

# Research on Marketing Strategies for Refabricated Cuisine in the Chinese Market

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## Abstract:

This paper explores the growing segment of refabricated cuisines within the Chinese food & drink industry, which is expanding rapidly due to changing consumer preferences for convenience and health. The research identifies three underlying problems that hinder the growth of refabricated cuisines, which are food safety and quality concerns, doubts about nutritional value, and a lack of variety in taste and product categories. These problems are caused by a lack of transparency in production processes, negative social media influence, and companies' focus on cost efficiency rather than innovation. Through a detailed case description of the refabricated cuisine market and analysis of consumer behavior, the paper emphasizes the importance of solving these concerns to companies' expansion within the market. To solve these problems, the paper suggests enhancing transparency through live-streamed production procedures and obtaining food safety certifications. It also recommends improving nutritional content, developing specific new products, and acting proactively on social media platforms to change negative consumer perceptions. Additionally, the paper suggests developing new flavors, cuisines from other regions, and seasonal products to increase the variety of product categories and maintain consumer interest. Conclusively, the paper reveals the significant potential of the refabricated cuisine market. However, companies must apply targeted strategies to build consumer trust and meet changing preferences. The paper provides valuable suggestions about how companies can take market shares and expand in the growing market by solving underlying problems, though the study is limited to the Chinese market.

**Keywords:** Refabricated Cuisines; Market Strategies; Consumer Trust

## 1. Introduction

### 1.1 Industry Overview

The food & drink industry is a huge and dynamic market with multiple segments, including pasta products, baked goods, livestock and poultry, etc. Being an important component of the Chinese economy, the food & drink industry has an overall sales revenue of 1,265 billion yuan. According to Fitch Solutions' forecast for 2023-2028, due to the influence of decreased economic growth rates, consumers prioritize food spending, and the food & drink industry has grown by 4.3% in 2024 and is expected to grow by 6.1% in 2025 [1].

In China, due to evolving lifestyle patterns, rapid urbanization, and increasing disposable incomes, the food & drink industry has changed significantly. Consumers have become more conscious of their food choices. They focus on quality, health, and convenience. As a result, there are several segments within the food & drink industry have shown rapid growth, including Ready-to-cook products (RTC).

Focusing on convenience, RTC products are food products that have been primarily processed but require further cooking procedures to be prepared to eat. Up to 2021, the market size of RTC products has reached 346 billion yuan and keeps growing rapidly [2]. Traditional RTC products include frozen food, instant food, etc. The industry is developing with the invention of new categories, such as refabricated cuisine. Refabricated cuisines are seasoned semi-finished products consisting of ingredients, including poultry, livestock, vegetables, and aquatic foods. They are frozen or packed in a vacuum before being sold to consumers.

Refabricated cuisines used to appear mainly in business-to-business (B2B) transactions, such as on-train dining, airline meals, and institution dining halls. Business-to-customer (B2C) uses are very limited. Recently, the potential of the refabricated cuisines segment has been noticed. Capital investment in the market has increased rapidly, indicating a growing interest from both investors and entrepreneurs as current players in the food & drink industry. From 2021 to 2022, there will be more than 20 financing cases of refabricated cuisines-related programs, and the amount will exceed 10 billion yuan, indicating a positive long-term prospect of refabricated cuisines. The Chinese government also holds a positive opinion towards refabricated cuisines and has published several preferential policies supporting the development of the industry, which are highly likely to drive investment and expansion within the market further [3].

### 1.2 Literature Overview

In the academic field, there is much research about re-fabricated cuisines. Shan et al. studied existing potential safety hazards within different steps of the RTC products' production procedure and proposed that sterilization technologies should be applied along with the quality control of raw ingredients to improve the food safety of refabricated cuisines [4].

Wang & Zhou analyzed factors that affect consumers' consumption of refabricated cuisines and proposed that consumers' perceived value and feeling about the refabricated cuisines affect their willingness to consume RTC products [2].

Temgire et al. focused on the growing popularity, development, and consumer behavior of Ready-to-Eat (RTE) and RTC products and found that The RTE and RTC food markets have experienced significant growth in recent years. These products are popular among young consumers, especially urban populations, due to their convenience, reasonable pricing, and taste [5].

### 1.3 Gap Review

While a substantial majority of research has focused on the production, safety, and consumption of RTC products and refabricated cuisines, there is a notable gap concerning market strategies, especially in the Chinese market. Most current research about the industry concentrates on refabricated cuisines themselves, including production technologies, quality control, health concerns, food safety, etc. Meanwhile, only a few researchers concentrate on market strategies, especially in the Chinese market.

### 1.4 Framework Overview

Therefore, based on the gap within the existing research, this paper is going to provide a comprehensive overview of marketing strategies that companies should apply properly for refabricated cuisines in the Chinese market.

Firstly, the paper will introduce the basic situation of refabricated cuisines in the Chinese market, the rapid expansion of the market segment, and the potential of its development. Then, this paper is going to identify underlying problems and consumer concerns within the market that hinder companies from attracting consumers. After that, there will be suggestions of suitable markets to solve these problems. By addressing both the challenges and opportunities within the refabricated cuisine industry, this paper aims to provide insights that can help companies attract consumers, gain market shares, and succeed in this evolving market.

## 2. Case Description

First introduced in Shanghai, the RTC products appeared in the Chinese market from the early 1990s [6]. In the early stage, most RTC products are limited to frozen food products, like dumplings, pizza, steak, etc., which have already entered the maturity stage in their life cycle nowadays.

Recently, as consumer preferences shifted, Companies started to turn their attention to a new category of RTC products, which are known as refabricated cuisines. Refabricated cuisines are still in the growth stage. However, with the influence of the COVID-19 pandemic, which significantly impacted the whole food & drink industry by accelerating the demand for convenient, safe, and reliable meal solutions, newborn refabricated cuisines have been gaining popularity rapidly as they are considered as proper choices fitting these consumer requirements.

So far, there have been many cases of B2B transactions with refabricated cuisines. For example, the Sunner Group, which is also the leading company in the RTC products industry in 2023, has built a stable supply relationship with fast food brands like KFC, McDonald's, and Pizza Hut in China for long, providing refabricated chicken products for a long time [7]. However, the amount of B2C transactions in the industry is still limited. Consumers have accepted their existence on different occasions, like fast food restaurants, dining service on transportation, etc., but have little willingness to purchase and use them as daily necessities.

According to a market survey about factors affecting consumers' willingness to purchase refabricated cuisines, 73.62% of consumers hold positive attitudes toward RTC products [6]. The result of the survey refers to opportunities for expansions in the B2C segment of refabricated cuisines. Consumers are curious about refabricated cuisines and are willing to try them. Therefore, companies must put efforts into marketing to attract customers and gain greater market shares. Meanwhile, the market strategies applied must be proper and suitable.

## 3. Underlying Problem Analysis

The Chinese refabricated cuisine market is still in its growth phase, and there are some underlying problems along with its growth that companies must be aware of to enhance consumer attractiveness and accelerate market expansion. Below is a detailed analysis of these problems, each followed by an exploration of the reasons behind them.

### 3.1 Problems Identified Analysis

#### 3.1.1 Problem 1

One of the concerns that consumers care about the most is the quality of refabricated cuisines, which is also closely related to food safety. Food safety has been a sensitive issue in China for a long time. Food safety-related incidents have significantly affected consumers' trust in the quality of food products, making them more cautious when choosing food products. Refabricated cuisines, such as semi-prepared products, are receiving particular attention since there are several stages of processing, including production, packaging, and delivery. The multiple steps involved in the production procedure also bring further concerns about hygiene standards during production. Additionally, refabricated cuisines are frequently subjected to criticism about the use of food additives, including preservatives, artificial flavorings, and other chemical additives to extend durability and enhance taste.

The lack of transparency creates a significant barrier to trust. Unless companies can effectively address these concerns, the lack of consumer confidence will continue to hinder them from choosing refabricated cuisines.

#### 3.1.2 Problem 2

Consumers, especially with the current trend of rising attention to nutrition around the world, doubt the nutritional value of RTC products, including refabricated cuisines. The doubt has become a health concern for long-term consumption of refabricated cuisines.

In addition to the nutritional concerns, social media plays a significant role in shaping consumers' attitudes towards refabricated cuisines. Video content creators on platforms like TikTok have a powerful impact on the food product choices of young consumers [8]. Unfortunately, many of these influencers have shared negative opinions about refabricated cuisines. They often emphasize similar concerns about food safety and the nutritional balance of these products. Since young people make up the major consumer group for these products, the wide spreading of negative information on social media has become a threat to the expansion of the refabricated cuisines market that companies must not ignore. However, currently, there is little effort companies are making against the trend on social media.

#### 3.1.3 Problem 3

The refabricated cuisines are also complained about a lack of variety in taste. According to a survey of consumers who have consumed refabricated cuisines, 61.8% have complained that most products taste similar, even though they are different dishes [9]. This repetitive taste

experience can lead to consumer fatigue, as there is little differentiation between the dishes provided among various brands and categories.

Meanwhile, 47.2% of surveyed consumers complained that the range of available dishes is limited, which further contributes to their declining interest in refabricated cuisines after a few initial purchases [9]. When consumers feel that they have explored most of the available options without finding significant variation, they will quickly lose their willingness to continue purchasing other products. Furthermore, the limited variety in product offerings and the repetitive flavors are not just issues of consumers' preferences but also represent missed opportunities for companies to capture opportunities in the market.

## 3.2 Reason Analysis of Problems

### 3.2.1 Reason 1

The reason why there are such concerns is because consumers are extremely careful about the freshness of the raw ingredients used. The production methods of refabricated cuisines limit transparency [10]. It's hard for consumers to figure out the freshness and quality of raw ingredients used to make refabricated cuisines, the hygiene level during each step of the production procedures, and the use of chemical ingredients.

Moreover, these concerns are enhanced by the fact that consumers often have limited access to information regarding how these products are made, which makes them hesitate when trying to purchase these products [10].

### 3.2.2 Reason 2

The rising nutritional concerns with refabricated cuisines are particularly related to the impression that RTC products have on consumers. Traditional RTC foods, such as frozen dumplings, instant noodles, and processed snacks, have been criticized for their lack of nutritional balance for a long time. These products are often high in calories and sodium while being low in essential nutrients such as vitamins, minerals, and dietary fiber. Although refabricated cuisines include fresh ingredients like vegetables, poultry, and seafood, which are considered healthy ingredients, they are still categorized as processed RTC products in most consumers' thoughts. As a result, there is a well-accepted perception that refabricated cuisines lack the necessary nutrients for a balanced diet.

Meanwhile, even though the problem does not apply to refabricated cuisines, companies have put little effort into clarifying since they used to focus on the B2B segment. However, Young consumers, who have become the primary target for refabricated cuisines due to their busy lifestyles and convenience requirements, are greatly influ-

enced by social media opinions [8]. If negative opinions about refabricated cuisines continue to spread widely and make great impacts on social media, it could significantly harm the market's growth potential. What deteriorates the situation is that most companies are mainly focusing on B2B markets, where cost efficiency and bulk production are more valued. As a result, little effort has been made to address the nutritional concerns of individual consumers.

Therefore, companies must come up with specific strategies to shift the trend and promote the health benefits and quality standards of their products to change consumers' minds.

### 3.3.3 Reason 3

Most companies mainly focus on the cost performance of their refabricated cuisines to satisfy business consumers. These buyers prioritize cost-efficiency and consistency over creativity and variety. In that case, the companies lack the willingness to develop new products and keep applying the strategies of direct price competition against their competitors through developing very similar products. The situation deteriorates as even when new products are introduced, and they tend to follow similar flavor and ingredient patterns, providing little feeling of freshness or excitement for consumers, especially those who are seeking diverse experiences.

The lack of variety leads to consumers' disappointment as they are provided with duplicated choices. In that case, it will be very hard for companies to attract consumers.

## 4. Suggestions

### 4.1 Eliminate Quality and Security Concerns

To eliminate consumers' concerns, companies must build trust. There are three levels of how companies can do to build trust.

The first level is consumers. Companies should focus on the core of consumers' concerns, which is the lack of transparency in the production procedures and the supply chain as a whole. Therefore, companies can hold 24-hour live streams of their factories and production procedures. By showing consumers how the products are actually made, companies make a commitment to product safety and quality.

The second level is the companies themselves. Companies must show that they are qualified and have the right attitude toward food safety and quality problems. Therefore, companies can seek certification from broadly accepted international third-party organizations, like ISO22000, IFS, HACCP, FDA, etc. Being qualified for these certifications not only reassures consumers but also shows

that the company treats food safety and quality seriously. Besides, companies must reply and react in time to any consumer feedback or complaints. It's also very important to take these actions in public to show consumers they are proceeding.

The third level is the society. Companies can apply advertising strategies at the societal level to build trust easier. Companies can choose famous chefs or food professionals to be their spokespeople. It's easier for consumers to trust products with the endorsement of celebrities in the food industry. Moreover, whenever the products receive any positive comments or replies on social media, companies can broadcast them to shape a good impression on other consumers.

#### 4.2 Eliminate Nutritional Concerns

Companies can improve their current products by reducing sodium, sugar, and trans fats while adding more whole grains, lean proteins, and vegetables, which directly resolves consumers' concerns about the long-term health impacts of these products. It's also very important to mark these changes on the product packaging as reminders for consumers. Besides, since current products are originally designed for B2B segments, companies can develop new products that focus on health and nutritional factors, including low-calorie, organic, or allergen-free products, to meet consumers' nutritional requirements.

Additionally, companies must respond to negative information spreading on social media. Actions should not be limited to clarifying existing negative information. Companies should also hold social media campaigns to post content introducing their products' nutritional improvements, safety standards, and health benefits in any form, including videos, posters, live streams, etc.

Moreover, companies can also split product delivery channels. Utilizing big data analysis, companies can specify their consumer groups and deliver the right products to the right consumers. For example, by using data from social media platforms, companies can create highly targeted advertisements that address specific concerns and fit the desires of young consumers.

#### 4.3 Provide More Choices

To solve the problem, companies should invest in research and develop new product categories. This actually fits the trend of the industry as refabricated cuisines are still in the growing stage.

Instead of developing broadly produced cuisines, companies can choose to produce special cuisines from other regions. For example, companies may introduce flavors from other regions, like Mediterranean, Indian, or Europe-

an. Besides, companies can also develop seasonal specials to keep their products fresh to consumers. By rotating seasonal products throughout the year, companies can maintain consumers' interest.

Besides, companies can take advantage of consumers. Through regularly reviewing consumers' opinions or holding voting events, companies can have a clear understanding of consumers' willingness. Developing new products based on willingness can make products easier to accept and increase consumer satisfaction. Meanwhile, companies can launch marketing campaigns to attract attention and increase the excitement of new products. Companies can also provide promotions, discounts, or rewards for consumers who try new flavors or products to attract consumers.

### 5. Conclusion

Conclusively, the Chinese refabricated cuisine industry, with strong growth potential, faces several problems that hinder its further expansion. The three main problems identified are concerns about food safety, nutritional value, and the variety in taste and cuisine categories. These concerns are caused by factors such as a lack of transparency in production procedures, an existing stereotype of refabricated cuisines being unhealthy, and companies' focus on cost efficiency rather than innovation and flavor diversity.

To solve these problems, this paper suggests several strategies. Firstly, to build trust in food safety and quality, companies can improve transparency through live-streaming production procedures, obtain international certifications, and engage directly with consumers' concerns on social media. Secondly, to eliminate nutritional concerns, companies can make nutritional improvements to current products or design specific new products. Companies should also launch social media campaigns to clarify existing negative perceptions. Lastly, to maintain consumer interest, companies can invest, research, and develop more diverse product categories, including developing products from other regions or introducing seasonal products. Besides, while developing new products, companies can consider consumers' feedback and results from public voting.

This research is significant as it provides valuable insights into the marketing strategies that can help companies succeed in the evolving and competitive refabricated cuisine market. By solving consumers' concerns, companies can enhance consumer trust and satisfaction, which is crucial for expanding market shares in the industry.

However, the research has limitations. The research analyzes the customer groups generally, but different cus-

tomers groups could have different consumption levels and interests. The research does not consider the effectiveness of the mentioned strategies in the long term. Besides, the research applied secondary data from other studies rather than using primary data, which could cause biases. Therefore, future studies will focus on primary data gathering from different consumer groups through surveys and interviews on different channels in order to be more objective. Additionally, future studies will focus on companies' long-term profitability and further growth.

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