The Characteristics and Countermeasures of Consumption Abroad

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Abstract. With the rapid development of China's economy, consumption abroad is released a strong purchasing power increasingly, overseas tourism consumption continued high-speed growth. In this paper, by analyzing the current situation and characteristics of consumption outside China, the author thinks that it is necessary to change the consumption from abroad to domestic in terms of promoting domestic consumption and economic growth, and then put forward the measures for China to pull back consumption abroad.

Introduction

Consumption Abroad refers to provision of services in one member's territory to consumers who come from another member's territory. As the shopping channels unblocked, the continuous upgrading of the consumption structure, Chinese residents’ consumption abroad constantly showing high growth. High growth also means that the consumption which could be achieved in the domestic lost to overseas. Therefore, conform to the trend of consumption, suit the remedy to the case, pull back consumption abroad, and make further efforts to enhance the basic role of consumption has become an important concern in the field of consumption.

Current Situation of Consumption Abroad in China

The Scale of China's Consumption Abroad Leads the World.

According to a report released by the United Nations World Tourism Organization (UNWTO)[1], the total consumption abroad of Chinese tourists in Chinese mainland amounted to $261 billion in 2016, up 12% from 2015, the number of Chinese tourists to travel increased to 135 million. This growth has further consolidated China's position as the world's largest source of tourists since 2012, and Chinese residents continue to maintain the title of the world's leading tourist groups (see Figure 1).
Rapid Growth of Outbound Travel in Consumption Abroad and Its Process Effects

According to the report of “pay tribute to the Chinese tourists - 2016 China outbound tourists big data” issued by China Tourism Research Institute and Ctrip[2], by 2016 the number of Chinese outbound tourism amounted to 122 million, increase of 4.3% compared to 1.17 million passengers in 2015, continue to be the world champion. Under the influence of factors such as the growth of Chinese residents' income and the promotion of tourism consumption, increasingly loose visa policy and flight convenience, the countries which Chinese tourists spend the most are Thailand, Japan, South Korea, the United States, Maldives and so on. Due to the consumption of tourism covers eating, living, travel, travel, entertainment, shopping and other aspects, the rapid growth of tourism will inevitably lead to the rapid growth of consumption abroad.

Chinese Residents Do not Trust "Made in China"

Due to domestic food quality safety problems occurred frequently, fake and shoddy phenomenon is serious, so many consumers do not trust the domestic products, plus fast upgrading of our residents' income increase, consumers pay more attention to the quality and brand now. On the other hand, Chinese consumer psychology of “the expensive, the better” and "face" psychological make people more willing to buy imported products of "high prices and good quality", and then produce consumption abroad.

The Big Price Difference of Brands between Domestic and Abroad

Over the years, China has imposed a high tariff on imported luxury goods, and individual goods are also imposed special consumption tax. This led to the prices of imported luxury goods significantly higher than the surrounding countries (regions) and the European and American markets. Domestic consumption tax and foreign tax rebates also make the prices of goods in China much higher than overseas prices, which led to the majority of China's luxury goods purchasing power flow to the outside. This is not only the cause of domestic such as cost plus caused by China 's institutional; also has the abroad reasons such as skimming.
pricing, tyrant marketing and policy adjustments made by western developed countries, governments and enterprises to do everything possible to attract Chinese consumers. For example, the Japanese government expanded the scope of duty-free goods, increased large number of duty-free shops, simplified tax refund procedures, etc.

The reality in China is that there are a lot of surplus goods, but many consumers ship the things which they buy from overseas with bags to home. Consumers are willing to spend money to buy foreign goods, or to go abroad to buy Chinese manufactured goods. This means the supply side of Chinese product is not according to the demand in the production, market allocation ability in China is relatively weak.

In addition, according to the study found that consumption abroad and GDP per capita an inverted U-shaped trend, when per capita GDP between $3,000 and $20,000 in the inverted U-shaped front, per capita GDP and foreign consumption growth was positively correlated, overseas consumption showed explosive growth. According to the data released by the National Bureau of Statistics, China's gross domestic product (GDP) in 2016 was 74.4127 trillion yuan, per capita about 8865.999 US dollars, so China's overseas consumption is in the inverted U-shaped front, overseas consumption showed growth trend[5].

**Diversification of Consumption Abroad in China**

**Crowd Characteristics: Women are More Interested in Outbound Tourism, Consumers of Consumption Abroad Are More Younger.**

There are 56% of female and 44% of male in outbound travel crowd in 2016, and the proportion of women was 12 percentage points higher than that of men. The generation after 70s and 80s are the main force of consumption abroad; the generation after 80s accounted for more than half in the outbound population. The generation after 90s has more than the generation after 60s close to the generation after 70s, become to the representatives of younger consumption abroad groups (see Figure 2).

![Figure 2. Gender Distribution of Consumption Abroad Groups in China.](image)


According to 2016 China's overseas consumption trend report [3] and Tribute to the Chinese tourists, 2016 China outbound tourists large data [2] shows that 2016 consumption abroad of the top three cities were Shanghai, Beijing and
Shenzhen. Online outbound tourists contributed the largest customer groups for the outbound tourism market, the number of online outbound tourists increased more than 100%, consumption ability comparable to first-tier cities. Although the consumption abroad radix of the third-tier cities and four-tier cities is small, but the development is more rapid. With the upgrading of the consumption ability of the three-tier cities and four-tier cities, it will continue to show rapid growth in the future.

**Foreign Geography: Positive Increase in the Amount of Luxury Goods Purchased Only in Macao and Japan**

In 2016, overseas consumers spread all over 207 countries and regions, Hongkong, the United States and Japan became to the top three cities of overseas consumer spending in the first half of 2016. Consumption of Canada, Australia, Britain and other places rose more obvious, Hongkong, the United States and Italy accounted for top three of the luxury consumption, except for Macao and Japan, the consumption of luxury goods in the top ten of other countries and regions showed negative growth.

**Commodity Structure**

In shopping, clothing consumption concentrated in the United States and Hongkong, Singapore's consumer spending rose more sharply, representing an increase of 22% over the same period last year; clothing consumption in Japan accounted for relatively small, but rose 17% compared to last year, the rise is obvious; clothing consumption in the United States has risen by 10% compare with last year; Health care products consumption increased significantly, Australian health care products are favored by the Chinese people for their wide variety and moderate price, the consumption has risen by 96% compared with last year; consumption of drugs and consumer goods in Japan grew by 54% compared with last year, and the purchasing population more younger; consumption of Japan and South Korea in daily necessities and cosmetics have obvious advantages, in daily consumption, the amount of consumption of South Korea accounted for 22% of the world, representing an increase of 33% over the same period last year, Japan's consumption amount increased by 23% compared with the same period of last year; in cosmetics consumption, Japan's cosmetics consumption growth was obvious, growth of 45% compared with the same period, South Korea's cosmetics consumption growth was rapid, growth of 24% compared with last year (see Table 1).

<table>
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<tr>
<th>Table 1. Consumption Growth Rates of Apparel, Cosmetics, Daily Necessities, Medicines and Health Care Products in 2016 Compared to 2015.</th>
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<td>Units:[%]</td>
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<tr>
<td>Clothes &amp; Accessories</td>
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<tr>
<td>Cosmetics</td>
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<td>General merchandise</td>
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<td>Medicines</td>
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Data Sources: The World Tourism Organization (UNWTO)[1].
In the choice of overseas travel tools, the aircraft is still the first choice of foreign consumers, the amount of spending accounted for 36% of total travel, taxi, car and train accounted for 23%, 16% and 8%.

In the cultural and entertainment areas, cultural and artistic projects become the focus of consumption, accounting for 36% of overseas consumption, sports consumption accounted for 8%, games and performances are also favored by the exit of consumers, accounting for 6% and 2%.

The Necessity of Returning Overseas Consumption to Domestic Consumption

Consumption Is the Most Important Contribution of the Chinese Economy

Consumption, exports and investment are driving the trumpet of economic growth. At present, the global economy is continuing to slow down, in the case of a significant reduction in the contribution of exports and investment to economic growth, consumption is the most important contribution to Chinese economy. According to 2016 China consumption trend report [3], in the large number of goods purchased outside, there are a large number of ordinary daily necessities and other basic necessities, which shows the strong consumption ability of our residents. In accordance with the exploratory standards issued by the National Bureau of statistics, families with annual disposable income between 90 thousand and 450 thousand yuan are considered to be middle-income families. According to this calculation, China's middle-income group accounted for 24.3% of the total population, about 300 million people, this huge population have higher requirements for quality of life, so if the quality, variety and style of the domestic product can meet the needs of residents to upgrade consumption, it will expand domestic demand to stimulate China's economic growth.

Pullback Consumption Abroad Can Expand Domestic Demand, Increase Employment and Tax Revenue

Both the international and domestic markets are important, but China mainly relies on domestic market, so domestic market is fundamental. Consumption supports production and can stimulate economic growth and promote the development of production. Therefore, the withdrawal of foreign consumption into the country can not only expand domestic demand, increase domestic employment and tax revenue, but also help maintain a steady growth of the domestic economy and contribute to social expansion.

Measures to Pullback Consumption Abroad

Deepen the Supply Side Reforms, Expanding the Scope of the Implementation of "Same Line, Same Standard, Same Quality"

On March 5, 2017, Premier Li Keqiang mentioned in the government work report to increase the consumption of high-quality products, and guide enterprises to increase variety, quality, brand, expand the scope of implementation of the import and export products within "Same line, same standard, same quality", in order to better meet the consumption upgrade demand. Expanding the scope of implementation of the import and export products within "Same line, same standard, same quality" will not only attract consumption abroad but also promote domestic consumption and steady economic growth[4].
At present, in the efforts of enterprises and governments, many of the quality, standards and processes of the products which made in China are not worse than foreign brands. Chinese enterprises should innovate, develop, manage and control the quality of commodities, pay attention to brand building, increase the added value of products, take the new technology, high quality and high value brand road.

**Reduce Import Tariffs**

High tariffs mean that consumers spend more money in China than abroad on the same things. So if the tariff can be reduced, it will make some consumption back. Actually, in order to promote the growth of foreign trade, the Tariff implementation programme 2015 has adjusted the import commodity tax rate, the agreement tax rate, preferential tax rate, export commodity tax rate and tax items, added 17 items to implement a lower provisional tax rate, and the tax rate of 11 commodities was further reduced on the basis of the provisional tax rate in 2014. In 2016, the government further expanded the scope of tariff reductions in imported goods, and lowered the provisional tax rate of 16 items of consumer goods, including bags, clothing, scarves, blankets, vacuum heating cups and sunglasses. If we really want to pullback more consumption, the government needs further efforts.

**Increase the Number of Duty Free Shops**

At present, China only have duty-free shops in the airport exit and Hainan. Nationals do not often leave the country, and do not often go to Hainan, so more consumers cannot go directly to duty-free shops to buy things. In reality there are a large part of the consumer choose outbound tourism to buy duty-free products. If we can increase the number of duty-free shops appropriately, some consumption will be returned to China, this will not only promote consumption in China, but also promote China's economic growth.

**Enhance Domestic Consumption Experience**

According to China's consumption trend report in 2016 [3], some of China's overseas consumers belong to people who buy both at home and abroad, it means that they are the object of pulling back consumption abroad, they are not too sensitive to the price, then the main factor determining their shopping is service, but if the price can be reduced then it will be better to pull back consumption abroad.Value for money is based not only on the minimum purchase price (economy) but also on the maximum efficiency and effectiveness of the purchase. In this case, enterprises need to strengthen the training of sales staff, especially to provide thoughtful and polite smile service and attentive after-sales service, strengthen customer relationship management and maintenance, enhance the domestic consumer experience.

**Conclusions**

Change the pattern of excellent quality of export, poor quality of domestic sales, high standards of export and low standards of domestic sales. Fundamentally change the traditional trading system of the difference between internal and external, internal and external separation, internal and external segmentation, and strive to build a trade system with standards in internal and external, integration of
domestic and foreign trade and globalization of the market. Adapt to the requirements of “internet +”, pay attention to brand and give the brand more cultural connotation. We should carry forward the "craftsman spirit", with a highly responsible attitude to consumers to achieve the return of consumption abroad.

Acknowledgement

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Beijing social science fund research base project "Beijing clothing" old brand marketing innovation strategy research" (16JDGLB034).

References

[1] UNWTO: The World Tourism Organization (UNWTO) is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism.
Reference to two reports: