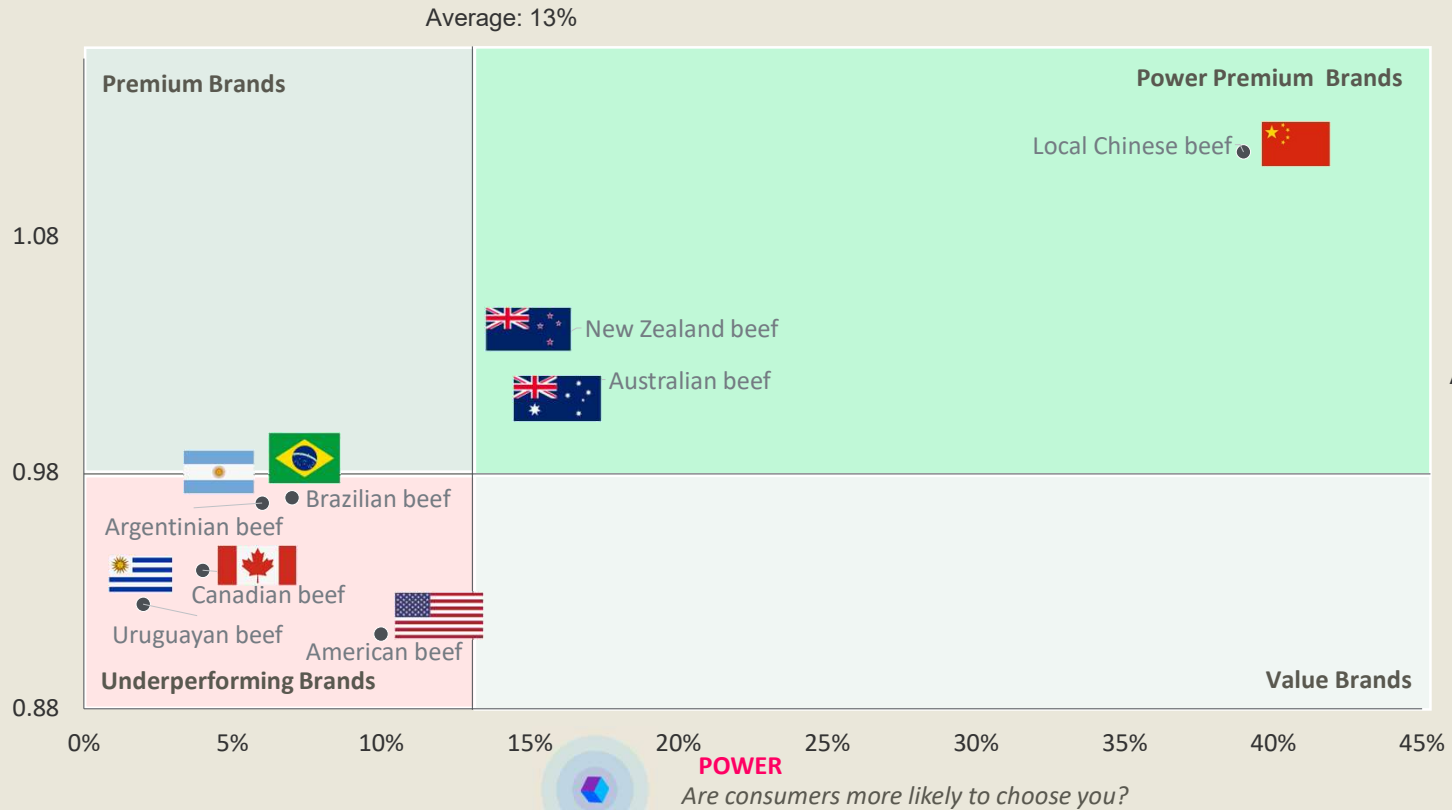
Strengths in 2021 that are no longer in 2022, or new strengths in 2022



# Local Chinese, AU, and NZ beef maintain the strongest equity in market, and NZ challenges AU on both Power and Premium



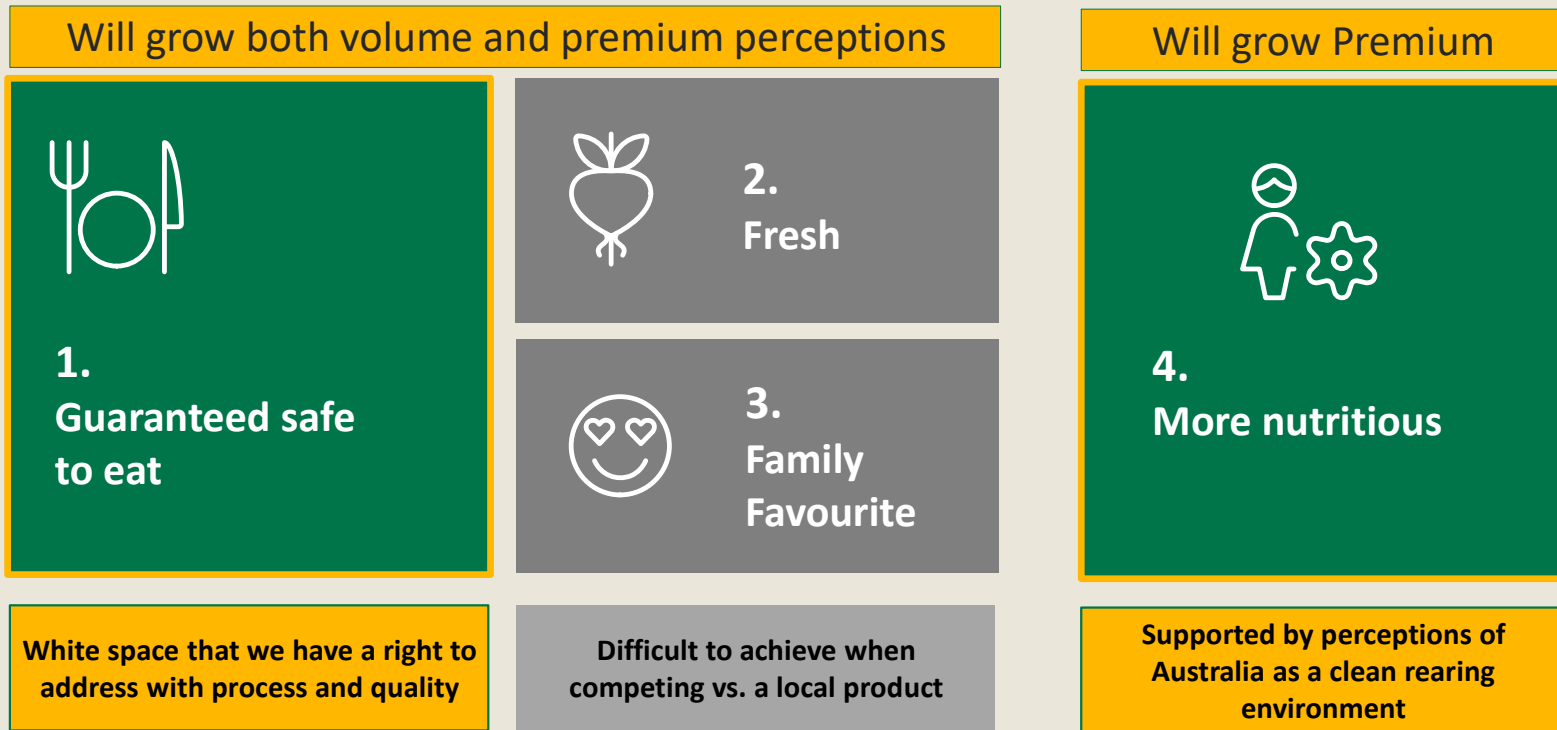
**PREMIUM/VALUE**  
*Are they willing to pay more for you?*



Safety is important as both a volume and value driver for beef. A white space that we should seek to reinforce. Nutritious perceptions are a strength that we can build on to drive premium pricing.



Top 5 Associations to Grow - Volume & Value (Ordered based on impact on building equity\*)



NOTE: GRASS FED LEVEL

**KANTAR**

These associations are simulated in the Meaningfully Different model to ascertain which will drive the greatest growth in Power and Premium

Associations for AU to communicate

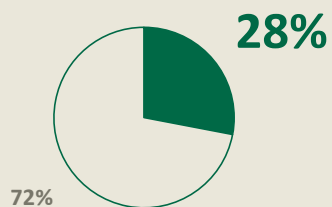


# LAMB IMPORTS PURCHASE & PERCEPTIONS



All questions in this section were asked of lamb buyers only (must have ever bought lamb). They also must have previously bought, or would consider buying, imported lamb.

More than a quarter have never bought lamb, suggesting growth to be found. But fundamental functional barriers of taste and smell remain, and at higher levels than elsewhere.



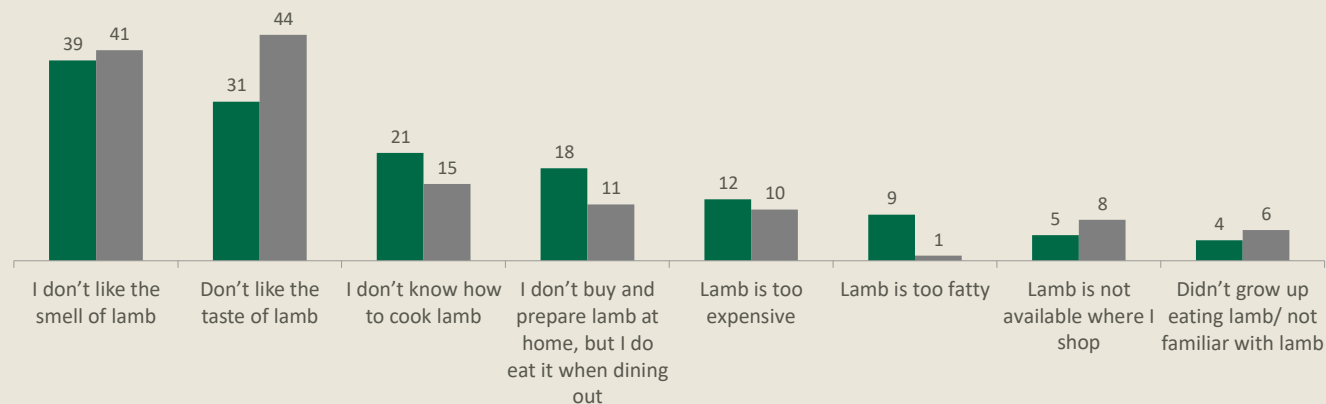
Of the sample have never bought lamb

2021: 22%  
2020: 27%

Global Average:

25	26	28	15	18	7	17	29
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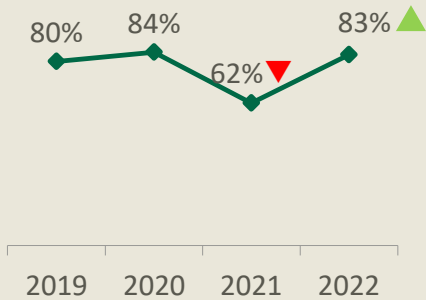
■ 2022 ■ 2021



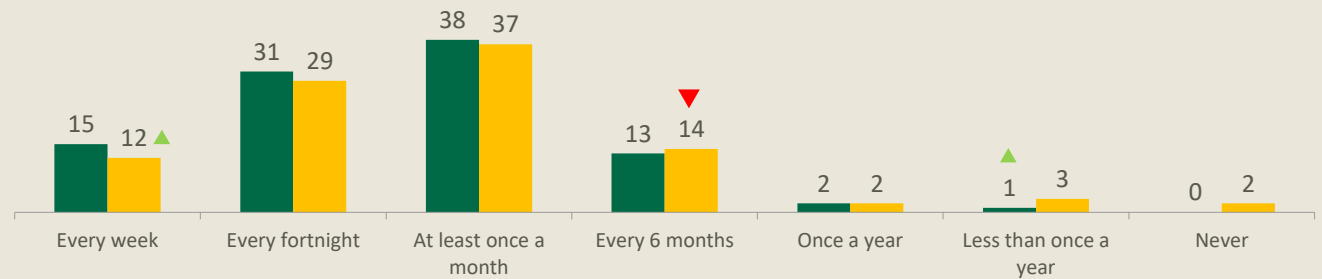
# Awareness of the Lamb COO's has recovered from the 2021 decline, and imported lamb purchases has subsequently increased in frequency.



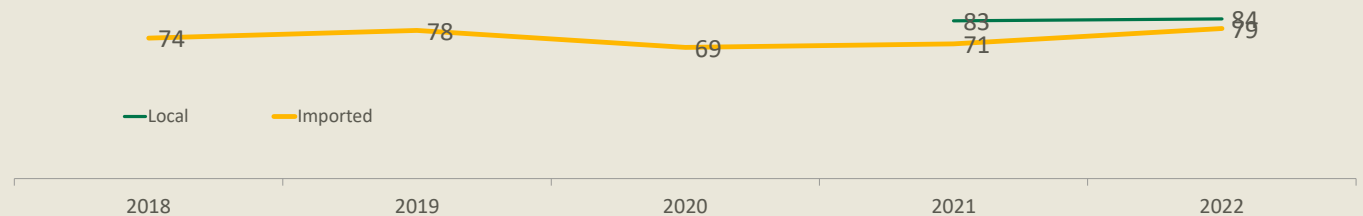
Know Country of Origin?



FREQUENCY OF BUYING LOCAL AND IMPORTED LAMB

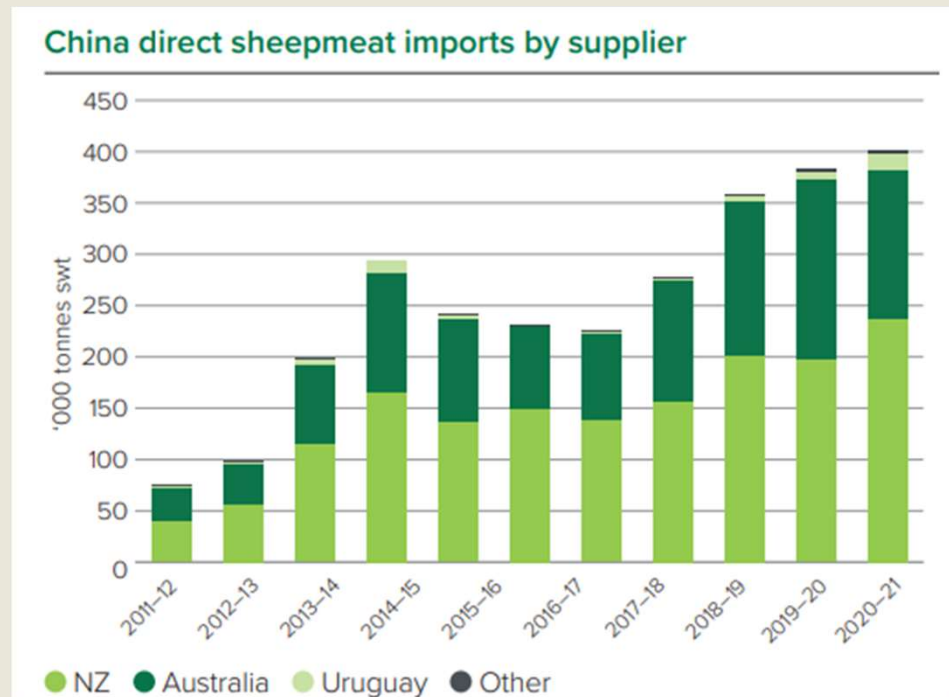


LOCAL & IMPORTED MONTHLY PURCHASE LAMB OVER TIME

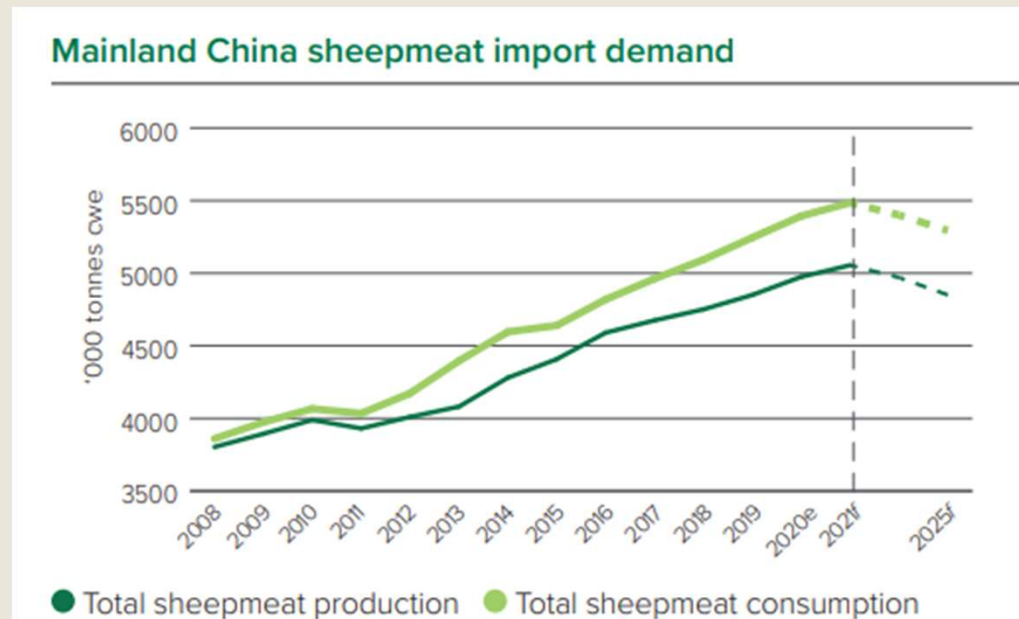


Australia and New Zealand are the source of almost all imported sheepmeat, with share generally leaning to Australia over the years. Market continues to grow YoY.

MLA market snapshot – China Lamb imports by importer (2011-2021)



MLA China Sheepmeat Imports demand (2008-2021)

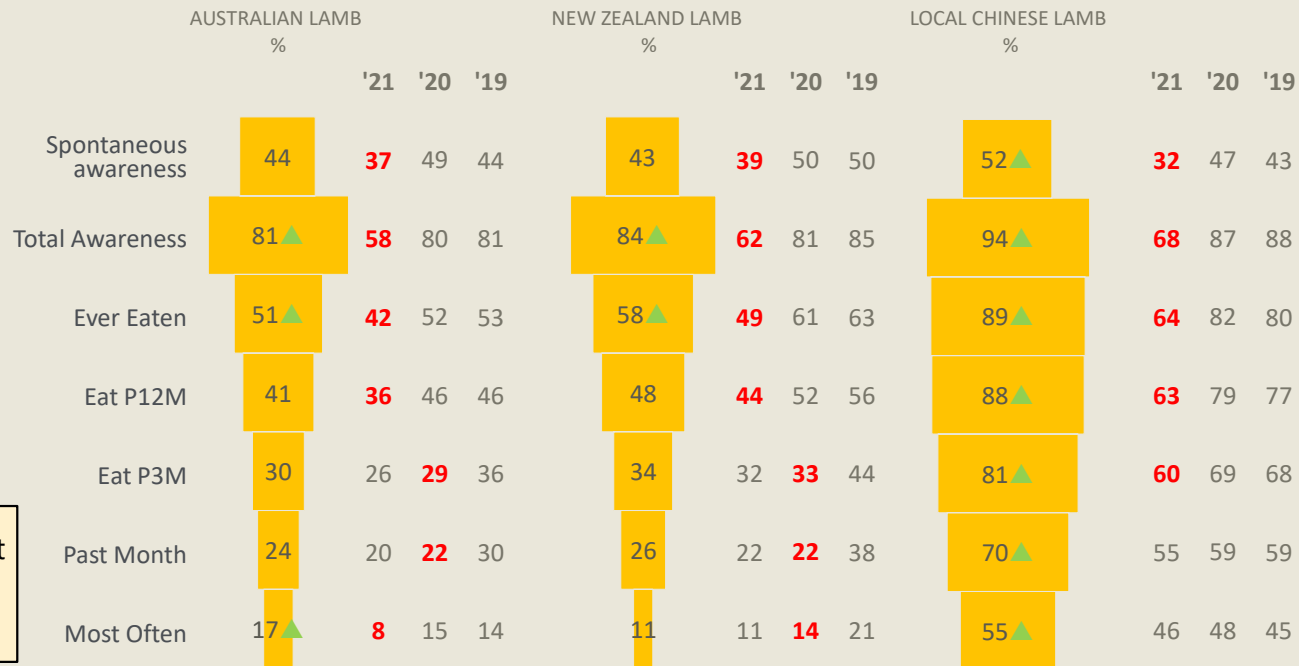


[https://www.mla.com.au/contentassets/0ef7dc84c7fb4a5b976a86249015b773/2021-greater-china-market-snapshot-red-meat\\_111121\\_distribution.pdf](https://www.mla.com.au/contentassets/0ef7dc84c7fb4a5b976a86249015b773/2021-greater-china-market-snapshot-red-meat_111121_distribution.pdf)

Australian and NZ return to 2020 levels through the funnel, NZ just ahead of Australian at all levels with the exception of preference. Local Chinese lamb has grown in 2022.



BRAND HEALTH – LAMB

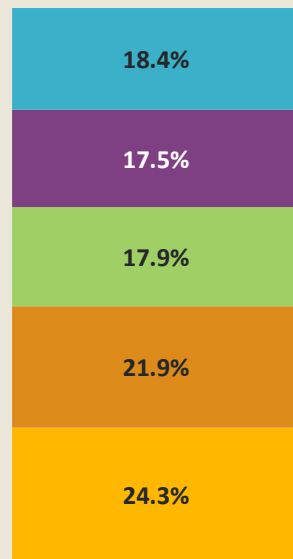


Similar levels of trust for NZ and AU, as seen with beef.

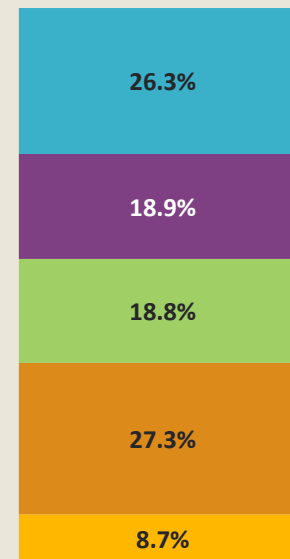
The themes for lamb COO perceptions have similar weights when driving brand power, while goodness and superior offer a clearer route to positioning as a premium proposition.



Importance weights to Power %

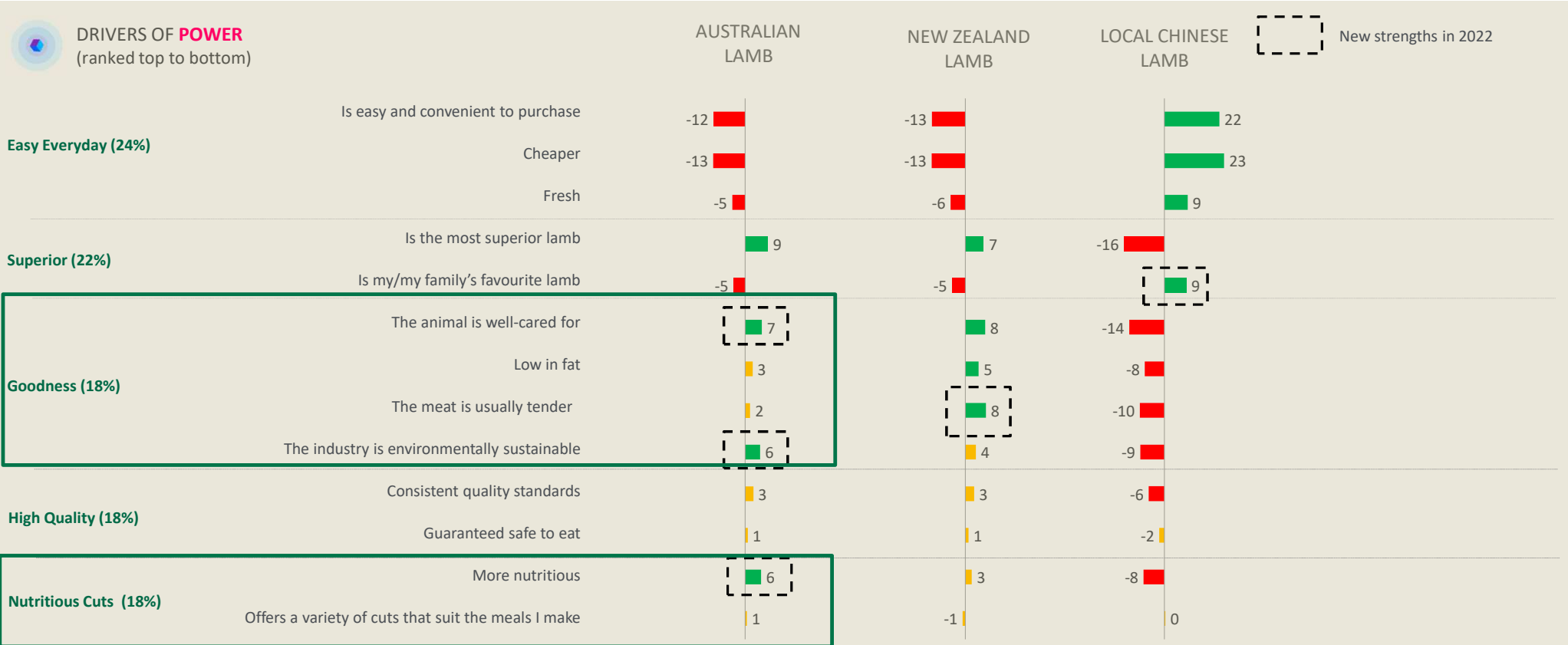


Importance weights to Premium %



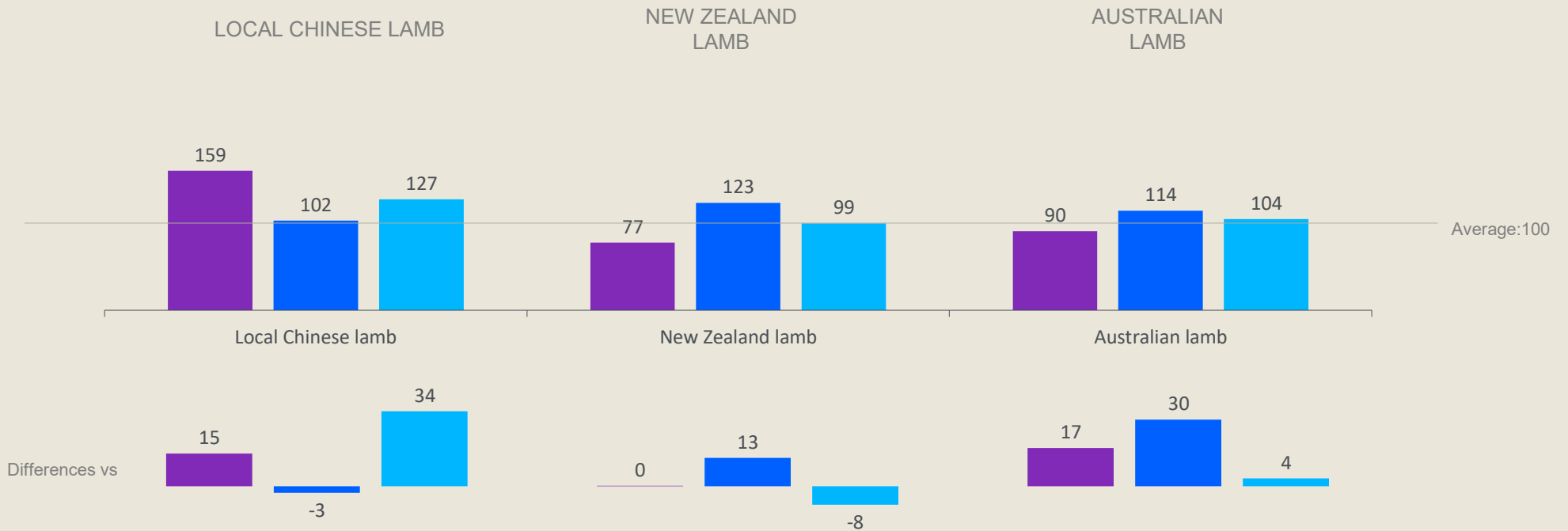
- GOODNESS
- NUTRITIOUS CUTS
- HIGH QUALITY
- SUPERIOR
- EASY EVERYDAY

# AU Lamb has built a number of strengths, however, AU and NZ maintain a similar positioning in Chinese consumers minds, and will need to differentiate on current strengths, in particular nutritious.



LBH9. Here are some things which people have said about lamb. We would like to know which of the following statements apply to lamb from different countries of origin. You may choose as many or as few countries of origin as you wish. It doesn't matter if you don't buy any of them - it's your impressions we'd like. Base: (n=385). Attributes are grouped according to level of co-endorsement i.e. when respondents endorse one attribute for a brand, they are likely to endorse the others in the group. In this way the attributes are linked, then the groups are given an appropriate, summary name.

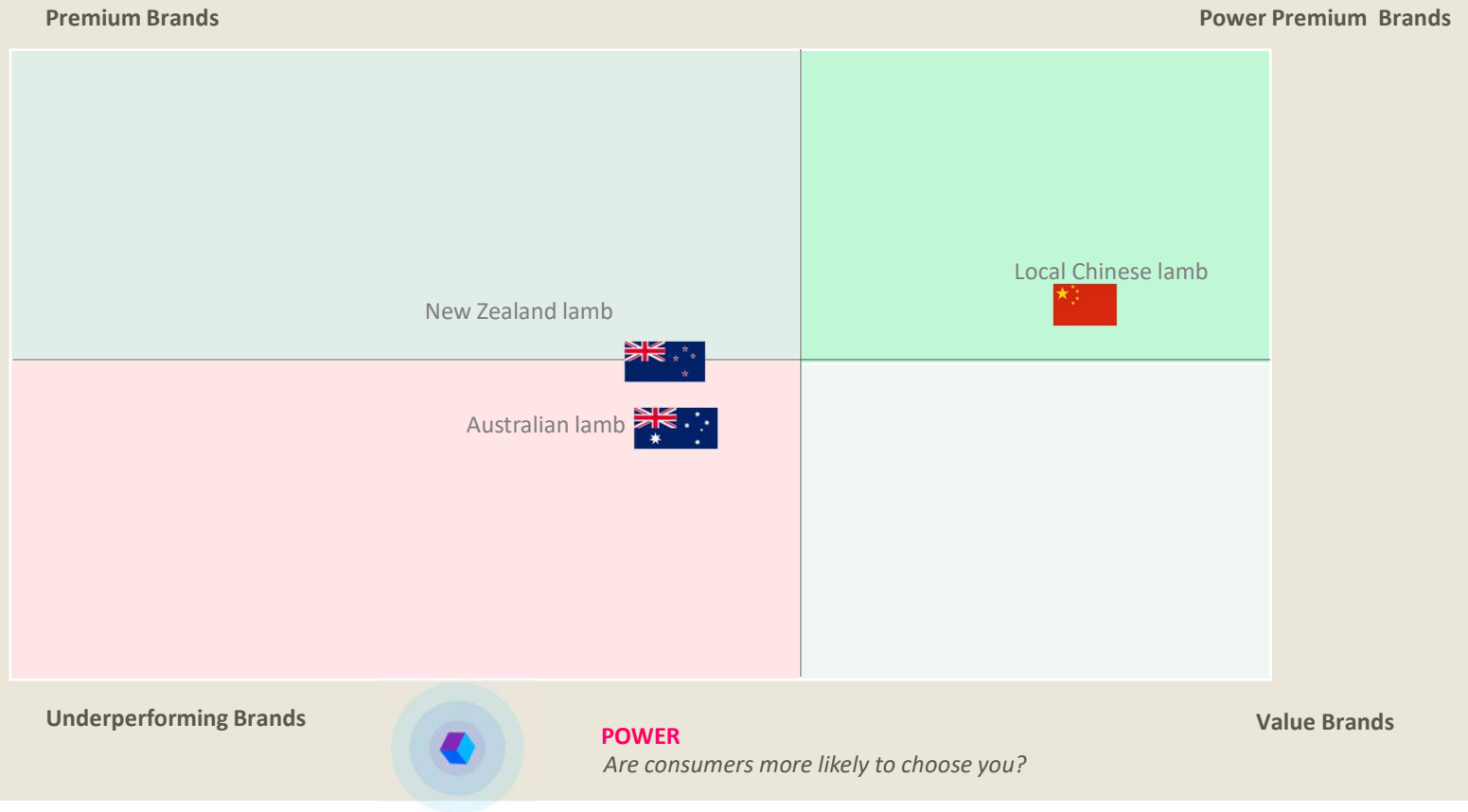
The salience of Local lamb has improved, and Australian lamb has built meaning and difference, with NZ and Australian equity profiles now looking similar to each other.



The relative positions of the three COO brands on both Power and Premium have not changed with Local Chinese the strongest, and NZ consolidating #2 position.



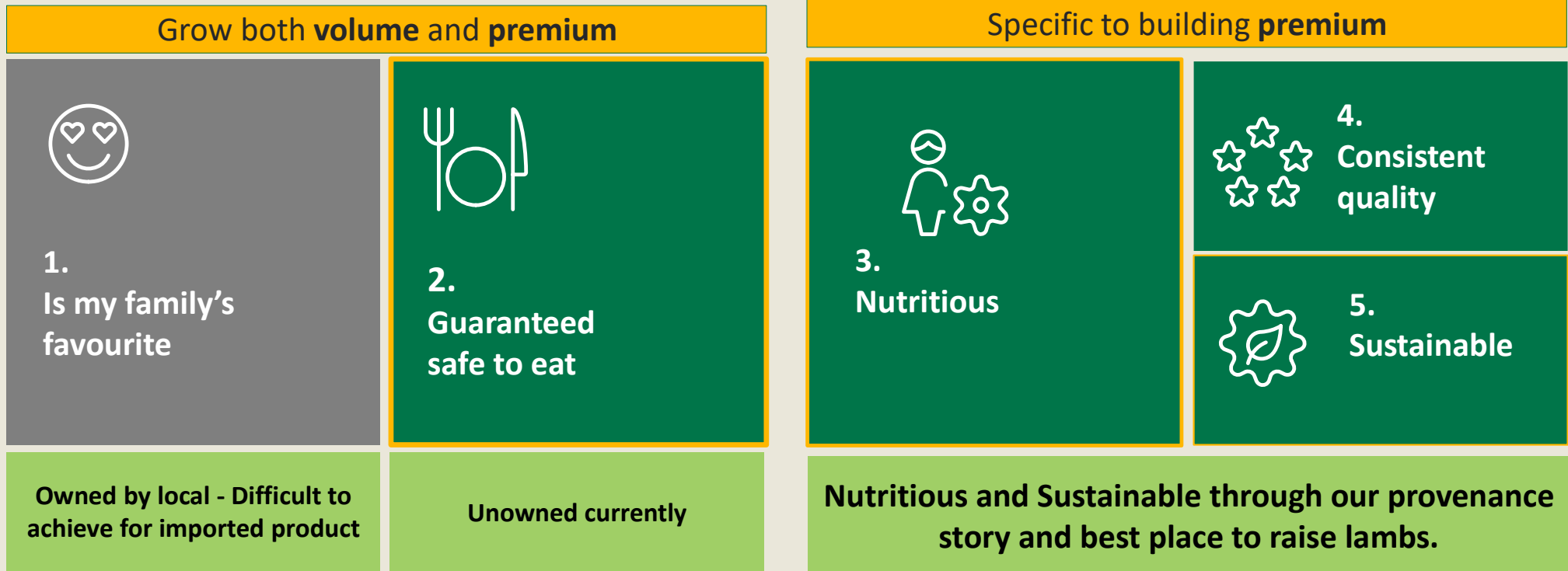
  
**PREMIUM/VALUE**  
*Are they willing to pay more for you?*



Continuing to reinforce safety, and maintaining consistent quality which can underpin nutrition will allow us to differentiate and build premium perceptions



Top 5 Associations to Grow - Volume & Value (Ordered based on impact on building equity\*)



NOTE: GENERAL LAMB LEVEL

These associations are simulated in the Meaningfully Different model to ascertain which will drive the greatest growth in Power and Premium

**KANTAR**

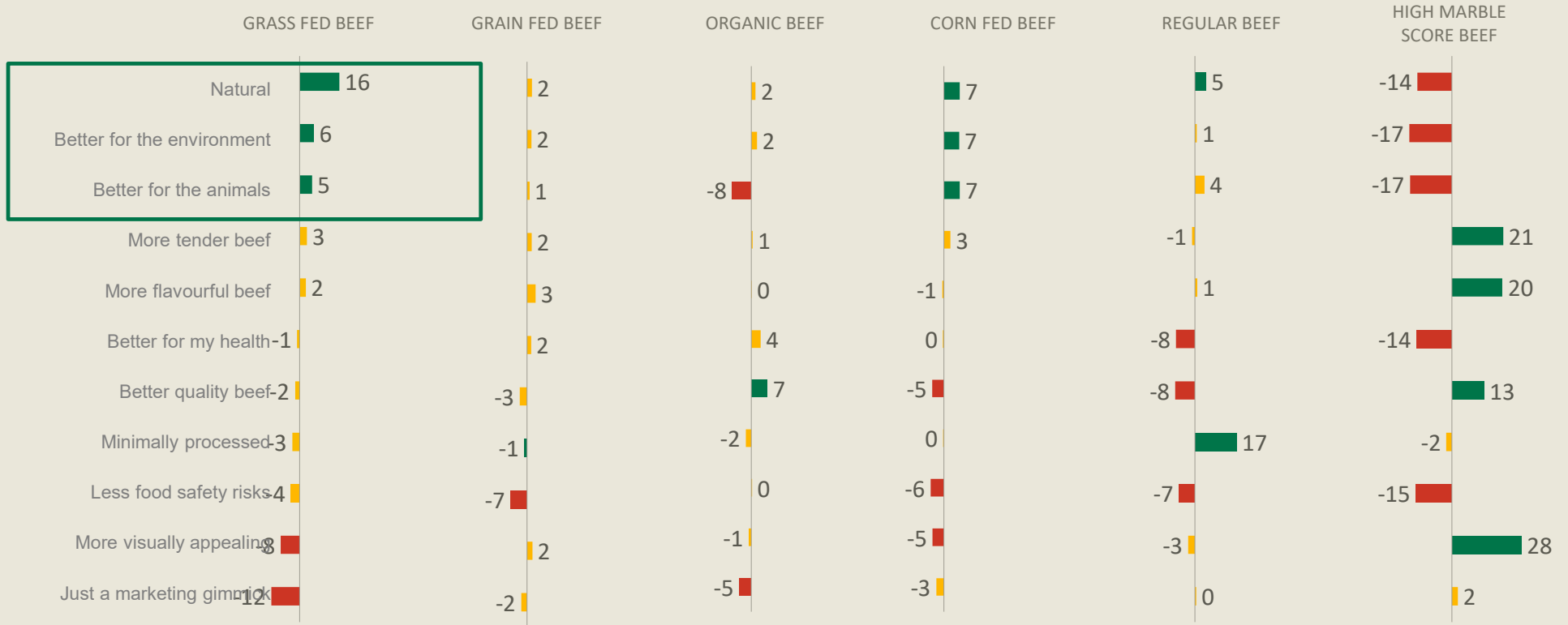
Associations for AU to communicate



A top-down view of a woman with long dark hair, wearing a white lace-trimmed blouse, sitting at a dining table. She is holding a glass of water in her left hand and a fork in her right, looking at a plate of food. The table is set with several plates of food, including a large roasted lamb shoulder, a tray of sliced lamb chops, and various vegetable sides. The background is slightly blurred, showing other parts of the restaurant.

**WHAT LEVERS CAN  
WE PULL TO BUILD  
PERCEPTIONS OF  
AUSSIE RED MEAT?**

Grass fed beef is clearly associated with natural, better for the environment and better for the animals, reflecting an opportunity to leverage this (although Corn fed also communicating similar benefits).



GF5. Which of the following things do you associate with each type of beef below? Base: Grass fed beef (n=600), Grain fed beef (n=511), Organic beef (n=566), Hormone-free beef (n=312), ABF beef (n=256), Non-GMO beef (n=312), Cornfed beef (n=273), Regular or conventional beef (n=563), High marbled beef (n=262)

**KANTAR**


+5 or more = relative category strength  
 -5 or less = relative category weakness.

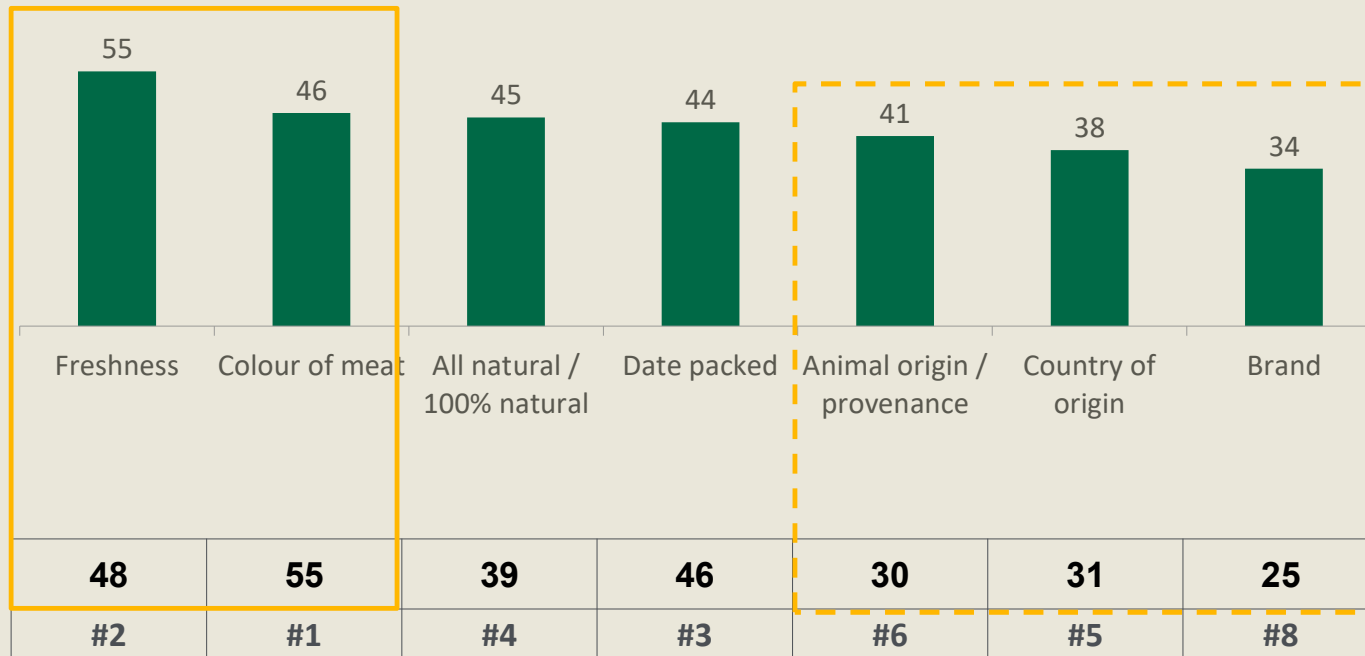


In line with global, freshness and colour of meat are most important, along with other proof-points reflecting the reassurance on safety sought by Chinese consumers. Natural and provenance COO are stronger than in other markets, as is brand reflecting the secondary reinforcement of trust.



On pack cues sought when buying beef

  
Global average  
2022  
Ranking



For those who claim to recognise the True Aussie logo, there are consistent associations communicated whether for beef or lamb.

The top 5 are quality, safety, reliability and trust, nutritious and guaranteed.



### Top 5 associations communicated by TA for both Beef and Lamb

*% of respondents who spontaneously mention:*



1. Quality/ high quality/ premium
2. Safe/safe to eat
3. Reliable/ trusted
4. Healthy/ nutritious
5. Product is guaranteed/ certified

## What should we communicate?



**1. Build on our baseline of nutritious via superior perceptions to justify premium, and reinforce safety, sought through on pack cues and which will support both volume and premium.  
Grass fed can feed into this.**



**2. Build out consistent quality and nutritious with elements of sustainable as a proof point (and thus implied nutritious) perceptions tapping into the more natural opportunity sought by Chinese consumers.**



**3. TA assets communicate quality, safety and nutritious. Coupled with assets that reflect our clean, safe, rearing environment, these can be leveraged as reason to believe for safe, nutritious and higher quality product**

# FINAL THOUGHTS & DISCUSSION




## Recapping what we have seen today

Managing health and eating well has increased in importance. Economic concerns remain a consideration, particularly for families


China has one of the highest global penetration of online grocery, this has been consolidated in the last year post-pandemic.

Proteins have very clear roles in China, beef and lamb play the role of a premium option, but also deliver on nutrition (not the case everywhere)

Increasing awareness and trial of grain fed and high marble beef. COO brand health funnels return to 2020 levels, with USA seeing slight gains.

Local beef remains  strongest by some way, with clear definition - owning easy everyday. AU and NZ are only beef COOs with definition

Reinforcing safety as well as our quality through nutritious will allow us to grow premium and support volume at the same time.

 Local owns the easy everyday role, AU and NZ hold similar perceptions and positions.

Nutritious, well cared for and sustainable are strengths we can build on to position and own a premium space, distinct from NZ.

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