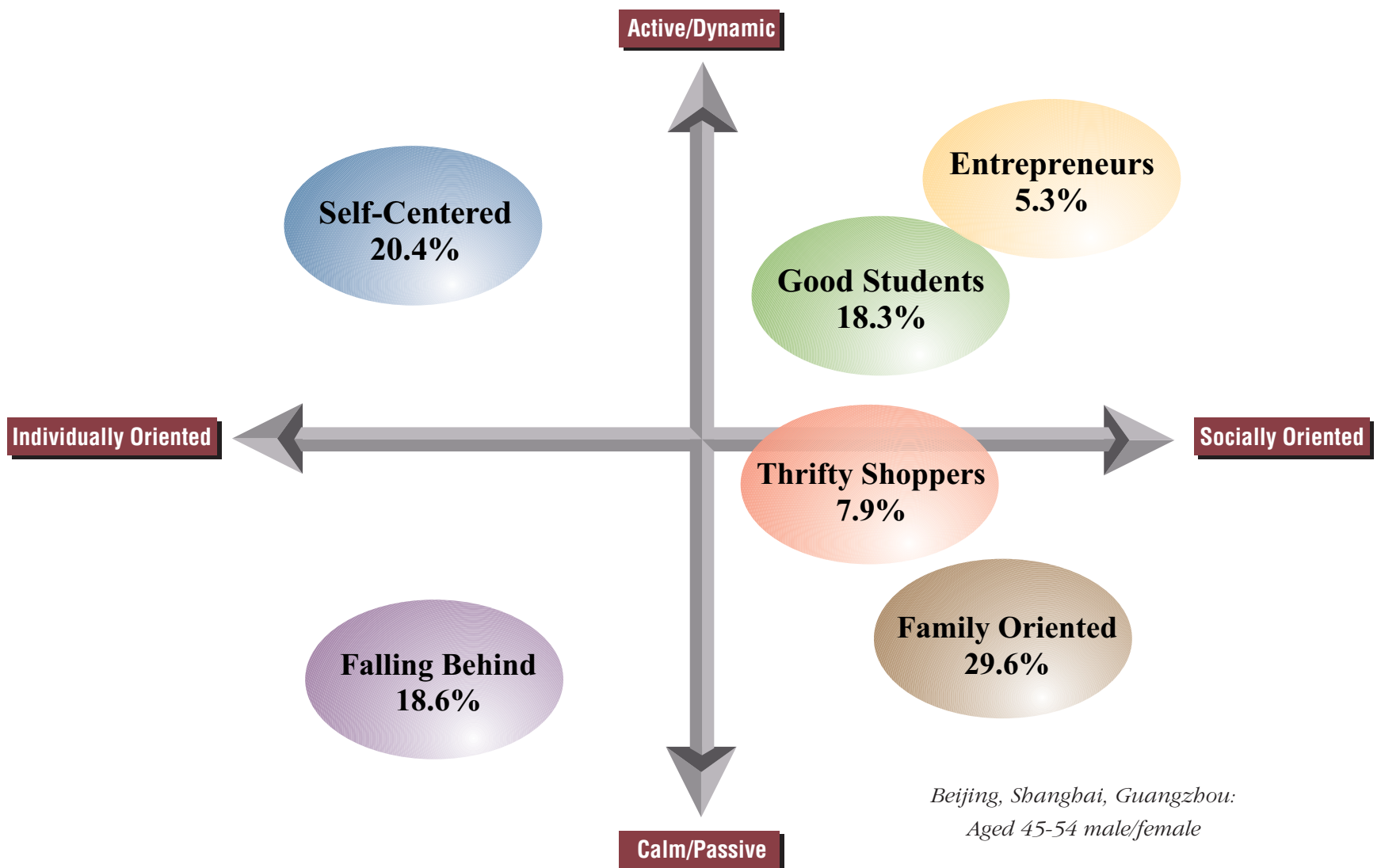


PRE-ELDERS: HAKUHODO TARGETING CHINA'S MATURE ADULTS

6 TYPES OF CHINESE PRE-ELDERS



They will be tomorrow's elders

In advanced economies around the world, affluent, mature adults are attracting the attention of marketers. Within these societies with falling birthrates and increased life expectancy, their demographic weight is increasing. Consider as well the purchasing power that this group's accumulated assets give it and the appeal to marketers is irresistible. This trend is also found in China and with it a powerful challenge to the marketing imagination.

In China, a market with huge potential

As marketers, we know how to sell to big, young populations. But how do we sell to big, aging populations? Especially in China, now rapidly emerging as one of the biggest markets of all? One critical place to start finding answers is the segment of the population that we at HakuHodo call the Pre-Elders. These are individuals in their mid-forties and fifties who, within the next two decades, will become the 65-plus elders whose needs and spending habits in retirement will shape the future of the Chinese market as they already do in affluent nations around the world. To learn more about them, we made them the focus of HakuHodo's fifth annual round of proprietary HABIT research in Asia, the Asian segment of **Global HABIT 2002**. The data reported here is gathered from mainland China, Hong Kong and Taiwan. For comparative purposes, we have also referred to the **HakuHodo Global Elder Trend Research** (see page 4).

HAKUHODO GLOBAL HABIT 2002

In previous years we have reported on studies we labeled "Asia HABIT". These are now part of **Global HABIT**, a global research project using HakuHodo's *Sei-katsu-sha* concept and proprietary HABIT research methods developed in Japan to explore consumer attitudes and behaviour in major markets worldwide.

CITIES

Beijing, Shanghai, Guangzhou, Hong Kong, Taipei, Kuala Lumpur, Singapore, Bangkok, Seoul, Manila, Jakarta, Ho Chi-Minh, Delhi, Mumbai, London, Paris, Berlin, Milan, Madrid, New York, Los Angeles, Chicago, Sydney, Tokyo, Osaka.

SAMPLE

Male/female, 15-54
Total n = 18,000
(Tokyo, Osaka = 5,000)

TOPICS

Lifestyle
Media Contacts
Brand Power (HakuHodo proprietary scales)
Information Behaviour
Consumption Behaviour
Product Ownership and Usage

PERIOD

May-September, 2002

RESEARCH PARTNER

Asia Market Intelligence Ltd. (For Asia Market)

PREVIOUS RESEARCH

2001: A Deeper Look At Asian Youth
2000: How Japanese is Asia, How Asian is Japan?
1999: Asian Women, Their Lives, Their Dreams
1998: Beyond National Markets: Asian Business People

Six Types of Pre-Elders

Entrepreneurs (5.3%)



These are the risk-takers, willing to take a chance to get ahead in a rapidly developing economy. They are eager for stimulation, enjoy affluent lifestyles tailored to their own desires, and are seen by others as leaders.

- Found largely in Shanghai (43.8%)
- Largely male (78.1%)
- Many with high-school education (50.0%)
- Many own companies (16.7%)
- Living standard has improved within the last year (50.0%)
- Living standard has declined within the last year (21.9%)
- Want to work hard to succeed (71.9%)
- Want to be a leader that everyone follows (59.4%)
- Looking for pleasure and enjoyment, want to enjoy life (78.1%)
- Want to look good for the opposite sex (68.6%)
- Frequently try new products (34.4%)
- See word-of-mouth as important source of information (65.6%)

Thrifty Shoppers (7.9%)



While not affluent, they enjoy their current lifestyles. They possess ample information and want to enjoy themselves as much as possible.

- Found largely in Shanghai (52.1%)
- More than half are female (58.3%)
- Many are retired (43.8%)
- Many are junior-high graduates (45.8%)
- Avoid waste and prefer a simple life (68.8%)
- Prefer a settled, stable life (91.7%)
- Want to live as they like (60.4%)
- Compare prices before buying (62.5%)
- See stores where they can receive advice as important (47.9%)
- Will go out of their way to find a store with a wide selection (56.3%)
- Carefully plan most purchases (52.1%)
- Leave TV on all day (41.7%)
- Frequently switch channels to watch multiple programs (50.0%)

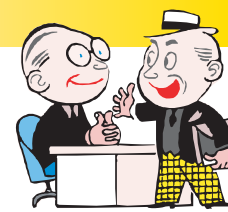
Self-Centered (20.4%)



Members of this group are focused on self-satisfaction and enjoying themselves. They show little involvement in society or relationships with other people.

- Found largely in Beijing (41.9%)
- Average in education and income
- Are more likely to own information technology
 - Cable TV (82.3%)
 - Video Cassette Player (82.3%)
 - Digital Camera (11.3%)
 - Mobile Phone (52.4%)
- Seek self-fulfillment (79.0%)
- Looking for pleasure and enjoyment, want to enjoy life (62.1%)
- Few care about what others think of them (8.9%)
- Few will sacrifice for society or friends (6.5%)
- Many are impulse buyers (20.2%)
 - Average scores on other shopping behaviour
- Believe that the more information they have the better (61.3%)
 - Average scores on other information behaviour

Good Students (18.3%)



In addition to health and family, these socially oriented strivers place special weight on themselves and on human relationships. They score high on desire to do something for those less fortunate than themselves and are willing to sacrifice to do good for society. They are highly educated with affluent lifestyles based on employment requiring specialised expertise.

- Found largely in Shanghai (45.9%)
- Many are in management (40.0%)
- Many with college education (19.8%)
- See human relationships as important (54.1%)
- Want to help the less fortunate (53.2%)
- Willing to sacrifice for society and friends (45.0%)
- Buy what they like, even if expensive (57.3%)
- Like to try new products (39.6%)
- See mobile phones as indispensable (61.3%)
- See advertising as teaching new lifestyles (43.2%)

Family Oriented (29.6%)



They feel themselves fortunate to enjoy a traditional family lifestyle. Concerned about health and family happiness, they prefer a stable economy.

- Found largely in Guangzhou (45.0%)
- More than half are female (58.3%)
- Live with sons or daughters (89.4%)
- Live with grandchildren (7.2%)
- Junior-high or lower education (48.3%)
- Want to live a healthy life (94.4%)
- Would like to be economically affluent (74.4%)
- Family is priority No. 1 (80.6%)
- Know little product information (6.1%)
- Few buy what they like, even if expensive (7.2%)
- Few are active information seekers (6.7%)
- Very few believe the more information the better (3.3%)

Falling Behind (18.6%)



This group's members tend to be average in the things they own, income and academic achievement but score low on concern for the future or working to achieve a better life. They are ill-prepared to respond effectively to economic and social change.

- Relatively few in Beijing (25.7%)
- High-school education (51.3%)
- Relatively few see family happiness as No. 1 priority (21.2%)
- Relatively few aspire to an economically affluent life (15.9%)
- Relatively few want to lead a healthy life (32.7%)
- Very few search for stores with wide selections of products (5.3%)
- Home PC ownership is average (55.8%)
- Mobile phone ownership is average (56.6%)

Marketing Implications

- **Entrepreneurs** and **Good Students** are opinion leaders with a high degree of public influence. Their willingness to try new products and their status as sources of information for members of other groups make them essential targets for any marketing effort.
- **Thrifty Shoppers** are information-sensitive. When targeting this group we must spell out features and benefits.
- Less affected by appeals to purchase products for themselves, the **Family Oriented** are, however, attracted by products designed for the family, the household, children or grandchildren.
- Among the **Self-Centered**, ownership of IT gear is high. Members of this group are good targets for personal-use products that enrich their lifestyles.
- While those in the **Falling Behind** group show little interest in shopping, they still own many products. They should not be neglected but can only be reached with high-impact marketing approaches.

Three Major Cities in Mainland China vs. Hong Kong and Taipei

Entrepreneurs and Good Students: Hong Kong and Shanghai

In Hong Kong the proportion of Entrepreneurs and Good Students, two key groups of early adaptors and opinion leaders, is extremely high. Shanghai also has a high proportion of these two groups, the highest in Mainland China. We found a similar result in our study last year of young consumers. Life in these cities is noticeably more competitive than it is in the other cities we studied.

Family Oriented: Beijing, Guangzhou, Taipei

In Beijing and Guangzhou, we find a higher proportion of traditional and conservative groups, a population structure that closely resembles that found in Taipei.

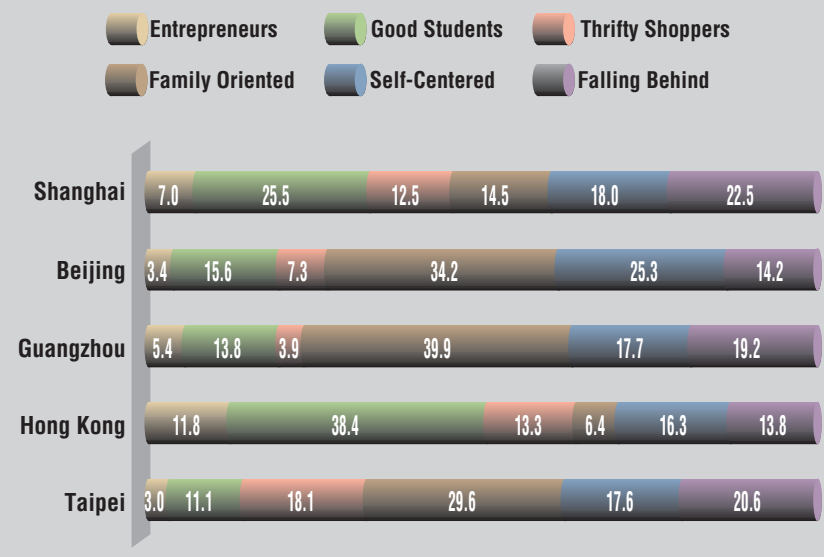
Thrifty Shoppers: Hong Kong, Taipei, Shanghai

We find a high proportion of thrifty shoppers in all these cities. Their information-gathering and careful shopping habits may become increasingly common in developing economies.

Society vs. Individual

- Entrepreneurs in Mainland China and residents of Hong Kong are famous for looking out for themselves, but in fact these two groups score high on willingness to work hard for society and friends.
- In Mainland China, Entrepreneurs, Thrifty Shoppers, and Good Students all express a desire to help the less fortunate.

City-by-city Breakdowns



Pre-Elders Lifestyle

	Want to contribute	Helping those in need	Self-fulfillment
Mainland China	16.4	31.1	43.6
Entrepreneurs	62.5	59.4	68.8
Good Students	32.4	53.2	60.4
Thrifty Shoppers	29.2	56.3	50.0
Family Oriented	5.6	17.8	13.3
Self-Centered	6.5	24.2	79.0
Falling Behind	10.6	19.5	26.5
Hong Kong	46.6	61.2	76.7
Taipei	28.1	31.7	48.7

Aged 45-54 ○ = very high

Chinese Pre-Elders in Global Perspective

An Aging Developing Economy

China's famous One-Child Policy has left the country in the unique position of being a rapidly aging society with a rapidly developing economy. This is why the Chinese government recently relaxed the policy in an effort to ensure enough children to take care of their elders.

Pre-Elders Hungry for Education

Going back to school is an option pursued by Pre-Elders and Elders around the world. But for China's Pre-Elders it is of special significance. Having come of age before the implementation of economic reforms, opportunities for higher education for Chinese aged between 45-60 were extremely limited. We see high latent demand here for educational products and services that target older consumers.

A Market with Literally Huge Potential

Affluent mature adults are still only a small proportion of China's total population. However their numbers are growing, especially in coastal cities, and the absolute numbers are staggering. Already the number of Chinese aged 50 or older is around 240 million, nearly twice the size of Japan's total population and not much smaller than the total populations of the USA or the EU.

Growing in Line with Global Trends

As we look at our data on Chinese Pre-Elders, we see global trends emerging and growing stronger. As China's Pre-Elders become China's Elders they are likely to become more health-conscious and fashion-oriented, wanting to look, stay and feel young. They may also begin to see retirement as the beginning of a "third life", a return to the freedom of youth, unencumbered by work and family, joining the growing number of elders worldwide who prefer to spend their assets on themselves instead of conserving them for their children.

Chinese Pre-Elders in Global Perspective

Information Technology

IT literacy is rising along with increased use of personal computers, mobile phones and the Internet. Digital technology and the growing desire for more education feed off each other. Telecommunications providers hope that short messaging services (SMS) will become as popular in China as they have in Sweden and Japan.

Social Involvement

China's elders have long been deeply involved in society, and the Entrepreneurs and Good Students, who are role models for China's Pre-Elders, share these interests. Some may become like British elders, who fill their retirement years by putting their knowledge and experience to work on behalf of their local communities.

Food, Leisure and Quality of Life

No people on earth care more about food than the Chinese. Add the vision of Chinese elders practising Tai Ji Quan in city parks in the early morning and it seems very possible, indeed probable, that the "Slow Food" and "Slow Life" movements currently so popular in Italy and France could spread to China, too.

And Plenty of Room to Grow

As marketers, we are inclined to think of the young as pioneers who welcome innovation and open up new markets. But in China, as elsewhere, the growing health care and nursing care needs of elders will drive innovation and demand smart business thinking as well as social concern. Easy-to-use universal design is only one of several possibilities. What we learn from our Pre-Elder subjects only reinforces the lesson that the genuinely huge potential of the Elder market in China has only begun to be tapped.

The Hakuhodo Elder Business Development Division

In 2000, Hakuhodo created its new Elder Business Development Division, Japan's first advertising industry business unit dedicated to research and planning for marketing to elders. The division currently numbers more than 60 marketing communication specialists who target the elder market.

Japan is one of the world's most rapidly aging societies, but the number of Japanese elders who pursue active lifestyles is also increasing. These new active elders feel no age gap between themselves and those under 65. In line with this insight, the Elder Business Development Division has begun paying close attention to Pre-Elders (50-65) as well Elders (65-plus), realising in this group a new market group with high growth potential.

One result of this effort is **HOPE***, a program dedicated to developing new elder marketing expertise. Another is the **Hakuhodo Global Elder Trend Research**, designed to bring Hakuhodo's *Sei-katsu-sha*** perspective to elders worldwide.

**HOPE: the Hakuhodo OPTimum Elder marketing programme*

***Consumer with a life*



HAKUHODO GLOBAL ELDER TREND RESEARCH 2002

COUNTRIES and CITIES

Beijing, Shanghai, Guangzhou, Hong Kong, Taipei, Singapore, UK, France, Germany, Italy, Spain, Sweden, Denmark, USA

RESEARCH ITEMS

Lifestyle
Families
Activities, Hobbies and Entertainment
Media Contacts
IT and New Media
Concerns about the Aging Society
Personal Feelings about being an Elder
Elder Oriented Products and Services

RESEARCH METHODS

Opinion Leader Interviews
Gathering and analysis of existing materials

RESEARCH PERIOD

May to August, 2002

To learn more about **Hakuhodo Global HABIT 2002**, please contact
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