

FMCG GURUS: Analyzing key trends driving consumption habits in China

November 2019



AGENDA

Introduction to FMCG Gurus



Cognitive Health

Consumer Experts, Insight Driven

Weight Management

Immunity

Conclusions



Introduction to FMCG Gurus

Headquartered in London

Bespoke and syndicated research

Over 700,000 people surveyed in 2019

Focus on trend innovation

Event partner at FI Europe

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The screenshot shows the FMCG Gurus website dashboard. At the top left is the logo with the tagline "Consumer Expertise. Insight Driven". To the right are navigation links: "Dashboard", "PDF Clips", "XLS Clips", "News", "Blog", and a "Log out" button. Below this is a large blue header with the text "My Dashboard". Underneath are twelve blue buttons arranged in a 3x4 grid, each with a background image and text: "Consumer Insight", "Shopper Insight", "Category Insight", "Packaging Insight", "Country Profiles", "Healthy Ageing", "Taste and Nutrition", "Medical Nutrition", "Market Data", "Product Case Studies", "Report Builder", and "Consumer Data". Below the grid is a section titled "Trending Searches" with five image-based tiles: "Active Nutrition" (a red pepper and cucumber), "Plant Attitude" (green basil leaves), "Immunity" (a hand holding a glowing red virus particle), "Protein Water" (a woman drinking from a water bottle), and "Sustainability" (a globe surrounded by green plants).

The Top Ten Trends for 2020



FMCG Gurus has just launched its Top Ten Trends for 2020

These trends have been put together based on consumer attitudes and behavior and industry sentiment

Key trends covered in the presentation

Re-Evaluating Health

Snacking Reclassified

Functional Lifestyles

Raw and Pure

Evolution of Nutrition

This presentation is based on the following research series

FMCG Gurus Weight Management survey series – 1,000 consumers surveyed in China in Q3 2018

FMCG Gurus Sleep and Stress Management survey series – 1,000 consumers surveyed in China in Q3 2019

FMCG Gurus Cognitive Health survey series – 1,000 consumers surveyed in China in Q3 2018

FMCG Gurus Immunity survey series – 1,000 consumers surveyed in China in Q3 2019

FMCG Gurus Active Nutrition survey series – 1,000 consumers surveyed in China in Q3 2018

FMCG Gurus Sustainability survey series – 1,000 consumers surveyed in China in Q3 2018

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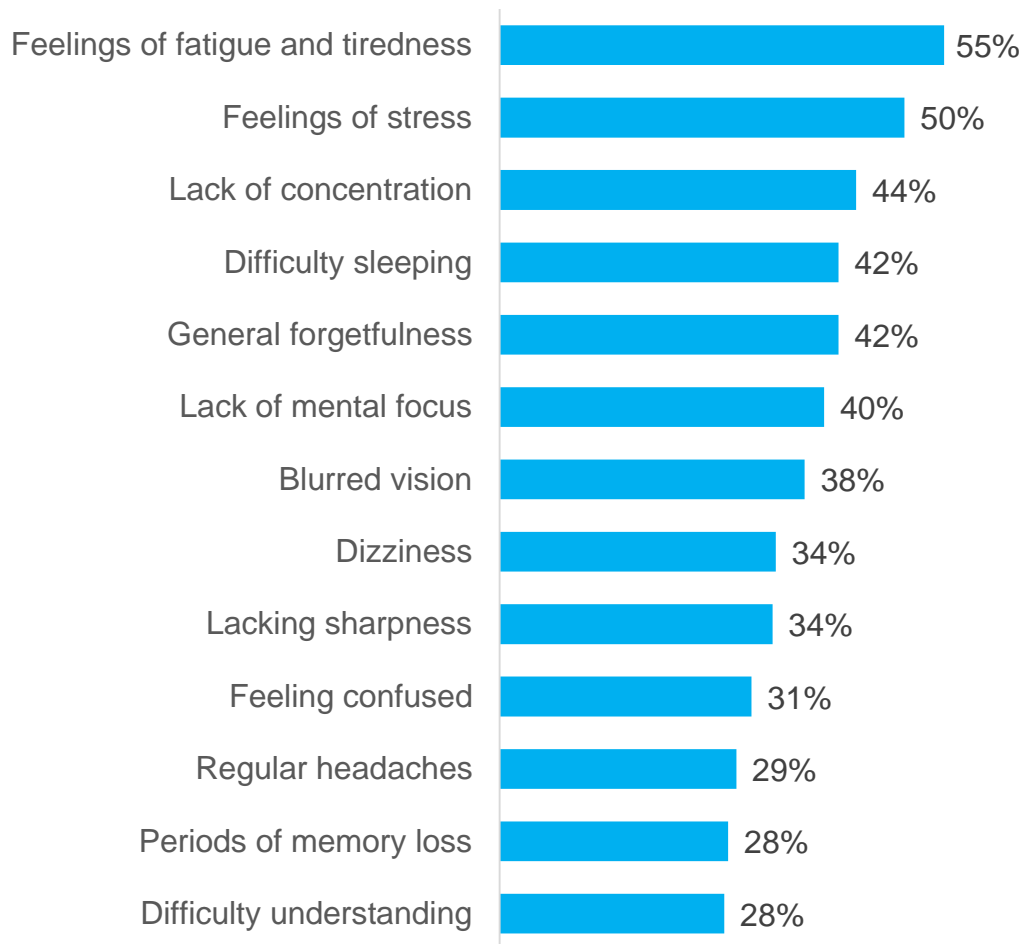
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Mental Wellness is a key issue in Asia

Proportion of consumers in China who say that they regularly suffer from the following health problems



69% of consumers in China say that they recognize the link between cognitive health and overall health

50% of consumers in China say that they regularly feel that they do not have enough energy to get through the day

72% of consumers in China say that they are making active attempts to improve their work/life balance

Cognitive health problems in China – especially stress and sleep-related issues – can be related to the frantic nature of modern life having an impact on people's ability to relax and unwind

Rest & Recuperation is a luxury that many consumers do not have

Consumers are looking to cram as many activities into the day – both personal and professional – as possible. This is having an impact on their ability to rest and unwind

At the same time, consumers are suffering from feelings of stress, which can also result in disrupted rest and sleep patterns

22% of consumers in China are dissatisfied with how much rest they get on a daily basis



16% of consumers in China say they use digital devices directly before going to bed

33% of consumers in China say that they get less than six hours sleep in the average evening

11% of consumers in China say that on average they are up before 6am

42% of consumers in China say that that they typically wake up at least once in the night



Only 45% of consumers in China say that they tend to wake up feeling refreshed

Stress has a direct impact on sleeping patterns

Two in ten consumers say that they find it difficult to go to sleep because of worries and feelings of stress

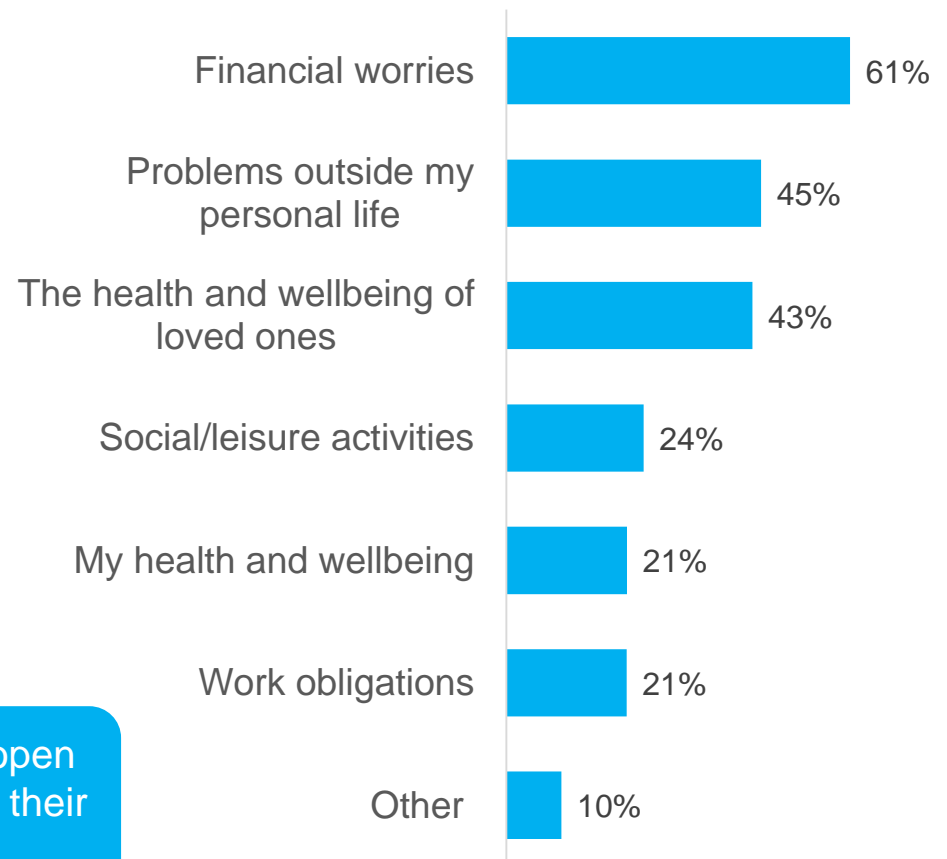
Although China is associated with having a strong economy, many consumers can still struggle with everyday living costs

Health and the health of loved ones is a big concern for many consumers, especially as society continues to age

Consumers in China also feel under pressure to succeed both personally and professionally, which can impact mental wellbeing

This is resulting in consumers being more open and proactive when it comes to dealing with their mental wellbeing

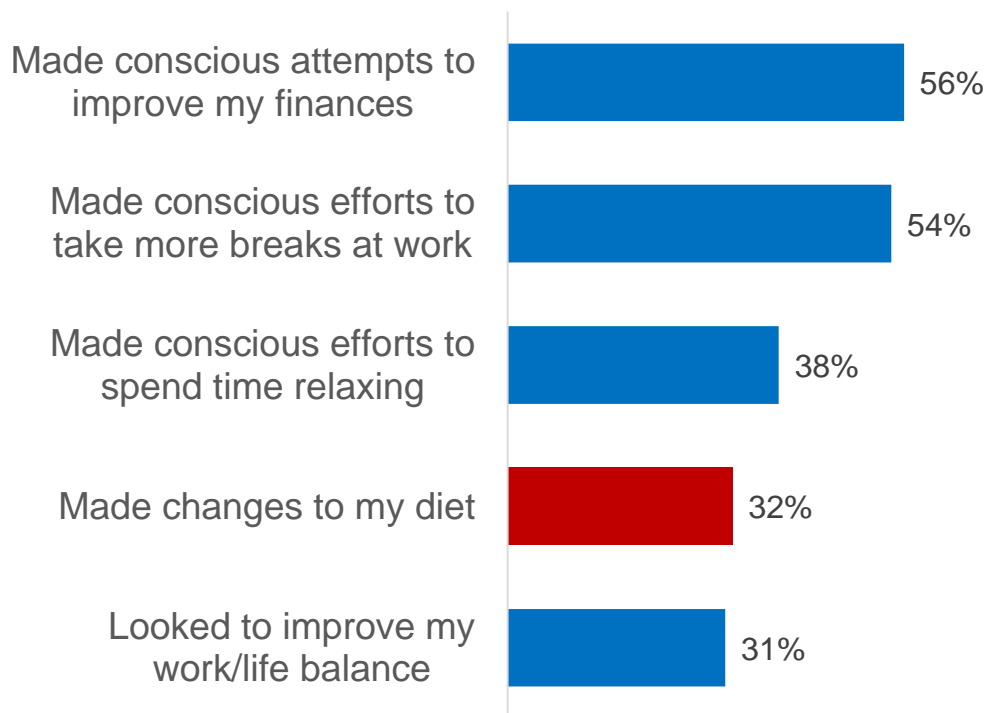
What are the biggest worries for consumers in China who struggle to get to sleep in the evening?



Holistic Health means that consumers are addressing Mental Wellbeing

Three in ten (29%) of consumers have looked to improve their mental wellbeing over the last twelve months

Top five steps taken by consumers in China to improve mental wellbeing over the last twelve months



Consumers are taking generalist – rather than specialist – approaches to improving their mental wellbeing. This links to the issue of holistic health

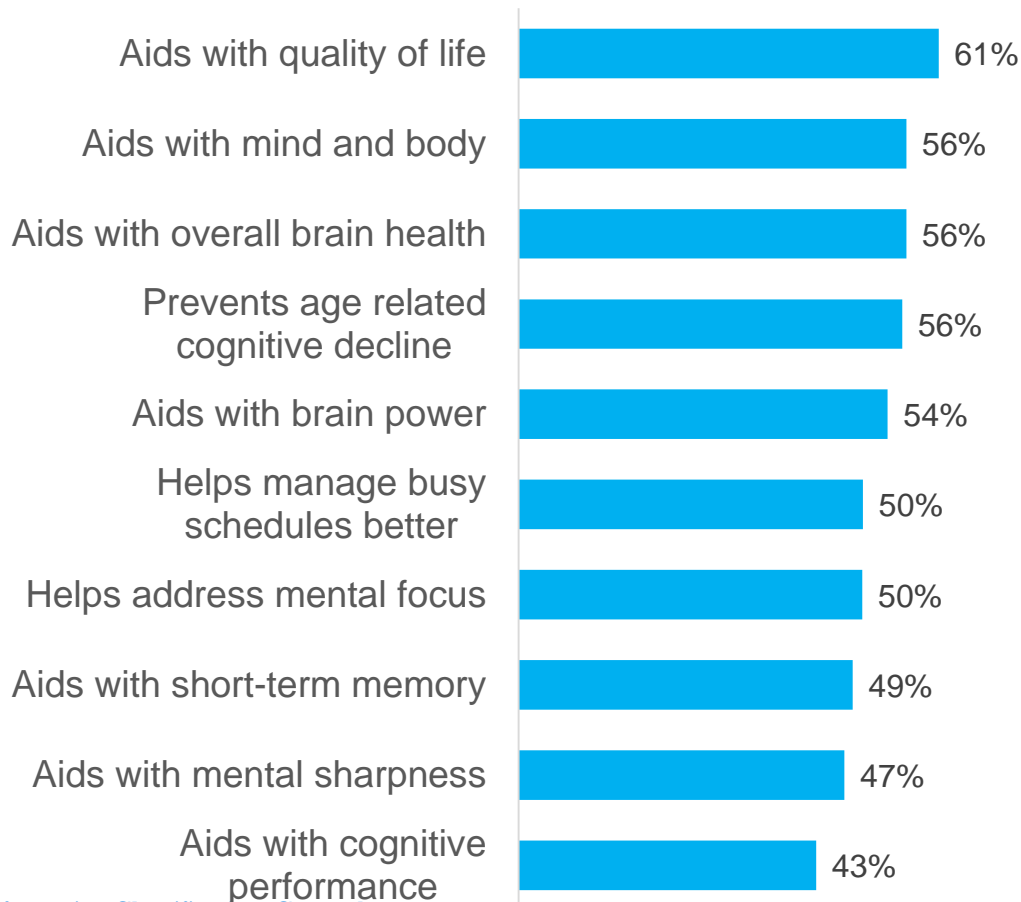
Diet is seen as a key way of helping address mental wellbeing. This is something that will drive demand for functional food and drink

One in five (18%) say that they are planning to improve their mental wellbeing over the next twelve months

Consumers in China are interested in products that aid cognitive health

There is a big opportunity in China for products and ingredients that are positioned around aiding cognitive health and mental wellbeing

Proportion of consumers in China who say that they find food and drink positioned around the following as appealing



61% of consumers in China are interested in products that help improve sleep quality

56% of consumers in China are interested in products that help reduce feelings of stress

71% of consumers in China say that they are interested in products that help them rest and unwind



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Consumers are not satisfied with their waistlines

FMCG Gurus research shows that:

- 30% of consumers in China say that they are overweight
- 20% of consumers in China say that their weight has increased in the last year
- 44% of consumers in China say that they want to lose weight
- **19% of consumers in China say that they are currently on a diet in order to lose weight**



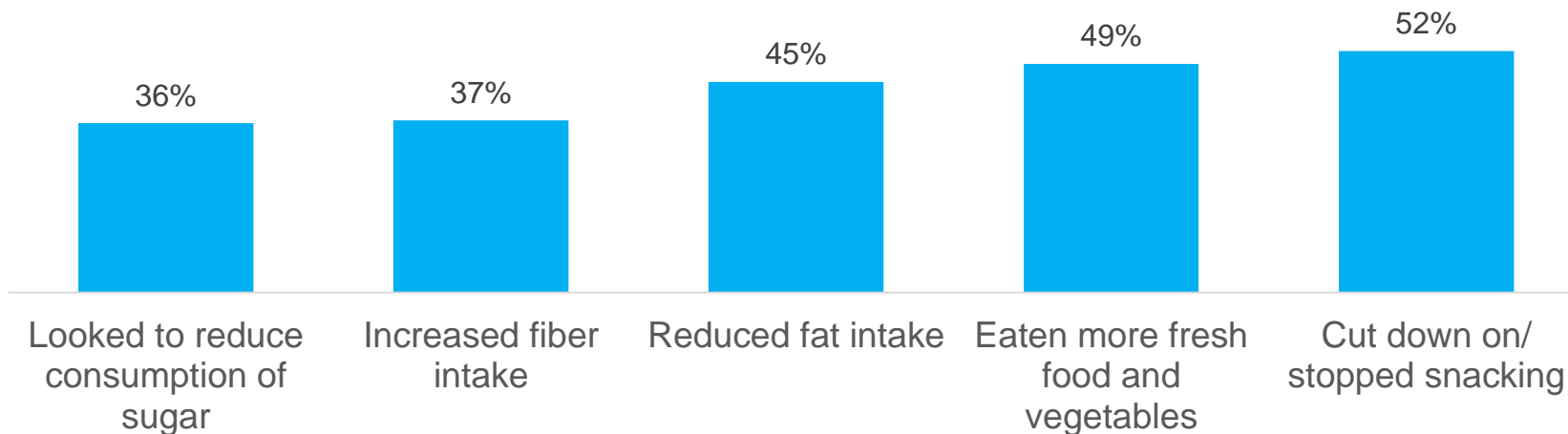
2018 research published by the America College of Physicians states that over the past decade, the number of adults classified as obese in China has increased by over thirty percent.

The number of males classified as obese is now 14% and 14.1% for females. Meanwhile, around three in ten adults were also classified as being overweight

Consumers are embracing the concept of New Diet, Same Me

Consumers are taking several steps to try and improve their diet. Ultimately, they are trying to cut back on non-essential and highly processed food in favor of natural and better-for-you products

Steps most likely taken by consumers in China in order to try and lose weight Consumers who are currently on a diet to lose weight



Consumers in China recognize the link between excessive sugar intake and rising lifestyle-related health problems

Time-scarcity and dependency on informal meals and snacks will also be associated with rising waistlines

Non-essential snacking occasions for indulgence purposes are recognized as a key reason for rising obesity levels in the country

Sensory Overload means that diet plans can be difficult to stick to

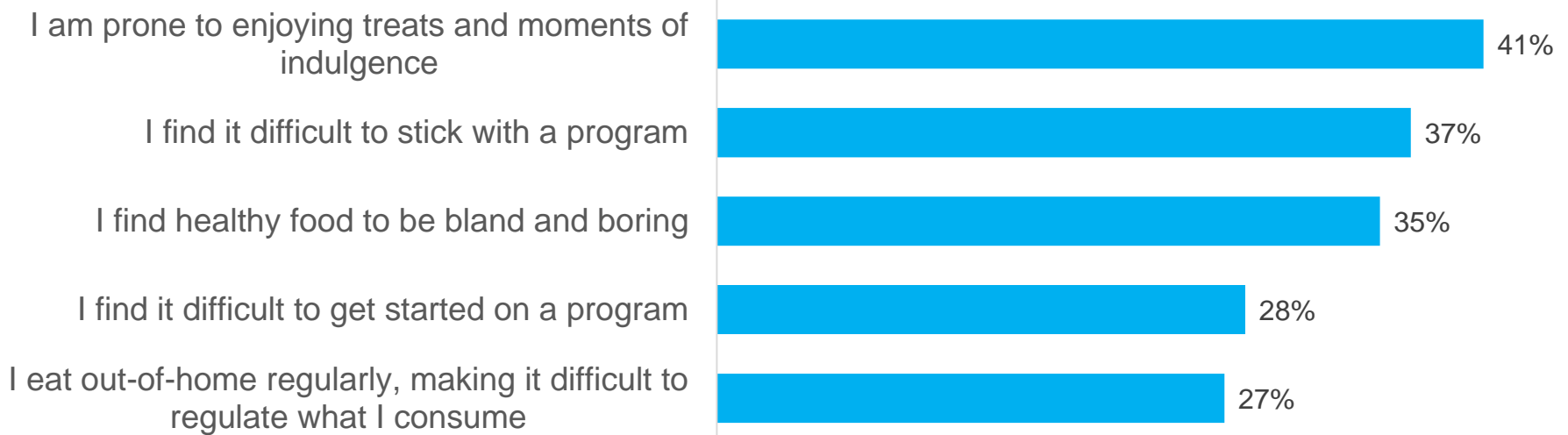
Consumers in China have high levels of self-entitlement and like to treat themselves on a daily basis

At the same time, dieting is something that can often be associated with compromise and sacrifice

This is driving demand for better-for-you products that are deemed tasty and nutritious



Top five challenges faced by consumers in China when dieting Consumers who are currently on a diet to lose weight



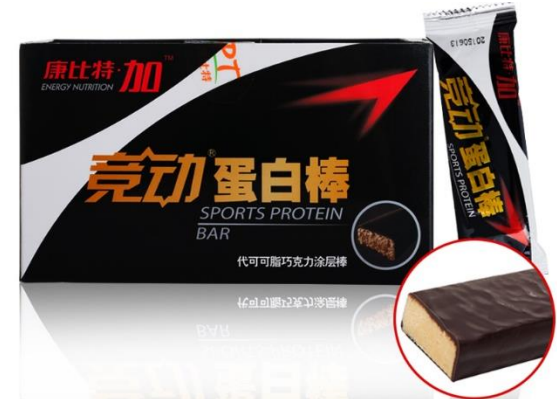
This is driving demand for Conveniently Nutritious offerings

It is crucial that these products are not associated with inferior taste

62% of consumers say that they have made conscious attempts to switch from traditional snack products such as chocolate to high protein/low sugar alternatives instead over the last twelve months

58% of consumers in China admit that they have made plans to reduce sugar intake but have not actually done so over the last twelve months

- Position products as conveniently nutritious and guilt-free
- Ensure low sugar claims
- Ensure that there are no issues relating to taste and texture
- Ensure products are deemed affordable



44% of consumers in China associate healthy food and drink with being less tasty

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Consumers in China are not overly-satisfied with their immunity

A total of 37% of consumers in China express concerns about their immunity levels

A total of 43% of consumers in China say they have experienced a health problem in the last year which has impacted on their quality of life

A total of 29% of consumers in China say that they are easily susceptible to disease

Immunity systems in China are being impacted by a number of factors



- Rising levels of allergies and intolerances
 - Pollution
- Dependency on digital devices
 - Changing diets
- Lifestyle related diseases
 - An ageing society

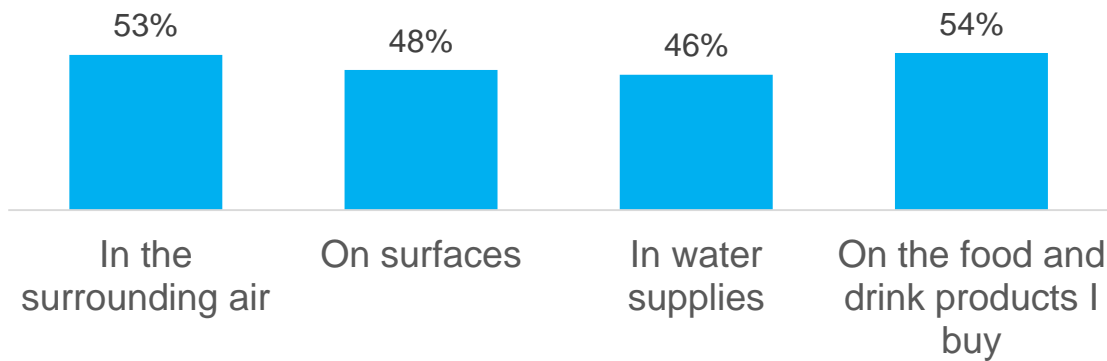
A total of 28% of consumers in China say they have an unhealthy diet

A total of 58% of consumers in China say that they spend too much time on digital devices

Consumers in China would like a sterilized society

Consumers are concerned about being exposed to germs and bacteria from a variety of sources

Proportion of consumers in China who say that they are concerned about **germs and bacteria** when it comes to the following

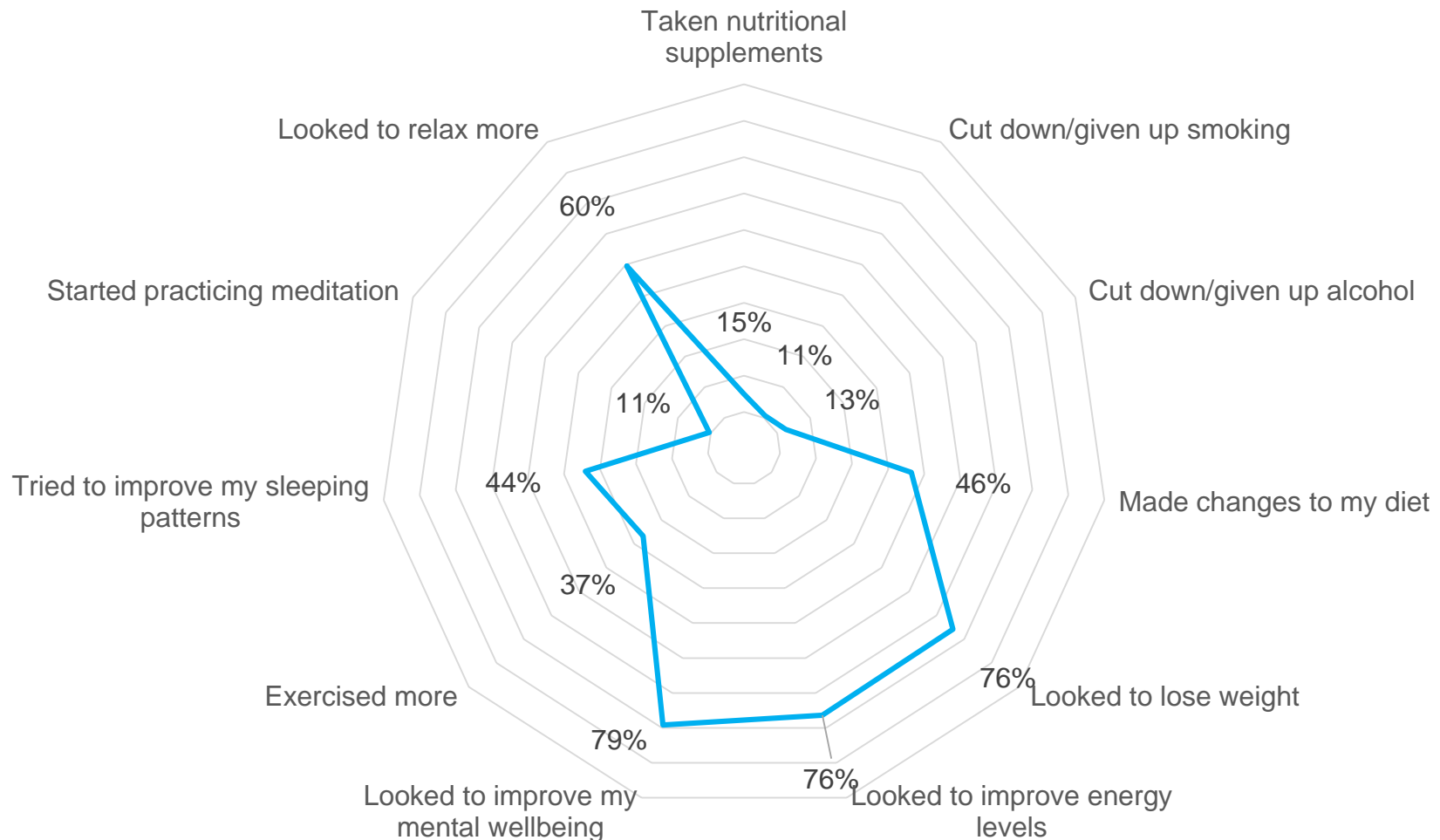


Proportion of consumers in China who say/believe the following



Healthier for Longer and the desire to improve immune systems

36% of consumers in China say that they have made changes to their diets and lifestyles in order to improve their immune system



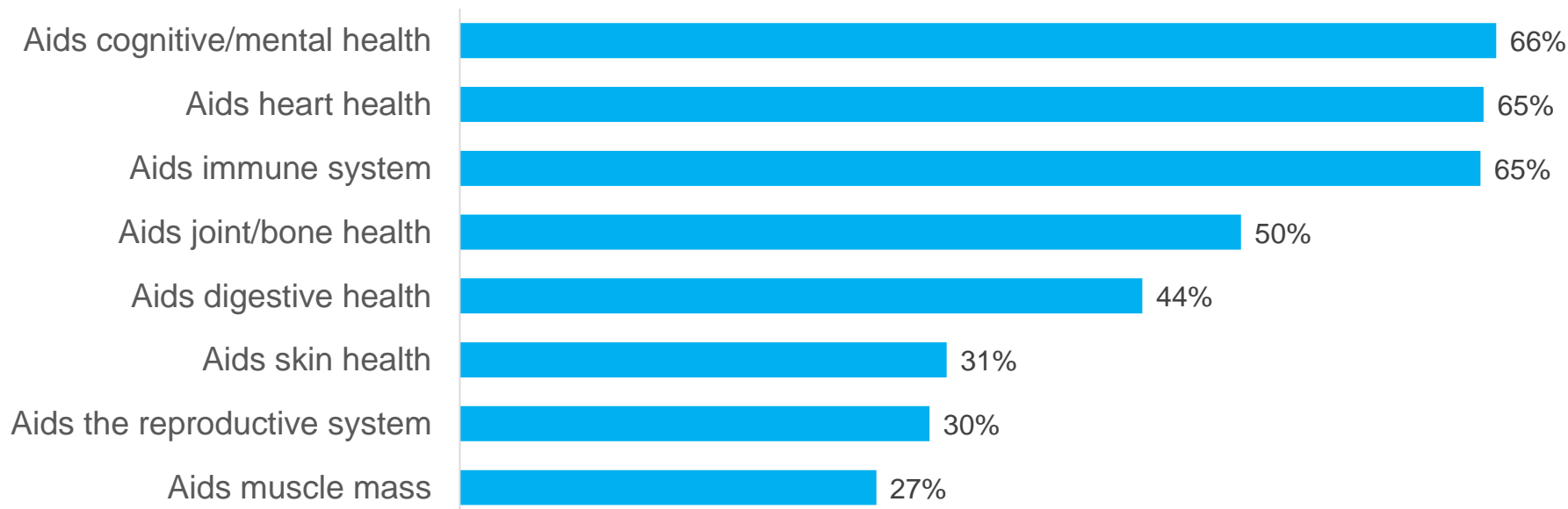
Concerns about immunity are driving demand for functional products

66% of consumers in China say that they recognize the link between having a good immune system and good overall health

63% of consumers in China say that a good immune system helps reduce the chance of illness

As consumers embrace the concept of holistic health, they are trying to improve all elements of their health

Proportion of consumers in China who say that they are interested in products that help address the following areas



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Demographics

Generation X (born between 1965-1980) are the most likely to be dissatisfied with different elements of their sleeping patterns

Generation Z (born from 1997 onwards) are the most likely to say that they recognize the link between cognitive health and overall health

Baby-boomers (born between 1946-1964) are the most likely to say that their weight has increased in the last year and that they want to lose weight

Millennials (born between 1981-1996) are the most likely to say that they have switch to high protein/low sugar snacks over the last twelve months

Generation X (born between 1965-1980) are the most likely to say that they are not satisfied with their immune system

Millennials (born between 1981-1996) are the most likely to say that they have taken steps to improve their cognitive health over the last year

Conclusions

The frantic nature of modern life is having an impact on the mental wellbeing of consumers, especially younger adults. This is also driven by strong societal pressure to succeed both personally and professionally. At the same time, social taboos towards the issue of cognitive health are eroding. This is resulting in consumers seeking out products that address their cognitive and emotional wellbeing.

Dietary habits have changed in China dramatically over the last couple of decades with the number of non-essential and indulgence-orientated consumption occasions increasing year-on-year. This is having an impact on waistlines, and consumers are struggling to deal with this. As such, consumers want products that they deem to be conveniently nutritious and guilt-free to help them with their weight management goals.

Changing dietary habits combined with greater levels of inactivity are having an impact on the health of consumers. At the same time, consumers feel that they are exposed to germs and bacteria and environmental pollution daily. This is leading to concerns about immunity levels and drives demand for products and ingredients that are associated with helping boost immunity

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