

## Consumer goods market shows steady recovery as the market looks towards green consumption and rural consumption

Release of *Ten Highlights of China's Commercial Sector, 2022*

**Hong Kong, 14 January 2022** – According to the annual *Ten Highlights of China's Commercial Sector, 2022 (Ten Highlights)*, released today by Fung Business Intelligence, the Chinese economy has staged a strong recovery in 2021, with the retail market returning to pre-pandemic levels. In 2022, under the new “dual circulation” strategy, the government is set to strengthen support measures and policies to boost consumption. As such, the growth rate of retail sales is expected to reach at least 6% in 2022.

Over the past year, the central and local governments have already introduced a raft of policies and measures to facilitate and expand bulk consumption, urban consumption, and rural consumption. They have also cultivated new modes of consumption and encouraged more green consumption. These measures have enabled the retail market to recover steadily and continue to gain growth momentum. According to **Mr Chang Ka Mun, senior advisor of Fung Business Intelligence**, “though regional resurgences of COVID-19 have restrained consumption, the overall trend of consumption upgrading will continue to aid the recovery of the consumer market.”

According to the *Ten Highlights* report, as China is committed to reaching peak carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060, the consumer market will gradually turn to green consumption. Various types of consumption platforms are promoting “green operations” such as increasing the supply of green products. Commercial green transformations are also taking place in store design, in-store energy saving standards, product packaging, waste treatment, logistics, and consumption philosophies.

**Ms Helen Chin, vice president of Fung Business Intelligence** points out that “the ‘green’ label may become an industry standard within the commercial sector. Enterprises should understand green philosophies and translate them into concrete actions. Hopefully the government can provide clearer guidance regarding commercial green transformations and lead the efforts to realize the goals of carbon peaking and carbon neutrality.”

Furthermore, the report also points out that, while the markets in first- and second- tier cities are becoming increasingly saturated, lower-tier cities and rural areas offer growing consumption opportunities. The government has made continuous efforts to modernize China's rural circulation system and upgrade rural commercial outlets in order to revitalize rural consumption, which is expected to expand rapidly. The central government's goal of “common prosperity” will also benefit long-term growth in rural consumption.

**Ms Chin** adds that “rural consumption has maintained rapid growth for many years and has shown a trend of upgrading. Encouraging rural consumption is an important measure to expand domestic demand and promote rural revitalization. In the light of this growth trend,

e-commerce enterprises are rapidly expanding their coverage in rural areas alongside new distribution channels for agricultural products such as online platforms and livestreaming e-commerce. As agricultural products become increasingly available to urban consumers, rural residents are earning more income. The increase in rural disposable income, alongside the upgrading of rural commercial logistics outlets, will speed up the two-way flow of goods between rural and urban areas, promoting the integration of urban and rural consumer markets into one unified domestic market.” In addition, the report also focuses on new domestic brands, community economy, fair competition, omni-channel strategy, digital transformation and other topics. Together, the report forecasts the following ten key highlights for 2022:

1. Promoting common prosperity through high-quality development of the circulation sector and increasing rural consumption
2. Consumption upgrading continues as the consumer market steadily rebounds after COVID-19
3. Commercial sector aims for comprehensive green transformation to support China’s carbon dioxide peaking and carbon neutrality goals
4. China to develop international consumption centres and promote duty-free industry
5. China is embracing local homegrown brands, fuelled by young consumers’ increasing spending power
6. Community-based businesses gradually transform into one-stop “retail + lifestyle” destinations
7. More resources allocated towards building a modern rural distribution system and further integrating urban and rural markets
8. China’s catering market sees stable recovery with accelerated digitalization and innovation efforts
9. Continuous innovation and digitalization drive further transformation and reforms in the retail industry
10. Business environment for physical retail is improving; e-commerce enters an adjustment phase

For further details on each highlight, please refer to the [full report](#).

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### **About *Ten Highlights of China's Commercial Sector***

*Ten Highlights of China's Commercial Sector* is co-authored by Fung Business Intelligence and the Expert Committee of the China General Chamber of Commerce. This is the 19<sup>th</sup> edition. With input from more than 160 top-tier mainland experts, *Ten Highlights* identifies top trends of the past twelve months and anticipates what will shape China's commercial landscape in the year ahead for foreign enterprises and investors.

### **About Fung Business Intelligence**

Fung Business Intelligence monitors, analyses and reports on global developments in sourcing, supply chain, distribution and retail with a particular focus on China. As the knowledge bank and think tank of the Fung Group, it also leverages unique relationships and information networks to provide the Group's companies and their clients with research and consulting services to assist day-to-day decision making. Headquartered in Hong Kong, Fung Business Intelligence was established in the year 2000.

### **About China General Chamber of Commerce**

Founded in 1994, the China General Chamber of Commerce (CGCC) is a quasi-government association endorsed by the State Council. The CGCC has around 80,000 members, encompassing enterprises from retail, distribution, services and tourism sectors, local commercial chambers, national professional associations, intermediary organizations and individuals. Commissioned by the Chinese Government, the CGCC consists of 12 committees, working on areas such as retailing, wholesaling, public relations and industry analyses, etc.; it also supervises 39 national associations, and over 30 newspapers and magazines published both inside and outside China.



Chang Ka Mun, Senior Advisor, Fung Business Intelligence (left) and Helen Chin, Vice President, Fung Business Intelligence (right)