

# The effect of internet development on the consumption upgrade in China

## Objective:

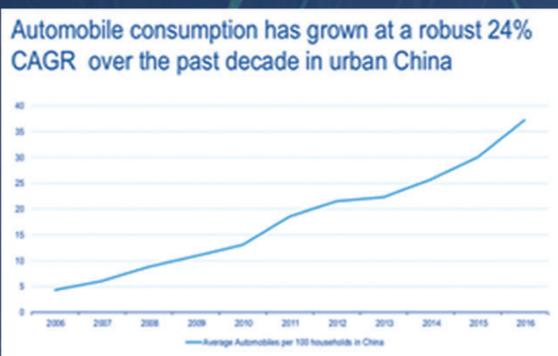
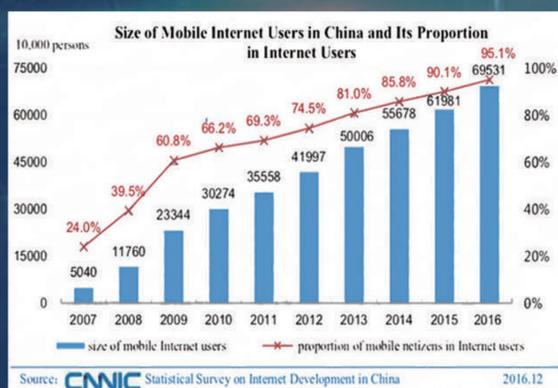
How consumption upgrade develops and where it goes are important economically for analysis of consumer behaviour, it may be possible to predict the future directions of markets. In turn this would enable us to employ regulatory market management processes to avoid potential economic disruptions. This would enable societies to be proactive against economic turmoil, as apposed to the reactive and often unprepared strategies used today.

## Results:

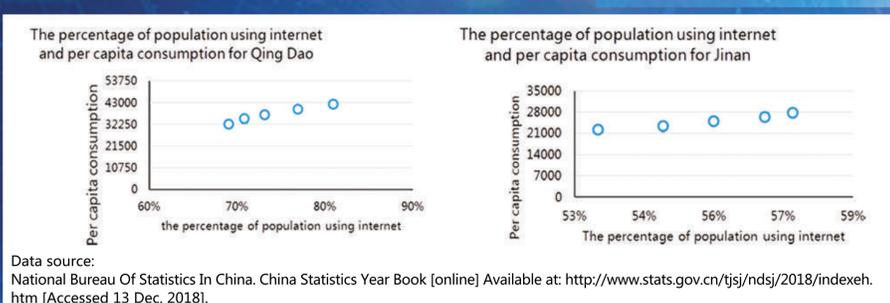
### The internet development and the per capita consumption

The internet penetration rate increased in past 10 years.

The CAGR increased as well.



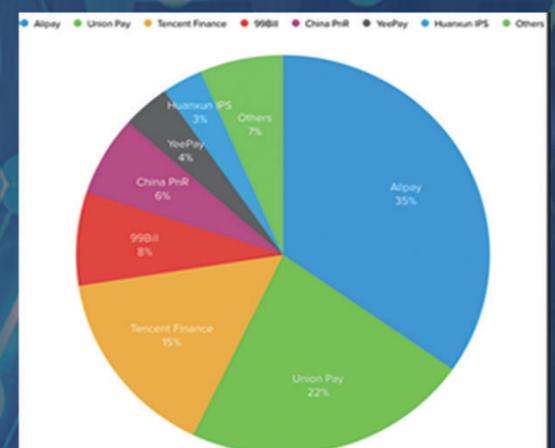
Here are two graphs that show two correlations between the percentage of population using internet and per capita consumption in Qingdao and Jinan for five years from 2013 to 2017. As you can see, it is very obvious that correlations are positive, What is more, Qingdao has a faster growth rate of percentage of population using internet, it has a larger per capita consumption as well. This suggests that the internet development promotes the consumption upgrade in China.



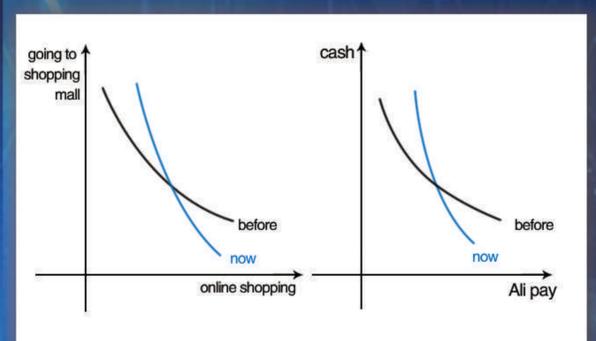
## Results:

### The change of the consumption structure.

The consumption structure of households in China has changed a lot. Previously, they mainly paid by cash or Union card, whereas now, they pay by Ali or Tencent through digital repayment method.



More than 40% companies carry out online sales and procurement, with the integration of the traditional industry and the "Internet +" being expedited. With a "no wallet" era quietly initiated, the scale of online wealth management users grows steadily. People prefer online shopping and Alipay as suggested by the difference curves shown below. Their preferences have changed.



## Motivation:

The facts that the internet develops dramatically, and consumption upgrade is proceeding are well known. However, few researches try to address the relationship between them. This research will discover interests of the advanced internet development in China bringing the potential to the social media marketing, resulting in the emergence of self-organising e-commerce through innovative platforms such as live-streaming sale and booming internet video selling promotion. These indeed facilitate the consumption upgrade, which in turn drives China's economy.



## China has seen rapid rise in use of smartphones for online shopping and payments over past 5 years

