



**MARKET ACCESS SECRETARIAT
Global Analysis Report**

Consumer Trends

Cooking Oils in China

January 2014



EXECUTIVE SUMMARY

- The growing affluence of China's middle class is allowing consumers to purchase higher-priced, packaged oils and fats.
- Ban of loose oils and fats in some Chinese cities has led to a growth in demand for packaged oils.
- Vegetable and seed oils are perceived to be healthier and are preferred by consumers.
- Olive oil in particular has had the highest growth rate due to its perceived health benefits. Retail sales of olive oil totaled \$186.2 million in 2013* and are expected to continue to grow at a compound annual growth rate of 22% over the next four years.
- Canola oil is also increasing in popularity. Canada is the number one exporter of canola oils and seed to China.
- Canadian exports of canola seed totalled 1.3 billion Kg in the first seven months of 2013. Canadian exports of canola oil totalled 1 million tonnes in 2012.
- Canola seed and oil is expected to continue to increase in popularity as Chinese consumers seek healthier oils for their meals.

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MARKET SNAPSHOT

- ▶ China is a diverse, modern society of 1.34 billion people, half of whom live in urban areas (51.3%). In 2011, Shanghai was the largest city with a population of over 16.57 million people. Beijing, the capital, had a population of over 15.6 million people that same year.
- ▶ The growing affluence of China's middle class, in addition to the country's growing rate of urbanization, is allowing consumers to move away from traditional and inexpensive bulk food grade oil products and trade up to higher-priced, packaged oils and fats. Butter and margarine are not commonly consumed.
- ▶ Cities such as Beijing, Shanghai and Xi'an banned the sale of loose oils and fats in 2011. This ban, along with increased concerns over food safety by Chinese consumers has led to the increase in sales of packaged food products, including cooking oils and fats.
- ▶ Chinese consumers prefer vegetable and seed oils as they are perceived to be healthier. Blended oils are also considered to be healthier options as they offer the combined benefits of the individual oils.
- ▶ As China's well-educated, middle-class consumers become increasingly health conscious, sales and interest in olive oil have benefited with a 22% value growth from its initially small sales levels. According to Euromonitor, Chinese consumers are increasingly interested in the health benefits of olive oil, such as heart health and skin beautifying properties, above ordinary oils and fats.
- ▶ In 2013, China's oils and fats market was valued at US\$16.2 billion, of which canola oil accounted for approximately 20% (Euromonitor).
- ▶ Between 2008 and 2013, overall consumer expenditures on edible oils increased at a compound annual growth rate (CAGR) of 14%, or almost US\$8 billion in total (Euromonitor).

TRADE

- ▶ According to Statistics Canada, in 2012, Canada exported almost 1 million tonnes of canola oil to China, valued at US\$1.2 billion. The value and volume of these exports to China have shown a steady and substantial growth since 2008, doubling in volume and almost tripling in value (fixed 2013 exchange rates).
- ▶ Canadian exports of canola seed for crushing have shown similar growth to those of processed canola oil to China. In 2012, 2.986 billion kilograms of canola seed were exported to China, with a value of about US\$1.871 billion. The volume has almost doubled from 1,477 million tonnes in 2008, while the value has more than doubled from US\$782 million (fixed 2013 exchange rates).
- ▶ In 2012, Canada was the largest exporter of rapeseed to China, followed by Mongolia. As for exports of rapeseed, colza and mustard oils to China, Canada was followed by the United Arab Emirates, the Netherlands and the United States, according to the Global Trade Atlas
- ▶ The district of Nanjing accounted for 80% of overall canola oil imported from Canada in 2012. It was followed by the district of Qingdao which was the destination for 12% of overall exports.
- ▶ Canadian canola seed's main destination was to the district of Nanning, receiving 40% of overall Canadian imports. This was followed by the district of Zhanjiang, which accounted for almost 20% of imports, and Shenzhen which accounted for 17% of imports.



China Imports from Canada by Districts 2008-2012
Commodity: 1205, Rape Or Colza Seeds, Whether Or Not Broken

District	Quantity - Tonnes				
	2008	2009	2010	2011	2012
All Districts	1,282,786	3,212,038	1,599,286	1,250,274	2,921,761
Nanning	0	0	0	391,861	1,157,699
Zhanjiang	0	0	132,230	217,657	550,865
Shenzhen	0	115,690	641,513	579,675	494,870
Dalian	15,000	35,594	355,024	61,080	310,128
Xiamen	0	0	410,227	0	209,384
Fuzhou	0	0	0	0	198,815
Wuhan	0	0	0	0	0
Tianjin	4,460	2,882	0	0	0
Beijing	0	0	0	0	0
Changsha	10,000	91,601	0	0	0
Hangzhou	228,589	332,163	0	0	0
Huangpu	915	0	0	0	0
Nanjing	838,831	2,088,313	60,292	0	0
Ningbo	29,204	17,485	0	0	0
Qingdao	98,909	501,497	0	0	0
Shanghai	56,878	26,812	0	0	0

Source: Global Trade Atlas, 2013

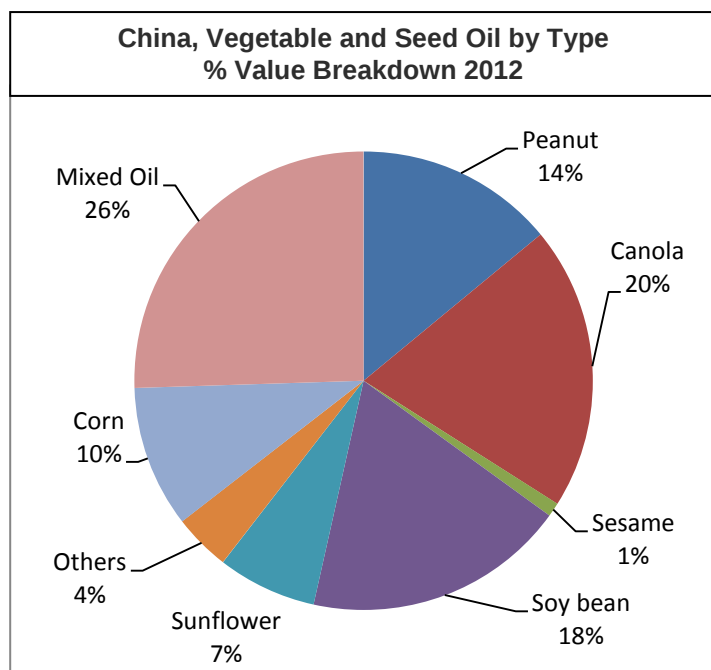
China Import from Canada by Districts 2008-2012
Commodity: 1514, Rapeseed, Colza Or Mustard Oil And Their Fractions,
Whether Or Not Refined, But Not Chemically Modified

District	Quantity - Tonnes				
	2008	2009	2010	2011	2012
All Districts	247,224	437,543	913,060	525,710	988,440
Nanjing	68,213	260,436	847,288	517,428	802,050
Qingdao	20	0	0	0	121,791
Hangzhou	0	13,005	30,397	0	43,294
Shenzhen	90,772	90,235	17,255	8,062	11,898
Shanghai	49,211	52,793	29	39	9,092
Ningbo	0	11	2,487	100	106
Tianjin	12,004	9,016	0	0	104
Huangpu	18,998	0	0	0	92
Chengdu	0	0	0	0	13
Guangzhou	0	0	2,509	0	0
Beijing	4	38	25	80	0
Nanning	0	12,009	3,001	0	0
Xiamen	8,001	0	0	0	0
Zhanjiang	0	0	10,070	0	0

Source: Global Trade Atlas, 2013



RETAIL VALUE SALES



Source: Mintel, 2013

► According to Euromonitor, canola oil accounted for 20% of all retail value vegetable and seed oil. Soy (18%), peanut (14%), and corn (10%) oils were amongst the most popular oils, accounting for 42% of total Chinese retail sales. Sunflower (7%), and sesame (1%) oils were other oil types,

► The bulk of the remaining oil sales consists of mixed oil (26%), and oils from other sources (4%) such as olive, palm, grapeseed, flaxseed, fruit, nuts, vegetables or other seeds, in addition to blended oil products, including: walnut, sunflower seed, corn and soybean; rapeseed and linseed; canola, corn and tea seed; and tea seed, sunflower seed, peanut, rapeseed and sesame seed. Mixed oils are perceived to contain a great deal of nutritional value, as a result of containing several kinds of vegetable and seed oils.

- Increasing levels of consumer awareness regarding the health benefits of cooking oils will continue to drive interest in cooking oil products with less fat, such as canola and soybean oils.
- According to Euromonitor (2013), the total retail sales value of cooking oils in China almost doubled from 2008 to 2012, growing from US\$8,185.4 million in 2008 to US\$16,069 million in 2013. This represented a compound annual growth rate (CAGR) of 14%.
- Between 2014 and 2018, total oils are expected to grow in overall value by 79% (16% CAGR).
- Olive oil's perceived health benefits have led to its high rate of growth in China (Euromonitor, November 2012). Sales of olive oil grew by 175% between 2008 and 2013. From 2014 to 2018, olive oil sales are forecast to double in value (112%) to US\$482.1 million, spurred by increasing consumer demand.

China Retail Sales of Oils - Historic Value in US\$ millions (2013 Fixed exchange rate)

	2008	2009	2010	2011	2012	2013	CAGR (%) 2008-2013
Total Oils	8,185.4	9,123.7	10,291.0	12,625.7	14,590.7	16,069.0	14%
Vegetable and Seed Oil	8,117.8	9,047.1	10,198.7	12,509.5	14,443.1	15,882.8	14%
Olive Oil	67.6	76.6	92.3	116.2	147.6	186.2	22%

Source: Euromonitor, 2013



China Retail Sales of Oils – **Forecast** Value in US\$ millions (2013 Fixed exchange rate)

	2014	2015	2016	2017	2018	CAGR (%) 2014-2018
Total Oils	18,674.6	21,758.7	25,229.6	29,120.0	33,460.5	16%
Vegetable and Seed Oil	18,447.4	21,483.0	24,896.2	28,718.4	32,978.4	16%
Olive Oil	227.2	275.7	333.4	401.6	482.1	21%

Source: Euromonitor, 2013

- ▶ The overall retail sales volume of oils grew by 62% from 3.9 million tonnes in 2008 to 6.4 million tonnes in 2013, (10% CAGR), as did vegetable and seed oil sales (62%, 10% CAGR). The greatest volume sales increase was observed for olive oil, which more than doubled (122%, 17% CAGR) over the same time period.
- ▶ Between 2014 and 2018, volume sales are forecasted to continue growing at the same rate. Overall, food grade oils are expected to grow by 57% (12% CAGR), with a similar growth expected for vegetable and seed oil (57%, 12% CAGR).
- ▶ Olive oil is expected to continue its strong growth with a 80% increase in volume (16% CAGR) over the same forecast period, as a result of the increasing health consciousness of Chinese consumers.

China Retail Sales of Oils - Historic Volume in in '000 tonnes

	2008	2009	2010	2011	2012	2013	CAGR (%) 2008-2013
Total Oils	3,992.4	4,378.2	4,753.7	5,233.1	5,781.9	6,452.1	10%
Vegetable and Seed Oil	3,987.8	4,373.0	4,747.5	5,225.7	5,773.2	6,441.9	10%
Olive Oil	4.6	5.2	6.2	7.4	8.7	10.2	17%

Source: Euromonitor, 2013

China Retail Sales of Oils – **Forecast** Volume in in '000 tonnes

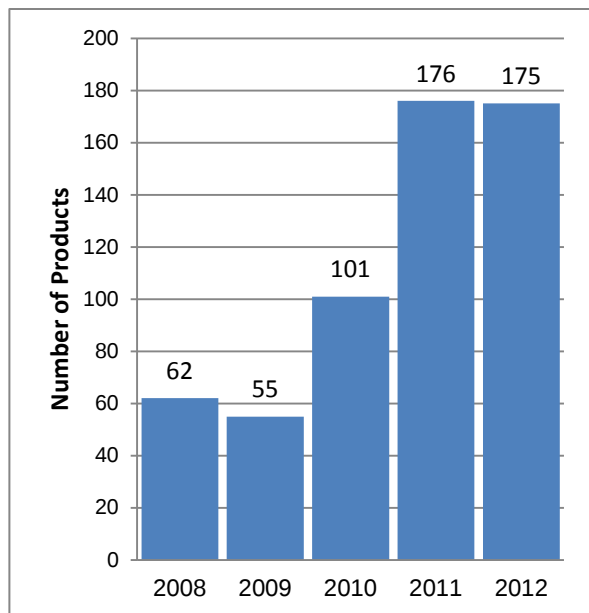
	2014	2015	2016	2017	2018	CAGR (%) 2014-2018
Total Oils	7,232.6	8,144.0	9,138.1	10,208.4	11,353.6	12%
Vegetable and Seed Oil	7,220.7	8,130.1	9,122.0	10,189.8	11,332.2	12%
Olive Oil	11.9	13.9	16.1	18.6	21.4	16%

Source: Euromonitor, 2013



NEW PRODUCT LAUNCHES

- ▶ According to Mintel's Global New Products Database, 569 new cooking oil products were introduced in China between January 2008 and December 2012. There is an upward trend in the number of product launches over this timeframe, reaching its peak in 2011.



- ▶ Between January 2008 and December 2012, the majority of product introductions were comprised of new products (69%), new varieties/range extensions (21%), new packaging (9%), with new formulations accounting for 1%.
- ▶ The top five flavours for new oil products launched were: unflavoured/plain, peppery hot/Numbing hot, peanut, chili/chilli pepper (unspecified) and chili/chilli (red).
- ▶ Sesame seed oil was the most popular ingredient in China for new oil product launches between January 2007 and December 2010, followed by unspecified vegetable oils, soybean oil and peanut oil.
- ▶ A total of six products released in this time period had the word canola in their name. Four products specifically identified canola oil as the main ingredient.
- ▶ The majority of new oil products introduced in 2012 were comprised of new products (67%), new varieties/range extensions (19%), and new packaging (13%). Sesame seed oil and peanut oil were the most popular ingredients in new oil products. Rapeseed oil was the third most popular ingredient.
- ▶ Claims that the product was GMO-free appeared on 21% of the new products, while claims that the product contained no additives/preservatives or low/no/reduced cholesterol were found on new 11% and 9% of products, respectively. A total of 8% of products had the claim "halal", a feature that was not seen in 2011 launched products. Additionally, organic and environmentally friendly claims were not as popular in 2012 as they were in 2011.
- ▶ The top companies producing new cooking oils launched in China in 2012 were Xian Yuan Foods, Fuda oil, Tian Long Foods, Nisshin Oil, and Jiangsu Gold Sun

New Cooking Oil Product Launches in China, Top Brands, 2012	
Brand	Number of products
Blessing Mill	5
Tian Xiang Yuan	4
Nisshin Oil	4
Ledangjia	3
Gaea Gem	3
Rongs	3
New Co-Op Tianrun	2
Lv Yuan Jing Gang	2
Yue Xiu / Yuexiu	2
Joy For Life	2

Source: Mintel, 2013

New Cooking Oil Product Launches in China, By Type, 2012	
Type of Oil	Number of products
Sesame Seed Oil	37
Peanut Oil	31
Soybean Oil	30
Rapeseed Oil	30
Corn Oil	22
Vegetable Oils	21
Tea Seed Oil	15
Sesame Seed	15
Food and Drink Additives	13
Sunflower Seed Oil	13



New Cooking Oil Product Launches in China, Top Claims, 2012	
Claim	Number of products
GMO-Free	44
No Additives/Preservatives	19
Halal	15
Low/No/Reduced Cholesterol	10
Premium	6

Source: Mintel, 2013

NEW PRODUCT EXAMPLES



Peanut Blend Oil

Company: Wang Jia Xi Oil
Brand: Wangjiaxi
Category: Sauces & Seasonings
Sub-Category: Oils
Country: China
Date Published: Dec 2012
Launch Type: New Product
Price in local currency: CNY13.90
Price in US Dollars: 2.21

Product description: Wangjiaxi Hua Sheng Shi Yong Tiao He You (Peanut Blend Oil) is QS certified. This product retails in a 900ml pack.

Ingredients: Soybean Oil (Soybean Oil Derived, Top Grade), Peanut Oil (Top Grade), Sesame Seed Oil



Olive Edible Blend Oil

Company: Liang You Hai Shi Oil
Brand: Hai Shi
Category: Sauces & Seasonings
Sub-Category: Oils
Country: China
Date Published: Nov 2012
Product source: Shopper
Launch Type: New Variety/Range Extension
Price in local currency: CNY99.50
Price in US Dollars: 15.97

Product Description: Hai Shi Gan Lan Shi Yong Tiao He You (Olive Edible Blend Oil) is made with premium cold pressing olive oil imported from Italy. This product retails in a 5L pack.

Ingredients: Rapeseed oil, soybean oil, olive oil, corn oil, sunflower seed oil, tea seed oil, peanut oil, sesame oil, food additive (antioxidant [319])

Source: Mintel, 2013



Rapeseed Oil

Company: Ao Xing Foods
Brand: Ao Xing
Category: Sauces & Seasonings
Sub-Category: Oils
Country: China
Date Published: Oct 2012
Product source: Shopper
Launch Type: New Product
Price in local currency: CNY82.00
Price in US Dollars: 12.73

Product Description: Ao Xing Cai Zi You (Rapeseed Oil) is made from non-GMO quality rapeseed and contains less than 10% of saturated fatty acids. The oil is processed using an advanced technique to remove harmful substances and odours, and to retain phytosterol, natural vitamin E, zinc and calcium. This product retails in a 5L pack

Ingredients (On Pack): Rapeseed oil

Source: Mintel, 2013

MARKET SHARES BY COMPANY

Company Shares (by Global Brand Owner) – Historic Retail Value RSP – % breakdown

Companies	2008	2009	2010	2011	2012	2013
Wilmar International Ltd	41.7	42.7	44.1	44.6	44.8	44.6
China National Cereals, Oils & Foodstuffs Imp & Exp Corp (COFCO)	12.7	10.2	12.4	15.6	15.1	15.1
Shandong Luhua Group Co Ltd	9.1	9.7	9.4	9.0	9.0	9.2
Shanghai Liangyou Group Co Ltd	5.8	4.2	4.3	3.7	3.5	3.4
Xiwang Foodstuffs Co Ltd	0.1	0.4	1.0	1.8	2.3	2.9
China Corn Oil Co Ltd	0.3	0.5	0.9	1.8	2.3	2.9
Standard Food Group	1.8	1.9	1.9	1.7	1.7	1.8
Xiamen Zhongsheng Oil & Grain Co Ltd	1.6	1.6	1.5	1.4	1.3	1.3
Zhongshan Eagle Brand Food Co Ltd	0.9	1.1	1.0	1.0	1.0	0.9
Quanzhou Jin Hua Oil Co Ltd	0.5	0.7	0.9	0.8	0.8	0.9
Chongqing Oil & Fat Parent Co	0.9	0.9	0.8	0.7	0.6	0.6
Hunan Jinhao Camellia Oil Corp Ltd	0.8	0.9	0.7	0.5	0.5	0.5
Hubei Zhongchang Oil Co Ltd	0.7	0.6	0.6	0.5	0.5	0.5
Hop Hing Holdings Ltd	1.1	0.9	0.6	0.5	0.5	0.5
Lam Soon Group	1.7	1.2	0.9	0.6	0.5	0.4
Beijing Elsen-Lubao Oil Co Ltd	0.5	0.5	0.5	0.4	0.4	0.4
Beijing Tong Yi Oil Co Ltd	-	-	-	-	-	-
Kuok Oils & Grains Pte Ltd (KOG)	-	-	-	-	-	-
Others	19.6	21.9	18.6	15.3	15.2	14.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor, 2013



MARKET SHARES BY BRAND

Brand Shares (by Umbrella Brand Name) – Historic Retail Value RSP – % Breakdown

Brand	Company name (GBO)	2008	2009	2010	2011	2012	2013
Arawana	Wilmar International Ltd	30.6	31.3	32.2	33.1	33.8	33.7
Fortune	China National Cereals, Oils & Foodstuffs Imp & Exp Corp (COFCO)	9.9	8.0	9.7	12.6	12.3	12.4
Luhua	Shandong Luhua Group Co Ltd	9.1	9.7	9.4	9.0	9.0	9.2
Gold Ingots	Wilmar International Ltd	6.7	6.9	7.3	7.1	6.9	6.9
Haishi	Shanghai Liangyou Group Co Ltd	5.8	4.2	4.3	3.7	3.5	3.4
Xiwang	Xiwang Foodstuffs Co Ltd	0.1	0.4	1.0	1.8	2.3	2.9
Longevity Flower	China Corn Oil Co Ltd	0.3	0.5	0.9	1.8	2.3	2.9
Four Seas	China National Cereals, Oils & Foodstuffs Imp & Exp Corp (COFCO)	2.8	2.3	2.7	3.0	2.8	2.7
Orchid	Wilmar International Ltd	2.2	2.3	2.4	2.3	2.2	2.1
Mighty	Standard Food Group	1.8	1.9	1.9	1.7	1.7	1.8
Liyu	Wilmar International Ltd	1.6	1.7	1.7	1.6	1.5	1.4
Sheng Zhou	Xiamen Zhongsheng Oil & Grain Co Ltd	1.6	1.6	1.5	1.4	1.3	1.3
Eagle	Zhongshan Eagle Brand Food Co Ltd	0.9	1.1	1.0	1.0	1.0	0.9
Tuoniao	Quanzhou Jin Hua Oil Co Ltd	0.4	0.6	0.7	0.7	0.7	0.7
Red Darning	Chongqing Oil & Fat Parent Co	0.9	0.9	0.8	0.7	0.6	0.6
Jinhao	Hunan Jinhao Camellia Oil Corp Ltd	0.8	0.9	0.7	0.5	0.5	0.5
Zhongchang	Hubei Zhongchang Oil Co Ltd	0.7	0.6	0.6	0.5	0.5	0.5
Red Lantern	Lam Soon Group	1.5	1.1	0.8	0.6	0.5	0.4
Camel	Hop Hing Holdings Ltd	0.9	0.7	0.5	0.4	0.4	0.4
Lu Bao	Beijing Elsen-Lubao Oil Co Ltd	0.5	0.5	0.5	0.4	0.4	0.4
Xiang You Fang	Quanzhou Jin Hua Oil Co Ltd	0.1	0.1	0.1	0.1	0.1	0.1
Chu Bao	Hop Hing Holdings Ltd	0.2	0.2	0.1	0.1	0.1	0.1
Knife	Lam Soon Group	0.2	0.1	0.1	0.0	0.0	0.0
Arawana	Kuok Oils & Grains Pte Ltd (KOG)	-	-	-	-	-	-
Gold Ingots	Kuok Oils & Grains Pte Ltd (KOG)	-	-	-	-	-	-
Huo Niao	Beijing Tong Yi Oil Co Ltd	-	-	-	-	-	-
Liyu	Kuok Oils & Grains Pte Ltd (KOG)	-	-	-	-	-	-
Orchid	Kuok Oils & Grains Pte Ltd (KOG)	-	-	-	-	-	-
Others	Others	20.2	22.4	19.1	15.8	15.7	14.8
Total	Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor, 2013



Consumer Trends: Cooking Oils in China

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