

A Study on Rural Consumption in Sichuan Province Under the Influence of COVID-19

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Abstract: Research on rural consumption is an important prerequisite for analyzing rural consumption market. The research on rural consumption in Sichuan province shows that the trend of rural consumption is good, the demand is huge, the will is strong, the structure is optimized and the environment is improved, but it is influenced by Covid-19. It also reflects farmers limited disposable income, lack of social security, lack of financial support and new consumption ecological weakness.

Keywords: Rural consumption; Engel's coefficient; Disposable income

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1. Introduction

Among the current permanent population in Sichuan Province, the rural population is 30,208,954, accounting for 43.27%. Sichuan's rural consumer market has huge demand. At the same time, the consumption capacity and level of rural residents in Sichuan Province has maintained a relatively high growth rate. However, affected by factors such as rural productivity and income levels and the imperfect social security system, there are still many problems in the current rural consumption system in Sichuan. At the same time, due to the impact of the new coronary pneumonia epidemic, its consumption capacity has been significantly weakened, and the growth rate of per capita consumption expenditure of residents has dropped significantly, and offline consumption has shown a phenomenon of decline. In terms of consumption, subsistence consumption expenditure also shows an increasing trend. In 2020, the Engel coefficient will decrease to increase for the first time in the past five years. Another aspect that cannot be ignored is the rapid expansion of new consumption in rural areas, with a growing share.

2. Impact of Covid-19 on rural consumption

2.1. Steady growth of retail sales of consumer goods in rural areas, with decrease in the process of epidemic

From 2017 to 2019, the value of social consumer goods in Sichuan Province was 1,740.445 billion yuan, 1,934.035 billion yuan, and 2,134.298 billion yuan, showing an upward trend year by year. However, it will drop to 2082.49 billion yuan under the impact of the epidemic in 2020, a year-on-year decrease of 2.4%. But compared with 2019, there is still a big increase before the year, **Table 1** for details. Both urban and rural retail sales of consumer goods have this characteristic of change. At the same time, the total consumption of urban consumption is much larger than that of rural areas, and rural areas account for less than one-third of this year-round. However, the growth rate of retail sales of consumer goods in rural areas has been faster than that in urban areas throughout the year and the decline in the 2020 epidemic is slightly

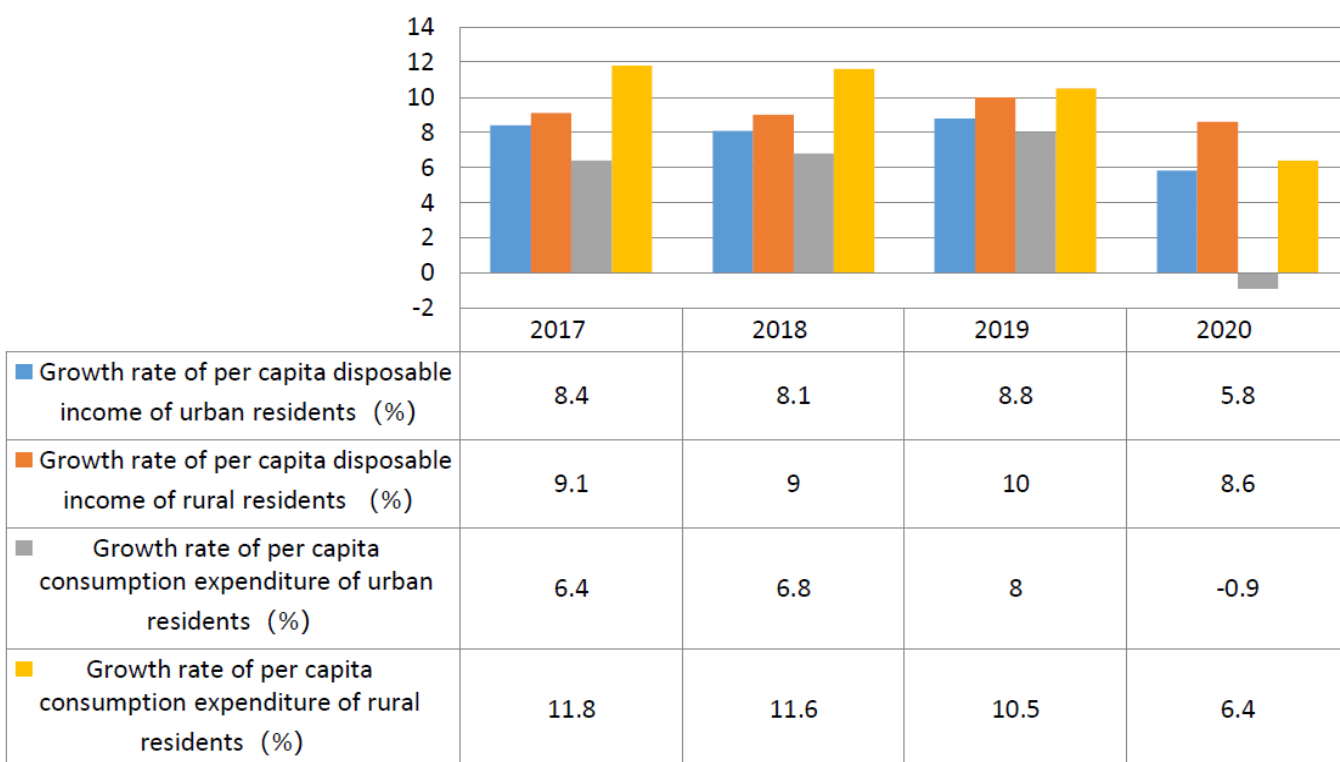
lower than that in urban areas. Compared with urban areas, the impact of the epidemic is relatively small, and the ability to absorb risks is strong. Sichuan's online transaction volume from January to July 2021 reached 2323.03 billion yuan, of which online retail sales were 410.32 billion yuan, of which rural online retail sales were 110 billion yuan, and agricultural product online retail sales were 21.26 billion yuan, a year-on-year increase of 49.1%^[1]. This shows that the current rural consumer market is small but has great potential.

Table 1. Urban and rural retail sales of consumer goods in Sichuan from 2017 to 2020

	2017	2018	2019	2020
Total retail sales of consumer goods in Sichuan	17404.45	19340.35	21342.98	20814.9
Sichuan urban consumer goods retail sales	14124.67	15652.47	17225.38	16791.9
Sichuan rural consumer goods retail sales	3279.78	3688.28	4117.6	4032.9

Data source: Sichuan Statistical Yearbook and bulletin

2.2. Per capita income of farmers increased simultaneously, but slowed down in the context of epidemic



Source: Statistical Yearbook and Bulletin of Sichuan

Figure 1. Annual growth rate of per capita income and expenditure of urban and rural residents in Sichuan from 2017 to 2020

In general, from 2017 to 2020, the per capita disposable income of residents in Sichuan Province has been increasing continuously, and has maintained an average growth rate of 8.3% in the first three years. Even

under the impact of the 2020 epidemic, it has also achieved an increase of 5.8% and absolute appreciation 1819 yuan. During this period, the per capita consumption expenditure of Sichuan residents has continued to increase, and the impact of the 2020 epidemic has slowed down, but there is still a 2.2% growth rate, an increase of 445 yuan over the same period last year. Specifically, in terms of the growth rate of per capita income and expenditure in rural areas, the per capita disposable income of rural residents maintained a relatively high growth rate of 9.2% on average and was much higher than the per capita disposable income of urban residents, with an average growth rate of 7.7%. During the epidemic in 2020, the growth rate in rural areas is 2.8% higher than that in urban areas, which is the largest gap between 2017 and 2020. During this period, the growth rate of per capita consumption expenditure of rural residents has maintained double-digit growth for a long time. In 2020, the growth rate of consumption expenditure of urban residents will be negative, and it will still maintain a medium-speed growth of 6.4%. In terms of specific increase, the per capita consumption expenditure of rural residents has increased year by year, but the total amount is still small, and it has long been less than 60% of the per capita consumption expenditure of urban residents. However, during the 2020 epidemic, the gap between rural and urban areas is the smallest. This shows that the growth rate of rural per capita income is optimistic, but the total amount is small. Under the huge impact of the epidemic, it still has strong growth vitality and good risk digestibility. The relevant data is shown in **Figure 1**.

2.3. Farmers' willingness to consume is strong, but fluctuates significantly

Through the data of per capita disposable income and per capita consumption expenditure of residents, the marginal willingness to consume of residents is calculated. From 2017 to 2020 (relevant data are shown in **Table 2**), Sichuan residents have a high marginal willingness to consume, and the changes are stable, and there will be a certain decline, such as under the influence of the epidemic in 2020. The marginal consumption willingness of urban residents has the same characteristics of change as the marginal consumption willingness of Sichuan residents, but it is lower than the provincial level; the marginal consumption willingness of rural residents is strong, which is more obvious and stronger than the same period in urban areas and higher than the provincial level. However, in the three years from 2018 to 2020, the willingness to consume is affected by various factors and fluctuates significantly. At the same time, under the background of the 2020 epidemic, there is still a relatively strong willingness to consume. This shows that the subjective willingness and demand for consumption in rural areas in Sichuan Province are large, and the potential of consumer market is huge in the future.

2.4. Engel's coefficient of rural residents continues to decline, with a rebound from the epidemic

From 2017 to 2020, in general, the Engel coefficient of rural residents across the country continued to decline from 2017 to 2019, and fell to the 30% richest and richest threshold in 2019. However, it will be affected by the new coronavirus in 2020. Under the influence of the epidemic, the rebound was large and rose to the highest point during this period. The changes in the Engel coefficient of rural residents in Sichuan from 2017 to 2020 are similar to those of the whole country. However, in comparison, the Engel coefficient of rural residents in Sichuan is relatively high and higher than that of urban residents in the same period. It is worth mentioning that despite the impact of the 2020 epidemic, the Engel coefficient of rural residents in Sichuan has rebounded and increased, but it is still lower than the same period in 2017. From the perspective of the proportion of the consumption expenditure of rural residents in Sichuan Province in the total expenditure per capita for the year, excluding the situation affected by the epidemic in 2020, the proportion of consumption expenditure in 2017, 2018, and 2019 were 56.6%, 56.4%, and 54% respectively. The trend is good. However, the proportion is still small and the proportion is still small. Compared with the urban areas in the same period, the gap is large. This shows that the consumption expenditure of rural

residents in Sichuan is still dominated by living consumption expenditure. There is a lot of room for optimization of the consumption structure, and the consumption level is still lower than the national and urban levels, and the upgrading and transformation of rural consumption is imminent. The specific data are shown in **Table 3**.

Table 2. Marginal consumption desire of urban and rural residents in Sichuan Province from 2017 to 2020, data source: Sichuan Statistical Yearbook and bulletin

	2017	2018	2019	2020
Marginal consumption willingness of Sichuan residents	0.786	0.786	0.782	0.745
Marginal consumption willingness of urban residents in Sichuan province	0.715	0.707	0.701	0.657
Marginal consumption willingness of rural residents in Sichuan Province	0.932	0.954	0.889	0.938

Table 3. Engel’s coefficient for rural and urban residents in Sichuan from 2017 to 2020, data source: national and Sichuan Statistical Yearbook and bulletin

	2017	2018	2019	2020
Engel’s coefficient of rural residents nationwide (%)	31.2	30.1	30	32.7
Engel’s coefficient for rural residents (%)	37.2	35.2	34.7	36.6
Engel’s coefficient for urban residents (%)	33.3	31.8	32.6	34.8

2.5. Consumption scenes are dominated by traditions, and the layout of new consumption scenes is beginning to take shape

At present, the traditional consumption scene in Sichuan rural areas is dominated by rushing to the market. Suburban and rural consumption scenes are divided into bulk expenditures (consumption of more than 500 yuan per consumption) based on consumption in nearby cities, and daily expenditures (consumption less than 500 yuan) in nearby villages and towns; In ordinary rural areas, residents buy things in the nearby villages and towns. In these rural traditional consumption scenes, there are more than 7,800 small and medium-sized supermarkets serving the vast rural areas, and more than 445,800 rural convenience stores serving as supplements to supermarket services to meet the consumption needs of rural residents, and the number is stable throughout the year. At present, the number of Taobao villages in Sichuan Province is still in the single digit level, but with the end of targeted poverty alleviation and the advancement of Internet technology, the coverage of rural networks has continued to increase, traffic conditions have greatly improved, and rural residents have new consumption scenarios for consumption. New consumption scenarios such as “unmanned economy” and “customized targeted consumer services” are presented on a certain scale in the Chengdu Economic Circle, and sporadically appear in other regions.

2.6. Comprehensive layout of rural e-commerce, but still in a weak position

As a key hub for consumption and sales of rural residents, rural e-commerce has been continuously promoted and encouraged by Sichuan Province and prefecture-level cities, and used as a rural service and rural revitalization project to provide policy support and financial assistance. At the end of 2020, Sichuan

Province has been striving for a total of 112 comprehensive demonstration projects, and the province's national comprehensive demonstration counties, townships, and villages have reached 99, 2,323, and 11,727 e-commerce logistics service stations respectively, which has spawned more than 400 characteristic brands. There are over 500 businesses, resulting in tens of billions of dollars in rural e-commerce retail sales, providing a suitable platform for agricultural product sales and new consumption by farmers ^[2]. Although there have been some positive developments in the design and growth of rural e-commerce, there are still many flaws. The main manifestation is that, despite official assistance, rural e-commerce's investment costs are high, the profit cycle is long, the potential risk is significant, the market is affected by volatility, and the operation is complex.

3. Conclusion

In conclusion, while the epidemic has impacted present rural consumption in Sichuan Province, the overall picture is favorable. It has a significant presence and influence in Sichuan Province's consumer market, reflecting positive trends, high demand, strong willingness, structural optimization, and environmental improvement. The rural economy is weak; farmers' low income restricts consumption ability; farmers' income instability restricts consumption sustainability; the main consumption force of rural youth goes to work to restrain new consumption; the low service level of new-type rural consumer market leads to problems of relatively small consumption volume, obvious fluctuation, and insufficient consumption. These problems must be handled in order to develop and upgrade the rural consumer market and access the enormous potential of new rural consumption, and the "pain points" and "blocked points" of these problems are the key to fixing them. To "relieve pain and block" is a key approach to boost rural consumption, particularly the new consumer vigor in rural areas, and exploit its enormous potential. Sichuan province should stick to agriculture as a foundation, expand non-agricultural employment opportunities, comprehensively build the social security system, and strengthen the digital Pratt & Whitney Finance, cultivate new types of rural business operators, expand the rural collective economy, and cultivate new hotspots of rural consumption, and pay close attention to the rural consumer market to reduce the impact.

Disclosure statement

The author declares no conflict of interest.

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