

Research on supply and demand of Chinese dairy products market

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Date: July 25th, 2019

Abstract:

Nowadays, with Chinese people's living standard improving, the purchase quantity of dairy products from Chinese people is also increasing. Consequently, Chinese people are paying crucial attention to every aspect of dairy products. This paper is based on questionnaires sent to the residents in Shijiazhuang, the capital city of Hebei Province. This paper is also based on the purchase accommodations, the recognition of the current situation of Chinese dairy products in order to familiarize the supply and demand of Chinese nowadays dairy production. Finally, by visiting a representative company of Chinese dairy industry, Junlebao Company, we can discover the endeavor and progress that Chinese companies have made to enhance the technology, promotion and the safety of dairy products.

Key words:

Dairy products the Junlebao Company supply and demand of the market

I. Background Introduction

1. Chinese current situation of dairy products

The number of Chinese people who consume dairy products is increasing year by year, owing to the increase of Chinese people's income. The main dairy consumption groups in China has shifted from children and the old to the whole family, due to the increasingly mature cognition of dairy products, especially in highly educated families. It is estimated that the major dairy products' consumption will shift from solid dairy products to liquid dairy products. The demand of Chinese people on the liquid dairy products is becoming more and more diversified. Chinese people regard dairy products as significant products full of nutrition common in their daily lives, which means these special nutritional products are spreading further and further.

II. Descriptive delineation of data -- frequency analysis (concluded from questionnaires' result)

classification	Index	quantity	percentage
gender	male	133	27.0
	female	360	73.0
age	Below 24	21	4.3
	25-35	59	12.0
	36-55	373	75.7
	Older than 55	40	8.1
Education quality	Below primary school	1	0.2
	Middle school	64	13.0
	Higher than university	428	86.8
Individual monthly revenue	Below 3000 yuan	51	10.3
	3001-5000yuan	156	31.6
	5001-8000yuan	179	36.3
	Higher than 8000yuan	107	21.7
marriage	married	453	91.9
	Not married	40	8.1
children	yes	451	91.5
	no	42	8.5
Family members	1	4	0.8
	2	27	5.5
	3-4	407	82.6
	Higher than 5	55	11.2
Personal health	In good health	340	69.0
	In sub-health	128	26.0
	Have some chronic	25	5.1

Chart 1--the basic information of the informants and their families

From chart 1, we discover that most of the informants are women, which shows that more attention is paid to dairy products by women than men. The age of the informants is mostly 36 to 55 years old, which is 65.7% of all the informants. 86.8% of the informants are more highly educated beyond university bachelor's degree and have jobs after graduation; the revenue of the informants is mostly between ranges 3001 to 5000 and 5001 to 8000, which are 31.6% and 36.3% of the whole informants respectively. Almost 91% of the informants are married, and have children, which made them more related to dairy products because of the need from children of dairy products. With the workload increasing, although 69% of informants regard themselves as healthy people, 26% of informants think they are in sub-health, and 5.1% of informants think they have chronic diseases.

Did you reduce your purchase of domestic dairy products because of the melamine incident?	yes	220	44.6
	no	273	55.4
Do you think that Chinese dairy products are safe?	Very safe	37	7.5
	Comparatively safe	336	68.2
	Not so safe	110	22.3
	Not safe	10	2
Do you think that exotic dairy products are safe?	Very safe	46	9.3
	Comparatively safe	370	75.1
	Not so safe	70	14.2
	Not safe	7	1.4
The importance level you	Huge impact	198	40.2

think dairy products are to your health	Somewhat impact	268	54.4
	I don't care	27	5.5
Your attention level towards dairy products	Frequently care	208	42.2
	Sometimes care	262	53.1
	Almost don't care	23	4.7
Which category of dairy products do you and your families like best?	Liquid	469	95.1
	Solid	24	4.9
Your frequency to drink or eat dairy products	Every day	183	37.1
	Every week	211	42.8
	every month	43	8.7
	Almost don't drink	56	11.4
Do you prefer to purchase Chinese or exotic dairy products?	domestic	326	66.1
	exotic	62	12.6
	The same	105	21.3
Your frequency when purchasing dairy products	Frequently purchase	379	76.9
	Sometimes purchase	107	21.7
	Don't purchase	7	1.4
If you have a child, which kind of milk powder do you prefer?	Domestic products	149	30.2
	Exotic products	293	59.4
	I don't care	51	10.3

factors that determines your choice over the producing place of production of dairy products	quality	447	90.7
	price	21	4.3
	convenience	17	3.4
	other	8	1.6
Which factor motivates you most to drink or eat dairy products?	nutrition	424	86
	flavour	46	9.3
	promotion	23	4.7

Chart 2--basic questions and the recognition of citizens towards dairy products

The chart indicates several conclusions below:

1. The melamine incident indeed has influenced Chinese citizens' attitude towards domestic dairy products, thus reducing the demand from Chinese people for domestic products.
2. The recognition of citizens towards dairy products' safety is different, and the citizens believe that the exotic dairy products will be safer than the domestic dairy products.
3. Most of the citizens care much about the influence exerted by dairy products to their health, so they will be more careful while choosing between domestic and exotic dairy products.
4. Most of the citizens care about the news of dairy products, which shows their carefulness towards dairy products.
5. Most of the citizens prefer to choose liquid dairy products than solid dairy products.
6. Most of the citizens eat or drink dairy products at least once a week.
7. Regarding all the factors comprehensively, citizens would like to purchase domestic dairy products, and most of them purchase them relatively frequently.
8. People who have children at home are inclined to buy exotic dairy products, considering children's vulnerable health.
9. Citizens mostly choose the producing place of dairy products based on viewing the products' quality.
10. The motivation that citizens would like to eat or drink dairy products is their nutrition.

categories	factor	frequency	percentage
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Infant/children	no	361	73.2
	yes	132	26.8
student	no	173	35.1
	yes	320	64.9
Mid-age adult	no	252	51.1
	yes	241	48.9
The old	no	289	58.6
	yes	204	41.4

Chart 3--the info of people who use dairy products most

The chart indicates several conclusions below:

1. Most of the families buy dairy products for infants or children, more than for the old
2. The students are the least group of people who eat or drink dairy products

price	Not mentioned	246	49.9
	yes	247	50.1
Quality/safety	Not mentioned	164	33.3
	yes	329	66.7
promotion	Not mentioned	296	60
	yes	197	40
	total	493	100
flavour	Not mentioned	356	72.2

	yes	137	27.8
nutrition	Not mentioned	242	49.1
	yes	251	50.9
no	Not mentioned	496	95.1
	yes	24	4.9

Chart 4--the reason why people choose dairy products

The chart indicates the conclusion below:

1. Factors that mostly determines the choice of people towards dairy products are quality and safety, then are price and nutrition, and the least one is flavour.

III. Research on the representative company of Chinese dairy products' industry--the Junlebao Company

1. At first, the Junlebao Company has enhanced the promotion of their own products, by opening their manufacture line to all citizens, a way that not only informs people about the knowledge of dairy products and enhances their carefulness and methods while selecting dairy products, but they also saw the process by which the Junlebao Company produces dairy products, which can boost people's belief and recognition of Chinese national dairy products, thus expanding the range of domestic selling.
2. For the purpose of researching on dairy products thus bettering their dairy products' quality, the Junlebao Company has set up various professional laboratories with lots of professional researchers and advanced equipment. Meanwhile, the Junlebao Company continuously obeys the guidance uttered by President Xi which is to let the next generation of Chinese people enjoy high-quality dairy products.
3. The production line of the Junlebao Company is highly automatic. The only circumstance in which it needs human interaction is when the machines are malfunctioning. The production process is largely achieved by the automatic production line, which has increased the efficiency, decreased the cost, and expanded the profit margin.

IV. The strengths and weaknesses of the Junlebao Company, a representative company of Chinese dairy products' industry

Initially, the attainment that Chinese companies of dairy products have reached is high and impressive. Each automatic production line was built with human's lofty intelligent, and it has enhanced the producing efficiency. The only weakness is that most of the machines are imported from other countries, which means Chinese technology should keep advancing.

The first part of the Junlebao Company's presentation provided citizens with a variety knowledge of dairy products. The Junlebao Company can impress citizens from their basic knowledge to their practice and promotion. As a local dairy production company, the Junlebao company's reputation is becoming better and better owing to its own innovation and endeavor.

The success of the Junlebao Company is closely related to its goal. Several years ago, President Xi once visited the company, reminding them of the goal that is to allow the next generation to enjoy high-quality dairy products, which motivated the Junlebao Company to keep moving forward. In the meantime, the Junlebao Company has its own value and mission, which keeps supporting the Junlebao company.

V. The suggestions for Chinese dairy products deduced from the paper above

According to the paper, currently, Chinese dairy industry has entered the stage of inventory digestion. At the same time, due to the continuous decline price of international dairy products, the dairy industry as a whole is now in recession, with reduction of profits. In this context, the way to expand the brand influence of enterprises and improve the consumption demand of dairy products is the key to the future development of dairy enterprises. Combined with the development status of dairy enterprises, this paper puts forward the following suggestions for the future development of dairy enterprises:

1. Accelerate overseas expansion

In recent years, the overseas market has become the focus of attention of dairy enterprises, and Chinese dairy enterprises have begun to develop outward and embark on the journey of internationalization. At present, under the background--"One Belt and One Road" presented by President Xi, the dairy enterprises have new opportunities. Domestic dairy enterprises, through establishing of overseas factories, technical researches, and cooperation, have found a good way to develop. Mengniu and Yili, companies producing dairy products in China, for example, have been among the first enterprises to explore overseas opportunities. In June 2012, the Mengniu Company cooperated with Denmark's Arla Foods, the largest dairy enterprise in Europe, and established China-Denmark dairy technology cooperation center. In April 2013, the Mengniu

Company signed a cooperation framework agreement with state-owned enterprise AsureQuality in New Zealand and established a third-party independent certification agency. In September 2013, the Yashili, a subsidiary of the Mengniu Company, invested \$220 million to build a factory in New Zealand. In January 2014, the Mengniu Company established a joint venture with north American food giant White Wave Foods to launch Mengniu's product strategy in the field of plant protein. As for the Yili Company, in January 2013, the Yili Company was approved to build a factory in New Zealand. In July 2013, the Yili Company became a strategic partner of DFA; in February 2014, the Yili Company cooperated with Wageningen university to set up a research center. In September 2015, the Yili Company developed the Sino-us food wisdom valley project. It can be seen that leading dairy enterprises have set examples in overseas expansion, and domestic dairy enterprises in the second and third echelon also have great room for improvement. Under today's increasingly fierce competition, it is the trend of future development to further improve the concentration by seizing shares or acquiring and merging.

2. Expand sale channels

With the shift of domestic dairy products from centralized consumption to decentralized consumption, the choice of sale channels becomes the key to the competition of dairy enterprises. For the first echelon of dairy enterprises, the multiple stage distribution mode should be adopted to establish several sales regions in the country, and each region should set up distributors and retailers to achieve the integration of production and sales. We should strive to reduce the competition in big cities, enter the third and fourth tier cities, and expand the sale area to villages and towns. For the second and third echelon dairy enterprises, they should expand their brand influence and actively expand to surrounding cities and gradually expand their sale scope while ensuring regional sale volume. In the case of ensuring product quality, dairy enterprises should establish good cooperative relationship with the third party logistics company and shorten the time from the factory to the consumer terminal.

3. Enhance product marketing

In the real environment where the homogeneity of dairy products is relatively high, the improvement of product popularity can be implemented to open the market for products and increase sale, while accurate advertising positioning can often expand the communication area. For example, the advertising slogan--"not all the milk products are called Telunsu" catered to consumers' psychological feeling about the situation in which the quality of dairy products was questioned, making Mengniu's Telunsu milk brand develop rapidly. Also, major dairy enterprises have sponsored various shows to improve their popularity, such as Amush's sponsorship of running man and Mengniu's advertisement in 2018 World Cup, and all of which are important means for enterprises to expand the market. In addition to the first echelon of dairy enterprises, the second and third echelon of enterprises should also constantly explore the potential demand

of consumers, precisely position in product publicity, and strengthen product marketing, which can not only make the original consumers firmly trust the product, but also can attract the attention of potential consumers.

VI. Acknowledgement

I appreciate the help of paper contents from Lv Jianheng, Wang Xianting and Li Bo, teachers who have given me several valuable suggestions related to my paper. I appreciate that you spent time once a week with me on discussion about my paper.

Teachers Jia Zhifeng and Wang Hong have given me valuable suggestions about the translation of my paper, and I extend my grateful thanks to you.

I also acknowledge my school for giving me an opportunity to participate in the World Food Prize Youth Institute, thus broadening my horizon.

Furthermore, I have received so much help from my classmates and other teachers, and I hereby thank you for your advice.

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