



CHINA MARKET REPORT

Food Industry
January 2012



China: Food Industry Overview

In 2010, Wisconsin companies exported \$82 million in food and agricultural products to China. China's growing appetite for imported food products, as well as recent food tainting scandals, are creating opportunities for Wisconsin food exporters. According to Euromonitor International, anticipated growth sectors over the next several years include: dairy products, spirits, fruits and vegetable juices, organic foods, convenience foods and bakery products.

A decade ago, most Chinese consumers bought groceries from open air "wet" markets, as supermarkets were few, overpriced and lacked freshness. Now, numerous retailers, like Carrefour, Wal-Mart, Auchan, and Metro have opened their doors to consumers eager for quality food items at competitive prices. Specialty supermarkets, catering to upper income Chinese and expatriates are also a good entry point for US exporters, as they may carry up to 80% imported products.



What to Know When Entering the Chinese Market

- Import Regulations
- Importance of Market Research and Taste Testing
- China's Regional Distinctions
- Exploring the Market through Trade Events
- Packaging and Labeling Regulations
- Intellectual Property Protection
- Distribution challenges (GAIN CH0816)

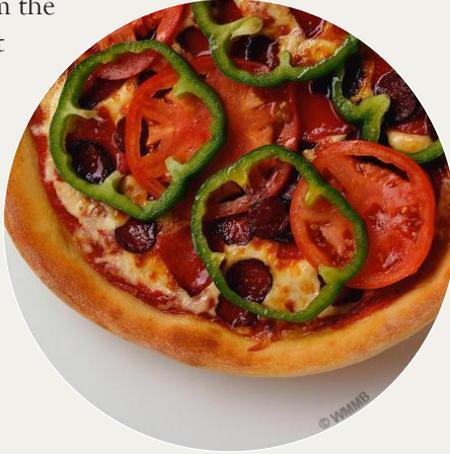
Import Regulations

Before shipping a product, Wisconsin exporters must verify Chinese import requirements with their foreign customers, who are normally best equipped to research such matters with local authorities. Final import approval is subject to China's rules and regulations as interpreted by border officials at the time of product entry.

Market Research and Taste Testing

Before entering China, Wisconsin exporters should invest in targeted market research and taste testing. In a country the size of China, it is critical to carefully target consumers, and confirm the product's appeal to that group. Consider secondary markets and focus on one region at a time.

The Wisconsin International Trade Team assists with this step by offering market research and price comparison reports to determine a product's market potential.



China's Regional Distinctions

China is a huge country. Key regional distinctions include:

- North and Northeast China (Beijing and north) - dishes tend to be salty
- East China (centered on Shanghai) - taste preference is sweet
- Central China (Sichuan and Hunan) - famous for hot and spicy food
- South China - famous for delicate tastes, seafood and an appetite for the exotic

Explore the Market through Trade Events

Personal relationships are extremely important and valuable when conducting business in China. Companies can gain first-hand experience in the market and establish contacts with key importers by participating in international trade events. Upcoming events in China can be found on the [International Trade Team Calendar of Events](#).

Packaging and Labeling

Depending on the product, China may require translated labels. The Food Export Association of the Midwest offers funding to defray costs of translating and producing labels. More information on this cost-sharing program is available at: www.foodexport.org

Food appearance and packaging is very important. Chinese consumers like to see the actual product inside the package; therefore, producers should design the packaging with a transparent window through which to view the product. Chinese consumers are often hesitant to purchase new products, so consider altering flavor profiles to include familiar regional flavors or offering free samples in store.

Intellectual Property Protection

Protecting a company's trademark in China is vital to maintaining ownership over the brand. Wisconsin companies should consider registering and protecting trademarks in both English and Chinese languages prior to entering the market.

Explore the Market through Trade Events

- **SIAL China** - Held annually in May for retail food products
- **Food and Hotel China** - Held annually in November for foodservice products
- **Food Ingredients China** - Held annually in March
- Focused Trade Missions for retail and foodservice products

International Services from the State of Wisconsin

For more information on exporting to China, call the Wisconsin International Trade Team at 800-462-5237 or email international@wisconsin.gov.

FOR ADDITIONAL INFORMATION CONTACT:

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