



Baby and Child Products in China: Safety and Quality Prove Paramount Concerns

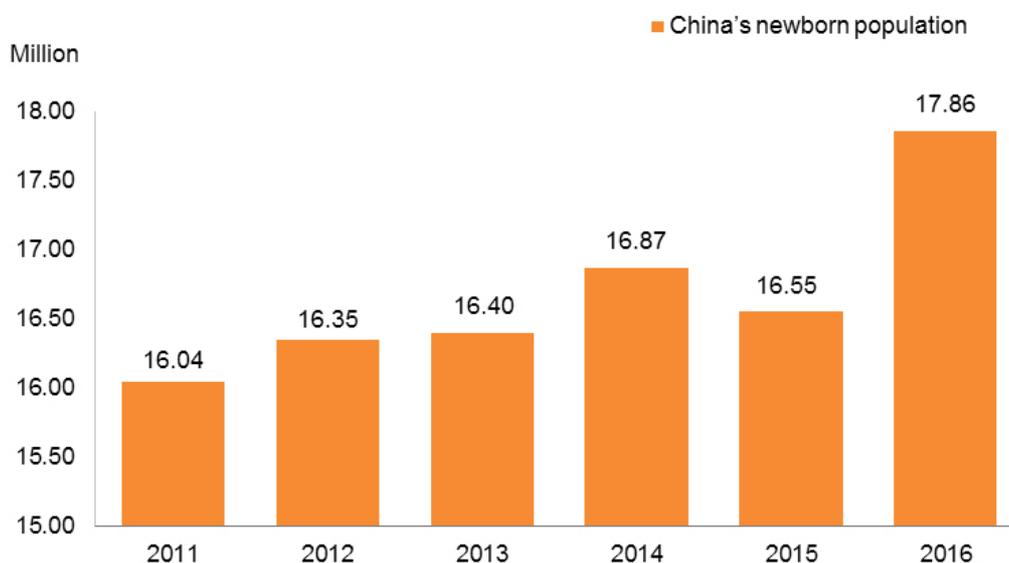
Frequent negative reports about the safety and quality of some baby and child products have caused concern among many mainland parents. According to a consumer survey commissioned by HKTDC on mainland baby and child products [1], over 90% of the respondents say they are always mindful of publicity and reports on the safety of baby and child products and are increasingly concerned about their safety and quality. Parents tend to choose products made of natural materials to prevent their children from excessive exposure to chemicals. Some 90% of the respondents say they would buy “organic” and “eco-friendly” products for their children as far as possible.

“Baby Boom” Fuels Demand

China switched to a “two-child policy” in January 2016 in a bid to promote balanced population growth and as a further step towards improving the country’s birth control policy. It followed the introduction in 2013 of the policy to let married couples have two children if either parent is an only child. The *National Health and Family Planning Commission* estimates that as a result, the average number of new births each year is likely to be between 17 million and 20 million from 2016 and 2020. The number of new births showed a marked increase in the first year of implementation of the “second-child policy”. According to the *National Bureau of Statistics*, the number of new births increased from 16.55 million in 2015 to 17.86 million in 2016. China’s huge newborn population base figure and the number of additional new births is very likely to lead to a rise in the demand for baby and child products.



China's Newborn Population Keeps Growing



Source: National Bureau of Statistics

Increasing Concern for Product Safety and Quality

Safety and quality issues are common for baby and child products manufactured on the mainland. Problems such as “fake baby formula”, “shoddy lining” and “excess formaldehyde” have led to growing concern among parents for the safety and quality of baby and child products. The survey finds that 92% of the respondents agree with the statement “I am always mindful of publicity and reports on the safety of baby and child products”. This is particularly the case for respondents from Shanghai (96%), Beijing (94%) and Shenyang (94%). In addition, 91% of the respondents say they are “increasingly concerned with the safety and quality of baby and child products”. The highest proportions of parents agreeing with this statement are in Beijing (94%) and Changsha (94%).

During the previous survey conducted in 2013 [2], only 87% of the respondents said they were always mindful of publicity and reports on the safety of baby and child products, and 89% said they were increasingly concerned about the safety and quality of baby and child products.

This survey finds that nearly three-quarters of respondents from Shanghai and Guangzhou agree that “baby and child products of foreign and Hong Kong brands offer more and better varieties, functions and styles than mainland brands” (74% of each), proportions that are higher than those of other surveyed cities. This is probably because Shanghai and Guangzhou consumers are better informed about these brands than their counterparts elsewhere. 74% of the respondents from Shanghai are wary/doubtful of the safety and quality of mainland-manufactured baby and child products, representing the highest proportion among respondents in all cities polled. Shanghai consumers may also be more likely to actively look for and follow foreign and Hong Kong brands.

What merits attention is that respondents from Qingdao are the least wary/doubtful of



the safety and quality of mainland-manufactured baby and child products (56%) and only 48% of them agree that “foreign and Hong Kong brands offer more and better varieties, functions and styles than mainland brands”. In short, respondents from Qingdao tend to have higher approval of and greater satisfaction with baby and child products of mainland brands.

Spending Mentality of Respondents on Baby and Child Products, by City

	Share of respondents who “agree most” and “agree” (%)										
	Overall	Beijing	Shanghai	Guangzhou	Wuhan	Chengdu	Shenyang	Nanjing	Changsha	Suzhou	Qingdao
Always mindful of publicity and reports on safety of baby and child products	92	94	96	91	91	92	94	93	93	92	83
Increasingly concerned with the safety and quality of baby and child products	91	94	93	89	92	91	92	93	94	88	80
Wary/doubtful of the safety and quality of mainland-manufactured baby and child products	65	67	74	68	65	64	60	68	63	69	56
Foreign and Hong Kong brands offer more and better varieties, functions and styles than mainland brands	64	72	74	74	55	65	63	63	60	65	48

n = 3,000 (all respondents)

Parents of newborn babies are generally more likely to be concerned about the safety and quality of baby and child products than parents of older children are. The survey shows that 93% of parents with children aged one or below agree that they are “always mindful of publicity and reports on the safety of baby and child products”, while 92% are “increasingly concerned about the safety and quality of baby and child products” – higher percentages than those of parents of other age groups.

In terms of the number of children in the family, parents with one child (one-child parents) are more mindful of publicity and reports on product safety and are also more concerned about the safety and quality of products than parents with two or more children (two-child parents). In terms of monthly household income, more families with higher income say they are “always mindful of publicity and reports on the safety of baby and child products” and “increasingly concerned about the safety and quality of baby and child products”. This indicates that parents become increasingly demanding about product safety and quality as their purchasing power increases.



Spending Mentality of Respondents on Baby and Child Products

	Share of respondents who "agree most" and "agree" (%)								
	Overall	Child's age			Number of children		Monthly household income (RMB)		
		Under 1	1-3	4-6	1	2 or above	15,000 or less	15,000-30,000	Over 30,000
n = 3,000 (all respondents)	(3,000)	(1,000)	(1,000)	(1,000)	(2,416)	(584)	(555)	(1,574)	(871)
Always mindful of publicity and reports on safety of baby and child products	92	93	91	92	92	90	90	92	93
Increasingly concerned with safety and quality of baby and child products	91	92	91	88	91	88	89	90	92
Wary/doubtful of the safety and quality of mainland-manufactured baby and child products	65	66	66	64	65	67	63	66	66
Foreign and Hong Kong brands offer more and better varieties, functions and styles than mainland brands	64	68	63	61	64	63	60	66	63

Preference for "Organic/Eco-friendly" and "Safety Certification"

Overall, 90% of the respondents say they would buy organic/eco-friendly products for their children as far as is possible. The percentage is highest in Wuhan (94%) and Changsha (94%) and lowest in Qingdao (76%). During the 2013 survey, only 87% of the respondents say they would buy organic/eco-friendly products for their children as far as is possible. Mainland parents have a growing preference for "organic" and "eco-friendly" baby and child products.

Parents attending the focus group discussions say they have higher requirements and standards for their children’s food and personal supplies (such as clothing). For example, parents would choose organic food for their children as far as is possible because of concerns that hormones in food may affect child growth, while they would buy organic cotton clothing for their children to avoid chemicals on the clothing that might trigger skin allergies.

Parents are willing to pay more for products with safety certification as their awareness of safety certification increases. The survey shows that 90% of the respondents say they carefully read product labelling, while 85% of parents are willing to pay more for products with safety certification (compared with only 77% of parents willing to do so in the 2013 survey). The percentage willing to do so is significantly higher in Beijing (90%), Shanghai (89%) and Guangzhou (88%) than elsewhere.

A [Hong Kong company](#) with proprietary brands said the baby products they developed had won the Hong Kong Awards for Industries for their innovation and creativity, in addition to gaining national invention patent certificates and other international awards. These have reinforced the company’s image as a professional baby goods brand and given them a cutting edge over other brands on the mainland.



Behavioural Characteristics of Respondents When Buying Baby and Child Products, by City

	Share of respondents who “agree most” and “agree” (%)										
	Overall	Beijing	Shanghai	Guangzhou	Chengdu	Wuhan	Shenyang	Nanjing	Harbin	Suzhou	Qingdao
Would buy organic/eco-friendly products for children as far as possible	90	91	93	92	94	91	90	89	94	89	76
Would carefully read the product labelling to understand the product ingredients	90	94	93	91	92	89	88	91	94	88	77
Often discuss/compare with friends and relatives the safety and quality of baby and child products	87	92	92	85	84	85	89	85	88	90	77
Willing to pay more for products with safety certification	85	90	89	88	86	84	85	83	84	85	75
Like to share/access information on baby and child products on social media	84	84	88	83	82	85	86	84	89	84	72

n = 3,000 (all respondents)

In age-specific terms, respondents with children aged one or below are more willing to buy organic/eco-friendly products for children (91%) than those with children aged 4-6 (88%). The participants of focus group discussions said they would let their children use organic/eco-friendly products because they considered it inadvisable to expose young children to excessive chemical substances. The activities of young children are mainly confined to their homes, and as children grow older and their living circle expands, they have more chances of being exposed to products that are not organic/eco-friendly. Parents no longer deliberately buy organic/eco-friendly products for their children once they reach this stage of their development.

Only 78% of “two-child parents” would pay more for products with safety certification, significantly less than the proportion of “one-child parents” who would do so (86%). This is probably because “two-child parents” are more price-sensitive. “One-child parents” are also more likely to discuss/compare the safety and quality of baby and child products with friends and relatives (88% of them, compared to 83% of “two-child parents”). 84% of “one-child parents” say they like to share/access information on social media – a greater proportion than among “two-child parents” (81%). This is probably because they have no experience in bringing up children and need to rely on friends’ word-of-mouth and media information.

Respondents with higher monthly household incomes tend to agree that they “would buy organic/eco-friendly products for children as far as possible” and are “willing to pay more



for products with safety certification”. In other words, baby and child products that are “organic” and “eco-friendly” and have “safety certification” are more able to attract high-income parents.

Behavioural Characteristics of Respondents When Buying Baby and Child Products

	Share of respondents who “agree most” and “agree” (%)								
	Overall	Child’s age			Number of children		Monthly household income (RMB)		
		Under 1	1-3	4-6	1	2 or above	15,000-30,000	Over 30,000	
n = 3,000 (all respondents)	(3,000)	(1,000)	(1,000)	(1,000)	(2,416)	(584)	(555)	(1,574)	(871)
Would buy organic/eco-friendly products for children as far as possible	90	91	91	88	91	87	88	90	92
Would carefully read the product labelling to understand the ingredients used	90	91	90	89	90	87	87	89	93
Often discuss/compare with friends and relatives about the safety and quality of baby and child products	87	89	87	84	88	83	83	87	88
Willing to pay more for products with safety certification	85	85	85	84	86	78	82	84	88
Like to share/access information on baby and child products on social media	84	87	82	82	84	81	81	84	85

Summary

Frequent safety issues with baby and child products have caused parents to be concerned about the safety and quality of these products. Among the surveyed cities, parents from Shanghai are more mindful of publicity and reports on the safety of baby and child products. They are also most wary/doubtful of the safety and quality of these products. Compared with other surveyed cities, respondents from Beijing, Shanghai and Guangzhou are more likely to agree that foreign and Hong Kong brands are better than domestic brands, but competition is also more intense in these cities. Hong Kong companies interested in entering the mainland market should choose a suitable city as a pilot based on their business strategy and development direction, find out the strong and weak points of their brands/products in actual operation, and make the necessary improvements before branching out to other cities.

Overall, parents are likely to buy organic/eco-friendly products for their children as far as is possible when the children are still at a young age. Hong Kong companies may consider positioning their brands/products on organic, eco-friendly, natural and healthy products to attract the interest of parents. Moreover, since parents of higher income are



willing to pay more for products with safety certification, Hong Kong companies should try to apply for mainland and international certification for their products to attract parents' interest and increase their confidence in the products.

Appendix

Survey Background

China began pursuing a policy of reform and opening up in 1979 and introduced the "one-child policy" to control population growth that year. It was not until 2013 that the government eased the "one-child policy" by letting married couples have two children if one of the parents is an only child. Faced with the problems of a declining working-age population and population aging, the [13th Five-Year Plan](#) decided to implement a universal "two-child policy", which took effect nationwide in 2016.

The mainland middle class has high spending power and parents are in general willing to spend heavily on their offspring because most families only have one child. *HKTDC* commissioned a survey on the Chinese market for baby and child products in 2013. In the wake of continued economic growth and the change in China's population policy, *HKTDC* conducted a similar survey in 2017 to gauge the spending mentality of mainland middle-class parents on baby and child products, their major considerations, channels through which they buy these products and access relevant information, and so on, to provide reference for Hong Kong companies interested in developing the mainland market.

Besides trying to find out the general consumption pattern of middle-class parents for baby and child products, the survey also attempts to study their spending characteristics and buying habits from the policy directions for new-style consumption discussed in the *13th Five-Year Plan*. These include encouraging the consumption of green, eco-friendly and premium quality products, promoting online-to-offline ([O2O](#)) operation, and developing a new format of "content + platform + terminal" media communication. This survey also looks at the differences in spending mentality and characteristics between respondents who are parents of one child and those of two or more children. In the latter case, the data collected relates to the youngest child of any surveyed family.

Methodology

HKTDC conducted an online questionnaire survey in 10 major mainland cities – Beijing, Shanghai, Guangzhou, Shenyang, Wuhan, Chengdu, Nanjing, Changsha, Suzhou and Qingdao – in March 2017. A total of 3,000 middle-class parents (300 from each surveyed city) who have children under the age of six in the family were surveyed. They are the principal members of the family with responsibility for buying baby and child products and have bought at least three categories of these products in the past year. In addition to the online questionnaire survey, six focus groups were held in Shanghai and Chengdu to gain a deeper understanding of the spending mentality and purchasing behaviours of mainland parents on baby and child products through qualitative analysis.

The term "baby and child products" used in this survey refers to six categories of products, including food, clothing, toys, sanitary care products, daily-use articles and furniture, used by babies and children under the age of six.



Design of Focus Groups

Surveyed cities	Shanghai, Chengdu
No of groups	3 in each city, 6 in total
Profile of participants	<ul style="list-style-type: none"> • Shanghai: Monthly household income of RMB15,000 or more • Chengdu: Monthly household income of RMB9,000 or more • Respondent must be either a mother or father of at least one child under the age of six and must be the principal member of the family who buys baby and child products. • Have bought baby and child products of at least three categories in the past year
Group classification	<p>Group 1 (8 persons)</p> <ul style="list-style-type: none"> • Have children under the age of one in the family <p>Group 2 (8 persons)</p> <ul style="list-style-type: none"> • Have children aged 1-3 in the family <p>Group 3 (8 persons)</p> <ul style="list-style-type: none"> • Have children aged 4-6 in the family

Design of Online Questionnaire

Surveyed cities	Beijing, Shanghai, Guangzhou, Wuhan, Chengdu, Shenyang, Nanjing, Changsha, Suzhou, Qingdao
No. of respondents	300 in each city; 3,000 in total
Distribution of respondents	<p>Parents with children under one year of age: 100 in each city</p> <p>Parents with children aged 1-3: 100 in each city</p> <p>Parents with children aged 4-6: 100 in each city</p>
Profile of respondents	<ul style="list-style-type: none"> • Beijing, Shanghai, Guangzhou: Monthly household income of RMB15,000 or above • Chengdu, Wuhan, Shenyang, Nanjing, Changsha: Monthly household income of RMB9,000 or above • Suzhou, Qingdao: Monthly household income of RMB7,000 or above • Respondent must be either a mother or father of at least one child aged below six and must be the principal member of the family who buys baby and child products • Have bought baby and child products of at least three categories in the past year • Respondent must be aged 25-45



Average Monthly Household Income of Respondents (RMB)

City	Monthly Household Income	City	Monthly Household Income
Beijing	31,092	Shenyang	23,465
Shanghai	29,692	Nanjing	26,280
Guangzhou	30,283	Changsha	23,847
Wuhan	25,267	Suzhou	23,217
Chengdu	21,570	Qingdao	20,930
Overall average	25,564		

Occupation of Respondents (%)

	Overall	Beijing	Shanghai	Guangzhou	Chengdu	Wuhan	Shenyang	Nanjing	Harbin	Suzhou	Qingdao
Government employees	6	4	7	7	3	5	7	6	6	7	2
Public institutions (technology, education, culture, health)	12	14	11	17	10	12	11	16	11	12	7
Foreign and joint venture enterprises	20	26	28	20	19	16	16	19	18	18	21
Private enterprises	38	36	35	34	41	38	43	36	45	33	41
State-owned enterprises	9	8	11	9	8	10	7	7	9	11	13
Professionals (lawyers, accountants etc.)	10	10	5	8	8	14	11	10	9	13	10
Others	5	2	3	5	11	5	5	6	2	6	6

Gender of Respondents (%)

	Overall	Beijing	Shanghai	Guangzhou	Chengdu	Wuhan	Shenyang	Nanjing	Harbin	Suzhou	Qingdao
Male	25	28	27	23	23	21	28	26	24	27	24
Female	75	72	73	77	77	79	72	74	76	73	76

[1] See Appendix for details of the survey.

[2] China's Baby Boom Dividends released in 2013 covers eight cities: Beijing, Shanghai,



Guangzhou, Shenyang, Wuhan, Chengdu, Nanjing and Changsha.

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