

Purchasing Technology Products in Lower Tier Cities - China - December 2020

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:

- Sources of technology-related information
- Purchase channels for technology products
- Needs for choosing technology products
- Impressions of technology brands
- Consumption of smart home devices

There is no doubt that technology drives the development of human society; while each general consumer is more likely to expect technology products that can make some changes to their daily lives, so too does every consumer from lower tier cities. Even considering the impacts brought by COVID-19, consumers from lower tier cities maintain great interest in high-end digital products. Technology products in the market are highly homogenised, and consumers from lower tier cities are fully aware of the large gap between products with higher and lower configuration. As a result, they would be more likely to prioritise specifications rather than brands and are more willing to pay more for products with high configuration and branded flagship series.

Through quantitative (based on the quantitative data from multiple Mintel reports in 2019 and 2020) and qualitative research (based on in-depth interviews with 10 respondents from 10 tier three or lower cities), this Report analyses the differences in consumer behaviour and attitudes in different city tiers. It examines lower-tier-city consumers' information sources and purchasing channels of technology products consumption as well as their key needs of technology products and their impressions on different brands. This Report also explains, to technology brands, what strategies would effectively increase their competitiveness in lower tier cities using a series of cases.



“Consumers from lower tier cities have high expectation on the enhancement of quality of life brought by technology products, especially smart products. When purchasing technology products, they are more willing to combine offline product trial with recommendation from KOLs, so as to have an in-depth understanding of new technological concepts and balance the expectations of products.”

Buy this report now
Yuxi Shao, Research analyst

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

Report Price: £3695 | \$4995 | €4400

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

Table of Contents

OVERVIEW

- **Introduction**
- **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

- **Sources of technology-related information: based on recommendation from KOLs and value 'double check'**
Figure 4: Impacts of KOLs, by city tier, September 2020
- **Purchase channels for technology products: expect to understand and experience 'technology value'**
Figure 5: Purchase channels of large home appliances, by city tier, August 2020
- **Needs for choosing technology products: huge gap between higher-end and lower-end products, while configuration becomes more perceivable**
Figure 6: Purchase influencers of large home appliances, by city tier, August 2020
- **Impressions of technology brands: the opportunity for brands to make consumers differentiate them from others lies in social value**
Figure 7: Price acceptance, by city tier, February 2020
- **Consumption of smart home devices: desire quality of life to be improved by technology**
Figure 8: Purchase drivers of smart home devices, by city tier, September 2020
- **What we think**

INTRODUCTION TO LOWER TIER CITIES IN CHINA

- **Population and spending power**
- **Spending by tier three or lower cities increases and takes a larger share**
Figure 9: City populations and sales, by city tier, end of 2018
- **Per capita disposable income and spending power grows**
Figure 10: Per capita salary vs per capita retail sales, by city tier, 2018
- **Spending confidence since the COVID-19 outbreak**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

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

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 11: GDP sector compositions, by city tier, 2018

Figure 12: Changes in financial status, percentage of respondents claiming they are 'better off', by city tier, April-November 2020

Figure 13: Confidence in improving future finances, very confident/somewhat confident, by city tier, April-November 2020

- **Demographic profile/analysis**
- **Gaps between city tiers narrowing in both economic and educational respects**

Figure 14: Educational level of surveyed respondents, 2017-June 2020

Figure 15: Car ownership and gym membership, by city tier, 2017-June 2020

- **Offline experience of technology products**

Figure 16: Experience marketing, by city tier, September 2020

SOURCES OF TECHNOLOGY-RELATED INFORMATION: BASE ON RECOMMENDATION FROM KOLS AND VALUE 'DOUBLE CHECK'

- **What difference does quantitative data suggest?**
- **Following WeChat, short video platforms become another key touchpoint to acquire technology-related information**

Figure 17: Platforms of engagement, by city tier, September 2020

- **Expecting multi-dimensional product interpretation brought by KOLs**

Figure 18: Impacts of technology KOLs, by city tier, September 2020

- **What explanation does qualitative research suggest?**
- **Appealingness only comes with posh professionalism**

Figure 19: Interview extracts regarding KOLs' recommendation approaches

- **Purchase decision depends on 'double check'**

Figure 20: Interview extracts regarding technology products information sources

- **What it means for brands?**
- **'Mind blowing' technology concepts can help build innovative brand image**
- **Case study: rollable concept phone launched by OPPO on OPPO INNO DAY**

Figure 21: OPPO X 2021 concept phone, 2020

- **Case study: 'dog face recognition' technology shows 'a sense of technology' in applicational scenarios**

What's included

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

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

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 22: 'Pet nose recognition' technology, 2020

PURCHASE CHANNELS FOR TECHNOLOGY PRODUCTS: EXPECT TO UNDERSTAND AND EXPERIENCE 'TECHNOLOGY VALUE'

- **What difference does quantitative data suggest?**
- **No clear preference in channels, while campaigns and services are drivers**
Figure 23: Purchase channels of large home appliances, by city tier, August 2020
- **Over half of consumers embrace purchasing online after 'checking' offline**
Figure 24: Online shopping preference, by city tier, March 2020
- **What explanation does qualitative research suggest?**
- **'Highlighting technology value' is becoming the selling point to drive purchase**
Figure 25: Interview extracts regarding offline purchase of technology products
- **Over expectation might be the reason for 'high unsatisfactory rate' of technology products bought online**
Figure 26: Interview extracts regarding online purchase of technology products
- **Offline technology product stores in lower tier cities**
Figure 27: Offline technology products stores in Liuzhou and Zhanjiang
- **What it means for brands?**
- **New O2O experience-oriented stores are becoming effective retailing format to enhance customer conversion rate**
- **Case study: Tmall Global offline experience store in Qin Cheng Li mall**
Figure 28: 'Miracle general store' event held in Tmall Global store in Qin Cheng Li mall, 2020
- **Case study: in-depth experience event held by Beijing Hyundai Encino**
Figure 29: Beijing Hyundai Encino Iron Man edition experience area, 2019

NEEDS FOR CHOOSING TECHNOLOGY PRODUCTS: HUGE GAP BETWEEN HIGHER-END AND LOWER-END PRODUCTS, WHILE CONFIGURATION BECOMES MORE PERCEIVABLE

- **What difference does quantitative data suggest?**
- **More attention paid to performance and configuration, instead of countries of origin**

What's included

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

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



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 30: Purchase influencers of large home appliances, by city tier, August 2020

- **Only smart and multi-functional large home appliances are the 'premium' ones**

Figure 31: The concept of premium, by city tier, August 2020

- **What explanation does qualitative research suggest?**
- **Noticeable gap exists between technology products with higher and lower configuration**

Figure 32: Interview extracts regarding purchasing technology products with high configuration

- **Prioritise configuration, but less willing to pay extra money for premium brands**

Figure 33: Interview extracts regarding technology products choices

- **What it means for brands?**
- **To cater personalisation demand of 'trade-off' and place more focus on product upgrade as well as expansion of connectivity function**

- **Case study: personalisation of home appliances**

Figure 34: Samsung TV 'Your choice to customise your fashion', 2020

- **Case study: interactive cross functions between Mi Watch and Nio NextEV**

Figure 35: Xiaomi Mi Watch supporting remote control of vehicles, 2020

IMPRESSIONS OF TECHNOLOGY BRANDS: THE OPPORTUNITY FOR BRANDS TO MAKE CONSUMERS AWARE OF BRANDS' DIFFERENCES FROM OTHERS LIES IN SOCIAL VALUE

- **What difference does quantitative data suggest?**
- **Huawei is leading the smart mobile phone market**

Figure 36: Ownership of smartphones, by city tier, June 2020

- **Lower price is no longer the key factor to choose local brands**

Figure 37: Price acceptance, by city tier, February 2020

- **What explanation does qualitative research suggest?**
- **An impasse: non-perceptible differentiation among technology products**

Figure 38: Interview extracts regarding non-perceptible difference among technology products

- **Social identity weights more than brand identity**

Figure 39: Interview extracts regarding purchasing domestic brand mobile phones

- **What it means for brands?**

What's included

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

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

Report Price: £3695 | \$4995 | €4400

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

- **To enhance brands' 'social value' and establish brand identity differentiation from others**
- **Case study: OPPO smart TV puts 'Colourful China' into the film**
- **Case study: Huawei Cloud's vision – Charity needs technology; technology needs a warm and cosy environment**

Figure 40: OPPO 'Colourful China' Commercial, 2020

Figure 41: Huawei Cloud medical healthcare solution, 2020

CONSUMPTION OF SMART HOME DEVICES: DESIRE QUALITY OF LIFE TO BE IMPROVED BY TECHNOLOGY

- **What difference does quantitative data suggest?**
- **Smart entertainment devices fit the huge consumption demand of at-home leisure**
- **Willing to invest more in smart devices to enjoy better quality of life**
- **What explanation does qualitative research suggest?**
- **'Happiness and touch of fashion' brought by smart home devices**
- **Perceptions of technology products: 'not fully developed' and 'not practical'**
- **Offline smart products experience in Liuzhou**
- **What it means for brands?**
- **Leverage 'complaints' properly to resonate and reach a tacit agreement with consumers**
- **Case study: Xiaomi smart home products shown in Back to the Field**
- **Case study: BMW X2 – 'to be the best daily car for grocery shopping'**

Figure 42: Purchase and interest of smart home devices, by city tier, September 2020

Figure 43: Purchase drivers of smart home devices, by city tier, September 2020

Figure 44: Interview extracts regarding purchase motivations of smart home devices

Figure 45: Interview extracts regarding concerns over smart home devices purchase

Figure 46: Smart products experience in Liuzhou

Figure 47: Xiaomi – The primary partner of Back to the Field, 2020

Figure 48: BMW's renovation campaign named Turning Sanyuanli into Sanlitun, 2019

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

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



Report Price: £3695 | \$4995 | €4400

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

APPENDIX – ABBREVIATIONS

- **Abbreviations**

What's included

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

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)**.