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growth in the 1990s. Radius Prawiro is quoted as saying in 1989 that "here in Indonesia the subject of monopolies and conglomorates is very much the 'talk of the town' at the present time" (p. 148) and the two student radicals do not mince words about "Soeharto and his cronies" (p. 200), but their animus is directed chiefly against the "crony capitalists (represented by the Chinese)" (p. 199) and against "foreign business groups" (p. 201). The only hint of events to come is in a comment by the editors that uncertainty about the future direction of Indonesia's development policy is "all the greater with the likely replacement of President Soeharto in the near future" (p. 31).

No blame attaches to the editors for their failure to foresee the crisis: we are all in the same boat. But it turns their book into a commentary — a very useful commentary — on a past phase of Indonesian history. In two or three years, when things have settled down and the next phase can be identified, they should embark on a second edition or volume two.

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***China: The Consumer Revolution*. By Conghua Li.** Singapore: John Wiley & Sons (Asia) Pte Ltd, 1998, pp. xx + 246.

Since China started its full-scale economic reform in both rural and urban areas in the late 1970s, there has been a dramatic socio-economic change in the economy. Undoubtedly, the reform has enabled China to become one of the fastest-growing and most robust economies in the world. Its gross domestic product (GDP) has grown at an average annual rate of 9.8 per cent for the past nearly two decades, and will grow at 8 per cent annually for 1996–2000 as projected in China's Ninth Five-Year Plan. It is expected that China's economy, the second largest in the world in purchasing power parity, will surpass that of the United States within the next 20 years. Accompanying and fostering China's rapid economic growth during the reform era has been the fantastic and amazing changes of its consumer behaviour and the consumption pattern, an aspect neglected by most China observers. Conghua Li's book is among the few to analyse China's changing economy from the consumer level. This is a timely contribution to the understanding of the Chinese consumer and its consumer market, an increasingly important driving force to China's economy.

This book begins, in Chapter 1, with a description of the social and cultural background of the Chinese consumer and consumer market, and concludes in Chapter 7 with a few prescriptions on how to seize the business opportunities in China for companies that are considering market entry into China and those that are considering market expansion within China. The core of this book is contained in Chapters 2 to 6 which are devoted to an investigation of China's consumer revolution, with a focus on the Chinese consumer's changing behaviour, lifestyle, consumption patterns and consumer trends. These are apparently the essential issues for any marketer contemplating a China launch or expansion.

According to Conghua Li, China's rapid economic development and growing consumer boom are caused by two major factors: economic reforms and social changes. As a result of the economic reforms, China's average family income has been rising dramatically. A recent Gallup poll shows that in the last three years, China's mean annual household income has increased from 4,380 yuan to 8,000 yuan, while in Guangzhou, Shanghai and Beijing the figures reached 21,600 yuan, 20,000 yuan and 16,000 yuan, respectively. "By the year 2000, based on 1995 US dollar value, 450 million people will have annual household income in excess of US$3,000. Of these, 100 million will have incomes in excess of US$9,000 which will have a buying power in China equivalent to that of a US$40,000–US$45,000 household income in the United States."(p. 4) The social changes originated from the single-child family and led to a general shifting of responsibility for personal welfare from the state to the individual. China's one-child policy

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is undoubtedly an effective policy in controlling population growth, but it has created since its implementation a maturing generation of so called "little emperors", or the s-generation in Conghua Li's terminology. This generation has been showered with all the materials the whole family could find and afford, and is now entering adulthood. They are more egocentric in focus and fickle in tastes than their parents, representing the most powerful force in the marketplace in the near term.

The description of the new wave consumers in Chapter 2 contains an interesting discussion of China's most dynamic consumers and their consumption patterns. With a broad segmentation, three consumer segments have been identified: the s-generation with the first wave now turning 18, young and middle-aged rural consumers, and consumers over the age of 60. From Conghua Li's discussion, it seems that the rural consumers segment only includes the residents living in suburban areas of each city and excludes those living in the countryside. This is rather a misleading concept because to most people the rural segment ought to include residents in China's vast countryside. Even the author himself also recognizes farmers in the countryside as one of the four categories when he discusses the breakdown of the rural consumers segment. It is true that the potential demand of this segment is very great given its size, but their demands are very selective, focusing only on a few items of goods and services in comparison with urban consumers. The consumption patterns of the rural consumers are in general a decade behind those in the urban areas. In addition, the lack of a well established distribution system is also a difficulty for business entry into this segment.

In Chapter 3, Conghua Li analyses the geographical locations of China's consumer market by emphasizing the regional disparity in economic development and development trends. He classifies satellite cities, coastal cities and resource-rich regions as the three emerging consumer centres, which are creating dynamic new consumer markets. To identify the resource-rich region as one of the new consumer markets is based on the conclusion that the first wave of China's economic growth in the past 17 years has been labour and technology based and the second wave will be resource based and infrastructure driven. By and large this may be true since its inadequate infrastructure and insufficient energy supply were bottlenecks to China's economic development. However, the question is: to what extent can China develop the resource-rich regions into accessible consumer centres, given that a large portion of its proven energy resources reserves is located in the remote western and northern regions of China?

How are people living in China? What are the effects of the economic development on individuals' needs, wants and demands? These questions are dealt with in Chapters 4 and 5. Li describes in detail the changing of consumers' living styles, patterns and conditions, based on his direct observations and perceptions. He believes that the following three categories would best describe the trends of Chinese people's living: three-dimensional living; a nation on the move; and apartment-bound. These are also the reflections of the new consumer culture, variety of social activities and substantially improved living environment and conditions in the transition economy of China. Some interesting, vivid descriptions of people's basic necessities of life can be read in these chapters.

Market-oriented reform has not only brought the Chinese consumers more money and a rich consumer market, but also transformed their beliefs and attitudes, and shaped their needs and wants. The consumers' pursuits and preferences in the major cities have shifted over time from basic food and clothing in the (early) 1980s to home electronics in the early 1990s to big-ticket goods and services such as private housing, vehicles, personal computers, mobile telephones, etc. Li describes the evolution of consumer preference as a move from pursuing functionality of the goods and services in 1978–85 to pursuing quality in 1985–92 to intangibles since 1992. Today, the Chinese consumers base their purchasing decisions on more sophisticated criteria and relatively intangible criteria, such as the aesthetic properties of a product or service, instead of its function or

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quality. People increasingly emphasize brand name, designer and entrenched social and cultural values of a product or service. This has drawn a number of fundamental areas of concern for the Chinese consumer. First, consumers in China are spending increasing amounts of their disposable income in search of products and services that are aesthetically, spiritually and emotionally satisfying. Second, more and more consumers are willing to shop for value added services that will save them time and energy and provide them efficiency and convenience. Third, there is an increasing demand for healthy, and health-care, products and services. And finally, consumer purchasing is increasingly value driven and status driven.

> Wealth is the most significant determinant to status in Chinese society today, followed by power and knowledge. Status-oriented purchases are geared to getting the consumer higher up the rung of wealth. (p. 154)

It is true that China has an extremely fast-changing consumer market, with a growing segment of status-oriented consumers. This has apparent implications to a marketer when deciding the kind of marketing strategy and mix he has to adopt.

Chapter 6 then focuses on the total impact of the background, shaping forces and emerging trends on to the individual consumer and the family unit. How is the household income divided up between spending and saving? What are the necessities of life for today's consumers? How will those goods and services change in coming years? In this fast changing society, the specific needs of the individual consumer and the family unit are completely different from those a decade ago or of last generation. According to Li, about 60 per cent of all young people surveyed in China stated that their first priority was the improvement of their home environment or a home of their own. This is actually not a surprising result if one notices the recent push from the government's decision to stop providing house subsidies and/or housing starting this year. With the shifting of responsibility for individual welfare from the State to the individual in line with the reform, consumers have to re-assess their spending priorities and move towards more rational spending, and be more value driven and price sensitive. The necessities of life for today's consumer may have to be extended to include those items that were once provided inexpensively or free, such as the products of education, insurance, investment, housing, etc. China may soon see a greater polarization between the haves and the have nots. The author concludes that there will be an expansion of discount retailers and an influx of label products in China's retail market. In addition, "there will also be a new phenomenon to contend with, a new consumer category to explore the DINKS (couples with double incomes and no kids)." (p. 189)

In the last chapter, Li suggests that the essential ingredient for success in the China market is to focus on one specific niche such as product niche, geographic niche, consumer niche and value niche given the unique characteristics of China's most dynamic consumer market and consumers. These seem to be quite useful strategies to tackle problems and challenges arising from this fast changing market, for instance, the short product cycle, rapid spread of economic development throughout China, significant regional differences, rapid polarization of consumer purchasing power, and so on. Nevertheless, it is commonly believed that opportunities in the China market far outweigh risks.

Overall, this is a well-documented study of the emerging Chinese economy at the consumer level despite some minor flaws. It provides invaluable and interesting insights on the most important trends and behaviour of the Chinese consumer, and gives concise, practical strategies for MNEs that are considering market entry into China and those that are considering market expansion within China.

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