

Management

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A COMPARATIVE ANALYSIS OF THE CONSUMPTION STRUCTURE OF CHINESE URBAN AND RURAL RESIDENTS

Summary. *China is a typical dual economic structure country, and there is a certain degree of difference in the consumption structure of urban and rural residents. The purpose of this article is to grasp and explore the changing trends of urban and rural residents' consumption, and to understand people's consumption needs. On the one hand, it provides ideas and references for promoting the development of human resources, and on the other hand, it is conducive to timely adjustment of industrial structure and product structure, and good industrial relations. In terms of research methods, the article uses the "China Statistical Yearbook" as the data source, and selects the consumption data of Chinese urban and rural residents in food, clothing, housing, daily necessities and services, transportation and communication, culture, education*

and entertainment, health care, etc. during the period 2013-2019. Through quantitative analysis, the characteristics and differences of the consumption structure of Chinese urban and rural residents have been found. Studies have shown that rural residents' basic subsistence consumption such as food, clothing and housing still accounts for a large proportion, while the proportion of development and enjoyment consumption is relatively small, and the burden of rural residents' medical care is still relatively large. Therefore, the focus of the future development of rural work in China is to increase the income of farmers, strive to increase the proportion of developmental and enjoyable consumption, reduce the proportion of basic subsistence consumption, and promote the orderly improvement of the consumption structure of rural residents. On the other hand, it is necessary to improve the medical welfare of farmers and reduce their pressure on medical care.

Key words: *China, urban and rural residents, consumption structure, China Statistical Yearbook.*

Introduction. As the main driving force of economic operation, consumption plays a very important role in stimulating economic growth [1]. In the process of expanding domestic demand and promoting steady economic growth, increasing household consumption, especially rural household consumption, is the top priority [2]. With the continuous development of China's economy and the continuous increase of residents' income, the consumption

structure of residents is also constantly upgrading. The so-called consumption structure refers to a certain social consumption process, after the residents save part of their own income, the remaining capital is distributed among different consumption materials, and the proportion of various consumption materials in the total consumption [3]. China is a country with a typical dual economic structure. Due to the different levels of economic development in urban and rural areas, there is also a large gap in income between urban and rural residents, so there must be a certain degree of difference in the consumption structure of urban and rural residents.

Aim and methodology of research. The purpose of this article is to grasp and explore the changing trends of urban and rural residents' consumption, and to understand people's consumption needs. On the one hand, it provides ideas and references for promoting the development of human resources, and on the other hand, it is conducive to timely adjustment of industrial structure and product structure, and good industrial relations [4].

The article selects data from the China Statistical Yearbook on changes in consumption expenditures of Chinese urban and rural residents during the period 2013-2019, such as food, clothing, residential, daily necessities and service, transportation and communication, education and entertainment, and health care. Find the characteristics and differences of the consumption structure of Chinese urban and rural residents. The structure of per capita consumption expenditure of Chinese urban households in 2013-2019 is shown in Table 1, and the

structure of per capita consumption expenditure of Chinese rural households in 2013-2019 is shown in Table 2. Based on this, a specific analysis of the difference in the consumption structure of urban and rural households is carried out.

Table 1

**Per capita consumption expenditure structure of urban households in
China from 2013 to 2019 (Unit: RMB/yuan)**

Index		2013	2014	2015	2016	2017	2018	2019
Per capita consumption expenditure	Absolute value	18487.5	19968.1	21392.4	23078.9	24445	26112.3	28063.4
	proportion (%)	100	100	100	100	100	100	100
Food consumption	Absolute value	5570.7	6000	6359.7	6762.4	7001	7239	7732.6
	proportion (%)	30.1	30.1	29.7	29.3	28.6	27.7	27.6
Clothing consumption	Absolute value	1553.7	1627.2	1701.1	1739	1757.9	1808.2	1831.9
	proportion (%)	8.4	8.1	8.0	7.5	7.2	7.0	6.5
Residential consumption	Absolute value	4301.4	4489.6	4726	5113.7	5564	6255	6780.2
	proportion (%)	23.3	22.5	22.1	22.2	22.8	24	24.2
Daily necessities and service consumption	Absolute value	1129.2	1233.2	1306.5	1426.8	1525	1629.4	1689.3
	proportion (%)	6.1	6.2	6.1	6.2	6.2	6.2	6.0
Transportation and communication consumption	Absolute value	2317.8	2637.3	2895.4	3173.9	3321.5	3473.5	3671.4
	proportion (%)	12.5	13.2	13.5	13.8	13.6	13.3	13.1
Education and entertainment consumption	Absolute value	1988.3	2142.3	2382.8	2637.6	2846.6	2974.1	3328.1
	proportion (%)	10.8	10.7	11.1	11.3	11.6	11.4	11.8

Health care consumption	Absolute value	1136.1	1305.6	1443.4	1630.8	1777.4	2045.7	2282.7
	proportion (%)	6.1	6.5	6.8	7.1	7.3	7.8	8.1
Other supplies and service consumption	Absolute value	490.4	532.9	577.5	594.7	651.5	687.4	747.2
	proportion (%)	2.7	2.7	2.7	2.6	2.7	2.6	2.7

Source: Calculated based on the data in the "China Statistical Yearbook (2020)" compiled by the National Bureau of Statistics of China

Note: The absolute value refers to the actual amount of household consumption expenditure in the year

The proportion refers to the proportion of various consumption expenditures in the total consumption expenditure per capita

Table 2

**Per capita consumption expenditure structure of rural households in China
from 2013 to 2019 (Unit: RMB/yuan)**

Index		2013	2014	2015	2016	2017	2018	2019
Per capita consumption expenditure	Absolute value	7485.1	8382.6	9222.6	10129.8	10954.5	12124.3	13327.7
	proportion (%)	100	100	100	100	100	100	100
Food consumption	Absolute value	2554.4	2814	3048	3266.1	3415.4	3645.6	3998.2
	proportion (%)	34.1	33.6	33	32.2	31.2	30.1	30.0
Clothing consumption	Absolute value	453.8	510.4	550.5	575.4	611.6	647.7	713.3
	proportion (%)	6.1	6.1	6.0	5.7	5.6	5.4	5.4
Residential consumption	Absolute value	1579.8	1762.7	1926.2	2147.1	2353.5	2660.6	2871.3
	proportion (%)	21.1	21	20.9	21.2	21.5	21.9	21.5
Daily necessities and service	Absolute value	455.1	506.5	545.6	595.7	634	720.5	763.9
	proportion (%)	6.1	6.0	5.9	5.9	5.8	6.0	5.7

consumption	(%)							
Transportation and communication consumption	Absolute value	874.9	1012.6	1163.1	1359.9	1509.1	1690	1836.8
	proportion (%)	11.7	12.1	12.6	13.4	13.8	13.9	13.8
Education and entertainment consumption	Absolute value	754.6	859.5	969.3	1070.3	1171.3	1301.6	1481.8
	proportion (%)	10.1	10.2	10.5	10.6	10.7	10.7	11.1
Health care consumption	Absolute value	668.2	753.9	846	929.2	1058.7	1240.1	1420.8
	proportion (%)	8.9	9.0	9.2	9.2	9.6	10.2	10.7
Other supplies and service consumption	Absolute value	144.2	163.0	174	186.0	200.9	218.3	241.5
	proportion (%)	1.9	2.0	1.9	1.8	1.8	1.8	1.8

Source: calculated based on the data in the "China Statistical Yearbook (2020)" compiled by the National Bureau of Statistics of China

Note: the absolute value refers to the actual amount of household consumption expenditure in the year

The proportion refers to the proportion of various consumption expenditures in the total consumption expenditure per capita

Literature review. Many scholars in the world have conducted a lot of theoretical and empirical research on the issue of household consumption and consumption structure. The earliest research on consumption structure can be traced back to the end of the 19th century and the beginning of the 20th century. Edward (1868) first proposed the classification of household consumption structure expenditure. However, modern consumption theory originated from the absolute income hypothesis put forward by Keynes. He creatively introduced income variables and believed that income was the determinant of consumption

and was affected by the marginal propensity to consume. After that, Western economists began to use quantitative economic research methods to study consumption structure, for example, the British economist R·Stone (1954) proposed the linear expenditure system model (LES), and Luch (1973) proposed the extended linear expenditure system model (ELES) [5]. The development of the theory of consumption structure in China started relatively late compared to foreign countries. In 1963, Chinese economist Dong Fuqi proposed the concept of consumption structure. In recent years, China's research on consumption structure has become more and more abundant. The research content mainly focuses on the types and changes of consumption structure and the influence of consumption structure on industrial structure. According to different classification standards, Tang [6] and Yu [7] have divided the consumption structure into macro-consumption and micro-consumption, tangible consumption and intangible consumption, subsistence consumption, enjoyment consumption, and development consumption. Zhou and Xie [8] believe that the continuous optimization of the labor force industrial structure and quality structure can significantly cause the continuous optimization and adjustment of the residents' consumption structure; from the perspective of the labor age structure, the share of the new generation of labor is positively correlated with the share of enjoyment consumption; from the urban-rural structure of the labor force Look, the positive effect of rural labor on the consumption structure is more obvious. Based on previous research results, Zhang [9] conducted a

systematic analysis of the basic path that changes in the consumption structure of residents affect the transformation of industrial structure. The article points out that when the consumption structure of residents changes, the relative prices of commodities between industries will be affected through the market mechanism, which will then change the rate of return on investment between industries, promote the reallocation of resources between industries, and ultimately promote the transformation of industrial structure. In terms of research methods, the existing literature mainly adopts empirical research methods. Xiao [10] used various models such as ELES and Panel Data to conduct a large number of empirical analyses on the consumption structure of rural residents in Henan. The research results show that the low-income group has a higher propensity to consume than the high-income group of rural residents; the low income level has severely restricted the improvement of rural residents' consumption level and the rationalization of consumption structure. Tang [11] applied the ELES model to empirically analyze the time series data and cross-sectional data of the per capita consumption expenditure of Chinese urban residents. ELES empirical results show that the consumption structure of Chinese urban residents is shifting from subsistence consumption to enjoyment and development consumption.

To sum up, the existing literature is relatively rich, but there are relatively few literatures for comparative research on urban and rural areas. For this reason, based on the results of previous studies, this article has launched a comparative

analysis of the consumption structure of Chinese urban and rural residents.

Results and discussion.

Comparative analysis of food consumption. The proportion of food consumption expenditure in total consumption expenditure (ie Engel's coefficient) is an important indicator reflecting the consumption structure and consumption level of residents. The higher the proportion, the lower the level of consumption, the lower the proportion, the higher the level of consumption [12]. From Table 1 and Table 2, it can be seen from the actual amount of household consumption that with the improvement of living standards, the total food consumption expenditure of urban residents and rural residents has also increased year by year. The amount of food consumption of urban households has increased from 5570.7 yuan in 2013 rose to 7732.6 yuan in 2019, and the amount of food consumption of rural households rose from 2554.4 yuan in 2013 to 3998.2 yuan in 2019, occupying the highest value of all types of consumption in previous years. In addition, the Engel coefficient of rural households from 2013 to 2019 is generally higher than that of urban households (see Figure 1). These data not only show that the living standard of Chinese rural residents is far lower than that of urban residents, but also show that although the Engel coefficient level of food consumption in China has far reached the well-off level, urban and rural residents spend most of their income on the basic consumption guarantee (According to the size of the Engel coefficient, the United Nations has a standard for dividing the living standards of all countries in the world, that is, a

country's average family Engel coefficient of 40%-50% is a well-off society [13]).

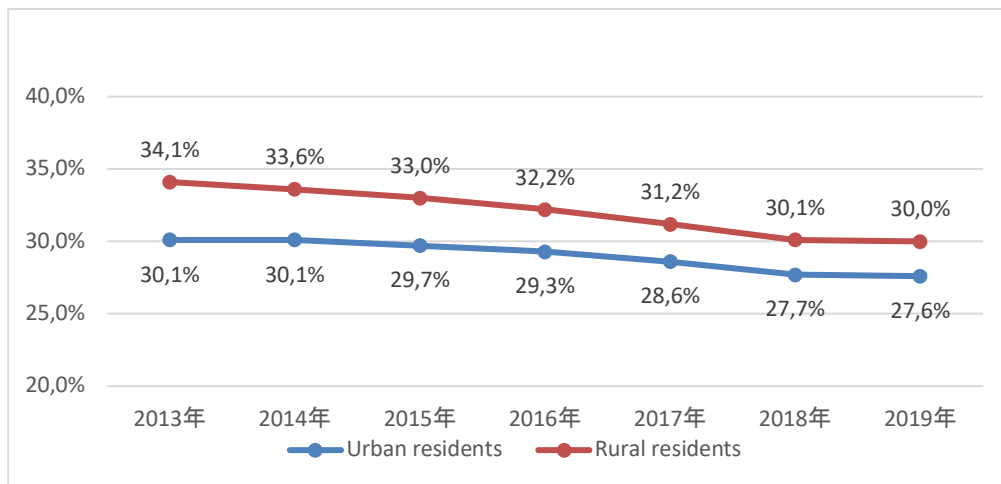


Fig. 1. Changes in Engel's coefficient of Chinese urban and rural residents over the years from 2013 to 2019

Source: calculated based on the data in the "China Statistical Yearbook (2020)" compiled by the National Bureau of Statistics of China

Comparative analysis of clothing consumption. Clothing consumption expenditure and food consumption expenditure are the basic consumption expenditures of residents. From an absolute perspective, the total clothing consumption of households has shown an upward trend in both urban and rural areas. For example, the clothing consumption amount of urban households increased from 1553.7 yuan in 2013 to 1831.9 yuan in 2019, and the clothing consumption amount of rural households rose from 453.8 yuan in 2013 to 713.3 yuan in 2019 (see Table 1 and Table 2). The data changes reflect the gradual improvement of the living standards of the Chinese people. In China, the level of urban economic development is significantly higher than that in rural areas.

Therefore, the absolute number of clothing consumption by urban households is much larger than that of rural households. However, due to the continuous improvement of people's living standards, the proportion of clothing consumption in people's overall consumption has shown a downward trend.

Comparative analysis of residential consumption. From the data in Table 1 and Table 2, we can see that from 2013 to 2019, the total actual residential consumption of urban residents and rural residents has increased year by year, but the proportion of residential consumption in total consumption has not fluctuated much, and the city basically remained at around 22.5%, the rural areas basically remained at around 21.5%. Although there was a slight increase in 2018, the overall situation is still relatively stable. Analyze the reasons, which are mainly related to the real estate control policies implemented in China in recent years. Previously, Chinese residents were keen on real estate speculation, which led to the continuous increase in China's housing prices. For this reason, the Chinese government put forward the slogan "Houses are for living, not speculation", which set the tone for China's real estate sales. At the same time, in order to curb the purchase of multiple houses, a number of purchase restrictions have been introduced, such as increasing the deed tax and raising the loan interest rate, thus reducing the enthusiasm of urban residents to buy multiple houses. On the other hand, the rise in the price of building materials has also increased the cost of building and decorating farmers' houses to a certain extent, and farmers' consumption investment in housing is not high.

Comparative analysis of consumption of daily necessities and services.

The consumption of daily necessities and services is mostly the consumption of durable goods, with longer use time and slower replacement frequency. Compared with clothing and food consumption, they belong to enjoyment and development consumption, and account for a small proportion of total consumption expenditure. See Table 1 and Table 2. The consumption of this part of urban residents basically remained at 6.1% of the total consumption expenditure. The consumption structure of this part of rural residents was not much different from that of urban residents, about 5.9%, but there was a significant difference in absolute numbers. Taking 2019 as an example, the consumption expenditure of urban residents for daily necessities and services was 1689.3 yuan, while that of rural residents was only 763.9 yuan. In addition, it is found from Table 3 that the consumption cycle of durable goods for rural residents in China is long. Except for motorcycles and electric mopeds, the possession and penetration rate of various durable consumer goods are far lower than those of urban residents. The reason for this situation is mainly because compared with automobiles, motorcycles and electric mopeds are cheaper and have low driving requirements, and they naturally become the main means of transportation for rural residents.

Table 3

The average ownership of major durable consumer goods per 100

households of China's urban and rural residents at the end of 2013 to 2019

Index		2013	2014	2015	2016	2017	2018	2019
Family car (vehicle)	Urban	22.3	25.7	30.0	35.5	37.5	41.0	43.2
	Rural	9.9	11.0	13.3	17.4	19.3	22.3	24.7
Motorcycle (vehicle)	Urban	20.8	24.5	22.7	20.9	20.8	19.5	18.7
	Rural	61.1	67.6	67.5	65.1	64.1	57.4	55.1
Electric moped (vehicle)	Urban	39.0	42.5	45.8	49.7	53.1	55.0	59.4
	Rural	40.3	45.4	50.1	57.7	61.1	64.9	70.1
Washing machine (set)	Urban	88.4	90.7	92.3	94.2	95.7	97.7	99.2
	Rural	71.2	74.8	78.8	84.0	86.3	88.5	91.6
Refrigerator (set)	Urban	89.2	91.7	94.0	96.4	98.0	100.9	102.5
	Rural	72.9	77.6	82.6	89.5	91.7	95.9	98.6
Microwave oven (set)	Urban	50.6	52.6	53.8	55.3	56.9	55.2	55.7
	Rural	14.1	14.7	15.0	16.1	17.3	17.7	18.9
Television (set)	Urban	118.6	122.0	122.3	122.3	123.8	121.3	122.8
	Rural	112.9	115.6	116.9	118.8	120.0	116.6	117.6
Air conditioner (set)	Urban	102.2	107.4	114.6	123.7	128.6	142.2	148.3
	Rural	29.8	34.2	38.8	47.6	52.6	65.2	71.3
Water heater (set)	Urban	80.3	83.0	85.6	88.7	90.7	97.2	98.2
	Rural	43.6	48.2	52.5	59.7	62.5	68.7	71.7
Range hood (set)	Urban	66.1	68.2	69.2	71.5	73.7	79.1	81.7
	Rural	12.4	13.9	15.3	18.4	20.4	26.0	29.0
Mobile phone(unit)	Urban	206.1	216.6	223.8	231.4	235.4	243.1	247.4
	Rural	199.5	215.0	226.1	240.7	246.1	257.0	261.2
Computer (set)	Urban	71.5	76.2	78.5	80.0	80.8	73.1	72.2
	Rural	20.0	23.5	25.7	27.9	29.2	26.9	27.5
Camera(set)	Urban	34.0	35.2	33.0	28.5	29.1	20.2	19.5
	Rural	4.4	4.5	4.1	3.4	3.9	2.5	2.3

Source: according to the data in the "China Statistical Yearbook (2020)"

Comparative analysis of transportation and communication

consumption. Table 1 and Table 2 show that from 2013 to 2019, urban and rural residents' transportation and communication consumption expenditures showed

a relatively rapid upward trend in absolute numbers, but from the perspective of the proportion of transportation and communication consumption in total consumption, urban residents' consumption basically remained at 13.2 %, although there is a certain degree of fluctuation, the fluctuation range is not large. Relatively speaking, the proportion of rural residents' transportation and communication consumption in total consumption has been increasing year by year, from 11.7% in 2013 to 13.8% in 2019, an increase of 2.1%. And since 2017, the proportion of rural residents' transportation and communication consumption in total consumption has even surpassed the proportion of urban residents' transportation and communication consumption in total consumption. The analysis may be due to two factors. First, with the development of urbanization in China and the transfer of rural surplus labor, a large number of rural residents have left their homes to work and live in cities, which will inevitably increase rural residents' consumption in transportation and communication. Second, in recent years, China's economic situation has developed well, and the income of rural residents has increased, providing an economic foundation for farmers to increase their consumption expenditures on transportation and communications.

Comparative analysis of educational and entertainment consumption. In recent years, with the continuous development of China's cultural and educational undertakings, residents' consumption expenditure on education and entertainment has continued to increase. In absolute terms, in 2013, the per

capita consumption expenditure of education and entertainment of urban and rural households in China were 1988.3 yuan and 754.6 yuan. Respectively, in 2019, the per capita consumption expenditure of education and entertainment of urban and rural households in China was 3328.1 yuan and 1481.8 yuan, The data shows that the per capita consumption expenditure of education and entertainment of urban residents is about twice that of rural residents, which fully illustrates the huge gap in the level of consumption of education and entertainment between urban and rural areas. However, from the perspective of the proportion of urban and rural education and entertainment in total consumption, the gap between urban and rural areas is not obvious. Taking 2019 as an example, China's urban residents' educational and entertainment consumption expenditure accounted for 11.8% of total consumption expenditure in 2019, and the proportion of rural residents' expenditure is 11.1%, a difference of 0.7%, which is less than one percentage point.

Comparative analysis of healthcare consumption. From the perspective of the proportion of health care consumption in total expenditure, urban residents are significantly lower than rural residents. For example, in 2013, the proportion of urban residents' health care consumption in total expenditure was 6.1%, and in 2019 it was 8.1%. However, in 2013, rural residents' health care consumption accounted for 8.9% of total expenditure and 10.7% in 2019. See Table 1 and Table 2. This is mainly because China's urban medical security system is relatively complete and the proportion of self-financed medical care is

relatively small, so the proportion of medical care consumption in total consumption is smaller than that in rural areas. Taking the number of beds in medical and health institutions per 1,000 people in China's urban and rural areas as an example, as shown in Figure 2, the number of beds in urban medical care is significantly more than in rural areas, which shows that rural areas lag far behind cities in terms of medical security system. It also shows that the social security system has a significant impact on the consumption structure of urban and rural residents. In short, while the level of rural economic development is low and the income of rural residents is relatively unstable, their social security systems such as pension and medical care are not as good as urban residents, which will inevitably increase their consumption expenditure on medical care [14].

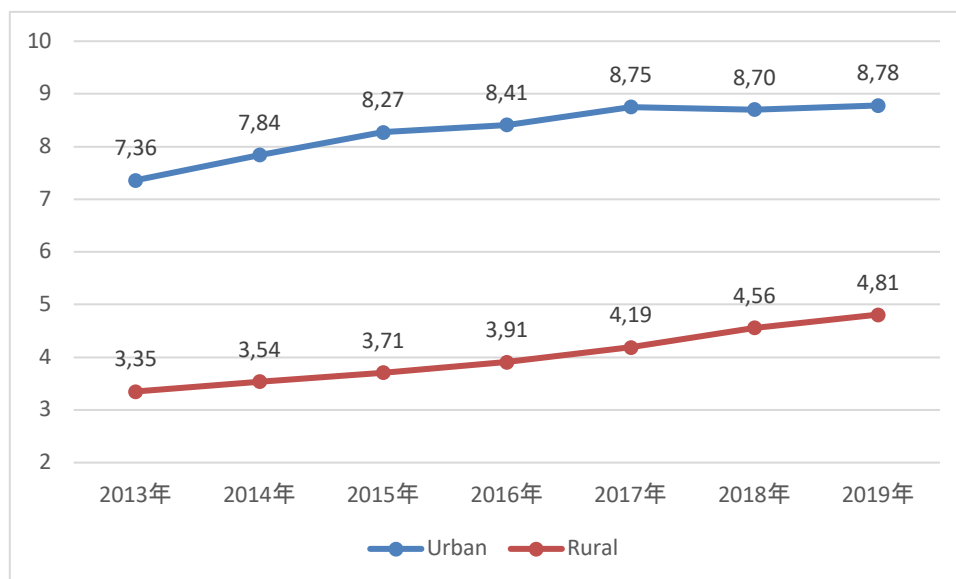


Fig. 2. The number of beds in medical and health institutions per thousand Chinese urban and rural residents from 2013 to 2019

Source: "China Statistical Yearbook (2020)"

Conclusions. Through the above analysis, first, from the perspective of consumption ratio, both urban and rural residents tend to spend most of their income on basic consumption, that is, consumption of food, clothing, housing, transportation. Therefore, these four consumption items account for the vast majority of residents' consumption. Second, from the perspective of developmental and enjoyable consumption, the proportion of rural residents is lower than that of urban residents. For example, the consumption of education and entertainment and the possession of durable goods are enough to explain this problem, which will inevitably affect the upgrading of the consumption structure. Third, from the perspective of healthcare consumption, the proportion of rural residents is significantly higher than that of urban residents. This also explains to some extent the inadequacy of China's rural health care measures. Therefore, the focus of the future development of rural work in China is to increase farmers' income, meet the consumption needs of rural residents, and improve the consumption structure. For example, strive to increase the proportion of rural residents' development and enjoyment consumption, reduce the proportion of basic subsistence consumption, and promote the orderly improvement of rural residents' consumption structure [15]. On the other hand, it is necessary to improve the medical welfare of farmers and reduce their pressure on medical care.

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