



INSIGHTS FOR YOUR
INTERNATIONAL FOOD BUSINESS
DEVELOPMENT

MARKET
VALUES AND
PLAYERS

INNOVATION
TRENDS

CLUSTER
SPOTLIGHT

BUSINESS AND
CULTURAL
NOTES

Newsletter produced for the "New Frontiers in Food" project, exclusively for the members of the following clusters:



QUARTERLY NEWSLETTER - N°1 JUNE 2016



DEVELOP YOUR MARKETS IN **USA** and **China**

The US nutraceuticals
market

The Chinese food
supplements market

Cluster spotlight:
the Boston biotech
ecosystem

E-commerce trends in
China

Cultural notes:
Be enterprising in the
USA!

Cross-border e-commerce,
a new way into China

*Click to go
to the article*

Welcome to the **New Frontiers in Food** quarterly newsletter



SAMPLE



This newsletter will provide insights into **3 high-potential markets...**

Dear cluster members,

We are delighted to present you with the first edition of our the **"New Frontiers in Food" newsletter**.

In order to provide members with the support, intelligence and practical means to **accelerate their international and competitive development**, Food Valley (NI), Vitagora (F), Valorial (F), and Wagrallim (B) have developed together the **"New Frontiers in Food"** as part of a joint strategy of internationalization.

Thanks to a 'smart' combination of our various specializations within the agri-food sector, we are focusing on **three complementary value chains that represent significant international growth opportunities** for our member companies:

1. The market of connected food
2. The market of functional food and healthy ingredients
3. The market of processed food products

The first publication of this project, the **"New Frontiers in Food" newsletter** aims to provide you with insights in relation to the chosen value chains gleaned from our combined international actions: market overviews and major players, innovation trends, a focus on a local cluster, and business or cultural notes for conducting your affairs. The first edition of this newsletter provides a focus on the food markets in the **USA** and **China**. The following editions will cover the countries of **Canada, Brazil, Japan, South Korea, Thailand**.

Please contact your cluster team member for any feedback on the content of this newsletter or to find out more about how we can support your internationalization strategy.

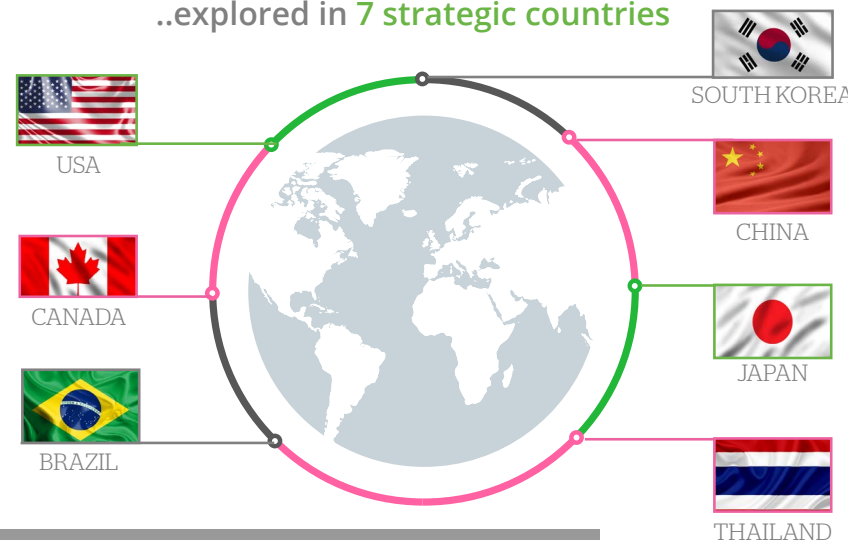
Best regards,

News Frontiers in Food Consortium Members

(see back page for our contact details)



..explored in **7 strategic countries**



E-Commerce in China

In 2015, Vitagora carried out an international development action targeting China, beginning with the partnering of the Tmall subsidiary of the e-commerce giant Alibaba with a number of Vitagora's members companies. Below are a few of the insights identified in preparation of these companies' entry in the Chinese e-commerce market.

A vast e-commerce market driven by middle classes

The Chinese population is growing fast since the government has recently amended its one-child policy, allowing a family to have two children. In this vast country, domestic consumption will increase due to the fact that the Chinese middle class is set to rise to 45% of the total population in 2022, according to McKinsey. The on-line retail market in this country is larger than the US and the markets of these two countries account for more than 55% of worldwide e-commerce. China's gross merchandise volume (GMV) in e-commerce has increased from little over USD 7 billion in 2007 to almost USD 425 billion in 2014.

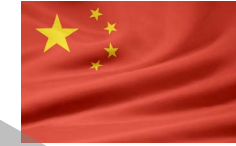
The Chinese E-commerce market has gained notoriety thanks to the integration of new technologies. In 2014, more than 390 million smartphones were sold, representing 32% of the worldwide sales of smartphones. In the countryside, Chinese consumers who shop via mobile devices account for 64% of on-line purchasers.

Women make up 60% of clients even though they only constitute 44% of the total population. The majority of on-line purchasers are 20-35 years old and live in urban coastal areas. These consumers are indeed constantly in touch with the newest trends and marketing on social media through their

Find out more...

SOURCE

China - Cross-Border E-Commerce
Consulate General of the Netherlands in
Guangzhou (PDF)

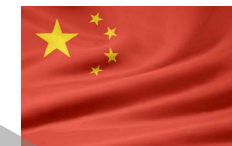


smartphones. Accordingly, the share of mobile commerce will rise to 53% in 2016.

Cross-border e-commerce, driven by a search for authenticity and quality

Because of image problems concerning Chinese retailers, in particular concerning counterfeit products, C2C and B2C platforms have become popular hub for cross-border e-commerce in China, and thus avoiding domestic retailers. The most popular categories for overseas products include baby products, cosmetics, fashion, food and beverage, and health products. Chinese consumers will often ask for further information on the country of origin when referred to health and food products.





A "Cross-border e-commerce experience center" in the Chinese city of Hangzhou.

Domestic e-commerce – dominated by local giants

Currently, Alibaba dominates the Chinese e-commerce landscape, respectively followed by Taobao (C2C) and Tmall (B2C), both also part of the Alibaba group. It is said that around half of e-commerce in China is carried out through C2C marketplaces, with Taobao being the strongest service provider.

Grey channels also allow many overseas products to enter China without passing through customs inspections and paying import duty. Meanwhile, B2C e-commerce takes a large share in the sales of a number of core products, such as fashion, electronics and home appliances.

The market leader, Alibaba, and the challenging team of JD and Tencent have their own ecosystems: social platforms, payment methods, and operational e-commerce. The Alibaba system is composed of the widely used payment system Alipay and social marketing via their partner organization Sina Weibo.

Government-led challenges to domination

To challenge these alternative channels, the Chinese governments of the Free Trade Zones and Cross-Border E-Commerce Zones (a combination of bonded warehousing and simplified import procedures) have set up service hubs intended to facilitate contact with platforms and logistic service providers, and have occasionally launched their own e-commerce platforms, for example Kuajingtong in Shanghai.

In addition, a few local governments have set up "Cross-Border E-Commerce Experience Centers" in bonded zones that work in a similar way to duty-free shops: customers are able to pay the same lowered tax in these shops as they would via cross-border e-commerce. Furthermore, there are discount offers on certain overseas products.

The most developed metropolitan areas on the mainland are especially recommended to make contact with Chinese e-commerce platforms and media: Beijing, the Yangzi River Delta (around Shanghai) and the Pearl River Delta (around Guangzhou). International logistical possibilities are mainly present in Hong Kong, Beijing, the Free Trade Zones and Cross-Border E-Commerce Zone cities.

China E-Commerce Channels				
B2C STANDALONE eSHOP	B2C PLATFORMS	B2C ONLINE MULTI-BRAND RETAILERS	B2C PRIVATE SALES SHOPPING CLUBS	C2C MARKET-PLACES

UPCOMING EVENTS



Upcoming events for partner clusters or major events (international missions) to target countries.

May 31-June 1, 2016	Future Food Forum, Zhangzhou - China, organized in partnership with FoodValley http://www.foodvalleyupdate.com/news/future-food-forum/
July 16-19, 2016	IFT Food Expo, Chicago - USA, presence of FoodValleyNL http://am-fe.ift.org/cms/
October 3-7, 2016	Food factory and farm of the future, Denmark-Sweden Economic and Technological mission, organized by Valorial, presence of Vitagora
October 4-6, 2016	BENEFIQ International Health Ingredients, Quebec City - Canada, presence of Vitagora and Wagralim - http://benefiq.ca/_2016/
October 12-13, 2016	Food Valley Expo Arnhem - The Netherlands, organized by FoodValleyNL http://www.foodvalleyexpo.com/program/
October 16-20, 2016	SIAL Paris, France, presence of FoodValleyNL, Valorial, Vitagora and Wagralim https://www.sialparis.fr/
November 3, 2016	Forum Vitagora, Dijon - France, organized by Vitagora http://www.forum-vitagora.com
November, 2016	November 2016, Economic and Technological Mission to Brazil organized by Wagralim, presence of Vitagora
January 5-8, 2017	Consumer Electronics Show Las Vegas - USA, presence of Valorial, Vitagora and Wagralim https://www.ces.tech/Events-Experiences/CES-Innovation-Awards.aspx

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