



Rabobank

*Media release
Aug 2, 2018*

Sustainability attributes set to play increasing role in Chinese food choices – NZ hort industry informed

New Zealand's horticultural sector will need to keep a close eye on the role sustainability attributes play in the purchasing decisions of Chinese consumers if it is to maximise returns from the rapidly-growing Chinese fruit and vegetable market, according to Rabobank's senior horticultural analyst Hayden Higgins.

Speaking at the Horticulture New Zealand Conference in Christchurch last week, Mr Higgins said, while food safety, quality and nutrition credentials were currently the most significant factors influencing Chinese consumers' food purchasing decisions, awareness of other product characteristics, including sustainability attributes, such as water usage and emissions, was growing.

"Chinese consumers are looking for food products which are high quality, nutritious and have strong food safety credentials and New Zealand's fruit and vegetable producers have been able to command a price premium in the Chinese market by supplying products which possess these attributes," he said.

"While China has historically shown little interest in point-of-origin sustainability attributes if the product comes from outside of China, we are starting to see some changes in this area with Chinese consumers becoming increasingly aware of wider sustainability issues."

Mr Higgins said it would be vital for New Zealand's horticultural sector to keep abreast of Chinese consumer views on sustainability issues, such as water usage and pollution, develop.

"The sector would be wise to monitor this situation carefully as we expect to see point-of-origin sustainability attributes become increasingly relevant in the Chinese market."

China most significant market

Mr Higgins said a strong knowledge of consumer trends in the Chinese market was essential for New Zealand producers given it was New Zealand's largest single export destination for horticultural products.

"While the US and EU markets are the biggest global importers of fresh fruit and vegetables, the Chinese market is by far the quickest growing and during the period between 2010 and 2017 we've seen New Zealand fruit and vegetable exports to China increase in value by almost \$400 million dollars," Mr Higgins said.

"China is now the most significant market for New Zealand fruit and vegetables by size, growth potential and proximity and, accordingly, we'd expect to see the New Zealand horticultural sector continue to place a strong emphasis on developing further growth opportunities in this market."



Rabobank

*Media release
Aug 2, 2018*

Growing awareness of sustainability

Mr Higgins said China had made moves in recent years to address some of its own natural resourcing challenges, increasing awareness of sustainability issues among Chinese consumers.

“In recent years the Chinese government has undertaken a range of initiatives to tackle water and environmental issues, increase regulation of food standards and to look towards reducing greenhouse gas emissions,” he said.

“These measures have increased consumers’ knowledge of broader sustainability issues and this has led to greater awareness of sustainability attributes in food products.”

Mr Higgins said a recent Agricultural Economic Research Unit (AERU) study looking at the purchasing decisions of kiwifruit shoppers in Shanghai found consumers were now indicating a willingness to pay more for kiwifruit possessing sustainability attributes.

“The survey found respondents indicated they were willing to pay considerably more than the average per kilogram price for kiwifruit produced in New Zealand. Sustainability attributes were also found to be important to consumers with respondents indicating a willingness to pay more for kiwifruit produced responsibly and with a focus on lowering pollution, reducing water utilisation and minimising GHG (greenhouse gas) emissions,” he said.

“While the findings of this survey, and others in the Chinese market, suggest there is a willingness to pay a premium for the sustainability attributes of kiwifruit and other fruit and veg products, intentions do not always correlate into actions. Consumers may be positively interested in sustainability attributes, but neutral when it comes to actions and, as yet, there is little evidence out of China to suggest consumers are actually paying higher prices for these attributes.”

Supportable credentials key to strong brand

Despite this, Mr Higgins said the bank’s view was that awareness of sustainability attributes would continue to grow and play an increasingly significant role in Chinese consumers’ decision making.

“New Zealand brands currently have a strong reputation and a high level of trust in the Chinese market and it’s our view that supportable sustainability credentials will be key in maintaining and strengthening this trust with Chinese consumers,” he said.

“Brands that hold, or develop, strong sustainability characteristics have a strong future and New Zealand producers should prepare and position themselves in the Chinese market accordingly.”

While New Zealand producers could learn from sustainability developments in other markets, Mr Higgins said, it was important that any positioning for sustainability should be market specific, not generic.



Rabobank

**Media release
Aug 2, 2018**

“We’ve seen sustainability attributes become more and more prominent in several other markets around the world and New Zealand producers can certainly learn from developments in these markets, however, it will be crucial that any positioning developed for the Chinese market is focused on the specific attributes that are important to Chinese consumers,” he said.

Media contacts:

Rabobank New Zealand is a part of the global Rabobank Group, the world’s leading specialist in food and agribusiness banking. Rabobank has 120 years’ experience providing customised banking and finance solutions to businesses involved in all aspects of food and agribusiness. Rabobank is structured as a cooperative and operates in 40 countries, servicing the needs of about 8.8 million clients worldwide through a network of close to 1000 offices and branches. Rabobank New Zealand is one of the country’s leading agricultural lenders and a significant provider of business and corporate banking and financial services to the New Zealand food and agribusiness sector. The bank has 32 branches throughout New Zealand.

Media contacts:

David Johnston
Marketing & Media Relations Manager
Rabobank New Zealand
Phone: 04 819 2711 or
027 477 8153
Email: david.johnston@rabobank.com

Denise Shaw
Head of Media Relations
Rabobank Australia & New Zealand
Phone: +61 2 8115 2744 or
+61 439 603 525
Email: denise.shaw@rabobank.com