识变而上

2023 China Consumer Industry Trends and Opportunities Outlook

2023 CHINA'S CONSUMER INDUSTRY

TRENDS AND prospects

preamble

Preface

Consumer confidence suffers as China's real GDP growth slows to 3.0% in 2022, with the downturn in the real estate market and measures to prevent and control epidemics adding uncertainty to the outlook for the consumer market. However, as epidemic control opens up and consumer demand continues to be unleashed, Euromonitor forecasts that China's real GDP growth will accelerate to 5.3% in 2023 and grow at a CAGR of 4.2% over the period 2023-2027.

While national disposable income and new urbanization continue to increase, China's consumer goods industry has undergone profound changes, with new consumer demands for product quality and functionality, and new opportunities for growth emerging. According to the Ministry of Industry and Information Technology (MIIT), by the end of April 2023, the number of Internet broadband access ports nationwide reached 1.095 billion, and the total number of 5G base stations reached 2.733 million. The continuous improvement of digital infrastructure provides solid support for the development of the digital economy and favors the arrival of the "new lazy economy", such as smart connected home appliances, which will grow against the trend in 2022, and the rapid increase in e-commerce penetration. Meanwhile, demographic changes (e.g., lower average household size) are reshaping consumer demand, and according to Euromonitor, China has become the country with the largest number of single-person households in the world, which will continue to favor consumption upgrades in the pet economy. Finally, the epidemic has made consumers more aware of the importance of health and sustainability, which is having an impact on their shopping decisions in every aspect of their lives. For example, consumption of outdoor sports is expected to continue to thrive in the wake of the epidemic.

Euromonitor, together with Jumbo Calculator, released "Knowing Change: 2023 China's Consumption Industry Trend Outlook and Opportunity Prospects", which looks forward to industry trends in both directions through industry development and Jitterbug data, and provides successful experiences combined with brand cases, with the aim of helping merchants to follow market trends and realize business growth.

Urbanization, demographic changes and rising disposable incomes offer new opportunities for future growth in consumer goods

5.3 %	2.6 people	890 million	¥99,623
Estimated real GDP growth in 2023	Estimated average household size in 2023	Estimated urban population in 2023	Estimated median household disposable income in 2023
4.2 %	2.4 People	930 million	¥120,819
Estimated real GDP, 2023-2027 compound growth rate (esp. in economics)	Estimated average household in 2027 ballpark	Estimated towns in 2027 demographic	Of the estimated household disposable income in 2027 figure

Source: Euromonitor International Passport database, ☑ View of the Economy, version 2023

China's Consumer Sector

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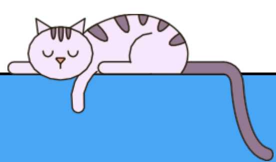
Six trends



PART

06

Sustainabilit
y comes of
age

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01

New family structure reshapes consumption

01

1.1 New family structures such as childlessness and aging are reshaping consumer demand

In 2022, China's population will start to grow negatively, and with the change of the concept of reproduction, "childlessness and aging" under the negative population growth will become the new normal of the society. On the one hand, the fertility level will continue to go down, and the low fertility rate will become the most important risk affecting the balanced development of China's population; on the other hand, the degree of aging will deepen, and China will enter the stage of heavy aging around 2035. On the other hand, the degree of aging has deepened, and it is expected that China will enter the stage of heavy population aging around 2035. With the aggravation of childlessness and aging, the trend of family miniaturization is also gradually reflected. According to Euromonitor International, China has become the country with the largest number of single-person households in the world in 2022, and will continue to maintain a high rate of growth.

Key demographic indicators for

6.0‰ ↓
marriage rate
2017: 7.6 per thousand
2027E: 5.6‰

7.4 ↓
per cent
birth rate
2017: 12.6 per thousand
2027E: 7.1 per cent

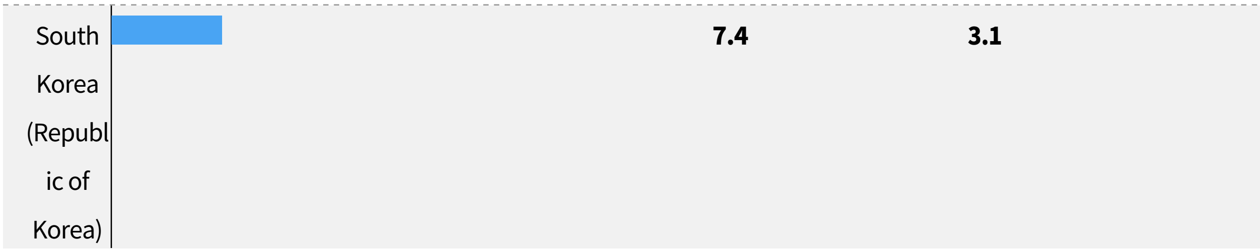
14.1% ↑
Percentage of population over 65 years of age
2017: 11.2%
2027E: 15.9%

Single person households in China

20%	25%	30%
2017	2022	2027E

China has become the country with the largest number of single-family households in the world

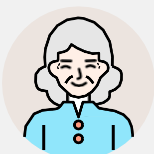
	Single Family 2022 (million)	2022/2027E CAGR (%)
sino	**134.8**	**5.5**
United States of Americ a	**37.2**	**0.6**
Japane se	**22.0**	**1.5**



Data source: Euromonitor International Passport database, ☑ View of economic and consumer data, 2023 version

1.2 Three new opportunities arising from demographic change

The trend of fewer children, aging, and smaller households will be the future trend of family structure, which also drives strong growth of pet and health industries. Increasing aging has increased the number of direct consumers in the silver economy, and also pushed the fear of aging among young and middle-aged people, driving the demand for anti-aging, which will usher in opportunities in the future of the ageing-appropriate and anti-aging industry; the loneliness of living alone and having fewer children has prompted people to anthropomorphize their pets, and more pets as well as a higher willingness to invest in the pet economy will contribute to the upgrading of the pet economy; and the small household size will further increase the pursuit of the space utilization rate of the people.



aging (population)

-Silver Hair Economy
-Anti-Aging Rejuvenation
-...

miniaturization

-Lack of companionship
-Pet anthropomorphization
-...

miniaturization

-Space utilization
-Miniaturization of home furnishings
-...

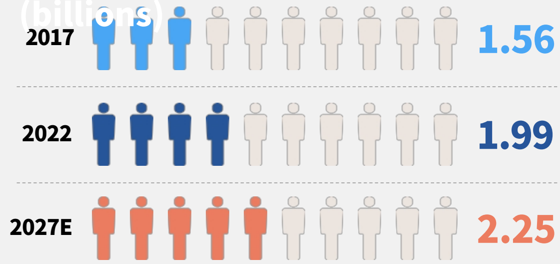
1.3 Aging intensifies, elderly population reaches new highs

Over the past five years, China's compound annual growth rate in the number of people aged 65 and over has been as high as 5 per cent, and by 2022, the total number of elderly people aged 65 and over in China will be close to 200 million, accounting for more than 14 per cent of the total, a proportion that is expected to continue to be high in the future. In addition, there are large regional differences between urban and rural areas in terms of population aging, with the number of elderly people in urban areas being higher than that in rural areas, but the proportion of elderly people in rural areas is higher than that in urban areas. As the elderly population continues to increase, the consumer structure changes, consumer attitudes and other changes, the industry end also responded. Increasing aging not only directly promotes the development of the silver hair economy, but also indirectly drives the demand for anti-aging among young and middle-aged people.

CAGR of growth in population aged 65+

5.0%	2017~2022
2.5%	2022~2027E

Population over 65 years of age (billions)

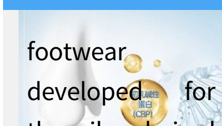


Data source: Euromonitor International Passport database, ☑ Economic and consumer data, 2023 edition

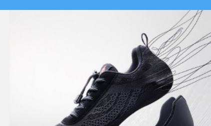
Silver Economy - Meeting the Ageing Needs of Older People

Unlike in the past, the new generation of elderly consumers has a stronger willingness to invest in themselves and more affluent material conditions, and manufacturers have developed a variety of products in response to consumers' pursuit of a higher quality of life in old age. For example, in response to the common joint problems of the elderly, the company has launched a milk powder for the elderly that can improve joint discomfort and contains calcium aminosucrose and alkaline proteins; as well as milk beverages to improve memory loss in the elderly; and clothing and footwear developed for the silver-haired population, etc., all of which are designed to add more targeted functions and pinpoint the target users.

Silver Economy - More Targeted Feature Additions



Joint Health
Calcium Amino Milk Powder - Improve



Joint Health
Milk drink with beta lactolin - Relieves memory

Anti-Aging Rejuvenation - Delaying Aging from the Inside Out

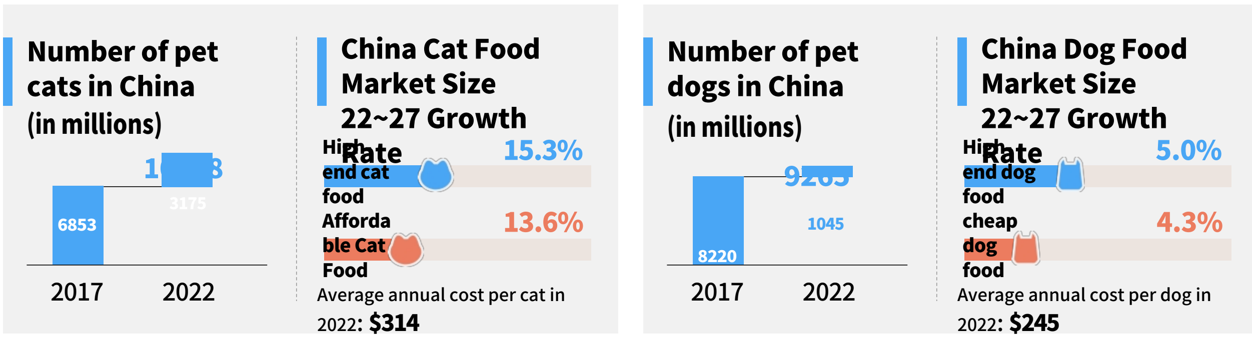
Increasing aging has also made aging more prevalent and intuitive to young people, driving the fear of aging and thus the demand for anti-aging. On the one hand, anti-aging supplements such as collagen drinks and NMN, which claim to replenish body components lost with aging, have become popular. According to Jitterbug data, the search index for the keyword "collagen drink" increased by 567.7% in 2022 compared to 2021. On the other hand, home beauty devices that improve skin aging and wrinkles are also becoming more popular, with the search index for related products increasing by 133.7% year-on-year, according to Joyo.

Source: Macro Arithmetic-Arithmetic Index, 2022.

1.4 Loneliness of fewer children, no marriage drives pet anthropomorphization

With the increase in the number of people living alone and having fewer children, people's sense of loneliness is elevated and they turn to pets for companionship, and the significance of pets to the pet-owning population is gradually shifting to family members. According to Euromonitor International, the number of pet dogs and cats in China will break through a new high in 2022, and the related pet industry will also usher in abundant opportunities.

01 Cat Becomes | 02 High-end pet | 03

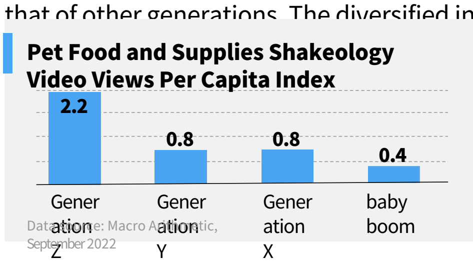


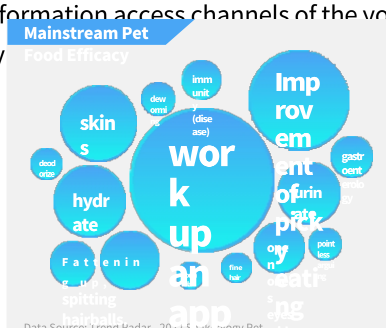
Source: Euromonitor International Passport Database, Pet Care Industry, 2023 Edition

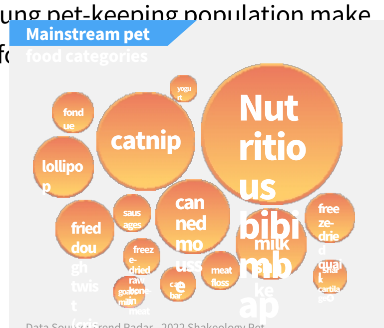
1.5 The pet economy is upgrading and where the future opportunities lie

With the implementation of the policy of regulating dog breeding, coupled with the shrinking of activity space in cities and the reduction of free time for pet owners, pet cats have replaced pet dogs as the number one pet. According to Euromonitor International, in 2022, the number of pet cats in China will exceed 100 million and will continue to grow at a high rate. Products related to pet cats, such as cat litter and cat climbing frames, will also see growth opportunities.

In addition, the trend of pet-raising is also continuing. On the Jieyin platform, the per capita viewing volume of pet food and supplies videos by "Generation Z" is 2.2 times higher than that of the overall population, far exceeding that of other generations. The diversified information access channels of the young pet-keeping population make







Strong youthfulness

Over **15% of** 18-23 year olds, with a TGI of **166**

Data source: Macro Arithmetic, December 2022

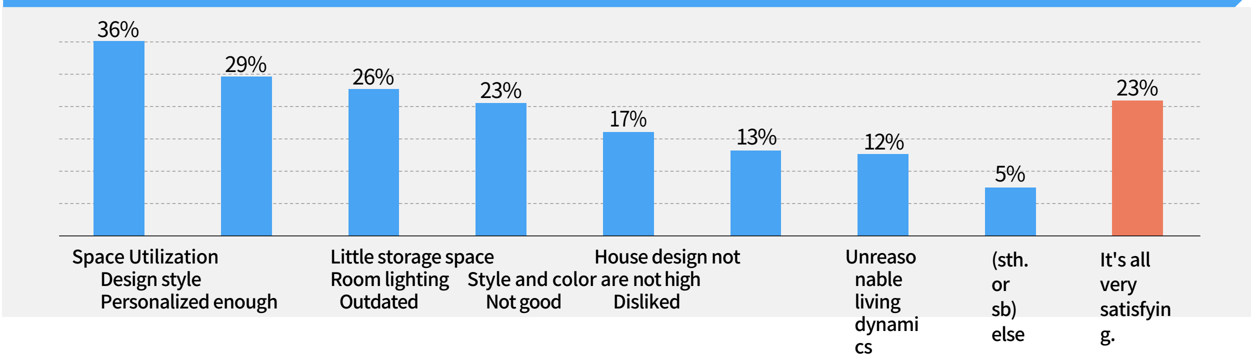
Over **17% of** 24-30 year olds with a TGI of **120**

Finally, as people gradually treat their pets as family members, their investment in pets has increased, and there is a more refined and advanced demand for pet-related products. For example, the demand for pet food is more diversified, pursuing different efficacy; or selecting food by breed, age, physical condition or even one-on-one customized feeding. In addition, there are intelligent pet devices such as automatic feeders and wearable devices, and we have even observed that luxury brands have launched pet clothes and collars. For practitioners, pinpointing products to the appropriate pet breeds and pet owners is the key to capitalizing on the high-growth opportunities in the pet food and supplies segment.

1.6 Increased space utilization in small homes: the new trend in small and beautiful homes

According to the China Population Census Yearbook - 2020, the per capita living space for urban households in China is only 36.52 square meters, and even lower in Super Tier 1 and Tier 1 cities - 32.28 square meters in Shanghai and 34.89 square meters in Beijing. The decrease in urban living space and the increase in the number of single-family households have reduced the usable area of the home, and consumers are looking for higher space utilization. According to the Mega Arithmetic Survey, the top 1 most unsatisfying design feature of existing homes is "poor space utilization", followed closely by "little storage space". Dissatisfaction with the existing space utilization rate promotes consumer demand for small appliances, all-in-one appliances, leading the overall home and related industries to small size, lightweight, space combination development.

Least satisfactory design for users of existing dwellings



Source:2022 [Your Ideal Place to Live] Questionnaire, Mega Arithmetic, October 2022, N=3607

The Washing Machine Getting Smaller Revolution

Washing machine as a household essential large appliances began to small volume transformation, the brand then launched a smaller and thinner washing machine, can flexibly adapt to a variety of household types, such as Haier launched the Slim series, reduce the thickness of the washing machine, the volume remains unchanged, the volume becomes smaller, thus reducing the waste of space, LG, Skyworth, TCL also for small household design, the launch of <8kg ultra-thin small volume washing machine.

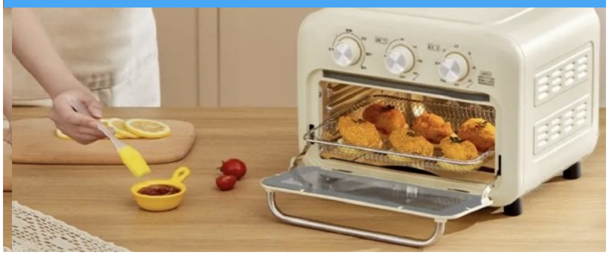
Multi-functional small appliances for one-person sizes for

mealsSmaller portion food packaging

With the increase of single-family households, small kitchen appliances suitable for 1~2 people have also come into people's lives, requiring less space than traditional kitchen appliances while reducing food waste, such as small ovens, small rice cookers, soup pots and so on. Multi-functional kitchen appliances are a collection of multiple functions to improve the utilization of space.

Along with the popularity of small-capacity kitchen appliances, small packages of food have also entered the consumer's field of vision: 300g packages of rice, 50ml mini seasonings, etc., are more suitable for small users and small appliances.

cookware



general merchandise

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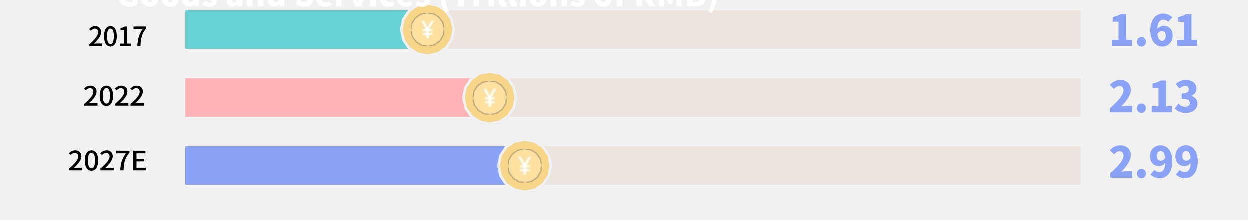
02 The Rise of the "New Lazy Economy"

06

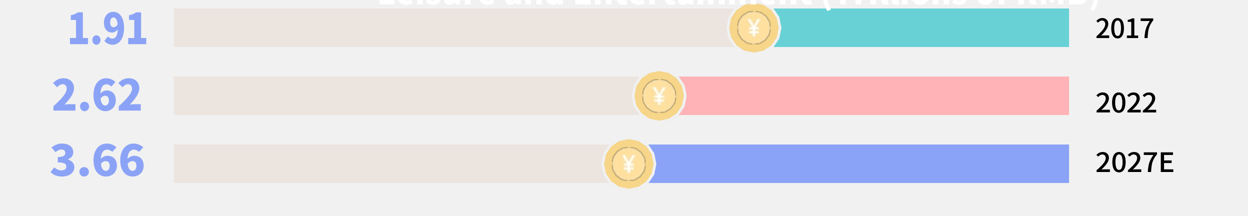
2.1 Post-Epidemic Era, "New Lazy Economy" Arrives

Since 2022, Chinese consumers' consumption habits and preferences have shifted as the New Crown epidemic has entered a multi-point distribution phase. While the country's overall consumption level has been steadily recovering, we have found that consumers are increasingly eager to reduce the fatigue and waste of resources brought about by repetitive household chores, and are more focused on improving their quality of life, which is manifested in a greater willingness to pay for products that save time and labor costs, improve the utilization of household space and functional richness, and pursue the experience upgrades brought about by high-tech products. According to Euromonitor International, Chinese consumers' spending on household goods and services and leisure and entertainment will continue to climb in the post-epidemic era, and is expected to reach RMB 2.99 trillion and RMB 3.66 trillion, respectively, in 2027, almost doubling compared to a decade ago, reflecting a dual pattern of upgrading of consumption and shifting of the center of gravity of consumption by the TAs.

Chinese Consumer Spending in the Post-Epidemic Era: Household Goods and Services (Trillions of RMB)



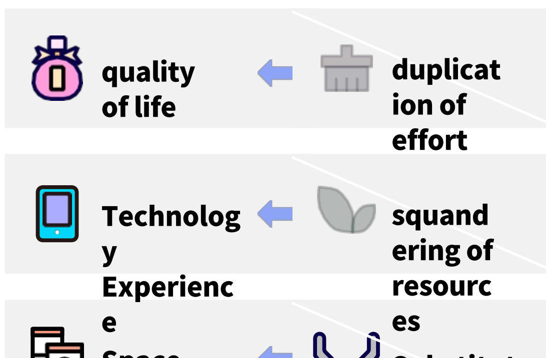
Chinese Consumer Spending in the Post-Epidemic Era: Leisure and Entertainment (Trillions of RMB)



Source: Euromonitor International Passport Database, Annual Economic and Consumer Data, 2023 Edition

What is the "New Lazy Economy"?

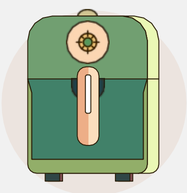
We can refer to the business opportunities brought about by this shift in Chinese consumers' preferences in the wake of the epidemic as the "New Lazy Man Economy". The "New Lazy People" group emphasizes on improving the quality of life and satisfaction in home life, and are willing to try things with a sense of



technology and fresh experience, and are willing to pay for simpler processes and more convenient methods of use while pursuing cost-effectiveness and careful budgeting. "The "New Lazy People" are not just a group of people whose activities are limited to the home, but also people who are good at socializing, sports, outdoor activities, and visiting stores. Therefore, the "New Lazy People" group has higher requirements for the intelligence and convenience of home life, hoping to maximize the use of limited free time, while fully exploring the potential of the family as a multi-purpose space in terms of functionality.

2.2 Convenience, health and quality demand drive the growth of the new kitchen "lazy" scene

The new crown epidemic has prompted many "kitchen buffs" to embark on the journey of cooking themselves, giving rise to the demand for more cooking. For the "new lazy people" group, the convenient cooking process should not be sacrificed for the quality of food, so the alternatives they can't take out or dine-in under sealing control are often not the traditional instant noodles, ham sausage, eight-treasure congee and other instant food, but rather light oil and healthy air fryer food, as well as fast-food dishes launched by big-name restaurant chains or supermarket chains. The first choice is not traditional instant noodles, but air fryer food, which is light on oil and healthy, and fast food launched by big restaurant chains or supermarket chains. According to Jumbo Arithmetic data, the keyword indices of "air fryer" and "fast food" on the Jieyin platform grew by 609.6% and 491.6% year-on-year, respectively, in 2022. According to Euromonitor International Passport database, the retail sales of fast food increased by 18.4% in 2022, and air fryer was the only small household appliance category with positive retail sales growth in the whole year.



41.6%

Air Fryer Retail Volume Growth Rate, 2022

18.4%

Retail Sales Growth of Fast Food in 2022

Source: Euromonitor International Passport database, Seasonings and ready-to-eat meals, 2023 edition; Household appliances, 2023 edition

609.6%

Air Fryer Keyword Composite Index Growth Rate, 2021-2022

491.6%

2021-2022 Fast Food Keyword Composite Index Growth Rate

Data source: Mega Arithmetic-Arithmetic Index, 2022 vs. 2021

Epidemics recede, but the need for lazy kitchens persists

Coming out of the haze of the epidemic, air fryers will still have a healthy compound annual growth rate in the future; fast food will also continue its current momentum, maintaining a double-digit compound annual growth rate in the next five years. For the lack of time to prepare raw materials and research recipes, but also the pursuit of the ritual of eating at home and the satisfaction of high-quality hot food brought about by the "new lazy" groups, fast food can be anytime, anywhere to provide stable quality and safe and hygienic high-level dishes; the use of convenient, fast, versatile air fryer will become the "new lazy" people. The air fryer, which is convenient and versatile, will become the necessary "magic weapon" in the kitchen of the "new lazy people", escorting every hungry night.

8.9%

Air Fryer Retail Volume CAGR, 2022-2027E

14.1%

2022-2027E Year of Fast Food Retail sales CAGR

Source: Euromonitor International Passport database, Seasonings and ready-to-eat meals, 2023 edition; Household appliances, 2023 edition

2.3 Demand for functional integration and process simplification by the "new lazy man" creates long-term opportunities in the home cleaning market

Beyond the kitchen scene, household cleaning is another opportunity point where the needs of the "new lazy people" need to be met. The prolongation of home time due to the epidemic has raised consumers' demand for a clean and tidy home environment, and the aversion of "new lazy people" to repetitive labor that lacks a sense of significance and wastes time has put forward higher requirements for mechanical automation solutions to liberate their hands. Against this background, sweeping robots with integrated sweeping, mopping, automatic water and sewing, self-cleaning and other basic and high-end functions are widely sought after and will continue to be sold. According to Jumbo Arithmetic data, the keyword index of sweeping robots on the Jitterbug platform grew by 159.0% year-on-year in 2022, and Euromonitor International predicts that the CAGR of sales of this product from 2022-2027 will remain at 6.7%, reflecting the consumers' desire to simplify the cleaning process, the pursuit of minimized manual intervention, and their willingness to pay for it.

159.0%

2021-2022 Sweeping Robot Keyword Composite Index Growth Rate

23.5%

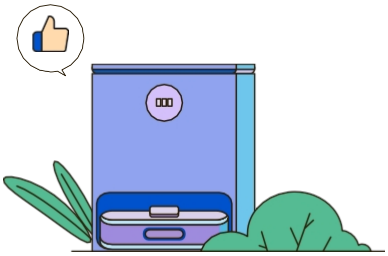
Sweeping robots as a percentage of vacuum cleaner category in 2022

6.7%

Source: Mega Arithmetic - Arithmetic Index, 2022 vs. 2021; Euromonitor International Research Database, Household Appliances, 2023 Edition

Utilizing product innovation to create de d competitiveness

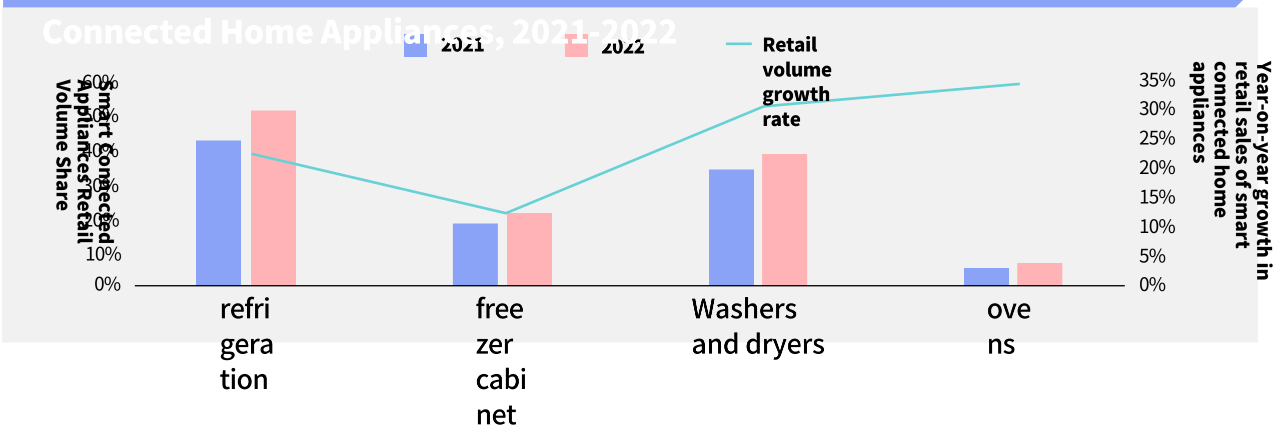
From the manufacturers' point of view, if you want to fully seize the opportunities brought about by the intelligentization of household cleaning, you should strengthen the study of consumer use scenarios, through technological upgrading and targeted research and development, on the one hand, to create product demand, strengthen user perception and recognition, on the other hand, to achieve the popularization of high-end functions, standardization, and build the core competitiveness of the brand. Typical cases, such as the industry's leading brand Corvus launched the treasure OMNI T20 PRO sweeping robot, in addition to the conventional automation capacity upgrade, equipped with hot water cleaning and mop lifting function, in the cleaning ability to achieve a sustained evolution; at the same time, it is also integrated with a variety of new control methods, such as intelligent voice and small programs, more convenient for the whole family to use, for the industry to set a new benchmark.



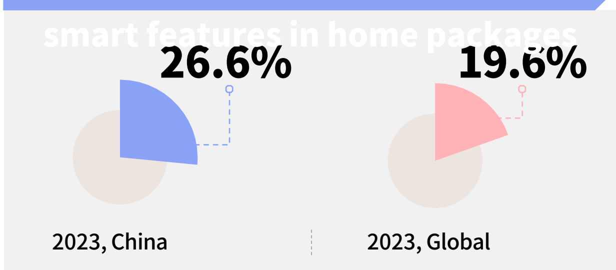
2.4 The "New Lazy" Family Promises Whole-House Smart Growth Potential

The demand of "new lazy people" for convenient and intelligent home life is all-encompassing, and they want to reduce the frequency of manually controlling home appliances and other smart home devices, and at the same time, they have higher expectations for interoperability and interconnectivity between devices, scenario synergy, and AI learning functions, and the whole-house smart solutions to match them have been warmly sought after, becoming an important driving force for the renewal of the home appliance market. An important driving force for updating the home appliance market: the convenience and high efficiency

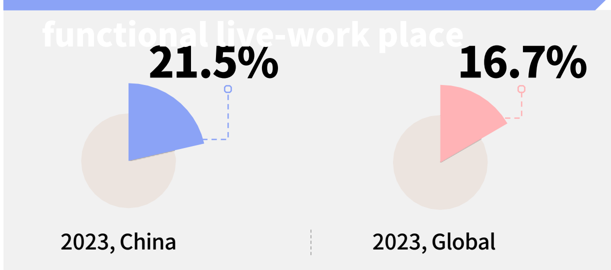
Sales Volume Share and Year-on-Year Retail Volume Growth of Smart Connected Home Appliances, 2021-2022



Wish there were whole-house smart features in home packages



Want your home to be a multi-functional live-work place



Source: Euromonitor International Passport Database, Household Appliances, 2023 Edition; Consumer Voice, Lifestyle Survey, 2023

Demand for smart home waits for innovative products to catalyze release

Chinese consumers' demand for smart home products and even whole-house intelligence is quite strong. According to Euromonitor's Voice of the Consumer research, more than a quarter of Chinese consumers interviewed in 2023 said they want home packages to contain whole-house smart features, seven percentage points higher than the global average. Jumbo Arithmetic research data shows that although only about 30% of Chinese consumers have purchased smart home products, nearly 50% of users have shown a high willingness to try smart home products, proving that there is considerable potential in this market. Enterprises should seize the opportunity to capitalize on consumers' demand for smart and convenient products, and strengthen their strategic layout at a stage when the market is still growing.

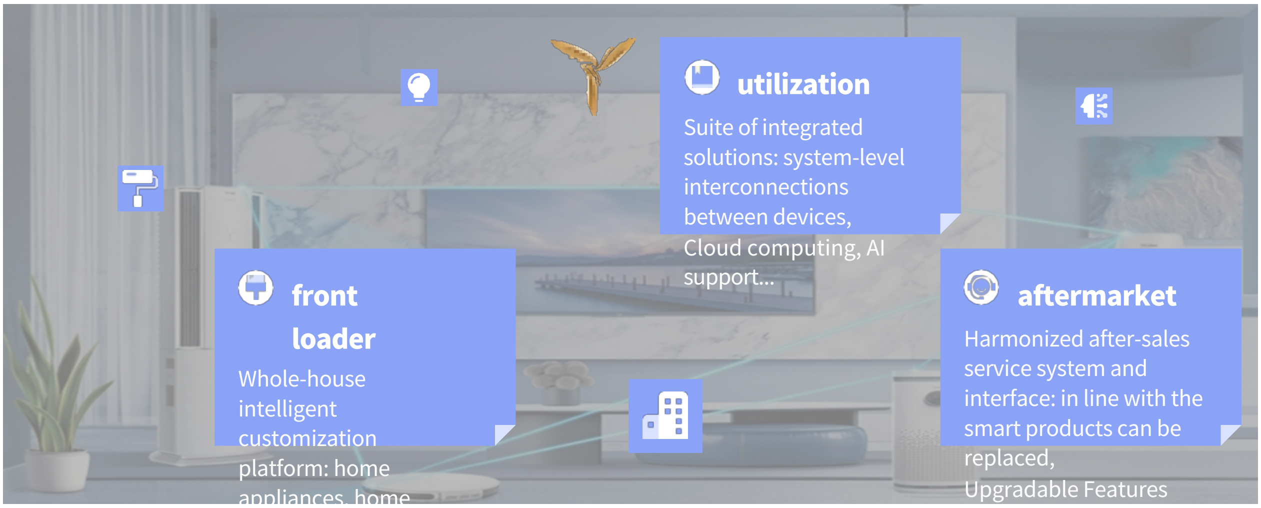
33% **Proportion of users who have purchased smart home products in 2022**

49% **Percentage of users who have not purchased but are willing to try a whole-house smart home system or smart home product in 2022**

Data source: "Living in a Better Home 2022 China Ideal Living Observation Report".

2.5 One-stop smart scene solution for the whole chain: the future home of the "new lazy man".

In the journey to build a one-stop intelligent scene solution for the whole chain of whole-house intelligence, Haier Home Automation's scene brand "Three-Winged Bird" provides a new way of thinking, starting from the three dimensions of pre-installation - use - after-sales service. Starting from the three dimensions of pre-installation - use - after-sales service, it has built a whole-house intelligent customization platform, a set of integrated solutions, and a unified after-sales service system and interfaces to escort consumers to a smart home experience with superior quality and satisfactory service. The launch of the scene of the brand's efforts, reflecting the Haier Smart Home in the excellent comprehensive product strength based on further expansion of the "territory", through the upstream and downstream manufacturers to reduce consumer communication links and costs, thereby enhancing their own ecological competitiveness, and ultimately realize the win-win development of manufacturers, consumers and industry partners ☑ great blueprint.



The construction and development of Haier's "Three-Winged Bird" brand not only provides inspiration for home appliance enterprises to promote product-level intelligence, standardization and upgradability, but also guides the direction for home furnishing enterprises and home decoration companies to enhance cooperation with home appliance enterprises in the whole-house intelligent design and development stage, and to make full use of the opportunities for upgrading the renovation of old and new houses to improve the added value of products and services. It also provides guidance for home furnishing enterprises and home decoration companies to enhance cooperation with appliance companies in the whole-house intelligent design and development stage, and to make full use of the opportunities of new and old house renovation to increase the added value of products and services, as well as helping retailers to enhance their customized platform services and comprehensively improve the standardized and customized solutions.

product enablement

ecological competitiveness

Win-Win Development for the Industry

Contents

03 Outdoor Sports Lifestyle

3.1 Hot Outdoor Activities Spur Growth in Multiple Industries

In 2022, the outdoors exploded with fire. The number of cross-country and cross-province trips will further decrease due to the epidemic. In the face of increasing stress and anxiety, urban consumers' strong demand for experience, entertainment and stress relief remained strong, driving the rapid development of outdoor sports in various scenarios. 2022, the number of sports-related short videos in ShakeEn's outdoor life segment exceeded 370 billion times, and the turnover of sports and outdoor-related goods during the ShakeEn 921 Goods Festival increased by 156% year-on-year. During the "ShakeEn 921 Goods Festival", the turnover of sports and outdoor-related goods increased by 156% year-on-year.

370+ billion times

2022 Jitterbug Outdoor Life segment sports-related short video plays

156 %

During the "Shake 921 Goods Festival" in 2022, the turnover of sports and outdoor-related goods increased year-on-year.

Data source: "2023 Jitterbug Trend Track Windsock | Outdoor Life Special Issue

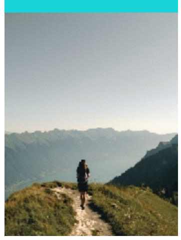
Outdoor Sports Multi-Scene Segmentation

Outdoor sports in natural scenes are sought after by consumers for their intimacy with nature. Outdoor activities such as hiking in the mountains directly accessible by the subway in the city, skiing, which has received a lot of attention due to the Winter Olympics, and surfing, which is a reckless and enjoyable activity, are extremely popular.

Outdoor activities in the city are fully integrated into consumers' daily lives with their convenience. Camping, Frisbee, land surfing, and other activities have become weekend entertainment options for consumers.

The increasing sophistication of indoor sports venues also allows outdoor enthusiasts such as skiers and surfers to

naturally



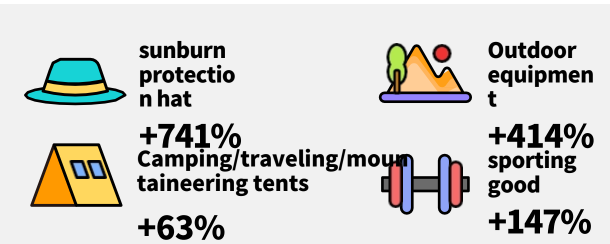
municipal

interior

experience the joys of the outdoors indoors.

Outdoor sports-related industries are booming

The booming outdoor activities in various scenarios have likewise driven the rapid growth of related industries. According to Euromonitor International's Passport database, China's sports footwear and apparel market has reached 362.7 billion yuan, with a compound growth rate of 8.7% over the next five years. From sports shoes and apparel, equipment accessories, to sporting goods and outdoor equipment, many categories have benefited from the outbreak of outdoor sports, publicizing and launching new products around various types of outdoor activities represented by Frisbee and exquisite camping. According to giant math, in 2022, the comprehensive index of sunscreen hats, outdoor equipment and sporting goods keywords will grow by 741%, 414% and 147% respectively, and the number of trailer video plays for camping/traveling/mountaineering tents will grow by 63% year-on-year.



Data source: Jumbo Count, Keyword Composite Index 2022 Y/Y; Shake Shack Trailer Video Views September 2022 Y/Y

Source: Euromonitor International Passport Database, Footwear & Apparel Industry, 2023 Edition

3.2 Back to Nature, Outdoor Sports Leads New Fashion Trend

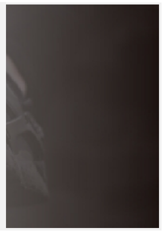
The healing effects of nature are attracting consumers to get out of the city and back to nature. According to Euromonitor International's Passport database, China's outdoor footwear and apparel market will grow at a CAGR of 14.2% over the next five years. Focusing on the new outdoor power of footwear and apparel market growth, the brand introduces fashion elements into functional outdoor wear, leading the new trend of outdoor fashion.

2022 China's outdoor footwear and apparel retail sales

384 billions

14.2% 22-27E CAGR

Source: Euromonitor International Passport Database, Footwear & Apparel Industry, Version 2023

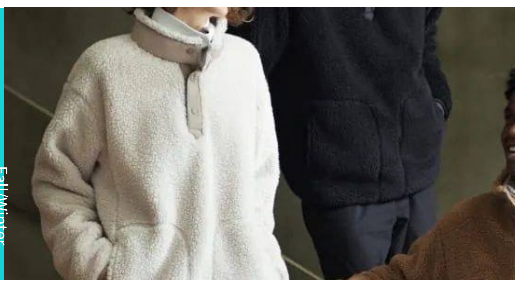


Mountain chic reinvents hiking wear

Hiking is a "newbie-friendly" sport that consumers of all ages love because they can enjoy the mountains without having to learn anything else. According to the huge amount of calculations, the keyword index of "hiking shoes" in 2022 will increase by 192% year-on-year. Faced with a wide range of consumers and rapidly growing consumer demand, apparel brands are trying to seize this opportunity.

For example, as early as its Fall/Winter 2021 collection, Uniqlo co-branded with White Mountaineering to launch an outdoor apparel line for everyday family wear, presenting a new mountain trend style.

Uniqlo x
Fall/Winter 2021 Joint Collection
Mountain Fashion



hiking boots

+192%

Keyword Composite Index

Source:Jumbo Arithmetic - Arithmetic Index, year-on-year 2022

Ski wear, "professional" and "value" are indispensable

The Winter Olympics ignited skiing enthusiasm in one fell swoop. According to the huge amount of math, ski clothing 2022 September trailer video playback increased 221% year-on-year. Consumers not only pursue the intense excitement brought by skiing, it is equally important to capture the beautiful moment BURTON understands this, and has launched BURTON ak snowsuits and feelgood skis with both

Snows
Ski Wear
Professionalism
Highly Colorful

skiwear

+221%

3.3 Getting into the city and expanding the outdoor wear scene

The wave of outdoor sports is sweeping through the city, which has not only led to a series of activities that can be enjoyed in the middle of the city, such as land surfing, sophisticated camping, Frisbee, cycling, etc., but also brought outdoor wear into the city and expanded the wearing scene.

Lu Chong leads the street fashion

With Lu Chong becoming popular on major social media platforms, street fashion is once again out of the loop. According to the giant math, the comprehensive index of Lu Chong keywords in 2022 increased by 7252% year-on-year. Major sports brands have seized this new password for traffic and launched new products and activities to attract young fashion trendsetters. For example, Anta has chosen white and green spring colors to create skateboarding shoes such as "Ardent" and "Flame", and launched a joint limited gift box with YOW, a land surfboard brand; it has also initiated land surfing challenges in many cities and held land surfing city parties.

streetwear

Land Surfing for Trendy Style

+7252 %

Lu Chong, one of the indigenous peoples of Taiwan

Keyword Composite Index

Source: Mega Arithmetic - Arithmetic Index, year-on-year 2022

Mountain fashion into everyday life

Reconfiguring the Urban and the Outdoors

Outdoor wear into the city, shopping and camping at the same time

591,000

cumulative video plays on the #cityoutdoor topic on the Jieyin platform

The popularity of activities such as exquisite camping also reflects consumers' desire to experience the natural wilderness in the inner city. While camping is moving from the mountains to the urban lawn, mountain fashion is also being integrated into daily life. THE NORTH FACE has launched a series of clothing that deconstructs the boundaries between the city and the outdoors, so that you can go shopping and camping at the same time.

Expanding the Wear Scene for Fitness Leggings

Fitness pants, which represent style and fitness, have gone from indoor yoga to outdoor, becoming the perfect partner for Frisbee, cycling, outdoor yoga and other activities. Lululemon is still growing strongly in China despite the epidemic.

Fitness pants. Everywhere.

Comfortable and stylish, wearing scenarios spanning a wide range of activities

"Break" "Fit"

"Tummy Tuck,"

"Everyday."

Fitness Pants Keyword Forecast, Daily Scene Expansion Becomes Future Development Direction

Source: "2023 Jitterbug Trend Track Windsock

| Outdoor Life Magazine

3.4 Hot outdoor sports promote the rapid development of sunscreen-related categories

The hot outdoor sports not only led to a new fashion trend, but also promoted the rapid development of sunscreen-related categories. From sunscreen to sunscreen clothing, the scorching sun under the " full armor" has become the primary consideration of outdoor sports.

Refined Sun Protection Becomes an Outdoor Essential

Whether you are hiking in the mountains or camping on the lawn in the city, the bright sunshine of the outdoors is not only the source of good mood, but also the black hand behind tanning, sunburn and photoaging. Sun protection has become an important topic that must be considered before outdoor sports. Health-conscious outdoor enthusiasts often take both chemical sunscreen and physical sunscreen in a dual approach, through the refinement of the sunscreen method, to get the best sunscreen effect. Sunscreens used directly on the skin are growing rapidly in 2023, with 15.5% year-on-year growth for mass sunscreens and 17.9% year-on-year growth for high-end sunscreens, according to Euromonitor International's Passport database.

17.9% ↑

High-end sunscreens 2023 Year-over-year retail growth

15.5% ↑

Mass Sunscreen 2023 Retail Year-over-Year Growth

Source: Euromonitor International Passport Database, Beauty & Personal Care Industry, 2023 Edition

Continuously refined physical sun protection is also growing at an alarming rate. In addition to traditional sunscreen hats and umbrellas, outdoor brands have developed popular sunscreen gloves, sleeves, masks, sun protective clothing and other categories. According to giant math, in 2022, the video playback of sunscreen gloves will grow by 176.2% year-on-year, sunscreen sleeves by 902.2%, and sunscreen clothing by 153.8%. Behind the amazing growth rate reflects consumers' rising awareness of sun protection.

The sunscreen category is constantly being segmented

suntan lotion

Sunscreen Gloves

Sunscreen Sleeve

sunscreen clothi

176.2 % ↑

Sunscreen Gloves 2022 video playback growth year-over-year

902.2 % ↑

Sunscreen Sleeves 2022 Video Broadcasts Year-over-Year

153.8 % ↑

Sunscreen Clothing 2022 video plays year-over-year

Data source: Macro Arithmetic, 2022

3.5 Experiential Demand Fuels Urbanization and Indoorization of Outdoor Sports

As consumers become increasingly concerned with their personal experience, experiential needs are driving consumption more and more. The urbanization and indoorization of outdoor activities facilitates the fulfillment of this demand.

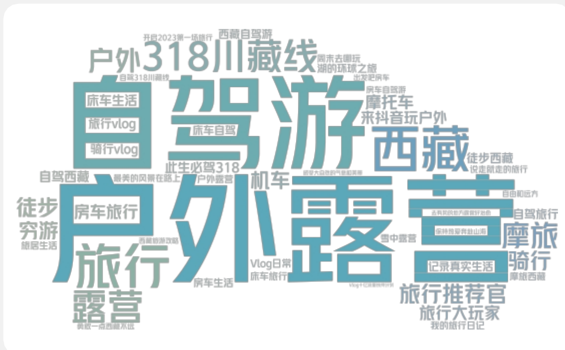
As a representative of the urbanization of outdoor activities, exquisite camping is rapidly gaining popularity due to its unique experience and social attributes. According to the huge amount of calculations, the comprehensive index of the keyword "camping" will grow by 660% year-on-year in 2022. Camping-related industries have responded quickly to grasp this new traffic code.

Urbanization of outdoor life

660 %

2022 Jitterbug "camping" keyword composite index year-on-year growth

Source: Macro Arithmetic - Arithmetic Index, year-on-year 2022

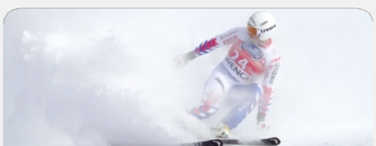


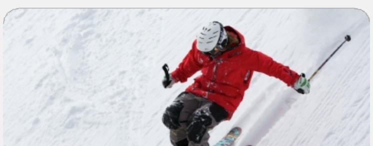
Top 50 trending topics for Shakeology outdoor living content

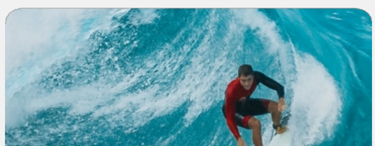
Source: "2023 Shakeology Trend Track Windsock｜Outdoor Life Special Issue".

With the support of relevant national policies, indoor solutions for snow and ice sports, surfing and other outdoor activities are growing rapidly. According to the State General Administration of Sport, the number of standard ice rinks in China will more than triple between 2015 and 2021. Large shopping districts are also actively introducing related businesses to bring diversified experiences to consumers. For example, SNOW 51, which is positioned as a new lifestyle platform for skiing, has partnered with shopping malls such as Kerry Center to provide indoor ski training for ski enthusiasts and extend its business to include retail, travel and events.

Indoorization of Outdoor Sports







317 %

Standard Ice Rink 2015-2021 Growth Rate

Source: General Administration of Sport of China

Urban Ski Space

Enjoy skiing indoors and maintain muscle memory

Indoor Surfing Space

Simulate sea surfing, learn to experience water sports

3.6 From channel to brand, aggressively ramping up outdoor experiences

The rich scenarios and diversified experiences behind outdoor sports not only attract consumers in search of health and excitement, but also breed unlimited new business opportunities. From online to offline, from channels to brands, creating an outdoor atmosphere and outdoor experience has become a new way to capture consumers.

Online and offline linkage adds to outdoor sports: online and offline connectivity

Watermelon Video's "Project Caveman." With outdoor interest sports as the core, the "wild man program" carries out long-term IP operation and ignites users' passion for camping in conjunction with Jittery Voice.

Jitterbug Outdoor Life Festival "Let's Spread Joy" online and offline linkage, divided into music festivals, bazaar area, camping area, sunset yoga area, sports events area, land rushing area six plates, to create a new trend of outdoor trends!

From interest to lifestyle, online and offline channels have all stepped up their efforts to promote outdoor sports. Interest e-commerce closely follow the outdoor interest, watermelon video and jittery voice operation "wild man plan" long-term IP, seasonal unit, network camping, surfing, fishing, skiing and other outdoor sports, ignite the enthusiasm of the user outdoor. 2023 May, jittery voice also in Haikou to carry out the "come to spread the joy! In May 2023, Jitterbug also launched the "Let's Spread Joy" Outdoor Life Festival in Haikou, linking online live broadcasts and dividing the festival into six panels: music festival, bazaar area, camping area, sunset yoga area, sports tournament area, and land rushing area, to create a new wind direction for outdoor trends.

Brands create immersive outdoor experiences: outdoor community

Sports and outdoor brands are also capitalizing on the outdoor trend by increasing community activities and outdoor space to enhance consumer awareness and user stickiness. Lululemon, which advocates a healthy lifestyle, continues to carry out a wealth of outdoor activities, connecting people with communities and enhancing user stickiness.

Kolon opened the first brand culture center store "Kolon 1973" in China. Kolon opened the first national brand culture center store "Kolon 1973", which constructs dialogues among architecture, nature and clothing with diversified themes, showcases outdoor aesthetics, and creates a base camp for in-depth exchanges and communication among outdoor enthusiasts from all over the world.

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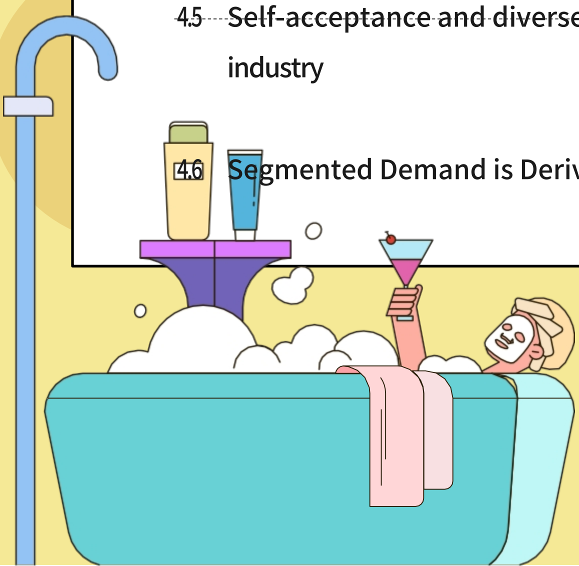
04 Self-care at the right time

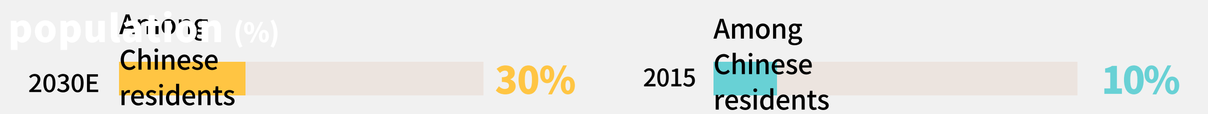


4.1 Continuous amplification of basic health awareness

The epidemic home has allowed consumers to spend more time with themselves, take a brief break from their fast-paced work as well as social lives, and engage in an inward exploration of self, acceptance and love of self, from body to spirit. This has led to unprecedented enthusiasm for topics such as wellness, self-care, and emotional value, and has led to a vibrant market for related consumer products. Companies need to offer products or services that bring physical or spiritual benefits to consumers.

Since the outbreak, consumers' basic health awareness has been significantly amplified as the concept of "being the first to take responsibility for one's own health" has taken root in people's minds. During the peak of the epidemic, demand for related consumer health products such as antipyretics, cold and flu products, and vitamins surged. In the long run, under the backdrop of the "Healthy China 2030" plan, consumers' health literacy is expected to increase significantly to 30% by 2030, further activating the potential of the consumer health market.

Healthy China 2030: level of health ④ nourishment of the population (%)



Source: Healthy China 2030 Plan

With the increasing demand for self-care and preventive health solutions in the wake of the epidemic, consumers are increasingly looking beyond pills for more natural solutions that serve preventive health purposes. Among them, China's vitamin dietary supplement market reached a retail market size of RMB 200 billion in 2022 and is expected to continue expanding at a CAGR of 5.5% over the next five years. At the same time, along with changes in the age structure of the population, the demand for health products focusing on the middle-aged and elderly, children and women is gradually rising, and traditional categories such as fish oil and calcium are taking on a new lease of life with the change of ingredients and innovation in form.

Vitamin ❹ Dietary Supplements Market Size

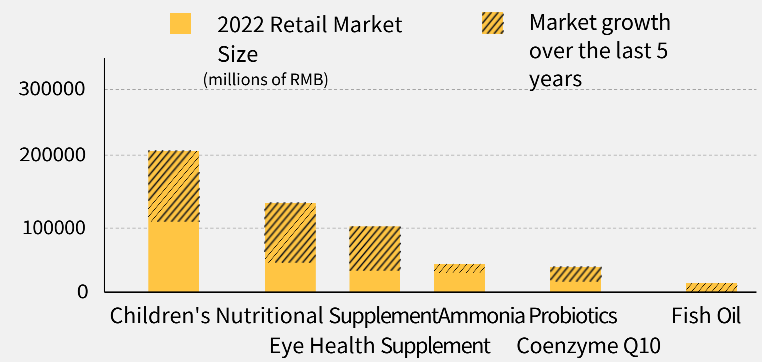
RMB **2001** million

2022 Retail Market Size

5.7%

Compound growth rate over the past 5 years

Source: Euromonitor International Passport Database, Consumer Health Industry, Version 2023;
2023 Jitterbug Trend Track Windsock | Food & Beverage Special Edition



Shake Shack Tonic Healthcare Short Video Playback Grows

42.3% Year-over-Year in 2022

E-commerce sales of related categories increased by

189% year-on-year

4.2 From Diet to Health: Functionality Becomes a Market Litmus Test

Consumers' passion and concern for health has also permeated the food and beverage industry. According to Euromonitor, the retail market size of the health food and beverage industry exceeded RMB 900 million in 2022, and in addition to the concepts of "3Rs, 3Hs" and "organic" that have already taken root in people's minds, functional food has gained a high level of market attention in the last two years as a branch of the health food and beverage industry. Nowadays, increasingly mature consumers have further deepened their knowledge of ingredients and additives, and the functionality and effectiveness of products have become the touchstone of the market, from diet to healthcare.

Healthy Food & Beverage Market Size

2022 Retail Market Size

9.25

hundred million yuan (RMB)

- Functional additions
- natural health
- Three-minus products
- additive-free
- organic product

Euromonitor International Passport Database, Healthy Food & Beverage Industry, Version 2022

Functionality of Consumer Concerns

- The Three Reductions and Three Healthy Lifestyles
- Immunity and gut health
- Functional foods targeting beauty
- Foods that satisfy the mind and body

"Three reductions": salt, oil and sugar
"Three health": healthy mouth, healthy weight and healthy bones.

4.3 The rise of the fourth meal concept further blurs the line between food and supplements

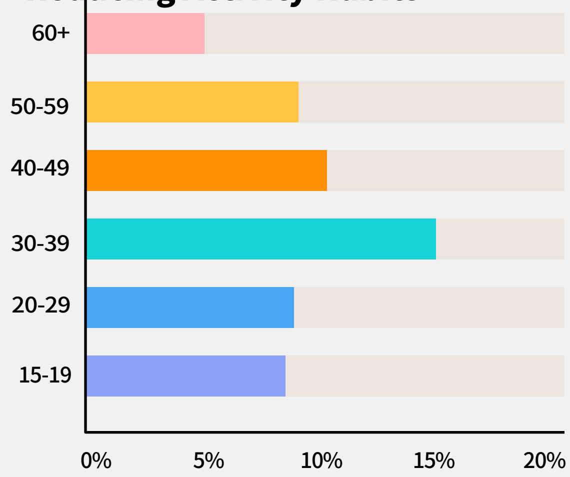
As the concept of medicinal food becomes more popular, the line between food and supplements will be further blurred. In recent years, food and beverage manufacturers and consumer health companies have frequently explored new potentials in the market by way of crossover or co-branding. One typical example is the dairy and probiotic industries, where leading companies have been actively utilizing the synergistic effect of probiotics and dairy products to jointly deepen consumer education. It is foreseeable that food and beverage and consumer health products will actively cross borders and innovate around the three core

products, both of which are typical representatives of the interaction between the food and healthcare industry.

4.4 The Emotional Value of Brands in the Wave of Self-Pleasing Consumption

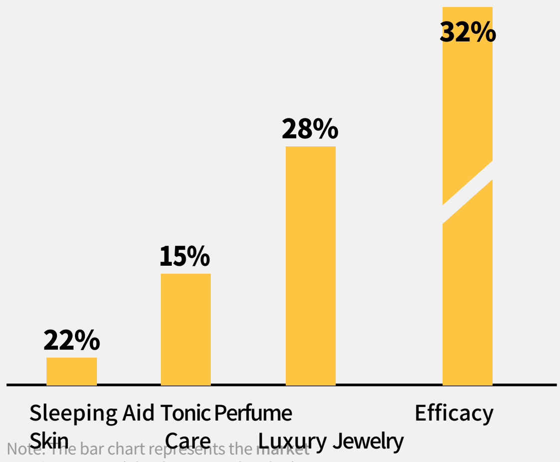
The irregular pace of life and uncertainty during the epidemic amplified emotional issues for consumers. In addition to physical health, mental health is once again in the spotlight. According to Euromonitor's consumer research, the number of Chinese consumers who have the habit of engaging in daily stress-relieving activities has been rising year after year, with the stress level of consumers in the 30-39 age group being particularly significant. Consumers need an outlet to release their emotional problems, and they choose to consume small "luxuries" to "reward" themselves. It is worth noting that during the epidemic, the lipstick effect was reflected in the Chinese market as the perfume economy, and categories such as perfume, which can provide emotional value, benefited a lot in this context, with the search index for perfume in Shake Shine in 2022 increasing by 206.40% year-on-year.

Age Distribution of Consumers with Stress Reducing Activity Habits



Source:Euromonitor International Consumer Voice, Health and Nutrition Survey, 2022

Consumption Market Increase in the Last 5 Years, CAGR 2017-2022



Note: The bar chart represents the market increment (absolute growth value) over the last five years and the numerical percentages represent the compounded growth rate.

Demand for inner attention, stress management and self-care is driving the growth of self-consciousness. In recent years, consumer products such as sleep supplements, fragrances, skincare and luxury jewelry have gained popularity among consumers, and there are many emerging brands in these markets. Local perfume brand Guan Xia seeks fragrance inspiration from oriental culture and art, and leads the market with oriental aroma. New designer jewelry brand He Fang stands out from the jewelry market by conveying the concept of 'Shine Yourself'. Hair care benchmark Kashi continues to lead the high-end hair care market through its salon-level care experience at home. In the post epidemic era, how to create and provide emotional value will remain a must for brands to break through.

Dianthus caryophyllus (botany)

Local perfume brand Guan Xia leads

where?

New Designer Jewelry Brand, Delivering the Life Concept of 'Shine Yourself'

4.5 Self-acceptance and diverse aesthetics are reshaping the beauty and fashion industry

It is important to note that the long-term psychological impact of the epidemic has not gone as far as that, as the epidemic has led consumers to examine their own self-worth and to be more accepting of individual diversity. The fashion and beauty industry, as the business of beauty, has become a hotbed for brands to explore diversity. Traditional definitions of beauty are being broken down, and according to Euromonitor International's consumer research, 48% of female consumers define beauty as being fully aware of themselves. From skin color to facial features, exploring diverse beauty has brought new inspiration to the Chinese beauty market.

In recent years, the rising rate of obesity in China and around the world has raised concerns about body positivity in the fashion industry, and brands that advocate body confidence and an inclusive aesthetic have gained more traction in this context. Victoria, a lingerie brand known for its perfect body and angelic image, has also embarked on a large-scale rebranding. In Greater China, the brand has adopted Zhou Dongyu as its spokesperson and Yang Tianzhen as its best friend, and has launched a new tagline of "Be Yourself", which conveys the inclusive aesthetics of body shape through the display of different body shapes on the products, in an attempt to change the long-standing consumer's fixed impression of Victoria's. The brand has also launched a new campaign to promote body confidence and inclusive aesthetics, which has gained more popularity.

Climbing percentage of obese population raises body positivity concerns

Source: World Health Organization

Proportion of population over 18 years of age who are obese %

9 %
2022 China

15 %
2022 Global

#RejectingSizeAnxiety topic on Jitterbug has gained

2.28 billion plays

4.6 Segmented demand is being derived into personalized and customized demand

Consumer self-focus has also driven further iterations of segmentation demand on the industry end. It can be said that segmentation provides an opportunity for highly penetrated categories to create a second growth curve. As in the probiotic market under the epidemic, from digestion to immune enhancement, from women's health to weight management, more diversified effects are well known, providing more opportunities and growth potential for probiotic brands focusing on segmented effects.

410.3%

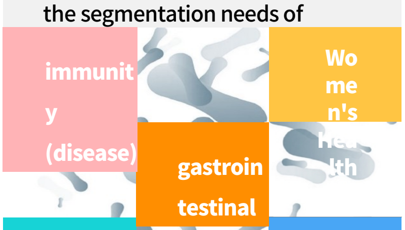
Year-over-year keyword search index for probiotics on Shakeology in 2022

Source: Mega Arithmetic-Arithmetic Index, year-on-year 2022

On top of segmentation, personalization is also being adopted by more and more manufacturers. Today's consumers are more likely to be impressed by products that suit them and enhance their sense of self, and providing some personalization options or carrying personalization modules on basic products can help enhance the product experience. For example, the rise of color-matching personalization services in the footwear industry is a useful attempt by brands to achieve consumers' personal style. In recent years, the direct-to-consumer (DTC) model has been sweeping the retail industry, with more flexible supply chains and more intimate consumer interactions providing a good foundation for personalization.

segmentation

Multi-dimensional from the crowd to the function to meet the segmentation needs of



(chemistry)
anti-syphilis
Functional segmentation of
stat
e of
min
d

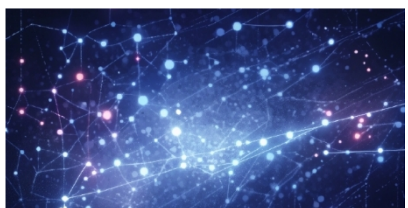
personalized

Provide personalized choices to achieve consumers' personal style

Color matching personalized service for the footwear

customization

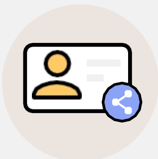
Customized Solutions Respond to Thousands of People



Customized solutions for the beauty and personal care

Against the backdrop of increasingly fierce competition in China's retail consumer goods market, a thousand faces per person is gradually evolving into an inevitable trend, as the industry and brands move from an era of barbaric growth to a stage of refined operation, and forward-looking manufacturers have begun to explore the feasibility of customized services. According to Euromonitor International's Voice of the Consumer survey, 51% of Chinese consumers have a positive attitude towards sharing personal information in order to obtain solutions that are more suitable for them, which is significantly higher than the global average of 28%, and customization has great potential in the Chinese market.

Attitudes toward sharing personal information



28% **Positive attitudes among global consumers**

51% **Among them, Chinese consumers have a positive attitude towards sharing information**

Source:Euromonitor International Consumer Voice, Lifestyle Survey, 2023

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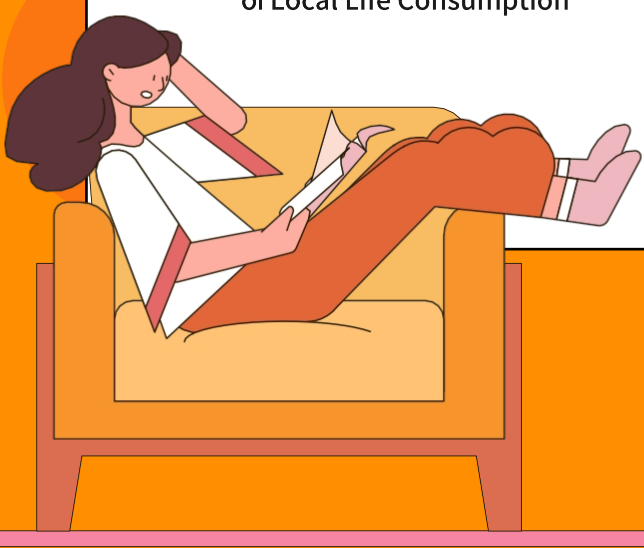
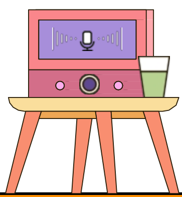
05 E-commerce channel change

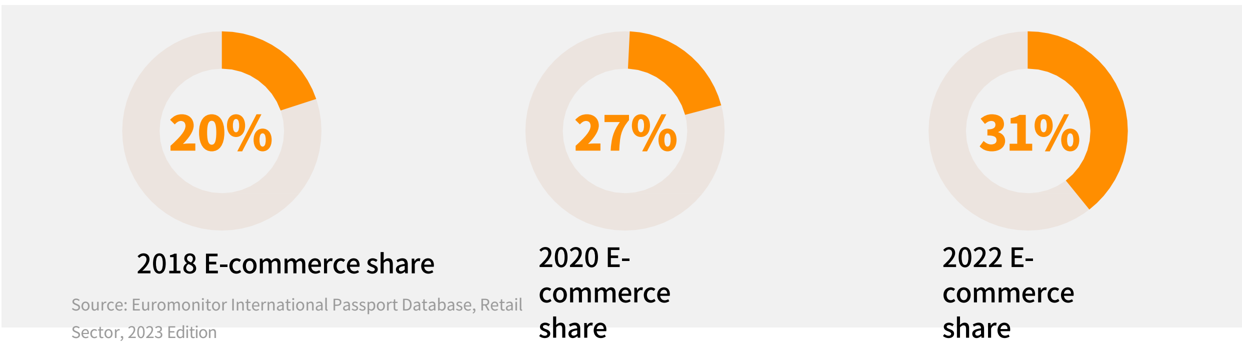




5.1 As overall retail growth slows, e-commerce explores new ways forward

Since the beginning of 2020, the outbreak of CKP has forced people to change their shopping habits and behaviors. Brick-and-mortar retail has been hit hard by a series of social distance restrictions, such as closures and home quarantines during the outbreak, and consumers who can't leave their homes have turned to online shopping, driving the popularity and penetration of e-commerce globally. According to a study by Euromonitor International, the global economy came to a virtual standstill in 2020 due to the epidemic, yet the global e-commerce market grew by a remarkable 30%.

Despite the relative maturity of China's e-commerce market, with a penetration rate that was already significantly higher than the global average before the outbreak, the outbreak nevertheless pushed the country's e-commerce penetration rate further up. According to Euromonitor International's research, in 2018, the penetration rate of e-commerce in China was only 20%, however, in the year of the epidemic outbreak, the penetration rate of e-commerce rapidly increased to 27%.

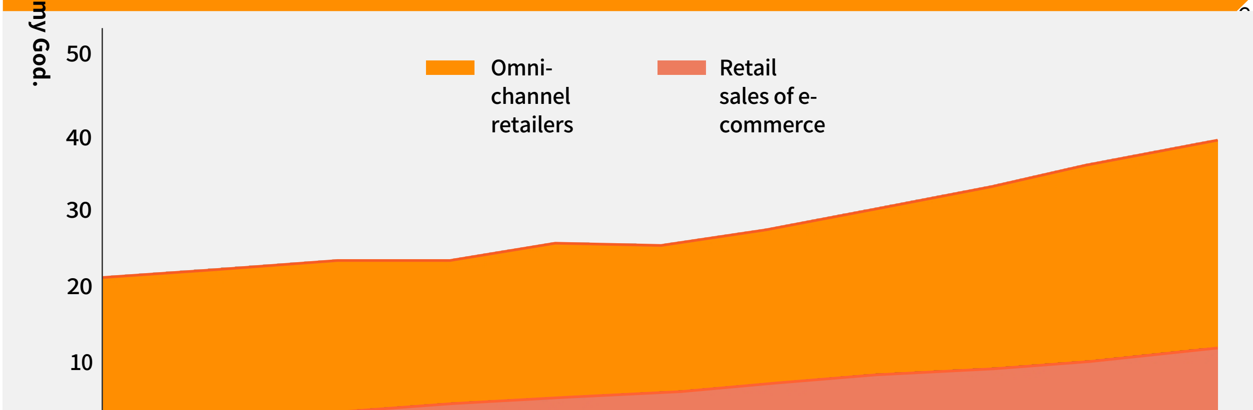


Source: Euromonitor International Passport Database, Retail Sector, 2023 Edition

Has e-commerce growth peaked?

As the e-commerce system matures and develops in China, the user base is gradually peaking and the cost of customer acquisition is getting higher. As a result, it is difficult for China's e-commerce growth rate to once again reach the high growth levels of the past. According to a study by Euromonitor International, China's e-commerce market is expected to grow at a CAGR of 8% from 2022 to 2027, with penetration increasing by less than 4 percentage points over the next five years to approach 35% by 2027. In such an

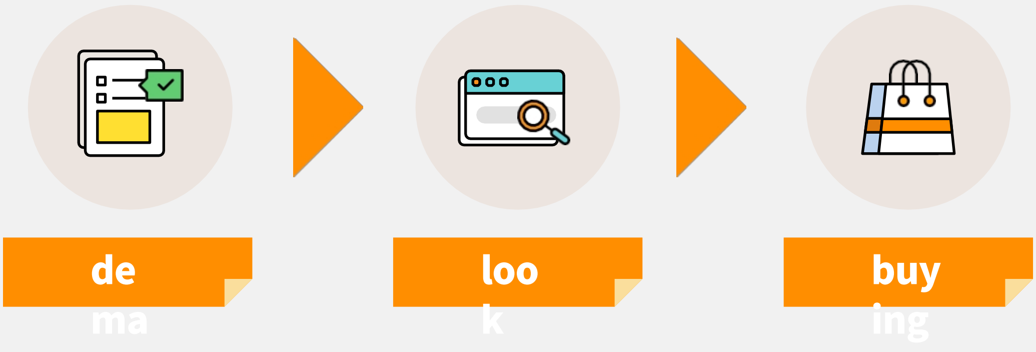
2017-2027E Overall retail sales and e-commerce share in China



5.2 Interest e-commerce reshapes the consumer buying chain

Traditional e-commerce shopping path

The traditional e-commerce shopping path can be roughly summarized as "demand - search - purchase" mode. Consumers first define their own shopping needs, with a certain shopping purpose s open traditional e-commerce platforms to conduct on-site searches, select merchants and products on electronic shelves, and ultimately complete the order and finalize the transaction.



Interest e-commerce shopping path

Compared to traditional e-commerce with purposeful purchasing behavior, interest-based e-commerce uses a different strategy, i.e., stimulating consumer interest through content, typically
The consumer pathway is called "interest-need-purchase". Interest e-commerce platforms use information such as videos and images viewed by consumers to identify potential consumer demand, and use visual and three-dimensional content creation to stimulate consumers' interest in purchasing, thus guiding and releasing potential demand. In this way, the
Interest e-commerce platforms create new motivations for consumption and bring new incremental business to merchants.

5.3 Social e-commerce continues to break new ground

More than 55% of the world's incremental social e-commerce will come from China

Driven by the epidemic, consumers in markets across the globe are more mobile than ever before, spending significantly more time on digital media platforms. Social media-based e-commerce shopping has gained a huge user base as a result.

China's social e-commerce is leading global development, driven by low customer acquisition costs, fast-paced communication and sound policies and regulations. Social fission reduces the cost of customer acquisition and attracts small and medium-sized merchants; live streaming and short video models bring in a large amount of user traffic and increase sales conversion; and policies and regulations support the elimination of pyramid selling concerns and enhance consumer confidence. These factors together drive the rapid development of social e-commerce in China.

55%

Incremental social e-commerce will come from China

Global social e-commerce CAGR 23%, 22-27E
Volume is expected to exceed $640 billion.

Source: Euromonitor International Passport Database, Online Consumers, Version 2023 Notes: 1. 30 key countries worldwide; 2. Inflation removed, floating exchange rates.

China's live-streaming e-commerce has a leading penetration rate globally. According to a survey by Euromonitor International's Voice of the Consumer, 34.4% of global digital natives in 2023 purchased goods or services via live streaming in the past month, while 75% of China's digital natives said they made at least one purchase more than once on live streaming, and this percentage continues to rise, up 8 percentage points from 2022.

Clothing, shoes and hats continue to be the most popular items for Chinese consumers to buy on live streaming, as the live streaming shows a wide range of styles and wearing demonstrations, enabling consumers to visualize the quality, style and matching effect of the products.

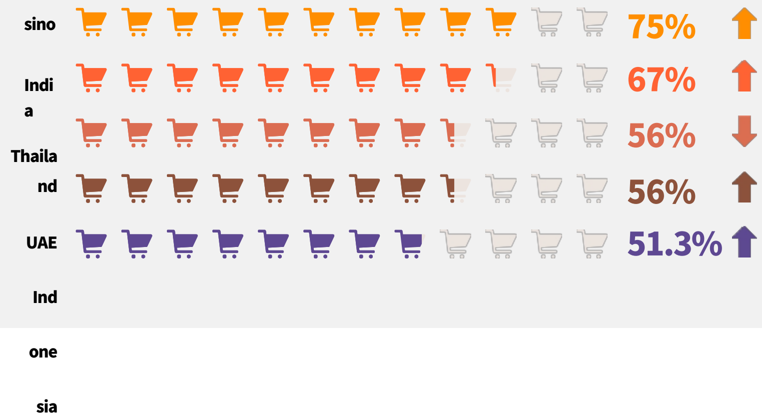
Interestingly, ordering takeout dining via live streaming is one of the fastest growing categories. According to a survey by Euromonitor International's Voice of the Consumer, close to 40% of China's digital natives say they've ordered takeout from a nearby restaurant via live streaming, a percentage that's nearly 12 percentage points higher than two years ago. This shows that live streaming is no longer limited to physical goods, and that consumers are looking for a new type of shopping experience.

Global Live Streaming Penetration by 2023, Top 5

34.4%

of global digital natives use live streaming to purchase goods

Source:Euromonitor International Consumer Voice, Online Consumer Survey, 2023



5.4 Future Growth Opportunities for Instant Delivery

In 2022, many places have experienced the test of logistics and distribution brought about by recurring epidemics. Third-party instant delivery platforms have adopted the slogan "Takeaway Delivery for Everything", making instant delivery the optimal solution under high uncertainty and representing consumers' pursuit of timeliness in fulfillment.

Under China's rapid urbanization, the pace of life of urbanites has accelerated, and the cost of time is rising. Compared with the past province of "Jiangsu, Zhejiang and Shanghai", consumers are beginning to care more about the speed of "delivery within 30 minutes", therefore, Euromonitor International predicts that the market size of third-party instant delivery will grow at a compound annual growth rate of about 35%, bringing an incremental growth of nearly one trillion dollars to the e-commerce market. Therefore, Euromonitor International predicts that the third-party instant delivery market size will grow at a compound annual growth rate of about 35%, bringing an increment of nearly one trillion dollars to the e-commerce market.

China Third-Party Instant Delivery Market Size

~35%

22-27E CAGR

~1 trillion RMB

22-27E Incremental market size

Source: Euromonitor International Passport Database, Online Consumers, 2023 Edition

In addition, the introduction of instant delivery has also brought far-reaching structural changes to e-commerce. Driven by the head platform, the instant delivery category has expanded from the initial catering and takeout to food and fresh food, daily groceries, and even further to beauty and personal care and consumer electronics. On the other hand, with the improvement and maturity of fulfillment capabilities, consumers rely on the convenience and timeliness provided by instant delivery. Traditionally, consumers preferred to buy food and fresh produce in person at physical stores to ensure the freshness and quality of the products. However, with the rise of instant delivery, online shopping in these categories has become more convenient and feasible. Consumers can now order goods such as food freshness through online platforms and enjoy the convenience of instant delivery in no time.

Third Party Instant Delivery Category Expansion

Food

General Merchandise

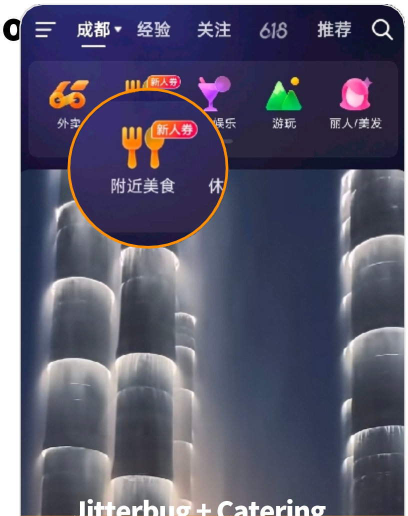
Beauty & Personal Care

Consumer Electronics

Food & Beverage

5.5 New Consumption Scene Leads Market Transformation and Builds a New Pattern of Local Life Consumption

Food & Beverage + Social E-Commerce + Ho



Jitterbug + Catering Realizes "Meal Finders"

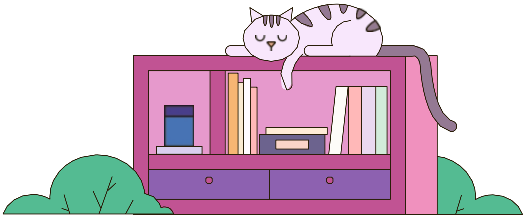
Interest-based e-commerce expands the consumer space through personalized content recommendations. Jitterbit, as a personalized content platform, has taken advantage of its personalized content platform to realize the "meal-finding" model. Users can get recommendations on nearby stores, new dishes and offers in Shake Shack, solving the difficulty of choice.

The content-based development of dining discovery is not new, and has long been practiced by platforms such as Massive Dianping. Jitterbit and other emerging platforms also carry the value of food discovery and sharing. Now, the "Jieyin+Dining" model connects food discovery and ... ace orders and enjoy food instantly. ... a takeout app to search for and order ... to plucking with zero friction.

ore + social e-commerce + in-store:

Social e-commerce + in-store has opened up new ideas for traditional superstores, enabling offline brick-and-mortar stores, including superstores, to share the dividends of e-commerce development. In line with the development trend of live broadcasting and short videos, superstores configure preferential group purchases on the Jitterbug platform, allowing users to realize buying while watching while browsing.

This innovative sales method breaks the limitations of traditional superstores and provides consumers with a more convenient, real-time shopping experience through live marketing and online group buying.



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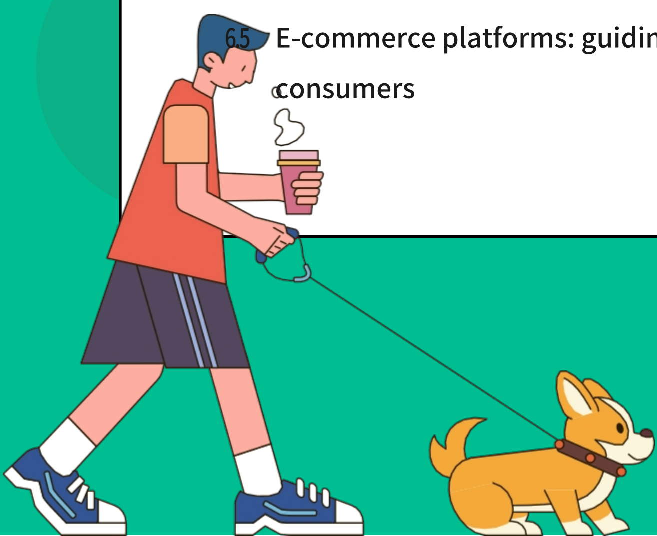
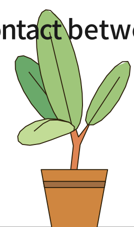
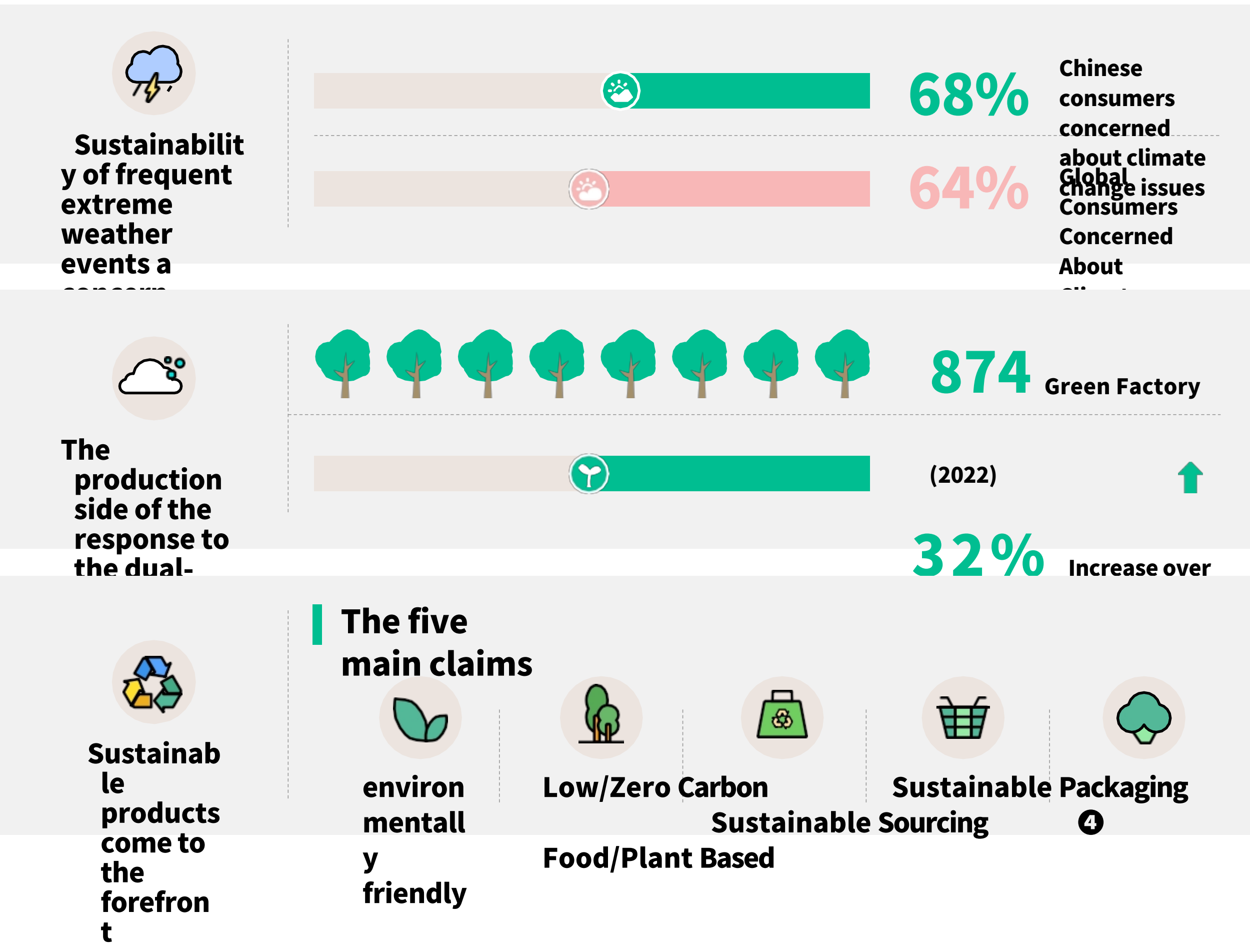
06 Sustainability comes of age





6.1 2023 : An unstoppable tide of sustainability

The topic of sustainability has been heating up globally in recent years, and Chinese consumers' level of concern about sustainability continues to rise. According to Euromonitor's Consumer Voice survey, 68% of Chinese consumers will be concerned about climate change in 2023, up 3 percentage points from 2022 and higher than the global average. The increasing frequency of extreme weather events is making more and more consumers feel that climate change is relevant to their lives.



Data source: Euromonitor International Consumer Voice, Lifestyle Survey, 2023Euromonitor International Industry Voice, Sustainability Survey, 2022
public information

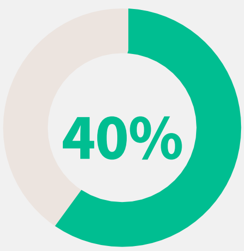
On the production side, many manufacturers have been investing in sustainability for many years, and have further accelerated and landed on the ground after China's dual-carbon commitment. 874 green factories were certified by the Ministry of Industry and Information Technology (MIIT) in 2022, an increase of 32% compared to the previous year. At the same time, more and more companies are taking "carbon neutrality" as a key to build "zero-carbon factories" through production, supply chain, logistics and other links.

At the retail product level, the domestic market has seen fewer products with sustainable attribute claims in the past, however, in 2022 and 2023, we are seeing an acceleration of sustainable products coming to the forefront. According to the Euromonitor International Voice of Industry (Sustainability Chapter) questionnaire, participating companies ranked developing products with sustainable attributes as the highest priority for their sustainability strategy over the next five years. Environmentally friendly, low/zero carbon, sustainable packaging, sustainable sourcing and vegan/plant-based will be the top five key claims for sustainable products.

6.2 Food & Beverage & Health Care: Consumer Health Claims Favor Sustainable Products

In the food industry, the sustainable and health attributes of products are highly overlapping. Organic, non-GMO products, for example, represent on the one hand sustainable growing and production practices that help protect soil, water and living species, while on the other hand they are also perceived by consumers as being good for health. Another example is plant-based, which achieves carbon reduction goals by replacing animal protein products with plant protein products, while attributes such as the low-fat nature of plant-based products are often linked to weight management and the corresponding diseases caused by animal fats.

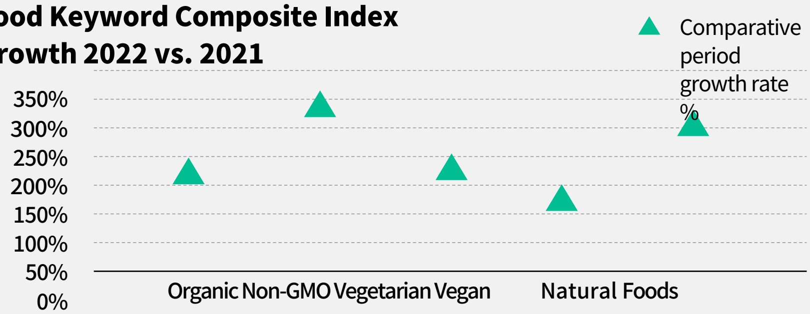
According to the Mega Arithmetic-Arithmetic Index, packaged food composites with sustainable claims such as organic, non-GMO, vegan, natural, etc. grow significantly in 2021-2022. Also, as consumers of nutraceuticals have an original health claim, some foreign nutraceutical brands, too, have started launching sustainable product lines that are in line with the consumer's mindset.



Chinese Consumers Surveyed Seek Healthy Ingredients in Food and Beverages

Data source: Euromonitor International Consumer Voice, Lifestyle Survey, 2023

Shakeology Sustainable & Healthy Food Keyword Composite Index Growth 2022 vs. 2021



Source: Mega Arithmetic-Arithmetic Index, year-on-year 2022

In the domestic market, products that fulfill both sustainable and health attributes are increasingly available. With the new crown epidemic still set to continue to affect Chinese consumers, consumers' health aspirations will continue to favor sustainable products.

Yili A2B Casein Organic Milk - The First Zero Carbon Claimed Milk in China

6.3 Home Appliances and Consumer Electronics: Energy Efficiency Optimization Contributes Sustainably to Enhance Product Power

In the appliance and consumer electronics industry, energy efficiency optimization has become the most important sustainable orientation of products.

Energy efficiency optimization is highly valued by global appliance and consumer electronics companies because it benefits both consumers and the environment. According to Euromonitor International's 2022 industry survey, 64% of global appliance and consumer electronics companies surveyed plan to invest in energy efficiency optimization of their products within five years.

At the same time, products with excellent energy efficiency performance are also soaring in popularity among consumers. 2022, the Shake Shine "green home appliances" keyword composite index increased by as much as 1,500% year-on-year.

Energy Efficiency Optimization Top Priority for Global Appliance and Consumer Electronics Companies' Investment Programs

64%

Global Home Appliances and Consumer Electronics surveyed Companies plan to invest in energy efficiency optimization within 5 years

1500%

2022 Shake Shack Green Appliance Keyword Composite Index Year-on-Year Growth

Source: Euromonitor International Industry Voice, Sustainability Survey, 2022Mega Arithmetic - Arithmetic Index, 2022 year-on-year

In terms of products, the energy efficiency optimization approach is moving from the initial mode of controlling a single device by a preset program to a more advanced and intelligent direction, including the use of artificial intelligence with sensors to deeply learn the user's habits in a whole-house networked mode to achieve more precise energy savings, while also providing consumers with a more comfortable experience.

Direction of development of energy efficiency optimization technology for home appliances

APP Monitor/Preset

Single device, controlled by a preset program

Sensor modulation (non-deep learning)

Single-sensor detection of equipment and environmental conditions

Deep Learning Sensors

Artificial intelligence learns user habits to reduce energy consumption and temperature fluctuations

Samsung SmartThings Intelligent

6.4 Clothing and footwear: sustainable materials at the forefront of fashion

The apparel and footwear industry is one of the most active in exploring sustainability issues, and many manufacturers have been working for many years and plan to continue investing in a variety of areas such as sustainable product development, waste disposal, sourcing, and circular economy models.

In terms of products, materials with sustainable attributes are the most direct point of contact for consumers. New sustainable fabrics, which were once only found in more niche brands, have been adopted by more well-known brands in recent years and have entered the vision of mass consumers.

Apparel & Personal Accessories Manufacturers' Sustainable Investment Plan for the Next 5 Years

94% **Sustainable product development**

82% **Sustainable procurement**

Data source: Euromonitor International Voice of Industry, Sustainability Survey, 2022

Currently, materials with sustainable attributes are mainly related to natural, organic, recycled and animal welfare. Among them, **natural** and **organic** materials are more easily linked to a comfortable wearing experience and are more easily accepted by consumers.

adidas TERREX

HS1 Wood Fiber Hoodie--Fabrics containing at least 30% wood fibers

Uniqlo

More than 2022 shaker items are made of 100% recycled polyester fiber.

Stella McCartney

Frayme Mylo, Summer 2022 collection, the world's first handbag made of vegan mushroom leather

Allbirds

The Tree collection, with eucalyptus uppers and soles made from SweetFoam, which is converted from Brazilian sugarcane.

6.5 E-commerce platforms: guiding the closest contact between sustainability and consumers

In recent years, e-commerce platforms have been playing an increasingly active role in sustainability issues alongside their own rapid growth - including launching sustainable-themed marketing campaigns and promoting sustainable packaging in logistics.

As an extremely high-frequency field of consumers' daily contact, e-commerce platforms will further guide the future can be

Continuing issues and the most intimate contact with consumers, including but not limited to

- Traffic guidance on sustainable issues will be more frequent and normalized; sustainable packaging will play a greater potential for application in the whole chain of e-commerce sales;

1. Traffic Guidance
2. Packaging Transformation
3. Consumer Interaction

October 24th to October 30th, 2022 - "Shake in the New Wave" Sustainable Branding Exhibition at BFC, Shanghai

Data description

[Explanation of macro-accounting data]

Data sources: content playback, live streaming, search and other data sources are internal data platforms; source of arithmetic index is the official website of Jumbo Arithmetic; preliminary statistics, unaudited.

Time period: Annual data refers to January 2022 - December 2022 (unless otherwise specified). **Population description:** All populations analyzed in the report are adults 18 years of age or older.

Caliber of data:

Comprehensive index: weighted by content score, dissemination score and search score, it represents the comprehensive heat of this keyword in Jitterbug; the larger the value, the higher the exposure of the keyword in the platform is reflected.

Search index: weighted by the search volume of related content and other data, it represents the user search heat of this keyword in Jitterbug; the larger the value, the stronger the user's interest in searching for this keyword.

Trailer video: merchandise trailer video refers to videos with links to the corresponding category of goods on the Jieyin platform.

[Eurydice note]

Source: Euromonitor Passport database.

Time period: Annual data refer to calendar years. Data versions are based on notes below the data.

Caliber of data:

Data for 2023 and later years are projections.

Annual market size data (with forecast years) are prices including inflation.

Market size for each consumer sector, including all retail B2C channels within the Euromonitor channel definition, in retail end-price retail sales caliber.

herald

[Julumount Data Description] is a content consumption trend insight brand under Julumount Engine. Relying on the content consumption scenarios of today's headlines, jittery voice, watermelon video, etc. and undertaking the advanced data and technology advantages of Julumex Engine, it adheres to the concept of objectivity and rigor and outputs cutting-edge insights and perspectives on content trends, industry research, advertising strategies, etc. At the same time, it opens up the Julumex Index and Julumex List data analysis tools to satisfy the data insight needs of enterprises, marketing practitioners and creators.

Euromonitor International Euromonitor International is a leading global provider of market information, providing data and analysis on a global scale and covering tens of thousands of product/service categories. The Euromonitor Passport database provides 15 years of historical data and the next 5 years of market size data, company and brand shares, and the performance of different channels in each market for 100 countries in 30 industries; in addition, it provides information on ☑ economy, infrastructure and other information for 1,150 cities in 210 countries around the world.

Mega Arithmetic WeChat

Mega Arithmetic official website

Euromonitor Information Consulting WeChat

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