

2021 CHINA

FOOD CONSUMPTION

AND INNOVATION TRENDS

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Times are changing, and so are consumer tastes. It is a challenge for food and beverage brands to obtain consumers' attention and retain consumers' interest. Understanding the newest trends can help brands stay on top of changing consumer habits and develop products that genuinely meet consumers' needs.

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- ChemLinked



## At a glance

# Macro-environmental factors affecting the 2020 Chinese food market

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## COVID-19 impact

The social isolation measures, quarantines and economic shutdown brought by the COVID-19 epidemic have affected consumers' food and beverage consumption and evolved new consumption habits and attitudes. Consumers are pursuing greater convenience. Simultaneously, the epidemic has prompted them to pay more attention to health and seek long-term fitness through dieting.

## Consumption recovery

In the third quarter, China's economy grew by 4.9%, the best performance among the world's major economies. It's expected to grow even higher in the 2020 Q4.

The recovery of consumer spending is the key to the country's sustained economy rebounding. Mintel expects that China's total consumer spending will return to its pre-epidemic level in 2021 and will continue to grow at a compound annual growth rate of 7.3% from 2021 to 2024 <sup>[1]</sup>.

## Double 11 Shopping Festival and the third CIIE

In 2020, Chinese people embraced the annual [Double 11 Shopping Spree](#) and the [third CIIE](#) (China International Import Expo). The total turnover of the 2020 Tmall Double 11 Shopping Festival reached RMB 498.2 billion (From 1.11-11.11). Tmall Global delivered a Year-on-Year sales growth of 47.3%, with more than 31,000 participating overseas brands. The food and beverage industry has showed stellar performance, ranking among the [TOP7](#) categories by total online sales.

Despite the epidemic, the third CIIE accumulated US\$72.62 billion's worth of tentative deals, an increase of 2.1% compared with that of last year. The Food and Agricultural Products Pavilion had the largest number of exhibitors, with 1,264 companies from 93 countries joining the Expo.

Live-streaming was one of the biggest highlights of these two events. As Chinese consumers are increasingly open to quality imported products, China will further create a supportive import policy environment.

## RCEP agreement

In November, 15 countries, namely, 10 ASEAN members, together with China, Japan, South Korea, Australia, and New Zealand, officially signed a landmark [Regional Comprehensive Economic Partnership \(RCEP\) Agreement](#) to make it the world's largest free trade agreement.

Once this Agreement comes into effect, over 90% of cargo trade among the 15 APAC countries will eventually enjoy zero tariffs. Frozen pork, pet food and its feed additives, beer and spirits are four categories ChemLinked believe will have a broader market in China with faster growth rates.



## How to envision the Chinese food market in 2021?

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### Chinese new consumer brands are emerging

In 2020, though the Chinese retail industry might seem to be faltering, the expansion of **new consumer brands** has not stopped. The rise of short videos, live streaming, and 5G has provided substantial opportunities allowing these new brands to grow stronger.

According to Alibaba, 70% of the new trending brands on Tmall are of Chinese origins.

As China advocates the new economic development pattern of "dual circulation", which is defined as "taking the domestic market as the mainstay while letting internal and external markets boost each other," more and more new consumer brands will emerge in the future.

### China's 14th Five-Year Plan for 2021-2025

China proposed development targets for the 14th Five-Year Plan period, including making new strides in economic development and improving the well-being of the people to a higher level.

The plan also deleted the rhetoric of "family planning" in the previous five-year plans while putting forth the concept of "inclusiveness" in fertility policy for the first time. It is a signal of the country's relaxation on birth restrictions, which is conducive to developing the maternal and infant industry, such as infant formula.

The plan exemplifies huge Chinese market opportunities, which is expected to become the world's largest consumer market by the end of this year. To meet Chinese people's consumption demand, China will continue to open up to the world and welcome overseas companies to play a key role in that demand.

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# 01 Concept innovation

\* Chinese new brands (founded after 2016)

## Alcohol-Added Food

Since 2019, the number of innovative alcohol-added food products has increased significantly, especially alcoholic ice creams. Alcohol is a chic topic. Once there is a new alcohol-added food, it would go viral on the internet quickly. ChemLinked predicts that the trend will pick up steam going forth.

Alcoholic foods on the Chinese market from 2019 to 2020:

Products	Launching time
Haagen-dazs liquor ice cream	2019
The Whale Tea Baijiu-infused ice cream	2019
Moutai ice cream	2019
Jiang Xiaobai x Mengniu Baijiu chocolate ice cream	2019
Chicecream x Martell Cognac-infused ice cream	2019
Nongfu Spring TOT sparkling rice wine	2020
Addlove x Luzhou Laojiao Baijiu-inflused mooncakes	2020

### Interesting cases to watch

#### Beverage



①



②



③

- ① Hey Tea: “Drunk Peach” and “Drunk Lychee”, combining fruit tea with rum
- ② Chabaidao x Luzhou Laojiao (one of the oldest Chinese Baijiu brands): alcoholic milk tea
- ③ Xiangpiaopiao: low-alcohol milk tea

#### Ice cream

#### Biscuit



Jiang Xiaobai x Pocky:  
Baijiu biscuit sticks



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②

③

- ① Chicecream\* x Luzhou Laojiao: Baijiu-infused ice cream called “Blackout”
- ② Jiang Xiaobai x Mengniu Dairy: Baijiu chocolate ice cream called “Change”
- ③ Chicecream x Martell: Cognac-infused ice cream called “Degree”

# 01 Concept innovation

\* Chinese new brands (founded after 2016)

## Sparkling flavor

Low-sugar and low-calorie beverages have been performing strongly in China in recent years. Leading this charge is sparkling water. The success of emerging sparkling water brand Yuanqi Senlin (元气森林) has enticed many stakeholders to enter into this segment and rolled out sparkling food and beverage products.

### New sparkling drinks in 2020

(incomplete statistics):

- Coca-Cola Appletiser fizzy fruit drink
- Yili Yiran honey pomelo corona flavored sparkling water
- Tsingtao Beer "Qingling" sparkling water
- Jianlibao "Weipao" sugar-free sparkling water
- Parallel Universe sparkling water series
- Nestlé "Youhuo" sparkling water
- Nayuki Tea sparkling water
- Yili Changyi lactobacillus sparkling drink
- "Mini HEY TEA" sparkling water
- Coca-Cola fruit and vegetable extract sparkling water

## Interesting cases to watch

When the sparkling tide sweeps the food sector:

- Three Squirrels: sparkling shelled melon seed



- Lay's: sparkling potato chips



- KFC: fried chicken with bubble chips



- OCAK\*: sparkling cereal



# 01 Concept innovation

## Eat for beauty

The “Oral beauty” or “eating pretty” concept is similar to the traditional Chinese concept of “food-therapy.” Chinese oral beauty industry consists of health food, traditional tonics, and normal food with the main functions of whitening, anti-aging, hydration, anti-hair loss, slimming, breast enhancement, and body slimming. Females and young people generally have the highest demands for oral beauty and body shaping products.

As the world’s second-largest oral beauty market after Japan, China has attracted overseas brands’ attention. In the first half of 2019 alone, 286 oral beauty brands from countries and regions worldwide entered the Tmall Global platform <sup>[1]</sup>.

### Health food

According to the China Commercial Industry Research Institute statistics, the size of China’s **beauty health products market** is expected to reach 23.8 billion yuan in 2022, with an estimated annual compound growth rate of about 17% <sup>[2]</sup>.

### Traditional tonics

Traditional tonics represented by **bird’s nest** have gained increasing traction among Chinese consumers. According to data from Tmall, during the pre-sale of Double Eleven this year, bird’s nest products increased by 168% year-on-year. On November 11, the sales of Xiaoxiandun fresh stewed bird’s nest exceeded 465 million, a year-on-year increase of 262% <sup>[3]</sup>.

### Normal food

The addition of **collagen, enzymes, probiotics, hyaluronic acid, nicotinamide, and small molecule peptides** in normal food has shaped new product development and innovation, especially in the snack and dairy sector.

\* Chinese new brands (founded after 2016)

## Interesting cases to watch

### Health food



Swisse: oral hyaluronic acid capsules  
Pola: anti-saccharification skin pill

### Traditional tonics



Xiaoxiandun\*: fresh stewed bird's nest  
Guanzhan: instant fish maw

### Normal food



Niu Mao Hei Hei (牛毛黑黑)\*: collagen yogurt

Quaker: collagen-peptide granola



# 01 Concept innovation

## Grass-fed

“Grass-fed” becomes the next highly sought-after health concept after “organic.” “Grass-fed” means cattle roam free on pastures and eat only grass. The meat of such cattle is grass-fed beef, and the milk is grass-fed milk.

“Grass-fed” is potential because consumers prefer traceable products. They want to know where the product comes from and whether they are sustainable.

Grass-fed products are also healthier. The content of conjugated linoleic acid (CLA) in grass-fed milk is more than twice that of ordinary milk. CLA is conducive to losing weight and reducing the risk of cardiovascular and metabolic diseases. The content of Omega-3 and carotene in grass-fed milk is also higher than ordinary milk.

An interesting case to watch



GOLDMax's love grass-fed infant formula marks clearly the origin, milk source and certification.

## “Grass-fed” in China

At present, grass-fed products in China are mostly **meat products** and **dairy products**. Meat products are mainly grass-fed beef, and dairy products are primarily infant milk powder.

According to Taobao data, among the nearly 500 products with the keyword "grass-fed milk", there are 405 infant milk powders, accounting for 80%. A quarter of the products are imported from Australia <sup>[1]</sup>.

## Promising segments

Grass-fed pasteurized milk

Weigang: grass-fed pasteurized milk



# 01 Concept innovation

\* Chinese new brands (founded after 2016)

An interesting case to watch:

## ffit8\*: protein bar

No. 1 in the "Nutrition Digestive Biscuit" category by sales volume during the first promotion round (11.1-11.3) of 2020 Tmall Double 11 Shopping Festival <sup>[1]</sup>.



## High-protein

The COVID-19 epidemic has made more consumers aware of the need for supplement proteins.



Yili:  
Greek-style yogurt Ambrosial "5G yogurt"



Shiyanshi (食验室)\*:  
deep-sea tuna crisps, offering 9 times higher protein than non-fried potato chips.

## Clean label

"Clean label" is essential to building trust in consumers. For consumers who pursue a healthy life, the ingredient list and nutrition label of food are the focus of food selection. They are more willing to choose products with "clean label" characteristics, such as low sugar, low fat, low salt, low-preservative, no-additives, non-GMO.



Haitian: "It's Simple" Soy Sauce, featuring a simple formula:

"water, non-GMO soybeans, wheat, edible salt, sugar, nothing else"

Tips:

Highlighting the 0-added and simple ingredient list on the packaging.

## Less sugar

Sugar-free products with labels such as "0 sugar" and "0 calories" have filled supermarket and store shelves, thriving on social media platforms, and risen to become a sought-after lifestyle.



Chocday\*: chocolate

A year-on-year increase of 1000% in 2020 Tmall Double 11 <sup>[2]</sup>.



Wangbaobao\*: cereal

Annual average growth rate exceeds 300% <sup>[3]</sup>.

# More trends

## 02 Category innovation

\* Chinese new brands (founded after 2016)

### Cat food

With the cat economy's rise, the number of pet cats has gradually surpassed the number of pet dogs.

From 2013 to 2018, the overall growth rate of cat food in China was slightly higher than that of dog food [\[1\]](#).

Cat food sales in 2019 were 4.18 billion yuan, increasing by 123% from 2017 to 2019, and the number of visitors increased by 30.48% [\[2\]](#).

According to data from Tmall Global on 2019 Double 11, cat food topped the list of the most popular imported goods, surpassing infant formula [\[3\]](#).

In the 2020 618 mid-year shopping festival, cat food sales increased by 237% year-on-year [\[4\]](#).

#### ☆☆☆☆☆ Promising segments

##### Wet food



Nature Bridge: brick-shaped wet food



Hongzui Mao (红嘴猫)\*: wet food bowl

##### Liquid products



Zeal: lactose-free pet milk (New Zealand imported)



Monbab: yogurt for cats

##### Anthropomorphic products



Vetreska\*: hotpot for cats



TAFEEE\*: milk tea for cats

## 02 Category innovation

### Kids' snack

For the time being, there are 50 million infants (refers to babies under three years old) in China. While the population of kids from 3 to 12 years old totals to 159 million <sup>[1]</sup>.

The consumption of kids' snacks per capita in first and second-tier cities reached over 2000 yuan per year. China's consumption upgrade has significantly shaped consumer purchasing preference towards the multiple categories of snack foods for children. There are prominent trends in the development and marketing of healthier snacks.

#### New brands launched in 2020:

Three Squirrels "Deer Blue"



Be&Cheery "Tong An An Little Friend"



BESTORE "Fairy Yummy"



Beingmate "KidsClub"



### An emerging brand to watch



### Bao Bao Chan le\*

Bao Bao Chan le 宝宝馋了 was established in 2016. It mainly develops snacks and supplemental foods for 1-5 years old babies, and claims to "reject any food additives."

#### Tmall flagship store followers:

480,000+



The TOP1 selling product  
Sesame & Sea Moss Floss  
Tmall total sales: 470,000+ pieces

#### Market performance highlights:

The brand opened the Tmall flagship store in 2018 and ushered in explosive growth in February of this year, with a half-year growth of 3025%.

#### 2020 Double 11 performance:

- No.1 in the 2020 Tmall Double 11 mother and child category brand soaring list.
- No.1 in the infant and child snack segment as a brand that has been on Tmall for less than 3 years.
- It only took two minutes to surpass 2019 Double 11 total sales and 40 minutes to surpass 2019 total sales on the first day of this year's Double 11.

# 02 Category innovation

Plant-based means food that comes from plants and doesn't include animal ingredients such as meat, milk, eggs, or honey. With the popularity environmental protection and vegetarianism, plant-based food and beverage products are gaining increasing tractions.

In 2020, China's plant-based beverage market is expected to reach 55 billion yuan, accounting for 24.2% of the entire beverage market <sup>[1]</sup>.

As demand for plant-based products is expanding rapidly, plant-based products are emerging in various forms.

## Plant-based

### ☆☆☆☆ Promising segments

#### Plant-based meat

The catering industry, including Starbucks, KFC, Papa John's, Pizza Hut, and Dicos, has successively launched plant-based meat products, spanning from pasta, spring rolls, salads, pizza, and fried chicken nuggets.



KFC:  
Plant-based fried chicken nuggets



FamilyMart:  
Potato fried egg plant-based fried chicken rice ball

#### Plant-based snack



Peasup\*: chickpea puffs

#### Plant-based drink

Swedish oat drink brand Oatly has achieved resounding success in China, which also made the oat-based drink a hot consumption segment in the Chinese market and led to many new oat drink brands.

Oat-based drink brands:

##### Chinese-grown

- Mengniu Oatist\*
- Oatoat\*
- OAKIDOKI\*
- OCAK\*
- OAT MY FRIEND! \*

##### Imported

- Oatly
- Minor Figures
- OATSOME
- Vivesoy
- Earths Own



Oat lattes from OAT MY FRIEND!

## 02 Category innovation

### An interesting case to watch- OATLY

The Swedish brand OATLY is the absolute darling of the current oat drink market. From January to April 2020, OATLY's sales on Tmall and Taobao increased by 115.4% and 2305.7% year-on-year, respectively <sup>[1]</sup>.

The price of 40 yuan per liter is much higher than the milk of the same size. However, consumers are willing to pay more for quality nutrition under premiumization consumption trend.

Oatly uses Chinese social channels such as WeChat, Weibo, Xiahongshu to entice consumers through:

- the use of its products as a new healthy lifestyle,
- the use of recyclable and therefore eco-sustainable products,
- education on how best to use its products in daily life.



Price



Product



Promotion



Place



Rich in dietary fiber, 0 cholesterol, 0 lactose, 0 sugar, and light calories are appealing to Chinese consumers.

Offline: coffee shops, Starbucks, Heytea  
Online: Oatly has a presence on all these Chinese e-commerce platforms and opened a store in Tmall and JD.com.

# 02 Category innovation

## Children's milk powder

Although the number of newborn babies in China in 2019 decreased by 580,000 compared with the previous year, the number of children aged between 4-5 is vast [1]. The demand for children's milk powder is trending upwards and is enticing established players and new entrants to develop products.

Government policy is also shaping the dairy consumption habits of children:

During this year's COVID-19 outbreak, The National Health Commission suggested, "people consume an egg and 300 grams of milk and dairy products a day."

During the Seminar on Child Nutrition and Health held during this year's Children's Day, experts proposed that dairy enterprises should step up innovation and research and develop more dairy products for children.

☆☆☆☆☆ Products launched in 2020 (incomplete statistics):

Products	
Abbott Eleva organic stage 4 milk powder for children 	Arla Baby&Me organic stage 4 milk powder for children 
Junlebao Xiaoxiao Luban 	Yili QQ Star children's growth formula 
Feihe "Zhuoran" children's milk powder 	Danone child growing up milk powder AptaGrow 

Promising segments:

Liquid formula milk for children



a2: Smart Nutrition milk drink for 4-12 year old children

## 02 Category innovation

### Tips:

Chinese brands are on the rise in terms of coffee product innovation and marketing.

On Tmall, among the top 10 coffee brands, the proportion of Chinese brands has increased from 29% to 40% and expects to reach 45% ~ 50% moving on [\[1\]](#).

Saturnbird has surpassed Nestlé to be the No.1 in the coffee category in the 2020 Double 11 Shopping Festival.

### Freeze-dried coffee

Freeze-dried coffee has been catching on among modern consumers who are pursuing quality life under a fast-paced lifestyle.



KFC:  
cold brew freeze-dried coffee series



Secre\*:  
freeze-dried coffee powder

### Instant food

Instant food shows brilliant market performance since the COVID-19 outbreak. According to Tmall data, since February, the sales volume of convenience foods has increased by 700% year-on-year.

Product lines expand from river snail rice noodles to self-heating pot, self-heating rice, instant noodles, convenient rice noodles, etc.



Li Ziqi\*:  
river snail rice noodle

On the "Li Ziqi Tmall Flagship Store", the river snail rice noodle has set a record of 1.5 million orders in a month [\[2\]](#).



Airmeter\*:  
pasta

No.1 sales of pasta during Tmall Double 11 for two consecutive years (2019-2020) [\[3\]](#).

### Meal replacement

Meal replacement foods meet the demand of Chinese consumers for a new healthy diet and provides low-calorie and balanced nutrition with macronutrient profiles that foster weight loss and muscle growth.



Sheli\*:  
rye bread



WonderLab\*:  
meal replacement milkshake powder



Beikind:  
nut bar

## More trends

\* Chinese new brands (founded after 2016)



# 03 Ingredient innovation

\* Chinese new brands (founded after 2016)

## Trends to watch

To meet the consumers' increasing demand for a healthy diet.

Promising plant-based ingredients:

- Chickpea
- Mung bean
- Coconut
- Seaweed
- Hemp

### Chickpea

Key words: High protein, low fat, plant-based, hypoallergenic,



Ivenet: chickpea-flavored rice cracker

### Avocado

Key words: Super food, health



ffit8\*: avocado-flavored meal replacement milkshake

### Oat bran

Key words: High dietary fiber



Wholly Molly!\*: oat bran porridge

### Sugar substitute

Key words: Erythritol, mogroside, stevioside



Yuanqi Senlin\*: sugar-free milk tea

### Niacinamide

Key words: Beauty, whitening



Pejoy x Chando: niacinamide-infused biscuits

### Seeds

Key words: chia seed, flaxseed



Deer Blue\*: Chia seeds cookies for kids

# 04 Package innovation

\* Chinese new brands (founded after 2016)

## Trends to watch

The packaging is the direct visual experience of product personality and brand positioning and is the first factor to attract consumers' attention. More brands start to appeal to consumers through functional, fun, and glamorous product designs.

### China chic

Key words: Chinese traditional culture, childhood nostalgia



Yili Ambrosial: Mahjong yogurt

### Tech-based

Key words: convenient and eye-catching



Zihai Pot (自嗨锅)\*: self-heating hotpot

### User-friendly

Key words: good sense of experience



CHALI: milk tea bang  
milk tea in the form of a lollipop

### Co-branding

Key words: fashion, social media topic



Mengmiu Chunzhen x Moschino: yogurt

### Transparency

Key words: safety, COVID-19, traceable QR code



HiPP: COMBIOTIK organic probiotic infant formula milk powder

# ChemLinked

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## About ChemLinked Market Portal

ChemLinked market portal provides end-to-end China market entry lifecycle management service, covering:

- Market updates & insights
- Market Research
- Brand Localization
- E-commerce Store Setup & Operation
- Marketing Campaign (KOC/KOL/SNS)
- IT Solutions (Wechat mini program)

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