

# Theory and Empirical Research on Cultural Consumption in China: Lipstick Effect

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**Abstract**—Cultural consumption is the important means to promote economic growth and the industrial structure optimization. Cultural consumption has typical lipstick effect. The cultural consumption potential is tremendous in China. Nevertheless, cultural consumption environment needs further improvement due to scarce cultural consumption amount scale, imbalance cultural consumption structure, imperfect cultural consumption service system, and insufficient cultural products supply. China should set up the concept of cultural consumption, perfect cultural consumption public service system, improve the economic income, and establish the pluralism and multi-level cultural consumption development strategy.

**Keywords**—cultural industry; cultural consumption; consumption structure; lipstick effect

## I. INTRODUCTION

In recent years, with the rapid development of economic society and constant improvement of residents' income level, the consumption structure is optimized and upgrading ceaselessly. Cultural consumption has become an increasingly important part in the residents' consumption, and is showing with a trend of diversification. As the final link on a cultural industry chain and the important power to promote the upgrading of consumption structure, cultural consumption has great significance on promoting the development of cultural industries, promoting the upgrading of industrial structure and the improving national quality in China. However, Chinese cultural consumption potential is far from ones of western developed countries, which is mainly manifested in low cultural consumption proportion, imbalance regional cultural consumption, single cultural consumption structure and the still existing distance between culture product quality and consumer's expectation. During the current period of social economic conversion and residents' consumption structure upgrading in China, enlarging the residents' cultural consumption and improving cultural consumption ability is not only an important measure to stimulate the economy and expand domestic demand, but also a significant means to break the cultural industry development bottleneck.

## II. THE THEORETICAL ORIGIN OF CULTURAL CONSUMPTION

Since cultural consumption is originally a subject in the area of social science, different scholars have launched deep studies from diverse research angles. As early in fifties or sixties of last century, Toffler, the futurists in America, believed that after the experiences of agricultural society and industrial society, human society begins to step into the

post-industrial economy society, and that the third wave have come, the human society will enter a society, in which wealth of material is very rich, and start to pursue a higher level of spiritual requirements.<sup>[1]</sup> In 1998, American scholar Joseph Pyne and James Gilmore put forward that, after the three eras of agricultural economy, industrial economy and service economy society, the human society entered the "experience economy" era in the nineties of last century.<sup>[2]</sup> The experience economy emphasizes the unity between consumption and production, respects the consumers as the subject of value creation and pleasurable consumption experiences. Thereafter, the theoretical research and practical application of cultural consumption has been greatly developed in western developed countries. The studies of cultural consumption in China started in the later eighties of last century. The phrase of "cultural consumption" had been firstly put forward in the meeting of the national consumer economy seminar in China In 1985.<sup>[3]</sup> Around 1987, cultural consumption became an important topic in the field of consumptive economics research. In the early studies of the cultural consumption, scholars tended to explore the topic of "cultural consumption" in the aspect of spirit, which distinguished cultural consumption from material one. For example, drawing lessons from Marx's method of productivity being categorized into corporeal productivity and mental one, Professor Yin ShiJie divided consumption into two categories of material consumption and mental consumption for the first time. The author holds that "spiritual consumption" is the consumption behaviors the consumers conduct to satisfy their spiritual and cultural need.<sup>[4]</sup> Some researchers hold that cultural consumption is the consumption of materials and labor services people conduct to satisfy the need of cultural life, and the consumption of goods people conduct for self-development.<sup>[5]</sup> Such demands of culture and self-development mainly include the demands of education and training, entertainment and leisure as well as cultural, artistic, spiritual pursuits. With the development of society and passage of time, the later researchers did not define culture consumption from a narrow perspective like the earlier ones, but tended to adopt the generalized concepts of cultural consumption. They gave the interpretations of cultural consumption from multiple perspectives. Especially, with the current progress of science and technology as well as economic development, the culture is combining closer with science, technology and economy, the trend of cultural industrialization and marketization is getting more and more obvious. The cultural market provides consumers with rich cultural products, and the cultural consumption has become unprecedented prosperity. Vice versa, cultural consumption promotes the development of cultural industry also. Grasping

the concept of cultural consumption from the perspective of the cultural industry development has become an important perspective for many scholars to research on cultural consumption. The studies of distinct researchers have also greatly expanded the connotation of cultural consumption.

At present, most researchers hold that cultural consumption mainly refers to people's action of consuming spiritual-cultural products and services with different ways to satisfy their spiritual-cultural life, it is the possessing, appreciating, enjoying and using of the spiritual-cultural products and services. In the time of cultural consumption, people's consumption psychologies shift from the emphasis on the economic costs to the emphasis on psychological costs. The options of people on commodity are no longer simple consumption activities, but their own life-style, status, social image and emotional sustenance activities. The integration of the cultural and economic fields seems particularly clear in the following two aspects. Firstly, in the process of producing and consuming average commodity, the symbolic value of commodity is increasingly respected, so that the cultural factor has become one of the main forces in the social economic activity. Secondly, with the advancement of the cultural industry and promotion from economic rule and technology development, persons' consumption ways on cultural products transfer from watching to participating, which causes the conversion of cultural conception to a great extent. Business factors, thus, increase their own influences in the course of cultural activities in consumption society.

### III. THE ANALYSIS ON LIPSTICK EFFECT OF CHINESE CULTURAL CONSUMPTION

Studies show that the evolution and development of industry always follow certain rules. As a new form of industry, the emerging of culture industry has its historical reason, and culture consumption has its specific history brand in the process of promoting economic development and industrial structure optimization. According to the experiences from western economic development rule, well-noted, it is the best time to adjust and optimize the original economic structure when the economic crisis happens. Namely, the original industrial structure can no longer meet the needs of economic development, and new economic growth point should be pursued to achieve the economic growth mode transformation. In the process of economic crisis, the money supply in monetary market decreases because of depressed economy, which directly leads to the reducing of investment capital, the difficulty for enterprise to survive and the increasing of unemployment, therefore reducing the dwellers' marginal propensity to consume. As the investment threshold of cultural industry is not high and the limited capital can be invested in the cultural industry, the development of cultural industry has the typical rule of "counter-cyclical growth". Whenever the economy is in depression, the cultural industry shows the trend of rebound, which is the famed "lipstick effect". The "lipstick effect", as the famous economic theory, was firstly put forward in 1930s during the great depression in the United

States. Even in an economic downturn, people still have strong desires for consumption. Due to the limitation of income level at that moment, people's consumptions turn to buy cheap goods. Although lipsticks are not necessary in life, they have the cheap and cosmetic characteristics, and can give psychological comforts to consumers, especially at the time the soft and moisturizing lipsticks contact their lips. "Lipstick effect" interprets a basic principle---when in the economic downturn, the pressures of people will increase; meanwhile, people do not have much money to buy the luxuries like houses and cars, thus they possess some small money on hand. The truth--- life is so heavy and people always need to be relaxed---has created opportunities for the development of cultural products. In response, cultural consumption has the typical lipstick effect. When meeting people's consumption desire, the cultural consumption can also satisfy people's spiritual needs. People get spiritual consolation by cultural consumption. In addition, the cultural industry can promote pioneering work and employment. Since cultural enterprises are mostly small and medium-sized ones, their requirements for employees are not high, and do not require practitioners in specialized skills training, the development of cultural industry can provide the community with a lot of jobs to attract a large number of practitioners.

From an economic perspective, the promotion of cultural consumption will become the inevitable choice to speed up the development of cultural industry. The development of future cultural industry must rely on the acceleration of cultural consumption. As a typical low carbon and environmental protection industry, the cultural industry plays an irreplaceable role in promoting the strategic adjustment of the economic structure, carrying forward the socialism core value system, and improving the consume structure. <sup>[6]</sup>

### IV. THE DEVELOPMENT PRACTICE AND TREND OF CHINESE CULTURAL CONSUMPTION

For historical reasons, consumption behaviors of town residents in China have suffered many restrictions in the era of planned economy. Chinese residents' consumption freedom can be traced back to the reform and opening-up. In the 30 years after reforming and opening up, China's urban consumption structure has undergone three stages of evolution. Occurring mainly from the end of Cultural Revolution to the mid 1980's, the first stage was the stage of "extensive" consumption for people to solve survival problems. Meantime, the amount of food and clothing was greatly expanded. Next, during one decade from the mid 1980's to the mid 1990's, the second stage was the stage of "intensive" consumption for people to settle the problems of food and clothing. Meanwhile, the consumer spending on basic food and clothing came down, whereas, the big durable goods for family climbed rapidly. Since the mid 1990's up to nowadays, people step gradually into the third stage of "pleasure" consumption, satisfying spiritual needs. In the mean time, the consumer spending on life necessities presents a steady decline, whilst the enjoyment consumption increases dramatically. It is the first time for the spending on cultural

entertainment more than that on daily necessities. The consumptions people demand most change the direction from material wealth to spiritual wealth. Moreover, cultural consumption has become quite a part of spiritual wealth consumption. [7]

According to Maslow's theory on hierarchy of needs, after meeting the basic physiological needs of low level, people will generate higher levels of needs, such as social need, emotional need, respect need and the need of self-realization. Generally, the higher the level of disposable income gets, the stronger the capability of cultural consumption becomes, and the larger the amount of cultural consumption turns. Now, with the continually rapid growth of Chinese national economy and constant rising of residents' income levels, the absolute value of urban residents' consumer spending on culture is increasing year by year, the structure of cultural consumption is optimized, and the cultural consumption of residents tends to be rational. Hence, the cultural consumption, which is in proportion to their own affords ability, is being recognized and accepted by more and more residents. As revealed in studies, since the end of last century, especially in the new century, the demands on cultural consumption---such as tourism, education, entertainment and leisure of the urban residents in China---grow significantly.<sup>[8]</sup> In the future, the consumption capability of urban residents will continue to increase, the hotspot of consumption will change constantly, consumption structure will upgrade unremittingly. The mode of consumer demand will convert from the traditional consumption mode of "giving priority to physical consumption" to the modern consumption model of "laying equal emphasis on physical consumption and cultural consumption", transform from the type of obligations consumption to user-initiated one, shift from standardization consumption to personalized consumption, change from singleness consumption to pluralism consumption, thus leading to the substantial increasing on cultural consumer spending. Demonstrated in the data from national bureau of statistics, per-capital disposable income of urban residents rose from RMB 6280 in 2000 to RMB 10493 in 2005, whilst the Engel's coefficient fell to 0.367 from 0.394 accordingly. The percentage of cultural consumption in the urban residents' consumer spending went up from 8.8% in 1995 to 13.8% in 2005, and reached to the climax of 15.0% in 2002, the urban residents' cultural consumer spending in 2005 soared as 3.5 times as that in 1995.<sup>[9]</sup> By the end of 2009, cultural consumption spending on the government's public finance was RMB 109.574 billion, total consumer spending of family on culture entertainment products and services was approx. RMB 607.6 billion. Based upon domestic consumption trend, total cultural consumption amount of Chinese urban and rural residents is expected to RMB 1.5 trillion by the end of the twelfth five years. In the period, the cultural consumption of Chinese urban and rural residents is predicted to increase progressively by around one hundred million RMB every year on average; the gross of urban and rural residents' cultural consumption is forecasted to grow at average increase rate of near 11.5% per year.<sup>[10]</sup>

## V. PROBLEM EXISTING IN CHINESE CULTURAL CONSUMPTION

On the whole, with the moving forward of the reform of Chinese cultural system and the promotion to culture industry, the residents' demand in culture consumption has shown sound momentum of rapid growth. However, there is still a large gap in the scale of cultural consumption between China and developed countries, and there are problems need to be solved immediately in the cultural consumption structure of China.

(1) The gross of cultural consumption in China trends to be low, and residents' cultural consumer expending accounts for a small proportion of residents' disposable income. First and foremost, the starting point of cultural consumption in China is lower, the consciousness of cultural consumption is not strong, and the gross of cultural consumption leans to be low. In 2004, the value added of cultural industry in China was RMB 344 billion, accounting for only 2.15% of GDP. Nevertheless, in the same time, the value added of cultural industry amounted to 28.5% and 21% of GDP in United States and Japan respectively.<sup>[11]</sup> The actual value added of Chinese cultural industry was over RMB 800 billion in 2010. If calculated according to the proportion of cultural consumption in Western countries, the value added of China should be 5 RMB trillion. Nevertheless, the actual value of China was far below the cultural industry output in developed countries in the corresponding period. Secondly, the cultural consumption expenditure in China makes up a low percentage of residents' disposable income, and the indicators of spending on culture, entertainment and service are all low-ranking. In light of the data issued by National Bureau of statistics, early in 2009, the per capita GDP in China had already amounted to RMB 5000<sup>[12]</sup>, and had stepped into the comfortable consumption stage on the whole, the cultural consumption potential is great. However, in terms of single household expenditure, compared to the developed countries' proportion with 15% to 18%, people's culture consumption expenditure in China accounts for a lower proportion of residents' disposable income, which is not accord with the per capita GDP in China. It is a major problem how to improve the residents' cultural consumption capacity, which should be resolved to maintain the rapid development of cultural industry in China in the future.

(2) The phenomenon of cultural consumption disequilibrium is outstanding, and the cultural market development has formed the mode of urban and rural dual structure. The consumption market of popular culture in China composed a bit late, it was in 1980's for the cultural market to begin to enter the period of rapid growth. The imbalance between urban and rural from government's investment on cultural industry results in the tremendous difference for the cultural consumption between urban and rural residents in China. The cultural market developed into the mode of dual structure between urban and rural. Indicated in data, despite that the conditions of public cultural service have been greatly improved, and the achievements of a series of policies, such as "TV coverage to every village project" and "national cultural

information resources sharing project”, have benefited the rural residents in the “eleventh five” period, there is large difference in the sharing level of cultural achievements between urban and rural residents. Urban residents’ comprehensive development index of culture consumption facilities construction, renewal of cultural content and consumption market of cultural products was significantly higher than that of rural residents. For example, in 2009, per capita cultural consumption expenditure of urban residents in Zhejiang was 2.86 times that of rural residents. The gap of cultural consumption between urban and rural is very obvious.<sup>[13]</sup> Viewed from consumption contents, the city residents’ cultural consumption activities are mainly concentrated in the film, TV, newspaper, network, DVD and CD. Daily cultural consumption of per capita RMB 100 has become the mainstream consumption, the cultural consumption above RMB 500 are given priority to education and training. In contrast, the cultural consumption of rural residents is relatively monotonous, mainly watching TV and listening to the radio. Being limited by the infrastructure construction and economic conditions, the consumption on Internet and other new media is seldom in rural. Furthermore, the regional difference of cultural consumption in China is also very obvious. The cultural consumption in eastern developed regions ranking with a remarkably higher proportion of the daily expenses outdistances that of the west regions. It becomes a key issue of promoting the development of cultural industry in China, regarding how to announce a new policy for the underdeveloped regions and release the cultural consumption ability of vast rural area.

(3) The service system of cultural consumption is not complete, and the market pricing mechanism is unsound. Released by the investigation, cultural consumption is not only one link, but also a key factor of penetrating the whole process of cultural industry. Whether the consumers know how to consume the culture, involves to a series of problems, such as the producing of cultural products, the construction of public cultural service system, and the raising of consumption level.<sup>[14]</sup> Therefore, the drafting of culture consumption policies should also be multi-level and all-around. Only by establishing a stimulation system of comprehensive cultural consumption policy, can the culture consumption policies be in effect. As proved by the practices in developed countries, in order to promote the rapid growth of culture industry, the government need encourage the cultural consumption, enhance the stimulative impact on consumption, take measures to cultivate the cultural consumption market, attract consumers by high-quality and rich cultural products and services, and stimulate the growth of cultural industries by expanding the consumer market constantly. Nevertheless, the small scope of cultural market, and a non-unified formed clear channel of production, manufacture, publicity, performances and exhibitions, brings forth the high costs of unit cultural product in China. The prices of cultural consumer goods, such as films, theatrical performances, are too high to afford by average consumers. Meanwhile, in fact, Chinese cultural resources are mostly in the hands of the government, the culture management system is not standardized, market

pricing mechanism is not perfect, and the folk cultural investment environment is not ideal, which prevents the investment of private capital from forming the scale. It has become an important problem that the cultural industry has to face in the process of development, how to introduce the macrocontrol means, make use of financial and taxation policy, guide the reasonable adjustment of cultural production and price, adopt differential pricing, fare subsidies and other methods, reduce the cultural consumption cost of urban residents and promote the balanced cultural product consumption.

(4) The supplies of cultural product are not rich and the environment cultural consumption need be improved. Cultural consumption prosperity depends not only on the dweller's consumption ability and willingness, but on the cultural products supply. The increase of cultural products supply can promote the growth of cultural consumption effectively. At present, Chinese cultural market is still in the growth stage, the degree of marketization is low, the output of cultural industry is not high, the overall produce level of cultural products is low, the homogenization of product is serious, market circulation is not smooth, which limits the development of cultural consumption. Moreover, the lagging legislation of cultural industry results in disadvantages to the cultural consumption in the current market environment. Apart from the above, the legislation blank about new media and new culture, such as mobile phone short message, Internet music download, mobile and infinite value-added services, does not make the cultural consumption rights of citizen been protected effectively. The charges traps like SMS fraud, spam, value-added in network service, had harmed to the interests of consumers, therefore influencing the cultural consumption enthusiasm of residents.

## VI. CONCLUSION AND SUGGESTION

Cultural consumption is a type of consumption behaviors, which people conduct on cultural products in material forms and cultural service in labor forms to obtain knowledge, cultivation of body and mind, own and other entertainments, when heir economy and time permit. It affects the national quality of a country deeply, and plays a leading role in the domestic economy development. Via the study on cultural consumption, remarkably, cultural consumption is not a simple kind of consumption behavior, but a kind of consumption behavior with specific material form and value form. Firstly, cultural consumption is an actual behavior in residents’ lives, it can be a real consumption of material or goods. Nowadays, the cultural consumption in material form is still accounting for quite a large proportion of cultural consumption. Secondly, as the consumption of specific value, cultural consumption is not the necessary physical consumption, it also have their own inherent characteristics, such as the elegant delicate of consumption places, the high levels of consumer groups and the high value of consumption products. In other words, cultural consumption can be the consumption of symbolic goods, emotional, information and rational cognition. With this kind of consumption, the emotion

of people is highly met, cognitive ability and cognitive level is greatly upgraded, the feeling of high pleasant and psychological needs is greatly satisfied.

The direct results from cultural consumption not only set higher requirements on cultural industry, but promote the prosperity of culture market and the development of cultural industry. As the two aspects which influence and promote each other, cultural consumption and cultural industry has become an important content in the lives of people and social economy. The change of cultural consumption content and the expanding of cultural carrier will promote the upgrade of cultural industry development, and eventually bring the hotspot and new trend of culture consumption. How to explore a way of cultural consumption with strong cultural flavor is a practical issue, which the subjects of cultural production and consumption must handle seriously.

To further enhance the cultural consumption and promote the development of cultural industry, the following should be done. Firstly, a new concept of cultural consumption should be established in the whole society. Chinese government should initialize corresponding policies, reduce the cost of cultural consumption, nurture the subjects of cultural consumption, enlarge the space of cultural consumption, increase the frequency of consumption, and encourage the urban and rural dwellers to increase the proportions of cultural consumption in the total consumption. Secondly, the government should accelerate the development of cultural industry, establish and perfect the system of public cultural services, strengthen the construction of cultural industry bases and distinctive cultural industry group, promote the transformation and upgrading of cultural industry, and provide more and better cultural products and cultural services for people. Thirdly, the increase of cultural consumption must be based on the growth of residents' disposable income and the meeting of low levels of material needs. In view of the diversity of Chinese urban residents' income, the government should consider the differences of consumption abilities between high-income and low-income parts in the town. To expand the cultural consumption of town family, form the benign interaction and circulation between the production and consumption, the government should optimize the functions from policy regulations such as finance, income distribution, tax price as well as interest rate and exchange rate; control health care and living expenditure increasing burden; reduce the crowding-out effect of consumption to cultural consumption. Meanwhile, the government should operate a system of subsidy to the cultural consumption in underdeveloped regions, support it from the aspects of price concessions of cultural product, and balance the development of the cultural consumption market and cultural industry. Fourthly, when stabilizing its investment on the cultural industry, the government should support the powerful private cultural economic entities in small and medium sizes to participate in the competition of cultural market, and allow private capital to take part in the cultural industry. The involvement of private capital has the benefits of compensating for the lack of public cultural construction to some extent. Especially, private enterprises and private

capitals have enormous development spaces in the respect of meeting the consumer demand for personalized consumption. Fifthly, since cultural consumption is in close contact with the consumption structure of urban residents, the development strategy of diversified and multi-level for cultural consumption must be established, series of cultural products from high-end boutique to low-end popularization should be provided to meet the personalized cultural demand with different income levels.

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