

China's retail landscape undergoes fundamental change

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A retail business model harnessing both online platforms and physical stores will continue to gain momentum



Brighter forecast for China's retail and consumer products sector following the major challenges in 2015

Online shopping opportunities and shifts in consumer preferences are drastically changing the retail landscape of mainland China, according to industry reports.

Almost one in five Chinese consumers shops online daily, noted one market study. The tremendous success of the online Singles Day Festival in recent years reflects the important role that Chinese online shoppers play in the online retail ecosystem. Although more than half of those polled cited pricing as the key factor influencing their final purchases, consumers are increasingly taking into consideration brand authenticity and unique experiences.

PwC released last year two studies: "The disruptive face of the retail and consumer products sector in China and Hong Kong" and the "Global Total Retail Survey 2016." The reports identified slowing economic growth, the rise of millennial shoppers, and the growing online ecosystem as the three main factors that are shaping China's retail and consumer products sector.

Michael Cheng, PwC's Asia Pacific and Hong Kong/China retail and consumer leader, said, "The cyclical slowdown of the Chinese economy, coupled with a critical structural transition towards greater consumption, is causing consumers to re-evaluate their purchasing habits.

Millennials, who comprise about 30 percent of China's population, have emerged as a key force, and they shift demand to new products that promote experiences and healthy lifestyles. Moreover, online sales are growing and a robust online presence is essential as consumers research and interact with brands."