



Foodservice in China

2009

Beijing ■ Shanghai ■ Guangzhou/Shenzhen ■ Hong Kong

China's foodservice market is reflecting national changes in urbanisation, lifestyle, diet and increasing wealth.

Foodservice opportunities for national and international suppliers in the four urban areas are significant with around 200,000 foodservice outlets serving more than 20 billion meals per year.



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BIS Foodservice introduces Foodservice in China 2009

The foodservice market in China is anchored in rich and diverse culinary traditions across the nation. Food is central to the way of life for all Chinese and plays a major role in weddings, birthdays, holidays, everyday life and business. China is one of the world's most food oriented societies making the foodservice sector a dynamic and rapidly expanding market.

This study will focus on four major urban areas on China's eastern seaboard – Beijing, Shanghai, Guangzhou/Shenzhen and Hong Kong. These urban areas have consistently achieved higher than average economic growth rates than the western provinces. In a developing foodservice market such as China, rapidly growing urban populations represent one of the key drivers behind market development and growth only with increasing disposable income levels. All four geographic areas have been supported by a rapid rise in international tourism and business travel.

Foodservice opportunities for national and international suppliers in these four urban areas are significant with around 200,000 foodservice outlets serving more than 20 billion meals per year.

Foodservice in China 2009 follows our previous foodservice research and studies in China and Hong Kong as well as in South East Asian markets.

Institutional Sector

→ Hospitals

→ Education

→ Military

→ Correctional

→ Workplace Canteens

Commercial Sector

→ Full Service Restaurants (FSR)

→ Hotels/Motels

→ Cafés

→ Street

→ Fast Food (QSR)

→ Snack Food

→ Caterers

→ Clubs

→ Convenience Stores

Overall Trends

The report will explore key trends and developments taking place in the wider foodservice market and its effects on operators and suppliers alike as well as key product categories.

Market development is rapid in a country where GDP growth has until very recently been double digit and where industry development and international trade expand at a phenomenal pace. These are key drivers of foodservice growth and have lasting impacts while the Olympic Games only played a transient role in this market.

- ***What are the more popular western cuisines? Is it changing?***
- ***How far has the acceptance of dairy and meat products into the Chinese diet come?***
- ***What are the lasting trends?***
- ***What are the current fads?***
- ***How rapidly is the institutional sector developing? And how well serviced is this sector?***
- ***How strongly is the trend towards healthy eating changing menus?***
- ***What are the fast food options? How have they developed? What is the fast food future in China?***
- ***What is the relative strength of international, national and regional fast food chains?***
- ***To what extent have local and international brands been incorporated into marketing strategies of international chains?***
- ***How significant are food safety concerns?***
- ***What is the state of the cool chain?***
- ***Is the street channel as significant as it is in the South East Asian markets?***

The Foodservice Operators

Institutional foodservice outlets account for on average sixteen percent of all outlets. However, these numbers vary greatly among the four regions.

Restaurants are by far the largest channel in the *commercial* sector accounting for between 60 to 85 percent of all commercial outlets.

This report will examine the development of channel size in terms of outlet numbers and their relative significance over the last five years.

The Foodservice Channels

The report will investigate each of the foodservice channels and outline:

Channel Market Size

- Total number of outlets
- Food and non-alcoholic beverage expenditure by product categories

Channel Characteristics

- Key trends and developments within the channel
- Channel structure
- Channel growth
- Key product categories within the channel
- Supplier opportunities and challenges

Product Requirements

- The importance of brands
- Local versus international brands
- Packaging sizes and types
- Quality of product
- Food safety

Customer Service Requirements

- The role of relationships in foodservice
- Delivery requirements
- Promotional support

Pricing & Profitability

- Prices charged
- Margins
- Supplier pricing

Channel Drivers

Level of importance of key channel drivers relating to:

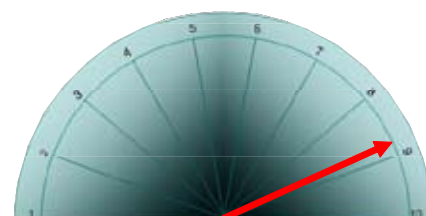
- Wider economic and policy environment
- Customer service
- Product requirements
- Distribution



BIS Foodservice R&G Coffee Barometer

Our R&G Coffee Barometer is a tool developed to capture and explain in one rating the development phase of the café and R&G coffee culture in a foodservice market – by this we mean the western/Italian coffee concept.

BIS Foodservice R&G Coffee Barometer



The R&G coffee culture has taken different routes in different markets but in all markets it influences the popularity of other product categories, the increase in bread based fast food and the consumption of water.

The barometer is based on ratings of eleven key factors.

It also gives an indication of the development of each foodservice market in terms of maturity and sophistication in the market.

China's Economic Environment

We will address the economic environment and state of play including:

- GDP and PCE growth prospects
- Present economic growth prospects compared with six to twelve months ago
- Outlook for exports
- Impact of rising oil prices
- Impact of rising food prices
- Inflation
- The ASEAN treaty
- Exchange rate issues
- Tourism in the region
- Industry structure

Foodservice Forecasts & Outlook

The report will provide detailed foodservice market forecasts down to **channel level** for the next two years.



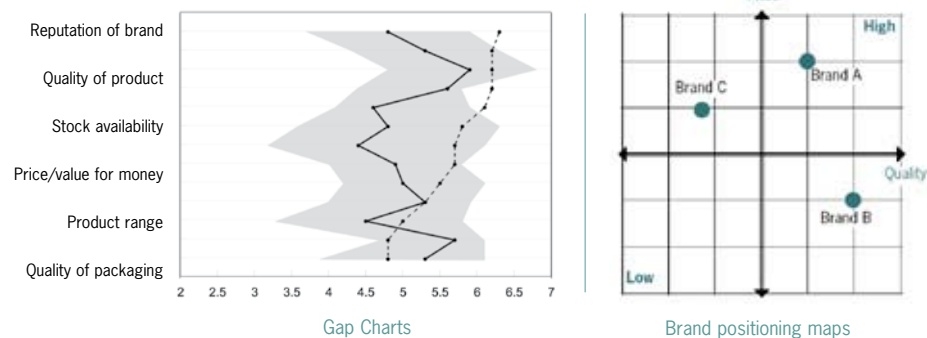
Brand analysis

The brand analysis will give detailed information on each brand's position and performance in the market as perceived and rated by both commercial and institutional foodservice operators within each channel. It will also indicate the importance of each brand selection criteria.

These brand selection criteria include:

- Reputation of brand
- Quality of brand
- Price/value for money
- Innovative products
- Product range
- Service by sales representatives
- Stock availability
- Delivery terms
- Specific sales promotions & support
- Quality of packaging

The brand analysis will be presented using Gap Charts or Brand Positioning Maps as pictured below.



About Us

BIS Shrapnel has provided research, analysis and forecasts on the foodservice industry for over 25 years. BIS Foodservice runs continuous information services in Australia and New Zealand as well as in-depth country reports on another 20 foodservice markets in South East Asia, China region, The Middle East and the Nordic markets.

For further details about our business and studies please visit our website: www.bis.com.au (click on Foodservice).

Inquiry & consultancy facility

Our consultants are continually available to clients who want to discuss trends, developments and market estimates. We are contactable via telephone and email and will seek to facilitate face-to-face meetings whenever possible.

Methodology

The methodology for this report includes:

- > Qualitative face-to-face interviews by BIS Foodservice consultants in each market place
- > 1,050 quantitative interviews using local field force
- > Secondary research including proprietor databases
- > Extensive analysis

COSTS & TIMING

The report will be available end of March 2009.

The cost of the report is **US\$12,000**

GST applies to Australian based companies.

Standard payment plan is:

- 50% of subscription on ordering
- 50% when the report is published

A subscription order form is enclosed with this proposal.

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