



EXECUTIVE QUICK BRIEF: ECONOMY

Chinese Consumer Insights for Marketing Executives

Insights from the ProsperChina™ Quarterly survey of over 16,000 Chinese Consumers provide unique knowledge to identify opportunities in the evolving Chinese marketplace. Visit the new ProsperChina.com website.

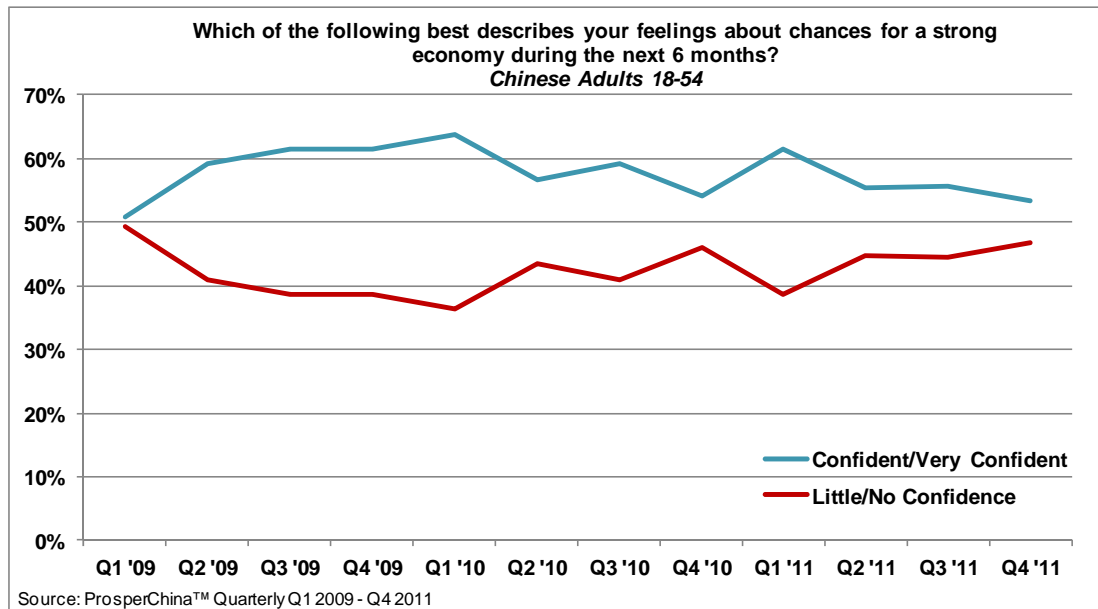
January 2012

Talking Points:

- Chinese Consumers end 2011 with more pessimistic attitude toward economy
- More than 1 in 3 expect “more” layoffs in the next six months
- Consumers feel “better off” compared to this time last year
- Personal savings rate continues to tower over American Consumer savings
- Focusing on needs vs. wants rises...what ‘needs’ will Chinese consumers purchase this year?

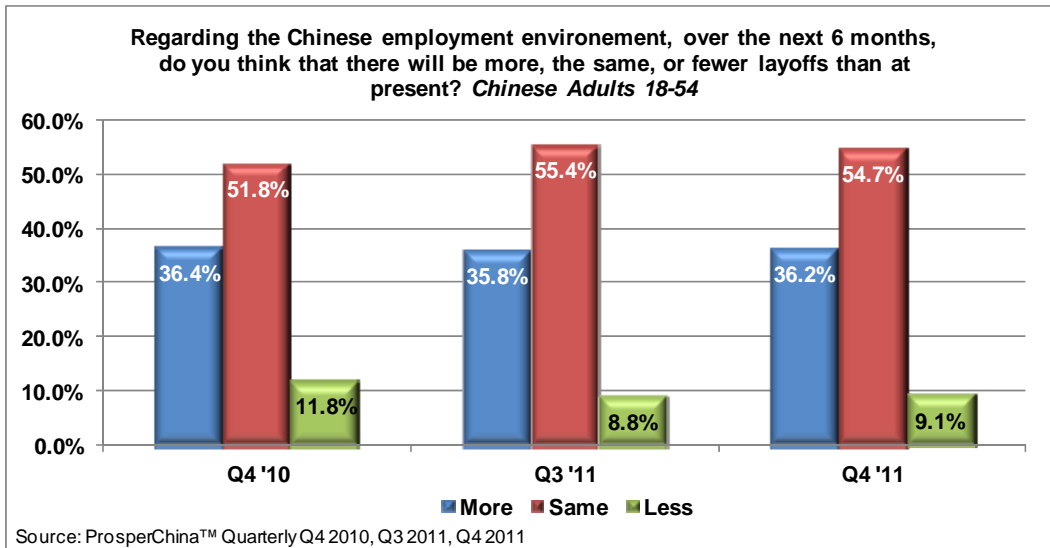
Economy

Preparing to ring in the New Year generally ushers in feelings of optimism, but that’s not so when it comes to Chinese Consumers’ feelings toward the Chinese economy. In Q4 2011, 53.3% indicated they are confident or very confident in chances for a strong economy over the next 6 months, down 4.1% since Q3 2011 and the lowest reading since post the global financial market crash in Q1 2009:



What’s behind this trend? Despite a large GDP growth rate when compared with U.S. and European markets, China’s economic growth has slowed in the face of inflation, lapsing government subsidies, and fears of a real estate bubble burst.

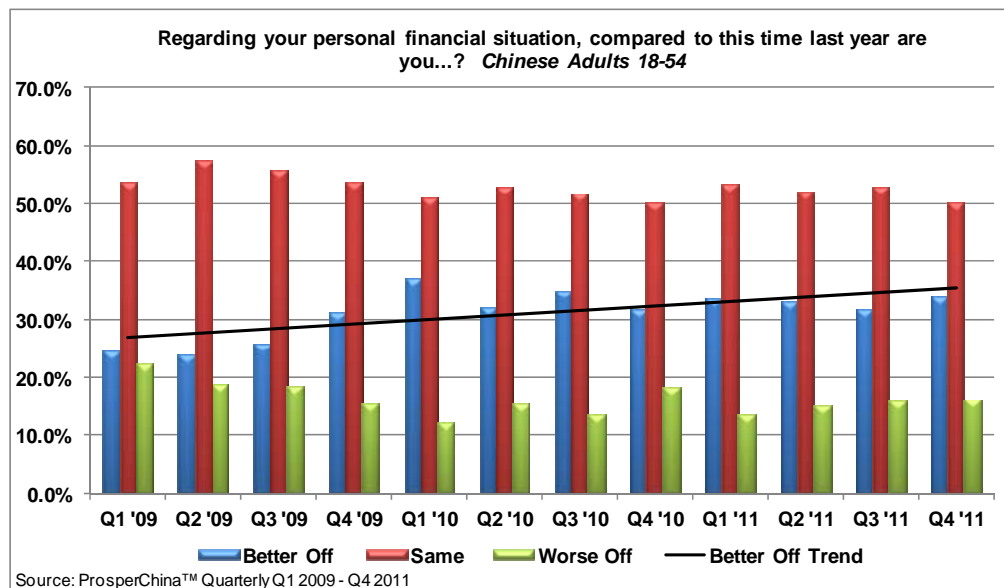
Hopes for a healthy employment environment also dwindled slightly in Q4 2011...36.2% of consumers are anticipating more layoffs in the next six months than at present, up 1.2% points quarter-over-quarter and flat year-over-year. The paltry 9.1% expecting fewer layoffs over the next six months might be showing a case of wishful thinking...this group is more likely to be unemployed or in school, while those expecting more layoffs are more likely to be in managerial positions.



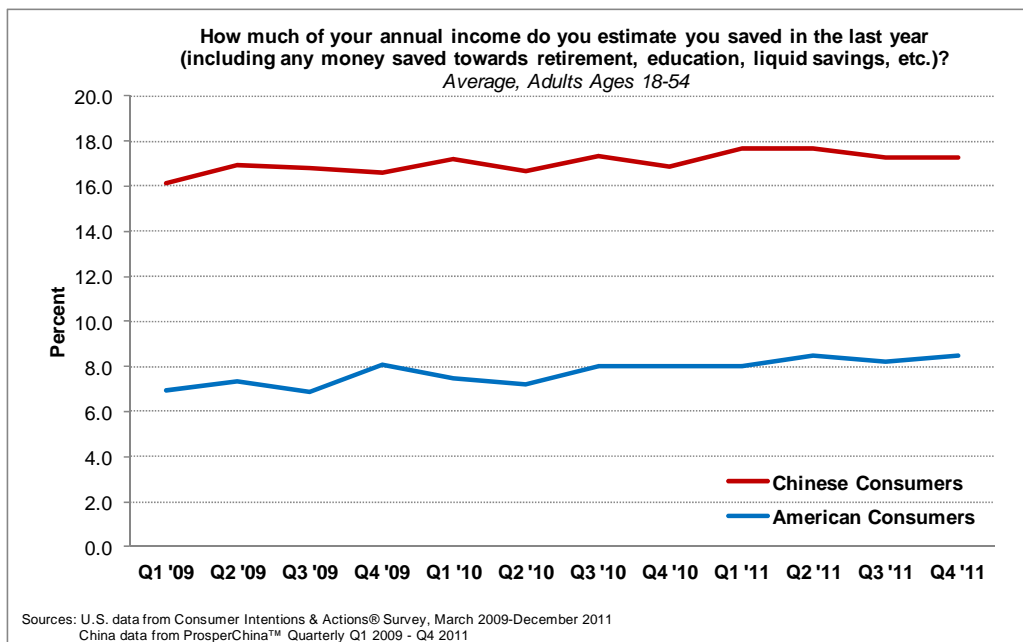
Personal/Financial

Coupled with declining economic and employment outlooks, consumer confidence in the Chinese Stock Market also declines, with the number of consumers indicating they'd definitely/probably invest down 9.5% quarter-over-quarter (49.7% Q4 '11 vs. 54.9% Q3 '11) and down 17.2% year-over-year (49.7% Q4 '11 vs. 60% Q4 '10). Once again, this number is the lowest reading since Q1 2009.

All is not lost though...compared to last year Chinese consumers are feeling better about their personal financial situation. 33.7% say they are "better off" regarding their personal finances compared to this time last year, up 6.9% quarter-over-quarter and up 6.6% year-over-year. Half of consumers feel their financial situation has remained unchanged, while less than 1 in 5 feel worse off:



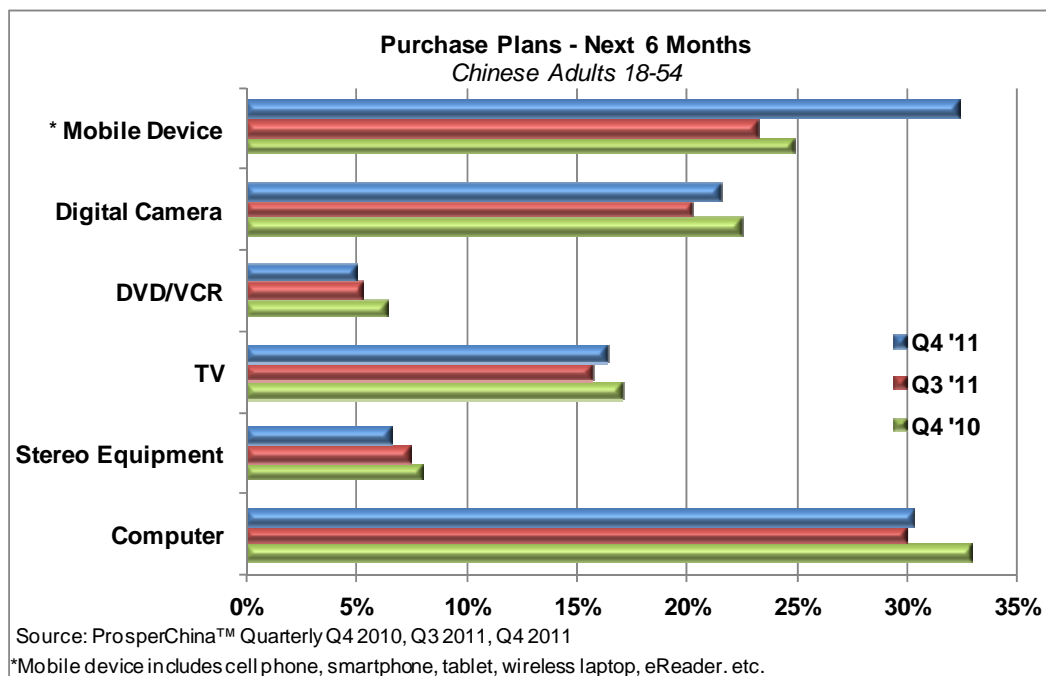
Consumers might be feeling better about their personal financial positions as a result of increased savings. More than 1 in 5 agree or strongly agree with the statement "I am saving enough to meet my future needs," up 9.2% year-over-year...and 35.5% plan to save more in 2012 than they did last year while 42.1% plan to save the same. Over the past year, Chinese Consumers indicate they saved an average of 17% of their annual income, far outpacing the savings rate of consumers in the U.S.:



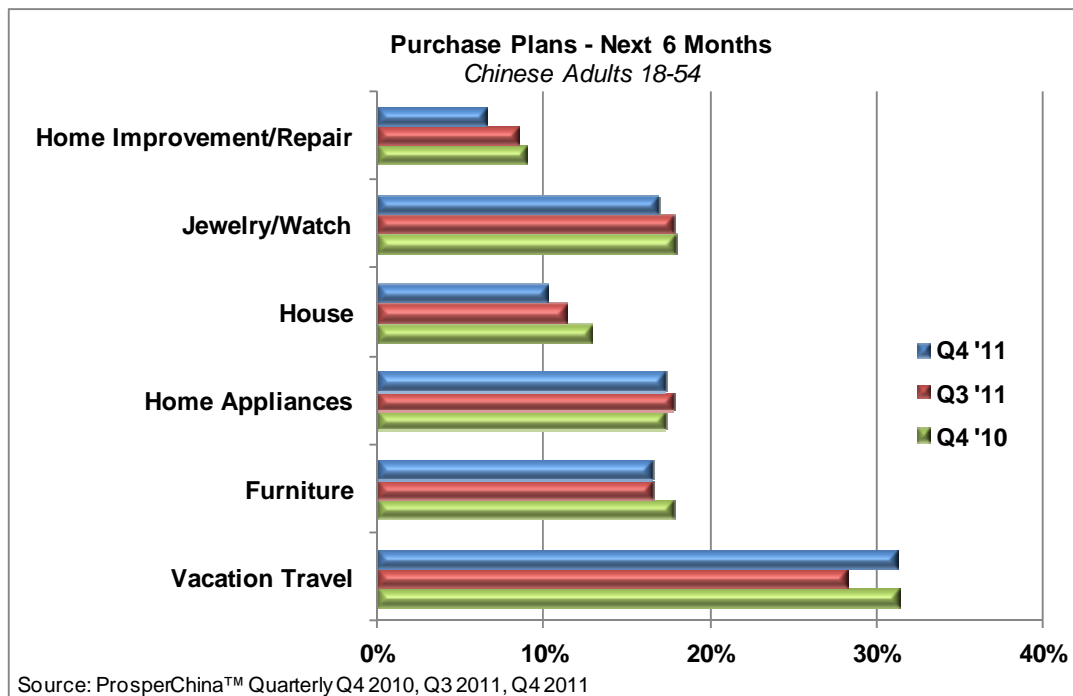
Heading into the New Year, Chinese Consumers are also more focused on the basics...focusing on needs over wants (38.8% Q4 '11 vs. 36.9% Q3 '11) and exercising practicality (56.3% Q4 '11 vs. 53.6% Q3 '11) when making purchases both trend upward quarter-over-quarter.

Future Purchases

So what do shifting consumer mindsets mean for consumer spending in the first part of 2012? Despite rising practicality and a stronger “needs over wants” mentality, six month purchase intentions for Mobile Devices are up quarter-over-quarter. With cell phones, smartphones, tablets, wireless laptops, and eReaders topping consumers’ shopping lists, it appears that Chinese Consumers’ definitions of “needs” and “wants” are changing. Purchase intentions for Digital Cameras, TVs, and Computers are also on the rise quarter-over-quarter (albeit slightly):



Chinese Consumers are also likely ringing in the New Year by traveling to visit friends and family...quarter-over-quarter purchase intentions for vacation travel are also on the rise, and are on par with this time last year. Other categories, however, do not fare as well, all seeing purchase intention declines quarter-over-quarter and year-over-year:



Interested in what's happening in the hot Chinese auto market? Or the 90 day spending outlook for apparel and CPG categories? Click [here](#) for more information!

The ProsperChina™ Quarterly provides insights on Chinese Consumers between the ages of 18 and 54 years old. This group of digitally connected consumers represents a large, rapidly growing market for luxury and everyday brand usage. They offer high potential for sales in other categories and markets. This 26th edition reveals the economic outlook, lifestyle, and media consumption of Chinese Consumers. **16,175 Adult respondents ages 18-54 completed the 4th Quarter, 2011 survey fielded December 5th-19th.** Margin of error is +/- 0.77% at a 95% confidence level.

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