



巨量算数



2023年 新消费品牌的 中国范式

Fore word R EFACE

The strong rise of new consumer brands is one of the most noteworthy events in China's consumer industry in recent years. With the east wind of consumption upgrading, the first half of the new consumer brands has been very successful, through deep plowing into various segments, into the daily life of consumers, and become the "new rigid demand".

However, after experiencing economic contraction, epidemic impact, Internet traffic dividend depletion and fierce competition within the industry, the development of new consumer brands has come to the second half of the sand and gold rush. When the capital began to retreat, consumers have become more and more rational, purely fancy marketing has been difficult to impress consumers, only the real endogenous strength of the brand to get further development in the post-new consumer era.

Based on this background, Jumbo Arithmetic, in conjunction with Beijing New Generation Market Monitor and Hejun Consulting, released the "The Chinese Paradigm for New Consumer Brands 2023" aims to better help new and old brand owners enter the new consumer market and gain new references for brand growth. This whitepaper will label new consumer brands so that brand owners can have a clearer understanding of the core features of new consumer brands; analyze the reasons for the success of new consumer brands and the challenges encountered through typical brand cases; give brand operators paradigm advice and enlightenment from the perspective of business model and management methodology, and give the logic and criteria for evaluating new consumer brands from the perspective of investment and professionalism.

We hope that through this white paper, we can help the healthy development of the new consumer market and brands, provide brand owners and industry players with new paradigm opportunities, and create possibilities for the birth of more new consumer brands. In this way, we can further satisfy the growing diversified consumer demand of the general public and contribute to the upgrading of China's consumer industry in the new era.



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PART 01

Knowledge and analysis of new consumer brand concepts

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No organization has been able to clearly define what it means to be a new consumer brand, but when we look at the market from the consumer's perspective, there are some distinctive characteristics of New Finding.

02

Chapter 1

The Chinese Paradigm for New Consumer Brands in 2023

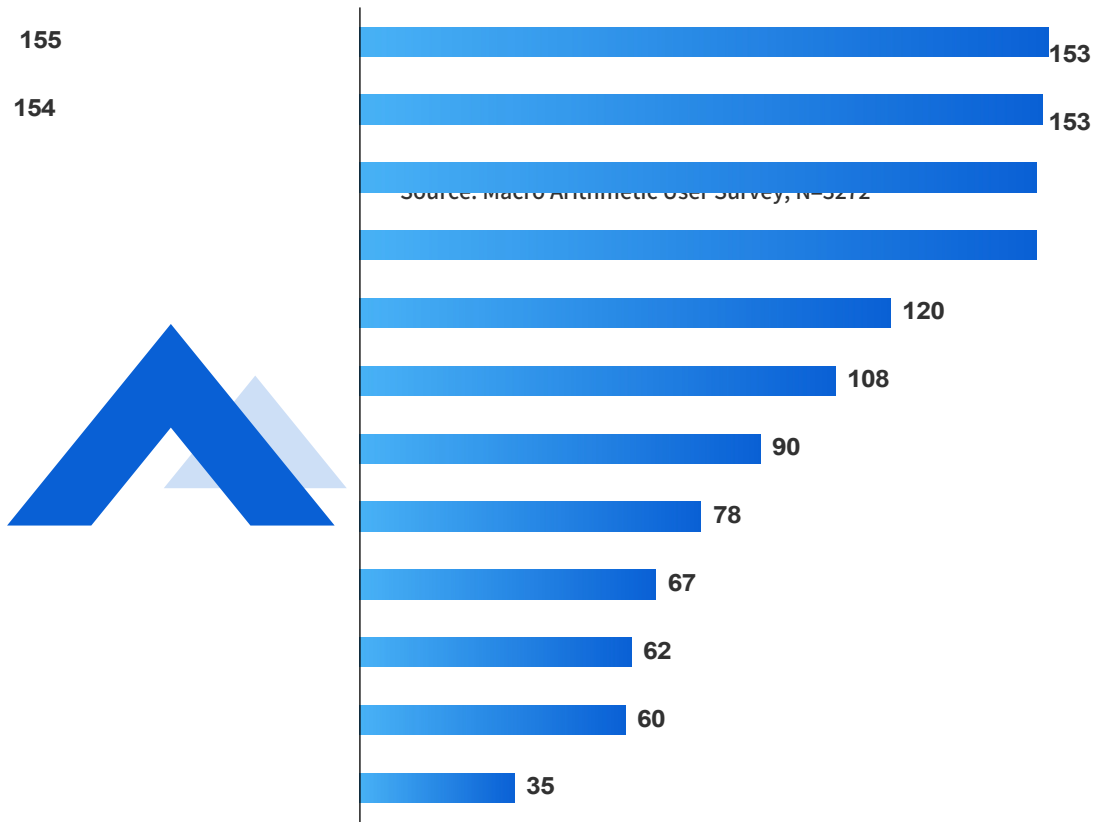
The Chinese paradigm for new consumer brands in 2023

1.1 >>> New consumer brands in the eyes of consumers

Recently, Jumbo Calculator, together with New Generation and Hejun, sent out an online research questionnaire on consumers' impression of new consumer brands. When asked what characteristics you think new consumer brands have, the top three answers were: "appearing and exploding in a short period of time", "copywriting and design elements impress me", and "changing the perception of previous products". "change the perception of previous products", visible in the eyes of consumers, the new consumer brand's short-term explosive, innovative and cognitive challenges are the deepest three impressions.

▲ Characteristics that respondents believe exist in new consumer brands

Short-term appearance and burst of	by
fire copywriting, design and other elements can move	capit
me to change the previous perception of the product	al
Started a new category old brand but made a new impression	mark
Has social attributes that can be a topic of conversation	ets
Used new technology to redefine the category	Branded products and advertisements are seen a lot
Sought after	N
	ew
	emergenc
	e
	seriously
	impacts
	previous
	brands



1.2 Four common labels



Tag 1: Challenger

The emergence of new consumer brands is bound to challenge the existing market landscape, change traditional value perceptions, and redefine the rules of the game.

Since 2020, the word "involution" has frequently appeared in the public's view. The consumer sector, due to the attraction of the huge market volume, the complexity of the segmentation track, the unique threshold of entry and other factors, has always been a typical hard-hit area of the involution, and the horse-tracing effect is also very obvious. This is the background of many new consumer brands, but also the opportunity, from the moment of their birth, most of them appear in the capacity of market challengers, most of these rising new brands rely on the capture of the new consumer population or new consumer demand, reshaping the value of cognition, through the deep plowing and breakthroughs in the segmented market of large single product, the advantage of the largest, and then combined with the "new marketing three-pronged axe Combined with the "three axes of new marketing", reformulate the rules of the game, quickly make a name for themselves, and then slowly follow their own advantages, expanding the product matrix. Comprehensive view, the advantages of its smaller scale, the company structure is more flexible, in terms of adjusting production, R & D strategy, or the use of new marketing tools and other decision-making, more flexible than traditional giants, more likely to take advantage of the first opportunity, will inevitably challenge the existing market pattern.

New brands to develop, inevitably touch the interests of traditional giants, traditional giants are subject to vested interests and inertia thinking, often leading to a certain degree of efficiency and market sensitivity affected, but as a traditional large-scale enterprises, in the supply chain, product development, financial strength and other aspects, there are still new brands difficult to short-term beyond the advantages. Market competition between new entrants and existing enterprises will tend to heat up, with food and beverage as the representative of the consumer goods market, the old and new competition and alternation will never stop. There will always be "intruders" to stir up trouble, and there will also be a generation of giants who can not follow the times in a timely manner. It is this never-ending turnover that makes the consumer goods market so vibrant.



Tagged 2: strong bursts

Compared with traditional brands, sales scale and brand influence can be formed quickly with a very short cycle.

Several organizations, including Harvard Business Review, have coincidentally mentioned the accelerated rise of new consumer brands. Many new consumer brands only took 3-5 years to walk

through the road of traditional brands for decades, for example, Huaxizi since its inception to become a well-known new beauty brand in less than three years, reflected in the growth rate of the enterprise, its establishment of the fourth year, annual revenue has exceeded three billion.

Taken together, the main reasons for the strong explosion of new consumer brands are mainly reflected in the following three aspects:

The first is the upgrading of the demand market. With the rise of young consumer groups, consumers no longer blindly recognize international brands and big brands, but on the details of the necessities of the quality of the details, design, and their own degree of compatibility, etc. put forward new requirements, more personalized consumer demand was born, the quality of the better, more cost-effective, faster logistics, etc. doubly valued, in the emotional, more inclined to pay for the product's value, the story, and the emotional value of the spokesman brought. The second is Internet and data-driven. The second is Internet and data-driven, the prosperity of the country's digital infrastructure makes the 5G Internet, IDC, artificial intelligence and other technologies develop greatly, which empowers the business ecosystem, e-commerce, content, and many other online platforms will be the digital function as a standard, so that the brand side of the fine-tuned operation becomes possible. The third is the revolutionary change of media methods and user habits, the emergence of short videos and live broadcasting forms mainly in Jittery and Shutterbug, which make the brand's grassing forms more diversified and vivid; at the same time, the subsidies of major platforms to the content producers are added, so that the quality of the UGC creations is improved, and the aesthetics of the users are also upgraded synchronously. The abundance of online platforms and the increase in the number of offline channels provide brands with the possibility of reaching consumers in a comprehensive way.

In this context, enterprises in order to win more customers need to change the traditional B2C production model into a C2M flexible production model, i.e., from customer demand, producers directly from the underlying data-driven automated processing, to meet the personalized and diversified needs of the young crowd. With the change of consumer awareness value, content dividend and high-quality channel environment, as well as the rapid advancement of digital technology, new consumer brands have the basic conditions and driving force for the full rise and outbreak of the market, which greatly promotes the market's consumption upgrading.



Tag 3: Innovative

Regardless of which segment of the track new consumer brands, almost all of them have carried out value innovation and model innovation with the user as the core, which is also a key factor that enables many emerging brands to rise rapidly.

From the perspective of the new domestic consumer groups in recent years, young consumers to diversified, personalized life pursuit, creating new scenarios and needs, they actively seek consumption upgrade, promote individuality of the consumer groups, this avant-garde, trendy, as well as the pursuit of freshness of the consumer consciousness has also become a post-epidemic era consumer industry breakthroughs in one of the momentum of steady growth, but also for the growth of the brand to provide an unprecedented opportunity and space. But in the face of new consumer changes, new brands to cater to new consumers, new markets, innovation has become a mandatory course for every new consumer brand. 20 century the most prestigious Austrian school of economists Xiong Bit believes that "innovation is the root of economic development", according to his innovation doctrine of innovation summarized as product innovation, Technological innovation, market innovation, resource allocation innovation, organizational innovation (including institutional innovation) five models.

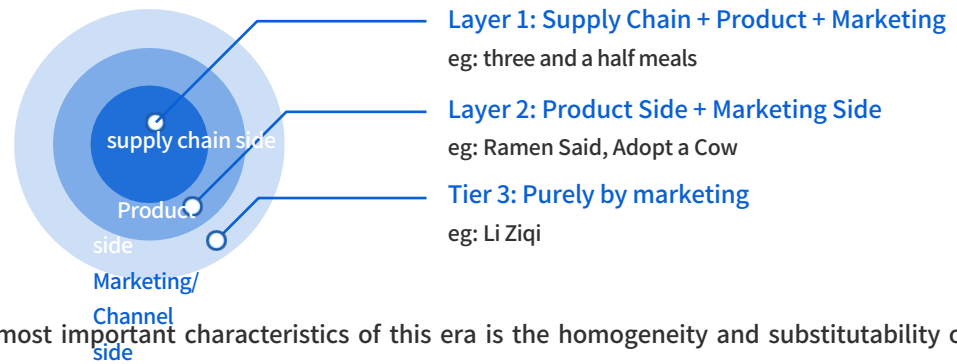
Specifically for the new consumer goods category, the following three levels of innovation can be summarized:

The first level is supply chain innovation, using new technology to improve the operational efficiency of the entire supply chain, so as to realize the ultimate speed, which is especially obvious in China's unique Internet environment and logistics environment, corresponding to Schumpeter's theory of technological innovation and resource allocation innovation;

The second level is product innovation, many new brand products from the function, design, aesthetics, scene and other dimensions of the redefinition, trying to maximize the differentiation of the product to fit the brand perception of new consumer groups and consumer interest, which is consistent with Schumpeter's product innovation;

The third level is the marketing and channel innovation, including media platforms, e-commerce platforms, offline store, mainly resource allocation innovation, organizational innovation, this level has become the most competitive businessmen is also the most obvious homogenization of the innovation

3 Innovation Models and Stratification for New Consumer Goods



One of the most important characteristics of this era is the homogeneity and substitutability of products, resulting in competition in a seller's market. The brand has become an important weapon to win in this competition, which is especially obvious for new consumer brands, while the brand to maintain the competitiveness or vitality of the brand is to promote the brand's continuous innovation. This is the so-called "innovation determines the brand, the brand determines the development of the enterprise."



Tag 4: high valuations

Throughout the new consumer brand of each industry segment track, almost all of the capital market's favor and pursuit, valuation far more than the industry average, generally follow the "high valuation - high growth" development path, showing the "new economy" wind mouth advantage.

In March 2018, the valuation of Naixue's Tea reached 6 billion yuan after the A+ round of financing, becoming the first unicorn (former unicorn) in the new tea beverage industry in the public information.2020, the beauty brand Perfect Diary was granted \$100 million in strategic financing by Tiger Tiger Fund (China) and other capitals, and the financing allowed the company's valuation to reach 2 billion dollars. In the same year Yuanqi Forest completed a new round of financing with a post-investment valuation of about \$2 billion, a valuation that skyrocketed to 3.5 times that of the previous round in less than a year.2021 In July 2021, Xicha set a new record for financing valuation of a new tea drink in China with a financing of \$500 million. The \$500 million investment from Black Ant Capital, Tencent, Sequoia Capital, Tall Capital, Temasek, L Catterton, and Rizhu Capital valued Xicha at 60 billion yuan.2022 In January 2022, Shuyi Roasted Immortal Cao received indirect investments from companies such as Jiewei Foods and Qijia Foods, amounting to more than 600 million yuan. The valuation of Shuyi Catering reached RMB 10.6 billion, successfully advancing to a unicorn with a valuation of more than USD 1 billion.

Top 15 companies with the highest total funding in the consumer goods sector in 2022

firms	Established	brief	Total annual financing
Tip of the Tongue Technology	2020-08	Multi-brand Meal Technology Enterprise	RMB 1.05 billion
Kong Kee Winery	2005-03	Jiang Xiaobai under the flag of brewing base enterprises	One billion yuan
Week Zero Starfield	2017-05	R&D manufacturer of plant protein foods	\$100 million
Miracle Miles	2019-01	Technology Footwear Brands	\$100 million
Xue Ji Fried Goods	2015-06	Nuts fried food chain brand	600 million RMB
Zhen Gong Liquor	2021-05	Saucy white wine brands	600 million RMB
Shueyi Yakisencho	2007-08	Coffee Drinks Chain Brands	600 million RMB
T COMMA	2021-09	Tea Brands	50 million euros
brand of Hong Kong instant noodles	1993-07	Hong Kong Instant Noodle Brands	RMB 352 million
Beaster must be special.	2016-11	Streetwear brands	several hundred million yuan (RMB)
West Pigeon Winery	2017-04	Wine producers	several hundred million yuan (RMB)
Vitality 28	2017-04	Household care brands	several hundred million yuan (RMB)
class "C	2018-12	Skin Care Brands	several hundred million

Consumer Brand	Year	Business Model	Valuation (yuan (RMB))
good helper	2019-04	Manufacturer of household goods	several hundred million yuan (RMB)
lemon season	2020-12	Handmade Lemon Tea & Beverage Shop	several hundred million yuan (RMB)

Deadline: December 5, 2022; Data source: IT Orange

In a general sense, the primary market basically uses price-to-sales (PS, market capitalization/sales) ratios to value new consumer brands, and for the consumer goods industry, the average PS multiple is 2x to 3x. However, the valuation figures for new consumer brands are clearly well outside this range. So what is the reason for the high valuation of new consumer brands? We believe that the primary market for new consumer brands generally use the valuation model of Internet companies to valuation, this model, revenue or profit, is not the first factor that affects the valuation, the number of users, the growth rate, industry status, network effect and other factors, but more attention. That is, the so-called "Metcalfe's law", the user in the rapid growth, you can not care too much about revenue, profitability and revenue growth rate, and many new consumer brands rapid growth in user volume, social fission top-up mode, does meet this logic, so the new consumer brand of each track head of the standard favored by the capital market would be logical.

1.3 A product of changing times

The emergence of new consumer brands, the nature of the consumer market and the changing times of the background is inseparable, the brand is the boat, consumption is the tide, the tide of consumption changes intentionally or unintentionally shaping the generation after generation of the trend setter. China in the past 30 years from the subsistence consumption gradually to brand consumption, quality consumption transition upgrade, the consumer industry has experienced from the initial department stores, supermarkets to e-commerce to fresh supermarkets, boutique e-commerce and other new business evolution, from the demand side of the point of view of the consumer on the brand, quality, design, and other factors continue to increase the attention, from the supply side of the point of view of the consumer changes behind the industry is to enhance the efficiency of the optimization of the supply chain reshaping. From the supply side, the change in consumption has brought about the improvement of industry efficiency and the optimization and reshaping of supply chains. Throughout the world's developed economies, the consumer market is marked by a profound era, Japan's national consumer preference has experienced the mass - personality - rational - simplicity of the four major stages. U.S. consumption has been dominated by mass consumption.

-The rise of quality consumption and the revival of rational consumer awareness are three stages. Each stage will produce each era's unique business opportunities and a number of excellent consumer brands. China's consumer market development is the same, experienced from the subsistence consumption, personal consumption, brand consumption changes, has formed a first and second-tier cities to return to rationality and simplicity, three and four tier cities to upgrade the general trend of consumption. China's consumption changes and upgrading is also bound to generate new opportunities, which is precisely the hotbed of the rise of new consumer brands. In this sense, the new consumer brand is a concept of the times, the new consumption cycle, the new consumption environment, the new consumption generation, the new era background, will inevitably create a number of new brands, or let some old brands to give new connotations, glowing with a new light, and in China's new era of the unique business background, will inevitably produce a number of new typical Chinese paradigm.

Characteristics of consumer society preferences in different eras of Japanese society

Zeitgeist	First consumer society (1912-1941)	Second consumer society (1945-1974)	Third consumer society (1975-2004)	Fourth consumer society (2005-2034)
social background	Start of the Russo-Japanese War victory to the Sino-Japanese War Birth of the middle class centered in Tokyo, Osaka, and other major cities	Defeat, recovery, period of high economic growth to oil crisis; mass production, mass consumption; 100 million middle class nationalization	Oil crisis to low growth, bubble economy, financial bankruptcy Koizumi reforms; widening of the gap between the rich and the poor	Decrease in income due to the Lehman Brothers crisis, two major earthquakes, and the prolonged economic downturn and instability in the countryside, etc., and a decrease in consumption due to a decrease in the population

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demographic	Population increase	Population increase	Slight increase in population	depopulation
birth rate	5%	5%-2%	2%-1.3%~1.4%	1.3%~1.4%
Ageing rate	5%	5%-6%	6%-20%	20%-30%
National values	National Consumption is privatized, with an overall focus on the state	Family Consumption is privatized, valuing the family, society	Individual Privatism, valuing the individual	Social Towards sharing, valuing the community
consumer preference	Westernization Big city tendencies	Mass consumption. Bigger is better. American tendencies.	Personalization Diversity Differentiation Brand Tendency European Tendency	unbranded Plain and casual tendency Japanese and localization tendency
Consumption theme	cultural climate	One private car per family Private residence 3C household electrical goods	Quantitative to qualitative change several private cars per family personalized small home appliance dealers	Contact is a core group of several people in one car Car and home sharing
consumer purchaser	Fashionable men and women from middle-class families	Small family, housewife	Singles, old people	Individuals of all ages, homogenized

Source: Exhibit Miura, The Fourth Age of Consumption.

PART 02

The Time and Momentum for the Rise of China's New Consumer Brands

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Chapter II

The Chinese Paradigm for New Consumer Brands in 2023

The Chinese paradigm for new consumer brands in 2023

2.1 Policies to boost China's industry

As China's economy transforms from a manufacturing-based to a consumption-driven economic system, the role of consumption in economic growth is becoming increasingly prominent. According to the latest data, China's gross domestic product (GDP) has continued to grow, and consumer spending has shown a steady growth trend. Meanwhile, the consumption structure is also changing, with more diversified consumer demands.

China's industries are entering a brand new development cycle, and a series of policies and regulations issued by the relevant authorities have provided strong support for innovation, structural optimization and sustainable development of the industries. The implementation of these policies has facilitated China's industries to enter a brand new stage of development and laid a solid foundation for high-quality economic growth.

The Outline of the National Strategy for Innovation-driven Development (2016-2020), issued by the relevant departments in 2016, clarifies the direction of innovation-driven development. The strategy proposes a series of policy measures, including increasing investment in scientific research funding, reforming the scientific research system, and encouraging enterprises to increase investment in technological innovation, in order to promote industrial innovation and upgrade technology. The innovation-driven development strategy has provided important support for the improvement of the innovation capacity of Chinese industries. Driven by innovation, Chinese enterprises have increased their investment in R&D, fostered a large number of enterprises with outstanding technological innovation and core competitiveness, and promoted the overall upgrading of industries.

Secondly, the promulgation of Made in China 2025 aims to promote the development of China's manufacturing sector towards high quality. The policy sets out a series of objectives and policy measures, including fostering high-end equipment manufacturing in key areas, promoting digital transformation and strengthening independent innovation capabilities. These measures encourage the optimization and upgrading of the industrial structure and promote the upgrading of China's manufacturing sector in the global value chain. The implementation of the Made in China 2025 policy promotes the adjustment and optimization of industrial structure. The policy encourages the cultivation of high-end equipment manufacturing in key areas, the promotion of digital transformation, and the strengthening of independent innovation capabilities. By increasing technology content and value-added, China's manufacturing sector has been elevated in the global value chain. The support and guidance of the relevant departments have enabled China's manufacturing industry to realize the transformation from quantity to quality and promoted the overall upgrading of the industry.

In addition, the implementation of the Foreign Investment Law has provided a more open and stable market environment for the internationalization of Chinese industries. This legislation removes some foreign investment restrictions, strengthens intellectual property protection and provides a fairer and more predictable

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business environment. The increase in foreign investment has promoted industrial competition and innovation, providing more opportunities for Chinese industries to integrate into the global value chain.

Lastly, the relevant departments attach great importance to green development and are committed to promoting the sustainable development of the industry. The Opinions on Accelerating Green Development, issued in 2015, clarified the objectives and policy measures for green development, requiring enterprises to adopt cleaner production technologies, increase their efforts in environmental governance, and promote resource conservation and recycling. Relevant departments have promoted industrial transformation and upgrading, encouraged enterprises to adopt cleaner production technologies and increase environmental governance, and established a series of regulations and standards for environmental protection and resource conservation.

China's industry has entered a new cycle thanks to the implementation of a series of policies and regulations by the relevant authorities. Measures such as the innovation-driven development strategy, the Made in China 2025 policy, the foreign investment law and the green development policy have provided important support for the innovation and upgrading of industry, structural optimization, international development and sustainable development. Driven by the policies, China's industries are moving towards higher quality and sustainability, meeting the challenges and opportunities of the new development cycle.

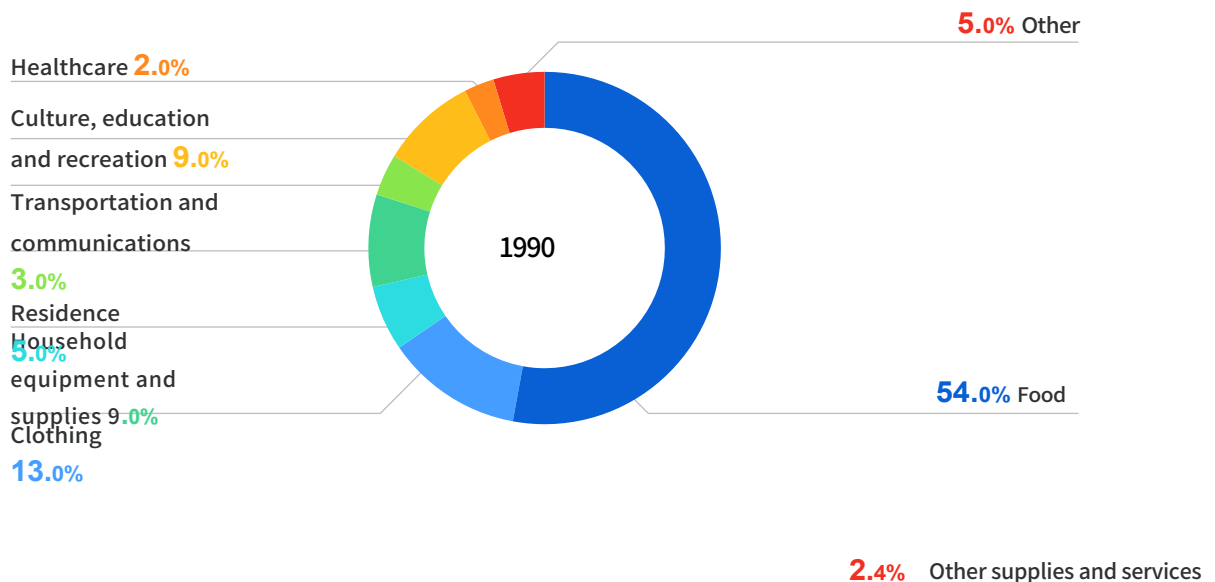


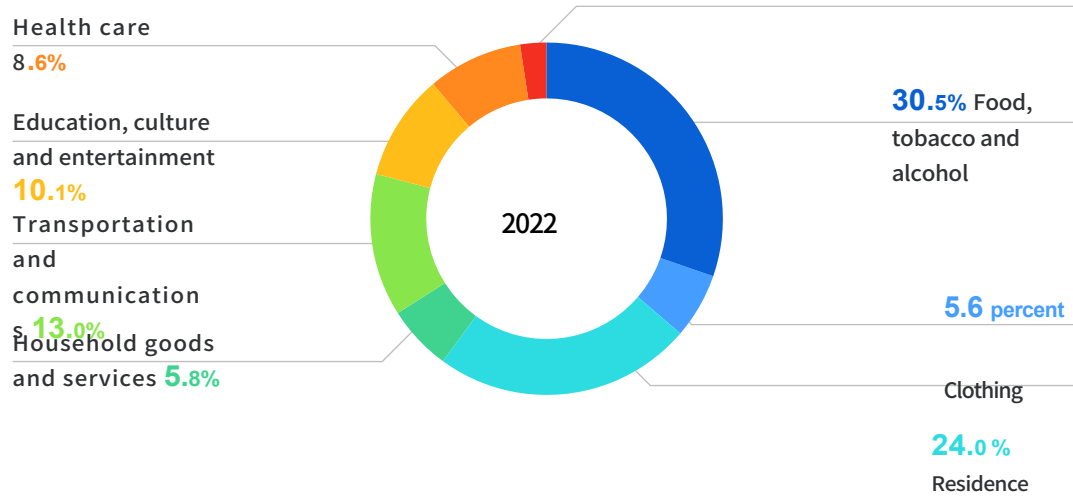
2.2 >>> A New Era of China's Economic Development

According to the data released by the National Bureau of Statistics (NBS), China's GDP reached RMB 120 trillion in 2022, an increase of 3% year-on-year. This indicates that China's economy has maintained a good momentum of stable growth, with consumption contributing significantly to economic growth. In terms of consumer spending, total retail sales of consumer goods reached RMB 44 trillion for the year 2022. This reflects the increased purchasing power of Chinese consumers and their continued demand for all types of goods and services.

GDP growth has been accompanied by an evolving consumption structure. Traditional consumer goods such as food, clothing and housing still occupy an important position, but emerging consumption areas such as high-tech products, healthcare and culture and entertainment are rapidly emerging. According to data from the National Bureau of Statistics, compared with the 1990s, per capita consumption expenditure per resident in 2022 will see a decline in the share of basic consumption and a rise in the share of service-based consumption, with rapid growth in transportation and communication, education, culture and entertainment, and healthcare.

▲ Consumption expenditure per capita and its composition






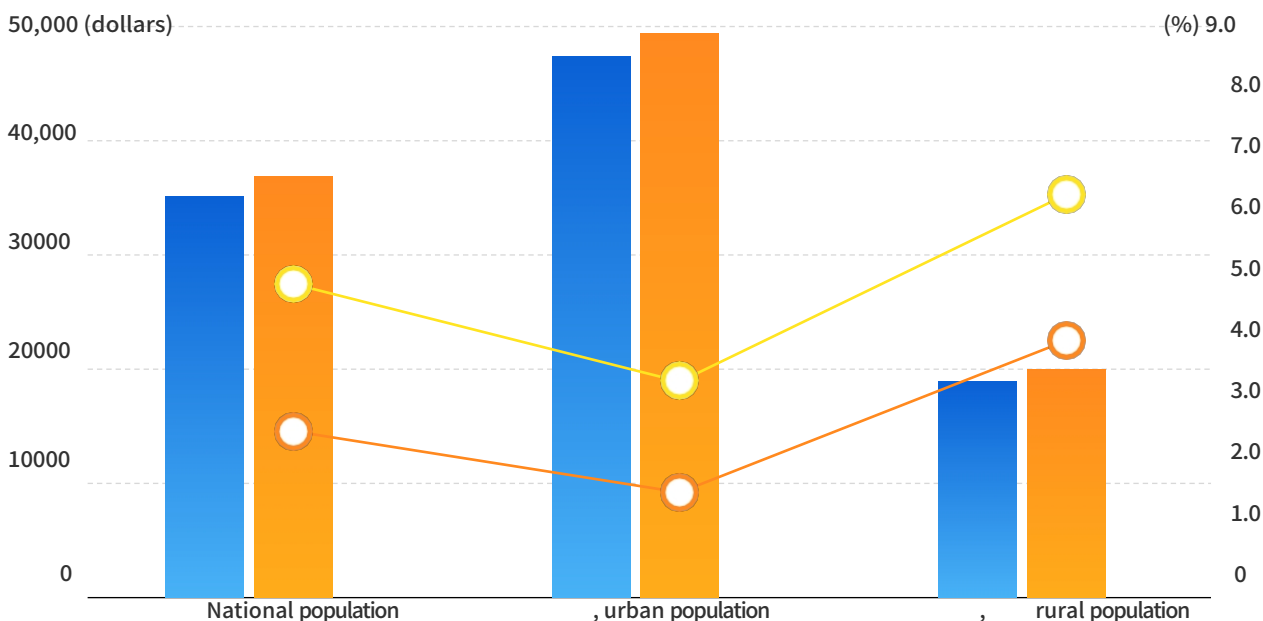
Data source: National Statistical Office; time period: 2022, 1990

Rising incomes of the population

Consumption ladder theory points out that as income increases, consumer consumption patterns gradually escalate, and when purchasing goods or services, they go through a series of ladders or stages, gradually moving from the satisfaction of the most basic needs to a more advanced level of needs. This means that as income levels rise, consumers tend to buy higher quality and more personalized products and services. In China, as the middle-income population increases, consumer demand for quality and personalization is also rising. According to the National Bureau of Statistics, the disposable income per capita of urban residents in China grew by 3.9% in 2022, while the disposable income per capita of rural residents grew by 6.3%. With rising income levels, Chinese consumers are increasingly pursuing quality, branding and personalization.

 Disposable income per capita and growth rate, national and sub-rural and urban residents, 2022

- Disposable income per capita in 2021
- Disposable income per capita in 2022
- Nominal growth rate in 2022
- Real growth rate in 2022



Source: National Statistical Office; time period: 2021-2022.

The consumption structure of different income classes shows obvious differences, with consumers gradually pursuing higher quality and more personalized consumption experiences. It is generally believed that as the income level of the population rises, the per capita consumption capacity and consumption level of consumers also show a trend of growth. The Study on the Servicization of Middle Class Consumption by the University of International Business and Economics in Shanghai found that, relative to the low-income class and the high-income class, the proportion of service consumption in the consumption expenditure of the middle class grows significantly as a result of the increase in income level. According to China's National Bureau

of Statistics, as of 2022, China's middle-income group has reached nearly 500 million people. According to the China Household Tracking Survey (CFPS) data is analyzed and will increase to more than 800 million people over the next 15 years. The increase in the middle-income population means that more households can afford to spend more diversely. According to Bain & Company's "Shaping the Future of Consumption in a Rapidly Growing Consumer Market - China", by 2025, consumer spending by China's middle-income population will reach approximately RMB 10 trillion, which is more than double the current level. With rising income levels, middle-income people are beginning to pursue higher quality products and services in their consumption, focusing on product quality, functionality and brand reputation.

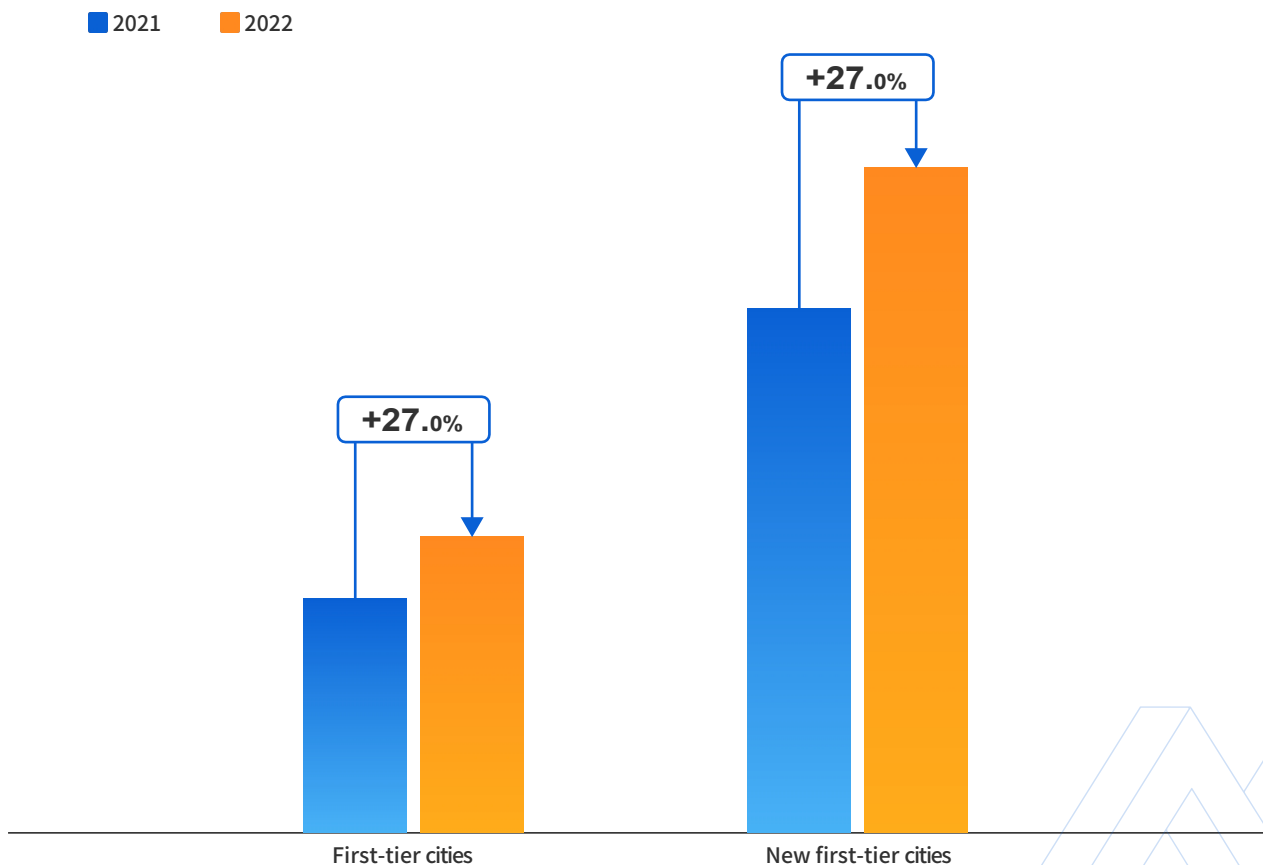
Head Cities Lead Consumption

China's first-tier and new first-tier cities play an important role in the consumer market, and their contribution to the economy and spending power cannot be ignored. First-tier cities such as Beijing, Shanghai and Guangzhou have long been hotspots for consumption. With large populations and high income levels, these cities have relatively high consumption and purchasing power. According to the National Bureau of Statistics, in 2022, the per capita disposable income of residents in Beijing, Shanghai and Guangzhou will exceed RMB 70,000 yuan.

At the same time, new first-tier cities such as Hangzhou and Suzhou are rapidly emerging and gradually becoming an important force in the consumer market. With large populations and growing middle-income populations, these cities have huge consumption potential. According to the National Bureau of Statistics, Suzhou and Hangzhou, two major economic cities in the Yangtze River Delta, will both surpass the 70,000 yuan per capita disposable income mark in 2022, with the gap between Suzhou and Guangzhou at only 538 yuan. Compared with the past, the per capita income of these cities shows a clear growth trend.

Jumbo Arithmetic data shows that the number of people in first-tier and new first-tier cities who spend money at Jitterbug is growing at a high rate, with a growth rate of 27%.

Number of people in headline cities who spend money on Shakeology and year-on-year growth rate






Sinking Markets Thick and Thin

Sinking markets play an important role in China's consumption growth. With China's economic development and policy support, the size of the sinking market has been expanding and consumption habits have been transformed. Consumption power and demand in the sinking markets are growing rapidly, providing huge opportunities for new consumer brands.

According to the National Bureau of Statistics (NBS), by the end of 2022, there will be more than 500 million permanent residents in China's rural areas, accounting for nearly 35% of China's total population. These populations have huge consumption potential. Meanwhile, the central and western regions are also an important part of the sinking market, with a large number of consumers and good economic development in these regions. According to the National Development and Reform Commission, the GDP growth rate of the central and western regions has continued to be faster than that of the eastern coastal regions. Of the 10 provinces with a national GDP growth rate of 4% or more, six are in the west, three are in the center, and only one is in the east, as the consumer market in the center and west continues to thrive.

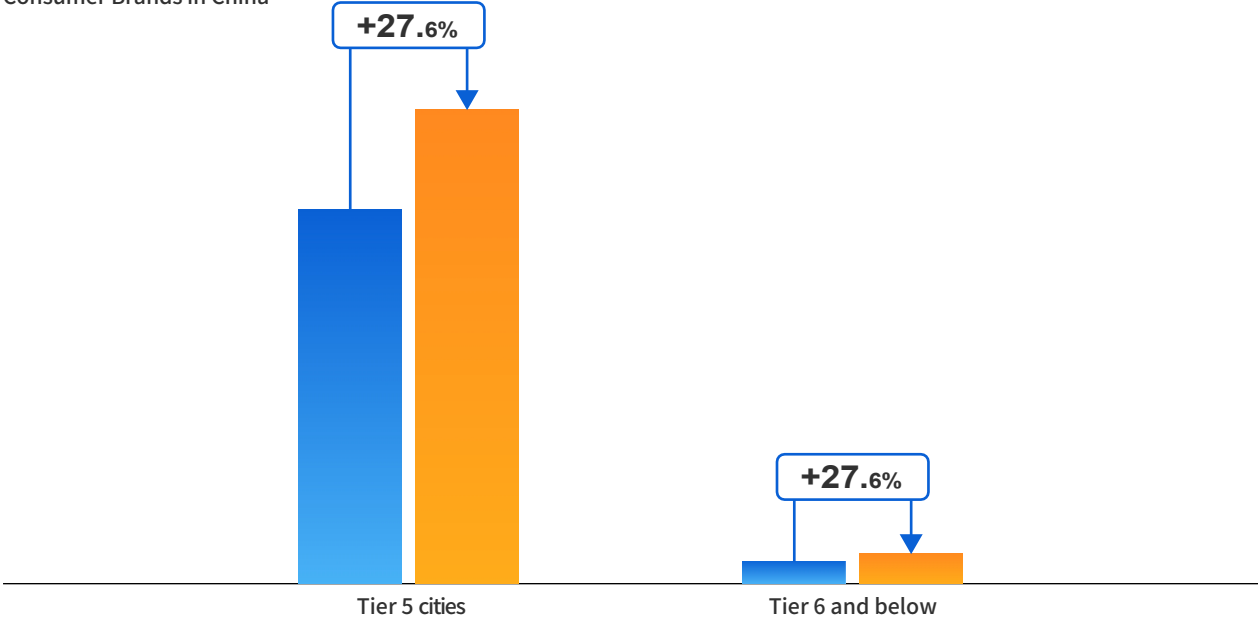
The consumption ability and demand of the sinking market is growing rapidly. According to the 51st Statistical Report on Internet Development in China released by the China Internet Network Information Center (CNNIC), as of December 2022, the number of rural Internet users in China reached 308 million, accounting for 28.9% of the overall number of Internet users. This indicates that consumers in rural areas are becoming more receptive to the Internet and digital products, and they are also relying more and more on the Internet for shopping and consumption decisions. At the same time, consumption habits are also shifting, with consumers in rural areas and central and western regions paying more attention to quality, personalization and diversity of products.

The booming development of the sinking market provides huge opportunities for new consumer brands. According to the data and estimation of MSC Consulting's "Sinking Market Report Series" (Retail), the consumption scale of China's sinking market will reach RMB 17 trillion in 2020, and is expected to reach RMB 35 trillion by 2025. This means that new consumer brands will usher in huge growth space in the sinking market. Huge arithmetic data shows that the growth rate of the number of people consuming in Jitterbug in the tail city is close to 30%. It is higher than the growth rate of the consumption population in the head city.

 Number and year-on-year growth rate of people in tail cities who spend money on Shakeology

■ 2021 ■ 2022

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Data source: Macroscale; time period: 2022, 2021

2.3 Changes in the consumer dimension

The Fourth Age of Consumption

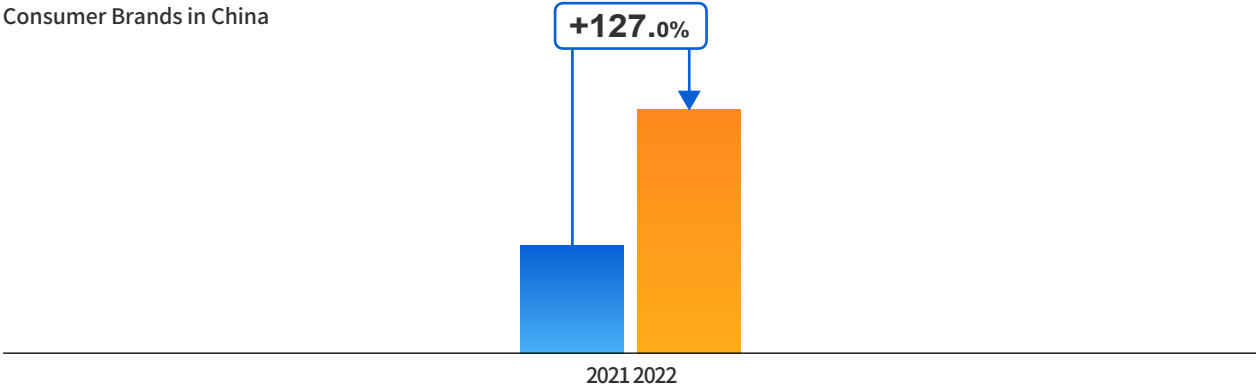
In "The Fourth Consumption Era" by Zhan Miura, Japan's social consumption behavior from 1912 to the present has been divided into four consumption eras. From the First Consumption Era to the Third Consumption Era, as the economy continued to develop, the consumer market went through a process of market cultivation from middle-class enjoyment of consumption centered in a few cities, to overproduction and the beginning of high-quality consumption. And in the fourth consumption era, people began to pursue rationality, cost-effective and altruistic as a consumption tendency. Some scholars believe that China is currently in the third consumption era, but also has some of the characteristics of the fourth consumption era, which is marked by informationization and networking, and which emphasizes consumer participation, interaction and sharing. In this era, consumers' needs are more diversified and focus on the realization of social values such as community, environmental protection and public welfare. Consumers are no longer just recipients of goods and services, but participants and creators. In addition, new technologies such as data, AI, VR/AR, and IoT play a huge role in this era, greatly changing the consumption pattern and consumption experience.

The "Fourth Age of Consumption" is a complex stage characterized by the following aspects:

- ▶ **Personalized Consumption:** Consumers' needs and preferences have become more unique and personalized, and they expect to express their identity and values through their consumption. According to Accenture's "How Retail Can Open Up a New Growth Track" research, 91% of consumers prefer to buy brands that offer personalized services or products.
- ▶ **Smart consumption:** new technologies such as data, artificial intelligence (AI), and the Internet of Things (IoT) play an important role in the consumption process, improving the convenience and experience of consumption. Such consumption tendency is reflected in people's daily life, and huge data shows that the clicks on Jitterbug's smart home-related goods 2022 grew more than one times year-on-year.

 Shake Shack Smart Home Related Products Clicks

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Data Source: Mega Count; Time Period: 2022,
2021 Data Note: Clicks are clicks on links to
products carried by the live bandwagon

- ▶ Participatory and shared consumption: consumers are no longer just recipients of goods and services, but participants and creators. According to the China Sharing Economy Development Report (2023) released by the State Information Center, last year's sharing economy market transaction scale was about 3.8 trillion yuan, an increase of about 3.9% year-on-year.
- ▶ Socially Responsible Consumption: Consumers are taking brands' social responsibility and environmental behavior more into account in their purchasing decisions. Accenture's "How Retail Can Open Up a New Growth Track" survey shows that 81% of consumers strongly believe that companies should help improve the environment.
- ▶ Omni-channel shopping: consumers seamlessly switch between multiple channels (online and offline). According to Oracle's Consumer Research Report 2021 research, 73% of consumers use multiple channels for shopping.

the era of user sovereignty is booming

With the rapid development of technology and the Internet, the era of user sovereignty has officially arrived. In this era, consumers no longer passively accept products and services pushed by the market, but have more choice and decision-making power.

First of all, consumers have changed in their concepts. According to the 51st Statistical Report on Internet Development in China released by China Internet Network Information Center (CNNIC), as of December 2022, the number of Internet users in China reached 1.067 billion, an increase of 35.49 million compared with December 2021, and the Internet penetration rate reached 75.6%. With the increase in convenience and diversity of information access, consumers have a more comprehensive and in-depth understanding of brands and products. They attach increasing importance to values such as environmental protection, social responsibility and healthy living.

Secondly, consumers are cognitively focusing more and more on personalization and customization. Head Leopard Market Research Institute's report "China C2M (User Directly Connected Manufacturing) Industry: Short Circuit Economy Empowers Supply Chain Change" shows that the market size of the C2M industry grew from 12.19 billion yuan to 46.88 billion yuan in 2017-2021, with a compound annual growth rate of 40%, and is expected to exceed the 100 billion yuan mark in 2025. More and more consumers want to meet personalized needs through customized products and services. Customized clothing, home decorations and personalized and tailored travel experiences are sought after by more and more consumers. They seek distinctive and unique experiences and want products and services that truly meet their needs and preferences.

In addition, consumer interests are changing. They are paying more and more attention to brand trust and word-of-mouth. According to the research of Jumbo Count's "2022 Shake Young People's Observation Report", more than 70% of young consumers said they would refer to other consumers' reviews before making a purchase. Consumers get information about products and brands through social media, online reviews and word-of-mouth, and a good word-of-mouth can quickly build up consumer trust and drive sales

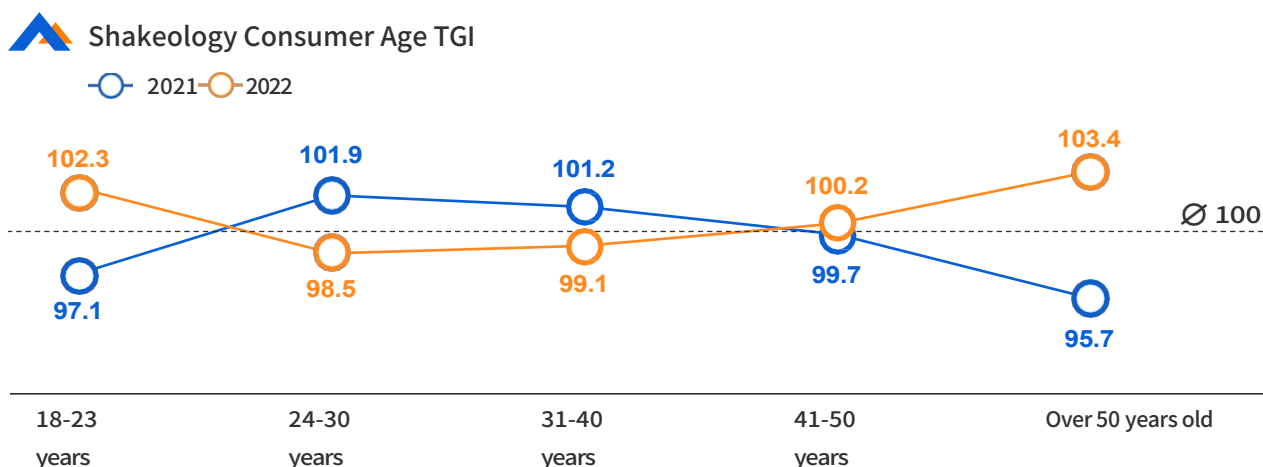
The advent of the era of user sovereignty means a structural iteration of consumer perceptions, awareness and interests. Brands and markets need to better understand and satisfy consumers' needs, and win their favor through personalization, brand trust and word-of-mouth marketing. This will bring more business opportunities and room for growth for companies to maintain a competitive edge in a highly competitive market.



The Rise of a New Generation of Consumers

The rise of a new generation of consumers encompasses Generation Z, the homebody crowd, the silver-haired and quasi-silver-haired, and the sinking population. The consumption habits and needs of these groups are shaping current and future market trends.

Generation Z (born between 1996 and 2010) is an important force in the new generation of consumers. According to the National Bureau of Statistics, Gen Z accounts for about 15% of China's total population. Jumbo arithmetic data shows that the TGI of 18-23 year olds has reached 102, which is significantly higher compared to 2021. Growing up in the digital age, this group is highly skilled in the use of technology and the Internet, and has strong purchasing power. They like to interact with brands and focus on personalization, innovation and social experience. Gen Z is the main user of short video platforms, they understand and evaluate products through short videos, and their influence on brands cannot be ignored.

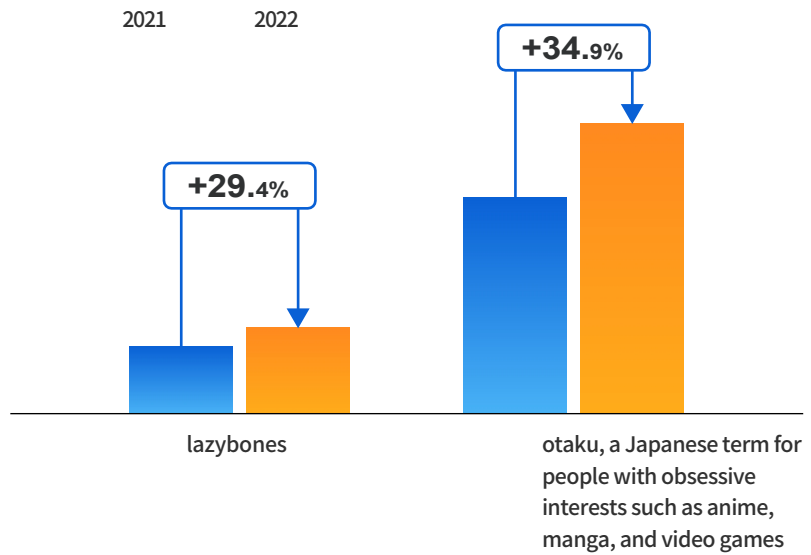


Data source: Jumbo Arithmetic; Time period: 2022, 2021 Jitterbug consumer: people who place orders for goods at Jitterbug e-commerce shopping

The homebound population also makes up a large percentage of consumers, with a large number of consumers choosing to shop and entertain themselves at home. According to data from the Ministry of Commerce, in 2022, the national online retail sales amounted to 13.79 trillion yuan, up 4% year-on-year. Among them, online retail sales of

physical goods amounted to 11.96 trillion yuan, up 6.2% year-on-year, accounting for 27.2% of total retail sales of consumer goods. This growth was mainly attributed to the increase in the number of people staying at home, who purchased goods and enjoyed online entertainment through e-commerce platforms. This trend has contributed to has flourished in industries such as e-commerce, online entertainment and live streaming

Number and growth rate of people in selected circles of interest who have spent money on Shakeology



Booming Development. Huge amounts of arithmetic data show that interests

The number of "Lazy Lifers" and "Otaku" in the circle is growing at a rate of 30%.

Data source: Macroscale; time period: 2022, 2021
Top 100 Interest Groups: By quantifying and categorizing the top 100 interest groups through clustering and circling, Mega Arithmetic has refined the top 100 interest groups; for details, see Mega Arithmetic's report, "2022 China's Top 100 Interest Groups Illustrated".

Silver-haired people and prospective silver-haired people are a rapidly growing consumer group in recent years. According to the National Bureau of Statistics (NBS), as of 2021, China's

The population aged 60 and over is about 260 million, and the quasi-silver-haired population (45-59) is about 1.5 million.

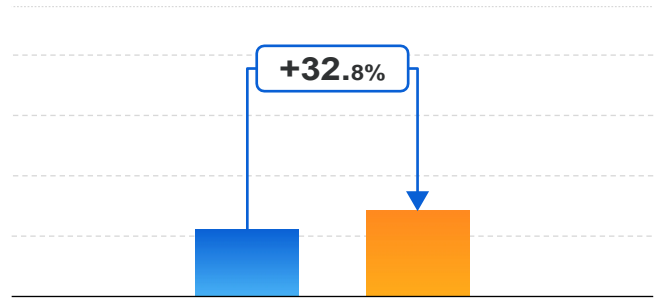
The number of people who are aged 18 or older is about 470 million. This group occupies an important position in consumption, they have high consumption ability and have different needs in the fields of health, pension and tourism. In response to their needs, enterprises can develop suitable products and services to meet their consumption needs. Jumbo arithmetic data shows that among the circles of interest that Jitterbug has consumed, the fashionable silver-haired people are leading the growth rate, which is more than 30%. From

In terms of age, people aged 50 and over had the highest TGI among so ages, with the fastest growth compared to 2021.

Number and growth rate of fashionable silver-haired people who have spent money on

Shakeology

2021 2022



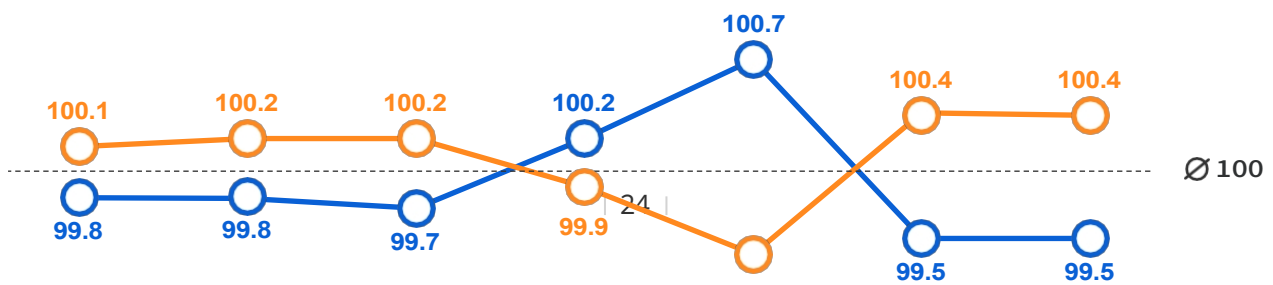
the fashionable silver haired generation

Data source: Macroscale; time period: 2022, 2021

The more than 500 million permanent residents in China's rural areas also have huge consumption potential. With economic development and policy support, the size of the sinking market is expanding and consumption habits are changing. The spending power and demand of this group is growing rapidly, providing huge opportunities for new consumer brands. Companies can expand into the sinking market by understanding their needs and providing suitable products and services. Jumbo Arithmetic data shows that compared to 2021, among those who have consumed at Jitterbug, the TGI of the tail-city group is growing rapidly and is higher than that of other city-level groups.

Jitterbug Consumers City Level TGI

2021 2022



99.4

first-line city	new first- line city	second- tier city	third-tier city	fourth- tier city	fifth-tier city	Sixth-tier cities and below
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Data source: Macroscale; time period: 2022, 2021

2.4 >>> China Internet and Business Technology Applications

Mobile Internet enters the 2.0 era

China's Internet and business technology applications are ushering in the Mobile Internet 2.0 era, which encompasses key elements such as everything-is-connected, recommendation technology, short videos and content marketing. The development of these technologies and trends has had a profound impact on China's business and consumption patterns. Let's take a look at the specific data and trends.

First of all, everything is connected refers to the wide application of IoT technology. According to China's Ministry of Industry and Information Technology (MIIT), by the end of 2022, the scale of China's mobile IoT users is rapidly expanding, with the number of connections reaching 1.845 billion by the end of 2022, a net increase of 447 million compared with the end of 2021, accounting for 70% of the global total. The rapid development of IoT technology has enabled a variety of devices and objects to interconnect, providing more convenience and intelligent experiences for business and consumers. For example, the popularity of smart home devices allows consumers to control home devices through their cell phones for intelligent management and convenient operation.

Second, recommendation technology is increasingly widely used in China's Internet and business sectors. The application of recommendation technology in search engines, recommendation systems, and advertisement placement provides users with personalized information and services. For example, e-commerce platforms analyze users' purchasing behavior and interest preferences through recommendation technology, recommending relevant products and promotions to improve consumers' purchasing experience and satisfaction.

The application of recommendation technology has enabled short videos, an emerging form of media, to emerge in China's Internet and business sectors. The 51st Statistical Report on China's Internet Development released by China Internet Network Information Center (CNNIC) shows that as of December 2022, the number of short video users in China reached 1.01 billion, a year-on-year increase of 8.3%, with a user usage rate of 94.8%. Short video platforms have attracted a large number of users and fans through short and concise video content, and become an important channel for corporate brand promotion and marketing.

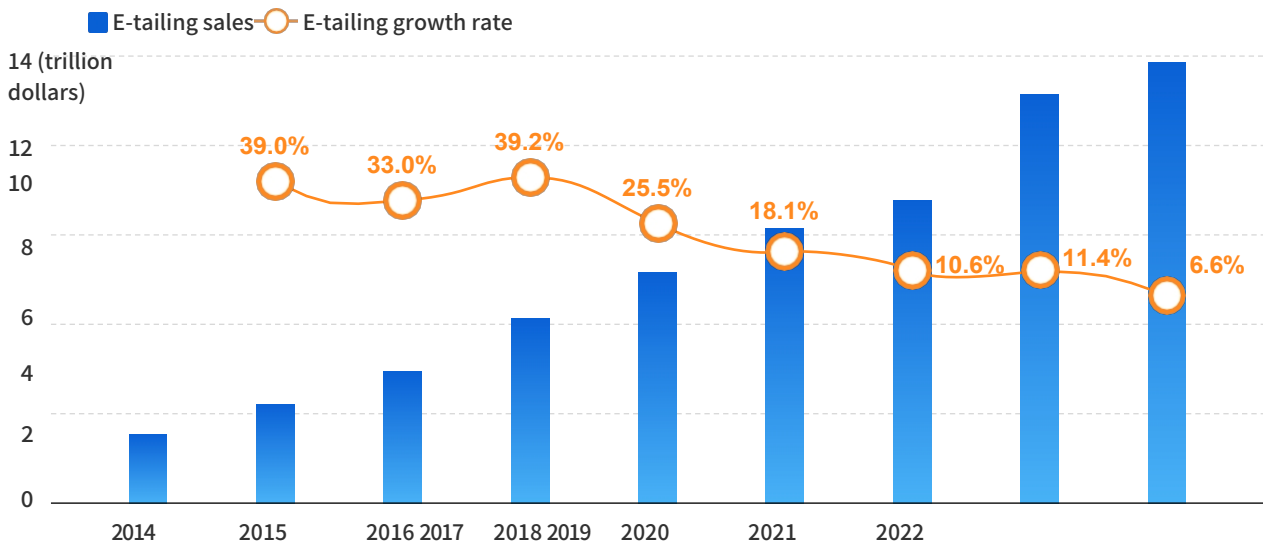
With the rapid development of short videos and other content platforms, content marketing continues to gain importance in China's Internet and business sectors. According to the China Internet Advertising Data Report 2022, the Internet marketing market size is expected to be approximately RMB 615 billion in 2022. Content marketing enhances brand influence and user loyalty by providing valuable and engaging content that attracts users' attention and engagement.

Developed commercial technology applications

In the global tide of business technology application, China's development is particularly outstanding. From the innovation and upgrading of old businesses to the blossoming of new ones, China's business technology applications have demonstrated unparalleled vigor and innovation.

From the perspective of innovation and upgrading of old industries, China has already realized digital transformation in several traditional industries. Taking the retail industry as an example, the development trend of traditional offline retail to online is obvious. Data from the Ministry of Commerce's "China E-Commerce Report (2022)" shows that national online retail sales amounted to 13.79 trillion yuan, a year-on-year increase of 4.0%; rural online retail sales amounted to 2.17 trillion yuan, a year-on-year increase of 3.6%; and cross-border e-commerce imports and exports amounted to 2.11 trillion yuan, a year-on-year increase of 9.8%, accounting for 5.0% of total imports and exports. This change is attributed to the wide application of technology such as AI, data, cloud computing, etc., which has enabled innovation in the business model of the old industry and further boosted the industry's development. Against this backdrop, numerous traditional retailers have begun to experiment with new retail models that integrate online and offline. For example, many old brands have launched their own online shopping platforms after careful consideration, providing consumers with a more personalized shopping experience through data analysis of their shopping habits.

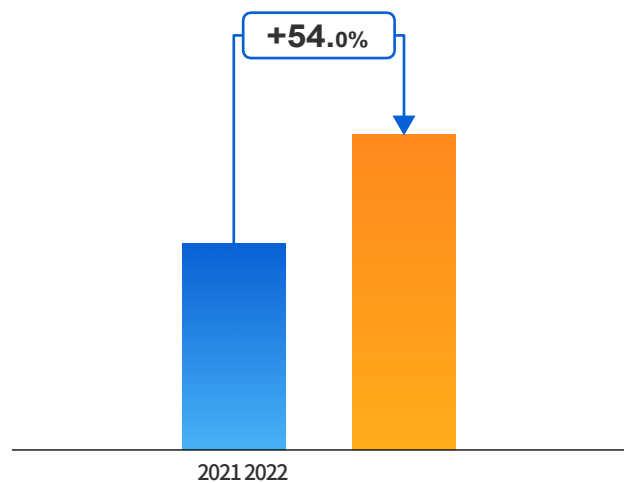
Scale of China's online retail sales



Data source: Ministry of Commerce; time period: 2014-2022

With the massive data of the online platform, the old national brands effectively insight into user needs and meet the new consumption needs of young consumer groups such as fashion and personalization. Old national brands push forward in quality, service, design, aesthetics, etc., so that their brand image is renewed, reinvented and revitalized, brand upgrading is achieved, new market space is won, and new upgrading of the old industry is realized. Jumbo arithmetic data shows that the year-on-year growth rate of interested users of old brands on Jitterbug is more than 50%. Old brands are gradually utilizing online channels to make them their new growth engine.

Number of users and year-on-year growth rate of Jitterbug's old-fashioned interests



Source: Macro Arithmetic's Vision - 2022 Macro Arithmetic Annual Observations Report

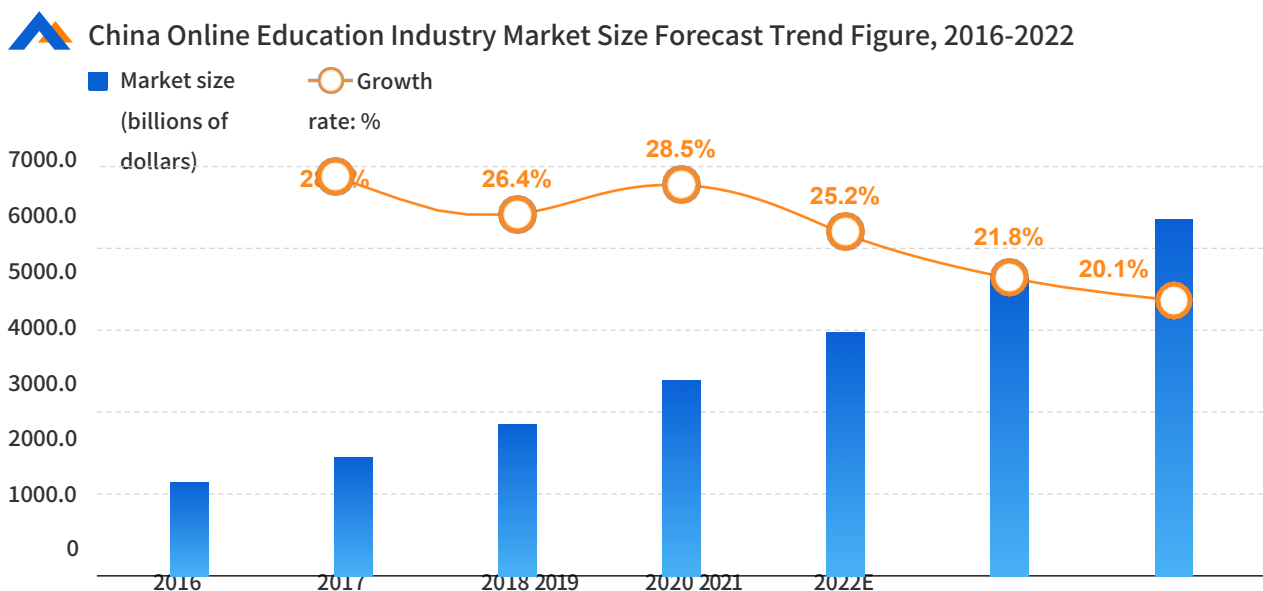
In other traditional industries, the use of new technologies has similarly triggered profound changes, allowing old businesses to innovate and upgrade. Catering automation has become a new trend in the industry. Many catering companies have started to introduce new technologies such as AI and robots to improve efficiency and reduce labor costs. Some long-established catering enterprises, such as Nanjing Dafang, have successfully improved their service quality and attracted the attention of more young consumers by introducing AI ordering and robotic services. Many traditional hotels have begun to use new

technologies such as intelligent guest control systems, AI front desks and unmanned cleaning to improve service quality and reduce operating costs. For example, Ruijia Hotel Group has introduced an intelligent guest control system, aiming to provide a more convenient and comfortable accommodation experience.

New business blossoms

Technological advances have fueled the rapid rise of China's business sector, especially evident in the development of new business formats. The success of these new businesses has energized the market and contributed to the advancement of business technology in China. From Internet healthcare, to smart mobility, to online education, the rise of emerging businesses is changing the way Chinese people live.

Taking online education as an example of the new industry of the digital economy, the increasing personalized demand for public learning and the gradual increase in time fragmentation have provided online education with a broad prospect for development. Internet technology can effectively break through the limitations of time and space, get deep integration and application in the field of education, and gradually promote all kinds of educational resources to realize open sharing. According to the data of "2022 China Online Education Industry Market Outlook and Investment Research Report" by China Business Industry Research Institute, China's online education market scale reached 415.48 billion yuan in 2020, with a year-on-year growth of 25.2%, and is forecast to reach 607.54 billion yuan in 2022.



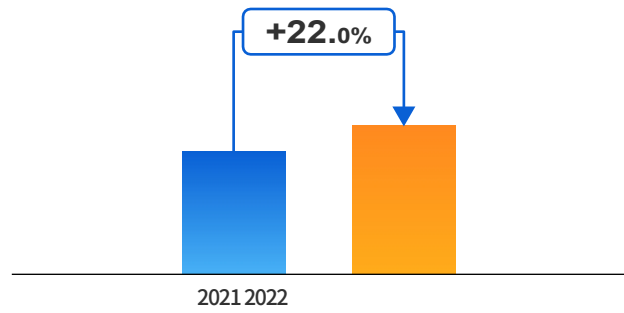
Data source: China Business Industry Research Institute, China Online Education Industry Market Outlook and Investment Research Report 2022

Jumbo arithmetic data shows that the number of interested users of Jitterbug online education increased by more than 20% year-on-year in 2022. The short video platform represented by Jitterbit has become a new traffic growth plateau for online education. Users' interest in educational content has deepened, and knowledge creators and organizations

have opened new ideas for marketing growth through the diversified content exploration of short video + live broadcasting.



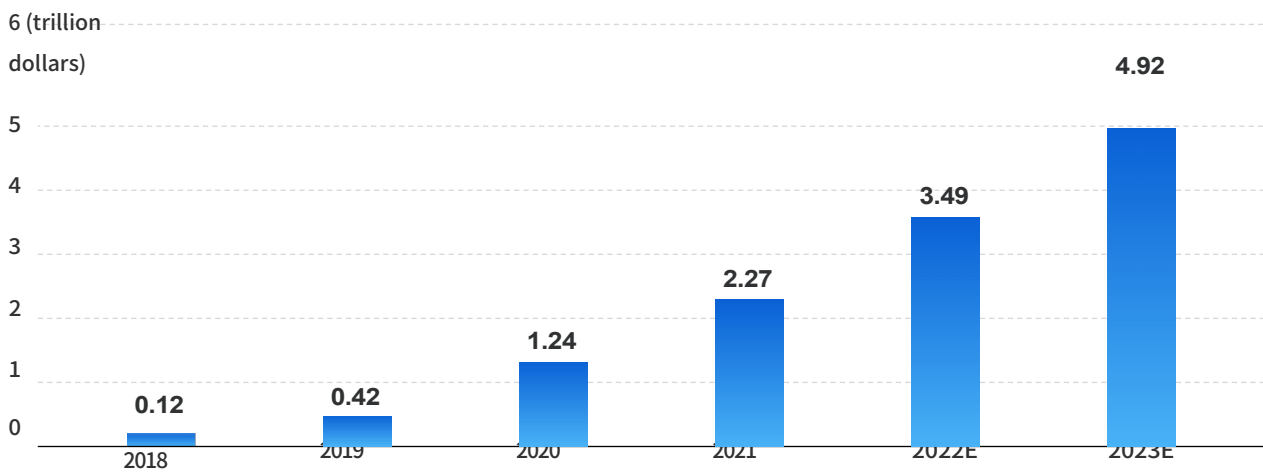
Shakeology Online Education Interest Users



Data source: Macroscale; time period: 2022, 2021
Interested Users: users who like relevant industry content more
than the broader market average in a single month

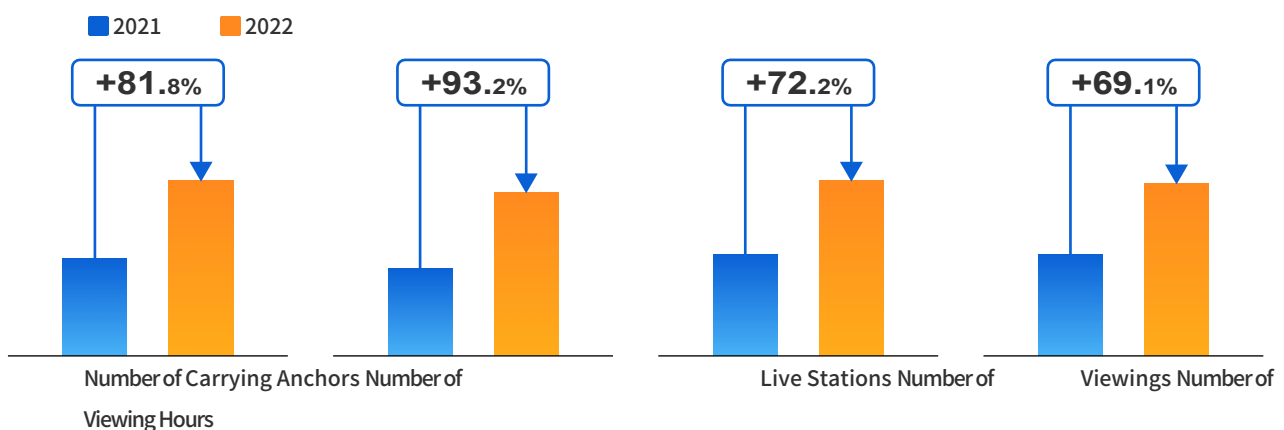
Another typical example is live-streaming e-commerce. data from Statista and CITIC Capital show that the total size of China's live-streaming e-commerce industry reached RMB 2.2 trillion in 2021, and the size is expected to reach RMB 5 trillion by 2023. This new way of selling blends entertainment and shopping, attracting a large number of young consumers. In this process, technologies such as traffic analysis and AI recommendation play an important role. Jumbo arithmetic data shows that Jitterbug live streaming with goods is growing at a high rate. In 2022, the growth rate of the number of anchors with goods exceeded 80%, and the number of live streaming rooms with goods exceeded 90%. The growth rate of the number of times and the length of time that users watch live banding is about 70%.

China Live Streaming E-Commerce Market Size 2018-2023E



Data source: Statista, CITIC Construction

Jitterbug Bandwagon Live Performance



Data source: Mega Arithmetic; Time period: 2022, 2021 Note: Carrying Live Streams are live streams that contain a shopping cart link

In addition, there are many new businesses that are flourishing with the support of commercial technology. Data from the 51st Statistical Report on the Development of the Internet in China shows that

as of December 2022, the scale of Internet medical users reached 363 million, accounting for 34% of Internet users as a whole, a year-on-year increase of 21.7%, making it the fastest-growing application in terms of user scale that year. The Report on the Development of China's Sharing Economy (2023) released by the State Information Center shows that the transaction scale of the sharing economy market was about 3.8 trillion yuan last year, with a year-on-year growth of about 3.9%. Whether it's the rapid development of Internet healthcare or the rise of the sharing economy, the success of these new business models can't be separated from the support of cutting-edge technologies such as mobile payments, data and the Internet of Things.

2.5 Upgraded valuation logic in capital markets

The capital market, as an important part of the financial system, has been evolving and changing. In recent years, the valuation logic of the capital market has been undergoing an important upgrade, which has been manifested in three main areas: aligning with steady returns from high returns, aligning with cash flow from a focus on high leverage, and focusing more on business continuity while focusing on growth.

First, investors have shifted their focus from chasing high returns to stable returns. In the past, investors often chased risky assets that delivered high returns, such as technology stocks and startups. Second, another upgrade in valuation logic is that investors have shifted from focusing on high leverage to focusing on a company's cash flow. While highly leveraged companies may deliver high returns in the short term, they may face greater risks in an unstable economic environment or rising interest rates. In contrast, companies with stable cash flows are able to maintain stable operations in various uncertain economic environments. Finally, the upgrade in valuation logic is also reflected in the fact that investors are paying more attention to the sustainability of corporate growth while focusing on corporate growth. Growth is an important factor for investors to focus on when choosing investment targets, but rapid short-term growth alone is not enough to ensure the long-term success of a company.

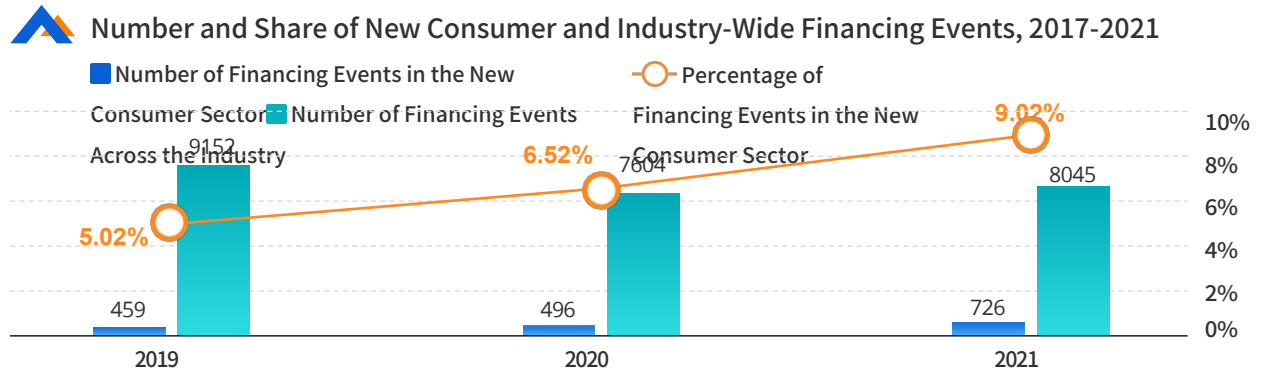
The upgrading of valuation logic in the capital market has had a profound impact on the development of the new consumer sector. This is mainly manifested in the following aspects:

First, the upgrading of valuation logic has driven innovation in the new consumer industry. Under the new valuation logic, the value of an enterprise depends not only on its current financial performance, but also on its future growth potential, innovation capability and business model sustainability. This has prompted companies to focus more on product and service innovation and strive to find new growth points to meet the expectations of the capital market.

Second, the upgrade in valuation logic has also changed the strategic choices of companies. In the past, many consumer companies may tend to adopt conservative strategies to attract investors with solid financial performance. However, under the new valuation logic, companies need to demonstrate their potential in terms of market competition, technological innovation and user growth in order to achieve a higher market valuation.

In addition, the upgrading of valuation logic has also brought new financing opportunities. Under the new valuation logic, the future potential and innovation ability of enterprises have become the focus of investors' attention, which enables some new consumer enterprises with unique business models and technological innovation ability to obtain higher valuations in the capital market, thus attracting more capital investment.

The booming development of the new consumer industry can be seen from the capital market, 2021 domestic financing events in the field of new consumption totaled 726, accounting for up to 9.02% of the overall financing events, the highest ratio in recent years, which fully illustrates the hot market in the field of new

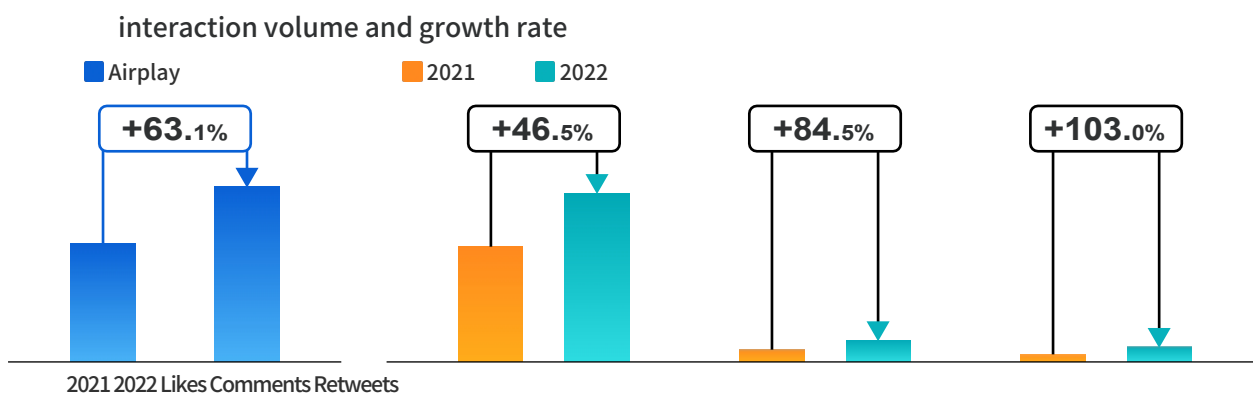


Source: Macro Arithmetic's Vision - 2022 Macro Arithmetic Annual Observations Report

2.6 The return of the best traditional Chinese culture and values

In addition to the fast-developing Internet, in modern society, we are witnessing an important return of China's traditional outstanding culture and values. Huge amounts of data show that in 2022, the playback of short videos of traditional culture on Jitterbug grew at a rate of more than 60%, while the amount of user interaction in these traditional culture-related short videos also increased dramatically. The growth rate of retweets among them is more than 1 times. Users are increasingly concerned about traditional culture.

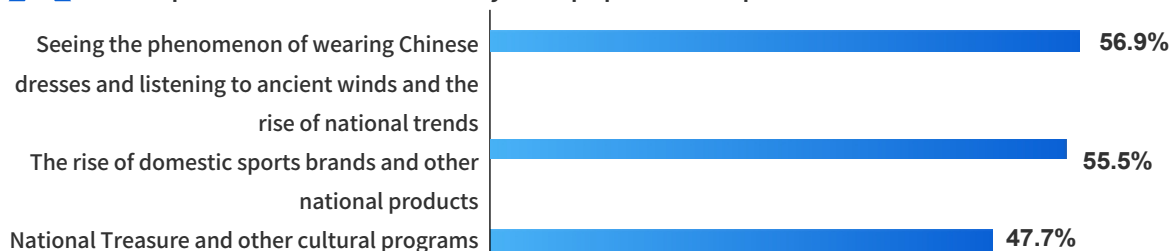
Short video's traditional culture short video play volume,



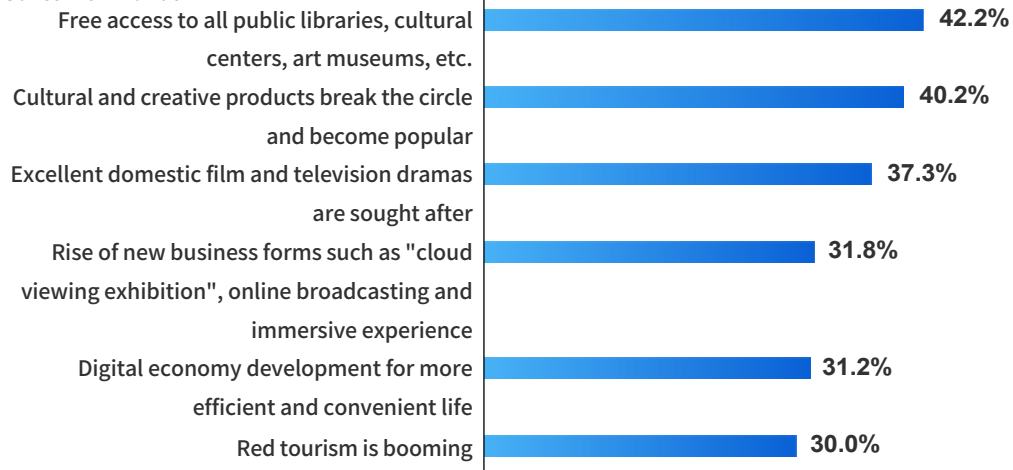
Data source: Macroscale; time period: 2022, 2021

The return of good traditional culture and values is also reflected in the strength of national resonance. This return is both a way of valuing and respecting traditional culture and a way of positively influencing and contributing to modern society. Many people believe that traditional culture is an important source of their identity and self-esteem. According to a survey conducted by the Social Survey Center of China Youth Daily, which polled 2,002 young people, 56.9% of the young people polled said they would feel heartfelt pride in seeing the phenomenon of the national tide rising.

Social phenomena of which the youth population is proud



Chapter 2: The Time and Momentum for the Rise of China's New Consumer Brands hit the airwaves

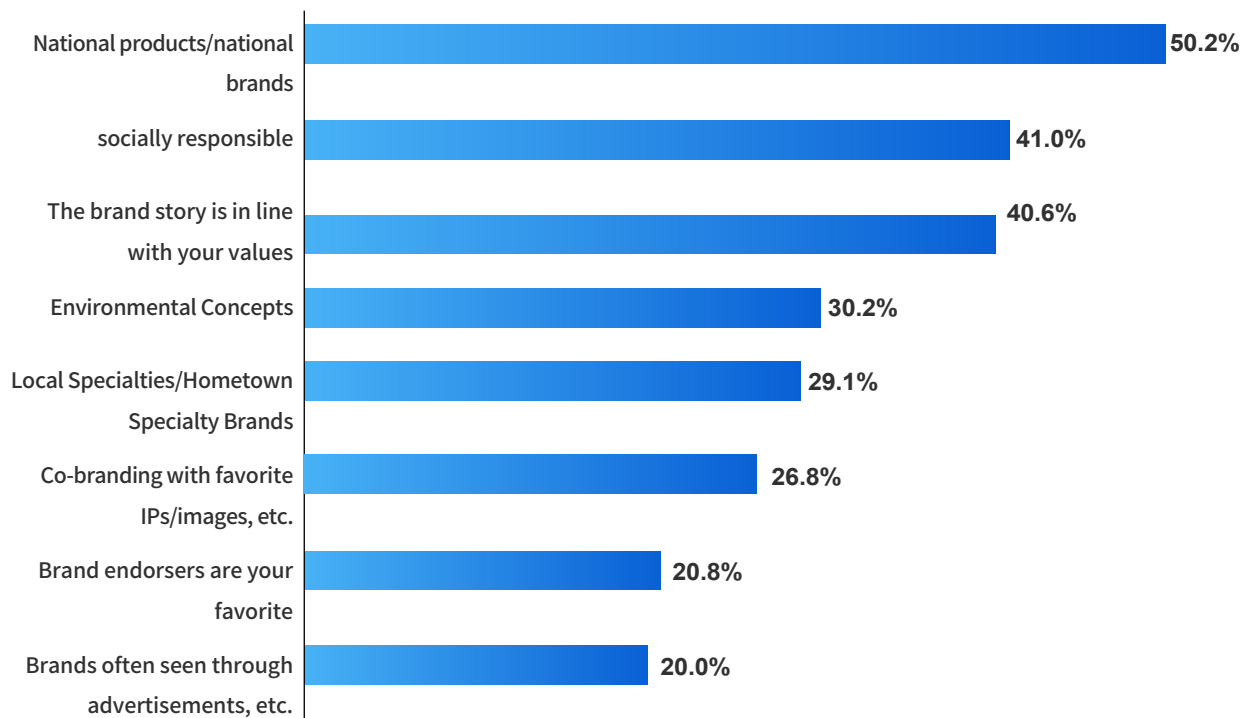


Data source: China Youth Daily Social Survey Center, N=2002

The return of traditional Chinese outstanding culture and values has an important impact on the development of new consumer brands. The sense of consumer identity and belonging that this brings contributes to the brand building and marketing of new consumer brands, providing them with a wealth of inspiration for innovation. For example, many Chinese new consumer brands have integrated traditional arts and crafts and other elements into their product designs, making their products unique in the market and popular among consumers.

Consumers' identification with local brands and cultures not only increases brand awareness, but also enhances consumer loyalty to the brand. The return of traditional culture and values also promotes the transformation of consumer consumption concepts. Research in Jumbo Arithmetic's "2022 Shake Young People's Observation Report" shows that national products and brands with a sense of social responsibility or in line with their values are quite popular among young people.

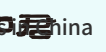
Qualities of brands that are well-liked by the younger demographic on the Jitterbug platform



Source: Jumbo Counts' 2022 Jitterbug Youth Watch Report

The return of traditional Chinese culture and values is both an opportunity and a challenge for new consumer brands. New consumer brands need to be sensitive enough to perceive this trend of returning cultural values and rationally integrate them into their product design and brand concepts in order to truly win the recognition of the market and consumers.





PART 03

The Development Status of New Consumer Brands in China

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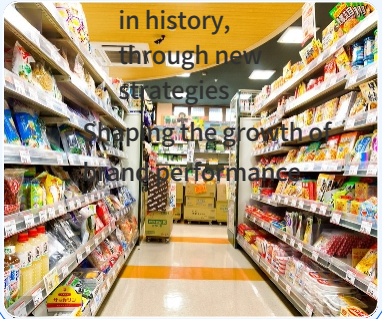

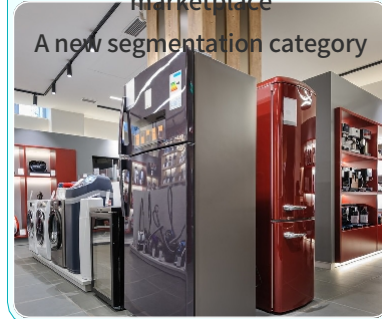
The Chinese Paradigm for New Consumer Brands in 2023

The Chinese paradigm for new consumer brands in 2023

3.1 Common forms and traits

Three Forms of New Consumer Brands

As China enters the important stage of sustained growth in consumer demand, accelerated upgrading of the consumption structure, and a significantly stronger role of consumption in driving the economy, both traditional and emerging consumer brands are constantly seeking development and change in an attempt to survive and further develop, gradually giving rise to three new forms of consumer brands: old brands renewed, old categories upgraded, and new brands innovated.

<p>Renewal of an old brand</p> <p>Brands with a history steeped in history, through new strategies, shaping the growth of brand performance.</p> 	<p>Old category upgrade</p> <p>Develop new products in old categories to solve existing consumer pain points and meet potential demand points.</p> 	<p>New category innovation</p> <p>The new brand creates one or more by analyzing the marketplace. A new segmentation category.</p> 
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Renewal of old brands: Brands with a history of precipitation, through new strategies to form the brand performance growth

Old brands with a deep history often give people the impression of being traditional and old-fashioned. However, as the market environment changes, old brands are beginning to get rid of the Consumers' perception of their inherent image is brought back to the forefront through marketing methods such as co-branding and crossover, fueling new growth for the brand.

1. Great White Rabbit returns to consumers through co-branding and cross-border marketing

Born in the late 1950s, Great White Rabbit milk candy was a sweet memory of many people's childhood, but with the changes in the market environment and the upgrading of consumption, the Great White Rabbit brand gradually faded from people's view. In this context, Great White Rabbit began to change the marketing route, choosing to cross-border co-branding with a variety of brands, in an attempt to return to the field of vision of consumers.



Big white Rabbit co-branded with SK-II



Big White Rabbit co-branded with Coach

In November 2022, Dabai Rabbit launched a co-branded model with Coach, and in the New Year of 2023, Dabai Rabbit joined hands with SK-II to launch a limited edition of Shen Xian Shui, which continues to expand the brand's influence. The explosion of these cross-border new products has increased Great White Rabbit's recognition in the minds of young consumers and accelerated brand rejuvenation.

2. Moutai, a traditional liquor company, crosses the border to launch ice-cream

Moutai, as a national wine, moves the public's attention with every action. 2022 On May 29, 2022, Guizhou Moutai Group announced the launch of three ice cream products, all of which add 2% of Moutai wine ingredients, which detonated the social media for a while and aroused widespread concern and discussion.



Moutain Ice Cream Products

Maotai ice cream is the first attempt of Maotai Group to proactively penetrate into the young consumer group. By launching the ice cream, it reduces the cost of trying Moutai liquor, enhances the influence of the Moutai brand among young people, and cultivates and taps the potential customer base of Moutai liquor. The cross-border fusion of soy sauce liquor and ice cream, with Moutai's IP support, has a special meaning, which is not only a fashionable single product for young people, but also a work of art that combines liquor and ice cream.

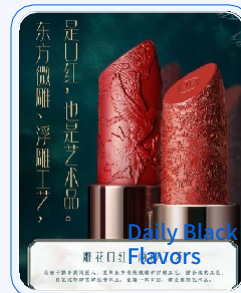
The advantage of the old brand revitalization is that its brand itself has a high degree of recognition among consumers, and when the brand carries out crossover or co-branding activities, it is more able to stimulate and satisfy consumers' curiosity and freshness about the product. In addition, the old brand has a stable consumer base compared to the new brand, and has accumulated a certain reputation and credibility, it is easier to win the recognition of consumers.

Old category upgrade: develop new products in old categories to solve consumer pain points and meet potential demand points

The upgrading of the consumer structure will inevitably cause the original categories of the industry market is becoming increasingly saturated, the competition between brands is becoming increasingly fierce. In this context, the development of new sub-categories is particularly critical, which is not only the development of the old brand of the new blue ocean, but also the new brand development of new opportunities.

1. Daily Dark Chocolate Captures Chocolate Segment, Achieves Explosive Growth

In recent years, due to the slowdown in the growth of the conventional chocolate market, the crush of giant international brands, and the pursuit of healthy food by Chinese people, the sub-category of chocolate has become a blue ocean of growth, and the brand "Daily Dark Chocolate", which has "Dark Chocolate" as its brand entry point, has risen to become a strong competitor in the new chocolate consumption track. The brand "Daily Dark Chocolate", with "Dark Chocolate" as its brand entry point, has taken advantage of the trend and become a strong competitor in the new chocolate consumption track.



Daily Black Chocolate Introduces a Variety of Flavors



Daily Dark Chocolate is an innovative chocolate brand with a focus on "ingredients". The brand enters the market with a differentiated positioning of "Healthy - Sugar Free" and focuses on the segment of dark chocolate. With the "elitist" label of dark chocolate and consumers' pursuit of healthy and low-sugar, the brand has rapidly opened up the market through the layout of multiple channels, co-branding and celebrity endorsement, live broadcasting, private domain operation, etc., and has created a strong brand power.

2. Huaxizi opened the ceiling of the national makeup industry

2018 is known as the first year of national trend, and the cumulative number of searches for keywords related to Chinese elements on Alibaba's platform exceeded 12.6 billion. China's

and the national tide culture officially broke out.

Huaxizi launched carved lipstick
the recommendation officer of

Li Jiaqi became
Huaxizi

With the wave of national style, Huaxizi chose a "retro" road. At the beginning of the founding, the brand set the direction of oriental makeup, determined to carry the oriental culture, the beauty of China by the makeup brand and then spread. In April 2019, Huaxizi in few brands will make a big deal of the lipstick cream injected soul, the launch of the flower hidden star dome carving lipstick, its unique appearance makes it jump to become the brand symbol of the Huaxizi. The perfect combination of national style and makeup made Huaxizi a breakout hit and a big seller on Chief Recommendation Officer Li Jiaqi's live show.

The creation of new categories can support brands to meet consumers' changing needs and preferences, create new market opportunities, and realize differentiated competition with competing brands. The development of new categories by brands can feed the market, promote the development of the market environment in a healthier direction, and contribute to the further improvement of the social consumption system.



New category innovation: new brands create one or more new segments through market analysis

In today's consumer market, brand competition is fierce and consumers are increasingly interested in new and unique products. The entry point for new brands to enter the market is mostly on category upgrading or category segmentation, but there are also some brands, based on their own accurate grasp of the market, enter the market by creating new categories and achieve success.

1. Teco creates a new category of scrubber that meets the needs of Chinese consumers

Timco pioneered the category of floor scrubbers. Until 2020, the traditional floor cleaning industry was dominated by sweepers and other categories. Until 2020, Timco was the first in the industry to create a thinking intelligent scrubber "Fuwan", which caused a strong market reaction. With the original "intelligent suction and drag washing, a key to self-cleaning" product features, this product completely solved the traditional Chinese family dusting and then use the



The mop mopping method of cleaning has brought about a major revolution in the floor cleaning market.

As soon as "Fuwan" was launched, it received a warm welcome, selling 22,000 units during the 618 period in 2020, and the sales in a single store in 36 minutes on Double 11 even exceeded 100 million yuan. In 2021, Timco launched the Fuwan 2.0 series, and the omni-channel sales in 618 exceeded 900 million yuan, close to the annual sales in 2020.



2. Yuanqi Forest takes advantage of sugar-free sparkling water to stand out in the niche category

China is one of the largest soft drink markets in the world, but the market concentration is very high, with giants such as Coca-Cola, Nongfusanquan and Master Kong firmly occupying most of the market share. Against this backdrop, Yuanqi Forest cut into the sparkling water segment by creating a new sugar-free sparkling water category, reaching a valuation of \$15 billion in five years and standing out from the industry giants.

The secret of Yuanqi Forest's success lies firstly in the accurate positioning of the target consumer group, aiming at female consumers between the ages of 18-35 years old, living in first-tier, new first-tier and second-tier cities. The product positioning favors people who have health requirements and want to lose weight but love beverages.

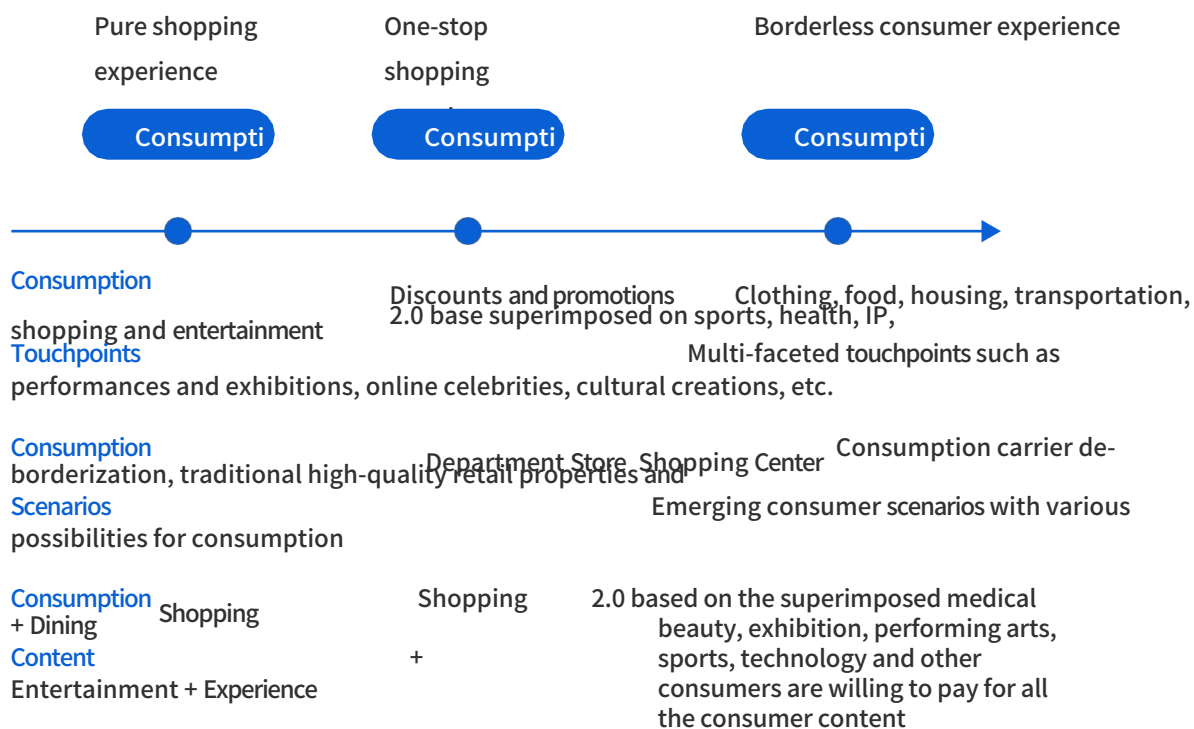
Secondly, it is its marketing approach that is in line with the nature of young people. Yuanqi Forest communicates with consumers in a way that "empathizes" with them in order to build the brand. Social media is an important channel to communicate with the new generation of consumers. Yuanqi Forest first emerged through the microblogging, and in the following time, the rapid layout of the double micro a jittery, Xiaohongshu and other platforms to do product publicity, and quickly enhance the brand awareness.

New category innovation is the most common form of the three forms of new consumer brands, accounting for more than 70% of the total number of new consumer brands in the market. A brand-new brand, despite the lack of market precipitation and brand accumulation of the old brand, but also no historical baggage, the biggest advantage is to be able to new more avant-garde, novel, fashionable positioning, to attract more young, innovative consumers.

Several qualities of new consumer brands

The booming development of online e-commerce has provided a quality channel for the rise of consumer brands, enabling them to reach the consumer population more quickly and accurately. Coupled with the ascendance of Generation Z (referring to the generation born between 1996 and 2010, whose growth period almost coincided with the period of the formation and rapid development of the Internet) to the stage of history, their demand for brands has become more and more diversified, with personalization, customization, and brand values all becoming factors that they pursue. The upgrading of the consumption pattern has helped the development of new consumer brands. As a brand native to the Internet, the main qualities of new consumer brands are: products with new features, brands for new people and the development of new marketing channels.

 Consumption patterns have been upgraded to the concept of consumption "3.0".



New consumer brands have new characteristics for their products

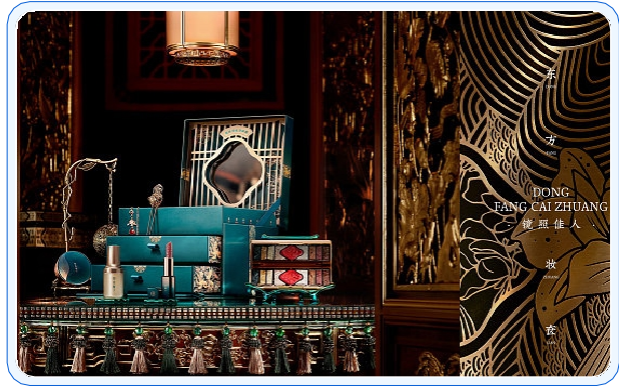
Compared to traditional brands, the products of new consumer brands emerging from industrial upgrading generally have a higher face value, healthier ingredients, a more traditional Chinese cultural flavor and a greater sense of technological convenience. This is a key factor in the success of new consumer brands.

Face value is justice. Most of the new consumer brands are oriented to new consumer groups such as the post-90s and post-00s, and it is not difficult to find that this generation of young people has a higher demand for product value and a much stronger desire to share beautiful things. For example, known as the national tide of soda, annual sales of 300 million "Hankow two factories", through the national tide of the way to redo the soda bottle packaging, not only triggered the user's feelings for the old soda factory,

but also "Hankow two factories" to the fashion tide, brushed a lot of people's circle of friends.



Hankou No.2 Factory Soda Packaging



Huaxizi Offline Flagship Store - West Lake Hidden Garden

The first offline flagship store of Huaxizi in China, West Lake Hidden Garden, utilizes Chinese garden landscape design to create the first art gallery-style beauty retail space. It gives tradition to fashion, displays non-heritage art collections, interprets the philosophy of modern hermits, and creates the brand's unique oriental romance. Its high face value is sought after by young people.

Health is a priority. Whether in the field of food or cosmetics, many consumers are slowly turning into "ingredient parties", paying more attention to what ingredients are added to products and whether these ingredients are healthy. For example, more and more consumers began to give up the "fat happy water" and thus turned to "0 sugar 0 calories 0 fat" healthy sparkling water drinks, Yuanqi Forest is to take advantage of the success of this concept, by consumers love. In the cosmetics field in recent years, the explosion of the new consumer brand HFP is a main "to the ingredients, to impress the skin" of the skin care brand. With the post-95 00 began to occupy the consumer market, in the environment of the Internet information flow, young consumer groups through diversified information channels tend to be able to obtain more detailed information, they will pay more attention to the product itself, focusing on the ingredients and efficacy.

The national trend is still in the tide. Since its birth in 2018, after years of development, the national trend has become a consumer concept, and all local brands with Chinese characteristics can be called national trend. Spearheaded by the "Forbidden City Wenchuang" and "China Li Ning", and succeeded by "Cha Yan Yue Shi" and "Bai Qiao Antelope", national trend brands are becoming more and more popular among consumers. The national trend brands are becoming more and more popular among consumers.



Forbidden City Cultural and Creative Products

The rise of national tide not only represents the rise of national self-confidence, but also the revival of excellent traditional culture. In recent years, with the rapid development of China's economy, people's sense of national pride has never been higher, and their knowledge and love of China's excellent traditional culture has further strengthened. Brands to seize the national tide of this wind, not only can seize the market opportunity, but also can further enhance the national cultural soft power, conducive to the further development of China's cultural and creative industries.

Portable technology is sought after. With the



accelerated pace of work and life of contemporary people and the help of technology, the lazy man economy and the house economy are developing rapidly. All industries are developing in the direction of convenience and technology.



Teco Brand Segmentation

As an emerging domestic home appliance brand, Timco is committed to improving consumer experience in the field of small appliances and has achieved greater success in the floor cleaning category and kitchen small appliances. Its development of the Fuwan Floor Scrubber solves the cumbersome operation of Chinese consumers needing to mop again after using a traditional vacuum cleaner, and the FoodWan 3.0 Intelligent Cooking Machine realizes digitalized cooking, enabling consumers to experience delicious food that can only be eaten in restaurants without leaving their homes.

With higher face value, healthier ingredients, more traditional Chinese culture and a greater sense of technological convenience, new consumer brand products have firmly captured the attention of consumers and stood out in various industry tracks, guiding China's new consumption to a higher level of continuous growth.

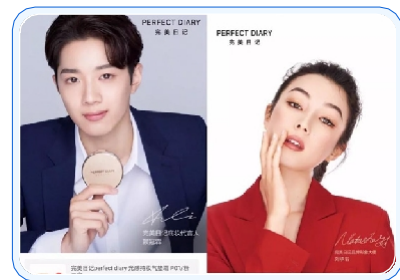
New consumer brands mainly target young consumers

With the upgrading of consumption, young consumers have become the main group in the consumer market. They rely more on information from new media sources, pursue health, like to try new things, and pay attention to the value of the product and its social attributes. Based on the consumption characteristics of young groups, new consumer brands have won the favor of young consumers through the targeted design of products and marketing.

■ New consumer brands penetrate young consumers primarily through emerging media marketing

In order to get closer to young consumers and get better marketing results, new consumer brands prefer to promote their brands on emerging social media, utilizing celebrities and KOLs to increase brand awareness and penetration.

Perfect Diary is the first batch of beneficiaries of Xiaohongshu's seeding marketing model. In September 2017, Perfect Diary was stationed in Xiaohongshu and quickly relied on its unique seeding promotion model to complete the rapid growth of traffic. Four months after being stationed in Xiaohongshu, Perfect Diary's sales grew explosively to nearly 50 million. Data shows that before August 2018, Little Red Book was the main position of Perfect Diary's traffic, and the brand voice accounted for 45.91%.



Perfect Diary's Weed
Recommendations in Little Red Book

■ New Consumer Brands Attract Young Consumers with Healthy Product Ingredients

In recent years, due to the various industries continue to explode the existence of product ingredients "technology and hard work", consumers pay more and more attention to healthy product ingredients, especially in the food industry, sugar-free, natural and organic, no additives and other terms to attract consumers to become the gold standard.

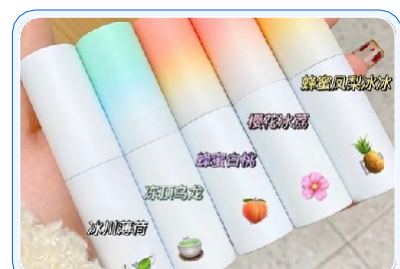
For example, Yuanqi Forest has launched the slogan of "0 sugar, 0 fat, 0 calories", which directly hits the pain point of consumers' sugar control, so that they don't have to worry about the risk of gaining weight while enjoying a smooth drink of sparkling water. Daily Black Qiao will be black Qiao this sugar-free category as a development point, also focusing on health and sugar-free, loved by consumers.



Product promotion of Genki Forest

■ New Consumer Brands Attract Young Consumers with Higher Product Value and Stronger Social Attributes

Emerging consumer brands are attracting young consumers through the enhancement of the value and social attributes of their goods. These brands focus on product design and appearance to make them more appealing while enhancing consumers' social identity.



Young consumers are more inclined to purchase these items with a sense of style and social attributes because they enhance their taste and social image, allowing them to better integrate into the social groups they are a part of.

Oral care brand BOP is a typical new consumer brand, its brand positioning is "oral beauty", the main target group is 18 to 30 years old, first to third tier city girls. When the user puts on exquisite makeup, puts on their favorite lipstick, but if the teeth are a little yellow, or have some bad breath, this will particularly affect the image. BOP seizes the lack of products in this consumer scenario, and has successively launched high value oral spray, whitening toothpaste and other products, which have gained the popularity of consumers. Its launch of mouth spray products, 3 months rushed to the mouth spray category first, tooth stickers on the line in the second month, has been the second category.

BOP Oral Spray Products

New consumer brands marketing through new channels

Behind the rise of new consumer brands, in addition to the background of consumer upgrading, and the main consumer population change, more importantly, thanks to the brand's accurate circle marketing. Throughout the current new consumer star brand, from the flower to the bubble Mart, etc., are not by microblogging, small red book and other new platforms, new channels of dividends, through the accurate circle marketing to obtain explosive growth, and ultimately succeeded in becoming the current emerging brands.

■ Breaking the circle with brand storytelling

Traditional brands generally can only develop and publicize within their own circles, making it difficult to realize broken-circle marketing and explosive audience growth. New consumer brands are good at utilizing people's attention to topics, informing consumers of the brand's cultural value and emotional appeal, telling a good brand story, and taking advantage of the situation to realize the broken circle.

Oriental Selection is a brand that is good at storytelling. Starting from Dong Yuhui's bilingual live broadcast, Dongfang Selection's live broadcast is not only limited to carrying goods, but also spreading knowledge while selling goods has become its unique brand symbol. People can also learn the knowledge behind the product while buying goodies, which greatly accelerates the brand's breaking speed. Consumers in the live room to buy goods, will be in their own private information circle to share, so that the brand's audience to produce rapid fission, at its peak, the East Selection live room one night can increase the powder million.



Oriental Selection Anchor Tung Yu Fai

■ Social platform wide range of grass, deep accumulation of brand equity

Consumers' awareness of new consumer brands often begins with social platform seeding. Brands first utilize large-volume exposure to build initial consumer awareness, such as using celebrities and KOLs to build momentum and recommendations, i.e., "planting grass". Next, through long-term communication to accumulate consumer goodwill towards the brand, increase user stickiness, such as community and private domain construction, i.e. "grass". Finally, through the online and offline linkage conversion, the consumer's goodwill will be converted into purchase, i.e. "pulling grass". Each step of the progression is not natural, behind is the brand in each touch point step by step on the careful layout and traces of guidance.

The brand accumulation of Huaxizi originates from the large amount of grass planting on social platforms. Starting from the entry point of national style beauty, Huaxizi has shortened the time for users to make decisions and place orders through a large number of grass-planting by users and KOLs in Xiaohongshu, and Li Jiaqi's vigorous promotion in the live broadcasting room, thus completing the rapid realization of users' interests. Moreover, after the purchase, users are attracted by the advantages of its high quality and low price, and spontaneously publicize for it, forming a virtuous cycle.



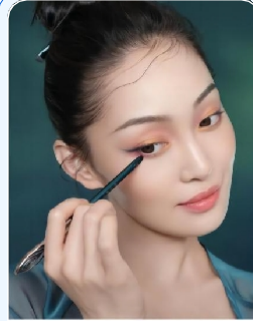
夏日的尽头

空气里的秋意逐渐堆积，趁天气好出门走走拥抱太阳。
今天整体的妆容是干净清爽的，脸上除了口红外没有特别强烈的色彩。乌发红唇以及通透如玉的质感更加有东方美人的气质。天气逐渐干燥，一般的粉饼上脸更容易



花西子春日小鸭花限定

这次手给的是花西子的新品三喜粉饼
银色感粉嫩嫩的，手感也超软糯
我选择保留了金属质感的棕色边值
演绎粉粉玉润仙仙可爱



妆面海报 | 妆容KV | 最近的作品

brand: 花西子 (案例摄影)

化妆师: 一万

灵感 | 妆容 | 创意 | 模特 | 素材



用了两年的花西子!

该说说大实话了...

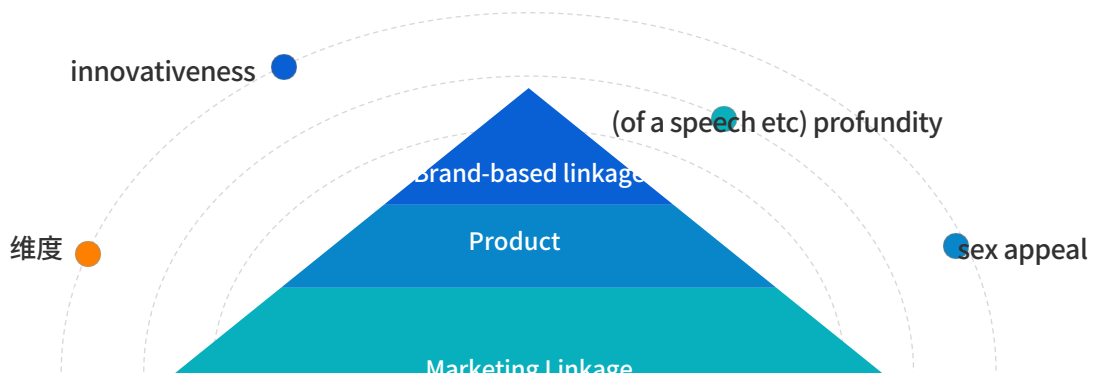
钱花在刀刃上! 花西子什么值得买! 不踩雷测评
作为用了两年花西子的老粉!!
它家的产品我是真用了个遍~
不得不说, 花西子确实牛大幸是真的
用心做产品+设计! 把国货拉到一个新高度!

Flower Nishiko's Herb Notes at Little Red Book

Brands rely on co-branding and crossover marketing for traffic

Nowadays is an era where consumption upgrading and consumption differentiation coexist, and the communication and consumption power of each circle group, especially the young group, has been repeatedly confirmed. Relying on cross-border publicity or co-branding with young people's favorite brands or IPs can better cater to young people's consumption habits, break the barrier of consumer circles, further strengthen the brand's exposure and consumer perception of the brand, and gain huge traffic and attention.

Main modalities of association



Marketing Linkage

The design is usually only reflected in the combination of the product logo and outer packaging



Product Type Linkage

One brand utilizes the other's design resources for product upgrades



Brand-based linkage

Co-branding parties launch exclusive co-branded sub-brands or new



[Xi tea and FENDI co-branding](#)

[Rui Xing and Coconut co-branding](#)

[Rokujin and KFC co-branding](#)

3.2 Business Models and Marketing

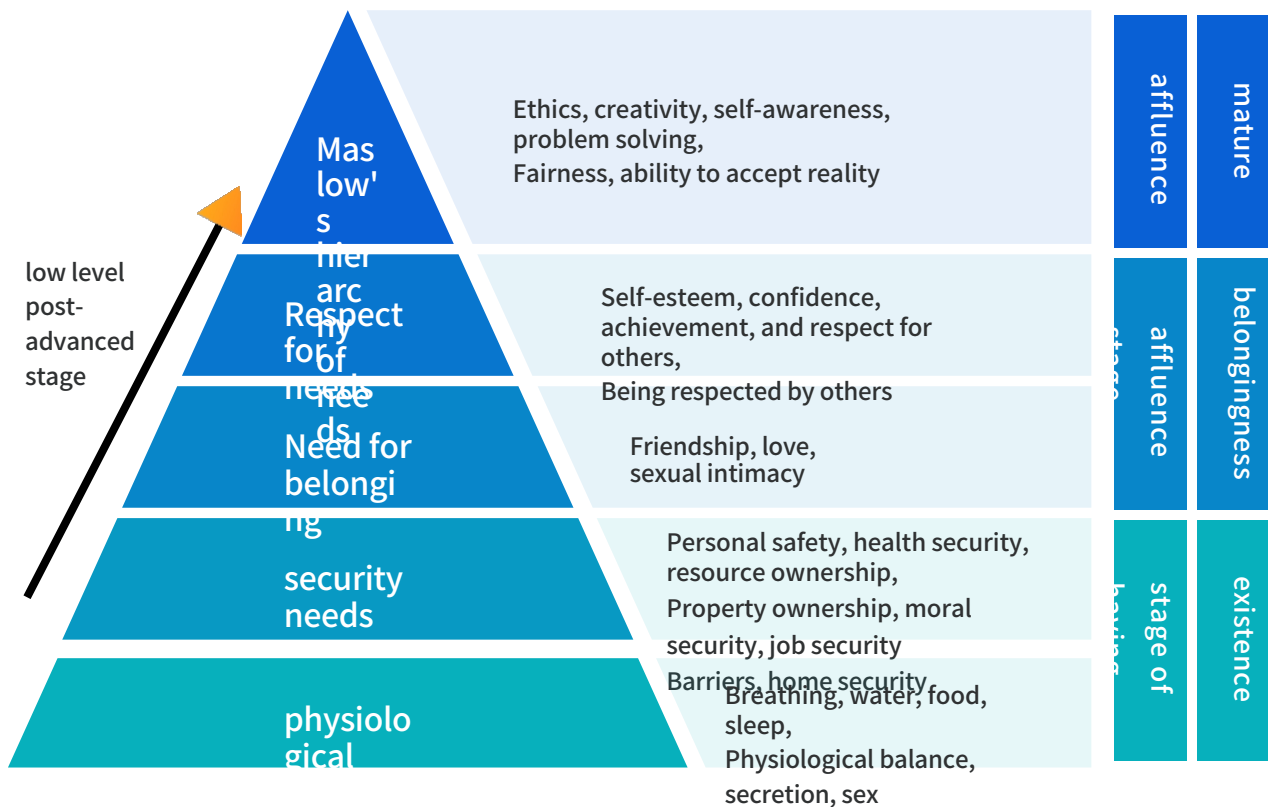
Key models for new consumer brands

The rise of new consumer brands is also accompanied by the birth of many new business models, and even break the traditional business model of the set and dimension, original redefinition of the business model, in the direction of marketing and communication to create a number of new methods and routines.

- Digging deep into the emotional needs of users, innovative marketing communication methods

Maslow's Hierarchy of Needs

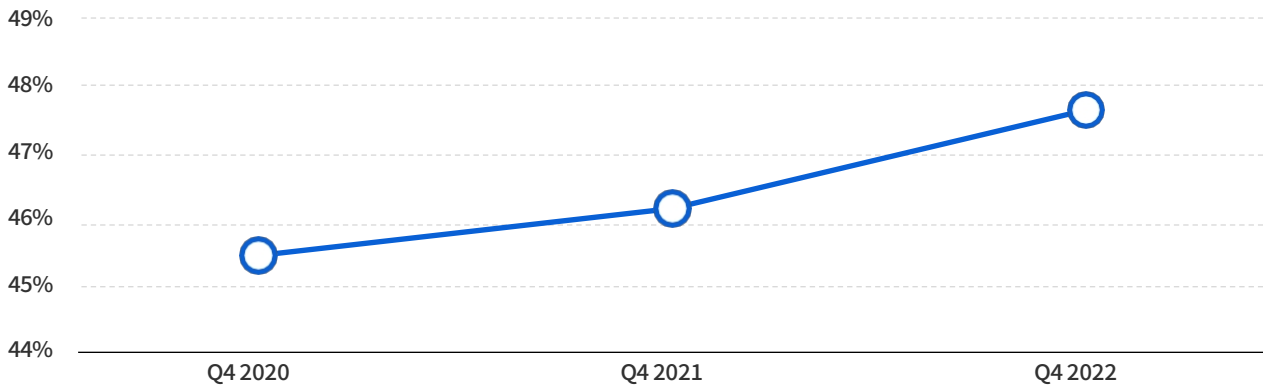
5 Hierarchies of Needs



Maslow's Hierarchy of Needs theory suggests that human needs can be divided into five levels, from basic physiological needs to the highest level of self-actualization needs. Corresponding to consumer needs, they can be mainly categorized into functional needs and emotional needs. Functional needs belong to the lower level of needs, including food, water, shelter, safety and other basic survival-oriented rational needs. Emotional needs belong to a higher level of needs, including love, sense of belonging, respect, self-realization and other emotional needs.

Consumers are increasingly demanding emotional needs

○ Ads that connect with me emotionally are more likely to motivate me to buy.



Data Source: NWS CMMS China Market and Media Research Data, 2020Q4-2022Q4, 46 cities , N=86000

Emotional needs are important because they play a crucial role in the psychological and emotional well-being of human beings. Humans are social animals who need to establish connections and relationships with others, and need to satisfy their emotional communication and comfort, and emotional needs are precisely the needs to satisfy such connections and relationships. And in Maslow's hierarchy of needs theory, after the satisfaction of low-level needs, people will actively seek higher-level satisfaction. As shown in the above chart, a similar escalation phenomenon has been observed in the long-term monitoring and research of the new generation.

Therefore, with the significant increase in the domestic economic level, only to provide functional needs can no longer meet the growing high-level needs of consumers, as the brand side should be more to consider how to better meet the emotional needs of consumers.

A food safety incident at the beginning of the 21st century made the safety of dairy



One of the advertising slogans for adopting a cow: milk is good when the cow is well fed



products a high-pressure issue in the minds of Chinese parents, and led to a dairy company's branding story years later. Xu Xiaobo, the founder of Adopt a Cow, manhandled milk powder from Hong Kong back to the mainland for his son, and failed to carry it because he didn't understand the purchase restriction, and from there, he gave up his status as a real estate developer and embarked on the path of making milk.

One of the taglines of Adopt a Cow: Good Milk Straight
from the Farm to the Table

Later, Adopt a Cow created its own IP centered on the story of the "Super Dairyman" who built his own farm for his children to drink good milk, and launched a product service that differed from the traditional dairy company's model of "selling dairy products" by using the "Adopt a Cow" ordering model as the entry point. The company has launched a product service that differs from the traditional "selling milk products" model of dairy companies and takes the "adopting cows" model of milk ordering as the entry point. Consumers can watch the live farm "cloud cattle", which greatly enhances their sense of trust in the brand. Adopt a cow 2022 revenue scale is expected to exceed 3 billion yuan, only about six years to overtake a number of Tianrun, Yantang and sunshine and other veteran second-tier dairy enterprises, its differentiated brand image and unique market entry point is undoubtedly a major contributor to the success of the enterprise and highlights.

Adopt a Cow also actively creates its own image through online new media, precisely locking young mothers as the target group; multi-channel alliance, vigorous publicity and marketing grass; and cross-border linkage with popular IPs and classic IPs. Its own unique and novel consumer experience not only excites consumers' interest, but also provides consumers with social currency through various interesting stories of raising cows. With the active sharing of consumers, these novel experiences spread rapidly on the Internet platform.

■ Focus on industry segments to build its own professional advantages

In marketing theory, a market is the combination of all actual and potential buyers who have the desire to buy, the ability to buy, and the ability to buy a product. Market segmentation refers to the division of the market into different buying groups according to the similarity of consumers, so that consumers in each group have similar needs and consumer behavior, and thus similar marketing mixes are applied. It is important to identify the target customers in the target segment, as different consumers may have different background conditions and knowledge structures, and therefore different consumer needs and pain points, as well as brand perceptions and preferences.



spotlight

Successfully finding consumers' unmet needs and pain points is half the battle for companies and brands. According to Jack Trout, "finding the empty space" in the interests of potential consumers is one of the best strategies in the field of marketing positioning. Focusing on industry segments allows companies to focus on their core business, deepen their professional competence and technical level, improve the quality and performance of their products or services, build their own professional advantages, and even have the opportunity to build technical barriers, thus enhancing their competitiveness in the market. Moreover, in the industry segments, enterprises can better understand customer needs and industry trends, and provide more specialized products or services, thus improving customer satisfaction and loyalty.

At present, some of the new consumer brands have made good results in this regard, which shows that focusing on certain segments of the industry and creating a professional advantage unique to itself in this field can indeed improve its market competitiveness and enhance user satisfaction and loyalty, and it has become an important means of survival and development for some of the new consumer brands.



Giant Bio IPO

Functional skincare products are medicated skincare products that are specifically designed for problematic skin with certain therapeutic effects, which contain pharmaceutical ingredients and usually focus on hydration, whitening, anti-wrinkle, repair and other effects. According to the purpose of the effect, it can be mainly divided into dermatology grade skin care products, strong efficacy skin care products and device size medical dressing three categories. In recent years, with the enhancement of people's awareness of skin care, consumer demand for skin care products from the basic cleaning 、moisturizing and sunscreen, to a more personalized and potent direction of upgrading, coupled with the use of social media and grass-roots economy of various brands to consumers to vigorously guide the promotion. Driven by multiple factors, consumers' demand and desire to purchase effective skincare products have been gradually strengthened, making the

market size of this segment of effective skincare products in the skincare and cosmetic track continue to increase.

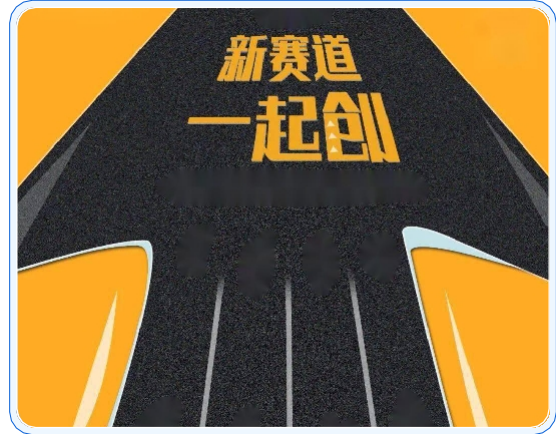


Giant Bio-Products Family Portrait

Hyaluronic acid and collagen are the two core ingredients in the efficacious skincare market. With the rapid development of biology, biosynthesis, a technology that is becoming more and more advanced, has also brought significant breakthroughs and benefits to the collagen industry. Recombinant collagen as a triple helix structure, and the body's collagen is identical to the substance, to overcome the shortcomings of animal collagen, more easily absorbed by the body, and will not occur in the rejection reaction, greatly improving the safety and effectiveness of collagen, is a higher quality, more promising application of the new collagen material. Recombinant collagen has set off a boom in the domestic efficacy skin care industry and medical beauty industry, attracting many companies to enter the field. As the first company in the world to mass produce recombinant collagen, Giant Bio has become one of the giants in the domestic efficacious skin care industry, relying on its own rich technical experience and patent barriers.

■ Focus on innovative technology research and development, open up a new track of the category

Science and technology are the first productive forces, and strengthening innovation and focusing on the development of new technologies are the basis for the sustainable development of enterprises. Technological innovation allows for the introduction of new factors of production, including new products, new technologies and new markets, as well as the realization of new organizations in industry. It is a necessary prerequisite for enterprises to maintain vitality and sustainable development. If enterprises do not focus on technological innovation, they will gradually lose market competitiveness and may even be eliminated.



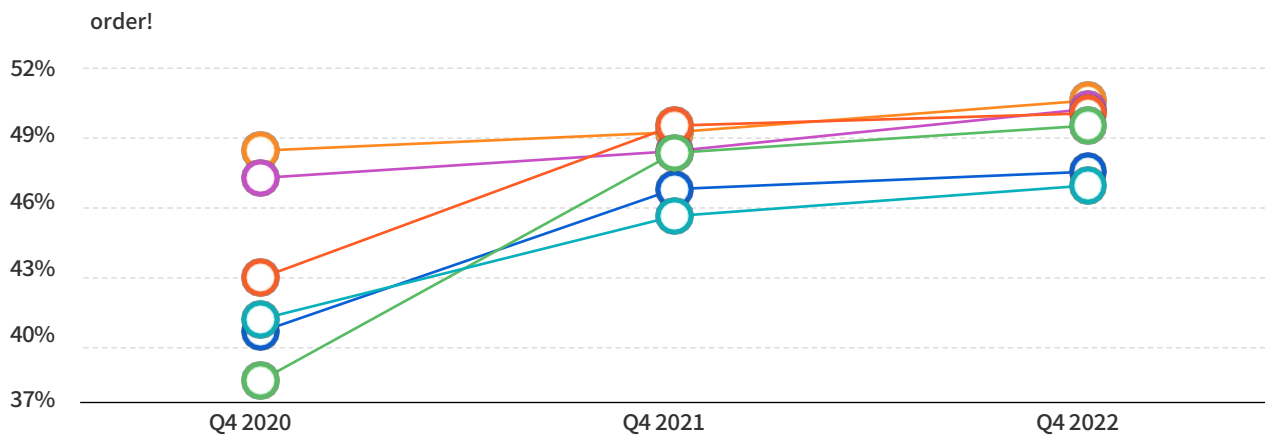
Technological innovation can enhance the core competitiveness of enterprises. With the trend of economic globalization and the development of the new scientific and technological revolution, all kinds of enterprises are facing a fully competitive development environment. To win in the market competition, enterprises need to strengthen technological innovation and construct core competitiveness. Only by constantly pushing out new ideas and meeting market demands can they be invincible in the fierce market competition.

Open up a new track

Technological innovation can also open up new market space and business areas for enterprises, or even enter a brand new category track. With the constant change of market demand, enterprises need to constantly open up new market space and business areas. Science and technology innovation can bring new products and services for enterprises to meet the upgraded market demand, and then open up new market space and business areas. From the old red ocean market into the blue ocean market is yet to be developed, which is of great strategic significance for the development of enterprises.

 Consumers are very much in favor of technological innovations

- Always being the first to buy a new tech product makes me the person around me to consult
- I'm always on the lookout for new tech products that make life more interesting
- I tend to be the first to buy the latest tech products
- When it comes to new tech, I consider myself an expert on the topic
- I often advise others on new technology
- I love it when technology helps me get my life in



Data Source: NWS CMMS China Market and Media Research Data, 2020Q4-2022Q4, 46 cities , N=86000

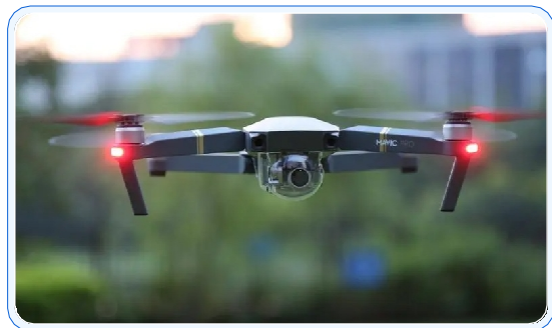
From the consumers' point of view, they welcome and recognize technologically innovative products and are brave enough to try them. For example, the proportion of people who wish to buy and own new technology products, people who enthusiastically buy new technology products to try them out, people who feel that their lives have been improved because of new technology products, and even people who have become KOLs of people around them because of their knowledge of new technology products, have all increased to different degrees.

Drones used to be just one of many aeromodeling sports and hobbies that were high-barrier and niche. In the past, aerial photography required the use of a large number of professional tools, such as hot air balloons, helicopters and even airplanes, resulting in very high costs. With the rapid development and rise of civilian drones, aerial photography has slowly entered the field of personal consumption. In this process, DJI has played a very important role in promoting.



DJI's Mavic Pro Drone

In short, technological innovation is an important means for modern enterprises to achieve competitive advantage and realize sustainable development. Enterprises face market competition and the continuous advancement of technological innovation, the need for enterprises to constantly carry out technological innovation, looking for new growth points, open up categories of brand-new track. Only through continuous technological innovation and pioneering, can we better adapt to changes in the market and technological environment, maintain competitiveness, be invincible in market competition and achieve sustainable development of enterprises.



DJI Professional Imaging Grade Aerial Drone
Inspire 3

Marketing Communications for New Consumer Brands

■ First, brand, channel, marketing three parties closely integrated, based on the new media for the new brand to do new marketing

By observing and analyzing the development trajectory of most of the new consumer brands on the market, we find that new consumer brands can generally do a close combination of brand, channel and marketing in marketing communication, and do new marketing for new brands based on new media.

To do this, enterprises and brands need to fully understand the unmet needs and pain points of consumers, and clearly define their own brand interests, core values and differentiation advantages; establish a close partnership with mobile social media, and make full use of the media platform to accurately

reach the brand's target audience; innovate marketing strategies, actively communicate and interact with potential users to improve brand awareness and user stickiness; quickly and accurately collect user feedback and continuously optimize and adjust brand marketing communication strategies through data analysis; communicate brand stories and benefits that can hit consumers' soft spots, and root them in users' interests. Collect user feedback information, and through data analysis to constantly optimize and adjust the brand marketing communication strategy, improve brand awareness and user experience; to hit the soft underbelly of the consumer brand story and interests conveyed, rooted in the user's interest, and ultimately, in the end of a round of rapid attraction, planting, pulling weeds, and in the user's perception of the successful establishment of their own brand concepts, a new consumer brand is born. A new consumer brand is born.

■ Second, digging deep into the brand interests, rapid establishment of brand concepts

Compared to traditional brands, new consumer brands do a better and more effective job of gaining insight into consumer needs and pain points and tapping into brand interests. Tapping into brand interests requires an analysis of existing products on the market. By analyzing the characteristics, marketing strategies, and user evaluations of existing products, we can understand the advantages and shortcomings of existing products, from which we can tap into the possible points of interest of our own brand, find our own differentiation advantages, and provide a basis for brand positioning.

For consumer research, in addition to using traditional research methods to understand consumer needs and pain points, such as online questionnaires and offline interviews, new consumer brands are also good at collecting consumer opinions and suggestions through social media, analyzing and understanding consumer needs and pain points, finding product strengths and weaknesses, and determining the brand's entry point and marketing strategy from them, so as to provide guidance for the brand's They are also good at collecting consumers' opinions and suggestions through social media.

In terms of brand positioning, new consumer brands are accustomed to capitalizing on their differentiation and finding their target consumer groups more accurately so as to establish a unique brand image in the market. Brand positioning needs to consider product characteristics, market demand, competitors and other factors, to determine the core value of the brand and slogan, so that consumers can quickly remember the brand.



Banana Visual Poster

New consumer brands are also good at building brand image through brand visual communication. In addition to the traditional brand logo, colors, fonts and images, brand visual communication, product design and style is also becoming more and more important. It needs to be in line with the brand positioning, and be able to convey the brand's uniqueness and sense of quality, so that consumers can quickly identify its brand in today's increasingly important face value economy and national style economy.

Thanks to the booming development of mobile Internet and social media, corporate brands can reach their target audience faster and more accurately, and quickly disseminate their brand information and image through social media and other channels, quickly planting and pulling weeds in consumers' interests, thus quickly establishing brand concepts and perceptions during this round of consumption. Compared with the establishment of traditional brands, which require a long time and multiple rounds of influence to establish brand concepts in the minds of consumers, the rapid establishment of new consumer brands is one of the significant differences between them and traditional brands.

In short, new consumer brands are more accurate than traditional brands in gaining insights into consumer needs and pain points, and tapping into brand interests; they are more adept at combining the use of traditional research methods and emerging channels such as social media to more efficiently collect consumer opinions and suggestions; they can more accurately find their target consumer groups, thus establishing a unique brand image in the market; and they utilize value attributes and national trends to fit consumers' emotional demand, catch consumers' eyeballs, so that consumers can quickly recognize its brand. In the past, traditional brands needed a long time and many rounds of influence to plant a brand concept in the minds of consumers. But new consumer brands have quickly established their brand concepts in the consumption process of planting, raising and pulling weeds.

■ Third, social media reach precision, online and offline channel integration

New consumer brands make full use of mobile new media platforms, such as WeChat, Weibo, Jitterbug, Xiaohongshu, etc., to expand brand influence through the communication effect of social media. You can use social accounts and other means to release brand information, preferential activities, etc., and interact with consumers to improve brand awareness and user stickiness.

New consumer brands also use data analysis and user feedback to continuously optimize their brand and marketing communication strategies. The data analysis tools of social media platforms can help brands understand users' interests and needs, and understand users' experiences and suggestions through user feedback, so as to continuously improve brand strategies and marketing communication strategies, and increase brand influence and user satisfaction. Consumers share their lives, shopping and consumption experiences on social media, and new consumer brands can use this information to quickly adjust their marketing strategies and conduct accurate marketing to target groups.



Giant Bio Specialized Live Streaming

At the same time, e-commerce platforms are also important marketing channels for new consumer brands. E-commerce platforms can not only provide online sales channels for brands, but also increase brand exposure and sales through the platform's traffic and recommendation mechanism. Compared to traditional brands that rely on offline supermarkets, offline channels were once not a point of excellence for new consumer brands. However, for the long-term development of the brand, the marketing channel should be three-dimensional layout, so many online gene of the new consumer products try to go offline to optimize their business model. Offline channels provide new offline consumption scenarios for new consumer brands, increasing brand reach and user experience.

The integration of online and offline channels can provide users with a more complete and convenient shopping experience, such as ordering online and picking up offline, trying on offline and buying online, etc., which not only improves user satisfaction, but also promotes the interaction and conversion of online and offline sales. The integration of online and offline realizes the sharing of inventory and the integration of resources, which improves sales efficiency and reduces costs, and also provides consumers with more choices and convenience. The integration of online and offline can also bring a more comprehensive and three-dimensional brand image for new consumer brands, such as online publicity for offline stores, offline promotion of online activities, etc., which not only improves brand awareness and influence, but also lays the foundation for the long-term development of the brand.

To summarize, the marketing channels of new consumer brands include not only mobile Internet-based social media platforms, but also e-commerce platforms and offline sales channels. Social media is an important channel for new consumer brands to plant grass and pull weeds. New consumer brands attract a large amount

of private and public traffic through social media platforms to quickly lead the trend and shape the brand image. Based on the need for long-term brand development, the boundaries between online and offline sales channels are further melting for new consumer brands, which helps the three-dimensional layout and growth of the brand.

■ Fourth, the brand story to stimulate user interest, grass pull

Compared with traditional brands, new consumer brands are better at telling brand stories, and brand stories are an important tool used by new consumer brands to stimulate user interest. Through brand storytelling, consumers can better understand the brand culture and values, thus building brand identity and loyalty. A good brand story is authentic, vivid, and infectious, with emotional resonance and contagiousness, which can arouse consumers' empathy and concern.



Sanxingdui Museum cross-border cultural and creative products: bronze longitudinal incense burner
sandalwood incense sticker

The common marketing methods and tools used by new consumer brands are content marketing, cooperation with KOL, private domain operation and return to rational marketing. Among them, content marketing is one of the core marketing methods for new consumer brands, which attracts users' attention and participation through interesting, vivid and scenario-based content, thus increasing brand awareness and user stickiness. KOL is an important partner for new consumer brands to plant grass and pull weeds, and cooperation with KOL is one of the most important marketing methods for new consumer brands, which promotes the brand to more users through cooperation with influential KOL. By cooperating with influential KOLs, the brand is promoted to more users. Through their influence and fan base, KOLs can quickly lead the trend and shape the brand image, and increase brand trust and loyalty through KOLs' influence and fan base.

Private operation is an important growth point for new consumer brands. Through the establishment of private marketing channels such as member groups and small programs, we can realize the transformation from "flow" volume to "retention" volume, and increase the user retention rate and repurchase rate. Returning to rational marketing is one of the new trends for new consumer brands in recent years, through data analysis and rational decision-making to achieve refined operation and ROI improvement, so as to achieve long-term value accumulation and brand red.



Babycare Poster: Two Squares of Love



3.3 >>> Challenges and dilemmas

The Four Challenges

The birth of the new consumer trend has been nearly a decade, countless new consumer brands such as the rise of the sand like a big wave and silence, the market is a barometer, time is a litmus test, whether it is the best or mediocre, will be faced with a variety of challenges from both internal and external, which is the most typical of the following four kinds of challenges.

■ Staying Alive, How to Go from Netflix to Longtime Fame?

Admittedly, in the manufacturing industry and the flow of dividend empowerment, enterprises to build brands more easily, the rapid rise of new consumer brands has become a common phenomenon, but also one of the important factors for their success, but the shortening of the life cycle of the product and the brand has also become an indisputable fact, most of which can not escape from the development of the "high start, low go" circle. For example, some of the milk tea brands in the early days of the market, the first hard to find, scalping on behalf of the purchase of the price, but with the decline in traffic, the whole brand will slowly fall silent, until it disappears. Especially in the consumer cooling 2022 and after, the past those "crazy growth" of the new consumer brands, online soil nutrients are no longer as sufficient as before, the downbeat argument can be seen everywhere. After the initial traffic dividend is very little left, the market has changed abruptly, how to change the new consumer brands from "red" to "red"? Has been a worthy of all brands to think deeply about the problem.

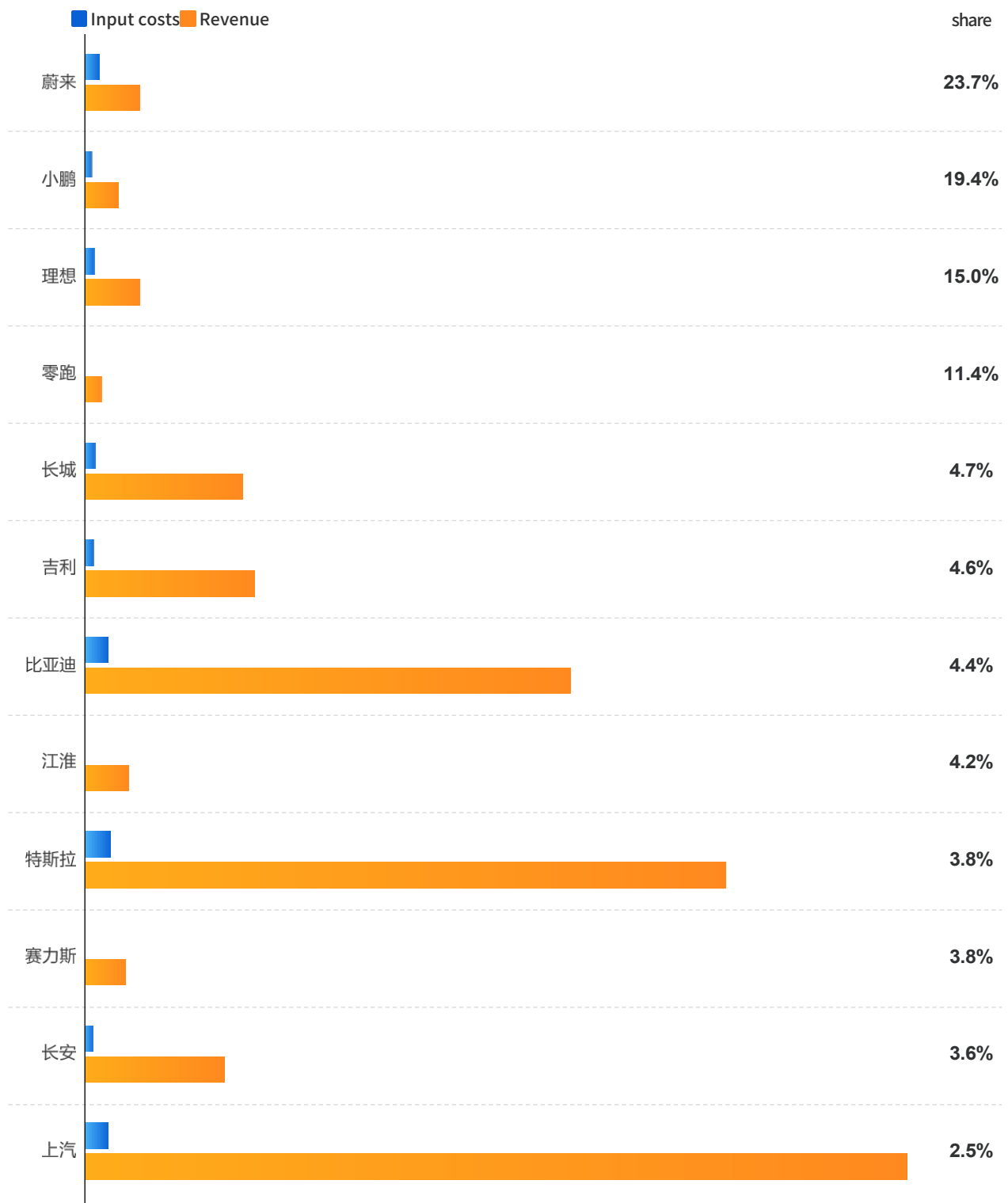
At this point Ruixing Coffee gave a good answer, established in 2017 Ruixing, just more than two years to reach the peak, but immediately after that, it went through the counterfeiting mine and delisting storm, in 2020, Ruixing officially accepted the delisting and reorganization of the team, followed by the operation of the entire brand to play a set of combinations suitable for their own path of development, the main focus of the quick pickup store and experience store small store mode, the product uses the racehorse The new pop-up logic on the model, while embracing the Z era, emphasizing cost-effectiveness. 2,190 net new stores were opened in the year 2022, a year-on-year increase of 36.4%, and the net income was 13.293 billion yuan, a year-on-year increase of 66.89%. in less than three years, Ruixing walked out of the classic road of turnaround in the history of China's brick-and-mortar stores.

■ What is the moat, the core competency?

As mentioned earlier, the new consumer brands generally have the characteristics of a strong burst, the main reason behind the new consumer industry generally use the strong marketing method, the industry even has a paragraph: the new consumer brand a set of standard explosive formula is "20,000 Xiaohongshu + 8,000 jittery voice + 3,000 B station + 150 Zhihu Q&A + live with goods! = a new brand". This too much attention to the marketing approach results in serious homogenization, the lack of core competitiveness, the lack of moats in the increasingly lower threshold of entry, the increasingly

In terms of shaping core competitiveness, new car brands are a classic case. New energy vehicle field can be said to be the most hot in recent years, the most technology-intensive new consumer goods brand sub-track, the first batch of new forces brand "azure small reason" has been born 7-8 years, the establishment of the three brands marketing strategy almost all to the core of the user experience, the opening of experience centers + direct store mode, azure is to play the "car world underwater saloon" extreme service model, while the three companies are heavily dependent on the capital market to burn money to survive. Azalea is the ultimate service model of "Haidilao" in the car industry, while all three companies rely heavily on the capital market to burn money to survive. But the whole market experience and service as the core soft competitive advantage of the dividend is dissipating, and capital is ultimately to see the profit expectations, hard power is the king's road, the three car companies have coincidentally choose to build technical barriers to this hard power as the core competitiveness of the Azure's battery PACK and electric drive system of self-research self-produced, Xiaopeng Automobile XPilot automatic driving system full stack of self-research, the ideal of the main focus on Ideal focuses on self-developed high-efficiency extended-range electric system, all three are vigorously and continuously investing in R&D to build brand barriers, and have achieved certain results. In general, no matter which segment of the track, the brand must develop its own core competitiveness for healthy growth and build a competitive moat in order to be invincible in the long run.

R&D spending by automakers in 2022



Source: Annual reports of enterprises

■ Deepwater, how to go head-to-head with traditional giants?

In view of the scarcity of online channels, traffic distribution is always in the hands of a limited number of large channels, the offline market is a brand with a fixed "field" to connect consumers, in the case of less reliance on marketing, to achieve sustained customer acquisition and brand exposure. Therefore, if the new consumer brands to continue to grow, and ultimately will inevitably choose the layout of the offline, but the offline is the advantage of the traditional giants of the region, now almost every giant has experienced the industry's reckless period, but also from the fierce competition in the kill the winner, they have a wealth of experience in the market competition, but also have a short-term new brand is difficult to reach the supply chain, product research and development, financial strength. On the other hand, the traditional giants in the online market will not be willing to be imitators and followers, but also in the new consumer brands continue to eat up the advantage of the field. The entire consumer market competition into the force of deep water, online and offline boundaries are increasingly blurred, the giants will inevitably use their own channel power, brand power and scale effect, the development of new brands to fight or encircle, a full-scale confrontation and PK is difficult to avoid.

Taking Yuanqi Forest as an example, it has been emphasizing the construction of offline channels and making up for the short board of production at the same time. Online high-speed development at the same time, the construction of offline channels, on the one hand, Yuan Qi Forest to strengthen the management of offline dealers, the company through a set of scoring system, will be screened out "core dealers", to give it more incentives, even including the granting of company equity. On the other hand, Yuanqi Forest also invested in equipment to strengthen the channel advantage, such as the company launched the offline channel smart freezer and farmers spring and other veteran manufacturers to compete with the exposure of the offline channel. With the complementary offline channels, in 2021, Yuanqi Forest offline revenue share has reached 80%. Although Yuanqi Forest has faced the joint siege of two beverage giants in the last two years, it has still achieved remarkable results.

■ Organizational strength, how to transition from business-driven to management-driven?

For an enterprise to develop benignly, it must be driven by forces from different directions, which, in a nutshell, include capital-driven, marketing-driven, product-driven, technology-driven and management-driven forces, which may exist at the same time, but have their own focuses in the different lifecycles of the enterprise's development. The background of the rise of new consumer brand enterprises is more like the era of recklessness, special factors that make them start with a strong marketing brand, coupled with capital boost and product innovation, they can quickly rise. But once these companies to a certain scale will face organizational efficiency bottlenecks, and mature companies will inevitably be management-driven as one of the core driving force of the enterprise, therefore, the new consumer brand enterprise development to a certain extent, to continue to grow in a lasting way, must break the traditional pattern, and further break the internal product, marketing, branding, sales, PR, HR and other departments cut status quo, to release the power of organizational change to Management of the driving force of the enterprise and the brand glowing second spring, then, how to transition from business-driven to management-driven, it has become the key to the new consumer brand, which, millet in the forefront.

Xiaomi, as a familiar old brand of new consumer brands, initially and now most of the new consumer brands, capital boost, extreme products and high cost-effective to make its reputation, but in recent years has clearly entered a bottleneck, Xiaomi's management-driven reforms from the beginning of the organizational change, to strengthen the headquarters of the group's "strongest brains The role of the "strongest brain" of the group headquarters has been strengthened, the Organization Department and the Group Staff Department have been set up, the cadre management and training system has been strengthened, and the cadre selection system has been changed from "finding talents" to "selecting cadres", and recently the Group Operation and Management Committee and the Group Human Resources Committee have been newly set up. Enhancing the quality and efficiency of decision-making, taking into account the rapid response of business and the construction of long-term systems, highlighting the importance of corporate governance to millet to the first place.

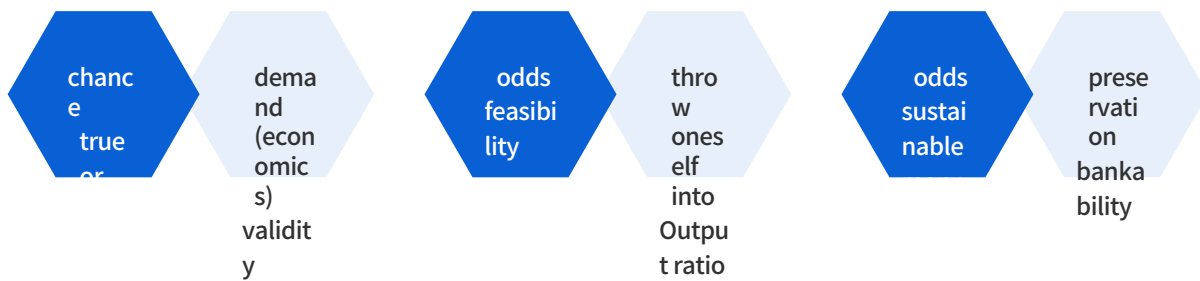


five predicaments

If the four challenges are based on the sustainable development of China's consumer brands for the future and need to think about and solve the problem of the long term, then put on the market competition at the moment, China's consumer brands have encountered a more difficult five growth predicament, these five predicaments have become the reality of the brand and the enterprise must start to solve. If the response is not appropriate, the brand and the enterprise will have to pay a great cost, and is likely to miss the real growth track.

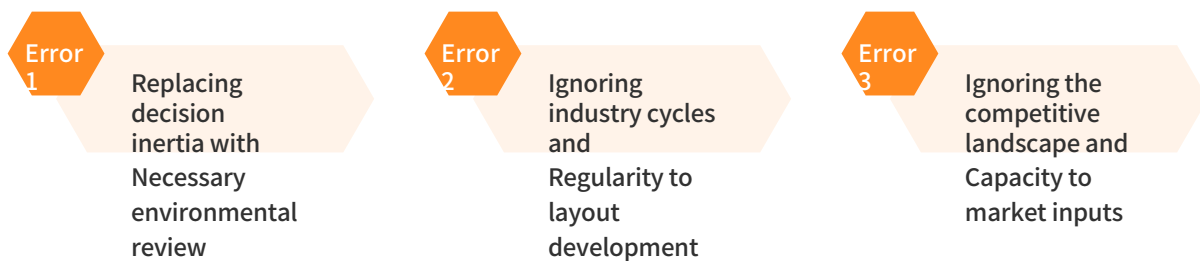
■ Dilemma 1: Opportunity traps

This is an era of excess opportunities and a lack of opportunities, behind the seemingly contradictory description is the reality faced by Chinese consumer brands. Many Chinese consumer brands often find all kinds of market opportunities and related resources in their business operations and market competition, but these seemingly attractive "opportunities" often lurk behind the imperceptible "strategic traps", so that the brand and business development is stuck in a quagmire! The brand and business development will be stuck in a quagmire. Three questions must be answered in order to clearly identify opportunities:



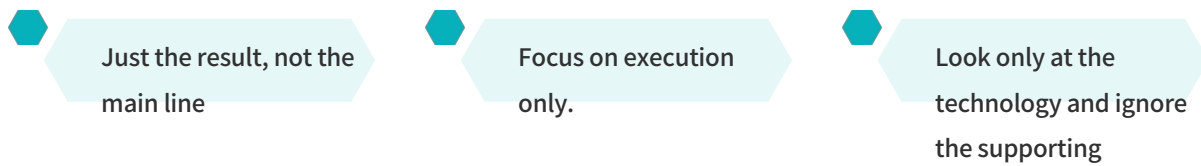
■ Dilemma 2: Strategic disorientation

When uncertainty becomes the norm for brand management, the biggest dilemma encountered by the brand lies in the general failure of the familiar and skillful business model and market inputs in the past, which is precisely the result of the lack of brand strategy behind these results. Brands, as always, to develop various business indicators, but because there is no clear strategic guidance and clear growth space as a guide, it is very easy to appear the opposite of the embarrassment. The more they try, the more they fall short of expectations. Brands are most likely to make the mistake of:



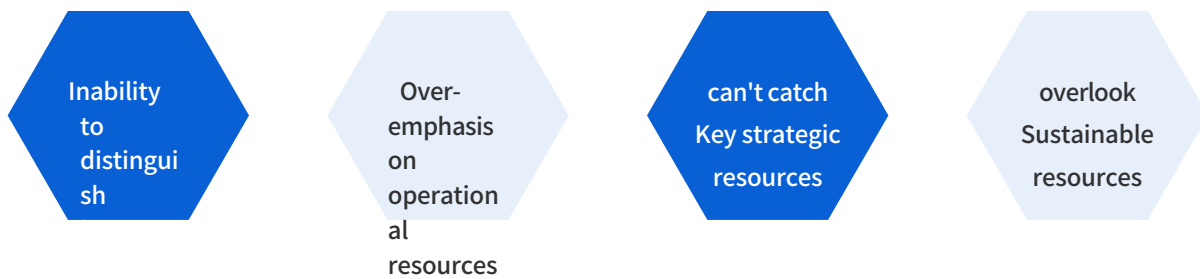
■ Dilemma 3: Strategic Black Hole

In the current market environment, brands have clearer requirements for inputs and outputs, and with the rise of digital technology, all kinds of marketing techniques and tools are emerging. However, the embarrassment that brand enterprises often encountered is that "the case is very good, but the implementation effect is not satisfactory". In fact, the same frustration also lies in all kinds of marketing service companies and teams, before the cooperation of the brand aura to look up to, after the cooperation of the brand status quo a chicken feather. The reason why both sides are similar experience gap, in fact, the root cause lies precisely in the procurement and implementation of the existence of a "strategic black hole" between. The brand thought to give a clear sales target, the marketing company can be based on experience and technology to break down the implementation of the brand to actively cooperate with the expectations can be achieved; marketing company in the cooperation goals, that the brand will have a clear strategy program as the implementation of guidance, but did not get any clear strategic guidance. This is the strategy black hole:



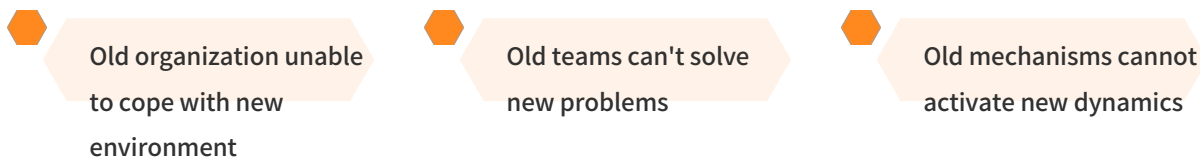
■ Dilemma 4: Resource Rubik's Cube

Brand development and enterprise operation cannot be separated from resources, so the brand's desire for resources is natural; on the other hand, enterprises often do not lack of resources, the more influential the brand seems to have more resources. But the reality is that the brand and all kinds of resources seem to appreciate each other behind but can not produce a real chemical reaction. The root cause of this is that brands often lack clear positioning and accurate judgment of all kinds of resources, so in the actual application and transformation, they are unable to use the resources in the most appropriate areas, weakening the actual value and impact of the resources. From the perspective of scarcity, resources can be categorized into replaceable and irreplaceable. From the degree of importance, resources can be categorized as operational, strategic and sustainable.



■ Dilemma 5: Capacity bias

Brand leadership team everywhere to learn the most advanced management methods, the most cutting-edge business theories, and the first-class industry experts and management experts for the collision of ideas, often full of confidence, the bottom line, but a turn of the head back to their own businesses, the face of their own organizations and teams are helpless, and soon fall into the decision-making helplessness and the implementation of the powerlessness. This is the current Chinese consumer brands in the actual business process of the biggest reality - the lagging of organizational capacity can not keep up with the urgency of the strategic transformation and upgrading of enterprises.





PART 04

New Growth Paradigms for Five Chinese Brands

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The Chinese paradigm for
new consumer brands in
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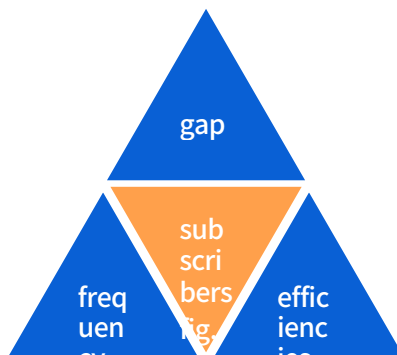
4.1 >>> Paradigm 1: Paradigm Reinvention



At present, China's consumer industry and market have entered a new stage of development and competitive environment, almost all Chinese consumer brands need to re-examine their own development model, and it must be necessary to carry out model remodeling. The key to reinventing the model lies in a two-step process:

The first step is to reshape user value. Determine a foothold: mining, analyzing and meeting user needs is the starting point of all operations; determine a key action: to operate the target users, that is, whether the brand can find a user management model that meets its own business development is the winner.

The second step is to reshape the business model. The biggest feature of the current consumer environment is "no boundaries", i.e., consumer behavior is no longer subject to the restrictions of time and space, therefore, around the target user's life scenarios, from the distance, efficiency, frequency of the three key dimensions and indicators to reassess the existing business model to enhance the space.



- Law 1: Explicitly center on user value as a benchmark
- Law 2: Proximity of the product/service to the user
- Law 3: the frequency of the product / service in the user scene
- Law 4: the product / service after the user consumption decision-making efficiency fast or slow

Model Source: Research Summary of Hejun New Consumer Division

Cases Brand Kid King, a real user

From the very beginning, King of Children clearly defined "user management, to meet the needs of users" as its core value and business model, and at that time to "Brand + stores + products" as the core business logic of the maternal and child market seems very different, so many investors said they could not understand. However, King of Children insisted on the core concept of "user management" and strategic positioning to shape the business model of "large stores + membership + full range of categories". In this model, the child king through social, consultant, membership and other ways to continue to operate the core user groups, in close to the target user zero distance at the same time, but also to improve the contact frequency with the target user and brand adhesion, through the full range of categories + one-stop way to solve the key problem of purchasing efficiency. Eventually, after ten years of operation accumulation Tired, made the industry and the market impressed by the performance of the return, and logged into the capital market, market value once more than 25 billion.

4.2 >>> Paradigm 2: Category



Deconstruction

The essence of category deconstruction lies in finding new growth space for a brand's core category. The two most critical elements of this: traffic + scene.

Key 1

Traffic management, the underlying logic of consumer brand management. No traffic, no consumption, this is a universally applicable business law for consumer brands, which involves product

The building of power, the shaping of scene power, and the construction of promotional power.



- Scenarios - Channels**
 - Scene is Market
 - What you see is what you get
 - Space with Emotion
- Public domain - Private domain**
 - Public Domain Building Hubs
 - Private Domain Catching Fractures
 - Pace is the Key

Model Source: Research Summary of Hejun New Consumer Division

Key 2

Scene management, the importance of the scene in the current consumer environment is indisputable. Especially because the rise of mobile tools and social media, so that the consumer's life scene is fragmented at the same time, but also produced a more personalized and diversified value appeals, which is precisely the opportunity for consumer brands to carry out category innovation, that is, the same category in different scenarios will produce differences in the value of appeals, or the value of the interpretation of the difference will be. These will greatly stimulate the consumption emotions and motives of target consumers, creating new market space and growth opportunities.



Coca-Cola's "Happy Water" Marketing Extreme

If not reminded, people seem to forget that Coca-Cola is a 137-year old

company, and what's even more valuable is that Coca-Cola is a global big single product, and it has made the super single product to be



the ultimate state. Coca-Cola has not only achieved a category, but also become the synonym of "happy water", continuously exposing its brand in all possible scenarios related to "happiness", and at the same time constructing a marketing system for the whole scenario. Coca-Cola, as the world's only consumer goods giant to have achieved Fortune 500 status with a single product, has maintained steady and strong growth during the three years of the epidemic, continuing the century-old brand legend.

Coca-Cola plays the singles to the hilt

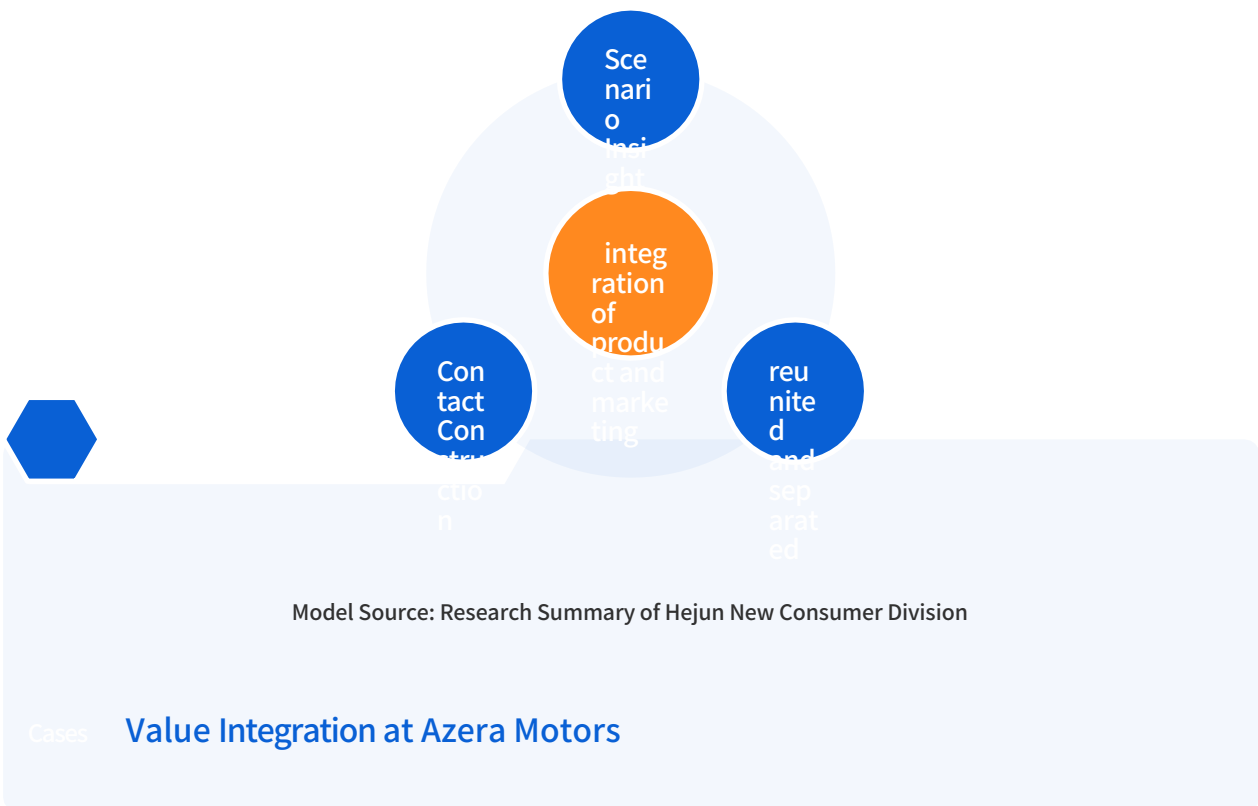
Model Source: Research Summary of Hejun New
Consumer Division

4.3 Paradigm 3: Integrated Marketing

Consumer brands must change the past "brand, product, sales" mutual fragmentation, especially when the current shopping environment is a typical "what you see is what you get", each touch point may trigger the consumer impulse, any element of the product will provoke the consumer impulse, so building the "brand-product-sales" value integration is not just a concept, but should be the standard paradigm of brand management. Therefore, building the value integration of "brand-product-sales" is not only a concept, but also a standard paradigm for brand management. This includes three key actions:

Action 1: Consumer Scene Insight. Do a pinning research and narrative record of the consumer scene to exhaust the possible reasons for consumers to buy. **Action 2:** Product aggregation and disaggregation. Deconstruct each element of the product, and then recombine them based on "purchase drivers".

Action 3: Touchpoint experience construction. Each touch point is a sales opportunity, based on the "infectious force - link module - touchpoints talk - secondary dissemination" to design each touch point into the best consumer experience field.



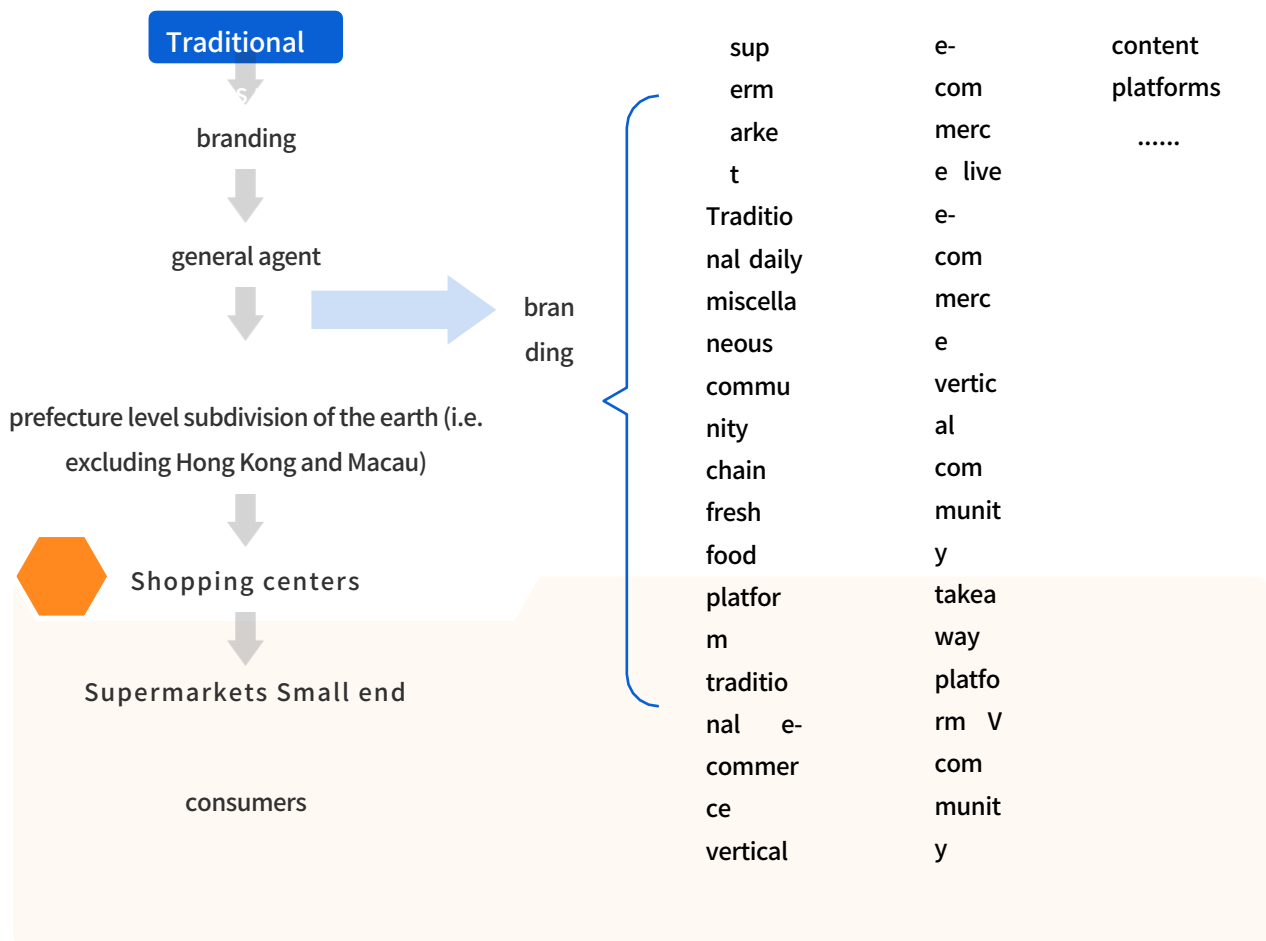
Azure Xiaoli, without a doubt, is synonymous with China's new automotive forces. One of the most popular aspects of Azera is the perfect experience for its target users, which is reflected in the sales level where the sales referral rate of old users far exceeds that of Xiaopeng and Ideal. From the very beginning, Azalea has built its brand, products and sales scenarios around users, allowing its target users to feel the consistency of the brand's value promise from the very beginning of receiving information about Azalea, to the test-drive experience, to the payment and delivery of the car, to the after-sales service, as well as the operation of the owner's community, and then to develop an extremely strong sense of brand identity and sense of belonging to the brand of the new forces.

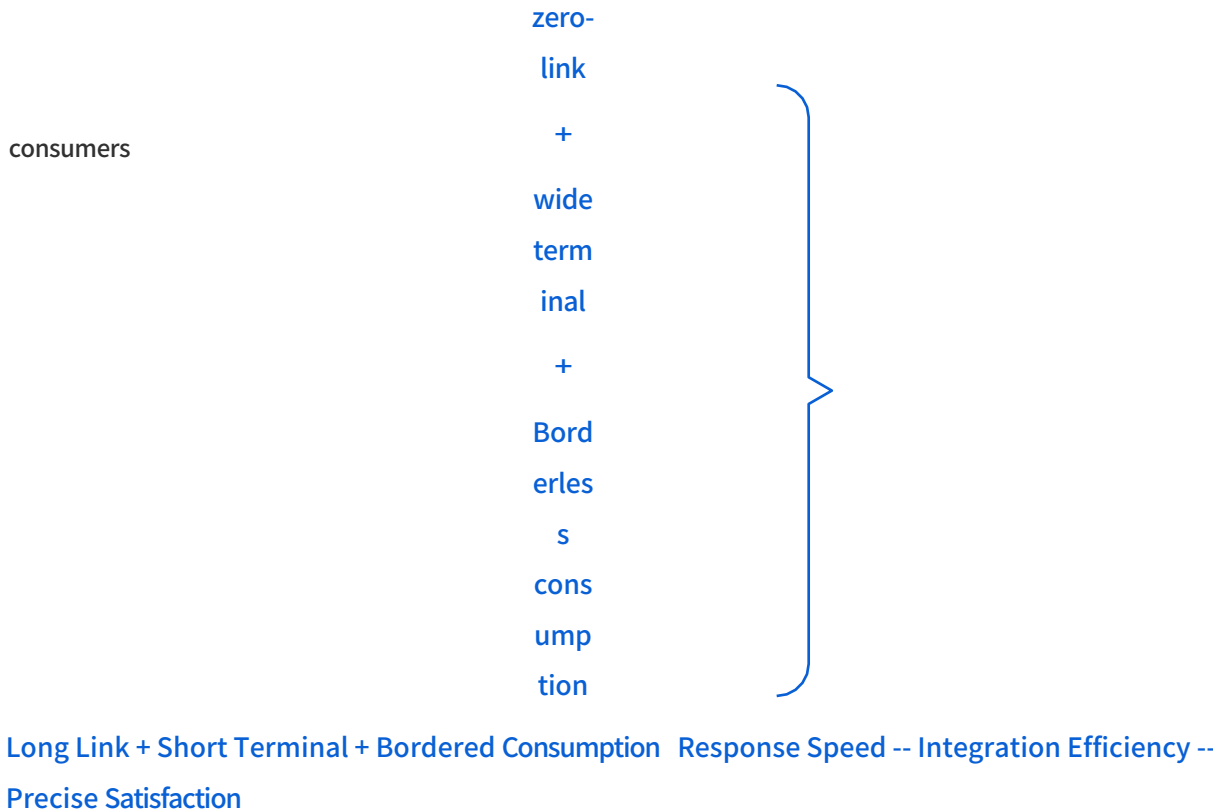


4.4 >>> Paradigm 4: Access Road

Precision Farming

The competitive environment of Chinese consumer brands has entered the new retail era. The traditional channel structure is the typical "long link - short terminal - bounded consumption", the biggest value of the channel lies in the speed and efficiency of distribution, and the pursuit of high turnover of goods is paramount. However, the channel structure in the new retail era has been transformed into "zero link - pan-terminal - borderless consumption", especially after the full penetration of digitalization, the high turnover of goods is only a necessary condition, and it is more critical to realize the accurate matching of people, goods and fields. Therefore, in the new retail era, the channel cultivation is no longer the channel co-selling and policy stimulation, but the key lies in the re-design of the link value and benefit rules of the channel by the brand.





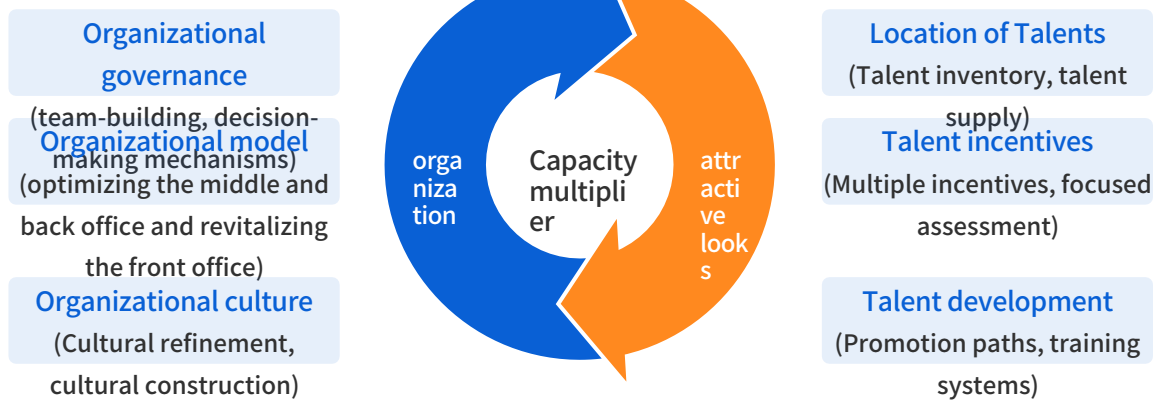
Model Source: Research Summary of Hejun New Consumer Division

From large circulation to empowerment terminal

The business model of a listed industrial food company had always been centered around the "mass distribution" model. Facing the increasingly fragmented new retail environment, the pressure of competition was increasing, and more importantly, the key indicators of operation remained stagnant, and the capital market was under great pressure. The decision makers realized that it was necessary to change the original model and build a new business model that was directly in front of consumers. Through the introduction of the new business model, it serves each terminal partner from multiple dimensions, such as order management, precise distribution, image enhancement, etc., accurately grasps the direction of product flow, information flow and capital flow, shortens the channel chain, empowers the terminal partners, enhances their recognition of the brand and products, and becomes the most powerful enabler to link the trust between the brand and consumers.

4.5 >>> Paradigm 5: Organizational Evolution

At present, the biggest challenge for Chinese consumer brands comes more from within the organization, that is, the development of the organization can not keep up with the changes in the market, and the more the scale of the brand, the more prominent this problem is. In the face of the new market environment and competition pattern, the agility of the organization requires a high degree of agility, "vitality and efficiency" is every consumer brand in the organization construction must be broken.



Model Source: Research Summary of Hejun New Consumer Division

Case The Organizational Growth Behind Wufangzhai's Brand Renewal

Century-old store Wu Fang Zhai, become the most playful old Chinese brand, achieved a double harvest of performance and brand. Behind these halos, it is Wu Fang Zhai Completed a round of extremely critical organizational changes and adjustments to adapt to the new market environment. 2016 Wufangzhai put forward a new strategic policy of "light, fast, Internet", with the assistance of a third-party agency, completed a comprehensive upgrade of the organizational structure, built a "large platform, small front-end "The new structure, and the introduction of a new product manager system to activate the business at the same time, but also to promote the overall improvement of the organization's ability and the ability of the business team, ushered in a A new cycle of high brand growth.

PART 05

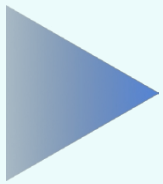
Summary and outlook

The Chinese Paradigm for New Consumer Brands in 2023

The Chinese paradigm for new consumer brands in 2023

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Chapter V



Although the global consumer market in the post-epidemic era is facing a lot of uncertainty and the form of the international market is treacherous, one thing is clear: China will still be an important engine to drive global consumption growth.

With the continuous upgrading of consumption, China's consumer industry has entered a new era of stock competition. As the largest single consumer market in the world, the development of China's consumer market will profoundly influence the basic direction of the world economy for a long time to come. At the same time, the rise of a new generation of consumer groups, the application of Internet business technology, the capital market's change in attitude toward investment and the return of China's excellent traditional cultural values have contributed to a deeper level of change in the consumer market.

Under this environment, new consumer brands have emerged. With a deep understanding of the concept of consumption upgrading, precise control of the needs of the new generation of consumers, familiar use of the latest Internet business technology and marketing methods, as well as a deep understanding of the investment logic of the capital market, they have gained great development and become the most active factor influencing the development of the Chinese market at present.

Although new consumer brands are facing a lot of problems and challenges, most of them are constantly evolving and reinventing themselves, gradually forming a series of new development paradigms of mode upgrading, category structure, product and sales integration, deep plowing of the chain, and organizational upgrading.

Combined with the research and judgment, we believe that the future of the new consumer brands should have the following development trends:

Increased focus on digitization and intelligence to meet consumer needs. With the continuous development of artificial intelligence and data technology, new consumer brands will focus more on data analysis and recommendation technology to provide more accurate and personalized products and services. They will utilize AI technology to provide consumers with a smarter and more convenient shopping experience, such as smart recommendations and smart customer service.

Pay more attention to the establishment of brand culture and brand values, and shift from burning money for volume in the past to fine-tuning operations to build long-term trust relationships with consumers. Utilizing social media and digital platforms to establish closer ties with consumers and provide better user experience and services.

Pay more attention to the expansion of the sinking market and small town youth. Sinking market has become a new blue ocean of economic market development, small-town youth will release greater consumption potential in the future, the main customer groups of new consumer brands are still mainly concentrated in the first-tier cities, the sinking market is the future of the must fight.

Focusing more on user experience and interactivity, they will utilize virtual reality, augmented reality and other emerging technologies to provide consumers with a more immersive and innovative shopping experience. They will actively explore new modes of online and offline integration to provide consumers with a more

Pay more attention to the integration of online and offline media channels. Brands that thrive on online focus on seizing the offline market, relying on offline scenarios to improve consumers' physical awareness of the brand, and allowing the brand to get out of the predicament of distorted pricing mechanisms due to blindly chasing traffic. Offline traditional brands through online marketing and publicity to stimulate the new vitality of offline consumer groups, to obtain the second growth of the brand.

The road is long, but the line will come, and the future is promising! To all the new consumer brands that are struggling to move forward!

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Commitment to promoting China's consumer brands to build a brand new growth momentum, and to become the best accompaniment to China's consumer brand industry management and market competition, and aspires to become the most respected think-tank! Respected Intelligence Organization!

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