JAN 06
Rachel Wolff

# China's electronics subsidies are its latest attempt to spur spending

Article

**The news:** China is expanding its national trade-in program to include consumer electronics such as smartphones, tablets, and smartwatches—a move that may boost sales in the near-term but is unlikely to drive long-term economic recovery.

**A bigger problem to solve:** Beijing has been noticeably reluctant to deliver the widespread stimulus measures necessary to buoy consumer confidence and unlock spending. Its most direct scheme so far involves subsidies for home appliances and cars, which have helped lift sales in those categories.

But given that those goods—alongside consumer electronics—tend to be one-off purchases, **the trade-in program as it currently stands is unlikely to foster a broader retail recovery**, particularly in light of the country's property crisis, unemployment problem, and potential trade war with the US.

Demand for discretionary goods such as apparel and beauty remains subdued: Sales in the two categories fell 4.5% YoY and 26.5% YoY, respectively, in November, per the National Bureau of Statistics of China.

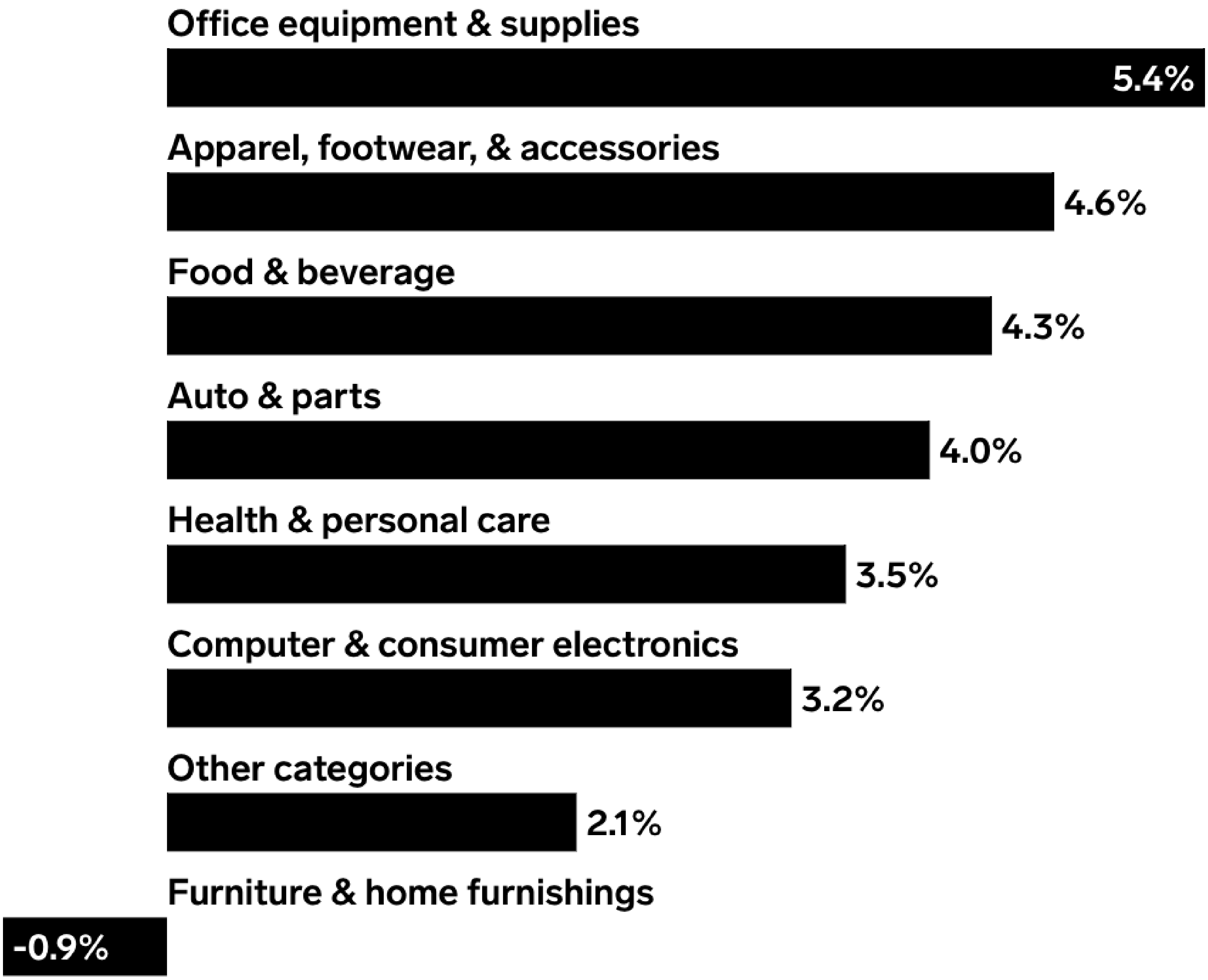
Even in sectors where demand is recovering, such as travel, Chinese consumers are being more measured with their spending.

- **Duty-free sales in Hainan province, a popular destination for luxury shopping, fell 29.3%** YoY in 2024, per Reuters.
- Similarly, **retail sales in Hong Kong fell 7.3% YoY** in November, the ninth-straight month of declines, despite a 5.3% YoY increase in the number of visitors from mainland China.

**Our take:** The latest round of subsidies will benefit local smartphone manufacturers like **Xiaomi** and **Huawei**, but few others.

## Retail Sales Growth, by Product Category

*China, 2025, % change*




*Note: excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales*

*Source: EMARKETER Forecast, July 2024*

EMARKETER

*This article is part of EMARKETER's client-only subscription Briefings—daily newsletters authored by industry analysts who are experts in marketing, advertising, media, and tech trends. To help you finish 2024 strong, and start 2025 off on the right foot, articles like this one—delivering the latest news and insights—are completely free through January 31, 2025. If you want to learn how to get insights like these delivered to your inbox every day, and get access to our data-driven forecasts, reports, and industry benchmarks, schedule a demo with our sales team.*