

## Compass

# Gimme, Gimme More:

The Expanding World of  
Snacking Flavours





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## FOREWORD

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Who else remembers coming home from school and rustling through the kitchen cupboard for a snack?

In my world, you were either one of two types: a savoury-food lover or someone with a sweet tooth. I'd always gravitate towards the more salty flavours like chips, crisps, and nuts. My mom, though, loved her tin of biscuits. She'd pull out the chocolatey cookie, dunk it into her milky tea, and sit back like the queen on a throne.

Never in a million years would she have thought of covering her Tim Tams with chicken salt. Back then it would have been sacrilege. Today, though, the idea might be a good one to stay competitive. That's because we're seeing an evolution in what consumers want from their snacking flavours. This goes way beyond the odd tastes once prevalent in Chinese stores, like cucumber-flavoured Lay's. Now, companies are playing with the intersection of savoury and sweet in very interesting ways.

In this month's TSI Navigator™ Compass, we explore the evolving world of snacking flavours in China. Believe me when I tell you, it's not so black-and-white anymore.

**Andrew Kuiler**  
**Founder & CEO**

## TSI CONTRIBUTORS



### WILLIAM BRENNER

A true global citizen, William brings a unique combination of strategy and design to the table, working alongside TSI's global client portfolio to realise their brand visions. This is supported by a focus on human-centred design thinking, meaning the insights he provides are always backed by what consumers actually want. Prior to TSI, he founded design agency DesignWB.



### ANDREW CAMERON

As a Associate Director, Andrew ensures TSI's clients meet their research and brand strategy objectives. From ensuring accurate data collection to producing strategic stories, he works with clients to identify the most effective strategies to propel their brands forward. An avid traveller and an enthusiastic sportsman, when he's not on the cricket field Andrew is in the kitchen experimenting with new and exotic recipes.



### JOHN PABON

Over the past decade, John has examined the societal impacts of China's economic rise and has been honoured as one of the world's top 100 voices on modern China. He also leads TSI's marketing and communications. His previous work includes posts with the United Nations, McKinsey, A.C. Nielsen, and as a consultant with BSR, the world's largest sustainability-focused business network.



### QI ZHANG

Born and raised in Hubei Province, a place famous for a wide range of snacks, she has sensitive taste buds and a love for food. With a background in linguistics, Qi is also TSI's resident naming expert. Qi graduated from Huazhong Agricultural University with a bachelor's degree in Food Science and Engineering and has a master's degree in Applied Translation from the University of Leeds.

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# IT'S NOT JUST SWEET AND SAVOURY ANYMORE

**“We’re in the middle of a snacking evolution.”**

Lyons Watt, Sweets & Snacks Expo, 2019

All around the world, the coronavirus pandemic has forced more and more people to spend more and more time at home. With all that time close to the kitchen, what are we doing? Snacking. Major snacking behemoths like the **Kellogg Company** saw, “cracker sales jump nearly 40% in March over the prior year.” Meanwhile, Pepsi “...tracked strong double-digit growth of brands, including Lay’s and Tostitos, up 32% and 42%, respectively.” Savoury and sweet snacks are all equally on the rise. Interestingly, so too are healthier “good-for-you” snacks.

But, what about in China. For years, consumers have been given what some might consider strange snacking options on the shelf. From octopus-flavoured potato chips to hot-and-spicy Sichuan Snicker’s Bars, it seemed every company was clamouring to stand out in any way they could. Now, though, we are seeing a clear evolution in snacking flavour profiles and how companies are approaching new product

development. Instead of a “see what sticks” attitude, there are more guardrails in terms of what consumers are willing to pay for. What is it going to take for brands to stay up-to-date with what consumers want, though? In this edition of the TSI Navigator™ Compass, we explore the flavours – weird, wacky, and wonderful – Chinese consumers are looking for in their snacks.

To arrive at these findings we employed our proprietary data intelligence platform, TSI Navigator™, which looks at 10 major F&B categories from consumers all across China to understand drivers and trends in real-time. Additionally, we capitalised on our in-depth understanding of Chinese consumer behaviour, qualitative expert interviews, as well as extensive work in flavour profiling, snacking, new product development, branding, and packaging design.



## NOTE ON TSI NAVIGATOR™ HEATMAP TECHNOLOGY

Our analysis includes use of Hotsplex heatmap technology. The Hotsplex heatmap is a comprehensive collection of associations on the specific emotional attributes a brand or product expresses. With its 8 different “zones,” each representing a different key emotional attribute, the map helps marketers and their partners determine their brand’s right emotional space.

One can divide each zone into three sections: core, middle and outside. As associations move from the middle of the heatmap to the outside, they change from positive to negative.

**Core section:** This represents the key associations every successful brand should elicit among consumers: interesting, successful, competent, reliable, down-to-earth, easy-going, likeable, and cool.

**Middle section:** Moving out from the core section, the middle section is more contextual and indicative of potential brand differentiators. This is where associations should be matched up with brand values. For instance, the middle section of the “interesting” zone contains words like passionate, creative, sporty, and outspoken.

**Outside section:** The outside ring of the heatmap contains negative associations. These are, on average, three times as impactful as positive ones and a leading indicator of brand health issues. For instance, the outside section of the “interesting” zone contains words like pretentious, dangerous, and rude.

These associations are all linked. For instance, feeling “interested” can lead to feeling “passionate,” but too much of this can lead to feeling “pretentious.”

If you have any other questions on the heatmaps, please feel free to contact TSI.

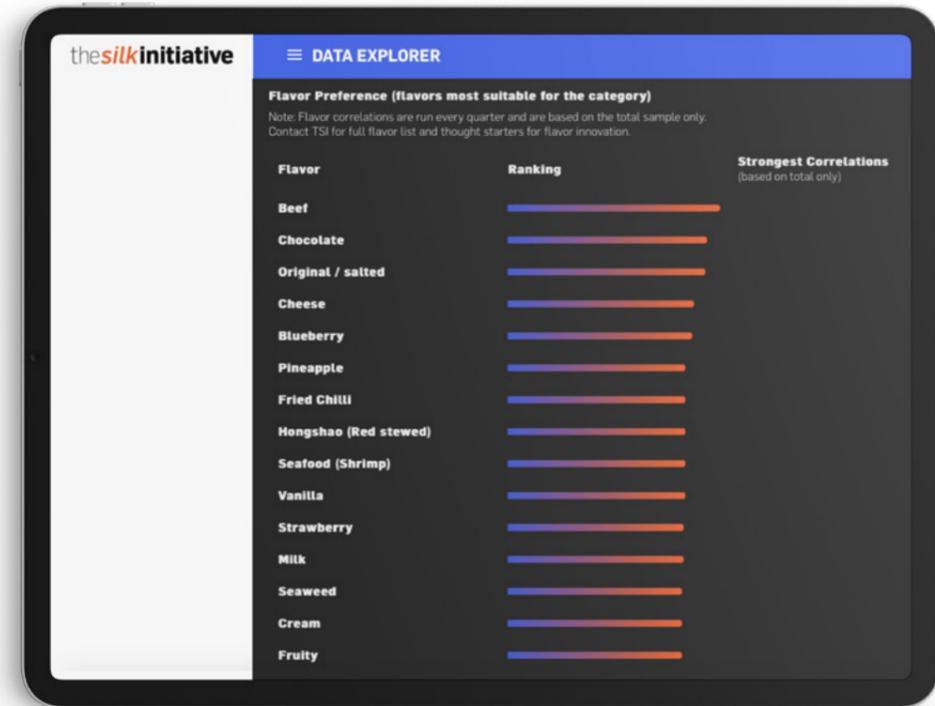
# THE BEST OF BOTH WORLDS

In the not-too-distant past, salty and sweet were considered two very different realms of flavour. Recently, though, we've been seeing more snacks combining the two flavour profiles in their new product development.

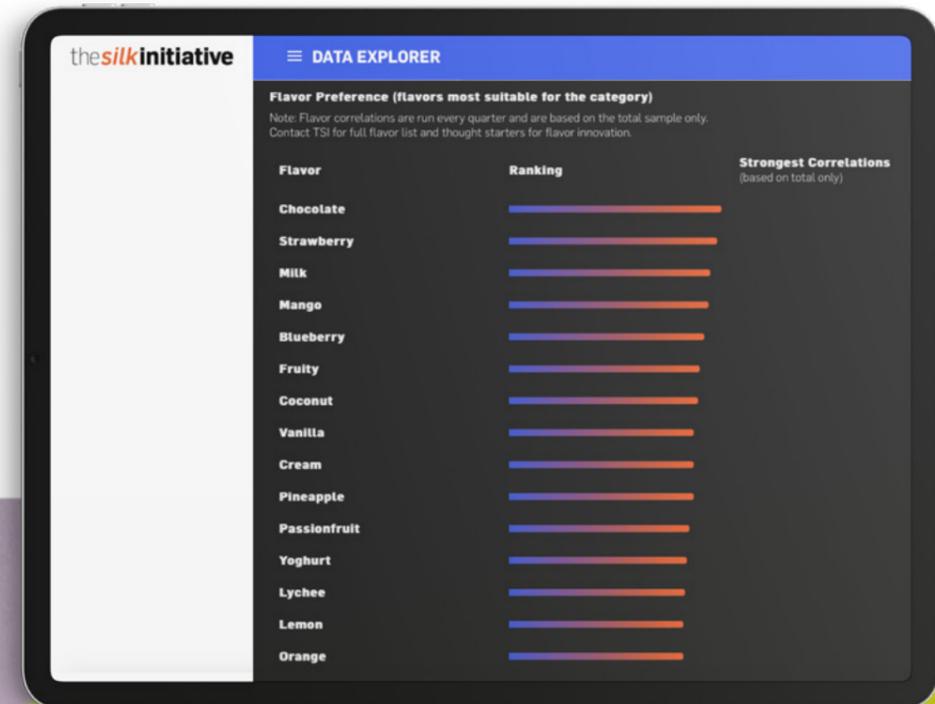
But, this isn't carte blanche for you to go out and start mixing profiles together. According to data from TSI Navigator™, the flavour combinations have to run a certain way to drive consumer conversion. We looked at data around flavour preferences under both savoury and sweet snacks. What we

found is that savoury snacks with sweet tastes are more widely accepted than sweet snacks with savoury tastes. The first chart below shows how flavour preferences for savoury snacks can include chocolate, blueberry, pineapple, and vanilla even though these are typically thought of as sweet.

On the other hand, the second chart reveals consumers expect sweet snacks to stick to traditionally sweet flavours, whether that's chocolate or vanilla, lemon or orange.

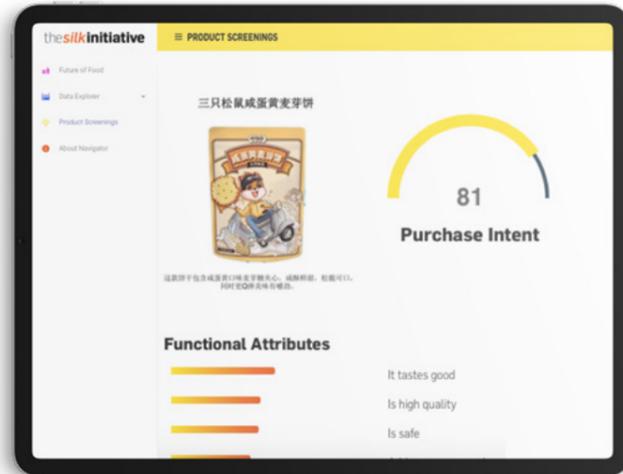


Savoury snack flavour preferences



Sweet snack flavour preferences

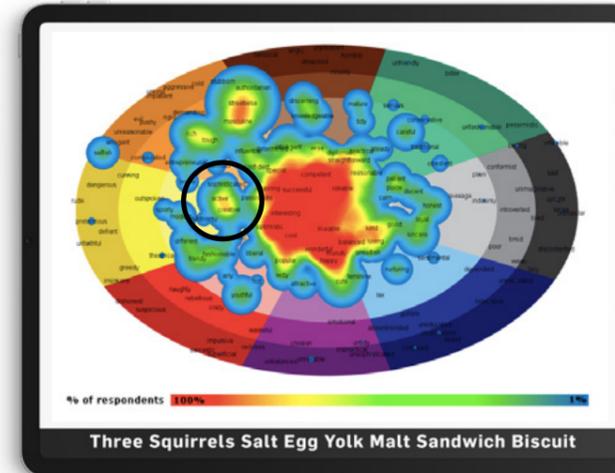
# THE BEST OF BOTH WORLDS



## Example #1 Three Squirrels Salt Egg Yolk Malt Sandwich Biscuit

This product combines salted egg yolk (salty) and maltose (sweet). It has received a high purchase intent (81%) and is believed to "taste good" as demonstrated by being the top functional attribute.

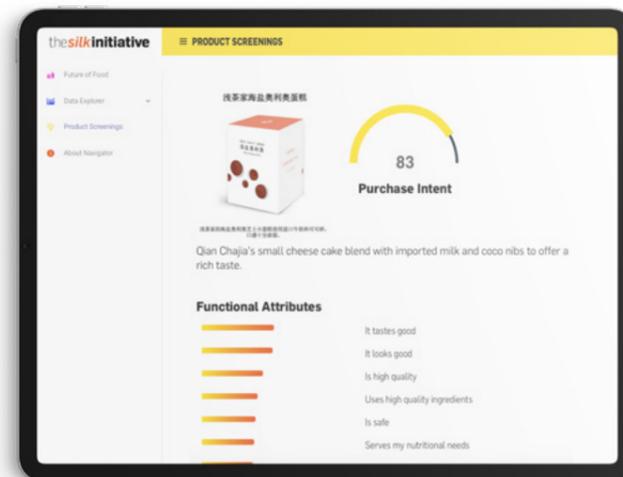
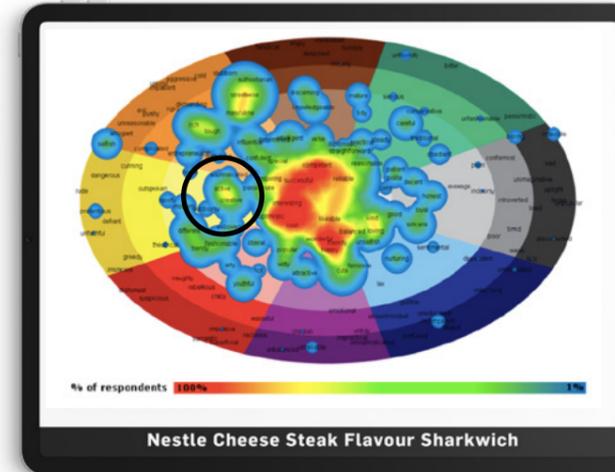
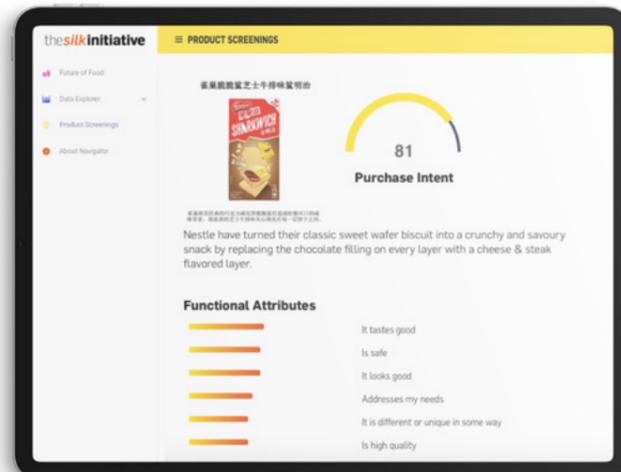
When we look at these three products through our Hotspex Heatmaps, it also becomes clear consumers view them as more creative. You can see this with the rising yellow warmth to the left of centre.



## Example #2 Nestle Cheese Steak Flavour Sharkwich

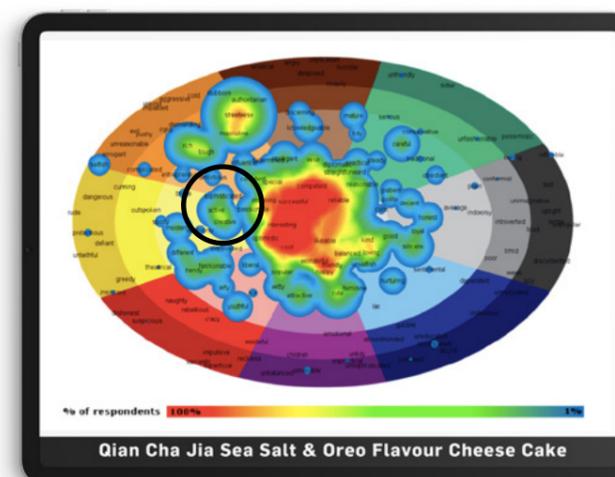
Nestle has turned their classic sweet wafer biscuit into a crunchy and savoury snack by replacing the chocolate layer with a cheese and steak flavoured layer.

This product has also received a high purchase intent (81%), with consumers viewing it as "tasting good."



## Example #3 Qian Cha Jia Sea Salt & Oreo Flavour Cheese Cake

This is a blending of sea salt and Oreo flavours. The cheese cake also performs well in purchase intent (83%) and is viewed as "tasting good".

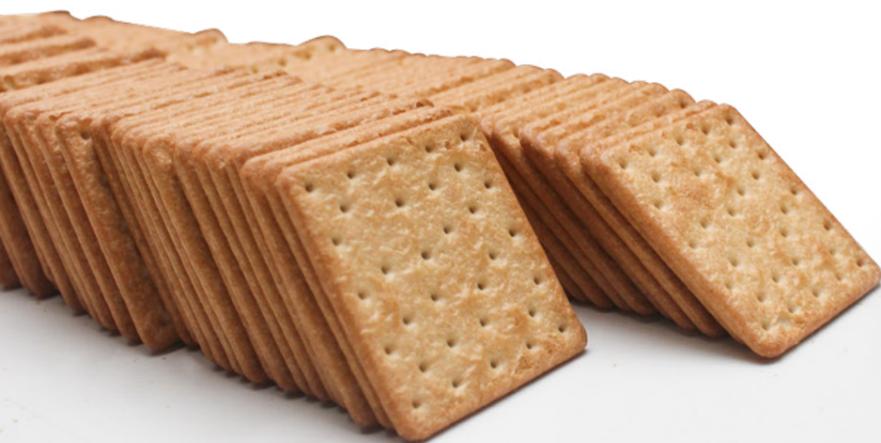
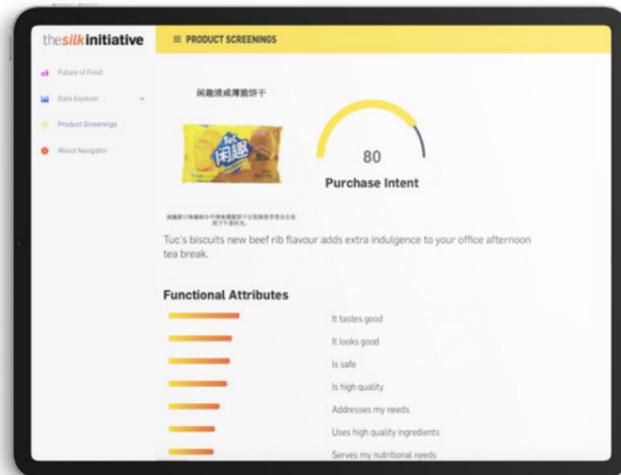


# MEALTIME INSPIRATION

The snacking category is also pulling inspiration from other occasions. No longer satisfied with simple flavours like spring onion, barbecue, or raspberry, we are seeing the emergence of more sophisticated flavours reminiscent of full meals.

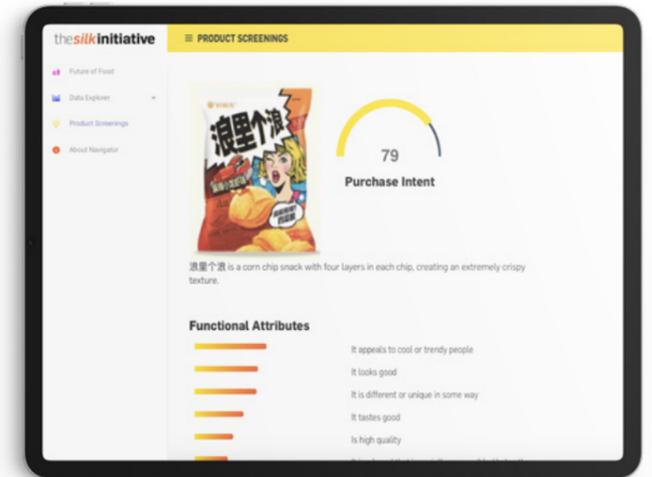
## Example #1 TUC's Beef Rib Flavour Biscuits

When it comes to a simple pack of crackers, most people are used to just settling for butter flavour. TUC ramped up the category with beef rib flavoured biscuits. The dinner-time inspiration is clear with this particular flavour. It also goes one step beyond just barbecue. Functionally, consumers appreciate the taste and visual appeal of the product. They give it a purchase intent score of 80%, pretty high for a snacking product.

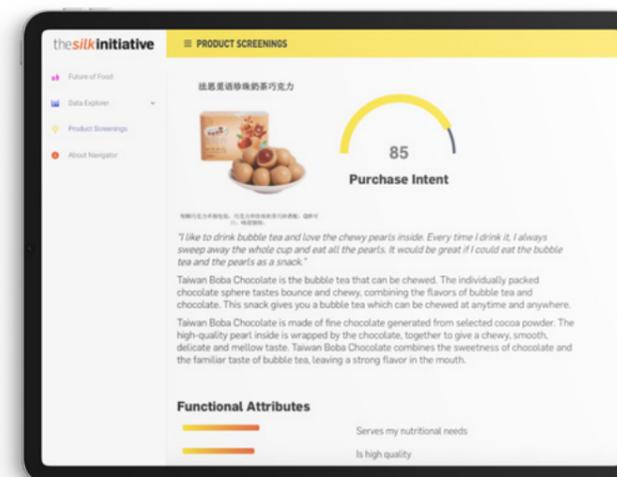


## Example #2 Spicy Crayfish (Orion, Lay's, SunRice)

Spicy crayfish are probably one of the hottest (no pun intended) meals enjoyed by Chinese groups. Snacking companies have caught on to this, offering the flavour between lunch and dinner. Consumers view the flavour as something appealing to cool and trendy people, a solid mark for a popular product.



One brand capitalising on this flavour profile is Australia's SunRice Chips. TSI worked with SunRice on this new product, tapping into our extensive knowledge of flavour development to really nail the right profiles Chinese consumers would go mad for. We also used our SPRINT approach to innovation, engaging consumers and other stakeholders all along the journey.



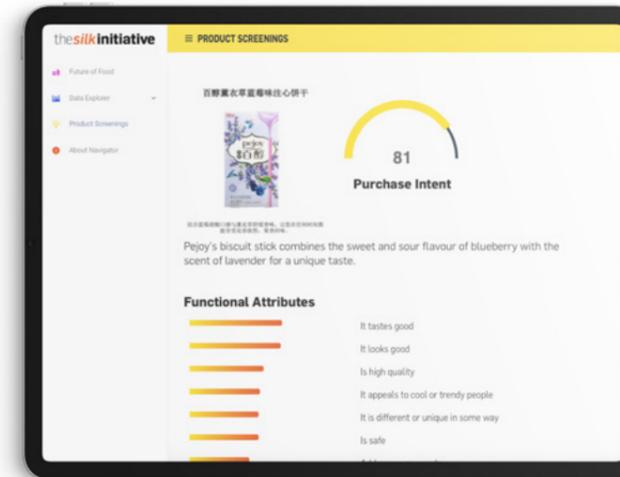
## Example #3 Fasimisu Taiwan Bubble Tea Chocolate

Many Chinese young people are also going crazy for bubble tea. They love its milky flavour and chewy tapioca bubbles. Fasimisu has introduced a snack that combines these two features. It has a milk tea flavour chocolate layer and chewy bubble core. The mash up seems to be working as it received a very high purchase intent score of 85%.



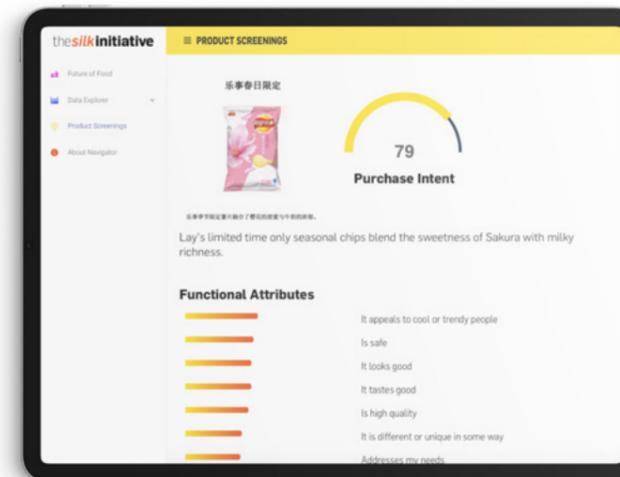
# FLOWER POWER

Have you ever wondered what flowers taste like? Many snack brands are blending flower flavours and scents into their products. Rose, lavender, sakura, jasmine, and other flowery aromas are used in both sweet and salty snacks. Typically, we see the packaging around such products to be very aesthetically pleasing as well.



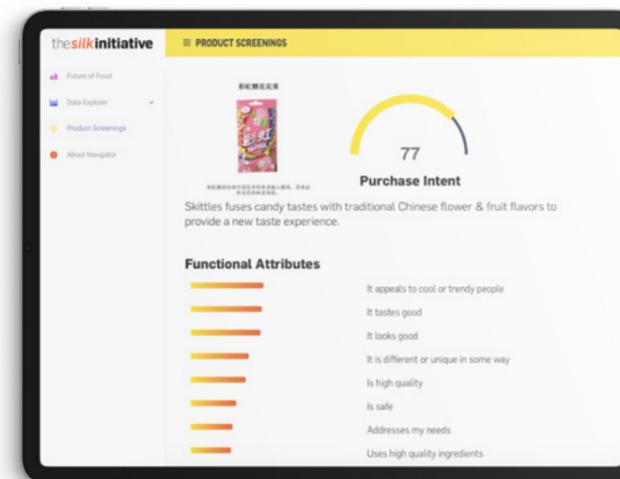
## Example #1 Pejoy's Lavender-Blueberry Cream-Filled Biscuit Stick

From the makers of the infamous Pocky sticks, Pejoy brand biscuit sticks combine a few unique flavours that are attracting consumer attention. The biscuit mixes blueberry flavouring with a lavender scent for a slightly bitter, aromatic taste. Functionally, consumers feel the product both tastes good and is visually appealing. This has resulted in a high purchase intent score of 81%.



## Example #2 Lay's Sakura Flavoured Chips

A limited product timed to coincide with Cherry Blossom season, Lay's Sakura-flavoured chips combine a milky taste with sakura aroma. This makes the typically salty snack edge on the sweeter side. Because of this, there is a bit of consumer confusion and hesitation. Looking at the functional scores, you can see "it tastes good" drops down on the list of attributes. Topping out the list, though, was the product "appealing to cool and trendy people," being "safe," and looking good.

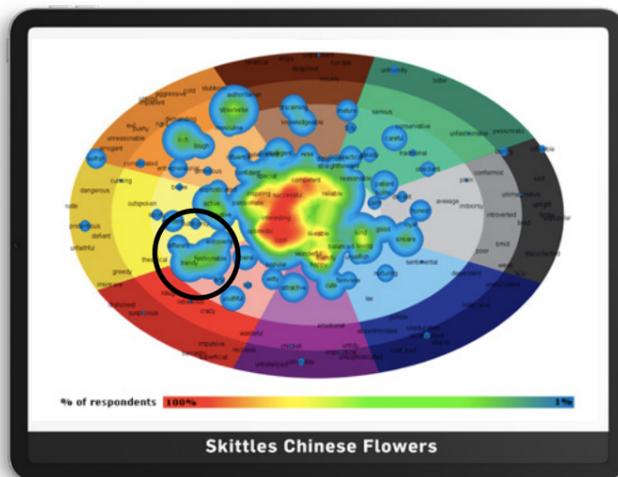
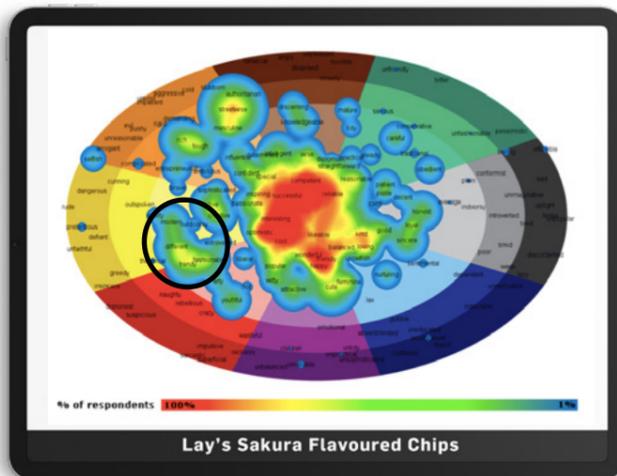
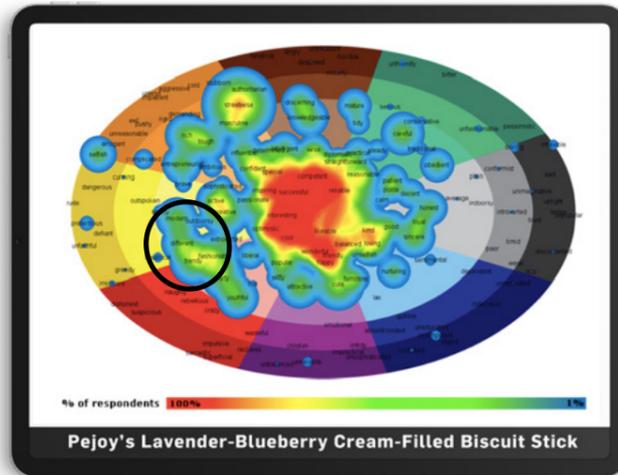


## Example #3 Skittles Chinese Flowers

The Skittles Chinese Flowers product seems to bet everything on an explosion of flavour. Not only do they combine rose and jasmine aromas, but also use lychee, peach, grapefruit, grape, and passionfruit flavours. This creates vibrancy in the product colouring itself, but also an aesthetically pleasing package. Functionally, consumers view the product as "appealing to cool and trendy people," "tasty," and "good-looking."

# FLOWER POWER

Using our Hotspex Heatmaps, we find that consumers view these three products as being quite fashionable and trendy. This speaks to the aesthetics of packaging, as well as seasonality of floral flavours. Looking at the bottom left quadrant of the Heatmap, you can also see associations with being arty and different.



# CONCLUSION

As these parameters – mixing sweet and savoury, pulling inspiration from unique sources, and adding novel aromatics to snacks – continue to evolve, what can companies do today to prepare for tomorrow?

- First, they can keep an open mind when it comes to innovation. Chinese consumers, especially younger demographics, are curious and adventurous with new flavours. As long as you don't go too far with your new combinations or tastes, you can expect your innovations to at least drive discussion.
- Second, taste is a key component of consumer adoption. Thanks to social media, consumers are already making up their purchase decisions before even picking up a pack. That means getting early adopters hooked, and advocating your product, can make or break success in the Chinese market.
- Lastly, while we advocate keeping an open mind with new flavour profiles, you have to keep things close to home. Consumers already have pre-conceived notions of flavour associations. Candy should be sweet, chips should be savoury, and hot pot should be hot. Borrowing from adjacent categories, like chocolate borrowing flavours from cakes and ice cream from bubble tea, can amplify your results. On the other hand, breaking too far out of the frames consumers have can be a risky decision.

On top of all these changes are the shifts in the snacking category itself. Now, consumers are looking for healthier alternatives and have become savvier with their purchase decisions. It's no longer enough to stand out. Functionally and emotionally, consumers want to spend their hard-earned money on products that are going to taste good, but also provide a sense of safety, nutrition, and high quality.

***“Snacking has been on the rise for the past few years – it’s grown to be an 89 billion dollar industry, but the trends we’ve seen and I think will continue to grow are around health...Things like chocolate quinoa bars, collagen cookies, kombucha granola and probiotic cheese, ice creams blended with vegetables...recipe developers are looking to botanicals to add flavor where sugar and sodium used to be—chamomile, lavender, rose and elderflower are popular botanicals we’re seeing a lot more of.”***

**Michelle Buffardi**

VP of Digital Editorial, Food Network



## ABOUT TSI

At The Silk Initiative, we use data-led foresight to future-proof ambitious consumer brands. Our business is to create and validate data-driven brand strategy solutions for our clients' future ambitions.

TSI is one of the world's few consumer goods brand consultancies sitting at the intersection of foresight, strategy, innovation, and creative development. We work with partners across research and development, marketing, consumer insights, and futures. From our base in Shanghai, we help clients around the world make smarter brand and product decisions by combining our tools and services, excellent advisory, future-focused thinking and tangible, actionable assets.

We do this through three distinct practice areas to help companies discover, innovate, and scale their market opportunities.



**Discover.** Whether it's short-term brand diagnostic work or comprehensive brand positioning, we take a comprehensive look at your category, consumers, and competitors to provide a complete assessment of opportunities and future risks, helping you feel informed and competent as a brand owner.

**Innovate.** Our proprietary innovation development and visual design approaches bring brand, product, pack, and communication platform ideas to life. This gives your business culturally inspired, relevant solutions that will get noticed in the market today and in the future.

**Scale.** Our rigorous brand validation techniques help our clients understand the measurable future return on investment of their brand strategies. This ensures you have the confidence, excitement, and motivation to maximise your market potential.



In addition, our proprietary tool, **Navigator™**, is the industry's first dynamic data intelligence platform that collects, analyses, and visualises the China food and beverage landscape. Navigator™ looks at 10 major F&B categories from consumers across 8 key cities in China to understand drivers and trends in real time. The tool is designed to help companies make smarter decisions in food and beverage in China, particularly when it comes to innovation.

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## ABOUT THE TSI NAVIGATOR™ COMPASS

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TSI strongly believes in the importance of quantitative data when analysing and determining consumer trends. Qualitative insights are good, but only go so far. Numbers, however, speak volumes. That's why we created TSI Navigator™, the industry's first and only dynamic data intelligence platform that collects, analyses, and visualises the China food and beverage landscape. Navigator™ explores 10 F&B categories across 8 of the most important cities in China, cities where companies are looking to for growth.

The monthly TSI Navigator™ Compass is based on TSI Navigator™ trend analysis, quantitative analysis, literature reviews, and qualitative interviews with industry leaders. It also draws on TSI's industry expertise in flavour profiling, snacking, consumer products, food and beverage, and wellness.

This research is part of The Silk Initiative's continued examination of consumer trends throughout the region. With this report, The Silk Initiative (TSI) aims to educate foreign and domestic brands on the latest topics prevalent to business success in the food and beverage, consumer packaged goods, fast moving consumer goods, and wellness sectors.

This edition was written by William Brenner, Andrew Cameron, John Pabon, and Qi Zhang, with contributions from members of the TSI China team. The authors wish to thank external interviewees and other TSI colleagues who provided feedback. Any errors that remain are those of the authors. Please direct comments or questions to John Pabon at [john@thesilkinitiative.com](mailto:john@thesilkinitiative.com).

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## DISCLAIMER

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The Silk Initiative publishes occasional special reports as a contribution to the wider understanding of various business sectors. Through this work, however, TSI is not endorsing, supporting, or representing any brand, company, or organisation. The views expressed in this publication are those of its authors and do not reflect those of TSI's current or previous clients. Special reports contain preliminary research, analysis, findings, and recommendations. They are circulated to stimulate a timely discussion and critical feedback and to influence ongoing debates on emerging topics relevant to business success.

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## FORWARD-LOOKING STATEMENTS

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Certain information set forth in this presentation contains "forward-looking information." Although forward-looking statements contained in this presentation are based upon what management of the company believes are reasonable assumptions, there can be no assurance forward-looking statements will prove to be accurate. The company undertakes no obligation to update forward-looking statements except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.





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The TSI Navigator™ Compass:

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