U.S. – China HPA Health Products Association 美中健康产品协会

CHINA UPDATES

October 11, 2016 – Issue 215

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USCHPA Holds Successful China Seminar at SupplySide West

The association and two of its members NSF International and TSI Group sponsored the China Supplement Regulatory & Market Overview seminar on October 6, 2016 during SupplySide West in Las Vegas.

The event brought together 85 industry leaders to learn from China supplement experts, Jeff Crowther (USCHPA), Wendell Wei (China Gate), David Trosin (NSF) and Ross Norris (TSI Group).

China's food safety law was implemented on October 1, 2015. Since then, the supplement landscape has changed dramatically. During the event participants learned in detail the latest supplement legislation including getting ingredient approvals as well as supplement registration from China's FDA. Also cross border e-commerce was explored in detail and Alibaba's new Ali-Health platform that holds many opportunities for the overall health and nutrition industry. NSF discussed quality assurance and the many services they offer in China. TSI introduced its capabilities in China and the greater APAC region as a leading ingredient producer and OEM solution provider.

If you weren't able to attend the seminar and you have China aspirations, USCHPA is on the ground as a trusted partner. Feel free to visit the association's site at www.uschinahpa.org or reach out to them at info@uschinahpa.org. (Source: USCHPA)

Yantai FDA Set Up Wechat Platform

Recently, the food and drug regulator of Yantai, Shandong province, launched an official wechat account of the agency.

The account is mainly used to promote health information, police alert which relates to food and drug market, food safety issues, legal documents and official release of other relevant information.

At this moment, the account is still on trial, which will be officially open to the pubic after the national holiday.

The account also will be used to help promote interaction between the public and the regulators, which aim to promote positive energy in the society, (source: jiaodong.net)

Food Safety Cases Claimed Over Tens of Thousands Lives Last Year

A recent survey on China's urban development shows that the country's food safety issues have claimed over tens of thousands of lives last year.

An official said at a press conference for the survey's release that the food safety cases have caused over 5 billion yuan as economic loss from the country.

The elements that affects food safety include pollutions of soil, air, waters and misuse of fertilizer and antibiotics. Other reasons include absence of regulation and spirit of contract.

At this moment. the official added, about 80% of chemical fertilizers are poured into soils without additional processing, which pose serious threat to the daily diet of local consumers.

The issue of illegal cooking oil is also another headache in food safety regulation, as the high profit has pushed many illegal vendors to use this kind of oil, which would easily cause cancers. Over 200,000 tons of illegal cooking oils are used on China's dining tables. (Source: Cankao Xiaoxi)

Beijing: Most Online Food Delivery Platforms Display Operation Approval Certificate

Since early this month, the regulation on addressing illegal conduct of online food safety will officially take effects.

The new regulation says that vendors who sell food online should show the operation approval certificate and other relevant info at a noticeable position on the front page of their online stores.

The official data from Beijing's FDA says that the four major online food delivery platforms. including baidu, meituan, eleme, have over 58,000 online vendors based in Beijing. When all vendors with the other three brands all shown operation certificates, Meituan still has 503 stores that fail to do so. (Source:mnw.com)

Cosmetic Sector in China a Huge Opportunity to Set Up A Successful Business

With the e-commerce, opportunities are huge and a number of potential customers are endless. The big cities as Beijing and Shanghai but now mainly lesser-known cities have an increasing demand for cosmetics.

All the famous foreign brands are running the industry. That means they have gained the favour of Chinese customers. Indeed, over 80% of the Chinese cosmetics market is dominated by foreign brands. It's a strongly competitive market.

Today, one of the most promising field of business in China is the Industry. On the cosmetic market, there is a relevant gap between the Chinese brands and the foreign companies. The Chinese brands only account for 10% of the market! And this can be explained by the fact that the criteria of the Chinese consumers have changed.

They pay more attention to quality and health repercussion while buying cosmetics. The big and famous foreign companies are able to provide the safety required by the Chinese consumers. Their reputation is a selling weapon in China and it's very important for them to keep it clean.

It is not surprising that the "cosmeceuticals", products combining cosmetic and pharmaceutical effects, are rising dramatically. This market, traditionally dominated by foreign companies, have been recently successfully joined by Chinese brands (such as Tongrentang and Herborist). They promote the quality and the efficiency of the traditional Chinese medicine.

The western multinational companies are not confident about the future as they used to be. They know that the Chinese consumers are more and more attracted by Korean brands, more suited to Asian complexions.

According to the China Cosmetic Market Report 2014-2017, there is a rising opportunity in the male cosmetics market, which is growing at a faster rate than the female market.

Today, around 75% of the China's cosmetic products are distributed by the supermarket and big stores. However, there is an evolution of the Chinese purchasing habits, with the boom of e-commerce, they are always more and more buying products online rather than into brick and mortar shops. And this phenomenon is not only concerning the cosmetic sector, every kind of business is concerned. This mean that companies have to an emphasis on the e-commerce to attract the new generation and the following ones.

The Chinese cosmetic industry, composed of foreign and Asian multinational companies but also by emerging domestic companies, can be a goldmine for foreign investors. The current annual growth rate is approximately 12% and the forecast predicts that the market will stay profitable.

The changes in consumers purchasing habits and the expansion of men's cosmetics are the most promising trends for investment. (Source: cosmetics agency China)

China's Cross-Border E-commerce Booming to $86B in 2016

Cross-border e-commerce in China will hit $85.76 billion this year, up from $57.13 billion in 2015, as 40 percent of China's online consumers buy foreign goods, according to a new analysis by digital marketing researcher eMarketer.

EMarketer estimates that each of China's digital shoppers this year will spend an average of $473.26 on foreign goods, up from $446.33 last year. By 2020, half of China's digital shoppers–or more than a quarter of the country's population of about 1.4 billion–will be buying foreign products online, eMarketer estimates, with total sales of $157.7 billion.

This growth is part of an overall increase in online shopping in China, which soared more than 70 percent in 2015 to $672.01 billion driven in part by a higher standard of living and the advent of global digital sales platforms such as Alibaba's Tmall Global, launched in 2014.

Tmall Global and other business-to-consumer, or B2C, platforms allow international brands to sell their products directly to China's digital shoppers and break into the market. Online retail remains the easiest channel for all types of consumers to obtain products that are otherwise difficult or expensive to access within China. China's consumers tend to prefer foreign goods in specific categories such as milk powder, diapers and pet food, perceiving them to be of higher quality and more trustworthy.

Cross-border e-commerce remains on the rise despite April's implementation of a new tax on overseas purchases, noted eMarketer analyst Shelleen Shum. While it increases prices slightly for some product categories such as jewelry and infant formula, "the demand for foreign goods via the cross-border e-commerce channel is still expected to remain strong due to better prices compared to offline retailers, perceived quality and better variety," she said.

Shum added that B2C channels are also integral to the growth of foreign goods sales in China, because they help customers feel they are getting more bang for their buck. B2C platform sales are expected to take up a growing share of the cross-border e-commerce market in 2016 as consumers shift to channels they regard as more professional and organized. "Since the merchants selling on these B2C platforms have to be authorized, they are considered more trustworthy," noted Shum.

Globally, cross-border e-commerce habits vary. But when it comes to China, the demand for foreign products is surging, thanks to the combination of overseas travel, increased internet usage, exposure to foreign brands and convenience of online retail. China is projected to become the largest cross-border B2C market by 2020. (Source: Alizila)

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Health-minded Chinese Upgrade to Affordable Premium Foods

The Chinese middle class is upgrading to products in the "affordable premium" segment, accounting for the popularity of chains like Starbucks, which is opening up about 500 stores a year in the country.

"The volume that Chinese are consuming is not growing rapidly, but they are trading up in terms of what they are buying, and we are seeing this not just in the first and second-tier cities but across lower-tier cities as well," said OC&C Strategy Consultant's Greater China partner Jack Chuang.

This trend is benefiting foreign consumer brands that have been positioned as premium from the beginning, like Danone's Evian mineral water brand, he said.

"Chains like Starbucks are walking into the right moment now in China," said Hao Yongqiang, vice-director of the China Chain Store and Franchise Association. "Just like ... how, long ago, everyone wanted to eat hamburgers."

Still, it is foreign brands that hold sway. For, the historical dominance of McDonald's and Yum's KFC and Pizza Hut in the Chinese fast-food industry has meant that there are almost no home-grown fast-food chains with enough experience and scale to run massive operations like them.

The popularity of KFC and McDonald's in China has stemmed from their novelty as Americana, not their low prices, said management professor Li Weihua of the China University of Political Science and Law. "Once the novelty factor wears off, there's nothing keeping consumers going there as local chains are cheaper and often more dynamic in meeting local tastes and preferences," he said.

James Roy, a senior analyst at China Market Research Group, said, "The problem with franchising in a developing country is how to control for quality. Not many players have the scale or depth that can take on the entire country's franchise rights. Dicos or Real Kungfu might also be waiting for the price to come down."

Yum China is providing high-quality food and continually "adapting menus to cater to the evolving preferences of Chinese consumers," said the company in an e-mail statement.

Yum's KFC chain in China performed better than the company expected in the second quarter, after a two-year slump sparked by a food-safety scare, bird flu outbreak and competition from local restaurants.

In an e-mail statement, McDonald's China said it is committed to providing healthier choices such as whole-wheat McMuffins and chicken cereal congee (porridge) to customers in China.(Source: China Daily)

China Updates is published weekly by the U.S. – China Health Products Association, a non-profit organization dedicated to the promotion of dietary supplements and nutritional ingredients. The association's major focus is the continued development of China's overall natural health product industry as well as offer business services to its global members.

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