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PREFACE

You will not earn money if you do not allow others to make money.
Confucius

The One Belt One Road Initiative is the new azimuth of the growth of the Chinese economy.

Issue number 15 of the *Review of Applied Science* (which has been published in cooperation with the Opole Confucius Institute) is entirely devoted to the economic, political and social aspects of the trans-continental railway known as the One Belt One Road, which not only created high hopes and expectations but is often a source of concern. The authors refer to the traditional shipping route of Chinese goods as the Silk Road, during the time when the most desirable and expansive goods such as silk and porcelain came to the European continent as the goods made in China at that time were synonymous with high quality and sophisticated tastes. The contemporary re-branding of the Silk Road as the One Belt One Road is both a powerful economic project as well as a challenge for China and its trade partners. The project officially announced by Xi Jinping in September 2013 at the Nazarbayeva University in Astana, supported by a \$ 40 billion fundraising campaign, is an important instrument for China's economic expansion as part of its Go Global strategy. One Belt One Road is a crowning factor in the success of the Chinese economy and China's search for new, efficient growth engines. The Silk Road Renaissance – One Belt One Road is a groundbreaking event in modern history which is thought to be at a level of importance equal to that of the industrial revolution. The project fits perfectly into the current stage of China's development, which as the world's second largest economy has the production and economic capacity to keep the One Belt One Road idea filled with content. This project opens the door for Westerners to participate in China's success. It is also an eloquent marketing element of the Middle Kingdom's strategy, referring to that period of great Chinese power. One Belt One Road has also been included in Xi Jinping's renaissance programme for the Chinese nation. The One Belt One Road Initiative, like the sage Confucius of 2500 years ago, has become a token of Chinese cultural expansion of soft power which is an element of conscious and effective participation in the process of globalization with unprecedented strength and reach.

The article written by P. Misiurski and R. Śmietański, which opens the issue number 15 of *Review of Applied Science*, presents the Silk Road throughout the eighteen centuries since its inception through the prism of a series of groundbreaking events based on the Silk Road's changing nature and function:

- Until the 3rd century the Silk Road was dominated by four empires: the Roman Empire (Mediterranean territory), the Parthian Empire (Middle East), the Kushan Empire (India, Afghanistan, and Central Asia) and the Han Empire (China).
- The period from the turn of the 7th through the end of the 8th century when the Silk Road was controlled by the Khanate of Turkey.
- After 751, as a result of the battle between the Caliphate army that defeated the Chinese army, the Chinese began to lose control over Central Asia. Consequently, the dominance over the Silk Road, until the end of its existence, was taken over by Muslim and Jewish merchants.
- The 16th century when the landline Silk Road collapsed due to the development of the merchant navy.

Authors emphasize that the ancient Silk Route was developed based on the pre-existing trade routes in Asia: “Lazurite Route” and “Jade Trail”. The Silk Road accelerated the development of the areas through which it ran. Along the entire length of the route new cities, banks and companies were established. The organization of long-distance trade forced the development of logistic infrastructure: transshipment points, specialized marketplaces and a system of stable monetary exchange agreements as well as protection of the property rights of foreign merchants. The Silk Road became a channel for the exchange of new goods and information and helped in spreading innovation between the civilizations of Eurasia as well as the penetration of religion and multiculturalism because intense and regular economic relations led also to a cultural convergence. In the second part of the article, the authors analyze the role of the contemporary concept of reactivation of the One Belt One Road Silk Road. The programme of international cooperation in the field of transportation of freight between the European Union and partner countries – Georgia, Armenia, Azerbaijan, Moldova, Ukraine, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, Bulgaria, Romania and Turkey named TRACECA, is funded from the budget of the European Union. The authors analyze the determinants of China's spectacular economic growth at the turn of the 20th and 21st centuries. They focus on the high rates of internal savings, the supply of foreign capital and the positive trade balance to a large extent generated by the production of foreign corporations. The contemporary international One Belt One Road Initiative, which perfectly integrates into the era of globalization, has the chance to support the spectacular economic growth that has made China the second largest world economy. The authors point out the very location of the One Belt One Road startup station in Chendu and not on the rich Chinese coast, which is undoubtedly an element of Chinese policy that promotes not only the pace of growth, but also its sustainability. As the authors indicate, railway connections will not only shorten the time needed to transport goods from China to Europe, but is a cost-effective and equally ecologically viable alternative to maritime and air transport. Poland has a chance to play a significant role as a buffer state for Western Europe. It is favored by the geographical location and

the positive relationship with China. The authors also point out the economies of Germany, the Netherlands and Switzerland have a positive trade balance with China. This seems to prove that absorbent Chinese market can improve asymmetry in the trade balances with other European countries.

The Chinese economy has grown while becoming the EU's leading trade partner, unfortunately in the process also generating a growing imbalance in trade relationships with UE countries. M. Bernat and A. Drozd-Tereszkiwcz analyzed the causes of this phenomenon and also indicated the problem of the difference in perception of the very essence of the strategic partnership to which both EU and China aspire. The article attempts to answer the questions about the source of the growing predominance of the Middle Kingdom in trade relationships with the EU and the reasons for the growing dependence on China. At the same time, the authors examine the origins of the Chinese growth phenomenon, which they perceive as a part of a specific model of transformation known as the Beijing Consensus, which incorporates the synergy of the market mechanisms and central control, coupled with the broad openness of the economy, which is also however, at the same time deeply rooted in the country's culture. The origins of the imbalance date back to 1997. In 2010 the imbalance reached € 168.8 billion. According to the authors the sources of the imbalance include the barriers to access to the Chinese market, the lack of equality of European enterprises as investors in China, limited access to public procurement in China, and the limited protection in China of intellectual property rights. The authors also point out the difficulties in mutual commercial relationships, which is the so-called underestimation of the value of yuan as well as the essence of the different perceptions of strategic partnership for both China and EU. For the EU this is a still ongoing process, the so-called “maturing strategic partnership”, which requires content corresponding to both parties. China, however, takes the partnership for granted and accuses the European side of failing to meet all the requirements of this kind of relationship.

Y. Yavorska analyzes the source of the economic growth marathon (nearly four decades) of the Chinese tiger as being unprecedented in modern history. The author focuses primarily on the analysis of key factors conditioned by the culturally high propensity to save which along with foreign capital, is a fuel for growth, the enormous supply of cheap labor, which today is also a powerful group of affluent middle class consumers and finally the opening for economic globalization. Among the key cultural attributes, Yavorska highlights the concepts of “miànzi” (面子) – face, guānxi (關係) – interpersonal relationships, jiéjiǎn 節儉 (节俭) – savings, and rénjì héxié (人際和協) – harmonious development and the economic interaction between these concepts. Confucianism is the philosophy that binds the specific management approach which is characteristic of Asian tigers. The author indicates September 17, 2001 as a breaking point for the development of China in the age of globalization, signifying China's accession into the World Trade Organization when, after two

decades of intense absorption of foreign capital, it has become an active investor competing with western economies.

The article by M. Bernat and A. Michowska entitled “The Luxurious Dragon” examines the phenomenon of a country which in the 1970s struggled with the specter of hunger, but due to a successful economic transformation was promoted to a world leader in consumption of luxury goods. The main part of the Chinese consumption mechanism is a segment of 300 million middle-class people, which is systematically growing. The authors show the profile of Chinese consumption in its most sophisticated segment in the context of the changes taking place in the Chinese economy and society, and at the same time they identify opportunities for Polish manufacturers of luxury goods. The cultural aspect of the Chinese economy is also quite significant because of the clash of Confucian thrift and pragmatism with the prestige of the goods of the famous European brands like Louis Vuitton and Gucci. The period of over two decades of dynamic development of luxury consumption in the Middle Kingdom is also accompanied by the evident evolution of luxury consumers who now choose refined goods, yet avoid the ostentatious display of well-known brands that are perceived as a manifestation of bad taste.

M. Izdebski analyzes the political and infrastructural conditions of The One Belt One Road Initiative, whose implementation at this stage must be assessed in a theoretical and political way rather than in terms of its real economic effects, as evidenced by a series of discovered obstacles. This project was largely based on an obsolete infrastructure created in the Soviet Union, which prolongs the delivery time and raises the risk of lack of timeliness. In this respect, One Belt One Road is no longer competitive to the alternative sea route. Improving the quality of railway infrastructure is inevitable but requires capital expenditures undertaken autonomously by the participating countries or financed by Chinese funds. The second form of financing the modernization of the railway infrastructure is dependent. As a result, it allows the Chinese to use it as a bargaining chip in its relations with the countries participating in the project. Based on an analysis of the project, the political dependencies treated as a sphere of influence can exacerbate relations with the United States. This is of special significance after President Trump's take over. China's political approach to the project partners may trigger adverse reactions within the United States. The author assesses the corridor running through Kazakhstan, Russia, Belarus to Poland as the most politically stable, however not unchallenged compared to the south and central corridors which are passing through the more unstable regions of Turkey and Iraq. The author points to a number of potential unfavorable factors, such as the quality of border management, delays in supplies, corruption and embezzlement of funds, which could ultimately offset the economic benefits of a project approved at the interstate level.

The article by K. Mazur-Kajta is based on two areas of analysis: traditional and historical connections with the Silk Road and contemporary research results related to an evaluation of the One Belt One Road Initiative by the managers of

the Opole region. The author attempts to explain the process of opening China to the outside world in the context of trade. She also discusses the relative isolation of China resulting from the Chinese belief that there is no need for such outside trade relationships.

This culturally based sense of economic self-sufficiency is also reflected in the alternative name of China – “Middle Kingdom” (中国) pointing to the central location of this country on the map of the world and a strong sense of the Chinese about their superiority. Despite the barriers to internationalization which existed since ancient times, foreign trade relationships were established. Their essential element was the Silk Road. Silk as a luxury good became such a very desirable and dominant Chinese commodity in trade that the most famous commercial route includes the word “silk” in its name (丝绸之路). The modern opening of China to the world has occurred only since 1979 under the rule of Deng Xiaoping (邓小平). By initiating social and economic reforms Deng Xiaoping encouraged Chinese people to prosper and to that end he opened up China to foreign investment. In the 20th century, the international transport programme (Transport Corridor Europe-Caucasus-Asia – TRACECA) was launched. TRACECA includes 14 countries of the European Union, the Caucasus and Central Asia which were willing to cooperate in order to revive the ancient Silk Road. The One Belt One Road Initiative aims to expand the Chinese market to more consumers and to also strengthen the PRC's global position, especially towards the United States and Russia. Kajta points out that although The One Belt One Road Initiative is still at a stage in which its general assumptions and development plans need to be clarified, her research indirectly serves this purpose. The research which was conducted from December 2, 2015 to February 29, 2016 was based on a representative sample of enterprises in the Opole region. The aim of the research was to identify the expectations and plans of entrepreneurs in the Opole Silesia region in terms of establishing cooperation and an exchange of goods with the People's Republic of China and to assess their knowledge about The One Belt One Road Initiative. The study, which is described in the article, identifies a very clear need for more detailed information on The One Belt One Road and the opportunities for cooperation with Chinese partners.

W. Musialik in her article analyzes the effects of the Silk Road of the past based on the botanical changes in the European flora as a result of the introduction of plants originated from the areas of the Silk Road. The author points to specific examples of plants which, consciously or unconsciously, were transferred to Europe: peaches, Chinese sugar plant, black mulberry as a silk moth's fodder, Chinese radish, Chinese cucumbers. All of these plants which acclimatized in Europe over time originated in China.

Maria Bernat

Maria BERNAT, Anna MICHOWSKA

LUXURIOUS DRAGON - THE CHINESE MIDDLE CLASS AS RECIPIENT OF LUXURY GOODS

奢侈的龙 - 购买奢侈品的中国中产阶级

Abstract: This article shows the phenomena of a country, which during the seventies of the 20th century was still facing the threat of hunger, due to its economical transformation has been able to rise to one of the leaders in consumption of luxurious goods. The authors show the Chinese profile of consumption in the most distinct segment, in the context of the changes happening in the Chinese economy and culture, as well as its global influence, which absorbs the fall of demand in traditional markets after the year 2008.

本文揭示了一个现象，一个在七十年代还遭受饥饿威胁的国家，通过经济转型可以成长为奢侈品的主要消费国。作者从中国变化的经济和社会背景和其抵御2008年后传统市场需求下滑的国际影响等方面揭示了中国高端行业的消费结构。

Keywords: middle class, luxury goods, cultural attributes

LUKSUSOWY SMOK - CHIŃSKI KLASA ŚREDNIA JAKO ODBIORCY TOWARÓW LUKSUSOWYCH

Streszczenie: Artykuł ukazuje fenomen kraju, który jeszcze w latach 70-tych XX wieku zmagał się z widmem głodu w konsekwencji skutecznej transformacji gospodarczej awansował do grona światowych liderów konsumpcji dóbr luksusowych. Autorzy ukazują profil chińskiej konsumpcji w jej najbardziej wyszukany segment w kontekście przemian mających miejsce w chińskiej gospodarce i społeczeństwie a także jej wymiar globalny, który amortyzuje spadek popytu na tradycyjnych rynkach po roku 2008.

Słowa kluczowe: klasa średnia, dobra luksusowe, cechy kulturowe

1. INTRODUCTION

For the last couple of years the Chinese luxury good has been on an unprecedented rise compared to other countries and what's more - the rise of consumption in the last decade has coincided with the global market's downturn, where the expected panacea for the slowdown is the consumption of Middle Kingdom. Despite the euphoria following the discovery of a new market there are skeptics questioning the sustainability of such growth, especially in the long term.

One can refer to the opinion of Yu Hua, who wrote: when Louis Vuitton, Gucci and other luxury brands opened their shops in the trade districts of Chinese cities, and luxury good conferences in Shanghai, Canton and Shenzhen happened one after the other with enormous attendance, people have realized that China has quickly transformed from a luxury good producer, to a country of their consumption [Yu Hua 2013: 176].

The purpose of the reflections contained in the article is the underlining of the complexity of the formation of the new middle class in XXI century China, as well as the display of the economical, demographical, and cultural factors that are supposed to stimulate the growth of the aforementioned group. The authors make an attempt at an analysis of the mentioned changes in an attempt to judge the plausibility of the further growth prognoses in the Chinese luxury good market.

2. CHINA IN A TURNING POINT

In less than ten years the Chinese economy has tripled in size, overtaking Japan and becoming the second largest in the world, after the United States, and after 2009 becoming the world's export leader. The strongest source of its growth since the moment of its kaifang opening in 1978 were the foreign capital investments generating large amounts of export. The value of consumption has consequently remained on a low level, and has even fallen at the turn of the XXI century, from 46% of the GDP in the year 2000 to merely 33% a decade thereafter. *Signs* of an economical slowdown in a global scale have raised questions regarding China: will it be able to uphold its growth rate, and what will be its driving motor?

According to the prognoses published by McKinsey in the Consumer & Shopper Insights report, assuming no major economical shocks, the Chinese GDP will uphold its growth tendency at around 7.9% for the next ten years (compared to 2.8% in the USA or 1.7% in Germany). With the notable difference that this time consumption will be the determining factor, rather than investments. Its participation in the GDP in the year 2020 is estimated at 43%, whereas investments are predicted to fall down to 38% [Atsmon 2012: 9].

Even though in the year 2020 China will supposedly match the USA in terms of GDP in volume, GDP per capita will remain on a lower level: estimated 9000 USD compared to 57000 USD in the United States. Therefore the success of a transition to consumption will depend on many factors, the ongoing urbanization, the increase of government funds on social security, the financial sector and industrial reform, increase of income and salaries in the service sector, and the abolition of the hukou population registration system, among others [Atsmon 2012: 10; Bernat 2015: 123-132]. Quoting B. Góralczyk - "Xi Jinping as well as other Chinese leaders say up front: the western liberal democracy model is not acceptable amongst us, we must search amongst ourselves, in the rich Chinese tradition, and additionally have our Chinese Dream [Zhongguo meng] on the return to the previous prosperity. (That is, the state from the Napoleonic wars, when China alone contributed one third of the world's GDP, whereas today it contributes around 15%). Putting the Chinese Dream into reality requires adjustments to the Chinese growth model, however. Growth

at any price, as it has been up until now, shall be replaced by balanced growth, and exports cannot remain its source to its previous degree. It shall be replaced by the strength of the internal market and consumption [Góralczyk 2015].

3. LIBERATED CONSUMPTION

Until recently only few Chinese residents could afford spendings greater than those covering basic existential needs. The perspective of old age without retirement, a fragile public healthcare system as well as negligible social security were the main motives for money savings. For the majority of the Chinese the situation had changed, however. A rampant increase of incomes, access to luxury goods and information about them in the media, foreign touristic and business travel, a positive attitude towards amassing wealth have influenced the views of the Chinese towards luxury and the amounts in which they can consume it.

The increase of internal consumption in the Middle Kingdom has found its place amongst the strategic projects of Xi Jinping, under the name of moderate prosperity, the middle class laying at its core. Currently its size is estimated at over 300 million residents, which brings it close to the entire population of the United States. According to prognoses, this part of the Chinese society will reach 700 to 800 million citizens in the year 2020, which will amount to 50-60% of the entire population. The middle class together with the higher, affluent class (income over 34 thousand USD) will constitute an absorbent market, more clearly reaching out for luxury goods. People with a yearly income between 60 and 229 thousand RMB are counted amongst the middle class. This class, being the core of the Chinese consumption phenomenon as Bernat notes, "has paradoxically come into existence in a classless society by definition" [Bernat 2015: 128]. This class is clearly heterogeneous. Within a clear trend can be identified, the rise of the upper middle class - people earning between 106 000 and 229 000 RMB [Bernat 2015: 127]. A distinctive feature of the Chinese middle class compared to their western counterparts are their connections to the government. This feature can be seen as a safety valve for the creation and spreading of new ideas, which may not be in line with the ruling party's perspective. The growing prosperity of the middle class has a stabilizing influence in terms of social unrest. As noted by Peter Hefele and Andreas Dittrich, the prosperity of this group steers toward the up keeping of the ruling party's status quo [Hefele, Dittrich 2011]. The representatives of the Chinese middle class are consumers compensating the modest consumption during the cultural revolution period as well as the first period of dynamic economical development during the end of the XX century. They are keen to acquire imported goods, which are often a status symbol, but foremost a guarantor of quality. The growing affluence of the Chinese society will make China a promising consumer market for producers of luxury goods, which are increasingly popular amongst not only affluent consumers with income over 34 thousand USD, but also the so-called upper middle class with income between 17 500 and 38 000 USD. According to analysts at Ernst & Young the consumption of luxury goods in China represents up to 20% of the world's market (year 2011 [Ernst & Young, 2012]).

Additionally, the good sales results in this segment on the European market are largely thanks to travelers from the Middle Kingdom, visiting European countries for tourism as well as business purposes. The Chinese luxury good market is also going through a transformation. Its consumers have started avoiding goods with an "eye-catching" company logo, instead looking for unique, sublime goods aiding the creation of an individual style. According to expert R. Pyffel, the Chinese are becoming increasingly aware of their growing purchasing power and are therefore becoming increasingly demanding. Women's participation as luxury good consumers is on the rise, a market traditionally reserved for men, which is attributable to the professional advances of women in the PRC.

The growing group of Chinese consumers who can nowadays leisurely afford luxury goods has their roots in second rate cities, and because of this they have major impact on the distribution of luxuries in China. Prosperous households, whose yearly income is between 300 thousand and 1 million RMB constitute a strong consumer group, growing at the rate of 15% a year. China's rich, who have an income of over 1 million RMB at their disposal and a wealth of over 10 million RMB, are growing at an even faster rate, 20% a year [Atsmon 2011: 11]. "According to the Hurun report from the year 2009 there are already 825 thousand of them, 51 thousand amongst them have a wealth over 100 million Yuan and a yearly spending of over 2 million Yuan" [Yu Hua 2013: 179]. According to prognoses, this group will stand behind a 38% rise in the luxury good market in the next five years [Atsmon 2011: 11]. It is worth noting that a larger consumer group is showing an affinity to luxury goods, which traditionally would not be considered as prospective customers, which creates opportunities as well as challenges for branding specialists, who where until now focused on the affluent customer.

A part of the 13 million households counted among the upper middle class (with an income between 100 and 200 thousand RMB) are stretching their budget in order to purchase luxurious watches, jewellery, handbags, shoes and clothing, which where until now in the domain of a small affluent group. Forced to save money for their goal, they purchase goods only after having obtained the required funds: "I plan to purchase a Tiffany necklace for my birthday, and a Rado watch towards the end of the year, when by bonus has arrived" - declares a Chinese consumer [Atsmon 2011: 13]. Consumers belonging to the analyzed group are highly visible at duty free shops in international airports in Frankfurt, Paris, Seoul, New York; where Chinese-speaking personnel is being hired in order to cater to them.

An important aspect of luxury consumption in the Middle Kingdom are gifts, which are a culturally vested way to strengthen social bonds in the form of *guanxi*. Luxury consumption being a part of corruption is not an uncommon occurrence, which is since 2013 heavily being combated by the government of Xi Jinping. Since then, advertisements supporting behavior not in line with the ruling party's social ethos have been banned. These changes are impacting consumption, especially of luxury goods [Bernat 2015: 130-131].

4. WHAT WILL THEY BE LIKE TOMORROW - THE CHINESE CONSUMER OF THE FUTURE

An accurate prediction of future behavior of the Chinese consumer is impossible when differences in behavior in different segments are accounted for, which grow with each arriving new set of demographical data. We may only take a closer look at specific trends, whose effects will become visible in the coming years. Amongst the attributes, which will differentiate the Chinese luxury good consumption one should count: refinement, self-satisfaction rather than admiration, shopping in the virtual space, pragmatism, the need to stand out due to consumption.

Refinement

The Chinese consumers change as quickly as China itself does: the tastes of people with access to luxury goods are maturing at an astounding rate. Previously overwhelmed with their new financial possibilities, they manifested their social status with flashy logos - nowadays, after a couple of years of experience as luxury good recipients, they are becoming more refined. They consciously choose less noticeable or flashy products, choosing goods of good quality with a small, not very noticeable logos. In a study carried out by McKinsey in year 2012, 51% of the questioned have agreed with the statement "demonstratively wearing brands is in poor taste". Two years earlier, 37% of the respondents agreed with this statement [Atsmon et. al. 2012: 24].

Self-satisfaction rather than admiration by surroundings

Consumers who have made their first luxurious purchase around ten years ago are a group with fairly easily predictable behavior. Subtle in their choices, they are being driven by an emotional satisfaction fueled by different products, reflecting their own individual taste. Notably being accustomed to a certain standard of life, these consumers have a tendency to purchase products for their own personal satisfaction, rather than for admiration from the rest of society. Studies have showed that almost half of this group likes to discover new brands and trends before others do. Bored with the commonness of previously cherished brands, they give way to a new group of the rich, who have had at most two years of access to luxuries. In contrast to their predecessors, they will show great affinity to the most popular luxury brands [Atsmon, Ducarme, Magni, Wu 2012: 24]

Shopping in the virtual space

In case of consumer goods in general, the participation of online shopping is greater in China than in the United States, especially in the quickly developing markets connected with electronics and clothing. The sales of luxury goods experiences a gradual increase instead. A small but continually growing group of consumers choose the Internet as their tool to search for exclusive items. While currently the Internet is still being used as a knowledge compendium, there are indicators suggesting that its impact on trade will rise. Smartphones

and tablets have gained significant popularity in China and have become a part of daily life. Studies show that among urban residents, over 70% use smart phones and 60% use tablets. New technologies and the widespread access to the Internet are steering towards the creation of a new virtual consumption era [Zhang Lei, Li Jing 2014: 4].

Together with the rise of mobile electronics, brands are faced with a multitude of challenges related to communication, new media, until now unknown needs and whims of consumers. The widespread use of new devices, the evolution of applications based on the iOS and Android systems, availability of 3G and 4G internet - all these factors pave the way for e-commerce. Because technologies are becoming more advanced, consumers are expecting more from their virtual existence, whereas previously they were satisfied with basic communication tools such as SMS. Presently they use a multitude of functions provided by smart devices, such as the use of e-mail, access to news, social media, games, music, movies, photos, applications and foremost – shopping [Zhang Lei, Li Jing 2014: 4].

Pragmatism

Chinese consumers are known for their pragmatism, which apparently cannot be changed despite their growing wealth. Their shopping decisions are generally well thought out: they often define the budget and the qualities which are worth paying for, after which they look for the most affordable option. Impulsive acts are relatively rare, according to studies this tendency is observed in 28% Chinese compared to 49% Brits [Atsmon et al. 2012: 27]. An explanation can be found among the Confucian tradition, whose values will influence consumption patterns in the coming years. No radical changes in the attitudes of Chinese consumers should be expected, as putting an effort in and choosing the most favorable offer is so to say part of the culture. When easy access to information and comparison of prices are considered, these characteristics are sure to remain.

Individualization through consumption

The maturing of markets is intertwined with the rise of consumer expectations, the Chinese are no different. Over a dozen years ago, as inexperienced recipients, they concentrated on the basic functional benefits of the purchase, such as longevity of electronics, comfort of clothes, smell and taste of comestibles. Today they have become more demanding. "Health and well-being" can be considered as an example, mentioned as one of the determining characteristics by most consumers choosing between drinks and other comestibles, as well as face cosmetics and cleaning powders. "Ease of use", mentioned as important for mobile phones by one fourth of the respondents in 2009, became important for almost half of them asked three years later [Atsmon et al. 2012: 27].

Research conducted by McKinsey suggests that until 2020 the emotional aspect will severely impact the purchasing habits of the Chinese, who will be more keen to buy a product mirroring their own identity and individuality

[Atsmon et al. 2012: 27]. This in turn is associated with an evolution towards more liberty in self-expression and assertiveness, challenging not only automotive of cosmetic brands, but also those connected with milk production or cleaning agents.

Seven segments of luxury good recipients

As mentioned before, the Chinese luxury good consumers show a set of distinctive features, which allow telling them apart from their European, American or even Asian equivalents (the authors mean Japan). For effective communication however, brands also need knowledge about the disparity within these groups, very diversified in terms of income, domicile, gender, age or even attitude towards borrowing money, following trends or manifesting their status. According to data provided by McKinsey, seven groups can be differentiated, briefly describing the Chinese luxury good consumers [Atsmon et al. 2009: 20-22].

Luxurious

Consumers in this group have the highest incomes, live in the biggest and at the same time most wealthy cities in the country. They constitute a collective dominated by women, and at the same time one most familiar with luxury. They are pleased only with the best, most expensive brand products such as Chanel and Hermes. More than the brand itself, they value quality and oppose unoriginal products. This segment can be named "the best friends of big brands", because they constitute a multitude of returning customers who tell their friends about most purchased goods, becoming trendsetters. They avoid flashy products, instead choosing sophisticated chic. Even though they work hard, they find time for socializing, travel and caring for their health (especially in spa saloons and fitness centers).

The demanding

A group of women and men who can attribute their success to their own abilities. They earn more than they need, they are proud of their own prosperity and remain hard workers, even though they are unsure of increases in income in the near future. In contrast to the luxurious, they are not interested in the top shelf goods, they are often satisfied with off-brand products. Before a purchase they often make calculations, even if they can easily afford it. Occasionally, they will spend a sizable amount of money on a product with allow them to stand out from the crowd. Largely resistant to the refined methods of luxury consumption, they instead prefer to spend money on everyday items, such as cars, televisions, sound systems. They are skeptical towards borrowing money.

The flashy

Slightly above the average income, they largely reside in the biggest and most prosperous cities. Attached to specific brands, they are keen to decide on luxury goods to manifest their status. They often pick off-brand goods and

search for low prices. Sure of their incomes and aware of the need of hard work. Health and care for the environment have only marginal importance for them.

The sophisticated

Slightly below the average income, they largely reside in the biggest and most prosperous cities. More men than women. They care for health, the environment and family life. Refined, they like indistinctive products, they spend far less on luxury goods compared to the luxurious. They value quality over brands and are firmly against buying off-brand products.

The climbers

Slightly below the average income, they largely live in second rate or smaller cities. Aware of the importance of status, they are keen to connect with the wealthy and influential. They value luxury goods but do not see them as a necessity. They do not want to pay more for a better product, instead looking for the most affordable option. Less sure of their incomes.

The practical

Young and in first contact with luxury goods, they live in second rate cities. They value family life over social life. They do not value top shelf products much, are distrustful towards foreign brands. When they buy luxury goods, they pay attention to quality and buy inconspicuous products. They are sure of their finances, but are pressured by their environment to increase their income.

The enthusiasts

Lowest income amongst all groups, they mostly reside in second rate cities. Enthusiastic towards luxury goods, they would like to acquire more than they can afford. They like to stand out from the crowd and show brand products (they value Chinese brands). They are keen to buy off-brand products [Atsmon et al. 2009: 20-22].

5. CONCLUSION

The Chinese luxury good market, a phenomena on global scale, has become an object of interest because of its scale and extraordinarily dynamic development during a time of global economic slow-down.

Once behind the times and isolated China, initializing its first experiments with capitalistic elements in a socialistic system in the 80'ies, have in the twenty first century become a country open to global markets, with enormous foreign-exchange reserves and set on consumption. The common term used to describe China, "the world's factory", is consequentially losing accuracy. China is currently moving towards innovation, letting go of the world's factory image instead becoming one of the globe's most attractive consumer markets.

The priority goal for the coming years is switching from an investment-based economy to a consumption-based one. The success of the undertaking, part of the 12th five year plan for the years 2011-2015 is dependent on a large spectrum of factors. Even though skepticism towards the sudden stimulation of the

Chinese economy can be attributed to the disparity between the high position of the Chinese economy (2nd in the world) and the per capita income (79th place in 2014), it can be presumed that the optimistic prognoses will become reality. The depletion of the primal reserves of economic growth, in form of a enormous work force, are being replaced in the form of a wealthy middle class making up a time of scarce consumption, characteristic to the first phase of opening. The Chinese cherishing in their culture the remembrance of its former power, desire to bring it back and show the world its new image (zhongguo meng, 中国梦). For the "Chinese dream" to be executed a radical growth model change is required, where growth at every price is to be replaced by moderate growth. In modern China exports of cheap, technologically uncomplicated products will not be the driving force of the country, but rather the internal market's strength and consumption.

It may seem that the Chinese consumers, famous for their frugality and pragmatics, will be hard pressed to make use of their financial possibilities, what more the phenomena of impulsive consumption contradict the reserved Asian culture. In this context, the emergence of a new middle class (xiaokang shehui, 小康社会), which completely contradicts the previous fears and is becoming a focus point of western marketers, may appear to be a phenomena in itself.

The new middle class is a group formed partially in the twenty first century, as such relatively young and easily adapting to the demands of the market. Grown up in uncertain times, they readily make use of their large financial abilities, allowing the purchase of luxury goods exposed in media. Driven by, among others, materialistic and hedonistic incentives, and the will to manifest social status (mianzi), is becoming an especially valuable group of recipients of western brands looking for consumer markets. Among the providers of luxury goods, the impact of Polish producers is slowly growing.

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