

## **Ten Chinese Publications : Consumer concepts, behaviour and culture.**

Shi Zhengxin

### **I - The concept of consumerism**

Three works entitled: “An approach to the post-materialist era”, “Benefits of consumerism, a third way towards wealth distribution”, “Vagabond rights: a study of consumer society and urban culture” each look at consumerism from a philosophical, economical and cultural point of view.

#### 1) A philosophical approach to analyzing consumerism

1. There are two basic reasons for consumption: to feed, clothe and satisfy man's basic needs for survival, but also, in a context in which products are distributed at an increasingly faster pace and businesspeople form an increasingly influential class, it has become one of the most important social rites in contemporary society and a way of life for the masses.

2. Five mechanisms are at work in consumerism:

- advertising plays a major role in encouraging consumption;
- increasing profit potential by removing consumer reticence to paying market prices;
- companies seek the support of experts and government as a way to improve consumption controls;
- materialism, which is a way for men to affirm their worth and status;
- marketing specialists who design ranges of products, styles and new ways of consuming, creating trends based on buying fashionable goods.

3. Criticism of and justifications for consumerism are as follows: production and consumption are a means of existence but not an end in themselves. It is quite possible that consumerism will spell the death of capitalism. Consumption encourages innovation, and luxury products are increasingly becoming essential goods leading to an overall improvement in living conditions for the masses, which in turn is conducive to the creation of new jobs.

4. From a materialistic point of view, differences in consumption between social classes is also reflected in the real estate, transportation and leisure sectors.

5. There is a relationship between happiness, consumption and income. If basic clothing and food needs are not met, then any increase in income will have a significant impact on the level of happiness, whereas once this threshold has been passed, the impact of salary increases on happiness begins to diminish. Beyond this threshold overconsumption can lead to other problems and a certain degree of dissatisfaction.

#### 2) An economic approach to the analysis of consumerism

1. The identified nine consumer groups, five kinds of consumer behaviour and seven consumer mindsets.

The nine groups are: low income groups or those close to the minimum threshold, those with an income above the minimum threshold, white collar workers in the broadest sense of the term, white collar workers in the narrower sense, gold collar workers, those in unusual professions, wealthy households, and those in vulnerable positions (for example, facing a high risk situation: due to age, the condition of their estate or their skills).

The five kinds of consumer behaviour are: unplanned impulsive consumerism; expansive consumerism (buying more to consume more); uninhibited consumerism; brand consumerism; and loyal consumerism (sticking to one brand within reason).

The seven consumer mindsets are: spending to obtain spiritual satisfaction, satisfying a psychological need; to emphasize one's worth – in this case consumerism transcends needs and becomes synonymous with wealth and fame. The exchange mindset is an attempt to transform money into something tangible; “comfort consumerism” turns the act of buying into a means of dispelling internal dissatisfaction; the search for innovation puts the act of buying on the level of exhibitionism and accumulation; regret consists in finding it difficult to part with money, while apathy turns consumerism into a habit: spending becomes aimless.

2. Consumer surplus is the market gain made by the purchaser through the process of acquisition. It is the difference between the price a consumer is willing to pay (the psychological price) and the price he actually pays (the market price). This difference forms the basis of consumer profit. Price elasticity, the context in which a consumer makes his purchases, the difference in mindset and time available to each has an growing impact on consumer surplus.

Measure of time is at the heart of consumer surplus. The act of consuming is the time aspect of goods acquisition.

3. Measures to transform consumer surplus into consumer gain: consuming for pleasure, creation of wealth through consumption, fair distribution of profits, a wealthy nation for a strong country.

The transition from a producer-oriented to a consumer-focused system and from a manual labour to a network based system are the most effective solutions to reduce fluctuations between consumer gains on the one hand and fair distribution on the other.

### 3) A cultural approach for analyzing consumerism

1. Globalization and consumerism have become part of daily life in China with the arrival of a mass culture based on markets and conceptualization. Mass culture is a vibrant industry with large growth potential and is the most effective means for spreading consumerism.

2. Town development and urban growth are not necessarily synonymous with improved living conditions for the consumer. These changes have simply modified the daily life and living environment for inhabitants.

3. The meaningful space made up of books and videos reflects the reality of urban life and supplies both the view from the top of a skyscraper and that from the concrete jungle of the streets. There lies the difference between an observer and a vagabond.

4. Technological progress offers man innumerable new opportunities to make the most of life, but frequently this is at the expense of creativity and individual freedom.

## **II - Consumer behaviour**

Six studies look at consumer behaviour: “Consumer behaviour among intermediary classes in Chinese towns”, “Food consumption in China's urban and rural populations: theoretical models, demonstrative analysis and significance of policies”, “The psychology of food consumption”, “A study of Chinese tourist consumer patterns abroad”, “The consumption of information: theory, method and estimates”, and “From education to consumerism”. These look at consumer behaviour as collective consumerism in intermediate urban social groups, in relation to food and nutrition, in tourism, in the information sector and in education respectively. They give an overview of the characteristics of these different kinds of behaviour and the influence they have on the sectors concerned.

1) “Intermediary groups” refers to that section of the population with a university level education which depends on the soft power of their knowledge and intelligence rather than the hard power of physical strength or assets to lead a stable life. This group's consumer patterns as well as the changes in consumer habits over the past twenty years, bear the recognizable social characteristics of a given period. They therefore provide an idea of the development of consumer trends in the future.

2) As China develops people's standards of living improve and consumer patterns for food in towns and rural areas display certain trends, sometimes indicating regional disparity.

1. Typical changes in the structure of consumer patterns for food products between towns and rural areas are as follows: there has been a significant increase in socialization. A growing proportion of the food budget in rural households is being spent on commercial products, whereas the amount spent on basic products is diminishing, indicating that the budget for secondary products could soon exceed that usually set aside for staples.

2. The trends in structural changes in consumer patterns for food products in the rural and urban populations are as follows: the Engel curve is continuing its downturn; the degree of socialization and commercialization of food consumption continues to grow; despite relative stability, the trend in consumption for staples is tending to diminish, whereas as demand for secondary products is increasing rapidly. Food consumption among rural and urban dwellers will undergo the influence of globalization in the consumption of agricultural products.

3. General conclusion with regards to food consumption issues for urban and rural inhabitants:

The Engel curve continues to fall both in rural and urban areas but the disparity in living conditions continues to grow. The level of socialization of food consumption is clearly increasing. Food consumption patterns show that the proportion of household budgets spent on staples is more or less stable with a slight tendency to decrease, whereas consumption of secondary food products is on the rise. There is a trend towards buying higher quality agricultural products. In the current phase, income is the most influential factor in food expenditure. Economic cycles tend to modify income elasticity and consumer activity. Urbanization is the main cause behind different food consumption patterns that exist in urban and rural zones. Income growth has a significant impact on the structural food requirements of inhabitants.

3) Food consumption psychology is a branch of consumer psychology. The most common characteristics of this kind of consumerism selection out of habit and blind consumerism. Consumer behaviour of food products and food consumption psychology of the masses reveal the following tendencies:

1. Specific characteristics of food consumption behaviour include a clearly defined objective, regular habits, choice of consumption target, conscious decision-making, active participation, and

diversification.

2. Personal characteristics of the food product consumer and food consumption behaviour: the typical psychological characteristics of the individual food consumer include a tendency towards individualism, self awareness and psychological state. The food consumer's psychological state determines consumer psychology, and can be seen through his interests, temperament and ability to influence consumer behaviour.

3. Among the social criteria that influence food consumption are: rites and traditions, social factors (gender, age, family, social group/class), economic and cultural factors. These all have an impact on the behaviour and psychology of food consumption.

4. The psychology of food consumption for children, young adults, mature adults and the elderly, as well as women or individuals with special dietary needs is very different.

4) Traveling abroad is something that is becoming more widespread among Chinese consumers. Development trends and special behavioural characteristics of Chinese traveling abroad are as follows:

1. Consumer characteristics: there is steady growth in overseas travel. Medium income households form the core of this demand. Young people and middle aged individuals with a higher educational level and income make up a large part of this market. Going abroad is generally not a one-off consumer activity and those who go usually do so again. Roughly 50% of those who travel abroad consider that even if the exercise is relatively expensive it is not excessive. This kind of tourist obtains information from advertisements in newspapers and magazines. Word of mouth works as well. Price is a major determining factors in the choice of product. Brand image plays an important role with regards to travel agencies. Discovery and leisure are the main aims of these trips, while the most common consumer activity is shopping. Future tendencies in this market are for increased use of travel agencies. Visiting famous spots remains one of the highlights of a trip. In a majority of cases, developed regions and countries are the favoured destinations.

2. Developing trends of Chinese consumer behaviour in foreign travel: the international travel business will grow rapidly but is still a complex consumer product. There is a preference for far-flung destinations. Price is still a major decision-making factor for potential consumers. Traveling will change from being purely for the purpose of visiting foreign places to being a leisure activity akin to the idea of taking a holiday. The means of travel will depend on the distance and the personal circumstances of the traveler. Ways to leave the country and the periods of time spent abroad will also change. Consumer capacity for foreign travel will go from being artificially high to persistently high. The influence of a weak culture will change into awareness of a strong culture.

5) In an information society, information is the main consumer product along with related services. The essence of information consumption is spiritual. Today, information products, markets and services are three-fold. Consumer behaviour in information can be defined in the following terms: need, motivation, preference, choice and risk-taking. Information consumer rights include the right to security and health, to freedom of choice, to be informed, to carry out a fair transaction, to demand a refund, the right to association, and to obtain information. The following types of lawsuits can be identified in this sector: patent litigation, domain name disputes, quality disputes, legal disputes and copyright litigation. Information consumer rights can be protected by signing contracts for network-based information consumption together with mediation to resolve disputes.

6) Consumer education consists in informing people through social action via associations so that they understand concepts such as responsible and reasonable consumption and have a better

awareness of their rights. To transform citizens into aware consumers this consumer education should include the following subjects:

- basic rules of consumer economics: the influence of revenue, demographics and the environment on consumption;
- appropriate consumer concepts: consuming is not synonymous with profligacy;
- the promotion of healthy, modern and dynamic consumption;
- emphasis on increasing quality of life by establishing quality benchmarks with constant reviews;
- the ten major obstacles facing sustainable consumption in China and which must be overcome while stressing the purpose of consumption, the profit-making principle, as well as the economics and adequacy of sustainable development and the means to put it in place;
- stress the significance of consumer incentives and the cult of consumerism; how it is occurring in China and the dangers it represents;
- the appearance of consumer credit in China: the dangers of spending tomorrow's money to realize today's dreams;
- training to help people make consumer decisions. The decision-making process in consumerism, influential factors in this process as well as the potential for increasing profits as a result of the decision process;
- consumer education via associations;
- the current situation and means for protecting consumer rights as well as increasing consumer awareness about the legal aspects of consumerism;
- gauging the effect of education on consumerism.

### **III - Measures relating to consumerism**

The book "Study of measures aimed at consumption and developing demand in China" lists the different macroeconomic measures relating to consumption. Investment, consumption and external demand are the engine of Chinese economic growth. The relationship between these three elements has a direct influence on the domestic economic growth, the speed of growth and its stability. The Chinese government is endeavouring to harmonize and improve this relationship in the following ways:

- 1) Strongly advocating a switch from direct to indirect taxation as the main form of taxation. Ensuring that all levels of government view income growth and increase in consumption as important.
- 2) Accelerate the reform of the investment sector, regulate the link between investment and consumption.
- 3) Increase income for small town dwellers, and ensure better distribution of revenues.

- 4) Endeavour to increase income levels for farmers and develop the large market potential that exists among rural consumers.
- 5) Improve the income tax system and speed up public finance payment transfers.
- 6) Improve and develop borrowing, by gradually increasing levels of consumer credit.
- 7) Introduce targeted incentives to urban consumers, corresponding to their income levels.
- 8) Accelerate the construction of a social welfare system.
- 9) Reorganize and regulate the circulation of goods and services in the market, in order to guarantee a safe environment for consumers.
- 10) Boost the recycling sector, and make circulation of goods an important part of the recycling industry.

<http://creativecommons.org/licenses/by-nd/2.0/fr/deed.fr>

