

Voluntary Report – Voluntary - Public Distribution

Date: June 11, 2026

Report Number: CH2026-0078

Report Name: Grocery Private Label Food Business in China

Country: China - People's Republic of

Post: Guangzhou ATO

Report Category: Retail Foods, Market Development Reports

Prepared By: ATO Guangzhou

Approved By: Jadon Marianetti

Report Highlights:

China's private label grocery market exceeded \$55 billion in 2025, growing approximately 17 percent year-on-year. Driven by consumer demand for health, freshness, convenience, and value, retailers are expanding private label offerings to differentiate themselves, build loyalty, and improve margins through supply chain efficiencies and scale. Key promising categories include fresh and ready-to-eat foods, packaged foods and snacks, beverages, staples, pet food, frozen products, seasonings and condiments, and health-oriented products such as food-medicine homology items and supplements. Industry estimates suggest the market could approach \$80 billion by 2030, creating opportunities for global suppliers. U.S. exporters may benefit by supplying premium food products and ingredients for both international and domestic retailers' private label programs. However, intense competition, tariff costs, and non-tariff barriers continue to constrain market access and competitiveness.

Section 1. Market Overview

In 2025, private label sales across major supermarket chains reached \$55 billion, up approximately 17 percent from the previous year. After a few decades of continuous development, China's grocery private label food business has entered a phase of accelerating structural expansion, largely driven by consumers' preference for health, freshness, convenience, and value-price ratio, as well as increasing trust in grocery stores' private label brands. Chinese retailers seek ways to differentiate themselves and develop their own private label brands by maximizing the supply chain and reducing costs through large-scale purchases. Grocery stores' private label products were strongly adopted among Gen Z and large numbers of urban middle-class consumers.

Consumer acceptance of private labels has rapidly increased, with over 48 percent of Chinese urban households having purchased private label products, up 10 percent from the previous year. According to a recent report by Nielsen, around 60 percent of consumers are willing to pay premium prices for brands while 50 percent perceive private labels' quality as equal.

Despite strong growth, China remains underpenetrated compared with global mature markets. In 2025, the value market share of private labels among leading Chinese retail enterprises was only about 5 percent, far below the data of Switzerland, the United Kingdom, and the United States. For comparison, the U.S. private label market reached approximately \$282.8 billion in 2025. Over 80 percent of Trader Joe's store products are private label; Walmart's Great Value covers 90 percent of the products American households may purchase. This gap highlights significant long-term expansion potential in China.

Industry professionals project that by 2030, China's private label food market will approach \$80 billion, indicating significant opportunities exist for exporters to supply U.S. food and beverage products under both international and local grocers' private label brands. However, the challenges remain strong due to keen market competition, tariff barriers, and non-tariff barriers for U.S. exporters.

Table 1. Opportunities and challenges in providing China with private label products

Opportunities	Challenges
Several leading Chinese retailers—such as Sam's Club China, Costco China, and Hema (Freshippo)—have established nationwide store networks and are rapidly scaling their private label portfolios. These retailers increasingly seek stable, high-quality global supply partners capable of supporting consistent product standards across regions.	Tariff barriers remain a primary concern, eroding the cost competitiveness of U.S. products. Ongoing uncertainty in U.S.-China trade relations further complicates long-term pricing strategies and contract stability, forcing exporters to continuously rebalance cost and quality considerations.
U.S. food processors may explore deeper market entry strategies by forming joint ventures or establishing partially or wholly owned subsidiaries in China, particularly in partnership with large private label retailers. This approach can strengthen supply chain integration and improve responsiveness to local demand.	Market entry through mergers or acquisitions is another potential pathway, but identifying suitable targets and navigating regulatory complexities can be difficult, limiting scalability for foreign firms.

Opportunities also exist among regional and independent grocery chains, many of which still lack mature private label programs. Collaborating with these retailers enables U.S. exporters to participate in early-stage private label development and build long-term strategic positioning.	Competitive pressure from other suppliers is intensifying. Countries such as Australia, Brazil, Vietnam, and Turkey have strengthened their positions in key categories through cost advantages and stable trade relations, compressing price margins for U.S. exporters and reinforcing alternative supply chains.
Private label products are becoming a key driver of retail growth in China. Categories such as impulse snacks, gifting products, and premium indulgence items are seeing strong demand, providing opportunities for differentiated, higher-margin offerings.	Regulatory and market access uncertainties also persist. Sudden policy shifts can appear, particularly during moments of high international political tension, that significantly disrupt trade flows, highlighting the vulnerability of exporters and importers.
Leading Chinese retailers are shifting from “global sourcing” toward “global customization,” requiring suppliers to co-develop products tailored to Chinese consumer preferences. This trend favors exporters with strong R&D and product adaptation capabilities.	Many food manufacturers in China are increasingly localizing their supply chains to reduce costs and improve efficiency. This trend can weaken demand for imported inputs unless they offer clear and differentiated value.
For import-dependent categories such as wine and chocolate, Chinese consumers exhibit stronger sensitivity to quality than to price. This creates a competitive advantage for U.S. exporters in premium agricultural and food products, where quality perception remains a key differentiator.	At the consumer level, evolving preferences are reshaping the competitive landscape. The “import premium” is gradually diminishing as Chinese consumers place greater emphasis on product quality, taste, and relevance to local consumption scenarios. This shift requires exporters to move beyond origin-based branding and focus on product-market fit.

Key U.S. Product Opportunities

Potential U.S. products for China’s private label include wines, craft beer, hops, malt, beef, cherries, seasoning and condiments, whey powder/protein, cheese, frozen seafood, pistachio, cranberries, frozen fruit concentrate, ginseng, fruit & vegetable energy bars, frozen potatoes, beef etc. In addition to the above list, baking ingredients including wheat (flour), whey, butter, cheese, and tree nuts continue to present growth potential for U.S. exporters as increasing grocery stores continue to expand their own in-store baking sections. Overall, premium quality, unique flavor, and innovative packaging are the key elements that these grocers demand.

Section 2: Market Entry

China's private label sector presents expanding opportunities for international suppliers, particularly from the United States, driven by structural shifts in retail and consumer behavior. Despite these opportunities, U.S. suppliers face a range of structural and operational challenges in entering and scaling within China's private label market. Against the backdrop of fluctuating U.S.-China trade relations, U.S. exporters face a dual dynamic: strong demand from China's growing private label sector for high-quality imported inputs, alongside mounting pressures from tariffs, regulatory barriers, and global competition.

For instance, while U.S. beef exports have been constrained by tariffs and market access issues, Australian grain-fed beef has expanded rapidly, capturing approximately 60 percent of China's premium beef segment. Meanwhile, Brazil has leveraged cost competitiveness to secure around 35 percent of China's imported beef market. Similar substitution dynamics are evident in categories such as nuts, where sourcing has increasingly shifted toward Australia, Vietnam, and Turkey, deepening supplier stickiness in the Chinese market.

Overall, success in China's private label ecosystem will depend on exporters' ability to balance quality with cost efficiency, navigate regulatory complexity, and—critically—adapt products to local consumer preferences and retail formats.

China is a large country, generally divided into east, south, north, and west regions. In each region, consumer preferences could be different, and the customs clearance procedure may vary. Major ports for importing U.S. food and ingredients are mainly located in coastal regions, covering the Yangtze River Delta, Pearl River Delta, and northern China. The major ports include Shanghai and Ningbo port in the east, Shenzhen and Guangzhou port in the south, as well as Tianjin port in the north.

To facilitate initial business success in private label business, FAS China recommends the following steps when entering China:

- Identify a long-term partner who understands the retail and private label business in China.
- Conduct thorough market research to evaluate the marketplace and consider the positioning of your products and services.
- Learn Chinese government standards and regulations on private label food.
- Understand the current China retail market and the development of the private label sector.
- Build relationships with targeted groceries or major private label manufacturers who may import U.S. products or use U.S. ingredients.
- Understand the major ports and distribution logistics in China.
- Attend relevant food trade shows and talk with exhibitors who carry imported food and ingredients.
- Attend relevant private label conferences and get familiar with industry professionals.

Additionally, U.S. suppliers are encouraged to contact an international trade specialist through your State Department of Agriculture and reach out to an FAS Agricultural Trade Office based in China.

The Foreign Agricultural Service publishes up-to-date reports on the Global Agricultural Information Network ([GAIN](#)) system, drafted by FAS staff on-the-ground around the world. The following FAS GAIN reports provide updated guidance to exporters on market access, market trends, as well as market regulations of China:

- The [Exporter Guide 2025](#) provides market access information, entry strategies, import procedures, and market trends.

- The [Food and Agricultural Import Regulations and Standards \(FAIRS\) Country Report 2025](#) provides comprehensive information on product-specific regulations and standards, including product testing, labeling, packaging, and production facility registration requirements.
- The [Hotel Restaurant Institutional \(HRI\) Annual 2025](#) reviews development in China's HRI foodservice sector.
- The [Retail Foods Annual 2025](#) provides the latest insights of China's retail food sector.
- The [Food Processing Ingredients Annual 2025](#) examines developments in China's processing industry and identifies promising opportunities for U.S. food ingredients.

Section 3: China's Grocery Operators with Private Label Business.

Private label products are becoming a key driver of retail growth in China. Categories such as impulse snacks, gifting products, and premium indulgence items are seeing strong demand, providing opportunities for differentiated, higher-margin offerings. For import-dependent categories, Chinese retailers and consumers exhibit stronger sensitivity to quality than to price.

Understanding the key grocery chains in China and their private label development will help U.S. suppliers and exporters tailor their entry strategies into the China market. FAS China recommends 5 key national chains with strong private label businesses as a start. They are Sam's Club, Costco, Aldi, Hema, and Ole'. What's more, a few other chains (such as RT-Mart, Yonghui, Aeon), as well as key online shopping platforms (such as JD.com, Tmall, and numerous regional online operators), should not be neglected. Private label products are becoming a key driver of retail growth in China. As a result, market competition is also very keen.

Despite all the challenges, U.S. suppliers and USDA cooperators interested in exploring private label market opportunities are encouraged to connect with grocery operators and/or their major suppliers to start the initial discussion on possible cooperation in the coming years.

Key Chains with Strong Private Label Businesses in China

Sam's Club (Member's Mark)

Sam's Club introduced its private label brand Member's Mark into the Chinese market in 2000 and has since built a highly curated portfolio of approximately 1,000 SKUs spanning nearly all major food categories. From staple items such as burger patties made with American beef (before the trade disruptions), mushrooms and jujubes to high-performing products like Swiss rolls, and an extensive array of wines from famous areas all over the world, the brand reflects a fully integrated approach to product development, quality control, and pricing.

Its private label strategy has evolved into a core competitive advantage, reinforcing Sam's Club's positioning as a premium membership retailer rather than a price-driven discount operator. Member's Mark successfully balances value and premium offerings, with selected SKUs co-developed alongside well-known international manufacturers, enhancing both product credibility and differentiation.

Costco (Kirkland)

Costco's private label, Kirkland Signature, is a central pillar of its global success and plays a similarly important role in China. To optimize supply chain efficiency and align with local consumer preferences, Costco increasingly sources selected products from high-quality domestic manufacturers while maintaining strict quality standards.

Kirkland products are distributed through both offline warehouse stores and online channels, including Costco's proprietary mobile app and platforms such as Tmall, enabling broader market reach. The brand has established strength in dairy, offering a wide range of milk, cheese, butter, yogurt, and cream. Imported products—especially cheese and butter—appeal to expatriates and increasingly to Chinese consumers. Kirkland Signature emphasizes quality, safety, and value, with bulk packaging formats that cater to family consumption and high-frequency users.

Aldi

The German discount giant is making waves in China. Currently operating in over 76 stores nationwide, Aldi is a pioneer in private labels, with over 90 percent of its products under its own brands. It has developed over 13 in-house brands including Super Value, Lacura, and its dairy lines. Product range is extensive, covering all food categories—fresh, frozen, snacks, dairy, beverages, and more. Aldi's private label focuses on value, quality, and simplicity. Aldi's private label products are often recognized for quality and have won consumer awards.

Hema or Freshippo

Hema (Freshippo), part of the Alibaba Group ecosystem, represents a "new retail" model integrating offline supermarkets, online fulfillment centers, and in-store dining. Its signature 30-minute delivery service within a three-kilometer radius exemplifies its digitally enabled supply chain capabilities. With over 400 stores nationwide, Hema has aggressively scaled its private label portfolio to more than 1,200 SKUs, targeting over 50 percent of total sales contribution. Key brands include Hema NB and Hema Fresh, with strong representation in bakery, ready-to-eat meals, and packaged foods.

Hema has also launched imported private label lines such as "Hema Premium Wines" and "Bello VITAHOUSE," partnering with producers across Europe. Its dairy portfolio spans fresh milk, yogurt, cheese, and functional products like probiotic drinks, often sourced from local farms with full traceability. Emphasis on freshness, rapid fulfillment, and product innovation, particularly in flavor development and functional nutrition, positions Hema as a leading innovator in private label retail.

Ole'

Ole', a premium supermarket format under China Resources Vanguard, targets affluent urban consumers with a curated assortment of high-end and imported products. Its private label strategy is particularly strong in premium dairy, including imported milk, cheese, butter, and yogurt, which resonate with consumers seeking quality and international provenance.

A notable area of innovation is Ole's fresh juice private label, which illustrates how Chinese retailers are extending private label beyond traditional packaged goods. By leveraging in-store production, fresh supply chains, and digital retail capabilities, Ole' is creating differentiated, high-margin offerings that enhance customer experience and brand identity.

A Few Other Chains with Private Labels in China

RT-Mart – One of China's largest hypermarket chains, part of Sun Art Retail. It offers a growing range of private label foods, especially snacks, beverages, and daily essentials. Focus on value and local tastes, with increasing investment in quality and packaging. RT-Mart's "Runfa Premium" rice series broke through 28 percent sales share in East China.

Yonghui Superstores – A leading supermarket chain with a strong fresh food focus. Expanding in fresh produce, dairy, snacks, and ready-to-eat meals. Emphasize freshness, traceability, and affordability. Yonghui's customized fresh Norwegian salmon saw sales grow over 10-fold year-over-year during the 2026 Spring Festival, validating strong consumer demand for high-quality imported customized ingredients.

JD.com – Major e-commerce platform with its own private label brands such as Jingzao. Products include packaged foods, snacks, beverages, and health foods for private labels. JD leverages data analytics to develop products that meet emerging consumer trends.

Tmall Supermarket – An online supermarket with a growing private label presence, Tmall focuses on snacks, beverages, and daily essentials, often co-branded with influencers or celebrities. Targets young, urban consumers with innovative and trendy products.

Aeon – This Japanese chain provides the most valuable path in China to learn from. AEON built a multi-tiered private label system centered on "Topvalu," covering everything from mass market to premium. The core lesson from Japan's experience: in quality-sensitive markets, private labels can completely upgrade from "cheap alternatives" to "quality trust."

Section 4: Promising Private Label Categories in China

FAS China conducted interviews with both grocery operators and key distributors to understand the promising categories of their private labels. Promising private label categories in grocery stores include fresh and ready-to-eat products, packaged food and snacks, beverages (both alcoholic and non-alcoholic items), staples, pet food, frozen items, seasonings and condiments, as well as other health-oriented categories such as food-medicine homology products and supplements.

The existing categories that grocery stores focus on for private labels can potentially offer valuable insights for U.S. suppliers and USDA cooperators in identifying potential market entry strategies, tailoring product offerings to align with each grocer's preference.

4.1 Fresh Food, Ready-to-Eat, and Bakery

Fresh and ready-to-eat foods represent the primary traffic-driving category for private label development, particularly in membership stores and omnichannel retailers. Sam's Club focuses on high-frequency fresh items (fruit, meat, seafood) and meal-solution products, supported by strong in-store bakery offerings. Costco emphasizes core essentials with limited SKU variety but strong quality consistency. Pang Donglai demonstrates category strength, with bakery contributing over 40 percent of private label sales. Market data (e.g., Nielsen) indicates rapid growth in private label bakery and prepared foods, with prepared food volume increasing by over threefold in recent years. This category creates upstream opportunities for imported ingredients (dairy, wheat, nuts, fruit, dried fruits).

4.2 Packaged Food and Snacks

Private label snacks have transitioned from low-cost substitutes to a core strategic growth engine, reflecting rising demand for healthier, premium snacking among middle-class consumers. Strong opportunities for U.S. exporters in nuts, dried fruits, chocolates, chips, grains, and functional snack ingredients. Key trends include 1) expansion into nuts, dried fruits, baked snacks, biscuits, and protein snacks; 2) reformulation toward "clean label" (low sugar, low sodium, fewer additives); strong local flavor innovation (e.g., Sichuan pepper, seaweed, spicy tofu); 3) demand for sweet-salty snacks are gaining ground; Costco develops Kirkland products as alternatives to global bestsellers, often with standardized global sourcing. Sam's Club emphasizes premium snacking and health positioning under Member's Mark.

4.3 Beverages (Water, Milk, Juice, Coffee, Alcohol)

Beverages have become a dual-role category, spanning daily consumption and premium experiences. Significant opportunities in dairy inputs, juice concentrates, coffee, hops, malt, and wine supply chains.

Non-alcoholic innovation: Ole' and Hema lead in fresh, short shelf-life juices (one to three days), emphasizing fresh processing, minimal additives, and lifestyle positioning.

Alcohol premiumization: Costco's private label wines and spirits leverage established global producers to deliver strong value; Sam's Club sources wines and whisky directly from overseas wineries, reducing intermediaries.

Emerging: Private label craft-style beer – Increasing use of imported malt (Australia, Canada, Europe) and aromatic hops (Cascade, Citra, Saaz); shift from commodity lager toward flavor-driven differentiation. Opportunities for U.S. hops and malt.

4.4 Staples (Grain/Oil/Rice)

Staples remain one of the most mature categories for private label penetration. For example, Yonghui Superstores achieved significant market share in East China with "Runfa Premium."

4.5 Pet Food

Pet food is a rapidly expanding private label category, driven by increasing pet humanization, rising disposable income, and demand for premium, safe, and nutritious products. Example: Sam's Club has introduced Member's Mark pet food targeting urban middle- and high-income consumers

4.6 Frozen Foods and Compound Seasonings

Compared with mature markets, China's private label penetration in frozen foods remains relatively low but is rapidly growing. Opportunity for U.S. exporters lies in frozen meat, seafood, and processed inputs (such as frozen potatoes).

- International benchmarks such as Sam's Club, Costco, and Aeon (Topvalu) highlight the potential for fully developed frozen private label ecosystems
- Strong alignment with convenience trends

- Requires cold chain and product development capabilities

4.7 Health-Oriented Categories

Health-focused private label products are emerging as a strategic innovation frontier.

- Growth in "food-medicine homology" products.
- Rising interest in functional formulations

Example opportunity: American ginseng as an input for functional beverages and wellness products.

Section 5: Relevant Trade Shows and Conferences

To catch up with the latest market development and build a solid network of industry contacts, it is essential to visit the relevant trade shows and conferences in China. The Marca China International Private Label Fair will take place September 8–9, 2026, at the Guangzhou Poly World Trade Expo Centre, offering a major global platform for private label manufacturers, retailers, and brand owners. It is the Chinese sister event to Marca by BolognaFiere in Italy. With 20,000 square meters, it expects to attract over 500 exhibitors and 20,000 professional visitors.

In addition, China Chain and Franchise Association organizes annually different seminars, forums, and conferences on various topics. One of the conferences this coming June is on private retail brands.

More details are available below:

- Guangzhou International Private Label Fair (Marca China) 2026

Date: September 8 - 9, 2026

Venue: Guangzhou, China

Website: <http://www.marcachinafair.com>

- CCFA Retail Private Brand Conference

Date: June 10-12, 2006

Venue: Hefei, China

Website: www.ccfa.org.cn

Besides, FAS China also recommends U.S. exporters and USDA cooperators to connect with one collective purchase group named as China Ants Alliance. It was composed of 12 commercial chain companies from six provinces across China. Located in Zhengzhou, Henan province, the group operates as a corporation to create a close, non-profit and sustainable alliance organization. Website: <http://www.mayishanglian.com>

Section 6. Assistance and Further Information:

For more information, please contact the following USDA Foreign Agricultural Service offices in China.

Office of Agricultural Affairs (OAA) Tel: +86 10 8531 3600 Fax: +86 10 8531 3636 Email: AgBeijing@usda.gov	
Agricultural Trade Office (ATO) Beijing Tel: +86 10 8531 3950 Fax: +86 10 8531 3974 Email: ATOBeijing@usda.gov	Agricultural Trade Office (ATO) Shanghai Tel: +86 21 6279 8622 Email: ATOShanghai@usda.gov
Agricultural Trade Office (ATO) Shenyang Tel: +86 24 2335 5140 Email: shenyangATO@state.gov	Agricultural Trade Office (ATO) Guangzhou Tel: +86 20 3814 5000 Fax: +86 20 3814 5310 Email: ATOGuangzhou@usda.gov

Attachments:

No Attachments.