

## LEASUN: DIGITAL TRANSFORMATION OF A TRADITIONAL CANNED FOOD COMPANY

*Haifen Lin and Xiangtong Liu wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

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In December 2020, Lin Nan was considering the next steps for his company's digital transformation. Nan was the chairman of Dalian Leasun Food Co., Ltd. (Leasun), one of the largest canned food manufacturers in northeast China. In 2017, Leasun had decided to undertake a digital transformation in response to the vast increase of online sales. Leasun began collecting relevant consumer data, adopted cloud computing services, added its own digital centre, installed online sales channels, and built a customer-centric online platform. The changes helped Leasun become a leading Chinese brand of canned fruit for both traditional and online sales. On November 11, 2020, Leasun achieved its highest online sales ever, on Singles' Day, China's largest e-commerce shopping day. However, Nan was unsure about the best path forward for his company. Some senior management team members believed that the customer should be the focus of future transformation. Others suggested that a digital supply chain was more important. Nan had to decide which direction to follow.

### CHINA'S CANNED FOOD INDUSTRY BEFORE 2017

#### Industry Development and Market Competition

China was among the world's largest producers of canned food, of which vegetables were most popular, followed by fruit (see Exhibit 1). Local availability of materials and processing expertise made the industry regionally dependent. Liaoning province, where Leasun was located, was a major producer of canned yellow peaches and canned fish. China's overall canned food industry grew steadily from 2014 to 2016. But starting in 2017, the industry began to see a downward trend in sales and output that lasted three consecutive years<sup>1</sup> (see Exhibit 2). During this time, manufacturing costs in China were also increasing.<sup>2</sup>

Consumption rates of canned food in China were still very low compared to other countries, suggesting that the local market had a great opportunity for growth. In the United States, the per capita consumption rate

<sup>1</sup> Zhiyan Consulting Co., Ltd., "Analysis of the Status Quo and Trend of China's Canned Food Development in 2019" [in Chinese], China Industry Information Network, July 3, 2020, <https://www.chyxx.com/industry/202007/879342.html>.

<sup>2</sup> Jiang Ping, "Analysis of the Development Status of China's Canned Food Industry in 2018: The Industry Has a Broad Development Space" [in Chinese], Forward the Economist, June 6, 2018, <https://www.qianzhan.com/analyst/detail/220/180606-5fbc965a.html>.

was 90 kilograms; in Western Europe, the rate was 54 kilograms; in Japan, it was 23 kilograms; and in China, it was only 8 kilograms.<sup>3</sup>

A growing demand for canned food among Chinese consumers seemed to indicate a promising future for the industry in the country. However, there were several issues to resolve, including unclear growth indicators, low value-added products, and high homogenization. As a result, the industry was experiencing low profit margins, below 5 per cent.<sup>4</sup> China's canned food industry was generally unstructured, with many small companies with low production rates and only a few dominant brands.<sup>5</sup>

The industry's supply chain had promising upstream and downstream factors. The upstream component of the canned food supply chain consisted of raw materials such as fruits, food additives, and canned packaging. Traditionally, canned fruit was packaged in glass jars with a capacity of 500–900 grams. Many canned food companies had their own production sources or long-term partnerships with fruit growers and raw material providers.<sup>6</sup> The downstream component of the canned food supply chain included distributors such as large supermarkets, medium-sized retailers, and small convenience stores. Canned fruit processing was traditionally a labour-intensive industry, in which brand recognition was critical. Many consumers purchased canned fruit as snack food, a segment that included a wide selection of alternatives. Other consumers were replacing canned fruit with healthier fresh fruit options.<sup>7</sup> Both trends had an impact on the future of the canned fruit industry.

### Internet and Digitalization Trends

Since 2014, China's per capita disposable income and gross national product had steadily increased, which meant that consumption power was gradually improving (see Exhibit 3). At the same time, the country's demographic structure was changing. Younger consumers were becoming the main force in the market, triggering a comprehensive revision of consumer demand trends. Internet use among the Chinese population was also continuing to grow steadily, reaching a high of 731 million total Internet users by the end of 2016 (see Exhibit 4). China's rate of Internet connectivity had also reached a high of 53.2 per cent, which was 3.1 percentage points higher than the global average.<sup>8</sup>

In 2017, disruptive technologies such as big data, artificial intelligence, cloud computing, and mobile Internet were growing steadily. The Chinese government was supporting an increased use of data, technology, and the country's digital infrastructure. These policies affected all consumer areas, from manufacturing to lifestyle.<sup>9</sup> New economic formats were emerging with the growth of the online economy

<sup>3</sup> Ping, "Analysis of the Development Status."

<sup>4</sup> Zhiyan Consulting Co., Ltd., "2020 China's Canned Food Industry Review and Future Development Analysis: Ushering in Historical Opportunities in Different Consumption Scenarios" [in Chinese], China Industry Information Network, January 29, 2021, <https://www.chyxx.com/industry/202101/927617.html>.

<sup>5</sup> Xiaoying Wang and Chunjie Qi, "Analysis of the Industrial Organization of China's Canned Food Industry," *Market Modernization* 10, no. 1 (2009): 259–260.

<sup>6</sup> Zhiyan Consulting Co., Ltd., "Analysis on the Development of China's Canned Food Industry in 2019: Domestic Demand Is Shrinking, External Demand Is Expanding" [in Chinese], China Industry Information Network, January 7, 2020, <https://www.chyxx.com/industry/202001/826095.html>.

<sup>7</sup> Kitchen Food Group, "The Reason for the Misunderstanding of Canned Fruit Must Be Re-addressed and the Injustice Must Be Dealt With" [in Chinese], Sina Finance, June 5, 2020, <https://cj.sina.com.cn/articles/view/6622567935/18abc5dff00100mw5a?from=finance>.

<sup>8</sup> "Analysis of the Size of Internet Users, Monthly Income, Age Structure of Internet Users, and Educational Background Structure of Internet Users in China in 2016" [in Chinese], Industry Information Network, February 8, 2017, <https://www.chyxx.com/industry/201702/492441.html>.

<sup>9</sup> "Analysis of the Number of Internet Users"; Wangsu Technology, "China's Internet Penetration Rate Is 53.12%! 2017 Internet Report Hits Big" [in Chinese], Sohu, January 29, 2021, [https://www.sohu.com/a/213434999\\_307439](https://www.sohu.com/a/213434999_307439).

and social media platforms. Mature e-commerce platforms such as Tmall and JD.com were expanding in terms of both product offerings and customer base. Many industries turned to the Internet and digital technologies to reshape their business models. They were finding new competitive advantages and profit margins by optimizing their marketing, production, and distribution strategies.

One industry that was especially benefiting from government support was canned food.<sup>10</sup> This industry was also attracting high levels of capital from investors, and it seemed that digital transformation was a key condition for investors placing their trust in this industry. The idea was to give China's canned food companies a new vitality and competitiveness in the current consumer environment.

### THE DEVELOPMENT OF LEASUN BEFORE 2017

Leasun was the first canned food manufacturer to begin operations in northeast China. The company was certified internationally with the European Union's British Retail Consortium<sup>11</sup> and with International Food Standards.<sup>12</sup> In 1999, Leasun transitioned from original equipment manufacturer<sup>13</sup> to independent brand. In 2007, the company decided to shift its focus from the international market to domestic sales in search of higher profits. The move made it a pioneer in the industry. The company was also the first to introduce the 360-gram size for canned products in the Chinese market<sup>14</sup> to address the perception of consumers that canned foods were bulky.<sup>15</sup>

As an innovator in the industry, in 2012 Leasun developed a canning machine with a built-in automatic weighing facility. That same year, the company introduced ten advanced production lines for the automated removal of yellow peach cores. Advanced technology and production equipment enabled Leasun to evolve from a labour-intensive company to an information-based automated organization. By 2016, Leasun had achieved advanced production efficiency among the industry, with a daily production output of twenty tonnes of product and an efficiency rate of three people per tonne per day, which was over double the industry average.<sup>16</sup>

The seasonality of raw materials for canned food, such as yellow peaches, required following a seasonal sales model. This affected the company's revenue, inventory, and employee levels. To address the seasonality issue and reduce operational risk, Leasun set up a fish canning line in its production process to balance production and employee workloads. Leasun's mission to "provide the best canned food in the world" reflected the strictly controlled quality of its products and use of the latest technology and innovation. Leasun was working on the use of high-temperature sterilization for its canned food to ensure freshness, health, and taste. Years of innovation and development had helped Leasun become one of the leading canned food brands in northeast China.<sup>17</sup>

<sup>10</sup> Dingxiangyuan Forward, "McKinsey | Digital Transformation Is More Imperative in China" [in Chinese], Sohu, December 7, 2017, [https://www.sohu.com/a/209048591\\_456032](https://www.sohu.com/a/209048591_456032); Lu Yixuan, "IDC Released the Latest Trend: The Added Value Brought About by Digital Transformation Has Accounted for 13% of GDP," CWW Net, June 14, 2017, <http://www.cww.net.cn/article?id=408241>.

<sup>11</sup> "Discover BRC," British Retail Consortium, accessed September 20, 2021, <https://brc.org.uk/about>.

<sup>12</sup> "IFS International Food Standard," Det Norske Veritas group, accessed September 20, 2021, <https://www.dnv.ee/services/ifs-international-food-standard-5172>.

<sup>13</sup> Julia Kagan, "Original Equipment Manufacturer (OEM)," Investopedia, September 16, 2021, <https://www.investopedia.com/terms/o/oem.asp>.

<sup>14</sup> Ke Feng, "The Taste behind the Taste: One Hundred Chinese Dreams" [in Chinese], New World Press, 79, September 1, 2020, ISBN: 9787510466793.

<sup>15</sup> "To Rectify the Name of Canned Fruit, Comprehensive and In-Depth Evaluation of 8 Brands," ZhiHu, August 27, 2019, <https://zhuanlan.zhihu.com/p/80019360>.

<sup>16</sup> Feng, "The Taste behind the Taste."

<sup>17</sup> "Leasun Is Listed on the New Third Board to Accelerate the Development Process and Has Received Tens of Millions of Investment from IDG," Sohu, December 14, 2017, [https://www.sohu.com/a/210472678\\_418983](https://www.sohu.com/a/210472678_418983).

## LEASUN'S DILEMMA

In 2015, as China's canned food industry was approaching its highest-ever levels,<sup>18</sup> market demand continued to increase and competition became more intense. However, Leasun had been stagnating in terms of annual revenue, which had been consistent at approximately ¥200 million<sup>19</sup> for several years. In 2016, in an attempt to change the stagnating revenues, Nan replaced all of the regional sales directors and revised the company's distribution network. However, these measures provided only a temporary improvement, and the company resumed its sluggish growth rate. Leasun resumed a strategy of relying on large supermarkets for brand promotion and small retailers for sales, a model that had helped Leasun become a leader in northeast China's canned food market. However, new problems emerged.

With China's vast geography and complex regional divisions, the financial, material, and human resource cost of expanding into southern China would be too high for the company to endure. Leasun's product distribution network followed a traditional model, where canned food travelled through distributors, wholesalers, and retailers before finally reaching the end customer. Products that did not sell and had to be returned followed the same path back to Leasun. The inefficient process created an inventory backlog at Leasun. High promotional fees in large supermarkets and rising labour costs had also become constraints.

## SEIZING AN OPPORTUNITY TO RESOLVE THE DILEMMA

Nan considered Leasun a traditional manufacturing company. He wondered about the potential that the Internet and digital trends offered, but he was concerned about risk. Canned food was a traditional product with a long history in China. The industry was generally unsure about the Internet's promise. But in 2015, Nan identified an opportunity in online marketing through the highly popular social media network WeChat.<sup>20</sup> The company conducted extensive market research and discovered that without adopting an online channel, it had reached the ceiling in sales and revenue. Unlike its current distribution channels, an online strategy offered Leasun the opportunity to reach the customer directly to sell its products. The company could seize the attention of consumers much more effectively and improve its response speed to the market.

A direct-to-consumer strategy could significantly reduce the cost of managing the large volume of distributors, create an accurate customer profile, provide thorough product information, conduct precision marketing based on accurate data analysis, build an accurate customer profile, sell directly to customers, reduce the inventory backlog caused by unsold items, reduce distributor management and operating costs, and enhance brand recognition. For decades, Leasun had been strengthening its production and operation capacity, cultivating high-quality talent, and building its brand. In 2016, after a comprehensive study of the industry, Nan decided to transition the company to online and digital strategies. According to Leasun, while most competitors hesitated, Leasun became among the first companies in China's canned food industry to embrace the Internet and digitalization.<sup>21</sup>

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<sup>18</sup> Yanan Wan, "Analysis of the Development Status and Prospects of China's Canned Food Industry in 2018. Driven by the Dual Demands of the Domestic and Foreign Markets, the Industry Has Shown Good Development" [in Chinese], Forward the Economist, December 25, 2018, <https://www.qianzhan.com/analyst/detail/220/181225-84c61cc9.html>.

<sup>19</sup> ¥ = RMB = Chinese yuan renminbi; US\$1 = ¥6.57 on December 1, 2020; all currency amounts are in ¥ unless otherwise specified.

<sup>20</sup> Arjun Kharpal, "Everything You Need to Know about WeChat—China's Billion-User Messaging App," CNBC, February 3, 2019, <https://www.cnbc.com/2019/02/04/what-is-wechat-china-biggest-messaging-app.html>.

<sup>21</sup> This claim was obtained through a semi-structured interview with Lin Nan.

## DIGITAL TRANSFORMATION

Back in 2008, Leasun had established its headquarters in the Chinese city of Dalian, in Liaoning province, and a branch in Xuzhou, in Jiangsu province. Each city had its own production plant and warehouse. Until 2017, the company had followed a traditional distribution channel to sell its products, which consisted mainly of glass jars of various sizes. The company's marketing expenses were minimal, relying mostly on large supermarkets to promote its brand. Leasun outsourced its logistics business, which consisted of transportation in large quantities. A digital transformation would affect many aspects of Leasun's business operations and would take time to complete. But Leasun was a market leader and a stable company in its industry. Therefore, Nan opted for a lean digital transformation strategy, without the need to completely redesign its business model. Nan identified only important and urgent needs for digital transformation in the areas of product, service, production, management, and business strategy. Leasun began the transformation process from two key areas of focus: a customer-oriented online platform and digitalized internal operations.

### **Customer-Oriented Online Platform**

A customer-based online platform would allow Leasun to abandon its traditional complex distribution network in favour of reaching the customer directly. Leasun identified three initial steps: develop an e-commerce business, adopt digital technologies to collect and manage customer data, and begin the process of data mining.

#### E-commerce Business

Leasun began by developing an e-commerce business and establishing online sales channels. In 2017, Leasun entered the mainstream e-commerce industry and for the first time adopted a business-to-consumer model by partnering with e-commerce giants Tmall and JD.com. The company launched two online sales channels: its own official flagship stores, and various self-operated stores on third-party platforms such as Tmall's online supermarket. Leasun differentiated its products between online and traditional sales channels and used appropriate pricing strategies. The company continued to use glass jars for traditional sales to retain familiarity, but adopted tinplate (i.e., steel sheets coated with tin) packaging for products sold through online channels to better meet transportation and storage needs.

By 2018, Leasun's e-commerce business was in full operation. In addition to partnering with Tmall, the company worked with other online retail platforms such as Buy Together and Suning Tesco. Leasun also became the exclusive canned goods supplier for Three Squirrels, the largest food e-commerce company in China by sales volume. By 2019, Leasun products were available for sale on nearly twenty online platforms and ranked highly on mainstream platforms such as Tmall. After a brief suspension of operations due to the outbreak of the COVID-19 pandemic, Leasun resumed business in February 2020 at the height of its popularity. Making effective use of resources and experience accumulated during the digital transformation, the company launched live online broadcasting sessions as a new marketing strategy to great success. Despite business interruptions and related COVID-19 pandemic issues, the company recorded an increase in e-commerce sales revenue in 2020 over the same period in 2019.

To support its e-commerce business, Leasun developed and redesigned its canned products starting in 2016. The new tinplate packaging helped the food better retain its taste and made transportation easier, and the smaller size appealed to individual consumers. Some older Chinese consumers, especially in northeast China, had traditionally followed specific customs that included consumption of canned food, but such

customs were no longer adhered to by current consumers, so Leasun concentrated on improving the food's taste and positioned its products more as leisure food. The company upgraded its production processes and technologies to appeal to current consumer preferences for spices and taste. Leasun also used playful images and humour on the product's packaging with slogans such as "When drinking at a party, staying up late, working overtime, or just feeling low, eat Leasun canned fruit!" In 2019, the company launched the new canned dessert product Mango Pomelo Sago to promote its products as leisure food, and later even entered the weight-loss foods category with a new canned fruit product.

### Digital Data Technologies

Leasun adopted digital technologies to collect and store customer data. In 2017, the company migrated from an older enterprise resource planning system called U8 to the more advanced Wangdiantong<sup>22</sup> e-commerce management system that worked well with third-party e-commerce platforms. During the migration period, Leasun connected the new and old systems to ensure data integrity. After the customer placed an order on the e-commerce platform, data would be transmitted to Leasun's Wangdiantong system, where it was reviewed and the order would be processed for delivery to the customer from a corresponding factory. In 2020, the company introduced a customer relationship management system that integrated interaction with customers and improved communication with the consumer. The new system supported WeChat marketing and promotional activities such as inviting consumer comments and reviews about Leasun products.

### Data Mining

Data collection was followed by data mining to gain meaning from the data collected. Data mining technologies helped Leasun improve the taste and packaging of its products to add value to the business. In 2020, Leasun developed a data research system in co-operation with a university that used data collected through the company's new Wangdiantong resource planning system, as well as its older U8 system, for in-depth data analysis. Through data mining, the company was able to identify specific preferences of customers such as discounts, specific products, and regional trends. Leasun used the information to launch precision marketing campaigns and provide benefits and value to key customer groups. Data mining also helped the company convert interested consumers into Leasun customers.

### **Digitalized Internal Operations**

Digital technologies played a significant role in improving the efficiency of Leasun's internal operation and reducing waste of raw materials. Leasun focused on two specific digital technologies to improve its internal efficiency: upgrading its enterprise resource planning system and establishing a new e-commerce warehouse.

Leasun's U8 system had served the company in the traditional business areas of financial accounting and manufacturing. However, with the advancement of digital technology, the system proved to be rigid and unable to meet the changing needs of the company. Leasun decided that it needed flexibility in technology to better adapt to the rapidly changing market and so decided to upgrade its internal business systems. In

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<sup>22</sup> Wangdiantong was a brand under Beijing Handshine Network Technology Co., Ltd., a domestic retail cloud service provider, based on a cloud computing SaaS service model and with systematic solutions to help retail enterprises to upgrade their digital and intelligent management; "Product Solution" [in Chinese], Wangdian, accessed November 5, 2021, <https://www.wangdian.cn/>.

2020, the company installed a U8-New Century Cloud system<sup>23</sup> that could handle cross-organizational internal transactions and sales, resolving previous information differences between regions. The U8-New Century Cloud system allowed the company to integrate its Dalian and Xuzhou operations to monitor products made in different factories and streamline product lines.

The company also installed a material requirement planning information system to manage its production process. The system tracked all raw materials required to produce canned food and automatically generated purchase plans based on production needs each month. After confirming final purchase quantities with suppliers, all raw materials were stored for inspection and recorded in the U8-New Century Cloud system. During the production process, employees used the raw materials to fulfill production orders. After production was completed, a warehouse entry list was created and specific data was entered into Leasun's new Wangdiantong system, which also stored outsourcing and express logistics information.

The new warehousing process was linked to Leasun's e-commerce warehouse for omnichannel business operation. Leasun set up independent e-commerce and traditional warehouses in Dalian and Xuzhou. The e-commerce warehouse fulfilled online orders, while the traditional warehouse was mainly responsible for product orders from physical stores. The two different types of packaging—glass jars and tinplate cans—were stored separately for efficient inventory management and order delivery.

### **Human Resource Factors in the Digital Transformation**

To adapt to the new digital environment, Leasun revised its organizational structure. In 2016, a social networks e-commerce department was created to prepare for the development of online channels. In 2017, the company established a brand upgrade and a media convergence department to manage brand planning, media operations, copywriting, product design, photography, and video production. Different teams were given responsibility for different e-commerce platforms. The business departments of online channels also operated separately from traditional channels.

To support the digital transition, Leasun attracted a new segment of younger employees to operate the company's online channel. Nan's leadership skills, trust, and support helped keep younger employees motivated. Nan also tried to instill a dynamic corporate culture that stimulated enthusiasm among co-workers. The approach seemed to be successful. Leasun's online channel team grew from only four members in 2017 to thirty-nine employees in 2019.

### **FUTURE DEVELOPMENT**

Leasun's digital transition generated favourable results. In 2019, the company's Tmall online store achieved record single-day sales. In 2020, during the COVID-19 pandemic, the company benefited from the convenience of online shopping and used live video promotions to see an increase in sales over the same period the previous year, despite temporary shutdowns related to the pandemic. Leasun maintained a net profit growth rate and a steady upward trend (see Exhibit 5). The company estimated that it controlled

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<sup>23</sup> This system was developed by Yongyou, the largest local management software, ERP software, and service provider in the Asia-Pacific region; "Yonyou NC Cloud: Product Overview," Yonyou, accessed November 5, 2021, <https://hc.yonyou.com/product.php?id=4>.

approximately 50 per cent of China's online canned food market and 40 per cent of the traditional market.<sup>24</sup>

The brand was also attracting younger consumers.

In 2020, Leasun was a long established traditional canned food manufacturer, but its digital transformation was only four years old. Nan wondered what should be the company's area of focus as the company continued its digital transformation journey.

Some top management team members suggested that the key to digital transformation was to create more value for consumers and that for this reason Leasun should continue to strengthen its customer relationship management. New consumer segments were emerging through new technology and retailing trends that were changing the e-commerce environment. Online retail sales had been growing at a slower rate in recent years, but the company could benefit from deeper integration of its online and offline channels. As a traditional manufacturing company, Leasun had only recently started selling products directly to consumers, so its customer relationship management was still growing. Data mining technology also offered great potential for the company to improve its customer management, market direction, and product mix.

However, the transformation to a new retail business model could be challenging for Leasun. The implementation of advanced technologies could prove to be overwhelming for the company's limited level of talent.

Other top management team members suggested that Leasun should start building a digital supply chain and management model. This direction would improve the company's capability to collaborate with suppliers and enhance operational flexibility. It could reduce operational waste and costs, provide a digital basis for decision-making, improve performance assessment, and deliver more objective assessment results.

However, this development direction also had its limitations. Achieving complete digital operations required a huge number of human and financial resources. Leasun was a leader in China's canned food industry, but it was still a small company in relation to the country's digital technology giants. Nan had to consider the company's existing resources and capabilities in deciding on Leasun's new direction, as well as the many challenges of collaboration with upstream suppliers and downstream distributors.

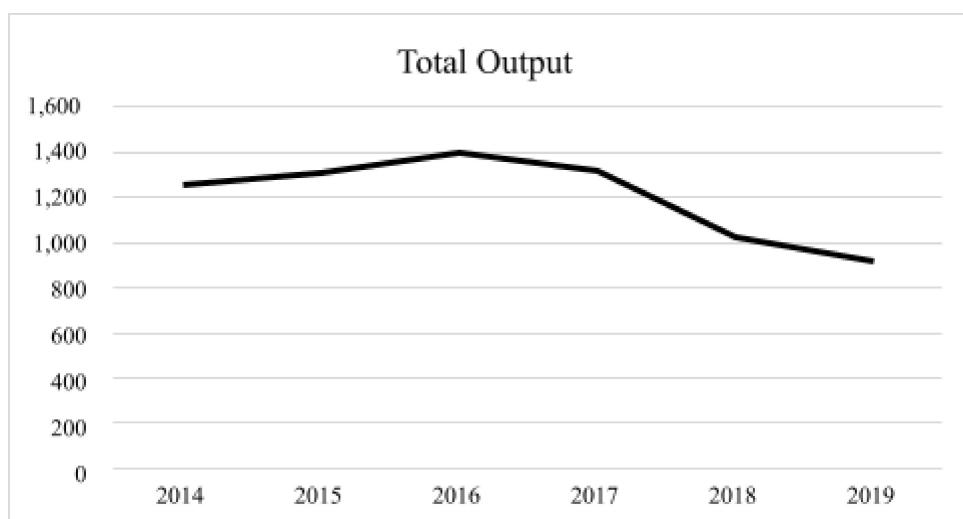
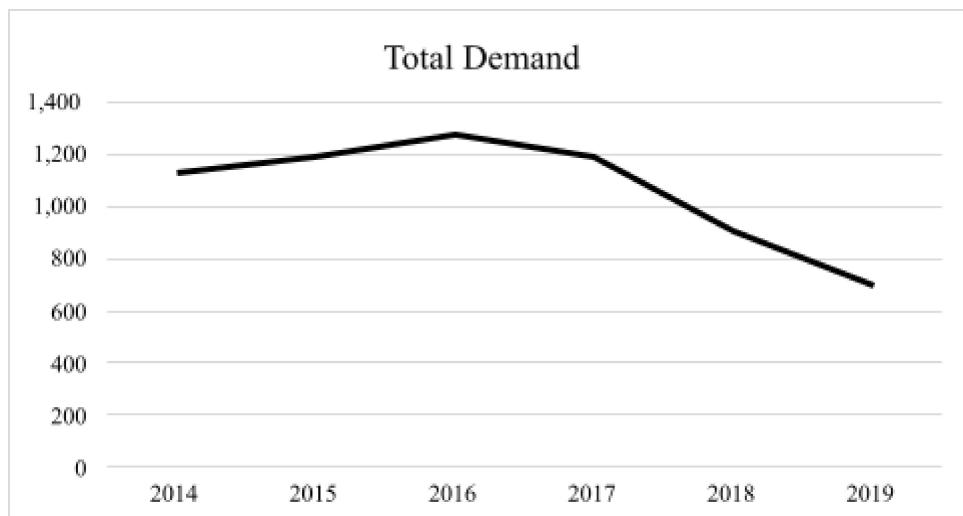
<sup>24</sup> "2020 Annual Report of Leasun" [in Chinese], Juchao Information Network, April 27, 2021,  
[www.cninfo.com.cn/new/disclosure/detail?orgId=gfbj0871930&announcementId=1210058371&announcementTime=2021-04-27](http://www.cninfo.com.cn/new/disclosure/detail?orgId=gfbj0871930&announcementId=1210058371&announcementTime=2021-04-27).



**EXHIBIT 1: REVENUE STRUCTURE OF CHINA'S CANNED FOOD INDUSTRY, 2017**

Category	Canned Vegetables	Canned Fruit	Canned Meat	Canned Fish	Others
Rate	50.55%	21.76%	14.38%	6.02%	7.29%

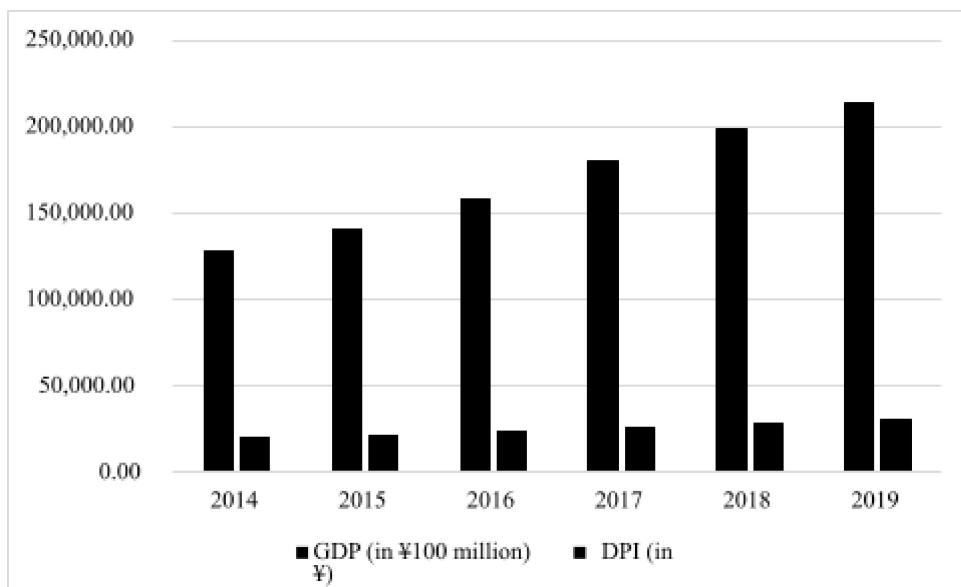
Source: Adapted from "Driven by the Dual Demands of Internal and External Markets, the Industry Has Shown Good Development" [in Chinese], Forward the Economist, December 25, 2018, <https://www.qianzhan.com/analyst/detail/220/181225-84c61cc9.html>.

**EXHIBIT 2: CHINA'S CANNED FOOD INDUSTRY, 2014–2019****Total Output (in 10,000 Tonnes)****Total Demand (in 10,000 Tonnes)**

**EXHIBIT 2 (CONTINUED)****Market Size (in ¥100 Million)**

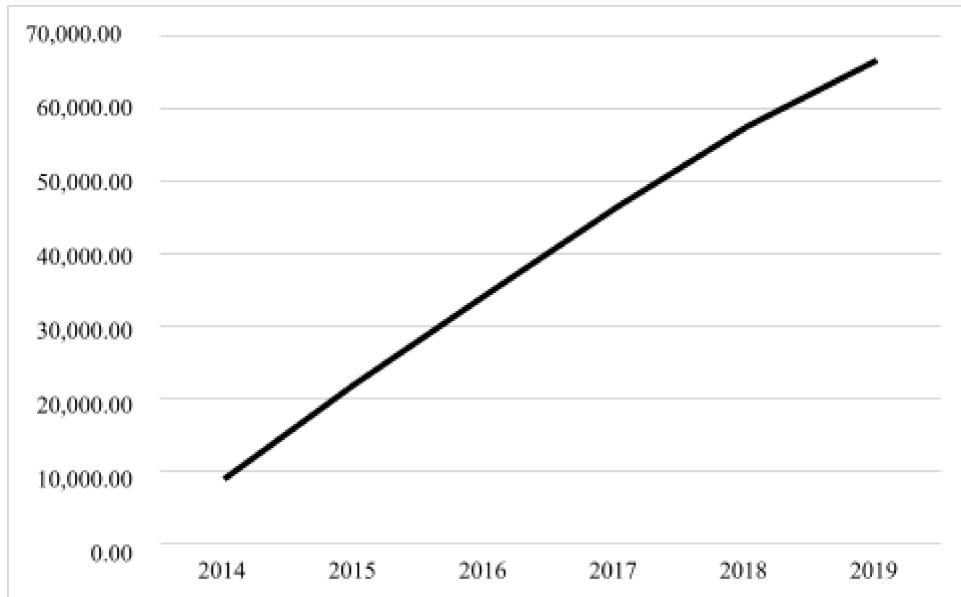
Note: ¥ = RMB = Chinese yuan renminbi; US\$1 = ¥6.57 on December 1, 2020

Source: Adapted from Zhiyan Consulting Co., Ltd., "Analysis on the Status Quo and Trend of China's Canned Food Development in 2019" [in Chinese], China Industry Information Network, July 3, 2020, <http://www.chyxx.com/industry/202007/879342.html>.

**EXHIBIT 3: GROSS DOMESTIC PRODUCT (GDP) AND PER CAPITA DISPOSABLE INCOME (DPI) IN CHINA, 2014–2019**

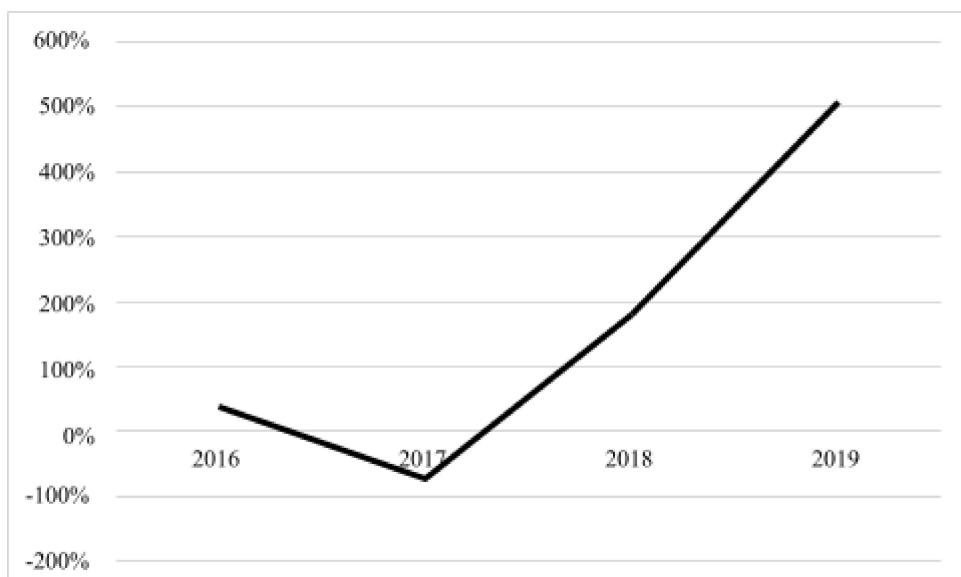
Note: ¥ = RMB = Chinese yuan renminbi; US\$1 = ¥6.57 on December 1, 2020

Source: Created by the case authors with information from "China's Gross Domestic Product, 2014 to 2019," National Bureau of Statistics of China, accessed September 20, 2021, [www.stats.gov.cn/english](http://www.stats.gov.cn/english); and "China's Per Capita Disposable Income, 2014 to 2019," National Bureau of Statistics of China, accessed September 20, 2021, [www.stats.gov.cn/english](http://www.stats.gov.cn/english).

**EXHIBIT 4: ONLINE SHOPPING TRANSACTIONS IN CHINA, 2014–2019 (IN ¥100 MILLION)**

Note: ¥ = RMB = Chinese yuan renminbi; US\$1 = ¥6.57 on December 1, 2020

Source: Adapted from Laixianghui, "Understanding the Core of 'New Retail': We Redefine 'New Retail'" [in Chinese], September 23, 2020, [www.laixiangh.com/news/379.html](http://www.laixiangh.com/news/379.html).

**EXHIBIT 5: DALIAN LEASUN FOOD CO., LTD. PROFIT GROWTH RATE, 2016–2019**

Source: Created by the case authors with company files.