

# ***The Competitive Challenges in China's Prepared Dishes Industry: A Focus on Anjoy Foods***

**Ziyi Wang<sup>1,a,\*</sup>**

*<sup>1</sup>School of Business, Hong Kong Baptist University, Hong Kong, China  
a. 21252297@life.hkbu.edu.hk*

*\*corresponding author*

**Abstract:** This research investigated Anjoy Foods Co., Ltd.'s strategies in China's prepared dish market amidst the COVID-19 pandemic, focusing on the period 2020–2023. The pandemic led to a surge in demand for prepared dishes due to changing consumer behaviors, such as reduced outings and a scarcity of fresh food. Despite Anjoy Foods' revenue growth (from 673 million RMB in 2020 to over 3 billion RMB by 2022), its gross profit margin declined from 29.72% in 2018 to 11.42% in 2022. This paper employed the marketing mix theory (product, price, promotion, and place) to analyze Anjoy Foods' market strategies and identify key areas for improvement. The research highlighted that Anjoy Foods' product line fails to align with the growing consumer interest in health-focused and convenient food options. It also notes the company's premium pricing strategy as a disadvantage in a price-sensitive market. Additionally, the study pointed out a reduction in promotional activities, particularly in digital advertising, which affects engagement with key demographics. The paper suggested strategic innovations in product diversification, adopting tiered and value-based pricing models, and enhancing digital marketing efforts. These strategies aim to realign Anjoy Foods with evolving market demands and consumer preferences. The conclusion emphasized the importance of continuous adaptation and innovation for market competitiveness, recommending further research on practical strategy applications and broader market trends.

**Keywords:** Prepared Dishes, Anjoy Foods, Marketing Mix Theory of 4Ps

## **1. Introduction**

Following the COVID-19 epidemic, daily life in China changed dramatically, notably in the area of food intake. In the era from 2020 to 2023, when prepared foods became more interwoven in the fabric of people's daily lives, people reduced their frequency of going out as a result of the pandemic's impact, and with fresh vegetables and meat becoming increasingly rare, more and more people are resorting to prepared foods that can be eaten at home. The market for prepared foods in China has grown dramatically, with a flood of new brands and businesses entering the competition. By the end of 2022, the industry's demand from consumers (C-end) and restaurants (B-end) had achieved a roughly 7:3 ratio, showing a progressive shift towards domestic consumption despite continued restaurant demand [1]. This move highlights a larger trend: the growth of the C-end market during the three-year pandemic. Prepared foods have made their way from restaurant kitchens to family dinner tables, indicating an increased consumption phase that is likely to continue. The Chinese

prepared meal industry is distinguished by a wide range of ready-to-cook goods—typically difficult and time-consuming recipes—as well as ready-to-heat items. This market has not only expanded but also diversified in recent years. Consumer expectations about the healthiness of convenient food alternatives, such as prepared foods, have altered as food processing and preservation technology progresses [1].

Amidst this burgeoning market, Fujian Anjoy Foods Co., Ltd. (in the following text, it will be referred to as Anjoy Foods) has risen as a major player. From 2020 to 2022, Anjoy Foods saw its revenue from prepared dishes soar from 673 million RMB to over 3 billion RMB, making it the company's most lucrative division [2].

Prepared dishes have also received increasing attention from researchers in academia in recent years. For instance, Wang and others, in 2022, with prepared dishes, especially meat, as the research object, analyze the development status, research progress, and existing problems of prepared dishes and look forward to their future development path [3]. Cai Tui has conducted research on the development trend of prepared dishes in China's catering industry chain as early as 2021 [4]. In 2023, Han Tianming et al. took prepared dishes as the research object and studied the consumption motivation and market segmentation of prepared dishes through factor analysis and the two-step clustering method [5].

Despite considerable research into the realm of prepared dishes, the emergence and evolution of numerous brands have posed certain challenges for Anjoy Foods. While the company has achieved significant growth in the market, its gross profit margin for the prepared dishes segment has shown a declining trend, plummeting from 29.72% in 2018 to 11.42% in 2022 [6]. This identifies a critical gap in current research, necessitating an investigation into how Anjoy Foods can innovate and adapt to secure its market position amid fierce competition. Thus, this paper sets out to address the research question: How does Anjoy Foods make improvements and innovations to stabilize the market under the intense competition in the field of prepared dishes? The objective of this paper is to examine the business model of prepared dishes in China and the implications of such market phenomena. Through the analysis of data and insights specific to China's prepared dish industry and Anjoy Foods, this paper aims to uncover the underlying reasons for the current market dynamics, assess their impact, and provide well-founded recommendations for future strategic direction.

## 2. Case Description

Anjoy Foods Co., Ltd.'s evolution mirrors China's dynamic food industry, growing from a small venture in 2001 to a market leader. Initially, Anjoy Foods struggled against giants like Sanquan and Synear, focusing on dumplings and wontons. A strategic pivot to snack manufacturing, particularly rice and noodle-based snacks, marked their first phase (2001–2006), turning losses into profits. Between 2007 and 2013, under General Manager Zhang Qingmiao, Anjoy Foods honed in on hot pot ingredients and surimi-based products, witnessing explosive growth. Sales soared from 200 million RMB to 600 million RMB in just three years, capitalizing on the expanding frozen rice and noodle industry. From 2014–2019, as the frozen food market matured and the restaurant industry sought semi-finished frozen products, Anjoy Foods, post-IPO, cemented its B-end market dominance and ventured into the C-end market with premium products like "Wan Zizun." Since 2020, amidst rising home consumption trends, Anjoy Foods has diversified, adopting a "three-pronged" product strategy and entering the prepared dishes sector. They acquired Frozen Mr., started OEM manufacturing, and in 2022, launched Anjoy Foods' Kitchen, focusing on steamed and fried snacks and conditioning products for the B-end market [7].

In 2021, Anjoy Foods ranked 43rd on the FBIF Food and Beverage Innovation Release of China's Top 100 Food and Beverage Companies [1]. It topped the 2022 list of the Top 50 Prepared Dishes

Enterprises, a ranking based on 2021 revenue from prepared dishes, market share, brand recognition, topicality, and consumer reviews [1].

Despite the impressive revenue from prepared dishes, growing from 673 million RMB in 2020 to 31 billion RMB in the first three quarters of 2023 and becoming the company's highest-earning business, Anjoy Foods has seen a decline in the gross profit margin of this segment, dropping from 29.72% in 2018 to 11.42% in 2022. This downward trend raises questions: What are the underlying reasons for this decline, and does it reflect intensified industry competition and rising costs?

### 3. Analysis on Problems

Marketing mix theory of 4Ps—product, pricing, promotion, and place—are its cornerstone [8]. This model shows how firms may modify these traits to meet market expectations and acquire a competitive edge. Previous research has shown that this approach can solve market strategy and consumer behavior problems in different areas. Product qualities, quality, design, branding, and packaging influence product decisions. Aligning product features with customer preferences is crucial. Pricing includes promotional activities, credit terms, and pricing methods. Determine the product's market placement and ensure it matches its perceived worth. Promotional tactics include advertising, marketing, PR, and personal selling to spread information, persuade, and raise product awareness. Place management includes distribution networks, logistics, and product delivery. Researchers have extensively applied the 4Ps marketing mix theory to many fields. This study uses the 4Ps marketing mix theory to assess the Goethe Institute's influence on linguistic, international, and national image development. This research examines the Goethe Institute. The Institute's marketing and management successes have taught cultural organizations globally, according to the research [9]. The researchers used the marketing mix theory 4Ps (Price, Product, Process, and Promotion) to study tourism expansion in Pakistan's mountainous Gilgit-Baltistan. The study revealed no association between price composition and tourism development because tourists ignore mountain climbing and hiking costs. The poll found that most visitors get their information from social media, making traditional marketing ineffective. This study helps tourism managers create effective mountain tourism marketing strategies [10].

An analysis based on the marketing mix theory of 4Ps—Product, Price, Place, and Promotion—will provide insights into the risks and competitive challenges faced by Anjoy Foods.

#### 3.1. Reasons on Product Strategy

Anjoy Food's existing product range is facing challenges in their approach to product strategy, specifically in leveraging the increasing demand for healthy and convenient choices among consumers. This indicates a potential oversight in aligning their products with the preferences of these emerging markets. Innova Market Insights has disclosed that an escalating number of individuals are prioritizing health advantages when making decisions about food and beverages. Specifically, 40% of consumers are actively seeking products that have a positive impact on their health, while a comparable percentage are striving for a well-rounded diet as part of their health strategy [11]. This phenomenon is evident in the current focus on new product creation, where there is a strong demand for things that prioritize health and well-being. Furthermore, there exists a notable consumer inclination to buy items that bear a "natural" designation, signifying a desire for genuineness and perceived excellence. Over 50% of customers are inclined to pay a higher price for these attributes, suggesting a change in market preference towards products that promote not just physical well-being but also mental health and enhanced mood. Anjoy Foods has a significant chance to strategically capitalize on these health trends by aligning its goods with them in order to cater to the evolving demands of discerning consumers.

A study published in Scientific Reports examined participants' dietary health through the utilization of a smartphone-based evaluation. Research has indicated that opting for better food options, such as fresh produce like fruits and vegetables, significantly enhances one's overall nutritional health. These findings indicate that nutritious meals have a significant role in promoting dietary satisfaction and that individuals are increasingly prioritizing their health when selecting food options [12]. Hence, by examining the empirical phenomena and theoretical substantiation, it becomes evident that the issue in Anjoy Meals's commodities strategy arises from its inability to effectively capitalize on the trend of prioritizing health and opting for easy meals. Consequently, this leads to diminished or waning customer enthusiasm towards the range of products offered by the company, ultimately resulting in a decrease in profit growth.

### 3.2. Reasons on Price Strategy

At present, Anjoy Food is facing a challenging situation, partly due to the shortcomings in its pricing strategy, namely the pricing of its prepared dishes. Unlike smaller or lesser-known competitors in the prepared food market, On Food's products are priced at a premium. In a market where price rules, Anjoy Food is at a disadvantage thanks to this higher pricing strategy. While their pricing strategy demonstrates their high quality as a leading brand, it seems to ignore key aspects of market competitiveness. This is an important issue to address in the rapidly growing prepared food industry, as cost efficiency and value for money are important determinants of the food products consumers choose. In the analysis of market trends and consumer behavior, the conclusions and findings of this pricing strategy bias are obvious.

Market dynamics clearly demonstrate pricing difficulties. According to the 2021 research, pre-made foods with prices ranging from 36 to 50 RMB are in more demand on e-commerce platforms [1]. Nevertheless, a significant number of Anjoy Food's pre-made meal offerings exceed this price bracket, placing them at a disadvantage in enticing cost-conscious online consumers to buy their products. The user's text is "[13]". The disparity in pricing approach has posed challenges for Anjoy Food in effectively competing in the prepared dish sector, particularly against more assertive rivals with superior product quality. The task at hand is to reevaluate and modify the pricing strategy in order to effectively address market competition and customer preferences while maintaining the integrity of the product's quality and brand value.

One study indicated that managers may increase earnings by changing and regulating their pricing strategy using techniques such as pocket price waterfalls and pocket price belt activities. These measurements help to capture discounts, bring the advertised price closer to what customers really pay, and map the price range of the product [14].

As a result of analyzing the actual phenomenon and researching the thesis, it is clear that Anjoy Food's challenge stems from its rigid premium pricing strategy, which leads consumers to prefer more affordably priced alternatives, resulting in a decline in the profit growth of Anjoy Food's prepared dishes.

### 3.3. Reasons on Promotion Strategy

Anjoy Food's deteriorating profitability may possibly be due to his advertising tactics. Anjoy Food has opted to reduce part of its supermarket marketing and advertising spending since mid-2022, a decision that may appear cost-efficient and successful in the short term but will have a greater impact in the long run. Reduced promotions are a possible strategic blunder, especially at a time when internet advertising is crucial. Because young people aged 26–35 are an important target client for prepared meals, social media and influencer marketing have a significant impact on them [1]. Anjoy Food's dismal performance on Chinese social media platforms such as Xiaohongshu and Douyin has

failed to connect with this age group's media consumption patterns. The failure to effectively target and capitalize on the main consumer groups' preferred shopping channels demonstrates a gap between Anjoy Food's advertising methods and current market realities. This disparity in participation in efficient markets is likely to be a contributing factor to falling business profitability. This circumstance underscores an important aspect of modern food marketing: the necessity to adapt to changing customer behavior and tastes, particularly when it comes to the effect of digital media.

Han Li demonstrated that in the post-epidemic era, live broadcast advertising has become a new form of Internet advertising marketing, network broadcast provides a new and more effective breakthrough for traditional advertising marketing, and the characteristics of networks create more marketing opportunities for advertisers [15].

Therefore, combined with the actual phenomenon and theoretical evidence analysis, the profit decline of Anjoy Food is largely due to the adjustment of the promotion strategy. This includes reduced investment in supermarket promotions and advertising after mid-2022, as well as not keeping up with digital marketing trends that are critical to engaging key consumer segments. These factors lead to a decline in brand awareness and consumer engagement, which ultimately leads to lower profit margins.

## 4. Suggestions

### 4.1. Suggestion on Product Strategy

Anjoy meals must grow strategically to fulfill the rising demand for nutritious, balanced meals. They should provide plant-based, low-calorie, low-fat meals as well as nutrient-dense, diabetes-friendly, and body-recovery items. This addition offers meals with a regulated glycemic index, adequate fiber, and important nutrients for people with specific health issues, making a more balanced and secure diet feasible. Anjoy Food may dominate the functional food industry with nutritious ingredients including chia seeds, turmeric, spirulina, kale, and quinoa. These healthy superfoods have various health benefits, including anti-inflammatory and antioxidant properties. Pre-made breakfast items high in essential nutrients might attract health-conscious consumers with limited morning time. These breakfast smoothies and sandwiches with omega-3 fatty acids and high-fiber cereals are healthy and quick.

According to consumer behavior theory, which provides the theoretical foundation for this idea, it is crucial to align product offerings with customers' growing demands for genuineness, sustainability, and individual welfare [16]. Anyue Food can meet the needs of its current customers and pave the way for future success by embracing these consumer trends, which will help it become an industry leader in health and convenience.

In conclusion, it's advised that Anjoy Foods follow the trends in consumer health awareness as a strategic move. This strategy will ensure the company's long-term success and status as an industry trailblazer by responding to current needs while also looking forward to potential trends.

### 4.2. Suggestion on Price Strategy

Anjoy Food has the option to implement tiered pricing. This strategy entails charging various prices for each of their many food categories and grades in an effort to attract a wider audience. This strategy maintains the premium end of the market while drawing in budget-conscious, value-conscious customers. Multiple marketplaces make use of tiered pricing structures. Dell and Microsoft are two IT companies that have successfully used tiered pricing to appeal to a wider range of customers. Tied pricing is a great way for Anjoy Food to attract more clients in the food industry. If they provide basic, standard, premium, and specialty cuisines, they may be able to attract more people without sacrificing quality. Corporations can maximize profits by catering to different market segments' expectations and



desires by offering things at many price points, according to pricing strategy theory, which is based on market segmentation.

The idea of value-based pricing might be something that Anjoy Food thinks about. Pricing in this model is based on the value to the consumer, not on production costs or market rates. This method lends credence to the EVC hypothesis, which states that consumers will pay a price proportional to the value of a product. By highlighting the exceptional quality and health benefits of their meals, as well as their unique recipes, Anjoy Food is able to justify their somewhat higher prices. Customers are willing to pay a premium for products that speak to their values and interests, according to studies of consumer behavior. According to research published in the Harvard Business Review, value-based pricing increases both brand awareness and customer loyalty [17].

By implementing a tiered pricing strategy and moving to value-based pricing, Anle Foods can solve the current price problem. This dual approach can help companies maintain their brand value and quality while catering to a broader customer base, ultimately improving market competitiveness and profitability.

### 4.3. Suggestion on Product Strategy

Anjoy Food should take a holistic approach to bolstering digital marketing and pioneering live marketing if it wants to change its promotion strategy and reverse its falling net profit. Increasing Anjoy Food's investment in digital marketing would be a wise move, considering the considerable effect of social media and influencer marketing on the 26–35-year-old demographic, a prime target for prepared foods. Xiaohongshu and Douyin are two of the most widely used Chinese internet sites where this strategy may gain insight into and track the media consumption patterns of target demographics. Online video platforms include advertisements in both the video interface and the video content, as Bao Wenqin highlighted, resulting in a new kind of advertising communication in the new media environment [18]. Compared to more conventional forms of advertising, this method establishes a stronger bond with target audiences.

Live marketing is another option. According to Han Li's findings, live marketing is a game-changer for the conventional advertising industry. Live demonstrations of pre-made meals, industrial processing lines, and special promotions are just a few examples of how this method facilitates real-time engagement with customers and makes things more intuitively presented. The effects of various Amazon Live marketing formats and audience participation were examined. According to studies, live marketing is a great way to promote items and get people involved, and the format you choose really matters [19]. Anjoy Food can connect with modern consumers, boost market involvement, and enhance profits by combining live streaming with interactive ads.

Finally, Anjoy Food may successfully reestablish contact with its core customer demographics by leveraging live marketing in conjunction with digital media. These tactics aren't only in sync with what's happening in the marketing world right now; they have the potential to boost engagement and brand recognition, which in turn might lead to an upturn in revenues.

## 5. Conclusion

Anjoy Food is the focus of this article, which examines the fast-expanding prepared vegetable business in China in the post-COVID-19 era. From 2020 to 2023, it was observed that there was significant growth in revenue from prepared dishes at Anjoy Foods but a decline in profit margins. By adopting the 4P marketing mix theory, this paper deeply studies the company's strategic approach and market behavior. The analysis identified key areas for strategic improvement, including aligning product composition with emerging health trends, realigning pricing strategies to gain a competitive advantage in the marketplace, and reinvigorating promotional efforts for digital media-centric

consumption. These analyses highlight the need for Anjoy Foods to adapt and innovate in order to remain competitive in the market with rapidly changing consumer tastes and preferences. This study can provide ideas and insights for Anjoy Foods and similar prepared food companies to solve the problem and point out the future development trend of the prepared food industry. The feasibility of the solutions mentioned in this article should be evaluated and implemented on a company-by-company basis. Future research on the prepared vegetable industry should also focus on the application of these strategic recommendations under real market conditions. To get a more complete picture, it is also necessary to explore a wider range of market segments and competitors. Also, keeping up with new and changing consumer trends and technological developments is critical to improving both consumers and companies' understanding of the prepared food industry.

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