



QUARTERLY SURVEY | overview

HEADLINES – PROSPERCHINA QUARTLERY SURVEY, 24TH EDITION, Q2-2011

- Confidence in the economy declines 6.1% quarter-over-quarter and 5.2% year-over-year.
- Both quarter-over-quarter and year-over-year, the percentage of 18-34 Chinese Consumers who are confident/very confident in the strength of the Chinese stock market declines.
- Year-over-year, the percentage of young Chinese consumers indicating they are worse off financially rose 8.2%
- With over half of 18-34 Chinese Consumers saying they've become more practical and realistic in their purchases, focus on practicality remains flat quarter-over-quarter but declines slightly year-over-year.
- Car ownership among 18-34 Chinese Consumers continues to rise, up 0.5% quarter-over-quarter and 11.1% year-over-year. However, purchase intentions for the next six months are down.
- 18-34 Chinese Consumers are significantly more likely to pay down the balance on their credit cards in full each month than 18-34 American Consumers.
- Media influence on 18-34 Chinese Consumers varies by category and differs from media influence on 18-34 American Consumers.

QUARTERLY SURVEY

The ProsperChina™ Quarterly Survey monitors the purchasing behavior, consumer attitudes, future spending plans, and media consumption of more than 18,000 Chinese consumers between 18-54 years old.

How data is collected:

- Responses collected online
- Respondents recruited from multiple on/offline communities
- Surveys are anonymous, self-administered & free of interviewer bias
- Questionnaires are designed to be completed quickly
- Computer model driven by known, real-world information

SYNDICATED PRODUCTS HAVE BEEN APPLIED TO THE FOLLOWING:

- Consumer Segmentation - by market - by retailers
- Share of Market - by merchandise category
- Share of Market - by brand preference
- Share of Market - by store format
- Future Purchase Intentions
- Customer Service Tracking
- Category Management (Aisle of the Month)
- Cross Shopping (within store and with competitors)
- Trend Analysis
- Competitive Analysis
- Media Allocations

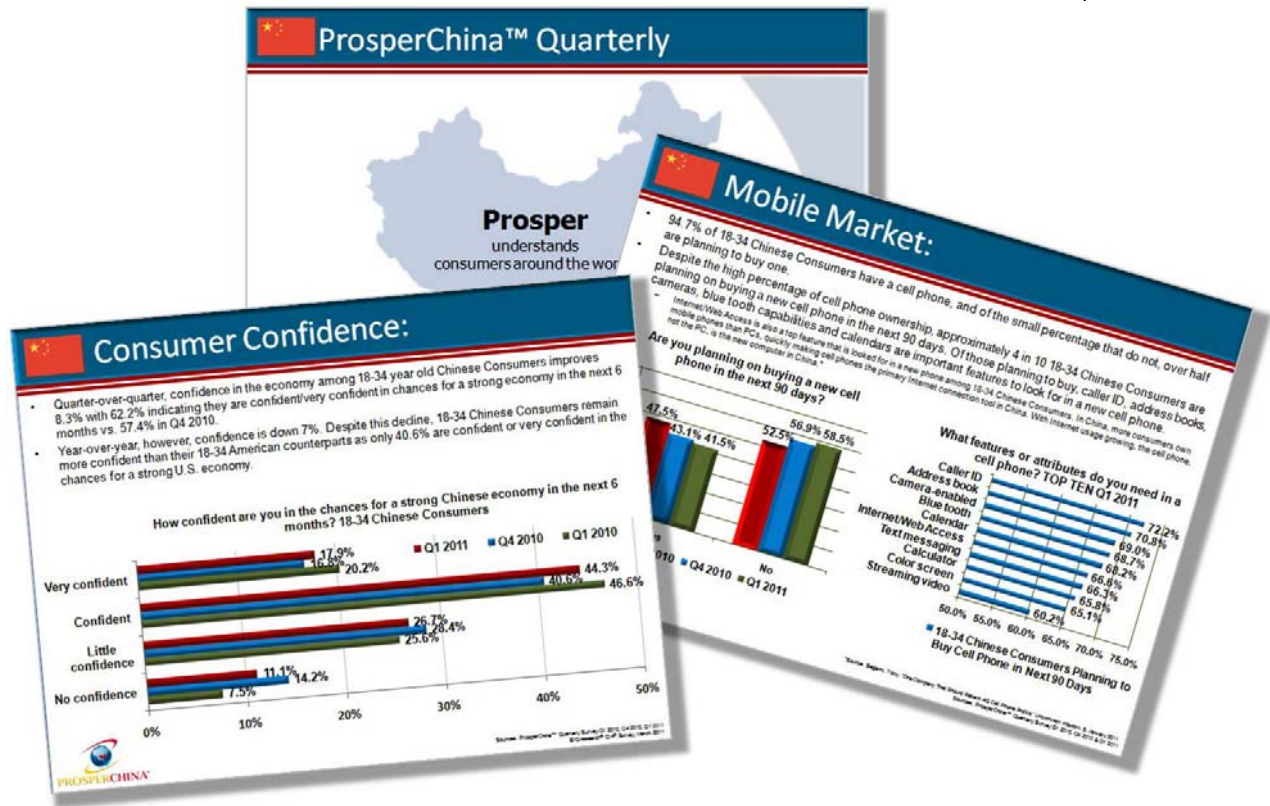
INNOVATIVE AND CUSTOM APPLICATIONS

- Custom Reporting and Data Integration
- Proprietary Panels with total market insights
- Merchandise Testing - demand and design
- Commercial testing (TV, Radio & Print)
- Customer Service

BACKGROUND

For over 20 years, Prosper® has been providing business development services to U.S. companies seeking to expand their businesses. In 1994, Prosper began working with the China International Trust and Investment Corporation (CITIC), specifically CITIC Beijing Guoan, one of the largest and most powerful marketing firms in China. In 2005, the China Quarterly was launched due to the growing need for accurate, actionable consumer information combining purchasing consumption with media consumption. By applying large sample size collection methods to the China marketplace, clients can anticipate market trends as new Chinese consumers make their way between traditional culture and globalization.

To purchase the full report or database, click here: <http://www.formsite.com/prosper/cgorder> or call 614-846-0146 for more information.



CHINA QUARTERLY REPORT INCLUDES (CHINESE 18-34 YEARS OLD):

- FLASH OVERVIEW
- CONSUMER CONFIDENCE
- STOCK MARKET CONFIDENCE
- EMPLOYMENT OUTLOOK
- CONSUMER FINANCES
- CONSUMER SAVINGS
- CONSUMER LIFESTYLE CHANGES
- 90 DAY OUTLOOK
- APPAREL PURCHASES
- AUTO MARKET
- MOBILE MARKET
- MOBILE DEVICES
- PURCHASE DEFERRALS
- VACATION TRAVEL
- ONLINE RESEARCH
- ONLINE SHOPPING
- SIMULTANEOUS MEDIA USAGE
- MEDIA INFLUENCE
- CHINA MARKET OVERVIEW: 18-34 VS. 35-54

**THE FOLLOWING IS A REPRESENTATION OF
TOPICS COVERED IN THE CHINA QUARTERLY...**

DEMOGRAPHICS

Gender
Age
Marital status
Education
Occupation
Income
Persons in household
Persons in household under 18
Household status

**FAVORITE WAYS OF SPENDING
LEISURE TIME**

ECONOMY

Consumer Confidence
Consumer Savings
Employment Environment
Stock Market
Impact of Gas Prices

LIFE CHANGES

More Practical
Less Practical
Needs Over Wants
More Money for Decorating
Budget Conscious
Spending More Time with Family

GROCERY STORES

Shopped most often
Reasons for shopping Grocery Store

**PURCHASE INTENTIONS
(NEXT 90 DAYS)**

Electronics
Children's Clothing
Women's Dress Clothing
Women's Casual Clothing
Men's Dress Clothing
Men's Casual Clothing
Shoes
Health and Beauty Aids
Going Out to Eat
Sporting Goods
Groceries
Toys
CDs/DVDs/Videos/Books
Home Improvement/Hardware
Supplies
Home Furniture
Decorative Home Furnishings
Candy
Beer/Wine/Alcohol
Linens/Bedding/Draperies
Lawn & Garden

MONTHLY SPEND

Groceries
Health and Beauty Aids
Apparel
Electronics

**BIG DOLLAR PURCHASE
INTENTIONS**

Computer
Furniture
Home Appliances
House
Jewelry/Watch
Major Home Improvement or Repair

Stereo Equipment
TV
DVD/VCR
Digital Camera
Vacation Travel

AUTOMOBILE OWNERSHIP

Brand planning to buy
Reasons

**PREFERRED BRAND (CLOTHING,
FURNITURE, JEWELRY, MUSIC,
HEALTH & BEAUTY PRODUCTS,
ELECTRONICS, SOFT DRINKS)**

Chinese Brand
US Brand
European Brand
Japanese Brand
Korean Brand

FAST FOOD RESTAURANTS

Frequency of visits
Average spent
Restaurant visited most often

WIRELESS SHARE & FORECAST

Cell Phone
Desired features
Average bill
Purchase plans – cell phone

MEDIA USAGE

22 types (including new media)

SIMULTANEOUS MEDIA USAGE

TV, Newspaper, Magazines, Radio,
Internet and Cell Phone, Mail, Other
Activities

**MEDIA INFLUENCES ON
PURCHASES**

Electronics
Apparel/Clothing
Groceries
Home Improvement
Automobiles
Pharmaceutical/Medicines
Eating Out
Telecom/Wireless

INTERNET USAGE

Website used most often for
fun/entertainment
Website used most often to access or
download video/music content
Search engine used most often
Search frequency
Types of products searched
Device(s) downloaded to

ONLINE SEARCH TRIGGERS

ONLINE PURCHASES

Frequency of online product
purchases
Website used most often for buying
products
Frequency of online research prior to
purchasing product in person or in a
store

Types of products researched online
before buying them in person or in a
store over the last 90 days
Influence of 'sponsored links / results'
on products purchased online

VIDEO GAMES

Platforms

RETAIL MOTIVATORS

Importance of Sales
Fashion Forward
Familiar Labels

**FREQUENCY OF ONLINE PRODUCT
SEARCH**

Automobile/Trucks
Clothing/Shoes
Financial
Maps/Directions
Medical
Movies
Online Entertainment
Product Information/Comparative
Shopping (Non-Auto)
Real Estate
Restaurants
Sports
Travel

LIFE EVENTS

Yourself or Child Starting College
Having a Baby
Getting Married
Separating/Getting a Divorce
Retiring

HEALTH RELATED CONDITIONS

Allergies, Arthritis, Depression
Diabetes, Headaches/Migraines
Heartburn/Indigestion, High Blood
Pressure, High Cholesterol
Insomnia/Difficulty Sleeping
Acid Reflux, Overweight, Anxiety,
Asthma, Chronic Bronchitis, Enlarged
Prostate, IBS/Crohn's, Osteoporosis

ACTIONS TO IMPROVE HEALTH

Watching the Consumption of:
Fat (Cholesterol)
Salt
Calories
Carbohydrates
Exercising Regularly
Buying More Organic

**CREDIT CARD OWNERSHIP AND
PURCHASES**

Credit Card
Uses of Credit Card

**DEBIT CARD OWNERSHIP AND
PURCHASES**

Debit Card
Uses of Debit Card

CABLE TV

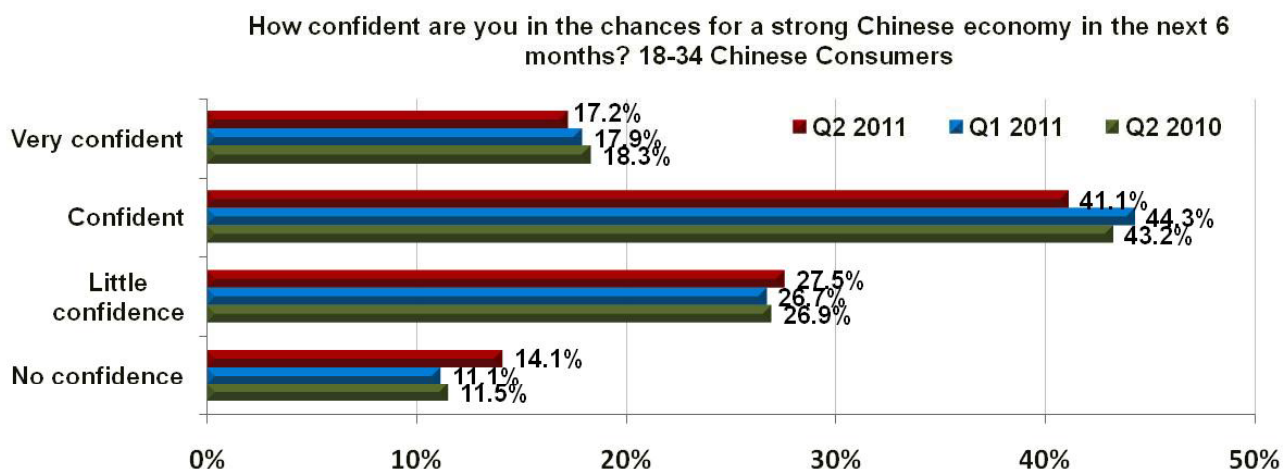
Percentage of time spent watching



Recap of Q2 11: Consumer Confidence – 18-34 year olds

Quarter-over-quarter, confidence in the economy among 18-34 Chinese Consumers is down 6.1%, with 58.3% indicating they are confident/very confident in the chances for strong economy in the next 6 months vs. 66.2% in Q1 2011.

Year-over-year, confidence is down 5.2%. Despite this decline, 18-34 Chinese Consumers remain more confident than their 18-34 American counterparts as only 38% are confident or very confident in the chances for a strong U.S. economy over the next 6 months.



**This is an excerpt from the ProsperChina™
Q2 2011 Quarterly Report.
To purchase the full report or database, click
here: <http://www.formsite.com/prosper/cqorder>**

Sources: ProsperChina™ Quarterly Survey Q2 2010, Q1 2011, Q2 2011
BIGresearch® CIA® Survey, June 2011



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Recap of Q2 11: Consumer Lifestyle Changes – 18-34 year olds

With over half of 18-34 Chinese Consumers saying they've become more practical and realistic in their purchases, focus on practicality remains flat quarter-over-quarter but declines slightly year-over-year. Compared to their American counterparts, 18-34 Chinese Consumers are more focused on practicality.

46.3% of 18-34 Chinese Consumers are concerned about food safety in Q2 2011, rising 8.5% quarter-over-quarter.

Budget consciousness among young Chinese Consumers declines quarter-over-quarter, while awareness of being environmentally responsible remains flat.

In the last 6 months, have you made any of the following changes?

	18-34 Chinese Consumers			18-34 American Consumers
	Q2 2010	Q1 2011	Q2 2011	June 2011 CIA
I have become more practical and realistic in my purchases	58.0%	55.2%	55.0%	47.3%
I have become less practical and more impulsive in my purchases	9.6%	10.6%	10.5%	6.4%
I focus more on what I need rather than on what I want	39.9%	36.8%	36.4%	52.0%
I have become more conscious about food safety	43.6%	42.7%	46.3%	15.2%
I am spending more time and money on decorating my home	11.8%	13.5%	12.2%	6.2%
I have become more budget conscious	35.7%	35.4%	32.3%	41.5%
I am spending more time with my family	23.9%	25.8%	23.5%	24.0%
I have become more environmentally responsible in my daily life	34.6%	30.6%	30.7%	11.7%
I am eating home cooked meals more often	25.3%	24.3%	24.0%	36.4%
I have not made any changes	7.3%	7.6%	8.4%	10.4%

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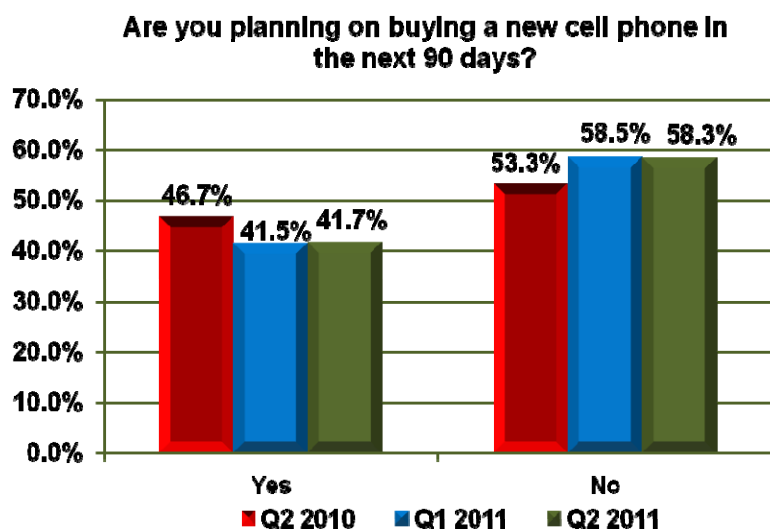


Recap of Q2 11: Mobile Market – 18-34 year olds

95.7% of 18-34 Chinese Consumers currently own a cell phone, and 41.7% are planning on buying a new phone in the next 90 days.

Cell phone purchase intentions are down 10.6% year-over-year but remain relatively flat quarter-over-quarter. Nevertheless, cell phone ownership in China will remain high as many Chinese consumers use their phones as their primary connection to the Internet.

Current cell phone owners have an average monthly bill of 137 RMB. 35.6% say the primary use of their phone is for business, but 81.6% pay their bills themselves. 20.7% are considering switching providers.



18-34 Chinese Cell Phone Owners:

Average Monthly Bill: 137 RMB

35.6% say primary use of cell phone is for business

81.6% pay their own cell phone bill

20.7% are considering switching providers in the next 6 months

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