

## Analysis and Prospect of Residents' Consumption in Anhui Province in the Post-epidemic Era

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### Abstract

**The sudden epidemic has caused a huge impact on consumption in the Chinese market, resulting in a continuous decline in the growth rate of household consumption expenditures, household consumption levels and consumption structure characteristics also take place. Consumption reacts on production and determines the quality of resident's life. Therefore, how to activate the residents' consumption chain and improve the residents' consumption ability and quality has become an important research topic in the post-epidemic era. This article takes the consumption phenomenon of residents in Anhui Province as an example, studies the consumption theory and status quo of residents in Anhui Province and changes in residents consumption characteristics in the post-epidemic era, analyzes the main factors affecting residents' consumption in the post-epidemic era, and explores the feasibility of increasing the consumption level of Chinese residents in the post-epidemic era path.**

### Keywords

**Resident consumption; Post-epidemic era; Consumption structure characteristics; Analysis and outlook.**

### 1. Introduction

Consumption, exports, and investment are often compared to the "troika" that drives economic growth. At present, the pull of our country's investment on economic growth has been declining year by year. Under the influence of the complex international environment in recent years, the contribution rate of imports and exports to our country's economic development has gradually come down. However, in recent years, the contribution of consumption to stimulating economic development has gradually increased. According to data, from 2016 to 2019, the contribution rate of our country's final consumption expenditure to GDP is between 55% and 70%; the contribution rate of total capital formation to economic growth is between 28% and 45%; the total amount of imports and exports contributes to GDP is between 31% and 33%. Consumption plays a significant role in driving economic growth as the "ballast stone" year by year. Resident consumption, which is the mainstay of final consumption, plays a particularly critical role in driving economic growth.

Faced with the suppression of normal consumer behavior in the post-epidemic era and the disruption of consumer consumption trends caused by the repeated outbreaks of the new crown epidemic across the country, the current consumer consumption level in our country is still insufficient compared with the same period in 2019. Therefore, we study the path of residents' consumption improvement is conducive to further enhancing the consumption confidence and consumption ability of our country's residents in current environment, thereby stimulating the rapid and stable development of our country's economy.

## **2. Resident Consumption Status and Changing Trends in Anhui Province in the Post-epidemic Era**

### **2.1. The Per Capita Income of the Province'S Residents Has Decreased, and the Willingness to Consume Has Decreased**

The impact of the epidemic on residents' income is somewhat different. In the first half of 2020, the province's per capita disposable income fell by 1.3% compared to the same period in 2019. Among them, the per capita disposable income of urban residents decreased by 2.0%; the per capita disposable income of rural residents decreased 1.0%. Data show that this survey shows that the epidemic has a greater impact on residents' income. Among the reasons for the large decline in per capita income in urban areas are as follows: First, during the epidemic prevention and control period, most companies are unable to fully resume work and production, and companies are facing dilemmas. The resumption of work in private enterprises is generally delayed for more than two months. When the company has not resumed work, workers can only get basic wages or even no wages, which will inevitably have a greater impact on the residents whose main source of income is wages. Second, during the epidemic, the real economy had meager income, and some physical stores even had income deficits. Except for some supermarkets that opened to provide residents with daily necessities, shopping malls, markets, movie theaters and other places were basically closed, and the number of normal business customers in some shopping malls was not satisfactory. Third, due to the panic and other negative emotions brought about by the epidemic, most residents are in a state of prevention and control at home and try their best not to go out. This has caused the laborers at home to be unemployed and their incomes reduced to a large extent. The decline in residents' income will reduce people's willingness to consume to a certain extent. In addition to purchasing necessities, expenditure will be reduced to a greater extent.

### **2.2. Residents Have Reduced Their Consumer Confidence and Market Consumption Has Been Sluggish**

In the first half of 2020, the province's per capita consumption expenditure actually fell by 9.3% compared with the same period of the previous year. Among them, the per capita consumption expenditure of urban and rural residents has dropped, among which the consumption expenditure of urban residents has dropped significantly. Due to strict prevention and control of the epidemic and consideration of family and own safety factors, in order to reduce the spread of the virus, the residents of the province have tried to reduce going out. Among them, the urban population is denser and the chance of contact with outsiders is greater. This has led to the prevention and control of most urban residents at home. It is necessary not to go out, and the resulting consumption patterns and behaviors are greatly reduced. Among the consumer categories in the first half of the year, with the exception of food, tobacco, alcohol, and housing consumption expenditures, expenditures in other categories have experienced a significant decline, and overall market consumption has been suppressed.

### **2.3. Residents' Consumption Structure Presents New Characteristics**

Residents' consumption structure can reflect people's consumption quality and consumption level, and is an important indicator to measure the operation of a country's national economy. Since the reform and opening up, the consumption structure of residents in the whole province has gradually changed from material consumption to development and enjoyment of life consumption. During the epidemic, the consumption structure of residents in Anhui Province showed new characteristics.

First, the proportion of medical consumption expenditure has increased. For patients infected with the new crown pneumonia virus during the epidemic, the demand for medical supplies

they need will increase significantly, while for other residents to prevent the epidemic, their purchases of medical masks and disinfection supplies such as alcohol will also increase significantly.

Second, the consumption of tertiary industry products has plummeted. During the epidemic prevention and control stage, the state called for reducing travel, and residents responded to relevant calls, resulting in a significant reduction in travel expenses; in order to reduce the gathering of people, gatherings and other intensive activities have also been reduced, and catering income has also been proportionally reduced; The temporary closure of large entertainment venues such as theaters and shopping malls also directly affects residents' consumption expenditure on entertainment.

Third, the consumption of dining out has plummeted. Compared with similar tertiary industries, the catering industry has suffered the most. Government propaganda and residents' fear of gathering sexual communication have led to a sharp drop in the consumption level of residents' dining out. Even if the takeaway food industry can effectively alleviate the huge impact of the epidemic on the catering industry to a certain extent, due to the large-scale outbreak of the epidemic during the Spring Festival, laborers returning home caused a large number of small-scale and low-cost takeaway food shops to close. With the expansion of the epidemic, the government has adopted measures such as "closing the city" and control traffic. The return of labor in the catering industry has failed, the opening of the catering industry has been limited, the number of delivery staff has been scarce, and the food delivery industry has not been able to well reduce the impact on catering.

Fourth, re-examining the family's ability to resist risks has led to an increase in consumer demand for insurance products. In the inherent consumption concept of Chinese residents, insurance is not the necessities of life, and the insurance industry has been developed in China for a short time. Insurance is still high-end consumption. In addition, the country and work units bear part of the insurance for residents, resulting in residents' risk of additional critical illness insurance or the importance of accident insurance continues to be sluggish, and insurance consumption accounts for a very low proportion of residents' overall consumption. With the sudden attack of the new crown epidemic, Chinese residents have turned their attention to the ability of families to resist stress and risks. Data shows that people's interest in insurance has increased significantly. The number of people who buy insurance has gradually expanded from the elderly and children to middle-aged people. The types of insurance purchased have continued to increase, and the consumption of insurance products has shown a rising trend.

Fifth, the transformation of consumer concept and new generation of consumer power has been risen. In the post-epidemic era, the pursuit of individuality and differentiation has become a new consumer trend. More consumers are beginning to pursue personalized consumption instead of popular consumption, they want pursue customized consumption, pursue fashion consumption and self-consumption. The consumer power of the new generation has risen secondly. Post-90s, post-95s, and even children born after 2000 have now become the main consumer. Such groups are willing to spend money, dare to consume, and dare to go into debt. Most of them are only children and have almost never experienced starvation or freezing. They generally lack a deep memory of suffering. In their consumption philosophy, they are more concerned about the brand, quality and taste, but are not particularly sensitive to price. This different consumption concept will have a profound impact on the market. Various phenomena can be seen that economic development has entered a new normal, and the consumption structure and consumption environment have changed.

### **3. Suggestions for the Development of the Consumer Market in Anhui Province in the Post-epidemic Era**

#### **3.1. Reduce Consumption Costs and Promote Industry Reform and Upgrading**

As the national financial department, it is necessary to strictly implement the tax reduction and fee reduction package policy deployed by the central government, closely linking the implementation of tax reduction and fee reduction with the deepening of the reform of decentralization, regulation and service, and promote the entire market and industry to break the barriers to the circulation of services and goods, and reduce the tax burden of the tertiary industry in the market. For industries that are heavily affected, such as tourism and catering, use the existing preferential policies to reduce tax burdens, take the effectiveness of the policies as the ultimate guide, and make timely fine-tunings on the basis of the existing policies, so that the real "taxes" can bear less.

In the post-epidemic era, serious problems have occurred in the capital chain of some enterprises, and the relationship between counterpart manufacturers has been broken. Further strengthening of tax incentives and exemption policies will not only reduce the financial pressure on enterprises, but also provide impetus for the reform and innovation of enterprises, thereby realizing the comprehensive reform and upgrading of the consumer industry.

#### **3.2. Improve Online Consumption Channels and Increase Residents' Enthusiasm for Consumption**

In the post-epidemic era, although the consumer market in Anhui Province is showing a short-term downturn, the total social consumer demand has not disappeared, and the consumer market still has great potential. With the digital transformation of our national economy and the advent of new infrastructure, all walks of life in society need to develop in the direction of digitalization.

In the post-epidemic era, the most obvious change in consumption trends in Anhui Province is the rise of online consumption and the rapid development of e-commerce. This means that digital transformation of trading companies is imperative. Adhering to the combination of online and offline development can help companies reduce sales time, optimize sales structure, and achieve the effect of reducing costs and improving efficiency. At the same time, residents can meet individualized consumption needs by "staying at home" while also achieving the greatest possible epidemic. Sound online consumption channels have broken the traditional consumption methods of the past. In the post-epidemic era, companies have not only made profits, but also met the needs of residents, driving the growth of residents' consumption on the basis of mutual benefit and win-win results, and increasing residents' consumption enthusiasm.

#### **3.3. Stabilize Employment of Residents and Issue Digital Consumer Vouchers to Stimulate Consumption**

Employment is the fundamental and cornerstone of the development of people's livelihood. The new crown epidemic has had a huge impact on the economy of Anhui Province, and it has also brought severe challenges to employment. The government should actively encourage enterprises to fully resume work while preventing and controlling the epidemic. At the same time, a nationwide special support plan has been formulated to carry out poverty alleviation activities for low-income groups during the epidemic to ensure the employment rate of residents and increase residents' income, thereby improving residents' quality of life and increasing residents' spending power. On the other hand, local governments in the province should formulate policies for issuing digital consumer vouchers in light of actual conditions, and by expanding the scope of consumer vouchers, improving the issuance strategy, and

strengthening supervision and management, they should actively play the role of digital consumer vouchers to stimulate rapid growth in residents' consumption, in order to achieve a comprehensive and rapid economic recovery.

### **3.4. Promote Cultural Tourism Consumption**

Up to now, the epidemic situation has become more normalized. Unlike the previous epidemic, people's daily outings have also tended to be frequent. Therefore, all parts of the province must improve public service facilities and rely on the rich local tourism resources to create eco-themed smart scenic spots, speed up the construction of leisure, business, and health care venues for mass tourism, and create "food festivals", "tourism festivals". Relying on their unique advantages to attract residents from all over the country, so as to stimulate local consumption growth and promote economic development.

### **3.5. Promote the Quality and Upgrade of Rural Consumption**

On the one hand, enterprise products go to the countryside, focus on tapping the potential of rural online shopping consumption, encourage e-commerce to build service outlets in rural areas, encourage urban chains and supermarkets to extend to the countryside, encourage retail companies to go to the countryside, and actively explore the rural consumer market. On the other hand, it is necessary to establish an agricultural product sales system and find ways to sell agricultural products. Only in this way can the income of farmers be increased and the consumption capacity of rural areas should be improved. Therefore, it is necessary to continue to unblock urban and rural two-way linkage sales channels, encourage cooperation with e-commerce companies, tap high-quality and characteristic agricultural products, strengthen brand cultivation, and in particular, strengthen the standardization of agricultural products industrialization and accelerate the construction of cold chain logistics.

### **3.6. Expand the Supply of High-quality Products and Services**

The first is to build mid-to-high-end consumer carriers, accelerate the cultivation and construction of international consumer centers, and actively build core business circles. Mainly centered on Hefei and Wuhu, through the transformation of infrastructure and environmental quality, cultural characteristics and comprehensive service functions are enhanced, radiation energy levels are raised, and core business districts are built. Adhering to forward-looking vision, international standards, and Anhui characteristics, the overall design of the business district is carried out, and the business district is actively endowed with new connotations such as intelligent and ecological, and the city's taste and comprehensive strength are continuously improved. The second is to expand and upgrade information consumption and accelerate the launch of 5G commercial licenses. Accelerate the promotion of ultra-high-definition video product consumption and support subsidies where conditions permit.

### **3.7. Optimize the Consumer Market Environment**

The first is to continue to improve the consumption infrastructure and accelerate the completion of new energy vehicle charging piles, roads, communication facilities, cold chain logistics and warehousing and other shortcomings. The second is to strengthen the construction of the quality certification system and implement compulsory certification for products involving personal health, safety and environmental protection. The third is to further increase the protection of consumer rights and interests carry out in-depth activities to create assured consumption, and purify the consumption environment.

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