China Condiment Industry Report, 2010-2011

Sep. 2011

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This report

- **Analyzes the China condiment industry.**

- **Focuses on market segments, including soy sauce, vinegar, monosodium glutamate, chicken essence and others .**

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- China Yeast Industry Report, 2010
- China Beer Industry Report, 2009-2010
- China Drinking Water Industry Survey Report, 2010
- China Health Food Industry Report, 2010
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Abstract

From 2001 to 2010, the sales of Chinese condiment industry rose from RMB27.7 billion to RMB151.7 billion, presenting a CAGR of 20.8%. Currently, the fierce competition urges condiment companies to expand their market shares through the strategies of brand and channel construction and capacity expansion; meanwhile, they also actively launch segmented products.

In the soy sauce market, HADAY, JIAJIA and LEE KUM KEE are the leading companies. HADAY plans its listing and financing for 1.5-million-ton soy sauce project in 2011, while JIAJIA also has the same plan for its 200-thousand-ton high-quality soy sauce project.

Vinegar in Chinese market can be categorized into four types, including Shanxi mature vinegar, Zhenjiang Chinkiang Vinegar, red yeast rice vinegar produced in Fujian, and Sichuan Baoning vinegar. Jiangsu Hengshun Vinegar Ind Co., Ltd, the representative producer of Zhenjiang Chinkiang Vinegar, continuously enhances its brand construction. In H1 2011, its advertising costs increased by 102.8% YoY. Besides, sales volume of Shanxi mature vinegar reached 654 thousand tons in 2010, up 32.3% YoY. Shanxi Shuita Vinegar Co., Ltd is a leading enterprise in Shanxi mature vinegar industry.

Monosodium glutamate industry is in its later period of integration, compared with soy sauce and vinegar sectors. As the largest market segment of condiment industry, the sales of monosodium glutamate accounted for 27.2% of the entire condiment industry in 2010. The top three giants, Meihua, Fufeng and Lotus, take up 50% market shares in domestic China. However, the price hike of raw materials showed a higher growth rate than that of monosodium glutamate price in 2010, therefore, the overall gross margin of monosodium glutamate producers to some extent declined, of which gross margin of Lotus dropped 12.9 percentage points YoY in 2011H1.

As the substitute for monosodium glutamate, chicken essence market shows sound development in recent years, with higher market concentration rate. TOTOLE chicken essence, a sub-brand of Nestle, completed capacity expansion in 2009. Its current capacity of chicken essence reaches 100 thousand tons annually, meanwhile its sales volume shares nearly half of the total market sales. Knorr chicken essence, the sub-brand of Unilever occupies approximately 27% of market share.

After its failure to acquire Wangzhihe Food Group in 2003, Heinz still has a prospect of Chinese condiment industry. In June 2010, it decided to purchase Food Star, a soy sauce and fermented bean curd manufacturer in China, by USD165 million.

The favorable development of condiment industry in China has attracted the investments from a great number of foreign companies. Condiment (including soy sauce, dressing, monosodium glutamate, chicken essence, sauces, vinegar, fermented bean curd, and soup) with investments of foreign companies in China and related brands are as follows:

Condiment Investments of Foreign Companies in China and Related Brands

Product	Main Brands and Foreign Capital
Soy Sauce	MEIWEIYUAN (Heinz), ZHENJI(Kikkoman), Food Star (Heinz), Amoy (Ajinomoto), Knorr and Laocai (Unilever), Maggi (Nestle), Wadakan (Mizkan)
Dressing	Maggi (Nestle)
Monosodium Glutamate	Ajinomoto
Chicken essence	TOTOLE (Nestle), Knorr (Unilever), Haoji (Nestle), McCormick (McCormick)
Sauces	Knorr and Skippy (Unilever), Maggi (Nestle)
Vinegar	Wadakan (Mizkan), Hengshun (Singapore Tee Yih Jia and Super Coffeemix)
Fermented Bean Curd	Guanghe (Heinz)
Soup	Campbell's and Swanson (Campbell Soup Company)

Source: ResearchInChina

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