Mei Fong, Author, One Child

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When China relaxed its one-child policy starting January 2016 to allow couples to have a second child, many tried to gauge the impact on consumer markets. Share prices of companies that manufactured infant formula and strollers surged, while those of condom makers fell.

The scrapping of the policy after 35 years was in response to China's aging population and aimed at maintaining economic growth. The government had earlier relaxed the one-child rule in 2013 for ethnic minorities and rural couples whose first-born was a girl.

Sure enough, the number of births rose 7.9% to 17.86 million in 2016, or 1.31 million more newborns. But then in 2017 - the government reported last week - the number of births actually fell by 630,000, to 17.23 million births.

As Mei Fong, a Pulitzer-winning journalist and author of "One Child" argues, any future impact will likely be eclipsed by demographic shifts already in motion.

**What's been the effect so far on the relaxation of the one-child policy to two children, particularly for consumption patterns?**

It's been two years and the uptick in births hasn't been that significant. Every relaxation they've had in the past has not had much impact. The share prices of some kinds of goods, like diapers, shot up at first, but it's actually a lot of hype. Even piano-makers! I mean, why do you need more than one piano per family?

**What about the luxury market? If people have two small mouths to feed instead of one, does that mean less spending on luxury goods?**

For the luxury market, I don't know if it has any impact. You aren't making a decision to have a second child based on whether you can afford two Louis Vuitton bags or not.

I think there's more likely to be an impact on the middle-class market, say for companies like Yum China (licensee of KFC and Pizza Hut) and companies that run kindergartens. In terms of education, maybe if you have two children, you may not be able to afford an overseas college education.

The education market is already going gangbusters. Disney, for example, has been very clever about it and is marketed in China as an educational brand for teaching English to children.

**How else is demographics affecting business?**

One issue after decades of the one-child policy is the gender imbalance. This is reflected at the bottom end with men who can't find wives and at the top end with educated women who want to want to marry...
up, but can't. These are the "leftover women." Brands play on this anxiety.

In parks, you see parents with handwritten signs with profiles of their adult sons and daughters to hopefully find a match. Half the time the children have no part in this.

In 2016, (beauty brand) SK-II did a campaign where the daughters went to this "marriage market" in the park with their own signs showing pictures of themselves, confident, independent and happy. Celebrate singleness. Be happy, she's happy. These women have a huge amount of disposable income. It was a very viral campaign.

From the male perspective, there are 30 million more men than women, most of them farmers. This anxiety is reflected in rising property prices with the prospective groom's families funding an apartment to make him more marriageable.

Singles Day has also become a big shopping event, like Black Friday.

The aging market is also big - elder care, medicine, healthcare, nursing care.

So single men and women, the elderly...these consumer groups are still much more important than any baby bump we might see?

These things are still in effect and you will continue to see the impact in the next 10-15 years.