



Chinese consumers in 2021: how priorities in lifestyle consumption are changing

A generational, gender and city-tier analysis



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Introduction

Foreword

From having to being: how China's consumers are shifting their priorities to align with personal development goals.

China's consumer market, second only to the US, is key to both domestic and international brands. While the buying behaviours of luxury consumers have been well-documented and formed the focus of our last survey, *Chinese luxury brand consumers - A generational, gender and city-tier analysis*¹, more recent shifts in consumer preferences in the wake of the pandemic are less well-known. This new study seeks to investigate trends in buying behaviour that show a shift away from material goods towards more experiential spending.

As the global economy stalled in 2020, *China's economy grew by 2%*² and is on track to grow by 8%³ in 2021, according to the World Bank and the International Monetary Fund. Chinese consumers are enjoying more disposable income, particularly in Tier-1 and New Tier-1 cities⁴, where economic activity is centred. Luxury brands, where high craftsmanship and authenticity are core, continue to attract consumers in China, but they are not the sole focus of consumer wish-lists.

Instead, new categories of growth are emerging and with them, new opportunities. In the post-pandemic economic environment, urban Chinese are looking to experiences – whether they be fine dining, cultural events, gym membership or further education – to enhance their lives.

As our previous study noted, attitudes to consumer spending are not homogenous and different generations and genders have different priorities. Understanding how both age and gender affect consumer choice in China, will be increasingly important for brands looking to expand in what continues to be the world's fastest-growing consumer market.

As the Chinese consumer market matures, Mazars, with the support of Accor, Bulgari, Maserati, Rémy Cointreau Group and Noblesse, an omnimedia platform for Chinese luxury consumers, is excited to bring new insights from its recent survey, *Chinese consumers in 2021: how priorities in lifestyle consumption are changing - a generational, gender and city-tier analysis*. This study examines consumer lifestyle preferences among men and women across generations and cities and reveals some new trends that will define the Chinese consumer market in the coming years.



Julie Laulusa

Member of the Group Executive Board - Managing Partner of Mainland China

1. <http://www.mazars.cn/Home/Insights/Latest-News/Chinese-luxury-brand-consumers>

2. <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG?locations=CN>

3. <https://www.imf.org/en/Countries/CHN>

4. New first-tier cities: Chengdu, Hangzhou, Chongqing, Xi'an, Suzhou, Wuhan, Nanjing, Tianjin, Zhengzhou, Changsha, Dongguan, Foshan, Ningbo, Qingdao and Shenyang



Introduction

Executive summary

This large survey, based on data collected in Q2 2021, builds on the insights of our previous report, *Chinese luxury brand consumers - A generational, gender and city-tier analysis* and expands its focus beyond luxury spending to the five largest consumer categories. These are: experiences (including travel, fine dining and nightlife); wellness; luxury goods; education; entertainment and cultural life.

As before, we have analysed responses by key generation (Baby Boomers; Generation X; Millennials and Generation Z), by Tier 1, New Tier 1 and Tier 2 cities and by gender. The results show a significant shift across all age-groups and residents in attitudes to spending: in fact, three-quarters of respondents say their lifestyle consumption has changed since the outbreak of the pandemic. The least affected were the affluent citizens of first-tier cities where almost 30% say their spending remained unchanged during the pandemic.

The major shift is away from luxury goods in favour of educational and cultural categories. China's consumers are moving away from consumer goods to consumer services; away from material goods to experiences and self-improvement.

Key findings by each consumer category are

Experiences: Experiential consumption is the largest category by spend with almost 70% of respondents spending "considerably" on travel, food and nightlife. China was the first country to emerge from the pandemic and, while overseas travel continues to be dampened by restrictions, domestic tourism and food and beverage bounced back on a wave of pent-up demand. Most trips are short breaks with 40% taking holidays lasting less than three days and only 8% spending over a week away. Most popular with Millennials, all generations are increasing their investment in experiences. During the May Day holiday in 2021, domestic tourism recovered to 103% of pre-pandemic levels.

70 %

of respondents say they spent considerably on experiential consumption (travel, food, and nightlife).

Wellness: Physical and mental wellbeing spending is the second largest category, led by gym and sports club memberships, across all generations (except Gen Z). Consumption preferences vary with age: Baby Boomers and Gen Xers focus on TCM (Traditional Chinese Medicine) treatments, Millennials spend the most on sports and beauty services, and Gen Zers are keen on keeping slim. Three-quarters of male Millennials work out, slightly ahead of Gen Zers (72%).

75 %

of male Millennials work out at a sports club.

Luxury goods: Demand for luxury goods has dropped significantly. We see a marked change in Gen X, last year a major spender on luxury goods but now planning to invest more on wellness activities. Millennials are expected to become the major luxury goods purchasers, followed by Gen Z. The pandemic has influenced sub-categories here: while we see a drop in perfume and cosmetics, spending on electronics was second only to apparel this year. With cross-border travel severely limited, luxury goods are all bought in local retail stores or online. Gen Z, unsurprisingly, leads e-commerce purchasing, and also electronics: 80% of Gen Z men have bought electronics in the past year.

63 %

of Gen Zers purchase luxury products on brand's websites.

Introduction

Executive summary

Education: Currently, the most popular training programmes are for vocational skills, personal hobbies, foreign languages, further education and taste-development. The youngest generations, Gen Zers and Millennials, especially women, show the strongest desire to pursue further study in the next two years. Within education, different generations are pursuing different aims: Baby Boomers want to develop new tastes, Gen Xers want to cultivate hobbies, Millennials are targeting vocational skills and further education, and Gen Zers put more emphasis on foreign language learning. The flowering of self-improvement for personal satisfaction and job enhancement is a trend we believe will grow in coming years.

69 %

of respondents want to spend on vocational skills.

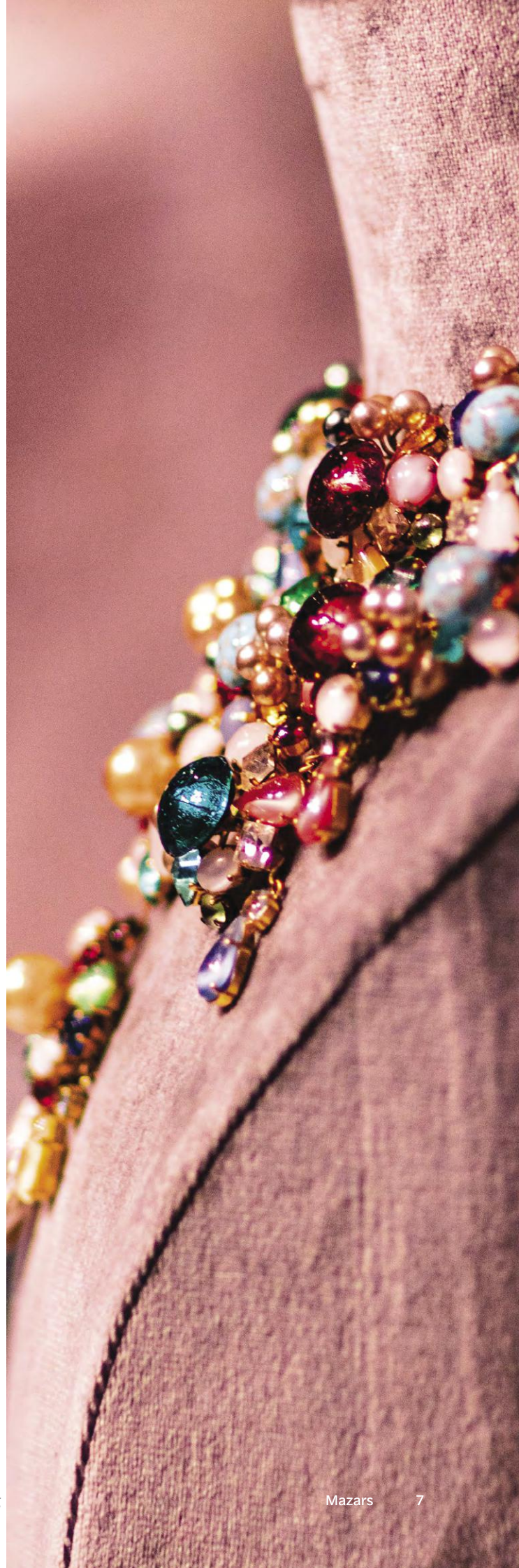
Entertainment and cultural life: Baby Boomers, perhaps because they are most likely to be retired and therefore have the most spare time, show the strongest interest in entertainment activities. Film, live performances, and cultural exhibitions lead the bill for Baby Boomers and Gen Xers, while Gen Zers are more interested in visiting landmarks made famous on social media and attending fashion events.

For all the data showing a shift toward experiences, the pandemic inevitably caused a dip in spending on experience (of 10%) as lockdowns kept people in their homes. However, only about 10% of consumers have reduced their spending on wellness, education and pets, as spending in these areas is less flexible.

Chinese consumers are optimistic about their spending plans in these areas and the contribution investment will make to their happiness. Most Baby Boomers and Gen Xers report that they will be living their ideal life within three years: Gen Zers believe it will take them a little longer. Nearly half of the consumers we surveyed are willing to spend 10,000-50,000 yuan per year (\$1565 - \$7825) to live their ideal life. Millennials with their higher incomes are more willing to spend over 50,000 yuan (\$7825) per year, while the younger Gen Z tends to spend less.

30 %

of surveyed consumers are willing to spend more than 50,000 yuan per year to live their ideal life.

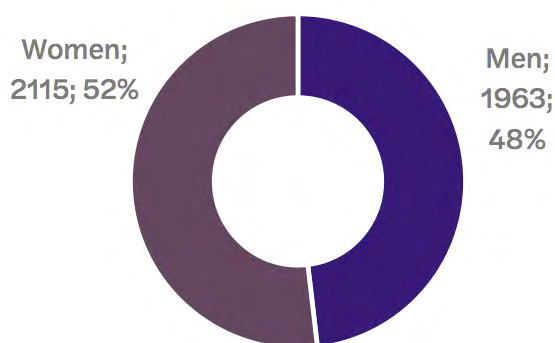


Introduction

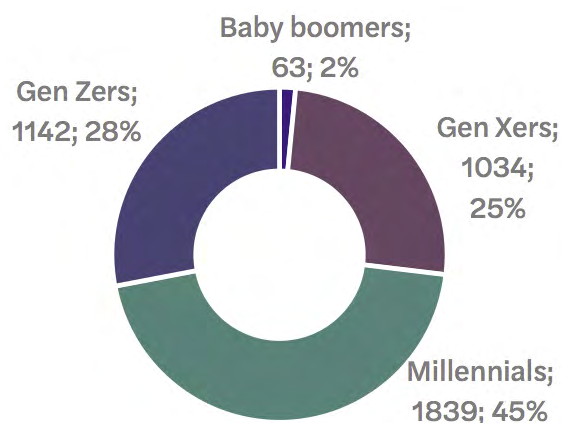
Methodological notes

- The survey was conducted in Mainland China during Q2 2021 and resulted in 4,078 valid responses. The composition and distribution of the sample population are outlined below.
- We divided Chinese consumers into four age groups: Baby Boomers (aged 56 to 74 as of 2021), Generation X (aged 39 to 55), Millennials (aged 26 to 38) and Generation Z (aged under 25). Due to the smaller sample size of Baby Boomers, the value of this category is reduced – but is retained to allow for comparisons with the other three.
- Through an online questionnaire, the survey investigated how lifestyle consumption has changed since the outbreak of the pandemic and asked about Chinese consumers' future ideal lifestyles. The in-depth questions were designed to explore the categories of lifestyle consumption, the specific content of different categories, and the amount and frequency of consumption.

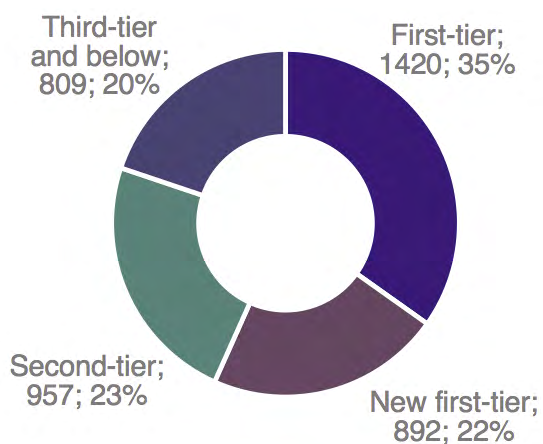
Gender



Generation



City



Introduction

Lifestyle consumption classifications

Classification of lifestyle consumption categories

Category	Definition	Examples
Experiences	Spending on recreational activities	Travel, food, hotel, etc.
Wellness	Spending on activities to maintain physical fitness and psychological wellbeing	Health maintenance, fitness, sports, etc.
Luxury goods	Spending on luxury goods or expensive products	Clothing, shoes and hats, jewellery and watches, electronic products, etc.
Education	Spending on self-improving educational programs or training	Further education, foreign languages, vocational skills and hobbies, etc.
Entertainment and cultural life	Spending on cultural activities and entertainment	Reading, visiting museums, going to concerts, attending fashion weeks, etc.
Pets	Spending on pet supplies and related services	Pet food and grooming, etc.
Private clubs	Spending on pet supplies and related services	Such as wine, equestrian, or yacht clubs

Chapter 1

Chinese consumer lifestyle consumption over the past year



1.1 Chinese consumers spend most on experiences, with Millennials and Gen Zers the biggest spenders

Over the past year, the top seven spending areas for Chinese consumers have been: experiences, wellness, luxury goods, education, entertainment and cultural life, pets and private clubs.

Nearly 70% of respondents say they spent considerably on experiential consumption (travel, food, and nightlife), and nearly 50% spent a large portion on wellness activities, the second major expenditure. Experiential consumption has been affected by the outbreak of Covid-19. However, because the pandemic has been relatively well contained since May 2021, domestic tourism and the food and beverage industries have begun to recover as pent-up consumer demand was unleashed. Although consumers need to be more cautious when traveling and dining in public areas due to epidemic prevention and control procedures, consumers still have a strong craving to get out and experience the world.

Our survey shows that Millennials and Gen Z have spent much more on experiential consumption than the other older generations. Growing up in a period when China's economy was already considerably developed, many Millennials and Gen Zers have long had access to consumer goods and a wide range of media, and have developed an expanded outlook. Compared to Baby Boomers and Gen X, Millennials and Gen Zers are more eager to spend freely and consume than the older generations. These two younger generations have distinct preferences because they are very comfortable in the digital world and are exposed to and influenced by different media. As a result, younger consumers may prefer to visit popular places to take photos, and enjoy hotels and restaurants recommended by internet celebrities and short video platforms. They believe that this type of experiential consumption reflects a younger attitude.

It is worth noting that thanks to the economic and social development of first-tier and new first-tier cities, consumers in these cities are very willing to invest in experiential consumption.

Figure 1 - The top seven spending areas for Chinese consumers
Percent of respondents

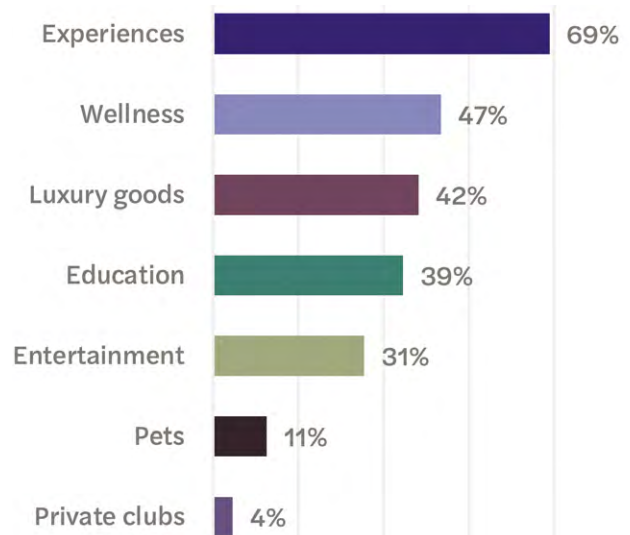


Figure 2 – Experiences: age-group comparison
Percent of respondents

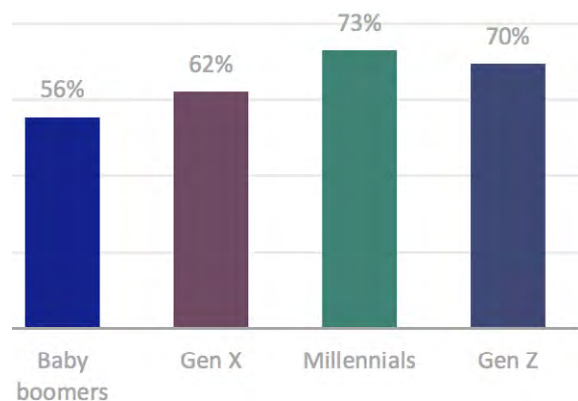
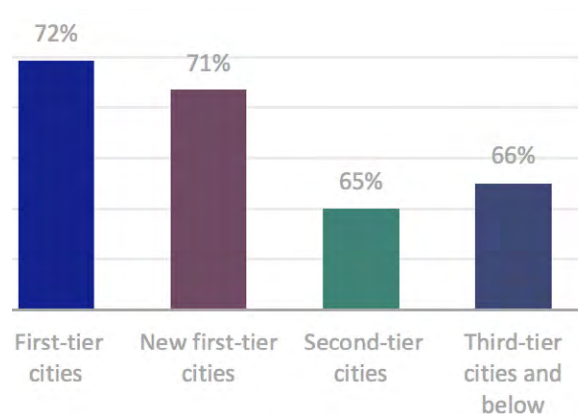


Figure 3 – Experiences: city-tier comparison
Percent of respondents



1.2 Travel boom continues despite Covid-19, and new first-tier city inhabitants traveling more

Nearly 80% of respondents who rank experiential consumption highly have spent on travel, vacation or luxury hotels over the past year (the vast majority of this would be domestic), which indicates that Chinese consumers are expecting travel to be a normal part of their life.

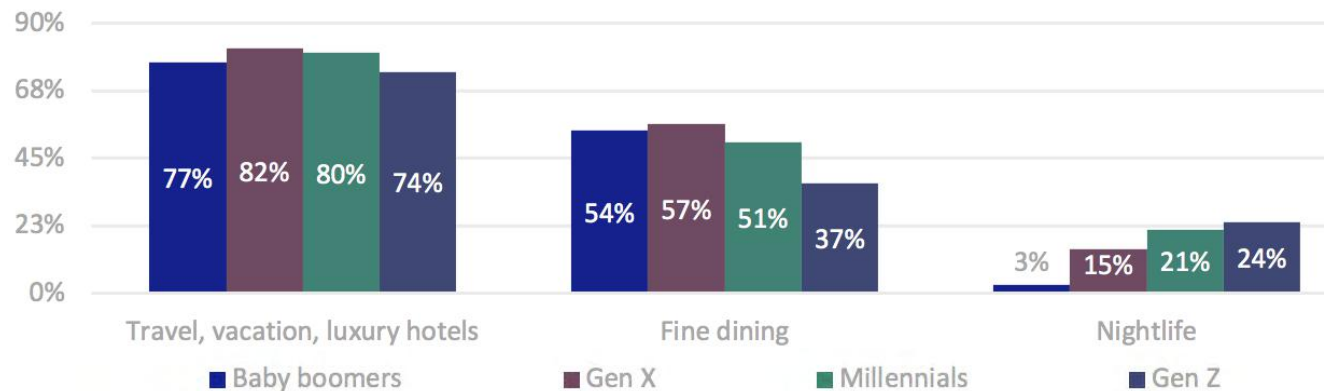
Gen Xers are the major spenders on travel (82% rank it first), followed by Millennials (80%). Interestingly, however, Millennials spend the most on a single trip (58% spend more than 10,000 yuan per person per trip).

When comparing cities, we find that 83% of respondents in new first-tier cities had made holiday trips, slightly higher than the 79% of respondents in first-tier cities (79%); however, per person spending on a single trip by new first-tier city respondents is notably lower than that in first-tier cities. This indicates that to some extent, consumers in new first-tier cities are very eager to consume and have the means to do so.

During the May Day holiday 2021 (1-5 May), China's domestic tourism recovered to 103% of the pre-pandemic level. It is foreseeable that, as China accelerates its Covid-19 vaccination rate, consumer demand for experiential activities will grow further.

Perhaps due to their constrained incomes, Gen Zers spent much less on one-off consumption (travel, fine dining, etc.) than other age groups, but much more on nightlife. Furthermore, women (52%) are more enthusiastic about fine dining than men (44%). Higher-tier cities spent more than lower-tier cities, presumably due to differences in economic resources, as well as differing ideas about the reasons to consume.

Figure 4 – Experiences: age-group comparison
Percent of respondents



1.3 More Chinese consumers are choosing medium-to-long distance travel when going on vacation

More than half of the respondents spend four to seven days per trip and nearly 40% of them take less than three days per trip.

Comparing generations, Millennials form the largest component of the longer time-span holiday makers, while Gen Zers are more interested in shorter vacations.

It is worth noting that only 8% of consumers spend over a week on vacation. As Baby Boomers have more leisure time, they can take more long-distance travel than other groups.

Figure 5 – How long do you spend on a luxury vacation? (Generation comparison)
Percent of respondents

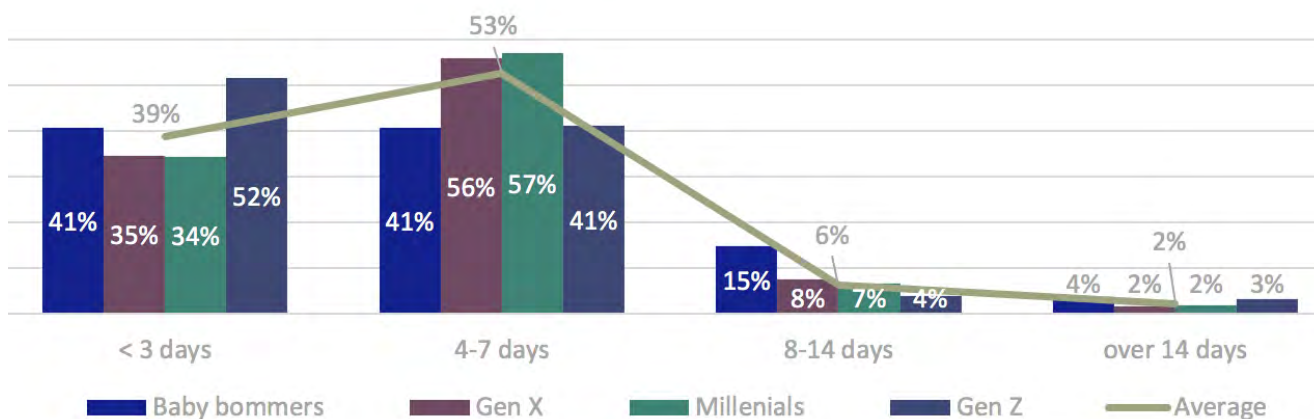
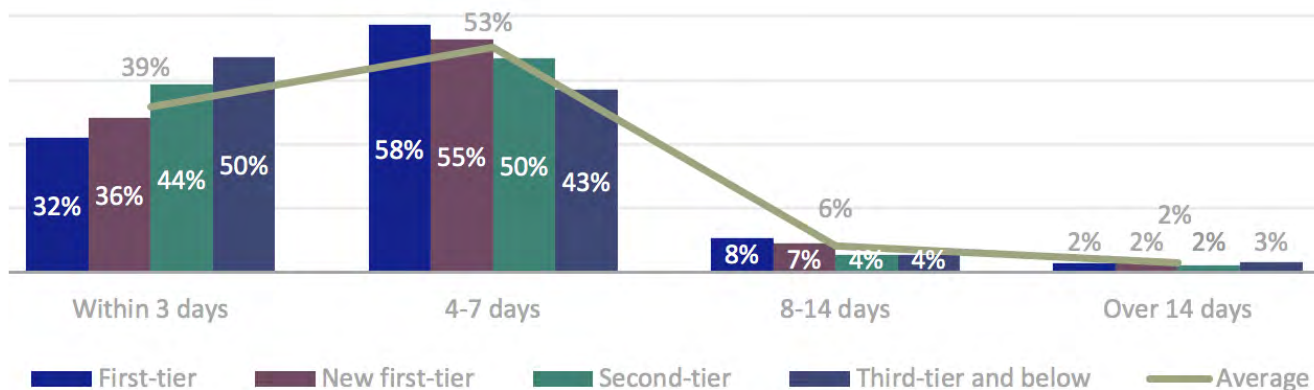


Figure 6 – How long do you spend on a luxury vacation? (City-tier comparison)
Percent of respondents



1.4 Men are more likely to spend more on nightlife and consumers in first-tier cities buy more spirits

Regarding spending on nightlife, 27% of men rank it higher than women (14%) and, unsurprisingly, as consumers get older they rank nightlife as less important. It is interesting to note that nightlife consumption in new first-tier cities and below is much higher than in first-tier cities.

The survey shows that the most popular alcohol for respondents is wine, followed by Chinese Baijiu, spirits and cocktails. Women buy more wine and cocktails than men in all age groups, while males buy more Baijiu. In the age-group comparison, Gen Xers spend more on wine and Baijiu than other generations, while Gen Zers consume the most cocktails.

Consumers in first-tier and new first-tier cities spend significantly more on wine than those in other cities while consumers in third-tier cities and below have a greater preference for Baijiu than those in other cities. Respondents in first-tier cities spend the most on spirits.

Figure 7 – Experiences: gender comparison
Percent of respondents

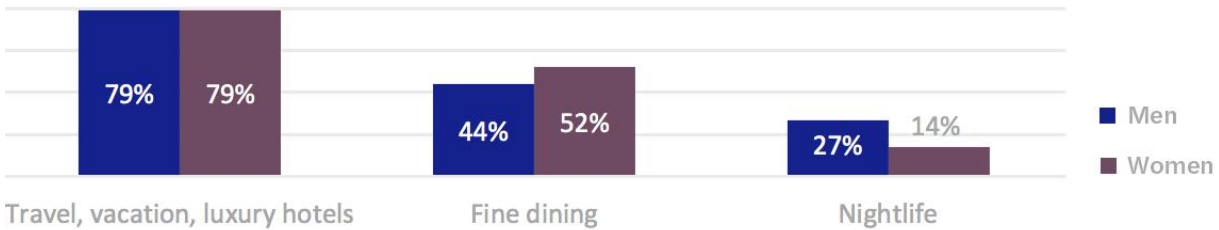


Figure 8 – Experiential consumption: city-tier comparison
Percent of respondents

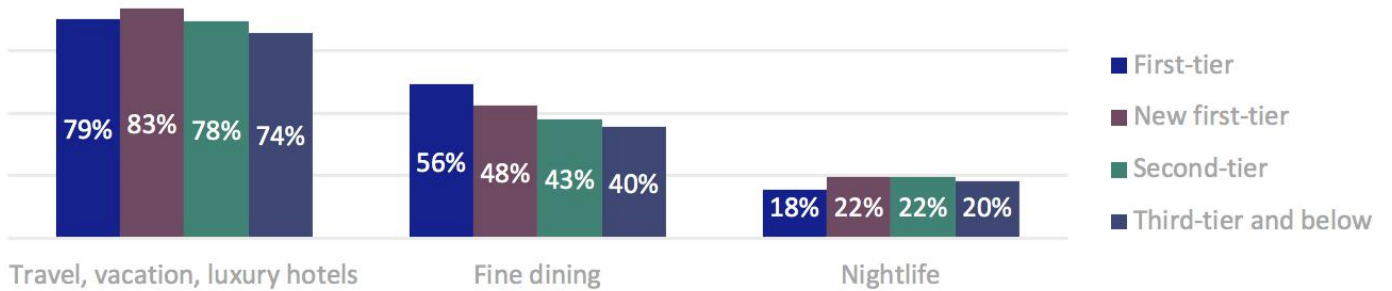
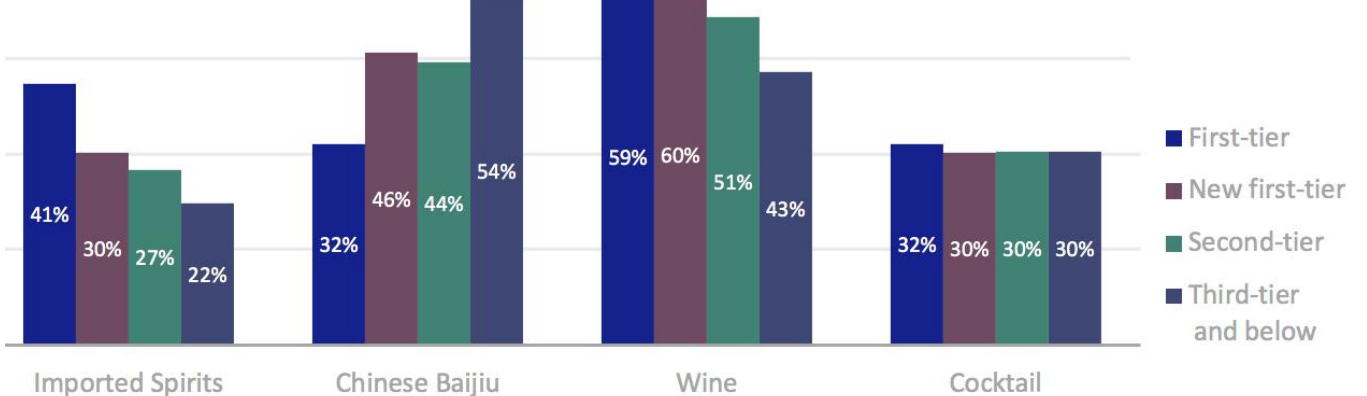


Figure 9 – Alcohol purchases: city-tier comparison
Percent of respondents



1.5 Wellness has become one of the major expenditures

As for lifestyle consumption, spending to maintain physical fitness and psychological wellbeing was ranked the second major lifestyle expenditure, just behind experiential consumption.

The consumption preferences of each age group vary though: Gen Xers and Baby Boomers are the biggest fans of both experiential and wellness activities, Millennials rank this second, while Gen Zers rank it fifth. It is worth mentioning that men are keener on physical and mental health care than women.

Table 1 – Ranking of lifestyle expenditures

	Baby Boomers	Generation X	Millennials	Generation Z	Men	Women
1	Experiences	Experiences	Experiences	Experiences	Experiences	Experiences
2	Wellness	Wellness	Wellness	Education	Wellness	Luxury goods
3	Entertainment	Luxury goods	Luxury goods	Luxury goods	Education	Wellness
4	Luxury goods	Entertainment	Education	Entertainment	Luxury goods	Education
5	Education	Education	Entertainment	Wellness	Entertainment	Entertainment
6	Pets	Pets	Pets	Pets	Pets	Pets
7	Private clubs	Private clubs	Private clubs	Private clubs	Private clubs	Private clubs

1.5 Wellness has become one of the major expenditures

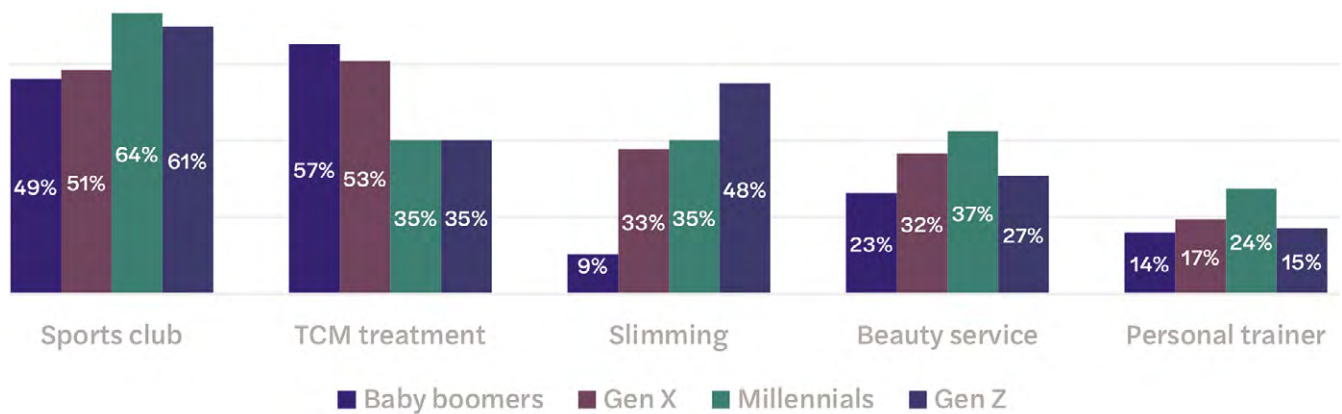
Among those who spend on wellness activities, being part of a sports club is the first choice and TCM treatment is the second choice (Gen Xers and Baby Boomers spend more of their budget on TCM). These choices indicate that Chinese consumers are very conscious of fitness and health, and are still using exercise to maintain their health during the pandemic. Chinese consumers, typically health-conscious, are increasing their spending on health and disease-prevention as their disposable income increases.

The fitness industry only began to make serious inroads into China after China won the right to hold the 2008 Olympics, and as a result fitness clubs began to spring up. However, as per capita income in

China was relatively low at that time and the annual membership was expensive, club membership accounted for a disproportionately high percentage of income, resulting in only a small number of Baby Boomers and Gen Xers being able to invest in membership. With the increase in national income and the increased number of fitness clubs in recent years, an increasing number of young consumers have joined a sports club.

It is especially interesting that Millennials spend significantly more on gym memberships, beauty services and personal trainers than other age groups. Gen Zers also prioritise slimming more than the other generations do.

Figure 10 – Wellness: generational comparison
Percent of respondents



1.6 Wellness: men spend on fitness, and women on beauty and slimming

The survey found that gender can significantly influence consumer preferences: Men are more likely to spend more on fitness activities (sports clubs or personal trainers, etc.) while women spend more on beauty services and slimming.

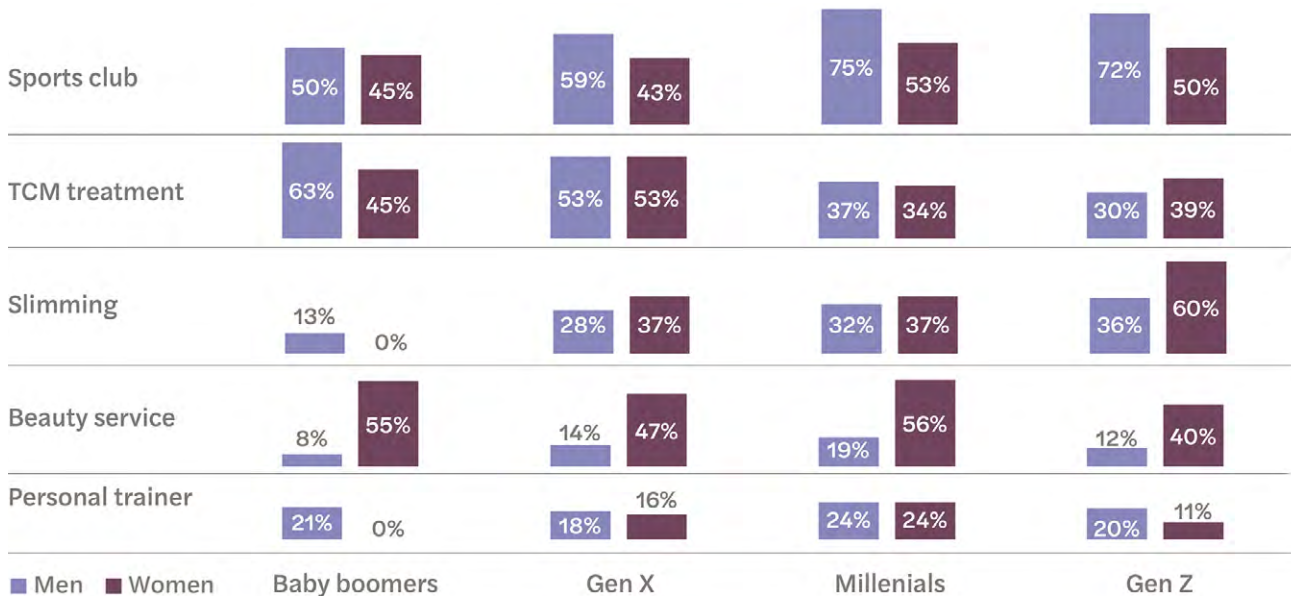
Among those spending to maintain physical fitness and psychological wellbeing, three-quarters of men Millennials, the highest proportion amongst the generations, work out at a sports club, followed by men

Gen Zers (72%). This shows the high enthusiasm of young men for exercise, fitness and body image. Though women invest significantly less in sports clubs than men, the gap notably narrows when it comes to the use of personal trainers, with women and men Millennials being top users of their services.

It is worth mentioning that women Gen Zers use slimming products and services much more than any other age group.

Figure 11 – Wellness: generational and gender comparisons

Percent of respondents

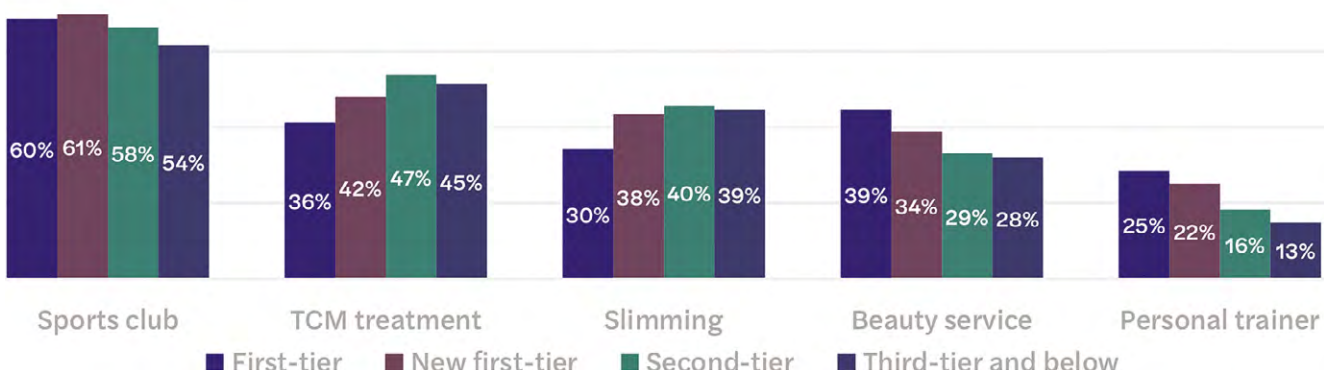


Comparing cities, respondents in higher-tier cities spend more on sports clubs than those in third-tier cities and below; consumers in first-tier cities invest the most in beauty services and personal trainers, and the least on slimming and TCM treatments; and consumers in second-tier cities are keen on TCM treatment and slimming.

In terms of consumption amount, due to differences in purchasing power, the unit price spent by Gen Zers is much lower than that of the older age groups. Consumers in first-tier cities spend significantly more than those in other cities.

Figure 12 – Wellness activities: city-tier comparison

Percent of respondents



1.7 Women spend more on luxury goods than men

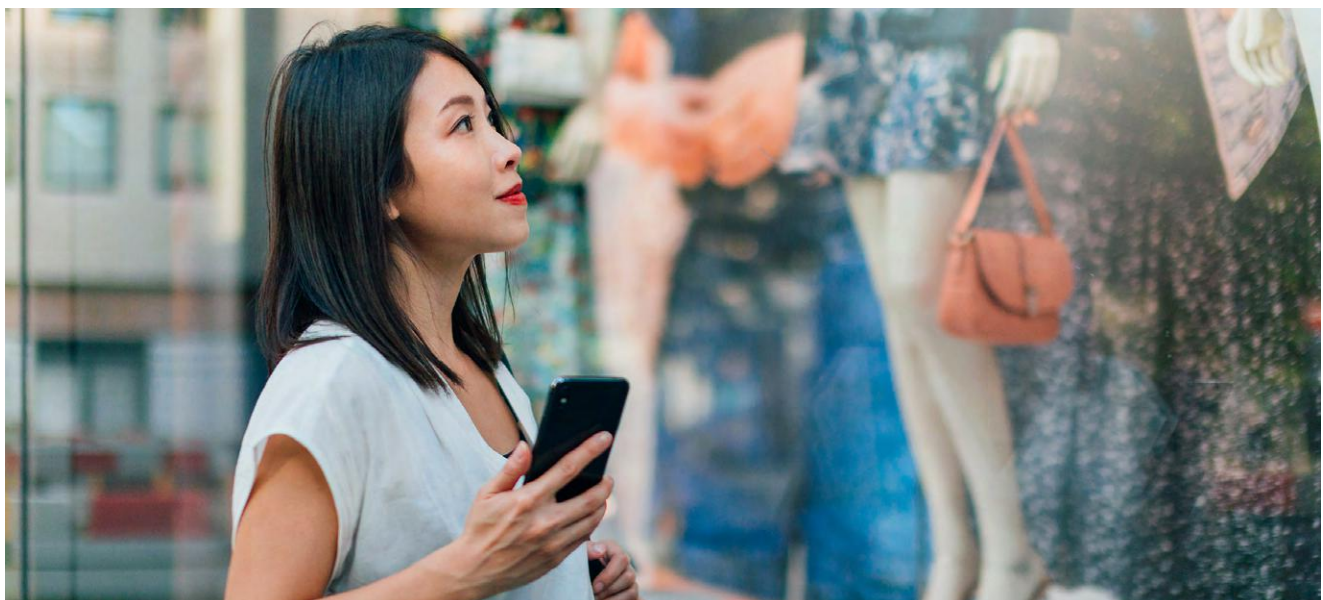
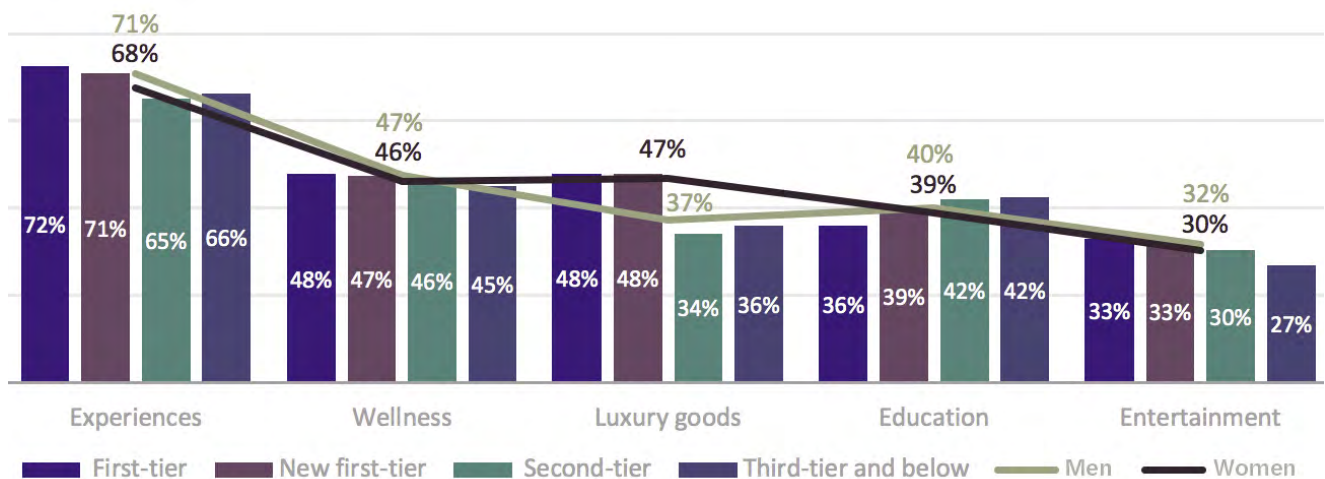
Men and women have different preferences regarding lifestyle consumption. After experiential consumption, the second expenditure for men is wellness, followed by education and luxury goods; while for women it is luxury goods, then wellness and education.

The proportion of women who choose to spend on luxury goods across all city-tiers is on average about 10% higher than that of men, with clothing, shoes and hats, luggage and leather goods, and perfume and cosmetics in order of their preferred choices. Nearly 60% of women buy these luxury goods more than three times a year.

Comparing cities, consumers in the first-tier and new first-tier cities invest much more in luxury goods than those in the second-tier cities and below, with similar differences seen in experiential and entertainment consumption; respondents in second-tier cities and below spend far more on education than people in the first-tier and new first-tier cities.

Figure 13 – Lifestyle consumption: city-tier and gender comparisons

Percent of respondents



1.8 Luxury purchases: electronic products more in demand, perfume and cosmetics less

According to the survey, the most common luxury goods purchased by Chinese consumers are clothing, shoes and hats, which is consistent with the findings of our pre-pandemic survey.

However, we found that perfume and cosmetics have dropped from second to fifth in consumer preference, while electronic products have jumped to second place over the past year.

Due to the pandemic, the "masked lifestyle" led consumers to wear less makeup, affecting sales

of perfumes and cosmetics. At the same time, the pandemic accelerated the move into digitalisation, making electronic products more popular than before. Nearly 80% of Gen Z men have bought electronic products over the past year.

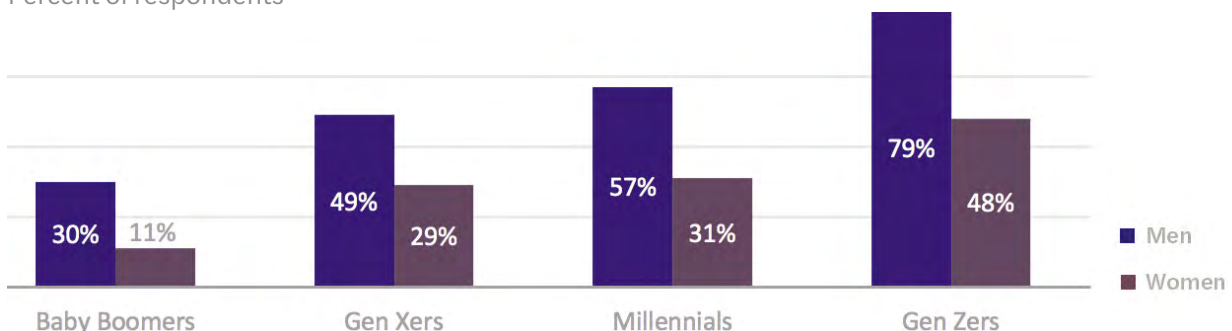
Figure 14 – Luxury goods purchases in the past year
Percent of respondents



Figure 15 – Luxury goods purchases before the pandemic
Percent of respondents



Figure 16 – Electronic products consumption: generational and gender comparisons
Percent of respondents



1.9 Consumers in first-tier cities have the biggest budgets but Gen Zers are the least likely to spend big on luxury cars

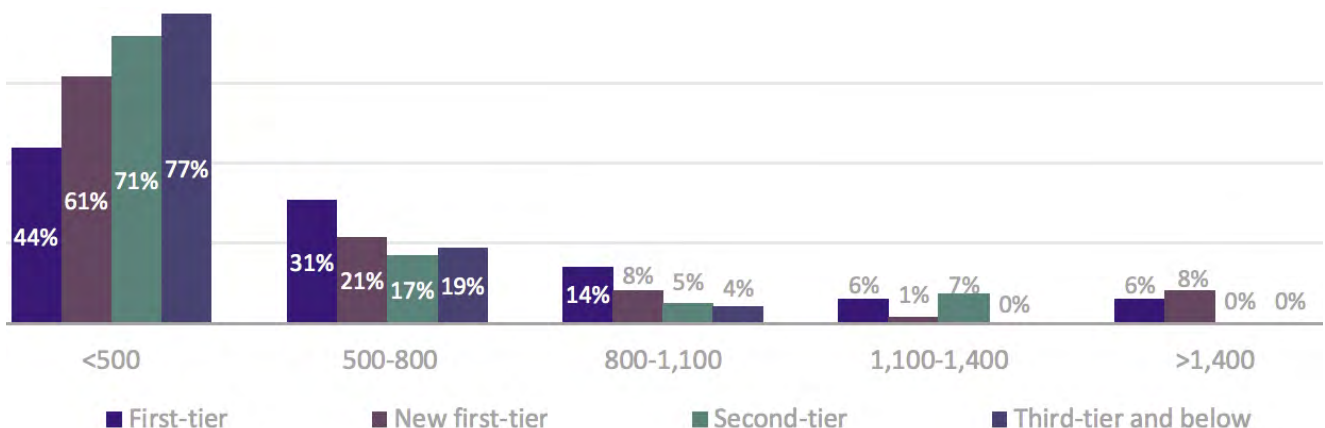
Among consumers who bought luxury goods over the past year, 14% bought cars. Nearly 60% of consumers would pay less than 500,000 yuan for a car while around 10% of consumers would pay above 1.1 million yuan. It is worth noting that women are more likely to pay more for a car than men.

In generational terms, due to the limited purchasing power, Gen Zers will probably pay less than the other generations as they accounted for the largest group among those ready to spend more than 500,000 yuan for a car and the smallest group of those ready to pay more than 800,000 yuan for a car.

Consumer willingness to pay more for a luxury car is highly dependent on where they live. Consumers in first-tier cities have the biggest budgets for luxury cars - 26% are prepared to pay over 800,000 yuan and 12% would pay over 1.1 million yuan. However, most consumers in third-tier cities and below have a budget of no more than 500,000 yuan, and no one is willing to spend more than 1.1 million yuan on a car.

Figure 17 – Expected car purchase price: city-tier comparison (K'RMB)

Percent of respondents



Among past year's luxury consumers

14%

bought a car

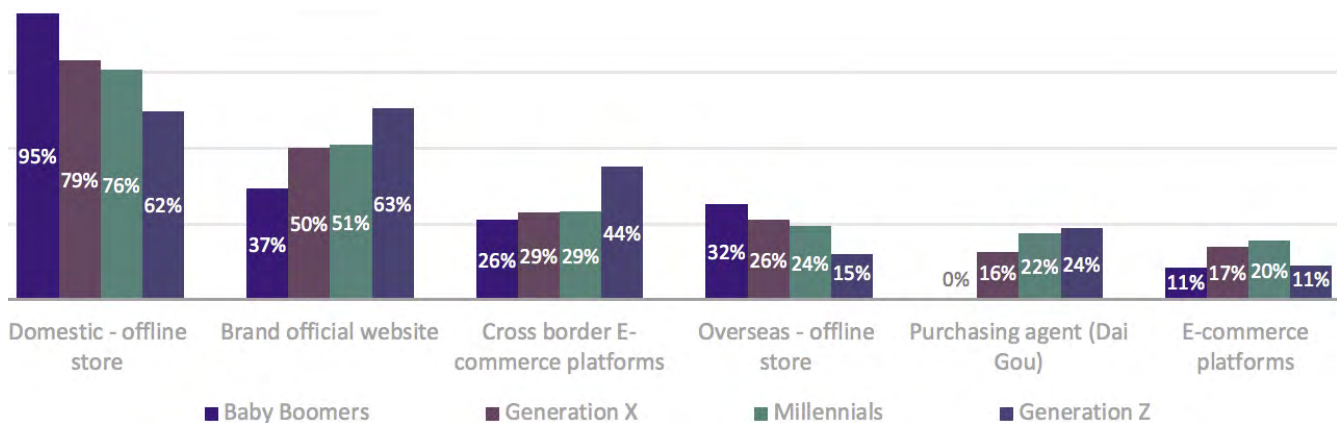
1.10 Domestic purchasing channels are popular but Gen Zers prefer online shopping

Physical stores, brand websites, and e-commerce platforms have become the major channels for the purchasing of luxury goods. A relatively small proportion of consumers choose overseas channels, e.g., overseas physical stores, purchasing agents and cross-border e-commerce platforms.

Cross-border travel is currently restricted due to Covid-19, which has increased demand in the domestic luxury goods market. It's not uncommon to see consumers queuing to enter luxury brand retail outlets as consumers are expecting prices to increase due to higher demand.

Comparing age groups, Gen Zers are the major users of online channels, such as brand websites, e-commerce platforms and purchasing agents. Born in the internet era, online shopping is an easy choice for Gen Zers.

Figure 18 – Where luxury products are purchased: generational comparison
Percent of respondents



As comfort with buying luxuries online continues to grow, only 10% of respondents do not support luxury brands or service providers opening flagship stores on e-commerce platforms. Online luxury shopping is highly accepted among Gen Zers but, as can be expected, the degree of acceptance

decreases with age. Consumers in lower tier cities show higher acceptance than those in higher tier cities – perhaps because they have fewer physical luxury retail options. However, when it comes to live-stream marketing, only 30% of the respondents say they strongly welcome it.

Figure 19 – Attitude towards brands opening flagship stores on e-commerce platforms
Percent of respondents

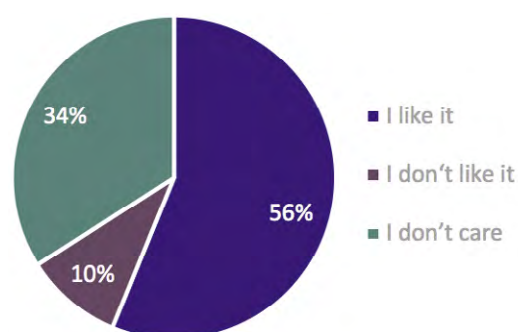
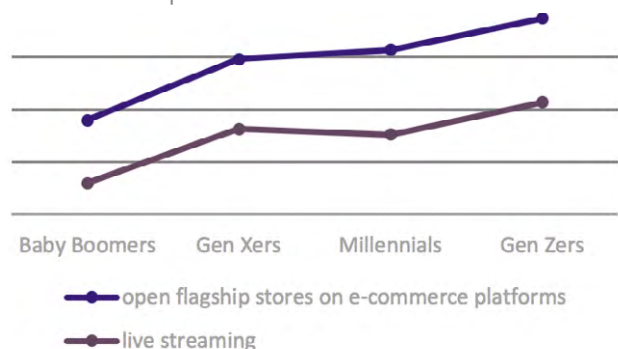


Figure 20 – Consumers who welcome the live streaming shopping and flagship stores-generation comparison
Percent of respondents



Chapter 2

Changes in lifestyle consumption since the pandemic



2.1 The pandemic has had a greater impact on younger consumers

The pandemic has significantly influenced lifestyle consumption as only a quarter of respondents say their expenditure has been unchanged since the outbreak.

The younger the generation, the greater the impact of the pandemic on consumption habits, and only 20% of Gen Zers say their lifestyle consumption has not changed; while more Gen Zers say they have increased their spending than those who say they have decreased their consumption.

Figure 21 – Changes on lifestyle consumption since the outbreak
Percent of respondents

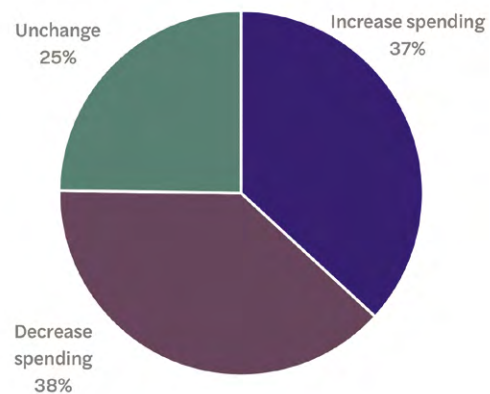
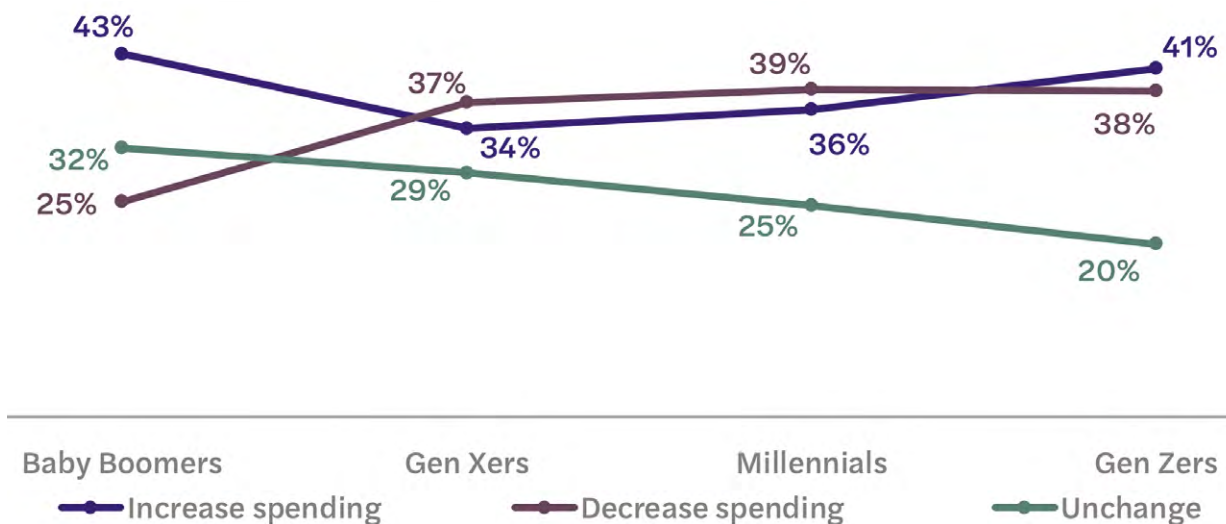


Figure 22 – Changes on lifestyle consumption since the outbreak:
generational comparison

Percent of respondents



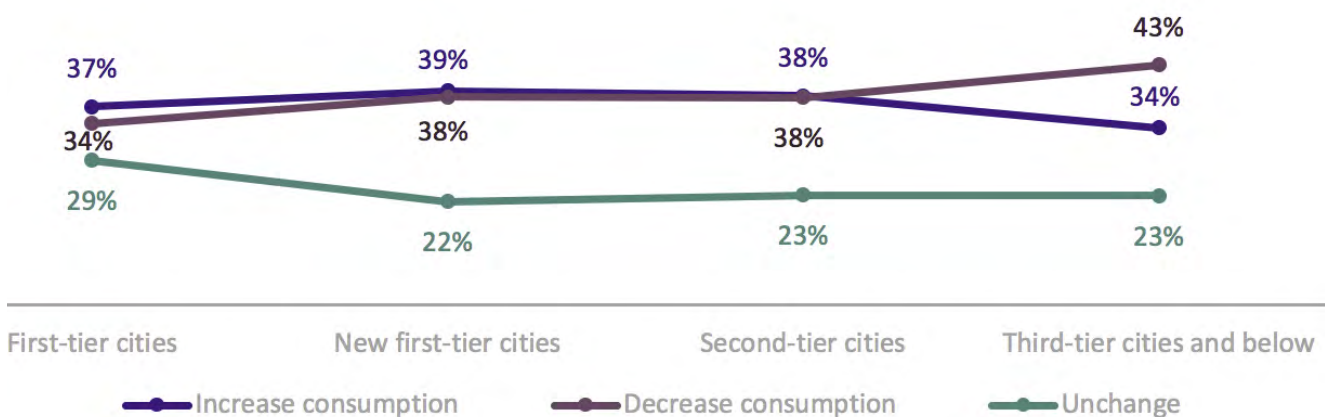
2.2 First-tier cities are the least affected by the pandemic

The pandemic has influenced lifestyle consumption in different cities in a range of ways. Nearly 30% of respondents in first-tier cities say their consumption remained unchanged during the pandemic and only 34% reduced their spending, making them the group least affected by the pandemic.

It is worth noting new first-tier cities have the largest number of people who have increased their lifestyle consumption during the pandemic, which shows the consumption potential in new first-tier cities. Respondents in cities below third-tier cities, the group worst-hit by Covid-19, have both the smallest

proportion of consumers who have increased their spending and the largest proportion of consumers who have decreased their consumption during the pandemic. The Chinese consumer: a g Mazars 23 generational, gender and city-tier analysis.

Figure 23 – Changes in lifestyle consumption since the outbreak: city-tier comparison
Percent of respondents



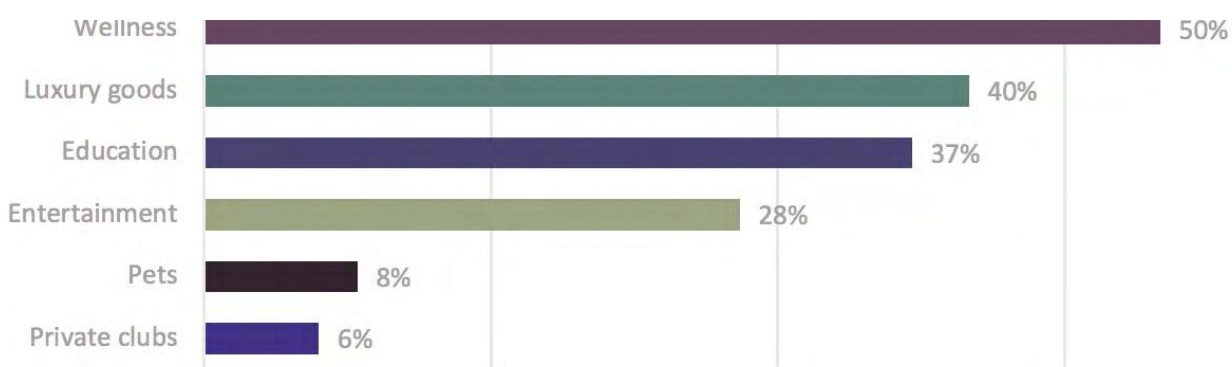
2.3 Experiential and wellness consumption has increased

The ranking of lifestyle spending for Chinese consumers remains the same as before the pandemic.

Experiential consumption still ranks first, followed by wellness activities, but the difference between the two has narrowed from 22% to 4% as different age groups have all significantly increased their spending on wellness.

Figure 24 – Increased expenditure since Covid-19

Percent of respondents



Due to the pandemic, Gen Xers have started to spend more on wellness, making it the preferred avenue for their lifestyle spending. Furthermore, compared to the previous rankings, spending on wellness activities has increased dramatically among Gen Zers, up from fifth to third place, and wellness is now a higher priority for women than luxury goods.

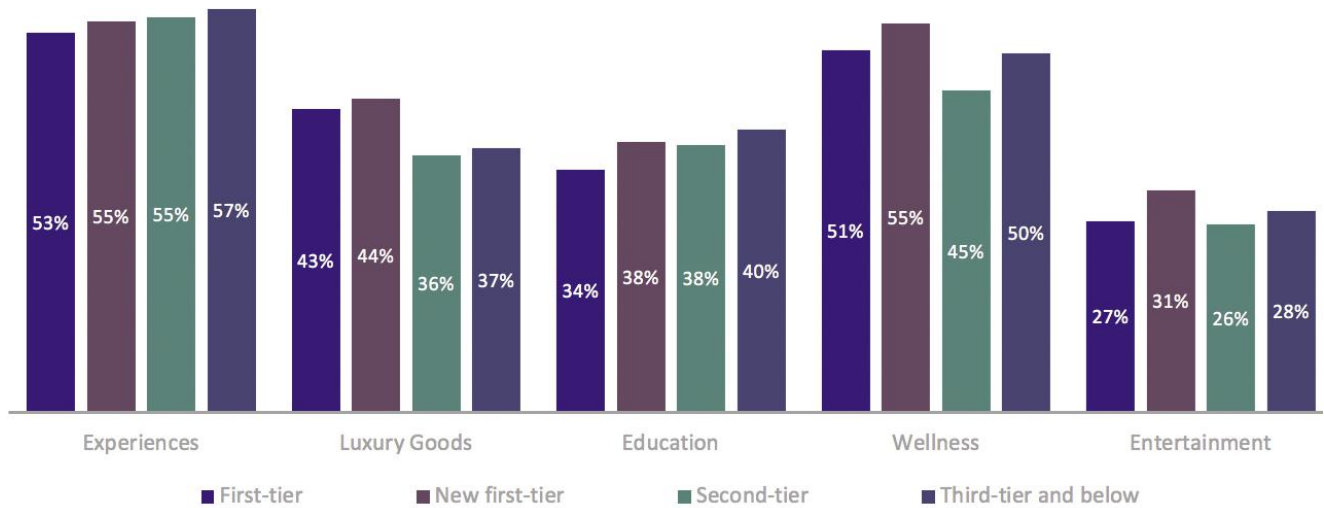
Table 2 – Ranking of lifestyle expenditures

	Baby Boomers	Generation X	Millennials	Generation Z	Men	Women
1	Experiences	Wellness	Experiences	Experiences	Experiences	Experiences
2	Wellness	Experiences	Wellness	Education	Wellness	Wellness
3	Entertainment	Luxury goods	Luxury goods	Wellness	Education	Luxury goods
4	Luxury goods	Education	Education	Luxury goods	Luxury goods	Education
5	Education	Entertainment	Entertainment	Entertainment	Entertainment	Entertainment
6	Private clubs	Pets	Pets	Pets	Pets	Pets
7	Pets	Private clubs	Private clubs	Private clubs	Private clubs	Private clubs

2.4 New first-tier cities show consumption potential

Consumers in different cities have distinctive consumption preferences: those in new first-tier cities show promise as spenders on luxury goods, wellness and entertainment while those in third-tier cities and below are keen on experiential and education consumption.

Figure 25 – Increased expenditure: city-tier comparison
Percent of respondents



2.5 Wellness, education and pet spending are least likely to decrease

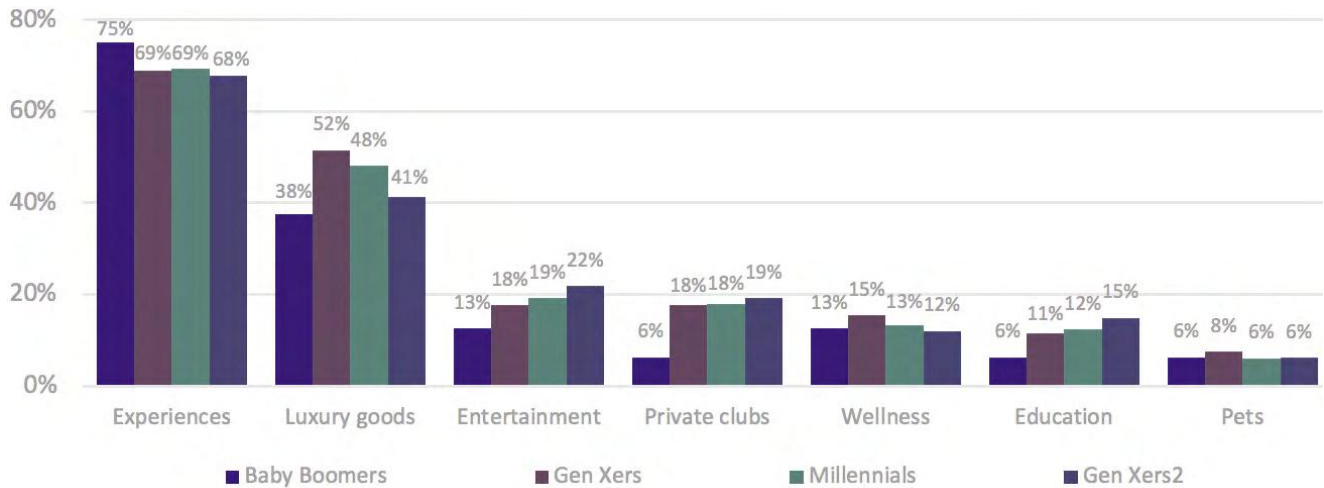
Although experiences top the rankings for consumption levels and pandemic-induced increases, it is the area with the highest proportion of planned budget cuts – followed by luxury goods.

Only about 10% of consumers reduced their spending on wellness, education and pets during the pandemic, as spending in these areas is less flexible.

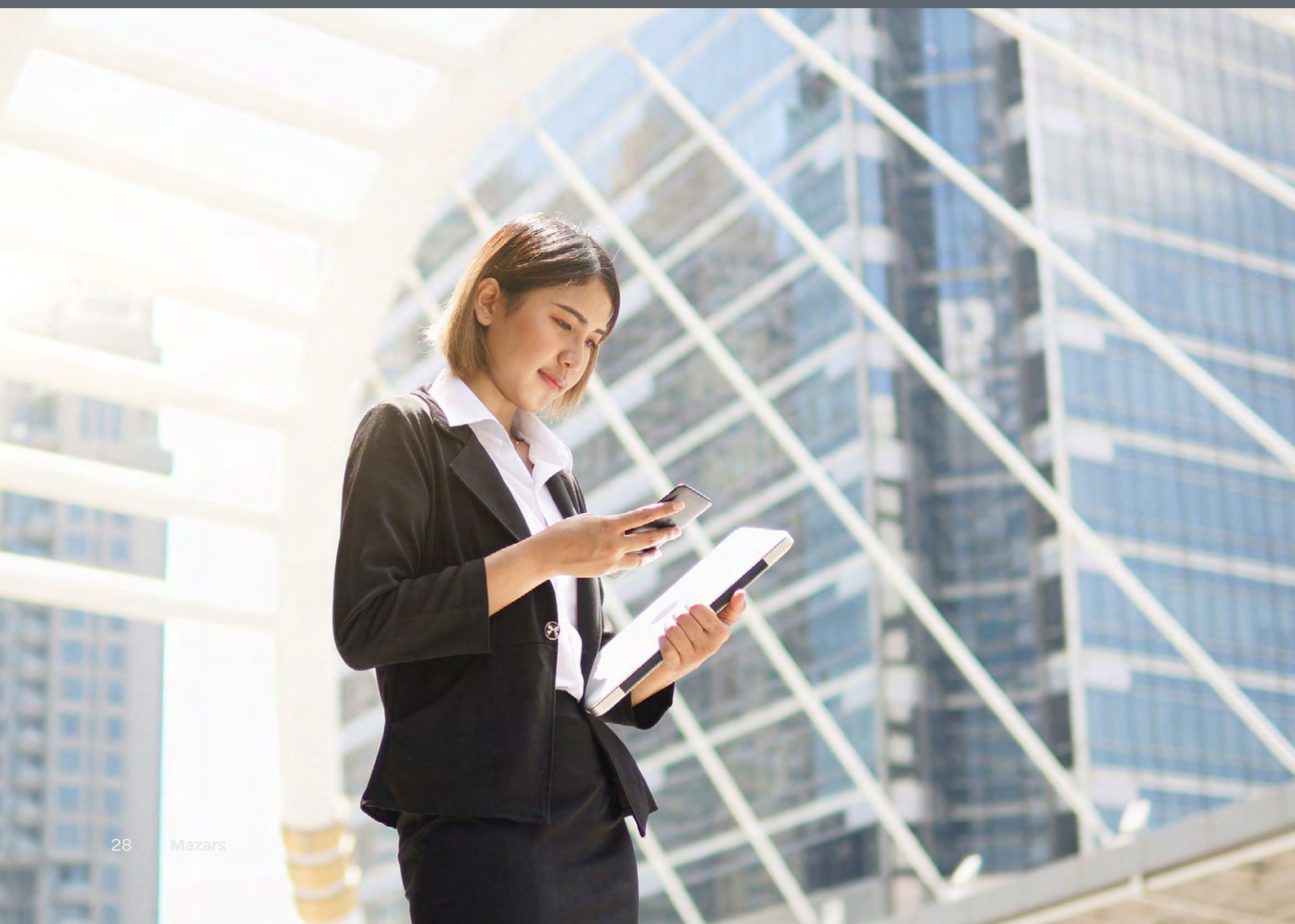
As for disparities between cities, fewer consumers in high-tier cities chose to reduce their spending

on education than in low-tier cities; luxury goods purchasers in second-tier cities cut their budget the most; and people in new first-tier cities spent less on entertainment.

Figure 26 – Increased expenditure since Covid-19
Percent of respondents



Chapter 3
Expectations for increased lifestyle consumption
in the next two years



3.1 Consumers want to increase consumption, particularly younger generations

Over 80% of respondents say they hope to increase their lifestyle consumption in the next two years.

Gen Zers and Millennials are significantly more willing to increase their expenditure than Gen Xers and Baby Boomers, with Millennial men showing the strongest desire, and Baby Boomer and Gen X men showing the least.

According to the city comparison, respondents in new first-tier cities want to increase their lifestyle consumption the most, especially the men.

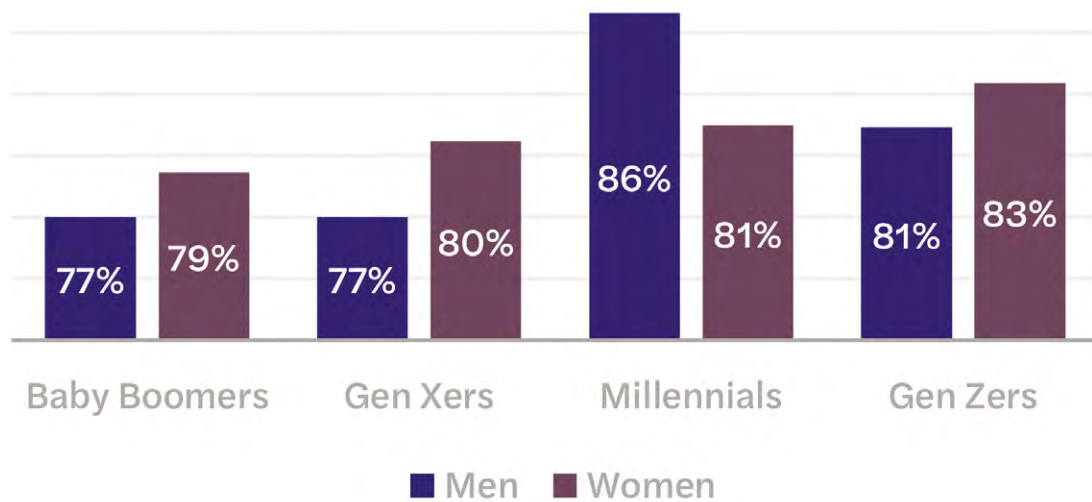
82 %

Gen Zers and Millennials want to increase their expenditure

18 %

Baby Boomer and Gen X want to decrease their expenditure

Figure 27 – Consumers who will increase their expenditure
Percent of respondents



3.2 Consumer enthusiasm for education has grown dramatically

Spending on experience and wellness activities are the most likely to increase in the future.

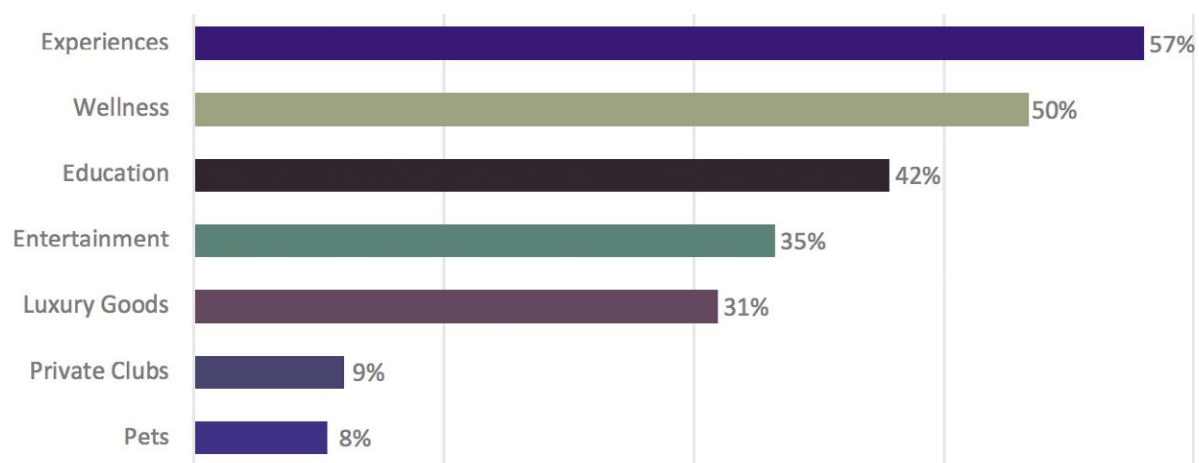
Interestingly, respondents' willingness to invest more in education has grown since our previous surveys – now it ranks third, followed by entertainment, luxury goods, private clubs and pets.

The youngest generations, Gen Zers and Millennials, unsurprisingly show the strongest desire to pursue further study in the next two years – especially

women. Respondents in second- and third-tier cities are also keen to spend in this area. Education for Gen Zers is now the second-most likely expenditure to increase, and is just 1% lower than the spending on experiences. At the same time, Gen Z women are even more willing to spend on education than on experiences.

Figure 28 – Expenditures that are expected to increase within two years

Percent of respondents

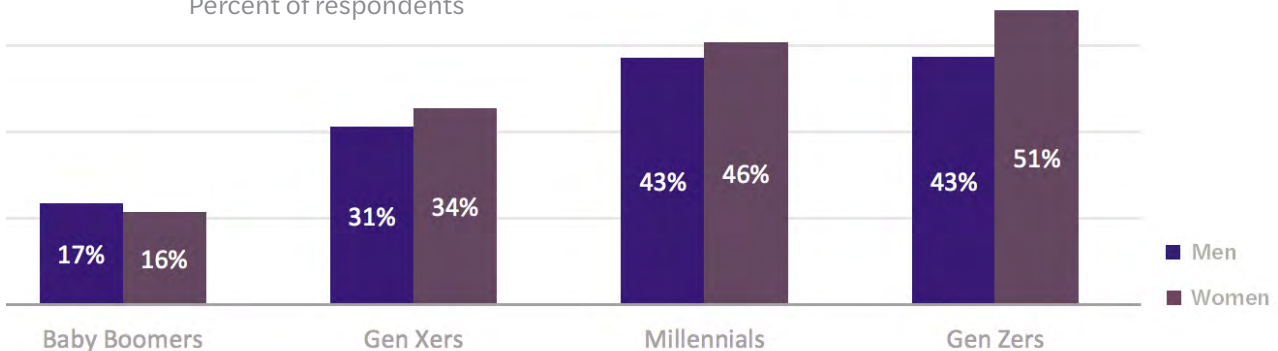


Gen Zers (just graduated or still in school) show a strong desire to continue studying. Influenced by their parents, Gen Xers, Gen Zers clearly know the importance of study. Growing up in a generally

comfortable and supportive family environment, they are able to concentrate on their studies and do not need to rush into work.

Figure 29 – Consumers who are willing to spend more on education: generational comparison

Percent of respondents



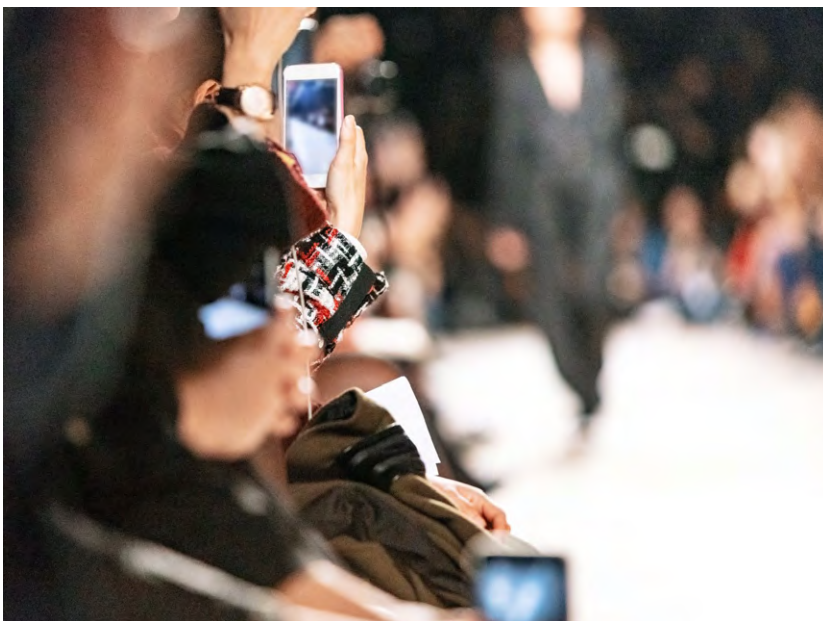
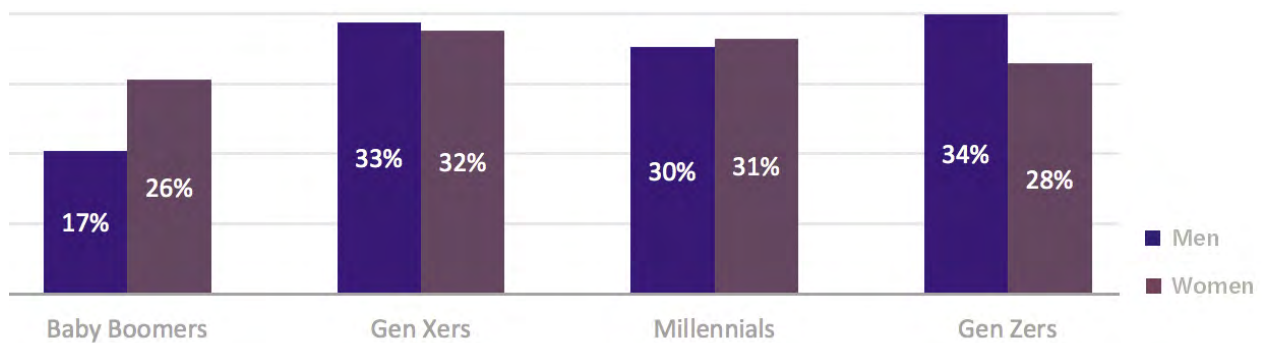
3.3 Demand for luxury goods may fall in the future

Although luxury goods ranks third both in consumption over the past year and in the increased spending even during the pandemic, only 30% of respondents are willing to buy more luxury goods in the next two years, resulting in it ranking just above private clubs and pets.

Baby Boomers show the least interest in increasing their spending on luxury goods and Gen Z women are significantly less willing to invest in this area than the other age groups. As consumption

patterns and categories diversify, a change in the consumption structure across generations, genders and cities is possible.

Figure 30 – Consumers who are willing to spend more on luxury goods: generational comparison
Percent of respondents



Only

30%

of respondents are willing to buy more luxury goods

Chapter 4

The ideal lifestyle preferences



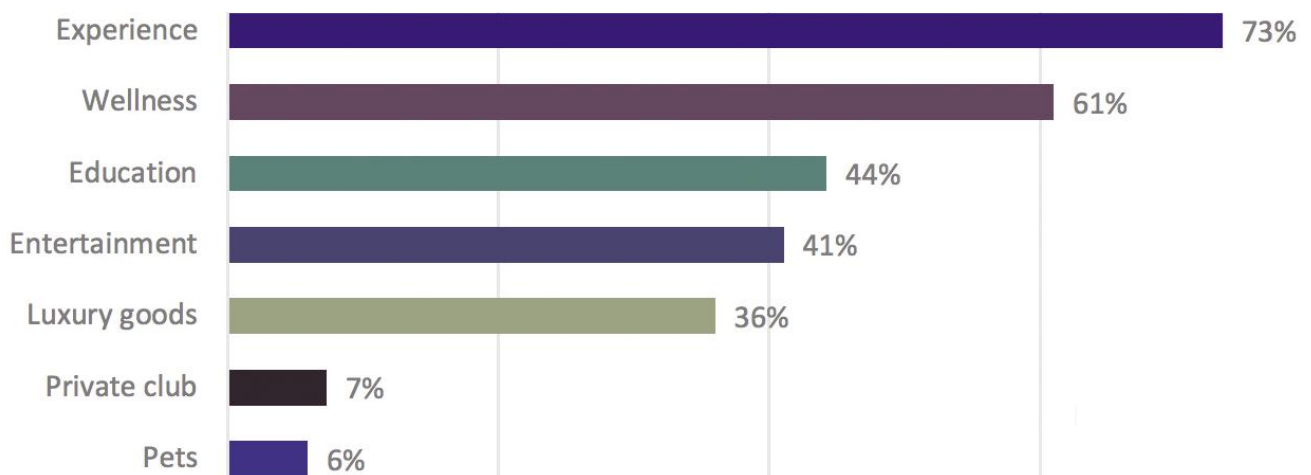
4. The ideal lifestyle preference

The lifestyle preferences of Chinese consumers are as follows: experiences, wellness, education, entertainment and cultural life, luxury goods, private clubs and pets.

Lifestyle consumption varies across different age groups: Baby Boomers are keen on entertainment, Gen Xers prefer to invest in health, Millennials spend the most on experiential consumption and luxury goods, and Gen Zers put more emphasis on education.

Figure 31 – Ideal lifestyle consumption

Percent of respondents



4.1 Consumers favor travel and food, and as they age their desire to travel increases

For respondents who spend on experiential consumption, travel and food are their first choices. Nearly 90% expect to enjoy their vacations in luxury hotels, and nearly 70% also wish to enjoy fine dining. Women are more willing to travel and enjoy expensive restaurants while men spend more on nightlife.

Figure 32 – Expectations on experiential consumption
Percent of respondents



The survey shows the ability to prioritise travel increases with age and consumers in different city tiers have different preferences. Respondents in first-tier cities show the highest interest in travel and vacations,

and consumers in higher-tier cities are more likely to spend on fine dining than those in second-tier cities and below, but in the second-tier cities and below, people are keener to spend on nightlife.

Figure 33 – Expectations on experiential consumption: generational comparison
Percent of respondents



4.2 Exercise is an important part of the modern lifestyle

For Chinese consumers, wellness is the second major expenditure. The largest proportion of consumers choose to spend on sports clubs, Millennials in particular, and men show greater interest than women. TCM treatments and slimming are the second and third preferred wellness options.

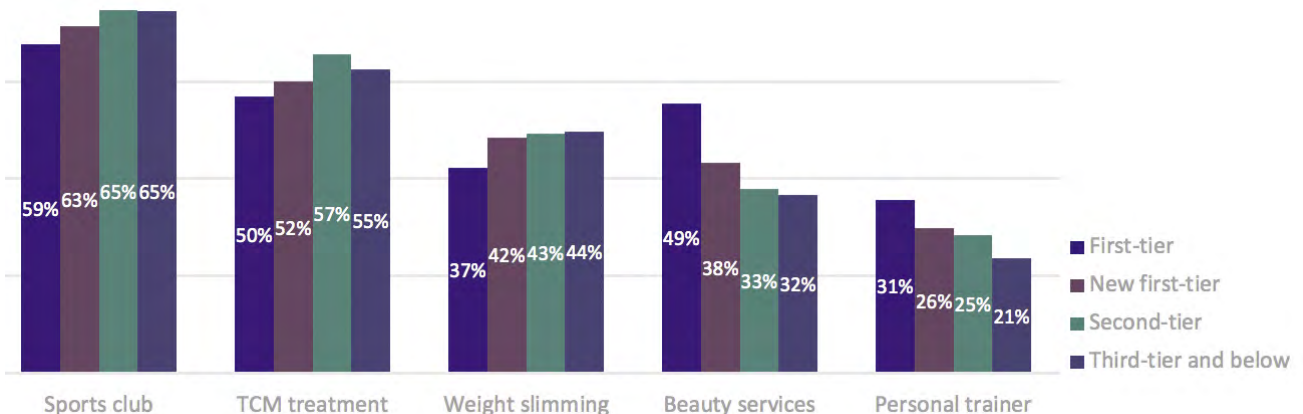
It is worth noting over the past year Gen Zers have increased their spending on TCM treatment and beauty services, and now spend more on TCM treatments than Millennials and only 2% less than Millennials on beauty services.

Comparing cities, the number of consumers who pursue their ideal lifestyle by joining a sports club in second-tier cities and below is larger than that of those in first-tier and new first-tier cities. Consumers in first-tier cities, however, spend significantly more on beauty services than others.

Figure 34 – Most popular wellness activities: generational comparison
Percent of respondents



Figure 35 – Most popular wellness activities: city-tier comparison
Percent of respondents

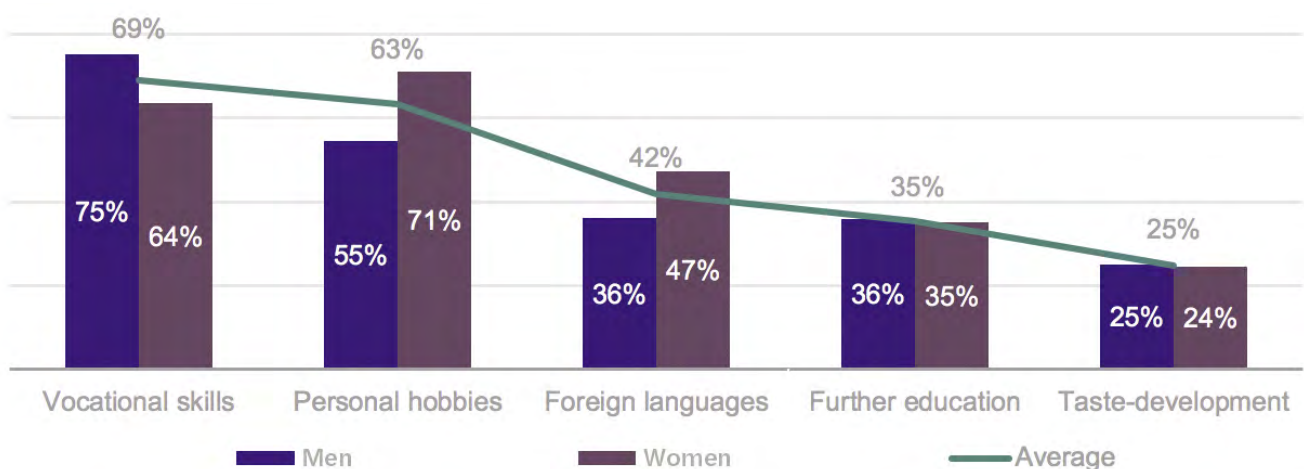


4.3 Millennials want vocational skills, and Gen Zers are prioritising language learning

Education is the third major consumer expenditure, with vocational skills, personal hobbies, foreign languages, further education and taste-development being the most popular study programmes.

Different generations and genders have distinct preferences: men focus more on vocational training than women while the latter prefer to spend more time on their hobbies and foreign language learning.

Figure 36 – Most popular further study programs: gender comparison
Percent of respondents



In terms of age groups, Baby Boomers show a clear preference for taste-development, Gen Xers are more willing to cultivate new hobbies, Millennials are more interested in vocational skills and further education, and Gen Zers are keen on foreign language learning.

The Baby Boomers we surveyed have enough income to live well after retirement, and are spending more on personal development and life quality improvement and less on further study or foreign languages.

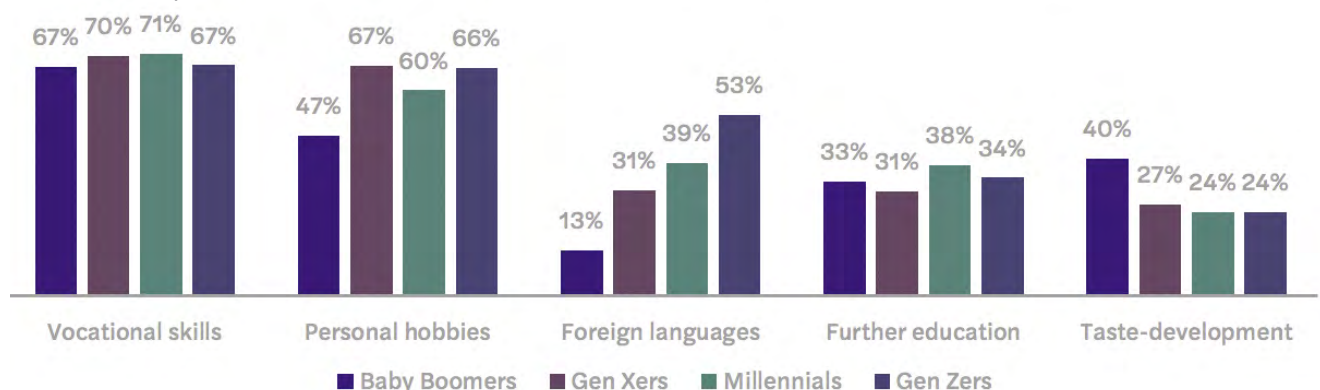
Growing up with fewer resources, Gen Xers had less chance to develop interests when they were young, so they appear more eager to spend on those areas now.

Some Gen Xers have already retired so they also have more free time to indulge their interests.

From workplace new-starter to senior manager, Millennials are the main workforce in the labour market. Equipped with basic work experience, they need more vocational skills, which hopefully lead to career advancement.

More than half of Gen Zers regard foreign language learning as important, but enthusiasm for foreign language learning decreases as people age. Growing up in an international environment, Gen Zers are more aware of the importance of foreign languages.

Figure 37 – Most popular further study programs: generational comparison
Percent of respondents



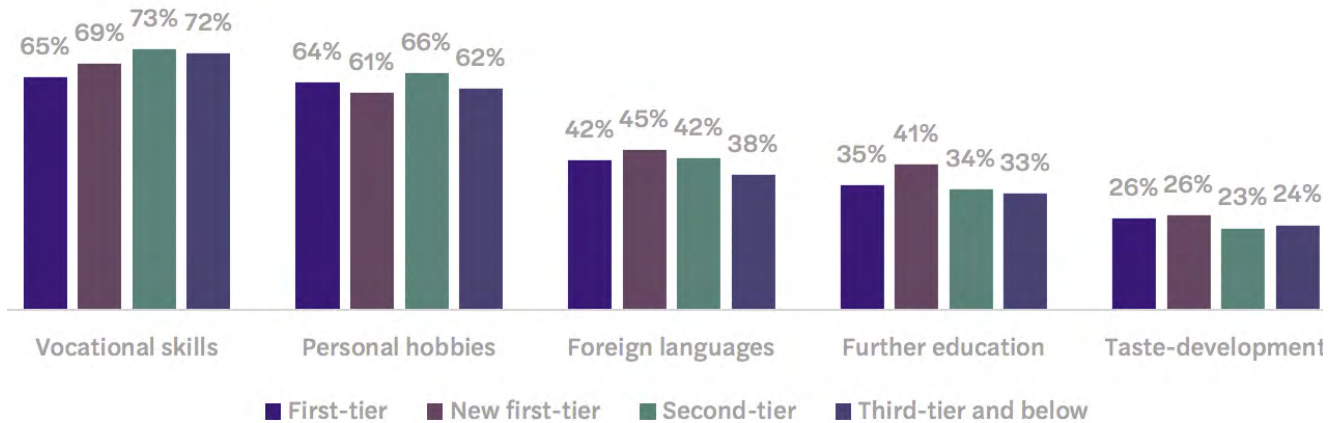
4.4 Lower-tier cities are more focused on vocational skills

Second-tier city residents and below are more interested in vocational skills training than those in first-tier and new first-tier cities. With the rapid development of urbanisation in China, there will be increased opportunities in these cities, especially for people with more advanced vocational skills.

The gap between first-tier and new first-tier cities is narrowing. The internationalisation and growth of

some previously second-tier cities has led to them being reclassified as new first-tier cities and because of the growth there is increased demand for well-educated talent; therefore, in new first-tier cities the demand for further education and foreign language skills is higher than in other cities.

Figure 38 – Further study program popularity: city-tier comparison
Percent of respondents



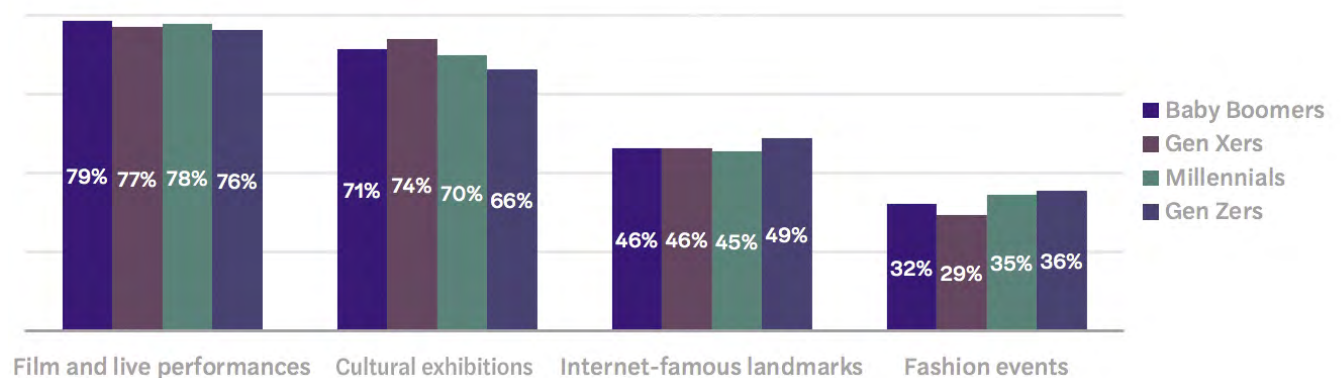
4.5 Film, live performances and cultural exhibitions are popular and Gen Zers enjoy visiting popular places

Among those who prioritised entertainment on their lifestyle wish list, film and live performances are the most popular entertainment choices, followed by cultural exhibitions, internet-famous landmarks and fashion events.

Baby Boomers and Gen Xers spend more on live performances and cultural exhibitions than other age groups, while Gen Zers are more interested in visiting internet-famous landmarks and attending fashion events. Men are more interested in these landmarks

than women, with more than half of Gen Z men expecting to visit popular places, while the largest proportion of women are willing to attend fashion events.

Figure 39 – Most popular entertainments: generational comparison
Percent of respondents



4.6 Jewellery and watches top consumer wish lists, while Gen Zers have distinctive tastes

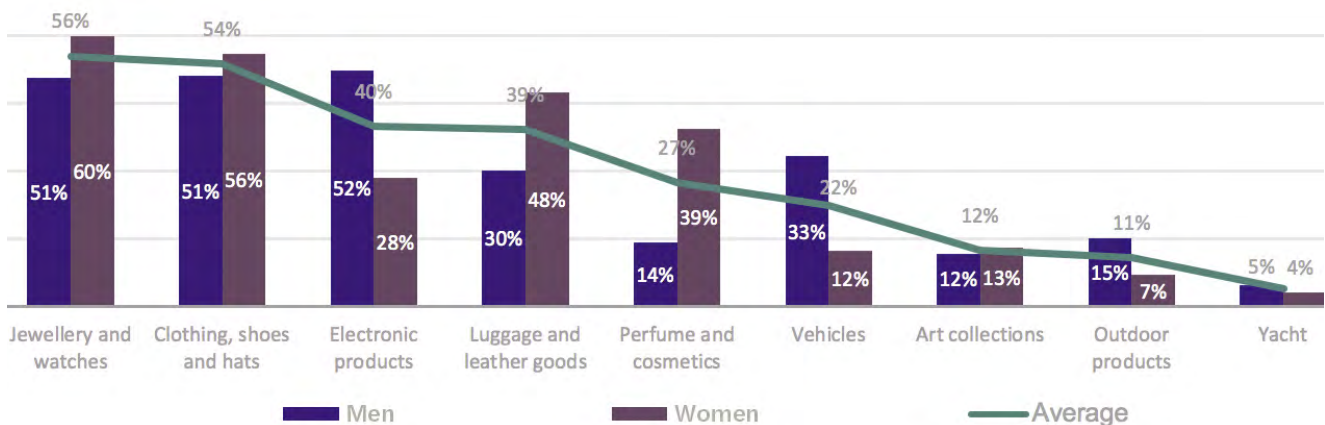
Currently, the luxury goods consumed by respondents are far from their expectations for an ideal lifestyle: jewellery and watches top the wish lists, followed by clothing, shoes and hats, luggage and leather goods, electronic products and perfume and cosmetics.

Gender and generation significantly influence the luxury goods consumer's desire. Women are interested in jewellery and watches, clothing, shoes and hats, luggage and leather goods, and perfume and cosmetics. On the other hand, men are keen on electronic products, vehicles, outdoor sports equipment and other practical goods.

Baby Boomers, Gen Xers and Millennials share similar tastes for luxury goods while Gen Zers, as is often the case, have a distinctive style. Growing up in the internet era, electronic products rank second as they are a necessity in their daily life. The amount they have spent on this area is 11% higher than that of Millennials. Luggage and leather goods are third on most wish lists, but for Gen Zers, it drops to sixth. Gen Zers show the highest interest in perfume and cosmetics, and vehicles.

Figure 40 – Most popular luxury goods: gender comparison

Percent of respondents



4.6 Jewellery and watches top consumer wish lists, while Gen Zers have distinctive tastes

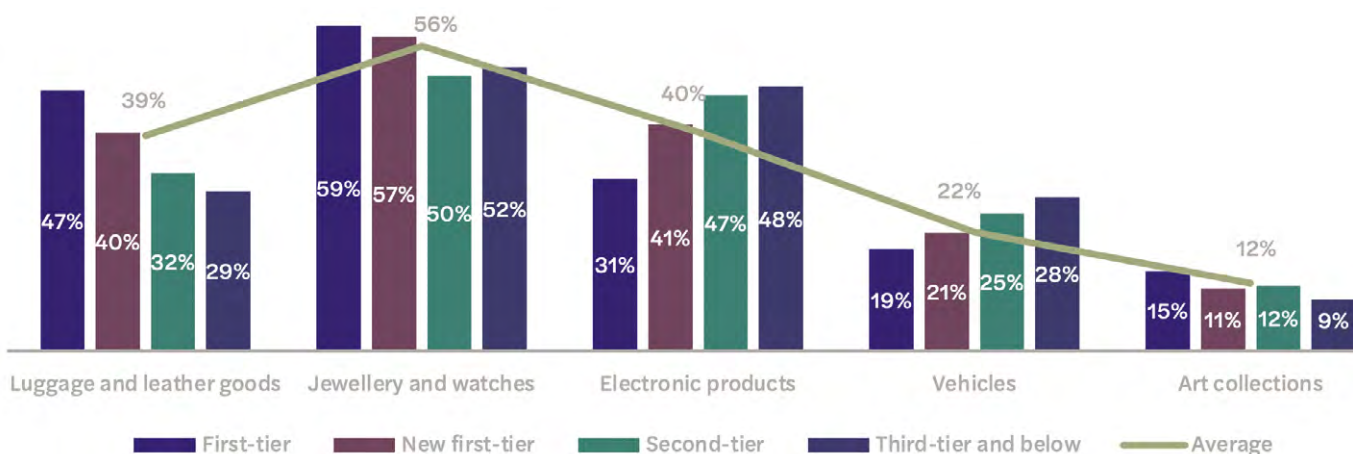
Table 3 – Ranking of preferred luxury goods

	Baby Boomers	Generation X	Millennials	Generation Z	Men	Women
1	Clothing, shoes and hats	Jewellery and watches	Jewellery and watches	Clothing, shoes and hats	Electronic products	Jewellery and watches
2	Jewellery and watches	Clothing, shoes and hats	Clothing, shoes and hats	Electronic products	Jewellery and watches	Clothing, shoes and hats
3	Luggage and leather goods	Luggage and leather goods	Luggage and leather goods	Jewellery and watches	Clothing, shoes and hats	Luggage and leather goods
4	Perfume and cosmetics	Electronic products	Electronic products	Perfume and cosmetics	Vehicles	Perfume and cosmetics
5	Electronic products	Perfume and cosmetics	Perfume and cosmetics	Vehicles	Luggage and leather goods	Electronic products
6	Outdoor products	Vehicles	Vehicles	Luggage and leather goods	Outdoor products	Art collections
7	Vehicles	Outdoor products	Art collections	Art collections	Perfume and cosmetics	Vehicles
8	Art collections	Art collections	Outdoor products	Outdoor products	Art collections	Outdoor products
9	Yachts	Yachts	Yachts	Yachts	Yachts	Yachts

Consumers in high-tier cities show higher demand for jewellery and watches, and luggage and leather goods, than those in second-tier cities and below. However, the latter show more interest in electronic products and vehicles. It is worth noting that consumers in first-tier cities spend more on art.

Figure 41 – Luxury goods: city-tier comparison

Percent of respondents



4.7 Chinese consumers are optimistic about the future

Chinese consumers are confident their ideal lifestyle is just around the corner, with 60% of consumers believing they will be able to lead an ideal lifestyle within three years and only 4% of respondents thinking it may take as long as a decade. Most Baby Boomers (86%) and Gen Xers (66%) believe they now live or are close to living an ideal lifestyle while Gen Zers think it will take longer, with only 6% of respondents saying they have achieved it. Generally, women have a stronger sense of fulfilment than men, with more than 20% of women Baby Boomers, Gen Xers and Millennials feeling they have already achieved an ideal lifestyle.

Figure 42 – When consumers expect to achieve their ideal lifestyle
Percent of respondents

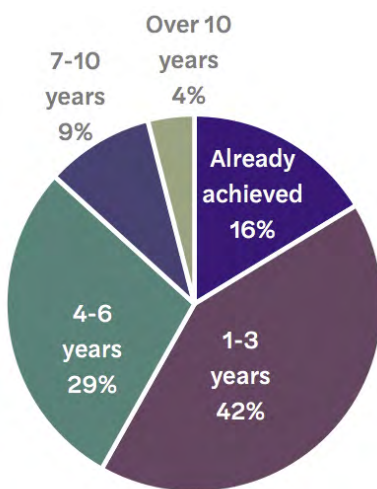
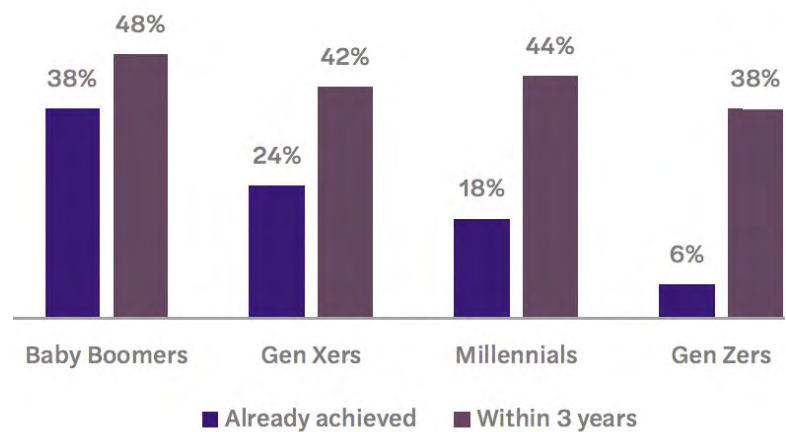
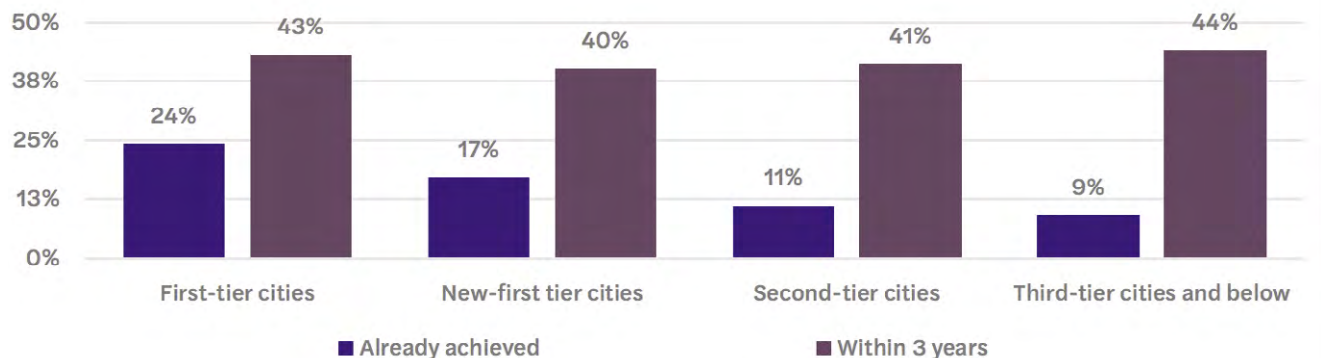


Figure 43 – The proportion of consumers who expect to achieve their an ideal lifestyle within three years.
Percent of respondents



The proportion of respondents in first-tier and new first-tier cities who feel they are closing in on their ideal lifestyle is higher than in second-tier cities and below. Respondents in second-tier cities and below feel they may even need longer to achieve the goal, with the highest proportion in third-tier cities and below estimating over ten years.

Figure 44 – The proportion of consumers who feel they will live an ideal lifestyle within three years
Percent of respondents



4.8 More than 30% of consumers are willing to spend over 50,000 yuan per year on their ideal lifestyle

More than 80% of consumers are willing to invest over 10,000 yuan in their ideal lifestyle, nearly half of who would like to spend 10,000-50,000 yuan and about 30% of who would like to spend over 50,000 yuan per year. Women are keener on achieving their ideal lifestyle than men, as a larger proportion of women respondents are willing to spend over 50,000 yuan per year.

Figure 45 – How much would you spend on your ideal lifestyle? (Yuan)
Percent of respondents

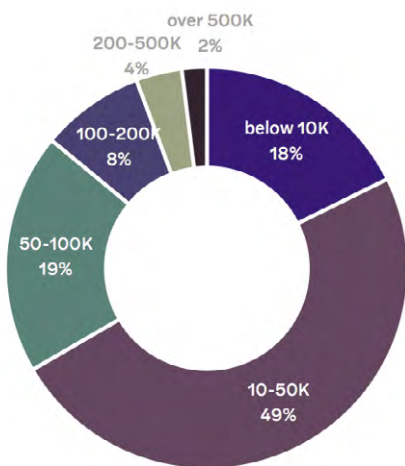
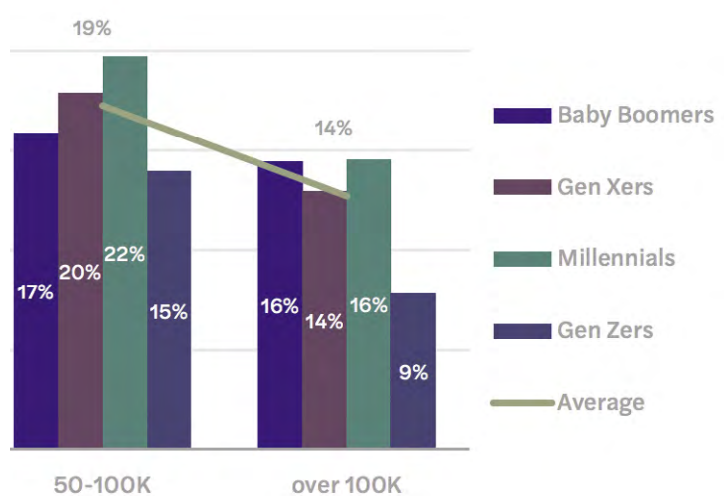
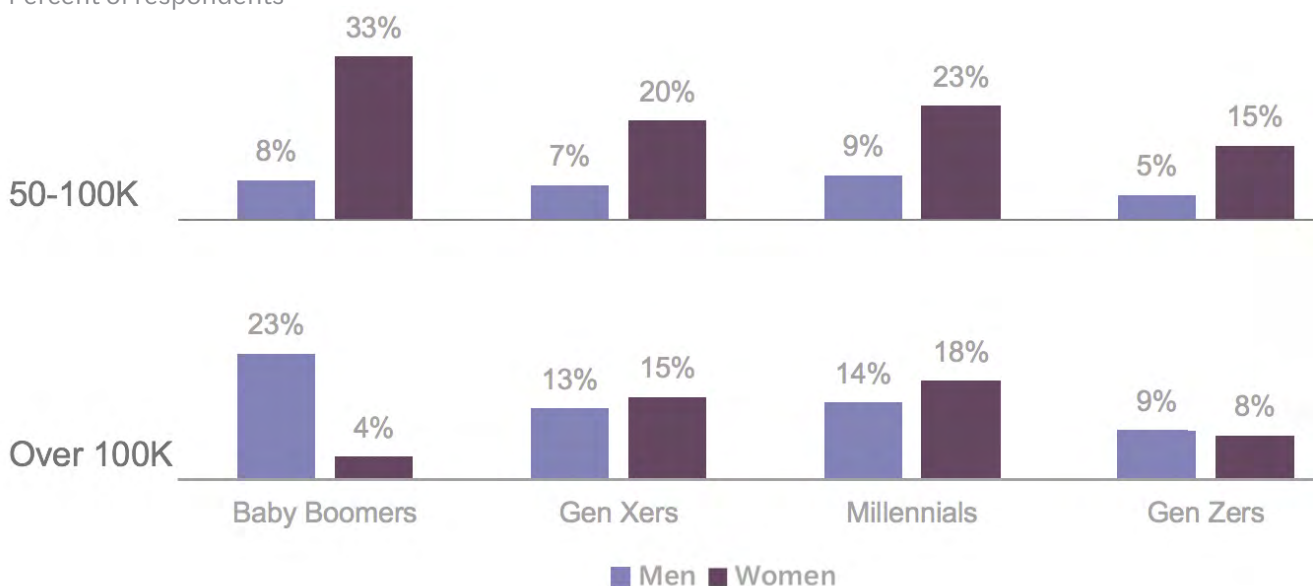


Figure 46 – How much would you spend on your ideal lifestyle? (Yuan)
Percent of respondents



Millennials are more willing to spend over 50,000 yuan to achieve their ideal lifestyle than other age groups, while Gen Zers are the least willing (and perhaps currently less able) to spend. It is worth noting that men and women Baby Boomers have distinct preferences. Women are far more likely to spend 50,000-100,000 yuan annually, while only a few Baby Boomer women would like to spend 100,000 yuan or more.

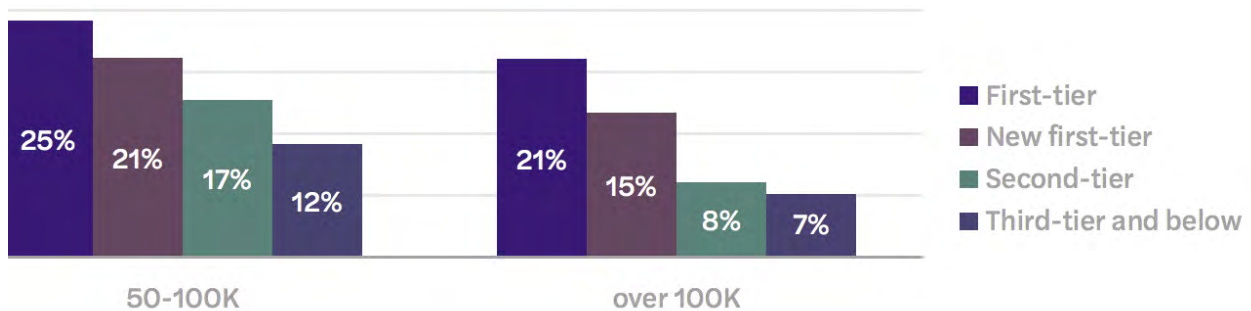
Figure 47 – Spending on ideal lifestyle: generational and gender comparisons (Yuan)
Percent of respondents



4.8 More than 30% of consumers are willing to spend over 50,000 yuan per year on their ideal lifestyle

The higher the city tier, the more consumers are willing to spend on living their ideal lifestyles. Consumers in first-tier cities are more willing to spend 50,000-100,000 yuan and over 100,000 yuan. Apart from in first-tier cities, women are keener on spending than men.

Figure 48 – Spending on ideal lifestyle: city-tier comparison
Percent of respondents



Conclusion



Conclusion

Survey results show both some general trends away from spending on material goods to experiences that include wellness and personal development, and some marked differences according to generation, gender and different city types. Consumer brands looking to meet the needs of China's affluent city-dwellers will need to understand these trends and apply intelligent market segmentation to resonate with different consumer groups.

Multiple consumers, diverse lifestyles

The rapid development of China's economy has shaped the consumer priorities of each of these four generations differently. Consumer preferences are shaped by their age (and generation), their gender and their individual city location, leading to a range of lifestyle patterns that reflect both physical and mental needs.

To meet consumer needs, brands should understand the different drivers and motivations for each group, diversifying their offering appropriately.

The rise of the experiential over the material

China's consumers are spending more on experiential activities whether that be physical wellbeing, education or entertainment, and this may soon challenge the dominance of luxury goods in attracting disposable income.

As the levels of disposable income continue to rise in China, consumer perceptions are maturing. In the wake of the pandemic, there is a pivot toward more spiritual wellbeing and sources of pleasure away from the material. In the future, as consumers focus more on the 'person within', brands will need to understand how to tap into consumers' needs in innovative ways that respond to this shift.

The pandemic has changed consumption and the wellness market is flourishing

Due to the pandemic, consumers have re-evaluated their lifestyles and are focusing more on health-related topics. Today, wellness consumption accounts for the second largest expenditure category, and is expected to continue to grow, narrowing the gap with the top-rated category of experience spending.

We predict the growth in wellness services is a lasting trend, as consumers, having prioritised wellness, tend to continue to value it, especially as they age. In this post-pandemic era, a large number of consumers are flocking to the gym and the health spa. This provides a significant opportunity for brands looking to build strong relationships with consumers.

Improve the consumer experience

From products to services, consumers have become more demanding of their shopping experience. Consumers expect to get the best service when shopping offline, whether it is the layout of the stores, the professionalism and service of the sales staff, or the after-sales service. Even when shopping online, the browsing experience, the convenience, the after-sales service and the quality of packaging will influence their attitudes toward a brand. Many brands optimised the customer experience at an early stage – focusing on the potential customer's experience when designing the advertising material or building a website – and these will benefit from consumer loyalty.

High standards in customer experience are now the norm. Every touch point between the consumer and the brand is worth considering, as companies need to customise the consumption experience for different generations, genders and cities.

Read more about the changing luxury business model in our report *Conscious, collaborative, connected: making over the luxury business model*⁴.

4. <https://www.mazars.com/Home/Insights/Shaping-the-agenda/Making-over-the-luxury-business-model>

Conclusion

The future is Gen Z

Gen Zers have a different approach to consumption than other age groups. Though Gen Zers are still newcomers to the consumer market, their future spending power should not be overlooked. Lifestyle brands must be aware of the upcoming Gen Zers and build a brand image with them as they discover and take their place in the world.

This report has illustrated the diversification of the Chinese market – consumers across generations, genders and cities have created a multi-layered consumer market. Due to China's

rapid economic development, the behaviour of Chinese consumers has changed drastically and many are developing a more mature view of consumption, accelerated by the pandemic.

However, consumer behaviour in China is complex. Brands need to determine and understand their target market as soon as possible, and develop segmented marketing strategies accordingly. Brands also need to understand which channels and platforms are used by their consumers and then to deliver personalised products and services to meet their consumers' expectations.

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