

14 When local meets global

Residential differentiation, global connections and consumption in Shanghai

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To decipher and deconstruct the multifaceted relationship between globalization and local transformation in Chinese cities, especially Shanghai (Chen and Sun 2007; Sun and Chen 2005), this chapter focuses on the residential differentiation of global oriented consumption in Shanghai as a function of socioeconomic variables and personal global connections (PGCs) (e.g. having worked for a foreign company locally). Data¹ from Shanghai reveal a considerable variation among different residential categories with regard to residents' socioeconomic status, and that while social economic divisions are prevalent among residential categories, PGCs significantly affect global oriented consumer behaviors such as eating McDonald's or KFC (Kentucky Fried Chicken), purchasing and wearing foreign brand clothes, and using foreign brand household appliances. That is, people in better or higher-end residential spaces with certain global connections are more likely to purchase foreign brand goods, while rural residents and those with fewer global connections are attracted more by the symbolic meaning of foreign products. The findings suggest that residential categories reflect people's socioeconomic status and external connections, both of which influence the extent to which people are oriented toward consuming global brand products, especially in a globalizing city like Shanghai where residential patterns and lifestyles have become more differentiated.

Residential differentiation: the fact and the study

The residential pattern of a city reflects a sorting process by which people settle in and move between neighborhood areas based on a variety of individual demographic and socioeconomic characteristics and community and neighborhood features. These factors drive residential differentiation in a market economy in which people tend to end up living where they live in response to varied conditions and constraints. China's booming coastal metropolis of Shanghai has experienced dramatic residential transformation since the early 1990s as both a transitional city moving away from socialist planning and a globalizing city becoming integrated with the outside world. This process is characterized by, on the one hand, rapid real estate development in place of traditional government control of the housing

sector, and, on the other, the penetration of global capital, which in turn has fueled a “hot” housing market.

First of all, scholars have studied the causes and consequences of spatial differentiation in major Chinese cities by focusing on reform policies and market mechanisms in land and physical infrastructure development (Lin 2001; Wu 1999; Wu and Yeh 1999; Yusuf and Wu 1997; Zhu 2000;). This focus has provided a broad context for understanding the extent and type of spatial differentiation bearing on characteristics of and changes within the urban housing sector. Research on urban housing itself began with a focus on the macro reform policies and practices plus their local variations and how they affected the types of housing investment and provision (Chen and Gao 1993a, 1993b; Chen and Hua 1996; Lee 1988; Wang 1990; Wu 1996; Song *et al.* 2004). While some studies (Wang and Murie 1996; Zhou and Logan 1996) examined the commodification of urban housing as a result of market reforms, others have shown that housing inequalities within cities and work units persisted due to the unequal control and allocation of valuable resources within the entrenched redistributive system and power hierarchy (Bian 1994; Bian and Logan 1996; Bian *et al.* 1997; Logan *et al.* 1999).

With better data, research on urban housing inequality has become more refined and varied at and across district, community, and neighborhood levels, especially in the case of the largest metropolises like Beijing, Shanghai, and Guangzhou where large-scale morphological transformation has already taken place and created multiscaled spatial parameters for residential differentiation (Gaubatz 1999; Wu and Yeh 1999). The more fine-grained spatial analysis of housing inequality has focused on the increasing individual residential mobility and choices within cities in response to more varied housing types, housing tenures, traditional and shifting values of certain inner-city locations, and different income levels (Li 2003; Li and Siu 2001). Most recent studies (Wang and Li 2004) have found income, social status, differential price, neighborhood security, living convenience, and the lingering *hukou* system to be important determinants of residential choice and the lack of housing options for rural migrants. As these factors become more important, they are more likely to create serious residential segregation (Gu and Liu 2002; Huang 2005).

As research has moved from housing reform and inequality at the national level with aggregate data to increasingly detailed local studies of residential differentiation, scholarly attention has also turned to the impact of globalization on local residential space (Wu 2001). Having examined the high-end townhouse development projects carrying the names of transplanted cityscapes such as “Cambridge” and “Orange County” in suburban Beijing, Wu (2004) has argued that this phenomenon reflects a local image and social construction of globalization or a global lifestyle that developers have promoted and sold to the new rich consumer in a niche property market.

Although many studies have touched on the market-driven urban spatial differentiation, there have been few efforts to uncover the spatial and cultural effects of globalization on local consumers, and how their lifestyles, to the extent they are globally oriented, are displayed residentially. In a paper discussing the impact

of PGCs on residential choices in Shanghai, Sun and Chen (2005) provide a new perspective on spatial differentiation in this globalizing city. As a follow-up and complementary analysis here, we explore residential differentiation in Shanghai further by examining the relationship between differentiated residential spaces and their occupants' consumer behaviors, as they are associated with income, education attainment, and PGCs.

Unpacking the global-local nexus

Despite the myriad conceptualizations of the global-local relationship such as "glocalization" (Robertson and Khondker 1998) and "grobalization" (Ritzer 2003), it is not always clear how the global and local are linked and interact in different empirical contexts. According to Robertson and Khondker (1998), globalization refers both to the compression of the world and the intensification of consciousness of the world as a whole. They posit that globalization involves the structuring of a social system at the global level and that there is an intensification of global consciousness in the sense that individuals are increasingly oriented toward the world as a whole. From a cultural perspective, Appadurai (2001) argues that global cultural flows are shaped by the multiplicity of perspectives generated by flows of people, money, ideologies, media technologies, and symbols. Local cultures incorporate global symbols but in ways specific to the local context. There is no pure local culture that is untainted by global culture but rather a variety of local cultures that are increasingly interpenetrated and constantly remade out of elements of global cultural flows (Held 1999).

Focusing on consumption, Ritzer (1996) used *The McDonaldization of Society* to describe the process by which the principles of the fast food chain have become globally influential. Treating McDonald's as the "paradigm case" of social regimentation, Ritzer argues that "McDonaldization" may be an inexorable process as it sweeps through seemingly impervious institutions in different parts of the world. However, firms, including McDonald's, that produce and market "globally" also develop necessary local connections. That is, their production and selling must be able to stand on local feet, and globally marketable symbols must be "creamed" off local cultures. In this sense, global business not only involves "delocation" but also "relocation" or translocation (Bocock 1993).

In reality, the global-local nexus of consumption is often a two-way street involving both changes in local consumption and local modifications of a global company's standard products and operating procedures. While the key standard elements of the McDonald's system – queuing, self-provisioning, and self-seating – have been accepted by consumers throughout East Asia (Watson 1997), some aspects of this model have been rejected, notably those concerning time and space, particularly in local settings. A mall in one part of the world (London or Hong Kong) may be structured much like that in another location (Chicago or Mexico City, for example), but there will be some differences in their specific contents (Ritzer 2003). In many parts of East Asia, consumers have turned their local McDonald's into leisure centers, after-school clubs, and social and dating places

(Yan 2000). The meaning of “fast” has been subverted in these settings where it refers to the delivery of food, not to its consumption. An interesting case in which the global adapts to the local is that McDonald’s introduced rice dishes in Hong Kong to broaden its appeal during the economic downturn, taking business away from some traditional chain rice restaurants (Yu 2002).

In consumption, globalizing and localizing dynamics do not necessarily conflict with each other, but unfold simultaneously; and when they interact, they do so in different ways at different times in different parts of the world. While traditional societies may experience the powerful impact of global consumer culture and thus change quite drastically, they exhibit continuities that may be reflected in mixed values and adaptable behaviors of individual consumers. In this chapter, by exploring how consumption in Shanghai has evolved and differentiated along both spatial and social dimensions, we focus on the interaction between the increasing penetration of global consumer culture and varied responses and adaptations of local residents. The following analysis of consumer culture will allow us to make some sense of the nuanced texture and varied outcomes of the new urbanism of globally oriented local consumption in Chinese cities, as exemplified by the cutting edge of that consumption in rapidly globalizing Shanghai.

Consumption as a mirror of spatial and cultural differentiations

McCracken (1990) describes consumption as a thoroughly cultural phenomenon and argues that in Western developed societies culture is profoundly connected to and dependent upon consumption. Without consumer activities, modern societies would lose key instruments for the reproduction, representation, and manipulation of their culture. Thus, how we consume and why we consume influences how we construct our everyday lives. If culture changes with consumption, it does so slowly in a general sense but unevenly across space depending on how consumers react to new and different products. As globalization stretches the boundary of the world market to include more local places, new and different consumer goods of global brands have become more available to local consumers. Global brand products have become available in many Chinese cities, especially those coastal cities like Shanghai. Take foreign fast foods as an example. The number of KFC restaurants in China has already exceeded 1,000 in 230 cities of all provinces and regions except Tibet, while McDonald’s has been adding about 100 restaurants annually over the last few years, with over 600 outlets in approximately 170 Chinese cities today, and a projected 1,000 restaurants to be opened by the 2008 Beijing Olympics. In 2003, McDonald’s and KFC accounted for eight percent of the total income of fast food restaurants in China, which stood at 22 billion US dollars.² Shanghai alone hosts over 100 KFC and McDonald’s restaurants, which have spread throughout the city and penetrated local residential areas since their early clustering in the downtown and busy commercial areas. The American fast food chains are betting on the growing purchasing power and open-mindedness of consumers in Shanghai.

As American fast foods have caught on, Shanghai consumers have also been chasing global clothing brands. The city has become a shopping haven for such brands as Nike, Pierre Cardin, Puma, Tommy Hilfiger, and Valentino. While faked clothes with these labels can be bought along the well-known Xiangyang Street in Shanghai for much less than the real thing, the fancy stores on Nanjing Road and Huaihai Road carrying the authentic wear attract a growing number of affluent local consumers. It appears that the relatively small number of people with high incomes can afford to purchase foreign brand-name clothes, whereas more people and families go to McDonald's and KFC restaurants as mass consumers. In reality, why people choose to spend money on different global brands, say American fast foods versus brand-name clothes, is much more complex. While all global brands have certain general appeal to local consumers, the latter choose the former for a variety of different reasons based on individual characteristics and their niches in the local. Furthermore, in the rapidly globalizing city of Shanghai, factors reflecting growing global-local connections are likely to influence people's decisions on consuming global brands. More important, one of the most salient features of a rapidly globalizing city like Shanghai is its increasingly visible functionally and symbolically differentiated and fragmented economic and social spaces within and across different urban areas. The data in this study reveal that these new local residential spaces vary in the pattern of globally oriented consumers of brand-name foods, clothes, household items, and recreational activities. It behooves us to find out how much personal characteristics and resources versus global connection matter to globally oriented consumption in Shanghai.

Gauging differentiation in Shanghai

A city with a rich historical and current mix of Western and Chinese cultures, Shanghai provides an excellent case for studying the complex and multifaceted relationship between global connections and global consumption behaviors. Shanghai is the largest and the economically most important city in China. Since China introduced the economic reform and open-door policy in 1979, especially since the launch of the Pudong development in 1990, Shanghai has made great achievements in economic and social development through increasing economic and cultural "connections" with foreign countries. An increasing number of large multinational companies have set up enterprises in Shanghai, facilitating the city's economic development and its integration with the world economy. Shanghai has experienced accelerated local transformations by reshaping its urban culture towards that of an outward-oriented, multifunctional world city.

We have collected the needed data in Shanghai's Pudong New Area, whose takeoff in the early 1990s marked the beginning of Shanghai's "renaissance" and remarkable rise to the position of global city. Pudong itself has undergone arguably the most remarkable transformation of any part of any urban area in the world over the 1990s. Besides the symbolic aspect of its skyline, Pudong has developed different areas for Shanghai's new financial district (dubbed "the Manhattan of China") and high-tech manufacturing. The modern bank and factory buildings

aside, a number of McDonald's and KFC restaurants have opened up and so have upscale department stores like Yaohan and other commercial outlets. Residents in Pudong district do not need to cross the Huangpu River to consume varied foreign brand goods and services.

The rapid transformation of Pudong from a backwater of Shanghai to the latter's "crown jewel" is reflected in demographic, urbanization, and economic trends and weights, which have translated into a booming consumer market. In 1990, Pudong had 1.3 million people with permanent residence; the number rose to 1.8 million in 2003, accounting for 13.2 percent of Shanghai's total registered population, even though it only occupies 8.4 percent of the city's land area.³ Despite this rapid urbanization in Pudong, in 2001 it administered 13 towns (*zhen*) which were officially defined rural areas, in addition to 13 wards (*jiedao*) in urban areas. To obtain a representative sample revealing the residential types and differentiation across the Pudong area, we employed a three-layered sampling procedure with three steps. First, we selected nine wards and three towns to give more weight to the larger urban population. Second, we selected two neighborhood committees in every ward, one neighborhood committee in two of the three towns bordering or close to the urban wards, and one community in the third and more rural town located farther away from central Pudong. This spatial coverage of our sample gave us a broad spectrum of residential differences, knowing that rural residents in Pudong were exposed to the influence of rapid urbanization and globalization. Third, we randomly selected 25 households in every chosen neighborhood committee for interviews using a questionnaire. We ended up conducting 450 interviews in the urban wards and 150 interviews with officially rural households in the more and less urban towns for a total of 600 cases.

In this chapter, we use a number of observed variables to explore how the global consumption pattern varies by different residential types and according to some socioeconomic attributes of the surveyed residents. The variables measuring global consumption are: Have you eaten in McDonald's or KFC? Have you purchased and worn foreign famous brand clothes? Have you been to a bowling alley? Do you own a personal credit card? Have you watched any Western movie in the recent three months? In addition, we have constructed an index to measure global consumer behaviors (GCB) (0–100) from the above dummy responses, that can be used in multiple regression analysis.

Besides the focus on residential category as the main independent variable, there is a variety of independent variables to be used, such as age, education, income, and so on. While the independent variables above are expected to have differential effects on GCB across residential categories, we are much more interested in measuring and modeling the influence of PGCs on where people end up residentially net of the demographic and socioeconomic attributes. Since PGCs represent different ways in which local (Shanghai) residents are linked to the outside world, we conceptualize them as *relational social assets* that can help bring about social and economic advantages including living in an up-scale neighborhood area. These relational assets may function in a way similar to the ways social networks, in general, have been shown to generate economic returns like good jobs, higher salaries,

access to materials and markets for officials and entrepreneurs (Bian *et al.* 1997; Lin 2001). Since PGCs provide local connections with people, resources, and information in an extra-local or global network, they permit people who are more strongly globally connected to have a better chance of living well locally than those who have no or weak global connections.

To measure PGCs as relational assets, we use four dummy variables: 1) having worked for a foreign company locally (1 = yes); 2) having been abroad (1 = yes); 3) having relatives and friends overseas (1 = yes); and 4) often surfing foreign Web sites (1 = yes).⁴ However, we avoided treating these as restrictive or mutually exclusive categories in the survey by allowing the respondents to choose up to four categories if they had all four PGCs. The extent of overlap across the four dummy variables is indicated by their moderate bivariate correlations, which range from 0.13 to 0.30. For example, about one-third of the people who have worked for a foreign company either have been abroad or have overseas relatives

Household appliances by socioeconomic attributes and global connections

As shown in Table 14.1, 79.6 percent of residents in agricultural villages are educated to “below senior high school” level; whereas 75.7 percent in luxury flats and villas have a university or graduate degree. Per capita income at 4,000 yuan and over accounts for 97.2 percent of those in luxury flats and villas, whereas only 10.2 percent of those in agricultural villages earn that much. In luxury flats and villas, 35.1 and 29.7 percent are “company executives,” and “technical/educational personnel,” respectively. However, “manufacturing workers,” and “office clerical workers” are more likely to live in “urban residential villages,” “old urban settlements,” and “new commercial housing complexes.” Residents in “luxury flats and villas” and “new commercial housing complexes” have strong PGCs, which are much weaker in the other residential categories. The overwhelming majorities in luxury flats and villas, and new commercial housing complexes have property rights to their residences (94.4 and 90.6 percent). However, only 49.2 percent of respondents in old urban settlements are homeowners.

If the differences in occupation and education attainment across the residential categories provide a clear picture of social differentiation, the variation in household appliances offers additional information on spatial differences in consumption in Shanghai. Table 14.2 shows foreign brand household appliances as a percentage of all household items by the residential categories. This percentage is very high for households in luxury flats and villas, where some foreign brand household items (such as motorcycle, video recorder, movie camera, cell phone, etc.) reach almost 100 percent, while people in the other residential categories own much smaller percentages. The gaps between “luxury flats and villas” and “agricultural villages” range from 30 to 90 percent. More importantly, people with more global connections own a much higher percentage of foreign brand appliances than the average. The larger proportions of owners of such luxury items as pianos and private cars live in luxury flats and villas. Overall, people with global connections are

Table 14.1 Education attainment, household income, occupations, and global connections across residential types in Shanghai (in percentage)

	<i>Agricultural villages</i>	<i>Town centers</i>	<i>Urban residential villages</i>	<i>Old urban settlements</i>	<i>New commercial housing complexes</i>	<i>Luxury flats and villas</i>	<i>Total</i>
Education Attainment							
Below senior high school	79.6	48.8	59.2	60.7	37.5	13.5	56.3
Vocational school, college	18.4	41.5	25.3	18.0	18.8	10.8	23.8
University, graduate school	2.0	9.8	15.5	21.3	43.8	75.7	19.8
Per capita Income (yearly)							
300–1900 yuan	48.9	35.0	27.5	35.7	16.7	0	28.4
2000–3900 yuan	40.8	47.5	53.4	46.4	40.0	2.8	47.3
4000-over yuan	10.2	17.5	19.1	17.9	43.3	97.2	24.3
Personal Global Connections							
Have you worked for a foreign company	4.08	12.5	11.62	21.05	30.00	59.46	15.95
Have you been abroad	2.04	5.00	12.47	5.08	35.48	59.46	14.5
Do you have relatives and friends overseas	14.58	12.82	23.31	23.73	29.03	61.11	24.57
Do you often surf foreign Web sites	14.29	31.71	35.79	39.34	59.38	78.38	38.00
Rent or Own One's Residence							
Rent one's apartment	10.20	5.00	12.47	32.20	6.25	2.78	12.82
Having use right to one's residence	12.24	10.00	25.20	18.64	3.13	2.78	19.90
Owning one's residence	77.55	85.00	62.33	49.15	90.63	94.44	67.28

Table 14.2 Foreign brand household appliances as a percentage of all household items in Shanghai

	<i>Agricultural villages</i>	<i>Town centers</i>	<i>Urban residential villages</i>	<i>Old urban settlements</i>	<i>New commercial housing complexes</i>	<i>Luxury flats and villas</i>	<i>Have global connections</i>	<i>None global connections</i>
Radio	5.9	28.6	19.6	27	27.3	61.9	29.3	11.0
Color television	11.6	54.3	41.6	42.9	55.2	73	50.0	32.9
Stereo system	28.6	50	40.3	36.7	35	84.8	54.8	21.2
Microwave oven	12.5	22.2	24	14.9	25	62.9	30.3	17.1
Washing machine	3.7	12.9	17.3	16.7	20.7	47.2	24.5	9.7
Refrigerator	10.8	20.6	22	16	31	48.6	30.4	11.7
Camera	23.8	43.5	39.4	30.3	73.9	77.1	53.7	25.4
Video recorder	60	52.9	53.1	52.2	53.8	96.6	62.7	48.5
VCD or DVD	0	33.3	19.9	22.6	8.7	62.9	28.3	12.7
Movie camera	33.3	0	61.8	25	66.7	95.5	71.7	41.7
Personal computer	20	37.5	28.3	25	27.8	80.6	38.6	24.6
Air conditioner	10	47.4	31	10.3	24	44.4	35.9	21.0
Motorcycle	0	0	27.8	0	25	100	38.8	3.7
Piano	0	0	33.3	50	50	76.9	53.3	25.0
Cell phone	45.5	58.8	65.2	76	76	94.6	71.4	61.8
Private car	0	25	57.1	0	0	65.4	61.8	16.7

more likely to buy foreign brand household items, as they are more informed of the availability of foreign products locally and more appreciative of the functional values embodied in these products.

How do individuals differ in consuming globally?

The question to be addressed further is: How do individual consumers differ in pursuing a global life-style as a result of their varied positions in residential categories, income, education attainment, and global connections? We begin the analysis by looking at consumers' consciousness of foreign brands through responses to the statement "I always pay attention to famous foreign brand goods when shopping."

Figure 14.1 shows that 41 percent of residents in luxury flats and villas either strongly agree or agree with the statement about foreign brands, whereas only 6 percent of agricultural villages' residents respond the same way. It is interesting to note that except for those in luxury flats and villas, half of the respondents did not favor foreign brands in their buying decisions. The preference of residents in "luxury flats and villas" for foreign brands reflects a tendency of the housing rich to at least equate foreign brands with social status. It indicates both spatial and social differentiation in terms of local consumers' varied responses to global brand products and fashions.

The next analytical step involves looking at the relations between residential categories and consumer activities (see Figures 14.2–14.6).

Eating at McDonald's has become increasingly popular for Shanghai residents, although different people may do so for different reasons. Our survey shows that people who choose to eat McDonald's or KFC as opposed to traditional fast Chinese foods vary distinctively by residential categories. Figure 14.2 shows that in agricultural villages 63.3 percent of the respondents answer "yes" to the fast food question, which received 100 percent response in luxury flats and villas. Figure 14.3 shows a gradually increasing percentage of people wearing foreign brand clothes: from agricultural villages' (20.4 percent), to luxury flats and villas (97.3 percent). All residents in luxury flats and villas have been to a bowling alley, whereas only 26.5 percent of people in agricultural villages have (see Figure 14.4). Figure 14.5 indicates that most people in agricultural villages, town centers, and urban residential villages have not watched a Western movie recently, while half of the residents in commercial housing complexes and 64.9 percent in luxury flats and villas have done so. Another striking difference among different residential categories is the owning of a credit card. Figure 14.6 demonstrates that 91.9 percent of the residents in luxury flats and villas do so, while credit card owners in agricultural villages, town centers, urban residential villages, old urban settlement, and new commercial housing complexes range from 27.7 to 56.5 percent.

Modeling global consumer behavior

Assuming that demographic and socioeconomic attributes have different effects on the neighborhoods, we focus on a number of these important variables including

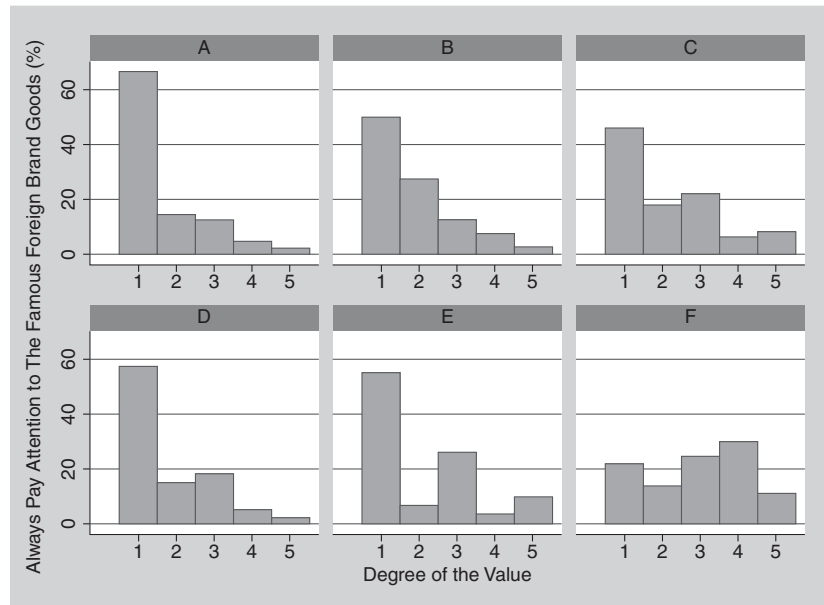


Figure 14.1 Always pay attention to famous foreign brand goods when shopping.

Notes

The horizontal axis is a Likert scale from 1 to 5 indicating strongly disagree, disagree, neutral, agree, and strongly agree respectively. The six residential categories are represented by letters from A to F where A = Agricultural villages, B = Town centers, C = Urban residential villages, D = Old urban settlements, E = New commercial housing complexes, F = Luxury flats and villas. The same residential categories also are used in the following figures.

GENDER, AGE (in years), EDUCATION, and PER CAPITA INCOME (logged) with residential categories and global connections. EDUCATION is measured as an ordinal variable (1 = below primary school, 2 = primary school, 3 = junior high school, 4 = senior high school, 5 = vocational school, 6 = two – year [community] or television colleges [*dazhuan* or *dianda*], 7 = four – year college or university, and 8 = post graduate study). PER CAPITA INCOME is logged to normalize its skewed distribution.

First of all, we expect younger people to be more avid global consumers. Higher education and income provide more human and economic resources that allow people to consume more global products. The index of GCB, which is based on the multidependent variables,⁵ has a scale of 0–100, with zero indicating no GCB and 100 denoting a full set of GCB.

Table 14.3 presents the results from three regression models predicting GCB. First, we examine the effects of gender, age, education, and income on GCB (model 1) without controlling for residential category and global connections. The model shows that all independent variables are significant at p value <0.01 level

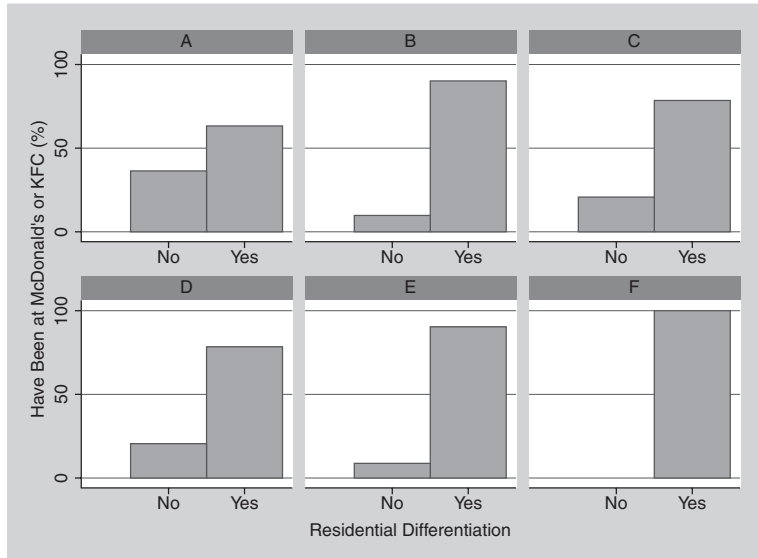


Figure 14.2 Have Been to McDonald's or KFC by residential differentiation.

Note

For residential types A to F, see the notes in Figure 14.1.

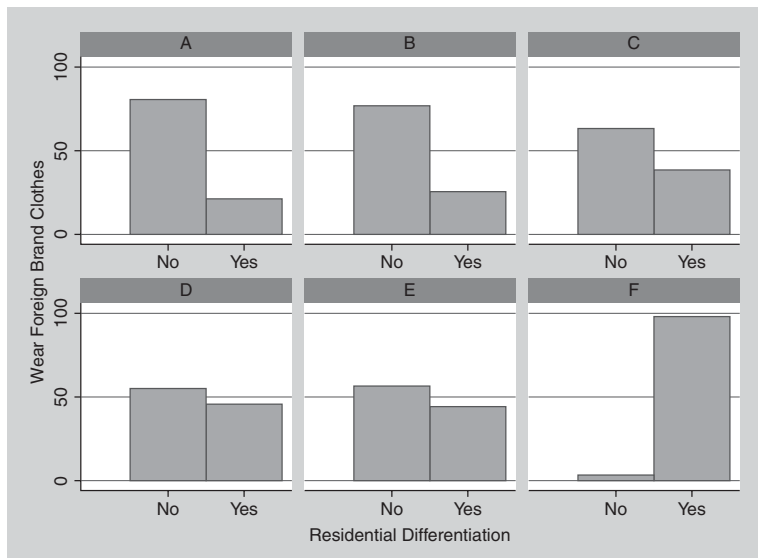


Figure 14.3 Have worn foreign brand clothes by residential differentiation.

Note

For residential types A to F, see the notes in Figure 14.1.

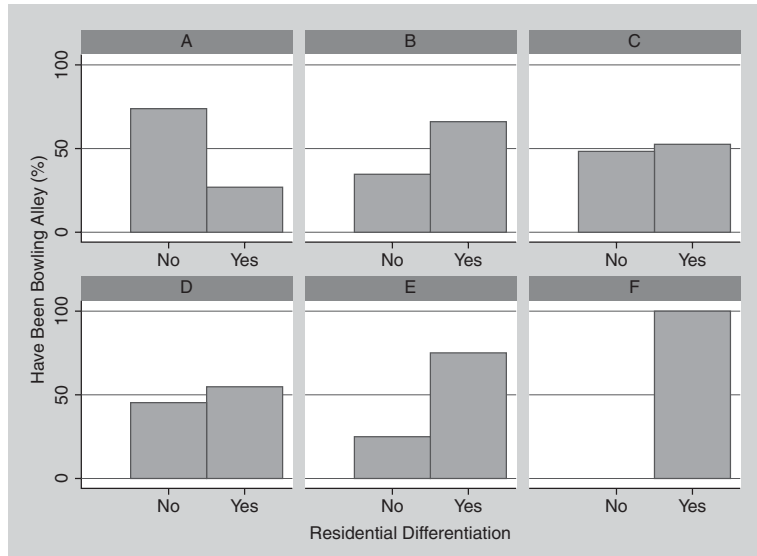


Figure 14.4 Have been to a bowling alley by residential differentiation.

Note

For residential types A to F, see the notes in Figure 14.1.

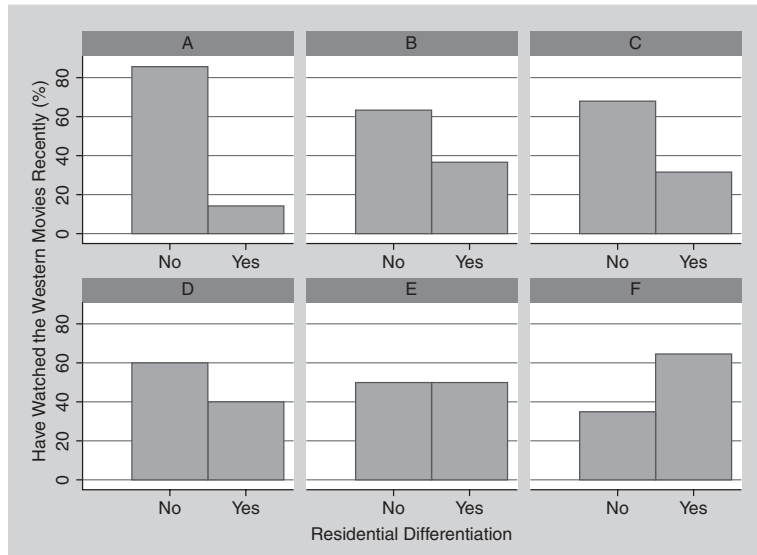


Figure 14.5 Have watched a western movie recently by residential differentiation.

Note

For residential types A to F, see the notes in Figure 14.1.

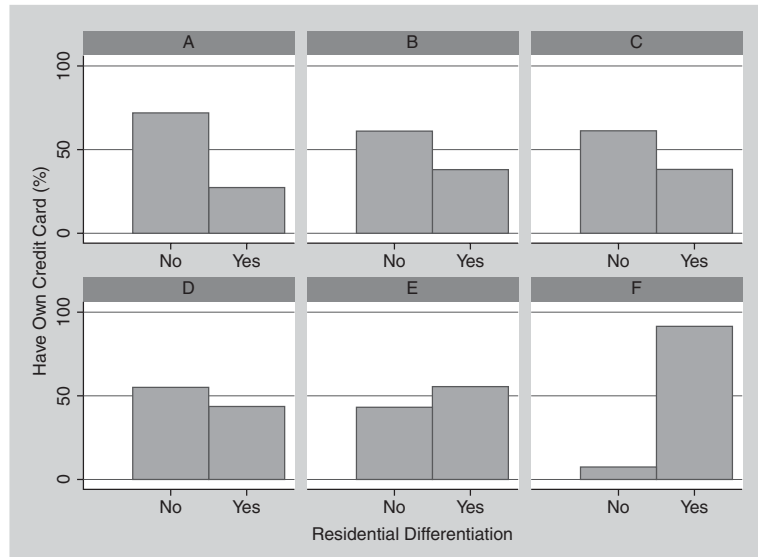


Figure 14.6 Owing a credit card by residential differentiation.

Note

For residential types A to F, see the notes in Figure 14.1.

except gender (p value < 0.1 level). Females are more engaged in GCB as opposed to males. The negative coefficient for age confirms that younger consumers are more globally oriented. As expected, both education and income have a strong positive effect on GCB.

Model 2 reveals the additive effect of residential differentiation on GCB. People living in luxury flats and villas are most likely to engage in GCB, while those in the other two residential categories are also more likely to consume global products relative to those in agricultural villages and town centers. It is important to note that despite the effect of residential differentiation, the demographic and socioeconomic predictors continue to have their expected effects on GCB. In Model 3, we have added global connectivity as four dummy variables to assess their relative effects on GCB. It turns out that all four global connections have more or less equally strong influences on GCB. While the strong effect of global connections has crowded the weak effects of living in urban residential villages and old urban settlements, living in luxury flats and villas remains a strong positive predictor for GCB. Since Model 3 has the highest R-square, we feel confident that it approximates to a complete model of GCB by including both residential differentiation and personal connections.

Discussion and conclusion

In the last two decades, Shanghai has experienced the local touch-down and spread of globalization, which we have tried to capture by examining the relationship

Table 14.3 Regression models predicting global consumer behavior (GCB)

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>
	GCB	GCB	GCB
Gender (Female = 1)	2.64*	2.45*	3.08**
	(1.39)	(1.35)	(1.30)
Age	-0.46***	-0.48***	-0.42***
	(0.04)	(0.04)	(0.05)
Education levels	2.84***	2.37***	1.47***
	(0.48)	(0.47)	(0.47)
Annual income per capita (logged)	13.65***	10.67***	8.06***
	(1.04)	(1.12)	(1.14)
Urban residential villages and old urban settlements#		3.74**	2.86
		(1.89)	(1.81)
New commercial housing complexes#		6.01*	3.04
		(3.41)	(3.30)
Luxury flats and villas#		22.47***	17.72***
		(3.69)	(3.61)
Have worked for foreign company			5.01***
			(1.93)
Have been abroad			6.15***
			(2.10)
Have friend/relative on abroad			4.39***
			(1.58)
Often surf foreign website			7.46***
			(1.60)
Constant	-55.53***	-37.02***	-22.38***
	(6.85)	(7.46)	(7.55)
Number of observations	600	600	600
R-squared	0.51	0.54	0.58

Notes

Standard errors in parentheses.

* Significant at 10%.

** Significant at 5%.

*** Significant at 1%.

Agricultural villages and town centers were combined as a new omitted category for comparison.

between residential differentiation and GCB and by modeling this behavior as a collection function of both individuals' characteristics and their global connections. The analysis has uncovered striking evidence that local residents' GCB is embedded in a complex global-local nexus, which consists of varied external linkages and differentiated socioeconomic and residential conditions.

To the extent that urban differentiation has a spatial, horizontal aspect and a social, vertical dimension, they are closely related in local settings. As localities become increasingly globalized, both spatial and social differentiations are influenced by specific channels that bring individuals and the outside world closer

together. This means that the local impact of globalization can be measured and modeled not only through the extent of residential differentiation but also through globally oriented consumer behavior as it is shaped by individuals' demographic and socioeconomic attributes, residential positions, and global connections. Since consumer behavior reflects a socio-cultural choice of certain locally available products, it takes on a global orientation when these products bear an external and global brand and reputation. As a result, external or global connections are expected to induce locals to consume globally.

The emergence of GCB among locals may also be analyzed as a process of cultural diffusion that originates from the outside and gradually takes root inside or locally. The speed and spread of this process depend on individuals' responses to global brand products, and people in differentiated socioeconomic and residential spaces respond differently to diffused material items.

The analysis in this chapter has focused on the crucial relationship between residential differentiation and GCB. Since GCB is the dependent variable and residential differentiation by itself cannot fully account for the former, we have examined how local consumers' demographic and socioeconomic attributes and their global connections are related to their residential spaces and to their engagement in various globally oriented consumer activities. Finally, we have organized the independent variables into a set of regression models, which demonstrate the additive effects of demographic and socioeconomic attributes, residential positions, and global connections on GCB. The full model (3) yields the most important finding that even when demographic, socioeconomic, and residential variables are all controlled for, PGCs still have a great deal of influence on GCB.

By explaining local Shanghai residents' globally oriented consumer behavior using their demographic and socioeconomic characteristics, residential locations, and PGCs, we have "sliced" through and opened two connected layers of the interstitial spaces around the global-local nexus, so to speak. First, we have revealed an extensive relationship in Shanghai between differentiated residence and consumption of global products. Those who have climbed up and settled into the luxury flats and villas – the top residential category – have also lived a globally oriented lifestyle featuring fast food, brand clothing, and Western leisure and entertainment activities. This layer of the global-local nexus, in a way, features differentiated local residential spaces that have become unevenly globalized spaces of consumption and lifestyle. Second, we have established the relative and independent effects of residential differentiation and PGCs on global consumption, controlling for the demographic and socioeconomic variables. This finding exposes a thicker layer of the global-local nexus where personal global connections have entered and function as a relational mechanism for transmitting global social and cultural influence to local consumer behavior. Establishing this explicit global-to-local channel of influence on consumer behavior has taken the study on the local impact of globalization a step further. It also may move us in a new theoretical direction of seeing and interpreting global influence as a local socialization mechanism.

Notes

- 1 The data used in this chapter came from a survey in Pudong, Shanghai supported by a grant from the CCK Foundation for International Exchange to Xiangming Chen during 1999–2001. We thank Yuan Ren and his team at Fudan University for carrying out the survey in 2001. Comments by Fulong Wu on an earlier draft of this chapter are appreciated.
- 2 “KFC and McDonald’s – a model of blended culture,” *China Daily*, June 1, 2004, available online at: www.chinadaily.com.cn/english/doc/2004-06/01/content_335488.htm (accessed on October 1, 2004).
- 3 Shanghai Year Book 2004 published by Shanghai Statistical Bureau.
- 4 The proportions of the sample having zero, one, two, three, and four personal global connections (PGCs) are 46.1, 31.6, 13.3, 6, and 3 percent, respectively. With regard to the distribution of PGCs, 15.6 percent of the respondents have worked for a foreign company; 14.3 percent have gone abroad; 23.8 percent have relatives and friends overseas; and 37.9 percent have surfed foreign Web sites. Unfortunately, we could not separate overseas relatives from friends in our sample; this however is not a problem because we used the PGCs as a scale instead of as categories in the multivariate regression analysis.
- 5 To compose the index several variables related to global consumption are selected, including: Have you had McDonalds’ or KFC? Have you purchased and worn foreign brand clothes? Have you been to a bowling alley? Do you own a credit card? Have you watched Western movies in the recent three months?

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