

CHINESE FRONTIERS

NOW AND BEYOND

Katie Zhou

Peter Cooper

May Qiu

John Pawle

Simon Patterson

ECONOMIC GROWTH

It goes without saying that China is the major frontier market for the 21st century. Over the past 30 years, China's economy has averaged nearly 10% annual GDP growth, driven by combination of developing technology and a vast low-cost workforce. With a population of 1.3 billion (China Statistical Yearbook 2007), GDP of RMB 24,661.9 billion (US\$ 3,617.85 billion) and growth rate of 11.4%, China's foreign exchange reserve reached USD 1528.2 billion and the total tax income is RMB 4,944.9 billion (US\$ 732.74 billion), up by 31.4%. Per capita disposable income of urban households was RMB 13,786 (US\$ 2,022.4) in 2007 (National Bureau of Statistics of China, 2007).

The level of Chinese residents' saving reached RMB 17. 2534 trillion (US\$ 2.53 trillion) in 2007, increasing 6.8% compared with the previous year. Per capita saving was RMB 13,058 (US\$ 1,915.6) in 2007. Many other metrics show the current and future extent of Chinese impact on the world economy and its massive internal market for goods and services, for example, there were over 15 million privately owned cars in China in 2007, increasing at a rate of 33% per annum. Over half a billion Chinese are mobile phone users, with nearly 90 million new mobile phone users in 2007. Over 0.25 billion Chinese were reported to be using the Internet in June 2008 and this number is rapidly increasing.

HEARTS AND MINDS

But sheer volume and econometrics are not all that matters. It is the hearts and minds of the Chinese now and beyond that represent the *real* frontiers of China and as we show in this paper, frontiers which will influence the world at large. This study has examined Chinese values, lifestyles and needs, and specific product attitudes, in both qualitative and quantitative terms, and also has developed a new segmentation of Chinese values illustrating different consumers sectors.

In particular we have found that Chinese attitudes and behaviour are heavily dependent on traditional Confucian values which integrated with modern life-style are profoundly affecting current and likely future consumption patterns. As we show later the 'revival of Confucianism' is playing a significant part in the lives of ordinary Chinese as well as in China's socio-political development.

OUR RESEARCH APPROACH

This paper provides analyses of current and future Chinese consumers, based upon both a searching in-depth and ethnographic analysis into Chinese psychology, backed up by quantitative metrics from a specially constructed survey plus other trend monitors and internal data. Concretely speaking, the study was conducted in three steps: first, an in-depth qualitative study to experience and probe into the everyday lives

of Chinese consumers; second, an online quantitative survey; and third, a psychological experiment to get a deep understanding of perceptions of the past, the present and the future of China for different segments of Chinese consumers.

There have of course been many cross-cultural studies of the Chinese in terms of adoption of Western values, and contrasts between Chinese 'collectivism' and Western 'individualism'. Classic amongst these has been the work of Hofstede (1980) whose studies and those he inspired argued that culture is 'a collective programming of the mind which distinguishes one group or category of people from one another', and is relatively stable. Others (e.g. England and Lee, 1974; Kordonsky, 1992; Yip, 1992; Hedley, 2000) have argued that economic and industrialisation factors drive consumers in developing countries towards Western-style individualism and capitalism irrespective of their culture, i.e. towards global convergence of consumers.

This view has been the guiding principle of much investment by Western corporations in developing markets, including China. Consumers in developing markets will aspire to Western values and therefore they will respond to similar claims. As we have pointed out elsewhere (Cooper, 2007) this is a classic example of 'Westoxification' or 'Cultural Imperialism' which can lead to a cultural backlash and failure of marketing campaigns which assume a universal drive to Western values and individualism. As we have found in various market research studies, after an initial flush of enthusiasm for Western goods and images, many consumers in developing markets seek to find their own identities and some form of balance, as is now clear in ex-Communist states in Eastern Europe and Russia. This is even truer in China as this study shows.

In contrast to studies which make assumptions about Western individualism, our concerns were to understand what it *means and feels like* to be Chinese in their currently fast-changing world, and how these experiences differ between different Chinese social milieus. Accordingly we have adopted a phenomeno-

logical approach designed to understand how Chinese consumers perceive and make sense of the changing world around them in Chinese terms, rather than impose a Western model of change. Our objective then is to capture through market research how Chinese consumers of different types see the world now and its likely futures, their beliefs, future expectations, ambitions, aspirations, values, fears and anxieties.

Our other ambition has been to combine an 'insider' view from the Chinese perspective which has been the role of Diagaid as an experienced body of local Chinese researchers, with an 'outsider' role of CRAMQIQ who have looked at the data through a cross-cultural lens. In this way we hope to optimise both internal and external viewpoints.

RESEARCH DESIGN

In the recent half century there are three events influencing Chinese people (Ding, 2002 and Yang, 2007): the establishment of PRC in 1949, the Cultural Revolution from 1965 to 1976 and the 'reform-open' policy started from 1978. According to the three events, Chinese consumers can be grouped into four generations: the 'Red' generation (born in 1925-1945), 'Culture Revolution' generation (born in 1946-1960), 'Post-Cultural Revolution' generation (born in 1961-1974) and 'Neo' generation (born in 1975-present).

Among these four generations, the 'Red' generation and 'Culture Revolution' generation have retired or are going to retire and their consuming capacity is low, although their influence is still felt amongst the elite and in family influence. In consumer terms, the younger 'Post-Cultural Revolution' generation has great economic power and the 'Neo' generation strong consumption desire. Hence we have taken the 'Post Cultural Revolution' and 'Neo' generations into consideration in sampling Chinese mainstream consumers today and influential in the future. They are 18-47 years old and account for 48% of Chinese population. We have also taken into account in segmenting the sample the impact of economic and cultural background on lifestyle and values, tiers and regions.

Qualitative Stage

As a first step we undertook ethnographic research with a small group of representative Chinese citizens in the age range of 18 - 47 years old (born in 1961-1990), divided into four age groups: 18 - 22 years, 23 - 27 years, 28 - 33 years and 34 - 47 years - covering Tier 1 cities (Beijing, Shanghai, Guangzhou) and Tier 2 cities (Shenyang, Wuhan, Chengdu). All were recruited to have monthly family incomes above the local average level. Our researchers spent some two hours with them in their homes and also conducted face-to-face depth interviews of about two hours, to observe and get to know their lifestyles, consumption behaviour and values.

Quantitative Stage

For the quantitative stage, we decided to sample Internet users as likely to represent more modern lifestyles and higher disposable incomes, and therefore predictive of the future. There are currently some 0.25 billion users of the Internet in China, which is rapidly increasing.

The research was carried out online and was designed to be representative of internet users in China. This audience is representative of the higher income population who are the major brand consumers in China. Total sample size was 767 consumers aged from 16 - 45 years. The sample was spread between the North 26%, the East 27%, the South 25%, the West 11% and the Centre 12% with 42% in tier 1 cities, 35% in tier 2 cities and 22% in tier 3 towns and cities. Quotas were applied to occupation to make it representative of the China Internet Network Information Centre data for the internet population.

Measurement of Values

Based on the ethnography study and empirical knowledge, we developed some 53 values covering attitudes to family, friends, relationships, wealth, consumption, leisure, health, privacy, technology, social responsibility, environment issues, and so on. These were measured on 5-point Likert scales, where 1 represents 'strongly disagree' and 5 represents 'strongly agree'. After data collection, the 53 value scales were found to have relatively high internal consistency (Cronbach's $\alpha = .929$).

Data Analysis

To reduce and classify these attributes, factor analysis was applied which produced 10 factors (KMO=.936, total cumulative is 52.16%). We labelled these 'respect, privacy, moderation and balance', 'quality life oriented', 'risk and success oriented', 'placid values and consideration of others', 'environmental concern', 'respect for Chinese culture and brands', 'proactive values and admiration of change', 'money smart', 'family financial values' and 'west lacks respect for China'.

These 10 factors were used as predictive variables to make a two-step cluster analysis. After several rounds, the solution of six clusters seemed to make the most sense and was selected to classify Chinese consumers. These clusters have been described against demographics, behaviour and hobbies, and are illustrated in a later section.

Psychological Experiment

After establishing the six cluster profiles, six respondents from each of the six clusters were selected to draw on their imagination using psycho-drawing to represent their perceptions of the past, the present and the future of China drawing colours and shapes using crayons. And then they were asked to give a title to and explain their psycho-drawings and what made them have different images of past-present-future China. By this method, we were able not only discover how different consumers see China symbolically, but also get an understanding of their lifestyles and how values have an influence on them, especially in their present and future life.

REVIVAL OF CONFUCIANISM

What we see in our data is a revival of Confucianism. That is, the re-emergence of Confucian values in modern Communist China after the Great Leap Forward and the Cultural Revolution under Mao had sought to repress the past.

It is doubtful whether Confucian values were ever swept away in those three short decades, rather they went into retreat. Confucian teachings have a history going back 2500 years when Confucius, philosopher, scholar

and teacher, set out his moral codes and virtues. Those teachings were continued by many others through to the modern day. Our hypothesis is that they are still part of the principles of modern life influencing consumption.

It is not our task here to examine the complexities of Confucianism and its political, educational and legal impact on China over the last two millennia. Nor do we wish to run the risk of oversimplifying Confucianism, and apologise in advance if we do. But it is important to set out some of the main principles and particularly those which effect people's everyday lives. Confucianism is based upon three basic principles for a moral and virtuous life:

1. So-called 'filial piety' which emphasises respect, love and support by the young for the parents, and in return teaching, wisdom, and continuity across generations from the parents. The effect is reciprocity and mutual empathy, which according to Confucius is our necessary root since human beings are essentially social (xiao).
2. 'Humaneness' is the ultimate goal, i.e. care and concern for other human beings, through togetherness and moderation of personal desires in favour of the wishes of others (ren).
3. Importance of 'ritual' in dealing with others and significant moments in life, not just birth, coming of age, marriage and death, but also in ordinary, ongoing interactions in daily life. This leads to valuation of tradition and 'proper' ways of doing things (li).

These three are seen as a 'tripod' supporting moral values. Out of them come the significant guiding Confucian principles of:

- Harmony, respect, moderation;
- Traditional ways, simplicity, reality;
- Education, learning and self-improvement;
- Importance of action rather than what you say;
- All have their base in positive relationships.

These themes apply to all relationships. Traditionally, Confucius and his followers applied them to relationships in the following order: Parent - Child, Ruler - Ruled, Husband - Wife, Brother - Brother, Friend - Friend.

Given these values, we can begin to understand the differences and causes of suspicion between Chinese Confucianism and Western individualism with its focus on the self. Confucian values urge that personal happiness reflects understanding other people.

We do not only have to look within our data to support the revival of Confucianism, but we can see it in the pronouncements of political leaders. For example, President Hu Jintao noted in 2005, "Confucius said, 'Harmony is something to be cherished'", and shortly after he instructed China's party cadres to build a "harmonious society". In 2007, the prime minister, Wen Jiabao went further, 'From Confucius to Sun Yat-sen, the traditional culture of the Chinese nation has numerous precious elements, many positive aspects regarding the nature of the people and democracy. For example it stresses love and humanity, community, harmony among different viewpoints, and sharing the world in common (*tian xia wei gong*)'

It has been argued that political practices also reflect links between Confucianism and Communism. The stress on harmony reflects Communist concerns with all classes, so that widening income gaps need to be resolved peacefully. To disseminate Confucianism, the Chinese government has set up branches of the Confucian Institute in many countries to show that peaceful resolution of conflict is the way forward. Confucianism therefore resonates with Chinese internal and external developments.

At a more everyday level, citizens' passion for the Confucian is increasing. According to a report released by *International Confucian Union*, kindergartens, elementary and secondary schools all around the country offer studies on Confucianism and *The Four Books*. Thus the most classic Confucian theories are offered as one of their main courses and activities. About 10 million teens and children participated, including at least 20 million parents and teachers (Chen, 2007). Moreover, some Confucian folk laws and customs, such as traditional Han Chinese costume, an adult ceremony, are proving popular even the ancient style of private tutor schools.

These activities are mainly carried out by the civilians representing a great appreciation for Confucian tradition and culture at the grass-root level. In the field of formal education and culture, the Chinese People's University, which is famous for insisting on the primacy of ideology, established its Confucian academy in 2002. Later on, many universities established their own Confucian centers. Thus the classic and modern explanation of the *Analects of Confucius* can be found everywhere. It is estimated that more than 100 kinds of explanations of the *Analects of Confucius* will be on sale in 2007 and press volumes will hit a record high (Chen, 2007).

The publication of the *Reflections on the Analects of Confucius* by Yu Dan is an example of these popular impacts. It is a self-help book devoted to Confucianism in modern life, selling several million copies. Yu Dan is a national celebrity who often appears on TV to talk about the benefits of Confucianism in everyday life providing comfort to people faced with the opportunities and oppositions of living with capitalism. She stresses inner happiness rather than sheer materialism. And on the academic side, courses, conferences and books now abound with discussions of the role of Confucianism in modern society as an alternative to Western-style democracy.

But Confucianism goes well beyond political or academic debate. Its emphasis on relationships, reciprocity and empathy helps to determine what goals people pursue, what to buy, how to live, and what ads and communication people respond to.

OVERALL FINDINGS

In our survey we included a number of statements designed to test the presence of Confucian values amongst the modern Chinese consumers represented in our sample.

The findings are that the majority of our sample agree with these statements. The key leading values of the Chinese today are respect and loyalty to family, followed by being fun-loving and natural. They expect that fun-loving will take greater priority in the future but still

underpinned by loyalty to the family, being respectful and natural.

The vast majority (over 90%) recognise that:

- The privacy of everyone should be respected.
- In all relationships, parents and children, leaders and people, husbands and wives, and between friends, mutual respect is essential.
- It is always important to respect your parents and elders.
- Life should be a continuous process of learning and education.
- It's best to leave individual space for children, respect their hobbies and encourage them to make decisions for themselves.
- Moderation and balance are the true course of life.
- In modern society, we should seek all possible opportunities to express ourselves.
- The most important thing about family is that it provides them with harbor/shelter.

Two-thirds or more also believe that:

- It's more important to keep your minds placid rather than strive for career success.
- People should be obedient to present social conventions.
- It's acceptable to have mutual independence between husband and wife with regards to finances.
- It's important to care about others' feelings.
- It's more important to enjoy the present than worry about the future.
- It's important not to do to others what you don't want others to do to you.

The Chinese also have pride in their Confucian values:

- Nearly 90% believe that 'Our traditional Confucian culture needs to be followed in modern life'.
- Well over 80% believe that 'In the future Chinese traditional culture will be respected and appreciated by people around the world'.

How do they see the West?

- Well over 80% feel 'The West is afraid of the growth of China'.

- Some 60% feel that 'The West does not respect China'.

These beliefs are expected to be influenced by the Olympics. At the time of interviewing (May, 2008), 90% or more believed that 'The Olympics will have a major effect on how China is seen in the world' and that 'The Olympic Games will give the Chinese more confidence in themselves'. We will run a check on this after the Olympics with a parallel sample, to check whether this optimism is fulfilled or not.

- In China there is a mix between traditional and modern values with some inherent conflicts:

- On the traditional side, 'moderation and balance are the true course of life', 'life should be a continuous process of learning and education' and 'in all relationships, parents and children, leaders and people, husbands and wives, and between friends, mutual respect is essential' are agreed by most people;

- 90% of the Chinese people still regard home as a harbour, but they do challenge the traditional family roles, over 50% of respondents disagree that 'the husband's job is to earn money, the wife's job is to do housework and educate child'.

- 'Respect to self and others' is accepted by a large percentage of respondents.

- Almost all agree that privacy needs to be respected, and that the traditional value of respect is important, especially to elders.

- On the other hand, the modern value 'it is best to leave individual space for children, respect their hobbies and encourage them to make decisions for themselves' was agreed with by 95% respondents.

- Traditional values, like saving for future and no pre-consumption i.e. 'before buying, I will compare the prices between different malls' are agreed by above 70% of people. About 79% people agreed that 'it's not wise to save money in banks and not invest it on something in the present'.

- Generational Differences. Teenagers in China, share many values with older respondents and still show

respect for traditional values, which is the same as the view expressed by McKinsey & Company (2006) that *Chinese teens 'adhere to traditional values'*. They respect their elders and recognize the role of the family as "harbor of life". They seem to look for some kind of inner peace, moderation and balance, and obedience to present social conventions. Compared with the older group, teenagers are more willing to be on show themselves and express their own views. They are less sensitive to price, and likely to try new products, they like shopping online and the latest technological products. They also emphasise brand personality in purchasing.

- The life vision of most Chinese people is being natural, respectful, loyal to family and fun loving:

- In cities, people in tier 1 and 2 are inclined to be more fun loving and modern.

- Younger people from 16 to 22 years are more sociable and fun loving, but people between 23 to 45 years emphasise loyalty to family.

- Low income people feel more life pressure, but high income people feel more competition, and want more social life and materialism.

- On future expectations, Chinese people value 'loyalty to family, natural and fun loving, and less pressure', so as to have more inner peace and be noble and wise.

On consumption:

- Chinese people are inclined to choose products with good reputations.

- 94% of the people agree with this.

- Price is still a key factor in purchasing but people are inclined to try new products.

- 86% compare prices between different stores.

- Additionally 85% like to try new products, including eco-friendly products.

- 83% like to buy high technology products.

- Imported product is no longer the main driver in purchasing. Lower than 60% respondents are inclined

to buy imported products if the price is not taken into consideration, although higher among the young.

- Online shopping is a trend and 87% respondents like to choose online shopping if possible.

On brands:

- Foreign brands have an absolute advantage in the automobile category, among them, Germany brands predominate. In mobile phones and laptops, foreign brands have strong appeal, especially Nokia. More than half of our sample said they would buy a Nokia the next time they change their mobile phone. In the laptop field, IBM and Lenovo are equal top on next purchase, next are HP, Sony, Dell.
- Foreign brands dominate in the television. Over 25% desire to own a Sony TV the next time they buy a TV set.
- For washing machines and refrigerators, however, local brands are more dominant. Haier gains nearly 50% of next purchase and foreign brands are well behind.

On hobbies and activities:

- Internet surfing, watching TV, listening music, travel and shopping are the most popular activities of Chinese people.
- In average, Chinese people eat out six times monthly. Consumers in the tier 1 and 2 cities have a higher frequency eating out. Consumers of 23 to 33 years have a higher frequency eating out. The higher the income, as we would expect, the higher frequency of eating out.
- Chinese food is still the favorite among Chinese consumers. However, for fast foods, western fast food restaurants are preferred.

On idols, dreams and nightmares:

- The major idols of our sample are their parents, politicians and business leaders.
- Most Chinese dreams are family and career orientated, such as having a happy and harmonious family, no illness among the family member, being satisfied and living comfortably, having a successful career, etc.

- Their fears about the future are mainly death, social issues, and money. They worry about health, illness and disaster (earthquake and war). Many are worried about the pressure of living, work and employment.

On regional differences:

- Zhang Xin-an *et al* (2008) suggest that coastal Chinese on the Eastern Seaboard are more individualistic since they have been exposed to more Western influences compared to inland cities. To explore this we compared inland cities (West-North-Middle cities) as represented here with South and Eastern Cities in our sample.

- On attitude towards money and future, consumers in south-east region are more pragmatic. They deny of indulging in the moment and show more willingness to make proper arrangements for the future. Saving and investment is their preparation for the future. Meanwhile, they pay more attention to purchase cost - in contrast, consumers in inland cities show more interest to enjoy the moment, less willingness to save for future, are not so cost oriented, willing to pay a higher price for a product with good corporate image and which is non-polluting to the environment, which is consistent with their higher concern about environment issues.

- On attitude to family. Consumers in the inland cities depend more on their family with more of them perceiving the family as their shelter. For the less rich, consumers in the south-east, agree less with the idea of "the husband's job is to earn money, while the wife's job is to do the housework and educate children". They need to share the economic burden with their wife.

- On attitude to risk and change. Inland consumers are more willing to take risks and have more desire for a life full of changes and exciting events comparing to consumers in South-East region. The reason may be that the 'Open the Door' Reformation in the South-East region has existed for a relatively long period so that the consumers living there have experienced more changes. There is an old Chinese proverb "Poverty makes people think about change" which could to some extent explain these differences.

CONSUMER VALUE SEGMENTATION

We identified six different consumer clusters as shown in figure 1.

In the following charts we describe each in turn:

- Their character
- Hobbies
- Demographics
- Family and home images
- Brands and consumption
- Their ideals
- Their perception of past-now and future
- Their psychological profile

FIGURE 1



Consumption enjoyer (22%):

Relatively few pressure on living, fantastic for the future and reality, be interested and curious about the diversified new concept, impulsive consumption



Career hero (13%):

Career-orientation; believe real success comes out of the career success; mature and sophisticated; modern life style, various daily social activities



Financial Pragmatist (22%):

Relatively good living and occupation status; don't concern about the social recognized view, drift and muddle along, lacks passion and confidence for the future; have a good but superficial relations with others



Balance life enjoyer (16%):

Emphasizing balance, think much of inner peace and happiness; their ultimate pursuit of life is the inner experience; advocate natural living, get along with others naturally and harmoniously, pragmatic consumption



Worrier (13.3%):

Pursuit of materialism, high pressure on work, have expectation on the other people around him but can't go well and lacks confidence for others; willing to take risk for material success but afraid of change



Peaceful life maker (12.4%):

Relatively high pressure on living, harmonious relations with others, wish to change something and have a better future, willing to take risk, thrifty consumption

FIGURE 2

PEACEFUL LIFE MAKERS (12.4%)



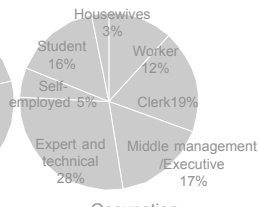
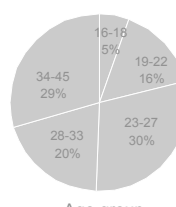
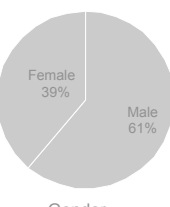
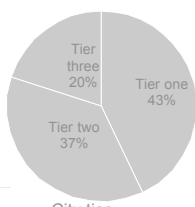
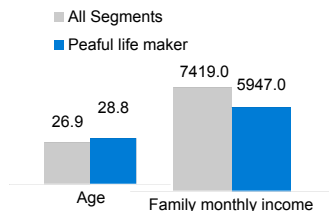
'Money is not the most important in my life as long as it's enough for making purchases'.

Character

Lowest income cluster, consumers with relatively high pressure on living, they are polite and modest, believe having a peaceful mind is more important than personal success, but with low concern about the environment. They regard mutual respect as essential and cherish friendship. Friendship is valued to this group more than pursuit of wealth, so they are willing to help others in poor areas. They are loyal to their family and regard it as a harbor/shelter to them. They don't need much money – just enough for living and spending. They wish to have a better future and are ready to sacrifice certain temporary pleasures for being successful. Their present life is based on harmony, purity, simplicity and loyalty to family with relatively few material ambitions.

Distinct hobbies

- playing Cards, Mahjong
- Reading
- Surfing the internet for information and working



FAMILY & HOME



BRANDS & CONSUMPTION



IDEAL LIFE



Ideal Life
They have much to look forward to in their future life which to them preserves the idyllic life view and also involves space for inner peace, harmony, balance and respect for elders.

- Key Words**
- Loyal to family
 - Inner Peace
 - Natural
 - Respectful
 - In harmony, well balanced



PEACEFUL LIFE MAKER: PAST-PRESENT-FUTURE CHINA

Name	Past Simple life	Present 2008 Olympic Year	Future Happiness and comfort
Picture description	Drab clothing (dark blue or gray); simple-designed home	2008 Olympics	Live in a place called "happiness", with eco-friendly environment, private car
Feeling/Thoughts	Planned economy, lacks material and spirit pursuit,	Significant status in the physical history, provided more opportunities for development	Better pursuit for future, with satisfied house and automobile, live in a comfortable way
Picture			

- Reason/Event for the changed images:**
- From past to present: Various media and advertising campaign for the 2008 Olympics
 - From present to future: After the Olympics, the most important thing for me is still to live.

Psychological profile: They wish to live in a comfortable way, pursuit of a better life but not painstaking

FIGURE 3

CAREER HEROES (13%)



'Money is very important in my life. I get it through hard work and I am used to being judged, for instance, by whether my boss recognizes my performance in my annual salary review.'

Character

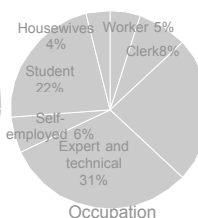
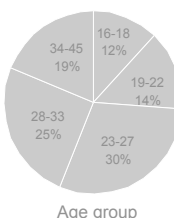
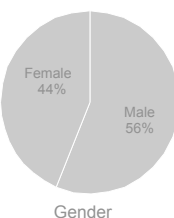
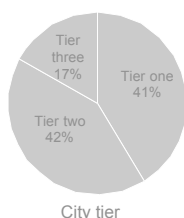
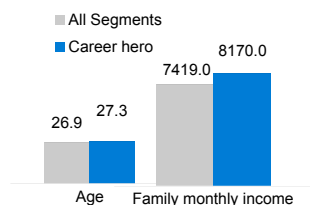
High income people with successful professional careers, they are single minded about seeking more success and think that wealth is the ruler to measure how successful you are. Investment is wiser than saving money.

They are mature and sophisticated in dealing with interpersonal relations. They are also sympathetic with both traditional and modern values. They are confident about Chinese traditional culture and also eager to express and show themselves to others proactively.

Their life is modern and high quality orientated. They can be seen in different social situations. They love to try new, modern and technological products. Brand personality is more important than price but they never blindly purchase brands.

Distinct hobbies

- Pubs/bar/party , listening to pop music
- Shopping, traveling and outdoor sports
- Technology
- Surfing internet for information and shopping
- Eating frequently in quality or western style restaurants



FAMILY & HOME



BRANDS & CONSUMPTION



IDEAL LIFE



Key Words



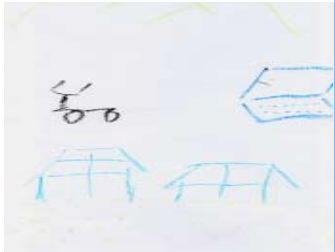
- Sociable
- Fun Loving
- Respectful
- Modern
- Loyal to family



Ideal Life

In the future this group sees their life as being modern and fun, but also respectful and sociable with more time and space for being noble and wise.

CAREER HEROES: PAST-PRESENT-FUTURE CHINA

Name	Past Simplicity	Present Prosperity	Future Nature
Picture description	Drab clothing; similar buildings; provisions notes needed everywhere; bicycle as the main vehicle; natural landscape; "family planning" advocated	Olympic torch; high buildings and mansions; more vehicles than passengers; Chanel and wine represents international brands Worries about pollution of the environment	Landscape as natural as the past; Internet becomes essential, can do anything on the internet; bicycle become popular again for health and fitness; live in a villa
Feeling/Thoughts	Though no wine and beefsteak, I still pursued quality living	More places for dinner, enjoy wine and beefsteak, international brands, vogues and enjoy holidays	Natural environment-friendly district, enjoy living
Picture			

Reason/Event for the changed images:

- From past to present: More open; better understanding and communication with parents

Psychological profile: Pursuit of quality living, emphasize brands, material-enjoyment; concern about environment issues; pressure on work and living.

FIGURE 4

CONSUMPTION ENJOYERS (22%)



I'm **satisfied** with my present life; it's a kind of happiness and enjoyment. I can feel the warmth of family, I can do any thing as long as I like it. I hope my future would be still like that.

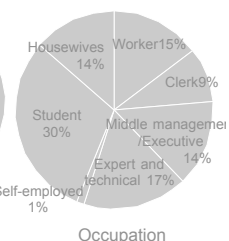
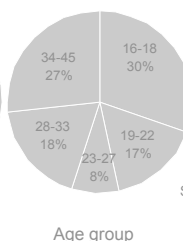
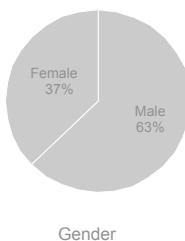
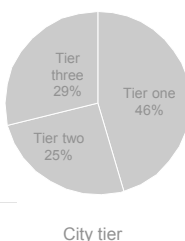
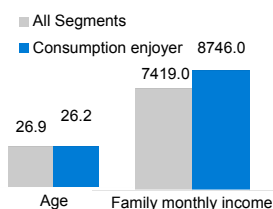
Character

Include many students (One-Child) and housewives whose family income is high, relatively few pressure on living. They are optimistic about everything and the future.

They respect Chinese culture but also are proactive and desire change. They like to own their own place and enjoy showing peers their unique possessions and to be different from the rest. They describe their life as fun loving, respectful and loyal to their family. Interested in new ideas, buying by brand rather than price. Trend followers. They hope to have more social life in the future. They are interested and curious about diversified new ideas, buying what they like. They may not know the essential of brands but are trend followers.

Distinct hobbies

- Shopping
- Watching TV, listening to pop music
- Personal fitness
- Surfing internet for news and online shopping



FAMILY & HOME



BRANDS & CONSUMPTION



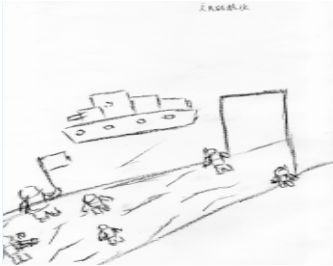

<div>IDEAL LIFE</div> <div><div></div><div></div><div></div></div> <div><div>Key Words<ul style="list-style-type: none">• Sociable• Fun Loving• Materialistic</div><div>Ideal Life<p>Currently, their life has a lot of sociable and fun time however with little independence and some stress. In their future ideal life, they wish to retain the sociable and fun life with more independence and materialism.</p></div></div>			
CONSUMPTION ENJOYERS: PAST-PRESENT-FUTURE CHINA			
Name	Past Protest from the public	Present Society is developing	Future Visit outer space
Picture description	In Yangtze River, ships of foreign countries; China is still under the oppression of foreign countries, people are struggling...	Advanced materials with developing high city buildings; busy transportation; airplanes; people live a new life	Technology changes quickly; fantasies about visiting anywhere by spacecraft, with their parents
Feeling/Thoughts	Struggle for the Chinese liberation with others	Happiness and enjoyment, ample food and clothing, feel the warmth of family	Have fun in the outer space (with good friends); explore the planet mystery
Picture			
<div>Reason/Event for the changed images:<ul style="list-style-type: none">• From past to present: Developing society, specialized knowledge, high working efficiency,• From present to future: Satisfied basic living needs leads to the higher pursuits</div>			
Psychological profile: Live in a harmonious and happy family, with no worries			

FIGURE 5

BALANCED LIFE ENJOYERS (16%)

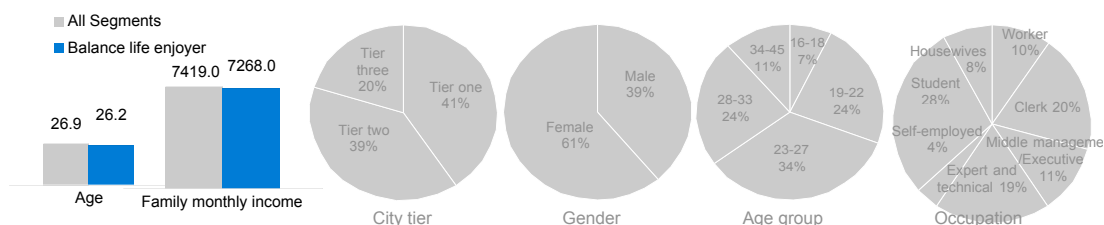
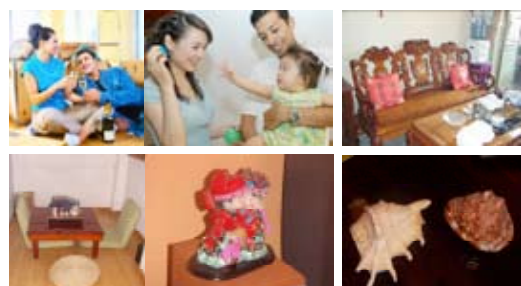
'The quality of life means having enough money for living and having time to enjoy life.'

Character

Middle to high income people with high level educational background, possessing a strong identification with mainstream and traditional values including respect, learning, privacy, filial piety and balance; have confidence in the future. They are natural, enjoy harmony and balance in both personal and professional life. They like to relax with limited pressures. They want to live comfortably and dislike risk. They look for the perfect and happy family. Friendship and respect are more important than generating wealth. They are rational about shopping and like to consider thoroughly what brand, function and price etc they buy. And they are saving and investing for the future.

Distinct hobbies

- Shopping, Fashion & Beauty
- Reading / music
- Surfing internet for info, shopping and interacting with people online
- Chinese arts & craft

**FAMILY & HOME****BRANDS & CONSUMPTION**

IDEAL LIFE



Ideal Life

At the moment they are, to some extent, living a fun and idyllic life, which will continue in their future together with additional harmony, balance, and modernity.

Key Words

- Inner Peace
- Fun Loving
- Noble and wise
- Natural
- Respectful
- In harmony, well Balanced



BALANCED LIFE ENJOYERS: PAST-PRESENT-FUTURE CHINA

Name	Past Tradition	Present Vitality	Future Imagination Two-side
Picture description	The past is likened to strong tea for tasting not for drinking; closed doors. Red flag represents the country, all are tolerant, advocate sharing.	Coffee stands for status and pursuit, for tasting and drinking, multiple-elements; Tourism emphasizing quality life, pursue a natural and relaxed living; Pyramid and ladder means development, technology and science discovery.	Instant coffee (quick social development); Wine (social gathering, harmonious development); Olympics, dove of peace (peaceful world); from Earth to Moon (Science and technology development, well-off).
Feeling/Thoughts	Cannot get the help both on the study and liberation”	Advanced living quality, no-restrict living style	Everything is possible
Picture	A simple drawing in red and black ink. It shows a cylindrical cup with steam rising from it, and a red flag with a yellow star on a pole to its right.	A drawing in black and red ink. It features a white coffee cup on a saucer with the word 'Coffee' written below it. To the right is a red ladder and a red pyramid.	A drawing in black and red ink. It shows a globe with a red arrow pointing from it to a person sitting at a desk with a lamp. There are also some other small figures and shapes.
<p>Reason/Event for the changed images:</p> <ul style="list-style-type: none">• From past to present: Open the door£@nine-year compulsory education, individual thoughts• From present to future: More open to the world (earthquake - accepting aid from around the world); mutual communication			
<p>Psychological profile: they emphasize mutual respect and communication</p>			

FIGURE 6

WORRIERS (15.5%)

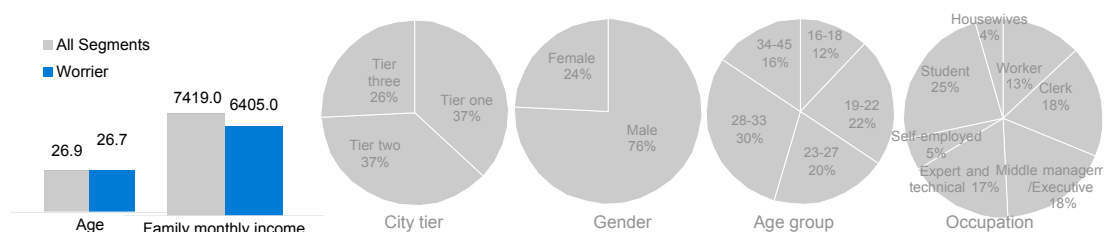
'The gap between rich and poor becomes more obvious, I am burdened by a great pressure on my work and living. I wish to live in a comfortable way with few pressures and one day everybody is rich in the same level.'

Character

Low income people, dissatisfied with their current status including income and relationships with people. They pursue materialism. They worry that the West is afraid of the growth of China. They are quite money smart but again worry about their financial security in the future. So they feel pressure in current life and are uncertain about the future. Inner peace is not valued, instead they seek success. They are worried about being poor and losing their job, struggling for the future. Claim to be willing to take risks and sacrifice happiness but afraid of change, they mainly focus on utilitarian needs but lack deep communication and confidence or others. For the future, they hope to have idyllic and materialistic life. They are price sensitive and will seek out the best deals.

Distinct hobbies

- playing Cards, Mahjong
- Watching TV
- Playing video games
- Surfing internet to get news and enjoy entertainment

**FAMILY & HOME****BRANDS & CONSUMPTION**

IDEAL LIFE



Ideal Life

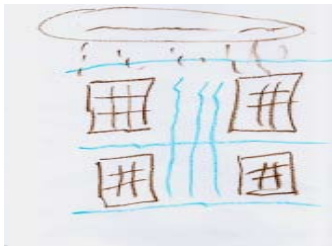


Pursuing fun is their future living ideal with aspirations for an idyllic life and successful career with money.

Key Words

- Fun Loving
- Natural
- Loyal to family
- Successful



WORRIERS PAST-PRESENT-FUTURE CHINA

Name	Past History	Present Growing Up	Future Powerful China
Picture description	Cloudy; rice fields, country was lagging behind	China grows up; prosperous and flourishing country; united nation	Dominant international status, all eyes around the world focus on China.
Feeling/Thoughts	Low living standard, friendly relations between each other, few pressures on living	More opportunities to succeed but face great pressure and feel tired	Increasing country strength; more comfortable living, less pressure, common wealth
Picture			

Reason/Event for the changed images:

- From past to present: Science and technology development; increasing expectation for better living
- From present to future: Physical and psychological health, environmental consciousness

Psychological profile: Burden a strong sense of pressure, emphasize money

FIGURE 7








IDEAL LIFE

Their vision of the present and the future remains vague.

FINANCIAL PRAGMATISTS: PAST-PRESENT-FUTURE CHINA

Name	Past Country Road	Present Home to Office	Past The way to hometown
Picture description	Bicycle as the best vehicle, rough road with stones	High buildings, subway is fast and convenient, painting with purple because it is my favorite color	Build more highways; improving living situation; more vehicles, easier to get home. The way to home is more convenient and the road becomes broader
Feeling/Thoughts	Inconvenient transportation, takes a long time for anywhere, hard living situation	Developing transportation provides much convenience	
Picture			
Reason/event for the changed images: <ul style="list-style-type: none"> • From past to present: Study and work in a metropolis, widened my eyes • From present to future: Social development, meeting present daily life needs 			
Psychological profile: Concerned with himself, carrying a burden of living and being enterprising			

CONCLUSIONS

Rich data and insights has been generated about the modern Chinese, their values and attitudes, which can be used to guide marketing in the future. We have found that Confucian values are very much uniquely alive in Chinese culture, and that consumers express themselves in different ways, some more traditional and some more western, but all underpinned by Confucian values.

On close inspection from a Chinese perspective, we can differentiate the six segments or clusters on two dimensions:

1. *Enjoying Quality Life*. This vertical dimension represents how far each cluster identifies with enjoying a quality life. The length of vertical arrows represents for each cluster the consciousness of taking risks and making changes in their lives. The longer the length so their consciousness is stronger.
2. *Mutual Respect in Relationships*. The horizontal dimension indicates the importance of mutual respect in relationship based on factors 'respect, privacy,

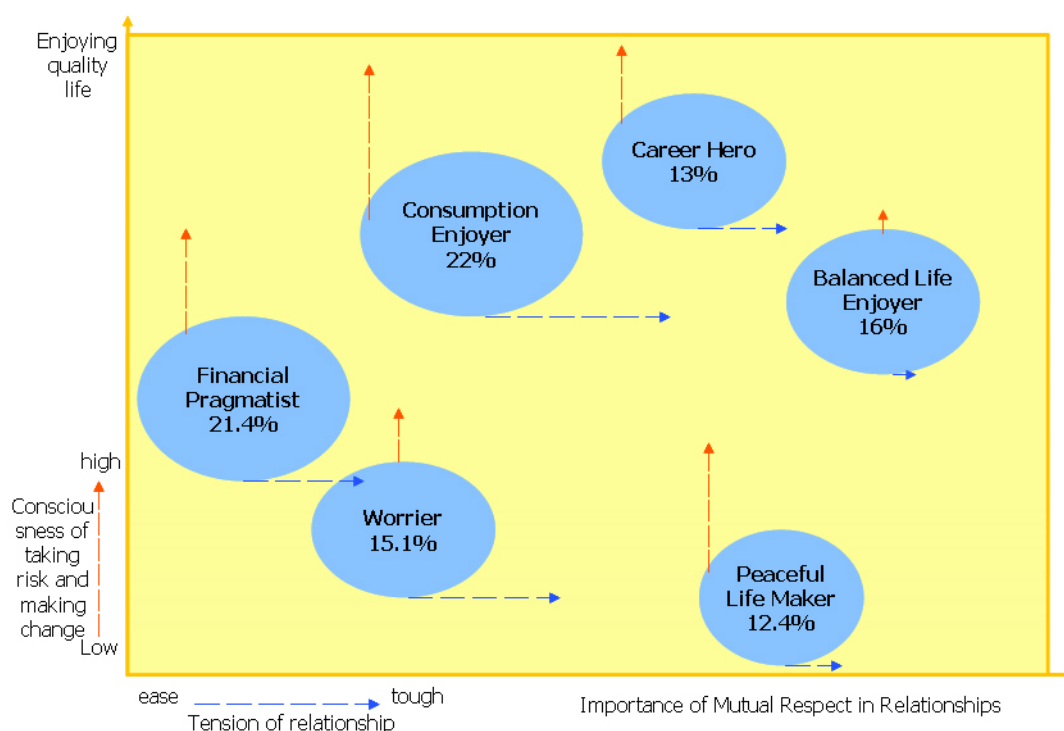
moderation & balance'. The length of horizontal arrow signifies the desire of making relationships stronger. (See figure 8.)

Thus 'Career Heroes' enjoy quality of life materially, and want more, but they also attach importance to mutual respect in relationships. In fact as their aspirations show, they are looking forward to a future based upon Chinese values of being noble and wise.

On the other hand, 'Consumption Enjoyers' take pleasure in Western goods and lifestyles but still seek traditional relationships with their parents, as the 'One Child' generation. 'Peaceful Life Makers' are low income and wish for a better life but to them contentment and happiness are more important than material values.

'Balanced Life Enjoyers' are more likely to be higher educated and female, with a strong identification with traditional Confucian values. 'Financial Pragmatists' are not demanding, they 'muddle along' with unclear visions of the future. Chinese 'Worriers' are a male sector, want more success and also better relationships, but

FIGURE 8



see themselves under threat. Each sector has its own aspirations and identification with Confucian values. Each represents a rich source for targeting.

These different clusters may be recognised to some degree in other cultures, East or West. But the qualities that make them different are adherence to a greater or lesser degree to Confucian values of importance of relationships, respect, moderation, and balance. In this respect China is unique, and therefore targeting at these sectors cannot simply be generalised from other cross-cultural marketing.

To put this in a broader context there is a progress over time in Chinese values which are summarised in figure 9.

At the risk of simplification there are five stages:

1. Upbringing in Confucian values as the basis
2. Rejection under Mao
3. Opening up of China
4. Adoption of Western materialism
5. Rediscovery of Confucian values or 'Neo-Confucianism' which feed of the past

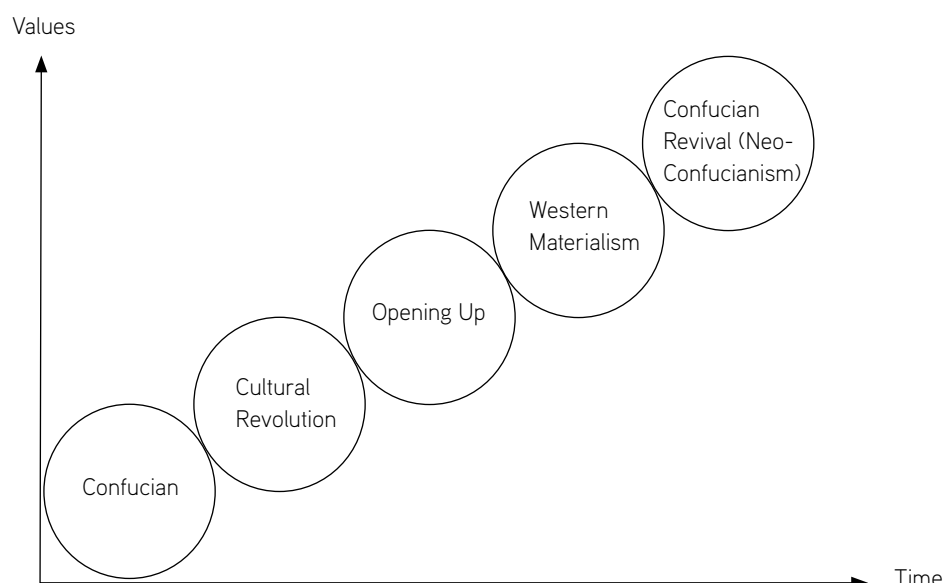
Each sector identified lies across the spectrum of 'Opening Up' through 'Western Materialism' to 'Confucian Revival' or 'Neo-Confucianism'.

As noted earlier, the impact depends on when you are born, whether you were younger and part of a 'One Child' family or older had siblings. These differences have profound psycho-social effects on both children and parents (and grand-parents).

It is not about 'convergence' towards a Western ideal of individualism, nor 'divergence' to separate Chineseness, but a search for a separate identity which combines both.

Consumption Enjoyers (22%) are by far the youngest segment and probably fit best the last stage, 'Confucian revival'. Balanced Life Enjoyers (36%), while not quite so young, also believe strongly in a balance of Chinese and Western values and thus also fit into this group reasonably well. These two segments (together at 38% of our sample) are the ones who will probably respond best to a balance of modern and traditional values in advertising communication.

FIGURE 9



Career Heroes (19%) are quite materialistic and success oriented and although they also hold Confucian values (as do all segments) they probably fit best with the stage of 'Western Materialism'. In other words they are likely to respond best to more modern Western cues in advertising communication (bearing in mind that Confucian principle is still important). Worriers (16%) aspire after they under pressure.

The 'Opening Up' stage of development fits a more purely traditional outlook. The Peaceful Life Makers (12%) segment is one of the older segments who are amongst the strongest on traditional and Confucian values seeking mutual respect in all their relationships but not seeking personal success. They probably fit best with this stage and will almost certainly respond to more traditional advertising communication and will be buying more basic, probably local, brands.

Lastly we have Financial Pragmatists (22%). As they are drifters and a little lost they are more difficult to fit to any of the developmental stages but if anywhere it could be the 'Cultural Revolution' stage by which they have been left a little confused by the pace of change and what it means for them.

But across all segments, the 'rediscovery' of Confucian values – if they ever disappeared – has major implications for marketing in China.

After decades of rapid economic development, Chinese consumers feel significantly more proud as a rising nation in the world. Whether consciously or not, they are recalling or re-discovering the traditional values, talking more and more Chinese aesthetic principles and health ideas that are corresponding to their values.

It is worthwhile to point out that Chinese traditional values were contributed to by not only Confucianism, but also Daoism and Buddhism. All of these shaped Chinese people's minds and habits for a long time. Many scholars have tried a lot to use modern terms to explain ancient expressions of values. The most frequently mentioned and very influential concepts are as the following:

- 'Humaneness' (ren) is regarded as the core idea of Confucianism as mentioned previously. It asks people to live with love, and practice the golden rule of "not applying something to other people if you yourself don't want it". Many Chinese entrepreneurs take this principle as the foundation of Corporate Social Responsibility and have tried their best to improve their corporate image through activities relating to cherishing people and environment protection. In the Sichuan earthquake, many corporations made huge donations to fulfil their "responsibility to society". These kinds of donations seek to earn respect from the public.

- 'Natural' and 'balance' contribute a lot to the Chinese philosophy of healthcare. People find the root of natural expression from Daoism works, complemented by the concept of balance from Confucianism. As we know, today, Chinese people are very aware of maintaining health by the balance of various parts of mind and body. Take for example, the herbal cosmetics brand (Herborist) by Shanghai Jawha or the oil and water balance concept of skin care product by P&G, etc. These concepts have been very successful in the Chinese market.

- 'Natural' and 'balance' are also taken as typical Chinese aesthetic principles. Today, these principles are guiding many people's lifestyles and their consumption behaviours. This is enhanced by many manufacturers and service suppliers' advertising communication concepts using very typical "natural" and "balance" concepts. Even multinational brand communication concepts are more and more taking the Chinese natural/balance as their core benefit. For instance, Crest is using an ancient style of Chinese traditional medical doctor to enhance the concept of herbal ingredients. Estee Lauder similarly uses bamboo, a special cultural symbol of Chinese character and morals of modesty, resoluteness and chastity, to enhance the product features of naturalness, pureness and vitality.

Many other examples can be given. Chinese companies euphorica harmony, pragmatism and foresight for all their stakeholders. Chinese logos are often round and interactive providing lessons for Western companies investing in China. This study therefore opens up

PART 5 / HOT FRONTIERS

many possibilities. Clearly it needs to be verified and validated in further work, and monitoring change.

We opened this paper with the importance of understanding the hearts and minds of China. Confucianism itself is rich in marketing implications with the importance attached to balance, harmony and relationships, which can be applied to communications, symbolism, and product design. In its expression there is scope to meet the needs of the six sectors identified across the regions and demographics.

From our experience, we already see this happening either consciously or unconsciously in marketing as well as in socio-political change. We need to track how these general attitudes will change and these sectors will respond. This ongoing work helps to grasp what it feels like to be Chinese now and how this should influence marketing communication in the future.

FINAL NOTE

By the time of the ESOMAR Congress in Montreal, the China Olympics will be over. As a tail-piece to this contribution to 'Frontiers' we will report on Chinese attitudes to the event and how they see its consequences for China and the world.

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The Authors

Katie Zhou is General Manager, DiagAid Marketing Research Co.,Ltd., Republic of China.

Peter Cooper is CEO, CRAMQiQ Group, United Kingdom, and a Chartered Psychologists

May Qiu, is Senior Researcher, CRAMQiQ Diagaid International, Peoples' Republic of China.,

John Pawle is Managing Director, QiQ International, United Kingdom.

Simon Patterson is Managing Director, CRAM International, United Kingdom.