

Pulse of China

February 2024

SNACKS AND DRINKS



WHAT ARE CHINESE CONSUMERS LOOKING UP AND READING ABOUT IN THIS CATEGORY? DOES CNY CONSUMPTION IMPACT THEIR BEHAVIOR?

REGULAR FEATURES

What were the most searched and viewed topics in the month of December and January in China?

TREND WATCHER

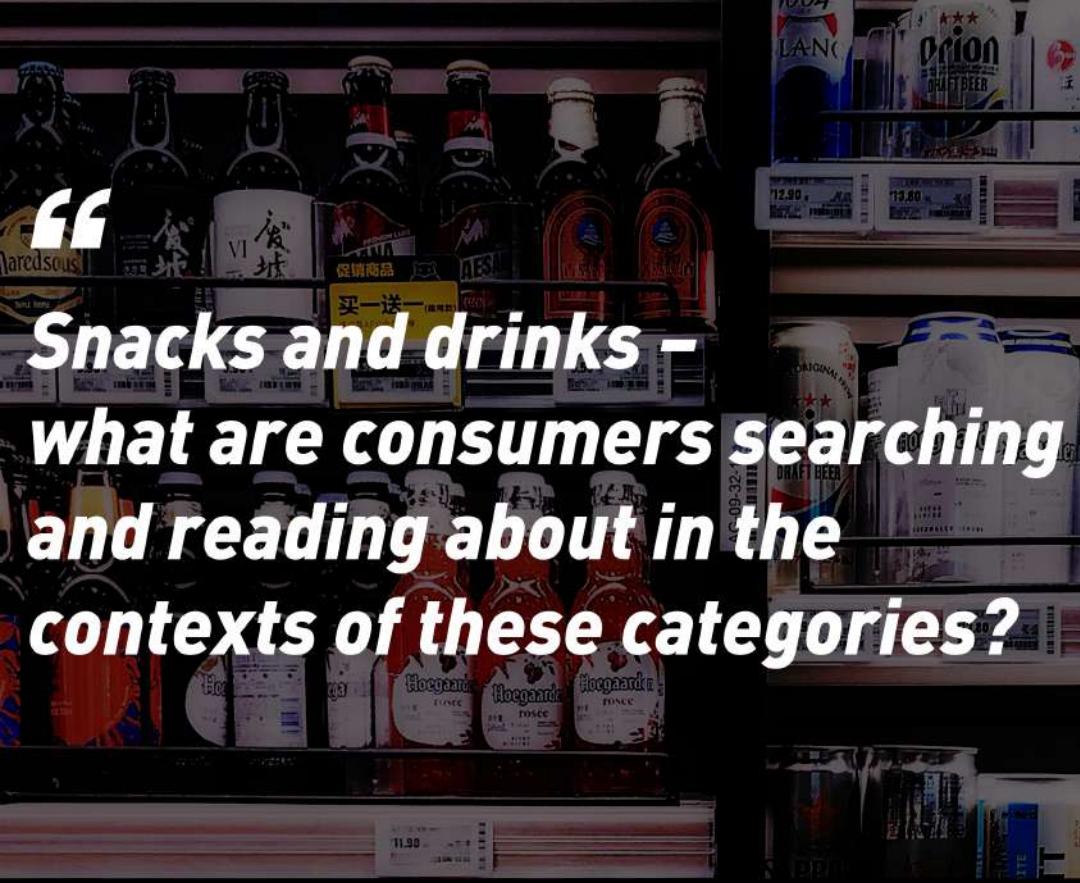
This month we track some behaviors specific to food preparation around CNY that have implications for condiments, ready-to-cook and other home cooking related categories.

Your Monthly update on what Chinese consumers are thinking, feeling and exploring

Brought to you by **Searchlight Management Consulting**.
Data provided by **Xiaohongshu (小红书)**

Searchlight

小红书



Snacks and drinks – what are consumers searching and reading about in the contexts of these categories?

Before we begin, a quick word on the specific categories tracked within that broad definition of snacks and drinks. In snacks, our friends at Xiaohongshu covered ice-cream, nuts, pre-cooked / braised foods (these are typically slices of meat like beef or pork jerky or dried tofu slices), candy, chocolates, jelly, popped snacks (kind of like popcorn but essentially various types of popped cereals), cakes, sweets, cookies, candied fruits (like dried mango or plums), cookies and biscuits. Non-alcoholic drinks covers carbonated drinks, juices, RTD tea, coffee, tea (leaves/bags) and also soluble drinks that come in the form of powder and are often a kind of dessert or drinkable cereal. Alcoholic drinks are the usual list – beer, wine (of the Western variety), Chinese rice white wine (baijiu), fruit wine, dessert wine, pre-mixed cocktails in cans and also sweet liquors used for making cocktails. That may seem like a motley assortment but what they have in common is that they're all packaged and they're all typical supermarket items.



The first thing to note is the relatively stable search and reading patterns across a two-month period, suggesting that these categories are not subject to any sudden topical changes in interest or affected by shopping festivals.

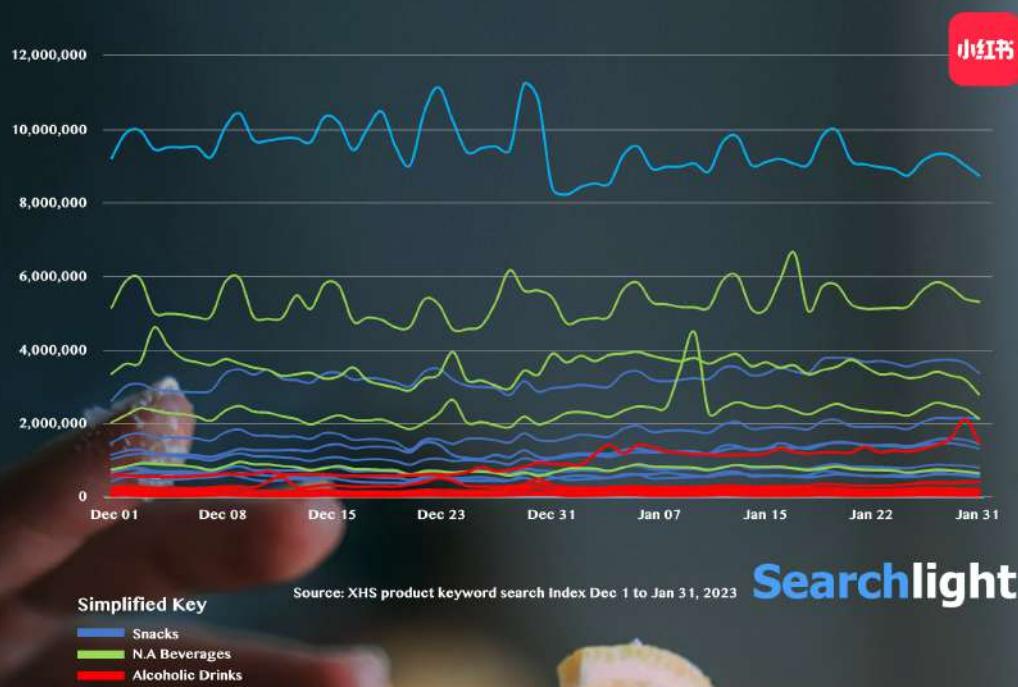
Looking across the three sub-categories, alcohol appears to be much lower interest than the other two. For simplicity, our first graph color codes all snacks in blue, all non-alcohol in green and all alcohol in red. The light blue line on top corresponds to Cakes & Sweets, which is significantly higher in search than any other specific product.

Note on Data: For this analysis we use Xiaohongshu Search Index, Read index and Post Index data that indicates trends across all parts of the Xiaohongshu site and platform.

1. Stable search patterns – snacks and non-alcohol beverages dominate search

Across snacks and drinks:

Apart from cakes and sweets that dominate search, packaged snacks and non-alcoholic beverages occupy similar levels of interest. Interest in alcohol related categories is relatively small. No significant peaks around year-end or shopping festivals.

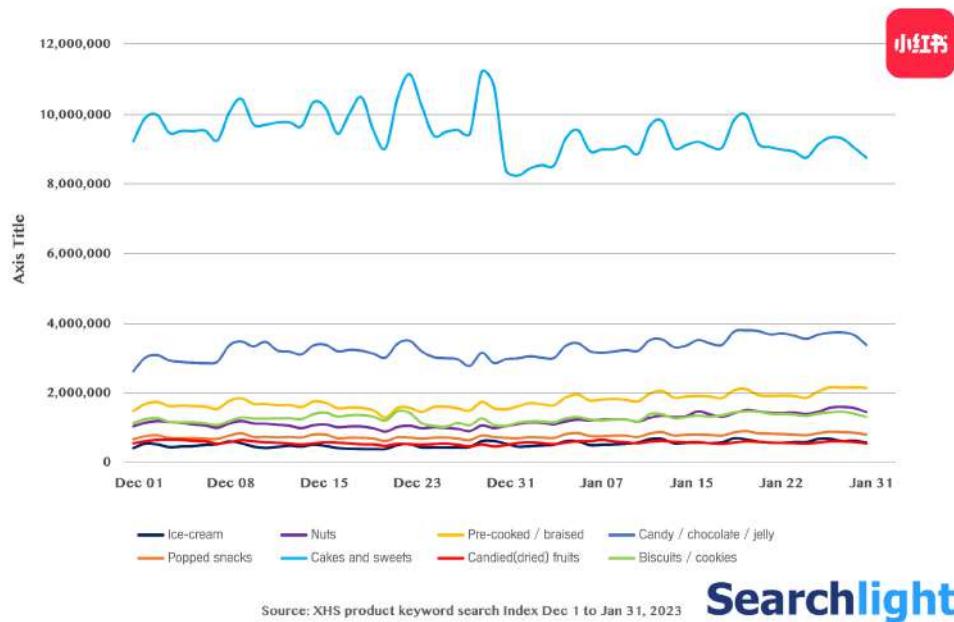


When we examine the sub-categories in more detail, some interesting details emerge. It seems consumers have quite a sweet tooth, exploring cakes, sweets, candy, chocolate and jelly rather than more traditional snacks (particularly the pre-cooked meat / tofu or dried candied fruit). Similarly, in non-alcoholic beverages, there is more interest around coffee than tea. Perhaps both of these search patterns reflect less familiarity with these specific product segments and therefore consumers are more curious about them and spend more time learning about them.

2. Steady patterns, cakes & sweets followed by candy/chocolate/jelly dominate search

Snacks:

Cakes and sweets dominate, followed by candy / chocolate / jelly. Patterns are quite steady across the two months.

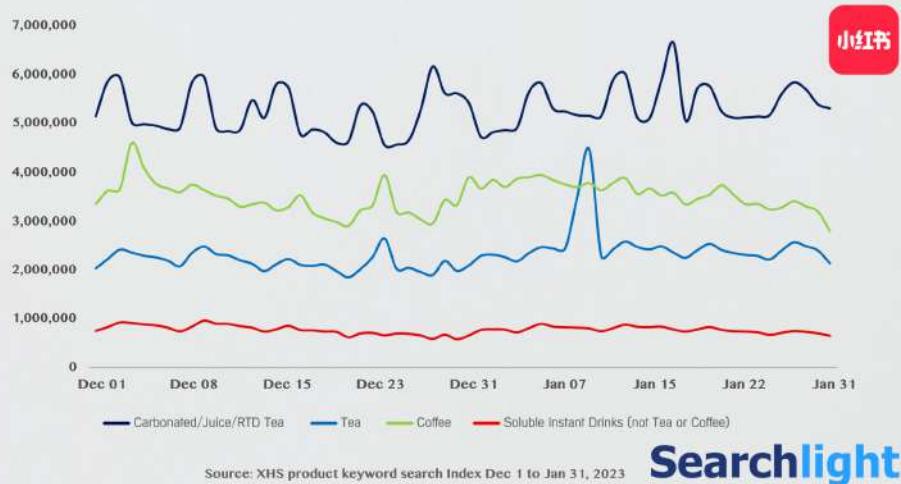


3. Carbonated drinks/Juices/RTD Teas dominate search – with new flavors and innovations, this is a segment of great interest. There is more interest in coffee than tea – perhaps because

it is a less familiar category to many Chinese consumers.

Non-alcoholic beverages:

Carbonated Drinks, Juices and RTD Teas as a sub-category, dominates search. Tea sees a peak in early January but search trends are generally consistent over the two months.



Source: XHS product keyword search Index Dec 1 to Jan 31, 2023

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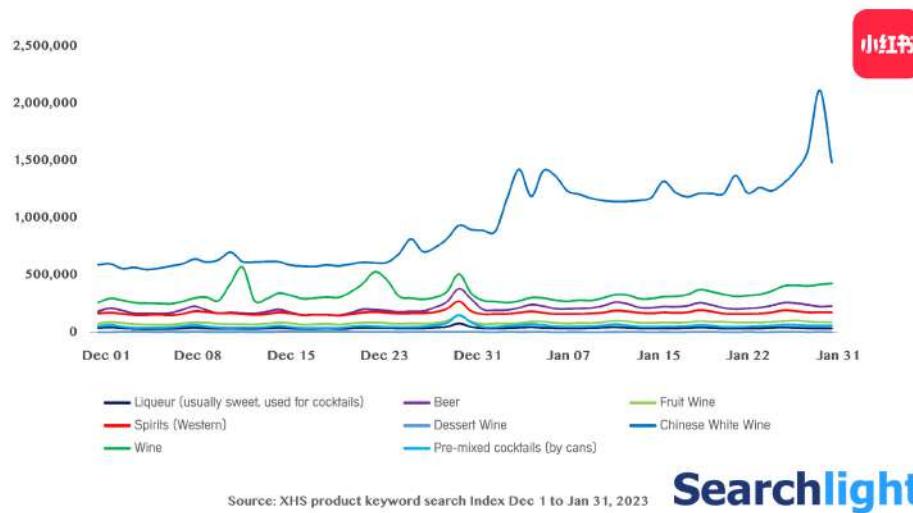
However, despite greater familiarity with Chinese white wine (baijiu) than other forms of alcohol, a lot of the exploration in the alcohol category is still around Chinese white wine. Unlike everything else we're seeing in the data, this is one segment where search seems to grow over January – perhaps with a view to making informed purchases for CNY.



4. Chinese white wine (baijiu) remains the most searched segment within the alcohol category

Alcohol:

Chinese White Wine (baijiu) dominates search and steadily increases in interest over January – an annual pattern in connection with Chinese New Year gifting/hospitality.



A look at the most-read posts (related to these categories) reveals a surprising amount of interest in a specific brand of Chinese white wine (baijiu) called Mao Tai. One of the most storied brands in China, Mao Tai is specifically recognized by age and sold by specific year labels. The table below captures how much consumers track reviews and information on these (Chinese) year specific bottles.

Red wine features quite high on the list of topics that consumers are reading about as well as variety snack packs.

Most-Read Topics

Readership Index

<i>I Maotai (I 茅台) - platform for Maotai reservation and purchase</i>	212,154,839
<i>Variety snack pack (零食大礼包)</i>	204,989,343
<i>Wax wrapped candy (全网最火蜡瓶糖)*</i>	164,431,946
<i>Red Wine</i>	151,043,164
<i>Maotai Year of the Rabbit Commemorative Bottle (兔茅)</i>	118,751,261
<i>Mooncake</i>	60,268,530
<i>Maotai Year of the Dragon Commemorative Bottle (龙茅)</i>	50,183,161

First mulled wine of the winter (冬天第一杯热红酒)

36,914,856

A cup of tea a day is good for you (每日宜喝茶)

17,176,180

* Wax wrapped candy (蜡瓶糖) - a new type of candy suddenly famous on TikTok, which is jelly or jam wrapped in beeswax or other wax, chewy with blast mouth-feel but the wax needs to be spat out like chewing gum.



■ Image Source: Wax wrapped candy (蜡瓶糖) / Taobao China

Interestingly, top keywords paint a slightly different picture than that of the posts most read by consumers. Keywords show tremendous diversity in search patterns, ranging from occasion (holiday, seasonal) to ingredients (herbs, nutrients, grain, protein, vegetables), flavor (spice / hot & sour) to health and beauty benefits. While low down on the list, hangover recovery does make an appearance, suggesting that at least some Chinese consumers are more enthusiastic about alcohol than the overall graphs from earlier might suggest.

Topics

Search Index

<i>Holiday</i>	27,648,419
<i>Fat Reduction / Sugar Control</i>	5,656,455
<i>Grain</i>	4,673,976
<i>Weight-loss</i>	3,698,226
<i>Seasonal</i>	3,293,095
<i>Fruit</i>	3,224,012
<i>Sugar</i>	2,476,844
<i>Wellness</i>	2,082,661
<i>Hot and Sour</i>	2,010,932

<i>Basic nutrients</i>	1,999,011
<i>Flavor / Spice</i>	1,258,748
<i>Vegetables</i>	1,015,021
<i>Invigorating</i>	957,942
<i>Shopping Festivals (like 11.11)</i>	914,467
<i>Protein</i>	860,454
<i>Digestive recovery</i>	754,481
<i>Facial and body beauty</i>	679,855
<i>Fruity flavor</i>	656,419
<i>Hangover recovery</i>	596,434

Summary

Food and drink never go out of fashion – consumer interest in snacks and drinks appears to be pretty consistent over the months and doesn't ebb or flow with the seasons or with shopping festivals. Western sweets (cakes, sweets, chocolates, candies) and coffee dominate search patterns but reading patterns are still focused on topics like Maotai and red wine. Maotai in particular seems to have some connection with CNY gifting / consumption and this may be an opportunity for other brands and types of alcohol.

XIAOHONGSHU HOT TOPICS of THE MONTH

Moving away from the specific category-related behaviors, when we look at the hot topics of February 2024, we find the Xiaohongshu community has a wide variety of interests that they're following. Pets, children, winter and New Year themes show up repeatedly on the list. The appearance of so much that is topical (winter and the New Year in particular) underline the opportunity for marketers to leverage existing context and raise their levels of engagement with consumers, especially in categories which appear to be at a stable level of interest throughout the year (snack foods, as we saw in this issue).

Babies and pets are topics of perennial interest and appear in several month's worth of hot topics, but the others are a pointer to more seasonal interests which come and go.

Topic	Content Description	Views	Topic Link
Little Pets, my Big World (or Pets and Me)	Share cute photos and stories about your pet, the happiness it brings the and emotional bond between you and your pet (A lot of content and discussion is about cats)	94.14 million	Article Link
Xiaohongshu Snowman Festival	A moment of walking, skiing and playing in the snow	74.66 million	Article Link
First painting of the new year	Pick up the paintbrush and draw the first painting of the year	73.05 million	Article Link
Makeover for your baby girl	Give your daughter a makeover and amaze everyone! (Change hair style, style)	28.94 million	Article Link
Awards for a good game	Review your gaming time, record wonderful and hilarious moments. Rate and give awards to games	28.97 million	Article Link

The taste of CNY in the eyes of children	What does the New Year look like in the eyes of children? Share your baby's happy moments during the Chinese New Year!	27.21 million	Article Link
New Year home decor	Let's decorate our homes together in the upcoming New Year~	25.78 million	Article Link
A little "red" in the Year of the Dragon	Good Luck Makeup for the Year of the Dragon Playing with makeup during the New Year? Showing your Good Luck Makeup for the Year of the Dragon!	17.89 million	Article Link
Give 2024 a little RED	Use your lens to record the touch of red around you and hope for a "red" luck in the coming year (The color red is associated with good fortune but also is a key part of the Xiaohongshu name)	16.31 million	Article Link
Learn new skills during winter vacation	What skills are you learning during the winter vacation? Share winter vacation study plans and learning methods, time management, cognitive improvement, fitness plan, beauty plan, Korean and English improvement...	14.79 million	Article Link
Cute Baby Expression	In the process of babies growing up, you can always see their unintentional expressions of anger, sorrow and joy, which makes people laugh. It's so worth recording and sharing	14.74 million	Article Link

TREND WATCHER
THIS MONTH WE TRACK
SOME BEHAVIORS SPECIFIC
TO FOOD PREPARATION
AROUND CNY
THAT HAVE IMPLICATIONS FOR CONDIMENTS,
READY-TO-COOK AND OTHER HOME COOKING
RELATED CATEGORIES.

Chinese New Year is one of the most important festivals in China, and it is a time for everyone to return home and reunite with family. The Chinese New Year's Eve reunion dinner is undoubtedly the most

important and grand meal of the year for most families. However, unlike Western festivals such as Christmas Day or Thanksgiving, the New Year period is quite long, traditionally the celebration starts from New Year's Eve and lasts to the 15th day, and relatives will visit each other to exchange greetings. As such, not only will there be enough snacks, drinks, fruits, etc. on the table at any time, but families will also stock up on the ingredients for each meal that needs to be made during the New Year - although a small number of urban e-commerce and express delivery are still open during the Spring Festival this year. This year's Chinese New Year falls on February 10, so January is a good time to observe trends in the food and beverage industry.

"We have observed on Xiaohongshu that young people are enthusiastically discussing how to prepare for New Year and what related goods to buy. We observed that the younger generation has begun to gradually "dominate" the Chinese New Year's Eve dinner preparation. However, they are usually not satisfied with the traditional way of buying New Year's goods, they are happy to search and share all kinds of new trends and good things that have the potential to become New Year's goods on Xiaohongshu, order online immediately, bring out various creative dishes with new concepts on the Chinese New Year's Eve dinner table, and then post their family's reactions and other New Year's experiences to Xiaohongshu. During this period, the Xiaohongshu community, where young people gather online, has become a source of trends in various senses, and has also created a full-link opportunity for FMCG brands from user insight to content marketing to driving product innovation trends."

*- You Si (Marshall Xu),
General Manager of Xiaohongshu Business Marketing*



What are the most discussed food / dining related topics in Xiaohongshu community?

Topic	Content Description	Views	Topic Link
My family's New Year's taste is unusual	Sharing the dishes that your family are preparing / having. (Many posts show untraditional meals, incl. western dishes that the authors are bringing to the family to share his / her favorite dishes or new experience.	77.38 million	Article Link
New Year's Eve Dinner with Dragon's inspiration	In the Year of the Dragon, of course we have to make dragon dishes, whether it's a cute little green dragon or a domineering lobster dish, or a dish that carries good wishes. Many people posted creative ideas, some even use AI to demonstrate ideas for arrange a fruit or other food plate in dragon style. However, the top view (144K views) still comes to a Vlog demonstrating the preparation of traditional dishes and some decoration.	34.32 million	Article Link
Low rated but delicious local restaurant	Many restaurants with low ratings are delicious! Don't want the "hidden treasure" restaurant to be buried. Users posted the restaurants that local people lov. Trust your own tongue rather than social media scores that could be manipulated.	23.94 million	Article Link



Topic	Content Description	Views	Topic Link
Be a gourmet guide for Chen Xiaoqing	Chen Xiaoqing is the renowned film director for gourmet food and directed a famous documentary "A bite of China". This topic was to search local food and regional food culture that worth recording and may be introduced in his next documentary film.	13.23 million	Article Link
Taste the dishes in "Fan Hua" 跟着繁花吃美食	In the eyes of foodies, "Fan Hua" is not just a fantastic drama for watching, but a foodies' guide for eating! * "Fan Hua", a drama series filmed by famous director Karwei Wong, was the most popular drama in Jan. It depicts stories in 1990's Shanghai.	13.09 million	Article Link

Data by 31st Jan, 2024



Image Source : "Fan Hua" A Foodie's Guide to Eating in Shanghai / Xiaohongshu



Image Source / "Fan Hua" Promotional Photo

the platform, the users, and the consumers

Xiaohongshu - Xiaohongshu (小红书) is a platform for consumers to search, read and share authentic content about all kinds of product categories and lifestyle related experiences and services. On Xiaohongshu, 90% of content on the platform are UGC (user-generated content) coming from ordinary users. Xiaohongshu has truly become the trusted source where ordinary people turn to for making consumption decisions. Its average number of searches daily has exceeded 300 million. While brands and companies can have corporate accounts and post content of their own, there is no option to "boost" their rankings or views using advertising money, thus letting Xiaohongshu serve as a barometer of uncontaminated consumer behavior.

As of the end of 2022, there were over 260 million monthly active users and 69 million content creators on Xiaohongshu sharing about their lives. Users engage through authentic, interesting and useful content, building a relationship based on trust. They share, discuss and are constantly "seeding recommendations" about their favorite products and lifestyle trends. 70% of users are from the post-90s generation, and 50% of users come from first-and second-tier cities in China, representing strong spending power. Consumers can directly engage with a feed based on topics they are interested in, follow certain specific content creators or influencers, or search for content on specific topics and subtopics.

Marketers can look at broad sweep statistics to get a sense of what's hot in their category, which brands / segments / consumer needs and questions are most current. They can examine what content consumers are engaging with, separate brand content from UGC, and see consumer trends expressed in posts, content views, and searches.

If you want to know more about Xiaohongshu, come and explore our consumer experience for yourselves via the web on <https://www.xiaohongshu.com/en>, and Instagram, Twitter(X) and YouTube.



ABOUT XIAOHONGSHU



ABOUT US

Searchlight

Set up in early 2020, Searchlight is a boutique management consulting firm headquartered in Shanghai.

Our typical scope of work covers:

- a. Market and consumer analysis to identify opportunities
- b. Defining business strategy and business model to leverage these opportunities
- c. Brand architecture, proposition and positioning to deliver the strategy

Our team of 14 associates covers a wide range of specialist areas – marketing, advertising, media, content marketing, brand management, HR, CRM, sales management, technology, and business management. Each of us has at least 20 years of work experience, a large part of that in China.

We coach and assist client teams to make quality decisions for the business. We also assist in the design of organizational processes and financial models, especially building internal and external capabilities for strategy implementation.

We've worked with both international and local brands, startups and public listed companies - J&J, Hollister Medical and Pandora as well as Sunner Foods (a listed company that leads the food processing category with a 40-year history) and startups like Little Ondine, LeBunna and Unibrown.

For more about us visit www.searchlightchina.com

If you want to convert information into usable insights and strategy, contact us:

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