



China's Consumer Revolution

Fresh Perspectives



Cheskin

China is in the midst of one of history's most dramatic consumer revolutions. Its people have emerged from decades of global isolation, restrictions on personal expression, and lack of consumer choice to power the world's fastest growing economy. From affluent urban youths to mobile professionals to the rural elite, consumers are seeking products and services that reflect what it means to be modern in China.

We have the opportunity to do more than just localize products and brands for China. We have the chance to innovate for a market that is growing at an unprecedented rate and increasingly demanding that the things they buy satisfy emotional, intellectual, and social needs.

Cheskin has tracked China's consumer revolution for over a decade. As impressive as the statistics are about market size and GDP, the real stories lie in the everyday lives of the Chinese people. In these cards, we give you a glimpse of key trends and types of people who are defining China's consumer landscape. For fresh perspectives on China's consumer revolution, check out our website or give us a call to reserve a space in one of our upcoming China workshops.

How will your products, services, and brands connect to Chinese consumers?

To learn more visit www.cheskin.com/China





Who is the modern Chinese woman and how is she expressing herself through fashion?



In China, women are said to hold up half of the sky.

No longer required to sport plain short haircuts and figure-hiding Mao jackets, they have been active in defining what it means to be modern Chinese women. Rather than a purely functional orientation, they are finding new expression through fashion and the way they take care of themselves.

Trends we've observed over the last decade:

- An increase of women-centered media, with radio talk-shows and magazines giving friendly advice to women on clothing, make-up, and home design.
- A boom in gyms and beauty services for both men and women who are defining new standards for physical beauty.
- A dramatic growth in the cosmetic market, which is estimated to reach \$9.6 billion by 2010.
- Emergence of technology that satisfies Chinese women's demands for wearable devices that reflect their aspirations and identities.

Women's incomes are growing at a rate of 5 percent per year, and will reach US\$37 billion by 2009.

How will your products, services, and brands connect to China's modern woman?

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How are changes in lifestyles and attitudes affecting home design in China?



Private home ownership has boomed over the last decade in China.

Newlyweds are breaking away from tradition and setting up separate households. This is a monumental cultural change in China, as the ideal of “home” is shifting from a shared place of extended family, to a private oasis of luxury and personal pride.

Some trends we've observed:

- An increased interest in displaying economic success and cultural refinement through home décor. Kitchen appliances and electronic entertainment are used as displays of status.
- Large circulation home décor magazines encouraging people to furnish their homes in richer cultural tastes.
- Preference for expensive luxury furniture, despite their expense vis-à-vis salaries.
- An increased demand for financial services, such as loans.

For many middle-class Chinese in both urban and rural areas, the dream of purchasing a house is coming true.

How will your products, services, and brands connect to the new generation of Chinese homeowners?

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What are China's educated, affluent young adults doing during their leisure time?

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Leisure time for young Chinese means living the **linglei** lifestyle.

Linglei literally means hooligan, but has taken on a positive meaning with China's youth, and now stands for cool and alternative. Being linglei means prioritizing self-expression and enhancing individual identities—most of all—it means making your own decisions about what you want. Unlike their parents, who were forced to fit into a regimented Maoist monoculture, young Chinese have the opportunity to make their own choices for education, careers, vacations and their free time.

China's young adults are looking for more ways to express their individualism through fashion, media, technology, and art. There are roughly 200 million teens and young adults aged 15-25 in China. No youth marketer can afford to ignore them.

How will your products, services, and brands connect to the linglei lifestyle?

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How is design in China influencing culture domestically and internationally?



China's design communities are expanding and drawing international attention.

This is a radical departure from the last several decades, during which the Cultural Revolution condemned the works of artists and writers. In bookstores, novels and poems were replaced by Mao's writings, and paintings were replaced by his portraits.

China's design community is leading the campaign to integrate the country's cultural heritage into its modernization efforts.

In the last few years, we have observed several design trends:

- An increase in design schools in China from 0 to 450.
- The appearance of design spaces. Factory 789, formerly an East German military factory in Beijing, is now the center of a thriving art and cultural community. Gallery openings, artist performances, raves, concerts, and movie and fashion shoots fill this space.

Local Chinese are transforming the "Made in China" image to a "Designed in China" reality.

How will your products, services, and brands hold up in an increasingly design-driven Chinese market?

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What are the aspirations of China's upwardly mobile professionals?

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“To get rich is glorious,”
declared China’s former
leader, Deng Xiaoping,
over two decades ago.

Since then, ambitious and entrepreneurial Chinese have created a rapidly growing and influential class of upwardly mobile professionals. In Chinese, they are called “bai gu jing” (by goo jing), or “white collar backbone elite.” They are leaders in defining the values and aspirations of China’s newly affluent and technologically savvy.

Over the last decade, we have observed several trends:

- Rapid adoption of the internet by China’s e-generation.
- Conducting business on the go—using mobile messaging for both professional and personal connectivity.
- Conspicuous consumption through buying luxury brands.
- International travel—bai gu jing are leading China’s population in foreign tourism.

Although they constitute less than 5% of the population, they are China’s face to the world.

How will your products, services, and brands connect to the aspirations of the bai gu jing?

To learn more visit www.cheskin.com/China





How are small town and rural Chinese defining consumer culture?

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China has 166 cities with populations of over one million, compared with nine in the United States.

The growing affluence of consumers in cities and rural areas has created demand for product and brand experiences reflecting unique regional variations. Our research in China goes beyond the predictable major urban areas to include second tier cities as well as rapidly industrializing rural areas.

Key trends worth noting:

- While Mandarin is taught as the official language, local dialects are most salient for everyday life and increases local appeal.
- Internet use is high among the educated youth in China's vast hinterland, and serves as the main connection to youth trends elsewhere.
- Rural residents have leapfrogged over wired technologies and are rapidly adopting wireless solutions.

The next big growth opportunities in China will not be in Beijing, Shanghai, and Guangzhou.

How will your products, services, and brands connect to residents of China's second-tier cities and rural areas?

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What experiences are Chinese consumers looking for when they shop?



The shopping experience
is in the midst of a
fundamental change
in China.

Traditional shopping in China meant colorful, open-air markets with fresh meat, produce, and wares for customers who had to bargain hard. The decades under Mao's Communism saw dreary stores providing few choices, and clerks with no incentive to sell.

The nature of shopping has shifted as supermarkets, convenience stores, and retail malls offer very different experiences than either the traditional or communist models.

Some trends that define the shopping experience today include:

- Combination of supermarket convenience with traditional shopping experiences.
- Shopping as education—nutrition, fashion and medicine.
- Shopping as an influence on China's burgeoning urban environments.

Retail grew at an average of 15% per year over the last decade.

How will your offerings affect the Chinese shopping experience?

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