

## Analysis and Forecast on China Juice Industry (2015-2016)



## Foreword

Development of China's Juice Industry in 2015 still wasn't optimistic and lacked momentum.

The domestic and foreign demands continued to remain weak. Compared with 2014, the production remained unchanged. An overall slide in import volume and amount and export volume and amount was found. Producing enterprises' income growth slowed down further to the lowest within the recent 10 years.

From the life cycle of the industrial development, after an extremely short growth period, China's Juice Industry quickly entered the mature stage and appeared the present dilemma of "getting old before get rich".

Chinese people's per capita consumption of Juice is far lower than the developed countries such as the European countries, America and Japan. The low consumption level is inconsistent with consumers' increased consumption capacity, consumers' continually increased health consciousness and the tendency to pursue convenience. Consumers' consumption potentials are not stimulated effectively and a huge development space still remains in the market.

How can China's Juice Industry break through the impasse?

BOABC thinks that a thorough and deed analyses of the industry development environment, the supply and demand situation, the competition pattern, the development of the main enterprises would help enterprises find the crux of the industry dilemma and then lead China's Juice Industry out of the valley and enter a healthy development expressway.

The Report "Analysis and Forecast on China's Juice Industry 2015-2016" is based on BOABC's accumulated research over the years, combining the research achievements of Nielsen, Euromonitor, Accenture, Mintel and China Beverage Industry Association and other authorities. A combination of qualitative research method and the quantitative research method is adopted to deeply analyse the development environment of China's Juice Industry, the industry development situation, the supplies, demands, trading conditions, industry competition pattern and the development of main enterprises. We also make a prospective judgment on the key issues such as the industrial development prospects, the supply and demand tendencies and the competitive situation.

The Report “Analysis and Forecast on China’s Juice Industry 2015-2016” will help you with the following:

1. To grasp the main data in the industrial development including:
  - The main industry economic indexes of the overall beverage industry, the carbonated beverage industry, the packaged drinking water industry
  - The production data on beverages, carbonated beverages, packaged drinking water (annually, monthly, regional and category data)
  - Consumption data (total volume, category, per capita data)
  - Trade data (annually, by country, enterprise, import and export data by category)
2. To understand the main factors those affect the industrial development
3. To grasp the industrial supply and demand situation and tendency
4. To grasp the industry competitive situation
5. To judge the general trend of the industrial development and to be proactive

BOABC has been dedicated in the research and consulting services in agriculture and food and beverage industry. We are willing to work with you hand in hand on the way to success.

Important:

- The “juice” mentioned in this report contains products of two major categories “condensed juice” and “RTD juice”. RTD juice includes 3 kinds of products: “RTD juice (100%)”, “RTD juice (25-99%)” and “RTD juice ( $\leq$ 25%)”.
- All the data in this report comes from “BOABC’ s agricultural database”. “BOABC’ s agricultural database” is a database BOABC set up based on authoritative figures from State Statistical Bureau, the customs, industry associations, earnings of listed companies, professional market research institutions, FAO, the World Bank and USDA.

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## Chapter One Analysis on China's Juice Industry Development Environment

### 1.1 Analysis on the Economic Environment

#### 1.1.1 Analysis on the International Economic Situation and Its Influence on China's Juice Industry

Among China's juice products, RTD juice including RTD juice (100%), RTD juice (25-99%) and RTD juice ( $\leq 25\%$ ) is mainly sold in the domestic market and is not greatly affected by the international economic situation; Condensed juice is mainly for export and belongs to the export-oriented industry; it is largely affected by the world economic and consumption conditions.

From 2009, affected by the world economic downturn and areas with lower cost in condensed juice production such as South America and Eastern Europe, China's juice export volume dropped to about 500,000 tons from 900,000 tons year by year.

Among China's total juice export volume, about 70% has been exported to America, Japan and Russia, China's main juice export markets. The economic development and consumption status of the 3 countries can greatly affect China's juice export.

BOABC believes:

(1) The world economic growth dropped in 2015 but the growth in 2016 might exceed that in 2015, but with uncertainty. The less optimistic world economic situation is unfavorable for the condensed juice export.

In 2015, the global economy was still not out of the negative impact of the financial crisis and the growth dropped. Consider all, starting from 2010, the slowest global economic pace might be found in 2015. According to the United Nations' report, the World Economic Situation and Prospect in 2016, due to the price decline in the international bulk commodity and the heightened market volatility, plus the decelerated growth of new emerging economies, the global economic growth was foreseen to be 2.4% in 2015.

The prices of international bulk commodity and the increased interest rate by FED are the significant variate which would affect the global economic trends in 2016. The global economic growth in 2016 was predicted to excess 2015 but with uncertainty.

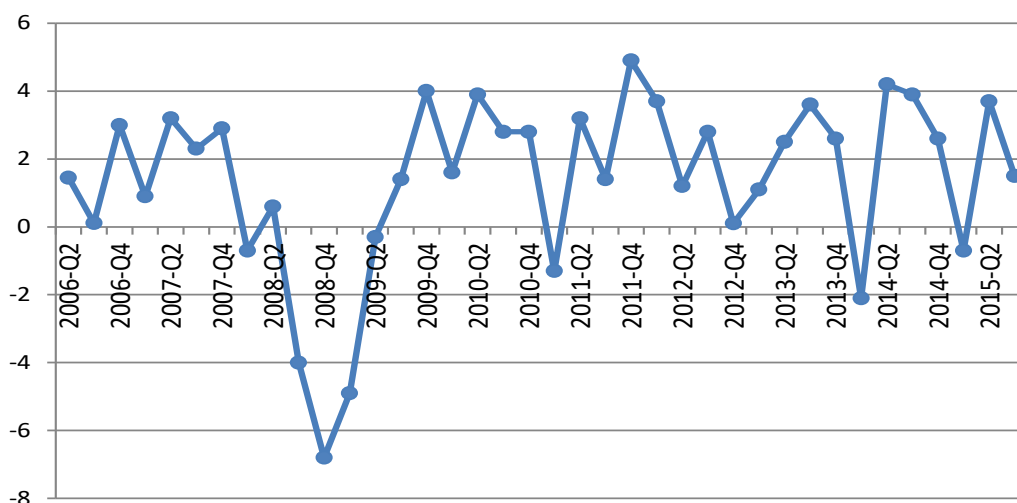
(2) In 2015, the American economic recovery was steady and significant progress was found in the employment and incomes; American economy was foreseen to extend the recovery and continue to increase in 2016. As China's biggest condensed juice export market,

America's positive economic situation is good news to China's condensed juice export.

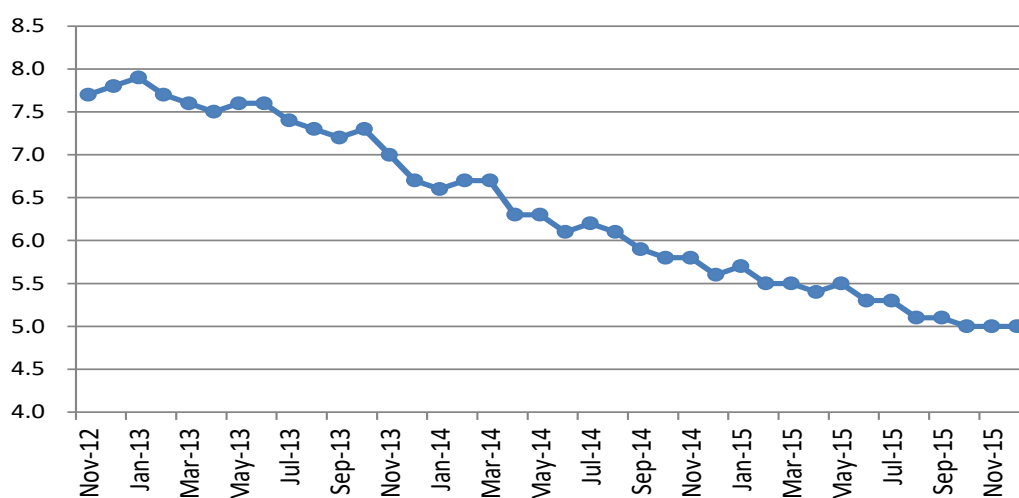
American economic growth was foreseen to be 2.6% in 2015, higher than most of the other developed economies. The recovery of American economic growth mainly came from the recovery of private consumption and investments. American employment market continued to recover in 2015 and the unemployment rate had dropped to the lowest level since April 2008. The continuous falling unemployment rate plus the lingering price index led to high and stable consumer sentiment index remained. In University of Michigan, in the whole year, the monthly average of the consumer sentiment index hit the highest level within the recent 10 years.

Looking ahead to 2016, in spite of the uncertainties, American economy was foreseen to extend the recovery and continue to grow and the growth was expected to reach 2.8%.

**Figure 1-1 GDP Growth Rate of USA (%)**



**Figure 1-2 Unemployment Rate of USA (%)**



**Chapter Two General Analysis on China's Beverage Industry**

**2.1 Industry Developmental Stage**

From 2005 to 2011, China's beverage industry developed quickly and the income of large scale enterprises increased to RMB 425.6 billion from RMB 113.9 billion. The beverage production increased from 33.8 million tons to 117.62 million tons and the income growth and production growth each year were over 20%.

The beverage industrial development slowed down from 2012 and the income growth and production dropped year by year; the beverage industry entered the mature period from the growth period.

**Figure 2-1 Sales Revenue of China's Beverage Industry, 2001-2015**

