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China's Retail Acceleration

KEY TRENDS RESHAPING COMMERCE

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KEY TRENDS RESHAPING COMMERCE

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Understanding China's Retail Reinvention

As the world's second-largest economy and a driving force in global commerce, China is no longer just a growth market—it is ***a laboratory of innovation and reinvention****. The Chinese retail landscape is undergoing a radical transformation, shaped by new consumer expectations, digital acceleration, and a shift toward domestic consumption and sustainability.*

This report explores how brands—both local disruptors and global leaders—are navigating this complex terrain. From the rise of Gen Z as hyper-connected, ***value-driven shoppers****, to the* ***resurgence of physical stores*** *as immersive brand hubs, and the* ***integration of AI across the entire commerce journey****, the rules of retail are being rewritten in China.*

In this dynamic scenario, influence ecosystems and social commerce have evolved beyond marketing tools—they are now ***powerful engines of discovery and conversion,*** *turning engagement into purchase through trusted voices, community-driven content, and frictionless platform integration.*

China's luxury landscape is evolving rapidly. While consumers still value heritage, they increasingly prioritize ***experiential luxury****,* ***emotional connection****, and* ***cultural relevance****. At the same time, rising price sensitivity—especially among younger generations—is reshaping purchasing behavior. As highlighted in the report, success now hinges on offering meaningful, localized experiences that justify the price and resonate with a* ***new definition of value****.*

For international companies, especially French brands known for their cultural richness and heritage, the challenge lies in ***localizing without diluting brand identity****, and in translating excellence into relevance within China's ultra-competitive and tech-savvy consumer environment.*

We invite you to dive into this report ***not just to observe trends—but to rethink your approach****. Whether it's embracing phygital retail, understanding Guochao, or leveraging China's social commerce engines, this publication offers insights, benchmarks, and inspiration to help you strategically engage with a market that is not only ahead—it's accelerating.*

EXECUTIVE SUMMARY

1

Introduction to the Red Dragon

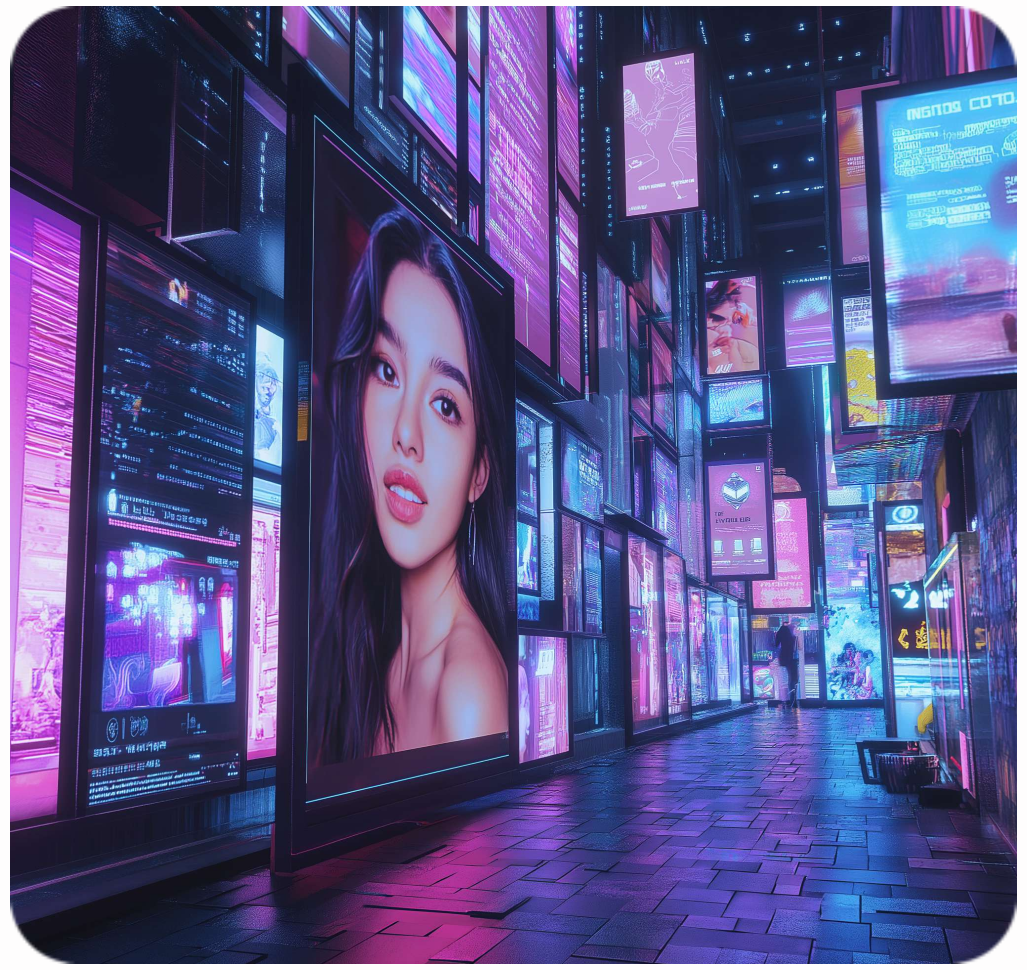
China is shifting from traditional growth to a new model driven by domestic consumption, advanced manufacturing, and sustainability, reinforcing its role as the world's second-largest economy and a global retail leader.

2

Consumer Expectations Beyond the Cart

Chinese consumers, especially Gen Z, seek authenticity, value, and immersive experiences, pushing brands to evolve beyond traditional shopping and embrace digital, personalized engagement.

3



A highly Dynamic Retail Landscape

China's retail market is fast-moving and competitive, with local and global players driving innovation in instant delivery, convenience stores, and omnichannel commerce to meet rising consumer expectations.

4

Tech-Driven Shopping Journey

China is leading retail's digital evolution, integrating AI, AR, and automation to create seamless, immersive experiences that blur the lines between physical and digital shopping.

EXECUTIVE SUMMARY

5

The New Rules of the Physical Store

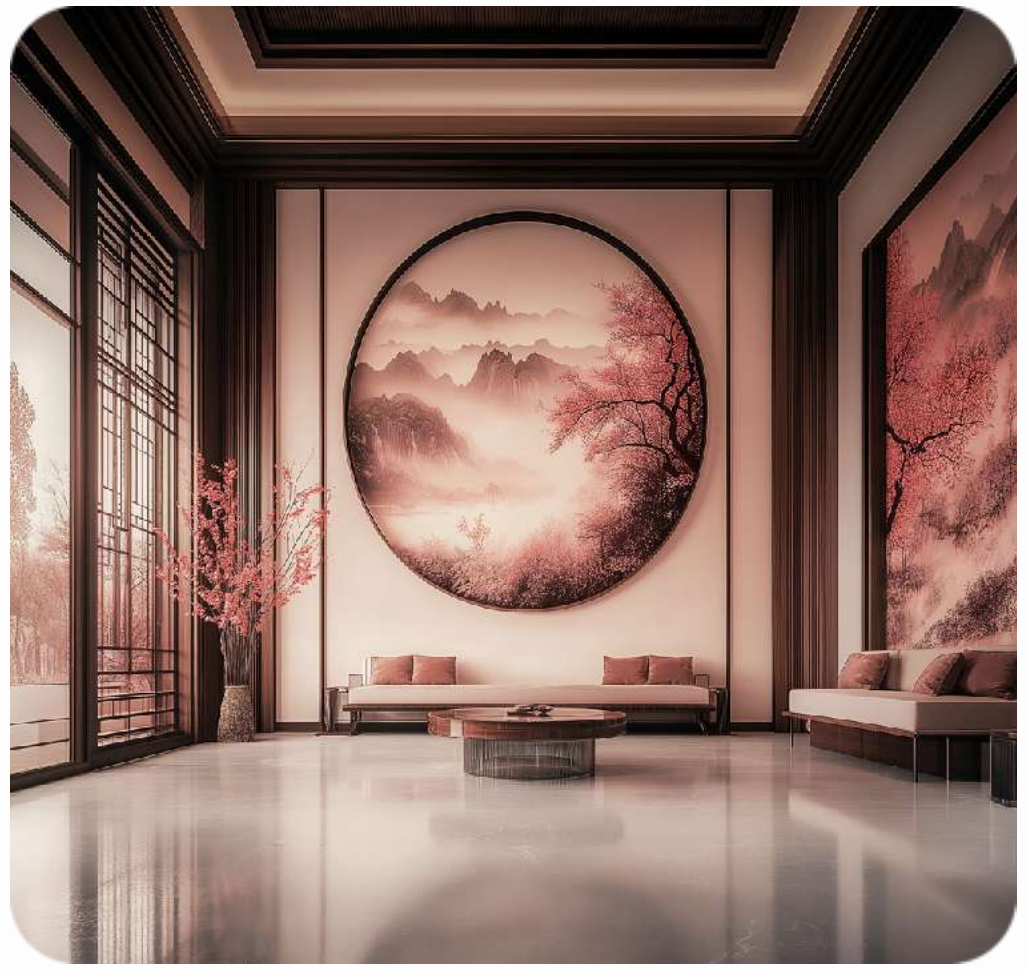
Physical retail is rebounding through immersive, hyper-personalized store and pop-up experiences offering unique value beyond what digital channels provide, making brands more tangible to engage consumers.

6

From Likes to Buys

Social commerce and influencer ecosystems are core to China's retail strategy. It merges content, trust, entertainment and cultural relevance, turning engagement into conversion through integrated platforms.

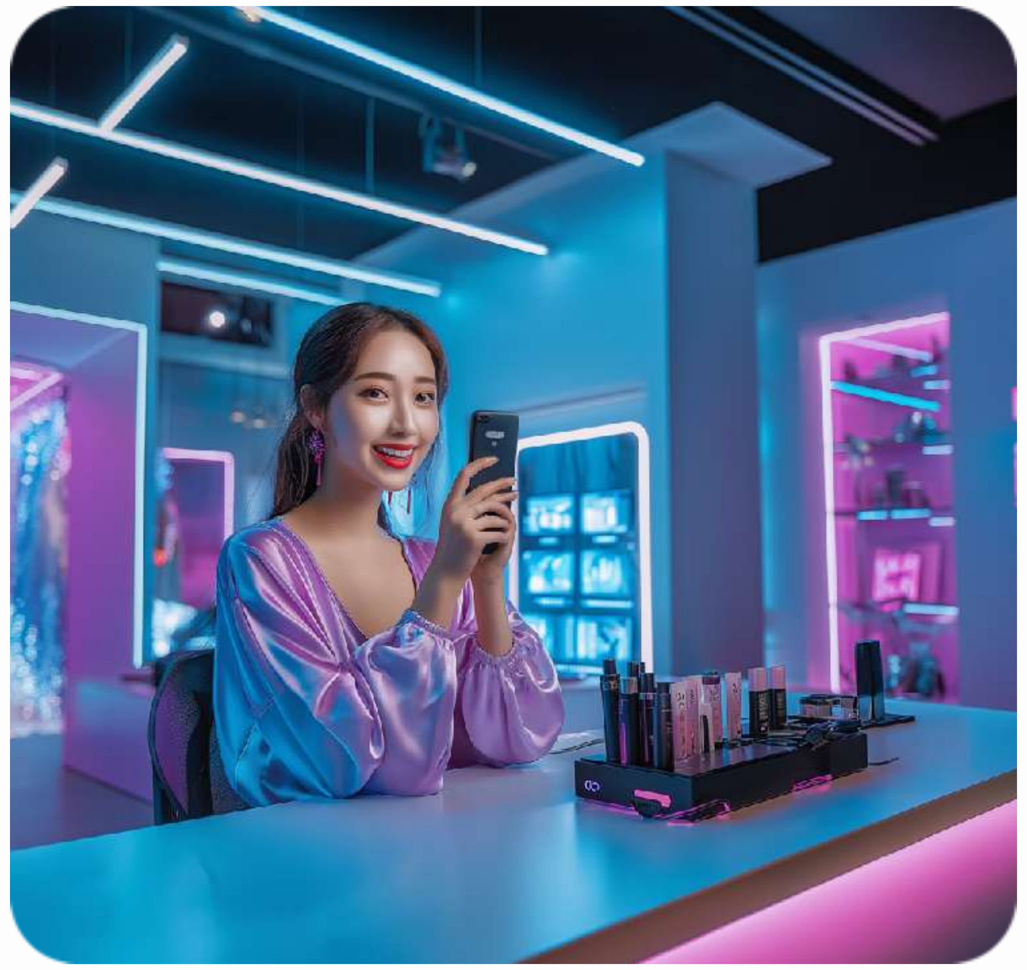
7



The New Luxury Mindset

Luxury is shifting toward meaning, culture, and exclusivity, with rising demand for localized design, storytelling, and deeper brand relevance.

8



Cross Border E-commerce

Cross-border retail remains a strategic growth driver but faces rising global regulations, pushing brands to adopt more sustainable, localized, and tech-driven models.

CHINA'S RETAIL ACCELERATION

CONSUMER EXPECTATIONS BEYOND THE CART

2

CONSUMER HABITS HAVE TRANSFORMED OVER THE PAST DECADE

DIGITAL COMMERCE OPTIONS HAVE BEEN WIDELY INTEGRATED

Consumer habits in China have transformed over the past decade, driven by rising incomes and widespread tech adoption.

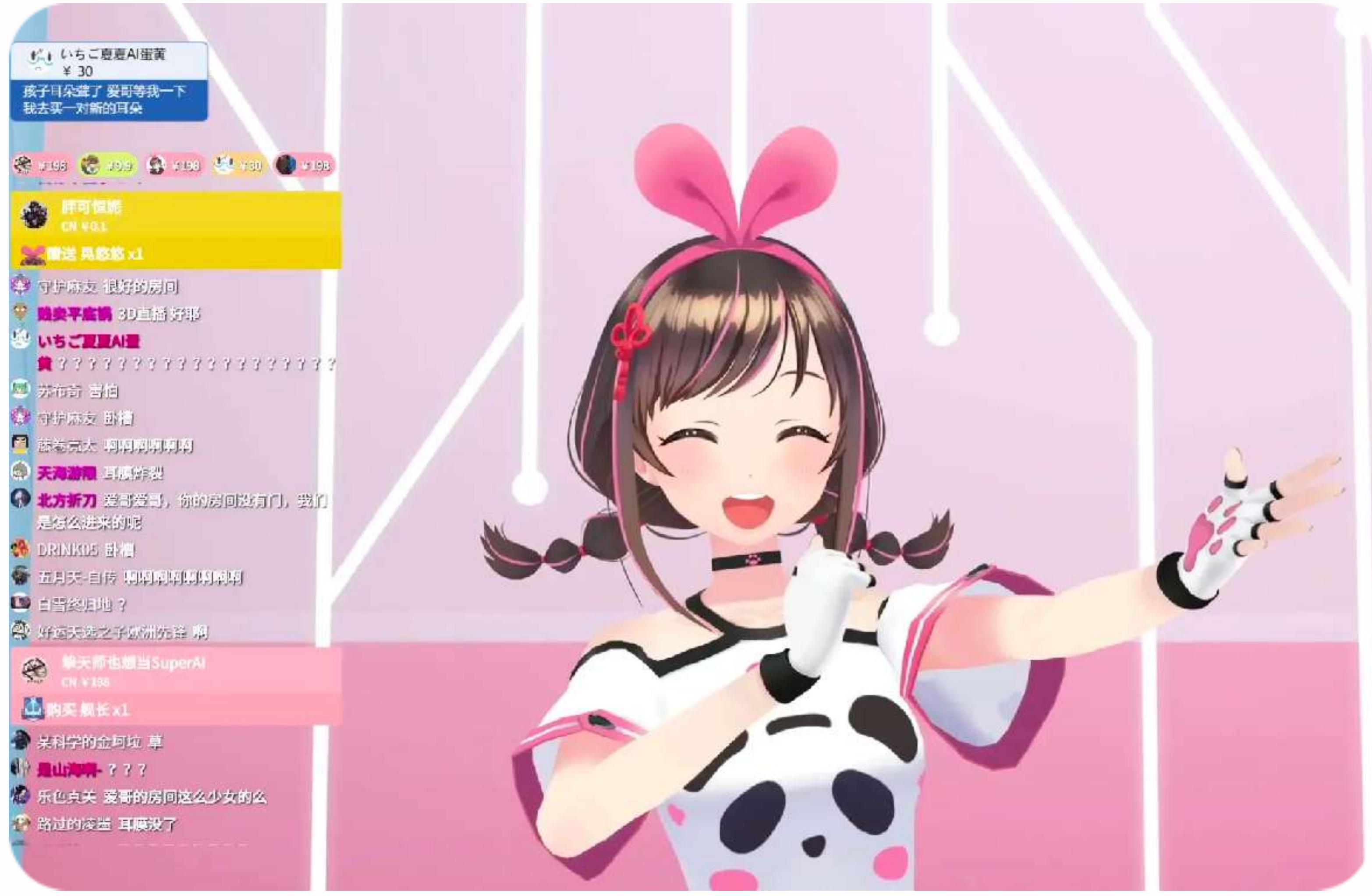
Retail has gone digital, omni-channel shopping is thriving, and digital payments have largely replaced cash and cards.

Penetration rate of online shopping:

2022	2023	2024
79.2%	83.8%	87.9%

AI-generated avatars in commerce

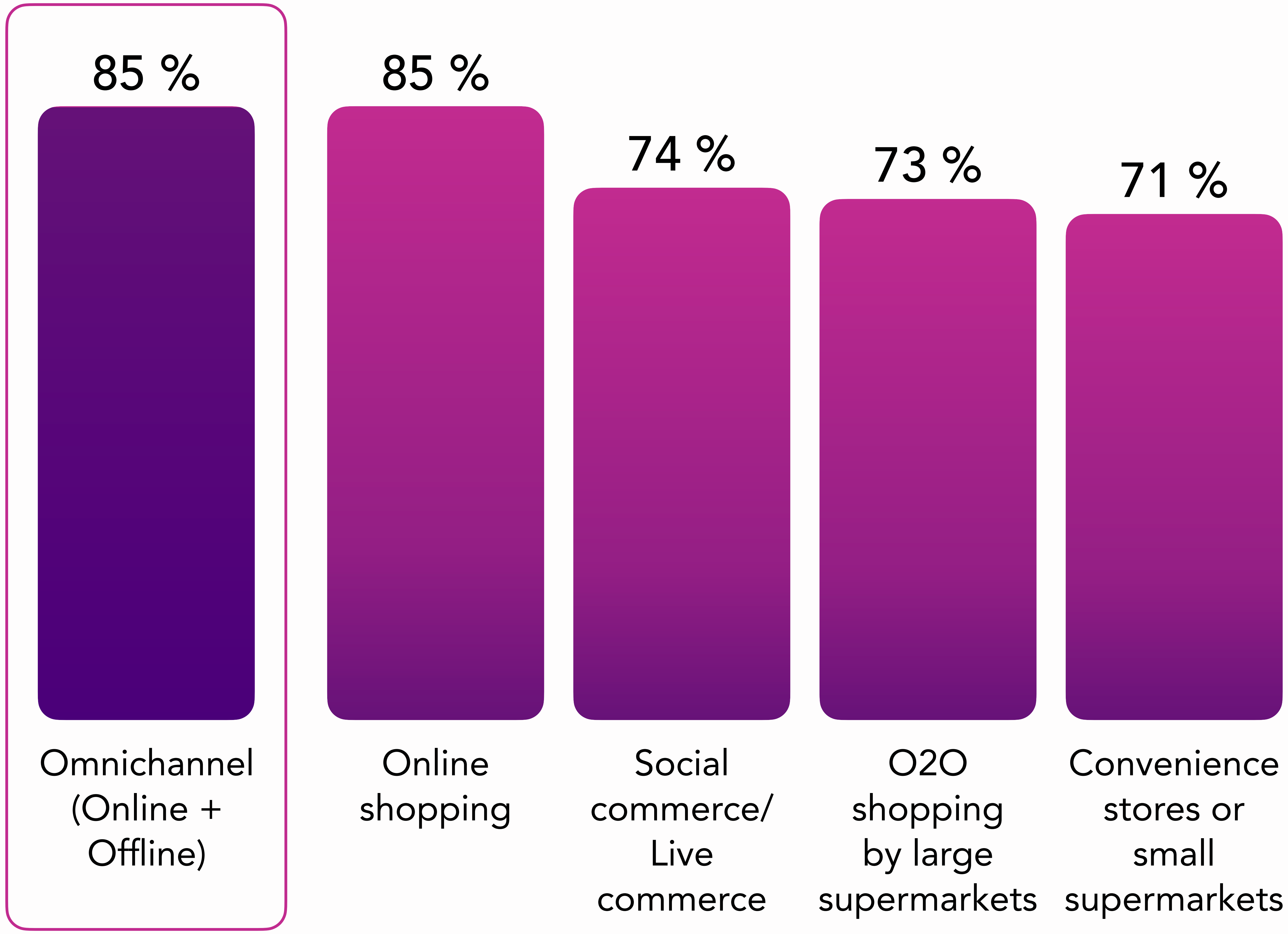

Ling in Tesla advertising.



CONSUMERS ARE OMNICHANNEL TO SHOP

SOCIAL COMMERCE AND LIVE COMMERCE PLAY A KEY ROLE TO PURCHASE

Most popular shopping channels among consumers in China, July 2024 :



CHINESE DOMESTIC BRANDS ARE GAINING GROUND

NATIONAL PRIDE MIXED WITH POWERFUL STRATEGIES

Value-for-Money Offerings

Domestic brands are **offering high-quality products at more affordable prices** compared to international competitors, appealing to consumers seeking better value.

Strong Digital and Social Media Strategies

Homegrown brands leverage China's unique **digital ecosystem** with savvy use of influencers, live-streaming, and social commerce.

Localized Innovation and Faster Response

Chinese brands excel at **responding quickly to trends**, consumer feedback, and local preferences, often outpacing global brands in **product development speed.**

Expansion into Premium and Lifestyle Segments

Brands like **Li-Ning, Chicecream,** and **HeyTea** are redefining local luxury and premium segments through **creative design**, **storytelling**, and **experience-driven retail**.

BYD is a global EV leader and a major rival to Tesla.

POP MART BLENDS DESIGN, FANDOM, AND RETAIL INNOVATION

TURNING COLLECTIBLE TOYS INTO A CULTURAL AND EMOTIONAL RETAIL PHENOMENON

Pop Mart has elevated the toy from product to art collectible, encouraging deeper emotional engagement.

Client-Centric Model & Emotional Branding

Pop Mart shifts from traditional retail to an **"Experience, Exclusivity, Engagement, Emotion" (4E)** model—blending powerful storytelling with Gen Z appeal.

IP-Driven Strategy

The brand invests heavily in **artist collaborations** and character-based IP. In 2024, "The Monsters" generated **$419M**, growing **726% YoY**. Artist backstories, limited editions, and storytelling reinforce brand loyalty.

Community Building Through Virality

Social media virality is core. Douyin and Xiaohongshu are filled with **unboxing**, fan trades, and collectors' stories. The brand generates **collective excitement and FOMO**, turning buyers into community members.

Global Expansion with Local Appeal

Pop Mart operates **530+ stores globally**, with 130+ outside China, and 2,490 **roboshops** (vending machines), driving $700M in international revenue (40% of total).

Blind Box Format

Central to the brand is the "blind box"—**a mystery toy model** that mimics Gashapon culture. It boosts surprise, collectibility, and social sharing, fueling both in-store purchases and **online unboxing trends**.

CHINA'S RETAIL ACCELERATION

A HIGHLY DYNAMIC RETAIL LANDSCAPE

3

A COMPETITIVE RETAIL SECTOR WITH GLOBAL AND LOCAL PLAYERS

A LARGE NUMBER OF COMPETITORS KEEP THE MARKET FRAGMENTED

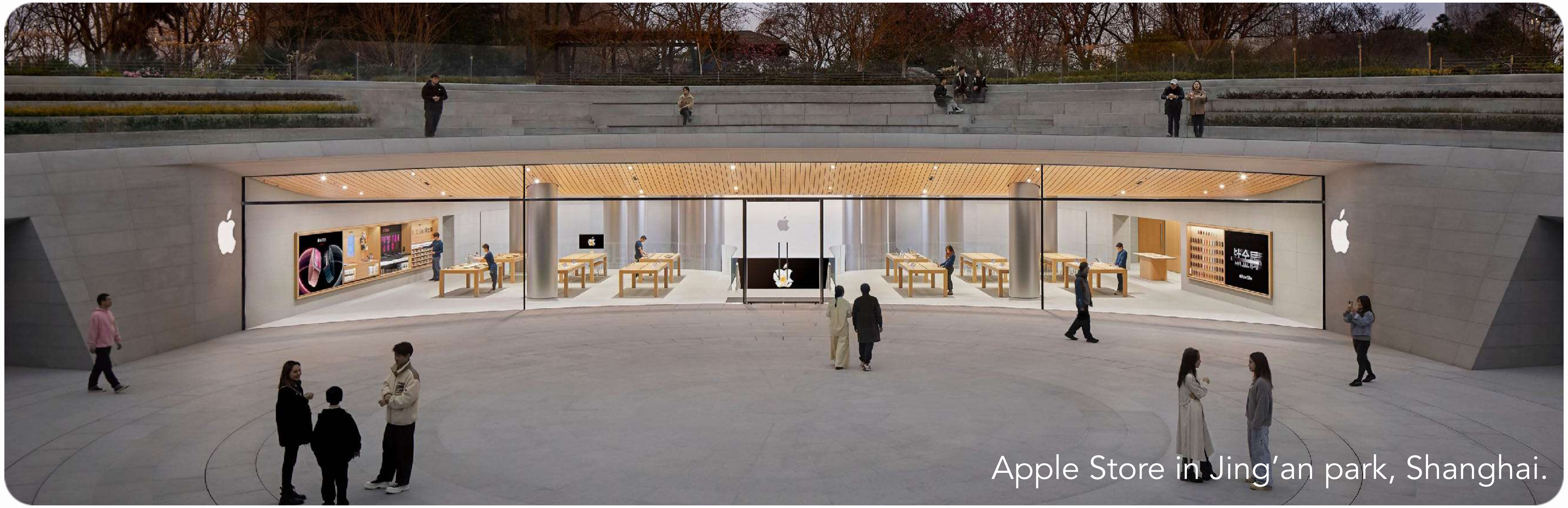
The Chinese retail sector is a **competitive landscape** where global corporations and local businesses coexist, driven by a mix of **diversified conglomerates** and **specialized retailers**.

The market remains highly **fragmented**, with **numerous competitors** offering consumers an extensive selection of products and services.

Leading retail players employ **diverse business models** and strategies to engage consumers

The market's competitive landscape is shaped by **local brands**, deep cultural connections, and continuous **innovation**, creating a dynamic and complex environment.

Market players leverage advanced technologies like **AI** and **big data analytics** to **optimize operations** and **enhance customer engagement**.

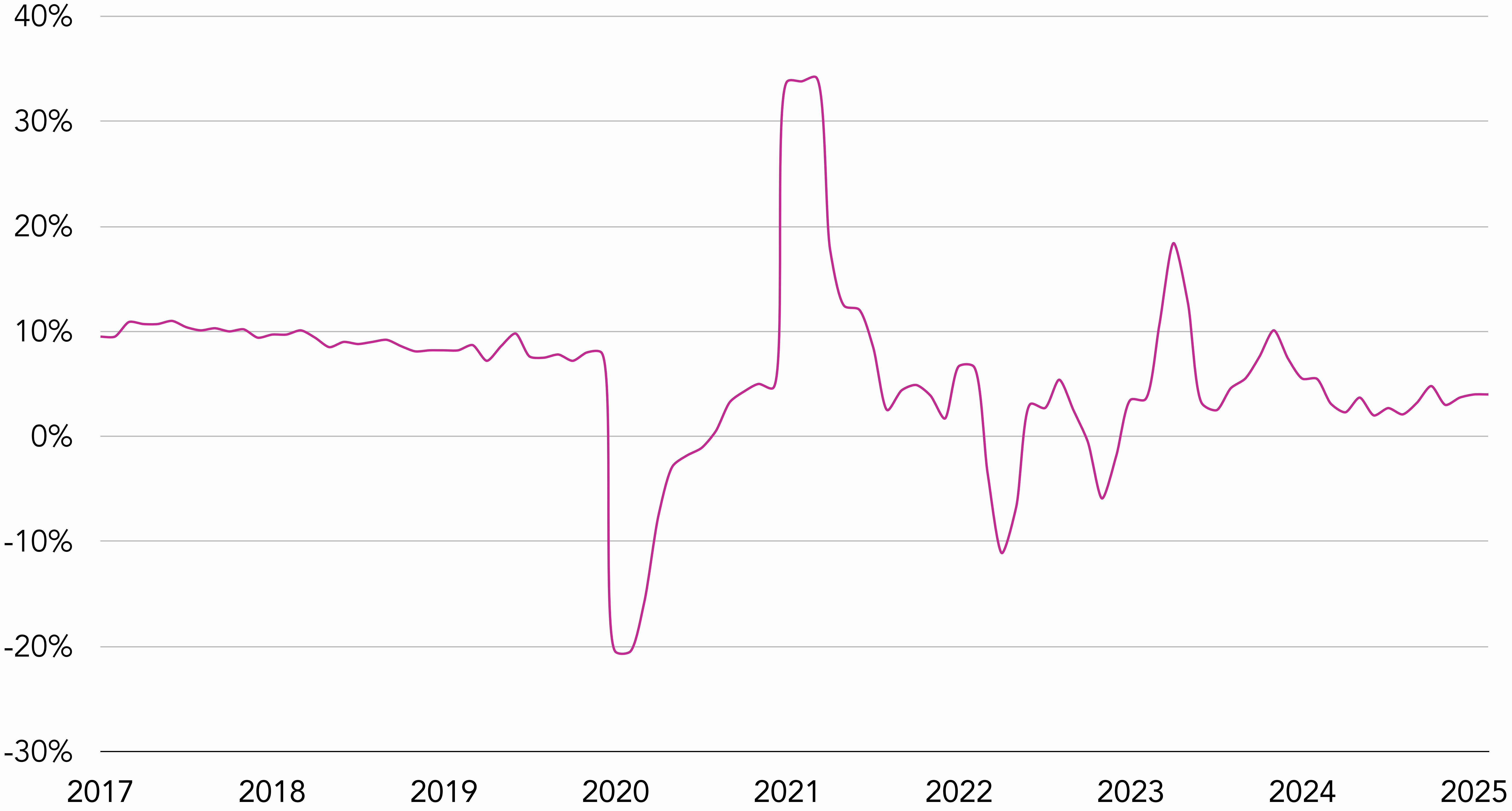


Apple Store in Jing'an park, Shanghai.

2025: RETAIL SALES GROWTH ACCELERATED

AN INCREASED CONSUMER SPENDING DURING THE CHINESE NEW YEAR HOLIDAY

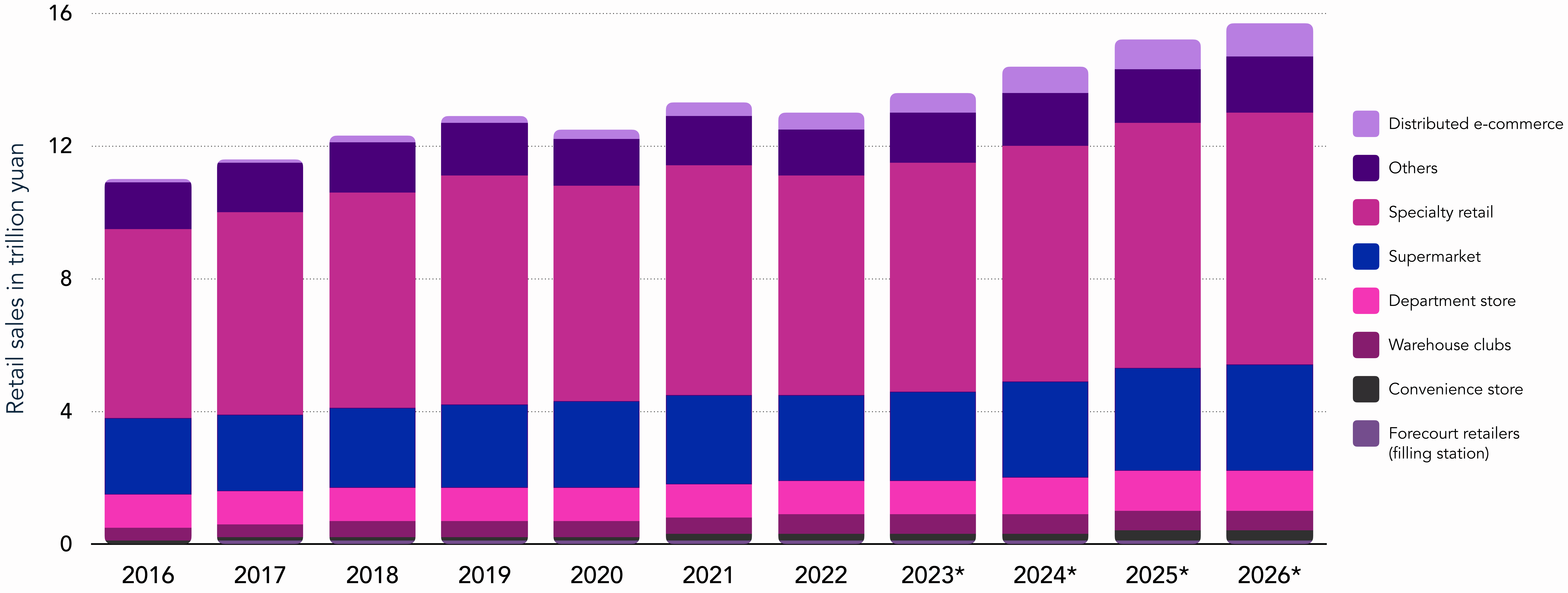
Year-on-Year growth rate of total retail sales of consumer goods (%):



In 2025, China plans to '**vigorously boost consumption**' to shore up economy. Communist party aims to 'promote reasonable wage growth' and to reduce financial burdens amid Trump tariffs.

SPECIALTY RETAIL FORMAT DOMINATES SALES
SUPERMARKETS ALSO PLAY A CRUCIAL ROLE

Market size of local retail industry based on sales in China from 2016 to 2026, by retail format, in trillion yuan:



CHINA IS THE GLOBAL LEADER IN E-COMMERCE

MOBILE ADOPTION, SEAMLESS PAYMENTS, AND LIVE STREAMING POWER E-COMMERCE GROWTH

$1.57 trillion

The e-commerce market is estimated to be worth $1.43 trillion in 2025, with a forecast to reach $2.54 trillion by 2030.

47%

of retail sales takes place online (2024).

87.9%

penetration rate, indicating the share of internet users who have made online purchases (2024).

80%

of online purchases transactions occur on eCommerce marketplaces.

TOP ECOMMERCE PLATFORMS

ESTABLISHED GIANTS OF CHINESE E-COMMERCE

TAOBAO

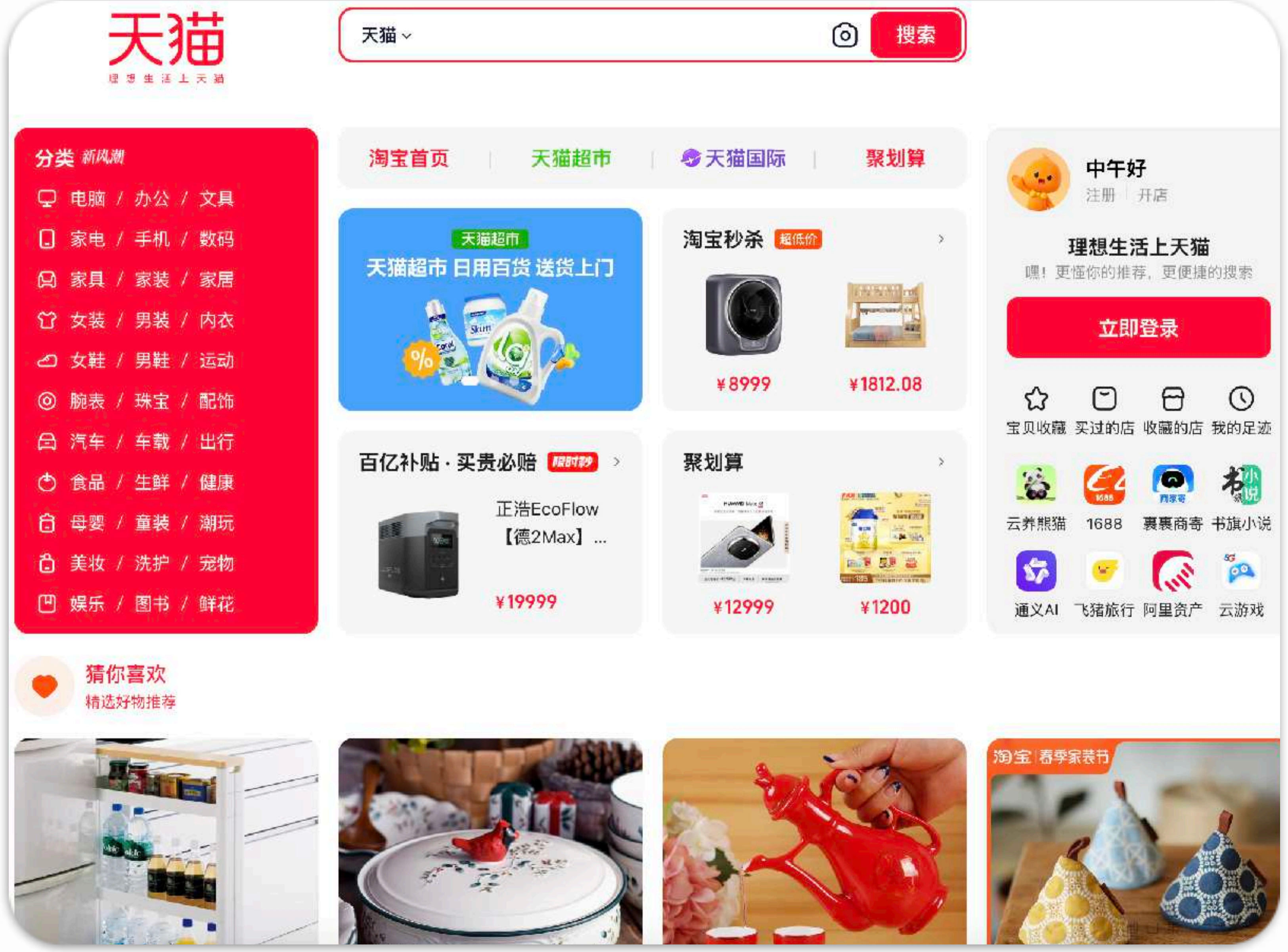
Monthly Traffic: 200.4M

Taobao, China's top marketplace since 2005, strengthened its position with AliPay integration and trust-building measures. In 2024, its short video engagement surged, with 142% more users and 439% longer viewing time.

JD

Monthly Traffic: 91.4M

JD.com evolved from a computer seller to a major e-commerce platform after shifting online in 2003. In 2024, traffic declined 31.46%, but JD remains a leader in AI-driven logistics and drone delivery, expanding global partnerships.



TMALL

Monthly Traffic: 73.9M

TMall, a B2C spin-off of Taobao, is a top e-commerce platform in China, known for strict anti-counterfeit policies. TMall Global leads in cross-border sales, helping foreign brands enter the market.

SimilarWeb's metrics only measure website performance, and do not account for traffic from mobile apps or mini-programs.

SOURCE(S) : HUB INSTITUTE, TMO

TRENDS SHAPING THE DIGITAL MARKETPLACE

CHINESE E-COMMERCE PLATFORMS ARE UNDERGOING MAJOR INNOVATIONS

Cross-Border E-Commerce Growth

Platforms are increasingly facilitating **international trade**, allowing consumers to purchase foreign goods and **enabling Chinese merchants to reach global markets**, thus expanding product diversity and market reach.

Personalized Marketing Through AI

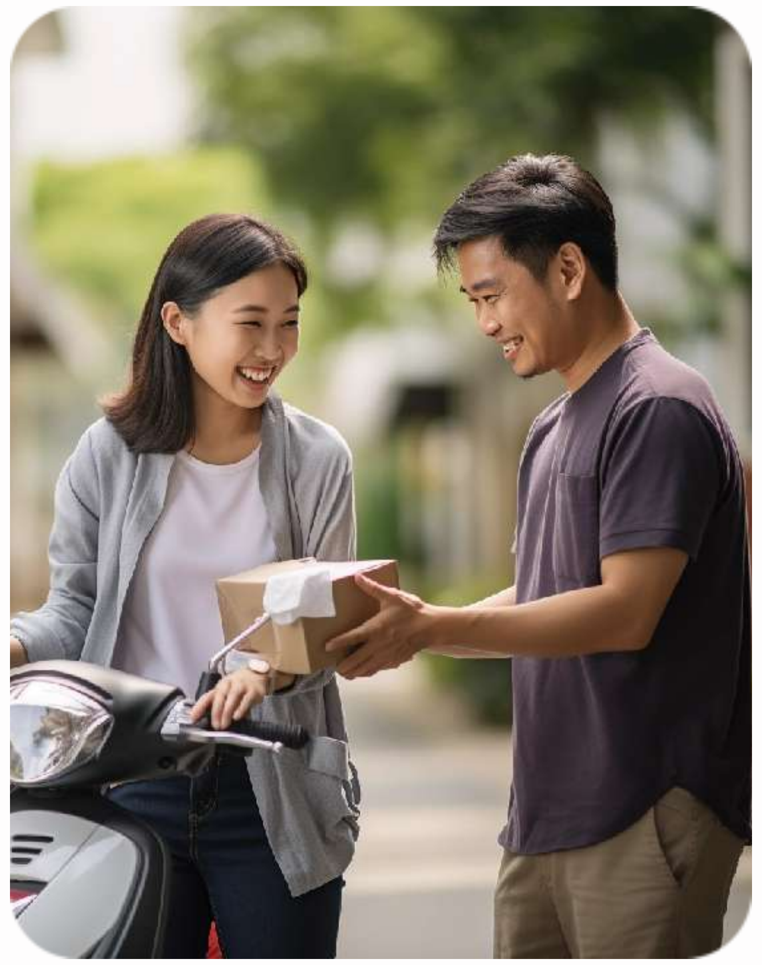
Utilizing AI, platforms are offering **tailored shopping experiences**, recommending products based on user behavior and preferences, which enhances customer satisfaction and loyalty.

AI Integration

E-commerce giants are heavily investing in **AI technologies to enhance customer experiences**. Quark, Alibaba's AI assistant, offers users advanced features like academic research assistance and travel planning.

Livestream Shopping Popularity

Live-streaming has become a significant **sales channel**, with influencers and brands hosting **live sessions** to showcase products, answer questions, and offer exclusive deals, thereby driving real-time consumer engagement.



Instant Retail

The rise of instant retail models is transforming consumer expectations, with platforms offering **rapid delivery services** that bring products to customers within hours, catering to the demand for **immediate gratification**.

JD.COM REDEFINES THE LAST-MILE EXPERIENCE DELIVERY

MEETING THE INCREASING DEMAND FOR INSTANT AND DIVERSE SHOPPING SOLUTIONS

JD Now

JD Now, launched in 2024, is JD.com's upgraded **on-demand retail service**, merging JD Shop Now and JDDJ.

It offers **ultra-fast delivery**—as quick as **9 minutes**—from **over 500,000 physical stores** across **2,300 cities and counties in China**.

JD Now's delivery riders sport **new uniforms** with a helmet topped with a bamboo-copter and a racing-style T-shirt.

JD.com's Premium Delivery service

It uses **high-end vehicles** to deliver **high-value products**.

Deliveries include **elegant packaging**, with some items hand-delivered in branded gift boxes, creating a sense of **ceremony** and **exclusivity**.

Couriers are professionally dressed, trained to reflect the brand image, and provide a white-glove service that mirrors the luxury in-store experience.

JD partnered with **Louis Vuitton** to enhance the online-to-offline luxury experience. Through JD Premium Delivery, select products are delivered directly to customers with a service level matching the brand's in-store experience.

FMCG EVOLVES TO MEET CONSUMER EXPECTATIONS

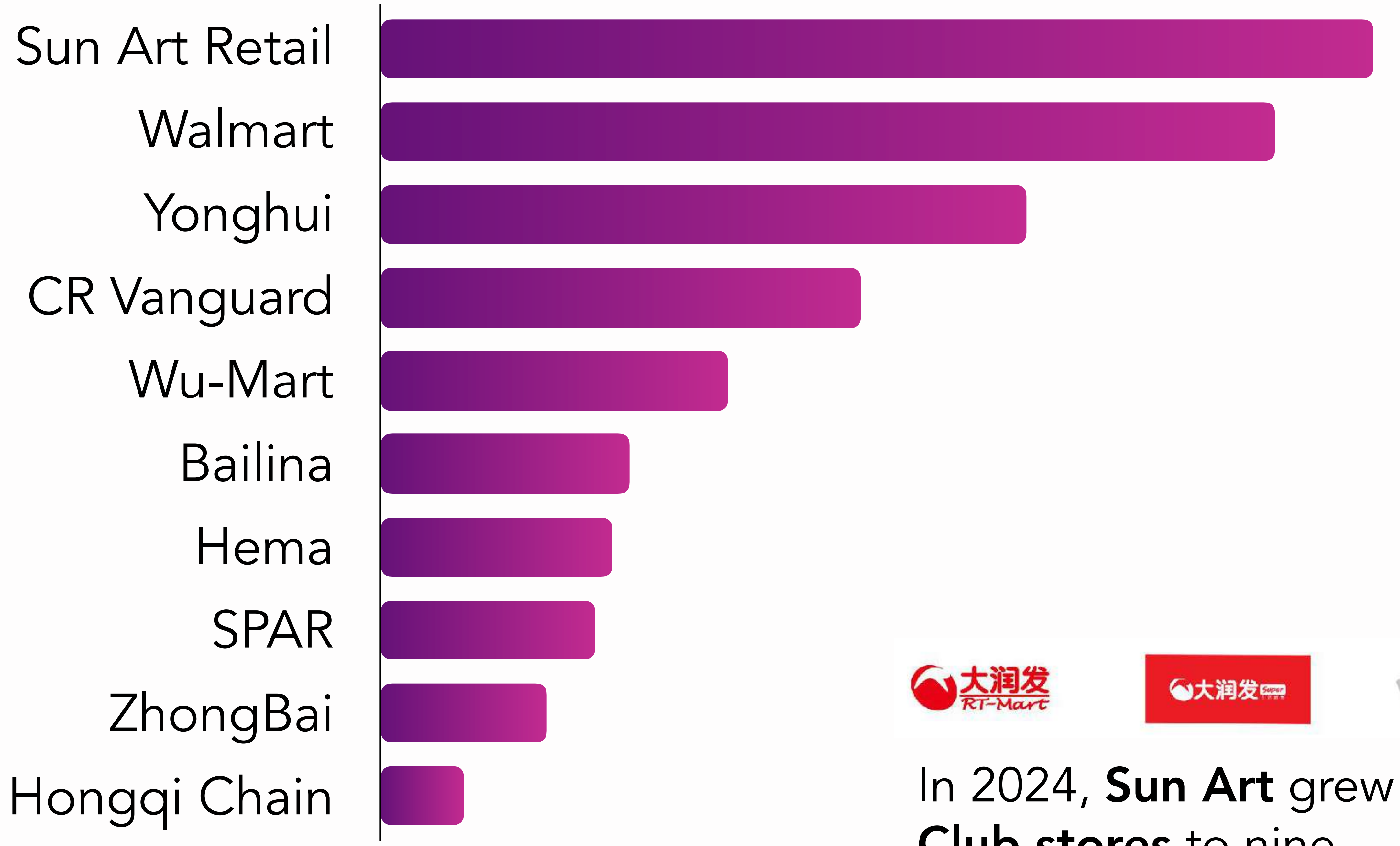
DEMAND FOR CONVENIENCE AND EFFICIENCY DRIVE INNOVATION IN GROCERY RETAIL

Chinese **consumers are spending more cautiously**, focusing on price and overall total expenditure, yet remain willing to pay extra for products that offer **health benefits**, **efficiency**, or **emotional appeal**.

The top FMCG companies are accurately grasping the needs of different consumers and continuously **launching innovative products** that adapt to new occasions and new needs.

FMCG companies are driving **emerging channels** and **penetrating deeper into lower tier markets** to attract new consumers.

Grocery Market Share (12 weeks ending, 21/02/2025):



In 2024, **Sun Art** grew its **M-Club stores** to nine nationwide, with plans, to grow further in 2025 tapping into China's booming **membership retail trend** with 20%+ annual sales growth.

HEMA: ALIBABA'S BLUEPRINT FOR THE FUTURE OF GROCERY RETAIL

BLENDING TECH, CONVENIENCE, AND EXPERIENCE THROUGH OMNICHANNEL INNOVATION

Hema (Alibaba) has focused on integrating **tech-driven grocery retail** with seamless online-offline experiences.

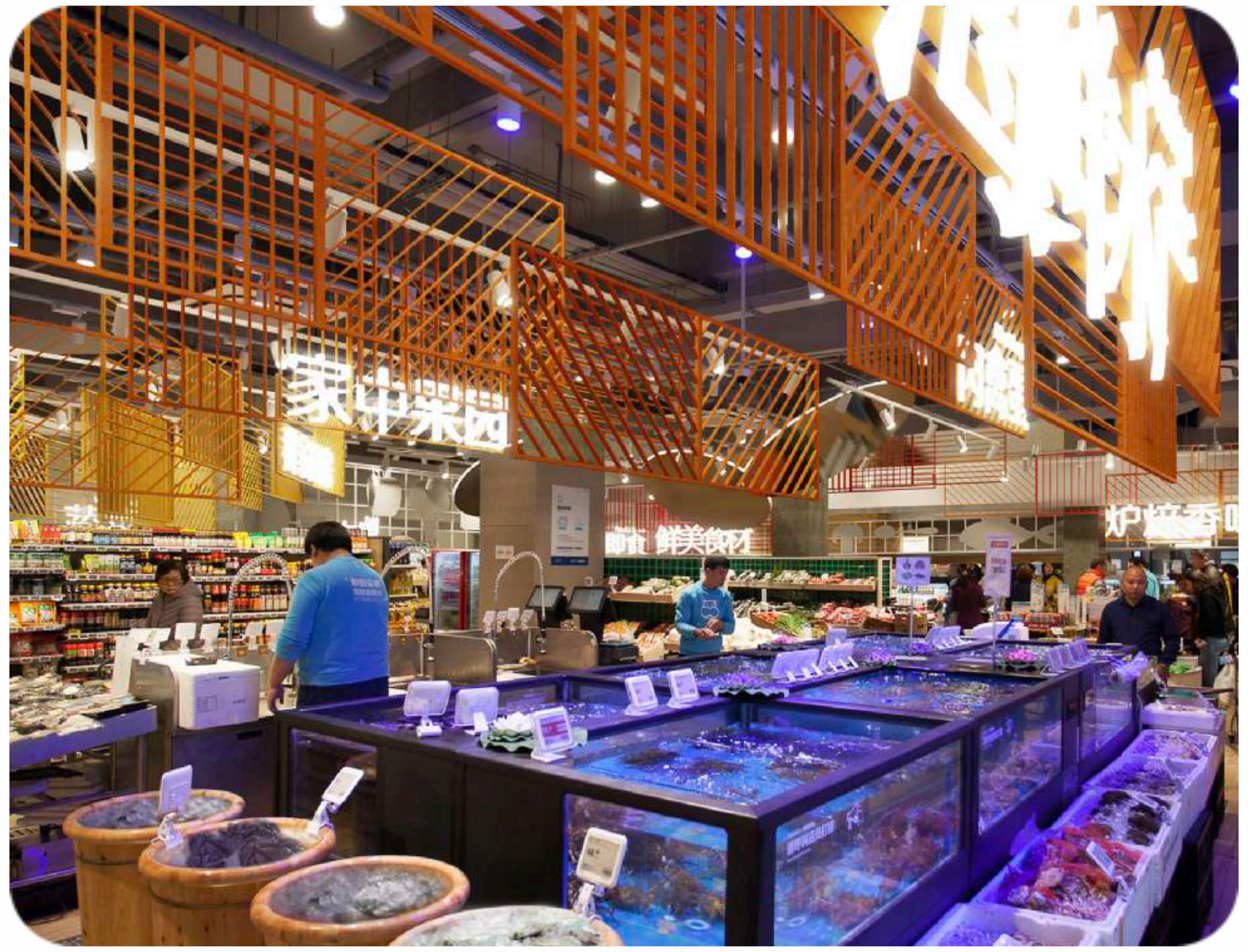
AI powers personalized recommendations and real-time pricing via **digital price tags**.

Customers use the **Hema app** to scan products, check freshness, nutritional information, and customer reviews, order meals, make **mobile payments**.

Hema has experimented with **various store formats**, including smaller neighborhood stores, membership programs and larger warehouse-style outlets.

Stores serve as **micro-fulfillment centers**, offering **30-minute delivery** within 3 km, with staff picking orders directly from store shelves.

Examples of formats



Hema Mini is a compact supermarket format, focused on fresh produce, and ready-to-eat meals. Designed to resemble traditional Chinese markets, it offers a **convenient, neighborhood-friendly shopping** experience.

Global GO is a **cross-border shopping section** within the Hema stores, enhancing the accessibility of imported goods at competitive prices in physical retail environment. Introductory labels assist customers with unfamiliar products.

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