

China's Rural Consumer Market in the New Paradigm: Characteristics, Problems and Countermeasures

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Abstract. Consumption has played an important role in stimulating the economy under the new development paradigm. The potential of rural consumption market can help expand domestic demand and smooth the domestic circulation, thus effectively promoting China's economic growth. The consumption market in rural areas develops slowly. Based on this, this paper analyzes the characteristics and problems of rural consumption in China, so as to provide corresponding policy suggestions for the development of China's rural consumption market.

Keywords: consumption, consumption market, rural residents

1. Introduction

In 2021, the State Council of the Central Committee of the Communist Party of China (CPC) pointed out in "No. 1 central document" that it is urgent to expand rural demand and smooth the economic cycle between urban and rural areas. Finding the rural consumer market demand and stimulating the potential of rural consumer market are of great significance to build a new development paradigm, which is the key to promoting the domestic circulation and expanding domestic demand, as well as an important measure to meet the aspiration of rural residents for a better life. Most of the existing literature conducts research from the perspective of residents, while relatively little research has been conducted on the market which affects the occurrence of residents' consumption behavior. This study will outline the current situation of the rural consumption market and its characteristics, and analyze the problems existing in it in depth, then finally propose corresponding countermeasures.

2. Current situation of rural consumption market

2.1 A Subsection Sample Gradual expansion of market scale

The scale of China's rural consumption market has gradually expanded and has certain resilience at the same time. Since 2010, the total retail sales of China's rural consumer goods have been on an upward trend, which in 2019 it was 6,033.15 billion yuan, 2.89 times of it in 2010. After a brief decline in 2020, the total retail sales of China's rural consumer goods quickly recovered from 5,286.17 billion yuan in 2020 to 5,926.48 billion yuan in 2021. The data suggest that rural consumption has a relatively strong resilient, and has the basic characteristics to resist economic risks.

2.2 Huge potential of consumer market

The large population size of rural residents, their enhanced consumption capacity and stable income growth demonstrate the huge potential of the rural consumption market. 2010-2021, the consumption level of rural residents increased from 4851 yuan to 18601 yuan, an increase of more than 3.8 times. From 2010 to 2021, the per capita disposable income of rural residents grew at a rate of more than 16.82%. The huge size of the rural population combined with the growing consumption capacity of rural residents has laid a solid foundation for the expansion of the rural consumption market, reflecting the huge consumption potential of rural residents. At the same time, the income of rural residents in China has been showing a growing trend, and the income is the

original driving force of consumption, which also lays a good foundation for the realistic transformation of consumption intention.

2.3 Rapid speed of online consumption

According to the Statistical Report on the Development of China's Internet, from 2014 to 2020, the size of China's rural Internet users grew from 178 million to 309 million, and the national rural Internet retail sales grew from 180 billion yuan to 1794.6 billion yuan, which shows that the size of China's rural Internet users is gradually expanding, and rural Internet sales are also gradually expanding. With the rapid development of e-commerce in recent years, the consumption channels of rural residents have been enriched, with a gradual shift from offline to online shopping. For rural residents, the richness and diversity of online products can better meet their diversified needs.

2.4 Gradual upgrading of consumption structure

In addition to basic consumption, the consumption of commodities is gradually upgrading into the higher level. Specifically, in the past 40 years in China, the structure of per capita consumption expenditure of rural residents is changing, the top two items with the largest proportion are food and housing, the consumption shares of clothing, education, transportation and communication, and health care have alternated. The change in the consumption structure of rural residents can influence the consumption supply in the consumption market, which can guide the cultivation of the future rural consumption market.

3. Main problems of rural consumption market

3.1 From the perspective of demand

Farmers' income level is low and their purchasing power is relatively limited. According to the Keynesian "absolute income hypothesis theory", income is the key elements which influence the consumption and the rural consumption market. The consumption of rural residents is positively correlated with income, therefore, the purchasing power of farmers is relatively limited due to their low income level. At present, the per capita disposable income level of farmers is still very low and the growth rate is gradually slowing down, which directly restricts the purchasing power of rural residents and becomes the main obstacle to improve farmers' consumption level and the rural market's development.

3.2 From the supply level

The quality of goods in rural area is low, and counterfeit goods destroy the market. China's rural consumption market has some counterfeit goods. Driven by economic interests, some unscrupulous operators and small traders engage in illegal activities, such as falsely marking production dates, counterfeiting famous brands and etc. There are two reasons for this. On the one hand, rural residents are relatively poorly educated and do not know much about the harm of counterfeit goods, and their awareness of consumers' rights is relatively weak. On the other hand, the current market in rural areas is relatively fragmented, the grassroots law enforcement and regulatory capabilities are relatively lagging behind.

3.3 From the institutional level

The China's rural social security system needs to be improved, and the burden of farmers is relatively heavy. The basic premise of consumption is income, without income, any policy to promote consumption is useless. However, at present, the pressure on China's economy growth has increased, the income of rural residents is unstable, and the desire to save money exceeds the desire to consume. In recent years, the construction of China's rural social security system has been steadily promoted and has been considerably improved, but the rural social security system is still

relatively weak, and rural residents have a heavy burden in medical and pension issues, and they still need to consider increasing their savings, which has a greater restriction on the immediate consumption of rural residents during the period of income growth, resulting in a lack of consumption capacity.

3.4 From the perspective of supporting facilities

The rural market system needs to be improved and the consumption environment lags behind. On the one hand, the rural logistics system is inadequate. The current rural county and township level logistics system construction generally lags behind, inefficient operation, small scale, low professional level, few commercial outlets, high commodity circulation costs, significantly restrict the consumption of rural residents. On the other hand, the services of rural commodities are less during the process of the pre-sales, sales and after-sales. In the rural consumer market, the pre-sales promotion of goods is not enough, resulting in many products' functions and uses are not well known by farmers. In the sales process, the sales outlets are mostly old-fashioned department stores, which lacking a good consumer environment. The after-sales service of goods and consumers' rights and interests protection are not guaranteed, and rural residents are easily to worry about the quality of the commodities when purchasing, which discourages their consumption enthusiasm.

4. Countermeasures and suggestions for expanding the rural consumption market

4.1 Improve the income of rural residents and enhance their purchasing ability

Firstly, continue to focus on improving farmers' wage income with creating more job opportunities. Secondly, promote the use of rural land, forest land and other resources, vigorously develop special industries, rural tourism, etc., and then constantly broaden the channels for farmers to increase income.

4.2 Improve the construction of rural market system to ensure the quality of goods

Firstly, strengthen the market supervision, vigorously carry out special actions in the rural consumer market, crack down on counterfeiting, establish and improve the supervision of rural commodities directory. Secondly, enterprises should establish a system of integrity management and conduct strict control of the whole process of production and sales, improve the quality of products and services, which will help enterprises to develop the business in the rural market.

4.3 Improve the level of social security system in rural areas and reduce the burden of rural residents

Firstly, establish a minimum living security system for the poor. Provide assistance to those poor people who have difficulties in living due to illness, disaster or lack of labor ability to ensure their basic livelihood. Secondly, to establish a rural insurance system. Comprehensively improve the coverage rate of medical insurance and pension insurance, and vigorously promote new rural cooperative medical care.

Promote the diversification of pension insurance models and establish an integrated social pension insurance system for urban and rural areas.

4.4 Make up for the shortcomings of rural consumption facilities and create an excellent consumption environment

Firstly, to improve rural logistics, develop more rural consumption channels. Guide all kinds of e-commerce entities to engage in the rural consumption market, build rural shopping network and logistics platforms, improve the logistics and distribution system from urban to rural areas, and

strengthen the network construction of logistics sites. Secondly, to establish a pre-sales and after-sales service guarantee system for consumer goods in rural consumption market. By establishing a full-cycle service for consumer products, we can increase their motivation to consume, and then create a better consumption environment.

5. Conclusion

China's rural consumption market shows a gradual expansion of scale, huge potential, rapid speed of online consumption, and gradual upgrading of consumption structure. However, there are still problems in the current rural consumption market, such as the low income level of farmers, low quality of commodities, the rural social security system needs to be improved, and the rural market system is inadequate. Based on this, this paper puts forward countermeasures and suggestions for expanding the rural consumption market, specifically including raising the income of rural residents, improving the construction of rural market system, raising the level of rural social security, and making up for the shortcomings of rural consumption facilities.

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