

Hakuhodo Institute of Life and Living Shanghai unveils The Dynamics of Chinese People 2024
Zìzhù xiāofèi*: New portents of consumption behavior among Chinese *sei-katsu-sha

Using consumption to affirm and reconstruct identity and increase self-esteem

Tokyo—January 16, 2025—Hakuhodo Institute of Life and Living Shanghai (HILL Shanghai) unveiled the 12th set of findings from its The Dynamics of Chinese People research project jointly conducted with the School of Advertising at the Communication University of China.

The research theme for this year was “Not Just Emphasizing Value for Money and Downgrading: New Portents of Consumption Behavior Among Chinese *Sei-katsu-sha**.” The keyword in Chinese society in 2024 was “consumption downgrading.” In an economic environment where the future is uncertain, Chinese *sei-katsu-sha* (Hakuhodo’s term for the holistic person) have adopted a consumption behavior of emphasizing value for money across all categories. Products and services that combine low prices with a certain level of quality are increasing, discount stores are everywhere, and price competition between companies is intensifying. The conditions that make it easy for Chinese *sei-katsu-sha* to downgrade their consumption are in place, and an increasing number of them are enjoying shopping for low-priced goods.

However, from analysis of digital payment app usage data, it appears that what is happening is not necessarily a single-minded pursuit of cost-cutting, as the number of *sei-katsu-sha* whose spending has increased is roughly the same as the number whose spending has decreased, and there are also categories in which the number of people whose spending increased exceeds the number whose spending decreased. HILL Shanghai decided to focus on new consumption behaviors among Chinese *sei-katsu-sha* that are certainly emerging, even though they are difficult to discern in the shadows of the major trends of emphasizing value for money and consumption downgrading.

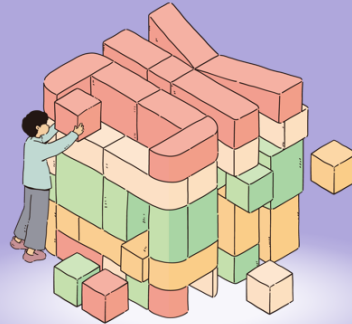
HILL Shanghai’s research uncovered new consumption behaviors such as shopping for the purpose of reaffirming one’s abilities and individuality; coming up with comprehensive rationales for following through with one’s original purchase intentions, despite the frugal mood in society; and gifting and buying things to support someone else so as to discover a version of oneself that is useful to others. The think tank named such consumption behaviors, where purchases are used to affirm and reconstruct the purchaser’s identity and increase their self-esteem, *Zìzhù xiāofèi*, meaning “self-building consumption.”

* “*Sei-katsu-sha*” is a term we use to describe people not simply as consumers, but as fully rounded individuals with their own lifestyles, aspirations and dreams.

Zì zhù xiāo fèi

自筑消费

A new behavior of using consumption to affirm and reconstruct identity and increase self-esteem



At the January 15 launch event for The Dynamics of Chinese People 2024, HILL Shanghai introduced the new consumption behaviors that Chinese *sei-katsu-sha* are beginning to adopt and the new consumption attitudes that are beginning to emerge even amid the growing consumption downgrading mood in society, using data and specific examples. It also proposed suggestions on new marketing activities that may become necessary as *Zìzhù xiāofèi* becomes more apparent.

For the report distributed at the launch (available in Japanese, English, and Chinese), please contact HILL Shanghai at: sei-katsu-sha.info@hakuodo-shzy.cn

Data

(1) Consumer confidence and actual consumption

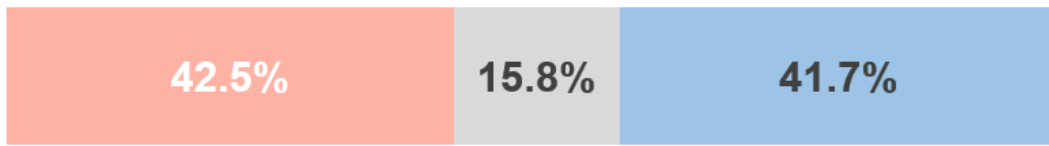
The number of *sei-katsu-sha* whose spending increased is roughly the same the number whose spending decreased.

There are also categories where spending is increasing.

- Consumer confidence among Chinese *sei-katsu-sha* was 67.3 points out of 100, down from 74.0 points in the survey five years ago (2019), reflecting major trends such as consumption downgrading, frugal mindsets, and emphasizing value for money. (Consumer confidence scores based on residents of Tier 1 cities, in line with 2019 survey respondents)
- At the same time, analysis of the digital payment app usage data of 400 *sei-katsu-sha* revealed that the number of people whose spending increased compared to 2023 and was roughly the same as the number whose spending decreased (Data 1).
- In addition, the average spending in the insurance, food and beverages, hotels and travel, culture and leisure, electronic devices, housing, and medical and health categories increased compared to 2023.

Data 1: Change in spending (2023 vs. 2024)

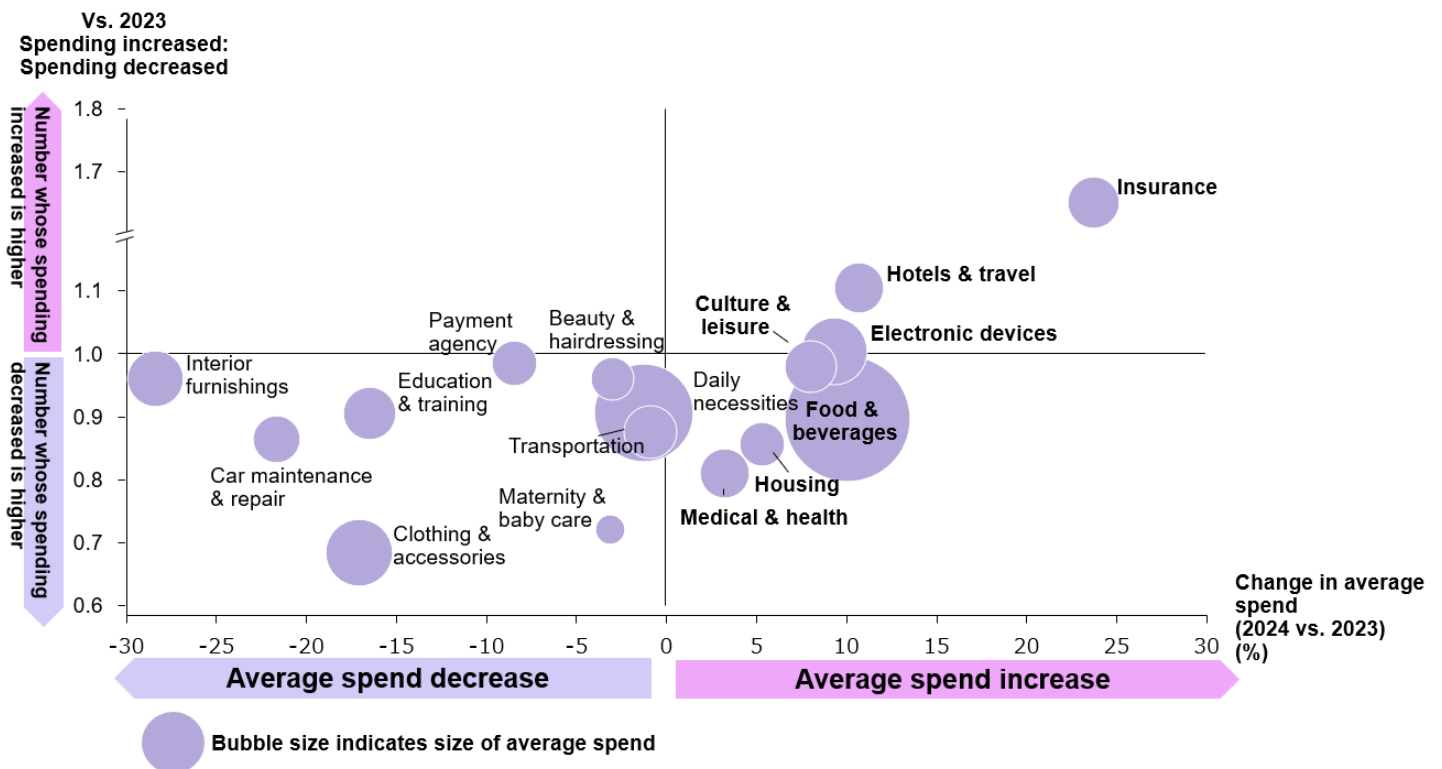
Change in digital payment app spending (2023 vs. 2024)



- **Increased** (Spending increased by 5,000 RMB or more compared to the previous year)
- **No change** (Spending changed by less than 5,000 RMB compared to the previous year)
- **Decreased** (Spending decreased by 5,000 RMB or more compared to the previous year)

Source: "Consumption Spending Record Survey," Hakuodo Institute of Life and Living Shanghai

Data 2: Average spending by category (2023 vs. 2024)



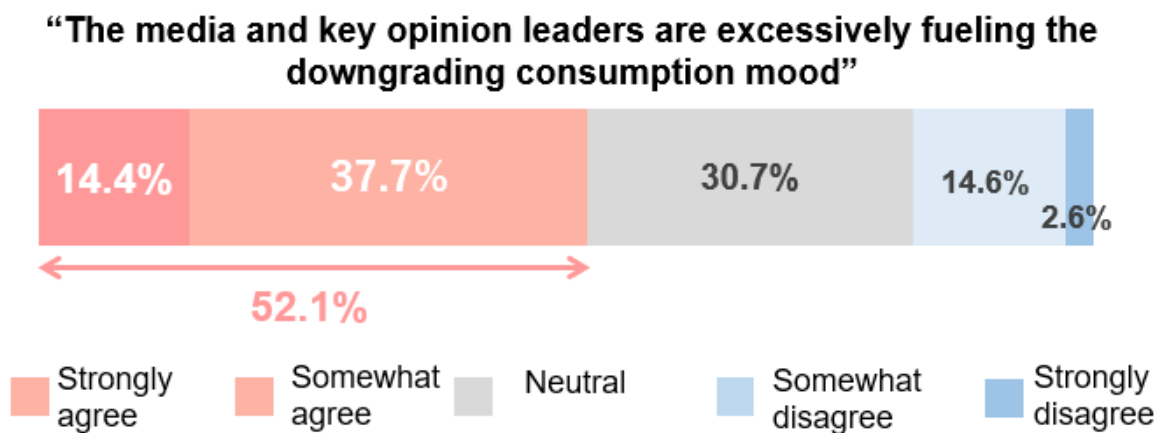
Source: "Consumption Spending Record Survey," Hakuodo Institute of Life and Living Shanghai

(2) The consumption downgrading mood and its effects on consumption behavior

- A majority feel that the current consumption downgrading mood has gone too far.
- Over 40% are concerned about choosing low-priced products.

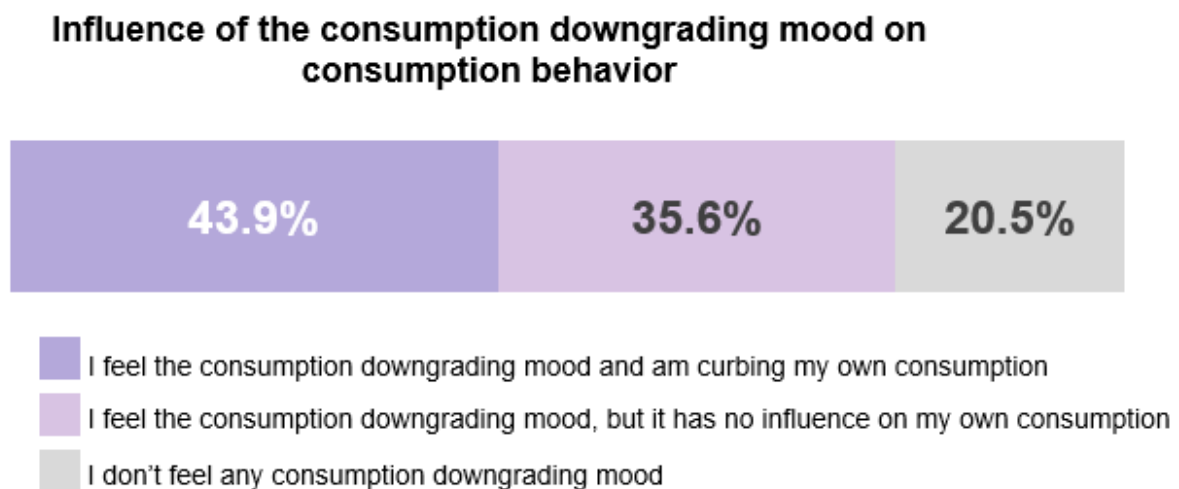
- While welcoming the current situation in which low-priced products of stable-quality are available, the majority feel that the media and key opinion leaders (KOLs) are excessively fueling the recent consumption downgrading mood (Data 4).
- Over 40% of respondents said that the consumption downgrading mood is affecting their own consumption behavior (Data 5).
- In addition, more than 40% were concerned that their quality of life or self-confidence would decline if they continued being frugal and choosing low-priced products (Data 6).

Data 3: Media and key opinion leader influence on the consumption downgrading mood



Source: “Survey on Lifestyle & Consumption Behavior Changes,” Hakuhodo Institute of Life and Living Shanghai

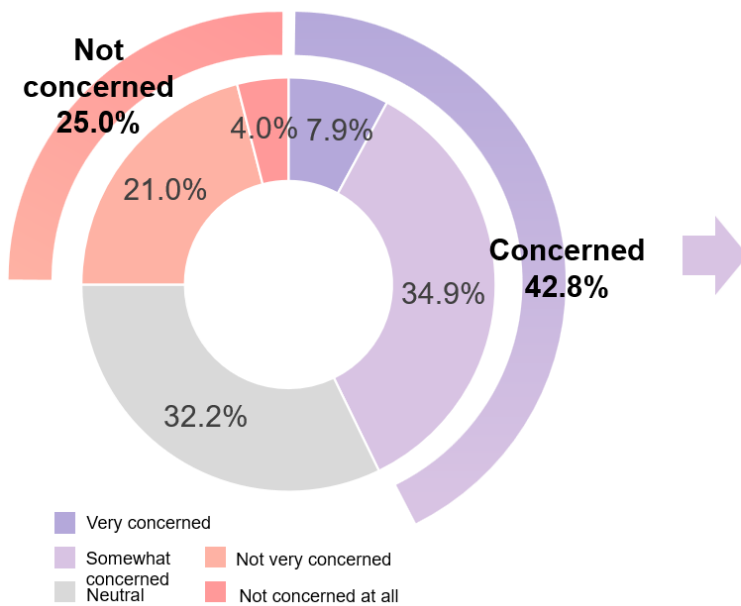
Data 4: Influence of the consumption downgrading mood on consumption behavior



Source: “Survey on Lifestyle & Consumption Behavior Changes,” Hakuhodo Institute of Life and Living Shanghai

Data 5: Concerns about continued purchasing of low-priced products

Are you concerned your quality of life and self-confidence will decline if you continue to be frugal and choose low-priced products?



What, in particular, concerns you?

Top 5 concerns		
1	My quality of life/standard of living will decline	44.7%
2	My confidence will decline	30.0%
3	My life will be less vibrant	28.1%
4	I will lose my sense of style and aesthetic sense	26.2%
5	I will feel like I'm going backwards	25.7%

Source: "Survey on Lifestyle & Consumption Behavior Changes," Hakuhodo Institute of Life and Living Shanghai

(3) Features of new consumption desire

- Wanting to reaffirm their abilities and individuality
 - Wanting to come up with comprehensive rationales for following through with their original purchase intentions
 - Wanting to discover a version of themselves that is useful to others
 - Wanting to maintain a state where they are not disappointed with themselves
- As the consumption downgrading mood becomes overwhelming and more and more Chinese *sei-katsu-sha* feel concern and that something is not quite right, there is a growing trend toward occasionally buying somewhat expensive items that are in line with their actual financial means, or spending money on things that allow them to reaffirm their own sense of style.
 - Although Chinese *sei-katsu-sha* are hesitant to spend large amounts of money due to uncertainty about the future, some are creating rationales for spending when they don't quite want to give up on something. Others are sending gifts or spending to support others, having realized again the importance of human connections after experiencing the COVID-19 pandemic.
 - Additionally, to avoid the disappointment of a bad purchase, Chinese *sei-katsu-sha* are also increasingly entrusting information gathering and decision-making to someone or something other than themselves, such as only shopping through trusted KOLs or at reputable stores, or choosing products based on AI or the results of personality assessment.

■ Consumption desire features and behaviors of Chinese *sei-katsu-sha*

	(1)	(2)	(3)	(4)
Feature	Wanting to reaffirm their abilities/individuality with value-added products/services	Wanting to come up with comprehensive rationales for following through with their original intentions	Wanting to discover a version of themselves that is useful to others by spending money on someone else	Wanting to maintain a state where they are not disappointed with themselves by narrowing down choices or entrusting decision-making to someone else
Background / Content	Consumption downgrading and pursuing value for money alone is not satisfying and may even result in losing one's eye for things. So sometimes they make purchases that reaffirm their financial means or sense of style.	Even with trend towards frugality, there are still things they want to buy and things they want to do. They come up with plausible reasons for spending from a medium- to long-term perspective to comprehensively solidify their rationales for the expense.	If they curb their consumption too much, they feel they may lose their vitality and confidence. They want to be able to use money to think about and support others so they can feel that they are needed by others and that they are useful to someone else.	They take steps to not get a bad deal because of a poor choice. They shop only through trusted channels. Or entrust decision-making to AI or personality assessments.
Key behaviors	<ul style="list-style-type: none"> ■ Financial means-affirming spending Purchasing something above a certain amount to affirm their own financial means. ■ Sense of style-affirming spending Shopping from time to time with an emphasis on stylishness to affirm or build their sense of style. 	<ul style="list-style-type: none"> ■ Second job spending Spending after telling themselves it can lead to a second job or otherwise bring in income, such as that buying the car will enable them to operate an online taxi. ■ Spending for the child/ren Purchasing something or doing something "for the child/ren" when actually they want it for themselves. 	<ul style="list-style-type: none"> ■ Gift spending Gift demand is strong since <i>sei-katsu-sha</i> realized again the importance of human connections during the COVID-19 pandemic. ■ Spending to support others Supporting stores that have been curated well by buying there and encouraging helpful content creators with purchases. 	<ul style="list-style-type: none"> ■ Fixed channel spending Shopping only through live-commerce hosted by certain major KOLs or only at reputable stores. ■ Externally-reliant spending Consulting AI about what to buy or selecting products based on the results of personality assessment such as the Myers-Briggs Type Indicator.

Created from interview studies, trend analysis, interviews with experts, and other sources

New consumption behaviors of Chinese *sei-katsu-sha*

Zìzhù xiāofèi: Using consumption to affirm and reconstruct identity and increase self-esteem

Behind desires like reaffirming their abilities and individuality, coming up with comprehensive rationales for following through with their original purchase intentions, discovering a version of themselves that is useful to others, and maintaining a state where they are not disappointed with themselves, is the apparent wish to dispel concerns about being caught up in the consumption downgrading mood, and to avoid feeling remorse for making bad decisions.

There is a growing appetite among Chinese *sei-katsu-sha* for using consumption to build the kind of self that has financial means and a sense of style, can do what they want, and can sometimes be useful to others; the kind of person who can enjoy spending wisely, without getting a bad deal. There is a growing desire among Chinese *sei-katsu-sha* to build that kind of self, and increase self-esteem, through their consumption. Rather than consumption for the sake of closing the gap with those around them or to gain the approval of others, they value building their own individuality without being caught up in the consumption downgrading mood. HILL Shanghai dubbed this new consumption behavior among Chinese *sei-katsu-sha* “Zìzhù xiāofèi,” or “self-building consumption.”

HILL Shanghai believes that rather than just focusing on the major trends of frugal mindsets and emphasizing value for money, paying attention to this new “Zìzhù xiāofèi” self-building consumption behavior, could help marketers find a breakthrough to future marketing.

Outline of surveys conducted in relation to this research

■ Survey on Lifestyle & Consumption Behavior Changes (3,000 respondents)

Respondent qualifications: Males and females aged 20–59 living in Tier 1–4 cities

Survey method: Internet survey

Survey period: November 2024

Conducted by: Shanghai Zhongyan Network Technology Co., Ltd.

■ Consumption Spending Record Survey (400 respondents)

Respondent qualifications: Males and females aged 20–50 living in Tier 1–4 cities

Survey method: Analysis, with respondents' permission, of payment records from digital payment apps using image recognition AI. A questionnaire survey was also conducted on the same subjects.

Survey period: November 2024

Conducted by: Shanghai Zhongyan Network Technology Co., Ltd.

■ Consumption Behavior and Attitude Diary Survey (300 respondents)

Respondent qualifications: Males and females aged 20–55 living in Tier 1–4 cities

Survey method: Diary survey (recorded vocally or manually on smartphones)

Survey period: July 2024

Conducted by: Beijing Dataway Horizon Co., Ltd.

■ New Consumption Behavior & Attitude Interview Survey of *Sei-katsu-sha* (30 respondents)

Respondent qualifications: Males and females aged 20–55 living in Tier 1–4 cities

Survey method: One-on-one in-depth interviews and analysis of related photographs provided by respondents

Survey period: September–November 2024

Conducted by: Beijing Dataway Horizon Co., Ltd.

About HakuHodo Institute of Life and Living Shanghai

HILL Shanghai, a wholly owned subsidiary of HakuHodo Inc. of Japan established in 2012, is the HakuHodo Group's think tank 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 activities:

- The Dynamics of Chinese People: Research that identifies the true desires of Chinese *sei-katsu-sha* and puts forward ideas for new ways of living
- Research on specific themes: Analysis of specific product categories including automobiles and cosmetics, and of specific *sei-katsu-sha* segments, such as young people and high net worth individuals

- Consulting and recommendations: Advice on *sei-katsu-sha* insight-based marketing activities

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. Held annually, The Dynamics of the Chinese People research presentations analyze changes in the behavior and desires of Chinese *sei-katsu-sha*, and put forward unique keywords. *Zìzhù xiāofèi* is the project's 12th set of findings, following *Qīng qǐ* in 2023.

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