

Online food sales hold potential

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LAST year Chinese people spent \$860 billion buying products over the internet, representing 13% of all retail sales.

The sector grew 15% last year and was becoming a mainstream way of shopping for an estimated 400 million Chinese.

On average they each made eight purchases and spent \$580 a month on everything from food to less perishable products.

Shanghai Lianhao Foods, a nationwide meat processing and retailing subsidiary of Shanghai Maling, sold 50,000 packages a day online.

At its factory outside Shanghai workers painstakingly hand pack cooler bags with 10 slices of frozen Australian beef, marinade, butter, a knife and fork. They cost \$40.

Shanghai Maling staff said the quality of New Zealand meat meant it was a natural fit for online retailing.

But there were many hidden costs with packaging and delivery

accounting for 60-70% of the final price.

It required an internet platform operator, cooler and ice bags and distribution, with most items delivered with 24 hours of the order being placed.

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Price was the main issue for consumers but country of origin was also a significant factor.

NZ Trade and Enterprise business development manager Echo Tan said internet users averaged 26 hours a week online with 79% of that on mobile devices.

Much of the internet traffic

was generated by people stuck in traffic on congested roads.

She told a recent Silver Fern Farms supplier-shareholder tour of China that 85% of users were aged 18 to 40 and a quarter of those were married with children and had income of between \$2000 and \$3800 a month.

Most shopping was done in the evening before bed.

Tan said food and beverage was considered a sector with enormous potential, with sales of imported meat exceeding those of locally grown product.

Australian meat was the most popular followed by NZ then the United States but no consumer brand dominated.

Of more importance were the country of origin and price.

The calling and messaging app WeChat was increasingly playing a role in online sales.

Tan said last season 300 merchants used the app to sell central Otago cherries by publicising their availability to followers then taking orders and payment online.



TWO WORLDS: The hi-tech world of online selling is backed up by low-tech resources with workers packing products for Chinese meat retailer Shanghai Lianhao Foods.