

The Consumers of China's Emerging-tier Cities

2025

 daxueconsulting





Table of Contents

1. Why China's emerging-tier markets have untapped potential	05
2. How industries penetrate and grow in the emerging-tier market	12
3. The lifestyle of emerging-tier cities	22
4. How coffee & milk tea win over emerging-tier consumers	28
5. How brands can leverage e-commerce to reach emerging-tier city consumers	35
6. Hypotheses	40
7. About Daxue Consulting	43

About our methodologies

We scraped and analyzed 30 million Chinese social media posts **about emerging-tier markets** to understand how **the markets develop** and how they **reshape Chinese business models** and **what industries will benefit from this development**. Our analysis explains why the market emerges, the market scale, and related industries, and we provide brand cases for a concrete understanding.

Social listening analysis



30 million posts analyzed



3 social media platforms analyzed



10 related industries included



Douyin
69%



Weibo
26%



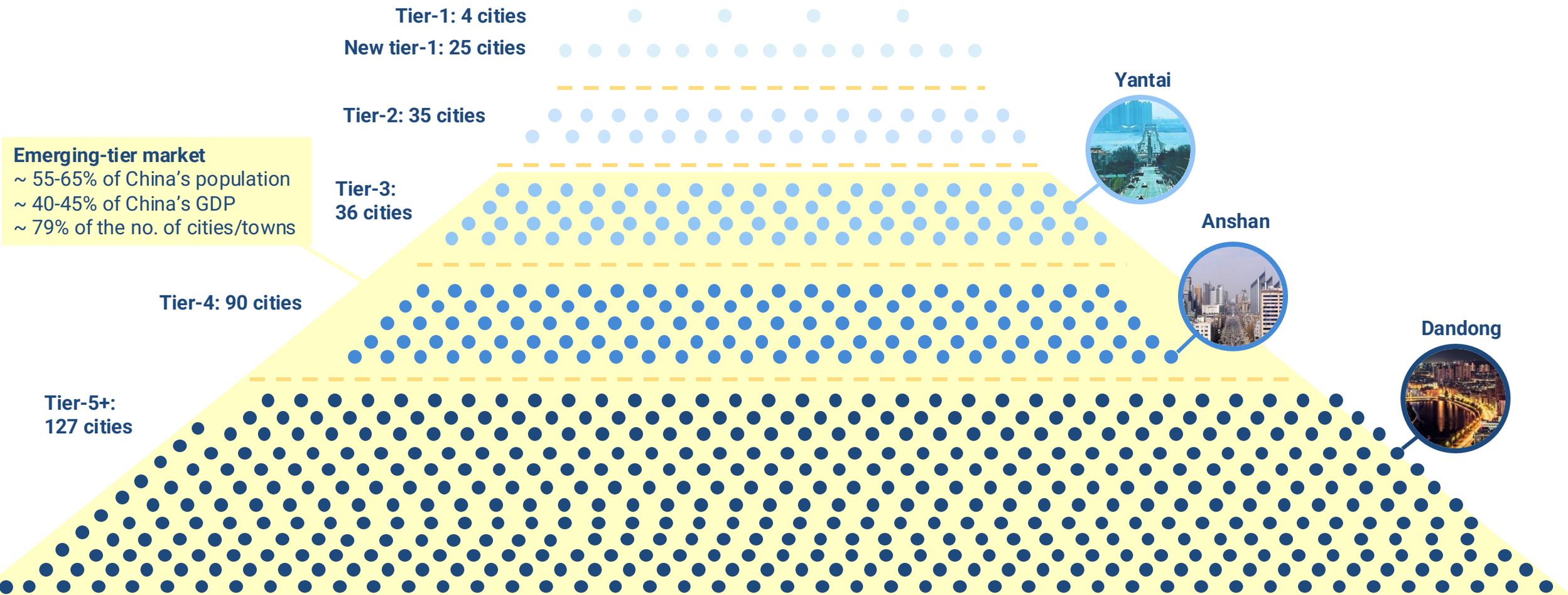
RedNote
5%

Extracted posts by keywords (下沉市场 emerging-tier markets, 下沉经济 emerging-tier economy, 低线城市 Lower-tier cities, 县城 county towns, 小城市 small cities, 三线城市 tier 3 cities, 四线城市 tier 4 cities, 五线城市 tier 5 cities)

Extracted period from 2023.1 to 2025.6

Which Chinese cities are a part of the emerging-tier market?

As competition for brands in high-tier cities like Shanghai and Beijing gets intense, and the disposable income growth for lower-tier cities outpaces high-tier, it's time for brands to consider their strategy in these often-overlooked areas.



1

**Why China's
emerging-tier
market has
untapped potential**

A scenic landscape featuring a woman in a dark coat and a large white hat walking a husky dog on a grassy hill. In the background, there are rolling green hills, a dirt path, and distant mountains under a clear sky. To the left, there is a white arched trellis structure. To the right, two small deer are visible on the grass.

“[China] still has 500 million people who have not used [seated] toilets and 1 billion people who have never taken a plane. If we tap part or most of that demand, we can release huge growth potential.”

- Liu Shijin, Former deputy director at the Development Research Center of the State Council of China

The emerging-tier market is the next frontier for future market development

In 2025, the GDP of emerging-tier markets is expected to reach RMB 110 trillion. Meanwhile, the per capita disposable income of rural residents has grown faster than that of urban residents in recent years.

2025 estimated economy scale of the emerging-tier markets



RMB 110 Trillion
GDP

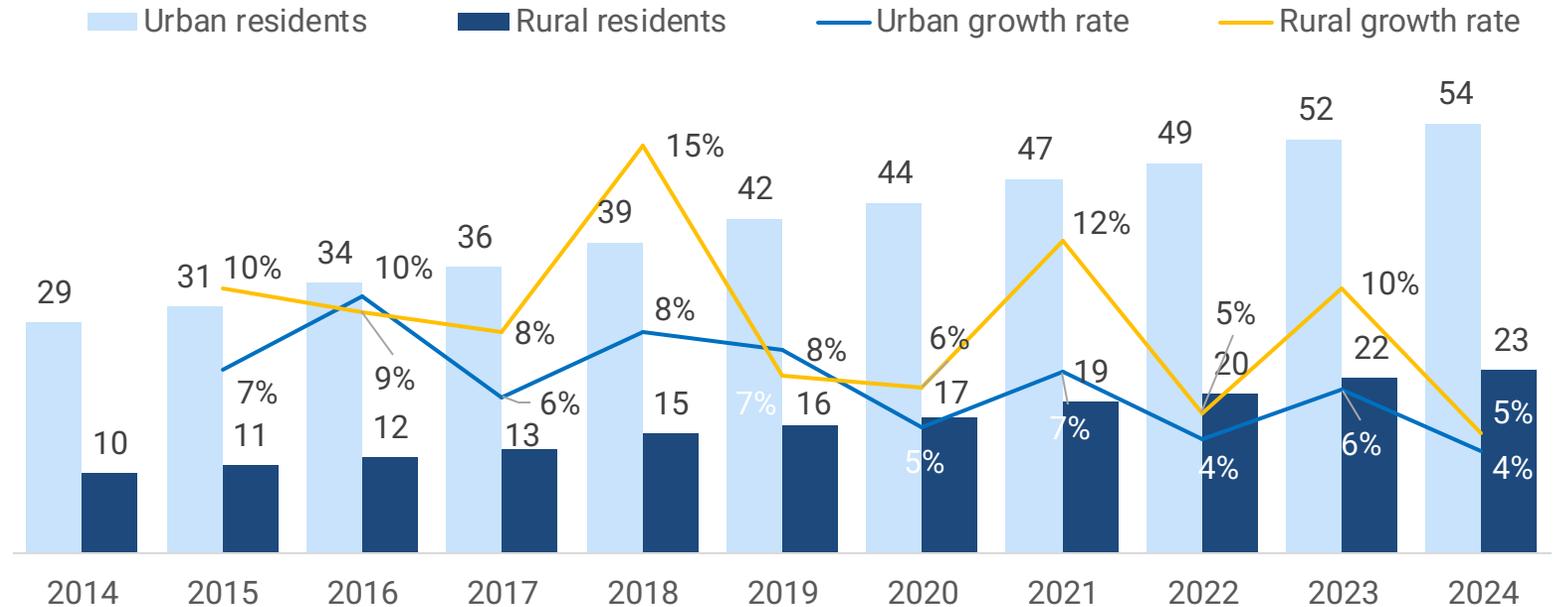


RMB 35 Trillion
Retail sales

The total retail sales of consumer goods account for roughly **48%** of the national consumption, with over **two-thirds of future consumption** growth expected to originate from emerging-tier cities.

Source: Shopex

Annual per capita disposable income of urban and rural residents in China in thousand RMB



Data source: National Bureau of Statistics of China



We're **earning a lot more now** than when we were growing up. Life **feels more comfortable**, and we can finally **buy things we want without thinking twice**.



-Young, tier-3 city netizen

Government policies are fueling consumption in emerging markets

Investments in infrastructure, digital access, and local industries empower lower-tier residents to spend more, travel more, and participate in China's consumption upgrade.



Urbanization development

- **Urbanization strategy (城镇化战略):** Ongoing investment in roads, high-speed rail, airports, and logistics networks improves connectivity between lower-tier cities and major hubs.
- Expanding **transportation access** unlocks mobility, tourism, and retail opportunities.



Rural revitalization

- China's national strategy (十四五规划 & 乡村振兴战略) emphasizes boosting rural incomes through agricultural modernization, infrastructure upgrades (roads, utilities, and broadband), and social investments in housing, healthcare, and education.
- Supports **consumption upgrading** in smaller cities as disposable incomes grow.



New digital economy initiatives

- Policies promote **e-commerce penetration** in lower-tier cities (via platforms like Pinduoduo, JD.com, Douyin).
- **Digital Countryside Strategy (数字乡村战略):** Expands digital infrastructure, enabling livestream e-commerce and mobile payment adoption.



Support for local tourism

- **Cultural and tourism development policies** highlight non-first-tier cities as new growth engines.
- Subsidies for **night markets, cultural heritage projects, and rural tourism** strengthen local economies and attract urban visitors.

Sources: Open source on government websites

China's logistics infrastructure is inching towards 100% national coverage

Logistics reach is key to boosting low-tier city economies. Rural areas are experiencing expanding infrastructure (county-level highways), increasing delivery efficiency (more village stations), and cutting costs through tech like automated sorting and unmanned delivery.

China Post's drone-powered logistics hubs for rural last-mile delivery



关注

Drones truly shine in remote mountainous villages

Just saw Henan launch its first postal drone delivery service for rural areas—a pilot program with 11 routes covering 11 villages and 4,000+ residents. Delivery time slashed from 1 hour to under 10 minutes.

I recall a 'Moving China' awardee—a rural mail carrier who trekked mountains on donkeys and horses, often falling ill from the harsh conditions. This is where 'tech progress' feels most meaningful.

说点什么...

159

5

11



Transportation infrastructure

With expanded high-speed rail and highway networks reaching every county, nationwide package delivery has become more seamless.

- **Highways:** A total of **5 million km** of rural roads will be nationally paved by 2035. In 2024, **2/3** of provinces have **connected highways to each county**.
- **High-speed railway:** Until 2025, **97%** of cities with a **population over 500,000** are covered with **high-speed railway, and coverage** is extended to those with smaller populations.
- **Inland waterways:** **128,153 km** of navigable waterways were built by 2023.



Express delivery network

China built a comprehensive express delivery network spanning urban and rural areas through integrated package stations, distribution centers, and service centers.

- County hubs and village stations accelerate delivery efficiency while expanding to undeveloped western regions, and enabling two-way farm-to-city commerce.
- Automated package sorting tech and drone hubs significantly improve efficiency and reach.

Sources: The Ministry of Transport released the Statistical Bulletin on the Development of the Transport Industry (2024), News China

Emerging cities are driving demand in new growth categories

From advanced tech and home upgrades to bolder food choices, rising incomes and lifestyle shifts are fueling categories with strong growth potential.

Most trending categories online by city-tier

From 2025.1 to 2025.6

People in emerging-tier cities show strong interest in advanced tech beyond drones and EVs. With higher marriage rates than in top-tier cities and with rising disposable incomes, they are renovating their homes for greater comfort—driving higher demand for home appliances.



DJI's drone cameras



In the country, using drones to replace manual pesticide spraying

When it comes to food, they show greater interest in snacks and bold-flavored dishes compared to people in top-tier cities.

Tier 3 and lower-tier cities

Mobile phone

Clothing

Electric vehicle

Coffee

Drone

Air-conditioner

Hot-Pot

Cake

Snacks

Refrigerator

Tier 1 & 2 cities

Mobile phone

Clothing

Car

Perfume

Computer

Coffee

Climbing rope

Robot

Drone

Traditional Han Chinese attire

High-tier city residents show stronger interest in **lifestyle trends**, spending time **exploring non-essentials** like perfumes and traditional Chinese attire, as well as **hobby-related products** such as the now-popular rock climbing.

3C product

Food & beverage

Lifestyle & sports

Sources: Daxue Consulting social listening

Coffee, tea, and tourism make their way to emerging-tier cities

In the past three years, discussions about lower-tier markets have covered a wide range of sectors, with the most talked-about topics being freshly made beverages, medical aesthetics, fitness, and county-level tourism.

The most-discussed topics about the emerging-tier market



Which industries show vitality in emerging-tier cities

Rapidly expanding e-commerce

Improving **logistics** fuels **e-commerce growth**, and therefore live streaming, JD, and food delivery. These consumers prefer vibrant colors in livestreams.

Livelier offline street life

A **vibrant offline market** drives the rise of **shopping hubs and night markets**.



From city clinics to countryside retreats

Medical aesthetics, fitness, and healthcare expanded from first-tier cities.

Freshly-made drinks delight the palate

Milk tea shops remain highly popular in smaller cities, with **Mixue** being the most talked-about brand. **Coffee shops** are gaining traction. Milk tea brand Mixue and coffee brand Luckin are often opened together.



Sources: Daxue Consulting social listening, Shopex

2

How industries penetrate and grow in emerging-tier market



“Consumers in coastal China may be getting wealthier and trading up ... but China’s interior and lower-tier cities will continue to be a vast market for us.”

- Michael Yeung, President, Wrigley Asia Pacific

Photo: Lijiang, a tier-5 city in Yunnan

Emerging-tier city consumers shift from gas-scooters to affordable EVs

EVs perfectly fit emerging-tier markets' needs with their shorter-range capabilities (matching lower daily mileage requirements) and budget-friendly pricing—especially as second family cars, catering to the region's higher multi-child household ratios.



Automotive

+93% Posts about automotives year-over-year

Most-discussed keywords online in the emerging-tier market

Volkswagen



Charging pile

充电桩

Xiaomi ⚡🇨🇳



Commuter car

通勤车

BYD ⚡🇨🇳

比亚迪

Cost-effectiveness

性价比

Honda



Wuling 🇨🇳

五菱宏光

Geely 🇨🇳



吉利

⚡ Electric-focused car brands

🇨🇳 Chinese brand

Brand preferences in the emerging-tier market

- **Domestic brands** (e.g., BYD, Geely) dominate discussions due to high cost-performance ratios (government subsidies enable aggressive pricing ¥30k-100k), precisely attracting county-tier consumers.
- **Legacy foreign brands** (e.g., Volkswagen, Honda) retain deep trust among consumers.

Functional fit for local needs

- **Meet needs of daily commutes**, EVs with 150-300km ranges perfectly match small-city travel patterns (average round-trip commute <10km).
- **Family Utility as second car**, high multi-child household ratios, because they have lower living costs, favor EVs as secondary cars for grocery runs/school drop-offs.



Popular EV from Wuling as a family's second vehicle

Sources: Daxue Consulting social listening

Affordable indulgence and tradition drive beverage growth in lower-tier cities

From milk tea and cost-effective coffee to banquet-ready Baijiu, brands succeed by balancing price accessibility with cultural and social relevance.



Milk tea & Coffee

+110% Posts about milk tea & coffee year-over-year

At RMB 5-10 per cup, milk tea matches county-level budgets while satisfying sweet cravings, making it an “spiritual affordable luxury.”

One cup of milk tea, double the happiness
#奶茶一杯快乐加倍

+70%

YoY at tier 3 and lower-tier cities



Price at Mixue:
Milk tea RMB 8-10,
Lemon tea RMB 4

RMB 9.9 flavored coffee at Lucky Coffee in the emerging-tier market

Local coffee brands spread coffee drinking culture by offering RMB 10 coffee. This brings China's growing coffee culture to an increasing number of young office workers in rural areas.

Sources: Daxue Consulting social listening, Sina Finance



Alcohol

+88% Posts about alcohol year-over-year



爱穿平底鞋的小矮个

关注

Wedding Prep: Custom Liquor Bottles Edition~

Dad insisted we design bottles of Baijiu for our wedding, and the result was absolutely stunning! The vibrant red design looks incredibly festive, perfect for our banquet.

说点什么...

559

324

116



Amid health trends, high-ABV Baijiu sales decline yearly, pushing Baijiu repositioning from luxury to table liquor. Yet, lower-tier markets still show a large demand for banquets as they are more tradition-oriented compared to top-tier market consumers, and view generous Baijiu servings as hospitality.

Specialized snack stores beat grocers in the emerging-tier market

Snack stores offering a wide variety of snacks and, by cutting out middlemen to lower prices, cater to the preferences of residents in lower-tier markets.



Snack

+100% Posts about snack year-over-year

Most-favored snacks in the emerging-tier market



Spicy strips (辣条)



Pickled phoenix claws (泡椒凤爪)



Egg yolk pastry (蛋黄酥)



Hsu Fu Chi Sachima (沙琪玛)



Self-heating hot pot (自热火锅)



Spicy duck neck (辣味鸭脖)

  Spicy and sweet flavors are more welcome in the emerging-tier market.

Why do consumers gravitate to dedicated snack stores?

Willingness to indulge

Low city-tier consumers are less health-conscious and have more leisure time, thus shop more often and are more open to indulgent snacks.

A broader appetite for region-specific snacks

Snack stores frequently launch localized snacks, like river snail noodles in Guangxi.

Affordable variety

Thousands of SKUs and frequent new launches keep customers "hunting" for novelties. Bulk sourcing enables prices lower than supermarkets. A bright shopping environment impulse purchase.

Prices are way cheaper than supermarkets, with endless variety. I love the shopping vibe - whole stores of snacks to freely explore and mix!

- Young mom, in tier 5 city



Sources: Daxue Consulting social listening

Local chains dominate China's fast-food market with more localized options

Chinese burger brand launches "Chinese-style burgers" to cater to the Chinese palate, which also gives buyers an added sense of national pride.



Fast food

+97% Posts about fast-food year-over-year

Global giants face a challenge due to the rise of competitive domestic fast food brands.

Top-discussed topics

from 2025.1-2025.6

Post volume growth

YoY

Tastien (塔斯汀) China Burger* 116%

Fried chicken 33%

KFC -29%

McDonald's -54%

“

Tried **Tastien's Mapo Tofu Chicken Burger** today when I dated with my girlfriend. The burger is surprisingly delicious! It is a **Chinese twist** with a hint of spice and savory sauce! And at **just ¥10**, it's cheaper than bubble tea. The packaging also had a **cool traditional Chinese design**.



- College student in tier 3 city



Tastien (塔斯汀) China Burger

A rising Chinese **fast-food chain** focusing on the emerging-tier market, redefining burgers with a **local twist**.



Peking duck burger

"Chinese-style Burgers": Unique flavors like *Peking Duck* and *Braised Pork Belly*.



"Guochao" (国潮) packaging

Affordable & Trendy: Targets emerging-tier cities with prices lower than McDonald's/KFC, while using **"Guochao"** (国潮) branding to appeal to youth.

Sources: Daxue Consulting social listening, 36Kr, Sina Finance

Appliances become symbols of status in lower-tier cities

Gift-giving, marriage, and retail innovation shape consumer choices, turning appliances into both practical and emotional investments.



Home appliance

+348% Posts about home appliances year-over-year

Most-discussed keywords online in the emerging-tier market

Senior-friendly

老人友好

Worth showing off

值得炫耀

Refrigerator

冰箱

Village house adapted

农村房适应

Replacement

焕新

Wedding house

婚房

JD electronics

京东电器

Durable

耐用

Rigid demand

刚性需求

Air conditioner

空调

Sources: Daxue Consulting social listening

Key factors fueling market expansion

Urban youth buy durable, easy-to-use appliances (e.g., washing machines) to **upgrade rural parents' homes**.

Higher marriage rates in emerging-tier cities drive demand for premium, showpiece appliances in newlywed homes.



Xiaomi's voice control rice cooker

TCL Ultra-thin 75-inch TV for the youth showing off

JD experience store + doorstep delivery

JD dominates the emerging-tier market with 28k **county experience stores**, enabling **"touch-and-order"** shopping, while its localized logistics deliver appliances **door-to-door within 24 hours**. Coupled with government subsidy integrations and **12-month interest-free installments**, it solves rural consumers' trust and affordability gaps in one ecosystem.



JD offline electric experience store in the county



The delivery truck in the countryside

E-commerce in emerging cities blends fun, influence and local roots

Short-video shopping drives impulse buys, while farm-to-platform livestreams and AI-driven planting strengthen trust and expand specialty sales.



E-commerce

+107% Posts about e-commerce year-over-year



The Guangdong Couple* **cracks me up!**
As a longtime fan, I love both **their comedy and the affordable deals** in their **livestreams**.

- A middle-aged woman in tier4 city

* The Guangdong couple, top KOLs in livestreaming commerce, attract followers by creating eye-catching and humorous videos, and then monetize through livestreaming.

Laugh = Dish Duty!



Short video platforms integrate entertainment and shopping experience, especially driving impulse buys in emerging-tier markets via **KOL live-streamers**.

Meanwhile, **trends from tier-1 cities** also stimulate the demand of local residents to **imitate**.

Sources: Ministry of Agriculture and Rural Affairs of the People's Republic of China, Daxue Consulting social listening



Local specialty*

+553% Posts about local specialty year-over-year

*mainly refers to local agriculture products and snacks

E-commerce platforms boost rural agriculture and specialty sales by **creating dedicated farm product sections** with zero-commission policies and traffic support, while farmers **use field livestreams to build origin trust**.

Meanwhile, **Alibaba's AI consumption data** guides planting choices by tracking market trends.



Farmers livestreaming from their fields to increase consumers' trust in the product's origin



Alibaba's offline digital farming base in Quzhou

Affordable style and accessible journeys reshape emerging markets

With rising luxury curiosity, trusted domestic beauty, and growing weekend tourism, lower-tier consumers create new consumption frontiers.



Fashion & beauty

+122% Posts about fashion & beauty year-over-year

Emerging-tier market's social media discussions highlight **fast fashion and domestic sportswear** (prizing affordability/comfort). While luxury brand awareness grows, with **second-hand luxury** gaining traction for its **budget-friendliness**.

Most-mentioned fashion brands

Brands	Volume
Lining	7987
Nike	5499
Tucano	4360
Adidas	3462
Ief	3346
Dior	2882
HLA	2640
Anta	2397
Warrior	2340
Urban Revivo	1960

Most-discussed beauty brands



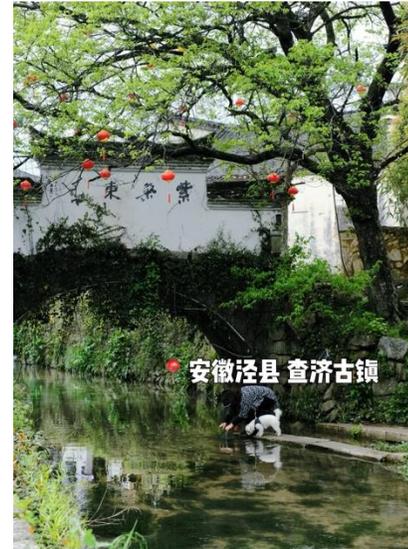
Beauty discussions favor **established domestic brands**, then function-driven emerging brands, with county consumers prioritizing **'high-efficacy'** and **'affordable'** local options.

Sources: Daxue Consulting social listening



Weekend travel

+104% Posts about travel year-over-year



Ancient towns and night markets for county town travel shared on XHS

Expanding **high-speed rail**, **cost-effective local organic food** (from 20 yuan), and **affordable stays** (50% cheaper than tier 1-2 cities for comparable hotels) boost access to emerging-tier cities' tourism. Visitors gain both **pristine nature and grassroots experiences**—like night markets—missing in urban centers.

Luxury's next frontier lies outside the flagship

From reverse tourism to freelancing professionals, lower-tier markets demand creative ways to keep aspirational lifestyles alive.



Luxury

+53% Posts about luxury year-over-year

Most-mentioned luxury brands

Brands	Percentage*
Dior	23%
Gucci	21%
Louis Vuitton	18%
Chanel	17%
Hermès	13%
Burberry	9%
Prada	6%
Fendi	3%
Bulgari	3%
Cartier	2%

Store closures in lower-tier cities

Many global luxury houses are scaling back standalone boutiques in lower tier cities due to weak demand density, high operational costs, and counterfeit competition. Instead, brands are pivoting to travel retail hubs, pop-ups, and digital activations to reach these consumers without the heavy fixed cost of store

"Reverse urbanization" luxury consumers

A growing group of young professionals leaving tier-1 cities for more affordable tier-3/4 lifestyles while keeping tier-1 consumption habits. They maintain demand for luxury fashion, skincare, and experiences, creating opportunities for online luxury retail, O2O delivery, and targeted marketing in these cities.

Tourism flows & luxury purchases

Many lower-tier city residents travel to tier-1 cities for tourism, business, or family visits. These trips are key purchase moments: they seek authenticity, trust, and prestige when buying luxury in flagship stores. Brands should capture this by linking CRM between travel patterns and store activations, e.g., special shopping experiences for tourists from lower-tiers.

**Percentage in all luxury related conversations*

Sources: Daxue Consulting social listening

3



The lifestyle of emerging-tier cities

“Aspirational brands... will become even more important as [China’s] new upper-middle-class opportunity grows... yet the consumer mass market still wields power.”

- Alan Jope, Former CEO of Unilever



Photo: Sanya, a tier-3 city in Hainan

Beauty standards in emerging-tier cities are less influenced by foreign countries

Aesthetic preferences diverge: natural sophistication dominates in high-tier cities, while glam and dramatic beauty lead in lower-tiers.



High-tier cities



- Favor **natural, sophisticated and minimalist** beauty. More inspired by Korean/Japanese looks or a polished Western aesthetic
- **Skincare-first** mindset: clear, glowy skin > heavy makeup.
- **Slim but healthy** body ideals, stronger **fitness** culture

Top mentioned brands

LA MER CharlotteTilbury  lululemon



Low-tier cities



- Tend to favor **noticeable, glamorous**, and more **dramatic** beauty: Brighter lipstick, heavier eye makeup, sharper brows.
- **Fair skin + big eyes** remain strong ideals (sometimes with cosmetic enhancements like double eyelid surgery or color contacts)
- Slimness is more admired, but with less emphasis on fitness culture. **Diet** products and **whitening** remain more relevant.

Top mentioned brands

PROYA
珀莱雅

JUDYDOLL
橘朵

LEDiN
乐町

Beauty trends often start in high-tier cities and trickle down, with lower-tier consumers adopting more affordable/localized versions.

Domestic beauty brands thrive in emerging markets by mixing high-tier aesthetics with price-accessibility.

Sources: Daxue Consulting social listening

How emerging-tier city residents entertain themselves

In lower-tier cities, entertainment is highly social, digital-first, and value-driven. Integrating commerce with leisure is essential to capturing attention.

In lower-tier cities, shorter working hours and limited commuting mean residents **enjoy more leisure time**. Around **75%** of residents finish work before 6 pm. This allows for longer daily engagement in entertainment: on average 1.24 hours on short videos, 0.6 hours on online shopping, and 0.7 hours on gaming.

Top-mentioned activities

Emerging-tier market

- ✓ Short-video platforms 26%
- ✓ Gaming 13%
- ✓ Family gathering 9%
- ✓ Shopping 8%
- ✓ Karaoke 6%
- ✓ Mahjong 3%

Top tier market

- ✓ Short-video platforms 18%
- ✓ Shopping 15%
- ✓ Massage 8%
- ✓ Gaming 6%
- ✓ Karaoke 5%
- ✓ Family gathering 5%



Short-video platforms such as **Douyin** and **Kuaishou** dominate leisure time. Lower-tier residents spend hours daily on snackable entertainment.



Mobile games (Honor of Kings, PUBG, Genshin Impact) are hugely popular as accessible, social pastimes. **Internet cafés** and **esports events** remain vibrant in smaller cities compared to high-tier urban areas.



In lower-tier cities, 97% of young people live in the same city as their parents, and 40% of them live with their parents. **Family gatherings**, **Karaoke** (KTV) and **mahjong** remain core to leisure culture. Local cafés, milk tea shops, and KTVs serve as social hubs.



Malls and pedestrian streets double as lifestyle destinations, dining, shopping, and leisure all in one. Lower-tier residents enjoy **“mall culture”** more than high-tiers, where time is more fragmented.



Internet cafe



Mahjong



KTV



Mall

Sources: Daxue Consulting social listening; BA Capital

Reverse tourism (反向旅游): Why lower-tier cities are becoming travel hotspots

Lower-tier cities are emerging as desirable destinations, offering affordability, authenticity, and a slower pace of life

High value for money

- With economic uncertainty, travelers are shifting away from expensive destinations. Lower-tier cities offer **high cost-performance** (性价比) and a more relaxed travel experience.
- On Xiaohongshu, the hashtag **#UnderratedHiddenGems** 被低估的宝藏小城 has reached **1.23 billion views**.

Rise of “new Chinese style” tourism

- Interest in **intangible cultural heritage, traditional crafts, and local cultural experiences** is surging.
- Many of these experiences, from paper-cutting villages to tea culture tours, are rooted in lower-tier or regional cities.
- This aligns with young travelers’ search for **authenticity and cultural depth**.

The “lying flat” (躺平) mindset

- Under pressure from big-city life, young people are rejecting rushed itineraries.
- They prefer **slow-paced, restorative trips** to smaller cities with natural scenery, hot springs, local cafés and markets.
- Travel is reframed as a form of **escape and relaxation**, not a checklist of attractions.

Top-mentioned destinations



Jingdezhen



Quanzhou

Top-mentioned destinations



Guizhou



Qingzhou

Top-mentioned destinations



Moganshan



Anaya

Sources: Daxue Consulting social listening

©2025 DAXUE CONSULTING
ALL RIGHTS RESERVED

Emerging-tier city residents' relationship with health and fitness

Emerging-tier city residents' relationship towards fitness is still growing, with a large focus on weight-loss and combatting aging.



Health awareness growing, but practical

+156% Posts about health year-over-year

- Rising concern about diet, wellness and longevity, but less emphasis on “lifestyle branding” compared to high-tier cities.
- Strong reliance on **traditional remedies, herbal supplements** and **functional drinks** (e.g., wolfberry tea, vitamin beverages).
- Weight management often pursued through **quick fixes** (slimming teas, diet pills) rather than long-term lifestyle changes.



Fitness culture still emerging

+85% Posts about fitness year-over-year

- Gyms and boutique studios are less common compared to higher tier cities; residents rely on **public parks, square dancing** 广场舞, **morning runs, and community sports** (badminton, basketball).
- Douyin/Kuaishou influencers promote easy home workouts such as Baduanjin 八段锦, traditional Chinese exercise. Fitness apps are growing but adoption lags behind high-tier cities.

Most-discussed health/fitness-related keywords

Home workout

居家健身

Square dancing

广场舞

Tai chi

太极

Health supplements

Wellness tea

保健品

Baduanjin

养生茶

Losing weight

八段锦

TCM

减肥

Anti-aging

中药

抗衰



Wolfberry tea



Square dancing



Home workout Baduanjin

Sources: Daxue Consulting social listening

©2025 DAXUE CONSULTING
ALL RIGHTS RESERVED

4

**How coffee & milk
tea win over
emerging-tier
consumers**

“Third- and fourth-tier cities are the next ‘blue ocean’ for the coffee industry.”

**- Shi Jun, Secretary General, Coffee Professional Committee,
Shanghai Food Association**

Photo: Shantou, a tier-3 city in Guangdong

Beverages are perceived as an extension of relaxed, pleasure-seeking lifestyle

Compared with people who live in top-tier cities, residents from emerging-tier markets are more likely to associate beverages with a leisurely, slow-living lifestyle. Furthermore, both of them view milk tea in particular as a source of happiness.

Top-discussed topics by post volume growth rate of milk tea and coffee Emerging-tier market vs. the top-tier market

From 2025.1 to 2025.6

Topic in the emerging-tier market	Growth rate	Topic in the top-tier market	Growth rate
Daily plog*	2,812%	Daily plog*	1,543%
My life in the countryside	1,530%	Happiness from a cup of milk tea	988%
Happiness from a cup of milk tea	833%	Happiness from a cup of coffee	805%
Happiness from a cup of coffee	382%	Daily life of a coffee enthusiast	396%
Removable coffee cart	148%	Coffee recommendation	318%
Slow living	116%	Coffee knowledge	230%
Enjoy the leisurely time	75%	Daily vlog	184%
The way summer should be	72%	Coffee bean	109%
Coffee shop	600%	The way summer should be	100%
Heard that drinking coffee can make a person more elegant	20%	Coffee daily	20%



It's Saturday, and I saw Mixue's coupon on XHS of **RMB 9** for a new drink. I'm so glad that our small town has a **tasty milk tea brand**. And it **instantly lifted my mood!**
#happinessfromacupofmilktea
#thewaysummershouldbe

-Young office worker in Lanzhou

Topic associated with chill lifestyle

* Plog is a picture-based life update on social media

Sources: Daxue Consulting social listening

Brand discussions intensely focus on milk tea & coffee from RMB 5 to 15

Emerging-tier consumers are still developing habits around specialty drinks, so discussions and purchases concentrate on budget-friendly chains, unlike top-tier cities, where premium coffee gear and beans also trend.

Top mentioned brands of milk tea and coffee by post volume growth rate

Emerging-tier market vs. the top-tier market

From 2025.1 to 2025.6

Brand name	Growth rate	Average price RMB	Brand name	Growth rate	Average price RMB
Mixue 蜜雪冰城 	295%	5	Luckin coffee  瑞幸咖啡	311%	15
Good me 古茗 	168%	15	Nespresso  奈斯派索	94%	20
Luckin coffee 瑞幸咖啡 	80%	15	<i>Coffee shop & coffee machine</i>		
Costa 咖世家 	32%	20	Manner  慢勒咖啡	72%	15
Heytea 喜茶 	23%	15	Quchashan  去茶山	68%	20
Tims 天好 	4%	20	La Marzocco  <i>Premium coffee machine</i>	50%	20
			MStand 	16%	30



The most favored drink of **Good me**
Grape cheese fruit tea



The most favored drink of **Mixue**
Cheese milk green tea



The most favored drink of **Luckin**
Coconut latte

Sources: Daxue Consulting social listening



Milk tea brand



Coffee brand

The differences in beverage needs between emerging-tier market and top-tier market

Consumers in emerging-tier markets show stronger preference for sweetened beverages, higher price sensitivity, and relatively lower brand loyalty.

Milk Tea & Coffee market analysis Emerging-tier market vs. top-tier market

Emerging-tier market (Tier 3-5 cities)

Top-tier market (Tier 1-2 cities)

Product

- **Milk tea dominates**, early coffee adoption
- Preference for **high-sugar, value-for-money drinks** (e.g., pearl milk tea)
- **Key brands:** Mixue, Good Me

- **Dual popularity** of milk tea & coffee
- **Premium** coffee trends (oat lattes, pour-over)
- **Key brands:** Manner, MStand

Price

- **Milk tea:** RMB 5-10
- **Coffee:** RMB 8-15 (Flavored latte or americano)
- **High discount** sensitivity (group buys/coupons)

- **Milk tea:** RMB 15-25
- **Coffee:** RMB 15-30 (specialty beans)
- Willing to pay for **"social capital" premium or high-end coffee bean**

Consumer

- **Students, small-town youth, workers**
- **"Novelty-seeking"** with low brand loyalty
- Discover via **Kuaishou/Douyin**

- **White-collar, middle-class, Gen Z**
- Seek **"third place"** and identity expression
- Reliant on **Xiaohongshu/Dianping** reviews



Mixue's passionfruit drink is so addictive! Icy cold, perfectly sweet and sour 🍷💛 — and only 8 RMB. I've had one every day for almost a week now!



-Young worker at a tier-4 city



Manner's weekly SOE drops are a lifesaver for us coffee-addicted office drones. New flavors every Monday, and 15 RMB won't murder your wallet.



chill my life

-Young worker at a tier-1 city



Sources: Daxue Consulting social listening

Good me gains traction in the emerging-tier market by discount promotions

Emerging-market consumers prioritize brand visibility (e.g., TV shows/celebrity endorsements) and promotions. Top-tier consumers focus more on trends like new flavors or IP collabs.



Same as celebrities/shows
 Good Me's welcome drinks

*Well-known game and Good Me jointly launch beverages

Sources: Daxue Consulting social listening

©2025 DAXUE CONSULTING
ALL RIGHTS RESERVED



Promo code

The campaign of promo code engages the consumers' participation and obtains **attention on social media** with low product prices.



Celebrity endorsement



I got to drink the same beverage as my favorite table tennis player, Dongdong (Fan Zhendong)—so happy!

- University student in a tier-3 city



Additionally, Good Me has introduced coffee to complement its product lineup

While best known for its milk tea, Good Me also entered the coffee market to capitalize on the growing demand for coffee in the emerging-tier market by eye-catching campaign and low price.

Coffee Product

#Good Me good light coconut latte
#古茗good轻椰拿铁

Interaction: 7,694

Free to upgrade
higher-quality
coffee beans

RMB 8.9



Sweetness
satisfies craving

Low-calories

Popular
flavored coffee

Good Me launched a safe product, instead of an innovative drink, Light Coconut Latte (轻椰拿铁), replicating Luckin Coffee's best-selling recipe. Good Me also reformulated this product with fewer calories, and simultaneously launched coconut americano to cater to the young Chinese consumers' rising health concerns.

Sources: Daxue Consulting social listening

Coffee Quality Partner



To increase the awareness of its coffee line, as Coffee is perceived as a more premium beverage than milk tea. Good Me partners with globally famous actor *Daniel Wu*, who has an international background and an elite image.



Finally tried Daniel Wu's coffee! Hope my English can be as flawless as his one day.

- University student in a tier-3 city



Humorous TV spot on social media

The TV spot, 'Daniel Wu Names Good Me Coffee,' humorously shows Wu playing an 'English teacher' brainstorming latte names. Wu's idea finally got accepted when he landed on the simple name "**Good Coffee**", conveying that Good Me offers a "**common yet high-quality coffee**" for everyday consumers.



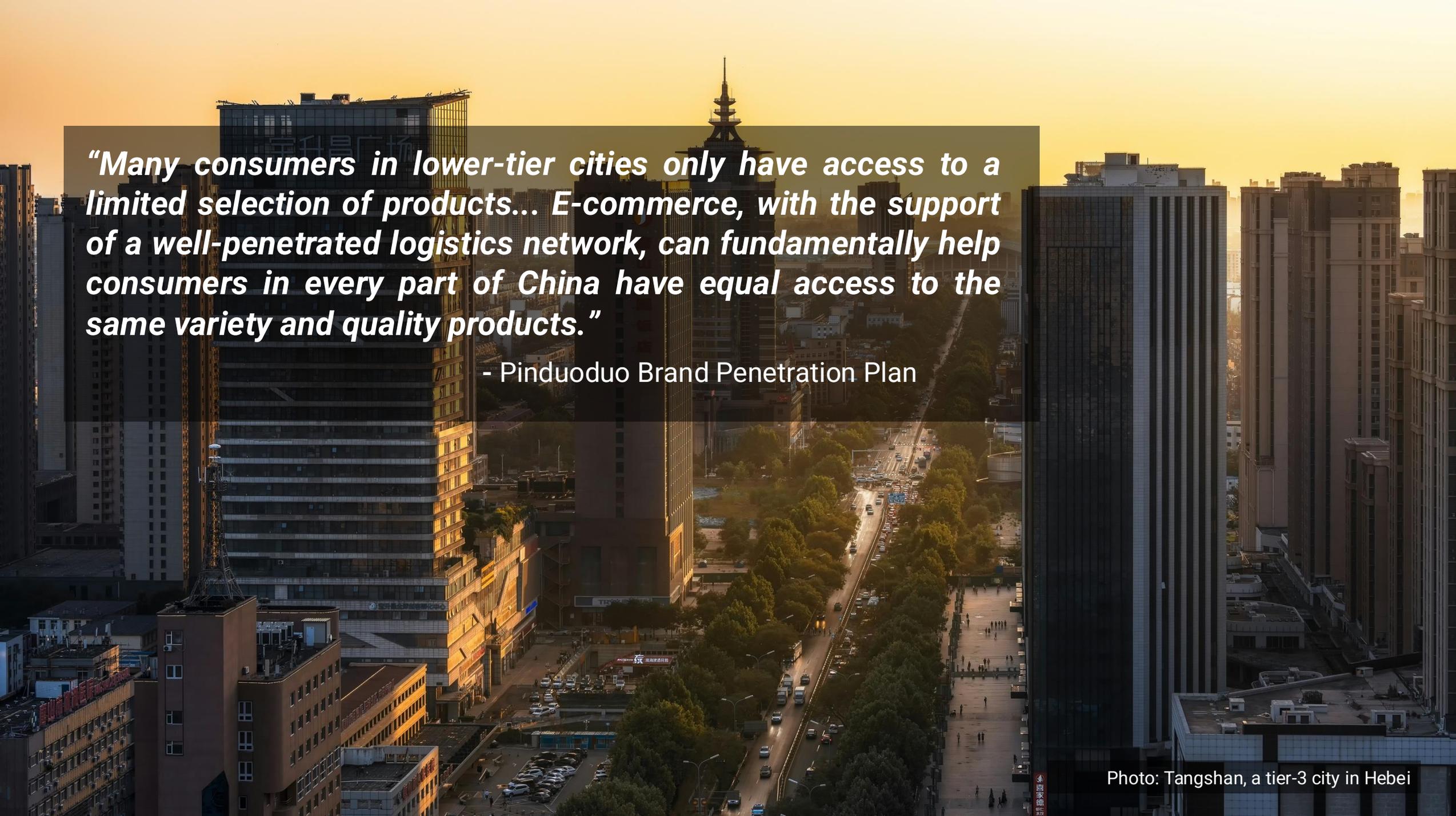
Daniel Wu Names Good Me Coffee

古茗®

55k likes

5

How brands can leverage e-commerce to reach emerging-tier city consumers

An aerial photograph of a city street at sunset. The street is lined with tall buildings and trees. A semi-transparent dark box is overlaid on the left side of the image, containing white text. The sky is a warm orange color.

“Many consumers in lower-tier cities only have access to a limited selection of products... E-commerce, with the support of a well-penetrated logistics network, can fundamentally help consumers in every part of China have equal access to the same variety and quality products.”

- Pinduoduo Brand Penetration Plan

Photo: Tangshan, a tier-3 city in Hebei

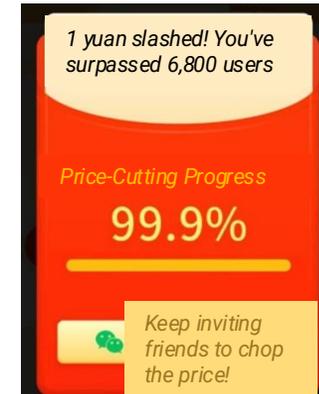
PDD and Douyin dominate as the key platforms for emerging-tier market consumers

E-commerce mirrors social psychology: community and price sensitivity in emerging markets, exclusivity in top-tiers.

Most mentioned topics related to e-commerce and livestreaming Emerging-tier market vs. top-tier market

From 2025.1 to 2025.6

Emerging-tier cities		High-tier cities	
Topic	YoY of post volume	Topic	YoY of post volume
Tmall Super Brand Day	1,449%	618 shopping festival	900%
Pinduoduo Group Buying*	319%	Tmall Super Brand Day*	220%
Pinduoduo Social Sharing*	67%	Tmall Black Box*	174%
Pinduoduo Help	11%	JD Worldwide	150%
Douyin Live Shopping	7%	XHS In-app Purchase	130%



* Pinduoduo Group Buying & Social Sharing: A viral discount model where users share links to unlock deals, simultaneously driving new customer acquisition for the platform.



*Tmall Black Box: A new product launch channel.



*Tmall Super Brand Day: An annual mega marketing event created by Tmall for international brands.

Sources: Daxue Consulting social listening

Offline store reach is limited, e-commerce connects lower-tier cities to brands

With limited offline brand presence in smaller cities, consumers rely on e-commerce to discover and purchase products. Unlike urban shoppers who prioritize efficiency, they view livestream purchases as entertainment alternatives.

E-commerce & Livestreaming core attributes

Top tier market vs. emerging-tier market

Dimension	Emerging-tier city market	High-tier city market
Purchase Drivers	Necessity (compensating for offline retail gaps) Entertainment-first (livestreams = fun + shopping)	Premiumization needs Identity expression & lifestyle signaling
Price Sensitivity	Will switch platforms for RMB 1 price differentiation	Pay premiums for design/narratives
Category Preferences	Agri-products/daily essentials/white-label appliances	Imported goods/digital 3C/designer brands
Decision Factors	Host trust > brand loyalty Direct price comparison	Brand ethos > pricing Ingredient/tech specs research
Logistics Pain Points	Focus on " availability " (remote area coverage) Tolerate 3-5 day delivery	Demand " instant delivery " (2 hours/half a day arrival) Reject high shipping fees
Livestream Style	Dialect broadcasts + factory floor footage Hard-sell tactics ("lowest price guaranteed")	Contextual showcases (cafés/galleries) Brand storytelling

Sources: Daxue Consulting social listening




Livestream shopping feels way **more fun than clicking regular product links!** The **crowd energy is electric**, and hosts guarantee **rock-bottom prices** you won't find elsewhere.

-Young blue-collar worker, in a Tier-4 city




JD Worldwide offers a **wide selection of international brands**. While prices may be **slightly higher** than buying abroad, the platform **guarantees authenticity** and saves me the **hassle of finding a Daigou**.

-Young white-collar worker, in a Tier-1 city

Livestreaming is the new social hub in lower-tier cities

Beyond big-city polish, livestreaming here is about authenticity, interaction and community, where relatable hosts and hometown products turn shopping into a shared pastime.

Livestreaming core attributes that attract lower-tier cities' audiences



Relatable hosts

- Viewers prefer **down-to-earth anchors** who speak in local dialects and share everyday life.
- Trust is built through **authenticity, humor, and approachability**, rather than polished celebrity figures.



Price-driven content

- **Bargains, flash sales, and group-buy promotions** dominate.
- Emphasis on **practical, affordable goods** (daily essentials, clothing, food, household items).



Edutainment + Shopping

- **Bargains, flash sales, and group-buy promotions** dominate.
- Emphasis on **practical, affordable goods** (daily essentials, clothing, food, household items).



Social & Community feel

- Livestreaming is treated as a **social pastime**, not just commerce.
- Viewers enjoy **chatting with hosts**, sending small gifts, and joining **community group-buys**.

Top-mentioned livestreaming hosts

	Name	Platform	Number of followers
1	 蛋蛋Dandan	Kuaishou	110M
2	 疯狂小杨哥 CrazyYang	Douyin	112M
3	 辛巴 Xinba	Kuaishou	N/A*
4	 广东夫妇 Guangdong couple	Douyin	69M
5	 董先生 Mr. Dong	Douyin	38M

Sources: Daxue Consulting social listening

©2025 DAXUE CONSULTING
ALL RIGHTS RESERVED



Hypotheses on the future of emerging- tier cities

Hypotheses on China's emerging-tier market (1/2)



Emerging-tier city residents will continue to demand more localization than those of high-tier cities. They are not aspiring to a Beijing or Shanghai ideal but are actively defining a modern Chinese identity that is rooted in their own provincial culture and 'hometown pride' (家乡自豪感). A campaign that works in Guangzhou will often feel alienatingly generic in Chongqing.



Emotional and social relevance is as important as price: products that reinforce family bonds, status, or shared experiences will resonate strongest. Platforms that integrate commerce, entertainment, and community (e.g., livestreaming, promotions) will accelerate adoption and loyalty.



The demographic imbalance in emerging-tier cities, with disproportionately more single men, often with lower income and education levels, may hinder sustainable market growth. While they spend on affordable food, alcohol, and digital entertainment, their constrained purchasing power and growing social resentment risk both market stagnation and future social instability.



Emerging-tier cities will represent China's historical and traditional culture, increasing small cities' soft-power and giving residents a stronger sense of pride in their hometowns and provinces. Concepts like “土” meaning “tacky” often currently describe rural tastes, however, soon rural tastes could be seen more positively.



As reverse tourism gains momentum, with affluent top-tier consumers increasingly traveling to lower-tier cities, these destinations could become experimental playgrounds for luxury. Brands may leverage them for immersive marketing campaigns, pop-up experiences, or exclusive VIP retreats, offering novelty, intimacy and cultural depth that top-tier urban settings can't provide.

Hypotheses on China's emerging-tier market (2/2)



Residents in emerging-tier cities have more downtime to pursue small, affordable pleasures such as milk tea and affordable coffee. Brands succeed when they combine high visibility, engaging campaigns, and low-cost access, rather than competing on premium branding or niche innovations alone.



While e-commerce platforms like Pinduoduo and Douyin have been instrumental in driving penetration and consumption growth in emerging-tier markets, overdependence risks locking consumers into low-price habits. This dynamic can make it challenging for brands to sustain margins or successfully drive premiumization over time.



Geographic necessity drives technological leapfrogging. Sparse logistics networks and challenging terrain like mountains make traditional delivery models inefficient which accelerate the adoption of delivery drones faster than city areas.



Consumption trends in industries such as beauty, fitness and tourism in lower-tier cities are increasingly shaped by top-tier city influences, but are adapted to local tastes and budgets, signaling opportunities for tailored offerings. "Slow-living" and value-driven leisure experiences define the lifestyle aspirations of emerging-tier residents.



ABOUT

daxueconsulting

Daxue Consulting in 6 characteristics

- 1** A China-origin growth-centric advisory firm helping companies uncover hidden opportunities in East Asia
- 2** 700 projects since 2012, 60% from returning clients
- 3** Research-intensive strategy consulting
- 4** 40+ strong globally-educated multi-cultural team with local understanding of each target country
- 5** 50,000+ mentions of our work on the internet
- 6** We are creatively analytical and analytically creative

Our mission

Our mission is to help companies uncover and harness hidden opportunities in uncharted territory

Through our market research and strategy consulting, we equip businesses with the knowledge and guidance to achieve growth in East Asia



What we do

STRATEGIC RESEARCH

- ✓ Pricing
- ✓ Competitive Benchmarking
- ✓ Sensory (Taste & Test)
- ✓ Consumer Understanding
- ✓ Market Sizing
- ✓ Trends Report
- ✓ Brand Audit

BRANDING & STRATEGY

- ✓ Naming
- ✓ Brand Book
- ✓ Brand Positioning
- ✓ Brand Activation Toolkit
- ✓ Co-branding Strategy
- ✓ China Messaging Strategy Localization

SALES & DISTRIBUTION

- ✓ Route-to-market
- ✓ Distribution Mapping
- ✓ Retail Safari
- ✓ Channels Strategy

MANAGEMENT CONSULTING

- ✓ Market Entry Strategy
- ✓ Business Plan
- ✓ Learning Expedition
- ✓ PMO
- ✓ Growth Models
- ✓ Prospective And Foresight
- ✓ Product / Market Fit

Our values

Freedom enriches creativity & responsibility

Freedom to manage and envision her or his mission increases the sense of responsibility to that mission.

Our clients' goals are our goals

We see ourselves as an extension of our clients' business in China or their target country, hence, we advise them as if we were in their shoes and investing along with them.

Embrace change enthusiastically

Similar to how markets are constantly changing, our mindset is also always evolving. We value routine only when it helps us improve and we value change because it helps to keep pace with the times.

Intellectual humility gives clarity

Only through the lenses of humility can knowledge be seen clearly. At Daxue Consulting, we are humble toward science and the truth. We interpret data in a way that lets it speak for itself, even if contradicts our hypothesis.

Knowledge is meant to be shared

While our projects team dives deep to provide catered research to clients, the media team shares insights publicly. At the same time, we foster a culture of sharing knowledge in our team, each individual works to increase their own knowledge and freely share ideas with each other.

400+ clients since 2012

LVMH

COTY
SINCE 1904

L'ORÉAL

SKINCEUTICALS
ADVANCED SKINCARE BACKED BY SCIENCE

BIOThERM

KERING

BOBBI BROWN

L'OCCITANE
EN PROVENCE

Elizabeth Arden
NEW YORK

Kiehl's

FARFETCH

ESTÉE
LAUDER
COMPANIES

P&G

SHANGRI-LA
HOTELS and RESORTS

FILLMED
LABORATOIRES

VALENTINO

SANDRO

The Coca-Cola Company

ROSEWOOD
HOTEL GROUP

REVLON

diptyque
paris

LACOSTE

ANDROS

CAMUS
DANON FAMILIAR DÉLICATÉ TOUT

TEMPLESPA

BOSS
HUGO BOSS

BURBERRY

innocent

Pernod Ricard

kimrobinson

LANCEL
PARIS

Cartier

FERRERO

swatch+

HR
HELENA RUBINSTEIN

A recognized Asia market expert, quoted in the media

campaign Asia-Pacific

VOGUE
BUSINESS

WWD


South China
Morning Post

Bloomberg



CHANNEL NEWSASIA

精睿 **Jing Daily**
精英社群

The Economist

Forbes

WALL STREET JOURNAL

The Business of Fashion
BOF

alizila
News from Alibaba

 **REUTERS**

The Jakarta Post

techradar.

BUSINESS INSIDER

THE CHINA PROJECT

CHINA BUSINESS REVIEW
THE MINDSET OF THE NEW ASIAN BUSINESS CLASS

 **TVB**

THE DIPLOMAT
Read The Diplomat. Know the Asia-Pacific

Les Echos.fr

TechNode

 **DAO**

NIKKEI Asia

The Guardian

FT FINANCIAL TIMES

CGTN

CHINA DAILY

The New York Times

FORTUNE

VICE

SIXTH TONE

 **pandaily**

THE STRAITS TIMES

 **CNBC**



WeChat



Follow our weekly insights or
get in touch with us on WeChat



LinkedIn

<https://www.linkedin.com/company/daxue-consulting>



Newsletter

<https://daxueconsulting.com/newsletter/>



Phone

[+86 21 5386 0380](tel:+862153860380)



Email

dx@daxueconsulting.com