

# Beijing, “Only for the Elite Who Influence the World”



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# Demand for Luxury Goods

- Potential to buy

- China consumes 25% of luxury goods globally
- 2015, an estimated \$11.5 billion in luxury sales across China
- By 2015, 4.4 million households with incomes exceeding \$36,574 gross annual income.

- Official encouragement

- Alleviate an over-production crisis
- Deflect attention from political interests

- Values

- Confucianism: Hierarchy, Conformity, Fulfilling group needs, Sense of self which relies on social context
- Consumer-based modernity and cosmopolitanism
- Trends in urban spatial liminality



# The Myth of a Chinese Market

- Failure for brands to disaggregate data
- Locations of purchase
- Percentage as gifts
- Future tax trends
- Government purchases
- Types of purchases
- The market for counterfeits
- Production process
- Market saturation



# Consumption Statistics

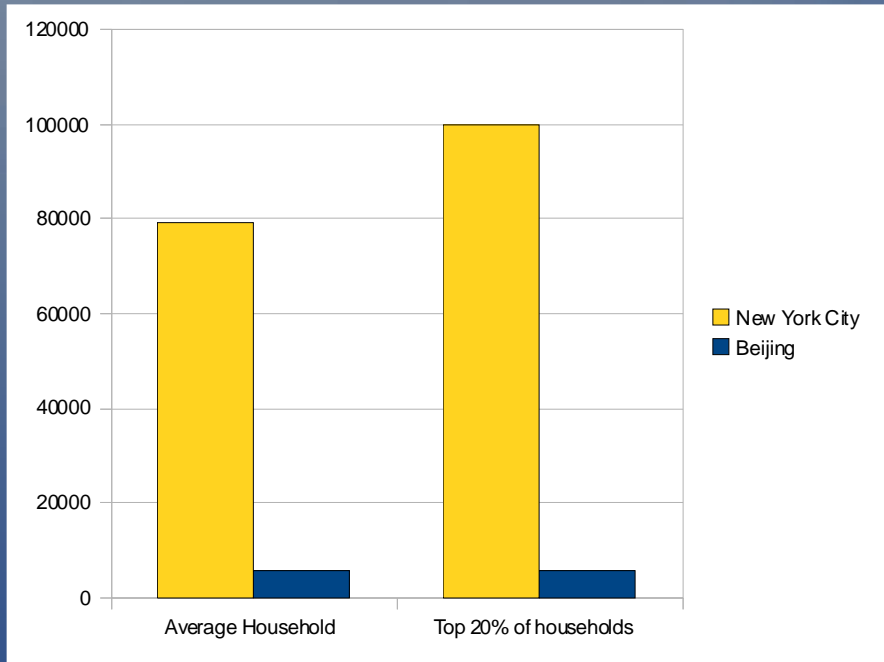
“the indicator--retail sales--can as much as double true consumption growth by counting shipments to vendors that are never sold and purchases by state firms from other state firms, which are sometimes made to merely bulk up sales figures. This mis-measurement has outlandish results. From 2001 to 2009, both retail sales and personal savings rose far faster than household income. In other words, over a nine-year period, Chinese households appeared to be able to both spend much faster and save much faster than they earned”

---Scissors (2010)

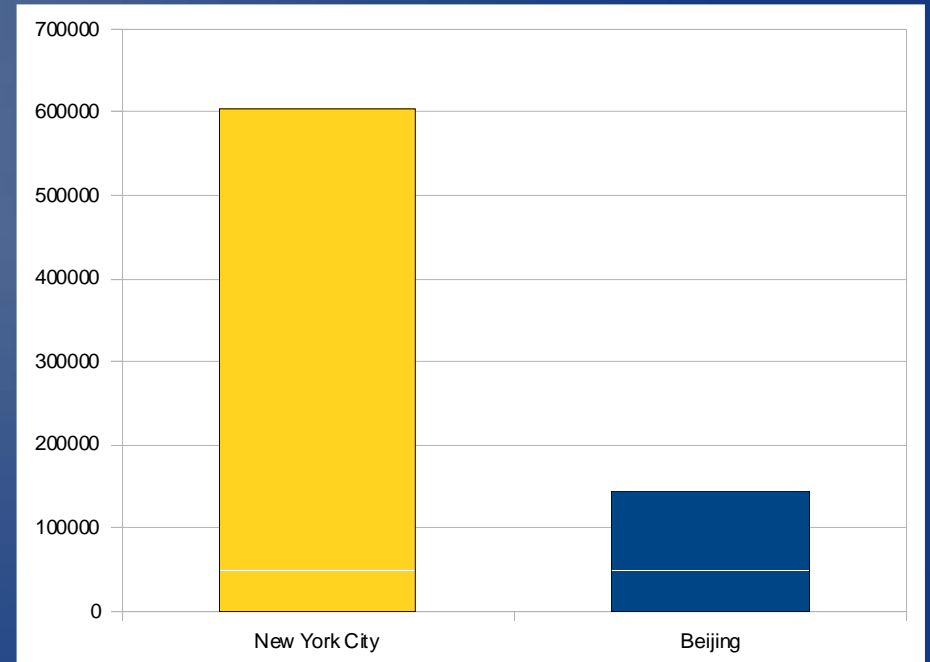
Name	Opening	Retail Floor Area ( m² )	Walking Distance from Jianguonei Bridge (miles)	A Sample of Retail Stores	Beijing District
Park Life	Oct 2009	30300	1.1	Burberry, Gucci, Vertu	Chaoyang
Jinbao Place	May 2009	28000	1	Bottega Veneta, Gucci, Burberry	Dongcheng
Maison Mode	Oct 2008	10000	3.3	Vuitton, Ferragamo, Gucci	Chaoyang
Intime-Lotte Dept Store	Aug 2008	42900	1.8	Gucci, Prada, Armani	Dongcheng
The Legend	July 2008	17022	7.5	Versace, Cartier, Lancel	Chaoyang
Season's Place	Oct 2007	120000	4.6	Vuitton, Prada, Gucci	Xicheng
Shin Kong Place	April 2007	120000	3.2	Bulgari, Zenga, Fendi	Chaoyang
China Central Place Mall	April 2007		1.3	Feraud, Versace, Moschino	Chaoyang
Oriental Plaza	Dec 2000	120000	1.4	Valentino, Bally, Burberry	Dongcheng
Beijing Capital Times Square	1999	33000	3.3	Gucci, Cerruti 1881, Ferragamo	Xicheng
Junefield Sogo	June 1998	130000	3.3	Dormeuil, dunhill, Bally	Xuanwu
Beijing APM	1998	100000	1.8	Chopard, Cartier, Longchamp	Dongcheng
Scitech	Oct 1996	13000	0.3	Cartier, Ports 1961, dunhill	Chaoyang
Beijing Cofco Plaza	1996	60000	0.1	Armani, Gucci, Gu Ba	Dongcheng
Lufthansa Center	1993	22000	4.1	Zenga, Kenzo, Ports 1961	Chaoyang
Peninsula Hotel Arcade	1991	7000	1.5	Escada, Prada, Hermes	Dongcheng
China World Shopping Mall	1990	60,000 (100,000 in 2010)	1.3	Vuitton, Prada, Ferragamo,	Chaoyang

# Supply

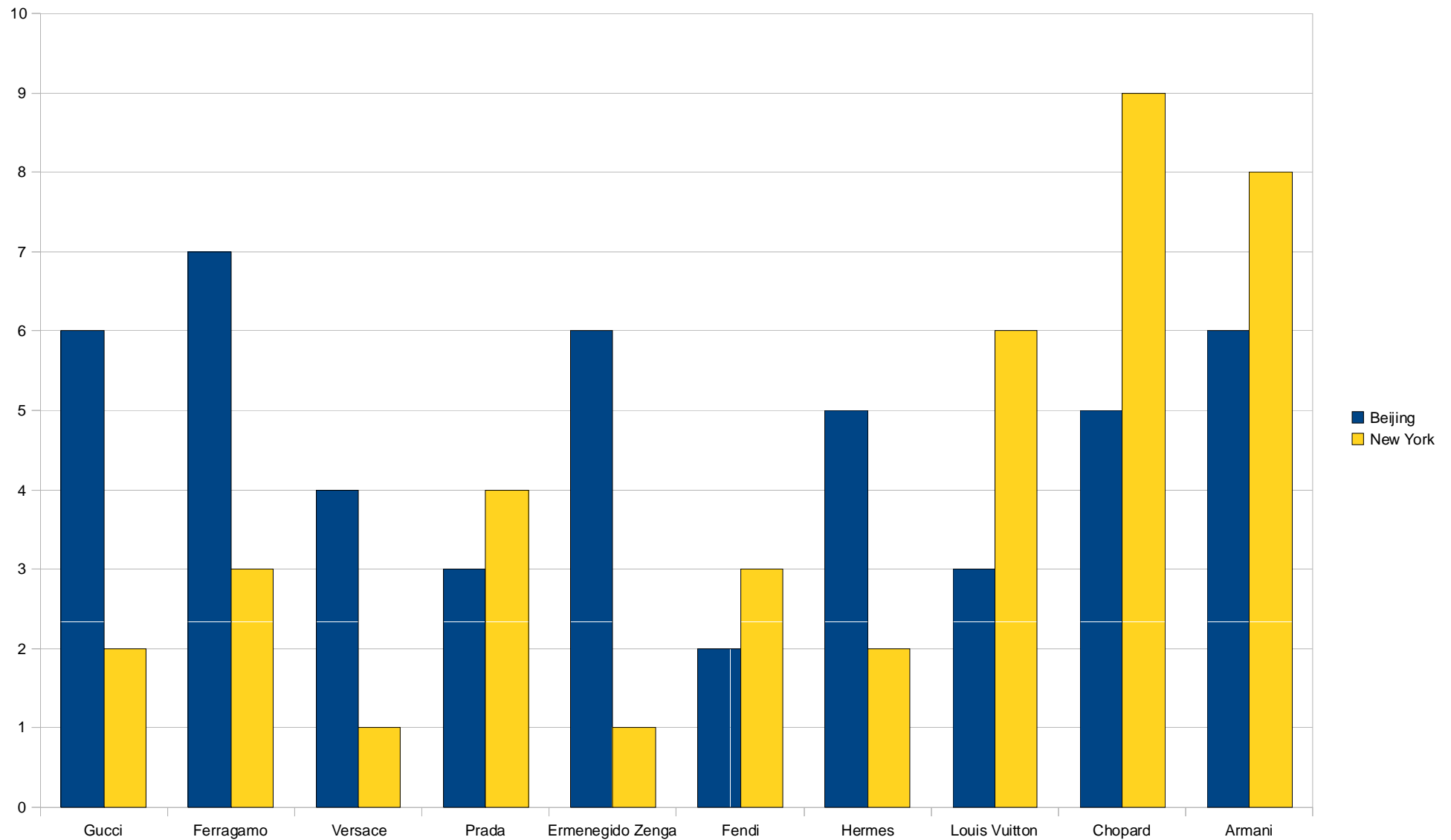
- Income in USD



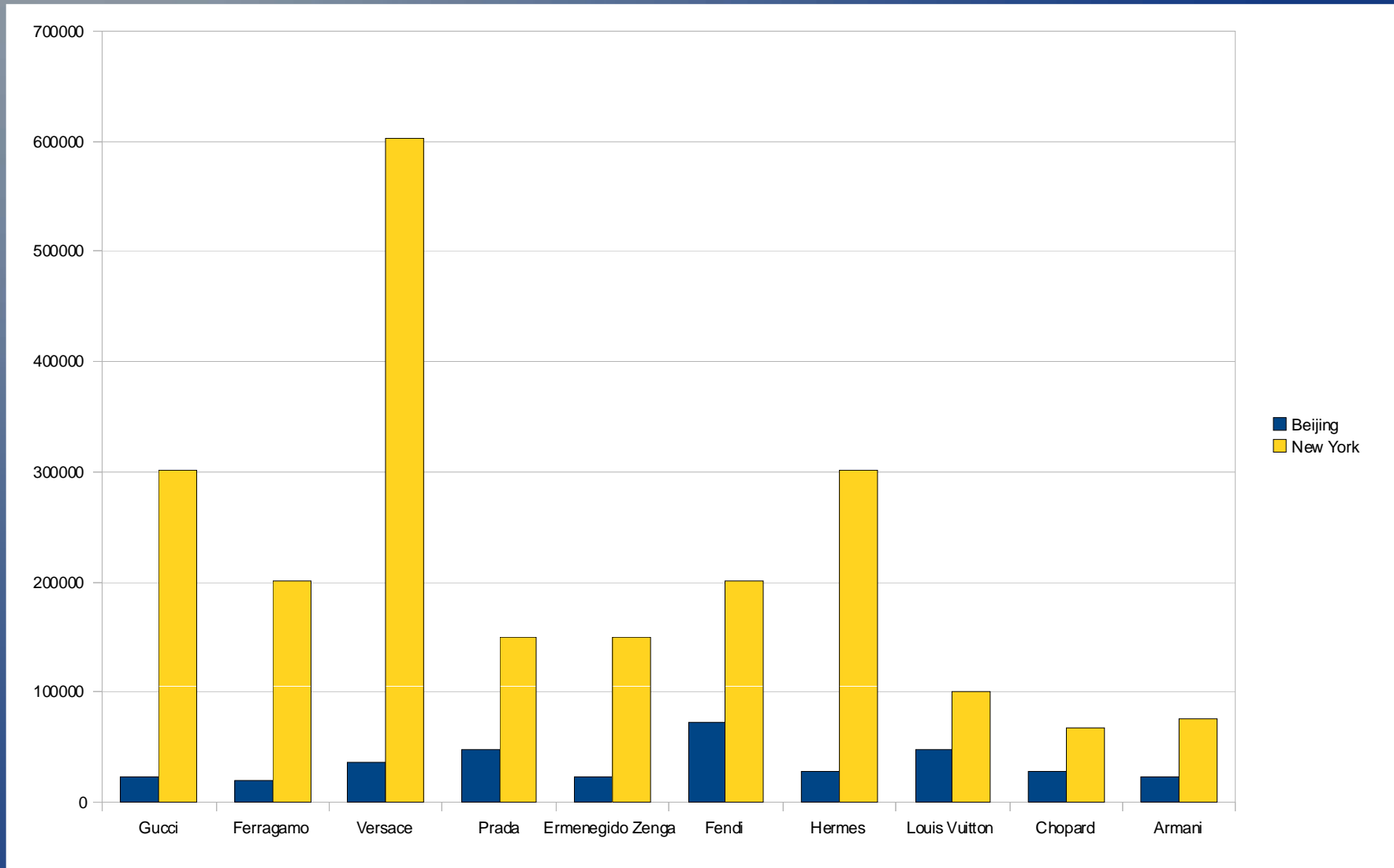
- Number of Wealthy Households



# Number of Retail Locations



# Number of Affluent per Store





# Incentives

- **Retailers**
  - Advertise brand and educate consumers
  - Extremely low risk
- **Urban developers**
  - Improved ownership profiles
  - Lack in financial feasibility studies
  - Speculative value of properties
- **Urban officials**
  - Image construction
  - Discipline consumerism
  - Inhibit a transformative civil society
  - Cadre/official advancement

# Institutional Environment

- Fiscal and administrative decentralization
- Target Responsibility System (early '80s)
- 'Cascading Mandates'
- Competition between local government, state-owned enterprises and developers for profit
- Tax Sharing System, bank reform, and a VAT (mid-90s)
- Lack of popular voice





# The Real Estate Sector

- Preference for fixed-asset investment, particularly in real estate ( $\frac{1}{4}$ )
- High rate of savings
- Favor real estate investment

- Incentives to favor luxury development
- Stimulus-related credit access
- Dual-Priced Land Market
- Banking System
- Failed accountability mechanisms

# Results

- Flexibility to 'beautify' the city to foster a competitive global city
- Collusion between government and business
- Gambling with tax payer funds
- Vacancies
- Personal fortunes



# Significance

- **Consequences of building a city as advertisement, both to attract commerce/investment and for individuals brands**
- **Urban modernity is defined through consumption**
- **Reducing emancipatory potential of cities**
- **Obscuring alternative visions of the future**