

# Investigating Consumer Behavior in China during the Covid-19 Pandemic

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## ABSTRACT

The purpose of this study was to examine possible engagement of nationalism/patriotism among Chinese consumers and the relevant regulations and laws. Designed questionnaires will be used to gather data for testing the hypothesis. Possible outcome of this study might help the local, and foreign-based marketers, retailers, and traders in China would understand how to effectively deal with and respond to significant changes in Chinese consumers' behaviour.

**Keywords:** *Consumer Behavior, Economic Patriotism, Covid-19, Chinese market*

## 1. INTRODUCTION

Concerning the study of marketing, consumer behaviour focuses on analysing individuals or groups' emotional, cognitive, and behavioural reactions such as product or brand preferences and attitude regarding the purchase, use, and clearance of goods and services [27]. To identify patterns behind consumers' preferences and consumptions, consumer behaviour closely examines consumer demographics, including personality and lifestyle, brand loyalty and advocacy, purchase decision, purchase experience, product evaluation, usage frequency of products and services, willingness to pay as well as re-purchase and promoting intention [5] [12]; [42]. Aside from disposable income, consumer behaviour also explores all other internal and external factors influencing consumers' buying behaviour [26].

The ongoing coronavirus pandemic affects consumer behaviour and lifestyle, including financial management, investments, and how consumers spend money on products and services [12] [13] [22] [44]. The coronavirus outbreak has altered consumption attitude, motivation, decisions, and intentions in purchasing goods and services [43] [38].

Global health, safety, and socioeconomic concerns regarding the coronavirus pandemic started in late 2019 up to the present time [46] [47]. To better understand how the current coronavirus pandemic affects consumer behaviour, this study gathers first-hand information from Chinese consumers to identify Chinese shopping behaviour patterns during the entire period of global health and economic crisis. Overall, this study's

result will assist the local marketers, retailers, and traders in China in dealing with and responding to changes in shopping habits effectively.

## 2. RESEARCH AIM / PURPOSE OF THE STUDY

This study aims to investigate consumer behaviour in China during the Covid-19 pandemic. To obtain first-hand information about consumer buying behaviour, attitude, and preferences, at least 250 consumers in China will be invited to complete the online research survey questionnaire.

### 2.1. Research Objectives

Objectives of this study include the following:

- (1) Verify if Chinese consumers are engaging in economic nationalism/ patriotism in times of global health and socioeconomic crisis;
- (2) Discuss how ethnocentrism develops amongst the Chinese consumers in China;
- (3) Identify specific business regulations and laws released by the Chinese government to influence Chinese consumers' decision to purchase foreign brands; and
- (4) Determine how strong economic nationalism is in China during the Covid-19 pandemic.

## 2.2. Research questions

- (1) Do most Chinese consumers patronize local brands and domestic products more than imported goods and foreign brands?
- (2) How do Chinese consumers develop positive emotional attachment towards locally products and brands (i.e. ethnocentrism)?
- (3) Is the Chinese government using any business regulations and laws to restrict Chinese consumers from purchasing foreign brands?
- (4) How strong is economic nationalism in China?

## 3. THE RATIONALE FOR SELECTING THE RESEARCH TOPIC

Foreign companies entered China to increase their sales and profits since the Chinese government opened its door to global trading in 1978 [16] [40]. To protect the local businesses, the Chinese government is actively using foreign business policies and laws to regulate and control the movements of foreign companies in China [8]. For instance, instead of giving foreign companies exclusive rights to operate in China, all foreign investors are required to enter into a joint business venture with the local business in China [16] [29].

Despite government control over the inflow of foreign direct investments (FDI) in China, Chinese consumers have the freedom to select, purchase and patronize their preferred brands, products and services [37]. This research explores how Chinese consumers are currently behaving despite the ongoing pandemic. Therefore, local and foreign-based marketers, retailers, and traders in China would understand how to effectively deal with and respond to significant changes in Chinese consumers' shopping habits.

## 4. SCOPE AND LIMITATIONS OF THIS STUDY

The concepts of consumer behaviour are pretty broad. For instance, Di Crosta et al. [12] explained utilitarian shopping refers to consumers' willingness to purchase necessary products in our day-to-day living. In contrast, hedonic shopping relates to consumers' decision to buy luxury products that they can live without. Due to the fear and anxiety caused by Covid-19, most consumers engage in utilitarian shopping behaviour more than hedonic shopping behaviour [12]. However, there are cases wherein consumers would engage in hedonic shopping behaviour because of financial capability and depression [12]. Over-purchasing caused by panic buying and purchasing items online is also evident in modern-day consumer behaviour [19].

To narrow down the scope, this study focuses on economic nationalism. Online survey methods are used to determine how well Chinese consumers patronize locally made products. This study also identifies business regulations and laws used to dissuade Chinese consumers from purchasing imported products.

## 5. LITERATURE REVIEW

Economic nationalism, also referred to as economic populism or economic patriotism, is a thought, idea or belief giving more importance to state intervention than allowing the market to control the domestic economy [24] [30]. Going beyond economic nationalism, Clift and Woll [9] explained economic patriotism may include territorial allegiances at the local or supranational level. In general, economic nationalism is associated with boycotting foreign brands favouring local brands [7] [11]. Consumers have ethnocentric consumption responsibility in economic and social connotations [6]. Through economic nationalism, consumers and the government can protect the local businesses from competing with foreign-based companies [10].

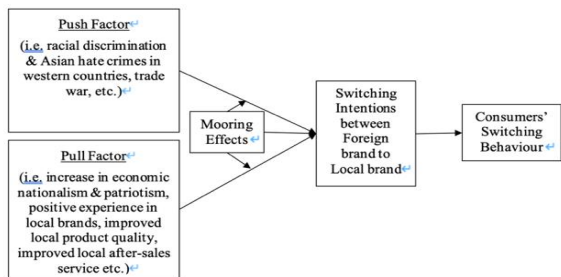
In times of pandemic, several studies agree with the view that consumers tend to prioritise locally made products to support their economic growth and development [44]; [45] [48]. For instance, based on the online survey conducted by Verma and Naveen [44] between March 30, 2020, to April 18, 2020, they found out that economic nationalism caused by product-specific ethnocentric behaviour (PSEB) and lockdown sentiments in consumers strongly affected their willingness to purchase locally made products and brands. Consumers believe that buying domestic products and encouraging others to do that would contribute to developing their economy [44].

Other studies suggest that some consumers are observing economic nationalism during the pandemic. For instance, when Covid-19 began to spread in Europe, Wang [45] reported that the European nations started to close their borders which somehow supports the economic nationalism in Europe. According to Heiman and Just [23], consumers often refuse to purchase imported items from countries that conflict with their own country. Boylan et al. (2021) pointed out economic nationalism in China has been already substantial due to the trade war between the US and China.

The ongoing Coronavirus pandemic caused crimes against Asian Americans in western countries[4]. China is globally known for being a communist country. Partly because of racial discrimination in western countries, China's economic nationalism is significantly growing, as evidenced by its "going local" attitude [15] [39] [20]. Rather than patronizing foreign brands such as Adidas, Nike, Burberry and H&M, Tan [39] reported that famous Chinese actors and influencers such as Huang

Xuan and Wang Yibo started to withdraw their commercial endorsements for foreign brands. As a result, consumers in China begin to boycott foreign brands and support local sports brands such as Anta Sports and Li Ning [39] [49]. Therefore, the market share of foreign brands is gradually shrinking each year as local brands' sales continuously increase in China [1] [15]. In the long-run, foreign brands are being challenged to re-examine their marketing and branding strategies in China [20].

The theory behind the push-pull-mooring (PPM) is a valuable model for investigating factors that lead to consumers' switching intention and behaviour [17] [28]. Considering the case of consumers in China, the push factors would encourage them to stay away from foreign brands. In contrast, the pull factors would enable them to patronise and purchase locally made products and brands [14]. An excellent example of push factors is the ongoing hate crimes against Asian Americans in western countries. And a good example of pull factors is the continuous improvements in the product quality of domestic products [1][4]. On the other hand, the mooring factors could constrain or facilitate Chinese consumers' judgements of foreign and local brands, including the switching costs involved in their final purchase decision [25]. Figure 1 presents the theoretical framework of this study.



**Figure 1** – Theoretical Framework Based on the Push-Pull-Mooring (PPM) Model

Source: Author, modified from the work of Nimako and Ntim [32]

**6. PROPOSED RESEARCH METHOD**

To get a more reliable statistical result, researchers need to use a relatively large sample size of at least 200 samples [34] [33]. Therefore, we would purposely investigate Chinese consumer behaviour by conducting an online research survey with at least 250 participants in China. Regardless of gender, all qualified research participants are limited to all consumers currently living in China. And all eligible research participants should be at least 18 years old and above [3].

As a general rule, a small sample size should be avoided to reduce the risks of measurement errors [41] [36] [18] Using the quantitative research method, the researcher could quickly gather inputs from a large group

of Chinese consumers and generate a more generalized response from qualified online survey respondents [2] [35]. At the same time researcher could collect data from eligible research survey participants regardless of their location or geographical distance [41].

**7. TOOLS FOR COLLECTING PRIMARY RESEARCH**

A quantitative research survey questionnaire will include closed-ended questions [31]. Our questionnaire will be designed using “yes” or “no” questions, multiple-type of questions, rating scales, and 5-point Likert scale questions [21] [31]. For example, to gather demographic data, multiple-type questions will be used for the first three (3) questions. This way, the researcher would know the participants’ age, gender, and income bracket. To investigate signs of economic nationalism in Chinese consumer behaviour, the remaining questions will consist of 5-point Likert scale questions “yes” or “no” questions.

The 5-point Likert scale questions are designed to examine if there is a close relationship between the ongoing hate crimes or racial discrimination against Asian Americans in western countries.

The researcher will use the purposive and convenience sampling method to recruit qualified research survey respondents. It means that the researcher would randomly select survey respondents residing in China. This way, the researcher could gather Chinese consumers' personal opinions, ideas, and thoughts without bias. Using these two (2) kinds of sampling methods, the researcher could directly gather responses to address the proposed research questions.

**8. PROPOSED DATA ANALYSIS METHOD**

Data collected will be analyzed through the use of SPSS, and to easily present quantitative data in the final report, the researcher will use tables and charts (i.e. pie charts, bar charts, etc.). To determine if hate crimes or racial discrimination in western countries lead to the increase in economic nationalism in China, the researcher will conduct regression analysis using data collected in 5-point Likert scale questions.

**9. CONCLUSION**

This research would elaborate if Chinese consumers were developing patriotism/nationalism consumption habit during the covid-19 pandemic, and elaborate the possible push and pull factors behind this phenomenon. The outcome of this study could not only benefit the local and foreign marketers and the native policy makers, but also to fill the gap among literatures for deep understanding to Chinese consumers and the market.

To conclude, through analyzing the primary data gathered using descriptive approach, few possible outcomes, limitations, and future possible research is stated below. Outcomes of this study include the following: Data collected shows significant signs of economic nationalism/patriotism during/after the covid-19 pandemic among Chinese consumers. Identification of few distribution channel of information (including regulations and laws) that could lead to positive inception of emotional attachments of Chinese consumers. This study, because of its method of collecting data and other incompletes, could face various difficulties including but not limited to: Data collected by quantitative research might be incomprehensive and lack of depth comparing to qualitative research method, scale questions might not be capable of digging the deeper thoughts and understandings from the consumers. This research might not be able to provide substantial and in-depth information about Chinese consumers' implicit cognitive about purchasing local brands.

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