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Duówù: Scaleable Shopping
New attitudes and behaviors emerging in China after COVID-19

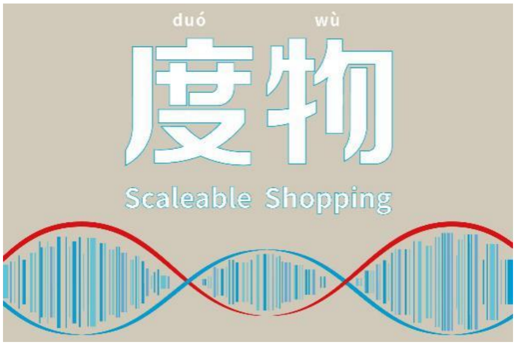
Hakuhodo Institute of Life and Living Shanghai unveils
“The Dynamics of Chinese People 2020”

Tokyo—December 22, 2020—Hakuhodo Institute of Life and Living Shanghai (HILL Shanghai) today unveiled its eighth set of findings on “The Dynamics of Chinese People.” The theme this year is “New attitudes and behaviors emerging in China after COVID-19.”

In China, which came out of COVID-19 isolation ahead of the rest of the world, the desire for shopping has remained at a high level since April (Data 1). Soaring *sei-katsu-sha*[1] enthusiasm for shopping can also be seen in record high sales across the board in this year’s e-commerce sale period. Additionally, HILL Shanghai analysis shows Chinese *sei-katsu-sha*’s **love of shopping is increasing,** with an astonishing 40% of Chinese respondents agreeing with the sentiment Shopping became more fun in the past year, compared to 27% in the USA and 10% in Japan (Data 2).

While enthusiasm for shopping is increasing, there is also a growing trend toward seeking really good quality things, as indicated by many saying I spend more to buy good products and services (70%) compared to previously (Data 3).

In addition, with nearly 70% agreeing with the statement I’m more focused on whether something suits me than how it will look to others (66%) (Data 3), Chinese *sei-katsu-sha*, who went through a period of introspection during the coronavirus isolation period, are now **shopping using flexible scales**, purchasing things they really need without considering the opinions of others.



HILL Shanghai has named this change in attitudes and behaviors to shopping among *sei-katsu-sha* who have increased love of shopping and now shop using flexible scales **度物 (*Duówù:* Scaleable Shopping)**. A new coinage, ***Duówù*** is comprised of one Chinese character meaning *scale/to judge* and another taken from the Chinese word for *shopping*. The advent of the phenomenon in the Chinese market represents a shift in *sei-katsu-sha*’s shopping scales—which once could be accounted for by attributes in the form of external scales typified by age, location and economic wherewithal—to complicated internal scales that undulate within individual *sei-katsu-sha*. These include **how they spend their shopping time, how they spend their money and what makes them feel they are getting a bargain***. Leveraging these flexible scales, Chinese *sei-katsu-sha* are now increasingly able to achieve their ideal shopping.

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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.

* *Sei-katsu-sha* shopping scales that changed with ***Duówù*: Scaleable Shopping**

- **Changed time scales**
  - ⇨ Enjoy spending time buying low-priced items to economize on them, but buy expensive items instantly.
- **Changed scales for spending money**
  - ⇨ Normally economize, but will spend on things they really need.
- **Changed bargain scales**
  - ⇨ Judge whether everyday necessities are bargains based on price, but will judge whether something they like is a bargain based on its price per use.

HILL Shanghai believes that the key to realizing sustainable growth in tomorrow's Chinese market lies in building new relationships of trust and maintaining high desire for shopping through companies correctly understanding *Duówù sei-katsu-sha*.

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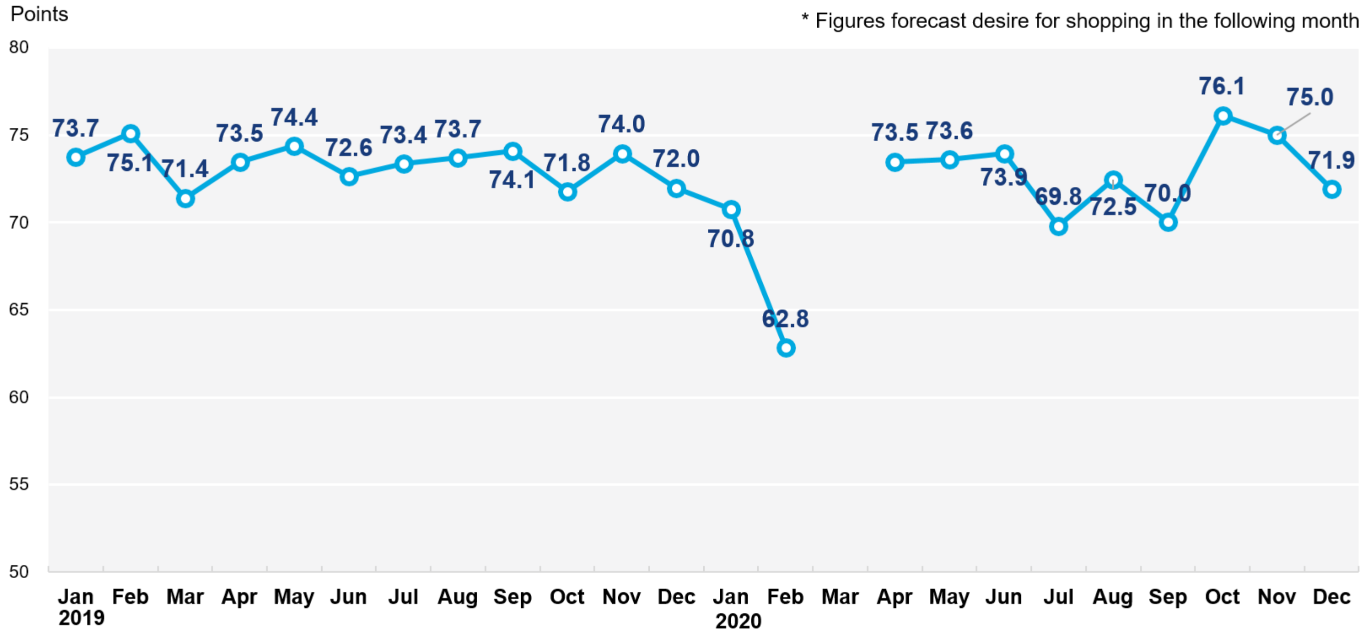
Data

Data 1: *Sei-katsu-sha*'s desire for shopping made a v-shaped recovery in April, and continues to be high

According to HILL Shanghai's monthly Consumption Barometer Survey, desire for shopping in China dropped significantly in February, when COVID-19 infections were peaking, but immediately returned to its previous level and has remained at a high level ever since.

Desire for Shopping Forecast

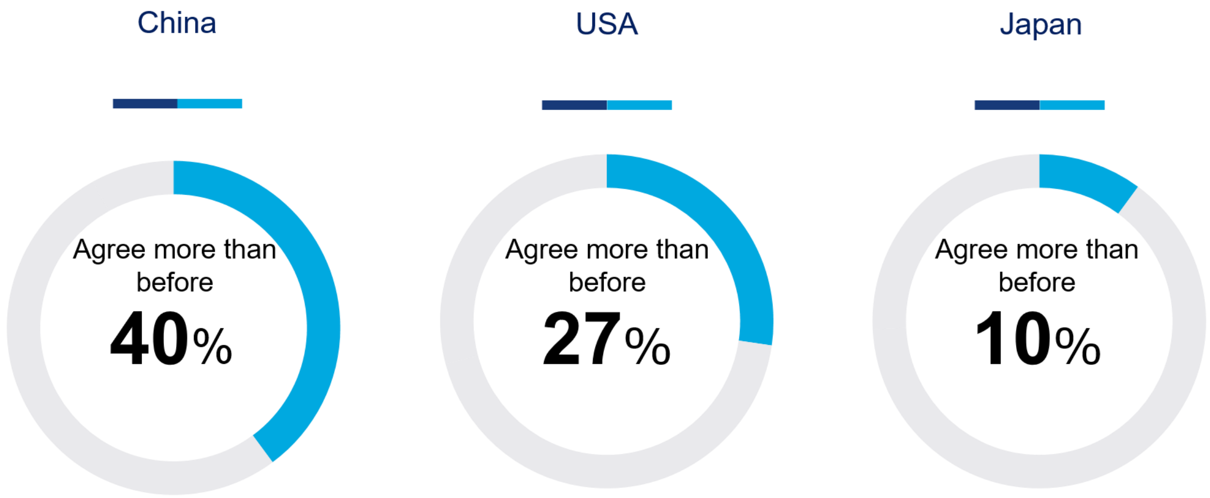


Source: Consumption Barometer Survey, Hakuhodo Institute of Life and Living Shanghai

Data 2: Love of shopping increasing among Chinese *sei-katsu-sha*

China's score for Shopping became more fun in the past year, 40%, is much higher than the scores for the USA (27%) and Japan (10%). This indicates that **love of shopping**—a positive attitude toward shopping—is growing in China.

Shopping became more fun in the past year



Source: Shopping Life Survey 2020, Hakuhodo Institute of Life and Living Shanghai, November 2020

Data 3: Chinese *sei-katsu-sha* shopping using flexible scales

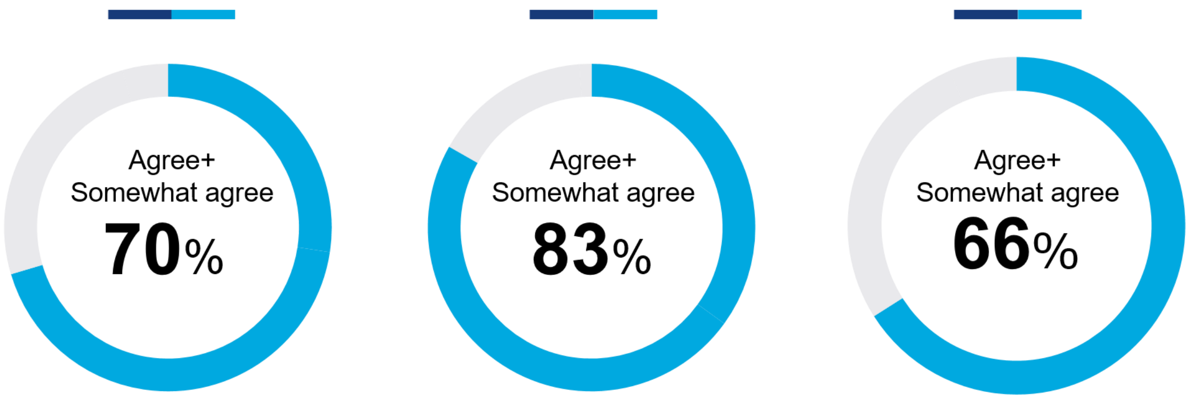
While the trend toward seeking out truly good quality items is expanding, with I spend more to buy good products and services scoring 70%; wanting to economize is also growing, with 83% of respondents agreeing that they're more concerned about economizing. In the aftermath of the coronavirus pandemic, an attitude has developed whereby *sei-katsu-sha* shop based on flexible scales, with I'm more focused on whether something suits me than how it will look to others scoring 66%.

Change in desire for shopping in previous year | **Change in lifestyle attitudes in previous year**

I spend more to buy good products and services

I'm more concerned about economizing

I'm more focused on whether something suits me than how it will look to others



Source: Consumption Barometer Survey, Hakuhodo Institute of Life and Living Shanghai, November 2020

Other data

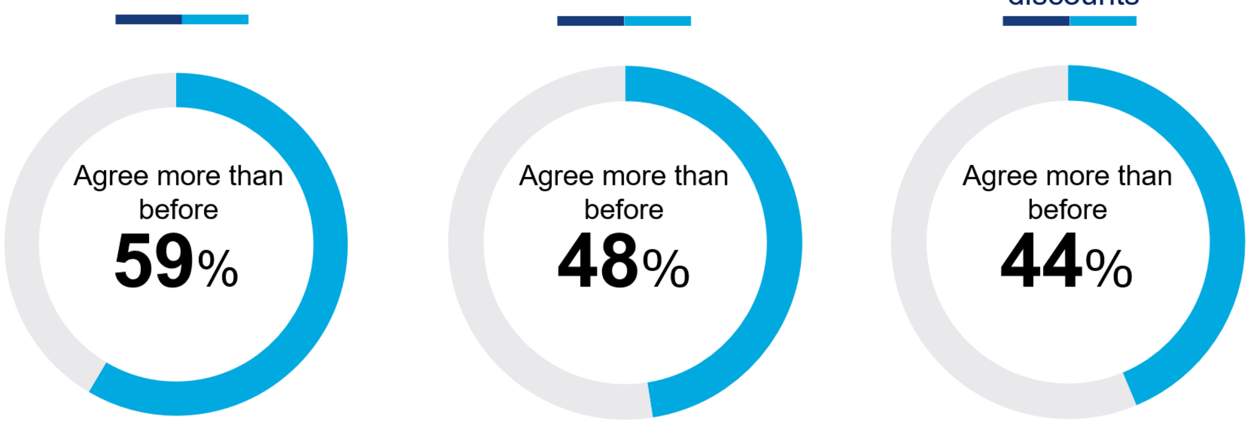
◆ Amid soaring desire for shopping, *Duówù sei-katsu-sha* still have prudent attitudes to shopping

Duówù sei-katsu-sha have fun shopping while applying flexible shopping scales. It seems they no longer indiscriminately buy massive amounts of things, as in the previous binge-buying phenomenon, but increasingly take a prudent attitude to shopping, considering whether they really need their purchases, even amidst soaring desire for shopping. Moreover, while advances in technology have accelerated the pace of shopping, it is also apparent that they are becoming increasingly vigilant against advertising- and discount-fanned impulse buying.

I consider whether my purchases are really personally necessary more

The pace of shopping has accelerated

I am vigilant so as not to make impulse purchases fanned by advertising and discounts



Source: Consumption Barometer Survey, Hakuhodo Institute of Life and Living, November 2020

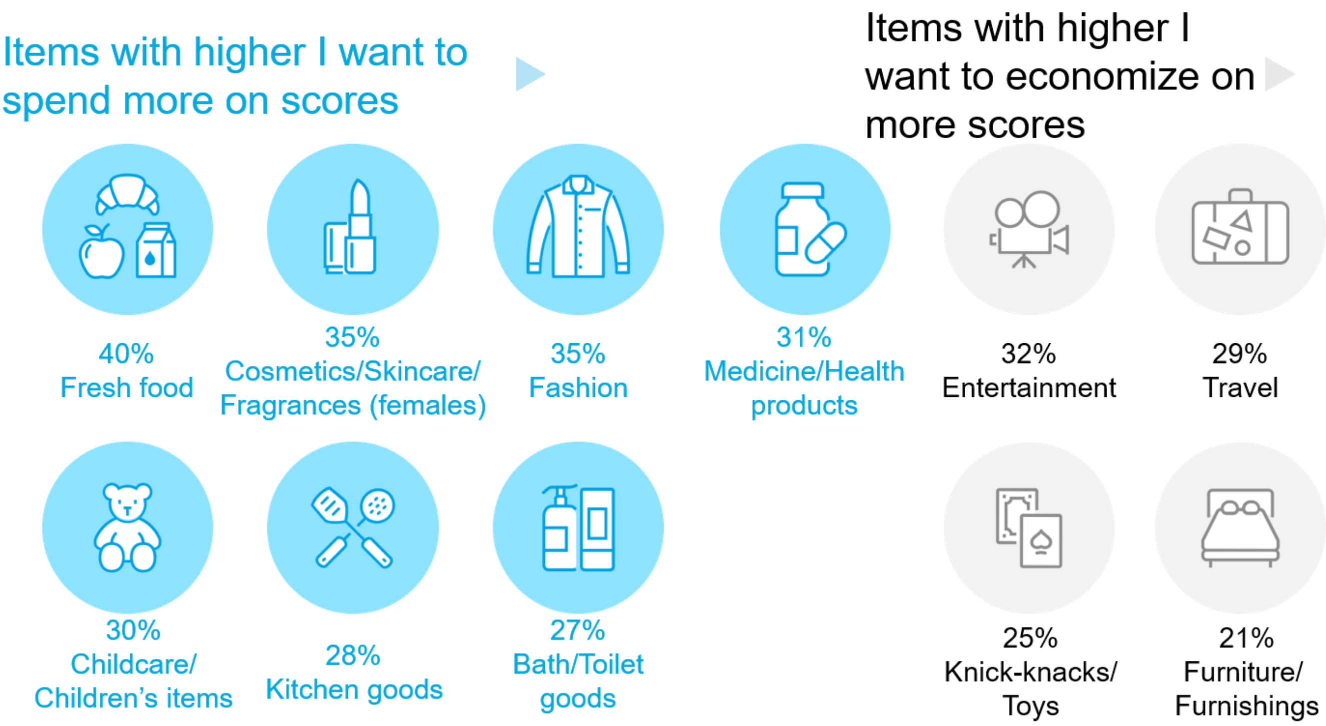
◆ **Finding a balance between things they want to spend on and those they want to economize on**

In products they want to buy in the next year:

・Items where Want to spend more on scores > Want to economize on scores
In addition to essentials like Fresh food, Medicine/Health products, Kitchen goods, Bath/Toilet goods, we find items for adorning oneself in Fashion and Cosmetics/Skincare/Fragrances.

・Items where Want to economize on scores > Want to spend more on scores
With less-essential items such as Entertainment, Travel, Knick-knacks/Toys, Furniture/Furnishings appearing here, it seems that Chinese *sei-katsu-sha*, who were previously known as binge-buyers, have now found a balance in how they spend their money.

Change in the items they want to buy in the next year



Source: Shopping Life Survey 2020, Hakuhodo Institute of Life and Living, November 2020

Reference

■ Shopping Life Survey 2020 Outline

Countries studied:	· China: 3,000 samples (total) from Tier 1-4 cities · Japan: 1,000 samples (total) from the Kanto, Kansai and Tokai regions · USA: 1,000 samples (total) from New York, Los Angeles and Chicago A total sample size of 5,000 for the three countries Respondent criteria: Males and females aged 20–59 who own a smartphone * In China there was an income criterion of monthly household income of 6,000–29,999 CNY (8,000–49,999 CNY for Tier 1 cities only) * There were no income criteria for Japan and USA
Survey method:	Internet survey
Survey period:	November 2020
Conducted by:	Macromill, Inc.

■ Consumption Barometer Survey Outline

Survey method:	Monthly internet surveys
Respondents:	1,600 males and females aged 20–69 who own a smartphone in Tier 1 and New Tier 1 cities in China Monthly household income of 7,000–29,999 CNY (monthly household income of 4,000–9,999 CNY for respondents aged 60–69 only)
Conducted by:	wenjuan.com

About Hakuhodo Institute of Life and Living Shanghai

HILL 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 for contributing 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 clients through the Hakuhodo Group's offices. Some of the results are also made public via presentations of research findings, the Hakuhodo Institute of Life and Living Shanghai's website, publications and by other means.

The Dynamics of Chinese People is a joint presentation of research findings by HILL Shanghai and the School of Advertising at the Communication University of China. Conducted once per year, The Dynamics of Chinese People research presentations analyze changes in the behavior and desires of Chinese *sei-katsu-sha*, and put forward unique key words. *Duówù* is the project's eighth set of findings, following Whirlpool Creation in 2013, Information Bees in 2014, Un-framing Consumption in 2015, Title Energy in 2016, Enjoying the Finer Things in Life in 2018, *Shuzili* in 2018 and Life Enyouthiasts in 2019.