EXECUTIVE SUMMARY

With a large population of roughly 1.4 billion and a consumer market that continues to evolve through urbanization and rising disposable incomes, China’s retail grocery market is also evolving. While traditional wet markets are still present in China, they are increasingly meeting competition from modern grocery retail formats, such as hypermarkets, supermarkets and convenience stores.

Supermarkets and hypermarkets already dominate the markets of some larger cities, and their continued expansion from major cities into smaller cities is expected to further drive competition in the grocery retail sector. Of the various retail channels, hypermarkets are expected to have the most growth potential in the Chinese market and are benefitting from consumer trends toward convenience and evolving modern and urban lifestyles. Convenience stores are also expected to grow along with consumer demand for convenience and rising disposable incomes, while Internet retailing continues to expand its presence in the market.

Chinese consumers, lifestyles and cultures are distinct throughout the country’s various regions. Grocery retail formats and strategies also vary geographically. Successful grocery retailers have been able to tailor their store format and product offerings that cater to local tastes. As a result, in some markets and grocery categories, domestic companies have an advantage over foreign companies. However, both foreign and domestic companies are notable players in China’s expanding grocery retail market.

As China’s grocery retail market evolves, so do the consumer trends influencing food and beverage products. Current trends toward convenience, health and wellness, fresh foods and cost consciousness are all helping to determine the agri-food products available in grocery retail channels in China. Due to busier, urban lifestyles and rising disposable incomes, opportunities in packaged food sales are growing in the Chinese market. Products that address other consumer concerns, such as health and food safety, may be particularly promising.
CONSUMER TRENDS

China’s Consumer Market

In 2012, China’s population was roughly 1.4 billion, which is expected to grow and peak at 1.54 billion around 2040. Population growth stands at just under 1% annually, due to China’s efforts to control or decrease it. There is also a greater proportion of males than females and, as a result, young male consumers are a key target market for food products. In addition, consumers aged 25 to 39 are China’s highest earners. While there is a growing market of young graduates, China is home to the world’s largest elderly population over the age of 65, with ageing occurring much faster than in other developing economies. In addition, by 2030, the median age in China is forecast to be 47.5 years (Euromonitor, Demographic Shifts Create Unprecedented Challenges for US and Chinese Leaders, November 2012). As well, Economy Watch is forecasting China to be the 13th fastest growing economy, at 8.04%, for 2013, and that it will overtake the U.S. as the world’s largest economy (by GDP) in 2017.

Along with population growth, increasing disposable income and living standards, as well as an expanding economy, are all contributing to strong development in China’s retail sector. The growing population is also placing pressure on the domestic food and beverage industry and increasing China’s need to import more food-related products.

Consumer Expenditure

Regional data shows that there are great variations in how much consumers are spending on food and non-alcoholic beverages in China.

Contrary to the situation in some other Asian countries, foreign goods are perceived as being of higher quality and value in China. As a result, the target market for imported products is higher-income consumers, with demand for high quality imports expected to grow. Furthermore, as the number of single-person households increases and young consumers wait longer to get married and have children, smaller product sizes are becoming more popular. Lower-income consumers, who might not have enough money to purchase larger quantities and tend to buy their foods fresh daily, are also demanding smaller sizes (Euromonitor International, 2012, Planet Retail, 2012).

China Consumer Expenditure on Food and Non-Alcoholic Beverages Top 10 Provinces in US$ millions - for 2012

<table>
<thead>
<tr>
<th>Consumer Expenditure by Region</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guangdong</td>
<td>75,382.9</td>
</tr>
<tr>
<td>Jiangsu</td>
<td>46,301.2</td>
</tr>
<tr>
<td>Shandong</td>
<td>45,147.1</td>
</tr>
<tr>
<td>Sichuan</td>
<td>39,245.6</td>
</tr>
<tr>
<td>Zhejiang</td>
<td>34,699.8</td>
</tr>
<tr>
<td>Hunan</td>
<td>32,142.7</td>
</tr>
<tr>
<td>Henan</td>
<td>30,952.6</td>
</tr>
<tr>
<td>Hubei</td>
<td>28,596.8</td>
</tr>
<tr>
<td>Anhui</td>
<td>28,187.5</td>
</tr>
<tr>
<td>Hebei</td>
<td>25,481.0</td>
</tr>
</tbody>
</table>

Source: Euromonitor, 2013
**Food Perceptions**

Consumers tend to shop for food frequently, with many shopping on a daily basis. There is a preference for fresh food, especially fresh produce. There are mixed perceptions of packaged food, which can be seen as inferior or lacking in freshness. While there is demand for fresh products, consumer diets have also been evolving in China, with a move toward foods that are convenient and of high quality. Demand for these types of products is expected to continue to grow in the future. Western products are often perceived as being safer and more reliable because of past food scares, such as tainted powdered milk, in the domestic market (Euromonitor International, Packaged Food Sales, 2011).

Food preparation also differs from Western cultures. Cooking at home is less common than in the west, and traditional Chinese cooking doesn’t typically require an oven or grill. These appliances are often not present in households, however, urban middle class households now often have fridges and freezers (Euromonitor International, Consumer Lifestyles in China, 2012).

**Urbanization**

China has 31 provinces, the largest being Henan, followed by Shandong and Sichuan. There are 666 cities in China, with most major cities located within China’s eastern and southern regions. Of the major cities, 11 cities have a population of more than two million, and 23 cities have a population between one and two million (2012).

Urban migration continues to expand in China. Half of China’s population resided in urban areas, such as Beijing, Shanghai, Guangzhou, Tianjin and Chongqing, in 2011. This growing urbanization is leading to a greater concentration of urban consumers, who live busier lifestyles and earn high incomes. These urban consumers are increasing demand for imported food products that are convenient and quick, such as ready-meals, and are a key target market for imports. This has also led to strong growth in China’s second-tier, smaller cities, boosting demand and retail development in these regions. Second-tier cities can particularly be found along the Yangtze River corridor (IGD, 2010).

**Convenience**

Urbanization, smaller households, rising incomes, and growing economic independence among women, are driving a growing demand for convenience products, particularly in large, tier-one cities. Supermarkets are the most significant distribution channel for meal solutions in China, as they are more convenient than hypermarkets, and have more frozen and chilled storage than smaller grocery channels (Euromonitor International, Packaged Food Sales, 2011). Convenience stores, particularly chains that have a wide product offering, can also provide a channel for this type of product. For example, Tesco has launched a convenience chain format in Shanghai called Express, which has a fresh focus. However, domestic convenience stores often have a limited product offering (IGD, 2010).

**FOOD TRENDS**

**Health and Wellness**

The Chinese consumer’s health awareness is growing, and with that trend health and wellness packaged food is seeing an upsurge in popularity. Manufacturers have responded to the growing demand by introducing products with functional ingredients, natural healthy products and products with lower levels of fat and sugar. Ongoing consumer education through advertising and marketing have highlighted the benefits of these products, causing the health and wellness packaged food sector to record much faster growth than standard packaged food.
Chinese food therapy, or healing by consuming specific amounts and combinations of foods, is popular in China and also fuels demand among consumers for food products that they believe will benefit their health. Some food products often used in food therapy include: mung bean, eggplant, yam, and corn.

While there is growing demand for organic food and beverages among middle-income consumers, organic foods are still too expensive for most consumers and there is scepticism about their validity. Organic food value sales increased by 45% in 2012 supporting a growing, but niche sector.

China has the largest diabetic population in the world. This has resulted in an increasing demand for diabetic food products, which are, in turn, expected to lead the food intolerance category in China.

New launches of health and wellness packaged food product have been particularly prominent in China, especially better-for-you and fortified/functional products. To date, over the 2012 to 2013 timeframe, health and wellness packaged food sales have increased by 18%. Euromonitor is predicting this growth trend to decrease slightly with value sales in 2017 topping at 15.4%. Per capita spending is also predicted to decline in tandem. This activity is usually a sign of a maturing market. However, some individual food sub-categories are seeing great growth gains. For example, health and wellness baby food saw 21.2% growth in 2012, while the meal replacement sub-category had 27% growth.

**Fresh Foods**

There is a growing demand for premium fresh products amongst Chinese consumers with higher disposable incomes. Repeated food crises' has led to a great decline in the credibility of domestic fresh food products, causing these same consumers to seek imported varieties. Consumption data shows a contrast in geography also is influencing fresh food consumption. Urban consumers are consuming almost twice the amount of fruits and eggs as their rural counterparts. Furthermore, overall, fresh food consumption in West China is also far behind North, Northeast and East China.

Fresh food sales experienced volume growth of 2.1%, in 2012. The fastest growing categories are expected to be fish and seafood, meat, nuts, and starchy roots (Euromonitor International, Fresh Food in China, 2011).

**Private Label Products**

Private labels have a notable presence in China’s retail sector and can be found in hypermarket, supermarket and convenience store chains. Many private labels carry the same name as the retailer, and are popular among price-sensitive consumers. However, perhaps due to this lower-price focus, consumers have the perception that these products are of an average or lower quality. As a result, these products can face considerable challenges when competing against trusted brands. However, as large retailers build trust among Chinese consumers, their private label products are beginning to see success and gain broader acceptance in the market (Euromonitor International, Retailing in China, 2011, Consumer Lifestyles in China, 2012). One such successful retailer is Tesco which is using its private label range as a differentiating factor, stressing value and quality (IGD,2013).

**Snacks**

The most popular snacks in China are sweet and savoury, with the majority of volume and value sales. Furthermore, other sweet and savoury snacks are close behind, and enjoyed the highest rate of growth in 2012, at 12%. Extruded snacks are also gaining ground in popularity, growing 10.4% in 2012, even though it owns a small portion of the snack categories total sales. The health and wellness trend is influencing this category, leading to the development of healthier snack offerings (Euromonitor International, Consumer Lifestyles in China, 2012). The trend toward convenience is expected to progress within the Chinese market, as consumer demographics supporting these products develop further.
Meal Solutions

Overall ready meals value sales increased by 10% from 2011 to 2012, and 7% in volume. Urban consumers are driving the growth reflecting their need for convenient products. The most popular ready meals are canned or preserved and contain such traditional mainstays such as red beans, glutinous rice and lotus seeds. Chilled ready meals saw value growth of 12% in 2012, making it the fastest growing category in ready meals. As stated earlier, the time-pressured urbanite is favouring chilled ready meals, causing the category to also register healthy growth in both retail value and volume.

Ready meals are forecasted to continue a healthy growth curve with a constant CAGR of 5%. Driving forces will be increasing disposable incomes, and a busier lifestyle. Fastest growth will be seen in the chilled ready meals sub-category, with an anticipated CAGR of 9%. Canned/preserved ready meals will see a modest growth rate of 4%.

CONSUMER TASTES AND PREFERENCES BY REGION

Chinese consumer tastes vary across the country’s 36 regions, each of which have their own rich, cultural heritage, and unique tastes and dishes making shoppers needs and tastes very complex. For example, while consumers in the north of China include significant amounts of wheat in their diet, those in the south eat more rice, and consumers in mid-China prefer rice noodles. Coastal consumers prefer seafood cuisine, particularly in the south, while consumers in the interior of the country prefer red meat (Euromonitor International, Consumer Lifestyles in China, 2012).

China has seen an increase in demand for convenient packaged goods, especially baby food. Nationwide trends, such as health and wellness and concern for food safety, have increased consumer demand for trusted brand-name products, as well as new domestic and imported food products. These trends are most influential in major, tier-one cities, such as Shanghai, Ningbo, and Beijing, but are also gaining in influence in the growing smaller cities, such as Xi’an, Chengdu, and Suzhou. Increasing brand awareness and exposure to Western lifestyles and international cuisine in these cities is also increasing demand for imported and higher quality products (Euromonitor International, Packaged Food Sales, 2011).

Consumers in rural areas tend to have lower income levels and focus their food purchases on essential items, while urban consumers have higher income levels and a greater ability to purchase imported food. However, the income gap between urban and rural consumers has been decreasing and is expected to narrow even more in the future (Euromonitor International, Packaged Food Sales, 2011). Rural consumers also have less access to refrigeration and, as a result, prefer non-perishable food. As a result of China’s large geography and complex consumer market, the retail sector is fragmented throughout the country. However, the government is focused on developing smaller, second-tier cities, which are largely unaffected by chain and big box retail stores, and represent a significant market that has been largely untouched by Western products. This represents a shift away from the traditional key markets in China along the Eastern coast (IGD, 2010).

East China

East China is the most developed region of China, with a higher standard of living and city populations comprised of white-collar workers and expatriates. The strong purchasing power of these consumers, combined with their concern for food safety and exposure to Western lifestyles, provides opportunity in the market for high-end and branded products. International supermarkets and hypermarkets have a strong presence in this market and tend to be the top shopping choice for consumers.
Chilled processed food is predicted to experience strong growth in the future in East China, while ready-meals have seen notable growth in the region, and represents a category opportunity. Packaged food sales in large cities, such as Shanghai, Ningbo and Qingdao, are dominated by well-known international brands. This has lead domestic manufacturers to focus on penetrating lower-tier, smaller cities, such as Nanjing and Suzhou, and Linyi (Euromonitor International, Packaged Food Sales, 2011).

**Mid China**

Rising disposable incomes and living standards in this region are driving similar trends in health and wellness, as well as food safety and quality concerns. Obesity is also an increasing concern. Consumers prefer strong tastes and spicy food, which are believed to help with the rheumatic problems that can result from the region’s wet climate. While sales of packaged food did increase value in Mid-China in 2011, there was a decrease in manufacturer profit margins. Mid-China is also expected to have increased demand for some packaged food categories, such as baby formula and ice cream, while lower-end products are expected to diminish on store shelves in large cities (Euromonitor International, Packaged Food Sales, 2011).

**North and Northeast China**

As one of the most affluent regions in China, consumers in North and Northeast China have seen increasing purchasing power compared to average consumers in the country and, for this reason, presents a particularly opportune market for packaged food. This region includes Beijing, and a number of well-developed provinces, including Liaoning, Jilin and Heilongjiang, as well as second-tier cities in Northeast China, such as Dalian and Harbin. International players are quite prominent in this region, offering high-quality products that target different consumer segments, such as Kraft’s Pacific Biscuits, Prince Cookies, and Chips Ahoy! However, domestic players benefit from advantages in categories such as dairy and sauce/dressing/condiment products that cater to local tastes, and from their shorter shipping distances for fresh products. Specific consumer tastes also exist in this region, such as the preference for denser spoonable yogurt preferred over yogurt beverages.

This region is expected to provide growing opportunities for packaged food sales in the future, outperforming overall packaged food sales in China. Premium packaged food lines are expected to be particularly desirable among consumers, especially high quality baby products. (Euromonitor International, Packaged Food Sales, 2011; Planet Retail, Country Report: China, 2010).

**Northwest China**

The city of Xi’an is the economic and cultural hub of Northwest China and a key tourist destination. Tourism has led to significant economic growth in Xi’an and the surrounding area, and resulted in changes in consumer behaviour and eating patterns, such as increased consumption of packaged food in both retail and foodservice channels. This region also contains the majority of China’s 20 million Muslim population. As a result, meat products such as mutton, lamb and beef are prominent, while pork products are rare. Halal products are also in demand in this region, including packaged food. Local companies often have an advantage in the popular Halal market, and an international halal food industrial park in the region is underway.

Lower disposable incomes compared with more developed consumer regions, such as in North and Northeast China, will fuel demand for less-expensive food products and thus a lower growth in the value of packaged food sales. However, consumers are expected to be willing to spend on quality baby food products, many of which contain imported raw ingredients, and are predicted to have a CAGR of 14% over the next five years. Interest in new cuisine experiences has driven demand for condiments, herbs and spices and value sales of sauces, dressings and condiments are expected to grow, albeit at a minimal rate.
Local brands with strong consumer loyalty, such as Yinquia’s dairy and baby food products, have done well in this region, while national and local brands have also done well in the oils and fats category. However, domestic companies without solid distribution networks and brand awareness can find it difficult to compete with multinational players in Northwest China (Euromonitor International, Packaged Food Sales, 2011).

**South China**

Living standards have improved for consumers in South China, which has increased demand for high quality food products. Higher disposable incomes and concerns about health and food safety in this region are expected to result in particularly strong growth in healthy and natural food products. Consumers here are willing to pay more for trusted brands and healthy food products. Despite health concerns, sweet products also remain popular in this region and are widely available in the market, including at dessert shops that offer traditional Chinese desserts. Within South China, developed cities with a high concentration of purchasing power include Guangzhou, Shenzhen, and Xiamen. In these types of markets, foreign brands of premium quality can have an advantage over domestic companies.

Additionally, the higher birth rate, due to more families in this region having more than one child, is expected to continue to drive strong baby food sales and rapid growth over the next five years. Due to food safety concerns, packaged food companies are expected to focus more on food quality and branding, as opposed to price competition (Euromonitor International, Packaged Food Sales, 2011).

**Southwest China**

Major brands are facing trust concerns from consumers in this region, and food safety is an area of concern, particularly in developed cities, such as Chengdu and Kunming. Consumers in this region also place importance on their food and taste experiences, enjoying snacking and preferring heavy tasting, spicy foods. Due to these consumer preferences, conveniently packaged food products with spicy sauces can be particularly popular. Also, among packaged food, baby food grew the fastest in Southwest China in 2011. In fact, baby food, particularly mid- and high-end infant milk, and chilled processed foods are predicted to be the most dynamic categories in this region. Milk formulas for pregnant women are also expected to present an area of opportunity (Euromonitor International, Packaged Food Sales, 2011, Grocery Retailers in China, 2011).

Chengdu is the most prosperous and affluent city in Southwest China, the capital city of Sichuan Province, and an emerging city in China with high living standards. The city of Kunming is another emerging market in Southwest China, and is the largest city and capital of Yunnan province. The mild climate of Kunming makes it a popular area for both tourists and expatriates. Increasing prosperity in major cities in the region has led to an increase in imported brands and international retailers. For example, the retail sector in Kunming has become increasingly competitive as both foreign and local retailers grow their presence in the market. Hypermarkets in the city include Carrefour, Wal-Mart, PARKnSHOP, and Metro, while Parkson, Wang Fu Jing, and Gingko are major supermarkets/department stores, and Zhijia is a well-known convenience store chain (Euromonitor International, Packaged Food Sales, 2011, Grocery Retailers in China, 2011; USDA Foreign Agricultural Service, Chengdu, Kunming, 2012).

**GROCERY RETAIL FORMATS**

China’s retail sector is expected to continue to expand, with strong competition from both domestic and international retailers and the growth of modern grocery retail formats. Dynamic economic growth, combined with a growing population and rising food inflation, has been a key driver of the expansion of China’s grocery sector. China’s grocery retail market value reached US$1,082 billion in 2012 placing it at the top of the list as the largest grocery retail market in the world. Furthermore, analysts are predicting
China will retain this lead into the future, with a grocery retail market forecast to be valued at US$1,582 billion by 2016. This expected growth means China’s grocery market will be 42% larger than that of the U.S. (IGD, Top 30 Most Promising Grocery Markets 2013).

The largest retailers in China’s grocery market, have approximately 1% market share at a national level, however, some leading retailers possess as much as 30% market share within individual regions. Of the top 10 grocery retailers in China (based on 2012 total sales), 64% are domestic players. Strong local retailers are RT Mart out of Shanghai, CRE based in Shenzen, and Yonghui based in Fuzhou. RT Mart operates in 26 provinces, CRE is present in 27 provinces, and has 4,398 stores, and Yonghui, which is present in 16 provinces, has 249 stores. Strategically, RT Mart and CRE are looking to expand operations into third and fourth-tier cities, while Yonghui is looking to establish its presence in major cities such as Shanghai, Guangzhou and Shenzen in 2013 (IGD. Four Winning Strategies from Asia’s Domestic Retailers. 2013). In the latest corporate news (August 2013), CRE and Tesco announced they are combining their Chinese retail operations. This partnership is the first step in a strategic plan where they intend to place a bid for China’s ParknShop supermarket chain. ParknShop is Hong Kong’s second largest retail chain, and with its acquisition CRE would become the top retailer in the Hong Kong grocery market, where it is currently a small player. For Tesco, this acquisition would give them a much sought after instant supermarket presence in southern China, where they currently have a weak hypermarket existence. Metro cash and carry is also aggressively pursuing Chinese consumers, with the opening of four stores commencing Sept. 23, 2013. These new stores are located in Hua’an, Guangzhou Panyu, Nanchang Honggu and Zibo. This has served to bringing Metro’s total footprint to 69 outlets in 49 cities.

When it comes to packaged food, supermarkets, hypermarkets and independent small grocers are expected to remain the leading distribution channels in China during 2012. The popularity of these formats is due in large part to a comfortable and convenient shopping experience. In addition, consumers were also attracted by the various discounts and special promotions, as well as programs such as loyalty points that are often offered by these formats (Euromonitor, Packaged Food in China, 2012).

Supermarkets remain the largest retail format in China, and represent 73% of total sales for modern grocery retailers and 46% for total grocery retailers in 2012. With many domestic operators in local markets, supermarkets are enjoying a growing acceptance by Chinese consumers. This increasing adoption di due to the wider product variety and cleaner environment compared to more traditional grocery retailers.

While hypermarkets contributed substantially to value growth in 2012, they appeared later than supermarkets, and account for 15% of total grocery retailing value sales. Many multinational players are present in China’s niche hypermarket sector. However, players are aggressively penetrating the country, and are gradually moving into lower-tier cities. In the pursuit of higher quality food, many young households in higher-tier cities prefer to shop for groceries in hypermarkets. Sun Art Retail Group (RT mart, Auchan) is the leading hypermarket operator in China with 273 stores (IGD, 2013).

Distribution in China can be a challenge, particularly for fresh food products. Currently, approximately 15% of China’s food, meat and vegetables are transported by cold chain distribution. However, the establishment of national cold chain standards in 2010 leaves opportunity for further development of distribution, less food decay and higher food safety standards for the future (Euromonitor International, Fresh Food in China, 2011). China’s distribution network for imported food and beverages has grown considerably in the past 30 years, particularly in large cities such as Beijing, Shanghai and Guangzhou.
MARKET ENTRY STRATEGIES

China’s supply chain structure is complex, which makes working with a network of distributors necessary. It is important to determine how to target the market and which retail networks to focus on. Attention should be paid to the particular region in China that best suits a company’s growth strategy, and which retail formats, products and brands are present in that market. To get Canadian products onto grocery store shelves, the great majority of Canadian exporters will not work directly with grocery stores that have been mentioned in this report. Instead, the majority of exporters will need to work with importers/distributors who have a strong network of contacts among the various types of retail channels, such as supermarkets, hypermarkets, etc. (IGD, 2010). Distribution and import partners can help in negotiating logistics, but Canadian suppliers should also be aware of various Chinese laws and regulations (GrokChina LLC, 2010).

Agents

There are distributors who are also agents for foreign suppliers. This type of arrangement is often welcomed by distributors, particularly arrangements that are general or exclusive and can provide them with additional compensation due to sales volumes. Canadian exporters may want to consider a general or local agent that has an established distribution partner, if they would like assistance managing distributors or coordinating promotions. One of the important functions that an importing agency partner can play is to help Canadian exporters to ensure that products meet with import requirements, including labelling requirements. Exporters should look for local partners or agents who are familiar with the industry and have proven track records with successful domestic producers or importers (GrokChina LLC, 2010).

Distributors

Many imported food and beverages are still handled by traders in Hong Kong. However, distributors in mainland China are becoming increasingly important, particularly with regard to seafood, fruit and meat. A large number of experienced distributors and import companies, agents, and wholesalers can be found in major cities such as Beijing, Shanghai and Guangzhou. Canadian suppliers in a relationship with a prominent national distributor typically work very closely with the distributor to establish brands with promotions and training. However, some national distributors look for suppliers who already have a certain level of brand awareness in the market, can supply high volumes and offer favourable terms. Clever product placement can be a strategy for generating interest and awareness of a product in the market, as consumers appreciate clever, humorous and noteworthy product placement. However, it is highly recommended that companies work with a marketing agency that has expertise in the local market (GrokChina LLC, 2010).

Mid-Tier Distributors

Mid-tier distributors are also becoming increasingly important, with many targeting specific regions where strong regional relationships with buyers exist. Mid-tier distributors would typically request that Canadian suppliers provide promotional materials and sales training programs. Close sales relationships are also important. When evaluating the feasibility of exporting products to secondary regions of China, it is recommended that Canadian producers take into account the strength of the distribution network and retail formats, which can vary from region to region (GrokChina LLC, 2010).
Recommendations and Available Services

Relationships are an important component of doing business in China, and attention should be paid to having a strong physical presence for building sales and distribution relationships in the market. Due to the complexity of the market, strong knowledge of the local market can be a valuable and necessary asset, as there are vast differences among China's cities and provinces. A product analysis can also aid in determining whether any tailoring of the product, packaging, taste, etc., needs to be done for the Chinese market. An analysis of the competing brands in China as well as the lifecycle stage of the target product category, can aid in determining entry strategies for the market (IGD, 2010).

Don’t necessarily expect dramatic or rapid success. Many companies fail due to these expectations and a lack of commitment to developing a solid presence in the market, despite challenges. A company is typically required to make long term investments in developing trusting partnerships with distributors in order to achieve success. Be prepared to experiment with regard to your approach to China, such as in finding the best long term distributor or the appropriate regional market or product mix (GrokChina LLC, 2010).

Canadian exporters are encouraged to register with the Department of Foreign Affairs and International Trade (DFAIT) Virtual Trade Commissioner Service (view link below) to gain access to Canada's embassies and posts abroad. Canadian exporters are also encouraged to use the services of Export Development Canada (EDC) and DFAIT, both of which offer trade information, and financial and risk management services to Canadian exporters. Canadian exporters must also take note of market access issues when planning to export products to China. The Canadian Trade Commissioner Service of DFAIT can also aid Canadian exporters in entering the market and obtaining up-to-date information on market access.

RESOURCES


Datamonitor 2013,

GrokChina LLC, 2010

Planet Retail, 2012
Consumer and Retail Trends in China
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