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China - Peoples Republic of Retail Foods

Smart Consumers and ‘New Retail’ drive China’s food retail sector

Approved By:

Lindsay Malecha

Prepared By:

ATO Guangzhou

Report Highlights:

China’s retail sector recorded \$5.4 trillion in sales revenue in 2017, a 10 percent increase from 2016, with similar strong growth expected to have happened in 2018. Driven by its huge population, urbanization, and the rising per capita disposable income of the growing middle class, China’s demand for imported consumer-oriented food products is expected to grow at a steady pace. Chinese consumers’ demand for convenience is driven by busy lifestyles and facilitated by far-reaching digitalization. In 2018, China’s import of consumer-oriented food products reached approximately \$45 billion, up 18 percent from 2017. Data-driven ‘new retail’ formats combining online and offline (O2O) have a firm footing and are expanding rapidly and creating new competition and challenges for traditional retailers. Increased tariffs on U.S. products have some retailers looking for substitute products. Opportunities exist for fresh and dried fruit, beef, dairy, seafood, nuts, pork and other products.

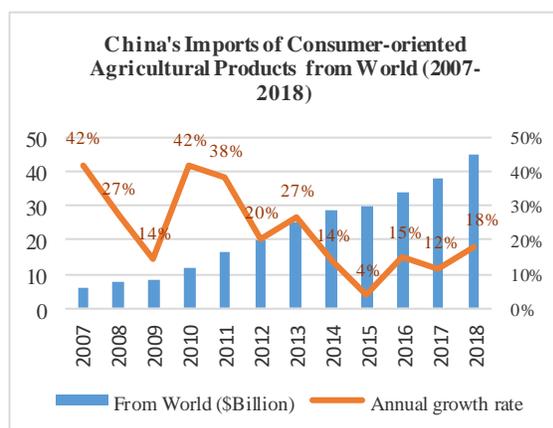
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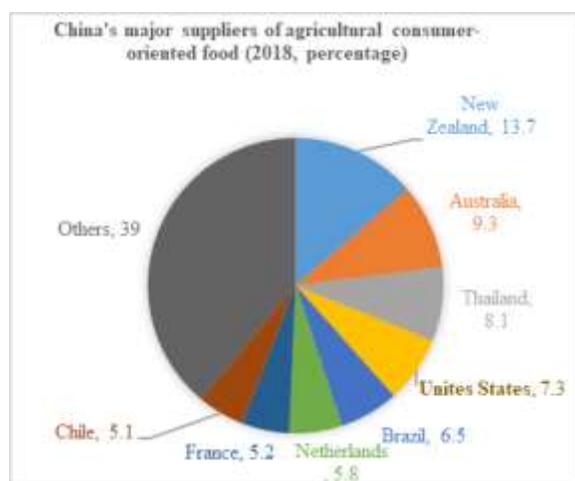
Executive Summary:

In 2018, China's import of consumer-oriented food products reached approximately \$45 billion, up 18 percent from 2017. Convenience drives consumers buying behavior. The 'new retail' format means companies are active in, and in some cases link, online and offline retail businesses.

Import of Consumer-Oriented



In 2018, the United States, previously the second largest exporter, became China's fourth largest food product supplier (behind New Zealand, Australia and Thailand). In total, \$3.3 billion of consumer-oriented products were imported from the United States (down eight percent).



(Source: ATO Guangzhou, GTA)

Retail Sector – China overview

China's total retail sales in 2017 reached \$5.4 trillion, up ten percent from the previous year. Online sales

increased 28 percent from the previous year, with similar strong growth expected to have occurred in 2018. Urban households' food expenditures account for one third of the total. Per capital daily consumption of grains, vegetables, and fresh fruits are already on the rise, and beef, seafood, and dairy products are poised to increase.

Retailers' trends – increased digitalization, 'new retail' model, growth of community and convenience stores, expanding delivery service.

Consumers – Informed about products, pursue healthy lifestyle, seek nutrition, value individualism

China at a glance (2017)

Population - 1.41 billion (four times that of the United States)

Per capita GDP - \$8,717 (highest in east China, followed by south China and north China)

Total retail sales - \$5.4 trillion (second largest market in the world)

Online sales – \$806 billion (representing 15 percent of the total retail sales)

Trendy food and beverage products in China for 2018

Meat (beef, pork); dairy products (milk, cheese, yogurt, ice cream); fresh fruits (cherries, apples, oranges, table grapes); sauces, mixed condiments and seasonings, dried fruits (cranberries, raisins, tart cherries); nuts (pistachios, almonds); frozen meals, healthy snacks, healthy beverages (100 percent vegetable and fruit juice); natural ingredient food items, and ready-to-eat foods

Opportunities/Challenges

Opportunities	Challenges
-Large population and strong consumption growth in China	-Higher cost and longer shipment from United States
-U.S. products are perceived as high-quality	-Uncertain trade status between the two countries
- Continued urbanization and lifestyle changes lead to increasing demand of imported foods	-Strong competition from other food supplying countries, some with FTAs

Section I. China Market Summary

China is a huge consumption market, but imported food currently only represents a small percentage of the total consumption volume. These low numbers represent huge market potential for imported food in the coming years.

Currently the second largest retail market in the world, China's retail sector recorded \$5.4 trillion in sales revenue in 2017, a ten percent increase from the previous year with similar strong growth expected to have happened in 2018. China's retail food sector is driven by the huge population, rapid urbanization, rising per capita disposable income of the growing middle class, and continuous economic and cultural developments. China is undergoing an overall consumption upgrade as consumers become more demanding and sophisticated. Digitalization facilitates these trends and this rapid pace. The 'new retail' format - having an online shopping mobile app and offline physical stores - has become popular. The demand for imported food is on the rise. U.S. agricultural food products are facing fierce competition in this huge market, both from other foreign suppliers and domestic producers, factors exacerbated by tariff increases

Market drivers

- **Retail food demands are driven by consumers' quest for convenience, specialization and image** - Chinese consumers are increasingly sophisticated with heavy demands on their time. They actively seek out foods that are quick and convenient, meet their individual demands, and convey status. Accessibility in retail outlets and online, and the ability to purchase using mobile payment apps (WeChat Pay and AliPay) are critical to successful products.
- **Rise of second and third tier cities** (See [China: Second Tier Cities Offer First Rate Sales Opportunities](#)) - High quality and premium priced food products, including imported food and beverages, are expected to continue to succeed in first-tier cities (Shanghai, Shenzhen, Beijing, and Guangzhou). In addition, retailers are increasingly focusing on increasing imported food sales in second- and third-tier cities (e.g., Nanjing, Suzhou, Qingdao, Chengdu Zhuhai, Foshan, Xiamen, Changsha etc.) where there is less market saturation of imported products.

Retail trends

- **'New retail' format with in-store restaurants and bakeries gains popularity.** Following tech giant Alibaba's investment in a new online-to-offline (O2O) format through chain Hema (currently with 150 outlets nationwide), JD.com also invested in, and opened, 12 O2O outlets under the 7Fresh brand. Meanwhile, traditional retailers such as Yonghui, Wal-Mart, Carrefour, Metro, Aeon, and CR-Vanguard all embraced in-store bakeries and restaurants with in-store ready-to-eat and easy take-away meal prep items also available with instant mobile ordering. Newcomers, independent e-commerce companies and entrepreneurs are starting to invest in smart retail (the application of more technology into the retail business) including unstaffed format retail.
- **Big data drives product and store placement.** Digital retail companies' (like Alibaba) have used consumer preferences data gathered across digital platforms to better understand, respond to, and target customer market segments. This information has simultaneously driven better product placement and marketing, and fed customers' expectations of quick gratification.
- **Competition is fierce.** Fierce competition from data-driven innovations drives retailers to better integrate their own physical stores and online portals with social media marketing,

physical distribution channels and logistics infrastructure. Retailers seek profitability through strategic mergers, acquisitions of similar or complementary companies, consolidation and renovation of physical stores, and/or closure of unprofitable outlets in unfavorable locations. Less competitive retailers either disappear or are acquired by more competitive players.

- **Specialty, community and convenience stores expand fast.** Chinese consumers' demand for convenience gives rise to specialty, community and convenience stores. There are increasingly more retail outlets focused only on one category, like natural and organic products, meat products, dairy, baked goods or fruit. Community stores and convenience stores pop up quickly in residential and commercial areas, at transportation hubs and near schools. Despite the relatively smaller floor space, China's convenience stores sales revenue exceeded \$34 billion in 2018, up 19 percent from 2017. There are over 122,000 convenience outlets in China, per CCFA's recent report. Many are local.
- **Digitalization enables innovative shopping experiences.** To reach a wider consumer base, retailers are putting more efforts into launching mobile apps to further expand their sales into rural areas. Through AliPay, WeChat Pay and ApplePay, the number of online food orders reached 10.96 billion in 2018, almost twice the number recorded in 2017. At least 570 million Chinese are WeChat users, covering 362 cities across the country. New marketing efforts through Douyin (a short video mobile app) and WeChat both market and link to platforms that facilitate sales.
- **Multiple delivery options offer value-added service.** E-commerce shopping platforms proactively partner with various offline retailers offering multiple delivery options which include home delivery, store-based partnerships, locker services, and drone delivery. Retailer investments in cold storage warehouses and temperature-controlled trucks are increasing. According to Xinhua, the size of China's online food delivery sector, which includes the large restaurant delivery sector, reached CNY441.6 billion (USD65.8 billion) in 2018, an increase of 112.5 percent year-on-year.
- **Stores seek private labels.** In order to differentiate themselves from others, many retailers are looking to develop their own private label brand to offer customers high quality at a lower price, to target different segments and add value. Low fat, sugar-free, and vegetarian products are trendy.

Target consumer segments for imported food

Consumers in China are resourceful and collaborative. Highly digital with access to product information, everyone is an expert. Shoppers take time to evaluate a product's brand, public image, safety, and price relative to available substitutes. Consumers will actively share information about a product and read the reviews of others; many products have thousands of reviews. Customer service and product consistency are highly valued. The importance consumers place on individualism leads to greater demand for tailored marketing efforts. Generally speaking, there are increasing demands for fresh, safe, healthy, natural, nutritious, innovative and convenient products.

- **Affluent people and expats living in 1st and 2nd tier cities.** This group, with higher per capita income, can afford high-value premium imported products and are willing to pay premium prices. More chain retailers (e.g., Ole', Sam's Club, BHG) are starting to target these consumers with expanded imported food offerings. These consumers tend to pay attention to healthy lifestyle, food quality, convenient and value-added service, and are often attracted by premium quality, good taste, freshness, nutrition/health benefits, and fancy packaging. Less

price-sensitive, they want immediate service. Small, local specialty retailers (e.g., Jenny Lou’s, City’super, and Corner’s Deli) also have success in attracting these customers.

- **The growing middle class (the ‘80s, 90s, and 2000s generation).** These consumers shop in-stores and online. Healthy eating is important as is convenience. Many will buy through online or mobile shopping apps. They value individualism and unique personality, and are often attracted by new items and innovative ideas. They accept new media and may purchase out of curiosity and impulse. The relatively larger number of singles and small families prefer small package or single-serving products. With a fast living pace, they look for pre-cooked or ready-to-eat food, either semi-processed or made on-the-spot.
- **Mature consumers born in 60’s and 70’s.** These consumers are often well-educated and more traditional. They tend to have loyalty towards branded products that are in line with their social status and image they want to convey. They have been exposed to the Western lifestyle and seek value-added service. High-end retail chains (e.g., *Space, Taste, Great, Treat, City’super*) cater to these buyers, and tend to focus on products with special health and longevity claims. Visually appealing labeling and brand image are important.
- **Females aged 25 -50.** In China, more than half of women are working class and almost all take responsibility to shop for their family and kids. For them, food safety is an important issue and they often pay more attention to expiry dates and ingredient lists. During pregnancy, healthy fruits and high-protein items such as beef, seafood and dairy products are in high demand.

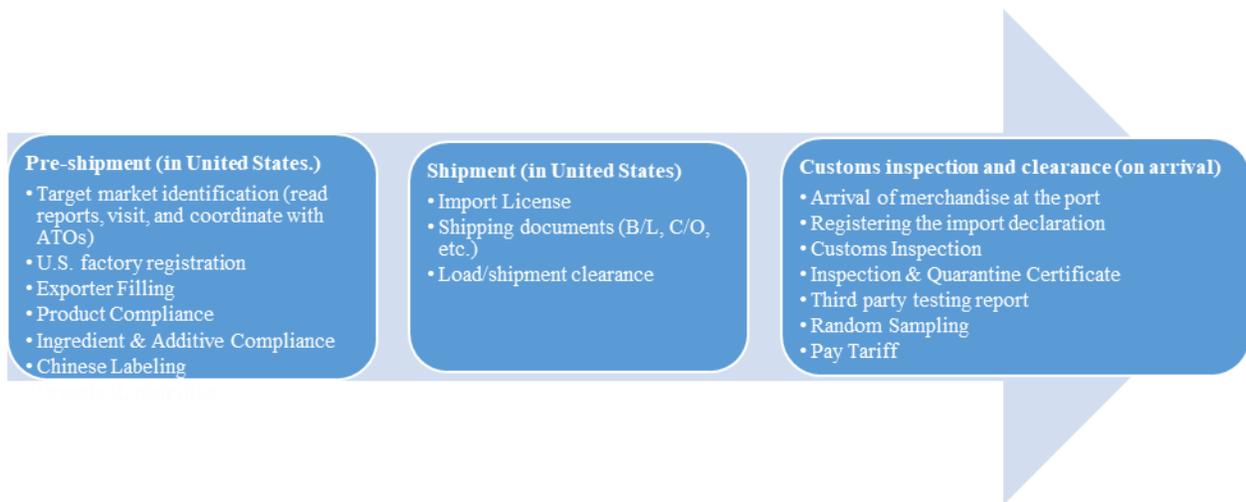
U.S. Supplier ADVANTAGES	U.S. Supplier CHALLENGES
Products from the United States are perceived to be high quality, safe, and consistent.	There continue to be many market access issues, including restrictions on poultry, some fresh fruits and vegetables, and other products.
American culture (e.g., holidays, dining experience, etc.) is well known and positively perceived.	Tariffs and uncertainty currently dominate the narrative about the trade relationship between United States and China and have residual impacts on retailers.
U.S. exporters and suppliers have access to a network of assistance provided by the USDA’s Foreign Agricultural Service and USDA trade associations (please see section 5 below for key contacts and further information).	There are many alternative suppliers to China including those who have signed FTAs (ASEAN, Australia, Singapore, South Korea, Maldives, Pakistan, New Zealand, Chile, Peru, Costa Rica, Iceland, Switzerland, Georgia, Hong Kong, Macao, and Taiwan)

Section II. Road Map for Market Entry

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

Entering China’s retail market can be rewarding but requires a large investment of time and money. Face-to-face contact, on-the-spot education and demonstrations greatly enhance a positive brand image. USDA China strongly advises U.S. exporters to work with the importer, the local import agent, distributor, and/or the end-user to make sure the products are in compliance with Chinese regulations and all proper documentation has been completed. These traders in China are normally best equipped to research these issues with local authorities, before any goods are shipped. They should be able to handle customs, quarantine, and any licensing procedures needed for the food products. A number of distributors will complete the necessary paperwork themselves, while others will use an import agent.

For more on these regulations, please read the latest [FAIRS Narrative Country Report](#) and [FAIRS Export Certificate Reports](#). Our latest Exporters’ Guide is available at <https://www.fas.usda.gov/data/china-exporter-guide-2>.



Marketing tips

- *Identify your target market:* Get to know the market; attend a food show in China; work closely with ATO offices; understand your potential customers
- *Identify your partner:* Identify regional and national importers/ traders with access to your target geographic area; establish trade relationships
- *Build up your brand:* Invest in China; clearly articulate your selling points; establish strategic marketing plans that clearly identify a target demographic, distribution channel and product value proposition; establish and expand distribution channels; concentrate on quality, packaging, and price to attract consumers; design any point of sale materials
- *Adapt to the different marketing strategies:* Initiate and support marketing activities; take advantage of new media (key opinion leaders [KOLs], audio and video) to market your products direct to consumers; educate the traders/consumers; invest in new packaging; expand your product line; add new SKUs

Distribution channel



(Note: An importer can simultaneously be a wholesaler and a distributor.)

Top retail outlets for imported food items

Nearly all physical supermarkets in first tier cities carry imported food products. In order to differentiate themselves from others, the major traditional players (CR-Vanguard, Wal-Mart, and Yonghui) are focused on opening more high-end stores that tend to also have more imported product SKUs. These include Ole’ & BLT (under China Resources Vanguard), Sam’s Club (under Wal-Mart), Bravo (under Yonghui), Hema (under Alibaba Group), Space (under Rainbow) Metro, BHG and AEON China. More traditional retailers such as RT-Mart, Carrefour, Bubugao, and Wumart, are seeking ways to differentiate themselves from others. For example, Carrefour recently upgraded its store by installing new self-checkout equipment and opened a new format called Le Marche with more of a food focus and more imported SKUs. There are also some high-end local chains such as City’super, Haixin, G-super, Taste, and Space displaying a full range of imported food. (For more information on individual retailers, please see Appendix III at page 13)

Headquarters Location of top Retail Chains in China

In general, each ATO has a strong relationship with all of the retail chains located within their region. It is wise to initiate inquiries to the chain’s headquarters and ask if they have regional suggestions for where your product may have the most success. Many retail chains have regional offices which can also help, and ATOs often have contacts with those regional offices.

North region ATO Beijing	East region ATO Shanghai	South region ATO Guangzhou	Southwest ATO Chengdu	Northeast ATO Shenyang
BHG (11), Wu-Mart, Jenny Lou’s (10), 7Fresh (12), JD.com	Metro (80), RT-Mart (368), Hema (150), Lianhua, City shop (13), City’super, G-super (63)	Ole’ & BLT (78) Sam’s Club (20) Wal-Mart (400) CRVanguard (3500) Rainbow (40) Yonghui (80) Bravo (60),	Hongqi (3000) Wowo (3000) Family-Mart Carrefour Ito-Yokado	Happy Family (31), Dili Fresh, Watsons (177)

*NOTE: (#) are the number of outlets of each store	Parkson (44) Golden Eagle (44), Tmall.com; Alibaba.com	Corner's Deli (15) Pagoda (3000) Lotus Parkn'shop VIP.com		
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(Source: ATOs in China)

Section III. Competition

The demand for imported consumer-oriented agricultural and food products is expected to continue to grow at a steady pace. According to China Customs, China's total imports of consumer-oriented agricultural products have grown annually at a two-digit growth rate over the past decade. In 2018 alone, China imported approximately \$45 billion in consumer-oriented products from the world, up 18 percent from the previous year. Top suppliers include New Zealand, Australia, Thailand, the United States, Brazil, France, Chile and Germany, as well as other European and South Asian countries.

Generally speaking, the United States is losing ground in the consumer foods retail market due to the high tariffs imposed on imported food items and uncertain trade relationship with China. In 2018, China's imports of consumer-oriented agricultural products fell eight percent from the previous year, to \$3.3 billion. The tariffs announced by China on May 17th, 2019 are expected to exacerbate this further. (See the report on the May 17, 2019 round of tariffs: <https://www.fas.usda.gov/data/china-china-raises-tariffs-us-agricultural-products>) In addition, many of the United States' main competitors in the consumer foods industry have FTAs or preferential trade agreements with China that have reduced tariffs to minimal or zero.

Top suppliers' key products

New Zealand – Milk powder, baby food, bone-in frozen mutton, boneless beef, kiwi

Australia – Frozen meat of Bovine animals, boneless; wine, food preparations; meat of sheep, bone-in; infant food preparations; grapes

Thailand – Durian, cassava, guavas, mangoes, mangosteens

(Source: China customs, GTA)

Notable consumption trends include:

- **Fresh fruits** – Since 2013, China's fresh fruit consumption rose 21 percent to an estimated total fresh fruit consumption exceeding 64 million tons per year. Imported fresh fruits, however, currently make up less than eight percent of China's total consumption. In 2018, China imported \$6.94 billion (up 36 percent) of fresh fruits with a total volume exceeding 4.8 million tons (up 26 percent) top suppliers were Vietnam, the Philippines, Thailand, Chile, Ecuador, South Africa, Australia, and New Zealand. The United States represented only two percent by volume (down 27 percent) and four percent by value (down 31 percent) of China's total fruit imports.

- **Pork** – China’s pork consumption is estimated at over 28 million tons annual consumption, but imported pork has typically represented less than seven percent. The impact of the recent outbreak of ASF on the swine population and consumer perception of Chinese pork safety is expected to increase import opportunities. In 2018, total pork imports, both in terms of volume and value, dropped 12 percent and 17 percent respectively. Top suppliers were Germany (16.8 percent), Spain, the United States (13.1 percent), Canada, Denmark, Brazil and the Netherlands. The United States ranked as the 4th largest pork exporter to China.
- **Poultry** – Chinese demand for poultry is up from 2013. In 2017, per capita poultry consumption was 8.9kgs and estimated annual poultry consumption exceeded 13 million tons. China imported \$1.1 billion in poultry products from Brazil (80 percent), Argentina, Chile, Thailand, Poland and Belarus. U.S poultry has not had market access since an AI outbreak in the U.S. in 2014.
- **Beef** – Chinese annual per capita beef intake was 1.9kgs in 2017, up 26 percent from five years ago. Beef imports grew 57 percent from 2017 to 2018, reaching \$4.8 billion. One third of the beef consumed in China is imported. In 2018, China imported over one million tons of beef from Brazil (30 percent), Uruguay, Argentina, Australia, New Zealand, Canada, the United States and Mongolia. The United States saw dramatic increase after gaining market access but still represents just 1.3 percent of the total imports by value, and 0.65 percent by volume.
- **Fish and Seafood** – In 2017, per capita seafood consumption reached 11.5kgs, up 10 percent from 2013. About 20 percent of fish and seafood products are imported. In 2018, China imported over three million tons of fish products valued at \$11.8 billion, up 43 percent. Top suppliers include Russia, the United States, Indonesia, Vietnam, Canada, Australia and Norway.
- **Dairy products** – Chinese consumers’ annual per capita dairy products consumption was 12.1kgs in 2017, relatively flat from the previous three years and with only a slight (three percent) increase from 2013. However, the estimated Chinese consumption of dairy exceeds 17 million tons, and less than 18 percent of dairy consumed is imported products. China imported 2.8 million tons of dairy products from New Zealand (37 percent), the United States, Germany, the Netherlands, France, Australia, Ireland, Denmark and Poland. Chinese imports of dairy beverage products increased 12 percent in 2018, mainly from New Zealand, Germany, Australia, France and Poland. U.S. dairy beverage imports dropped almost 22 percent.

Section IV. Best Product Prospects Categories from the World

Products Present with good sales potential	Products Not Present in significant quantities but with good sales potential	Product Not Present because they face significant barriers
<ul style="list-style-type: none"> • Infant formula • Whey powder • Fresh fruit (cherry, apple, citrus, plums, avocado, strawberry) • Beef (frozen) • Tree Nuts (almonds, pistachios, pecans) • Dried fruit (cranberry, blueberry) • Dairy products (butter, UHT milk) • Chocolate • Sauces, spices, condiments • Wine • Ice cream • Potato chips • Frozen potatoes • Juices (fruit and vegetable) • Frozen seafood • Pork • Rice 	<ul style="list-style-type: none"> • Dairy products (cheese, fresh milk) • Wheat flour and pasta • Dehydrated potatoes • Sugar confectionary • Mixes and doughs • Breads, pastries, and cakes • Cookies, waffles, and wafers • Breakfast cereals • Craft beer • Chilled beef • Fishery products (salmon, geoduck, lobster, abalone, king crab, Dungeness crab, cod) • Ready-to-eat foods • Frozen processed items • Drinking water 	<ul style="list-style-type: none"> • U.S. fresh fruits and vegetables (berries) • U.S. poultry products • Organic foods <p>(NOTE: Since the announcement of tariffs, almost all U.S. food items face significant barriers.)</p>

Top Consumer-Oriented Products Imported from the United States

Prepared foods, swine offal, nuts (in-shell pistachios, almonds), whey, prepared potatoes, infant food preparation, fresh fruit (cherries, oranges)

Other U.S. food products available in the Chinese market - Baby food, dairy, rice, pasta, noodles, edible oils, cookies, snack bars and fruit snacks, breakfast cereals, processed fruit and vegetables, spreads, ready meal, semi-cooked products, ice-cream and frozen items, instant coffee, chocolate, soup, condiments, sauces, pork, dressings, fruits, beef, seafood, nuts, whey, flour, baking ingredients

Section V. Key Contacts and Further information

FAS China has five Agricultural Trade Offices (ATOs): Beijing, Shanghai, Guangzhou, Chengdu and Shenyang, respectively covering North, East, South, Southwest and Northeast regions.

Trade Shows in China: In 2019, USDA has three endorsed trade shows in China for exporters to participate in: Food Ingredients China (March 18-20), SIAL China (May 14-16), and Food & Hotel

China (November 13-15). For additional information on USDA endorsed trade shows, please visit: <https://www.fas.usda.gov/topics/trade-shows>. Other trade shows throughout the country, though not USDA-endorsed, are generally well-attended and may offer additional opportunities for exporters.

Many suppliers get excellent market information by scheduling their market research visit to coincide with one of the trade shows. Exporters interested in a particular show should contact the office responsible for the region in which it is held. The ATOs in Beijing, Chengdu, Guangzhou, Shanghai, and Shenyang can all provide contact details for show organizers for their local shows upon request and can recruit distributors or traders to the show for matchmaking meetings.

Map 1. FAS China’s ATO office coverage



(Source: ATO Guangzhou)

Legend:

FAS-China	Contact and coverage
 ATO Beijing	Tel: 010-85313950, Email: ATOBeijing@fas.usda.gov Covering North region (Shandaong, Henan, Hebei, Beijing, Shaanxi, Inner Mongolia, Tianjin, Shanxi, Xingjiang, Gansu, Ningxia, and Qinghai)
 ATO Shanghai	Tel: 021-62798622 , Email: ATOShanghai@fas.usda.gov Covering East region (Jiangsu, Zhejiang, Hubei, Shanghai, Anhui, and Jiangxi)
 ATO Guangzhou	Tel: 020-38145000 Email: ATOGuangzhou@fas.usda.gov Covering South region, Guangdong, Hunan, Guangxi, Fujian and Hainan
 ATO Shenyang	Tel: 024-23181338; Email: ATOShenyang@fas.usda.gov Northeastern region, covering Liaoning, Jiling, Heilongjiang
 ATO Chengdu	Tel: 028-85268668; Email: ATOChengdu@fas.usda.gov covering Southwest region (Chongqing, Sichuan, Yunnan, Guizhou, and Tibet)

Appendices:

Appendix I. 2018 Top retailers at a glance

Top retailers	Sales (US Millions)	Number of outlets
CR-Vanguard	148.9	3,192
RT-Mart	141.0	407
Wal-Mart	118.4	441
Yonghui	112.9	1,275
Lianhua	72.4	3,371
Carrefour	69.8	302
Wu-Mart	55.4	876
Jiajia Yue	33.5	584
Bubugao	33.1	576
Zhongbai	32.4	183
Metro	31.3	94
Hema	20.6	109
Lotus	20.2	116

(Source: CCFA)

Appendix II. Top Convenience Store Chains

Convenience store name	Number of outlets
Yijie	27,259
Kunlunhaoke	19,700
Meiyijia	15,559
Suning xiaodian	4,508
Tianfu	4,212
Hongqi	2,817
Quanjia	2,571
Shizhu zhishang	2,141
Luoshen	1,973
7-Eleven	1,882
365	1,850
Tangjiu	1,500

(Source: CCFA)

Appendix III. Key retailers' profiles

National chains

- China Resources Vanguard (www.crvanguard.com.cn):** China Resources Vanguard now has over 3,100 outlets under multiple brands including Vanguard, Suguo, Vivo, Ole', Legou Express, Vango, BLT, Voi_la!, Lenonardo, Huanleshong, Zhongyi, Huarun Tang. In June 2015, China Resources Vanguard launched its online www.ewj.com platform as well as a cross-border shopping experiment zone named as EWJ Zone.
 - Ole' & BLT:** Currently there are over 80 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 (www.rt-mart.com.cn):** By the end of 2018, RT-Mart had 450 hypermarkets in mainland China. This retail chain (originally 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 on the Hong Kong stock exchange. Unlike other retailers, 68 percent of RT-Mart and Auchan are in third and fourth tier cities, only nine percent of their stores are located in first tier cities.
- Wal-Mart China (www.wal-mart.com.cn):** The largest international retailer, Wal-Mart, entered Shenzhen, China in 1996 and by the end of 2018 owned 441 stores. In July 2015, Wal-Mart launched its mobile shopping app, providing home delivery service in the Shenzhen area. Wal-Mart Supercenters focus on providing everyday low prices items to the neighborhood community consumers. 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 combination of e-commerce and retail.
 - Sam's Club (www.samsclub.cn):** Sam's Club stores target higher-end consumers with stronger purchasing power. The flagship Sam's Club in Shenzhen is the top grossing among all Sam's Clubs in the world. Sam's Club opened its online shop in 2010, providing home delivery services in 1st tier cities.
- Yonghui (www.yonghui.com.cn):** Yonghui owns 1,275 supermarkets, mostly in Fujian, Zhejiang, Jiangsu, Sichuan, Shanghai, Guizhou, Chongqing, Henan, Shanxi, Hebei, Beijing, Tianjin and cities in Northeast. Yonghui is also a pioneer in the Online-to-Offline (O2O) commercial business. In August 2015, JD.com invested 4.3 billion yuan to acquire 10 percent of Yonghui's shares. Recently, Yonghui and Parkn'shop joined to establish a brand new Parkn'shop – Yonghui retail company in Shenzhen.
 - Bravo YH:** Yonghui's high-end retail store. Currently there are 47 premium Bravo YH stores in China.

5. **Lianhua:** Currently there are 3,371 Lianhua stores in various retail formats, mainly located in China's eastern region. Lianhua's top management change and poor operation in certain stores resulted in a large-scale store closure in 2016 and 2017, which resulted in sales drop in 2017.
6. **Carrefour** (www.carrefour.cn): The second largest international retailer opened its first store in China 20 years ago. Currently Carrefour has 302 stores nationally with the new Le Marche format catering to high-end consumers who want more imported foods.
7. **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.
8. **Bubugao (Better life, www.bbg.com.cn):** 576 offline stores, mostly in second and third tier cities in Hunan, Guangxi, Jiangxi, and Sichuan. A few of its high-end stores carry imported food items, targeting high-income consumers.
9. **Metro:** (www.metro.com.cn) This cash & carry membership chain from Germany has 94 stores. Metro's target consumers are small and medium restaurants and/or individual consumers with medium to high income. Half of Metro's stores are in the east, including the city of Shanghai and the provinces of Jiangsu and Zhejiang. On average, sales of imported foods (including cheese, milk, chocolate, crackers, and wines) grew by 20 percent to 30 percent each year, accounting for 55 percent of the Asia Pacific region's total sales. Private labels include Aka, Fairline, Horeca, Fine Food, Fine life, as well as Rioba. Metro also launched its online mall at www.metro.com.cn/online-mall
10. **Hema:** (www.freshhema.com) Alibaba.com's new retail store. Alibaba is the largest business-to-consumer (B2C) online retailer in China. Alibaba offers several platforms that provide opportunities for American exports. Their platforms include Tmall, Tmall Global, and 1688. Alibaba recently expanded their services to offer online-to-offline shopping through its newly-established Hema Fresh. Hema Fresh now has more than 150 stores in China and offers one-hour quick delivery within a three-kilometer radius of each store. Hema Fresh offers fresh fruit, vegetables, meat, seafood, and dairy as well as shelf-stable prepackaged products.
11. **7Fresh:** JD opened its first fresh food supermarket 7Fresh in January of 2018 and now has 12 stores nationwide. 7Fresh differentiates itself with its product mix; fresh produce makes up more than 70 percent of offerings and 20 percent of products are sourced directly from overseas suppliers. All leafy green produce is restocked within 24 hours, and lots of selected produce can be cooked on site. Consumers can pay using self-checkout in the stores. 7Fresh also offers 30-minute delivery from the stores for online shoppers nearby.

Regional supermarkets

12. **City Shop/ Fruitday:** City Shop has 13 outlets in Shanghai. Established in the 1990s, City Shop has a loyal customer base of medium to high-end Chinese consumers and expatriates. Fruitday acquired City Shop in 2016. Fruitday is an online retailer who seeks to establish itself as an online-to-offline retailer in competition with Alibaba and JD.com.
13. **Beijing Hualian BHG:** This high-end brand under Beijing Hualian has total 121 outlets in China, half in Beijing. Around 15 percent of imported products are from the United States. Snacks, fresh and dried fruits, and soft drinks are the most popular products in the stores. BHG completed an equity restructuring in June 2017. Since restructuring, Beijing BHG has spun off 15 BHG outlets.
14. **Jenny Lou's/Jenny's Store:** A major specialty imported food chain in Beijing targets expatriates, upper-middle income Chinese consumers, and especially those who have lived abroad. In 2011, the company split into two separate companies, Jenny Lou's and Jenny's Store. Jenny Lou's operates in upscale communities, often near diplomatic compounds and missions. Half of the products sold by Jenny Lou's are from the United States.
15. **G-super:** G-super is a supermarket chain which focuses on imported products. About 80 percent of products sold at G-super are imported products. It owns 63 stores across China. G-super is a subsidiary of Greenland Business Group, whose primary business is real estate.
16. **Parkson:** Parkson is a department store chain with 44 stores in China with its majority spread in 2nd and 3rd tier cities. In addition, Parkson also owns and operates 18 supermarkets.
17. **Golden Eagle:** Golden Eagle is a department store chain headquartered in Nanjing (East China). Golden Eagle has 31 department stores in China, with the majority spread in Jiangsu province. Golden Eagle also owns 13 Golden Eagle G-mart (supermarkets). In 2018, Golden Eagle became the franchisee of 7-Eleven convenience stores in Jiangsu Province.

Convenience and Community Stores

18. **Corner's Deli:** This chain has 15 outlets in Guangdong and Hainan featuring a wide range of imported food items. Examples include U.S. cheese, condiments, breakfast cereals, dried fruits, snacks, and nuts.
19. **Dili Fresh:** Dili Fresh specializes in fruits, vegetables, cooking oil, and food stuffs and has over 300 outlets across northeast China
20. **Pagoda:** This rapidly growing specialty fresh fruit retail chain operates over 5,000 outlets and has its head office in Shenzhen. Pagoda handles U.S. table grapes, cherries, apples, pears, and citrus.

21. **7-Eleven:** There are over 1,882 outlets nationwide providing 24-hour service. A typical 7-Eleven outlet has 80 square meters and features snacks, wine and liquor, drinks, hot and cold delicatessen food items, and some non-food items.

E-commerce players

22. **JD.com** (www.jd.com.cn): JD.com is China's second largest e-commerce platform with a 30-percent market share and 250 million active users. JD benefitted by partnering with what has quickly become the most popular social media platform, WeChat. Over 80 percent of JD's users use mobile devices to place orders, and they can use WeChat Pay to pay for purchases. JD.com established its Fresh Products Department in 2016 to strengthen its ability to source imported fresh products. JD signed a \$1.2 billion purchase agreement for U.S. beef and pork during President Trump's visit to China in November 2017.
23. **Tmall** (www.tmall.com.cn): Tmall is China's largest B2C (business to consumer) e-commerce platform. Tmall has many different business models, including flagship shops, Tmall supermarket and Tmall Global. Tmall welcomes and encourages famous national brand owners to establish flagship shops at Tmall. To better service the brand owners, Tmall has a group of Tmall partners that can help with logistics, customer service and marketing. On the other hand, Tmall supermarkets source directly from the brand owners, owns the product inventory and handles logistics and customer service. Tmall Global is the cross-border E-commerce platform of Alibaba group. Tmall invented the November 11 Shopping Festival (also known as Singles Day, 11-11), which is the largest shopping festival in China. The total sales revenue of Tmall on November 11, 2018 reached roughly \$31 billion.
24. **VIP.com** (www.vip.com): Founded in 2008, VIP.com is the third largest online shopping company behind Alibaba and JD.com with annual sales of \$11 billion and 57 million active customers in 2017. It operates eight individual sourcing offices globally. Pioneering the flash sales model of selective fashion brands at deep discount, VIP.com has expanded its product categories to include cosmetics, food & beverage and nutritional supplements. VIP.com differs from Alibaba and JD.com in that it buys from producers instead of renting spaces to brands (i.e. the company is a true retailer and not just a provider of retail platform). Most popular imported food products available on VIP.com include nuts, dried fruit and baby formula.
25. **Netease Kaola** (www.kaola.com.cn): Netease Kaola is a leading cross-border e-commerce platform headquartered in Hangzhou. Kaola provides a one-stop service to overseas suppliers such as logistics, customs clearance, bonded warehouse storage, and customer service. Kaola's most popular items include mother-and-infant care and nutritional supplements.