



# KANTAR

## How to navigate the 'new normal' in F&B sector

By Jason Yu

Managing Director, Greater China

Kantar Worldpanel

# KANTAR



Understand People  
Inspire Growth

Confidential V1.3

## 凯度消费者指数 Kantar Worldpanel

### Real Shoppers

Continuously Tracking  
Purchase Behavior in & out of home



### Omni-channel

Understand how shoppers buy  
across all channels



## 13.3 Millions+

Shopping baskets studied across  
different sectors



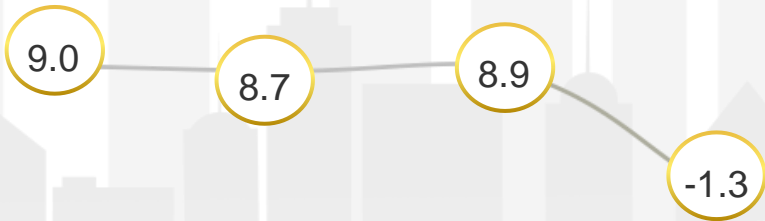
**KANTAR**

**Setting the  
Scene**

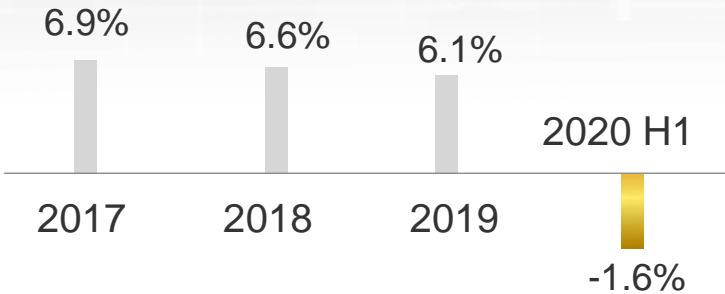


# Q1 was significantly impacted by Covid-19, while the recovery evident in Q2

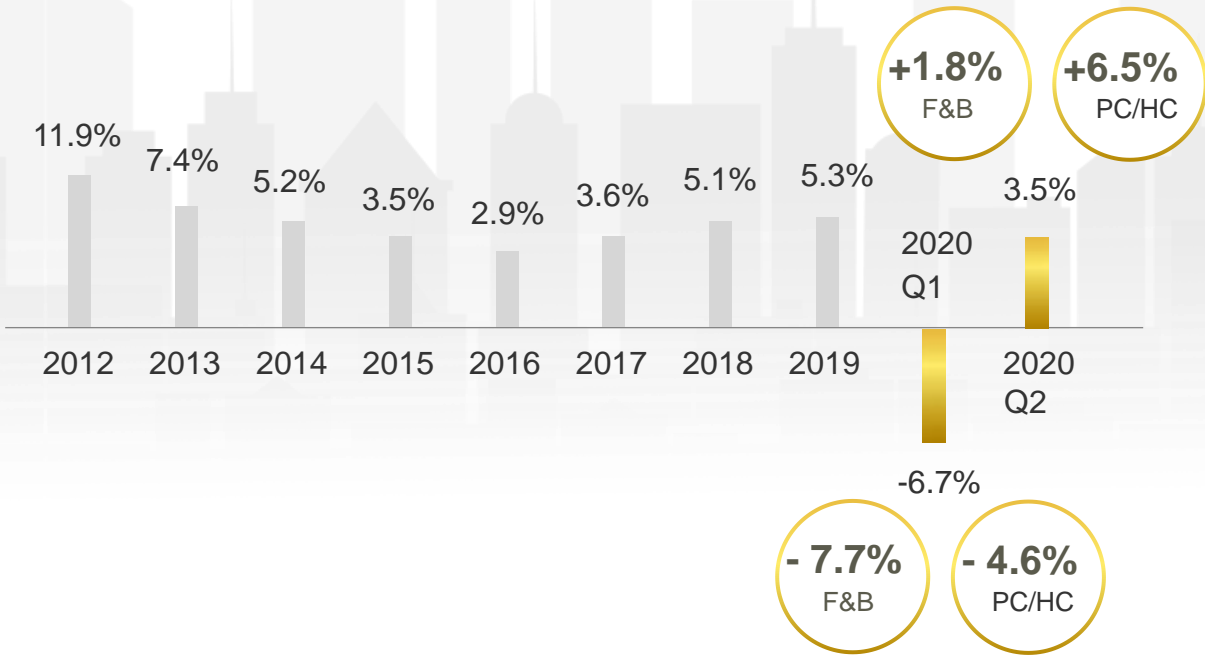
Disposable Income Growth%



GDP Growth%



FMCG Value Growth%



Data source: National Bureau of Statistics

Data source: Kantar Worldpanel, Households

All purchase measures negatively affected during pandemic outbreak; Q2 recovery was led by increases in both volume per trip and frequency

2020Q1 vs . 2019Q1

2020Q2 vs . 2019Q2

**-7.7%**

2020Q1  
F&B Value

Ave. Price **-5.0%**  
Frequency **-2.8%**  
Trip Vol. **-2.2%**

**+1.8%**

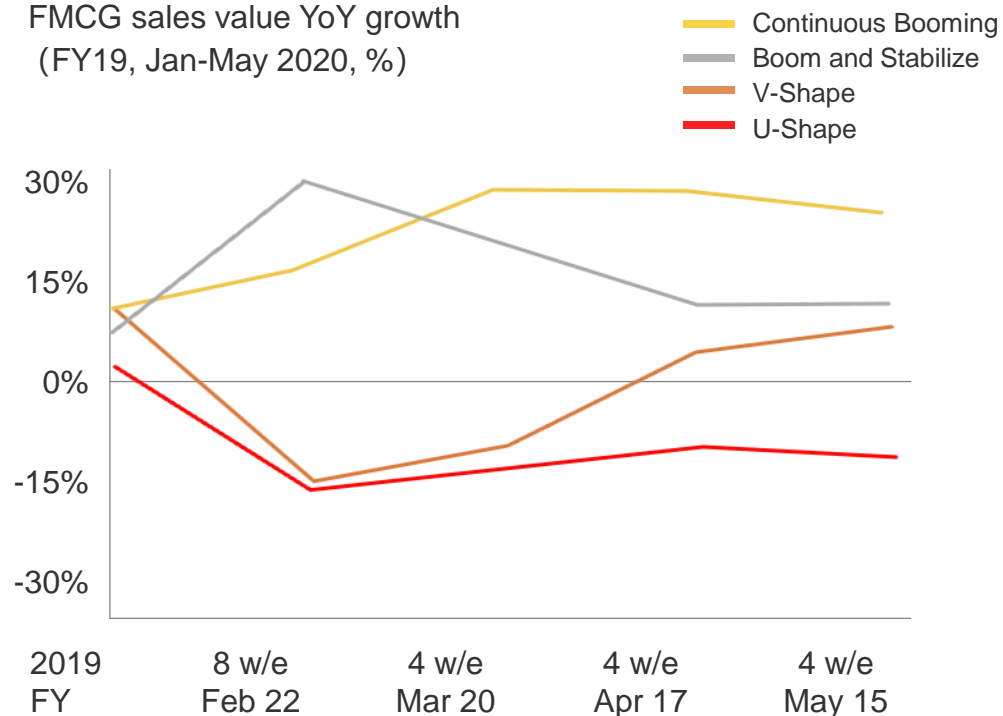
2020Q2  
F&B Value

Ave. Price **-2.7%**  
Frequency **+0.6%**  
Trip Vol. **+1.7%**

# Well-being, hygiene and cooking related categories continue to boom, while sharing and social related categories still suffered

## Four types of impact on categories

FMCG sales value YoY growth  
(FY19, Jan-May 2020, %)



Continuous Booming

Soy Sauce CSD Ice-Cream

Boom and Stabilize

Packaged Water Instant Noodle  
Frozen Food

V Shape

Milk Pet Food Infant Milk Formula  
Beer Chinese Spirit

U Shape

Candy Chocolate Biscuit Wine/Foreign Spirits  
Juice RTD Tea Gum Yogurt



# KANTAR WORLDPANEL

A CTR SERVICE IN CHINA

**Back to 'normal'  
or stay at 'new  
normal'**



**1** Holistic Health & Well-being



**2** New Habits vs. Back to Normal



**3** Revival of OOH consumptions



**4** O2O Services to drive new moments



**5** Value for Money & Lipstick Effect



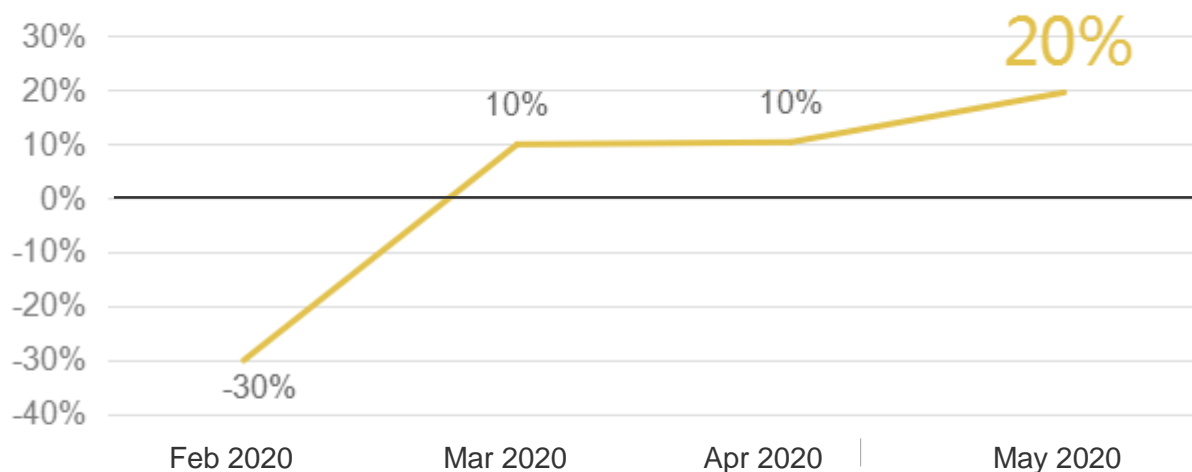
**5 key levers to navigate the 'new normal'**





# Consumers pay more attention to the nutritional and immunity benefits of food

Milk Category Value Growth%



Probiotics + Low Fat High Calcium Milk



Finest Protein Good for Kids



Plant-based, High Protein No Cane Sugar Added



# Age of Low/Zero Sugar is here! Enjoy the drink without a sense of guilt

## New Stars: Sugar-free brings Happiness with Fitness



Sugar-Free Tea Buyer Index\*\*:  
 Young Single/Couple **123**  
 HH Income >9K **127**

## Classic Choice: Reborn for Health with Sugar-free & Fiber



### Sprite Fiber+

Penetration%  
 in first 6 months

**6.55**

(average of NPD  
 in past 3 years: 1.35)

### Purchase Reason Index



**330**  
 Health

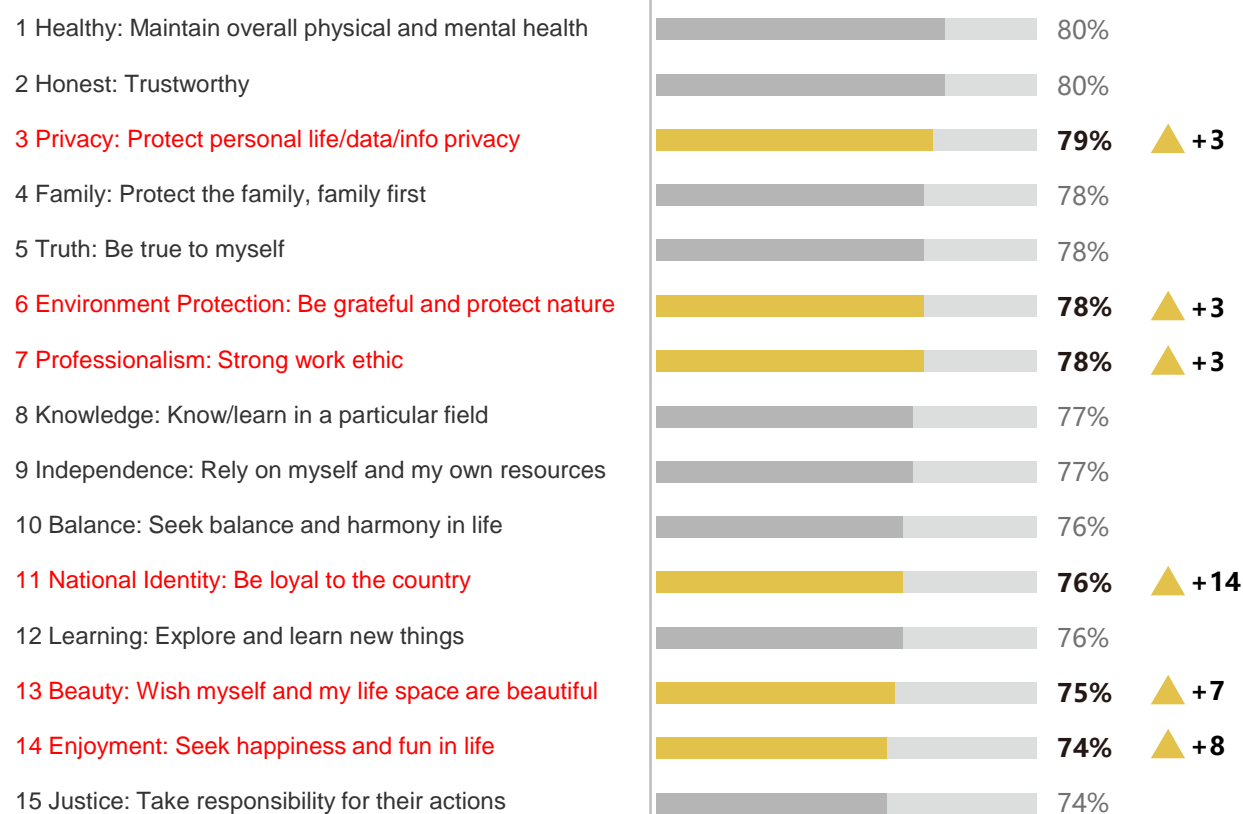


**378**  
 Recommended by  
 Friends



# Health is not just physical and consumers are developing a more holistic view about the well-being of themselves and the world around them

## The Values of Chinese Consumers



Consumers care not only the physical health, but also **the mental and spiritual health**

Brand owners can communicate on these broader needs







# More in-home occasions stayed as consumers cautious in pre-vaccine era

## Home-made is Always the Best



### Total Seasonings

|                             |                            |
|-----------------------------|----------------------------|
| <b>+10%</b>                 | <b>+17%</b>                |
| During Peak<br>Feb-Mar 2020 | After Peak<br>Apr-May 2020 |

## Cooking Skill Upgrade

### Cheese/Butter

|                             |                            |
|-----------------------------|----------------------------|
| <b>+44%</b>                 | <b>+60%</b>                |
| During Peak<br>Feb-Mar 2020 | After Peak<br>Apr-May 2020 |



## Joyful Gathering Moment

### CSD

|                             |                            |
|-----------------------------|----------------------------|
| <b>+6%</b>                  | <b>+27%</b>                |
| During Peak<br>Feb-Mar 2020 | After Peak<br>Apr-May 2020 |

## Self-indulgence, Enjoy Life

### Ice-Cream

|                             |                            |
|-----------------------------|----------------------------|
| <b>+45%</b>                 | <b>+49%</b>                |
| During Peak<br>Feb-Mar 2020 | After Peak<br>Apr-May 2020 |





# Stockpiling food and reducing non-essential shopping a more regular behaviour

## Stockpiling Food, Live with the Epidemic Feb-Mar 2020 GR% vs Apr-May 2020 GR%



Instant Noodles

+101% → +22%



Quick Soup

+59% → +51%



Frozen Food

+27% → +22%



Bread

+21% → +8%



## Some habits are back as consumers aspire to resume 'normal' life

### Return of the Normal Life Feb-Mar 2020 GR% vs Apr-May 2020 GR%



Adult Milk Powder

-14% → +19%



Cereal

-11% → +16%



Foreign Spirit

-29% → +7%



Beer

-34% → +3%



Instant Coffee

-9% → +4%



Chinese Pastry

-12% → +8%

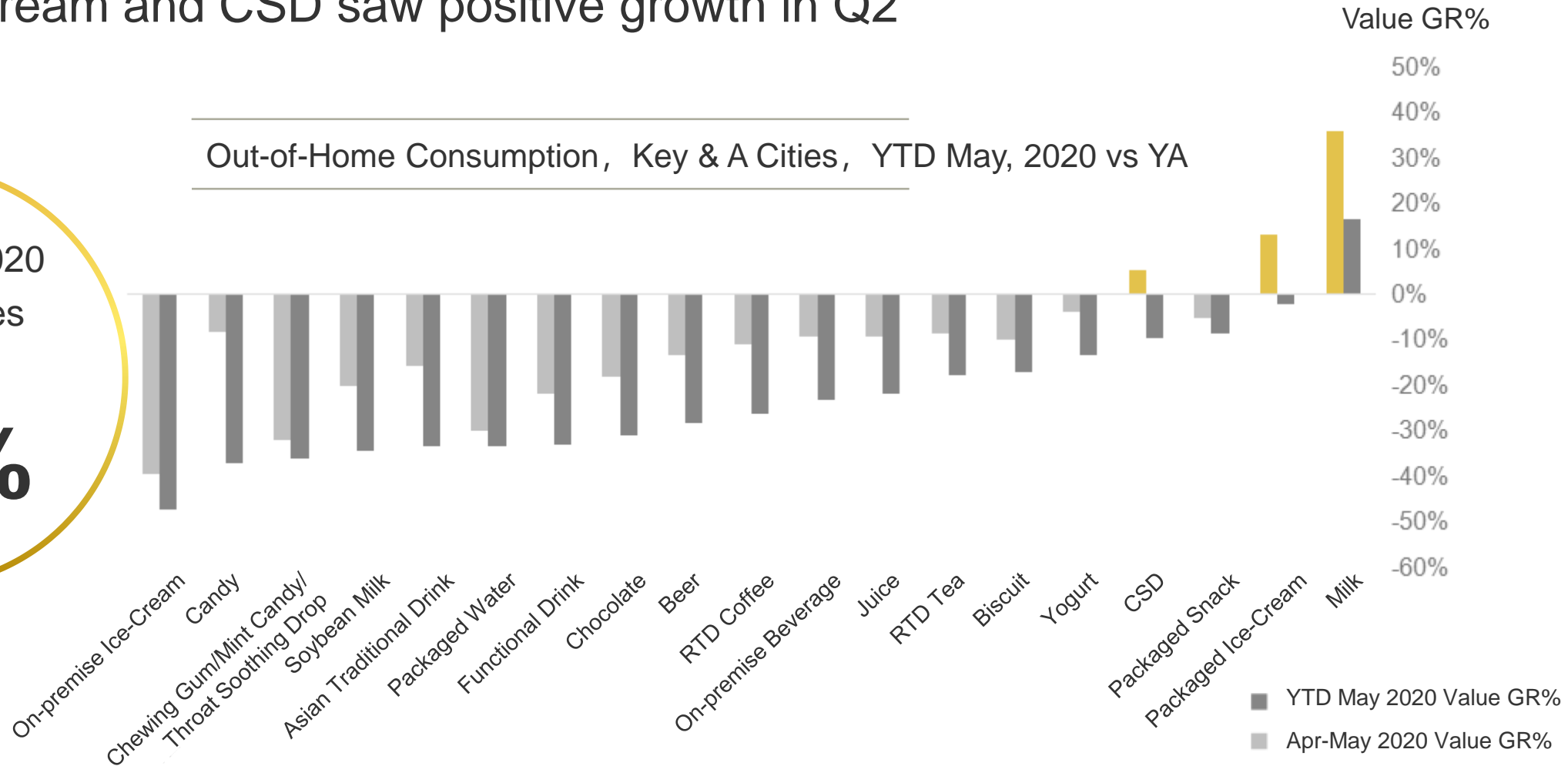




Out-of-Home Consumption serious impacted by the COVID-19, with only milk, Ice-cream and CSD saw positive growth in Q2

YTD May, 2020  
 Top 27 Cities  
 OOH F&B  
**-22%**

Out-of-Home Consumption, Key & A Cities, YTD May, 2020 vs YA





# Less outdoor activities yet pockets of growth witnessed



Morning

Afternoon

Night Snack

Office

Strong snacking demands between meals during work



Tea Shop

Café

Ice-Cream Shop

Street Vendor

Street vendor and night market economy



20-29 y.o.

>12K HH Income

With Friends

Self-Indulgence

Urban Gen Z consumers

Out-of-Home Consumptions, Key & A Cities, Apr-May 2020 vs Jan-Feb 2020, outperforming elements

# Enhance the communications of growth occasions and prepare for the sparkling beverage era

Drinking occasions in workplace



Soda beverage, next “happiness water”?

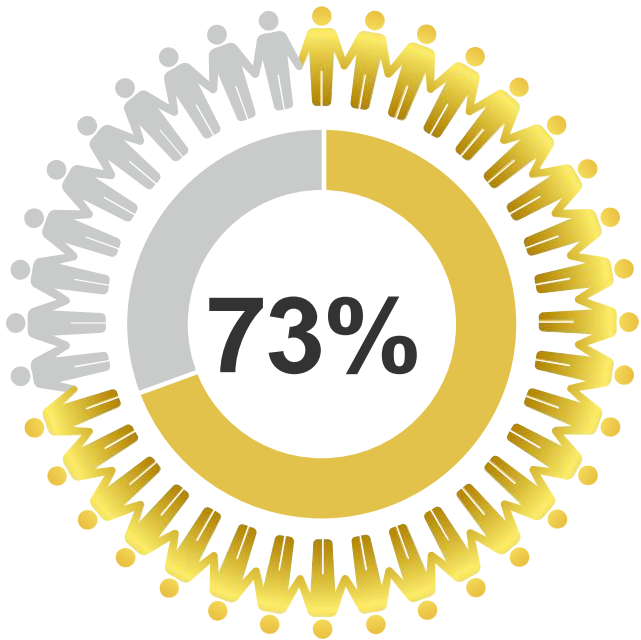




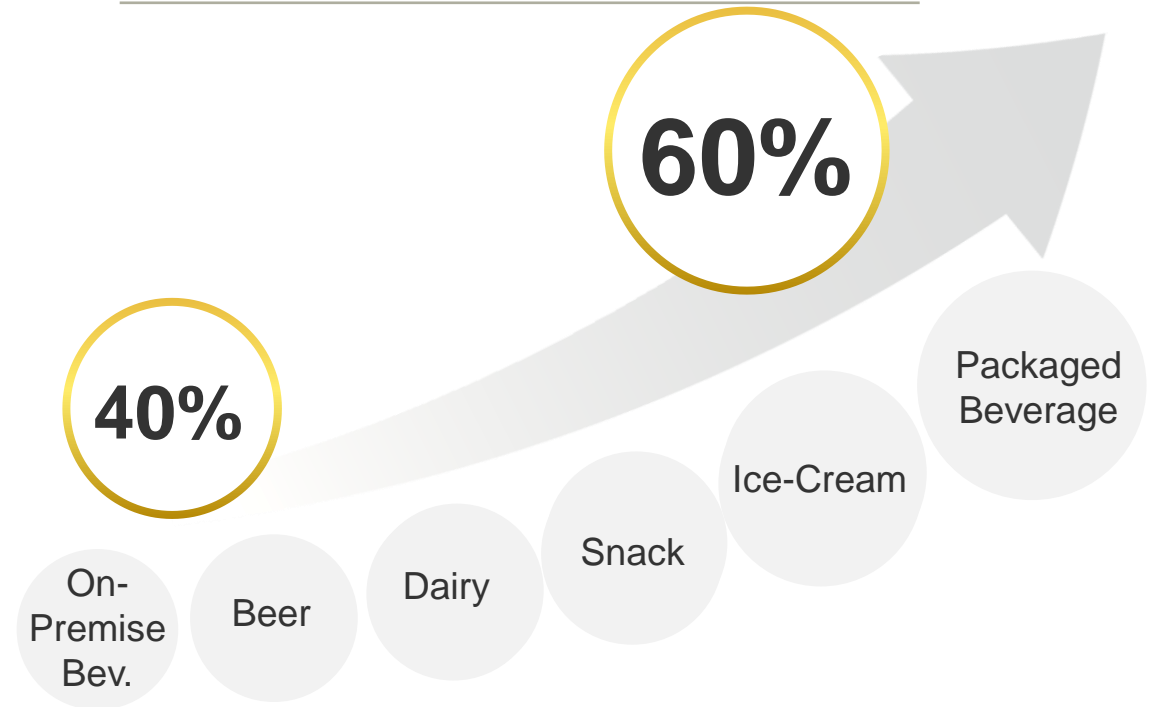


# More than 70% of OOH heavy buyers in 2019 still remain heavy buyers in 2020

73% of OOH heavy buyers in year 2019 still remain heavy in year 2020.



40-60% of OOH market heavy buyers also the heavy buyers of the categories





# How heavy buyers' need are evolving in 2020

## HEALTH



### Less is More

Nature, Pure, Additive-free

- ✓ No Preservatives (46%) , No colourings (32%), No Essenes(29%)
- ✓ Non-GMO Ingredients (53%)
- ✓ No Sugar Substitutes/Sweeteners (19%)



### Keep Fit

High Proteins, Boost Immunity

- ✓ Vitamin (73%)
- ✓ Plant Proteins(24%)
- ✓ Chinese Herbs (8%)

## WELLNESS



### Back to Outdoor

Healthy, Full and Happy Lives

- ✓ Outdoor Sports
- ✓ Park, Theme Park (22%)
- ✓ Book Store (22%)



### Safety

Home Delivery and Safety

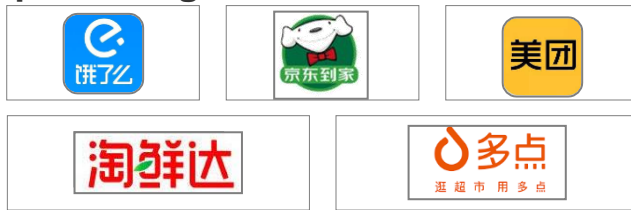
- ✓ Contactless Delivery Service (83%)
- ✓ Travel by Private Cars (61%)



# O2O accounted for 4.3% of FMCG value in 2019, driven by both demand and supply

O2O format is expected to thrive in multiple formats...

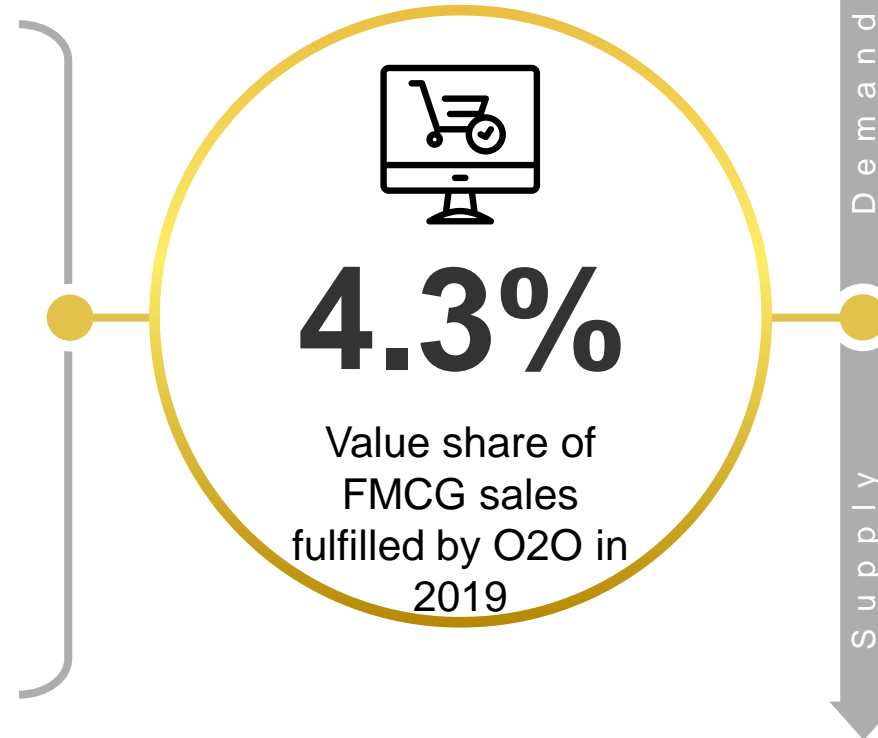
## Horizontal marketplace platforms, partnering with brands / retailers



## Online & offline new retailer platforms



## Self-run O2O platforms by traditional retailers



... driven by both demand and supply factors

- **Increased importance of convenience**
  - Directly deliver to home with short lead-time
  - Fragmented emerging needs to be fulfilled anywhere anytime
- **Preference on one-stop shop**
  - Prefer full options both of categories and brands
- **Maximizing supply chain efficiency**
  - Set front warehouse to improve inventory turnover
  - Leveraging 3<sup>rd</sup> party on delivery to minimize cost
- **Optimizing consumer coverage and experience**
  - Leverage eco-system partner to attract traffic
  - Integrating full-channel data to generate insight and maximize consumer engagement



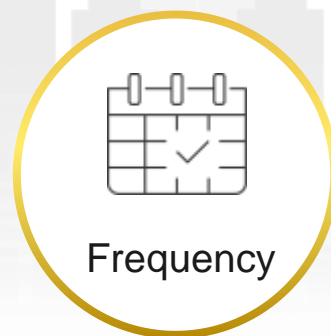


In 2019, 57% Urban families bought FMCG via O2O. On average, people are willing to pay 40% more compared to the trip size made at stores

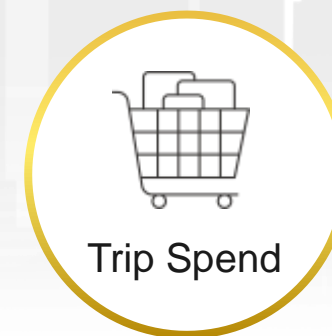
FMCG O2O Purchase Behavior  
2019, Urban China



57.1%



5.5

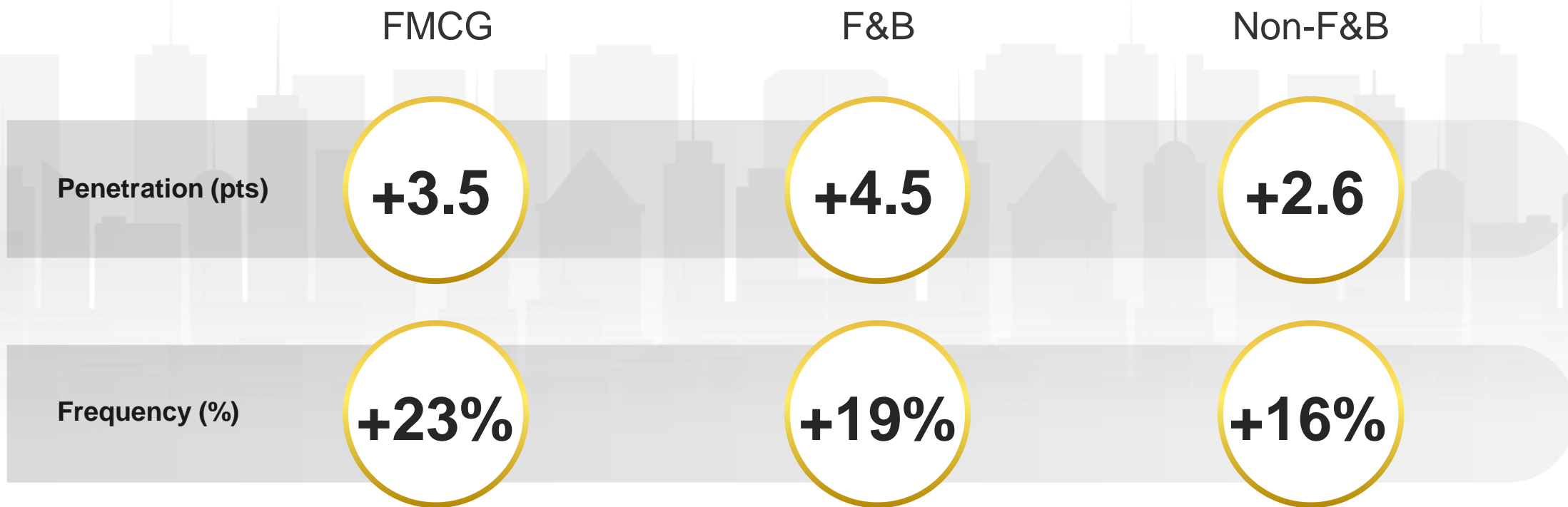


107 RMB

76 RMB in pure offline



## O2O growth in F&B is faster than non-F&B due to the impact of Covid-19

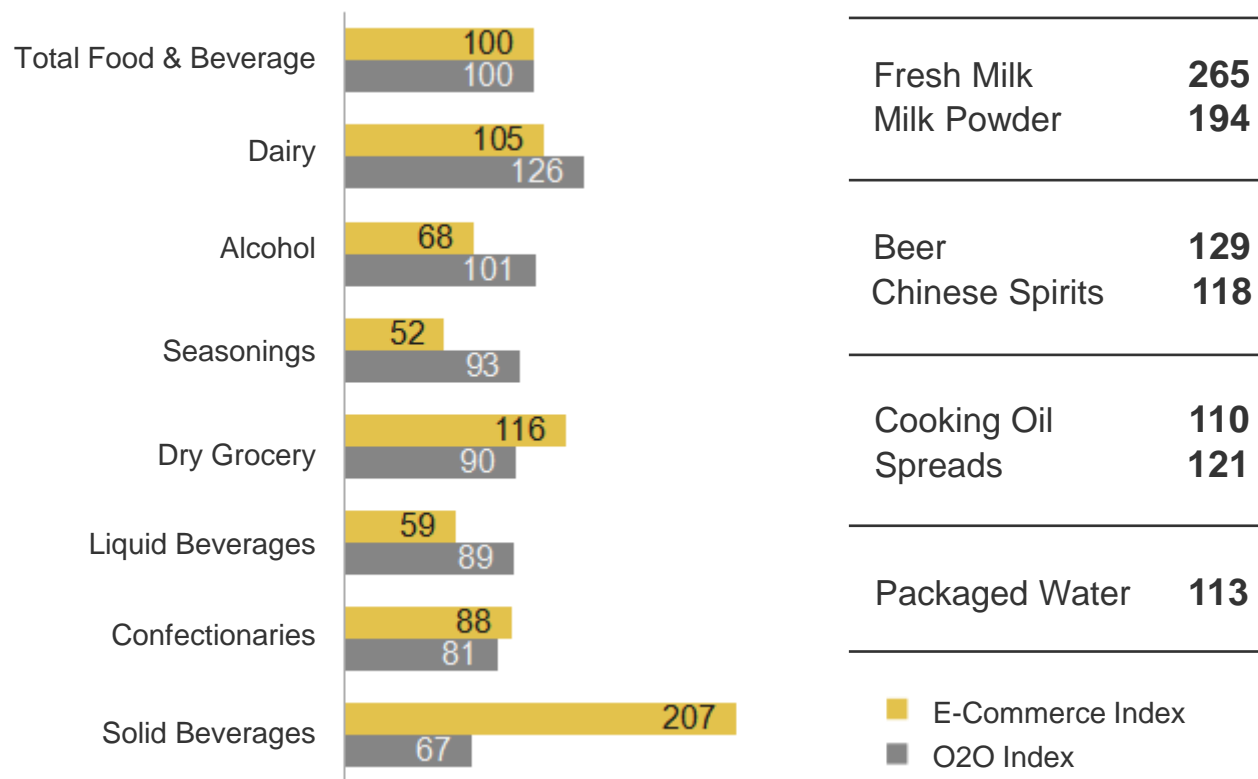


20Q1 vs. 19Q1



Comparing to EC, O2O is more suitable for dairy, alcohol, seasoning and liquid beverages. More categories are enhancing their presence in O2O

O2O value% Index, 2019, HH Panel, National Key-D City



Joint Promotion with O2O Platform for Home Stock Up



Seasonal Theme Campaign





# Yili Danish Cheese Yogurt x ELE.ME: Tagging the Right Moment

Yili's new Danish Cheese Yogurt X Ele.me Theme Campaign  
Gain More New Buyers/Occasions



**Hitting the pain point of target group**

22-35 year

Workplace consumption



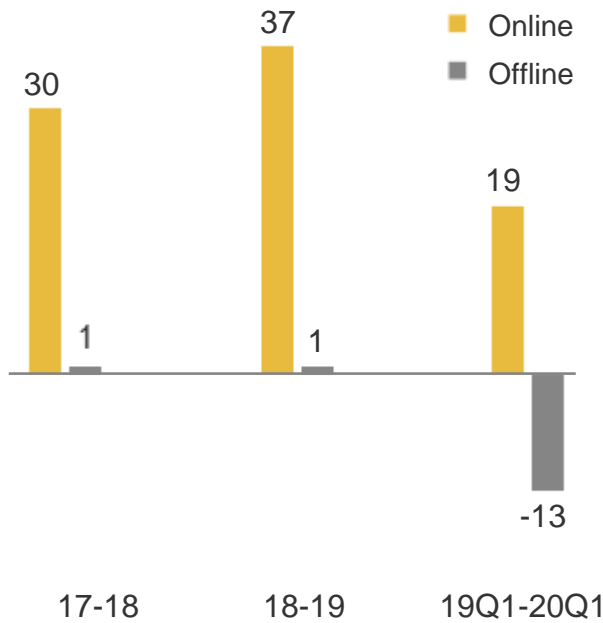
Customized package provide exclusive coupons, achieve the closed-loop traffic direction



COVID-19 accelerated shift to online and resulted in rise of value offers. Online shopping festivals means deeper discounts to consumers.

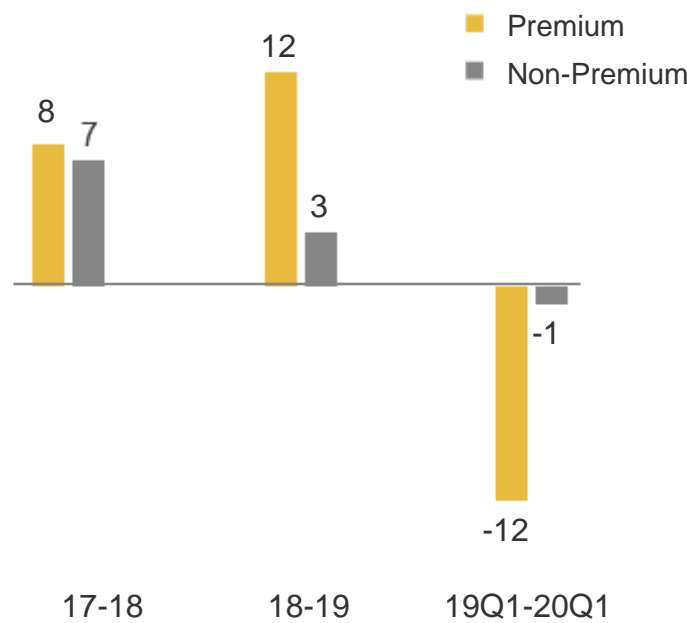
### Shift-to-online accelerated

26 Categories Online and Offline Sales Value GR (% , 2017-2020Q1)



### Non-premium outperformed

26 Categories Premium and Non-Premium Sales Value GR (% , 2017-2020Q1)





# EC festivals helped to grow big brands at unprecedented level



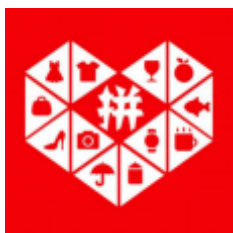
## 269.2B

618 Festival Sales Value,  
Increased 33.6%



## 129%

With in 6.18  
Sales increase  
in all channels



## 119%

618 Orders increased vs YA



## 698.2B

618 Festival Sales Value





# Emerging Chinese brands leveraging the 'lipstick effect' on the back of EC/Social Media



Liziqi



Raise a Cow



Chicecream



Saturnbird Coffee



Zhongjie 1946



Wangbaobao



Haohuanluo



Genki Forest



Kaixiaozao



Ramen Talk

## More than ever, F&B brands need to build a new playbook



Introduce products/services with most **relevant health and protective benefits** while communicate with a **holistic** view on **wellness**



Capitalize and lead the development of the **new habits** while appreciate the **'old needs'**



Focus on growing OOH occasions **at work place, eateries and social gathering** as market recovered – meeting the new needs of **heavy OOH buyers**



Invest and build competitive advantages **in O2O** – make sure your brands partner with **the right platforms** to grow new shoppers and satisfy the fragmented consumption needs



Put strong **revenue management** in place to promote wisely, but also make sure your new products capture the lipstick effect (new lifestyle/texture/story sell at a premium)



# KANTAR WORLDPANEL

A CTR SERVICE IN CHINA

## Q&A

Or reach me at  
[jason.yu@ctrchina.cn](mailto:jason.yu@ctrchina.cn)





# **New Alternative Protein Foods: Exciting Technology, But Don't Overlook the Regulatory Considerations**

新型替代蛋白食品：激动人心的科技，但勿忽视合规

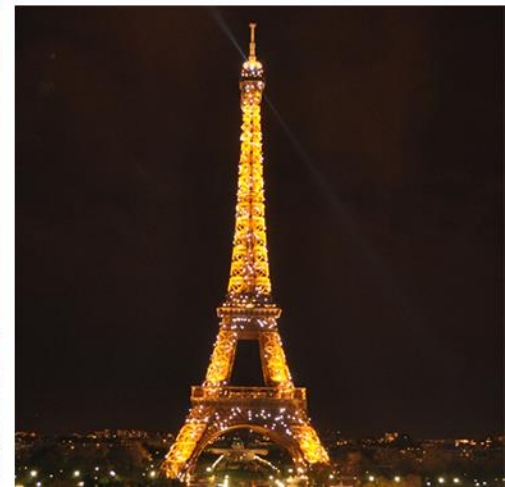
July 30, 2020

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  - Brussels office opened in 1992 布鲁塞尔办公室于1992年开业
  - San Francisco office opened in 2001 旧金山办公室于2001年开业
  - Shanghai office opened in 2004 上海办公室于2004年开业
  - Paris office opened in 2015 巴黎办公室于2015年开业
- We serve clients in 26 countries 我们为26个国家的客户提供服务



Existing CRMs are available on the K&H website here:

您可在凯赫官网浏览相关食品法律法规的资讯-CRMs:

<http://www.khlaw.com/newsletter.aspx?Area=96>

We also distribute alerts on other countries in the region, referred to as ***“Asia Regulatory Matters!”***

我们也发布其他国家和地区的食品法规资讯， “亚洲法规资讯”





## Vegan and vegetarian diet - deeply rooted in ancient Chinese cuisine

素食文化 - 深深植根于中国传统菜系之中

- Religious people have chosen vegan and vegetarian diets for centuries in China  
几个世纪以来，中国宗教人士有食素传统
- Tang Dynasty (618-907 AD)- monks eating food made from tofu (called “vegetarian meat”)  
唐代（618年—907年）- 僧人进食豆腐制成的菜品（“素肉”）
- Song dynasty- vegetarian restaurants in capital that offer Buddhist vegetarian dishes  
宋代 - 首都已有专门的素菜馆，提供佛教素食菜肴





# Why Things May Be Shifting To New Alternative Protein Foods Now?

新型替代蛋白食品食品热潮 - 为什么是现在?



- **Taste – food technology improvement**  
口感的改善 - 食品科技领域的进步
- **Sustainability and social impact - negative environmental impact associated with meat production**  
可持续发展及社会影响 - 大众持续关注肉类生产可能引发的环境影响
- **Government- encourage low meat consumption**  
政府 - 推荐减少肉类摄入
- **Development of CBEC platform and cold chain logistics in China**  
中国跨境电商及冷链物流等行业的发展

中国居民平衡膳食宝塔 (2016)



Source: Chinese Nutrition Society



# The Rebirth of Plant-Based Foods in China 中国植物基食品兴起

## Overseas Enterprise- 2020: KFC & Starbucks Launched Plant-based Food in China

海外企业 - 2020年：肯德基和星巴克相继在中国推出植物基食品

### Starbucks Launches Beyond Meat, Omnipork and Oatly into China

© April 21, 2020 ➤ Companies & Portraits, Gastronomy & Catering, Hot Off The Vegan Press



@Starbucks

### KFC China to Sell its First Ever Plant-Based Fried Chicken as China Continues to Accept Vegan Food

© April 22, 2020 ➤ Food & Beverage, Hot Off The Vegan Press



Source: The vegconomist

# The Rebirth of Plant-Based Foods in China 中国植物基食品兴起

## Rapid Development of Domestic Enterprise in China

### 国内生产植物基食品企业快速发展

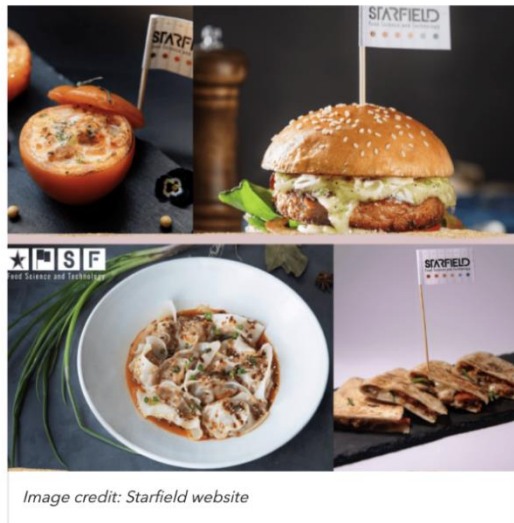


Image credit: Starfield website

#### Chinese plant protein startup clinches funding from Beyond Meat backer

March 13, 2020 Jack Ellis

Starfield Food & Science Technology, a Chinese developer of plant-based proteins, has received an undisclosed amount of funding from US VC **New Crop Capital** (NCC), its local partner **Dao Foods International**, and **Matrix Partners China**.

China's **Joy Capital** - an investor in on-demand coffee chain **Luckin Coffee** - also joined the angel round,

according to a statement from NCC and Dao Foods.

Source: AFN (AgFunderNews)



Source: Vesta

珍肉  
ZHEN!

100% PLANT-BASED

Source: ZHENMEAT



Source: STARFIELD



# Cell-Based Meat is Being Taken Seriously in China

## 细胞培养肉在中国逐步引起重视



**Milestone-** On November 18, 2019, Chinese scientists have produced 5 grams of meat cultured from animal muscle stem cells. It is the first meat developed from muscle stem cells in China.

里程碑式突破：2019年11月18日，中国科学家生产得到重达5克的细胞培养肉。这是国内首例由动物干细胞扩增培养而成的人造肉。

There are signs cell-based meat may be a reality in the Chinese marketplace.  
有迹象表明细胞培养肉有进入中国市场的可能性。

- Chinese Experts: The research on standards and regulatory approaches regarding cell-based meat have already started in China.

中国专家：已经开始研究关于细胞培养肉的相关法规标准及管理办法。

- China's Two Sessions 2020- People's Congress Deputy Proposes to Develop Cell-based Meat – including establishing the regulatory system for cell-cultured meat, working on public education, etc.

2020年全国两会-有人大代表提议发展细胞培养肉，包括建立细胞培养肉的监管体系，开展公众教育等。





# Cell-based Meat vs. Plant-based Food

## 细胞培养肉 vs. 植物基食品



- Public perception could be: “Real Meat” vs. “Fake Meat”

大众认知可能为：“真肉” vs. “假肉”

- Public acceptance: Novel Food vs. Long-established History of Consumption

大众接受度：新颖食物 vs. 悠久的传统饮食习惯

- Current status: Research Stage vs. Industrialization Production

现状：研究阶段 vs. 工业化生产

- Technology: Food Revolution vs. Food Technology Improvement

技术：食品技术的革命 vs. 食品技术的创新发展



# New Alternative Protein Foods will bring Opportunities BUT also Challenges!

新型替代蛋白食品将带来机遇，但同时也是挑战！



# Regulatory Considerations for New Alternative Protein Foods

## 关于新型替代蛋白食品的相关法规要求



- **Clearance** in foreign jurisdiction(s) does **not** guarantee a cleared status in China.

在国外批准使用的食品原料**不**一定在中国可以使用。

- **Novel Food Ingredients** are subject to new petitions.

新食品原料需要向有关部门进行申报并获得许可才可以使用。

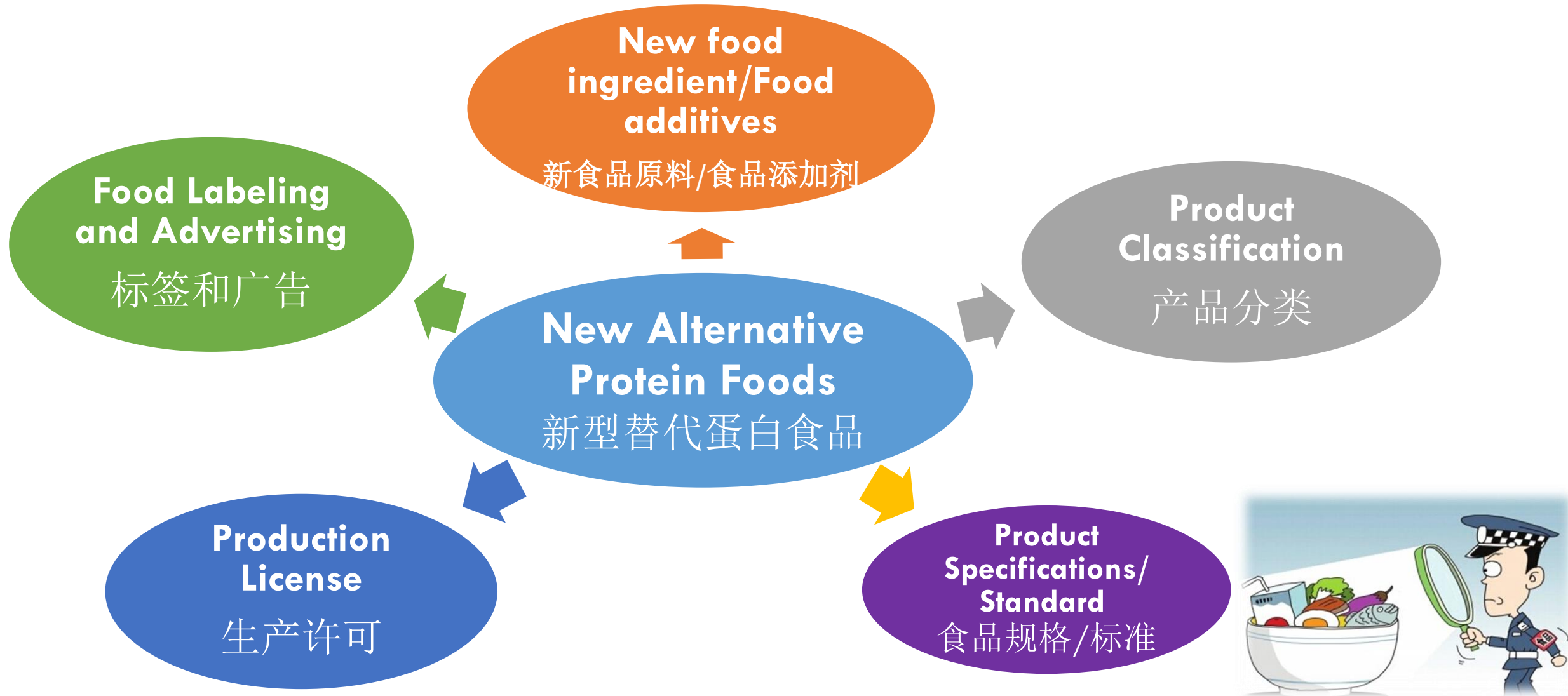
- **Cell-based Meat: Safety Issue of Food Ingredient**  
细胞培养肉原料的安全性问题





# Things to Consider about New Alternative Protein Foods

关于新型替代蛋白食品 - 需要注意以下方面



# Product specifications/standards 食品规格/标准



## Major National Food Safety Standards applicable to Plant-based Food

通用的食品安全国家标准同样适用于植物基食品

- **GB/T 30885-2014** (Plant Protein Beverage- Soymilk and soymilk beverage) 植物蛋白饮料豆奶和豆奶饮料
- **GB/T 31325-2014** (Plant Protein Beverage- Walnut beverage) 植物蛋白饮料核桃露（乳）

### Basic Standard 基本标准

- Labeling 食品标签
- Food Additives 食品添加剂
- Contaminants 食品中污染物限量
- Pesticide residuals 食品中农药最大残留限量
- Food packaging materials 食品接触材料及制品

## Currently, there is **no** regulatory requirements specific to cell-based meat in China.

目前，中国并没有建立专门针对细胞培养肉的法律监管要求。



# Product specifications/standards 食品规格/标准



## Industry associations are working on voluntary **Group Standards**

相关行业协会也正在制定自愿性团体标准

- Chinese Institute of Food Science and Technology (**CIFST**) published the draft standard for Plant-based Meat on June 24 for comments.

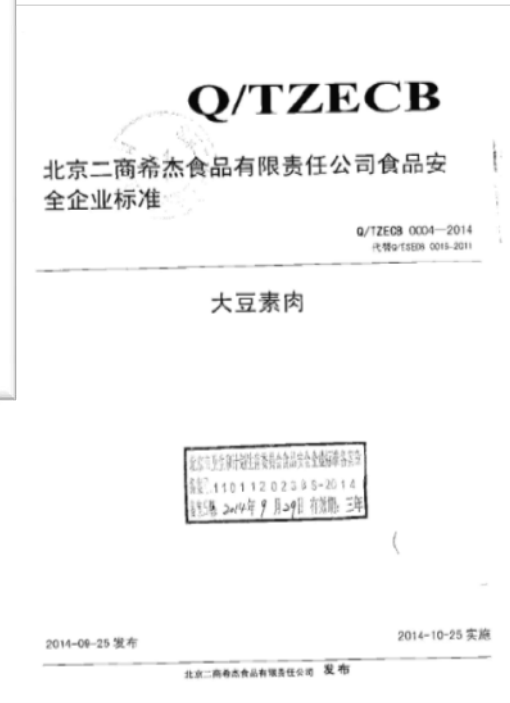
中国食品科学技术学会已于2020年6月24日发布植物基肉制品的团体标准草案，广泛征求意见。

- China Plant Based Foods Alliance (**CPBFA**) is developing standard for plant-based food as well.

中国植物性食品产业联盟也计划发布植物基食品的相关标准

## Companies have formulated **Enterprise Standards**, e.g., Soy vegetarian “meat”, Soy protein product.

一些企业已制定企业标准作为指导生产和经营的依据，例如：大豆素肉，大豆蛋白制品。



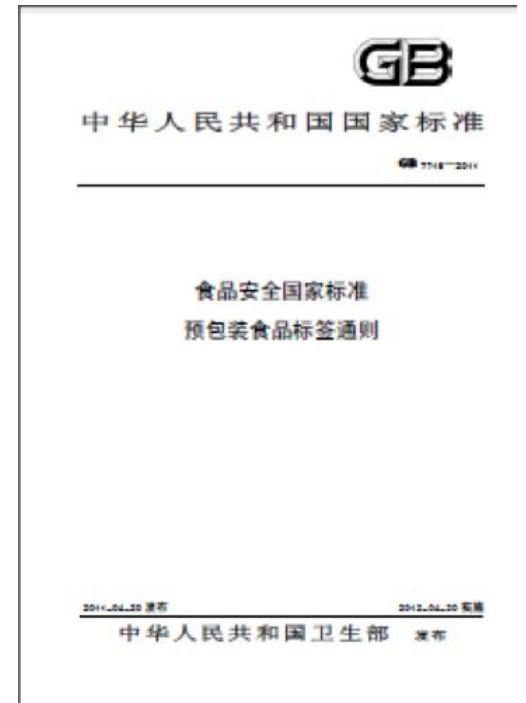


# Food Labeling and Advertising 标签和广告



- *GB 7718-2011 General Rules for the Labeling of Pre-packaged Foods*  
《预包装食品标签通则》
- *GB 28050-2011 National Standard for the Nutrition Labeling of Prepackaged Foods*  
《预包装食品营养标签通则》
- *SAMR- Draft Measures for Supervision and Administration of Food Labeling*: the term “**artificial**”, “**imitated**” or “**veggie**”, etc. shall be added in front of the product name where plants are used as raw materials to produce food with characteristics that are intended to imitate organs and tissues of other organisms.

《食品标识监督管理办法（征求意见稿）》规定，以植物为原料，生产制作用以模仿其他生物的个体、器官、组织等特征的食品，应当在名称前冠以“仿”“人造”或者“素”等字样，并标注该食品真实属性的食品类别名称。



# What's the approach for labeling outside China?

## 其他国家如何管理植物基食品的标签?



### France to ban use of meat terms to describe vegetable-based products

© 20 April 2018



### Burger King's 'plant-based' Whopper ads are banned in Britain over claims they're misleading

Shalini Nagarajan Apr 15, 2020, 4:57 PM



**REBEL WHOPPER®**  
A burger for the 'gram

The indulgent Rebel Whopper® consists of a juicy flame-grilled, 100% plant-based\*, sustainably sourced soy patty topped with freshly sliced tomatoes, fresh lettuce, creamy mayonnaise, ketchup, crunchy pickles, and sliced white onions on a toasted sesame seed bun.

\*The Rebel Whopper® is plant-based; however, it is cooked on the same broiler as our original WHOPPER® to deliver the same unique flame-grilled taste. Due to shared cooking equipment it may not be suitable for vegetarians.

Source: BBC News

Source: Business Insider

## Labeling requirements of plant-based food in other countries

### 其他国家关于植物基食品的标签规定

- **U.S.:** Legislation has been introduced in a number of states that would prevent the use of “meat” terminology on labels for plant-based meat.  
美国：许多州已立法禁止在植物肉食品标签上使用“肉类”等词语。
- **Australia:** Concerns- labeling “Meat”, “Milk” on the plant-based food may mislead consumers  
澳大利亚：担忧使用“肉类”、“牛奶”等词语描述植物基食品会误导消费者
- **EU court:** Terms like “milk” and “cheese” could not be legally used for purely plant-based products  
欧盟法院：“牛奶”和“奶酪”等术语不能用于描述纯植物基产品
- **France:** Ban the use of “steak”, “sausage”, etc. to describe vegetable-based products  
法国：禁止使用“牛排”，“香肠”等词语描述植物类产品

# What should Enterprise Do before Marketing New Alternative Protein Foods to China? 在销售新型替代蛋白食品之前，企业应该做些什么？



## Key step of compliance check

关键步骤：







# THANK YOU

# 谢谢!

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# DIGITAL MARKETING

**Implications for F&B Brands**

July 2020

**agency**  
china 中国

**Context**

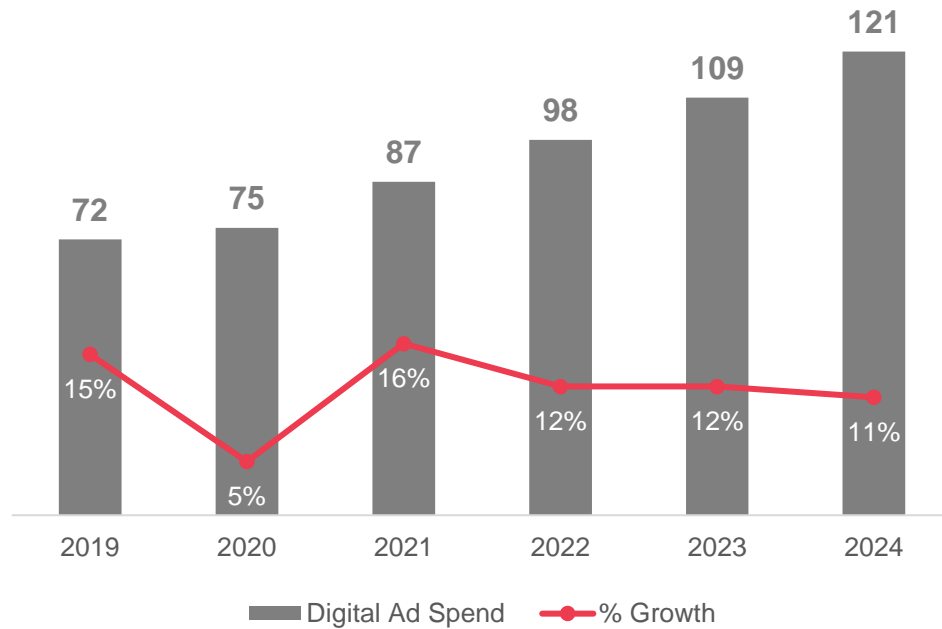


# Disproportionately Digital

Three-quarters of advertising spend will be digital.

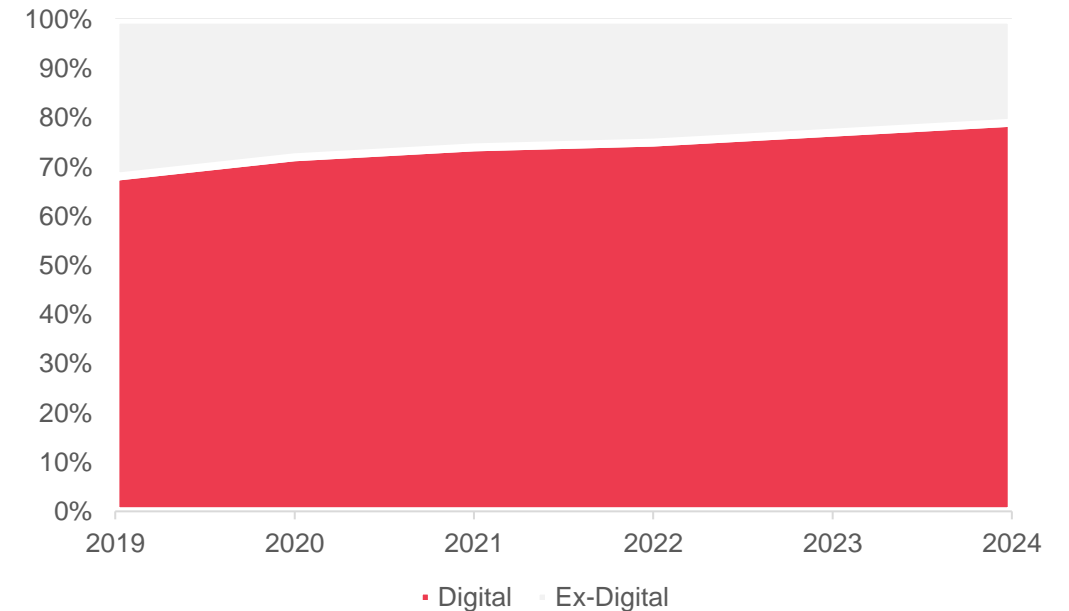
## Projected Digital Ad Spend, 2019-2024

Billions, RMB



## Projected Digital Spend As % Total Media Spend

Percentage



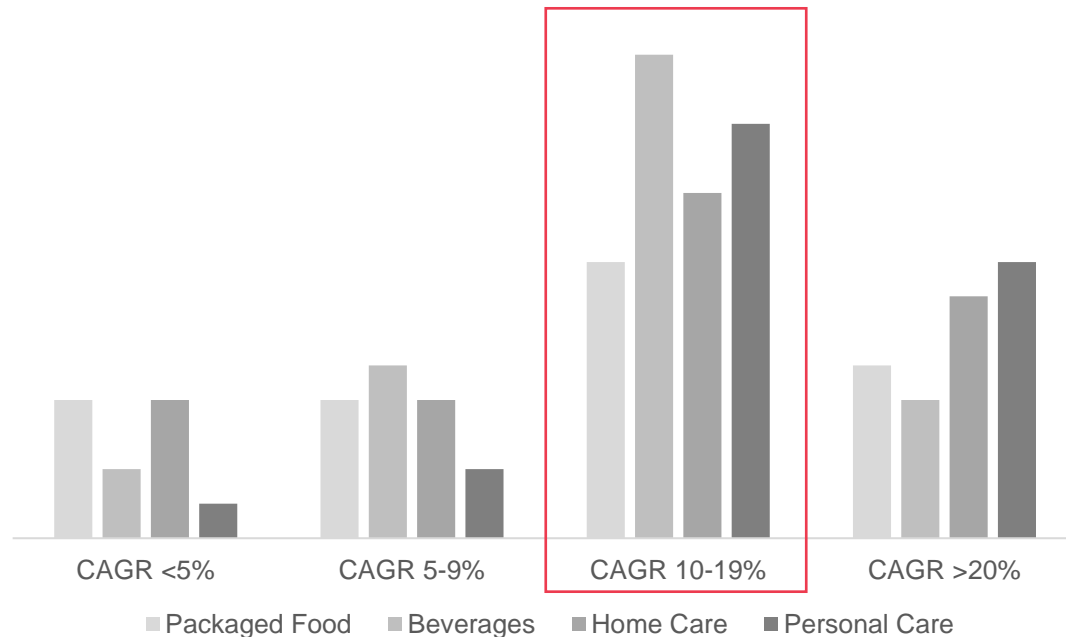
Note: eMarketer Data is Analyst Projections Only  
Source: eMarketer

# Consequences Compound

There is significant digital ad 'inflation', spread over an increasing number of platforms.

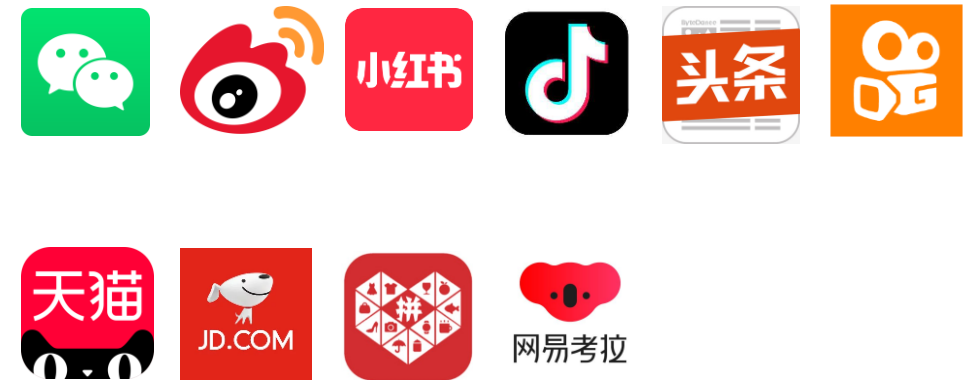
## Digital Campaign Inflation in FMCG, 2016-2019

Number of Categories, By Inflation CAGR



## Platform Proliferation

Select Social Media and e-Commerce Platforms



Note: Includes 48 FMCG categories, split into 'Packaged Food', 'Beverages', 'Home Care' and 'Personal Care'.  
Source: Ali Research; AgencyChina Research

**New Ways  
To Connect**

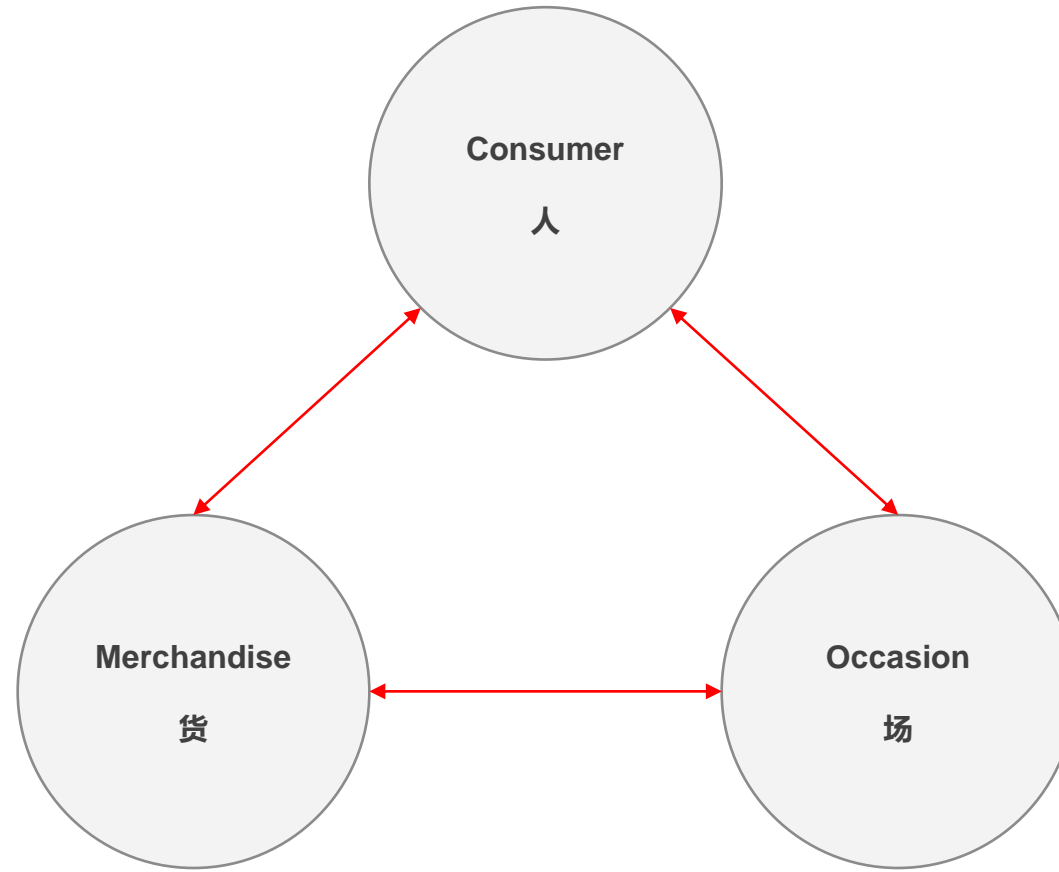


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# Changing Ways To Connect

We're stretching and challenging how and where we research, compare and buy.

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# Livestream

Category leaders have turned shopping into spectacles.



**What role does livestream  
play in the marketing mix?**



# Social Commerce

Create and curate online chat groups to encourage repurchase.



**Are additional retention efforts  
enough to break ad inflation?**

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# Collaboration Marketing

Cross-category collaborations push product marketing boundaries.

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**Can cross-category marketing  
be a brand equity catalyst?**



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china 中国