

Chinese Daigou shoppers represent a new type of entrepreneur

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The Chinese practice of Daigou—to "buy on behalf of"—has grown

from a seemingly disorganized practice associated with individuals cleaning out supermarkets of baby formula to a multi-billion-dollar phenomenon according to QUT researchers.

They also say Daigou is good news for Australian brands but the shoppers, who usually work alone and are expert at devising ways to break rules and by-pass purchases restrictions, can drive up demand and limit the availability of products for locals.

Dr. Charmaine Glavas and Professor Gary Mortimer from the QUT's School of Advertising, Marketing and Public Relations, have published a new paper—"How entrepreneurial behaviors manifest in non-traditional, heterodox contexts: Exploration of the Daigou phenomenon" in the *Journal of Business Venturing Insights*.

Co-authored with Han Ding, Dr. Louise Grimmer, Dr. Oscar Vorobjovas-Pinta and Professor Martin Grimmer from the University of Tasmania, the study finds that Chinese Daigou are not disorganized, opportunists, looking to profiteer from on-selling supermarket [infant formula](#) to family and friends overseas. They are instead, a new breed of entrepreneur.

"The act of Daigou refers to informal arrangements, whereby mostly Chinese shoppers fulfill small private orders of nonchains'-branded products from countries including Japan, the United States, South Korea, Australia, Canada, New Zealand and France. These are then exported back to Chinese customers via courier," Professor Mortimer said.

"Even with restrictions on international travel caused by the global COVID pandemic, Daigou has flourished and remains a vital and lucrative channel, with an estimated trade of between US\$40bn to US\$100bn.

"Our literature review reveals that the social connections of Daigou are not based on 'trust' per se but on the obligatory nature and exclusivity of membership between Daigou and their customers—trust consequently develops from consistent, successful exchange behaviors."

Dr. Glavas said Daigou acted as an important "middleman," connecting Chinese customers with Western brands, and are by example a "heterodoxy," as they deviate from accepted orthodoxies (traditional retail channels) to exploit free market networks and digital technologies—such as WeChat and Weibo—to engage in cross-border exporting.

"The Daigou industry has evolved from a relatively informal process involving cross-border carriers/runners to a large network of various agents/intermediaries and sophisticated wholesale/retail enterprises," Dr. Glavas said.

"For Australian brands, there are many positives to Daigou. Moving from 'reactive' opportunistic purchasing which emerged in 2008, experienced Daigou have begun 'proactively' selecting specific brands and product categories to promote and recommend on their social media accounts.

"In this way, Daigou have facilitated awareness of foreign brands within the Chinese market."

Professor Mortimer said the maturation of the Daigou model has resulted in shopfronts appearing and teams forming with agents to manage them.

"The first Daigou business, AUmake, was listed on the Australian Stock Exchange in December 2011, offering an e-commerce platform, in-store and live-stream shopping, travel packages and logistics services," he said.

"This has further evolved, and we now see a new model whereby Daigou have created channels, warehouses and consultancies in response to the Chinese Government's attempts to regulate the market.

"Our previous knowledge of Daigou has been somewhat superficial and it has been dismissed as a 'personal shopping' service but it has truly become influential and big business.

"For instance, Daigou can innovatively and opportunistically exploit [digital technologies](#) to facilitate purchase and payment outside the official regulatory channels.

"Daigou can also simultaneously drive demand for highly sought-after products like infant formula, while boosting demand for other products such as cosmetics, [luxury goods](#), skincare, and vitamins from other countries that desire to exploit the Chinese market."

More information: Charmaine Glavas et al, How entrepreneurial behaviors manifest in non-traditional, heterodox contexts: Exploration of the Daigou phenomenon, *Journal of Business Venturing Insights* (2023). [DOI: 10.1016/j.jbvi.2023.e00385](https://doi.org/10.1016/j.jbvi.2023.e00385)

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