
(Sample)

Huidian Research

Publication Date: June 2013
3. Analysis and Forecast on China's Bakery Food Market

3.1 Status Quo

According to the statistics of National Bureau of Statistics, in 2012, there were nearly 1,100 bakery food manufacturing enterprises own above designated scale; by the end of 2012, the industry's total assets amounted to CNY 94.418 billion, increased by 14.95% year-on-year; the main business income reached CNY 188.663 billion, increased by 18.79%; the total profit reached CNY 15.9438 billion, increased by 25.16%. In 2012, the sales output value of China's bakery food manufacturing industry reached CNY 184.467 billion, increased by 21.39% year-on-year, of which, the total export delivery value was CNY 3.424 billion, increased by 12.19%; the sales-output ratio of this industry in China was as high as 99%.

![Fig. 1 Market Capacity of China's Bakery Food Industry, 2008-2012](Source: National Bureau of Statistics)

3.3 Competitive Landscape

3.3.1 Highly Scattered

In China's bakery industry, the development is rapid and the market competition is fierce, however, there is still no leading brand in China's bakery market. The bakery enterprises mainly choose to launch operation in local area. In addition, due to the relatively low entry threshold, most of the market share is occupied by small and medium-scale enterprises.
3.3.2 Low Level Competition

China’s bakery enterprises generally adopt low price strategy to promote their products, which affects the industry profitability. In order to gain profits, the enterprises tend to decline costs, which may affect the product quality.

So far, there is no national leading chain brand in China’s bakery market. Most competitors are confined to specific regions to launch their business, and the top 10 enterprises belong to regional enterprises. In accordance with the information of Euromonitor, there were 60,000 to 70,000 bakery stores in China in 2012, and the top 5 chain stores only accounted for about 6.5% of the total sales.

3.3.3 Diversified Pattern Formed Gradually

According to the market survey, the annual sales growth rate of China’s bakery food industry has remained at more than 10%, and the industry scale is expected to reach CNY 213 billion by 2013, especially in the second and third-tier cities, the growth rate is expected to maintain 30% in the next five years. As for the bakery market in Beijing, the traditional brands, such as Holiland and Wedome, the newly developed brands, such as 85°C, Bread Talk and Paris Baguette, and the endless network brands have become the three major forces.

The brand diversification inspired the original bakery market, Wedome, a dedicated bread store also began to sell coffee and other beverages, the products have become richer; at the same time, the bakery brand also showed a segmentation trend; the industry began to develop broader consumers and high-end market which owns larger profit spaces; the enterprises also pay more attention to the packaging design and brand innovation. According to the incomplete statistics, the scale of medium and high-end bakery market has exceeded CNY 5 billion. The influence of Waffle Boy, Holiland “Black Swan”, Morphy and 21cake have shown increasingly huge influence in the medium and high-end market.

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