South China Snapshot:

Franchise & Retail

Major Trade Show in 2011:

13th China Franchise Convention & Exhibition

Venue: China National Convention Center, Beijing

Date: May 7-9, 2011

http://www.chinafranchiseexpo.com/en/default.asp

A Growing Consumer Market

South China's Guangdong Province is one of China's most sophisticated consumer markets, with diverse, modern retail operations such as department stores, shopping malls, chain stores, supermarkets, and convenience stores. Guangdong is also the largest consumer market in China with retail sales increasing by 14.7% to $218 billion in 2009, accounting for 11.2% of the national total. In addition, Guangdong is China's second most populated province, with a population of 95.4 million as of 2010 (compared to California's 2010 population of 37.2 million). Guangdong's residents also have one of the highest level of disposable incomes in China (per capita disposable income in 2009 was $5,965), and are generally very accepting of foreign brands. Average incomes in Guangzhou and Shenzhen, the two largest cities in Guangdong, are actually higher than in Shanghai and Beijing. Furthermore, with the continued rapid pace of urbanization and growing affluence of the population, retail sales of major consumer goods in Guangzhou will continue to be robust in spite of the recent economic slowdown.

Composition of Per Capita Expenditure of Urban Households (%)

	2000	2009
Food	38.6	36.9
Clothing	4.6	6.3
Medicine & medical services	4.3	5.5
Transportation & communications	13.4	17.7
Household Appliances and Services	7.5	6.2
Recreational, Educational and Cultural Services	11.5	12.9
Residence	13.7	10.8

Source: Guangdong Statistical Yearbook, 2010

Opportunities and Trends

Long-term potential is found in attracting middle-class Chinese consumers, one of the fastest-growing segments of the population. The rising economy in China is lifting hundreds of millions of households into prosperity. The middle class currently constitutes 5% of all households, but is expected to increase to 45% of all households by 2020. Middle class households are defined as those with annual incomes ranging from $6,000 to $25,000, but after considering China's lower cost of living, these households can afford a lifestyle similar to that of a household earning $40,000 in the United States. China could have over 700 million middle class citizens by 2020, compared to the 125 million in 2008. In general, key ways to attract these new middle-class customers are to offer technology, quality, and/or middle to high-end brand names.

For More Information Contact:

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