



## **The Tiger Father Has No Canine Sons: Chinese Millennials Save Like Their Parents**

May 29, 2018

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Common wisdom holds that China's Millennials spend their full incomes, in contrast to their more frugal parents. New RIWI data suggest the reality may be more nuanced. Young Chinese and older Chinese report saving similar shares of their monthly income, and many younger Chinese are big savers.

### ***Knowledge gap: Is Chinese consumption growing rapidly?***

Whether China's young people save or spend their incomes matters. For one, global companies want to understand both the potential - and the limitations of - Chinese consumers, especially Millennials. For another thing, China needs to boost its domestic consumption to be on a more sustainable economic growth path. While it is clear China is moving towards a more consumption-led economy, it is not clear how rapidly this is happening. Measuring this shift is difficult since official Chinese retail sales data are unreliable and not available in real time, and traditional surveys do not typically engage China's young people.

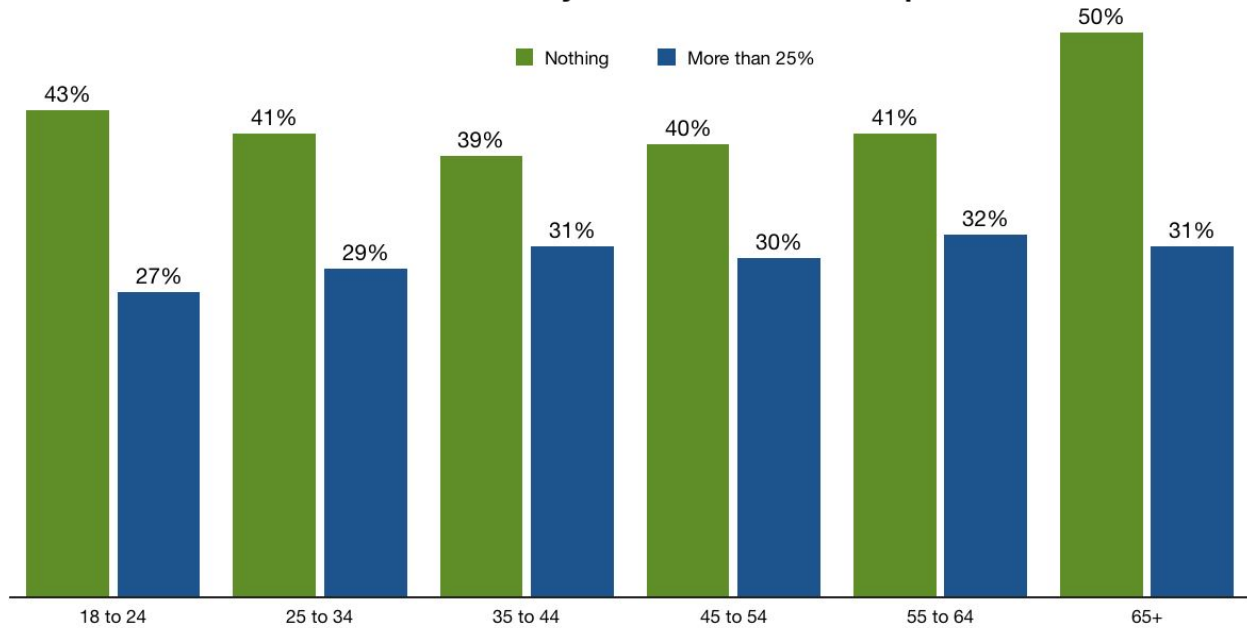
### ***Survey of 26,800 random Chinese Web users***

RIWI randomly engaged more than 26,800 Chinese people aged 18 and over from December 1, 2017 - May 28, 2018 about their savings behaviour. Of these, those aged 18-34 represented more than 9,500 observations. RIWI also surveyed 10,305 Americans aged 18-34 from December 1, 2017 - February 28, 2018, allowing us to draw a direct China-US comparison. RIWI gathered these data anonymously and does not collect any personally identifiable data. RIWI does not incentivize respondents to complete surveys, in order to ensure randomness and reduce survey fatigue.

### ***Young and old alike are still savers***

RIWI data show a pattern of saving versus spending that is mostly consistent across China's age groups. Roughly 60 percent of Chinese respondents save at least 10 percent of their monthly income, with roughly half of that 60 percent saving 25 percent or more. About 40 percent of all age groups report that they save none of their monthly income. As the following chart shows, the share of younger Chinese respondents that save more than 25% of their monthly incomes is just under the share of older Chinese respondents that do so. The share of 44-64 year olds that spend all of their incomes is the same as the share of 18-24 year olds that spend everything.

### How much income are you able to save after expenses?



Source: RIWI Data  
 December 1, 2017 to May 28, 2018  
 Observations = 28,576  
 Other response options: "Less than 10%" and "Less than 25%"

Since we tracked random respondents' views over time, we can see if these trends are stable or changing. The findings change little, with around 40 percent of Millennials consistently saving nothing over the entire 6-month period, and a consistent 28 to 30 percent saving more than 25 percent, suggesting that the patterns noted here are not simply one-offs, but a sustained trend.

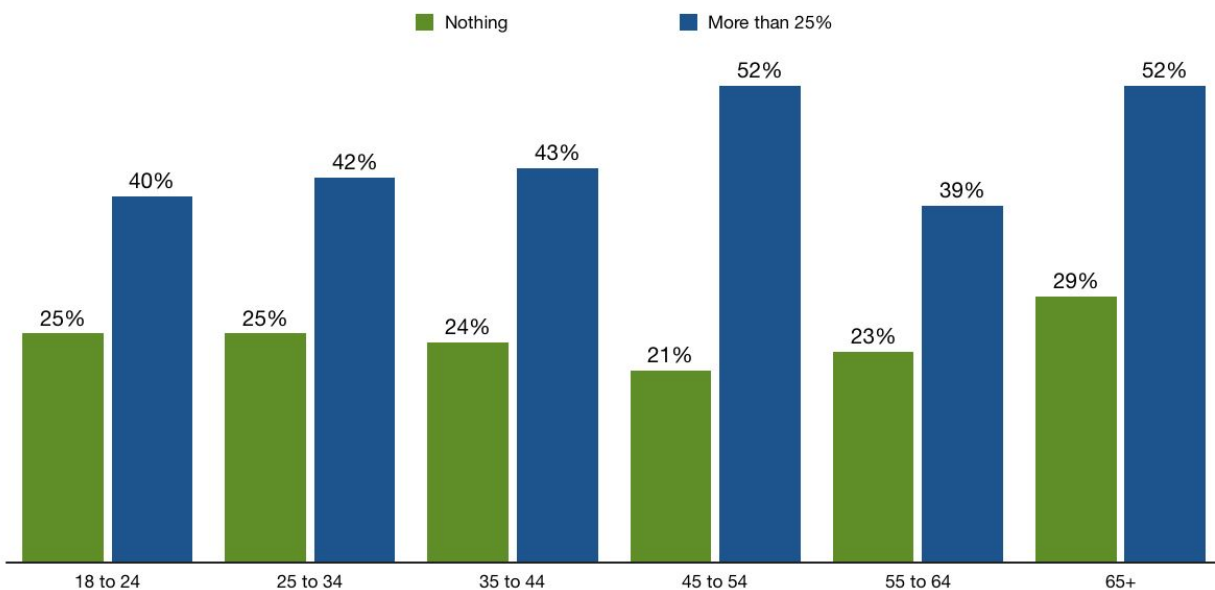
Chinese aged 18-34, number of respondents that save this amount of monthly income				
Month	None	Less than 10 percent	Less than 25 percent	More than 25 percent
December 2017	1,756	591	614	1,256
January 2018	1,631	565	570	1,142
February 2018	1,607	605	623	1,278
March 2018	1,477	533	557	1,091
April 2018	1,395	502	495	963
May 2018	1,251	451	470	875

Source: RIWI Data, December 1, 2017 - May 28, 2018.

**Two in five educated, employed Millennials save 25 percent or more**

We zone in on higher-income Millennials to get closer to a sense of how much money is spent. We look only at those with a full-time job and post-secondary education, since these are likely to correspond to higher income levels. The data show that, in contrast to the image of Chinese Millennials as big spenders, only one in four full-time employed, educated Millennials reports spending their full incomes every month. Two in five full-time employed Millennials are big savers, saving more than a quarter of their incomes every month.

**How much income are you able to save every month after expenses? Full-time workers with post-secondary education**



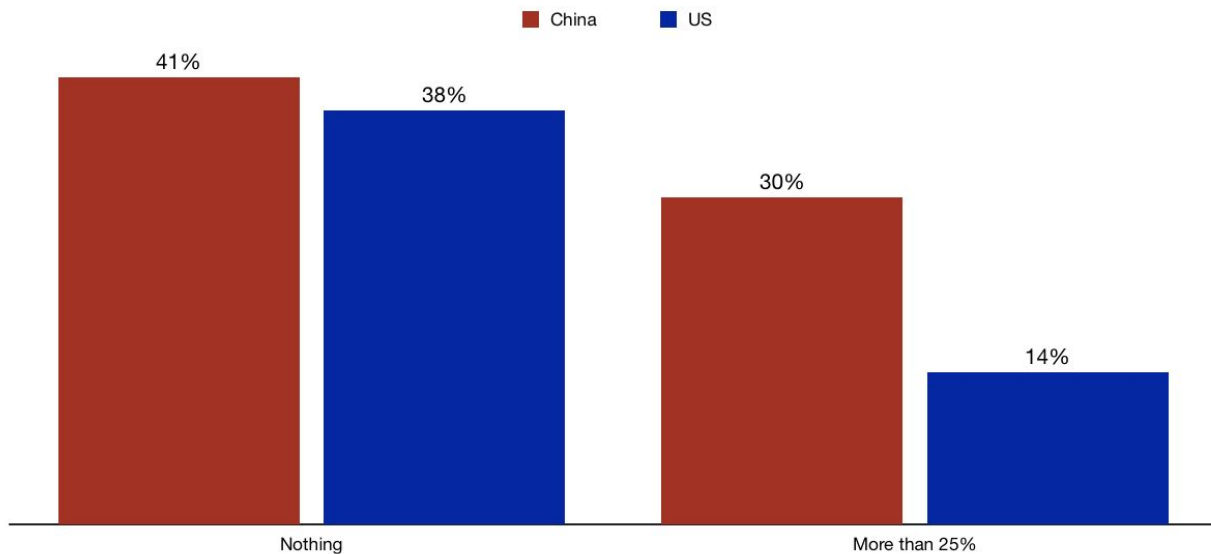
Source: RIWI Data  
 December 1, 2017 to May 28, 2018  
 Observations = 5,204  
 Other response options: "Less than 10%" and "Less than 25%"

Moreover, just over 40 percent of full-time workers with post-secondary education in all age groups report saving more than a quarter of their income. Roughly one in four employed and highly educated 18-34 year olds report that they spend all of their monthly income, right in line with the average for all age groups combined. Highly educated and employed Millennials therefore follow a similar pattern to their older counterparts. The exception is educated, employed 45-54 year olds and those over age 65. These groups are big savers: one in two saves more than a quarter of their income.

**Many more Chinese young people are supersavers compared with US counterparts**

Unlike most US Millennials, Chinese Millennials grew up as single children due to China's one child policy. Parents paid for their education and houses and therefore they are free to spend their full incomes in the near-term, according to common wisdom.

## How much do Millennials save every month after expenses? China vs. US, aged 18 to 34



Source: RIWI Data  
 December 1, 2017 to February 28, 2018  
 Observations = 12,238 (China) and 10,305 (US)  
 Other response options: "Less than 10%" and "Less than 25%"

RIWI data show that about 40 percent of both Chinese and US Millennials spend all of their monthly incomes. However, significantly more Chinese aged 18-34 save a large share of their incomes than do their US counterparts.

### **Challenging assumptions**

In short, RIWI data challenge the assumption that China's young people are big spenders and older ones big savers. According to the data presented in this report, the reality is likely more nuanced. While some young Chinese people are big spenders, many young people report saving significant shares of their income, in line with older people, and in contrast to their US counterparts. So, the apple doesn't fall too far from the tree, or the analogous Chinese expression, the "tiger father has no canine sons", may apply here.

### **What else do we want to know about Millennials' spending behaviour?**

This analysis is only a first step. The December 2017 - May 2018 RIWI China dataset contains continuous sentiment on numerous other metrics including housing intentions, spending priorities, and consumer optimism among Millennials and other age groups. In addition, RIWI can gather further data on Chinese Millennials' incomes and wealth to better measure the true extent of saving and to be able to zero in on the behaviour of the wealthiest. It is also possible that people do not accurately report their savings, so further data collection could look at questions that are proxies for savings. Other questions could focus on the adoption of new technologies among Millennials and their prospective spending on home renovations and travel.



### ***What should RIWI ask next in China?***

RIWI's China tracking could extend to many emergent financial, economic, and social issues, including:

1. Are Chinese people having second children, or is it too expensive?
2. Where do Chinese people intend to travel?
3. What do Chinese people intend to spend their money on now that China has loosened controls on capital leaving the country?
4. Will China run out of rural labour, limiting growth?
5. Is China's economy at risk (RIWI already tracks true Chinese unemployment, and could provide real-time indications of mass layoffs)?
6. Which Chinese regions are growing the fastest?
7. How quickly is China moving away from manufacturing towards services?
8. How does China's environmental health vary by region?
9. How do China's regions perform on health access, such as access to virtual doctors, or chronic disease management and prevention tools?

If you are interested in these or other questions relating to RIWI's continuous trackers in China, please contact:

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### **About RIWI Technology: A Continuous, Global Random Survey System**

RIWI's patented survey technology enables the continuous capture of broad, randomized opinion data on an uninterrupted basis in any geography of the world. RIWI delivers anonymous surveys to random Web users who are surfing online by typing inactive, non-trademarked websites directly into the Web address bar (i.e., URL) and, further, ensures that the exposed survey audiences are representative of the Web-using geography of interest. When these users type in websites that are vacant or no longer exist, RIWI invites these inbound random visitors, filtered through a series of proprietary algorithms, to participate in a language-appropriate survey for no incentives. RIWI's global survey platform thus enables rapid and non-conditioned survey response data from any random respondent encounter. No personally identifiable information is collected, stored or transferred.

RIWI technology offers a "truly random sample of the Internet population", according to IRIS (International Research Institutes), the largest scientific association of independent research agencies in the world, when describing RIWI's technology (referred to as Random Domain Intercept Technology™, or RDIT). Since its incorporation in 2009, RIWI has received more than 1.2 billion responses across the world responding to RIWI surveys, digital campaigns and ad tests.



In China, RIWI technology captures views of respondents representative of the Web-using population. The randomized approach gathers broad-based sentiment across all of China, including urban and rural and across age groups. Continuous tracking and high response rates allow up-to-date data on emergent trends. The number of observations per question vary due to the randomization of the survey engagement process. Some respondents choose not to respond to every survey question since RIWI technology does not use quota-based sampling or other methods to compel disinterested or paid respondents from answering all questions.