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Retail Foods

Annual Retail Foods Report - China

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Report Highlights:

China's retail sector offers great opportunity for U.S. food and food product exporters. However, there remains to be many challenges in reaching and selling U.S. food products in the retail sector. Demand for imported food and beverage is expected to remain resilient. Consumers in China perceive imported products to be safe and of high quality. The major drivers of China's retail growth include rapid urbanization and an increase in the number of middle class consumers. China's consumers expect their food purchases to be easy and convenient. As a result, electronic commerce (e-Commerce) has become an important tool for businesses in the retail sector to use and to adapt to in order to reach their customers.

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Executive Summary

Food consumption in China, in terms of consumer spending, has consistently increased over the last decade. In 2005, according to China's Bureau of Statistics, food consumption accounted for approximately 37 percent of total household expenditures, or about RMB 2,900 per year. In 2015, food consumption accounted for approximately 31 percent of household expenditure, or nearly RMB 4,100 per year. Meaning, in the ten-year period, on average, money spent on food consumption for consumers in China increased by 41 percent. The increase is noticeable when analyzing consumers' buying preferences.

China's consumption of imported food and beverage, as compared to total food and beverage consumption, is expected to continue increasing for the foreseeable future. Consumers in China demand high quality, safe, and authentic food products. Imported products sell for a premium price because they are perceived to be as such.

China's total retail sale of consumer goods was valued at \$4.49 trillion¹ in 2015. Online retail sales of consumer goods accounted for \$0.48 trillion of that total, or 10.7 percent in 2015.

The retail sector in China is made up of many different companies operating in very different regions. Any U.S. exporter or business interested in selling food products through China's retail sector is advised to create a detailed marketing strategy that is focused in terms of target demographic, distribution channel, and product offering.

Key words for consumers:

- **Convenience:** Successful products are easy to buy. Consumers in China are hesitant to enter credit card information online but payment services (e.g., Ali-Pay, WePay) are common. The payment services allow consumers to purchase with just a few clicks or by waving one's phone in front of a receiver. Home delivery, online product offerings (including in mobile applications), and promotions are also expected from retailers.
- **Value:** Consumers in China are resourceful and collaborative. Shoppers are patient in their purchases in order to evaluate a product's brand, public status, safety, and price relative to available substitutes. Consumers will actively collaborate about a product offering. Poor consumer feedback tends to travel fast and wide. Customer service and product consistency are highly valued.

Key words for retailers:

- **Digital:** China's retailers are rapidly transforming from traditional retail channels into e-Commerce channels. E-Commerce has become an element of nearly all retailers in China, especially for the new and expanding retailers.
- **Specialization:** China's retailers are developing specialties within certain food commodities. For example, there are more and more retailers focused on only organics, meat products, or fruit.

Section 1: Retail Sector Overview

¹ Figures are determined based on the conversion rate of 6.7RMB = 1 USD. Date: 1/10/2017

China's retail sector is the primary method in which U.S. exporters and food producers can reach consumers in China. Rapid urbanization and a growing middle class are driving China's retail sales to record levels. As a result of globalization and development, China's younger populations have become accustomed to imported food products being available at retail stores in major cities (i.e., first-tier cities).

In 2015, the total retail sales of consumer goods reached \$4.49 trillion, up 10.7 percent from 2014². In the same year, food consumption, as an average across all demographics, accounted for 31 percent of the China's annual urban household expenditures.

Many different business models within the retail industry have emerged recently. Small sized convenience stores and specialty stores remain to be the most prominent retail model. Though, in recent years, large retailers are taking market share as they are able to realize greater efficiencies through better supply chains and wider distribution channels. Furthermore, the industry has undergone many mergers and acquisitions (M&A) which has only strengthened the large retailers' position in the market. Large retailers have the resources to source directly from domestic and international suppliers thereby allowing them to realize greater profits and have more control over the quality and authenticity of the product.

High quality and premium priced food products, including imported food and beverage, is expected to continue its success in first-tier (e.g., Shanghai, Beijing) cities. Retailers are now focusing on imported food sales in second- and third-tier cities (Nanjing, Chengdu). While there is great opportunity throughout China, U.S. exporters face difficulties. High import tariffs, regulations, and expensive shipping costs (in terms of time and money, relative to competition) are the main hurdles.

In China, there is a saying “民以食为天 (min yi shi wei tian)”, which means “food is the most important in one's life”. To be successful, U.S. exporters need to maintain the high quality and safe perception that U.S. food has in China. Investing in the necessary elements (time, marketing resources, in-country contact/office) is the first step to achieving success in the China retail industry,

1.1 Consumer Purchasing Power

China is the world's second largest retail market after the United States. In 2015, China's average per capita urban household's disposable income was RMB 21,966 (\$3,279), up 8.2% from 2014. According to China's National Statistical Bureau, 2015 average urban income was approximately three times of that in the rural areas of China. China's top five areas (i.e., province or major municipality), in terms of disposable income, include Shanghai, Tianjin, Beijing, Zhejiang, and Guangdong. Other areas with modest per capita disposable income include Fujian, Jiangsu, Hainan, Chongqing, and Sichuan.

Key retail cities in China are Shanghai, Beijing, Shenzhen, and Guangzhou (i.e., first-tier cities).

Table 1: Top Urban Consumption Market of Food

² **Total Retail Sales of Consumer Goods** refer to the amount obtained by enterprises (units, self-employed individuals) through direct sales of non-production and non-business physical commodity to individuals, social institutions, and revenue from providing catering services. Individuals include rural and urban households, population from abroad, social institutions include government agencies, social organizations, military units, schools, institutions, neighborhood (village) committees.

2015 Per capita expenditure on food, tobacco and drinks by urban household (RMB)	Shanghai	Tianjin	Beijing	Guangdong	Zhejiang
	9,690.6 (\$1,446)	8,448 (\$1,261)	8,091 (\$1,208)	8,533 (\$1,274)	8,092 (\$1,208)

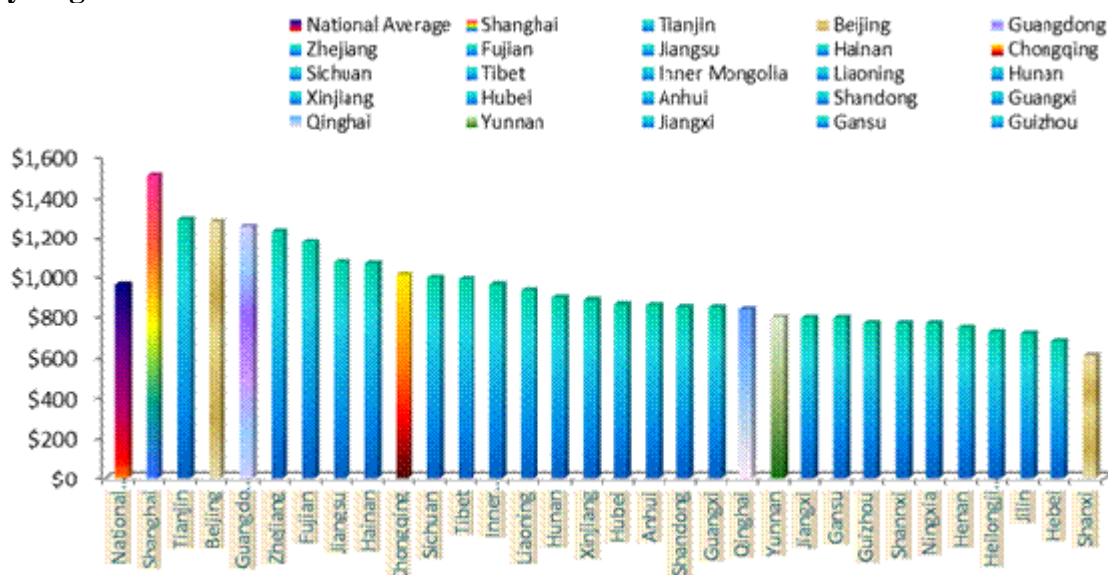
(Source: 2016 China Statistical Year Book)

Table 2: First-tier Cities at a Glance

2015	Shanghai	Beijing	Shenzhen	Guangzhou
Permanent Population (million)	24.15	21.71	10.78	13.08
Per capita GDP (yuan)	103,769 (\$15,487)	106,497 (\$15,895)	149,495 (\$23,729)	128,478 (\$20,393)
Per capita urban household disposable income (yuan)	49,867 (\$7,442)	48,458 (\$7,232)	40,948 (\$6,450)	42,954.6 (\$6,818)

(Source: 2016 China Statistical Yearly Book)

Chart 1: Food, Tobacco and Liquor Per Capita Consumption Expenditure of Urban Households by Regions



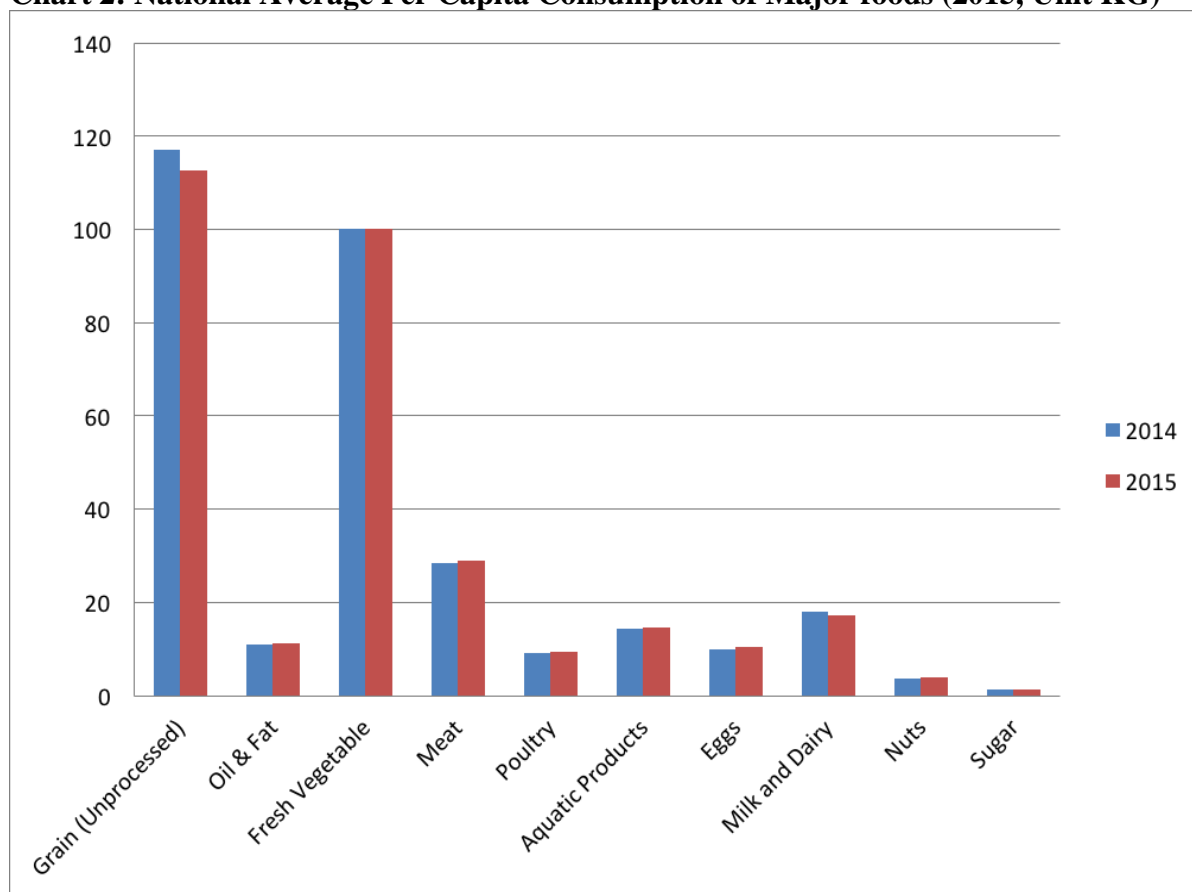
(Source: China Year Book 2015)

The average per capita expenditure on food, tobacco and beverage consumption was approximately RMB 4,814 (an equivalent to \$719)³. Per capita consumption of major foods in Urban Households nationwide include: unprocessed grains (112.6 kgs), oils and fats (11.1 kgs), vegetables and mushrooms (104.4 kgs), meat products (28.9 kgs), aquatic products (14.7 kgs), eggs (10.5 kgs), milk and dairy

³ Per Capita Income and Consumption Expenditure Nationwide, China Statistical Yearbook 2016

products (12.6kgs), as well as dried or fresh melons and fruits (49.9 kgs) and sugar (1.3kgs).

Chart 2: National Average Per Capita Consumption of Major foods (2015, Unit KG)



(Source: 2016 China Yearbook, National Bureau of Statistics of China)

1.2 Consumer Demographics

China's population is increasingly urbanizing. 55 percent of China's population is now living in urban areas, up 5 percent from 2010. The urban population grew at an average of 2.8 percent during the 2011-2015 timeframe. In addition to the urbanization trend, China's population is aging. At the end of 2014, China had over 10 percent of its population aged above 65 years old, a 10 percent increase since 2011.

Table 3: China's demographic development (2011-2014)

Population	2011	2012	2013	2014
Total (billion)	1.347	1.354	1.360	1.367
Age above 65 (%)	9.1	9.4	9.7	10.1

(Source: Historical data from China's Statistic Yearly Books)

Consumers of imported retail products:

Foreign nationals living in China that are seeking products they are familiar with are willing to pay premium prices. More chain retailers (e.g., BHG, Ole) are starting to target these consumers. Small local specialty retailers (e.g., Jenny Lou’s, City Super, and Corner’s Deli) also have success in attracting foreign nationals.

Affluent Chinese consumers are seeking high quality products that portray an image of status. High-end retail chains (e.g., Sam’s Club, Taste, Great, Treat) cater to these buyers, and tend to focus on products with special health claims. Labeling and brand image are important to these consumers.

Middle-class Chinese consumers seek the same high quality and safe products the affluent and foreign national consumers do but are willing to seek out the best value. These consumers tend to be somewhat price-sensitive and will compare several brands before they make a final purchase decision. On average, this target group is looking for food products that are fresh, easy-to-prepare, and consistent. Companies that offer value-added services and great customer service seem to do well with this group of consumers.

China’s younger generation has become more knowledgeable about imported food products. This group of consumers will still purchase in the many wet markets around China but at a much lower frequency rate in comparison to past generations. Younger consumers now purchase through hypermarkets, supermarkets, and online. Healthy eating is important as well is convenience. Many will buy through online or mobile shopping applications (e.g., *We-chat* and the *Ali-pay*).

Section 2: Retail Market Update

2.1. Food Retail Update

Table 4: 2015 Major Foreign Capital Chained Retailer Performance

Rank	Brand Name	Pre-tax Sales in (10,000 RMB)	Sales Growth	Store number in 2015	Store number growth
1	RT Mart	10790644	4.8%	409	9.9%
2	Walmart	7354653	1.6%	432	5.1%
3	Carrefour	4010221	-12.3%	234	-1.3%
4	Metro Cash& Carry	1910000	1.1%	82	1.2%
5	Watsons	1811000	9.0%	2483	18.9%
6	Parkson	1809980	-6.9%	58	1.8%
7	Dennis Zhenzhou	1800000	4.7%	378	67.3%
8	Lotte Mart	1700000	-5.6%	120	-2.4%
9	CP Lotus	1369000	-0.7%	82	6.5%

(Source: CCFA, May 2016)

In general, traditional retailers are currently undergoing a transition to include an online component to their business. The era of traditional standalone retail stores is being phased out in China. Offline (i.e.,

no online offering) food retailers include hypermarkets, supermarkets, specialty stores, discount stores, community stores and conveniences stores. Online food retailers, such as fruitday.com or fieldschina.com, are retailers that provide food products online and deliver the items to the consumer.

There are many advantages online retailers have over the traditional offline retailer. Online retailers are able to scale quickly because they are not dependent on obtaining real-estate in areas with high foot traffic, which are generally expensive areas to rent. Rather, online retailers buy warehouses outside of the city center and have the food delivered to the consumer's destination. Another advantage for online retailers is their ability to adjust to trends quickly. Online retailers analyze the data they obtain from the consumer and then tailor their offerings.

In response to the growing online competition, traditional hypermarkets and supermarkets try to differentiate themselves. Large hypermarkets and supermarket chains launch in-store promotions and offer on-site demonstrations. Furthermore, to tailor to the consumer's demand for convenience, offline retailers are now locating themselves in the basements of major shopping malls. Though, the high real-estate prices and rising labor cost in first tier cities has forced many traditional retailers to slow their expansion plans in China's major cities. In the last few years, these retailers have started to penetrate third- and fourth-tier cities where consumers may not be as tech savvy.

Table 5: Major retail formats at a glance (2015)

	Number of stores (unit)	Employees by year-end (10,000 persons)	Total sales of commodities (100 million yuan)	Total Purchases value (100 million yuan)	Centralized purchase and delivery (100 million yuan)
Hypermarket	8584	55.9	4962.9	4332.4	3128.3
Supermarket	33301	43.5	3118.1	2869.7	2388.5
Department Store	4867	26.4	3841.6	3212.4	1369.3
Convenience store	17675	8.4	387.2	317.0	250.5
Warehouse club	128	1.5	250.3	259.9	34
Specialty store	112959	92.8	20521.0	17718.6	15028.8
Discount store	410	0.2	31.5	26.2	13.2
Franchised store	21093	14.1	1739.7	1408.5	907.3

(Source: 2016 China Yearbook, National Bureau of Statistics of China)

2.2. Major Hypermarkets and Supermarkets

International players such as *Wal-Mart*, *Carrefour*, and *Metro* are facing keen competition from leading domestic chains like *China Resources Vanguard* and *Yonghui*. These retailers are transitioning from old

to new neighborhood (i.e., old facilities are being closed while new facilities are being built in new suburban areas). The total number of stores has remained nearly the same over the past year. Nearly all hypermarkets and supermarkets sell imported food products. In 2015, the leading retailers selling consumer packaged products include *China Resources Vanguard*, *RT-Mart*, *Wal-Mart*, *Lianhua*, *Carrefour*, *Yonghui*, *Nonggongshang*, *Haihang*, *Bubugao*, *Wumart*, *Metro* and *AEON China*. High-end chains include *Ole'*, *BLT*, *Sam's Club*, *Bravo*, as well as *BHG*.

China Resources Vanguard (www.crvanguard.com.cn): First established in 1994 in Hong Kong and initiated the brand “CR-Vanguard” in 2003. In 2014, China Resource Vanguard acquired Tesco China. After years of merger and acquisitions, China Resources Vanguard now has over 5,000 outlets under multiple brands including *Vanguard*, *Suguo*, *Vivo*, *Ole'*, *Legou Express*, *Vango*, *BLT*, *Voi la!*, *Lenonardo*, *Huanleshong*, *Zhongyi*, *Huarun Tang*. Its annual sales turn over reached 104 billion yuan (\$16.5 billion) in 2014. In June 2015, China Resources Vanguard launched its online www.ewj.com platform as well as a cross-board shopping experiment zone named as *EWJ Zone*.

- ***Ole' & BLT***: Currently there are over 50 *Ole'* and *BLT* stores in China. These two brands are under CR-Vanguard group but operated separately, targeting high-end consumers in first and second tier cities. *Ole'* is a popular retailer amongst foreign nationals because the sales floor is large and the store often includes a full range of brands and categories from overseas.

RT-Mart: By September 2015, RT-Mart had 318 hypermarkets in mainland China. This retail chain (originated from Taiwan) opened its first store in Shanghai in 1998. In 2011, RT-Mart joined hands with Auchan and later re-organized a new company named *Gaoxin Retail*, which was listed in Hong Kong stock exchange market. Unlike other retailers, 68% of RT-Mart and Auchan are in third and fourth tier cities, only 9% stores are located in first tier cities. In January 2014, RT-Mart proactively launched its “Feiniu” online platform and recently started its “feiniu global sourcing” project, aiming at international food and beverage items as well as other products. The company also purchased FieldsChina.com in April, 2015. During the first six months of 2016, RT-Mart sales reached 52.9 billion yuan (approximately \$7.9 billion), up 4.4% from 2015.

Wal-Mart China (www.wal-mart.com.cn): As the largest international retailer, Wal-Mart entered into Shenzhen, China in 1996 and owns 436 stores in 166 cities as of July, 2015. In 2015, Wal-Mart opened nine distribution centers for dry goods and 11 for fresh and frozen products. Wal-Mart’s main retail formats include Wal-Mart supercenters and Sam’s Club membership stores. After its acquisition of 100% Yihaodian.com share in July 2015, Wal-Mart launched its mobile shopping application, providing home delivery service in Shenzhen area. With a slogan of “Everyday low-price”, Wal-Mart supercenters focus on community consumer business. Wal-Mart invested in Yihaodian.com in May 2011 and by October 2012 acquired 51 percent share of Yihaodian.com. The company expects to open 115 new outlets within three years. In June 2016, Walmart and JD.com, China’s largest e-commerce company by revenue announced a strategic alliance to better serve consumers across China through a powerful combination of e-commerce and retail.

- ***Sam's Club*** (www.samsclub.cn): Currently there are 14 Sam’s Clubs in China, mostly in first tier cities and cities with higher disposable incomes such as Shenzhen, Guangzhou, Shanghai, Dalian and Hangzhou. Sam’s Club stores target more on high-end consumers who have stronger purchasing power. The first flagship Sam’s Club in Shenzhen ranks Best-selling store among all

Sam's Clubs in the world in terms of sales figure. Sam's Club has opened its online shop since 2010, providing home delivery services in 1st tier cities.

Lianhua: Currently there are 4,325 Lianhua stores in various retail formats, mainly located in the east region. In 2014, the sales revenue was 6.17 billion yuan (approximately \$0.98 billion). Lianhua's top management change and the poor operation in certain stores resulted in a large-scale store closure. Therefore, Lianhua had a consecutive drop in sales and negative profit since 2012. In 2013, Lianhua opened its online platform "Lianhua Yigou", providing home delivery mainly in Shanghai area. Yonghui recently became Lianhua's second largest shareholder.

Carrefour (www.carrefour.cn): The second largest international retailer from France opened its first store in China 20 years ago. Currently Carrefour has 240 stores, located in 73 cities.

Yonghui (www.yonghui.com.cn): Yonghui owns 500 supermarkets in 144 cities, mostly in Fujian, Zhejiang, Jiangsu, Sichuan, Shanghai, Guizhou, Chongqing, Henan, Shanxi, Hebei, Beijing, Tianjin and cities in Northeast. Yonghui is also a pioneer for Online-to-Offline (O2O) commercial business. Early in January 2014, Yonghui set up its first "YH Wei store", providing home delivery in Fuzhou. By the end of 2014, Yonghui achieved a total turnover at \$5.8 billion, up 20%. In August 2015, JD.com invested 4.3 billion yuan to acquire 10 percent of Yonghui's stock share.

- **Bravo YH:** Yonghui's high-end retail store. Currently there are 47 premium Bravo YH stores in China.

Nonggongshang: The chain was established in 1994. Now it has over 2,500 outlets, mainly in Shanghai, Zhejiang, Jiangsu. The retail formats include Nonggongshang supermarket, Haode convenience stores, and Kedi convenience stores. In 2014, its total sales reached 29.4 billion yuan (\$4.67 billion), down 2.1%. It started its website in 2013, but only with limited distribution network in the east.

HaiHang Commercial: There are multiple brands under Haihang (under Hainan Airline Holding): Jiadeli (Shanghai), Minsheng(Xi'an), Jiarunduo(Hunan), Goubaole, Baoshang Meijiajia, Minshengjiale. Over 500 retail stores are under Haihang Commercial's umbrella, with total sales of 27.9 billion yuan (approximately \$4.4 billion). Back in 2011, Haihang launched its online platform "Youyue shenghuo" but the platform closed the following year.

Bubugao (Better life): 452 offline stores, mostly in Hunan, Guangxi, Jiangxi, and Sichuan. In 2014, the total sales revenue overpassed 31 billion yuan, approximately \$4.62 billion. From 2008, this chain became a public-listed company in Shenzhen Security Exchange. In December 2013, Bubugao officially launched its online platform named as "Yunhou", selling all kinds of products including imported food.

Wu-Mart: Established in 1994, Wu-Mart has over 700 stores, located in Beijing, Tianjin, Hebei, Ningxia, Shanghai and Zhejiang. Wu-Mart has various retail formats including hypermarkets, supermarkets, convenience stores and department stores. It targets middle to lower-end consumers. In 2015, the total sales revenue for the first six months reached \$1.6 billion, down 3% from the previous year. An agreement was made between Lotus and Wu-Mart end of 2013 to acquire Lotus' retail business in the north and east regions.

Metro: (www.metro.com.cn) This Cash & Carry membership chain from Germany has 88 stores in 59 cities. Metro's target consumers are small and medium restaurants and members who have higher income. Half of the Metro stores are in the east, including Shanghai, Jiangsu, and Zhejiang. The stores in the west (10) are in Yunan, Sichuan, and Chongqing. In the south, there are nine Metro in Guangdong, four in Fujian and three in Hunan. On average, the imported food section (cheese, milk, chocolate, crackers, and wines) sales grew by 20% to 30% each year, accounting for 55% of Asia Pacific region total sales. Private labels include *Aka*, *Fairline*, *Horeca*, *Fine Food*, *Fine life*, as well as *Rioba*. Metro has also launched its online mall and the website is www.metro.com.cn/online-mall

Beijing Hualian BHG: This high-end brand under Beijing Hualian has total 121 outlets in China, half in Beijing. Around 15% imported products are from United States. Snacks, fresh and dried fruits, as well as soft drinks, are the most popular products in the stores.

2.3. Convenience Stores and Specialty Stores

Rank	Store Name	Corporation	Number of stores in 2015	Growth Rate
1	Ejoy	Sinopec Ejoy	25,000	5.4%
2	uSmile	PetroChina	17,000	13.3%
3	Meiyijia	Dongguan Sugar and Liquor Group	7,400	15.8%
4	Tianfu	Guangdong Tianfu Group	2,830	10.2%
5	Hongqi (Redflag)	Chengdu Hongqi	2,274	44.2%
6	Sun High	Guangdong Shanghao	2,200	6.3%
7	Quick	Shanghai Lianhua	1,650	-4.0%
8	Shizu	Zhejiang Shizu	1,633	4.9%
9	FamilyMart	Shanghai FamilyMart Co.,Ltd	1,501	17.2%
10	Kedi,Allday	NGS Group	1,500	-9.5%

(Source: CCFA data published on May 3rd 2016)

China's convenience retail sector continues to grow. Convenience stores and community stores can be found in public transportation centers (e.g., subway stations, airports, and train stations), shopping centers, or scattered throughout the city. Nearly every housing community in the major cities has at least one convenience store outlet. Convenience stores' retail space varies in size, from 50 to 150 square meters. These stores target young urban consumers, mostly students, white collar workers and tourists, aged from 16 through 40, leading a busy lifestyle.

Specialty retail markets appeal to affluent, wealthy consumers in China. The stores are either located inside downtown commercial buildings or close to high-end shopping centers or living communities. The number of specialty supermarkets and boutique stores has increased over the past three years. Specialty store consumers value high quality products that are available for purchase in stress free environments (convenience stores can be crowded and not as well kept).

Major convenience and specialty stores include:

7-Eleven: Currently there are over 1000 outlets nationwide providing 24-hour value-added services. An average 7-Eleven outlet is around 80 square meters in size and featuring snacks, wine and liquor, drinks, cigarettes, hot and cold delicatessen food items and non-food items as well as magazines.

Corner's Deli: A fast growing imported food store. Now it has 12 outlets in Guangdong and Hainan, all featuring a wide range of imported food items. U.S. cheese, condiments, breakfast cereal and other packaged products such as dried fruits, snacks, and nuts are selling well.

Jenny Lou's: A major specialty imported food chain in Beijing with over 17 stores. Target consumers include expatriates and upper-middle income Chinese consumers. Half of the products sold in this chain are from United States. Popular items include breakfast cereals, dried fruits, nuts,

Pagoda: This leading specialized fresh fruit community chain owns over a 1,000 outlets and recently acquired Beijing-based *Guoduomei's* share. With the head office in Shenzhen, Pagoda aggressively opened new stores in Beijing and Shanghai this year. Seasonal U.S. imported fruits such as table grapes, cherries, apples, pears and citrus are often displayed on shelves.

2.4. Digital Shopping

E-Commerce is dramatically growing in China. Currently, e-Commerce accounts for over 10.7% of the total integrated retail sales. China's E-commerce market retail sales total is about \$480 billion. Industry insiders estimate that about 10-30 percent of retail imported food and drink products are sold through E-commerce channels in China. Almost all major online retailers and platforms such as Amazon, JD, Tmall, Womai and YHD, sell food and beverage. Other niche retailers target fresh fruit, imported wine and spirits, cakes and nuts. For more information, please see GAIN report CH13803 on food and beverage E-commerce market in East China. Cross-border E-commerce is an emerging sub-sector. Regulations and import tax policy is a bit different from the traditional E-commerce channel. Please see GAIN report CH0609 for more information.

Tmall.com: This leading online shopping company is based in Hangzhou. As both E-commerce and m-commerce in China is booming, Tmall successfully created Single's Day (Double 11) as a major shopping holiday in addition to the Chinese Lunar New Year season. The shopping campaigns target the younger generation and single family members. Three types of stores available on TMall Global: Flagship store, specialty store, franchise store or monopolized store.

Yihaodian.com: In early 2015, Wal-Mart (China) took full control of Yihaodian.com. In 2012 Wal-Mart (China) further invested into Yihaodian. Based in Shanghai, Yihaodian started seven years ago in introducing imported food items to online consumers. However, in the past two years, the online platform has been struggling to grow.

JD.com: JD is the second largest e-commerce platform in China with 21.2 percent market share. JD.com invested \$70 million to acquire fruitday.com (a specialized fresh fruit e-commerce player in China) to increase their product offering. Recently, JD.com partnered with E-Jiangnan to set up a self-operated cross-border warehouse, dealing with fresh fruits, dairy products and other products. It is

expected that this new B2B2C business model will allow them to decrease operational costs and take advantage of the tax benefits of CBEC.

Amazon.cn: Amazon has 1.5 percent market share in China e-commerce business. Amazon plans to expand its influence and secure more traffic. In 2015, Amazon.cn launched its flagship store on TMall.com featuring products sourced directly from overseas. Based on its global supply chain, and 96 large operation centers in the world, Chinese customers can order products via amazon’s websites in the United States, Germany, Spain, France, UK and Italy. These websites combined offer over 80 million SKUs’ of imported items online with over 25 million SKUs from the United States. In order to attract Chinese customers, amazon’s website in the United States slashed the international shipping fees and improved the delivery times for orders from China. Facing fierce competition amazon.cn launched its own ‘fresh products’ section in May 2015. The section offers over 300 SKUs and just about everything from seafood to fresh fruit and meat as well as fresh cheesecake.

NetEase: Netease launched its cross-border e-commerce platform www.kaola.com early in 2015. Kaola.com sources products directly from overseas, and stores them at their bonded warehouse in China. Products include baby food, food products, supplements, cosmetics, household and personal care products, apparel and accessories, and consumer electronics. In less than a year kaola.com has become a leading cross-border e-commerce business with imported SKUs of over 10,000, and monthly sales of more than \$5 million as well as operating the largest bonded warehouse in China.

Chunbo.com is a regional e-commerce player based in Beijing. It was founded in March of 2014. Chunbo runs its own organic farm in suburban Beijing offering fresh vegetables. Target customers are upper-middle income customers, and young mothers living in Beijing. Customers can easily source fresh products, seafood, beverages, snacks, and health food on its website. In 2016, Chunbo.com launched a new operation in Shanghai to support the company’s exploration of the markets.

Section 3: Suggestions to U.S. Food Exporters

3.1. Opportunities and challenges

Opportunities:	Challenges:
<ul style="list-style-type: none"> • China’s growing middle class • Increasing disposable income • Healthy eating, including eating high quality products, is rapidly becoming more important • Online shopping is becoming prevalent • “Internet Plus” is encouraged by central government • Data analytics allows retailers to quickly adapt to consumers’ changing preferences • Social media helps enhance 	<ul style="list-style-type: none"> • China’s overall economic slowdown • Increased competition from other countries • Market access issues • Cultural differences/misunderstandings • Lack of brand awareness • Import tariffs on select products • Short shelf-life due to long distance transportation from United States • Package size and labeling differences • Logistics for perishable products in third and fourth tier cities still needs improvement • Currency exchange rate • GMO labelling

<p>consumer awareness of U.S. food products</p> <ul style="list-style-type: none"> • Cold storage warehouse development • Enhanced distribution networks • Cross-border e-Commerce • Private label popularity • Defined regulatory procedures 	<ul style="list-style-type: none"> • Organic recognition • Changing regulations
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3.2. U.S. Food Products with Strong Presence

The United States is one of the largest consumer-oriented food product exporters to China. A wide range of U.S. food categories are available in China’s retail markets. Several U.S. snack brands have been successfully introduced to Chinese consumers, including *Coca-Cola*, *MARS*, *Lays*, *Kettle Potato Chips*, *Sunmaid*, *Snyder’s*, *Pepperidge Farm*, *Wonderful*, *Blue Diamond*, and much more.

Popular products with a strong presence in the market include: tree nuts and dried fruit (prunes, raisins); seafood (especially live seafood, including lobster and geoduck); pork, vegetables (especially sweet corn); infant formula; dairy products (cheese and butter); baking ingredients and bread bases; cereals; fresh fruit (oranges, apples, especially cherries); premium ice cream; wine and spirits.

3.3. Market Entry Recommendations

China is comprised of overlapping markets separated by geography, culture, cuisine, demographics and dialects. Though there is no single formula for success in China, it is essential to identify the best cutting points. While China’s retail business environment is changing fast, it is smart to be adaptable. In short, if you’re interested in the China market, you need to be prepared to invest resources (time, promotion/education funds, etc.) and to be prepared for difficulties. If you’re committed and allow yourself to adapt, the China market can be a great opportunity.

Here are some basic market entry tips for U.S. food exporters who are willing to explore a risky but interesting market in China:

- Conduct market research for your specific product
- Understand the basic Chinese regulations and rules of practice
- Identify the right partner and decide on strategic plans
- Identify the distribution channel (online, retail, etc.)
- Adapt your products to the market
- Prepare your exporting documents
- Attend or exhibit in the major food shows and meet with the industry-insiders
- Attend Agricultural Trade Offices’ marketing activities such as in-store promotions, seminars
- Invest in market promotions launched by USDA Cooperators

- Try social media tools to enhance your products awareness

In addition, we encourage U.S. food exporters to approach USDA Cooperators and regional trade groups, such as Food Export Northeast and Western USA Trade Association (WUSATA) to learn about promotion and partnership opportunities. It is highly recommended that U.S. food exporters approach the five Agricultural Trade Offices (ATOs) in Beijing, Shanghai, Guangzhou, Shenyang and Chengdu to get information on the local retail market.

Section 4: Regional Markets Profile

4.1. ATO Guangzhou: South China

(Source: ATO Guangzhou, using 2015 China Ministry of Agriculture data)

ATO Guangzhou's South China regional coverage includes the provinces of Guangdong, Fujian, Hunan, Guangxi and Hainan. The area has a population of 271 million, an estimated per capita GDP of \$8,500 and currently accounts for roughly 32 percent of China's consumer oriented food and beverage imports (according to Chinese Customs data). As the primary manufacturing hub of the country, the relatively affluent region has a dynamic economy, containing two 1st tier cities (Guangzhou and Shenzhen) and several rapidly expanding 2nd and 3rd tier city markets (e.g. Dongguan, Zhuhai, Xiamen, etc.). Similar to other regions of China, substantial infrastructure investment has resulted in major logistics improvements and brought the region closer together. Additionally, with ongoing upgrades in high-speed rail between Guangzhou and Hong Kong, travel times to other major international trading hubs are quickly diminishing.

South China has made significant progress in cold storage management over the past several years. Furthermore, recent government subsidies have supported new investment in the cold chain throughout the region. Meanwhile, South China's wholesale markets continue to upgrade and expand their facilities. Hypermarkets and supermarkets are the primary outlets for purchasing imported consumer-oriented food and beverage (F&B) products in South China and several major retail chains are headquartered in the region, including Wal-Mart China, China Resources Vanguard, Yonghui Supermarkets and AEON China. With the significant progress in cold storage management and infrastructure, more and more 2nd and 3rd tier South China cities now host leading the domestic and international retail chains which frequently offer a broad range of imported products on their shelves. Sales of imported F&B products via online shopping platforms are also becoming an important component of the South China market and many analysts agree e-commerce in the region will play an increasingly important role in the future.

Due to growing retail competition in 1st, 2nd and even 3rd tier cities in Southern China, retailers are seeking ways to differentiate themselves and provide better service to their customers. Many have established their own online websites and provide home delivery service within their respective neighborhoods. Additionally, as the region's growing middle class is highly concerned about food safety issues and is willing to spend more on products they know offer the highest quality, retailers are often very motivated to source well-branded products from abroad.

Key South China Retail Trends

- In addition to the giant online shopping platforms such as JD.com, Alibaba.com, Taobao.com, TMall.com and Yihaodian.com, specialized on-line platforms such as Fruitday.com and Yiguo.com (also focusing on fresh fruit) are gaining significant market share in South China retail sales.
- More and more high-end specialty stores for fresh fruits, frozen meat and seafood are opening in the 1st tier cities of Guangzhou and Shenzhen.
- Due to rapid urbanization in the region, some major retailers are shifting their strategic focus from the saturated 1st tier city markets to emerging 2nd and 3rd tier city markets.
- Cross-border duty free warehouses and global direct sourcing are new concepts that are gaining traction with major retailers.
- According to retail contacts in the region, in-demand U.S. F&B products include breakfast cereals, baking ingredients, snacks, fresh & dried fruits, condiments, frozen meat, seafood, nuts, dairy products and craft beer.
- South China consumers want convenience and quality. Online/smartphone shopping and home delivery options are now extremely popular. Also, well-branded and traceable products are in strong demand.

Province Breakdown

Guangdong

Containing the two 1st tier cities of Guangzhou and Shenzhen and with a population of 108 million, Guangdong is the key province in South China in terms of consumers. According to the Chinese Bureau of Statistics, Guangdong province's GDP reached \$1.15 trillion in 2015, up 7.3 percent from the previous year. Total 2015 sales of consumer goods in Guangdong reached \$500 billion, up 10.6 percent from the previous year. A few of the leading large-scale retail chains in Guangdong province include Wal-Mart and China Resource Vanguard while several specialty chains like Corner's Deli (grocery) and Pagoda(fresh fruits) are also prominent. Several 2nd and 3rd tier cities in the Pearl River Delta region of the province, such as Zhuhai, Zhongshan and Jiangmen, are also key emerging retail markets. Guangdong Yihua Group, a leading domestic retailer based in Zhongshan has started to gain significant market share in the region.

Fujian

The province of Fujian has a population of 38 million and a 2015 GDP of \$412 billion. Total 2015 sales of consumer goods in Fujian reached \$167 billion. Key markets in the province include the capital city of Fuzhou and the coastal city of Xiamen. Emerging 3rd tier city markets in Fujian include Zhangzhou, Quanzhou and Nanping. Currently, Wal-Mart, Carrefour, Metro, Yonghui and RT-Mart have a strong presence in the province.

Hunan

The province of Hunan has a population of 68 million and a 2015 GDP of 460 billion. Total 2015 sales of consumer goods in Hunan reached \$190 billion. Key markets in the province include the capital city

of Changsha as well as the nearby cities of Zhuzhou and Xiangtan. Yueyang, Changde, Yiyang, Lodi and Hengyang are all emerging markets in the region. Currently, RT-Mart, Wal-Mart, Carrefour and regional retailers “Better Life” and “Jiarunduo” have a strong presence in the province.

Guangxi

The province of Guangxi has a population of 48 million and a 2015 GDP of \$266 billion. Total 2015 sales of consumer goods in Guangxi reached \$100 billion. Key markets in the province include the capital city of Nanning as well as Guilin (a tourism hot spot), Liuzhou (a key industrial hub) and Beihai (the province’s primary port city). Currently, China Resources Vanguard and Wal-Mart have a strong presence in the province.

Hainan

The flourishing tourist province of Hainan has a population of nine million and a 2015 GDP of \$59 billion. Total 2015 sales of consumer goods in Hainan reached \$21 billion. Key markets in the province include the cities of Haikou and Sanya.

4.2. ATO Beijing: North China

(Source: ATO Beijing)

Beijing

Key international hypermarket operators in China are all established in Beijing such as Carrefour, Wal-Mart, Jusco, Ito-Yokado, RT-Mart and Metro. Beijing’s retail market is near saturation, and increasingly it is difficult to find store locations downtown given rising property and rental prices. The retail industry has slowed along with the real Chinese economy. In 2015, retail business growth rates dropped 8.6% and 7.3% in 2014. Due to poor performance and continued losses, Ito-Yokado closed two stores and Parkson one store in Beijing during 2016.

Convenience stores developed rapidly in Beijing market in 2016 given changing lifestyles, rising rents, and strong and growing demand for take-out food. “Our hour’s” brand took the leading position over 7-11 in 2016, opening over 100 new stores in 2015. “Our Hour” currently operates over 300 stores in Beijing. 7-11 is not far behind, operating over 250 stores in Beijing and recently adding more than 40 new stores in 2015. The next largest convenience store player, Family Mart, lags behind Our Hour’s and 7-11. Family Mart opened 15 new stores in Beijing in 2015.

Compared with struggling traditional retail, e-commerce continued to develop rapidly in Beijing. In 2015. Total retail consumer goods sales reached over \$150 billion in Beijing with e-commerce trade contributing more than 20% in excess of \$30 billion. Beijing consumers enjoy the convenience offered by e-commerce players. JD.com, and Miss Fresh offer two-hour express delivery in downtown areas.

Qingdao

In 2015, total retail sales of consumer goods in Qingdao reached over \$55 billion, which is an increase of approximately 10.5 percent over 2014. Consumers have shifted from wet markets to supermarkets because of increasing disposable income in the region and a growing preference for convenience.

Competition in Qingdao's retail sector includes Jusco, Carrefour, Wal-Mart, Metro, Maykel, Parkson, RT-Mart, China Resource Vanguard (CRV), Hisense Plaza and the Liqun Group. Ole, CRV's high-end supermarket format opened its first store in Qingdao in 2015.

Most retailers have outlets located downtown, and local and multinational retailer competition is only expected to intensify as Qingdao-based Liqun Group and Hisense expand and defend market share. High-end supermarkets operated by Hisense Plaza and CRV separately offer a wide selection of imported products. Given the geographical advantages of imported foods from Korea and Japan, these products are very popular in the market.

Tianjin

Tianjin is a key emerging city market (ECM) for ATO Beijing in North China. In 2015, per capita GDP in Tianjin reached \$17,505, surpassing Beijing and Shanghai. Tianjin continues to develop distribution channels and cold storage capabilities for imported food products. High-end supermarkets in upscale department stores and e-commerce are the major platforms for consumers to purchase imported foods. Imported food products from Southeast Asia and Korea are popular in the market at competitive prices. European and U.S. products are in somewhat limited supply but available in some upscale retail outlets such as Hisense Plaza, Ole and Lotte. The market in the Binhai New Area is a good place to market imported products due to large numbers of white-collar workers that work for multinational companies as well as expatriates living there.

Cross border e-Commerce has rapidly developed in the area since Tianjin became a pilot city for the CBEC program in October of 2015. Customers can source international goods in these stores at competitive prices as goods imported through CBEC enjoy tax benefits.

Zhengzhou

Based on its unique geographical location and its advantage as a major rail hub, this retail base has developed rapidly. Consumers enjoy shopping in hypermarkets and supermarkets for high quality and safe products. Multinational retailers such as Carrefour, Wal-Mart, Metro and RT-Mart have all established outlets in the city. Domestic retailer – Hua Run (Vanguard) has been expanding in the city and the Province since setting up a Northwest Headquarters in Xi'an. The majority of imported food products carried by retailers are from Korea and Southeast Asia. Group purchasing is the primary channel to sell imported food products. Zhengzhou is also a distribution center for imported foods to inland third tier cities given its location and transportation links.

In addition, Zhengzhou is among the eight pilot cities along with Shanghai, Ningbo, Chongqing, Hangzhou, Guangzhou, Tianjin and Shenzhen for cross-border business in China authorized by the Central Government. The volume of cross-border business in Zhengzhou ranks number one in all of China. Total transactional trade was more than \$586 million in 2015 with 100% increases over 2014. With the rapidly developing cross-border business, bonded stores are popular in the city with local consumers enjoying imported products from overseas at highly competitive prices.

Xi'an

Xian is the capital of Shaanxi Province is considered the gateway to Northwestern China. Over the last 5 years, the retail sector has developed rapidly with China Resources Vanguard (CRV) dominating the region with 43 stores in Shaanxi Province. In addition, CRV's northwest regional office is located in Xi'an and covers 5 provinces in Northwest China – Shanxi, Ningxia, Gansu, Henan and Qinghai. CRV is eager to attract more upper middle-class consumers in the region by offering a better variety of imported food products. Wal-Mart operates 6 hypermarkets in Xi'an. Metro runs two stores in the city and it is the top destination for HRI operators, and upper-middle income level consumers to source wine, meat, flavorings, and cooking equipment. CRV runs one BLT (upper-middle level), and one Ole (high-end supermarket) in the city. However, logistics are still an impediment for expanding in the market.

4.3. ATO Shanghai: East China

East China is well known for its retail sector, with strengths in e-Commerce, convenience store outlets, specialty stores, supermarkets, and wholesale markets. The region, as covered by ATO Shanghai, includes one municipality and five provinces along the Yangtze River (Shanghai, Jiangsu Province, Zhejiang Province, Anhui Province, Jiangxi Province and Hubei Province). The region is the business center of China. As such, there have been large investments in developing the region's food distribution and food storage capabilities in order to supply the region's 323 million people⁴.

Shanghai

As home to a large number of supermarkets, hypermarkets, specialty stores, and an extremely strong convenience store sector, Shanghai's retail sector has become increasingly saturated. Supermarkets remain the dominant retail format. According to 2016 China Import Food Report published by CBNweekly, the main categories of import food products in Shanghai are snacks, dairy products, beverages, health food supplement, condiments and coffee/tea.

The Shanghai Pilot Free Trade Zone (FTZ) was established on September 29, 2013 and has carried out institutional reform and innovation in the areas of investment, foreign trade, finance and post-filing supervision to form a legal framework for investment and trade within the zone.

Direct Import Group (D.I.G.) is an import products outlet established inside the Shanghai Pilot Free Trade Zone. D.I.G. has opened 13 outlets in Shanghai and more are coming in other moderately developed cities in the region. The D.I.G Group works closely with more than 20,000 food importers.

Traditional markets, such as wet markets, grocery stores and fruit booths, have a wide presence in Shanghai but are losing their dominance. The low food safety standards associated with such retailers have resulted in market share loss, especially amongst the younger generation.

Beyond Shanghai

The immediate area surrounding Shanghai (The Yangtze River Delta, or YRD) is a clustered region of industrial and commercial activities. In the key cities, retail development is already well advanced.

¹China statistical yearbook - 2015

Suzhou and Hangzhou are home to Carrefour and other hypermarkets, as well as convenience stores. Hypermarkets throughout the region tend to source imports through Shanghai, taking advantage of the region's distribution systems, logistics and Shanghai's large community of experienced food importers. The supermarket sector in these cities is typically dominated by Lianhua, Hualian or Nongongshang.

Zhejiang

Hangzhou, located in Zhejiang province, has become China's capital of online retail. Hangzhou-based Alibaba Group has had great impact on consumers in Hangzhou, driving consumers to shop online. According to statistics released by the National Bureau of Statistics, over half of the retail sales for consumable goods spent in Hangzhou are made online.

Popular imported products in Hangzhou are dairy, nuts, fruits and wine. In terms of consumer preference, fruits have the highest market growth potential for US suppliers. At present, foreign brand hypermarkets in Hangzhou include Wal-Mart, RT-Mart, Metro, Carrefour and Auchan. Foreign brand convenience stores have developed rapidly in Hangzhou, including Family, Watsons, C-Store, Rosen and Mannings. Domestic brand hypermarkets and local brand supermarkets include Century Mart, Wu Mart, Vanguard, Huidelong, which have numerous stores in Hangzhou.

Jiangsu

Suzhou, a prefecture level city in Jiangsu, is both the second largest industrial city in East China and the second largest city among the cities in the Yangtze Delta. Suzhou's retail market is steadily growing, and a privately-owned cold chain already exists, with temperature-controlled warehouses and delivery trucks. Metro has established itself in Suzhou as the destination for one-stop shopping, and its membership is already 130,000 strong. To further stimulate market growth, the city's infrastructure is also developing quickly. Now with the high-speed rail in use, Suzhou is just within an hour distance from Shanghai.

Nanjing, the capital of Jiangsu province, is a city known for its college and history. The retail market and imported product consumption have increased substantially but are not as advanced as Shanghai, Hangzhou, or Suzhou. Nanjing is home to Suguo, a retail giant that holds more than fifty percent of the city's market.

Hubei

Wuhan, in Hubei province offers a mid-range prospect. It has a reasonably well-developed retail sector, with Metro, Carrefour and Wal-Mart all represented. As income levels rise throughout urban areas in China, potential markets are emerging in growing cities everywhere. The city seems receptive to American products, and with the rapid increase of supermarkets, hypermarkets and convenience stores, as well as more than 40,000 restaurants, it has a reasonably developed retail sector. The city and the surrounding region are dominated by state-owned retailers.

Jiangxi

Wal-Mart's remarkable success in **Nanchang**, the capital of Jiangxi province, provides a good case

study for retail in China’s inner cities. Nanchang is not generally regarded as a retail market in the same class as other major cities. However, as the surrounding cities prominence spreads inward, consumers are becoming more familiar with new retail offerings.

4.4. ATO Chengdu: Southwest China

Southwest China

The Southwest region consists of Sichuan, Yunnan, and Guizhou Provinces, the Chongqing Municipality, and the Tibet Autonomous Region. Southwest consumers choose to spend a large portion of their disposable incomes on food and beverages, putting regional consumption in this category above the national average. Consumer preferences for imported foodstuffs are similar to those in other parts of China. Imported products, especially those from developed countries, provide consumers with assurances of safety and quality as well as the sense of an elevated lifestyle.

Province/Municipality	Population (Million)	Urbanization Rate	GDP (USD Billion)	Per Capita Disposable Income (USD)	Per Capita Consumption Expenditure of Urban Households (USD)
Sichuan Province	82	47.70%	442		
Chongqing Municipality	30	60.90%	231		
Guizhou Province	35	42.00%	154		
Yunnan Province	47	43.30%	200		
Tibet Autonomous Region	3	27.70%	15		

*Source: Statistical yearbook 2015
Note: \$1 = 6.80 RMB



order of
and
cities
hubs

Southwest China’s major urban centers (ranked in importance) are Chengdu, Chongqing, Kunming, Guiyang, all of which are considered second-tier and offer reasonable access to imported retail foodstuffs. These cities also serve as distribution for imported products in their respective provinces.

Sichuan Province

Chengdu is the wealthiest and most advanced city in Southwest China. It is also a key part of the Chinese Government’s “One Belt, One Road” or “New Silk Road” plan aimed at resurrecting traditional trade routes over water and land. It forms one of the transportation hubs on the land route between China and Europe. Chinese President Xi Jinping announced a fund of USD 40 billion in November 2014, which is designated for investment in businesses contributing to this initiative. In Chengdu, city planners have focused on becoming China’s largest western transport and logistic hub. As an emerging city market in China’s heartland, it is a prime target for U.S. agricultural exports. Furthermore, Chengdu’s inland, emerging status means the city has less import penetration than more developed port cities. Therefore, new imports face comparatively less foreign competition. Chengdu residents are also very open-minded and have the propensity to try new foods. They are willing to pay a premium for high-quality, reliable, and safe food products.

Upscale department stores and supermarkets, as well as certain hypermarket chains, offer the highest concentrations of imported products in Chengdu. Upscale department stores in the city include Ito-Yokado, Isetan, Renhe Spring, and Wang Fu Jing. High-end supermarkets include Ole'. In February, 2016, the premium international supermarkets "Treat" and "Great" closed down due to their sluggish business. Both of these were expat friendly supermarkets in Chengdu. Greenland took over the space of "Treat" and opened its first supermarket "G-super" in November 2016. Hypermarket chains Carrefour and Metro also offer a good selection of imported goods. Other hypermarkets and supermarkets such as Wal-Mart, Beijing Hualian Group (BHG) have considerably less selection. Convenience stores are developing rapidly in Chengdu and may offer a future outlet for imported products. Chengdu-based convenience store chains Hongqi, Wowo, and Wudongfeng have a major presence in the city and are expanding business to surrounding areas.

Chongqing Municipality

Lying at the intersection of the Yangtze and Jialing Rivers in southwest China, Chongqing is a hilly city that is said to be the fastest growing metropolitan area in the world. Chongqing is the largest of the four municipalities in all of China. Under the central government's Western Development Policy, Chongqing has experienced double-digit growth every year since 1997, and is a major industrial and transportation center for southwest China. There are several major shopping districts in Chongqing, namely Jiefangbei (解放碑), Shapingba (沙坪坝), Nan Ping (南坪), Guanyinqiao (观音桥) and Yangjiaping (杨家坪). Currently Guanyinqiao Modern Business Circles has replaced Jiefangbei to become the hottest shopping area in Chongqing. The Chongqing consumer is typically considered old-fashioned and less welcoming to imported products. Chongqing Department Store which is a state-owned retailer, dominates the region but has limited imported food product selection. The best retailers for U.S. food products are Olé supermarkets and Far Eastern department stores.

Yunnan Province

Kunming has long enjoyed a reputation as one of China's most livable cities. Like Chengdu, Kunming offers openness to international products and culture. The best retail outlets for U.S. products are Parkson department stores and Gingko supermarkets. However, along with the economic slowdown, Gingko closed one of its supermarkets in 2015. The current trend shows more independent convenience stores with imported food products are appearing in the market. The penetration of U.S. products in Yunnan reaches to 3rd and 4th tier cities such as Qujing, Chuxiong, Dali, Baoshan, Mangshi (Dehong), Ruili and Yuxi. Kunming acts as a distribution point for the province, with most U.S. products sourced from coastal cities. Yunnan also has significant volumes of imported products from Southeast Asia, since it maintains active over-land border crossings with Vietnam, Laos, and Burma.

Guizhou Province

Guizhou is a very mountainous province. It is a relatively poor and economically underdeveloped province, but rich in natural and environmental resources. However, pockets of wealth exist and are demonstrating demand for U.S. retail food and beverages. The provincial capital, Guiyang, offers the greatest opportunity, with a city center holding 2.5 million urban residents. Xingli department store and

Olé dominate the imported food market. Opportunities in Guizhou's 3rd and 4th tier cities are very limited, with the best prospects likely in Zunyi via major retailers Vanguard and Xingli.

Tibet Autonomous Region (Tibet)

Often Tibet is called the "Roof of the World". Tibet is China's most remote and almost certainly smallest retail market for imported products, with only 890,000 urban residents. Any imported food and beverages destined for Tibet flow through Chengdu distribution.

Major Retail Stores in the Southwest:

- CR Vanguard continues to expand operations under its three brands: CR Vanguard Hypermarket, BLT Premium Supermarket, and Olé Premium Supermarket. The latest Olé Premium Supermarket just opened in Taiguli, the most luxurious shopping center in Chengdu. In addition to its strong presence in Chengdu, Chongqing, and Guiyang, the company also operates one CR Vanguard hypermarket in Zunyi, Guizhou.
- Ito-Yokado is a Japanese retail brand which has a total of six stores in Chengdu. The seventh store will be opened in Meishan (the surrounding city of Chengdu) in the early January 2017. It has a good reputation among consumers because of its strict food quality control.
- Far Eastern department stores display mixed performance. The Chongqing outlets perform better and hold higher reputations among the local competition.
- Parkson management and priorities vary highly from city to city and not all Parkson outlets include in-store supermarkets. Parkson runs a high-end supermarket in its Kunming outlets but has relatively poor performance in other areas.
- CBest is a state-owned supermarket often attached to their parent company, Chongqing Department Store. CBest has roughly 70 supermarkets in the Chongqing Municipality, five in Sichuan, and one in Guizhou (Zunyi). It has a large market share in Chongqing but offers few imported products.
- Hongqi Chain Co., Ltd. operates a chain of convenience stores and supermarkets in Sichuan. Founded in 2000, it was ranked as the 10th largest convenience store chain in China in 2015. Hongqi has more than 1,600 stores in Sichuan – primarily in Chengdu. Prospects for U.S. goods in this chain store are limited as it caters to more price-sensitive Sichuan consumers. Hongqi developed its own online platform in 2015. Through the integration of its more than 1,600 stores, Hongqi solved the problem of "last mile delivery".
- Wowo is a Chengdu-based convenience store chain currently operating more than 300 stores. The store appears to carry only a few imported beverages and snack foods from Eastern Asia countries, although Wowo's management has expressed on several occasions that the company would like to increase the presence of imported products. Most of these stores are open 24 hours a day.
- Wudongfeng is a state-owned convenience store chain based in Chengdu. Compared with Hongqi and Wowo, this store is relatively small, mainly targeting young consumers between the ages of 18-35. It has more than 700 stores in Chengdu.

- Momo is a fast-growing specialty/boutique chain store specializing in imported foods. They currently operate 20 stores in Chengdu and have good prospects for further expansion.

E-commerce in the Southwest:

China's internet penetration rate reached over 50 percent in 2015; however, there is still room for further growth. Most Southwest cities operate as regional transportation hubs for big vertical e-commerce platforms like JD.com and TMall. In August 2012, the National Development and Reform Commission and China Customs approved Chongqing as the seventh pilot city for cross-border trade e-commerce services. The other pilot cities are Shanghai, Hangzhou, Zhengzhou, Guangzhou, Shenzhen, and Ningbo. In 2016, China expanded cross-border e-commerce pilot zones to 12 cities, Chengdu is one of them. The new pilot zones will model themselves after Hangzhou in localizing development measures. The zones will attract businesses, help create jobs and nurture new business models to boost foreign trade and stimulate the economy.

Three major E-commerce companies started in Chongqing, all of whom receive government support and have government backgrounds:

www.igetmall.net : Igetmall is owned by the Chongqing Free Trade Zone Committee. Relying on its existing warehousing and logistics resources, it provides customs clearance, warehousing, sorting, packaging etc. The total sales revenue of the first three quarters of 2016 is about \$9 million.

www.sjgo365.com : This e-commerce platform is operated by Chongqing General Trading E-Commerce Co., Ltd., which is a subsidiary of Chongqing General Trading (Group) Co., Ltd. As the biggest state-owned retail group in Chongqing and the 7th largest retail enterprise nationwide, Chongqing General Trading has high expectations for the development of this platform. The total sales revenue of the first three quarters of 2016 is about \$13 million.

www.yuouhui.com : This platform is operated by Chongqing Yuou. Yuou was initiated by the Chongqing Foreign Economic and Trade Group with the support of the state council. Yuouhui was a pure cross-border e-commerce platform when it started operations in 2014. It expanded its business to general trading and opened its first high-end supermarkets in 2015. The total sales revenue of the first three quarters of 2016 is about \$32 million.

Chengdu just got approved as one of the cross-border e-commerce pilot zones in 2016. Prior to this time, Chengdu's main function was as a transaction hub for big e-commerce platforms like Jingdong and Tmall. "Kuaijiankang" (www.kuaijiankang.com) and Sunyuki(www.sunyuki.com) are the two outstanding local food-related e-commerce platforms in Chengdu. Kuaijiankang is operated by one local dairy company and, relying on its well-established delivery system, it provides one hour express delivery service to local customers. Kuaijiankang is growing very fast. In 2015 alone, it developed active accounts from 20,000 to 600,000, almost covering all families in the main districts of Chengdu.

Sunyuki is membership based e-commerce platform targeting middle to high income customers in Chengdu. They adopted multiple e-commerce business models, such as B2B (business to business), B2C (business to customer) and O2O (on-line to off-line). Sunyuki has a very strict quality control

system. They have established a good reputation among their 30,000 high-end consumers in Chengdu for providing safe, delicious, health and convenient food products.

Opportunities & Constraints:

Opportunities:

Increasing urbanization in Southwest China offers huge potential for retailers. The Chinese government aims to transform the economy by letting more of the population move into cities, where they will spend more as their lifestyle changes. Southwest region's overall urbanization rate increased in the past few years but still lags far behind coastal cities. For example in 2015, Chongqing's urban population only accounted for 60.9% of its total population, which means about 18 million of its 30 million residents live in urban areas. Compared with an 89% urbanization rate in Shanghai, Chongqing's retail market has big potential to grow. Sichuan, Yunnan & Guizhou provinces all have similar situations.

Increasing demand for imported fresh fruit, seafood and meat products in Southwest China represents a significant opportunity for US products. Both Chongqing the airport and water port were approved as designated fresh fruit & frozen meat ports in the last few years. Chengdu's airport was just approved by central government as a designated fresh fruit port in the early of 2016. For perishable food, direct flight is the most convenient and effective way to ensure the quality of goods. Currently, Chengdu has one non-stop flight to San Francisco and another two new air routes (non-stop) from Chengdu will open up soon. One flight will fly non-stop to Los Angeles and the other will fly non-stop to New York. Chongqing municipal officials and Sichuan provincial officials are active supporters of direct imports of fresh fruits /chilled or frozen meat products.

Constraints:

In recent years, improved living standards and increased income have expanded the market for imported products in Southwest China. However, brick-and-mortar retail stores are struggling to compete with e-commerce giants like Tmall and JD. As a land-locked area, Southwest China remains heavily reliant on coastal importers to source U.S. products. Local distributors lack any price advantage because most imported food products clear customs in the coastal areas. This is the main reason for the high prices of imported products in brick-and-mortar stores. On the other hand, supply chain constraints in brick-and-mortar retail continue to limit choices for Southwest China urbanites. Thus, consumers are increasingly turning to e-commerce to purchase food and beverages.

Cold chain transport development is lagging behind in Southwest China. Due to the limited cold chain system in Southwest China, selling fresh and frozen products on-line is quite difficult in this region. Delivery problem is a big barrier for most on-line platforms.

ATO Chengdu's retail marketing activities in Southwest China:

ATO Chengdu is working very actively in Southwest China to promote American food products. In 2015, Post conducted several marketing activities in retail section including the following:

1. Kicked off two American food roadshows in Chengdu & Chongqing. 9 U.S. agricultural cooperators and 9 U.S. food importers/distributors participated in these events.
2. Launched two e-commerce promotions in Chengdu & Chongqing, partnered with Kuaijiankang.com and Chongqing sjgo365.com.

3. Hosted one Expo-Store American food promotion in 6 high-end stores during the time of The 92nd China Food and Drinks Fair (CFDF, formerly Tangjiuhui)
4. Brought local food importers and distributors to attend 2015 Shanghai International Food Show (SIAL) to meet with U.S. exhibitors
5. Brought one Chinese buyer delegation to attend 2015 Summer Fancy Food Show in New York to explore more American food products.
6. In order to improve the competitiveness of U.S. products, ATO Chengdu recruited 8 retail industry people to participate in a private label foods marketing training program sponsored by USDA.

4.5. ATO Shenyang: Northeast China

Northeast China, called Dongbei in Chinese, includes the provinces of Liaoning, Jilin and Heilongjiang. The three provincial capitals are Shenyang, Changchun and Harbin. Each provincial capital is home to seven to ten million residents. Dongbei is home to 110 million people and has 30 more cities with populations of over a million people each. Northeast China has a land area of 780,000 square kilometers and is roughly the size of Pakistan. The port city of Dalian, the wealthiest city in northeast China, has five million people and boasts a per capita income of over \$14,000 in 2015.

Northeast China's Location



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From the 1950's to the 1980's, the Northeast was China's prominent heavy industrial base owing to its abundant coal reserves. However, the Northeast lagged behind much of the rest of the country during China's large economic growth spurt of the 1990's. In the beginning of the decade, The national government began to focus on revitalizing the region through a Dongbei Revitalization Program to help raise local income and facilitate better business infrastructure. In 2015, Liaoning's provincial Per Capita GDP passed \$10,000 for the first time. Northeast China's GDP reached \$932 billion and accounted for roughly nine percent of China's total.

Northeast China's GDP overview

Province	GDP (Billion U.S. Dollars)			Per Capita GDP (U.S. Dollars)
	2014	2015	Growth	2015
Liaoning	447	461	3.0%	10,500
Jilin	215	229	6.5%	8,350
Heilongjiang	229	242	5.7%	6,300
TOTAL	891	932	4.6%	8,500

In Northeast China, independent department stores used to be the major retail channel for most items, including apparel, footwear and snack foods. Nowadays, modern shopping malls have replaced them, dominating the retail market with more entertainment choices such as high-end and fast food restaurants, pubs, movie theaters, Karaoke bars, and places for children to have fun. Starting ten years ago, malls have also become home to supermarkets and hypermarkets. Many major multinational retailers have set up stores in Northeast China, including Wal-Mart, Carrefour and Metro. Carrefour was the first to establish operations in Northeast China in 1999. Huarun, China's leading domestic conglomerate, has also set up more supermarkets in Dongbei. Taiwan-based RT Mart is also a major player in the northeast China retail market and has deployed 34 stores in major and secondary cities throughout Northeast China.

Convenience stores are developing fast in Northeast China. Convenient stores provide closer access to customers, longer business hours, and special value-added services such as door-to-door food delivery and cell phone bill payment. While the display of imported foods in convenience stores in Northeast China is uncommon, ATO Shenyang expects this to grow. Convenience stores are particularly interested in alcoholic and non-alcoholic beverages, sweets, snack, and dairy products.

Liaoning

Shenyang, the capital of Liaoning Province, is the economic, cultural, transportation, trade and financial center of Northeast China. During China's Planned Economy era, Shenyang was well known over all China for its developed heavy industry. The permanent resident population is currently eight million and has grown by nearly one million people over the past ten years.

Shenyang's GDP of 2015 grew 3.5 percent to 728 billion RMB (\$113 billion). However, this GDP growth rate was lower than China's national average of 6.9 percent.

Shenyang's average disposable income has increased dramatically from 2005 to 2014. In 2005, Shenyang's urban per capita disposable income was 10,098 RMB (\$1,600); by 2015, Shenyang's urban per capita disposable income has reached 36,600 RMB (\$5,700). Shenyang hosted China's National Games in 2012 and further improved its infrastructure, including the building of new highways and two subway lines.

Shenyang Retail Overview

Shenyang's retail market is mainly concentrated in the traditional downtown shopping areas of Taiyuan Street and Zhongjie Street. Similar to many other second-tier cities in China, Shenyang's shopping mall construction has been booming since 2007. Many new shopping malls were constructed along the Golden Corridor of Qingnian Boulevard, especially in the Wulihe area and new districts like Hunnan in southern Shenyang. Sales in these areas have been growing rapidly, increasing on average by 10 percent per year over the past five years.

A number of international chains have set up supermarkets in many of the city's major retail areas and these stores are now leading the development of local community retail markets. Carrefour opened its

first store in Shenyang in 1999 and now has 12 stores in Shenyang. Wal-Mart has opened four stores and Metro two. Lotte Mart opened its first store in 2011 and a second one in 2013. It is reported that Sam's Club will open a store in 2017.

Headquartered in Shenyang, Happy Family Group (兴隆大家庭) is the largest privately-owned retailer chain in Northeast China. Happy Family Group operates over 30 shopping malls in Northeast China. Happy Family Group's retail sales revenue reached \$2 billion in 2015 and has plans to expand its operations into the surrounding regions including Inner Mongolia, Hebei, and Beijing. In early 2015, Happy Family opened its first dedicated imported goods store in Shenyang (called OK) with a large area dedicated to a wide variety of fresh and processed food.

High-end Supermarkets in Shenyang

Olé, the high-end supermarket under the Chinese conglomerate Huarun, opened its first store in 2011 in the Mix-C, one of Shenyang's most prominent shopping malls. Huarun opened its second Olé supermarket in September 2012 and this is in the Forum 66 Shopping Mall in the city center. Olé focuses on imports, with more than half its shelf space dedicated to foreign products. The remainder is dedicated to premium domestic products.

Vanguard, a traditional supermarket chain under Huarun, set up a dedicated imported product area in one of its stores in Shenyang in 2013. The dedicated area targets at consumers with higher disposable income and more desire for imported foods.

YooHoo (雍户) is a local high-end supermarket in Shenyang and opened at the end of 2010. With over 7,000 square meters, YooHoo is one of the largest high-end supermarkets in northeast China. Many of YooHoo's top management were from Hong Kong and imported items account for about 60 percent of the total.

Oversupply Issues in Shenyang

Shenyang's quick and large expansion of retail space has unwittingly put this city's retail into an oversupply situation. Homogeneity among retailers in terms of market positioning and tenant mix has made for fierce competition. As a result, some of the less competitive companies have closed. However, food retailers are still performing well because more and more consumers are transitioning from shopping for groceries at street markets to supermarkets. Many international retailers have high confidence in Shenyang. It is reported that Sam's Club outlet will open its first store in Shenyang in 2017. K11, a Hong Kong based retailer, specializing in managing high-end malls, will open its first shopping mall in Shenyang in June of 2017.

Dalian

Dalian is the second largest city in Liaoning Province and is also the home of China's northernmost warm-water port. Dalian is Northeast China's southernmost city. According to the World Shipping Council, Dalian was the seventh busiest port in China in 2014 in terms of container volume. Dalian had the highest GDP in Liaoning, hitting 780 billion RMB (\$121 billion) in 2015, up 3.8 percent from 2014.

The Dalian Commodity Exchange is also the only futures market in Northeast China and ranks eleventh worldwide, according to the U.S. Future Industry Association. Recently in October of 2015, Apple opened its latest retail store in Dalian and this is now one of the largest Apple stores in the world. The major electronics firm Intel just announced its plan to build a second plant in Dalian.

Dalian Retail Overview

Qingniwaqiao and Xi'an Road are the two most dominant retail areas in Dalian. Dashang Group (大商集团), headquartered in Dalian, is the largest retailer in Northeast China and has retail businesses in 17 provinces in China. Dashang Group dominates the Dalian retail market with a wide range of shopping malls, such as New Mart, Jijia Square, MyKal, Kingson, and an online provider. Dashang has numerous supermarkets, including a flagship store in MyKal. My Kal has the most extensive food selection in all of Dalian. Given their proximity, Japanese and Korean imports dominate the market, followed by Southeast Asia and the United States.

Dalian's grocery store chain development has been very extensive. Wal-Mart has four outlets and a Sam's Club. Carrefour has four stores and Tesco five. Metro has one outlet in Dalian close to Sam's Club, and Huarun opened two Olé outlets in Dalian in 2015 and 2016 respectively. Over ten new retail projects (including shopping malls and hypermarkets) are expected to launch in Dalian between 2016 and 2018.

Changchun

Changchun, the capital and largest city of Jilin Province, has been the center of China's automotive industry since the 1950s. With a population of over seven million, Changchun achieved a GDP of 565 billion RMB (\$88 billion) in 2015, representing a rise of 8.8 percent year-on-year.

The Changchun Eurasia Shopping Center, with over 560,000 square meters, is the biggest independent shopping center in the Northeast and among the largest in all of China. Eurasia is planning to expand its operation area by another 700,000 square meters in the coming years. This expansion will make Eurasia the largest standalone shopping center in all of China.

Charter is a high-end shopping mall in Changchun. Over 20 percent of the food at Charter's supermarket is imported. Charter is headquartered in Changchun and has operations in Shenyang and Harbin.

Similar to Shenyang, the competition among retailers and supermarkets has been intense, yet also paving the way for more interest in U.S. foods, especially seafood, red wine, beer, peanuts and many consumer-ready items.

Harbin

Harbin, the largest and the capital city of Heilongjiang Province, is famous for its cold winters. The annual Ice and Snow Festival has been attracting millions of tourists to this city since its beginning in 1985. Harbin achieved a GDP of 575 billion RMB (\$90 billion) in 2015, an increase of 6.9 percent over the previous year.

Besides seven Carrefour stores, five Wal-Mart stores and three Trust Mart Stores, Harbin has quite a few shopping centers. Harbin's major shopping centers include Yuanda, Songlei, Mykal and Charter. Approximately 30 percent of the items at the supermarkets in these shopping centers are imported. Yuanda opened a second shopping mall in 2014 in Harbin's newly developed district of Aijian. Yuanda's second supermarket carries even more imported items and has set up a professional kitchen right inside the store. Yuanda regularly offers all manners of food demonstrations. Recently in 2015, ATO Shenyang conducted an American food cooking demo using American food ingredients acquired right from the supermarket. The event attracted strong interests in American food and western cooking techniques.

Section 5: Appendix

5.1. FAS China Contacts:

Organization name	Address/Post code	Telephone/Fax E-mail /URL
Foreign Agricultural Service, Office Of Agricultural Affairs, Beijing	U.S. Embassy, Beijing, No. 55 An Jia Lou Rd., Beijing, China, 100600	Tel: (86-10) 8531-3600 Fax: (86-10) 8531-3636 AgBeijing@fas.usda.gov www.usdachina.com
Agricultural Trade Office, Beijing	U.S. Embassy, Beijing, No. 55 An Jia Lou Rd., Beijing, China, 100600	Tel: (86-10) 8531-3950 Fax: (86-10) 8531-3974 ATOBeijing@fas.usda.gov www.usdachina.com
Agricultural Trade Office, Shanghai	U.S. Consulate General Shanghai, Shanghai Centre, Suite 331, 1376 Nanjing West Road, Shanghai, China, 200040	Tel: (86-21) 6279-8622 Fax: (86-21) 6279-8336 ATOShanghai@fas.usda.gov www.usdachina.com
Agricultural Trade Office, Guangzhou	43 Hua Jiu Road, Zhujiang New Town Tianhe District Guangzhou, China, 510623	Tel: (86-20) 3814-5000 Fax: 3814-5310 ATOGuangzhou@fas.usda.gov

		www.usdachina.com
Agricultural Trade Office, Chengdu	Suite 1222, Western Tower No.19, 4th Section Renminnan Road, Chengdu, China, 610041	Tel: (86-28)8526-8668 Fax: (86-28)8526-8118 ATOChengdu@fas.usda.gov www.usdachina.com
Agricultural Trade Office, Shenyang	Suite 1903, North Media Building, No.167 Qing Nian street, Shenhe District Shenyang, Liaoning China, 110014	Tel: (86-24)2318-1380 2318- 1338 Fax: (86-24)2318-1332 ATOShenyang@usda.gov www.usdachina.com
Animal And Plant Health Inspection Service, Beijing (USDA/APHIS)	U.S. Embassy, Beijing, No. 55 An Jia Lou Rd., Beijing, China, 100600	Tel: (86-10) 8531-3030; Fax: (86-10) 8531-3033 www.usdachina.com

5.2. Key retailers in Southwest China

Southwest China Major Food Retailers								
Retailer Name	Ownership & (China Headquarters)	Store Type	Shopper Volume	Sichuan	Chongqing	Guizhou	Yunnan	Total
Wal-Mart	US/Taiwan (Shenzhen)	Hypermarket	High	21	13	8	19	61
Carrefour	France (Shanghai)	Hypermarket	High	19	7	1	10	37
RT-Mart	Taiwan	Hypermarket	High	6	1	2	2	11
Auchan	France (Shanghai)	Hypermarket	High	4	0	0	0	4
Metro	Germany (Shanghai)	Wholesaler/Discount er	High	2	2	0	1	5
CBest & New Century	Chongqing	Supermarket /Department Store	High	8	241	1	0	249
Parkson	Malaysia (Shanghai)	Department Store	Medium	6	5	3	2	16

	Ito Yokado	Japan (Chengdu)	Department Store	High	6	0	0	0	6
	Wangfujing	Beijing	Department Store	High	2	3	0	1	6
	Xingli	Guiyang	Department Store	High	0	0	7	0	7
	Far Eastern	Taiwan (Shanghai)	Department Store	Medium	3	2	0	0	5
	Renhe	Chengdu	Department Store	Medium	3	0	0	0	3
	Jingko	Kunming	Department Store	High	0	0	0	4	4
	Isetan	Japan (Shanghai)	Department Store	High	1	0	0	0	1
	Vanguard	Hong Kong (Shenzhen)	Supermarket	High	5	5	1	1	12
	Ole's	Guangzhou	Supermarket	High	3	3	1	0	7
	BLT	Guangzhou	Supermarket	Medium	2	0	0	0	2
	Yonghui	Fujian	Supermarket	High	25	92	8	0	125
	Bravo	Fujian	Supermarket	Medium	5	2	0	0	7
	Renrenle	Shenzhen	Supermarket	Medium	21	6	0	0	27
	Great	Hongkong	Supermarket	Medium	1	0	0	0	1
	ParknShop	Hong Kong (Shenzhen)	Supermarket	Medium-Low	2	0	0	0	2
	Treat	Hong Kong (Shenzhen)	Supermarket	High	1	0	0	0	1
	BHG	Beijing	Supermarket	Medium	8	1	6	0	15
	Lotus	Thailand (Shanghai)	Supermarket	Low	0	4	0	0	4
	Hongqi	Chengdu	Convenience Store	Medium - Low	1600+	0	0	0	1600+
	Wudongfeng	Chengdu	Convenience Store	Medium - Low	700+	0	0	0	700+
	Wowo	Chengdu	Convenience Store	Medium - Low	300+	0	0	0	300+
	7-Eleven	Japan (Guangdong)	Convenience Store	Medium - Low	60	30	0	0	90
	Lawson	Japan (Shanghai)	Convenience Store	Medium - Low	0	110	0	0	110
	Honghuabianli	Guiyang	Convenience Store	Medium - Low	0	0	75+	0	75+
	Momo	Chengdu	Convenience Store	Medium	8	0	0	0	0
	Family Mart	Japan/Taiwan	Convenience Store	Medium -	39	0	0	0	39

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5.3. Major Food Retailers in Northeast China

Retailer Name	Ownership	Store Type	Shenyang	Dalian	Changchun	Harbin	Other Cities	Total
RT Mart	Taiwan	Hypermarket	6	0	1	3	24	34
Happy Family	Shenyang	Supermarket	8	0	0	0	26	34
Carrefour	France	Hypermarket	12	4	1	7	6	30
Tesco	China	Hypermarket	7	5	0	0	9	21

Wal-Mart	USA	Hypermarket	4	4	5	3	3	19
Vanguard	China	Hypermarket	5	0	3	0	7	15
Yonghui	China	Hypermarket	4	0	2	1	4	11
Metro	Germany	Hypermarket	2	1	1	1	0	5
O'le	China	Hypermarket	2	2	0	0	0	4
Mykal	Dalian	Supermarket	0	3	0	1	0	4
BHG	China	Hypermarket	1	0	0	1	0	2
Sam's Club	USA	Hypermarket	0	1	0	0	0	1
Auchan	France	Hypermarket	1	0	0	0	0	1
Lotte Mart	Korea	Hypermarket	1	0	0	0	0	1
Jiuguang	Japan	Hypermarket	0	1	0	0	0	1
YooHoo	Shenyang	Supermarket	1	0	0	0	0	1
Total			54	21	13	17	79	184

Watsons	Hong Kong	Convenience	32	20	24	29	84	189
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As of year-end of 2015

Source: ATO Shenyang

Post:
Shanghai ATO