

Market strategy for a canned food company in China

Introduction

The canned food market in China is promising, with a CAGR of 11,5% from 2008 to 2013. The continuously increasing per capita consumption of canned food is very attractive for Western players to join this competition and expand its overseas market. Therefore, it is very essential to gain a comprehensive understanding of the China market and Chinese consumers and map the potential partners. BAS helped the client to develop a step-by-step 5 years' China market strategy.

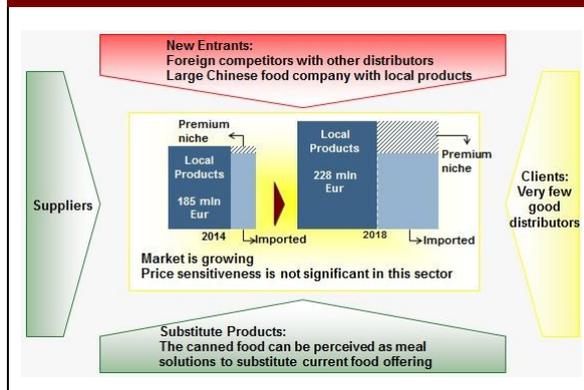
Client background

Our client is a worldwide leading canned food brand from Europe. It entered China in 2010 and found an intense competition from its peers from South East Asia. Currently the client is the only relevant player in the very premium niche with a 3% market share while its major competitors took over 65% of the market. In order to gain a bigger share, the client would like to know more about the dynamics of the China market, how Chinese people perceived the certain canned food products and possible solutions to improve its market performance.

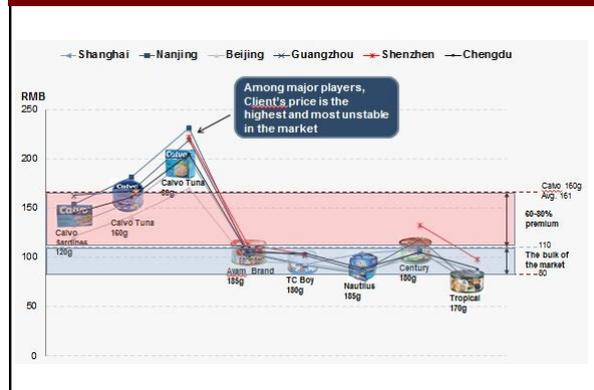
Key findings

- The main threat is the new entrants with competitive advantages coming to the market
- The Client price is too much higher than the ones of the competitors, pushing it up to a premium niche sector
- One of the key success factors of the market leader is the localized flavors that meet Chinese people's taste.
- 4 Clusters including 3 T1 cities and 40-50 nearby T2 cities consume 70% of the imported food in China

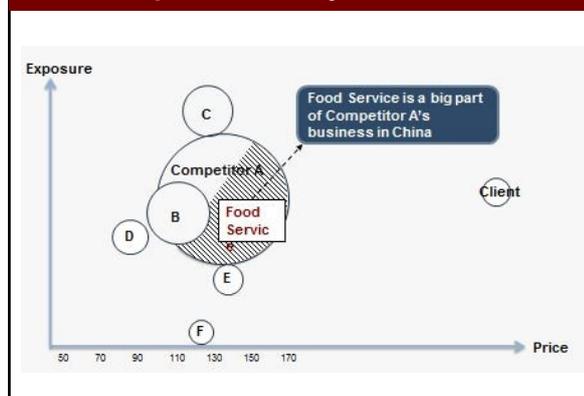
The main threat being represented by new entrants coming to the market



Most of the market is concentrated in the 80-110 Rmb segment



Good taste to Chinese preferences seems to be Competitor A's Key Success Factor



Consumption of imported products is concentrated in 4 clusters consuming ~70%



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