

The Impact of Digital Payment on Consumer Behavior in China

Zhuoer Wang*

Franklin and Marshall College, Pennsylvania, U.S

*Corresponding author: zwang5@fandm.edu

Abstract. To continue China's economic growth, plenty of research has been conducted to find the relationship between advancing payment methods and thriving consumption. Currently, digital payment is the latest and most mature way in China. Instead of being a single application for online transactions, digital payment represents a complete online shopping environment. To generally review the impact of digital payment on consumer behavior in China, literature containing research on consumers from different age groups and gender will be collected and concluded. This research takes women and undergraduate students as the critical research object because people ubiquitously consider these two groups of people as the primary consumers in the e-commerce market. After arranging information from the research about three stages that cover the shopping intention by digital payment, consumer psychology, and consumer behavior, this review concludes that economic growth is potentially attained by digital payment in a secure online environment, with the business target at profit maximization at the same time keep consumers rationale in a normal range, especially for woman and undergraduate students.

Keywords: Consumer's behavior, E-commerce, Economic growth.

1. Introduction

Consumption has been an indispensable factor contributing to Chinese economic growth for a significant period. With the fact that China owns a tremendous number of diverse consumers, it is valuable to review changes in the behaviors of different types of consumers under the circumstance of mainstream digital payment. This review will discuss consumer reactions based on gender, age, and career categories. Digital payment refers to e-commerce, including online business-to-consumer transactions, consumer-to-consumer transactions, and in-store online transactions.

This review will discuss consumer reactions mainly to online business-to-consumer transactions based on gender, age, and career categories of the consumers. By concluding various Chinese consumer behaviors, we can refine the consumption pattern that leads to digital payment's effect on economic growth in China. Specifically, businesses can refine their product corresponding to the potential target consumers; consumers can clarify their shopping habits to make more rational decisions regarding their subsequent consumption. In general, this review covers a series of research processed through three phases: the first is the digital consumption intention, followed by the change in consumer psychology from the information they can access by digital payment. The final phase is about consumer behaviors, including shopping decision makings and responses from after-sales experiences.

2. Literature Review

People with demand buying a particular good and service is defined as a process satisfying themselves by gaining the product's utility in classical economic theories. The aggregate demand and supply model from neoclassicism illustrated that the payment method is related to the long-run change in aggregate supply, which further impacts one country's GDP that signals whether the country is experiencing economic growth. In reality, people's demand for goods and services mainly depends on their disposable income and the price of the products. Nowadays, advanced payment has been applied widely in people's lives, becoming a new factor in increasing demand. Back in the time when consumers must bring their cards and cash for checking, people's demand for one good with the price exceeding their physical budget would lower their instant shopping desire. In contrast, today, with all

kinds of digital payments, people soon have plenty of options to deal with the goods and services they like. Empirical research in China has shown that online and mobile phone third-party payments boosted consumption expenditure from 2012 to 2019. In contrast, cash as a traditional payment method did not emerge [1]. Built the mutual pulse responsiveness model between digital, online, and mobile payment on the macroeconomic impact, respectively, Figure 1 and Figure 2 show that all kinds of digital payment have a positive value on the growth of GDP, which empirically claims the beneficial effect from digital payment to economic growth in China in the short run [1].

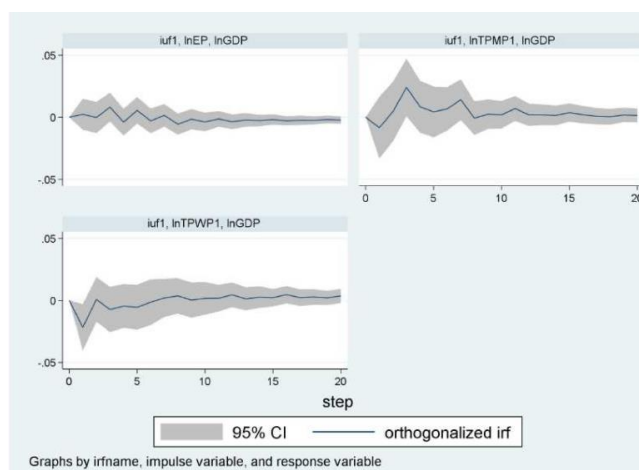


Figure. 1 pulse-responses diagram of digital, online, and mobile payment on the macroeconomic impact [1]

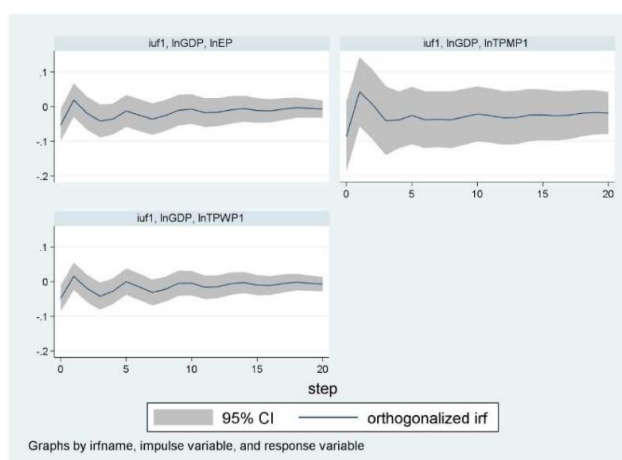


Figure. 2 pulse-responses diagram of macroeconomic impact on digital, online, and mobile payment [1]

In detail, the first advantage brought by digital payment is the higher efficiency and safety for international trade or cross-border trade. Digital payment decreases the risk of lost payment. It avoids the depreciation of capital that might happen during the loading of payment from one place to another physically, thus enhancing the long-term development of long-distance trade [2]. The general willingness to use digital payment is also worth discussing, as not everyone in the current world would like to accept digital payment as their primary payment method. In general, the analysis concluded that individual subjective standards and mobile electronic payments with consumers' perceived trust have a positive impact. In contrast, perceived risk to electronic payment usage by customers has a negative effect [3].

Remarkably, this paper will review the research that analyzes how digital payment as a new demand factor influences consumer intention, psychology, and corresponding behaviors. Research has demonstrated that compared to the electronic account scenario, the difference is noticeably more

significant in the cash account state for consumer psychology: consumers' primary mental accounts are electronic ones with a predisposition toward using [4].

2.1 Consumer Behavior By gender

A popular statement that the volume of women consumers is significant while the single deal value is worth more by men reveals the difference between consumer behaviors by gender. When products are categorized into female and male, the e-commerce market promotes products corresponding to the differences between genders. Female products, to some extent, show more variabilities than male products do. For example, appearance, color, mass, and style are considered respectively when introducing female products, while the function takes up more profile of male products. It is also proposed that the Shopping Festival increases female consumption behavior with a communication effect [5]. In this way, digital payment on e-commerce platforms benefits female product sales because consumers have more time to review more information online. The preference for specific product information is defined as the pursuit of detail-seeking consumer behavior, primarily by women. Also, women have shown herd, impulsive, and comparative consuming behaviors [5]. One factor that makes women shop is related to the social character they have been given. In mainstream culture, women are attributed to all kinds of characteristics, such as a strong mother in one family and a good-looking beauty with perfect body shape in a relationship. As a result, the business utilizes woman's intention of meeting the social tastes to make them consume more products, for example, cosmetics for appearance, clothing for fashion, and household products for a great image of a mother.

Digital payment provides businesses an opportunity of making consumers having irrational decisions. And because women often decide household consumption, it is essential for companies to promote goods and services attracting women. Online platform with digital payment is chosen with higher frequency for shopping for household products because it provides the availability of specific features of products, and a couple of stores can be compared for a single good. Consumer behavior is the next step after a woman's consumption intention and psychological part. A conclusion about the consumption fits in the current statement of woman's consumption, abbreviated as "A-I-S-A-S"—attention, interest, search, action, and share [6]. Also, from the perspective of online businesses, the various plan to attract female consumers point out some key features of female consumer behavior. For example, the product marketing managers of several popular online shopping websites have reported that clothing is the most prevalent product [7]. From the data on the time women consumers spend on the website, we can conclude that the convenience of comparing prices to choose relatively cheaper but with a high rate of comments products are a benefit women consider when using online shopping websites [8]. However, there are many unsolved issues with online payment. The first one by research is that the law for digital payment is not completed, and consumers cannot protect some parts of their payment. Also, as more female consumers appear in the online market, more businesses cheat on the quality of products easily overlooked on online platforms. However, for instance, the delicate picture used as an advertisement for a clothing product can always grab women consumers' attention. This reveals that emotional consumption takes up some proportion of the total online consumption by women [9].

2.2 Consumer Behavior By Age

Digital payment has already been used with the highest frequency in China with applications called WeChat and Alipay. Research shows that undergraduate students are a group of people who rely much on digital payment [10]. Besides the students that accept family support on their living costs, there are many ways for 18-24 students to get credit opportunities, such as Huabei on Alipay and Weilidai on WeChat, which offer monthly loans. Undergraduate students live as a collective group when taking classes and club activities. In this way, people are incentivized to show similar identities, which need consuming the same goods and services to reveal. In other words, their consumption is, in fact, affected by the cohort effect [11]. In China, data has shown that if the overall purchasing power within one dorm in a university increases by 100 yuan, each individual's purchasing power will

correspondingly increase by 21.5 yuan[11]. This cohort effect manifests to a greater extent regarding digital payment because information circulates faster on the Internet and spreads among people in groups.

Besides the cohort effect, undergraduate students' high online shopping frequency can be attributed to their considerable time browsing shopping websites and mobile phone applications such as TaoBao and Pinduoduo. This online shopping tools share a common feature of low-cost products with low-income consumers' preferred prices. Undergraduate students have more free time than those who work; the more they browse, the more the possibility of decision buying. Digital payment, due to its convenience and universality, is like an accelerator converting browsers into consumers.

3. Conclusion

The collection of past research unfolds a tendency for digital payment to take up the primary payment method in China instead of cash or physical bank card. However, there is a lack of evidence showing a firm trend of advocating economic growth through digital payment because the online environment is not always as honest as people consider. There is cheating behavior by online businesses because the high sales make their products seem like great-reputational ones. Women and undergraduates groups are not assigned as irrational consumers when making consumption decisions. Still, it is convincing that they are vulnerable to being trapped in the artificially created demand for consumption. Besides the negative effect of overconsumption by digital payment, it overall contributes to economic growth by building a tight bond between businesses and consumers. More recent data and information need to be collected for groups other than undergraduate students and women to complete the research on The impact of digital payment on consumer behavior in China.

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