

HORIZON



International Consumer Buying Behaviour

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HORIZON



Christine Watts
Chief Communications &
Market Development Officer

FOREWORD

As Brexit draws closer, we hear much about the opportunities new export markets present for British food and farming products. AHDB is at the heart of preparations to capitalise on these working with our farmers, growers and industry.

But how much do we really know about consumer attitudes in those cultures – and how well does “Brand Britain” translate in complex and diverse markets? These are the questions we have begun to explore with the new and unique research presented in this edition of Horizon.

It’s clear that Britain has a great story to tell, with the Union flag, Big Ben and the London bus well recognised across the world. But while these iconic images can form part of a powerful brand for the promotion of inbound tourism, they are not enough to sell our food and farming products overseas. We need to take a step back and ask: why might a shopper in, say, China choose a British product over all others and how does this differ from what’s front-of-mind for somebody in Saudi Arabia? This research captures some of the reactions to a British proposition in key export markets, with consumer perception at the core.

We forget at our peril when promoting a product – regardless of the market – first and foremost, we need to know our consumer. Behaviours and motivation to purchase differ as we cross the globe; cultures and context vary greatly, even in the age of globalisation. For example, while animal welfare may be increasingly important for the domestic market, it may have lower significance for other global consumers when making their purchase decisions.

Consumers across the globe have different views on what is important to them and what clues and information they look for in making a choice. The message, image and slogan that appeal in Birmingham may land very flat in Tokyo.

We need to understand in each market both what is important to the consumer and how we can use this to differentiate our products from our competitors. British food and farming products have unique qualities and messages which underpin our approach to securing customers in new markets and broadening our share in existing ones.

AHDB is well-established in its role facilitating exports, working to enable market access for UK products. Recent successes include work in China to support pork and pig offal exports worth £74 million in 2016, as well as paving the way for future exports of beef, following the Prime Minister’s visit in early 2018. The latest opportunity is a new agreement to export sheep meat to Saudi Arabia.

With uncertainty overshadowing markets close to home, we will need to work harder to understand our new consumers and to support businesses to position and promote their products across the globe to best effect. This report is an important step in that journey.

“ British food and farming products have unique qualities and messages which underpin our approach to securing customers in new markets and broadening our share in existing ones ”

BACKGROUND

AHDB recognises the importance of export markets – market access, trade deals and exchange rates all have a big impact on our ability to export British produce to given countries. Exports are important because they enable farmers and growers to get the best returns for their efforts and to seek to manage fluctuations in market demand/price. The UK Government has stated that, in a post-Brexit environment, the UK will have control over future trade policy and will be seeking to negotiate trade deals around the world.

These deals, once agreed, will have a huge bearing on the attractiveness of export market opportunities and will provide a framework under which exporters operate. Once trading in a market, understanding consumer buying behaviour and the factors which influence category purchase decisions is vital in achieving further sales growth. We cannot simply rely on the Union flag and Big Ben to ‘sell’ British produce in a complex and fragmented series of consumer markets.

This is something the Government has recognised. In October 2016, Defra released a UK Food and Drink International action plan 2016–2020, which valued food and drink exports in 2015 more than £18.1 billion and set out running five-year campaigns in priority markets to increase demand for UK products. This had a target of raising the value of UK food and drink exports by an additional £2.9 billion over five years.

AHDB has published two Horizon reports looking directly at global market opportunities. The first, for grains was released in June 2017, followed by a second report in September 2017 on meat and dairy. They look at a post-Brexit trading environment and are available on the AHDB website.

This Horizon report looks at exporting from a consumer perspective and analyses key findings from new initial international consumer research conducted by AHDB. Picking out significant consumer trends across key export markets, this report highlights the need for the industry to closely monitor and adapt to international consumer needs to grow export markets. It can be used for those currently exporting, alongside those producers who may be considering entering the export marketplace. The report also closely considers the impact of ‘British’ branding in export markets and looks at some of the opportunities and challenges this holds in a post-Brexit trading environment.

Understanding and shaping the next step in the supply chain can be highly beneficial to the end goal. For those currently exporting, it may be useful to consider how far they have gone to build consumer demand or to understand the nuance of demand. Obtaining access is one thing, growing that market over time is arguably where long-term success will be determined.

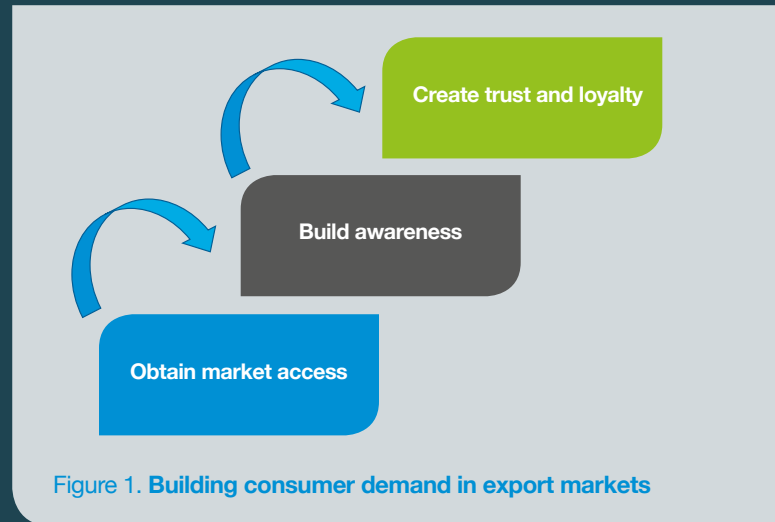


Figure 1. Building consumer demand in export markets

A good starting point for arriving at an understanding of what is important to consumers is to ask what motivates them. We asked around 500 per country across nine countries, a total of just over 4,500 consumers. The sample aimed to get coverage across key markets in North America, Europe, Gulf States and Asia. It picked out countries that have formed part of AHDB’s exports strategy and were assessed in the aforementioned Horizon reports on global prospects.

The research took place over two stages, the first stage looked at total grocery purchase habits, picking out factors which impact shopping habits, including initial views on British food. It also assessed assurance schemes with Red Tractor and the role of assurance in global exporting. Stage two built on some of the initial research findings, but went into more depth for meat, dairy, fruit and vegetables.

The results are robust enough to provide a topline look at views across the nine markets and this provides data which is accurate to +/- four percentage points at the 95 per cent confidence level. Further details on the methodology of the study and work undertaken is available in the Appendix.

HEADLINE CONSUMER PURCHASE CONSIDERATIONS

The consumer research asked what was most important to consumers when choosing the food they purchase, focusing on what overseas shoppers buy and not necessarily just what we produce. The key themes that came through touched on quality, price, health and food safety, the latter particularly for China and Japan.

In seven out of the nine countries surveyed, 'quality' came out as the most important factor. The first very notable variation came from the two that differed, China and Japan, where 'food safety' came out as critical. China has experienced recent food safety scares and Japanese consumers have also expressed concerns regarding agricultural products following the Fukushima nuclear incident – not surprisingly, food safety remains a high concern in both of these countries.

In China, the middle class often view imported food as higher quality and preferable to buy than domestically produced food. This is a very different starting position to consumers closer to home.

Adapting communication messaging and emphasis in those countries where food safety is critical would hold greater consumer appeal. Consumers, and indeed retailers, supplying to end consumers, will be looking for key assurance on the standards to which the product has been produced and processed in the supply chain.

Product messaging that moves beyond origin, providing further detail around traceability and welfare, is likely to hold strong appeal across the whole supply chain but even more so for the consumer. The packaging of products provides a vital opportunity to communicate to consumers. Innovation and technological advances could provide a strong platform to signpost shoppers to further information online.

Markets such as the USA, Canada and the EU (Germany and France) all placed quality at the top of the priorities. However, quality can mean different things to people across countries. To add further complexity to the matter, the definition of quality can also vary depending on the food category examined. To help understand this, the research asked further questions about meat, dairy, fruit and vegetables. These categories were chosen to separate out some of AHDB sectors and enable us to go into more depth on consumer demand within the categories. The rest of this section looks at the key findings from that analysis, with more detail within each food category.



Figure 2. The two most common priorities when choosing food

Source: AHDB/Red Tractor – ICM International Consumer Perceptions Research August 2017

Q3a – What is your most important priority when choosing the food you buy? (Please select one only)

Traceability innovation:

Technological advances allow consumers to track products in greater detail, for example, Kettle Chips, 'Tater Tracker', where consumers can enter a pack code to find out about the farm that the potatoes used for their crisps were grown on.





TOP PURCHASE DRIVERS BY MARKET

Some common themes emerge from consumers and knowing the most important attribute of your product to them is a great way of prioritising your focus. Not satisfying the desired levels in consumers' top priorities would mean it would be unlikely the shopper would continue their path to purchase.

The dominance of 'quality' is clearly evident across multiple countries and categories. It would be quite easy to assume we know what consumers mean by quality, however, this could lead to some inaccurate perceptions. How consumers define quality differs, and the next section of this report evaluates this across the categories, alongside any variations by country.

“ Working with the supply chain to build a strong customer experience is vital. You need to convince shoppers first to try a British product, then build loyalty so they do so again ”



Figure 3. Top priorities by market

Source: AHDB/ICM International Consumer Perception Research November 2017

Q3, Q5, Q7 – Thinking specifically about [meat/dairy products/fruit and vegetables], what are your priorities when choosing the products that you buy?

Base: All whose households consume each product at least occasionally. Most commonly selected first priority shown

The impact of price on consumers cannot be ignored and, when looking at price points, there must be careful consideration of context. In particular, how the product will sit alongside both domestic products and other imported products. The end price will have obvious implications for factors such as the cost of product, exchange rates and trade tariffs. Once that is determined, a key consideration is understanding the segment of the market you are targeting. Is it a premium positioning or a value range? If this has yet to be determined, looking at the existing fixture where the product would sit may help indicate where imported product has been placed in hierarchical terms. Looking at existing packaging and messaging can also help to know how you can stand out from the crowd.

The noticeable exception across the countries is China where food safety is critical across the categories. Food scares have had a profound impact on consumer decision-making criteria. This may present an opportunity for imported products as trust has been damaged in domestically-produced goods and imported products can be viewed as superior in terms of choice.

Key points from headline findings

- Understanding the segments you are supplying is critical – where does the product you supply for export fit in the current offering?
- There are opportunities for UK exports in markets where trust has been damaged and food safety is a strong consumer purchase driver
- Look at current packaging and labelling of competitor products to find opportunities/gaps where you can stand out from the crowd

MEAT PURCHASE DRIVERS

Quality and price feature highly for all products, but food safety is more of a concern when buying meat than the other food categories. Country variations exist, with food safety peaking as one of the top three priorities in China (49 per cent) while in Germany it was lowest (11 per cent). This may be reflective of consumer expectation that food safety should be a given in a market, rather than a selling point. In China and Japan there have been greater knocks in consumer confidence around food safety, so it sits high in consumers minds and remains an important factor in consumer purchase choice. As a result, the focus, imagery and message of any promotion would be very different by market.

After quality, price and safety, it is the freshness and health benefits of eating meat that appeal to consumers. Showcasing how meat products can fit into the rotation of typical meals eaten as well as with diet and culture in the target export country can, in turn, increase product appeal.

Animal welfare came out as a relatively low-level priority, included in the top 3 by just 7 per cent of respondents overall. However, there are some markets where this rises, for example, Germany where 1 in 5 picked it out as a priority. While welfare wasn't top of mind for consumers, high standards alongside farm assurance schemes may provide a strong communication platform to give consumers confidence around food safety.



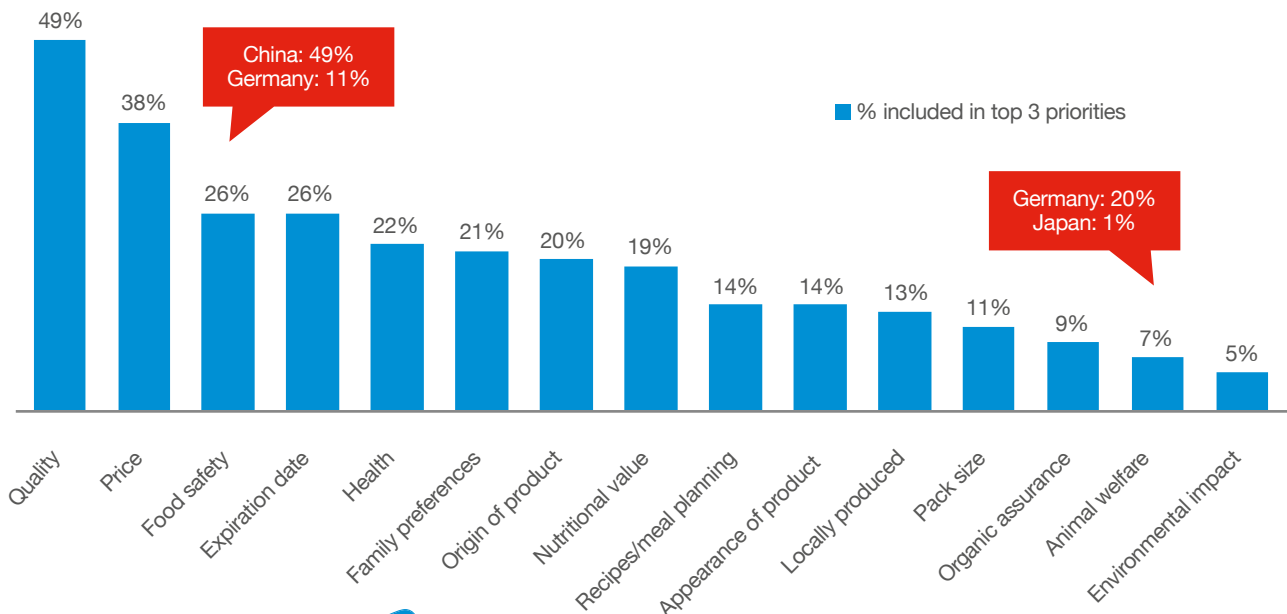


Figure 4. Purchase drivers – Meat



Source: AHDB/ICM – International Consumer Perceptions Research November 2017

Q3 – Thinking specifically about meat, what are your priorities when choosing the products that you buy? Base: All whose household eats meat at least occasionally (USA 490, Canada 490, Germany 487, France 499, Japan 489, UAE 487, Saudi Arabia 494, China 499, India 396)

Jonathan Eckley
AHDB Senior Export
Manager for Livestock



“Attending export events and trade shows around the world provides us with valuable insight into the needs and drivers around consumer buying habits.

We have found that what may work in one country, will not necessarily apply to another. For instance, when we visited China it was clear that promoting roasting joints to importers was not beneficial as it does not fit with their lifestyle whereas braised pork belly and trotters are more suited to their taste and food choices.

However, in other European countries, a Sunday roast is more commonplace whereas trotters, ears and other parts of the fifth quarter prove less popular with their consumers. Therefore, gaining a greater understanding of export markets is vital if we are to grow future opportunities and we must avoid adopting the attitude that ‘one size fits all’.

For us, the Asian market continues to be a key focus for meat exports. Between 2012 and 2017, fresh/frozen pork exports to Asia have increased by 72 per cent*. This growth was the result of extensive research around the needs of the marketplace and, if we are to continue to build on these strong volumes, we must ensure we are educated about the buying and dining habits of consumers.”

* Source: IHS Maritime and Trade – Global Trade Atlas®, HMRC. Asia data grouped from China, Hong Kong, Japan, South Korea, the Philippines and Singapore



Key meat findings

- Important to consider how meat cuts fit with current and popular meals eaten in export countries. Adapting cuts and producing those which fit consumer needs in the country can increase demand
- Food safety is critical in China and Japan – communication to these markets needs to be tailored to meet the desire of consumers to know more about the safety of the meat they eat

DAIRY PURCHASE DRIVERS

Purchase decisions for dairy products link heavily to the ‘freshness’ of a product, with the expiration date much more frequently mentioned than the other categories researched. Forty per cent of consumers placed expiration dates in the top 3 for dairy, while meat and fruit/vegetables scored 26 per cent and 16 per cent, respectively. Consumers may be driven by a practical and understandable desire to maximize the ‘use-by’ date range as much as possible for the dairy products that they buy.

The importance attributed to organic assurance ranges significantly between markets, scoring highly in China (23 per cent). This also links back to the high importance of food safety, which 40 per cent of Chinese consumers rate as a top 3 priority when purchasing dairy. Being organic or as part of an assurance scheme is likely to provide Chinese shoppers with greater purchase confidence. There were lower scores for ‘organic assurance’ in the USA, Canada and Germany (ranging from 5–9 per cent).

Further interest in health from consumers across the globe could give segments of the dairy industry some strong communication messages. For instance, Kantar Worldpanel research picked out growth opportunities for the Chinese dairy market, which highlighted that the average consumption of dairy products for China’s urban households in 2015 was 59.7 litres, less than one-fifth that of EU countries. However, there have been reports that point towards strong growth in yogurt consumption. The health trend there may have contributed – AHDB’s consumer research highlights that 31 per cent of Chinese consumers placed health as a top 3 priority when purchasing dairy products.

There is a strong association between yogurt and health, in particular that of the digestive system, with added probiotics thought to help restore the natural balance of bacteria in the gut. This could be evident of a category providing a functional benefit, which holds consumer appeal. Understanding the importance of these types of natural synergies with product and the consumer is a good opportunity for growth.

Dairy merchandising in China is also evolving. The example on the right is a product launched in February 2018 with a new stylish design for a Greek-style yogurt. It is targeting the more premium end of the market and the design aims to be distinctive against competitor products. China’s dairy category is attracting premium products with the type of advanced promotion, merchandising and packaging we would more closely align with premium alcohol.



The majority of new yogurt drink launches in China have key product claims or new flavours, which are used to attract consumers. Examples include “richer than standard yogurt drink”, “protein content is 180% higher than the minimum requirement” and new flavours which may appeal to those 68 per cent of Chinese consumers who often or always try new or different varieties of yogurt (Source: GlobalData’s 2016 Q3 global consumer survey).

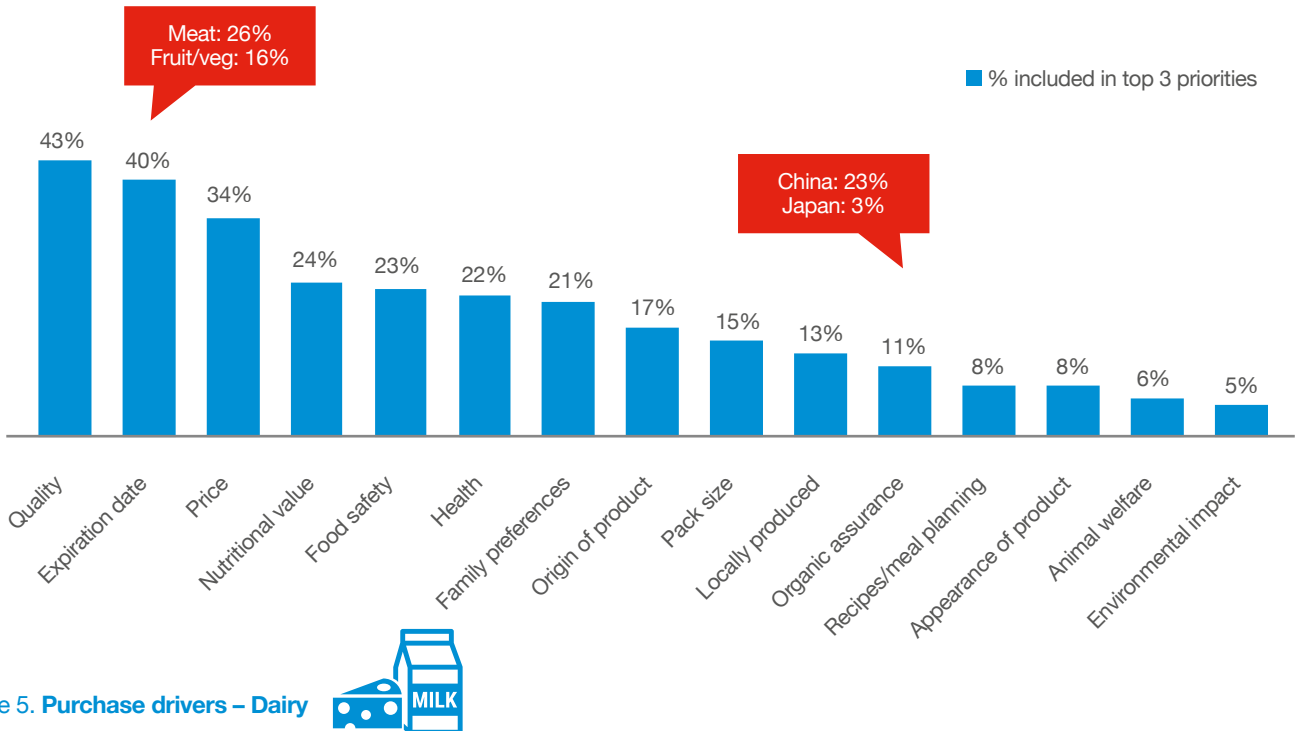


Figure 5. Purchase drivers – Dairy

Source: AHDB/ICM – International Consumer Perceptions Research November 2017

Q5 – Thinking specifically about dairy products, what are your priorities when choosing the products that you buy?
 Base: All whose household eats dairy at least occasionally (USA 494, Canada 498, Germany 498, France 498, Japan 490, UAE 499, Saudi Arabia 497, China 496, India 500)

Lucy Randolph
AHDB Senior Export
Manager for Dairy



“It’s been an incredibly busy 18 months for the dairy export team as we have increased our presence at food shows and trade exhibitions around the world, where we help producers promote their products on a global stage. We are continuing to target the all-important European market, while also looking at new and existing markets further afield.

By attending these events, we are able to showcase high-quality dairy products in competitive markets and help increase our export opportunities around the world. Also, we are able to gain a better understanding of the marketplace and, more specifically, what importers see as a priority when choosing dairy products.

We have seen that priorities change in different countries and perceptions of dairy differ greatly when you look at the Asian marketplace compared to most of Europe. When we engage with consumers at events in countries such as France or Germany, their knowledge of high-quality cheese and different brands is quite extensive, whereas in China, consumers have a lesser understanding of cheese and how to use it in their everyday meals, probably due to lack of exposure.

However, while cheese consumption in China is still quite low, we expect it to rise significantly as awareness grows, which is why this continues to be an important market for us in regards to dairy exports.

We have also recently attended an event in Hong Kong, another growth market for us, with wealthy consumers who appreciate high-quality cheeses. Hong Kong buyers currently tend to be more knowledgeable regarding French, Italian or Swiss cheeses due to the marketing investment these countries have made over a long time. It’s important that we engage at these events so we can accurately gauge how British products are viewed overseas to deliver to our market potential.”



Key dairy findings

- **Strong link to freshness remains – highest in dairy compared to other food categories**
- **Growing premium ranging of dairy products – offering new health benefits and/or flavours. Meeting the natural desires of consumers. China is a strong example of this**

FRUIT AND VEGETABLES PURCHASE DRIVERS

It is within the fruit and vegetables category where appearance scored higher than in other categories, showing consumers make strong judgement on the value of the product from its physical appearance. It was included in the top 3 priorities by 27 per cent of consumers across the nine countries. There were significant peaks in Germany (43 per cent), USA (42 per cent), Canada (41 per cent) and France (35 per cent). Strong visual merchandising and signposting in-store may help drive appeal in those markets.

Product quality remains the most critical factor across the study, with consistently high scores across the markets. Providing strong messaging and reassurances to consumers on the standards and origin of the product is likely to build consumer trust, which could help convert to sales. Food safety remains higher than the average in Asia and Gulf State countries within the fruit and vegetable category but overall scores in this category are slightly lower when compared to meat and dairy.



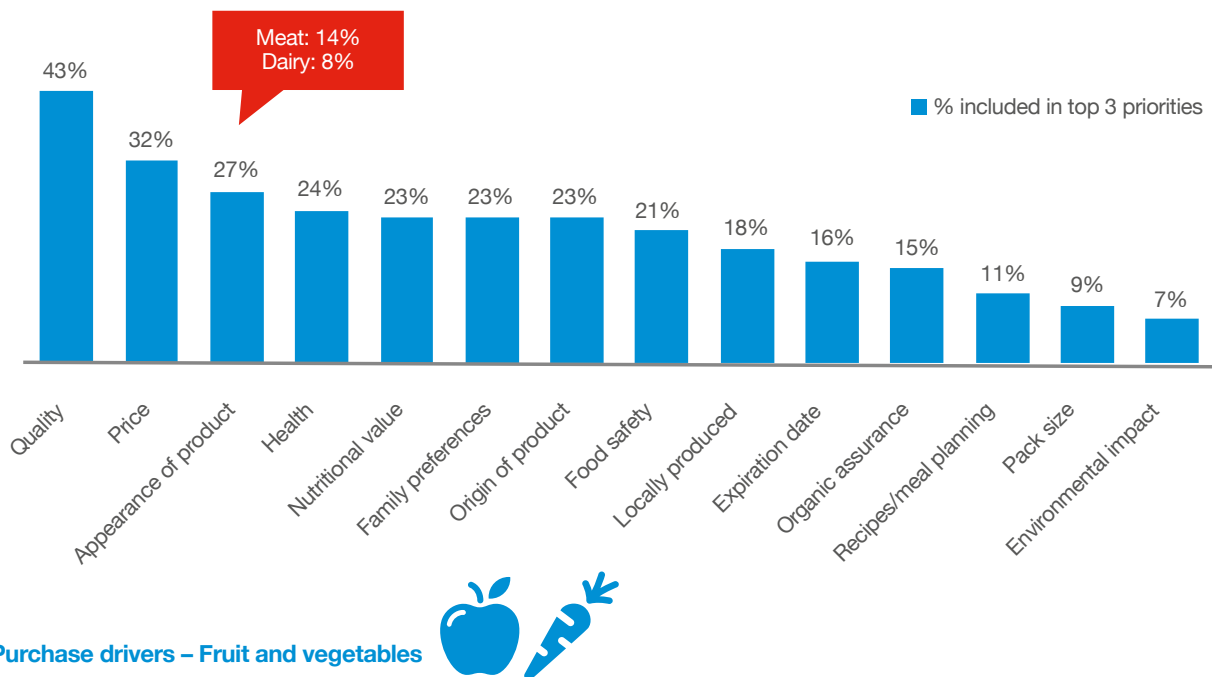


Figure 6. Purchase drivers – Fruit and vegetables

Source: AHDB/ICM – International Consumer Perceptions Research November 2017

Q7 – Thinking specifically about fruit and vegetables, what are your priorities when choosing the products that you buy?

Base: All whose household eat fruit/vegetables at least occasionally (USA 497, Canada 500, Germany 500, France 499, Japan 488, UAE 499, Saudi Arabia 498, China 499, India 500)

Key fruit and vegetable findings

- Appearance scored the highest in this category – strong judgement on product value from the physical appearance
- Food safety remains higher than the average in Asia and Gulf State countries within the fruit and vegetable category
- UK remaining potato disease-free is a strong unique selling point in export markets

Rob Clayton

AHDB Strategy Director for Potatoes



“For us, maintaining existing markets and developing new ones are both key priorities. We have spent a great deal of time identifying the needs of the consumers and consumption patterns.

When we look at new markets, it’s crucial that we identify the needs of the marketplace, especially from a plant health perspective. The UK is free of several potato diseases present in mainland Europe and this is the unique selling point we can use to boost our export potential.

From our extensive research, we have discovered that the USA is just starting to gain interest in fresh potatoes, as, up until now, their focus has only been on processed products. With this information on consumer buying habits, we are now able to target this market, as there is a great deal of potential for UK expertise, although at present no exports can take place due to plant health restrictions.

While China is a market which takes time to secure access, we are now starting to see change, with potatoes being positioned as the ‘fourth staple’ – and how can 20 per cent of the world’s population be wrong? With this new trend comes a greater opportunity for our exports and we are in the final stages of securing a plant health protocol for the export of field-grown seed potatoes to China.

Egypt is by far the biggest market for seed potatoes and so negotiating an effective trade arrangement after Brexit is crucial to our exporters. When it comes to developing new markets, Kenya is a good example of what AHDB can contribute, not only by assisting governments to agree plant health arrangements but also funding field trials of GB varieties in Kenya to prime the market.”

HOW DO CONSUMERS JUDGE QUALITY?

Understanding how consumers judge the quality of your product within your export countries can provide key clues on the type of messaging and information you need to communicate via packaging, logo or any consumer marketing. Knowing what influences people makes it more likely that what you communicate about your product is relevant and motivates them to make a purchase. The following section looks at key ways consumers are judging quality across meat, dairy, and fruit and vegetables.

Important considerations

- Consumers needs vary by category – considerations when buying a meat product differ to those when purchasing dairy
- Consumers judgement of 'quality' is complex and differs across markets

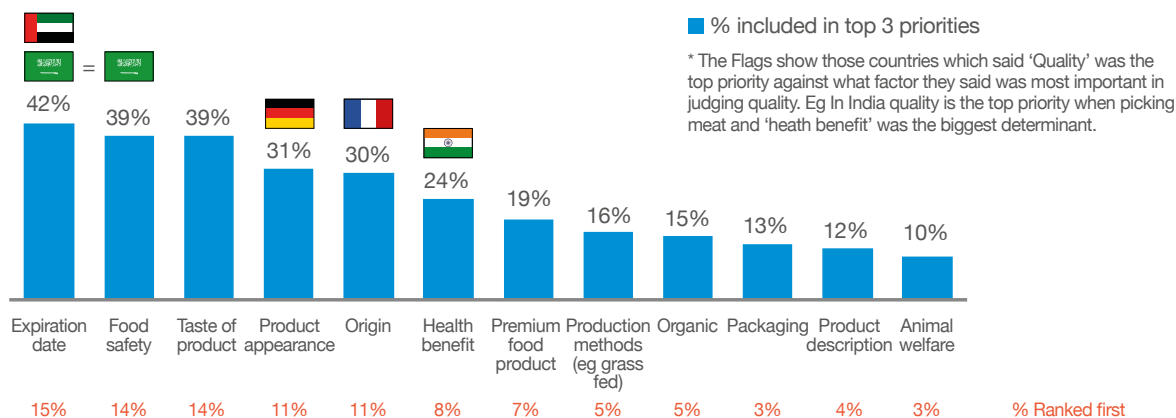


Figure 7. What does 'quality' mean – Meat

Source: AHDB/ICM – International Consumer Perceptions Research November 2017

Q4 – Which of the following, if any, do you think about when judging the overall quality of a meat product? Base: All whose household eats meat at least occasionally (USA 490, Canada 490, Germany 487, France 499, Japan 489, UAE 487, Saudi Arabia 494, China 499, India 396)

Judging quality – Meat

The combined scores across countries highlights that quality meat must satisfy three key consumer needs – to be in date, safe to eat and tasty. The perceived freshness of meat through the expiration date was the most popular response in the top 3 at 42 per cent of consumers.

Table 1

Country	Share of consumers placing quality the most important factor for meat purchases	Top 3 ways consumers judged quality of meat
France	23%	1. Origin 2. Appearance =2. Taste
Germany	23%	1. Appearance 2. Taste 3. Origin
India	21%	1. Health Benefit 2. Food Safety =2. Expiration date
UAE	18%	1. Expiration date 2. Food Safety 3. Origin
Saudi Arabia	17%	1. Expiration date =1. Food Safety 3. Origin

Source: AHDB/ICM – International Consumer Perceptions Research Nov 2017

Q4. Which of the following, if any, do you think about when judging the overall quality of a meat product? 'Top 3' is marked from the order in which they are picked as a top priority

Interestingly, in Japan, the score for expiration date rose to 52 per cent, which was broadly in line with the score given by Japan to food safety. There may well be an association between freshness and the speed at which the product can get to the consumer, while upholding safety credentials. Practically, this means locally produced Japanese meat could be in store a lot quicker than imported products. That said, exporters remain focused on delivering in store as fresh as logistics allow, for example using chilled vacuum-packaging. Regular reviews of packaging and logistical innovations may lead to improvements and reduced lead-in times.

Saudi Arabia, UAE, Germany, France and India all placed quality as their top priority when buying meat, however, all differed in their understanding of the term. Meat origin is the most frequently selected first priority in France, product appearance leads in Germany and health benefits are most cited in India. There are fundamental consumer triggers around taste and appearance in the two EU countries surveyed, while in the Gulf States food safety and origin were cited, although expiration date remained the top priority in the Gulf States when assessing quality of meat.



Key takeouts for judging quality – Meat

- Those countries that stated 'quality' was the most important factor for meat purchases all had varying reasons. Exporters must look at the market they supply and adjust to local consumer demands
- Packaging/process innovation to get product in store quickly but safely can provide a competitive edge



Judging quality – Dairy

Consumers are making active judgements on the quality of dairy products through their relative freshness and closeness to the expiry date on pack. This is not dissimilar to meat and likely to be common among wider chilled products.

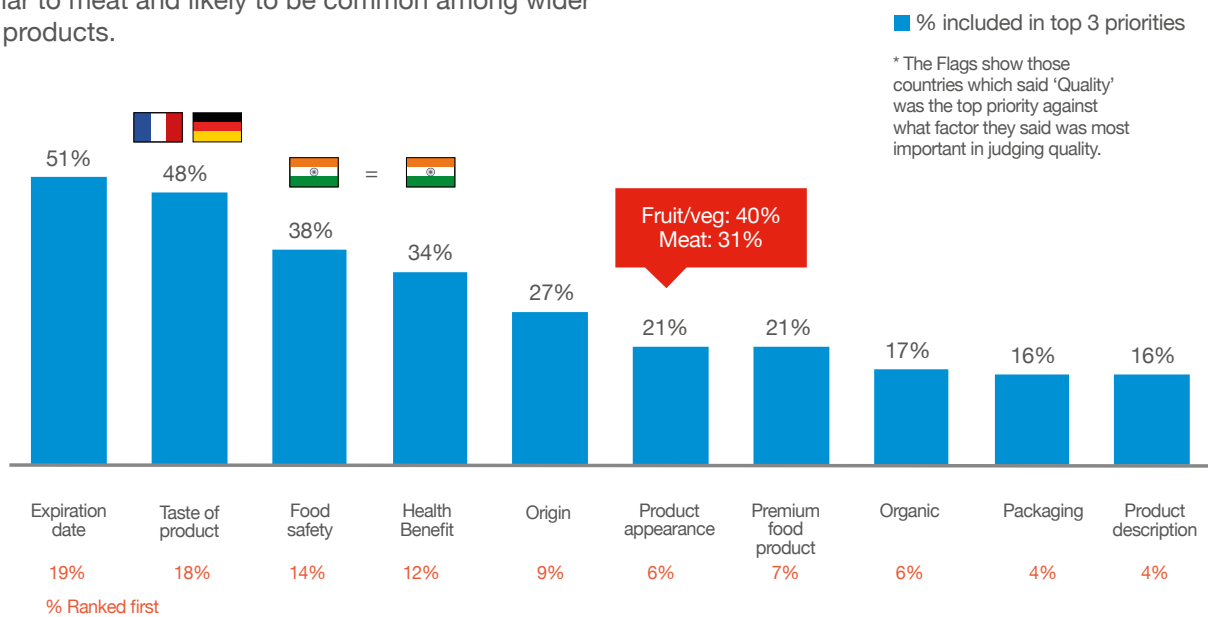


Figure 8. What does 'quality' mean – Dairy



Source: AHDB/ICM – International Consumer Perceptions Research November 2017

Q6 – Which of the following, if any, do you think about when judging the overall quality of a dairy product?

Base: All whose household eats dairy at least occasionally (USA 494, Canada 498, Germany 498, France 498, Japan 490, UAE 499, Saudi Arabia 497, China 496, India 500)

As a result, there's an opportunity for innovations in process or packaging which either extend expiry dates or shorten the time to deliver a product to the shelf. These could help create a strong competitive position, especially when considering the part played by shipping time. Product appearance is ranked much lower for dairy

than for other products, suggesting that consumers perhaps find it harder to identify quality dairy products by sight alone.

In France and Germany, taste is the top determinant of quality. In India, consumers consider safety and health benefits to assess quality.

Table 2

Country	Share of consumers placing quality the most important factor for dairy purchases	Top 3 ways consumers judged quality of dairy
France	22%	1. Taste 2. Expiration date 3. Origin
Germany	19%	1. Taste 2. Expiration date 3. Premium food product
India	18%	1. Health Benefit =1. Food Safety 3. Expiration date

Source: AHDB/ICM – International Consumer Perceptions Research Nov 2017

Q6. Which of the following, if any, do you think about when judging the overall quality of a dairy product?

'Top 3' is marked from the order in which they are picked as a top priority

Key takeouts for judging quality – Dairy

- Freshness has a big impact on the way consumers judge dairy products
- Packaging/process improvements to shorten the time taken to bring a product to shelf can create a strong competitive position
- Perceived taste of a product is key for dairy – it's important to look at how you communicate this to consumers

Judging quality – Fruit and vegetables

Taste and appearance were the most important factors for judging quality of fruit and vegetables. Expiration dates carry much less weight here than for meat or dairy, suggesting consumers feel more comfortable judging for themselves whether fruit and vegetables are still safe to eat.

In common with meat and dairy, health benefits dominate priorities in India for fruit and vegetables. Further consumer triggers include food safety and organic. France and Germany both had similar themes, with taste, appearance and origin all key factors in the minds of shoppers when assessing quality. These are all areas where UK exports have positive stories to offer, creating strong opportunities.

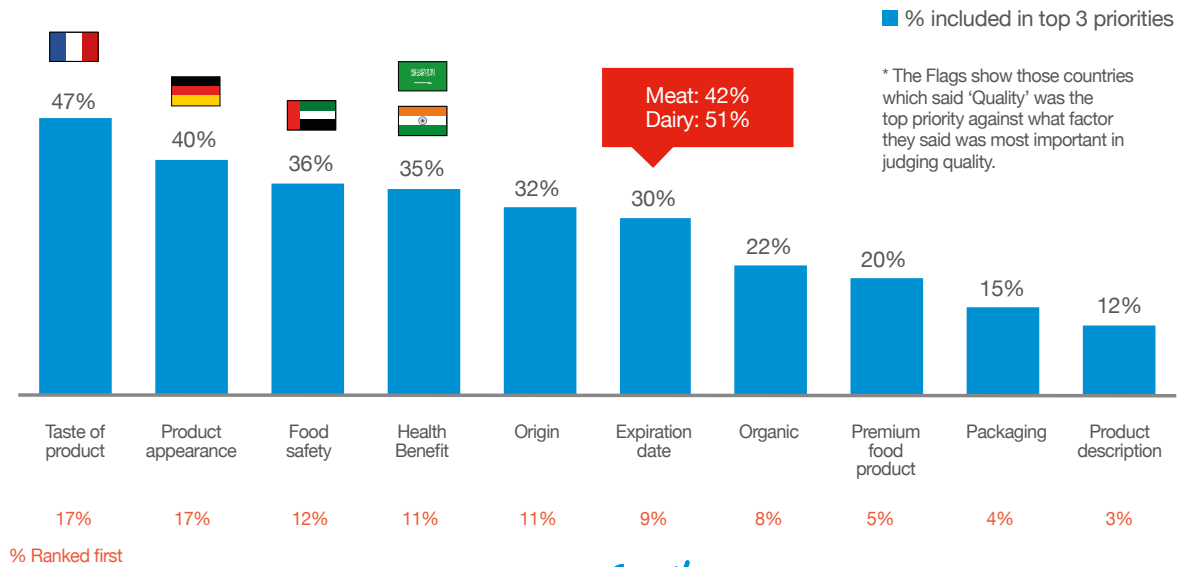


Figure 9. What does 'quality' mean – Fruit and vegetables



Source: AHDB/ICM – International Consumer Perceptions Research November 2017

Q8. Which of the following, if any, do you think about when judging the overall quality of fruits and vegetables?

Base: All whose household eat fruit/vegetables at least occasionally (USA 497, Canada 500, Germany 500, France 499, Japan 488, UAE 499, Saudi Arabia 498, China 499, India 500)

Table 3

Country	Share of consumers placing quality the most important factor for fruit and vegetable purchases	Top 3 ways consumers judged quality of fruit and vegetables
India	19%	1. Health Benefit 2. Food Safety 3. Organic
Germany	17%	1. Appearance 2. Taste 3. Origin
France	16%	1. Taste 2. Appearance 3. Origin
UAE	14%	1. Food Safety 2. Taste 3. Health Benefit
Saudi Arabia	14%	1. Health Benefit 2. Food Safety 3. Expiration date

Source: AHDB/ICM– International Consumer Perceptions Research Nov 2017

Q8. Which of the following, if any, do you think about when judging the overall quality of a fruit and vegetable product?

'Top 3' is marked from the order in which they are picked as a top priority

Key takeouts for judging quality – Fruit and vegetables

- Indications that consumers feel more comfortable judging for themselves if fruit and vegetables are still safe to eat
- Taste and appearance is important – looking at product packaging or how your product is displayed in store can help stand with out consumers



EXPLORING THE HEALTH OPPORTUNITY

One key variable that is becoming a key driver across multiple countries is health, as consumers are becoming increasingly exposed to health and lifestyle advice. Technological advances have made healthy eating advice more accessible to consumers, and, while up-take may vary, it is a keen focus for retailers. It's often a strong element of new product launches, especially those products that are more natural and less processed. Looking across categories, 56 per cent of consumers stated that health was an important consideration in their purchases, with 22 per cent for meat and dairy and 24 per cent for fruit and vegetables, placing it as one of their top 3 priorities. China, India and the UAE were all countries that were at the higher end of the scale for interest in health.

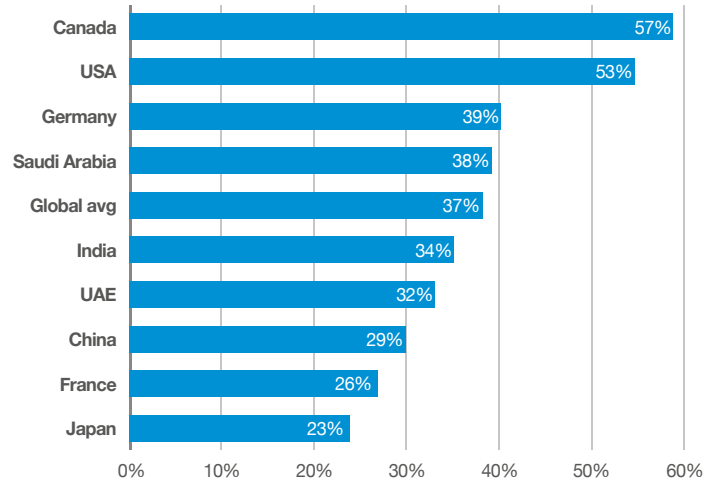


Figure 11. Agreement % 'It's a lean cut of meat' makes you think a meat product is healthy

Source: AHDB/ICM International Consumer Perception Research November 2017

Q9. Now thinking about your typical grocery shop... When shopping for meat products, what makes you think that a particular meat product is healthy?

What makes something healthy?

The following two key factors may influence consumers' health decisions across the globe

- It's from a known origin
- It's a natural product which is not processed

Messaging used in the UK about meat and health could be effective if rolled into these areas as an export message. However, what consumers see as healthy does vary across the three categories.

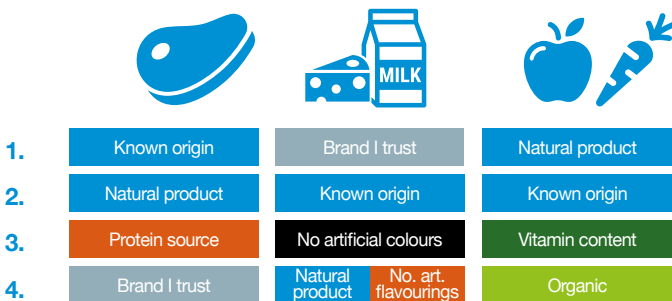


Figure 10. What makes something 'healthy'?

Source: AHDB/ICM International Consumer Perception Research November 2017

Q9/10/11 – When shopping for [meat products/dairy products/fruit and vegetables], what makes you think that a particular [meat product/dairy product/fruit or vegetable] is healthy?

Base: All whose household eats these products at least occasionally. Top 4 most commonly selected factors shown.

When it comes to consumer reaction to health, the same message/approach may well not have the same impact across countries. A good example of this is the 'leanness' of meat, whereby often the assumption would be the leaner the better if you want consumer to associate meat with health? However, the study shows that lean cuts is not a message that has the same impact across the globe.

Within the US and Canada, health was not top of mind for meat purchases. In both countries, it was placed after factors such as price and quality. But when consumers are making health choices, the leanness of the cuts can hold a strong weighting.

By contrast, in China, nutritional value and health were a lot higher up the overall meat purchase priority and only slightly behind food safety, which dominated choices. But the response to leanness was below the global average and significantly behind the USA and Canada. In China, there is a strong association between fat and taste, with fatty, bone-in products often selling for a higher price than leaner or boneless products. During mealtimes, families are traditionally presented with a wide range of food options, helping them achieve overall balance in terms of health and flavours.

Chinese cuisine typically looks for a balance of cooling and warming foods. For instance, spicy dishes are likely to be served alongside more neutral tasting food to help achieve this balance. Because of this, the wider health context must be viewed across the whole meal rather than focused on a single food item. Each food is considered to have a cooling or warming energy (not related to their temperature), sometimes called yin and yang. In general, people try to eat a balance of yin and yang, which can mean a balance of flavours and ingredients. More detail on the importance of yin-yang philosophy in Chinese cooking is available online via the Culture Trip website.

When assessing health, Chinese consumers often cited 'is a brand I trust', which signals their desire to build trust and confidence in health-associated purchases. Also mentioned was the practical benefit of meat as a good source of protein. This also was not unlike Japan where the majority of consumers rate 'it's from a known origin' as their strongest way of judging health.

Japanese consumers also take a different approach to fat content on meat compared with the UK, with a lot of dishes actively using fat content to add flavour to the finished dish. This can mean those products with more fat or marbling are of more interest than in the UK market – the popularity of Wagyu beef in Japan is a good example. This demand can, in turn, impact the price that consumers are prepared to pay. For instance, in Japan it is not uncommon for chicken thighs to be sold at a higher price than chicken breast, with Japanese consumers seeing lean products as lacking in flavour and too dry. In the UK, chicken breast trades at a higher price than that of thighs, given its reputation as versatile and easy to use in a variety of dishes.

In France, the origin of meat was a key part of consumers' assessment of health. It was also one of the countries to place 'more natural/less processed' higher up the pecking order.

Key takeouts – Health

- **Products that are natural and not processed are often seen as healthy – for meat, health messaging used in the UK could work well. Don't just rely on the Union flag communicating health. Tell consumers where it is from and what you do to produce it as its provenance is a supporting message**
- **Adapt messaging on health to meet the needs of the local market – not everything needs to be 'lean' to be considered healthy. What are the natural health benefits of the food you are exporting?**



HOW IMPORTANT IS FOOD SAFETY?

Just over half (53 per cent) of consumers surveyed were often concerned about food safety and one third linked safety and quality directly with price. The notable trend on this topic was the strong contrast across markets. New entrants into the most sensitive markets need to have a very firm focus on this topic. This is not just in satisfying access requirements but also how this is going to be adequately communicated to the consumer.

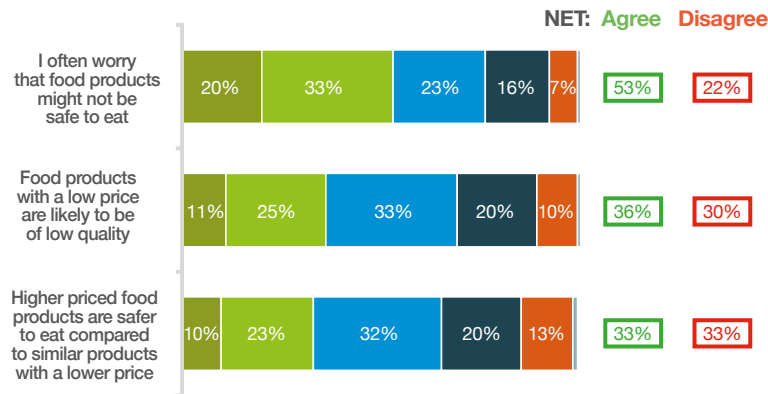


Figure 12. Attitudes towards food safety

Source: AHDB/ICM – International Consumer Perceptions Research November 2017

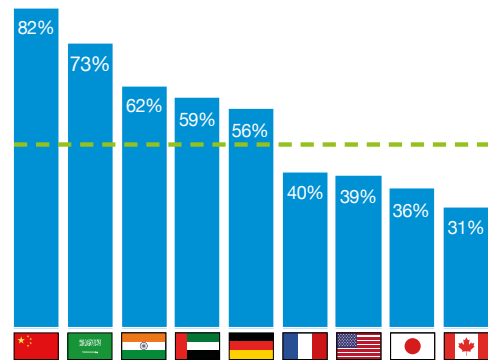
Q12 – To what extent do you agree or disagree with each of the following statements? Base: All respondents (4,503)

- Strongly agree
- Slightly agree
- Neither agree nor disagree
- Slightly disagree
- Strongly disagree
- Don't know

Concern over food safety is widespread in China, with 4 in 5 respondents (82 per cent) saying they often worry about it. As discussed, China's recent food scares have evidently left consumers seeking more trust in the food they buy. Britain itself is not immune to food scares in the supply chain. This has meant Britain has gained direct experience in rebuilding trust with the consumer. This in turn has resulted in changes in legislation, as well as the development of assurance schemes such as Red Tractor and the Quality Standard Mark Scheme (QSM) for beef and lamb.

Responsible supply chains clearly have value overseas and communicating this through clear messaging to consumers is vital. This does not necessarily need to be solely delivered by the Red Tractor scheme or similar, but such schemes could prove very strong assets in the quest to communicate the rigorous standards of the British supply chains. These schemes could offer UK products a key point of difference and a great platform to compete with other imported products. The challenge is communicating this in export countries where there is likely to be little or no concept of these types of scheme.

% Agree
'I often worry that food products might not be safe to eat'



% Agree
'Higher priced food products are safer to eat compared to similar products with a lower price'

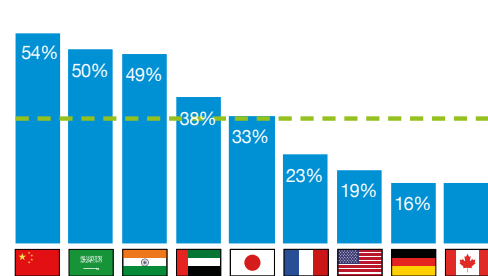


Figure 13. Food safety attitudes by market

Source: AHDB/ICM – International Consumer Perceptions Research November 2017

Q12 – To what extent do you agree or disagree with each of the following statements? Base: All respondents (4,503)

India, the Gulf States and Germany also register above-average levels of concern but not at the sort of level seen in China. With the exception of Germany, consumers in these markets are also more likely to associate a higher price with a higher level of safety. This may be an opportunity for GB products which are often sold at higher prices in these markets and a price premium is considered to go hand-in-hand with safety, negating external factors such as currency.

In developed Western markets such as the USA and Canada, consumers don't seem to associate higher-priced food with being safer, signaling they may be more open to buying lower-priced items and expect them to still be safe. This indicates a better level of trust across price ranges. There is greater trust in the retailer that food placed on shelf is safe to eat, providing greater confidence for shoppers to search good deals.



Key takeouts – Food safety

- Responsible supply chains are valued overseas and communicating this through clear messaging to consumers is vital
- Important to satisfy food safety concerns – in China, Japan, India and the Gulf States, the premium positioning that GB products may occupy is also likely to further boost food safety credentials

An example of food production in Japan.

VIEWS ON 'BRITISH' AND THE CONTEXT IN THE INTERNATIONAL MARKETPLACE

The consumer research looked to capture the reaction to the British proposition in key export markets. It is critical in evaluating this that we try to understand objectively how others see us. The uniqueness of this challenge is to separate, though not ignore the constructs underpinning 'brand Britain' – London, Big Ben, fish and chips, the Beatles and the weather! These will all tend to have a heavy association with visiting Britain rather than conjuring an image of Britain's food and farming produce.

To give context, British origin products are still very niche in export markets. This report's findings highlight that many consumers have not had direct exposure to British food products and, therefore, have not had the opportunity to build a firm view of their qualities.

Many respondents do not have any specific associations with British food (43 per cent), suggesting general awareness is fairly low. In the countries where more people claimed to buy British, the level of people not offering a firm view reduced, such as India (15 per cent don't know) and China (20 per cent don't know). These countries, along with UAE and Saudi Arabia, reported much higher proportions of positive comments, suggesting those people who are actually familiar with British products have a more positive view. This highlights that exposure to products and clear branding are necessary to drive awareness and build brand reputation. While this may take time, it can also be seen as a blank canvas where exporters have a great opportunity to paint a picture and develop our story in the minds of international consumers.

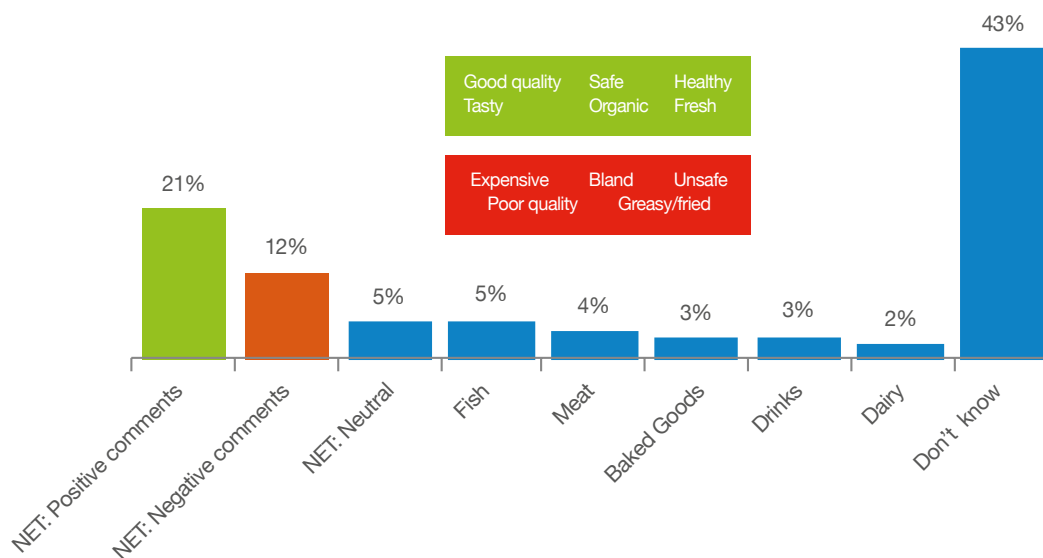


Figure 14. What does 'British food' make you think of? Unprompted associations with British food

Source: AHDB/ICM – International Consumer Perceptions Research November 2017

Q16 – Thinking about British food, what words and phrases come to mind? Coded verbatim responses. Codes <2% not charted.
Base: All respondents (4,503)



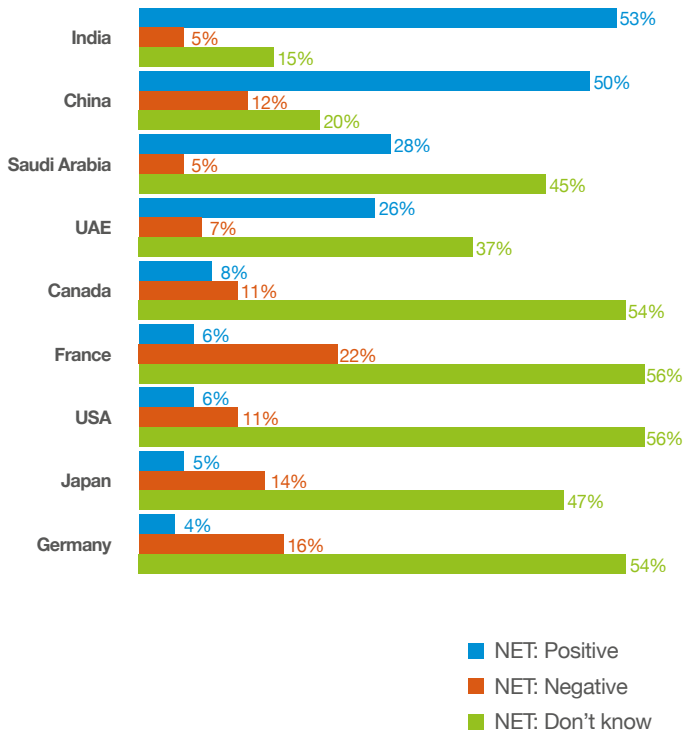


Figure 15. Perception of British food by Country

Source: AHDB/ICM – International Consumer Perceptions Research November 2017

Q16 – Thinking about British food, what words and phrases come to mind?
Base: All respondents (4,503)

There are notable countries that have not formed an opinion on British food products, with ‘don’t know’ being the dominant response in seven of the nine countries surveyed, arguably identifying pockets where we have most work to do. China and India are the exception to this and are the most positive. While it

can be seen as a great opportunity, it does highlight the clear communication challenge in building awareness and, in turn, trust of a British food brand within export markets.

Knowing the current strengths of the British food brand was a good starting point. The research gave the opportunity for respondents to give an unprompted, top-of-mind response. These were then grouped into themes and highlighted in Figure 16.

The largest group remained ‘don’t know’ as many people are unsure and/or don’t feel it would be fair to comment when they are not familiar with British products. For those who did comment, quality and safety standards came through in the responses. This could prove valuable with those exports markets which placed this as a strong priority as discussed above. Around 1 in 10 mention a specific food or food type (eg meat or cheese) but not huge quantities.

What people said was negative about British food included the following:

- The time and expense associated with buying imported foods is mentioned by some in long-distance markets (USA, Middle East)
- The reputation of British food for being less flavoursome is also mentioned by some
- 1 in 10 could not think of anything bad, replying that everything was good

However, there are strong grounds for optimism here as consumers across the globe gain more opportunities to experience British food and farming products, with a growing focus on new export markets.

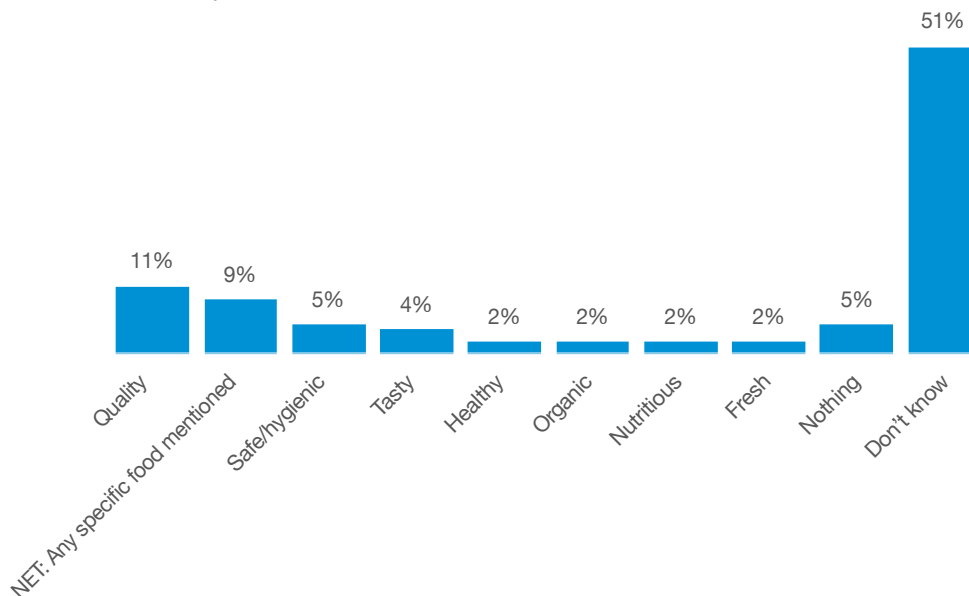


Figure 16. Unprompted: What is good about British food?
What is good about British food products? Unprompted associations

Q17a – What is good about British food products? Coded verbatim responses. Codes <2% not charted. ‘Net’ label is where any foods mentioned have been grouped together to form a single percentage score.

Source: AHDB/ICM – International Consumer Perceptions Research November 2017

Base: All respondents (4,503)

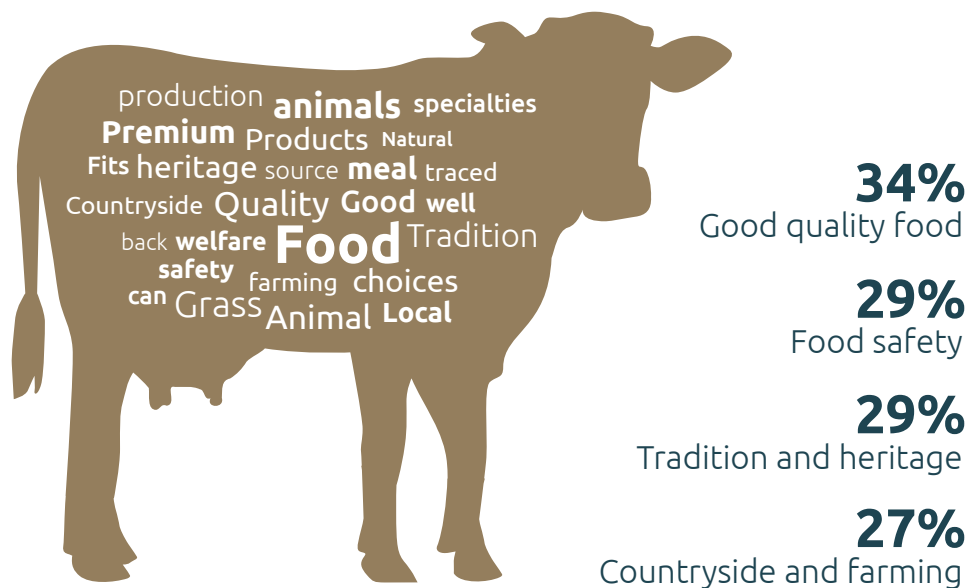


Figure 17. Prompted: common phrases associated with British food

Source: AHDB/Red Tractor – ICM International Consumer Perceptions Research August 2017

Q5 – Now thinking specifically about food products from Britain. Which, if any, of the following words or phrases do you associate with British food? (Please select all that apply).

The research also captured prompted responses – this is where you provide people with a list of options where they can pick the best matches. When provided with this list, there were common themes around quality, safety with tradition, heritage and farming coming through. The scores here are a lot higher, as the list was provided to respondents.

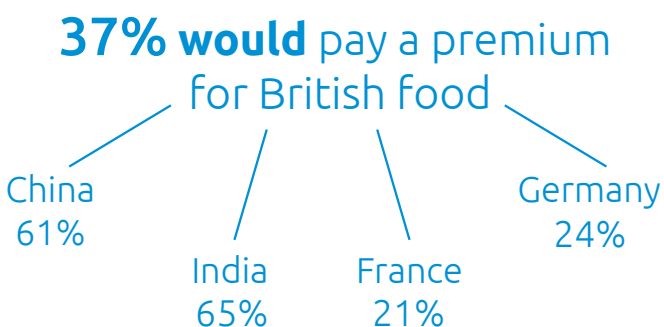


Figure 18. Do international consumers feel the same?

Source: AHDB/Red Tractor – ICM International Consumer Perceptions Research August 2017

Q6. To what extent do you agree or disagree with the following statements? (Please select only one for each) Net: Agree

While there is low awareness across export markets, there were pockets where consumers reacted very positively. China and India would be more prepared

to pay a premium for British than some EU countries. Careful consideration still needs to be placed upon what consumers say versus what they do – a sale is not guaranteed just because consumers claim they would be prepared to pay a premium. Consumers still face multiple choices at fixture, and UK products will not be the only ones occupying a premium space in store.

More than half (52 per cent) of respondents claimed to have bought British food products. This was highest in China (84 per cent) and lowest in the USA (25 per cent). In most countries, British food products are more typically brought for use on a special occasion or impulse buys, although almost one-third of people in China use them in everyday meals (31 per cent).

Fit with popular dishes in target export countries is vital as British food products are predominately being used in a non-British themed meal. Exporters who satisfy this research gap and look at how their type of product could be used or, more importantly, adapted to consumer demand in export countries are more likely to experience growth opportunities.

Many British exporters will find themselves as niche offerings competing against domestic and other imported products. The product fit and resonance with consumer shopping habits is vital – marking a product as British and remaining hopeful it will suffice in converting shoppers is high risk.

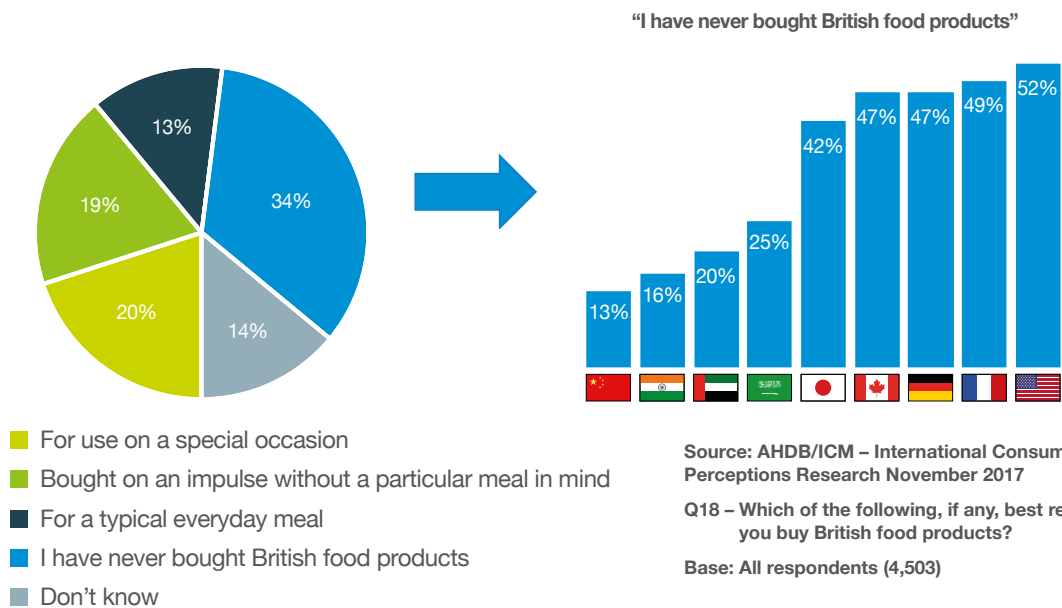


Figure 19. **Buying British food products**

Source: AHDB/ICM – International Consumer Perceptions Research November 2017

Q18 – Which of the following, if any, best reflects why you buy British food products?

Base: All respondents (4,503)

Of those who had bought British:

61% of purchases use British food products in a **non traditional** British meal
39% of purchases use British food products in a **British-themed** meal

Source: AHDB/Red Tractor – ICM International Consumer Perceptions Research August 2017. Those claimed to have brought British stood at 4 in 10 – those excluded said they had never brought d/k

Q8. Have you previously brought any food products from Britain? (Please select one only)



Premium position can't be guaranteed

“Exporters of British products need to look at current consumer purchase behaviour and link this back to their core product values and attributes to convert shoppers and build trust.

There is a respect for British we can build on but exposure is low and it's not enough just to shout that a product is British in export markets. Exporters need to work hard to reinforce the quality credentials they believe they satisfy. If they don't do this, then there will be other imported products that the consumer may turn to.”

Christine Watts – Chief Communications & Market Development Officer

Key takeouts – Views on British food

- The UK has great products to export – providing consumer with key selling points beyond the country it comes from can all contribute to success
- Low awareness can provide a blank canvas, allowing exporters to scope and paint a picture. Important to develop our story

KEY OPPORTUNITIES AND CONSUMER CONSIDERATIONS TO EXPAND EXPORT MARKETS

There are key growth opportunities placed in understanding and meeting the needs of the consumer in existing and potentially new export markets. For producers, it is easy to feel far removed from the consumer, especially when the end product can be placed in a foreign market thousands of miles away. But producers are closest to raw product and can be well placed to provide context around how the product was produced, as well as information that might be valuable for the supply chain to communicate to end consumers. This may be especially true in those markets, such as China, where food safety dominates the minds of consumers. For those further down the supply chain, understanding the context in which the consumer will come face-to-face with your product can provide vital insight. Adapting to consumer needs is not just relevant for those expanding existing markets, it is also relevant for new exporters, those entering new markets and those launching new products.

Consider what the in-store fixture display looks like, what current competitor products are in place and if there is any key messaging others are using to convert to sales. For those looking to invest further, there is the ability to do online consumer testing to of packaging and labelling, where suppliers can gain more insight on the reaction from its target consumers.

Often, what we as a British consumer perceive as a good product message will not be relevant for all export markets. For example, a Chinese consumer is comfortable to view the whole journey from farm to fork, including abattoir images, to demonstrate good safety and cleanliness.

It would be very dangerous to assume that the same approach across all export markets will result in the same sales performance. A one-size-fits-all approach doesn't allow for customisation and adapting to meet specific domestic demands. This might mean developing particular cuts for meat producers, different flavours or types for dairy and focusing on the end category for potatoes (eg crisps vs fresh exports).

It is critical that GB food producers don't make assumptions that their product has the same relevance across all markets. Understanding and adapting to consumer needs is vital. Furthermore, products need to fit with current lifestyle and food choices within target export markets. For example, the Chinese Sunday roast is not commonplace but Dong Po Rou (braised pork belly) is. Both hold a similar association as they both use larger joints but each fit very different meal occasions. Although exporters may not be dealing with consumers directly, gaining a greater understanding of how your product will be used in export markets will help for future growth opportunities. This may require revised cutting methods and packaging changes to accommodate portion size and bone-in products, for example.

Consumer awareness and exposure to British products abroad remains low and it is debatable to what extent a British food export brand has been built in the minds of consumers. There is live activity in this area and the UK Government 'Great' campaign is a good example of using consistent and proactive messaging around the globe and has been particularly successful for in-bound tourism. The 'Food is Great' offshoot of the campaign is used by AHDB and the export industry at trade shows to communicate to suppliers and distributors the opportunities in taking exported British food to their consumers locally.

Now, with the new research presented here, AHDB can build on the success of this approach by adapting it to appeal to consumer needs in each specific country and category.

Going further if we look at consumer desires in store, a lot of the sales conversation comes from factors such as quality, taste, food safety and health. These types of messages may lend themselves to strong category-led communication, with the aim of appealing to what is important to consumers when standing at the in-store fixture and deciding what to buy.

Build awareness and improve association

- Awareness of British food is fairly low, many respondents have not built up a direct association to 'British' food
- Signs are that people who are actually familiar with British products have a more positive view. The challenge is building consumer proposition in countries where British food is a niche player
- British food – in multiple markets Britain doesn't command 'high-quality' perceptions with many not knowing what to expect of British products, likely due to the lack of exposure to them

Utilise purchase drivers

- Quality is a dominant purchase driver but also judged differently for each product and varies by market eg for meat, product appearance in Germany and food safety in China
- Adapting category messages to ensure they are appealing to the right consumer priorities is vital. The challenge is that these can also vary by country

Tailor messages

- Concerns and priorities vary by market and many could benefit from tailored messaging to appeal to these different interests. A 'one size fits all' approach may not be successful
- For dairy in China food safety is a key judge of quality, with signs of nutritional messaging would prove popular. In Germany, price and quality are top but expiration date features heavily and taste is a big determinant of quality

Figure 20. Key findings and opportunities

Source: AHDB/ICM International Consumer Perceptions Research November 2017

Phil Hadley

AHDB International Market Development Director



Final top five pointers for exporters

- Know your market – gaining an insight on what consumers are looking for and how your product is used can provide a great competitive edge
- Research – look at the competition and how your product will fit in store
- Don't assume – international consumers may not be as familiar with your product offering as the domestic market. Or you may need to adjust what you offer to local needs
- Adapt product messaging – ensure you communicate on the hot topics for consumers in your target markets
- Be focused in your export strategy – know where you are looking to operate and growth potential

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APPENDIX

Consumer Research Methodology – Further details

Initial consumer research was conducted by AHDB with the market research agency ICM Unlimited. There were two stages of the research conducted in August and November 2017.

Stage 1: August 2017

The first stage looked at total grocery purchase habits. Looking at purchase drivers and factors that impact shopping habits, including initial prompted views on British. It also assessed assurance schemes with Red Tractor and the role of assurance in global exporting.

The research reached over 4,000 participants across nine countries via an online survey. It ran from 17–23 August 2017 and samples were broadly nationally representative in terms of gender, age and region but excluded households in the lowest income bracket.

Countries covered included China, Canada, France, Germany, India, Japan and USA, all with a target sample of 500. For UAE and Saudi Arabia, the target sample was 250.

Stage 2: November 2017

AHDB follow-up research took place with the same market research agency ICM Unlimited in November 2017 building on some of the initial research findings. It went into further depth for meat, dairy and fruit/vegetables. The online survey asked follow-on questions linked to understanding how consumers define quality, health and views on key issues such as food safety. It also gathered unprompted awareness and views on the image of British products in export markets

The online survey covering 4,500 consumers was estimated to be a 10-minute survey. The research was based on a sample size of 500 respondents per market. This provided data that was accurate to +/-4 percentage points at the 95 per cent confidence level.

This took place from the 1 November to 9 November 2017. Country coverage: USA, Canada, Germany, France, Japan, UAE, Saudi Arabia, China and India, with a target sample of 500 per country.



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