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Zhongshan Commodity Awareness Panel brings local trade and retail together

Report Categories:

Promotion Opportunities

Market Development Reports

Retail Foods

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Report Highlights:

Summary: On July 6, 2012, ATO Guangzhou organized this year's first Commodity Awareness Panel, an activity designed to facilitate discussions for purchases of U.S. agricultural products in a key secondary city: Zhongshan, Guangdong Province. The session took place in the Shangari-la Hotel and was followed by a small U.S. food tasting and one-on-one meetings. The Panel served as a networking platform for retailers, traders, and USDA Cooperators to know each other and establish upcoming cooperative projects such as themed retail promotions in Zhongshan and the region. Post will continue working on similar activities in other secondary cities where opportunities for many U.S. agricultural exports are in the process of entering the retail channels and performing well. Twelve USDA cooperators and 40 local traders participated and met retail players from five supermarket chains in face to face meetings. By leading the path into key secondary markets in Guangdong Province's Pearl River

Delta, ATO Guangzhou effectively created new business opportunities for traders of U.S. food and drink products and strengthening our partnership with local retail representatives.

General Information:

The U.S. Agricultural Trade Office's purpose for organizing this activity was three-fold:

1. Enhance U.S. food and beverage commodity awareness in this rapidly developing market where many new U.S. supermarket-ready goods are increasing in popularity (this includes differencing products and brands as well as highlighting advantages of U.S. products over competitors).
2. Establish a platform for leading U.S. branded company representatives to meet with retailers and the trade in this region
3. Facilitate the sales of U.S. food and drink items in the retail sector and connect USDA Cooperators to local trade contacts to generate more marketing activities in the region.

Why Zhongshan? In 2010, Zhongshan (a city located in Guangdong Province's Pearl River Delta region) ranked as the 6th largest city in Guangdong. Zhongshan is a growing consumption market with the presence of both multinational retailers and many well-established local players. Zhongshan has a population of 3 million among which just over half are urban citizens. In 2010, the GDP in Zhongshan was \$29 billion. The leading retailers in Zhongshan include: Zhongshan Yihua Department Store Group, Yijiayi supermarkets, CR-Vanguard, Parknshop, RT-Mart, Jusco and newly opened BLT (A high-end supermarket format under CR-Vanguard). In recent years, convenience chain stores carrying imported food items are also on the rise, though this particular Panel did not target this area of retail.

Subsequent to a successful launch in Changsha two years ago, the first ever U.S. food awareness panel in Zhongshan expanded the product categories into packaged food, wine, beer, juices, Alaska seafood, dried fruits, as well as fresh fruits. Post invited representatives of twelve USDA Cooperator representatives and three leading private companies to deliver presentations on various commodities.

Each USDA Cooperator and private company representative was allotted a 15-minute presentation time on these commodities. Local retailers including Zhongshan Yihua Group, RT-Mart, Lotus, Jusco, CR Vanguard – BLT as well as other local players expressed strong interest in participating in ATO Guangzhou's event.

Around 40 guests, (mainly retailers, distributors, and potential importers), attended the Panel. During the three-hour panel presentation period, basic information introducing the production areas and seasonal availability including product characteristics and handling information were shared for table grapes, California cherries, tree fruits, prunes, almonds, wine, pistachios, raisins from California, Washington apples, Northwest cherries, plums as well as Sunkist oranges.

A follow-up networking event was later launched in the same hotel. During the event, several match-makings led to sales of U.S. agricultural products, for example:

- One Zhongshan retail trader reported made an on-the-spot trail purchase of U.S. crafted beer and intends to purchase more to sell to local western restaurants.
- A trader in the fishery import business expressed had several follow-up discussions with U.S. fresh fruit Cooperators. He will have a closer study and discuss the new business opportunities

this fall.

- Zhongshan Yihua Group mentioned that in the past few years, Yihau launched American Snack Food Festival with support of ATO Guangzhou. In the future, Yihua will consider to join hands with more U.S. Cooperators to launch themed in-store promotions.
- BLT will be introducing more high-end U.S. food products and will be purchasing snack foods from a trader we invited and a fresh milk importer we subsequently put them in contact with.

Budget fund: A total of \$3,750 out of the \$42,000 EMP-DDP (Distribution Development Program) funded the Panel

- \$2,850 for venue rental and networking expenses
- \$900.00 to cover ATO Guangzhou staff's travel

Conclusion: Food sales in secondary markets such as Zhongshan are growing at a higher rate and pace than any other city in South China. The surveyed attendees reported that this kind of concentrated training Panel should be held with greater frequency. The Panel was educational to participating USDA Cooperators as it placed Zhongshan on the map and identified opportunities presently available in the market. Local traders and retailers benefited from gaining a better understanding of high quality U.S. commodities straight from the industry representatives instead of the ATO. It also served as an engagement tool for local retail industry professionals to meet with others and build on common goals. Several key retailers approached Post after their meetings and discussed the possibility of periodic promotions in Zhongshan in the coming years. According to the Panel attendees, an estimated total value of \$1 million in U.S. food items including fresh fruits, snacks, wines, beers and dried fruits will be purchased by local Zhongshan consumers through various channels in the coming months after the Panel.

For more information about the growing Zhongshan retail market and future Commodity Awareness Panels, please email us at ATOGuangzhou@state.gov.