

Compass

Beyond the Bedroom

China's Sexual Revolution and What It Could Mean for Brands





FOREWORD

Let's talk about sex.

With the exception of chocolate, strawberries, and champagne, you might be scratching your head wondering why TSI would be tackling this sensitive topic. Along with all the other rapid changes happening across China, today the country is going through a sexual revolution. While it might not be as free love and groovy as the 60's, the implications are just as massive. These aren't just shifts in cultural taboos, either. This sexual revolution is impacting the economy, society, and wellness in profound ways.

And, as with all change comes opportunity.

In this month's TSI Navigator™ Compass, we explore how China's sexual revolution can translate to blue ocean territory for brands regardless of their category. From collaboration opportunities to market landscaping, understanding consumer sentiment to what impacts the lives of young people, savvy companies would do well to watch this space.

So, let's pull back the covers and get busy.

Andrew Kuiler
Founder & CEO

TSI CONTRIBUTORS



WILLIAM BRENNER

A true global citizen, William brings a unique combination of strategy and design to the table, working alongside TSI's global client portfolio to realise their brand visions. This is supported by a focus on human-centred thinking, meaning the insights he provides are always backed by what consumers actually want. Prior to TSI, he founded design agency DesignWB.



EVELYN HUSSAIN

Evelyn heads TSI's innovation practice – focusing on transforming data and human-led insights into innovation engagements that are methodological, meaningful, and measurable. A designer at her core, she believes in human interaction and human-centred design whether it's for a product, technology, or service. Her academic background in Sustainability Design, and an MBA, means she can easily straddle the creative and commercial divides.



PHOEBE CHEN

With an undergraduate degree in business and a forthcoming master's degree in applied analytics, Phoebe strives to help businesses derive value out of data. As an intern at The Silk Initiative, Phoebe mainly assists in translating survey data into insights for our international client base. Prior to TSI, Phoebe interned with Ernst & Young and Deloitte.



JOHN PABON

Over the past decade, John has examined the societal impacts of China's economic rise and has been honoured as one of the world's top 100 voices on modern China. He also leads TSI's marketing and communications. His previous work includes posts with the United Nations, McKinsey, A.C. Nielsen, and as a consultant with BSR, the world's largest sustainability-focused business network.

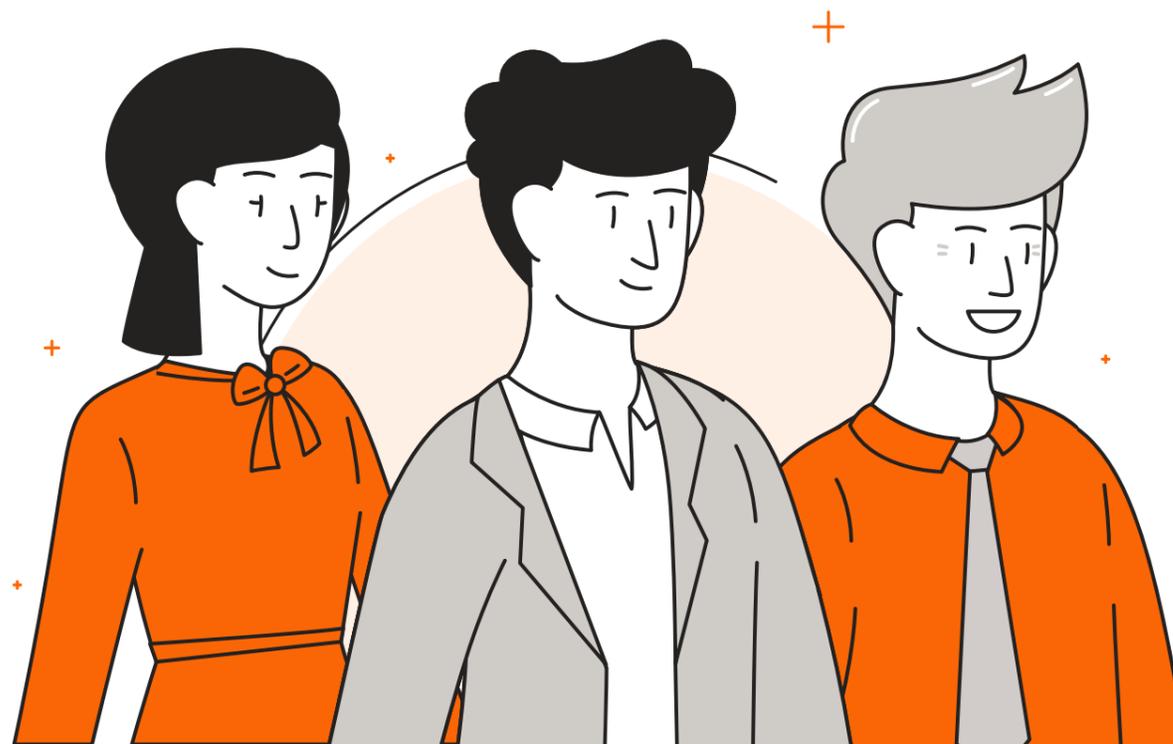




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CHINA'S SEXUAL REVOLUTION

Like most other Asian nations, the subject of sex is cultural taboo number one in China. It goes largely unspoken at all levels of society. There is **no national requirement** for sex education in school, resulting in only about 10% of Chinese schools having a formal curriculum. At home, 80% of parents feel uncomfortable discussing sex with their children. While widely available, pornography and sex work are technically illegal in China. Even sexual innuendo in advertising, long a staple of modern marketing in the west, is non-existent.

Yet, with a population of 1.6 billion and growing, it's obvious Chinese aren't exactly abstaining from having fun in the bedroom. Without proper education or access to information, though, this is a dangerous combination. Abortion is considered a reliable form of contraception, especially among poorer migrant workers. Although eradicated during the Communist Era, incidence of sexually transmitted infections has grown **17%** year-on-year since opening the economy to the world. Syphilis, for example, increased **25-fold** since 1990. Today, over half of all young adults get their sex education from the internet, not exactly a bastion of reliable information on such an important topic.

Over the past five years, though, China has gone through a sexual revolution of sorts. Chinese sociologist **Pan Suiming** is noted as saying, "Chinese society has undergone a shift from 'sex for reproduction' to 'sex for pleasure.'" Sexologist **Li Yinhe** cites her survey on pre-marital sex as evidence of this revolution. Today, 71% of adults have had sex before marriage compared to 15% in 1989.

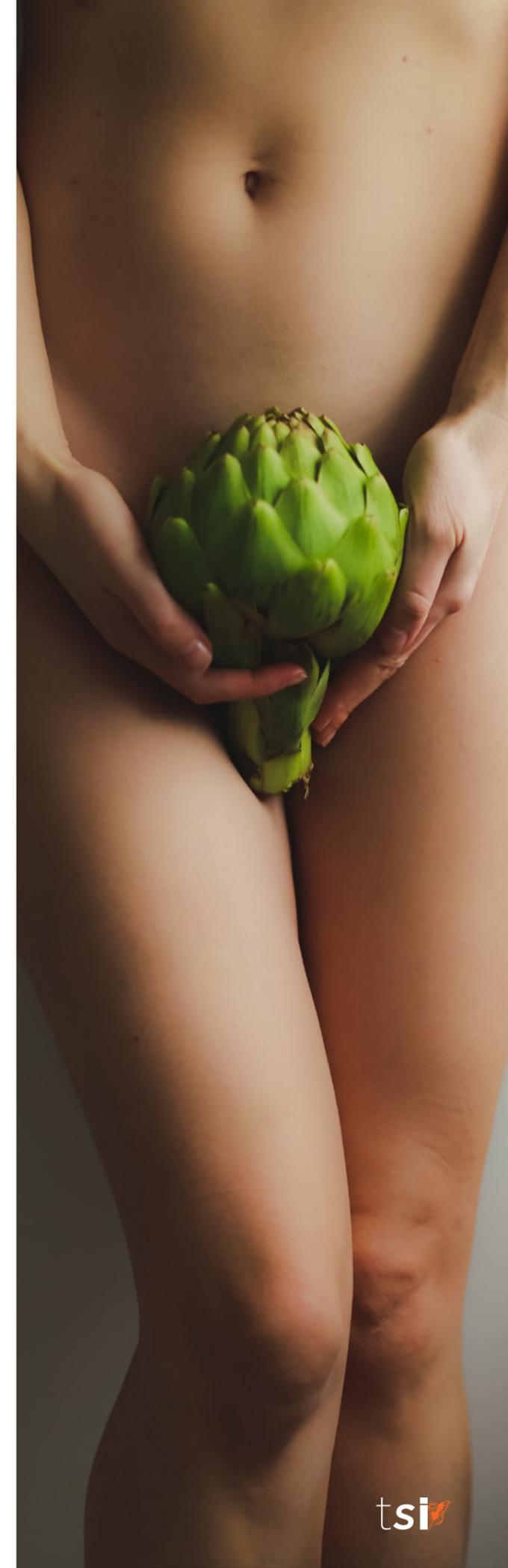
"In the survey I made in 1989, 15.5% of people had sex before marriage... But in the survey I did two years ago, the figure went up to 71%."

Li Yinhe



The initial ripple of the One-Child Policy, which formed the nucleus of today's revolution, has created a tidal wave of potential change. This stretches from skyrocketing sales of adult products through to women more knowledgeable about their bodies and thus more empowered than ever before. Even the Central Government is getting on board. A loosening of regulations on massage parlours, reclassifying homosexuality as not a mental illness, and even a very progressive new sex education curriculum are all signs of changing times. People throughout the country are still making their voices heard. From calls for extensive sex education in schools to decriminalisation of sex work, freedom from arranged marriage to the breakdown of traditional gender roles, China's modern sexual revolution is well and clearly underway.

With all these dramatic changes, TSI wanted to explore what impact they might have on wider consumer behaviour. In this edition of the TSI Navigator™ Compass, we explore how China's sexual revolution is poised to open up new opportunities for brands in all categories. We looked at this through three important lenses: economic; social; and, sexual wellness. Our research also included interviews with some of the movers and shakers in the sexual wellness space in China today.



THE IMPACT ON THE ECONOMY

The biggest impact China's sexual revolution is having is definitely an economic one. Sales of adult products, prophylactics, and wellness products are through the roof. Increasing consumption in these categories means there are new potential opportunities in adjacent areas. Regardless of the industry, companies should consider ways to collaborate and ride the coattails of the booming sex sector.

Adult Products

China makes approximately 70% of the world's adult toys. Until recently, 86% of these were exclusively for export. Increasingly, we're seeing an export-oriented industry turning its eyes to the domestic market. Today, the sale of adult toys in China is a RMB348.8 billion (US\$52 billion) market. Younger Chinese consumers, especially those under 35, make up 63% of all adult toy sales. Female purchases of adult products have doubled since 2018, and the top selling female adult product on Tmall is lingerie. According to Yi Heng, a popular sex and relationship advice blogger, "...quite a lot of women...who are sexually active have a very open attitude toward using sex toys...They see it as very natural and normal." All this points to women who are making more empowered decisions over their own bodies.

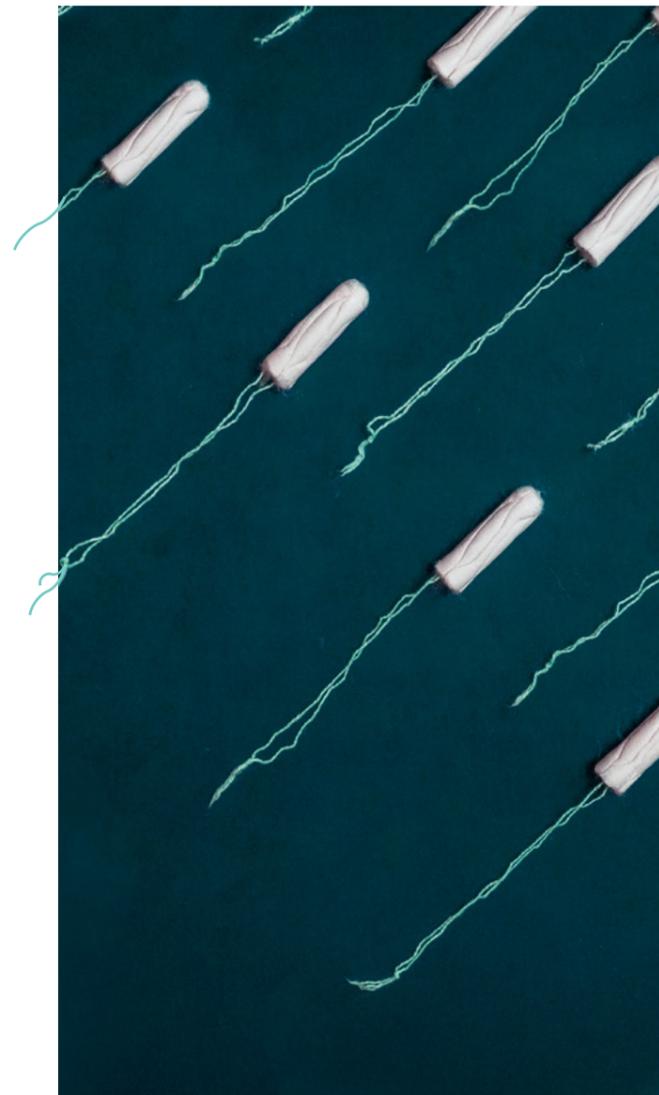
Prophylactics

As family planning is an important topic in China, especially given the once-strict One-Child Policy, the prophylactic market is immense. Condoms, for example, are widely available at pharmacies, convenience stores, and health clinics. In fact, the Central Government purchases over 1 billion condoms a year for public distribution. Even with the loosening of the One-Child Policy, the condom market in China is still expected to surpass US\$5.2 billion in 2024, five times what it was in 2015. Intrauterine devices (IUDs) are also popular for birth control. A 2015 UN study found 40% of adult women in China use an IUD.



Feminine Hygiene Products

Changing lifestyles are also bringing up issues of hygiene never-before discussed openly. This is especially acute with feminine hygiene products, such as sanitary pads and tampons. Recently, women have begun to protest against what they are calling "period poverty," the disparity between relatively low salaries and high cost of menstrual products. These activists rightly view such products as a human right, but in China today it is a right only available to those who can afford it. Even though these protests are gaining traction, and shining a public light on such matters, over 10% of young girls still feel uncomfortable talking about these delicate issues. The White Shell Project is working to help girls in rural villages become more comfortable discussing feminine hygiene.



Why drone on about sex toys, condoms, and menstruation? Because having a solid understanding of the idiosyncrasies in the Chinese market is the foundation for international brands looking to collaborate (or at least start a conversation). Although there is a sexual revolution going on, Chinese haven't quite made it out the other side yet. Therefore, it's important to tread carefully.

Just ask Durex. The world's leading condom maker attempted to do a social media collaboration in 2019 with mega-chain, Heytea. The innuendo-laden adverts may have won praise among younger Chinese netizens, but the National Office Against Pornographic and Illegal Publications was not impressed. They cited the campaigns as being more vulgar than pornography. While Durex may get passing marks for being creative, by not knowing the lay of the land they shot themselves in the foot.



THE IMPACT ON SOCIETY



As previously mentioned, China's sexual revolution is also having a profound impact on societal attitudes towards sex.

A **2020 survey** conducted by the China Family Planning Association, Tsinghua University's Research Center for Public Health, and China Youth Network revealed just how far things have come. Firstly, there is still a lack of basic knowledge around sex. The findings from a survey of 55,000 higher-education students "...suggested students didn't have a healthy understanding of sex-related issues, including contraception, sexually transmitted infections, and abortion: On these topics, students answered just four out of the nine questions correctly, on average." Many felt they did not receive adequate education in school, turning to the internet for the information they need.

Even without a robust knowledge about sex, attitudes are not nearly as conservative as in the past. A similar study done in 2016 shows marked changes in the acceptance of sex. Students surveyed are increasingly okay with pre-marital sex, with acceptance up 20% among women since 2016. Versus being a means to an end, sex is now seen by **85% of Chinese** as part of a happy, healthy lifestyle. Condom use is up while use of more invasive forms of contraception, like IUDs, has fallen dramatically. Opposition to **alternative lifestyles** has also reached record lows. Chinese are throwing off the societal pressure to marry, opting instead to wait for "the one." **Divorce**, the ultimate taboo, is also at an all-time high.

Where we see greater acceptance of sex playing out in big ways is in the advertising space. Sure, Durex may have failed in their HeyTea collaboration by straying too far into taboo territory, but other brands have been able to successfully use sex to sell.



One prominent example is Tyson Chicken. In 2016, the American food producer launched a new type of campaign targeting Chinese millennials. Instead of having a stock-standard cartoon chicken, Tyson opted for a shirtless Gu Youming. The muscular actor could be seen all over China, from the grocery aisle to the side of busses, with the campaign tagline "fresh meat" serving as a not-too-subtle double entendre.



For brands, the sexual revolution opens up a whole world of possibilities for advertising, marketing, and positioning (no pun intended). Consider, for example, the shift in female segments. Women's increasing self-empowerment and equality means they are focussed on much more when it comes to sexual wellness than just period management. They are also a segment on the move, evolving as quickly as China itself. Much of this is thanks to changes in societal stigmas and what it means to be a sexually healthy person.



AN INTERVIEW WITH THE OH COLLECTIVE



the oh collective
噢欢乐

The Oh Collective is a Shanghai-based female intimate wellness company with the vision to, "empower women to be happy and confident with their intimate selves." Their mission is to "normalize female intimate wellness by providing a community [one] can lean on, delivering products [they] feel safe using, and content that will give [one] good vibes." The Silk Initiative sat down with the founders of The Oh Collective to have a frank discussion about China's sexual revolution, especially through the lens of female health and wellness.

What motivated you all to create this company? What was the gap in the market?

We are 4 women of Chinese heritage that grew up with Western influences. While living in Shanghai, we noticed that shopping for female intimate care is almost impossible. The market is overly sexualized through a male gaze, non-regulated and there were no brands out there that were able to serve women like ourselves. We soon realized how important it is to normalize the topic of women's intimate and sexual wellness because the four of us had always been open to talking about our challenges and supported each other through it all. We realized not every woman out there has the same type of support like we do and places where they can openly share their problems. Oftentimes when women face an intimate wellness issue, they feel like they are the only ones that feel this way. This motivated us to create The Oh Collective, we want her to know that she is not alone on her journey.

AN INTERVIEW WITH THE OH COLLECTIVE

What has been the response?

We have a very strong support system from work, family, and friends. Everyone has been extremely positive and encouraging. They challenged us in every way possible and they still do. But outside of our personal network, most feel this is a topic they always wanted to talk about but couldn't. It had never been a point of discussion in their upbringing or amongst their peers. So, the general response was curiosity. There are also people that misunderstand what sexual wellness means for women, holding outdated ideas like "I don't need it, isn't that what a partner is for?", "Only naughty girls would do that!", "I just think I'm not a sexual person". Hearing all of this inspired us to really explain and normalize the topic of sexual wellness.

What does sexual wellness mean to you?

Sexual wellness for us is beyond sex and masturbation. Sexual wellness is related to our overall wellbeing and happiness. It's how we feel in our body. How we feel emotionally, mentally, and physically. At The Oh Collective, we believe that you are at your best when your mind and body are.



What do you think are some of the biggest issues facing women today in China?

"Women hold up half the sky," is a popular phrase that came about upon the rise of feminism and gender equality in China in the 1950s. Before that, the hierarchy of gender and class were still strongly rooted in society. Imagine, from then to now there is less than one generation gap. We see many leadership positions across China are led by women and that is extremely inspiring and hopeful. Of course, we still do see many areas for improvement, such as fulfilling societal pressure to achieve equality in one's career but still having traditional views of getting married and bearing children.

Why is China going through a sexual revolution now?

The conversations around sexual wellness have always been there in small groups and amongst friends. Social media contributed to increasing visibility to consumers through different platforms. Also, this year has been interesting as people spent more time indoor due to the pandemic and economic uncertainty. It has given more people a reason to focus on their mental and physical wellbeing. We also believe that as the market continues to mature, people will continuously seek for a better quality of life.



What do you think is the most effective way to increase education/awareness of sexual wellness?

Talking about it and communicating it in a non-aggressive way is important. We want to make people feel comfortable and curious when the topic of sexual wellness is brought up. Educating more people to understand their own bodies are the first steps in the right direction. There are too many misinterpreted facts or unsafe practices that can easily be avoided or resolved by sharing knowledge. We are hopeful to see more openness in education coming from schools and families. Not only that, we'd like to see more from trusted brands and safe communities. Chinese consumers spend close to 5 hours a day with their phones, so brands and communities need to ensure that they're crafting a message that sticks and use credible platforms to get those messages across. There's also a rising trend in niche brands and online communities that deviate from "old school" communications. They are edgier, prioritize sustainability and inclusivity, just like The Oh Collective. We expect this trend to rise in the coming years.

How do you think this industry will change in China in the next 5 or 10 years?

There is a very healthy increase in the wellness and sex toy industry. Double-digit growth in the sex toy market globally in 2020, partially due to COVID-19. We foresee it will become more mainstream for netizens. Foreign brands will enter the Chinese market, but with stricter regulations and a new generation of buyers, we also foresee the rise of homegrown brands becoming international successes. With a strong desire for experiences, more personal experiences will become part of commercial wellness offerings. Eventually, sexual wellness will become part of "The Fundamentals of Living a Good Life" and intimate wellness tools will become part of everyone's beauty and wellness regime.



THE IMPACT ON WELLNESS

Rather than something to keep to yourself, or discuss quietly in the shadows, a wider acceptance of sex is having a positive impact on wellness. That's because when people have the right information, they are more likely to make the right decisions. To be clear, sexual wellness deals with so much more than just the physical aspect of things. There are non-physical elements just as important. These include healthy conversations with partners, recognising boundaries, a heightened understanding of the self and the body, confidence, and empowerment.

Key indicators from the 2020 China Family Planning Association survey show healthier sex practices among university students. Unintended pregnancies, for example, fell 11% from the same survey conducted in 2016. **Rates of syphilis**, one of the more pervasive STIs in China, are down from 13.44 cases per 100,000 people in 2012 to 9.81 in 2015. The country is on the way towards **zero new infections** of hepatitis B thanks to wider distribution of testing and vaccines. A **14% jump** in new cases of HIV in 2018 shows, though, there is still much work to be done.

Sexual wellness is also now a priority of the Central Government. Whereas publishing pornography was punishable by death through the 1980s, now Government-mandated children's **sex education books** are highly graphic affairs. Beijing's official 2019 Healthy China Initiative also specifies the need for more comprehensive sex education in schools, showing just how far the Government has moved in their acceptance of the issue.

Lastly, traditional Chinese medical approaches to sex are seeing a resurgence. Although TCM was steadily losing popularity for more empirical western methodologies over the past five years, the sexual revolution is putting traditional practices back on the map. These include acupuncture for sexual drive (the pressure point is on the bottom of the foot, if you're curious) to herbs for erectile dysfunction. When combined with other traditional remedies for a range of issues, TCM has seen an **annual growth** of 20% since last year.

How can international brands benefit from this knowledge? Firstly, it's important to understand where the big gaps are. Is there something your brand or product range can do to help with reducing syphilis rates or equalising the pink tax, for example? How can you contribute to the improvement of health across China? Secondly, as stressed earlier, are your advertisements and collateral appropriate to China's evolution with discussing and understanding sex? Lastly, what elements of traditional Chinese medicine can you include in your product development? Perhaps this is a certain flavour profile or quality. Understanding what's popular in the TCM space can help make your product more appropriate for discerning Chinese consumers.



CONCLUSION

China's sexual revolution is by no means over. Although it is often overlooked in discussions about the country's dynamic evolution, attitudinal changes towards sex are just as important as trains, tourists, and tech. As such, it's also just as important to understand where things are headed and the implications this can have on your business.

As we've seen, there are plenty of potential opportunities for brands in a sexually liberated China.

- **Advertising and marketing.** While sex might not exactly sell just yet in China, there is definitely more space to play than ever before. Witty tongue-in-cheek allusions, without being lewd, can garner impressions from consumers rather than government censors. A bit of skin can work, but don't go out hiring bikini models. Finding the right balance, as Tyson did, can yield impressive results.
- **Cross-sector collaboration.** Who says a hot pot restaurant can't promote condoms? Why don't more harness makers collaborate with hardware stores? Younger consumers, many looking for unique ways to spend their disposable income, are spending it on adult goods. Remember, they make up nearly 70% of industry sales. The right cross-sector collaboration can give your brand the edge in attracting more of this coveted segment of Chinese society.

- **Bridging the gap.** The Chinese Government is big, but it can't do everything. There are gaps all throughout Chinese society that private-sector companies can help bridge. Many of these relate to the once-sensitive issue of sex. Whether that means running a CSR programme to educate female workers on reproductive health, as many in the FMCG space do, or incorporating elements of TCM into your product portfolio, how can your business benefit by doing something good?

Of course, all of these will necessitate a huge amount of tact, consumer understanding, and testing before you hit go. Keeping an eye on the space as it evolves will help you avoid any potential pitfalls in this rather tricky, sensitive area. According to The Oh Collective, though, there is definitely reason to be hopeful for the future.

“We think [the sexual revolution] has been effective in creating an awareness with specific groups of people, but there's still a lot of work to be done as that is just scraping the surface! With 2020's given state, technology and knowledge will only continue to grow in hopes that we are better able to prepare and educate ourselves. People in China, particularly millennials and GenZ, have been shown to be very positive and hopeful.”

The Oh Collective



ABOUT THE TSI NAVIGATOR™ COMPASS

TSI strongly believes in the importance of quantitative data when analysing and determining consumer trends. Qualitative insights are good, but only go so far. Numbers, however, speak volumes. That's why we created TSI Navigator™, the industry's first and only dynamic data intelligence platform that collects, analyses, and visualises the China food and beverage landscape. Navigator™ explores 10 F&B categories across 8 of the most important cities in China, cities where companies are looking to for growth.

The monthly TSI Navigator™ Compass is based on TSI Navigator™ trend analysis, quantitative analysis, literature reviews, and qualitative interviews with industry leaders. It also draws on TSI's industry expertise in flavour profiling, snacking, consumer products, food and beverage, and wellness.

This research is part of The Silk Initiative's continued examination of consumer trends throughout the region. With this report, The Silk Initiative (TSI) aims to educate foreign and domestic brands on the latest topics prevalent to business success in the food and beverage, consumer packaged goods, fast moving consumer goods, and wellness sectors.

This edition was written by Phoebe Chen, Evelyn Hussain, and John Pabon, with contributions from members of the TSI China team. The authors wish to thank external interviewees and other TSI colleagues who provided feedback. Any errors that remain are those of the authors. Please direct comments or questions to John Pabon at john@thesilkinitiative.com.

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ABOUT TSI

At The Silk Initiative, we use data-led foresight to future-proof ambitious consumer brands. Our business is to create and validate data-driven brand strategy solutions for our clients' future ambitions.

TSI is one of the world's few consumer goods brand consultancies sitting at the intersection of foresight, strategy, innovation, and creative development. We work with partners across research and development, marketing, consumer insights, and futures. From our base in Shanghai, we help clients around the world make smarter brand and product decisions by combining our tools and services, excellent advisory, future-focused thinking and tangible, actionable assets.

We do this through three distinct practice areas to help companies discover, innovate, and scale their market opportunities.

Discover. Whether it's short-term brand diagnostic work or comprehensive brand positioning, we take a comprehensive look at your category, consumers, and competitors to provide a complete assessment of opportunities and future risks, helping you feel informed and competent as a brand owner.

Innovate. Our proprietary innovation development and visual design approaches bring brand, product, pack, and communication platform ideas to life. This gives your business culturally inspired, relevant solutions that will get noticed in the market today and in the future.

Scale. Our rigorous brand validation techniques help our clients understand the measurable future return on investment of their brand strategies. This ensures you have the confidence, excitement, and motivation to maximise your market potential.



In addition, our proprietary tool, **Navigator™**, is the industry's first dynamic data intelligence platform that collects, analyses, and visualises the China food and beverage landscape. Navigator™ looks at 10 major F&B categories from consumers across 8 key cities in China to understand drivers and trends in real time. The tool is designed to help companies make smarter decisions in food and beverage in China, particularly when it comes to innovation.





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The TSI Navigator™ Compass:

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