China

Consumer Trends

- Behavioural changes, such as the westernisation of dietary patterns, reducing levels of physical activity, and increasing tobacco and alcohol use are causing lifestyle diseases including obesity, diabetes and high blood cholesterol
- The market demand for OTC products and dietary supplements is supported by the surge in many lifestyle related diseases.
- Consumers prefer to rely on dietary supplements to ease their lifestyle diseases (i.e. taking garlic supplements for high blood cholesterol)
- Growing awareness of health and wellbeing, and also outer appearance (beauty)

East China:

- Worsening environmental pollution due to accelerated industrial development has led to a steady demand for allergy care - growing population of allergy sufferers

North and Northeast China:

- Increased demand for a higher quality of life and personal health with the overall improvement of living standards
- Work pressure and lack of time for physical exercise - growth in demand for products to relieve fatigue
- Air pollution problem: demand for healthcare products to strengthen body functions
- Strong trend towards vitamins and dietary supplements being regarded as an appropriate gift amongst relatives, friends and workmates

Northwest China:

- Least developed area in terms of economic growth with a relatively low disposable income and health-consciousness

South China:

- Growing demand for paediatric products. Parents pay increased attention to the health of their children due to the one-child policy in China
- The per capita income in South China is much higher than the national average – less price sensitive

Mid China:

- Even in developing regions such as Mid China consumers are inclined to buy more vitamins and dietary supplements in order to live a healthy life

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1 Diet, Nutrition and Chronic Disease in Mainland China
2 Euromonitor, Vitamin and Dietary Supplements in China
3 Euromonitor, Herbal / Traditional Products in China
Southwest China:

- Due to the thousands of years’ of history in the use of TCM for the treatment of health problems in this region, traditional herbal products are particularly popular.

Vitamins and dietary supplements

Reaching RMB83.0 billion (growth of 8% in 2013)

- Garlic is expected to increase by a constant value CAGR of 7% in the forecast period.
- Aside from Vitamin C, single vitamins experienced sluggish value growth in 2013.
- Calcium supplements are most popular among dietary supplements, accounting for 23% share of value sales in 2013.

Herbal / traditional products

Reaching RMB 43.1 billion (growth of 9% in 2013) and expected to have 7% increase from 2013-2018

- Herbal / traditional topical analgesics: the strongest current value growth of 16% in 2013.
- The higher acceptance of self-medication in cough, cold and allergy (hay fever) remedies and dermatological.
- Due to the 5000 years’ existence of traditional Chinese medicine, people feel comfortable with taking herbal / traditional products.

The global economic burden of non-communicable diseases

It is well known that NCDs (non-communicable diseases) impede economic growth as well as human health. Currently, NCDs are responsible for 63% of all deaths.

According to the *Global Economic Burden of Non-communicable Disease*, the five main NCDs: CVD, cancer, chronic respiratory disease, diabetes and mental health, will be responsible for a cumulative output loss of US$ 47 trillion over the next two decades, a figure which represents 75% of global GDP in 2010 (US$63trillion). CVD as well as mental health conditions are the two main contributors to the global economic burden of NCDs.

Despite the fact that high-income countries bear the biggest economic burden of NCDs, the developing world, particularly middle-income countries, is expected to assume an even larger share of this burden as their population and economies grow.

The economic burden of NCDs in China

- The estimated total cost of the five main NCDs (CVD, cancer, chronic respiratory disease, diabetes and mental illness): USD 27.8 trillion (2012-2030). Mental health (34%) is the largest category, followed by CVD (30%) and respiratory disease (21%).
- The total medical cost caused by NCDs: 1.48 trillion RMB (210 billion USD) in 2005.

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4 Healthcare Policy and Burden of Diet- and Nutrition – Related Chronic Disease in China
5 The Global Economic Burden of Non-communicable Disease
6 The Economic Impact of Non-communicable Disease in China and India: Estimates, Projections, and Comparisons
The proportion of the NCD burden: 54% (1993) to 63% (2005)
The proportion of NCDs in the total of deaths: 53% (1973) to 85% (2009)
The burden of the four leading NCDs (myocardial infarction, stroke, diabetes, and COPD): expected to increase over 2010 – 2030 by almost 50%. More than 50% of the disease burden will be caused by CVDs (mental illness excluded)
The burden due to deaths from these NCDs will increase by more than 80%.
About half of China’s disease burden from NCDs occurs in people under 65
The factors contributing the increase of the economic burden of NCDs
  - China’s current population aged 65 or older: 8.6% - will be 21% by 2035
  - Increasing air pollution – both indoor and outdoor – is also an important risk factor due to its role in cancer, chronic lung disease, and cardiovascular disease

*These figures will be much larger if economic loss from absence from work and reduction of productivity were included (i.e. early retirement).

The prevalence of the major diseases

1. Hypertension: 27.3% (2008) from 5.11% (1959) - estimated to be 200 million Chinese with hypertension. One of the most common diseases and the most significant risk factors for stroke and other CVD.
2. Type 2 diabetes: 9.7% from 0.8% (1980s) - 114 millions adults
3. Overweight and obesity: nearly 300 million (2002) - During the decade between 1992 &2002, the overweight rate – increased 40.7% / the obesity rate – increased 97.2%

Obstacles:

The Australian CM industry has far more potential in the Chinese market than it currently enjoys; however, due to the uncertain import regulations for supplements / functional food, there are only limited products which can be exported from Australia. There are also other factors preventing the Chinese market from growing, such as quality standards. For instance, many parents are not willing to give their children paediatric remedies due to concerns regarding the safety of these products.