Asia’s New Middle Class Consumer

Are You Invested in Asia?

The Expansion of the Asian Middle Class

China, along with India, is the world’s largest and most rapidly growing middle class and represents a driving force for the entire region. As the middle class expands, companies remain on the cutting edge of emerging markets (EM) and continue to develop innovative solutions (e.g., mobile banking and e-commerce) to meet the needs of the new middle class.

China’s Middle Class

China seeks to double its middle-class population over the next decade. In 2011, China’s middle class was estimated at 377 million people. According to China’s National Bureau of Statistics, this number is likely to surpass 732 million in 2021, representing an increase of more than 100 million people. This dramatic rise is expected to be driven by factors such as the growth of urbanization, rising incomes, and the government’s efforts to reduce social inequality.

New Chinese Middle Class

China’s middle class is forecast to grow significantly over the next decade. From 2020 to 2025, the number of people in China’s middle class is expected to increase by 35%, further expanding the market for goods and services.

Working Class

The working class in China is defined as those earning less than USD 4,000 annually. According to government data, this group is expected to grow by +60% over the next decade. This expansion is driven by factors such as urbanization, rising incomes, and government efforts to reduce social inequality.

Middle Class: “Sweet Spot”

The middle class in China is divided into three categories: elite, new Chinese middle class, and emerging middle class. The new Chinese middle class is forecast to grow by +94% over the next decade, making it the largest and fastest-growing segment. The emerging middle class, on the other hand, is expected to grow by +60% over the same period.

Income Chart for Three Disparate Economies

- **Income Chart for Three Disparate Economies**
  - **Asia’s New Middle Class Consumer**
  - **Elite**
  - **Middle Class: “Sweet Spot”**

Elite

- China’s average annual household income (USD) per capita is USD 3,000, whereas the working class earns USD 4,000 annually.
- The government is reforming its hukou (residency permit) system as a means of reducing inequality and labor mobility.
- The Chinese government is promoting social inclusion and gender equality, with a focus on improving access to education and healthcare.
- The government is also pursuing innovation, with a focus on developing new technologies and creating new industries.

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