



What the experts say

# Ten Highlights of China's Commercial Sector 2026

January 2026

# Contents

---

- 01** Preface
- 02** About the Organizations
- 03** Expert Panel Members
- 04** Implications for Businesses and  
Tips for Enterprises
- 08** Ten Highlights for 2026



# Preface

The HKUST Li & Fung Supply Chain Institute and the Expert Committee of the China General Chamber of Commerce are pleased to present the 23rd edition of our annual report, *Ten Highlights of China's Commercial Sector*.

In 2025, China's commercial sector continued to evolve, driven by supportive government policies, technological advancements, and changing consumer behaviour. This year witnessed significant progress in various areas, highlighting the dynamic nature of the sector and the businesses operating within it. New types of consumption, particularly digital and tech-driven consumption, experienced substantial growth as artificial intelligence (AI) and other technologies became increasingly prevalent. Service consumption is also on the rise, as consumers seek more engaging and immersive experiences. Emerging trends such as green consumption and emotional spending are opening up fresh avenues for businesses.

Chinese commercial businesses have demonstrated remarkable resilience and adaptability in response to shifting consumer preferences and a competitive market landscape. The growing emphasis on consumer experiences has prompted retail businesses to incorporate AI technologies into their products and services, and to create offerings that merge retail with cultural, leisure, and sports elements. In light of the intensifying competition in the domestic market, some companies are pursuing international expansion for growth. Effective localization strategies and strategic partnerships are crucial for their global endeavours.

With input from more than 160 top-tier mainland experts, *Ten Highlights* once again identifies the top trends of the past year and anticipates the developments that will shape China's commercial landscape in 2026.

The year 2026, marking the start of the 15th Five-Year Plan period, is a critical juncture that connects the past and the future. We expect China's commercial sector to continue its growth trajectory, driven by trends such as increasing digital and tech-driven consumption, a rising demand for services, expanding rural markets, and a commitment to green transformation. Government policies aimed at boosting incomes and consumption will further support this growth. Meanwhile, businesses are set to intensify their efforts in service innovation, online-offline integration, AI adoption, and international expansion to adapt to the evolving economic landscape, paving the way for a vibrant market in the coming year.

*Ten Highlights* is a valuable resource for global brands and retailers, and firms and individuals seeking to better understand the latest commercial trends, issues, and opportunities in China. We wish to thank all panel members of the Expert Committee for sharing their important insights, and our colleagues at the HKUST Li & Fung Supply Chain Institute for their many contributions.

**Helen Chin**  
**HKUST Li & Fung Supply Chain Institute**

# About the Organizations

## **The Expert Committee of the China General Chamber of Commerce**

The Expert Committee of the China General Chamber of Commerce (ECCGCC), a sub-division of the CGCC, comprises over 160 prominent experts from various government departments, research institutes and universities, leading corporations, professional associations, consultancy firms and newspaper offices, which include the Ministry of Commerce, the Chinese Academy of Social Sciences, China Chain Store and Franchise Association and the Renmin University of China, etc. The ECCGCC serves as a platform for the experts to exchange ideas on the development of commercial enterprises and the distribution sector.

## **The China General Chamber of Commerce**

Founded in 1994, the China General Chamber of Commerce (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 14 business committees. It also supervises 40 national associations and 33 newspapers and magazines published both inside and outside China.

## **HKUST Li & Fung Supply Chain Institute**

The HKUST Li & Fung Supply Chain Institute (Institute) accelerates the creation, global dissemination, and practical application of new knowledge for managing tomorrow's supply chains.

The Institute seeks to develop local and international talent in supply chain management through teaching, professional development, and exchanges at specialist conferences. It brings together leaders in industry, academia, and the public sector in a new collaboration for research, executive education and practice focused on innovation in business models, sustainable supply chain design, process re-engineering, and the rapid adoption of new technologies. These outcomes are vital in addressing the need for visionary, innovative supply chain management in the face of rapid technological advancements, disruption from geopolitical tensions, and concerns related to sustainability and climate.

Jointly established by HKUST and supply chain industry leader Li & Fung, the Institute brings together research excellence and industry expertise in supply chain management to drive real-world impact across the Greater Bay Area, Greater China, Asia, and globally, while contributing to Hong Kong's development as a multinational supply chain management center.

# Expert Panel Members

## Chang Ka Mun

**Executive Director; Member**

HKUST Li & Fung Supply Chain Institute; Chinese People's Political Consultative Conference (1998 – 2018)

## Chen Jinran

**Associate Professor**

Capital University of Economics and Business

## Chen Liping

**Professor**

Capital University of Economics and Business

## Ding Junfa

**Former Executive Vice Chairman, Research Fellow**

China Federation of Logistics & Purchasing

## Fu Longcheng

**Member of the Standing Committee of the CGCC Party Committee; Director, Senior Economist**

China General Chamber of Commerce; Expert Committee of the China General Chamber of Commerce

## Fu Yuehong

**President**

Beijing Chamber of Commerce

## Guo Xinmei

**Professor**

Faculty of Economics, Beijing Technology and Business University

## Hu Ruochi

**Professor, Research Fellow**

Institute of International Economics, University of International Business and Economics

## Huang Hai

**Former Minister Assistant**

Ministry of Commerce

## Li Tao

**Group Chief Representative – Northern China**

Li & Fung (Development) China Ltd.

## Li Xiangbo

**Vice Chairman**

China General Chamber of Commerce

## Ma Zengjun

**President**

China Agriculture Wholesale Market Association

## Ren Xingzhou

**Former Director, Research Fellow**

Institute for Market Economy, Development Research Center of the State Council

## Song Yuanyuan

**Deputy Director**

Digital Intelligence Information and Policy Research Department, China General Chamber of Commerce

## Song Ze

**Research Fellow**

National Academy of Economic Strategy, Chinese Academy of Social Sciences

## Wang Chunjuan

**Professor**

Beijing College of Finance and Commerce

## Wang Ruida

**Director**

Community Department, China Chain Store & Franchise Association

## Wang Xiaodong

**Professor**

Business School, Renmin University of China

## Weng Xin

**Manager (Research)**

HKUST Li & Fung Supply Chain Institute

## Wu Ying

**Vice Chairman**

China Cuisine Association

## Xie Lijuan

**Professor**

Business School, Renmin University of China

## Yang Jinlong

**Deputy Secretary General, Director of the Secretariat**

Expert Committee of the China General Chamber of Commerce

## Yang Qingsong

**Vice Chairman, Secretary General**

China Commerce Association for General Merchandise

## Yao Liming

**Former Director, Research Fellow**

China Commercial Group Commercial Economic Research Center

## Yin Xia

**Deputy Division Chief**

Statistical Information Division, China National Commercial Information Center

## Yu Di

**Deputy Director, Secretary General**

Expert Committee of the China General Chamber of Commerce

## Zhang Hao

**Researcher; Deputy Director**

National Academy of Economic Strategy, Chinese Academy of Social Sciences; Editorial Department, *Finance and Trade Economics*

## Zhao Gang

**Deputy Editor-in-Chief**

*China Business Herald*

## Zhu Heliang

**President, Professor**

Brand Research Institute, Beijing University of Technology

# Implications for Businesses and Tips for Enterprises

In 2025, China's commercial sector experienced steady growth and significant transformation, fuelled by supportive government policies, technological advancements, and changing consumer behaviour. The year witnessed remarkable progress in new types of consumption, experiential spending, digital transformation, and green initiatives, reflecting the dynamic nature of the commercial sector. Government efforts to expand and upgrade domestic consumption were crucial in cultivating a robust consumer market, even amid challenges like low consumer confidence and economic uncertainties.

Various sectors contributed to the growth of China's commercial sector in 2025. New types of consumption, particularly digital and tech-driven, surged as artificial intelligence (AI) and other technologies became more widely adopted. The growth in service consumption outpaced that of physical goods, with innovative models combining commerce, culture, tourism, and sports gaining traction. Moreover, emerging consumer trends such as eco-friendly products and emotional consumption opened up new opportunities for businesses.

Looking ahead to 2026—the opening year of the 15th Five-Year Plan (2026-2030)—China's commercial sector is positioned for continued growth. Key trends such as rising digital and tech-driven consumption, increased demand for services, expanding rural markets, and a push for green transformation are expected to drive the consumer landscape. Government policies aimed at boosting incomes and consumption will further bolster this growth. Meanwhile, businesses will ramp up their efforts in areas like service innovation, online-offline integration, AI adoption, and international expansion to take advantage of the evolving economic landscape, paving the way for a vibrant market in the coming year.

As China's commercial sector continues to evolve, companies that prioritize adaptability will likely thrive. The ability to anticipate and respond to changing trends will be crucial for success in this dynamic landscape.

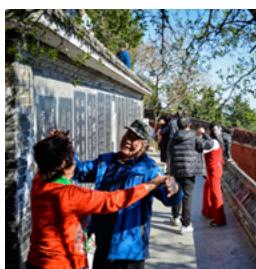


## Capitalize on the growing consumer market for business opportunities

The Chinese government is actively working to create a unified national market, which aims to enhance market connectivity, streamline regulations, and reduce local protectionism. This initiative will foster an environment that encourages business growth and consumer engagement, contributing to a robust domestic market. (Highlight 1)

The government is also promoting consumption as a key driver of economic growth, implementing various initiatives to boost the consumer market and refine the consumption-driving mechanisms to drive sustainable consumption growth. (Highlight 2)

*Our take: The Chinese consumer market is full of opportunities. Enterprises should closely monitor and align their strategies with government policies that foster a unified and strong domestic market. This involves adapting to new regulations that promote fair competition and market access. Businesses can also engage with local initiatives to provide the products and services desired by consumers. Foreign companies might consider partnering with local firms to navigate regulatory landscapes effectively and take advantage of government incentives aimed at stimulating consumption. By aligning with national strategies, businesses can better seize growth opportunities in this evolving market.*



### **Enhance consumer experience through integrated experiences and innovation**

Service consumption is witnessing significant growth, driven by a shift towards experience-driven consumption. Consumers are increasingly seeking engaging and immersive experiences. The rapid advancement of artificial intelligence (AI) is creating new service scenarios that blend immersive experiences with real time interactions and personalization. Traditional commercial spaces are also being transformed into experiential destinations with innovative retail and entertainment options. (Highlights 2, 4 & 6)

*Our take: Businesses must adapt to this trend by creating integrated offerings that combine retail with cultural, leisure, and sports elements for a complete consumer experience. Incorporating AI technologies can help tailor services in retail, tourism, and lifestyle sectors to meet individual consumer preferences. Companies that embrace AI-driven innovations will be better equipped to meet changing consumer demands and stand out in a competitive market.*



### **Embrace digital transformation**

AI-powered digital twin technology is revolutionizing traditional supply chain control towers, while lights-out automated warehouses are rapidly expanding across China. Catering businesses are increasingly adopting digital innovations such as cooking robots and intelligent delivery. Digital technologies and data analytics are reshaping how businesses operate and engage with consumers. Digital transformation is no longer optional; it is essential for businesses to remain competitive. (Highlights 3 & 7)

*Our take: Enterprises should prioritize investments in advanced technology such as AI, big data analytics, and blockchain. These tools not only help streamline processes and optimize supply chains, but also provide insights into consumer behaviour, allowing for targeted marketing and product development. By embracing digital transformation, businesses can position themselves for long-term success. Foreign businesses can partner with local tech firms for guidance to navigate the rapidly evolving digital landscape in China.*



### Go green and embrace sustainability

China's green consumption is shifting from being primarily policy-driven to market-led. Consumers are increasingly willing to pay a premium for eco-friendly and ethically sourced products. Green consumption scenarios are expanding from basic products into lifestyle services. (Highlight 5)

*Our take: Enterprises should adopt sustainable practices across their operations, from sourcing and product design to packaging and logistics. Developing eco-friendly products and promoting transparency in sustainability efforts can build consumer trust. Engaging in green initiatives such as carbon offset programmes and waste reduction strategies can enhance brand reputation and loyalty. Companies that prioritize sustainability will resonate with a growing segment of consumers and gain a competitive edge.*



### Explore opportunities in rural and county-level areas

As China emphasizes integrated urban-rural development, county-level commerce is evolving into a dynamic hub for production, circulation, and consumption, offering significant opportunities for businesses looking to expand beyond urban centres. With rising rural incomes, improved infrastructure, and digital transformation, there is a growing demand for diverse products and services in rural and county-level areas. (Highlight 8)

*Our take: Enterprises should conduct market research to understand the unique demands of rural and county-level consumers, and tailor their offerings accordingly. Foreign companies can partner with local distributors and e-commerce platforms to improve supply chain efficiency and ensure product availability. In addition, adapting marketing strategies to resonate with local cultures will be crucial. By focusing on rural and county-level markets, businesses can tap into previously underserved areas and drive growth.*



### Prioritize emotional engagement in marketing

As consumers increasingly prioritize emotional value, whether for self-pleasure or stress relief, businesses need to adapt their marketing strategies. The rise of the 'emotional economy' highlights the importance of brands that resonate with consumers on a deeper level. (Highlight 9)

*Our take: Enterprises should create marketing campaigns that emphasize storytelling and emotional resonance. This could involve highlighting personal experiences and values behind their products and engaging consumers through social media and interactive platforms. Foreign brands can leverage their unique narratives to differentiate themselves in the Chinese market. By fostering emotional connections, companies can build brand loyalty and drive repeat purchases.*



## Go global

As the domestic market becomes saturated, many businesses are looking beyond China for growth, whether through exports or establishing a presence overseas. Chinese brands in various sectors, from designer toys to robotics, are gaining international recognition. (Highlight 10)

Catering brands are also expanding globally, mainly through standardized prepared-dish production and formats like Chinese pastries, hotpot, and new tea beverages. (Highlight 7)

*Our take: By exploring global opportunities, businesses can diversify revenue streams and reduce dependence on the domestic market. Emerging markets in Asia, Africa, and Latin America present significant potential due to rising consumer demand and urbanization. However, successful global expansion requires a deep understanding of local markets, regulations, and cultural nuances. Companies should conduct thorough market research to identify suitable regions and develop localized products and marketing strategies. Collaborating with local partners can facilitate a smoother entry into new markets and ensure compliance with regulations.*



## Conclusion

As China enters the 15th Five-Year Plan period in 2026, the commercial sector stands at a pivotal moment with substantial opportunities alongside real challenges. While the market demonstrates strong fundamentals—with steady consumption growth and service spending now accounting for nearly half of household expenditures—businesses must navigate persistent pressures including margin compression and format disruption. Success will require companies to master three key imperatives: first, align strategies with government policy priorities that promote unified markets and consumption growth; second, build digital and data capabilities as competitive necessities in an increasingly technology-driven landscape; and third, deliver quality goods and services tailored to segmented consumer needs across different geographies, demographics, and values. Companies that position themselves as architects of the future—embracing change rather than defending the status quo—will thrive in China's dynamic and evolving market. As the commercial sector continues its transformation, the ability to anticipate and respond to changing trends with strategic adaptability will be the defining characteristic of successful enterprises in the years ahead.

# Ten Highlights of China's Commercial Sector 2026

01

CPC Recommendations for the 15th Five-Year Plan outline development blueprint for China's commercial sector



02

Government works to expand consumer market and refine mechanisms to boost consumption



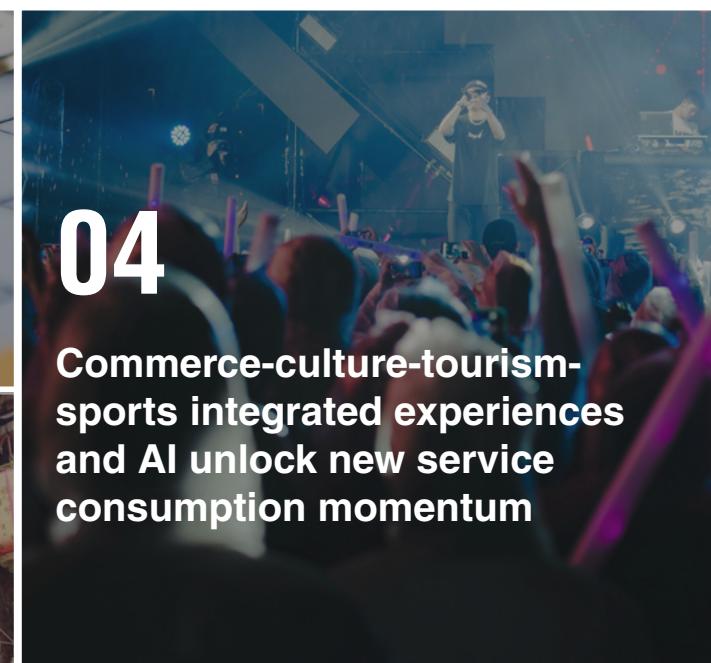
03

New quality productive forces transform China's commerce and circulation sector



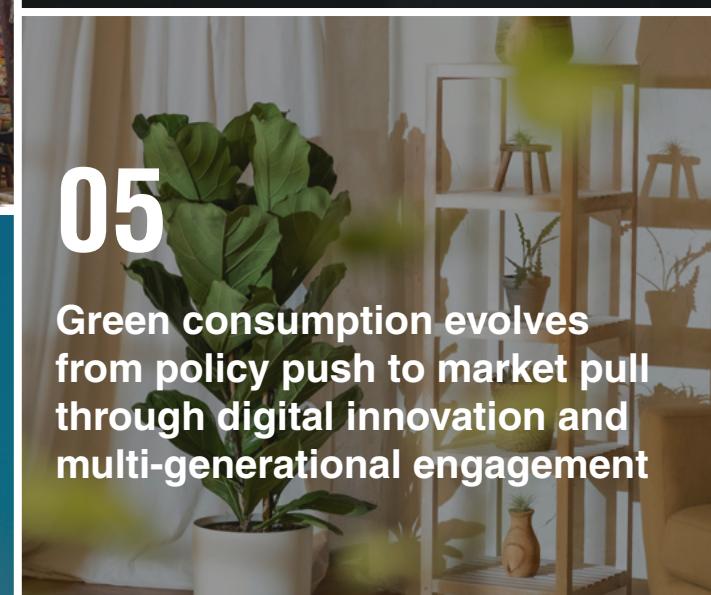
04

Commerce-culture-tourism-sports integrated experiences and AI unlock new service consumption momentum



05

Green consumption evolves from policy push to market pull through digital innovation and multi-generational engagement



# 06

China's retail sector  
embraces multi-format  
innovation and quality  
enhancement



# 07

China's catering industry enters  
multi-dimensional transformation  
and value reconfiguration



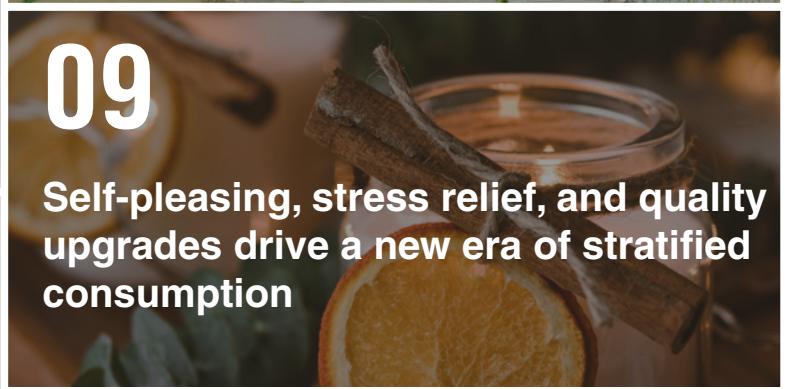
# 08

Reshaping county level commerce  
to power urban rural circulation and  
rural revitalization



# 09

Self-pleasing, stress relief, and quality  
upgrades drive a new era of stratified  
consumption



# 10

Multi-faceted push to accelerate  
'going global' and build new trade  
momentum





# 01

## CPC Recommendations for the 15th Five-Year Plan outline development blueprint for China's commercial sector





## What the experts say

---

The Fourth Plenary Session of the 20th Central Committee of the Communist Party of China (CPC), held in October 2025, adopted the *Recommendations of the Central Committee of the CPC for Formulating the 15th Five-Year Plan for Economic and Social Development* (referred to as 'the CPC Recommendations'). The CPC Recommendations will serve as the basis for the Chinese government to draft the 15th Five-Year Plan (2026-2030). By providing a strategic framework for overall economic growth and the advancement of the commercial sector, the CPC Recommendations carry significant implications for businesses in this field.

### **CPC Recommendations call for expanding domestic demand and consumption to build a strong domestic market**

The CPC Recommendations outline an economic development model for the 15th Five-Year Plan period characterized by domestic demand as the dominant force, consumption as the primary driver, and endogenous growth. Within this strategic framework, expanding domestic demand and consumption becomes a primary focus for the commercial and trade sector, contributing to the construction of a strong domestic market.

Key proposals include boosting employment and increasing incomes to enhance people's purchasing power; expanding the supply of high-quality consumer goods and services; easing market access to broaden service offerings; developing new consumption formats, models, and scenarios with broad appeal; developing more cities into international consumption centres and expanding inbound consumption; refining the systems and mechanisms for driving consumption; and promoting green lifestyles and consumption to accelerate the green transformation.

### **CPC Recommendations advocate for establishing a unified national market to facilitate domestic trade**

According to the CPC Recommendations, China will continue to work towards establishing a unified national market over the next five years by breaking down regional barriers and reducing transaction costs.

China will strive to establish well-aligned rules and standards for the circulation sector and pursue higher standards to enhance

market connectivity and lower logistics costs. It will also eliminate unreasonable restrictions on consumption and circulation, eradicate local protectionism and market segmentation, and address excessive and self-defeating competition in the sector.

### **The commercial and trade sector plays a key role in implementing the CPC Recommendations**

Given the interconnected nature of the market, circulation, and consumption, the commercial and trade sector plays a crucial role in national economic and social development. This sector is tasked with implementing the strategies outlined in the CPC Recommendations to promote high-quality development of the sector and contribute to the well-being of the people.

On one hand, businesses in this sector should ensure their operations align with the CPC Recommendations. This includes integrating traditional and upgraded consumption models; developing both goods consumption and service consumption; merging online and offline consumption; combining commerce, tourism, culture, sports, and health for innovative growth. In addition, businesses should promote new types of consumption such as the ice and snow economy, the night economy, and the silver economy, as well as emotional and self-indulgent consumption. They should also advance green consumption, embrace digital transformation, and support the circulation of agricultural products.

On the other hand, the commercial and trade sector should actively participate in the formulation of specific plans for the industry, advocate additional support policies and their timely implementation, and develop appropriate industry measures.

---

**Q: What achievements have been made in the consumer market during the 14th Five-Year Plan period?**

Driven by an improved circulation system and transformations within the commercial sector, notable progress has been made in the consumer market during the 14th Five-Year Plan period (2021-2025), laying the groundwork for further advancement in the upcoming 15th Five-Year Plan period (2026-2030).

Over the past five years, China has solidified its position as the world's second-largest consumer market, with total retail sales of consumer goods growing at an average annual rate of 5.5% from 2020 to 2024, reaching RMB 48.8 trillion in 2024. This figure is projected to exceed RMB 50 trillion in 2025.

China leads the world in online retail. In 2024, nationwide online retail sales totalled RMB 15.5 trillion; of this, online retail sales of physical goods reached RMB 13.1 trillion, accounting for 26.8% of total retail sales of consumer goods.

During this period, final consumption contributed approximately 60% to overall economic growth, underscoring its importance as a driving force for the economy.

**Q: What role does technology play in the development of the commercial and trade sector?**

Technology is pivotal in driving the digital transformation of the commercial and trade sector. The CPC Recommendations highlight that the healthy and orderly development of online retail and the platform economy will significantly benefit this sector. Furthermore, the CPC Recommendations emphasize the importance of intelligent advancement through the adoption of smart retail, logistics, catering, and services. By leveraging digital technologies like artificial intelligence, the sector aims to improve operational efficiency, enhance consumer experiences, and create new business formats and models that respond to evolving market demands.





**Q: How will China's consumption trends evolve during the 15th Five-Year Plan period?**

The CPC Recommendations provide direction and guidance for the advancement of the commercial and trade sector. Based on this framework, we anticipate several developments in China's consumer market over the next five years, culminating in four key trends to watch:

- The promotion of new types of consumption, such as digital and tech-driven consumption, as well as cultural and experiential consumption, along with the government's push for integrated growth across commerce, tourism, culture, sports, and health, is expected to lead to the emergence of new business formats, models, and consumption scenarios.
- As service offerings expand to meet consumers' diverse, quality-focused needs, spending is expected to increase in areas such as digital services, entertainment, sports, healthcare, culture, and tourism.
- There will be a significant shift towards green consumption and sustainable lifestyles, with consumers increasingly demanding high-quality and environmentally friendly products and services.
- The accelerated establishment of a unified national market will foster growth in county-level commerce and rural consumption, unlocking the consumption potential of lower-tier cities and rural areas.

# 02

## Government works to expand consumer market and refine mechanisms to boost consumption





## What the experts say

---

Boosting consumption has been a top priority for the Chinese government in recent years. As China enters the 15th Five-Year Plan period (2026-2030), it is crucial to fully harness domestic consumption as a key driver of economic growth. To achieve this, the Chinese government will focus on two main areas: expanding and upgrading the consumer market, and refining the systems and mechanisms designed to drive consumption.

### **Expanding and upgrading the consumer market helps meet diverse needs and unlocks potential**

The *Special Action Plan for Boosting Consumption* (referred to as 'the Plan'), released in March 2025, outlines several key initiatives aimed at expanding and upgrading the consumer market:

- The Plan emphasizes improving services for the elderly and children, as well as establishing community service points for shopping, dining, housekeeping, and maintenance. This multifaceted approach aims to fill service supply gaps and address the pressing needs of the people.
- It promotes the integration of artificial intelligence with consumption, along with the development and adoption of new technologies and products, such as autonomous driving, smart wearable devices, robotics, and consumer-grade drones. This focus suggests that innovative products and new consumption formats will be essential in tapping into potential consumer demand.
- The Plan encourages the integration of online and offline consumption, as well as the blending of commerce, tourism, culture, sports, and health. By fostering diverse new consumption scenarios, the government aims to create a vibrant consumption environment.
- In addition, the Plan seeks to enhance duty-free shopping policies to encourage repatriation of overseas consumption and attract international shoppers to China, thereby boosting the domestic consumer market.

### **Enhancing consumption-driving systems and mechanisms fosters sustainable consumption growth**

The *Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for Economic and Social Development* (referred to as 'the CPC Recommendations') underscore the importance of strengthening the systems and mechanisms designed to drive consumption. China will focus on promoting consumption while improving the livelihood of its people, ultimately increasing disposable income for consumer spending. This approach aims to ensure steady and sustainable growth in consumption over the long term.

- A primary focus is on achieving high-quality full employment, ensuring that income growth keeps pace with economic growth, and that wages rise alongside labour productivity. China is also working to optimize income distribution and expand the middle-income group. This strategy aims to enhance people's purchasing power and encourage spending.
- The CPC Recommendations advocate for a close integration of livelihood improvement and consumption stimulation, ensuring that new demand drives new supply and that new supply generates fresh demand. This strategy is designed to unlock further consumption potential while facilitating industrial transformation and technological independence.

- The CPC Recommendations also stress the need to eliminate barriers to establishing a unified national market and address issues related to ‘involution-style’ competition. By promoting a more rational allocation of resources, including goods, services, and talent, the government aims to encourage consumption upgrades and stabilize prices.
- Increasing government expenditure on public welfare will help ease economic burdens on the people, while removing unreasonable restrictions on consumption—such as those for motor vehicles and housing—will unleash untapped consumer demand. This is expected to increase consumers’ ability and willingness to spend.
- Finally, the CPC Recommendations highlight the importance of easing market access and integrating various business forms to boost service consumption. The government also aims to facilitate the import of high-quality services in healthcare, education, culture, and entertainment to better meet the demands for consumption upgrades.



## Q&A

### **Q: What new types of consumption are emerging in China's consumer market?**

China's consumer market is witnessing the rise of diverse and innovative consumption formats, models, and scenarios. These include live-streaming sales, which allow consumers to interact with sellers in real-time; instant retail, providing quick access to products and services; the debut economy, focusing on new product launches; the silver economy, catering to the needs of the ageing population; and the ice and snow economy, capitalizing on winter sports and activities. These new formats and models are enriching the consumption landscape and driving growth in the consumer market.

### **Q: How does increased government spending on public welfare promote consumption?**

Government spending on public welfare can alleviate economic burdens on the people. For example, improved healthcare services can reduce out-of-pocket medical expenses. When individuals spend less on essential services, they have more disposable income for discretionary items, boosting overall consumption. In addition, access to better healthcare, education, and public amenities can enhance feelings of security and satisfaction, leading to a greater willingness to spend.

Enhanced public services, including social safety nets like social security programmes, provide financial support for individuals during tough times. When people feel financially secure, they are less likely to save excessively for precautionary purposes and more inclined to spend, further driving consumption.

### **Q: What objective is set for consumption during the 15th Five-Year Plan period, and what are the prospects for 2026?**

The CPC Recommendations set a clear objective of achieving 'a notable increase in household consumption as a share of GDP'. Coupled with the long-term goal of attaining a per capita GDP level comparable to that of a mid-level developed country by 2035, China's consumption is projected to experience sustained and stable growth throughout the 15th Five-Year Plan period.

With well-developed systems and effective policies in place, our experts predict that China's consumer market will continue to thrive in the coming years, with total retail sales of consumer goods expected to grow steadily by around 4.5% yoy in 2026.



# 03

---

**New quality productive forces transform  
China's commerce and circulation sector**

---



## What the experts say

---

Accelerating the development of new quality productive forces will be critical for transforming China's commerce and circulation sector during the 15th Five-Year Plan period (2026-2030). These forces—encompassing advanced technologies, data as a production factor, and innovative business models—are expected to enable end-to-end intelligence, digitalization, and sustainability across supply chains, supporting the construction of a modern circulation system.

### **Digital twins evolve from visualization to intelligent decision-making**

Digital twin technology and supply chain control towers in China's commerce sector are advancing beyond basic visualization capabilities to incorporate AI-driven simulation and forecasting based on historical data and simulation algorithms. These systems now offer significantly enhanced automated optimization and decision-support functions in areas such as intelligent load planning, route selection, and risk identification. Major logistics hubs including Ningbo-Zhoushan Port, Taicang Port in Jiangsu, Guangzhou Baiyun Airport, and Chengdu Tianfu International Airport have already implemented these technologies. By creating real-time virtual replicas of supply networks, digital twins enable companies to test scenarios before acting, enhancing efficiency, security, and resilience across the commercial circulation system.

### **'Dark warehouses' showcase China's automation capabilities**

Unmanned, intelligent 'dark warehouses' (lights-out facilities) are rapidly expanding across China, transforming traditional logistics operations. These facilities deploy automated storage and retrieval systems (AS/RS), automated guided vehicles (AGVs), autonomous mobile robots (AMRs), intelligent sorting robots, and unmanned delivery vehicles and drones at scale. These facilities reduce labour costs and error rates while significantly improving efficiency in goods receipt, sorting, handling, and dispatch operations.



### **Data elements drive commerce innovation through government-led initiatives**

Data has emerged as a critical element of new quality productive forces in China's commercial sector, vital for boosting circulation efficiency, network resilience, and responsiveness. The 2025 'Data Elements X' competition, organized by the National Data Administration, established a commerce and circulation track with competition themes focusing on enhancing supply chain collaboration, enriching consumer scenarios, improving internationalization, supporting vehicle trade-in programmes, and ensuring essential goods supply. Local governments are pioneering data applications: Shanghai launched the 'Shencheng Data Convergence' initiative to cultivate blockchain ecosystems in shipping and finance; Hangzhou's Binjiang district explores cross-border data flows and mutual recognition of electronic signature; and Guangzhou's 'Suitong Yunmao' cloud platform facilitates bulk trade and SME cross-border transactions through public-private collaboration.

---

**Q: What are 'new quality productive forces' in the context of China's commerce sector?**

New quality productive forces in the commerce and circulation sector are manifested through three interconnected elements: technology-driven new circulation facilities and equipment, new production factors represented by data playing an increasingly active role, and the optimization of circulation chains through iterative development of new business models and formats. This framework enables the realization of end-to-end intelligence, digitalization, and greening from the production end to the consumption end. Continued advances in smart logistics and digital supply chain capabilities will provide important support for enhancing quality and efficiency in the commercial circulation sector.

**Q: How are traditional commerce models being transformed while new business formats emerge simultaneously?**

New quality productive forces are driving industry transformation through two simultaneous pathways. First, automation and intelligent technologies are fundamentally reshaping traditional commercial circulation models by helping enterprises reduce costs and overcome efficiency constraints. This shifts the strategic focus from internal management optimization towards deeper integration within supply chain ecosystems built on mutual benefit and co-prosperity.

Second, through innovative deployment of data, technology, and production factors, new quality productive forces enable emerging business formats—including instant retail that fulfills orders within 30 minutes using data-driven demand insights and agile supply chain scheduling, C2M/C2B reverse customization where consumers communicate preferences directly to suppliers for rapid response, and adaptive supply chains powered by digital twin real-time routing. This dual transformation also drives energy conservation and emissions reduction while advancing second-hand e-commerce and circular platforms through data analytics, enabling specialized services such as product recycling, trade-ins, and low-carbon logistics.

**Q: What transformation is expected during the 15th Five-Year Plan period?**

During the 15th Five-Year Plan period, new quality productive forces will play a critical role in implementing new development concepts within the commercial circulation sector. These forces will drive three fundamental transitions: the circulation industry will evolve from labour-intensive to technology-intensive operations, circulation activities will shift from experience-driven to data-driven decision-making, and circulation paradigms will transform from linear chain connections to networked ecosystem structures. This comprehensive transformation will provide sustained momentum for building a modern circulation system and strengthening China's domestic market as the country accelerates construction of its new development pattern.





# 04

**Commerce-culture-tourism-sports  
integrated experiences and AI unlock new  
service consumption momentum**





## What the experts say

---

China's service economy is entering a transformative phase, driven by two powerful forces: the integration of commerce, culture, tourism, and sports, and the rapid rise of artificial intelligence (AI)-enabled service experiences. As service consumption climbs toward a projected 50% share of household spending by 2030, consumers are demanding more immersive, emotionally resonant, and digitally enhanced experiences. Cities are responding with integrated destination models that blend cultural IP, retail, leisure, and sports into vibrant consumption ecosystems, while AI is redefining personalization and efficiency across tourism, retail, and lifestyle services. Supported by strong policy frameworks and accelerating digital infrastructure, these trends are reshaping China's consumption landscape—shifting from scale expansion to quality upgrading and unlocking new momentum for 2026 and beyond.

### Integrated commerce-culture-tourism-sports models reshape consumer expectations

China's commercial, tourism, and cultural industries have expanded steadily, together contributing nearly 20% to GDP. Rather than simply stacking formats together, cities are now building integrated experience corridors where culture provides identity and emotional resonance, tourism draws visitor traffic, commerce captures value, and sports energize participation and community engagement.

This evolution is visible in projects such as Xi'an's 'Chang'an Twelve Hours' district, which transforms Tang-era cultural IP into immersive street-life experiences, demonstrating how culture can be transformed into commercially viable experiences. Other examples, including Jiangsu's 'Su Chao' football league and the nationwide rise of the 'ticket-stub economy,' show how events in sports and entertainment now trigger substantial spillover into dining, lodging, shopping, and destination tourism. Experts believe such integrated consumption models will continue to drive structural upgrading as consumers shift from traditional 'sightseeing and shopping' towards deeper, more emotional, and more culturally anchored participation.

### AI-driven experiences create new service consumption scenarios

Another major trend is the rapid rise of AI-enabled service consumption. As service retail sales continue to outpace physical goods spending, artificial intelligence is accelerating the creation of new scenarios that blend personalization, immersion, and real time interactivity. Cultural institutions are already experimenting at scale: the Palace Museum's AI heritage assistant allows visitors to explore collections through intelligent artifact recognition and customized narration, while 'Smart Touring West Lake' page in Gaode Map uses crowd data, weather patterns, and user interests to generate routes tailored to individual preferences. In commercial settings, AI is rewriting service boundaries through innovations such as real-time product weight recognition, inventory-linked dynamic pricing, and automated customization of beverages and food items. Experts point out that these technologies have begun to reshape not only service efficiency but also consumers' emotional experience, establishing a new paradigm in which 'AI + services' becomes a core engine of consumption transformation.

## **Policies and technology together form a strong foundation for 2026 growth**

Experts highlight that the development trajectory of China's service economy is supported by a robust policy framework that encourages innovation and cross-sector integration. National directives on high-quality service consumption, digital empowerment, and the 'AI+ Action Plan' collectively reinforce a long-term agenda for optimizing consumption supply, broadening life-enhancing services, and cultivating new consumption formats. As digital technologies—from 5G to IoT, blockchain, and metaverse infrastructure—become

increasingly mature, service consumption scenarios will shift towards cross-functional AI implementation and deeper immersive experiences. Experts believe that by 2026, the dual engine of integrated commerce-culture-tourism-sports formats and AI-driven services will not only reshape consumer expectations but also accelerate China's transition from scale-driven to quality-driven consumption. This momentum will be strengthened by policy measures that improve data governance, talent development, financial support, and regional balance, enabling enterprises to innovate more quickly and consumers to access more diverse, higher-quality services.



**Q: How will integrated commerce-culture-tourism-sports formats influence consumer behaviour in the coming years?**

Integrated formats will become one of the most powerful drivers of high-quality consumption. Consumers today increasingly expect experiences that are emotionally engaging, culturally meaningful, and socially shareable. As cities embed cultural IP into commercial districts, tourism attractions, and sports events, they create interconnected consumption loops in which visitors not only attend a performance or attraction but also continue their experience through dining, retail, lodging, and local cultural exploration. This layered engagement encourages longer stays and higher spending. Experts foresee the rise of 'micro-vacation destinations' where themed cultural clusters, festivals, and sports events serve as entry points into broader commercial ecosystems. In the next few years, the most successful destinations will be those capable of blending storytelling, community activation, and digital enhancement into a seamless consumption journey.

**Q: In what ways will AI reshape service consumption and customer experience?**

Experts emphasize that AI will become foundational to the next stage of China's service sector development. AI's value lies not only in enhancing efficiency but also in enabling unprecedented levels of personalization. In tourism, AI will create journeys that adapt dynamically to traffic flows, personal habits, and real time environmental conditions. In retail, intelligent vision systems, automated logistics, and dynamic price tags allow companies to operate more responsively, reducing stockouts and improving service accuracy. In experiential consumption, virtual try-on technologies, digital humans, and AI-assisted cultural interpretation deepen emotional engagement and reduce decision friction. As AI tools become more widespread, companies will shift from one-size-fits-all service strategies to models that anticipate individual needs, creating more immersive and satisfying experiences that raise consumers' willingness to spend.

**Q: What policy developments will most strongly shape the service-consumption landscape in 2026?**

Experts point to three areas of policy that will be especially influential. First, the national agenda for high-quality service-consumption development will continue expanding the supply of catering, accommodation, childcare, elderly care, and household services, helping to meet growing demographic needs. Second, policies promoting digital transformation—particularly the 'AI+ Action Plan'—will accelerate the deployment of intelligent infrastructure, enabling enterprises to scale innovations in smart retail, virtual experiences, and integrated online offline services. Third, efforts to develop data-factor markets, improve regulatory frameworks, and strengthen financial and talent support will help narrow regional disparities and create a more innovation-friendly environment. Together, these measures are expected to unlock new consumption momentum and sustain China's transition towards a higher-quality, more diversified service economy in 2026 and beyond.

废书废报  
废铜废铁  
旧家俱、旧彩电  
旧冰箱、旧冰柜  
洗衣机、缝纫机  
旧空调、旧电脑  
热水器、旧沙发  
旧功放、旧音箱  
旧门窗等一切积  
压旧货物资。

电话：13086641481  
电话：13072878730

05

Green consumption evolves from policy push to market pull through digital innovation and multi-generational engagement



## What the experts say

---

China's green consumption is undergoing a fundamental shift from policy-driven adoption to market-led demand, supported by maturing circular economy infrastructure and deepening digital-green convergence. The consumer base has diversified across generations and income levels, while businesses accelerate innovation in response to autonomous purchasing behaviour rather than subsidy incentives.

### **Green consumption transitions from policy-driven behaviour to autonomous lifestyle choice**

China's green consumption market surpassed RMB 5 trillion in 2024, growing 10% yoy. However, the more significant shift is behavioural: by August 2025, new energy vehicle retail penetration reached 55.3%, while over 90% of consumers expressed willingness to pay premiums for environmentally certified products. This marks a departure from earlier policy-driven adoption patterns toward self-motivated green purchasing decisions. The 'trade-in' programmes accelerated this transition—from January to August 2025, new energy vehicles and top-tier energy-efficient appliances captured over 60% and 91% of their respective market segments.

### **Green consumption base diversifies across generations and market tiers**

Green consumption participants have become increasingly diverse, with middle-aged and young adults representing 78.7% of consumers, and married families forming the core demographic. Clear generational patterns have emerged: consumers under 30 gravitate toward circular consumption and emerging green product categories; those aged 45+ show increased participation in

energy-efficient appliances and low-carbon tourism and accommodation; while elderly consumers focus more on healthy green food and low-carbon living options. This has formed a new multi-generational green consumption landscape. The market is also stratifying by geography and income: tier-1 cities lead in premium green consumption emphasizing health, intelligence, and customization, while county-level markets prioritize cost-effectiveness and basic green products.

### **Circular and sharing economy infrastructure matures, driving new growth momentum**

Circular consumption concepts have catalyzed vibrant new consumer markets, becoming a new growth engine. China's second-hand e-commerce transaction volume reached RMB 645 billion in 2024, with user scale approaching 300 million. Supporting infrastructure continues improving: by 2024, approximately 150,000 waste material recycling network points were established, with over 11,000 new intelligent community recycling facilities added in the year. The sharing economy has achieved substantial scale, with sectors including ride-sharing, accommodation-sharing, office-sharing, and logistics-sharing all achieving steady growth.

---

***Q: How is technology reshaping the green consumption supply-demand relationship?***

Growing green consumption demand is driving enterprises to increase green R&D investment, with China accounting for over half of global green patent applications. Corporate ESG transformation is accelerating, driving green upgrades across industrial chains and making green product supply more abundant and reliable. Technology-driven green products now exceed 60% of the market, with green smart appliance production growing 28% yoy in 2024. Blockchain, AI identification, big data, and IoT technologies integrated into production and sales have effectively addressed information asymmetry between supply and demand. Carbon disclosure, green label recognition, and personalized recommendations have improved supply-demand matching efficiency.

***Q: What new consumption scenarios and digital models will emerge as green consumption becomes mainstream?***

Green consumption scenarios are expanding from basic product categories into lifestyle and recreational activities. This includes community-level initiatives like secondhand exchange markets, shared tool stations, and low-carbon communal kitchens that transform green living from individual choices into neighborhood collaborations. Green consumption scenarios are also accelerating penetration into lower-tier markets and rural areas, forming an integrated urban-rural green consumption network. Digital-green convergence will systematically reshape green consumption characteristics: online green zones, one-click recycling appointments, and intelligent collection machines enhance convenience; blockchain traceability helps address greenwashing issues; and digital platforms integrate purchase, use, and recycling stages to construct closed-loop resource circulation systems. New models like green subscription services, carbon account interoperability, and digital incentives such as carbon credits and green badges are expanding consumption boundaries and increasing consumer participation.

***Q: How will government policy evolve as green consumption becomes market-driven?***

Policy focus is shifting from short-term subsidies to long-term institutional frameworks that standardize markets and cultivate ecosystems. The 15th Five-Year Plan provides top-level design for green production and lifestyles, while mandatory Green Electricity Certificate (GEC) system will push enterprises from passive compliance to proactive innovation. Government will refine tiered support systems: early-stage targeted subsidies to cultivate markets, mid-term green financial tools to reduce financing costs, and long-term carbon trading mechanisms for market-based resource allocation. Enforcement against greenwashing will intensify as China harmonizes with international ESG standards, particularly responding to frameworks like the EU's Carbon Border Adjustment Mechanism.







# 06

**China's retail sector embraces multi-format innovation and quality enhancement**



## What the experts say

---

Over the past two years, China's retail sector has undergone significant structural adjustments and transformations. Retailers across formats, from hypermarkets, snack and discount chains to e-commerce players, are actively modernizing operations to strengthen market competitiveness. Traditional commercial sites are being revitalized as experiential destinations. Prioritizing quality enhancement and innovation has emerged as industry consensus, aiming at boosting market vitality.

### **Hypermarket modernization and traditional commercial revitalization are in full swing**

China's supermarket and hypermarket sectors have entered a comprehensive modernization phase. Leading brands including Yonghui Superstores, Wumart Supermarket, and Better Life are actively implementing operational reforms through learning from the proven business model of Pangdonglai Supermarket. By Q3 2025, Yonghui has completed 222 store upgrades and achieved positive cumulative same-store sales growth. Also, Wumart launched 43 AI-enhanced outlets nationwide, with its flagship Beijing store showing 2.5x daily sales growth since its March 2025 opening.

Moreover, in 2025, numerous aging commercial sites and business complexes are undergoing renovations, repositioning themselves as modern, experiential sites. These renovated spaces attract young consumers and differentiate from standardized shopping centres. For example, the revitalized Friendship Store in Beijing, featuring a 'retro-relaxed' design aesthetic, has driven explosive growth, achieved 5,000+ average daily visitors and RMB 150 million in total sales, with a multi-hundred-fold year-on-year growth; 'Songjiazhuang Fish Market' in Beijing's South Third Ring was transformed from an abandoned boiler room into a 'chilled-out street food market'; 'Laoling Shiguang Immersive Street' in Shandong revamped the former cotton mill site and offers an immersive retail and entertainment experience; 'Xinliangcang Creative Park' in Changsha, Hunan, converted from a former power plant, has become a major nightlife and entertainment market, boosting the city's night economy.

Also, conventional retail category boundaries are blurring via innovative, hybrid retail format combinations, including 'department store + duty-free retail/ dining and entertainment/ technology experience site' and 'convenience store + cafe/ cafeteria/ instant retail'. This transition from single-purpose stores into comprehensive lifestyle and experience destinations helps fulfil multiple consumption needs within single venues and provides substantial market opportunities for retailers.

### **Snack and discount retail formats are new growth engines**

Snack and discount store sectors have emerged as primary growth engines in China's retail transformation. The two sectors have experienced explosive expansion, with over 45,000 stores nationwide by June 2025, a 460% surge from 8,000 locations in 2022. And the sectors are projected to have significant growth potential reaching over 70,000 stores nationwide. Currently, 'Busy Ming Group' (merger of 'Busy for you' and 'Super Ming') and 'Vanchen Group' are dominating the snack and discount retail, accounting for two-thirds of the market.

At the same time, hard discount retail has emerged as another compelling 'blue ocean' opportunity, paralleling snack retail's expansion. Leading retailers, such as Wumart Supervalue, Super Freshippo NB, Meituan Happy Monkey, and JD Discount Supermarket, are pursuing rapid expansion to capture dominant market share.

## E-commerce platforms are expanding offline retail presence

Major Chinese e-commerce platforms are accelerating offline expansion to build seamless omnichannel touchpoints, marking a strategic shift from pure-play online models. JD.com exemplifies this omnichannel integration approach through aggressive expansion across multiple retail formats, including JD Mall, JD Discount Supermarket, 7Fresh Supermarket.

In addition, instant retail has emerged as a high growth omnichannel segment, positioning it as a core battlefield for Alibaba, JD.com, and peers during the 2025 'Double 11' festival. They offered ultra-fast takeaway delivery services and full refund for failed 20-minute delivery guarantee. The market size of instant retail sector is projected to reach RMB 1.5 trillion in 2025 and exceed RMB 3 trillion in 2030.



 **Q&A**

---

***Q: How does the central government support retail market development?***

The central government actively bolsters retail sector development. The 20th Central Committee's 4th Plenary Session prioritizes a robust domestic market, accelerating a new development paradigm centred on expanding domestic demand. This integrates livelihood improvements with consumption and investment growth. It also leverages new demand to drive supply innovation and vice versa. In turn, the virtuous consumption-investment and supply-demand cycles strengthen domestic economic resilience.

***Q: What are the development prospects for China's retail sector in 2026?***

In 2026, China's retail sector will undergo significant transitions across multiple segments:

- Hypermarkets will continue upgrading premium stores while closing underperforming locations. Retailers will strengthen private-label offerings and optimize supply chains to meet consumer demand for high quality-to-price ratios. These adjustments may temporarily impact financial performance.
- Snack stores will transition from rapid expansion to consolidation and quality improvement. Leading brands are acquiring smaller regional chains, making store mergers increasingly common. Hybrid formats combining snacks with tea and beverages are gaining traction.
- Innovative formats such as hard discount stores and revitalized aging commercial sites will continue emerging to capture evolving consumer preferences. However, these experiments need time to prove their long-term viability.
- Omnichannel integration will deepen as online and offline channels increasingly complement each other. Retailers will build seamless shopping experiences that combine online convenience with offline experience. Instant retail services will expand into county-level markets, while digital applications broaden into new consumer scenarios.
- Format hybridization requires strategic planning rather than random mixing. Success depends on maximizing cross-format synergies and converting foot traffic into loyal, repeat customers through thoughtful design and management.

# 07

## China's catering industry enters multi-dimensional transformation and value reconfiguration





## What the experts say

---

In 2025, China's catering industry operated under mounting pressure as consumers became more rational and value-conscious, weakening the momentum of both sales and foot traffic. Intensifying competition and margin compression left many operators facing serious business challenges. At the same time, leading chain brands, digital transformation, and overseas expansion began to reshape the sector's development trajectory.

### Operating headwinds intensify, exposing structural pressures

The resilience of China's catering market was tested in 2025 as traditional demand peaks failed to deliver the expected upside. Holiday periods such as Spring Festival, Labour Day, and the combined National Day–Mid-Autumn break saw year-on-year growth at major monitored catering enterprises fall short of the previous year, signalling softer spending even during peak seasons. Across the first three quarters, overall industry revenue growth slowed noticeably, and large establishments recorded their first instance of revenue growth lagging behind goods retail growth. Although the October 'golden week' holiday brought a short-term rebound—especially for larger restaurants—small restaurants remained under pronounced pressure.

Internally, the sector confronted falling average ticket sizes, heavy platform subsidies that inflamed price wars, and a growing gap between revenue growth and profit growth. The China Restaurant Performance Index (CRPI), released by the China Cuisine Association, remained below neutral levels for 15 consecutive months, with store sales, profitability, staffing, and foot traffic all trending downward, underscoring the breadth of operational strain.

### Chain brands, standardization, and digitalization lead quality upgrading

Against this challenging backdrop, branded restaurant chains are emerging as key anchors of quality improvement and structural upgrading. Standardization—covering menu design, kitchen processes, staff training, and service protocols—is moving to the centre of corporate agendas, allowing brands to scale more efficiently while protecting product consistency. Recent first store openings demonstrate this momentum. KFC's healthy eating brand KPRO entered Xi'an and the Liaoning-Jilin region; Haidilao's barbecue brand Yeah Qing BBQ opened first stores in multiple cities; ChaYanYueSe simultaneously launched three stores in Suzhou; Sweet7 opened its first 'Mango Pomelo Sago specialty store' in Shanghai; and Pei Jie Chongqing Hotpot opened its first community store in Shenzhen. This 'first store economy' not only enriches consumer dining options but also creates new growth opportunities for restaurant brands.

In parallel, catering enterprises are accelerating digital transformation: cooking robots are entering commercial kitchens, while digital services including online reservations, mobile payments, self-service ordering, and intelligent delivery provide customers with more convenient and efficient dining experiences.

## Experts identify six key trends driving the sector in 2026

Experts expect the catering sector to follow a path of steady, high-quality development in 2026, with six trends particularly worth watching.

First, policy support will remain a critical stabilizer for the development of the sector. As a sector closely tied to employment, consumption, and people's livelihoods, the catering industry will continue to benefit from macro-level directives and targeted measures under the latest central policy framework and consumption-boosting action plans.

Second, new formats, business models, and consumption scenarios will drive incremental demand. 'M-shaped' consumption will intensify as hybrid formats emerge, including 'dining + alcohol' and 'hotpot + tea beverages', while festival consumption, food-tourism integration, and the night-time economy create opportunities across market segments.

Third, food safety and nutritional health will become central priorities. Regulation will extend across the entire supply chain, intelligent monitoring will elevate safety standards, and consumer demand for clean

labels, transparent nutritional information, and health-focused ingredients will drive menu labelling standards and product innovation.

Fourth, the expansion pace of chain restaurant brands may moderate, but overall quality is set to improve. Accelerated standardization covering dish preparation, staff training, production processes, and nutrition labelling will help chains better address diverse consumer needs while promoting traditional restaurant culture and specialty cuisines.

Fifth, digitalization and AI adoption will accelerate. Catering enterprises will advance applications of artificial intelligence, big data, and AR/VR technologies to strengthen online-offline integration and supply-demand alignment, with digital operating methods increasingly pervading services and opening new growth avenues.

Sixth, the trend of Chinese catering brands 'going global' will strengthen. The global foodservice market is projected to continue expanding, with Chinese cuisine's international share expected to rise. Chinese catering brands will expand through standardized prepared-dish production, targeting Southeast Asia, Europe, the Americas, and Australia.



---

**Q: How will consumer behaviour reshape the catering market landscape in 2026?**

Consumer behaviour is expected to bifurcate further, reinforcing the 'M-shaped' spending pattern. At the top end, diners will demand traceable quality, distinctive experiences, and stronger cultural and emotional value. At the mass-market level, they will push restaurants to offer more affordable menus without sacrificing perceived quality. Across segments, rising health awareness will translate into closer scrutiny of ingredients, nutrition labels, and preparation methods, favouring brands that can clearly communicate safety and health attributes.

**Q: What role will technology play in transforming the sector?**

Technology will increasingly act as foundational infrastructure for catering industry operators. Automation in kitchens, digital ordering and payment, smart routing for delivery, and data-enabled decision-making will improve efficiency and consistency while easing labour pressures. Full-chain digital traceability will help regulators and enterprises strengthen food safety management. As online and offline channels integrate more deeply, restaurants will be better able to orchestrate reservations, delivery, takeaway, and in-store experiences into a seamless customer journey.

**Q: What conditions support the overseas expansion of Chinese catering brands?**

Several conditions are converging to support faster internationalization. Global demand for diverse culinary experiences is rising, and Chinese cuisine enjoys growing recognition and acceptance. Standardized prepared-dish production allows brands to replicate taste and quality more reliably across borders. Overseas Chinese communities provide ready-made customer bases and partnership networks, while categories such as hotpot, specialty snacks, and new-style tea drinks have already proven their cross-cultural appeal. Together, these factors create a favourable environment for Chinese catering brands to deepen their presence in key regions worldwide.





# 08

## Reshaping county-level commerce to power urban rural circulation and rural revitalization



County-level commerce is emerging as a critical pillar in China's next stage of economic upgrading and rural revitalization. As national strategies increasingly emphasize integrated urban-rural development, counties are evolving from basic distribution nodes into dynamic hubs that coordinate production, circulation, and consumption. With stronger policy support, rising rural incomes, and rapid digital transformation, county-level markets are shifting from simply filling infrastructural gaps to driving more efficient flows of goods, services, and value across regions. This transition signals a broader move towards higher-quality growth, where counties serve as engines of modern living, industrial upgrading, and balanced regional development.

### **County-level commercial renewal shifts from 'fixing weak links' to 'driving circulation'**

County-level commerce has become a pivotal platform linking China's urban and rural economies. Since the start of the 14th Five-Year Plan, national policy has consistently emphasized strengthening rural commercial infrastructure, improving logistics networks, and supporting digital transformation across county, township, and village systems. This policy continuity—from the national agricultural modernization plan to the medium- and long-term consumption and circulation strategies—has firmly established counties as essential nodes for industrial coordination and consumption upgrading.

Over the past few years, county-level commercial systems have significantly improved. Agricultural products now move upward more efficiently, industrial goods penetrate rural markets with fewer constraints, and e-commerce and livestreaming have expanded rapidly across rural areas. The rise of deep processing of agricultural products, prepared foods, and digital retail in rural areas has reinforced the commercial backbone needed for rural revitalization. However, structural challenges persist, including the differences between urban and rural consumption patterns, high rural logistics costs, fragmented supply chains, and uneven cold-chain coverage. These issues hinder the transition from mere scale expansion to the deeper structural upgrading required for long-term growth.

Looking toward 2026—the opening year of the 15th Five-Year Plan—experts believe county-level commerce must transition from infrastructure e-centric 'patching gaps' to

capability-driven development. The emphasis will be on improving circulation efficiency, strengthening organizational capacity, and enabling county economies to retain more value-added activities within local industrial chains.

### **Counties rise as regional service hubs and modern living anchors**

Experts stress that county-level commerce is no longer limited to fulfilling the basic consumption needs of rural households. As incomes rise and rural consumer aspirations shift toward quality living, counties are evolving into comprehensive service hubs that radiate across surrounding townships and villages. New consumption patterns show rural households increasingly prioritizing home improvement, leisure and entertainment, and healthcare and wellness services. This requires county-level commerce to provide more diversified, scenario-based offerings.

Emerging service formats—such as integrated 'community cafeteria + convenience retail + elderly-care and household services,' revitalized township commercial streets, and upgraded digital village convenience stores—are beginning to reshape local retail and service ecosystems. Yet experts caution that many counties still lack strong operators, coherent supply-chain integration, and long-term management models. To address these gaps, the next phase of development should focus on improving the organizational capability of the county-township-village commercial hierarchy, rather than simply expanding facility coverage. By enhancing logistics, financial services, digital operations, and last-mile distribution networks, counties can form stable, sustainable sources of future consumption growth.

## County commerce becomes a catalyst for full-chain value creation in rural industries

Another key expert insight is that county-level commerce will increasingly serve as the core platform enabling agricultural industries to shift from production-driven models to full-chain value creation. Counties are uniquely positioned to coordinate procurement, primary processing, cold storage, packaging, branding, and multi-channel distribution for local agricultural products. Strengthening these capabilities allows rural industries to achieve 'local production, local processing, local branding, and local distribution,' keeping more value within county economies.

Rapid improvements are already underway. Cold-chain systems are expanding, with more origin-based cold storage, grading and packaging centres, and regional distribution hubs. The adoption of IoT-enabled monitoring, digital supply-chain platforms, and 5G-powered smart warehousing is transforming agricultural circulation from traditional, fragmented transactions into transparent, real-time, end-to-end processes. Experts argue that 2026 should focus on elevating counties' role in industrial coordination, supply-chain standardization, and brand building—ensuring that upstream production, midstream processing, and downstream market access form an integrated ecosystem within the counties.





## ***Q: Why has county-level commerce become increasingly important for China's economic strategy?***

Experts explain that counties serve as the 'middle layer' that connects urban demand with rural supply, making them essential to forming a smooth two-way circulation system. Urban areas continue to generate strong consumption demand and industrial spillovers, while rural regions hold significant potential for both agricultural production and emerging service consumption. County-level commerce bridges these dynamics by coordinating logistics, consolidating supply chains, and enabling efficient distribution across all three levels—county, township, and village. As China enters a phase of high-quality development, counties are expected to become regional hubs that integrate production, distribution, consumption, and public services, ultimately narrowing regional development gaps and driving rural revitalization.

## ***Q: What capabilities must counties build to support rural consumption upgrading?***

Experts emphasize that counties must transition from facility-driven expansion to capability-driven modernization. This requires strengthening supply-chain management, digital operations, multi-service integration, and professionalized store and channel management. For example, future township-level service centres integrating postal networks, supply-and-marketing cooperatives, and supermarkets will consolidate previously fragmented functions in logistics, finance, agricultural inputs, and rural e-commerce. Village delivery points and digital convenience stores must also improve last-mile efficiency, data connectivity, and service accessibility. By enhancing these organizational capabilities, counties can provide stable, high-quality supply for rural consumers and support the shift from basic consumption to diversified, experiential, and quality oriented demand.

## ***Q: How will digital transformation reshape county-level commercial systems in 2026?***

Experts believe digitalization will be a decisive force in modernizing county commercial systems. Agricultural wholesale markets, production-and-marketing platforms, and supply-chain networks are accelerating their adoption of digital identifiers, standardized grading, and full-chain traceability. These improvements support cross-regional coordination and enhance consumer trust in agricultural products. At the distribution level, models such as 'centralized procurement + cloud warehousing + regional fulfilment' are becoming increasingly mature, reducing costs and improving responsiveness. Livestream commerce originating from production hubs is also gaining traction, connecting local producers directly with national markets. As digital capabilities advance, counties are evolving from passive recipients to active organizers of industrial value, helping to create smoother flows of goods, capital, technology, talent, and cultural resources across urban and rural regions.



# 09

**Self-pleasing, stress relief, and quality upgrades drive a new era of stratified consumption**



## What the experts say

---

Against the backdrop of economic sluggishness and cautious consumer sentiment, Chinese consumers are increasingly drawn to products and brands that offer emotional resonance, while functional value takes a back seat. China's 'emotional economy' reached RMB 2.3 trillion in 2024 and is expected to surpass RMB 4.5 trillion by 2029, as 'self-pleasing' consumption takes the lead: 44% of consumers view emotional spending as their primary goal, 42.7% use it to regulate emotions, and 39.7% treat it as rewarding themselves.

Consumption is becoming more fragmented and personalized, shaped by demographic changes such as lower birth rates, an aging population, and smaller households. Growth is no longer driven by broad mass demand but by three core groups: young consumers seeking emotional value and personal expression, middle-aged middle-class individuals seeking stress relief and comfort, and a growing, increasingly affluent senior population with rising demands for health and wellness, cultural tourism, and social entertainment. This stratified consumption reflects changes in the domestic population structure: lower birth rates, aging, and smaller family sizes lead to more dispersed consumption units and a growing tendency toward personalized demand. In turn, companies are driven to innovate across products, services, and consumer experiences.

### Young people seek emotional value and connection

As Gen Z becomes the main consumer force, they seek identity and value experiences over ownership. The rise of social commerce and livestreaming enables brands and content creators to build emotional connections with consumers, as emotional value has become a key driver of consumer decisions: beyond their functional purpose, products must also provide comfort, a sense of belonging, or a channel for self-expression. Toy company Pop Mart exemplifies this trend: In the first half of 2025, its China online revenue reached RMB 2.9 billion, up 212.2% yoy, with its blind-box vending machine business alone generating RMB 1.1 billion. The brand has become a global phenomenon by using limited editions, viral social media exposure, celebrity and KOL endorsements, and the surprise mechanism of blind boxes to generate excitement and emotional resonance.



## **Middle-aged middle-class consumers focus on quality products and stress relief**

Reports show that 70% of the population experiences moderate to high levels of stress daily. Middle-aged middle-class consumers generally have substantial work and life experience as well as income, and therefore place higher value on quality goods and services. Furthermore, facing the dual pressures of a fast-paced work life and responsibilities for both aging parents and young children, stress relief and experiential consumption continuously attract this urban middle-class demographic, which also includes some younger professionals. To cope with the pressures of urban life, work stress, and loneliness, they often engage in stress-relief and immersive experiential consumption. This includes membership value-added services for goods and services, gaming credits, creative toys, and music festivals. For example, immersive activities like jubensha—live-action role-playing games known as ‘murder mystery games’—are popular for their unique emotional engagement.

## **Seniors unlock the growth potential of the silver economy through consumption upgrades**

China’s population is aging at an accelerated rate, creating huge potential for the silver economy. The population aged 60 and above is expected to reach 400 million (over 30% of the population) by 2035, and exceed 500 million (over 40%) by 2050. The silver economy is projected to reach RMB 12 trillion by 2026, signalling major growth opportunities across eldercare industries and cultural tourism.

A growing group of middle- and high-income seniors is now entering retirement with stable pensions and asset-based income, along with more open consumption attitudes, which in turn empower consumption upgrades. In the first half of 2025, sales of elderly tourism services, sports and health services, and cultural entertainment grew 26.2%, 23.9%, and 20.7% yoy, respectively. This shows a shift from ‘basic needs’ to quality-of-life improvements and self-fulfilment, including health, culture, and social experiences. They are increasingly willing to spend on premium wellness products, cultural activities, and rich social lifestyles.



**Q: How is the growth and upgrading of elderly consumption shaping the service economy?**

As the service economy continues to grow, services targeting the elderly will expand in both quantity and quality. These include eldercare and nursing services, community service centres, senior tourism, cultural and recreational activities, and daily living services. In the tourism sector, for example, seniors generally prefer more relaxed itineraries, self-driving trips, and destinations with natural scenery or historic towns.

**Q: How can brands successfully target the three main consumer groups of Gen Z, middle-aged middle class, and senior consumers?**

Gen Z consumers look for excitement and emotional resonance, seeking 'unique' products and stories. As such, designer toys, blind boxes, and IP-based merchandise strongly appeal to Gen Z's desire for individuality and self-expression. Furthermore, in 2026, Gen Z consumers are likely to balance price, quality, and social responsibility in their decisions, favouring brands and experiences that are authentic, sustainable, and personalized rather than mass-market.

Middle-aged middle-class consumers are looking towards more environmentally friendly and value-oriented consumption. Amid fast-paced urban lifestyles and declining birth rates, the pet economy is also expected to grow as consumers look to different forms of companionship. Overall, brands should offer high-quality products and services that provide a sense of escape from reality.

As for senior consumers, though their needs are highly segmented, they generally have high expectations for product safety and ease of use. It is crucial for brands to build trust with this demographic in order to establish their value. Furthermore, the senior population is becoming increasingly engaged online—by June 2024, China had 371 million internet users aged 60 and above, accounting for 15.6% of all internet users. Brands should leverage this by engaging senior consumers through online channels.

**Q: What are the main trends within 'self-pleasing spending' to look for in 2026?**

'Self-pleasing spending' is closely tied to personal values, which means value-driven and eco-conscious consumption will become mainstream. Overall, self-pleasing spending and quality upgrades reflect a broader pursuit of higher-quality, more diverse forms of living. Looking ahead to 2026, brands will need to position themselves clearly, understand the nuanced differences between segmented consumer groups, and design products and services that respect individual values and tap into deeper emotional and human motivations. Those able to innovate and meet these diverse expectations will be best positioned to stand out in this new era of stratified consumption.

# 10

**Multi-faceted push to accelerate ‘going global’ and build new trade momentum**



China's foreign trade has demonstrated strong resilience amid a complex and volatile global environment. In the first eleven months of 2025, commodity imports and exports grew by 3.6% yoy. More importantly, Chinese exports are making a pivotal shift—from simply 'going global' to genuinely integrating into every level of the global market.

### **Chinese brands are increasingly diversified and upgrading toward premium segments**

From designer toys and smart home devices to consumer electronics and fashion apparel, Chinese brands across multiple sectors are gaining international recognition. Global consumers' perception is shifting from 'affordable and reliable' to 'high-end and innovative.' Chinese robotics brands such as Ecovacs, Roborock, and Narwal have rapidly captured the global mid-to-high-end market through continuous innovation in algorithms, sensor technology, and cleaning mechanisms. According to IDC, global shipments of robotic vacuum cleaners reached 11.3 million units in H1 2025, up 16.5% yoy. Pop Mart exemplifies this premium transformation: the company achieved RMB 13.9 billion in revenue in the first half of 2025, surging 204.4% yoy, with overseas markets contributing nearly 40% of total revenue.

### **Cross-border e-commerce, powered by overseas warehouses, redefines China's global trade model**

China's cross-border e-commerce imports and exports totalled approximately RMB 2.1 trillion in the first three quarters of 2025, up 6.4% yoy. The country is now home to more than 120,000 cross-border e-commerce firms, with the 165 Cross-border E-commerce Comprehensive Pilot Zones spanning all 31 provinces.

Overseas warehouses have emerged as critical infrastructure underpinning this expansion. By pre-positioning inventory in target markets, Chinese merchants can significantly shorten delivery times, minimize customs delays, and enhance after-sales services. In the current environment of escalating tariffs and regulatory changes—



including the US elimination of the de minimis exemption—overseas warehousing has become a vital strategic asset, enabling bulk imports to pay duties upfront at potentially lower rates while preserving speed and customer satisfaction. This localized fulfilment model enables them to compete effectively with domestic players in overseas markets.

### **The policy environment for Chinese firms' 'going global' continues to improve**

Supportive policies are being rolled out at an accelerated pace. Following a September 2025 State Council executive meeting, the Ministry of Commerce and four other departments jointly issued the *Guiding Opinions on Further Improving the Overseas Integrated Service System* in October, outlining 16 concrete measures across six areas.

China is also accelerating the alignment of domestic and international trade rules. According to the Ministry of Commerce, over 2,200 'dual-circulation' leading enterprises now excel in both domestic and global markets. In nine pilot regions, 80% of 602 reform tasks have been completed. In major economic provinces such as Zhejiang, Shanghai, and Guangdong, approximately 30% of large-scale industrial enterprises now operate under an integrated domestic-foreign trade model.

The Market Procurement Trade (MPT) model is enabling small commodities to reach global markets with unprecedented efficiency. This innovative mechanism accelerates goods turnover and strengthens supply

chain responsiveness to shifting overseas consumer trends. Yiwu in Zhejiang Province has sustained robust growth under this model, with total import and export value reaching RMB 631.2 billion in the first three quarters of 2025, up 26.3% yoy.

Regional trade agreements continue to yield dividends. The Regional Comprehensive Economic Partnership has consistently delivered benefits through tariff reductions, simplified customs procedures, and enhanced investment facilitation. Meanwhile, the 15th Five-Year Plan proposal emphasizes sound management of outbound investment, development of a robust overseas service ecosystem, and deeper integration of trade and investment.



**Q: What defines the new phase of 'going global' that Chinese exporters are entering in 2026?**

Chinese commercial expansion overseas is entering a phase characterized by being 'targeted, localized, and holistic.'

Targeted strategies mean moving from 'broad coverage' to 'high compatibility' in products and from established hotspots to untapped 'blue-ocean' niches. Chinese exporters will leverage big data and AI analytics to identify underserved segments and tailor offerings to specific consumer preferences.

Localization involves genuine market integration. Successful brands are establishing local R&D centres, hiring local talent, and designing products for regional tastes and regulations. Pop Mart's explosive overseas growth demonstrates how culturally resonant IP combined with localized retail experiences can captivate diverse consumer bases.

Holistic integration refers to the 'dual circulation' framework evolving from 'two parallel tracks' into 'one unified system.' China will accelerate alignment of domestic standards with international norms, particularly in food, cosmetics, baby products, electronics, and new-energy goods, lowering institutional costs for exporters pivoting between markets.

The development of integrated supply chain platforms will give rise to third-party providers delivering turnkey solutions—encompassing market insights, compliance certification, cross-border logistics, overseas warehousing, and omnichannel marketing.

**Q: Is the recent AI boom really helping Chinese products and brands 'go global'?**

Yes. China's cross-border trade ecosystem is accelerating its intelligent transformation, with AI-driven risk management, smart logistics, and digital marketing technologies becoming deeply embedded across the value chain.

AI enables data-informed product selection and dynamic pricing through consumer behaviour analysis, significantly lowering inventory risks. AI-powered systems in overseas warehouses can analyze local demand patterns, optimize stock levels, and reduce overstock or stockouts. Digitalization has emerged as a key enabler for Chinese brands to shift from simply exporting products to exporting value, building sustainable competitive advantages worldwide.

**Q: What is the Market Procurement Trade model?**

The MPT, designated under Customs Code 1039, enables qualified operators to source goods from approved market clusters and complete export clearance locally. Shipments are capped at US\$150,000, with goods eligible for VAT exemption on a 'no levy, no refund' basis. By simplifying customs procedures and offering flexible foreign-exchange settlement, the MPT facilitates multi-category, multi-batch, low-value transactions—making it ideal for SMEs exporting small commodities. First piloted in Yiwu in 2014, it has since expanded to other specialized markets across coastal, inland, and border regions as a strategic tool for stabilizing foreign trade and empowering SMEs.

## Authors:

### Primary Authors

Helen Chin  
helenchin@ust.hk

William Kong  
williamkong@ust.hk

Brigitte Ng  
briggitteng@ust.hk

### Other Authors

Winnie Lo  
winnielo@ust.hk

Wendy Weng  
wendyweng@ust.hk

Sophie Zhang  
sophiezhang@ust.hk

### HKUST Li & Fung Supply Chain Institute

LSK Business Building, The Hong Kong University of Science & Technology,  
Clear Water Bay, Kowloon, Hong Kong

ustlfsci.hkust.edu.hk  
ustlfsci@ust.hk



© Copyright 2026 HKUST Li & Fung Supply Chain Institute. All rights reserved. Though HKUST Li & Fung Supply Chain Institute endeavours to ensure the information provided in this publication is accurate and updated, no legal liability can be attached as to the contents hereof. Reproduction or redistribution of this material without prior written consent of HKUST Li & Fung Supply Chain Institute is prohibited.