

## Consumer Spending Sentiment - Q2 - China - August 2020

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“Driving domestic consumption will be key to China’s economic recovery in the second half of 2020. Mintel’s research shows consumer finances are not falling apart even though two thirds of people have experienced some loss of income after the outbreak. The traditional mindset of ‘spend within their means’ has proved to be ever more relevant to Chinese now.”

– **Ruyi Xu, Head of Reports, North Asia**

This report looks at the following areas:

- How well has China’s economy been performing since the outbreak?
- How is consumer spending confidence changing since the outbreak and what has changed since Mintel’s Q1 findings?
- Which consumer segments are being more affected and what is the difference in their financial priorities?
- What market opportunities and business implications are there for companies to learn from?

China’s GDP has staged an impressive comeback with a 3.2% year-on-year growth in Q2, becoming the first country to emerge from the fallout of COVID-19. This shows the fundamentals of the economy remain solid and resilient, a strong opinion shared in Mintel’s Q1 review.

With more attention to driving domestic demand, disposable income and cost of living remain the most important factors on consumer spending confidence. Mintel’s research has revealed that despite seeing reductions in household income, consumers are adapting their spending habits with more prudence rather than letting their finances fall apart. Furthermore, trading down to cheaper brands is the least preferred way to manage their spending. People are more likely to cut discretionary expenditure than buy inferior products on essentials.

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