Finding faster growth

I eat therefore I am
As millions of Chinese emerge from poverty they use newly disposable incomes to define themselves through food. If they are to take advantage, brands must first understand why.

23 million members of the Chinese population will have money to spend on indulging themselves for the first time this year. By 2020, it’s likely that over 160 million more will be able to do the same. New research from TNS proves that the vast majority of these newly disposable incomes will be spent on eating and drinking, enjoying new types and new quantities of food and beverages. For brands and manufacturers in these categories, no greater opportunity exists on earth.

Human beings’ relationship to food changes more rapidly and radically than any other aspect of their consumption when they leave poverty behind. In part this is because food and drink are the first indulgences that become accessible to those leaving the base of Maslow’s pyramid and finding money in their pockets that has not already been earmarked for the essentials of staying alive. A dollar or two a day more than China’s generally acknowledged poverty line of $1.25 will not easily buy a new life, a new dress, a new car or a new pair of shoes; but it can certainly buy more food and drink more regularly. In spending their money this way, newly emerged base of the pyramid consumers are no longer just warding off hunger; they gain personal satisfaction from enjoying the tastes and flavours that they choose rather than simply those that are best suited (through availability and affordability) to keeping them going; they get to show off their status through displays of indulgence; and they engage in a deeply social activity that is satisfying on many different levels. Put in simple, psychological terms, they self-actualise through food.

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A bigger sense of self
Researchers are able to detect this process of self-actualisation in the expanding waistlines of the emerging Chinese middle class. Once their income reaches 12,000 RMB per month, the proportion of Chinese admitting to being overweight leaps from 9% to 14%. This is a source of serious concern to health campaigners who see in it the base of a growing wave of Chinese middle-class obesity. However, it also reflects the powerful role that food plays in embodying the enjoyment of life for those who now have money to spend on it.

The same TNS study that reveals the weight gain that accompanies rising Chinese incomes also sheds light on the changing attitudes to food that support it. Prior to income reaching the 12,000 RMB mark, the likelihood of Chinese consumers finding themselves overweight moves gradually upwards – and so do the indicators of eating becoming a lifestyle choice rather than a means of staying alive. If food and beverage companies are to align themselves with the changed eating habits of Chinese consumers as they emerge from poverty, they must understand what the drivers of these choices are – and they must pay particular attention to how these drivers play out in China’s varied cultural contexts.

Emerging eating: a global view
We can expect some of these drivers to be global, because the trend showing poor people eating more indulgently (and becoming fatter) when they first leave poverty is a global one. We see its after-effects in developed markets such as the US, where the incomes of the poorest members of society have enabled self-actualisation through food but have never reached a level that mitigates this through shifting focus to other areas of enjoyment (health, beauty, tennis and jogging, for example). The result is that (in contrast to China) obesity is most prevalent amongst America’s poorest. Brazil will soon match the obesity rates of the US, with half the population categorised as overweight, and 15% defined as obese. And similar evidence of significant increases in obesity rates for those leaving poverty exists for Russia and India.

However, food and beverage brands cannot afford to assume that an increase in food-led indulgence will draw consumers inevitably towards their restaurants and products. The well-reported recent struggles of western brands in the Chinese market attest to the importance of getting the food-led self-actualisation formula right: both in terms of the ingredients and flavours that are offered to Chinese consumers, and the cultural nuances that surround eating and drinking occasions.

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From annual rituals to weekly treats: food and drink as social activity

Eating and drinking is a highly social activity in China, regardless of income level. Even amongst those Chinese with a monthly household income of less than 2,000 RMB, for whom eating and drinking is primarily a means of staying alive, half (48%) still refer to it as one of their most important social activities. Eating exceptional amounts at very particular times of the year has always been a part of Chinese rural culture, as amongst all agrarian societies. However, with increased income levels, the opportunity arises to turn occasional feast days into a more regular weekly or monthly ritual, and increasingly into habitual behaviour.

The disruption of traditional rural lifestyles plays a key role in this process. Urbanisation and the move away from a peasant routines disrupts well-established cadences of cooking and eating, and suggests new food rituals where dining out competes with family meals prepared at home as the de facto option. As Chinese grow wealthier, they describe themselves as significantly more likely to eat out, with 55% of those with a household income over 12,000 RMB saying they do so more often than in the past.

An interesting reflection of the changing nature of food rituals can be found in China’s increased taste for beer. A decade ago, very few Chinese people drank beer on anything approaching a regular basis. Today, profuse quantities of weak, watery beer are an established part of eating occasions at almost any social level. Chinese beer consumption offers vivid evidence of how occasional indulgences become established as part of a weekly or daily routine as incomes rise. And of course, it makes its own calorific contribution to the expansion of Chinese waistlines, especially amongst those trading a more physically active rural lifestyle for a more sedentary urban one.
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**I am what I eat: food as status symbol**

In China, getting larger has deeply rooted historical associations that still exert considerable influence over cultural attitudes to eating. During the Tang dynasty, ‘plumpness’ was considered an expression of beauty as well as wealth. And those who can still recall Mao’s great famine of 1959–1962 will remember over-eating less as an indulgence, more as an opportunity to lay down fat reserves and increase one’s chances of survival. Today, the ability to eat more – and to lay on indulgent amounts of food for others at impressive banquets – represents an opportunity to display increased disposable income publicly. And it is one that increasing numbers of Chinese take with relish.

Food is an affirmative expression of status, and success in a very personal class struggle.

Yet the associations between food and status become more complex and nuanced as we journey up the pyramid to the upper reaches of the middle class. Here consumer trends increasingly define health as the new wealth, often in conscious contrast to excessive banquets associated with corruption in the years before the global economic crisis. Nostalgic dining experiences, evoking the supposed purity of traditional rural lifestyles, are increasingly popular, with Modern Coarse Grain (xiandai culiang) restaurants serving peasant-style brown rice-based dishes amid contemporary urban décor. In these ways, the established Chinese middle class are able to address their own health concerns whilst establishing a clear social distinction between themselves and less sophisticated new arrivals.

**Food as inheritance**

Food expresses status not just through the eating habits of adults, but through the ability of parents to indulge their children. In China, such indulgence is still typically focused on a single child per family and the stereotype of the spoiled ‘Little Emperor’ holds true amongst many families that have left poverty within the last two generations. Parents and grandparents with memories of their own personal privations often appear to overcompensate when it comes to ‘feeding up’ today’s children, and the result is that much of the increase in Chinese obesity rates is found amongst the young. There are parallels in other BRIC countries where memories of recent rural poverty can frequently be found. In India, the prevalence of childhood obesity jumps from 0.1 per cent amongst low-income groups to almost 7 per cent amongst higher-earning families.
Food as release

The urge to eat more is not driven solely by social and cultural influences. There are physiological factors at work here as well, particularly where traditional lifestyles have been gradually disrupted – and new forms of sedentary workplace stress increasingly introduced.

At the University of California, researchers have found that activating the chronic stress system of rats leads them to consume more high-energy foods such as lard and sucrose. The researchers believe that the metabolic signal impeding the stress signal comes directly from fat deposits, offering a route to ‘turning off’ the experience of stress through ‘comfort food’. TNS research in the US, comparing the diets of stressed and non-stressed people, showed significantly increased consumption of almost all types of unhealthy food as a result of stress, with the share of fried foods, spicy foods and pizza bulking up the most. Evidence is mounting that our urge to respond to stress through comfort food may be biologically determined. This has a role to play in shaping eating habits for any rapidly urbanising population, and China is no exception.

Getting the recipe right – ingredients

How are brands to respond to this complex web of factors driving a new relationship to food amongst China’s emerging middle class? An essential first step is delivering flavours and taste experiences that match the precise needs of food-led self-actualisation. The TNS China Food and Beverage Knowledgebase indicates the food and beverage segments that are likely to grow most rapidly alongside rising incomes in China. Convenience and multi-sensory enjoyment align most closely with the indulgence occasions sought by the emerging middle class, creating powerful opportunities in categories such as chocolate, cookies, instant noodles, dried fruits, nuts and seeds, juices, smoothies and energy drinks. In each case, the key to tapping the full potential of China’s emerging middle class lies in a primary focus on pleasure, with messages around health and lifestyle benefits used in a supporting role so as not to compromise the key drivers of food choice.

Yet it is equally important for those targeting growth in China to match cues around reward, indulgence and self-definition with the specifics of Chinese palettes. The vast majority of increased food and beverage consumption in China takes the form of traditional cuisine: rice, noodles and umami-infused flavours, with green tea a hugely influential flavour in the drinks category. Multinational brands that fail to evolve western definitions of sweetness or sensory indulgence can find themselves the wrong side of Chinese tastebuds, as the recent challenges faced by the core brands for McDonalds, KFC and Coca-Cola arguably demonstrate.
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Getting the recipe right – presentation
In China, as elsewhere, the experience of food involves far more than ingredients, flavours and calorific values. The xiandai culiang trend shows the importance of nostalgia and continuity in Chinese eating habits, and suggests that comfort food products may well be less comforting if they come with unfamiliar packaging, routines or surroundings. Cultural context is increasingly important to China’s relationship to food, with evidence that consumers actively choose indigenous brands over multinational equivalents due to perceptions around heartier, healthier traditional fare. Brands such as Kung Fu Catering, CNHLS and Gil Wonton are nibbling away at the market share of McDonalds and KFC parent Yum by championing their Chinese cultural credentials.

Much of the increased food and beverage consumption of China’s emerging middle class can seem inevitable: splurges fuelled by the sudden availability of limited disposable income, encouraged by physiological promptings and enabled by a disruption in traditional routines that enables new eating habits to become embedded. However, the brands that make the most of this massive opportunity will be those that look beyond the simple means and opportunity to eat more. Understanding the deeper motivations and cultural contexts influencing Chinese consumers as their income increases, is the key to crafting brand propositions that can satisfy emotional needs at the same time as tantalising tastebuds.
For brands the transformation of China’s food and beverage sector represents a vast opportunity, but one that they risk missing if they fail to understand its particular challenges. More mouths to feed will not translate into automatic growth for all players in the sector, and there will be clear winners and losers as Chinese attitudes to food and drink develop.
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References

1. Estimates based on Chinese government statistics for 2013. Click here for further information

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