

# Consumer Spending Sentiment - H1 - China - 2021

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## This report looks at the following areas:

- China's economic performance since the outbreak
- Consumer spending confidence changing during these years
- Consumer segments are affected, and the difference in their financial priorities
- Consumers' spending preference on discretionary expenses
- General attitudes on spending by consumers

In Q1 2021, GDP rebounded strongly at a growth rate of 18.3%, which has been the highest point since the quarterly GDP statistics were available in 1992. This ultra-high growth rate is based on the ultra-low base of -6.8% year-on-year growth in the first quarter of last year. Even so, the data still shows the strong momentum of China's economic recovery.

After entering May 2021, a new round of local outbreaks occurred in Anhui, Guangdong and other places. China's vaccination programme also accelerated significantly. Currently, vaccination numbers exceed 1 billion. China's vaccine manufacturers are unlikely to encounter problems on the scale of production. Still, due to the impact of the spread of foreign mutant viruses back home, the constant renewing of research and development of vaccines will face challenges.

Continuous improvement in financial status since early 2021 has also seen a strong recovery in consumer confidence. Mintel's data shows short-term confidence reached its highest point since the outbreak, while long-term confidence had almost recovered to pre-COVID-19 levels. Consumers have shifted their attention towards discretionary spending. The desire for luxury products, healthy lifestyle and fitness, as well as domestic travel surged as consumer confidence improved.



“Chinese consumers still have strong savings habits, and at the same time, they are actively exploring new sources of income. Making money from the emerging industry like live streaming commerce is a good example. Respondents' confidence in the future, whether long-term or short-term, has been significantly improved.”

– Blair Zhang, Research Analyst

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## Table of Contents

### OVERVIEW

- **What you need to know**
- **Key issues that covered in this Report**
- **Covered in this Report**

### EXECUTIVE SUMMARY

- **Strong continuous recovery observed**  
Figure 1: Summary of key economic indicators, China, 2021  
Figure 2: Monthly growth of total retail sales of consumer goods in China, 2018-21
- **Impact on consumer spending**
- **Saving still being the rule**  
Figure 3: Current financial situation, 2016-21
- **Salary remains the primary income source**  
Figure 4: Changes in source of income after COVID-19, 2020-21
- **Confidence in future financial situation is steadily increasing, both long-term and short-term**  
Figure 5: Confidence in improving future financial situation, 2019-21
- **Saving for children’s long-term plans is still a top priority**  
Figure 6: Financial priorities in the next 12 months, 2021
- **Consumers are asking for tactile experiences**  
Figure 7: Discretionary spending activities in the last three months, 2021
- **Changing attitudes towards spending**  
Figure 8: Attitudes towards monthly spending management, 2021

### STATE OF THE ECONOMY

- **The economy is steadily improving**  
Figure 9: Quarterly growth of GDP in China, 2000-21
- **Manufacturing index continues to expand stably, while non-manufacturing index locate in a high active range**  
Figure 10: Monthly purchasing managers’ index, China, 2018-21
- **Value of imports and exports rapidly grows**  
Figure 11: Growth in the total value of imports and exports, China, 2007-21
- **Dropped unemployment rate indicates the stable employment situation**

### What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook

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Figure 12: Monthly surveyed urban unemployment rate, China, 2018-21

- CPI remains generally stable**

Figure 13: Consumer price index, China, 2000-21

- Disposable income keeps growing, especially in rural areas**

Figure 14: Growth of per capita disposable income (price-adjusted), China, 2019-21

- Retail sales continue rapid recovery, especially online retailing**

Figure 15: Monthly growth of total retail sales of consumer goods in China, 2018-21

- What happened in H1 2021?**

Figure 16: The growth rate of retail sales by key sectors, 2019-21

**COVID-19 CHINA VACCINE CONTEXT**

- Update prepared on 22 June 2021**

Figure 17: China's COVID-19 vaccination status, 2021

Figure 18: Activities participated in the last months, by COVID-19 vaccine condition, 2021

**CONSUMPTION TRENDS**

- Silver economy (银发经济)**
- Lazy economy (宅经济)**
- Aesthetic Economy (颜值经济)**

**CONSUMER FINANCIAL SITUATION**

- Saving is still the rule**

Figure 19: Consumers' financial situation, 2016-21

- High-income groups take the lead in restoring savings**

Figure 20: Consumers' financial situation, by personal income level, 2019-21

- Tier 2 cities are the next to drive consumption**

Figure 21: Consumers' financial situation, by city tier, 2019-21

**CHANGES IN INCOME**

- Salary keeps the main income source**

Figure 22: Changes in source of income after COVID-19, 2020-21

- Exploring additional income sources actively**

Figure 23: Changes in source of income from online part-time job after COVID-19, by generation, 2020-21

- Venture investment becomes a popular way to manage wealth**

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Full Report PDF

Infographic Overview

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Figure 24: Changes in source of income from investment products gains after COVID-19, by monthly household income level and city tier, 2021

### CONFIDENCE IN FUTURE FINANCIAL SITUATION

- Confidence is steadily increasing, both long-term and short-term**

Figure 25: Confidence in improving future financial situation, 2019-21
- Savings impact confidence for future**

Figure 26: Confidence in improving future financial situation, by current financial situation, 2021
- Tier 1 cities take the lead in growing strong confidence**

Figure 27: Confidence in improving future financial situation, by city tier, 2019-21
- Individual economy is booming**

Figure 28: Confidence in improving future financial situation, 2019-21

### FINANCIAL PRIORITIES

- Saving for children’s long-term plans is still a top priority**

Figure 29: Financial priorities in the next 12 months, 2021
- Consumers' attention shifted to big-ticket purchases as medical tension eased**

Figure 30: Financial priorities remarked as ‘very important’, 2019-21
- Post-90s' consumption concept focus on themselves**

Figure 31: Selected financial priorities in the next 12 months, by generation, 2021

### DISCRETIONARY SPENDING

- Cinema’s future opportunities in developing as leisure spaces**

Figure 32: Discretionary spending activities in the last three months, 2021
- Consumers are asking for tactile experiences**

Figure 33: Discretionary spending activities on domestic travelling in the last three months, 2021
- Accelerating transformation from ownership to quality**

Figure 34: Discretionary spending activities on dined in high-end restaurant in the last three months, 2021

Figure 35: Selected discretionary spending activities, by domestic traveller, 2021

### What's included

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- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook

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- **Danshari, as an ongoing trend, shows improved living standards**

Figure 36: Discretionary activities on Danshari (cut off and abandon unnecessary stuff) in the last three months, by gender, age, family structure and city tier, 2021

## ATTITUDES TOWARDS SPENDING

- **How to spend money – actual needs, instead of budget, lead consumption**

Figure 37: Attitudes towards monthly spending management, 2020-21

- **How to spend money – spending with credit may drive more indulgence spending**

Figure 38: Attitudes towards advanced consumption, 2021

Figure 39: Attitudes towards shopping habits in shopping festival, by generation, 2021

- **What they purchase – rising popularity of second-hand economy**

Figure 40: Attitudes towards spending on best value-for-money product/service, by generations, 2021

Figure 41: Attitudes towards spending on second-hand products, by generations, 2021

- **What they purchase – health is popular as the commonly stated value**

Figure 42: Attitudes towards spending on products with healthy benefits, by monthly household income and family structure, 2021

## APPENDIX – METHODOLOGY AND ABBREVIATIONS

- **Methodology**
- **Abbreviations**

## What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

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