

Trend changes in the consumption structure of Chinese residents and market analysis of their marketing

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Abstract: This article summarizes research on the changing consumption structure in China, as well as comparative analysis of consumer behavior and consumption patterns in urban China. It also delves into the impact of urbanization on consumption structure and carbon emissions. Additionally, the article touches upon topics such as heterogeneous consumer behavior in the Chinese tea market, consumption patterns and consumer behavior in sustainable food supply chains, and motivations for electronic waste recycling. Finally, it mentions influencer marketing on social media and the marketing revolution of Xiaomi in the Chinese market. The research in this article is of significant importance for understanding consumer behavior in China and the sustainable development of the Chinese market.

Keywords: Consumption structure changes; consumer behavior; consumption patterns; carbon emissions; heterogeneous consumers; sustainable food supply chains; electronic waste recycling; influencer marketing; Xiaomi; Chinese market; sustainable development

In this section, we will provide an introduction to the topic of trend changes in the consumption structure of Chinese residents and the market analysis of their marketing. We will present the background information that establishes the context and highlight the key issues and challenges associated with this topic. Furthermore, we will outline the purpose of the paper and emphasize its significance in understanding the dynamics of consumer behavior and market trends in China.

1 Evolution of Chinese Residents' Consumption Structure

1.1 Consumer Trends over the past few decades

The past few decades have witnessed significant changes in consumer trends in China, driven by various factors and reflecting the evolving socioeconomic landscape. Key trends include:

Economic Growth and Increased Disposable Income: China's remarkable economic growth has led to a rise in disposable income among its residents. This has fueled higher levels of consumption across different sectors.

Shifting Behavior from Saving-Oriented to Consumption-Oriented: Historically, Chinese consumers had a strong inclination towards saving. However, with rising affluence and improved living standards, there has been a notable shift towards a more consumption-oriented mindset. Consumers are increasingly willing to spend their earnings on goods and services.

Influence of Urbanization and Modernization: Rapid urbanization and modernization have significantly influenced consumer preferences and behaviors in China. As urban areas develop and become more cosmopolitan, consumers are exposed to a wider range of products and services. This has led to increased demand for convenience, luxury items, and experiences that cater to modern lifestyles.

development of e-commerce platforms have revolutionized the retail landscape in China. Online shopping has become increasingly popular, providing consumers with greater convenience, a wider

range of choices, and competitive pricing.

These consumer trends have not only transformed the consumption patterns of Chinese residents but also presented new opportunities and challenges for businesses operating in the Chinese market.

1.2 Key Characteristics and Changes in Chinese Residents' Consumption Structure

The consumption structure of Chinese residents has undergone significant changes in recent years, characterized by several key aspects. These changes reflect the evolving preferences, behaviors, and lifestyles of Chinese consumers. The following are the major characteristics and changes observed:

Rising Demand for Higher-Quality Goods and Services: As disposable incomes have increased, Chinese consumers have developed a growing preference for higher-quality products and services. They are willing to pay a premium for goods that offer superior quality, durability, and functionality.

Growth of the Middle Class and Changing Consumption Patterns: The expanding middle class in China has had a profound impact on consumption patterns. With improved financial stability, this group has become a driving force behind the demand for luxury items, international brands, and lifestyle-oriented products.

Increasing Focus on Lifestyle and Experience: Chinese consumers are prioritizing experiences and lifestyle choices over basic necessities. They are seeking unique and personalized experiences, such as travel, entertainment, wellness services, and cultural activities. This shift in focus has fueled the growth of sectors like tourism, hospitality, and leisure.

Shift from Traditional Industries to the Service Sector: There has been a notable transition from traditional manufacturing industries to service-oriented sectors in China. This shift is attributed to the rising demand for services such as healthcare, education, finance, and entertainment. As a result, there has been a surge in the consumption of services as a proportion of total consumer spending.

These key characteristics and changes in the consumption

structure of Chinese residents reflect the country's socioeconomic development, urbanization, and evolving consumer aspirations. Businesses need to adapt to these changes and align their strategies to meet the changing needs and preferences of Chinese consumers.

1.3 Factors Influencing Changes in Residents' Consumption Structure

The changes in the consumption structure of Chinese residents are influenced by various factors that shape consumer behavior and preferences. These factors include:

Economic Growth and Increased Disposable Income: China's rapid economic growth has led to a significant increase in disposable income among its residents. As people's purchasing power grows, they are more inclined to spend on a wider range of goods and services, thereby impacting the consumption structure.

Urbanization and Modernization: The process of urbanization and modernization in China has brought about notable changes in consumer preferences. As more people move to cities and embrace a modern lifestyle, there is a growing demand for convenience, high-quality products, and innovative services that cater to urban living.

Cultural Shifts and Changing Values: Changing cultural values and societal norms also play a role in shaping consumption patterns. For instance, there has been a shift towards individualism, personal expression, and experiential consumption, leading to increased demand for unique products, personalized services, and leisure activities.

Technological Advancements and E-Commerce: The rapid advancement of technology, particularly the widespread adoption of the internet and mobile devices, has transformed the way people shop and consume. E-commerce platforms have gained popularity, offering consumers convenience, a wide variety of choices, and competitive pricing, which has influenced the consumption structure.

Government Policies and Initiatives: Government policies and initiatives aimed at stimulating domestic consumption, promoting sustainable development, and expanding social welfare also play a role in shaping the consumption structure. Measures such as tax incentives, consumer protection laws, and targeted poverty alleviation programs can impact consumer behavior.

Globalization and Cross-Cultural Influences: Increased globalization and exposure to global trends have influenced consumer preferences. Chinese consumers are increasingly influenced by international brands, fashion, and lifestyle trends, leading to changes in their consumption patterns.

These factors interact and create a complex web of influences on the consumption structure of Chinese residents, making it a dynamic and evolving landscape.

2 Market Analysis of the Chinese Market

2.1 Market Size and Growth Trends

The Chinese market is one of the largest and fastest-growing markets globally. It offers immense opportunities for businesses across various industries. Here are some key aspects of the market size and growth trends:

Population and Consumer Base: With a population exceeding 1.4 billion, China has a vast consumer base. The rising middle class, urbanization, and increasing disposable income contribute to

the expanding consumer market.

Economic Growth: China has experienced significant economic growth over the past decades. Despite some fluctuations, the country's GDP continues to grow at a robust rate, driving consumption and market expansion.

E-Commerce Boom: China leads the world in e-commerce, with a thriving online retail market. The rise of digital platforms and mobile payment systems has transformed the way consumers shop, boosting online sales and creating new opportunities for businesses.

Rising Affluence and Consumer Spending: As incomes rise, Chinese consumers are becoming more affluent. They are willing to spend on a wide range of goods and services, including luxury items, travel, entertainment, and health-related products.

2.2 Changes in Consumer Demands and Behaviors

Consumer demands and behaviors in China are evolving rapidly due to various factors. Understanding these changes is crucial for businesses to stay competitive and meet customer expectations. Here are some notable trends:

Health and Wellness: Chinese consumers are becoming more health-conscious and seeking products and services that promote wellness. This includes organic and natural food, fitness products, nutritional supplements, and wellness tourism.

Digital Transformation: The rapid adoption of mobile devices and internet access has transformed consumer behaviors. Chinese consumers are increasingly tech-savvy and rely on online platforms for shopping, socializing, and accessing information.

Preferences for Quality and Convenience: Consumers are demanding higher quality products and services, especially in urban areas. They also prioritize convenience, seeking time-saving solutions, efficient delivery, and seamless customer experiences.

Sustainability and Environmental Awareness: Chinese consumers are showing growing concerns about environmental sustainability. They are becoming more mindful of eco-friendly products, recycling practices, and supporting brands with sustainable practices.

2.3 Competitive Landscape and Market Opportunities

The Chinese market is highly competitive but presents numerous opportunities for businesses. Here are some key aspects of the competitive landscape and market opportunities:

Strong Domestic Players: Domestic companies in China have grown rapidly and established strong market positions across various sectors. These include e-commerce giants, technology companies, consumer goods manufacturers, and financial service providers.

International Brands: International brands, especially those with a strong reputation and understanding of the Chinese market, have also found success in China. Collaborations, strategic partnerships, and localizing products and marketing campaigns are crucial for gaining a competitive edge.

Market Liberalization and Regulation: The Chinese government is taking steps to liberalize the market and create a more favorable business environment. This presents opportunities for foreign investors to enter the market and compete with domestic players.

Untapped Regional Markets: While major cities like Beijing, Shanghai, and Guangzhou have well-developed consumer markets, there are still untapped opportunities in smaller cities and rural areas. These regions offer potential for market expansion and

tailored products and services.

Emerging Industries and Technologies: China is also witnessing the rise of new industries and technologies, such as artificial intelligence, electric vehicles, renewable energy, and advanced manufacturing. Businesses that can capitalize on these emerging trends can gain a competitive advantage.

Understanding the market size, consumer demands, competitive landscape, and emerging trends in the Chinese market is crucial for businesses to develop effective strategies, innovate, and seize growth opportunities.

3 Consumer Segmentation Analysis

3.1 Characteristics and Behaviors of Different Consumer Segments

Consumer segmentation analysis involves dividing the market into distinct groups based on common characteristics, behaviors, and preferences. This analysis helps businesses understand their target audience better and tailor their marketing strategies accordingly. Here are some key characteristics and behaviors of different consumer segments in China:

Young Urban Professionals: This segment comprises young professionals working in urban areas. They have higher disposable incomes and value convenience, quality, and experience. They are early adopters of technology, tend to be brand-conscious, and are active on social media platforms.

Middle-Income Families: This segment consists of middle-class families with moderate incomes. They prioritize value for money, seek reliable products, and are price-sensitive. They focus on the practicality and affordability of goods and are loyal to well-established brands.

Rural Consumers: Rural consumers have distinct preferences and behaviors shaped by their rural lifestyle and traditions. They often prioritize necessities over luxury goods and value products that enhance their agricultural activities or improve their quality of life.

Luxury Consumers: This segment is comprised of affluent individuals who have a high purchasing power and seek luxury brands and premium experiences. They are willing to spend on luxury goods, travel, and exclusive services, demonstrating their social status.

Health and Wellness Conscious Consumers: This segment is concerned about health, fitness, and overall well-being. They prioritize organic and natural products, seek information on healthy lifestyles, and are willing to pay a premium for products that align with their values.

3.2 Performance and Trends of Consumer Segments in Different Market Segments

The performance and trends of consumer segments vary across different market segments. Here are some observations:

Retail Sector: Young urban professionals and middle-income families contribute significantly to the growth of the retail sector. E-commerce platforms and online-to-offline (O2O) initiatives have gained popularity, offering convenience and a wide range of options for consumers.

Food and Beverage Sector: Health and wellness-conscious consumers are driving the demand for organic, natural, and functional food and beverages. This segment is also influenced by

changing dietary preferences, such as the rise of vegetarianism and veganism.

Fashion and Apparel Sector: Luxury consumers and young urban professionals are major contributors to the fashion and apparel sector. Fashion trends, social media influencers, and brand collaborations heavily influence their purchasing decisions.

Travel and Hospitality Sector: Increasing disposable incomes and changing lifestyles have boosted the travel and hospitality sector. Luxury consumers, young urban professionals, and middle-income families are significant contributors to the growth of domestic and international tourism.

Technology and Electronics Sector: Young urban professionals are early adopters of the latest technology and electronic gadgets. They drive the demand for smartphones, smart home devices, and other innovative products.

Consumer segmentation and understanding market trends help businesses identify growth opportunities, develop targeted marketing strategies, and create products and services that cater to the specific needs and preferences of different consumer segments.

4 Marketing Strategies

4.1 Developing Marketing Strategies Based on Consumer Behavior and Demands

Effective marketing strategies in the Chinese market require a deep understanding of consumer behavior and demands. By aligning marketing efforts with consumer preferences, businesses can better engage their target audience. Here are key considerations for developing marketing strategies in China:

Market Research: Conduct thorough market research to identify consumer preferences, needs, and purchasing behaviors. This includes analyzing demographic data, consumer surveys, online reviews, and social media insights.

Segmentation and Targeting: Segmentation allows businesses to divide the market into distinct groups with similar characteristics. By targeting specific segments, businesses can tailor their marketing messages, products, and services to meet the unique needs of each group.

Localization: Adapting marketing strategies to local culture and language is essential. Chinese consumers appreciate brands that understand their traditions, values, and preferences. This involves translating marketing materials, localizing product packaging, and integrating Chinese influencers or celebrities into marketing campaigns.

4.2 Utilizing Various Marketing Tools and Channels

To effectively reach Chinese consumers, businesses should leverage the diverse marketing tools and channels available. Here are some key ones:

Digital Marketing: Digital marketing is crucial in China, where online platforms and social media have a significant influence on consumer behavior. Utilize channels like WeChat, Weibo, and Baidu to engage with customers, run targeted ads, and create buzz around products and promotions.

Influencer Marketing: Influencers have a high level of influence in China, particularly Key Opinion Leaders (KOLs) or Wang Hong. Collaborating with influencers can help increase brand awareness, credibility, and product visibility among target consumers.

Content Marketing: Create valuable and engaging content to capture the attention of Chinese consumers. This can include informative articles, videos, and user-generated content that showcase the brand's expertise, tell compelling stories, or provide entertainment.

Mobile Marketing: With a high smartphone penetration rate, mobile marketing is crucial in China. Optimize websites and content for mobile devices, utilize mobile apps for promotions, and leverage mobile advertising platforms to reach consumers on the go.

4.3 Importance of Personalized Marketing and User Experience

Personalized marketing and a seamless user experience are key to building strong relationships with Chinese consumers. Here's why they matter:

Data-driven Personalization: Utilize data analytics to understand consumer preferences, behaviors, and purchase history. Use this information to deliver personalized marketing messages, recommendations, and offers that resonate with individual consumers.

Customer Relationship Management (CRM): Implement a CRM system to manage customer interactions and enhance the customer experience. This allows businesses to track customer preferences, provide personalized support, and build long-term loyalty.

Seamless Cross-channel Experience: Ensure a consistent and seamless user experience across all marketing channels and touchpoints. Whether online or offline, the customer journey should be smooth, integrated, and personalized.

User-generated Content and Social Proof: Encourage and leverage user-generated content, reviews, and testimonials. Chinese consumers heavily rely on social proof and peer recommendations when making purchasing decisions.

By developing marketing strategies based on consumer behavior, utilizing various marketing tools and channels, and prioritizing personalized marketing and user experience, businesses can effectively engage Chinese consumers, build brand loyalty, and drive sales.

5 Marketing Case Analysis

Analyzing successful marketing cases and exploring the key elements and strategies that contributed to their success can provide valuable insights for businesses looking to enhance their marketing efforts. Let's examine two successful marketing cases in the Chinese market and identify the key elements and strategies that played a significant role.

Case 1: Xiaomi's Disruptive Marketing Strategy

Xiaomi, a Chinese technology company, revolutionized the smartphone industry with its disruptive marketing strategy. Here are the key elements and strategies that contributed to Xiaomi's success:

High-Value, Affordable Products: Xiaomi focused on offering high-quality smartphones with advanced features at affordable prices. This approach appealed to budget-conscious consumers and helped Xiaomi gain a competitive edge.

Online-First Model: Xiaomi adopted an online-first sales model, bypassing traditional retail channels. This allowed them to reduce distribution costs, maintain competitive pricing, and directly engage with customers through online platforms.

Product Launch Events: Xiaomi created hype and generated

interest by holding product launch events. These events were highly anticipated and attracted media coverage and consumer attention, creating a sense of exclusivity and excitement around their products.

User Engagement and Feedback: Xiaomi actively engaged with its user community and sought feedback and suggestions for product improvement. This not only fostered a sense of ownership among users but also helped Xiaomi refine their products and cater to customer demands.

Case 2: KFC's Localization Strategy

KFC, a global fast-food chain, successfully localized its marketing strategy to cater to the unique preferences and tastes of Chinese consumers. Here are the key elements and strategies that contributed to KFC's success:

Menu Innovation: KFC adapted its menu to suit Chinese tastes and preferences. They introduced localized dishes such as congee, Chinese-style burgers, and tea-based beverages, alongside their global menu items. This customization appealed to Chinese consumers' culinary preferences.

Collaborations and Partnerships: KFC collaborated with local Chinese brands and celebrities to enhance brand appeal. For instance, they partnered with popular hot pot chains to create fusion dishes and collaborated with Chinese celebrities for marketing campaigns, leveraging their influence on social media.

Embracing Digital Technology: KFC leveraged China's advanced digital landscape for marketing and customer engagement. They integrated online ordering, mobile payments, and digital loyalty programs, providing convenience and personalized offers for customers.

Community Involvement: KFC actively engaged with local communities through corporate social responsibility initiatives. They supported educational programs, participated in charity events, and promoted sustainability practices, which resonated with Chinese consumers' values.

Case Analysis Summary:

The table below summarizes the key elements and strategies employed by Xiaomi and KFC that contributed to their marketing success in the Chinese market:

Key Elements	Xiaomi	KFC
High-Value, Affordable Products	√	-
Online-First Model	√	-
Product Launch Events	√	-
User Engagement and Feedback	√	-
Menu Innovation	-	√
Collaborations and Partnerships	-	√
Embracing Digital Technology	-	√
Community Involvement	-	√

The success of Xiaomi and KFC in the Chinese market can be attributed to their ability to understand consumer preferences, tailor their marketing strategies, and deliver value to their target audience. By analyzing these successful marketing cases, businesses can gain valuable insights and apply similar strategies to enhance their own marketing efforts.

6 Conclusion

6.1 Summary of Research Findings

Successful Marketing Case Analysis: Through the analysis

of Xiaomi's disruptive marketing strategy and KFC's localization strategy in the Chinese market, we identified key elements and strategies that contributed to their marketing success. These included product value, business models, engagement with customers, menu innovation, collaborations, digital technology integration, and community involvement.

Importance of Consumer Understanding: Both Xiaomi and KFC demonstrated a deep understanding of their target consumers and successfully tailored their marketing strategies to meet their preferences and demands. This highlights the significance of consumer research and insights in driving marketing success.

Adaptation to Local Market: Xiaomi and KFC's success in China was driven by their ability to adapt their products, offerings, and marketing tactics to suit the local market conditions and cultural context. This underscores the importance of customization and localization in gaining consumer acceptance and loyalty.

Digital Transformation: The integration of digital technology played a significant role in both cases, enabling direct customer engagement, online sales, personalized offers, and convenient services. This indicates the increasing relevance of digital transformation in marketing strategies.

6.2 Future Research Directions

Cross-Cultural Marketing: Further research is needed to explore the challenges and opportunities of cross-cultural marketing strategies in diverse markets. This includes understanding consumer preferences, cultural sensitivities, and the effectiveness of localized marketing approaches.

Technology-enabled Marketing: The rapid advancement of technology has transformed marketing practices. Future research can focus on exploring how emerging technologies, such as artificial intelligence, big data analytics, virtual reality, and augmented reality, can be leveraged to enhance marketing effectiveness and customer experiences.

Sustainability and Social Responsibility: Examining the impact of sustainability and social responsibility initiatives on consumer behavior and brand perception can provide insights into the evolving consumer expectations and the role of businesses in addressing environmental and social issues.

Omni-channel Marketing: With the increasing integration of online and offline channels, researching the effectiveness of omni-channel marketing strategies, including seamless customer experiences, channel coordination, and customer journey mapping, can contribute to a comprehensive understanding of contemporary marketing practices.

6.3 Conclusion

In conclusion, successful marketing case analysis allows businesses to identify key elements and strategies that lead to marketing success. Xiaomi and KFC's cases demonstrate the importance of consumer understanding, adaptation to local markets, and the integration of digital technology. Future research should focus on cross-cultural marketing, technology-enabled marketing, sustainability, and omni-channel strategies to further advance marketing knowledge and practices.

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