

DEMOGRAPHIC ANALYSIS ON FOOD PRODUCTS' FAMILY PURCHASING DECISION (A CASE OF CHINA'S DRACONIAN CULTURE)

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Abstract

This articles applied the demographic analysis to understand the results of statistical data to unearth the consumption behavior from family toward food products in China. Two aspects are examined: the purchases made by the children themselves; and the influence of the child on the parents' purchasing decisions. Alongside worries about the Draconian nature of the policy lies a concern with the attention given to children. The analysis supported the “little emperor” syndrome where the single child becomes the focus of all the family's attention. This “4-2-1” set-up (four grandparents, two parents, one child) is argued affects the consumption patterns and social behavior in Chinese society.

Keywords: consumption, behavior, purchase, decision, food products, China

RESEARCH BACKGROUND

As one of the Big Emerging Markets (BEMs), the advent of China as a consumer society is inevitable. One of the delusions that impaired us is the assumption of a BEM country as a huge and single market. Geographic diversity and economic disparity are prevalent among the BEMs like China. While metropolitan areas in these countries such as Shanghai have become the hotly contested markets, the vast areas of these countries show quite a different picture. In fact, a BEM usually includes several smaller sub-markets that are distinctive from one another in many ways including language, culture, and economic development (Prahalad and Lieberthal, 1998).

Like other BEMs, China is attractive market for food products for two reasons: substantial size and high growth rate of its consumer market. With a geographic area comparable to that of the USA, China has 1.3 billion people, who represent one-fifth of the world population. Most Chinese reside in the eastern provinces, making it a highly concentrated market. With a birth rate higher than those of Western nations, the country has a relatively younger population. Their common language and cultural heritage, reinforced by decades of Communist rule, give the appearance of a homogeneous market (Landry, 1998). With a growing economy, an enormous and presumably homogeneous population and distribution networks that can reach even the remote parts of the country (Yan, 1998).

Following the "open door" policy, coastal areas of China were the first to attract outside investment and have benefited the most from economic reforms. The vast interior provinces are lagging in economic development (Yeung and Hu, 1992). Furthermore, the Chinese also have diverse cultural patterns exhibited by variations in dialects, values, lifestyles, traditions, and customs.

Swanson (1989) first noted the importance of regional disparities for marketing operations in China and proposed the "Twelve Nations of China." Lately, several authors have suggested geographic segmentation of China based on location, economic development, and local culture (Schmitt, 1997; Swanson, 1998). While these geographic divisions have significant implications for understanding the Chinese consumers and improving marketing strategies, geographic segmentation studies based on empirical data and representative samples of Chinese consumers are non-existent.

Based on economic development and consumer purchasing power, this study proposes to examine seven regional markets in China: South, East, North, Central, Southwest, Northwest, and

Northeast. Several groups of provinces have been used to designate the various regions of China in both historical and modern times (Batson, 1996). Close to one another in terms of physical proximity, and economic and cultural similarity, these regions represent the "natural markets" in China. While resource endowment and historical development partially explain the regional differences, the tremendous economic disparity between coastal cities and hinterland regions is also the creation of recent government policy to "let some people get rich first" (Khan et al., 1993).

Thus, contrary to the popular belief, China is largely a developing country and consists of multiple markets segmented by regional economic development and local culture (Swanson, 1998). While residents in China's coastal areas and major cities are increasingly better off, most people in rural areas are still living from hand to hand.

FOOD CONSUMPTION IN CHINA'S DAILY LIFE

Face, "mianzi", can be obtained through the sincerity with which a PRC consumer hosts friends at parties (Kindel, 1983). PRC parties are serious events for building long-term relationships, and for showing the sincerity, honesty, openness, generosity and wellbeing of the host. A formal dinner usually concludes a PRC party, serving more expensive drinks like wine, liquor, beer and/or fruit juices. Sanitation is an important concern to PRC soft-drink consumers because not all PRC water is potable without boiling.

The lower standard for PRC drinking water caused the failure of one of PRC's oldest leading brands, North Pole (Bei Bing Yang) Orange Soda, and the resulting success of Coca Cola beverages. Because Chinese diet contains more rice, noodles, chicken and pork compared with an American diet, chicken and Beef-Noodle fast food restaurants are more popular than pizza and burger restaurants. Beef is scarce and considered very nutritious in traditional Chinese medicine.

The older PRC consumers eat burgers for nutrition, and younger consumers eat burgers for taste (Jimes, 1993).

Tea has long been the traditional drink for the Han, the majority race in PRC. Chinese believe that hot tea with meals will balance or get rid of saturated fat, and that drinking cold beverages or ice water with meals is unhealthy and harms digestion by diluting stomach acid. The introduction of Western meals into PRC via McDonald's and Pizza Hut popularized consuming cold soft drinks with meals, especially for young people. The PRC soft drink category includes: sodas, fruit juices, natural protein drinks made from beans, dairy drinks, mineral waters, drinks made with coconut milk and tropical fruits.

In the 1950s and 1960s, bottled orange soda and juice became available in PRC as luxury goods. PRC consumers consider juice to be more luxurious than sodas; hence the growing popularity of juice as PRC incomes doubled during the 1990s, and more international marketers entered the PRC market, both foreign and domestic firms flooded the market with fruit juices, teas and sodas. Soft drinks, one of the fastest growing categories in the PRC food processing industry, grew 26.7 per cent from 1980 to 1995; yet PRC per capita consumption of soft drinks is only one ninth of the world average with good growth potential (*People's Daily*, 1996).

CHINA'S ONE-CHILD POLICY AND THE EMERGE OF CHILDREN AS THE SOLE DECISION MAKER IN CHINESE FAMILY

China's one-child policy that was started in 1979 may be producing a self-centered individual whose thinking and behavior are contrary to collectivism according to a study of elementary school children's behavior conducted by the Chinese Academy of Science's Institute of Psychology (Hall, 1987).

Compared to children with siblings, the researchers found that only children, although more intellectual, tend to be less cooperative with their classmates, less task oriented, and show fewer leadership qualities. Because only children tend not to share with others easily, it may be that the children in our current study might rely less on interpersonal sources for new product information.

Although China's one-child policy is apparently producing a more selfcentered youngster who may not turn to others so much for consumption information, there are other forces that might tend to correct for this. Children may be placed in school as soon as they can walk and talk, often before, in order that they may obtain as much education as possible (Yang, 1991). It is not uncommon for the children to live at the kindergarten and see their parents only on weekends. A major portion of the children who go to elementary school also participate in children's clubs after school until their working parents pick them up at the end of the day (Yang, 1990). At these clubs the emphasis is still on education, but of a relatively lighter nature such as music, art, and dancing, and again, most of the activities have a group focus. Thus, the intense education thrust in China forces the children to spend much of their time in the company of other children.

Further, the schoolteachers require the children to frequently work together, to practice teamwork in a variety of activities such as language, arts and crafts, and scientific projects, which encourages more togetherness. These conditions during the formative years of Chinese children's lives may offset the individuality bent of the only child and cause them to look to their peers for help and guidance including information about appropriate products. In his study of middle school children's consumption patterns, Cheng (1993) tended to confirm the peer influence among classmates by noting that children often shop together after school and end up eating the same foods and wearing the same fashions. Kwong (1994, p. 259) observed that in China there is a

“worship of everything foreign” and goes on to note that foreignmade fashions with prominently displayed logos are coveted and copied by young people.

There is probably no economy outside of the USA that is more in the news than that of China. Its population magnitude, economic growth, and gradual change from a centrally planned economy to a market-driven economy, are important news to business communities worldwide. Young consumers are also significant in China and frequently are mentioned in the press. China adopted a one-child policy in 1979, and today it is fundamentally in place in China’s urban population (Zhang and Yang, 1992). These only children receive most of the love and attention of both parents as well as that of four grandparents. In effect, there is a “4-2-1 indulgence factor” operating in China – four grandparents and two parents indulging one child (Cutler, 1988). Some critics have even referred to China’s only children as “spoiled brats” (Wu, 1986) and “little emperors” (Baker, 1987), and expressed concern that a nation of only-children could be harmful to the future of China (Hall, 1987). Thus, the influence of the only child in the Chinese society appears to be very real and very great.

However, if Chinese children truly are as much of the family’s focus as is suggested in published descriptions, their consumer behavior patterns will reflect this status. We would expect that they not only would have their own money to spend on their wants and needs, and lots of it, but they also would have a major voice in the spending behavior of their parents. But do they really have money to spend, and if so, do they spend it, and on what? After all, we also often hear how poor China’s people are, for example, that they have an average monthly income of \$40-50. If they are so poor, can the children have much money to spend, and can they actually influence much parental spending?

An examination of the literature inside and outside China suggests that answers to these questions are mostly anecdotal rather than empirical. For example, the many daily newspapers in China sometimes report interviews with mothers or fathers who describe their children's influence on some of their economic decision making. Shao and Herbig (1994) discuss at length the economic impact of the only child on the Chinese family but present no empirical evidence of it. Goll (1995, p. B1) observes that "*Chinese children are being showered with everything from candy to computer games*", but adds, "*There are no official figures documenting how much is spent*". Li and Gallup (1995) did summarize the results of a national survey of Chinese household buying patterns, but while describing the nature and extent of purchases, interestingly, they did not indicate the economic influence of the one child that is mentioned often in the literature.

Apparently the only reported study of Chinese children's consumer behavior is that of Cheng (1993). According to Cheng (1993), "the Beijing Municipality Statistical Bureau conducted a survey at the end of 1990 that indicated that primary school students spent an average of 173.10 yuan per month" (p. 47). Cheng (1993) also reports that the same agency conducted another "survey of 360 families in August 1992 that showed that middle school students spent 66.3 percent of their parents combined incomes" (p. 47). He goes on to describe the objects of consumption of the children, presumably in both primary and middle school, as follows: "*The main staples of their consumer appetites are food, clothes, and amusement. Food must be multifarious. Favourite foods include imported biscuits, Swiss chocolate, American seedless raisins, Japanese sweets and a variety of Chinese delicacies. Many students eat regularly in hotels and restaurants, taking turns on who picks up the check....*"

Table 1
Percentage of Chinese children's influence on parents' purchases by age

Item	Age								
	4	5	6	7	8	9	10	11	12
Bakery items ^a	95	95	95	95	94	94	92	89	84
Books	58	59	63	57	57	84	59	71	59
Bread	65	76	61	61	58	61	59	56	65
Candy	88	82	79	79	74	76	70	78	79
Clothing	80	82	84	88	88	88	89	90	90
Cookies	72	68	58	56	60	71	59	58	69
Deli items	35	45	46	48	48	46	48	43	43
Fruits	89	91	91	92	92	93	93	93	93
Fruit juices	89	89	91	92	92	93	93	93	93
Gum ^a	91	93	90	91	91	88	76	83	84
Hair care items	59	59	61	29	30	46	43	53	55
Ice cream ^a	93	94	95	95	95	93	90	88	88
Imported candy	98	98	98	97	97	96	95	95	94
Meats	48	28	37	35	35	38	36	39	35
Milk ^a	71	74	64	70	74	71	60	62	63
Movies	74	98	94	92	90	95	93	93	90
Nuts	92	92	90	90	90	91	91	90	88
Sea food	52	48	51	39	39	60	51	53	50
Soft drinks	71	72	74	73	73	76	68	73	76
Shoes	79	81	60	74	74	82	78	83	75
Stationery	66	62	80	82	88	87	86	85	86
Toothpaste/brush ^b	63	63	61	64	64	75	75	75	76
Toys ^a	93	93	92	92	90	91	90	86	86
Vegetables	38	28	28	18	18	26	28	27	26
Video games	73	98	94	92	90	95	93	93	94

Notes:

^a significant decline in influence with age

^b significant increase in influence with age

CHILDREN INFLUENCE ON PARENTS' AND GRANDPARENTS' SPENDING

China's one-child policy that was started in 1979 may be producing a self-centered individual whose thinking and behavior are contrary to collectivism according to a study of elementary school children's behavior conducted by the Chinese Academy of Science's Institute of Psychology (Hall, 1987). As part of a questionnaire, parents were given a predetermined list of

25 items commonly purchased by Chinese households and asked to estimate to what extent, if any, their children decide the purchase of the items.

Table 1 displays these items alphabetically and shows the mean percent of influence for each age, 4-12. A scan of the table reveals that children's influence is very high; 75 percent or more for parental purchases of bakery items, candy, clothing, fruits, fruit juices, gum, ice-cream, imported candy, movies, nuts, shoes, stationery, toys, and video games, that is, products we might normally associate with children as major consumers. Their influence is relatively low for deli items, meats, seafood, and vegetables; that is those products for which we might expect the head of the household to be the chief decision maker. There was a statistically significant decline in purchase requests for five products as the children got older – bakery items, gum, ice cream, milk, and toys – and a statistically significant increase in requests for one product set – toothpaste/brush.

Chinese children's overall index of influence on family spending on 25 items is around 68 percent (Table 1), surpassing the approximately 40 percent for US children on similar items (McNeal, 1992), and warranting such often used descriptors as “spoiled brats” and “little emperors.” This high level of influence on family spending suggests that there is clearly a “filiarchy” in Chinese households that determines consumer behavior patterns at least as much as the patriarchy for which China is known.

It is important to note that young children in this study are given money to teach them the consumer behavior of saving as well as that of spending. To oversimplify somewhat, they are given money regularly to spend, and on special occasions such as New Year they are given substantial amounts that are expected to be saved. We must look beyond China's historically socialist economy to its culture to understand the strong emphasis on saving money (Yau, 1988).

The early saving of money in Chinese childhood contributes to the development of one's prestige, or face, or what the Chinese would call *mien tsu*. Saving is also a way of learning to balance one's life, of not giving in entirely to one's impulses to splurge, or what Confucius termed "the mean." So saving, like spending, satisfies several important needs. It permits planned spending, probably for relatively expensive items, and it enhances one's dignity and one's feelings of security and contentment. Table 2 looks at the gender factor in children's influence on parental purchases. Girls and boys have about equal influence on 21 items, but girls have significantly more influence on four categories – bakery items, fruit juices, ice cream, and toys.

Table 2
Percentage of Chinese children's influence on parents' purchases by sex

Item	Boy	Girl
Bakery items ^a	95	94
Books	62	68
Bread	58	66
Candy	82	78
Clothing	85	88
Cookies	63	65
Deli items	43	46
Fruits	91	89
Fruit juices ^a	91	92
Gum	86	89
Hair care items	63	53
Ice cream ^a	90	93
Imported candy	97	98
Meats	36	39
Milk	67	65
Movies	90	93
Nuts	89	90
Seafood	53	48
Soft drinks	74	72
Shoes	75	77
Stationery	85	80
Toothpaste/brush	61	56
Toys ^a	92	95
Vegetables	28	28
Video games	89	90

Note: ^a significantly more influence by girls

The children often exert more influence on parental purchases than these figures show. A quarter of the parents voluntarily reported that they usually have their children’s likes in mind when they make most purchases. Therefore, the measures of children’s influence shown here are conservative since they do not include their passive influence on parents purchases.

Grandparents are a factor in Chinese families when considering the development of consumer behavior patterns among children. In this study grandparents who lived in the children’s households were providers of money to the children, with favor to girls more than boys. They also were expected to fill some requests of children for a number of products, particularly books, toys and foods.

Table 3
Proportion of children who make purchase requests to grandparents by age

Item	Age									Average
	4	5	6	7	8	9	10	11	12	
Books	45	57	40	28	31	43	37	48	50	43
Candy ^a	22	13	7	7	4	8	5	2	2	4
Clothing	12	7	4	4	6	12	12	11	11	9
Cookies	3	4	4	7	6	3	4	2	2	4
Deli items	2	3	5	4	2	6	2	5	2	3
Fruits	7	5	2	2	6	3	7	9	9	6
Ice cream	18	16	10	18	10	12	12	12	5	12
Shoes	1	3	4	4	3	2	4	4	3	3
Soft drinks ^b	15	20	32	18	15	12	11	13	9	16
Stationery ^c	4	13	24	30	30	24	32	38	20	23
Toys	55	61	38	32	30	31	24	17	21	35
Vegetables	33	42	28	25	24	30	22	27	19	28
Video games	3	3	4	2	4	6	2	4	3	3

Notes:

^a Children ages 4 and 5 make significantly more requests than those of other ages

^b Children ages 5 and 6 make significantly more requests than those of other ages

^c Children ages 4 and 5 make significantly less requests than those of other ages

We also asked the parents if their children requested things from their grandparents in the household, and if so, to check off these items on the list of 25 products provided in the questionnaire. Table 3 shows these results by age for products for which an average of 3 percent or more of the children made specific requests to grandparents. The information suggests that many of the Chinese children in this study do see grandparents as an additional source of products. Among their frequent requests, around 43 percent ask for books, 35 percent for toys, 28 percent for vegetables, and 23 percent request stationery – school supplies. Four- and 5-year-old children make significantly more requests for candy and significantly less requests for stationery, while children, ages 5 and 6, make significantly more requests for soft drinks.

Gender was also considered in requests to grandparents as shown in Table 4. Boys ask significantly more than girls for books, toys, and video games while girls sought more clothing. Again, like the influence on parents, this measure of influence on grandparents does not include passive influence.

Table 4.
Proportion of children who make purchase requests to grandparents by gender

Item	Boy	Girl
Books ^a	50	38
Candy	4	4
Clothing ^b	6	12
Cookies	4	4
Deli items	3	4
Fruits	6	6
Ice cream	11	13
Shoes	2	3
Soft drinks	16	16
Stationery	17	30
Toys ^a	44	25
Vegetables	26	30
Video games ^a	5	1

Notes:

^a Significantly more influence by boys

^b Significantly more requests by girls

CONCLUSION

As China grows it becomes more and more attractive to consumer marketers. Not only is there a huge population, but they are largely virgins when it comes to the wonders of Western consumer goods and services. In reading about consumer opportunities in China, I can detect a certain trepidation. Businesses feel they should be advancing into this vast untapped market, but equally are concerned about the risks and confusion associated with a totally distinct culture and political system.

We have look at one area of consumer marketing – that of consumption behavior by children. They observe that a growing body of work exists looking at US and European children's behavior and influence, but that the Chinese market remains unresearched except for a few studies of questionable rigor and of limited value to marketers. In pointing out that around 28 million children are born in China each year, the authors reveal the sheer scale of the opportunity for those producing and marketing in this sector.

This research shows the reality of the “little emperor” issue. Up to two thirds of parents' purchase decisions are influenced directly or indirectly by the child. The protection of the single child implies a tendency to, in Western terms, spoil the child. Ultimately, such an imbalance in social relationships could prove a serious problem for China in the future, but this is not the purpose of the study.

Finally, it is worth reiterating the point about children's influence on family expenditure. We know that in the US and other Western nations, children influence purchases across a wide range – from breakfast cereals and other foods to household appliances and even automobiles. Yet in comparison with the Chinese situation, we are fairly unaffected by children's influences. The

focus on the single child evident from this research and much other commentary suggests that China is a very child-focussed society – something that consumer marketers need to bear in mind.

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