

## Consumer Spending Priorities - China - March 2015

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"The Chinese economy grew by 7.4% in 2014, the lowest rate since 1990. According to the government, the goal of economic growth has been adjusted to around 7% a year during the 13th five-year plan from 2016 to 2020. This suggests that slower growth rates than previously recorded will become the norm for the Chinese economy in the near future."

– Linda Li, Senior Research Analyst

### This report looks at the following areas:

- What are the current financial statuses of consumers and how confident are they about these over the next 12 months?
- What are the financial priorities of consumers over the next 12 months?
- Has there been any change in the way consumers think about saving, spending and managing their financial wellbeing in the current economic environment?
- What kind of spending are consumers most reluctant to cut when they have a tight budget?
- Do consumers value quantity or quality when making a purchase?

Chinese consumers have grown out of buying more and more products without paying attention to quality. Given that consumers are likely to be more wary of spending money, they are also likely to care more about every penny spent, suggesting greater demand for products and services of better quality. This is particularly true for expenditure on self-indulgence as consumers are more likely to focus on quality in this area, not frequency.

The overall confidence levels of Chinese consumers have remained constant in the last year, indicating that changing macroeconomics conditions have not yet had a direct impact on their lives. In fact, the growing status of consumption sectors in the economy shows that the spending power of consumers has become stronger.

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