

Spending Habits in Lower Tier Cities – China – 2023

Report Price: £3695 | \$4995 | €4400

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

This report looks at the following areas:

- **Changes in consumer psychology:** living in the moment and safeguarding the future.
- **Changes in the definition of 'good value':** returning to the self and price anchoring.
- **Filtering and judging information:** being selectively influenced and simplifying decisions.
- **Brand style and concepts:** strengthening sense of identity and putting concepts into practice.

After the weakening of the pandemic's impact, there have been changes in the spending psychology of consumers in lower tier cities. On the one hand, there has been a significant increase in the demand for self-pleasing consumption driven by 'compensation mentality', and the demand for trading up in travelling and skincare, among others, has become a trend. On the other hand, in the face of an uncertain future, there is a growing demand for protection-oriented spending, such as fitness and insurance, for both oneself and one's family. This dual demand for enjoying the present while safeguarding the future will be a crucial driver of consumption in lower tier cities for some time.

However, within the wider context of slowing economic growth, consumers in lower tier cities are also becoming increasingly cautious in their spending. This is primarily reflected in a heightened focus on the products or services they purchase, while marketing and concepts are receiving less attention. In terms of actual behaviour, reducing unnecessary expenses is far more important than 'brand downgrading', so brands that genuinely cater to the needs of consumers in lower tier cities will still be able to achieve substantial gains when tapping into these markets.

The video dissemination of product information is widely accepted by the



"Under the influence of the overall environment, there has been a shift in mindset among consumers in lower tier cities, with co-existing 'compensation demands' driving spending on self-pleasing, and 'protection demands' prompting investment in the future."

- Frank Zhang, Senior Research Analyst

Buy this report now

Visit	store.mintel.com
EMEA	+44 (0) 20 7606 4533
Brazil	0800 095 9094
Americas	+1 (312) 943 5250
China	+86 (21) 6032 7300
APAC	+61 (0) 2 8284 8100

Spending Habits in Lower Tier Cities - China - 2023

Report Price: £3695 | \$4995 | €4400

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

majority of consumers in lower tier cities, and short videos and live stream shopping have gradually become common channels for consumption. In fact, the proportion of consumers in lower tier cities who buy products on Douyin even surpasses that of tier 1 and tier 2 cities. Brands can no longer assume that consumers in lower tier cities have backward ideas; they need to be more observant and agile in adapting to changing consumer mindsets to be successful in gaining consumers' recognition.



What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

Table of Contents

OVERVIEW

- **What you need to know**
- **Key issues covered in this Report**
- **Objective and methodology**
- **Quantitative research methodology**
Figure 1: The sample structure for each city is as follows:
- **Qualitative research methodology**
Figure 2: Interviewed cities in the qualitative research
Figure 3: Profiles of respondents to the qualitative research

EXECUTIVE SUMMARY

- **The market**
- **Demands for sustainable development and differentiation emerge**
Figure 4: GDP sector compositions, by city tier, 2019-21
- **Salary growth slows, and consumption momentum weakens**
Figure 5: Per capita annual salary, by city tier, 2019-21
Figure 6: Total retail sales and year-on-year growth rate of consumer goods, by city tier, 2019-21
- **Financial confidence continues to fluctuate**
Figure 7: Confidence in improving future finances, by city tier, 2020-23
- **The consumer**
- **Changes in consumer psychology: living in the moment and safeguarding the future**
Figure 8: Behaviours of discretionary spending and investment, by age, 2023
- **Changes in the definition of 'good value': returning to the self and price anchoring**
Figure 9: Selected ways of improving finances, by age, 2022
- **Filtering and judging information: being selectively influenced and simplifying decisions**
Figure 10: Online purchase channels of personal care appliances, by age, 2023
- **Brand style and concepts: strengthening sense of identity and putting concepts into practice**
Figure 11: Marketing strategies that increase consumer favourability towards smartphone brands, by age, 2023
- **What we think**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit	store.mintel.com
EMEA	+44 (0) 20 7606 4533
Brazil	0800 095 9094
Americas	+1 (312) 943 5250
China	+86 (21) 6032 7300
APAC	+61 (0) 2 8284 8100

Spending Habits in Lower Tier Cities - China - 2023

Report Price: £3695 | \$4995 | €4400



The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

INTRODUCTION TO LOWER TIER CITIES IN CHINA

- **Demands for sustainable development and differentiation emerge**

Figure 12: GDP sector compositions, by city tier, 2019-21

- **Salary growth slows, while consumption momentum weakens**

Figure 13: Per capita annual salary, by city tier, 2019-21

Figure 14: Total retail sales and year-on-year growth rate of consumer goods, by city tier, 2019-21

- **The pull effect of the metropolitan economy is expected**

Figure 15: Total domestic highway mileage, by city tier, 2020 and 2021

- **The increase in flexible employment and work-on-the-go brings new opportunities for the development of low tier cities**

Figure 16: Type of employment, by city tier, 2020-23

Figure 17: Company types, by city tier, 2020-23

MARKET FACTORS

- **Financial confidence continues to fluctuate**

Figure 18: Confidence in improving future finances, by city tier, 2020-23

- **Upgrading demand has declined and high-end consumption become more cautious**

Figure 19: Trading up and down, tier 3 or lower cities, Q1 2022 vs Q1 2023

Figure 20: Trading up and down, tier 3 or lower cities, Q1 2022 vs Q1 2023

- **Chain service brands tap into lower tier cities, driving the innovation and quality improvement of consumer experience**

Figure 21: Changes in the number of stores of Helen's, Miniso and Haidilao in different cities, by city tier, 2021 vs 2022

Figure 22: Convenience store shopping frequency – once a day or more, by city tier, 2019 vs 2023

- **The influence of short videos has expanded, accelerating the conversion of traffic value to user value**

Figure 23: Changes in short video usage – every day, by city tier, H1 2021-H1 2023

- **Domestic travel is recovering strongly, and the combination of local cultural tourism resources and commerce has attracted attention**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit	store.mintel.com
EMEA	+44 (0) 20 7606 4533
Brazil	0800 095 9094
Americas	+1 (312) 943 5250
China	+86 (21) 6032 7300
APAC	+61 (0) 2 8284 8100

Spending Habits in Lower Tier Cities - China - 2023

Report Price: £3695 | \$4995 | €4400

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



Figure 24: Mentions and engagement of 'Zibo' (淄博) on social media channels, January-June 2023

INTERVIEWS WITH INDUSTRY EXPERTS

- **Leverage the value-for-money advantage of small town model through store, equipment and menu adjustment**

Figure 25: Expert interviewees' take on lower tier city market and consumer perceptions, 2023

- **Focus on household consumption habits and the construction of logistics networks**

Figure 26: Expert interviewees' take on lower tier city market and consumer perceptions, 2023

- **Initiate conversations on consumption scenarios integrating regional features**

Figure 27: Expert interviewees' take on consumption scenarios and marketing methods in lower tier city, 2023

- **Explore 'down-to-earth' communication methods and channels**

Figure 28: Expert interviewees' take on lower tier city market and consumer perceptions, 2023

CHANGES IN CONSUMER PSYCHOLOGY: LIVING IN THE MOMENT AND SAFEGUARDING THE FUTURE

- **Post-pandemic 'compensation mentality' drives spending on self-pleasing**

Figure 29: Trading up and willingness to self-reward with regard to travel – interview excerpts, 2023

Figure 30: Trading up and willingness to self-reward with regard to staying at home – interview excerpts, 2023

Figure 31: Trading up and willingness to self-reward with regard to skincare – interview excerpts, 2023

- **Growing awareness of long-term investments in health and education**

Figure 32: Trading up and willingness to self-reward with regard to fitness and self-improvement – interview excerpts, 2023

Figure 33: Spending on family – interview excerpts, 2023

Figure 34: Trading down – interview excerpts, 2023

- **Indulgent spending and protection-oriented investment both valued**

Figure 35: Behaviours of discretionary spending and investment, by age, 2023

- **More pronounced demand for investing in tech devices for health among 30-39 year olds**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit	store.mintel.com
EMEA	+44 (0) 20 7606 4533
Brazil	0800 095 9094
Americas	+1 (312) 943 5250
China	+86 (21) 6032 7300
APAC	+61 (0) 2 8284 8100

Spending Habits in Lower Tier Cities - China - 2023

Report Price: £3695 | \$4995 | €4400

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



Figure 36: Reasons for using smart watch/wristband, by age, 2023

- **Reopening and creating new plans to turn ideas into action**

Figure 37: Ctrip's 318 Global Travel Bargain Festival, 2023

- **Putting 'invisible effort' into lightening the health burden of foods**

Figure 38: Lay's x Niao Niao 'Invisible efforts – are they worth it?', 2022

CHANGES IN THE DEFINITION OF 'GOOD VALUE': RETURNING TO THE SELF AND PRICE ANCHORING

- **Shifting from external to self-defined notions of 'good value'**

Figure 39: Changes in the definition of 'good value' – interview excerpts, 2023

Figure 40: 'Lower prices for the same product' – interview excerpts, 2023

Figure 41: 'Cheaper alternatives' – interview excerpts, 2023

- **Becoming weary of big promotions, consumers look to sincere 'no-gimmick' marketing**

Figure 42: Big promotions – interview excerpts, 2023

- **Discretionary spending control more accepted than 'brand downgrading'**

Figure 43: Selected ways of improving finances, by age, 2022

- **Practicality is fulfilment and conformity is safety, especially for older consumers**

Figure 44: Keywords in small kitchen appliance marketing content, by age, 2023

- **Themed shopping festival at consumers' doorstep focuses on affordability with 'no gimmicks'**

Figure 45: Juhuasuan's 'Super Bargain Festival Half-price Art Exhibition', 2023

- **Inviting 'down-to-earth people' to give practical introductions of products' selling points**

Figure 46: Luo Yonghao x NetEase Selected's 'What is a Good Thing?', 2022

FILTERING AND JUDGING INFORMATION: BEING SELECTIVELY INFLUENCED AND SIMPLIFYING DECISIONS

- **Identifying practical information and increasing awareness of saving time and money**

Figure 47: Accessing information and making decisions about consumer goods – interview excerpts, 2023

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit	store.mintel.com
EMEA	+44 (0) 20 7606 4533
Brazil	0800 095 9094
Americas	+1 (312) 943 5250
China	+86 (21) 6032 7300
APAC	+61 (0) 2 8284 8100

Spending Habits in Lower Tier Cities - China - 2023

Report Price: £3695 | \$4995 | €4400

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



Figure 48: Changes in attitudes towards product recommendations – interview excerpts (more easily influenced by recommendations), 2023

Figure 49: Changes in attitudes towards product recommendations – interview excerpts (less easily influenced by recommendations), 2023

- **'Celebrity live streamers' still effective in promoting lifestyle essentials**

Figure 50: Live stream shopping experiences – interview excerpts, 2023

Figure 51: Favourite types of live streamers – interview excerpts, 2023

- **Live streams' emotional value and atmosphere more appealing to middle-aged people in lower tier cities**

Figure 52: Reasons for continuing to follow a live streamer, by age, 2023

- **Consumers in lower tier cities buy more personal care appliances from Douyin than those in tier 1 and 2 cities**

Figure 53: Online purchase channels of personal care appliances, by age, 2023

- **Popular live streams interact with celebrities to bring a sense of atmosphere**

Figure 54: Crazy Young Brother hosts shopping live streams with celebrities, 2023

- **Gaining trust from local consumers through localised expressions**

Figure 55: Xiaohongshu's 'Chongqing people understand life, Xiaohongshu understands Chongqing people', 2023

BRAND STYLE AND CONCEPTS: STRENGTHENING SENSE OF IDENTITY AND PUTTING CONCEPTS INTO PRACTICE

- **Chinese style and environmental concepts are important sources of brand favourability**

Figure 56: Brand labels – interview excerpts, 2023

- **Demand for brand values is low, and is mainly reflected in avoiding negativity**

Figure 57: Brand values – interview excerpts, 2023

- **Brands promoting Chinese culture viewed more favourably by consumers in lower tier cities**

Figure 58: Marketing strategies that increase consumer favourability towards smartphone brands, by age, 2023

- **Environmental concepts universally accepted, and middle-aged consumers more eager for eco-friendly materials**

Figure 59: Claims of sustainable brands, by age, 2023

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit	store.mintel.com
EMEA	+44 (0) 20 7606 4533
Brazil	0800 095 9094
Americas	+1 (312) 943 5250
China	+86 (21) 6032 7300
APAC	+61 (0) 2 8284 8100

Spending Habits in Lower Tier Cities - China - 2023

Report Price: £3695 | \$4995 | €4400

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

- **Breaking down antagonism and painting a picture of 'Greater China'**
Figure 60: BYD's 'Together is what makes Chinese cars', 2023
- **Experiencing implementation of environmental concepts from a first-person perspective**
Figure 61: Anta's 'Mountain and River Project', 2023

APPENDIX

- **Abbreviations**



What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100



About Mintel

Mintel is the **expert in what consumers want and why**. As the world's leading market intelligence agency, our analysis of consumers, markets, product innovation and competitive landscapes provides a unique perspective on global and local economies. Since 1972, our predictive analytics and expert recommendations have enabled our clients to make better business decisions faster

Our purpose is to help businesses and people grow. To find out how we do that, visit **[mintel.com](https://www.mintel.com)**.