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Workers from Shandong Nichirei Foods Co Ltd process chicken for premade food in Yantai, Shandong province, in May. PROVIDED TO CHINA DAILY

Premade food companies eye global expansion

Shandong, Henan, Guangdong tops in firm counts, offer huge export potential

By ZHAO RUIXUE in Jinan and ZHANG XIAOMIN in Dalian, Liaoning

Early in October, workers at a food processing workshop of Shandong Lufeng Group were busy processing chicken into convenient prepackaged meals, which would soon be sold across China and also overseas.

Lufeng, located in Anqiu, Shandong province, produces over 600 types of premade food products, including frozen meats, cooked meats, frozen vegetables, canned goods, flour-based food, seasonings, and salted vegetables.

These have been sold to more than 10 countries and regions, including Japan and Germany.

The company, which recently participated in food expos in Canada and Germany, where its products garnered great interest, is keen to expand its global presence, according to Yun Shujie, deputy general manager of Lufeng.

"Several people have shown great interest in our products, and there is potential to secure more orders from overseas markets," he said, adding that overseas sales accounted for half of the company's total sales last year.

China has distinct advantages in developing its premade food industry as the country's agriculture is rich in food variety, which, in turn, provides abundant raw materials for the industry, Yun said.

An increasing number of Chinese premade food companies are eyeing global expansion by producing a wide variety of high-quality products to meet diverse consumer needs.

The premade food industry has developed rapidly over the past few years, with the number of such companies surpassing 70,000 in 2022, according to a white paper on the development of China's premade food industry released during the International Pre-cooked Food Industry Conference in Foshan, Guangdong province, in March.

Shandong, Henan and Guangdong are the top three provinces in terms of the number of premade food companies.

Diverse tastes

According to standards released by the China Cuisine Association, premade food can be classified into four categories in terms of form — ready to eat, ready to heat, ready to cook and ready to mix.

Yun said different regions have different food demands, and diverse agricultural products allow premade food companies to meet those needs.

For instance, Shandong's abundant agricultural resources have provided a solid foundation for companies in the province to produce rich varieties of premade food. Production of grains, fruits, vegetables, meat, eggs, dairy products and aquatic products from Shandong has ranked among the top in the country for many years.

In addition, Shandong has been the top province in terms of agricultural product exports for 24 consecutive years. Among the exported agricultural products, deep-process products account for 47.7 percent, according to statistics from the Shandong Provincial Department of Commerce.



Employees at Dalian Gaishi Food Co deal with seaweed for premade dishes at the company's factory in Dalian, Liaoning province, in January 2021. PROVIDED TO CHINA DAILY

Over 8,500 companies are engaged in premade food production in the province, data from the Shandong Provincial Department of Agriculture and Rural Affairs show.

To develop customized foods, Lufeng has more than 10 employees dedicated to research and development, some of whom have majored in food nutrition engineering.

Other companies are also prioritizing foods that cater to varied tastes. Shandong Nichirei Foods Co Ltd, a joint venture located in Yantai, studied roadside vendors in Japan and successfully rolled out frozen imagawayaki, a type of Japanese pancake.

"We selected five flavors of imagawayaki based on customer preferences," said Koizumi Minoru, general manager of Shandong Nichirei.

The red bean, egg yolk and matcha flavors are particularly popular in Japan, and the company plans to introduce peach, milk tea and mango flavors in the next phase.

To enrich its product profile in

Japan, the company has introduced South Korean food products, including cheese rice cakes and spicy white cabbage.

As a pioneer in the export of premade food to Japan, Shandong Nichirei has made its products available in major supermarkets and convenience stores across Japan. Its products are also exported to North America.

In Dalian, a coastal city across the Bohai Sea from Shandong, premade aquatic food products are gaining popularity overseas.

"The export volume of our premade aquatic foods has increased every year, especially seaweed salad, which has always been popular," said Gai Quanhong, chairman of Dalian Gaishi Food Co, which is based in Lyushunkou district of Dalian, Liaoning province.

A leading company that specializes in prepared appetizers like seaweed, mushrooms and seafood salad, Gaishi has exported its products to more

than 60 countries and regions, including Japan, the United States, Europe and Southeast Asia.

The company's exports to countries and regions involved in the Belt and Road Initiative last year exceeded 30 million yuan (\$4.1 million), accounting for about 16 percent of its total export value. Last year, Gaishi spent 5.87 million yuan on market research and developing foods that meet consumer demand.

Quality matters

"Quality is crucial to premade food companies," Yun of Lufeng said.

Lufeng implements comprehensive quality and safety control management throughout the production process, from sourcing raw materials to packaging.

The company has developed over 300 hectares of standardized farmland to produce fruits and vegetables and 22 high-standard farms for raising poultry.

"By developing our own farms, we are able to guarantee food safety from the raw materials," said Yun.

Gai also emphasized the importance of food quality.

"Food has different attributes compared to other industrial products, and each country has specific standards for food imports," he said.

Companies looking to export must conduct thorough research on the food quality standards of different countries, he added.

While expanding overseas, premade food companies have also started to tap the domestic market with quality products as Chinese consumers are increasingly demanding premade foods.

China's premade food market reached 419.6 billion yuan in 2022, a year-on-year increase of 21.3 percent. It is estimated that the market will

reach 1.072 trillion yuan by 2026, according to the white paper released at the Foshan conference.

"The premade food industry has just started. We have been developing overseas markets with advanced management and production techniques for three decades, which gives us an advantage to tap the domestic markets with quality products," said Shandong Nichirei's Koizumi.

"In the future, we will expand the domestic market by offering products of the same quality as those (that are) exported," Koizumi said.

Gaishi started developing the domestic market several years ago, which has contributed to the overall growth of the company's business.

Gaishi's semiannual report showed a total revenue of 226 million yuan for the first half of 2023, a year-on-year growth of 28.79 percent.

In 2018, the company contributed to the revision of a national food safety basic standard for seaweed and edible fungi, aligning the "seaweed salad" product standard with international standards, allowing seaweed salad to be sold domestically.

Gai said having a bestselling single food item greatly contributes to building brand influence, and its seaweed salad holds great significance for the company.

Sources from the Dalian Administration for Market Regulation said that the city has formed eight premade food clusters, covering various categories, such as seafood, fruits and vegetables, poultry and livestock.

Among these, aquatic products account for 46 percent of the total, with seaweed being the largest single product.

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Condiment sector seasons township's rapid growth

By ZHAO RUIXUE in Laoling, Shandong

At an 800-square-meter warehouse run by Laoling Yongxinghe Food Co Ltd, more than 100 workers are busy packaging condiment products such as sauces and spices to help fulfill orders placed on e-commerce platforms.

The company, located in Yang'an township of Laoling, a county-level city in Shandong province, delivers 100,000 packages on average each day throughout the year, said Cui Mingsong, general manager of the company, adding that sales via e-commerce sites account for half of the company's total sales. "Around 130,000 packages were delivered today," Cui said.

There are over 260 companies like Yongxinghe involved in the condiment and seasoning business in the township with a population of 50,000 people, of which about 33,000 are actively part of the business.

These companies produce spice products that have a 40 percent market share in China. They are also sold to markets in more than 70 countries

and regions, including European and Southeast Asian nations, the township government said.

China has seen steady growth in both the production and sales of main condiment products during recent years as producers make efforts to develop rich varieties that meet market demand, according to the China Condiment Association.

"Ready-to-eat dishes and instant foods have brought opportunities to the condiment industry," said Liu Jihua, secretary of the condiment branch of the China Chamber of Commerce of Import and Export of Foodstuffs, Native Produce and Animal By-products.

Liu made the remarks at the China Spice Conference held in Laoling recently.

The conference saw the participation of more than 400 businesspeople, officials and experts from home and abroad, including the United Kingdom, India, Japan and Vietnam.

A wide range of spices and sauces that bear marks such as "green", "organic" and "no additives" caught the attention of attendees at an exhibi-

tion held during the conference.

"We need to develop products that are more convenient, safer, tastier and more affordable to meet the development trends of the condiment industry," said Liu.

From selling chili powder in the 1970s, business owners in Yang'an township have developed 1,200 kinds of condiments and seasoning products, ranging from spices, sauces, compound seasonings and pickled peppers to instant foods and snack foods.

To cater to increased demand for healthier sauces, companies in town have developed new products with organic materials and zero additives. "For example, when we make ketchup, we buy organic tomatoes from Xinjiang," said Pang Xuehui, general manager of Shandong Pangda Food Co Ltd.

Riding on a wave of ready-to-eat dishes, many sauce producers in the township have expanded their business.

"Our aim is to make cooking as easy as boiling water," said Xie Xue-min, manager of the customer service department of Shandong

Huabailin Food Technology Co Ltd.

Last year, the condiment production and related industries in the town generated an output value of 22 billion yuan (\$3 billion), three times more than that in 2018.

"The local government has played a pivotal role in developing the condiment industry with measures such as offering free use of workshops for three years, organizing exhibitions to promote our products and providing financial assistance," said Pang.

The town has also built a condiment industrial park to foster collaboration and expansion.

Since building the first facilities in the park in 2021, Shandong Huachang Food Co Ltd has developed from a team of fewer than 10 employees to a specialized company with 200 people.

"Our annual sales have been growing by 30 percent during the past years, and we expect to see sales exceed 200 million yuan this year," said Yang Lifang, chairman of Huachang.

In the financial sector, banks like the Shandong branch of China Construction Bank have also joined in



Employees process chilies at a workshop of a condiment and seasoning company in Laoling, Shandong province, in May. JIA PENG / FOR CHINA DAILY

local efforts to provide companies with financial services to ease the pressure of raising funds.

The flourishing condiment industry has also provided employment opportunities for local farmers.

The increased demand for raw materials by the thriving condiment industry has also promoted the planting sector with spices, such as chili and anise, generating more income for local farmers, said Yang

Bo, an official in Yang'an township.

Cui Yulian, who works at the warehouse sorting packages, said she earns over 4,000 yuan each month. The 35-year-old mother of two, who returned to the town earlier this year after working for several years in Tianjin, expressed happiness that the commute to work is less than 10 minutes by electric bike and that she is able to properly care for her children.