

The New Superpower: China's Emerging Middle Class



DRIVERS WANTED: There are now 10 million private cars in China, an approximately 25 percent jump over 2005. Here, the Jiangs in their VW Polo.

As consumerism meets Communism, the masses embrace Western brands

BY NOREEN O'LEARY
PHOTOGRAPHY BY DAVID HARTUNG

Qian Zhi Ying is the epitome of the stylish Shanghaiese working mother. Dressed in her Dolce & Gabbana jeans and Mickey Mouse T-shirt, the 30-year-old greets American visitors in her sunny, lemon-colored living room in one of the city's average-income neighborhoods. In the three-bedroom apartment, there's a modern sectional sofa, polished stone floors, Toshiba large-screen TV, recessed lighting and faux stainless steel in the kitchen.

Across the room sits her mother, Zhu Zhao Ling, separated by 26 years in age and a lifetime of change in China. Zhao Ling sits quietly, knitting and drinking tea, as her daughter talks about her new Internet fashion business,

which supplements the income from her customer service day job at an IT company.

The cruel ironies of modern China aren't lost on outsiders: The older woman, part of the country's lost generation, came of age during the Cultural Revolution, when Mao's Communist revolution took aim at the very bourgeois lifestyle that is now the standard of social success. Denied the opportunity of a higher education (universities were closed from 1966 to 1976), Zhao Ling was instead sent to work on rural farms. It was there that she met her husband, Qian Yu Sheng, 55, and they returned to Shanghai 10 years later. With their two children, Yu Sheng's parents and his two brothers, the couple squeezed eight people into a four-room, 900-square-foot home. At a time when wearing fashion was tantamount to political affront, they suppressed any sense of personal expression under their drab, tightly buttoned Mao suits. They survived the famine of the failed Great Leap Forward, but were nonetheless subjected to government-controlled consumption and rationed on staples like cooking oil and rice. The state owned all housing; for

families like the Qians, bathrooms and kitchens were communal.

The now-retired couple—both former crane operators—scraped to save what they could. Their only indulgence was their two children, who not only represent the family's hopes for the future, but also serve as recompense for their parents' denied opportunities.

Zhi Ying and her husband, Jiang Bin, typify the ambition, optimism and national confidence of the emerging capitalist class that is transforming the world's fastest-growing consumer society. Thanks to the economic reforms first introduced by Deng Xiaoping in 1978, this generation is living a lifestyle unimaginable as recently as 10 years ago. They own their own home and car, use credit, travel outside China and are fast adapters of the latest advances in personal technology and consumer electronics. They dine out and enjoy regular evenings on the town with friends, where premium brands like Chivas Regal and Heineken are the drinks of choice. In their living room, studio portraits of the family's much-adored only child show 6-year-old Jiang Ze Hao dressed in U.S.

stars and stripes, wearing a cowboy hat. Those preferences for international imagery, brands and luxury goods are proud badges of status as the new China opens up to the larger world.

In November, *Adweek* spent a Sunday with the three-generation household. (None of the family spoke English and interviews were conducted through an interpreter.) Foreign translation wasn't necessary when we suggested Häagen-Dazs, where ice cream costs \$3.60 a scoop. (Normally the Jiangs would go to the more-affordable Dairy Queen.) Like Starbucks, Häagen-Dazs is one of the premium-price brands in China, where those food-retail businesses aren't as much about takeout as about sitting down and being seen.

Obviously, this emerging urban middle class, most apparent in tier-one cities like Shanghai, Beijing and Guangzhou, is not typical of the average Chinese household. The four-tier system classifies areas based on income and economic development in a wildly disparate country. While three-quarters of China's 1.3 billion population still live at the poverty level outside of tier-one and tier-two areas, the country is rushing to diminish the disparity between rich and poor, urbanizing its lower tiers of agrarian countryside and moving blue-collar labor up the ranks to service workers.

The Jiang family offers a glimpse of what will become the biggest consumer marketplace on the planet as that evolution takes place. While some observers expect that will happen around 2020, others say it could occur as early as 2012. By some estimates, more than 100 Chinese cities hope to become international entities; already the country has 10 cities the size of New York City. For marketers, future growth will be driven by lower-tier cities, as consumers enjoy double-digit annual increases in disposable income. By contrast, the cost of doing business in tier-one cities like Shanghai has skyrocketed in the last five years.

True Believers

There's no better place to observe change in China than Shanghai, the country's most expensive city and unabashed paean to burgeoning consumerism. Given Shanghai's colo-



SHANGHAI EXPRESS: The Jiang family's three-bedroom, high-rise apartment, consumer electronics and shopping trips to stores such as a newly opened RT-Mart, China's second-largest chain, position them firmly in the country's emerging middle class. Their lifestyle is not typical of the average Chinese household, as three-quarters of China's 1.3 billion population still live at the poverty level.



ELDER SHARE: Qian Zhi Ying's parents receive a combined 2,000 yuan (\$256) pension a month.

nial past, it's always been a place more open to new ideas than other parts of the country. The Cultural Revolution began here in the '60s, and the next social upheaval, initiated by Deng Xiaoping, was quickly embraced as Mao's "little red book" gave way to the almighty checkbook. Materialism is the new national ideology and Zhi Ying and her husband are true believers.

"The more products, the more stuff I have, the more happiness I feel," says the young female head of the house. "I have very realistic thinking: Economics is the foundation of happiness. I want to have more money and enjoy a better life. This is a warm, happy family ... but it is based on what kind of things you have in the family."

Here's an economic snapshot of that happy family: Their annual household income equals about \$26,700 a year. Much of that comes from Bin, 30, who earns 10,000 yuan (\$1,280) a month in his shift job as a supervisor at car manufacturer Volkswagen; his wife earns about 5,500 yuan (\$690) monthly in her IT job, including her Internet business, and her parents receive a combined 2,000 yuan

(\$256) in (pension) money a month. (It is the children's obligation to support the parents, hence the Chinese three-generation social unit. However, the grandparents in this household tend to lavish much of their stipend on their "Little Emperor" grandson.) Their monthly expenses include \$260 in mortgage payments and about \$130 on food.

According to McKinsey & Co., lower-middle-class households in China earn 25,000 to 40,000 yuan (\$3,200 to \$5,100) annually while the upper middle class bring in 40,000 to 100,000 yuan (\$5,100 to \$12,000). (To be considered middle class, a family has to have a higher income in Shanghai, China's most expensive city.) The Chinese government has set a goal of creating a financially comfortable society by 2040, and according to McKinsey, as today's blue-collar workers climb the social ladder, the ranks of the middle class will swell to around 520 million by 2025, more than half of China's urban population at that time. What is different about that new social order relative to other developed countries is its youth. In the next few decades, the wealthiest of China's middle class will be between 25 to 44 years old.

A Day in the Life

Bin works different shifts at VW while his wife works 9 to 5 on weekdays, and uses her time off to run her Web business. Typically, on a Sunday the Jiang family goes to the market and takes their son out for entertainment, usually to the park—assuming they can pry him away from his cartoons.

First, there's the family lunch. Few women Zhi Ying's age and younger know how to cook. Her husband doesn't cook, either. Their culinary skills extend to KFC and McDonald's, where they go at least once a week. In Shanghai, the patriarchs tend to do all the family cooking, and her father is happy to serve as the household chef. At the noon meal, the family

Way chain, knows it must tailor its retailing approach. (Home Depot is a latecomer in the home improvement category, taking on more established players like England's B&Q, which has been there since 1999.) Twenty years ago, the state owned all homes; now 70 percent of all housing is in private hands. While most new apartments are sold as empty shell units, there is still no do-it-yourself culture. With China's cheap labor force, homeowners employ others to do the work, often buying complete installation services from retailers like B&Q.

Despite the foreign investment from companies like Wal-Mart and France's Carrefour, China's retailers still dominate. (Making expansion even more challenging is spiraling real

economy, China opens an average of one new hypermarket a day.)

Swayed by Marketing

Ask Zhi Ying about her favorite brands and she rattles off a list underscoring her membership in China's new leisure class: Adidas, Puma, Nike, Sony, Toshiba, Panasonic, Samsung, Nokia, Motorola. The Chinese middle class is evolving like none before it, leapfrogging over more lateral development steps. They bypassed telephone landlines and went directly to mobile phones: There are 400 million mobile phones in use, indicating that nearly a third of the population has one. The direct mail industry hardly exists—the average Chinese receives



Family Portrait

PARENTS: Jiang Bin and Qian Zhi Ying, both age 30

CHILD: Jiang Ze Hao, age 6

GRANDPARENTS: Qian Yu Sheng, 55, and Zhu Zhao Ling, 56

COMBINED HOUSEHOLD INCOME: \$26,700

MONTHLY MORTGAGE: \$260

MONTHLY FOOD COSTS: \$130

GENERATION GAP: Unlike their elders, who put away money to plan for their futures, many in China's middle class eschew savings for more immediate pleasures, like the purchasing of big-name brands.

devours steamed and fried dumplings, a staple in a diet composed mainly of pork, chicken, vegetables, rice and noodles. Zhi Ying says the family's diet isn't influenced by international tastes for ethnic specialties like pasta, but she occasionally will try things like that at restaurants. "There is enough choice within Chinese food," she says.

Her father, like many traditional Chinese—who have not had refrigeration at home—typically buys fresh meat and vegetables at the local "wet" market. Shoppers of that generation will often go there twice a day, before each mealtime, to check out the live chickens, slaughtered in front of customers, as well as the tanks of fish and reptiles.

Wal-Mart learned that in China "fresh" often means "live" when it discovered that Chinese consumers were wary of conventionally packaged meats and fish, believing them to be old. Over the past year, Wal-Mart was among the big international retailers, including Best Buy, Tesco and Home Depot, which have expanded in China by buying into local chains. Last year, Wal-Mart doubled its presence in China—a market it believes will be as big as the U.S.—by spending \$1 billion for the big-box presence and cultural affinity of Taiwanese chain Trust-Mart. Like Wal-Mart, Home Depot, which just announced its acquisition of China's Home

estate and labor costs in tier-one cities and lack of national distribution systems.) Chinese consumers still spend a fraction of what shoppers in other developed markets spend, but retail sales are increasing 15 percent annually. The country is expected to generate \$860 billion in sales by 2009, according to Bain & Co.

In Shanghai, some 63 percent of retail trade is done at modern hypermarkets, and discerning shoppers like Zhi Ying prefer those large chains. On this Sunday afternoon, she wants to check out a newly opened RT-Mart, China's second-largest chain, selling everything from produce, meat and fish to packaged goods, suits, kettles and liquor. (With its booming



KID FRIENDLY: China's pampered generation of only children is the world's largest youth market driving consumption.

very little mail—but the country is already the second-largest Internet market, offering marketers a new slew of promotional tactics. (The Chinese can be stubbornly traditional as well. Outside of new high-rise buildings, clothes hang out to dry. Consumers don't use dryers, believing sunlight sanitizes.)

The country's intense embrace of brands—and the values they represent—is, in part, reflective of repressed demand, as Mao denied China the opportunity to commercially evolve during times of pivotal economic and technological change in the mid-20th century. More significantly, it is an indication of China's ambitions to catch up to its rightful place in modern consumer society.

Zhi Ying is the family's brand authority and the biggest influence on family supermarket purchases. She is likely to sample a product first and then buy it for her mother, who shows little interest in most branded categories—like most consumers of her generation. Zhi Ying's parents say practicality guides their choices in clothing. (The one area her father has strong opinions about is consumer electronics: "The quality of electronics is important because it has to last a long time," says Yu Sheng, an avid TV fan.)

"There were no brands," explains Joe Wang, chairman, Ogilvy & Mather, Southern China.

"You had a lipstick from factory No. 463 of the Shanghai Chemical Co. and it was red. You were lucky to find it in stock in a store. Now suddenly the world's largest Toys 'R' Us is chasing" Chinese children.

Unlike her parents, Zhi Ying says she is easily swayed by marketing. When she sees a new ad or something new in the market, she usually tries the product. She says she is more influenced by TV pitches than she is by magazine ads because she feels she gets more information from a commercial. Similarly, while she likes humor in ads, she expects product info as well. But this novice consumer is already becoming a cynic. She says she doesn't "totally" believe advertising. "I will try it by myself and see if [the claims are] true or not," she explains.

In-store promotions are a potent way to cultivate Chinese consumers. Zhi Ying usually buys a product after sampling it during one of her typical shopping trips, which last one to two hours. Zhi Ying studies the ads in Western magazines like *Elle* and *Vogue*, as well as local entertainment, shelter and how-to titles. Sharing brand experiences is a usual topic of conversation when she meets girlfriends for lunch at least twice a week. They are, like most Chinese consumers, a fickle group whose brand loyalty is nothing to take for granted as they freely switch around. It's not so much a function of dissatisfaction, as it is a consumer reflex among shoppers reared on an endless cycle of innovation and improving lifestyle.

"I feel Western brands are very advanced," she says, "but when I switch brands, I'm looking for something better. If you only buy one product, you can't make a comparison. Sometimes I change for no reason. I try a lot and then I can compare."

She adds, however, that she usually comes back to her original product. The two most important criteria for her are brand name and quality, but she also expects value to be a part of that equation. "I believe the good brand name always has the good quality," she says.

Among the international brands she associates with good quality are Procter & Gamble, Unilever and Johnson & Johnson. Zhi Ying is not as enthusiastic about Chinese brands, with the exception of appliance maker Haier, one of the country's most valuable brands, along with PC maker Lenovo. "Haier is a very big brand and they have very good customer service," she explains. (Perhaps not good enough, however, to retain this customer: If she were to replace her five-year-old Haier computer, she says she would buy a Sony.)

P&G, which entered China 20 years ago and is one of the country's biggest foreign success stories, has clearly built credibility with consumers like Zhi Ying, who declares that she "trusts" P&G more than new brands. In China, scale is important, and such multinationals have marketed themselves as well as their brands. A favorite P&G brand she buys for the family is Head & Shoulders. P&G introduced the brand to China in the early '90s, knowing



INFLUX OF LUXE: Upscale brands at Shanghai's Plaza 66.

the Chinese have dry scalps and, at the time, no anti-dandruff shampoos. In tailoring it to suit Chinese consumers, P&G formulated a menthol version of Head & Shoulders, which did so well, the packaged-goods giant launched it globally.

"There are universal needs, but habits are very local," says James Kaw, director of P&G's Beijing Technical Center. Quoting P&G chief A.G. Lafley's mantra, "The customer is boss," he explains: "China is different obviously because we have more bosses than anywhere else. But you also have cultural changes as the economy opens up; you have institutional changes with the one-child policy, and regional diversity with 56 minority groups."

As Zhi Ying chats with her visitors, her son jumps upon the sofa and eyes the snacks left out on the coffee table: Chinese candies, grapefruit, an apple, Lay's potato chips and a (now empty) KFC bucket. Like P&G, the snack-food

producer and its former corporate sibling KFC, are finding that a big part of success lies in getting product development right in such a complex consumer culture. Lay's sells chips in flavors like seaweed, spicy crab, Peking duck, five spice fish, cool lemon and cucumber. (Another U.S. brand, Sprite, has a special mint flavor in China.) KFC outlets have round tables similar to what is found in traditional Chinese restaurants. It has menu offerings like congee—a Chinese cream-of-rice breakfast item—egg tarts and lotus root salad. The Chinese eat far more chicken than beef, and KFC commands more market share in China than McDonald's. So McDonald's is adding menu items like a chicken burger and spicy chicken filets, as well as testing offerings like a "rice burger," which features spicy chicken or beef, red cabbage and lettuce on sticky rice, no bun.

When Zhi Ying goes out to a bar with her husband and friends, usually once a week, they drink Chivas, mixed with green tea—a common Chinese cocktail. She says she wouldn't think of switching to a brand like Johnnie Walker because it would make her look too cheap. As in many Asian countries, the concept of "face" is highly important in China. By extension, brands give consumers a certain status, indicating their economic standing, power and social influence. When they opt to go to the karaoke pub instead, where they sing Chinese and Cantonese songs, the group drinks beer. She says it's not a matter of taste for her—it all seems bitter—but the group likes to be seen swigging a Heineken or Budweiser.

'Face' Time

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On such nights out, Bin may use his credit card—a point of difference with the couple. He will carry over the balance and incur interest charges. She doesn't have a credit card, insisting, "I only want to use the money I have." The Chinese are fiscally conserva-



HOME IMPROVEMENT: Increased home ownership in China has upped demand for retailers such as IKEA, Home Depot and B&Q.

—China still boasts the highest savings rate of any major country. Not surprisingly, savings levels are expected to drop with the growing enthusiasm of its consumer class. China is still predominantly a cash society, with most of the cards used for ATM or debit purposes. But thanks to looser government restrictions on the industry, growing merchant coverage and

increasing foreign travel for Chinese, the credit card market is soaring: The number of cards in China hit 12 million at the end of last year, up from 3 million two years earlier, according to McKinsey.

Zhi Ling and Bin disagree on another thing: Bin's Polo, a sporty compact made by his employer, Volkswagen. (VW was the first international carmaker to enter China 20 years ago. While VW has lost share as competition has heated up, it is still the largest auto company, through its joint ventures, in China.) Zhi Ling feels that car ownership in Shanghai is an extravagance.

China's car culture is taking off: It's expected that 4.1 million passenger cars will have been sold in China in 2006, a 25 percent jump over 2005, with more than 10 million private cars in China now, or about one car for every 120 people. Because of restrictions and the banning of motorcycles in urban areas, the Chinese are moving directly from bicycles to cars—a transition very much on display as a country of novice drivers maneuvers through tight traffic spaces as if they were still peddling. The government can't build roads fast enough to keep up with the growing numbers of vehicles. In Beijing, a city of nearly 15 million people, 1,000 new cars hit the road every day, causing round-the-clock traffic jams and pollution. Shanghai



ON THE BRAND WAGON: The status associated with names like Coca Cola is critical to China's rising leisure class.

prominent positions in the government or state-owned enterprises. There continues to be a disparity in pay and advancement in the private sector. (Still, for women like Zhi Ying, Web sites such as Taobao—a Chinese eBay—offer new entrepreneurial opportunities.)

For Chinese women just entering the middle class, luxury begins with the "affordable," such as skin creams and cosmetics. Zhi Ying is no exception: Her makeup brands include Estée Lauder, Chanel and Dior. Other major companies like P&G and Shiseido are expanding their efforts in China's estimated \$5.5 billion cosmetics sector, which is expected to grow at an annual 10-15 percent clip over the

next five years. After its 2004 sales doubled, L'Oreal set up a special R&D facility in Shanghai just to focus on Chinese skin and hair. Skin care is one of the biggest considerations for Chinese women, and the ideal of beauty as white skin is fueling product development. Manufacturers now add whitening agents to anti-wrinkle creams, sun-tan lotions, deodorants, bath gels and cleansing milks. Anti-wrinkle

creams are another big product segment; Zhi Ying uses one every day, and women as young as 18 routinely begin that regimen in China.

Because the Chinese make so many fake luxury goods, they attach a premium to the real stuff, often paying 30 to 40 percent more for those brands than what is charged in New York. By some estimates, China's luxury market is growing at 50 to 60 percent annually, commanding about 12 percent of world demand. By 2015, China is expected to surpass Japan as the world's top consumer luxury market, comprising a 29 percent share, according to Goldman Sachs. The importance of public perception is a key driver, as well as the youth of the growing ranks of rich Chinese.

Appropriately, enough, in showy Shanghai, a city known for its colonial extravagance and

excess, the city's second-largest building is Plaza 66, which houses a breathtaking luxury mall, along with office space. Christian Dior, Hermes, Louis Vuitton, Prada, Celine, Versace and Cartier are just a sampling of the designers inside. The mall is one of the real consumer curiosities of Shanghai: It is eerily empty, its beautiful stores populated mostly by bored-looking saleswomen who could double as models. With its ultra-high-end merchandise, Plaza 66 serves more as window dressing. Many wealthy Shanghainese look there and then purchase the products in Hong Kong, to avoid the high mainland taxes.

Diamonds are taking hold in a country where jade has always ruled. The Diamond Trading Company says the use of engagement rings has reached 80 percent in some key Chinese markets, up from less than 10 percent in 1994. Flashy Shanghainese buy more than their much wealthier counterparts in Japan, but Zhi Ying isn't one of them. She believes the new popularity of diamond engagement rings in China is because of marketing. "Most of the ads will say it is a symbol of longtime love, and that is good advertising."

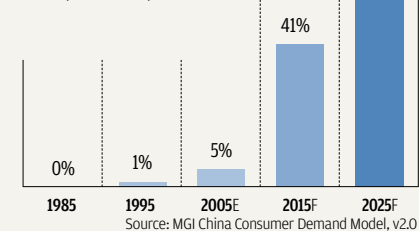
Little Emperor Phenomenon

By all accounts, within this three-generation household, 6-year-old Ze Hao is its most important member. His toys dominate the living room and he jumps freely on the furniture. Ze Hao is one of China's Little Emperors, the much-worshiped and spoiled single children of Mao's population control policies enacted in 1979. His two sets of grandparents dote on him, as do his parents. Already he is being raised with a sense of consumer entitlement: His mother admits to buying him whatever he wants when they go to the supermarket, spending 200 to 300 yuan (\$25 to \$38).

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The Emerging Urban Middle Class

Percentage of urban households with income of 40K to 100K yuan (U.S. \$5,100 to \$12,000).



wants to mitigate those problems: The city of 17 million people auctions just 2,000 licenses a month for a lifetime license, with the current price, for drivers like Bin, 40,000 yuan (\$5,100).

In managing household expenses, Zhi Ying says she and her husband "go Dutch." He pays for some of the big-ticket costs like the mortgage, however. Much has been made of Mao's notion that females "hold up half the sky." However difficult life under Mao was, his call to equality was a welcome change in a country historically linked with practices like foot binding and where a woman's role was once relegated to that of a concubine. But with the transition from a state-controlled economy to a more-competitive market economy, women lag their male counterparts. Women have more often bore the brunt of layoffs, and very few hold

天時不如地利，地利不如人和。

“TIMING IS IMPORTANT BUT NOT AS IMPORTANT AS GEOGRAPHIC ADVANTAGE. HOWEVER GEOGRAPHIC ADVANTAGE IS NOT AS IMPORTANT AS THE UNITY AMONG PEOPLE.”
Mencius

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CHINA *Continued from page 16*

The single-child policy primarily affected urban China. In rural areas, it has been loosely enforced. Even within cities, couples who are themselves the products of single-family homes are legally allowed to have a second child; and anyone can have multiple children if they are willing to pay the steep tax penalty.

Now in their 20s, the first generation of Little Emperors are challenging traditional Chinese values of thrift, hard work and perseverance. They're already being blamed for everything from a new incidence of obesity to surging divorce rates—both previously unheard of in China. Critics in the state-owned media dismiss them as pampered brats who lack a strong work ethic. Given a current talent shortage among white-collar workers, the Little Emperors epitomize the Chinese phenomenon of capricious employees jumping around in the job market for a few yuan more and receiving promotions beyond their competence.

The Little Emperors complain they are a stressed-out generation living out their parents' dreams in a pressure-cooker era. That competitive stress starts early with the annual university qualification exams each spring. Getting a university education is viewed as critical for success, and this year 9.5 million teenagers competed for just 2.6 million college slots.

Having received an education, the Little Emperors are the backbone of China's new professional class. It's not just a matter of China possessing the world's largest youth market driving consumption: They possess the mind-set of an egocentric generation who have been raised with an ever-increasing standard of living and expectation of rising status as they collect more and better things. "These people know nothing but success. They were born with Levi's and McDonald's and share the global youth mind-set about brands," says Don Norris, former managing director, McCann Erickson, Guangming, China. "They've never known a down period. If they get mad about something at work, they quit the next day."

Bin admits he's like "all fathers [who] want their sons to be a superman." He will allow his son to choose his own career, but until then, he will be raised under a watchful eye. "Internet games are not good—kids just spend all their time with them," says Bin, adding his son will be allowed to play "just" two hours a day.

As Yu Sheng drinks tea and smokes one cigarette after another, he also ponders his grandson's future. "He is the center of our life, but we will educate him and discipline him," he says. "Western influence is a good thing. He needs to learn about Western things."

His daughter isn't so sure: "I want my son to learn a little English but not too much. I worry about too much Western influence. ... The U.S. is an open-minded country. You have a lot



PUTTING ON THE GLITZ: Some estimate that China's luxury market is growing at 50 to 60 percent annually.

of freedom, but too much freedom is not a good thing. It can lead to chaos."

Members of this household say they don't consider themselves spiritual or political—beliefs that underscore the acceptance of an authoritarian government. As China makes faster economic strides than India, many observers point to the efficiency of decision making in a dictatorship compared to the more messy democratic process. But China's detour to Communism may be one of the most monumental mishaps in modern history. At heart, this is indeed a culture of die-hard capitalists whose focus is money.

Still, make no mistake: Government control underlies every change. In September, the government banned foreign cartoons from airing in prime time. (The country had already insisted that 60 percent of cartoons be of Chinese origin.) In part, the measure reflects larger concerns about the influence of foreign pop culture on young minds. It also suggests China, by sheer force of presence, is setting the stage for when it becomes a more pervasive influence on global culture.

"They restricted the airing of foreign cartoons because they were afraid they were losing the kids," says

P.T. Black, a partner with market research firm Jigsaw, Shanghai. "The government has gravity on its side; they can say, 'We are one of the few countries in the world where we have size on our side.' They're allowing Chinese cartoon companies to incubate and allow the world to see what China can do. How long before our kids in Minneapolis will be watching Chinese cartoons?"

Yu Sheng, the household's elder patriarch, has no doubt that day will occur. He says that while Chinese lifestyles may be changing at warp speed, the country's values are not. "Kids still maintain the family spirit. You must educate them, have them get married and then have a baby. Harmony for the family is the most important thing."

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Given the dramatic lifestyle changes, it would appear that harmony would be sorely tested in the Jiang household. Zhi Ying acknowledges as much. "Of course our life is not traditional Chinese, like my parents who worked hard and saved money. Unlike my parents who make plans for the future, we can't plan because we have no savings. Life is a short time. I have the energy to make money and ... I want to enjoy life and take good care of that time to have a better life," she says.

She expects the same for her son: "He will be even more happy than my generation because, like us, he can have whatever he wants."

Her father may not agree with his daughter's free-spending ways, but understands and accepts it. When Deng declared "to get rich is glorious," it was a call to action for individual Chinese to earn and spend for the greater good of China—an admonition not lost on the family patriarch. "[My children's] biggest weakness is that they don't prepare for the future. If they use up all their money, what do they do after they age?" asks Yu Sheng. "But I am not worried about their values. Their behavior is better for the country because if they spend the money, the Chinese economy grows."

Outsiders may think China is open to becoming a modern economy, along the lines of Western countries. But by virtue of its size and shifting economic power, this intensely ambitious, nationalistic populace sees the next years as a time when China will exert its influence on the rest of the planet. "The best thing to give our kids is Chinese culture and the Chinese tradition," says Yu Sheng, values that will prove critical since he—like most of his compatriots—believes: "China will become the most powerful country on earth." ■

China Series

Look for Part II and Part III of *Adweek's China series*, which will cover marketers and agencies on Jan. 15 and Jan. 29, respectively.