

Compass

Does Keto Run Counter to Chinese Culture?

A Look Into How Today's "It" Diet
May Not Work in China





FOREWORD

It seems like every year there's a new diet craze taking the world by storm.

Back in the 1980s, it was Weight Watchers and Jenny Craig. Then we had Doctor Atkins and his restrictive eating habits. Now, there's intermittent fasting, OMAD, and even something called the carnivore diet. Each of these has their own set of rules and cultish followers who swear by the results.

Today's biggest "it" diet, though, has to be keto. There's no shortage of products made specifically for adherents to the fad. The most ubiquitous has to be Bulletproof Coffee, a fatty concoction mixing yak butter with coffee. But we've also got jerkies, salts, powders, peanut butters, and even specialised fruits. Companies have made millions marketing this stuff to people all over the world. While it may be a billion dollar success in the United States and Europe, you've got to wonder whether or not the diet would work in developing markets like China. In places where dieting is relatively new (and, if we're being honest, having a balanced, nutritious diet is also just taking root), are people ready to give up to slim down?

In this month's TSI Navigator™ Compass, we explore some of the ways modern fad diets blend with, and run counter to, traditional Chinese eating habits. Before you launch that next keto-friendly product in Shanghai or Beijing, take a read on whether or not it'll actually be a hit.

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.



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.



TAYLOR CHEUNG

Taylor is an analyst with The Silk Initiative. She has a strong passion for FMCG marketing, especially in the food and beverage industry, and has developed a deep understanding of consumer-based strategic marketing in China. Before TSI, Taylor played a brand development and promotion role for a well-known French alcohol brand under the Carlsberg group.



ARON SOLOMONS

As an Associate Director at TSI, Aron helps ensure all research work leads to actionable strategies that can be clearly adopted and implemented to achieve our client's business objectives. Before joining TSI, Aron worked at Mindshare in a range of strategy and insight positions both in London and Shanghai. In his spare time you will find him writing about cultural happenings connected to China.



GOLDEN HUANG

Golden works alongside TSI's portfolio of clients to ensure accurate and timely insights, relevant particularly to China's evolving consumer set. An expert in semiotic and anthropological research, Golden possesses extensive knowledge in political economy, sociology, cultural insights, and creative strategy for branding. This is especially acute with visual representation of complex societal trends.



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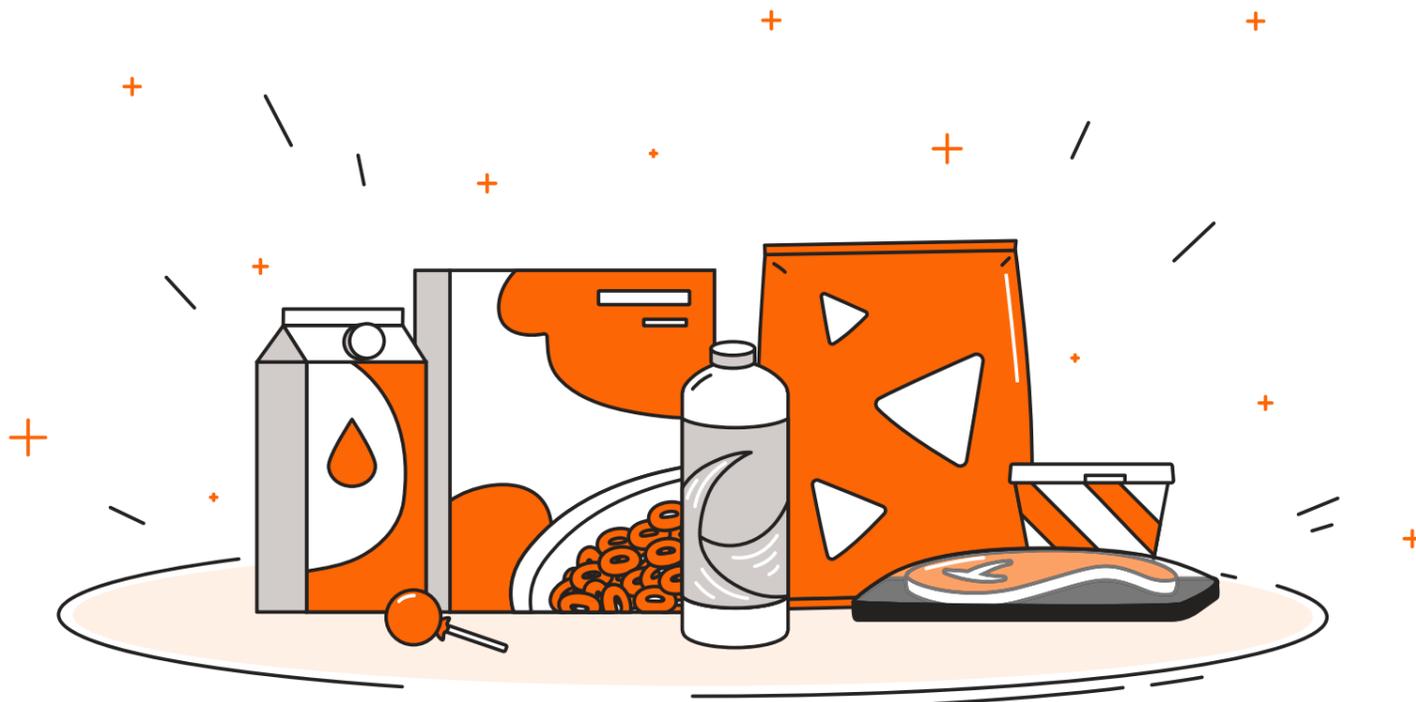
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KETO: BIG IN THE WEST; NEW IN THE EAST

US\$17.8 billion

Estimated size of the U.S. keto diet market by 2026 according to Fior Markets

The ketogenic diet, with its trademark high-fat/no-carb approach, has been a darling of the diet community over the past few years. Interestingly, keto dates all the way back to 1924. Then, it was used by doctors to treat epilepsy and other types of seizures. With an estimated growth to US\$17.8 billion by 2026, it's clear today's variant is no niche diet restricted to hospitals. Although it's extremely difficult to adhere to consistently, keto's followers praise its effectiveness with rapid weight loss, improved focus, and cellular regeneration.

Across the Pacific, though, diet fads like keto are just starting to take off. One has to remember that in developing markets, having a steady intake of nutritious food may still be hard to come by. Although disposable income has increased rapidly in places like China, there is only a generation removed from difficult experiences with famine. Asking people to now restrict their diets, especially when food is plentiful, is a difficult proposition.

Keto, in particular, has had a hard time getting a foothold in China because the premise runs counter to much of what makes Chinese diets, well, uniquely Chinese.

Although the diet, and those similar to it, have made inroads in the Chinese market, are they on a path for sustained success? In this edition of the TSI Navigator™ Compass, we explore the tensions between keto-type diets and the long-standing traditions inherent in Chinese eating habits.

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.

TENSIONS WITH TRADITIONAL CHINESE EATING HABITS

The biggest barrier to adoption in China comes down to one thing: rice.

Asian diets are practically built around this staple grain. In contrast, keto's no-carb approach makes eating rice almost sacrilegious. It's unlikely people are going to give up rice, which means a fully realised keto diet is never going to be widely popular in China. That said, consumers have still sided with modified versions of keto that fit in with the realities of their daily lives. When keto was first introduced in China, for example, it was marketed for its weight-loss capabilities. Few, if any, consumers knew about the added benefits around improving brain health, performance, or lowering blood sugar. Still today, most Chinese consumers begin keto for weight-loss or fat burning.

Having a diet high in fat also goes against what most Chinese consumers believe to be a healthy diet. Most consumers link all fat with disease. This is slowly starting to change with increased knowledge of healthy fats, but it's still early days. The introduction of keto has helped moved this education along.

But, the Chinese Food Pagoda is still primarily counter-ketogenic. The Chinese Nutrition Society's "Dietary Guidelines for Chinese Citizens" emphasises a diet based on whole grains, vegetables, and fruit with minimal consumption of oils and fats. Traditional Chinese Medicine also promotes balance to maintain health and prevent disease. Diets should balance foods that heat and foods that cool, as well as those that include the five essential flavours: bitter; sour; sweet; acrid; and, salty.



The Food Pagoda Based on the Chinese Nutrition Society's "Dietary Guidelines for Chinese Citizens"

While extremes are usually frowned upon, it's not uncommon for certain products to develop strong advocates.

"Hurrah to the magical coconut oil for restoring and replenishing hair."



"I enjoy styling my hair, like heating, curling... I'm torturing it all the time. I heard that coconut oil was the only plant oil that could replenish hair's keratin, so I use it as my hair care routine."



"Thank you for this warm-hearted stewed piggy feet, I believe it would help with healing the wound rapidly."

Consumers are now starting to learn more about keto's pros and cons. They are starting to look at it more objectively, incorporating a better balance of nutrients overall. While this may not exactly adhere to the strict protocols of keto, it is a step in a healthy direction.



MARKETING KETO TO CHINA

As a new entrant to the Chinese market, and given all it's up against, it's interesting to see how keto has marketed itself to consumers.



Reasons to Believe

The biggest reason to believe when it comes to the keto diet in China is around weight loss. Again, most consumers have not fully adopted keto by the book. Instead, they are adapting to their particular lifestyle and needs.



Target Audience

Gym rats and nutrition fanatics are the target market for keto in China. For men, it's all about the "before-and-after" shot, where the model goes from skinny to brawny with the help of keto. With women, slimming and toning is most important.



Product Range

While there's not a huge amount on the market yet, we do see a focus on butters, coconut oils, and MCT oils to help with ketosis. Bulletproof coffee also makes an appearance on sites like JD.com.



"The 34th day of my keto diet and I've already lost 14.2 kg!"



"This is my second time trying this keto alternative meal powder. I've had great weight loss so will keep having them!"



"My favourite dish during keto!"



KOLs explaining how the keto diet isn't for everyone, why it might not be a good idea as a long-term diet, but may be a good solution for effectively losing weight fast.

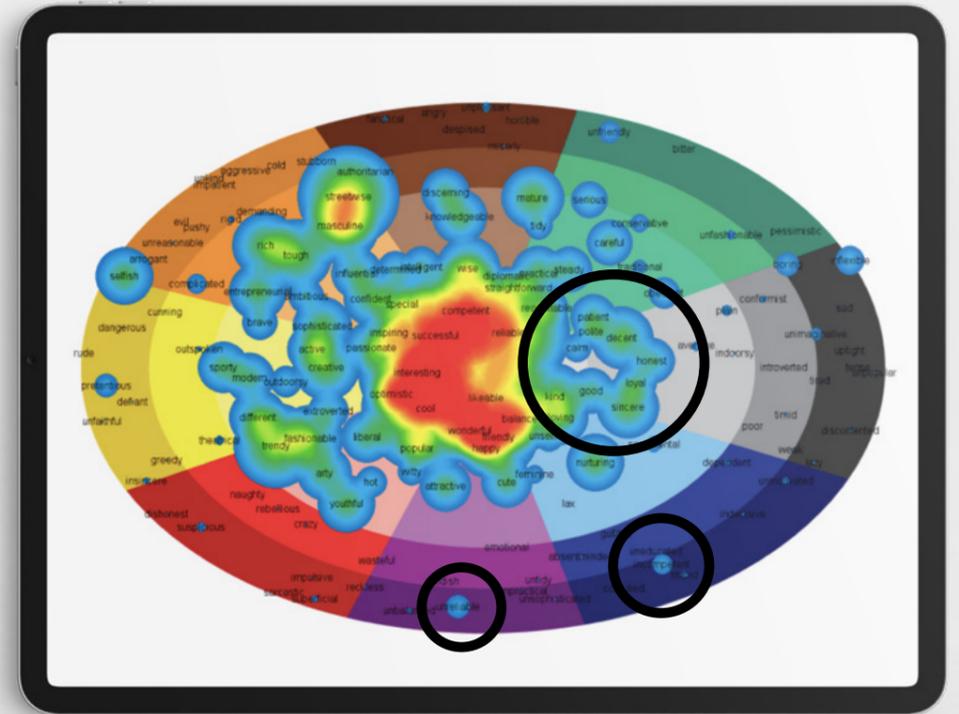
WHAT TSI NAVIGATOR™ TELLS US

In China, the most popular keto-friendly product is coffee. This includes bulletproof coffee as well as other variants from local and multinational brands. To try and figure out consumer perceptions around keto in China, we took a look at some of these keto-specific coffee products and compared them to standard coffee drinks.

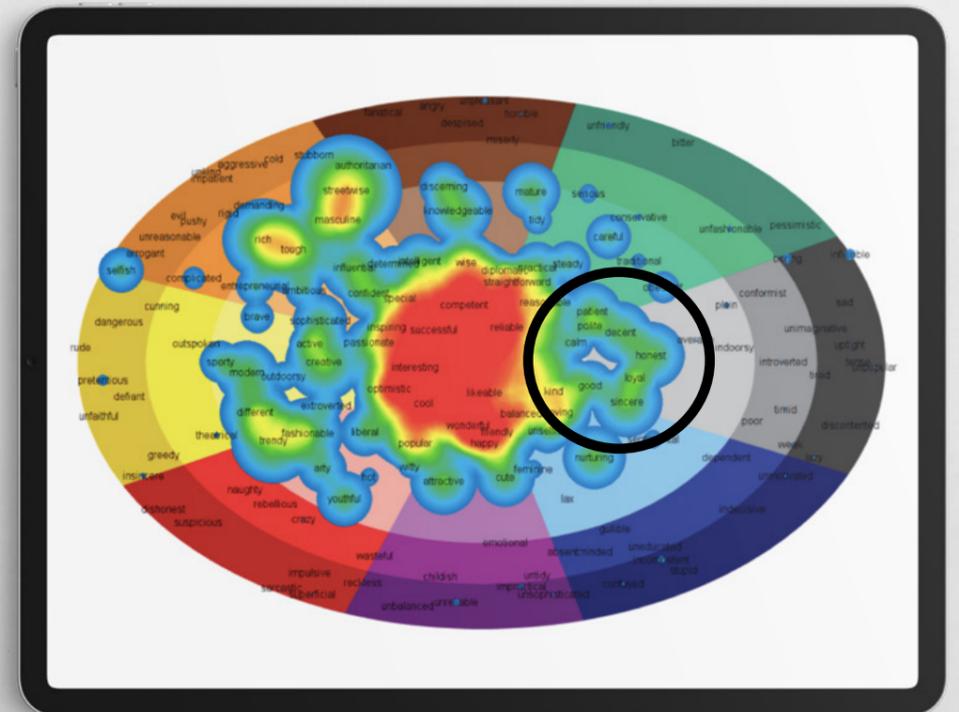
Running these products through TSI Navigator™, what does the data tell us? Overall, keto-friendly products not only have a lower purchase intent, but also score lower in functional attributes around safety. In short, consumers don't feel keto products are a safe alternative.

We also see the same perceptions through our heatmap analysis. Keto coffee appears to consumers as "unreliable," "incompetent," and "pretentious." It also performs relatively poorly on associations with being patient, honest, and sincere compared to the non-keto coffee product.

The non-keto product had almost no negative emotional attributes, and showed up quite positively in terms of being honest, patient, and sincere.



Keto coffee



Non-keto coffee



CONCLUSION

So the ultimate question is whether or not it's the right time to launch that newest diet product into the Chinese market. TSI has written before on the rapid adoption of healthy lifestyles, fitness, and nutraceuticals among Chinese consumers. Yet, there is still a long road ahead. The market is just starting on this journey, which means there is plenty of white space to play in. It also means the barriers to adoption are going to be high and reception uncertain.

While we can't say definitively if your product is going to be the next big fad in China, the keto experience does point to three particular aspects to consider before diving in.

- First, like any other product looking for success in China, adoption to regional and cultural realities is critical. This may mean tweaking some of the core mantras inherent in a brand, like the keto diet, so that adoption fits into established consumption patterns.

- Next, when marketing fad diets to Chinese consumers it's all about body image. Rapid weight loss for women, and bulking up for men, are what consumers are looking for. The added benefits around aspects like mental clarity and cellular regeneration are a distant second when it comes to reasons to believe.
- Lastly, safety is a key variant with keto and other diet products in China. Right now, consumers don't find these fad products to be particularly safe. Nor do they see them as relatable. A successful product is going to have to find a way to address these key functional attributes and put consumers' minds at ease.

What's clear is that plugging-and-playing is the wrong approach when it comes to this category. An intimate understanding of the market, trends, and consumer habits is probably more important here than in other, newer segments. Although tradition may run counter to the strict protocols in diets like keto, that doesn't mean a market changing at lightspeed, like China, can't find room to adopt.

TCM herbs are often taken dried and ground into powder either in a capsule or boiled into a tea. It is a product and format that easily fits into already established consumption patterns.



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.

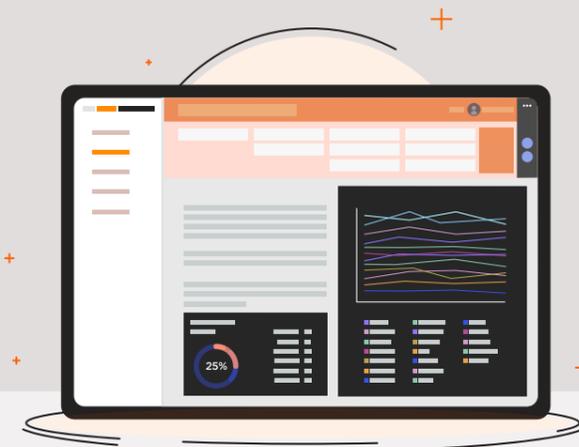
We do this through three distinct practice areas to help companies discover, innovate, and scale their market opportunities.



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.

ABOUT THE TSI NAVIGATOR™ COMPASS

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, Taylor Cheung, Golden Huang, John Pabon, and Aron Solomons, 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.

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Aron Solomons

Associate Director
aron@thesilkinitiative.com

John Pabon

Marketing and Communications
john@thesilkinitiative.com

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