

# Ten Consumer Trends and Behaviors to Watch During Recession

TNS China

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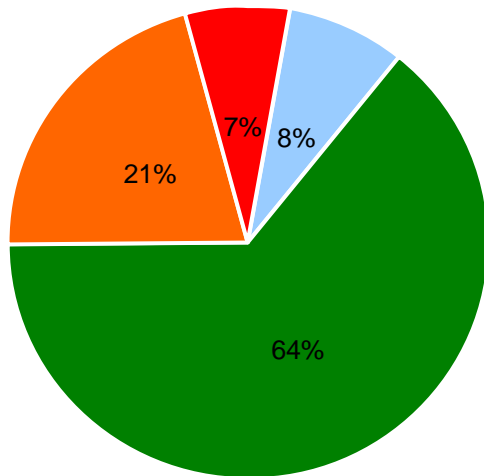
# Consumer trends in difficult times

- Marketing pundits believe that condoms, DVDs, lipstick and junk food are likely to gain in prominence in the times of recession. Consumers, it is felt will be more rational in their choices, spend more time on inexpensive leisure, take the time to relax, and re-charge of better times ahead.
- Will Chinese consumers' behavior be similar in these times of strain? Which products and services will be affected and which, if any, will get a boost? TNS China conducted an study in urban China to validate or explode these hypotheses and myths and we present the key changes that we can expect in consumer behavior in these difficult times.
- The data collection was online, and as a result the profile of the consumers that we studied represented the relatively younger and well-off online consumers, rather than the total urban population

# The consumer mood today

- On the whole the urban Chinese consumer is facing the crisis with stoic optimism. Half the consumers feel that despite the downturn their incomes in 2009 will actually increase in comparison to 2008. 31% expect to retain the 2008 level of income and only 19% expect a decline. The optimism is based on the fact that most consumers feel that their lives will only be slightly singed by the fury of the global economic meltdown.
- However on the whole the year 2009 for the Chinese consumer will be a time for reflection and an opportunity to seek a balance in life – balance between work and play, friends and family, saving and spending and between excitement and peace.

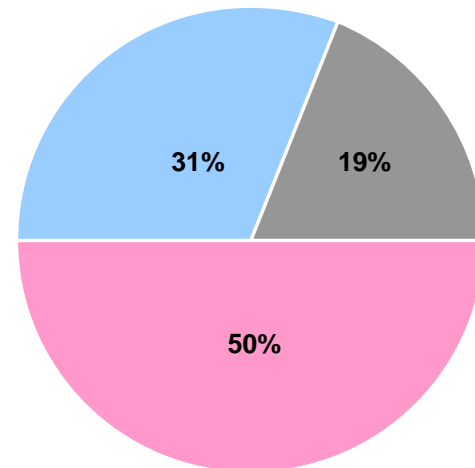
How do you expect the global economic crisis to affect you in 2009?



■ Not at all ■ Only slightly ■ Significantly ■ A lot

N=823 respondents (15-54 yrs)

Expectation of income increase in 2009



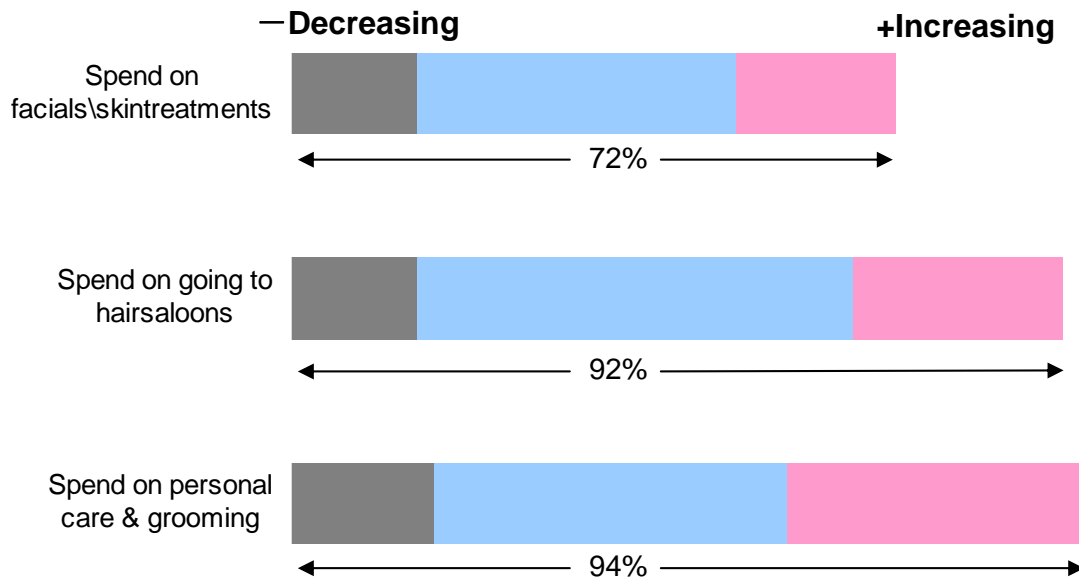
■ Increase ■ Remain the same ■ Decrease

N= 794 Working adults



### 3. More skin-care and colors

- Beauty may just be skin deep, and the recession is deeper. But the Chinese consumers still feel that a glowing skin and luminous lips could act as a shield against the pain of the economic crisis. Need to look good is never more pronounced than when the times are tough. A heady feeling from a positive reflection in the mirror and admiring glances from friends and colleagues could almost match and even compensate for the lightness of the wallet.



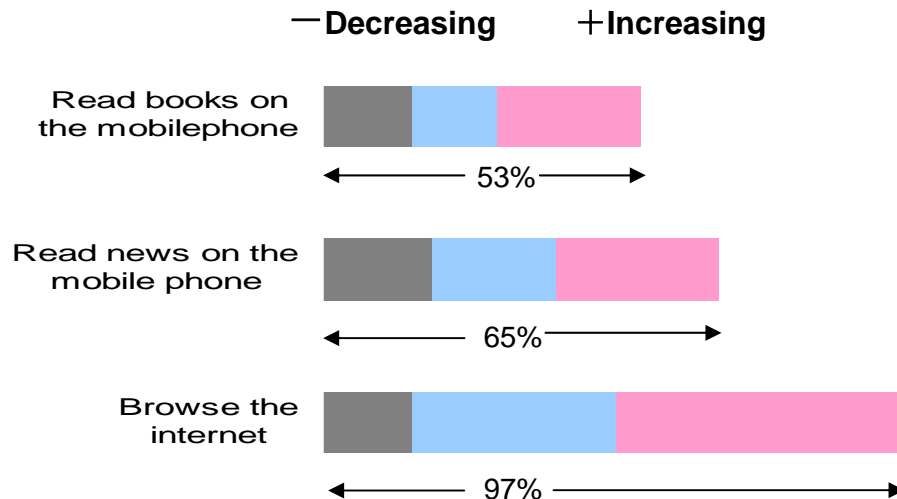
Note: The length of the bars above represent the proportion of consumers who undertook or plan to undertake that activity in either 2008 or 2009





# 5. Digital world

- With nearly 300 million internet users (the largest in the world) China was already hurtling towards a digital age. The rapid adoption of the digital media, of course, precedes the recession. Internet is where the Chinese go to look for a better job, download free movies and songs and just engage in incessant chatter with friends.
- In times like these, they expect to rely on the net even more to search for a better job, complain about their poorly paid jobs in their blogs and upload videos of their temporary leisurely existence. We believe the recession will further enhance the role of internet in the consumer lives. The availability of relatively inexpensive 3G mobile services will definitely also facilitate greater adoption and usage.

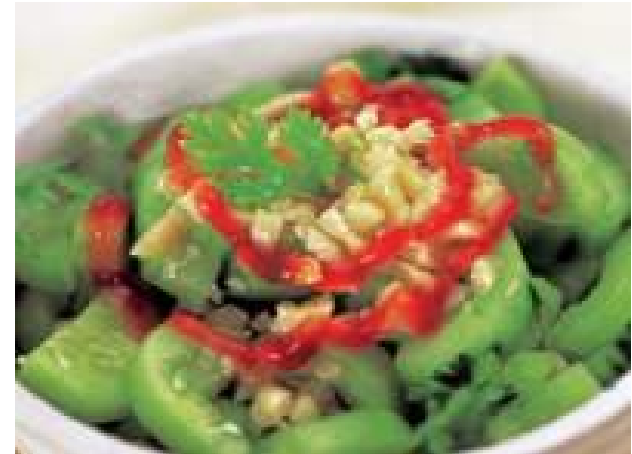
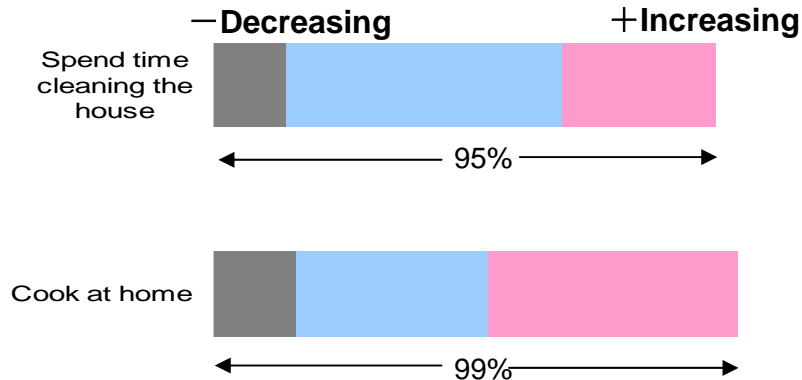


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## 6. Home sweet home

- The joy of family life will be further enhanced and family relationships will be even more delicious with the flavors of home cooking wafting from the kitchen. Chinese consumers plan to cook more at home in 2009 than they managed in 2008. The competition to home cooking comes from cheap fast food restaurants and road side stalls – both of whom are likely to lose business from this segment in 2009. However, the overall business of McDonald's, KFC and Nan Xiang Xiao Long dumpling chain store may still see an increase in 2009, as consumers also down trade from more expensive restaurants.
- If you need to spend more time at home, it also makes sense to vacuum the floor and tidy up the place, Chinese homes are going to look much neater in 2009 and the lower toil demanded by the workplace may be substituted by efforts at home.

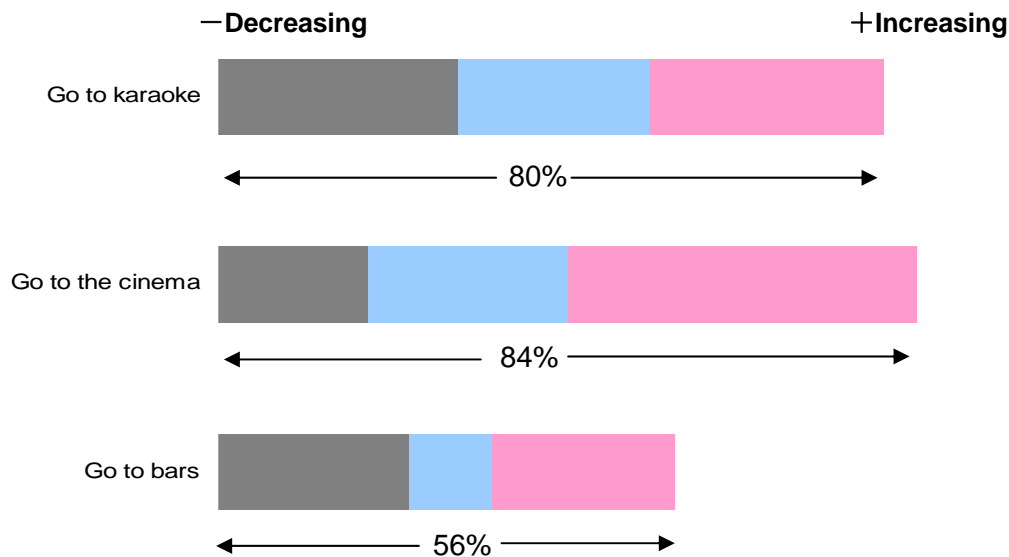


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# 8. In-home entertainment in, out of home entertainment out

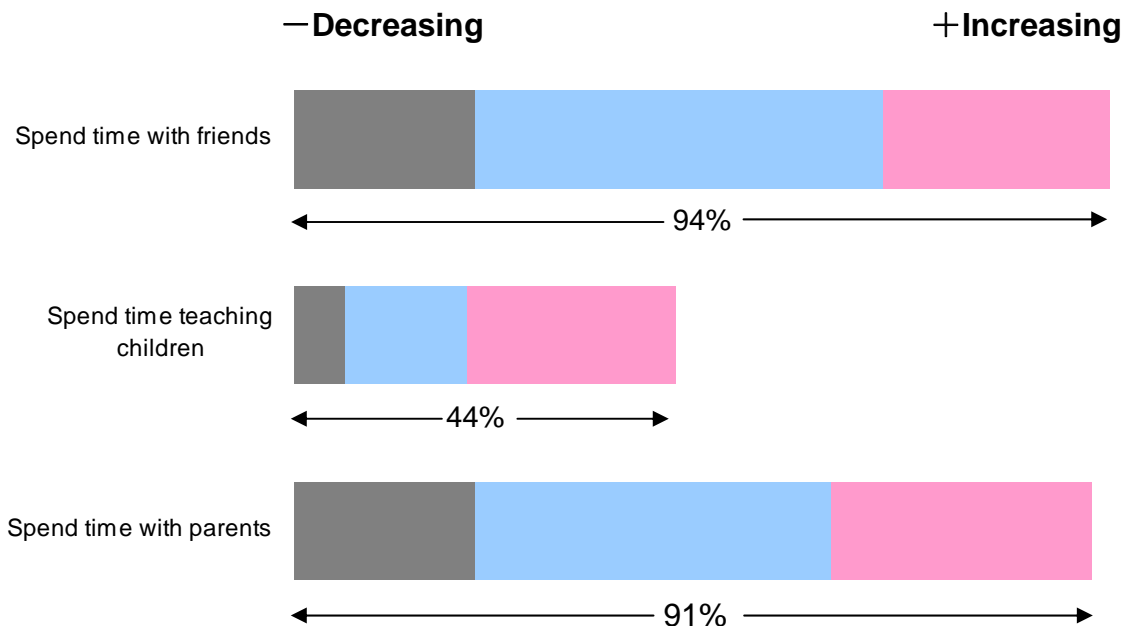
- When the slow speed of the internet connection makes downloading a movie difficult, we in China have the option of spending a dollar to buy the pirated DVD. If we did want to make an evening out of it, with popcorn and all, we would spend thirty dollars for two tickets in one of the many multiplex cinemas. While conventional wisdom suggests many alternative uses for the thirty dollars (including putting under the mat for a rainy day) the consumers are unwilling to give up this pleasure. Cinema ticket sales are likely to remain high, as long as the movie industry can come up with compelling attractions to help the consumers a few hours of blissful escape from the harsh reality.
- Bars and karaoke flourish in economic booms, when clients are entertained and deals are made on favorable terms with suitably mellowed potential business associates. Not unexpectedly the recession will mean that entrepreneurs and managers do not have to listen to potential business partners sing out of tune, in the hope of securing a juicy contract. Less cognac will be poured (sale of beer and other cheap alcohol consumed at home or low priced eateries is unlikely to be affected).



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# 9. Social harmony of a kind

- Absorbed in the relentless wheels of economic activity, the Chinese consumer has been accumulating a feeling of guilt for neglecting the immediate as well as the broader family. Recession is the ideal time to catch up with friends, take the children to the park and visit your parents, and in the process enjoy emotional warmth to compensate for the coldness of the economic climate. The children are likely to pay a heavy price for this, with parents having more time and inclination as well as a renewed determination to help their children with their studies.



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## 10. Sex and Love

- Chinese consumers do not really plan to change their sexual habits significantly during the recession. However, as a result of the intention to spend more time with the spouse or the partner higher sexual activity could not be ruled out! Also, some women are said to be rushing to have a “financial crisis baby” as the law prevents the employers from laying off pregnant women and nursing mothers!
- At the same time some consumers may be forced to give up expensive mistresses, particularly if they continue to demand luxury jewelry and handbags.
- The Shanghai Adult Toys and Reproductive Health Exhibition attracted 20% less exhibitors (pun intended) this year. Is it that the industry which specializes in providing stimulation, is itself in need of a stimulus package! These are hard times indeed!



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