

Understanding Digital Consumers: A Comparative Study of Top Markets by MPI

Surender Singh*

Abstract

The proposed study strives to undertake a detail comparative study on Digital consumers of China, Hong Kong and India. This study contributes toward our understanding of digital consumers in today's world by analysing and interpreting the data on several aspects such as internet usage and user segmentation, research behaviour, purchase behaviour, international purchases, search for local information, source of first awareness about products and services to name a few. Each of these aspects are studied in depth to get a clear understanding and identify their implications for businesses.

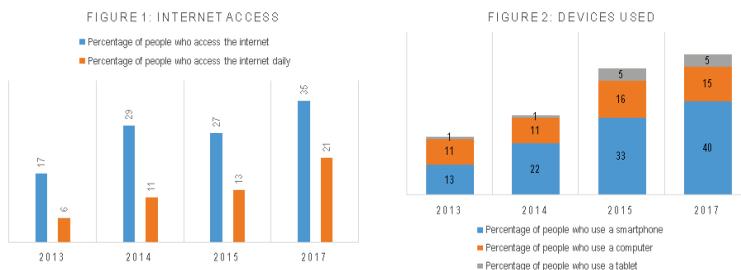
Introduction

Simply put, Digital Consumers are the people who use internet to purchase or sell product or services via various digital devices and platform that are currently available to them due to growth and advancement in technology. This proliferation of digital devices and platform has not only altered the purchase and research behaviour of consumers in market but has also affected the way marketers now communicate and engage with consumers to meet their need in a profitable way. To put it straight, it has led to a new era of Digital Marketing.

When it comes to understanding today's digital consumers, establishing assumption such as, digital savvy consumers are well informed, they want relevant and quick information, they share a lot etc., is not the ideal approach. Instead, to understand the Purchase and Research behaviour of today's Digital Prospects a detail research is desirable. The present study, therefore, aims at looking at the various aspects of Behaviour of a Digitally empowered consumer. We further attempt to compare such behaviour across select countries.

Trend Analysis

The following charts presents a trend analysis of internet and device usage patterns of India, China and Hong Kong.

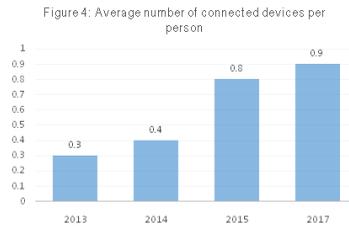
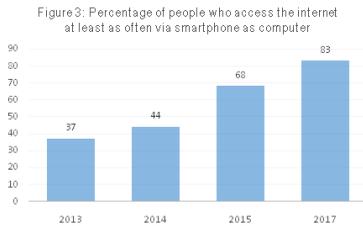


Source: Think with Google

*Associate Professor, Department of Commerce, College of Vocational Studies (University of Delhi), India
E-mail – surender.cvs@gmail.com

Figure 1 presents the internet usage patterns in India. It can be observed that percentage of people who access internet has increased over period of past 4 years. However, percentage of people who access internet on daily basis is although increasing over time but it's still significantly less in comparison to total access to internet. Figure 2 presents a comparative chart of type of devices

used by people in India, as can be noticed, percentage of smartphone user at any point in time is higher than computer user and Tablet users are significantly less. Hence, after smartphones computer is most commonly used device. Also, percentage of smartphone user is continuously increasing over time.



Source: Think with Google

Figure 3 exhibit that percentage of people who access the internet at least as often via smartphone as computers has increased over time to capture a greater percentage of Indian consumers. However, looking at the average number of connected devices per person exhibited in figure 4, it can be observed that although this average has increased it is still very small in comparison to that of China and Hong Kong shown figure 11.

over time. Figure 5 exhibits the internet access in China and Hong Kong, as can be seen the percentage of people having access to internet has increased overtime for both the countries, and this percentage to begin with is significantly higher than that of observed in case of India. Hence, it can be said that in comparison to India, people in China and Hong Kong have greater access to internet. Similarly, there is a growing trend in daily access to internet in both the countries (see figure 6) and this growth trend in percentage of people who access internet on daily basis is significant than that observed for India in figure 2.

Comparative Trend Analysis of China and Hong Kong: The following sub division of trend analysis presents a comparative trend analysis between China and Hong Kong on internet and devise usage patterns observed

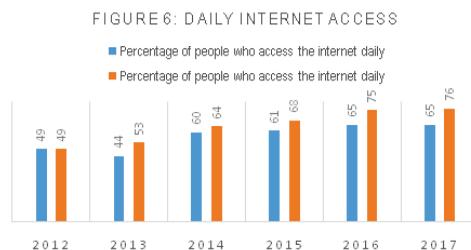
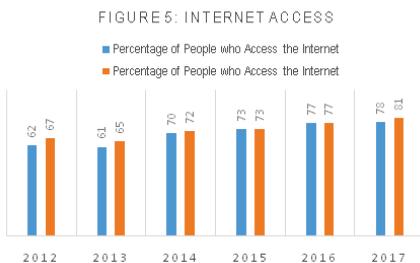


FIGURE 7: SMARTPHONE USAGE

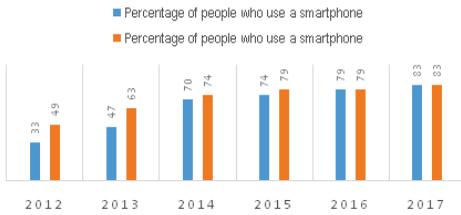
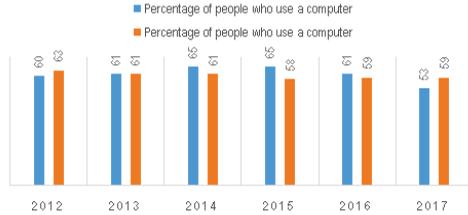


FIGURE 8: COMPUTER USAGE



Source: Think with Google

Figure 7 presents an increasing trend of smartphone usage in china and Hong Kong over period of past 5 years. However, trend in use of computer remains a bit inconclusive for both the countries. Up till year 2012 and 2013 percentage of smartphone users remained outnumbered by percentage of people using computers, this trend, however, reversed from 2014 onwards. It is

also observed that percentage of smartphone users and computer users in China and Hong Kong is significantly greater than the those in India. The trend in tablet users is also increasing for all three countries and this is significantly higher for Hong Kong than other two countries, the percentage of tablet users is least for India.

FIGURE 9: TABLET USAGE

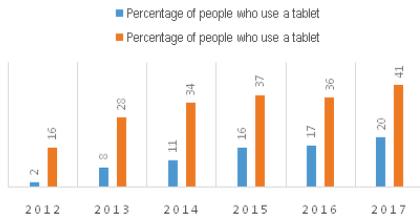
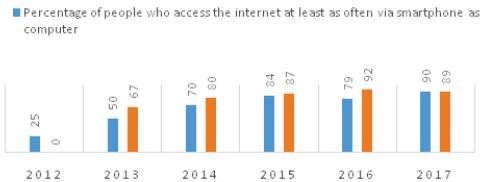


FIGURE 10: PERCENTAGE OF PEOPLE WHO ACCESS THE INTERNET AT LEAST AS OFTEN VIA SMARTPHONE AS COMPUTER

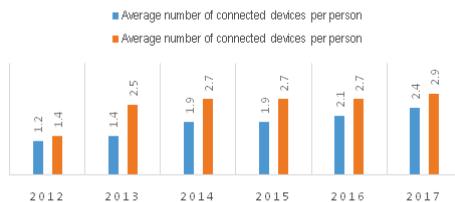


Source: Think with Google

Overall trend in percentage of people who access the internet at least as often via smartphone as computer is increasing in all three countries of our interest (see figure 3 and 10). Figure 11 exhibit the trend in average number of connected devices per person which is increasing for all

three countries. However, this average is comparatively higher in Hong Kong. On the other hand, average number of connected devices per person is found to be lowest in India.

FIGURE 11: AVERAGE NUMBER OF CONNECTED DEVICES PER PERSON



Source: Think with Google

Objectives

To understand Digital Consumer Behaviour of China, Hong Kong and India and its implications for local and international businesses.

Data and Methodology

For the purpose of comparative study, Market Potential Index (MPI 2017) has been used to identify the top countries by their market potential. While China and Hong-Kong has been ranked First and second respectively for four consecutive years, India has recently joined the race of top three countries by their market potential. The index has been pioneered by Michigan State University — International Business Center to help companies compare prospect markets on several dimensions. It primarily uses eight dimensions of markets viz. size, intensity, growth rate, consumption capacity, commercial infrastructure, receptivity, economic freedom and country risk. Each of these dimensions are measure on a scale of 1 to 100 and are given a relative weight.

We propose to use descriptive research design based on Secondary data analysis, the required data and latest reports has been collated and retrieved from Think with Google. With data provided and trends tracked by Google think, we compare them amongst the selected countries to get the comparative insight into how technology and internet has affected consumer behaviour and its implications of businesses.

Analysis

The comparative analysis amongst selected countries is divided into following sections where each section addresses a specific aspect of digital consumers' behaviour and characteristic.

Comparative Internet Usage Pattern

Observing the internet usage rate and frequency it is found that in comparison to India (35%), more people in

Hong Kong (81%) and China (78%) use internet for their personal purposes that do not concern their business and work-related purposes. And a significant portion of such segment use internet for personal purposes on daily basis. Hence, population of China and Hong Kong are more frequent users of internet in comparison to India. People in China and Hong Kong use internet more frequently for personal uses i.e. non-business related while Indian user stick to business and work-related uses of internet.

Digital Savviness and Motivation

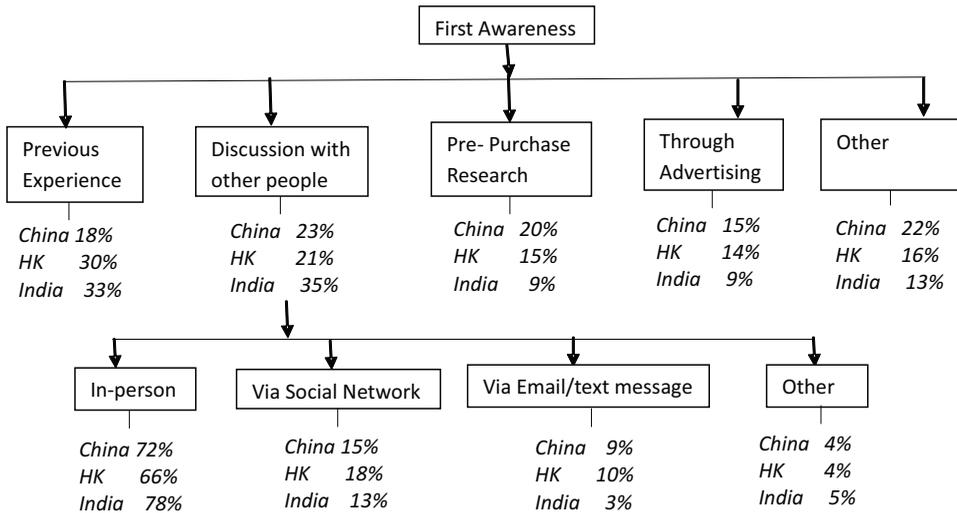
how often they post content online, how often they guide people about how to do things online, how often they use internet as first source to search for information, whether they see digital activities as fun source and if they prefer to do a task digitally; indicates that people in India exhibit comparatively greater digital savviness than people in China and Hong Kong on above mentioned factors.

From the base of internet users (accessing via computer, tablet or smartphone), a major segment (79%) is found to be having a highly optimistic view toward new technology believing that new technologies offer more opportunities than risk, whereas this percentage is 58% and 46% percent for China and Hong Kong respectively.

Devise Usage

Mobile phones are most commonly used devices in all 3 countries, however, smartphone users are significantly less in India (only 40% in comparison to 83% in China and Hong Kong). User in china and Hong Kong most actively engage in using smartphone functions such as access travel/traffic/maps, news, check weather etc. than in India. Indian consumers use more frequently use their smartphones for music, videos, playing games and taking photos. Almost in all online activities such as using search engines, visiting social network sites, checking email, playing games and video, online purchase and information search etc., Hong Kong users are observed to be more active.

Product Awareness



Source: Data Retrieved from Think with Google

Majority of consumer get to know about a new product/service either through their previous experience or discussion with other people in person particularly in-person. While doing pre-purchase research, Indian consumer prefer instore/shop/showroom enquiry while consumers in china mainly search for product online via website/apps. Amongst the advertising media, online media is relatively more effective in China (49%) and Hong Kong (26%) than in India (16%). In India, on the other hand, Television (31%) and in-store adds (25%) are observed to be more effective.

Research Behaviour of Consumers

Research behaviour of consumer in select countries can be examined on factors such as time spent on product research, motivations for purchase, number of brand considered, extent of online/offline research and their sources, online pre-purchase activities and use of internet in purchase stages, and devices used in research. A comparative analysis of select countries on these factors revealed the following characteristics of research behaviour of consumers in select countries:

- Majority people engage in pre-purchase information search of any type (93% in China, 84% in Hong Kong and 91% in India.) and only small percentage of

people do not perform any kind of pre-purchase information search.

- Only a small portion of people who engage in pre-purchase information search, rely solely on online research (i.e. 9% in China, 12% in Hong Kong and 3% in India). A combination of both online and offline research is much more common amongst buyers. 'Only offline' research is much common amongst Indian consumers (44%) than that of China (21%) and Hong Kong (17%).
- Amongst the offline information sources, discussion with family/friends/colleagues/others and in-store research (brand's or retailer's store) are comparatively more effective in all three countries. Other offline information sources viz. TV and Radio Programs/ads, printed material, salesperson/company representative/ consultant, billboard/ posters are not very effective source of information to initiate or finalise a purchase decision process.
- Amongst the online sources of information, search engine is observed to be most effective source particularly in China and Hong Kong. Followed by this is, online search on brand and retailer websites as next most effective online source of information. Comparatively a greater proportion of customers in China and Hong Kong rely on this source for

information search than in India. Social network and online video sites are comparatively more effective in India than in China and Hong Kong. But they are less effectiveness than other online sources of information.

- People usually spend one hour to a week-long time on product research before purchasing it. This product research behaviour is consistent across select countries in present study.
- The primary motivation behind a purchase decision is to meet an urgent need followed by a 'a gift for oneself' and a regular purchase and refill.
- Before product purchase Indian customer usually consider one (48%) or two brands (31%). On the other hand, customers in China and Hong Kong are more likely to consider greater number of brands than Indian customers before arriving at final purchase decision. Interestingly, the proportion of people who don't consider any brand in particular is significantly higher for China (25%) and Hong Kong (31%) than India (8%).
- Looking at the role of internet in pre-purchase activities of customer in select countries it is observed that a majority of Indian consumers use internet to get initial ideas and inspirations (55%) in their purchase decision. Whereas internet is most commonly used to compare products/prices/features online in China (62%) and Hong Kong (57%). It's also common to use internet to discover relevant brands online and look for opinion/reviews/ advices online.
- Computers are most commonly used device in any stage of product research followed by smartphones. And this pattern is relatively much strong in China and Hong Kong. In India, however, use of smartphones and computers in product research is not significantly different. In fact, proportion of consumers using only smartphones for product research is significantly higher for India.
- Those who search offline usually go for offline purchase and those who search online also prefer offline purchase.

Purchase Behaviour

Purchase behaviour of consumers can be studied from several dimensions like, specific purchase location both online and offline, devices used for purchase, method of receiving product, post-purchase activities, and research and purchase behaviour (ROPO). The following purchase behaviour has been identified on selected dimensions:

- A majority population in all three select countries prefer to purchase offline (e.g. store, agency, office, kiosk, restaurant etc.) and such segment is significantly large in India (82%) in comparison to China (51%) and Hong Kong (62%). The second preferred purchase location is 'online'. However, in comparison to China and Hong Kong only a small percentage of Indian consumer prefer to purchase online (11%).
- Just like in case of product research, those who purchase online, reported Computer as commonly used device followed by smartphones. It is also observed that; smartphone user segment is comparatively larger in India than in China and Hong Kong. It can then be said that, product purchase is often made using same devices that has been used in product research.
- The most common method of receiving product is observed to be 'collection from store' which is consistent with the observation that people usually prefer to purchase offline.
- It is also observed that only a small segment of consumer engages in post purchase behaviour such as, sharing purchase experience on social network(s), posting reviews and ratings and looking online for product set-up and usage. This post purchase behaviour is consistent across select countries.
- Research and purchase behaviour (ROPO) of consumers is categorised into four categories viz. which is presented in following ROPO Matrix:

Source of Product Research

		Online	Offline
Product Purchase Method	Online	Category I <i>China: 36%</i> <i>Hong Kong: 23%</i> <i>India: 9%</i>	Category II <i>China: 15%</i> <i>Hong Kong: 8%</i> <i>India: 3%</i>
	Offline	Category III <i>China: 36%</i> <i>Hong Kong: 44%</i> <i>India: 29%</i>	Category IV <i>China: 42%</i> <i>Hong Kong: 38%</i> <i>India: 49%</i>

Source: Data Retrieved from Think with Google

Majority of consumer get to know about a new product/service either through their previous experience or discussion with other people in person particularly in-person. While doing pre-purchase research, Indian consumer prefer instore/shop/showroom enquiry while consumers in china mainly search for product online via website/apps. Amongst the advertising media, online media is relatively more effective in China (49%) and Hong Kong (26%) than in India (16%). In India, on the other hand, Television (31%) and in-store adds (25%) are observed to be more effective.

As can be seen Category II is least common ROPO amongst consumers in all three countries. Category I consumers are least common in India in comparison to other two countries of our interest. Category IV is most common type of research and purchase behaviour in all three select countries followed by Category III type of ROPO i.e. consumer generally research offline and also purchase offline or they may also search for product on various online sources and then purchase it offline.

International Purchases

International purchase behaviour of consumers is studied on attributes such as frequency of purchase, attitudes, challenges, motivations etc. the following characteristics has been observed:

- Majority of consumers in India (84%) and China (52%) have never bought products online from abroad. However, percentage of consumers who have purchased international product online at least once a year is higher for Hong Kong (48%) and China (32%) than India (10%). This indicates that international purchases are not quite common in India and China.
- Chinese consumers who make international purchases usually purchase food (groceries, delicacies, and special food); Cosmetics, beauty and health products and clothing & accessories or footwears. Whereas, Indian consumers primarily make international purchases of clothing & accessories or footwears followed by Cosmetics, beauty and health products and mobile phones, SIM cards. It is observed that unlike international purchases by consumers in India and China, international purchases from Hong Kong is quite

dispersed amongst various major product categories such as; food, Cosmetics, beauty and health products, books/CD/DVDs/Video games, clothing & accessories or footwear, personal and domestic appliances, Home & Household goods, Home furnishing/furniture, and toys.

- Looking at the attitude of consumers in select countries toward international purchase it is observed that majority consumers in China (52%) and India (75%) prefer to buy products from within their country. Whereas, consumers from Hong Kong apparently are more open to international purchases. Shipping cost does not appear to be a problematic issue in international purchases as only small percentage of customer expect shipping cost to be very high when items are delivered from abroad, however, longer delivery time is observed as one of the key issue in international purchases and Indian consumers in particular are highly impatient about the long delivery time involved in such international purchases with only 4% willing to accept longer delivery time. And finally, majority of those who are willing to buy products from abroad do not have any specific preference for country to import from.
- For majority of consumers in Chinese market Quality is the primary motivation to initiate international purchase, apart from this better availability, better conditions viz. service and terms of payment, recommendations from others, appealing offers are some other commonly stated reasons for international purchase. For Indian consumers better quality and appealing offers are the prominent reasons of opting for international purchase. Better availability and appealing offers, on the other hand, are commonly stated reason by consumers in Hong Kong.
- In international purchases language is a major hurdle for Chinese consumers whereas consumers in India and Hong Kong are relatively much comfortable with foreign language.

Conclusion

Customers' interaction and discussion with other person in-person rather than via social network/E-mail/text message is a crucial source of information about new product/services. Online advertising is most effective way to advertise a new product in Chinese market whilst television and in-store ads is most effective in Indian

market. Although, online businesses are growing in India, approx. 82% of Indian consumers still prefer buying from stores. Online buying is quite popular in Chinese and Hong Kong markets. Consumers actively search for product information (online/offline) before buying it online/offline, but rarely engage in any online post purchase behaviour. Internet is most preferred medium of pre-purchase inquiry, but purchases are often made at offline store. Indian consumers are most averse to online international purchases than consumers in china and Hong Kong. Indian consumers are most comfortable with buying products from within India. Amongst those Indian consumers who make international purchases, better quality and appealing offer is the primary driver of purchase intention. International purchases are usually done by those Chinese consumers who look for better quality and availability. Better availability and appealing offer is primary motivation to Hong Kong consumers. Local language, long delivery time, lack of suitable payment methods, unclear process for ordering, security issues are found to be common hurdle with international purchases. Translation is a major hurdle for Chinese consumers making international purchases and they rarely use translation services.

References

1. Galat, G. (2013, February 1). Retrieved from: <https://econsultancy.com/blog/61961-understanding-the-digital-consumer>
2. Manicom, S. (2015, October 28). How Digital is Changing Consumer Behaviour. Retrieved from: <http://www.mediavisioninteractive.com/blog/social-media/how-digital-is-changing-consumer-behaviour/>
3. ReachFirst. (n.d.). Understanding Digital Consumer. Retrieved from ReachFirst: <https://www.reachfirst.com/understanding-digital-consumers/>
4. The Nielsen Company. (2014). The Digital Consumer.
5. The Nielsen Company. (2014). The U.S. Digital Consumer Report.
6. The Nielsen Company. (2014, October 2). What's Empowering The New Digital Consumer. Retrieved from <http://www.nielsen.com/us/en/insights/news/2014/whats-empowering-the-new-digital-consumer.html>
7. Think with Google. (n.d.). Retrieved from: https://www.consumerbarometer.com/en/graph-builder/?question=N38&filter=country:china,india,hong_kong_sar