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**WWW. A CLOSER LOOK @CHINESE CONSUMER.COM**Xiuli Zhu<sup>1</sup>, Wing-sun Liu<sup>2</sup>, Jimmy Lam<sup>2</sup>**ABSTRACT**

According to a survey conducted by the China Internet Network Information Center in 2005(2005), there were 103 million internet users in mainland China. Furthermore, China is expected to have 57 million broadband subscribers by the end of 2007 (Electronic News, 2005). It is argued that Internet consumption patterns in China are closely related to the construction and reconstruction of individual and collective identities. They have a strong cultural and social orientation (Li, 2006). Trust is perceived as an important determinant for online business in China. In China, the favorite on-line games are those associated with Chinese legends of knights (Hong Kong Trade Development Council, 2002). In one of the popular chat rooms in China, QQ.com, members can buy clothes, jewelry, and accessories to decorate their virtual images. Users can use "Q-money" to purchase fashionable products to dress up their virtual selves. An imagined or hyper-real (Baudrillard, 1988) community is in sight. In China ebay, there is a particular section for lover's fashions, and the designs are very telling of the relationship of the wearers. "Lang Man Yi Shang" is one of the most popular brands in Hangzhou, China. Literally translated, the brand means "Romance All Over." In the company's website, different "romantic activities" are conducted for various marketing orientations. Strung through these fragmented pieces is a new picture of consumers in the digital age. This group of consumers makes up one-fifth of the world's population. This paper attempts to get a closer look at them.

**1. INTRODUCTION**

It has become a cliché to talk about the tremendous business opportunities available in cyberspace and also in China. The study of Chinese consumers in the cyberspace, however, has escaped the attention of academia; only a limited number of studies on the subject are available. We attempt to take at a closer look at Chinese consumers in cyberspace through the activities of three Chinese websites, further supplemented with extant contextual studies in that connection. Some advice for online businesses will be given.

**2. THE PRACTICAL POSTMODERNIST**

"As I write these words, I keep shuffling the text on the computer screen. Once I would literally have had to cut and paste. Now I call it cut and paste. Once I would have thought of it as editing. Now, with computer software, moving sentences and paragraphs about is just part of the writings.... There is something else that keeps me at the screen. I feel pressure from a machine that seems itself to be perfect and leaves no other thing but me to blame"(Turkle, 1995)(p. 29). Sherry Turkle is a professor of the Sociology of Science at the Massachusetts Institute of Technology and a clinical psychologist. It is a relief for me to hear about the pressure felt by Turkle. Now I know that I am not the only one who feels this way.

While typing this paper, three authors from different locations are using email to communicate. It is no wonder that on a small computer screen, different websites from all over the world have been opened, and that icqing activities and webpages on

different subjects are in operation. A state verging on that of fragmented selves (Giddens, 1991) is being experienced. Gergen (Gergen, 1991) described identity as a “pastiche of personality,” in which “the test of competence is not so much the integrity of the whole, but the apparent correct representation appearing at the right time in the right context, not to the detriment of the internal collective”(Jackson, 1993) (p. 146). As a teacher, this idea of fragmentation of selves used to be a relatively difficult idea to explain clearly to a class. This is because it sounds very philosophical and very distant to the students. Once, some students commented that the notion “is very “Zen.” However, the fragmentation of selves is no longer a philosophical thought; it has become a reality. Detweiler and Taylor (Detweiler and Taylor, 2004) have attributed this phenomenon to the quantum leap of ideas, values, and ethics in an era of postmodernity; and have developed a new concept of “practical postmodernism.”

### **3. A LOOK AT TRADITIONAL CHINESE CONSUMERS**

Early on Tse (Tse, 1996) wrote that “consumption was regarded in traditional Chinese societies more as a tool to serve higher-order needs than as an activity in its own right.... Consumption tends to carry negative associations in the traditional Chinese value system. In traditional China, excessive consumption, even by noblemen, was heavily criticized.... In general, however, at all levels of society we can say the enjoyment of consumption was strictly confined within parameters set by the Chinese value system of *lai* and the expectation that one match consumption behaviour with one’s social status.... Contrary to any impulse to consume, the Chinese have traditionally been encouraged to save....” With the dawning of the Internet age, this picture of the conservative, interdependent (Fiske et al., 1998), and acetic nature of traditional Chinese consumers gives us an interesting backdrop to assess who they are in the cyberspace.

### **4. A GLIMPSE AT WEB ACTIVITIES IN CHINA**

#### **4.1 Background of online shopping in China**

Although e-Commerce started in China five years ago, the initial development was not satisfactory. However in 2003, “SARS” in China made a sudden growth of Internet shopping in China. Those B2B, B2C and C2C Internet companies started to growth and made profits in 2003. In June 2003, eBay started the business in China and it followed by Amazon.com in 2004. This section reports the characteristics of online shopping in China. The survey was conducted in 2004 by China Internet Network Information Centre (CNNIC,2004) on users who browsed the Internet for shopping or purchased directly from Internet. Users’ profile of the online shopping is shown in Table 1.

<b>Characteristics</b>	<b>Distributions</b>	
Sex	Male	60.6%
	Female	39.4%
Age	Below 18	12.3%
	18-24	41.9%
	25-30	26.0%
	31-35	9.7%
	36-40	4.1%
	41-50	3.9%
	Above 51	1.1%
Educational Level	Primary	3.9%
	High School	21.1%
	College	29.0%
	University	38.0%
	Postgraduate	8.0%
Married Status	Single	38.2%
	Married	61.8%
Occupation	Civil Servant	6.0%
	Management	11.0%
	Professional	14.1%
	Teacher	12.3%
	Student	31.7%
	Unemployed	4.9%
	Others	20%
Personal Income	\$500	13.2%
	\$501-1000	19.2%
	\$1001-1500	12.5%
	\$1501-2000	8.2%
	\$2001-2500	5.2%
	\$2501-3000	5.4%
	\$3001-4000	2.4%
	\$4001-5000	1.3%
	Above 5001	3.4%
Family Income	Below \$500	0.7%
	\$501-1000	3.6%
	\$1001-1500	8.2%
	\$1501-2000	9.9%
	\$2001-2500	13.0%
	\$2501-3000	12.3%
	\$3001-4000	14.9%
	\$4001-5000	13.0%
	\$5001-6000	8.8%
	\$6001-10000	7.3%
	Above \$10000	7.3%

Table 1: Profile of on-line shopping in China, 2004 (CNNIC,2004)

The majority of users in China are young people (25-30) with good education background (University degree, 38%). Their personal income is \$1000-1500 and their occupations are students (31%), professional (14%), and teacher (12%).

The profile of online shopping experiences is shown in Table 2. Majority of users who choose a particular online shopping website is from Internet advertising (42%) and search engine (33%). The reasons for online shopping are: brand (48%), price (45%) and convenience (32%). The reasons for not doing online shopping are: trust (62%), product quality (47%), security for payment (42%) and after sales service (36%).

<b>Online Shopping Experiences</b>	<b>Distribution</b>	
Did you visit an online shopping website in the past six months?	Yes	60.6%
	No	39.4%
How frequently did you do your online shopping?	Once a day	7%
	Once a week	34%
	Once a month	34%
How did you know the website?	Internet Adv	42.4%
	Search Engine	33.3%
	From friends	29.0%
	Internet Link	16.1%
Reasons for online shopping	Brand	48%
	Price	45.8%
	Product	32.4%
	Convenient	32.2%
	Lowest cost	31.5%
	Information	29.6%
Did you make any online shopping?	Yes	29.6%
	No	70.4%
Reasons for not shopping in Internet	No trust on Internet	62.4%
	Quality of product	47.4%
	Security on transaction	42.3%
	After sales service	36.8%
	Complicated	30.5%
Will you try online shopping again, if you have not do so?	Yes	63.7%
	No	9.5%
	Not sure	26.8%
Reasons for shopping on Internet	Convenient (door to door)	53.9%
	Lowest price	50.1%
	Can buy product overseas	44.8%
	Save time	35.7%
	Large product variety	31.9%
Did you compare with different online shopping websites?	Yes	57.8%
	No	42.2%
Reasons for choosing a particular online shopping websites	Product Variety	51.4%
	Brand Name	46.1%
	Lower price	34.5%
	Good shopping experiences before	30.4%
	Delivery	25.8%
Items you bought for online shopping	Book	47.8%
	CD	25.5%
	Clothing	18.1%
	Gift	17.9%
	Consumer Electronic	15.0%
	Mobile Phone	9%

Table 2: Online shopping experiences in China, 2004 (CNNIC,2004)

## 4.2 A look at three Chinese websites

### 4.2.1 Online Community of QQ (Tencent)

#### Historical background of QQ (Tencent)

Founded in Shenzhen in November, 1998, Tencent is recognized as the operator of the leading Internet community in China. Tencent's instant message service platform, "QQ" was formally launched in Feb. 1999. After years of strong business growth, on

July 16, 2004, Tencent Holdings Limited went public on the main board of Hong Kong Stock Exchange.

For the last seven years, Tencent kept steady developing space in high speed with more than 4.3 hundred million registered accounts. Today four network platforms were created, namely QQ; QQ.Com; QQ game and QQ mobile. Tencent's diversified products satisfy users' requirements in their daily life, such as QQ.com, QQ IM and Foxmail. For showing and entertainment, they have QQ show, QQ pet, QQ game and QQ music/radio/TV on line.

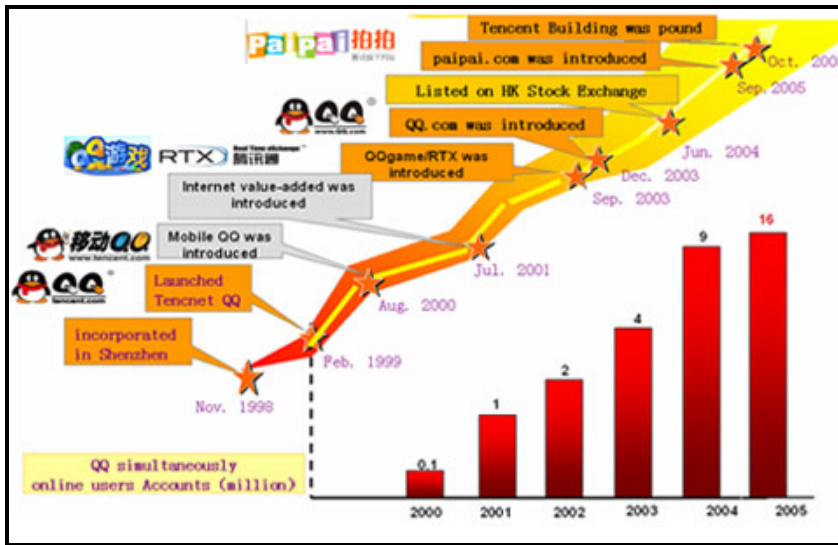


Figure 1. Online service of QQ in China (Year 2000-2005)

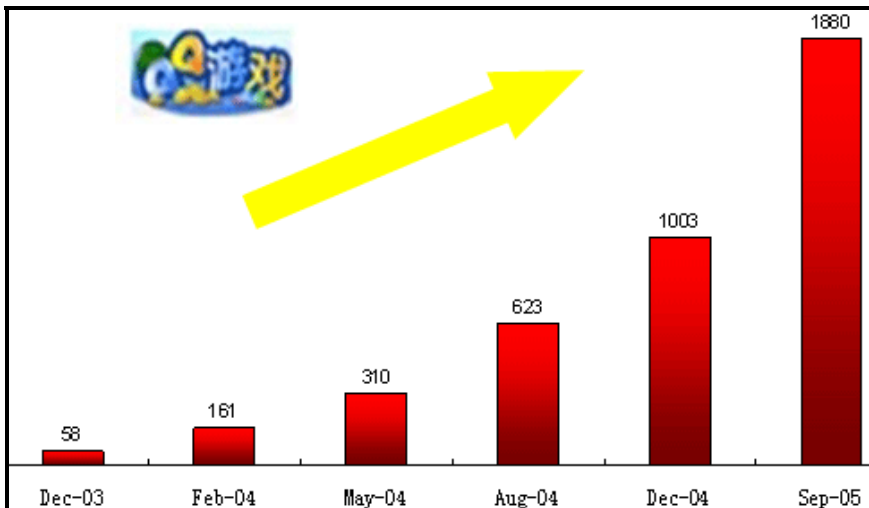


Figure 2. Development of online game on QQ.com (2003-2005)

## Content analysis of QQ

The preference for textual messages is a major characteristic of Chinese consumers. This preference applies not only to the design of websites, but is also prevalent in other media in their daily lives. It has been suggested that because of their habitual preference for texts instead of visuals, Chinese consumers are more rational than their western counterparts (Ng and Cheung, 2001).

In the chat rooms of QQ.com, members can buy clothes, jewelry, and accessories to decorate their virtual images. Users can use “Q-money” to purchase fashionable products to dress up their virtual selves.

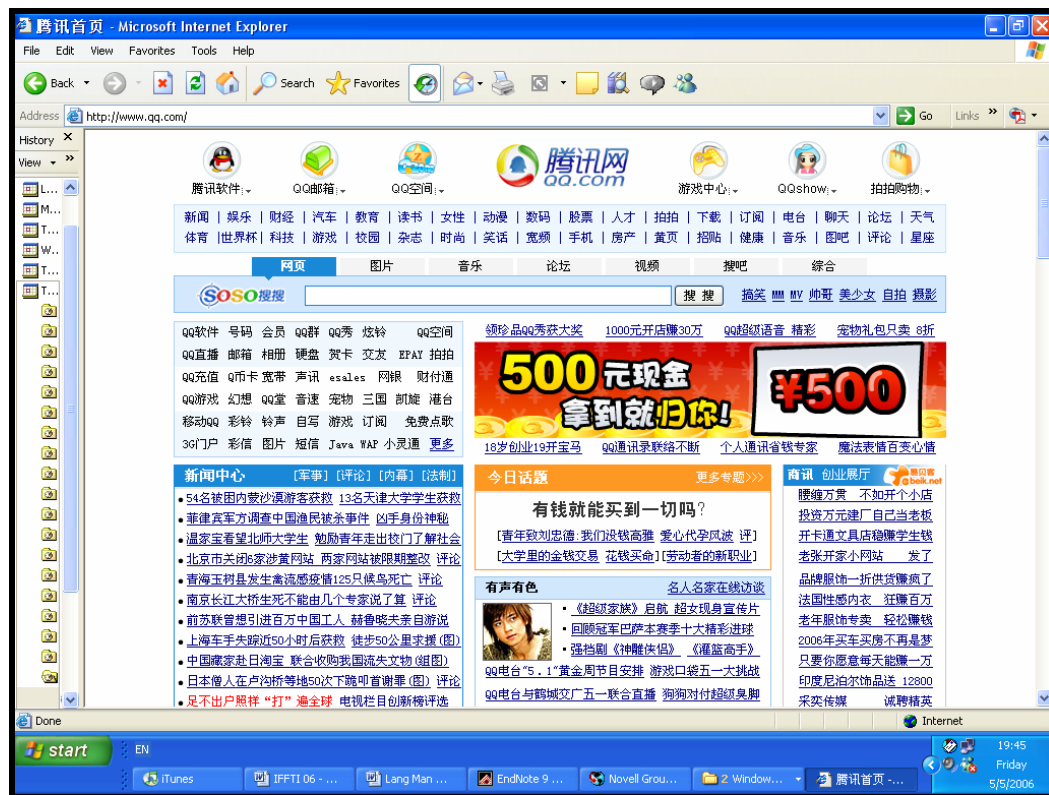


Fig. 3. A very textual image of the website of QQ.com

### 4.2.2 eBay China

Original eBay was started in USA, it was launched in China in August, 1999 and immediately it became the flagship of e-Commerce in China. Take a look for the transaction of eBay in China:

- every 0.5 second a new product arrives in eBay China;
- every 1 second a buyer bids a price in eBay China; and
- every 3 seconds a transaction is done in eBay China.

A closer look for items sold in eBay China can find out the following:

- every 5 minutes sold a Chinese painting;

- every 4 minutes sold a zippo;
- every 3 minutes sold a watch;
- every 1 minute sold a mobile phone;
- every 1 minute sold a postage stamp;
- every 40 seconds sold a online game;
- every 35 seconds sold a pair of shoes;
- every 30 seconds sold a skirt; and
- every 30 seconds sold a pair of sport shoes.

eBay China is one of the biggest and well known platforms on e-shopping in China.

The eBay China has a very unusual category, which is fashion for lovers. (shown in Figure 4 and 5) A strong socio-cultural orientation is evidenced.



Fig. 4 Lover Romantic on e-Bay China

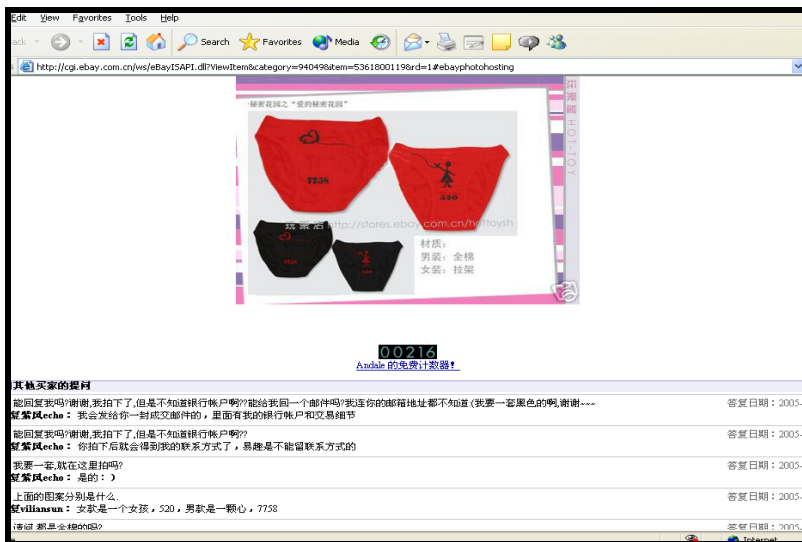


Fig. 5 Intimate apparel shown in eBay China for lovers

### 4.2.3 LMYS

Lang Man Yi Shang is one of the best-selling fashion brands in Hangzhou, China. Literally translated, it means “Romance All Over”. Not only consumers in China tell that this is a brand from China, the name itself is highly suggests that it is a “Hangzhou” brand. This is because the brand has a poetic meaning, is composed of four Chinese characters and rhymes. Most other popular fashion brands in Hangzhou have these very same characteristics.

With this brand, consumers are consuming or even co-creating (Firat et al., 1995) the salient images of romance. Fashion or fashion brands are made very romantic in this part of the world, where people are conventionally considered to be more conservative or romantically introverted. In the website of “Lang Man Yi Shang” different “romantic activities” are conducted for various marketing orientations.

The choices of consumers are coloured by the their emotional orientation (Shaughnessy and O'Shaughnessy, 2003). Brands today have become a resource that consumers drawn on to construct their identity (Elliott and Wattanasuwan, 1998). “A brand with an emotional difference can potentially command a premium forever” (Cowley, 1999). The success of “Lang Man Yi Shang” in Hangzhou, and further the popularity of this kind of brand (i.e., a romantically explicit one) in China, certainly gives a strong message – that Chinese consumers are different from consumers elsewhere. Romance is consumed in a different manner in China.



Fig. 6. Webpage of LMYS, different marketing activities with a strong romantic orientation



## **5. A CLOSER LOOK AT CHINESE INTERNET COMMUNITIES**

Notwithstanding the size of the population and the potential of the market, there has been no parallel response from academia. In the website of the very representative and prestigious Association of Consumer Research, there are only three returns when the keywords, “Chinese, Internet” are fed into their database (Dou et al., 2002, Liu et al., 2002, Wells and Chen, 1999). This number might not be accurate, yet it is indicative of the sparse activities in that area.

### **5.1 A contextual study of Internet consumption in China**

According to a survey conducted by the China Internet Network Information Center (2005), there were 103 million internet users in mainland China. Furthermore, China is expected to have 57 million broadband subscribers by the end of 2007 (Electronic News, 2005) Li (Li, 2006) has done a contextual study of Internet consumption in China. The Internet was introduced to China during the early 1980s. One of the main reasons why the Internet was not popular in China until recently was because of the scarcity of Chinese language context on the Internet. However, it is projected that the Chinese language will be the second most popular language on the Internet by the year 2005 (Rayburn and Conrad, 2004) . In China the “One-Child Policy” created a “4-2-1 syndrome,” meaning that there are four grandparents and two parents pampering one child (Jing, 2000). The One-Child policy was introduced in 1979, and that generation and the ones following them have become an important group of computer users in China. Among users in major cities in China, going online has become the second most popular leisure activity after watching television. The Internet is used primarily as an interpersonal communication medium (email and peer-to-peer and group interaction), and secondly as an information medium (search, news, browsing). Further, online entertainment, such as games, music, and movies, has become increasingly popular (Zhu and Wang, 2005). Li (Li, 2006) argued that there is a strong cultural orientation in the area of online games in China, “the top games in China differ fundamentally from their counterparts in the U.S. and Japan, where video and online games emphasize individual competition and achievement, as well as personal development. In contrast, Chinese “netizens” are most attracted to massively multi-player online role-playing games, where players take on roles within a social hierarchy and engage in coordinated strategies or other collective activity. In comparison, Americans and Japanese have a strong desire to succeed on their own, while the Chinese game players tend to seek to be part of a successful group or team.... Chinese legends of knights and other Chinese myths are the favorite game theme in mainland China.... They also expose young people to traditional Chinese cultural artifacts and values while giving them opportunities to develop their social skills.” Li explicitly posited that, “The negotiation of Chinese culture and values will be a side-effect of online games in contemporary China.” According to Li, the net activities in China a strong socio-cultural orientation.

### **5.2 It is about trust**

Liu et al. (Liu et al., 2002) also suggested that “China’s cultural characteristics and low level of consumer confidence constrain the ability ... to build online trust” (p. 336). Trust is considered a critical factor in the on-line business environment (Novak et al., 1999). In the Internet environment, it is literally the computer screen that we are

dealing with, yet in an Internet business transaction, a great deal of private information is involved.. This factor of trust, however, is more obvious among Chinese consumers. Trust is the root of a good *guanxi* (“relationship” in Chinese) in China and leads directly to cooperative behavior conducive to successful relationship marketing (Wong, 1998). *Guanxi* is not only important in personal relations, but also a widely recognized key business determinant of a firm’s performance in China (Wong, 1998). According to CNNIC (2002), two primary obstacles to online buying in China, are 1) security cannot be guaranteed; 2) the credit of producers cannot be guaranteed. In Liu et al.’s study, some solutions were suggested in that connection, “Trust-builders designed to support the Eastern favored ‘past orientation,’ such as websites that emphasize an online business’s history and stability, warrant testing ... graphic elements that suggest face-to-face relationships, such as pictures of the proprietors might help buyers relate to seemingly intangible vendors” (p. 340). In any case, the Internet environment in China has made the building of trust an even more challenging issue for online buyers and sellers.

## 6 CONCLUSIONS

The idea that the Internet has transformed us into practical postmodernists (Detweiler and Taylor, 2004) might still be difficult for many to understand. However, in the light of globalization, few would deny that cyberspace is the best site for us to realize the “one world concept.” Furthermore, the presence of Chinese as consumers in cyberspace has further accentuated the potential for market opportunities in cyberspace. One should caution that Chinese consumers are a distinct group of consumers with a strong cultural orientation. This paper has made no attempt at conducting a conclusive study of them. Rather, it is hoped that a closer look at Chinese consumers in cyberspace will stimulate more studies into online businesses in China.

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