



Hakuhodo Institute of Life and Living Shanghai presents “The Dynamics of Chinese People 2015: China’s New Consumption Landscape” in Beijing

Un-Framing Consumption: A new Consumption behavior among Chinese sei-katsu-sha

Tokyo—December 7, 2015—Hakuhodo Institute of Life and Living Shanghai (HILL Shanghai), a fully owned subsidiary of Hakuhodo Inc. (Minato-ku, Tokyo; Hirokazu Toda, President & CEO), Japan’s second largest advertising company, announced findings from its latest research on December 7 in Beijing, China.

The presentation, given by HILL Shanghai’s Chief Researcher Zhong Ming, was the third in an ongoing series, entitled “The Dynamics of Chinese People,” featuring research conducted jointly with the Communication University of China’s School of Advertising. The keyword “Un-Framing Consumption” was proposed to describe a new pattern of consumption emerging among Chinese *sei-katsu-sha*¹, and suggestions were offered on future approaches to marketing. Over 200 marketing professionals and senior management from Chinese and Japanese companies and representatives from various media attended the presentation.

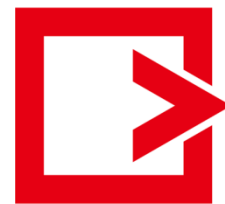
The topic of this year’s research was “China’s New Consumption Landscape.” Chinese *sei-katsu-sha* remain voracious consumers despite concerns about the country’s economy. Meanwhile, in the wake of breakneck growth and the progress of globalization and digitalization, Chinese *sei-katsu-sha*’s values, and the lifestyles they aspire to, have become more varied, greatly altering consumption trends. Thus a new kind of *sei-katsu-sha* has appeared, one that enjoys consuming the dynamic stream of goods and services that appear without being bound by one-size-fits-all ideal images and fixed values.

HILL Shanghai coined the term *Un-Framing Consumption* to describe a pattern of behavior where *sei-katsu-sha* enjoy greater freedom by expanding their horizons and the bounds of their present lifestyle through what they consume.

Three consumption behaviors manifest in Un-Framing Consumption.
(1) **Widening of the chief aim of the consumption process from ownership to also encompass experience and discovery:** The value of a product/service is no longer the item itself; weight is also given to how the item is encountered and enjoyed after purchase

Un-Framing Consumption

出格消費



A pattern of behavior
where *sei-katsu-sha* enjoy greater freedom
by expanding their horizons
and the bounds of their present lifestyle
through what they consume

¹ *Sei-katsu-sha* are more than simply consumers, just as people’s lives and lifestyles include more than just shopping. Hakuhodo introduced this term in the 1980s to emphasize its commitment to a comprehensive, 360-degree perspective on consumers’ lives.

(2) **Shift in the yardstick for consuming an item from whether it is a *good fit* to whether it is *inspiring*:** In Un-Framing Consumption, where transcending one's frontiers is desirable, the property of not being a good fit can become the value of being inspiring

(3) **Change in what *sei-katsu-sha* seek from consuming an item from a *sense of achievement* to a *sense of growth*:** Shoppers want to feel that their horizons and lifestyles have changed and that they have grown by consuming the product/service

Until now, marketing offering images and information built around ideal lifestyles that anyone could aspire to and feel a sense of accomplishment when they acquired it has been effective. But in light of the advent of Un-Framing Consumption and *sei-katsu-sha*'s desire to step out of the ordinary with new products, marketing that encourages *sei-katsu-sha* to act on these impulses by offering joy and growth in new product/service domains will come to the fore. It is highly likely that stimulating *sei-katsu-sha*'s desires using the Un-Framing Consumption viewpoint will boost their motivation to spend.

Hakuhodo Institute of Life and Living Shanghai will continue this project, observing Chinese *sei-katsu-sha* from unique viewpoints and making proposals from insights gained from these fresh perspectives.

Meaning of “出格,” (*chuge* in Chinese, *shukkaku* in Japanese), the Chinese characters translated here as *Un-Framing*. Chinese: In a class of one's own; outstanding. Extraordinary; uncommon. Japanese: Beyond social norms. Exceptional.

Reference 1

■ Un-Framing Consumption expands the concept of consumption

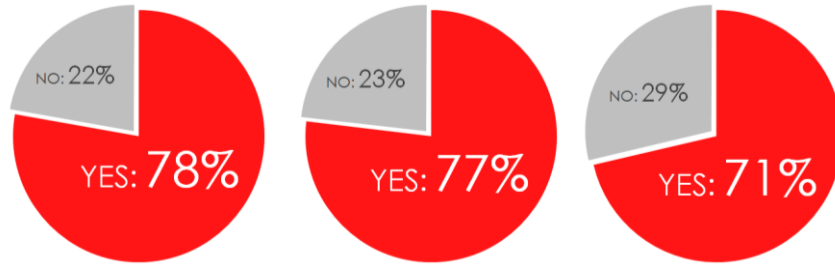
The advent of Un-Framing Consumption indicates that Chinese *sei-katsu-sha*'s consumption styles have entered a new stage. While previously they were checking off items from an internal shopping list based on prevailing aspiration norms, or "Check-off Consumption," today the concept of consumption includes enjoying greater freedom by expanding one's horizons and the bounds of one's present lifestyle through consumption. This greatly expands the concept of consumption.



■ **Around 80% of Chinese in Tier 1 and Tier 2 cities practice Un-Framing Consumption**

Given that 78% and 77% of Tier 1 and Tier 2 cities, respectively, feel that through their consumption their horizons are being broadened and the bounds of their current lifestyles enlarged, it appears that most *sei-katsu-sha* practice Un-Framing Consumption. The percentage dips in the Tier 3 cities, but even there, it seems, 71% of *sei-katsu-sha* are enjoying Un-Framing Consumption.

Q. Do you think that through consumption,
your horizons have been broadened and living borders enlarged?



Tier 1 Cities (n=960)

Tier 2 Cities (n=1,280)

Tier 3 Cities (n=1,280)

Cities surveyed: Beijing, Shanghai, Guangzhou (Tier 1), Shenyang, Xian, Wuhan, Fuzhou (Tier 2), Zhangjiakou, Xuzhou, Xiangyang, Shantou (Tier 3)

Respondents: Males & females aged 20–59 with monthly household incomes of at least 7,000 RMB (Tier 1 cities), 5,000 RMB (Tier 2 cities) or 4,000 RMB (Tier 3 cities)

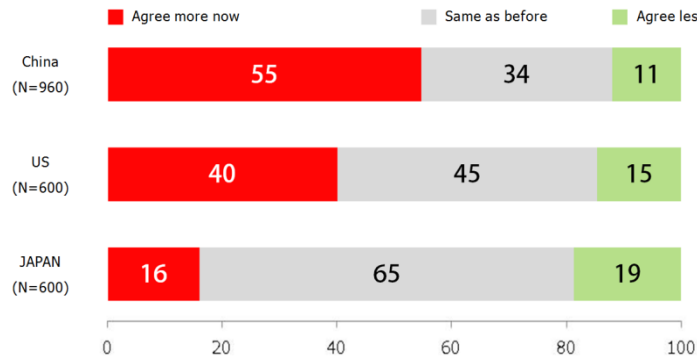
Survey period: November 16–19, 2015

■ **More *sei-katsu-sha* in China than in Japan and the US feel more strongly now than before that their horizons have been broadened and the bounds of their lifestyles enlarged through their consumption**

We asked respondents in China, the US and Japan whether there had been any change to their feeling that their viewpoints and lifestyles were being broadened by their consumption. A whopping 55% of respondents in China said that the feeling was stronger now, compared to 40% of respondents in the US and 16% in Japan. The feelings driving Un-Framing Consumption seem to be strong among Chinese *sei-katsu-sha* in particular.

Q. Compared with previous years, to what extent do you agree that

“Through consumption, my horizons have been broadened and living borders enlarged”?



Cities surveyed: China: Beijing, Shanghai, Guangzhou (Tier 1 cities), US: New York, Los Angeles, Japan: Tokyo, Osaka

Respondents: Males & females aged 20–59 (all countries), with monthly household incomes of at least 7,000 RMB (China only)

Survey period: November 16–23, 2015

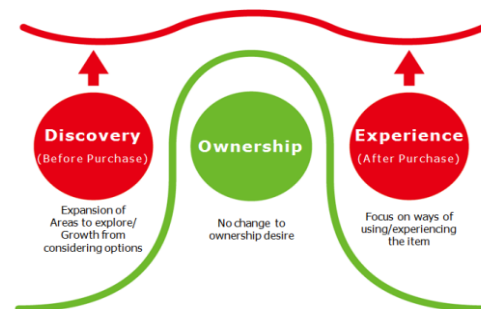
■ Implications of Un-Framing Consumption for marketing

From a marketing perspective, Un-Framing Consumption encompasses 3 specific changes: a widening of in the chief aim of the consumption process from *ownership* to *discovery/experience*; a shift in the yardstick for purchasing from whether the item is a *good fit* to whether it is *inspiring*; and a change in what *sei-katsu-sha* seek from consuming an item from a *sense of achievement* to a *sense of growth*.

Chief aim of the consumption process

1 Ownership

→ **Discovery/Experience**

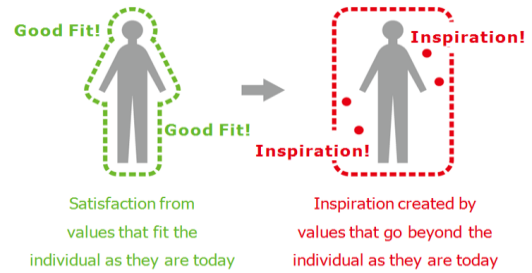


1. Chief aim of the consumption process: Ownership → Discovery/Experience

The emotional goal of the consumption process has widened from simply owning something to encompass discovery and experience before and after purchase it. This change can be viewed as a broadening of the value a product or service has to *sei-katsu-sha* from the *item itself* to the *connection it has with the individual*.

Yardstick for purchasing

2 Good fit → Inspiring



2. Yardstick for purchase: Good fit → Inspiring

In conventional Check-off Consumption, the key factor was whether the item was a good fit. When this condition was met, a sense of satisfaction resulted. However, in Un-Framing Consumption, where expanding one's horizons is desirable, the property of not being a good fit becomes a value from the inspiration it can offer. In a nutshell, *inspiration* trumps *fit*. Naturally, Chinese *sei-katsu-sha* are not simply seeking things that are not a good fit, but items that stimulate them to expand them. When viewed through this prism, new values that brands and products could convey should become apparent.

What *sei-katsu-sha* seek from the consumption process

3 Achievement → Growth



3. What *sei-katsu-sha* seek in the consumption process:

Sense of achievement → Sense of growth

Sei-katsu-sha who enjoy Un-Framing Consumption are not beholden to any one view or style, but like to adopt many new styles. The changing and growing that results from the layering of these styles one on top of the other provides emotional satisfaction. This is a shift from *achievement* to *growth*. The prime object of owning a new product is how the individual will change or grow. The products and services themselves are not the main factor; *sei-katsu-sha* want to feel that their horizons and lifestyles have changed and that they have grown. The questions to ask when considering Un-Framing Consumption are how to create this feeling and how to make it discernible to *sei-katsu-sha*.

Reference 2

Hakuhodo Institute of Life and Living Shanghai

Hakuhodo Institute of Life and Living Shanghai, a wholly-owned subsidiary of Hakuhodo Inc. of Japan, is a think-tank established in Shanghai in 2012 to serve the Hakuhodo Group in China. Leveraging *sei-katsu-sha* research know-how amassed in Japan, the Institute supports companies' marketing activities in China, while developing local insights and making proposals on future ways of living in China.

Key current activities:

- The Dynamics of Chinese People: Research that intuits the true desires of *sei-katsu-sha* and puts forward ideas for new ways of living
- New method development: Development of new methods that contribute to companies' marketing activities
- New viewpoint proposal: Offering new ways of looking at *sei-katsu-sha* and markets

The fruits of these activities are provided to customers through the Hakuhodo Group's offices. Some of the results are also made public via presentations of research finding, the Hakuhodo Institute of Life and Living Shanghai's website, publications and other means.

The Dynamics of Chinese People is a joint research project conducted by HILL Shanghai and the Communication University of China's School of Advertising that uncovers new *sei-katsu-sha* behaviors and desires and reports research findings. The Un-Framing Consumption findings are the project's third set of findings, following its Whirlpool Creation findings in 2013 and Information Bees findings in 2014.

■ About Hakuholdo Inc.

Founded in 1895, Hakuholdo Inc. is an integrated advertising and communication agency headquartered in Japan. It is the core agency of Hakuholdo DY Group, the world's eighth largest agency company according to *Advertising Age's* "Agency Report 2015." Hakuholdo has offices in 17 countries and regions, and over 3,000 employees working in Japan and over 2,500 overseas. Hakuholdo is strengthening its structure in emerging countries, particularly those in Asia, as it prepares to further expand its business across the region.

Sei-katsu-sha insight is the foundation for Hakuholdo's thinking, planning, and brand building. It reminds us that consumers are more than shoppers performing an economic function. They have heartbeats. They are individuals with distinct lifestyles. Hakuholdo introduced this term in the 1980s to emphasize its commitment to a comprehensive, 360-degree perspective on consumers' lives.

Renowned for its creativity, Hakuholdo has twice won the Grand Prix at Cannes Lions International Festival of Creativity, and was the only agency headquartered in Asia to be awarded a Special Lion commemorating Cannes Lions' 50th anniversary in 2003.

To learn more, visit: www.hakuholdo.jp

Media contacts:

Corporate Public Relations Division

Chie Nishio: chie.nishio@hakuholdo.co.jp

Kunio Eto: kunio.eto@hakuholdo.co.jp

Tel: +81 3 6441 6161 Fax: +81 3 6441 6166