The Light at the End of the COVID-19 Tunnel is Revenge? Evidence from Retailing in China

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Introduction

"*COVID-19 will reshape our world. We don't yet know when the crisis will end. But we can be sure that by the time it does, our world will look very different. How different will depend on the choices we make today*" (Josep Borell, EEAS 2020).

As news of a new strain of Coronavirus threatening Wuhan started spreading across the globe, every country and its citizens sat watching. The seriousness of this pandemic did not transpire until cases of COVID-19 also started spreading across the globe with a major crisis surfacing in Europe (Italy, Spain, France, Germany, Austria, Netherlands, and the United Kingdom) and later the USA. The pandemic forced most governments to take unprecedented steps to contain the virus by imposing strict social distancing rules and a complete lockdown in many countries. We are yet to comprehend the full effect this lockdown has on individuals but early studies report emotional complexities with 'fear', 'anger', 'stress', 'anxiety' and 'boredom' being particularly prominent in Italy (Stella, Restocchi & De Deyne, 2020) and France (Droit-Volet, *et al.*, 2020).

For decades, researchers have shown that consumers' emotional states have strong influence on their buying and consumption behaviour (e.g. Goenka & van Osselaer, 2019; Holbrook & Hirschman, 1982; Kawaf & Tagg, 2017; Richins, 1997; Westbrook & Oliver, 1991) and on other issues such as the sharing and management of limited resources (Kennedy & Vining, 2007; Morales & Harris, 2014). As we move toward a post lockdown world, these emotional states that have been intensifying for months are no doubt bringing a wave of changes in consumer behaviour. On one hand, warnings of a wave of economic recession spread as people adapt to life in lockdown reducing their expenditures considerably (Fernandes, 2020). Another major factor in warnings of a recession is the length of the lockdown period, closing down of businesses which of course directly contributes to higher unemployment rates, hence, further contributing to decreasing spending and moving toward a global recession (Sułkowski, 2020).

On the other hand, despite these warnings of a major economic recession, one of the earliest trends we see from China as lockdown eases is a 'spending spree'; "*the French brand Hermes' Guangzhou flagship store in China reportedly did $2.7 million in sales on the day it reopened in April*" (Singh, 2020). Indeed, Hermes is not the only brand, this phenomenon, known as 'Revenge Buying', is on the rise in china, trending on its most popular Social Network Site (SNS) – Weibo.

The phrase 'Revenge Buying' ('Baofuxing Xiaofei', '报复性消费' in Chinese) was first used in China in the 1980s to describe the pent-up demand for foreign products that China had denied its citizens when the nation was closed off to the outside world (Williams & Hong, 2020). Since China's opening up policy of the late-70s, western brands began flooding into the welcoming embrace of a new and gigantic marketplace resulting in a shopping spree that was described as 'Revenge Buying' (Hall, 2020).

News articles report that, since February 2020, when much of China was under some form of quarantine measures, local SNS began filling with tales of real or imagined 'Revenge Buying'; documenting consumer fantasies of a future in which malls, luxury department stores and restaurants would once again be open for business – in the hopes that a nice meal or an expensive handbag would salve the wound of the lockdown (Hall, 2020).

Purpose

In this paper, we aim to explore the concept of 'Revenge Buying' and its implications on sectors such as retail, entertainment, hospitality and tourism. In addition, we investigate the early consumption and buying trends in the immediate post lockdown phase in China. Much of the discussions around revenge buying appear in non-academic sources, with very little attention to this phenomenon from a consumer research perspective. As such, in this research we aim to plant the seeds of early discussions around revenge buying, in an attempt for further theorisation and investigation. To date, our understanding of the term is limited despite its popularity and trendiness on social networking sites.

Methodology

First, from China's largest microblogging platform, Sina Weibo, we collect 30,543 original microblogs containing the phrase 'Revenge Buying' (i.e., '报复性消费' in Chinese) covering the period from November 1st 2019 to April 30th 2020, the time of the immediate peak of covid-19 with pre and post lockdown phases. We conduct text mining analysis to establish the use and popularity of the phrase 'Revenge Buying' and the most frequent words and phrases associated with it.

The procedures used are described as follows:

1. Count the number of original microblogs for each day over the observation period and establish a dynamic view of the usage of the phrase 'Revenge Buying'.
2. Conduct text pre-processing (e.g., removing white spaces) to filter out non-Chinese characters that are useless for understanding the context and establish a stop-word list to filter out meaningless prepositions, adverbs, etc.
3. Use the Python programming language and the Jieba segmentation module to segment each microblog into key words or phrases and remove the single-character segments (which are often meaningless).

We also obtained survey data conducted in March and April in 2020 from ZHONGYAN TECHNOLOGY, a major marketing research company specialising in consumer survey in China (BESTCEM, 2020). The survey was conducted online and 8,000 users across platforms were targeted, out of which 1,361 responded (i.e., 17% response rate). The final set contains 1,000 valid responses and the participants are from diverse backgrounds (see appendix 1 for demographics). The survey explores buying and consumption trends in China before, during and immediately after COVID-19 lockdown (more details are available upon request).

Findings

We present the results from text mining analysis of 30,543 microblogs containing the 'Revenge Buying' phrase. First, by browsing through the dataset, we note quite a number of examples of 'Revenge Buying'. Some examples are: "*Since I had to start school, I would do revenge buying. I'm going to start buying shoes, the most expensive ones*" ("既然非要我开学 那我就报复性消费 我要开始买鞋了 哪贵买哪个") and "*Too many cars and people tonight, is everyone revenge buying?*" ("今晚车和人超多 大家报复性消费吗").

More systematically, Figure 1 below shows the daily number of microblogs (i.e., Weibos) over the observation period. Overall there is a clear pattern of increasing and then decreasing mentioning of 'Revenge Buying' in Weibo posts over time. The number peaked on March 19th 2020 with more than 1,400 daily Weibo posts, coincidently, this is the date of the first confirmed 'no new infections' in China since the outbreak. It is also interesting to note, although the number of Weibo posts stayed low before the outbreak (e.g., the months of November and December 2019), it was still above zero, which means that the usage of the phrase 'Revenge Buying' already existed in Weibo discussion and was stimulated significantly following the outbreak.

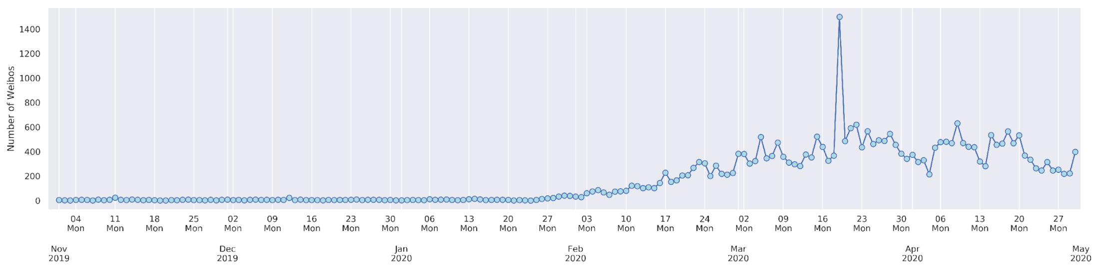

Figure 1 Daily Number of Weibos Containing 'Revenge Buying'

Moreover, our analysis complies the most frequent (i.e., with more than 1,000 appearances) words/phrases in the 30,543 original Weibo posts (see appendices for full table). Since the posts all contain ‘Revenge Buying’ (‘报复性消费’), it is not surprising to see that ‘buying’ (‘消费’) and ‘revenge’ (‘报复性’) have topped the table. There are also words/phrases clearly related to COVID-19 such as ‘epidemic’ (‘**疫情**’) and ‘returning to work’ (‘**复工**’) and related to timing such as ‘beginning’ (‘**开始**’), ‘now’ (‘现在’), ‘after’ (‘过后’) and ‘ending’ (‘**结束**’). Interestingly, the posts also tend to mention concrete examples of products for implementing ‘Revenge Buying’ such as ‘bubble tea’ (‘**奶茶**’) and ‘Haidilao’ (‘**海底**’), the latter literally means ‘seabed’ but actually referring to one of the most popular hot pot restaurant chains in China.

We then examine the data from 1000-participant survey to identify any patterns that may indicate a wave of ‘Revenge Buying’ or similar. Figure 2 below shows the dining out rates across age groups (in birth year) pre-pandemic, during and after the COVID-19 lockdown in China. The dining out rate is defined as the percentage of participants in each age group who dined out at least once in a week during the specified periods. These periods are: (1) pre-pandemic: The 2019 spring festival (4^{th} – 19^{th} February), (2) during lockdown: The 2020 spring festival (24^{th} January – 8^{th} February), and (3) post lockdown: the point of data collection, participants were asked about their post lockdown behaviour ‘in the past week’ from late March to April 2020. Figure 2 shows that after the lockdown was eased in China, the dining out rate has recovered for all the age groups. But the recovery has only been slow.

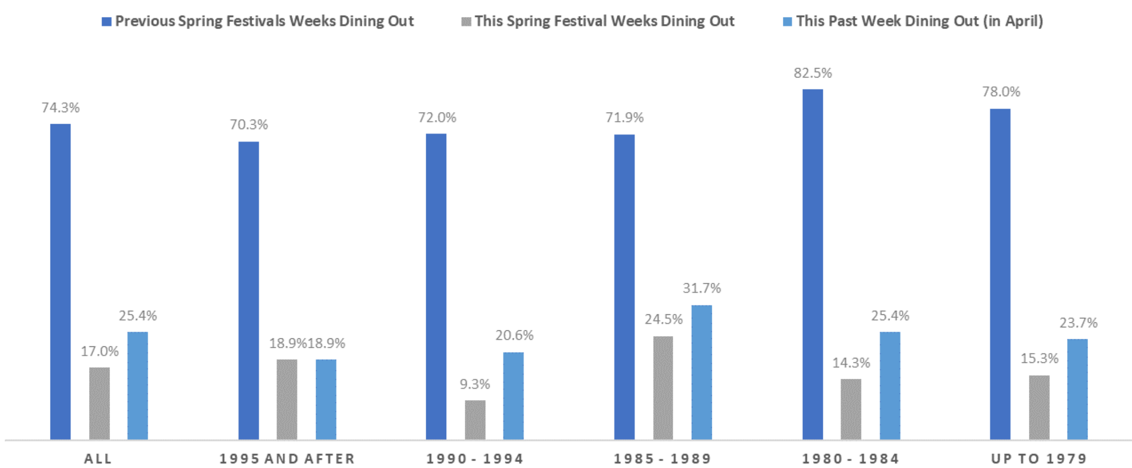

Figure 2 Dining Out Rates Across Age Groups (Birth Year)

Figure 3 below shows the offline consumption before, during and after COVID-19 lockdown by different categories. The offline consumption rate for each category is defined as the percentage of participants who purchased products or services in that category at least once during the specified periods. Figure 3 shows that the offline consumption shrank significantly in the period of during COVID-19 lockdown except for Fresh Food, and consumption noticeably concentrated on Kitchen Cleaning and Health products. On the other hand, the offline consumption clearly bounced back in the period of post COVID-19 lockdown while its level remained below its pre-pandemic equivalent for all the categories except for Health.

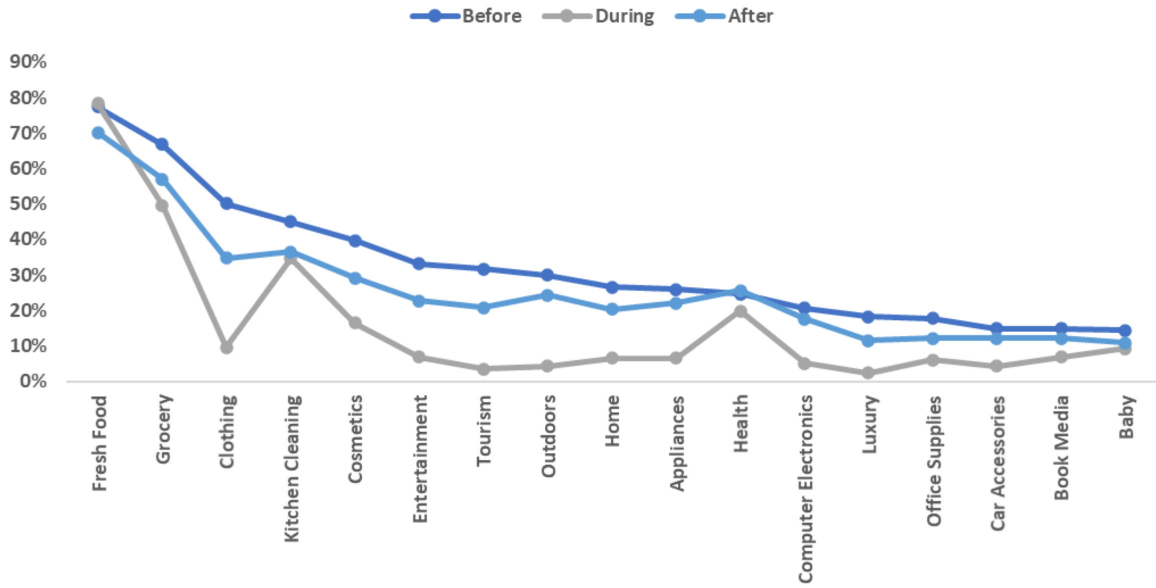

Figure 3 Offline Consumption Rates by Categories

Contributions

The findings of this research contribute to consumer research in relation to buying and revenge buying during and post lockdown. The popularity of ‘Revenge Buying’ on the Chinese Social Network Site – Weibo has received considerable attention from news reporters, yet, thus far, the concept has attracted little to no attention from academics. ‘Revenge Buying’ is a phenomenon of high relevance to our understanding of what shapes up the post COVID-19 buying behaviour and its impact on the economy. Existing literature has long discussed issues of consumption that are closely relevant such as compensatory consumption (Gronmo, 1988; Woodruffe, 1997) and addictive consumption (Elliott, 1994).

While we are unable at this stage to clearly show a significant change in behaviour as a result of ‘Revenge Buying’, we are able to discuss the nature of the concept as it appears in the preliminary analysis of this dataset. Thus far, the premise we have is that ‘Revenge Buying’ is a consumer fantasy embracing the possibilities of a post-lockdown life (Holbrook & Hirschman, 1982). This process refers to ‘compensatory consumption’, a result of feeling ‘deficits’ or ‘lacks’ in life (Grunert, 1993; Woodruffe, 1997). In this sense, “*the lack might be of tenderness and affection associated with feelings of loneliness and boredom […] in general terms, the phenomenon is that a lack of x could be cured by a supply of x, but may also be cured by a supply of y. If y is used, this process is called compensation”* (Woodruffe, 1997, p325). This notion directly challenges existing economic understanding of consumer behaviour that focuses on directly satisfying needs with actions. Rucker and Galinsky (2008) explain that the more powerless a person feels, the more they engage in compensatory buying, particularly of high value – high status products. Indeed, one of the global implications of the pandemic, the lockdown, means most individuals find themselves lacking control and drowning in ‘mundane’ tasks as lockdown takes over. As such, elements of retaliation are still possible in this instance. Revenge in this case is not necessarily of the nature of “holding a grudge” or “wishing to inflict pain or harm” on others (Grégoire, Tripp, & Legoux, 2009) it is an act of retaliation on the circumstances that had stripped us of our freedoms.

This research contributes novel insights based on real time evidence from within the COVID-19 pandemic and the immediate post-lockdown period in China. We present evidence of recovery, albeit slow, in consumption rates across the major sectors (e.g. clothing, luxury, cosmetics, hospitality, tourism, entertainment, etc.).

Practical implications

This research is of immediate and direct implications to retailers and businesses. The discussions of revenge buying are particularly relevant to brands and businesses as they navigate recovery in post lockdown times. For example, the theoretical discussion around the emotional states that have pushed consumers to the fantasy of revenge buying at the point in lockdown when such behaviours were not possible, could be used as a basis for predicting and encouraging post lockdown recovery behaviours in future marketing and communication campaigns and in the design of experiences in stores and online.

Research limitations and outlook

There are limitations to this work as it is preliminary analysis in nature, this also only focuses on the very immediate period post-lockdown in one country, China. It is crucial that future research continues to establish these patterns over an extended period of post-lockdown especially as most of the world has been experiencing recurrent periods of lockdowns as uncertainty continues as a major part of the scene today.

Future research should fully theorise the ‘revenge buying’ concept, the learnings from this phenomenon is not only relevant in a post pandemic world but could also be applicable to other phenomenon where similar conditions may arise including post war, post natural disasters, and so on.

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Keywords

COVID-19; Lockdown; Pandemic; Revenge Buying; Consumption Rate; China; Consumption Emotion; Buying Habits; Compensatory Consumption; Retailing; Shopping Behaviour.

Appendix

Word Frequency Table:

Ranking	**English**	**Chinese**	**Frequency**	**Ranking**	**English**	**Chinese**	**Frequency**
1	buying	消费	39711	27	economy	经济	1621

2	revenge	报复性	38606
3	epidemic	疫情	10725
4	beginning	开始	4559
5	none	没有	3462
6	everyone	大家	3147
7	price rising	涨价	3136
8	revenge	报复	3022
9	self	自己	2679
10	just	就是	2615
11	now	现在	2355
12	already	已经	2337
13	one	一个	2259
14	after	过后	2220
15	ending	结束	2126
16	real	真的	2121
17	still	还是	2095
28	appear	出现	1603
29	recently	最近	1581
30	this	这个	1558
31	many	很多	1527
32	understand	理解	1341
33	sad	允悲	1333
34	don’t	不要	1319
35	time	时候	1281
36	recover	恢复	1260
37	however	但是	1254
38	because	因为	1253
39	things	东西	1249
40	after	之后	1234
41	feel like	觉得	1168
42	company	企业	1158
43	know	知道	1133

18	bubble tea	奶茶	1984	44	anticipate	迎来	1131
19	what	什么	1928	45	not	不是	1127
20	today	今天	1899	46	impact	影响	1126
21	perhaps	可能	1839	47	feeling	感觉	1092
22	able to	可以	1757	48	China	中国	1071
23	Haidilao	海底	1756	49	industry	行业	1061
24	returning to work	复工	1743	50	life	生活	1027
25	won’t	不会	1743	51	going out	出门	1003
26	we	我们	1710				

Participants Demographics:

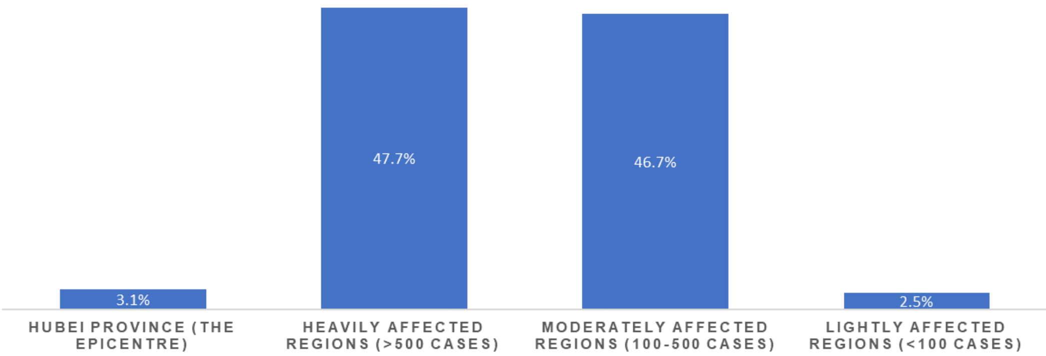

Figure 4 Geographical Distribution (Severity of COVID-19 Impact)

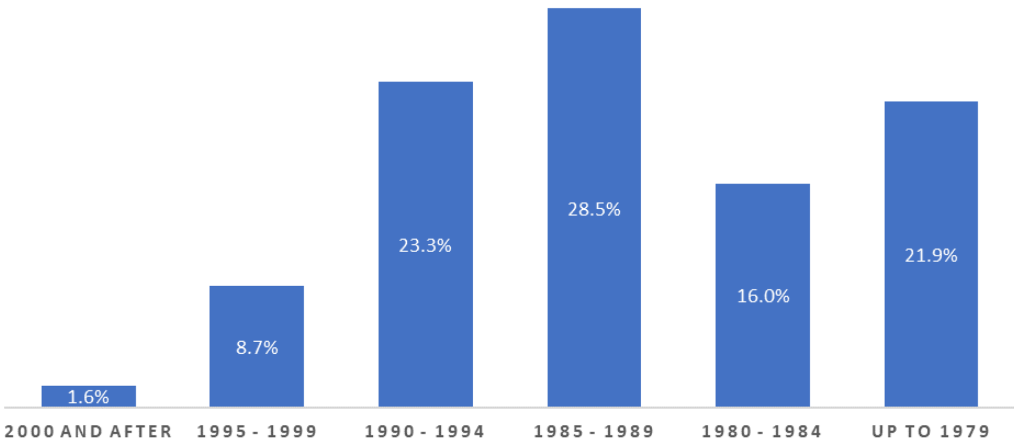

Figure 5 Age Distribution (Birth Year)

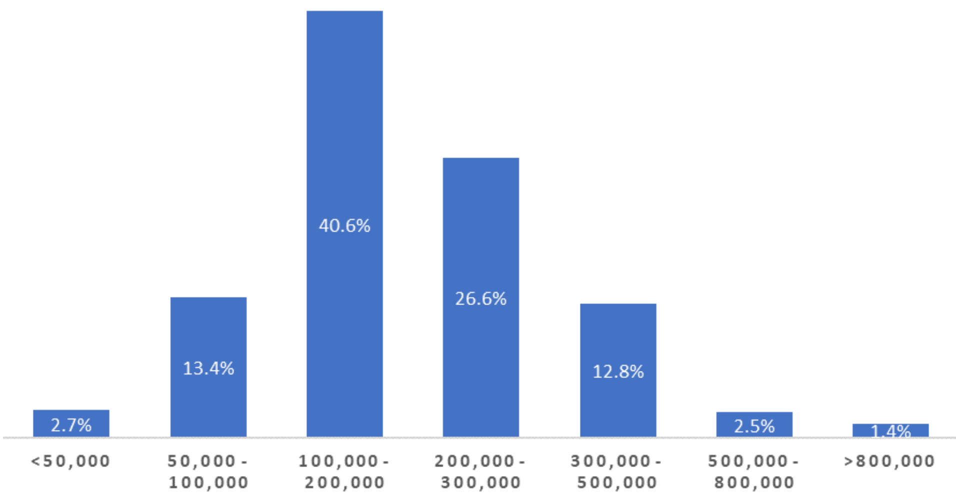

Figure 6 Income Distribution (Annual Income in RMB)