Agricultural and Pre-packaged Foods

China

Opportunities for Missouri Businesses in China
Agricultural and Pre-packaged Foods Edition
Missouri food companies now have substantial opportunities to market their products in China thanks to a combination of factors. One reason is that consumer spending on prepackaged foods and imported agricultural products increased significantly over the past five years in China. In addition, rising standards of living, an increase in college education and widespread food safety scandals in China have contributed to a desire for western products that are viewed as healthy luxury alternatives to domestic products.

Missouri Trade Representatives have long-term relationships throughout China with distributors of western products and a strong familiarity with the agriculture industry in China. Because of that, they can help discuss business opportunities and market entry options for your Missouri products.

The following is a discussion of the four categories of western products most frequently sold in China:

1. Snacks enjoyed in between meals or in place of lunch
2. Food/beverages in bars, restaurants and hotels
3. Gifts
4. Breakfast and children’s food

Market entry can present some problems when items must undergo certification and/or significant product education is required to increase brand awareness. However, more Chinese women seek out nutritional and product information online and micro blogs have become an important avenue to introduce products and uses.

Snacks

Snack foods such as yogurt, dried fruits, tree nuts and sweets are popular with the younger generation in China. However, serving sizes tend to be smaller and items contain less sugar than many western brands.

Because the Chinese “market” is very segmented and contains many separate sub-markets with numerous preferences, exporters are encouraged to identify a specific region where individual tastes and spending power offer that exporter the greatest chance for success. Many successful suppliers spend time researching the market and tailor their products to consumer tastes.

Food/Beverages in Bars, Restaurants and Hotels

Until recently, western restaurants in China catered to a largely western clientele. This has changed dramatically, with many Chinese seeking a western dining experience when they eat out. Chinese regard meals as a social experience and frequently meet friends and family at restaurants rather than entertaining in their homes. This form of entertaining has grown significantly with the rise in income levels and has benefited western restaurants and suppliers of those restaurants.
However, western ingredients do not sell as well in supermarkets or hypermarkets, which sell directly to consumers. Chinese rarely entertain at home and are reluctant to buy these ingredients because they are unfamiliar with western cooking techniques. In addition, western kitchens differ significantly from Chinese kitchens that rarely have ovens since most Chinese typically cook in a wok.

Restaurants, bars and hotels in Tier 1 cities offer a broad choice of flavors representing almost every country in the world. Hamburgers, gourmet Italian and French cuisine, Mexican, Spanish, Russian foods and steak houses are abundant and are rapidly making their way into Tier 2 cities.

**Gifts**

Chinese are very status conscious as reflected by their choice of gifts. A gift is frequently selected for its perceived value with far less consideration given to the gift’s enjoyment. Chocolates, baked goods and confectionery are all popular gift items with most successful items being standard supermarket items in the United States rather than high-end expensive items that are outside the budget of most Chinese.

Gift baskets combining multiple items such as wine, cheese, baked goods, preserved vegetables and pre-packaged snack foods are popular gifts in China.

Branding and packaging are critical in this market. Packaging can be specific to a Chinese holiday or as promotional gifts for special events or government officials.

**Breakfast and Children’s Food**

Among young educated Chinese, western breakfast foods are gaining ground on traditional Chinese breakfasts of congee (a rice porridge dish), buns and noodles. Researchers reported marked increases in consumption of bread (including sweet buns), cakes (including pancakes and pies), burgers, yogurt, milk, cereal, coffee and other western breakfast foods. These dietary changes are more prominent in Tier 1 Cities (Beijing, Shanghai, Guangzhou) where incomes are higher and locals are more highly educated.

Researchers have identified the female head of the household as the primary decision maker driving these purchases. These women prefer organic products if available and attempt to introduce healthier alternatives into the diets of those sharing their homes. In addition, frequent food safety scandals in China have made foreign substitutes increasingly attractive.

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