

Chinese consumer trends

By Ashok Sethi

Guide your marketing in China with these 10 important trends

Making any generalizations about a market as large, complex and fluid as China is daunting. But we can still pick out some broad trends that help to determine how Chinese consumers think, and what they want.

1. New demographics, new wealth

China has gone through a tumultuous change in the last few decades. It has compressed a level of development in this short period that other developing countries have not been able to achieve over a much longer period. Families have become smaller, increasing life-spans and better health conditions are rapidly ageing the population and of course, incomes continue to increase at a brisk clip. Smaller families were initially fuelled by the one-child policy. But now delayed marriages, and the push by young people to set up their own households after marriage (even before it), have strengthened the trend.

While in rural areas, people have experienced modest increases in incomes – sufficient to have lifted them out of poverty – in large cities entrepreneurship and the stock market has created a new class of rich. These high net worth individuals have been responsible for the upsurge in the demand of luxury goods. This fast changing profile of the Chinese consumer strongly determines their mindset and the way they evaluate brands.

2. Urbanization

Nearly 20 million people in China are ‘urbanized’ every year. The population on the move offers a unique marketing opportunity. These new urban consumers resemble neither the city folks they have joined nor the rural brethren they have left behind. They have unique needs, such as carefully designed financial services as well as entertainment and communication products and services.

3. Female empowerment

Unlike some other Asian countries, in China, women are active participants in the work force. As a result, they have an independent means of income, venture out of the home everyday, and have the opportunity and desire to spend. Female consumers have different needs and marketers need to develop special strategies to attract them.

4. Concern for the environment

Expressing environmental concern and buying products which are soft on the environment is a strong trend among urban Chinese consumers. In fact it has the potential of becoming the new status symbol – just as consumers are willing to spend more to show their success, they are also willing to spend to underline their environmental conscience.

5. Growth of the internet and Web 2.0

Researchers from China Internet Network Information Center (CINIC) counted 210 million internet users by the end of December 2007 – a cool 73 million more than the year before and an astounding growth of 53.3%. The number



fell just short of the 215 million internet users believed to reside in the United States. However it is not just the numbers which mark the internet revolution in China. Chinese consumption of the internet is significantly different from the West, providing unique opportunities to marketers in China.

6. Growing sense of nationalism

China achieved GDP growth of 11.9% in 2007, the fifth consecutive year that annual GDP growth has exceeded 10%. China is a big force in global trade; it has put a man into space and built a railway line on the roof of the world. The sense of achievement has fuelled a strong feeling of national pride. The Olympics are the crowning glory, providing numerous opportunities for marketers to ride on the euphoria and build local brands.

7. Individuality

A few years ago, most advertising was about being a good mother, a good wife, a good worker, a good father or a good friend. Self indulgence and pampering are now in mode. Consumers are increasingly conscious of their own individuality and are expecting solutions tailored to them, rather than mass products. Marketers need to recognize this.

8. Health and wellbeing

Four out of the ten most advertised brands in China are health products. The yoghurt market has taken off in a traditionally non-dairy market largely on a health platform. Fitness clubs, yoga classes and slimming pills are all doing brisk business. According to research, over 40% of women in urban China and Hong Kong consider themselves to be overweight. Nearly one-quarter of urban women in China are planning to try to lose weight in the next six months. Marketers take note.

9. Assertive consumers

Branding is a new phenomenon in China. Yet despite heavy investments, marketers have not been able to achieve the same level of respect and bonding among Chinese consumers as they have accomplished in other countries. Marketers need to tread carefully in terms of the promises they make as consumers are becoming more and more unforgiving.

10. Ascendance of design

Design is now a key brand differentiator. In China's credit card market, for example, it's not a simple matter of credit limits and interest rates. In today's China, as marketers try hard to differentiate their products, and consumers demand more than functional attributes, design is of paramount importance. This applies to every product category, not just apparel and shoes.