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Asia Briefing looks at China post-Covid

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LIVE
BRIEFING:
MARKETING TO CHINA

The fourth weekly online briefing ahead of Asia Fruit Logistica ON gave viewers an understanding of consumer behaviour in post-pandemic China

As China's recovery from its initial Covid-19 outbreak continues, a clearer picture of the lasting trends is emerging, a picture further explored by Asia Briefing: Marketing to China.

The online event on 28 October was the fourth of a series of weekly market updates being hosted by Fruitnet ahead of Asia Fruit Logistica ON.

Yuxin Yang, editor of Asiafruit China, introduced the session and outlined how Covid-19 had affected the China market and changed consumer behaviour.

"While the rest of the world remains in the grip of the pandemic, life in China seems to have largely returned to normal in the last quarter of 2020, and the economy is bouncing back," Yang said. "While Chinese consumers are spending again, what they buy and how they buy are changing post-pandemic."

Yang detailed how Chinese consumers

continue to buy groceries online or in stores near residential areas, meanwhile, financial uncertainties are prompting people to be more value conscious, and demand better quality, lower prices or both.

"Health benefits play an important part in purchasing decisions when it comes to fruit and vegetables, and Chinese consumers rely on both western medicine and traditional Chinese medicine for guidance, this presents opportunities for fruit categories beyond Vitamin C-rich citrus products," Yang said.

"While conventional indoor tasting is out, marketing activities are back in full swing and online streaming and other digital solutions are providing marketers with more tools than ever to connect with their target demographics and to tell their stories in meaningful and intimate ways."

A statistical breakdown

Providing the first insights of the session was Wayne Prowse of Fresh Intelligence Consulting who gave a statistical overview of China's fruit imports, which have been trending downward after peaking in 2019.

Prowse said China's monthly moving annual import total, a statistic used to measure the total 12 months of imports by month moving forward, peaked in August 2019 at 5.9m tonnes, but by August 2020 it had dropped to 5.3m tonnes or 10 per cent lower.

"The impact is even greater if we compare it to where August 2020 could have been if the projections over the last five years had continued. It would have been out to 6.5m tonnes," said Prowse.

For tropical fruits Prowse said banana imports had dropped due to reduced supply from the Philippines and Ecuador, with countries like Cambodia were only able to fill some of the gap.

Many of China's temperate fruit imports from January to August 2020 also declined year-on-year, as did citrus imports where Northern Hemisphere suppliers such as Egypt (down 40 per cent) and Spain (Down 90 per cent) felt the effects of the Covid-19 pandemic.

Through the start of the Southern Hemisphere season the results appear similar with Australian citrus exports to China down 55 per cent and South Africa's citrus exports to China down 14 per cent.

Marketing to a changing consumer

Ng Kok Hwee, marketing director for Greater China of Zespri, joined Mark Tanner, managing director of China Skinny, examined the changes in consumer behaviour and how companies can reach them.

Ng shared the work Zespri has been doing in China following the company's brand refresh and described the increasing consumer interest in health during the pandemic.

She said Zespri had been working with key opinion influencers to communicate the health benefits of its kiwifruit to consumers, particularly in the increasingly important e-commerce space.

"The shift towards e-commerce was happening even before the pandemic but post-Covid the trend has accelerated. Some consumers during the lockdown started trying out e-commerce and some of that behaviour has stuck," Ng said.

"Post-pandemic we saw a huge surge in interest behind Vitamin C and immunity and I think what has really been working for us is we have been constantly been communicating the health properties of Zespri kiwifruit in the marketplace for years."

Tanner said the growth in e-commerce was accompanied a number of other emerging trends during the pandemic.

"Something we have seen, and you saw it with the big shopping festival 618, the fastest-growing category was groceries

and the third fastest-growing category was kitchen appliances, which shows a couple of those big trends," Tanner explained.

"One is people are buying groceries online... the other is people are spending more time at home and they are investing in their home and cooking at home, a lot of them are more confident now and are more aware in the way the cook."

A post-Covid market

Jason Qian, general manager of leading Chinese fresh produce e-tailer Benlai.com's merchandise centre, delivered some more insights into how China and its consumers had changed since the pandemic.

Qian said while consumer demand is shifting towards healthy fruit, the market is still subject to the forces of supply and demand. He said an oversupply of apples had caused a drop in sales but pear sales are strong.

Qian said the disruption Covid-19 had caused to the market was more significant than the changes it had caused in consumers. With global logistic capacity down and other countries still dealing with the pandemic, fruit imports have suffered, but this has left a gap for premium domestic fruit.

Suppliers looking to succeed in a post-pandemic China need to be prepared according to Qian. He said China is a competitive consumer market so "products should have great value, great quality or be truly special".

Tracking consumer trends

The Solution's Jerry Clode, a consumer research expert who specialises in interviewing consumers in Chinese, gave his understanding of the current consumer trends in China.

Clode said there were trends emerging pre-pandemic that have since been accelerated, the most notable of these being a premium perspective on food and its connection to health.

"What Chinese consumers, particularly premium consumers, were increasingly doing, was creating a subset of products where they would not compromise," Clode explained.

"The good news is food and produce were very much part of that subset that Chinese consumers were creating."

Clode said international suppliers should be optimistic about the China market post-pandemic as although consumers are cautious, the caution is driving demand for premium food products.

When it comes to taking advantage of these trends Clode suggested brands develop a personal connection with consumers by sharing a more significant backstory including details such as who is behind the brand, what is their philosophy, where does the brand come from.

He said once consumers establish a connection and begin to trust a brand, their loyalty becomes locked in to the point they will even share brands they trust on their own social media networks.

Stay tuned for more

Fruitnet is set to host more weekly episodes of Asia Briefing each Wednesday at 14:30hrs Singapore/China. Next week's episode (4 November) will preview the themes at this year's Cool Logistics Asia forum at Asia Fruit Logistica ON.

[Click here](#) to view this week's episode, and past episodes, on demand.

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