

Doomed to Boom or Booming Doom?

A Reflection on Current Trends and Future of Chinese Society

Glimpsing from Europe to China, the China of the past was an old vast gigantic country-continent, an ancient power, almost continuously united, mystic, far away, and thus: forgotten. Today, China is still big, old, traditional, brand new, modern, sometimes even post-modern and avant-garde, not anymore that mystic because China enjoys the world's attention. China is both bitterly poor and unbeatably rich: both desperate, torn-apart and self-confident future optimistic; both hyper-fast overtaking and seemingly quadriplegic backwards oriented. Chinese seem to act both amazingly synchronic and infinite differently.

Tomorrow, China will be big, which can be observed by further accumulation of superlatives and its translation into many big numbers. That seems to be just China.

Trends in China's Systems vs. Overall (urban) Society vs. Upper Urban Middle Class

For a better orientation towards China's future society, like approaching a huge puzzle, let's look at some selected (systemic and societal) phenomena and developments (\approx trends), which will have increasingly strong impact to smaller and sometimes bigger groups of people in Chinese society during the next 10 years to come.¹

The trends here merely briefly described are a selection (by non-exhaustive enumeration). By nature these trends are interdependent: the *system* has impact to people (be it rural, urban, poor, rich, coastal or hinterland Chinese societies); the *overall society* (including people of the rural, poorer, and rural areas) has great impact to the lives of *urban top middle classes*; and in turn their demands greatly impact again the (political, regulative, ecological, etc.) systems of China.²

China's Systems³

¹ This article serves the purpose to spotlight some developments in China and rise these trends to your awareness; the keen reader oneself will easily find abundantly lots of public information through research and investigations to verify these shortly described developments. For Chinese readers, this description might also be of interest, since this is the selection and perspective of an external (European!) observer, and his educated guesses towards China's future and societal developments.

² For an approximation of the size of the societal groups mentioned when we refer to "system", "overall society", and "urban top middle class", compare the footnotes of each of the following three headlines.

³ „China's Systems“ refer to phenomena concerning the macro societal developments, provided that they have impact on the overall urban society and the urban upper classes. Therefore, the five topics below describe phenomena, which will have great impact on China's future directions, e.g. sources of wealth creation driven and steered by Chinese' mental models, political, regulative and ecological factors.

Widening Gap of Wealth: China's boom produces wealth that reaches the people to highly different degrees. As a result, urban upper classes see rapid growth of income and assets. On the other hand, the majority remains behind, kept motivated by the political parole of “小康” – a moderate wealthy, decent middle class life for everyone in (potential!) reach. ⁴

Made-in-China Recognition: China™ changes its global recognition – brands are establishing on the global stage, gradually leaving the “cheap” image behind.

China's Domestic Luxury Services & Products: Luxury services develop rapidly in the mainland, targeting the needs of the wealthy, e.g. Spa's, luxury resorts, fitness- and yoga VIP-clubs, and extraordinarily exclusive holidays abroad. Luxury domestic products develop rapidly in demand and build own brand names, satisfying the needs of the affluent for luxurious experiences, refinement, and exclusiveness. A typical “brand journey” of Chinese products on its way to “luxury” may be: firstly, become a brand in China; secondly, go overseas; thirdly, re-enter again China, now as a “global premium” brand.

Environmentalism Top down. Typical for the Chinese mechanism of changes in triggering developments, the initiative comes top-down by governmental edict and is gradually pragmatically (only if feasible!) followed by its people. As an example, environmentalism is rather top-down triggered than bottom-up demanded by citizens in China: here, low environmental consciousness and significant forbearance prevailed in the past. Despite extremely heavy pollution in many cases, this indifference continues on the individual level giving priority to economic progress. Consequences follow only indirectly by political and public demand for regulations, e.g. growth in the individual motorization rate vs. regulated auctions of limited car number plate in front running heavily polluted and congested cities like Shanghai, Guangzhou, and Beijing. ^{Willingness}

Doom-Boom: China's 4th Way to Modernization, Doomed to be poor but not left behind alone: In a paternalistic way, the Chinese government draws high attention towards support of lower income classes (cp. 小康), while the highest income class continuously flourishes.⁵ *The Price of Rise* seems as high as the rise itself.

⁴ 小康 ≈ xiǎokāng: Prosperity, Period of Peace and Prosperity, including 小, which means small, moderate. This term can be seen as a political term to emphasize the governmental motivation for social stability through “moderate wealth for all” – and as signal that socialistic China is neither willing nor able to pursue the Western stage of middle class society on a comparably high level of materialism.

⁵ China's 4th Way to Modernization ≈ neither the market-capitalistic North American way, the socialistic-communistic approach of former Soviet union, nor the social-market socio-political system of Northern Europe are meant here but the autocratic political Chinese system, which manages socio-cultural and economic challenges like mega-industrialization and mega-urbanization towards modernization with the global means of the 21st century, where the over-established terms “Confucianism”, “Communism”, “Socialism”, and “Capitalism” do not serve any more orientation for describing the characteristics of this system.

Future Trends of Overall (urban) Chinese Society⁶

Prosperous Future: Large parts of the Chinese middle class strongly believe in a bright and prosperous future for their country and themselves. In this believe, high volatility and corresponding burdens in the short run are withstood.

Gigalomania – Out-scaling the American-like “Big-is-Better-Mentality”: Urban Chinese are hyper-technophile and neo-phile. The newest is almost too old. The current is definitely outdated. The biggest is almost too small. Cars and homes are bigger than one may witness in neighboring Japan. Users inform themselves *on the go* via mobile about the latest trends abroad, verify it by looking at the experience report / blog of an Overseas’ Chinese, and make the-best-deal-purchase with delivery service to home, all online. *In Favor for Visual Opulence:*⁷ The Chinese sensual perception is dominated by the superabundance of visual impressions.

Guanxi is Key: There is nothing but relationship. Chinese people reduce complexity and uncertainty mainly through social relations. Trust-building and personal relations are favored upon systems and legal (written) law. Family ties are strong as ever. For example, Chinese are power-users of communication devices such as SMS, cell-phones, (Chinese!) social networks, chats and internet-based information exchange institutions for exchanging consumers’ experiences, product quality and reliability-check of traders. The Chinese internet (services) culture, by the way, differs greatly to what we know and how we use it in the West (cp. above *Gigalomania*).

Trend Translators: Latest Chinese consumer trends are fed by Asian (technology: Japan; young fashion: Korea/Taiwan/Japan/Hong Kong) and Western developments (design: American, European; sophisticated mature fashion, haute couture: Paris, Milano; interiors: Scandinavian, English, American neo-Rococo Baroque mix), intermixed with Chinese influences (≈ fusion-styles).

Globalizing Patriots: There is a strong sense for Chinese identity, culture and achievements. Growing self-esteem is fueled by economic progress and modernization. However in consumption, foreign products and brands, valued for superior performance and quality, are preferred in many markets and segments.

⁶ China has approximately 1350 million mainland inhabitants, and abroad 30-60 million Overseas Chinese (depends on the definition). In 2011, approx. 600 million people live in cities and according to the Chinese definition 40% of urban population (≈ 240 million urbans) belong to the middle class (小康 ≈ 康 have more than 40,000 RMB annual income). These people, ≈ 240+60 million, form the group, we here call “Overall (urban) Chinese Society”.

⁷ *Visual Opulence* (valid for a vast group of Chinese people) is a trend concerning design, architecture and esthetics opposing the top middle class trend of *Simplification* (valid for a much smaller group of people - ≈ early adopters, trendsetters), cp. below.

Disloyal Brand Consciousness: Chinese consumers are increasingly brand conscious whilst their loyalty remains low due to little product experience, unmet expectations and infancy markets. Chinese are “spoilt for choice”, being confronted with innumerable global brands. This will gradually change, according to individual purchasing power, exposure to (domestic!) alternatives, and (consumers’) experience.

Enchanted Life: There is a return (to traditions before 1949/1966) of traditional symbols, magic and superstition into (mostly Southern) China's (urban) everyday life. Their sources are the rural areas with unbroken traditions. Trendsetters of the re-entry are those, who make their way into the cities, the continuous stream of new coming 1st urban generations. The belief that there are beings, energies and forces beyond the sensual world is an omnipresent societal phenomenon in China – visible also through the Chinese obsession with luck and chance, numbers and dates, e.g. in gambling or in business.

Little Emperor: China’s young urban parents are predominantly an only-child generation. Their only child – today already the second generation of the “one-child-society” – becomes extremely fed, both by consumption and educational drill, and with most impact: skyscraping expectations from their surrounding adulthood. Today’s young couples suffer from pressure from all sides, one of the preferred options becomes the life-style of DINK.⁸ However, China, compared to Western European countries, is – yet – far away from an urban “single-household-society”.

Jealous Hatred of the Rich: 32 years after Deng’s parole “*becoming rich is glorious*” – today, in societal discourse, public criticism on plainly becoming rich is rising strongly. The public keeps an increasing jealous watch over the rich. Being rich increasingly includes striving for legitimacy (e.g. by philanthropic deeds).

Future Trends of China’s Upper Urban Classes⁹

The Newly Rich and Luxury Lifestyles: Almost all rich in China are newly rich. Thus, due to a lack of experience in dealing with wealth everything expensive is still considered as luxurious. On the one hand, this is the big group of typically style-inexperienced *Nouveau*

⁸ DINKs ≈ household with double income, no kids.

⁹ Within approximately 1350 million mainland inhabitants, and 30-60 million Overseas Chinese abroad (depends on the definition), in China 2011, approx. 600 million people live in cities. The people we here call “*China’s Upper Urban Class*” are the 2,5 top per cent of urban population ≈ 15 million people, which enjoy a household income p.a. from ≥ 300,000 RMB. From mainland perspective, most of the Overseas Chinese (海外华人) also add to this group, ≈ 50%. (15-30 million) They have to be mentioned here, since they serve partly as role models, and have a great trend-setting impact to (mainland) China. Note, this number, ≈ 30-45 million, exceeds the total population of the Benelux countries.

Riche. On the other hand, young Chinese elites are becoming increasingly sophisticated with luxury. This is the *new Chinese Style Elite*, a trend-setting, jet-setting and very global-style-aware and influential group. Their speed of catching up is enormous. However, this group is in numbers much smaller than the Nouveau Riche, however, strongly growing (by style-setting influence).

Triple 2nd: A broad number of upper class families wants more and more – and therefore invest on “2nd items”: 2nd child, 2nd home, and/or 2nd family in another city or other country.¹⁰ 2nd items can also be a 2nd apartment in another Chinese city (or for the child to study abroad), a 2nd academic degree (EMBA), a 2nd citizenship¹¹, a 2nd investment / business abroad, a 2nd holiday house abroad, etc.

Pink Collar Queens: Top middle class entrepreneurial women, with a solid financial background, the Pink Collar Queens, increasingly change work place with their Dining Hall. They do not do the plain home or kitchen work, rather manage relations: in business and family.

Another 2nd Life: After having earned their “1st million”, newly rich work less, have more spare time to spend – while earning more and more, both wealth and reputation. They re-organize their lives towards social and individualistic self-marketing.

Immaterial Consumption: The rich like to show their wealth, but the competition changes from premium goods (tangibles) to a new currency: intangibles (premium service). These are phenomena on the one side of a coin, where people find meaning in their lives of being rich. On the other side of the coin, the sociologist observes rich people, who desperately search for meaning in life – and sometimes do not succeed: *In The Mood of Emptiness*: The luxury life of some elite is exhausting – or becomes boring. They face huge pressure and no excitement anymore in their lives, thus feel unhappy, desperate, depressed, and empty. There is a high and growing suicide rate among the rich. Having everything but not knowing what should come next, some stay in bed until after noon and might think: “*shall I get my 6th car – a Mercedes Benz AMG G55 - or rather commit suicide today?*”

Labeled Green: Products labeled green show higher demand – especially among the wealthy, who want to show their “ecological” concerns and supreme taste. Products labeled green are trend among the wealthy, while food quality is increasingly controlled top-down in China.

¹⁰ Some rich married men cultivate as a status symbol / sign for conspicuous consumption a second family, which starts with a 2nd wife (二奶), whose status will increase by an own apartment for her, an own car, a child on their own, etc.).

¹¹ Among the phenomenon that Chinese like to acquire foreign passports without becoming non-Chinese mentality-wise, another growing trend is, that women with means deliver their child e.g. in the USA, for the baby to hold the American passport.

The consumers of green products consist of a very small group, the *committed sophisticated greens* (also incl. LOHAS¹²), which are longing for a more authentic lifestyle. These few trendsetters serve as role models for the much bigger group of so called *trendy mainstream greens*, who purchase whatever products, which are labeled green as firstly status-symbols (with a fresh trendy intangibles touch) and secondly because it is political correct and follows the governmental proclamation for more sustainability – although painless since their mainstream consumers’ behavior and mental models are not really challenged and at stake.

Simplification (Esthetics): There is rising stress caused by the storm of brands, trends, and products. Some people yearn for a relief of aching senses. Decoration principles are: style & materials shall be elementary, simple, plain, and reduced. Some design principles are lent from Western design schools, however, always re-contextualized and merged eclectically with (ancient) Chinese elements into an innovative modern fusion-mixed design.

China’s (Unknown) Futures

Enumerating these trends, a question seems obvious to highlight: how will China’s society afford psychologically and financially speaking the dynamics of rapid changes? The Chinese need to finance their way of modernization, even if the distribution of wealth will not rewind the growing disparities among Chinese.

Economic growth might be still on a high level during the next decade: *Future Fortune*: The following Chinese industries are extremely promising for earning the nations’ future wealth in the given time frame and have the power of establishing worldwide new brands: home appliances, electronics, (e-auto-) mobility, (renewable) energy, and internet (services).

The case, that economic growth does not sustain and stabilize, how does this might look like? Chinese survived depressions in their long history by a phenomenon, which may be called “collective hibernation”: during times of glory, Chinese tend to fill their storages, preparing and anticipating to “hibernating” times of hard-ship. This counts for both economical (reserves and savings) and psycho-cultural survival (pragmatic “stabilizing” tradition of keeping expectations “low enough” – just in case it gets tough {again}). The governmental system and strategies in the steering of their macro-economy, reflects a mentality and practice of frugality: whereas the West build up their systems on lending, the East, is financially speaking the player vis-à-vis: the Chinese government is the worldwide biggest donor to

¹² LOHAS, cp. article in this volume “Knowing the people” by Maxi Ebel

foreign (Western) nations (currency reserve), while people in China are among those with the worldwide highest saving rates at hand (without a public welfare system for all, you have to be precautious for yourself – and your family). Other than the experience of Western industrialized countries on their way to modernization, China first earns its means to do so – gradually step by step; some come first, some may follow – before spending and consuming.

China's societies undergo currently a rapid process of societal differentiation in life-styles and redistribution of wealth – never seen before elsewhere on earth among mankind. Globally, this is the biggest redistribution of wealth among man in history – benefitting Chinese people material-wise day after day. This process is unique – by size, impact and character – since the world impacts Chinese life-styles of today and tomorrow, though partly. This will fade out a little, balanced out by a re-strengthening notion of China's (vast reservoir of ancient traditional) diversity.

Tomorrow, China will be big, by size, numbers, and impact. The world will become more Chinese. Tomorrow's China will be an *mélange*, containing the main ingredients of global achievement for moderate sustainable modernity and ancient Chinese pragmatic stabilizing traditions. Watch! the superlatives! and the many! big! numbers! It seems – that'll be just China.

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Books recommend by the author for further reading:

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This article is based on *Linya's* experience and daily project work.