Welcome to Mintel’s China Consumer Trends for 2018, where we share our thoughts on the emerging trends that are expected to become significant features of consumer markets in the coming months and years.

Our trend predictions are the product of a methodology that encompasses four components: we take account of the pending political and legislative events and product launches due in 2018; the appetite amongst consumers for these evidenced by Mintel consumer research; the momentum in innovations we are seeing from our team of global trend spotters; and the opinions of Mintel’s expert industry analysts.

The main themes for this year’s trends centre around how consumers are adapting to rapid economic, social and lifestyle changes, and how technology is the catalyst that is not only accelerating the changes people face, but enabling them to adapt to those changes, as well as creating opportunities for companies to engage with and market to consumers.

Best wishes for the year ahead.

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Megabrain
Machine learning and artificial intelligence (AI) are being embraced by consumers as they increase productivity, efficiency and pleasure.

Pressure Play
Higher levels of social stress are driving China’s youngest generations to demand more informal and playful interactions in both the virtual and physical world.

The Balanced Life
Consumers increasingly understand the balance between their own health and that of the environment, and are demanding greener, healthier life solutions from brands.

All We Need Is Mobile
Mobile devices are blurring the lines of formality and consumers are embracing this change for the convenience it brings.
Machine learning and artificial intelligence (AI) are being embraced by consumers as they increase productivity, efficiency and pleasure.
Consumers are gaining exposure to different uses for machine learning and are beginning to have positive experiences with the technology. Such technology is able to learn about an individual's unique personality and preferences in order to create customised experiences. Through the use of everyday smart home devices and appliances, AI can help consumers create an improved environment to work, live and shop. As ecommerce evolves, new programmes are being developed that can read consumer browsing preferences and conveniently offer alternatives worth exploring. Such learning capabilities can present consumers with personalised service experiences and even create customised offerings without requiring a lengthy manual input of information.

With regards to the rest of the world, access to such information and the invasiveness of such technology could drive fears of privacy issues. However, the benefits of convenience, personalisation and comfort may be able to allay such fears. In addition, transparency with regards to data collection and disposal may also create greater trust towards this technology and the companies and brands that leverage it.

As ecommerce evolves, new programmes are being developed that can read consumer browsing preferences and present them with personalised service experiences and create customised offerings.
Why Consumers Will Buy Into This

46% of consumers are interested in learning about their household habits.

Smart technology that enables machine learning and AI is offering consumers a convenient means of living. According to Mintel research, 46% of consumers are interested in learning about their household habits, suggesting that they appreciate the power of technology in monitoring, analysing and reporting.

In addition, the added customisation element of smart technology affords consumers greater comfort and a
Chinese start-up Snail Sleep developed a high-tech pillow that connects with smartphones via Bluetooth and plays relaxing music to help users fall asleep.

In fact, two in five Chinese adults aged 20-49 say they are interested in products that can be customised based on their needs. In early 2017, Alibaba and Mattel entered into a strategic partnership that allows Mattel to use Alibaba’s data and insights to identify consumer purchasing patterns and customise its products accordingly. Machine learning and AI also create more opportunities for consumers to take greater control of everyday activities. Chinese start-up Snail Sleep has developed a high-tech pillow that helps combat insomnia. Youtu Lab, Tencent’s AI research team, can now automatically analyse fashion trends among Chinese teens and tweens by analysing billions of photos on Qzone. While mostly positive, applications like these can be worrisome; nearly seven in 10 Chinese consumers are concerned about the safety of personal information online, indicating a need for transparency and trust from brands.

Nearly seven in 10 Chinese consumers are concerned about the safety of personal information online.
Where Next?

Privacy issues will always be a topic of discussion as technology progresses into the future. Consumers will generally prefer opt-in choices and are likely to embrace machine learning if it makes their lives easier. As the desire for a seamless lifestyle becomes universal, we will see more aspects of life being incorporated with machine learning capabilities.

Supporting consumers increasing desire for individuality and autonomy, we will see more personalised services and customised products made available through AI and machine learning in the months and years to come.

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Higher levels of social stress are driving China’s youngest generations to demand more informal and playful interactions in both the virtual and physical world.
What’s Happening In 2018?

Growing up in an environment that is obsessed with academic and social success, China’s younger generations, especially those who will soon graduate and enter the workforce, are concerned about their future and whether they can perform according to the high expectations of their surroundings. While consumers are striving to express and act upon their personal beliefs, the pressures of a collectivist culture continue to make young people conscious of their own behaviour. Consequently, this is leading to higher levels of social stress.

As a form of release, many are fleeing to the virtual world to interact with friends and even strangers. The internet, social media and online gaming platforms are forming a means of escape, enabling young consumers to avoid real-name, real-time and face-to-face interactions.

Not only in the digital world, but also in the physical world, young consumers are embracing less rigid and more playful ways to engage with their surroundings, which helps them feel more relaxed in social circumstances.

The internet, social media and online gaming platforms are forming a means of escape.
Why Consumers Will Buy Into This

Young consumers report feeling different levels of stress—including the two in five Chinese teens who say they are under ‘strong pressures’—and much of it is created by both their studies or work and their social environment. As such, more and more they are welcoming novel, informal and playful interactions that help them relieve stress and engage with those around them to build healthier connections.

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Different types of stress teens are facing (China, August 2017)

- 21% relationships with family
- 45% academics
- 20% relationships with friends
- 38% career prospects

Base: 800 teens aged 13-19 years old | Source: Marketing to Teens China 2017
An increasingly popular form of escape, many are fleeing to the virtual world to interact with friends and even strangers. According to Mintel research, 63% of 20-24-year-olds say they play online games to relieve stress, while 24% do so to make friends. What’s more, seven in 10 20-49-year-olds are interested in using virtual reality to socialise with friends in a virtual scenario.

In July 2017, KFC partnered with online shooter game CrossFire to incorporate a Colonel Sanders character and KFC-inspired weapons into the video game. In outlets across China, customers could be seen on their smartphones competing against other players in the restaurant. These digital platforms are allowing younger consumers to select with whom they want—or don’t want—to interact with.

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Despite the popularity of finding solace online, having social contact is still important to young consumers as, according to Mintel research, more than three-quarters of Chinese students aged 18-22 say that getting involved with interesting people and things brings them more happiness than making money.

In August 2017, Adidas’ media platform, NEO, launched a livestreaming campaign which saw the brand’s style icons visit several Chinese universities and interact one-on-one with students.
Brands are also using packaging in innovative ways to aid young consumers in making connections. The Coca-Cola Company discovered that Chinese youth have created their own language for daily conversations and features new packaging that serves to facilitate these interactions. Meanwhile, Mondelēz and ecommerce platform Tmall jointly released a limited edition Oreo Music Box that allows consumers to record sweet words and show their affection for family and friends.

The Coca-Cola Company released the "Code Bottle," a new packaging design featuring Chinese youth’s own “code of communication” made up of emoticons, numbers and graphics.

Mondelēz and ecommerce platform Tmall jointly released a limited edition vinyl player that plays music when an Oreo is placed on it.
Where Next?

Young consumers will be actively looking for ways to deal with the social stress they experience on a daily basis. On the one hand, consumers will embrace more activities that they can do by themselves without the pressure of relying on other people; on the other hand, consumers will want novel and playful solutions, both online and offline, that can help them to strengthen their relationship with the people around them.

Looking ahead, whether it is alone, with friends or a group of strangers, playful, novel activities will enable young consumers to relieve stress and enhance their emotional wellbeing.

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Consumers increasingly understand the balance between their own health and that of the environment, and are demanding greener, healthier life solutions from brands.
The ancient Chinese philosophy of Daoism teaches life balance. Consumers are increasingly searching for attainment of healthier, happier and more balanced lives. They want antidotes to urban congestion and environmental pollution, and greener, more people-friendly cities. However, their motives lie not in the pursuit of egalitarian principles, rather they are looking for benefits for their own health.

Consumers want products that help them achieve health and well-being and they are looking to brands to take the lead on assisting them to stay clean on the inside, whilst also contributing to a cleaner environment on the outside. Brands need to demonstrate not just the benefits of better quality products, but also their pedigree as environmentally-responsible operators. They must position themselves as champions of consumer wellness and the world in which consumers live.

Consumers are relying on brands to help them strike a balance between their responsibility to society and to themselves.

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Why Consumers Will Buy Into This

The effects of environmental pollution on people’s health and their surroundings is becoming increasingly clear to Chinese consumers. In fact, 1.6 million people are dying every year due to the air pollution in China, according to a study on air quality conducted by Berkeley Earth. In an attempt to improve air quality, Liuzhou in southern China is currently developing an entirely energy self-sufficient neighbourhood where all buildings and constructions are covered with trees and plants. Along those same lines, Shanghai is developing a 100-hectare urban agriculture complex in an attempt to make the city self-sustainable.

The gloomy picture of China’s environmental state is motivating some consumers to reflect and adjust their behaviour in an effort to strive for a more balanced future and they are looking to brands to do the same.
The gloomy picture of China’s environmental state is motivating some consumers to reflect and adjust their behaviour in an effort to strive for a more balanced future and they are looking to brands to do the same. In Xintiandi, one of Shanghai’s popular dining districts, restaurants have made a collaborative effort to reduce food waste by gathering their unused ingredients to create pizzas. Meanwhile, Chinese e-commerce giant JD.com is seeking to cut waste by introducing a recycling programme for its cardboard shipping boxes. According to Mintel Global New Products Database (GNPD), 45% of all products launched in China between January 2012 and August 2017, which feature an environmentally-friendly packaging claim, were launched between January 2016 and August 2017.
Where Next?

Consumers will prioritise better quality products that offer them greater personal life-enhancing benefits and make them feel good about their choice to support a brand that claims to offer a better balance with nature.

Brands that offer products with health-promoting benefits, as well as display social responsibility and benefits to humanity, will prosper. Brands that tap into traditional native Chinese philosophy, remedies and forms of exercise in product formulation and marketing message will find success.

Brands that demonstrate how the ethics behind their product or service provide concrete benefits to consumers, their families and their neighbourhoods will tap into this growing trend in 2018 and beyond.

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In seeking to express their individuality, consumers are absorbing alternative lifestyle influences and experiences from a globally-connected community.
What’s Happening In 2018?

Consumers increasingly want to be allowed to be themselves and to discover their true passions. Be it in the way they learn, the way they work, or where and how they choose to go on holiday, they want it their way.

More Chinese consumers are becoming involved in creative work, living unconventional lives, choosing flexible working arrangements, travelling to unusual places, and all the time absorbing new influences. New technologies are accelerating this process, bringing ever more choice to consumers, and giving them more scope to explore their own sense of who they are. Consumers are becoming more individualistic and the challenge for brands is to respond to their individual needs.

This is creating new opportunities to engage with consumers—individually, through new technologies and by adapting products and services to a more individualistic mindset. By responding to consumer needs, brands also have the opportunity to forge closer relationships with their customers, and elicit greater loyalty from them.
Why Consumers Will Buy Into This

Brands are starting to offer more varied and adaptable products to reflect consumer diversity, and to provide forums to challenge and encourage people to express their own personalities. We see these desires across generations, including the young who are striving to be individuals as Mintel research on marketing to teens in China reveals 41% of teens say they would like to live in an unconventional way. By embracing diversity and consumers' pursuit of individuality, brands can engage with a wider audience, and avoid being pigeonholed as relevant only to a certain group.

41% of teens say they would like to live in an unconventional way.

In an effort to encourage and support consumer’s decisions to be who they are, a Beijing-based startup, iHomo, works to connect the LGBT community to help people find 'beards,' a slang term describing a person who is used as a date, romantic partner or spouse to conceal one’s sexual orientation.

Beijing-based startup, iHomo, works to connect the LGBT community to help people find 'beards.'
Meanwhile, airbrushing beauty app Pitu transforms users into fantasy characters.

As China’s ageing population grows larger, some brands are stepping up to show their support for diversity across generations.

For example, Reebok China has appointed an 80-year-old actor known as “the country’s hottest grandpa” to be its brand ambassador and help reshape China’s views on ageing and prove that people are never too old to pursue their goals.

SK-II launched a campaign in 2017 that follows the journey of three women as they pass through stages in life, spotlighting the growing pressures from the “timeline” that is placed on them by society.

By embracing diversity and consumers’ pursuit of individuality, brands can engage with a wider audience, and avoid being pigeonholed as relevant only to a certain group.
Chinese consumers are exposed to a widening spectrum of lifestyle choices, new technologies and the latest media through which to express their individuality. As growing incomes expand consumers’ product choices, they are empowered to choose between brands that offer products that help them express their individuality from around the world. Brands will do well to not only create products that consumers can personalise, but also provide them with channels to express their individuality within the context of their brand.

Looking ahead, more brands will offer products and services that allow consumers to enhance who they really are, and allow them to experiment and express themselves however they choose.

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Mobile devices are blurring the lines of formality and consumers are embracing this change for the convenience it brings.
What’s Happening In 2018?

The mobile phone is fully integrated into the lives of modern consumers. This is especially apparent in a fast-paced, highly technologically-reliant society like those in China’s larger cities.

Chinese consumers are relying on mobile technology to support various aspects of their lives and this is attributed to the speed and convenience the technology brings. Mobile devices and apps have now entered the space of formality and what would have once required face-to-face interaction or physical official documentation has now succumbed to the popularity of this multi-functional and portable technology.

Smartphone technology with biometric authentication services is enabling consumers to use their mobile phones as a

Chinese consumers are relying on mobile technology to support various aspects of their lives and this is attributed to the speed and convenience the technology brings.
VR Pay from Alipay is a payment service that enables shoppers to pay items with a nod of their head.

method for identification and even payment. Take, for example, Alipay which allows shoppers to pay for things using virtual reality (VR) with a nod of their head. This technology extends to opportunities across industries, including investments and interactions with the authorities. Services that predominantly rely on face-to-face interviews with documentation, such as health, skin or nutrition consultations, can now be carried out via a mobile device. Brands can leverage this fully-mobile society to cut costs and offer consumers more convenience and speed.

Why Consumers Will Buy Into This

Smartphones enable consumers to take control of and organise their lives with an easy click, tap or swipe, and will therefore continue to be an invaluable part of consumer’s interaction with brands. Mintel research shows that Chinese consumers are keen to embrace new technology by trying out new digital products. What’s more, smartphone usage is on the rise as 68% of consumers say they are using smartphones more often, making it the top digital product experiencing increased usage.

In an effort to help people feel more connected, a cemetery in China rolled out a new service in early 2017 that helps paying customers honour their ancestors during Qingming Festival, or Tomb Sweeping Day, by livestreaming a special ceremony via WeChat, while some teachers in

A cemetery in China helps customers honour their ancestors during Qingming Festival (Tomb Sweeping Day) by livestreaming a special ceremony via WeChat.
the northern city of Xi’an are livestreaming classes for kids who are forced to stay home due to heavy air pollution. In an effort to facilitate separating people, the civil court of a city in Southwest China finalised a divorce over WeChat video for the first time ever in February of 2017.

We are also seeing mobile devices enhancing the travel experience and alleviating some of the stress that often goes along with it. In the Spring of 2017, Alipay launched a new service that enables Chinese travelers in 10 European countries to complete their tax refund within its app. While in the retail sector, Mintel research indicates that buying online via a mobile device has not only superseded buying via desktops and laptops, but it has also increased across all categories. Home furnishings saw the largest jump with a 10 percentage-point growth between 2016 and 2017.

Alipay launched a new service that enables Chinese travelers in some European and Asian countries to complete their tax refund within its app.

**Consumer attitudes towards embracing digital technology (China, March 2017)**

- **58%** Trying new digital products makes me happy
- **51%** I have subscribed to technology-related public accounts on WeChat or Weibo
- **47%** I prefer staying online rather than offline
- **40%** I am usually the first among my friends to buy the latest digital product

Base: 2,954 internet users aged 20-49 who are digital product owners
Source: Digital Trends China 2017
Where Next?

Looking forward, consumers will become comfortable with the idea of everything—regardless of how formal or official it may be—being available via mobile and will question brands that are unable to provide this option. Services that do not offer mobile alternatives may also be viewed as not forward-thinking and disinterested in maintaining customer support. Eventually, we may see mobile interactions between companies and customers become the norm, so much so that brands offering physical services could be in the position to market themselves as a premium option for customers increasingly used to mobile.

Moving forward, advancements in VR and augmented reality (AR) will integrate with the mobile interactive space, complementing one another and enabling consumers to gain greater work-life efficacy and multi-tasking capability.

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