

The Market for Highly Processed Food and Drink: Driving Children's Diets

China



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Acronyms and terms

BMS	Breast milk substitutes
CNY	Chinese Yuan Renminbi (currency unit)
FOPL	Front of pack labelling
GBN	Global brand name
LSR	Limited service restaurants
NBO	National brand owner
NCD	Non-communicable disease
RTD	Ready to drink
WHO	World Health Organisation

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Executive summary

Over the past 20 years, the prevalence of overweight and obesity in Chinese children aged from 7-18 years has quadrupled (Figure 1) though there has been a steady decrease in undernutrition.¹ One in five children (20.4%) was overweight or obese in 2015 and the prevalence is growing among rural children as well as in urban populations. During the same time period, dietary patterns have transitioned from a traditional diet to a modern diet with a high intake of highly processed food and drink.ⁱ Childhood overweight and obesity in China has been associated with the increase in consumption of highly processed food and drink including wheat products, processed meat and fast food.²

This report analyses Euromonitor International marketing reports between January 2018 and December 2019 to assess the trends in sales of different categories of highly processed food and drink in China. Euromonitor International collects sales data from various sources including trade associations, industry bodies, company financial reports, and official government statistics. Food industry representatives validate these data. Four categories of food and drink were considered: (1) Soft drinks; (2) Savoury snacks; (3) Sweet snacks; and (4) Baby foods. Three types of food service, which are associated with delivery of highly processed foods, were considered: (1) Fast food restaurants; (2) Street kiosks; (3) Cafés and bars. Data from the Euromonitor International reports were extracted to produce tables and graphs to illustrate trends and sales in China.

In addition, based on the text of the Euromonitor International reports that represents an industry perspective, this report describes the current practices employed by food and beverage companies to influence consumer choice and food purchase. The threats, opportunities and strategies adopted by companies are set out. Key points and conclusions from a UNICEF and public health perspective based on the current analysis are highlighted.

The aims of the current report are:

- To describe the current trends in sales of highly processed food and drink products.
- To identify the major companies that are selling these highly processed products.
- To summarise from an industry perspective, the threats, opportunities, and strategies for selling highly processed food and drink products.
- To recommend key policy actions from a public health perspective for improving the diets of children and their families in China.

ⁱ Highly processed or ultra-processed foods have undergone a series of industrial modifications to make them hyper-palatable, attractive and with a long shelf-life. They are energy-dense, high in unhealthy types of fat, refined starches, free sugars and salt, and poor sources of protein, dietary fibre and micronutrients. Monteiro CA, Cannon G, Moubarac JC, Levy RB, Louzada MLC, Jaime PC. The UN decade of nutrition, the NOVA food classification and the trouble with ultra-processing. *Public Health Nutrition*. 21(1), pp. 5-17. 2018.

The report finds that there is growth in volume sales of highly processed products in China for the categories of savoury snacks and baby foods, and for services delivered by fast food restaurants, street kiosks, and cafés and bars. However, there has been a slight reduction in volume sales for the category of sweet snacks due to lower sales of the sweet biscuit sub-category. Overall, there has been an increase in soft drinks sales. However, this category includes bottled water. When bottled water is removed, the sales of the soft drink category are found to decrease.

Large Asian and multinational companies dominate the market sales of highly processed products. While there is evidence that the sale of these products is rising, so too is health awareness among Chinese consumers. Companies are responding to consumer demand for healthier food and drink by modifying their product portfolios to include 'healthier' ingredients and preparation practices. Despite this, and in the absence of robust legislation to control the marketing and sale of unhealthy food and drink, there are many examples of products that are marketed as 'nutritious' although they are high in energy, sugar, fat and/or salt.

Marketing strategies for highly processed products include:

- Marketing highly processed products as 'nutrient supplements' or for 'weight loss' which in fact contain excessive amounts of 'unhealthy' nutrients such as sugar, fat, salt and energy.
- Using cartoon characters, celebrities and package promotions to market highly processed products that specifically target young children and young adults.
- Introducing premium products with novelty flavours, new ingredients and reformulation for the more health-conscious consumers with higher disposable incomes that are still high in 'unhealthy' nutrients.
- Promoting and marketing of milks or foods with high sugar and calorie content to children under the age of 36 months though against WHO recommendations that promotion of BMS that imply a health benefit are acting as substitutes for other foods and damaging to children's health.³
- Popularizing new types of drinks such as bubble tea among children though these teas contain excessive amounts of sugar and energy.

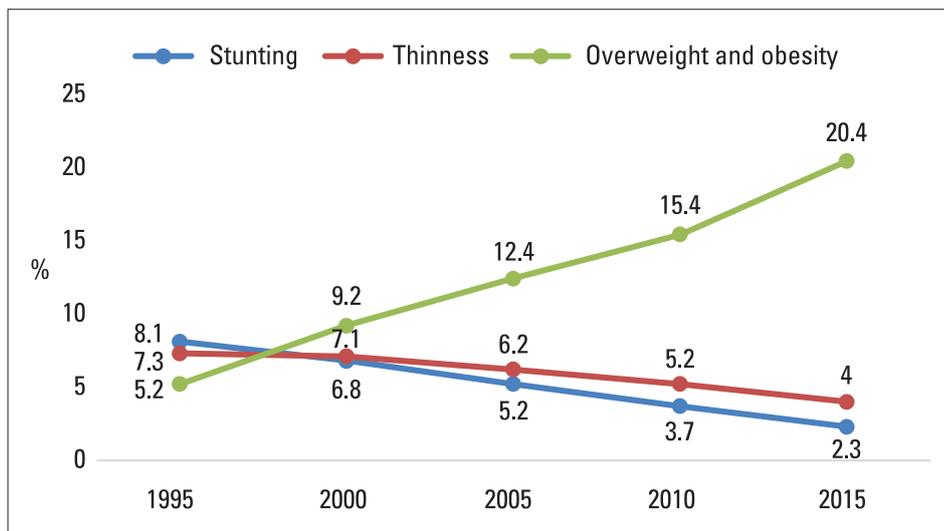
Despite China's government plans of action and policy initiatives to improve healthy behaviours in the past decade, implementation of specific policies to decrease consumption of unhealthy food are not yet sufficient. Stronger policy actions are required to effectively prevent overweight and obesity in Chinese children. These include:

- 1. Strengthen national legislation to control the marketing of breast-milk substitutes and promote breastfeeding.**
- 2. Introduce clear front-of-pack labelling (FOPL) especially for foods that are consumed by children.**
- 3. Build on consumer demand and preference for healthy eating, especially among children and adolescents.**
- 4. Introduce robust restrictions to reduce the harmful impact of marketing of unhealthy foods to children.**
- 5. Consider introduction of taxes on sugary drinks.**
- 6. Introduce menu labelling for purchased foods in all restaurants especially fast food restaurants.**
- 7. Ensure that the formulation and implementation of policies and regulations to control the sale and marketing of food and drink are free from the influence of the food industry.**

Introduction

Over the past 20 years, the prevalence of overweight and obesity in children aged from 7-18 years has quadrupled (Figure 1) in China though there has been a steady decrease in undernutrition.¹ One in five children (20.4%) was overweight or obese in 2015 and the prevalence is growing among rural children as well as in urban populations. During the same time period, dietary patterns have transitioned from a traditional diet to a modern diet with a high intake of highly processed food and drink. Childhood overweight and obesity in China has been associated with the increase in consumption of highly processed food and drink including wheat products, processed meat and fast food.² China is the world's largest food producer as well as the largest food consumer in volume terms.⁴ In addition to its domestic production and in order to meet growing demand, China has been importing more food, a trend which is likely to continue into the future.

Figure 1: Increase in overweight and obesity among children in China, 1995-2014



Objectives of the report

This report analyses Euromonitor International marketing reports and aims:

- To describe the current trends in sales of highly processed food and drink products.
- To identify the major companies that are selling these highly processed products.
- To summarise from an industry perspective, the threats, opportunities, and strategies for selling highly processed food and drink products.
- To recommend key policy actions from a public health perspective for improving the diets of children and their families in China.

Methods

First, a rapid literature review was undertaken of current approaches by the government and the private sector (through voluntary agreements) in China to reduce the exposure of children to highly processed food and drink, and prevent an increase in obesity and food related non-communicable diseases (NCDs). This information is presented under the section: Policies to control the marketing and sale of highly processed food.

Second, a review of Euromonitor International Passport reports published between January 2018 and December 2019 was conducted. Euromonitor International is a market research company with a network of analysts in more than 100 countries including China. Euromonitor International collects sales data from various sources including trade associations, industry bodies, company financial reports, and official government statistics. All retail channels, from large-scale grocery to direct sellers to local mom-and-pop outlets are included.⁵ Food industry representatives validate these data and in country store-checks are carried out for place, product, price and promotion of products. The reports present sales over several consecutive years, though figures can vary depending on the date that the reports were published. In all the reports, data on company market share are reported for one year less than the other variables.

Four categories of food and drink, which have been associated in China with overweight, were considered in the review. The categories were: (1) Soft drinks; (2) Savoury snacks; (3) Sweet snacks; and (4) Baby foods. Definitions of these categories are found in Annex 1. This information is presented under the section: Sales of highly processed food products.

Three types of food service, which are associated with delivery of highly processed foods, were considered: (1) Fast food restaurants; (2) Street kiosks; (3) Cafés and bars. Definitions of these service categories are found in Annex 2. This information is presented under the section: Services associated with the sale of highly processed food products.

Data from the Euromonitor International reports were extracted to produce tables and graphs to illustrate trends and sales in China. The publication year of the reports and are indicated in the corresponding section. Four graphs were derived for each category of food or drink product:

- Sales trend by volume in kilograms or litres per capita. These were calculated using total population figures up to 2019.⁷ Estimated population for forecast sales (cited in the Euromonitor International reports) from 2020 to 2024 were calculated based on the annual population growth in 2019 of 0.4%.⁸ For the baby food category, under-five population figures up to 2018 were used.⁹ Estimated under-five population for sales from 2019 to 2024 was calculated based on an annual under-five population growth in 2019 of 0.4%.
- Sales trend by value in million or billion Chinese Yuan Renminbi (CNY).
- Sales trend by type in kilograms or litres per capita. Calculated using the same population figures as described above.
- Top five companies by national brand owner (NBO) shares. This was based on the percentage volume of the national market.

Three graphs were derived for each category of food service:

- Trend in number of transactions.
- Sales trend by value in million or billion CNY.
- Top five companies by global brand name (GBN) shares. This was based on the percentage share.

Based on the text of the Euromonitor International reports that is compiled based on input from key industry stakeholders, the current practices employed by food and beverage companies to influence consumer choice and food purchase are described. The threats, opportunities and strategies adopted by companies are set out. Key points and conclusions from a UNICEF and public health perspective based on the current analysis are highlighted at the start of each section.

Policies to control marketing and sale of highly processed food

Front-of-pack labelling

Chinese legislation on food safety was issued in 2009 and revised in 2018. The legislation includes many articles on labelling. The Chinese Ministry of Health launched the 'Code for Management of Food Nutrition Labelling' in 2007 (effective from 1 May 2008). It is a voluntary initiative to improve nutrition labelling.¹⁰ The code encourages manufacturers to display information about the nutritional content and properties of food using a standard nutrient declaration and allows claims on the packages. In October 2011, the Chinese government enacted a new regulation based upon this code, making nutrition labelling and a standardized nutrient declaration of energy, protein, fat, carbohydrates and sodium on pre-packaged foods mandatory from 1 January 2013.¹¹

Dietary guidelines

The Chinese Nutrition Society and the Institute of Nutrition and Food Hygiene have developed Chinese Dietary Guidelines in the form of the 'Food Guide Pagoda'.¹² It has five levels, representing the recommended proportion of the different food groups in the diet. Recommendations include drinking plenty of water and doing physical activity while the key nutrition messages are:

- Eat a variety of foods, with cereals as the staple.
- Balance eating and exercise to maintain a healthy body weight.
- Consume plenty of vegetables, milk, and soybeans.
- Consume an appropriate amount of fish, poultry, eggs, and lean meat.
- Reduce salt and oil, and limit sugar and alcohol.
- Eliminate waste and develop a new ethos of diet civilization.

Nutrition and healthy lifestyle policies

A series of nutrition-related policies aimed at children have been introduced over the years in China. These include China Food and Nutrition Development Programme (2014-2020), China National Nutrition Plan (2017-2030) and the 'Action Plan for Healthy Children' (2018-2020). In 2017, the 'Healthy Lifestyle for All' campaign (2017-2025) was introduced that included goals to reduce salt, oil, and sugar consumption. In 2019, the Chinese State Council announced Healthy China 2030 with 15 goals to be achieved between 2020 and 2030 with specific targets, which included decreasing health effects of second-hand smoking, reducing obesity, increasing overall physical activity and preventing chronic diseases and unhealthy dietary behaviour.¹³ Most recently 'Regulations on Food Safety, Nutrition and Health Management in Schools' were jointly issued by the Ministry of Education, the State Administration and the National Health Commission in 2019.

Marketing of Breast Milk Substitutes

The Chinese Rules Governing the Administration of Marketing of Breast Milk Substitutes were adopted by six government sectors in 1995 though evidence suggests that the Rules were not enforced.¹⁴ However, China repealed these legal measures in 2016, without any replacement.¹⁵

A new regulation for improving the standards of formula milk became effective in January 2018 (The Infant and Toddler Milk Formula Registration Regulation). It requires that all infant formula milk products produced in or imported to China are registered and tested with the China Food and Drug Administration.

Sales of highly processed food products



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Soft drinks



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Key messages

- Sales of soft drinks are growing in China largely due to the sale of bottled water which is classified as a soft drink by Euromonitor International. However, overall sales minus bottled water are decreasing.
- Health awareness has increased among consumers boosting sales of drinks with lower sugar and those marketed as more nutritious.
- However, some types of soft drinks are being marketed as 'nutritious' when they contain significant amounts of sugar. Examples currently being sold in China and identified by UNICEF include:
 - Sports drinks marketed to children and adolescents as 'nutrient supplementation' to replace nutrients used during sports but which can contain 24g sugar per 500ml bottle (equivalent to 50% of the WHO recommendation of less than 50g or 10% of total energy intake per day from 'free sugars' for both adults and children).¹⁶
- Some drinks are being particularly targeted at children but have a high sugar content. Examples include:
 - Flavoured milk marketed with cartoon characters that appeal to young children and contain more than 24.5g 'carbohydrate' per 245ml serving (while it is not clear what the term 'carbohydrate' covers, the WHO recommendation for 'free sugars' is less than 10% of total energy intake. A child of 3-4 years of age requires around 1,500kcal energy per day and up to 37.5g 'free sugars' so consuming one serving of flavoured milk could be equivalent to 65% of the total daily recommended amount from 'free sugars').^{16 17}
- Asian and multinational players maintain leading positions in the sale of soft drinks.

Implications for public health policy

- Introduce legislation for mandatory, clear front of pack labelling (FOPL) with warning symbols (black or traffic light) that indicate when a soft drink contains high levels of sugar.
- Consider introduction of taxes on sugary drinks.
- Build demand and understanding about healthier drinks among children and adolescents through multiple media including social media.

Annual sales and leading companies of soft drinks

According to the Euromonitor International reports published in 2019, total sales of soft drinks have steadily increased from 2014 to 2019 and are projected to continue to rise (Figure 2). Average annual sales stood at 62.2 litres per capita in 2019, with an estimated annual sales value of CNY 578.6 billion (Figure 3). The major contributor (off-trade sales only which refers to the majority of sales through food retailers like supermarkets) is bottled water followed by ready-to-drink (RTD) drinks, coffee and juices, as consumers switch away from consumption of carbonated drinks (Figure 4). The company

with the largest market value (off-trade) share of soft drinks, Ting Hsin International Group, has held more than 10% of the market since 2015, followed by Coca Cola which has held around 8% of the market share between 2015 to 2019 (Figure 5).

The percentage change in sales between 2014 and 2019 (Figure 6) illustrates the decrease in sales of RTD tea, juices and carbonates while sports and energy drinks, and bottled water have increased sales. While overall sales of the soft drink category have increased, when bottled water is removed from the total, there is an overall decrease in sales.

Figure 2: Soft drinks annual sales by volume, 2014-2024

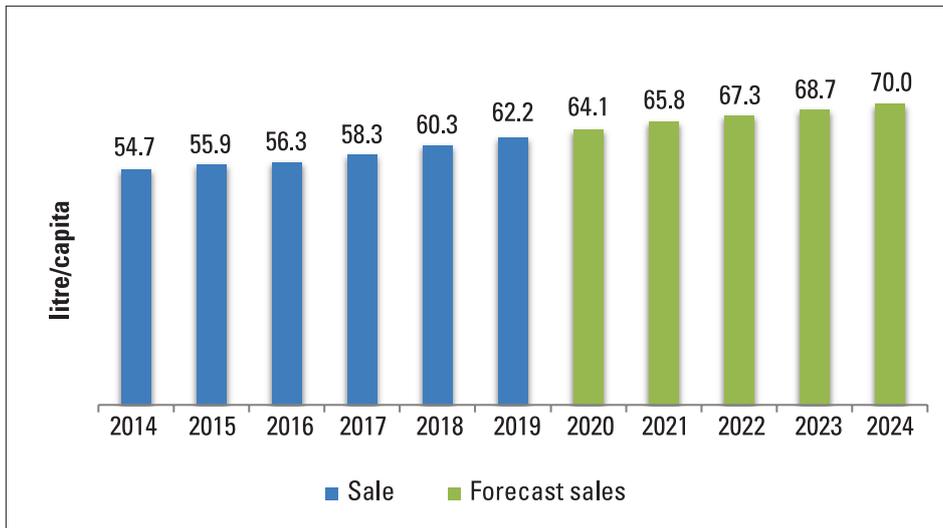


Figure 3: Soft drinks annual sales by value, 2014-2019

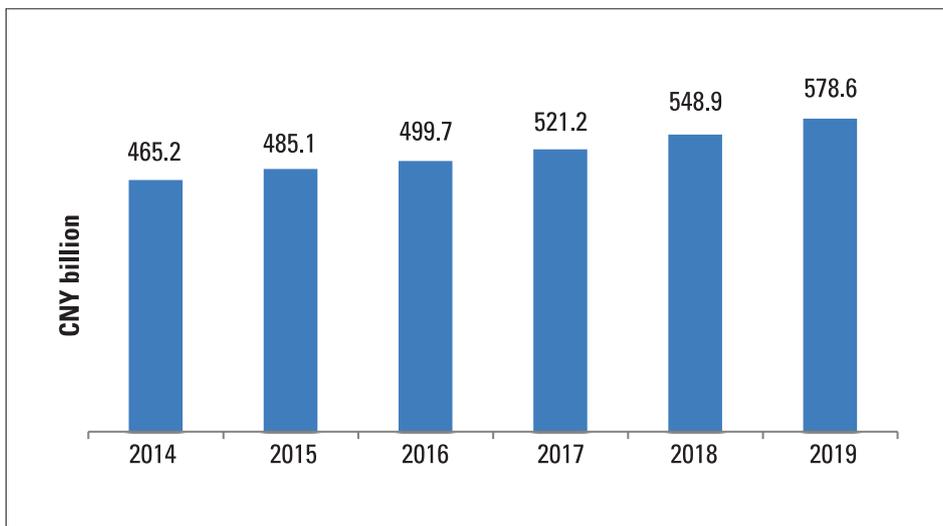


Figure 4: Soft drinks annual sales (off-trade) by type, 2014-2019

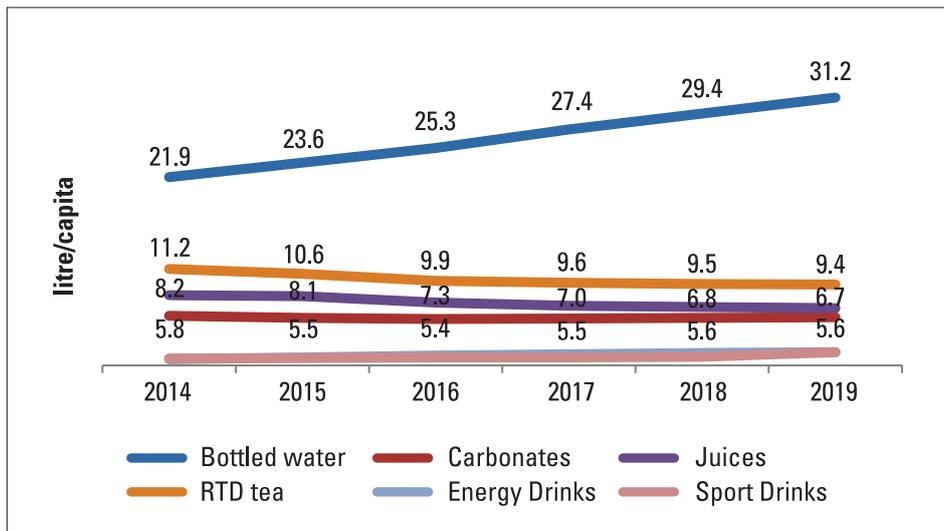


Figure 5: Company shares (off-trade) of soft drinks, 2015-2019

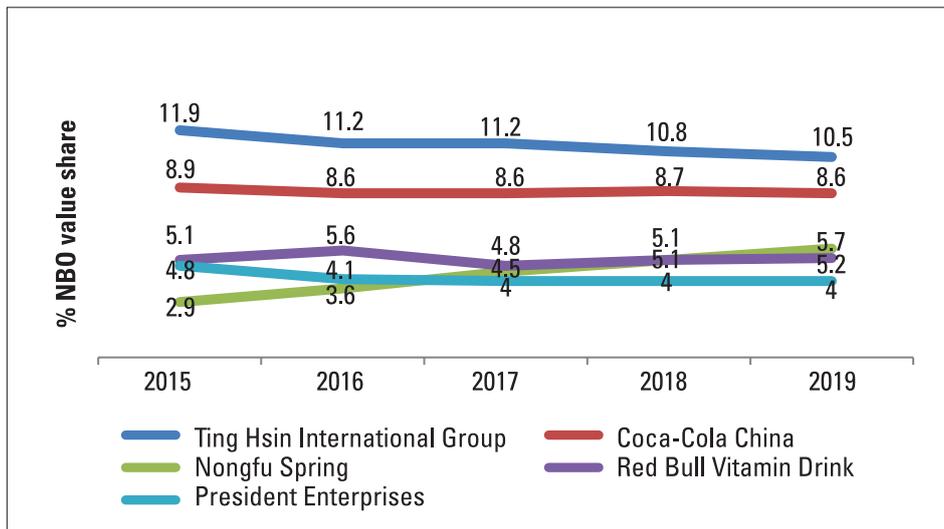
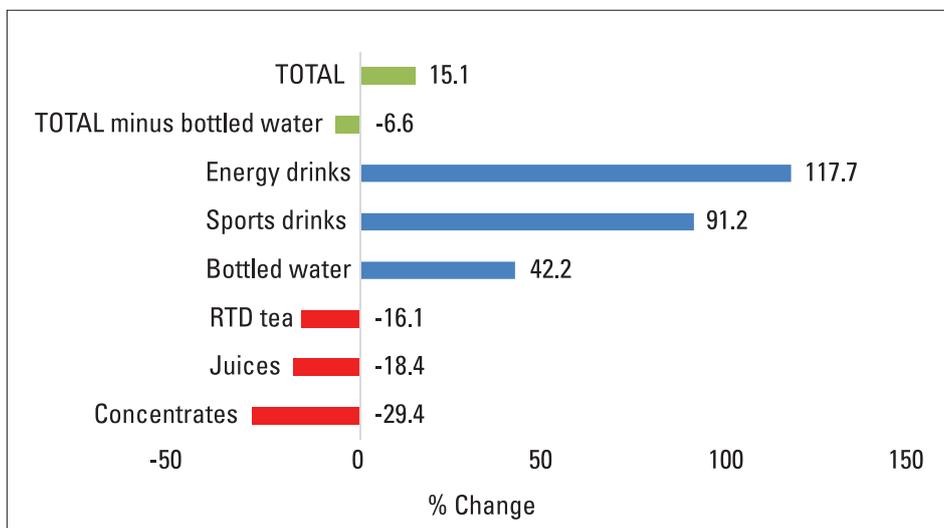


Figure 6: Soft drinks percentage change in volume sales, 2014-2019



Industry perspective based on Euromonitor International reports

Soft drinks are projected to maintain a moderate growth, underpinned by continuous and steady consumer demand for bottled water, sports and energy drinks. Imported brands of natural mineral bottled water have been favoured by a tariff deduction and sales are forecast to grow.

Health awareness among consumers is favouring the market for bottled water and having a negative impact on the sale of less healthy soft drinks. Furthermore, the rising consumer pursuit of personal wellbeing is increasing the sale of 100% juice beverages and low calorie carbonates rather than reconstructed juice or sugary drinks.

Asian and multinational players continue to maintain their leading positions in the off-trade market (through retail outlets). Supermarkets are the largest distribution channels for beverages and companies are taking the opportunity to sell soft drinks in bulk packages and to develop new flavours. These innovations have been well received among young consumers.

The Euromonitor reports that opportunities for companies lie in the bottled water market, RTD tea, juices, sport and energy drinks which are maintaining their demand. Marketing strategies to promote their consumption are being implemented targeted particularly at young adults.

Additional strategies include the changing of market portfolios with innovations including new flavours and reformulation, and bulk packaging of carbonates and sugary drinks for sale in supermarkets.

Sweet snacks



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Key messages

- Sales of sweet snacks have fallen slightly in recent years.
- There is a prevailing trend among consumers for health and wellness reducing demand for products high in sugar and energy, such as sweet biscuits, and increasing sales of protein and energy bars that are promoted as being beneficial for fitness and exercise. Examples currently being sold in China and identified by UNICEF include:
 - Chocolate and peanut bars marketed as energy boosting and a 'must' for sport that contain per 20g bar a total of 98kcal energy (equivalent to 5% of the WHO daily recommendation)¹⁷ and 11.6g carbohydrates (while it is not clear what the term 'carbohydrate' covers, the WHO recommendation for 'free sugars' is around 50g per day so consuming one serving of the bar could be equivalent to 23% of the total daily recommended amount from 'free sugars').¹⁶
- Manufacturers of sweet snacks are engaging in innovative marketing techniques introducing new flavours and targeting women and young adults using celebrities and package promotions.
- Despite the reduction in sales of sweet biscuits in China, Mondelez dominates the sweet snack market through the Oreo brand which is being marketed to attract younger children. Examples currently being sold in China and identified by UNICEF include:
 - Mini chocolate sandwich cookies that are small and cute in order to attract the attention of children. Several different flavours are meant to appeal to children and cartoon characters endorse the products.

Implications for public health policy

- Introduce stricter, mandatory controls on the marketing of unhealthy foods to children.
- Introduce legislation for mandatory, clear FOPL with warning symbols (black or traffic light) that indicate snacks that contain high levels of sugar.
- Build demand and understanding about healthier snacking, and nutrition for sport and exercise, among children and adolescents.

Annual sales and leading companies of sweet snacks

According to the Euromonitor International reports published in 2019, sales of sweet snacks have declined in recent years though the forecast is to maintain a steady plateau (Figure 7). Annual sales by value have increased a little and stood at CNY 56 billion in 2019 (Figure 8). Sales of sweet biscuits have declined slightly while fruit snacks sales have remained steady (Figure 9).

The average unit prices increased between 3 and 4% in 2019, and Mondelez continues to lead the market in China with around 10% of the total share (Figure 10) partly through the Oreo brand which is being marketed through innovative initiatives to attract younger children. The percentage change in sales between 2014 and 2019 (Figure 11) illustrates the decrease in overall sales of sweet snacks due to reduction of sales in sweet biscuits, while fruit bars have increased in sales.

Figure 7: Sweet snacks annual sales by volume, 2014-2024

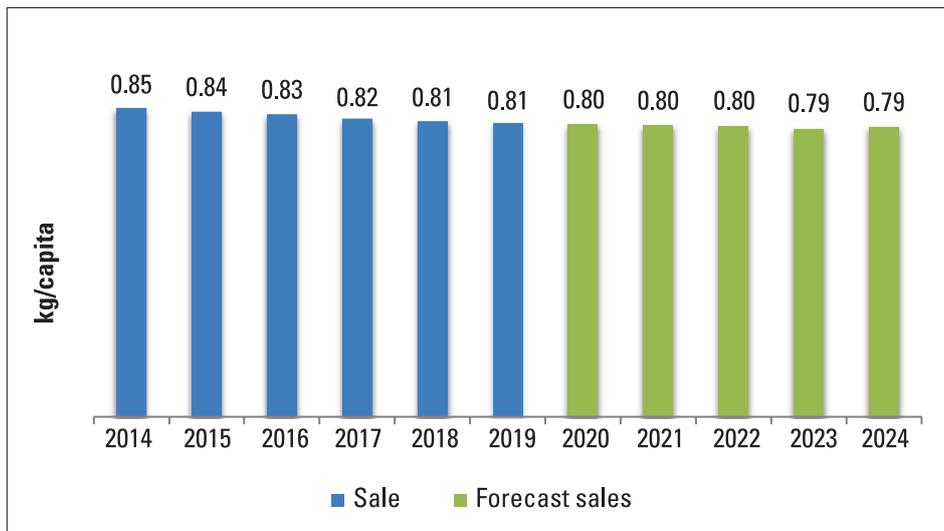


Figure 8: Sweet snacks annual sales by value, 2014-2019

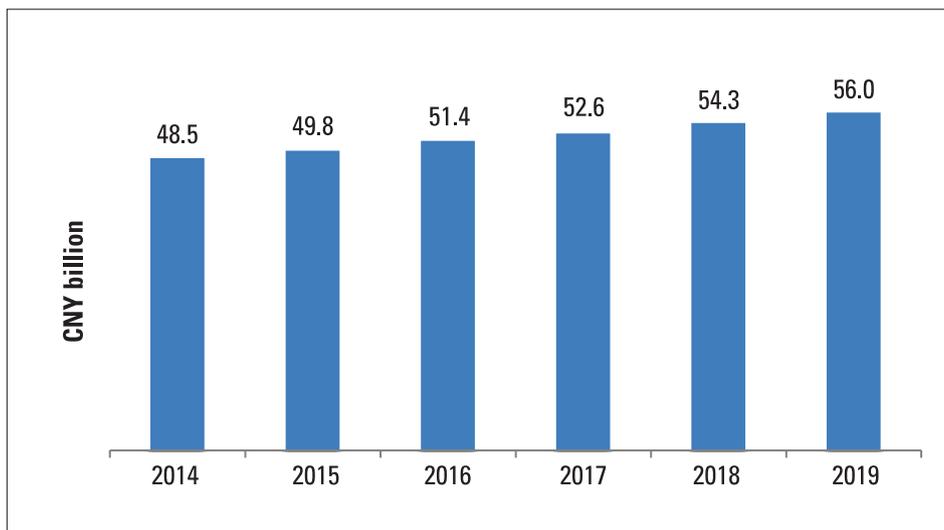


Figure 9: Sweet snacks annual sales by type, 2014-2019

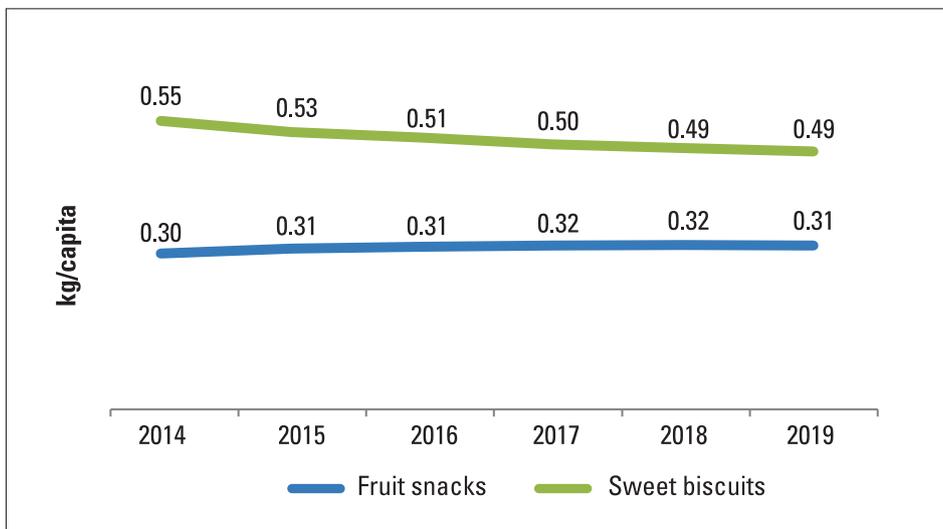


Figure 10: Company shares of sweet snacks, 2015-2019

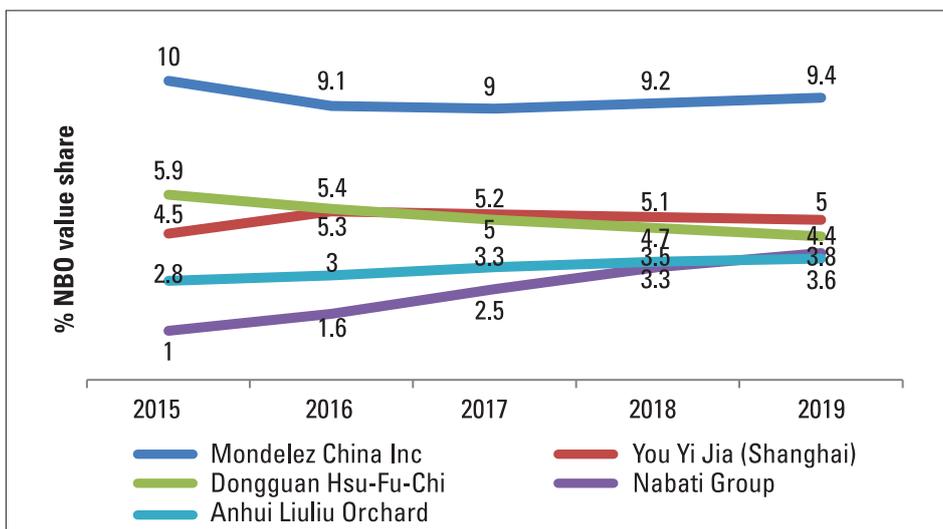
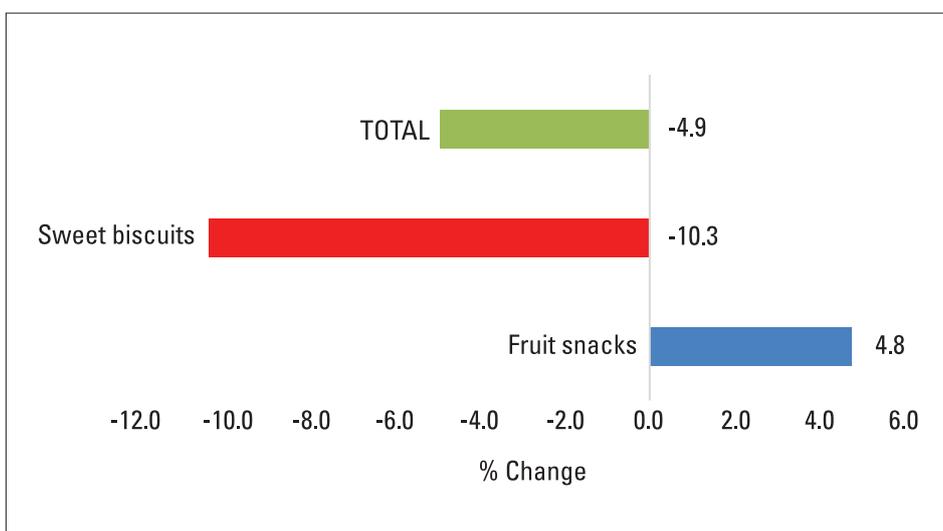


Figure 11: Sweet snacks percentage change in volume sales, 2014-2019



Industry perspective based on Euromonitor International reports

There is an increasing demand for healthy snacks in China, hampering the development of some sweet snack sub-categories. Sweet biscuits, for example, have consistently failed to register volume growth in recent years as Chinese consumers opt for savoury snacks instead. Nevertheless, some companies have re-launched popular sweet biscuit brands through innovative marketing initiatives designed to attract younger consumers. In addition, companies are forging partnerships to launch crossover products (for example biscuits and ice cream). Such initiatives help to revive consumer interest in brands.

According to Euromonitor International reports, many sweet biscuits contain high levels of sugar and calories and are at odds with the prevailing health and wellness trend, especially as sugar becomes an increasing focus for concerns about diet and health. Furthermore, a wide range of rival products are competing for consumer attention, such as baked goods and savoury snacks. Opportunities for companies are in wafers which stood out in the sweet biscuit sub-category in 2019, achieving both volume growth and a dynamic rise in value sales. Developing these products further will help recovery for sales of sweet biscuits.

Companies are adopting marketing strategies such as development of new flavours, using celebrity endorsers, building their presence through convenience stores and e-commerce, and marketing to consumers who want to build their fitness. Producers are improving the quality of raw materials, such as using imported milk, which has been a selling point for wafers, though taste is always the key factor amongst the category's core target group of younger consumers.

Leading companies are investing in strong marketing and product innovation, including using popular celebrities in advertising, helping to target women and appeal to younger consumers. There has been a constant development of products, with a particular emphasis on local demand, introducing products with the flavour of local dishes. Some companies have expanded their distribution, building presence in convenience stores and internet retail.

Finally, companies are driving the growth in protein and energy bars, benefiting from a high level of brand-awareness associated with expertise in sports nutrition. Products are marketed as 'superior science, superior results' and attract consumers engaged in serious fitness regimens and bodybuilding.

Savoury snacks



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Key messages

- Sales of savoury snacks are steadily growing in China in volume and value.
- Health consciousness and the desire for novelty among consumers is driving demand with increasing popularity of nut and seaweed snacks that are considered healthier and more convenient.
- Some snacks marketed for their novelty flavour or healthier production techniques in fact contain significant amounts of energy and/or sodium. Examples currently being sold in China and identified by UNICEF include:
 - Barbecue flavoured crisps that are non-fried implying that they are healthier that still contain 525kcal per 104g pack (equivalent to 26% of the WHO recommendation for energy).¹⁷
 - Spicy konjac snacks marketed as supporting health and weight loss because konjac is not easily digested which contain 1,317mg sodium per 100g (equivalent to 66% of the WHO recommendation of <2,000mg sodium per day).¹⁸
- Asian and multinational players compete for leading positions in the savoury snack market.

Implications for public health policy

- Introduce legislation for mandatory, clear FOPL with warning symbols (black or traffic light) that indicate high energy, fat, sugar and sodium content of savoury snacks.
- Build demand and understanding about healthier snacking among children and adolescents through multiple media including social media.

Annual sales and leading companies of savoury snacks

According to the Euromonitor International reports published in 2019, savoury snacks retail volume sales grew by 7% in 2019 reaching 1.9 kg/capita and CNY 133.4 billion in sales (Figures 12 and 13). Salty snacks and savoury biscuits have been the leading sub-categories in sales reaching 0.54 and 0.49 kg/capita annual sales

in 2019 (Figure 14). Want Want Holdings an Asian company hold the major share of the savoury snack market though this position is being challenged by a range of other companies including Three Squirrels, founded in 2012 and rapidly increasing sales (Figure 15). The percentage change in sales between 2014 and 2019 (Figure 16) shows that there has been an increase in sales of all categories with the exception of savoury biscuits.

Figure 12: Savoury snacks annual sales by volume, 2014-2024

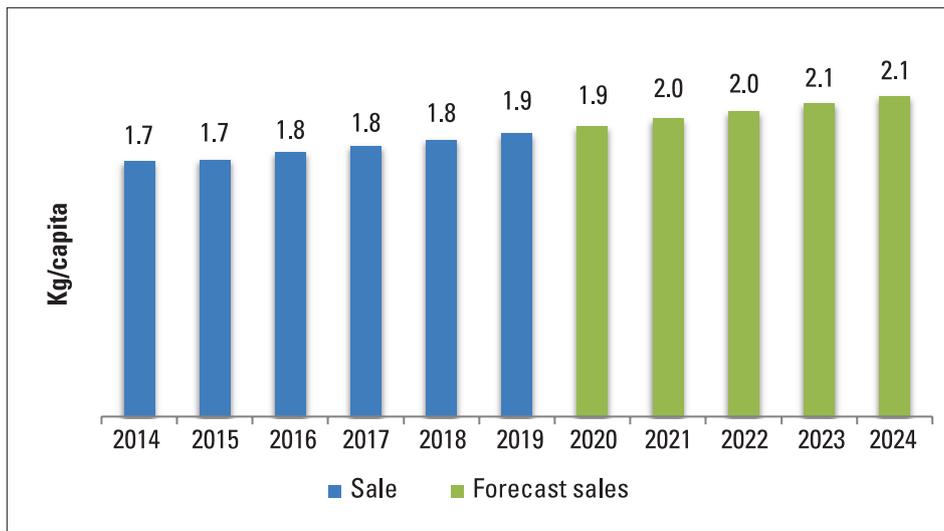


Figure 13: Savoury snacks annual sales by value, 2014-2019

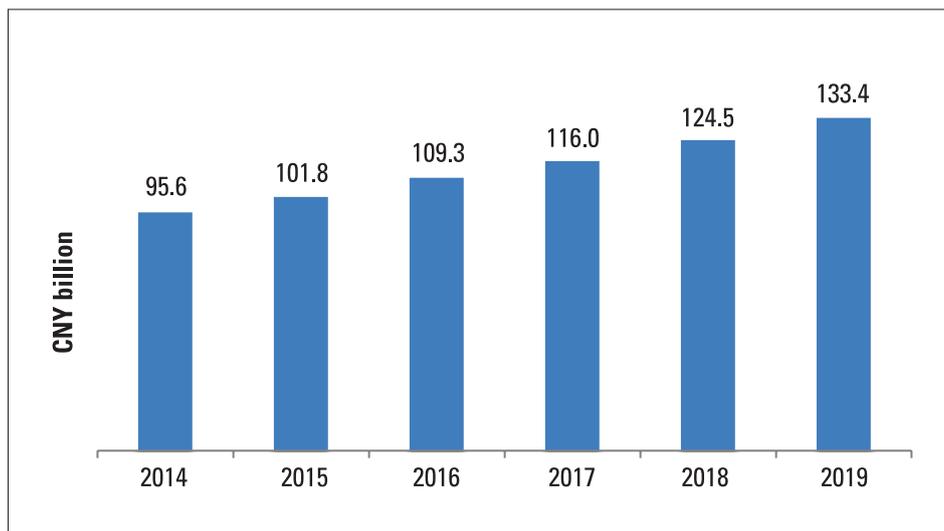


Figure 14: Savoury snacks annual sales by type, 2014-2019

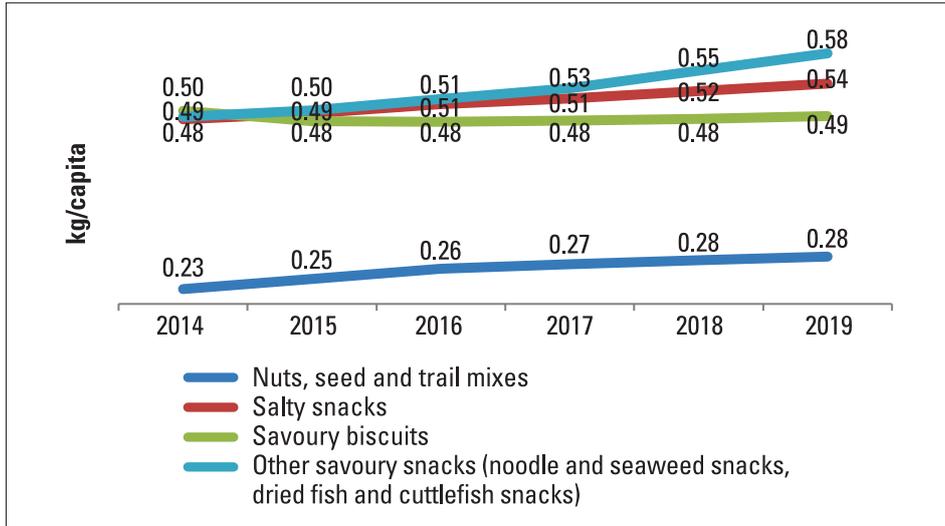


Figure 15: Company shares of savoury snacks, 2015-2019

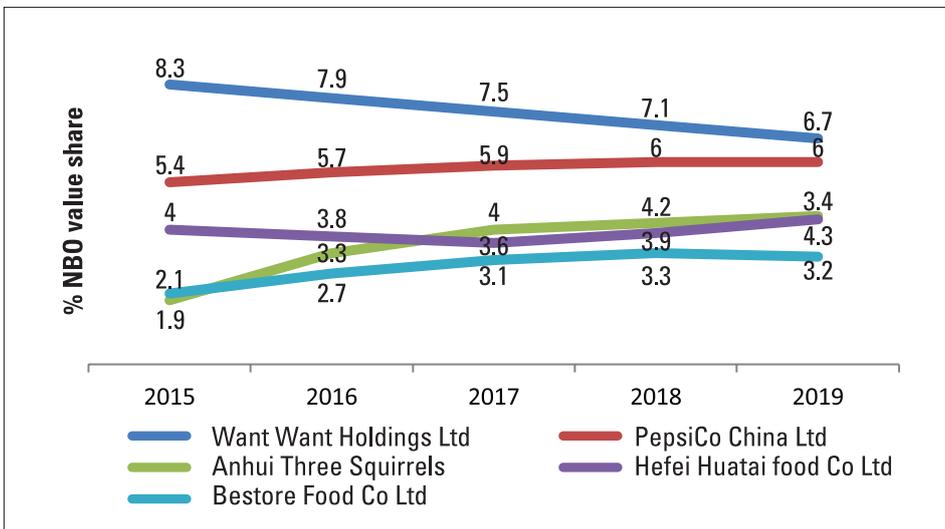
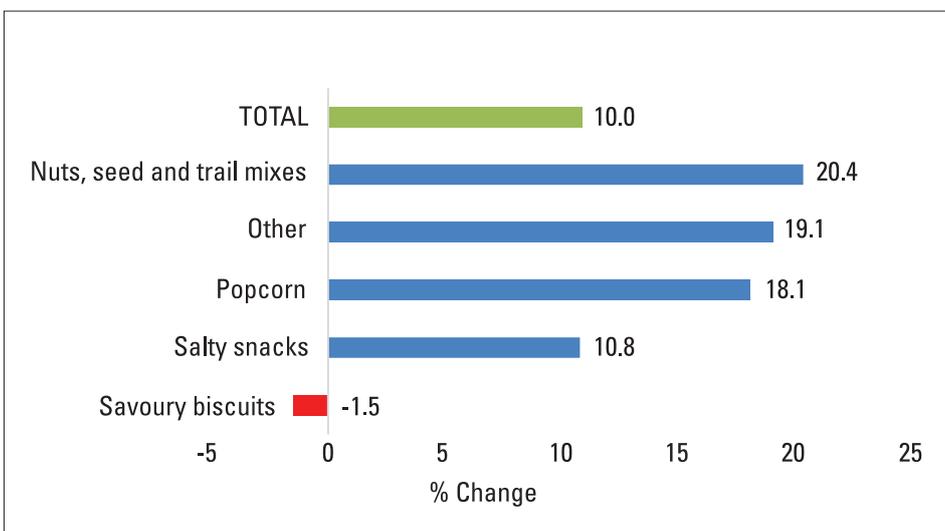


Figure 16: Savoury snacks percentage change in volume sales, 2014-2019



Industry perspective based on Euromonitor International reports

According to the Euromonitor International reports, salty snacks have an unhealthy image in China, as they are represented as largely deep fried products that prioritize taste over nutrient value. However, in recent years the category has seen growing interest in new product types that combine healthy ingredients with tasty flavours. For example, the widespread belief among local consumers that yam has stomach nourishing and spleen fortifying benefits has helped to ensure a positive reception for yam-based products such as yam chips. These products are similar to potato chips in terms of taste and texture. In addition, there is an increased demand for savoury snacks driven by consumer beliefs that they are healthier than sweet snacks.

The sub-category nuts, seeds and trail mixes remain a dynamic category. Also, in line with the growing interest in higher quality and more nutritious snack options, seafood savoury snacks have performed well in China. Such products are particularly popular among younger female consumers seeking indulgent snacks that will not cause weight gain. Although seafood savoury snacks are comparatively expensive, health-conscious consumers are generally willing to pay the extra cost due to their low fat, high protein formulas. Online-exclusive players are witnessing a growth in value sales within nuts, seeds and trail mixes. In addition to the wider boom in e-commerce in China, these players benefited from the growing appreciation for the convenience of online shopping among younger consumers.

According to Euromonitor International reports, increasing awareness of snacks as unhealthy products are a threat to the industry. Opportunities are in nut and seaweed snacks due to their popularity as an alternative, and the growing awareness of their nutritional value. Strategies employed by companies include making innovations with potato chips, changing from a mix of potato and cereal powders to sliced potato chips to appeal to health-conscious consumers looking for less processed products. Some companies have launched baked crisps as a lower fat alternative to fried crisps while companies are making innovations in flavour such as latiao (spicy snacks made from wheat flour and chilli), duck neck and quail eggs offering potential to changing demands.

Baby foods (and milk formula)



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Key messages

- Baby food and milk sales are increasing in value and volume.
- There is currently no BMS code in place since the former code was repealed in 2016. As a result, there are no controls on exploitative marketing by the BMS industry despite the fact that WHO considers that BMS should not be promoted or marketed to children under the age of 36 months.¹⁹
- This means that products are being sold as health promoting for children including those under 36 months with excessive quantities of sugar. Examples currently being sold in China and identified by UNICEF include:
 - Chinese 'haw' sweets containing the fruit of the hawthorn, malt and cane sugar. Consumers could mistakenly believe that these sweets contain no artificial food additives and are therefore suitable and safe for children to eat. Moreover, according to a theory of Chinese traditional medicine, the 'haw' can help with digestion. However, these sweets contain 341kcal per 100g (equivalent to 24% of the WHO daily recommendation for energy of around 1,400kcal for children aged 2-3 years)¹⁷ and 83.3g carbohydrates (while it is not clear what the term 'carbohydrate' covers, the WHO recommendation for 'free sugars' for children aged 2-3 years is below 35g per day which is less than half the carbohydrate content in 100g of sweet).¹⁶
 - Yogurt-based drinks marketed to children under 36 months as a complementary food which can provide multiple nutrients but with added sugar to neutralize the sour taste of yogurt. A typical product of this type contains 75.3g carbohydrate per 100g (while it is not clear what the term 'carbohydrate' covers, the WHO recommendation for 'free sugars' for children aged 2-3 years is below 35g per day which is less than half the carbohydrate content in 100g of yogurt drink).¹⁶ These products are marketed with picture games on the packaging and use cartoon images to attract kids.
- Milk formula holds the largest share of the market with increasing sales boosted by the two-child policy introduced in 2015 and lack of a BMS code.
- Baby foods hold a much smaller share of the market, However, baby food powder, special and organic baby food recorded a fast retail value growth, as they are purchased by better-off parents, especially double-income families who have less time to cook.
- Domestic Chinese and multinational brands of baby foods dominate the market and are increasing distribution and coverage in grocery retailers and launching organic formula.

Implications for public health policy

- Introduce a comprehensive and effective code on the marketing of BMS.
- Promote exclusive breastfeeding for the first 6 months of life and continue breastfeeding for two years of age.

Annual sales and leading companies of baby food and milk formula

According to the Euromonitor International reports published in 2019, annual sales of baby food have increased over the years reaching 1.1 kg/capita of children under five years per year at a value of CNY billion 197.7 in 2019 (Figures 17 and 18). Sales are predicted to continue to grow steadily. Milk formula leads the category with

annual sales of 0.8 kg/capita of children under five in 2019 ahead of dried and prepared baby foods (Figure 19). The companies with the largest value shares are Chinese and multi-nationals (Figure 20). The Chinese Heilongjiang Feihe Dairy has seen particular strong growth. The percentage change in sales between 2014 and 2019 (Figure 21) shows that there has been an overall increase in sales of 36%.

Figure 17: Baby food annual sales by volume, 2014-2024

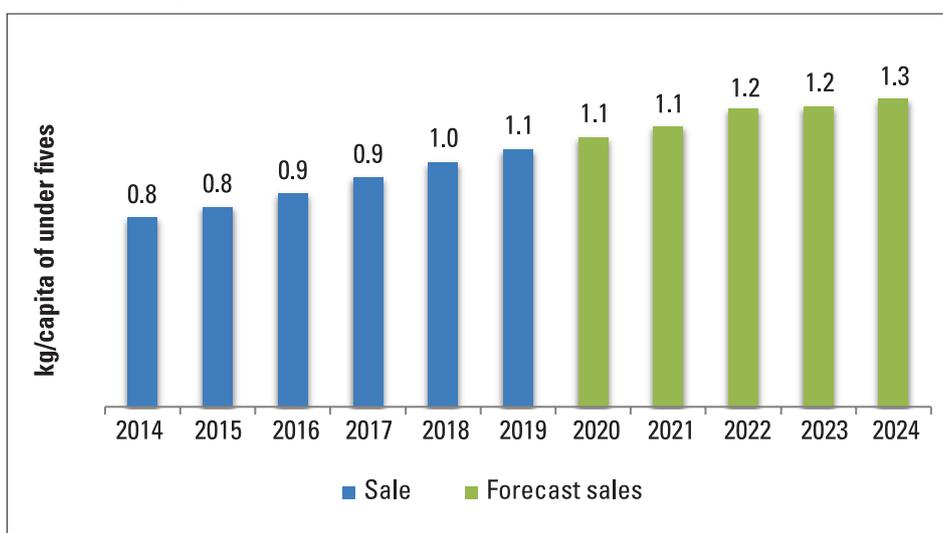


Figure 18: Baby food annual sales by value, 2014-2019

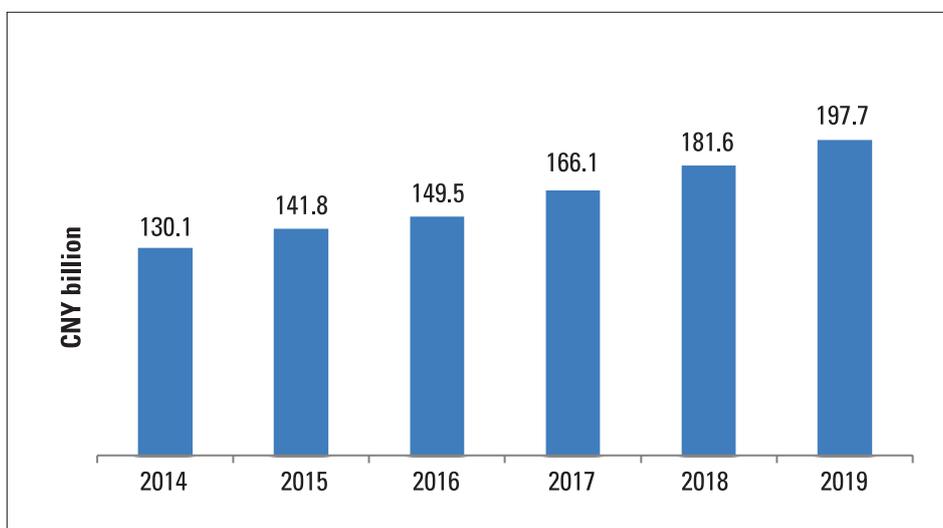


Figure 19: Baby food annual sales by type, 2014-2019

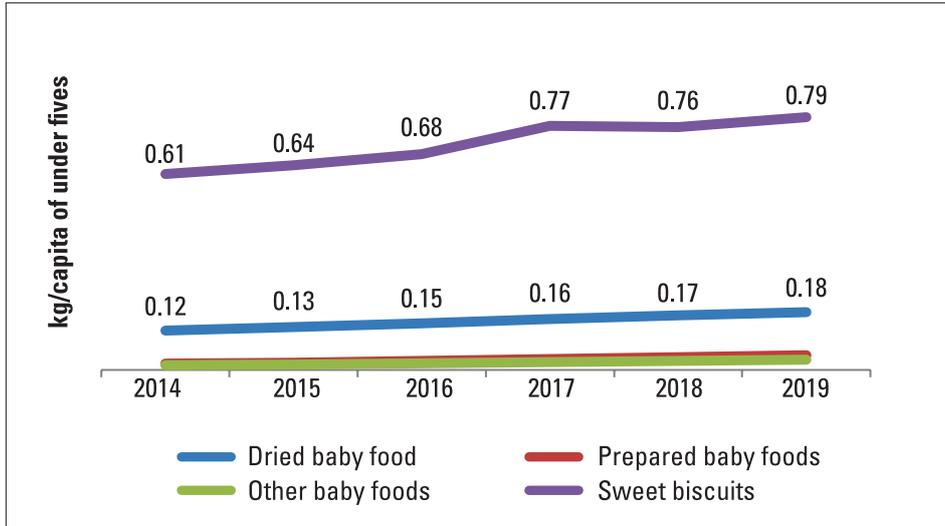


Figure 20: Company shares of baby food, 2015-2019

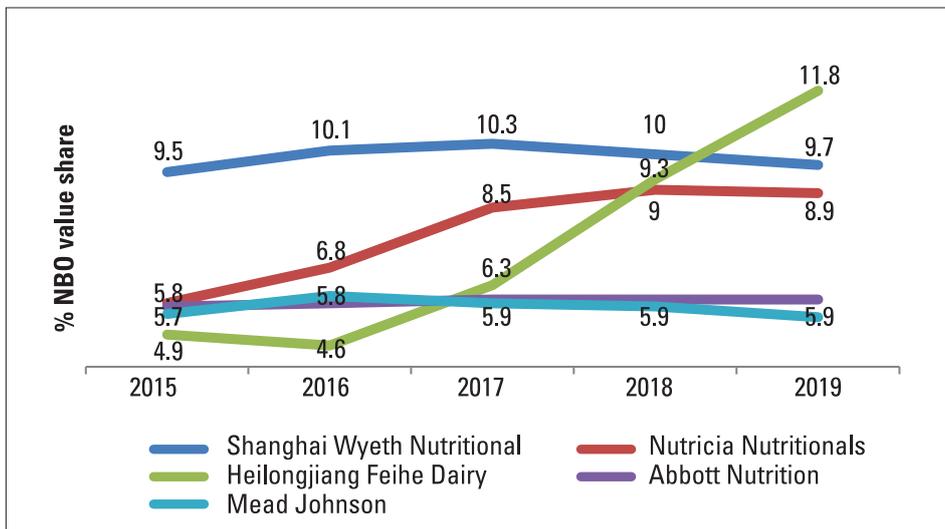
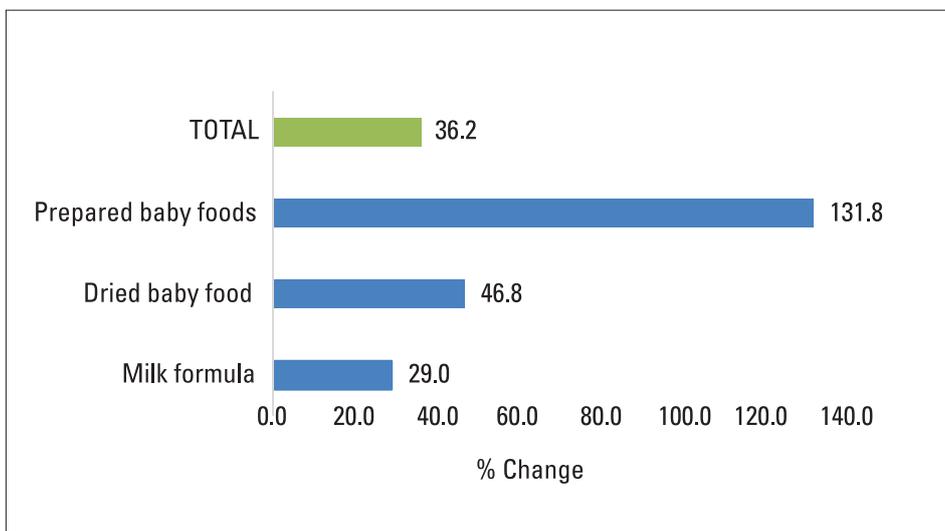


Figure 21: Baby food percentage change in volume sales, 2014-2019



Industry perspective based on Euromonitor International reports

After the two-child policy was officially introduced in October 2015, the new-born population increased in China, strengthening the demand for milk formula. This led to an increase in sales. Premium-priced products have seen the strongest increases in sales, as parents became less price-sensitive when buying for their babies and are willing to spend more on premium milk formula and organic products.

A new regulation for improving the standards of formula milk became effective in January 2018 (The Infant and Toddler Milk Formula Registration Regulation). It requires that all infant formula milk products produced in or imported to China are registered and tested with the China Food and Drug Administration. As a consequence, small brands that could not pass the registration requirements were forced out of the market. Lower-tier cities, that are smaller and less well developed, have become an important market for big brands, as they replace smaller brands that used to market to these areas.

The sales value growth of organic milk products continues to rise as mothers increasingly search for safe and healthy foods for their children. Organic milk formula has gained credibility due to organic certification. Safety is a top priority among consumers since the Sanlu company tainted formula incident in 2008.

According to Euromonitor International reports, baby foods, that are not milk formula, have a low penetration in China due to traditional dietary habits and concerns about food safety. Parents are particularly concerned about the safety of packaged baby food, which are suspected of containing high levels of heavy metals.

Opportunities for companies include the fact that consumer willingness to pay is growing hand-in-hand with their higher incomes, and has been boosted with the production of high-end products such as goat milk formula that claim to be easier to absorb and less likely to lead to allergy. There is a big opportunity for international players as imported brands are seen as premium lines. Local brands may also face opportunities as the State Council has announced a strategy to revive the dairy industry in China.

Strategies adopted by companies include catering to the increasing demand for organic milk formula and several of the big players have launched new products. In 2018, new Standards for Maximum Level of Contaminants in Food were introduced, which set levels for heavy metals including lead, cadmium, mercury, arsenic, tin, nickel and others. This has boosted the confidence of Chinese parents to consume dried, prepared and other baby foods. Big companies are having strong penetration in lower-tier cities where the two-child policy is having the most marked effect. Finally, the stricter supervision of the domestic dairy industry is serving to restore consumer confidence in domestic brands.

Services associated with the sale of highly processed food products

Services associated with the sale of highly processed food products include fast food outlets, full-service restaurants, cafés and bars, and kiosks selling snack food and drink in the street. There are also numerous official and unofficial vendors selling cooked food in the street and markets in China. The latter street food is not included in the present report as information is not collected by Euromonitor International.

According to a survey in 2019, 27% of the Chinese population eat out of the home several times a week and a further 19% eat out at least once a week.²⁰ Lifestyle changes and reduced leisure time in China have contributed to a consumer shift from traditional full-service restaurants toward fast-food establishments. In addition, increased Western influences in China have boosted demand for fast food. In addition to eating out, the food delivery sector is huge in China. An estimated 355 million Chinese used food delivery apps in 2018 equivalent to a quarter of the entire population of China ordering food through their phones.²¹ The majority of people who use food delivery services are white collar workers.



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Fast food outlets



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Key messages

- The number of transactions through fast food outletsⁱⁱ and the value of sales are increasing.
- The growth of sales of fast food is slowing, however. This is partly because of greater health awareness with consumers moving to alternative food services, and partly to an increasing use of home delivery particularly by young people.
- While independent fast food outlets dominate the market, well-known multinational chains selling American-style burgers, fries and soft drinks that are high in energy hold the major share of the market. Examples currently being sold in China and identified by UNICEF include:
 - Popular fast food chains dotted over one thousand cities in China serves a meal of fried chicken with a side of chips, raspberry freeze drink and chocolate mousse dessert that together contain more than 2,000kcal. This means that a child can consume more than the daily energy requirement in a single meal.

Implications for public health policy

- Consider introduction of menu labelling in all restaurants and fast food restaurants
- Build demand and understanding about healthy eating and promote healthier diets among children and adolescents.

ⁱⁱ Defined as outlets that offer limited menus with items that can be prepared quickly. Customers typically order, pay, and pick up their order from a counter, though some outlets can have limited table service. It includes 100% home Delivery/ Takeaway, which provide no facilities for consumption on the premises (see Annex 1).

Annual number, sales and leading companies of fast food outlets

According to the Euromonitor International reports published in 2018, the number of fast food transactions per capita reached 71.9 in number in 2017 and it is expected that this number will increase in forthcoming years (Figure 22). Annual sales by value for fast foods represented CNY 869.5 billion in 2017 (Figure 23).

Asian fast food sold through independent outlets dominate the market. Fast food chains hold a smaller portion of the market and among these (Figure 24), the leading players are KFC with 31% of the chained market brand share, followed by McDonald's with the second largest brand share of 14.7%. There has been a 17.1% increase in the number of transactions through fast food outlets between 2013 and 2017 (Figure 25).

Figure 22: Fast food number of transactions, 2012-2022

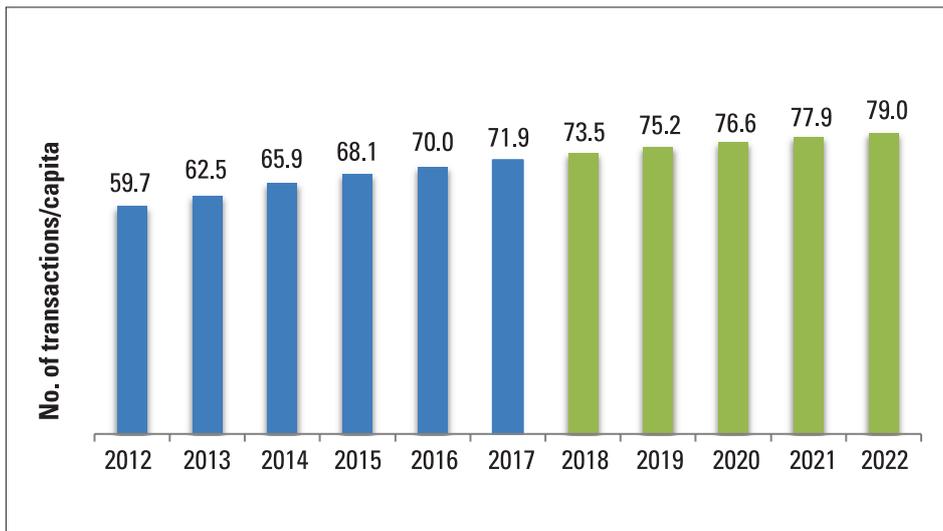


Figure 23: Fast food sales by value, 2012-2017

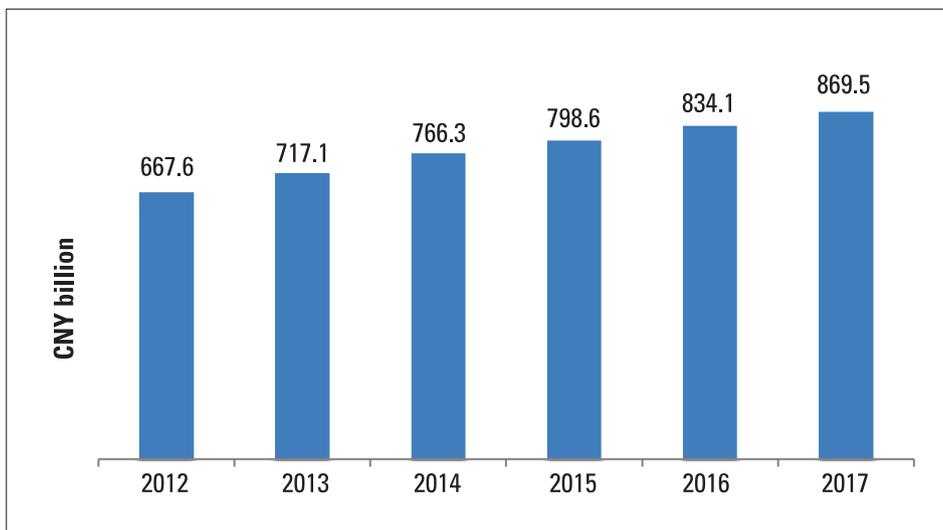


Figure 24: Brand shares chained fast food, 2013-2017

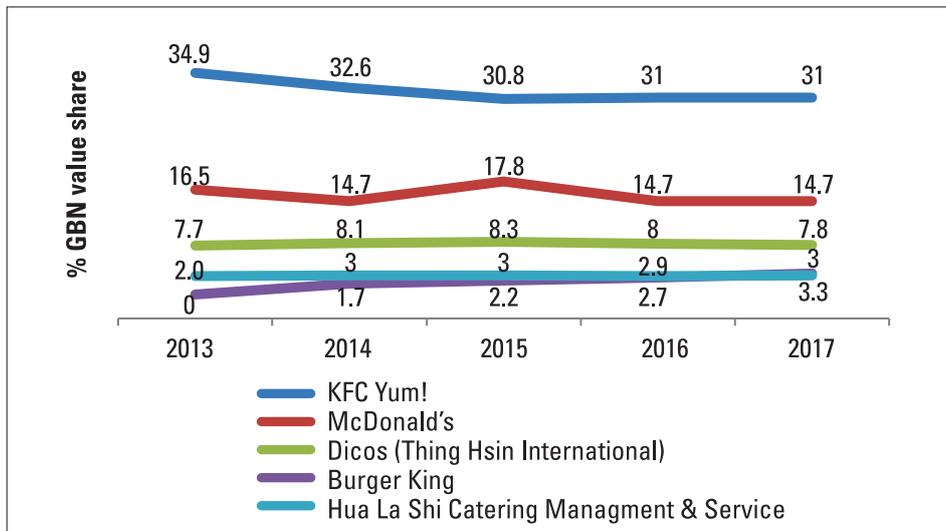
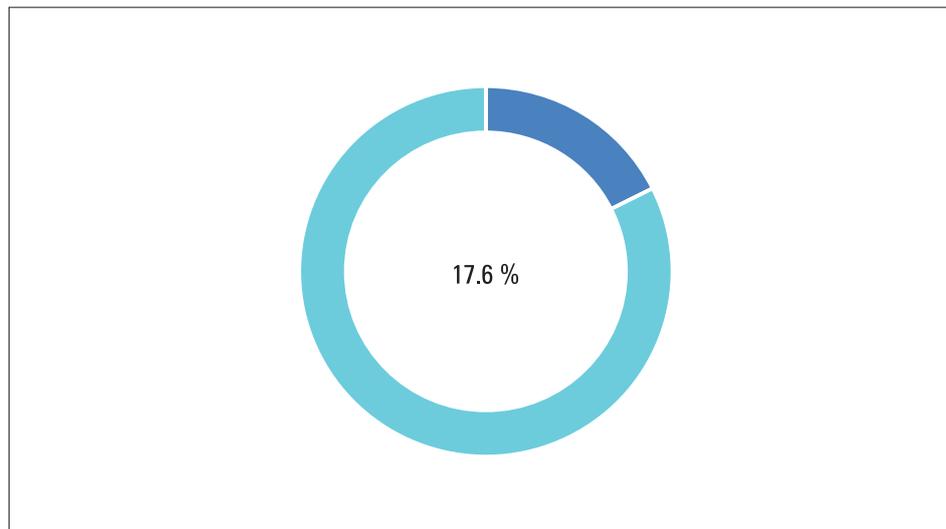


Figure 25: Increase in fast foods transactions, 2013 to 2018



Industry perspective based on Euromonitor International reports

Fast food outlets have increased in number and transactions over the past few years. However, the rate of growth is decelerating. An increasing number of Latin American fast food outlets are likely to open in the coming years and to be introduced to cities in China.

The convenience and choice offered through third party ordering and delivery services is increasingly attractive and being used, especially by young consumers and office workers. This alternative way of ordering food is having a negative impact on fast food outlets that don't offer home delivery.

According to Euromonitor International, rising health awareness among local consumers, as well as the increased range of consumer food service, is predicted to continue to dampen the value growth of fast food as fast food is associated with unhealthy dishes. Euromonitor International also reports that there has been an increase in popularity of delivery services, especially among young consumers and office workers, which is having a negative impact on fast food outlets.

Three of the leading five players in the chained fast food outlets are multinational companies that have established brand awareness. Well-known fast food brands, KFC and McDonald's, continue to lead the market, but overall there is a fragmented landscape for fast food outlets.

Opportunities are in established brands that continue to benefit from consumer brand awareness. Companies are pursuing strategies such as expanding and promoting their restaurants in lower-tier (small, less developed) cities despite the decelerating growth in overall fast food. Some companies are targeting urban professionals, offering a seasonally changing menu and preparing fast food with the freshest ingredients. Other companies are improving their outlets with modern interior decoration and advanced digital technology for ordering and payment, to try to improve customer experience.

Street kiosks



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Key messages

- The number of transactions and value of annual sales of street kiosksⁱⁱⁱ are increasing in China.
- The popularity of bubble tea (also named milk tea or pearl milk tea) is rising and is driving the growth of street kiosks. Premium bubble teas are predicted to grow in sales. These teas, that are particularly popular among children, have a high sugar content. Examples currently being sold in China and identified by UNICEF include:
 - A popular bubble tea (pre-packaged and ready-to-drink) contains 215kcal per 80g dry content which with added water makes up around 300ml of tea (equivalent to 11% of the WHO recommendation of around 2,000kcal per day for adults and children in one serving).¹⁷
- Street kiosks are using delivery service platforms to expand their services which is contributing to the expansion of the service.
- Asian companies selling teas dominate the Street kiosk market.

Implications for public health policy

- Consider introduction of menu labelling for products sold through street kiosks.
- Build demand and understanding about healthy eating, the dangers of consuming unhealthy food and drink such as bubble tea, and promote healthier diets among children and adolescents.

ⁱⁱⁱ Street kiosks are small, sometimes mobile, foodservice providers characterised by a limited product offering and by low prices. Menus tend to be limited with a greater emphasis on snack items, rather than full meals.

Annual number, sales and leading companies of street kiosks

According to the Euromonitor International reports published in 2018, the number of transactions per capita in street kiosks reached 8.5 per year in 2017 and it is expected that this number will increase in forthcoming years (Figure

26). The total value sales reached CNY 75.1 billion in 2017 (Figure 27). Yiddtea, a bubble tea chain, holds the largest brand market share of chained street kiosks with 25.1% while Heytea, also a Chinese tea drink chain, holds a further 5% (Figure 28). There has been a 18.7% increase in the number of transactions through fast food outlets between 2013 and 2017 (Figure 29).

Figure 26: Street kiosks number of transactions, 2012-2022

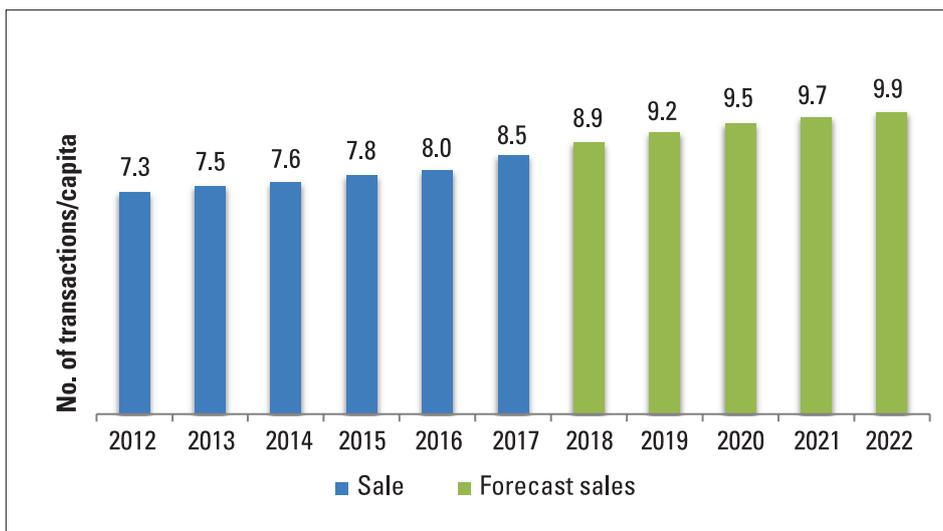


Figure 27: Street kiosks annual sales by value, 2012-2017

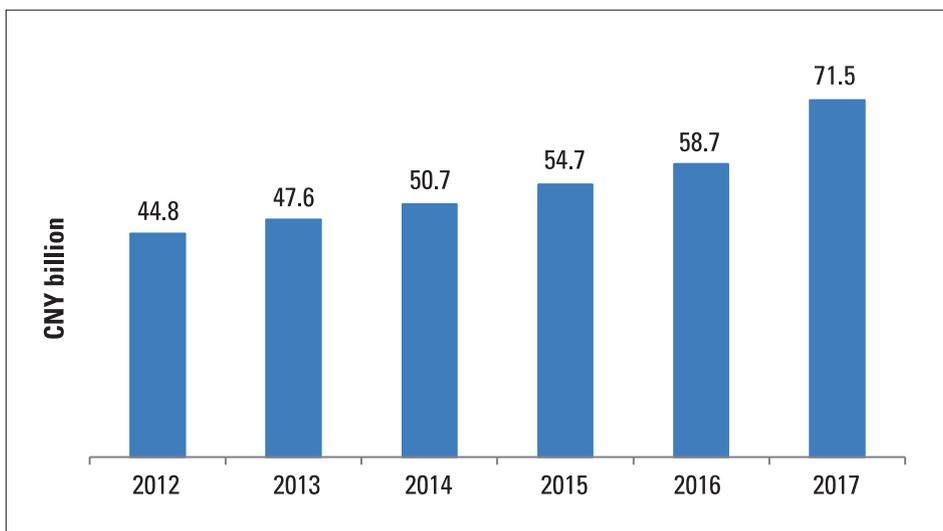


Figure 28: Brand shares in chained street kiosks, 2014-2017

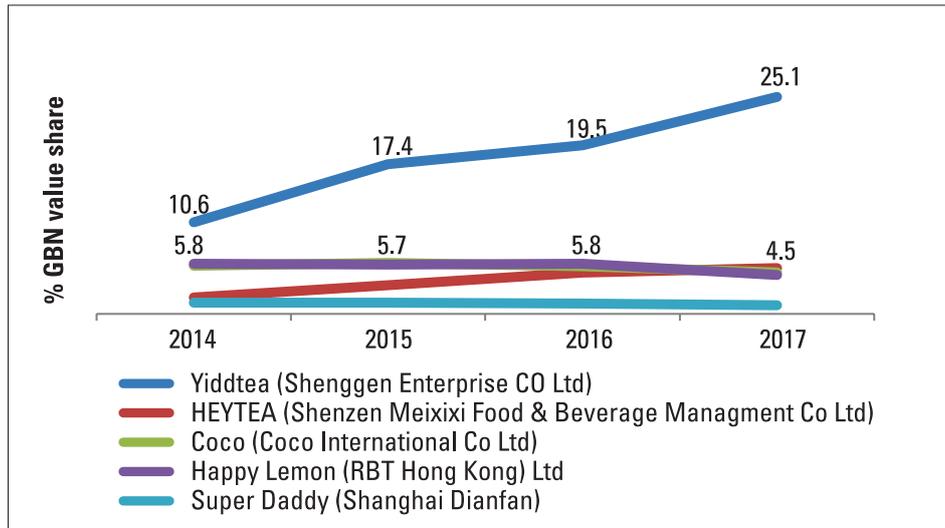
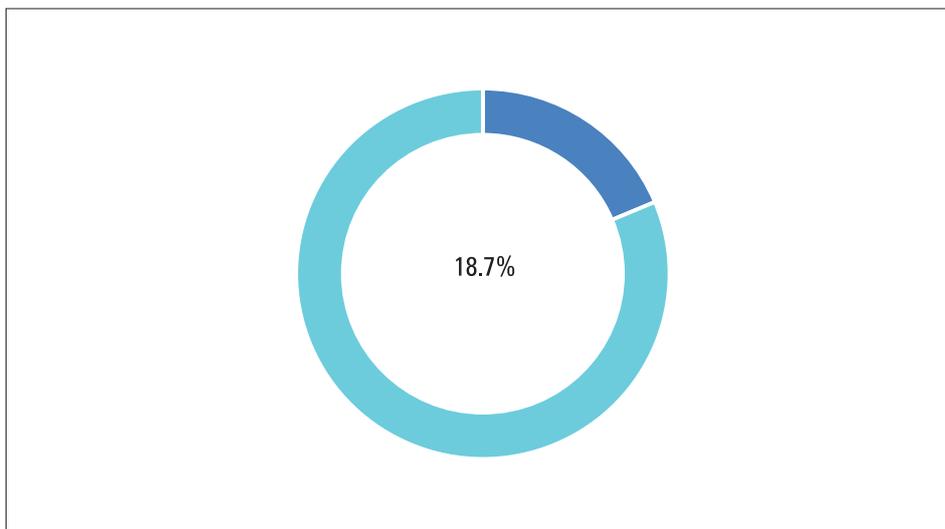


Figure 29: Increase in street kiosk transactions, 2013 to 2018



Industry perspective based on Euromonitor International reports

Bubble teas and freshly made tea-based drinks are leading the sales of products through street kiosks. Bubble tea is an extremely popular drink among young consumers and city-based working consumers. People are willing to queue for long hours to buy these beverages. In China, nine of the top 10 players in the street kiosk market specialise in bubble tea.

The increased use of third party online ordering and delivery service providers, has also played a role in increasing the sales of street kiosks, as it has made drinks sold at these facilities easier to get.

Euromonitor International reports that there are opportunities for the bubble tea market to grow in the years to come. With climbing disposable incomes and consumption, premium bubble tea is projected to have a particularly strong growth. Companies are adopting strategies such as the use of third party online ordering and delivery services which are helping to boost transactions. The expansion of self-owned franchising is a strategy to expand for some players and offers standardised services and products.

Cafés and bars



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Key messages

- The value of sales, number of outlets and transactions of cafés and bars is relatively low in China compared to other types of food and drink outlets but is growing.
- The growth is being driven by coffee consumption which in turn is being influenced by the increased choices for the expanding middle class, significantly exposed to Western influences. These outlets are also selling snack items.
- Young consumers make up the majority of café and bar users representing a fast-expanding consumer base.

Implications for public health policy

- Build demand and understanding about healthy eating and promote healthier diets among children and adolescents.

Annual number, sales and leading companies of cafés and bars

According to the Euromonitor International reports published in 2019, the number of transactions in café and bar outlets in China was only around once per year in 2019. This number is expected to grow in the coming years (Figure

30). Sales reached a total value of CNY 90.4 billion in 2019 (Figure 31). Starbucks is the major player and dominates the market, holding almost 60% of the market brand share in 2018 (Figure 29). Although the number of transactions is still low there has been a 71.4% increase between 2013 and 2018.

Figure 30: Cafés and bars number of transactions, 2013-2023

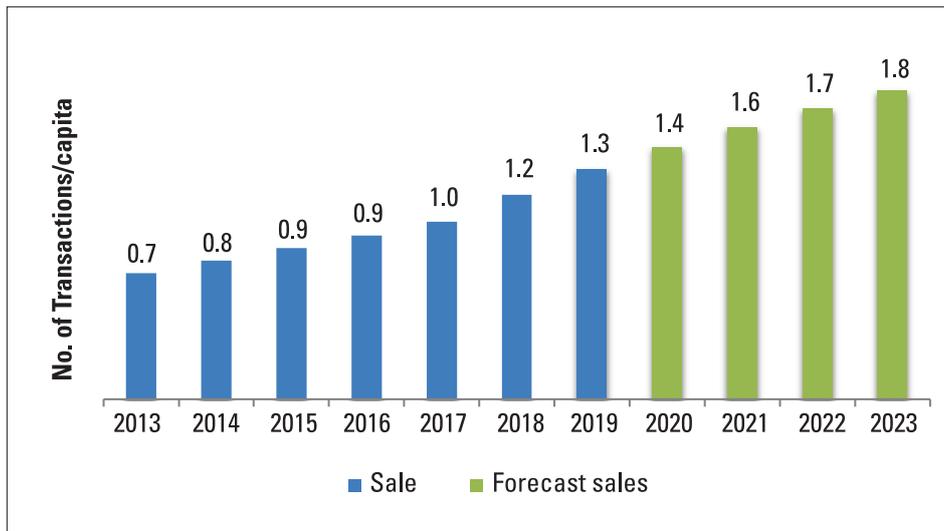


Figure 31: Cafés and bars annual sales by value, 2013-2019

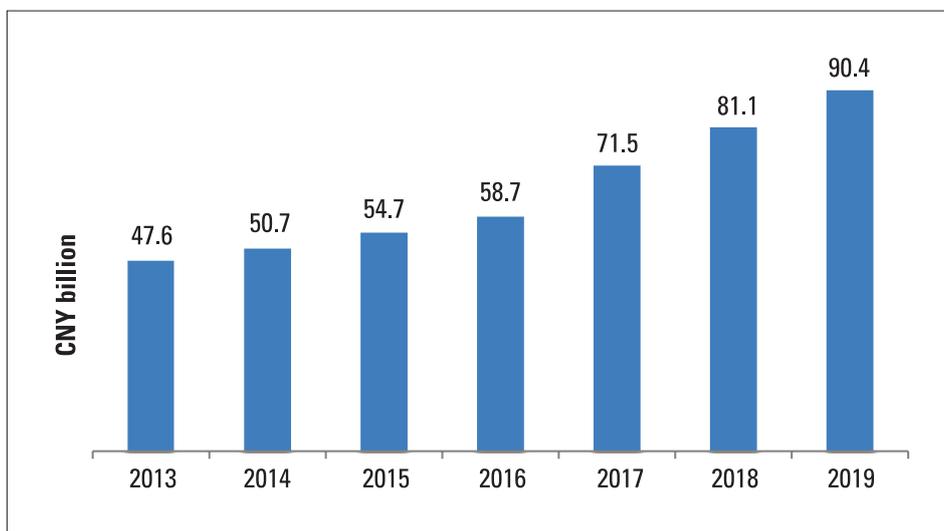


Figure 32: Brand shares in chained cafés and bars, 2015-2018

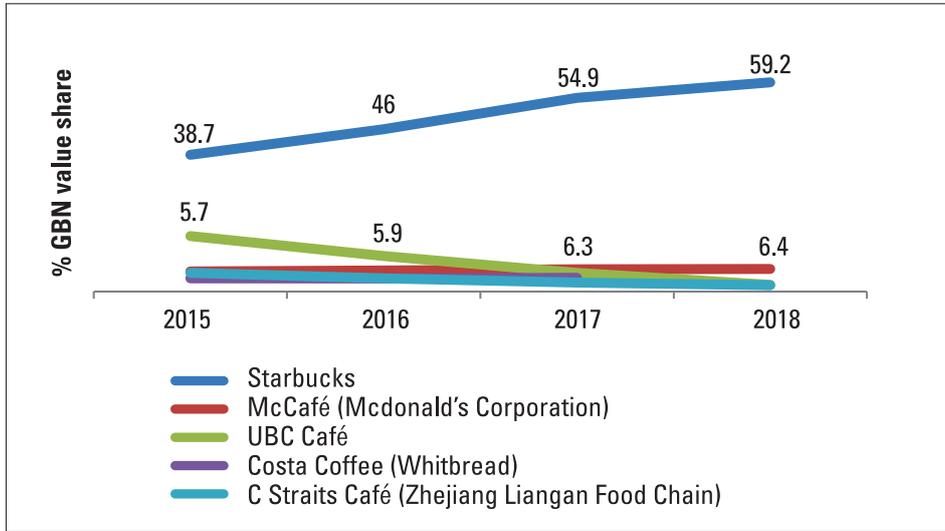
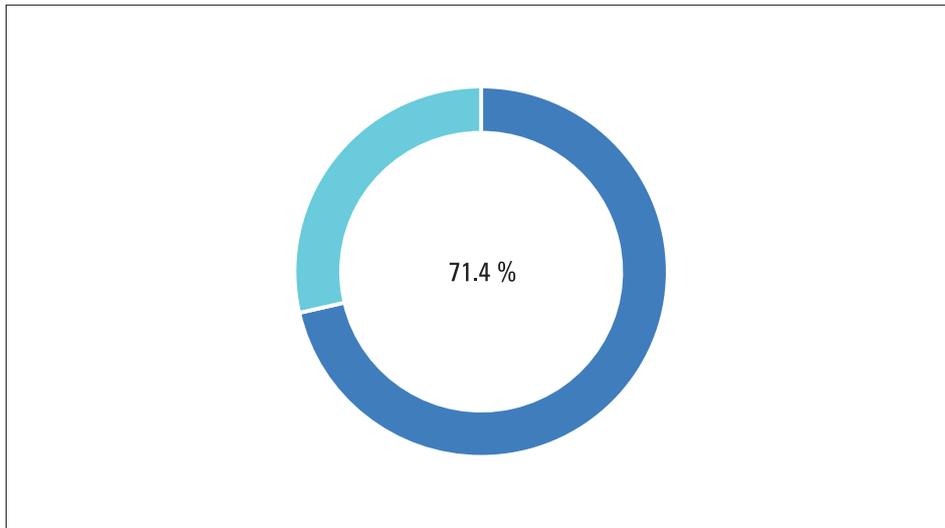


Figure 33: Increase in café and bar transactions, 2013 to 2018



Industry perspective based on Euromonitor International reports

The expanding middle class in China has become an important customer base for the café and bar market. A digital transformation is taking place as start-ups are employing new business models, such as delivery services. Big data analyses are being used to ensure that companies select store locations with the strongest potential of attracting customers. Special coffee shops experienced a good year in 2018 and are expected to maintain a robust value growth.

According to Euromonitor International reports whilst Starbucks continues to lead the market, start-up brands have been taking the opportunity to expand their markets in recent years. This represents a threat to traditional coffeehouses that are experiencing a market contraction as specialized cafés and bars expand their markets.

Opportunities exist for start-ups who are building their own brands offering an emerging opportunity for homegrown coffee producers. Young consumers in higher tier (larger and more developed) cities represent an important market niche.

The strategies being employed by companies include examples such as Starbucks, the leading chain coffee company, which is trying to reinforce its position in the Chinese market by offering delivery services. Since October 2018, Beijing and Shanghai consumers were able to receive coffee deliveries, as well as clients in other Chinese cities. Another leading player has plans to open 2,500 stores to challenge Starbucks. This company is targeting young consumers who prefer to order coffee on their smartphones and have it delivered.

Conclusions

This report shows that the sales of some categories of highly processed products are growing in China. The overall volume and value of sales has increased for the categories of savoury snacks, and baby food. Food services that tend to serve highly processed food and beverages such as fast food outlets, street kiosks, and cafés and bars have also witnessed increasing sales. Large Asian and multinational companies dominate the market for unhealthy, highly processed products.

There are some exceptions, however; namely sweet snacks and soft drinks when the sub-category of bottled water is taken out. This appears to reflect a move by some health-conscious consumers towards an increase in the purchase of products that are perceived as healthier including drinks with less sugar like bottled water and 100% juice beverages, nut and seaweed snacks, protein and energy bars. There is also evidence of decreased purchases of products such as sweet biscuits and carbonated drinks and a deceleration in the growth of fast food outlets.

Companies are responding to consumer demand for healthier food and drink by modifying their product portfolios to include 'healthier' ingredients and preparation practices. Despite this, there are many examples of products that are marketed as 'nutritious' although they are high in energy, sugar, fat and/or salt.

An absence of robust legislation to control the marketing and sale of unhealthy food and drink provides companies with the freedom to exploit the market. As a result, companies continue to market unhealthy products to children and use innovative strategies to stimulate demand.

Marketing strategies for highly processed products include:

- Marketing highly processed products as 'nutrient supplements' or for 'weight loss' which in fact contain excessive amounts of 'unhealthy' nutrients such as sugar, fat, salt and energy.
- Using cartoon characters, celebrities and package promotions to market highly processed products that specifically target young children and young adults.
- Introducing premium products with novelty flavours, new ingredients and reformulation for the more health-conscious consumers with higher disposable incomes that are still high in 'unhealthy' nutrients.
- Promoting and marketing of milks or foods with high sugar and calorie content to children under the age of 36 months though against WHO recommendations that promotion of BMS that imply a health benefit are acting as substitutes for other foods and damaging to children's health.²²
- Popularizing new types of drinks such as bubble tea among children though these teas contain excessive amounts of sugar and energy.

China does not yet have strong regulation in place to control the sale and marketing of food and drink especially to children. There is no tax on sugary products and food labelling regulation is not reported to be having a significant impact on consumer behaviour. The International Code of Marketing of Breast-milk Substitutes has been abolished and no effective mechanisms to control the marketing of unhealthy food or drink to children are in place. The demand and understanding about healthy diets are growing but is still insufficient to turn the tide against the increasing sale of highly processed products. Despite China's government plans of action and policy initiatives to improve healthy behaviours in the past decade, implementation of specific policies to decrease consumption of unhealthy food are not yet sufficient. Stronger policy action is required to effectively prevent overweight and obesity in Chinese children.

Recommendations

1. Strengthen national legislation to control the marketing of breast-milk substitutes and promote breastfeeding.

- Adopt legal measures to strengthen implementation and monitoring of 'the Code'. The International Code of Marketing of Breastmilk Substitutes (the Code) was abolished in China in 2016. China is one of the largest global markets for breast milk substitutes and violations of the Code continue to be observed. Current gaps in legislation include controls on marketing to children over 12 months of age, distribution of free samples to the public, promotions at point of sale, and gifts to pregnant women.²³ Robust, enforceable legislation is required to control the sale and marketing of breast-milk substitutes in China.
- Protect, promote and support breastfeeding. China has a low rate of breastfeeding with four out of five children missing out on the full benefits of exclusive breastfeeding.²⁴ UNICEF and WHO recommend that infants start breastfeeding within one hour of birth, be exclusively breastfed for the first six months and continue breastfeeding until two years of age or beyond. Promoting breastfeeding as a social norm, whether at home, at work or in public places, would help to increase breastfeeding rates.

2. Introduce clear front-of-pack labelling (FOPL) especially for foods that are consumed by children.

- Design and test an appropriate FOPL system for China. The WHO has highlighted the scientific evidence which finds that 'interpretative' labels, such as black warning labels or traffic lights, are better at aiding consumer to understand the healthiness of products than 'non-interpretative' systems such as the current system in China.²⁵ This is particularly important for populations with lower levels of food and nutrition literacy. Evidence continues to emerge relating to the effectiveness of warning labels and the importance of labelling systems that identify product 'unhealthfulness'. The Chinese government should lead a process to re-define the aims of FOPL and oversee a process to re-determine the system format and underpinning criteria (i.e. nutrient profile model).
- Develop and introduce legislative measures to strengthen the FOPL system. Introduce legislation for 'interpretative' FOPL based on the design and testing (above) that clearly indicates to Chinese consumers which foods and drinks are unhealthy because they contain excessive amounts of salt, sugar and saturated fat.
- Develop strict definitions for nutrition and health claims based on a 'nutrient profiling' model. Develop definitions for nutrition and health claims made about products based on cut-off points for 'unhealthy' nutrients.

3. Build on consumer demand and preference for healthy eating, especially among children and adolescents.

- Develop a comprehensive plan to communicate and build the knowledge on healthy diets. The plan should cover school curricula, public procurement of food and drink, as well as mass communication using multiple media including social media and targeting adolescents and young people.

4. Introduce robust restrictions to reduce the harmful impact of marketing of unhealthy foods to children.

- Develop legislative and enforceable measures to control marketing to children. There is strong evidence that marketing practices have a profound impact on children's brand recognition.^{26 27 28} Comprehensive restrictions are required that apply to children up to the age of 18 years to reduce the 'power' (persuasive techniques) and limit the 'exposure' (amount) of current marketing practices, apply sanctions if breached, and include broadcast and non-broadcast mediums such as the digital space and packaging promotions. The WHO recommendations for the implementation and enforcement of controls for the marketing of foods and non-alcoholic beverages to children should be followed.²⁹

5. Consider introduction of taxes on sugary drinks.

- Conduct economic analysis and consider introduction of taxation on sugary drinks based on the findings. Evidence shows that a tax on sugary drinks that results in a price rise of 20% can lead to a reduction in consumption of around 20%, thus preventing obesity and diabetes.³⁰ A tax on sugary drinks of 1 yuan (US\$ 0.16) per litre in China would generate an estimated 73.6 billion yuan (US\$ 11.8 billion) in revenue.³¹ Generated revenue through these taxes could be spent on efforts to improve health care systems, encourage healthier diets, increase physical activity, or build capacity for effective tax administration, further increasing the value of the measure. The WHO recommendations on fiscal policies for diet and prevention of NCDs should be followed.³²

6. Ensure that the formulation and implementation of policy and regulations to control the sale and marketing of food and drink are free from the influence of the food industry.

- Develop and follow clear guidelines on conflicts of interest in food and nutrition policy development and implementation. WHO has produced guidelines that are helpful in ensuring that government policy is developed independently of commercial interests that are at odds with public health.³⁴

Annex 1: Definitions of food categories

Soft drinks	Aggregation of the following subcategories: <ul style="list-style-type: none"> - Bottled water - Carbonates - Concentrates - Juices - RTD tea - RTD coffee - Sports and energy drinks - Asian speciality drinks
- Bottled water	Includes: still bottled water (spring, mineral & purified), carbonated bottled water (spring, mineral & purified), flavoured and functional bottled water. Bulk bottled water is split out separately.
- Carbonates	Includes: sweetened, non-alcoholic drinks containing carbon dioxide, all carbonated products containing fruit juice ("sparkling juices"), unless they are tea-based (these are included in carbonated RTD tea) or carbonated. Carbonates are an aggregation of cola carbonates and non-cola carbonates, whether regular or low calorie. Euromonitor International includes both naturally and artificially sweetened carbonates. Carbonated bottled water is also excluded.
- Concentrates	Includes: liquid concentrates and powder concentrates.
- Juices	Includes: packaged juice obtained from fruits or vegetables by mechanical processes, reconstituted or fresh, often including pulp or fruit/vegetable puree. All unpackaged juices are excluded. Only still drinks are included here. Carbonated varieties are included non-cola carbonates. Juice-flavoured milk drinks and fruit shakes, which are primarily milk, are excluded (these are instead tracked in Packaged Foods Dairy). However, if the juice component is greater, the product is to be excluded from Packaged Foods Dairy coverage and tracked under the relevant category (based on % juice content) within Soft Drinks juice. This sector is the aggregation of 100% juice, nectars (25-99% juice content), juice drinks (up to 24% juice content), and coconut & other plant waters.
- RTD coffee	Includes: packaged ready-to-drink coffee, consumed either hot or cold, made using a base of either brewed coffee or coffee extract. Excludes all coffee flavoured milk drinks that primarily target children, or where coffee is one of a number of flavours within the brand range.
- RTD tea	Includes: all packaged products based on brewed tea or tea extract. May be sweetened or unsweetened, carbonated or still, with a wide variety of different flavourings. May contain juice.

- Sport and energy drinks	Includes: functional drinks designed to boost energy levels. Often lightly carbonated, these contain high levels of caffeine and a number of added water-soluble vitamins, most often a selection of B vitamins including niacin, pantothenic acid, vitamin B6, and vitamin B12. Ingredients can also include amino acids such as taurine and glucuronolactone, as well as herbal products such as guarana and ginseng. Can be carbonated or still. Glucose-based energy beverages are included here.
- Asian speciality drinks	Includes: all traditional Asian drinks not included in RTD tea or juice drinks, including products such as Bandung (rose syrup with milk), bird's nest, tamarind juice, ginger, lemongrass, roselle, zalaka, jelly drinks including grass jelly (cincau), sugar cane, and vinegar drinks. Lactic acid drinks, such as Calpis, are included here. Drinks containing a limited amount of yogurt (generally 3% or less) such as Bikkle, are included here, though drinking yogurts such as Yakult are excluded. While both products are highly popular in markets like Japan, drinking yogurts will contain mostly yogurt with a very short shelf life (two weeks or less), while yogurt drinks will contain less than 3% dairy and remain on the shelves for up to 9 months. All nut or pulse-based products, such as peanut milk, almond juice, or soy drinks are tracked in Non-Dairy Milk alternatives in Passport Packaged Food.
Sweet snacks	Aggregation of the following subcategories: <ul style="list-style-type: none"> - Sweet biscuits - Granola/muesli bars, breakfast bars, energy and nutrition bars, fruit bars and other snack bars. - Fruit snacks (all dried fruit)
Savoury snacks	Aggregation of the following subcategories: <ul style="list-style-type: none"> - Nuts, seeds and trail Mixes - Salty snacks (including potato chips, tortilla chips, puffed snacks, rice snacks, vegetable, pulse, and bread chips) - Savoury biscuits - Popcorn - Pretzels - Other savoury snacks (noodle snacks, seaweed snacks, dried fish and cuttlefish snacks)
Baby Foods	Aggregation of milk formula, prepared, dried and other baby food.

Annex 2: Definitions of food services

<p>Fast food outlets</p>	<p>Limited-service restaurants (LSR) combine fast food and 100% home delivery/takeaway outlets. These outlets offer limited menus with items that can be prepared quickly. Customers typically order, pay, and pick up their order from a counter, though some outlets can have limited table service. This also includes 100% home Delivery/Takeaway, which provide no facilities for consumption on the premises. LSR tend to specialize in one or two main entrees such as hamburgers, pizza, or chicken, but they usually also provide drinks, salads, ice cream, dessert, etc. Food preparation is generally simple and involves one or two steps, allowing for kitchen staffs generally consisting of younger, unskilled workers rather than professional chefs. Other key characteristics include:</p> <ul style="list-style-type: none"> - A standardised and restricted menu - Tight individual portion control on all ingredients and on the finished product - Individual packaging of each item - Counter service - For Chained Limited Service Restaurants, chained and franchised operations which operate under a uniform fascia and corporate identity - Any outlet offering full-service restaurant seating with servers would be excluded, even if delivery service is available.
<p>Street kiosks</p>	<p>This category refers to small, sometimes mobile, foodservice providers characterised by a limited product offering and by low prices. Includes street stalls, street hawkers and foodservice kiosks where food is prepared in some way and served through a hatch or over a display counter to take away. Also includes kiosks and carts located inside or outside shopping malls. As a rule, street kiosk outlets tend to be smaller than 100% home delivery/takeaway outlets, while menus are more limited, often (though certainly not always) with a greater emphasis on snack items, rather than full meals.</p>
<p>Cafés and bars</p>	<p>This category encompasses all establishments where the focus is on drinking (either alcoholic or non-alcoholic beverages). While a wide variety of snacks and full meals are offered, it is not uncommon for consumers to only order a drink. As a general rule, establishments deriving 50% of their income or more from the sale of drinks are included here.</p>

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