Research on the Development and Prospect of Companion Economy

-- Based on the Latest Population Data of China

Yuan Sun¹,a

¹School of Statistics and Applied Mathematics, Anhui University of Finance and Economics, Bengbu, 233030, China
^Correspondence should be addressed to Yuan Sun: 1662526176@qq.com.

Abstract: Loneliness and anxiety are common emotional types of human beings. The companion economy around these two emotions includes many industries, and has formed a preliminary scale and classification in China at present. Based on the latest population survey results and related economic and industrial information in China, this paper studies the development course and future trend of companion economy, focusing on its characteristics and causes. Companion economy has the characteristics of inevitability, sustainability and pluralism; Its consumers are mainly concentrated in young people, old people and single people. In the future, it will continue to tilt towards the service industry, showing an intelligent, personalized and industrialized development trend. Grasping the development opportunity of the companion economy can effectively establish a new market mechanism, promote the supply-side structural reform and build a new double-cycle development pattern.

Keywords: Companion economy, Psychological needs, China's population data.

1. Introduction

In 2020, China conducted the seventh national census. The result shows that the total population of China is 1,443.49 million [1]. For the Chinese government, how to improve the social security system and promote stable and high-quality economic development is always worth exploring. From the aspect of people's livelihood policy, we should ensure the distribution of regional resources, narrow the gap between urban and rural areas, adjust the population structure and increase people's income; From the aspect of economic policy, it is necessary to adjust the industrial structure, strengthen the structural reform on the supply side, boost the consumption of new trends, and speed up the construction of a new double-cycle development pattern. In fact, under the background of economic globalization in the 21st century, every country is actively seeking various ways to optimize the national economic development mode, so as to foster strengths and avoid weaknesses according to its national conditions. In recent years, China's economy has developed rapidly, and more and more new economic models have taken the lead in the economic market. These models are often highly targeted. The appearance of companion economy completely started from people's needs. Although this term was only put forward in recent years, in fact, this kind of economy has always been reflected.

Take common pets as an example: people will get comfort and happiness in the process of keeping pets, and they can spend their boring time. Pets are a carrier of companion economy. While keeping pets, the owners need to provide various living conditions for pets, which will naturally lead to long-term and uninterrupted consumption behavior, and thus the pet economy will emerge. Other industries related to games, entertainment and artificial intelligence have similar operation modes, which capture people's psychological and emotional needs, provide corresponding services and guide people to consume. These services can be virtual or physical. With the continuous development of science and technology and society, we find more and more related economic forms, and their classification is becoming more and more detailed. These conditions are enough to form a new economic concept, that is, companion economy.

China's economy has been in a high-speed development stage before, and many market conditions have accumulated. Today, China's policy has changed to pursue high-quality economic development. It is hoped that China's development power will shift from "investment-driven and export-driven" to "consumption-driven". In order to achieve this goal, market suppliers must pay attention to the demand of consumers. Therefore, it is of great significance to interpret population information and study the development prospect of companion economy for optimizing economic structure and formulating economic development strategy.

This paper is divided into the following five parts: (1) Introduce the latest census results and trends in China. (2) Introduce the definition of companion economy and analyze the causes of its emergence. (3) Discuss the companion economy consumption preferences of different groups of people. (4) Forecast the future trends and defects of the companion economy. (5) Summarize and put forward suggestions.

2. China's Current Population Situation

2.1. Basic Information [2]

According to the census results, as of the census time, the total population of China was 1,411.78 million. The average annual population growth rate (last five times) is 2.09%, 1.48%, 1.07%, 0.57% and 0.53%. The population growth rate is declining and gradually becoming flat.

Regionally, the population of the eastern region accounts for 39.93%, that of the central region accounts for 25.83%, that of the western region accounts for 27.12% and that of the northeast region accounts for 6.98%. Compared with 2010, the proportion of population in the eastern region increased
by 2.15 percentage points, the central region decreased by 0.79 percentage points, the western region increased by 0.22 percentage points, and the northeast region decreased by 1.20 percentage points. Further gather in economically developed areas and urban agglomerations.

From the perspective of average family size: since the first census, the average family size has been declining. In the previous four censuses, we maintained the level of four people per household, but in the past 30 years, with the change of people's ideas, more and more families have chosen not to have children or to have children later, so the average family size obtained in this census has fallen below three people.

In terms of gender, there are 723.34 million males and 688.44 million females in China, with a sex ratio of 105.07. Although there are still more men than women, the sex ratio is declining. In the past, some Chinese people had backward ideas that men were better than women, but with the improvement of social atmosphere and the promotion of education, more parents supported equality between men and women.

In terms of age structure, the population aged 0-14 accounts for 17.95%; The population aged 5-59 accounts for 63.35%; The population aged 60 and above accounts for 18.70%. Compared with the results of the last census, the proportion of the population in these three age groups increased by 1.35 percentage points, decreased by 6.79 percentage points and increased by 5.44 percentage points respectively.

2.2. Causes and Opportunities of Population Changes

2.2.1. Decline of Population Growth Rate and Improvement of Population Quality

When we discuss the appropriate population of a country, we need to consider it from many angles. For a developing country like China, in order to meet the changing development needs of society, it is necessary to adjust the birth policy in time. In the past, China implemented the "one-child" policy, which directly reduced the birth rate of the population. This policy has fundamentally changed the way and track of population development, and promoted the sustainable development of population, economy, society, resources and environment [3]. Nowadays, China has encountered a new situation: the population has a negative growth trend, and in the future, it may face problems such as labor shortage and serious aging of the population. At this time, the country will formulate a new birth policy. In fact, the Chinese government's implementation of the "two-child" policy in 2016 and the "three-child" policy in 2021 are all seeking a balance. We hope that everyone can get relatively sufficient living resources and the society can develop healthily.

Although the population may decline, the quality of the population is constantly improving. In 2020, China's population with college degree or above already accounted for 15.47%, and in 2010, this proportion was still 8.93%. Nearly doubled in just ten years. The number of people who received high school education or above also reached 30.56%, 7.59 percentage points higher than ten years ago. Studies have shown that there is a positive relationship between education level and consumption level [4], that is to say, according to the current situation, people's consumption direction will turn to a higher level. At the same time, the increase in the number of highly educated people indicates that China is changing from demographic dividend to engineer dividend [5]. There will be more talents in China to study high-tech industries and optimize the mode of economic production. The improvement of people's education level will also make their thoughts more inclusive and open, which is conducive to the development of spiritual civilization.

2.2.2. Family Size and Concept of Marriage and Childbearing

China is in favor of having children after marriage. In the past, some people thought that marriage was a means for society to determine parents for children, and the significance of marriage was to establish dual-parenting [6]. Actually, it takes a lot of manpower, material resources and financial resources to raise a child, so it will be easier for two people to raise a child together after forming a family. However, with the change of people's thinking, the present marriage is no longer interpreted as a monopoly, and marriage means mutual support. At the same time, people now pay more attention to emotional needs, and marriage is the witness of two people's love. Therefore, children are no longer the decisive reason for two people to form a family, and the family size has changed.

We mentioned the birth policy earlier. The macro policy of the state and the change of people's marriage concept have jointly caused the change of family size. Besides, the influence of economic factors is also very important. In the past, the average family size in China was four, but now it is less than three, which means that many families have no children. Some of these families who don't choose to have children are due to personal subjective thoughts, while others are due to lack of objective conditions. Cultivating a child requires investing a lot of wealth and time in health and education. Without reasonable planning and sufficient material conditions, the original life order will be seriously damaged and the quality of life will be reduced. In order to avoid overburdening, many families choose not to have children. This phenomenon is actually not conducive to the long-term development of the country.

2.2.3. Population Aging and Social Security Mechanism

According to the current demographic trend, China's aging population will reach 480 million in 2050 [7], and then it may gradually decrease. That is to say, in the next 30 years, there may be a situation in which negative population growth and aging population coexist in China. If some changes are not made, the workforce will face great pressure in the future. They need to support their parents, and at the same time they may have to raise children (which also explains why some couples don't choose to have children). Over time, China's labor force will be in short supply and economic production will be hit.

In addition, how to protect the lives of so many elderly people is also a problem. To cope with future risks, we not only need to improve the social security system, but also need to vigorously develop medical care. Considering people's spiritual needs, we also need enterprises to join in the construction and provide products and services according to the consumption needs of the elderly population.

3. Definition and Causes of Companion Economy

3.1. Definition

Sherry Turkle, an American psychologist, put forward the concept of "group loneliness" (also called "social loneliness") for the first time in his book published in 2011, which means...
that although the distance between individuals is very close, no real organic connection has been established, so individuals feel lonely [8]. For example, a gathering of friends, obviously all in the same place, but everyone is playing with their own electronic devices and lacks communication. Although individuals are sometimes with the collective, they have no sense of intimacy and belonging in their hearts.

The source of companion economy is closely related to group loneliness. Companion economy refers to the commercial form produced by lonely and anxious people who choose consumption to meet their psychological needs. Companion economy is mainly concentrated in the service industry of the tertiary industry, and the primary industry and the secondary industry are also partly involved. Its consumers are not simply physically lonely, but mentally lonely and eager to be comforted. It has three characteristics:

(1) Inevitability. The appearance of companion economy is closely related to the degree of social development. At present, the Internet in China is very developed, and people can get all kinds of information and exchange views through electronic devices and social media. At the same time, the integration of high technology and various industries has greatly improved the production efficiency and broadened the service scope. According to Maslow's hierarchy of needs theory, socialization, respect and self-realization belong to people's middle and senior needs. When people solve the basic survival problem, the pursuit of spiritual enjoyment will naturally appear. On the one hand, the technical and market conditions are already available. On the other hand, people are willing to pay wealth for their psychological pursuit. The emergence of these conditions is the inevitable result of China's development policy, so the companion economy is the product of conforming to the law of social development.

(2) Sustainability. Most industries included in the companion economy are concentrated in high-tech industries and service industries, which means that the demand for natural resources is very low. Companion economy can not only improve people's quality of life, but also effectively put an end to the excessive consumption of tangible resources and energy by traditional industrial production, resulting in environmental pollution, ecological deterioration and other hazards, thus realizing the sustainable development of social economy [9].

(3) Diversity. Companion economy has broken the classification of traditional economic industries and integrated various industrial types. As the Internet technology matures, people's ability to integrate information resources has reached an unprecedented height, which makes the connection between different industries closer and closer. Everyone's way of coping with loneliness is different, and anything can meet an individual's requirements for meeting spiritual needs. Therefore, the scope of companion economy is very wide, including common game industry, cultural industry, entertainment industry and so on. In fact, the regulation of industrial functions is not static, and with the development of social economy, the purpose of traditional industries will also change.

### 3.2. Causes of Formation

#### 3.2.1. Internet Development and Industrial Upgrading

The Internet in China has developed rapidly in recent decades. As of June 2021, the number of Internet users in China has reached 1.011 billion, and the Internet penetration rate is 71.6%[10], which is 12.1 percentage points higher than the global average. Internet provides a lot of convenience for people's life, and the economic activities around the Internet are called Internet economy. More importantly, the development of the Internet has promoted economic growth and the optimization and upgrading of industrial structure, and the exogenous interaction effect on the level of economic development is obvious [11]. This provides a prerequisite for the emergence of the companion economy. Many parts of the companion economy depend on the development of the Internet and industrial integration. Conversely, the companion economy also provides feedback on the development of the Internet.

#### 3.2.2. Shrinking Interpersonal Relationships

Although the development of science and technology has provided convenience for human life, in fact, our companionship is in a state of absence, which makes the sense of loneliness stronger.

The loneliness of young people has nothing to do with physical space, but with mental state. Although people can get a lot of information from the Internet, maintaining this state for a long time makes individual interpersonal relationships stay on the surface, and people lack face-to-face communication. In daily life, people can be contacted quickly through electronic devices, but this kind of communication lacks sincerity. Some websites can provide communication functions, but most users are eager to express themselves and rarely receive feedback. This "pseudo-collective exultation" will aggravate people's loneliness [12]. People's thinking is surrounded by a large amount of information. On the surface, they gain knowledge in a short time, but in fact, they gradually lose the ability of independent thinking and become dependent on the network. When you get used to this lifestyle, once you stop using the Internet, individuals will become uncomfortable and feel lonely and anxious. Therefore, people will look for various ways to relieve their loneliness.

The loneliness of the elderly is related to marital status, family support and social support. Studies have shown that the elderly who have lost their spouses are more likely to feel lonely [13]. And because children grow up to form their own new families or go out to work, the elderly lack the company of their families; Because of cognitive limitations, they can't learn to use modern electronic equipment, and their life is boring and monotonous. At the same time, the elderly will often encounter the death of their friends, and their social scope will shrink. Even some elderly people are too worried about their health to try new activities. China's aging problem is worsening, and the demand of this huge group is also a good opportunity to create consumption.

#### 3.2.3. Industry Innovation

The market will respond quickly when it senses the potential consumer demand. The loneliness of modern people has opened the door to the company economy, and all walks of life have made attempts to profit from it. The market feedback and adjustment mechanism provides the direction for innovation, and also promotes the continuous expansion of the companion economy. The Internet is the most representative one. When an Internet company takes the lead in seizing the opportunity to provide novel products or services and make considerable profits, a large number of imitators will soon appear. This is due to the fierce competition in the Internet market, and it is difficult for enterprises to profit from it once they have missed the favorable period to seize market share [14]. Therefore, compared with other traditional industries, the innovation
speed of the Internet market is faster. On this basis, the industrial development combined with Internet technology is more efficient.

4. Companionship Economic Consumption Preference of Different Groups of People

Different people have different consumption habits and preferences. Factors influencing consumption behavior include income, age, educational background, marital status, etc. For the companionship economy: the source of consumption lies in the individual's pursuit of emotional value; The ways of consumption are varied. When we discuss the nature of consumption behavior, we mainly start from the individual decision-making purpose rather than the final expression.

4.1. Young Groups and Emerging Industries

According to the classification of population data by the National Bureau of Statistics of China, we define young people as 15-34-year-olds. The total population of China in this range is 364 million, accounting for 25.98% of the total population. This quarter of the population witnessed and integrated into the rapid development of Internet technology in China, and they adapted to the network environment and were deeply affected. So their loneliness comes from the fast pace of modern society and the vast amount of information on the Internet. With the wide popularization of network and electronic devices, it is very easy to obtain any information, and the abundant information will attract individuals to immerse themselves in it unconsciously and tirelessly. The stimulation of the internet will make people's excitement threshold higher and higher, because individuals have become dependent on the stimulation of the network, and once they stop, they will feel lost. Affected by a lot of complicated information for a long time, information overload depression may even occur [15]. Coupled with the influence of social reality, the companion economy consumption behavior of young people is more active.

This group's consumption preference is very diverse and novel, and it revolves around games, catering, tourism, animation and so on. Different from the consumption behavior of ordinary needs, they often take part in economic activities with strong emotional needs. Nowadays, some popular new industries are driven by the needs of these people, such as games, voice, fan creation, reality show and so on. These new industries have captured the interest of young people and greatly eased their loneliness and anxiety. At the same time, some common consumption areas such as shopping, fitness, pets, etc. have become more prosperous because of their psychological needs.

4.2. Elderly Groups and Technology/Leisure Industry

The aging problem is both a challenge and an opportunity for China. The challenge comes from the reduction of the proportion of the working population and the aggravation of the burden of old-age care, which will lead to a series of problems such as lower labor efficiency, lower per capita income and lower consumption level. Opportunities come from the development of science and technology and the precise positioning of leisure industry. In order to reduce the burden of providing for the aged, some high-tech enterprises can develop some targeted products to facilitate the life of the elderly and help the working population take care of their parents. These products have roughly two directions. On the one hand, it is about health and safety, such as blood glucose monitors, home cameras and nutritious food. On the other hand, it focuses on improving the mental state of the elderly, such as intelligent robots and mobile phones for the elderly. The convenience of the times should take into account every group in society. Besides, there are also broad markets for leisure tourism, recreational activities and housekeeping services.

Although the aging problem is inevitable, the sustained development of the companion economy will certainly drive the expansion of the elderly consumer market. While thinking about how to reduce the burden of labor, we should not fall into the limitation of thinking. We should dare to accept the aging society and constantly improve the system and services to enhance the happiness of the elderly.

4.3. Single Groups and Individual Pursuit

"Single" here refers to the state of being unmarried and living alone. The number of singles in China has reached 77 million in 2018. Some media believe that this number has exceeded 92 million at present, and it will continue to grow in the future. This group has the following three characteristics: (1) They are highly educated, which is more obvious in single women [16]. This is because people with higher education level are more open-minded and pursue high-quality life. They cherish their excellent conditions very much and are unwilling to lower their demands on their partners. (2) They are independent. Single people have independent plans for their own lives, their economic conditions are higher than the average, and they can afford most of the consumption expenses. (3) They are more willing to enjoy life and satisfy their desires. Single people are less affected by family members and make independent decisions when consuming. They pay attention to personal feelings, especially in the areas of development, enjoyment and social consumption. However, it is precisely because of these characteristics that single groups are easy to fall into mental difficulties. First of all, the mainstream concept of society still advocates the formation of families, and there is a prejudice that "single people are flawed". On the other hand, single people are prone to "spiritual internal friction", demanding too much of themselves and fearing that they will lag behind others. Therefore, single people are also under the pressure of loneliness, depression, anxiety and self-doubt.

When single people seek companionship through consumption, they will depend on their personal preferences and the cost performance of consumption projects. High-end quality and low-end price are their goals in consumption, and uniqueness, scarcity and taste are their consumption keywords. Compared with non-single people, they have less financial burden and more personal time, so they have stronger spending power in catering, beauty, tourism, fitness, culture and other fields. For them, the experience of consumption process is very important, so that they can feel respect and value, and highlight their personal differences.
5. Future Trends and Potential Risks of Companion Economy

5.1. Continue to Tilt Towards the Service Industry but Not Form A Complete System

Most of the industrial forms of the accompany economy belong to the modern service industry of the tertiary industry, which effectively promotes the optimization of industrial structure. Based on the "internet plus" strategy, the market has accelerated the integration and innovation of industries, and a large number of comprehensive industrial chains have emerged. In the future, the companion economy will continue to promote the development of the service industry in a personalized, intelligent and healthy direction, and launch customized projects around the psychological needs of consumers to improve the accompanying experience. Although this consumption field has been activated, it is still in the forming stage and has no mature market scale. There is still room for development in health, culture and leisure; There can be more accurate planning in product design and marketing; There can be a more perfect sharing mechanism for customer information resources.

5.2. The Consumption Level Is Constantly Improving, But There Are Hidden Dangers of Excessive Consumption

Companion economy is based on the psychological needs of consumers, and its consumption level is higher than the most basic living consumption. Under the stimulation of individual demand and market, consumers will reduce savings rate and increase consumption level, especially young people and single people. If it is not rational enough, there will be over-consumption, buying products and services beyond its own economic strength, leading to spending the future spending power in advance. Although it promoted the market prosperity in a short time, it hit the sustainability of the market in the long run.

5.3. Consumption Forms Are More Diversified, But the Flexibility of Product and Service Supply Is Insufficient

Based on the consumption preferences of different groups of people, it will accompany the all-round development of the economy in various fields. After receiving the demand signal, all kinds of enterprises actively develop targeted projects and try to find suitable matching methods. At present, the most popular business models are customized diet, live broadcast, virtual products, etc. These consumption areas have a broad mass base and can produce high economic benefits. However, the development of these specialized products and services requires a certain amount of time and cost, the supply speed of the market can't keep up with the change of demand, and the proportion of effective supply is not high. To some extent, the lag of the market hinders the optimization of the companion economy, and its flexibility needs to be improved.

6. Summarize and Suggest

As a new economic concept, companion economy has important guiding significance for the current market development. Combined with the national population data, it can be seen that companion economy has great development potential in China. Although the normalization of epidemic situation has hit traditional production, it has provided favorable conditions for companion economy. The government should seize the influence of demographic structure change on consumption demand, combine the trend of social development, narrow the income gap, raise the income level, maintain the economic market order and ensure people's life. Enterprises should flexibly plan the production direction, pay attention to consumer feedback, innovate technology, speed up industrial integration and improve the efficiency of information sharing. Consumers should establish a correct consumption concept, choose appropriate consumption items, and coordinate the sustainability of consumption while meeting their own psychological needs.

Acknowledgment

The research idea of this paper originated from the national innovation training project for university students (No. 202110378315).

References


