

The Ultimate China's Consumers Report 2024

# Breaking Records

Everything Brands needs to know to breakthrough and dominate the Chinese Market in 2024

# Introduction

Overcoming the odds, China's consumer market continues to defy expectations, consistently achieving remarkable sales volume despite the challenges at hand.

For a giant that has known nothing but explosive growth in the past few years, tackling a slowing GDP, cautious consumer spending, uncertainties surrounding government measures, and the recovery post-COVID-19, interrogates its commercial future and status within the global economy.

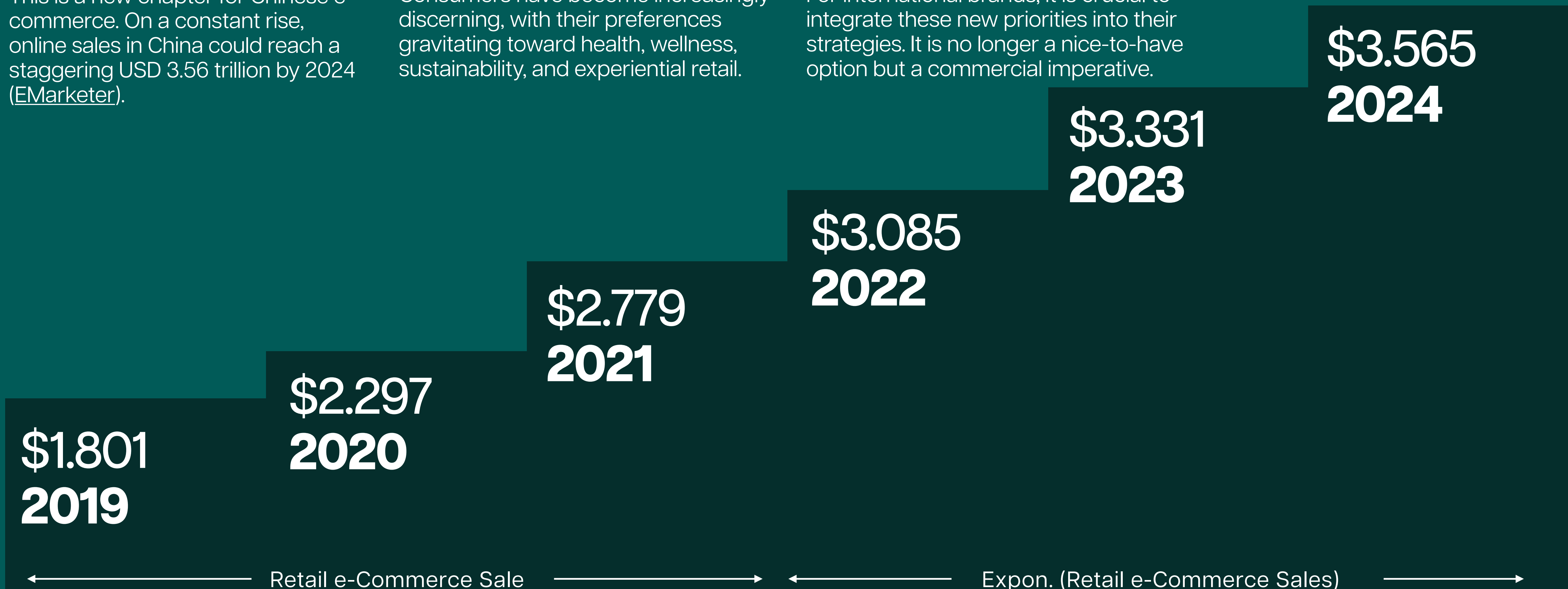
Even amidst discussions of domestic consumption downgrade, China remains a land teeming with possibilities. The potential for growth and expansion in this market is vast and varied, making it a compelling destination for retailers with a vision for expansion.

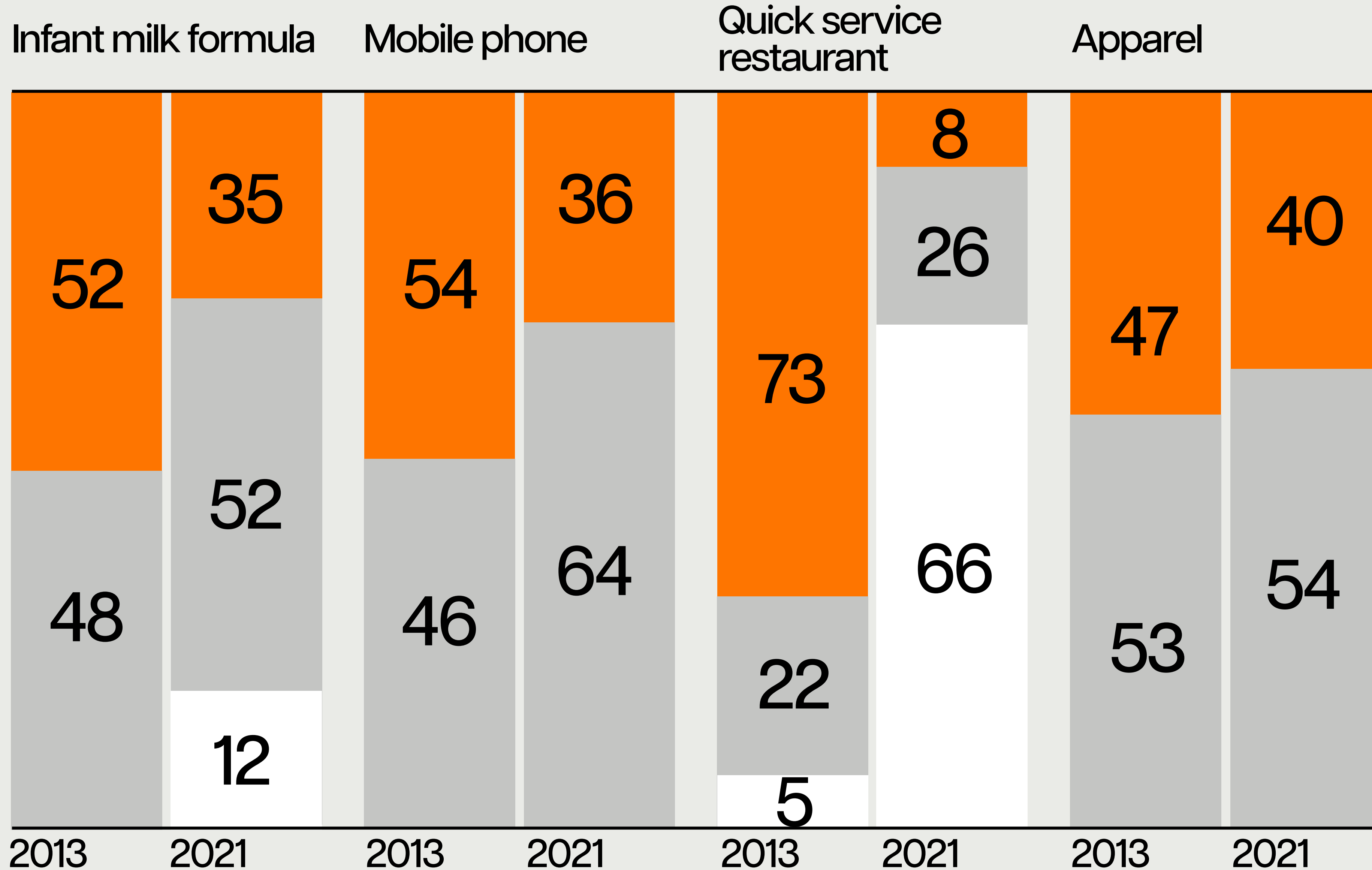
# A new chapter

This is a new chapter for Chinese e-commerce. On a constant rise, online sales in China could reach a staggering USD 3.56 trillion by 2024 (EMarketer).

Consumers have become increasingly discerning, with their preferences gravitating toward health, wellness, sustainability, and experiential retail.

For international brands, it is crucial to integrate these new priorities into their strategies. It is no longer a nice-to-have option but a commercial imperative.





■ Foreign brands
 ■ Local brands  
■ Local owned/ operated foreign brands <sup>1</sup>

As domestic brands in China continue to gain prominence, they are proving to be powerful contenders, often outperforming established foreign retailers. This shift in the market landscape prompts them to rethink what success looks like in China.

It now hinges on the delivery of experiences deeply rooted in an intricate understanding of a highly digital shopper, regional cultural nuances and a complex regulatory framework.

1. Including foreign brands acquired by local players and brands with China entity operated / listed independently.

Private consumption in China

# ¥13 Trillion

Number of additional upper-middle and high-income households

# 71 Million

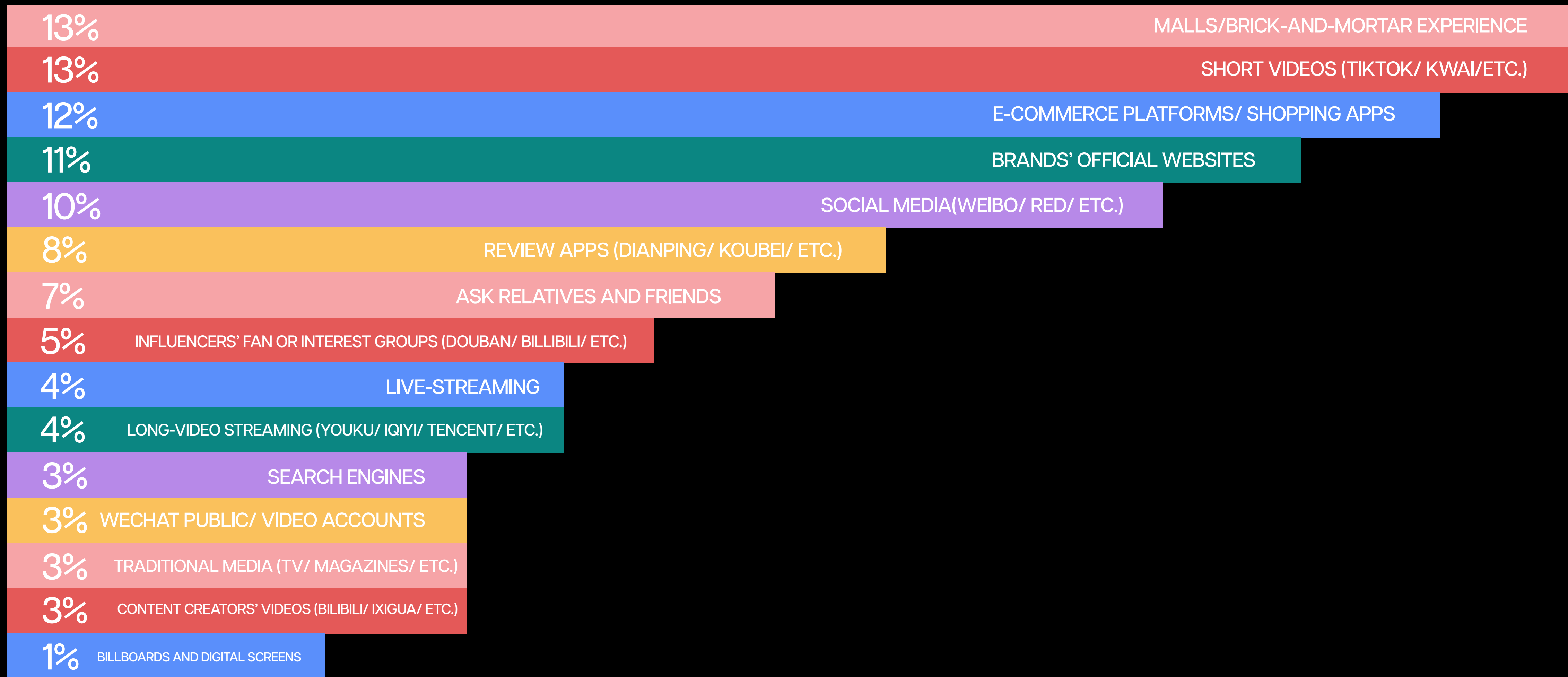
We are thrilled to present the “Branded for pioneering” series – an insightful, practical guide engineered for foreign brands seeking to excel in this ever-evolving and dynamic marketplace.

Our unrivalled expertise and intimate knowledge of the market empower us to furnish brands with a crucial toolkit for not only navigating the Chinese landscape but also for pioneering new paths. This first volume, “Break the Barriers”, provides an overview of the recent market shifts, spotlighting pivotal consumer trends, boosting differentiators, and potential barriers to entry.

# Chinese consumers riding the digital wave

The digital revolution in China is not limited to the middle and upper classes but has permeated every layer of society, democratising access to online content and shopping opportunities.

This widespread and explosive adoption of digital consumption has ushered in a new era in market dynamics, where everyone, from the high-income professional to the average worker, is an online shopper.



# Digital galaxy in expansion

The digital revolution has fundamentally reshaped traditional marketing avenues. Take billboards as an example - mass advertising with a broad and impersonal reach that is now overshadowed by individualised online journeys, distinctly tailored to preferences, habits, and behaviours. This is an opportunity for brands to engage consumers on a one-to-one basis, fostering deeper relationships and enhancing brand loyalty.

In China, mobile advertising now accounts for 80% of all expenditures ([Statista](#)) - it's not just a good to have anymore, but a necessity. Boosted by technology advancements, a rise in disposable income, and burgeoning competition from local brands, Chinese shoppers are moving fast and retailers need to pick up the pace. Key local players - now globally renowned - are leading this transformation: e-commerce titan Alibaba's Taobao and Tmall, responsible for 50% of online B2C transactions ([eMarketer](#)), and popular social media platforms like WeChat, Douyin, Tencent, and Kuaishou.

Social Media Platform	Audience	Content	Brand engagement	Monthly active users	Interests	Demographics (Seiki Digital Group)
WeChat	Broad	Messaging, social networking, news, e-commerce	Brand promotion Customer engagement	1.3 billion ( <a href="#">Statista</a> )	N/A	52.9% male 49% female 22% users below 24 years old
Weibo	Broad	Microblogging, news, entertainment	Brand collaboration Visibility boost	593 million ( <a href="#">Azoya</a> )	Entertainment, Fashion, Cosmetics, Food	51% male 49% female 55% users below 30 years old
Douyin (TikTok)	Younger demographic	Short-form videos, lip-syncing, creative content	Brand awareness Targeted exposure	743 million ( <a href="#">Statista</a> )	Entertainment, Food, Games, Beauty, Music, Drama	54% male 46% female 1/3 users below 26 years old
Xiaohongshu	High net worth individuals, lifestyle enthusiasts	Product reviews, shopping recommendations, lifestyle	Influencer collaborations and user-generated content	100 million ( <a href="#">Azoya</a> )	Fashion, Cosmetics, and Food, with an increasing focus on	30% male 70% female 82% users between 22-34
Tencent QQ	Younger demographic	Instant messaging, gaming, virtual avatars	In-game brand integration Advertising	571 million ( <a href="#">Statista</a> )	N/A	51.7% male 48.3% female 66% users below 35 years old
Kuaishou	Rural users, lower-tier cities	Short-form videos, live streaming, rural lifestyle	Brand partnership Localised advertising	420+ million ( <a href="#">Business insider</a> )	Games, Entertainment, Drama, Food, Beauty	65% in 3-tier cities and lower

E-commerce Platform	Audience	Product Range	Brand engagement
JD.com	Urban consumers, online shoppers in China	Wide range of products	Official stores Brand awareness
Tmall	Urban consumers, higher-end product seekers	Premium and branded products	Flagship stores Consumer engagement
Kaola.com	Cross-border online shoppers	Imported goods	Brand experience Consumer values
Meituan-Dianping	Urban consumers, food enthusiasts	Food delivery, lifestyle	Brand visibility Local reach

# RED 小红书

Emerging online content forms such as live streaming and short video commerce are swiftly gaining traction among China's tech-savvy consumers, who have high expectations for their online experiences.

The challenge for brands is to devise innovative, integrated digital strategies that resonate with these platforms.

Those who can effectively leverage these new channels stand to gain a significant edge. For foreign brands, this requires investing in local research and development and cultivating meaningful, culturally significant relationships with local audiences.

Year founded

2013

Number of brands on RED

140,000

Percentage of international brands on RED

44%

Number of KOLs With community-driven interactions focusing on beauty, food and fashion

40% KOLs

Recorded number of user interactions in 2022

6,500,000



# Harnessing social media through gamification

As the modern consumer grows more discerning, it becomes crucial for brands to carefully strategise their approach toward digital marketing in China. The average consumer spends approximately two hours daily on short-video platforms ([McKinsey](#))

Giving Chinese social media the power to captivate audiences and make brands better than any other channel. It's imperative to build a presence on a selection of them for any brand entering the market.

China's social media sphere is engaging over 1.02 billions users ([Statista](#)) across a range of networks catering to various profiles and interests, each with its own interface and features. While Douyin may be more suitable for targeting a younger, trendy audience, Weibo is more effective for reaching a broader, more mature demographic.

More than just standalone apps or websites, these platforms are interconnected universes - users can watch, read, play, review, note, and buy. Gamification has proven to drive interaction and brand awareness by leveraging mini-games, quizzes, and challenges. Its success lies in incentivising tangible rewards - discounts or exclusive releases - to boost participation and sharing. Key challenges for brands are to ensure the games are promoted on the relevant platform and their mechanics and rewards remain engaging, as users can quickly lose interest if the activity feels repetitive or unrewarding.



# Do it like we did for Moschino

Interactive campaigns that leverage mobile games and gamification offer a powerful way for brands to engage with consumers. A prime example of this is Moschino's Qixi campaign, which employed augmented reality and gamification to create an engaging WeChat mini-game in celebration of Chinese Valentine's Day. This innovative campaign generated significant buzz, boosted Moschino's social media traffic, and offered real-world prizes. As a result, Moschino saw heightened brand awareness and a record-breaking increase in sales among young and new customers.

# The race for influence

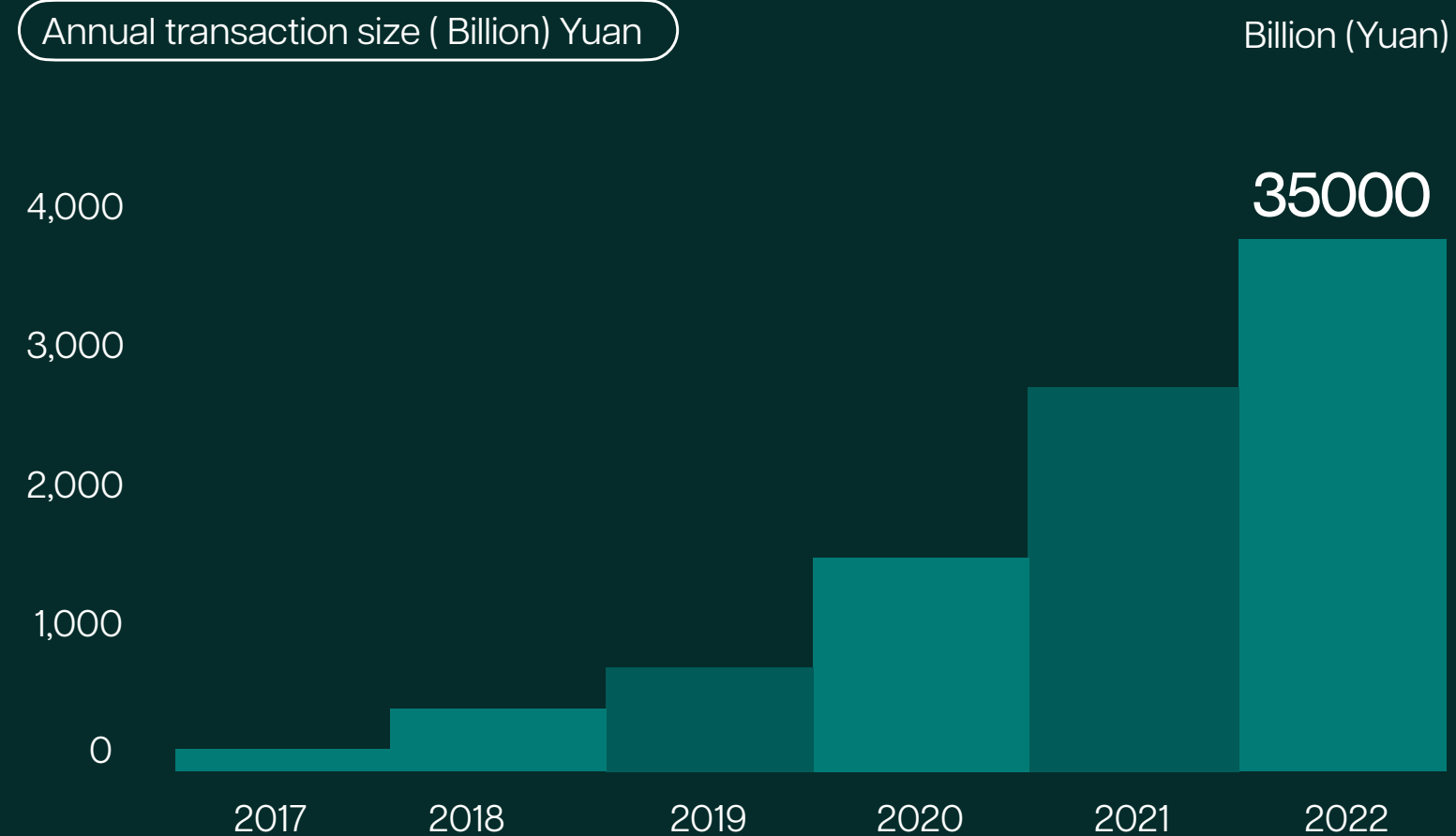
In a country where social media is woven into the fabric of daily life, the integration of live video streaming and e-commerce shopping services into unique platforms has revolutionised the way consumers shop and interact with brands. Influencer marketing has emerged as a powerful tool to foster brand awareness through effective localisation.

For foreign brands, Key Opinion Leaders (KOLs) and Key Opinion Consumers (KOCs) often are the key to bridging the gap with the local audience, providing a native voice, and laying the foundations of trust needed to build brand loyalty. KOLs elevate the shopping experience by making the live streams engaging and entertaining and driving sales through shared user experience and product recommendations.

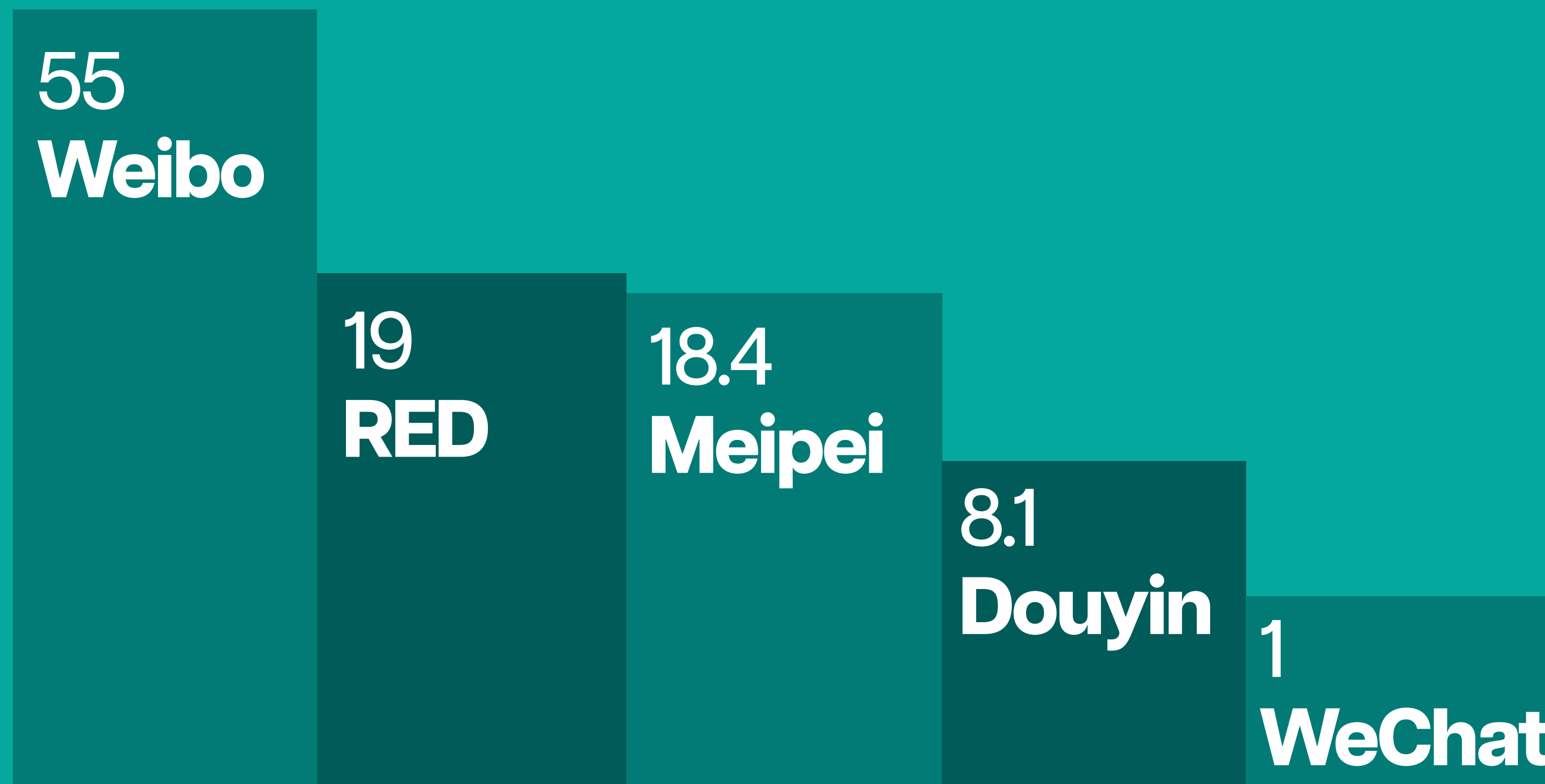
Consumers spend an impressive RMB 3.5 trillion on live-streaming e-commerce in 2022

# ¥3.5 Trillion

Annual transaction size ( Billion) Yuan



Number of KOL impressions for an investment of 1 million RMB (million impressions)



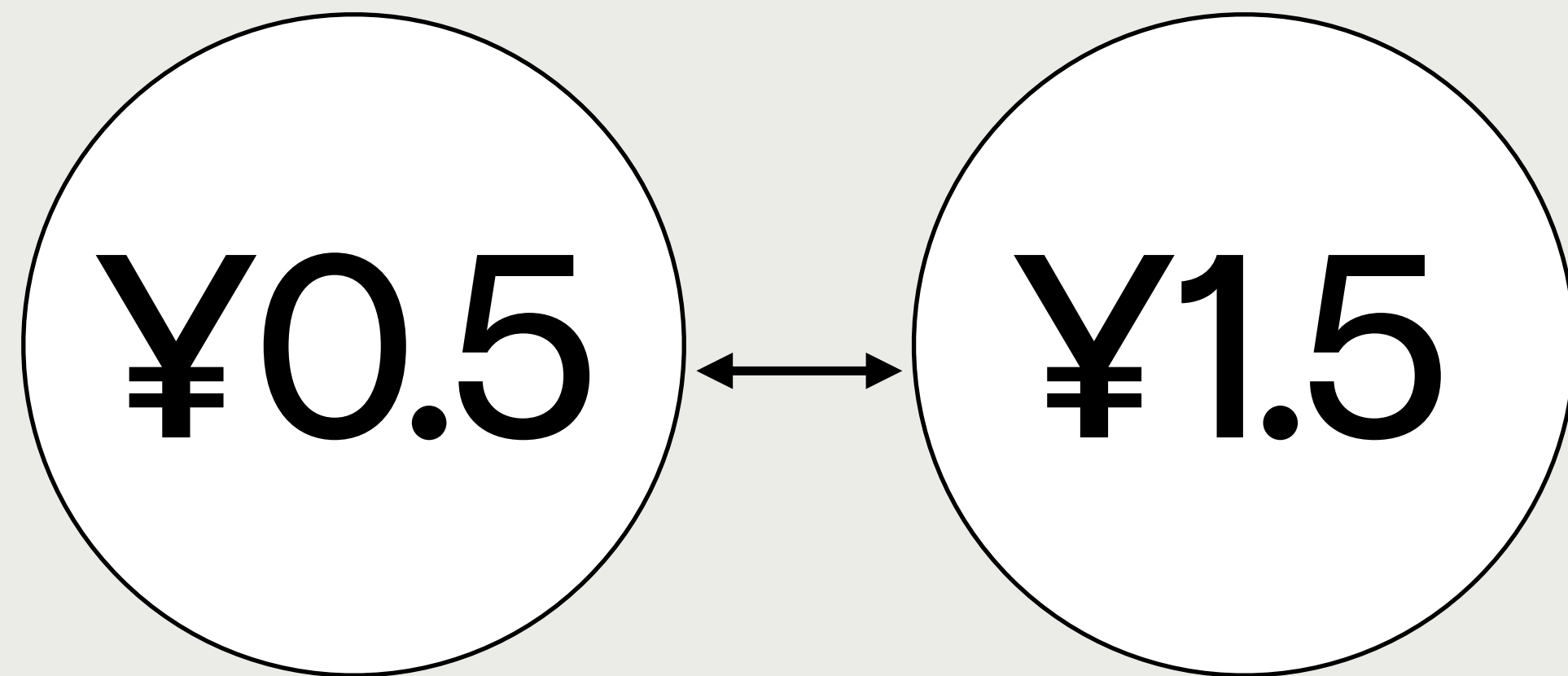
# Investing in your influencers

Like any marketing strategy, influencer marketing in China comes with its own set of risks. Finding the right influencers who can suitably represent their brand values and objectives is one of the main ones. Foreign brands must carefully balance the cost-effectiveness of influencer partnerships with the potential customer reach.

Consumers in China have become more discerning and aware that KOLs are often compensated for their reviews and endorsements. They seek more relatable and genuine reviews from influencers which led to a surge in KOCs. As these influencers offer independent opinions and unbiased reviews, brands must be prepared to manage the potential consequences of negative feedback or unexpected controversies.

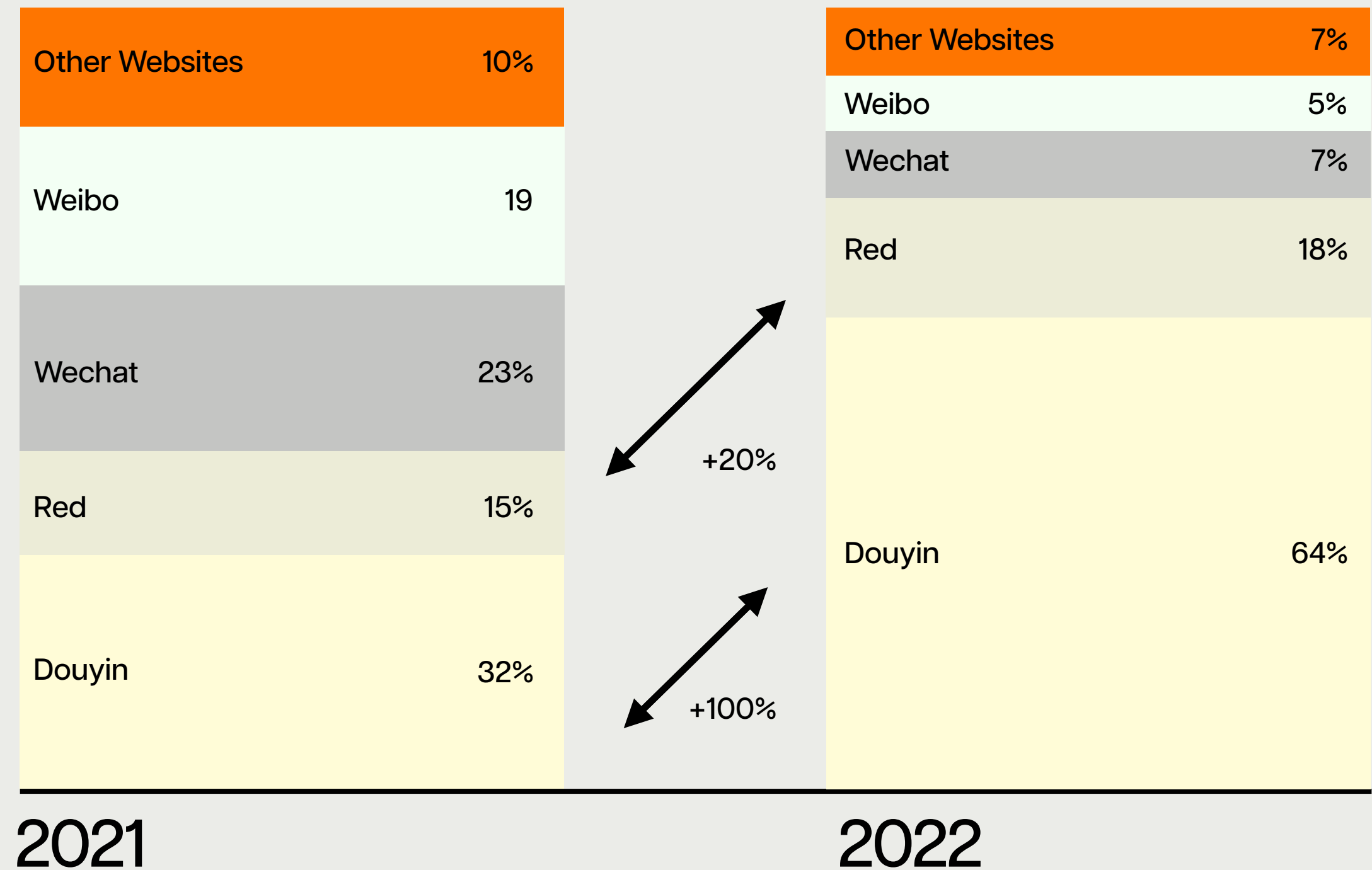
Striking a balance between allowing influencers to express their authentic opinions while safeguarding the brand's reputation requires careful research and clear guidelines and expectations to mitigate any possible damage.

Price per view



WeChat influencers can charge between RMB 0.5 and RMB 1.5 per view for a campaign. For instance, an influencer with 550,000 followers and 32,000 average views might charge RMB 40,000 for a single post (JingDaily).

EBQ Influencer Spending Share 2021 V.S. 2022



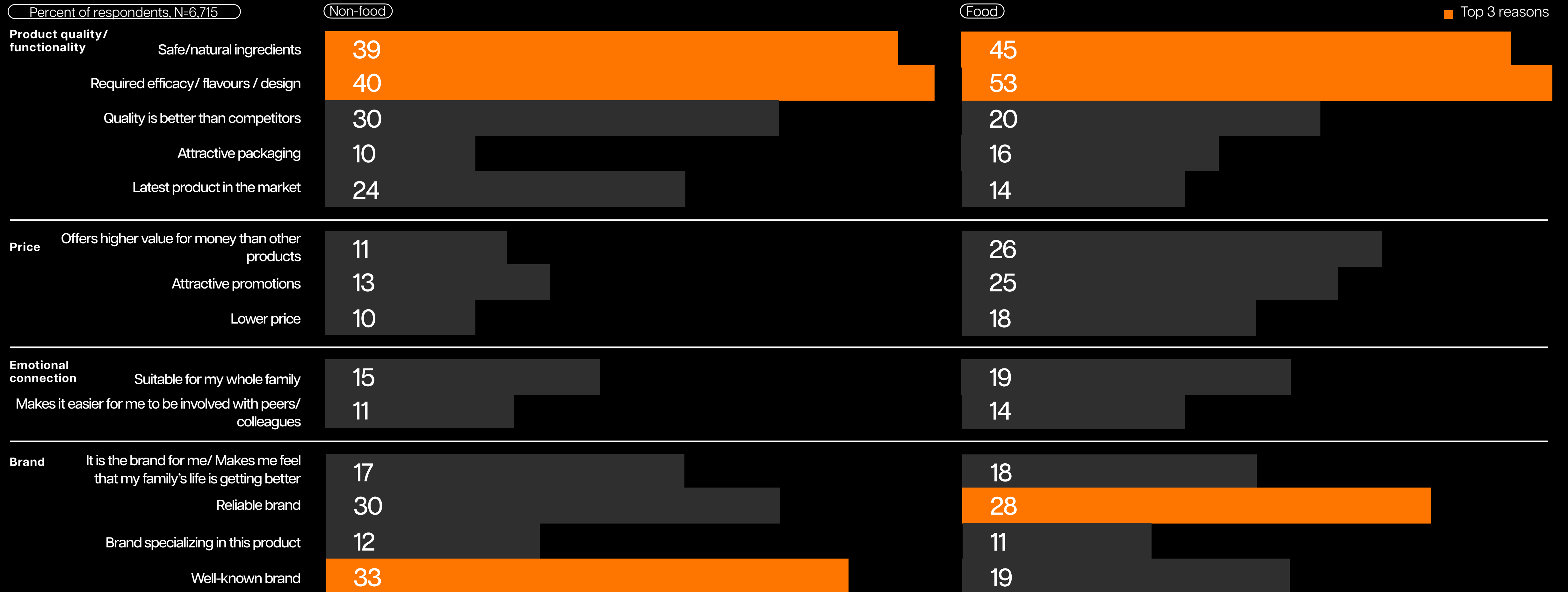
# Navigating China's rapidly changing market landscape



China's consumer landscape is a fast-paced, constantly evolving entity. Brands capable of staying attuned to emerging trends, effectively utilising digital technologies, and demonstrating a strong commitment to sustainability and social responsibility are most likely to build brand equity and increase their market share in China.

# Emerging Trends Accelerated Post-COVID-19

Chinese consumers have the technology and social networks that offer real-time information about products, prices, and promotions. This wealth of data shapes rapidly evolving trends, preferences and new shopping habits. Brands that fail to keep pace risk becoming irrelevant in the Chinese market.



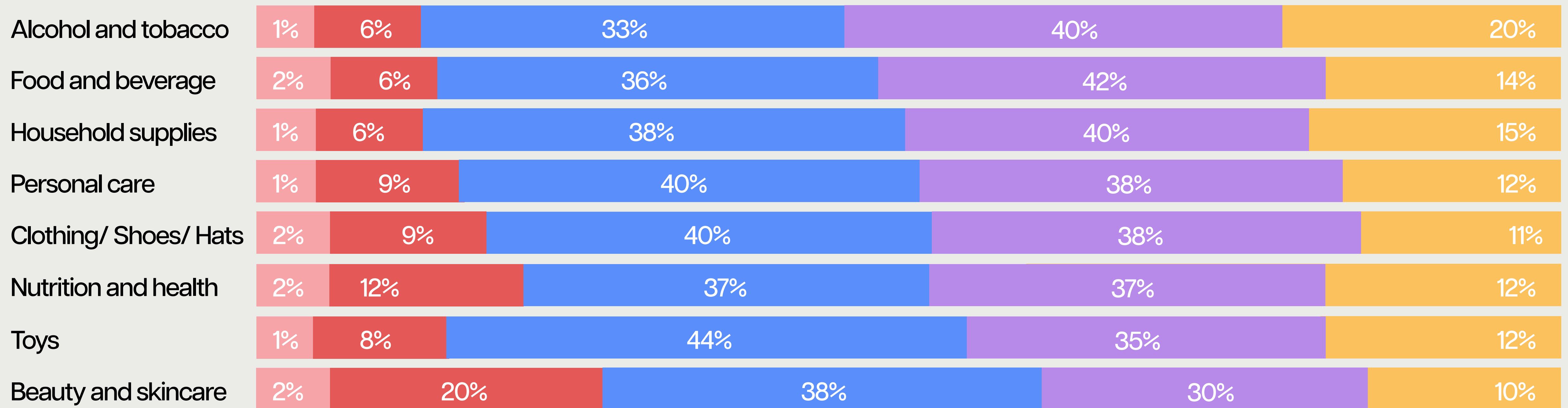
1. Question: Please select the top 10 factors when you considered buying below products; 2. Non-food includes personal care and household care, baby care, apparel; 3. Food includes dairy, food, soft drinks, alcohol

# Prioritising consumers preferences

Consumer values are becoming increasingly important in their shopping decisions. Authenticity, transparency, sustainability, and social responsibility are now priorities, with a notable 67% of Chinese consumers willing to pay a 10% premium for eco-friendly products (Deloitte).

Brands that can clearly articulate their purpose and demonstrate commitment are more likely to gain a competitive edge and strengthen brand loyalty.

The health and wellness trend is gaining momentum among consumers, making it a lucrative market for brands aiming to establish their profile in China, with a projected market size of RMB 5.12 million for digital health and wellness by 2025 (HKEX).



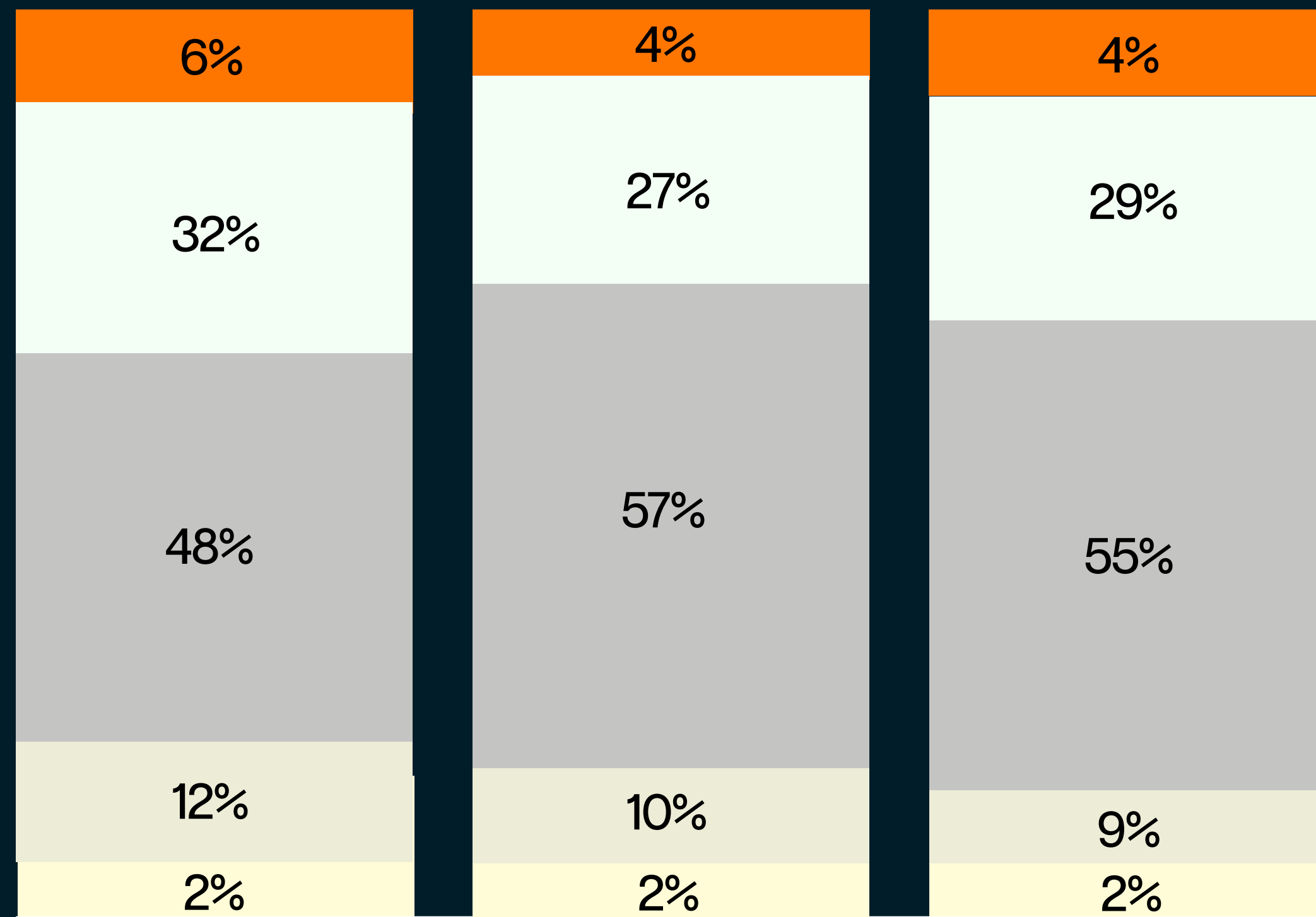
■ Only consider foreign brands
 ■ Prefer foreign brands more
 ■ Does not matter
 ■ Prefer domestic brands more
 ■ Only consider domestic brands

Survey Question: When buying the following categories, to what extent do you tend to purchase domestic brands? [Single Choice]

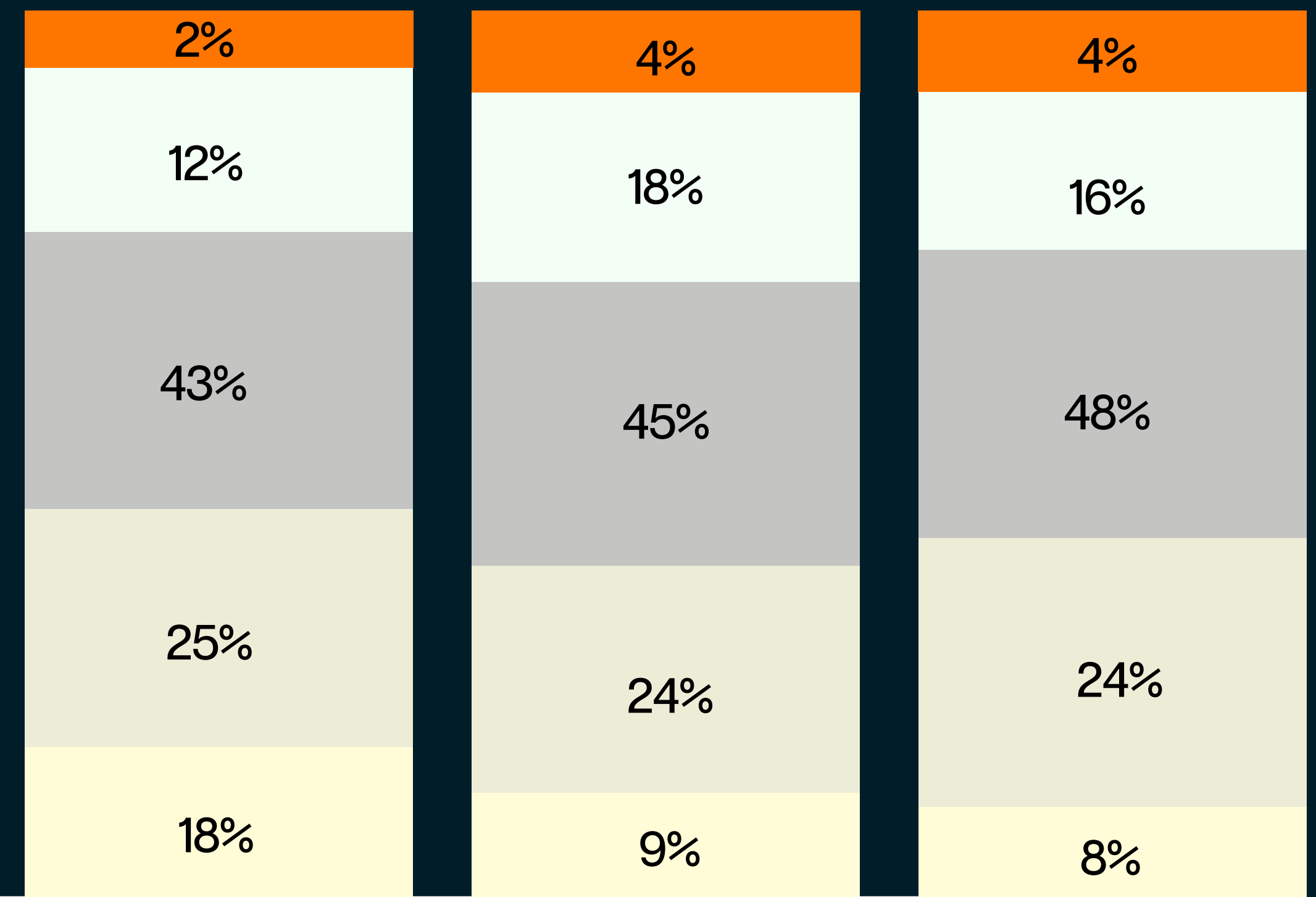
# Shifting in spending patterns

Brands are not only challenged by the shapeshifting trends they must also face low confidence levels when entering the Chinese market. As consumers grow more discerning, brands are under high scrutiny with shoppers seeking product transparency and brand authenticity. It has become a powerful differentiator, guiding consumers towards brands that resonate with their values and beliefs, fostering a deeper and more meaningful connection.

Spending in each category over the past year—Staples



Spending in each category over the past year—Non-essentials



Food and beverage

Personal care

Household supplies

Luxury goods

Toys

Alcohol and tobacco

■ Increased spending by more than 50%
 ■ Increased spending by less than 50%
 ■ Mostly unchanged
 ■ Reduced spending by less than 50%
 ■ Reduced spending by more than 50%

Survey Question: Compared to a year ago, have your consumption habits changed in the following product categories in the past year? [Single Choice]



# Localising the right way

Localisation is a complex art that requires deep cultural insights, agility, and constant experimentation. It is crucial for international brands to carefully consider which aspects of their product, brand, or process should be adapted to avoid potential risks that may arise. An expertise and process that they may not always be able to master on their own

Blindly incorporating elements without a deep understanding of their cultural significance can lead to unintended consequences, damaging consumer trust rather than strengthening it. The Chinese market, like any other, has witnessed a mix of successes and challenges faced by international brands in their localisation efforts. Some brands have encountered difficulties due to cultural differences or unintentional misinterpretations and ended up in PR disasters.

To navigate the market effectively, brands must be mindful of these potential risks and take appropriate measures. This includes conducting thorough research, seeking local expertise, and engaging in continuous adaptation and improvement. Only by doing so, they can build strong customer relationships and establish a positive brand image in the Chinese market.

# Winning the market through localisation

By deeply understanding local customs and preferences, brands can tap into the cultural nuances that resonate with Chinese consumers. This level of understanding enables brands to create a sense of familiarity and comfort, which in turn fosters trust and credibility.

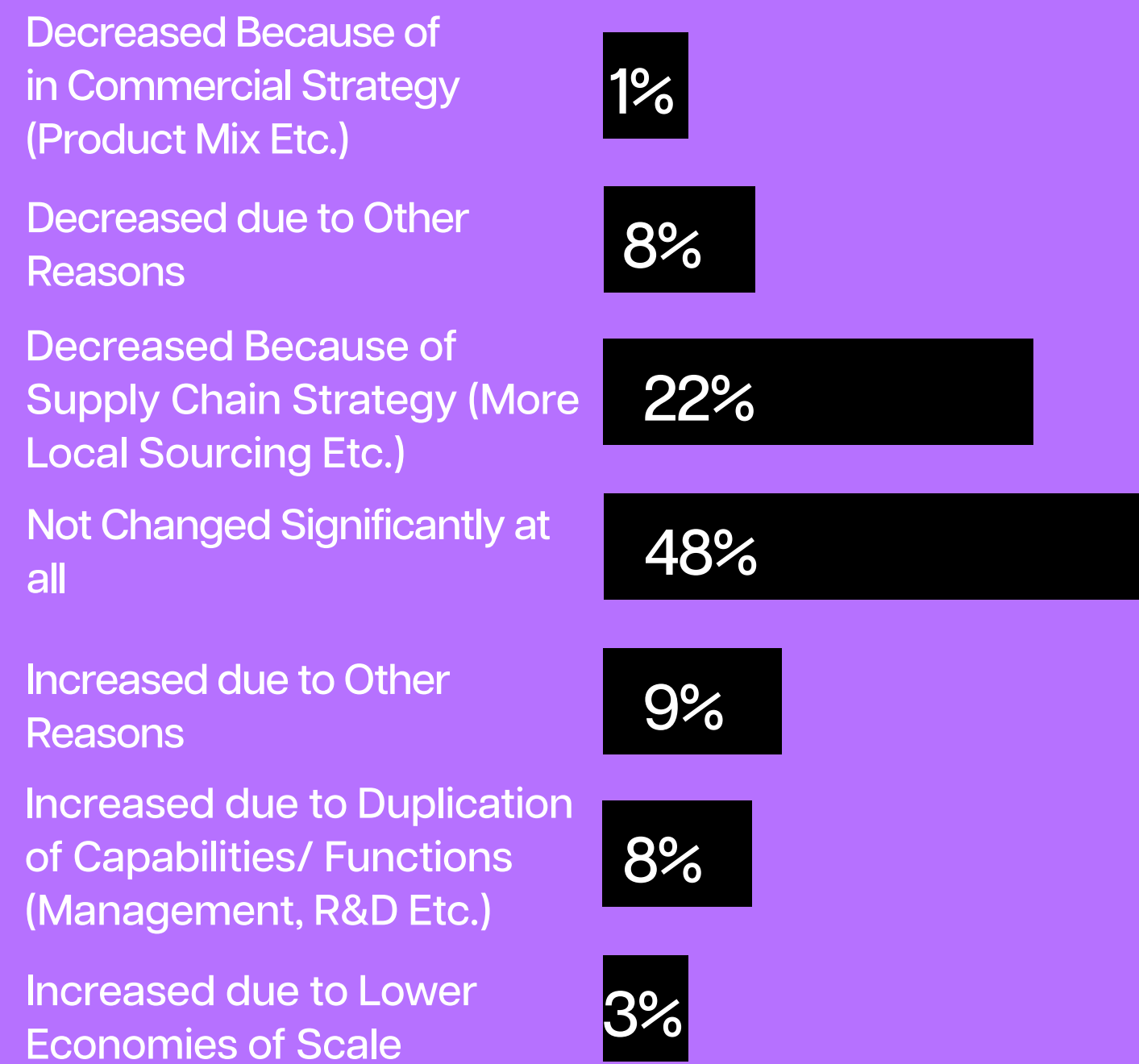
## Positive Benefits

Q: What positive impact have your decoupling and/or localization steps made in recent years?



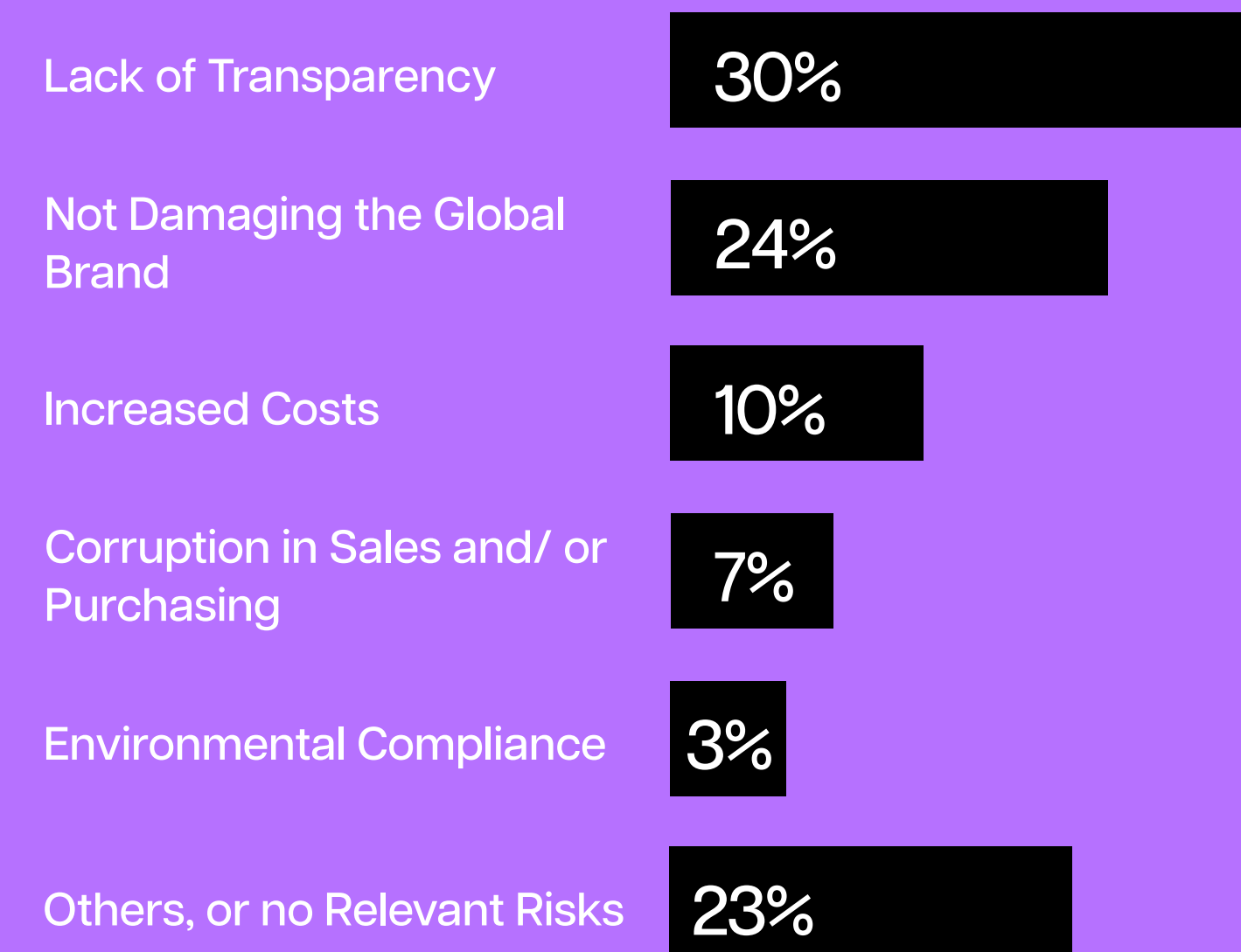
## Impact on Costs

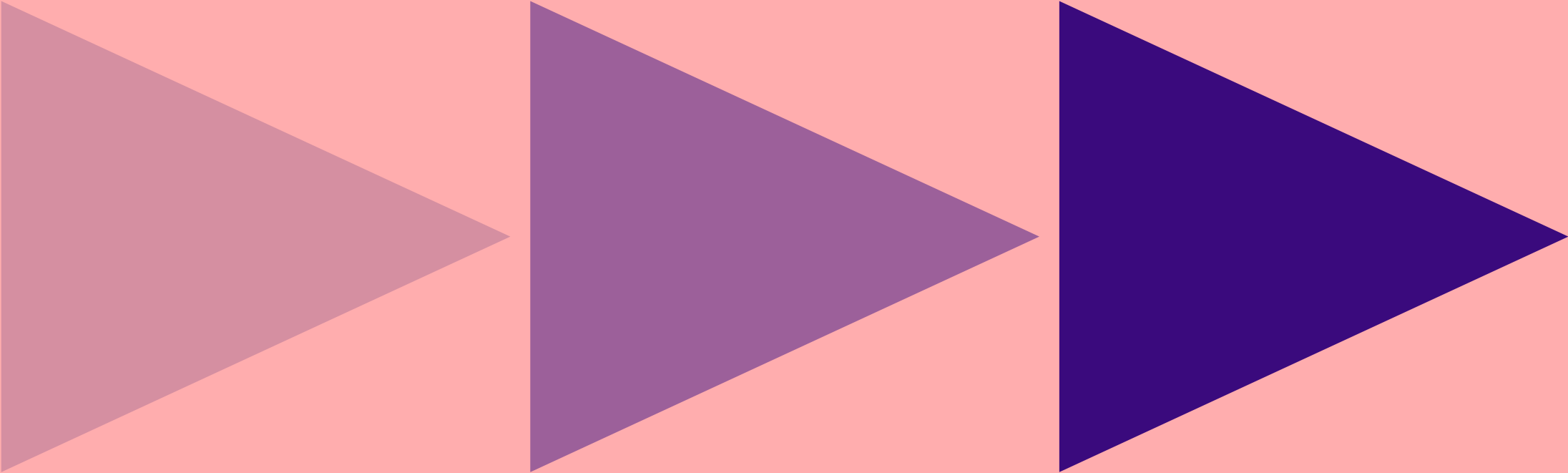
Q: As your China business has increasingly localised/decoupled, what have been the cost implications?



## Risks to be Managed

Q: What are the main concerns of HQ when it comes to the further decoupling/ localisation?



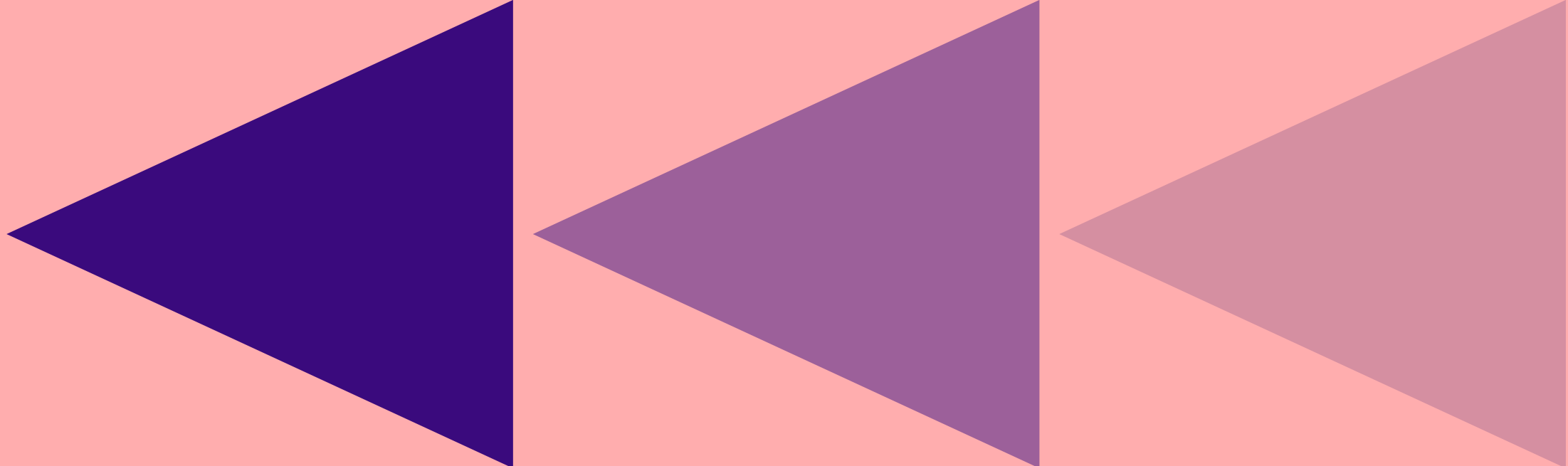


Impressions

3,538,430

Reach on vertical media

2,380,120



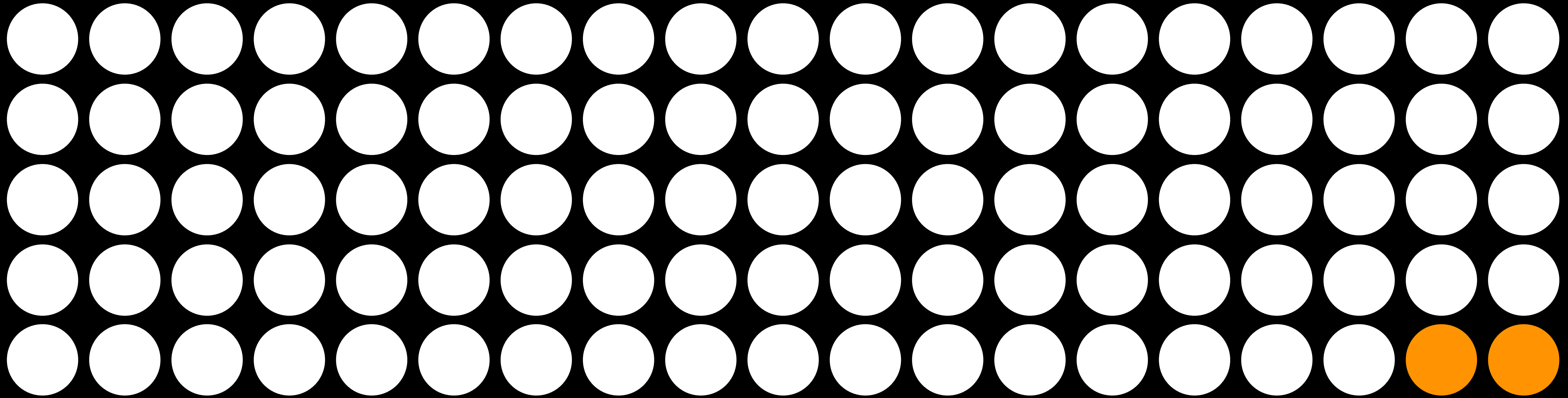
## Do what we did for AGV and Dainese

AGV and Dainese strengthened positioning and engagement with a successful localisation campaign. Partnering with us, we conducted local research and social listening to identify taboo topics in China covering motorcycle safety and racing. Rather than avoiding these topics, we crafted communications that addressed them head-on, positioning AGV and Dainese as thought leaders in the industry. With the right tone and language, we disseminated targeted content on social media, using a mix of WeChat, Weibo, and paid advertising campaigns to amplify the message.

# Strategic alliances with agencies

In China, striking a balance between global vision and local execution, innovation and insight, bold ambitions and meticulous planning is the blueprint for success. Agility and judicious partnerships are not simply competitive differentiators but commercial imperatives.

Collaborations with influential local entities enable international brands to build bridges, dissolving the physical distance that separates them from China. Prioritising collaborations that resonate with brand ethos and nurture enduring customer loyalty can unlock precious consumer insights and conduits to reach the desired consumer demographic.



Most international brands entering China are expected to lose their strategic advantages completely by 2030. **Only 2%** of them have decided and completed decoupling their Chinese branch from global operations.

# How agencies help you conquer in China



While international brands bring to the table resources and data, the need for incessant strategy tweaks and experimentation demands agility and continuous feedback. Boutique agencies, for instance, can serve as a conduit for international businesses to resonate with younger, trend-conscious consumers. Local partners provide access and scale and cultural affinity essential for navigating complexity and nuance. They help anticipate shifts in topics like consumption, community, and regulations that might impact current strategies.

The promise of China's massive consumer base is matched only by the challenges of connecting with its dynamic audience. Anticipating change and gaining local knowledge allows brands to mitigate reputational risks and build authentic connections that will ensure their continued success in China.

Chinese brands partner with **30%** more agencies than the global average, averaging **26** agencies' engagement covering areas from e-commerce to field marketing (CRM, promotion, activation, and events) taking precedence.

# With our rich experience and deep understanding of brand development in the Chinese market, we have distilled the path to success into key actionable insights:

## Approach the market with a strategic mindset:

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Invest in brand building, customer loyalty programs and continuous innovation to establish your long-term presence.

## Remain agile:

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Monitor market trends and adapt strategies on the go, keeping your brand relevant and competitive.

## Balance global and local perspectives:

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Ensure your brand ethos resonates with Chinese consumers.

## Implement effectively:

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Understand the digital ecosystem to amplify the brand through the most relevant and efficient communication channels.

[Contact us for more](#)



**Branding Records**

Thank you.