Spending Habits in Lower Tier Cities - China - October 2020

Report Price: £3695 | $4995 | €4400

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This report looks at the following areas:

- **Consumer confidence change**
- **Acceptance of spending on credit**
- **Attitudes towards luxury spending**
- **Brand perceptions and selections**
- **Focuses in leisure spending**

Compared to Tier 1 and 2 cities, lower tier cities suffered less from the outbreak of the COVID-19 pandemic in the first half of the year. However, they are also less sensitive to the economic recovery and confidence rebound in the second half of 2020. Currently, consumers tend to be cautious with spending, but are not downgrading. When choosing brands and products that suit themselves, they think more about the occasions where the products can be used, the significance of the products and how they can meet their emotional needs. Taking into account the costs of trial and error, they explore the fun brought by all kinds of consumption.

Through quantitative (based on the quantitative data from multiple Mintel Reports in 2019 and 2020) and qualitative research (based on in-depth interviews with 20 respondents from 10 Tier 3 or lower cities), this Report analyses the differences in consumer behaviour and attitudes in different city tiers. This Report examines changes in consumer confidence before and after COVID-19 and changes reflected in spending on credit, luxury spending, domestic product spending and leisure spending; it also explains to brands what strategies would effectively increase their competitiveness in lower tier cities using a series of cases.

“Economic uncertainty has made lower tier city consumers’ attitudes and behaviour more cautious. However, they are still pursuing premium brands and quality products. Their concern is not resulting in a ‘consumption downgrading’; on the contrary, it may lead to higher expectations of product value and meaningful consumption.”

– Yuxi Shao, Associate analyst

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