

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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