

# How Digital Giants in China Are Helping Revive the Country's Retail Sector

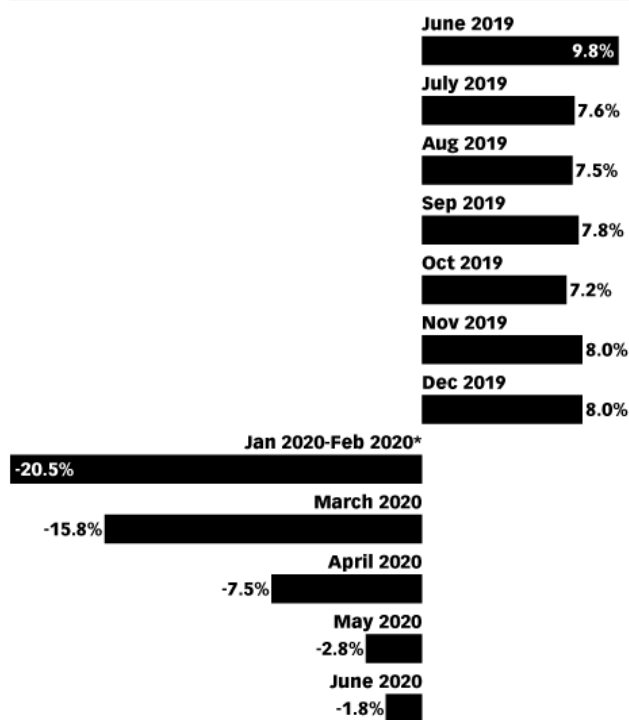
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**C**hina's **retail sector** has been on a steady path to recovery over the past few months.

According to June 2020 data from the **National Bureau of Statistics (NBS)** in China, retail sales experienced a year-over-year drop of 1.8%, reaching \$485.30 billion (RMB3.353 trillion). That was an increase of 1 percentage point over the prior month.

**Total Retail Sales Growth in China, Jun 2019-June 2020**  
% change vs. same period of prior year



*Note: nominal rate; includes offline catering services; excludes digital sales of non-physical goods; \*2-month average ending Feb 2020*  
*Source: National Bureau of Statistics China as cited in press release, July 17, 2020*

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China's major digital companies and retailers—who are continually leveraging omnichannel tools to not only connect with consumers amid the pandemic, but also help businesses—are playing a significant role in the economic recovery.

In recent months, ecommerce behemoth JD.com worked with several brands, including Budweiser and electric appliance company Gree, on initiatives that aimed to drive sales through virtual clubbing and shopping experiences, respectively. JD.com also partnered with museums to **offer live streamed tours**, which then lead guests to online gift shops.

Most recently, the country's major mobile messaging app WeChat launched Minishop, which enables merchants to set up an online store without relying on third-party developers. The new service could help streamline costs, particularly for small and medium-sized businesses

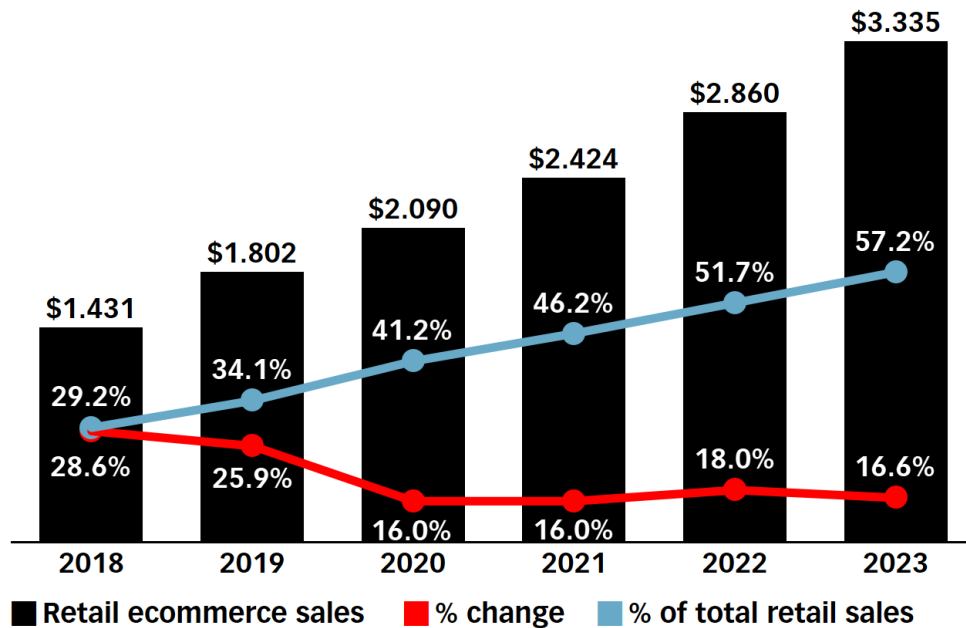
(SMBs), as well as provide support for fulfillment, shipping and logistics.

On the outset, China's central government took fiscal and monetary measures to inject new life into consumer spending and the struggling economy. Many officials even touted the "street-stall economy" as a way to revive SMBs. Historically, those markets were frowned upon by authorities concerned with maintaining social order. In addition, major firms like Alibaba and JD.com are helping SMBs by offering them digital payment capabilities, microloans and other marketing services.

These initiatives are accelerating the shift to ecommerce and social commerce. We forecast China's retail ecommerce sales will grow 16.0% this year. That's down 7.7 percentage points from our pre-pandemic estimate, but it's still indicative of roughly \$288 billion (RMB1.990 trillion) in additional spending compared with 2019.

## Retail Ecommerce Sales in China, 2018-2023

trillions, % change and % of total retail sales



*Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales; excludes Hong Kong*

*Source: eMarketer, May 2020*

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We estimate that retail social commerce sales in China will grow to **\$242.41 billion** (RMB1.675 trillion) this year, accounting for 11.6% of total retail ecommerce sales in the country.