

Ten Million I Dos

Weddings Account for Up to Two Per Cent of Chinese GNP

By Ingo Bollmann and Shi Liyun

For most Chinese, marriage is an important and necessary institution that is meant to make a substantial contribution to their personal happiness. Chinese society supports this belief in many ways, most often characterised by the state of panic that many parents fall into if their children do not find a partner by the time they reach their mid-20s. Because of the rapidly changing world in which China currently finds itself, it is fundamental community values like marriage that represent a social anchor for many people, including the younger generations – values that allow them to find a place in society.

As a result, China is the world's biggest wedding market. Approximately ten million Chinese couples exchanged vows in 2009, supporting an industry that consists of almost 70 individual sectors and that creates a turnover of RMB 13 billion (RMB 1 = approx. USD 0.14). This provides a huge market in which specialist companies can find a share for themselves, but in order to do so, they must come to understand the dynamics of the wedding industry in China.

A Grand Affair

In Europe, approximately two million marriages take place each year. That is one-fifth the amount in China despite a population only one-third the size. This reflects the impact of modern lifestyles and social patterns on marriage in the Western world. By contrast, the number of marriages in China is constantly growing.

In China, it is important to differentiate between the state marriage certificate and the actual wedding celebration. It is not unusual for several years to pass between the two events. One significant reason for this is the very high cost of the wedding ceremony. This day should and must be really special and is celebrated accordingly. Chinese couples spend a lot of money to achieve this, thus assuring a constant wave of demand for related products and services. In many ways marriage is a recession-proof industry.

The Chinese wedding industry encompasses a whole range of sectors and services that enjoy a broadly irrational consumer structure with high personal expenditure levels. A relatively new industry in its current form, it was first imported from the West and Japan and later adapted by Chinese companies. Today, it enjoys a growing level of acceptance.

A wedding is the biggest event in a Chinese person's life. Chinese couples are willing to invest substantial sums of money in this event: The average wedding costs more than RMB 120,000, which represents several times the annual wage of a typical Chinese family. The cost of a Chinese wedding is split into many individual parts. Statistics show that:

- 88.4 per cent of couples use a wedding photographer;
- 49.1 per cent commission a wedding planner, including a wedding company;
- 36.8 per cent of couples buy a wedding dress;
- 78.7 per cent of couples invite guests;
- 67.6 per cent of all couples go away on honeymoon.

The wedding expenses that are shown to the right, such as those for the ceremony, photography, wedding dresses, jewellery, and apartment renovation and furnishings comprise a small proportion of the overall costs. Many middle class couples buy also a new car and an apartment for the wedding. This means that the average spend during the wedding period totals over half a million Yuan.

The cost of a wedding is prohibitively high for most young Chinese. However, over 70 per cent of engaged couples can count on comprehensive financial support from their parents. This is thanks to the one-child policy in force since the 1980s. It is normal for parents to pay for the ceremony and the wedding celebration.

This insistence on a big wedding is heavily influenced by the concept of "face", a cultural element that continues to play an important role in modern China. The fear of "losing facing" because of a badly organised or simple wedding celebration means that families are willing to spend substantial amounts to host a lavish event.

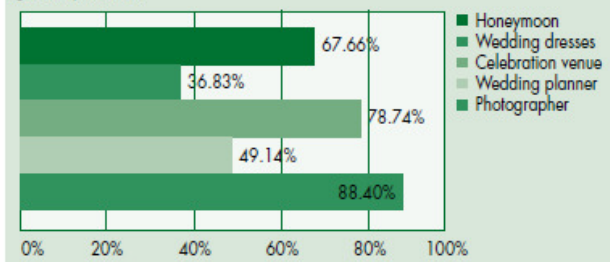
Wedding costs are highest in Shanghai, where newly married couples spend an average of approximately RMB 187,000 per wedding (not including the purchase of a new apartment and car), as shown in the table to the right. The *European Times*, a news magazine, reported in 2008 that couples in Shanghai spend approximately the same on their wedding as an average American couple.

A Growth Sector

The marriage trend will continue to strengthen in coming years. This means an enormous potential for growth for companies that specialise in related products and services. The entire sector is still very young. For example, full service wedding companies (those that provide the whole package) were only available in tier-one cities as recently as 2000. To-

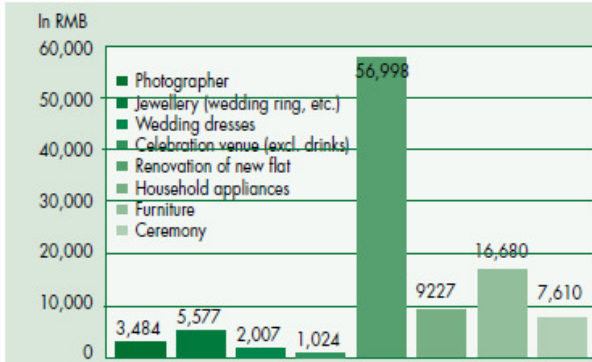
What's Important?

A wedding and everything that goes with it: To what do Chinese couples attach great importance?



Source: Statistics of Beijing

Wedding Consumption Patterns



Source: Shanghai Wedding Trade Association

Average Wedding Expenditure in Major Cities

City	Average wedding expenditure	Proportion of the national average
Beijing	114,986 RMB	91.42%
Tianjin	109,036 RMB	86.69%
Shanghai	187,130 RMB	148.77%
Wuxi	135,096 RMB	107.40%
Chengdu	113,130 RMB	89.94%
Dalian	117,251 RMB	93.22%
Harbin	93,188 RMB	74.09%

Source: Statistics of Beijing

day, numerous companies populate this sector in all of China's large and medium-sized cities. Wedding planners were unimportant ten years ago but have now established themselves as a constant factor in the wedding plans of young Chinese couples. Despite the very high price of hiring the services of these companies, more and more young couples are prepared to accept these costs, often in the expectation that they will make the wedding celebration even better and more fabulous.

Western-style weddings are growing in popularity in China, and foreign wedding companies, mainly from the US, Japan, and South Korea, have steadily created their own markets in recent years and continue to develop their segments. But this market is far from being saturated. In particular, there is great potential for Western companies in the honeymoon

and home sectors (Chinese couples typically do not live with each other before marriage).

As incomes rise, an even greater amount of couples will take honeymoons abroad, with Europe a highly popular destination. Already, tourist groups from China constitute the largest group of Asian tourists to the European Union (EU). Once the expected easing of visa requirements takes place, visits to the EU are predicted to explode.

The social pressures of finding somewhere to live after the wedding ceremony are huge, ensuring at least some constant demand for real estate. As a result, a number of large financial institutions have created specific wedding loans in order to make it easier for middle class Chinese couples to start their new life and move into their first home. Such loans enable newly married couples to enter civil society more quickly. The loans are classified as follows:

- Apartment loan;
- Renovation loan for the interior decoration of the new apartment;
- Consumer loan, for the purchase of durable consumer goods (e.g. furniture, television, fridge);
- Travel loan for the honeymoon.

Western companies looking to take advantage of this demand should focus on interior decoration and consumer

goods. Although they might face pressure from Asian, especially Chinese, companies, they can leverage the prestige attached to goods from the West. While Chinese competitors profit from their proximity to the market, Western companies are more often able to score points with innovative characteristics and top quality products and services.

This can be achieved by employing innovative sales and marketing strategies. When competing with local companies it is always a question, as with all business in China, of using inventive sales techniques and adapting quickly to Chinese peculiarities. This is the only way to increase visibility and tap into the immense market potential. After all, we are talking about an industry that makes up between one and two per cent of China's gross national product.

The Chinese wedding market is a constantly growing sector. As Western weddings gain in popularity so will demand for the full range of accompanying additional services. Traditional Chinese weddings are also becoming more elaborate. As long as renting for newly married couples remains a social stigma, property and design companies will thrive. These factors promise substantial market opportunities for Western companies. However, it is still the principles of market proximity and company flexibility that will decide if a venture is a success or a failure. ■

Almost 90 per cent of couples use a wedding photographer, and 50 per cent commission a wedding planner

