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Vitacost Supports Express Delivery in China

Vitacost, an American e-commerce company based in Boca Raton, Florida, now allows Chinese delivery service, Shunfeng Express, to help deliver products which are sold in this company to Chinese consumers.

Vitacost sells vitamins, supplements, sports nutrition and organic health and grocery products with over 2.3 million active consumers.

The company has its own delivery and logistics center in North Carolina and Nevada.

Vitacost is so far well-embraced by Chinese consumers as it provides a slate of health products with discounts. According to a company statement by Vitacost, the shunfeng delivery can deliver products to China from America with a reasonable fee starting from \$10.99. This service enables a faster and safer way to benefit the Chinese consumers, whose appetite towards American health product is expanding in recent years. (Source:chinaz.com)

Consumption Tops Agenda

The State Council, China's cabinet, announced additional policies on Oct 29 to boost domestic consumption. The announcement came just a day before the US Federal Reserve officially started withdrawing its quantitative easing (QE) stimulus program.

China has to maintain a healthy level of growth as the global economy wanders into the post-QE territory, which is full of uncertainties because the impact of QE is not yet clear. To



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protect its interests as well as those of its trade partners, China cannot afford to go into too steep a fall in overall growth, even though a mild slowdown will help it squeeze out some wasteful and non-competitive industrial capacity.

A deep decline in growth will hurt too many Chinese companies and their global market partners, which don't want China's consumer market to become any worse than what its third-quarter retail data show.

So, the challenge facing China is to sustain the dynamics of its consumer market without the old method of injecting stimulus into the economy, which brought immediate benefits for industrial production and investment in big-ticket building projects instead of ordinary consumers. Premier Li Keqiang has been reiterating that he has no intention of recycling such stimulus practice.

Alternative policy weapons, both monetary and administrative, have been developed to tackle the problem. Some of them were discussed at the State Council executive meeting on Oct 29, where officials decided to further open up the clearing service market for bank cards. The bank card market has been monopoly territory of China UnionPay card.

The State Council also mapped out policies in six other areas:

- Expanding and upgrading the Internet, especially e-commerce and its logistics services;
- Providing more incentives to people using energy-saving products, and developing the urban infrastructure for electric vehicles;
- Preventing the housing market prices from declining abruptly;
- Making paid vacations a standard practice and upgrading services for individual tourists;
- Accommodating more private sector initiatives in the education sector, including cooperation with overseas institutions; and

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These policies are more consumer-oriented. And compared with the old policy weapons, they don't demand as much investment in fixed assets as, say, giant office towers and high-speed railways would require. As stimulus, the new policy weapons certainly have less harmful side effects.

The only question now is whether these policies can be implemented effectively.(Source: China Daily)

China Green Food Expo to be Held in Shanghai

The fifth China green food expo is to be held in Shanghai from this Friday to early next week at the Shanghai International Agricultural Exhibition Center.

In the past decade, the number of officially approved green food companies and products grows by 11.7% and 12.7% annually respectively. By the end of last month, the number of recently added China's officially approved green food companies reaches 3282 with 7335 green food products. The total number of China's green food companies has reached 8679 with 21191 products, a record high in history.

It is estimated that the total sales of green food in China last year reached 369 billion yuan and the export value reached \$2.6 billion. The annual growth rate in the past decade reached 17.3%.



The green food expo was launched since 1990, a key activity in the national agricultural system. 33 delegations will attend the expo from 30 provinces.

More than 1000 companies will attend the expo.(Source: China Economic Net)

Datong, Shanxi to Set Up “Template Area” for Food & Drug Regulation

The local food and drug regulator of Datong, who has launched a two-month special campaign to combat illegal food and drug selling, is to set up a “template area” in the south part of the city that serves as a model area regarding food and drug regulation.

The new template area is to cover companies of food, drug, medical equipment, health product and cosmetics in this area. 963 food and drug companies are now operating in this area, which include 75 food production companies, 328 food operation companies, 322 restaurants, 37 health food companies 57 medical companies and 73 cosmetics vendors.

Thanks to the special campaign, now 40% vendors in this area which had no operation certificates applied to gain the official approval and set up receipt system. 2661 staffs in related companies

have received physical tests.(Source: Datong Daily)

Upcoming Online Shopping Spree Salutes Premier's Urges

Premier Li Keqiang's recent comments on the role domestic consumption has to play in the economy are well timed as China's annual "Nov. 11" 24-hour online shopping marathon is just around the corner.

Nov. 11, widely recognized as "Singles' Day", has become China's biggest annual commercial holiday and a huge e-commerce success story, with thousands of discounts and record-breaking sales.

Last year, Alibaba, China's e-commerce giant and the original promoter of Singles' Day, recorded a 83 percent year-on-year increase on its two online platforms -- Tmall.com and Taobao.com -- with sales amounting 35 billion yuan (5.69 billion U.S. dollars) thanks to the shopping carnival.

According to State-run broadcaster CCTV's latest online survey, among the 5,584 users registered with real names, 82 percent submitted budgets for the upcoming shopathon, with most budgets recording year-on-year increases. Laptops and clothing remain the most desirable categories.

Alibaba's performance shows how much China's online consumption, a key growth driver in the central government's outlook, is booming.

The premier, who was speaking at a State Council meeting on Wednesday, highlighted the importance of boosting domestic consumption to raise economic quality and efficiency.

"Among the driving forces for growth, consumption has the largest scale and the closest bearing on people's livelihoods," said a statement from the meeting.

Li said China must make full use of all market forces to bolster supply and promote the expansion and development of domestic consumption, which will in turn push the growth of new industries forward and raise economic growth.

Higher incomes, a better social security system and stronger consumer protection will help to strengthen consumption's role as a driver of growth, said Li.

The statement pinpointed the major sectors that could boost consumption, including information-related products (such as mobile Internet); green and energy-saving products; housing; tourism and leisure; education; and elderly care.

Premier Li specifically drew attention to the success of the Singles' Day business model, while stressing that supporting new industries and e-commerce was paramount to growth.



This is not the first time Li has lauded online consumption.

Alibaba chairman Jack Ma met with Li in November, 2013, and said that Nov. 11 had become a Chinese "shopping day", just like Christmas shopping season for foreigners.

Phasing out obstacles and cutting down costs in sectors like logistics, express delivery and online shopping will stimulate new growth potential, said the government work report delivered by Li at parliament's annual session in March.

HSBC chief China economist Qu Hongbin said that measures by the State Council signalled a keenness to support consumption.

Amid the slow global recovery, which offers limited room to expand exportation, the government is aware that new growth drivers are needed.

Faster consumption, he said, can only be achieved gradually as a result of fairer income distribution, as well as new laws to protect consumers' rights and enhance their consumption experience.

"Achieving these will help the economy along its transition path, better deal with challenges over the next few years and achieve a more balanced growth trajectory over the medium term," said Qu.

Meanwhile, Lu Ting, chief China economist with Bank of America Merrill Lynch, said that along with stabilizing "housing consumption" and opening up the bank card clearing market, recent developments indicate China will roll out more targeted easing measures to bolster the launch of the Shanghai Hong Kong Stock Connect and the coming APEC conference. (Source: Xinhua)

China Missing Out on Asian Natural Cosmetics Market

China is losing market share in the Asian natural and organic cosmetics market. Organic Monitor research finds Chinese market growth rates are declining because of animal-testing methods and formulation challenges.

In the last 18 months, many Western brands of natural and organic cosmetics have withdrawn from the Chinese market. Weleda, Lavera, Pangea Organic, Logona and Juice Beauty are some of the brands removing their products in protest against animal-testing methods. Other green brands like Dr. Hauschka and The Body Shop are shunning the Chinese market for the same reason.

The Asian natural cosmetics market is expanding by about 15 percent per year. Growing consumer awareness of health and wellness issues is boosting demand for organic and natural products. Few Chinese companies however are producing natural and organic cosmetics because of formulation and ingredient issues. There is low availability of certified organic ingredients and natural extracts, which are mainly imported into China. Formulators and product developers also lack technical expertise in removing synthetic ingredients from cosmetic

formulations.

As will be shown at Sustainable Cosmetics Summit Asia-Pacific, China is losing out to other country markets, such as India, Thailand, and Singapore. Hong Kong however is benefiting most from the “boycotting of the Chinese market.”

All leading international natural and organic cosmetic brands have a presence in the Hong Kong market, whilst over 20 new brands are launched each year. Hong Kong also possibly has the highest concentration of green cosmetic retailers in the world. Apivita, Jasmin Skincare, Aveda, Neal’s Yard Remedies, Jurlique, Melvita, and Comvita are some of the international brands with concept stores in Hong Kong.

The range of natural and organic cosmetics in Hong Kong—and wider Asian region—is increasing. Western brands are raising exports since few Asian brands have been successful in developing such products. Only when Asian companies manage to formulate natural & organic cosmetics with the same efficacy as Western brands, will they be able to tap the potential of their local markets.

The marketing and technical issues associated with natural and organic cosmetics in Asia will be featured in the Asia-Pacific edition of the Sustainable Cosmetics Summit. (Source: Penton Insight)

'Double 11' Race Heats Up with Amazon Offering

Be it made-in-Germany kitchenware or infant formula from the United States, Chinese shoppers can now place orders directly from overseas online shopping platforms owned by Amazon.com Inc as the e-commerce giant steps up efforts to boost its market share in China.

Six Amazon platforms in the US, Germany, Spain, France, the United Kingdom and Italy have officially opened for sales to Chinese consumers, who have shown growing appetite for overseas brands and products.

The plan, announced on Wednesday by Amazon China as part of its strategy to boost sales during China's upcoming Double 11 online shopping festival, is seen as a counterattack to China's e-commerce king Alibaba Group Holding Ltd, which also pinned its hopes on a "globalisation" strategy to break its sales record of 35 billion yuan (\$5.73 billion) achieved on Nov 11, 2013.

Niu Yinghua, vice-president of Amazon China, said the multinational e-commerce company hopes to capitalise on its rich overseas product portfolio and extensive network of suppliers to drive growth in China.



According to Amazon China, customers from China can choose from around 80 million items on the six overseas platforms.

The purchased goods would be delivered to China within three days by an express delivery service after completing the necessary customs procedures.

Niu from Amazon, which runs 13 different sites



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around the world with online shopping services covering 67 countries and regions, said many Chinese e-commerce players want to boost their overseas online shopping business by building partnerships with overseas suppliers.

"No matter how fast they do and how hard they try, it still takes time for them to achieve what we've achieved," she said, adding Amazon China owns the biggest number of overseas suppliers among direct sales online platforms in China.

The company offers 620,000 different items from more than 6,000 foreign brands.

Alibaba, which accounts for a combined market share of 80 per cent in China's business-to-customer and customer-to-customer market, said earlier this year that more than 200 overseas merchants from more than 20 countries have confirmed participation in its Double 11 event.

Vanessa Zeng, a senior analyst at Forrester Research Inc, said that it is obvious that Amazon is trying to power up its e-commerce market position in China with its cross-border strategy.

"The Nov 11 online shopping festival is a good stage for Amazon to showcase its global reach," Zeng said. However, the lower traffic on Amazon platforms and its different web design may not go down well with Chinese buyers, she said.

According to iResearch Consulting Group, Amazon accounted for only 2 per cent of China's total online market in 2013, which put it in fifth place.

Statistics from Internet consultancy Analysys International show overseas online purchases in China jumped from about 10 billion yuan in 2010 to more than 80 billion in 2013.

But Neil Flynn, head equity analyst at Shanghai-based Chinese investors, a leading financial analysis firm of US-listed Chinese companies, said Alibaba will be the most successful e-commerce firm during the upcoming online shopping festival.

"It's very difficult for Amazon to get a strong foothold in China because of the dominance of Alibaba and JD.com Inc. Amazon has good logistics networks in the larger cities, such as Shanghai, but away from these cities, the domestic giants have a clear advantage," Flynn said.

"Consumers are used to the styles of Alibaba and JD.com, and the only way for Amazon to take business away from them is to offer better deals," he said. (Source: China Daily)

Vitamin Shoppe and Suning Team Up



Suning Commerce Group Co, China's biggest appliance retailer, is launching its new United States online shopping service on Nov 11 to coincide with China's traditional "11.11" shopping day.

Abel Wang, general manager of the Suning R&D center USA, confirmed the official launch of usa.suning.com in an exclusive interview with China Daily, and said the company will continue its global business expansion by launching other overseas online stores in Europe too.

Created four years ago by e-commerce giant Alibaba Group Holding Ltd, 11.11 or "singles day", has now become China's - and perhaps the world's - largest online shopping event.

It was originally launched to tempt loveless single people to console themselves with some retail therapy, tempted by massive discounts by e-retailers.

Wang denied that choosing Nov 11 as its US launch date was to "declare war with Alibaba", its biggest rival in China's online shopping.

Li Xishang, Wang's deputy at the R&D center in the US, said that consumers who buy products worth more than 200 yuan (\$32.6) on the site from Nov 11 will enjoy free international shipping services until the end of December. Li said Suning will also be offering door-to-door delivery in China through its own Shunfeng Express, with customers guaranteed delivery in seven to 10 days.

Many Chinese online retail consumers use purchasing agents to buy products from foreign websites, but many remain wary of high shipping fees and are unable to track their shipping information clearly, said Li.

"By collaborating with Shunfeng Express, we can offer our consumers details about shipping information, including estimates of when their orders will arrive," said Li.

"Customers who buy online can return their products, except for foods, if they have to, at the closest Suning off-line site."

Merchants partnered with Suning in the US include global brands in baby care, cosmetics and health products such as Similac and Enfamil baby formula, Earth's Best, Burt's Bees, Maybelline and Revlon, said Yu Haixia, the US store's project manager, as well as several US brands, such as Vitamin Shoppe.

Suning will also help US merchants brand themselves in China, without the need to launch in the market, said Li.

According to a Suning survey, international Chinese e-commerce sales are expected to more than

double next year.

Alipay, China's largest e-payment provider, has just launched its ePass system, a new e-tool that allows US merchants to sell and deliver products directly to Chinese consumers without translating their websites or setting up warehouses in China.

Costco Wholesale Corp has also entered the Chinese mainland without a store, and will sell food and household items to Chinese consumers on Tmall, Alibaba's business-to-consumer portal.

In August, US e-commerce giant Amazon.com Inc announced it would set up operations in Shanghai's growing free trade zone and signed an agreement to give Chinese customers access to products from its global supply chain.

Jonathan Li, CEO of music and picture-sharing site Vibin, said Chinese consumers have an insatiable appetite for overseas products, especially those from the US.

Products bought directly overseas can be cheaper and safer because US consumer protection law is stricter than in China, he said

"Given the fact that there is such a strong demand for US and foreign goods, e-commerce players would be foolish to miss this chance."

Zheng Yuhuang, a professor at the communications department of Tsinghua University, said the surge in international e-commerce services will provide Chinese buyers more choices when buying products online. (*Source: China Daily*)

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