

China's Retail Market Surpasses the US in 2020

ARTICLE | JUNE 24, 2020

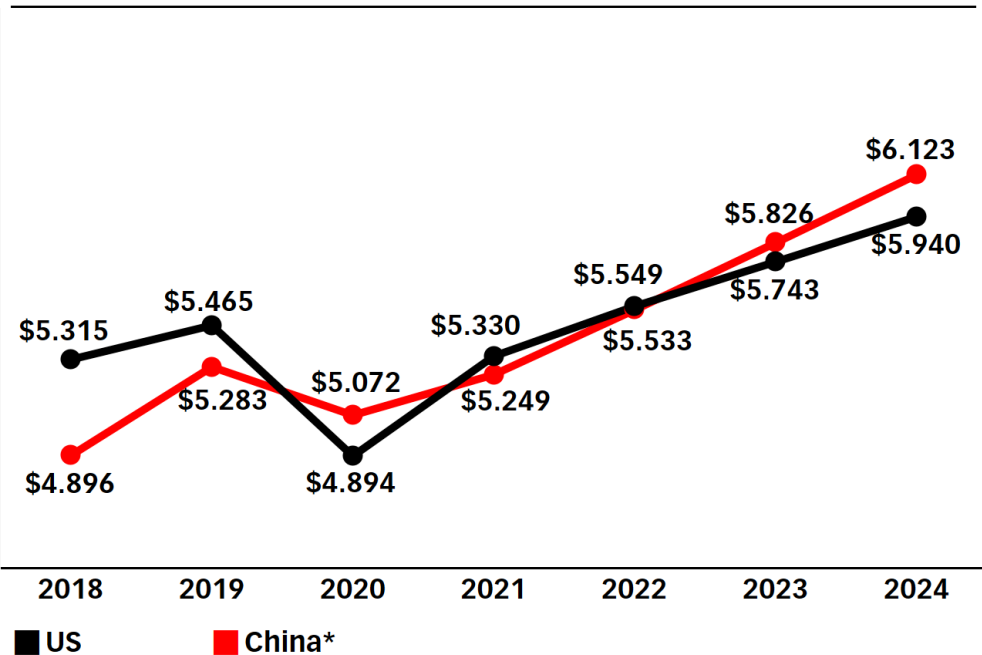
eMarketer Editors

The US retail market has been the largest in the world for at least a century, and although China was inevitably on track to claim this mantle from the US relatively soon, we did not expect a transition point to come as early as 2020.

However, due to the global pandemic and its varying impacts on different markets, the trendlines have changed. The US economy and its rates of consumption are expected to be impacted more negatively than China's, and we now project that China will produce \$5.072 trillion (RMB35.043 trillion) in retail sales in 2020, compared with \$4.894 trillion in the US. Quirkily, our medium-term estimate for the US recovery shows the nation will reclaim the No. 1 position in 2021 and 2022—but after that, China will once again move to the top position, where it will likely remain for several decades.

Total Retail Sales in China* and the US, 2018-2024

trillions



*Note: 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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China's retail sales experienced a 7.9% increase in 2019, but that was relatively slow growth by China's recent standards. The US-China trade war and China's organically slowing economy led to across-the-board downshifts in most categories. The country is amid the final stages of an economic maturation that precludes the ultrahigh growth rates of years past, regardless of politics and policies. However, its potential growth rates for consumption and retail sales are still higher than what the US and other major markets will see in pandemic-ravaged 2020. That leaves China in a position to reclaim some degree of standout performance once the pandemic subsides.

International factors, though, could offset China's recovery. "China has an economy that is deeply reliant on trade, globalization, cross-border investment and the performance of other major economies around the world," said Ethan Cramer-Flood, eMarketer forecasting writer at

Insider Intelligence and author of our new report, “[China Ecommerce 2020](#).”

“Regardless of how well the country’s system deals with the virus, good economic news may well be a long way off if the rest of the world slips into long-term recession,” he said.

Although China’s economic growth is not export-driven as it once was, its labor market is still reliant on manufacturing and trade, which means wages (and therefore consumption) are vulnerable to a loss of demand from the rest of the world. If North America, Europe and Japan do not recover quickly, it may not be possible for China to pull out of recession either.

eMarketer PRO subscribers can read more about our latest forecasts for retail sales, retail ecommerce, social commerce, mcommerce, digital buyers and the top ecommerce sites in China.

Report by Ethan Cramer-Flood Jun 10, 2020

China Ecommerce 2020



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