

Market Focus: Trends and Developments in the Prepared Meals Sector in China

Reference Code: CS1449MF
Publication Date: October 2013



Country Context

- Better living standards have shifted people's focus from satisfying basic needs to pursuing a higher quality of life
- Food & Grocery sales are concentrated in national chains
- Hypermarkets & Supermarkets account for the largest share of sales in the Prepared Meals market in China

Consumer Overview

- Increasingly urban and busy consumers are looking for convenience
- Men form the majority of Prepared Meals consumption in China in terms of volume
- Chinese consumers can be classified as 'Medium Consumption' Consumers
- Chinese Consumers' purchase of Prepared Meals is primarily influenced by the Busy Lives trend, which pushes them towards Convenience Foods
- Consumers' busy lives is an important trend driving the Chinese Prepared Meals Market
- China's Prepared Meals is influenced by the Quality Seeking trend and consumers preferring Trustworthy brands.

Sector Analysis

- The Chinese Prepared Meals market will register stronger growth in the forecast period
- The Ready Meals category will drive the market while Pizza sets off to grow in the future
- The Pizza category will increase its market share from Ready Meals
- Higher growth in the Prepared Meals market is concentrated mostly in the urban Mainland
- Higher growth in the Prepared Meals market is forecast after a volatile 2007-2012

Brands & Private Labels

- Chinese consumers continue to buy branded Prepared Meals products due to food safety scares
- Private label penetration to be above average in the Pizza category

Packaging Insight

- Growing demand for Ready Meals products will drive the growth for Rigid plastic packaging.
- Rising consumption of Prepared Meals products will drive changes in packaging demand by 2017

Future outlook – key trends in China's Prepared Meals sector

- Busy Consumers seeking a new Experience
- Demand for Value products to rise
- Massive Urbanization to drive growth for Prepared Meals
- Convenience Stores to be most preferred channels for Ready Meals

Data Appendix & Summary Methodology

Increasingly urban and busy consumers are looking for convenience

Increased urbanization encourages consumers to eat out more often, with the traditional way of life being replaced by a fast-paced lifestyle. This has led to an increase in the number of single member households and working women who prefer to eat out, rather than prepare meals at home, to save on time and effort.

Eating In

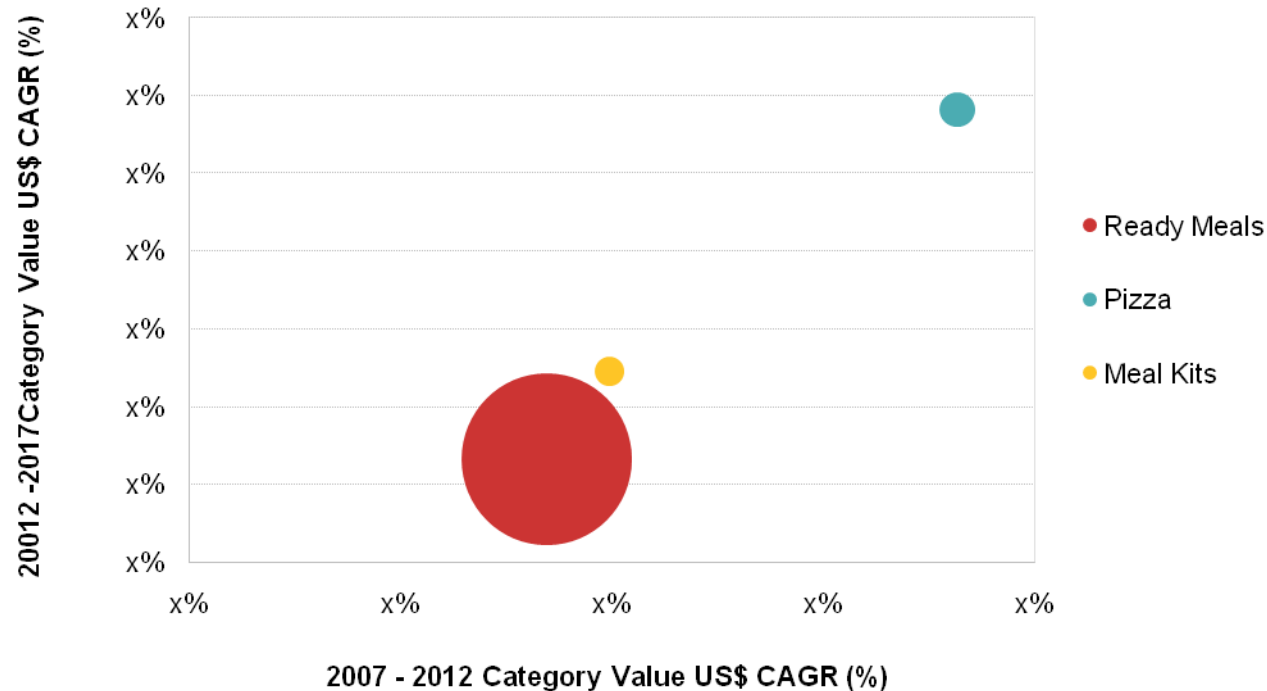
- Chinese consumers usually eat four meals a day. Lunch is fairly simple, whereas Dinner is the main meal of the day, and is usually served at around 6pm. Because dinner is early, there is usually a late night snack or dessert before bedtime
- Breakfast begins early in China compared to other countries, usually between 6am and 7am. The traditional choice is Congee, a type of rice porridge usually eaten plain or sometimes served with deep fried dough, vegetables, meat, or fish
- However, Prepared Meal products have started to gain popularity due to the increasing number of women in the workforce and a growing number of single households, creating the need for time-saving, convenient, and minimal food preparation. As a result, Ready Meals have become one of the most popular meal solutions
- An increasing desire for quality products in their fast-paced lives has fuelled the demand for Prepared Meal products in China. Products such as Ready Meals are often considered as a traditional meal alternative



Eating Out

- Increasing urbanization, driven by an increase in the number of households, robust GDP, growth in tourism, and high disposable income are expected to increase demand for eating out as busy consumers look for convenience, which will generally result in the growing demand for Prepared Meals products
- Chinese consumers are eating out more often. Between 2007 and 2016 the number of Foodservice transactions will increase from xx,xxx million to xx,xxx million
- There is potential to substantially increase the number of times the Chinese eat out; 61.1% of Foodservice transactions in 2012 took place in the Profit Sector, compared to over two-thirds of Foodservice transactions in the US
- Restaurants account for a xx.x% share of the total Foodservice industry, with a total number of xxx,xxx outlets in the channel in 2012. Furthermore, the restaurant industry recorded annual sales of around US\$xxx billion in 2012

The Ready Meals category will drive the market while Pizza sets off to grow in the future



The Prepared Meals market in China is expected to register positive value growth during 2012-2017 in US dollar terms. However, the growth rate varies across different Prepared Meals categories. Ready Meals will continue to be the most valuable category, with a xx.x% share by value, followed by Pizza, with a x.x% share, and Meal Kits with a x.x% market share in 2012.

Frozen Meals and Pizza are predicted to show relatively rapid growth during the forecast period. Pizza is expected to register the highest growth among all categories at a CAGR of xx.x% during 2012-2017, while the Meal Kits and Ready Meals categories are expected to grow at a CAGR of xx.x% and xx.x% respectively.