
HKTDC RESEARCH

Middle-Class Consumers in China

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Executive Summary

Middle-class families in China have a high disposable income and strong purchasing power. As Chinese people generally believe that an ideal life is built on material comforts, the middle class hence aim to provide a comfortable and affluent way of living for themselves and their families. Such a lifestyle does not only enhance their success status, but also serves as a reward for their everyday toil in earning a living. To understand the lifestyle and spending characteristics of the mainland middle class, the Hong Kong Trade Development Council (HKTDC) surveyed 1,050 mainland middle-class consumers in June 2009, which found that a great number of them own an apartment and a car, go after international brandnames in buying mobile phones, handbags and watches, and travel overseas for family vacations.

Self-confident and pleasure seeking

Young mainland consumers spend extravagantly on trendy products, dining and entertainment. Growing up at a time of the country's rapid economic development and being the single child in the family, they are accustomed to enjoying material comforts and make purchases with little concern about price. Among respondents aged 20-24 and 25-44 who do not have a family to shoulder, 34% and 32% respectively do not have a habit of saving. Although they are spending more cautiously in the wake of the global financial crisis in 2008, they have not changed much in terms of basic habits and attitudes of consumption, with the only change being the realisation of the need to make long-term financial planning for their future.

As a matter of fact, the mainland middle class are fully confident of their own accomplishments and capability. Over 80% of the respondents reckon career and wealth can boost their self-confidence. To increase wealth, 85% of the respondents will proactively seek out investment opportunities, while 84% will work hard to build a career. To scale new heights in career, 78% of the respondents express the wish to start their own business, while 75% say they will undertake further studies and strive to obtain some professional qualifications.

Avid followers of trends

In addition to building career and wealth, the mainland middle class also seek to be individuals with a pleasant outward appearance and good mannerism, an international outlook and fine taste. Among the respondents, 67% like to try out new things and acquire trendy and innovative products, and 63% like to share the latest fads and life experiences with friends. These characteristics are not unique among the young consumers. In fact, the percentage of those aged 45-54 with such traits is just slightly below those of the 20-24 and 25-44 age groups, reflecting that the chase after trends is a common feature.

A majority of respondents chasing after the latest trends believe that they themselves are the trendsetters ahead of others in their thinking and taste, and they are also very concerned about whether their outfits are fashionable, with Shanghai and Dalian having the largest proportion of respondents with such views. The channels through which these trendsetters obtain information about the newest fads are the internet and magazines on the subject, including Hong Kong magazines on trends.

Hong Kong as trendsetter

As the most sophisticated cosmopolitan city in Asia, Hong Kong is ahead of the mainland in trends, embracing the most trendy products from overseas. Hong Kong's popular culture incorporates the essence of international trends and is more readily accepted by mainland consumers than that of Europe, the US, Japan or South Korea. Many mainland middle-class consumers like getting in touch with Hong Kong's popular culture from which they can keep up with international trends and get inspirations for personal dress code and tasteful living. In the survey, 87% of the respondents express interest in Hong Kong's latest trends, as they are attracted to the city's popular culture and admire its people's life enjoyment. In addition, 75% of the respondents think highly of the image of Hong Kong's management and professional personnel. 70% regard Hong Kong's celebrities and entertainment artists as their role models because they display good taste in the way they dress, have good sense of fashion and are sophisticated.

Among respondents who are interested in Hong Kong trends, 71% learn about the latest products and fads in the international market through Hong Kong, and 49% say that the way they dress, their lifestyle and pastimes are affected by what is popular in the city. They do not only hope to visit Hong Kong frequently to shop for fashionable products that are offered only in the city, but 79% of the respondents also express the wish that Hong Kong's products, entertainment and other services can be made available on the mainland.

Hong Kong's advantages and opportunities

Hong Kong's strongest niche lies in its level of internationalisation. Hong Kong companies are known for their flexibility in adapting fashionable features on the international market to the design of their products and services to meet the needs and tastes of consumers in the east. In the eyes of the mainland middle class, Hong Kong companies offer quality assurance and deliver first-rate services of international standard. In the survey, 64% of the respondents reckon that even if Hong Kong branded products are manufactured on the mainland, their quality is still relatively better, while 65% say they have more confidence in brands marketed by Hong Kong companies. Generally, they have a good impression of Hong Kong products and services.

The global financial crisis has raised the sense of crisis among the mainland middle class, who now realise that they should make long-term financial planning for themselves and their families. In the survey, 85% of the respondents say they will proactively look out for investment opportunities to increase their wealth, offering good market potential for Hong Kong's financial services providers. Furthermore, 75% of the respondents hope to further their studies and obtain professional qualifications to advance their career. The many Hong Kong study programmes and education institutions which have gained international accreditation should prove attractive to the mainland middle class.

Although Hong Kong products and services enjoy advantages on the mainland, to break into the mainland middle class market, Hong Kong companies should position and promote their products by targeting at the specific preferences and habits of this group. For instance, the number of internet users is rising rapidly on

the mainland, and the middle-class consumers often go online to look for information and to shop. In the survey, 29% of the respondents say they frequently visit Hong Kong websites, and 28% often shop online. To expand into the mainland market, Hong Kong companies can make greater use of the internet as a platform to promote their products and services. In addition, 63% of the respondents like to share the latest fads and life experiences with friends, and “word-of-mouth” is hence an important channel for consumers to gain product and market information. To foster good “word-of-mouth”, products and services must have their own unique characteristics, come in good quality and can make an impression on consumers in the sale process.

The mainland middle class favour Hong Kong’s international outlook and east-meets-west culture. They also appreciate how Hong Kong people enjoy life, display fine taste and value quality. Generally, they show great confidence in Hong Kong’s products and services which they believe embody the latest trends, fashionable designs and innovative concepts. Despite the global financial crisis, the mainland consumer market is still registering steady growth. Hong Kong companies are recommended to leverage the good impression of Hong Kong brands among the mainland middle class to expedite their entry into this market.

1. Objectives and Methodology

1.1 Objectives

Since its reform and opening-up, China has made significant achievements in its economic development. At present, the overall living standard of the Chinese people has basically reached a well-off level. It can be expected that by 2020 the majority of the mainlanders will be earning a medium-level income. In fact, currently among the residents in large and medium-sized cities on the mainland, the middle class account for a considerable proportion. The middle class are people who are earning an above average income, enjoying better material comforts and maintaining a relatively stable living standard.

Possessing a strong consumption power and willing to spend, middle-class consumers in China are the major target customers of Hong Kong manufacturers and traders wishing to develop the domestic market. To break into the mainland middle-class consumer market, offer the right products and services, and build brands with the right positioning and image, Hong Kong companies must have a good grasp of the preferences, needs and aspirations of this consumer group. In a bid to better understand how the mainland middle-class consumers' spending habits, values and aspirations evolve, the Hong Kong Trade Development Council (HKTDC) has conducted three surveys on middle-class consumers in China since 2003¹. The findings can serve as useful reference for Hong Kong companies wishing to explore the mainland market.

The 2003 survey found that the emerging mainland middle class were after “sophistication” and personal style and taste, and that they strove to establish an image different to that of the “parvenus” in the earlier days. The 2007 survey found that the new generation of mainland middle-class consumers were in general career-minded but leading a stressful life, thus they craved for pastimes and fads which could help them relax physically and mentally. They did not mind

¹ Findings of the first and second surveys can be found in the reports *Building a Brand for the Emerging Middle-Class in China* and *New Generation of Mainland Consumers* published in 2003 and 2007 respectively.

how much it cost them to buy the things they liked and enjoyed. The findings of both surveys showed that the mainland middle class liked spending, went after chic things, and were trendsetters. The latest survey, taking into consideration changes in the market and the environment and basing on the framework of the last two surveys, attempts to gain an understanding of the impact of the global financial crisis on the consumption attitude of the middle class and the strengths of Hong Kong as a forerunner leading the trends of the mainland. It is hoped that this report can help Hong Kong companies formulate strategies for winning the mainland market.

1.2 Methodology

This survey was conducted in June 2009 in six mainland cities where 1,050 consumers were interviewed by questionnaire². The targets of the survey are consumers aged 20-54 coming from middle-class families irrespective of their occupation or education level³. By so doing, the sample size of the survey could be extended to include middle-class housewives, students and even retirees. While these people may not be earning a high salary, the money they get from their family (e.g. financial support and pocket money), part-time work, investment and savings gives them the freedom to spend as much as they like. Thus, they form a huge purchase power not to be overlooked.

In this survey, the average monthly personal income of the respondents is Rmb3,941 and the average monthly household income is Rmb9,888, meeting the standard of Rmb75,000 - Rmb300,000 set by the National Bureau of Statistics for middle-class annual household income. The majority of the respondents are white-collar workers (27%), professionals (15%), business owners/ self-employed (15%), managers (9%), and government employees (8%). Apart from the

² Number of respondents in each city: 150 in Guangzhou; and 180 in Shanghai, Beijing, Chengdu, Wuhan and Dalian respectively.

³ Before the sample was drawn for this survey, a minimum monthly household income had been set to ensure that the respondents came from middle-class families, possess certain consumption power and are Hong Kong companies' target customers. In Guangzhou, Shanghai and Beijing, the minimum monthly household income was Rmb7,500; and in Chengdu, Wuhan and Dalian, the minimum was Rmb5,000.

employed and self-employed, 19% of the respondents are students, housewives and retirees. Over 90% of the respondents have received education at senior high school level or above. For detailed profiles of the respondents in this survey, see Appendix.

2. Characteristics of Middle-Class Consumers

2.1 High Income, Strong Purchase Power

According to the National Bureau of Statistics, in 2007 per capita monthly income in the urban areas was Rmb1,242. Calculated by the number of dependents, the average monthly income of each employee was Rmb2,348. And calculated by the number of working people in each household, the average monthly household income was Rmb3,612. In the latest survey, the average monthly household income of the respondents is as high as Rmb9,888. This, coupled with the fact that 63% of the families of the respondents have already paid up their home mortgage, translates into a high proportion of income spent on shopping and entertainment. Hence, the ownership of automobiles, private club memberships and upmarket branded products among the respondents is also quite high.

Table 1: Average Monthly Income of Respondents

	Overall	Guangzhou	Shanghai	Beijing	Chengdu	Wuhan	Dalian
Average monthly personal income (Rmb)*	3,941	3,995	5,586	5,200	2,965	2,719	3,294
Average monthly household income (Rmb)	9,888	11,078	12,985	12,277	7,751	7,365	7,872

Remarks: Not including 56 respondents with no income

Base figure: All respondents (1,050)

Source: HKTDC Survey

This survey finds that 81% of the respondents own their homes (including homes with mortgage already paid-up or still being paid). Among those whose home mortgage has been paid up, middle-class consumers aged 45-54 account for the largest share (69%). In first-tier cities (Guangzhou, Shanghai and Beijing), home ownership (90%) is higher than that (71%) in second-tier cities (Chengdu, Wuhan and Dalian). The families of 31% of the respondents own cars. Among all the surveyed cities, car ownership of the respondents in Beijing and Shanghai is the highest, at 53% and 37% respectively.

Table 2: Average Ownership of Family Assets

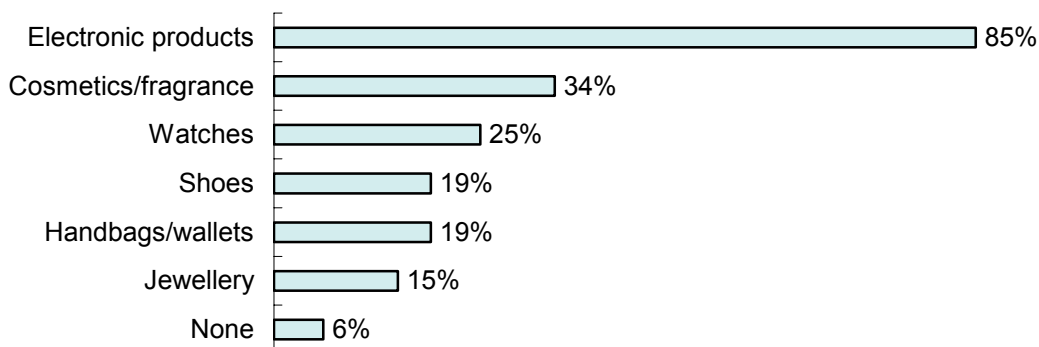
	Overall	Guangzhou	Shanghai	Beijing	Chengdu	Wuhan	Dalian
Paid-up housing	63%	58%	83%	70%	36%	52%	79%
Mortgaged housing	18%	17%	24%	18%	12%	18%	17%
Car (Rmb100,000 or below)	17%	9%	26%	28%	13%	14%	10%
Car (Rmb100,000 or above)	14%	9%	11%	25%	16%	9%	15%
Exclusive club membership	5%	3%	8%	13%	3%	2%	2%

Base figure: All respondents (1,050)

Source: HKTDC Survey

Apart from family assets, the middle class also go after high-end consumer goods such as mobile phones, watches and jewellery of renowned international brands. On the whole, 94% of the respondents own one or more pieces of high-end consumer goods of international brand. Almost all the respondents in first-tier cities own products of international brands, the ownership is higher than that in second-tier cities (88%). The proportion of female respondents owning international branded cosmetics/fragrance, handbags/wallets and jewellery is much higher than that of male respondents, but the proportions of males and females owning international branded shoes are the same (19%). Male consumers (31%) are more keen on watches than females (19%), and the proportion of respondents aged 45-54 owning watches of international brands is higher (32%).

Figure 1: Ownership of International Branded Consumer Goods



Base figure: All respondents (1,050)

Source: HKTDC Survey

2.2 Pursuing Material Comforts and a Balanced Life

Mainland middle-class consumers like using well-known brands not only because such brands can enhance one's self-image, but also because this consumer group cares a lot about what other people think of them. Since they want to give people the impression that they are successful, sophisticated and enjoying life to its fullest, they don't mind paying more for something as long as they like it. 88% of the respondents reckon that "a good life has to be supported by material affluence". Among the surveyed cities, respondents in Shanghai are particularly concerned about what other people think and reckon that a good life is expressed in terms of materials. This view tallies with the impression people have of Shanghai consumers – "face" conscious, dressing up to impress people, and going after popular culture.

Also, as the mainland economy develops at a fast pace, the majority of the middle class are experiencing great pressure at work. Under such circumstances, 73% of the respondents want to reward themselves by having a rich material life. In cities which are economically more developed, competition is steeper and work pressure more intense. Hence, in Shanghai, the proportion of respondents wanting to reward themselves by having a rich material life is the highest (93%).

Table 3: Pursuit of Comforts in Life

	Strongly agree/Agree						
	Overall	Guangzhou	Shanghai	Beijing	Chengdu	Wuhan	Dalian
A good life has to be supported by material affluence	88%	91%	95%	87%	81%	83%	92%
I work under great pressure and want to reward myself by having a rich material life	73%	79%	93%	75%	59%	54%	76%
It is worth paying more as long as I like it	64%	76%	73%	70%	50%	47%	67%
I don't care what other people think, I do things my way and as I like it	50%	64%	37%	52%	46%	45%	58%

Base figure: All respondents (1,050)

Source: HKTDC Survey

The middle-class consumers interviewed find it important to balance work and life. They place emphasis on doing exercise (47%)⁴, such as working out at gyms and taking yoga/boxing/dancing classes, to relax themselves. Other favourite pastimes include going to the movies (68%), playing online games/electronic games (61%), and watching plays/operas (45%). To the middle class, these activities are not only trendy but also good for relieving pressure in their everyday life. Needless to say, wining, dining and hanging out with friends are popular after-work activities for many middle-class consumers (29%), especially with young people aged 20-24 (44%). Overall, the middle class in the mainland engage in a great variety of pastimes.

2.3 Generation of Netizens

Today, the internet is widely popular in mainland cities; it has also become one of the major channels used by the middle class for obtaining information, entertainment and shopping. According to the China Internet Network Information Center (CNNIC), as of June 2009, China's population of netizens reached 338

⁴ Performing that activity at least once a year

million, with a penetration rate of 25.5%⁵, surpassing the global average level of 23.8%. The vast majority of the mainland middle class are internet users. In addition to visiting mainland and foreign websites, playing online games is also one of the favourite online activities of the middle class. As shown in Table 4 below, half of the respondents play online games at least once a month on the average, with young people aged 20-24 accounting for the largest share (78%).

Table 4: Use of Internet

	Overall (1,050)	Aged 20-24 (153) [^]	Aged 25-44, Single/Married with no children (225) [^]	Aged 25-44, Married with children (407) [^]	Aged 45-54 (264) [^]
Play online games *	50%	78%	68%	47%	24%
Visit HK websites *	29%	40%	41%	27%	15%
Visit foreign websites *	25%	35%	42%	21%	13%
Shop online frequently	28%	36%	45%	27%	9%

Source: HKTDC Survey

Remarks: * At least once a month

Remarks: [^] Since one respondent did not provide information on marital status, the total number of respondents is 1,049.

The survey finds that the proportion of young respondents with no children using the internet is higher than that of mature respondents and those with children. For instance, 35% of the respondents aged 20-24 would visit foreign websites to search for information (including online news, videos and search engines), while the percentage of respondents aged 45-54 is only 13%. It is worth noting that overall, the proportion of respondents (irrespective of their age and marital status) visiting Hong Kong websites (29%) is higher than that visiting foreign websites (25%). This shows that mainland middle class like using Hong Kong channels to search for information.

Meanwhile, the growth of online shopping by Chinese netizens is fast, with middle-class consumers being the main force of online shoppers. This survey finds that 28% of middle-class consumers often shop online, in particular those

⁵ The 24th China Internet Status Statistics Report

aged 25-44, single or married with no children (45%). According to CNNIC, as of June 2009, a total of 87.88 million mainland netizens had made purchases online (about 26% of the total number of internet users), up 39% over June 2008. With the rapid growth in the number of mainland netizens, plus the increasing number of online shopping platforms launched by enterprises, it is believed that online shopping will expand rapidly in China.

3. Consumption Attitude of Mainland Middle Class

3.1 Enjoyment Seeker, Big Spender

Traditionally, “thriftiness” was a virtue in Chinese culture. People were taught the habit of saving since young and when they grew up their consumption attitude remained rather cautious. However, following the takeoff of the Chinese economy, the younger generation now holds the view that “instead of working hard and saving hard, one might as well make more money and spend it”. They like to enhance life enjoyment by spending and their consumption attitude is totally different to that of the older generation.

While most of the younger generation may not “spend the money before they earn it”, they like spending more than saving. This attitude is particularly obvious with the only-child generation born after 1979 when the “one child policy” was introduced. Growing up at a time when the country underwent rapid economic development, these people never have to worry about food or clothing. They are spoiled and are accustomed to enjoying material comforts. They are the “little emperors and empresses” and have been using well-known foreign brands since young. It is therefore not surprising that the younger generation in China is more materialistic and may even spend all their monthly income on shopping and enjoyment seeking.

Table 5: Consumption Attitude of Mainland Middle Class

	Strongly agree/Agree				
	Overall (1,050)	Aged 20-24 (153)^	Aged 25-44, Single/Married with no children (225)^	Aged 25-44, Married with children (407)^	Aged 45-54 (264)^
I spend all my income every month and do not save at all	12%	27%	16%	7%	9%
I like spending more than saving and do not find it necessary to foster the habit of saving regularly	26%	34%	32%	23%	23%
The financial crisis has not changed my consumption habit and attitude	44%	52%	48%	40%	40%

Source: HKTDC Survey

Remarks: ^ Since one respondent did not provide information on marital status, the total number of respondents is 1,049.

Among the respondents aged 20-24 who do not have to support their family, 34% do not have the habit of saving, love shopping and spending, and do not find it necessary to save; while 27% call themselves “spendthrifts” who spend all their income to the last cent every month. Even with the respondents aged 25-44 who are single or married with no children, their mentality is the same. In this group of middle-class consumers who are young, single or married with no children, nearly half of them indicate that the financial crisis has not changed their consumption attitude at all. This shows that they are fully confident of the future and are happy to spend and enjoy life.

In first-tier cities which are economically more developed, the income of the residents is also higher. Although more respondents in first-tier cities say they would not spend less for the sake of saving, the proportion of respondents who would spend all their income every month is lower. Actually, there are more “spendthrifts” in second-tier cities than in first-tier cities. This is probably due to the fact that the income of the respondents in second-tier cities is lower than that of their counterparts in first-tier cities and therefore they have to dig deeper into

their pockets before they can enjoy the same material comforts as their counterparts in first-tier cities.

Table 6: Consumption Attitude of Middle Class in Different Cities

	Strongly agree/Agree						
	Overall	Guangzhou	Shanghai	Beijing	Chengdu	Wuhan	Dalian
I spend all my income every month and do not save at all	12%	9%	12%	5%	13%	18%	16%
I like spending more than saving and do not find it necessary to foster the habit of saving regularly	26%	28%	27%	25%	34%	20%	25%
The financial crisis has not changed my consumption habit and attitude	44%	46%	37%	58%	56%	35%	29%

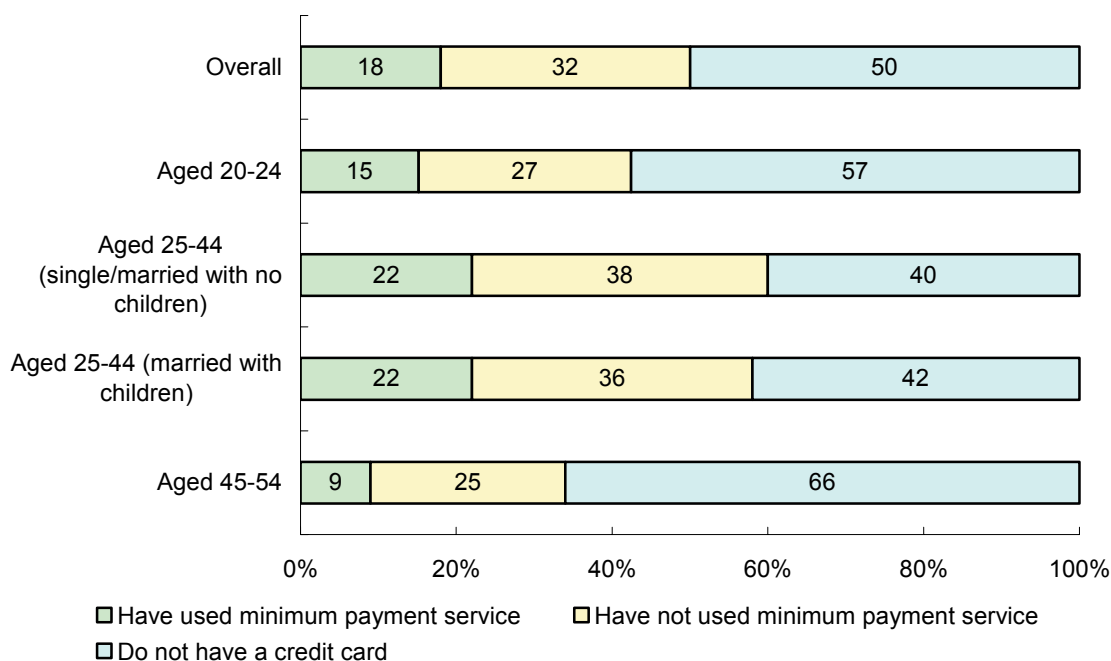
Base figure: All respondents (1,050)

Source: HKTDC Survey

3.2 Spending on Credit Card

Credit cards are gaining popularity on the mainland in recent years. According to figures released by the People's Bank of China, up to the first quarter of 2009, the cumulative number of credit cards issued on the mainland reached 150 million. As shown in Figure 2 below, half of the middle-class consumers interviewed have a credit card. But to them, the credit card is merely a convenient payment tool and a status symbol rather than an overdraft facility. In the year prior to the survey, only 18% of the respondents have used the credit card minimum payment service. This shows that the mainland middle class are rational consumers and have reservation about spending on credit. Although according to Table 5 above, 27% of the respondents aged 20-24 are "spendthrifts", only 15% of them have used the minimum payment service in the year prior to the survey. This shows that they are still spending within their means and would not over-rely on spending on credit.

Figure 2: Use of Credit Card by Different Age Groups in the Year Prior to Survey



Base figure: All respondents (1,050)

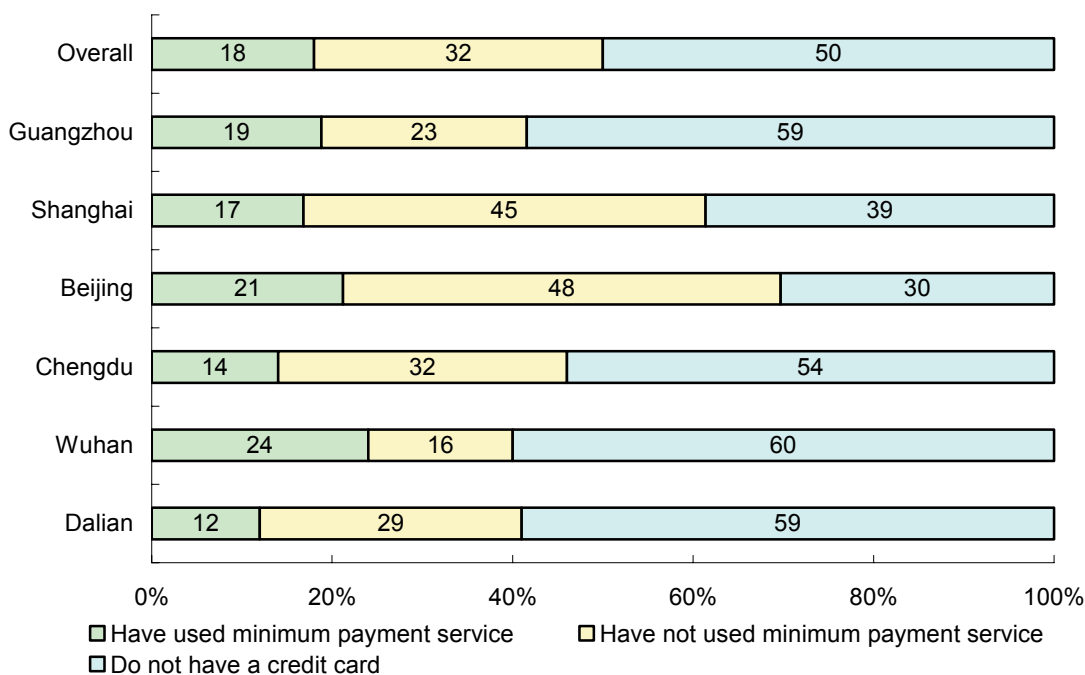
Source: HKTDC Survey

Among the respondents aged 25-44 who are married with children, 22% have used the minimum payment service in the year prior to the survey, the highest proportion among all age groups. This is probably due to the fact that the household expenditure of this group of consumers is higher. It seems that they only use the minimum payment service when they occasionally overspend, as Table 5 shows that the percentage of this group spending all their monthly income is the lowest (7%). Among the more mature middle class (aged 45-54), 66% do not have a credit card. It is likely that they are used to paying by cash. Among this age group, only 9% have used the credit card minimum payment service. Overall, the proportion of male respondents (20%) using the credit card minimum payment service is higher than that of female respondents (15%).

The proportion of respondents having credit cards is the highest in Beijing, at about 70%, and their proportion of not using the minimum payment service is also higher (48%) than other surveyed cities. It is worth noting that in Wuhan, the

situation is polarised – 60% of the respondents there do not have a credit card, the highest among all surveyed cities; while their proportion of having used the minimum payment service (24%) is also the highest.

Figure 3: Use of Credit Card in Different Cities in the Year Prior to Survey



Base figure: All respondents (1,050)
 Source: HKTDC Survey

3.3 Heightened Awareness of Wealth Management in the Wake of Financial Crisis

According to the National Bureau of Statistics, in the first half of 2009, total retail sales in China reached Rmb5,871.1 billion, an increase of 15.0% year on year. Compared with countries in Europe and America, the growth of China’s consumer market remains steady. This reflects that mainland consumers are optimistic about the economic outlook and are willing to spend. Nevertheless, the financial crisis has also heightened the crisis awareness of the middle class, who have now started to make financial planning.

Although the younger generation does not have to shoulder the responsibility of supporting their family, the financial crisis has nevertheless heightened their awareness of prudent wealth management. Among the respondents in the 20-24 age group, 64% indicate that their consumption attitude would be more cautious than before and that they would make financial plans and reserves for the future (70%). Similarly, respondents who are aged 25-44, single or married with no children, reckon that they need to be more cautious with their spending (70%) under the financial crisis. Another 67% in this age group agree that it is necessary to make long-term financial planning, but this percentage is lower than that of respondents in the same age group who are married with children. Since most parents would want to provide a stable family life for their children, higher proportions of respondents who have children agree to the importance of cautious consumption (74%) and wealth management (74%).

Table 7: Awareness of Wealth Management by Different Age Groups in the Wake of Financial Crisis

	Strongly agree/Agree				
	Overall (1,050)	Aged 20-24 (153)^	Aged 25-44, Single/Married with no children (225)^	Aged 25-44, Married with children (407)^	Aged 45-54 (264)^
Under the current economic situation, my consumption habits and attitude are more cautious than before	72%	64%	70%	74%	74%
In the wake of the current financial crisis, I find it necessary to make long-term financial planning for the future	72%	70%	67%	74%	71%

Source: HKTDC Survey

Remarks: ^ Since one respondent did not provide information on marital status, the total number of respondents is 1,049.

As the level of internationalisation of first-tier cities is higher and their dependence on the outside world is also higher, the impact of the financial crisis on them is greater. Hence, respondents in first-tier cities tend to pay more attention to making long-term financial plans for the future in order to resist and reduce the impact of economic crises on their wealth. Meanwhile, under the current circumstances where the economy has not yet fully recovered, they are spending more cautiously and rationally than before; this attitude is particularly obvious among respondents in Guangzhou and Shanghai. Among the second-tier cities surveyed, fewer respondents in Wuhan and Dalian say they would change their consumption pattern or make financial plans because of the financial crisis. In Chengdu, the blow dealt by the Sichuan earthquake in 2008 has probably sharpened its residents' awareness of adversity, as their consumption attitude has become considerably more prudent than before (77%) and they also recognise the importance of wealth management (75%).

Table 8: Attitude of Wealth Management of Respondents in Different Cities in the Wake of Financial Crisis

	Strongly agree/Agree						
	Overall	Guangzhou	Shanghai	Beijing	Chengdu	Wuhan	Dalian
Under the current economic situation, my consumption habits and attitude are more cautious than before	72%	87%	79%	73%	77%	65%	50%
In the wake of the current financial crisis, I find it necessary to make long-term financial plans for the future	72%	80%	81%	75%	75%	69%	49%

Base figure: All respondents (1,050)

Source: HKTDC Survey

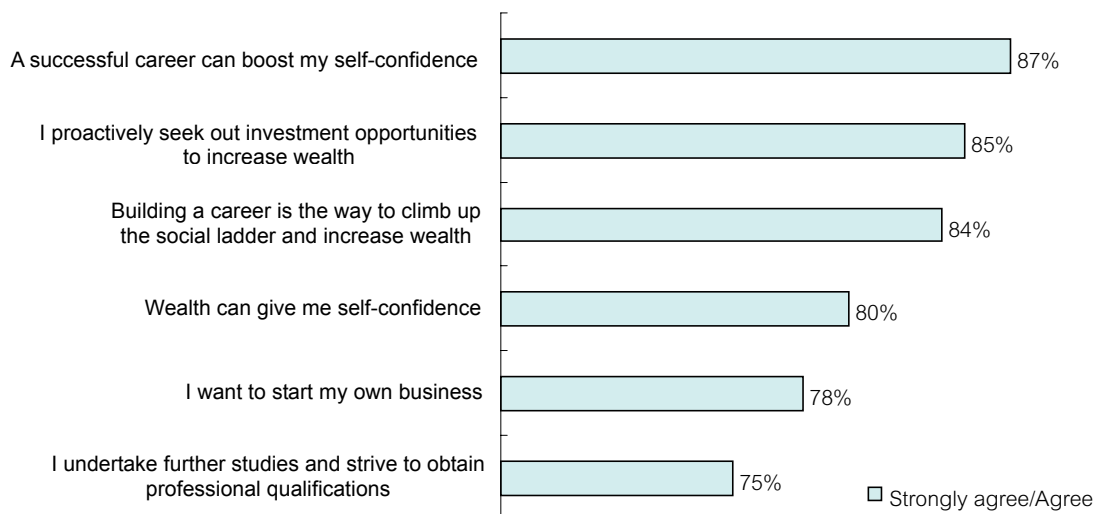
4. Self-Image Pursued by Mainland Middle Class

4.1 Career and Wealth

The middle class are well-educated, earning a good salary, and are the more privileged class in society. Among the middle-class respondents, 68% are fully confident and regard themselves successful. In general, male respondents (71%) are more confident than female respondents (65%).

The middle class think that working hard to build a career and gain wealth can help to bring about self-assertiveness and build a successful self-image. Over 80% of the respondents reckon career and wealth can boost their self-confidence, while 84% say building a career is the way to climb up the social ladder and increase wealth. Although the middle class already have a good career and income, most of them still undertake further studies and strive to obtain some professional qualifications in the hope of scaling new heights in their career path.

Figure 4: Pursuing Career and Wealth



Base figure: All respondents (1,050)
Source: HKTDC Survey

There is a Chinese adage saying that “the working class can never make it in life”. It is therefore not surprising to find that 78% of the middle-class respondents express the wish to start their own business, especially those who are single or married with no children, with 86% of them wishing to start their own business. Respondents in second-tier cities (84%) are more enthusiastic about starting their own business than their counterparts in first-tier cities (71%). For instance, 92% of the respondents in Dalian wish to start their own business, while in Shanghai only 53% want to do so. This is probably due to the fact that in Shanghai market competition is intense, business start-up costs are higher and the chance of success is lower. Also, there are more foreign-invested enterprises in Shanghai and the average wage there is higher than other surveyed cities. The middle class in Shanghai therefore have less incentive to take the risk of starting their own business. On the other hand, in Shanghai, China’s financial centre, financial information is easily accessible and 88% of the respondents in the city proactively seek out investment opportunities to increase their wealth. To them, starting one’s own business is not the only way to create wealth.

4.2 Exposure and Inner Qualities

In addition to career and wealth, the middle class also reckon that an international outlook and extensive exposure can help boost one’s self-image. Being more exposed to foreign cultures and information, over half of the respondents have the habit of reading foreign books, periodicals, newspapers and magazines. As shown in Table 4 above, 25% of the respondents often visit foreign websites. This, coupled with their experience in interacting and cooperating with foreigners and opportunities of coming into contact with internationally advanced ideas, can help to improve their mannerism and inter-personal skills. In this survey, 80% of the respondents reckon that “inner qualities can win more respect from people than money and status”.

Table 9: Views on Inner Qualities and Exposure

	Strongly agree/Agree						
	Overall	Guangzhou	Shanghai	Beijing	Chengdu	Wuhan	Dalian
Pleasant appearance and mannerism can boost my self-confidence	85%	95%	94%	89%	82%	80%	70%
Inner qualities can win more respect from people than money and status	80%	87%	90%	84%	77%	72%	73%
International outlook and extensive exposure can boost my self-confidence	79%	87%	88%	83%	73%	72%	73%

Base figure: All respondents (1,050)

Source: HKTDC Survey

4.3 Appearance and Taste

Independent and confident, the middle class do not only place emphasis on inner qualities but also on appearance. However, they no longer chase after brandnames blindly. While 62% of the respondents think that using well-known brands can help boost their image, they are now also seeking satisfaction on a higher level. They like to do their own mix and match in order to express their personal character and taste. 77% of the respondents agree that “personal taste is more important than brands”. Among all the respondents, those in Shanghai and Beijing attach more importance to personal taste than their counterparts in other cities.

Table 10: Pursuit of Outward Appearance

	Strongly agree/Agree						
	Overall	Guangzhou	Shanghai	Beijing	Chengdu	Wuhan	Dalian
Personal taste is more important than brands	77%	83%	89%	88%	80%	67%	58%
Skincare, beauty care and make-up are basic personal care requirements to me and the females around me	72%	85%	90%	80%	67%	63%	46%
Using articles of well-known brands can boost self- image	62%	65%	77%	62%	48%	50%	68%
I do slimming/fitness exercise to enhance/keep my figure	56%	53%	59%	67%	54%	62%	38%
I would ask colour/image consultant to design an appropriate image for me	37%	36%	46%	31%	29%	38%	41%
I agree that plastic surgery can improve my appearance	17%	14%	18%	11%	9%	27%	20%

Base figure: All respondents (1,050)

Source: HKTDC Survey

Both male and female white collars agree that keeping one's personal image means showing respect for one's job and for other people. In this survey, 67% of the female respondents say they have the habit of going to beauty parlours or spa centres for massage or facial treatment⁶, while 19% of the male respondents are receptive and accustomed to having massage or facial treatment. Respondents in Shanghai are most particular about their appearance, with 46% of them indicating that they would seek advice from image consultants on how to dress and build their personal image. Mainland image consultants would design an appropriate image for and give advice on dress style and shopping to their clients according to their characteristics (e.g. skin colour, hairstyle, body shape), personality, qualities and job nature.

Today, making-up is considered by women (72%) as a basic need and an expression of politeness. At the same time, men are also paying more and more

⁶ At least once a year.

attention to their appearance. The number of beauty parlours for men is growing, while personal and skincare products targeted at men are also increasing. Among the surveyed cities, the middle class in Shanghai and Beijing are most keen about skincare and keeping fit. Yet, they lag behind Wuhan where 27% of the respondents are willing to undergo plastic surgery to improve their figure. Still, most of the respondents (56%) prefer to take body slimming courses and do fitness exercise to enhance their body figure.

4.4 Ideals and Family

Traditionally the Chinese have strong family values. Many people work hard in order to provide a comfortable and well-off life for themselves and their family. In the latest survey, 93% of the respondents are willing to provide the best material life for their family, while 82% indicate that providing a comfortable and well-off life for themselves and their family can boost their self-image. The mainland middle-class lead a busy life and their work pressure is great, so in their free time they like to get together with their family or good friends and enjoy themselves in leisure (66%). Overall, respondents in first-tier cities attach more importance to material life whereas their counterparts in second-tier cities find it more important to spend time with their family.

Table 11: Expression of Love for Family

	Strongly agree/Agree						
	Overall	Guangzhou	Shanghai	Beijing	Chengdu	Wuhan	Dalian
I value my family and am happy to provide them with the best material life	93%	96%	95%	97%	95%	80%	94%
Providing a comfortable and well-off life for myself and my family can boost my self-image	82%	82%	92%	82%	79%	69%	88%
I enjoy spending some quiet time with my family and friends more than going out wining and dining	66%	77%	55%	56%	72%	65%	73%

Base figure: All respondents (1,050)

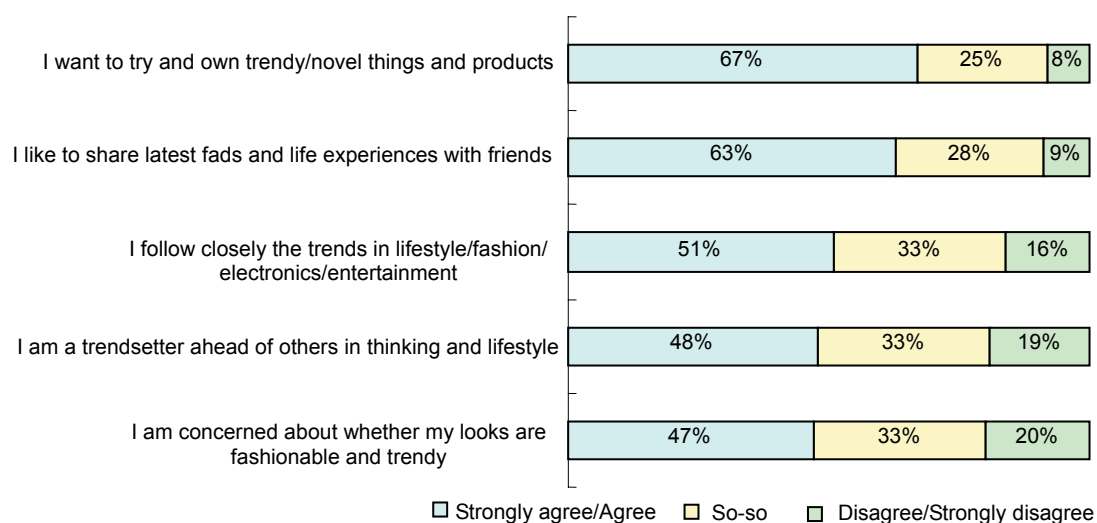
Source: HKTDC Survey

5. Fashion Sense of Mainland Middle Class

5.1 Aspire to be Trendsetters

Middle-class consumers on the mainland do not only chase after the latest trends, but also strive to be trendsetters ahead of others in their thinking and lifestyle. In Shanghai, the centre of China's popular culture and trendy products, 55% of the respondents regard themselves as trendsetters. However, the percentage of respondents in Dalian who regard themselves as trendsetters is even higher (60%). Sure enough, trendsetters pay close attention to the latest trends in different arenas. Respondents in Shanghai (62%) and Dalian (56%) remark that they would follow closely the latest trends in lifestyle, fashion, electronic products, leisure and entertainment. Yet, respondents in Dalian (66%) are not as adventurous in trying out new things as their counterparts in Guangzhou and Shanghai. The respondents in Guangzhou (83%) and Shanghai (72%) are most ready to try out new things and buy trendy products. Also, they like to share their special experiences and the latest fads with friends.

Figure 5: Pursuit of Trends



Base figure: All respondents (1,050)

Source: HKTDC Survey

Table 12 below summarises the various aspects of following trends and sets out the degree of agreement of respondents in different cities. All in all, the respondents in Shanghai go strongly after material enjoyment and trendy products, and would dress up following the latest trends. Respondents in Guangzhou prefer novel experiences and the latest fads. Although respondents in Dalian claim to be trendsetters, when compared with their counterparts in other cities, they do not attach much importance to dressing up in the latest fashion or trying new products. This is probably because Dalian people are rather self-centred (58%) and do not care about what other people think of them (see Table 3).

Table 12: Ranking of Cities on Following Trends

	Strongly agree/Agree					
	Guangzhou	Shanghai	Beijing	Chengdu	Wuhan	Dalian
I am a trendsetter ahead of others in thinking and lifestyle	3	2	4	6	5	1
I am concerned about whether my looks are fashionable and trendy	2	1	3	6	4	5
I follow closely trends in lifestyle/fashion/electronics/entertainment	3	1	4	6	5	2
I want to try and own trendy/novel things and products	1	2	3	6	5	4
I like to share the latest fads and life experiences with friends	1	2	3	4*	6	4*

Base figure: All respondents (1,050)

Source: HKTDC Survey

Remarks: * Same proportions of responses

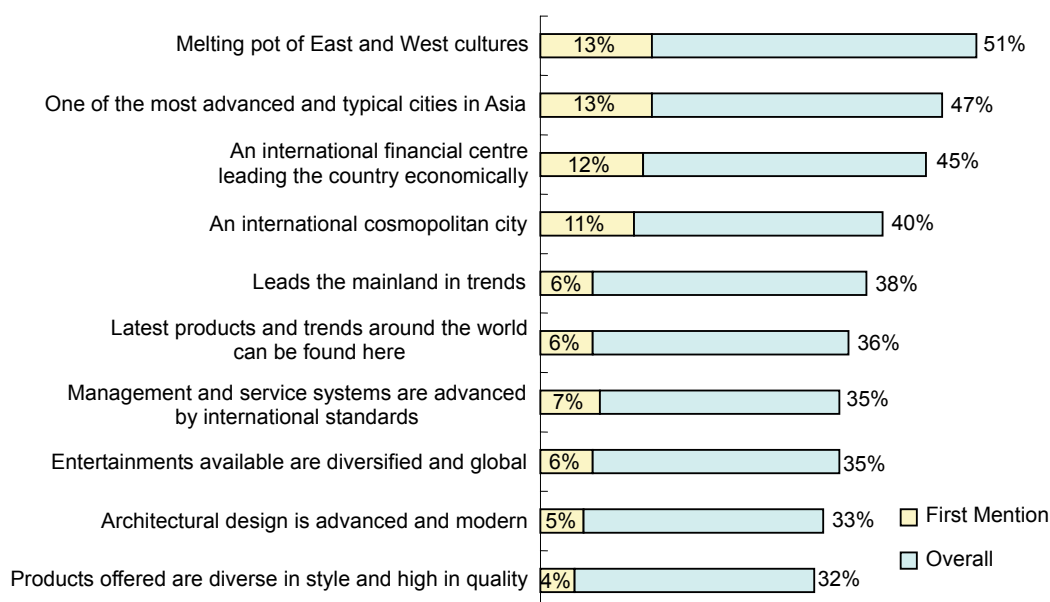
5.2 Look up to Hong Kong as an International City

For the mainland middle class who wish to have international exposures, Hong Kong, as the most advanced and typical cosmopolitan city in Asia where East meets West, is their ideal international city. Although China is increasingly liberalised and its economic, trade and cultural exchanges with the rest of the world are becoming more frequent, the mainland middle class still find the degree

of “internationalisation” and “modernisation” of mainland cities lagging far behind Hong Kong. For instance, 35% of the respondents reckon the management and service systems in Hong Kong are advanced by international standards, while another 35% find the entertainments available in Hong Kong diversified and global. As the latest products and trends around the world can be found in Hong Kong, 38% of the respondents agree that Hong Kong’s fashion sense is ahead of the mainland.

The mainland middle class who have more opportunities of exposing to foreign information and cultures and have more contacts with Hong Kong are also more ready to recognise Hong Kong as an international city. For instance, in Shanghai, which is the most economically developed and most internationalised city on the mainland, 56% of the respondents reckon that Hong Kong is “an international financial centre leading the country economically”. This proportion is considerably higher than the overall percentage of respondents (45%) holding the same view. Respondents in Shanghai also regard Hong Kong as “one of the most advanced and typical cities in Asia” (65%), this proportion is higher than the overall score (47%).

Figure 6: Perception of Hong Kong



Base figure: All respondents (1,050)

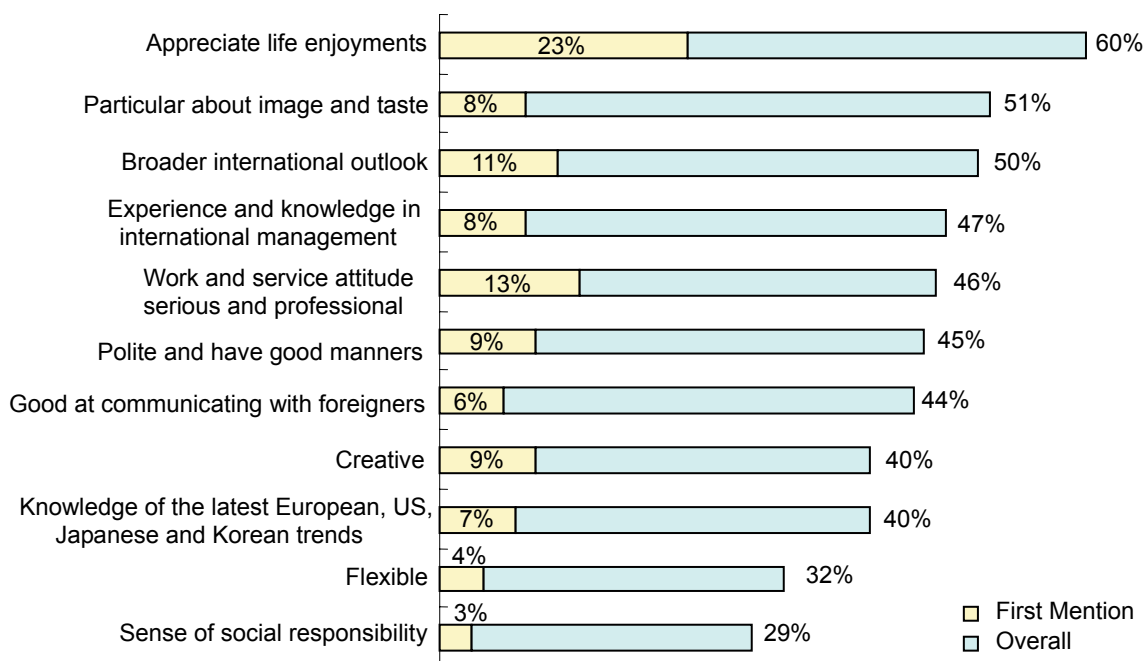
Source: HKTDC Survey

5.3 Admire the Image of Hong Kong People

The impressions Hong Kong people make on the mainland middle class are: they appreciate life enjoyments, they are particular about their image, they have taste, their work attitude is serious and professional, and they are the typical modern people who “work hard and enjoy life to its fullest”. Half of the respondents find that Hong Kong people’s views and concepts are global, they have a broad international outlook and rich management experiences, and their work attitude is serious and professional.

Respondents in Shanghai apparently appreciate Hong Kong people’s qualities more. For example, 65% of them say Hong Kong people are “polite and have good manners”, 60% find Hong Kong people “creative”, and 55% reckon Hong Kong people are good at communicating with foreigners. All these percentages are higher than the overall scores.

Figure 7: Perception of Hong Kong People



Base figure: All respondents (1,050)
 Source: HKTDC Survey

5.4 Pay Attention to Hong Kong Trends

The middle class in general reckon that fashionable trends around the world find their way into the mainland via Hong Kong, and then spread from first-tier cities on the coast to second-tier cities inland. As trendsetters ahead of others, the middle class have to acquire information and products of the latest trends from Hong Kong first-hand. For instance, when they see on TV or in magazines the brands and styles of the products used by Hong Kong movie stars, they would look out for these products or buy them when they visit Hong Kong.

In this survey, 87% of the respondents say they are interested in the trends of Hong Kong products and services. Of which, 71% indicate that they get to know the latest trends and fads popular in the rest of the world through coming into contact with Hong Kong products and services. Another 68% say they very much like to get in touch with Hong Kong trends and culture, while 79% even wish that Hong Kong products, entertainments and services can be made available on the mainland. As Hong Kong is a forerunner leading the trends of the mainland, 49% of the respondents indicate that their outfits, lifestyle and pastimes are influenced by Hong Kong trends.

Table 13: Preference for Hong Kong Trends

	Strongly agree/Agree						
	Overall	Guangzhou	Shanghai	Beijing	Chengdu	Wuhan	Dalian
I very much like to get in touch with Hong Kong trends and culture	68%	74%	81%	64%	48%	65%	72%
I get to know the latest trends and fads popular in the rest of the world through Hong Kong products and services	71%	86%	76%	75%	58%	65%	64%
My outfits/ lifestyle/ pastimes are influenced by Hong Kong trends	49%	62%	61%	40%	26%	51%	49%
I wish Hong Kong products, entertainments and services can be made available on the mainland	79%	85%	91%	85%	68%	70%	67%

Base figure: Respondents who are interested in Hong Kong products and services (910)

Source: HKTDC Survey

Table 14: Reasons for Preferring and Following Hong Kong Trends

	Strongly agree/Agree						
	Overall	Guangzhou	Shanghai	Beijing	Chengdu	Wuhan	Dalian
I admire Hong Kong people's life enjoyment	64%	64%	75%	53%	44%	69%	76%
Hong Kong trends incorporate the essence of international trends and are more acceptable than European and US trends	62%	79%	72%	61%	45%	52%	53%
I like the image of Hong Kong management/ professional personnel	75%	87%	83%	74%	74%	53%	75%
Hong Kong celebrities/ artists display good taste in the way they dress and their lifestyle, have fashion sense, and are sophisticated	70%	74%	79%	65%	57%	73%	67%

Base figure: Respondents who are interested in Hong Kong products and services (910)

Source: HKTDC Survey

Based on an in-depth analysis of the correlation between respondents who are avid followers of Hong Kong trends, culture, fashion and lifestyle, and the reasons why they like Hong Kong and Hong Kong people, this survey finds that the main reason why mainland middle-class consumers like and follow Hong Kong trends is that Hong Kong's popular culture incorporates the essence of international trends and is more readily accepted by mainland consumers than that of Europe, the US and Japan. As a cosmopolitan city and a Chinese society, Hong Kong is a melting pot of Eastern and Western cultures and trends. And as such, the products and services offered by Hong Kong can suit the taste of Asians while retaining the essence of fashionable trends in Europe and the US.

Moreover, the way Hong Kong people enjoy life is also something the mainland middle class pine for. As Hong Kong is an advanced international city, middle-class consumers on the mainland can feel the pulse of global trends through getting in touch with Hong Kong products and services. And in the course of seeking to enhance their quality of life and expressing themselves, the mainland middle class often look to the lifestyles and cultural experiences in international cities. The lifestyle of Hong Kong people, who are known for being good at enjoying life and acquiring taste, is something the mainland middle class admire. This explains why they go after Hong Kong's popular culture in order to build their own image as trendsetters.

The middle class in Dalian and Shanghai, who regard themselves as trendsetters, admire the way Hong Kong people enjoy life more so than respondents in other cities. They also look up to the image of Hong Kong management personnel and professionals (75%), saying that Hong Kong people's professionalism can serve as a role model for their mainland counterparts. Apart from keeping an eye on the way Hong Kong movie stars dress, they also show interest in the lifestyle and attitude of certain Hong Kong celebrities, with 70% of them regarding these Hong Kong celebrities as icons of trendy lifestyle worthy of imitating.

5.5 Prefer Hong Kong Products and Services

Almost 70% of all respondents indicate that they like Hong Kong products and services. Among them, the proportion of respondents in Guangzhou and Shanghai having a penchant for Hong Kong products and services is as high as 83%. Over 70% of the respondents reckon that Hong Kong products and services reflect the latest trends, that Hong Kong capitalises on its international exposures to integrate the different trends in various countries into its own products and services, and that Hong Kong keeps updating its product designs and optimising its services to meet market demands. For instance, in Hong Kong, the service concept of shops is advanced, the design of shop windows is attractive, the products are updated constantly, and the attitude of sales attendants is professional and friendly. All these add together to provide shoppers with a pleasant and enjoyable experience.

To mainland consumers, “Hong Kong” to a certain degree stands for “quality”. In view of Hong Kong people’s serious and professional working attitude, coupled with Hong Kong’s sound and transparent management system, the mainland middle class believe that even if Hong Kong branded products are manufactured on the mainland, their quality is still better (64%), while 65% say they have more confidence in the brands marketed by Hong Kong companies.

Table 15: Advantages of Hong Kong Products and Services

	Strongly agree/Agree						
	Overall	Guangzhou	Shanghai	Beijing	Chengdu	Wuhan	Dalian
Hong Kong is good at integrating the features and qualities of international trends into its own products and designs	79%	88%	78%	89%	72%	65%	81%
International exposure is Hong Kong's advantage	79%	91%	89%	83%	69%	69%	73%
Hong Kong products and services reflect the latest trends	73%	85%	81%	81%	62%	60%	67%
The quality of Hong Kong branded products, even if they are made in China, is still better	64%	81%	68%	66%	59%	47%	61%
I have confidence in the brands marketed by Hong Kong companies	65%	80%	79%	67%	48%	52%	63%

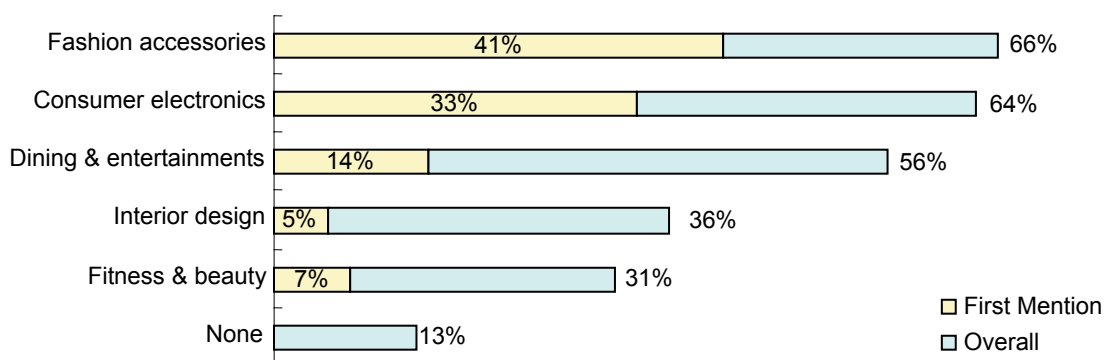
Base figure: All respondents (1,050)

Source: HKTDC Survey

6. Most Preferred Hong Kong Products and Services

In this survey, 87% of the middle-class respondents show interest in obtaining more information on the latest trends in Hong Kong. Respondents in first-tier cities are more interested in Hong Kong products and services. In Shanghai, all the respondents indicate that they wish to learn more about the latest trends in Hong Kong. In Beijing the proportion is 97%, in Guangzhou 91% and in Dalian 90%; while in Chengdu and Wuhan, the proportions are only 75% and 67% respectively. Among the many products and services, the mainland middle class are most interested in the latest trends of fashion accessories (66%), consumer electronics (64%), and dining and entertainments (56%) in Hong Kong.

Figure 8: Interest in Trendy Products in Hong Kong



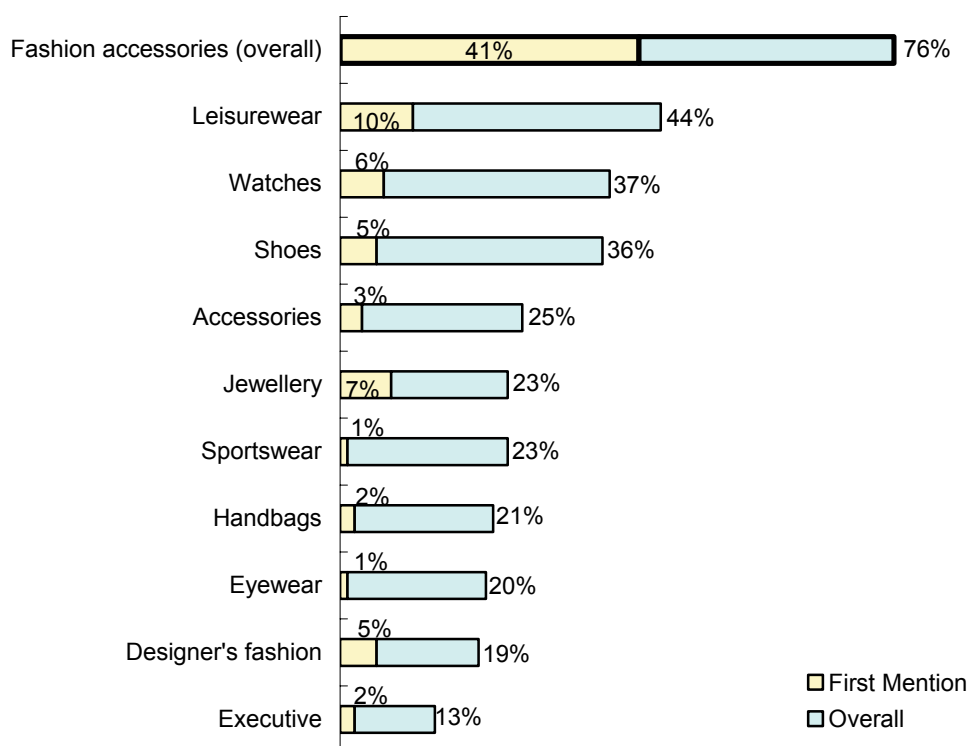
Base figure: All respondents (1,050)
Source: HKTDC Survey

6.1 Fashion Accessories

Hong Kong has long been hailed as a shopping paradise. Fashion brands of the latest styles and designs from all over the world can be found here. Very often, the brands and new products mainland middle-class consumers see in magazines but cannot find on the mainland are available in Hong Kong. As for local Hong

Kong brands, their quality and design are as good as those of European and US brands while they can also suit the taste and affordability of mainland consumers better. Hence, 56% of the respondents would like to come to Hong Kong regularly to shop for products that can only be found here. Among the various kinds of fashion accessories, the respondents are most interested in the trends of Hong Kong's leisurewear (44%), watches (37%) and shoes (36%).

Figure 9: Interest in Various Kinds of Fashion Accessories



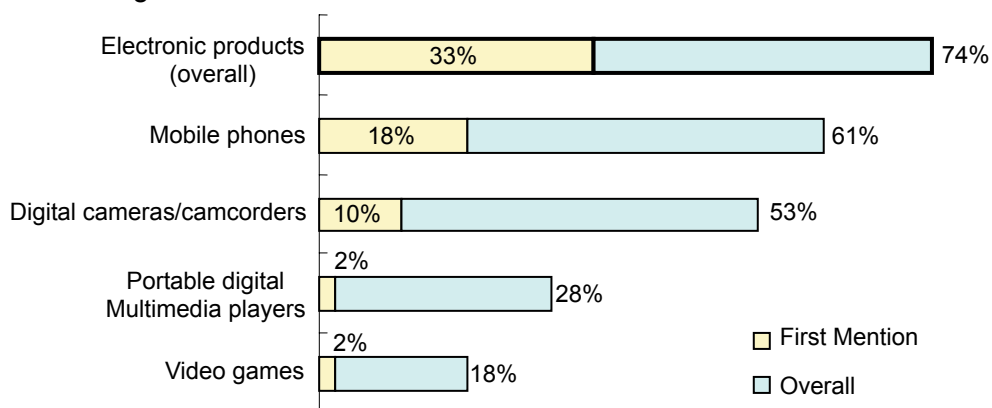
Base figure: Respondents who are interested in Hong Kong products and services (910)
Source: HKTDC Survey

6.2 Electronic Products

Hong Kong people are very sensitive to the latest trends of electronic products and are avid trend followers. Therefore, many international brands have been attracted to open flagship stores in Hong Kong. For instance, in 2006 Finland's

mobile phone brand Nokia opened its first flagship store in Asia in Hong Kong. Sony of Japan also opened a showroom in Hong Kong aimed at promoting new products and providing after-sale service. Consumers may view and try Sony's latest products at this showroom. Although the majority of the electronic products sold in Hong Kong are not manufactured here and are not Hong Kong brands, mainland consumers are still interested in obtaining information on the latest trends of electronic products from Hong Kong. Moreover, the reputation and good word-of-mouth of Hong Kong companies, retailers and advertising agencies have also boosted the confidence of mainland consumers in buying the latest electronic products in Hong Kong. Among all types of consumer electronics, the respondents are more interested in obtaining the latest information on mobile phones (61%) and digital cameras/camcorders (53%).

Figure 10: Interest in Various Kinds of Electronic Products



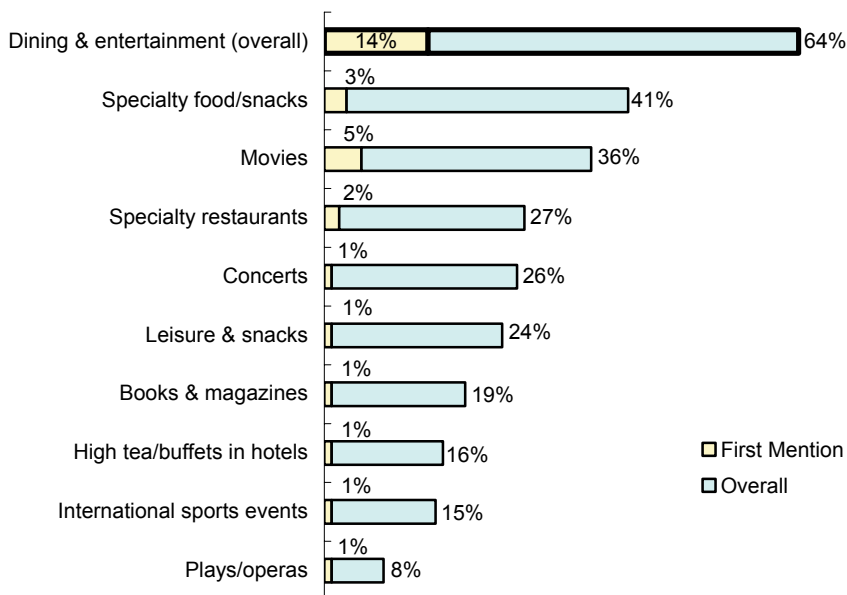
Base figure: Respondents who are interested in Hong Kong products and services (910)
Source: HKTDC Survey

6.3 Dining, Entertainment and Culture

The characteristics of Hong Kong as a melting pot of Eastern and Western cultures are reflected both in the cuisines and entertainments offered here. For instance, many cultural and arts organisations from all over the world, including internationally renowned opera houses, orchestras, and pop singers, come to Hong Kong to give performances. Besides, major international sporting events,

such as Rugby Sevens and golf tournaments, are held in Hong Kong. Also staged here are a great diversity of exhibitions, including new product shows by international top fashion brands and exhibitions by well-known artists, attracting a large number of mainlanders to come to Hong Kong specially to attend. While they are here, these visitors would also purchase foreign bestselling books and magazines and specialty snacks in Hong Kong. Overall, the respondents are most interested in the local-flavoured snacks (41%), movies (36%) and specialty restaurants (27%) in Hong Kong. Among the surveyed cities, respondents in Shanghai (88%) and Beijing (74%) are most interested in the wining and dining as well as cultural events in Hong Kong.

Figure 11: Interest in Various Kinds of Entertainment and Cultural Events



Base figure: Respondents who are interested in Hong Kong products and services (910)
 Source: HKTDC Survey

7. Channels of Getting in Touch with Hong Kong Trends

The channels through which Hong Kong's popular culture finds its way into the mainland include: Hong Kong movies and TV programmes shown on the mainland, Hong Kong management and professional personnel working on the mainland, Hong Kong pop magazines distributed on the mainland, trade fairs organised by Hong Kong on the mainland, as well as Hong Kong products and services mainlanders come into contact with while visiting Hong Kong on pleasure or business trips.

This survey finds that the mainland respondents' most favourite channel of obtaining news and information about Hong Kong is the media (84%), followed by Hong Kong movie stars and celebrities (75%). Also, Hong Kong products, services and brands are the channel for 63% of the respondents while other channels include the internet, TV and newspapers (9%).

Many of the common pastimes of the mainland middle class are related to Hong Kong. For instance, 73% of the respondents watch Hong Kong movies at cinemas or at home; 57% watch Hong Kong TV programmes; 36% read Hong Kong books, newspapers and magazines (including online versions); 29% browse Hong Kong websites; and 28% read/watch Hong Kong books, magazines and TV programmes on interior design. In the course of doing so, their consumption habits and lifestyle are inevitably influenced by Hong Kong's pop culture.

Table 16: Pastimes Related to Hong Kong

	Activity performed at least once a month						
	Overall	Guangzhou	Shanghai	Beijing	Chengdu	Wuhan	Dalian
Watching HK movies at cinemas/home	73%	86%	61%	86%	84%	76%	44%
Watching HK TV programmes	57%	96%	15%	74%	46%	48%	70%
Reading HK books/ newspapers/magazines (including online versions)	36%	53%	24%	56%	38%	28%	17%
Browsing HK websites	29%	39%	21%	44%	29%	15%	23%
Reading/watching HK interior design books/ magazines/TV programmes	28%	51%	10%	42%	28%	21%	17%

Base figure: All respondents (1,050)

Source: HKTDC Survey

Due to the close affinity in language, culture and background between Guangzhou and Hong Kong, people in Guangzhou often watch Hong Kong TV programmes. The younger generation in the city grew up watching Hong Kong TV dramas and movies. It is therefore not surprising to find that they are the most influenced by Hong Kong's pop culture. However, following the entry of foreign books and magazines into the inland regions and the rapid development of the internet making it convenient for mainland consumers to download Hong Kong movies and the latest information from the internet, urban residents outside Guangdong now have more and more opportunities of coming into contact with Hong Kong's pop culture. It is worth noting that the respondents in Beijing have a strong interest in information on Hong Kong's culture, their proportion of reading Hong Kong books, newspapers and magazines as well as visiting Hong Kong websites is higher than that of respondents in Guangzhou and Shanghai.

In recent years, as the number of exhibitions organised by Hong Kong on the mainland continues to grow, trendy products from Hong Kong are making their way into the mainland. Most of these trade fairs attract mainland consumers by waving the "Hong Kong trendy products" or "Hong Kong pavilion" banner. At these events, on-site demonstrations and presentations are held to attract customers.

For example, in promoting garments, footwear and fashion accessories, fashion shows would be staged while in promoting cosmetics, on-site make-up demonstrations and instructions for individuals would be offered. These activities directly introduce the latest products and trends in Hong Kong to mainland consumers.

Since the implementation of the Individual Travel Scheme, the chance for mainlanders to come to Hong Kong has greatly increased. Overall, nearly 40% of the respondents have been to Hong Kong on business or pleasure trips, while 24% visit Hong Kong once or more a year. Some residents in Guangzhou, which is in close proximity to Hong Kong, would even come to Hong Kong regularly to shop for daily goods. In this survey, over half of the respondents in Guangzhou visit Hong Kong once or more a year, with 4% of them visiting Hong Kong four times or more a year. In Shanghai and Beijing, respondents who visit Hong Kong once or more a year account for 45% and 17% respectively.

Apart from visiting Hong Kong, many mainlanders also learn about Hong Kong trends from the Hong Kong people around them. This survey finds that 24% of the respondents have connections with Hong Kong people, with relatives (40%) accounting for the largest proportion. Others include: friends (39%), colleagues (20%), boyfriends/girlfriends (10%), and online pals (10%). In Guangzhou, the proportion of respondents who have connections with Hong Kong people is the highest (60%), while in Wuhan the proportion is the lowest (9%).

8. Conclusions

The mainland middle class attach importance to building self-image, go after trendy styles and personal taste, and seek to enhance their quality of life. Hong Kong, as a cosmopolitan city, leads the trends of the mainland and is also mainland middle-class consumers' window on the latest trends around the world. The mainland middle class do not only admire Hong Kong people for the way they enjoy life, they also think highly of the tasteful outfits and lifestyle of Hong Kong executives and celebrities, who have in a way become their role models. Hong Kong people, with their extensive international exposure and great flexibility, manage to incorporate the essence of international trends into their own products and services, offering products and services that can meet the needs of mainland consumers while retaining the essence of international trends. As such, the mainland middle class in general like Hong Kong products and services and wish that Hong Kong's products and services can be made available on the mainland.

Hong Kong products and services have great opportunities and advantages in the mainland middle-class consumer market. In the eyes of the mainland middle class, "Hong Kong" stands for "quality". In view of the serious working attitude and professionalism of Hong Kong people, the quality assurance offered by Hong Kong enterprises, and the presence of an advanced management and service system, the mainland middle class reckon that even if Hong Kong branded products are manufactured on the mainland, their quality is still better. They also have more confidence in the brands marketed by Hong Kong companies.

Financial service and wealth management: The global financial crisis has heightened the sense of crisis among the mainland middle class, who now find it necessary to make long-term financial planning for themselves and their family. The professional wealth planners in Hong Kong are the right people to provide wealth management services for them. In addition to building a career, the mainland middle class also proactively look out for investment opportunities to increase their wealth. As they regard Hong Kong as an international financial centre leading the country and appreciate the serious and professional working attitude of Hong Kong people, prospects are bright for the development of Hong Kong's financial services on the mainland.

Professional training and continuing education: Although the mainland middle class already have a good career and good income, they still strive to further their studies and obtain professional qualifications in the hope of advancing their career. In Hong Kong, most of the study programmes and education institutes have gained international accreditation, they can provide high-quality courses of different levels and formats to the mainland middle class wishing to further their study and increase their value. Moreover, some further education courses in Hong Kong have a strong international element. They do not only have foreign professors and students, some of them also provide participants with the opportunity of going abroad on exchange programmes. This can help broaden the vision and enrich the international experiences of the mainland middle class. This international outlook is exactly an advantage Hong Kong people possess which the mainland middle class admire. It explains why they are confident and interested in Hong Kong's study programmes and education institutes.

Hong Kong's consumer products, retailers, movies and catering services have already made an entry into the mainland market. China has also expanded its scope of liberalisation for Hong Kong's service providers so that more Hong Kong services, such as financial and education services, can expedite their pace of development on the mainland. While Hong Kong products and services enjoy advantages in the mainland market, efforts still have to be made by Hong Kong companies to position and promote their products by targeting the consumer preferences and habits of the mainland middle class in order to achieve the best marketing results.

Make good use of the internet for marketing: As the internet develops in leaps and bounds, the number of internet users is rising rapidly on the mainland. The middle class, especially the younger generation, often go online to search for information and to shop. As an increasing number of enterprises are launching online shopping platforms in addition to selling their products at traditional shops, and with the popularisation of paying by credit card and improvement in online payment technology and security, the prospects for the development of online shopping in China are bright. Hong Kong companies can make greater use of the internet as a platform to promote their products and services and expand into the mainland market. It is worth noting that the majority of middle-class consumers

who are internet users like visiting online chat rooms to obtain and exchange product information, while some young people who have been to Hong Kong also like to share their experience in shopping for trendy products in Hong Kong on their blogs.

Note the importance of “word-of-mouth” of consumers: As the mainland middle class like to share the latest fads and life experiences with friends, “word-of-mouth” is therefore an important channel for them to gain product and market information. For instance, some mainland middle-class consumers may make a special trip to Hong Kong to attend a concert, and afterwards they would share their experience and discuss with friends about the differences between concerts held in Hong Kong and the mainland. For Hong Kong companies wishing to foster good “word-of-mouth” to attract more mainland consumers, their products and services must have unique characteristics, come in good quality, and make an impression on consumers in the sale process, such as offering a special or enjoyable experience.

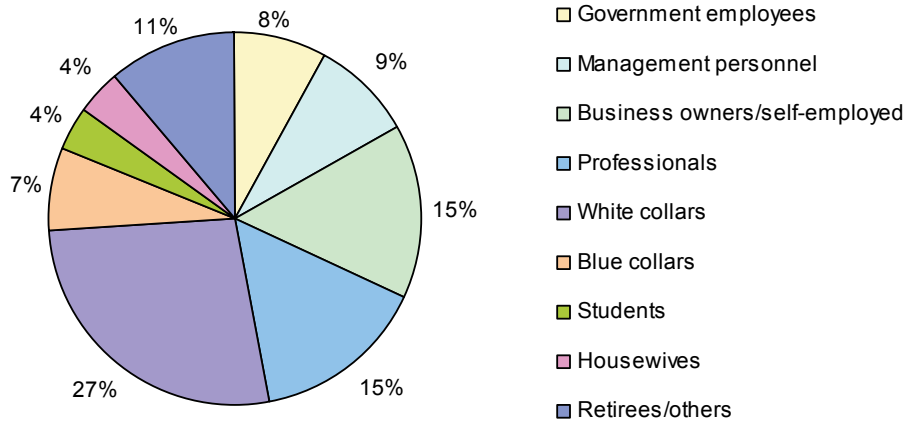
Capitalise on the image of Hong Kong celebrities/professionals in promotion: The impressions Hong Kong people give to the mainland middle class are enjoying life to its fullest, paying attention to image, possessing refined taste, and being serious and professional in their work attitude. Hong Kong brands or brands marketed by Hong Kong companies should tactfully make use of Hong Kong people’s international and professional image to promote their products and services. This can make mainland consumers accept the brands more readily, generate positive effects for the brand, and stimulate their purchasing desire.

Give full play to Hong Kong’s advantage as a melting pot of Eastern and Western cultures: With its long-time exposure to foreign cultures, Hong Kong is capable of incorporating the characteristics of different countries into its products and services and designing products of unique style. Moreover, Hong Kong trends are more readily acceptable to mainland consumers than trends in Europe and the US. The mainland middle class wish to boost their self-image by using Hong Kong’s unique product designs. In the wake of the global financial crisis, growth of the mainland’s consumer market remains steady. Hong Kong companies should take advantage of the position of Hong Kong brands in the hearts of the mainland

middle class and the reputation of the services and professionalism offered by Hong Kong companies to explore and develop the mainland middle-class consumer market.

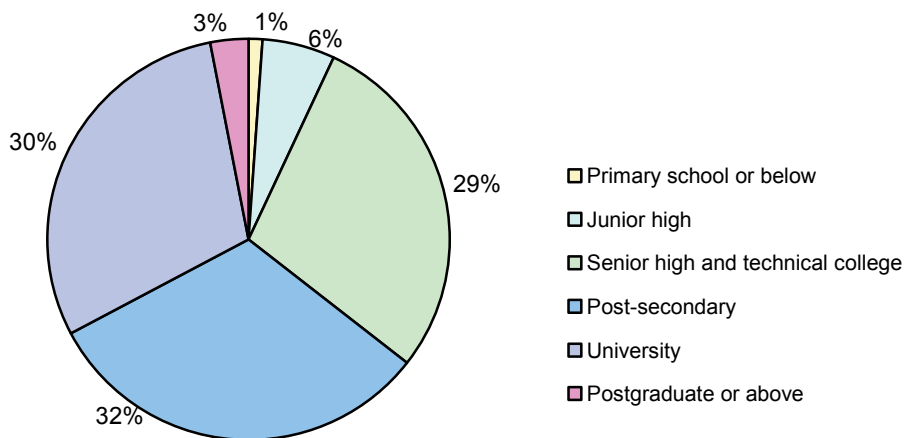
Appendix 1: Respondent Profile

Occupation



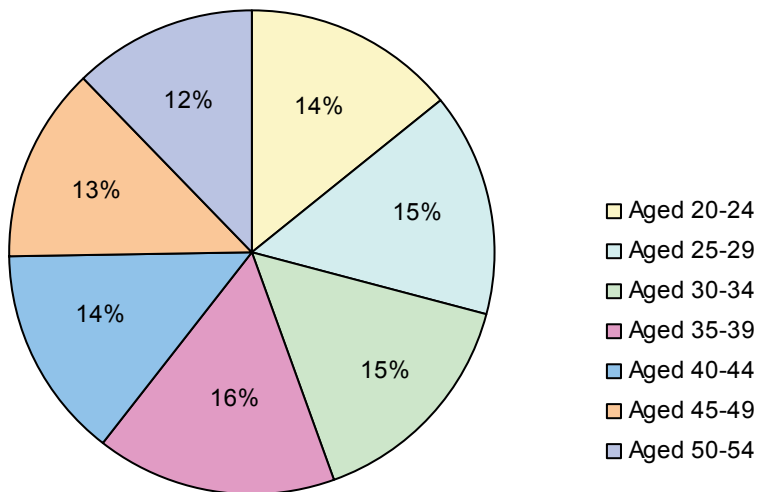
Base figure: All respondents (1,050)
Source: HKTDC Survey

Education Level

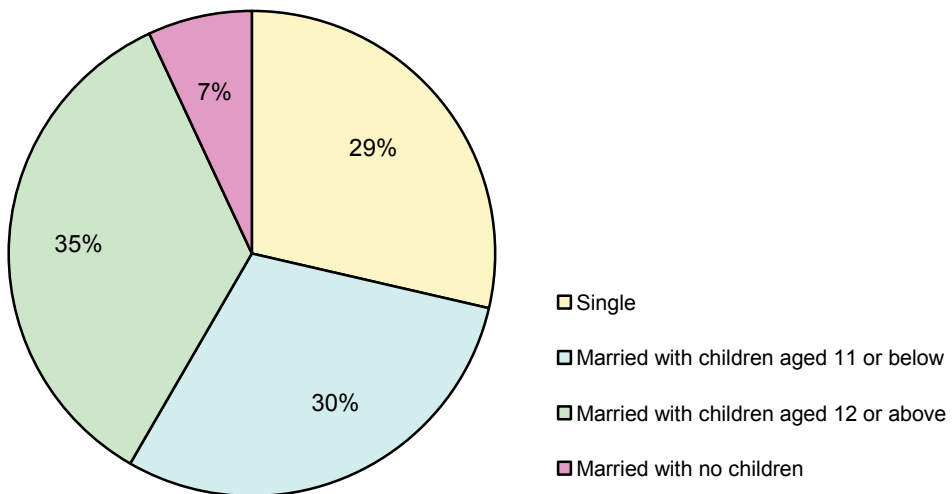


Base figure: All respondents (1,050)
Source: HKTDC Survey

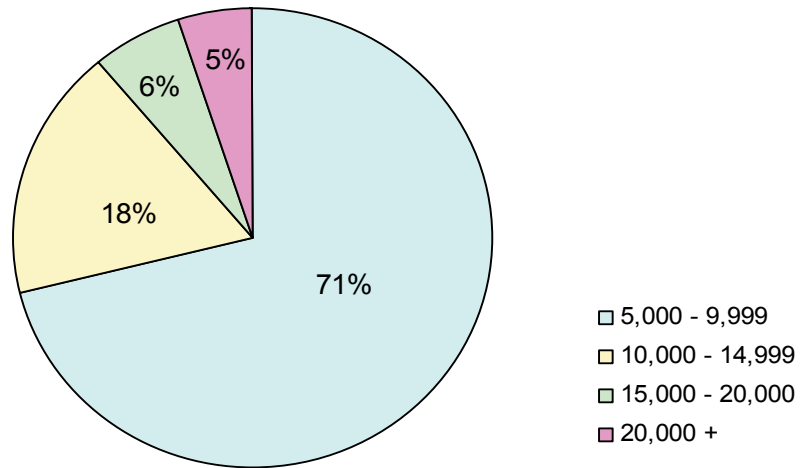
Age



Marital Status



Monthly Household Income (Rmb)



Appendix 2: Interview Locations

In conducting this survey, face-to-face interviews in the form of “intercept interview” were employed with three street locations selected from each city to ensure that the interviewees surveyed come from different districts of the city.

Intercept Interview Locations

Guangzhou	<ul style="list-style-type: none"> ● Central Park ● China Plaza ● Teemall 	Chengdu	<ul style="list-style-type: none"> ● Renrenle, Shuangnan ● Ito-Yokado, Chengren Road ● Yanshikou
Shanghai	<ul style="list-style-type: none"> ● Xujiahui ● Huaihai Road/ Shaanxi Road ● Nanjing West Road/ Huashan Road 	Wuhan	<ul style="list-style-type: none"> ● Carrefour, Wusheng Road ● Jinse Huafu (金色華府) ● Zhongnan Shopping Mall
Beijing	<ul style="list-style-type: none"> ● Dawang Road business district ● Parkson Shopping Centre ● Junefield Sogo Department Store 	Dalian	<ul style="list-style-type: none"> ● New Mart (Qingniwa Bridge pedestrian street) ● Fujia Xintiandi (Xian Road business street) ● Olympic Square

Readers' Reply Card

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2

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3

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