Exploring China’s New Engine of Online Growth

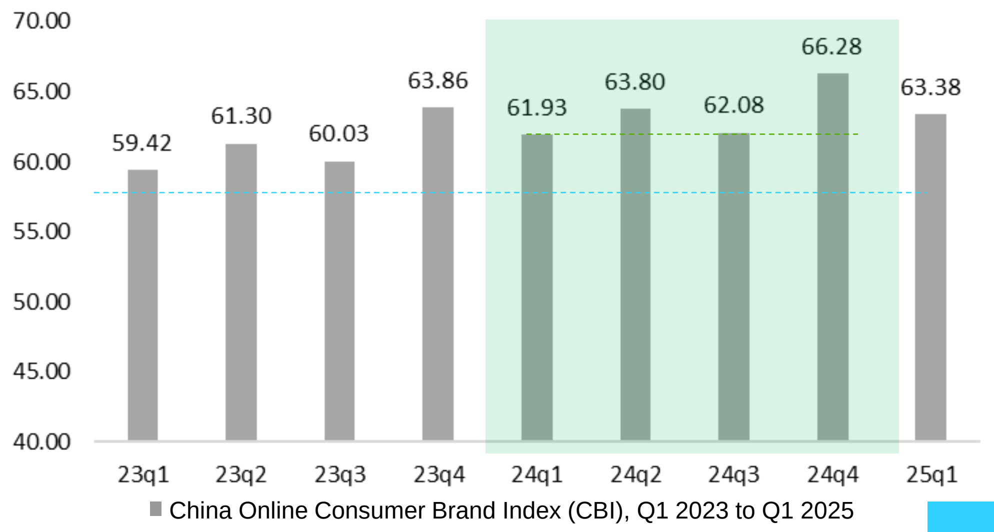
——Insights from the CBI Index on Consumer Evolution

NIQ NielsenIQ

Foreword: Uncovering Growth Opportunities Amid Complexity in the FMCG Market

Recently, the National School of Development at Peking University released the “China Online Consumer Brand Index (CBI) (2023-2025)”, which, leveraging extensive consumption data from the Taobao platform, systematically outlines for the first time a panoramic view of brand development across different regions in China. Combined with the latest retail research data from NielsenIQ (NIQ), the findings show that despite current economic conditions, **the Chinese consumer market continues to demonstrate resilience in high-quality development. In Q1 2025, total sales across all channels grew by 2.0%, with online channel growth standing out particularly.**

On one hand, data from the National Bureau of Statistics shows that the growth rate of online retail sales continues to outpace that of overall social retail. Meanwhile, based on the baseline comparison from the China Online Consumer Brand Index (CBI) (2023-2025) (see chart), China's online brand consumer index has steadily increased since early 2023. Specifically, it rose from 59.42 in Q1 2023 to 63.38 in Q1 2025, highlighting the catalytic role of online platforms in driving premium brand consumption.



In addition, the Consumer Brand Index shows significant quarter-on-quarter growth in Q2 and Q4, **highlighting the strong promotional effect of major e-commerce events such as ‘6.18 Shopping Festival” and the “11.11 Global Shopping Festival’ on brand consumption. This underscores the critical importance of seizing major online promotional windows for brand operations.**

Data Source: China Online Consumer Brand Index (CBI)

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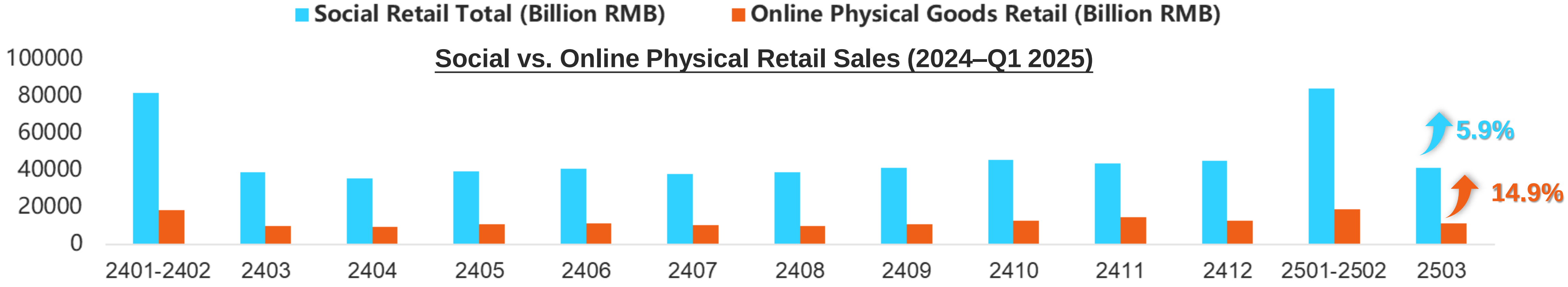
Sustained Growth in Online Physical Goods Retail: E-commerce Platforms as Critical Growth Channels

As a pivotal link connecting both ends of supply and demand, e-commerce platforms are reshaping consumer scenarios, stimulating the launch of new products and driving category expansion across industries. The real-time, accelerated market feedback is propelling brands to shift from **"low-price competition"** to **"value-driven growth"**, helping unlock new category growth potential. The high growth rate in online physical retail clearly reflects this trend (see chart below).

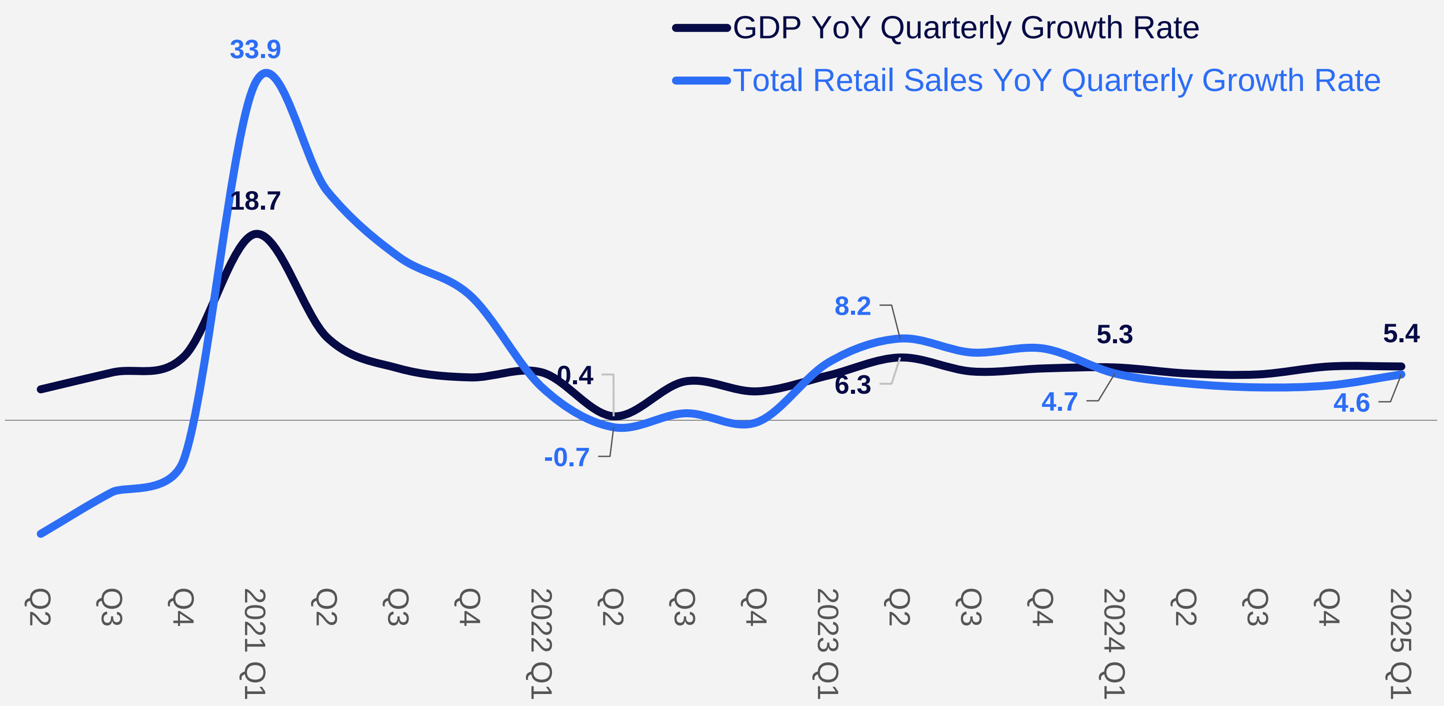


Today's FMCG market is **increasingly shaped by emerging consumer values: wellness, self-expression, and personalized experience are penetrating consumption motives.** This marks a shift from price-driven demand to multi-dimensional value pursuit. From purely "value-for-money" to brand-centric consumption, this transformation not only signifies consumer upgrading, but also reflects a reconstruction of supply-demand relationships in the market—**Consumers now seek not just price and function, but demand higher standards of quality, experience, and brand value.**

Data Source: National Bureau of Statistics

Macroeconomic growth has remained moderate over the past two years, with continued policy support for consumer spending in 2025.

Quarterly Year-on-Year Growth Rates of GDP and Total Retail Sales



2025 Policy Drivers to Stimulate Consumption

1. **Stabilizing the Housing and Stock Markets**

   Stabilize asset-liability balances and strengthen market expectations

2. **Enhancing People's Livelihood**

   Raise pension payouts, improve healthcare subsidy standards, and increase student aid thresholds

3. **Boosting Consumption**

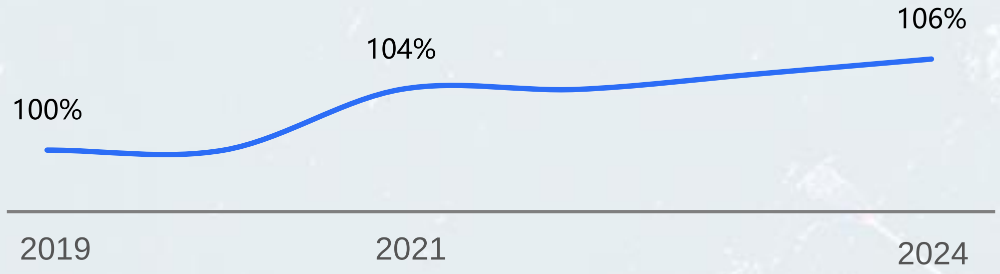
   Support special consumption initiatives (e.g., billions in subsidies)

   Intensify replacement incentives for household goods and durable items

Data Source: National Bureau of Statistics of China

Under macro-level consumption stimulus, the FMCG market continues to expand steadily, with consumer sentiment rebounding to a more positive outlook.

FMCG Industry Sales Volume Change Across All Channels
Sales Index（2019：100）



Consumers Plan to Spend More in the Next 12 Months

	China	Vs. APAC
Health & Wellness Products (e.g., vitamins)	41 ↑	32
Dairy Products	39 ↑	28
Household Care (e.g., laundry detergents, kitchen cleaners)	27 ↑	24
Personal Care & Beauty (e.g., shampoo, skincare)	23	23
Beverages (Non-alcoholic)	21	21
Alcoholic Beverages	16 ↑	15

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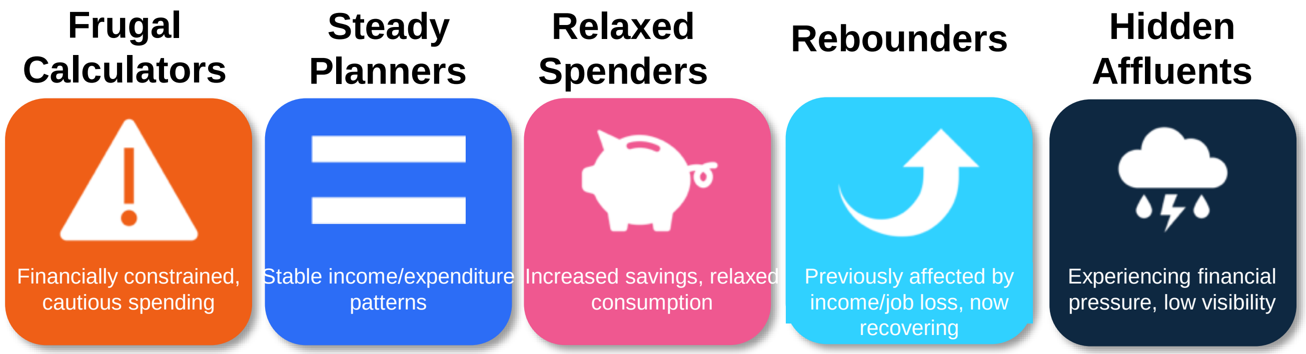
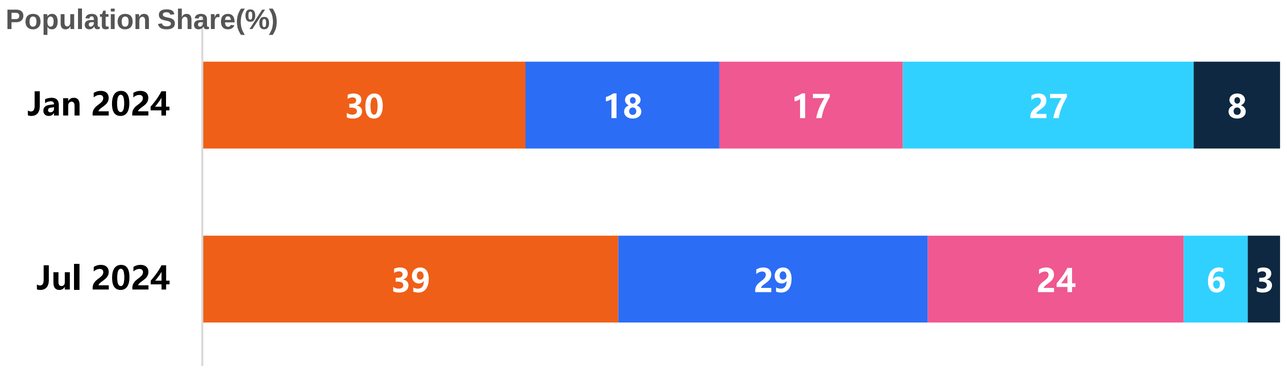
Consumer Economic Conditions and Future-Oriented Segmentation Profiles





Consumer Trade-up Preferences by Category

Spending Upgrade → *Spending More* → Pursuing More

1. Quality (functionality and product integrity)
2. Usage Experience (speed, service, convenience)
3. Brand
4. Personalization
5. Consumer Experience(Joy)
6. Identity & Style Expression
7. Mental and Aesthetic Fulfillment

Data Source: NIQ, 2024 China Consumer Sentiment & Outlook Report

Emotional Value and Consumer Experience Drive Consumption Upgrade, with Multiple Factors Supporting Brand Premiumization and Value Creation

Optimized Packaging Design to Meet Value-Oriented

65% of consumers indicated that, to reduce per-use cost, they have shifted to purchasing larger pack sizes or bundled combinations.
vs. 65% in APAC

60% of consumers stated that, to control overall spending, they prefer smaller-sized packaging.
vs. 57% in APAC

Products That Combine Superior Performance with Sustainable Innovation

83% of consumers prefer products with clear ingredient transparency and well-documented manufacturing processes..
vs. 73% in APAC

65% of consumers are increasing their spending on anti-aging and skincare products.
vs. 50% in APAC

75% of consumers are willing to pay a premium for products with longer usage cycles/lifespan.
vs. 65% in APAC

71% of consumers show stronger purchase intent for high-value, innovative products.
vs. 70% in APAC

Premiumization Driven by Health Attributes and Self-Care Experiences

78% of consumers said they will continue to strengthen their investment in mental wellness management.
vs. 70% in APAC

75% of consumers plan to maintain or increase their intake of vitamins and nutritional supplements..
vs. 54% in APAC

70% of consumers will choose products that help improve sleep quality.
vs. 66% in APAC

66% of consumers plan to increase spending on frequently used products.
vs. 62% in APAC

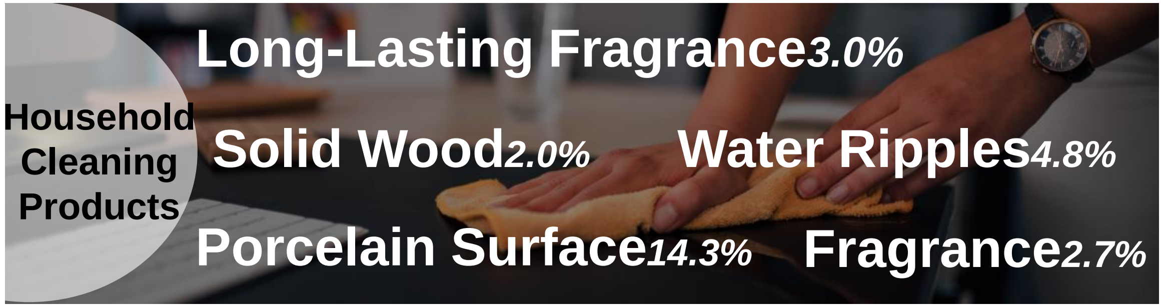
66% of consumers plan to increase spending on self-care and indulgent experience-related services.
vs. 60% in APAC

47% of consumers expect to spend more on their favorite personal niche or independent brands.
vs. 43% in APAC

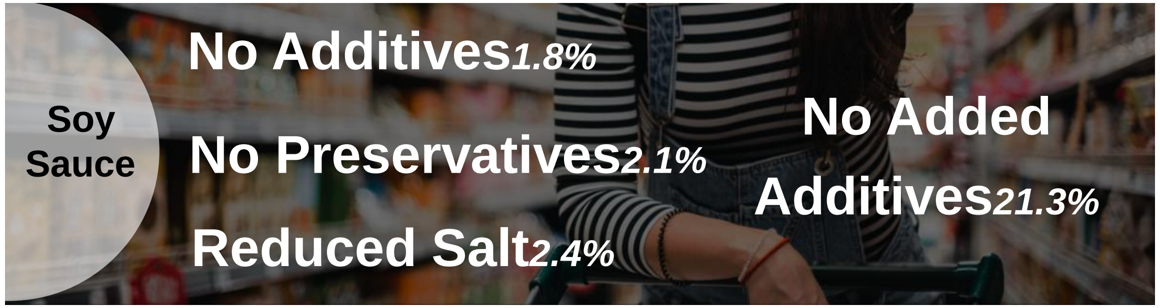
Data Source: NielsenIQ Retail Measurement, 2024 YTD

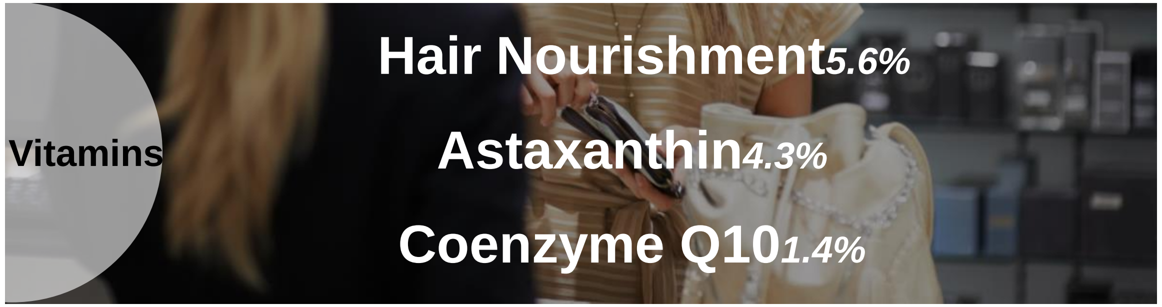
Products Aligned with Refinement and Health Trends Demonstrate Higher Online Sales Efficiency within Vertical Categories

Refined



Health





Data Source: NielsenIQ MyEcom data; the indicated metric represents Item Efficiency, calculated as: Item Efficiency = Sales Share / Product Share

FMCG Sales Show Steady Recovery; E-commerce Channels Drive Overall Industry Growth, with Peak Seasons Remaining Key Acceleration Points

China FMCG Industry Overview – All Channels

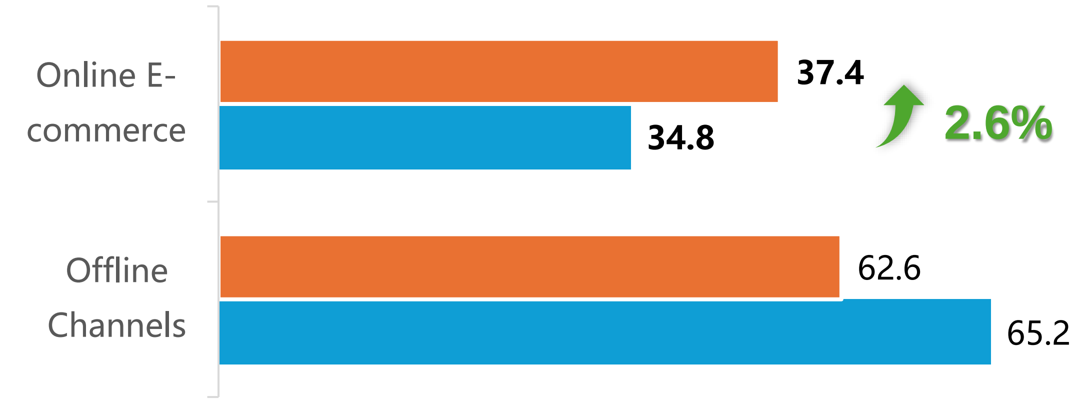
+2.8%

2024 Year-over-Year Growth of China's FMCG Industry Across All Channels

- Offline: -1.3%
- **Online: +10.2%**

Q1	Q2	Q3	Q4
16.6%	1.8%	12.3%	11.4%

Channel Share of FMCG Sales and YoY Growth (2024 vs. 2023)



**Excludes 3C, apparel, jewelry, and other durable categories*

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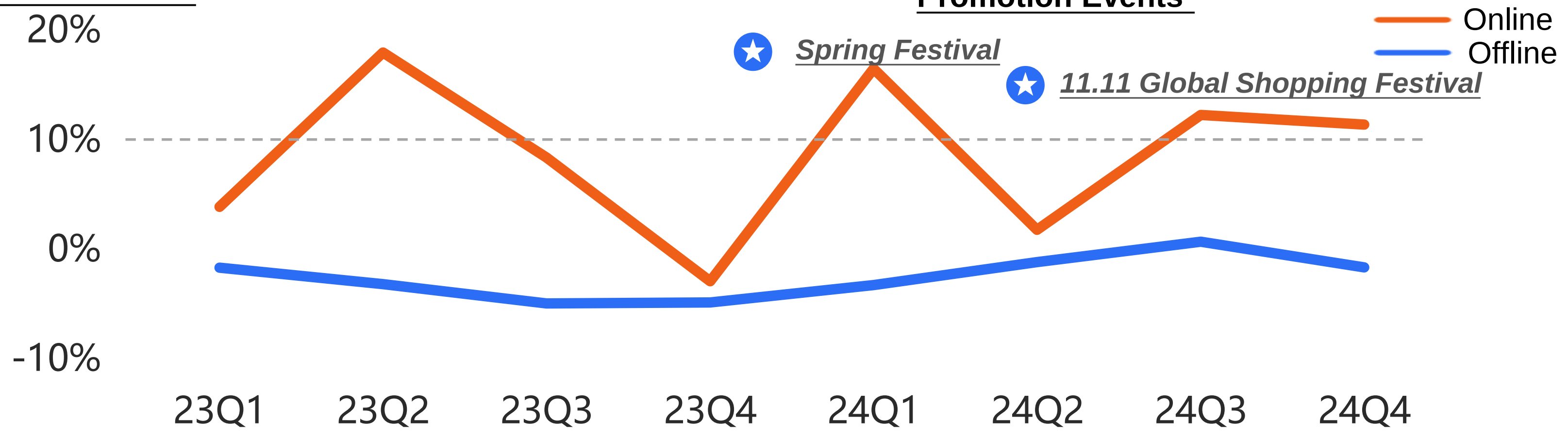
Online remains the key battleground for FMCG brand growth.Brands must seize the structural opportunity of China's rising e-commerce penetration.

FMCG Total Sales Value Growth Rate Across All Channels*

FMCG Categories Show Strong Response to Seasonal Promotion Events*



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Data Source: NielsenIQ Retail Measurement

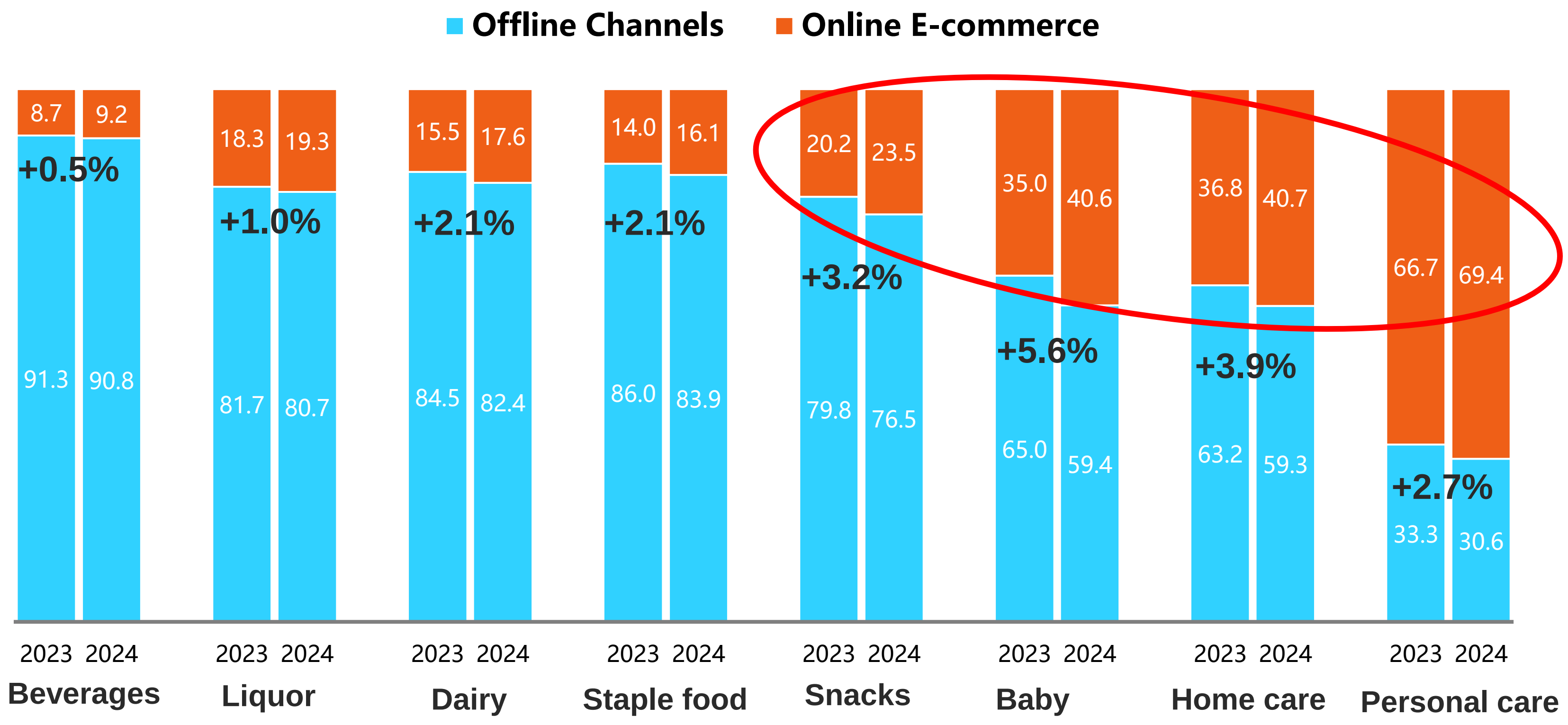
E-commerce sales maintain strong growth momentum, with online brands actively seizing digital opportunities to activate new category growth drivers.

▼ Major Branding Trend：
Strong Sales Momentum Among Leading Brands

Top Brand Sales Growth in 2024

~40% **5.8%**

Category-Level Channel Sales Share | 2024 vs. 2023



Data Source： NielsenIQ Retail Measurement

New Product Launches Are the Primary Growth Driver for FMCG on E-commerce Platforms

- Strong growth potential remains in online new products, especially in mother & baby, personal care, and home cleaning.
- E-commerce platforms remain the primary battleground for category innovation, with new products continuing to drive category growth.
- Platforms are boosting launch support and insights to help brands track emerging trends.

✓ **AI Empowerment for Merchants & End-to-End CRM Resource Support**

AI-Powered Business Copilots

Smart E-commerce Efficiency Enablers

Higher delivery efficiency, greater certainty in conversion

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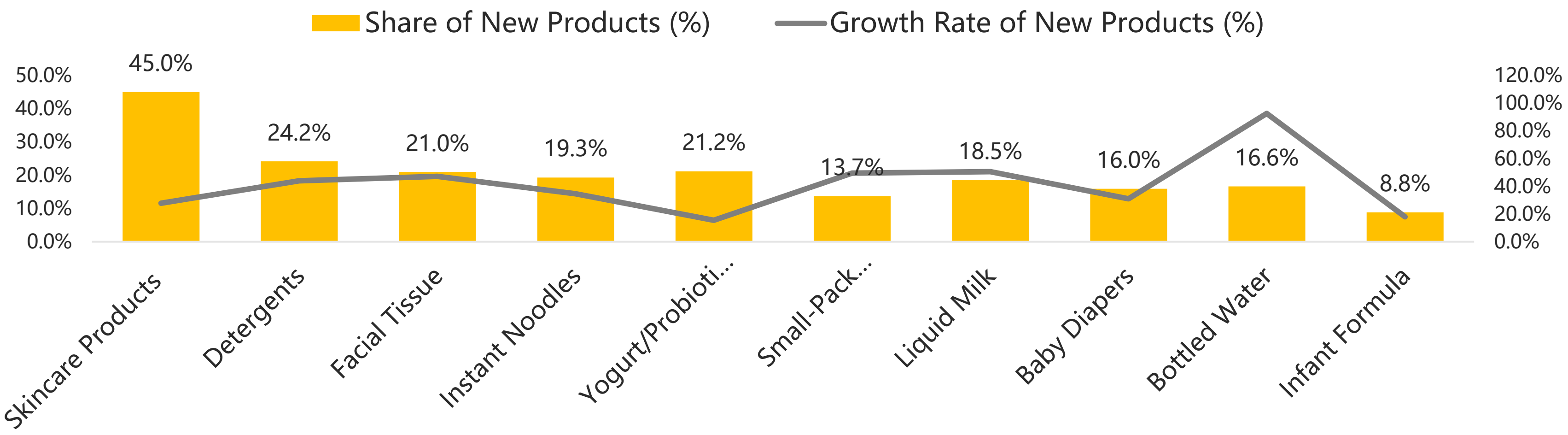
Tmall: The Core Platform for New Product Launches and Explosive Growth

Category Relaunch Focus：
A significant number of new products across key categories have been launched on Tmall, highlighting the platform's enhanced role in innovation and first-launch recognition by brands.

High Growth in New Products:
Merchants on Tmall have shown strong new product sales performance and potential. Indicators such as new product sales growth rate and share of total sales reveal clear momentum across major categories, with Tmall driving continued sales breakthroughs.

Precision Co-Creation Enabled by Consumer Index Insights:
From spotting category trends to identifying online market growth potential, platforms are increasingly leveraging deep insights from brand indices. This empowers merchants with stable, future-oriented business growth opportunities driven by new product development, particularly online.

New Product Share and Growth Rate on Tmall Platform



Data Source：NielsenIQ Omni-Channel Retail Data, 2024 YTD

Summary of Three Key Online Consumption Growth Pathways: Fulfilling Functional Value, Sustaining Product Innovation, and Shaping Conceptual Trends

Optimized Packaging Design to Meet Diverse Consumer Needs

Combo Packs

Larger packs or high-volume SKUs fulfill value-for-money needs in a single purchase.

Liquid milk >20-pack cartons
+79.0%

RTD tea 12x1000ml
+243.0%

Small Packs

Smaller formats offer *differentiated* use cases and meet more specific, occasion-based demands.

Single-use ampoule serums **+59.2%**

Products that Combine Superior Performance and Sustainable Innovation

Professional Ingredients

Consumers are more inclined toward products recommended by professionals, which better meet their *health needs:*

Hydrating Essence Repair
+30%

Toothpaste / Cavity Protection **+21%**

Category Innovation

Transparent actives like hyaluronic acid are driving cross-category innovation across skincare, body care, and oral care.

Body Wash **+37.4%**

Mouthwash **+37.4%**

Premiumization Supported by Health Attributes and Emotional Experience

Healthy Formulation

Low-fat and low-sodium food and beverage formulas are influencing consumer purchase behavior in the F&B category.

Low-fat scallion pancake
+192.8%

educed-sodium soybean paste: **+566.8%**

Emotional Value

Consumers expect personal care products to deliver *multi-dimensional satisfaction* through both physical comfort and emotional delight.

Fragrance-based hand cream
+37.7%

Soothing floral body wash
+209.7%

Data Source: NielsenIQ Retail Measurement Data, 2024 YTD