

# Perspectives on the IVD Market in China

China is a vast and complex market. In this presentation, we will explore the main cultural differences between China and the West and how they affect your marketing. We will look at the main marketing channels in China.



As of July 2023



# Content

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# Overview of the China IVD Market



# About China



## Surface Area

China is the fourth largest country in the world with a surface area of approximately **9.6 million square kilometres**.



## Population

With more than **1.4 billion people**, China is the most populous country on earth. The market potential is enormous.



## Culture

China's rich and ancient culture is fascinating and diverse. Understanding it can help your company succeed there.



# Exclusive Information

Some information presented in this presentation is sourced from the "*The Annual Report of China IVD Industry 2022*", published by the China Association of In Vitro Diagnostics (CAIVD), IVD Branch of China Association for Medical Devices Industry, and Shanghai Academy of Experimental Medicine.

The data was exclusively released during the 20th China Association of Clinical Laboratory Practice Expo (CACLP 2023) held in Nanchang this May.

## ◎ China Association of In-Vitro Diagnostics (CAIVD)



CAIVD is a national professional association that represents a wide range of players across the entire in-vitro diagnostic (IVD) industry in China. Our association connects **2,000+** manufacturers, distributors, agents, service providers and other players in the IVD industry.

## ◎ Professional Community of Experimental Medicine (PCEM)



PCEM is a national association of specialists focused on the field of experimental medicine. The association currently has more than **900 members**, who are academicians and from hospitals, independent clinical laboratories, colleges and other research institutions around the world.



# China IVD Industry

## Upstream

- Raw materials for biological products
- Components
- Consumables

## Midstream

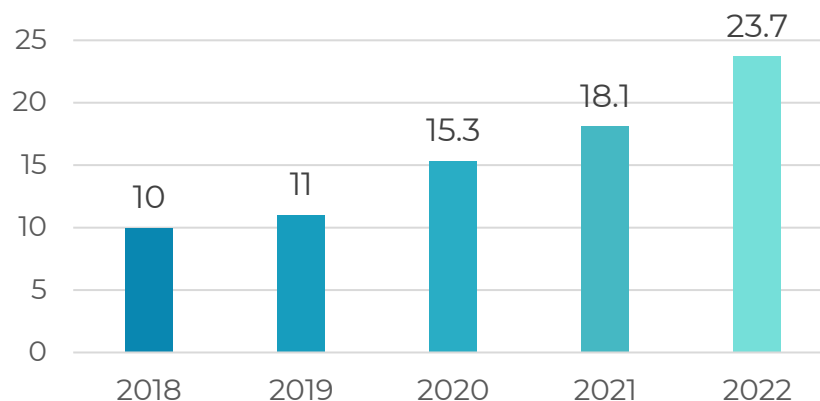
- Instruments & Equipment
- Reagents

## Downstream

- Hospital
- Community health service center
- Clinic
- Disease control center
- Clinical laboratory center
- Blood station
- Independent medical laboratory
- Health management institutes
- Rehabilitation and sanatorium
- ...

## China IVD Market Size

(Billion \$)



In 2022, China IVD market size reached **USD 23.7 billion, up 30% year-on-year**. The market is expected to continue its high growth trend in the next 5-10 years, with growth driven by an aging population and increasing healthcare demands.

\* Source: *The Annual Report of China IVD Industry*, CAIVD



# China IVD Industry

Upstream

## Upstream market size

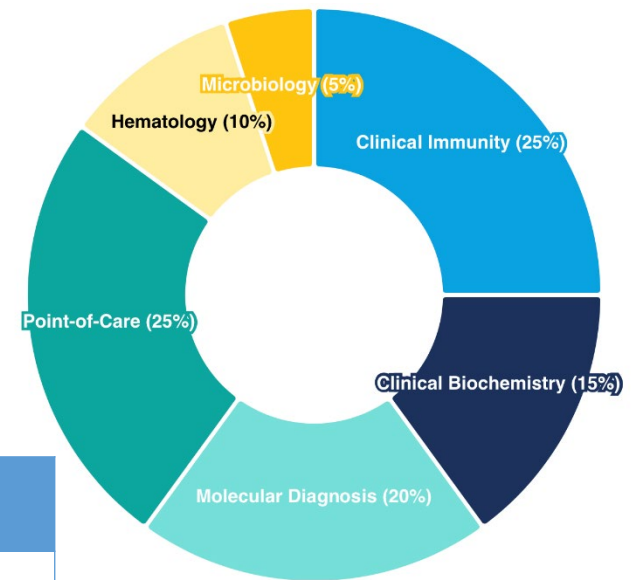
- In 2022, the market size of China IVD upstream industry is about **USD 4.3 billion with 15% YOY** growth ratio.
- Imported brands account for **80% of the upstream market share**, and 60% of that is raw materials.

# China IVD Industry

The IVD midstream market in China is divided into **six different segments** differentiated by their principles. Each segment has its own characteristics and requirements that need to be understood to be successful in China.

**Clinical Immunity**, driven by the Chemiluminescence market, is the largest segment in China IVD market in recent years. **Molecular diagnosis and POC** have grown rapidly in the past three years due to the epidemic.

## Midstream



Segment	Market share	Increasing ratio	Imported ratio	Growth potential
<b>Clinical Biochemical</b>	<15%	0	<40%	5
<b>Clinical Immunity</b>	<25%	<10%	>70%	3
<b>Molecular Diagnosis</b>	>20%	>50%	<30%	1
<b>Hematology</b>	<10%	0	<50%	4
<b>POC</b>	>25%	>100%	<20%	2
<b>Microbiology</b>	<5%	0	80%	6

\* Source: The Annual Report of China IVD Industry 2022, CAIVD





# China IVD Industry

Downstream

## Number of medical and healthcare institutes:

**1,030,935**

Hospitals	36,570
Primary medical and health institutions	977,790
Professional public healthcare institutes	13,276
Independent clinical laboratories	1,570

## Total number of beds:

**9.448 million**

Hospitals	7.413 million
Primary medical and health institutions	1.712 million
Specialized public health institutions	302,000

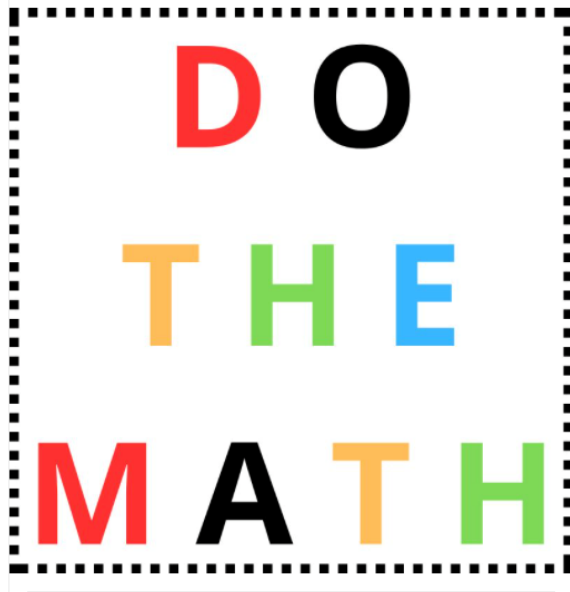
## Total staff:

**13.983 million**

### Opportunities

1. Routine testing market keeps picking up after the pandemic and the demand on new testing items keeps growing
2. The opening up of multiple-child policy promotes prenatal genetic screening
3. Opportunities arising from the landing of LDT projects
4. Home self-testing has become a new diagnostic application scenario
5. National investment in the construction of medical facilities increased

# Clinical labs in China vs the US



Carolyn Eychenne • Vous

Stratégie Marketing Digital | Stratégie Business Développement...

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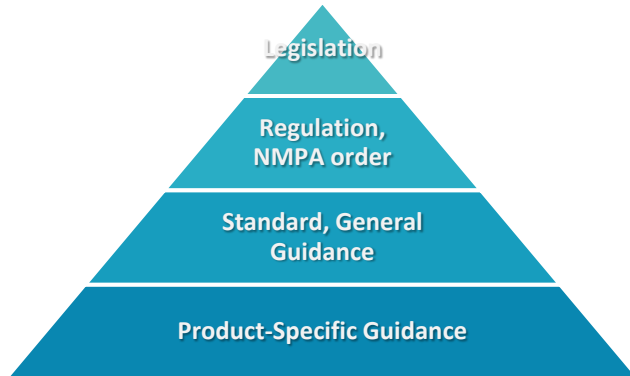
Another math problem, just like you did in school...

The United States has 6500 independent clinical labs serving a population of 331.9 million people.

China has 1570 ICL's serving a population of 1.4 billion.

If China wants to have the same lab per capita coverage as the U.S., how many new labs need to be created?

# Regulatory and Registration

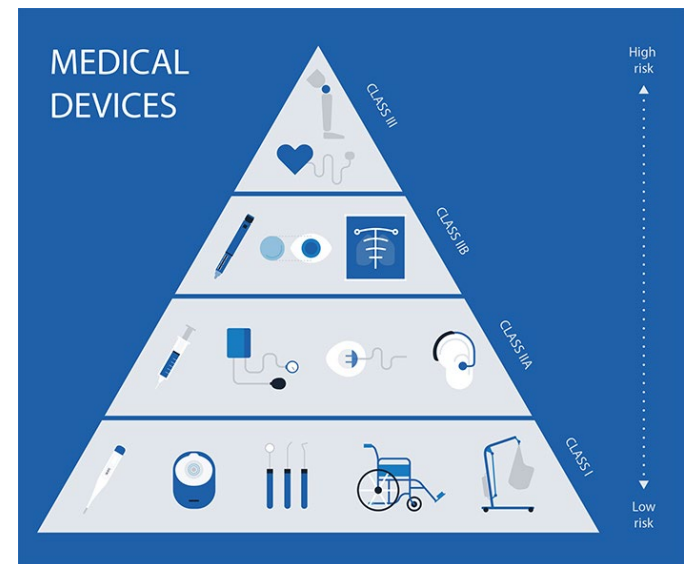


**The legislative system** of medical device is developing rapidly in China. It is complex and evolving, but keeping up with the regulatory and requirements is necessary for all companies who want to enter the Chinese market.

## Opportunities & Challenges of Registration

The number of approved imported medical devices in China is continuously increasing, creating new opportunities for overseas companies. **In 2022, 461 IVD products were newly approved, including 107 imported IVD products with 9% YOY increase.** The US, Germany, Japan, Korea and France cover 76.4% of total imported medical devices.

However, China's regulatory process can be slow and bureaucratic, presenting challenges for foreign companies seeking to enter the market.



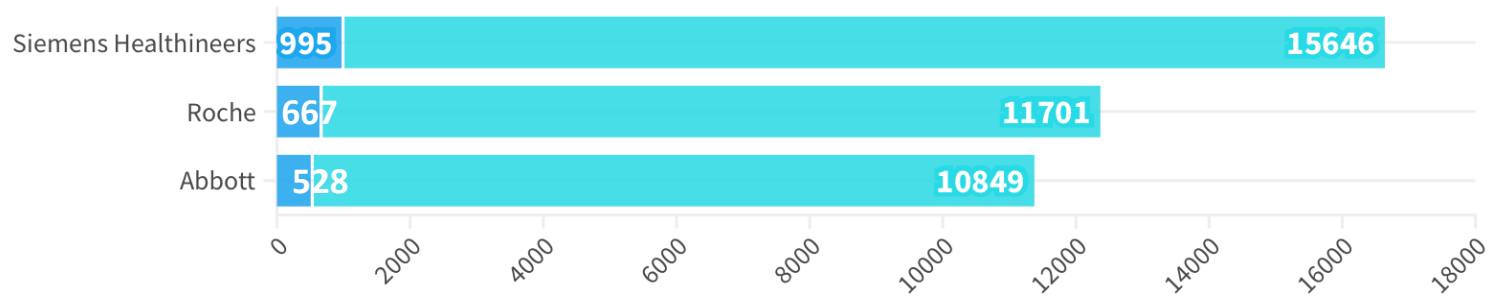
\*Source: *The Annual Report of China IVD Industry 2022*, CAIVD

\* Image from *Bodo's Power Systems*

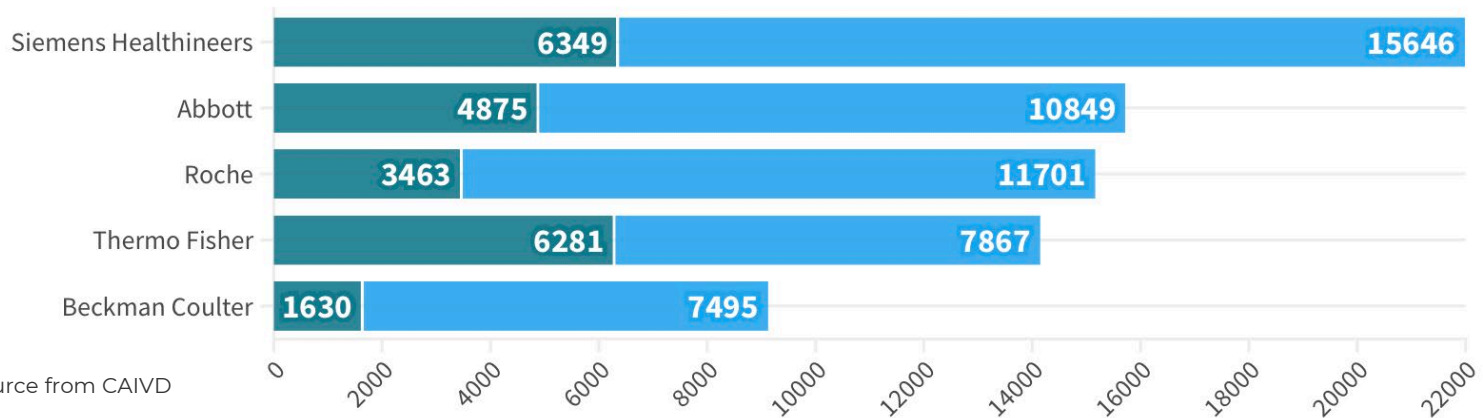
# Outlook on the market via registered certificates

The number of registered certificates

China Global



Medical Devices IVD



\* Source from CAIVD

# Future Development of the China IVD market



# Trends driving future development

1 Integration / high throughput

2 Fast and portable

3 Intelligence and AI technology

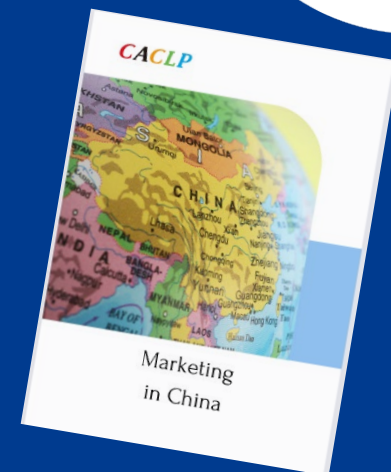
4 Precision medicine and companion

5 Microbial drug resistance detection and pharmacogenomics

6 Mass Spectrometry

7 New markers and new tests

# The Impact of Cultural Differences on Marketing Strategies





Westerners tend to see the world as made up of individuals and break markets down into smaller parts to better focus on these individuals. Chinese, on the other hand, will look at patterns and changes in patterns. It greatly affects your marketing, from the message all the way down to the marketing tools you choose. Understanding China's unique marketing mindset is key for companies looking to enter or expand their business in China.

- |                                     |                        |
|-------------------------------------|------------------------|
| <b>1 Relationships</b>              | <b>2 Think Content</b> |
| <b>3 Cross-Platform Integration</b> | <b>4 Mobile First</b>  |
| <b>5 The Need for Speed</b>         | <b>6 Language</b>      |





# Relationships

- **Friendships**

Establishing relationships is crucial in China, where it's a source of authority in almost every area of life. Brands and companies should be adept at developing relationships and building friendships with potential customers in the marketing process.

- **Trust**

In China, people trust each other rather than companies or brands. Personal relationships and word-of-mouth recommendations carry more weight than traditional advertising. It makes investing time and effort in fostering relationships especially critical in the Chinese market.

- **Networking**

Networking is essential to building relationships in China, where business is still largely based on interpersonal connections. Companies should participate in trade shows and other community events to establish themselves and make meaningful connections.

The Chinese characters '关系' (Guanxi), meaning 'relationship' or 'connections', are displayed in a large, bold, black font. They are enclosed within a green L-shaped graphic that frames the text from the top-left and bottom-right corners.

# Think Content

The focus on building and nurturing relationships naturally leads to content marketing - regularly supplying interesting and useful information to your clients and prospects.



## Engage Your Audience

Seize your customer's attention with dynamic, informative content in the language they understand. Keep close contacts with your clients by creating immersive stories that empower and inspire action.



## Regular Communication

Communicate regularly with your clients and keep them informed of new developments in your company, products and industry.



# Mobile First

Mobile technology is leading the way in the future of advertising as mobile phones evolve from mere communication devices to become the primary platform for content consumption.

In China, this mobile-first characteristic is even more obvious. As such, advertising should be tailored to the mobile experience to ensure maximum reach and engagement.



## More time

In China, virtually all media activities are conducted on mobile devices, with consumers spending an average of **7 hours** on their phones every day - approximately twice as much time as Americans.



## More consumption

In 2021, on China's biggest shopping day, known as Double Eleven, consumers purchased more than **\$133.3 billion** worth of goods on e-commerce platforms - more than U.S. customers bought on Black Friday and Cyber Monday combined 90% of those purchases made via cell phones.

# Cross-Platform Integration

China has a number of cross-platform media giants, most notably Alibaba, Tencent, and ByteDance. These companies own or control vast swathes of digital content across numerous industries. They have a huge user community that can be counted by billions. In contrast, such a concentration is prohibited in the western regulatory environment.



## Omnichannel Marketing

Cross-platform integration and countless users allow these giants to create omnichannel marketing campaigns that leverage the strengths of different media channels. According to Kleiner Perkins, Chinese consumers spend **55% of their online time within Tencent's ecosystem**, which includes messaging, social media, videos, financial services and gaming platforms.

## Closed-Loop Data

The presence of these media giants also makes the comprehensive, closed-loop data accessible at the individual level, which enables marketers to analyse and create more personalized and engaging marketing content.

# The Need for Speed

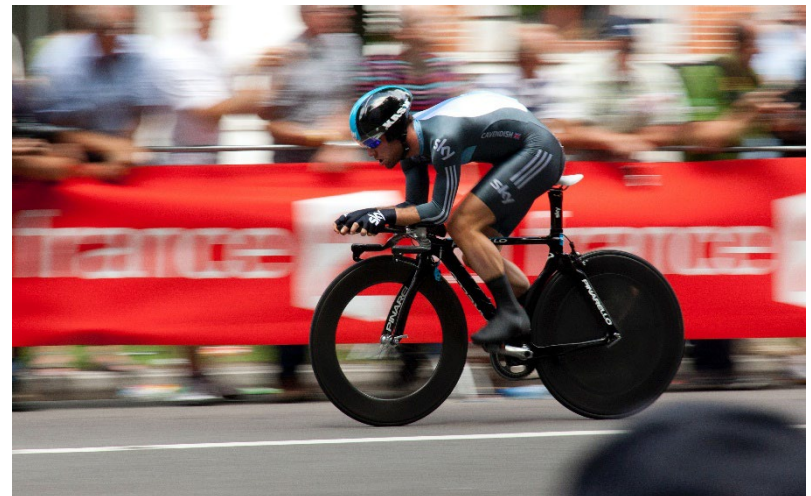
Chinese take the long view and spend a lot of time building relationships yet, at the same time, they take action and move extremely quickly. Understanding these psychological factors in China is helpful for developing your marketing strategy.

- **Faster Decision-Making**

Chinese marketers tend to make decisions more quickly than their Western counterparts to maintain their momentum and investor support in this fast-growing economy.

- **Agility**

Agility is key to success in China's dynamic and competitive business environment. The ability to pivot quickly and make swift decisions is essential for companies hoping to succeed in China's complex marketing landscape.





# Language

The Chinese, like everyone everywhere, prefer to read in their native language, even if they are fluent in English. WeChat has a translation function, making it possible to publish in English, but people still prefer to read directly in Chinese.

Taking the time and effort to translate your marketing messages will also communicate that you take into account your customers' needs.

**DEFINE WHO YOUR TARGET MARKET IS  
AND WRITE TO THAT AUDIENCE.**



# Marketing Channels in China



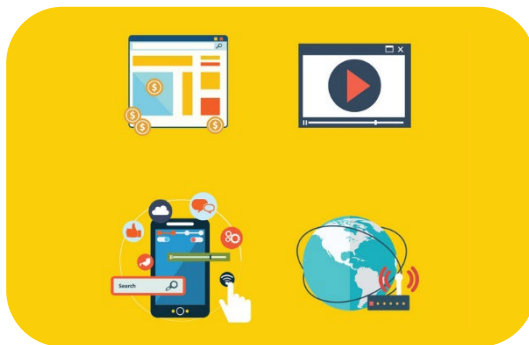
# Media and Advertising Platforms in China



**Traditional Channels**



**Social Media**



**Digital Channels**



**Offline Channels**

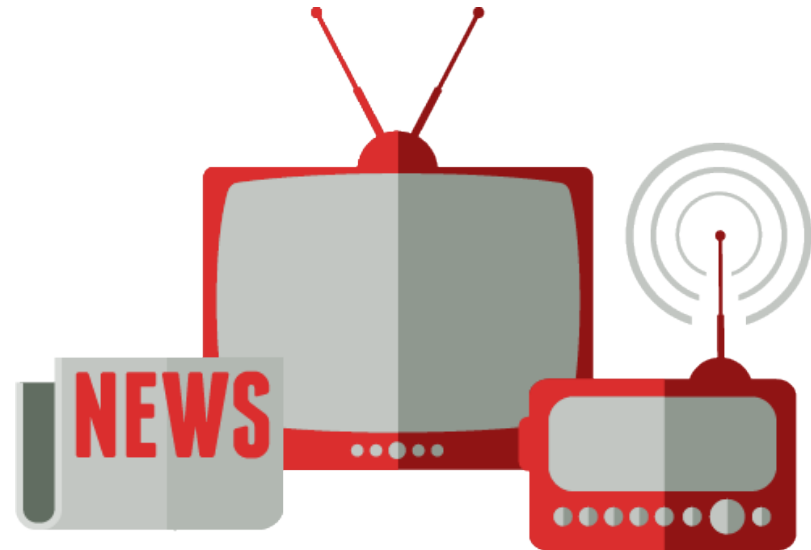


# Traditional Channels

Nowadays, you can find various kinds of advertisements on TV, radio, billboard and prints, these traditional channels are still effective in the Chinese market.

Due to the special characteristics of IVD products - strict regulation and content restrictions, it is obviously not appropriate to advertise in public area via TV, radio or large-scale billboard.

**Print** has always given the **public a professional and formal impression** during its long life cycle, which, combined with its quality of **targeted circulation**, makes it particularly suitable for scientific and business fields.





# Traditional Channels

**China Association of In-Vitro Diagnostics (CAIVD) and Professional Community of Experimental Medicine (PCEM)** have been committed to delivering high-quality content to the Chinese and global IVD markets over the past 20 years.

These publications and activities directly reach **over 2,000 member companies** and more than **900 IVD industry professionals** in hospitals, clinics, independent laboratories and other institutes.

By providing high-quality content, we strive to foster communication and development within the IVD industry, making valuable contributions to the global IVD markets.



# Social Media

Social media is growing rapidly around the world, especially in mobile-first China. In China, social media is no longer used only for social functions; people use it to get information, buy & sell, and communicate.



**WeChat**

WeChat is a Chinese instant messaging, social media, and mobile payment app. It became the world's largest standalone mobile app **in 2022 with over 1.3 billion monthly active users**, 92% of which use it on a daily basis. WeChat supports **different types of ads such as graphic, article, video and live**. Posted ads will be quickly spread as instant messages, notifications and moments.



**Sina Weibo**

As of the end of Q4 2022, Sina Weibo had **586 million monthly active users**.

Sina Weibo is more like Twitter - **a platform for companies or governments to build their brand image and post official messages**. Chinese use Weibo for authoritative information, but not for instant messaging or purchases.



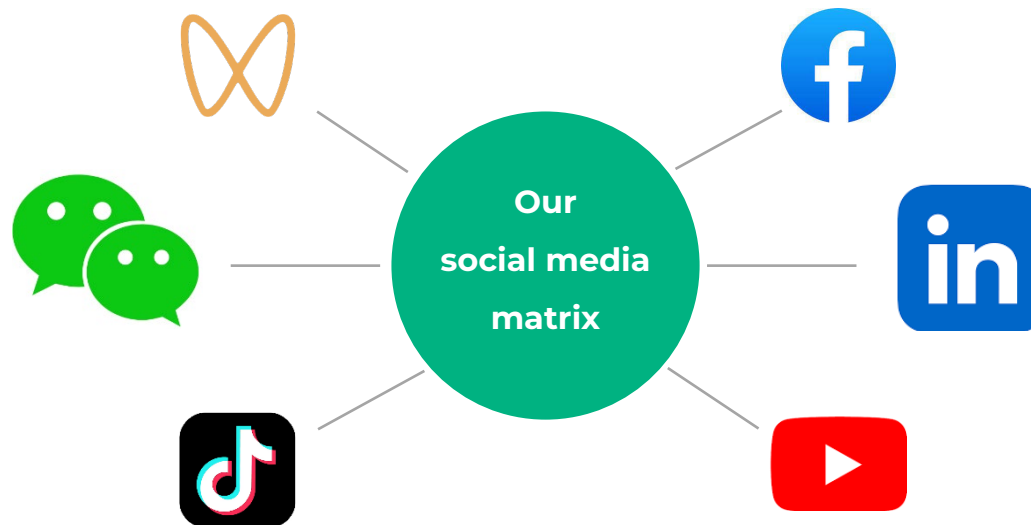
**TikTok**

TikTok is a new video platform that has rapidly grown in recent years, with **770 million daily active users in China**.

Unlike WeChat and Weibo, TikTok **specializes in short video and live content**. However, due to the special nature of medical devices, the related video and live ads are strictly regulated in the Chinese market.

# Social Media

Nowadays, in the Chinese market, CAIVD & PCEM have established a **social media matrix** centered around WeChat, with a total followers of **over 400,000**. The content covers business news, capital activities, advanced technologies, industry analysis, policy regulations, character interviews and others. In the international market, we have also built a social media network with LinkedIn as the main platform, with over 4,000 total followers.





# Digital Channels

## Website

In China, people tend to go to a web site only when searching for something specific or wanting official information.

A well-designed website can convey professionalism and establish credibility, but it should not be your only channel to reach customers in China, especially if your web site is based in your home country.

## SEO

Search engine optimization can help drive traffic to your website organically, but can be challenging in China since it can be influenced by paid ads.

Remember, Chinese buyers usually trust recommendations from KOLs and relationships more than search engines.

## Emailing

While emailing is less popular in China, it can still be an effective communication tool, especially for international contacts and official purposes.

Emails often have a lower response rate than other channels, but the ROI is still good since emailing is inexpensive.

## SMS

With Chinese users spending a lot of time on their cell phones, SMS can be a good way to reach your customers with more impressions and higher clicks. However, text messaging is relatively expensive and focuses on conversion. It should be the bottom of the sales funnel.



# Digital Channels

CAIVD and PCEM have developed an integrate platform dedicated to in vitro diagnostics. In March 2023, we were commissioned to organize a two-day live streaming in which many academic speakers shared their experience and research results in molecular diagnostics.

Through the integrated promotion on WeChat, CAIVD News APP, and our community chat groups, **more than 20,000 unique visitors** watched during the two-day event. As a result, **over 1,800 attendees** were successfully converted into engaged followers for our clients.



## CH & EN websites

6000+ UV/day



## SMS

Directly to 70,000 contacts



## CAIVD News APP

130,000 pcs of articles with over  
1.5 million+ views



## Webinar & Live stream

Average 50 times/year



## E-newsletter

Average 28 times/year



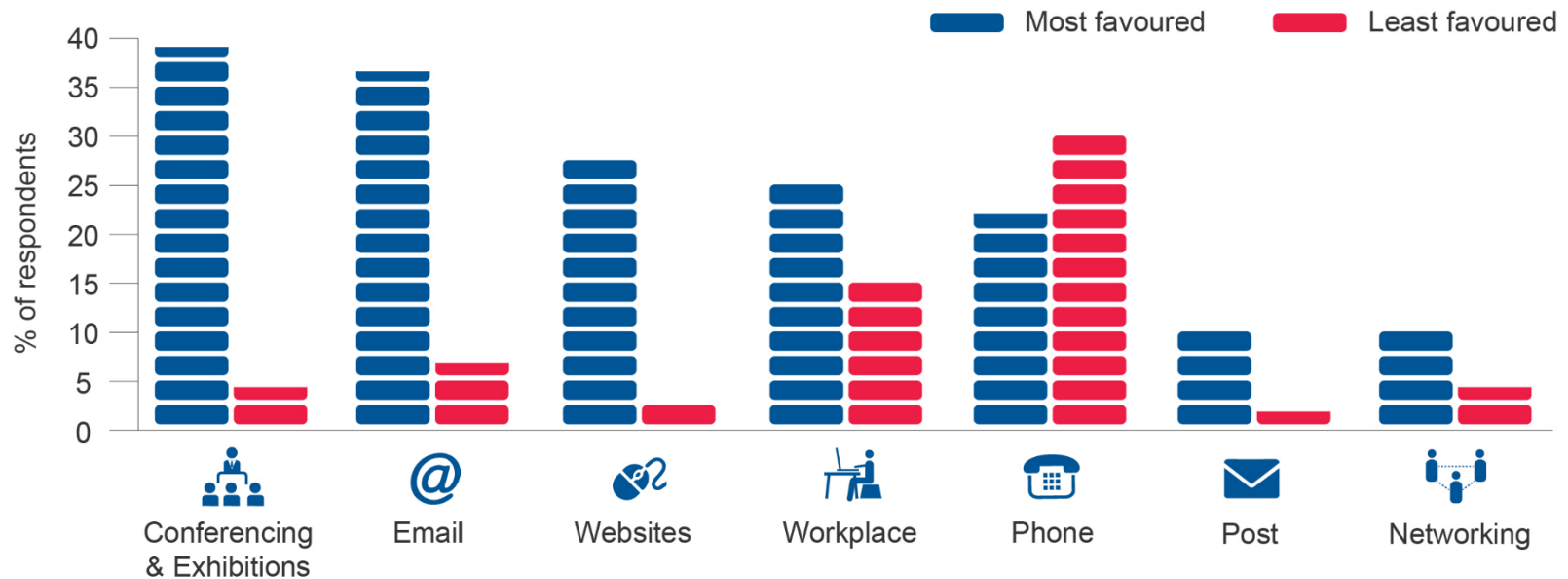
## CACLP APP

80,000+ registered industry users

# Offline Channels



According to B2B International, offline channels such as conferences and trade shows offer more personalized experiences and opportunities for relationship building, which is crucial in the Chinese culture. Thus, **conferences and trade shows are nearly the most important marketing tool for companies entering China.**

The events is an opportunity for potential customers to ask questions and have the advantage of establishing the face-to-face contact which Chinese buyers value so much. But also, they are typically more expensive.



\* Source: <https://www.b2binternational.com/publications/chinese-marketing-selling/>

# Offline Channels

	CMEF 	CACLP 
<b>Exhibiting space</b>	320,000 sqm	130,000 sqm
<b>Professional visitors</b>	302,963	40,000
<b>Exhibitors</b>	5,000+ <b>- 345 IVD exhibitors</b>	1300+ IVD exhibitors
<b>Scientific sessions</b>	80+	100+





# Strategies for Success





# Strategies for Success

## 1 Market Research

Conducting thorough market research is essential for success in the Chinese market. Understanding local trends, customer preferences, and regulatory environments can help overseas companies position themselves for success.

## 2 Local Partnerships

Partnering with experienced local partners and advisors can help overseas companies navigate the unique challenges of the Chinese market and build strong relationships with key players.

## 3 Digital Marketing

Digital marketing and social medias offer significant opportunities to access Chinese customers. Understanding the local digital landscape and working with experienced local partners can help overseas companies maximize their impact.

## 4 Patience and Persistence

Reaching the Chinese market can take time and require significant investment. Persistence, patience, and a long-term outlook are essential for success.

谢谢  
**Thank you**

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