Vote: by 2020 how many members of middle class in China?

A. 300 million

B. 400 million

C. 600 million

D. 700 million

All of them are seemingly "authentic" projections!

A. 300 million

Mirae Asset

http://investments.miraeasset.us/perspectives/new-china-impact-chinese-consumer/

B. 400 million

China Economic Weekly

https://gbtimes.com/chinas-middle-class-reach-400-million-2020

C. 600 million

China Institute for Reform and Development

http://www.chinadaily.com.cn/china/2012-11/03/content_15872230.htm

D. 700 million

Euromonitor International

http://en.people.cn/90001/90778/90862/7072426.html

Unifying prosperity or segregated heterogeneity?
An inquiry into consumption practices of leisure and appearance in China

Prepared for ICSA 2018 Asia Conference at Hong Kong University of Science and Technology

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Presentation structure

Introductive Part

CFPS2012, 14, 16:
Data preparation
&
Variable selection

Finding 1: Growing external appearance and entertainment spending

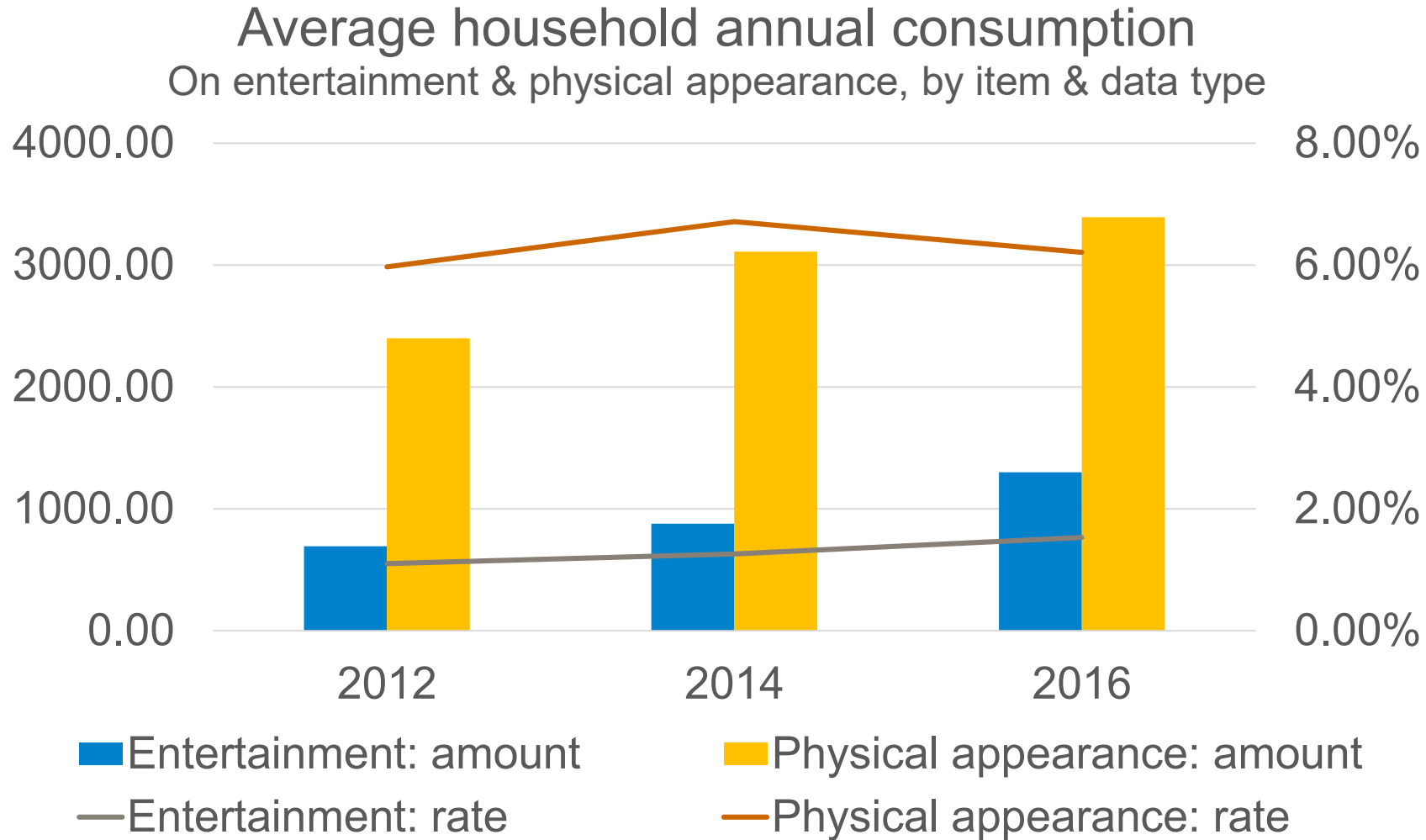Finding 2: Growth not backed by a large portion of the whole population

Finding 3: No saturation in leisure and physical appearance consumption

Finding 4: Three distinct consumption groups

Conclusion

Is an overall prosperous society on its way?

Average household annual consumption
On entertainment & physical appearance, by item & data type

Guess what's the portion of people answering zero for leisure consumption?
A. about 20%   B. about 40%   C. about 60%   D. about 80%
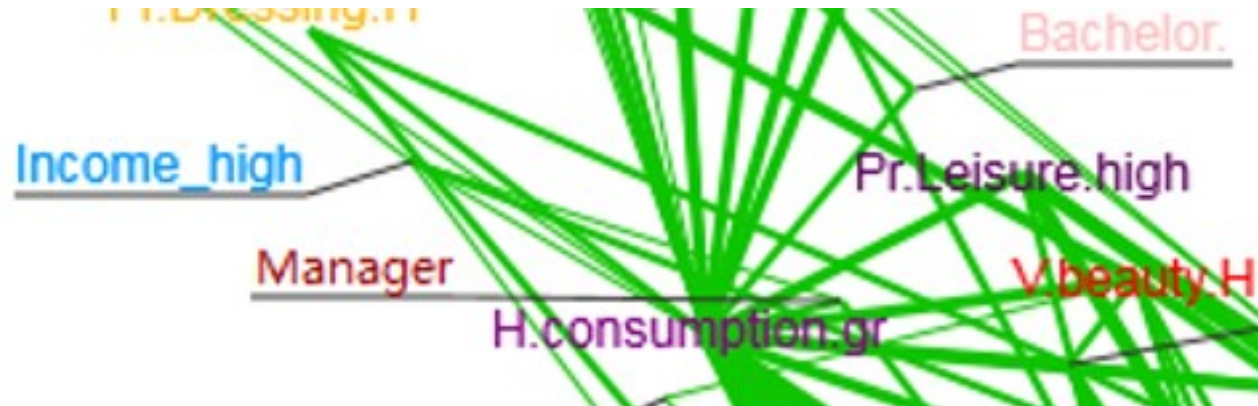
56% in 2016

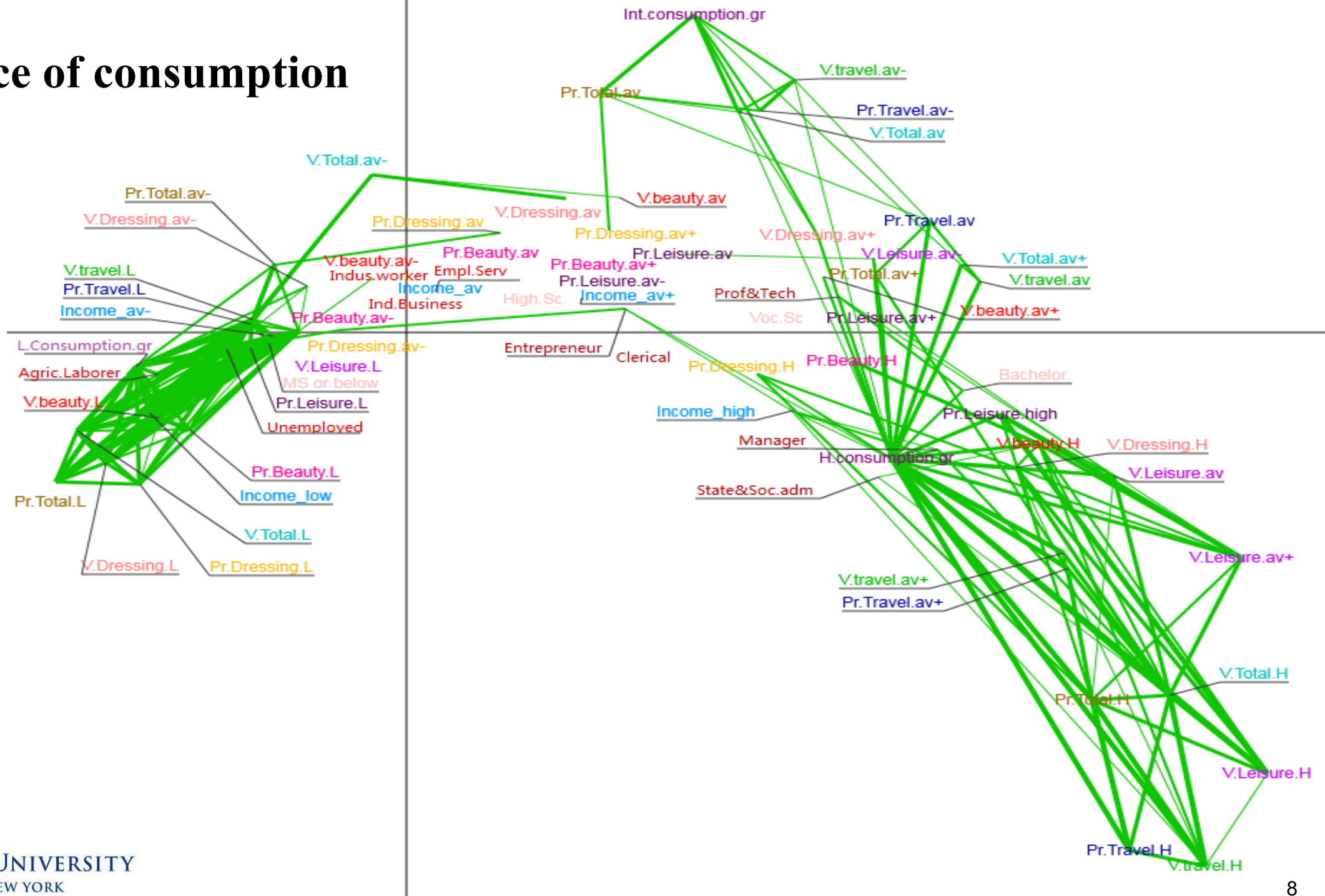Free reading at book store
蹭书族

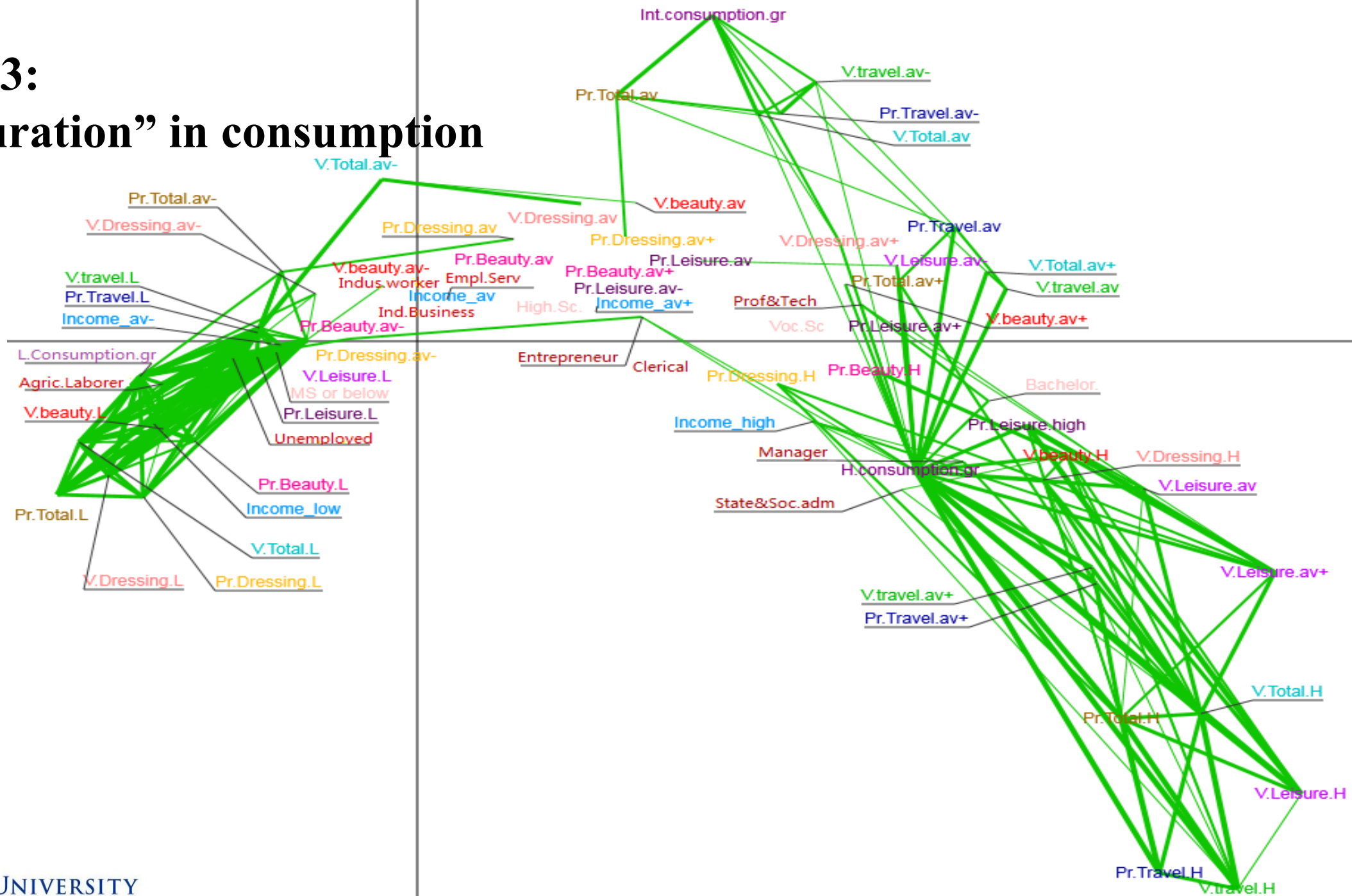Playing phones

Dancing at squares
广场舞

- Visualize preference tendencies of different groups
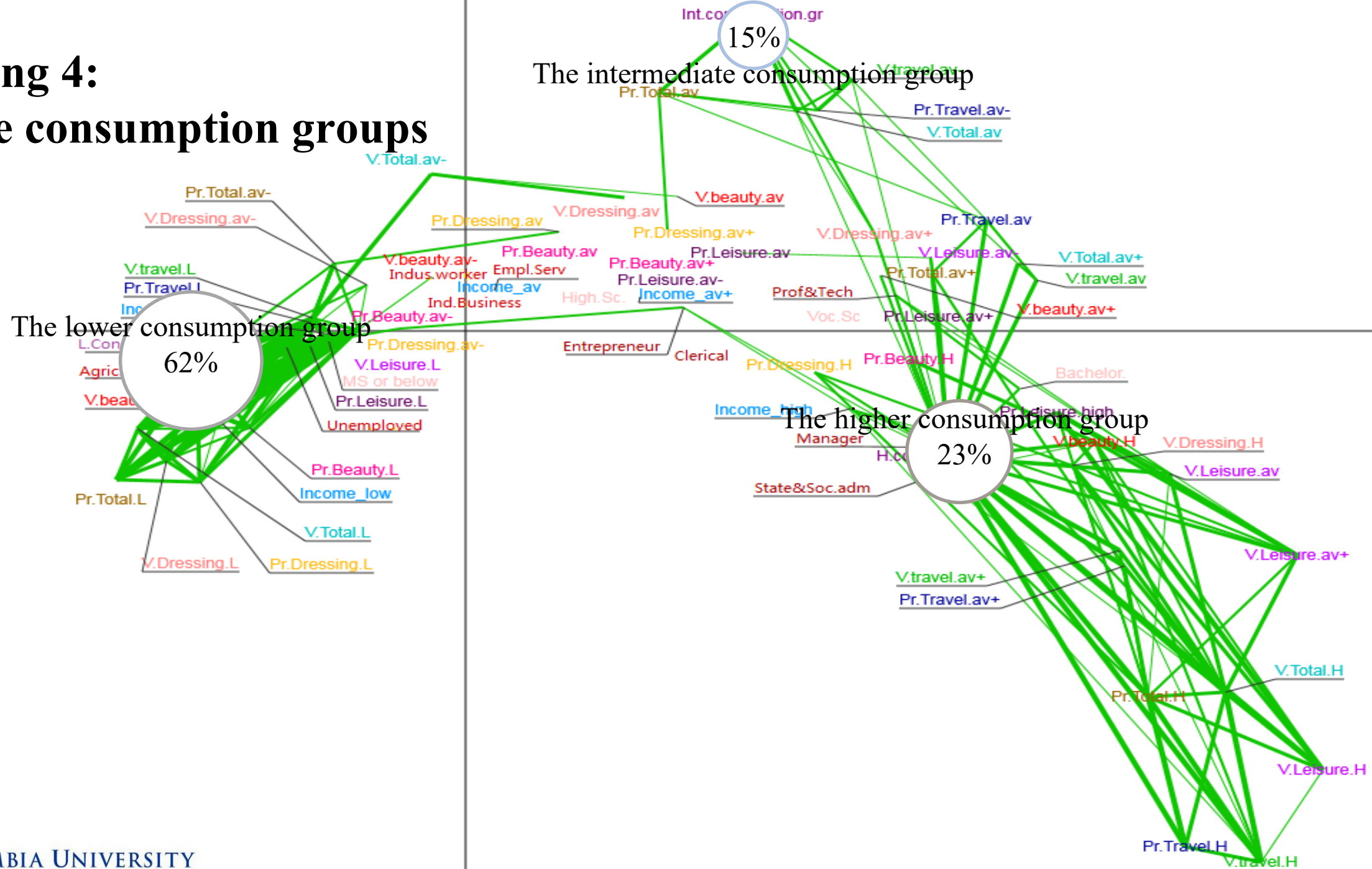 The closer the groups, the more common properties they have

The space of consumption

Finding 3:
No "saturation" in consumption

Finding 4:
Three consumption groups

Finding 4: Three consumption groups

Descriptive statistics of lower, intermediate and high consumption groups.

Variables	Lower	Intermediate	Higher
Household income (¥)	50,851	83,647	102,812
Real estate asset (¥)	474,398	775,694	913,857
Mean householder age (yr)	53	45	45
Percentage w/ diploma above high school	6%	21%	27%
Percentage w/ occupation above Ind.business	16%	33%	42%
Percentage w/ urban hukou	50%	61%	61%
Percent w/ family size below 3	40%	19%	26%
Total household consumption (¥)	38,219	67,262	105,604
Food consumption (¥)	16,263	26,396	27,225
Medical consumption (¥)	4,913	4,452	6,926
Dress consumption (¥)	1,054	4,354	6,892
Housing consumption (¥)	6,646	8,665	19,103
Daily goods consumption (¥)	3,485	8,001	22,145
Transport and communication consumption (¥)	2,867	6,919	8,320
Entertainment, education and cultural consumption (¥)	2,565	7,059	12,524
Other consumption (¥)	420	1,330	2,426

Notes: All consumptions are adjusted according to provincial GDP per capita in 2014.

Source: CFPS 2014.

Summary and conclusion

- Significant growth in recent years
- Still a lot of people embracing a necessity-based lifestyle
- Stratified consumption groups

The overall prosperous society, where people
are wealthy and confident in their future, and
are socially inclined to enjoy "high standard of spiritual and material life"
….

is possible but not for tomorrow!

Thank you!

Q&A

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Appendix

Table 1.

Descriptive statistics of dress, leisure, travel and beauty consumption of low, intermediate and high consumption group.

Consumption group	Low		Intermediate		Higher		Total	
	Mean	St.d	Mean	St.d	Mean	St.d	Mean	St.d
Dress consumption								
Absolute amount (¥)	912	733	4,303	2,495	6,557	8,380	2,858	4,524
Percentage of total	3.4%	3.0	7.3%	3.3	9.2%	8.5	5.5%	5.2
Leisure consumption								
Absolute amount (¥)	49	132	347	598	589	1,211	221	634
Percentage of total	0.2%	0.5	0.6%	0.9	0.8%	1.8	0.4%	1.0
Travel consumption								
Absolute amount (¥)	60	233	1,265	2,024	5,000	9,669	1,284	4,698
Percentage of total	0.2%	1.0	1.9%	2.9	6.5%	9.4	1.8%	5.0
Beauty consumption								
Absolute amount (¥)	181	224	831	1,031	1,471	2,782	512	1,327
Percentage of total	0.7%	0.8	1.3%	1.3	1.8%	2.9	0.9%	1.6
Above four as a whole								
Absolute amount (¥)	1,203	855	6,747	3,419	13,617	16,248	2,961	6,392
Percentage of total	4.5%	3.4	11.1%	3.2	18.3%	13.0	5.3%	6.9
Household income								
Absolute amount (¥)	50,851	133,654	83,647	157,474	102,812	153,222	70,485	164,998
N	3.251		1,418		1,076		5,745	

Notes: All consumptions are adjusted according to provincial GDP per capita in 2014.

Source: CFPS2014.

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