

Diners seek high-quality experiences

Consumption upgrade sees rise in catering sales, demand for hotel restaurants and Sunday brunch

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“A Sunday without brunch is incomplete,” said Jarrod Verbiak, head chef of Bistrot B, a French restaurant at a high-end hotel in Beijing.

The restaurant’s Sunday brunch for families is served on a well-decorated garden terrace. The menu includes Gillardeau oysters, New Zealand cambarus, and Italy’s Prosciutto di Parma ham. These are accompanied by wines and cocktails. For those with a sweet tooth, unlimited freshly baked chocolate cake and multi-flavor ice cream are part of the deal. “With our special menu, we want families and friends to enjoy their pleasant weekend here,” Verbiak said.

The Sunday brunch can set one back by 450 yuan (\$66). A premium version of the brunch, complete with Alaskan king crab, is priced 1,200 yuan.

Jan Stoverink, executive assistant manager of food and beverages at Rosewood Beijing, the hotel that offers the Sunday brunch, said that it is popular with consumers coming

in from outside — around 85 percent of the diners are not guests staying at the hotel.

Asked why people prefer to eat at restaurants in hotels, Stoverink said: “Hotels not only maintain the features of restaurants like frequent product updates, innovative dishes and operating efficiency, they also use high-quality food materials, hire excellent chefs, maintain strict food safety standards, offer considerate service and present a decent environment. It is hard to maintain all these characteristics at stand-alone restaurants.”

Besides, hotels such as Rosewood Beijing offer a personalized service. Consumers can order what is not on the menu. They can even buy a totally customized meal.

According to a joint report from the China Cuisine Association and CCTV’s financial news channel, the country’s catering sales reached 3.96 trillion yuan in 2017, up 10.7 percent year-on-year.

The report said consumers are seeking high-quality catering experiences now. When choosing restaurants, they care most about the environment, and then the taste. The



A diner enjoys a buffet at a hotel in Guangzhou, in South China’s Guangdong province. PROVIDED TO CHINA DAILY

price factor only ranks fourth among their considerations.

“Consumers look for a high-end consumption environment and experience. They want to eat good food in a pleasant environment, demonstrating upgraded consumption demand,” said the report.

“Eating at the hotels has gradually become a high-end lifestyle for residents in first-tier cities. More and more city dwellers are willing to come to hotels to have a higher-quality dining experience,” said Stoverink.

Catering in first-tier cities is showing a trend of younger consumers (those born in the 1980s and 1990s) driving the change. “I often spend over 1,000 yuan per week eating out. Sometimes we go to high-end hotels

for a meal. I like the comfortable environment, which makes me feel relaxed,” said Harry Hu, 25, a media professional in Beijing.

Stoverink said the catering sector is expanding rapidly. “Up to 50 percent of our hotel’s revenue comes from food and beverages. The catering consumption in first-tier cities demonstrates diversity and variation, and the consumption scenario is turning concrete and fragmented. With these features, the market potential in first-tier cities is easy to be developed.”

Zhao Ping, director of the international trade research department of the Academy of China Council for the Promotion of International Trade, said: “Currently, retail sales growth

of consumer goods is experiencing a slowdown, as demonstrated by the consumption structure that is shifting from commodity consumption to service consumption. Consumption figures in education, culture, entertainment, sports and tourism all maintained double-digit growth.

“In the first half of this year, food consumption took up only 29.3 percent of residents’ expenditure on average, while education, culture and entertainment accounted for 9.2 percent, representing a higher ratio. With people’s income going up, they are more willing to buy high-end products, and want to have spiritual satisfaction, rather than crass consumption. This depicts a consumption upgrade.”

>> FROM PAGE 22

ly income, goes toward mortgage repayment. “A second child is on our minds, but we’re not sure if we should try, given the financial implications,” Gao said.

The significance of the thriving new-age learning centers gets amplified in the shopping mall where fashion stores and the like have shuttered due to high rents.

But executives of learning centers are unfazed. “We have more than 1,000 kids on our rolls,” said Wang Yuxuan, a sales consultant of the ballet training center. “We don’t worry about the rent. We will open a new branch next year as the membership keeps growing.”

According to a Tencent research report based on a survey of 1,500 Chinese families, about 22 percent of families’ annual income goes toward children’s expenses on average. And education accounts for the largest part of that chunk.

Children’s extracurricular education as a consumption item is growing at 21 percent annually. Children-related consumption in China is likely to be a 4.5 trillion yuan market this year, Tencent said in its report.

If that comes to pass, it would be equivalent to more than 10 percent of total retail sales in China, which are expected to grow nearly 9 percent this year to 40 trillion yuan.

This, economists agree, spells glad tidings — because China’s exports and fixed-asset investment are facing slowdown pressure this year.

Consumption has thus come to be seen as one of the pillars on which headline GDP growth rests, economists said.

Data from the NBS showed that in the first three quarters of this year, per-capita spending in China reached 14,281 yuan, up 8.5 percent year-on-year. The growth rate itself is higher too — it was 7.5 percent in the first three quarters of 2017.

Almost 11 percent of residents’ per-capita spending was on education, cultural and entertainment-related consumption, NBS data showed.

Chinese residents’ per-capita disposable income rose to 21,035 yuan in the January-August period from 19,342 yuan a year earlier.

Some economists believe traditional economic sectors could still drive growth to around 6.5 percent, this year’s target. NBS data showed new business activities relating to knowledge capability, economic vitality, innovation and the internet economy have been growing stronger, easing concerns over risks exerting downward pressure on growth.

“The internet economy, especially e-commerce, maintains exuberant growth momentum, along with emerging consumption patterns like niche online shopping,” said Ye Jingyi, a senior economist with the NBS.

China remains the world’s largest e-commerce market, with online

sales in the first quarter of this year reaching \$307.4 billion, up 35.4 percent year-on-year.

In the US, online retail sales in the first quarter reached \$123.6 billion, up 16 percent year-on-year, according to a report from PwC, a global professional services network.

Goldman Sachs forecast that this year, consumption in China may contribute 4.9 percentage points of the expected GDP growth rate of 6.6 percent, higher than 4.5 percentage points last year. But consumption is likely to slow next year, and is estimated to contribute 4.3 percentage points of the GDP growth.

The “still-solid labor market and steady wage growth” could support the positive expectation on Chinese consumption in 2019, said M.K. Tang, an economist with Goldman Sachs.

As per NBS data, the unemployment rate fell marginally this year. “Our wage tracker suggests nominal

wage growth stabilized at around 7.2 percent year-on-year this year, after moderating for three to four years since 2013. This should offset some of the downward pressures,” Tang said.

Recent surveys by the NBS and the central bank suggested that the consumer confidence level edged down of late, as reflected in fewer urban bank depositors willing to consume.

According to a Goldman Sachs report, expectation of further weakening in fixed-asset investments, especially in infrastructure, is likely to accelerate policy support measures to protect growth.

“Worries about a possible comeback of the debt-driven growth model, or a diminished economic role of private enterprises, weigh heavily on investors’ minds. Policymakers need to strike a fine balance between averting a sharp slide in growth and preventing a fast debt buildup,” Goldman Sachs said in its report.