What China Wants from Farming ‘Down Under’

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China is Important

• What China wants and buys from ‘down under’ agri-food sectors impacts greatly on export receipts and farm incomes.

• New Zealand’s largest market.

• Agriculture is Australia’s second largest export sector to China.

• Consequently, there is a need to understand the Chinese market:
  • their consumer’s preferences
  • how they do business, and
  • what are the requirements of farm systems ‘down under’.
Research

• Empirical and secondary information was used to answer the question “what does China want from farming ‘down under’?”

• Qualitative approach.

• Thirty eight informants were interviewed (29 Europeans and 9 native Chinese) from 25 New Zealand and one Australian agribusinesses operating in China.

• Reviewed both academic and industry publications, and also drew on our own industry networks.
Advantages of Agriculture ‘down under’

• Counter-seasonal.

• Quality management in production systems.

• Superior production environments.

• Cheaper ovine and bovine production systems than China.
What China wants – Agrifood business dealings

• **Guanxi (关系)** – heavy reliance on business relationships

• Trust is NOT a ‘given’.
  
  “You should start with a point of view that that person is not your friend, and that’s what Chinese people do.” (A NZ senior manager).

• **Mianzi (面子)** - ‘face’ or prestige is important.
  
  “Protecting a Chinese person’s face is really, really important .... If you insult them in front of their juniors... that’s the end of a relationship.” (A NZ business consultant)
What China wants – What Chinese consumers demand

• Safe food produced in a trusted environment, handled by trusted people until it reaches them.

• Daigou (代购) – “buying on behalf of”.
  • Fill the position of the missing link along the logistic channels – a trusted handler.

• Key Opinion Leaders (KOLs)
  • serve as a source of trusted information.

• Mianzi (面子) is important to Chinese consumers.
  • When the quality and provenance of a foreign product is guaranteed.
    “Things are expensive if they are precious ... you can sell it for a sky-high [price].” (A Chinese senior manager)
What does this mean for farming ‘down under’?

• Quality assurance and traceability is important, and achieved by building trusting relationships with those who can achieve these attributes on their behalf.

• Word-of-Mouth marketing is by far the most powerful form of advertising.

• Farmers to carry on what they are already doing - with greater awareness of the effects of their on-farm practices.

• Opportunities to promote product integrity through trusted networks and KOLs.

• Combine trusted networks, the desire to earn ‘face’ and ‘inside knowledge’ of ‘down under’ farm practices.
What does this mean for farming ‘down under’?

• A role for industry bodies in working with trusted Chinese business partners to utilise their networks.

• Producers need to integrate their farming businesses into supply chains that can meet the requirements of Chinese business partners and consumers.

• All the players need patience.

“Business partner[-ship] is about trust, and that takes a long time to build.” (A New Zealand senior manager)
Thank you!

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