

A Closer Look into China's Health Foods and Medical Foods; Maternal Health Supplement Market to be the Main Beneficiary of China's Demographic Reform

EXECUTIVE SUMMARY

An increasing number of people are resorting to health foods (also called dietary/nutrition supplements) for nutrients in deficiency to maintain or even improve their health mainly due to the adoption of unhealthy lifestyles, especially among urban dwellers, such as having imbalanced diets, smoking a lot, drinking too much alcohol, not having enough sleep, and seldom exercising. Busy schedules, stress at work, social pressures, among others are reasons attributable to engaging in harmful habits. Health foods, which only regulate body functions without any curing effect, cover vitamins, minerals, protein, probiotics, and herbal products. They are available in a variety of dosage forms in China, namely capsule, tablet, powder, granule, liquid, and a few others.

Meanwhile, the **growing number of people suffering from chronic diseases inclusive diabetes, heart diseases and cancer, or neurogenic disorders¹ are taking medical foods (also known as foods for special medical purposes ["FSMP"]) for disease/dietary management.** Medical foods are nutritional products manufactured specifically for dietary management of diseases. It means that they are used as a therapeutic tool. Research and clinical practice have demonstrated that medical foods play a crucial role in enhancing clinical treatment efficacy, expediting the rehabilitation process, shortening the hospital stay, and improving the quality of life of patients. Medical foods are in three categories: special medical foods, special foods, and traditional Chinese medicine foods.

Medical foods differ from health foods in the sense that the former is for people with **distinctive nutritional needs that cannot be fulfilled by making changes to diet alone.** Moreover, unlike health foods, which can be purchased virtually without any restrictions, medical foods are taken **under the scrutiny of healthcare practitioners** to assure the optimal amounts are administered. If not, adjustments are made by the professionals based on their expertise.

The Chinese health food market grew 18.5% in 2019 to reach around RMB222.7 billion, which is forecast to have hit RMB330.7 billion (US\$60.3 billion) in 2021, up almost 50% over the two-year period². The phenomenal growth was fueled mainly by rising health awareness and continued increase in per capita disposable income. By age group, the millennials (born between 1981 and 1995) and Generation Z (born after 1996) have been the major demand driver for health foods in China where traditional Chinese medicine ("TCM") is also classified as health foods. Young Chinese consumers are using TCM to deal with issues associated with sleep, obesity, and immunity system (to fight COVID-19 as an example). The market size of TCM used as health foods are forecast to almost double in 2024, reaching RMB200.8 million from 2017 level.

Maternal (prenatal and postnatal) health supplements are part of health foods. Though a niche market, its growth potential cannot be underestimated in view of favorable measures like the three-child policy introduced in 2021. China's new births dropped to 10.6 million in 2021, a decline of 11.5% compared to 2020.

¹ Inability to exchange information with others because of hearing, speech, and/or language problems caused by impairment of the nervous system (brain or nerves)

² Asia Pacific Nutritional Supplements Market Report, 2030

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