



# CHINA UPDATES

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**Saturday March 11, 2017 3:30 – 5:30pm Marquis Northeast Room**  
Anaheim Marriott 700 Convention Way Anaheim, CA USA



## Guangdong Investigated 28,000 Illegal Food and Drug Cases

The provincial food and drug regulator of Guangdong province said in a recent briefing that they investigated into over 28000 illegal cases related to food and drugs. 45 companies got their operation certificates withdrawn for illegal conducts.

Last year, the new trend was that more illegal cases were conducted online with advanced technology, which required



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enhanced measures from the regulators to spot and investigate them.

Among the investigated cases, 399 are about health food and 1342 cases relate to cosmetics. (Source: Jinyang.net)

### China Plans Smart Health and Elderly Care

China plans to develop the smart health and elderly care industry in the next four years to grants universal access to health management services and home-based elderly care, the Ministry of Industry and Information Technology (MIIT) said Thursday.

According to an action plan jointly made by the MIIT, the Ministry of Civil Affairs and the National Health and Family Planning Commission, China will build a smart health and elderly care industry with more than 100 industrial leading enterprises and a number of brands by 2020.

The country will also have more than 100 model bases for the industry in the next four years, said the plan.

Efforts should be made to make breakthroughs in core technologies and promote the development of intelligent analysis technologies such as real-time health status analysis and health trend analysis based on big data, so as to provide more types of health-care services to the public.

The government will also encourage the development of advanced health devices such as health management wearables, portable health monitors and home service robots, it said.

The MIIT said the it will build a unified information sharing system to improve the quality and security of the service network of the smart health and elderly care industry. (Source: Xinhua)

### Qingdao Cracks Down on Illegal Health Food Promotion

In recent years, an increasing number of vendors have been promoting their products by holding



seminars, and profiting from these events illegally.

The events usually target at elderly consumers and feature false advertisement. The market regulator of Qingdao recently launched a special campaign to crack down on illegal events of this kind, which will last for half a year.

Special attention will be paid to whether the products marketed at these events are up to standard and whether the qualification and standard of event venues are in accordance with relevant regulations.

The regulators will also enhance regulations over events of this kind at hotels, cinemas and other venues that this kind of event is often held. (Source: [qdxin.cn](http://qdxin.cn))

### How Financial Technology is Driving Chinese Consumer Spending

A boom in financial technology in the mainland is boosting consumer spending by making people more willing to part with their money, according to industry experts.

With technology making everything from mobile payments to quick cash loans and wealth management services available at the tap of a smartphone screen, Chinese shopping habits are changing rapidly, they said.

For James Zheng, 30, an IT engineer in Beijing, financial technology has fundamentally altered his approach to buying goods.

“I buy many things from consumer electronics, groceries to daily necessities online. On average, I spend about 2,000 to 3,000 yuan a month,” he said.

The convenience of mobile payments has made online shopping much easier, while some new financial products such as “Jingdong white stripe” have also encouraged online purchases, Zheng said. A boom in financial technology in the mainland is boosting consumer spending by making people more willing to part with their money, according to industry experts.

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The rapid development of new financial technologies in China is changing consumers’ attitudes towards purchasing goods. Essentially, they are switching from a frugal approach to a more

generous mindset, said Li Zichun, a senior analyst with Beijing-based consulting firm Analysys International.



“Advances in technology and the popularity of mobile devices have together cemented the foundation of internet finance. As big data and AI technologies are becoming more mature, the uses of financial technology can be widely expanded and are fast becoming a potent driving force of consumption,” Li said.

Increasingly sophisticated AI and big data technologies have also helped ease concerns over security in mobile payment and online credit. Li expects online spending to continue to expand, in particular among the younger generation.

However, the convenience of online spending will inevitably cause a certain level of overspending and irrational consumption, he said. “Although overspending will likely be individuals cases, consumer education is needed to prevent the problem worsening.”

Data from Analysys showed that China’s mobile payment transactions in the first three quarter of last year more than doubled to 22.5 trillion yuan from 10.7 trillion yuan in the same period of 2015.



While in the US, Forrester Research said mobile payment transactions for the full year reached US\$112 billion, or about 770 billion yuan.

Technology firm Tencent Holdings' WeChat Wallet, and Alipay, managed by Alibaba's affiliate Ant Financial, are the two dominant mobile payment service providers in China.

The number of mobile users in China is also expanding. The latest study by the China Internet Network Information Centre, a state-backed agency, found some 469 million people paid with their smart devices in 2016, an increase of 31.2 per cent from a year ago.

For Zhou Jing, chief executive of digital lender Dumiao, these figures mean a huge market for the company, which uses financial technology to make lending easier and more efficient to consumers.

"Internet finance and fintech are undoubtedly spurring purchases. With the convenience in payment, consumers can make decisions much faster and are less hesitant to spend more," Zhou said.

By leveraging big data, Dumiao is able to approve or decline loans for consumers in real-time at the point-of-sale. Once they've provide basic information and gone through a simple procedure on their mobile device, they can receive an approval within about 10 seconds.

When consumers are willing to spend more, they will look for digitalised financial product that can provide credit in the most efficient way, Zhou said. By clicking a few buttons on Dumiao's mobile app, a user can receive their loan in a matter of just a few minutes.

The company, founded in 2015, has information on

20 million prospective borrowers in 300 cities, and processes about a million applications every month.

Zhou said Dumiao will continue to seek closer cooperation with retailers and other companies.

"With an option to obtain quick cash loans during online shopping, it's easier for consumers to buy more expensive goods, which drives consumption," she said.

As the applications of fintech continue to expand, it has become an area that companies ignore at their peril.

Yirendai, a New York-listed Chinese online lender, sees huge potential as the scope of fintech offerings expands.

"Yirendai is making use of fintech in providing consumer lending to individuals, while we are using the technology in robo-advisor services in wealth management," said Tang Ning, who founded the company, as well as its parent firm CreditEase, an online lender and wealth manager.

As the first fintech company to launch a mobile app for online lending a few years, Tang sees huge potential for Yirendai in consumer lending.

"Consumers are in need of convenient and advanced ways to get unsecured loans. Not too much - maybe just tens of thousands of yuan - to satisfy their demands in daily life. But this market is largely untapped," Tang said.

Yirendai's strategy is similar to Dumiao in that it is looking to work with more retailers and companies, tapping the need of their customers who want quick cash loans via a mobile app or online.(Source: scmp)



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## Alibaba's Tmall Maintains Reign Over China's Retail Ecommerce



It likely will come as no surprise that Alibaba retained its stranglehold over retail ecommerce in China in 2016. According to data from iResearch Consulting Group, Alibaba's business-to-consumer (B2C) marketplace Tmall far outpaced its competitors with a 56.6% share of retail ecommerce sales in 2016

JD.com ranked second with a 24.7% share, followed by appliance and electronics retailer Suning (4.3%) and flash-sales site Vipshop, or vip.com (3.5%). Yihaodian, the grocery site that Walmart sold to JD.com in June 2016, accounted for just 1.1% of

sales in the country, while Amazon's China operation made up 0.8%.

JD.com has differentiated itself from Alibaba's Tmall largely by managing its own inventory and shipping directly to consumers, instead of simply connecting buyers and sellers on an ecommerce platform, as Tmall does. The approach has been met with success of late. The company reported net revenue of more than \$9 billion in Q3 2016, a year-over-year increase of 38%. Its efforts have also drawn the attention of a foreign player with a similar model—Walmart. The Bentonville, Ark.-based retailer, famed for its mastery of supply chains, this month expanded its stake in JD.com to 12.1%, up from 10.8%.

Both Alibaba's Tmall and JD.com are taking advantage of an ecommerce market in China that shows no signs of slowing. iResearch estimated that the gross merchandise value (GMV) of B2C ecommerce in China totaled RMB4.7 trillion (\$707.5 billion) in 2016, up 23.9% from RMB3.8 trillion (\$572.0 billion) in 2015.

iResearch also reported that B2C platforms will continue to steal share away from consumer-to-consumer (C2C) ecommerce sites over the next few years, as the quality of goods becomes an increasingly important factor in consumer purchase decisions. (Source: e-marketer)

An advertisement for GNC 100% Whey Protein. On the left, a muscular man in a grey tank top is shown in a dynamic pose. In the center, there are three containers of GNC protein: a red tub of '100% WHEY PROTEIN', a black tub of '100% WHEY PROTEIN UNFLAVORED', and a black tub of '100% WHEY PROTEIN UNFLAVORED'. To the right of the products, the text reads 'Beat The Limitation' in white and red, with the Chinese characters '挑战 极限' (Challenge Limit) next to it. The GNC logo 'GNC LIVE WELL' is in a red box, with the tagline '官方唯一指定运动营养产品' (Officially designated sports nutrition product) below it. At the bottom right, there is a logo for the '2016 上海国际半程马拉松赛' (2016 Shanghai International Half Marathon).



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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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