
Chinese Confectionery Market

Chinese confectionery market has potential for chocolate and chewing gum, less with candy.

Hong Kong confectionery market flat.

It has been known for years now that China's market potential is enormous. However, the question for foreign investors is still whether becoming active in China is worth it. The British Seymour-Cooke office, in collaboration with the largest confectionery exchange in China, Confectionery China, recently published information which reveals that the Chinese confectionery market has for a long time been dominated by candy. China has a large number of national candy manufacturers, some with brands that are decades old, and they are firmly in control of their domestic markets. This means that for foreign suppliers there is more room in the areas of chocolate and chewing gum.

It is only very recently that chocolate has become available on a large scale in China. Per capita chocolate consumption is estimated at 40 to 70 grams per year. This is roughly one one-hundredth of consumption in Western Europe. Nevertheless, most suppliers of chocolate products were disappointed with market development in the past two to three years, during which growth rates reached about 5 to 10 percent. However, there are manufacturers who, according to their own reports, are growing faster, such as Cadbury. Seymour-Cooke thinks it is probable that the chocolate market will grow in vol-

ume at 10 percent per year. The researchers estimate that the Chinese chocolate market was at 50,000 tons in 1996—based on Cadbury's local production and estimated market share. The market is believed to have grown to about 60,000 tons in 1998, about 0.5 percent of the world market. In volume, chocolate represents 10 percent of the Chinese confectionery market and sugar confectionery represents 90 percent. However, in value, the two categories are more or less equal.

CHOCOLATE CONSUMERS

Despite a lack of market data, over the past years there has been a growing understanding of the Chinese chocolate consumer. For example, it has been noted that the Chinese pay close attention to flavor, but just as much to price, that they read labels (and have a preference for the most recently manufactured products), that television commercials have a large impact on purchasing behavior and that attractive packaging is important, especially in rural areas. It is also clear that the Chinese population's interest in chocolate products (especially new products) is on the rise. Mars and Cadbury are numbers 1 and 2 on the Chinese chocolate market. Nestlé's Kit-Kat, which is made locally, is also selling