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State of the Art



# THE CHOCOLATE MARKET IN CHINA

FLANDERS INVESTMENT & TRADE MARKET SURVEY



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# THE CHOCOLATE MARKET IN CHINA

FIT Beijing  
07.2020

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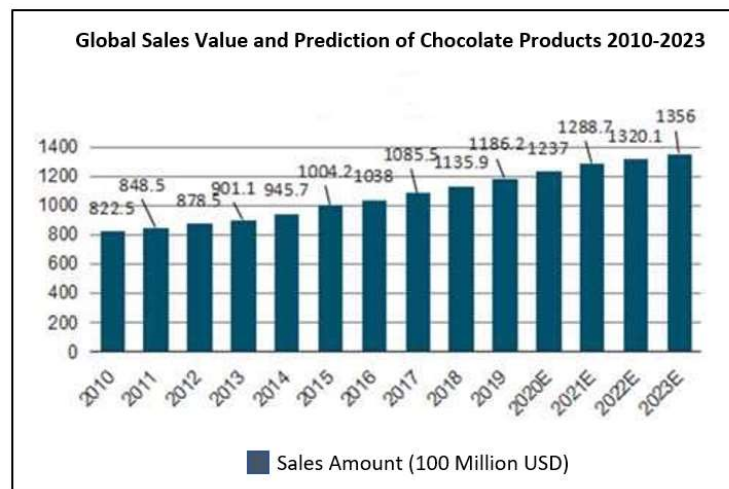
## INHOUD

<b>1.</b>	<b>General market .....</b>	<b>3</b>
<b>2.</b>	<b>Chinese Market.....</b>	<b>5</b>
2.1	Chinese local chocolate brands and market information	7
2.2	Import & Export by China Mainland	9
2.3	The features of Chinese chocolate market:	9
<b>3.</b>	<b>Chocolate distribution channels.....</b>	<b>13</b>
<b>4.</b>	<b>Sales Channels.....</b>	<b>15</b>
4.1	Offline sales	15
4.2	Online sales	17
<b>5.</b>	<b>Governmnet Supervision &amp; Regulation.....</b>	<b>22</b>
5.1	China's Key Authorities' structure	22
5.2	Customs Import Tariff of Chocolate and Chocolate Products in China	23
5.3	Pre-Packaged Food Products Import Procedures	23
5.4	Pre-packed Food labelling	26
<b>6.</b>	<b>Potential Distributors/Agents.....</b>	<b>29</b>
<b>7.</b>	<b>Trade Fairs.....</b>	<b>29</b>
<b>8.</b>	<b>Sources &amp; References.....</b>	<b>29</b>

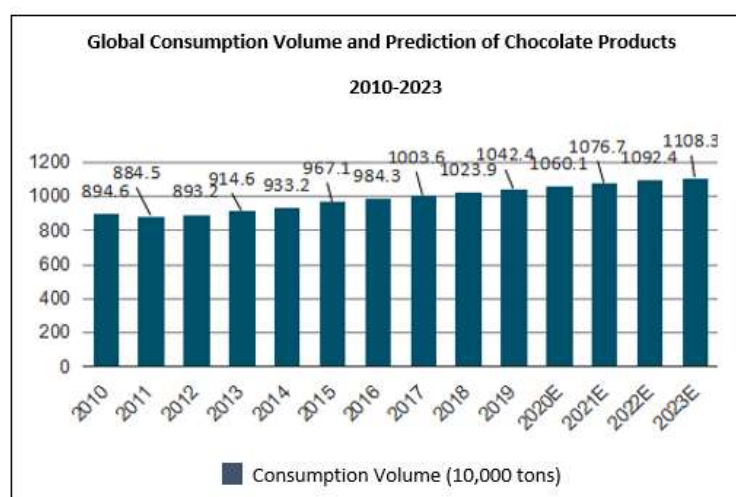
# 1. GENERAL MARKET

## Global Market

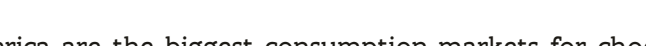
The sales turnover of chocolate reached USD 118.62 billion in 2019 worldwide, which is an increase of 4.4% compared to 2018. It is estimated the sales could reach USD 123.7 billion in 2020 and will increase to USD135.6 billion in 2023.



According to the statistics obtained from internet sources, the consumption of chocolate products was 10.424 million tons, with a 1.8% increase compared to 2018. It is estimated that the consumption in 2020 will reach about 10.6 million tons. By 2023, the global consumption will reach 11.08 million tons.



2020 Global Chocolate Products Sales



As for China's market, it is estimated the consumption will reach USD 3.53 billion, 2.86% of the global

pagina 4 van 30      The Chocolate Market in China      07.2020

- No. 1 is Mars with sales amount of USD 18 billion.
- No. 2 is Ferrero with sales amount of USD 12.29 billion.
- No. 3 is Mondelez International with sales amount of USD 11.8 billion.

## 2. CHINESE MARKET

**2009-2018 Imported Food Value in China**

Year	Imported food amount (100 million USD)	CAGR (%)
2009	167.8	43.0%
2010	240.0	35.3%
2011	324.6	22.2%
2012	396.6	16.5%
2013	462.1	12.6%
2014	520.5	8.1%
2015	562.8	-1.8%
2016	552.5	11.0%
2017	613.4	18.1%
2018	724.7	

CAGR=17.7%

Imported food amount (100 million USD)

Chocolate products came on the Chinese market more than 60 years ago, but the overall market is still relatively small. In 2019, chocolate products sales amount was USD 3.41 billion, an increase of 4.76% compared to 2018. It is expected that the annual sales in 2020 will reach USD 3.537 billion, and increase to USD 3.765 billion by 2023.









- **Weak brand culture**

Chocolate is a product with profound culture, it involves cultures of love, health, presents, but in the current local market, domestic brands are generally weak in brand culture.

- **Domestic brand**

In terms of market shares, according to Euromonitor's survey data, Fujian Yake Food Co., Ltd., as the only local company in the top ten (ranked seventh in the list).



*(Picture originates from the internet)*

- **The future of domestic brands**

With the consumption upgrade in China in recent years, domestic chocolate companies represented by Yunnan Sibeijia, Tianjin Heijingang, and Qiaorun are trying to develop mid-end products, in order to change the image of domestic made chocolate in Chinese consumers' mind.



*(Miyu Chocolate under Tianjin Hei Jin Gang Food Co., Ltd, picture originates from the internet)*



- According to the investigation, the taste preference by Chinese consumers on chocolate products are:
  - Milk chocolate: 35.8%
  - Sandwich chocolate: 22.4%
  - Black chocolate: 22.1%
  - Original taste chocolate: 11.6%
  - Liqueur chocolate: 2.1%
  - Other tastes: 4.2%
- The factors influencing the purchase of imported chocolate by Chinese consumers:

- Health consideration - high calorie

- Pricing - high price

- Brands on Chinese market

Today, following foreign brands of chocolate products dominate the Chinese market:

Only in the recent decade the Chinese learned about Belgian chocolate because more and more Chinese people travel to Europe. It is exactly like what Belgian beers have experienced in the Chinese market. Based on the knowledge obtained during the travelling in Europe, it is known to the Chinese travellers that Belgian chocolate is recognized as the most excellent chocolate in the world.

In recent years, Belgian chocolates are starting to enter into the Chinese market, such as Godiva, Neuhaus, Guylian, Cote D'Or, Callebaut, etc. However, due to the high price compared to above brands, the consumption is mainly located in the 1<sup>st</sup> tier cities, such as Beijing, Shanghai, provincial capital cities and some coastal cities, whose economy are more developed.

- Sales features

In Belgium where chocolate culture is deeply rooted and it is very common for Belgian people to buy chocolate in daily life. But in China, the chocolate consumption frequency is not as high as in Belgium, and the consumption is regionalized but not seasonal any more.

- **Regional:**

Considering the economic development differences among different provinces of China:

- Higher consumption volume in east China than in west China, such as Beijing, Shanghai and other coastal cities in the east part of China, its consumption and acceptance to foreign brand chocolate is much higher than in the west cities.
- Higher consumption volume in south China than in north China, such as Shanghai, sweet food is more accepted than in north China.

- **Unseasonal:**

Traditionally, the hot sales season for chocolate in China is from September to April of next year, however, following the fast development of e-commerce in China, it is not very seasonal any more for selling chocolate products:

- Christmas and new year:
  - target: young people.
  - Sales Nowadays, Chinese young people already take the Christmas holiday and as a “Chinese” holiday, though no public holiday is regulated by the government
- Spring Festival (January-February)
  - Sales target: all people.
  - It is the most important festival to Chinese people, so price is not the main factor concerned during this period, beautiful packaging is very important. If you watch the advertisements released for Spring Festival, hi-end gifts and family reunion are always the main topics.
- Valentine's Day
  - It has also become a very important festival for Chinese young people.
- Chinese Valentine's Day (around July/August based on Chinese lunar calendar)

[illegible]

- Online shopping Festivals

Following the fast development of online shopping in China, 2 shopping festivals held by 2 big Chinese E-commerce companies JD and Taobao could be of help to boost the sales of imported chocolate by providing some favourite price policies.

From the statistics, it shows that the increase of chocolate consumption is very stable in China in recent years, and even declined slightly in some previous years, which is lower than the expectation of the foreign producers, the reasons could be:

- Traditionally, chocolate is deemed as an expensive product in China for a long time, if more work on consumer categorization could be done, it is helpful for the sales

- To female: Mood improvement could be a focus for marketing.
- To male: Energy recharging could be a focus for marketing.
- Price: Considering the relatively high price of chocolate products, small packaging will be helpful to let more consumers trying your products

07.2020





As for finding a qualified/powerful agent in China, you may consider the following factors:

- **Geographic location of your agent**

According to our experience, for imported food, good Chinese agents are located in big cities like Shanghai and Beijing, which are deemed as the first entry ports for foreign companies, and Shanghai is always the first choice. In addition, Shanghai and Beijing are also the main consumption market for imported food in China. It is very common that a powerful agent has presences in these 2 cities.

- **Language skill of your candidate.**

It is very important that the persons in management level of the candidate can speak English at least, in order to have smooth communications in the future.

- **Candidate history**

Try to obtain more information about candidate's history on whether it has the experience for dealing with imported food business and its network in the market, such as amount of its sub-distributors, the amount of supermarkets it entered, the sales regions/provinces it covered.

- **Patience**

Starting with small orders first and make decision based on its performance evaluation. Sometimes, even a short term representation contract with one year limit can be considered based on your negotiation with the Chinese candidate.

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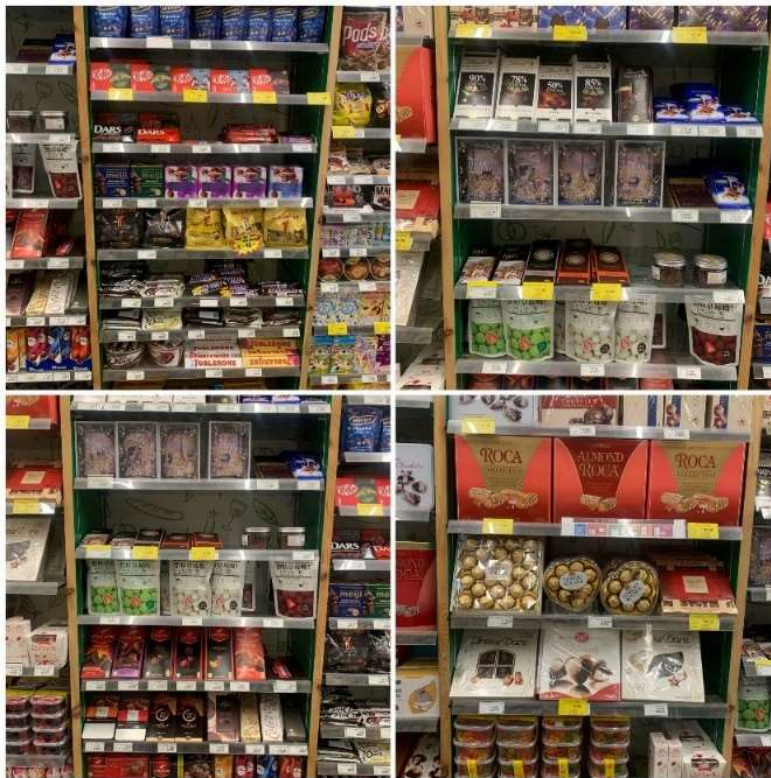
## 4. SALES CHANNELS

## 4.1 OFFLINE SALES

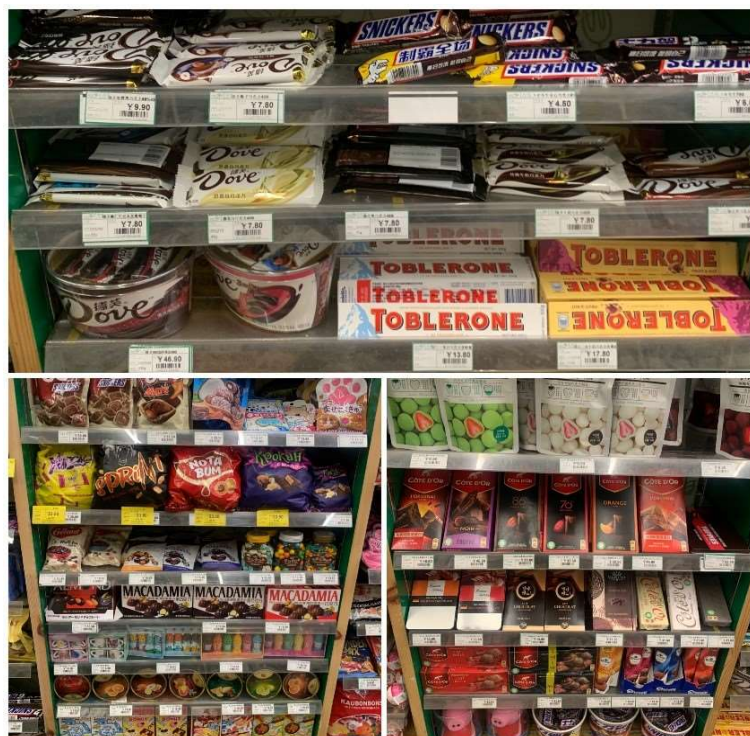
Offline sales is the traditional sales channel including to 2 ways in China:

- Supermarket

This is widely adopted in China for selling chocolate. However, it is different from the way of doing in Europe. In China, sales on consignment is normally adopted instead of buy-out, supermarket only provide space for rent, therefore, it requires that you or your Chinese agent **must** hire more people for management of your products in all the supermarkets.



*(Pictures taken at April Gourmet)*





- **Special shop**

This is normally adopted by the hi-end chocolate producers in China, such as Godiva, Venchi and etc., which all have a few shops in big cities like Beijing and Shanghai.



(Pictures originate from [www.Dianping.com](http://www.Dianping.com))

## 4.2 ONLINE SALES

With the fast development of e-commerce in China, it is reported by China Statistics Bureau that the retail turnover in 2019 has reached about RMB 10 trillion (USD1.43 trillion), increased 20.5% comparing with 2018, which takes about 21% of the total retail turnover of China. The advantages for the online sales:

**To the Chinese consumers:**

- With the fast delivery and easy online payment in China, more and more Chinese consumers prefer to use online service, especially the young people under age of 40.
- After sale service is also guaranteed by the e-commerce platforms, which strengthen the confidence of the consumers.

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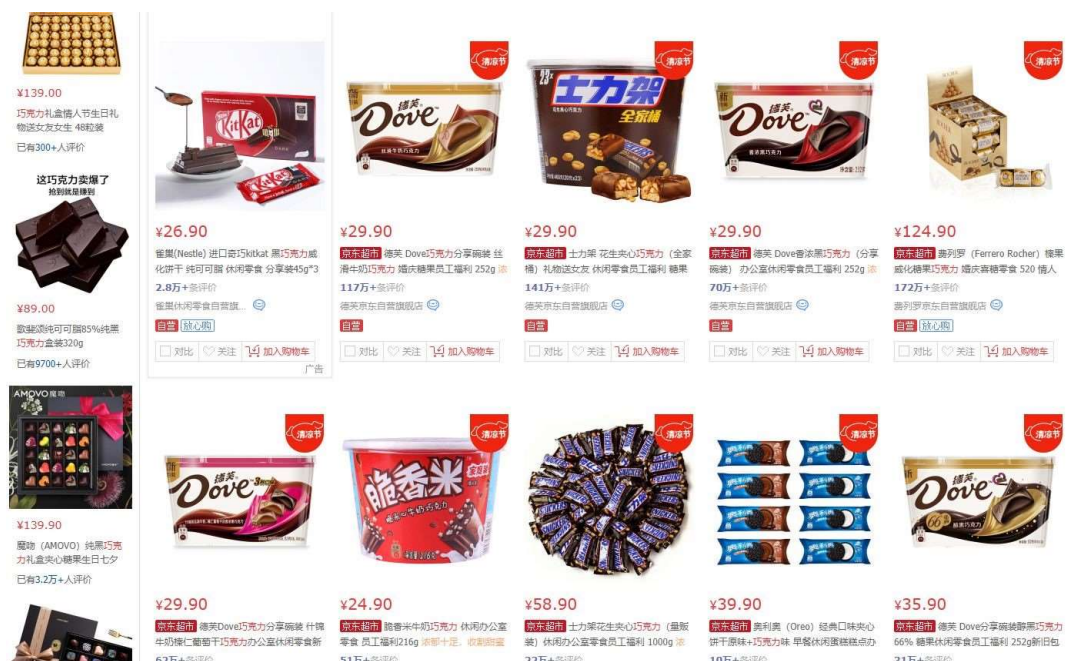
### To the sellers:

- Selling online is more cost-effective than offline mode.
- Easy to take advantage of the huge traffic of the platforms.

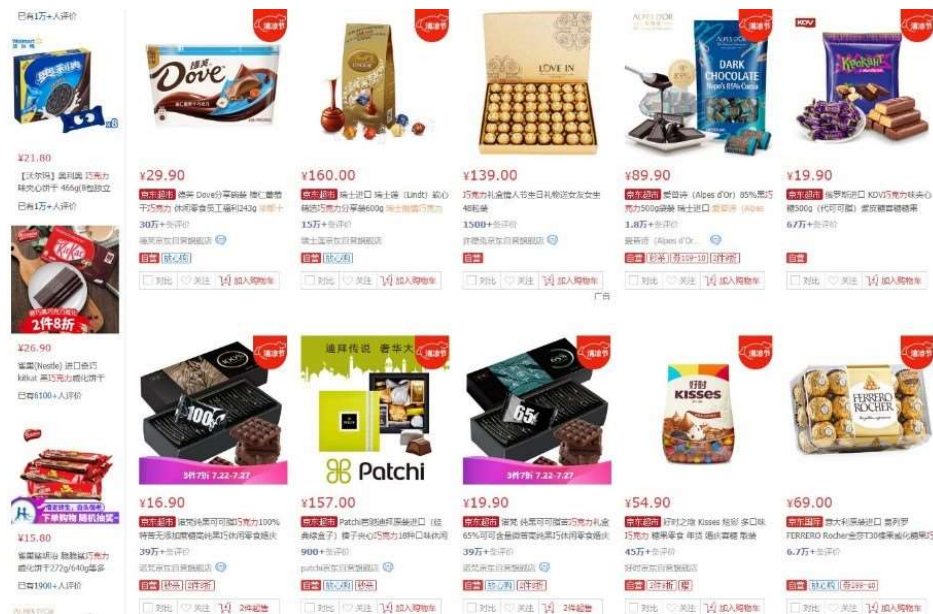
The online retail turnover of food has experienced an increasing rate of double digits in recent 5 years in China. Among the imported food, biscuit, chocolate & related candy and puffing food are the 3 most popular categories. About 80% of the consumers on imported food are the people under age of 40 year old, whose life's are heavily connected to internet in China. Therefore, setting up online store must not be ignored undoubtedly in view of obtaining more market shares and market popularity.

According to our research, almost all the imported chocolate products are also being sold online, please refer to the following weblinks of the 2 main e-commerce platforms of China, JD and Tmall (under Alibaba Group):

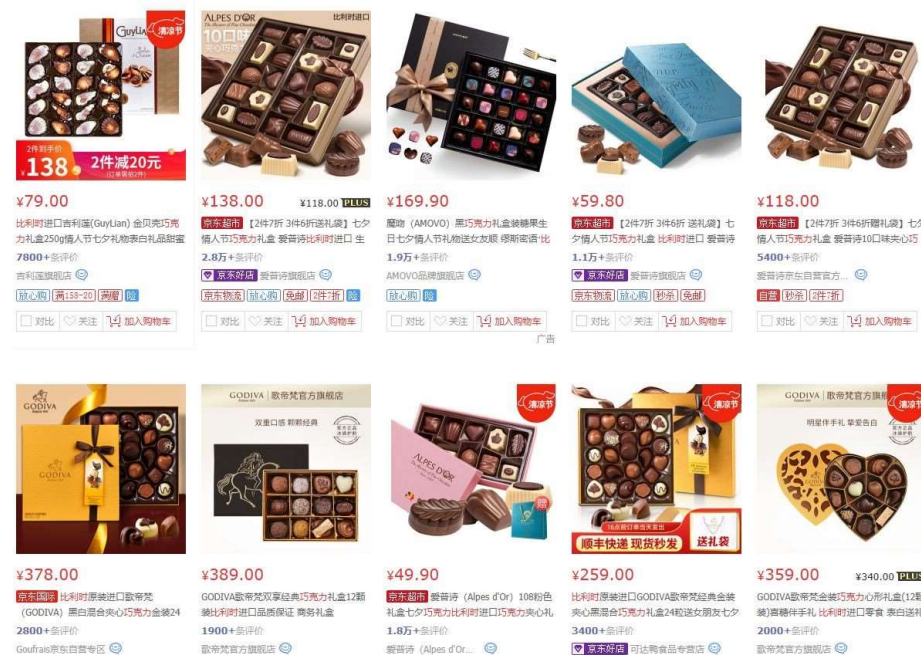
### ○ [JD e-commerce platform](#)



(JD e-commerce platform screenshot)



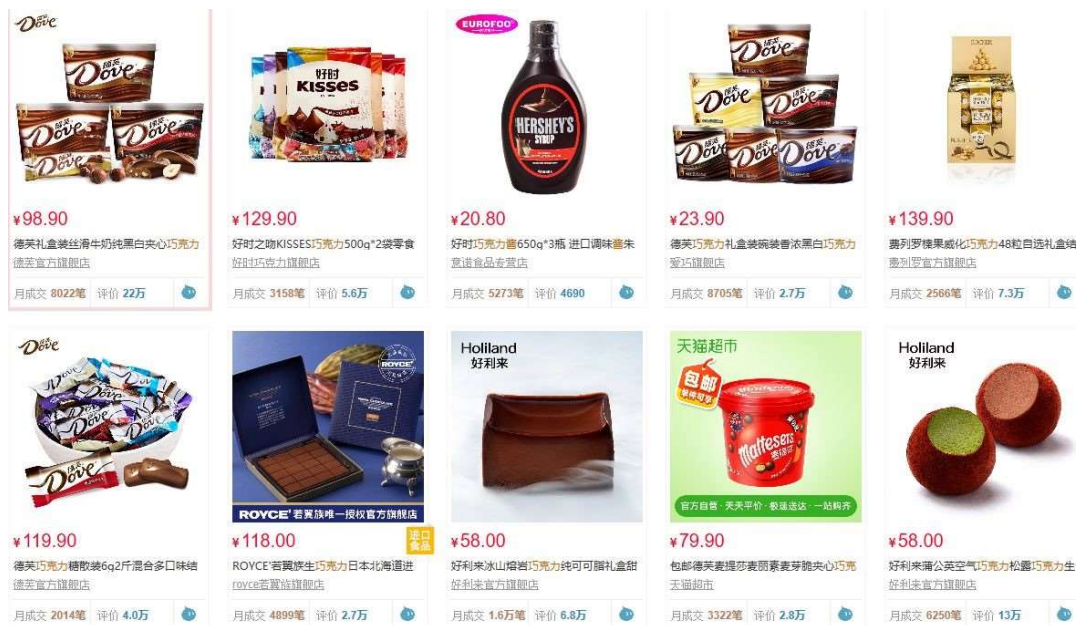
(JD e-commerce platform screenshot)



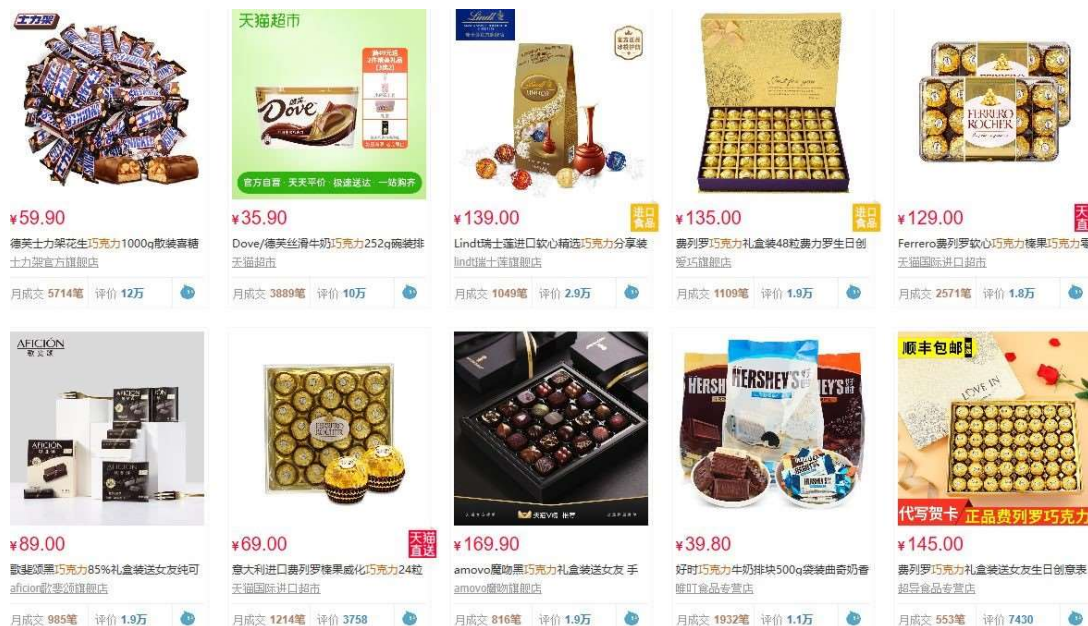
(JD e-commerce platform screenshot)



○ Tmall e-commerce platform

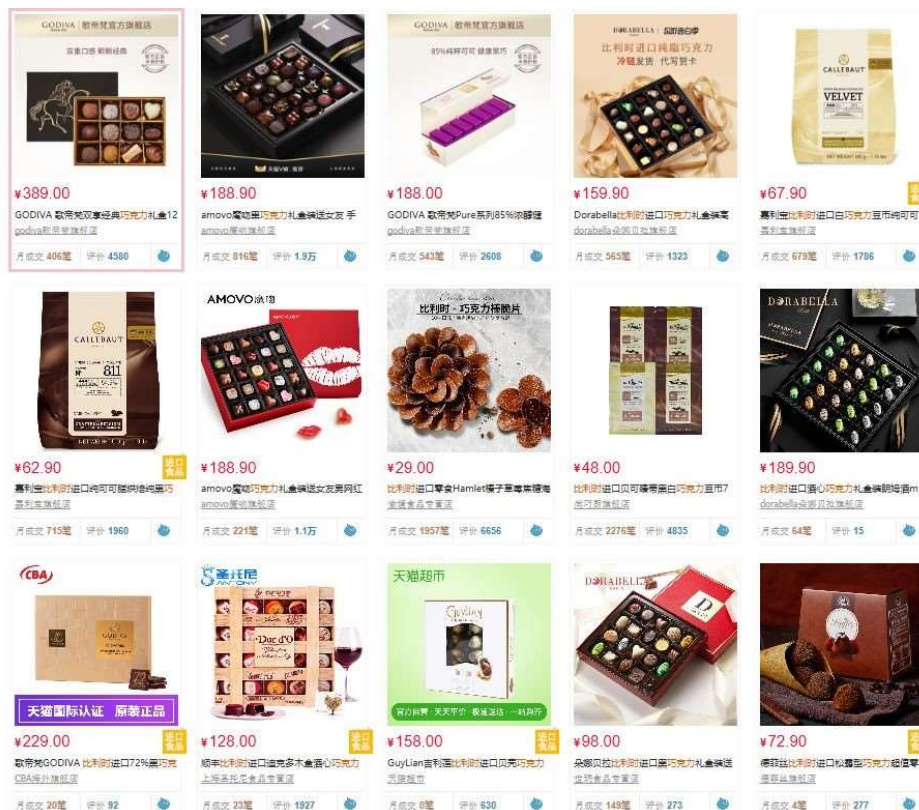


(Tmall e-commerce platform screenshot)



(Tmall e-commerce platform screenshot)





(Tmall e-commerce platform screenshot)

All online stores on these platforms are divided into 3 categories:

- Store set up by the producer itself (official flagship store)  
It is normally set up by the big producers, such as the multinational brands mentioned above, which have production and operation facilities in China.
- Store set up by Chinese agent  
It is adopted by most of the imported chocolate brands, which do not produce in China.
- Store set up by the platform itself  
Apart from the 3rd party online stores mentioned above, the e-commerce platforms also have their own online stores, they normally select the products based on their own evaluation system, so products with high popularities are normally their targets.

More information JD, which is one of the e-commerce giants in China, headquartered in Beijing.  
[https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market\\_studies/About%20JD%20and%20JD%20Worldwide.pdf](https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market_studies/About%20JD%20and%20JD%20Worldwide.pdf)

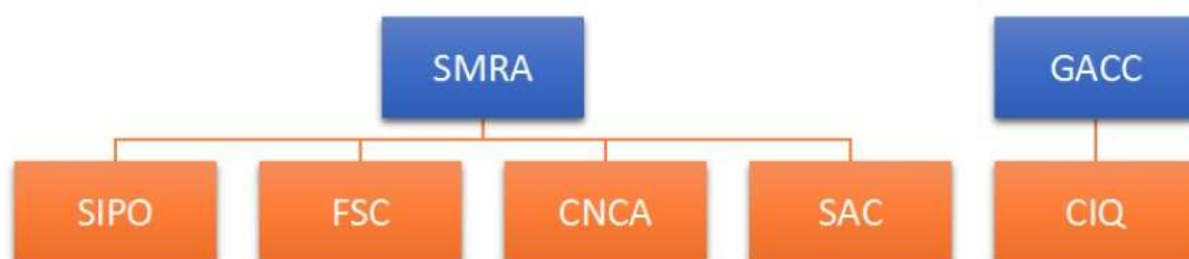
## 5. GOVERNMENT SUPERVISION & REGULATION

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All imported products are subject to inspection and quarantine by the China Entry-Exit Inspection and Quarantine Bureau (CIQ). This can be a complicated and challenging process, be prepared and do not underestimate the cost, documentation and time required. Accessing up-to-date information on quarantine requirements such as labelling and packaging requirements, Chinese national food standards and allowable ingredient listings can be challenging.

This chapter is aiming to provide you up-to-date relevant Chinese importation regulations and procedures as well as some practical information on the industry.

### 5.1 CHINA'S KEY AUTHORITIES' STRUCTURE



SAMR: State Administration of Market Regulation

SIPO: State Intellectual Property Office

FSC: Food Safety Commission

SIPO: State Intellectual Property Office

CNCA: Certification and Accreditation Administration

SAC: Standardization Administration of China

GACC: General Administrations of Customs of China

#### Basic functions of key authorities

CIQ: the inspection and quarantine of imported and exported products

CNCA: industry manufacturing licensing

SAC: product standard and quality inspection; GACC: supervises inbound and outbound activities, include customs control, revenue collection, against smuggling and foreign trade statistics compilation etc.

## PRODUCTS IN CHINA

HS Code	Product	Most Favourable Nation Rate	VAT Rate
18.06	Chocolate and other food preparations containing cocoa		
1806.1000	Cocoa powder, containing added sugar or other sweetening matter	10%	13%
1806.2000	Other preparations in blocks, slabs or bars weighing more than 2kg or in liquid, paste, powder, granular or other bulk form in containers or immediate packings, of a content exceeding 2kg	10%	13%
	Other, in blocks, slabs or bars		
1806.3100	Filled	8%	13%
1806.3200	Not filled	10%	13%
1806.9000	Other	8%	13%

# PRE-PACKAGED FOOD PRODUCTS IMPORT PROCEDURES



- **Foreign chocolate producers are NOT required to register**
- **Customs Approval**  
Once the food products arrive in China, customs clearance agent inspects them and reviews the commercial invoice, packing list, bill of lading, in order to confirm their declared value. Customs then issues a corresponding duty memo, which must be paid to customs within 15 days.
- **Documentation required by customs**

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China has strict and complex documentation requirements for most food products imported into the country.

Before shipping the products, importers are required to submit proper documentation on quality, quarantine, origin, and import control, along with a detailed packaging list and a description of the packaging material, among other documents.

These documents are reviewed only after the shipment reaches China. Therefore, importers must ensure that all documents are complete and authentic to avoid any delay and storage costs.

For chocolate products, the exporter should prepare the following documents to export food products into China:

- Imported food label samples and translations
- List of imported food products
- Certificate of origin
- Ingredient list
- Manufacturer's product inspection report
- Sanitary certificate of the exporting country (region)
- Other documents required by local importer

- **First-Time Import**

Imported products should be qualified by The China Inspection and Quarantine (CIQ) office and should have "Hygiene Certificate for distribution" and "Food Label Verification Certificate" as a paste-label on the package back.

The following steps should be taken by the CIQ, in order to get the mentioned certificates:

- **Documents review**
  - Customs Declaration Form –filled through import agent or custom clearance agent
  - Importer's registration number;
  - Copy of the following documents: Business contract; packing list; bill of lading, Performance Invoice;
  - Certificate of origin, hygiene evaluation reports from the country of origin (original)
  - Translation to Chinese of the original label sample
  - Business license (copy) of the importer/distributor/agent that are stated on the label;
  - Other documents depending on different categories of the food (International Standard of the product, SPS approvals etc.)

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- **Label Verification**

The CIQ inspects the Chinese language labels of pre-packaged food products that are imported for the first time. Label requirements vary by food type, but generally include standard information such as a list of ingredients, storage requirements, and the distributor's contact information. The CIQ also has strict formatting requirements that include specifications on font and label placement. Once CIQ approves the label, it issues a Food Label Verification Certificate, which is valid for two years.

- **Sample Inspection**

The Inspection procedure includes the following steps:

- The CIQ inspects food samples to ensure that they meet safety requirements and match their labels. Samples are chosen at the CIQ's discretion, and are inspected using labs analysis.
- CIQ also checks if the products are in compliance with any of the existing national food standards according to the Standardization Administration of the People's Republic of China (SAC): [http://www.sac.gov.cn/SACSearch/outlinetemplate/gjbzcx\\_en.jsp](http://www.sac.gov.cn/SACSearch/outlinetemplate/gjbzcx_en.jsp)

- **Imported Food Conformity Assessment Process**



*Please Note: CIQ requirements often change and can be difficult to interpret. It is therefore important for EU SMEs to regularly communicate with local partners to understand regulations and any changes to regulations that may impact the import of their products to China. Flemish exporters are encouraged to re-confirm labelling requirements and other product certification with their importers in China or relevant departments prior to dispatching goods. Tighter, stricter regulations are being seen across food and beverage categories in response to food safety concerns.*

- **Goods Exemption**

The imported goods should have a China Inspection and Quarantine's (CIQ) paste-label on the packages' back with the product description in Chinese. This label, serves as an approval by the CIQ and also known as "Food Label Verification Certificate". For pre-packaged food products, the exporter can either paste the label before export or after its arrival in China. However, cost of storage for pasting label need to be considered.

The imported goods should have as well another CIQ's certificate, an "Hygiene Certificate for distribution" which proves that sanitary affects has been checked as well.

Once the importer has these two approvals (label+ certificate), in some circumstances, imported goods are exempted from inspection.

Food products that are imported for the first time always endure complicated procedures. However, after the first import and after the products are shipped more regularly, the process becomes more direct. For subsequent shipments, CIQ officials will still randomly inspect labels and samples even after a first-time import, but such inspections are cursory and less frequent, especially as officials become familiar with the products.

## **5.4 PRE-PACKED FOOD LABELLING**

In 2019, the General Administration of Customs issued new regulations on the labelling supervision of imported pre-packaged food.

- What are the new regulations on the inspection and management of imported pre-packaged food labels?

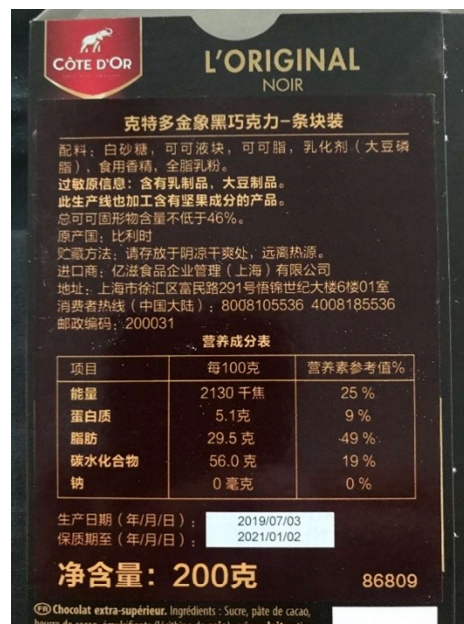
It stipulates that if imported pre-packaged food is selected for on-site inspection or laboratory inspection, the importer shall submit the certification materials related to the food label to the customs personnel, the original and translation of the label, the Chinese label sample and other certification materials. As one of the food inspection items, imported pre-packaged food labels are inspected by the customs in accordance with the relevant laws and administrative regulations on food safety and inspection of imported and exported commodities.

Importers should be responsible for reviewing whether the Chinese labels of imported pre-packaged foods comply with relevant requirements such as regulations. Those failing the examination shall not be imported. If the imported pre-packaged food has not been selected for on-site inspection or



laboratory inspection, the importer shall be responsible for verifying whether the Chinese label of the imported pre-packaged food meets the relevant requirements.

- Regulations on labelling of exported pre-packaged food:  
Manufacturers of pre-packaged food for export shall ensure that the label of the pre-packaged food they export meets the standards or contract requirements of the importing country (region).
- What are the mandatory labelling requirements on imported pre-packaged food labels?  
Imported pre-packaged food labels must indicate:
  - Food Name
  - Ingredient list
  - Specifications and net content
  - Production date and shelf life
  - Storage conditions
  - Country (region) of origin
  - Name, address, and contact of domestic agents
  - importers or distributors and label nutrients in some circumstances



(Label sample picture)

Pre-packaged foods that do not have Chinese labels, Chinese instructions or do not meet above requirements are not allowed to be imported.



As for pre-packaged food as raw and auxiliary materials to other food producers and catering industry, customs will also carry out label inspection and supervision.

The legal basis for customs inspection and supervision of imported pre-packaged food labels mainly includes:

- Food and Agricultural Import Regulations and Standards 2017:  
[https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market\\_studies/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%202017.pdf](https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market_studies/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%202017.pdf)
- **GB7718** General Rules for Labelling Pre-packaged Foods:  
[https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market\\_studies/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%202017.pdf](https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market_studies/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%202017.pdf)
- **GB2760** General Standards for Food Additives:  
[https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market\\_studies/GB2760%20General%20Standards%20for%20Food%20Additives.pdf](https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market_studies/GB2760%20General%20Standards%20for%20Food%20Additives.pdf)
- Food Safety Law of the People's Republic of China (2018)  
(Only Chinese version available, it can be provided to Flemish companies through FIT)
- Import and Export Commodity Inspection Law  
(Only Chinese version available, it can be provided to Flemish companies through FIT)

**The relevant national standards on food products are:**

- **GB13432** General Rules for Labelling Pre-packaged Foods for Special Dietary Uses  
(Only Chinese version available, it can be provided to Flemish companies through FIT)
- **GB14880** General Standards for Food Nutrition Enhancers and Other Product Standards  
(Only Chinese version available, it can be provided to Flemish companies through FIT)
- **GB 9678.2-2014** Hygiene Standards For Chocolate (Only Chinese version available, it can be provided to Flemish companies through FIT)
- **GB/T 19343-2016** Chocolate and chocolate products, cocoa butter alternatives chocolate and its products (Only Chinese version available, it can be provided to Flemish companies through FIT)
- **GB 9678.2-2014** National Food Safety Standard on Chocolate and Its Products, Chinese version  
(Only Chinese version available, it can be provided to Flemish companies through FIT)

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## 6. POTENTIAL DISTRIBUTORS/AGENTS

List can be provided by FIT Beijing to Flemish company.

## 7. TRADE FAIRS

- **FHC (Food & Hospitality China)**

Location: Shanghai

Time: November

FHC Shanghai Global Food Trade Show is the leading comprehensive exhibition platform in China. Its main exhibits including Seafood, High-end dairy Products & Oils; Tea & Coffee, Bakery & Gelato; Snacks, Confectionary & chocolate; High-end Food Supply Chain; Catering design & decoration.

Website: <http://www.fhcchina.com/en/>

- SIAL China

Location: Shanghai

Time: November

Asia's largest food innovation exhibition, SIAL China, is strategically located in Shanghai, a gateway to Asia, and a global center of finance and innovation.

Since 2000, SIAL China has served as a launchpad for food and beverage companies looking to expand abroad, and inspiring food business through sharing valuable insights and trends, connecting exhibitors and buyers, hosting industry-recognized events, and celebrating innovation.

Website: <http://www.sialchina.com/>

## 8. SOURCES & REFERENCES

- <http://www.chyxx.com/>
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- <https://www.iresearch.com.cn/>
- <https://www.eusmecentre.org.cn/>
- <https://dewitlawoffice.be/en/lawyers-brussels-bar/>
- <https://www.straitstimes.com/lifestyle/food/chocolate-is-big-business-in-china>

- <https://seoagencychina.com/high-end-chocolate-china/>
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- <http://www.interchinaconsulting.com/cn/index.php>
- <http://www.customs.gov.cn/>
- <http://www.foodaily.com/>
- Customs Statistic Yearbook of China 2019

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