



CHINA QUARTERLY | overview

BIG HEADLINES – CHINA QUARTERLY, 20TH EDITION

- Confidence in the economy is flat year-over-year with 6 in 10 being confident or very confident in the chances for a strong Chinese economy in the next six months. However, confidence is down quarter-over-quarter.
- In Q2 2010, the Chinese employment outlook declines with more 18-34 year olds expecting more layoffs than at present in the next six months.
- Decreased consumer confidence does not bode well for personal finances as the number of 18-34 Chinese Consumers indicating they are “better off” financially compared to one year ago declines in Q2 2010.
- The number of 18-34 Chinese Consumers indicating they have become more practical and realistic in their purchases over the last 6 months is down both quarter-over-quarter and year-over-year.
- Walmart and Carrefour continue to dominate the grocery scene as 18-34 Chinese Consumers indicate they shop the two stores most often. Quarter-over-quarter both Carrefour and Walmart lost consumer share.
- Being avid users of media, marketers must understand young Chinese Consumers’ media usage habits. 18-34 Chinese Consumers are likely to be using media simultaneously and engaging in other activities at the same time.
- Media influence is key to increasing advertising ROI in China as the country is one of the world’s largest ad markets and one of the toughest places for foreign brands to succeed.

BACKGROUND

For over 14 years, Prosper has been providing business development services to U.S. companies seeking to expand their businesses in China. In 1994, Prosper began working with the China International Trust and Investment Corporation (CITIC), specifically CITIC Beijing Guoan, one of the largest and most powerful marketing firms in China. In 2005, Prosper and BIGresearch started the China Quarterly due to the growing need for accurate, actionable consumer information combining purchasing consumption with media consumption. BIGresearch is applying its large sample size collection methods to the China marketplace, enabling clients to anticipate market trends as new Chinese consumers make their way between traditional culture and globalization.

CHINA QUARTERLY

The China Quarterly monitors the purchasing behavior, consumer attitudes, future spending plans, and media consumption of more than 15,000 Chinese consumers between 18-54 years old. The recently expanded China Quarterly includes more detail and greater insights on shopping habits and media consumption.

How data is collected:

- Responses collected online
- Respondents recruited from multiple on/offline communities
- Surveys are anonymous, self-administered & free of interviewer bias
- Questionnaires are designed to be completed quickly
- Computer model driven by known, real-world information

Pricing:

- \$4,000 for introductory reports
 - Quarterly access: licensing, software application, and data available upon specific request

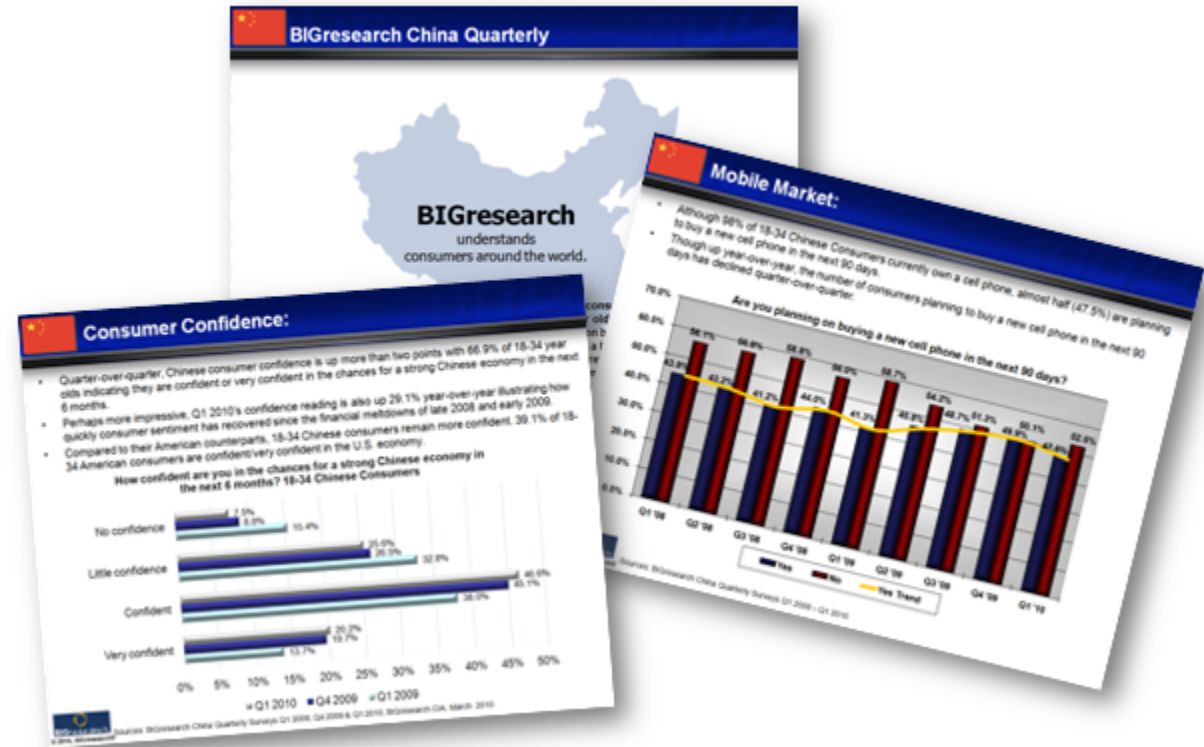
BIG SYNDICATED PRODUCTS HAVE BEEN APPLIED TO THE FOLLOWING:

- Consumer Segmentation - by market - by retailers
- Share of Market - by merchandise category
- Share of Market - by brand preference
- Share of Market - by store format
- Future Purchase Intentions
- Customer Service Tracking
- Category Management (Aisle of the Month)
- Cross Shopping (within store and with competitors)
- Trend Analysis
- Competitive Analysis
- Media Allocations

INNOVATIVE AND CUSTOM APPLICATIONS

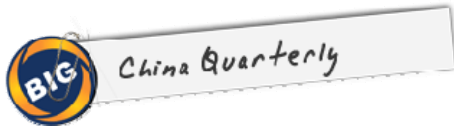
- Custom Reporting and Data Integration
- Proprietary Panels with total market insights
- Merchandise Testing - demand and design
- Commercial testing (TV, Radio & Print)
- Customer Service

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<http://www.formsite.com/prosper/cqorder>
or call 614-846-0146 for more information



CHINA QUARTERLY REPORT INCLUDES (CHINESE 18-34 YEARS OLD):

- FLASH OVERVIEW
- CHINESE CONSUMER DEMOGRAPHICS
- ECONOMIC OUTLOOK
- IMPACT OF GAS PRICES
- 90 DAY OUTLOOK – PLANNED SPENDING
- CONSUMER SPENDING BEHAVIOR
- CONSUMER SAVINGS
- CONSUMER LIFE CHANGES
- CONSUMER FASHION ATTITUDES
- FOREIGN BRAND PREFERENCE (CLOTHING, MUSIC, FURNITURE, JEWELRY)
- CELL PHONE MARKET
- GROCERY MARKET BATTLE
- CHINESE FAST FOOD MARKETS
- TOP LEISURE TIME HOBBIES
- VIDEO GAME PLATFORMS
- SIMULTANEOUS MEDIA USAGE
- MEDIA INFLUENCE ON PURCHASES
- INFLUENCE OF WORD-OF-MOUTH
- ONLINE RESEARCH
- ONLINE RESEARCH TRIGGERS
- POST SEARCH COMMUNICATION



THE FOLLOWING IS A REPRESENTATION OF TOPICS COVERED IN THE CHINA QUARTERLY...

DEMOGRAPHICS

Gender
Age
Marital status
Education
Occupation
Income
Persons in household
Persons in household under 18
Household status

FAVORITE WAYS OF SPENDING LEISURE TIME

ECONOMY

Consumer Confidence
Consumer Savings
Employment Environment
Stock Market
Impact of Gas Prices

LIFE CHANGES

More Practical
Less Practical
Needs Over Wants
More Money for Decorating
Budget Conscious
Spending More Time with Family

GROCERY STORES

Shopped most often
Reasons for shopping Grocery Store

PURCHASE INTENTIONS (NEXT 90 DAYS)

Electronics
Children's Clothing
Women's Dress Clothing
Women's Casual Clothing
Men's Dress Clothing
Men's Casual Clothing
Shoes
Health and Beauty Aids
Going Out to Eat
Sporting Goods
Groceries
Toys
CDs/DVDs/Videos/Books
Home Improvement/Hardware
Supplies
Home Furniture
Decorative Home Furnishings
Candy
Beer/Wine/Alcohol
Linens/Bedding/Draperies
Lawn & Garden

MONTHLY SPEND

Groceries
Health and Beauty Aids
Apparel
Electronics

BIG DOLLAR PURCHASE INTENTIONS

Computer
Furniture

Home Appliances
House
Jewelry/Watch
Major Home Improvement or Repair
Stereo Equipment
TV
DVD/VCR
Digital Camera
Vacation Travel

AUTOMOBILE OWNERSHIP

Brand planning to buy
Reasons

PREFERRED BRAND (CLOTHING, FURNITURE, JEWELRY, MUSIC, HEALTH & BEAUTY PRODUCTS, ELECTRONICS, SOFT DRINKS)

Chinese Brand
US Brand
European Brand
Japanese Brand
Korean Brand

FAST FOOD RESTAURANTS

Frequency of visits
Average spent
Restaurant visited most often

WIRELESS SHARE & FORECAST

Cell Phone
Desired features
Average bill
Purchase plans – cell phone

MEDIA USAGE

22 types (including new media)

SIMULTANEOUS MEDIA USAGE

TV, Newspaper, Magazines, Radio, Internet and Cell Phone, Mail, Other Activities

MEDIA INFLUENCES ON PURCHASES

Electronics
Apparel/Clothing
Groceries
Home Improvement
Automobiles
Pharmaceutical/Medicines
Eating Out
Telecom/Wireless

INTERNET USAGE

Website used most often for fun/entertainment
Website used most often to access or download video/music content
Search engine used most often
Search frequency
Types of products searched
Device(s) downloaded to

ONLINE SEARCH TRIGGERS

ONLINE PURCHASES

Frequency of online product purchases
Website used most often for buying products

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Frequency of online research prior to purchasing product in person or in a store
Types of products researched online before buying them in person or in a store over the last 90 days
Influence of 'sponsored links / results' on products purchased online

VIDEO GAMES

Platforms

RETAIL MOTIVATORS

Importance of Sales
Fashion Forward
Familiar Labels

FREQUENCY OF ONLINE PRODUCT SEARCH

Automobile/Trucks
Clothing/Shoes
Financial
Maps/Directions
Medical
Movies
Online Entertainment
Product Information/Comparative Shopping (Non-Auto)
Real Estate
Restaurants
Sports
Travel

LIFE EVENTS

Yourself or Child Starting College
Having a Baby
Getting Married
Separating/Getting a Divorce
Retiring

HEALTH RELATED CONDITIONS

Allergies, Arthritis, Depression
Diabetes, Headaches/Migraines
Heartburn/Indigestion, High Blood Pressure, High Cholesterol
Insomnia/Difficulty Sleeping
Acid Reflux, Overweight, Anxiety, Asthma, Chronic Bronchitis, Enlarged Prostate, IBS/Crohn's, Osteoporosis

ACTIONS TO IMPROVE HEALTH

Watching the Consumption of:
Fat (Cholesterol)
Salt
Calories
Carbohydrates
Exercising Regularly
Buying More Organic

CREDIT CARD OWNERSHIP AND PURCHASES

Credit Card
Uses of Credit Card

DEBIT CARD OWNERSHIP AND PURCHASES

Debit Card
Uses of Debit Card

CABLE TV

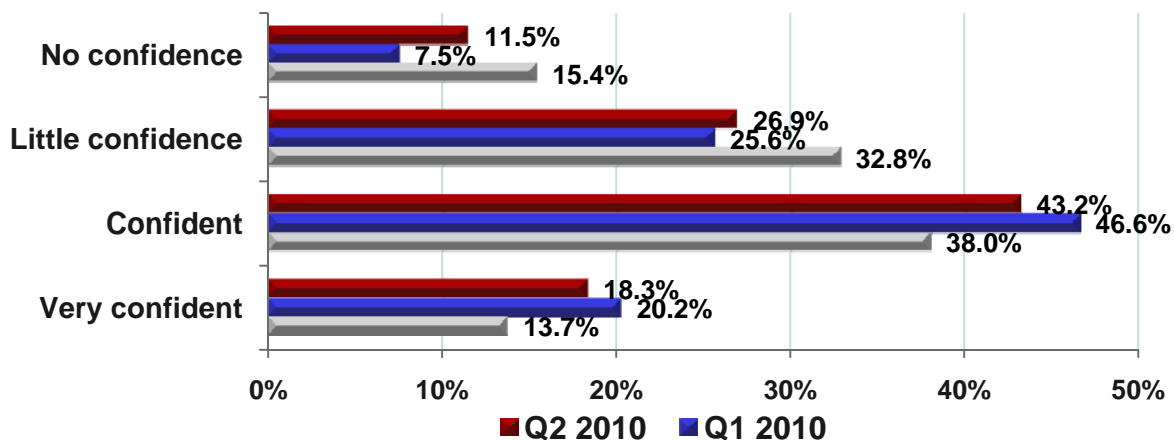
Percentage of time spent watching



Recap of Q2 10: Consumer Confidence – 18-34 year olds

- Quarter-over-quarter, Chinese consumer confidence is down almost 8% with 61.6% of 18-34 year olds indicating they are confident or very confident in the chances for a strong Chinese economy in the next 6 months. Year-over-year, confidence levels remain flat.
 - Consumer confidence in China appears to be mirroring reports of an expected slow-down in economic growth. Some analysts feel Chinese economic growth will slow to an 8% pace by the end of 2010, down from the 11.9% annual gain in GDP in the first quarter.*
- Despite declining confidence, Chinese consumers continue to remain more confident than their 18-34 American counterparts. 39.6% of 18-34 American Consumers are confident/very confident in the U.S. economy.

How confident are you in the chances for a strong Chinese economy in the next 6 months? 18-34 Chinese Consumers



*This is an excerpt from the BIGresearch
Q2 2010 China Quarterly Report.
To purchase the full report or database, click
here: <http://www.formsite.com/prosper/cqorder>*



*Source: "China Leading Index Revised to Show Smallest Gain in 5 Months." Bloomberg. 29 June 2010
Sources: BIGresearch® China Quarterly Survey Q2 2009, Q1 2010, Q2 2010



Recap of Q2 10: Consumer Lifestyle Changes – 18-34 year olds

- In Q2 2010, practicality in purchasing continues to decline quarter-over-quarter and also declines year-over-year. 58% of 18-34 Chinese Consumers indicate they have become more practical and realistic in their purchases over the last six months. 47.8% of their American counterparts say the same.
- Among 18-34 Chinese Consumers, the number of those focusing on needs over wants and sticking to a budget also declines. Focus on being environmentally responsible also declines, but consciousness of food safety issues rises more than a point quarter over quarter.

In the last six months, have you made any of the following changes?				
	18-34 Chinese Consumers			18-34 American Consumers
	Q2 '09	Q1 '10	Q2 '10	June '10
I have become more practical and realistic in my purchases	62.0%	59.4%	58.0%	47.8%
I have become less practical and more impulsive in my purchases	7.4%	8.6%	9.6%	5.4%
I focus more on what I NEED rather than what I WANT	45.1%	41.9%	39.9%	50.9%
I have become more conscious about food safety	50.5%	42.2%	43.6%	15.6%
I am spending more time and money on decorating my home	11.0%	12.3%	11.8%	5.9%
I have become more budget conscious	41.3%	38.4%	35.7%	38.5%
I am spending more time with my family	25.4%	27.9%	23.9%	25.1%
I have become more environmentally responsible in my daily life	40.9%	35.5%	34.6%	14.7%
I am eating home cooked meals more often	N/A	25.8%	25.3%	36.5%
I have not made any changes	6.5%	6.8%	7.3%	13.6%

*The sum of the % totals may be greater than 100% because the respondents can select more than one answer.

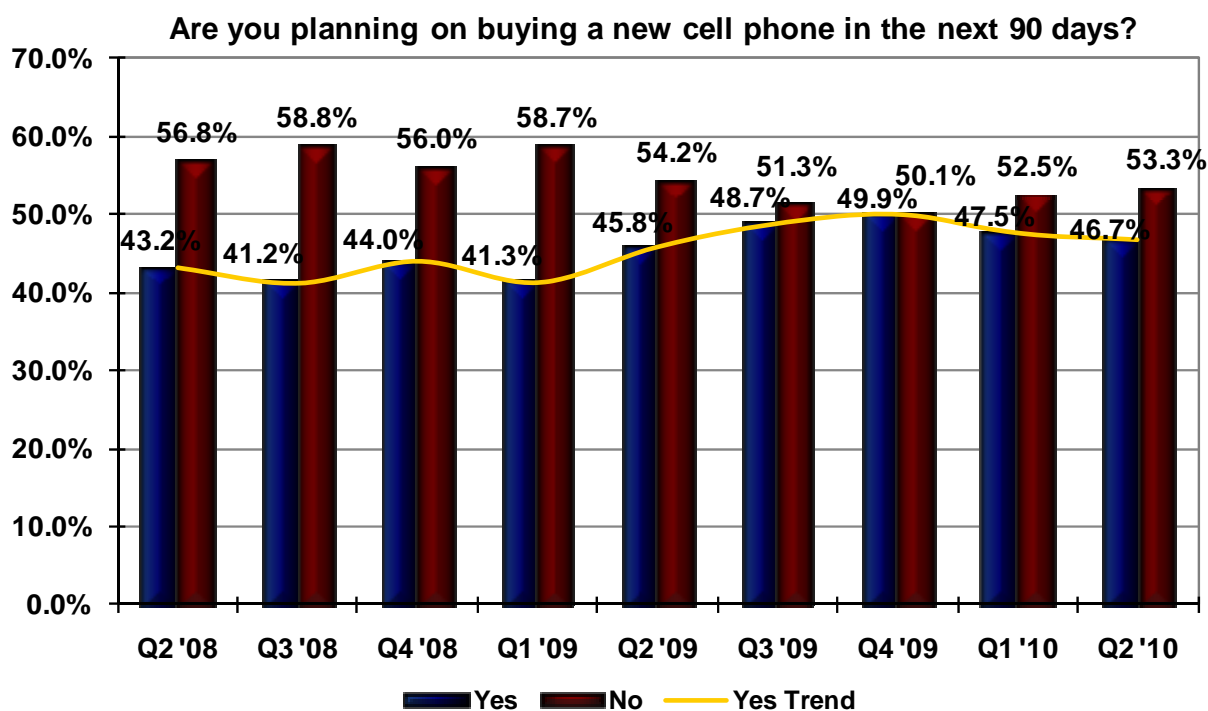
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Recap of Q2 10: Mobile Market – 18-34 year olds

- Although 97.7% of 18-34 Chinese Consumers currently own a cell phone, almost half (46.7%) are planning to buy a new cell phone in the next 90 days.
- Though up slightly year-over-year, the number of consumers planning to buy a new cell phone in the next 90 days has continued to decline quarter-over-quarter.



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Sources: BIGresearch® China Quarterly Surveys Q2 2008 - Q2 2010