

A low-angle, upward-looking shot of several modern skyscrapers with glass and steel facades. The buildings converge towards the top of the frame, creating a sense of height and scale. In the bright blue sky at the top center, a small airplane is visible, flying away from the viewer. The overall color palette is dominated by the blues and greys of the buildings and sky.

NielsenIQ

The China Playbook

Decoding the \$7T Opportunity for European Brands

By NIQ China

Main Speakers

James Luo
Customer Success Leader
NIQ China



Ruchi Ballal
Innovation Practice Area Leader
NIQ APAC



NielsenIQ

Journey of Today

01/



02/



03/



What's the emerging unmet consumer needs in China market?

How to enter or expand the market by leveraging online and offline omni channels?

What's the winning innovation formula for China market?

01/

What's the emerging unmet consumer needs in China market?

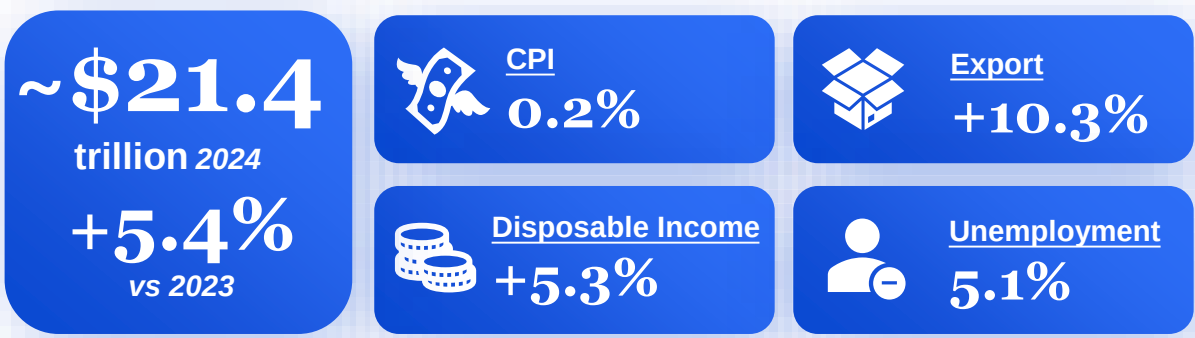


A big market with fair growth rate, but still on the way to catchup EU

Chinese provinces as European countries by GDP in 2024



China GDP metrics 2024 (US\$, in trillion)



EU: \$43.4K per capita
2024 FY as benchmark

~\$13.5K per capita
2024 FY

#66
China's per capita GDP ranking globally, 60% of population with lower avg. income

To fully understand the structural growth imbalance between regions and city tiers

Chinese provinces **by GDP** in 2024

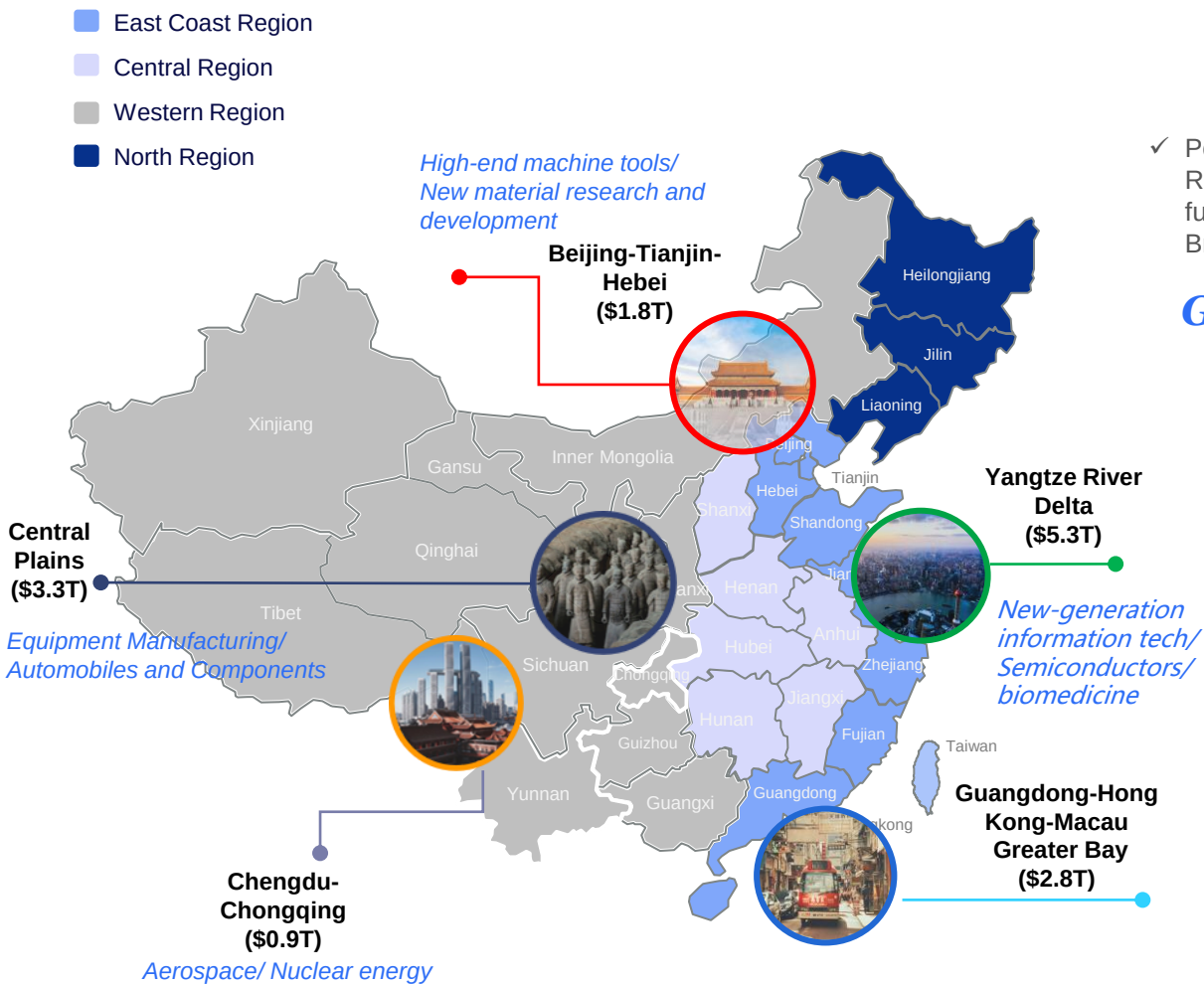


Chinese provinces by **GDP per capita** in 2024



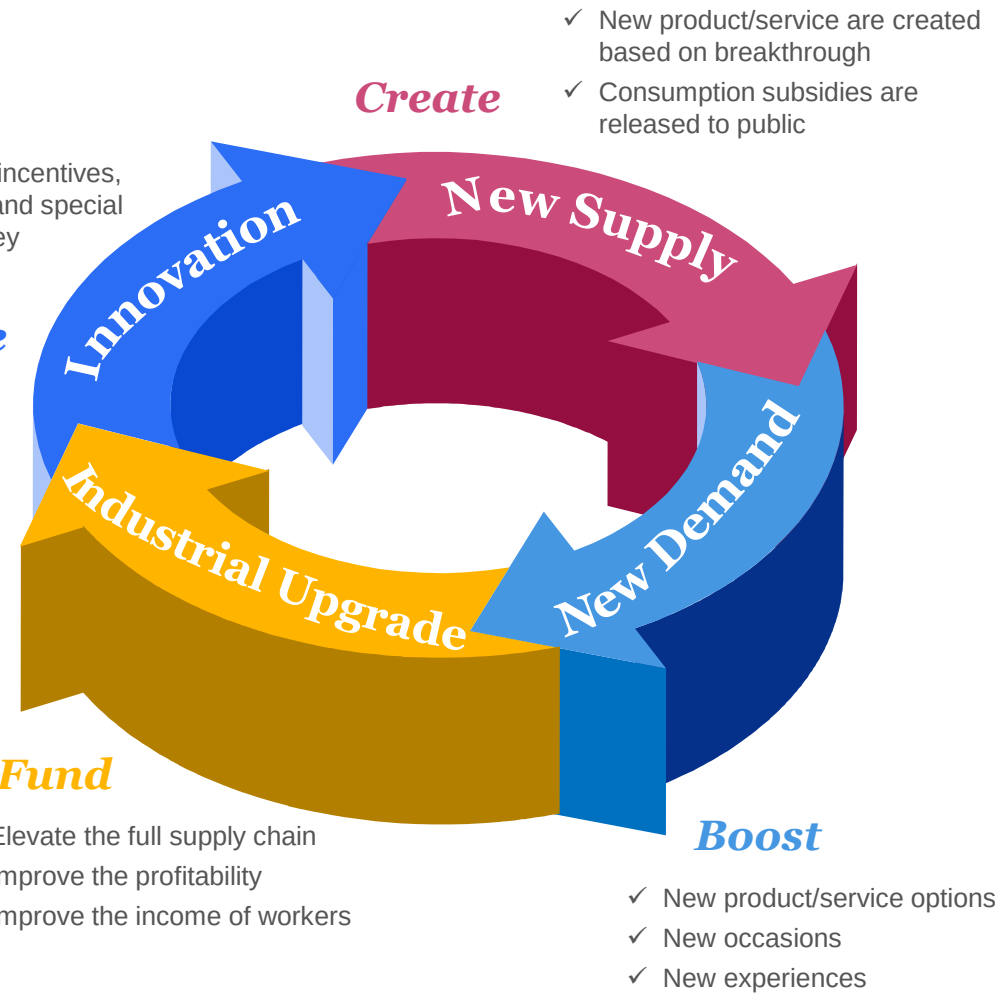
From “Manufacturing driven” to “Innovation driven” Consumption

China Top big city Clusters'GDP
2022 FY capacity (in USD)



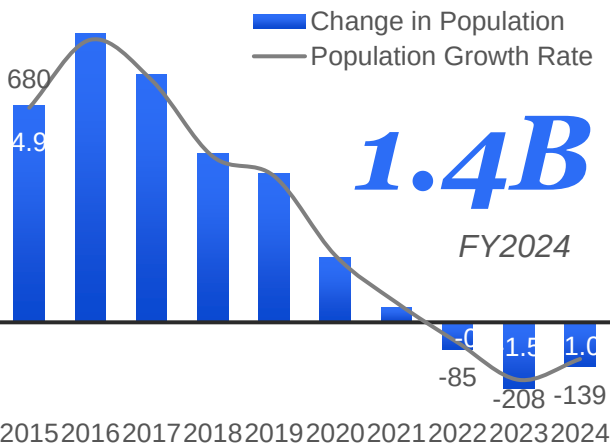
- ✓ Policies like tax incentives, R&D subsidies and special funds to drive Key Breakthrough

Generate

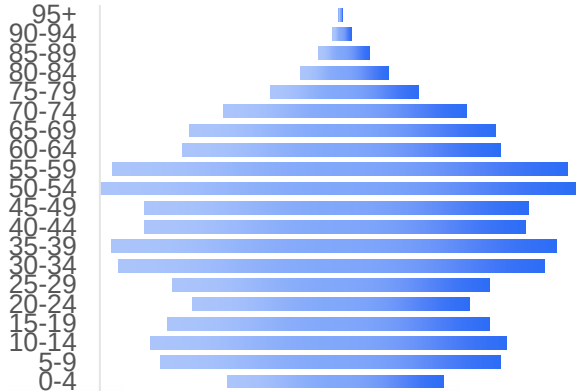


Demographic structure changes bring new and incremental consumption opportunities

Change of China's Total Population from Y2015 to Y2024 (in 10,000s)



China's Population Structure



Aging Population



Sliver Economy

- Healthcare related Product
- Age-friendly Product
- Nutritional Product
- Low-sugar/low-fat food
- Customized traveling

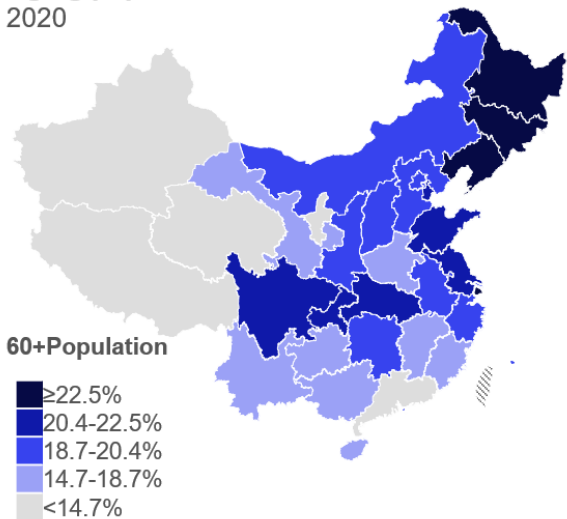
Low Birth Rate



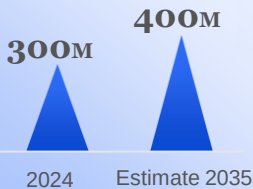
Single Economy & Pet Economy

- Pet industry related Product
- Small Package Product
- Single-serving Product
- Ready-to-cook/eat Product

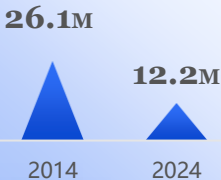
Aging population distribution 2020



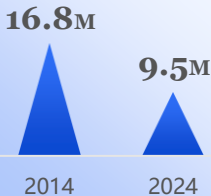
Age 60+ population



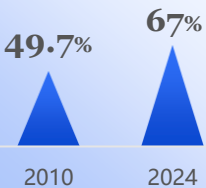
Marriage



Birth



Urbanization Rate



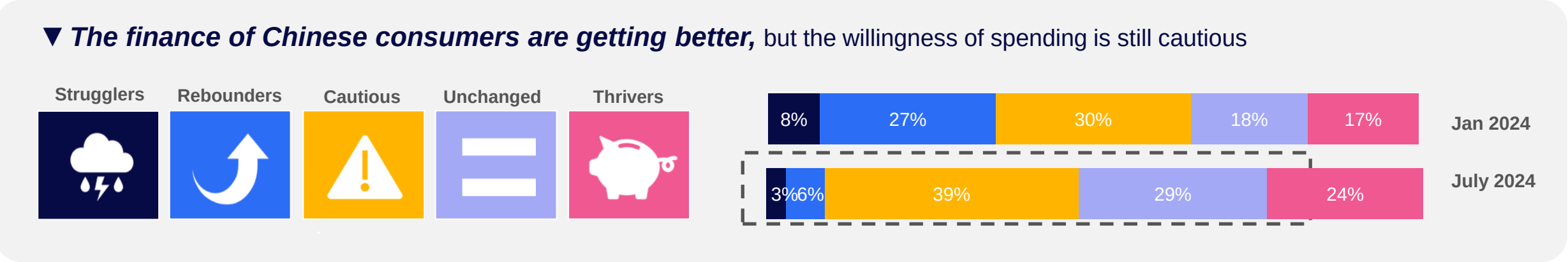
Urbanization



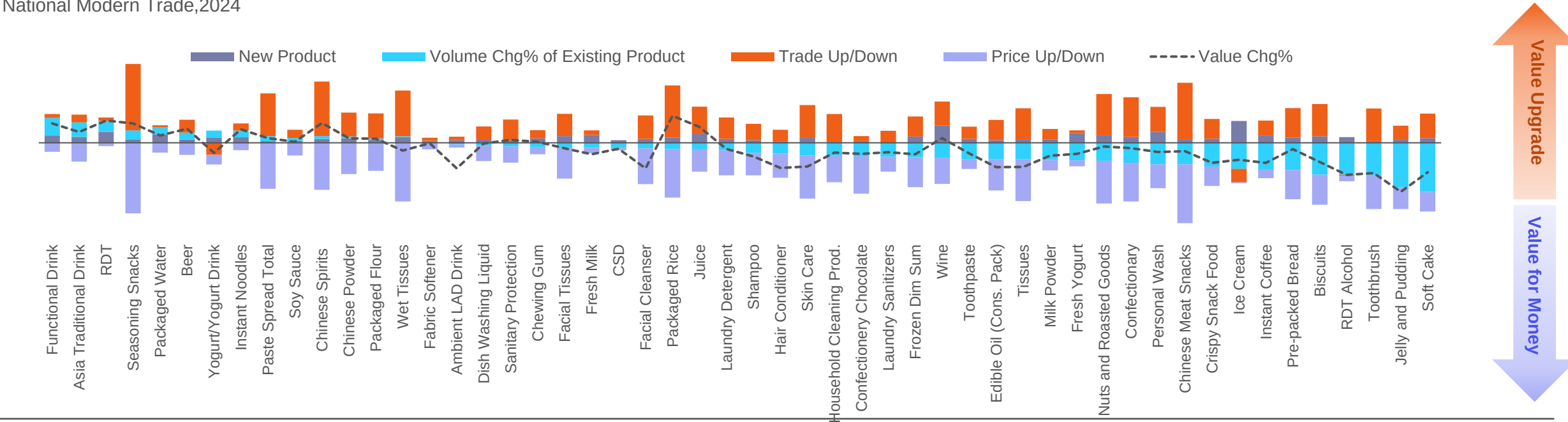
Unlock Growth in Lower-tiers

- New life-style related product
- New life quality related product
- Match face pacing life rhythm product

The new balance of “Value for money” and “Value upgrade” are the key to play in China market with more financially polarized China consumers



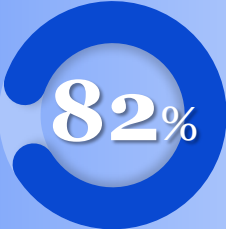
Growth Drivers for Key FMCG Categories, National Modern Trade, 2024



Drive growth by addressing core consumer needs

Value Upgrade: Core China consumer needs of today

China’s consumers truly crave.....



82%

Health

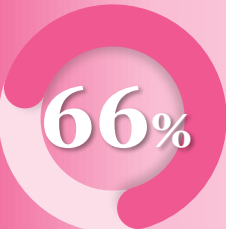
Wiling to select products more beneficial to health



66%

Convenience

willing to allocate more products that user-friendly



66%

Emotion

willing to spend a little extra to make one moment or day of the week more special or enjoyable

FMCG Omni Channel Market Size (USD) and GR% by Industry
FY2024 vsFY2023 & FY2024 CAGR vs. FY2019

Total FMCG: +4.8% vs. +3.2%

 <u>Liquor</u> \$15.5 b +6.4% vs. +2.2%	 <u>Staple Food</u> \$39.1 b +1.6% vs. +0.2%	 <u>Home Care</u> \$16.0 b +6.1% vs. +2.1%
 <u>Beverage</u> \$57.9 b +8.0% vs. +4.2%	 <u>Snack</u> \$38.1 b +14% vs. +11%	 <u>Personal Care</u> \$100.9 b +3.4% vs. +5.7%
 <u>Baby</u> \$30.7 b -1.6% vs. -3.3%	 <u>Dairy</u> \$39.3 b -2.7% vs. -0.9%	

*b stands for billion

What's the real products on the market to address the core needs?



Health

Ready-to-Drink Chinese Health Tonics Empowering China consumer's Preventive Wellness Needs

- ✓ 2024 Sales Growth of Traditional Chinese Herbal Tonic Drives **+1,353%**
- ✓ 2024 Number of Traditional Chinese Herbal Tonic Drinks reach **26**



Genki Forest
Serenity Water



Haowangshui



Yizhenggen
PureRoot Ginseng
Tonic



Convenience

User-friendly Layered Experience and Efficiency Upgrade

Easy-Open Coconut

Easy-Open Coconut YoY Growth Rate reach **+38%**



Grain Bowl

YoY Growth Rate reach **+42%**

Ice Cup

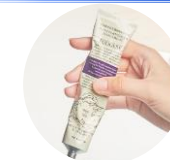
Ice cup takeaway sales up **+350%** YoY



Emotion

Address emotional satisfaction from close-to-life goods consumption

▼ Nourished from Fragrance Hand Cream



Nearly **60%** consumers say scented hand creams lift negative moods.

Loopy Hand Cream **+38%**

▼ Healing and Stress Reduction from Skin-SPA



68% consumers prioritize mood when choosing daily products

Eleytele Massage Oil **+12%**

▼ IP Co-branding for Cultural Recognition

INTO YOU x Van Gogh



MGP x Forbidden City



Senior Care, Pet Ownership and Nutrition Food see big potential

Health Economy

- ✓ Professional formula for cardiovascular health



3-Yr **No.1**

in Tmall Global



- ✓ The pioneer in grape seed antioxidant
- ✓ A benchmark in oral beauty

CAUDALÍE
PARIS

Top repurchase
rate in Tmall Global's
antioxidant category



Pet economy

- ✓ Customized nutrition for 12 diseases including diabetes and kidney disorders



Leading the cross-border
market with **60%+**
share, with 85% vet
recommendation rate



- ✓ Professional exotic pet brand with pioneering formula for small pets



No.1 in hamster food,
Top 3 in parrot food on Tmall
Global (50%+ repurchase rate)



Modern lifestyle

- ✓ 145-yr expertise, Durum wheat & bronze die tech for 30-min al dente firmness



Ranked **6th** in
Tmall Global's pasta
category in 2024



- ✓ 100% organic, anti-inflammatory formula

purašana[®]
your natural protection

570% 618 sales
growth! 40%+ repurchase
among fitness fans.



02/

How to enter or expand the market by leveraging online and offline omni channels?



To adapt to the super fragmented and dynamic China FMCG channels

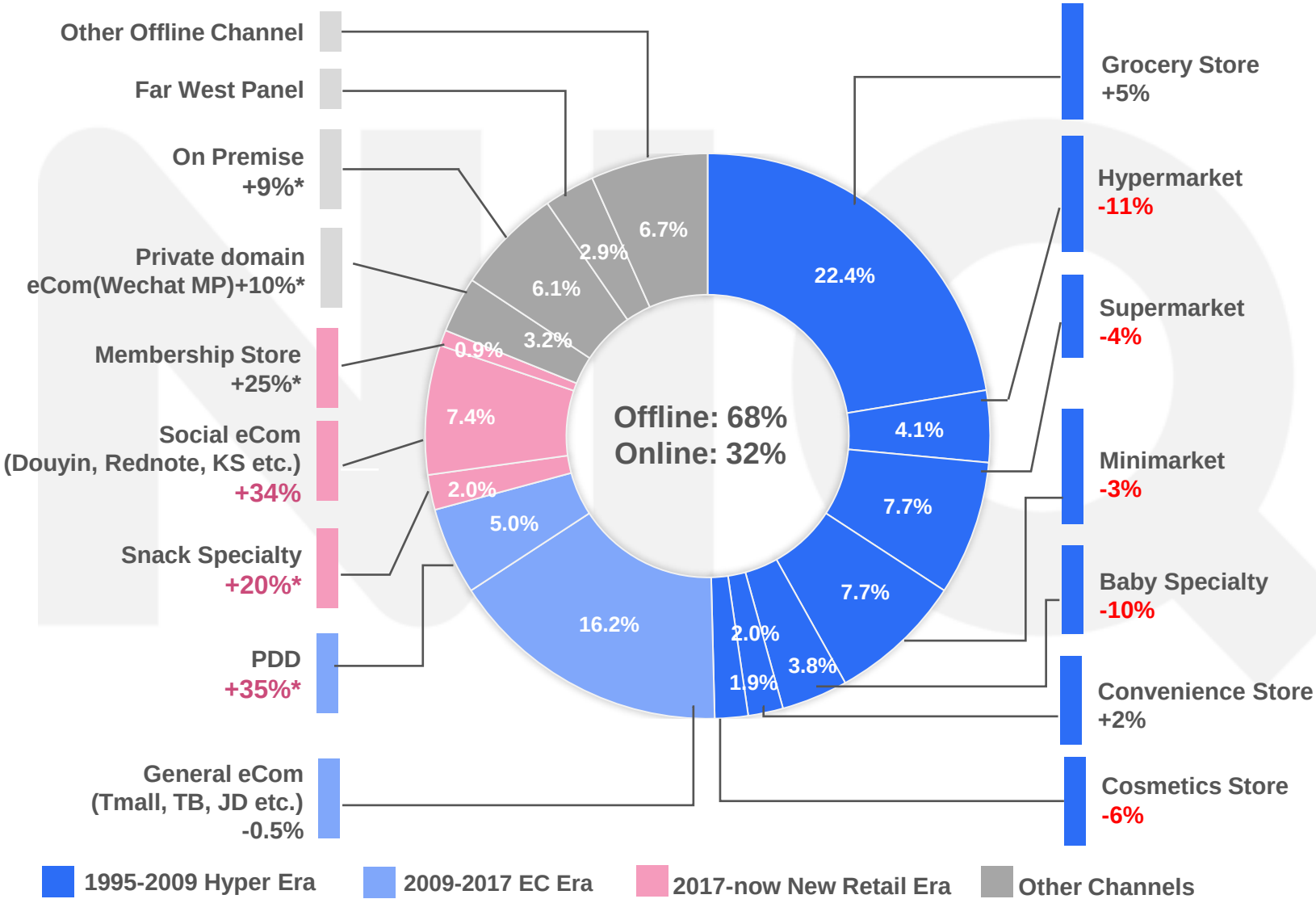


China FMCG Omni View

+4.8%

FY2024 China FMCG
Omni channel growth rate vs. YA

FMCG Omni Channel Value Imp% and Growth Rate | FY2024 vs. FY2023

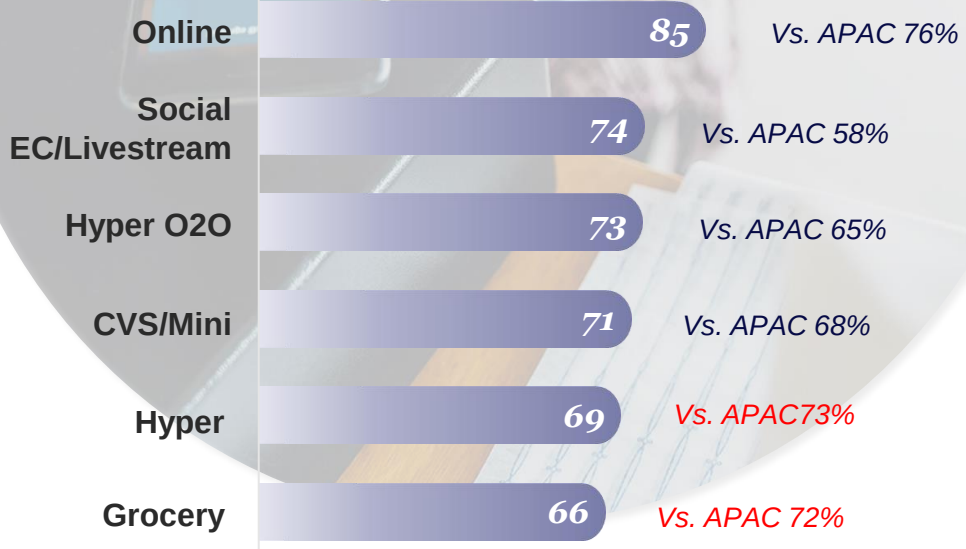


Chinese Consumers are embracing Cross-channel purchases, with higher incomes driving greater adoption of e-Commerce and O2O

85% Consumers will continue to, or increasingly, shop through a combination of physical stores and online channels.

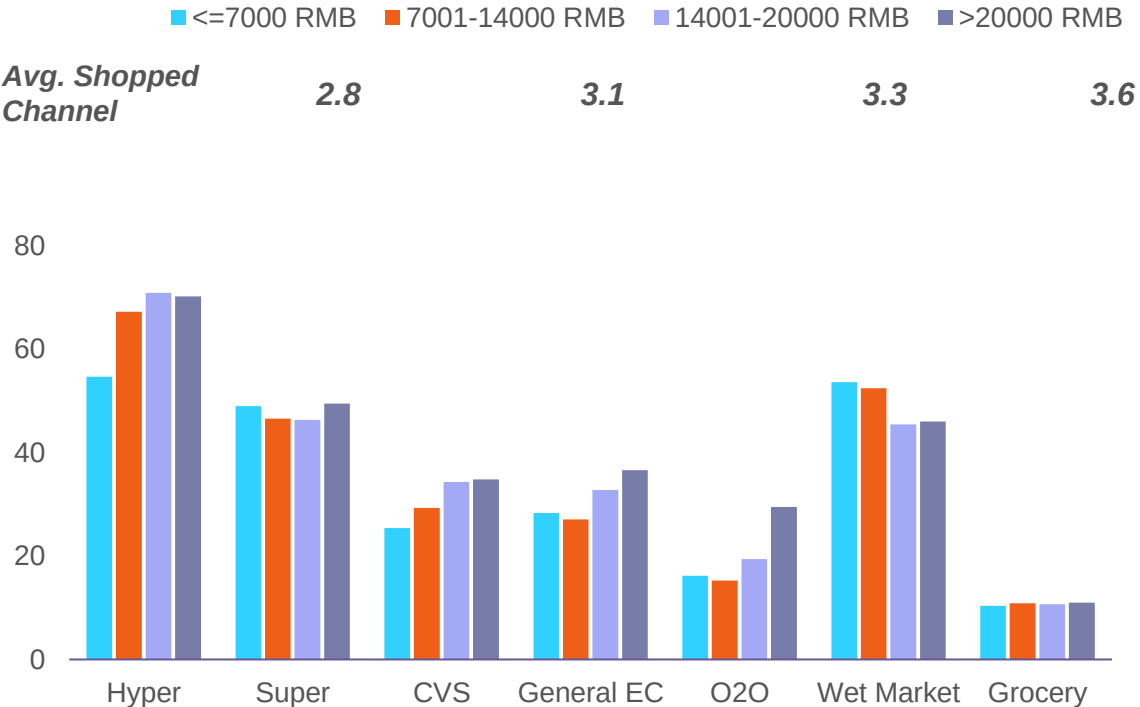
▲ vs. APAC 77% / Global 69%

■ will continue to, or increasingly, shop in this channel



Channel Penetration Rate across Channels in the Past 7 Days (%)

By household monthly income, 2023-2024



Go to large format chain stores as the first step to enter China offline channels

Traditional offline channels are looking for new brands/products to differentiate upgrade the shopper experience

Store change% and store amounts



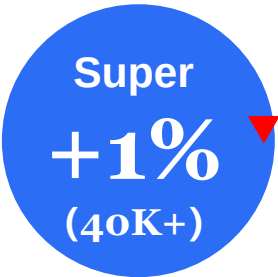
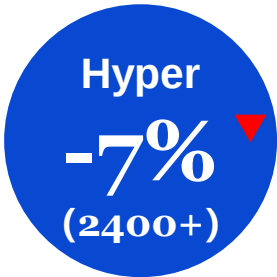
Sales decline



Sales Increase

Large Format

Traditional Offline channels



Emerging Channels

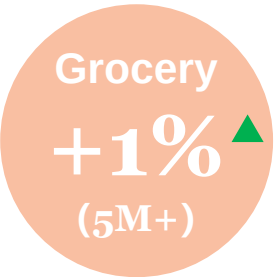
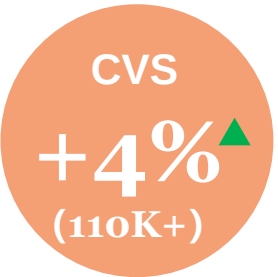


Cost reduction and efficiency improvement, differentiated experiences

- ✓ **Hyper:** Upgrade in-store layout and prioritize merchandise selection assurance
- ✓ **Membership Store:** Target niche customer segments with high-quality SKU assurance

Small Format

Traditional Offline channels



Emerging Channels



Ensure competitiveness with daily supplies and convenient experience

- ✓ **Mini:** Located near homes, providing daily necessities restocking
- ✓ **Convenience Stores:** Long-hour operation, catering to emergency purchases
- ✓ **Grocery:** Local neighborhood shops enabling instant shopping

Sam's accelerated to build omni business utilizing exclusive offers to seize consumer mindset and loyalty

◆ Sam's continues its expansion, but others are small



◆ Deeper and more flexible store location selection

- Focus on **tier 1 & tier 2** cities at the early stage
 - Fast penetrated to **lower city tier** in recent 2 years
- Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu ...
- ▶ Fuzhou, Wuxi, Nanning, Shaoxing, Jinjiang, Dongguan, Yangzhou, Changzhou...

◆ Develop online and O2O

- Sam's APP, JD flagship store
 - Build up front warehouse in an all-round way to fulfil various needs: 1hr reach or 1-2 days delivery; fast speed/city delivery/national delivery service
- 25 cities, 500 front warehouse
10 front warehouse per store on average

◆ Private label: a name card for Membership stores



◆ Category width and customized products to gain higher recognition



◆ Implication for EU manufacturers:



China netizen's scale keep fueling the growth potential of E-Commerce



The number of internet users reached **1.1 billion**

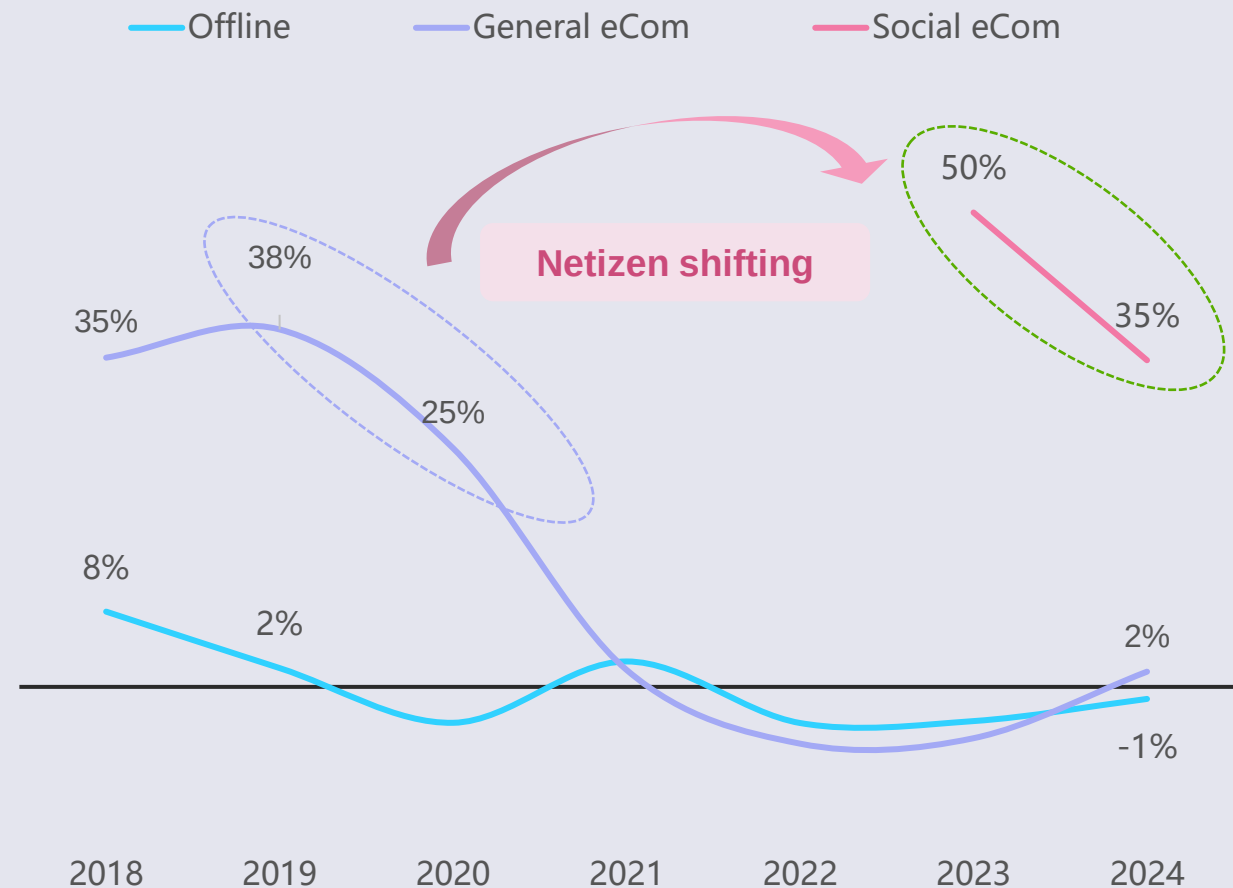


Internet users aged **50+** account for nearly **35%** of the total

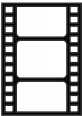


The number of online shoppers reached **0.97 billion**

FMCG GR% by Channel (2018-2024)



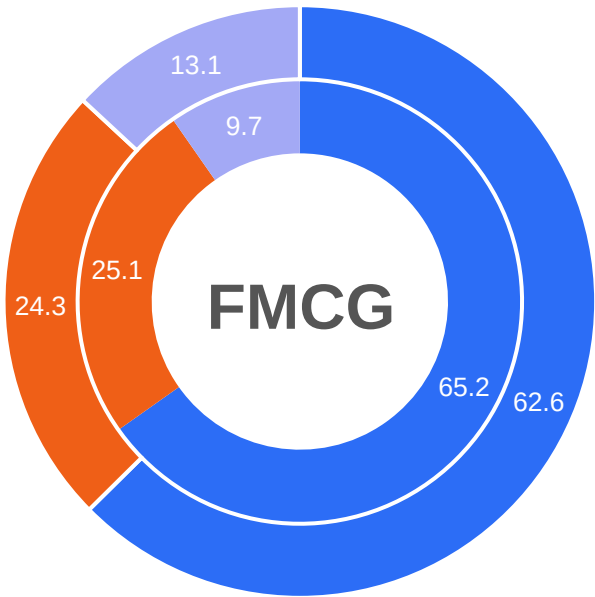
Properly use social EC platforms for different purposes

	Choose if	Positioning	Users	Coverage	Function	Promo	Popular
Douyin (TikTok) 	✓ New-entry breakthrough ✓ Increase penetration ✓ Focus on sales conversion	 Entertainment platform	 Young/elder generation	 All China	 Traffic pool for conversion	 KOL & brand Live streaming	▼ Unsatisfied Needs Hot Topics  Optrex eye drops 70k+ TikTok sales  Sotya carbo blocker 30k+ TikTok sales
RedNote 	✓ New concept cultivation ✓ Generate royalty groups ✓ Uplift brand image	 Social life sharing base	 Mid-tier, female centric	 Higher tier cities	 Brand image cultivation	 User notes and comments	▼ Mature Branding Solid Demand  Marvis toothpaste 49k+ brand fans  Oatly oat milk 32k+ brand fans

Offline Channel Remains as Foundation, while Penetration of eCom has been Steadily increasing

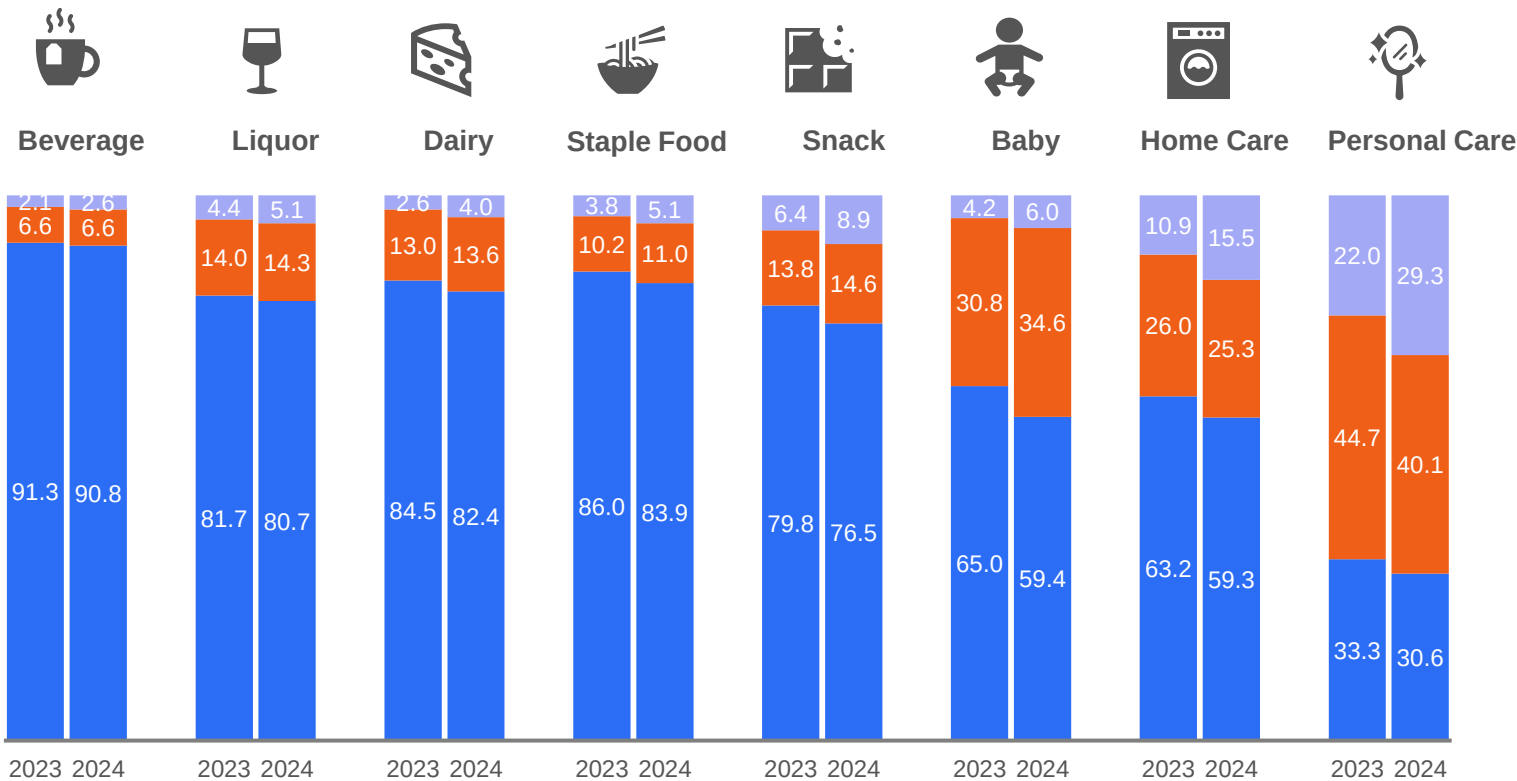
FMCG Channel Mix | FY2023 vs FY2024

Inner: 2023
Outside: 2024



Offline General eCom Social eCom

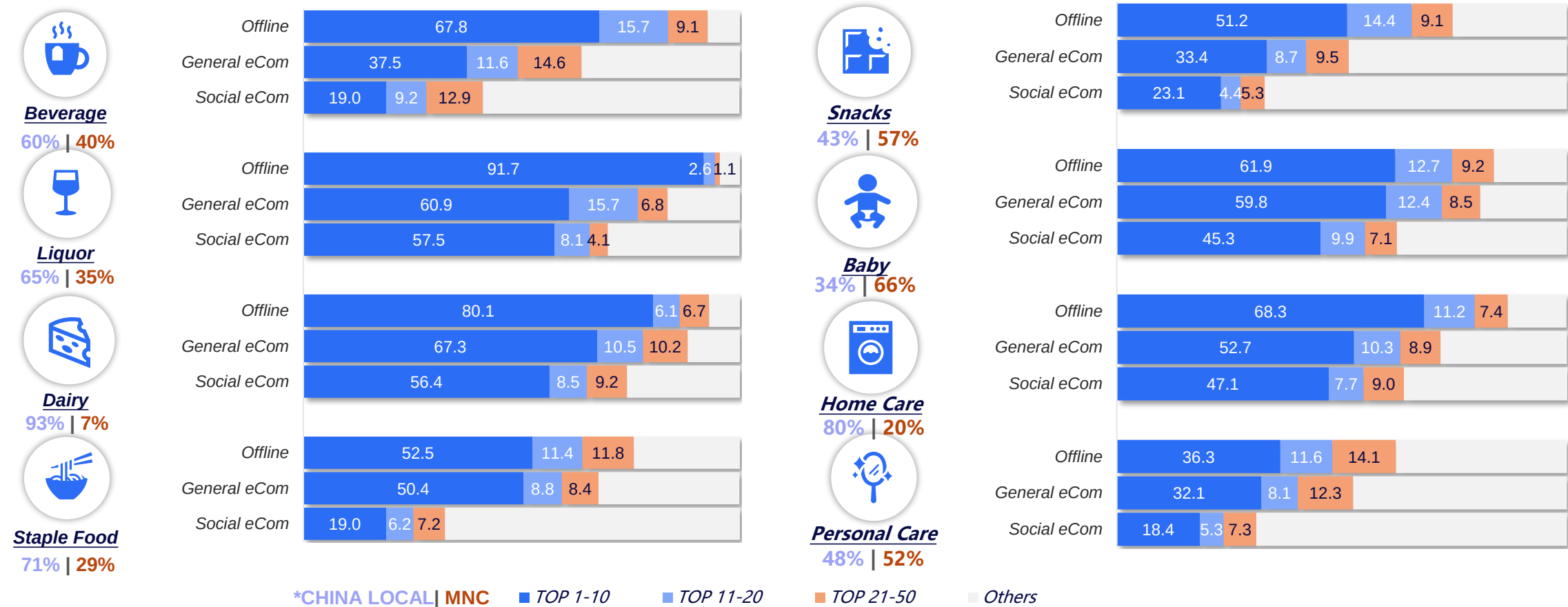
Channel Mix by Industry | FY2023 vs FY2024



Offline General eCom Social eCom

Seize growth room for new or small brands on Social eCom

Manufacturer Value Share by Channel Cross Industry



Formula for new player to enter China E-Commerce Ecosystem

01

Capture Demand Signals

Locate unmet needs, tackle market gaps

- ✓ Target 2 most unsatisfied needs: **anti-mold** and **water stain resist** on wooden floor/ceramic



Floor Cleaners



Bathroom Cleaners



02

Amplify Brand Voice

Set up online presence, create heat topics

- ✓ Generate accounts and articles: **2** main accounts with **10+** sub accounts, **10k+** articles on RedNote



TikTok Account Matrix



RedNote Articles

店铺	用户	视频	AI	商品	宝
 全屋智能旗舰店 粉丝: 191.5万 店铺账号					
 家居旗舰店 粉丝: 138.9万 店铺账号					
 汽车用品旗舰店 粉丝: 150.7万 店铺账号					
 家居用品旗舰店 粉丝: 145.1万 店铺账号					
 全屋智能旗舰店 粉丝: 127.0万 店铺账号					
 全屋智能旗舰店 粉丝: 271.0万 店铺账号					
 家具旗舰店 粉丝: 110.4万 店铺账号					
 家居日用旗舰店 粉丝: 120.8万 店铺账号					
 建材旗舰店专业清洁 粉丝: 11.9万 店铺账号					
 文具旗舰店 粉丝: 8.1万 店铺账号					

03

Realize Multi-Channel Conversion

Focus on conversion, maximize profit

- ✓ Leading category: **top 1** on TikTok sales in home cleaning product, **\$USD 150m+** and **\$4m+** sales on Tmall in 2024

TikTok:



Focus on top sellers and hit products



Tmall:



Focus on new products and diverse usage items

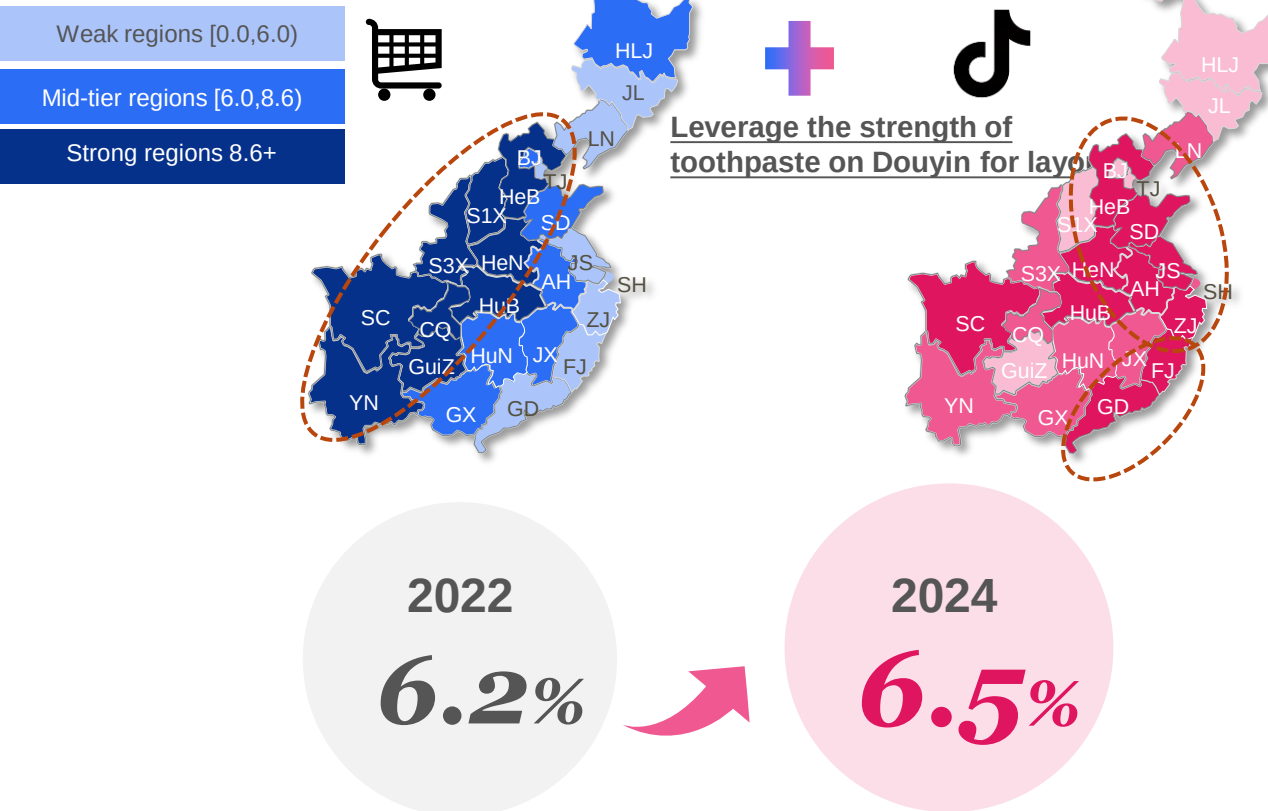


Boost Regional Growth-Online Expand to Offline: Content E-Commerce Build up Brand Awareness then Expand to Key Offline Markets and Omni Growth



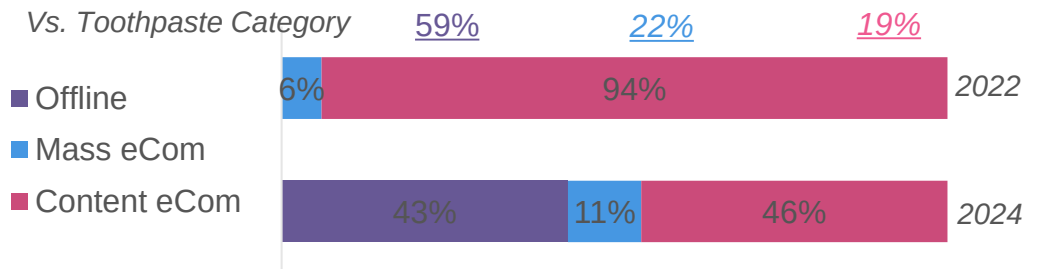
▼ Leverage strength of Douyin, expand into offline “weak” regions

Lesening Value Share by Provinces (offline channels+Douyin) FY2024

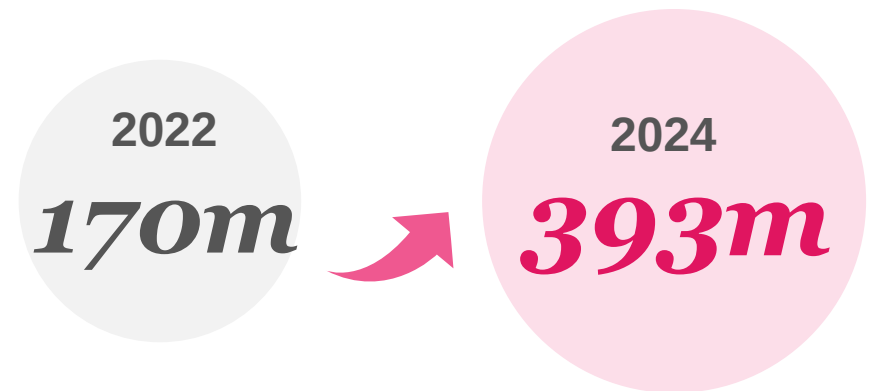


oralshark ▼ Test the offline market from online; Stabilize overall business

Oral Sharks Value Share of Trade 2024



Oral Sharks Toothpaste Omni Value Sales GR%



03/

***What's the winning
innovation formula
for China market?***



In-market Success relies on 3 key elements working together



**Good
idea**



**Good
product**



**Good
activation**

Concept with branding, pack & price, assessed alongside proposed liquid, for Innovation and Renovation

BASES Database identified success measures, validated by in-market sales, updated continuously for respondent over-claim, against a database of 500,000+ initiatives and 65M sales datapoints collected every minute, every day

BASES will train your team on forecasting and realistic marketing plan building, from our database of marketing plans

Metrics grounded in market success

BASES Factors for Success evaluates initiatives on the 12 consumer-focused tasks that every new product must pass in order to be adopted by consumers.

Predictive

Propositions deemed launch-ready based on BASES Factors for Success model have a **5X** chance of success, versus the industry average.



Proven

Based on **6** years of R&D research studying **600** in-market launches.

Used on **180,000+** tested initiatives.

Expands into emerging markets: from diverse tastes to varied product formats

“Inspired by the headquarters of the PERFETTI van Melle Group, we successfully launched a series of extruded jelly products globally and aim to bring this inspiration to the China market.

The launch of the sour extruded jelly belts seeks to boost sales, increase brand awareness, and expand the emerging extruded jelly market.”

-- PVM cn CMI team



Diverse tastes and textures

- ✓ Features mixed fruit flavors and a sour sugar coating that stimulates taste buds and greatly satisfies consumers' cravings for delicious flavors



Diversified product formats

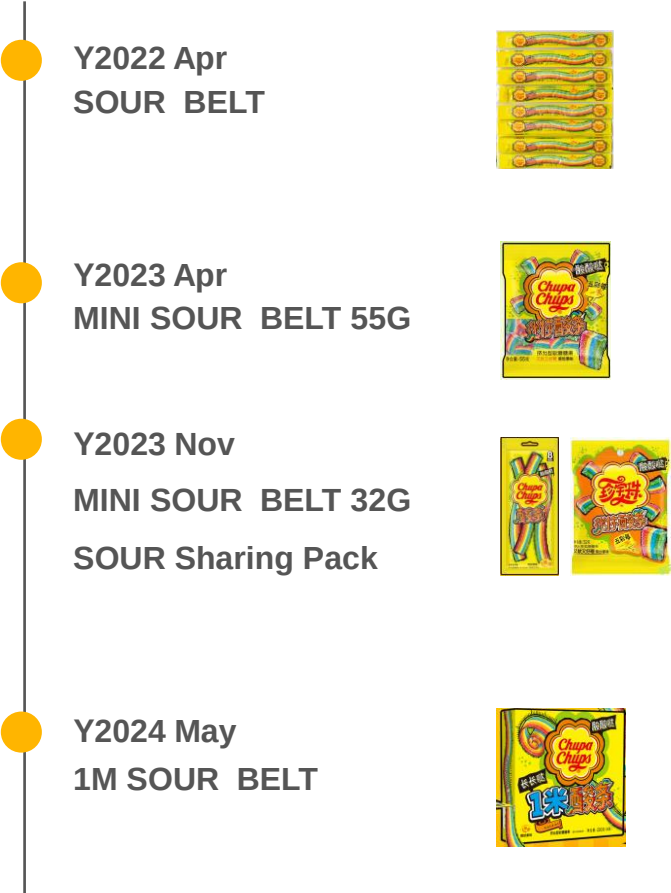
- ✓ First to introduce the “1 Meter” product concept, bringing multiple fun and playful experiences with its long belts, attracting social media traffic
- ✓ Sour Mini Bites, one bite at a time, offering multiple ways to enjoy, bringing consumers with both taste and visual satisfaction



Perfetti JELLY Products SOUR BELT continue to grow

Enhancing brand awareness

Chupa Chups SOUR BELET SKUs Launched



Overall Achievement



National TTL
MAT 2504 SKUs

1 → 5

National TTL
MAT 2504 Val

30 M EURO +

National TTL
MAT 2504 Val GR%

+34.4%

National TTL
MAT 2504 Val Shr % +/-

+0.5pt

What are the Winning Themes in China?



Create new and unique sensory experiences to spark curiosity and exploration

- ❖ Exciting unique flavors & exceptional textures
- ❖ Transparent packaging & diverse packaging sizes
- ❖ Focus on emotional spending and cater to unique usage occasions



Broaden the scope of innovation to redefine Health & Wellness

- ❖ New Chinese-style wellness trend
- ❖ Meticulously selected ingredients & advanced technology
- ❖ Occasion-based and everyday communication strategies



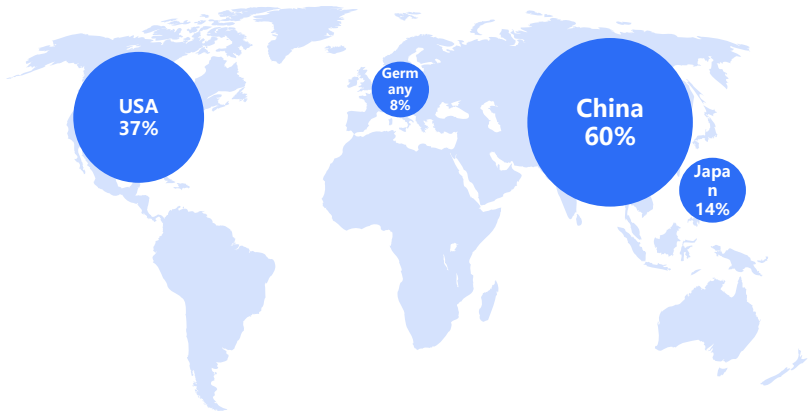
Leverage brand strength to explore cross-category growth opportunities

- ❖ Leverage brand halo
- ❖ Targeted channel strategy

Healthy habits leads to a better life

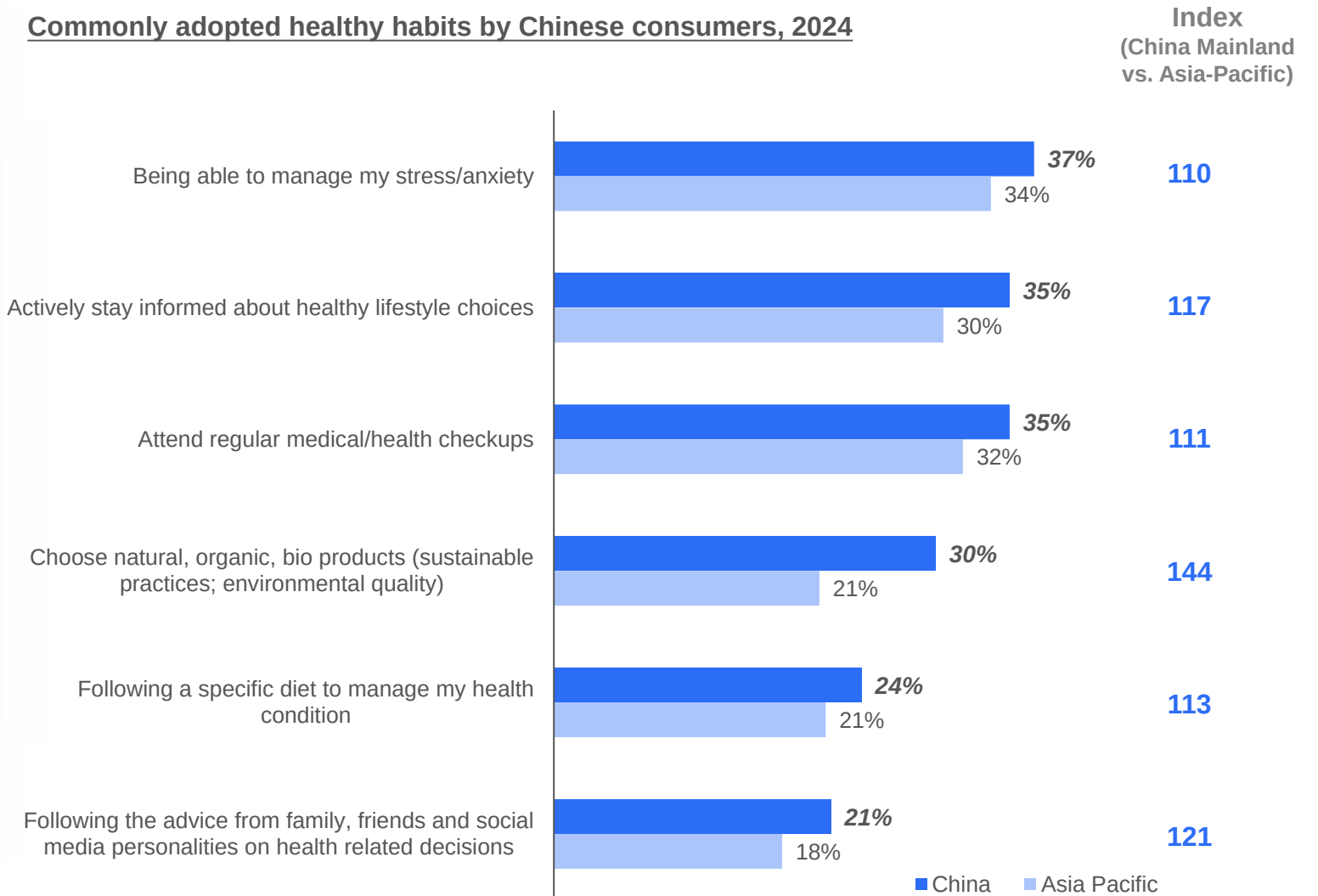
Percentage of people who agree that

“Health & Wellness is the most important thing in life”



Chinese consumers are highly health-conscious

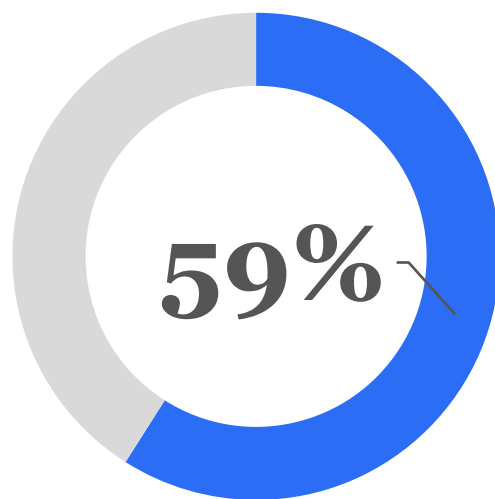
Commonly adopted healthy habits by Chinese consumers, 2024



Chinese consumers are highly health-conscious

The new Chinese-style wellness trend, which emphasizes “food and medicine homology”, has its own marketing appeal, meeting Chinese consumers' health needs in food and beverage

Most important needs in food and beverage category – respondents %



Health & Wellness

is the **top consumer need** for Chinese consumers in the food and beverage category

Chinese-style wellness trend · food and medicine homology



NielsenIQ BASES Breakthrough Innovation Winners 2024



Dongpeng Big Coffee
Classic Latte Low Sugar



Yuanqi Zizai Water Red
Bean Barley Water



Cute Star A2β-Casein
Pure Milk



Want Want Daily
Modified Milk



Minute Maid Sparkling Drink



Lay's 2024 Fireworks Stalls
Series Potato Chips



OREO Cloud Cakes
with Filling



Chupa Chups
Sour Belts Series



Colgate Daily Shine
Dental Repair Toothpaste



Freemore
Probiotic Sanitary Pads



Anti-Dandruff Scalp Care Shampoo
Oil Control & Volume



Pantene 3-Minute Miracle Treatment
Total Damage Care Hair Mask

***NIQ * RedNote
Innovation
Accelerator***



Creative Tagging on China's Hottest Search Platform Reveals Audience Truths



Why RedNote?

Users actively seek inspiration — they come ready to be **seeded** with practical product ideas.

47%

of users regard RedNote as a platform for discovering new product brands

↑ +2%

YoY grows

46%

of users utilize RedNote to familiarize themselves with new product brands

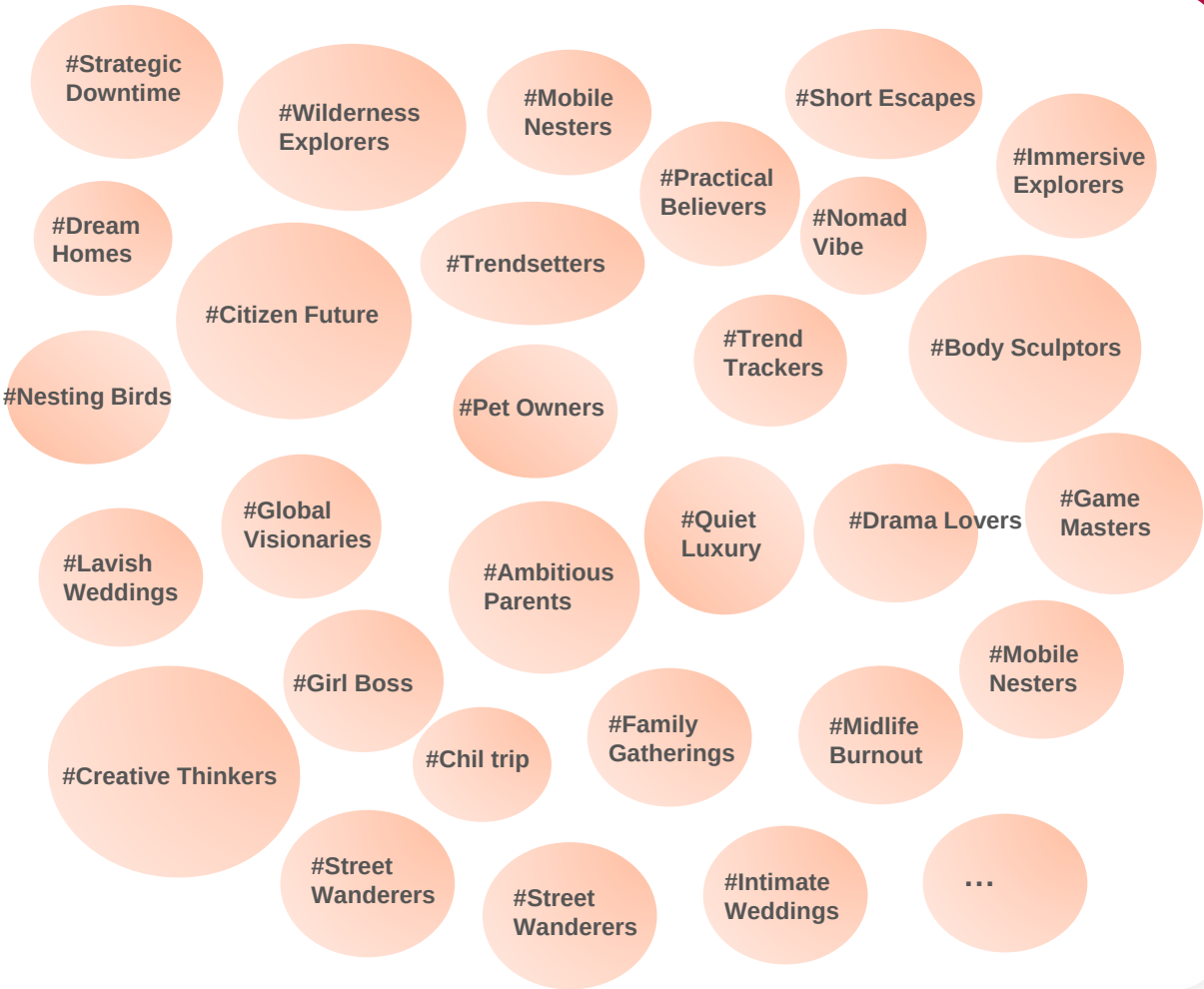
↑ +3%

YoY grows

1.2million

RedNote users seeking purchase recommendations monthly

A Rich Tagging System Powers Hyper-Detailed Lifestyle & Interest Segmentation on RedNote



Seeding Marketing on RedNote is A Better Solution for Today's Market

RedNote is where **young, vibrant** audiences gather.

It's become a hub for diverse lifestyles — a living encyclopedia of everyday life across generations.

The new generation of consumers is changing

Trend 1

Rise of Intentional Living

From Passive Browsers to Active Seekers of a Better Life

79%

Shop for pleasure

77%

Prioritize WOM when shopping

Trend 2

Personalization Prevails

From Mass Appeal to Individual Relevance

Brightening

Body scrubs	70K+ searches
Body Lotions	46K+ searches
Lemon water	65K+ searches
Serums	690K+ searches

Trend 3

Everyone's an Influencer

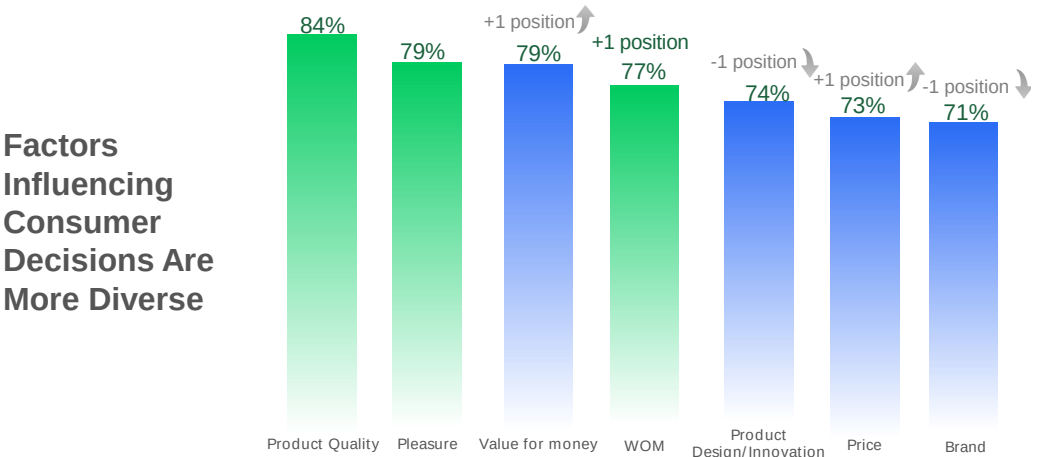
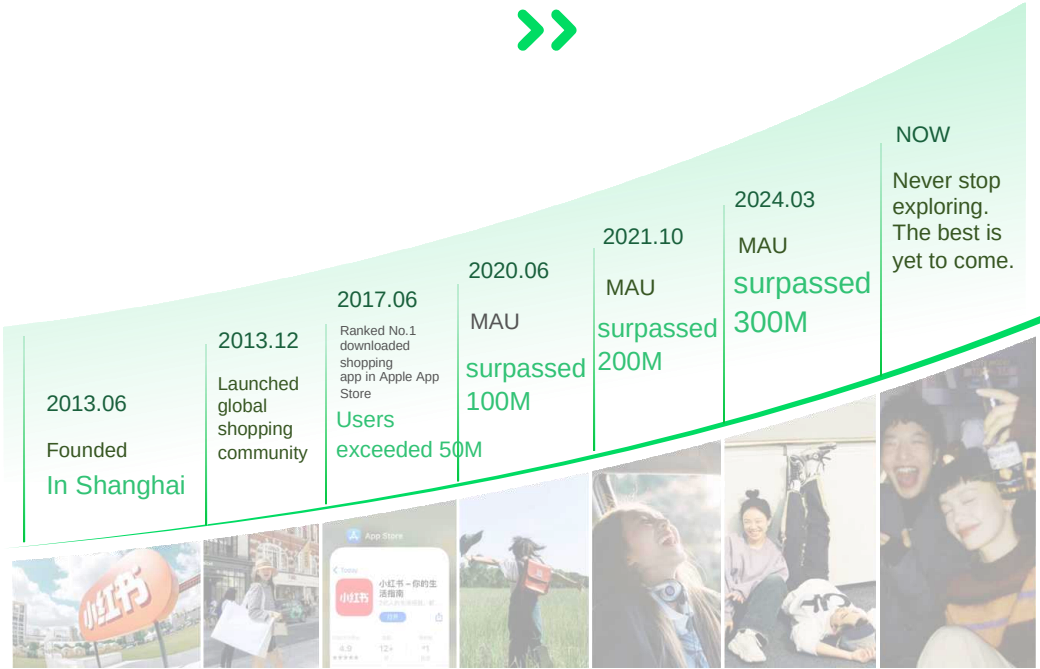
From Passive Consumers to Co-Creators of Brand Value

61%

Care about the experiences of everyday consumers

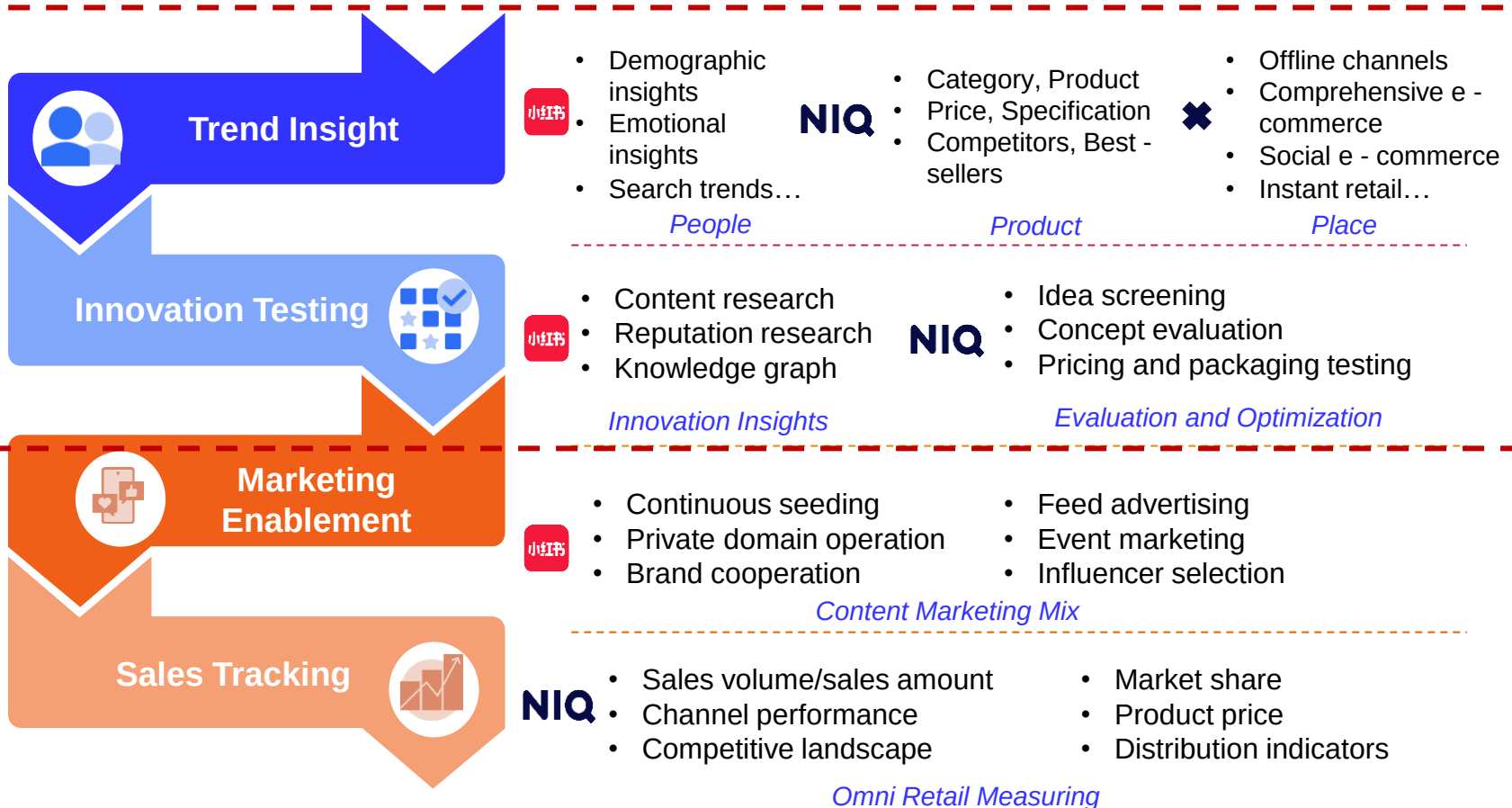
77%

Enjoy sharing their experiences



RedNote 小红书 × NIQ 「Innovation Accelerator」

New Today, Icon Tomorrow — Fueled by Data & Insight



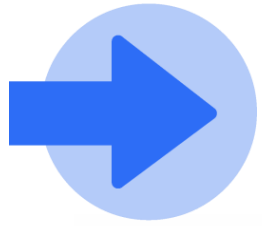
Data - Driven Growth Dual Engine:
Precise Innovation × Efficient Conversion

Driving Innovation Efficiency

- Strategic Positioning → **Minimize** Risk
- End-to-End Validation → **Reduce** Development Costs
- Channel Precision → **Eliminate** Resource Waste

Multiplying Marketing Efficiency

- Seeding–Conversion Synergy → **Maximize** ROI
- Lifecycle Strategy → **Extend** Product Momentum



Key takeaway

NIQ china

China FMCG market is reshuffling against the background of **“Innovation driven”** economy transformation.

With new underlying growth logic, some of existing players will lose their ground and fade out, new opportunities is now open to anyone who can find its unique role in the new economy.



New Consumer Needs

3 key facts: Urbanization, Aging Population, Low marriage and birth rate sharp 3 new important needs

- ✓ Health and wellness
- ✓ Convenience
- ✓ Emotion



New Channel Dynamics

- ✓ Embrace Omni shopping to maximize the opportunity
- ✓ Fully leverage Social Commerce to capture traffic and attention
- ✓ Ride on the transformation of large format offline channels



Winning Innovation Formula

- ✓ Create relevant ideas that are based in deep consumer understanding
- ✓ Develop strong products that deliver on the promise
- ✓ Explore new technologies and emerging trends to optimize your go-to-market models

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