

QUANTIFUL

China Covid-19 impact on red meat  
Report 3 up to March 15<sup>TH</sup> 2020  
6 weeks since outbreak

# *Agenda*

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## Coronavirus impact in China

Overview of conversation and key themes - all protein/ beef and lamb

## Overview of impact on beef and lamb purchase drivers

## Focus on key premium and taste purchase drivers

Freshness, Origin, Health and nutrition, Benefit claims

## Impact of coronavirus purchasing and consumption

Channel view and other relevant consumption shifts



# Key observations

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Travel restrictions are easing but remain largely in place, notwithstanding this most businesses which can open are open again with retail and restaurants now trading. Some regions however have banned face to face dining. Chinese people remain fearful of reinfection and are actively avoiding public spaces constraining demand in these outlets. Following the health scare the economic impact is now starting to become a real concern for many and is impacting purchasing behaviour.

Within protein beef remains the star performer with strong share of conversation and positive sentiment due to its perceived family (esp. children) health benefits and the ease with which many are finding they can buy on line and cook it successfully, often for the first time. Pork while still considered relatively expensive is rebounding as supply improves. With the hot pot season deferred Lamb/mutton positivity has lifted as people can once again indulge in their favourite hot pot restaurant experience.

As concern about sustained protection for the family against Covid-19 drives consumer purchasing choices health drivers remain strong but are much more immunity based than previously. Convenience has also grown strongly as daily cooking for the whole family at home becomes a reality for longer than expected. As a result claims like organic have spiked up heavily as shoppers seek pure, natural product believing this is best for children and elderly.

Perceptions of NZ and NZ beef and lamb continue to strengthen while incidence of Covid in NZ remain low and largely unreported in China. On line retailers are also having an impact on perception as NZ product is highly rated and commented upon on major on-line sites like JD.Com. Japan beef as re-entered the market positively at the top end and US product will start arriving well priced and at scale but with concerns as to free from purity.

On-line booms while traditional retail especially wet markets are suffering as are restaurants. This likely permanent shift in purchasing behaviour is driving demand for different packaging formats with more hygienic, easily stored and multi use packaging formats gaining in popularity.



# China Coronavirus Feb 29<sup>th</sup> to March 15<sup>th</sup>



***Face to face dining and restrictions on number of patrons are in place***

## **Status**

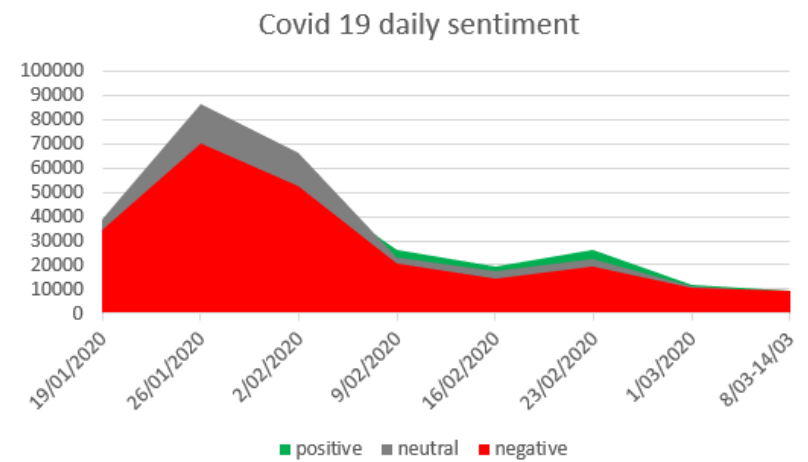
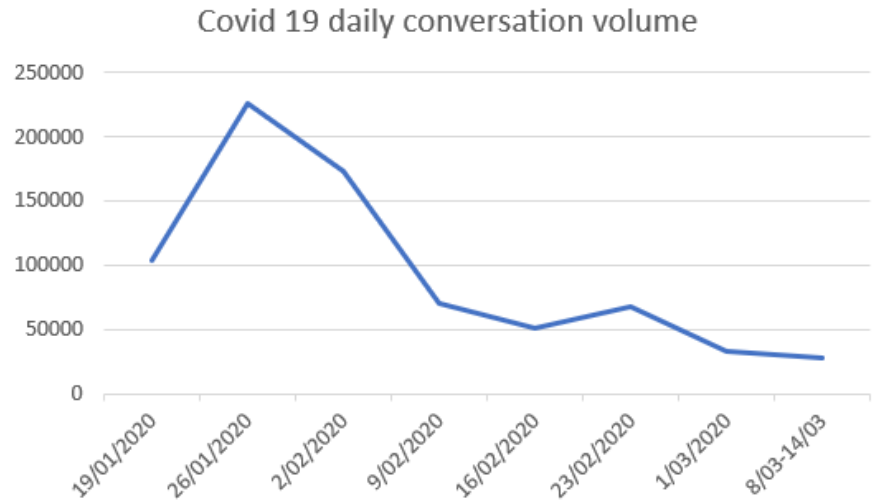
China begins the slow return to normalcy after Government travel and workplace restrictions start to lift however even modest economic recovery is estimated to take between 6 and 12 months to stabilise and is highly dependent on global pandemic outcomes.

Schools are starting to re-open on a region by region basis with most expecting to be open by end March. After the five week shutdown 90% of Enterprise business are open but only approximately 60% of SME's have re-opened partly because travel restrictions between some provinces and cities are still in place and partly due to the operational and financial stress of the shutdown constraining their ability to re-hire and re-stock despite Government assistance.

The effects of crashing international demand are also flowing through to hiring and consumption due to reduced orders, supply chain disruption as receiving ports and distribution facilities start to falter and workers wary of layoffs and pay cuts spend less as a result.

Domestically sectors such as travel, hospitality and public entertainment remain highly exposed as consumers are still not returning to restaurants, malls and other public places in number as concern about infection from social contact persists.

# China Coronavirus macro trend



Conversation volume pertaining directly to Covid 19 continues to fall as new infection levels fall to zero and restrictions begin to lift.

Outside of the protein focussed topics of this report Covid 19 themes are now expanding to include the impact of the virus on other countries and China's support for them.

Apart from the usual negativity referenced in earlier reports concerns about infection as a result of lifted domestic travel restrictions and now ironically from visitors arriving from countries where the outbreak is spreading have spiked.

Positive sentiment while minimal is mainly directed at the early signs of recovery and the heroic efforts of the country's medical fraternity and their contribution to stemming the progress of the disease.

After over a month conversation fatigue around Covid and its impact on daily life is also setting in.

# China Coronavirus Peoples mindset

Concern about income rising

我们公司还没开始上班，最近买肉的时候都得省点了，我上回看猪肉还是有点贵，最近在网上再买点牛肉吧

READ POST AT qq.com

Our company does not start operation, I have to save money these days. The price of pork is still a bit expensive, I should buy some beef from JD

疫情期间去了两趟超市，发现物价还是上涨了，准备这个月开始，每月转4000给爸买菜。在妈妈指挥下，又在网上买了一堆肥皂抽纸，我爸让我顺便给他买硬的老式沙琪玛，娃爸也凑热闹，要买风干牛肉，买买买，最近都不想网购了。

来源：天涯社区房产频道 | 编辑：04108 | 微博 | 点赞 | 打赏 | 收藏 | 举报

标签：#baidu | 时间：2020-03-08 21:21:05

*I've been to the supermarket twice during this special time. Things have gotten more expensive. I will start transferring 4,000 dollars extra to my dad for grocery. We have been buying online very frequently and I am a bit sick of it already.*

我已经有两三个月没工作了，虽然有补贴但也不太多

READ POST AT weibo.com

I haven't worked for three months, although I have some subsidies from government. But it still not enough to me

Re-infection

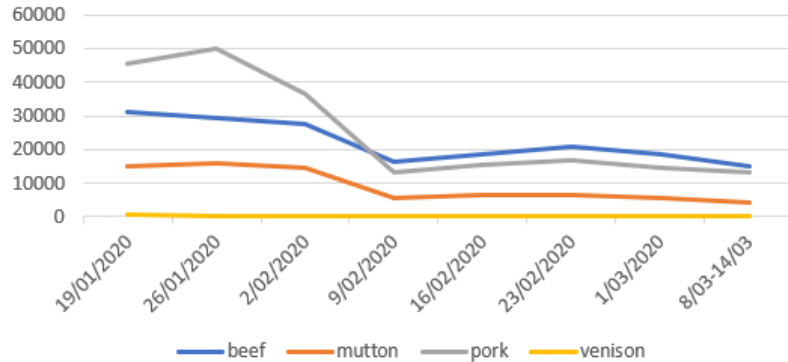
虽然目前没有本地感染，但来自其他国家的人正在带来更多的新冠肺炎病例，我们最好在家做饭，我们应该减少二次爆发的可能性。

来源：微博 | 时间：2020-03-08 21:21:05

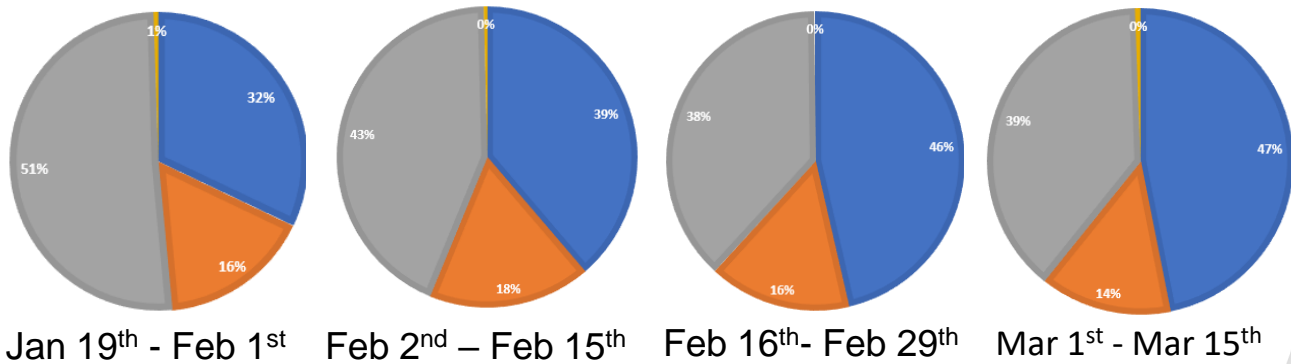
Although we don't have local infections now, but people come from other countries are bringing more covid-19 cases, it's better cooking at home, we should reduce the possibility of second outbreak.

# How is Covid-19 (CV) effecting red meat conversation volume

**Protein conversation volume trends  
Jan to March 15<sup>th</sup> 2020**



**Protein conversation share trends- fortnightly since outbreak**



Overall protein conversation volume has remained at similar levels to prior period however beef has continued to strengthen in its share of conversation at the expense of pork.

## Pork

Despite the Government releasing their strategic reserve of pork in January pricing relative to beef remains high. Supply from import markets such as USA has been ramped up sharply with emergency supplies and new trade pacts will partly address future demand while local supply recovers from ASF..

Many wet markets where pork is disproportionately sold have however been closed and legislation banning them from reopening was issued in late February.

## Beef

The three main drivers of interest in beef are:

- Sharing of cooking experiences
- Convenience and affordability of buying on line
- Importance of beef in strengthening family immunity

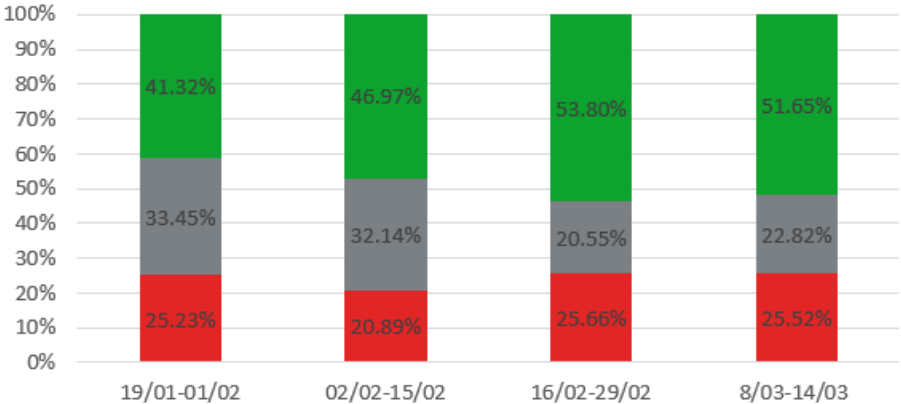
With many confined to home learning to cook has become a national pastime and sharing beef cooking tips and recipes is common. Mastering successful cooking of beef is discussed with pride.

With much more cooking for the whole family every night consumers are also discussing beefs contribution to strengthening both children's and the elderly's immunity.

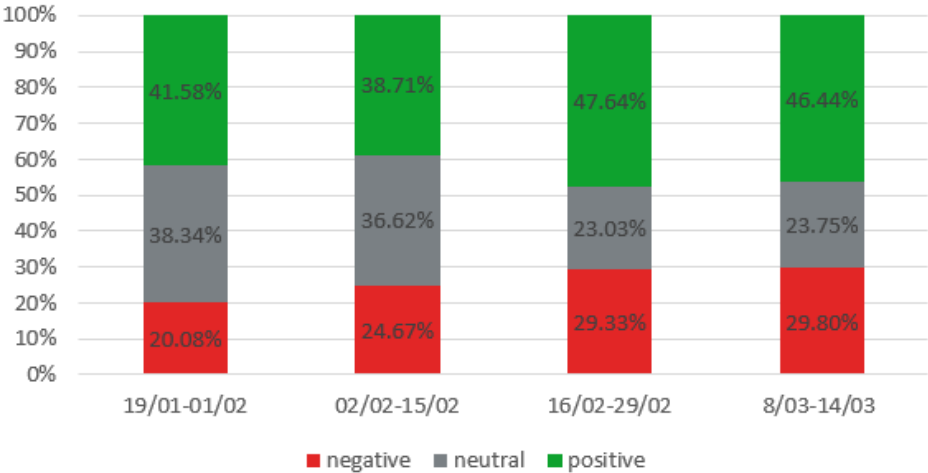


# Beef and Lamb sentiment trend

## Beef – fortnightly since outbreak



## Lamb/mutton – fortnightly since outbreak



### Beef sentiment

Apart from conversation volume positive sentiment around beef has also steadily increased

In addition to positivity around the convenience and health benefits previously noted a primary driver of this has been the perceived affordability of beef relative to the traditional staple pork. Pork pricing, while being actively managed with increased imported supply from various markets is still high by historical comparisons.

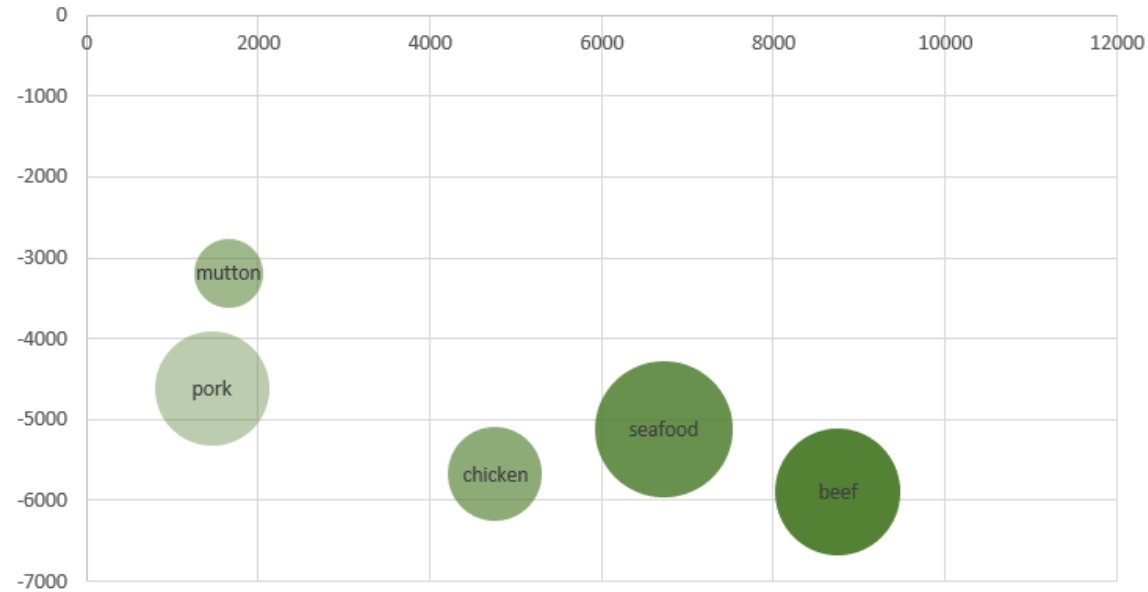
### Lamb sentiment

The seasonal return and celebration of mutton Hot pot was delayed in 2020 due to restaurant closure. However with outlets starting to re-open they are one of the few venues which have been crowded with wait times up to 8 hours as people queue to get in.



# How is Covid-19 effecting red meat conversation sentiment

Month on month comparison of protein in China



## Price:

这家牛肉价格挺便宜的，我这两天基本上就在京东上买点牛肉，不怎么出门

READ POST AT [jd.com](#)

Their beef is quite cheap. I bought some beef from JD.com in the past few days, I didn't go outside for a long time

昨天去超市买了点猪肉，价格还是挺高的，但是能接受，毕竟现在是特殊时期

READ POST AT [weibo.com](#)

Yesterday I bought some pork in supermarket. The price is still quite high, but it is acceptable. We are in the special time now...

## Learn how to cook

今天又买了点牛肉，准备再学学煎牛排，感觉西餐厨艺又有进步了

READ POST AT [tianya.cn](#)

I bought some beef again, I am going to learn how to cook steak. I feel my cooking skill is improved.

## Immunity

最近我给家人做了很多牛肉，希望帮助他们能增强免疫力

READ POST AT [qq.com](#)

Recently I cooked a lot of beef for my family, hoping to help them strengthen their immunity

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Freshness, Origin, Health and nutrition, Benefit claims, Safety

### Impact of coronavirus purchasing and consumption

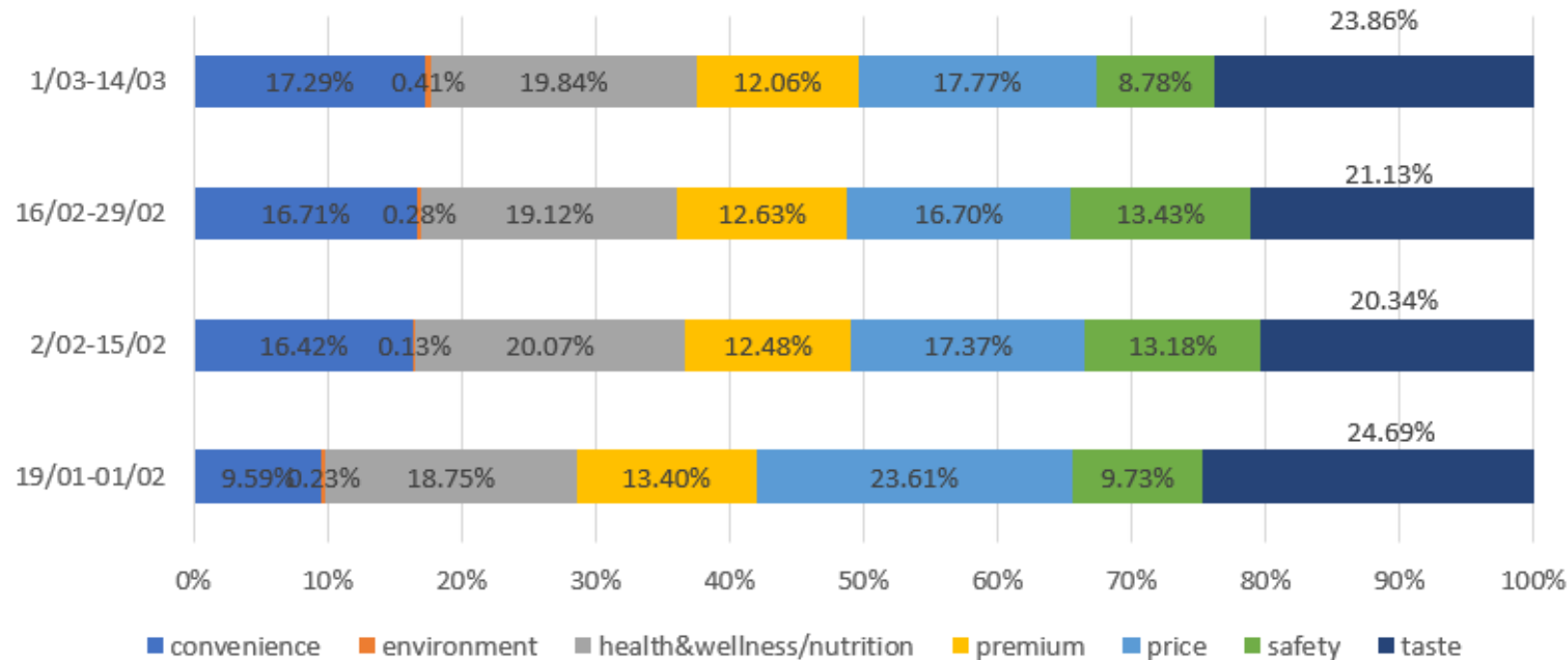
Channel view and other relevant consumption shifts



# Changes in purchase drivers

## Volume share fortnightly since outbreak

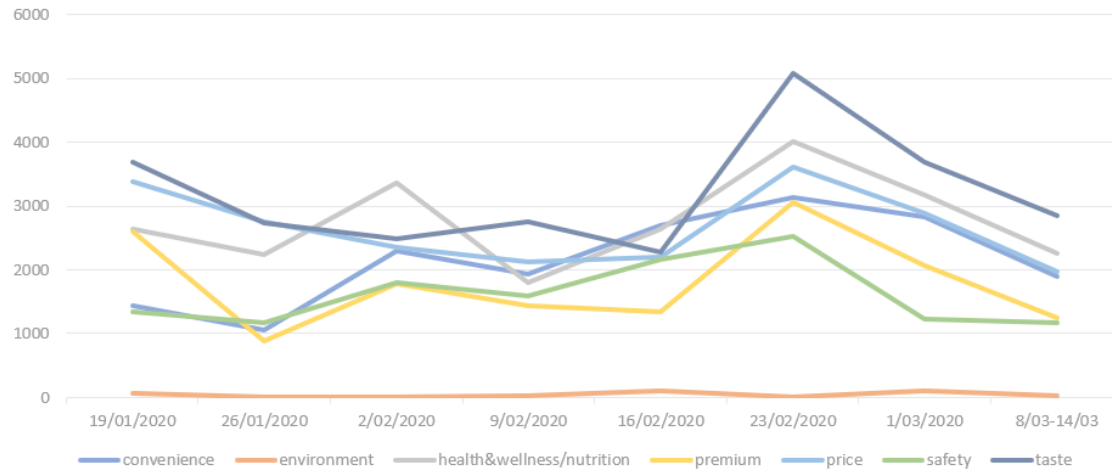
Purchase driver share of conversation - importance to purchase decision



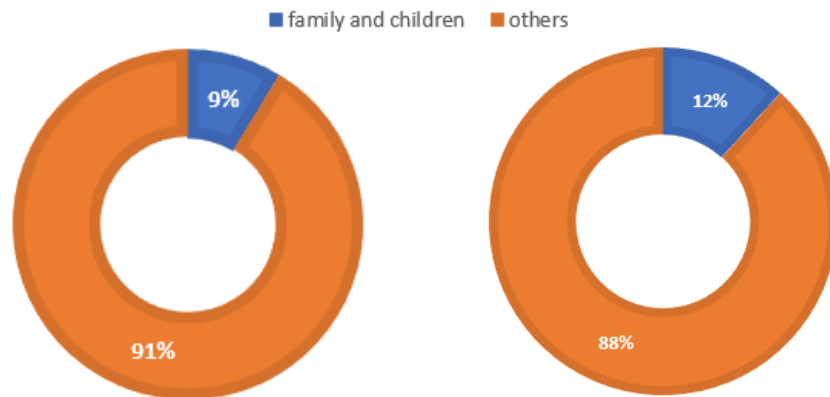
Of the major purchase drivers taste and family health benefits of beef and lamb have overtaken price as the leading driver since the outbreak. However convenience has seen the most growth in importance as all food prep, storage, cooking and consumption has been done in home and by the consumer. A premium has therefore been placed on beef and lamb's easy availability and preparation. Safety has dropped in importance as shoppers are buying less product in physical retail stores and especially wet markets where adulteration of product was common in favour of major on-line retailers with much stronger quality controls. Premium-ness growing strongly as a driver prior to the outbreak remains at a consistent albeit lower level of importance.

# Changes in purchase drivers - Volume last two weeks

**Purchase driver share of conversation last two months**



**Share of purchase driver conversation involving family and children**



Looking at volume and sentiment and their future development three major trends are expected:

1/ Concern about dependents Health will continue to develop as can be seen from the growing number of conversations involving children and family. Summer 2019 this share was 5% increasing to 9% just prior to outbreak and now 13%, immunity conversations dominate.

This in turn is translating into spiking demand for fresh and organic/natural product.(see claims section).

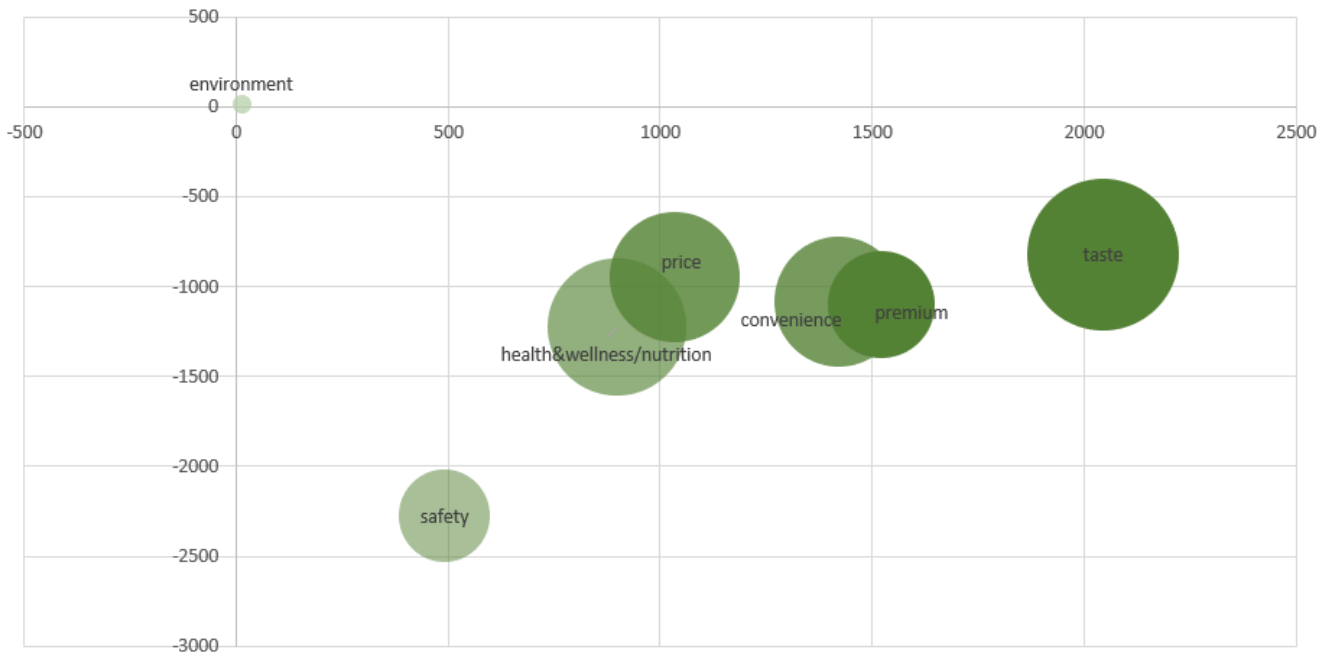
2/ Convenience is mainly a function of a massive increase in demand for on line distribution which has over delivered in terms of service and exceeded expectation for many in terms of speed, quality and price of product and can be seen from positivity in sentiment. (see purchase channel section)

This likely represents a permanent shift in buying behavior as wet markets have been restricted and the experience of on line purchasing over the last 5 weeks has likely changed habits.

Product and packaging shifts can be expected to follow.

# Changes in purchase drivers

## Sentiment month on month



3/ Premium-ness and price are linked to confidence in economic recovery. Those returning to stable work are cautiously returning to previous buying and dining out habits and even looking for treats to celebrate lifting of restrictions.

For those that have not had a full salary for last three months and are facing job related uncertainty, price consciousness will grow and with it demand for cheaper protein and cuts.

价格确实有点贵，但现在特殊时期，有吃的就不错了，就不挑了

READ POST AT [weibo.com](#)

The price is a bit expensive, but we are in "special time" now. At least we have some food, I don't mind it is expensive

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Overview of impact on beef and lamb purchase drivers

## **Focus on key premium and taste purchase drivers**

Freshness, Origin, Health and nutrition, Benefit claims, Safety

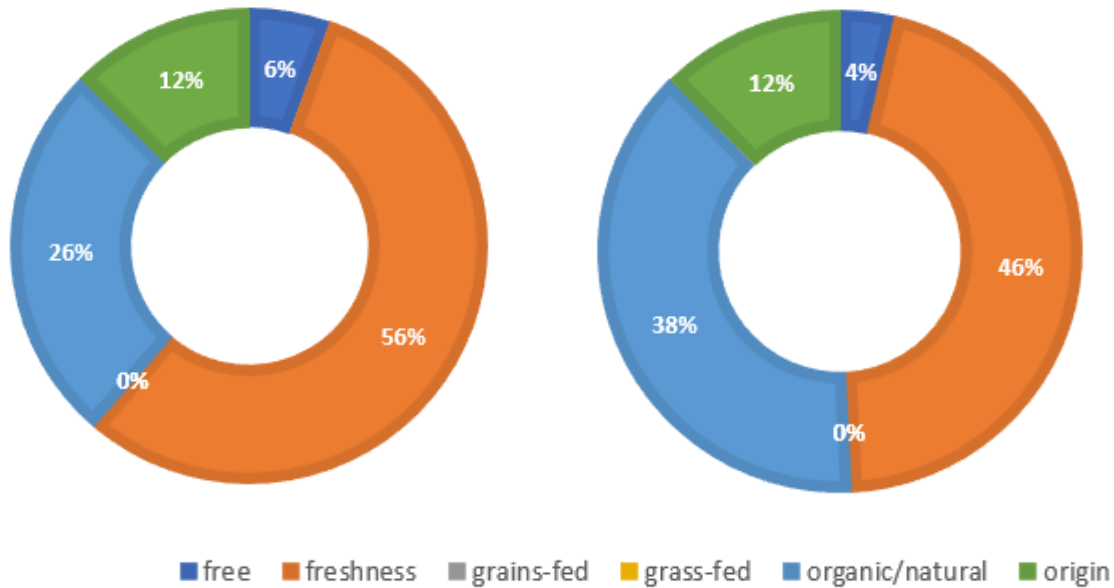
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# Changes in importance of beef and lamb claims

## Two weeks on two weeks importance of claims



With more cooking at home and health concerns, meat quality and storage concerns continue to drive freshness as the most important claim.

The fastest growing claim is organic/natural.

In China organic and natural means free from antibiotics and hormones and is used instead of the term “free from” in social conversation to describe product with these characteristics.

Health concerns especially for children is driving this.

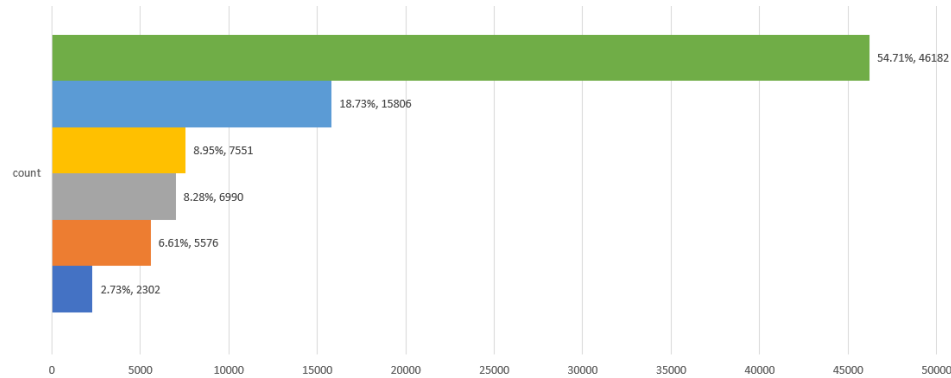
It is noteworthy that grain-fed and grass-fed are not material as claims in the current situation. Grain fed prior to Covid-19 was growing in importance as demand for more premium snow beef grew in importance however with restaurant closure and more emphasis on lean product for family health reasons this claim has fallen in importance. Grass fed was not a strongly recognized claim prior to the outbreak.



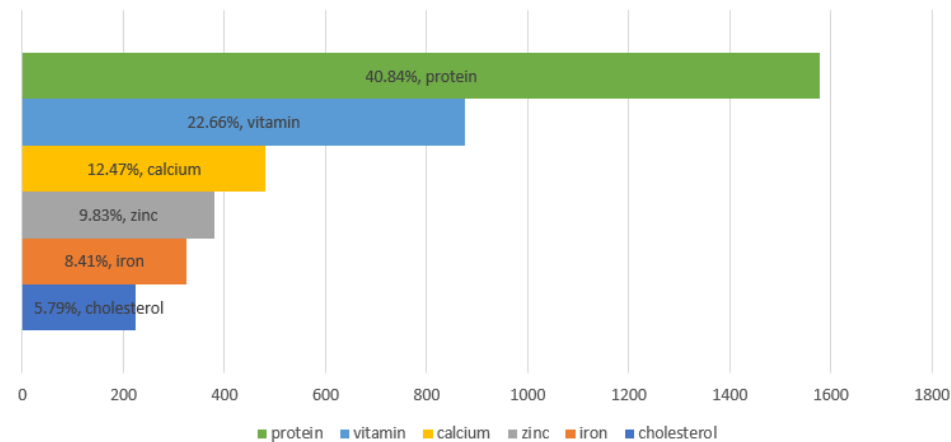


# Health and wellness

## Red meat nutritional benefit rank pre Covid-19



## Red meat nutritional benefit rank post Covid-19



Ranking of nutritional benefits pre and post Covid-19 shows growing importance of essential vitamins and minerals in conversations about red meat as opposed to protein and its benefits to physical development.

在京东上给孩子又买了一点牛肉，希望能给我娃增强免疫力

[READ POST AT jd.com](#)

I ordered some beef for my kids on JD, hope it will help them improve their immunities

这两天我准备再买点牛羊肉，希望能增强免疫力吧

[READ POST AT weibo.com](#)

I will buy some mutton in the following few days, hope we can improve our immunities

这次买的牛肉是纯天然的，没有添加什么激素，现在要格外注重咱们的健康

[READ POST AT jd.com](#)

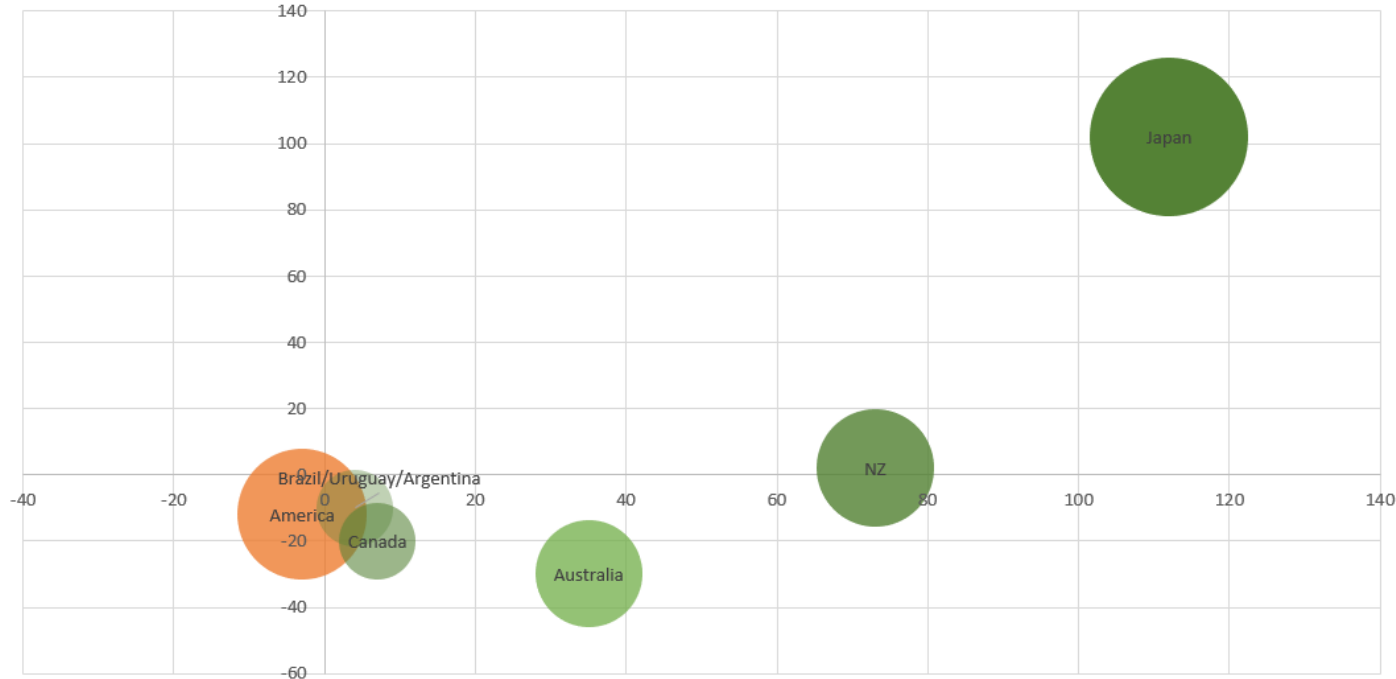
I bought some natural beef which with no antibiotics. We must pay special attention to our health these days

我最近给家人买了很多牛肉和维他命，希望可以帮助他们增强免疫力

[READ POST AT douban.com](#)

I recently bought a lot of beef and vitamins for my family, hoping to help them strengthen their immunities

# Changes in importance of beef and lamb country of origin



这个日本和牛味道确实不错，很嫩，好久没在外面吃饭了

[READ POST AT weibo.com](#)

This Japanese Wagyu tastes so good, it is quite tender, I haven't eaten outside for a long time

日本的和牛好好吃啊，我这两天又买了一点牛肉，送的挺快的很方便

[READ POST AT jd.com](#)

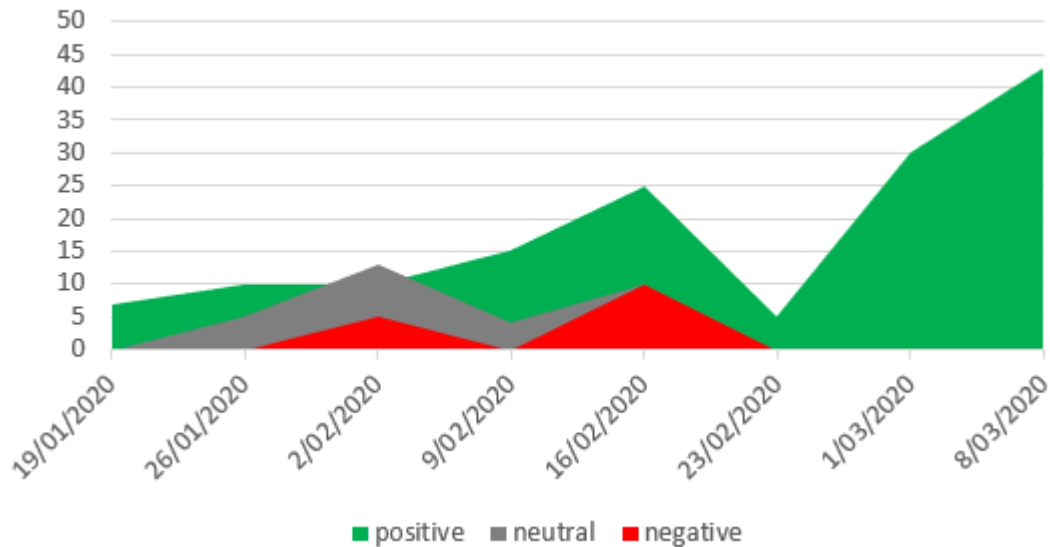
Japanese wagyu tastes soo good, I bought some wagyu these days. they delivered really fast, it is quite convenient

Compared to Report 2 where Japan commentary was largely negative due to reports of CV-19 impacting their reputation as a beef supplier, Japanese wagyu beef has now re-entered the Chinese market after years absence and has been well received. Their reputation has been further bolstered by reports of quick recovery from CV 19 and Japanese restaurants re-opening which seem particularly appreciated. American beef is also about to re-enter the market at scale as the Phase One trade deal agreed in January translates to shipment. The deal allowed growth hormone produced product and significantly relaxed trace-ability rules both viewed negatively by Chinese consumers at the moment.

New Zealand sourced product continues to be very positively received.

# New Zealand beef and lamb interest and sentiment

NZ sentiment trends last two months



While off a low base given the short time horizon examined NZ perception is being strengthened by two drivers:

1/ Growing appreciation for the aspirational destination NZ represents related to its naturalness and beauty and at the moment it's relatively Covid-19 free status.

If the early intervention by NZ Government does indeed stop significant infection levels and the trends in other major supply markets like US and Australia continues on their current trajectory NZ could be in an extremely advantageous default position.

2/ Continued appreciation of general product quality available on line from major suppliers such as JD.com. Many people are trying NZ beef and lamb for the first time.

Perceived freshness and while not stated directly the implied naturalness are also major advantages for NZ beef and lamb given recent changes in purchase drivers, associated claims and even competitive situation relative to other markets.



# NZ and NZ beef and lamb

Where they would rather be..

新西兰是个很漂亮的国家，听说现在好像还没有很多病例，以后有机会去看看

READ POST AT qq.com

NZ has really nice views, seems it does not have too many infections. I would like to go there someday

好久没出去玩了，我之前去过新西兰那里人很友好，明年有机会去那里玩

READ POST AT weibo.com

I haven't been to other cities for a long time, I went to NZ before, the people there are really nice. Hope I can go there again next year



A beautiful mom just revisited and bought 2 boxes of New Zealand beef. One was for her older sister. In this special time, we should take care of our own family. Feed them with high quality beef and milk to boost their immune system.



Interested in Chinese Fillet?  
I bought some beef tenderloin. It comes from North China's grass-fed cattle. Although the quality of meat isn't as good as New Zealand beef, I still treated it as a quality steak as it is still quite fresh.

这两天经常在京东上买新西兰牛肉，味道还不错，还挺新鲜的

READ POST AT jd.com

I bought some NZ beef from JD.com, it tastes nice, and it is quite fresh as well.

头一回在京东上买新西兰羊肉，不知道味道怎么样，但看起来还挺新鲜的

READ POST AT jd.com

It's my first time to buy NZ mutton on JD.com, it looks quite fresh

Quality of NZ beef and lamb

# *Agenda*

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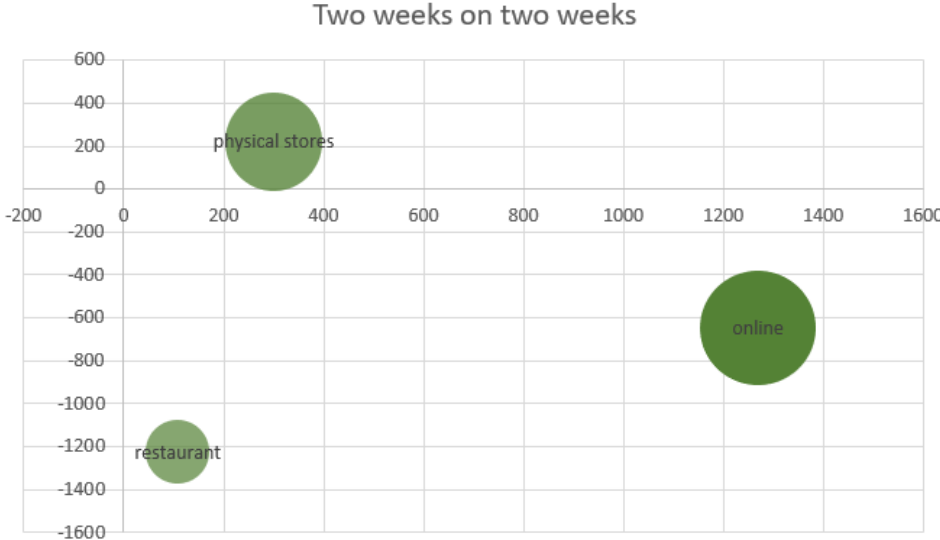
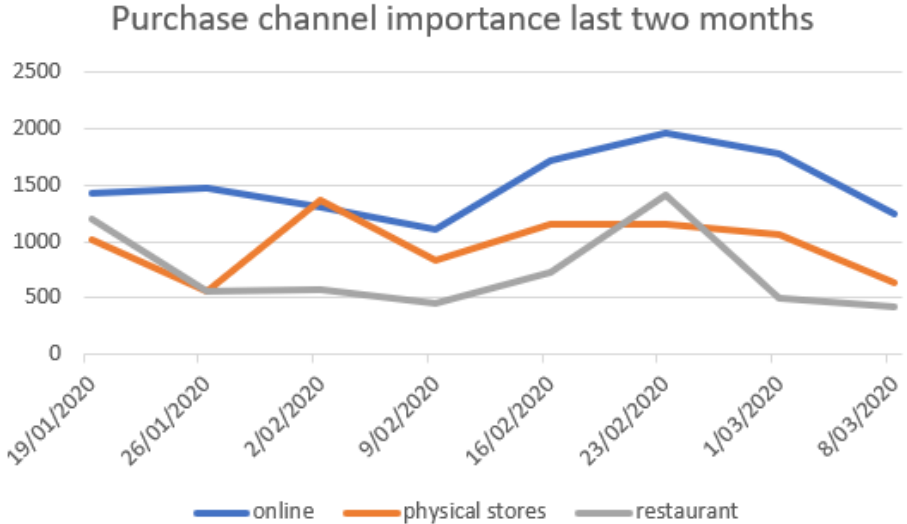
Freshness, Origin, Health and nutrition, Benefit claims, Safety

**Impact of coronavirus purchasing and consumption**

Channel view and other relevant consumption shifts



# Change in purchase channel



Even as retail and restaurants re open the On-line channel purchasing from it remains the dominant conversation and by far the strongest in positive sentiment. As peoples familiarity and satisfaction with its pricing and convenience grows more adventurous shopping behavior across a wider range of products is being seen.

On line retailers geared up quickly and at scale after the outbreak and are benefitting from this investment with a permanent shift in shopping behavior now likely with many shoppers.

The only issue being discussed is in home storage capacity and appropriateness of packaging (see below).

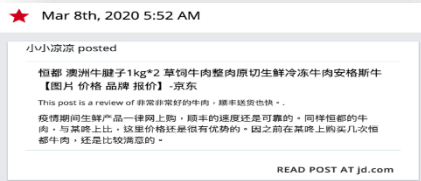
Physical stores (Super and Hypermarkets) although mandated to stay open throughout are impacted by people’s reluctance to return to public spaces and by the governments ban on wet markets which have become the culprit to be held accountable for Covid 19. While there is skepticism that the ban will be effectively implemented it is impacting sentiment.

Restaurants which enjoyed a surge in conversation interest after announcement that they were reopening have dropped back as infection concern and economic concern limits patronage.

# Purchase channels



**The Foodie starts spending money again**  
*Online shopping is so convenient nowadays. I shop all the time, almost had to chop my hands off to stop. I bought steaks, prawns, Basa fish, shrimp dumplings and preserved duck eggs. They taste so good...and*



**[Australia Angus beef advertisement] – JD**  
*Due to the Covid-19 situation, I only buy raw food online. The efficiency of SF-express is reliable. The price of beef selling on JD (beef from Hondo Agricultural Group Co. Ltd) seems to be better comparing to other platforms. The buying experience was overall satisfied.*



*The retail store has a good reputation. Shifting is fast. It is convenient for me to get more in this point of view. The supermarket is packed, I don't feel like going during this time. This is my first-time buying pork online. I've bought steak and lamb on the internet before. I am going to try the pork out and see if I want to get more in the future.*

在网上买东西真挺方便的，送货快还不用出门。我最近又买了点新西兰羊肉

READ POST AT jd.com

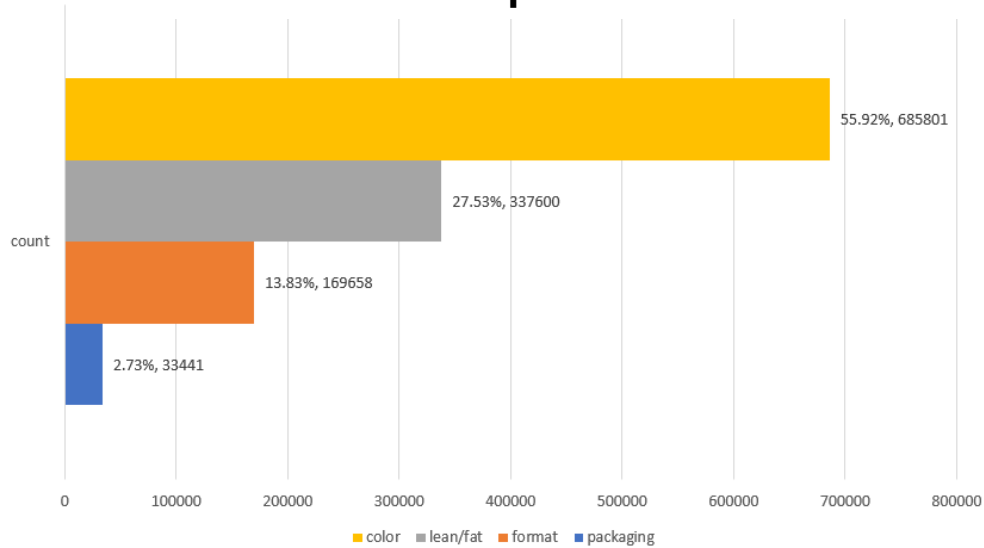
It's really convenient to buy things online. I don't have to go out. I recently bought some NZ mutton

In  
praise  
of on  
line

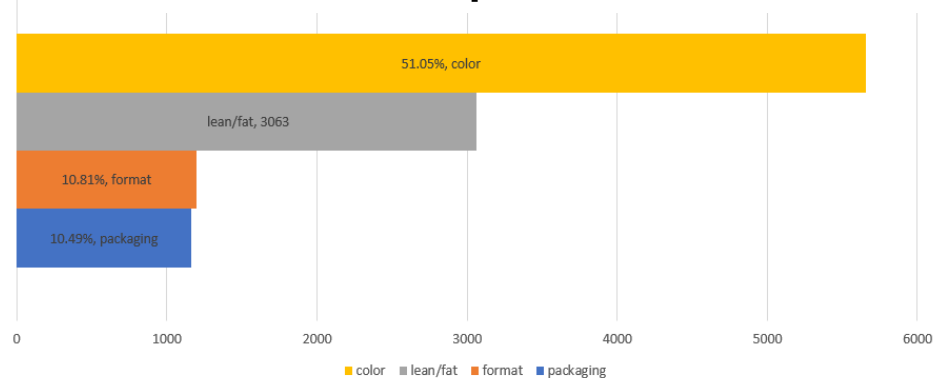


# Product and packaging

## Product feature rank pre Covid-19



## Product feature rank post Covid-19



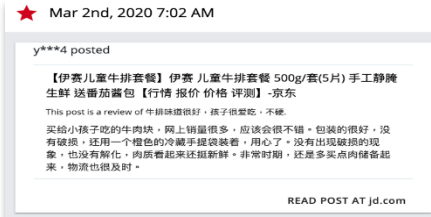
With the shift to on line purchasing packaging has grown in importance for the Chinese consumer relative to lean/fat and format.

Smaller serve sizes, vacuum packed and provision of convenient freezer storage bags are all desirable attributes of packaging due to hygiene, ease of storage, multi-use and maintaining perceived freshness even if frozen

Color still remains high as an indicator of product freshness the leading purchase driver and associated claim.

# NZ and NZ beef and lamb

## Packaging size



**[Child beef meal advertisement] – JD**  
*I bought this product for my kids. The number of transactions made was huge so the product should be good. The package is very nice, no damage whatsoever. The package is packed in a refrigerating tote bag (very thoughtful). The meat wasn't defrosted, meat looks fresh. In this special time, storing some meat makes me feel secured.*

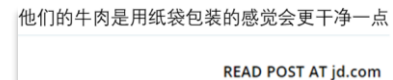


*The product is good. My friend recommended this to me. I've also bought beef meat balls to make up for 299 dollars (probably free shipment when you buy more than 299). The beef slices taste better than the meat ball. Small packages look good, they sell this brand in the supermarket as well. This is very advantageous when hosting an event.*

## Packaging format



*I usually buy some beef online, producers use vacuum packed which is quite clean*



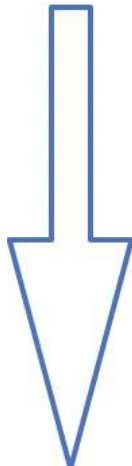
*They use paper packages for beef which let me feel their meat is cleaner than others*

# Interpreting charts

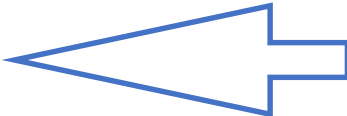
More conversation than prior period



Less conversation than prior period



Conversation more negative than prior period



Conversation more positive than prior period

