



2025 CHINA MEGA REPORT

YOUR COMPREHENSIVE GUIDE TO THE EVOLVING CHINA MARKET:
CONSUMERS, INNOVATION, TECHNOLOGY, THE NEW RETAIL,
MARKETING, AND THE DIGITAL SPACE

HELLO!

In 2024, China underwent profound transformation driven by economic challenges, shifting consumer sentiment, native innovations, applied technologies, new regulations, and evolving geopolitical demands.

2025 is set to be a year of change, disruption, recovery, and evolution. It's a time to adapt, innovate, and prepare for what lies ahead. This report is your comprehensive guide to the evolving China market: consumers, innovation, technology, new retail, marketing, and the digital space.

To ensure we deliver the most valuable insights, we've gathered perspectives from over 50 China experts, drawing on the collective wisdom of the industry.

Thank you for joining us on this journey. Let's go get them!

Ashley Dudarenok

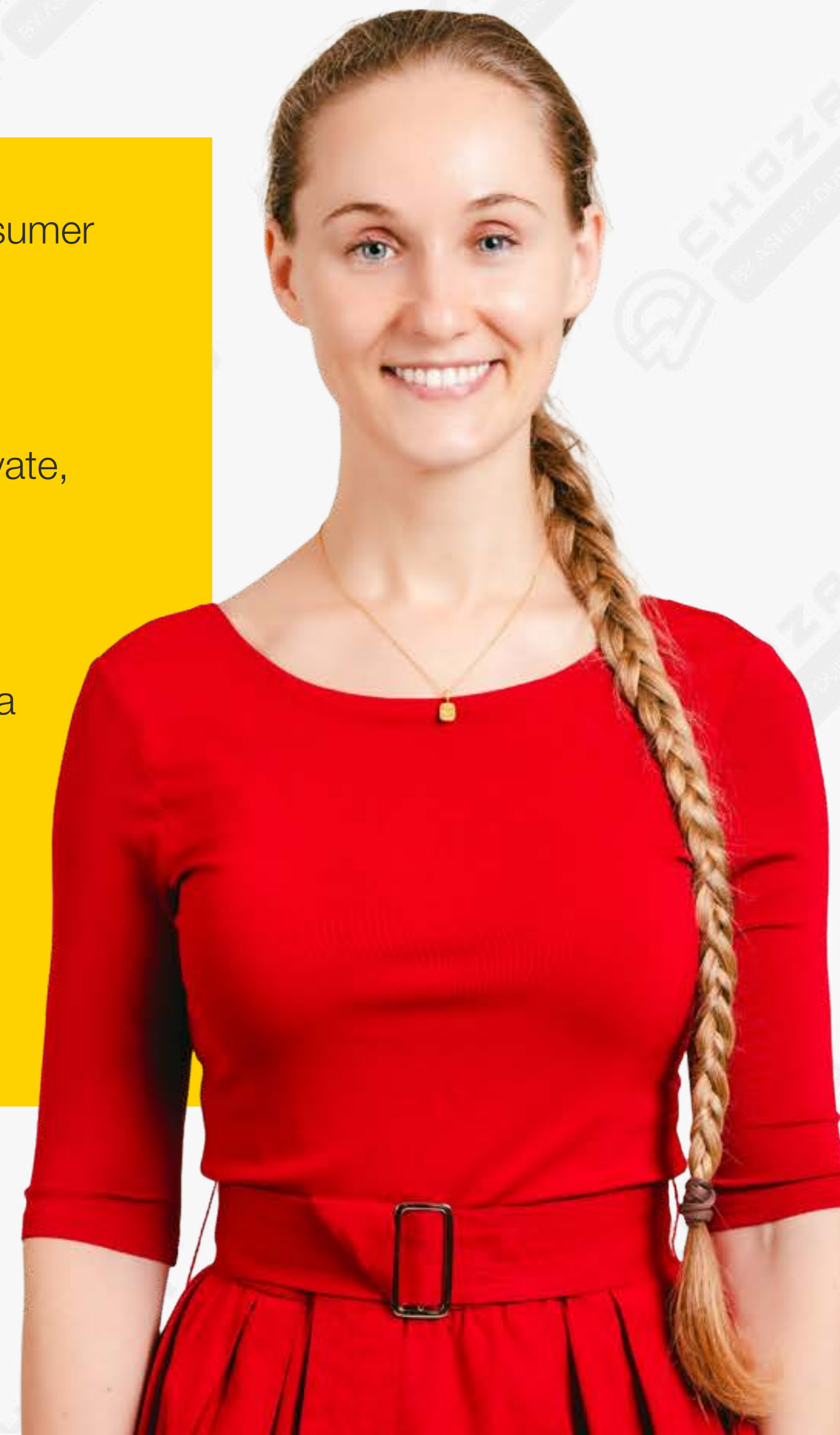
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OUR LEARN FOR / FROM CHINA SOLUTIONS

REACH OUT TO TALK TO OUR TEAM ABOUT YOUR GOALS



● CHINA LEARNING EXPEDITIONS

We organize tailored learning tours to help leaders from world's top companies understand China's market, tech ecosystems, digital transformation, and competitors. Clients like Coca-Cola, InMobi and Deckers have joined us to get ahead.

● TRAINING FOR TEAMS

We train global and local marketing, e-commerce, and commercial teams to excel in China. Companies like Disneyland, Richemont, and Shiseido have upskilled their teams with our help.

● CHINA RESEARCH

We provide in-depth consumer and market research, trend analysis, and strategic advice to help you make better decisions. Brands like J&J and HSBC trust us to connect the dots in China's evolving landscape.

● CONSULTING & EXPERT CALLS

We deliver tailored advice and connect you with top industry experts in China to tackle your biggest challenges. Brands like DFS, Adobe, and Colgate-Palmolive have benefited from our support.



● SOCIAL MEDIA MARKETING LAOWAI.ME

We help localize your messaging, build a strong brand image, and connect with your target audience on platforms like RedNote, WeChat, Douyin, and more. Clients like Crocs trust us to boost their presence in China.

● INFLUENCER MARKETING & CAMPAIGNS

We create goal-driven social media campaigns and connect you with the right KOLs and influencers for impactful collaborations.

● SOCIAL COMMERCE

We help brands kickstart and grow their presence in the China's social commerce space, especially on platforms like Douyin.

**GOT A QUESTION?
DROP US AN EMAIL BY
SCANNING THE QR CODE**



● KEYNOTE SPEAKING

Ashley Dudarenok delivers fully customized keynote sessions packed with actionable insights and cutting-edge trends from China. Trusted by clients like Bank of America, BMW, Disney, and more, Ashley's talks cover:

● TRANSFORMATIVE TECH IN ACTION

Discover how AI, XR, and robotics are revolutionizing industries. Explore innovations from companies like DeepSeek, Unitree, and the Six Little Dragons are reshaping customer experiences and driving industry transformation.

● CHINESE CONSUMER EVOLUTION

Gain a deep understanding of China's evolving consumer landscape. From Gen Z trends to engaging aging demographics, discover how to create seamless customer journeys, build brand loyalty, and leverage personalization to connect with modern audiences.

● THE FUTURE OF RETAIL

Stay ahead in the ever-changing retail landscape with insights into social commerce, livestreaming, and omnichannel strategies.



PART 1

ECONOMIC

OVERVIEW

CHINA'S ECONOMIC OVERVIEW IN 2024

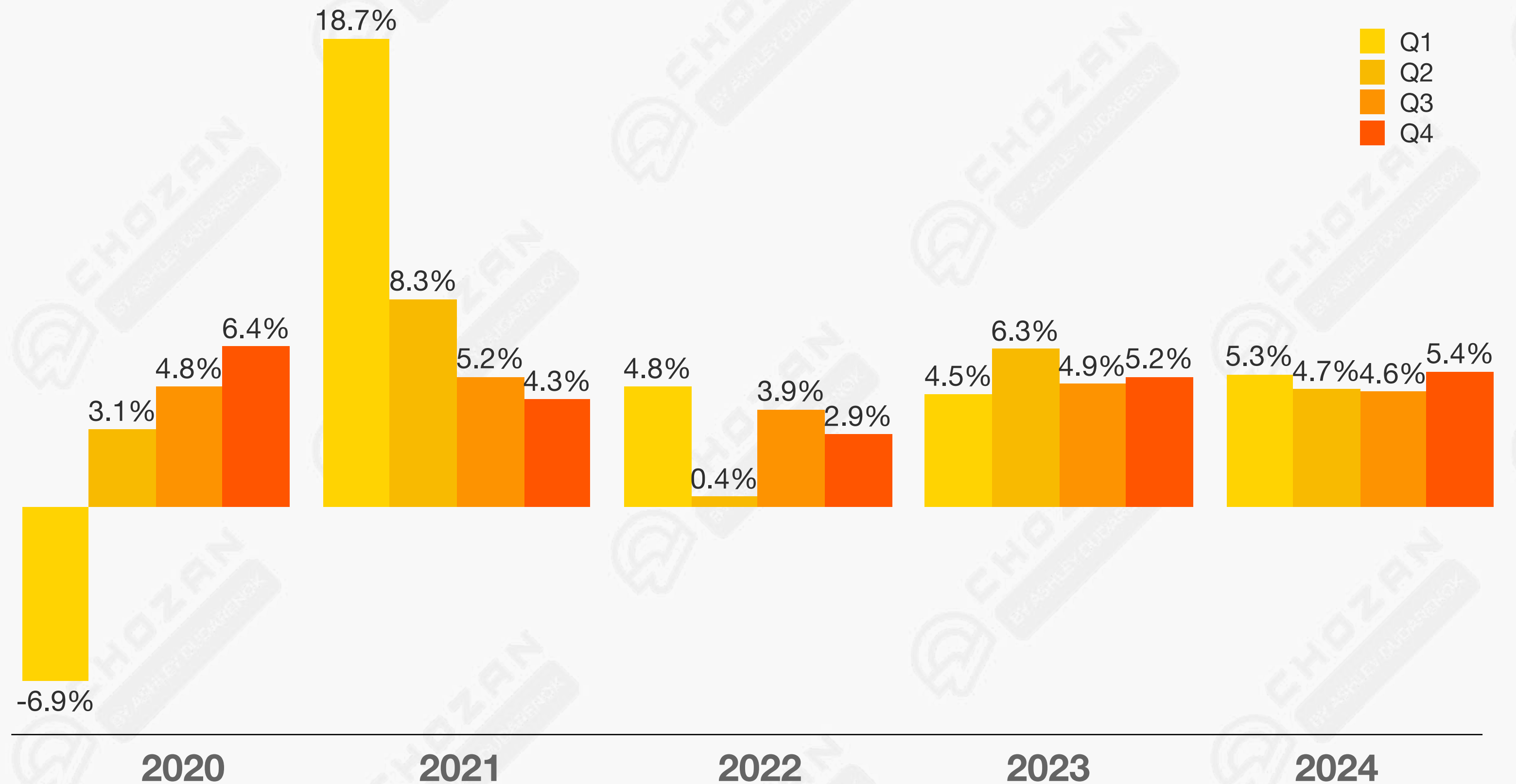
MACROECONOMIC PERFORMANCE

CHINA'S GDP IN 2024

CHINA HITS ITS 2024 GDP TARGET BUT WITH SLOWER GROWTH PACE

According to China's National Bureau of Statistics, in 2024, China has reported full-year **economic growth of 5%** for 2024. Even though the full-year GDP has met China's official target, its GDP growth has stabilized in the first three quarters, reflecting a steady but cautious economic expansion amidst ongoing challenges.

CHINA GDP YEAR-ON-YEAR GROWTH RATE BY QUARTERS

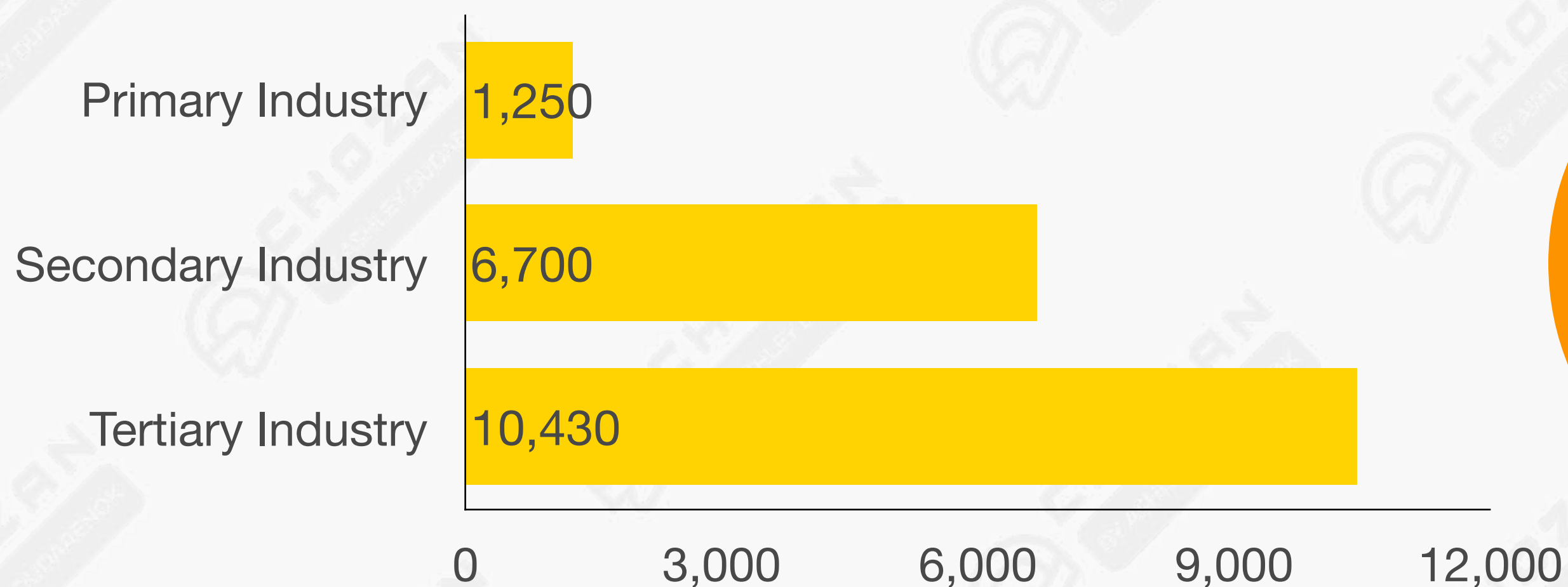


CHINA'S GDP BREAKDOWN

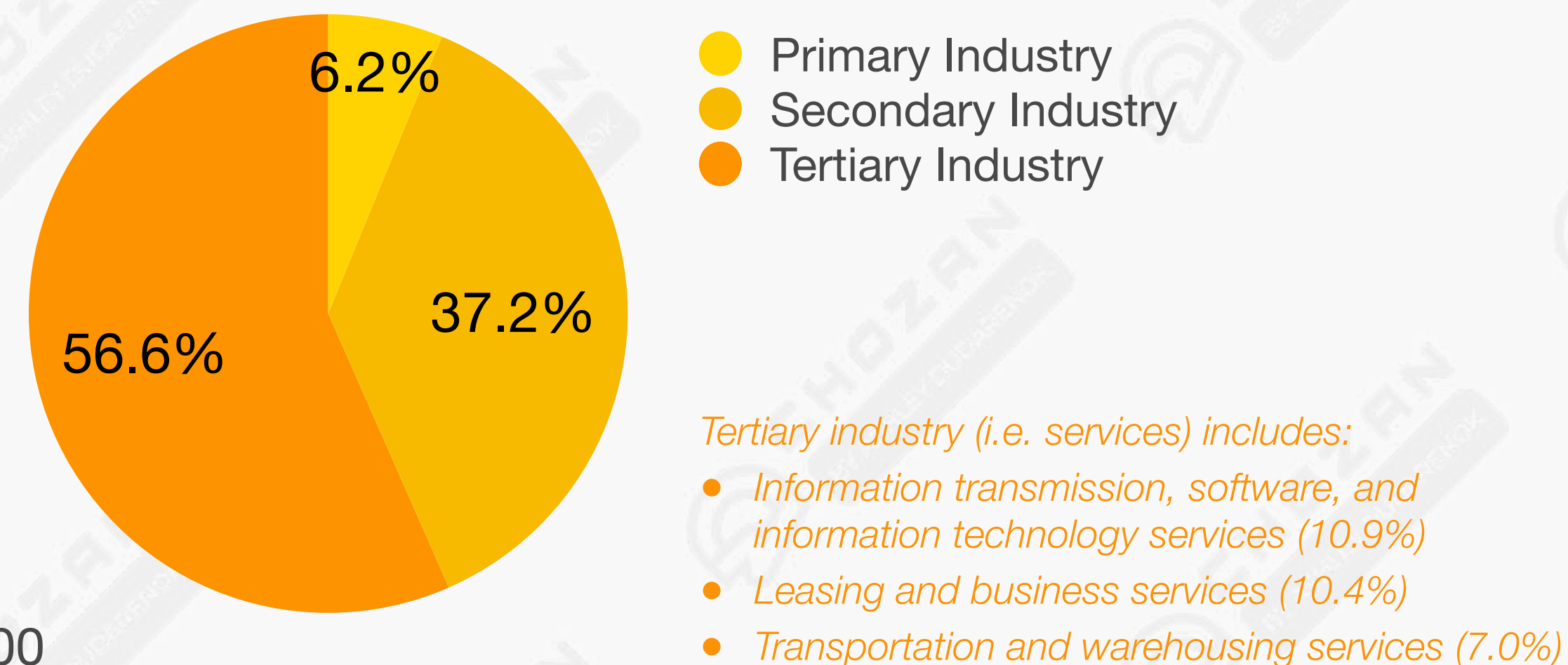
CHINA'S SHIFT TOWARDS A SERVICE AND CONSUMPTION-DRIVEN ECONOMY

Official data shows that the **tertiary industry** continues to dominate China's economic growth in 2024, with significant contributions from services. While the secondary industry shows moderate growth, the primary sector remains a smaller but stable contributor. This distribution highlights China's ongoing shift towards a service-driven economy, with a focus on higher-value sectors for sustainable growth.

THE ADDED VALUE OF PRIMARY, SECONDARY AND TERTIARY INDUSTRY (IN BILLION USD)



CONTRIBUTION RATE TO GDP GROWTH



CHINA'S FOREIGN TRADE

CHINA'S RECORD-BREAKING FOREIGN TRADE PROVIDES BOOST FOR THE ECONOMY

China's imports and exports grew by 5% year-on-year in 2024 to reach **RMB 43.85 trillion** (USD 5.98 trillion), with the total foreign trade volume setting a new record high, according to official customs data.

Overseas exports were one of the few positive factors for China's economy, as weak domestic consumption and the ongoing property sector crisis hindered economic growth.



RMB 43.85 TRILLION
(USD 5.98 TRILLION)
A NEW RECORD HIGH

TOTAL IMPORTS AND EXPORTS IN 2024

EXPORTS

Exports totaled RMB 25.45 trillion (USD 3.48 trillion), rising by 7.1%.

Top 3 Export Categories

- Electromechanical products (accounting for **59.4%** of total exports)
- Automobiles
- Textiles & apparel

IMPORTS

Imports totaled RMB 18.39 trillion (USD 2.5 trillion), up by 2.3%.

Top 3 Import Categories

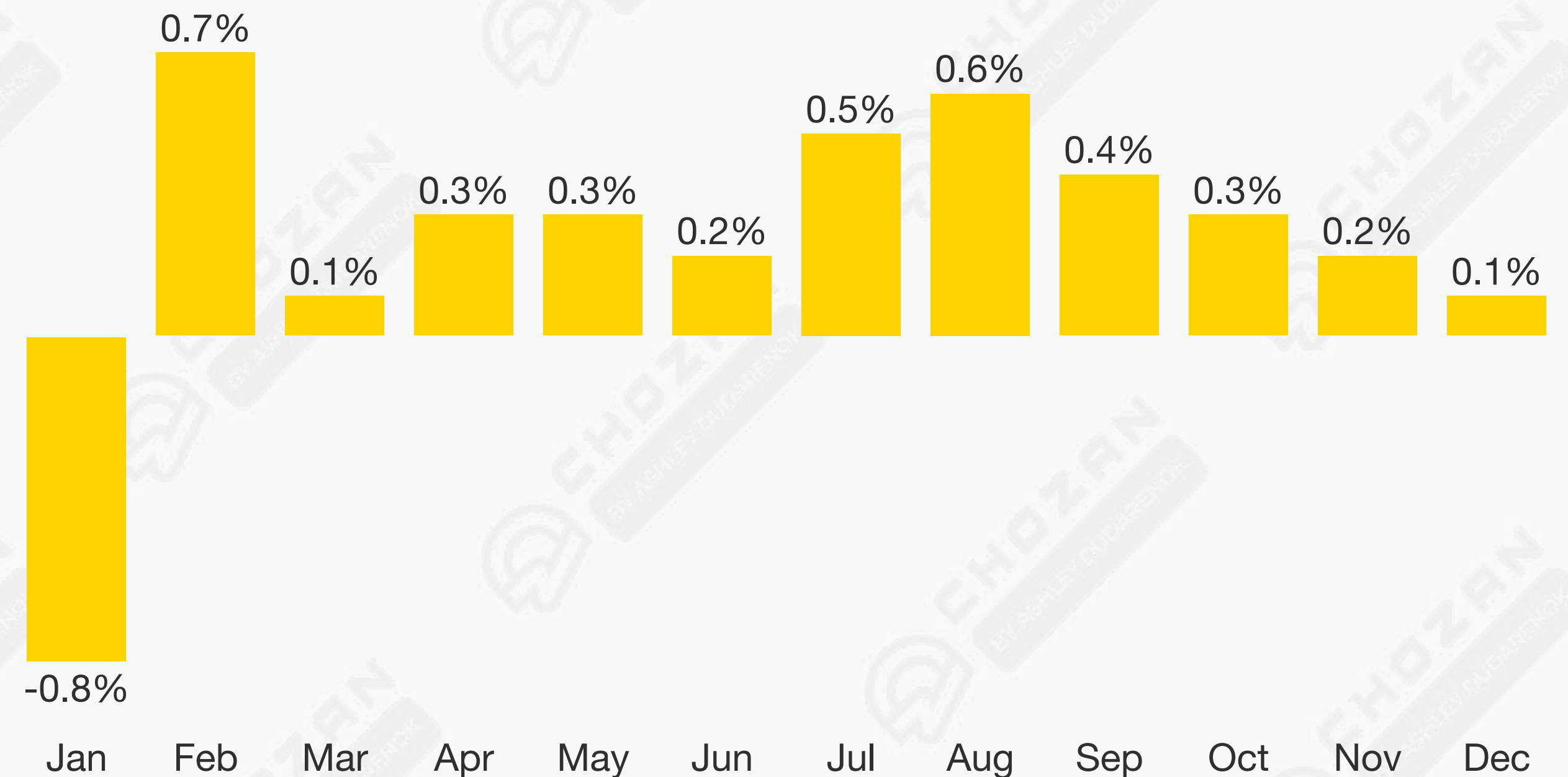
- Consumer goods (esp. **clothing** (+5.6%), **fruits** (+8.6%), and **wine** (+38.8%))
- Energy products
- High-tech components

CHINA'S INFLATION RATE

WEAK INFLATION IN CHINA REFLECTS FEEBLE DEMAND AND SLUGGISH RECOVERY

CHINA'S INFLATION RATE IN 2024 (BY MONTH)

In 2024, China's inflation rate remained relatively stable (although lower than market expectation), but underlying pressures such as weak domestic demand and declining consumer confidence point to ongoing economic fragility. China's economy is navigating a period of sluggish recovery, posing challenges for both domestic growth and foreign businesses looking to enter the market.



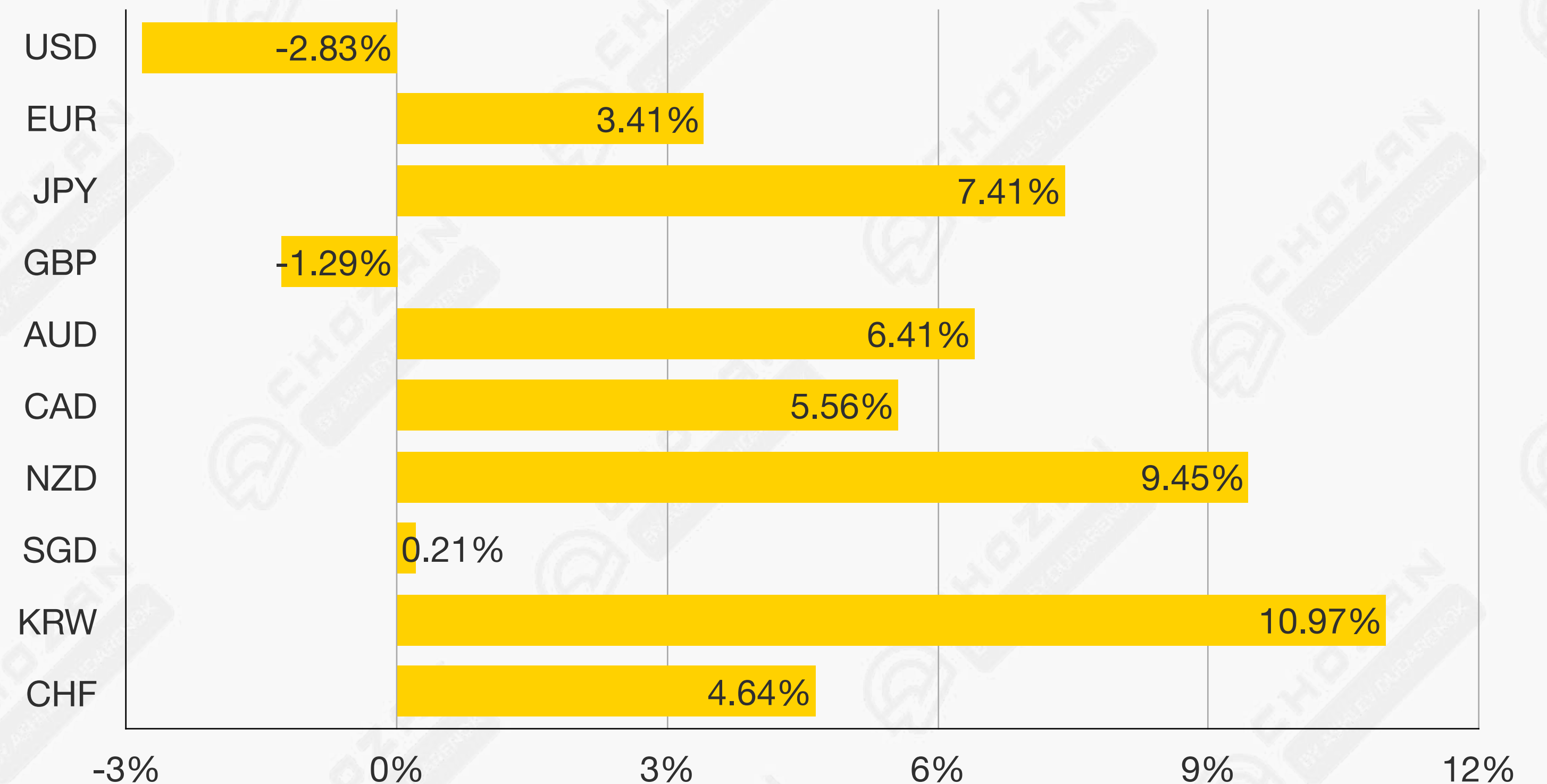
CHINA'S CURRENCY AND EXCHANGE RATE

THE RELATIVE STRENGTH OF RMB AGAINST OTHER MAJOR CURRENCIES SIGNALS ITS MAINTENANCE OF ECONOMIC STANDING

Against the backdrop of a strong USD, most developed and emerging market currencies have depreciated against the dollar. However, compared to most currencies, RMB's depreciation against the USD has been relatively small, leading to an appreciation of RMB against a basket of currencies.

In 2024, among developed countries, RMB appreciated the most against the South Korean won, New Zealand dollar, and Japanese yen, with increases of 10.97%, 9.45%, and 7.41%, respectively.

CHANGES IN RMB EXCHANGE RATE AGAINST MAJOR DEVELOPED ECONOMIES' CURRENCIES IN 2024

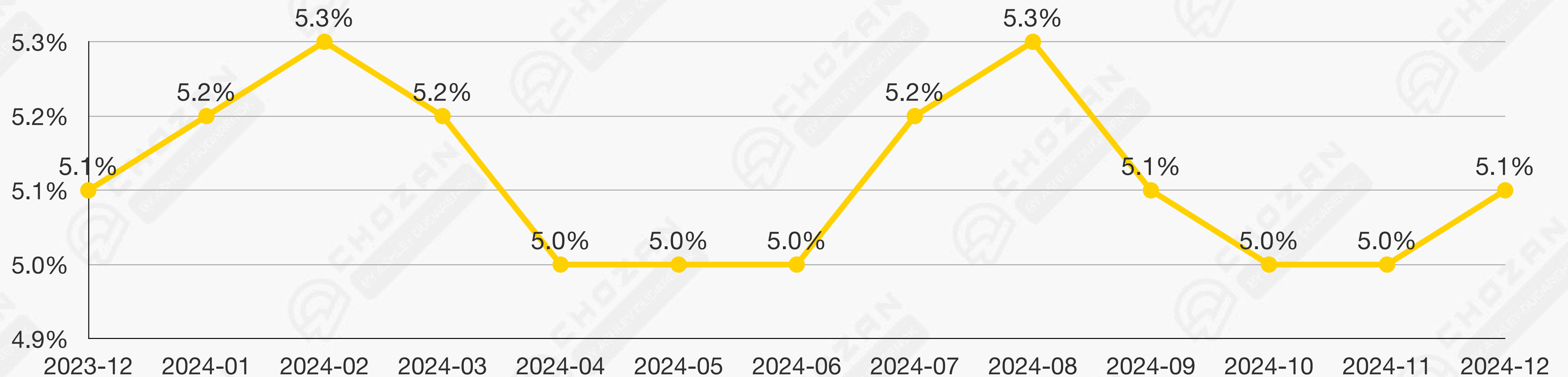


CHINA'S UNEMPLOYMENT RATE

CHINA'S URBAN UNEMPLOYMENT RATE DROP SUGGESTS RECOVERY BUT STRUCTURAL CHALLENGES PERSIST

In 2024, China's urban surveyed unemployment rate averaged **5.1%**, **0.1%** lower than that of the previous year. While the drop is modest, it indicates gradual recovery in employment as sectors like tech and services continue to drive job creation. However, this level also signals that structural issues such as youth unemployment and sectoral imbalances persist, posing challenges for long-term economic growth.

CHINA'S UNEMPLOYMENT RATE IN URBAN AREAS IN 2024



Source: National Bureau of Statistics

EXPERT BITES

Q: WHAT KEY TRENDS WILL SHAPE CHINA'S BUSINESS ENVIRONMENT IN 2025 AND BEYOND?

Trading and investing in China will become more complex. Beijing's drive for self reliance is already challenging foreign brands, excessive overcapacities will drive exports and increase chances that trading partners become more protectionist. Widening definitions on security in policy circles in Washington, Brussels and Beijing will narrow cooperation potentials with Chinese partners.

Yet, it is important to engage and invest in China to be what I label the Chinese fitness center: speed of lab to market, deep bench of excellent engineers, demanding and brand loyal consumers and risk savvy private entrepreneurs. Foreign business can only benefit from those unique clusters. China might emulate the Japanese economy thirty years ago, sluggish future growth but the emergence of fantastic domestic technology companies.



JOERG WUTTKE

Partner at the DGA Group and past President of the European Union Chamber of Commerce in China

EXPERT BITE

Q: WHAT SIGNIFICANT CHANGES IN CHINA IN 2024 WILL SHAPE TRENDS FOR 2025?

One of the significant changes in 2024 is that China has shifted from reactive management to a proactive approach in addressing local government debt. Local government debt was a key issue highlighted during the 2024 Central Economic Work Conference. To tackle this, a **series of policies were introduced, including a major policy to increase the local debt ceiling by 6 trillion yuan, allowing local governments to replace implicit debts* with explicit, transparent debt.** This move will save an estimated 600 billion RMB in interest payments over the next five years.

As a result, by the end of 2024, over 300 local government financing platforms (LGFPs) have cleared their debts and stopped their borrowing roles, marking significant progress in managing local debt risks. Looking ahead, to further reduce debt costs and create a favorable environment for resolving local government debt, it is expected that in 2025, more proactive fiscal policies and accommodative monetary policies will likely to be implemented. These may include expanding special bond investments to enhance debt repayment capacity and to lower interest rate to reduce interest expenses.

**Note: implicit debts refer to off-balance-sheet liabilities, such as debt that local governments have incurred through financing platforms (LGFPs) or non-transparent means, which are not officially recorded in their financial statements. These debts are often less clear, with higher interest payment rate and very hard to managed.*



EDWARD TSE

Founder and CEO at
Gao Feng Advisory

EXPERT BITE

Q: WHAT WAS THE KEY LEGAL TOPIC IN CHINA IN 2024, AND WHY WAS IT SIGNIFICANT?

In 2024, one of the most significant topics in China's legal and regulatory landscape was the ongoing evolution of data protection and cybersecurity laws. The Personal Data Protection Law (PDPL) was further developed to enhance compliance and individual protections. Regulatory bodies were strengthened, creating a structured enforcement environment and increasing compliance costs but also consumer trust. China aimed to align its regulations with global standards, driven partly by multinational companies' pressure. High-profile data breaches highlighted the need for robust data governance, prompting governmental action and public awareness. As tech companies scaled operations, compliance with new data laws became essential, leading to shifts in business practices, including investment in infrastructure and training. ***[shortened and rephrased for brevity]***



**KRISTINA
KOEHLER-COLUCCIA**
Head of Business Advisory at
Woodburn Accountants & Advisors

EXPERT BITE

Q: WHAT PRODUCT CATEGORIES ARE PROJECTED TO DECLINE?

In 2025 several sectors in China's consumer market will continue to decline due to economic pressures and shifting preferences.

Luxury goods are cooling as consumers cut back on discretionary spending. **Foreign fast food chains** face slower growth amid competition from local players and health-conscious trends. **Overseas education services** are declining as geopolitical tensions and rising costs deter students. **Fast fashion** is struggling as sustainability concerns grow, while **traditional retail** is being outpaced by e-commerce and livestream shopping.

The **baby and childcare** sector is shrinking due to China's falling birth rate, and **traditional automobiles** are losing appeal as EVs gain traction. **High-end real estate**, **traditional electronics** like TVs and PCs are also losing ground.



ASHLEY DUDARENOK

Founder of ChoZan, Keynote Speaker, x10 Book Author, LinkedIn Top Voice

INDUSTRIAL & SECTORAL ANALYSIS

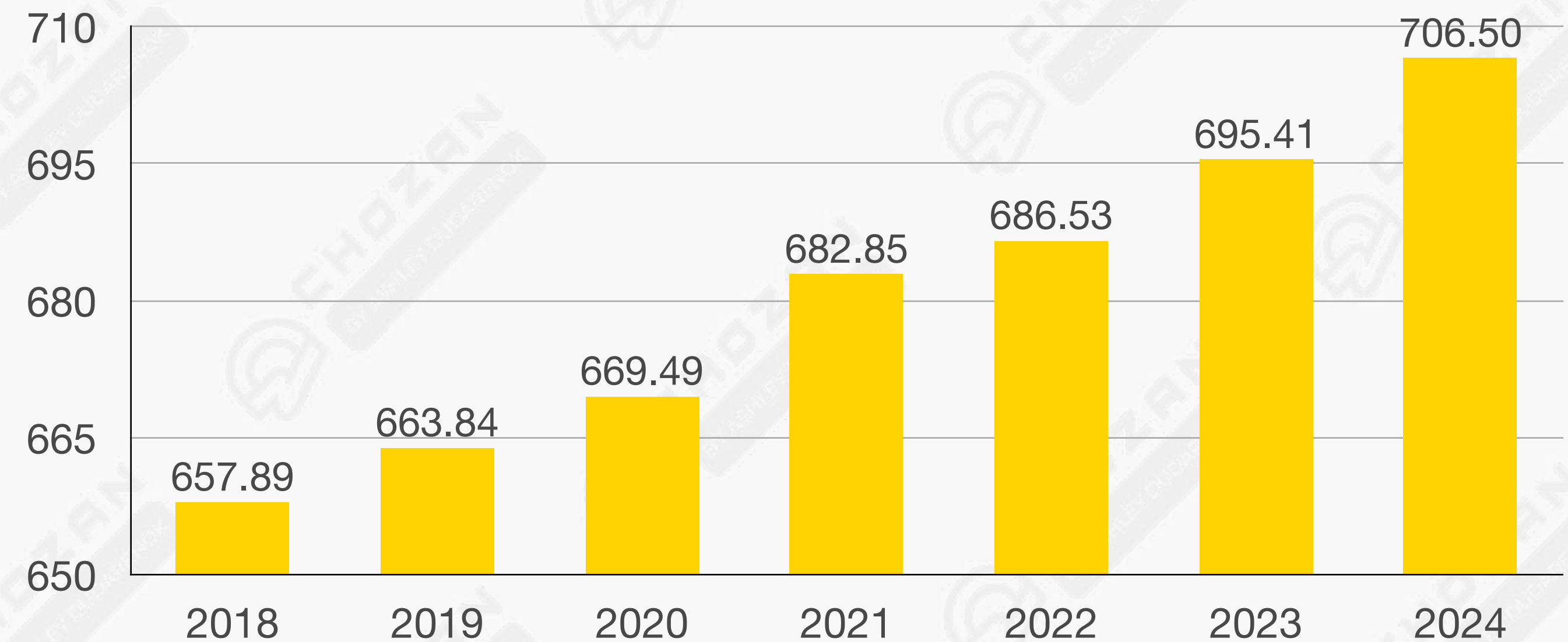
CHINA'S PRIMARY SECTOR

CHINA STRENGTHENS ITS AGRICULTURE WITH A NEW RECORD-HIGH GRAIN HARVEST

According to the official data, China's agricultural sector has achieved a remarkable milestone, producing a record-breaking **706.5 million** tons of grain in 2024, an increase of **1.6%** year on year.

This reduces the risk of fluctuations in the primary sector caused by problems such as food shortages, and provide a solid foundation for the stable operation of the entire industrial system.

**CHINA'S TOTAL GRAIN OUTPUT IN 2018-2024
(UNIT: MILLION TON)**

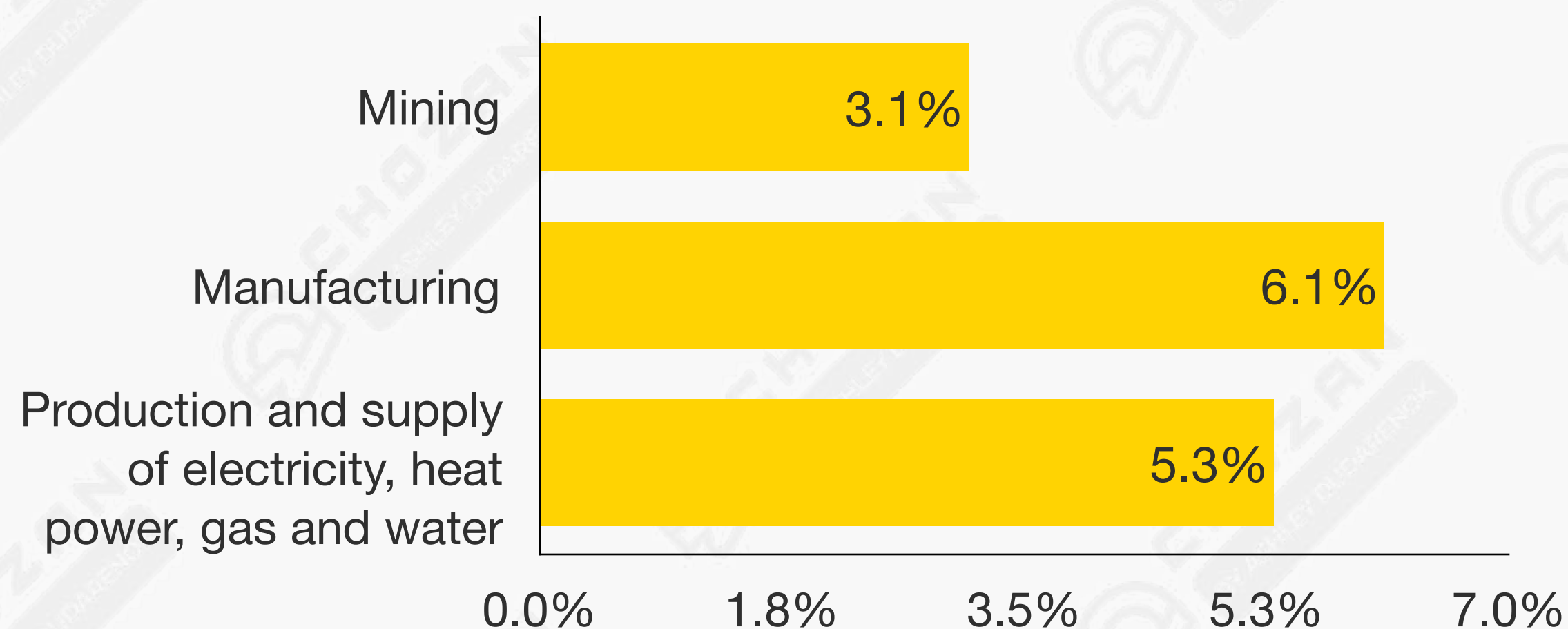


CHINA'S SECONDARY SECTOR

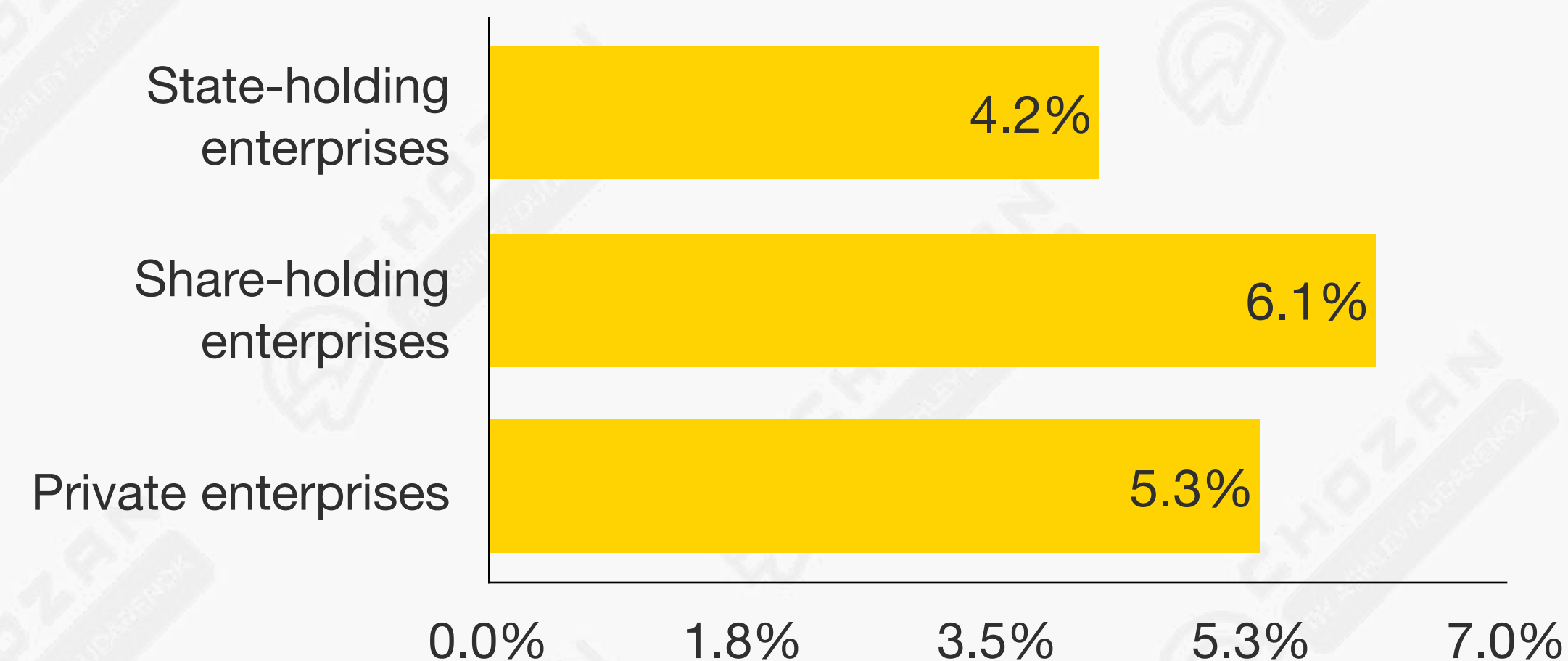
MANUFACTURING LEADS IN INDUSTRIAL PRODUCTION GROWTH, WITH SHARE-HOLDING ENTERPRISES OUTPERFORMING OTHERS

For China's secondary sector, the strong growth in manufacturing and share-holding enterprises signals China's continued industrial strength, but also reflects the need for state-owned enterprises to adapt and improve efficiency. As the secondary sector becomes more diversified, private enterprises play a crucial role in driving innovation and market dynamism.

YEAR-ON-YEAR GROWTH RATE OF VALUE-ADDED INDUSTRIES IN 2024 (BY THREE INDUSTRIES)



YEAR-ON-YEAR GROWTH RATE OF VALUE-ADDED INDUSTRIES IN 2024 (BY OWNERSHIP)



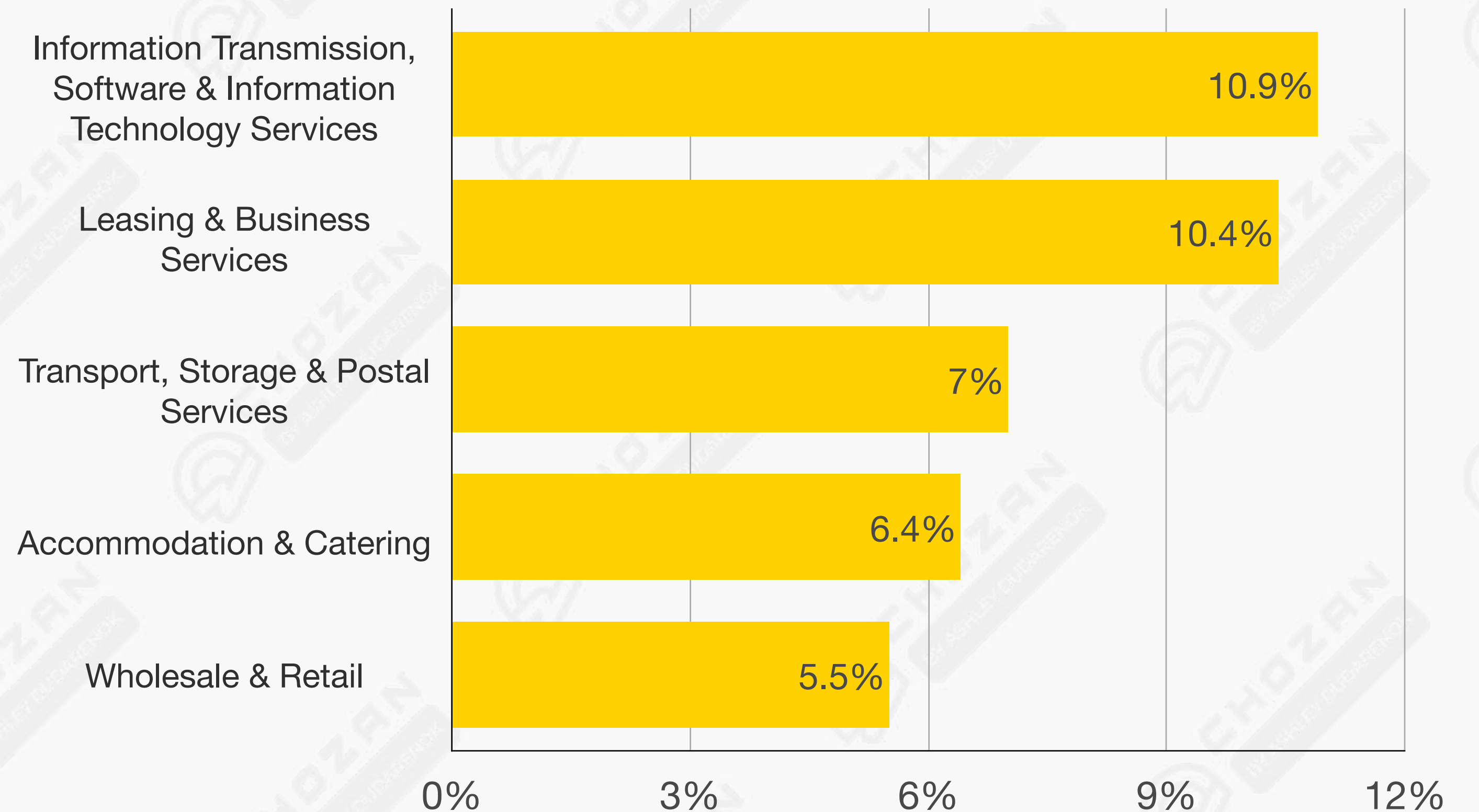
Source: National Bureau of Statistics

CHINA'S TERTIARY SECTOR

CHINA'S TERTIARY SECTOR GROWS, HIGHLIGHTING KEY SERVICE INDUSTRY EXPANSIONS

In 2024, China's service sector grew by 5.0%, with notable increases in **information technology services** (10.9%), **leasing & business services** (10.4%), and **transportation** (7.0%). This reflects the continued expansion of high-demand industries, signaling a shift toward a more service-oriented economy.

GROWTH RATE OF THE ADDED VALUE OF SERVICES IN 2024 (BY CATEGORY)



EXPERT BITES

Q: WHICH MANUFACTURING INDUSTRIES IN CHINA ARE THRIVING OR WILL THRIVE, AND WHICH WILL BE LEFT BEHIND?

For decades China was able to supply products at low cost to the whole world. In order to transition to high quality manufacturing, China tried to upgrade the whole value chain to high tech. By now, you find an inter-connected supply chain which works well to produce high end products in a very efficient way. The production capacity exceeds the domestic demand. To keep this industry running, factories need to find ways to export their products.

At the same time, global sourcing teams move from China to South East Asia, looking for lower cost and reducing risk. It is very hard to find a similar production friendly environment in any other country. We will see how many companies really close their China operations. As long as the manufacturing requirements remain as high, China can compete. This is certainly relevant to the EV industry. As soon as the manufacturing resolves to simple automated and manual assembly processes, the production cost in South East Asia will be more attractive to investors. Labor intensive products such as sports shoes, clothes, textile will probably be even too expensive in Asia and move to Africa.

Import tariffs are a big challenge to Chinese manufacturing. They can lead an entire industry to be relocated out of China at increased cost which is borne by the end consumer. The related governments need to find a way to protect their own economy as well as support their own domestic consumers.



FRANCIS KREMER

VP at JULI Automation,
Expert in EV industry

EXPERT BITES

Q: WHAT INDUSTRIES IN CHINA DO YOU THINK WILL SEE THE MOST SIGNIFICANT GROWTH AND TRANSFORMATION BY 2025?

By 2025, several industries in China, especially in the Greater Bay Area, are set for significant growth and transformation. The autonomous vehicle sector is rapidly advancing, with companies like Baidu and Pony.ai leading in robotaxi services and logistics. Regulatory support is enabling broader testing and commercial operations. **By 2025, Level 3 and Level 4 autonomous vehicles may become more common in urban areas, reshaping mobility and urban planning.** The eVTOL sector in Guangzhou's Huangpu District is also poised for growth, with companies like EHang and XPeng AeroHT at the forefront. EHang has received airworthiness certifications, and XPeng AeroHT is preparing for mass production. Urban air mobility could revolutionize short-distance transport, reducing congestion and offering sustainable travel options. The Huangpu District is actively building vertiports to support this growth. **China's push for semiconductor self-sufficiency is gaining momentum, with companies like CanSemi expanding production capacities for high-end chips.** By 2025, significant strides in chip manufacturing technology are expected, reducing reliance on foreign tech and strengthening the local supply chain. With ambitious carbon neutrality goals, China is heavily investing in renewable energy and clean technologies. The Greater Bay Area is emerging as a hub for innovations in solar, wind, and hydrogen energy. This sector is also advancing in energy storage, smart grid technologies, and green building initiatives, influencing both manufacturing and urban development. The biotech sector is booming, particularly in genomics, personalized medicine, and drug development. Companies like BeOne (BeiGene) are expanding operations, focusing on cancer treatments. By 2025, China may contribute more to global healthcare innovations, with a focus on affordable treatments and AI-driven drug discovery. **The Greater Bay Area could become a leading region for medical research and clinical trials.** Finally, robotics and advanced manufacturing are expanding, driven by Industry 4.0 technologies and the need for automation. The application of AI and industrial IoT is making China's manufacturing more competitive and innovative, especially in the Greater Bay Area.

[shortened and rephrased for brevity]



PETER HELIS

International Executive At Invest
Guangzhou

EXPERT BITES

Q: WHICH INDUSTRIES IN CHINA GREW OR DECLINED IN 2024?

The global economy's strength benefited export-driven manufacturing while housing and consumption lagged. High-end manufacturing includes autos, including EVs and hybrids, air conditioners, locomotives, and electronic instruments. Industries that have struggled with output in 2024 include iron ore, pig iron, crude steel, and tractors.

The pickup in domestic and international travel is a positive sign of consumers' slumber slowly retreating. Emphasis on the technologies needed to drive China's economy in the years to come will continue.



BRENDAN AHERN

Chief Investment Officer at
KraneShares

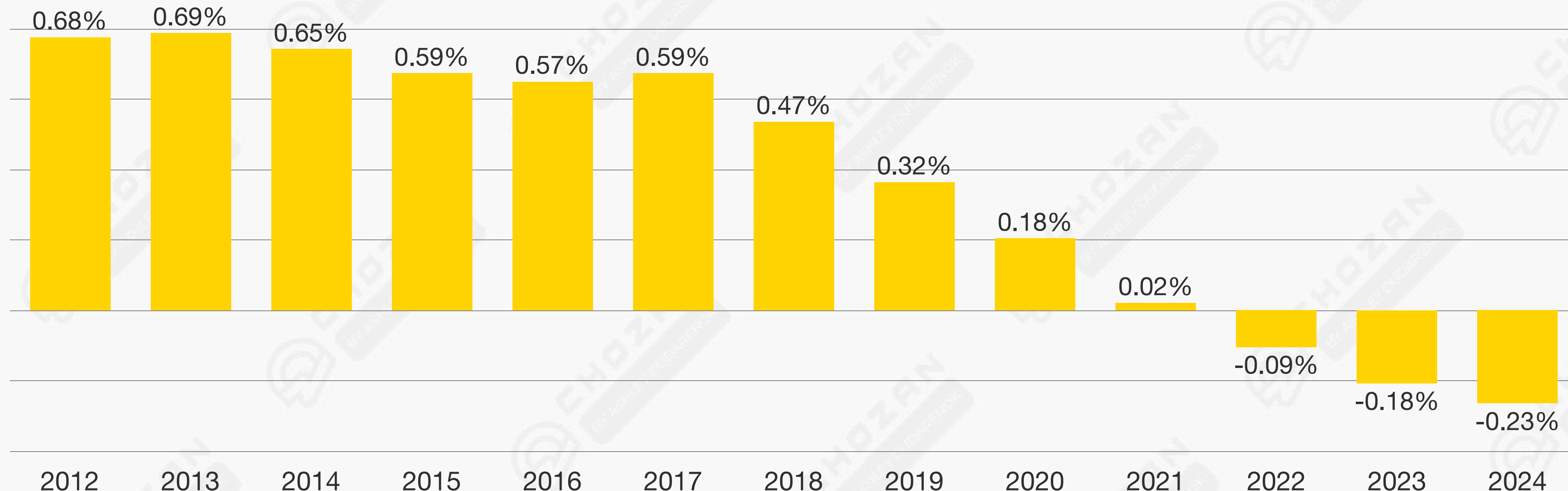
LABOR MARKET & DEMOGRAPHICS

CHINA'S POPULATION OVERVIEW

DECLINING TOTAL POPULATION BRINGS LONG-TERM IMPACT FOR KEY SECTORS

By the end of 2024, China's total population reached 1.408 billion, a **decrease of 1.39 million** compared to the end of 2023. China's total population has declined for 3 consecutive years. The sharp drop brings long-term challenges to sectors like healthcare, education, and the consumer market, signaling the need for policy adjustments to mitigate economic and demographic impacts.

CHINA'S YEARLY POPULATION GROWTH RATE IN 2012-2024



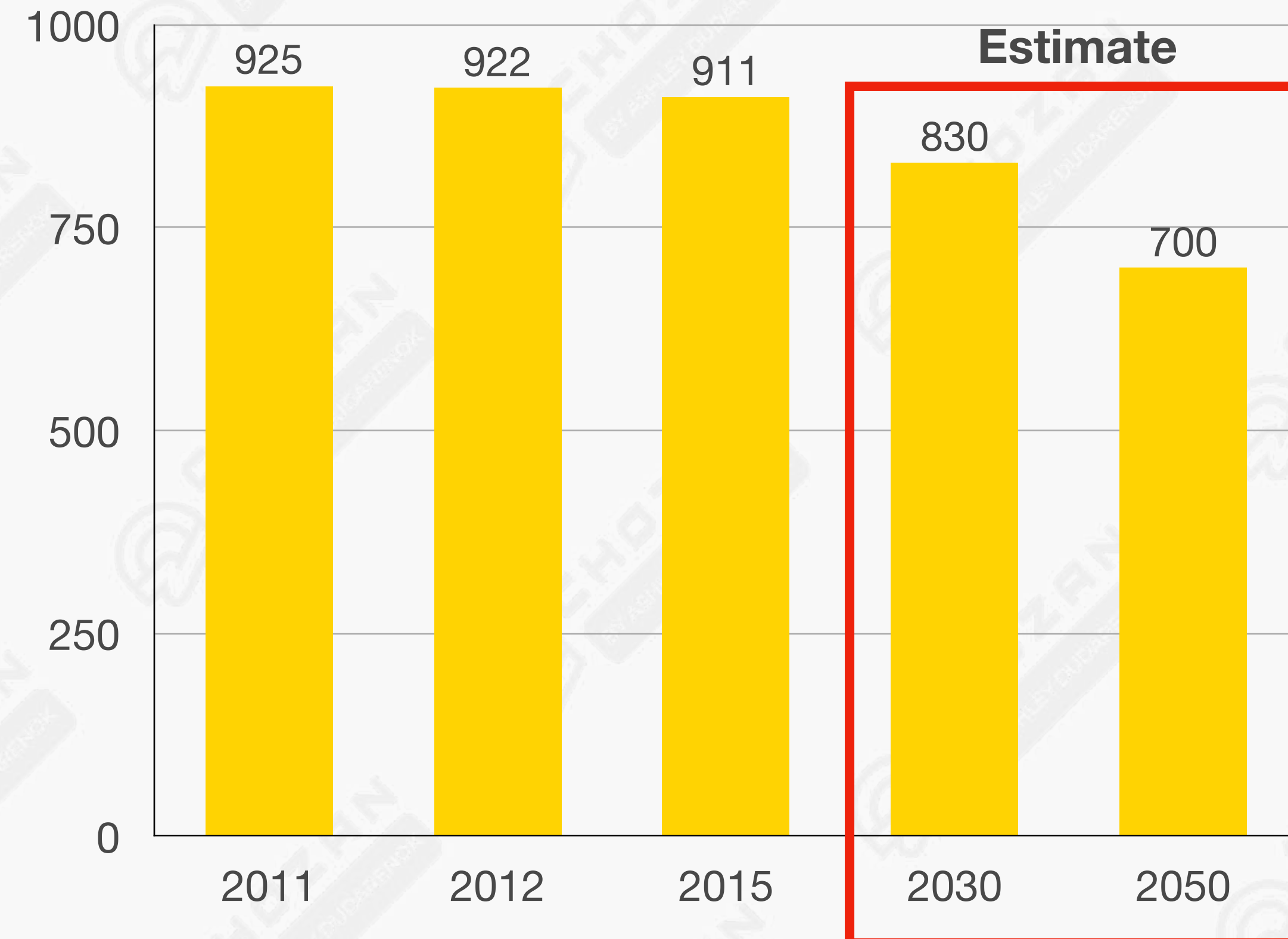
Source: [Worldometer](https://www.worldometer.info/)

CHINA'S WORKING-AGE POPULATION

SHRINKING WORKING-AGE POPULATION POSES PRESSURE ON LABOR SUPPLY

China's working-age population (ages 16 to 59) is steadily shrinking, with projections showing a significant drop from 925 million in 2011 to **700 million** by 2050. This poses serious challenges for labor supply, economic growth, and social welfare systems, underscoring the need for labor force participation incentives and structural economic shifts.

**CHINA'S WORKING-AGE POPULATION AND ESTIMATE
(IN MILLION)**



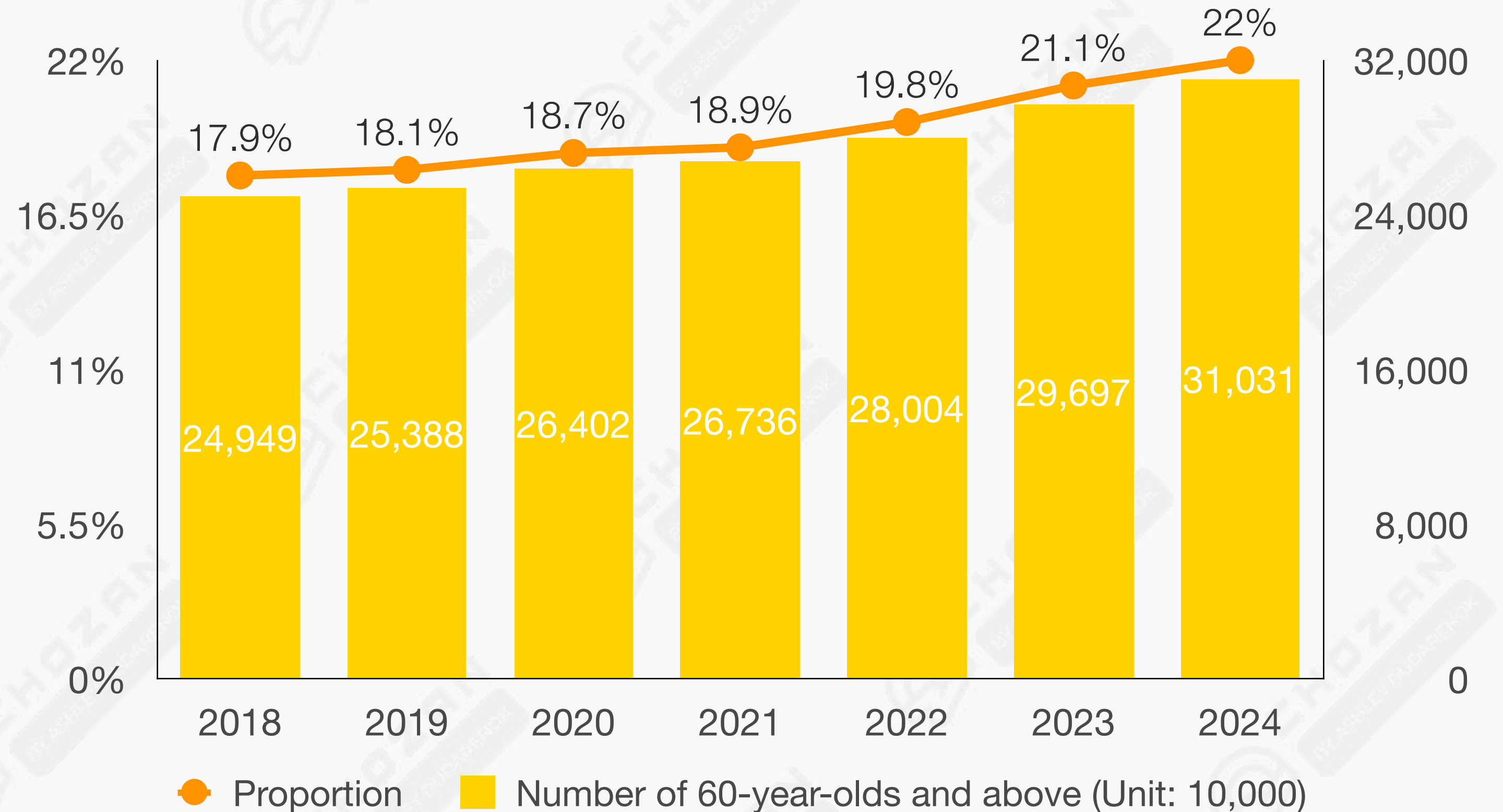
CHINA'S AGING POPULATION

DEEPENING POPULATION AGING COMES WITH BOTH CHALLENGES AND OPPORTUNITIES

China has a substantial elderly population, and since officially becoming an aging society in 2000, the rate of aging has steadily intensified. Official data shows that by 2024, the population aged 60 and over reached **310.31 million**, comprising **22%** of the total population.

This rapid aging signals rising pressure on healthcare, pensions, and social services, while also creating potential market opportunities in elderly care, health tech, and age-friendly consumer products.

CHINA'S PROPORTION AND POPULATION AGED 60 AND ABOVE IN 2018-2024



EXPERT BITES

Q: WHAT ARE CHINA'S TOP 3 CHALLENGES IN THE NEXT 3 YEARS, AND THEIR BUSINESS IMPLICATIONS?

Who will care for the aging population? The aging crisis in China isn't just about declining productivity—it's also an economic, political, and emotional challenge. Young people feel a strong desire but lack the financial means to care for their elders. Without intervention, hundreds of millions of under-cared-for elderly could create a profound crisis that touches every aspect of society.

How will you nurture innovation and entrepreneurship? The last few years have been particularly hard on risk-takers, dampening the entrepreneurial spirit China is known for. Reviving a culture of innovation will be essential to sustain long-term growth and competitiveness.

How will you navigate conflict—both internal and external? As the global landscape shifts and China's economy slows, the potential for internal dissatisfaction and external tensions rises. Managing these challenges effectively will require both economic stability and a clear strategic vision.



ZAK DYCHTWALD

Author, HBR expert, and CEO of Young China Group and YCG BridgeWorks

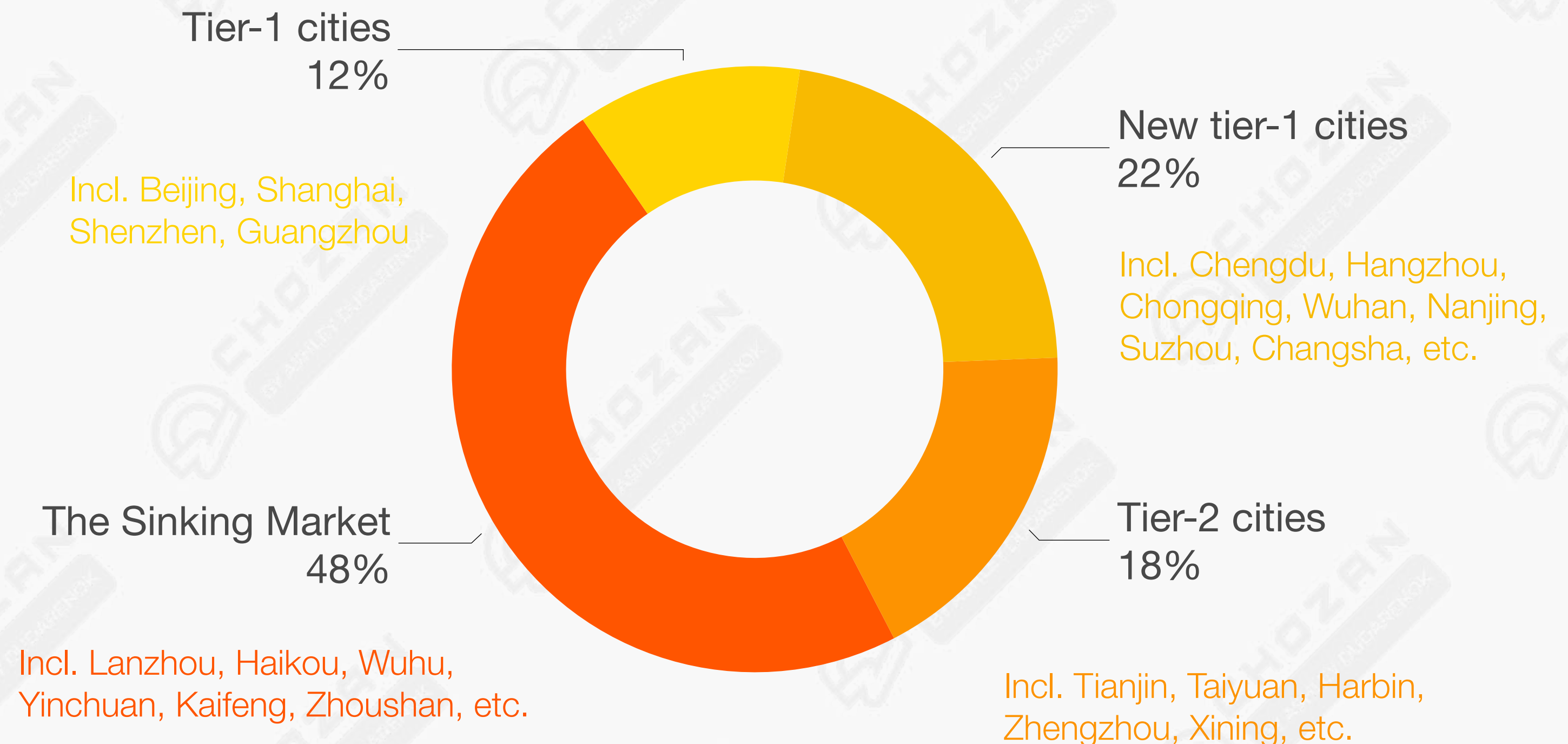
RETAIL & MARKET CONSUMPTION

CHINA'S CONSUMPTION MARKET

THE SINKING MARKET IS A MAJOR CONSUMPTION FORCE IN CHINA

The sinking market refers to tier-3 and lower-tier cities, county-level towns, and rural areas, which make up approximately **48% of total consumption**. While this group occupies 70% of China's population, it brings market potentials in catering, entertainment, education and other services.

CHINA'S CONSUMPTION MARKET STRUCTURE IN 2024

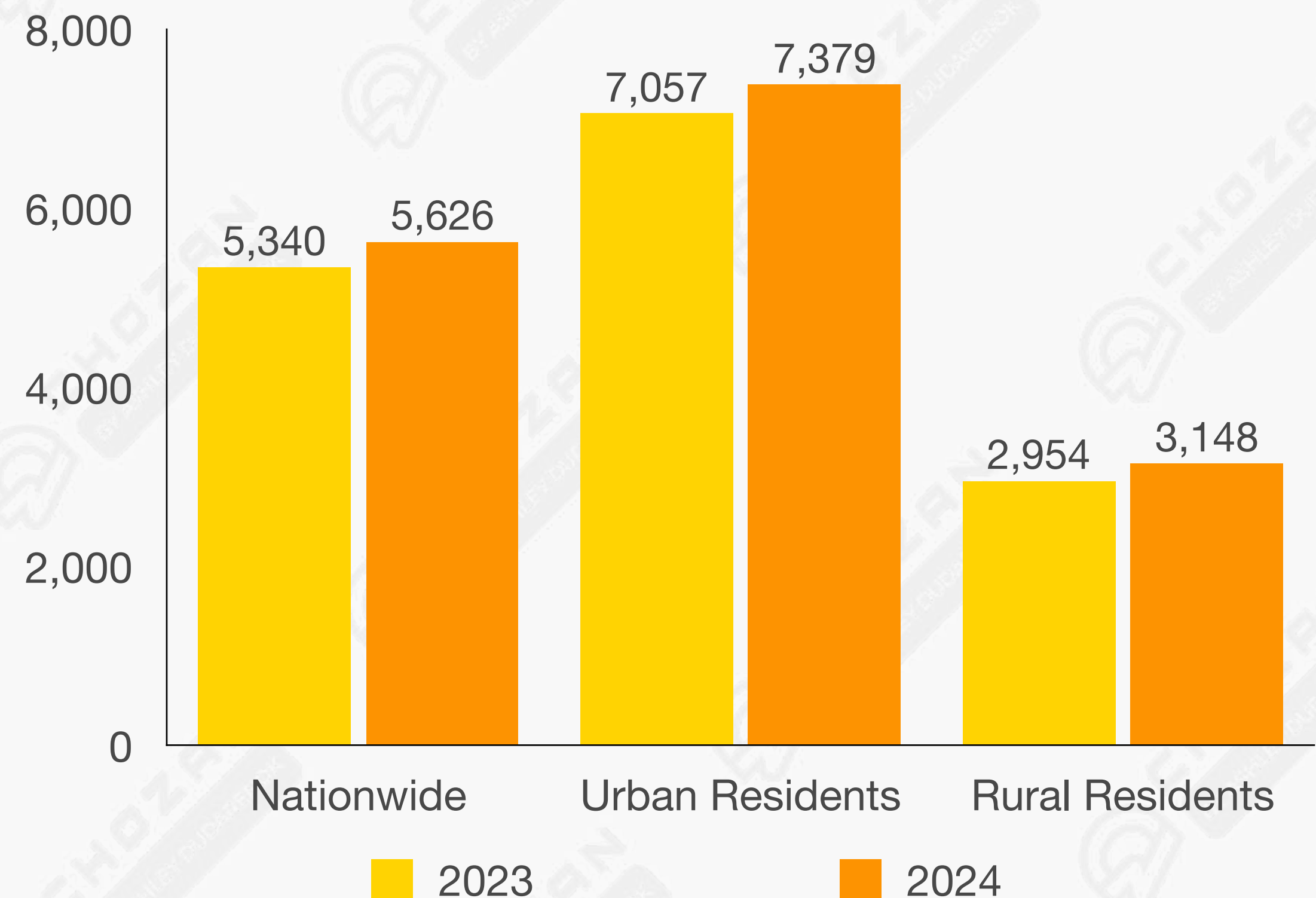


CHINA'S HOUSEHOLD INCOME

HOUSEHOLDS' INCOME ROSE BUT SAVINGS WERE INSUFFICIENT FOR CONSUMPTION GROWTH

In 2024, China's **per capita disposable income** **increased by 5.3%** to RMB 41,314 (USD 5,626). Judging from the data alone, per capita disposable income has indeed increased, but excess savings are still mainly concentrated in high-income groups, while middle- and low-income groups still have insufficient consumption capacity.

PER CAPITA DISPOSABLE INCOME (IN USD) OF URBAN AND RURAL RESIDENTS NATIONWIDE IN 2024

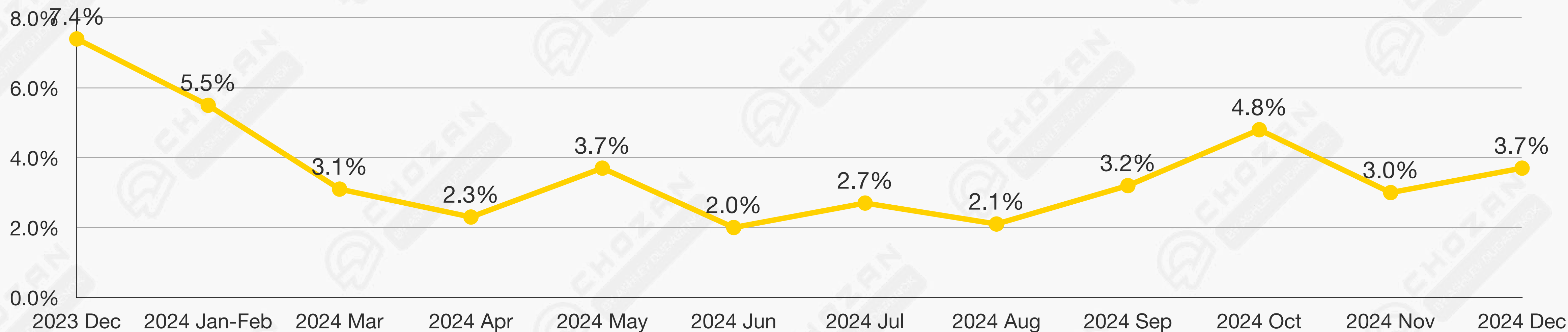


CHINA'S RETAIL SALES

CHINA'S CONSUMPTION ENGINE REMAINS UNDERPOWERED, NECESSITATING FURTHER ACTIONS

In 2024, the total retail sales of consumer goods were 48,789.5 billion RMB (about 6,725.88 billion USD), **up by 3.7% year on year**, of which the retail sales of consumer goods other than automobiles up by 3.8%, reflecting cautious recovery in domestic consumption, buoyed by policy support for consumer spending and steady demand for everyday goods.

YEAR-ON-YEAR GROWTH RATE OF TOTAL RETAIL SALES OF CONSUMER GOODS IN 2024



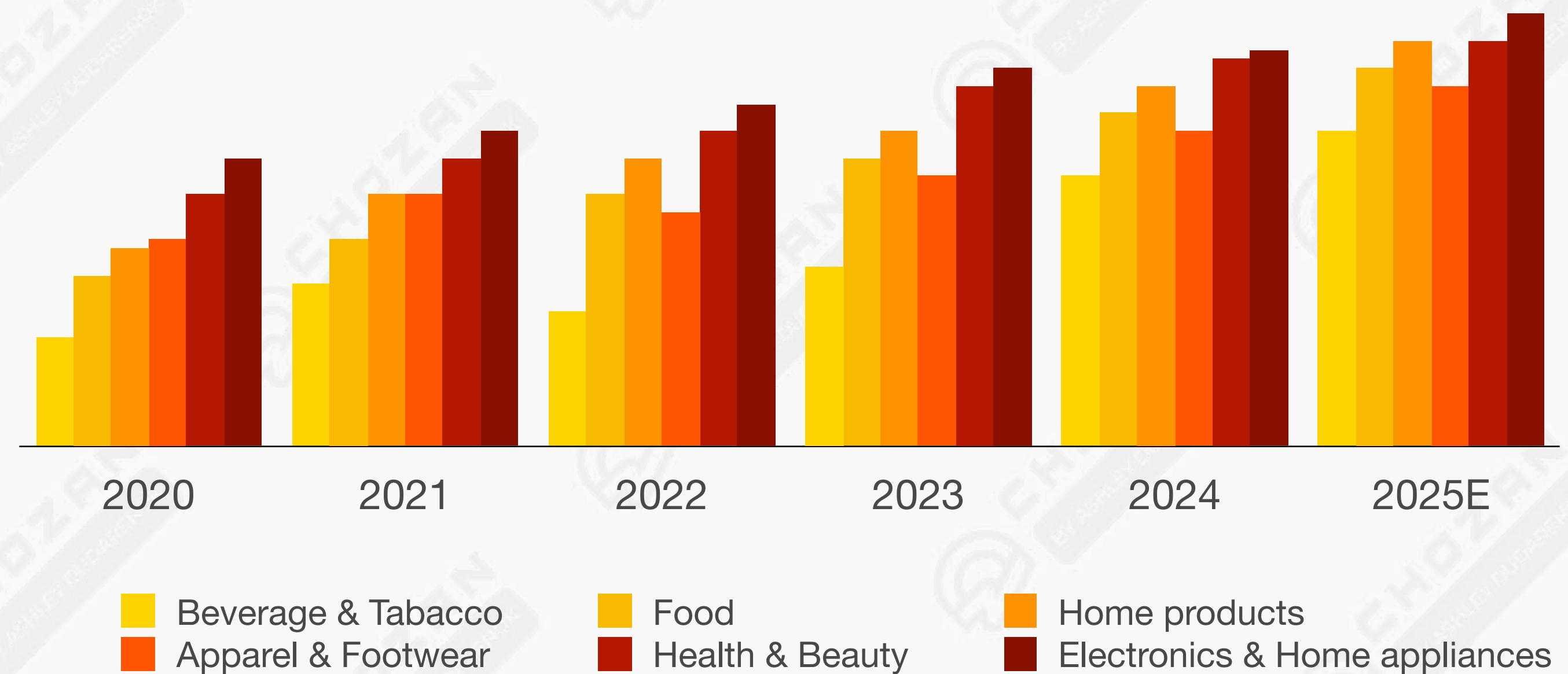
Source: [China Securities Journal](#)

CHINA'S ONLINE RETAIL

RETAIL SAW HIGHER ONLINE PENETRATION ACROSS DIVERSE CATEGORIES

The growing online penetration across diverse product categories signals a robust shift to digital commerce in China, with sectors like **health & beauty and home electronics seeing the most significant growth**. This highlights the need for companies and brands to further optimize e-commerce strategies and enhance their digital presence.

ONLINE PENETRATION TREND OF DIFFERENT PRODUCT CATEGORIES IN 2020-2025E

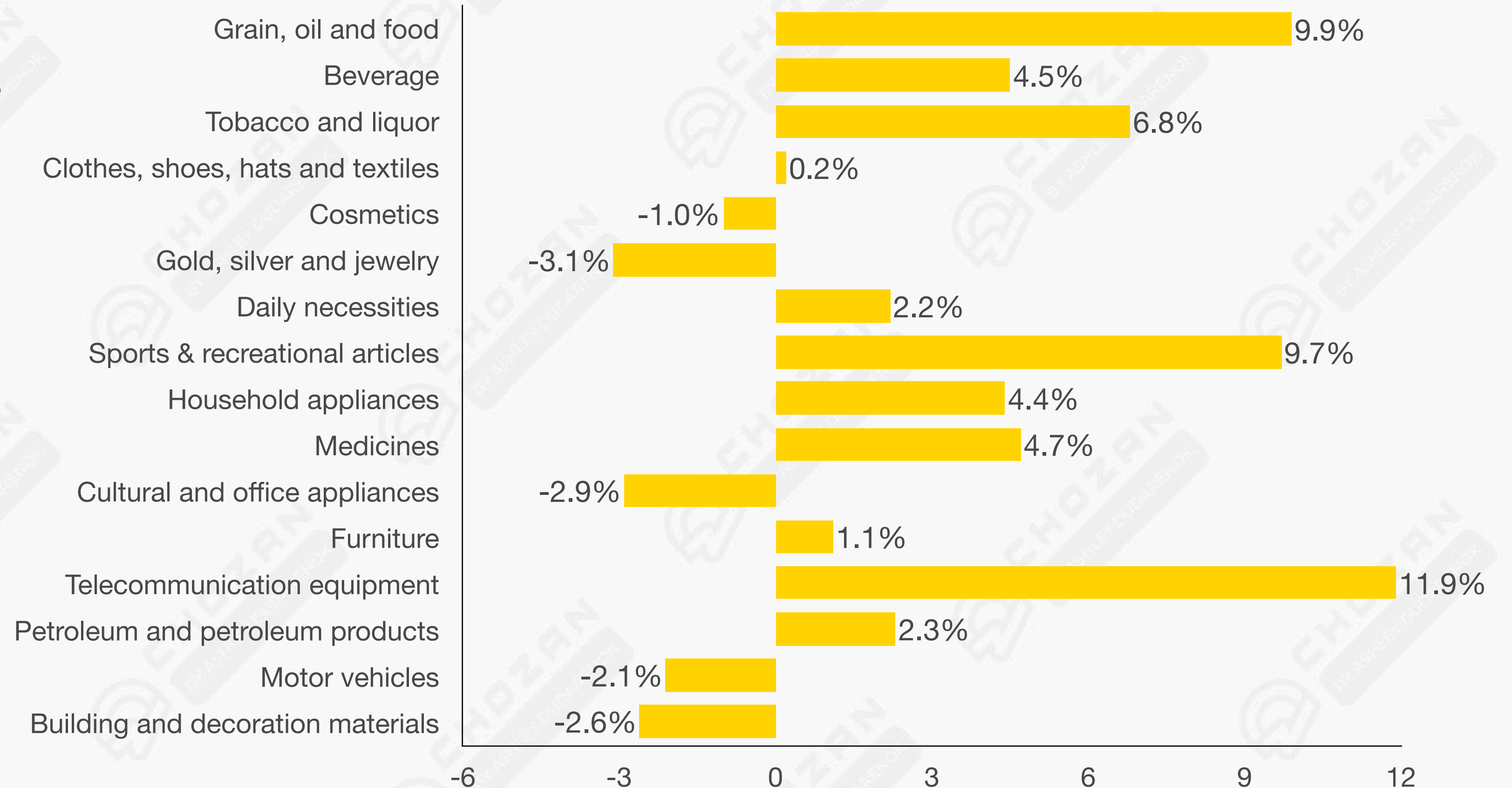


CHINA'S CONSUMER GOODS

NECESSITIES AND TELECOM GOODS ARE MOST PRIORITIZED IN RETAIL

There's a **strong growth in essentials and tech-related items**, like telecommunication equipment (11.9%) and food (9.9%), while luxury goods and discretionary items saw declines. This demonstrates a consumer focus on necessities and connectivity over non-essentials in 2024.

CONSUMER GOODS YEAR-ON-YEAR GROWTH RATE BY CATEGORY IN 2024 JAN-SEP



EXPERT BITES

Q: WHAT KEY CONSUMPTION TRENDS WILL DEFINE CHINESE CONSUMERS IN 2025, AND HOW CAN BRANDS ADAPT?

In 2025, Chinese consumers are likely to continue the trend of prioritizing personalization, premiumisation and sustainability. The “best bang for your buck” philosophy will be stronger than ever. Digital integration will remain a cornerstone, with e-commerce and social commerce driving purchasing behaviors. Health and wellness will play a significant role, as consumers seek products that enhance both physical and mental well-being. Additionally, experience-driven consumption will grow, with younger generations valuing services and exclusive offerings over material goods.

Brands can adapt by accelerating digital transformation, offering tailored and culturally resonant experiences and committing to sustainability initiatives. Leveraging data to provide personalised recommendations, enhancing online and offline shopping experiences and aligning with government initiatives to engage middle- and lower-income segments will also be key strategies.



JOSH GARDNER
CEO at Kung Fu Data

EXPERT BITES

Q: HOW DO YOU SEE CHINA'S ECONOMY, CONSUMER SPENDING, AND DIGITAL LANDSCAPE EVOLVING IN 2025?

In 2025, the Chinese government aims to further stimulate domestic consumption, focusing more on improving people's livelihoods than immediate spending growth.

This long-term strategy is expected to show initial results in 2025, though major consumption recovery remains unlikely. However, the 'debut economy' may generate excitement with the launch of new products, services, and technologies.



PASCAL COPPENS

Partner at nexxworks

EXPERT BITES

Q: WHAT DO YOU BELIEVE WILL BE THE DEFINING CONSUMER TRENDS IN RETAIL BY 2025, BOTH IN CHINA AND GLOBALLY?

Joy Spending: Chinese consumers seek reasons to believe in economic recovery, yet headwinds make them cautious. For many, this is the longest economic winter of their adult lives. Brands looking to inspire spending must go beyond products, delivering experiences and communities that bring joy after the transaction.

In 2025, I will watch joy spending in health and wellness, pets, travel, immersive entertainment, and home fragrance. In uncertain times, purchases in these areas provide a sense of wellbeing. I'm also curious about the evolution of road trips and glamping in China. This is China's first road trip generation, with widespread adoption of electric vehicles making driving affordable, and aspirations to explore nature encouraging travel. This trend transforms roadside retail and food experiences, as local governments and retailers strive to make their highway stops appealing.



JESSICA GLEESON

CEO at
Experiential Retail

EXPERT BITES

Q: WHERE DO YOU SEE CHINESE CONSUMPTION AND DEMAND HEADING OVER THE NEXT 3 TO 5 YEARS?

In 2025, we believe the success of auto and home appliance trade-in subsidy policy raises the probability of the program being broadened to further categories. Auto and household purchase subsidies explicitly raise consumption while implicitly raising employment as these two industries employ a large number of people. EV and hybrid giant BYD has more than 700,000 employees for example.

While China continues to benefit from export-driven manufacturing, the threat of US tariffs highlights the benefits of raising domestic consumption. Raising consumption involves more than raising house prices and consumer confidence but addressing structural issues such as the minimal social safety net. The Chinese government's pivot to addressing these issues should lead to a steady rebound in domestic consumption in 2025 and beyond.



BRENDAN AHERN

Chief Investment Officer at
KraneShares

HOW ARE FOREIGN BUSINESSES DOING IN CHINA TODAY?

ESTIMATED CHINA ENTRIES IN 2025

CHINA STAYS A PRIORITIZED MARKET IN BUSINESS INVESTMENT

According to the China's business climate survey done by AmCham China in Nov 2024, overall, responding companies' investment expectations remain largely unchanged from 2024, with just over half anticipating increasing investment in China operations in 2025, showing that the strategic prioritization of the China market remains a key driver in business.

ESTIMATED INCREASE IN INVESTMENT IN CHINA OPERATIONS FOR 2025

- Planning to decrease investments
- No investment expansion planned
- 1-10%
- 11-20%
- 21-25%
- 26-50%
- Above 50%



CHINA AS A KEY DESTINATION FOR BUSINESSES

CHINA STAYS A PRIORITIZED MARKET IN BUSINESS INVESTMENT, COMPARED TO OTHER EMERGING MARKETS

According to the 2024 Kearney Foreign Direct Investment Confidence Index (FDICI) report, **China still ranks first among the 25 emerging markets most attractive to investors** over the next three years. This indicates that while global investment flows are shifting, China continues to be a key destination for foreign investment, reinforcing its importance in the global economic landscape.

CHINA RANKS THE MOST ATTRACTIVE EMERGING MARKETS

FOR INVESTORS OVER THE NEXT THREE YEARS, FOLLOWED BY THE UAE, SAUDI ARABIA, INDIA, BRAZIL, AND MEXICO

CHINA RANKS AMONG THE TOP THREE IN THE 2024 GLOBAL FOREIGN DIRECT INVESTMENT CONFIDENCE INDEX

ALONGSIDE THE UNITED STATES AND CANADA

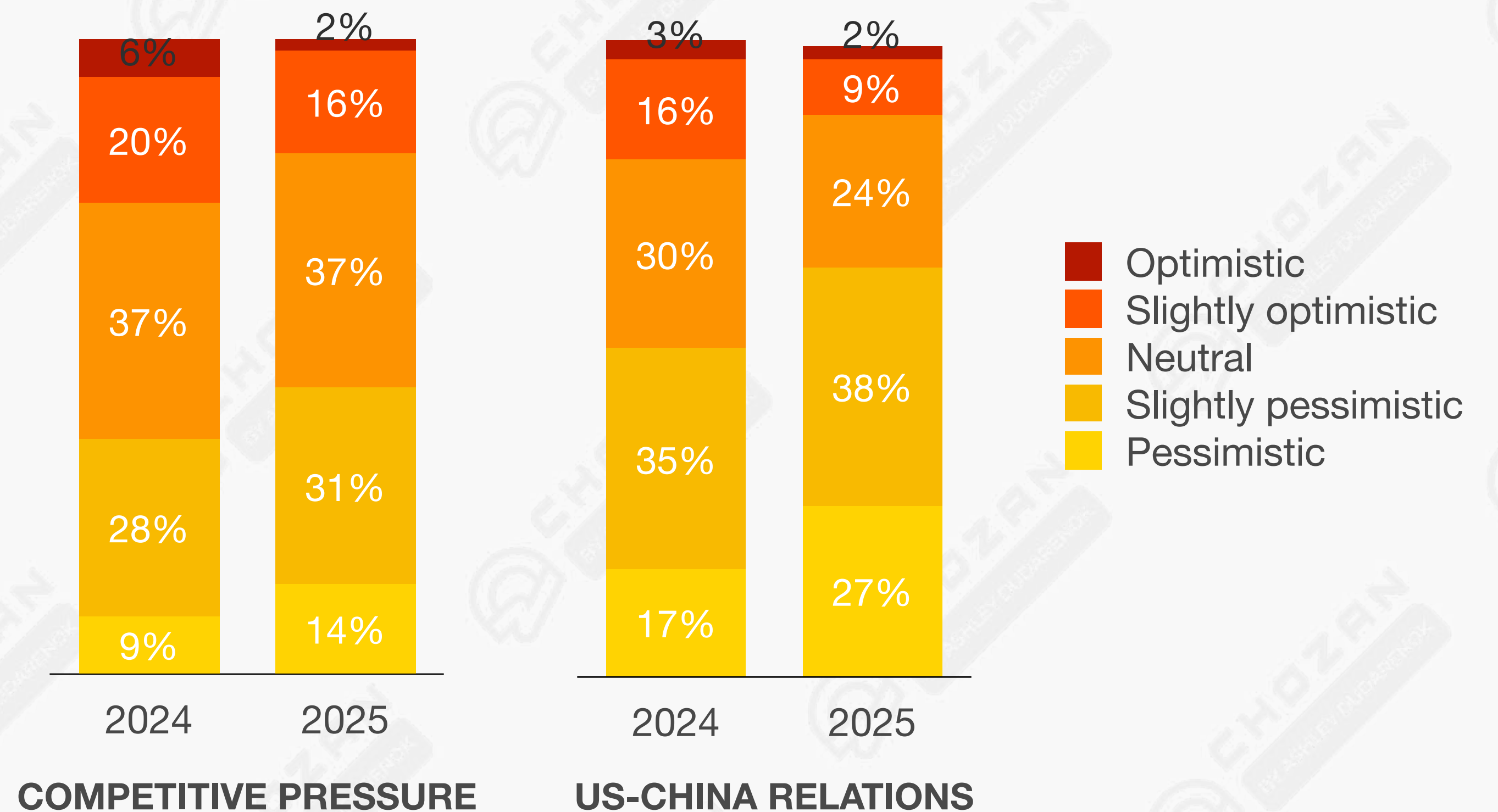
CHINA'S BUSINESS ENVIRONMENT WITH PRESSURE

COMPANIES NEED TO TAKE A MORE CAUTIOUS APPROACH IN THE CHINESE MARKET

COMPANIES' TWO-YEAR BUSINESS OUTLOOK IN CHINA

According to the China's business climate survey done by AmCham China in Nov 2024, companies **two-year business outlook is less optimistic.**

While China remains an important market for foreign businesses, concerns over increased competition and geopolitical tensions are affecting long-term confidence.



THE BIGGEST OPPORTUNITIES OF ENTERING CHINA IN 2025

MOST SECTORS VIEW GROWTH POTENTIAL IN THE CHINESE MARKET

TOP THREE IMPORTANT OPPORTUNITIES FOR CHINA BUSINESS (BY SECTOR)

FOR TECH AND R&D SECTOR

FOR CONSUMER SECTOR

FOR SERVICE SECTOR

NO.1

Growth in China's domestic consumption, and the rise of an increasingly sizable and affluent middle class (41%)

Growth in China's domestic consumption, and the rise of an increasingly sizable and affluent middle class (59%)

Globalization of Chinese companies and increased outbound investment (51%)

NO.2

Ongoing economic and market reforms (34%)

Ongoing economic and market reforms (41%)

Ongoing economic and market reforms (47%)

NO.3

Adoption of digital technologies (33%)

Increasing consumer demand for foreign brands and quality (33%)

Growth in China's domestic consumption, and the rise of an increasingly sizable and affluent middle class (25%)

THE BIGGEST CHALLENGES OF ENTERING CHINA IN 2025

RISING US-CHINA TENSIONS REMAINS THE TOP CHALLENGE FOR FIVE CONSECUTIVE YEARS

1

RISING TENSIONS IN US-CHINA RELATIONS (63%)

Ongoing geopolitical tensions between the US and China have led to increasing trade restrictions, supply chain disruptions, and regulatory hurdles for foreign businesses.

2

COMPETITION FROM STATE-OWNED CHINESE COMPANIES (39%)

Domestic Chinese companies, particularly state-backed enterprises, benefit from government support, preferential policies, and strong local market knowledge, making it difficult for foreign firms to compete.

3

REGULATORY COMPLIANCE RISKS (26%)

China's regulatory landscape is complex and evolving, with strict requirements on data security, labor laws, and anti-monopoly regulations. Businesses must stay agile to navigate frequent policy updates.

4

INCONSISTENT REGULATORY INTERPRETATION (25%)

Regulatory enforcement varies, and policies like cybersecurity rules and anti-espionage laws have been applied inconsistently, leaving foreign firms vulnerable to unexpected legal risks and operational challenges.

5

RISING LABOR COSTS (24%)

While China remains a key global manufacturing hub, wages have been rising steadily, especially in coastal regions. Businesses must adapt by investing in automation, shifting operations to lower-cost inland cities, etc.

STRATEGIES FOR ENTERING CHINA IN 2025

MORE IMPORTANCE SHOULD BE ATTACHED TO LOCAL PARTNERSHIPS, COMPLIANCE AND COST OPTIMIZATION

1

LEVERAGE LOCAL PARTNERSHIPS TO NAVIGATE GEOPOLITICAL TENSIONS

Foreign firms could prioritize forming strategic partnerships with local businesses or government-linked entities to circumvent some trade restrictions, reduce supply chain disruptions, and enhance market credibility.

2

ADAPT TO DOMESTIC COMPETITION THROUGH INNOVATION AND NICHE TARGETING

To compete effectively, foreign firms should innovate and focus on niche markets or premium segments where they can offer differentiated products or services that cater to unmet needs.

3

INVEST IN REGULATORY EXPERTISE AND LOCAL COMPLIANCE NETWORKS

Building a team of Chinese legal professionals or consulting firms that specialize in navigating the evolving regulatory landscape is crucial.

4

ENGAGE IN PROACTIVE GOVERNMENT RELATIONS AND POLICY ADVOCACY

Engaging in policy advocacy, especially through local chambers of commerce and trade organizations, can help ensure that their concerns about regulatory ambiguities or inconsistent enforcement are addressed.

5

OPTIMIZE OPERATIONS AND EXPLORE EMERGING MARKETS FOR COST EFFICIENCY

Foreign companies should invest more in automation technologies or other cutting-edge tech to reduce dependence on manual labor and enhance operational efficiency.

EXPERT BITES

Q: WHAT SHOULD FOREIGN FIRMS ENTERING CHINA IN 2025 PRIORITIZE FOR BUILDING SUCCESSFUL LOCAL TEAMS?

Companies planning to enter China in 2025 should think carefully. The market is competitive, heavily regulated, and unlikely to yield quick profits. Entry should be based on a robust "In China for China" or "In China for Asia" strategy, supported by a well-researched, localized business plan.

Prioritize clear goals and roles, followed by hiring people who meet both technical and cultural requirements. For a startup team, regular exchanges between the local team and HQ are crucial. During market entry, hiring a foreign national with extensive China experience, Chinese language skills, and a strong understanding of HQ culture can be advantageous for close communication. Other factors include the need for industry expertise, regulatory knowledge, target customer base, and brand positioning. Foreign hires typically fill senior management, operations, or CFO roles, while local talent is better suited for sales and HR positions.



MIRIAM WICKERTSHEIM

General Manager at
Direct HR

EXPERT BITES

Q: WHAT ADVICE WOULD YOU GIVE TO COMPANIES LOOKING TO BUILD STRONGER PARTNERSHIPS BETWEEN CHINA AND EUROPE?

Time is “optichannel”. So, by prioritizing creative commerce, you will increase loyalty and advocacy in a service-driven market. It’s crucial to develop immersive and futuristic physical shopping experiences with playfulness and gamification, but you must conduct identity mapping to understand how your clients exist across different digital platforms.

Feedback is important, ratings and reviews, authenticity and transparency. Remember to seek Local expertise, to collaborate with local experts to navigate complex regulations effectively. Familiarize yourself with the legal and regulatory frameworks in both regions to ensure compliance. Especially Implement secure data-sharing management practices to facilitate collaboration. As commerce increasingly shifts to digital platforms with AI, the importance of maintaining a human touch grows—whether through enhancing the experience itself or empowering consumers with greater control.



FABIEN PACORY

Executive VP CCIFC French Chamber of Commerce and Industry in China

EXPERT BITE

Q: IS THERE STILL A MARKET FOR WESTERN SMALL AND MID-SIZED BRANDS IN CHINA? HOW CAN THEY STAND OUT?

I do believe there is still a huge opportunity for foreign brands in China in the right categories. Set your expectations and be prepared to play a long game. You probably won't be able to compete on price point, country of origin matters less, so figure out what exactly sets you apart and lean into it. Start small, identify and validate one or two hero products.

Yes, Chinese consumers are incredibly digitally savvy but that doesn't mean you can forget about offline, in fact, figuring out how to do offline in new, innovative ways might be your key to success. Localize beyond imagery, beyond naming — demonstrate a sophisticated understanding of Chinese heritage and culture in your products and marketing.



OLIVIA PLOTNICK
Founder at Wai Social

EXPERT BITES

Q: WHAT CAN FOREIGN BUSINESSES LEARN FROM CHINESE BRANDS ABOUT CULTURAL RELEVANCE AND IMPACT?

To build culturally relevant and impactful brands in China, foreign businesses should start by embracing the country's diversity and complexity. Finding a unique brand identity that resonates with Chinese consumers requires navigating subcultures and balancing local cultural adaptation with authenticity. It's also essential to keep pace with China's rapid evolution, staying attuned to shifting consumption trends, values, and shopping behaviors.

Thoughtfully addressing societal dynamics—such as the tension between China's collective heritage and the growing rise of individualism—can foster deeper connections. Leveraging consumer insights research and crafting brand experiences that resonate with these dynamics are critical. Finally, brands should reimagine their offerings in line with cultural shifts, such as the move from materialistic aspirations to a desire for spiritual enrichment and meaningful experiences, particularly in luxury categories.



VLADIMIR DJUROVIC
CEO of Labbrand Group

EXPERT BITES

Q: WHICH INDUSTRIES VALUE EXPATRIATE LEADERSHIP IN CHINA 2024 TO 2025?

Anything with chips and codes inside is one area where partnership is urgent and vital, as geopolitical factors drive wedges between Chinese solutions and their American, European and worldwide counterparts. Even technical leaders must act as merchants of specific solutions, and strategic leaders must keep their eyes open for opportunities to match ideas, funding, resources and talent.

Another is the service sector, as China urgently needs growth in sectors such as tourism, hospitality, financial, legal, environmental and consulting services, where advanced economies have superior expertise and experience. Foreign service firms did much better in China than industrial or manufacturing ones, and pushing that trend forward has lots of untapped potential.



GABOR HOLCH

Founder of East-West Leadership
and Author of “Dragon Suit”

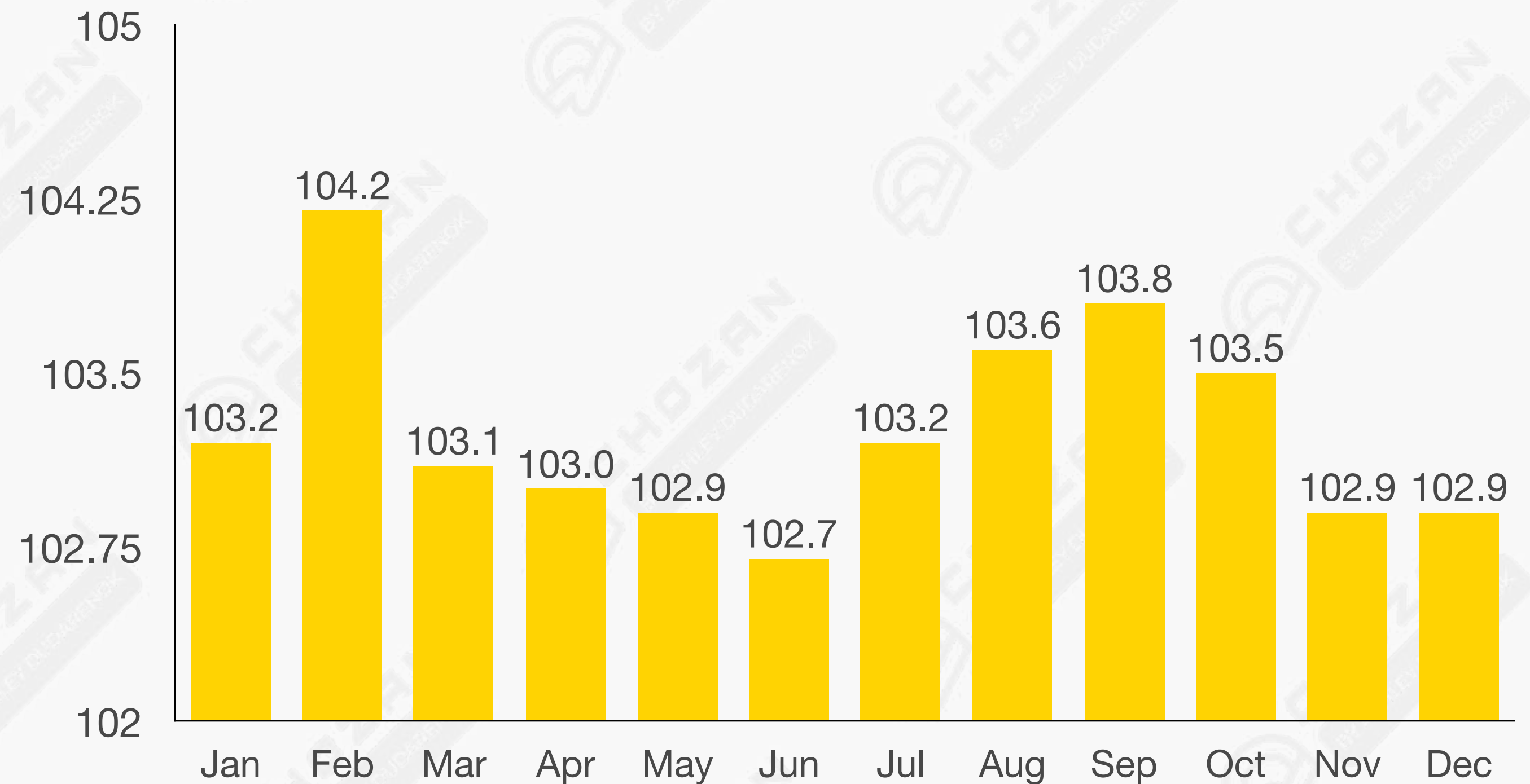
CONSUMER MINDSET & SENTIMENT

CHINA'S CONSUMER PRICE INDEX

CPI REMAINS LOWER THAN FORECASTS DUE TO SLOW ECONOMY

According to China's official data, Consumer Price Index (CPI) averaged 102.55 points from 2021 to 2024. In December, CPI increased by 0.1% year-on-year, the **slowest growth rate** since April 2024. This indicates underlying concerns about economic growth and consumer confidence.

CHINA'S MONTHLY CPI PERFORMANCE IN 2024

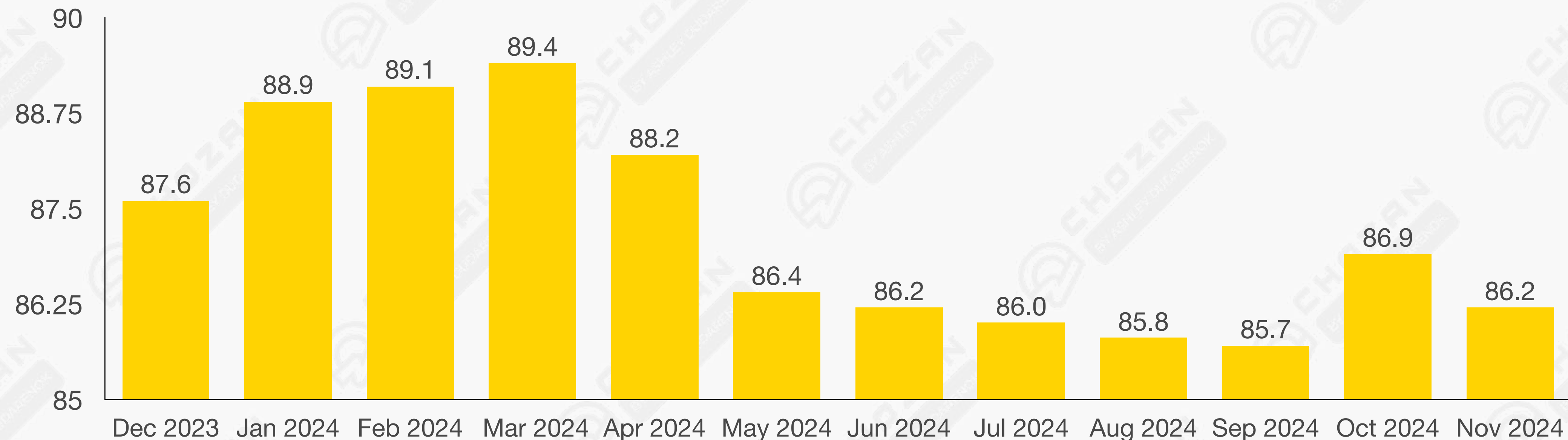


CHINA'S CONSUMER CONFIDENCE

CONSUMER CONFIDENCE MAINTAINS DOWNWARD TRAJECTORY FOR A WHILE NOW

Consumer Confidence Index (CCI) in China decreased to 86.2 points in November from 86.9 points in October of 2024, and the index dropped considerably since 2022 and performed under the neutral level. This would further challenge China's post-pandemic recovery and long-term growth prospects.

**CHINA'S CCI (CONSUMER CONFIDENCE INDEX) IN DEC 2023-NOV 2024
(NEUTRAL=100)**

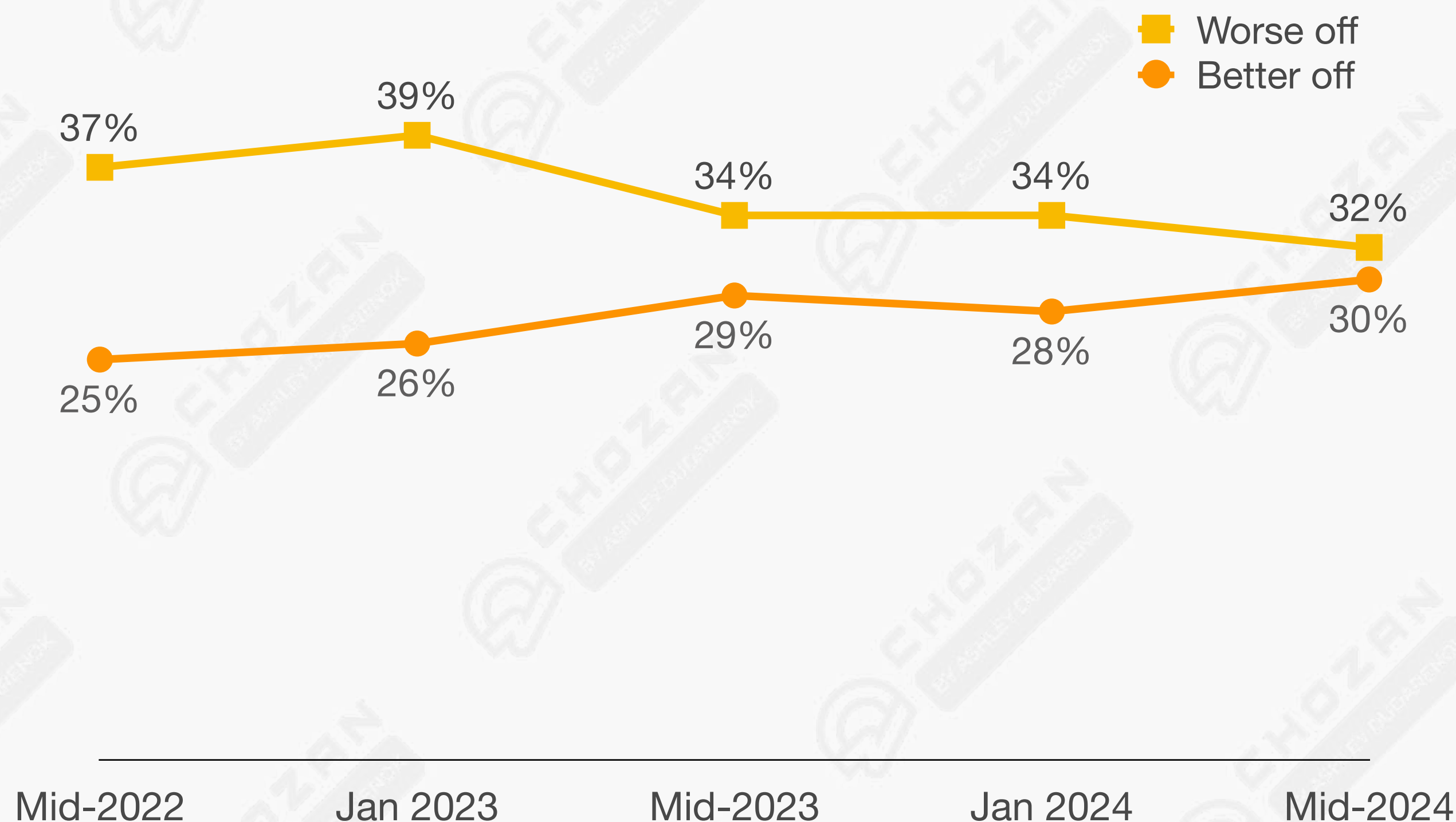


CHINA'S CONSUMER SENTIMENT ON FINANCE

CONSUMER SENTIMENT ON FINANCIAL POSITION HAS CONTINUED DROPPING IN 2024

In 2024, a higher percentage of consumers felt **“worse off”** than **“better off”** in their financial position. The gap between those feeling worse off and better off remains large, indicating ongoing financial pessimism, which could affect consumer spending in the long run.

YEAR-ON-YEAR GROWTH OF CONSUMER SENTIMENT TOWARDS THEIR FINANCIAL POSITION

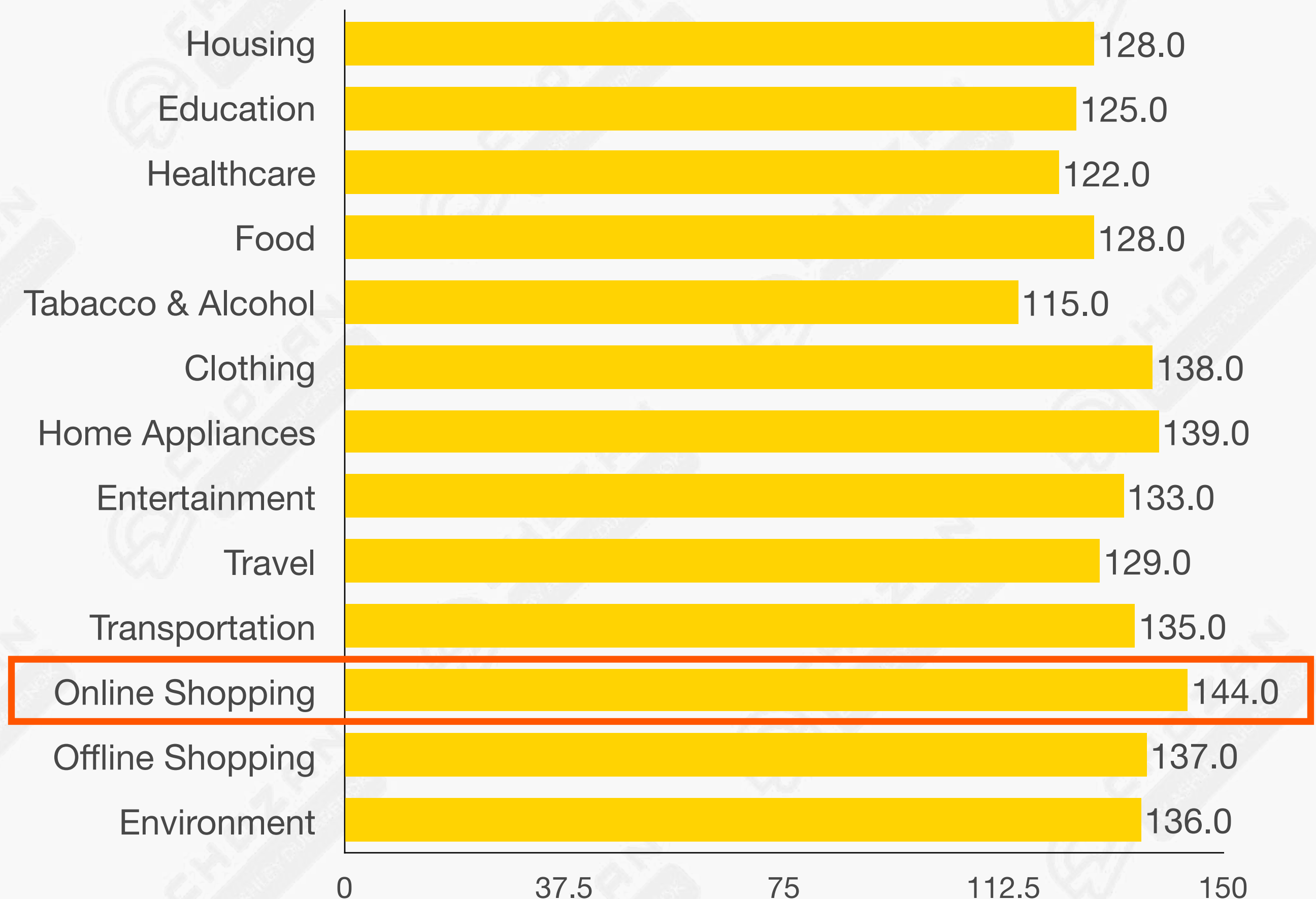


CHINA'S CONSUMER SATISFACTION

ONLINE SHOPPING SATISFACTION REMAINS HIGH BOOSTING DIGITAL COMMERCE POTENTIAL

CONSUMER SATISFACTION (BY CATEGORY / SECTOR) IN 2024

The overall consumer satisfaction level is 131, reflecting moderate satisfaction across sectors, while online shopping significantly outperforming others, showing consumers' strong confidence and concentrated focus on online shopping.



EXPERT BITES

Q: HOW SHALL BRANDS BETTER CONNECT EMOTIONALLY WITH CHINESE CONSUMERS IN 2025?

Playability and versatility are the key to establishing a stronger connection with Chinese consumers. The economic downturn has already taken its toll on many of them, making it crucial to incorporate light-hearted and entertaining elements into the products and services.

At the same time, the versatility that brands offer is also associated with the possibilities of life. Brands are expected to inspire Chinese consumers not only with their products and services, but also with their tenacity.



SAMI WONG

Psychologist and
Founder of 3Drips

EXPERT BITES

Q: HOW CAN FOREIGN BRANDS SUCCEED IN CHINA AND ADAPT TO TRENDS AND CONSUMER PREFERENCES IN 2025?

Foreign brands aiming to thrive in China in 2025 should adopt a long-term strategy, building their presence step-by-step with a focus on high-ROI initiatives at first.

While a full omnichannel approach may not be feasible initially, prioritizing gradual, consistent, measurable progress is key.

Brands must stay agile, aligning with evolving market dynamics and consumer behaviors, while maintaining a clear vision and steadily building their presence over time.



AURELIEN RIGART

Managing Director & Co-Founder at
IT Consultis (ITC)

EXPERT BITES

Q: HOW CAN BRANDS BUILD TRUST AND LOYALTY WITH CHINESE CONSUMERS IN 2025?

There are no quick fixes. If you take quick fix, chasing short term KPIs and operations alone, which is what many did in 2024 and further lost out; it's like band-aid which can cover up the bruises for short term protection, but deeper recovery needs long term investment, muscle training with refuelling. This is like growing pains – China is in an absolute beautiful transition and will come out stronger! In this change and transition phase, have a deeper review, trim away the old and equip yourself with new shaper axe and longer term oiling for growth - food for thought snippets. Value exchange offering – price, function, style won't cut ice. "What are you investing in us which is visible, truly impactful and supports our communities and groups, not just me for limited gratification?" eg – more focus on healthier, 90%-100% toxic free ingredients and safer materials – from food to skin care to connected devices. **New business model connect – involve the Chinese consumers in the value chain made in China for China.** For example, government's '24 plenary session has announced the 'trade-in policy' going full swing in '25. Brands need to co-create programs that facilitate trade-in, from home appliances to packaging to hardware and join the long-term recycling chain.



NISHTHA MEHTA

Corporate Innovation Coach,
CollabCentral Consulting

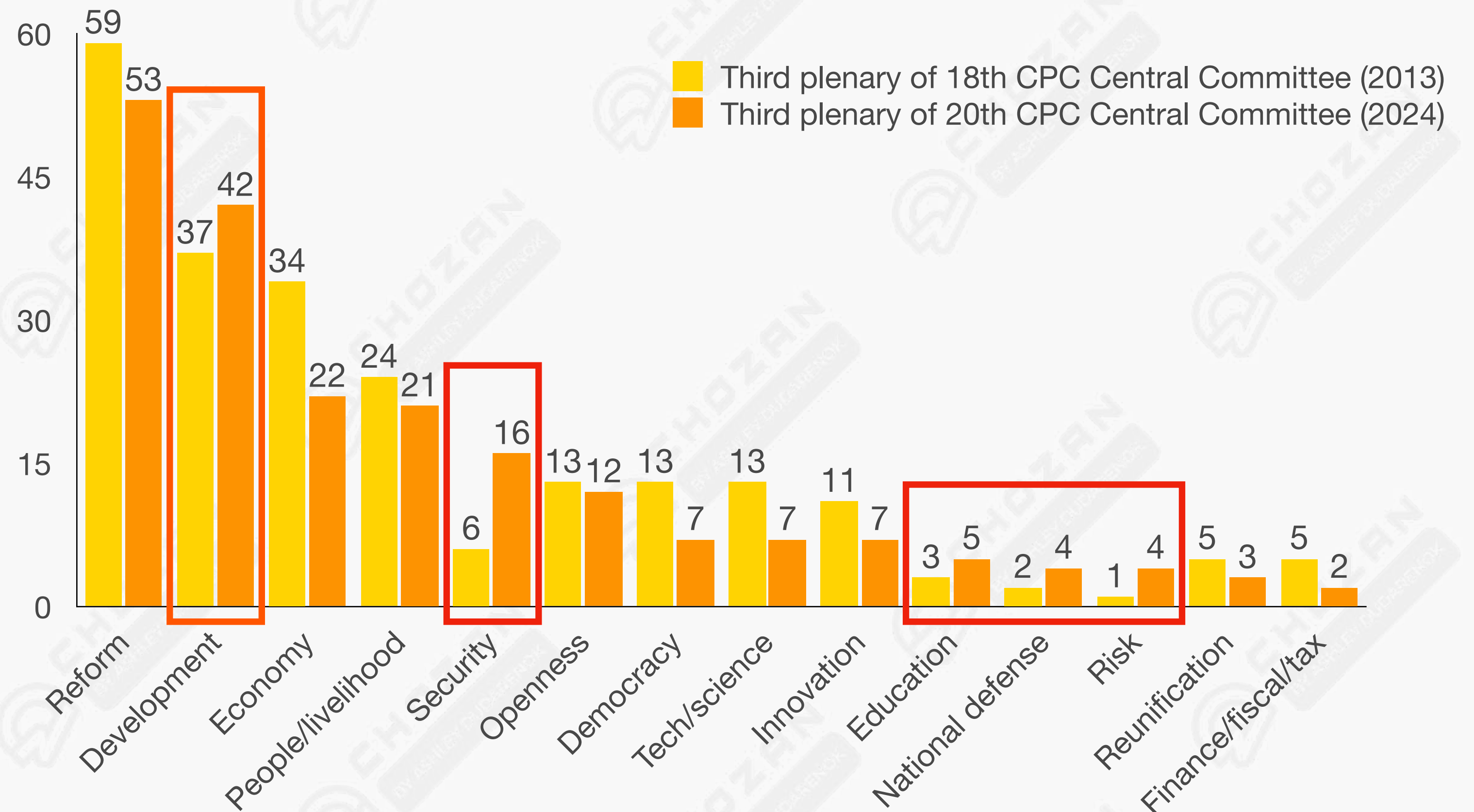
CHINA'S ECONOMIC OUTLOOK FOR 2025

CHINA'S DIRECTION: 3RD PLENARY SESSION IN 2024

KEYWORDS INCLUDE DEVELOPMENT, SECURITY, EDUCATION AND INNOVATION

The Third Plenary Session of the 20th Central Committee of the Communist Party of China (CPC) was held in Beijing from July 15 to 18, 2024. During this session, the Central Committee adopted a resolution aimed at further deepening comprehensive reforms to advance Chinese modernization. The meeting emphasized the importance of **high-quality development, technological innovation, and economic security**, reflecting the CPC's strategic priorities for the nation's future.

COMPARISON OF KEY TERMS FREQUENCY IN THE THIRD PLENARY OF 18TH AND 20TH CPC CENTRAL COMMITTEE



KEY HIGHLIGHTS OF THE 3RD PLENARY SESSION

CHINA'S GOVERNMENT PUTS EMPHASIS ON NQPF

KEY TAKEAWAYS	IMPLICATIONS
Balanced Support for Private and Public Sectors	The government continues to support SOEs (state-owned enterprises) while enhancing its support for the private sector, signaling a move towards more balanced growth , fostering innovation, and economic diversification.
Boosting Domestic Consumption Amid Economic Challenges	Addressing key social issues like unemployment and income inequality aims to stimulate long-term domestic demand , which could support sustainable economic growth if successfully implemented.
Green Transformation as a National Priority	While carbon neutrality remains a major challenge, efforts in sustainability and green industries present new growth opportunities.
Building a National Innovation Ecosystem	Emphasis on technology and innovation to drive future industries highlights China's commitment to becoming a global leader in high-tech sectors, offering opportunities for both state and private investment in strategic industries.
New Quality Productive Forces (NQPFs) as a Cornerstone	This concept focuses on fostering advanced productivity characterized by high-tech innovation, efficiency, and quality, moving beyond traditional economic growth models.

>> NQPF: A NEW GROWTH CONCEPT PROPOSED BY THE GOVERNMENT

KEY INDUSTRIES IN NQPF AND THEIR OUTLOOK

5G IS SET TO GROW INTO MATURITY

China's rapidly expanding 5G network, with **1.002 billion 5G mobile phone subscriptions**, is driving broad economic benefits. By 2030, 5G is expected to contribute USD 260 billion to the economy.

The rapid and maturing sector suggests immense growth potential, revolutionizing industries like smart factories and IoT-enabled products.

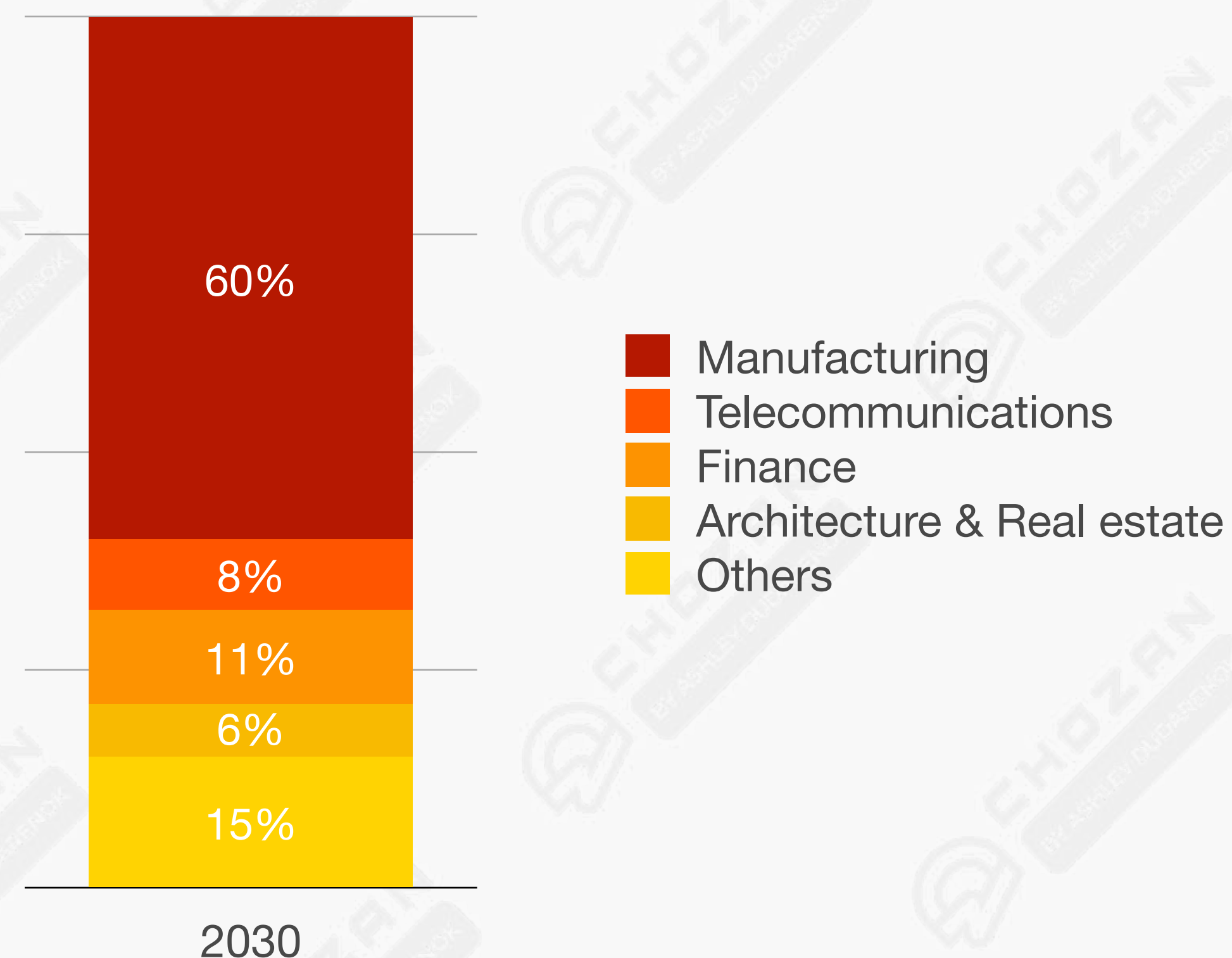


1.002 BILLION

5G MOBILE PHONE SUBSCRIPTIONS BY THE END OF 2024

Source: 21Economics, GSMA

INDUSTRIES BENEFITING FROM 5G DEVELOPMENT BY 2030 (ESTIMATED)



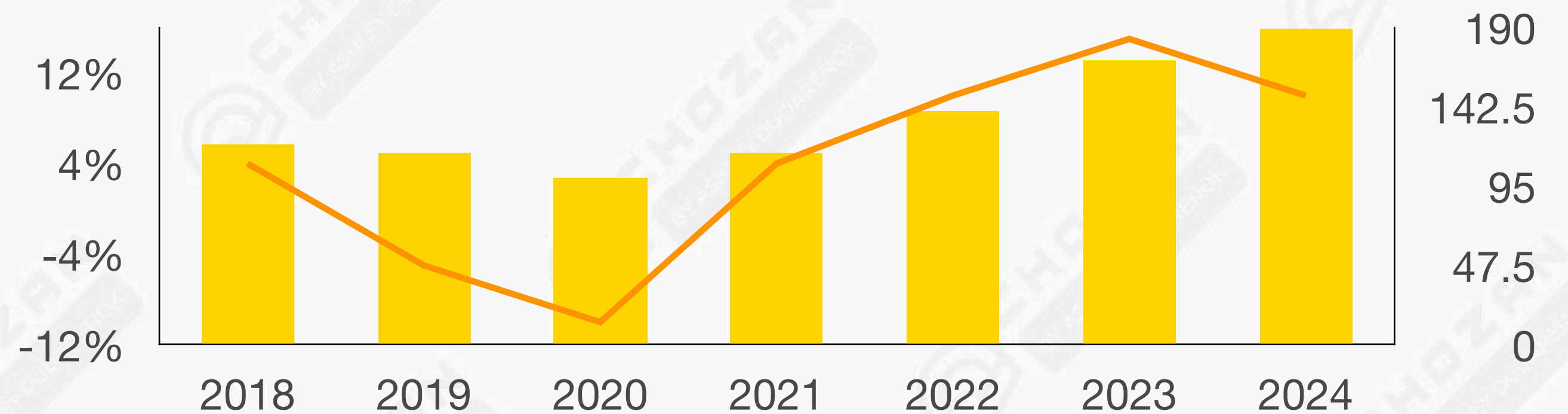
KEY INDUSTRIES IN NQPF AND THEIR OUTLOOK

HUMANOID ROBOTS DEMAND INCREASES IN MULTIPLE FIELDS

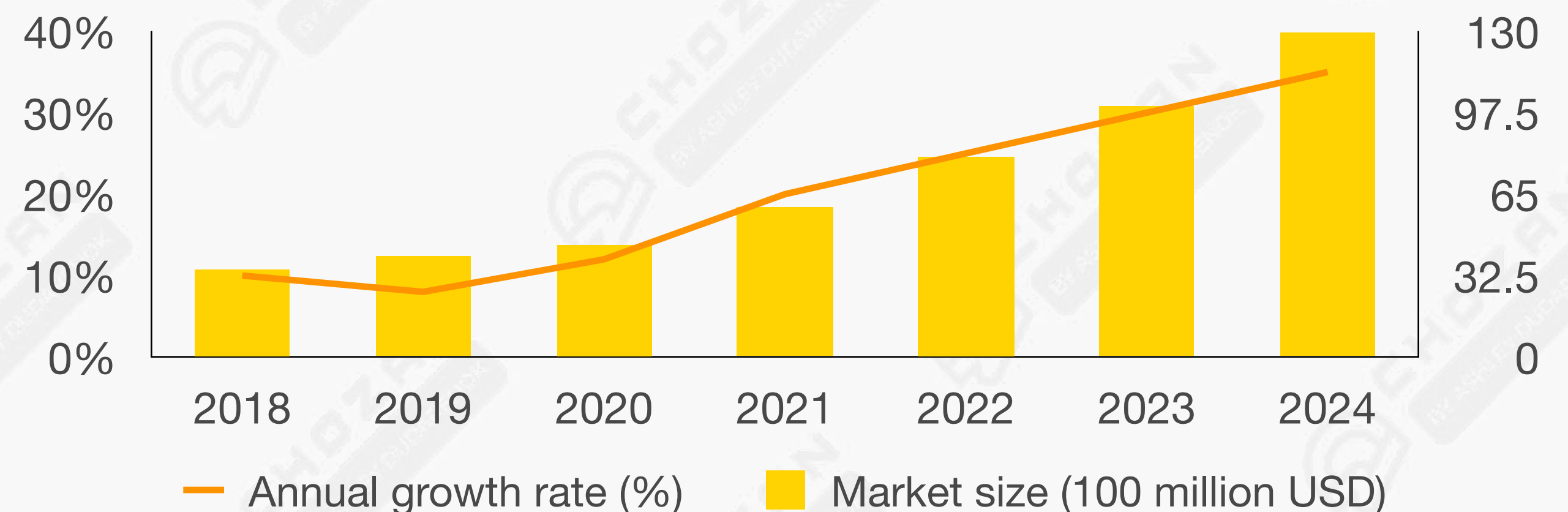
With China's aging workforce, particularly those aged 65 and above, the increasing labor costs and labor shortages have pushed the demand for industrial and service robots.

It is expected that the market size will continue to expand in the next few years. The application demand of humanoid robots in the fields of **home services, educational care, medical assistance, intelligent manufacturing**, etc. is increasing, and the market potential is huge.

INDUSTRIAL ROBOTS MARKET SIZE AND GROWTH (2018-2024)



SERVICE ROBOTS MARKET SIZE AND GROWTH (2018-2024)



KEY INDUSTRIES IN NQPF AND THEIR OUTLOOK

GENERATIVE AI THRIVES AND OFFERS TAILORED EXPERIENCE FOR USERS

By June 2024, China's generative AI user base reached 230 million, reflecting widespread adoption and industry integration.

With over 4,500 companies and core industry value nearing RMB 600 billion, China's robust AI ecosystem spanning chips, algorithms, and applications signals strong growth potential and offers users a diverse range of options and tailored experiences.

Platforms like DeepSeek and Kimi keep pushing this trend and adoption forwards.



230 MILLION

USERS OF GENERATIVE AI PRODUCTS BY JUNE 2024



~600 BILLION RMB

(ABOUT 82.84 BILLION USD) TOTAL VALUE OF THE CORE INDUSTRIES CENTERED ON GENERATIVE AI

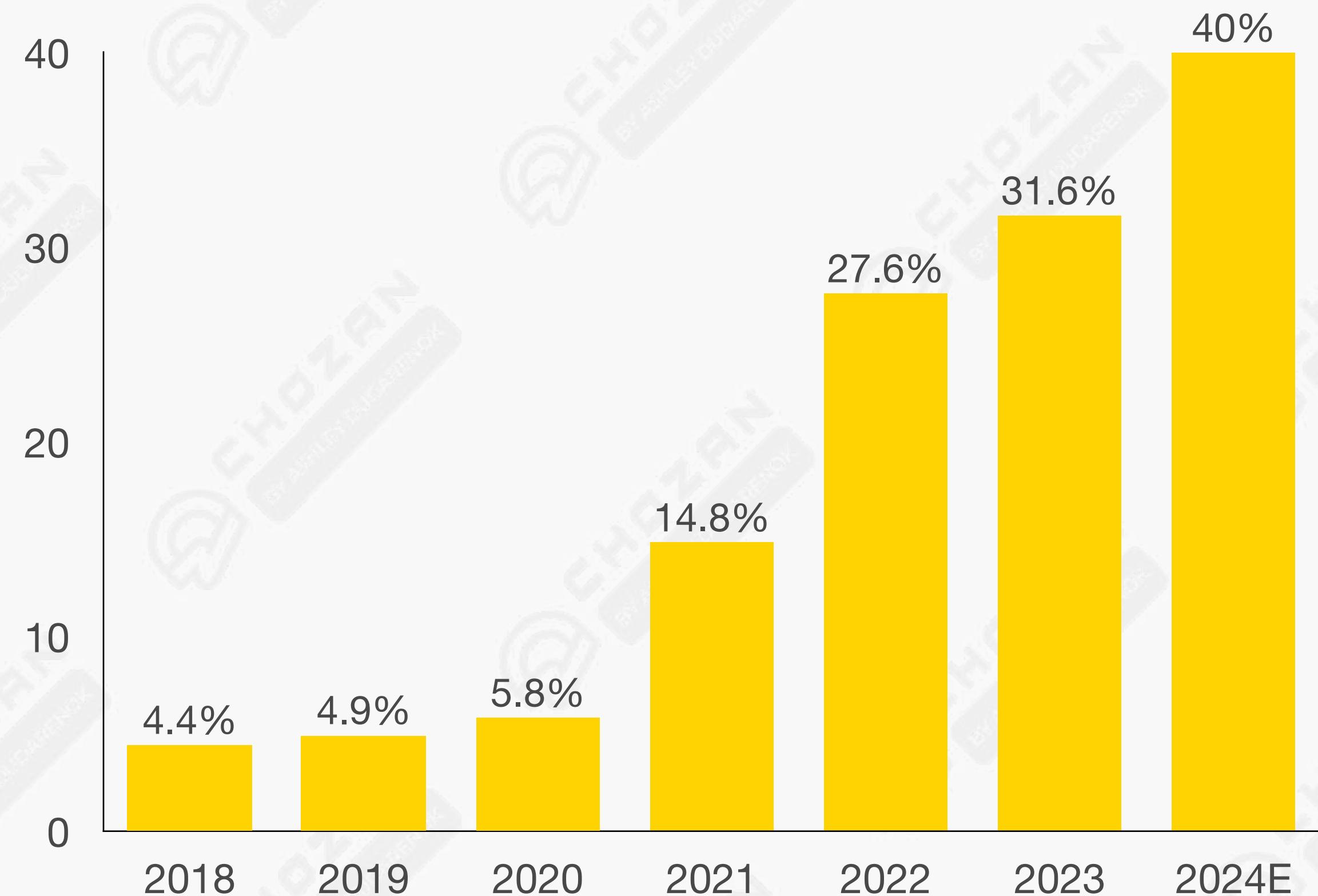
KEY INDUSTRIES IN NQPF AND THEIR OUTLOOK

NEV WILL FOCUS ON SPACE, DRIVING, AND USABILITY EXPERIENCES

According official data, China’s new energy vehicle (NEV) market is projected to reach a **40% penetration rate** by 2024, with growth rates far surpassing those of traditional vehicles.

The sector is poised for continued innovation, focusing on key user experiences such as space, driving, smart features, and overall usability, which will further drive adoption and market expansion.

CHINA'S NEW ENERGY VEHICLE MARKET PENETRATION RATE IN 2018-2024

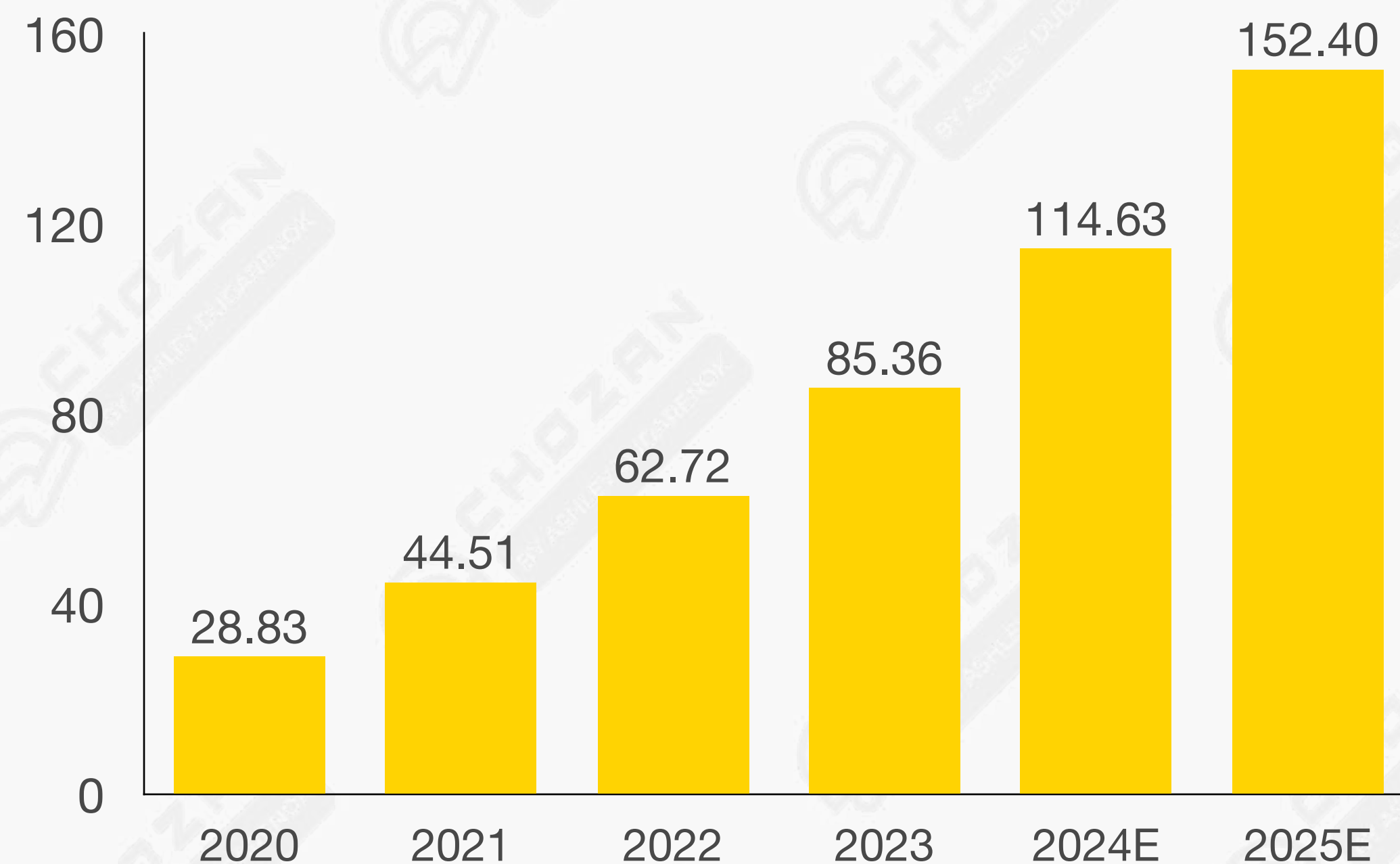


KEY INDUSTRIES IN NQPF AND THEIR OUTLOOK

CLOUD COMPUTING KEEPS EXPANDING

China's **cloud computing market is estimated to see a 34.3% year-on-year increase in 2024**, driven by AI advancements. This rapid growth highlights the sector's potential, with the market expected to surpass RMB 2.1 trillion by 2027, signaling a new wave of innovation and business opportunities in cloud services and applications.

**CHINA'S CLOUD COMPUTING MARKET SIZE IN 2020-2025E
(UNIT: BILLION USD)**



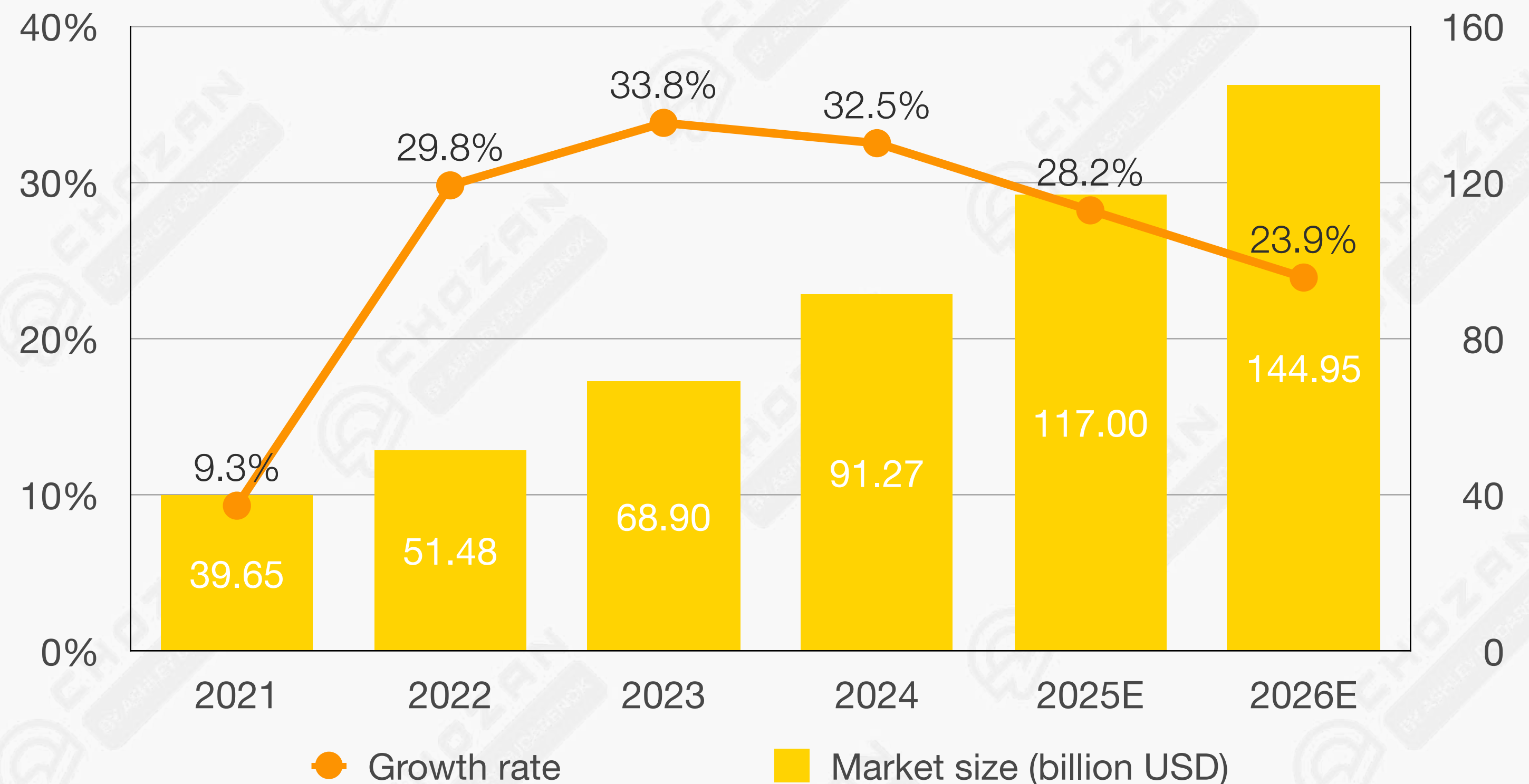
KEY INDUSTRIES IN NQPF AND THEIR OUTLOOK

LOW-ALTITUDE ECONOMY GROWS STEADILY AND NEEDS BETTER INFRASTRUCTURE

Low-altitude economy, made up of manned or unmanned aviation services below 1,000 meters (3,280 feet), will soar from USD 68.90 billion in 2023 to USD 144.95 billion in 2026, according to the Civil Aviation Administration of China.

While the low-altitude market grows steadily, infrastructure including low-altitude flight support, operation and maintenance needs to be further complemented and improved.

CHINA'S LOW-ALTITUDE ECONOMY MARKET SIZE AND GROWTH RATE IN 2021-2026E

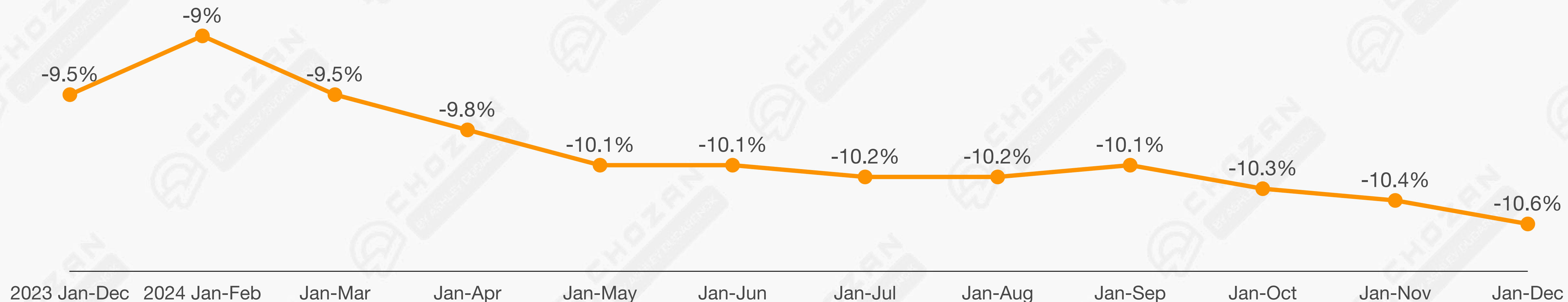


MEANWHILE, SOME INDUSTRIES CONTINUE TO SLOWDOWN

REAL ESTATE STRUGGLES IN 2024 AND LIKELY BEYOND

In 2024, China's **real estate market remained weak**, with both sales and investment declining. While government policies have temporarily stimulated demand, the real estate sector may continue to face challenges in the year ahead, requiring further strategic policy adjustments and long-term efforts to restore consumer and investor confidence.

GROWTH RATE OF INVESTMENT IN REAL ESTATE DEVELOPMENT



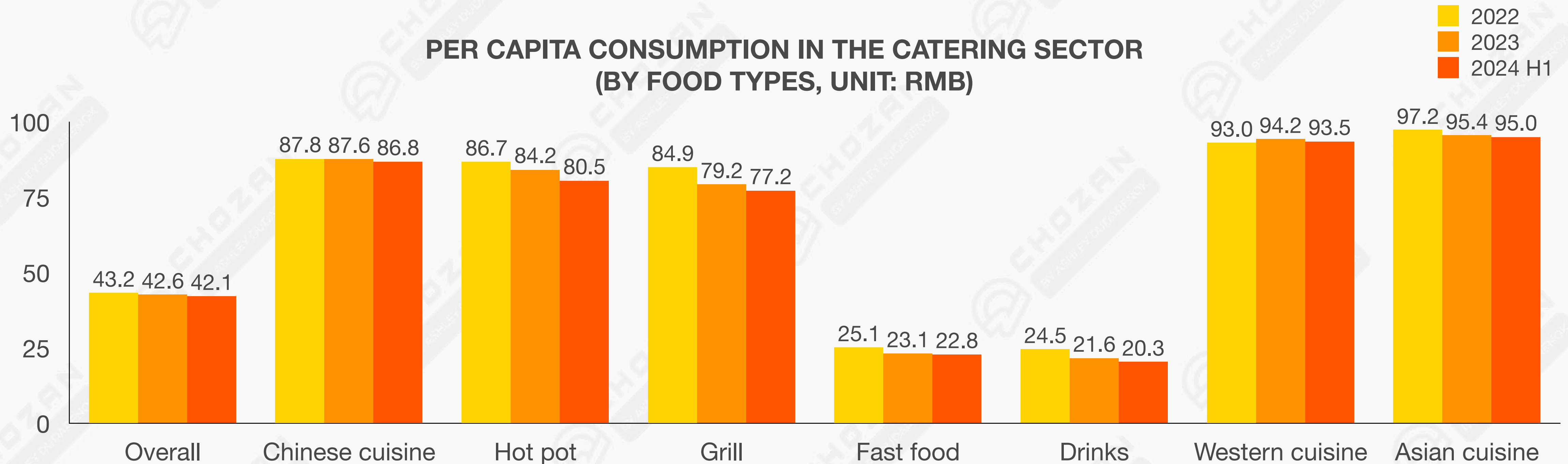
Source: National Bureau of Statistics

INDUSTRIES FACING SLOWDOWN

CATERING FACES A BROADER DECLINE ACROSS FOOD TYPES, BRINGING CHALLENGES IN THE HEALTH ECONOMY

The per capita consumption in the catering sector has shown a downward trend across all food types. In the first half of 2024, it declined to RMB 42.1, a **decrease of 1.2%** from 2023. As food is a fundamental necessity and a key indicator of consumer confidence, this decline suggests potential challenges in economic health and purchasing power.

**PER CAPITA CONSUMPTION IN THE CATERING SECTOR
(BY FOOD TYPES, UNIT: RMB)**



Source: Sohu

INDUSTRIES FACING SLOWDOWN

SMALL HOME APPLIANCES BEARS SIGNIFICANT PRESSURE

China's home appliance sector has experienced a slight overall decline, with small appliances seeing the largest drop of 12.4%.

This indicates that consumers are more cautious towards spending on non-essential items like small appliances. The market is likely entering a more subdued period

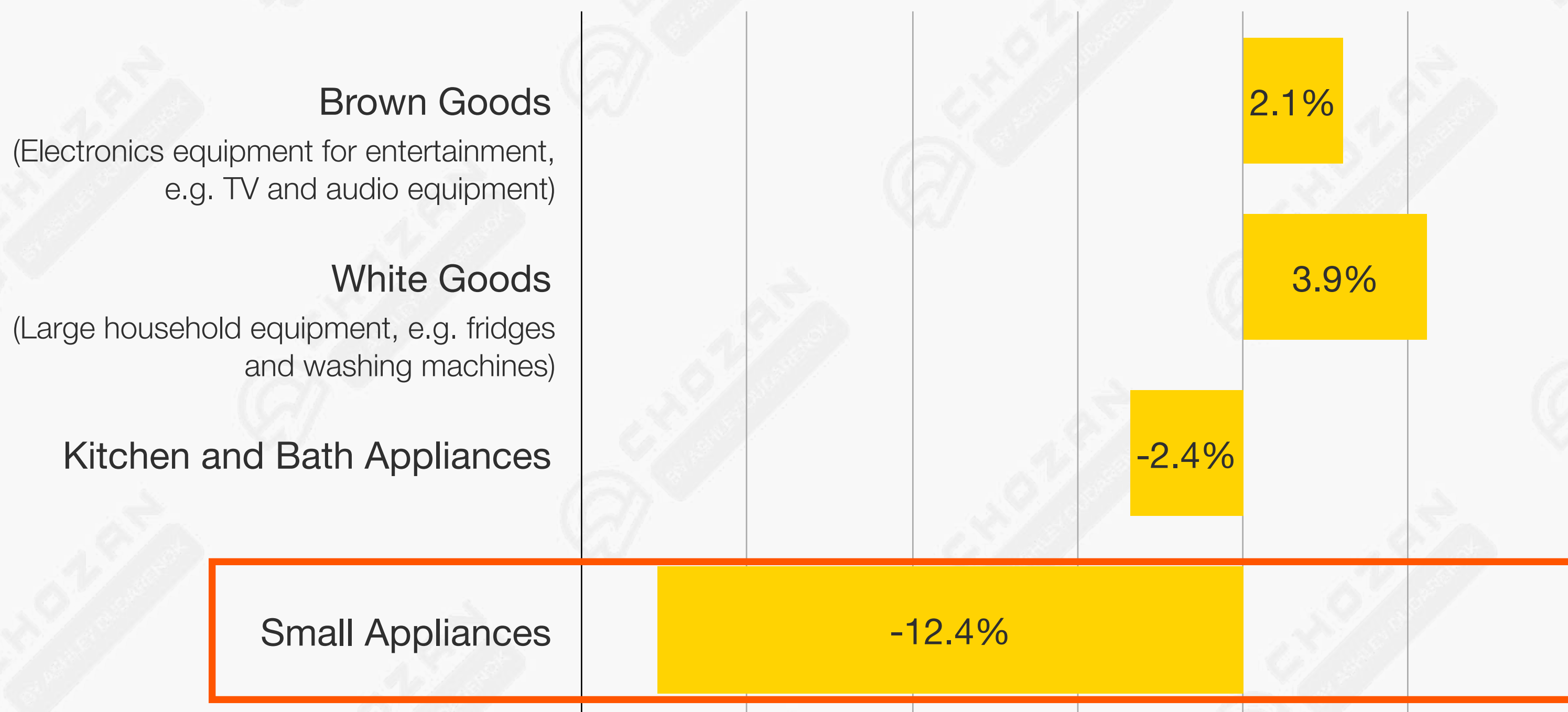
RMB 695.7 BILLION

DOWN 0.4%

(ABOUT USD 94.74 BILLION)

TOTAL SALES OF HOME APPLIANCES IN JAN-SEP 2024

YEAR-ON-YEAR GROWTH RATE OF HOME APPLIANCES TYPES (JAN-SEP 2024 VS. JAN-SEP 2023)



EXPERT BITES

Q: WHAT KEY FACTORS SHOULD COMPANIES CONSIDER FOR SUSTAINABLE INVESTMENTS IN CHINA AMID THE CURRENT ECONOMIC AND GEOPOLITICAL LANDSCAPE IN 2025?

Foreign companies should be realistic and anticipate a slower growth development in China, partly due to an economy struggling with debt and the problems in the largest part of the economy: the real estate sector and construction.

Overcapacities hurt profit margins even though volume sales might increase in 2025. The drive for foreign companies "to operate in China for China" will be more important than ever. The fat days are gone, but the biggest China risk for business still is not be present in China. There is no second China.



JOERG WUTTKE

Partner at the DGA Group and past President of the European Union Chamber of Commerce in China

EXPERT BITES

Q: WHAT KEY TRENDS IN CHINA ARE YOU WATCHING FOR 2025, AND WHY ARE THEY SIGNIFICANT?

As we step into 2025, we're witnessing a time when AI plays a larger role in daily lives than ever before—especially in China's online environment, where companies like Bytedance are frontrunners in making AI accessible to regular internet users through smart and fun editing apps. In the online world, this means we all have to be more critical of the images we see, the videos we watch, and the stories we amplify, as chatbots and AI-generated content are more ubiquitous than ever before.

In the offline world, I believe this is leading to a bigger need for authentic brands, real stories, and genuine connections. It's going to be an interesting time where, after a decade and a half of social media and AI revolution in China, we will see more reflection and reality checks.



MANYA KOETSE

Sinologist & China Social Trend
Watcher, What's on Weibo

EXPERT BITES

Q: LOOKING AHEAD TO 2025, WHAT KEY OPPORTUNITIES DO YOU FORESEE IN CHINA ACROSS ANY FIELD OR SECTOR?

China's economy is set to unveil significant opportunities in 2025 and beyond, despite navigating economic challenges and regulatory changes. Key sectors poised for growth include advanced manufacturing and automation, where a shift towards high-tech production is driven by companies like Xiaomi and Huawei, focusing on robotics and industrial AI.

In the realm of green energy and carbon neutrality, China's ambition to achieve carbon neutrality by 2060 bolsters the market for electric vehicles, solar, and wind energy, with leaders like CATL and BYD leading the charge. The acceleration of AI, big data, and cloud computing further enhances sectors like finance and healthcare, with major players such as Baidu and Alibaba Cloud at the forefront of innovation.

Additionally, the biotech and healthcare sectors are booming due to an aging population, while the digital yuan is set to transform finance, with companies like Ant Group and Tencent paving the way. These sectors will shape China's economic future, while traditional industries may face challenges.



ALVIN FOO

Co-Founder
at NASDEX and Metafyed

EXPERT BITES

Q: DO YOU EXPECT 2025 TO BE A POSITIVE YEAR FOR CHINA, AND WHY OR WHY NOT?

2025 will be the Year of the Snake in Chinese zodiac, associated with wisdom, growth and transformation. China's economy hopes to regain momentum, fueled by a series of stimulus policies rolled out over the last couple of months.

However, the world's second-largest economy stands at a critical juncture and will have to balance domestic reforms with the uncertainty surrounding international trade and diplomacy triggered by the re-election of U.S. President Donald Trump.



MARTINA FUCHS

Business Journalist, Co-Founder of Frequency School, Board Member of Montreux Jazz Festival China

EXPERT BITES

Q: WHAT ECONOMIC TRENDS IN CHINA SHOULD INVESTORS WATCH FOR 2025?

In 2024, China's economy was driven by export-driven manufacturing as domestic consumption remained tepid. The decline in housing prices has had a significant negative effect on consumer confidence due to high household investment in real estate while weighing on the real economy, as lower construction prices mean fewer construction workers, plumbers, electricians, real estate agents, etc.

The Chinese government made a significant policy pivot in September 2024 that will continue in 2025. The economic policy base case announced in 2024 focused on housing, cleaning up the balance of local government, and consumer trade in subsidies for auto and home appliances is apt to be expanded. We believe there is ample "dry powder" for policymakers to broaden policy support as needed.



BRENDAN AHERN

Chief Investment Officer at
KraneShares

EXPERT BITE

Q: WHAT REGULATORY CHANGES SHOULD BUSINESSES IN CHINA PREPARE FOR IN 2025, AND HOW CAN THEY STAY COMPLIANT AND COMPETITIVE?

Here are some important areas to prepare for, along with strategies for maintaining compliance and competitiveness in 2025. **Enhanced Data Protection:** With stricter data protection regulations, businesses must implement robust data governance frameworks and invest in data security technologies. Regular audits will ensure ongoing compliance.

Antitrust and Competition: Antitrust scrutiny will likely intensify, especially in technology and e-commerce. Businesses should review and adjust practices to avoid anti-competitive behaviors and conduct internal training on competition laws.

Labor and Employment: Reforms in labor laws may strengthen worker protections. Companies should stay informed about changes and adjust HR policies accordingly, including training on employee rights. **Green and Sustainable**

Practices: Enforceable regulations on environmental sustainability and carbon neutrality are expected. Investing in sustainable technologies and developing environmental management systems will be crucial. **Financial Regulations:**

Financial regulations, particularly in fintech and cryptocurrency, will likely evolve. Staying informed and implementing compliance programs will help businesses navigate stricter oversight. **E-commerce and Consumer Protection:**

Continued growth in e-commerce will drive changes in consumer rights and product safety. Establishing compliant marketing practices and enhancing customer service will build trust and loyalty. **Cross-border Trade:** Shifting trade policies and tariffs require agile supply chain management. Conducting risk assessments and staying updated on trade agreements will help mitigate potential impacts. *[shortened and rephrased for brevity]*



**KRISTINA
KOEHLER-COLUCCIA**
 Head of Business Advisory at
 Woodburn Accountants & Advisors



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YOU'LL LOVE OUR NEWSLETTER**

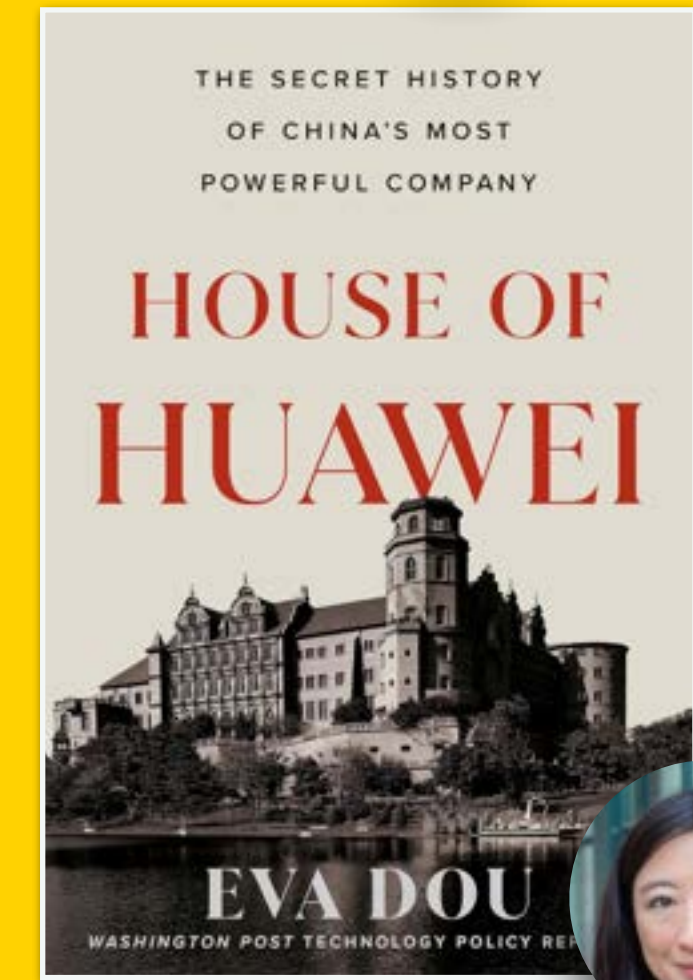
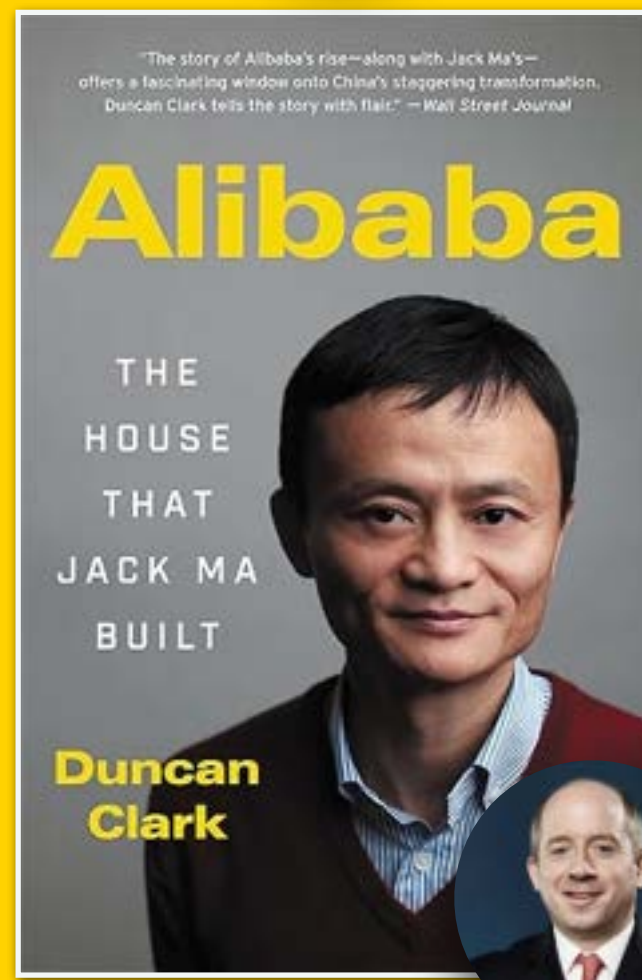
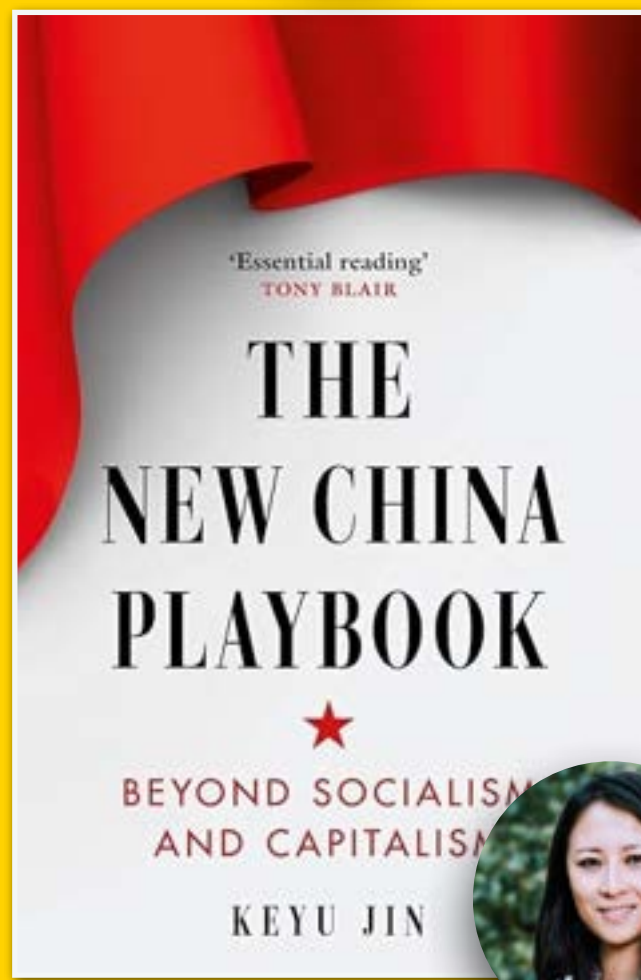
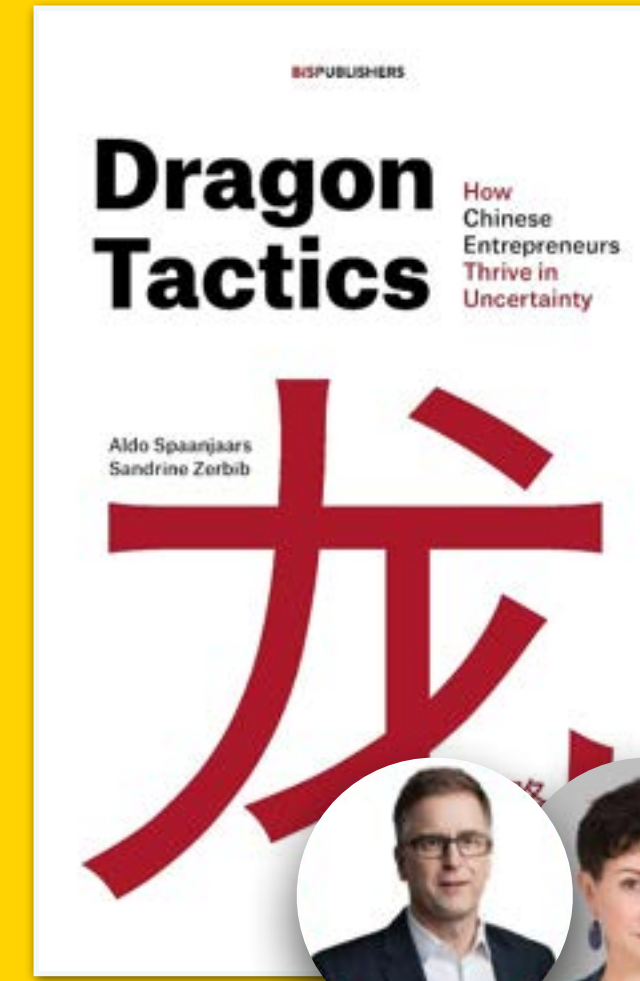
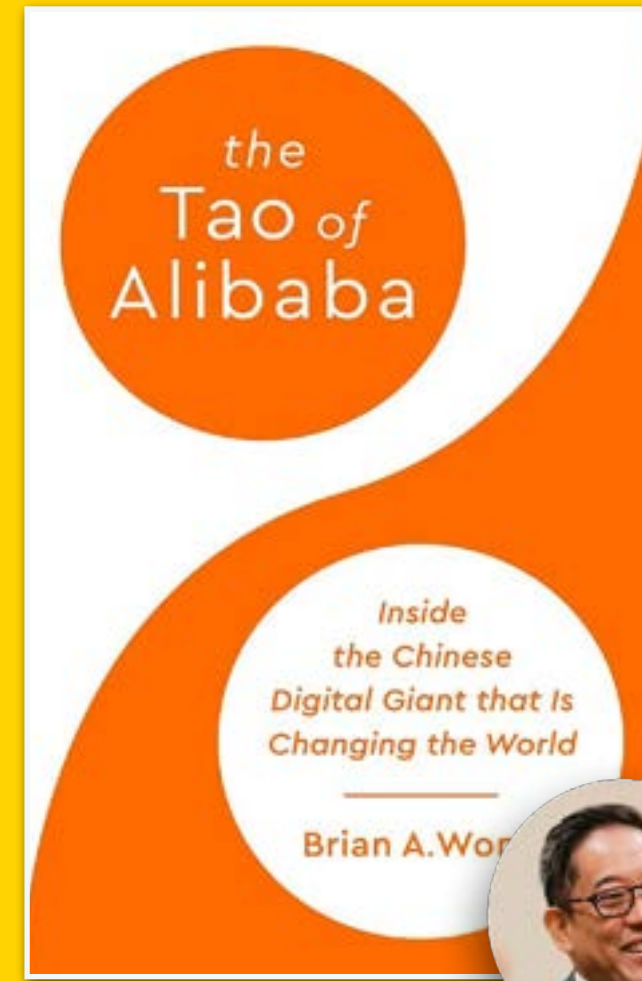
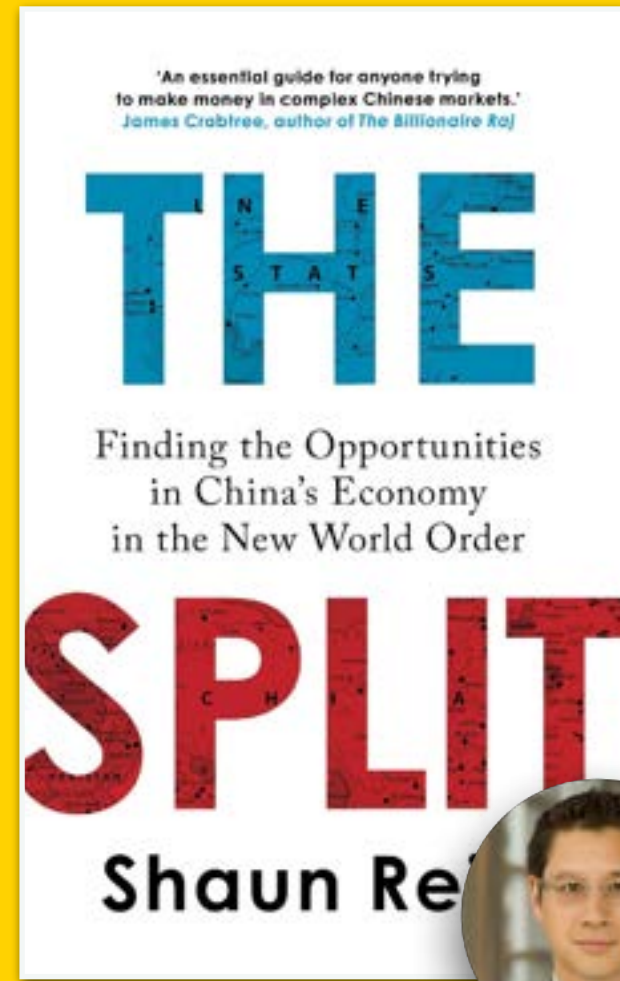
**SCAN THE QR CODE AND JOIN
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FOR LATEST CHINA DIGITAL INSIGHTS**

WANT TO TALK TO MY TEAM?

**SCAN THE QR CODE TO
ARRANGE A FREE CONSULTATION
ABOUT YOUR CHINA PROJECT**



RECOMMENDED READING





PART 2

DIGITAL AND

TECHNOLOGY

DIGITAL AND TECHNOLOGY

CHINA'S DIGITAL RISE, KEY INNOVATIONS, AND
TECH LEADERS TO WATCH IN 2025

DEVELOPMENT OF TECH INNOVATIONS IN CHINA

CHINA HAS BECOME A GLOBAL TECH POWERHOUSE

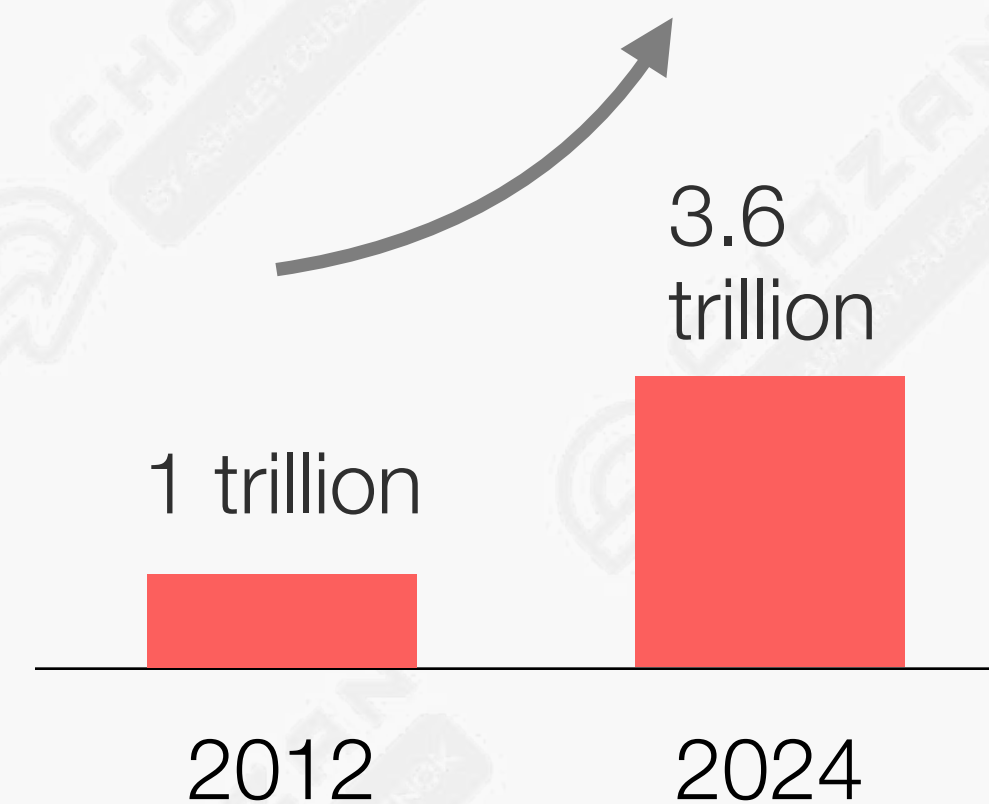
The nation's innovation-driven development strategy, implemented in 2012, has propelled it to become a global innovator.

GLOBAL INNOVATION INDEX RANKING

RANK	2012	RANK	2024
1	Switzerland	1	Switzerland
2	Sweden	2	Sweden
3	Singapore	3	USA
4	Finland	4	The UK
5	The UK	5	Singapore
⋮	⋮	⋮	⋮
34	CHINA	11	CHINA

RANK +23

CHINA R&D EXPENDITURE (RMB)



TRIPLED+

THE DIGITAL ECONOMY

43%
OF CHINA'S GDP

The scale of China's digital economy is estimated to grow to 57 trillion RMB (about 7.86 trillion USD) in 2024. The share of the digital economy in the country's GDP rose to 43%, surging up from 15% of GDP in 2008.

AI-POWERED DIGITALIZATION

WITH ADVANCED AI CAPABILITIES, SECTOR-SPECIFIC APPLICATIONS ARE MADE POSSIBLE

ARTIFICIAL INTELLIGENCE (AI)

THE FOUNDATIONS

1. DATA
2. NLP
3. COMPUTER VISION
4. BLOCKCHAIN
5. SECURITY

UNDERLYING TECHNOLOGIES

1. CHIPS & SEMICONDUCTORS
2. QUANTUM COMPUTERS
3. ROBOTICS
4. 5G/6G
5. NEW MATERIALS
6. XR

FIRST APPLICATIONS

1. INTERNET
2. FINANCE
3. RETAIL
4. EDUCATION
5. BIOTECH & HEALTH
6. AUTONOMOUS

AI is an omni-use technology that will drive changes across hundreds of industries and tasks simultaneously, both cognitive and physical. While most technologies were job creators and job destroyers at the same time, the explicit goal of AI is to take over human tasks and thereby decimating jobs. Industrial revolution took over century to spread beyond Europe and the US, while AI is already been adopted all across the world.

AI INNOVATION EXAMPLE

TENCENT'S AI INNOVATION COMBINED WITH AGRICULTURE

Tencent 腾讯

AI + AGRICULTURE



Tencent Goose Face Recognition – An AI-powered system that helps farmers monitor and manage geese by recognizing individual birds based on facial features. This technology enables precise tracking of growth, health, and movement, improving farm efficiency and disease prevention while reducing manual labor.

HIGHLIGHTS

- Goose language translation: **Tens of millions** of pieces of goose language data.
- Geese survival rates are up **+30%**.
- Beta testing the first batch of **5,000** geese in Guizhou. There are plans to introduce it to over **200,000** geese in the future.

AI INNOVATION EXAMPLE

IFLYTEK'S AI INNOVATION IN EDUCATION IMPROVES TEACHING EFFICIENCY



AI + EDUCATION



iFLYTEK AI Class – leverages AI to provide personalized learning experiences. It enhances teaching efficiency with AI-driven tutoring, automated assessments, and adaptive learning paths, helping students improve performance while supporting educators with data-driven insights.

HIGHLIGHTS

- The AI-led innovative education services of iFLYTEK are now utilized in **3,600 schools** across 28 provincial-level administrative regions.
- iFLYTEK AI Class provide: Electronic intelligent blackboard, voice assistant for teachers, pushes teaching content to students' pads, and assigns different homework based on students' conditions after class.

UNDERLYING TECHNOLOGIES

AI ADVANCES THROUGH STRONG KEY TECHNOLOGIES

ARTIFICIAL INTELLIGENCE (AI)

THE FOUNDATIONS

1. DATA
2. NLP
3. COMPUTER VISION
4. BLOCKCHAIN
5. SECURITY

UNDERLYING TECHNOLOGIES

1. CHIPS & SEMICONDUCTORS
2. QUANTUM COMPUTERS
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5. NEW MATERIALS
6. XR

FIRST APPLICATIONS

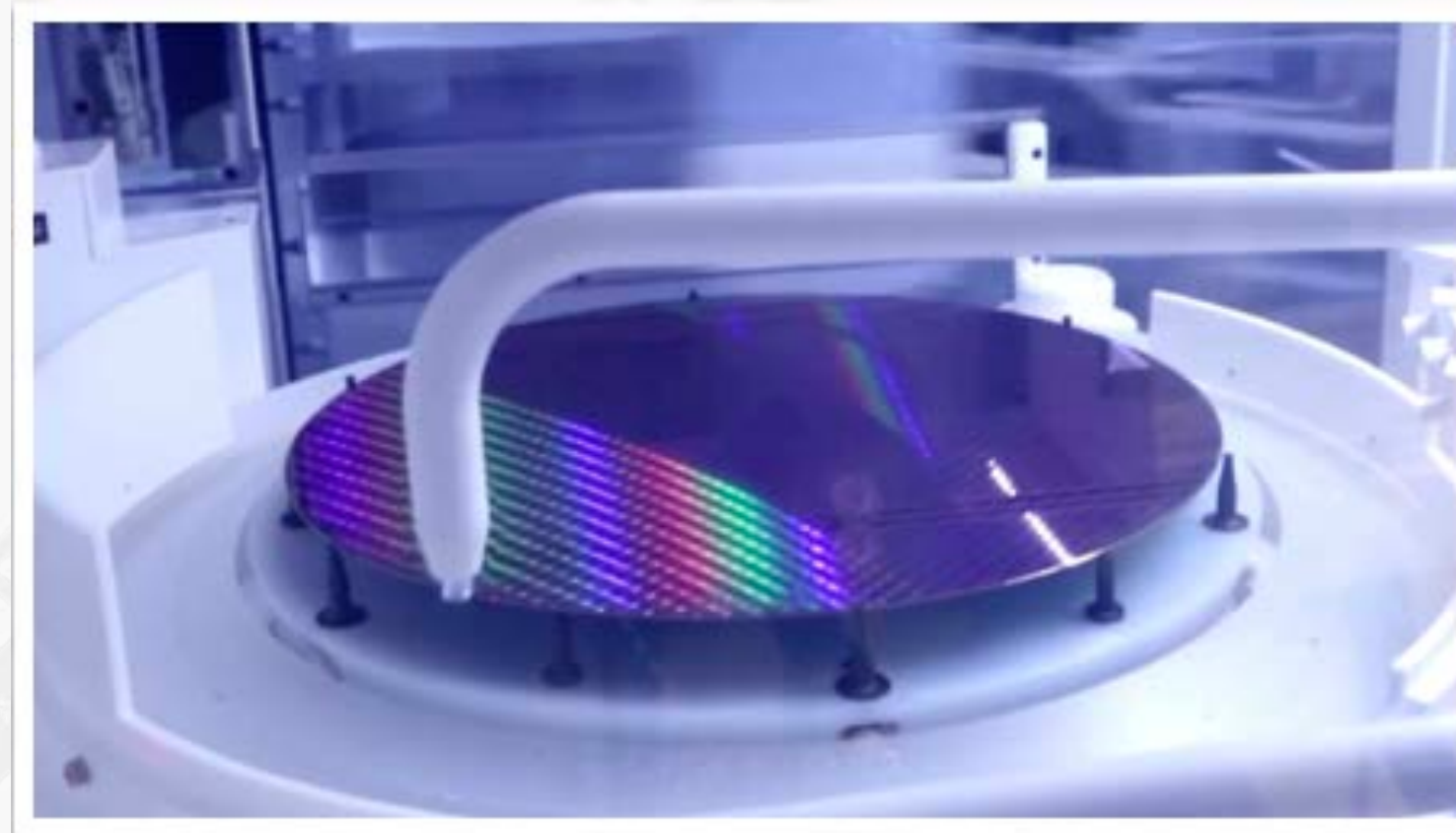
1. INTERNET
2. FINANCE
3. RETAIL
4. EDUCATION
5. BIOTECH & HEALTH
6. AUTONOMOUS

UNDERLYING TECHNOLOGY SHOWCASE

CASE STUDY: SEMICONDUCTORS, QUANTUM COMPUTING AND ROBOTICS

SEMICONDUCTORS

TOP 3: TAIWAN, KOREA, USA



TSMC

Taiwan Semiconductor Manufacturing Company (TSMC) produces **90%** of the world's most advanced processor chips.

QUANTUM COMPUTING

TOP 3: USA, MAINLAND CHINA, EU



QUANTUM CHIP FROM CAS

The Center for Excellence in Quantum Information and Physics under the Chinese Academy of Sciences (CAS) has delivered a 504-qubit superconducting quantum computing chip in April 2024. Xiaohong is primarily aimed at developing measurement and control systems for quantum computers.

ROBOTICS

TOP 3: USA, MAINLAND CHINA, JAPAN



X-ROBOT

At the 2024 Zhongguancun Forum Annual Conference in Beijing, numerous service robots were showcased, including naked-eye 3D aerial imaging robots, embodied intelligent humanoid robots, bionic humanoid robots, and medical robots, most of which have already been applied in real-world scenarios.

UNDERLYING TECHNOLOGY SHOWCASE

CASE STUDY: 5G/6G, NEW MATERIALS AND XR

5G/6G

TOP 3: MAINLAND CHINA, USA, JAPAN



WORLD'S FIRST 6G SATELLITE

China Mobile has launched the world's first 6G satellite into orbit. China will launch its first commercial 6G network by 2030. 4G (100 Mbps) is 3.5 hours, 6G -7 seconds (speed that's 2000 times faster, up to 200 Gbps).

NEW MATERIALS

TOP 3: MAINLAND CHINA, USA, GERMANY



NEW MATERIALS IN 2024

The matrix curtain wall can be used as a door head and brand image wall. The array arrangement changes dynamically, and the size, shape and can be customized.

XR

TOP 3: USA, JAPAN, MAINLAND CHINA



FEIFAN R7 - AR-HUD [AUGMENTED REALITY HEAD-UP DISPLAY]

An advanced in-car display system that projects real-time navigation, driving assistance, and key vehicle data onto the windshield. It enhances safety and convenience for better road awareness.

LEARNING FROM SUCCESSES

IMPORTANCE AND IMPLICATIONS

1

ACCESS TO A LARGE AND DIGITALLY ADVANCED MARKET

China's advanced digital infrastructure (e.g., 5G and super-app ecosystems) supports over 1 billion internet users, making it an ideal testing ground for innovative solutions and consumer engagement strategies.

2

PIONEERING TECHNOLOGIES AND ECOSYSTEMS

Chinese tech giants like Alibaba, Tencent, and Huawei have built integrated ecosystems blending e-commerce, fintech, and AI, providing lessons on achieving scale and synergy that global brands can replicate.

3

STRATEGIC ADVANTAGE IN EMERGING TECHNOLOGIES

China leads in quantum computing, robotics, and XR, offering global firms the chance to partner with or benchmark against some of the most innovative solutions in these fields.

4

EFFICIENT SCALING STRATEGIES

Chinese companies demonstrate rapid iteration and agile scaling practices, providing practical insights into market entry, product adaptation, and customer acquisition in competitive environments.

5

INSIGHTS INTO CONSUMER BEHAVIOR IN DIGITAL ENVIRONMENTS

China's success in integrating online and offline (OMO) experiences highlights how digital touchpoints shape consumer decisions, offering brands ideas on creating seamless omni-channel strategies.

LEARNING FROM FAILURES

IMPORTANCE AND IMPLICATIONS

1

OVER-RELIANCE ON GOVERNMENT SUPPORT

Industries such as EVs and solar power have shown how over-reliance on government subsidies and external funding can lead to unsustainable business practices, highlighting the need for brands to focus on building robust business models.

2

CHALLENGES IN DATA LOCALIZATION

Missteps in adhering to China's stringent data security and localization laws have hindered some foreign ventures. Learning from these helps businesses navigate regulatory challenges effectively.

3

INSUFFICIENT ECOSYSTEM INTEGRATION

Many companies entering China without integrating into local platforms (like WeChat or Alibaba) faced limited visibility and failed to compete with local players.

4

UNDERESTIMATING COMPETITION AND SPEED

China's rapid market dynamics and fierce competition have caused slow-moving global brands to lose out. Learning to adapt to China's "speed of innovation" is crucial for success.

5

MISJUDGING CONSUMER PREFERENCES

Global brands that failed in China often underestimated the importance of localization, such as Starbucks' initial resistance to tea-based drinks, which delayed market penetration.

EXPERT BITES

Q: WHICH CITIES ARE CHINA'S LEADING INNOVATION HUBS THAT YOU ADVISE EVERYONE TO VISIT?

China's innovation scene is thriving. Here are a few cities behind Beijing and Shanghai you might want to put on your map. **Hangzhou** is leading in e-commerce and fintech, with Alibaba using AI for hyper-personalized shopping experiences. **Shenzhen** is the hardware capital, churning out everything from smart devices to drones. **Guangzhou** is making waves in biotech, focusing on pioneering medical devices and pharmaceuticals to enhance healthcare access. **Chengdu** is a creative hub for gaming and animation, home to companies crafting immersive experiences that captivate audiences. **Wuhan**, too, stands out in AI research and development, with universities and tech firms driving breakthroughs in machine learning. **Xi'an** is emerging in aerospace and defense tech, with significant investments in R&D to advance China's capabilities. **Suzhou** is a green tech and advanced manufacturing hub, focusing on renewables and smart industries. **Chongqing** is a testing ground for smart logistics and autonomous vehicles, reshaping urban mobility. These cities showcase China's diverse and dynamic innovation ecosystem, making them must-visit destinations for tech enthusiasts.



ASHLEY DUDARENOK

Founder of ChoZan, Keynote Speaker, x10 Book Author, LinkedIn Top Voice

EXPERT BITES

Q: WHICH CHINESE COMPANIES AND SECTORS ARE BEST POSITIONED FOR INTERNATIONAL SUCCESS THIS YEAR, AND WHY?

I'm very bullish on China's companies in the consumer technology space and FMCG that grow abroad. Now, they aren't going to America and Western Europe because they worry about rising Sinophobia and the threat of sanctions and tariffs, so they are expanding into the Global South.

Companies like Meituan are expanding their delivery services in Saudi Arabia. Xiaomi is selling mobile phones in India and BYD is offering cars all over South East Asia and Australia.

These companies are offering great quality products at reasonable prices. For countries that worry more about inflation and getting the best technology and products to their citizens at a decent rate more succumbing to exaggerated fears of national security, they are welcoming Chinese companies expansion.



SHAUN REIN

Author of “The Split: Finding the Opportunities in China's Economy in the New World Order”

CHINA'S DIGITAL ECONOMY RISE

AN OVERVIEW OF HOW IT ACHIEVED TODAY'S
SUCCESS

CHINA'S DIGITAL ECONOMY

INTRODUCTION

2024 marks the 30th anniversary of China's full internet access and a year of deepening the integration of the digital and real economies. China's digital economy continues to make strides, with significant progress in **internet user numbers** and **applications in a wide range of industries**. This milestone underscores China's rapid adoption of the internet, which has enabled **transformative changes** across industries, **paving the way for increased efficiency, innovation, and economic development**.

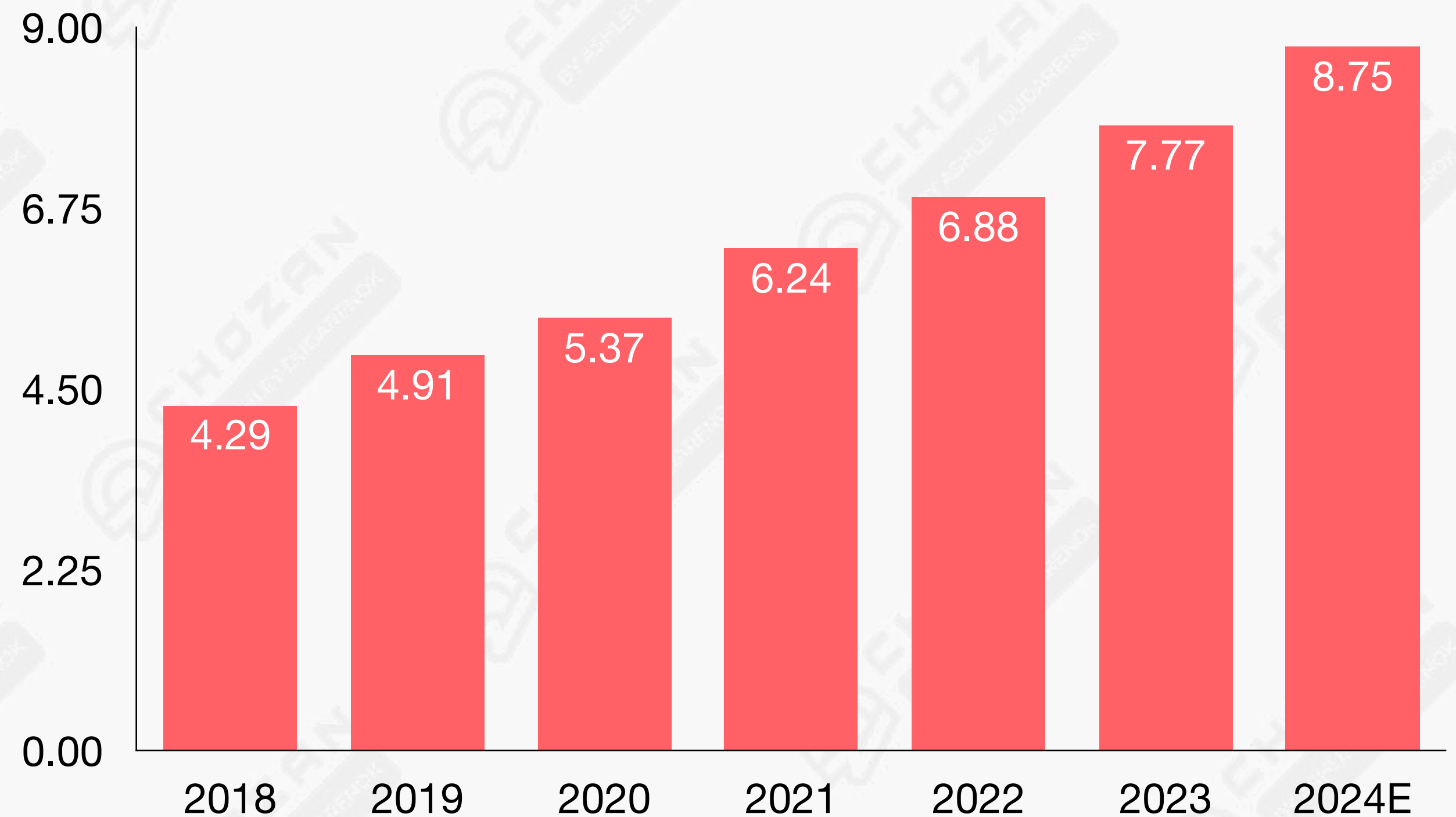
The digital economy refers to the economic activities that are based on or supported by **digital technologies and the internet**. This includes industries such as **e-commerce, digital finance, online entertainment, telecommunications, and digital services** like logistics and marketing. Essentially, the digital economy is the backbone of modern economic transformation, where businesses and consumers increasingly rely on digital tools and platforms for transactions, communication, and service delivery.

CHINA'S DIGITAL ECONOMY SIZE

CHINA'S SURGING DIGITAL SECTOR DRIVES NATIONWIDE TRANSFORMATION

China's **digital economy is experiencing accelerated growth**, with the market size projected to reach 63.8 trillion RMB (about 8.75 trillion USD) in 2024. This rapid expansion reflects the increasing integration of digital technologies across industries, positioning the sector as a key driver of economic transformation and innovation.

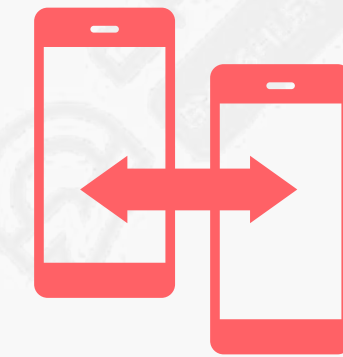
**CHINA'S DIGITAL ECONOMY SCALE
(UNIT: TRILLION USD)**



CHINA'S ONLINE USERS SCALE

CHINA'S MASSIVE INTERNET ADOPTION POWERS DIGITAL COMMERCE

As of December 2024, China's internet user base reached 1.108 billion, with an internet penetration rate of 78.6%, according to a report released by the China Internet Network Information Center. The number of online payment users hit 1.029 billion, while online shoppers totaled 974 million. China **continues to lead the world in online retail sales and mobile payment adoption**, showcasing its dominance in the digital economy.



78.6%

**INTERNET PENETRATION RATE IN CHINA
BY DEC 2024**



1.108 BILLION

INTERNET USERS BY DEC 2024



974 MILLION

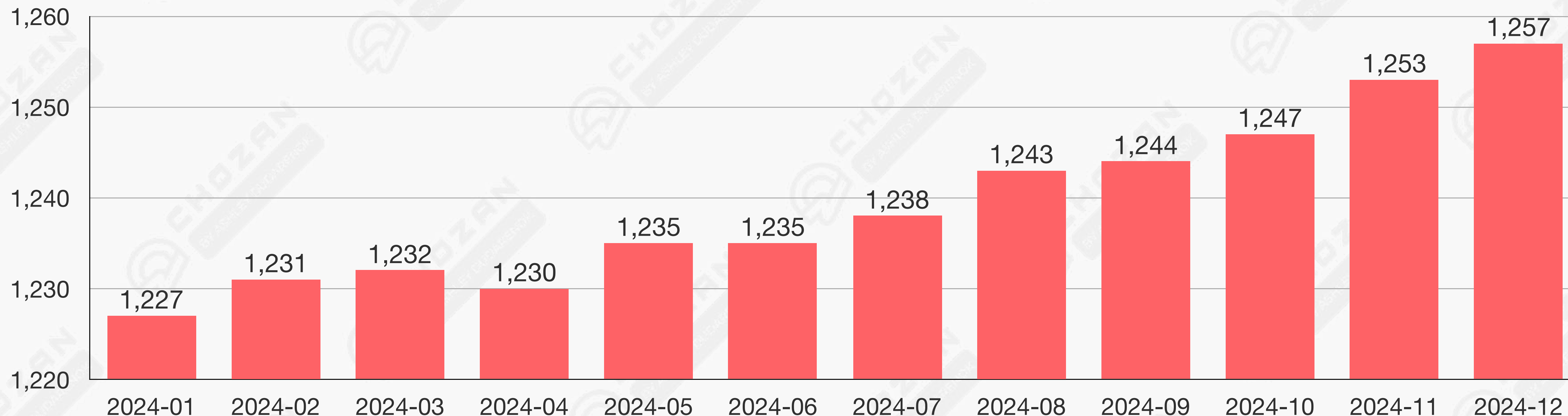
ONLINE SHOPPERS BY DEC 2024

CHINA'S MONTHLY ACTIVE ONLINE USERS

CHINA'S INTERNET USER BASE GROWS STEADILY, DEEPENING DIGITAL ADOPTION

In December 2024, the total number of **monthly active users across the internet reached 1.257 billion**. The steady growth in monthly active user numbers reflects the deep integration of digital lifestyles and highlights the vast potential for further expansion in the digital landscape.

MONTHLY ACTIVE USERS (UNIT: MILLION)

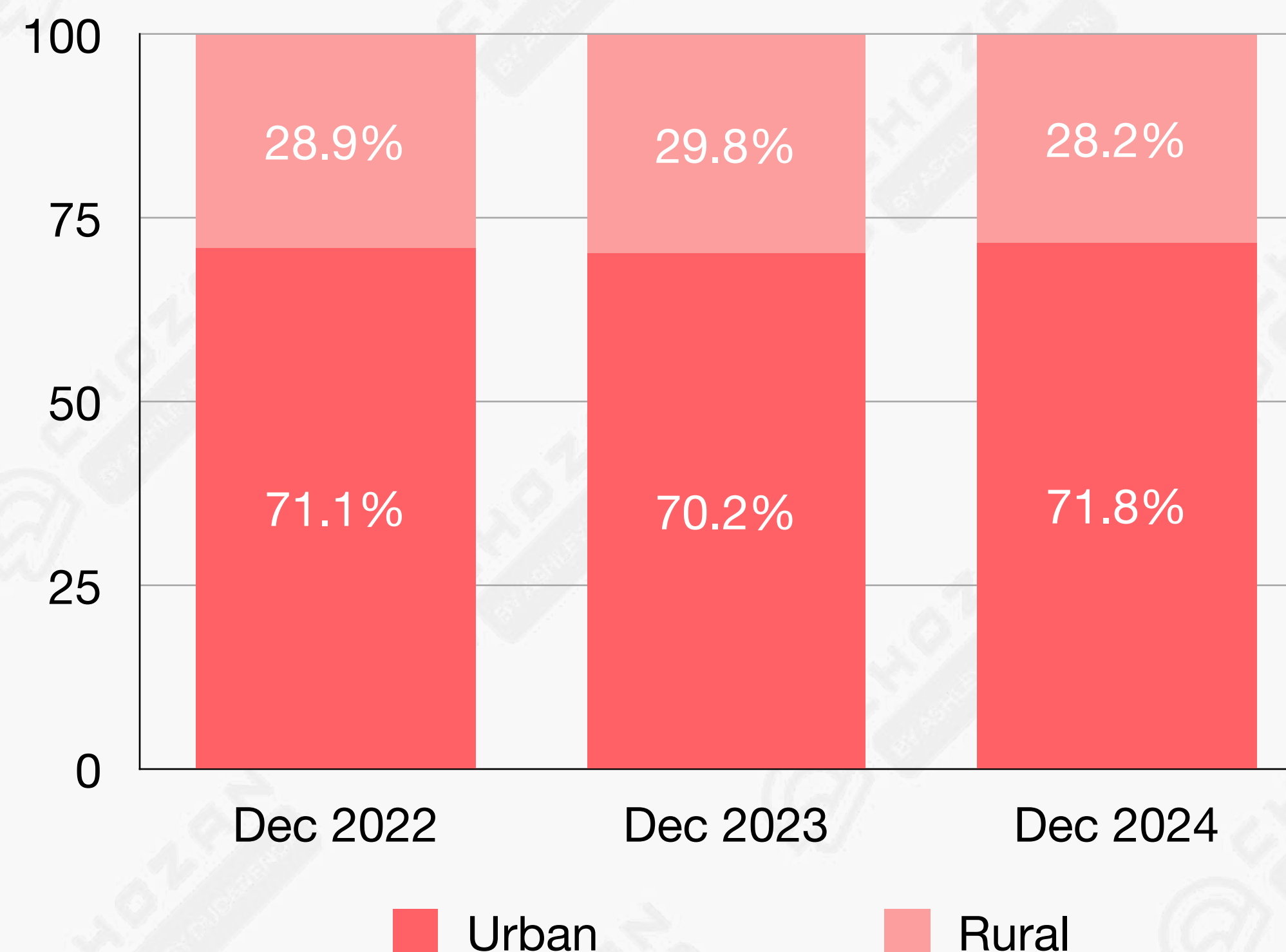


CHINA'S ONLINE USER STRUCTURE

CHINA REMAINS STABLE RURAL-URBAN INTERNET USER DISTRIBUTION

As of December 2024, the urban internet user population in China reached 795 million, accounting for 71.8% of the total internet users, while the rural internet user population stood at 313 million, making up 28.2%. The **structure remains stable** compared to previous years.

CHINA'S INTERNET USER URBAN AND RURAL STRUCTURE

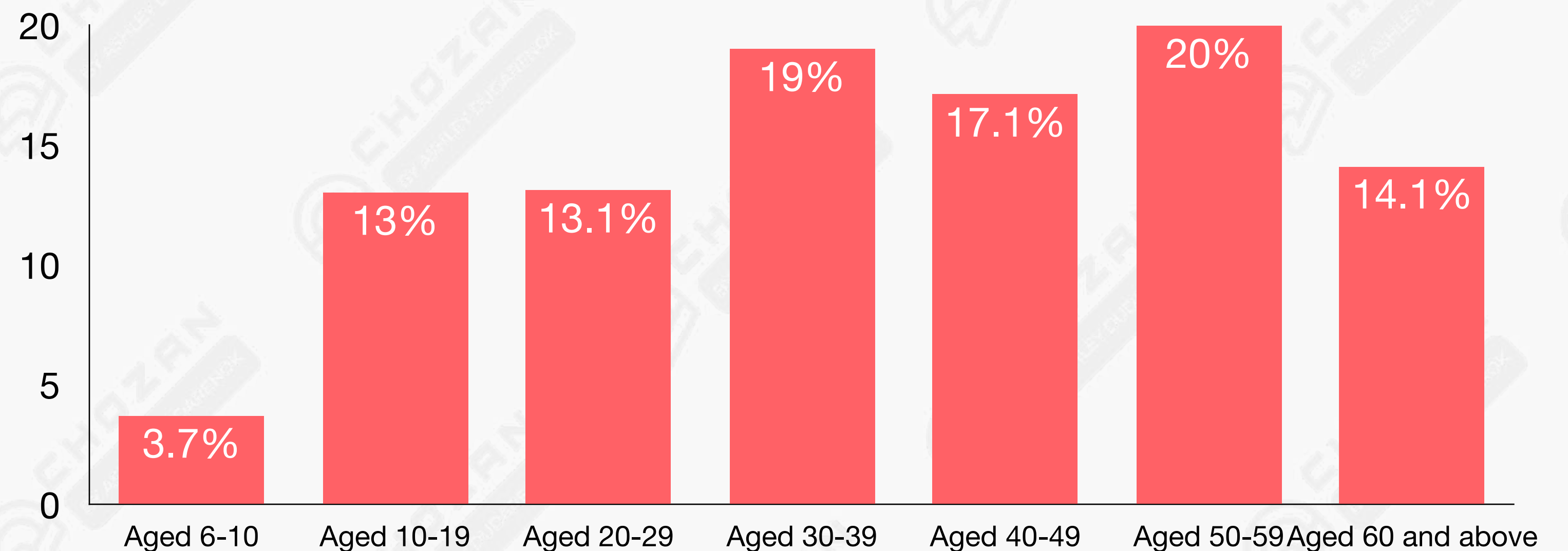
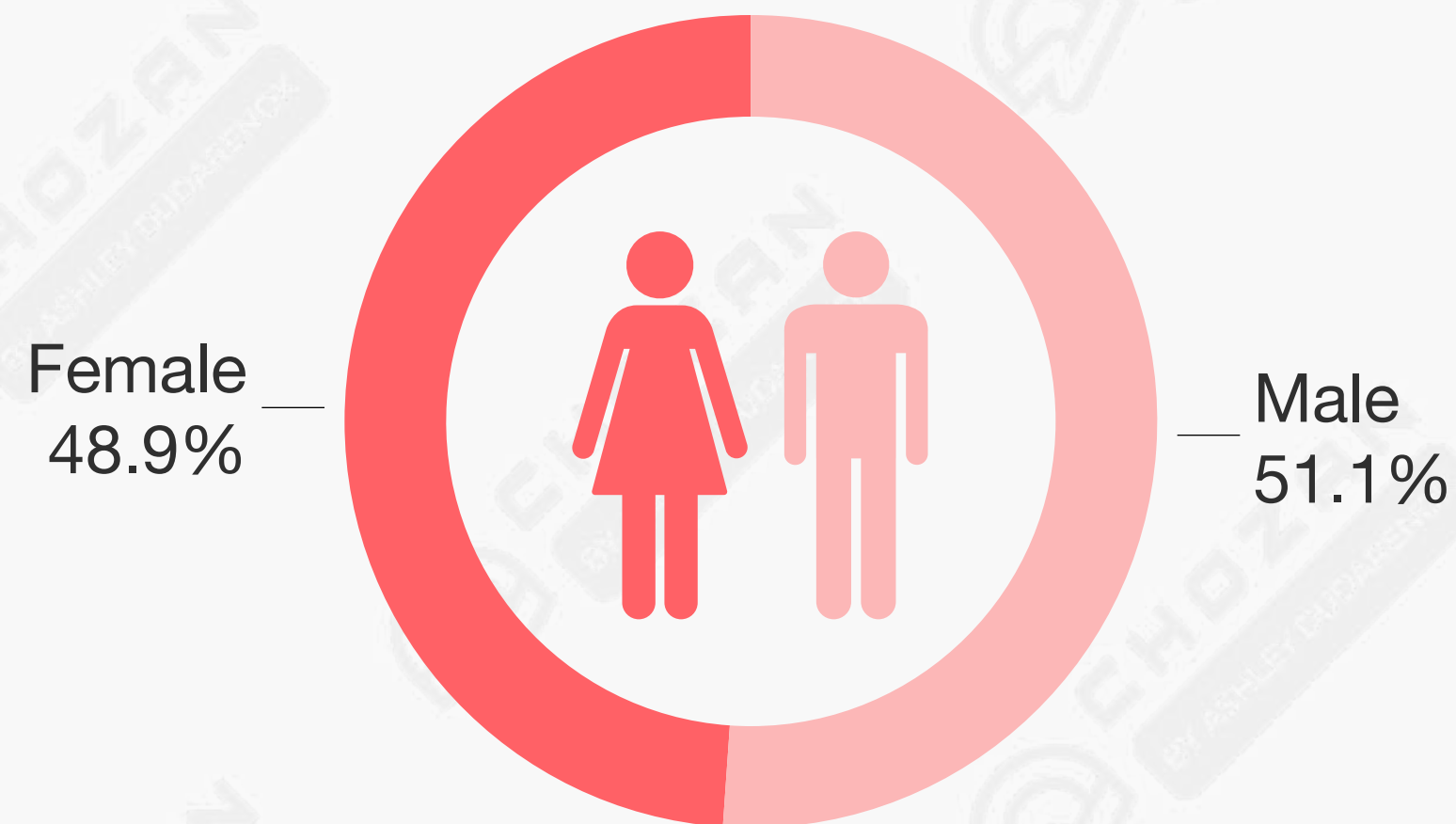


CHINA'S ONLINE USER PROFILE

CHINA SHOWS BALANCED GENDER DISTRIBUTION AND AGING PENETRATION GROWTH

As of December 2024, the gender ratio of internet users in China was 51.1% male to 48.9% female, **closely mirroring the overall population distribution**. In terms of age structure, the proportion of internet users aged 50 and above increased from 32.5% in December 2023 to 34.1%, reflecting deeper internet penetration among middle-aged and elderly groups.

CHINA'S INTERNET USERS' AGE DISTRIBUTION



CHINA'S ONLINE USER BEHAVIOR

DIGITALIZATION HAS PENETRATED INTO BOTH ONLINE MEDIA AND WORK

As of the latest data, video watching users reached 1.07 billion. Live streaming users grew to 833 million, adding 17.37 million over the past year, highlighting its popularity. **Online office users saw the most substantial growth**, reaching 570 million, an impressive year-on-year rise of 33.42 million, reflecting the increasing adoption of digital work solutions.



1.070 MILLION

VIDEO WATCHING USERS, +3.47 MILLION YEAR-ON-YEAR



833 MILLION

LIVE STREAMING USERS, +17.37 MILLION YEAR-ON-YEAR



570 MILLION

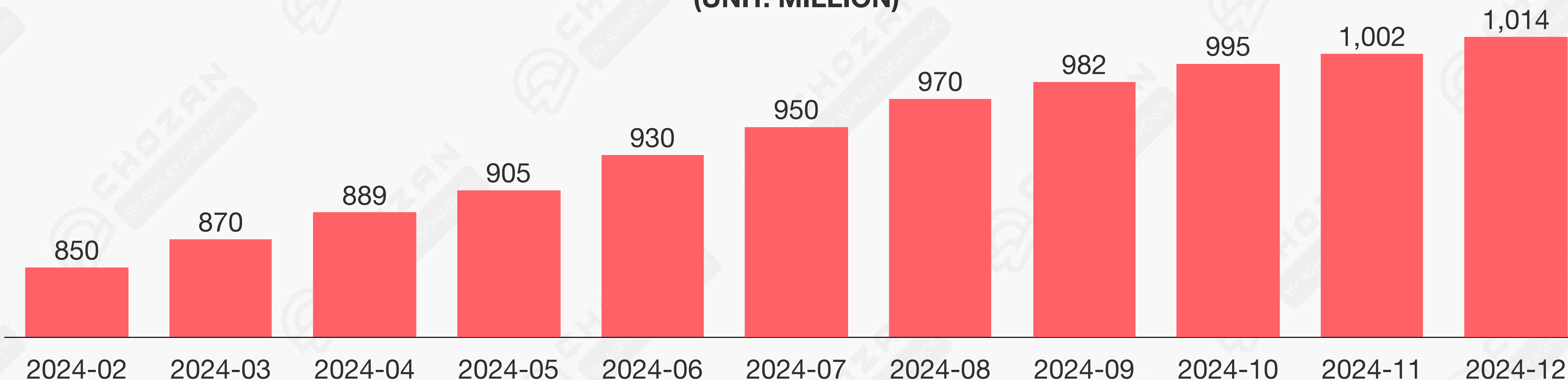
ONLINE OFFICE USERS, +33.42 MILLION YEAR-ON-YEAR

CHINA'S 5G MOBILE USERS

5G USER GROWTH AND NETWORK EXPANSION PROVIDES A BOOST TO THE DIGITAL ECONOMY

The number of 5G mobile users continues to grow steadily, and the construction of 5G networks is advancing rapidly, laying a solid foundation for the development of the digital economy.

**5G MOBILE USER SIZE
(UNIT: MILLION)**

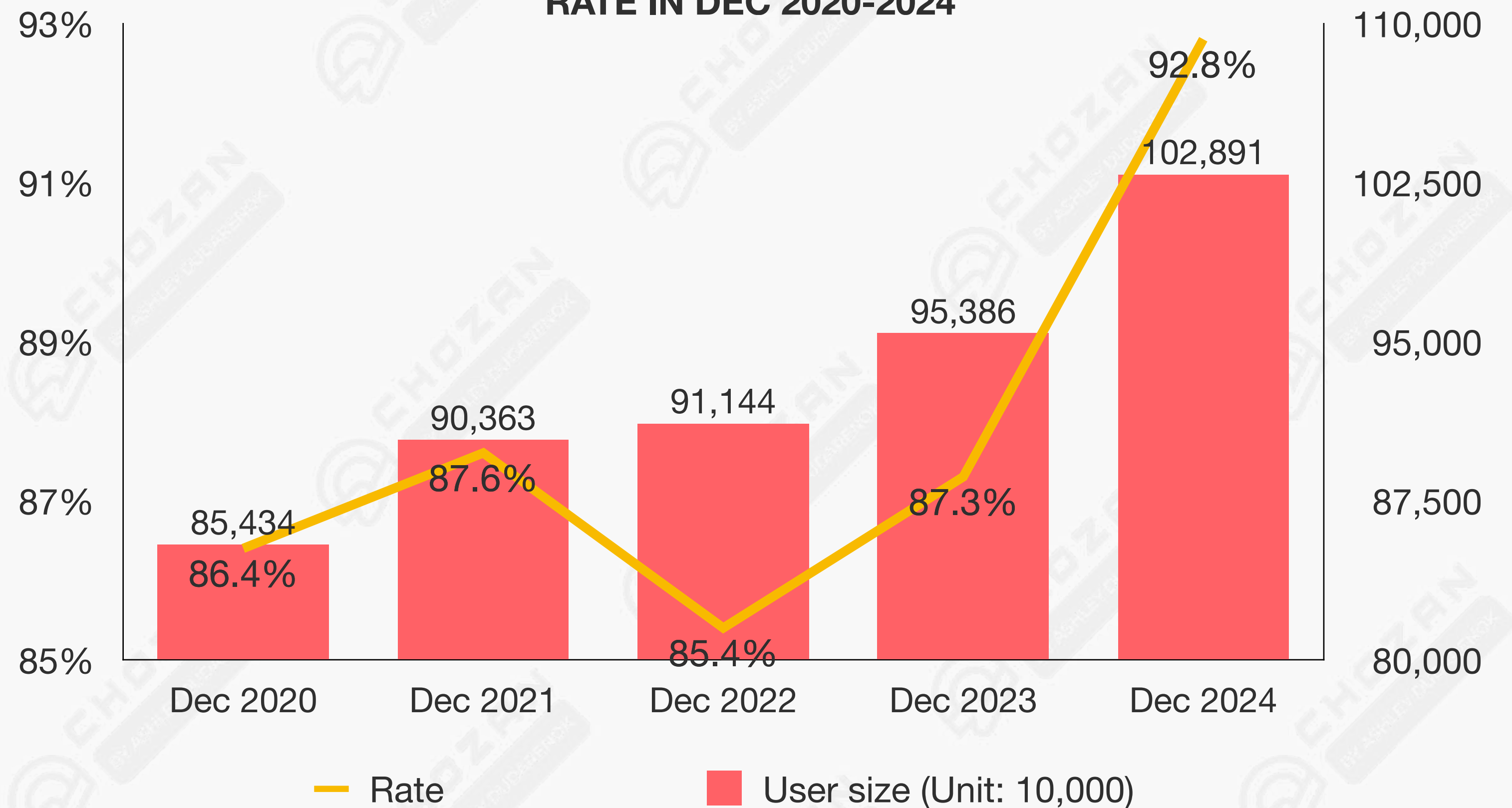


CHINA'S ONLINE PAYMENT USERS

CHINA'S ONLINE PAYMENT UTILIZATION IS ALMOST NATIONWIDE

In 2024, China's online payment user base reached 1.029 billion, growing by 75.05 million compared to December 2023. This group now accounts for **92.8% of the total internet population**, underscoring the widespread adoption of digital payment solutions in daily life.

ONLINE PAYMENT USER SIZE AND UTILIZATION RATE IN DEC 2020-2024

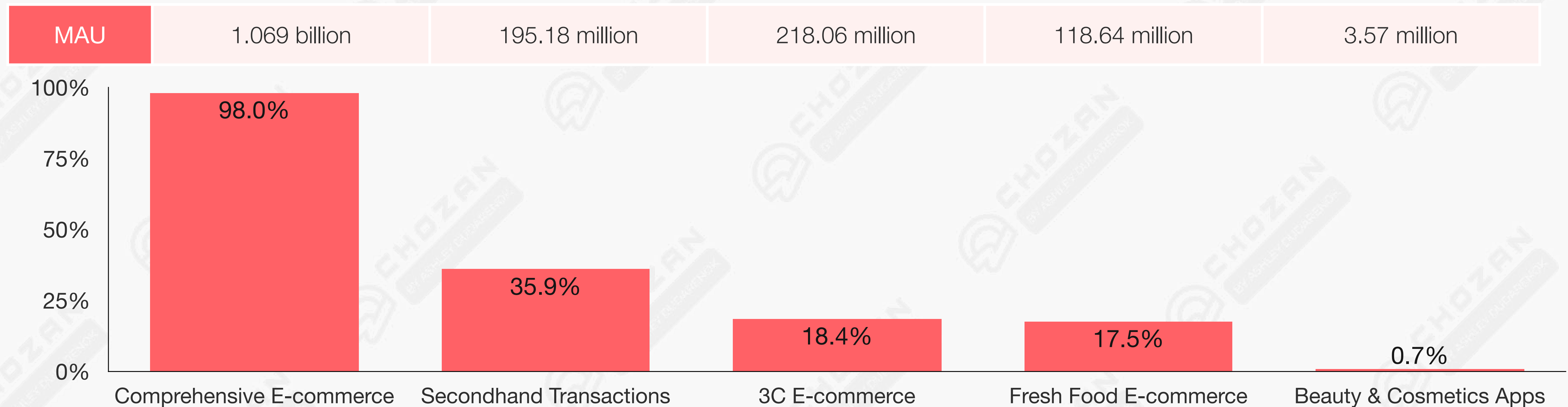


CHINA'S ONLINE SHOPPERS

COMPREHENSIVE E-COMMERCE LEADS, WHILE SECONDHAND MARKET BOOSTS NEW GROWTH

Comprehensive e-commerce platforms dominate China's mobile shopping sector, driving 98% of the industry's growth with over a billion active users in September 2024. However, secondhand e-commerce is emerging as a new growth engine, with idle goods transactions contributing 35.9%.

TOP 5 MOBILE SHOPPING APP TYPES WITH MOST CONTRIBUTION TO THE OVERALL SHOPPING MARKET IN SEP 2024



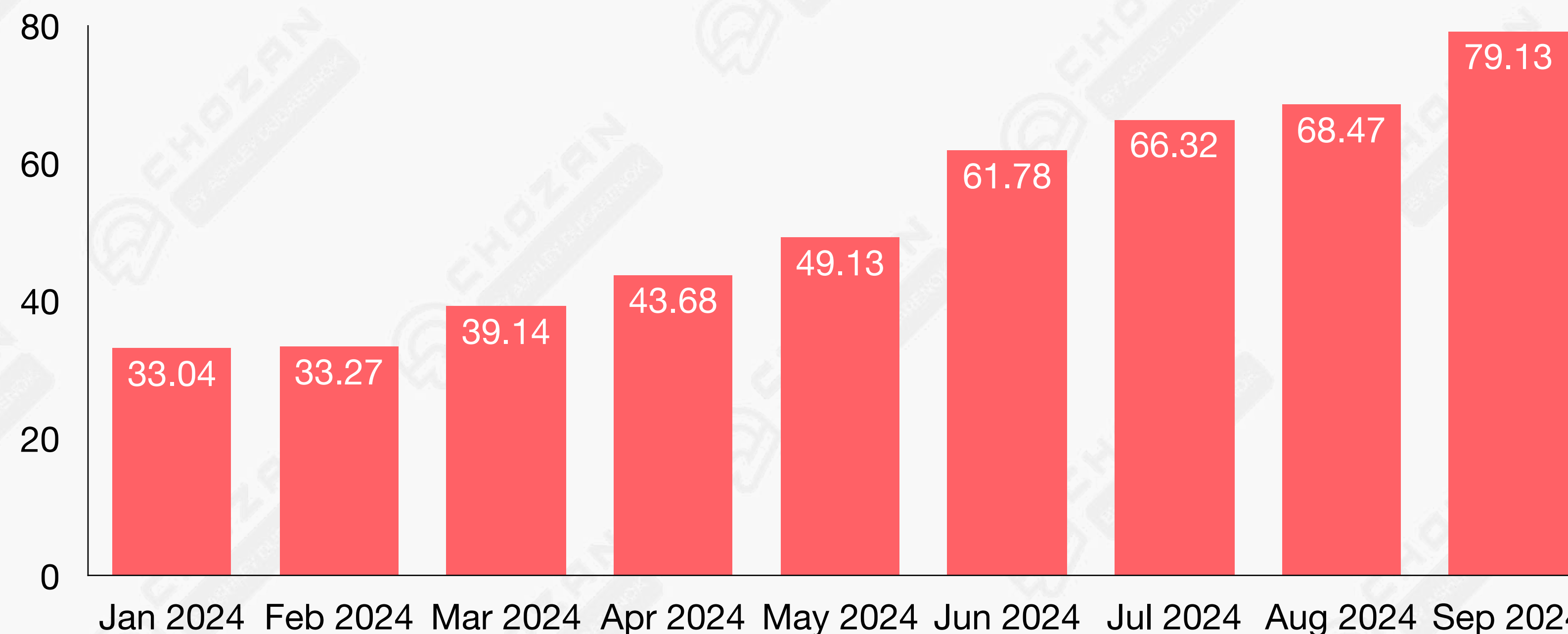
CHINA'S ONLINE ENTERTAINMENT

AIGC CONTENT IS PREVAILING AMONG CHINESE ONLINE USERS

AIGC APP MAU IN 2024 (UNIT: MILLION)

YoY Growth	759.7%	698.6%	761.9%	574.7%	618.7%	654.3%	600.8%	540.8%	393.9%
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2024 marks the inaugural year of AI application development, with the AIGC (AI-generated content) app industry experiencing rapid growth. Monthly active users (MAU) in this sector are nearing 80 million, according to QuestMobile.

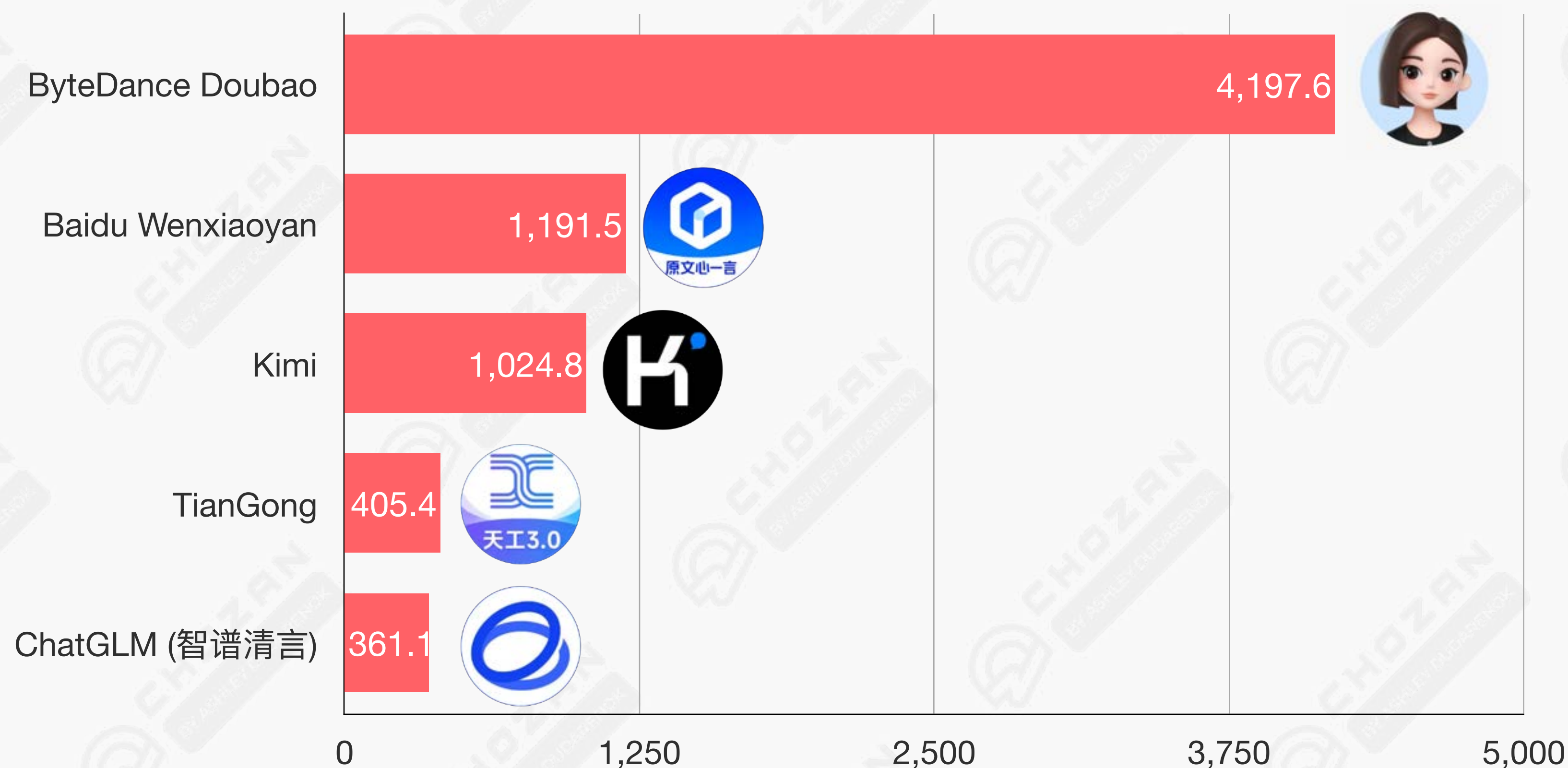


CHINA'S ONLINE ENTERTAINMENT

TOP 5 AIGC APPS WITH MOST MAU

The leading applications in the AIGC industry are predominantly tool-oriented, deeply integrated into various aspects of users' daily lives and work. Their strong practicality is a key factor driving user adoption. In September 2024, Doubao app, a standout in the category, achieved MAU of nearly 42 million.

TOP 5 AIGC APPS' MAU IN SEP 2024
(UNIT: 10,000)



CHINA'S GOVERNMENT SUPPORT

GOVERNMENT SUPPORT POLICIES FOR THE DIGITAL DEVELOPMENT

STATE COUNCIL (2022): 14TH FIVE-YEAR PLAN FOR DIGITAL ECONOMY DEVELOPMENT

- By 2025, the added value of core digital economy industries will account for **10% of GDP**.
- Promote the efficient layout of **AI infrastructure** and enhance the empowerment capabilities of "intelligent+" industry development.
- Strengthen the competitiveness of key industrial supply chains, including **5G, integrated circuits, new energy vehicles, and AI**, to improve supply chain ecosystems in critical sectors.

STATE COUNCIL (2024): GOVERNMENT WORK REPORT ON DIGITAL ECONOMY

- Formulate policies supporting the high-quality development of the digital economy, actively promoting **digital industrialization**.
- Launch the "**AI+ Action Plan**" to establish a globally competitive cluster of digital industries.
- Accelerate the construction of **digital infrastructure** with advanced capabilities to create a unified national computing network system.

CHINA'S CITY-SPECIFIC DIGITAL SUPPORT

THE GOVERNMENT INJECTS MORE FUND TO THE R&D DEVELOPMENT OF AI

SHENZHEN	ACTION PLAN FOR HIGH-QUALITY AI DEVELOPMENT AND ADVANCED APPLICATIONS	HANGZHOU	POLICIES FOR PROMOTING AI INDUSTRIAL INNOVATION DEVELOPMENT	NANJING	ACTION PLAN TO PROMOTE AI INNOVATION AND DEVELOPMENT
RELEASE DATE	May 2024	RELEASE DATE	May 2024	RELEASE DATE	May 2024
OVERALL GOAL	Build a city-level computing platform to create a robust intelligent computing ecosystem in the Greater Bay Area.	KEY MEASURES	Offer grants for new R&D projects, ranging from ¥2 million for provincial enterprises to ¥15 million for exceptional projects.	OVERALL GOAL	By 2026, scale the core AI industry to ¥60 billion, annually create 30+ benchmark AI application scenarios.
MEASURES	Establish a ¥10 billion AI industrial fund and provide targeted support to high-potential startups.				






CHINA'S CITY-SPECIFIC DIGITAL SUPPORT

INFRASTRUCTURE SUPPORT IS ALSO KEY TO THE SOUND DEVELOPMENT OF AI INDUSTRY

BEIJING	ACCELERATING THE DEVELOPMENT OF GENERAL AI INDUSTRY POLICIES	SHANGHAI	ACTION PLAN FOR ADVANCING COMPUTING CAPACITY AND INTELLIGENT COMPUTING HUB	WUHAN	ACTION PLAN FOR ADVANCING COMPUTING INFRASTRUCTURE AND INDUSTRIAL APPLICATIONS
RELEASE DATE	April 2024	RELEASE DATE	March 2024	RELEASE DATE	February 2024
KEY MEASURES	<ul style="list-style-type: none"> Up to ¥1 billion funding for large-scale key technology projects. Center-level AI capacity scaled to over 1,000 PFLOPS, with a maximum funding support of ¥50 million. 	OVERALL GOAL	By 2025, establish a regionally influential intelligent computing innovation and application demonstration zone.	OVERALL GOAL	By 2025, achieve 5 EFLOPS in computing capacity.
		EXPECTATION	By 2025, Shanghai's computing capacity to exceed 30 PFLOPS, representing over 50% of the city's total computing capacity.	MAJOR TASK	Enhance foundational AI technology deployment and reduce new data center energy consumption to below 1.25 kWh per workload.






CHINA'S DIGITAL APPS

TOP 10 APPS WITH THE LARGEST USER BASE IN 2024 IN CHINA

NO.	INDUSTRY	TOP APP	AVERAGE MAU (MILLION)
1	Instant Messaging, Super App	 WeChat	1,062.64
2	E-commerce	 Taobao	929.99
3	Payment Services, Super App	 Alipay	904.16
4	Navigation	 Gaode Maps	845.01
5	Short Video	 Douyin	805.21

CHINA'S DIGITAL APPS

TOP 10 APPS WITH THE LARGEST USER BASE IN 2024 IN CHINA

NO.	INDUSTRY		TOP APP	AVERAGE MAU (MILLION)
6	Search Engine		Baidu	678.27
7	Input Method		Sogou	596.15
8	Browser		QQ Browser	428.29
9	Online Video		iQIYI	384.9
10	Weather Services		Huawei Weather	226.52

SUMMARY OF CHINA'S DIGITAL ECONOMY

THREE MAJOR HIGHLIGHTS

1 CONTINUED EXPANSION OF CHINA'S DIGITAL ECONOMY

As digital technologies advance, industries are becoming more digitally connected, driving **innovation** and **efficiency** across various sectors. The deepening integration of **digital tools** into the economy opens up significant opportunities for **businesses to scale** and innovate.

2 MASSIVE INTERNET USER BASE DRIVING E- COMMERCE

With 1.1 billion internet users and over 900 million online shoppers, China leads globally in **digital retail and mobile payments**. This growing user base, alongside high mobile penetration, highlights China's continued dominance in **online commerce**.

3 INCREASED ROLE OF TECHNOLOGY IN BUSINESS TRANSFORMATION

Technologies like AI, cloud computing, and big data are becoming central to business operations. Especially with **China's advanced AIGC**, businesses can **automate content creation** and optimize decision-making processes, driving **efficiency and innovation** across industries.

EXPERT BITE

Q: WILL CHINESE TECH COMPANIES SHIFT HOW THEY COLLABORATE WITH INTERNATIONAL FIRMS BY 2025?

It is a continuing rebalancing of international relations. However international firms have no choice but to collaborate with Chinese tech companies inside China for the Chinese market; in particular with an eye on the fast evolving GenAI landscape that appears to follow a parallel track and tech stack in China.

Globally, we need to be careful to distinguish a wide variety of markets: markets in south east asia, middle east and latin America are welcoming Chinese technology, and related partnerships.



MARK GREEVEN

Professor of Management
Innovation and Dean of IMD Asia

EXPERT BITE

Q: WHAT INVESTMENT TRENDS HAVE EMERGED IN GUANGZHOU AND HUANGPU DISTRICT, AND HOW MIGHT THEY EVOLVE BY 2025?

In recent years, Guangzhou and the Huangpu District have seen a surge in investment trends centered around what we call IAB-NEM, encompassing, ICT, AI, Bio-medicine, New Energy, and New Materials. These sectors have developed robust clusters, with both local champions and international companies playing significant roles. Looking towards 2025, these trends are likely to evolve with:

Increased Integration of Digital Technologies: The digital economy's growth, as evidenced by recent economic censuses, suggests even more integration and innovation in ICT and AI, with Huangpu potentially becoming a hub for smart technologies. **Expansion in Bio-medicine:** With ongoing investments and developments, the district could see an increase in global biotech collaborations, particularly in personalized medicine and advanced cancer treatments. **Sustainable and New Energy Innovations:** The push towards new energy, especially hydrogen technology, might see further international investments and local innovations, aiming at reducing carbon footprints and enhancing energy security.



PETER HELIS

International Executive
 at Invest Guangzhou, Expert in
 China Government Affairs

EXPERT BITE

Q: HOW IS CHINA ADVANCING IN GLOBAL TECH, AND WHAT CAN OTHERS LEARN?

President Xi Jinping's strategic focus on innovation and technology will further boost its global competitiveness, especially in the area of artificial intelligence (AI), 5G, the Internet of Things (IoT), big data and the green economy.

China is set to formulate more than 50 national and industrial standards for AI by 2026 and develop a standard system to guide the high-quality development of the sector, which will further promote the country's technological progress, enterprise development and industrial upgrading.



MARTINA FUCHS

Business Journalist, Co-Founder of Frequency School, Board Member of Montreux Jazz Festival China

CHINA'S TECHNOLOGY

INSIGHTS

UNDERSTANDING CHINESE TECH AND ITS KEY PLAYERS

CHINA'S ADVANCED TECHNOLOGIES OVERVIEW

ADVANCED TECH AND LEADING PLAYERS IN RESPECTIVE FIELDS

AI AND ROBOTICS

- **DeepSeek**
Focuses on developing cutting-edge AI models and applications for industries like healthcare, finance, and education
- **Unitree Robotics**
Known for its agile and affordable robotic dogs, which are used in research, entertainment, and industrial applications
- **UBTECH Robotics**
Famous for its Walker robot and educational robots like Alpha Mini

EV AND BATTERY TECH

- **CATL**
The world's largest EV battery manufacturer, supplying companies like Tesla, BMW, and NIO
- **BYD**
Provides Electric vehicles, batteries, and renewable energy solutions
- **NIO**
Known for its high-performance EVs, as well as its innovative battery-swapping stations
- **XPeng**
Known for its XPILOT autonomous driving system and models

E-COMMERCE AND FINTECH

- **Alibaba Group**
Operates platforms like Taobao, Tmall, and Alibaba Cloud, with advancements in e-commerce, cloud computing, and fintech
- **Tencent**
Known for WeChat, one of the world's most popular messaging apps, and its gaming division
- **JD.com**
A leader in online retail and supply chain innovation

CHINA'S ADVANCED TECHNOLOGIES OVERVIEW

ADVANCED TECH AND LEADING PLAYERS IN RESPECTIVE FIELDS

RENEWABLE ENERGY AND GREEN TECH

- **JinkoSolar**
One of the world's largest solar panel manufacturers, excelling at solar panels and renewable energy solutions
- **Envision Group**
Known for its Envision AESC batteries and wind energy solutions
- **GCL-Poly Energy Holdings**
A key player in the global solar supply chain, producing polysilicon for solar panels and renewable energy

BIOTECH AND HEALTHCARE

- **BGI Genomics**
A global leader in DNA sequencing and genomic research
- **WuXi AppTec**
Provides end-to-end services for drug discovery and development
- **Sinovac Biotech**
Known for its COVID-19 vaccine, CoronaVac

SEMICONDUCTORS AND HARDWARE

- **SMIC**
China's largest semiconductor foundry, working to reduce reliance on foreign chip technology
- **Huawei**
A global leader in 5G technology and consumer electronics
- **Cambricon**
Develops specialized AI chips for data centers, edge computing, and autonomous vehicles

EXPERT BITE

Q: WHAT INDUSTRIES IN CHINA ARE LIKELY TO EXPERIENCE THE FASTEST GROWTH IN THE NEXT FEW YEARS, AND WHY?

Amid China's industrial upgrading and the promotion of technological innovation, I believe the low-altitude economy is poised for explosive growth in the coming years.

First, it has been elevated to a national strategy—over 30 provinces have incorporated it into their government plans, with hundreds of pilot projects already launched, demonstrating strong policy execution.

Meanwhile, emerging demands in drone delivery, emergency rescue, and urban transportation are driving the sector, which reached 505.95 billion RMB in 2023 with 33.8% growth and is projected to hit 3.5 trillion RMB within a decade.

Lastly, China's advancements in drones, AI, and telecommunications will also provide solid foundational support for the industry's growth.



EDWARD TSE

Founder and CEO at
Gao Feng Advisory

EXPERT BITE

Q: WHAT ROLE DOES CHINA'S CARBON NEUTRALITY GOAL FOR 2060 PLAY IN DRIVING INNOVATION IN MOBILITY?

China's ambitious carbon neutrality goal for 2060 acts as a major catalyst for innovation in green mobility solutions and clean energy technologies.

This target accelerates the development of electric and hydrogen fuel cell vehicles, alongside advancements in battery technology. It also supports the expansion of charging infrastructure, crucial for building a sustainable ecosystem for EVs.

Furthermore, EVs play a vital role as distributed energy storage units within the overall energy system, promoting advancements in smart grid technology, including vehicle-to-grid (V2G), distributed energy resources (DERs) and virtual power plants (VPPs).



BILL RUSSO

Founder and CEO at
Automobility Ltd

EXPERT BITE

Q: WITH CHINA HOLDING 76% OF THE GLOBAL EV MARKET, WILL THIS RESHAPE GLOBAL EV STANDARDS?

China's leadership in EV production is reshaping the global automotive industry, setting unparalleled benchmarks for affordability, efficiency, and technological innovation. As Chinese manufacturers like BYD and CATL push the boundaries of battery technology and supply chain integration, they are defining the future of electric vehicles worldwide.

This leadership compels automakers in Europe and the U.S. to learn from China's success, adopting its vertically integrated models and mass production efficiency.

Ultimately, China's advancements are accelerating the global transition to electric mobility, solidifying its role as the cornerstone of the EV revolution.



SHIMI AZAR

Business Development Director,
China at Electreon

EXPERT BITE

Q: WHAT INDUSTRIES DO YOU THINK WILL THRIVE OR FAIL IN 2025?

Thriving industries will likely include green energy (e.g., EVs, solar power), healthcare (especially biotechnology and telemedicine), and AI-driven sectors (e.g., autonomous vehicles, smart logistics).

These align with China's "Dual Carbon" goals and the push for technological self-reliance. Struggling industries may include traditional manufacturing reliant on exports, particularly low-margin sectors, and fossil-fuel-based industries due to tighter environmental regulations and shifts in consumer preferences.



PROF. ALBERTO ANTINUCCI

Applied AI and Chinese Business
and Cultural Strategy

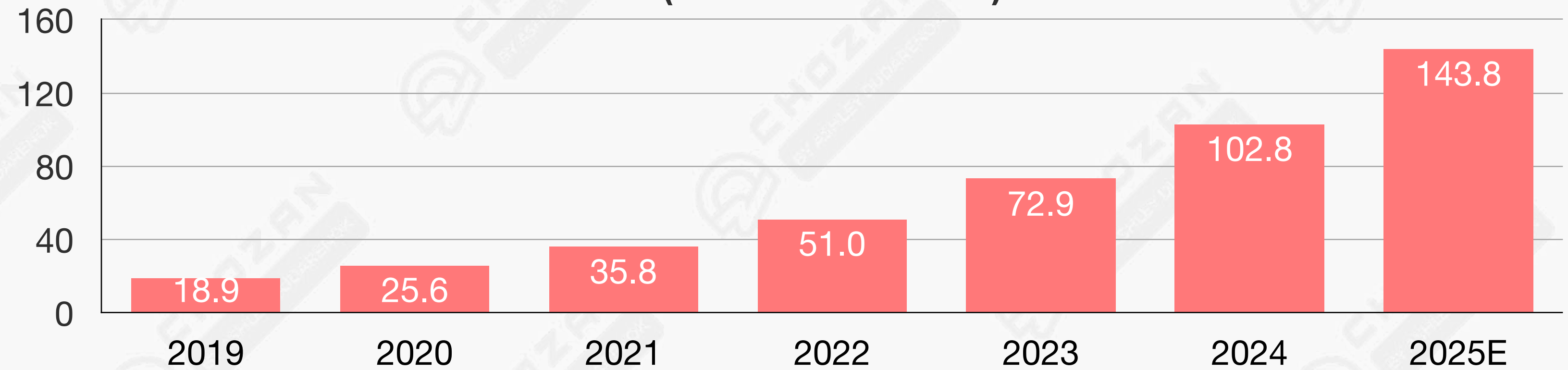
1

ARTIFICIAL INTELLIGENCE

CHINA'S AI MARKET OVERVIEW

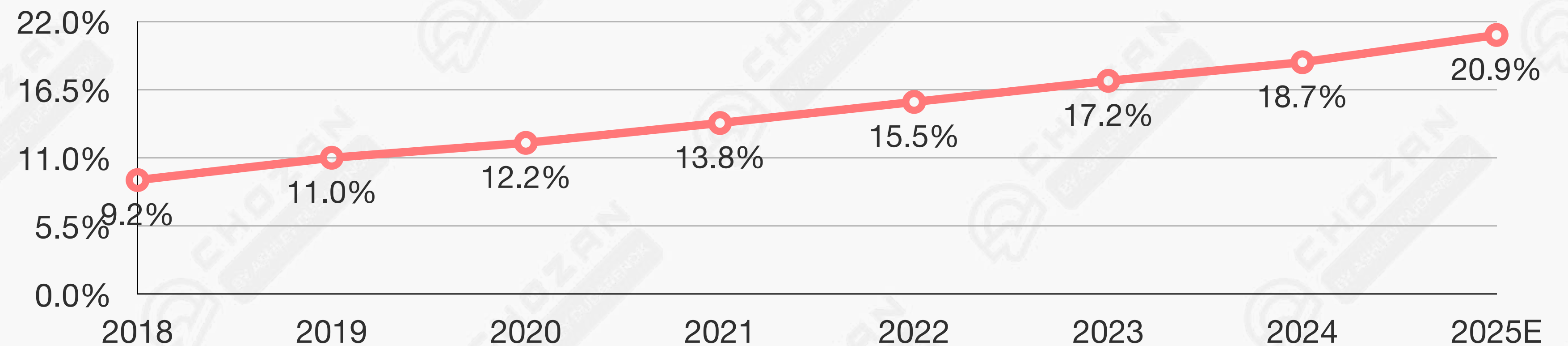
CHINA'S AI INDUSTRY RAPIDLY GROWS, STRENGTHENING ITS GLOBAL MARKET INFLUENCE

CHINA'S AI MARKET SIZE AND FORECAST IN 2019-2025E
(UNIT: BILLION USD)



China's AI industry is experiencing rapid expansion, in 2024, the market size reached 747 billion RMB, representing a year-on-year growth of 41.0%. Projections for 2025 estimate the market will grow to 1.0457 trillion RMB, **accounting for 20.9% of the global AI market share**, underscoring China's growing influence in the global AI landscape.

PROPORTION OF CHINA'S AI MARKET SIZE IN THE GLOBAL AI MARKET

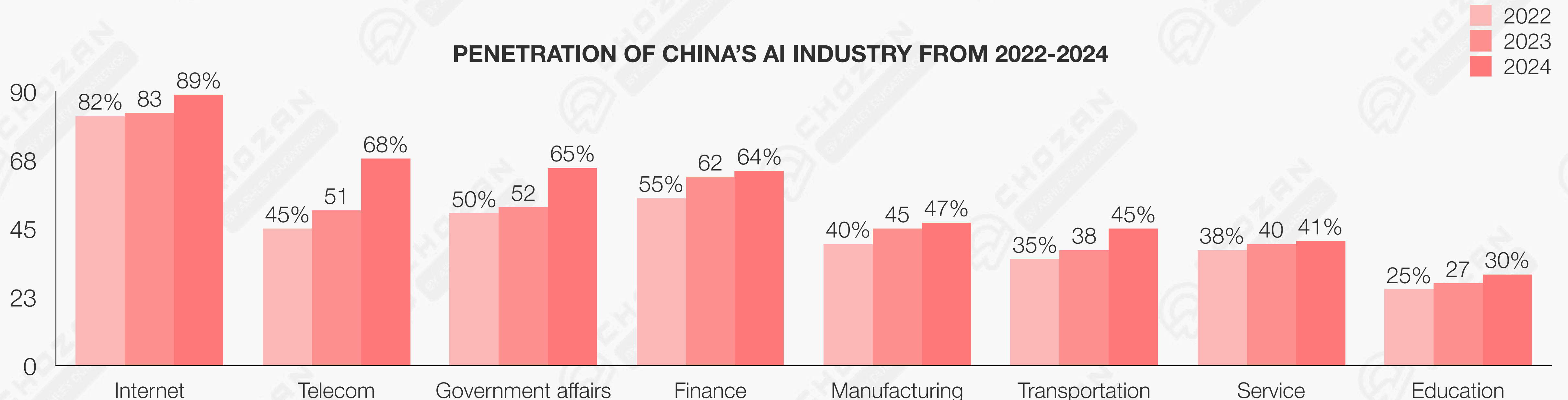


CHINA'S AI PENETRATION IN DIFFERENT INDUSTRIES

AI ADOPTION IN CHINA SPREADS WIDELY, WITH INTERNET SECTOR LEADING GROWTH

In terms of the AI penetration in China, the internet industry **consistently shows the highest penetration**, rising from 82% in 2022 to 89% in 2024, demonstrating its dominance in adopting AI technologies. Telecommunications and government affairs sectors have seen significant growth. The chart suggests a broadening application of AI across different sectors.

PENETRATION OF CHINA'S AI INDUSTRY FROM 2022-2024



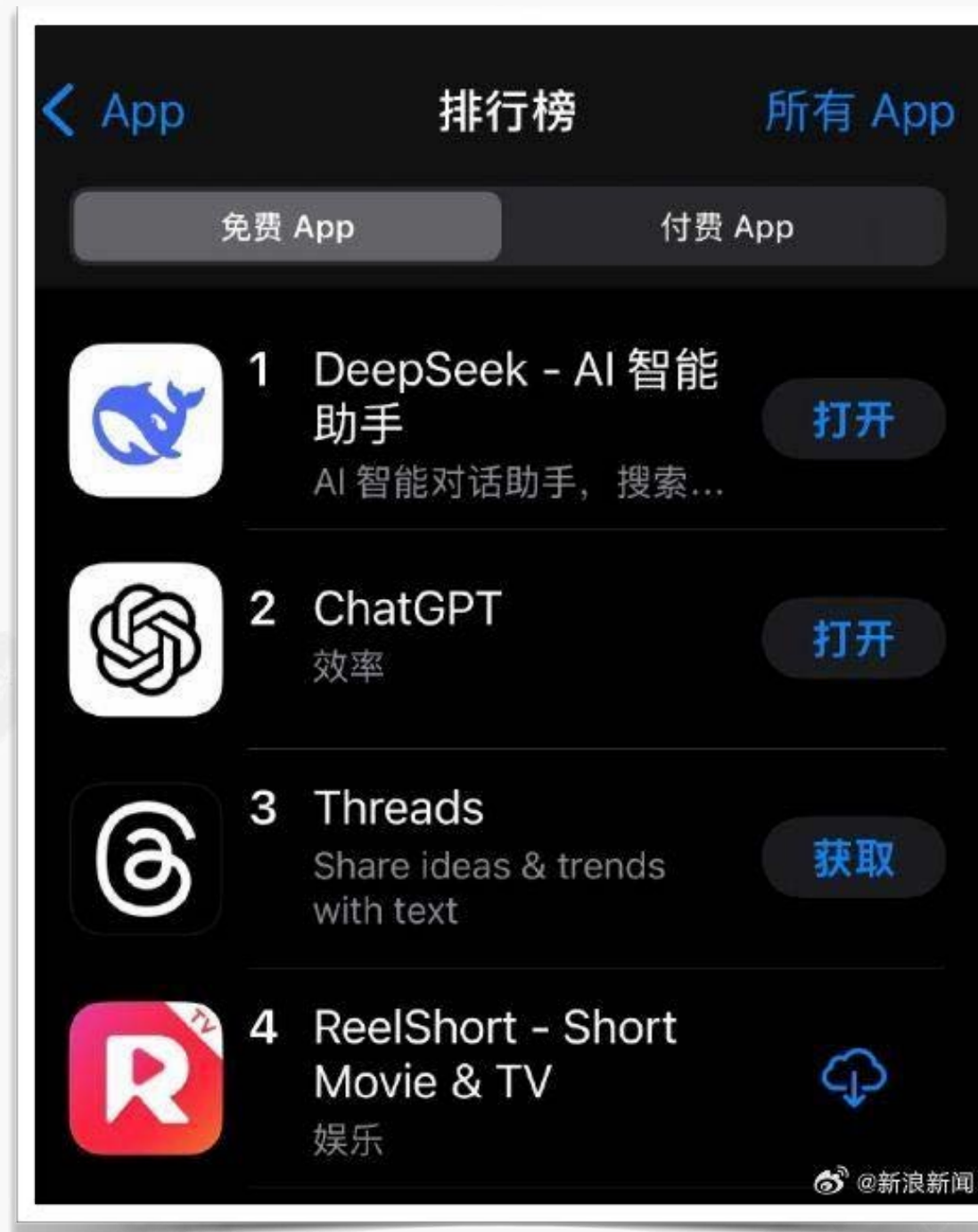
CHINA'S AI ASSISTANTS OVERVIEW

POPULAR AND TRENDING AI ASSISTANTS INTRODUCTION

	DEEPSEEK	ERNIE BOT (WENXINYIYAN)	TONGYI QIANWEN	YUANBAO	DOUBAO	KIMI
LAUNCH TIME	Jan 2025	Mar 2023	Apr 2023	May 2023	Aug 2023	Oct 2024
BACKGROUND	High-Flyer (幻方量化, a hedge fund company)	Baidu	Alibaba	Tencent	ByteDance	Moonshot AI (a start-up company)
CAPABILITIES IN ONE SENTENCE	Handles reasoning-heavy tasks, e.g. coding, math, and structured problem-solving	Advanced natural language understanding and generation	Supports tasks like text summarization and translation	Offers conversational assistance and content generation	Text generation, data analysis, and multimedia content creation	Summarization, querying, research, and analysis report generation
UNIQUE FEATURE	High performance and significantly fewer resources (about 1/10 of what Meta spent on its AI tech)	Deep integration with Baidu's ecosystem	Integration with Alibaba's cloud services	Seamless integration with Tencent's platforms	High performance with the latest version, surpassing GPT-4o	Supports ultra-long context processing up to 2 million Chinese characters
MAU (AS OF NOV 2024)	N/A	~10 million	N/A	N/A	56 million	22 million

DEEPSEEK HIGHLIGHTS

ITS MOST UPDATED MODEL ACHIEVES STATE-OF-THE-ART PERFORMANCE IN COMPUTATIONAL EFFICIENCY AND ACCURACY



DeepSeek was founded in 2023 by Liang Wenfeng, co-founder of High-Flyer, a quantitative hedge fund focused on AI. Its model now has evolved into DeepSeek V3, which marks a transformative advancement in the domain of large language models (LLMs), setting a benchmark for open-source AI.

DEEPSEEK V3'S VERSATILITY ACROSS VARIOUS DOMAINS

- Education Tools:** It excels in answering complex education queries and providing accurate, context-rich responses.
- Coding Platforms:** With top-tier performance on coding benchmarks like LiveCodeBench, it is ideal for competitive programming platforms and code suggestion tools.
- Multilingual Knowledge Systems:** It demonstrates superior performance in multilingual benchmarks, making it a powerful tool for global knowledge management and translation.
- Mathematical Applications:** It can tackle advanced mathematical reasoning and problem-solving tasks.

On January 27, 2025, DeepSeek took over rival OpenAI's coveted spot for most-downloaded free app in the U.S. on Apple's App Store, dethroning ChatGPT for DeepSeek's own AI Assistant.

DEEPSEEK COMPARISON

IT DISRUPTS THE AI SECTOR WITH BETTER PERFORMANCE AND FEWER RESOURCES



In 2024, companies invested over USD 50 billion in proprietary AI systems, with the cost of deploying a single model often surpassing USD 1 million. Despite this, 76% of organizations find themselves priced out of accessing advanced AI capabilities, especially in key areas like multimodal processing. However, DeepSeek V3's open-source multimodal AI is matching or exceeding the performance of systems costing 100x more.

DEEPSEEK VS. GLOBAL AI COMPETITORS

COST PER DEPLOYMENT

MULTIMODALITY

FINE-TUNING FLEXIBILITY

ON-PREMISES HOSTING

COMMUNITY SUPPORT

	DeepSeek V3	OpenAI	Claude
COST PER DEPLOYMENT	LOW	HIGH	HIGH
MULTIMODALITY	FULL	LIMITED	PARTIAL
FINE-TUNING FLEXIBILITY	✓	PARTIAL	PARTIAL
ON-PREMISES HOSTING	✓	MOSTLY CLOUD	CLOUD / RESTRICTED
COMMUNITY SUPPORT	ROBUST	MODERATE	LOW

ERNIE BOT (OR WENXINYIYAN) HIGHLIGHTS

IT SPECIALIZE IN CHINESE LANGUAGE TEXT UNDERSTANDING AND ANALYSIS



FIVE MAIN FUNCTIONS OF ERNIE BOT

- Literary Creation:** Responding to queries, summarizing analyses, generating content, and exhibiting reasoning abilities.
- Business Copywriting Creation:** Clearly understanding human intentions and expressing ideas effectively to accomplish creative tasks.
- Mathematical Reasoning and Calculation:** Demonstrating logical thinking and performing complex tasks like mathematical derivations and logical reasoning.
- Chinese Language Understanding:** Possessing advanced natural language processing capabilities in the Chinese domain, with strong performance in Chinese language and culture.
- Multimodal Generation:** Generating text, images, audio, and video content.



ERNIE Bot (Wenxinyiyan “文心一言”)’s main page

TONGYI QIANWEN HIGHLIGHTS

IT HAS BEEN CONNECTED TO ALIBABA'S ECOSYSTEM



TONGYI QIANWEN (“通义千问”) CAN BE



A CREATIVE COPYWRITER

To assist with personalized tasks like crafting love letters or expressive written pieces



A LEARNING ASSISTANT

To simplify studying by providing clear solutions and guidance for challenging questions



A LIFE ENHANCER

To add joy to everyday life by creating engaging and beautifully worded content tailored to specific needs



AN OFFICE HELPER

To boost work efficiency by offering career planning advice, resume preparation suggestions, and tailored industry insights

The model has been fully connected to Alibaba's ecosystem



YUANBAO HIGHLIGHTS

IT EXCELS IN ANALYZING MULTI-FORMAT INFORMATION



HIGHLIGHTS OF YUANBAO



AI Search

Yuanbao is **connected to WeChat Search and Sogou Search**, and is enhanced through AI search to ensure the timeliness of content

AI Summary

- It has a very long context window and supports **multiple input formats** such as images, files, and voice
- It can parse up to **10 PDF/word/txt files at a time**. Users can also directly send links, no limit on the number.
- It helps users **analyze** the key points and **compare** the key contents of multiple web pages using tables.

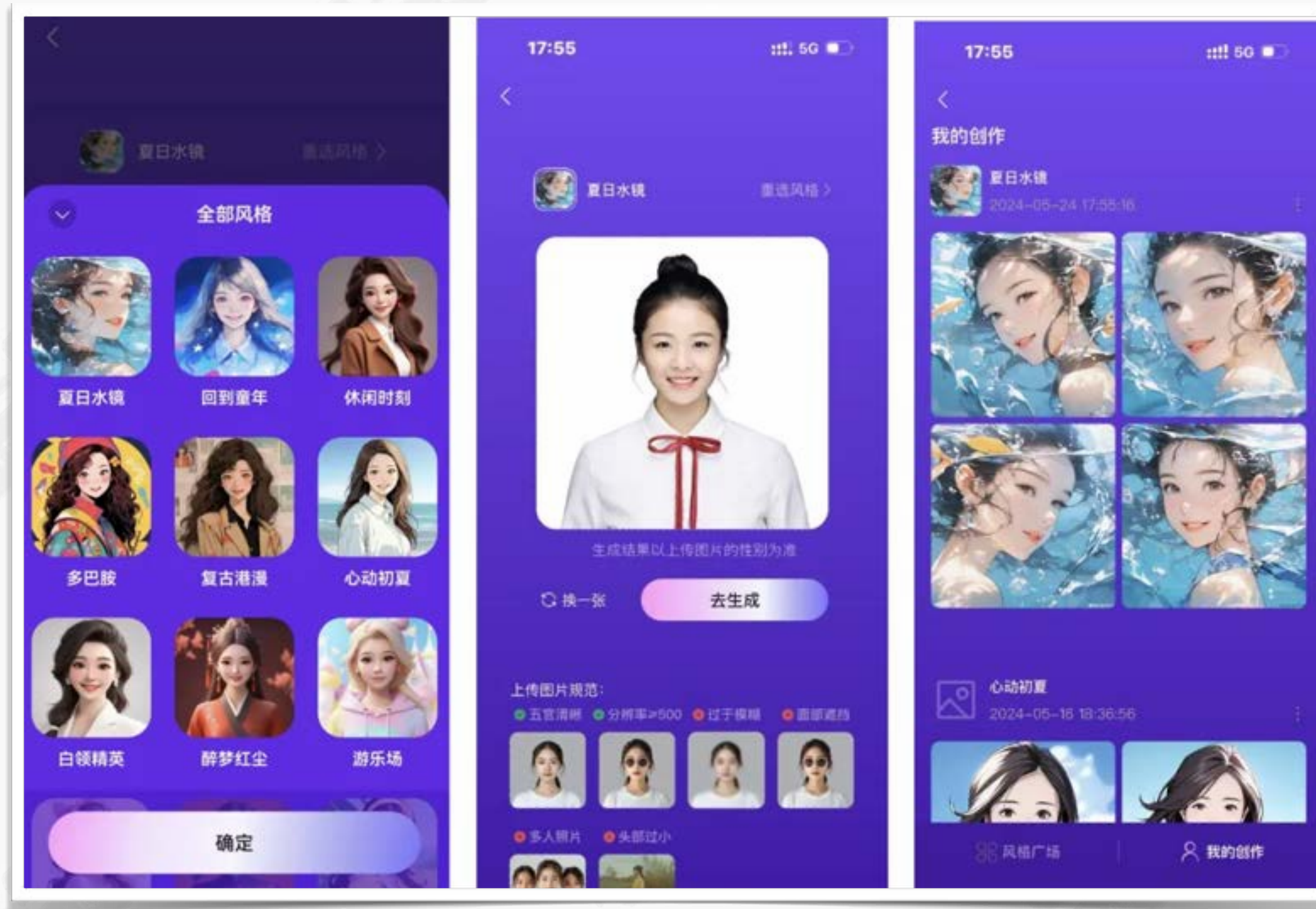
AI Summary using tables for clearer info comparison

YUANBAO HIGHLIGHTS

IT MEETS USERS' CREATIVE NEEDS



HIGHLIGHTS OF YUANBAO



Creative avatars based on user demand

AI drawing and painting

- It can draw pictures as required by users
- It can **customize stickers** using the pictures that user provides
- It allows users to **create their own avatars** in hundreds of styles

AI picture analysis

Yuanbao can **understand** the content of the picture and **make inferences and analyses** about it. For example, users can ask it to estimate the calorie of food or age of people/animals in the picture.

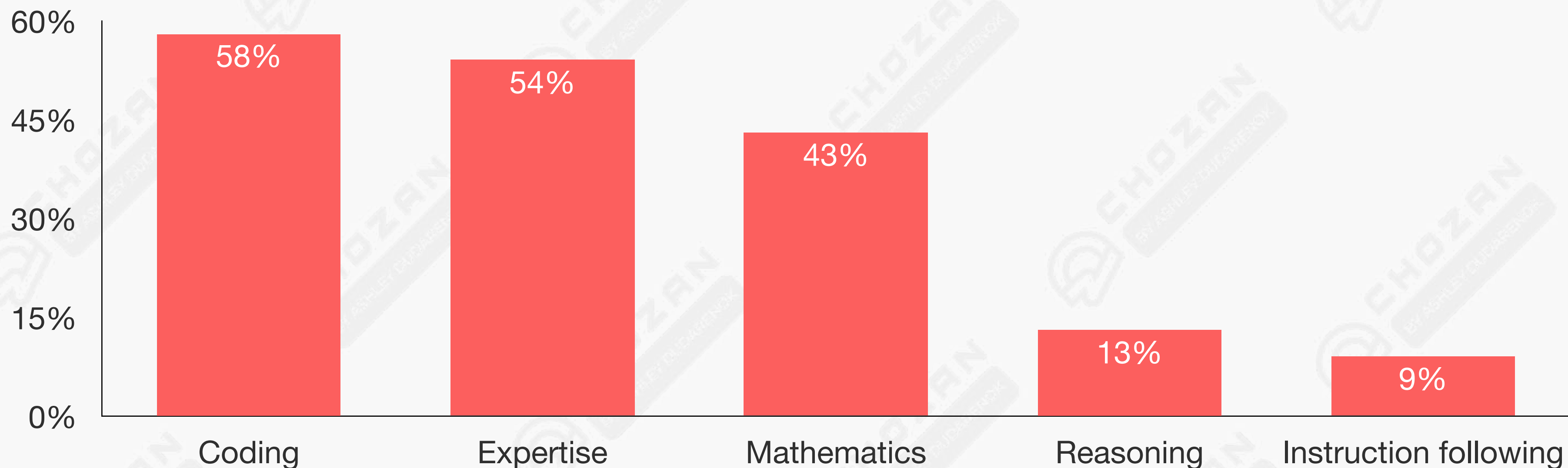
DOUBAO HIGHLIGHTS

IT POSSESS INDUSTRY-LEADING CODING AND MATHEMATICAL CAPABILITIES



ByteDance has officially launched its latest Doubao large model 1.5Pro, which demonstrates **outstanding comprehensive capabilities across multiple fields**, successfully surpassing industry-renowned models like GPT-4o and Claude3.5Sonnet. In addition, Doubao video generation model will be officially open to the public in January 2025.

DOUBAO 1.5PRO HAS SIGNIFICANT CAPABILITY UPGRADE IN FOLLOWING AREAS:



KIMI HIGHLIGHTS

IT HANDLES LOSSLESS LONG TEXT UP TO TWO MILLION WORDS



Moonshot AI is a company specializing in to-C AI large language models. As of March 19, 2024, its AI product, the Kimi Intelligent Assistant, has surpassed 500,000 cumulative downloads.

The “**lossless contextual input of 2 million words**” capability is Kimi’s key feature and competitive edge, allowing input of up to 2 million Chinese characters. This enables users to **process extensive materials within a single domain** without loss of detail. Leveraging this capability, users can efficiently summarize, query, conduct research, and create analysis reports. This makes learning or researching an industry remarkably straightforward and accessible.



“Lossless long context is everything” - said by Moonshot AI founder Yang Zhilin

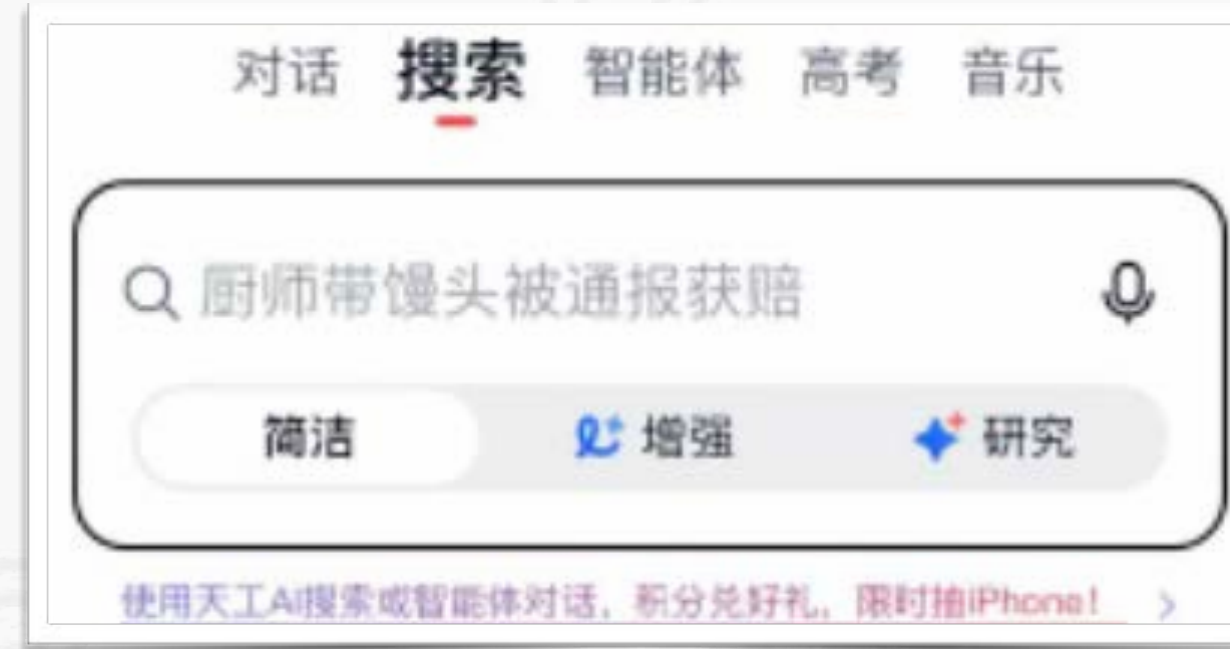
AI COMBINED WITH DIFFERENT INDUSTRIES

AI HAS PENETRATED INTO HEALTHCARE, SEARCH ENGINE, SHORT VIDEO AND MORE



Leveraging iFlytek knowledge base and the iFlytek Spark medical large-model technology capabilities, it offers features such as:

- Symptom self-check
- Drug inquiries
- Traditional Chinese medicine consultation
- Report interpretation
- Hospital recommendations
- Health promotion
- Dietary advice



Integrates the technology that combines information search with speech generation. This multi-turn dialogue format enhances information search with the following benefits:

- Precision
- Efficiency
- Interactivity
- Avoids redundancy, simplifying search results for better user experience



Dubao integrates Douyin SDK. In addition to text-based answers, it provides related short video recommendations based on responses. Users can click on the recommended videos for further browsing and exploration.

AI COMBINED WITH DIFFERENT APPLICATIONS

“AI PLUS” IS THE NEW FOCUS

AI + PROFESSIONAL SERVICES

The combination of AI and professional services can create a symbiotic relationship, where AI augments human capabilities, enabling professionals to deliver more valuable and efficient services to their clients.

AI + LOCAL GOVERNMENT

Establishing clear guidelines and governance frameworks is important to ensure responsible and accountable use of AI within local government operations.

AI + BANK

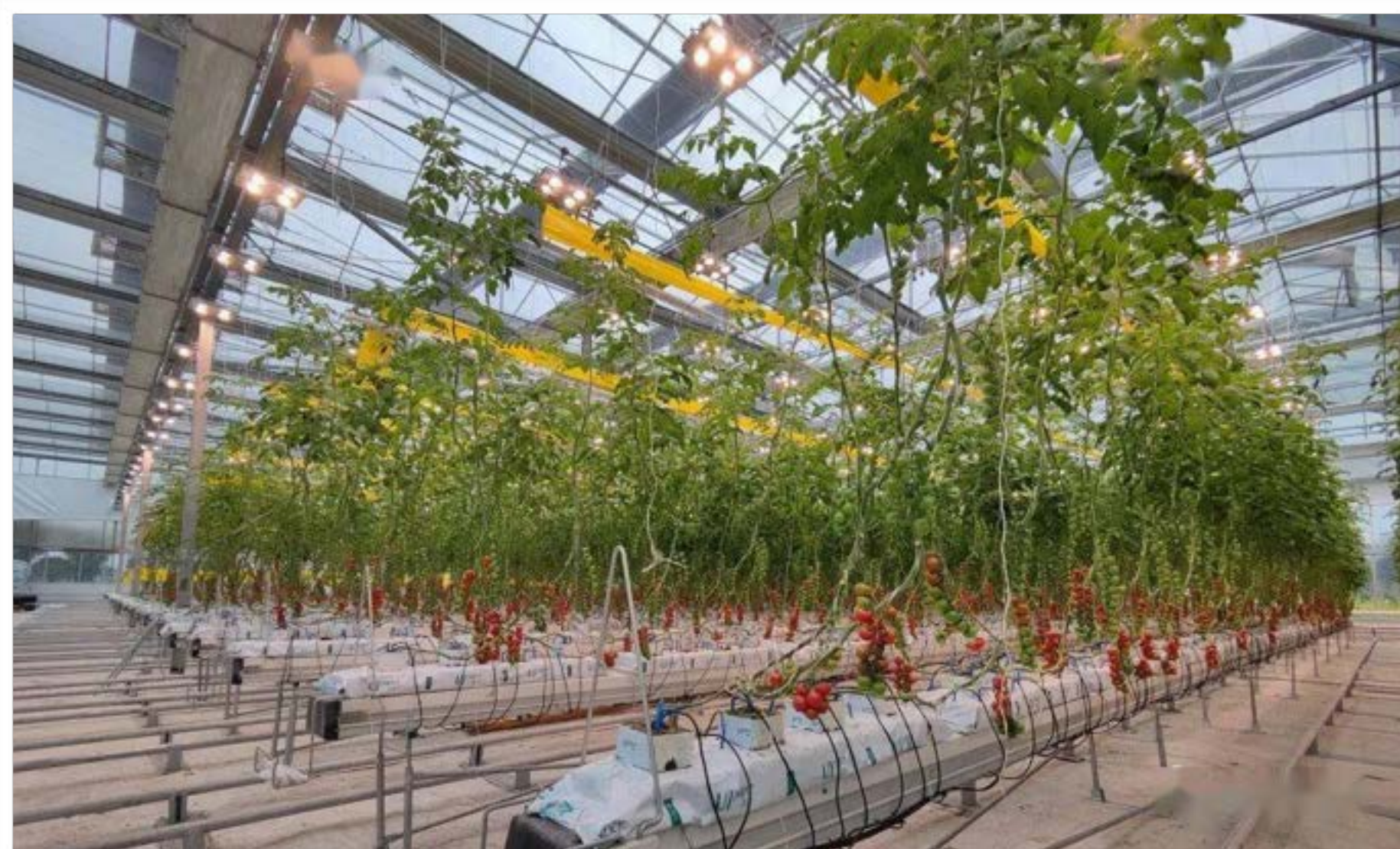
The integration of AI in banking is transforming the industry, enhancing customer experiences, improving operational efficiency, and enabling banks to make data-driven decisions.

AI + COMMUNICATION

From voice assistants and chatbots to language translation and sentiment analysis, AI is enhancing communication efficiency, accessibility, and personalization.

AI APPLIED CASE: AI PLUS PROFESSIONAL SERVICES

AI MONITORS THE GROWING ENVIRONMENT TO HELP AGRICULTURAL DEVELOPMENT



WHAT'S SPECIAL ABOUT IT?

- The AI platform combines regional data to give tomato planting management goals at different stages
- The greenhouse is combined with a digital twin module of automatic control hardware to predict environmental changes in the greenhouse within the next 24 hours by changing the control strategy
- The AI optimization algorithm combines these basic modules , giving the best management suggestions for the day and guiding greenhouse managers in agricultural operations.

Under the guidance of AI technology, workers with greenhouse planting experience can water, fertilize, and supplement tomatoes through computer operations outside the greenhouse

ACHIEVEMENT

Annual output can reach

18 to 20 kilograms

per square meter

*Normal output is about 5.9kg per square meter

AI APPLIED CASE: AI PLUS BANK

AI HELPS BANK FOR ITS DIGITIZATION



AIBANK Digitalization: Zero Space

WHAT'S SPECIAL ABOUT IT?

- **Zero Space:** Users can access "Zero Space" to play online games, earn prizes by completing daily tasks, and interact with AIBank's virtual avatar, AIYA. They can also purchase exclusive financial products, making it an attractive platform for more people.
- **LLM (Large Language Model):** In February 2023, it was announced that Baidu Wenxin Yiyan (ERNIE Bot) would be integrated into its banking services, equipping banks with highly intelligent conversational capabilities to offer consumers more timely and smarter services.

AI BANK ACHIEVEMENT

3.968 Billion income **656** million net net profit
32.35% Increase year-on-year **149.43%** Increase year-on-year

AI AGENTS ARE THE FUTURE FOCUS AREA OF AI

BASED ON LLM, AI AGENTS COVERS BOTH TO-B AND TO-C APPLICATION SCENARIOS WITH ENORMOUS MARKET POTENTIAL

01. PERSONAL ASSISTANT

- Manage schedule and reminders
- Voice interaction, information query
- Smart home control

02. INTELLIGENT DOCUMENT PROCESSING


- Document content interpretation
- Automatic classification and organization of documents
- Information retrieval and summary generation

03. AUTONOMOUS DRIVING

- Environmental awareness
- Lane keeping assistance
- Route planning
- Predictive Analysis

04. PREDICTIVE ANALYSIS

- Risk management and decision-making
- Health analysis
- System management and monitoring



AI AGENTS APPLICATION SCENARIOS

08. SCIENTIFIC RESEARCH

- Data analysis and pattern recognition
- Modeling and prediction
- Assist with research

07. TASK GENERATION AND MANAGEMENT

- Automate task allocation
- Real-time progress tracking
- Risk evaluation and prediction

06. INTELLIGENT CUSTOMER SERVICE

- Automated customer inquiries
- Sentiment analysis
- Multilingual support

05. SOFTWARE DEVELOPMENT

- Automated code generation and optimization
- Debugging and defect detection
- Integration and deployment automation

EXPERT BITE

Q: HOW DO YOU SEE THE CONVERGENCE OF AI AND XR TECHNOLOGIES SHAPING EVERYDAY LIFE IN THE NEXT DECADE?

Over the next decade, most aspects of our relationship with computing and entertainment will be reshaped by the convergence of AI and XR. XR glasses will replace phones as our primary personal device and allow for personalized information and content to be stream to us at the right time.

The embedded AI agents in our devices will serve as our tutors, assistants and collaborators to make us more productive and knowledgeable. And remind us to be healthier, smarter and happier versions of ourselves. We will be liberated from the daily grind of work by an AI powered work force and be free to spend more time on the things we do best and enjoy most.



ALVIN W. GRAYLIN

Author, Technologist, Executive

EXPERT BITE

Q: WHAT'S IN STORE FOR AI IN 2025? HOW WILL THE GREAT FIREWALL EFFECT AI?

In 2025, immersive AI agents who can hear and see will begin to revolutionize business processes. In retail sales training, for instance, we have developed an video chat style AI sales coaching simulator which can deliver true one-to-one personalized coaching at scale – achieving sales skills improvements that were previously impossible due to limited training budgets.

The AI capability gap between Western and Chinese models is real and significant but is closing faster than most realize. While global models like ChatGPT maintain their lead, Chinese models are continually improving and their capabilities will be more than good enough well before most organisations are prepared to adopt them.



AARON CHANG

Founder at JINGdigital

EXPERT BITE

Q: HOW CAN CHINESE COMPANIES THRIVE IN AN AI-DRIVEN, COMPETITIVE MARKET?

The low hanging AI fruit for most companies is personalization. You use AI capabilities (in both software and hardware) to shift from one-size fits all solutions to customized solutions. That is a big increase in the customer experience.

However, the biggest AI opportunity is to launch entirely new AI services that replace existing solutions. And make them obsolete. That is robotaxis replacing human taxis. ChatGPT services replacing search engines. Industrial robots replacing traditional manufacturing. Entirely new AI services are the big transformative opportunity, which is where leaders like Alibaba are focusing.



JEFFERY TOWSON

Partner at TechMoat Consulting

EXPERT BITE

Q: HOW IS AI TRANSFORMING CHINA'S RETAIL SECTOR, AND WHAT INNOVATIONS ARE EMERGING?

AI is reshaping retail through hyper-personalized experiences (e.g., recommendation engines and virtual assistants), smart supply chain optimization, and autonomous retail formats like cashier-less stores (which are not new but are increasing).

Innovations include AI-driven live-streaming commerce, AR/VR-enabled virtual shopping environments, and robotics for delivery and warehousing. These technologies enhance efficiency and drive consumer engagement, particularly in online and omnichannel retail.



PROF. ALBERTO ANTINUCCI

Applied AI and Chinese Business
and Cultural Strategy

EXPERT BITE

Q: HOW DOES AI-GENERATED CONTENT IMPACT SEO IN CHINA, AND WHAT ARE THE RISKS FOR BAIDU OPTIMIZATION?

AI-generated content comes with risks in China due to strict regulations aimed at preventing fake news. Baidu may deindex content it suspects is auto-generated without proper oversight. Generic, low-value content that mirrors existing material harms SEO and fails to meet Baidu's quality standards

Brands should use AI responsibly by ensuring outputs are unique, insightful, and carefully edited. Detailed prompts can guide AI tools to produce meaningful content, while human refinement ensures compliance and quality. This balanced approach boosts productivity while meeting Baidu's requirements for top rankings.



MARCUS PENTZEK

Director SEO at
Jademond Digital

2

EXTENDED REALITY (XR)

CHINA'S XR MARKET OVERVIEW

EXTENDED REALITY CONNECTS PHYSICAL AND VIRTUAL WORLDS

MARKET SIZE IN CHINA

USD 8 trillion

estimated in 2024

TWO MAIN APPROACHES

Industry + Extended Reality: Based on real physical scenes, serving production and consumption in real world settings.

Extended Reality + Industry: Virtual scenes are the main focus, creating a virtual digital twin.

INFLUENCE IN MANY AREAS

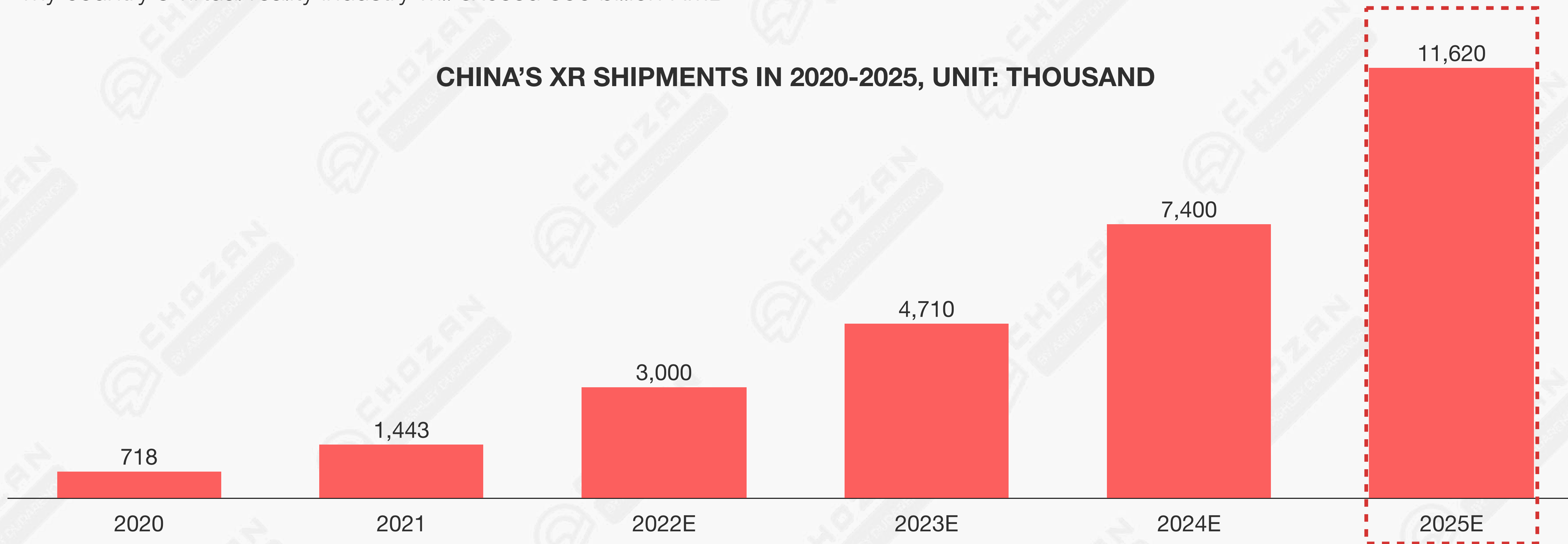
Games, social, financial, retail, education, healthcare, entertainment and others. **Extended reality is revolutionary in many industries.**

CHINA'S XR SHIPMENT

CHINA'S XR INDUSTRY SHOWS ROBUST GROWTH

China's VR terminal shipments will increase eightfold in the four years from 2023 to 2026. By 2026, the overall scale of my country's virtual reality industry will exceed 350 billion RMB.

CHINA'S XR SHIPMENTS IN 2020-2025, UNIT: THOUSAND

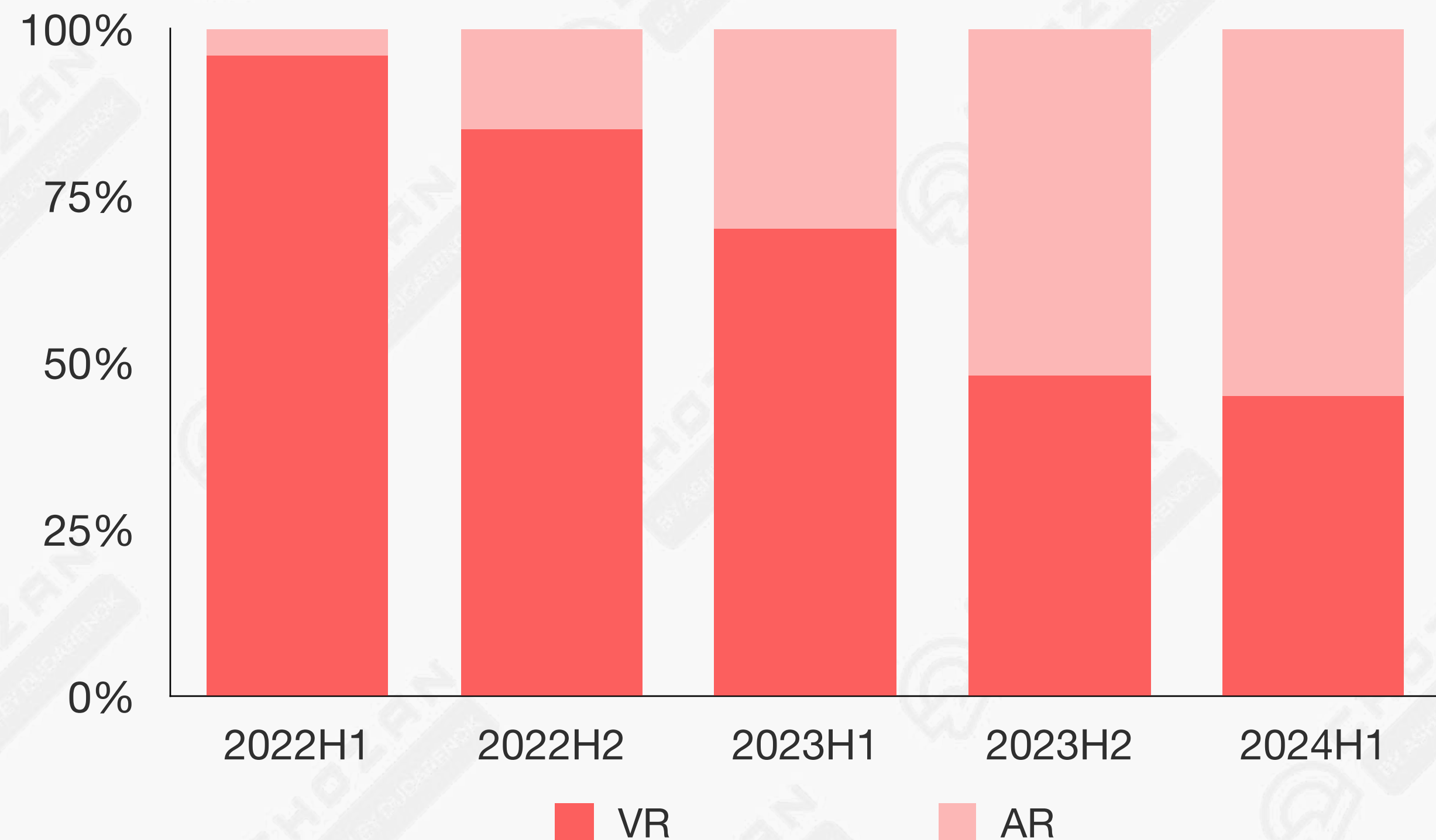


CHINA'S AR/VR MARKET

AR DRIVES GROWTH IN CHINA'S XR MARKET, WHILE VR SEES A SLIGHT DECLINE

In the first half of 2024, China's consumer-grade AR device market experienced significant growth, with sales increasing by 49% year-on-year, while **VR device sales declined by 41% year-on-year**. AR has become the primary driver of growth in the overall XR device market.

CHINA'S AR/VR MARKET PROPORTION IN 2022-2024

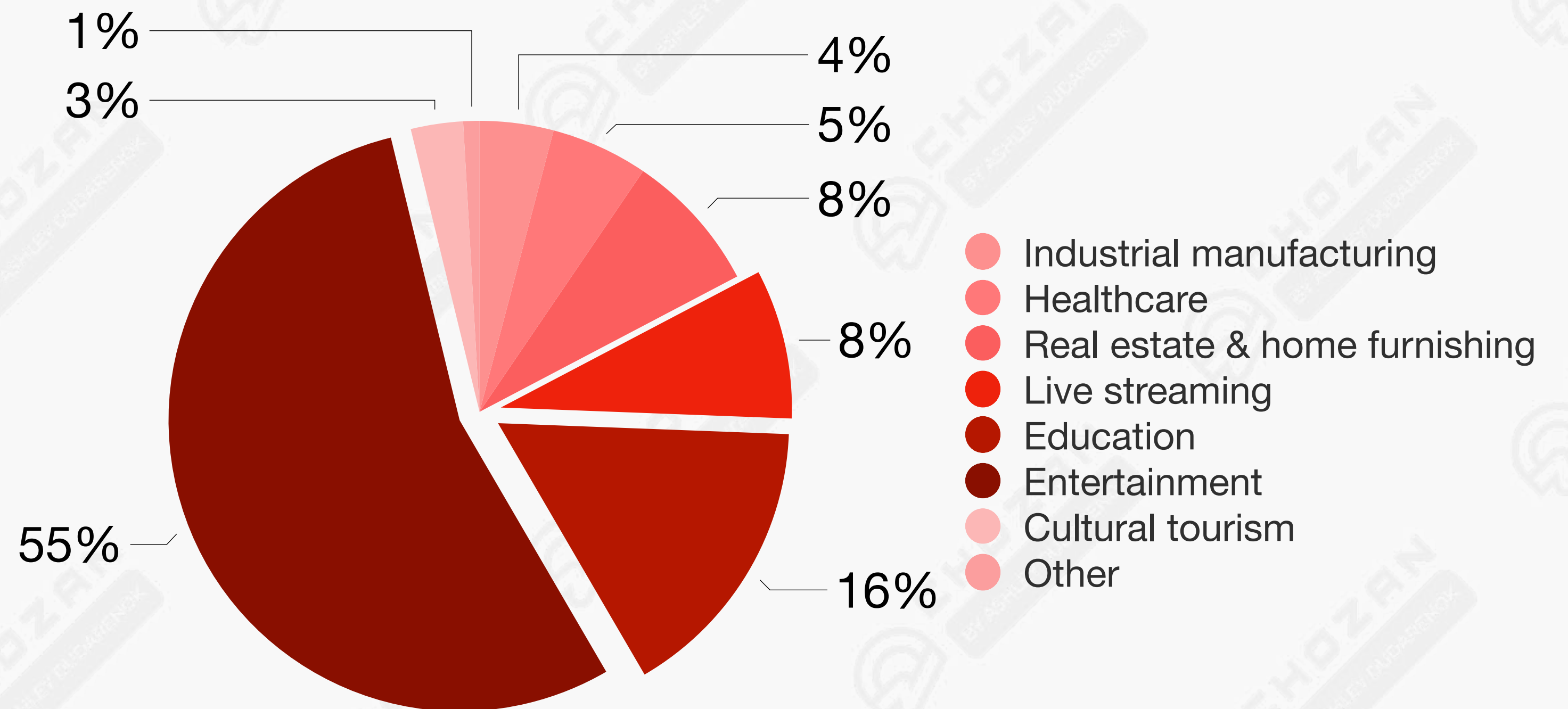


CHINA'S AR/VR APPLICATION INDUSTRIES

CHINA'S VR/AR MARKET IS LED BY ENTERTAINMENT, WITH EDUCATION GROWING

The VR/AR content market in China is heavily **dominated by entertainment, which accounts for 55% of applications**, followed by education at 16%. Healthcare and real estate/home furnishing each hold 8%, reflecting their use in virtual training and design visualization.

APPLICATION DISTRIBUTION OF THE VR/AR CONTENT MARKET IN CHINA



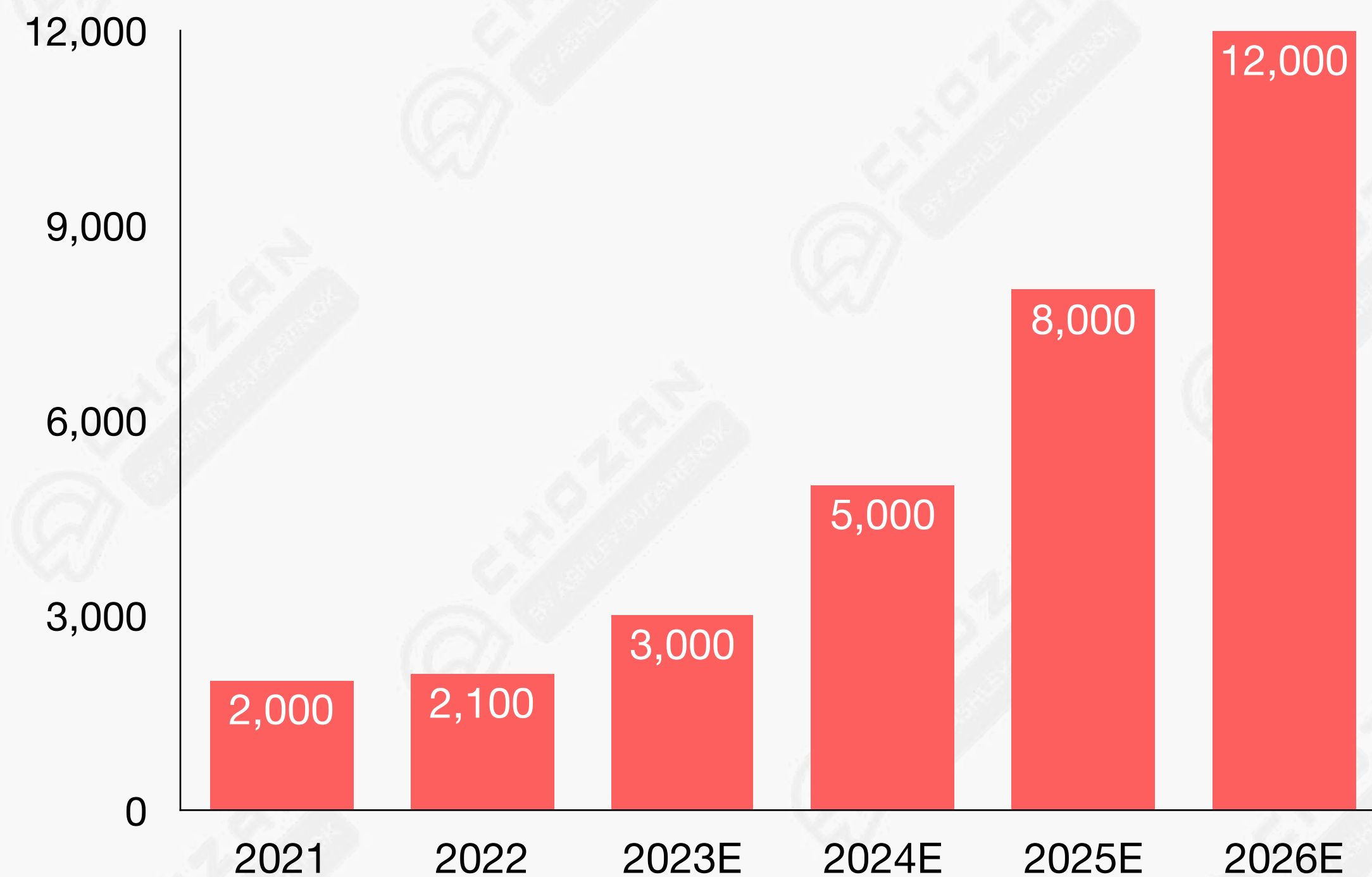
CHINA'S AR/VR MARKET SPENDING

CHINA'S AR/VR MARKET SPENDING SOARS, WITH VR TECHNOLOGY LEADING

IDC predicts that China's AR/VR market IT-related spending last year was approximately USD 2.13 billion and will increase to USD 13.08 billion in 2026, making it the world's second largest single country market.

Among them, AR spending will grow rapidly at a five-year CAGR of 49.0%, and VR spending will maintain steady growth at a five-year CAGR of 41.5%. VR technology will remain the main area of user concern during the five-year forecast period from 2022 to 2026, and will attract approximately 70% of AR/VR market-related investments.

CHINA AR/VR MARKET SPENDING FORECAST IN 2021-2026
UNIT: BILLION USD



COMPARISON AMONG AR, MR, AND VR

FROM AR TO VR, FROM PRACTICAL TO IMMERSIVE

AR (AUGMENTED REALITY)

- **Definition:** Augmented Reality enhances the real world by **overlaying virtual digital information** onto it.
- **Features: Strong practical applicability.** It uses positioning and efficiency tools to simultaneously display physical and virtual world information. There is overlap with MR functions as some enterprises have started integrating both.

MR (MIXED REALITY)

- **Definition:** Mixed Reality **combines the real and virtual worlds**, allowing digital content to interact with real-world objects and environments.
- **Features: Strong interactive capabilities,** enabling users to manipulate virtual objects, which then respond based on real-world environmental changes.

VR (VIRTUAL REALITY)

- **Definition:** Virtual Reality creates **a fully immersive and entirely virtual digital environment** that separates the user from the real world.
- **Features: Highly immersive,** using VR equipment to deceive the brain with visual and auditory stimuli, giving users a realistic sense of being in a virtual environment.

← LESS IMMERSIVE

→ HIGHLY IMMERSIVE

APPLICATION OF AR/VR IN METaverse

VR DRIVES IMMERSIVE EXPERIENCES AND FUELS METaverse GROWTH THROUGH AR INTEGRATION

AR/VR IN METaverse CAN PROVIDE:

1 IMMERSE VIRTUAL SPACE

VR is one of the foundational technologies for creating immersive, presence-based experiences, offering users spatial experiences that simulate real-world environments.

2 VIVID VIRTUAL ENVIRONMENTS

With the development of VR technology, the diversity of virtual worlds within the metaverse continues to expand, enhancing the realism of the metaverse.

3 MULTI-USER INTERACTIVE SOCIAL

Simultaneously supports large-scale social interactions and collaborations in virtual spaces, accelerating the formation of metaverse communities, markets, and ecosystems.

4 ENHANCED VIRTUAL- REAL INTEGRATION

By combining VR with AR, the metaverse evolves beyond isolated virtual spaces into mixed-reality environments, seamlessly integrating the real and virtual to accommodate a wide range of user activities.

APPLIED CASE: DIGITAL SPACE TMELAND

TMELAND CREATES AN IMMERSIVE AUDIO-VISUAL FEAST



TMELAND: CHINA'S FIRST VIRTUAL MUSIC CARNIVAL

- Users can meet the “fanciest” music lineup consisting of well-known DJs, musicians and visual artists
- Users can also personalize a digital self, dance, socialize with peers, make friends from all over the world, ride in an airship to explore the landscape and more

IMMENSE DIGITAL SPACE

130,000

-square-meter virtual space

≈ 18

soccer fields



Personalized digital self

SUPER POPULARITY

1.1 MILLION ≈ **12**

music fans entering TMELAND on New Year's eve

National Stadiums (Birds' Nest) with full audience

STRONG SOCIAL ATTRIBUTES

100,000

people interacting online on the same screen during peak period

APPLIED CASE: AR GLASS

INMO'S AR GLEANED TO BREAK THE LIMITATION OF LANGUAGE



WHAT'S SPECIAL ABOUT IT

INMO, a professional AR eyewear manufacturer, collaborated with translation software Youdao to equip their new AR glasses, INMO Air, with a real-time translation feature, offering **translation in 24 languages and an AR caption display function.**

With the emergence of new functions, there's no doubt that INMO Air's audience has expanded.



INMO collaborated with Youdao Translation to launch China's first AR glasses with real-time translation

APPLIED CASE: AR SYSTEM

HUAWEI AR-HUD SYSTEM REFRESHES DRIVING EXPERIENCE



Huawei's AR-HUD system provides a heads-up on the road ahead

WHAT'S SPECIAL ABOUT IT

The innovative **AR-HUD system** launched by Huawei provides a 13° x 5° field of view (FOV), meaning that a 70-inch virtual image is displayed 7.5 m in front of the driver.

The AR-HUD displays **dashboard information at the bottom** without blocking the driver's view and enables safe assisted driving.

It also provides **AR navigation information** that fits the road surface and **covers multiple lanes** as required. For example, at a three-way intersection, the AR-HUD can offer precise navigation suggestions.

EXPERT BITE

Q: WHAT'S YOUR VIEW ON CHINA'S VERSION OF THE METAVERSE IN 2025? HOW'S CHINA DOING VS THE REST OF THE WORLD?

With its more homogeneous network infrastructure and firmer regulatory environment, China has the potential to be the first fully integrated regional metaverse much more so than western countries.

But it's still too early to proclaim a China metaverse yet. The platform incompatibilities and high content creation costs in addition to relatively low XR device adoption will mean it's still 2-3 years away from the realization of such a system.



ALVIN W. GRAYLIN

Author, Technologist, Executive

EXPERT BITE

Q: IN YOUR OPINION, WHAT WILL BE THE GROWTH DRIVERS FOR CHINA'S DIGITAL ECONOMY IN 2025?

Key growth drivers include the adoption of 5G and 6G, which will enable faster connectivity for IoT and smart cities; AI and machine learning, which will power innovations in automation and personalization; and the digital yuan (e-CNY), which will reshape financial transactions.

Additionally, platforms focusing on the metaverse and industrial internet will gain traction, supported by government policies promoting digital transformation across all industries.



PROF. ALBERTO ANTINUCCI

Applied AI and Chinese Business
and Cultural Strategy

3

ONLINE-MERGE-OFFLINE (OMO)

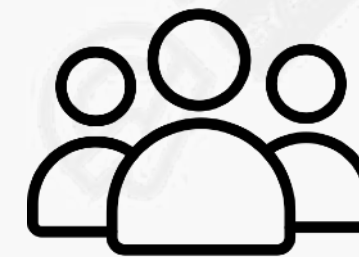
IMPORTANCE OF ONLINE-MERGE-OFFLINE (OMO) IN CHINA

OMO IN CHINA TRANSFORMS PHYSICAL SPACES INTO DATA-DRIVEN, CUSTOMER-FOCUSED EXPERIENCES



TURN YOUR OFFLINE LOCATION INTO A HIGH QUALITY DATA COLLECTION OUTLET

Convert your physical location into a valuable outlet for collecting high-quality data, which can provide you with valuable insights into your customers' needs and preferences



PROVIDE FUN AND WORTHWHILE EXPERIENCES THAT ALIGN WITH CUSTOMERS' VALUES

Define your brand values, and create meaningful experiences that align with those values from a customer-centric point of view



LAUNCH NEW PRODUCT TESTING TO BUILD DEEPER RELATIONSHIPS WITH CUSTOMERS

Provide a unique, exciting experience for your customers, demonstrating your commitment to innovation and customer satisfaction

TECH-BASED OMO UPGRADE

MODERN TECH HAS ENABLED NEW WAYS TO OPTIMIZE THE OMO JOURNEY

DEEPER INSIGHTS INTO CUSTOMER NEEDS

Big data, machine learning and data visualization are more widely used to create consistent customer portraits that apply online and offline

MORE ENGAGING OFFLINE EXPERIENCES

Modern technologies can be used to create more convenient, engaging and immersive shopping experiences

EXCELLENT LAST MILE SERVICES

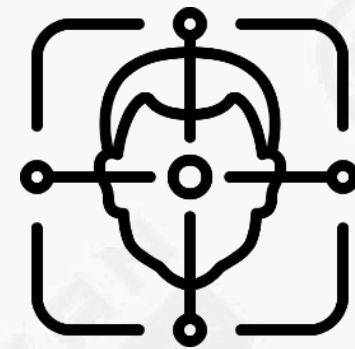
Digital logistics bases, cold-chain logistics, last-mile delivery and delivery robots have matured to facilitate OMO

OMO MODEL IN RETAIL

SMART RETAIL STORES DIGITIZE MANAGEMENT TO OFFER MORE PERSONALIZED EXPERIENCES

Face recognition

- Calculate in-store traffic
- Analyze customer routes in the store



Frequently visited area analysis

- Analyze areas where customer visit more frequently and stay longer
- Discover connection value and adjust store operation



Interaction screen

- Display corporate culture, products on sale and ads
- Enable AR-based interaction to enhance experience



Self-service check-out

- Simplify the entire check-out process
- Support multiple payment methods including face-scan payment



SMART RETAIL STORE

Cloud shelf

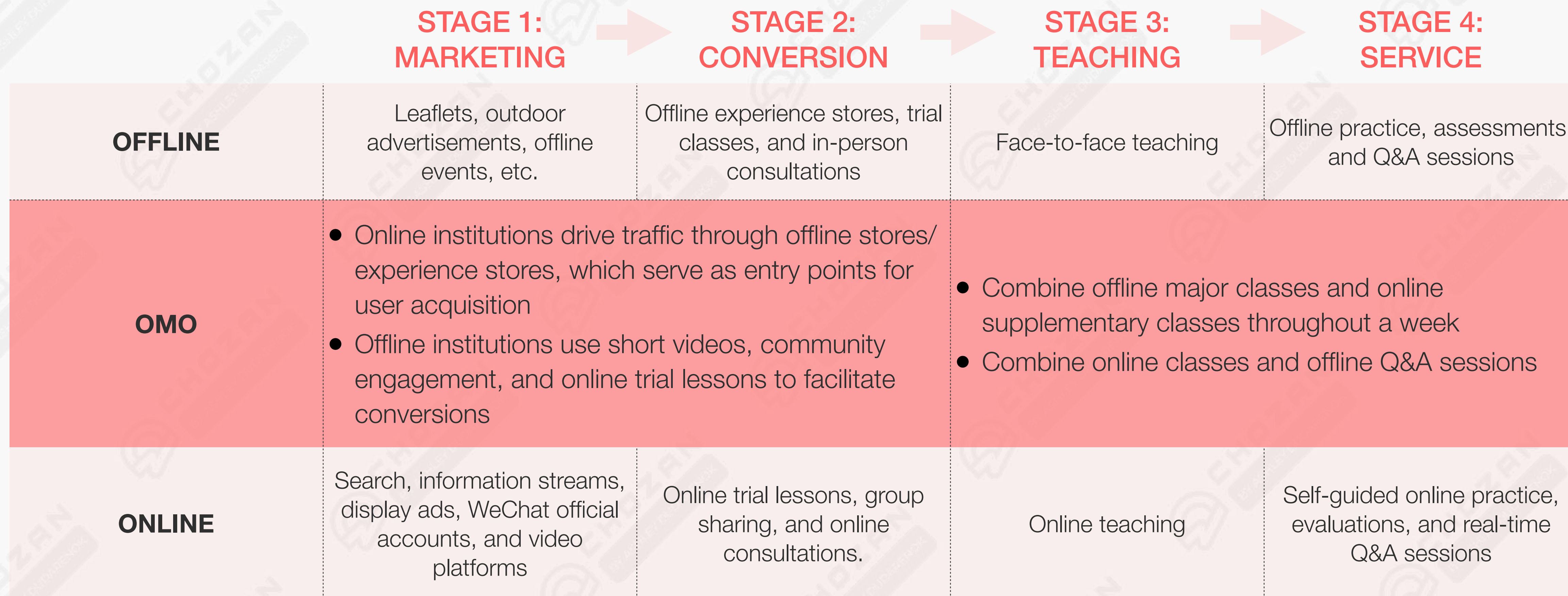
- Recommend products based on consumer profile
- Connect offline and online marketplaces



and more

OMO MODEL IN EDUCATION

EDUCATION OMO IS A DATA-DRIVEN, EFFICIENT MODEL CONNECTING ONLINE AND OFFLINE



OMO MODEL IN HOME FURNISHING

INTEGRATION OF ONLINE AND OFFLINE INTERACTIONS DRIVES CONSUMER LOYALTY AND SALES

MEMBERSHIP SYSTEM AND COMMUNITY

ONLINE PLATFORMS



Products in the online marketplace



Online orders



Online coupons / benefits



Online promotions / local activities



Online store pages

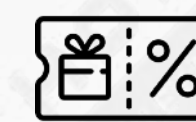
OFFLINE STORES



Products in the offline marketplace



In-store delivery and self-pickup



In-store experience and usage of coupons



In-store promotions / activities



Offline stores with different layout and offering

Build online product pool

Multiple delivery choices available

LBS (Local-based service)

Promotions in all channels / designated stores

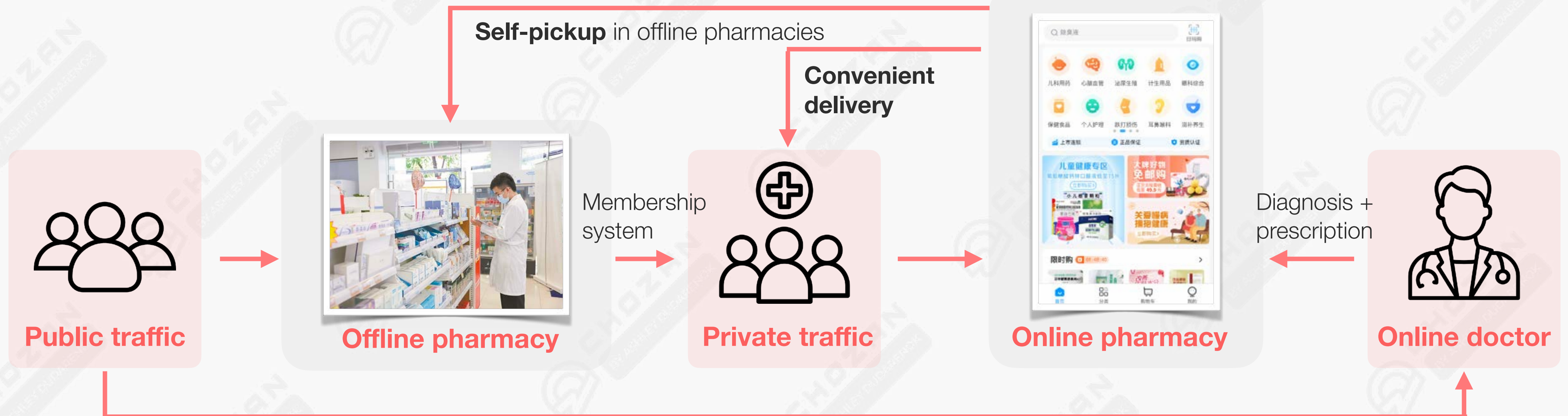
LBS (Local-based service)

OMO MODEL IN HEALTHCARE

OFFLINE PHARMACIES DRIVE TRAFFIC TO ONLINE PLATFORMS FOR EFFICIENT OPERATIONS

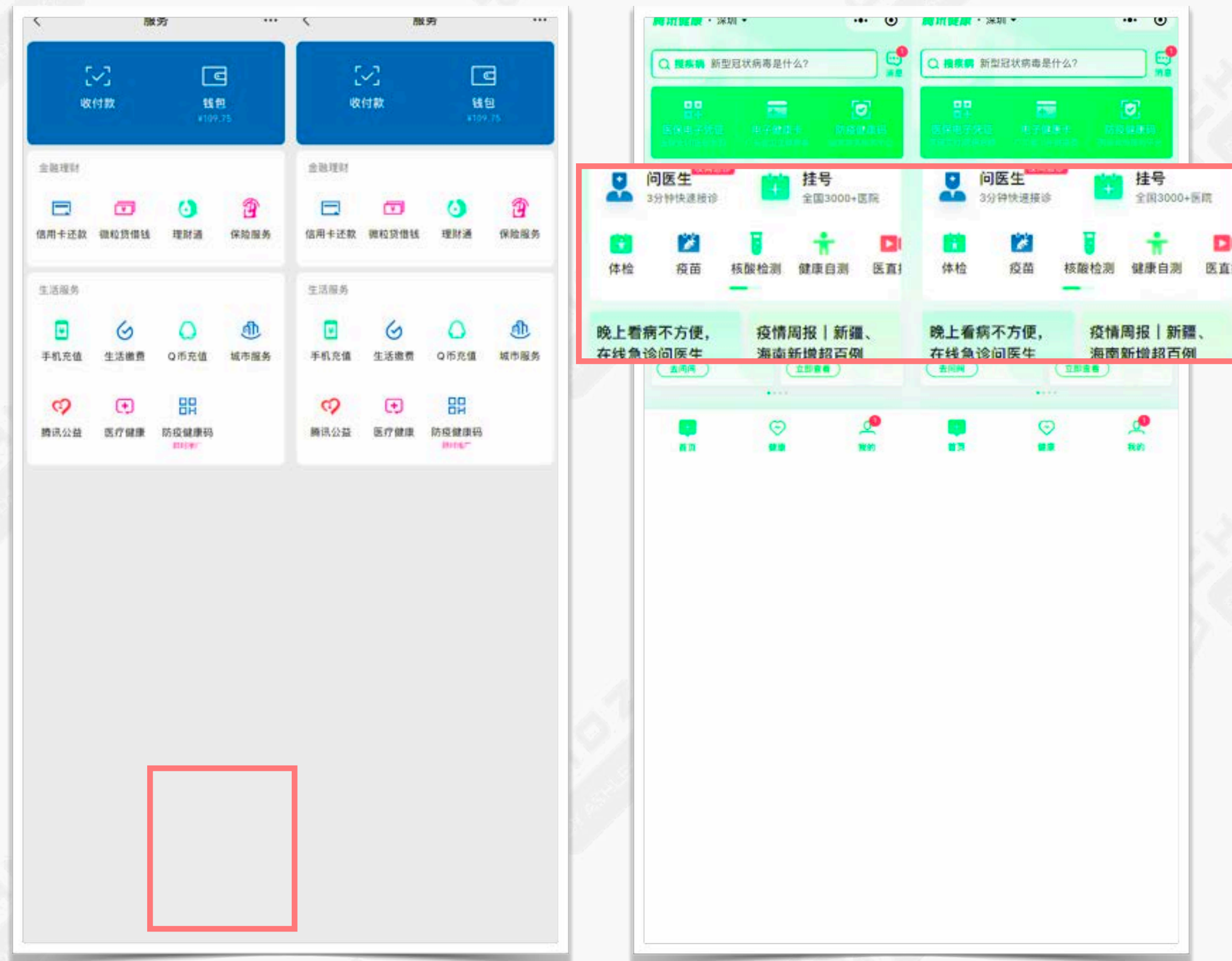
THE OMO MODEL IN THE HEALTHCARE INDUSTRY

The OMO model in the healthcare industry integrates public and private traffic by combining offline and online resources. Offline pharmacies serve as entry points for public traffic, offering self-pickup and memberships to convert users into private traffic. Online pharmacies provide convenient delivery options, while online doctors handle diagnosis and prescriptions. This enables seamless transitions between offline and online services, enhancing user experience and operational efficiency.



APPLIED CASE: OMO EXPERIENCE

TENCENT PROVIDES SEAMLESS HEALTHCARE OMO EXPERIENCE



WHAT'S SPECIAL ABOUT IT

- **Electronic social insurance certificate** covers **31** cities and provinces nationwide, saving time spent in hospital by **43.6** minutes
- **Electronic health card** covers **20** provinces and accesses **1,500+** hospitals
- **Digitized the healthcare whole process** from registration, consultation, medicine purchase and bill payment

Tencent Healthcare inside WeChat

APPLIED CASE: OMO EXPERIENCE

JD MALL DELIVERS BOTH INTERACTIVE ONLINE AND OFFLINE EXPERIENCES



JD ONLINE STORE



JD OFFLINE STORE



For 6.18 in 2023, over 60 JD stores in various cities joined in (coupons, car auctions, live music shows)

JD tailors all recommendations online / offline

Source: JD

WHAT'S SPECIAL ABOUT IT?

- **Offline malls as brand experience space:** transactional with more competitive prices than online, experiential with engaging entertaining and cultural events
- **Smart retail solutions:** store traffic camera, electronic price tags, cloud shelves, interactive shelves, JD Smart Eye, and other technologies

30% INCREASE IN OFFLINE TRAFFIC

Driven by JD's smart retail IoT for 6.18

EXPERT BITE

Q: WHAT MAJOR MARTECH TRENDS HAVE EMERGED IN CHINA OVER THE PAST YEAR, AND HOW DO YOU SEE THESE SHAPING 2025?

2024 marked the year AI became truly mainstream, and its influence will only deepen as it continues to shape China's marketing landscape in 2025. AI is set to further enhance efficiencies in both generic and targeted communications, breaking down barriers for smaller brands by simplifying content creation. It will improve customer service, refine recommendation algorithms, and enable hyper-personalization tailored to individual behaviors and preferences. Beyond surface-level communications, AI will increasingly integrate into business systems, enabling a more responsive and efficient end-to-end experience for consumers. However, **the democratization of AI-powered content creation may lead to an inundation of messaging, potentially desensitizing consumers.** This oversaturation will drive a shift from transactional marketing to more meaningful, sustainable brand-building and loyalty initiatives. Martech solutions and platforms that support these strategies - such as Xiaohongshu and WeChat Channels - are likely to emerge as key beneficiaries of this trend.



MARK TANNER
Managing Director at
China Skinny

EXPERT BITE

Q: WHAT ADVICE CAN HELP COMPANIES IN CHINA NAVIGATE DIGITAL TRANSFORMATION IN 2025 AND STAY COMPETITIVE?

With a shift away from CapEx-driven retail expansion, brands are now focusing inward to optimize existing assets. Success hinges on maximizing efficiency across all operations, including all funnels' efficiency, the revenue per square meter, the revenue per Sales Associate, and the lifetime value (LTV) of every follower and customer.

To stay competitive, brands should prioritize personalized clienteling both online and offline, implement robust loyalty programs, and adopt omnichannel CRM systems that seamlessly integrate with marketplaces. These strategies will enhance Net Promoter Scores (NPS), strengthen customer relationships, and elevate brands' perceived value.



AURELIEN RIGART

Managing Director & Co-Founder at IT
Consultis (ITC)

EXPERT BITE

Q: HOW WILL EXPERIENTIAL RETAIL EVOLVE IN CHINA BY 2025, AND WHAT CAN GLOBAL BRANDS LEARN?

Expect the O2O strategies of the past to evolve into Online Merges with Offline (OMO) strategies as consumer brands balance technology and customer centricity in the customer journey. Consumers shop brand experiences, not channels. Chinese consumers are some of the most educated and sophisticated shoppers, toggling between online and offline multiple times during a purchase decision. They see a single shopping experience designed with their community.

Brands aiming for success in experiential retailing by 2025 must add value at each customer touchpoint, with authenticity being key. Look for brands to use technology, like AI agents, to enhance human interactions offline. Shoppers will seek real peer views to create content and brand experiences in their digital communities.



JESSICA GLEESON
CEO at Experiential Retail

4

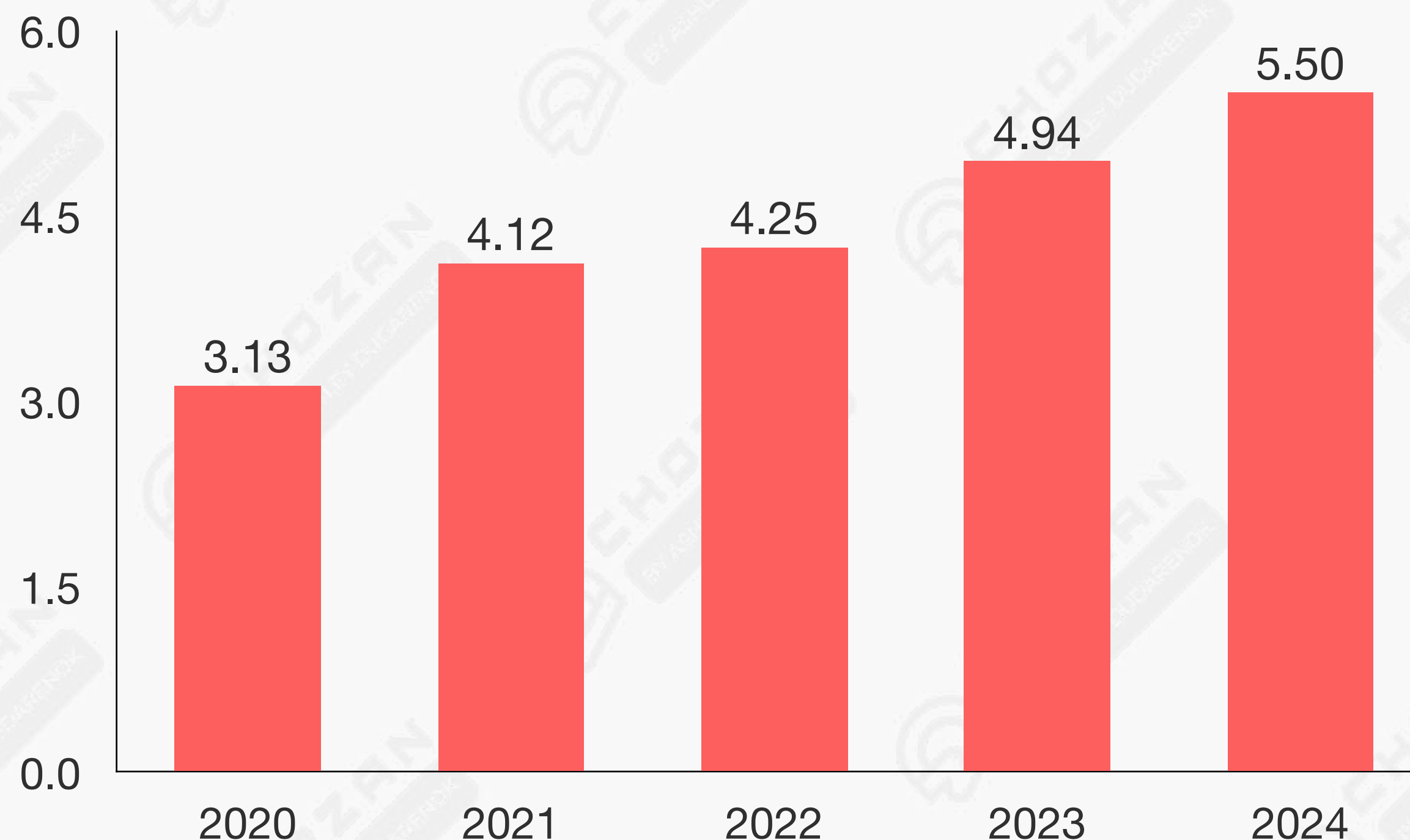
BLOCKCHAIN AND FINTECH

CHINA'S BLOCKCHAIN MARKET

CHINA'S BLOCKCHAIN INDUSTRY SAW A STEADY GROWTH

The total scale of China's blockchain market is estimated to reach approximately 4 billion RMB (about 550 million USD) in 2024, with more than 50 specialized industrial parks established nationwide. The overall industry scale has shown a steady growth, and industrial structures are gradually taking shape.

CHINA'S BLOCKCHAIN MARKET SIZE
UNIT: 100 MILLION USD



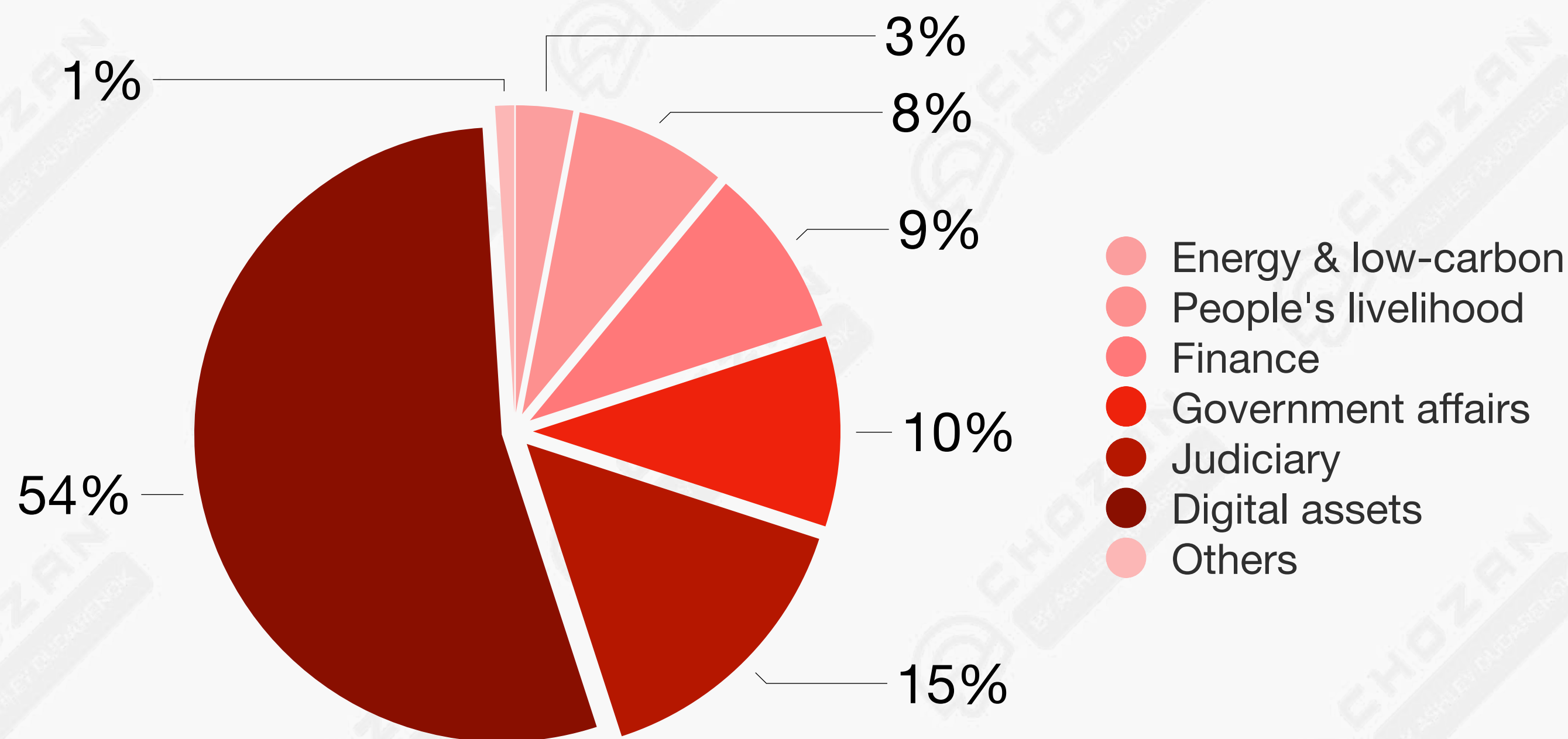
CHINA'S BLOCKCHAIN APPLICATION INDUSTRIES

DIGITAL ASSET INDUSTRY GROWS RAPIDLY WITH BLOCKCHAIN DRIVING VALUE AND EXPANSION

The digital asset industry has experienced explosive growth, with blockchain applications accounting for 54% of digital asset usage. Among these, digital collectible applications have expanded to 208 projects, primarily through transactions of digital collectibles, copyrights, and digital IPs, enhancing the value of digital assets.

Meanwhile, the application of digital assets is beginning to expand into new areas such as green and low-carbon industries.

MAJOR SECTORS/INDUSTRIES THAT APPLY THE BLOCKCHAIN



CHINA'S BLOCKCHAIN INDUSTRY PLAYERS

FOUR TYPES OF INDUSTRIAL BLOCKCHAIN ENTERPRISES

FOUR MAJOR TYPES AND LEADING ENTERPRISES

INTERNET & IT PROVIDERS

Backed by strong resources, these companies leverage blockchain technology to expand their primary business.



VERTICAL INTEGRATED MANUFACTURERS

Specialized in industrial blockchain applications. They develop private and consortium blockchain solutions tailored to various industries.



FIRMS AIMING FOR DIGITAL TRANSFORMATION

Aim for digital transformation and business collaboration. They establish joint ventures and subsidiaries to extend their blockchain use cases within their industries.



TRUSTED DATA SERVICE PROVIDERS

Utilizing blockchain's foundational technology, combined with AI and privacy computing, these firms provide trusted data infrastructure for various industries.



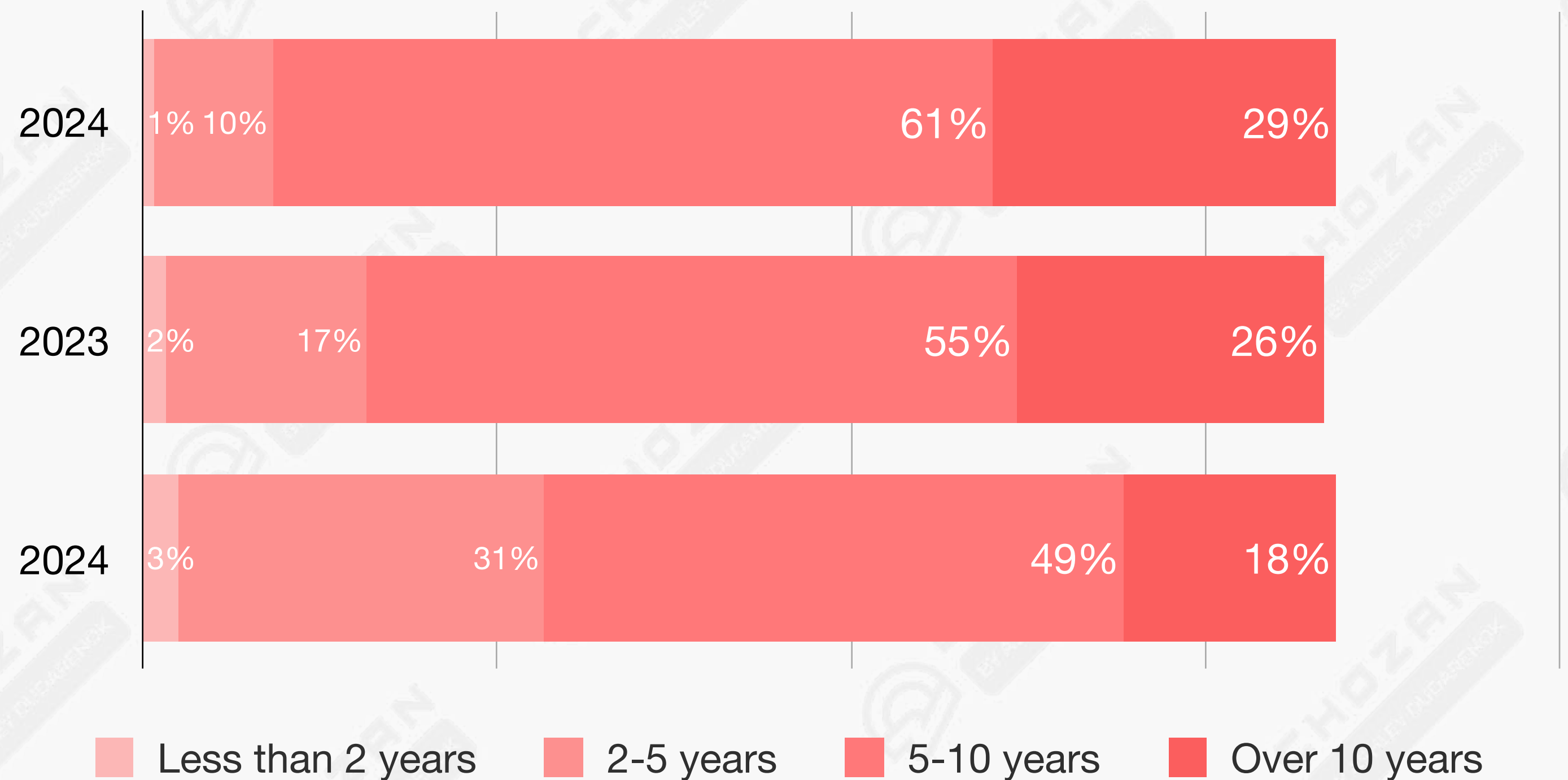
CHINA'S FINTECH INDUSTRY

FEWER NEW COMPANIES EMERGE AS ESTABLISHED FIRMS DOMINATE, SHOWCASING FINTECH'S MATURITY AND STABILITY

The proportion of **companies established within 5 years has decreased to about 10% in 2024**, indicating increasing market competition and challenges for startups. Conversely, companies operating for over 5 years now represent 90% of surveyed firms, with 61% being in operation for 5–10 years and nearly 30% for over 10 years.

Established enterprises with deep expertise in fintech demonstrate stability, market leadership, and contribute to industry maturity.

FINTECH ENTERPRISES' YEARS OF ESTABLISHMENT



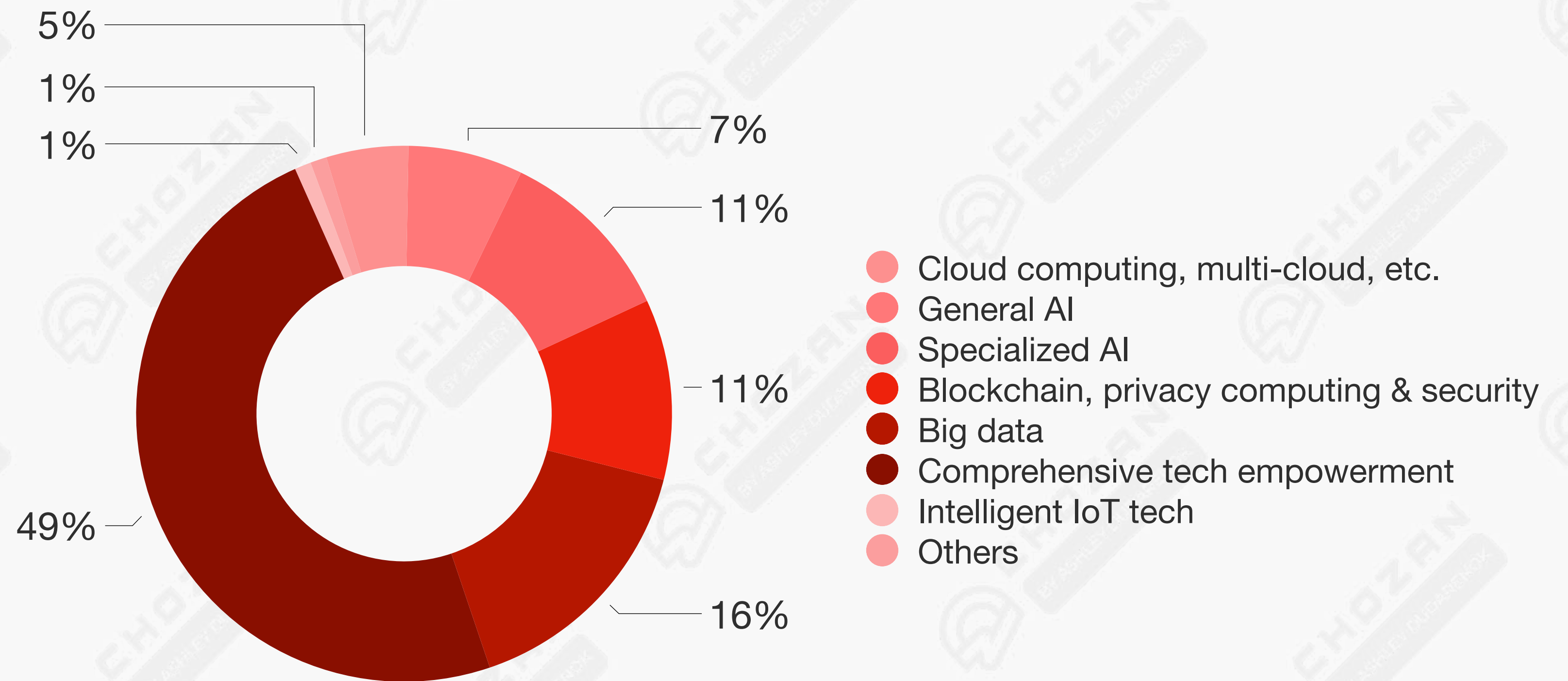
CHINA'S FINTECH CORE TECHNOLOGIES

FINTECH SEES DOMINANT TECH EMPOWERMENT, WITH AI BECOMING THE KEY

FINTECH ENTERPRISES' CORE TECHNOLOGY DISTRIBUTION

The fintech sector is witnessing a shift in core technology distribution, with comprehensive technology empowerment maintaining a dominant position at 49%.

The rapid development of general AI technologies has led to 7% of surveyed companies adopting it, reflecting active engagement with new technologies.

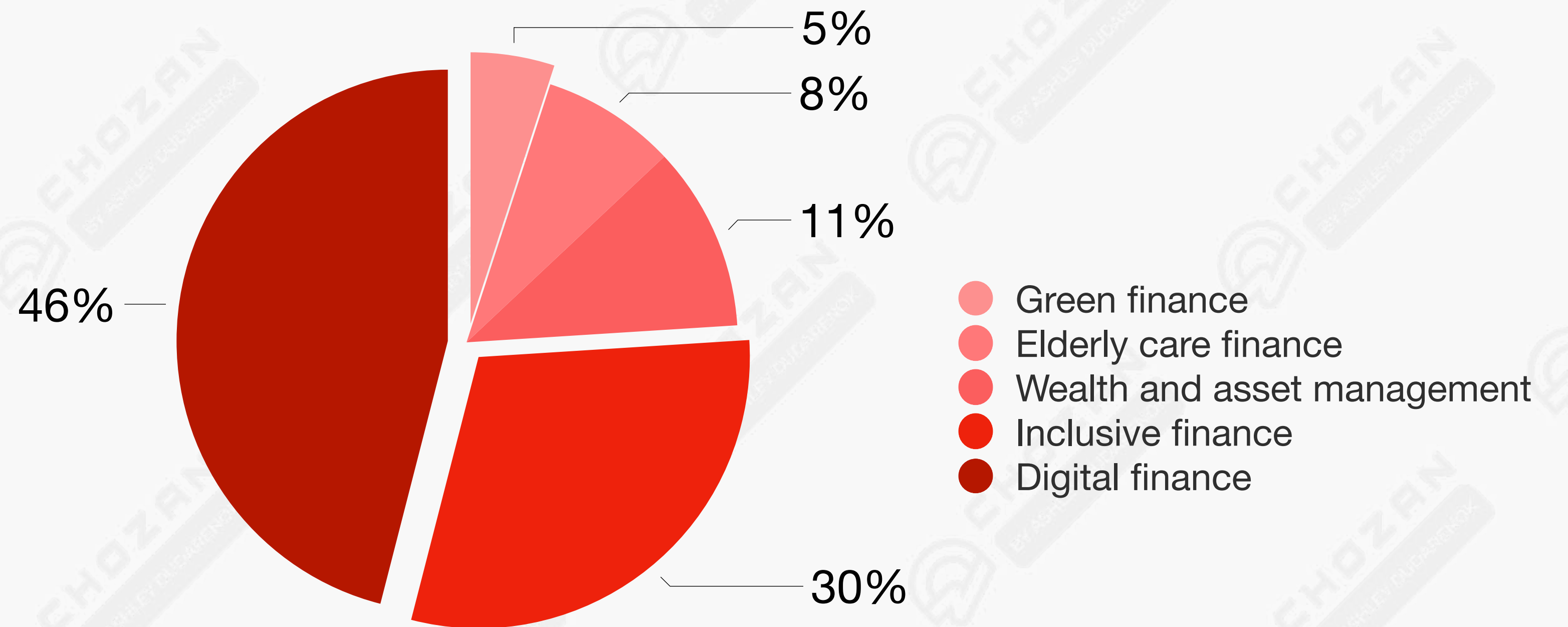


CHINA'S FINTECH PROSPECT

FINTECH FOCUSES ON DIGITAL FINANCE AND INCLUSIVITY, WITH EMERGING NICHE OPPORTUNITIES

The fintech sector presents diverse innovation and opportunity areas, with **digital finance leading at 46%**, followed by inclusive finance at 30%. Wealth and asset management holds 11%, while elderly care finance accounts for 8%, and green finance makes up 5%. This highlights the sector's focus on technology-driven solutions, accessibility, and emerging niches.

AREAS IN FINTECH WITH THE MOST INNOVATION AND OPPORTUNITY

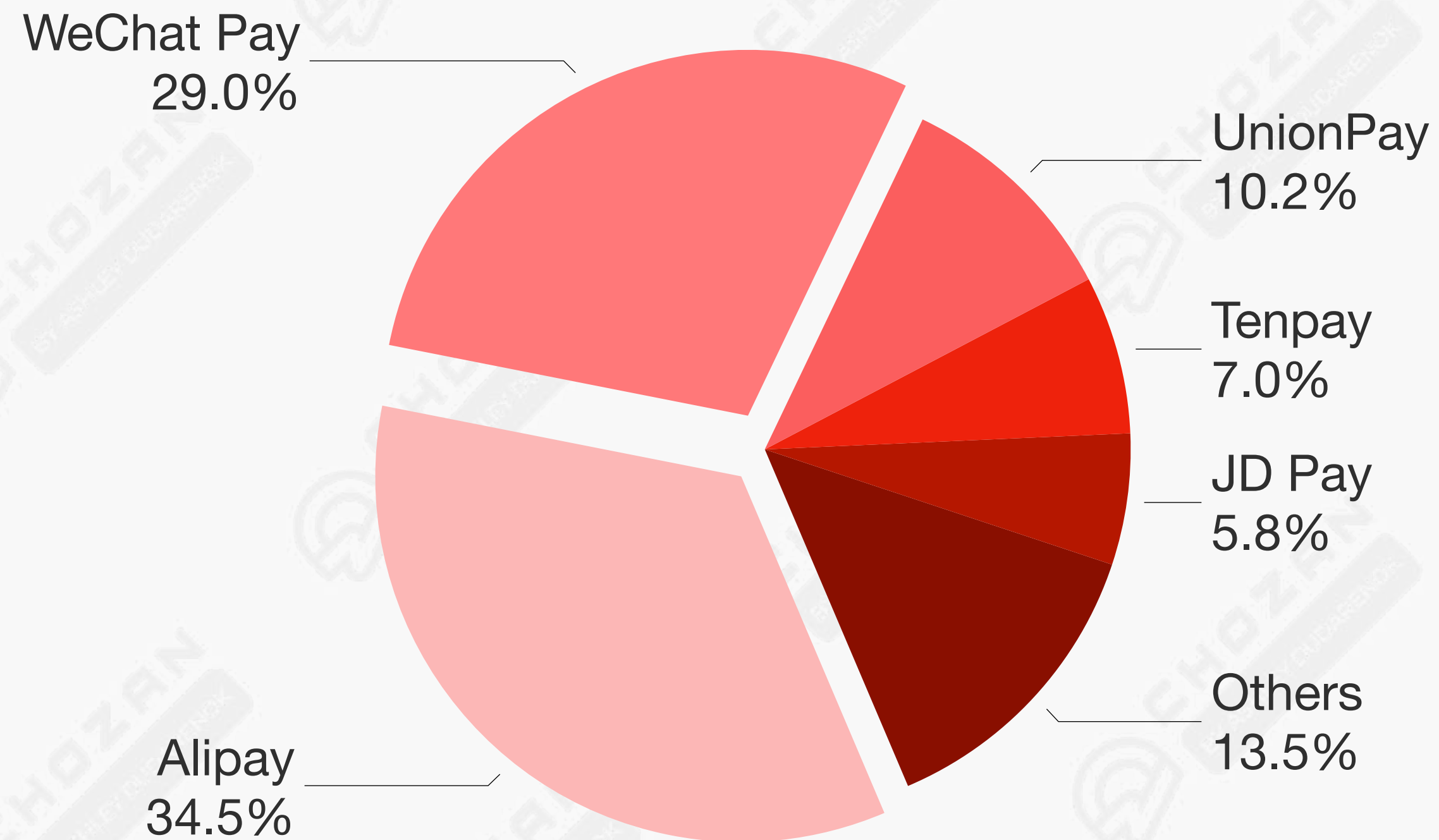


CHINA'S THIRD-PARTY PAYMENT MARKET

ALIPAY, WECHAT PAY, AND UNIONPAY ARE THE TOP THREE PLAYERS IN THE MARKET

**CHINA'S THIRD-PARTY PAYMENT MARKET
TRANSACTION PROPORTION**

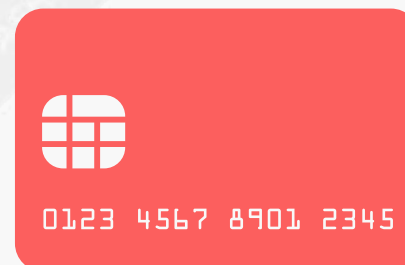
According to data on transaction shares in China's third-party payment market, **Alipay**, **WeChat Pay**, and **UnionPay** ranked as the top three players with market shares of 34.5%, 29%, and 10.2%, respectively. Together, these three account for a combined market share of 73.7%, reflecting the **high concentration within the industry**.



CHINA'S THIRD-PARTY PAYMENT SCENARIO

THREE TO-C SCENARIOS

THIRD-PARTY PAYMENT SCENARIO (TO C)



E-COMMERCE & FINANCIAL ONLINE SCENARIOS

With online shopping festivals and promotional activities increasing in intensity, coupled with favorable government policies, the e-commerce consumption landscape continues to recover. Online shopping and wealth management have become more frequent.



OFFLINE DINING & TRAVEL CONSUMPTION

The economic recovery has boosted consumer confidence, leading to growth in dining, travel, and retail consumption.



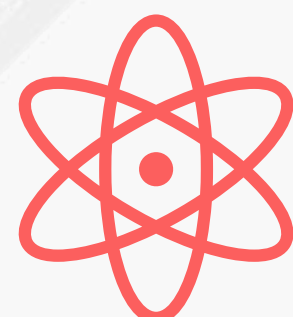
INBOUND TOURISM CONSUMPTION

In 2023, China recorded 82.03 million inbound tourists, with total spending of USD 53 billion, marking significant growth compared to the previous year.

CHINA'S THIRD-PARTY PAYMENT SCENARIO

THREE TO-B SCENARIOS

THIRD-PARTY PAYMENT SCENARIO (TO B)



DIGITAL SERVICES

As the digital economy deepens, businesses are accelerating their digital transformation. The penetration rate of "payment+" integrated solutions continues to rise.



CROSS-BORDER PAYMENTS

The growth of global trade and e-commerce has driven demand for cross-border payment services, particularly in foreign trade and cross-border e-commerce.



DIGITAL RMB PAYMENTS

The promotion of digital RMB offers third-party payment institutions new business opportunities. These institutions can expand their service scope by providing payment services and solutions related to the digital RMB.

INNOVATION CASE: NEW PAYMENT EXPERIENCE

ALIPAY'S "TAP!" (TOUCH'N GO) FEATURE



NEW FUNCTION NEW EXPERIENCE

"Tap!" is a feature introduced by Alipay to streamline in-store mobile payments. It allows users to complete transactions by simply tapping their smartphones on a merchant's Near Field Communication (NFC)-enabled device, **eliminating the need to scan QR codes.**



IMPACTS

- **Merchant Benefits:** Merchants can expedite the checkout process, improving operational efficiency and customer satisfaction.
- **Adoption:** Since its launch, "Tap!" has been rolled out in major Chinese cities, including Shanghai, Chengdu, and Wuhan, covering over 2,300 brands and merchants.

RESULTS: JUEWEI FOOD AS A CASE

**3.5X
INCREASE**

in membership
acquisition efficiency

**4.7X
INCREASE**

in sales revenue from
members

INNOVATION CASE: NEW PAYMENT EXPERIENCE



微信支付
WeChat Pay

WECHAT PAY'S PALM PAYMENT

HOW THE PALM PAYMENT WORKS

- **Registration:** Users register their palm print by aligning their hand with a sensor on the palm scan device and scanning a QR code to link their WeChat account.
- **Payment:** Once registered, users can make payments by **simply scanning their palm** over the designated device at participating merchants. The system recognizes the unique biometric data and processes the payment through the linked WeChat account.



Source: Tencent

IMPACTS

- **User Experience:** Palm Payment offers a contactless and convenient payment option, eliminating the need for physical cards or smartphones during transactions.
- **Adoption:** Since its introduction, Palm Payment has been implemented in various sectors. For instance, it was launched at over 1,500 7-Eleven stores in Guangdong province and on Beijing's airport express train line..

RESULTS

100,000+

passengers to enter and exit stations simply by scanning their palms at the Beijing Metro Daxing Airport Line

EXPERT BITE

Q: HOW IS CHINA USING BLOCKCHAIN TECHNOLOGY TO DRIVE INNOVATION IN SUPPLY CHAIN, FINANCE, AND PUBLIC SERVICES?

China is strategically embracing blockchain technology while imposing strict controls on cryptocurrencies. Despite banning cryptocurrency trading and ICOs in 2017 and 2021, the government promotes blockchain as a cornerstone of innovation, integrating it into national strategies like the 14th Five-Year Plan. **Key sectors benefitting from blockchain include supply chain management, where companies like Alibaba and JD.com ensure product traceability and combat counterfeiting.** In financial services, the People's Bank of China is piloting a central bank digital currency (e-CNY) using a permissioned blockchain, enhancing transactional efficiency and oversight. Blockchain also supports public services, improving identity management and healthcare data sharing. The Blockchain-based Service Network (BSN) provides a standardized infrastructure for enterprises, while pilot zones foster innovation alongside major tech firms. This centralized approach prioritizes regulatory compliance and efficiency, positioning China as a global leader in blockchain technology while mitigating the risks associated with decentralized cryptocurrencies.



ALVIN FOO

Co-Founder
at NASDEX and Metafyed

5

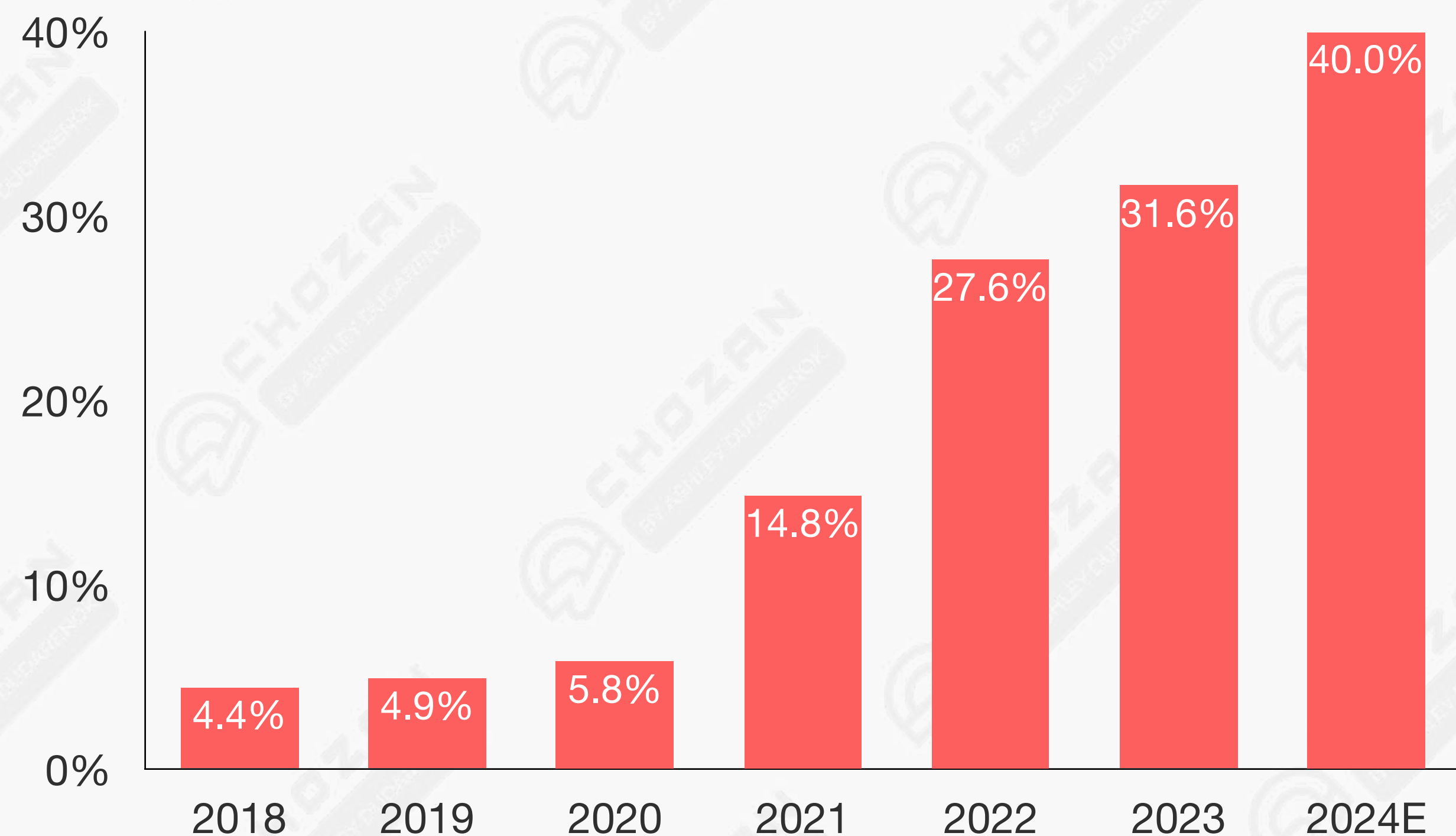
NEW ENERGY VEHICLES (NEV)

CHINA'S NEV MARKET

CHINA'S NEV MARKET SEES STRONG GROWTH, AIMING FOR 40% PENETRATION

China's new energy vehicle (NEV) market penetration rate has grown from 4.4% in 2018 to a projected 31.6% in 2024, showing a significant upward trend. This growth reflects China's efforts to promote clean energy transportation and achieve a 40% NEV penetration rate by 2030.

CHINA'S NEV MARKET PENETRATION IN 2018-2024E

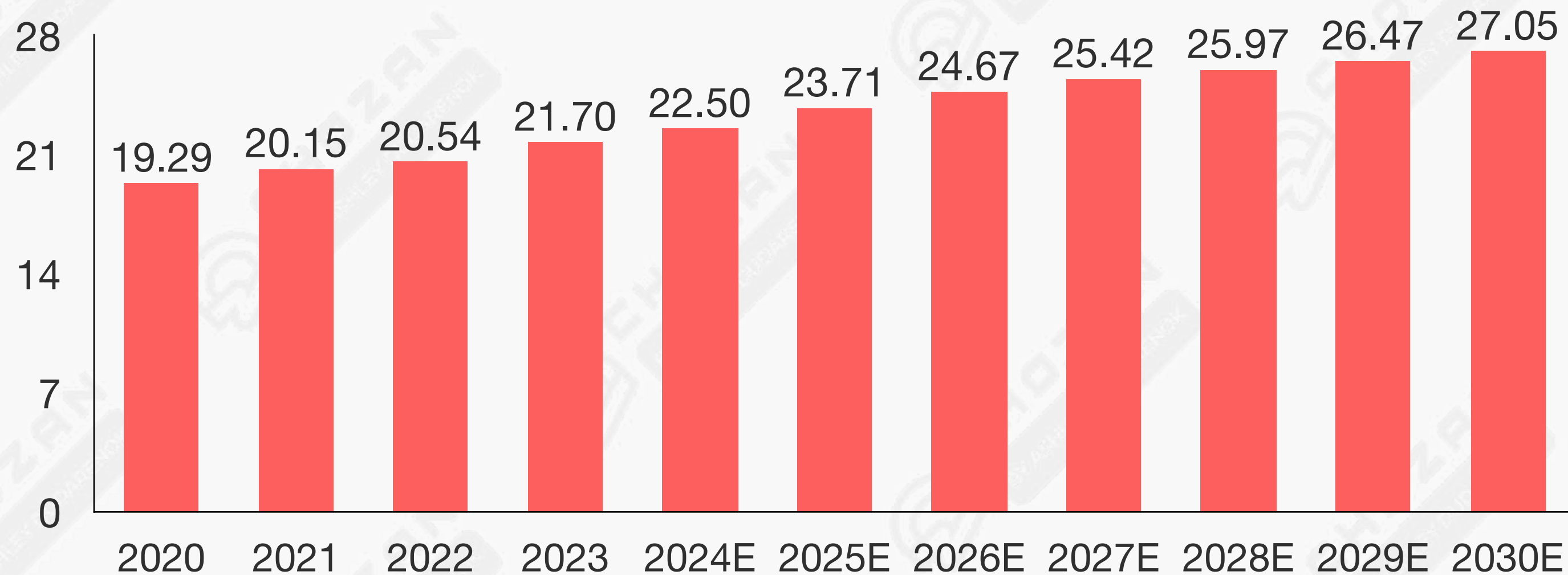


CHINA'S NEV SALES

PURE ELECTRIC VEHICLES ARE LEADING CHINA'S AUTOMOTIVE MARKET

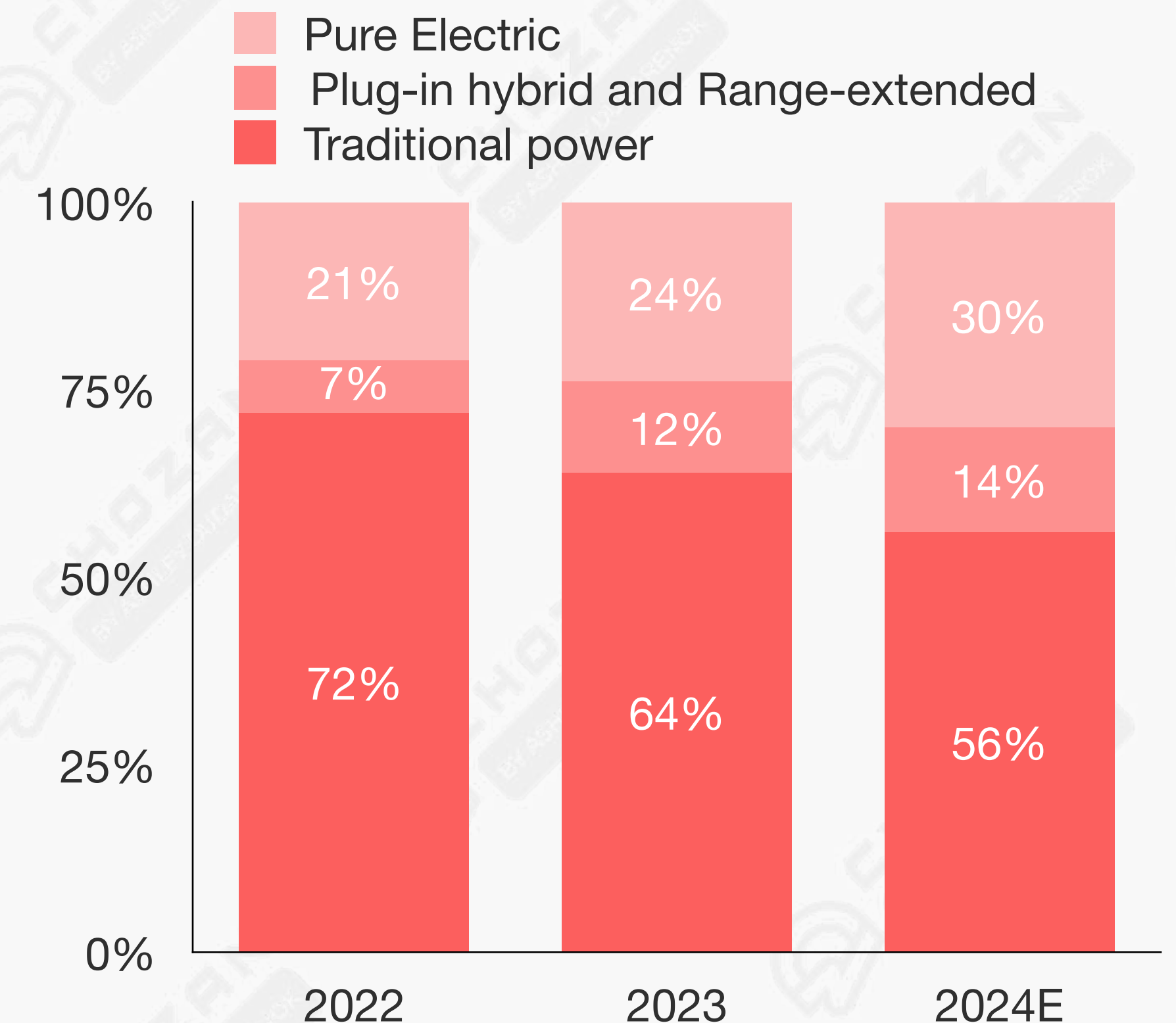
It is projected that by 2024, the penetration rate of NEVs in China may exceed 40%, with pure electric vehicles reaching 30%. In the long term, by 2030, pure electric vehicles could account for half of the market, while NEVs are expected to make up over 70% of the Chinese automotive market.

SALES UNITS OF CHINA'S PASSENGER VEHICLES (MILLION)



Source: 21Jingji

PROPORTION OF DIFFERENT ENERGY TYPES IN SALES

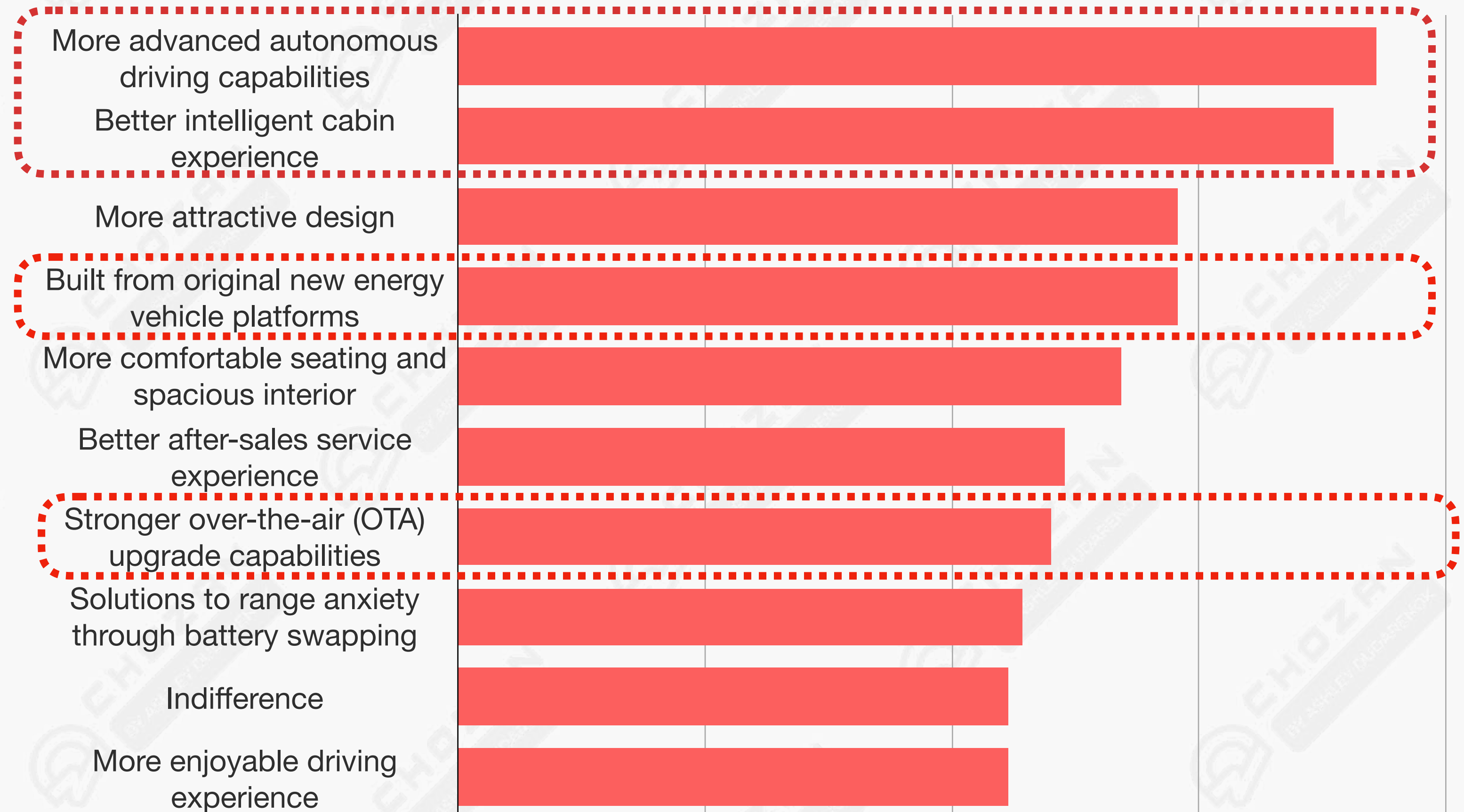


CHINA'S NEV CONSUMPTION

LEADING INTELLIGENT ADVANTAGES ARE THE MAIN CONSUMPTION REASONS

Advanced smart features and technological superiority are key drivers behind consumer preferences for domestic high-end NEV brands over their foreign counterparts.

REASONS FOR CHOOSING CHINESE HIGH-END NEV OVER FOREIGN TRADITIONAL ONES

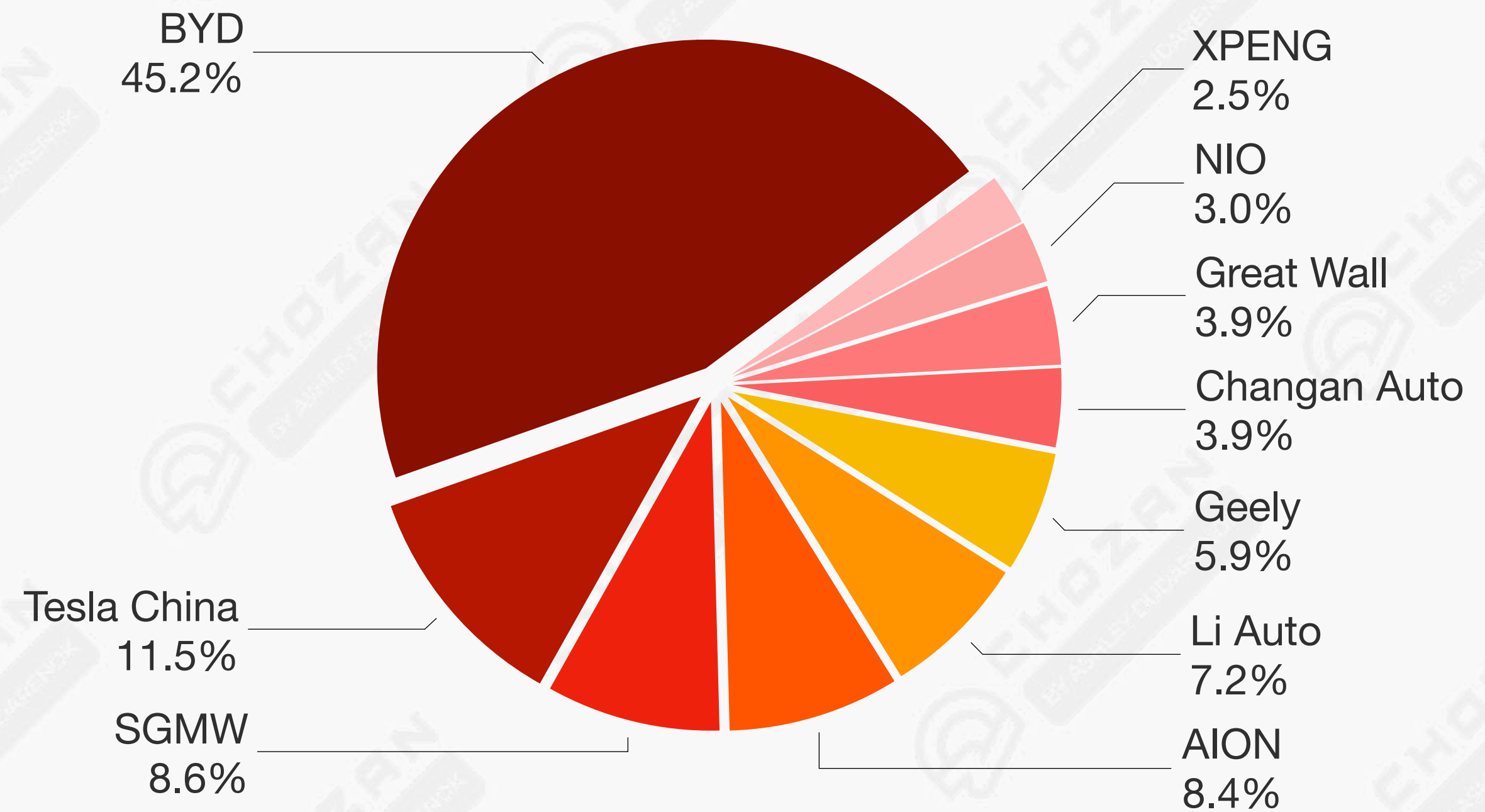


CHINA'S NEV MARKET LEADERS

BYD LEADS CHINA'S AUTO MARKET, WITH HIGH COMPETITION AMONG NEW PLAYERS

The market share distribution among various automobile brands shows that BYD leads with a significant 32.7%, followed by Tesla China with 8.3%. The market is fragmented, with many brands holding small shares, indicating high competition and potential for growth among smaller players.

TOP 10 NEV COMPANIES WITH THE LARGEST MARKET SHARE IN CHINA'S NEV MARKET



INNOVATIONS IN THE NEV MARKET

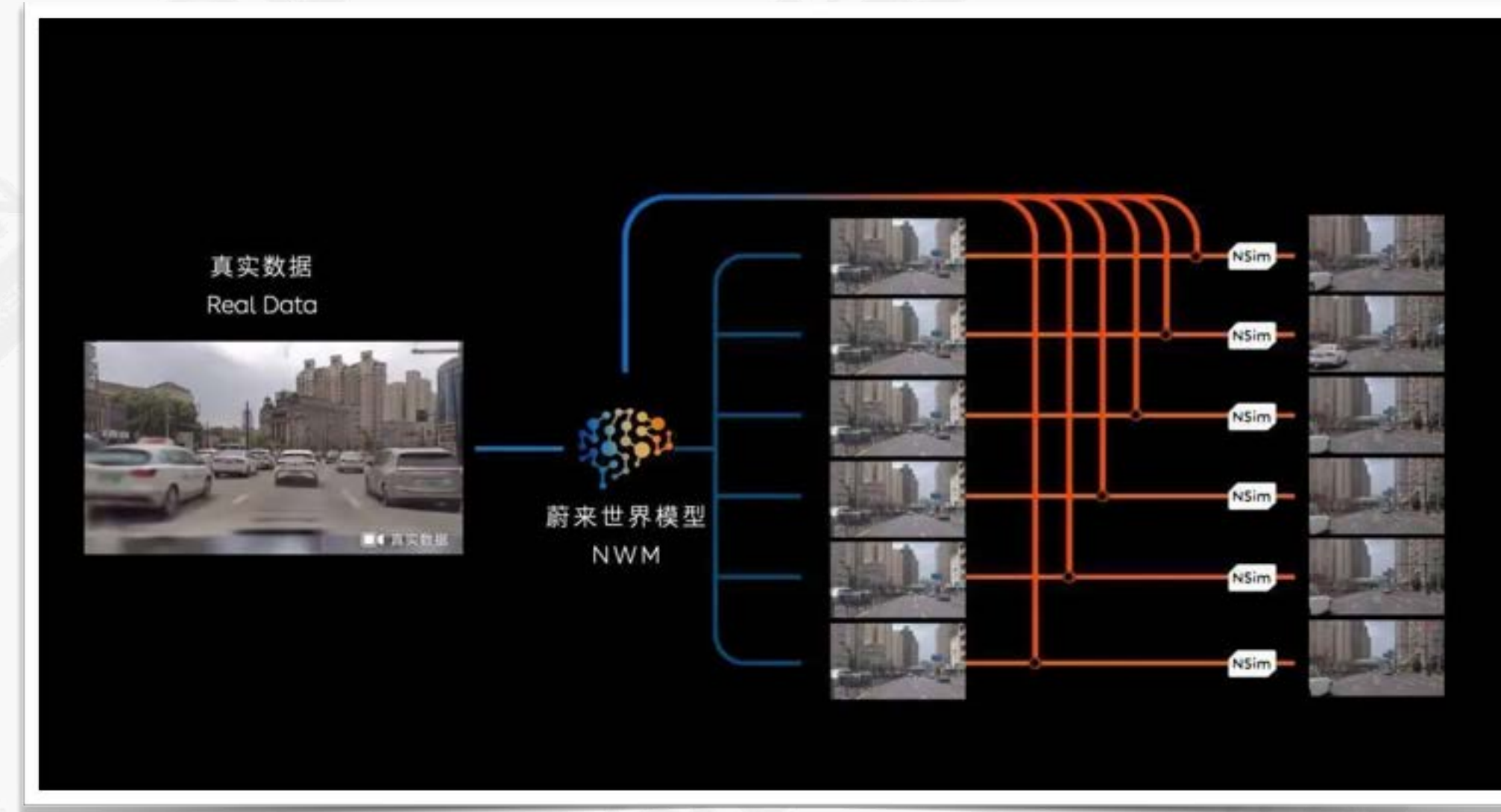
NIO'S INNOVATION IN SMART DRIVING - NWM (NIO WORLD MODEL)



NIO WORLD MODEL (NWM)

In July 2024, NIO unveiled the NIO World Model (NWM), an advanced intelligent driving model and the first of its kind in China.

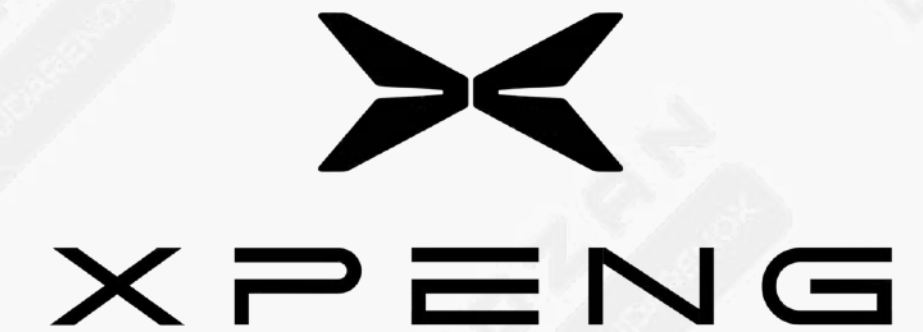
- NWM is a multimodal autoregressive generative embodied driving model capable of fully understanding data, performing long-sequence reasoning, and making decisions. It can **simulate 216 potential scenarios within 100 milliseconds**, identifying the optimal path across **“thousands of parallel worlds.”**



- As a generative model, NWM can also **create 120 seconds of predictive video based on just 3 seconds of driving footage**. With inherent closed-loop simulation testing capabilities, NWM has undergone comprehensive testing and performance validation in complex interactive scenarios.

INNOVATIONS IN THE NEV MARKET

XPENG'S UPGRADE IN SMART DRIVING - XNGP SYSTEM



XNGP (XPENG NAVIGATION GUIDED PILOT)

In July 2024, Xpeng founder He Xiaopeng officially announced the comprehensive upgrade of unlimited XNGP nationwide, proposing three standards for **"nationwide usability"**

UNLIMITED CITIES

XNGP's coverage expands to **all cities nationwide**, truly breaking free from the constraints of HD maps, bringing advanced smart driving into the era of **end-to-end large models**. Currently, XNGP is the only system in the industry to have conducted field testing in over 2,595 cities.

UNLIMITED ROUTES

XNGP can be applied to all public roads in the country - **"wherever navigation is possible, AI smart driving is possible."** By 2024, XNGP should connect the "breakpoints" of smart driving, including ETC toll stations and parking lot barriers, achieving a truly **"door-to-door" experience**.

UNLIMITED ROAD CONDITIONS

XNGP can **adapt to complex road conditions**, including U-turns, roundabouts, and narrow paths, becoming **the first AI intelligent driving system** to fully cover complex road conditions.

INNOVATIONS IN THE NEV MARKET

LI AUTO'S INNOVATION IN SMART DRIVING - MAP-FREE NOA FEATURE



MAP-FREE NOA FEATURE [Navigate on Autopilot]

In 2024, Li Auto rolled out the latest OTA 6.0 software update to its vehicles, bringing the NOA (Navigate on Autopilot) feature, which **does not rely on a priori information, including HD maps**, and the feature is available nationwide on roads where navigation is available.

FOUR CAPABILITIES OF THIS FEATURE:

Vehicles can follow a navigated path in the city to perform tasks including:

- Changing lanes automatically
- Overtaking autonomously
- Navigating around obstacles
- Passing through traffic light intersections automatically



CHINA'S NEV DEVELOPMENT PROSPECT

FUTURE DRIVING WILL FOCUS ON FOUR EXPERIENCES

DRIVING EXPERIENCE

New technologies elevate driving safety and comfort, redefining "good driving."

INTELLIGENT EXPERIENCE

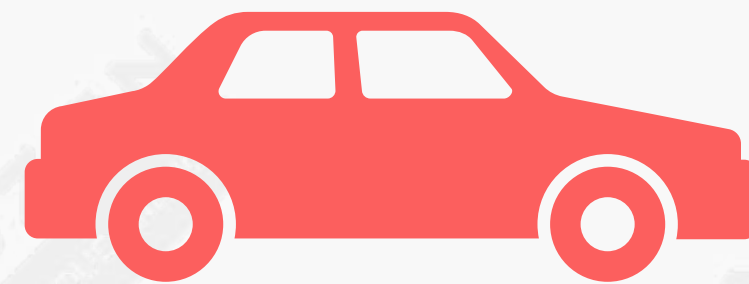
NOA (Navigation on Autopilot), smart parking, and L3 autonomous driving lead the 2024 competitive landscape.

SPATIAL EXPERIENCE

Innovative designs and applications enhance in-car and out-of-car interactions, positioning China's smart EVs globally.

USAGE EXPERIENCE

800V+ technologies and expanded charging networks improve charging and overall EV usability.



APPLIED CASE: XPENG'S NEV

XPENG NEW ENERGY VEHICLES HEAD TOWARDS THE SKY



Xpeng, AeroHT could cover 20 km (44 miles) in the air running current battery technology.

Source: XPENG

WHAT'S SPECIAL ABOUT IT?

- The car weighs 560 kilograms when unloaded and can carry 2 passengers. The maximum load is 200 kilograms. The power of the flying car comes from the battery. In theory, it can achieve a battery life of 35 minutes and the fastest flight speed can reach 130km/ h, the flight altitude is below 1,000 meters.

RESULTS

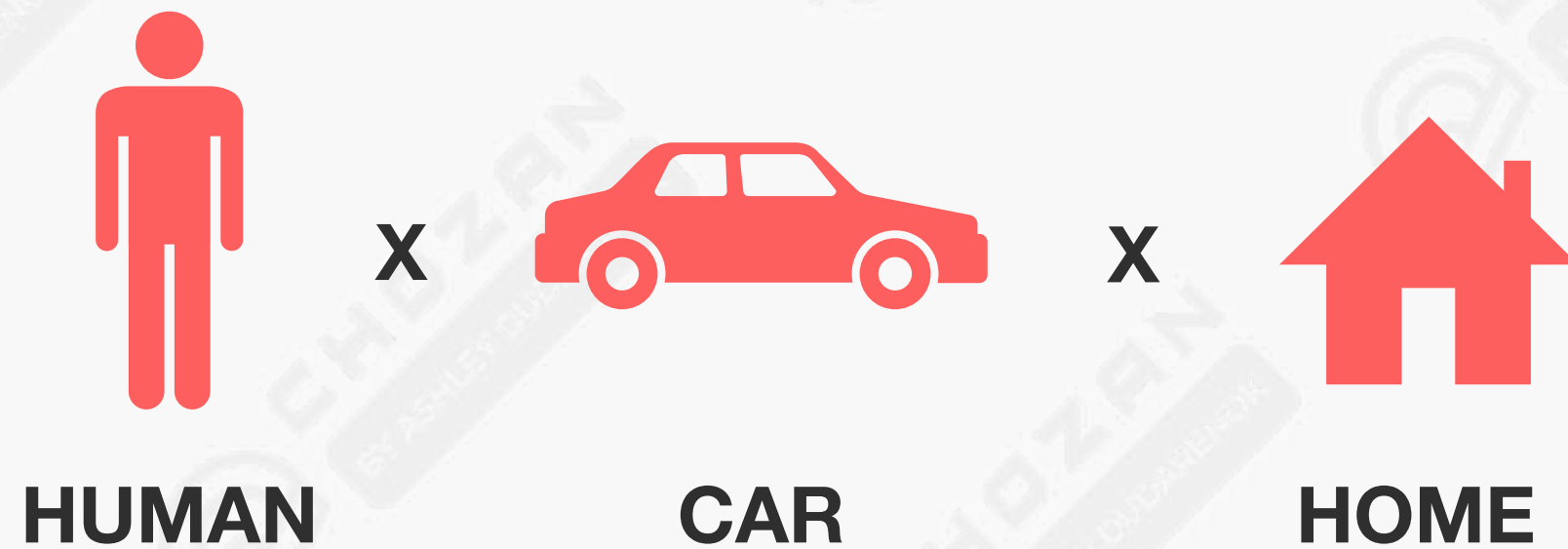
20,002 cars sale volume in October 2023

31% increase month-on-month



APPLIED CASE: XIAOMI'S NEV

XIAOMI'S "HUMAN X CAR X HOME" SMART ECOSYSTEM



Xiaomi's "Human x Car x Home" smart ecosystem is an integrated platform that seamlessly connects personal devices, smart home products, and vehicles. This ecosystem is built upon Xiaomi's proprietary HyperOS, enabling real-time coordination and interaction across various devices.

WHAT'S SPECIAL ABOUT IT?

- **Unified Connectivity:** The ecosystem allows users to control and monitor their smart home devices and vehicles through a single interface, enhancing user convenience and experience.
- **Intelligent Integration:** By leveraging AI and IoT technologies, Xiaomi provides proactive services that adapt to user needs, creating a more personalized and efficient environment.

IMPACT ON SALES

100,000+ SU7 EV units delivered by Nov 2024

26.1 billion RMB generated from IoT and lifestyle products by 2024Q3

47.5 billion RMB generated from smartphone sales by 2024Q3



IMPLICATIONS OF DIGITAL CHINA TO THE WORLD

THREE KEYS: ACCELERATE INNOVATION, EMBRACE AI, AND INTEGRATE EXPERIENCES

ACCELERATE DIGITAL INNOVATION AND APPLICATION

China's massive digital user base serves as a fertile ground for digital innovation. In the meantime, its rapid iteration culture demands constant product evolution rather than flawless launches, which means **speed over perfection** to establish presence or take more market share in respective industries.

EMBRACE AI AND AUTOMATION FOR COMPETITIVE EDGE

China's leadership in AI, particularly in fields like natural language processing and automations, highlights the importance of AI integration for businesses. Innovative applications of AI are transforming industries by **streamlining operations**, enhancing customer experiences, and **unlocking new revenue streams**.

INCORPORATE EXPERIENCE-DRIVEN MODELS INTO BUSINESS

With growing emphasis on immersive technologies like XR and OMO (online-merge-offline), China's consumers demand engaging, seamless experiences. Businesses must learn from this trend and create **innovative, experiential offerings** that integrate physical and digital experiences.

EXPERT BITE

Q: WHAT SHIFTS IN CHINESE CONSUMER BEHAVIOR FROM 2024 ARE SHAPING THE DEMAND FOR EVS AND SHARED MOBILITY?

Chinese consumers are increasingly favoring technologically advanced products, which significantly shapes the demand for affordable, intelligent EVs.

The government's robust incentives for EV purchases are pivotal in driving the adoption of smart EVs.

Additionally, urbanization and the expansion of digital platforms have bolstered the shared mobility sector, as consumers seek cost-effective and convenient transportation supplement to private car ownership.



BILL RUSSO

Founder and CEO at
Automobility Ltd

EXPERT BITE

Q: HOW DOES CHINA'S EV MARKET COMPARE GLOBALLY? WHERE IS IT LEADING, AND WHERE DOES IT LAG?

China has concentrated on building a complete ecosystem for EV. BYD started with battery technology, today CATL is the market leader for EV batteries. Other brands became leaders in the powertrain. **The whole supply chain was prepared well to be able to build affordable and high quality products for the whole world.** The key challenge in the past 10 years was the resistance of rich individuals to go fully EV. They were afraid that the battery would not last to get them to their destination. Hybrid Technology was the intermediate solution here, where you can go both electric and use petrol. However, unlike Europe and the US, China never focused on hybrid technology. Instead, the Chinese government invited Tesla into the country, hoping that Tesla would push the consumer to try EV. Once the positive image of EV was reached, the domestic brands could claim the market through better value for price. This full commitment to battery EV is the main reason for China's success. Domestic brands can offer exactly what the domestic customer wants. International brands need to find ways to participate in this market through partnerships, such as Volkswagen with XPENG. However, taking Chinese EVs to Europe and North America will be the biggest challenge for both the country and the supply chain. Can the power of Chinese EVs also perform outside China? We will see how this develops in the next 10 years.



FRANCIS KREMER
VP at JULI Automation,
Expert in EV industry

EXPERT BITE

Q: HOW WILL EU TARIFFS ON CHINESE EVS IMPACT THE GLOBAL INDUSTRY?

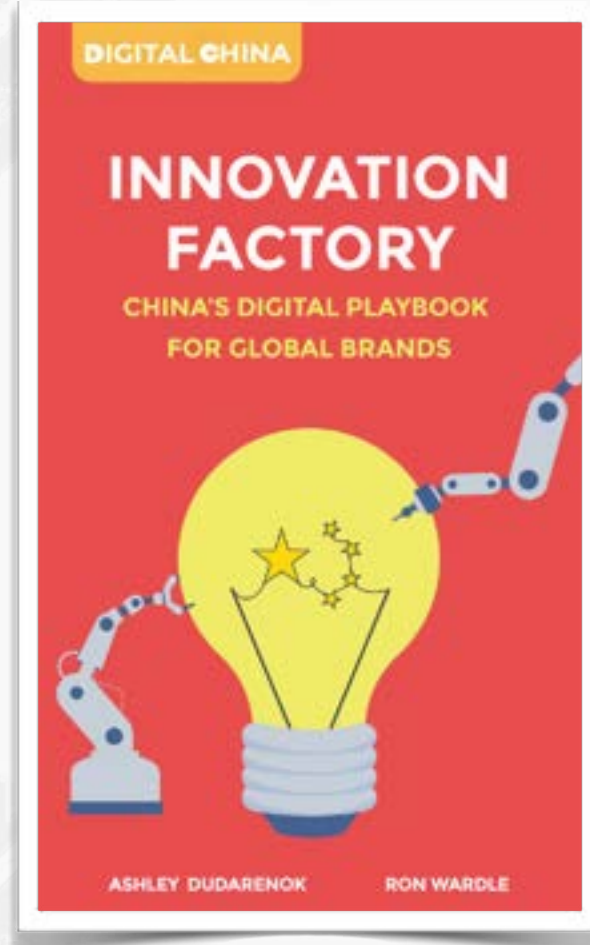
The EU tariffs may drive Chinese EV makers to refine their European strategies, leveraging their technological superiority and cost-efficient manufacturing to target high-margin, premium models where price sensitivity is less critical. Chinese OEMs like BYD and NIO are well-positioned to expand their global influence by diversifying into emerging markets in Southeast Asia, the Middle East, and Latin America. By potentially setting up assembly plants within the EU and continuing to innovate in areas like battery technology and autonomous driving, they can solidify their reputation as leaders in the global EV revolution, even under restrictive trade policies.



SHIMI AZAR

Business Development Director,
China at Electreon

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PART 3

CHINESE

CONSUMERS

KEY CONSUMER BEHAVIOR TRENDS IN 2025

SHAPING THE FUTURE OF CHINESE MARKET

FIVE CONSUMER BEHAVIOR TRENDS FOR 2025

OVERALL, CONSUMERS ARE BECOMING MORE CAUTIOUS AND RETURN TO RATIONALITY

In 2024, China's economy faces significant challenges, and this has notably influenced consumer behavior. Sluggish economic growth, persistent uncertainties, and high inflation have made consumers more cautious and selective in their purchasing decisions. As a result, businesses need to understand the key shifts in consumer behavior to navigate the changing landscape.

1. RATIONAL AND QUALITY-DRIVEN CONSUMPTION CHOICES

Consumers are prioritizing value and long-term utility, shifting from quantity to quality due to economic uncertainty.

2. RISE OF INNER FULFILLMENT AND EMOTIONAL WELL-BEING

As consumer focus shifts from "material abundance" to "spiritual fulfillment," people are seeking emotional satisfaction, sensory enjoyment, and personal growth.

3. TRAVEL TAKES CENTER STAGE IN CONSUMER SPENDING

Travel has emerged as a top priority for consumers. More people are eager to explore and planning to further boost their travel spending in the coming year.

4. CONSUMERS EMBRACE COMPREHENSIVE HEALTH

There's increasing demand for health-related products and services, with a strong interest in personal well-being and sustainability.

5. GROWING KOC CREDIBILITY IN CONSUMER DECISIONS

Key Opinion Consumers (KOCs) are becoming more influential than celebrities, with consumers trusting peer-like, relatable, authentic recommendations.

RATIONAL AND QUALITY- DRIVEN CONSUMPTION CHOICES

1

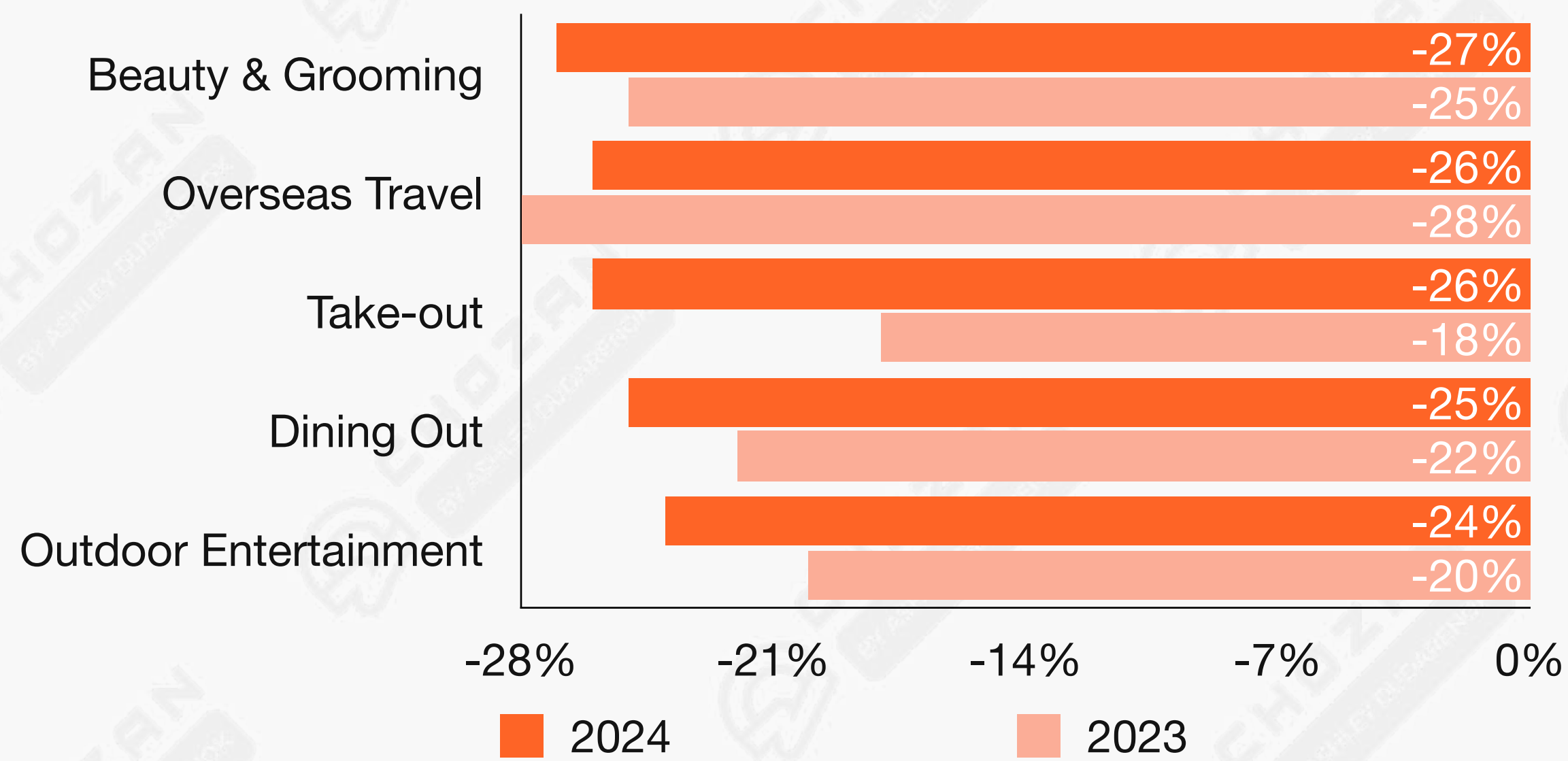
**CONSUMERS IN 2024
ARE EMBRACING A
CAUTIOUS, VALUE-
DRIVEN APPROACH,
PRIORITIZING DURABLE
AND FUNCTIONAL
PRODUCTS OVER
BRAND PREMIUMS.**

RATIONAL CONSUMERS' SPENDING CHANGE

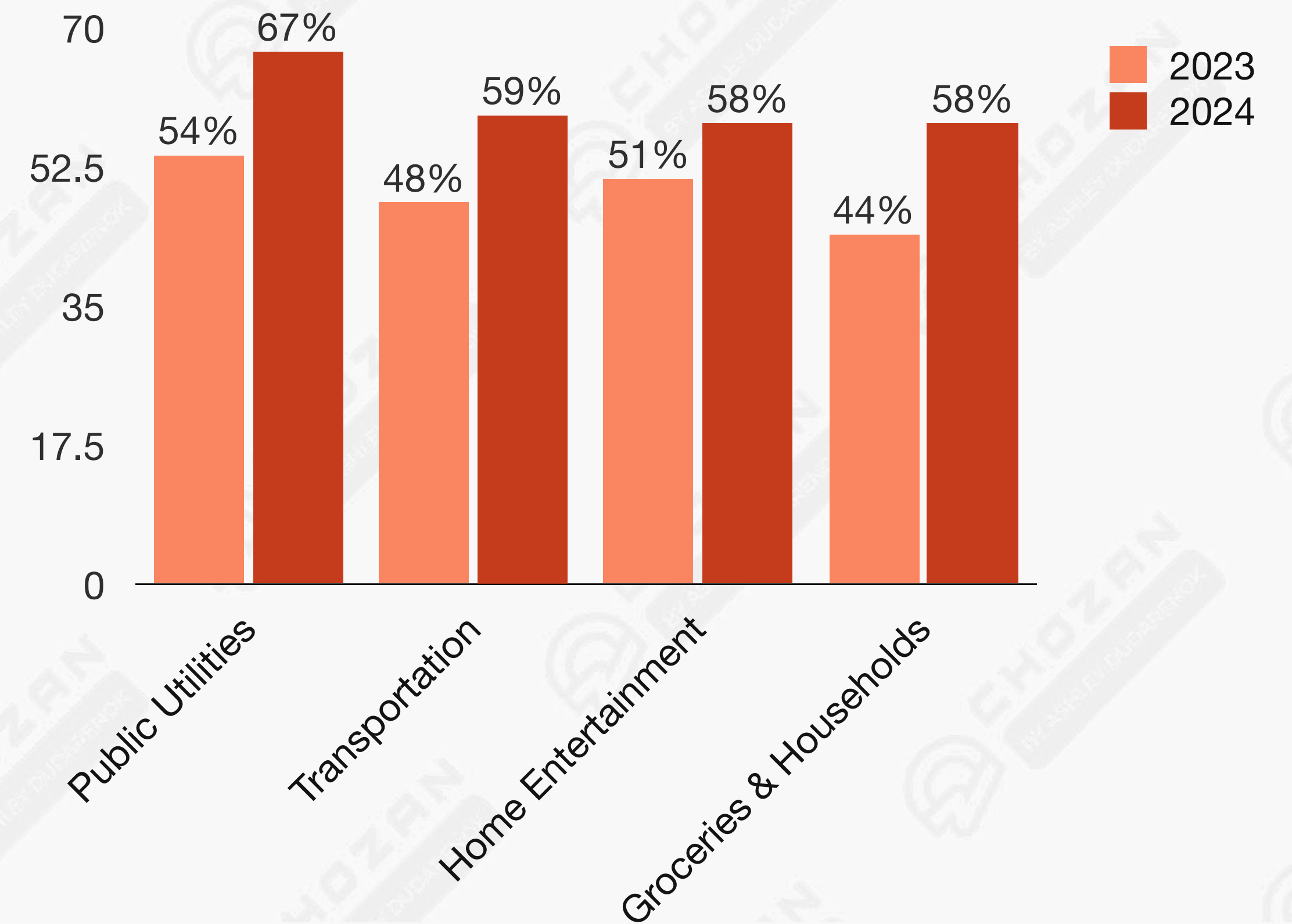
CONSUMERS PLACE A HIGHER PRIORITY ON ESSENTIAL ITEMS

Consumers have reduced spending on discretionary items like beauty (-27%) and overseas travel (-26%) while **maintaining stable spending on essentials**, including public utilities (67%) and groceries (58%). This reflects a cautious approach, prioritizing essential expenses over non-essential ones.

REDUCED SPENDING



UNCHANGED SPENDING

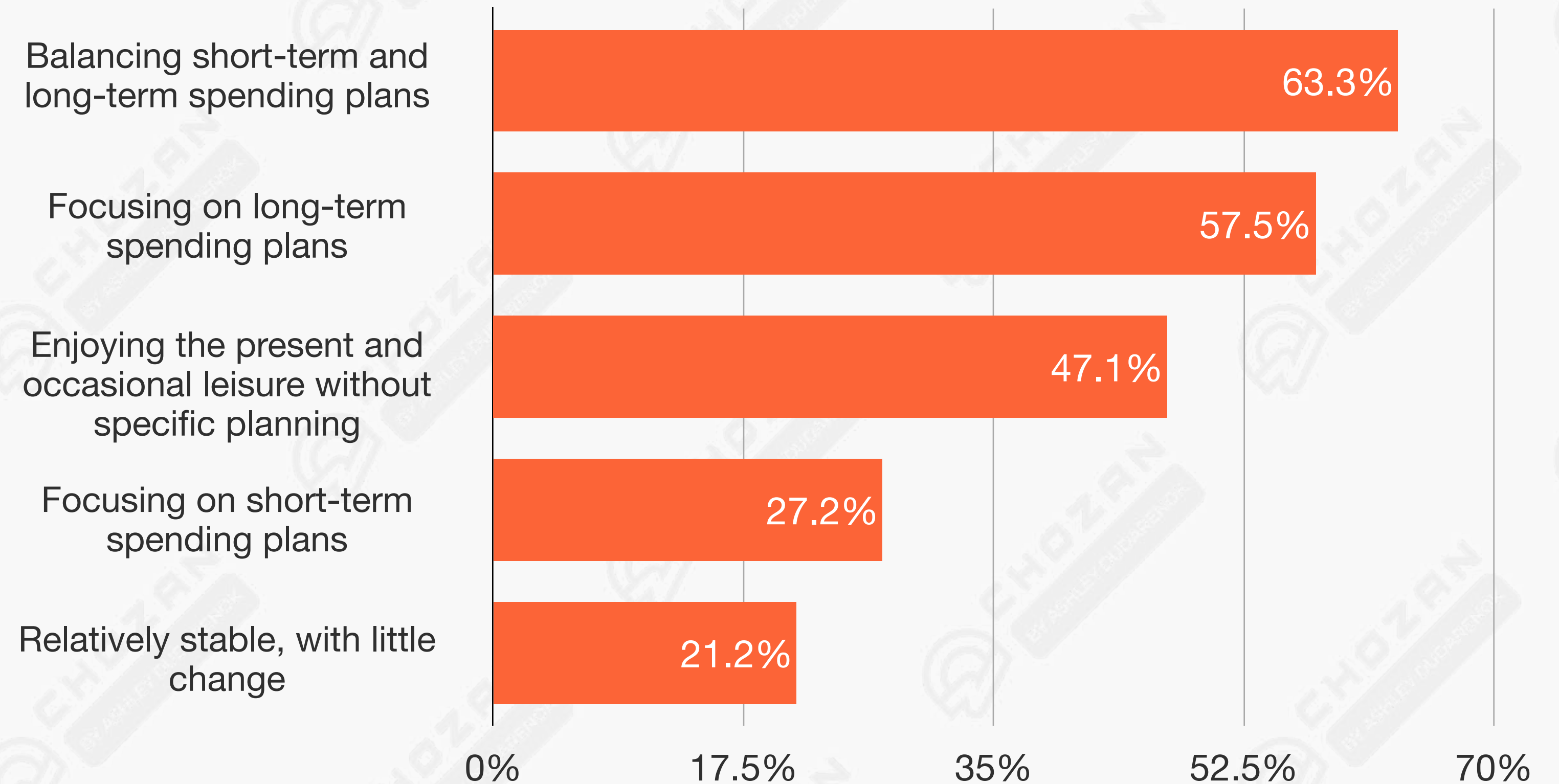


RATIONAL CONSUMERS' FINANCIAL PLANNING

CONSUMERS HAVE MORE BALANCED AND CAUTIOUS SPENDING PLANS

Consumers are shifting toward more balanced and thoughtful financial planning. A majority (63.3%) aim to balance short-term and long-term spending, and fewer consumers prioritize short-term spending (27.2%), indicating a growing preference for financial prudence and stability in spending decisions.

COMPARED TO 2023, CHANGES IN CONSUMER BEHAVIOR IN 1H2024



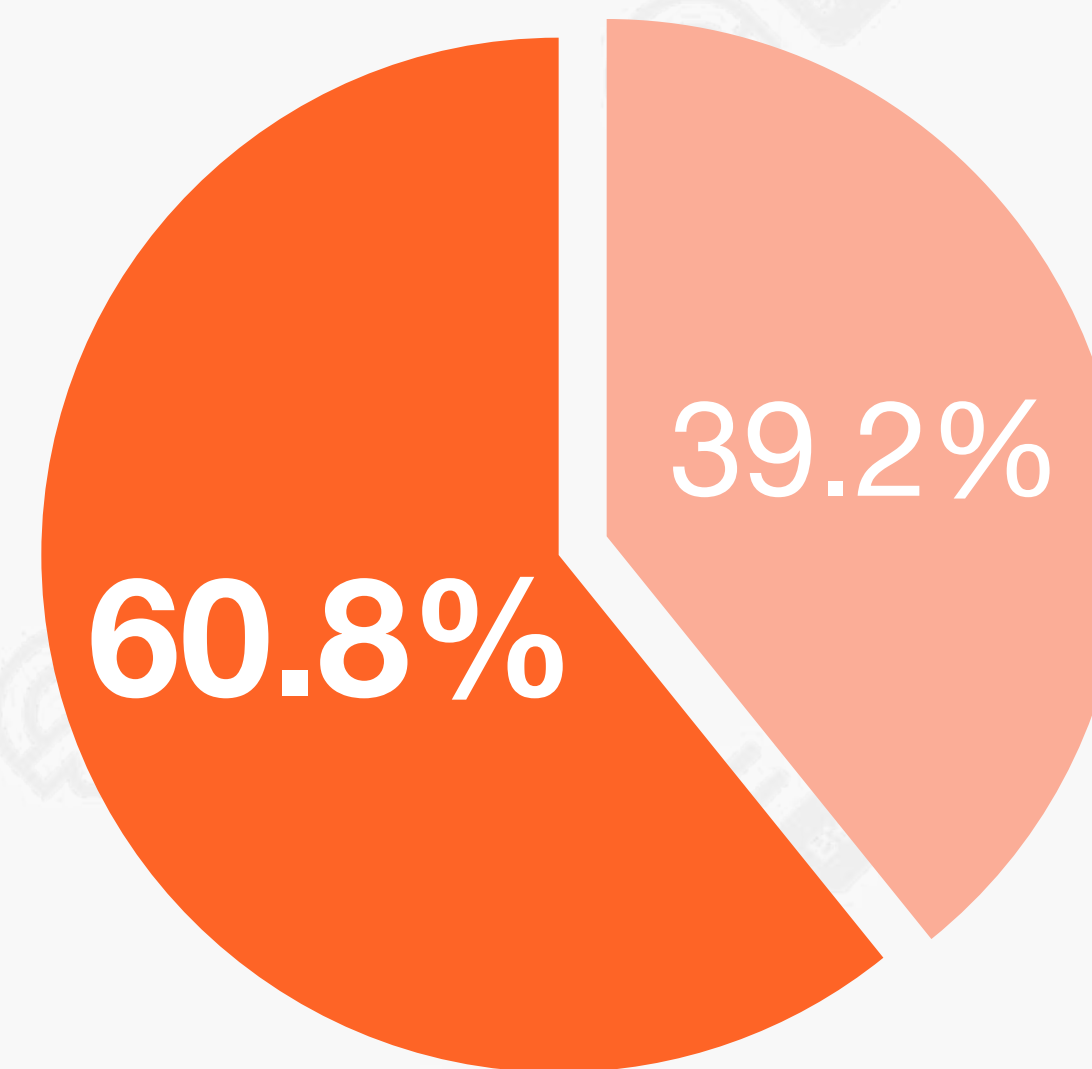
RATIONAL CONSUMERS' LONGTERMISM

VALUE AND FUNCTION-DRIVEN PRODUCTS ARE WIDELY PREFERRED

Consumers are increasingly focused on the durability and long-term value of products, shifting their priorities **from quantity to quality**. 60.8% of consumers now place greater importance on the true value and practical functionality of products.

They are looking for “good products” defined by robust technology and the ability to withstand long-term use, reflecting a demand for items that offer lasting utility and reliability.

Consumers who focus on
**TRUE VALUE &
PRACTICAL FUNCTION**
of products



RATIONAL CONSUMERS' PURSUIT OF QUALITY

CONSUMERS ARE DECLUTTERING FOR QUALITY LIVES

In the first half of 2024, Content Related to **Minimalism/Quality Life** on Platforms:

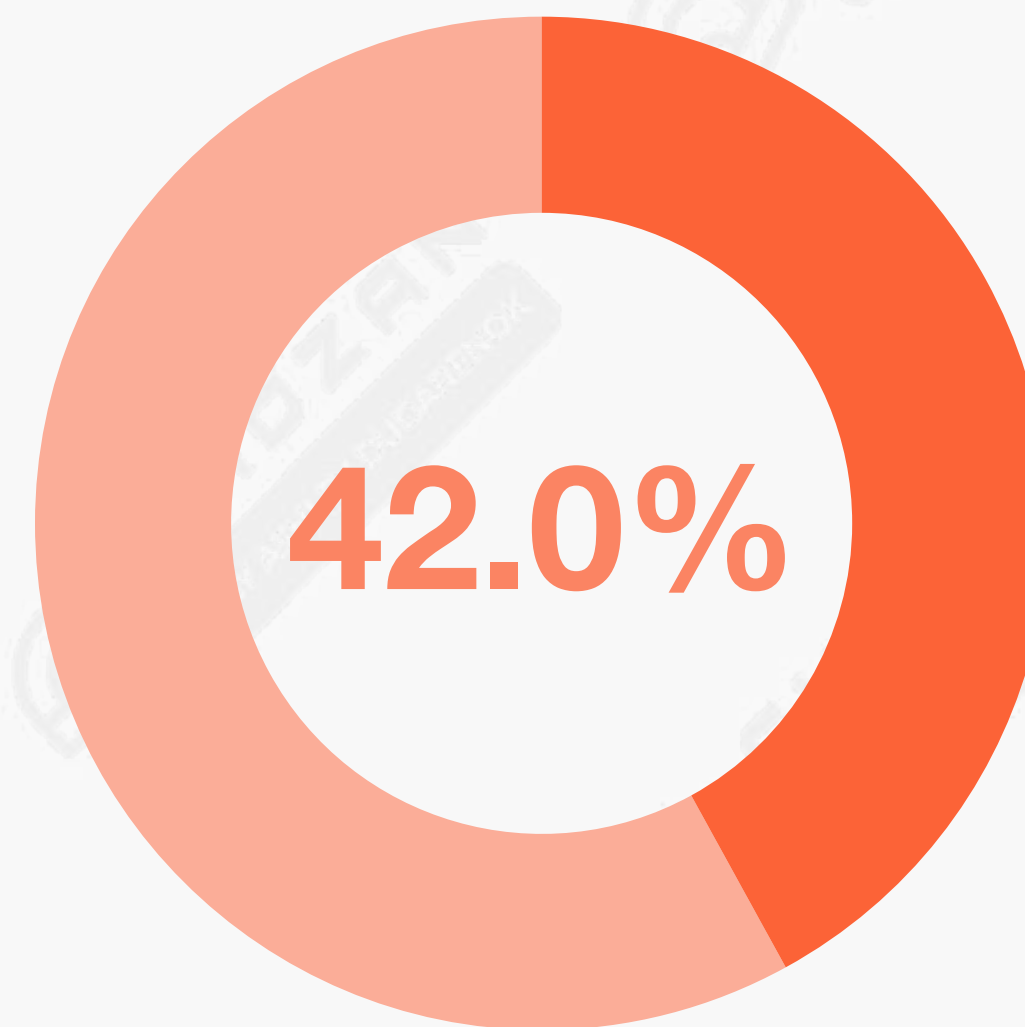


657,000 related videos
Year-on-year increase of
225.7%

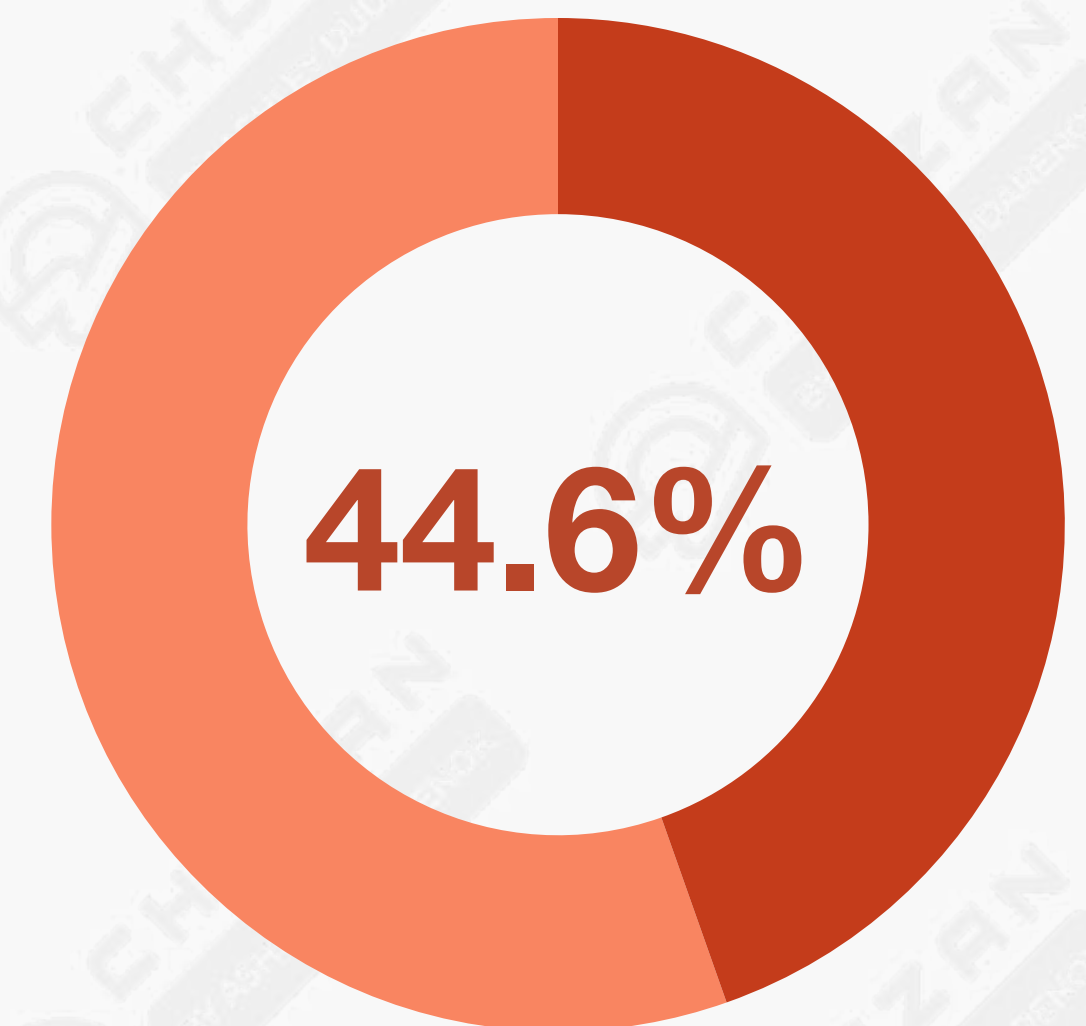


1.28 million related videos
Year-on-year increase of
89.7%

BUYING FEWER CLOTHES, BUT WITH BETTER QUALITY



PRACTICING DECLUTTERING, FOCUSING ON QUALITY CONSUMPTION AND A HIGH-QUALITY LIFE



EXPERT BITE

Q: HOW CAN BRANDS EASE CHINESE CONSUMERS' ECONOMIC CONCERNS AND BOOST SPENDING IN 2025?

In the presence of uncertainty, individuals tend to become more frightened and therefore cautious. As a result of this, integrating 'fun' elements into the brand is necessary to evoke people's sense of curiosity.

When people become more curious than fearful, they are more inclined to explore and experiment.

It is also important to acknowledge the vulnerability that arises during this time, and brands can provide some level of confidence. By doing so, it aids consumers in turning their doubts into a sense of determination and hope.



SAMI WONG

Psychologist and
Founder of 3Drips

EXPERT BITE

Q: WHAT OPPORTUNITIES DO YOU THINK BRANDS SHOULD FOCUS ON TO STAY AHEAD OF THE CURVE IN 2025?

For 2025, I believe that pricing and positioning strategies are all important. In a market where **consumers are much more selective/prudent, brands must understand how to deliver more value** and very specific value based on the unique needs of its customer cohorts.

I'm a brand guy first and foremost, so in past years, I would've said that storytelling was key, but the game has changed and, while messaging is important, positioning is now more important.



CHRIS BAKER

Founder At Totem Media

RISE OF INNER FULFILLMENT & EMOTIONAL WELL-BEING

2

**AS CONSUMER FOCUS
SHIFTS FROM “MATERIAL
ABUNDANCE” TO
“SPIRITUAL
FULFILLMENT,” PEOPLE
ARE SEEKING EMOTIONAL
SATISFACTION, SENSORY
ENJOYMENT, AND
PERSONAL GROWTH.**

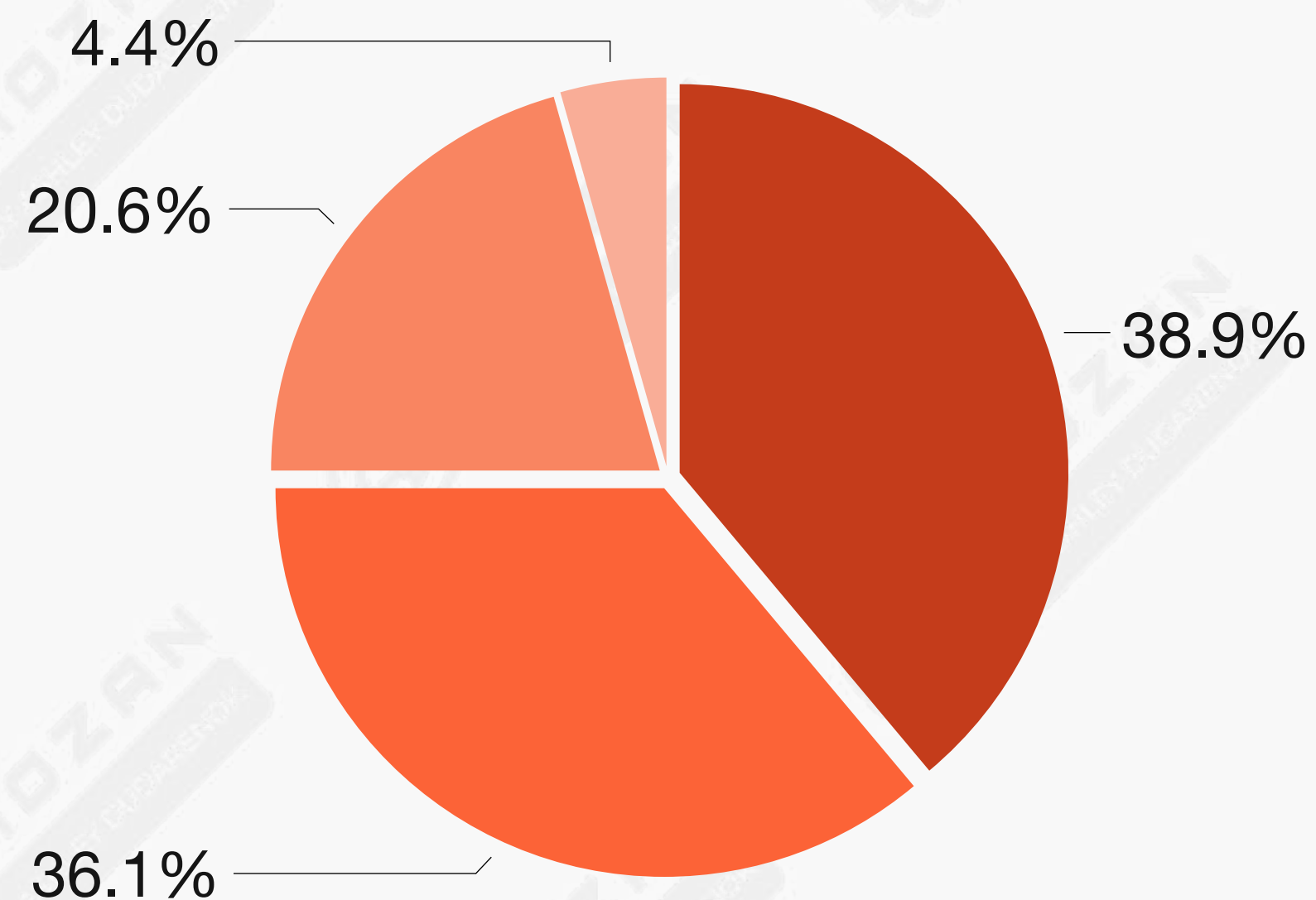
SPIRITUAL CONSUMPTION VS. MATERIAL CONSUMPTION

A LARGE NUMBER OF CONSUMERS ARE WILLING TO SPEND FOR SELF HAPPINESS

64%

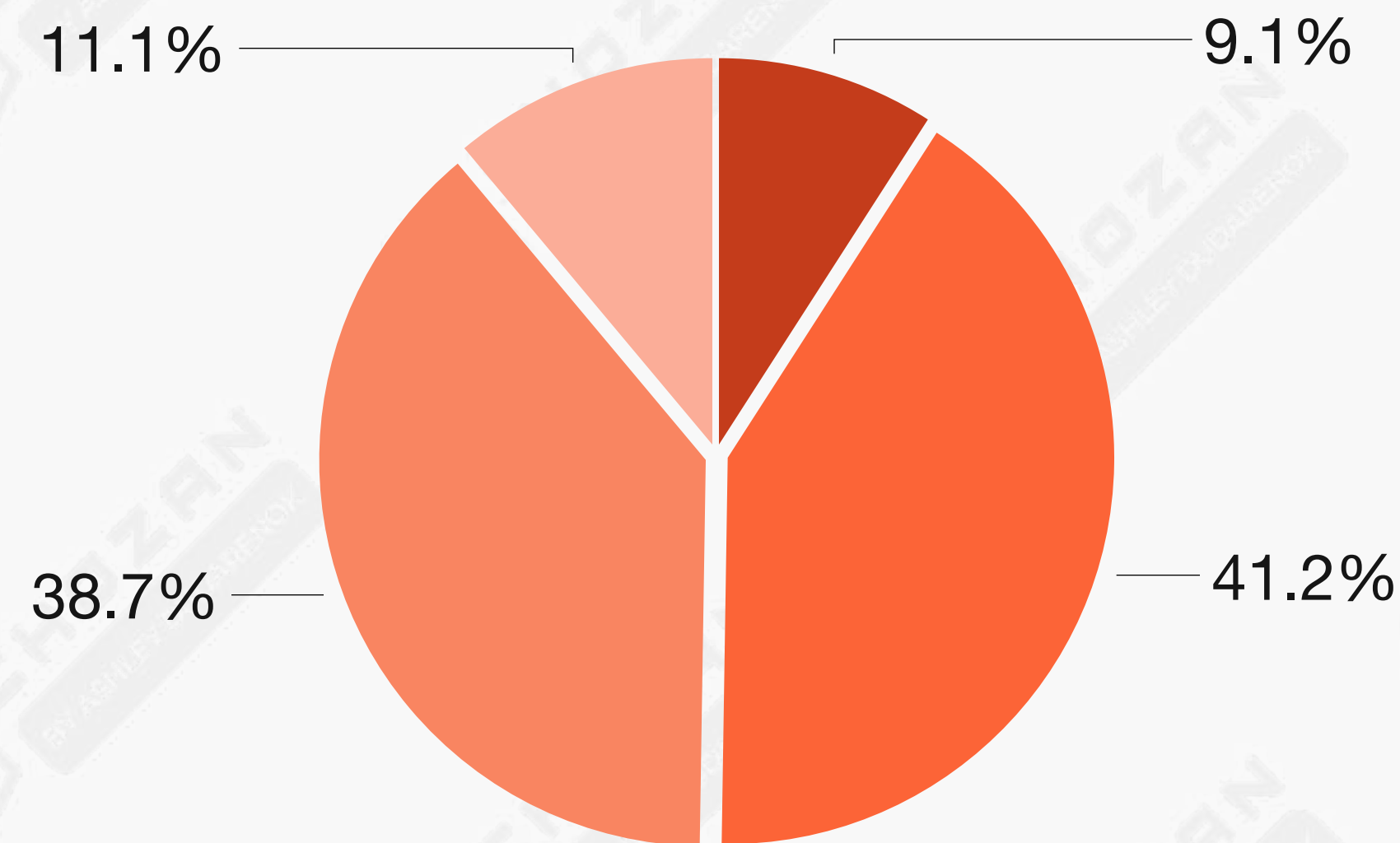
of Chinese consumers currently prioritize **"spiritual consumption"** over "material consumption".

IN DAILY LIFE, ARE YOU WILLING TO SPEND FOR YOUR OWN HAPPINESS?



- Very willing, happiness is the most important thing
- Quite willing, happiness is important most of the time
- Willing, but need to balance cost and return
- Not willing, bought happiness is not real happiness

IN DAILY LIFE, DO YOU SPEND TO EASE SADNESS OR NEGATIVE EMOTIONS?

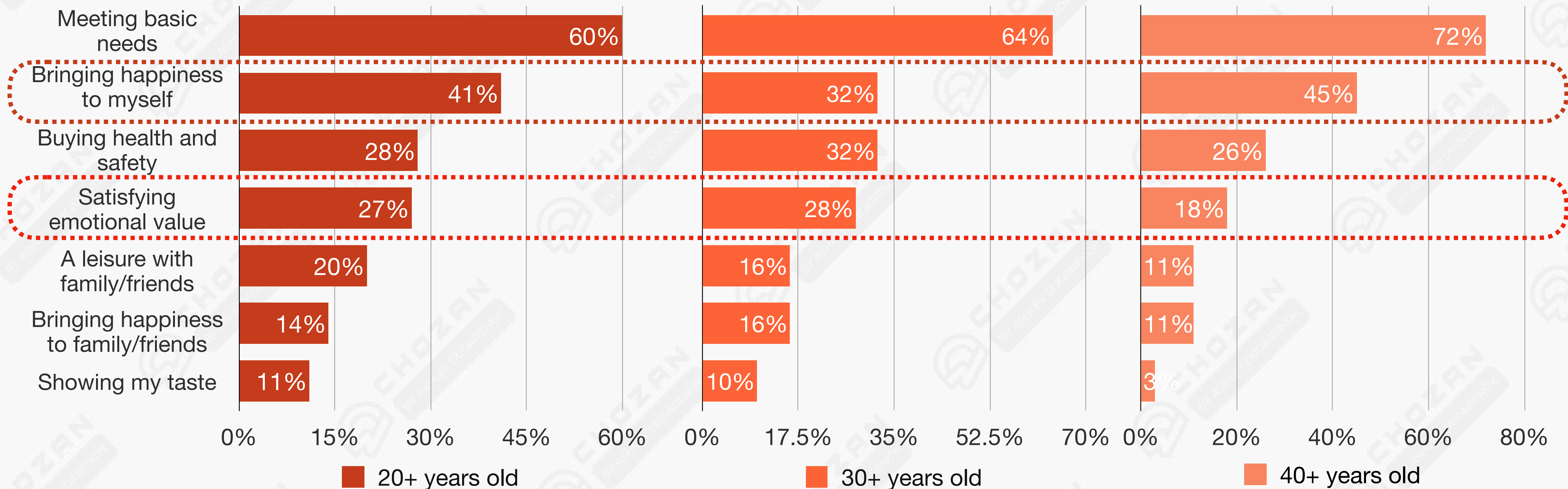


- Definitely not
- Might consider
- Occasionally would spend to ease emotions
- Frequently spend to ease emotions

CONSUMERS' EMOTIONAL COMFORT NEEDS

CONSUMERS SEEK HAPPINESS AND SELF COMFORT BEYOND BASIC NEEDS

WHAT DOES SHOPPING MEAN FOR YOU?



RISING CONSUMPTION FOR PSYCHOLOGICAL WELL-BEING

EMOTIONAL VALUE HAS BECOME A KEYWORD FOR YOUNG CONSUMERS

In the recent 2024 Double 11 Shopping Festival, "**spending for emotional value**" emerged as the top consumption trend among young people.

40.1%

Pleasure consumption, spending for emotional value or interest

36.9%

Minimalist consumption, avoiding purchases unless necessary

37.1%

Consumption concept upgrade, with greater focus on product quality

30.2%

Consumption downgrade, emphasizing value for money

PLEASURE CONSUMPTION CATEGORIES

TRAVEL, GAME AND MUSIC FESTIVALS ARE PARTICULARLY VIBRANT IN PLEASURE CONSUMPTION

TOP THREE PLEASURE CONSUMPTION CATEGORIES

Young Chinese consumers are increasingly spending on "**happy consumption**," with travel, gaming, and music festivals ranking as their top indulgences in the recently concluded 2024 Double 11 Shopping Festival.

42.3%

TRAVEL-RELATED (e.g., flights, hotel products, travel itineraries), outdoor hiking, etc.

38.9%

GAMING-RELATED

29.6%

ENTERTAINMENT-RELATED (e.g., music festivals, livehouse shows, stand-up comedy, theater, etc.)

EXPERT BITE

Q: HOW ARE CHINESE CONSUMERS' VALUES EXPECTED TO SHIFT IN 2025? HOW CAN BRANDS ADAPT THEIR MESSAGING TO STAY RELEVANT?

Chinese consumers have a 'rational spending' mindset in the past, where every purchase has to be justified. This has resulted in a feeling of restriction, and it has become overwhelming. That said, this mindset has been gradually evolving towards the direction of 'sensible spending'.

In this context, sensibility is linked to one's awareness when they spend. Although they are mindful about their budget, it doesn't diminish the pleasure of purchasing. In order to ensure consumer satisfaction, it is essential to align with their desire for fun and games.



SAMI WONG

Psychologist and
Founder of 3Drips

3

**TRAVEL TAKES
CENTER STAGE
IN CONSUMER
SPENDING**

SINCE 2023, TRAVEL HAS EMERGED AS A TOP PRIORITY FOR CONSUMERS. MORE PEOPLE ARE EAGER TO EXPLORE AND PLANNING TO FURTHER BOOST THEIR TRAVEL SPENDING IN THE COMING YEAR.

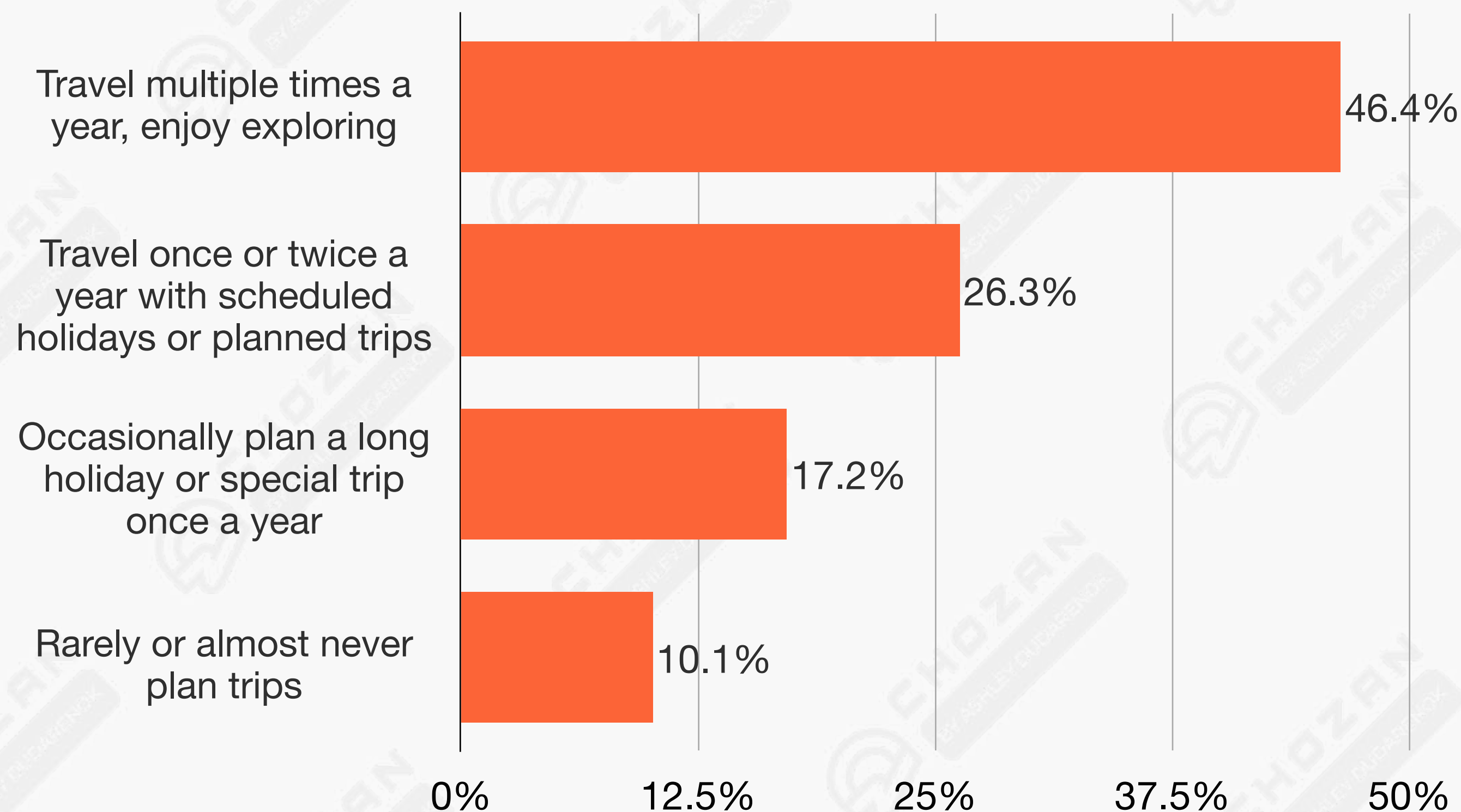
RISING TRAVEL FREQUENCY

TRAVEL GRADUALLY BECOME A ROUTINE FOR CHINESE CONSUMERS

88.6%

of Chinese consumers have at least traveled once in the first half of 2024. Travel is gradually becoming less of a “momentous” event and more of a routine activity, adding color to consumers' daily lives.

YOUNG PEOPLE’S TRAVEL FREQUENCY IN 2024



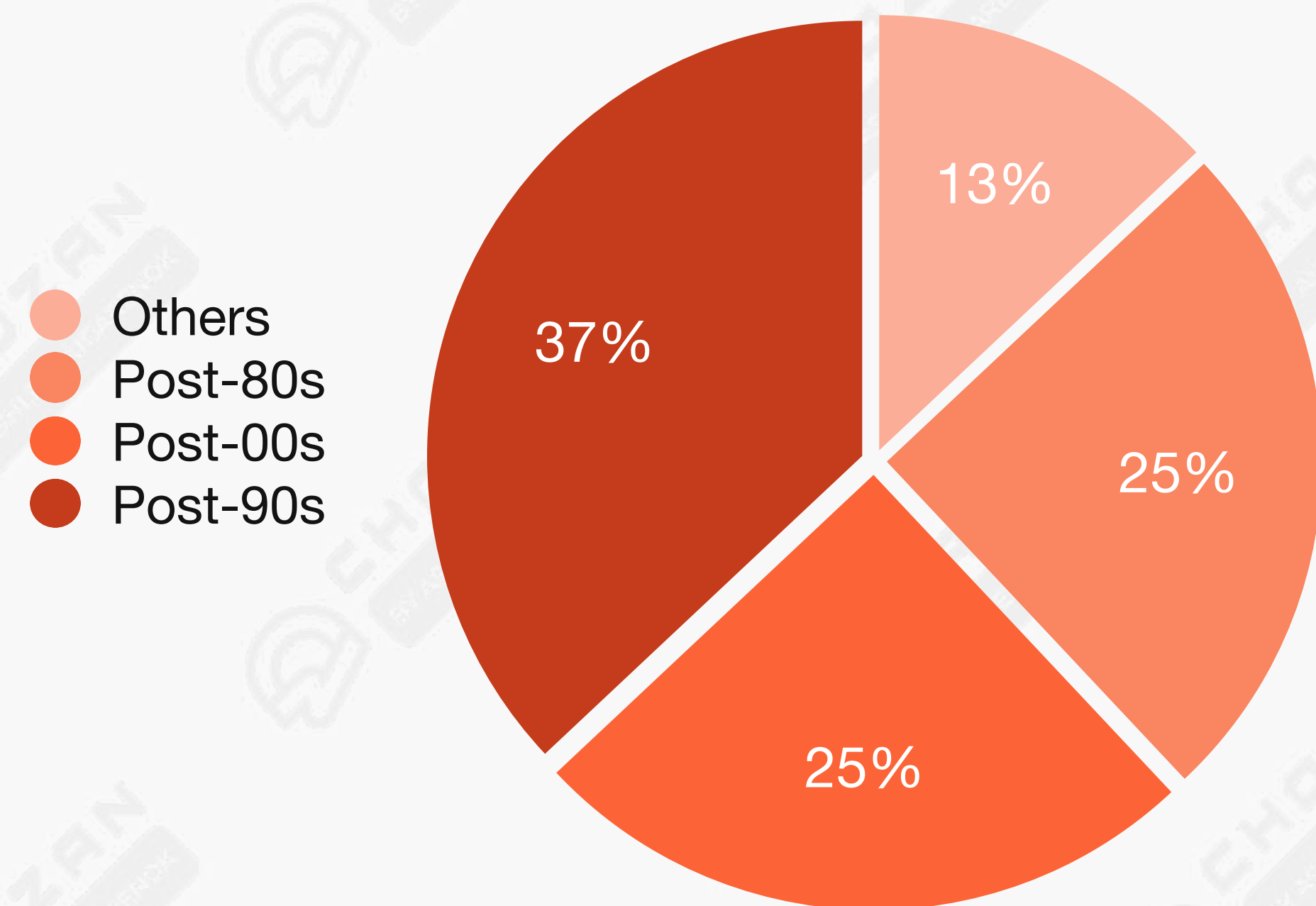
TRAVEL GROUPS DISTRIBUTION

POST-90S AND POST-00S ARE THE MAIN TRAVEL FORCE

Post-90s and post-00s college student groups show a high enthusiasm for travel. With the growth of mass tourism, the phrase "**time to travel while you're young**" has become popular in the industry.

Data from Airbnb reveals a notable increase in travel-related searches by **Gen Z** (18–24 years old), with group bookings seeing more than a tenfold increase, typically involving 2–4 people per trip.

TRAVELER BREAKDOWN DURING THE DRAGN BOAT FESTIVAL (BY AGE)

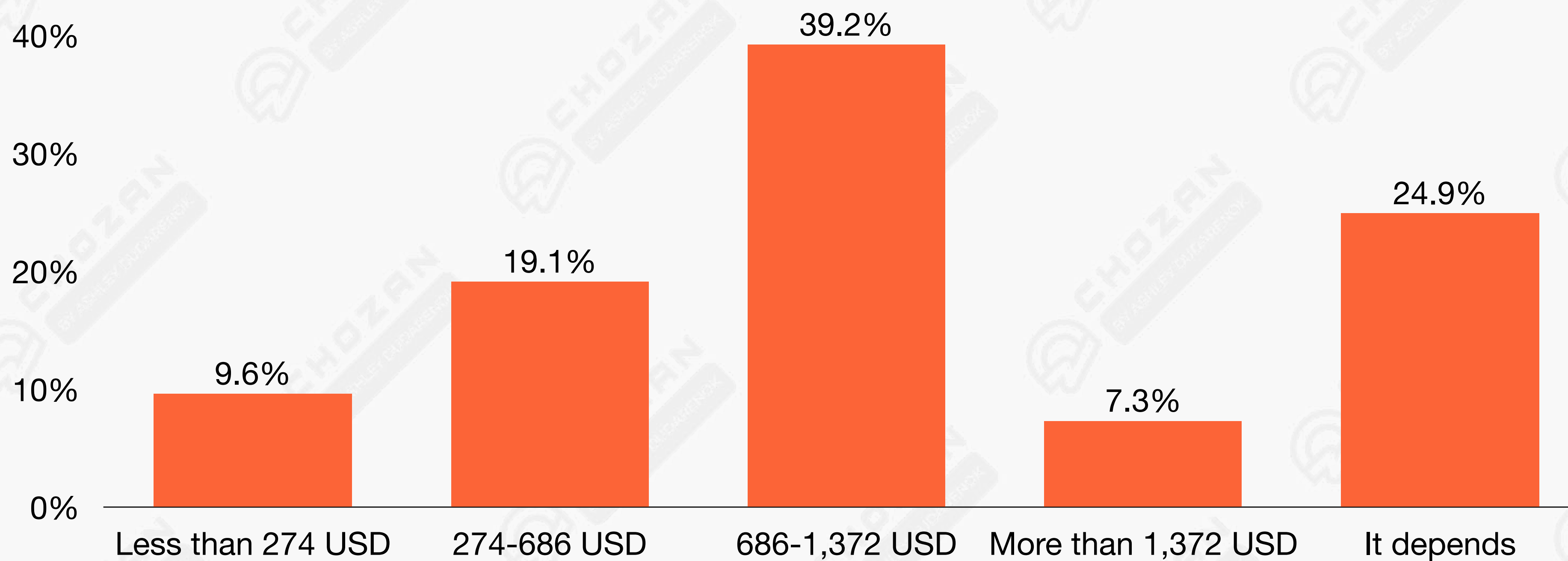


INCREASING TRAVEL EXPENSES

CONSUMERS ARE RELATIVELY GENEROUS ON TRAVEL SPENDING

Over 40% of respondents spend more than **5,000 RMB** (about 686 USD) annually on travel, with the largest group (39.12%) spending between 5,000 and 10,000 RMB (about 1,372 USD) each year.

ANNUAL BUDGET OR EXPENDITURE FOR TRAVEL IN 2024

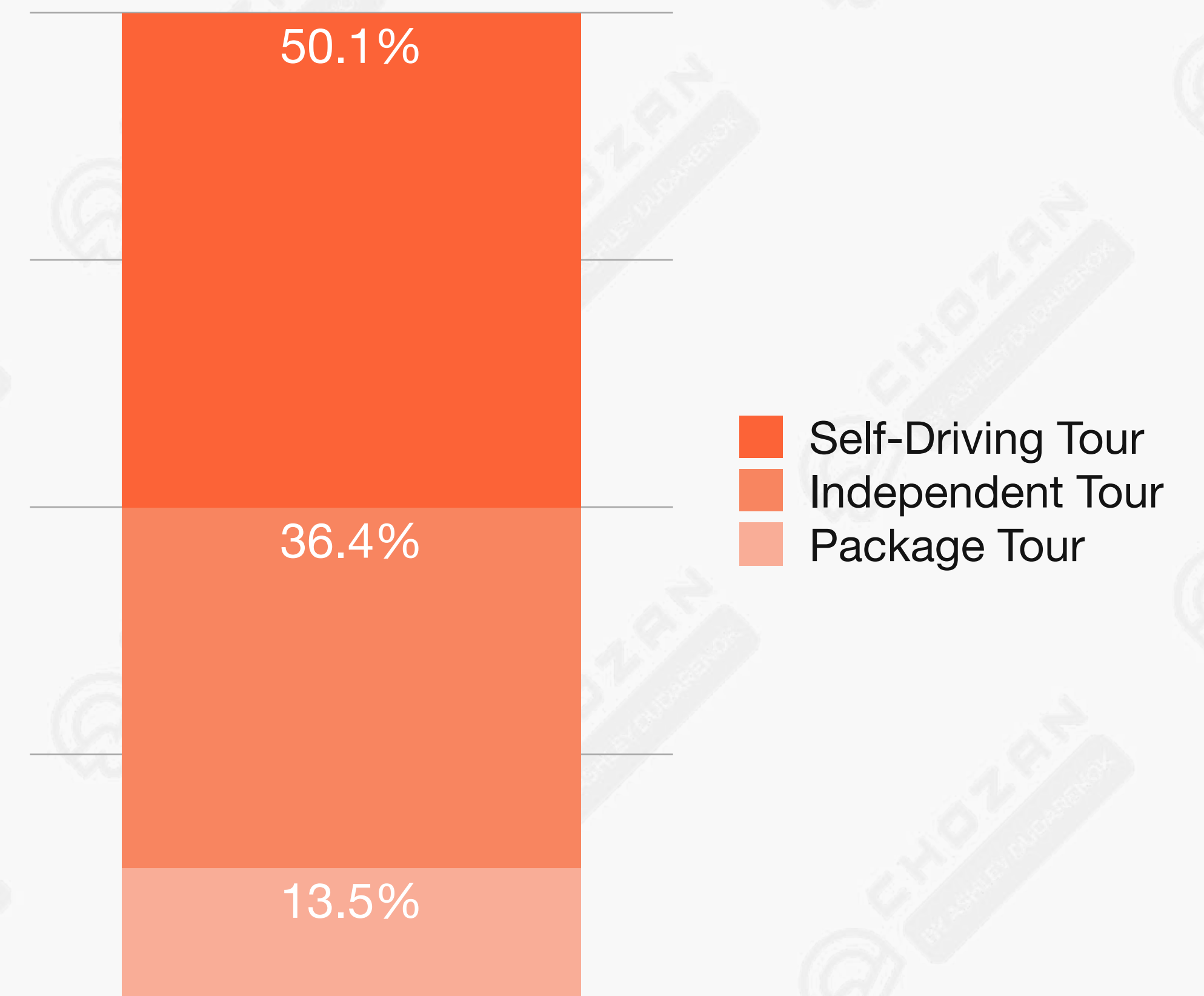


POPULAR TRAVEL MODE

SELF-DRIVING TOURS BECOME A NEW GROWTH DRIVER

- Domestic self-drive travelers have increased **12.9 times** this year. During peak holiday seasons such as Qingming and the May Day holidays, the number of self-drive travelers surged by **25 times**.
- The average duration of domestic self-drive trips increased by **3.38 days**, up 0.18 days year-on-year.
- Per capita spending rose by approximately **7%** compared to the previous year.

CONSUMERS' WAY OF TRAVEL



POPULAR TRAVEL DESTINATIONS

DOWNWARD TOURISM IS SOUGHT AFTER BY TOURISTS

The popularity of tourism destinations in **third, fourth, and fifth-tier cities** and **county areas** is surging, with "downward tourism" increasingly favored by travelers.

800 MILLION

THE TOPIC OF #NICHE TRAVEL DESTINATIONS HAS GARNERED OVER 800 MILLION VIEWS ON REDNOTE

54 MILLION+

USER ENGAGEMENT UNDER THE TOPIC OF #NICHE TRAVEL DESTINATIONS

POPULAR DESTINATION CITIES

- Lianyungang
- Linyi
- Luoyang
- Zibo
- Anyang
- Zhangjiakou
- Taizhou
- Kashgar
- Yinchuan
- Huai'an

EXPERT BITE

Q: HOW HAS CHINA'S TRAVEL BEHAVIOR CHANGED, AND HOW CAN BUSINESSES ADAPT IN 2025?

In recent years, "experience driven" tourism has become the main feature of consumption, marking the shift to non-standard products. People's travel expectations are changing dramatically.

Sightseeing is about "seeing", vacation is about "staying", and experience is about "living". Consumers now seek to experience destinations like locals—enjoying authentic cuisine, visiting local markets, or watching local games.

Social media amplifies travel experiences, intensifying competition for consumer attention and wallet share. This has spotlighted niche attractions, with history, culture, specialty cuisine, and activities like concerts and sports events gaining appeal. Theme tourism, including cultural tours, cuisine, and sports events, presents huge opportunities.



ADA XU

Director of International Affairs
at FLIGGY

EXPERT BITE

Q: WHAT EXPERIENCES WILL CHINESE TRAVELERS SEEK IN 2025, AND HOW CAN DESTINATIONS ADAPT?

More special interest experiences, more nature, more spirituality, more health, more authentic encounters with local people and local culture, cuisine etc.

Chinese tourists no longer happily throw money around, they want value for money. FITs are less influenced by geopolitical factors (with the exception of the USA), but group travel will be supported by the government to concentrate on "friendly" destinations like for example Nepal or Egypt.



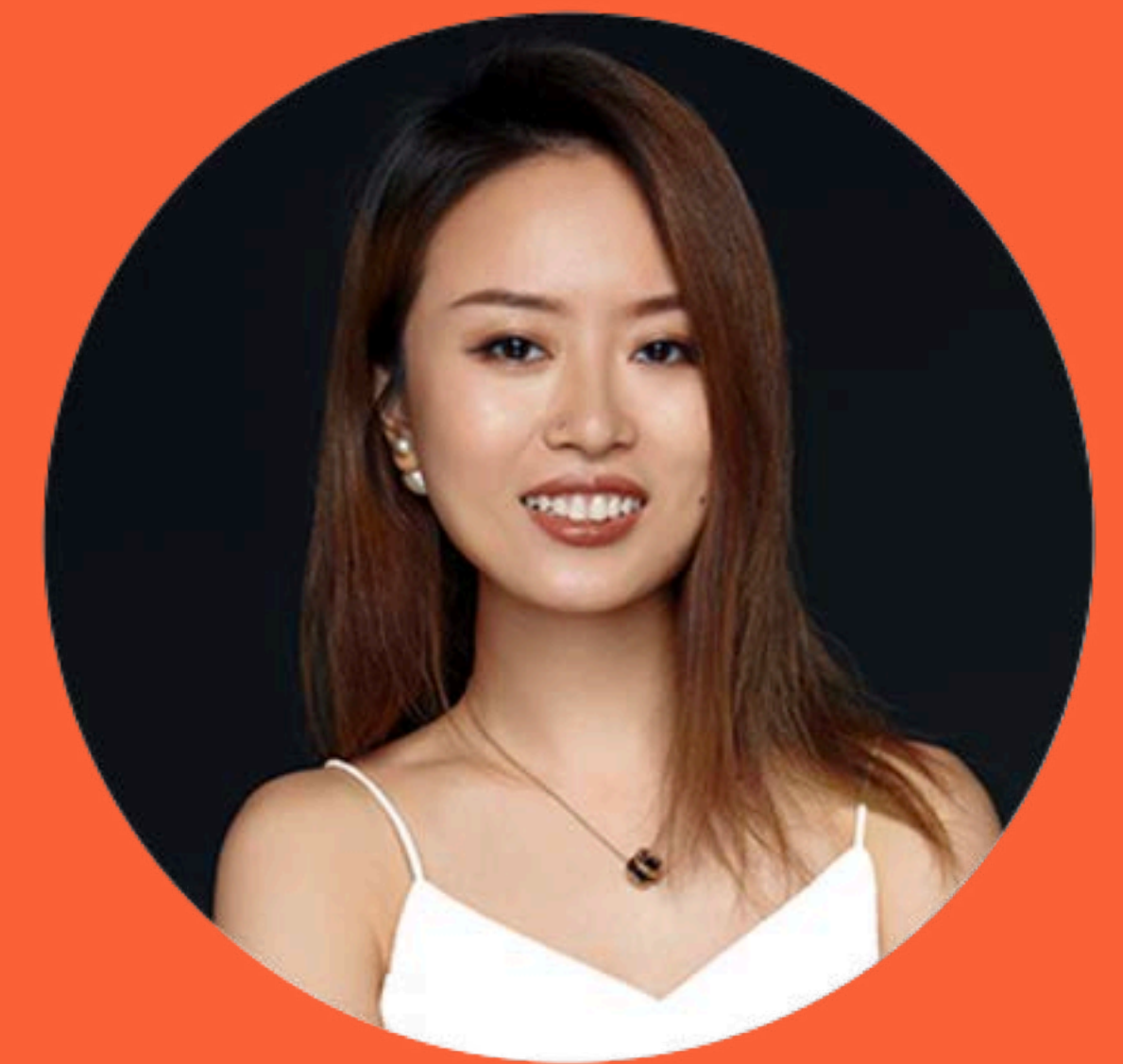
**PROF. DR. WOLFGANG
GEORG ARLT**

Director of Meaningful Tourism
Centre and CEO of COTRI China

EXPERT BITE

Q: HOW CAN PLATFORMS LIKE TIKTOK AND INSTAGRAM INFLUENCE FOREIGN TRAVELERS?

<...>40% of global travelers are citing social media as a major factor in their destination choices, particularly through viral food and travel content. Those platforms offer easy access for audiences outside of China to see the real China from various angles apart from traditional media channels and stereotypes. Digital experiences offering virtual tours, live-streamed events, or behind-the-scenes at attractions can give international tourists a taste of what they can expect in China and drive their desire to come in person. Social listening tools enable businesses to stay updated on trends and adjust their offerings to align with traveler interests, while virtual experiences on these platforms act as enticing previews for potential visitors. In 2025, leveraging international social media, in specific collaborating with influencers, engaging with trending hashtags, and showcasing unique cultural and culinary experiences, can be a cost-effective way and will strategically help businesses and local authorities to increase visibility, attract tourists, and create bonding with global audiences.



ANITA LAI

Chief Experience Operator of
Chengdu Food Tours

CONSUMERS EMBRACE COMPREHENSIVE HEALTH

4

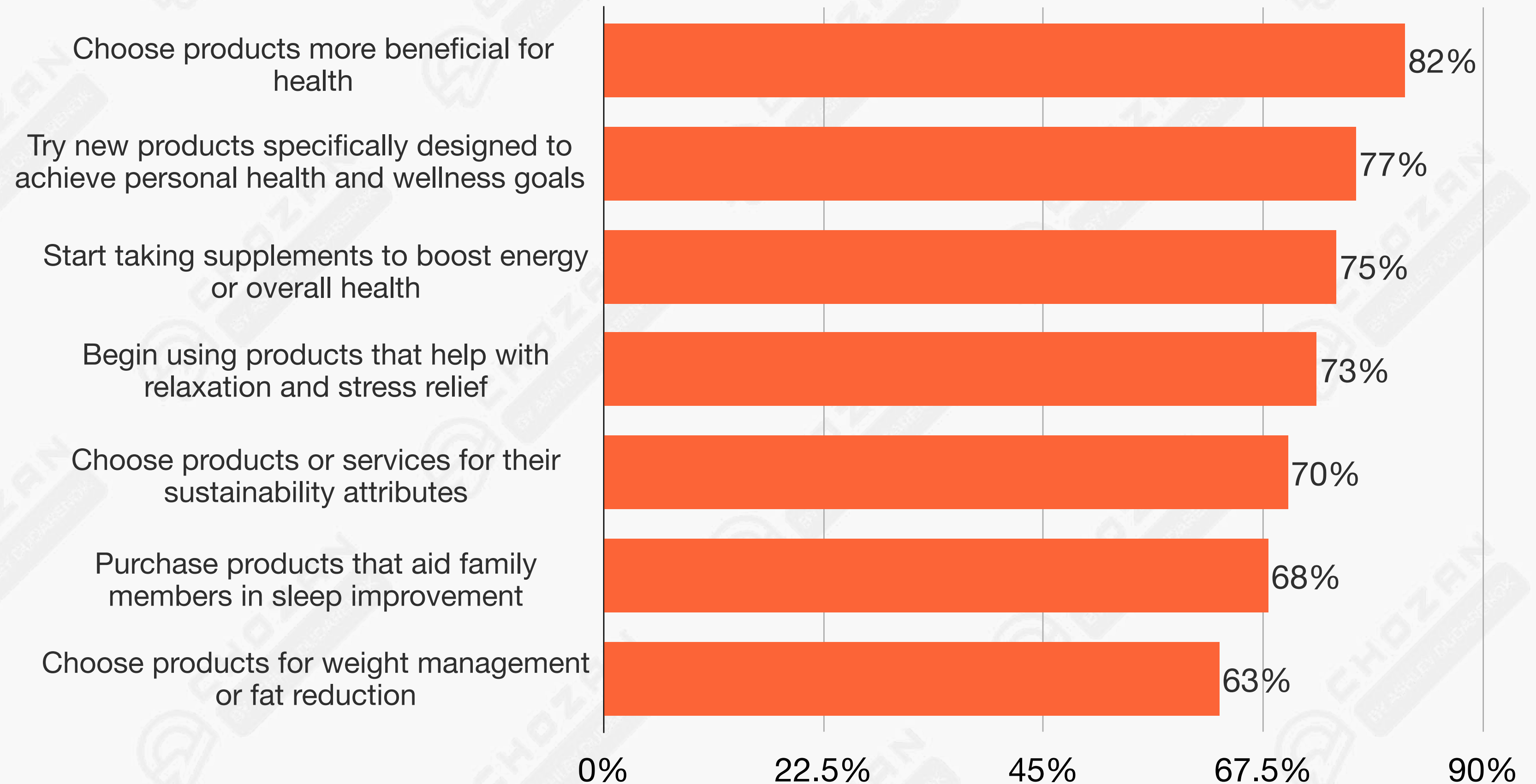
THERE'S A GROWING DEMAND FOR COMPREHENSIVE WELLNESS SOLUTIONS, AMONG YOUNG AUDIENCE ESPECIALLY, THAT CATER TO DIVERSE ASPECTS OF HEALTH AND WELL-BEING.

CONSUMERS EMBRACING HEALTH & SUSTAINABILITY

CONSUMERS ARE WILLING TO TRY PRODUCTS FOR BOTH PERSONAL HEALTH AND ECO HEALTH

CONSUMERS' WILLINGNESS TO TRY PRODUCTS BENEFICIAL FOR PERSONAL AND ENVIRONMENTAL WELL-BEING

Chinese consumers are increasingly prioritizing products that support both personal health and environmental sustainability.



CONSUMERS' INTEREST IN HEALTH TOPICS

TOP THREE HEALTH-RELATED KEYWORDS

There is a significant increase in consumer interest and engagement in health-related topics, with a strong emphasis on **wellness** (notably 200% growth in notes) followed by **treatment** and **prevention**.

TOP 3 SEARCH KEYWORDS ABOUT WELLNESS ON REDNOTE

PREVENTION

- Estimated interactions: **4.2 million+**
- Growth in the number of notes: **60%+**

TREATMENT

- Estimated interactions: **9.7 million+**
- Growth in the number of notes: **110%+**

WELLNESS

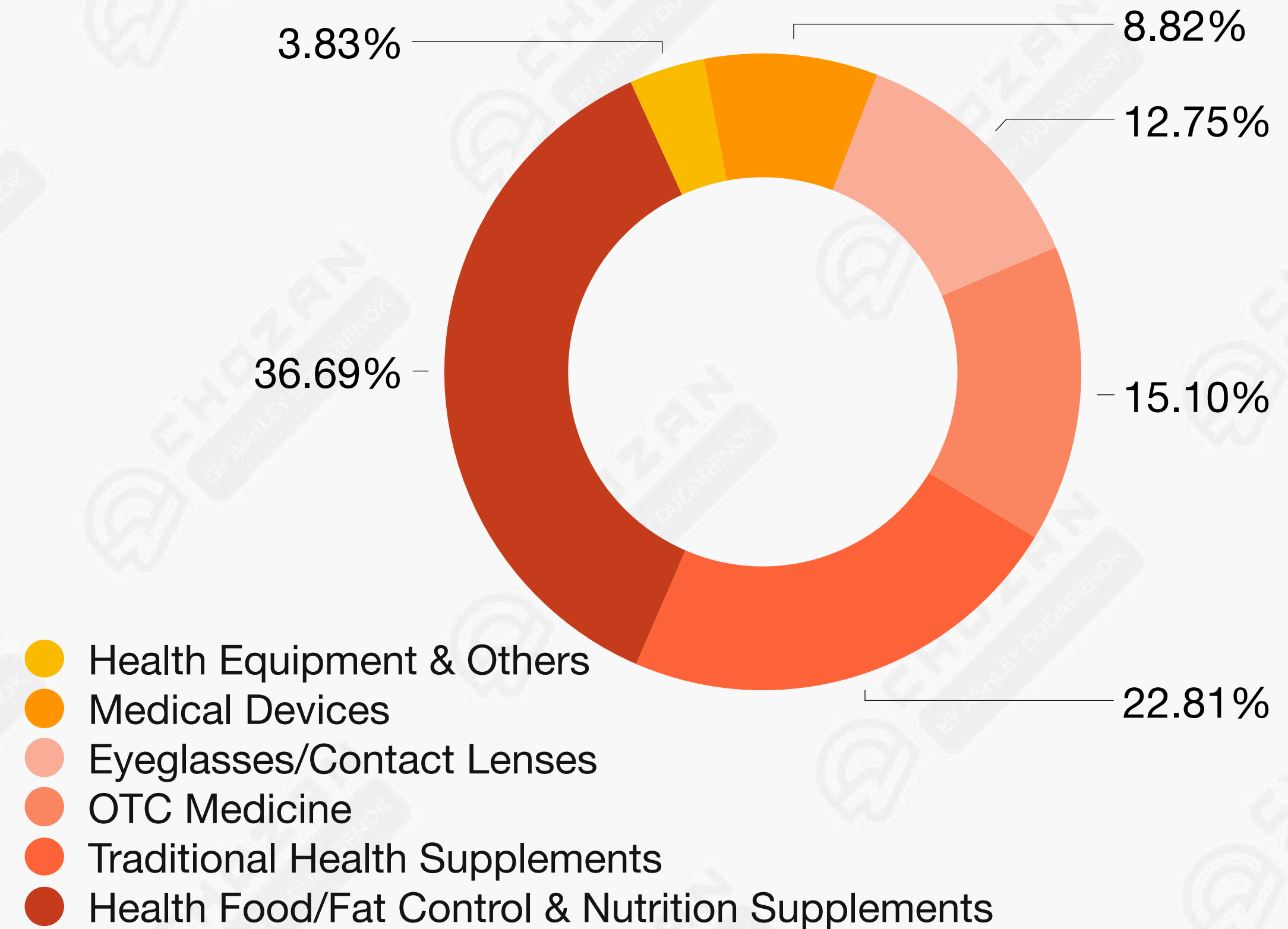
- Estimated interactions: **24 million+**
- Growth in the number of notes: **200%+**

CONSUMER DEMAND FOR HEALTH PRODUCTS

CONSUMERS ARE SEEKING WELLNESS PROACTIVELY

Health-related products dominate consumer interest, with nutrition supplements, traditional health products, and OTC drugs making up the largest shares, reflecting a strong consumer focus on health maintenance, dietary supplements, and preventive care and also indicating a growing trend towards proactive health management and wellness in daily life.

PROPORTION OF WELLNESS-RELATED NOTES ON RED

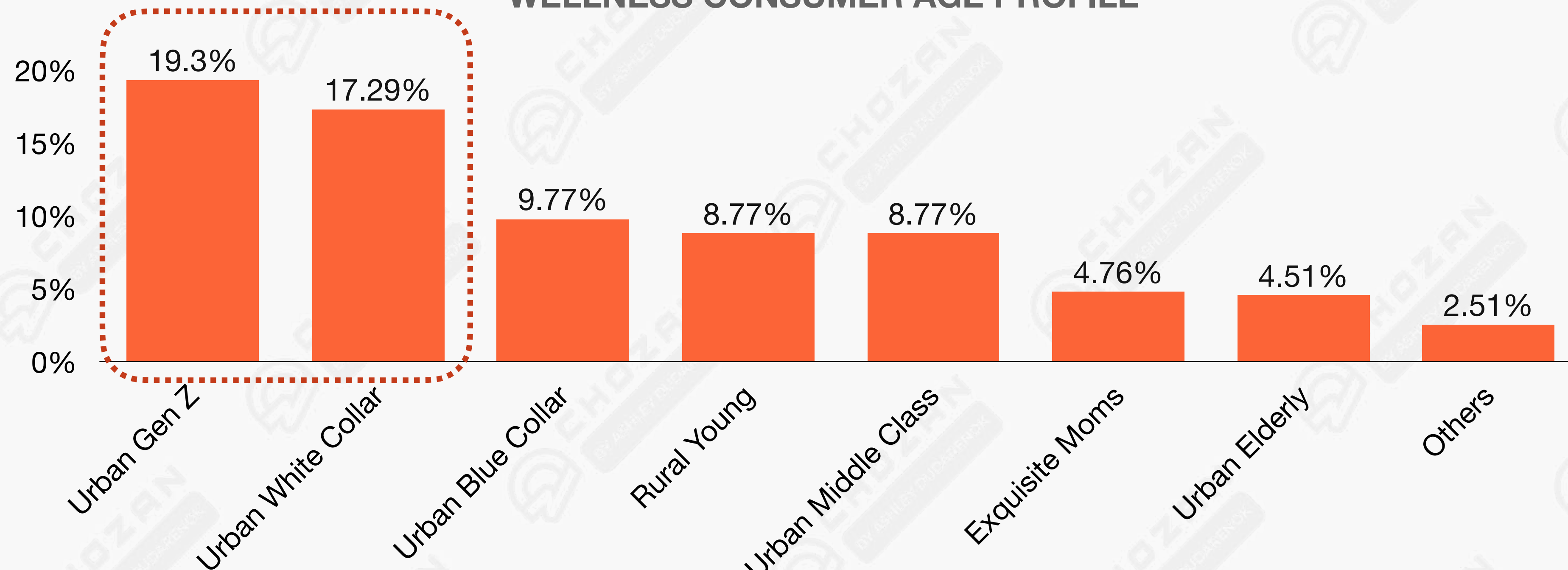


WELLNESS CONSUMPTION AMONG YOUNG CONSUMERS

WELLNESS CONSUMPTION PRESENTS A “YOUNGER” TREND

Wellness-related consumption is showing a clear trend of becoming more popular among **younger demographics**, underscoring new era where wellness is a core part of lifestyle for younger consumers, blending seamlessly with their daily routines and aspirations for a balanced life.

WELLNESS CONSUMER AGE PROFILE



EXPERT BITE

Q: HOW HAVE CHINESE CONSUMERS CHANGED OVER THE PAST THREE YEARS, AND HOW SHOULD BRANDS ADAPT?

Chinese consumers' demand for health keeps increasing. Although consumer behavior is now more rational and prudent, with the enhancement of health awareness and the new needs derived from different life occasions, products that can bring happiness and relaxation are becoming more important. Consumers are still willing to pay a premium for solutions that are healthy, convenient, and provide emotional value.

We observed that top FMCG companies, by accurately grasping the needs of different consumers and continuously launching innovative products that adapt to new occasions and new needs, as well as driving emerging channels and penetrating deeper into lower tier markets, have successfully attracted new consumers and stood out in the time of lower growth.



JASON YU

Managing Director at
CTR Market Research

EXPERT BITE

Q: HOW CAN BARS STAY RELEVANT IN 2025 WITH THE RISE OF LOW- AND NO-ALCOHOL DRINKS?

The increasing consumer focus on moderation and health is having a positive impact on the low and no-alcohol beverage industry. A whole new market that is still pretty much untapped is opening up, and both bars as breweries can take advantage by offering cocktails, low-calorie or low/non-alcohol beverages. People want to be able to have a good time socially, whether they drink alcohol or not. In my local watering hole, The Beer Nest, **we've seen a growing demand for these drinks over the last few years.** Back in the days, we didn't sell many cocktails or ciders, now we do on a daily basis, and have added a few non-alcoholic imported beers and low-alcohol Sichuan lemon beer to the menu in 2024. At our monthly "Young Professionals" and comedy events, we have mostly female customers that standardly order these kinds of drinks. Driven by young consumers, I predict the combination of good tasting quality products with innovative packaging strategies leading to a rapid expansion of this segment in the future.



DIETER VANONCKELEN

Foreign KOL & Founder of
HeyChina Media Group

GROWING KOC CREDIBILITY IN CONSUMER DECISIONS

5

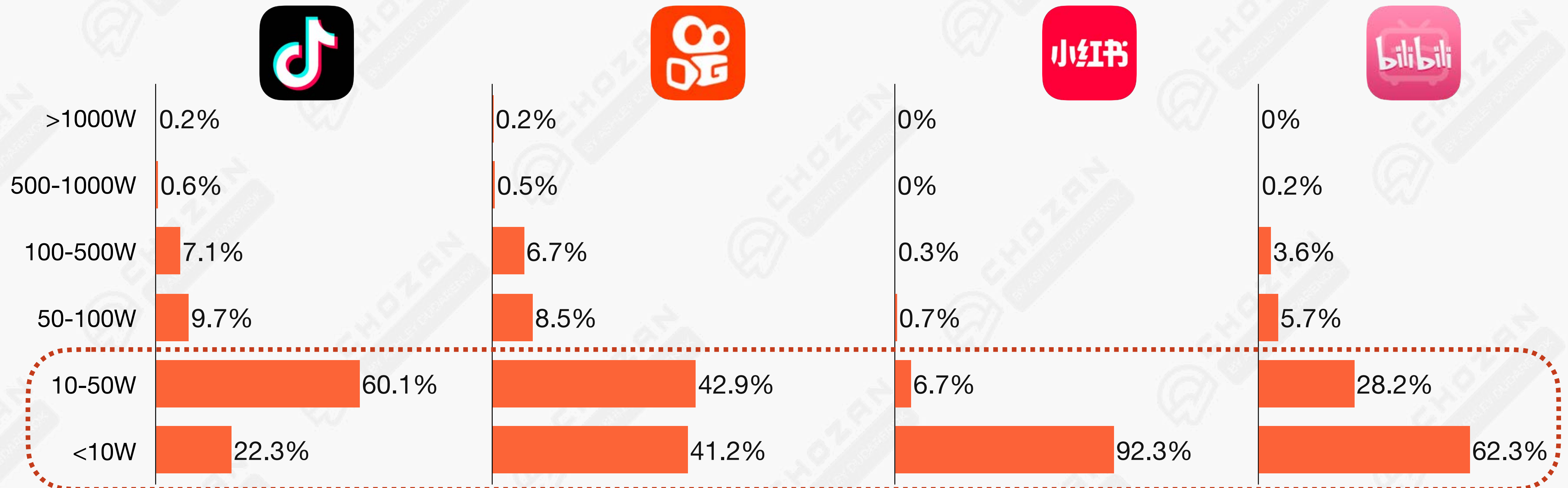
**CHINESE CONSUMERS
INCREASINGLY VALUE
GENUINE, PEER-LIKE
RECOMMENDATIONS
FROM INFLUENCERS
THEY PERCEIVE AS
TRUSTWORTHY AND
RELATABLE RATHER THAN
HEAVILY FOLLOWED
CELEBRITIES.**

INFLUENCER DISTRIBUTION ON PLATFORMS

KOC HAS GRADUALLY OVERTAKEN KOL

KOCs have dominated the influencer scene over a large majority, reflecting a consumer shift toward authentic and niche voices over mainstream KOLs.

INFLUENCER DISTRIBUTION WITH DIFFERENT NUMBERS OF FOLLOWERS ON MAJOR SOCIAL MEDIA PLATFORMS IN CHINA IN 2024



Source: Weiboyi

CONSUMER EXPECTATIONS FROM KOC

CONSUMERS WANTS MORE PERSONALIZATION, TRUST AND RESONANCE

WHAT DO CONSUMERS EXPECT FROM KOC?

PERSONALIZED EXPERIENCE

Consumers expect tailored experiences that reflect their unique tastes and preferences. KOCs, with their deep connection to niche audiences, provide brands the ability to create highly customized, diverse content that resonates with specific consumer needs.

DEEP RELIANCE AND CONNECTION

Social media has become the primary platform for consumers to discover products, share feedback, and interact with brands. Consumers rely on KOCs for trustworthy recommendations that feel relatable and authentic.

VALUE-ORIENTED

In 2024, consumers are increasingly drawn to brands that reflect their own values and contribute positively to society. By showcasing value-driven stories and highlighting brand responsibility, KOCs enhance brand recognition and foster deeper emotional connections.

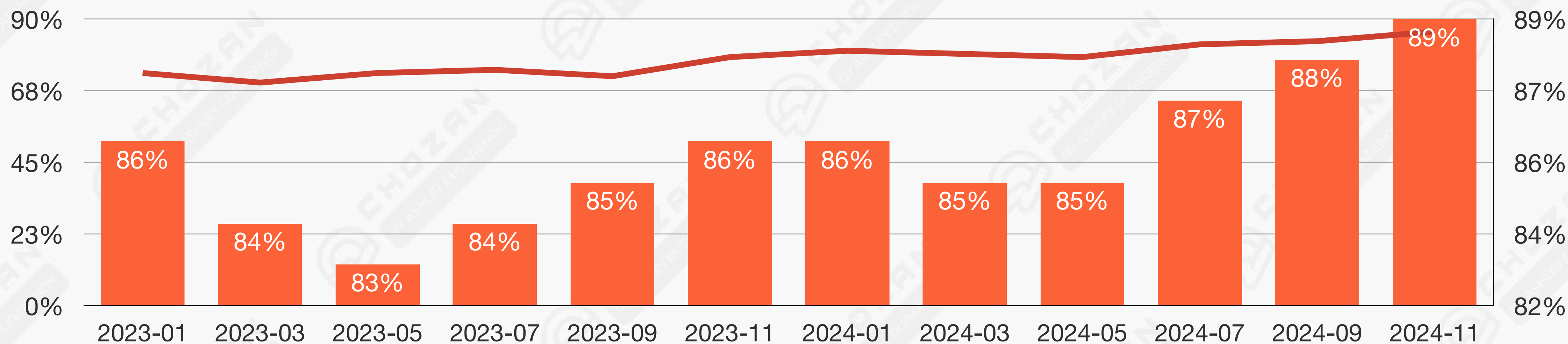
MERCHANTS' PREFERENCES FOR KOC

MORE KOC COLLABORATIONS IN E-COMMERCE

From 2023 to 2024, both the proportion of KOC collaboration numbers and the proportion of KOC collaboration frequencies in Douyin e-commerce showed an overall upward trend. In 2024, the proportion of KOC numbers increased by **2%** and the proportion of KOC frequencies increased by **7%**, indicating a growing importance of KOCs in Douyin's e-commerce ecosystem.

PROPORTION OF KOC COLLABORATION NUMBERS / FREQUENCIES IN DOUYIN E-COMMERCE IN 2023-2024

— Proportion of KOC Collaboration Frequencies (%)
 ■ Proportion of KOC Collaboration Numbers (%)



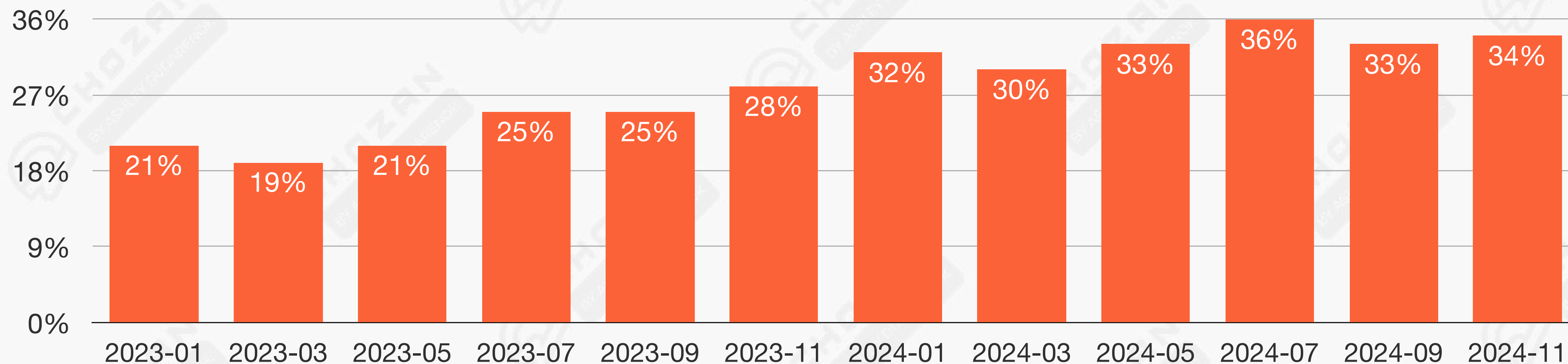
Source: Douyin

KOC-CONTRIBUTED GMV GROWTH

CREDIBILITY FROM BOTH CONSUMERS AND BRANDS DRIVES GMV GROWTH

Brands are increasing investment in KOC marketing, leading to a continuous rise in KOCs' sales-driving capability and a steady expansion of their GMV contribution. In January 2024, driven by the Chinese New Year shopping festival, promotional activities on Douyin e-commerce boosted KOC-generated GMV. Although growth slowed afterward, it remained positive, with KOC-contributed GMV increasing by **61%** year-on-year in 2024.

KOC CONTRIBUTION GMV PROPORTION IN 2023-2024



TOP 5 MOST POPULAR CHINESE CONSUMER PROFILES

INSIGHTS INTO KEY DEMOGRAPHICS AND THEIR
PREFERENCES

FIVE MAJOR CONSUMER GROUPS OVERVIEW

CHINESE MAJOR CONSUMER GROUPS

1 THE GREEN CONNECTORS (MILLENNIALS)

Chinese millennials are eco-conscious and love for staying connected. They are tech-savvy, dominate e-commerce and shape market trends, with the sector projected to grow over 12% annually through 2027.

2 THE ASPIRATION GENERATION (GEN Z)

China's Gen Z, comprising 19% of the population, is a powerful consumer force with focus on personal goals and ambitions. In 2025 they are undergoing transition into family life while maintaining individuality.

3 SILVER-HAIRED GENERATION

China's middle-aged and elderly consumer market has exceeded 14 trillion RMB, driven by an aging population and rising purchasing power. Improved economic conditions and social security are fueling demand for a higher quality of life.

4 MODERN PRAGMATISTS (CHINESE MEN)

Modern pragmatists, the Chinese men, are driving trends in e-commerce, entertainment, and self-care. Their tech-savviness and focus on health are reshaping both online and offline shopping behaviors.

5 RISING PHOENIXES

Today Chinese women are a powerful and socially engaged consumer group with strong digital presence. They have substantial purchasing power, prioritizing personal well-being, health, and self-care.

1 THE GREEN CONNECTORS (CHINESE MILLENNIALS)

The green connectors (Millennials, born between 1981-1996) in China have become a driving force in the country's social and economic growth. Growing up alongside China's rapid economic expansion and social transformation, they are tech-savvy and highly adaptable to digital platforms. Social media is central to their lives, serving as a primary source for information, self-expression, and emotional connection.

As the majority of e-commerce users in China, the green connectors significantly influence market trends and are expected to continue driving the growth of online shopping, with the e-commerce sector projected to expand at over 12% annually through 2027.



THE GREEN CONNECTORS PROFILE OVERVIEW

THE GREEN CONNECTORS: TECH-SAVVY, DIGITALLY DRIVEN, AND LIFESTYLE-FOCUSED

INTERESTING FACTS

As of 2024, China's green connectors (millennials) population stands at 320 million, making up 22% of the country's total population and outnumbering North American millennials by 3.5 times.

SHOPPING ATTITUDES AND BEHAVIORS

China's green connectors (born between 1981-1996) contribute 28% of the total income among active Chinese consumers. In terms of spending, Chinese green connectors rank at the top across most consumer categories, trailing only behind the older generation aged 46 to 65.

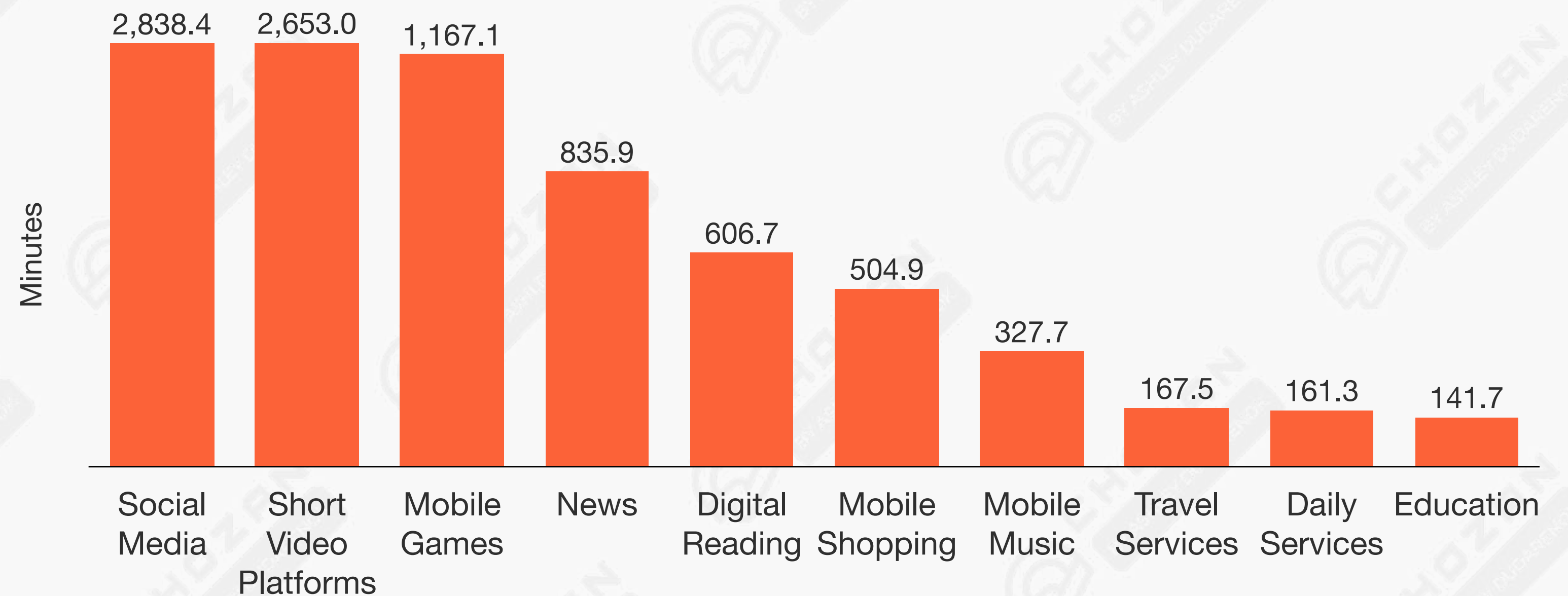
WHAT DO THEY BUY IN 2025?

- 1) Services
- 2) Educational training
- 3) Health supplements
- 4) Pet products
- 5) Small home appliances

THE GREEN CONNECTORS' ENTERTAINMENT HABITS

THE GREEN CONNECTORS PREFER SOCIAL MEDIA AND MOBILE GAMES THE MOST

POST-90S AVERAGE MONTHLY USAGE TIME PER PERSON BY CATEGORY



Post-90s mainly spend their internet time on social apps, short video platforms and mobile games.

THE GREEN CONNECTORS' CONSUMPTION HABITS

THE GREEN CONNECTORS SPEND ACTIVELY ONLINE, FAVORING HIGH-VALUE SMART ELECTRONICS

HOW DO CONSUMERS AGED BETWEEN 25-40 SPEND THEIR TIME ON ONLINE ENTERTAINMENT?



- Short Videos
- Online Videos
- News
- Mobile Games
- Digital Reading
- Online Music and Audio

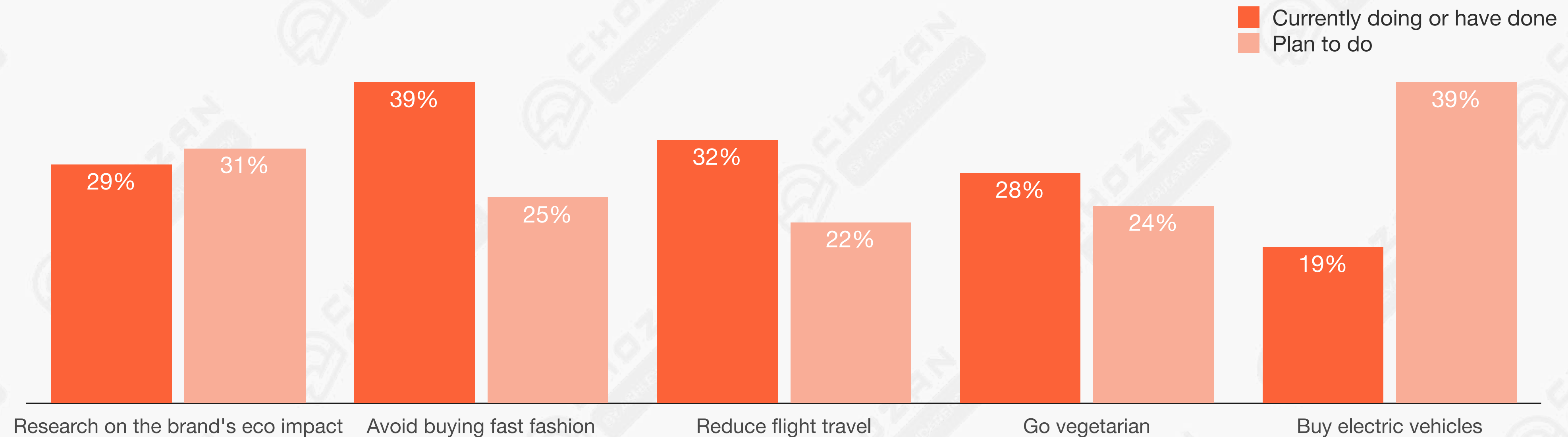
Aged between 29 and 44 (mostly millennials), this group predominantly resides in tier-3 cities and above, with a monthly online spending capacity of over 1,000 yuan. They average over 30 hours of online activity each month. Among consumers of high-value electronic products like smartphones, smart devices, and smart home appliances, more than 45% are millennials, with most being "Post-80s" (born after 1980).

THE GREEN CONNECTORS' CONSUMPTION HABITS

THE GREEN CONNECTORS PRIORITIZE SUSTAINABILITY AND BECOME ECO-ADVOCATORS

The green connectors are increasingly making purchasing decisions based on environmental impact, sustainability, and ethical policies, with 39% of them are refusing fast fashion and 39% of them planning to buy electric cars, reflecting their increasing commitment to environmental responsibility.

HOW THE GREEN CONNECTORS PROMOTE ENVIRONMENT FRIENDLINESS AS CONSUMERS



THE GREEN CONNECTORS' MAJOR CHARACTERISTICS

THE GREEN CONNECTORS EMBRACE BOTH TRADITION AND MODERNITY, VALUING NEW EXPERIENCES AND FAMILY RESPONSIBILITIES

1 DIVERSE LIFE EXPERIENCES

Chinese green connectors have grown up amid significant social changes, blending traditional and modern values. They are generally open to new ideas, brands, and experiences, especially those that resonate with their unique life and emotional journeys.

2 STRONG FAMILY COMMITMENT

Many green connectors are not only pillars of economic growth but also key supporters of their families' finances. This group often prioritizes spending on family-related needs, balancing personal and familial responsibilities.

THE GREEN CONNECTORS' MAJOR CHARACTERISTICS

THE GREEN CONNECTORS TRUST AUTHENTIC BRANDING, AND RELY ON CLOSE-CIRCLE RECOMMENDATIONS

3 FOCUS ON PRODUCT QUALITY

Compared to older generations, the green connectors are more quality-conscious, with over **60% making purchase decisions based on product quality** and reliability rather than price alone.

4 PREFERENCE FOR HIGH-QUALITY BRAND CONTENT

The green connectors value authentic brand messaging, preferring information directly from brands rather than influencers alone. Recommendations from close circles like friends and family significantly influence their purchasing choices. Brands that establish trust and provide genuine value resonate strongly with this demographic.

EXPERT BITE

Q: WITH FAST FASHION RETAILERS AND LOCAL CHINESE BRANDS OFFERING AFFORDABLE FOOTWEAR, HOW CAN INTERNATIONAL BRANDS MAINTAIN A COMPETITIVE EDGE?

Winning in China is about being innovative, cool, and new. Leading by innovation will be key for international brands in a crowded market. Brands must leverage their heritage DNA through genuine storytelling to showcase uniqueness and authenticity.

Price is not the main success factor. While low prices drive volume, consumers seek premium products with strong differentiation. International brands should focus on premium positioning with exclusive collections, high-touch experiences, limited collaborations, and personalized e-commerce journeys.

Fast fashion and local brands may dominate affordability, but international brands can thrive by excelling in quality, authenticity, and emotional connection.



OLIVIER LORANS

Senior VP
at Deckers Brands APAC

EXPERT BITE

Q: WHAT DO YOU FORESEE AS THE KEY TRENDS SHAPING THE APPAREL INDUSTRY IN CHINA OVER THE NEXT FEW YEARS?

Expect growth in health-focused categories, with sports and outdoor gear thriving as consumers prioritize active lifestyles. Brands will need strong social commerce strategies, harnessing livestreaming and interactive digital tools to stand out.

Sustainability will stay in the spotlight, with strict regulatory oversight and Gen Z's eco-conscious mindset driving further adoption. Finally, personalization and niche targeting will intensify, as consumers seek unique identities and localized designs in an increasingly crowded market.



PATRICK STEIJLEN

CEO at Sinolync

2 THE ASPIRATION GENERATION (CHINESE GEN Z)

Gen Z (born between 1997-2012), representing 25% of the global population (around 2 billion people), is emerging as a powerful consumer force. In China, they make up 19% of the population (approximately 260 million), and their individual annual spending is projected to grow at a compound annual rate of 4.02% over the next decade.

Gen Z is expected to reach a global spending power of US\$12 trillion by 2030, surpassing the spending of Baby Boomers. By 2034, their consumption is projected to increase by over US\$9 trillion globally, outpacing any other generation.



THE ASPIRATION GENERATION (GEN Z) PROFILE OVERVIEW

THE ASPIRATION GENERATION (GEN Z): INDIVIDUALISTIC, TREND-DRIVEN, DIGITAL-FIRST, AND SOCIALLY CONSCIOUS

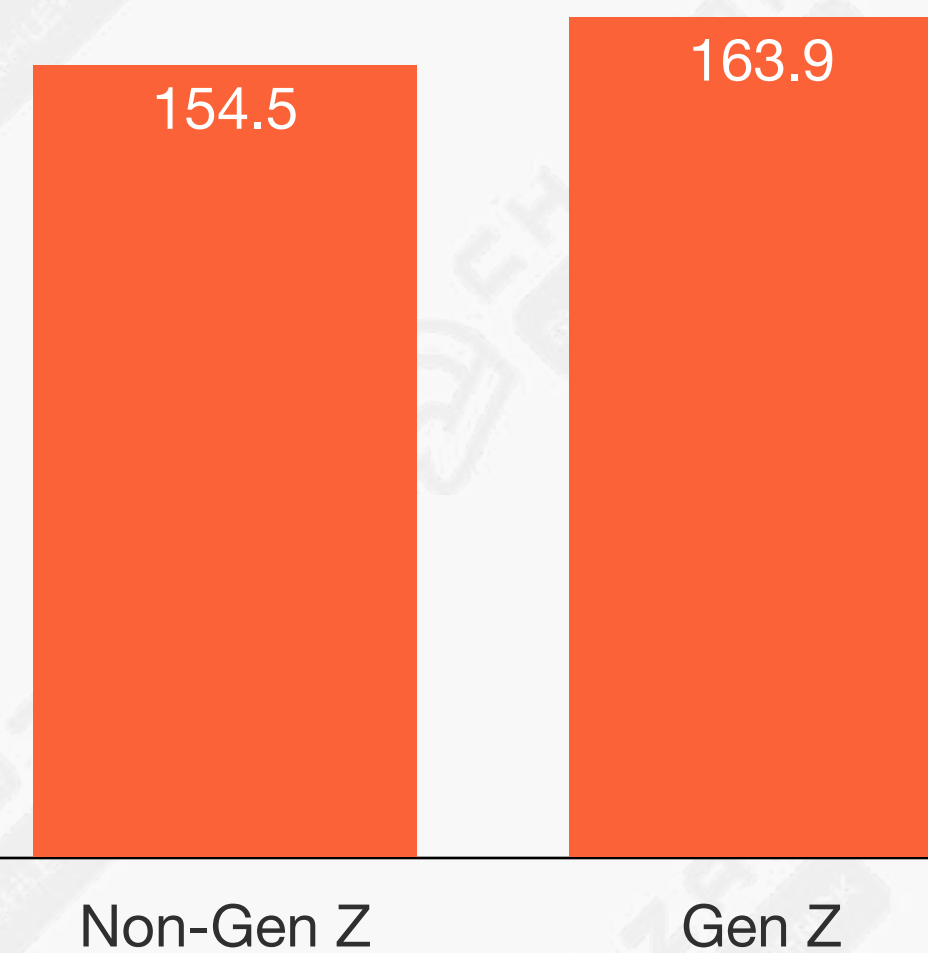
INTERESTING FACTS	SHOPPING ATTITUDE AND BEHAVIOR	WHAT ARE THEY INTERESTED IN PURCHASING?
<p>Born between 1997-2012, this group of young consumers represent the fastest-growing consumer segment in many product categories, from skin care and cosmetics to fashion to daily necessities.</p> <p>According to McKinsey, China's young generation will account for over 20 percent of total spending growth in China from 2017 to 2030.</p>	<p>Because of the pandemic, there's been a change in the purchase intentions of Post-95s. More than 70% of them are now buying for their families instead of just for themselves. According to JD's sales statistics, young consumers mostly spent on their kitchens during last year's 618 Shopping Festival. There was a big increase in sales of kitchen towels as well as cleaning and disinfecting products.</p> <p>Data also shows that Post-95s are the major consumers of cosmetics and skin care products in China. Anti-aging concepts are popular these days, and there's growing demand from Post-95s for anti-aging skin care products, facials, and hair treatments.</p> <p>In terms of shopping behaviours, many Post-95s are willing to spend on their interests and entertainment, such as sports, gaming, and ACG. They, and their purchase decisions are mostly influenced by their idols and KOLs. For instance, they want to have the same T-shirt that their idol wears.</p>	<ol style="list-style-type: none"> 1) Travel products and services 2) They love to try new products 3) The same products as stars & KOLs 4) Animation 5) Foreign products 6) Guochan products

THE ASPIRATION GENERATION'S ENTERTAINMENT HABITS

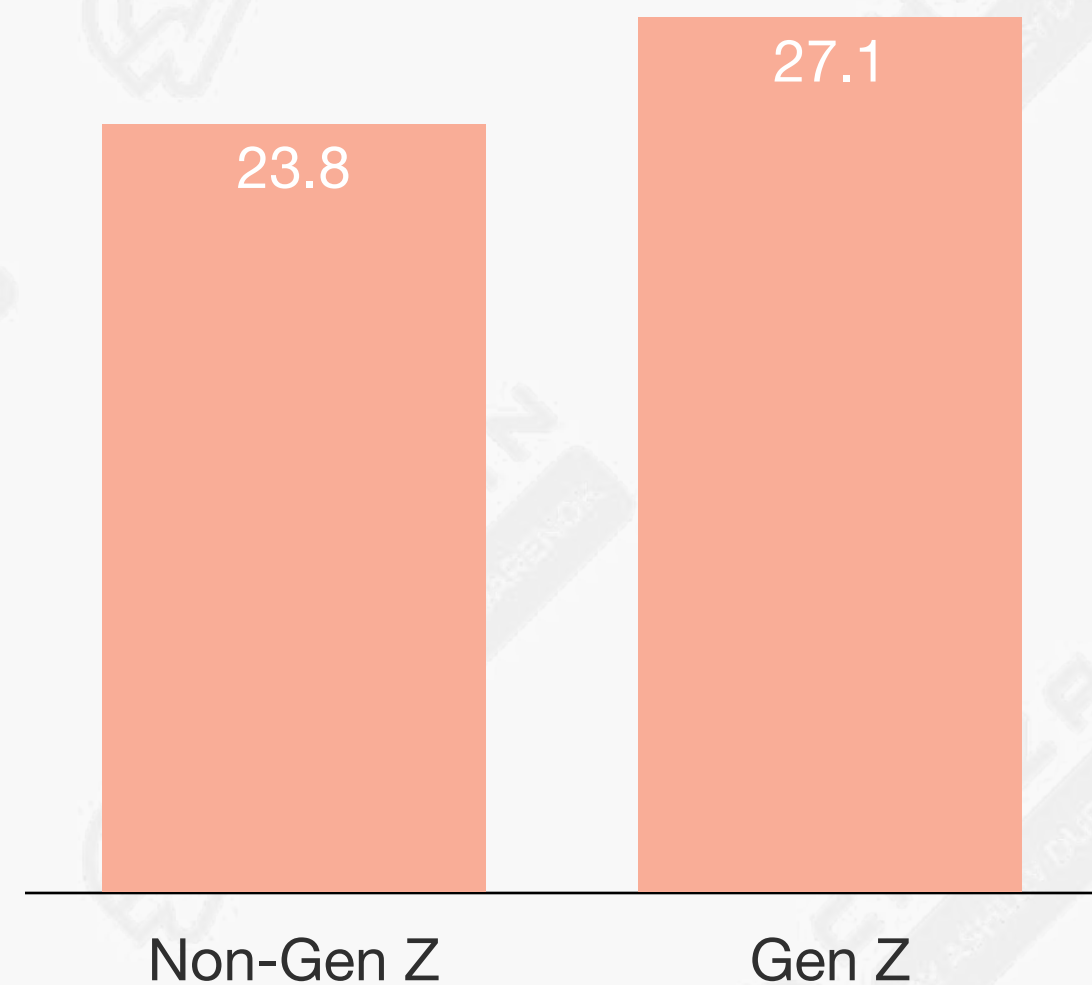
THE ASPIRATION GENERATION ARE HARDCORE NETIZENS

The number of apps and time spent on the internet is higher amongst Gen Z users. Gen Z's higher digital engagement highlights their key role in shaping the future of online consumption and app-based services, urging businesses to tailor their offerings to this highly connected, tech-savvy demographic.

MONTHLY USAGE ON INTERNET (BY HOUR)



NUMBER OF APP USING MONTHLY

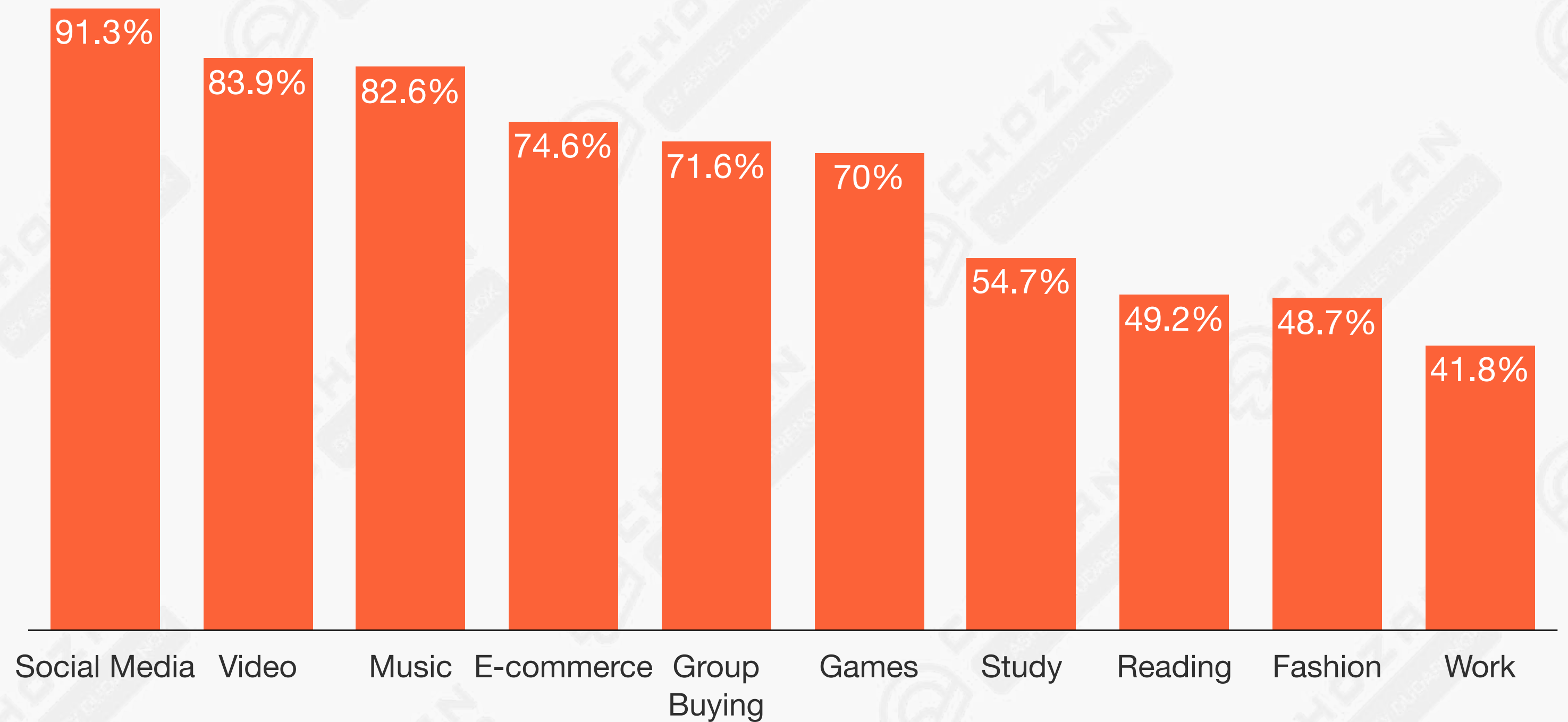


THE ASPIRATION GENERATION'S ENTERTAINMENT HABITS

THE ASPIRATION GENERATION HAVE DIVERSE PASSIONS FOR ONLINE ENTERTAINMENT

The aspiration generation have a **wide range of hobbies**, especially relating to social media, entertainment and shopping. This means they have an active presence across several fields online.

THE ASPIRATION GENERATION'S TOP 10 INTERNET INTERESTS AND PREFERENCES

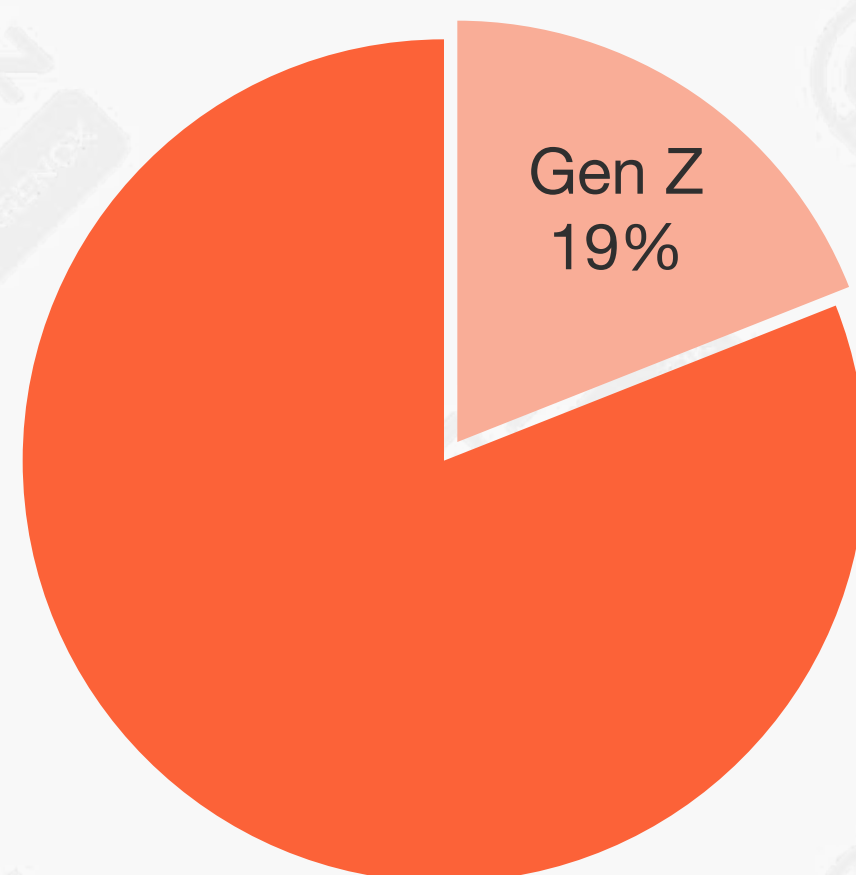


THE ASPIRATION GENERATION'S SPENDING POWER

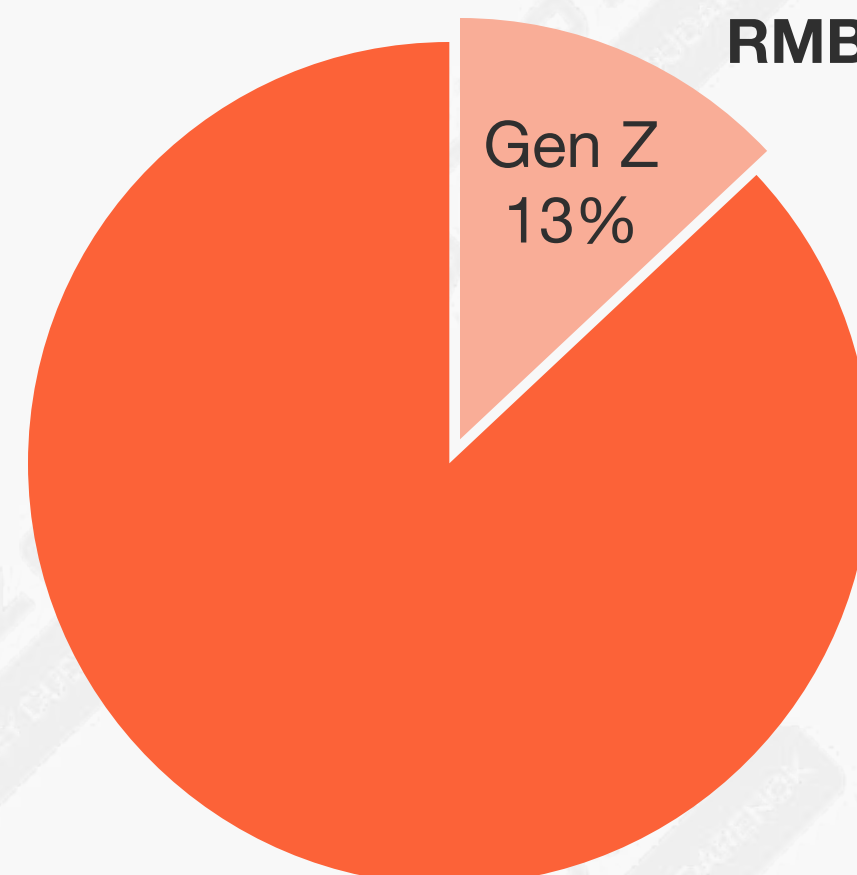
GROWING SPENDING POWER DRIVES CHINA'S FUTURE CONSUMPTION GROWTH

Due to their rising spending power, the aspiration generation represents the **next engine of domestic consumption growth**.

CHINA'S POPULATION



CHINA'S EXPENDITURE



4 TRILLION
RMB SPENDING

19% OF POPULATION
IN CHINA ARE GEN Z

51.3 THOUSAND
RMB SPENT YEARLY PER GEN Z

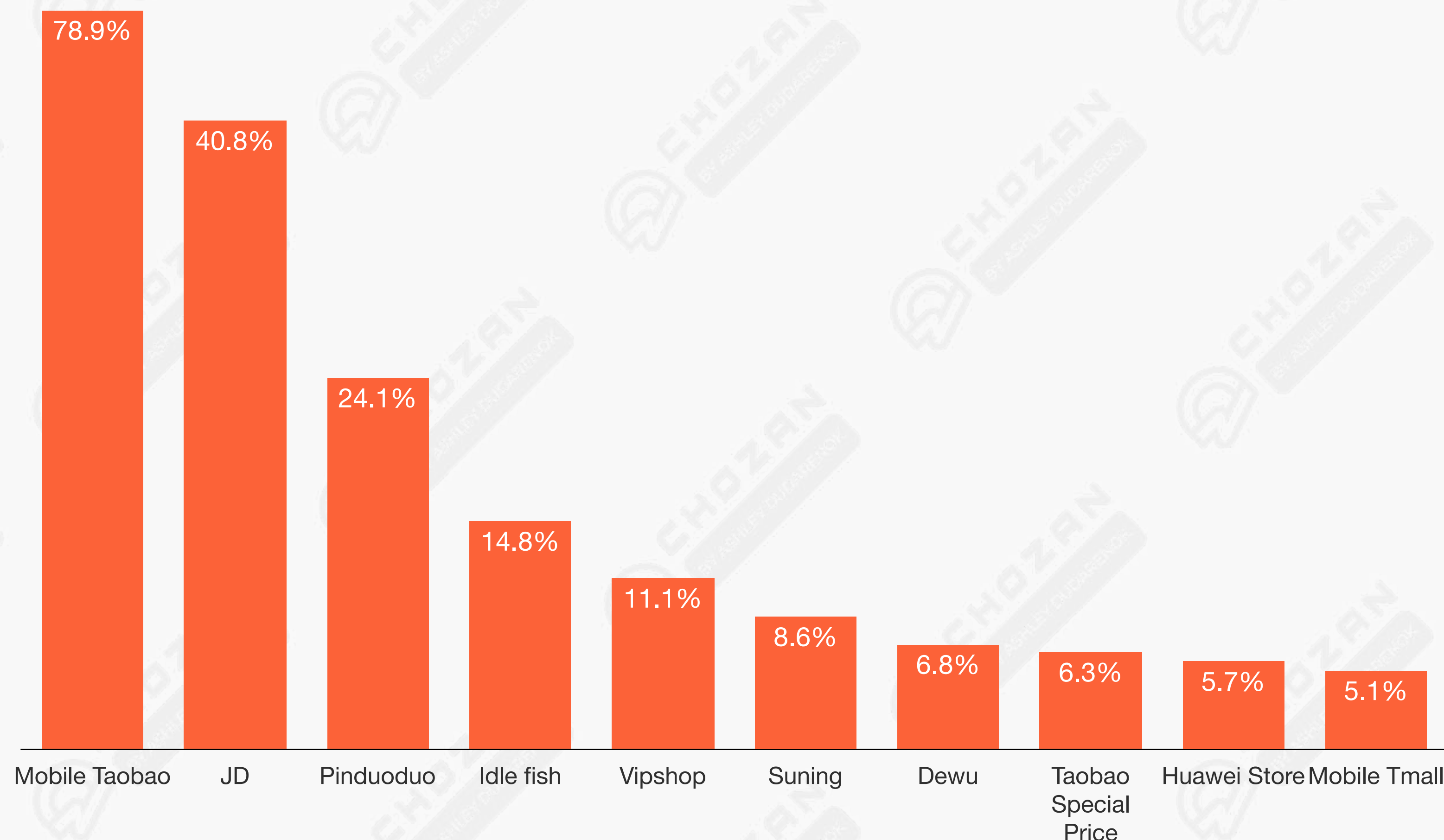
3,501
AVERAGE MONTHLY DISPOSABLE INCOME

↑ 49.36%
THAN OTHER CHINESE CONSUMERS

THE ASPIRATION GENERATION'S CONSUMPTION HABITS

THE ASPIRATION GENERATION PREFER COMPREHENSIVE E-COMMERCE PLATFORM

THE TOP TEN E-COMMERCE APPS BY GEN Z USER RATIO



Like most other internet users, the aspiration generation prefers integrated e-commerce platforms to do their online shopping. Meanwhile, they also like the secondary transaction platform for cost-effectiveness.

THE ASPIRATION GENERATION'S NEW CHARACTERISTICS

THE ASPIRATION GENERATION REJECTS HUSTLE CULTURE, PRIORITIZING WORK-LIFE BALANCE, EXPERIENCES, AND PERSONAL WELL-BEING

44%

OF GEN Z BELIEVE THAT ENJOYING LIFE IN THE MOMENT IS MORE IMPORTANT THAN PRIORITIZING HARD WORK

YOLO AS A GROWING TREND AMONG GEN Z

Traditional definitions of success and happiness often don't resonate with them. Unlike previous generations, Gen Z is less willing to accept the "hustle culture," which can sometimes feel toxic and overwhelming. While they acknowledge the need to maintain productivity, they place higher value on **work-life balance and personal well-being**.

Globally, the **YOLO (You Only Live Once)** mindset is gaining traction among Gen Z. This mindset often translates into valuing flexible work options, exploring unique experiences, and investing in activities that enhance personal happiness and growth, such as travel, personal projects, and social interactions.

THE ASPIRATION GENERATION'S NEW CHARACTERISTICS

THE ASPIRATION GENERATION SEEKS NON-TRADITIONAL CAREERS, SELF-EXPRESSION, AND A "YOU DO YOU" MINDSET

53%

OF GEN Z EXPRESS AN INTEREST IN PURSUING NON-TRADITIONAL CAREER PATHS

YDY (YOU DO YOU) MINDSET

Gen Z is open to unconventional choices and willing to fundamentally reimagine their lives. In fact, 53% of Gen Z express an interest in pursuing non-traditional career paths. They are not only followers of YOLO (You Only Live Once) but also adherents of "YDY" (You Do You), a philosophy that reflects their desire to express themselves freely without judgment or societal pressure.

THE ASPIRATION GENERATION'S NEW CHARACTERISTICS

THE ASPIRATION GENERATION EMBRACES FLUID IDENTITIES, PRIORITIZING SELF-EXPRESSION OVER CONVENTION

78%

OF GEN Z MORE LIKELY THAN OTHER GENERATIONS TO WEAR GENDER-NEUTRAL OR UNIQUELY STYLED CLOTHING

BREAKING GENDER NORMS AND EMBRACING FLUIDITY

Gen Z rejects restrictive gender labels, embracing **fluid identities** in an unprecedented way. From fashion to consumer choices, they actively resist stereotypical labels.

With **78%** of Gen Z more likely than other generations to wear gender-neutral or uniquely styled clothing, they showcase a preference for comfort and self-expression over convention.

THE ASPIRATION GENERATION'S NEW CHARACTERISTICS

THE ASPIRATION GENERATION REJECTS UNREALISTIC STANDARDS, DRIVING HIGHER LEVELS OF CONSUMERISM

1/3

OF GEN Z REFUSES TO ACCEPT THE HEAVILY EDITED, POLISHED PERSONAS

REJECTING "FILTERED" LIFE, EMBRACING AUTHENTICITY

Unlike previous generations of young adults, Gen Z is less focused on "fixing" perceived flaws and more interested in rejecting unrealistic standards. They embrace a more **genuine reflection** of themselves and the world around them.

However, their pursuit of unique personal style has led to higher levels of consumerism; Gen Z is **2.6 times** more likely than others to purchase new clothing each week.

EXPERT BITE

Q: WHAT CONSUMER TRENDS AMONG CHINA'S GEN Z HAVE BEEN MOST PROMINENT IN 2024?

GenZ consumers reported weaker trend in consumption in 2024, as they were more affected by the economic slowdown in China. However, they are actively adapting to the reality: on the one hand, they become more prudent in their purchases and many started to visit discount stores to get the most out of their money. We also observed those consumers still look for experiences that provide them with emotion relief. Hence a 24-hour city walk by train or '20-minute' park time are popular demonstration of their desire to live their 'me-moment'.

GenZ consumers are no longer easy to be persuaded by flashy marketing message. Brands will need to understand the diverse nature of GenZ consumers and develop a different communication strategy to win the mind of those consumers.



JASON YU

Managing Director at
CTR Market Research

EXPERT BITE

Q: WHAT DRIVES CHINESE STUDENTS TO STUDY ABROAD, AND HOW CAN INSTITUTIONS ADAPT?

High Pressure in China's Education System: The competitive and exam-focused nature of the Chinese education system pushes students to seek alternative learning environments overseas. Institutions can emphasize flexible curriculums, diverse learning methods, and extracurricular opportunities to attract students and their families.

Career Opportunities and Global Mobility: Many students aim to gain international exposure not only for academic enrichment but also for long-term career prospects. Schools should highlight job placement support, internship opportunities, and global alumni networks to appeal to this practical motivation.

Family Aspirations for Early Global Exposure: Beyond tertiary education, there is increasing interest in sending children abroad at younger ages for primary and secondary education. Institutions should consider tailored programs that address the needs of younger learners and provide family-friendly support, such as parent engagement and transitional assistance.



DEANA GAOQIONG
CEO at China Gravy

3 SILVER-HAIRED GENERATION (CHINESE RETIREES)

The market size of China's middle-aged and elderly consumer segment has surpassed 14 trillion RMB. This significant growth reflects the accelerating aging population in China and the increasing purchasing power of older generations. With improved economic conditions and a strengthened social security system, middle-aged and elderly consumers are placing greater emphasis on enhancing their quality of life.



THE SILVER-HAIRED PROFILE OVERVIEW

THE SILVER-HAIRED GENERATION: WEALTHIER, QUALITY-FOCUSED, AND HEALTH-CONSCIOUS

AN EVER-GROWING CONSUMER GROUP	SHOPPING ATTITUDES AND BEHAVIOURS	WHAT ARE THEY INTERESTED IN PURCHASING?
<p>Due to declining birth rates and reduced fertility, China experienced its first population decrease since the 1960s. The proportion of middle-aged and elderly people is expected to gradually increase. In 2024, the population of Chinese elderly aged 60 and above was 310.31 million, and that of those aged 65 and above was 220.23 million. In the near future, these groups will make up 46.3% of the total population.</p>	<p>More and more senior consumers are becoming a part of the online shopping force, especially during the height of the epidemic in China. Most of them use Taobao for online shopping, followed by JD and Pinduoduo.</p>	<ol style="list-style-type: none"> 1) Home appliances 2) Health supplements 3) Travel products and services 4) Insurance and financial products

THE SILVER-HAIRED GENERATION SIZE

THE SILVER-HAIRED GENERATION IS GROWING, WITH REGIONAL CONCENTRATION IN MAJOR CITIES

By 2024, China's elderly population (aged 60 and above) reached 310.31 million, accounting for **22% of the total population**. This figure is projected to grow to 400 million by 2033. The majority of elderly individuals live in Tier 1 and New Tier 1 cities (44.9%), highlighting significant regional concentration.

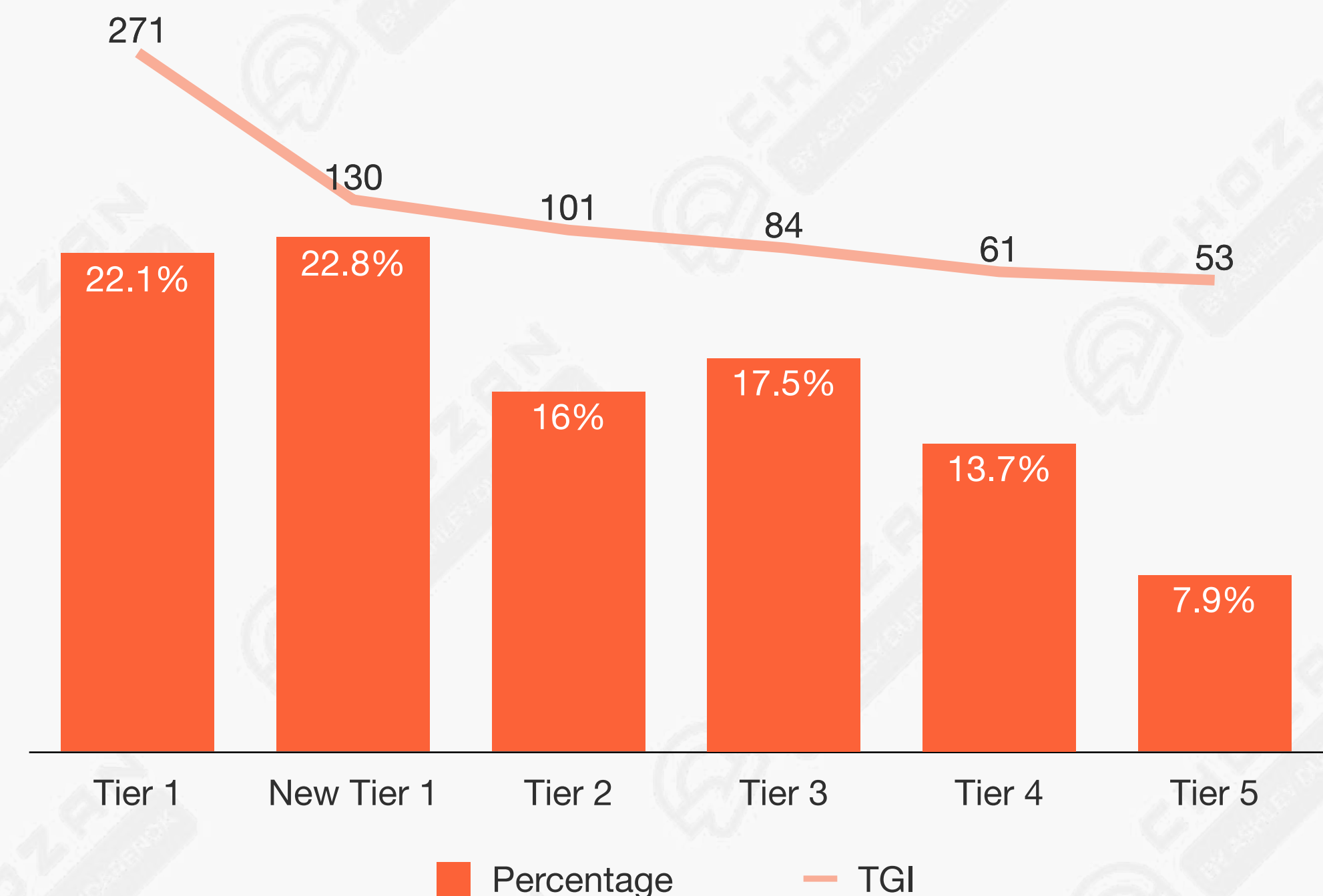


SIZE OF THE ELDERLY AGED 60 AND ABOVE IN 2024
22% OF TOTAL CHINA POPULATION



400 MILLION
EXPECTED SIZE OF THE ELDERLY AGED 60 AND ABOVE IN 2033
30% OF TOTAL CHINA POPULATION

CITY TIER DISTRIBUTION OF SILVER-HAIRED GENERATION

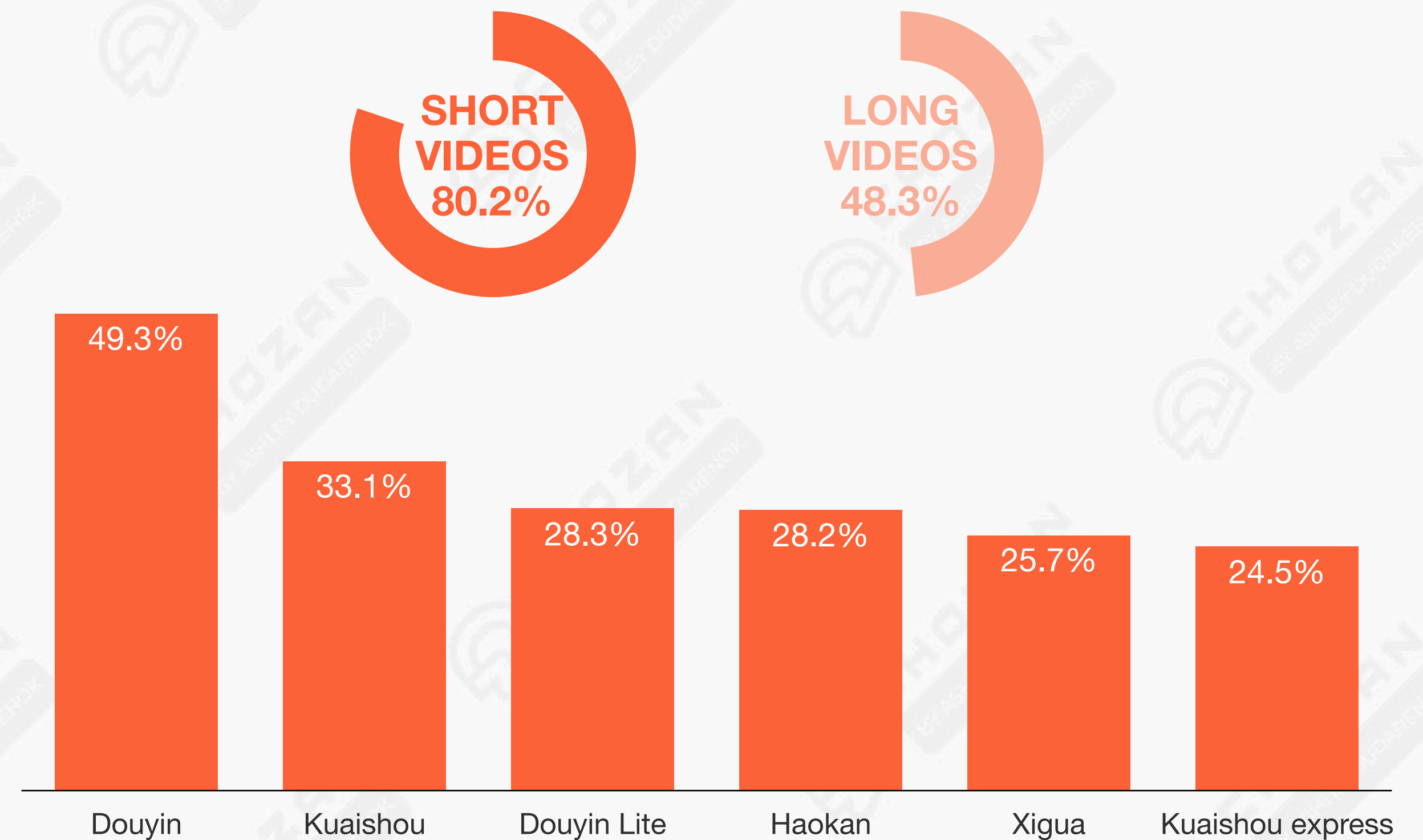


THE SILVER-HAIRED'S ENTERTAINMENT HABITS

THE SILVER-HAIRED ENJOY SHORT VIDEO CONTENT, SIMILAR TO THE YOUNG GENERATION

80% of the silver-haired generation prefer short videos and their favorite app to use is Douyin. Short videos are attracting more of the silver-haired demographic. Meanwhile, short dramas, due to their brief and easily understandable content and simple operations, have become popular among this group.

SHORT VIDEO APP PREFERENCES OF SILVER-HAIRED GENERATION IN CHINA

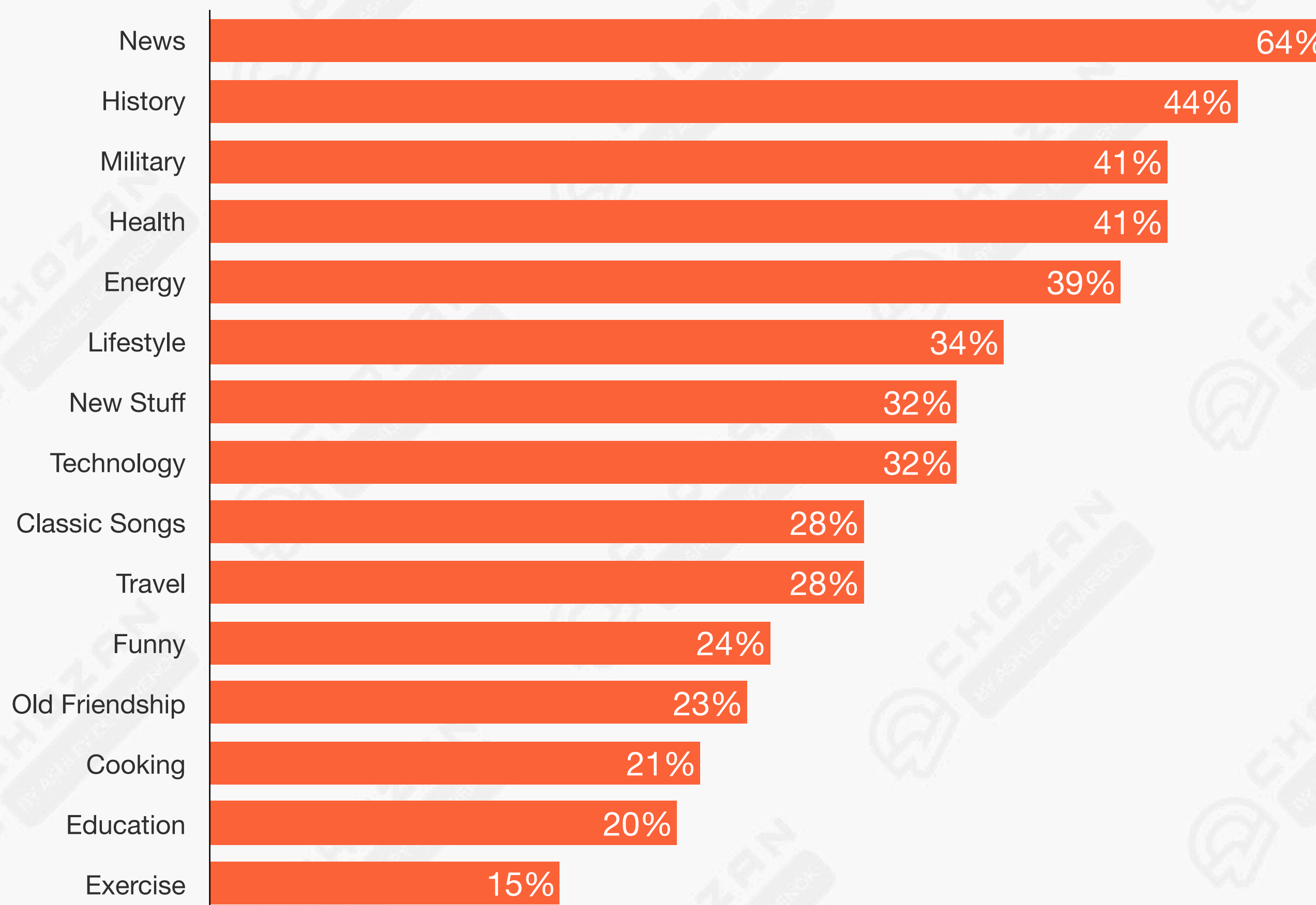


THE SILVER-HAIRED'S ENTERTAINMENT HABITS

THE SILVER-HAIRED ABSORB NEWS AND HEALTH KNOWLEDGE FROM SHORT VIDEOS

Silver-haired generation users prefer watching content relating to **hot news** and **history/culture**, while they have growing interest in a diverse topics ranging from health to what's new and trending currently.

SHORT VIDEO CONTENT PREFERENCES OF SILVER-HAIRED GENERATION IN CHINA

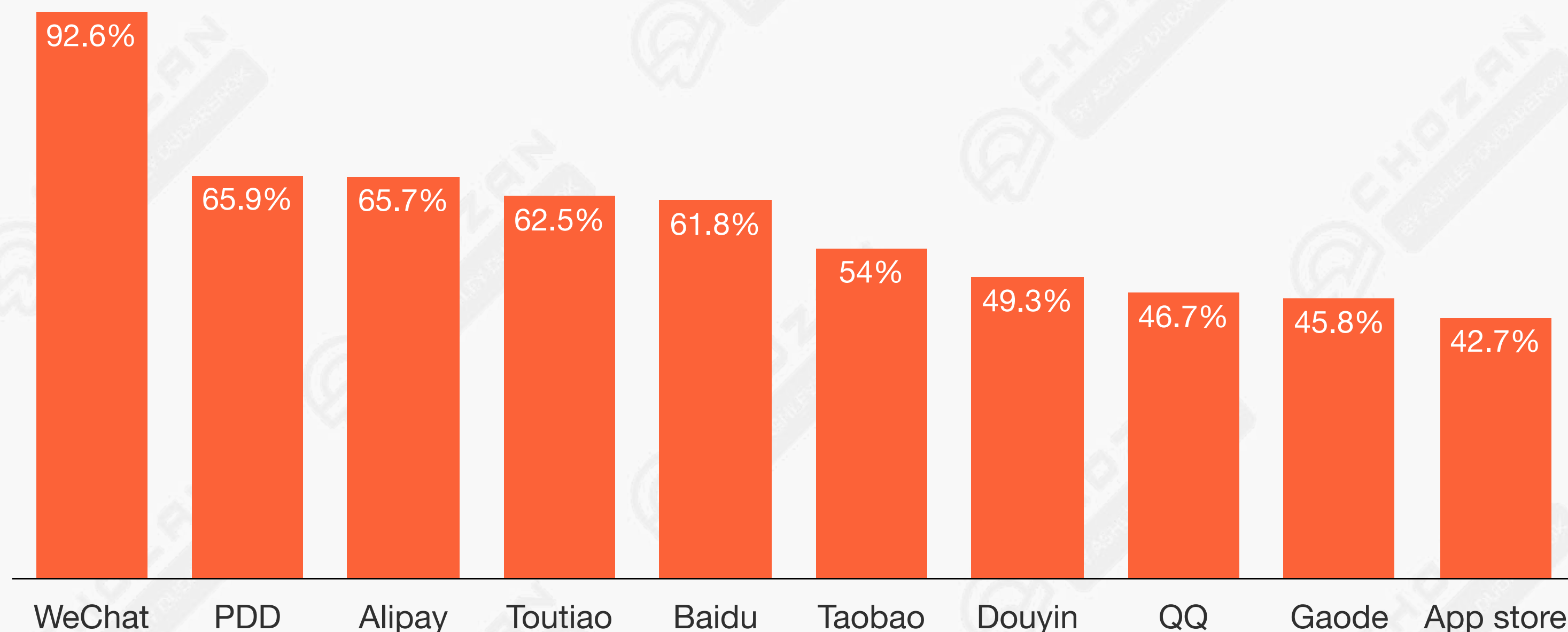


THE SILVER-HAIRED'S ENTERTAINMENT HABITS

THE SILVER-HAIRED ARE ACTIVE ON WECHAT AND TEND TO CHOOSE MORE COST-EFFECTIVE CONSUMPTION PLATFORM

TOP APPS MARKET PENETRATION FOR SILVER-HAIRED GENERATIONS USERS

The most popular apps among silver-haired generation users are **WeChat** and **Pinduoduo**, reflecting the active integration and diversified needs of the silver-haired population in digital life.



THE SILVER-HAIRED'S SPENDING POWER

THE SILVER ECONOMY SHOWS STRONG GROWTH MOMENTUM

China's silver economy has great growth potential. The market is growing and the silver-haired generation's spending power is expected to reach 18 trillion RMB (about 2.5 trillion USD) in 2030.

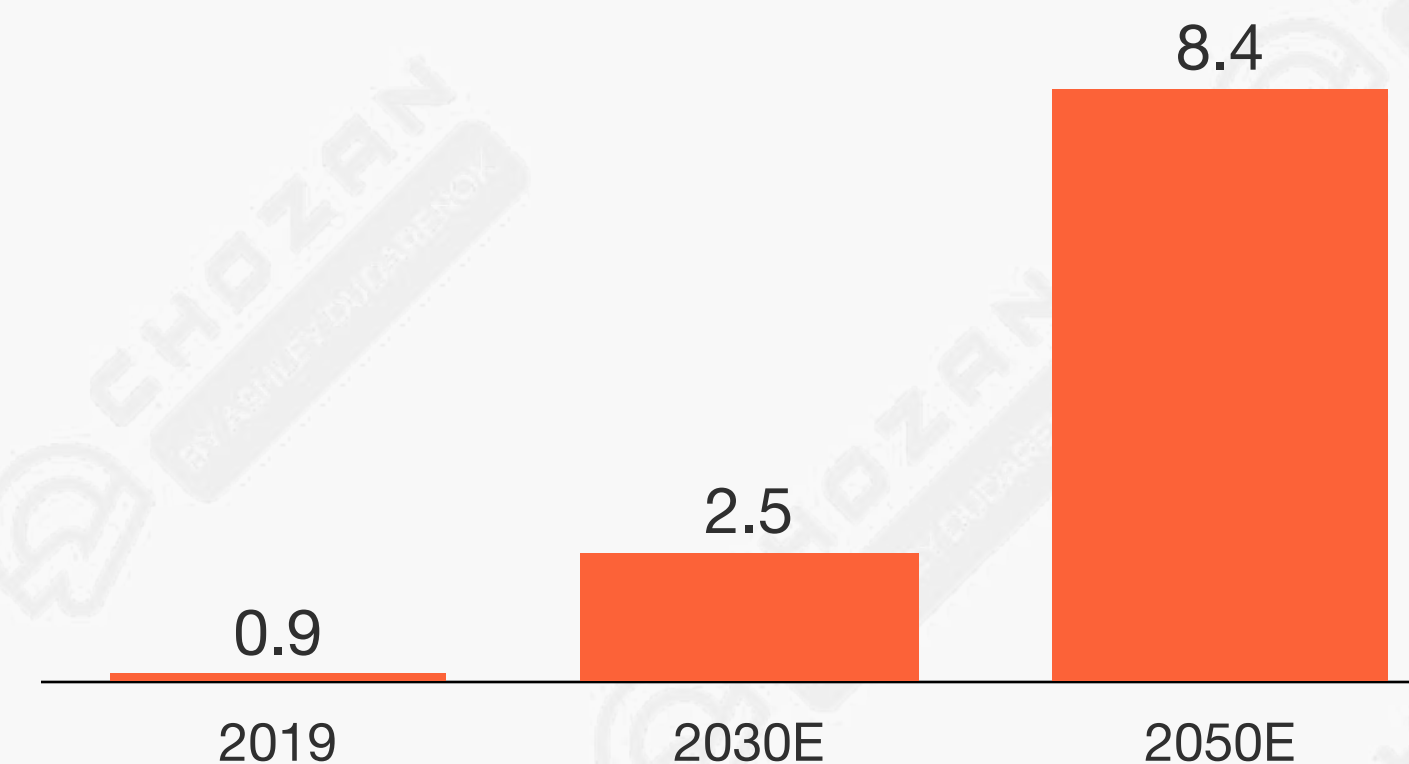
CHINESE SILVER-HAIRED GENERATION EXPECTED SPENDING POWER (IN TRILLION USD)



61 TRILLION RMB

ABOUT 8.35 TRILLION USD

SPENDING POWER OF ELDERLY POPULATION AT 2050

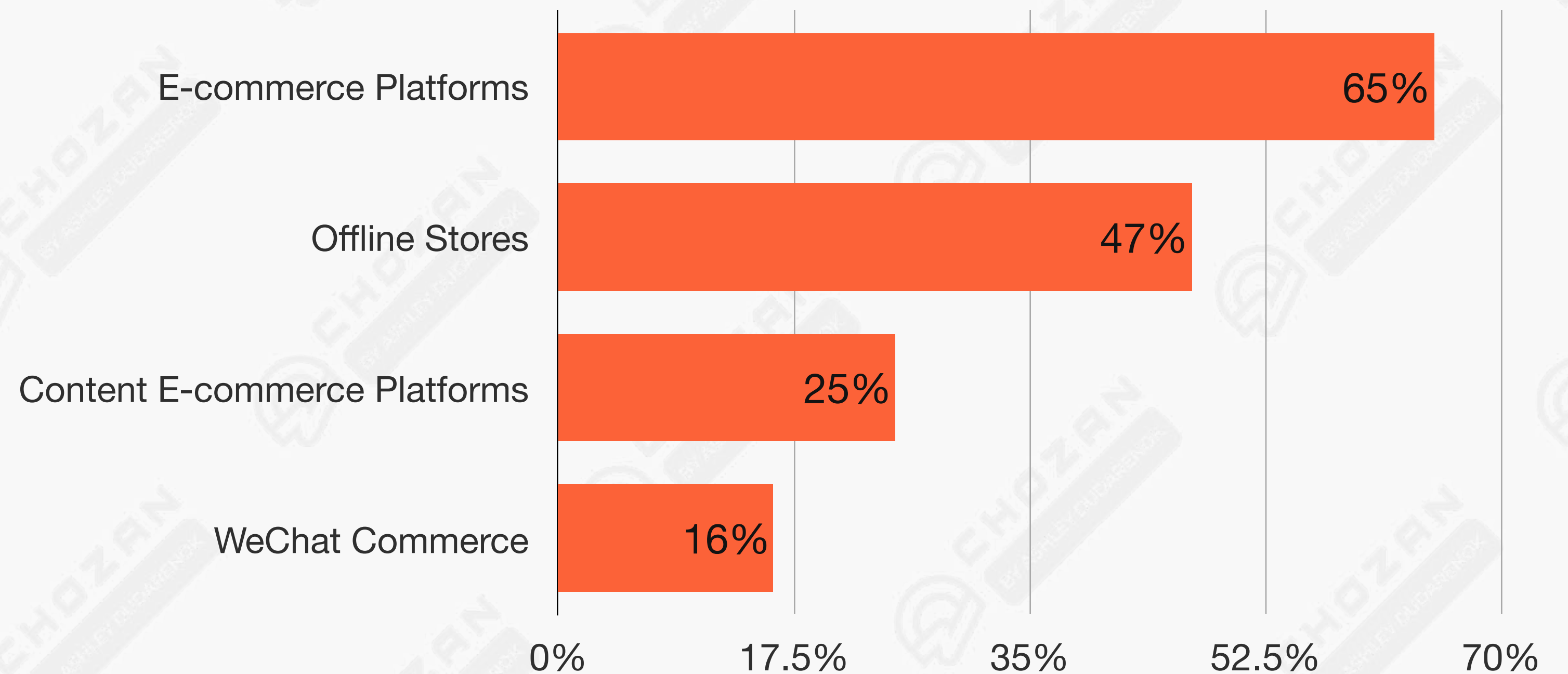


THE SILVER-HAIRED'S CONSUMPTION HABITS

THE SILVER-HAIRED PREFER E-COMMERCE CHANNELS OVER PHYSICAL STORES

Online e-commerce platforms have surpassed traditional physical stores, becoming the primary shopping channel for middle-aged and elderly consumers. E-commerce platforms now account for **65% of their sales**, significantly higher than the 16% for traditional chain stores and 25% for offline stores.

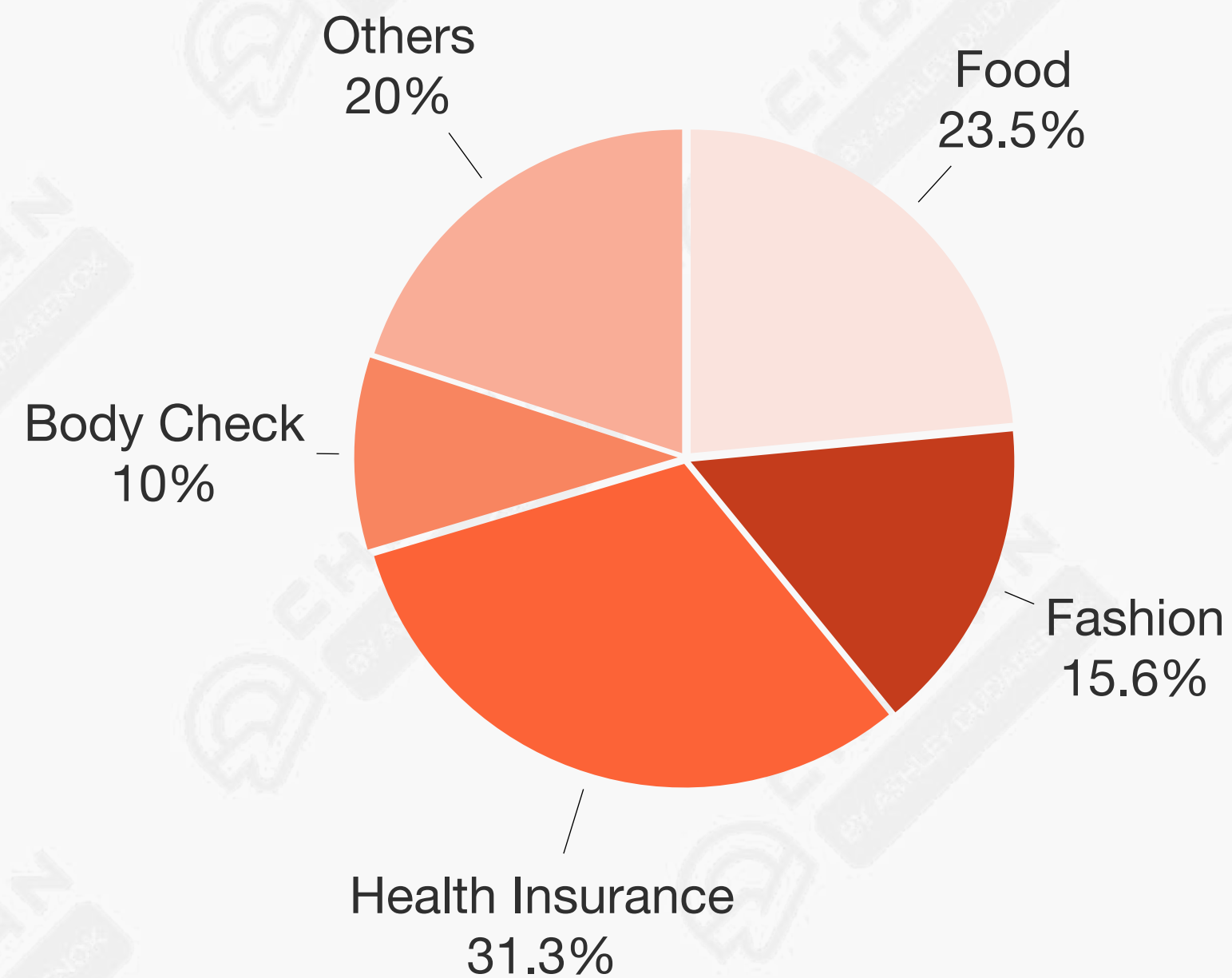
CONSUMPTION CHANNEL DISTRIBUTION



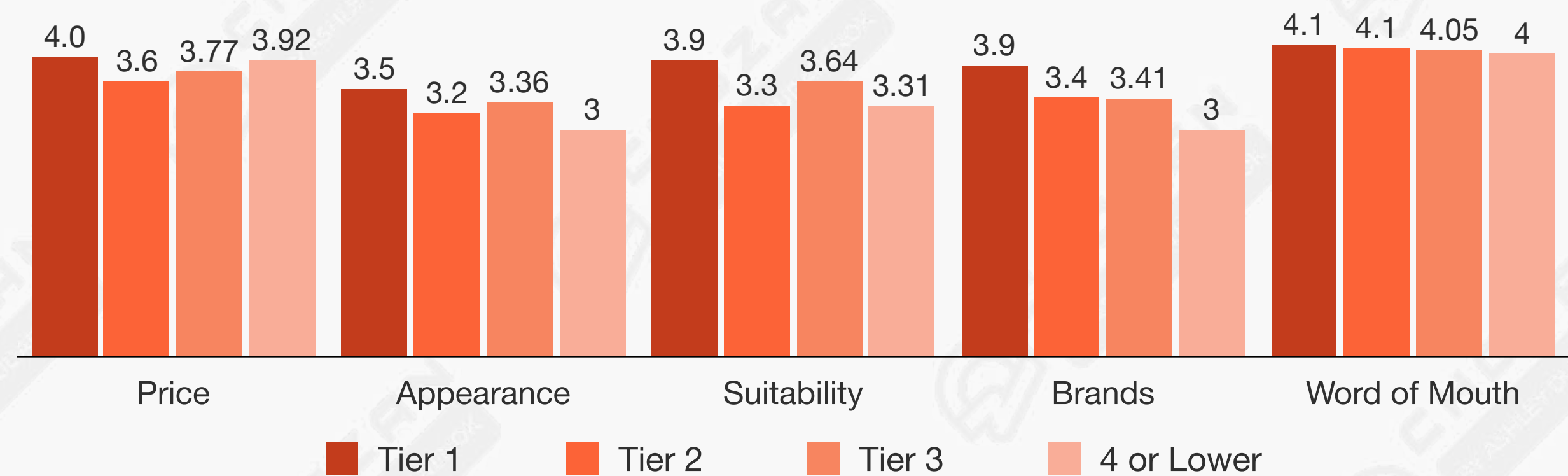
THE SILVER-HAIRED'S CONSUMPTION HABITS

HEALTH REMAINS THE TOP PRIORITY, BUT FASHION IS A NEW PURSUIT

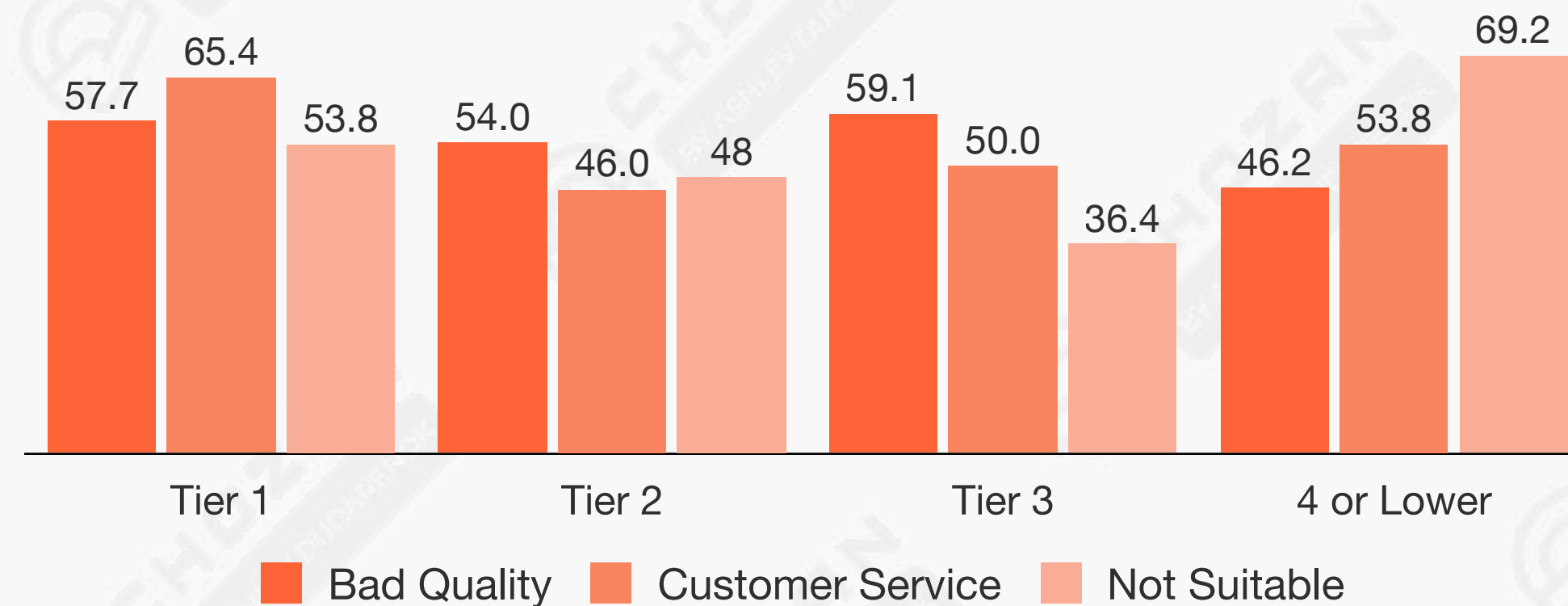
PROPORTION OF ELDERLY POPULATION'S SPENDING ON DIFFERENT CONSUMER GOODS



FACTORS AFFECTING THE DAILY CONSUMPTION OF SILVER HAIRD GROUP



REGIONAL DIFFERENCES IN ISSUES THAT AFFECT DAILY CONSUMPTION OF SILVER HAIRD GROUP

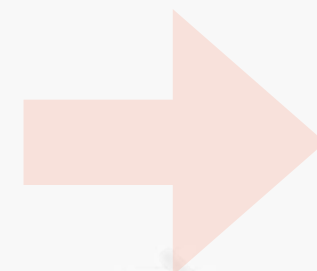


THE SILVER-HAIRED'S NEW MINDSET

SHIFTING FOCUS TOWARDS SELF-CARE, STYLE, AND TECH

SHIFTS IN CONSUMPTION VALUE AND PREFERENCES

- Family-Centric
- Low Prices
- Basic Comfort
- Rejection of Technology
- Material Pursuits



- **Self-Care Focus:** Transitioning from prioritizing children to emphasizing personal well-being.
- **Quality Consumption:** Moving beyond low prices to value premium, high-quality products.
- **Style and Elegance:** Shifting preference from simple comfort to embracing fashion and aesthetics.
- **Embrace Technology:** Moving from resistance to an open, positive approach toward new technology.
- **Cultural & Artistic Interests:** Expanding interests from physical goods to cultural and artistic experiences.

EXPERT BITE

Q: WHAT SPENDING TRENDS AMONG CHINA'S AGING POPULATION STOOD OUT IN 2024, AND WHAT SHOULD BRANDS EXPECT IN 2025?

Old consumers in China showed high level of resilience in their spending pattern. According to Kantar Worldpanel, average spend of mature families increased by 3% year on year while their consumer base on are growing steadily with the aging trend. Today's silver population are increasingly willing to try new categories like coffee and purchase nutrition supplement for themselves. At the same time they are also willing to pay for indulgent experiences, e.g. domestic and overseas travelling.

More and more brands shall expect silver population becomes a core customer group in 2025 and beyond and create more relevant marketing campaigns to target them.

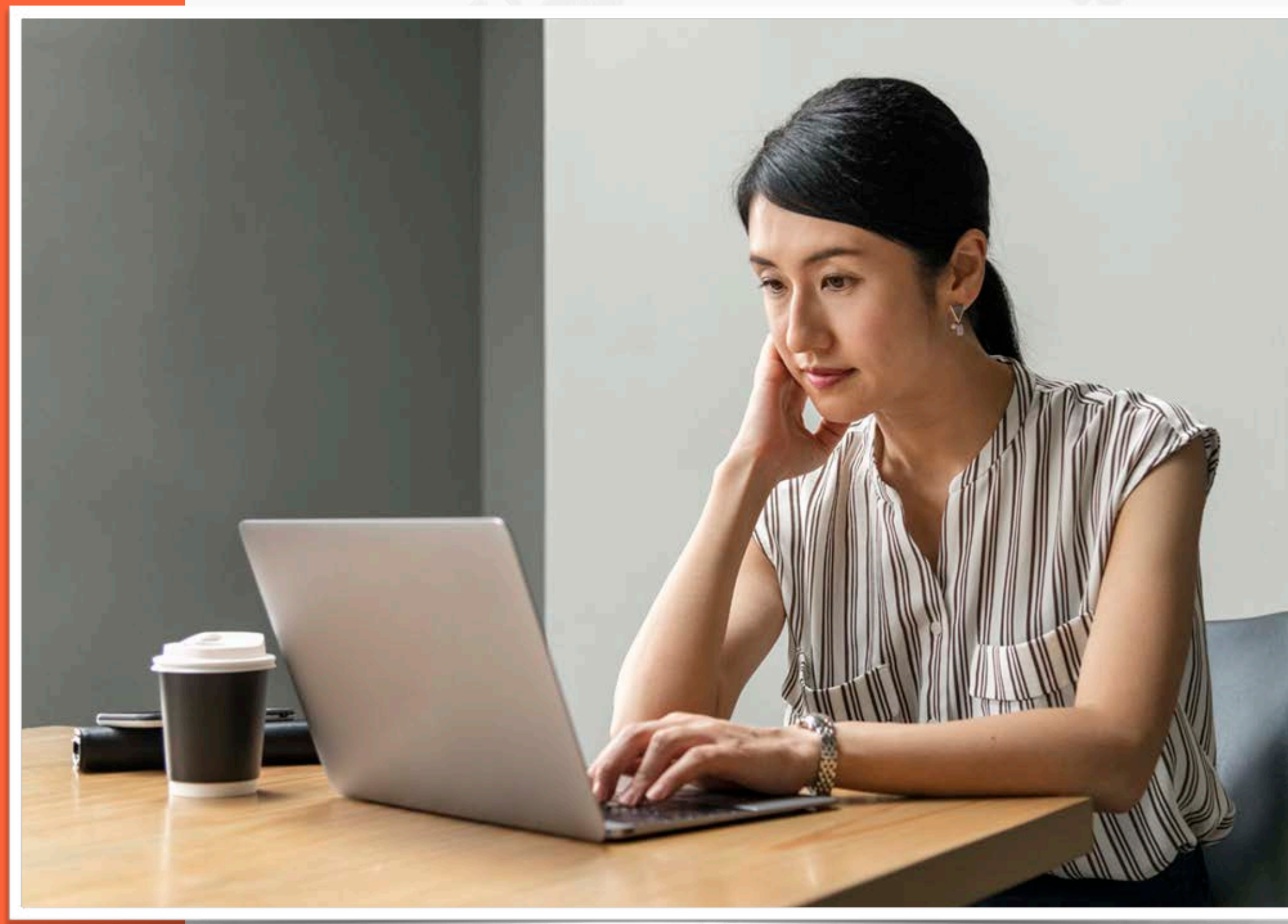


JASON YU

Managing Director at
CTR Market Research

4 RISING PHOENIXES (CHINESE WOMEN)

Rising phoenixes are a powerful consumer group, deeply integrated into the digital landscape. They favor short videos and TV shows for entertainment, often sharing content and engaging with their social circles, reflecting a strong social and interactive aspect to their online presence. With substantial purchasing power, they are more likely than men to invest in themselves, spending on personal well-being and self-care. This includes a growing focus on health, with many opting for low-fat foods and increasingly popular light medical beauty treatments.



RISING PHOENIXES PROFILE OVERVIEW

RISING PHOENIXES: EMPOWERED, COMMUNITY-DRIVEN, LEADING E-COMMERCE AND SOCIAL TRENDS

INTERESTING FACTS

The number of female Internet users has been growing. According to QuestMobile, in February, the average amount of time women spent on the internet also increased 43% YoY, 5% higher than average.

The apps most commonly used by women focus on social networking, videos and e-commerce. Among them, women are very interested in short videos, and the amount of time spent on Douyin is second only to WeChat.

The female user portrait has changed. There's an increasing number of female users from Tier 3 cities and lower. The age structure is becoming more balanced, with more teenagers and senior women using the mobile internet.

SHOPPING ATTITUDE AND BEHAVIOR

Rising phoenixes have increasingly extensive channels to understand merchandise. Recommendations, promotions, group buying and livestreaming have great influence on female consumers.

They love social-sharing shopping, which is fully reflected in WeChat mini-programs. Female users account for more than a half of Jingxi and Pinduoduo WeChat mini-programs, both of which are famous for group buying.

WHAT ARE THEY INTERESTED IN PURCHASING?

- 1) Products that improve quality of life
- 2) Fitness-related products
- 3) Small home appliances
- 4) Educational courses
- 5) Luxury goods

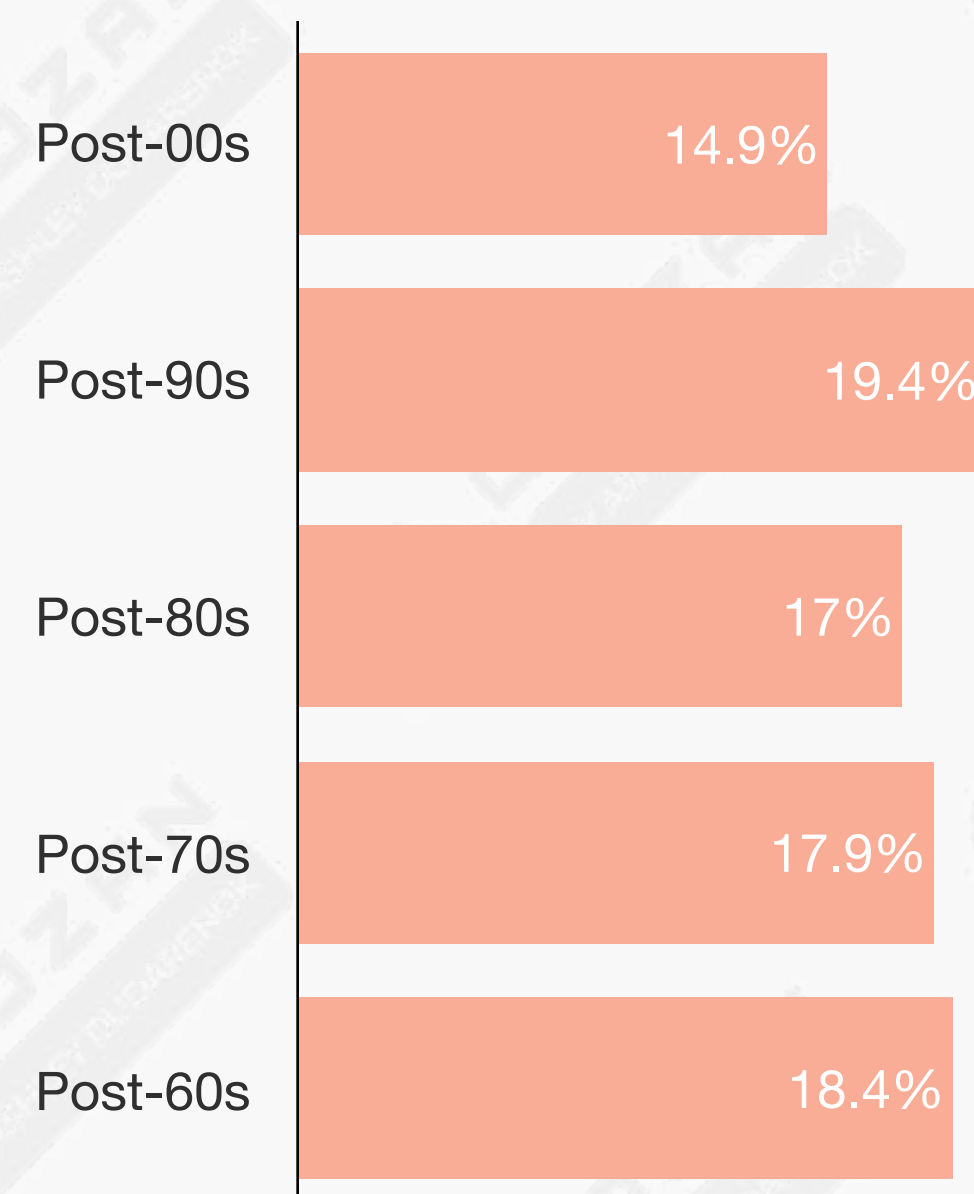
RISING PHOENIXES' DISTRIBUTION

CHINESE PROFESSIONAL WOMEN ARE RELOCATING TO URBAN CENTERS

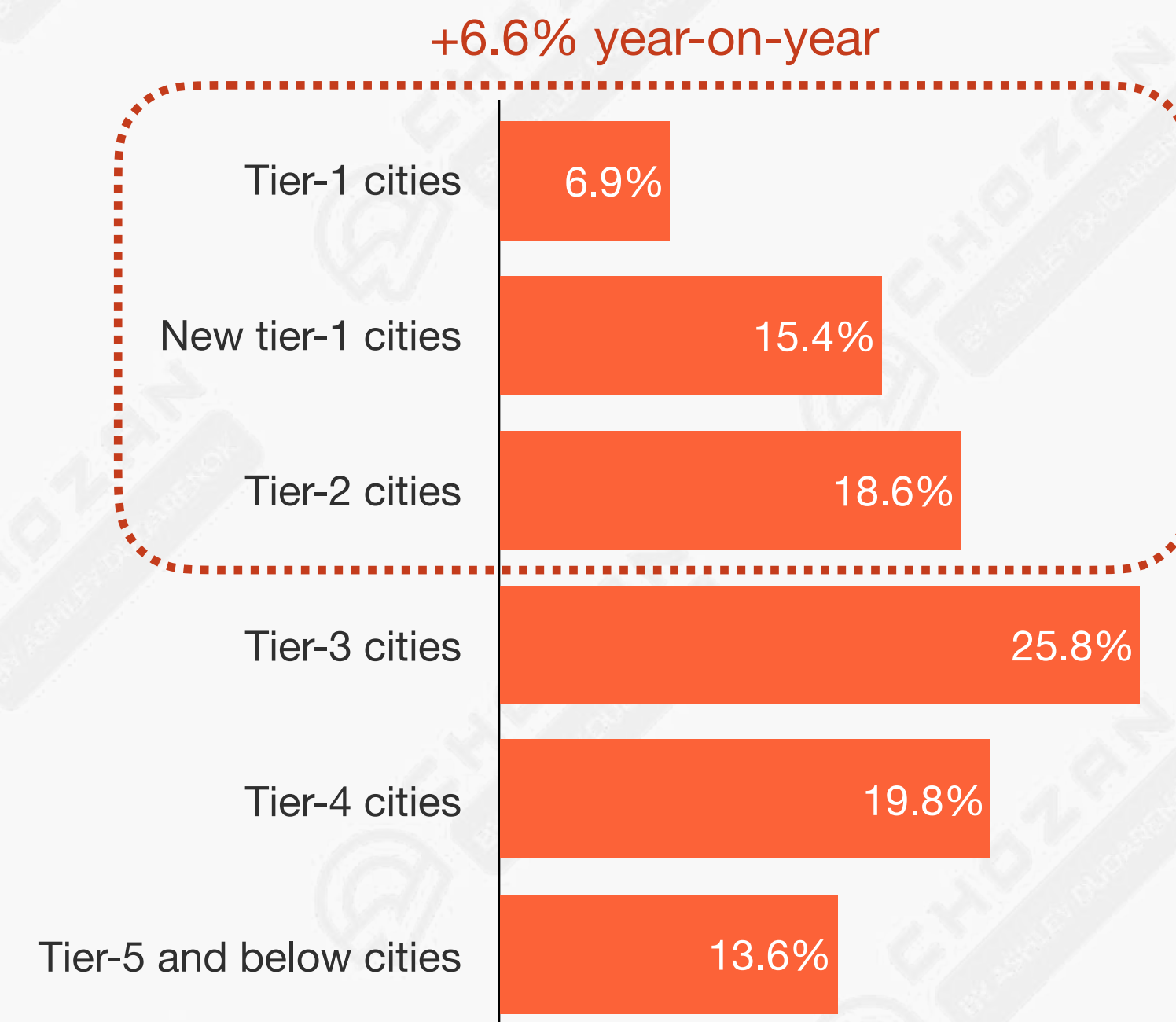
Among the overall female internet users, those **born in the 1990s** make up the largest group.

Geographically, the primary market remains in lower-tier cities (third tier and below), but there is a noticeable shift towards higher-tier cities.

CHINESE FEMALE INTERNET USER AGE DISTRIBUTION IN 2024



CHINESE FEMALE INTERNET USER CITY DISTRIBUTION IN 2024

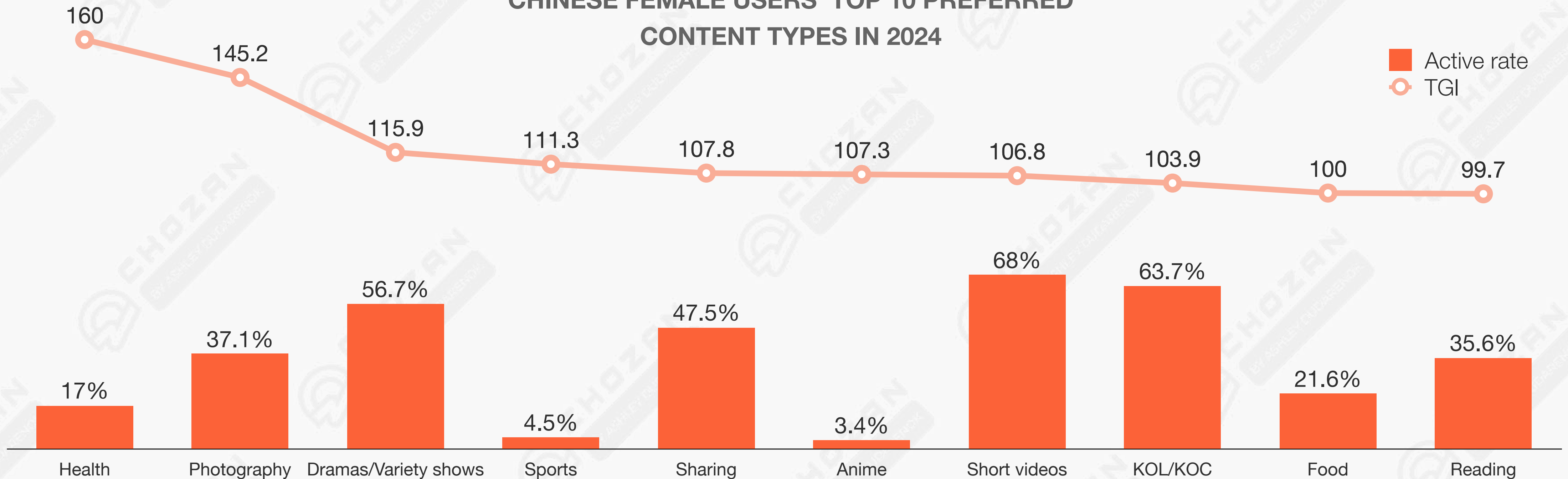


RISING PHOENIXES' ENTERTAINMENT HABITS

RISING PHOENIXES BLEND FITNESS, HEALTH, AND SOCIAL ENGAGEMENT FOR SELF-EXPRESSION

Rising phoenixes are focused on **fitness, health management, and capturing moments through photography**. They have a broad interest in TV shows and films, and engage actively in discussions and sharing content. This highlights their strong social nature, as they not only consume media but also interact and engage with their communities.

CHINESE FEMALE USERS' TOP 10 PREFERRED CONTENT TYPES IN 2024

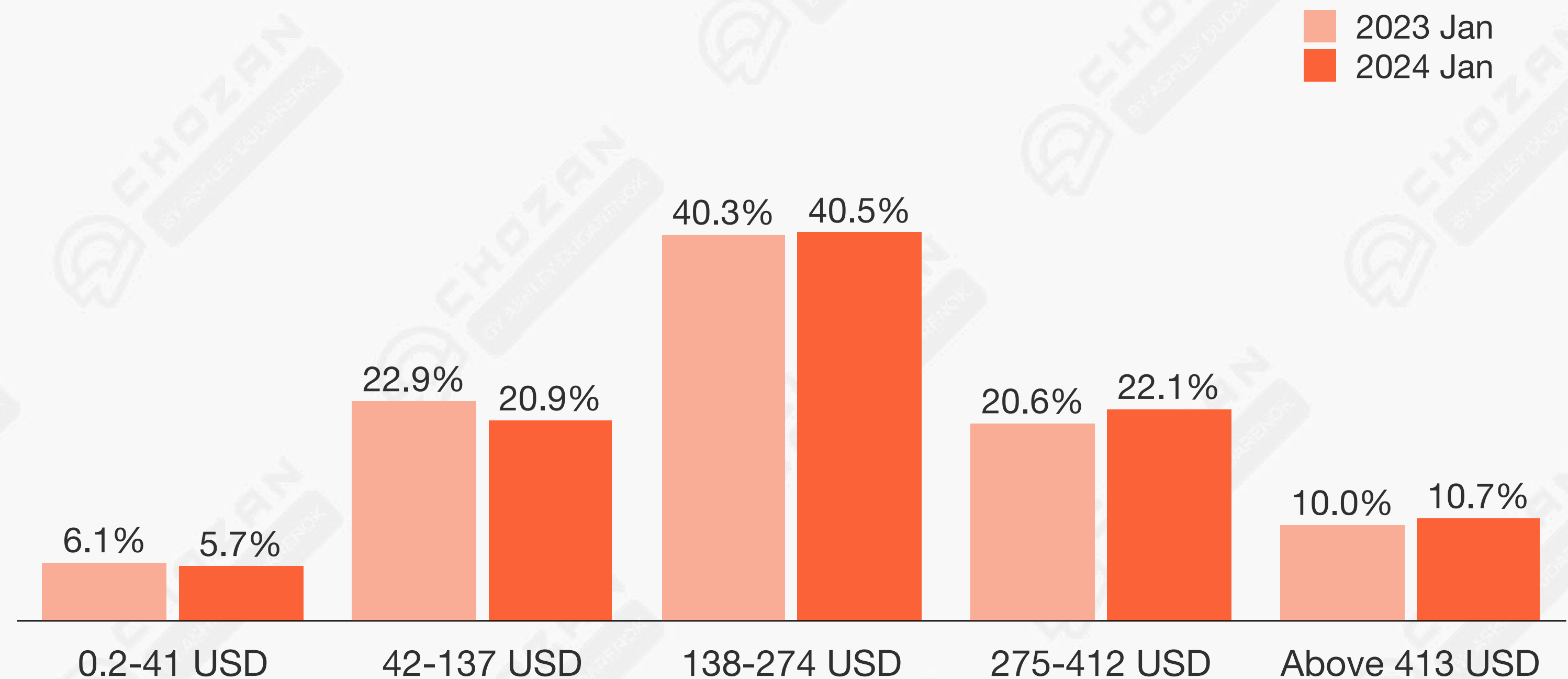


RISING PHOENIXES' SPENDING POWER

RISING HIGH SPENDERS AMONG FEMALES MAY BRING PREMIUM CONSUMPTION

Chinese female internet users' purchasing power continues to grow, with a notable increase in high spenders. In January 2024, 32.8% of female online shoppers spent over **2,000 RMB**, marking a 2.2% year-on-year rise. This reflects a growing trend of higher consumption in the female demographic.

CHINESE FEMALE INTERNET USERS' ONLINE CONSUMPTION POWER (2023 JAN VS. 2024 JAN)

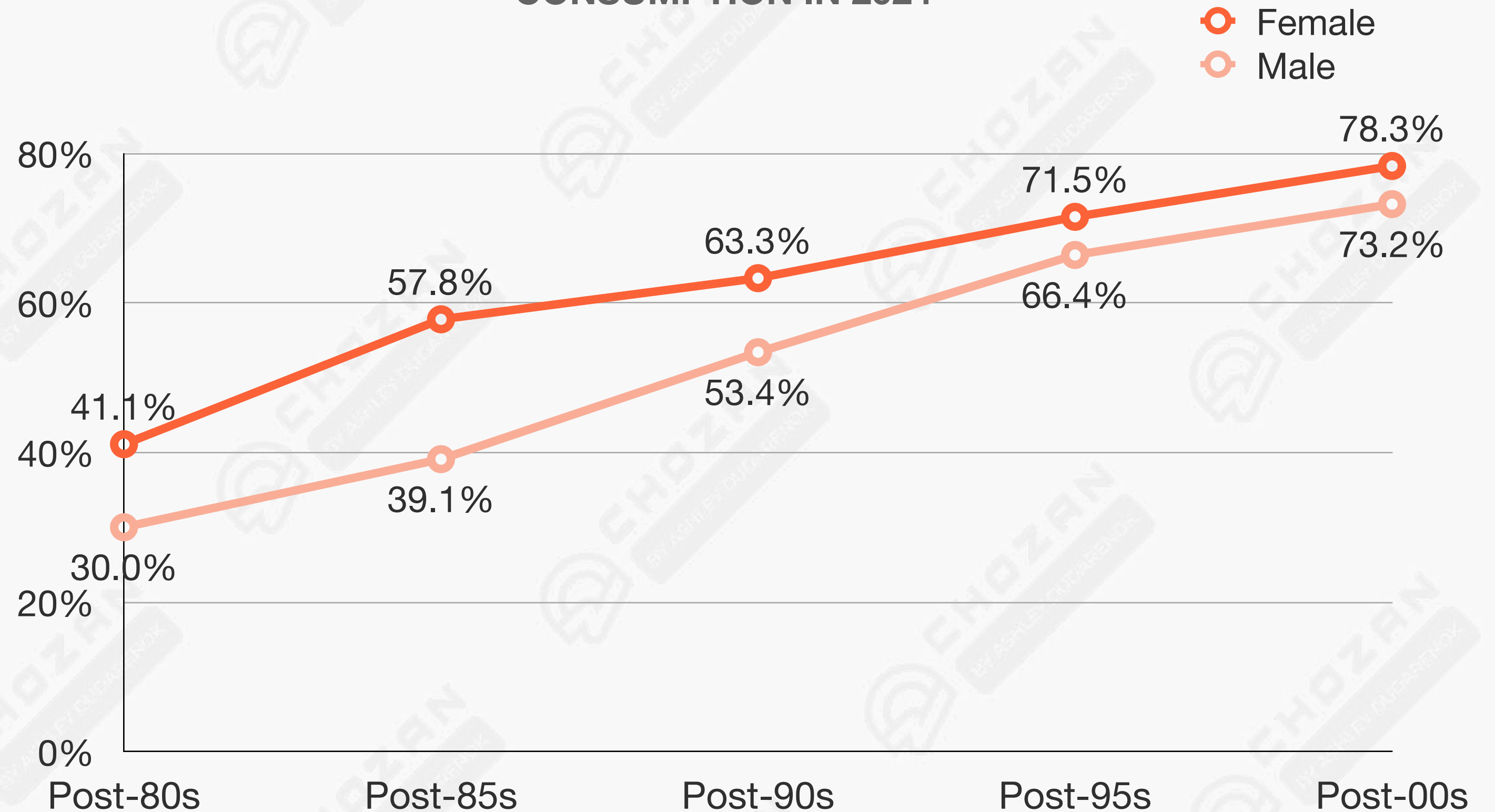


RISING PHOENIXES' CONSUMPTION HABITS

SELF-CONSUMPTION AMONG YOUNG WOMEN UNDERSCORES THEIR GROWING SELF-AWARENESS

The strong trend of self-care and pleasure consumption highlights a growing sense of independence and self-awareness among women. Data reveals that **78.3%** of spending among young females goes toward self-consumption, the highest proportion within their age group.

GENDER AND AGE BREAKDOWN OF SELF-CONSUMPTION IN 2024

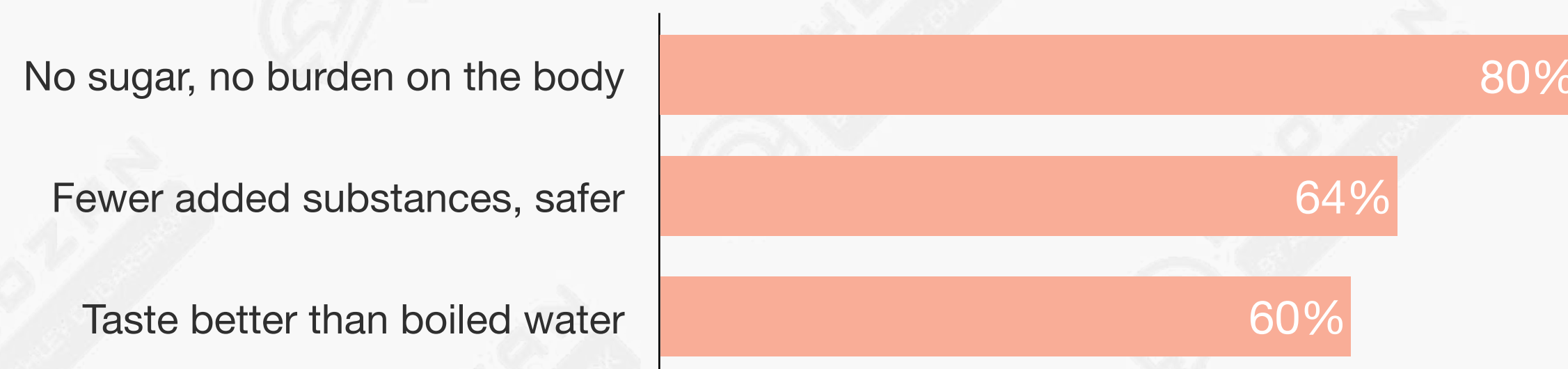


RISING PHOENIXES' CONSUMPTION HABITS

RISING PHOENIXES PRIORITIZE NUTRITION AND BODY-FRIENDLY PRODUCTS MORE

Female consumers are pursuing nutritional value while also seeking products to satisfy their need for a light burden on their bodies. Data shows that they prefer to spend on low-sugar, low-fat, plant-based, and natural ingredients more.

TOP 3 REASONS WHY FEMALE CONSUMERS CHOOSE SUGAR-FREE TEA



TOP 3 REASONS WHY FEMALE CONSUMERS CHOOSE PLANT-BASED FOOD

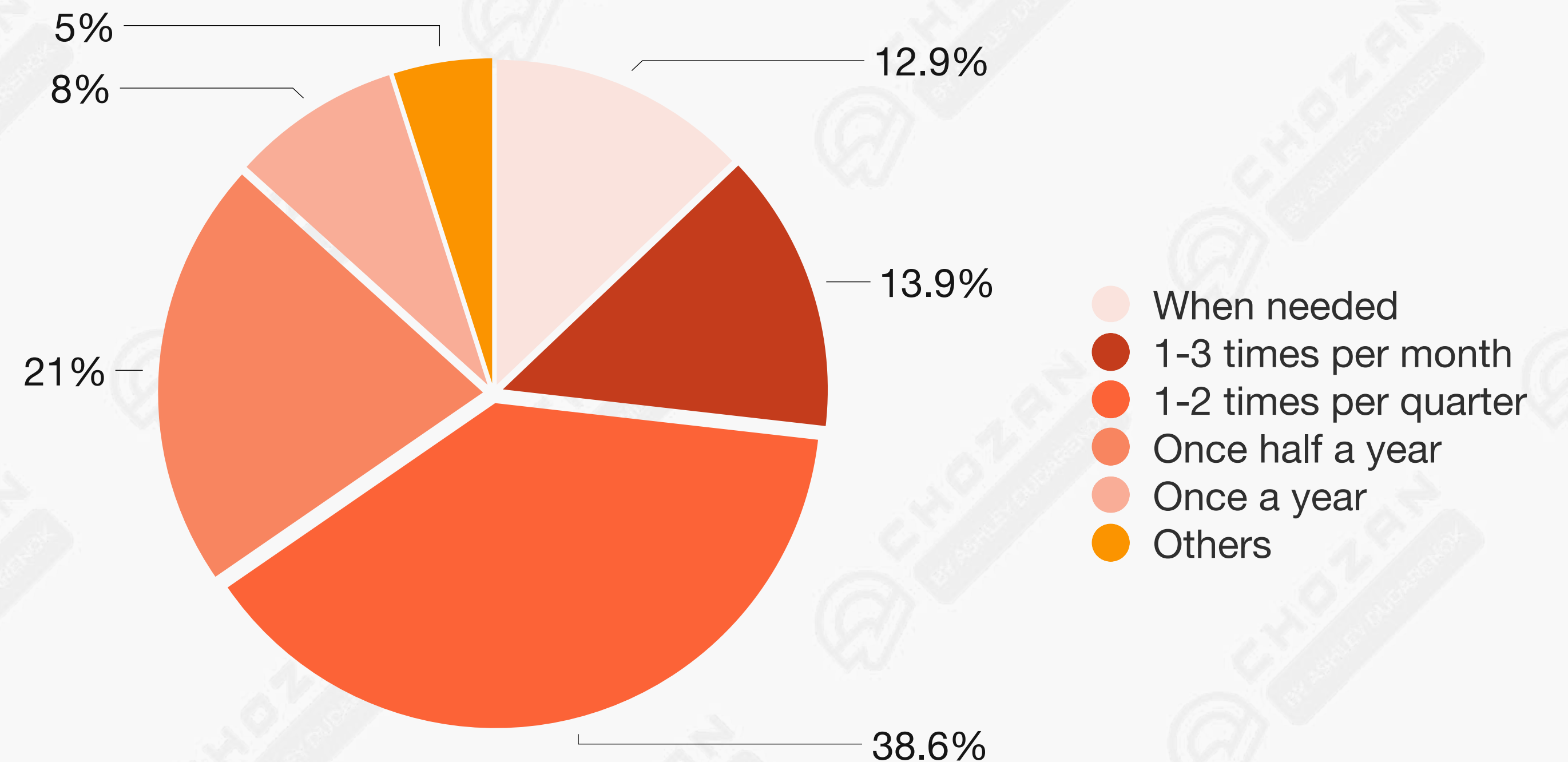


RISING PHOENIXES' CONSUMPTION HABITS

RISING PHOENIXES FAVOR AFFORDABLE, NON-INVASIVE BEAUTY TREATMENTS THAN BEFORE

Chinese female consumers are increasingly drawn to light medical beauty treatments, such as skincare procedures, non-invasive facial treatments, and body shaping. These services, which focus on enhancing natural beauty with minimal recovery time, have gained popularity due to their affordability, accessibility, and growing emphasis on self-care.

CONSUMPTION FREQUENCY OF CHINESE FEMALE CONSUMERS' LIGHT MEDICAL BEAUTY PROJECTS IN 2024



EXPERT BITE

Q: WHICH EMERGING CONSUMER GROUPS ARE DRIVING CHANGE IN CHINA, AND HOW CAN BRANDS ENGAGE THEM IN 2025 AND BEYOND?

Emerging consumer groups in China include Gen Z and Millennials, the growing middle class and the ageing population (silver economy). Additionally, **women are increasingly influential, driving demand across sectors in what is often referred to as the “She-Economy”**. Consumers from lower-tier cities are also gaining prominence, with unique purchasing behaviours shaped by their environments.

Brands can engage these groups by leveraging technology such as AI, AR and VR to create immersive and personalised experiences. Effective strategies include authentic storytelling, interactive campaigns and social media engagement. Emphasising quality, sustainability and empowerment—particularly for women—will resonate strongly. Tailored approaches that reflect the values and preferences of each demographic will ensure deeper connections and brand loyalty.



JOSH GARDNER
CEO at Kung Fu Data

5 MODERN PRAGMATISTS (CHINESE MEN)

China's modern pragmatists (Chinese men) are increasingly becoming a distinct consumer group with a growing influence on various sectors. They are tech-savvy and highly engaged with digital platforms, particularly in e-commerce and entertainment. Many value personal grooming and health, leading to a shift in the male market toward self-care and wellness consumption. This group also shows an increasing preference for personalized products and experiences, and their consumption behaviors are shaping new trends in both online and offline shopping.



MODERN PRAGMATISTS (CHINESE MEN) PROFILE OVERVIEW

MODERN PRAGMATISTS (CHINESE MEN): BRAND-LOYAL, INVESTING IN SELF-CARE AND TECHNOLOGY

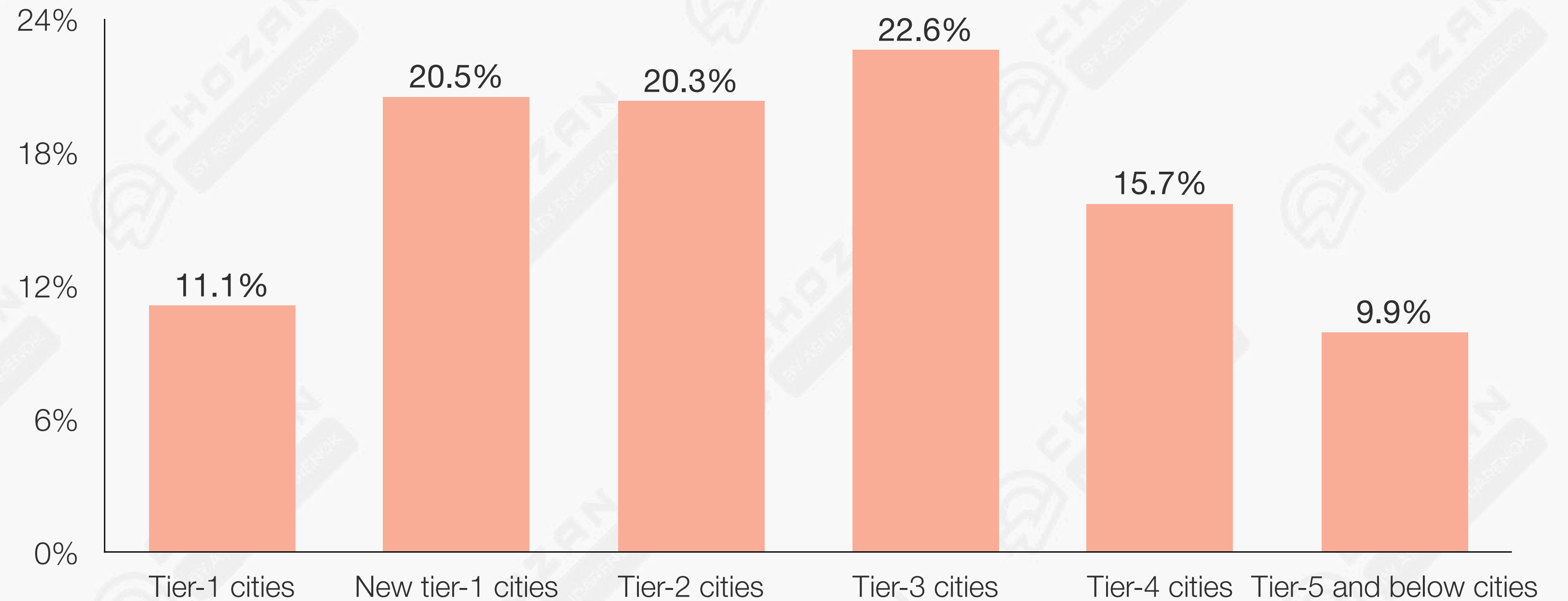
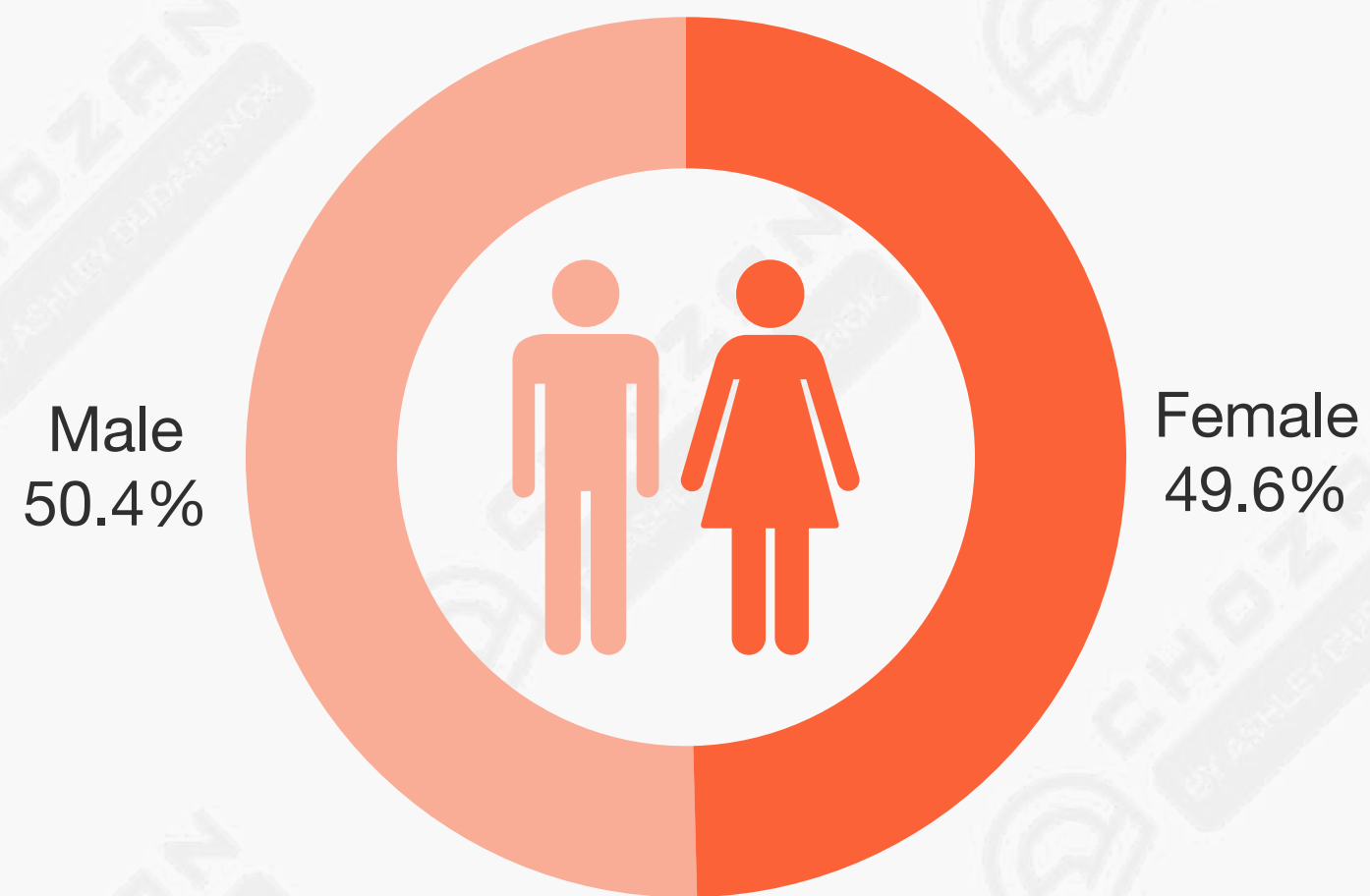
INTERESTING FACTS	SHOPPING ATTITUDES AND BEHAVIOURS	WHAT ARE THEY INTERESTED IN PURCHASING?
<p>Modern pragmatists (Chinese men) are keen on advanced consumption and are the major consumers of high-end products.</p> <p>Whether its PCs or mobile phones, there are more male consumers than female consumers.</p>	<p>Male consumers have varied and detailed consumption preferences that change with age. Men of different ages desire different types of products.</p> <p>Male consumers are more curious about new brands and products than their female counterparts.</p>	<ol style="list-style-type: none"> 1) 3C products 2) Home appliances 3) Auto accessories 4) Tobacco & alcohol 5) Skin care products

MODERN PRAGMATISTS' DISTRIBUTION

MALE USERS IN SECOND-TIER AND HIGHER-TIER CITIES ARE GROWING IN PROPORTION

Compared with all internet users, male users account for a large proportion in second-tier and higher-tier cities, and the proportion continues to grow.

CHINESE MALE INTERNET USERS' CITY DISTRIBUTION IN 2024

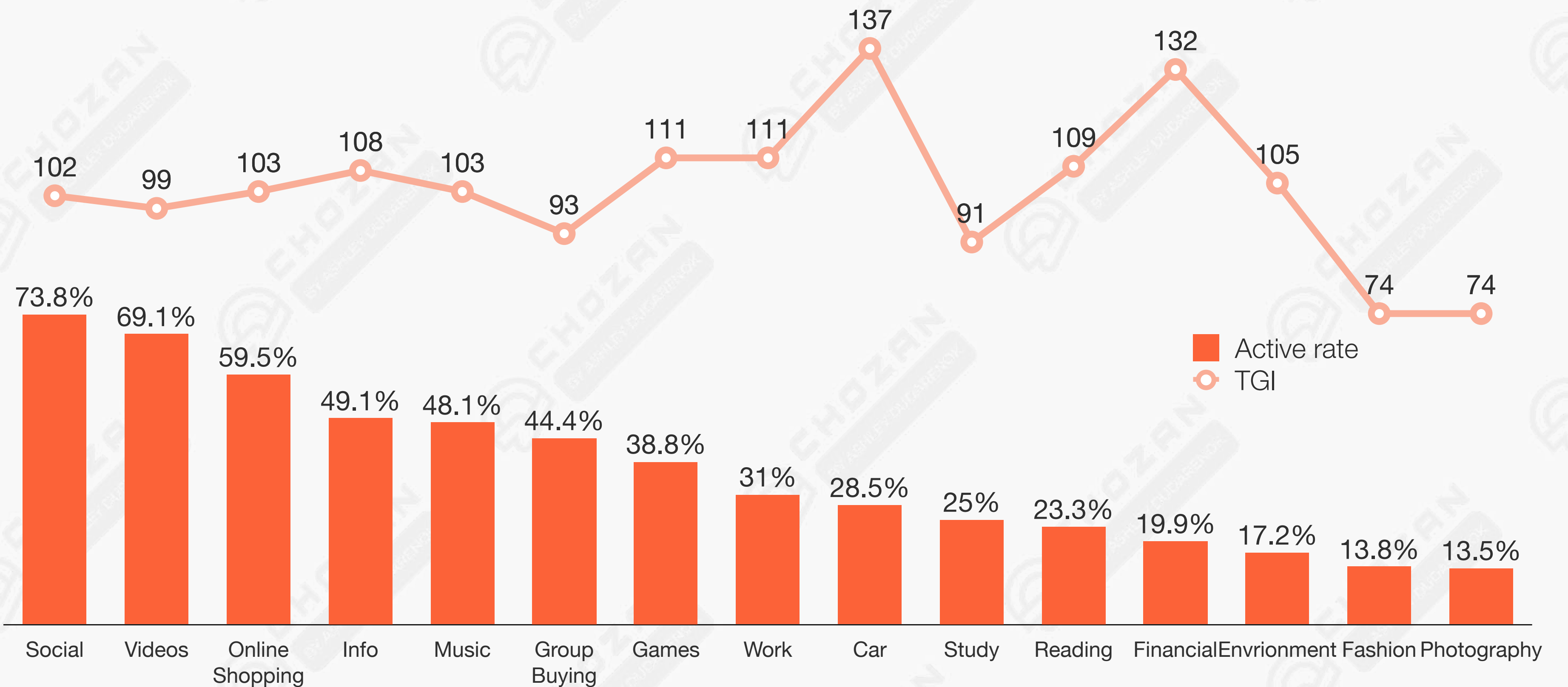


MODERN PRAGMATISTS' ENTERTAINMENT HABITS

MODERN PRAGMATISTS ENGAGE MAINLY WITH SOCIAL APPS, FOLLOWED BY VIDEOS AND SHOPPING

CHINESE MALE USERS' TOP 15 APP CATEGORIES IN 2024

Modern pragmatists are most interested in using social apps, followed by videos and shopping apps, reflecting that the breadth and depth of their interest areas are expanding.

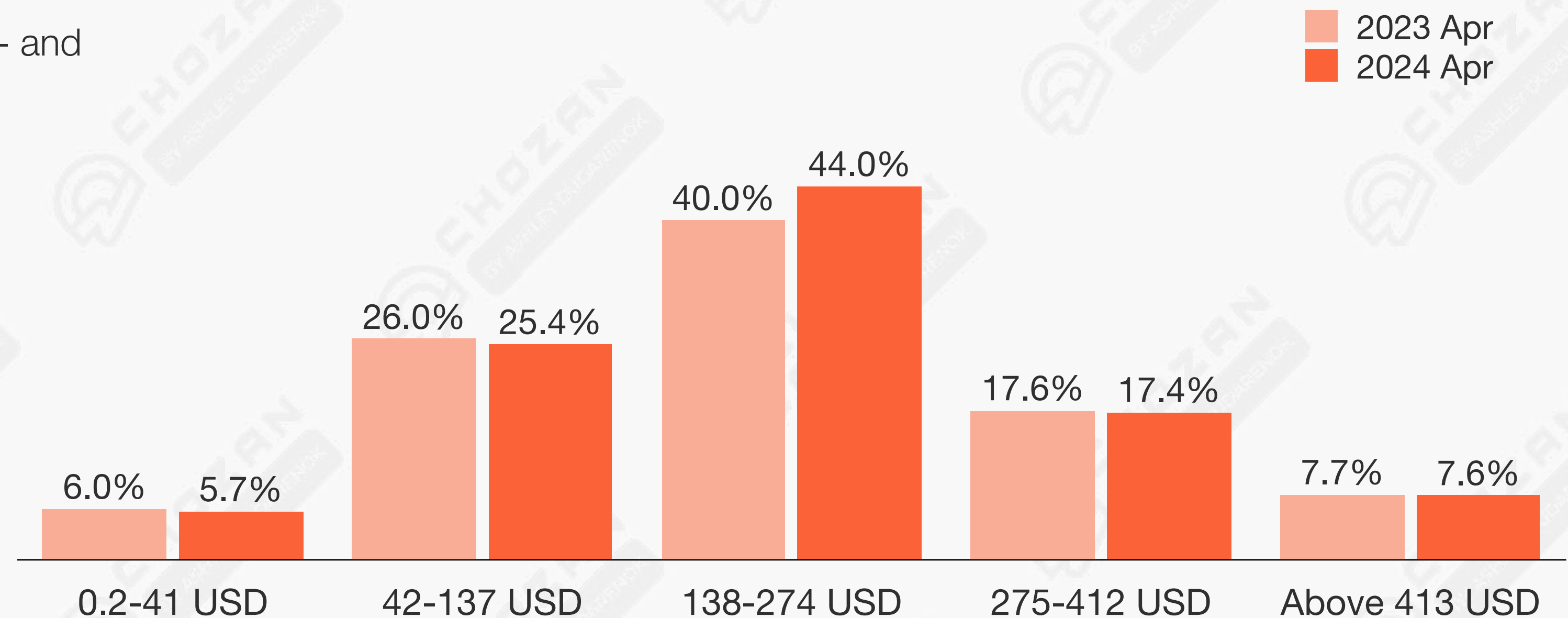


MODERN PRAGMATISTS' SPENDING POWER

MODERN PRAGMATISTS EXHIBIT GROWING HIGH-END SPENDING INTENTIONS

Male users' **online spending power is concentrated in the range of RMB 1,000-1,999**, and the proportion of middle- and high-end online spending intentions has increased to 73.8%, highlighting their solid consumption foundation and increasing consumption intentions.

**MODERN PRAGMATISTS' ONLINE CONSUMPTION POWER
(2023 APR VS. 2024 APR)**

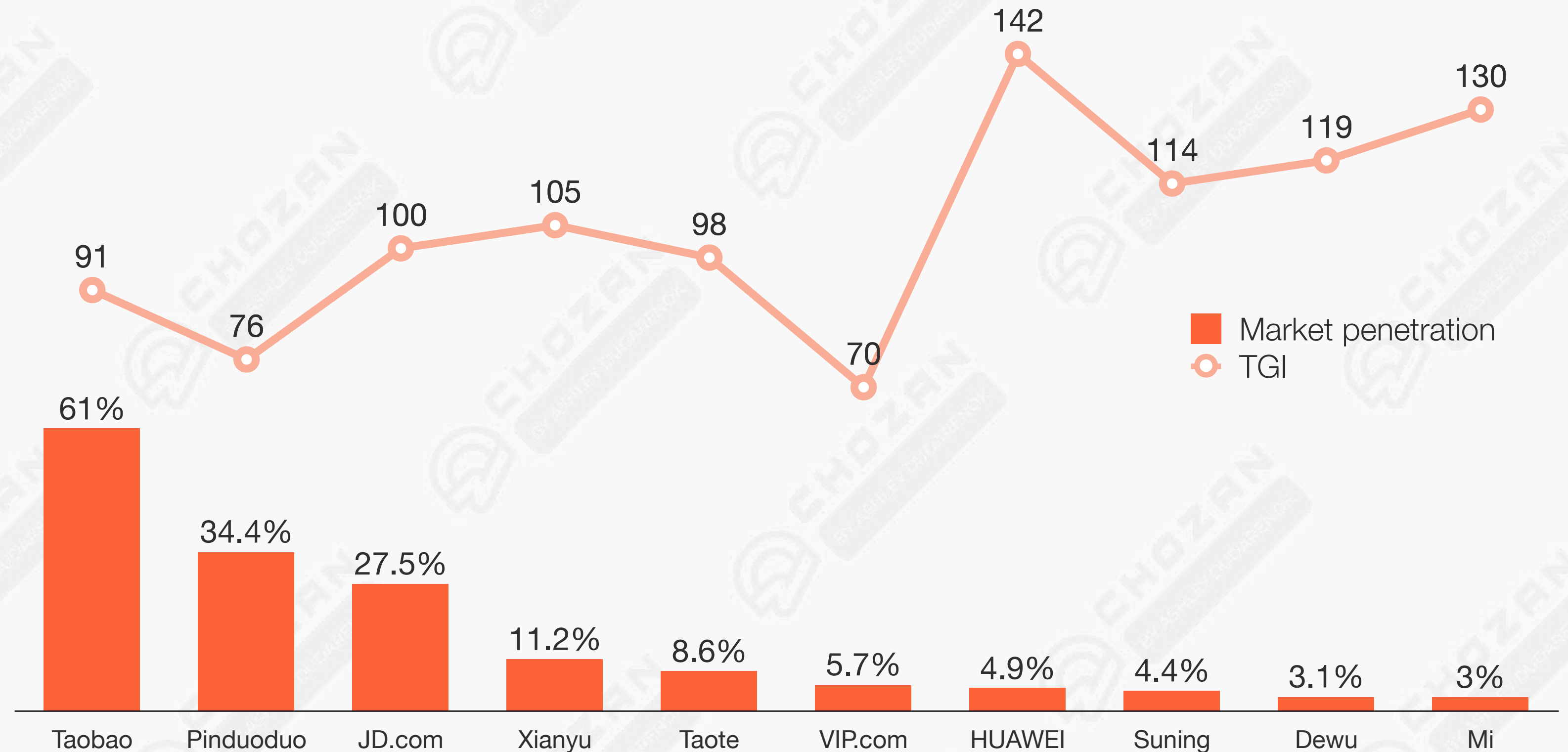


MODERN PRAGMATISTS' CONSUMPTION HABITS

INTEGRATED E-COMMERCE DOMINATES, WHILE LOW PRICES IS STILL AN IMPORTANT FACTOR IN CONSUMPTION

TOP 10 E-COMMERCE APPS PENETRATION IN 2024

The most popular app among male netizens in China is Taobao, followed by Pinduoduo and JD.com.

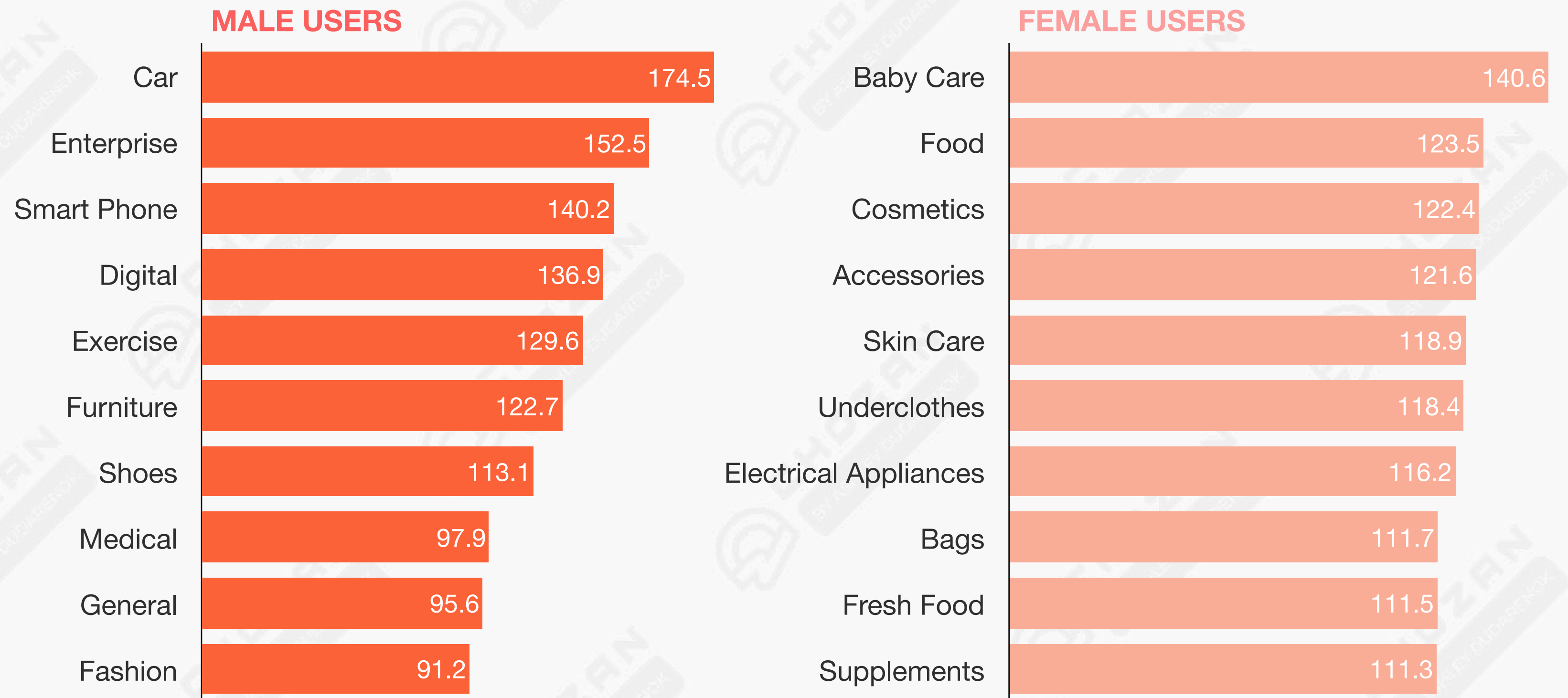


MODERN PRAGMATISTS' CONSUMPTION HABITS

MALE CONSUMPTION LEANS HEAVILY TOWARDS CARS AND ELECTRONICS

TOP CONSUMER GOODS CATEGORIES TGI IN 2024

Male consumption leans towards **cars and electronics** while female users tend to spend on maternity, food and beauty products.



MODERN PRAGMATISTS' CONSUMPTION HABITS

MODERN PRAGMATISTS OF ALL AGE GROUPS PAY INCREASING ATTENTION TO PERSONAL GROOMING

	Post-75s	Post-85s	Post-95s	Post-05s	
SKIN CARE PRODUCT	CLEANSING MILK	66.7%	83.3%	82.8%	52.1%
	LOTION	43.2%	55.6%	51.3%	31.1%
	FACE CREAM	32.1	43.1	36.2%	22.8%
COSMETIC PRODUCT	PERFUME	45.9%	55.6%	52.3%	42.1%
	LIPSTICKS	31.6%	40.4%	43.6%	29.2%
	FOUNDATION	21.9	39.6%	33.2%	22.3%

EMERGING CONSUMER GROUPS IN CHINA

NEW DEMOGRAPHICS AND BEHAVIORAL SHIFTS

ENTERTAINMENT -FIRST CONSUMERS

CONSUMER DEMAND FOR LIVE ENTERTAINMENT EXPERIENCES SURGED SIGNIFICANTLY, DRIVING EXPLOSIVE GROWTH IN THE PERFORMING ARTS MARKET. A DIVERSE ARRAY OF PERFORMANCES, INCLUDING CONCERTS, PLAYS AND DRAMAS, HAVE RECEIVED UNPRECEDENTED POPULARITY.

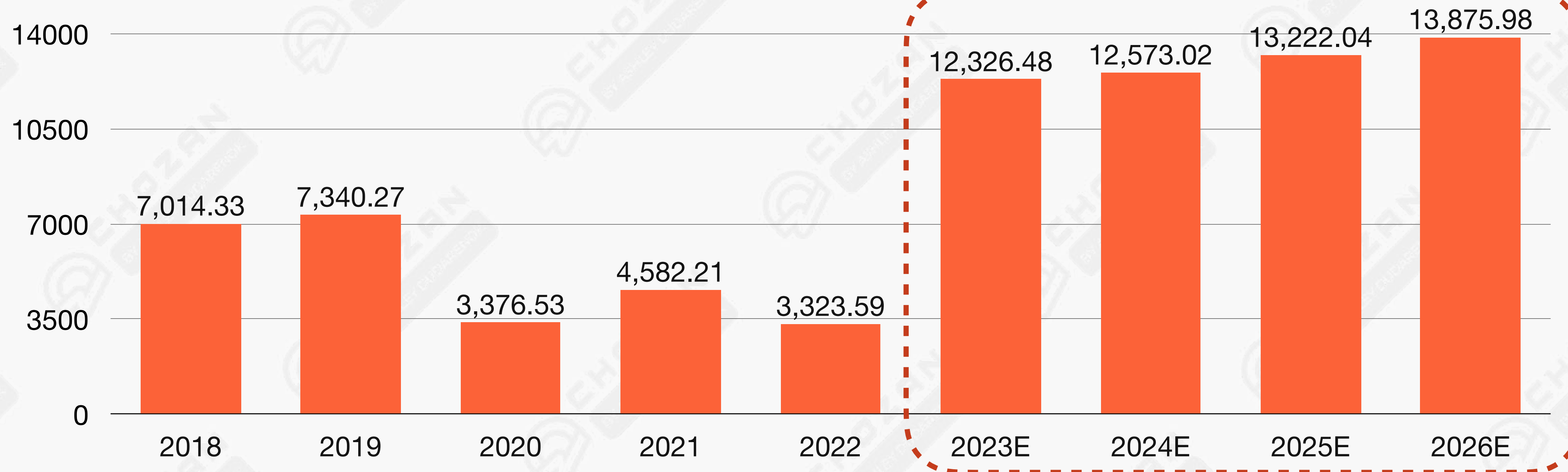
CHINA'S ENTERTAINMENT / PERFORMANCE MARKET

CHINA'S PERFORMANCE MARKET IS BOOMING, DRIVEN BY GROWING DEMAND FOR CULTURAL ENTERTAINMENT AND TRAVEL

With the end of the pandemic and the rising demand for cultural entertainment and travel, China's performance market is expected to experience exponential growth since 2023, reaching an estimated scale of **90.346 billion RMB** (about 12.33 billion USD). This trend reflects the growing number of "entertainment-first" consumers who prioritize experiences and cultural activities.

CHINA'S PERFORMANCE MARKET IN 2018-2026E

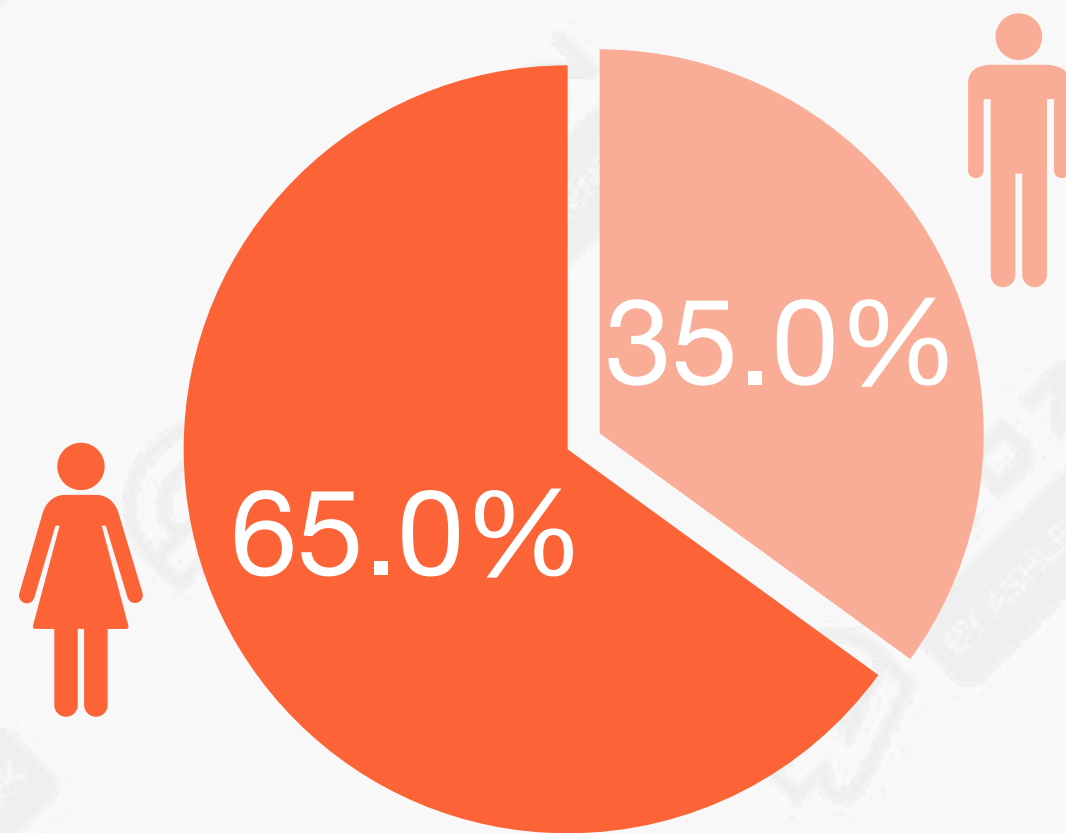
UNIT: MILLION USD



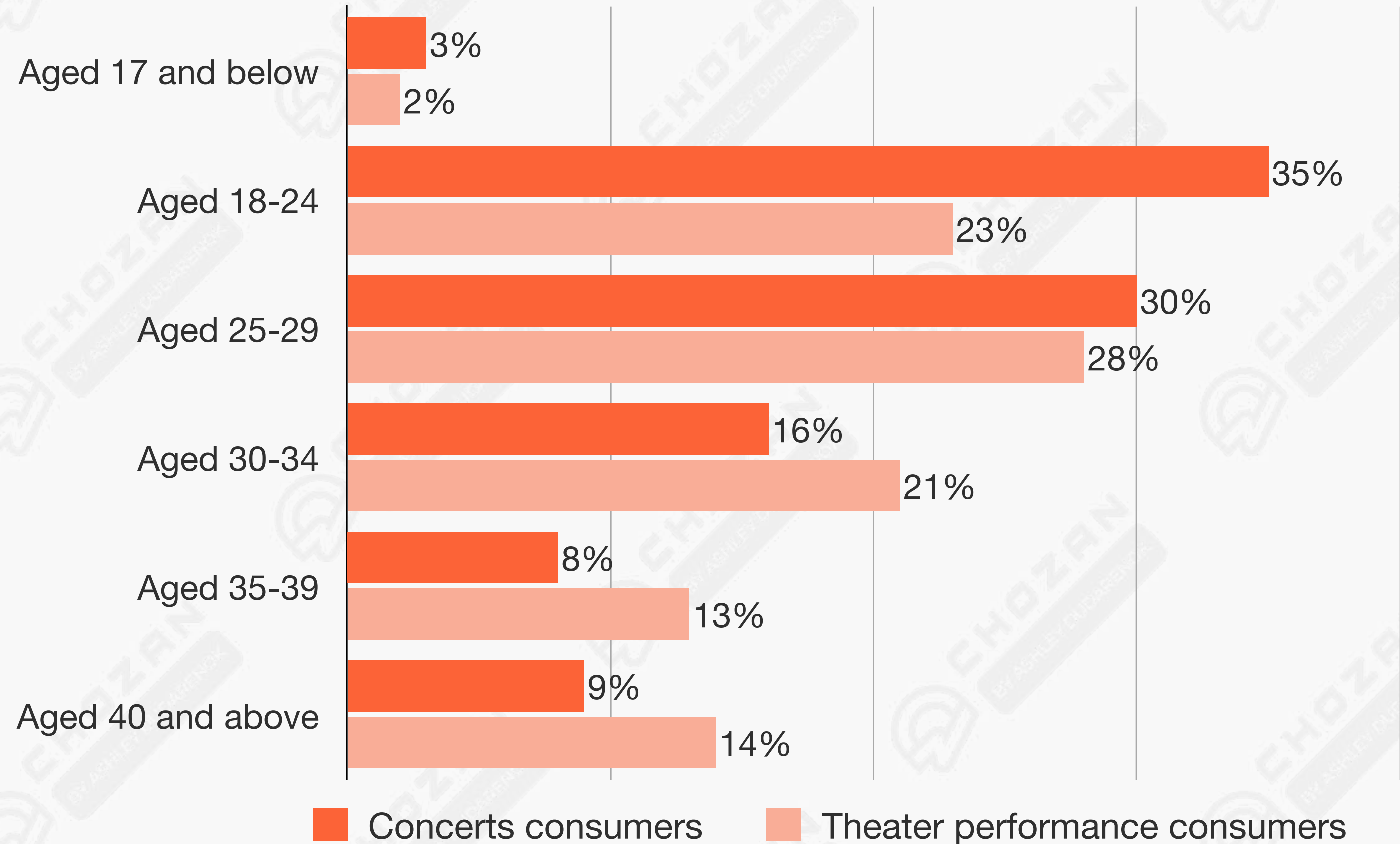
ENTERTAINMENT CONSUMER PROFILE

YOUNG CONSUMERS PREFER CONCERTS OVER THEATER PERFORMANCES

Compared to theater performances, concerts are more popular among younger audiences. Nearly 40% of ticket buyers are **under the age of 24** (born after 2000). Among attendees of large-scale concerts, women make up over 60%, while men account for approximately 40%.



ENTERTAINMENT-FIRST CONSUMERS' AGE DISTRIBUTION

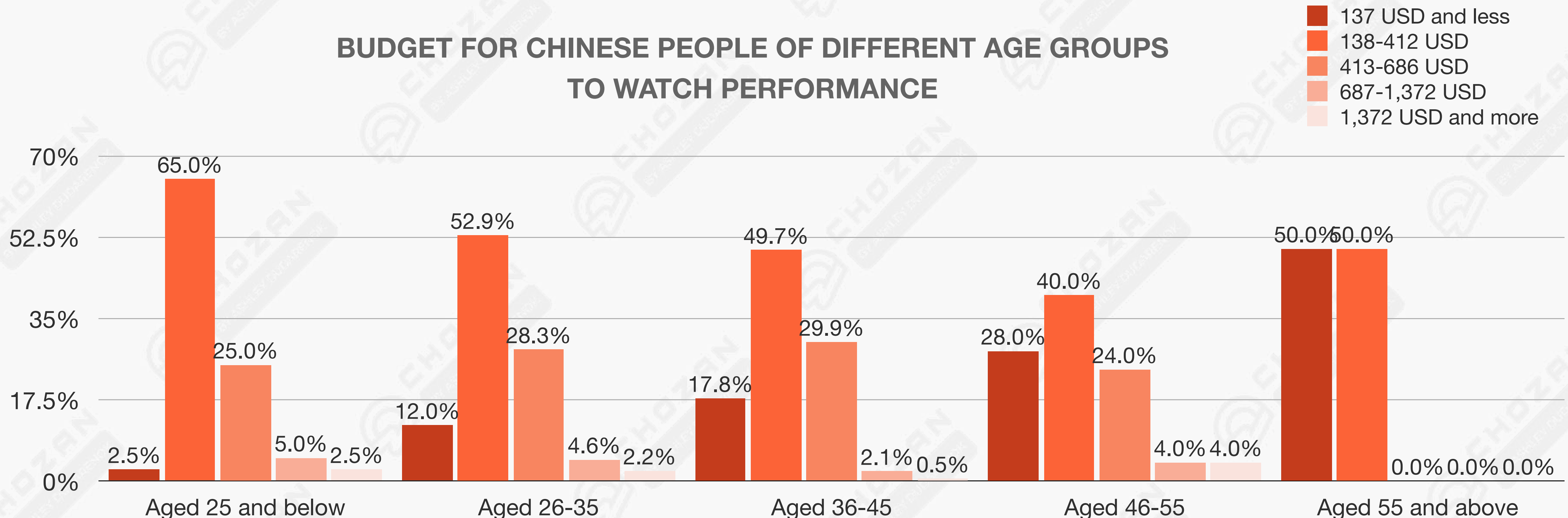


ENTERTAINMENT CONSUMERS' SPENDING POWER

YOUNGER AUDIENCES TEND TO SPEND MORE ON THEIR FAVORITE ARTISTS

Chinese residents' concert **budgets are primarily concentrated between 1,000-3,000 RMB** (52.1%), followed by 3,001-5,000 RMB (28.3%). Among audiences aged 25 and below, 65.0% allocate 1,001-3,000 RMB for concert expenses, while nearly 30% of those aged 36-45 have budgets in the 3,001-5,000 RMB range.

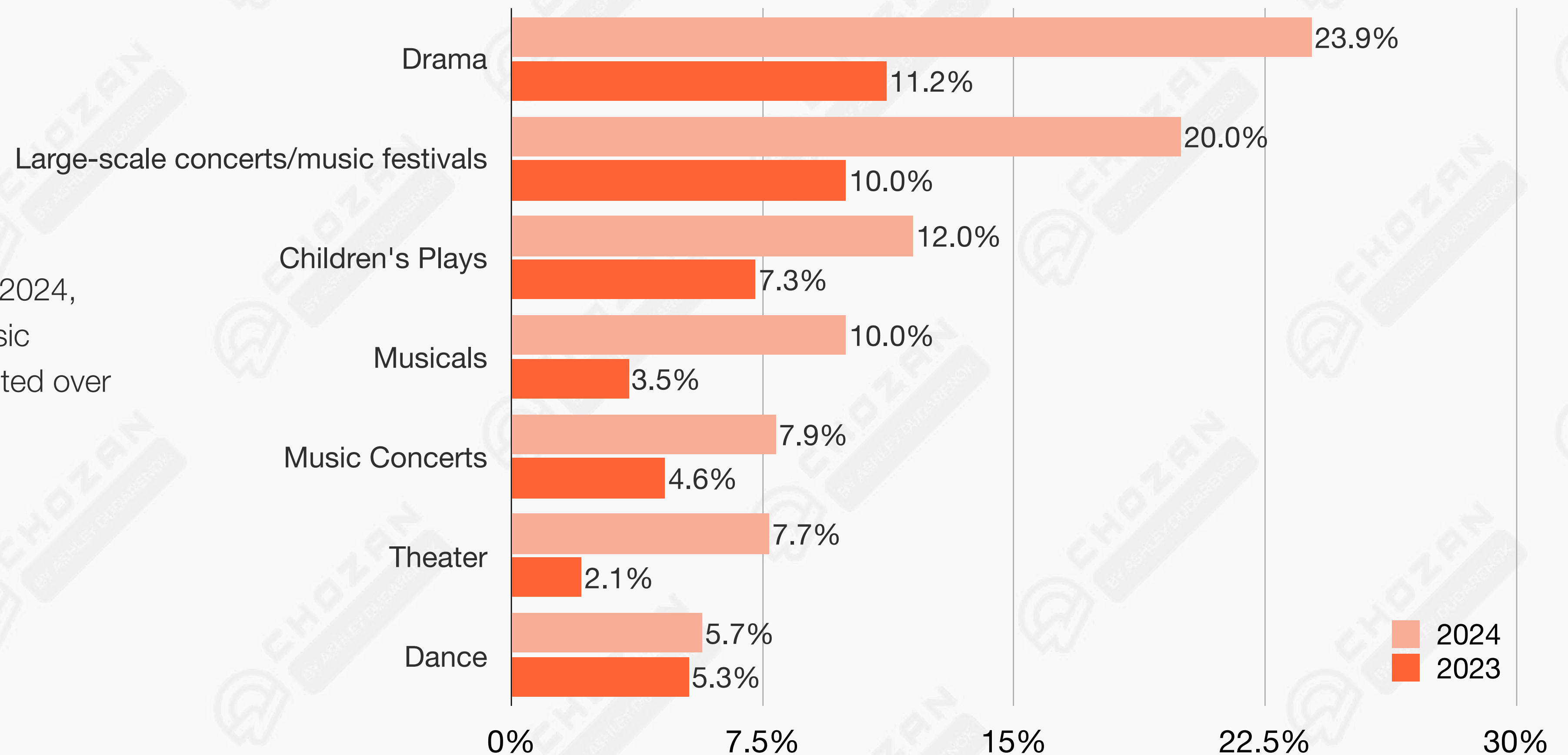
BUDGET FOR CHINESE PEOPLE OF DIFFERENT AGE GROUPS TO WATCH PERFORMANCE



ENTERTAINMENT CONSUMERS' CONSUMPTION HABITS

MULTIPLE ENTERTAINMENT PROGRAMS ARE ON THE RISE

MAJOR ENTERTAINMENT PROGRAMS' TICKET REVENUE



From 2021 to the first half of 2024, large-scale concerts and music festivals consistently contributed over 10% to ticket revenue.

ENTERTAINMENT CONSUMERS' CONSUMPTION HABITS

ENTERTAINMENT CONSUMERS' CRAZE FOR CONCERTS IN 2024



180 MILLION

TOTAL "INTERESTED TO WATCH"
VIEWS FOR MAJOR CONCERTS
ON DAIMAI



20 MILLION+

TOTAL AUDIENCE
ATTENDANCE FOR
MAJOR CONCERTS

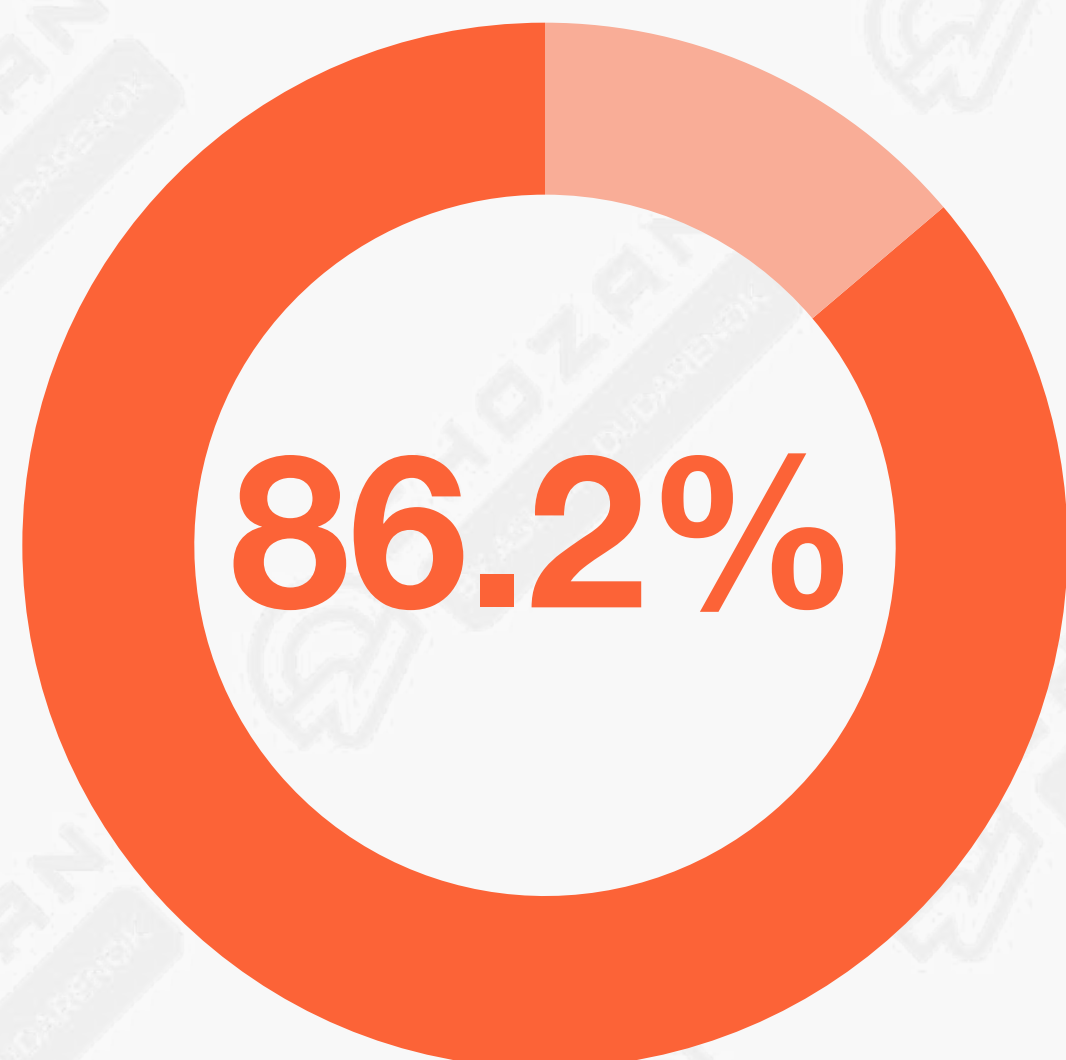


14.6 BILLION RMB

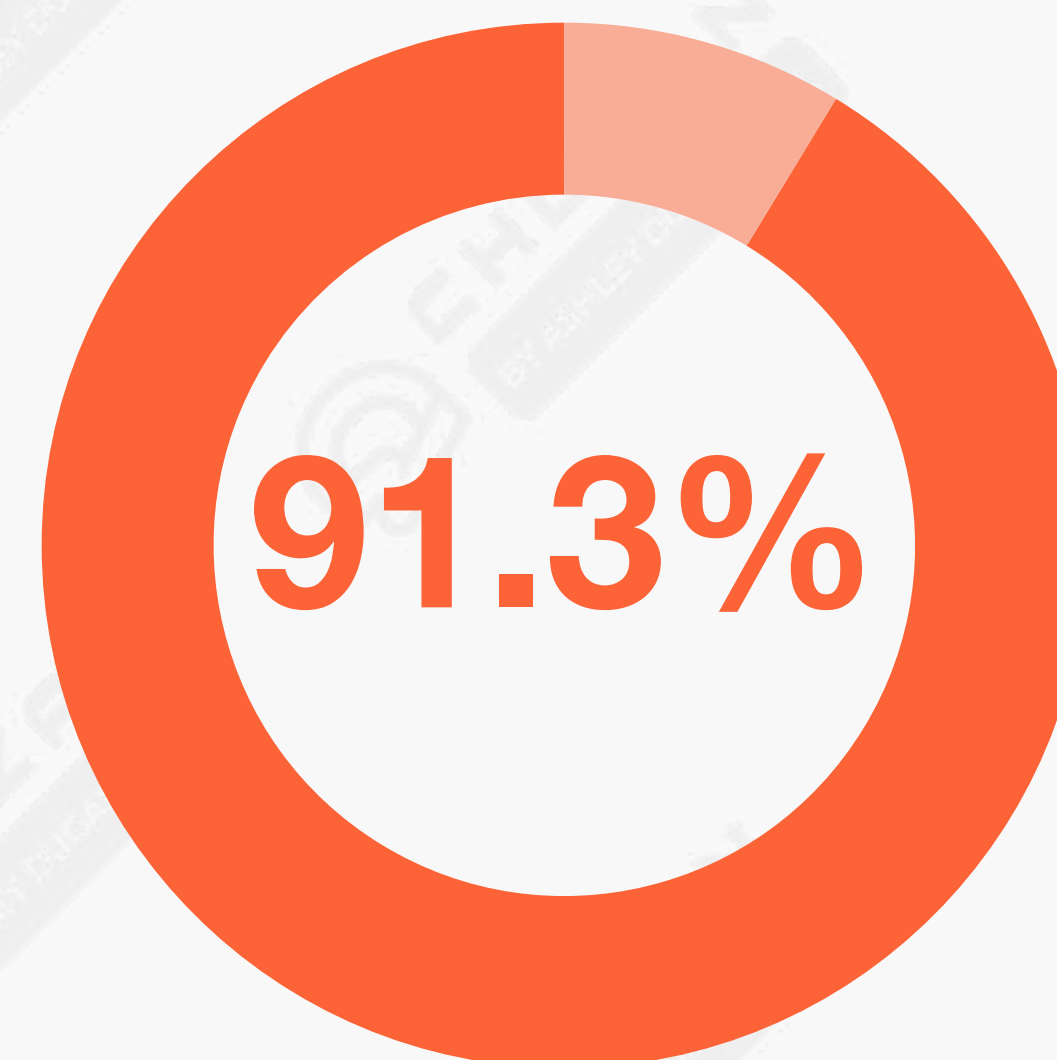
(ABOUT 2 BILLION USD)
REVENUE FROM MAJOR CONCERT
TICKETS

ENTERTAINMENT CONSUMERS' CONSUMPTION HABITS

MOST CONSUMERS USE MULTIPLE PLATFORMS FOR TICKETS, BUT PRIORITIZE PRIMARY PLATFORMS FOR HIGH-DEMAND PERFORMANCES



Only **13.8%** of consumers choose to purchase tickets at face value exclusively through primary platforms, while **86.2%** are willing to use multiple platforms.



For highly sought-after performances requiring ticket rushes, **91.3%** of consumers prioritize purchasing through **primary ticketing platforms** and will not consider secondary markets.

ENTERTAINMENT CONSUMERS' CONSUMPTION HABITS

FOR POPULAR EVENTS, MOST ENTERTAINMENT CONSUMERS ACCEPT REASONABLE SCALPING

TICKET SCALPING ACCEPTANCE

65.1%

of consumers only accept scalping for particularly favored performances or sports events

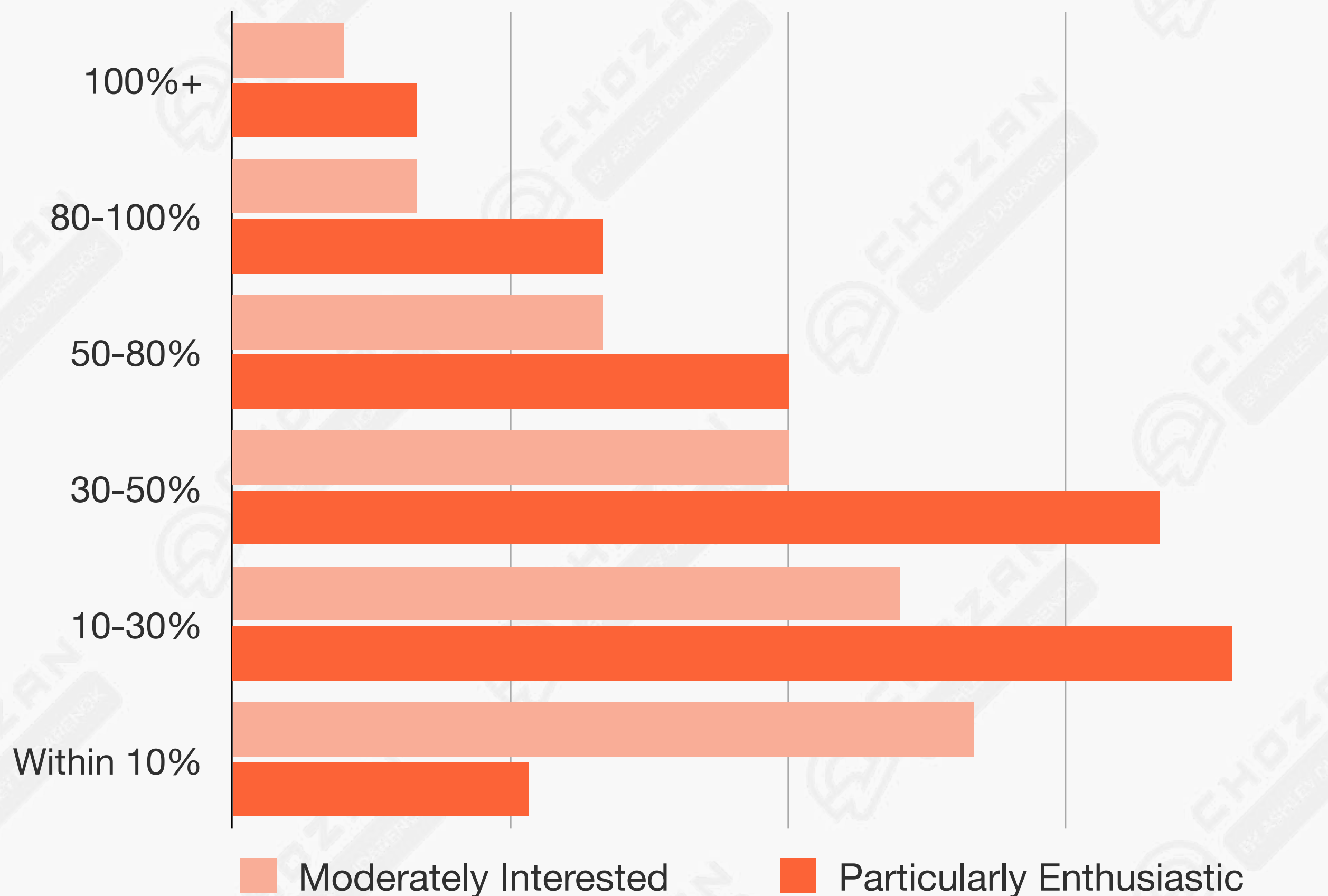
23.8%

of consumers can accept scalping in most cases

11.1%

of consumers do not accept scalping, only willing to purchase tickets at face value or discounted prices

SCALPING PRICE RANGE



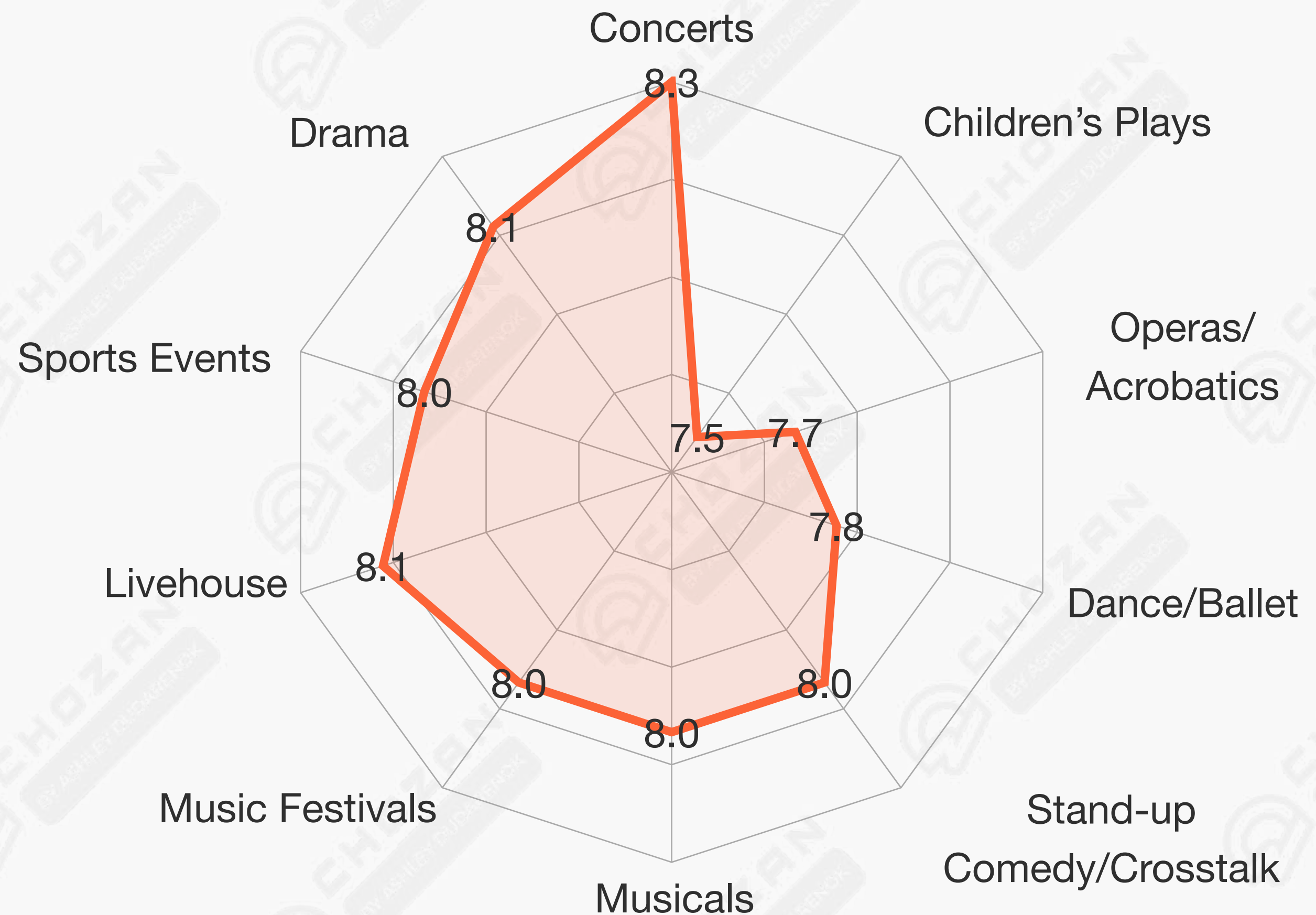
ENTERTAINMENT CONSUMER SATISFACTION

ENTERTAINMENT DRIVES HIGH SATISFACTION WITH CONCERTS, DRAMAS, AND LIVEHOUSE EVENTS

In 2024, the significant increase in performance events, the supply of high-quality shows, and improved services from ticketing agencies and organizers have resulted in high overall consumer satisfaction with live performances.

Concerts, dramas, and livehouse events are the top three categories with the highest satisfaction levels, accompanied by rapid growth in audience numbers and scale.

CONSUMER SATISFACTION TOWARDS DIFFERENT ENTERTAINMENT TYPES



EXPERT BITE

Q: WHAT IS THE FUTURE OF COLLECTIBLE TOYS IN CHINA 2025?

The future will be shaped by key trends. **Nostalgic collectible toys from the 80s and 90s may see a resurgence as millennials and Gen Z reconnect with their childhood.** The rise of digital collectibles, integrating new sensors, AI, and AR, will likely create hybrid toys blending physical and digital experiences, especially for loyalty programs and e-coupons.

As environmental awareness grows, there's a shift towards eco-friendly materials and production processes appealing to conscious consumers, with new bio-plastics and advanced fibers. The collectible toy market in China is poised for growth and transformation by 2025, driven by technology, sustainability, and community engagement. Brands can innovate to meet changing consumer expectations by focusing on personalization and customized offerings, adaptability, and data insights. We may see health-conscious accessories and functional toys promoting mental and physical well-being through brand messaging and “disconnect experiences” like mindful engagement.



FABIEN PACORY

Executive VP CCIFC French Chamber of Commerce and Industry in China

2

EMOTIONAL HEALING GURUS

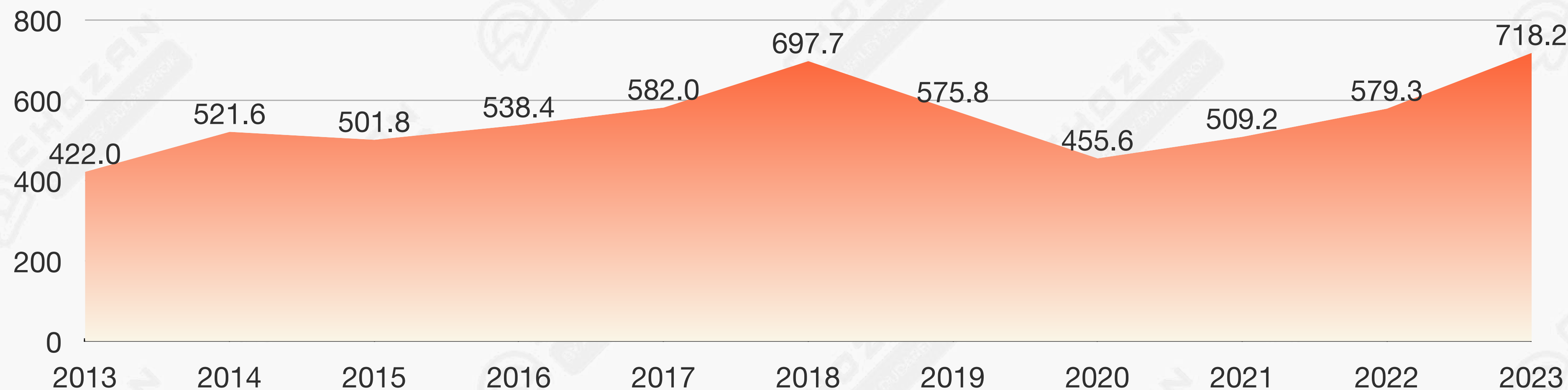
IN 2024, EMOTIONS HAVE BECOME A KEY DRIVER OF CONSUMPTION FOR YOUNG PEOPLE. BEYOND MATERIAL SATISFACTION, THEY ALSO SEEK EMOTIONAL FULFILLMENT. THEY MAKE PURCHASES TO SOOTHE AND HEAL THEIR EMOTIONAL WELL-BEING.

CHINA'S EMOTIONAL HEALING-RELATED MARKET

CONSUMERS' BELIEF IN CHINESE METAPHYSICS (玄学) DRIVES LOTTERY SALES GROWTH

There's a decade-long trend of rising lottery spending in China, culminating in a record-breaking **526.4 billion yuan** in 2023. This surge highlights the growing consumer fascination with **Chinese metaphysics (玄学)** and belief in luck.

CHINA'S NATIONAL LOTTERY SALES OVER THE PAST DECADE (2013–2023)
UNIT: BILLION USD



EMOTIONAL HEALING GURUS PROFILE

EMOTIONAL HEALING CONSUMERS NOT ONLY BELIEVE IN CHINESE METAPHYSICS, BUT ACTIVELY ENGAGE IN PRACTICES TO NAVIGATE LIFE'S CHALLENGES



AT LEAST **1/4** CHINESE
PEOPLE BELIEVE IN
CHINESE METAPHYSICS

40%

OF PEOPLE HAVING
ENGAGED IN FORTUNE-
TELLING

78.81%

OF YOUNG PEOPLE
REPORTING HAVING HAD
A FORTUNE-TELLING
EXPERIENCE

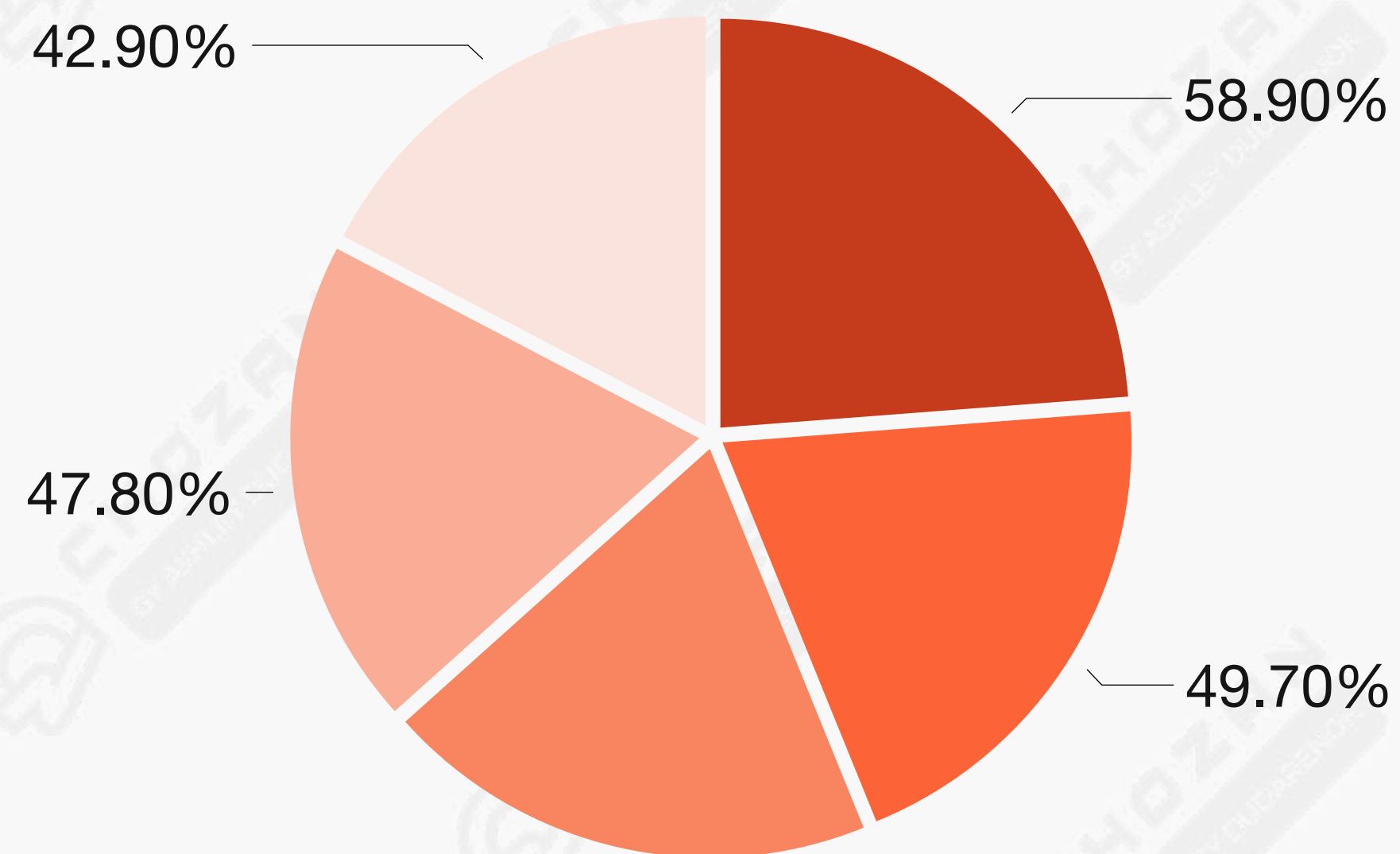
EMOTIONAL HEALING GURUS PROFILE

GROWING STRESS DRIVES MORE CONSUMERS TO SEEK SPIRITUAL COMFORT IN TEMPLES

As the pace of life accelerates, stress and anxiety have become common issues in daily life. This **growing pressure has led more people to turn to the power of Chinese metaphysics as a form of spiritual reliance**, seeking a sense of control over the unknown and their destiny.

The connection between metaphysics and fate has become a meaningful way for individuals to cope with emotional challenges, as reflected in the significant percentage of people visiting temples for spiritual comfort and stress relief.

REASONS WHY CHINESE CONSUMERS VISIT TEMPLES TO BURN INCENSE



- Spiritual reliance, relieving stress or anxiety
- Praying for blessings for family and friends
- Hoping to fulfill personal wishes
- Following life habits or family traditions during festivals
- Inspired by social media trends to visit popular temples

EMOTIONAL HEALING CONSUMPTION HABITS

DUE TO BELIEF IN ANCIENT DEITY, EMOTIONAL HEALING CONSUMERS BUY TEMPLE-THEMED PRODUCTS



Putuo Mountain Spiritual Gifts Flagship Store (185,000 followers)

Opened by Putuo Temple in Zhoushan, Zhejiang

Popular Products:

- Putuo Mountain Dragon Pendant **(40,000+ sold)**
- Birth-Year Zodiac Stickers **(20,000+ sold)**
- Soybean Buddha Pendants **(10,000+ sold)**



Lingyin Temple Official Spiritual Goods Store (50,000 followers)

Opened by Hangzhou's famous Lingyin Temple

Popular Products:

- Ten Blessed Coins **(50,000+ sold)**
- Mystical Lucky Carp Ornament **(20,000+ sold)**
- Seven-Star Buddha Pendant **(5,000+ sold)**

EMOTIONAL HEALING CONSUMPTION HABITS

EMOTIONAL HEALING GURUS LOVE SQUISHY TOYS TO RELIEVE STRESS

During this year's Tmall 618 shopping festival, the search volume for squishy toys on Taobao increased by **over 125%** year-on-year. Some merchants sold **more than 1,000** squishy toys in a single day.



EMOTIONAL HEALING CONSUMPTION HABITS

EMOTIONAL HEALING GURUS USE PUNS TO JOKE ABOUT PRESSURE



"Relaxation Pine"

The small pine tree is called "放青松" (literally "release green pine"), which is a pun on the Chinese phrase "放轻松" meaning "relax." It represents a wish for people to let go of stress and embrace a calm, relaxed state of mind.



"Anxiety-Banishing Bananas"

These bananas are referred to as "蕉绿香" (literally "anxiety-green bananas") because the term "蕉绿" sounds similar to "焦虑" (anxiety) in Chinese. The idea is to wait for the bananas to ripen from green to yellow before eating them, symbolizing a shift from "banishing anxiety" to enjoying calmness.



"Everything Is Not Difficult"

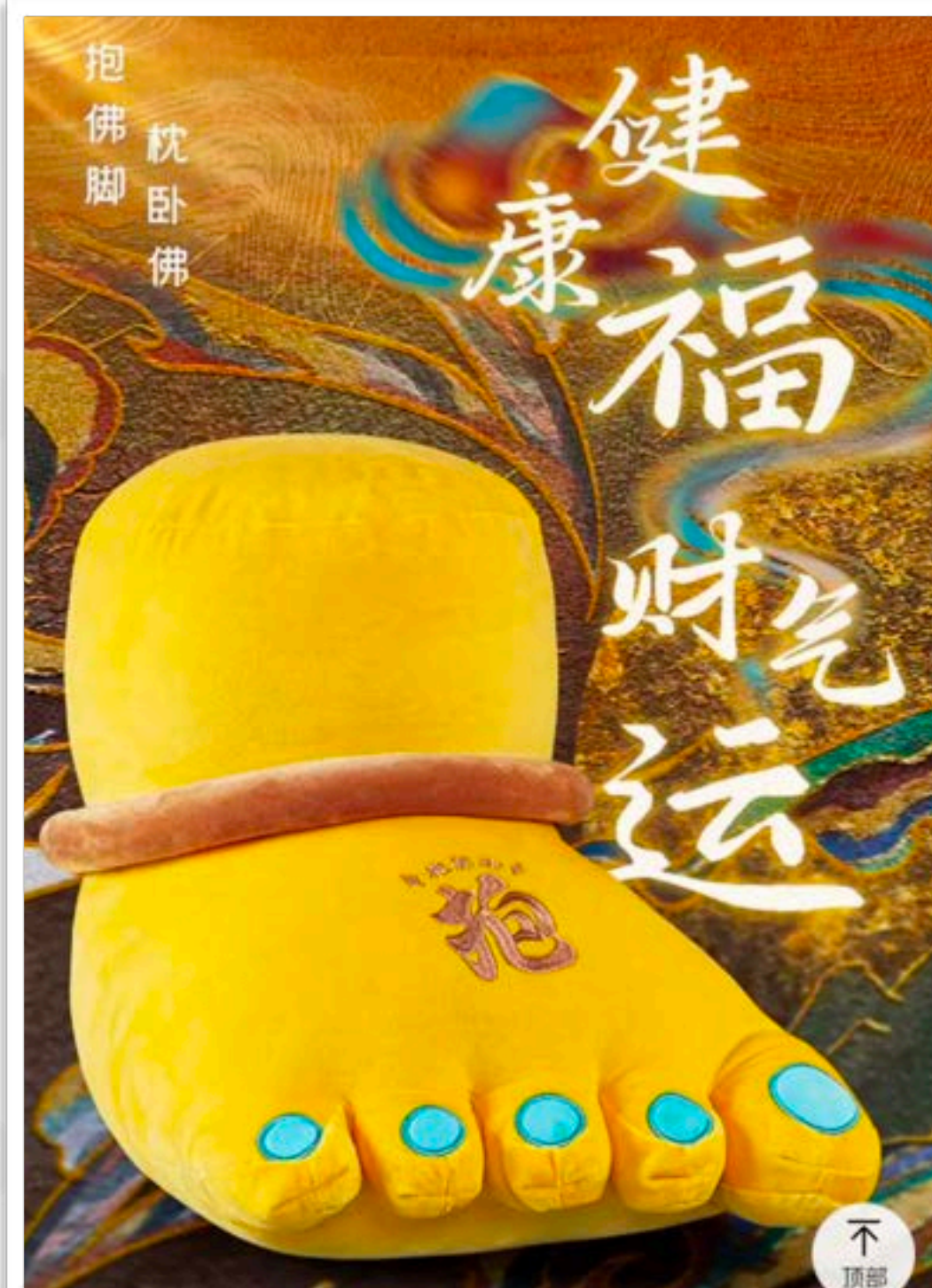
The mini pumpkin is named "万事不南" (literally "everything not difficult"), playing on the homophone of "南" (south) and "难" (difficult) in Chinese. It symbolizes a positive mindset where all challenges are manageable.

EMOTIONAL HEALING CONSUMPTION HABITS

DIVERSE MIND-SOOTHING TOYS HAVE SURGING SALES VOLUME IN 2024

“Buddha's Foot” Pillow

saw a **610%** surge in popularity on Taobao's trending searches



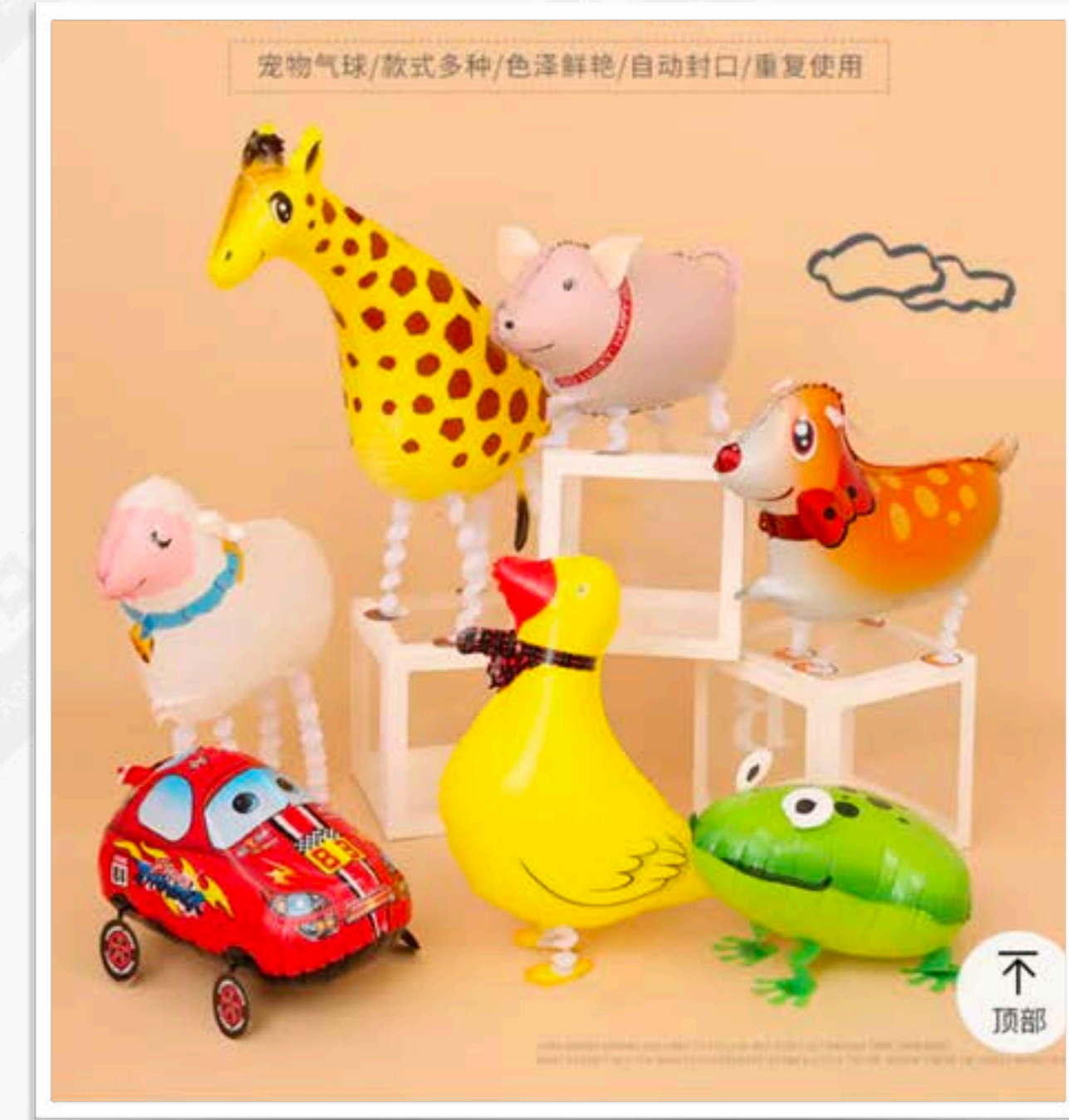
Bubble Wrap Tissue

saw a **14%** surge in popularity on Taobao's trending searches



Walking Balloons

saw a **11%** surge in popularity on Taobao's trending searches



EMOTIONAL HEALING GURUS IN VIRTUAL MARKET

EMOTIONAL HEALING CONSUMERS SPEND ON SEEMINGLY NONSENSE TO COPE WITH DIFFICULTIES IN LIFE

This wave of emotional consumption is not limited to physical goods but has also swept through the virtual market.

In Taobao's 2023 annual product rankings, an unusual item called **"Einstein's Brain"** made the list. For just 0.5 yuan (around \$0.07), buyers could "unlock" a cyber-boost of genius, promising to grant them a virtual "Einstein buff" to boost their brainpower.



1,022%
POPULARITY SURGED DURING
EXAM SEASON



Buyers of "Einstein's Brain" shared in the comment that after purchasing it, their exams went smoothly, they felt smarter, etc.

EMOTIONAL HEALING GURUS IN VIRTUAL MARKET

APART FROM LIFE CHALLENGES, CONSUMERS ALSO SEEK EMOTIONAL SUPPORT AND COMFORT IN VIRTUAL CONSUMPTION

Among the nominees for "Taobao's Top 10 Products of the Year," in addition to "Einstein's Brain," other virtual items such as "Virtual Mosquito" and "Wake-Up Call for Love-Fool Minds" also made the list.

1 MILLION+
ANNUAL SALES OF
"VIRTUAL MOSQUITO"



"Virtual Mosquito" - a surprising gift for fun



"Wake-Up Call for Love-Fool Minds" - to "wake up" individuals who may be acting irrationally due to being infatuated in a relationship



"Negative Emotion Recycling Bin" - a form of emotional relief or self-entertainment

EXPERT BITE

Q: HOW SHOULD BRANDS ADJUST MESSAGING FOR RISING TRENDS LIKE RATIONAL SPENDING AND WELLNESS?

In 2025, Chinese consumers are highly value-conscious, demanding products that balance affordability with **authenticity and premium quality, such as those using imported ingredients**. Wellness and fitness trends are driving growth in sectors like athleisure and health-focused products, with brands like Lululemon aligning their offerings with aspirational lifestyles.

Offline experiences remain crucial for building trust and emotional connections, but consumers frequently turn to online channels for discounts and added transparency. To succeed, brands must integrate offline authenticity with seamless online convenience while leveraging relatable KOLs and KOCs to build trust and drive engagement.



YERETH JANSEN

CEO at DARLING Shanghai

3

TRAVEL & OUTDOOR ENTHUSIASTS

TRAVEL CONSUMPTION IS VIBRANT, SHOWCASING CHARACTERISTICS OF DIVERSITY, QUALITY, AND PERSONALIZATION. TIER-3 AND TIER-4 CITIES, AS WELL AS COUNTY-LEVEL TOURISM MARKETS, ARE EXPERIENCING STRONG MOMENTUM, BECOMING NEW GROWTH POINTS FOR TOURISM CONSUMPTION.

CHINA'S TOURISM BOOM DRIVEN BY TRAVEL ENTHUSIASTS

SURGING CONTENT FOR TRAVEL REFLECTS A GROWING DESIRE FOR BOTH DOMESTIC AND INTERNATIONAL GETAWAYS

On RedNote (China's popular social media platform), "Travel" ranked **top 7** on the annual hot keywords, with travel-related note posts increasing by **454.4%** and interaction growth reaching **215.19%**.

Travel-related trending topics showed a high engagement with nature, garnering 600 million views and estimated 360 million interactions. Post-pandemic, searches for "getaways" grew in popularity, with domestic destinations like Chengdu, Guilin, Hangzhou, Jiangxi, and Yunnan seeing increased interest alongside international spots such as Thailand, Japan, and Paris.

TRAVEL

RANKED 7TH ON THE ANNUAL
HOT KEYWORDS ON REDNOTE

UP BY **454.40%**

THE NUMBER OF TRAVEL-
RELATED POSTS

UP BY **215.19%**

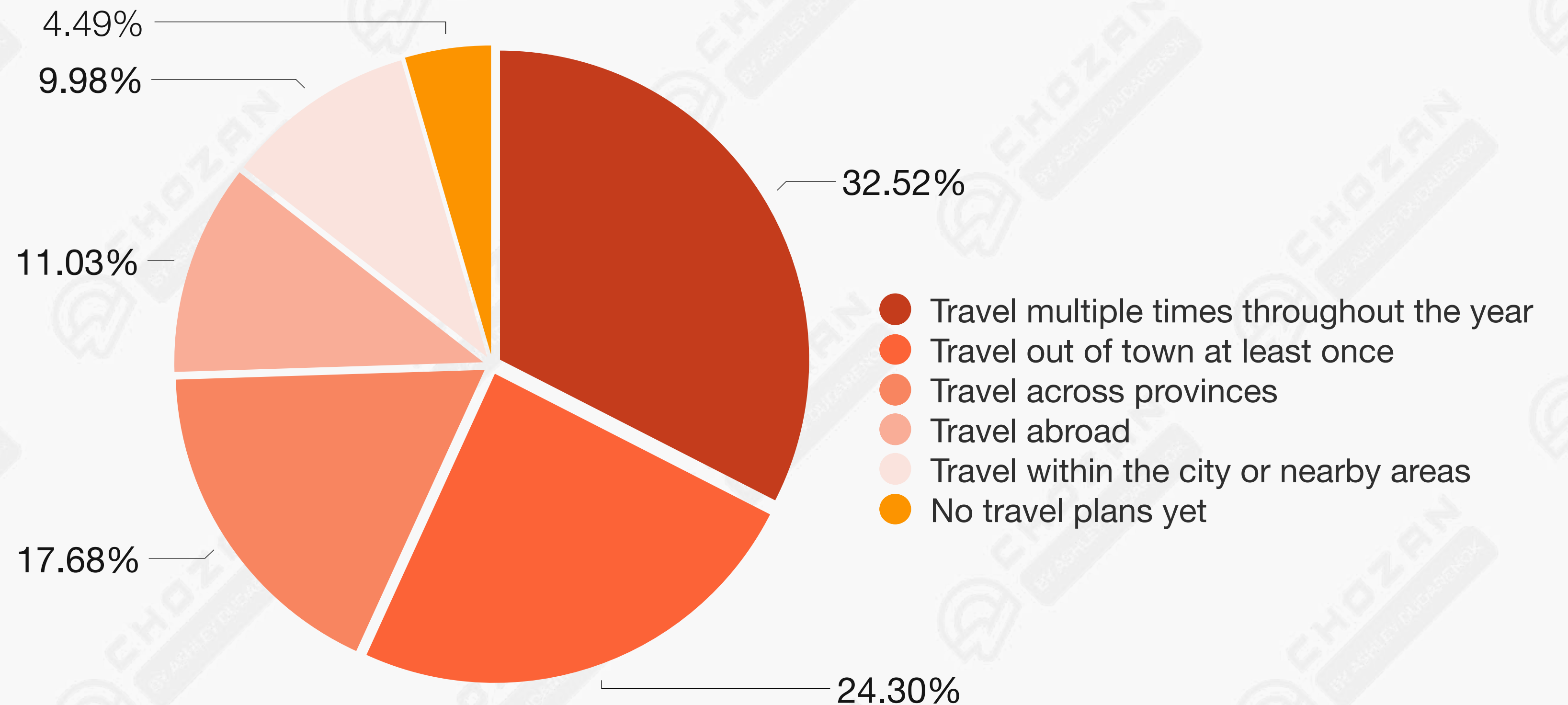
POST INTERACTION GROWTH

TRAVEL ENTHUSIASTS' TRAVEL PLAN

TRAVEL ENTHUSIASTS' SUSTAINED PASSION FOR OUTDOOR EXPLORATION

CONSUMERS' TRAVEL PLANS FOR PERSONAL TRIPS IN 2024 ARE:

Travel demand for 2024 remains robust in China. A significant 95.51% of respondents plan to travel this year, marking an increase of 3.66% from 2023. Additionally, nearly **one-third of travelers intend to embark on multiple trips**, reflecting a sustained enthusiasm for exploring new destinations and experiences.

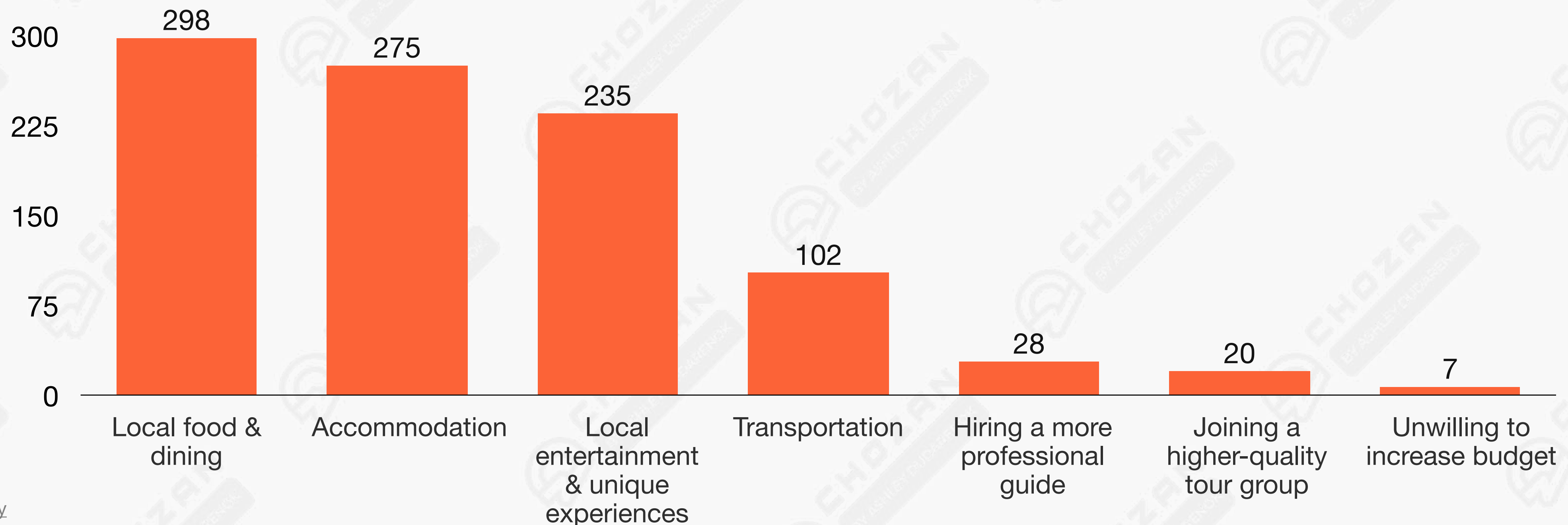


TRAVEL ENTHUSIASTS' SPENDING POWER

YOUNG TRAVELERS' FOCUS ON SELF-CARE DRIVES HIGHER SPENDING ON LOCAL EXPERIENCES

Nowadays, many young people focus on self-care and pleasing themselves. Among respondents who choose self-guided or semi-guided trips, they tend to allocate more budget to local dining, accommodation, and unique local experiences.

IN WHICH AREA WOULD YOU BE WILLING TO ALLOCATE A HIGHER BUDGET FOR YOUR TRIP?



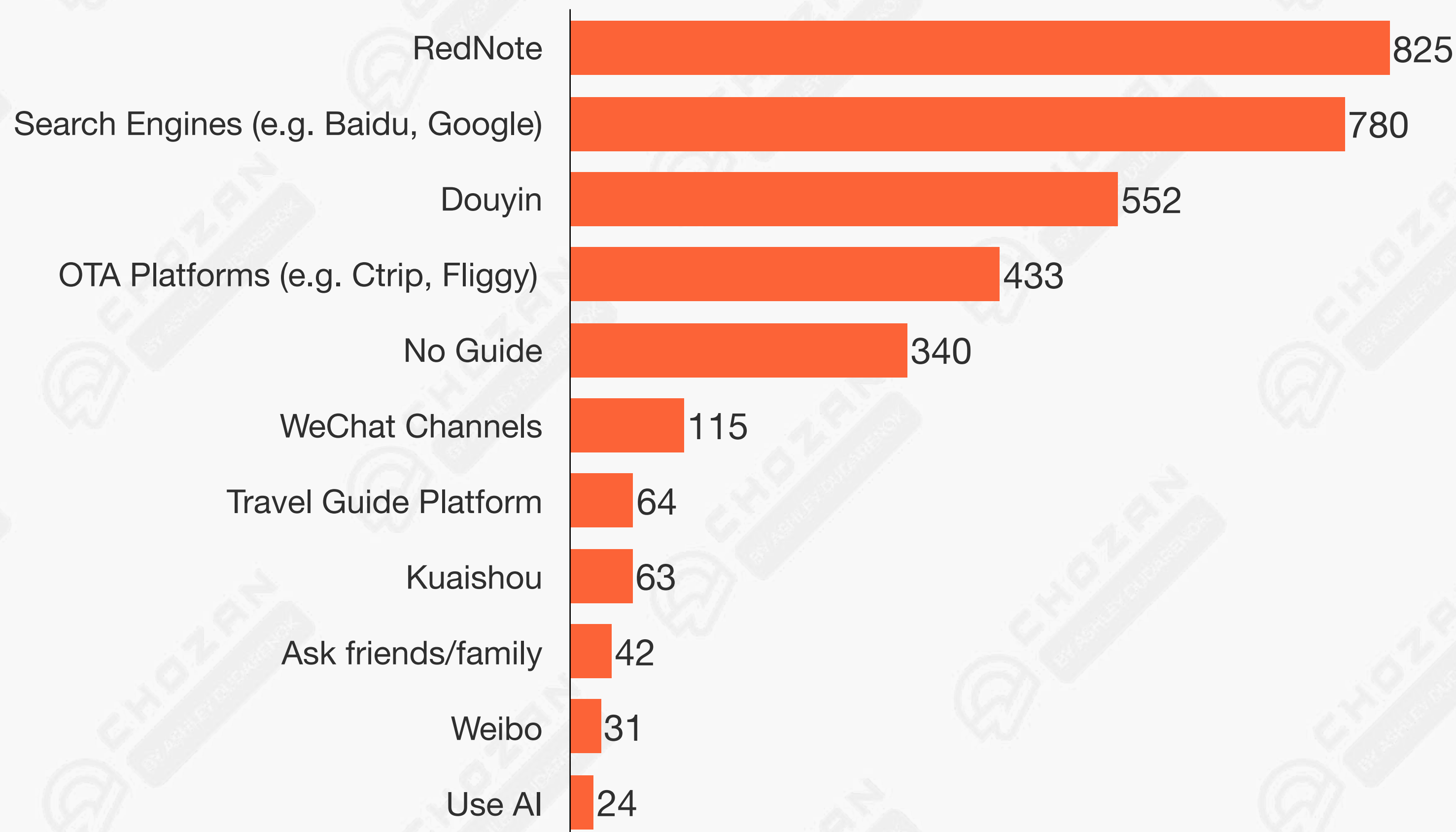
TRAVEL ENTHUSIASTS' CONSUMPTION HABITS

TRAVEL ENTHUSIASTS' RELY MORE SOCIAL MEDIA CHANNELS FOR TRAVEL GUIDE

In the trip-planning phase, nearly 25% of the 3,302 respondents **first think of using RedNote for travel guides**, followed by various search engines (23.6%). Douyin (16.7%) and OTA platforms (13.1%) rank third and fourth, respectively.

This indicates that emerging platforms like RedNote and Douyin have a significant impact on users' initial travel planning, while traditional search engines still hold a strong position in consumers' minds.

TRAVEL ENTHUSIASTS' INFORMATION CHANNELS



TRAVEL ENTHUSIASTS' SOURCE CITIES

RESIDENTS OF URBAN CITIES PLAY A CENTRAL ROLE IN SHAPING TRAVEL TRENDS

In the first half of this year, consumers from first-tier and new first-tier cities remain the main force in **tourism consumption**.

Residents from cities such as Beijing, Shanghai, Nanjing, Guangzhou, Chengdu, Shenzhen, Zhengzhou, Hangzhou, Tianjin, and Wuhan ranked at the top of the "Top Tourist Source Cities for the First Half of 2024" list, showcasing high enthusiasm for travel.

TOP 10 TOURIST SOURCE CITIES IN CHINA

Beijing	Shenzhen
Shanghai	Zhengzhou
Nanjing	Hangzhou
Guangzhou	Tianjin
Chengdu	Wuhan

TRAVEL ENTHUSIASTS' DESTINATIONS

NICHE CITIES HAVE BEEN WIDELY WELCOMED BY TRAVELERS IN 2024

TOP 10 TRENDING TRAVEL DESTINATION IN CHINA

In the first half of this year, tourism to destinations in third- and fourth-tier cities and county-level areas like Dali, Nyingchi, Lingshui Li Autonomous County, Mudanjiang, Qingyuan saw significant growth.

Notably, the number of trips to Dali **increased over threefold year-on-year**, while destinations like Nyingchi, Lingshui Li Autonomous County experienced **year-on-year growth of over twofold**.

Dali	Huangshan
Nyingchi	Diqing
Lingshui Li Autonomous County	Shangrao
Mudanjiang	Jiujiang
Qingyuan	Leshan

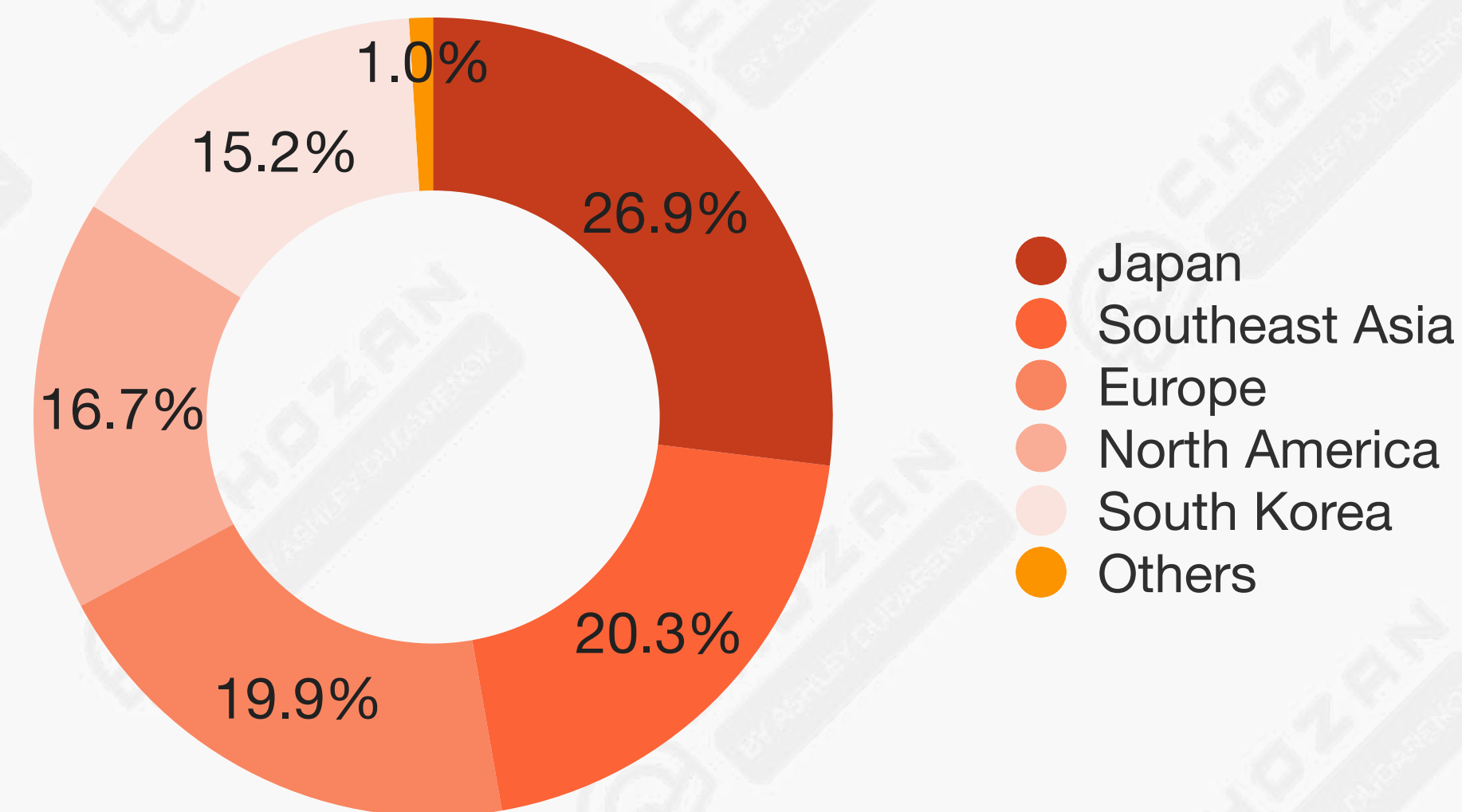
POLICY IMPACT ON TRAVEL

FAVORABLE VISA POLICIES BRING RISING OUTBOUND TRAVEL

Since the beginning of this year, visa policies for Chinese citizens have become increasingly favorable, greatly facilitating outbound travel. So far, over 20 countries (incl. Thailand, Singapore and Malaysia) have established mutual visa exemptions with China.

In the first half of this year, the number of outbound trips by Chinese travelers increased **more than threefold** compared to last year, with **nearly 75%** of travelers opting for short-haul international trips. As more destinations opened up, the popularity of long-haul international travel surged significantly, with trips increasing **over fourfold year-on-year**.

WHICH OVERSEAS DESTINATIONS ARE YOU PLANNING TO TRAVEL TO IN 2024?



TRAVEL ENTHUSIASTS' NEW PURSUITS

URBAN TOURISM IS SHIFTING TOWARD AUTHENTIC, CULTURAL EXPERIENCES FOR MENTAL RELAXATION

SHIFT FROM "NATURAL SCENIC AREAS" TO "LIFESTYLE DISTRICTS"

Tourism in urban areas is booming with casual spots like campfires, rooftop barbecues, streams, and waterfalls. Instead of carefully designed hotspots, authentic experiences are attracting attention. This shift emphasizes "the rise of lifestyle districts" that reflect everyday life and unique cultural elements over traditional "tourism."

"SECOND HOMETOWN" - SEEKING EMOTIONAL AND FAMILIAR RETREATS

As tourism moves beyond physical spaces to cultural and emotional realms, these "second hometowns" (those that people never set foot in but hope to visit someday) become places of mental relaxation. Emotional resonance, journeys, and winding roads inspire a strong connection, opening an inner world beyond physical boundaries.

EXPERT BITE

Q: HOW DOES FLIGGY ENGAGE CHINESE CONSUMERS DIGITALLY IN 2025?

As an open platform for the tourism industry, Fliggy builds a digital bridge for merchants to provide services directly to consumers. Leveraging Alibaba's 20 years of e-commerce expertise, Fliggy hosts promotions like "Double 11" and "618". This year's Double 11 saw trading users increase by 40%, with 22 brands exceeding 100 million yuan in transactions.

Fliggy's official matrix and influencer ecosystem use engaging content for virtual tourism experiences. During Double 11, sales efficiency soared, with 19 products generating tens of millions. Fliggy offers 40,000 live streaming slots annually, achieving a record 300 million yuan in special sales. Future plans target groups with specific tourism needs, connecting members of over 40 brands. Users can accumulate points and enjoy benefits by booking at flagship stores, serving as a "second official website" for brands to build digital assets and manage their membership systems.



ADA XU

Director of International Affairs at
FLIGGY

EXPERT BITE

Q: HOW HAS CHINESE OUTBOUND TOURISM EVOLVED, AND WHAT TRENDS ARE AHEAD FOR 2025?

Outbound tourism is recovering slowly, likely ending the year with about 110 million trips, over half to HK and Macau SAR, up from 74 million in 2022. **Key trends in travel include increased numbers of travelers, driven by the end of COVID fears and cheaper air tickets, particularly from second-tier cities, though growth remains slow.** Visa-free access to destinations like Singapore and Serbia has not significantly boosted arrivals. Travel preferences are shifting away from package tours, with small groups and FITs becoming more common due to unattractive inbound operator offers. Shopping is no longer the primary activity, with Japan emerging as the main shopping destination. There is a rising interest in nature, culture, and health experiences, especially among travelers aged 55+ with more disposable income. Affluent travelers are spending more per trip, often to transfer funds out of China, while most travelers remain cautious about value for money.

[shortened and rephrased for brevity]



**PROF. DR. WOLFGANG
GEORG ARLT**

Director of Meaningful Tourism
Centre and CEO of COTRI China

ECO- CONSCIOUS BUYERS

4

CONSUMERS' AWARENESS OF ENVIRONMENTAL PROTECTION AND SUSTAINABLE DEVELOPMENT IS CONTINUOUSLY RISING, PROMPTING THEM TO SHIFT FROM TRADITIONAL CONSUMPTION PATTERNS TO MORE STREAMLINED AND MODERATE APPROACHES.

CHINESE CONSUMER'S ECO MINDSET

CHINESE CONSUMERS SHOW A MORE MATURE AND POSITIVE ATTITUDE TOWARDS SUSTAINABILITY

Compared to the American, Japanese and European markets, a higher proportion of Chinese consumer have maturer perception and more positive attitude towards sustainability.

	CHINA	U.S.	JAPAN	EUROPE
NO HARMFUL SUBSTANCES (NATURAL INGREDIENTS / ZERO ADDITIVES)	0.39	0.25	0.17	~30%
DOMESTICALLY / LOCALLY PRODUCED	0.31	0.21	0.21	~20%
ORGANIC / LOW CARBON (ORGANIC PRODUCTS / LOW CARBON EMISSIONS DURING MANUFACTURING)	0.28	0.12	0.08	10-15%
SUSTAINABLE PACKAGING (RECYCLABLE / LOW-PLASTIC PACKAGE)	0.28	0.15	0.13	~20%
ANIMAL-FRIENDLY (NO ANIMAL TEST / HARM)	0.19	0.19	0.05	15-25%

CHINESE CONSUMER'S ECO MINDSET

CHINESE CONSUMERS EMBRACE THE GREEN CONCEPT DRIVEN BY INTERNAL NEEDS

TOP 3 REASONS WHY CHINESE CONSUMERS ACCEPT GREEN PRODUCTS

Chinese consumers' acceptance of the green concept is more attributable to the internal or spiritual needs instead of pragmatism, indicating a deeper level of pursuit.

41%

The product is sustainable / environment friendly and has small impact on the climate, nature or animals

37%

The product is conducive to health / safer

29%

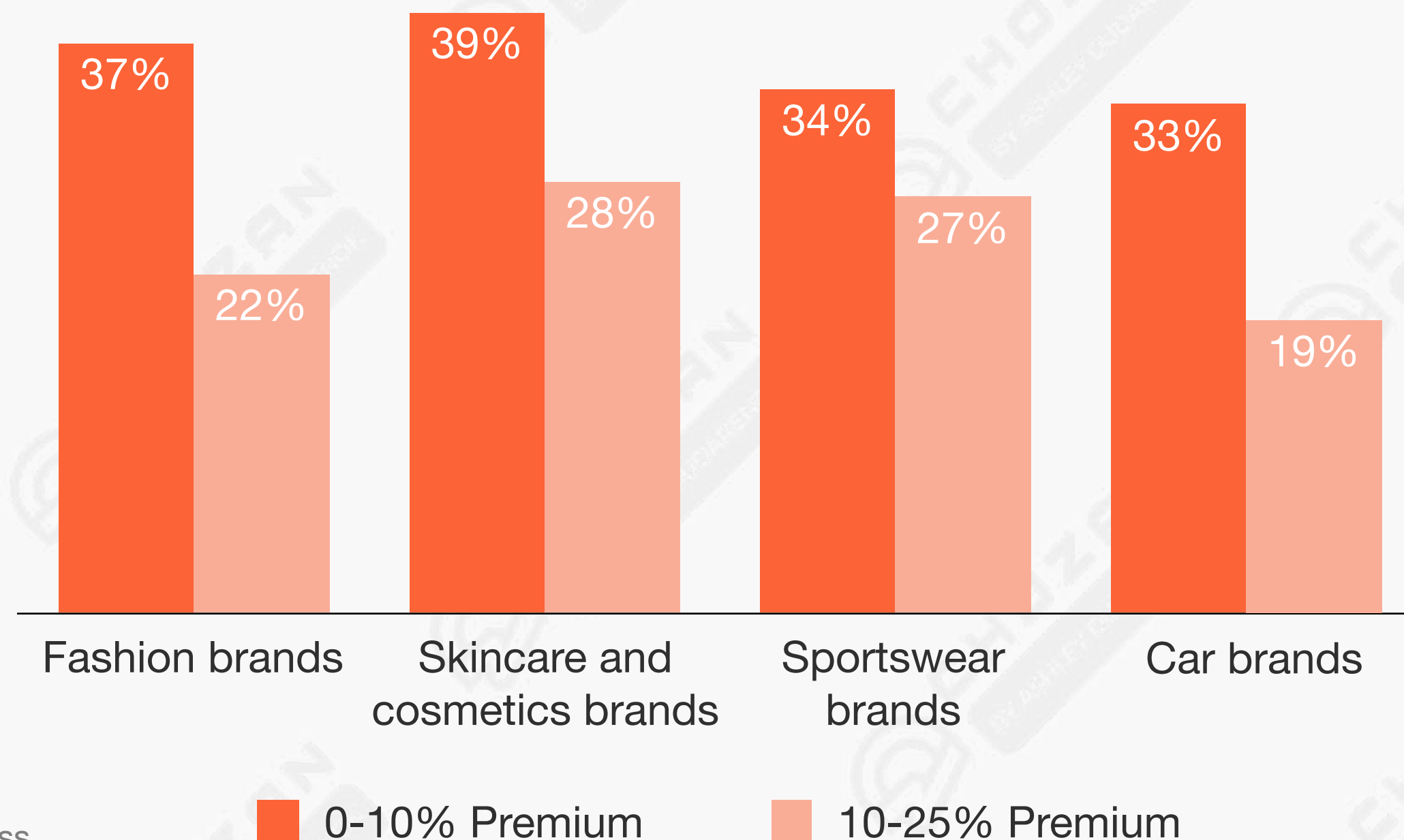
The product is value-for-money / cost-saving

ECO-CONSCIOUS BUYER PROFILE

AMONG ALL CONSUMER GROUPS, GEN Z SHOW HIGH WILLINGNESS TO PAY A PREMIUM FOR SUSTAINABLE BRANDS

Gen Z consumers showcase support for green / sustainable brands, as evidenced by their willingness to pay more for such brands. Among all consumer goods, skincare and cosmetics is the category they are mostly likely to pay a premium for, followed by fashion and sportswear brands.

GREEN BRANDS' PRICE PREMIUM SPACE



90%

GEN Z CONSUMERS SHOW FAVORABILITY TOWARDS GREEN / SUSTAINABLE BRANDS

ECO-CONSCIOUS BUYER PROFILE

FOUR TYPICAL PORTRAITS OF ECO-CONSCIOUS BUYERS

ACTIVIST PRO (27%)

Greatest awareness
Greatest execution
Greatest attitude

TAGS

- Practitioner of sustainability
- Environment protectionist
- “Zero carbon” consumer
- Green attitude
- Secondhand goods lover

PASSIONATE BUYER (28%)

Moderate awareness
Good execution
Good attitude

TAGS

- Shopaholic
- Green consumer
- Trend / popularity follower

DISTANT OBSERVER (33%)

Good awareness
Little execution
Moderate attitude

TAGS

- Prudent practitioner
- Continuous observer
- Active in theory rather than practice

COLD OUTSIDER (12%)

Little awareness
Little execution
Moderate attitude

TAGS

- Hedonist
- Indifferent environment protectionist
- Traditional consumer

ECO-CONSCIOUS BUYERS' CONSUMPTION HABITS

ECO-CONSCIOUS BUYERS SEEK MINDFUL CONSUMPTION AND REDUCE ENVIRONMENTAL IMPACT

LOW-CARBON CONSUMPTION

Awareness of carbon emissions contributing to global warming is widespread among young people, but their understanding of low-carbon and sustainable consumption in practice remains relatively low.

RECYCLABLE CONSUMPTION

Avoid single-use products, reduce the consumption of plastic products, and minimize the excessive use of resources and energy.

MODERATE & RESTRAINED CONSUMPTION

Decrease the production of non-recyclable waste, reduce repeated consumption, practice intermittent fasting, and adopt a restrained approach to unlimited consumption.

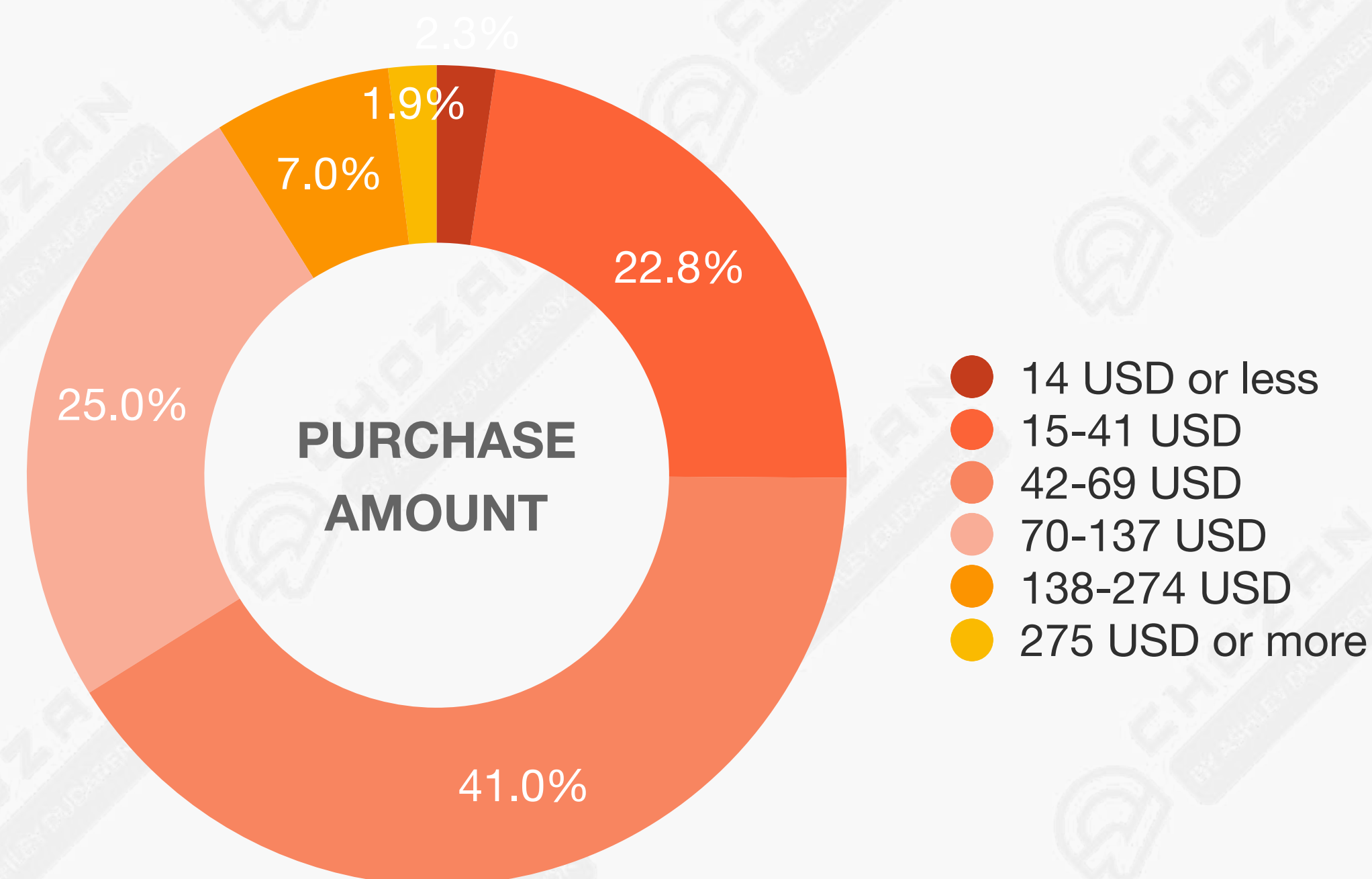
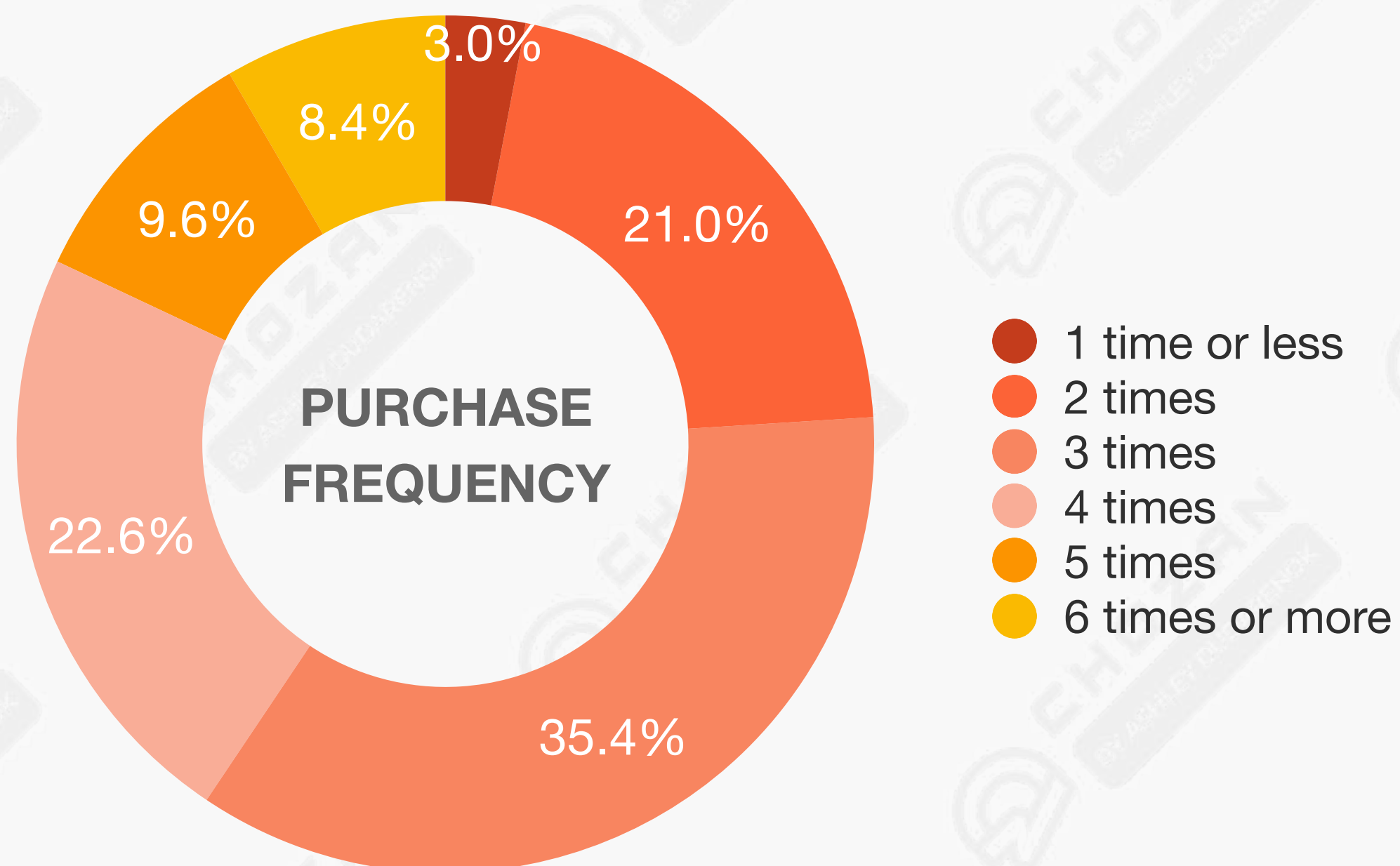
HEALTHY & NON-TOXIC CONSUMPTION

Separate waste processing without harming the environment; avoid harmful and environmentally damaging consumption; choose products that are natural, organic, and non-toxic for sustainable consumption.

ECO-CONSCIOUS BUYERS' CONSUMPTION HABITS

FREQUENT, MODERATELY PRICED PURCHASES REFLECT A BALANCE BETWEEN SUSTAINABILITY AND AFFORDABILITY

Among eco-conscious buyers in the footwear and apparel category, the average purchase frequency is generally **2-4 times** per year, accounting for a combined share of 79.0%. Each purchase amount is typically concentrated between 300-500 RMB, accounting for 41.0%. Amounts of 500-1,000 RMB and 100-300 RMB also hold certain proportions, accounting for 25.0% and 22.8%, respectively.

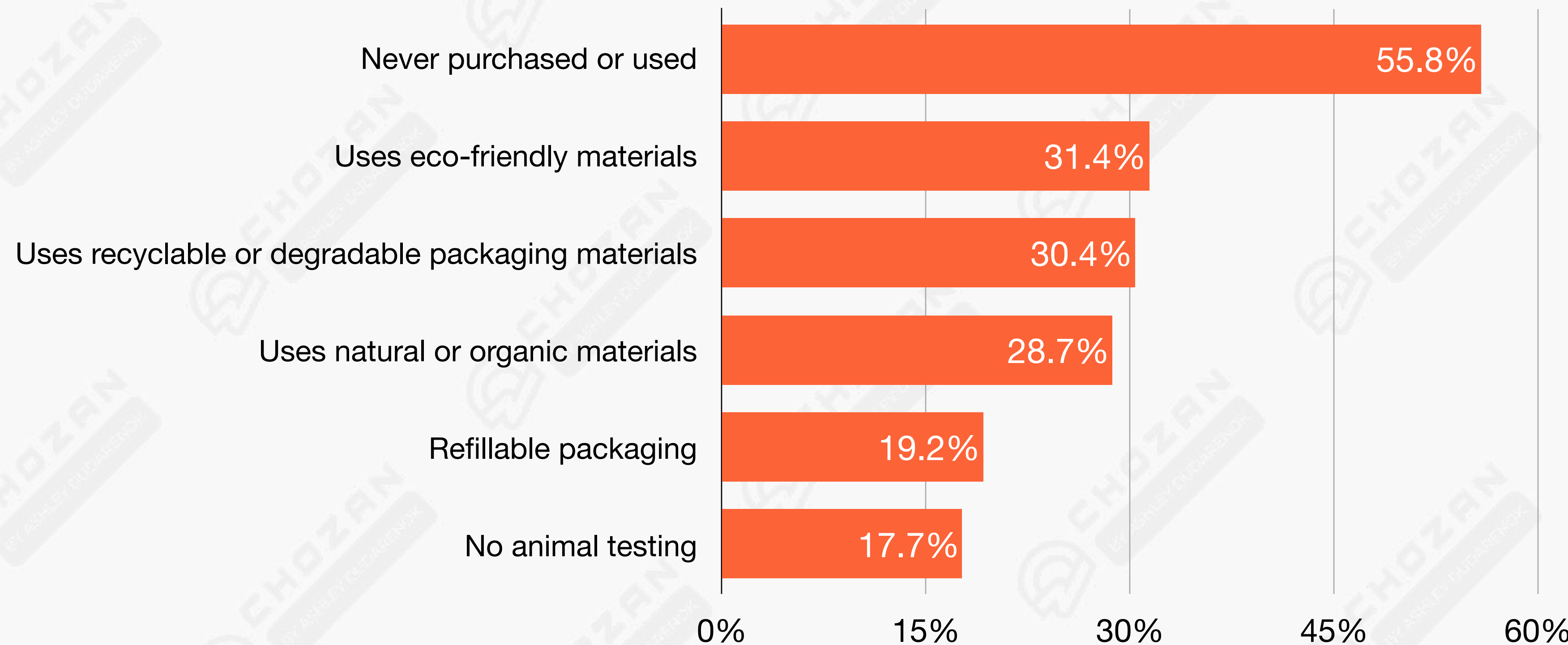


ECO-CONSCIOUS COSMETICS CONSUMPTION

ECO-FRIENDLY AND ORGANIC PRODUCTS SEE HIGHER ADOPTION BY ECO-CONSCIOUS BUYERS

PENETRATION RATE OF SUSTAINABLE COSMETICS

The overall penetration rate of **"sustainable consumption" cosmetics** is **44.2%**, with cosmetics using eco-friendly or natural organic materials showing a relatively high penetration rate.

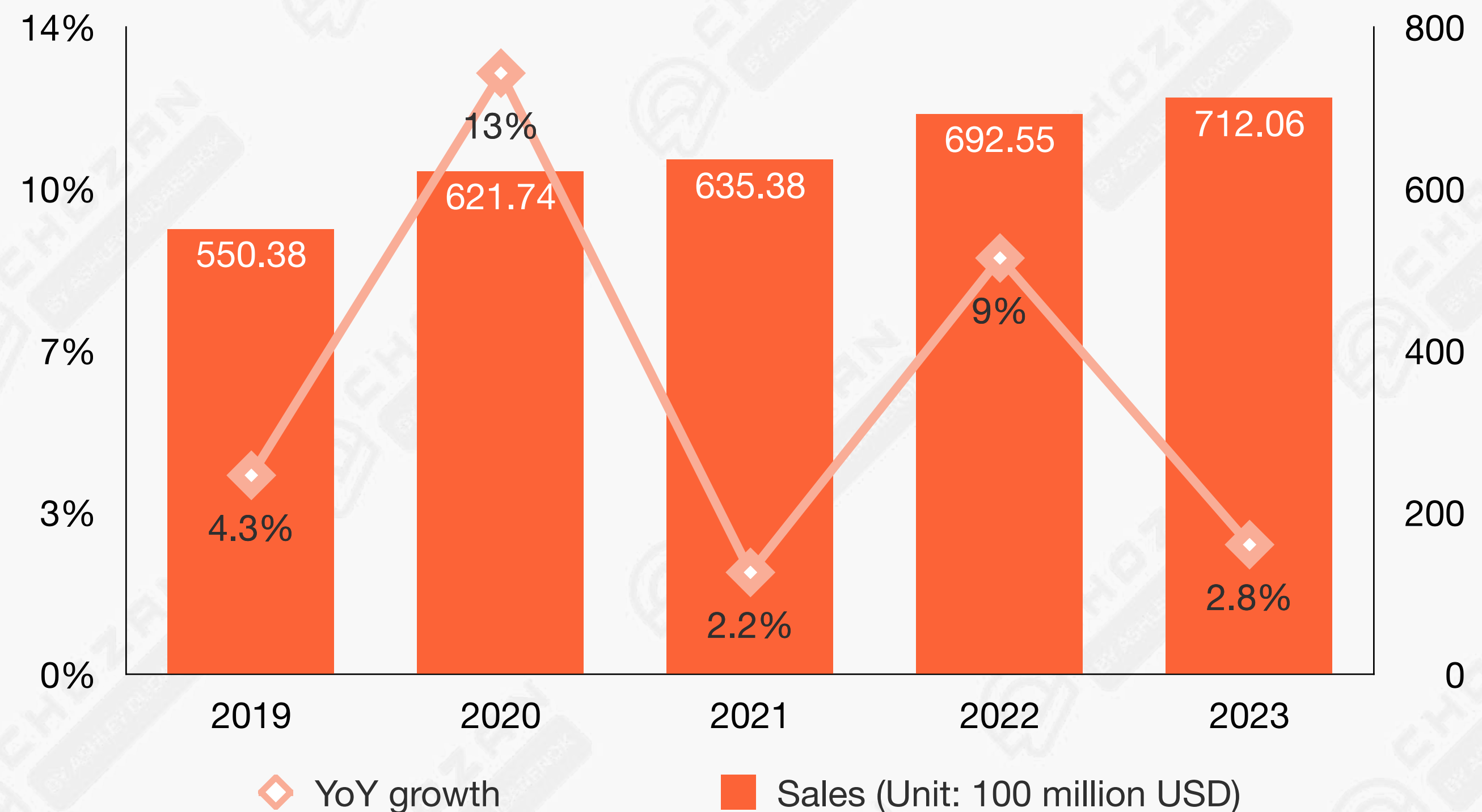


ECO-CONSCIOUS FOOD CONSUMPTION

ECO-CONSCIOUS BUYERS SHOW GROWING PREFERENCE FOR GREEN FOOD

SALES VOLUME OF CHINA'S GREEN FOOD INDUSTRY

The sales volume of green food reached **521.9 billion RMB** (about 71.21 billion USD), representing a growth rate of **35%** compared with five years ago. Chinese consumers love green vegetable and fruit the most.



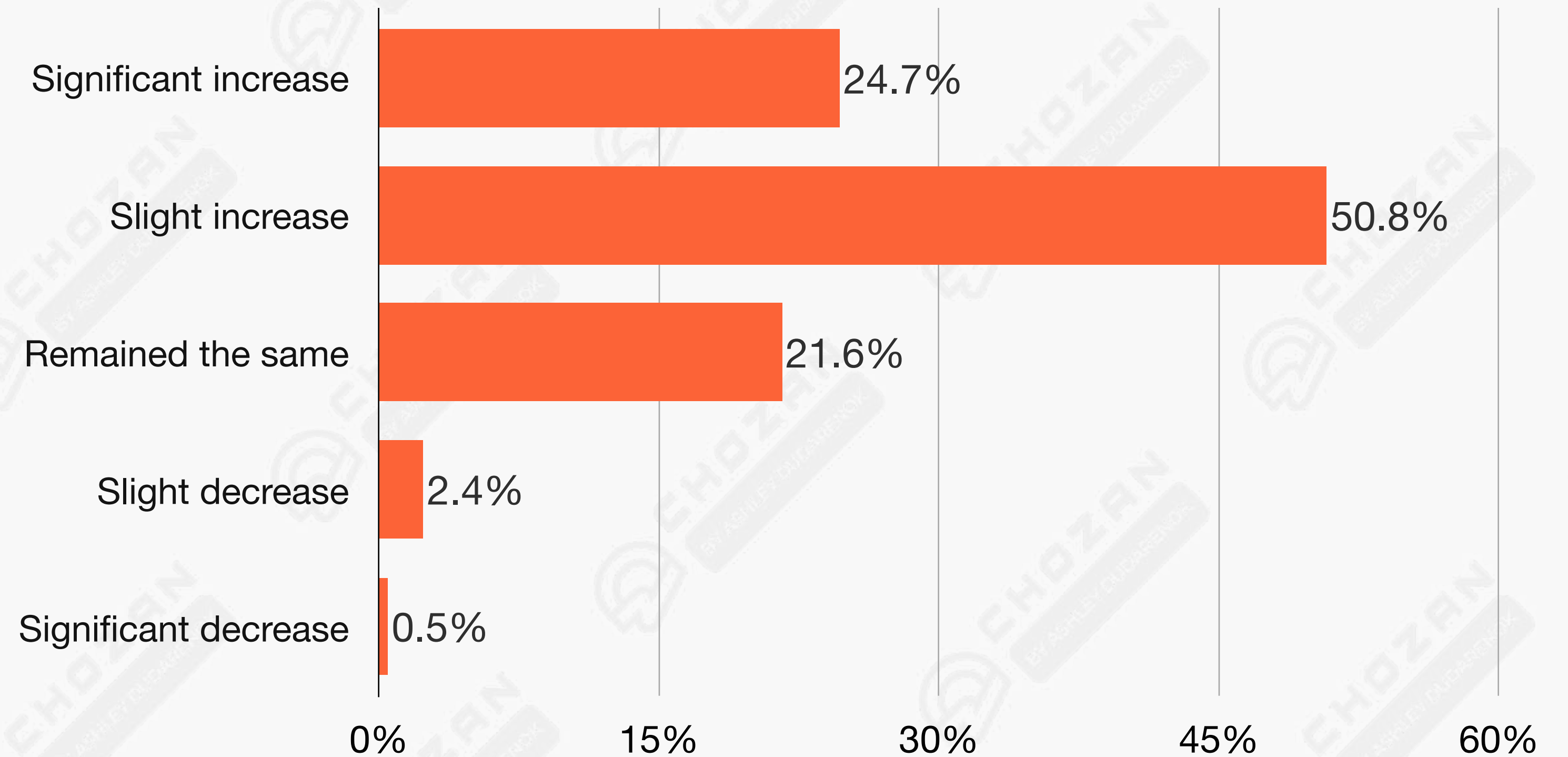
ECO-CONSCIOUS MOBILITY CONSUMPTION

YOUTH ARE CHOOSING ECO-FRIENDLY TRANSPORTATION OPTIONS, A SHIFT AWAY FROM TRADITIONAL CAR RELIANCE

CONSUMERS' WALKING OR CYCLING TRAVEL HABITS

A total of 24.7% and 50.8% of the youth population reported a noticeable or slight increase in using walking or cycling as their mode of transportation compared to the past.

Additionally, **10.7%** of young people indicated that they have already purchased new energy vehicles.

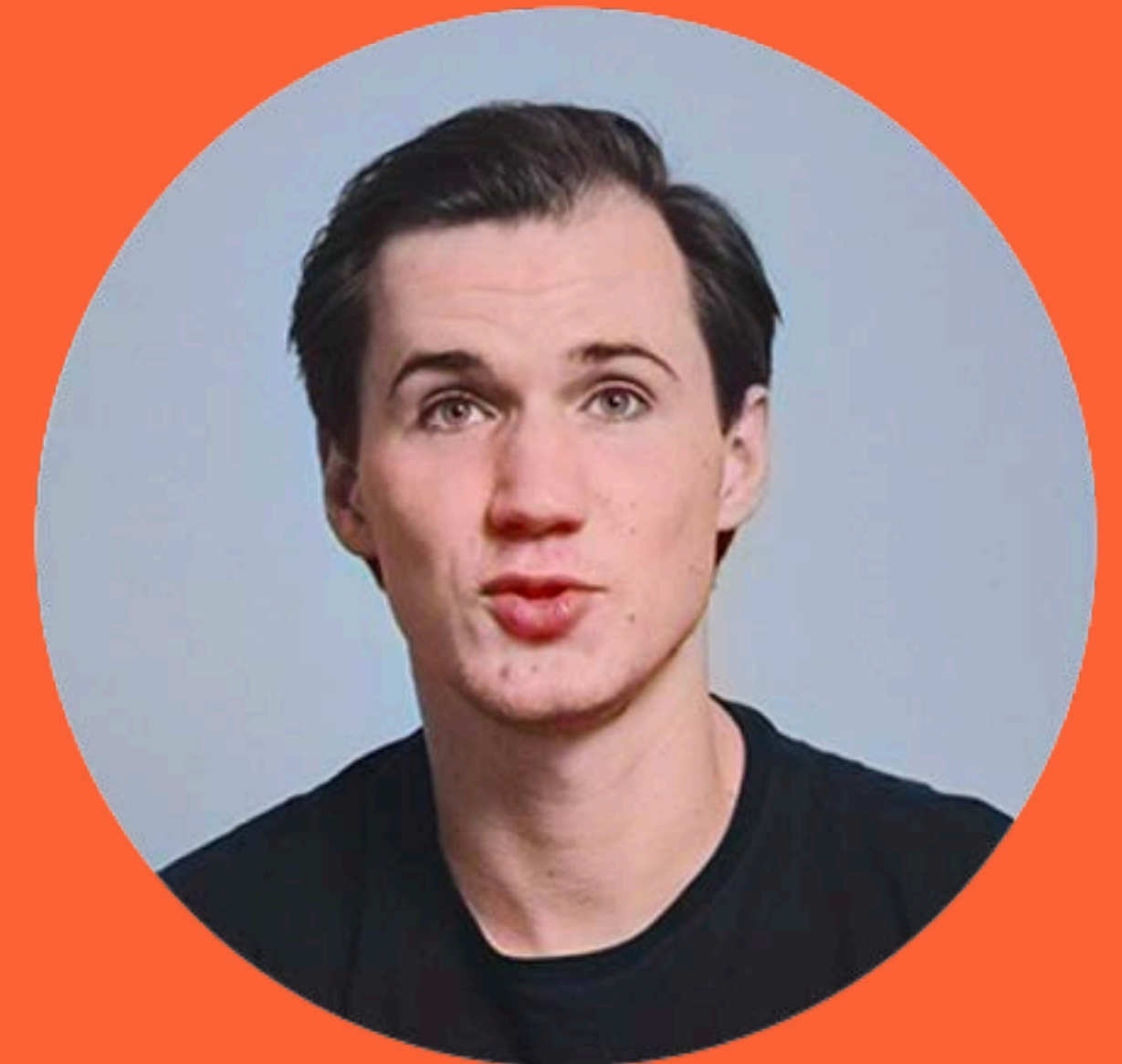


EXPERT BITE

Q: HOW HAVE CONSUMER PREFERENCES SHIFTED IN CHINA'S APPAREL MARKET OVER THE PAST 5 YEARS?

In the past five years, Chinese consumers have grown more discerning about quality, brand story, and social values. With wellness on the rise, sports and outdoor apparel have soared as active lifestyles and authenticity take center stage. Shoppers now expect highly personalized products and seamless omnichannel experiences, pushing both Western and local brands to innovate. Influencer marketing also plays a key role in building trust and brand loyalty.

Sustainability has become a buzzword, but consumers increasingly demand real impact, not just greenwashing. Brands are incorporating recycled materials, ethical sourcing, and transparent supply chains, with major players like Nike and Li-Ning featuring eco-friendly collections. Gen Z's influence is notable, as they champion environmental awareness and push for accountability. China's regulatory environment also encourages responsible practices, offering an opportunity for both foreign and local brands to stand out.



PATRICK STEIJLEN
CEO at Sinolync

EXPERT BITE

Q: WHAT IS THE KEY FASHION TREND FOR THE COMING YEAR? IS THIS THE YEAR FOR ATTITUDES AROUND ECO-FASHION TO CHANGE?

I think consumers have grasped the concept of laid-back, unpretentious fashion that is well made. Many are still contemplating the fallout from the pandemic and embracing the true meaning of life, which they associate with a less complicated wardrobe. Local names advocating this ideal, such as Ruohan or Comme Moi will do very well.

I think attitudes towards sustainability are slowly changing, and I was surprised to see so many vintage stores around Shanghai the last time I was there. A recent report I read stated that HNWI are willing to pay more for ethical fashion, which is positive. The media and the wider industry can do more to amplify the eco-friendly efforts of brands, especially young designers, and educate consumers which will make the topic less intimidating and more desirable.



GEMMA A. WILLIAMS

Writer and Consultant,
Author of Fashion China

5

PAW-RENTS: THE FUR FAMILY CIRCLE

**PAW-RENTS
INCREASINGLY VIEW
PETS AS FAMILY
MEMBERS, WITH
MANY ADAPTING
THEIR LIFESTYLE FOR
THEM AND HIGH
ENTHUSIASM FOR
PET-RELATED
SPENDING.**

CHINA'S PET MARKET

CONSISTENT DOUBLE-DIGIT GROWTH REFLECTS MOMENTUM

China's pet economy industry has entered a phase of rapid development since 2018, with industry growth reaching 32.8% that year and consistently maintaining double-digit growth rates since. In 2023, the industry's market size reached 592.8 billion RMB (about 80.88 billion USD), with a growth rate of 20.1%.

40.7 BILLION RMB

(ABOUT 5.58 BILLION USD)

PET SUPPLIES MARKET

10.3%

YEAR-ON-YEAR GROWTH

190 BILLION RMB

(ABOUT 25.92 BILLION USD)

PET FOOD MARKET

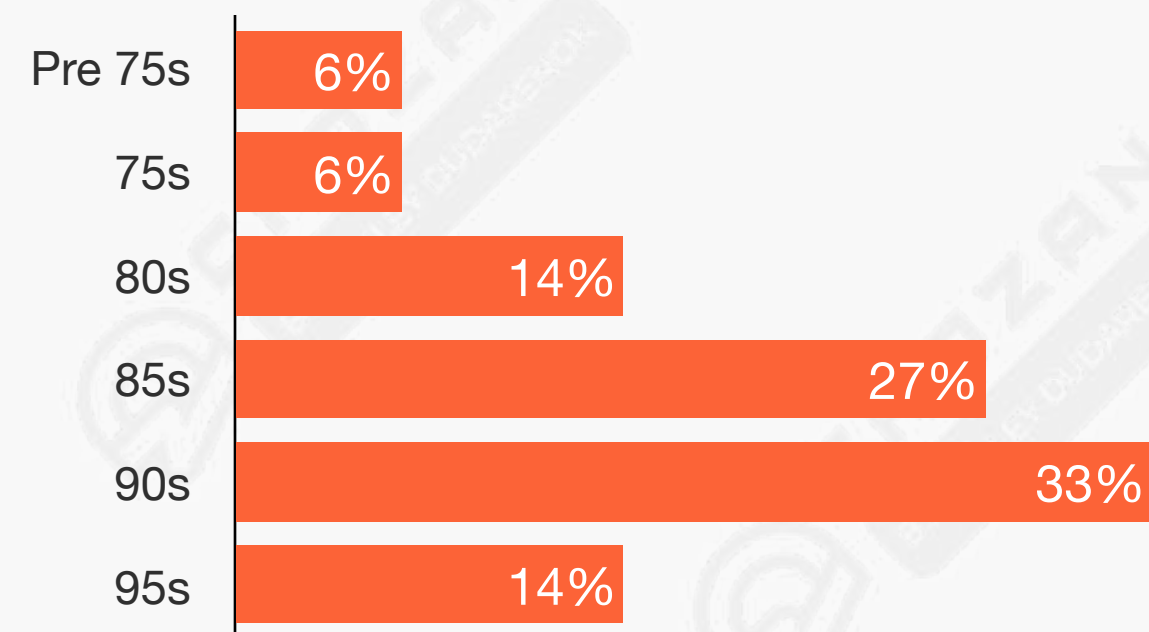
20.1%

YEAR-ON-YEAR GROWTH

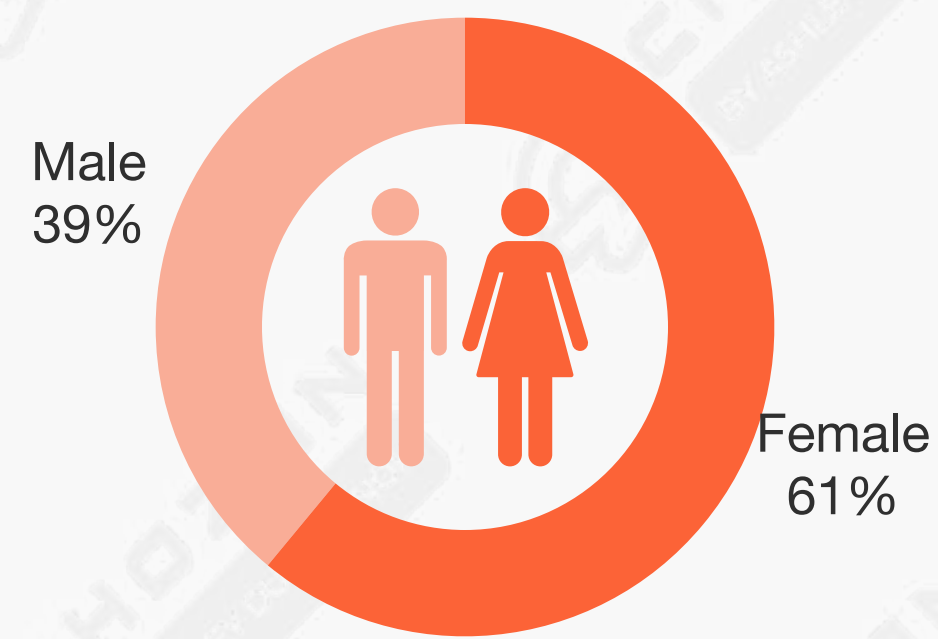
PAW-RENTS PROFILE

PAW-RENTS ARE MAINLY MIDDLE-AGED FAMILIES WITH CHILDREN

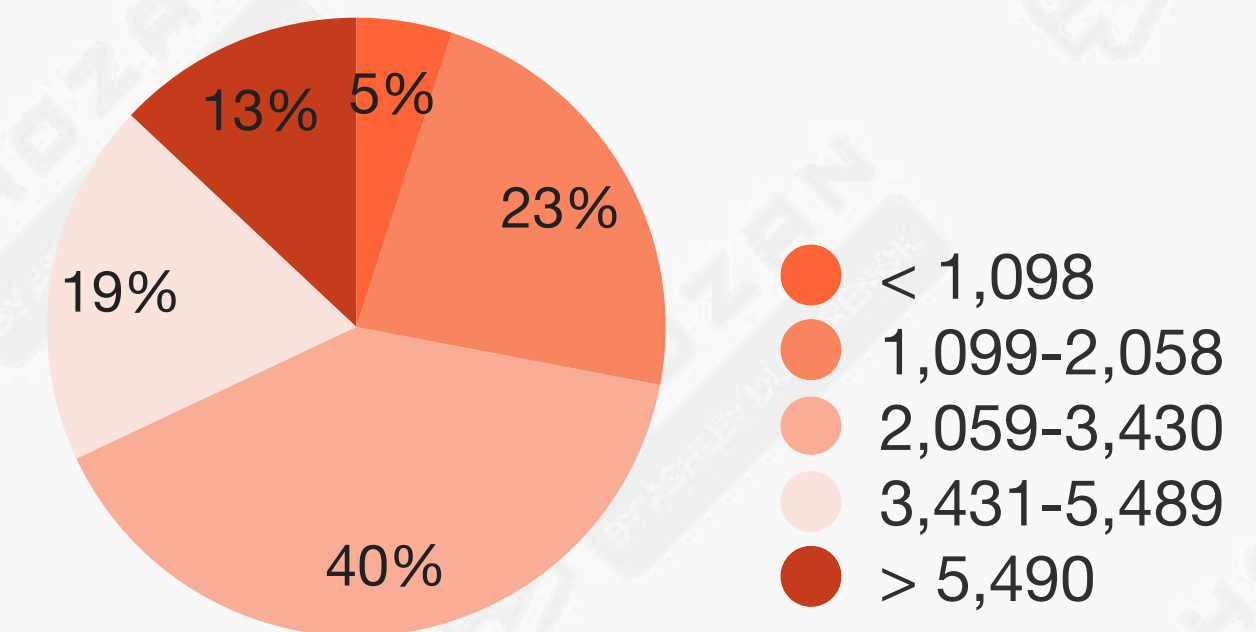
BY AGE



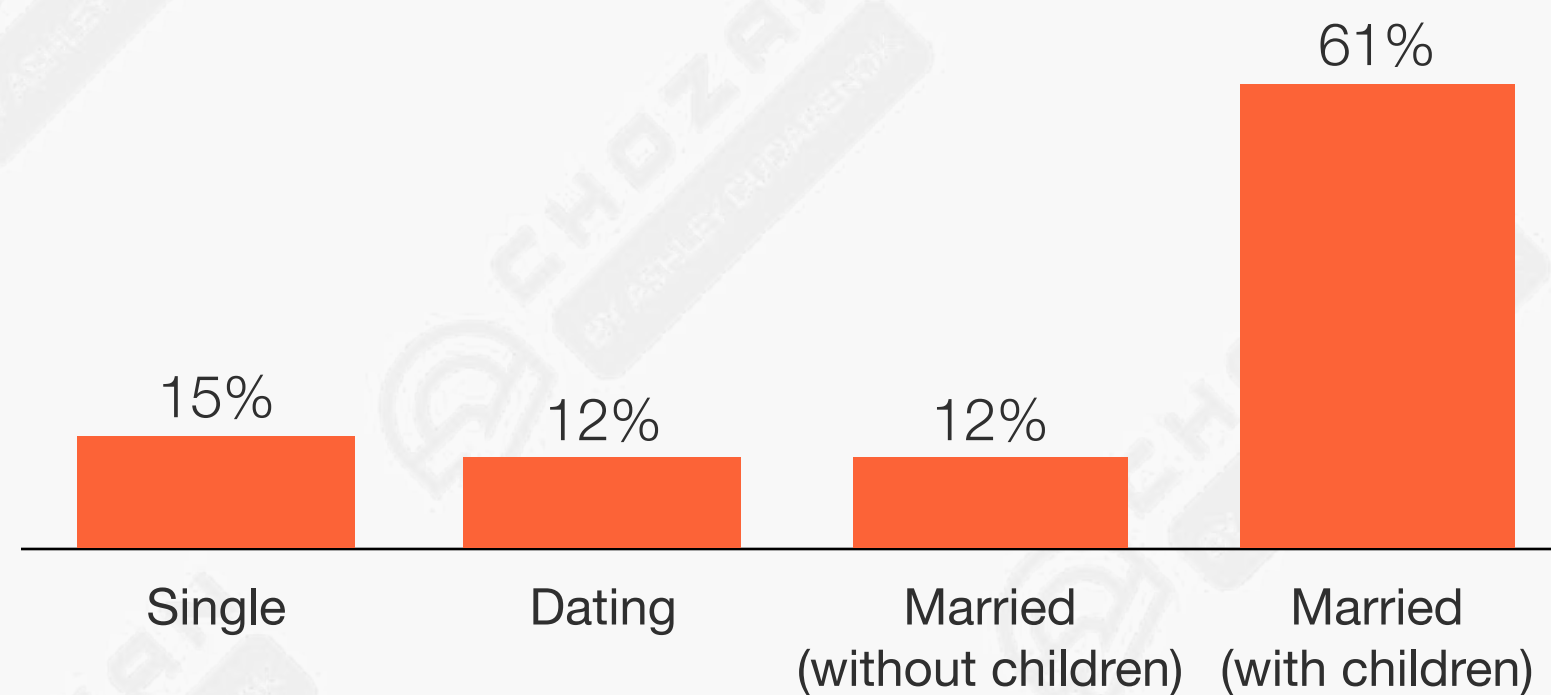
BY GENDER



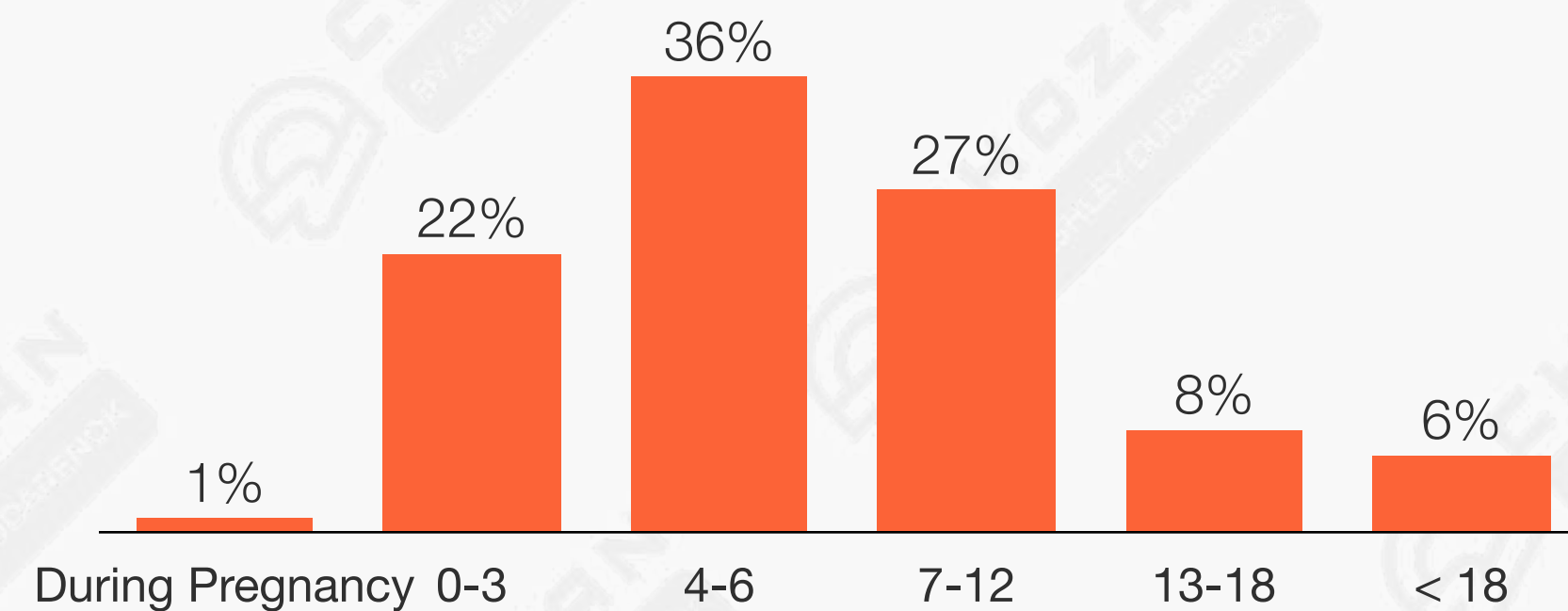
BY INCOME (USD)



BY RELATIONSHIP STATUS



BY CHILD AGE

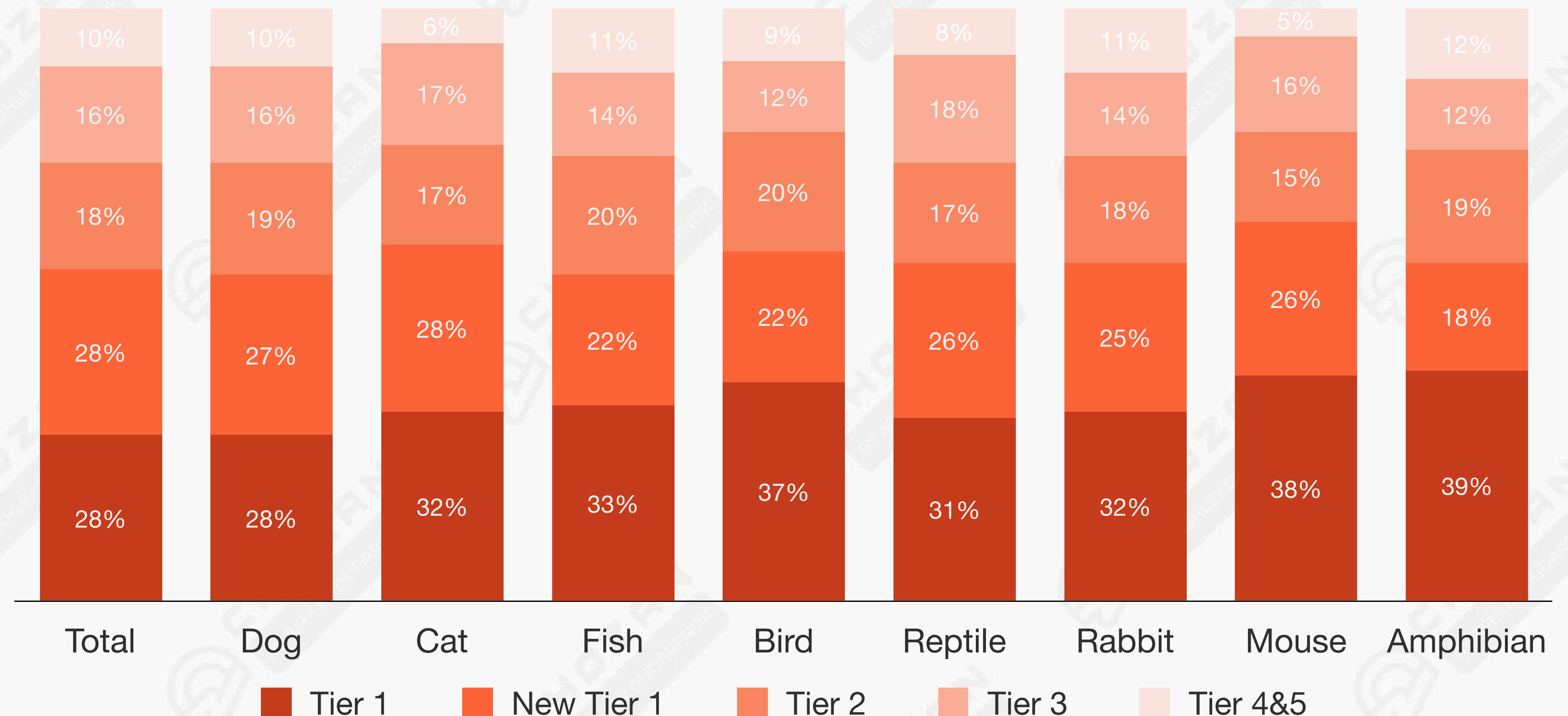


PAW-RENTS PROFILE

MOST PAW-RENTS LIVE IN HIGHER-TIER CITIES DUE TO THEIR GREATER ACCEPTANCE OF DIVERSE PETS

CHINESE PAW-RENTS AMONG CITY TIERS

Most paw-rents of different kinds of pets are located in higher-tier cities.

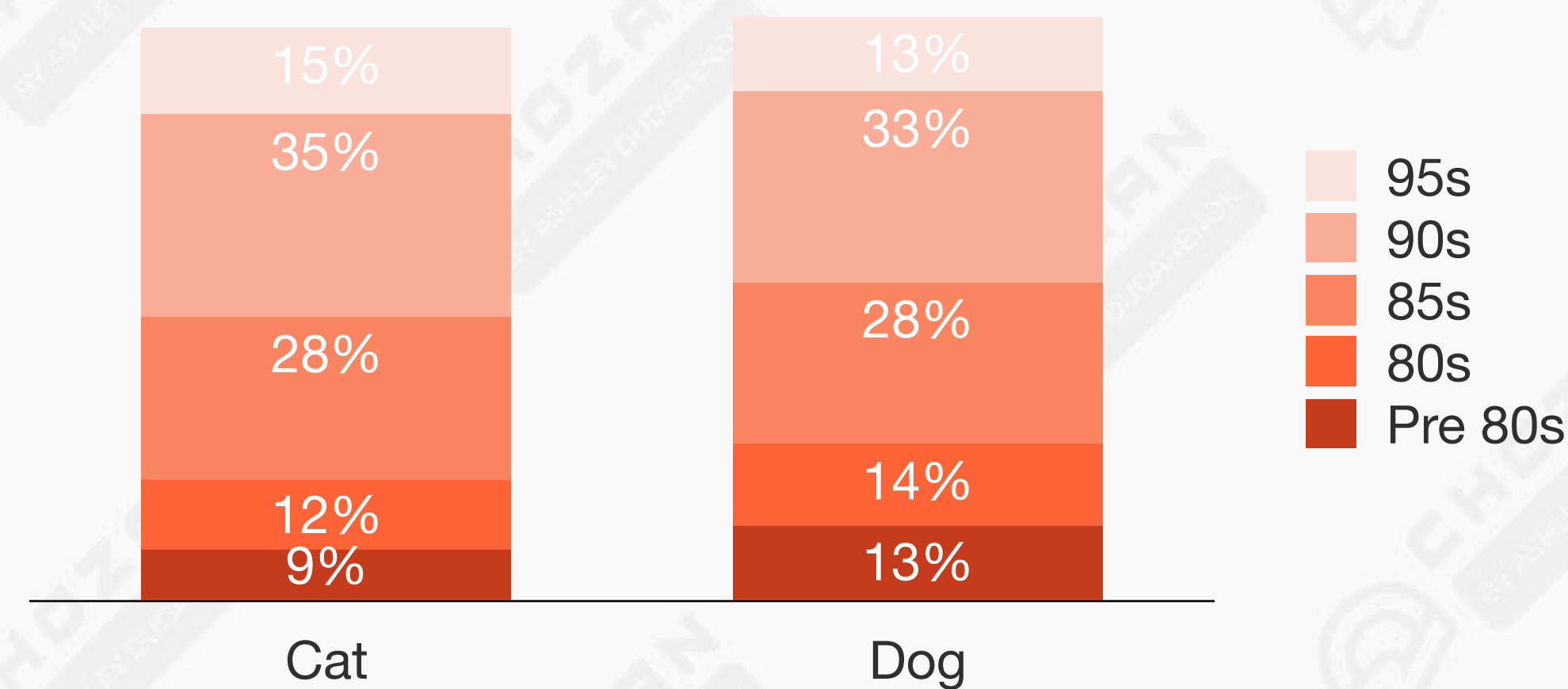


PAW-RENTS OF CATS AND DOGS

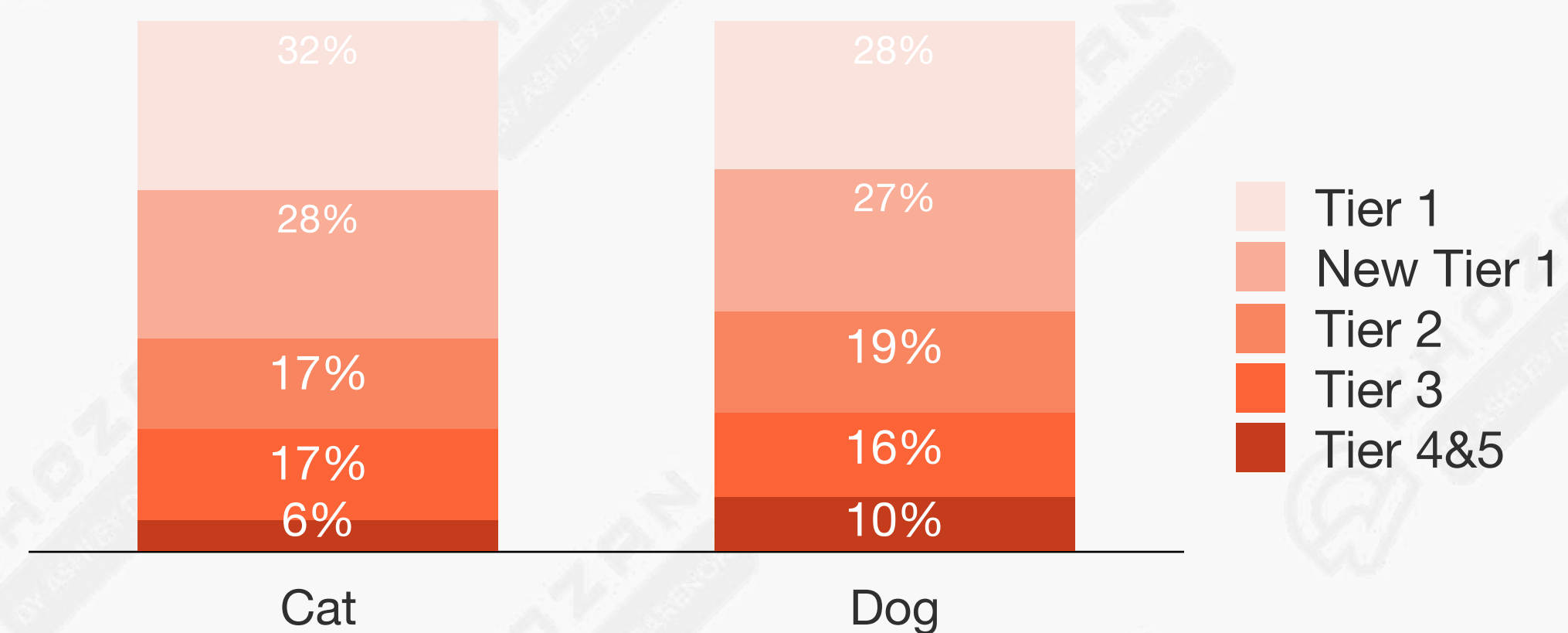
YOUNG WOMEN ARE THE DOMINANT PAW-RENTS AND MAINLY CONCENTRATED IN NEW TIER 1 CITIES

	CAT	DOG
FEMALE	64%	59%
MALE	36%	41%
SINGLE	28%	23%
MARRIED (WITHOUT CHILDREN)	11%	11%
MARRIED (WITH CHILDREN)	61%	65%

BY AGE GROUP



BY TIER CITIES



PAW-RENTS OF CATS AND DOGS

BOTH CAR AND DOG PAW-RENTS ARE MOSTLY MIDDLE/HIGH INCOME EARNERS, WHILE CAT OWNERS HAVING A MORE PROMINENT YOUNG GROUP

E-COMMERCE CONSUMER DEMOGRAPHICS: CAT OWNERS VS DOG OWNERS



DEMOGRAPHIC	PERCENTAGE	TGI
Female	56%	115
Age 16-25	24%	124
Postgraduate	12%	119
Middle/ High Income	83%	108



DEMOGRAPHIC	PERCENTAGE	TGI
Female	55%	111
Age 46-55	12%	107
Postgraduate	12%	122
Middle/ High Income	82%	108

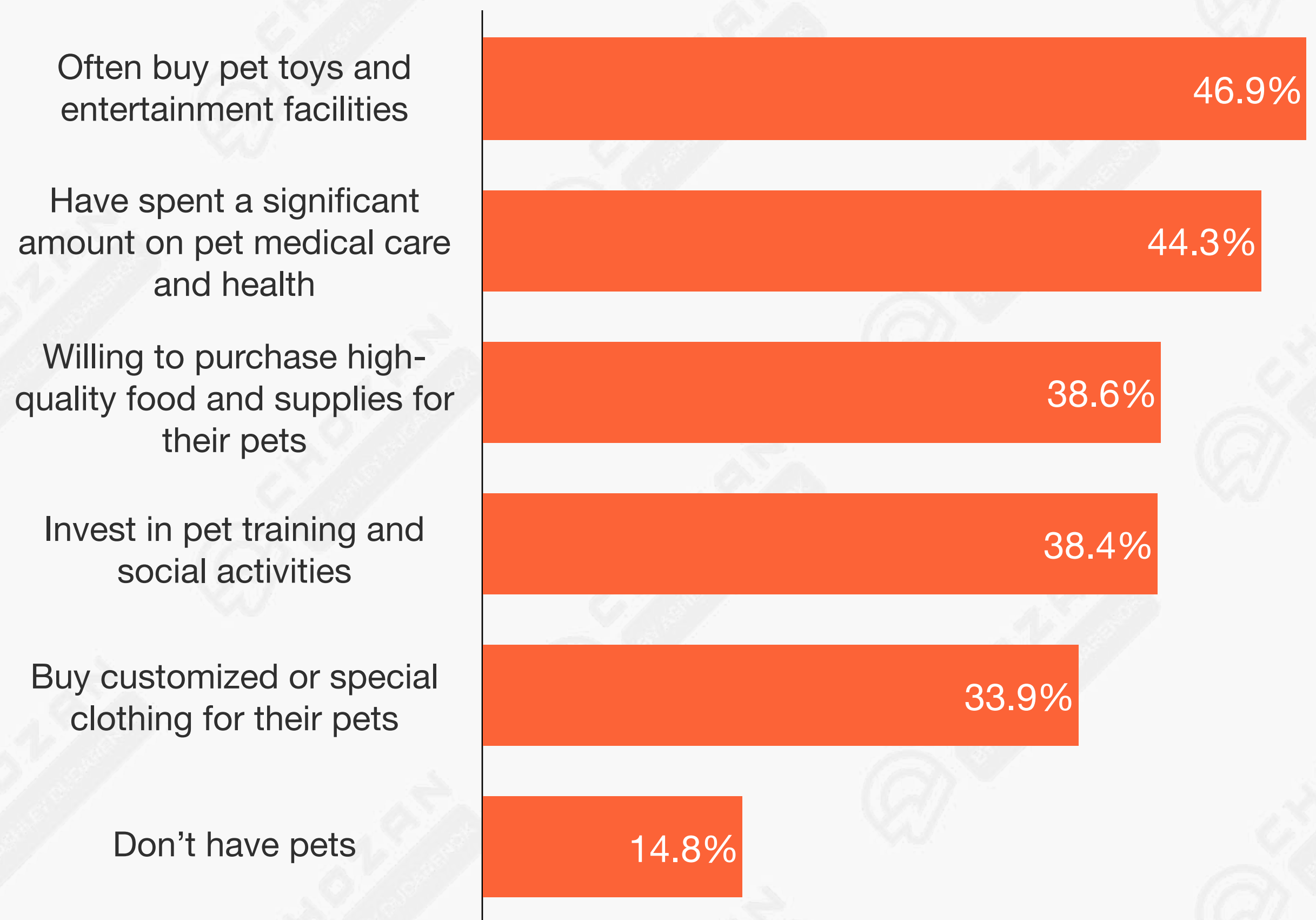
PAW-RENTS CONSUMPTION HABITS

PAW-RENTS VIEW PETS AS FAMILY AND INVEST MORE ENTERTAINMENT ITEMS FOR THEIR “BABIES”

85.24% of respondents have spent money on their pets, with the largest portion (46.85%) purchasing toys and entertainment facilities. Pet healthcare is the second largest expense, with 44.29% of respondents having paid for it.

In the eyes of young people, raising a pet is no longer just about basic survival; pets are considered family and friends. Young people are willing to invest more money and effort to improve their pets' quality of life.

YOUNG PEOPLE’S PET-RELATED EXPENSES



PAW-RENTS CONSUMPTION HABITS

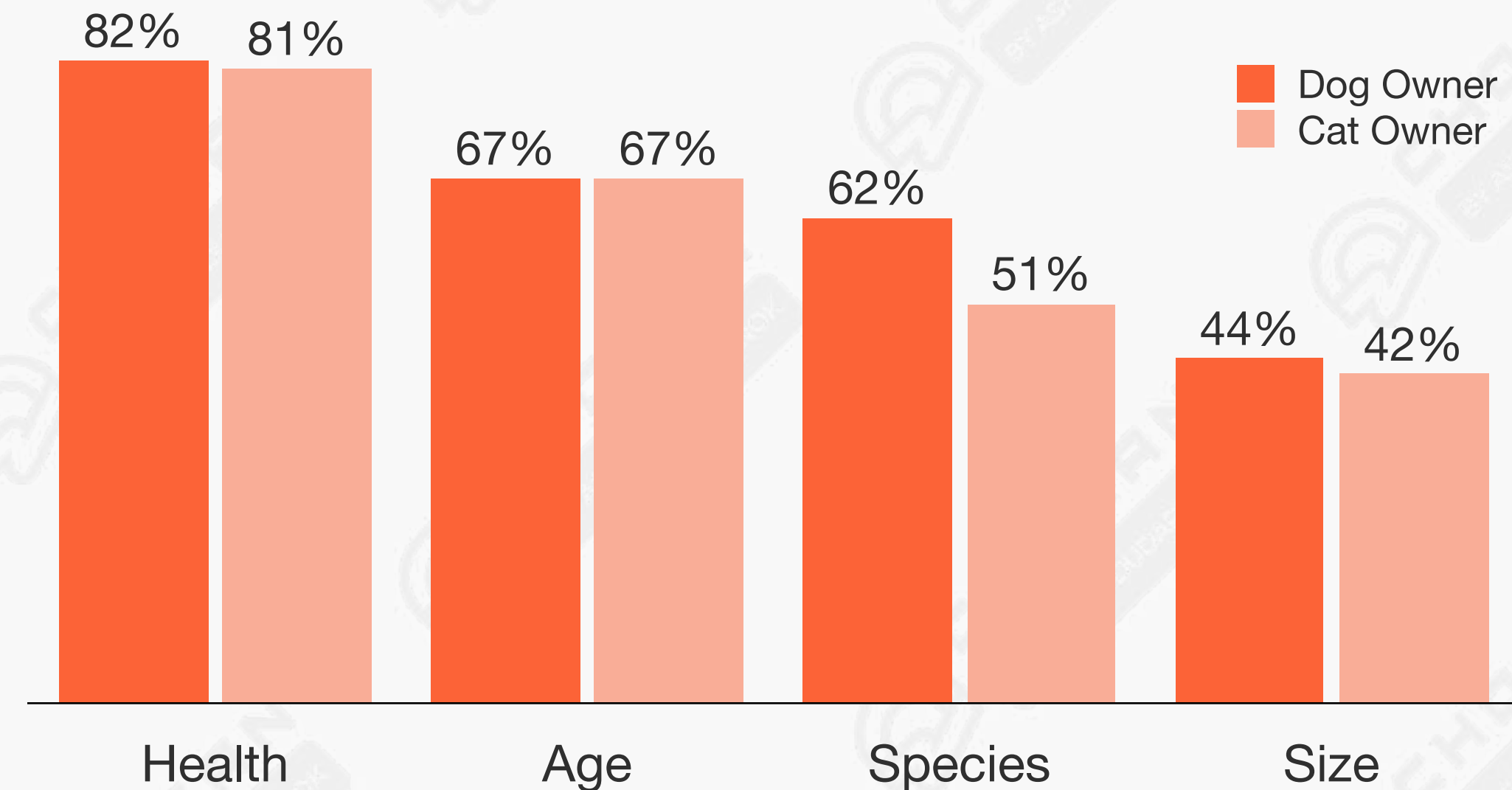
PAW-RENTS HAVE GROWING DEMAND FOR CUSTOM MADE PET FOOD

Chinese paw-rents are upgrading their consumption for pets. More than 98% of them will purchase custom pet food for their pets.

WILL CHINESE PAW-RENTS BUY CUSTOM MADE PET FOOD?



IMPORTANT FACTORS WHEN SELECTING CUSTOM PET FOOD



COFFEE CONNOISSEURS

6

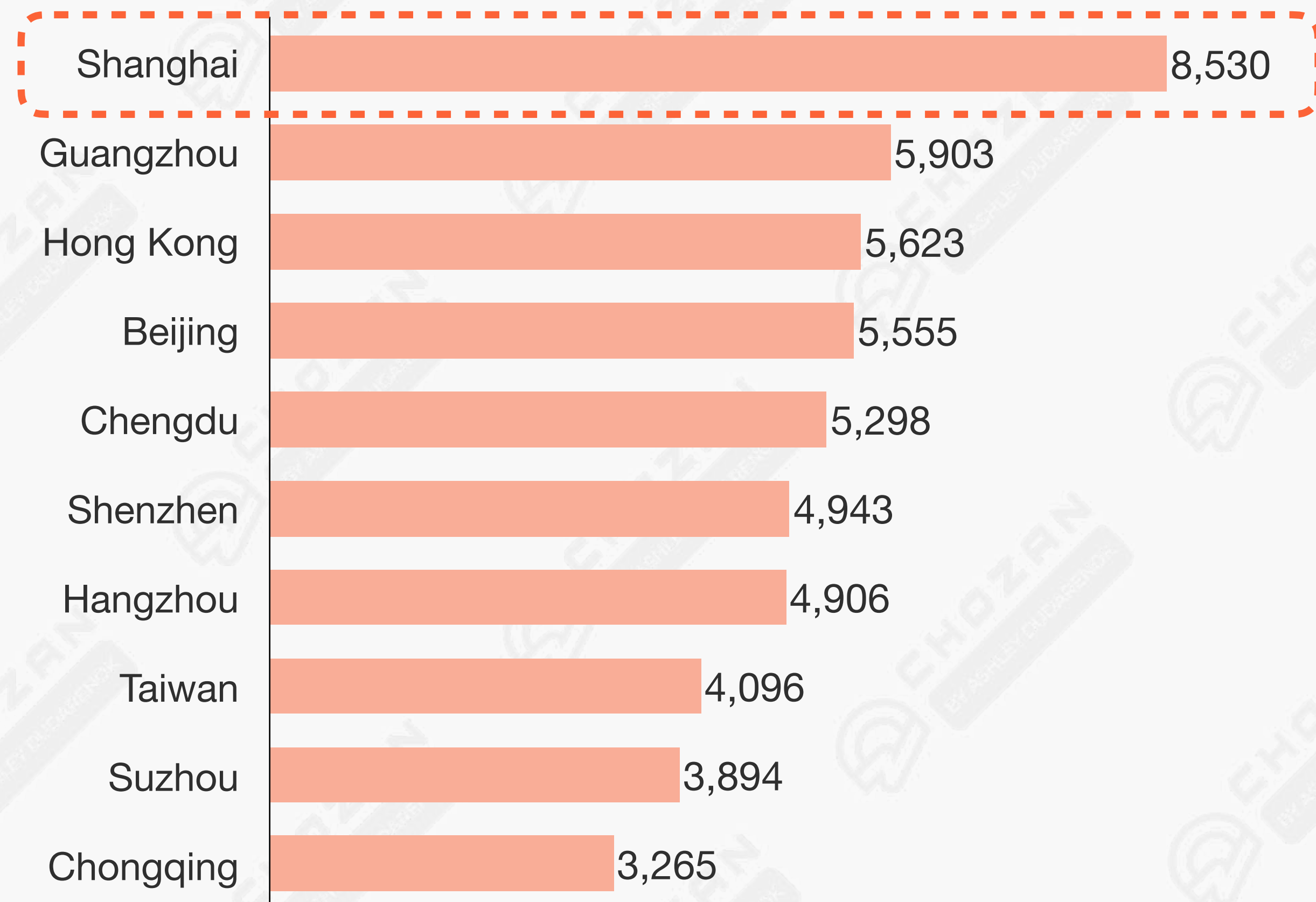
**COFFEE
CONNOISSEURS IN
CHINA ARE
INCREASINGLY
DIVERSE IN THEIR
PREFERENCES,
SEEKING BEVERAGES
THAT BLEND
LIFESTYLE
AESTHETICS WITH
FUNCTIONALITY.**

CHINA'S COFFEE MARKET

SHANGHAI'S THRIVING COFFEE CULTURE POSITIONS IT AS A PRIME MARKET FOR COFFEE

Shanghai leads the country in the number of coffee shop locations, nearly double that of Guangzhou, which ranks second. The chain rate of coffee shops in Shanghai reaches **42.99%**, significantly higher than the national average. This makes Shanghai a high-potential area for the development of chain coffee brands and an ideal location for many premium coffee brands to establish and expand.

TOP 10 CITIES WITH THE MOST CAFES IN CHINA

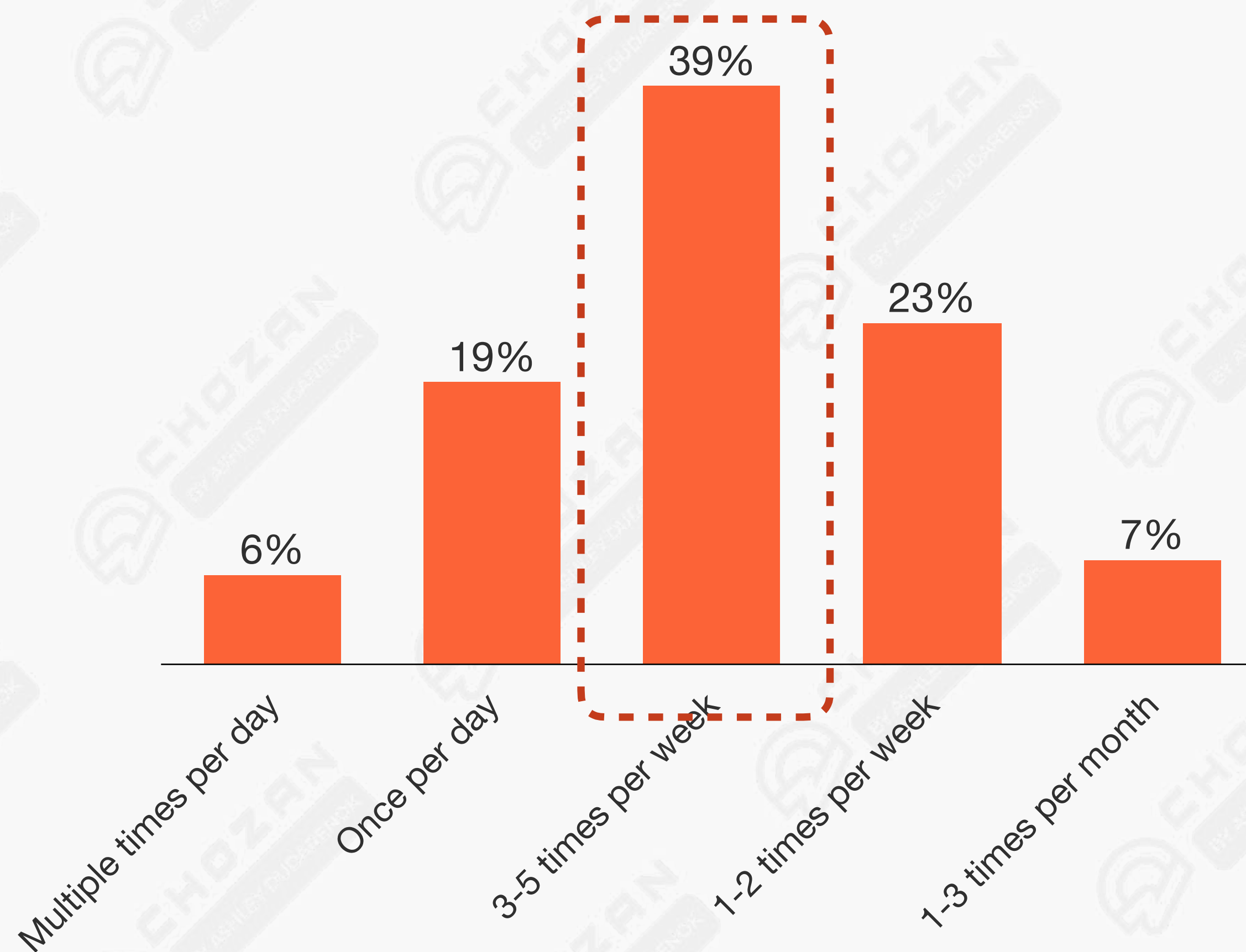


COFFEE CONNOISSEURS' CONSUMPTION HABITS

COFFEE CONSUMPTION IN CHINA IS SHIFTING FROM AN OCCASIONAL TREAT TO A DAILY HABIT

The majority of consumers have developed a weekly coffee-drinking habit, with around 25% of consumers drinking at least one cup daily. Coffee consumption is no longer limited to afternoon tea time but is gradually becoming an all-day activity.

FREQUENCY OF COFFEE CONSUMPTION

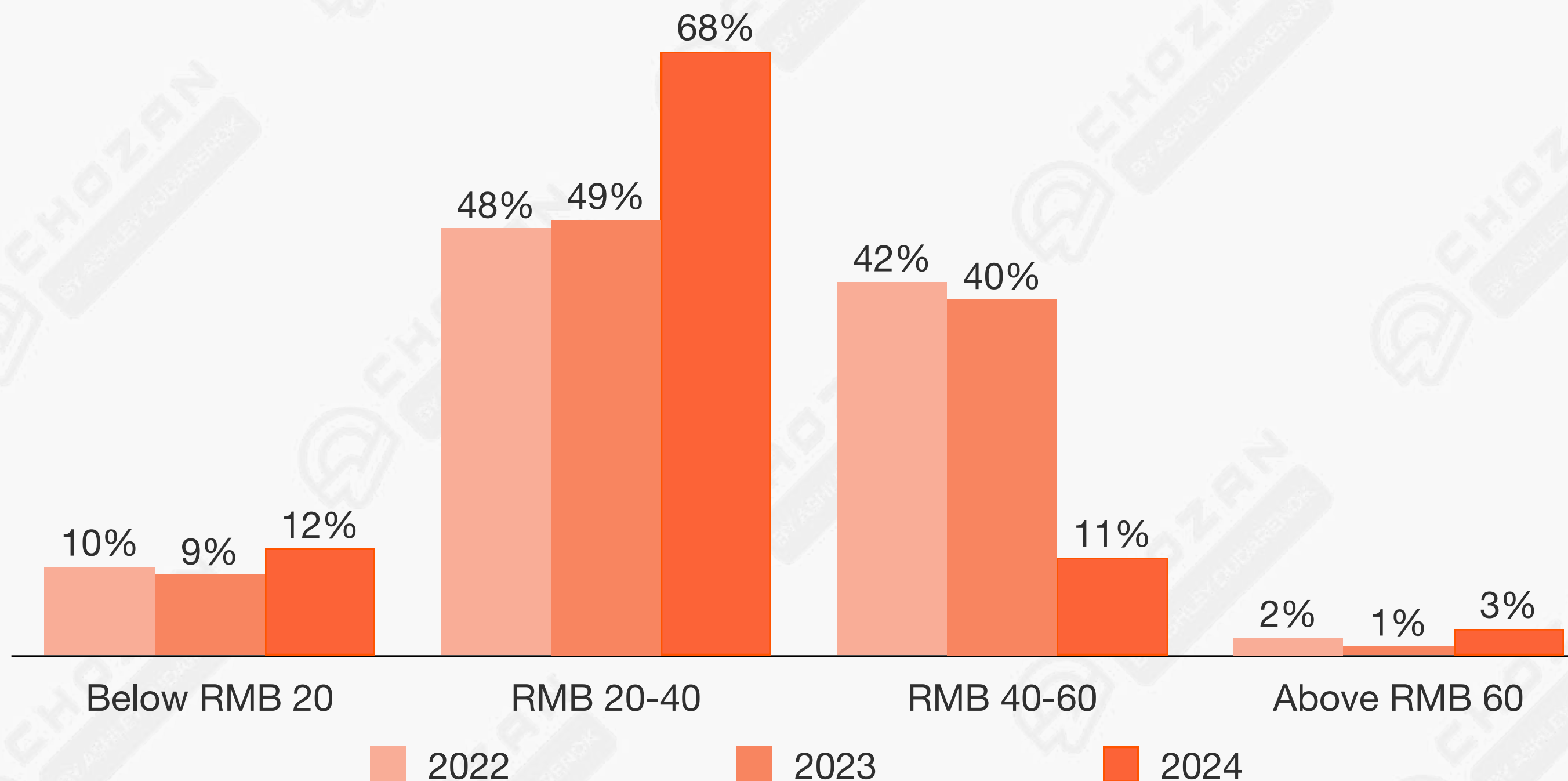


COFFEE CONNOISSEURS' CONSUMPTION HABITS

SURGE IN COFFEE SHOPS ON MEITUAN REFLECTS THE RISING DEMAND FOR AFFORDABLE QUALITY COFFEE

THE NUMBER OF COFFEE STORES WITH VARIED CONSUMPTION AMOUNT PER PERSON ON MEITUAN

From 2022 to 2024, the obvious increase in the number of coffee stores settling on Meituan attest to the medium-priced coffee preferred by more consumers.

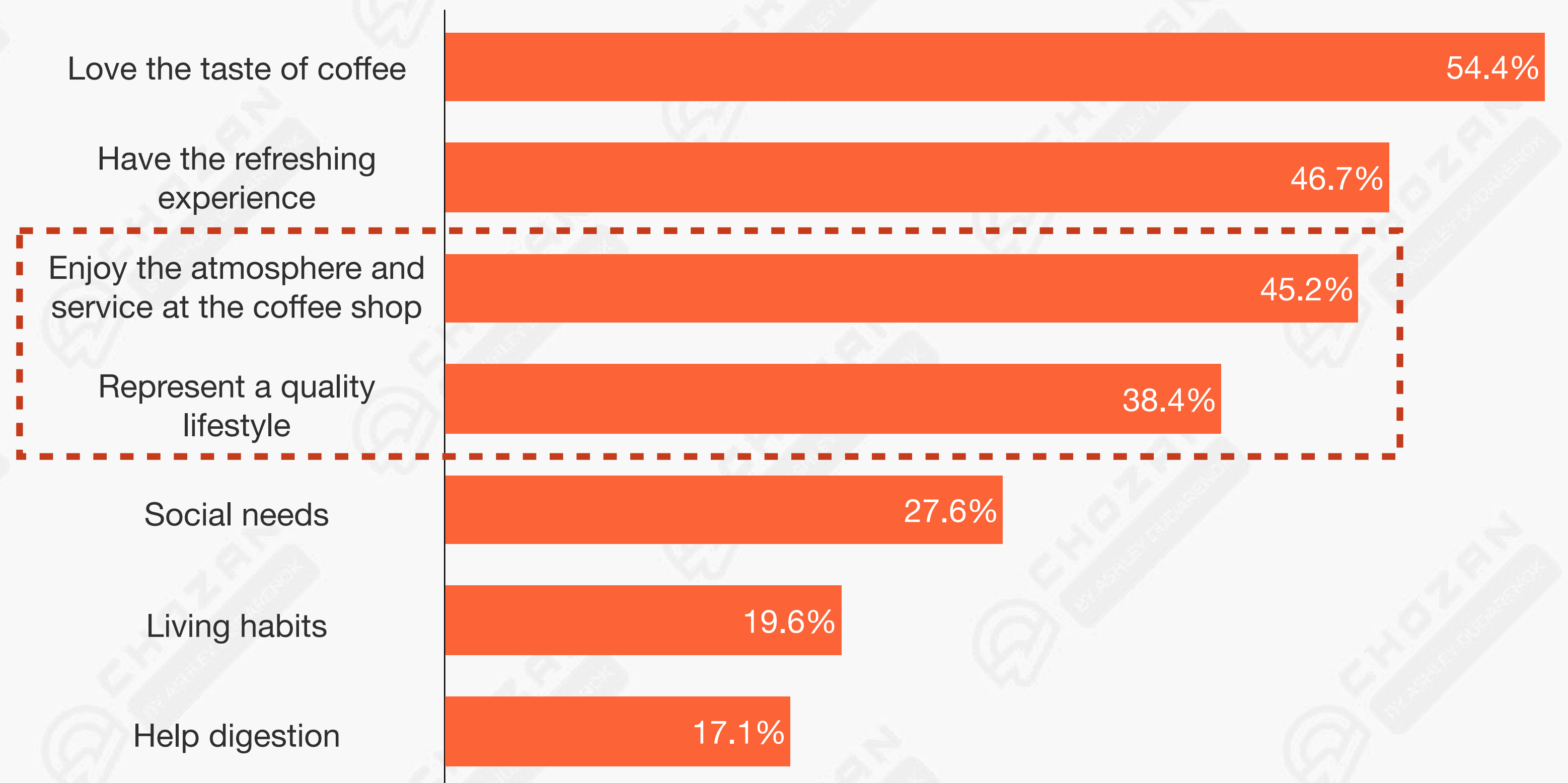


COFFEE CONNOISSEURS' CONSUMPTION HABITS

BEYOND FUNCTIONALITY AND TASTE, COFFEE CONNOISSEURS SEEK IMMERSIVE EXPERIENCES

Except for the functional and taste needs for coffee, Chinese coffee consumers have higher needs for coffee consumption, which may stimulate more coffee brands to focus on store design and consumer experience.

WHAT ATTRACTS COFFEE CONSUMERS TO DRINK COFFEE



COFFEE CONNOISSEURS' CONSUMPTION HABITS

COFFEE CONNOISSEURS HAVE A STRONG PREFERENCE FOR TAKE-OUT OR QUICK VISITS

A great proportion of coffee lovers prefer fast scenarios which refer to buying take-out coffee or staying for a short time over slow scenarios meaning sitting down at a table and tasting coffee slowly.

70%
FAST SCENARIO

30%
SLOW SCENARIO

PROPORTION OF COFFEE CONSUMPTION SCENARIO

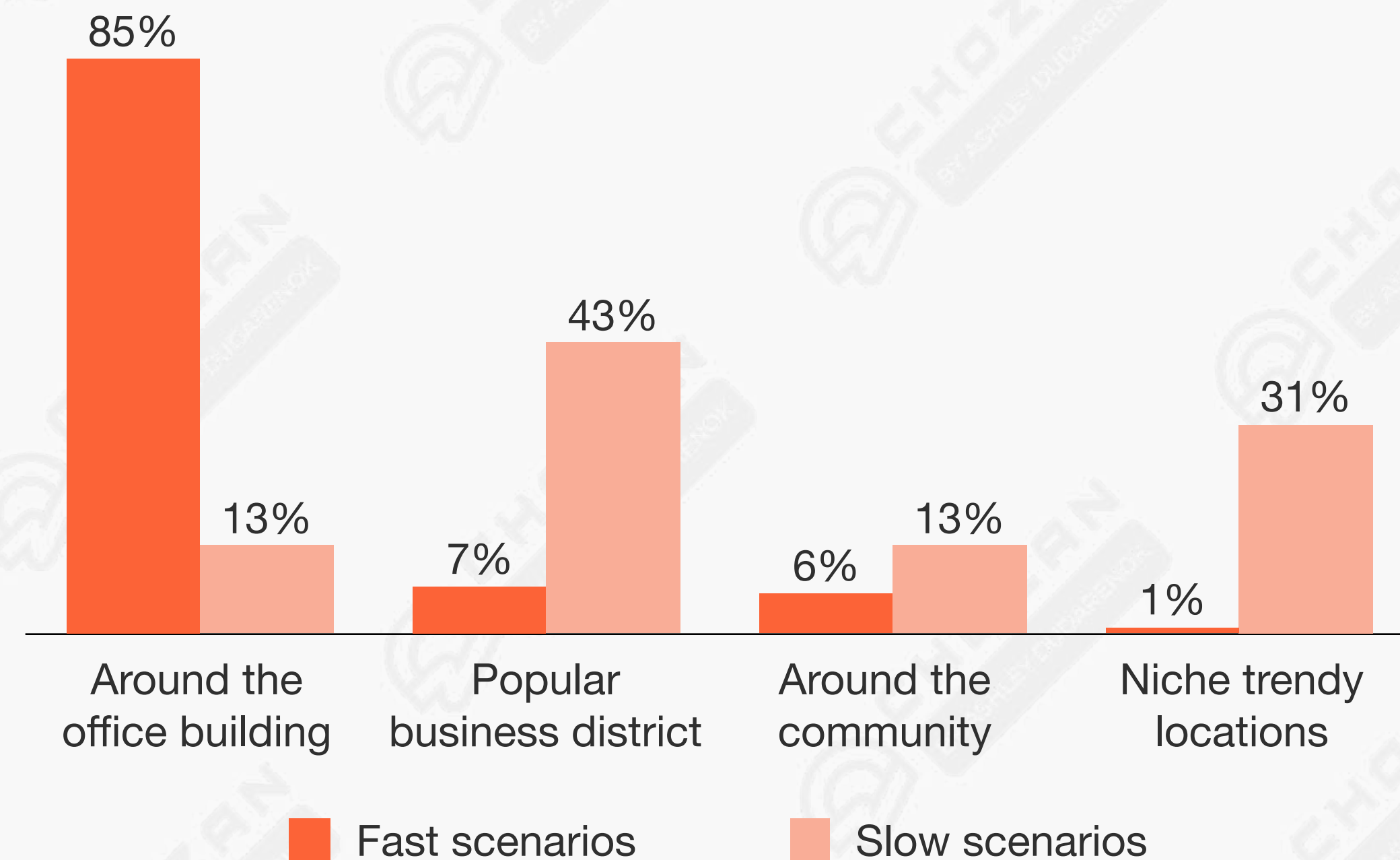
COFFEE CONNOISSEURS' CONSUMPTION HABITS

FAST COFFEE CONSUMERS PRIORITIZE CONVENIENCE, WHILE SLOW COFFEE DRINKERS SEEK AMBIANCE AND BRAND IDENTITY

For fast consumption, coffee lovers take **convenience** as the primary element into consideration, so the most popular store is close to their workplace.

For slow consumption, as they enjoy the overall **drinking environment and brand tone**, the best locations are in popular business districts.

STORE LOCATION PREFERENCES FOR FAST AND SLOW CONSUMPTION SCENARIOS

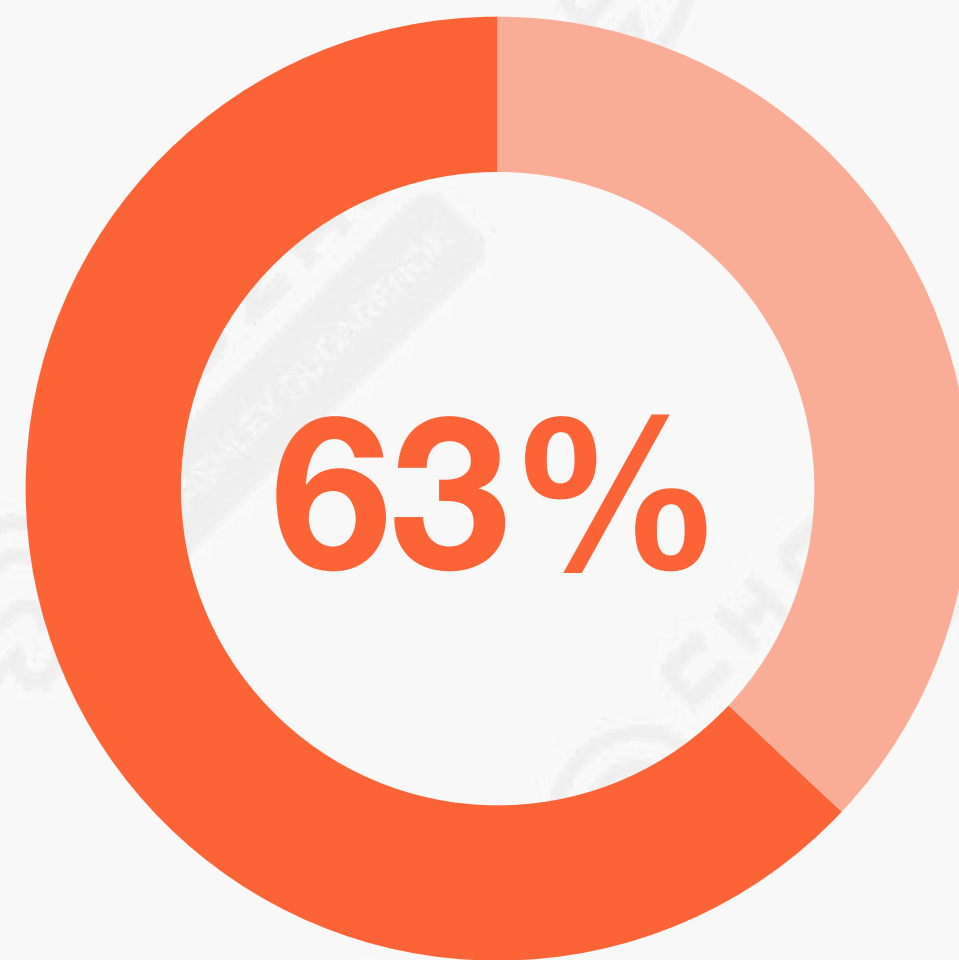


COFFEE CONNOISSEURS' EXPECTATIONS

HEALTH-CONSCIOUS COFFEE CONSUMPTION IS RISING

Consumers are expecting **health or functional ingredients** in coffee.

63% of coffee drinkers expect added health or functional benefits in their coffee.



CONSUMER EXPECTATIONS FOR DIFFERENT TYPES OF NUTRITIONAL INGREDIENTS IN COFFEE

Traditional Chinese Medicine (e.g., goji berries, red dates)

58%

Western Nutrients (e.g., grape seeds, chia seeds)

54%

Chinese Tonic Herbs (e.g., ganoderma, ginseng)

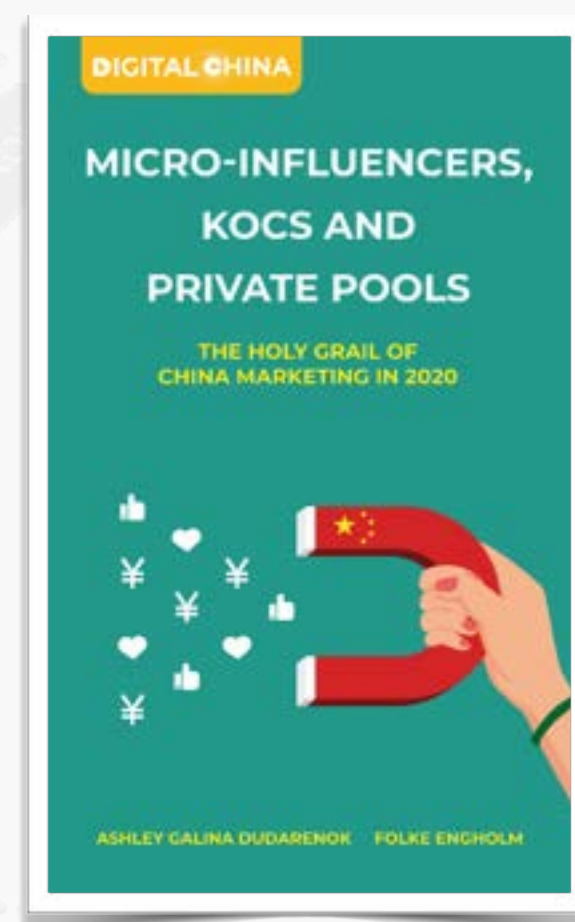
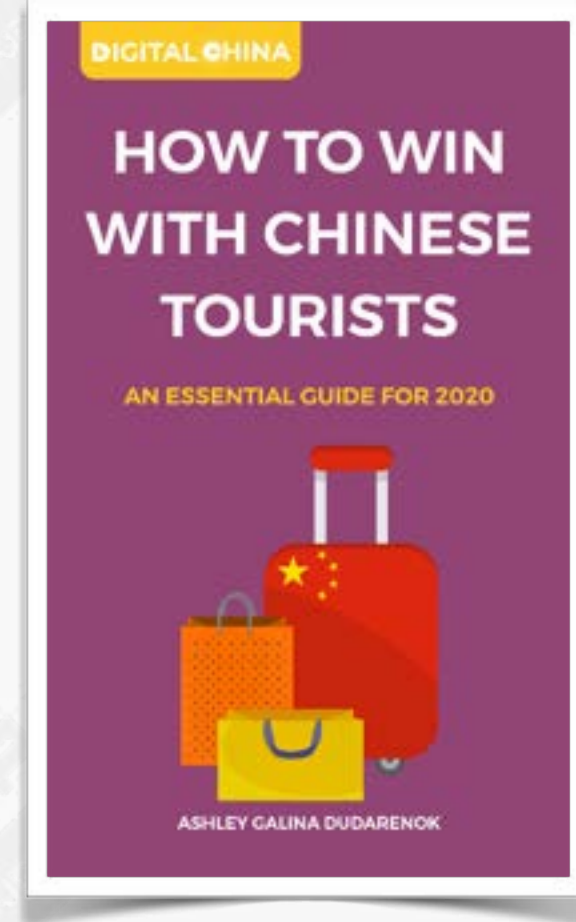
50%

Chinese Grains (e.g., mung beans, barley)

34%



**FOR MORE ON CHINESE CONSUMERS,
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**IF YOU LIKE THIS REPORT
YOU'LL LOVE OUR NEWSLETTER**

**SCAN THE QR CODE AND JOIN
MY FREE MONTHLY NEWSLETTER
FOR LATEST CHINA DIGITAL INSIGHTS**



CHOZAN

BY ASHLEY DUDARENOK



ALARICE

BY ASHLEY DUDARENOK

DATA PART 4

KEY CONSUMPTION ECONOMIES

TOP 5 THRIVING CONSUMPTION ECONOMIES IN CHINA

EXPLORING GROWTH INDUSTRIES IN 2025

THE PET ECONOMY

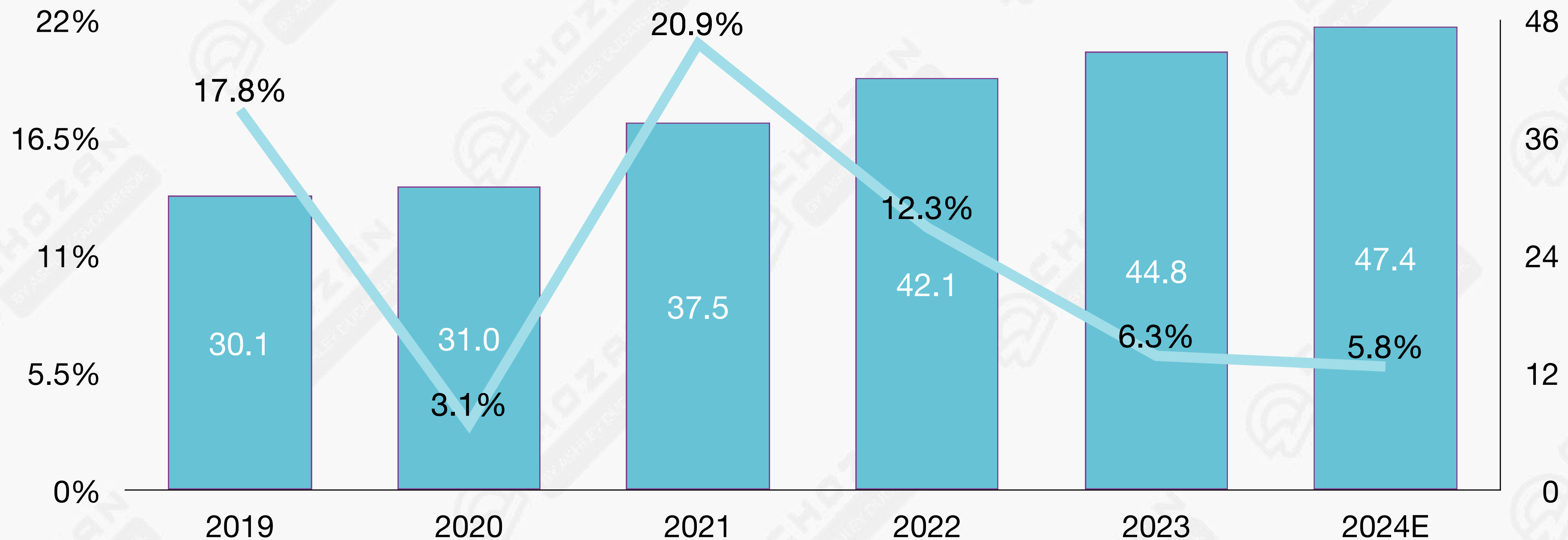
1

AS PETS ARE NO LONGER SIMPLY REGARDED AS TOOLS FOR GUARDING HOMES BUT HAVE BECOME INDISPENSABLE EMOTIONAL COMPANIONS AND LIFE PARTNERS WITHIN FAMILIES, CONSUMERS' CARE FOR AND INVESTMENT IN THEIR PETS CONTINUES TO GROW.

CHINA'S PET ECONOMY

The size of China's pet market is expected to reach **345.3 billion RMB** (about 47.4 billion USD) in 2024, representing a 5.8% increase compared to 2023. The compound annual growth rate (CAGR) from 2019 to 2024 is approximately **7.8%**.

**CHINA'S PET MARKET SCALE AND GROWTH RATE
(UNIT: BILLION USD)**

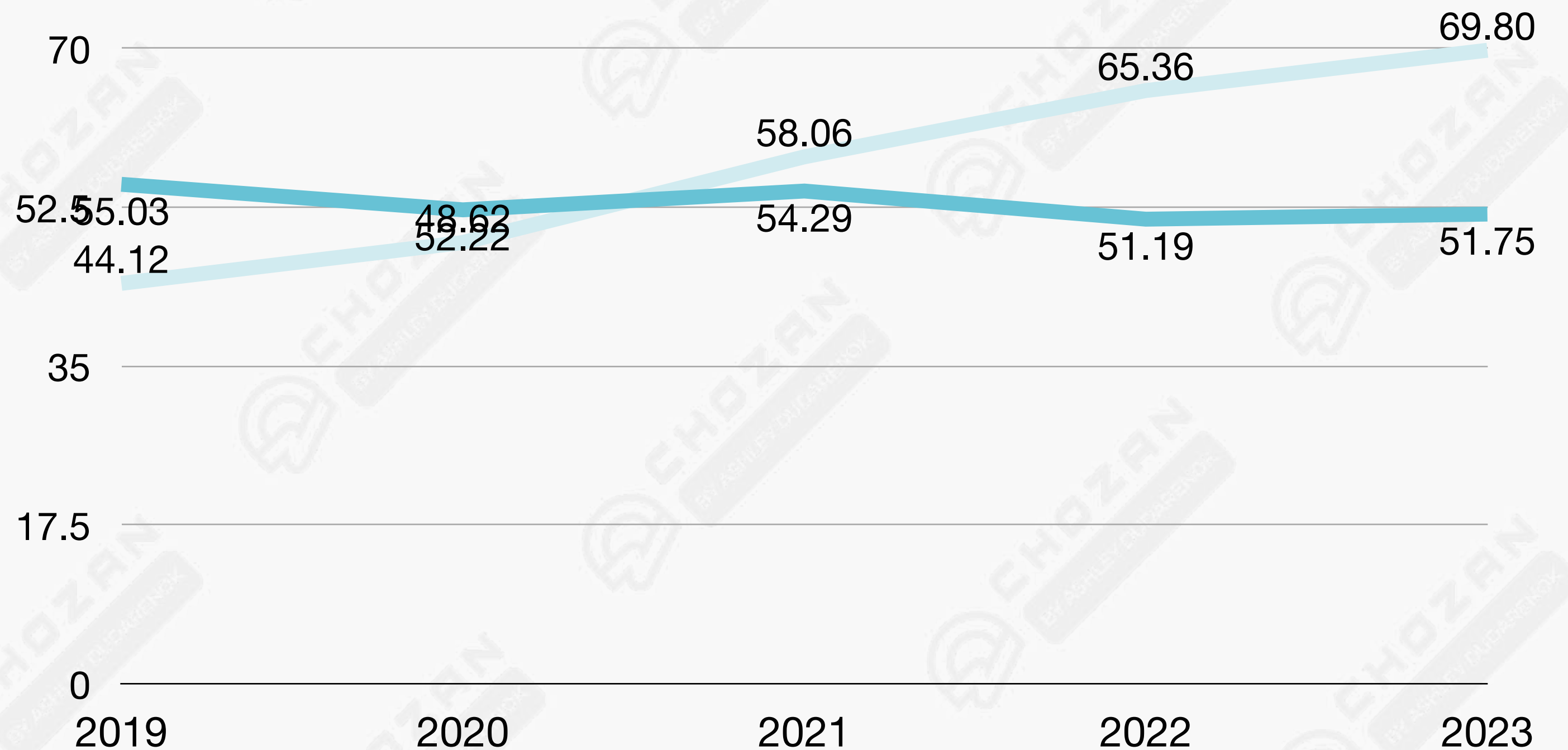


CHINA'S PET POPULATION

The number of pet cats has exceeded the number of pet dogs for **three consecutive years** for the following reasons:

- Strong independence of pet cats
- Smaller food portions for pet cats
- Smaller size of pet cats

COMPARISON OF URBAN PET DOG AND PET CAT POPULATIONS IN CHINA (IN MILLION)

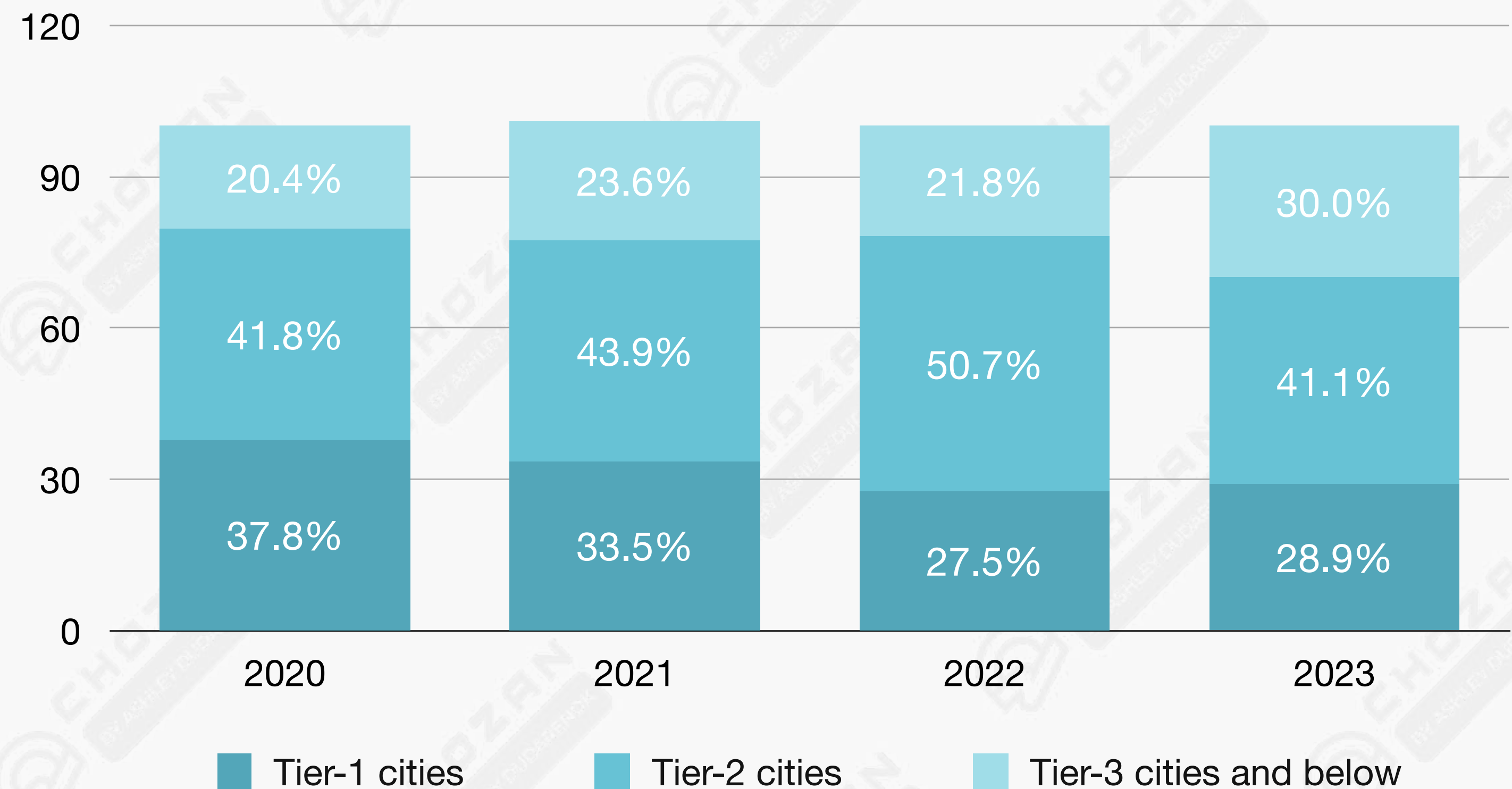


CHINA'S PET OWNER POPULATION

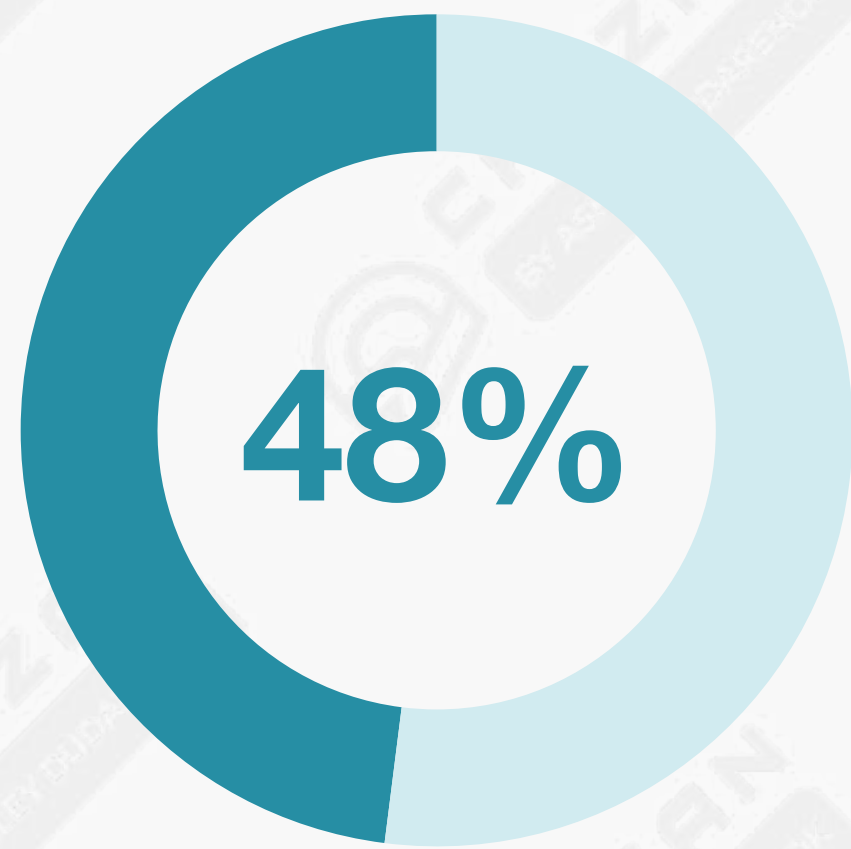
The proportion of pet owners in tier-1 cities has shown a slight decline in recent years. In contrast, the proportion in tier-3 and lower-tier cities increased. Possible reasons include:

- Tier-1 city governments have implemented **stricter policies** to strengthen urban pet regulations.
- The **rising consumption capacity** of residents in tier-3 and lower-tier cities has driven the growth of pet ownership in these regions.

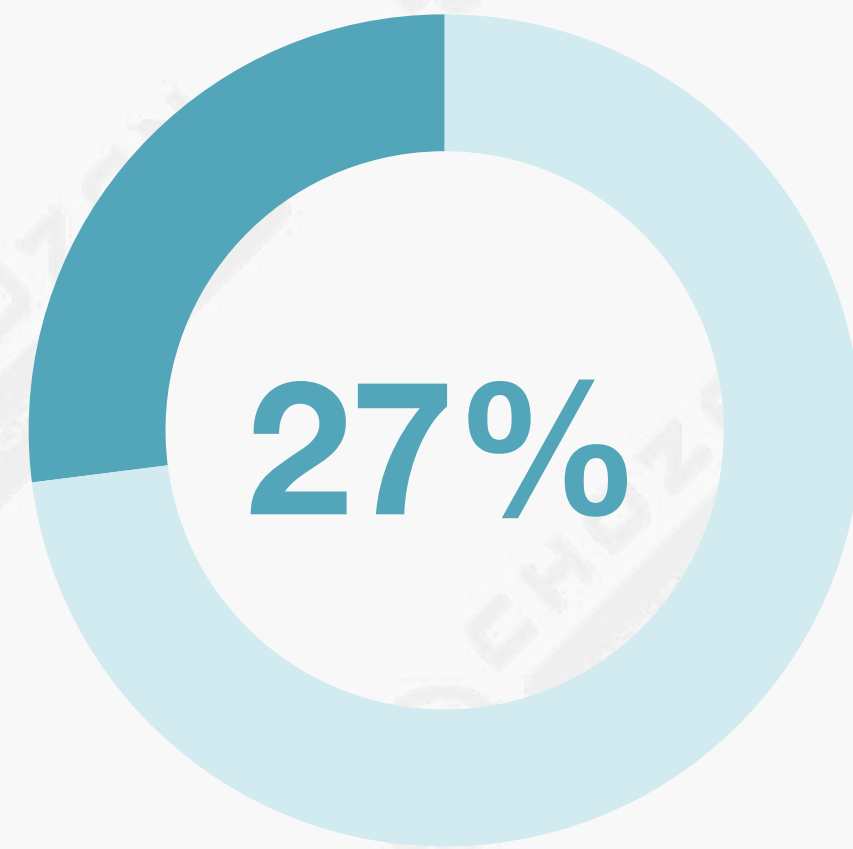
PET OWNERS CITY DISTRIBUTION



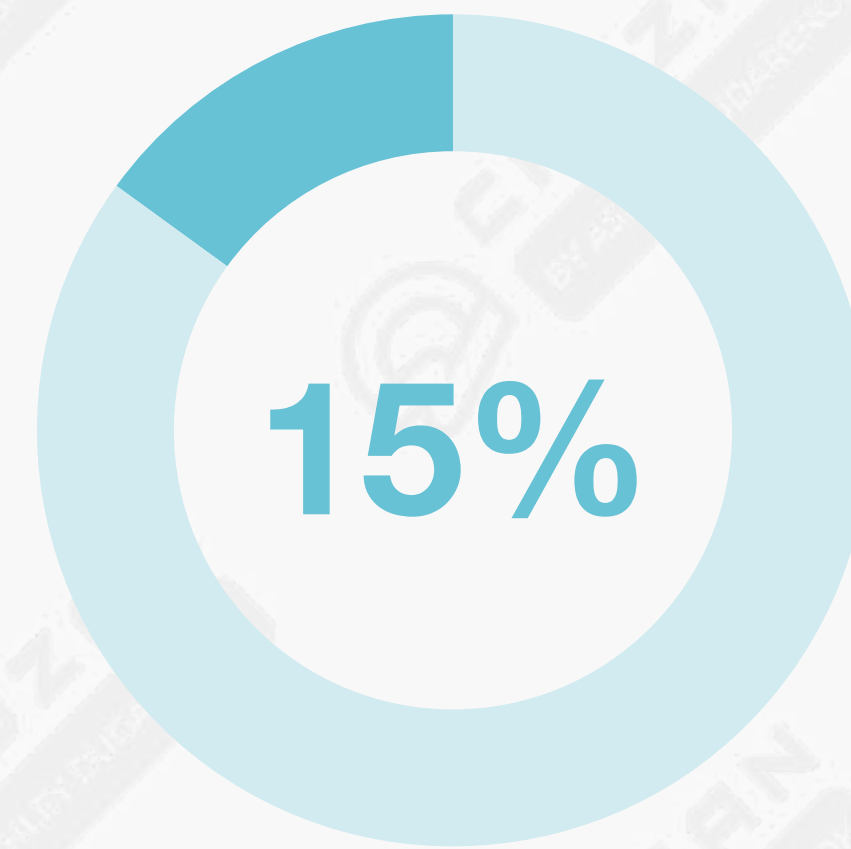
PET-RELATED CONSUMPTION



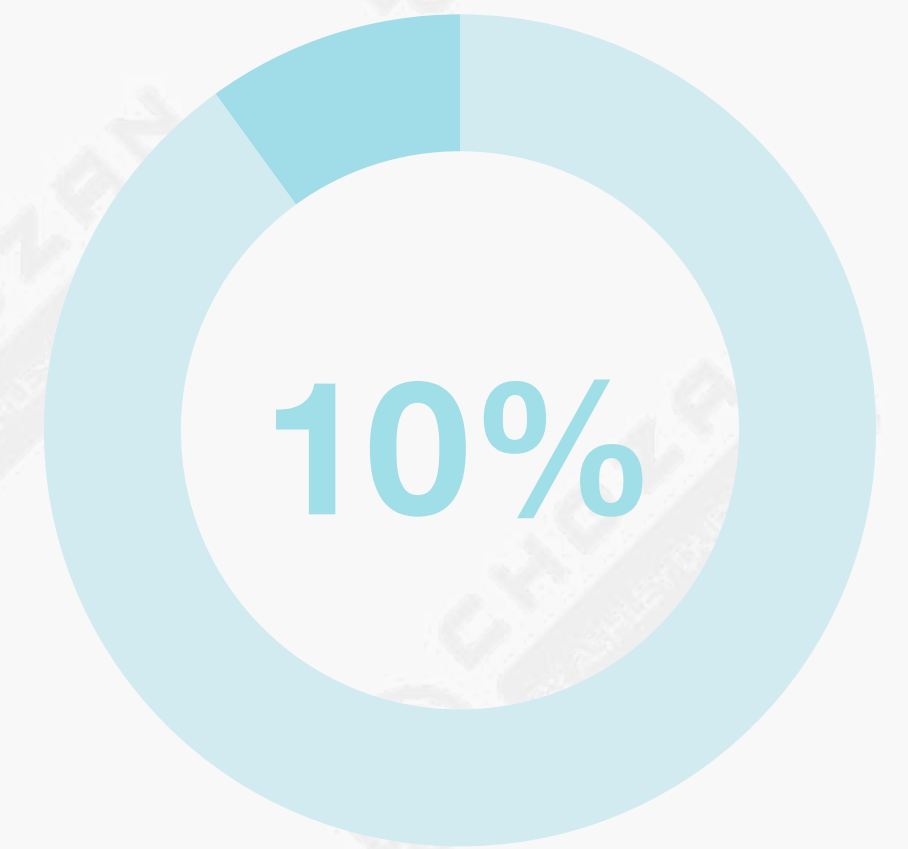
166.8 BILLION RMB
(ABOUT 22.89 BILLION USD)
ESTIMATED SIZE OF CHINA'S
PET FOOD MARKET



94 BILLION RMB
(ABOUT 12.90 BILLION USD)
ESTIMATED SIZE OF CHINA'S
PET MEDICAL MARKET



51.3 BILLION RMB
(ABOUT 7.04 BILLION USD)
ESTIMATED SIZE OF CHINA'S
PET SUPPLIES MARKET



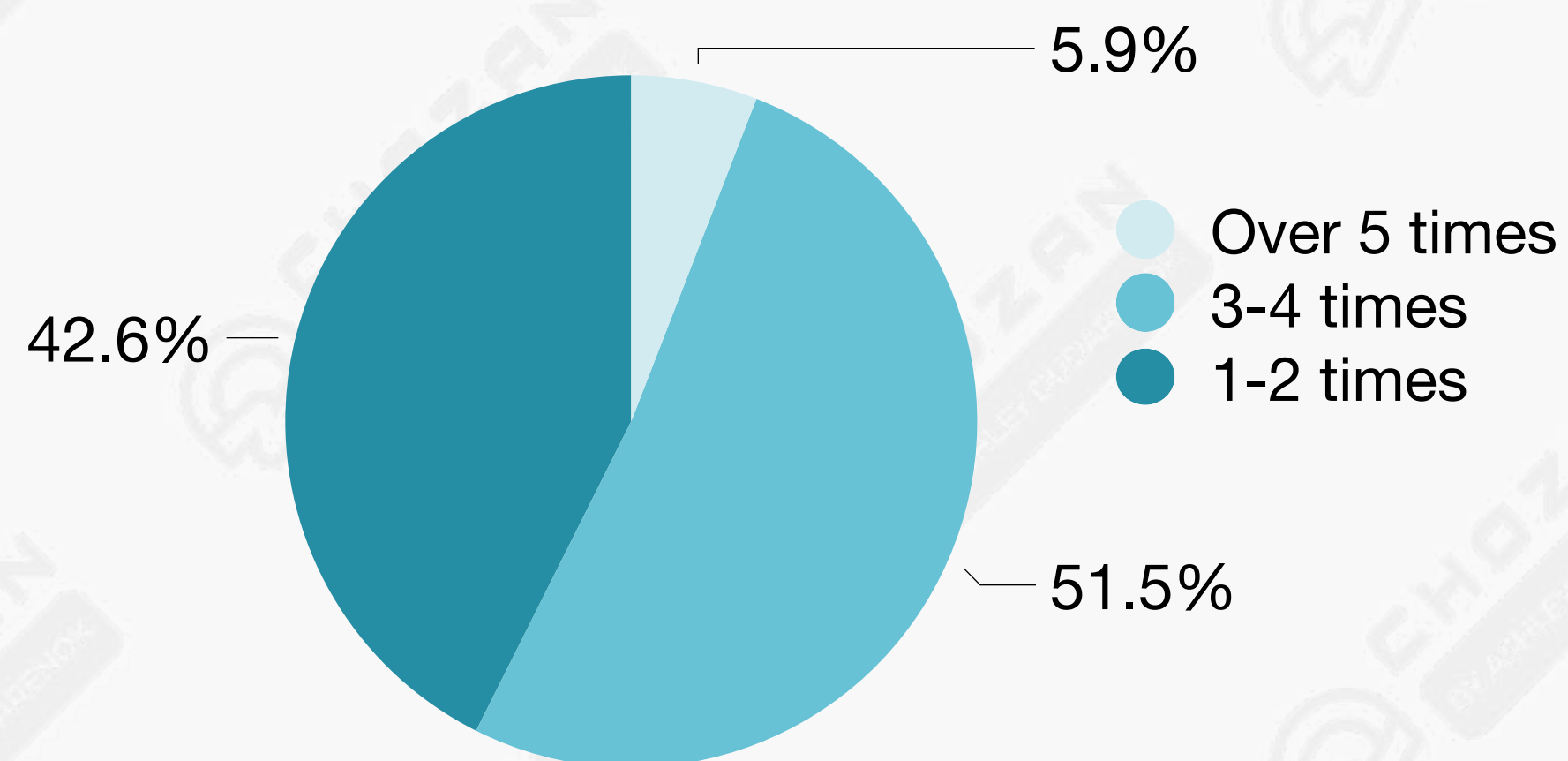
33.2 BILLION RMB
(ABOUT 4.56 BILLION USD)
ESTIMATED SIZE OF CHINA'S
PET SERVICES MARKET

FORWARD LOOKING

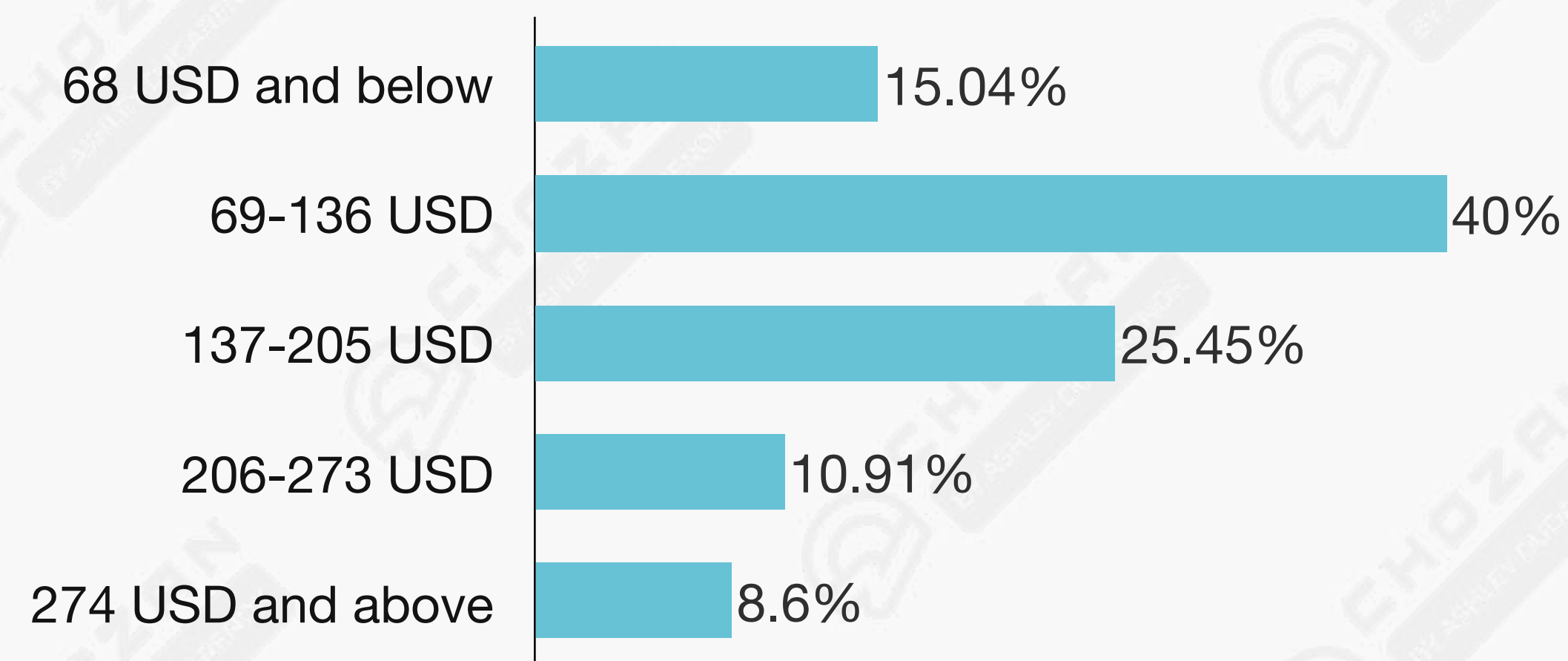
PET FOOD CONSUMPTION

With the improvement of living standards and the increasing importance of pets in families, pet owners are more willing to invest in their pets' **health** and **quality of life**. In the future, pet food consumption is expected to maintain steady growth, and the pet food market is likely to experience broader development opportunities.

MONTHLY CONSUMPTION FREQUENCY OF PET FOOD



ANNUAL CONSUMPTION AMOUNT OF PET FOOD



PET MEDICAL CONSUMPTION

PET OWNERS SPEND ON PET HEALTH SERVICES, DRIVING GROWTH IN TREATMENTS

Pet owners primarily spend on **vaccinations** (76%), **disease treatment** (64%), and **health check-ups** (57%) at pet hospitals. The top expenses include diagnosis, medication, and health supplements, marking those areas of growth in the future.

TOP 3 SPENDING CATEGORIES IN PET HOSPITALS



TOP 1
DIAGNOSIS

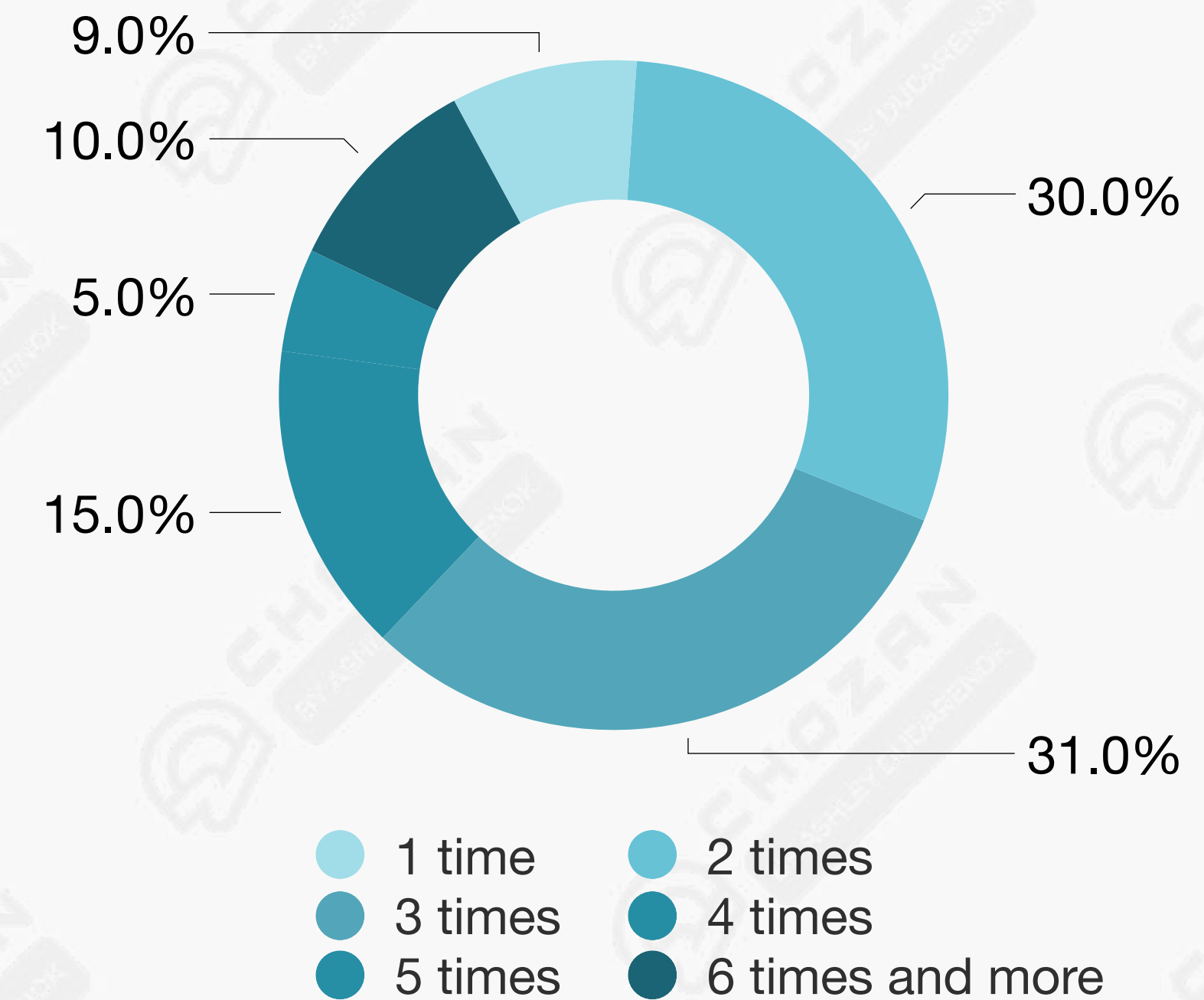


TOP 2
MEDICATION



TOP 3
HEALTH
SUPPLEMENT

ANNUAL PET HOSPITAL VISIT FREQUENCY



FORWARD LOOKING

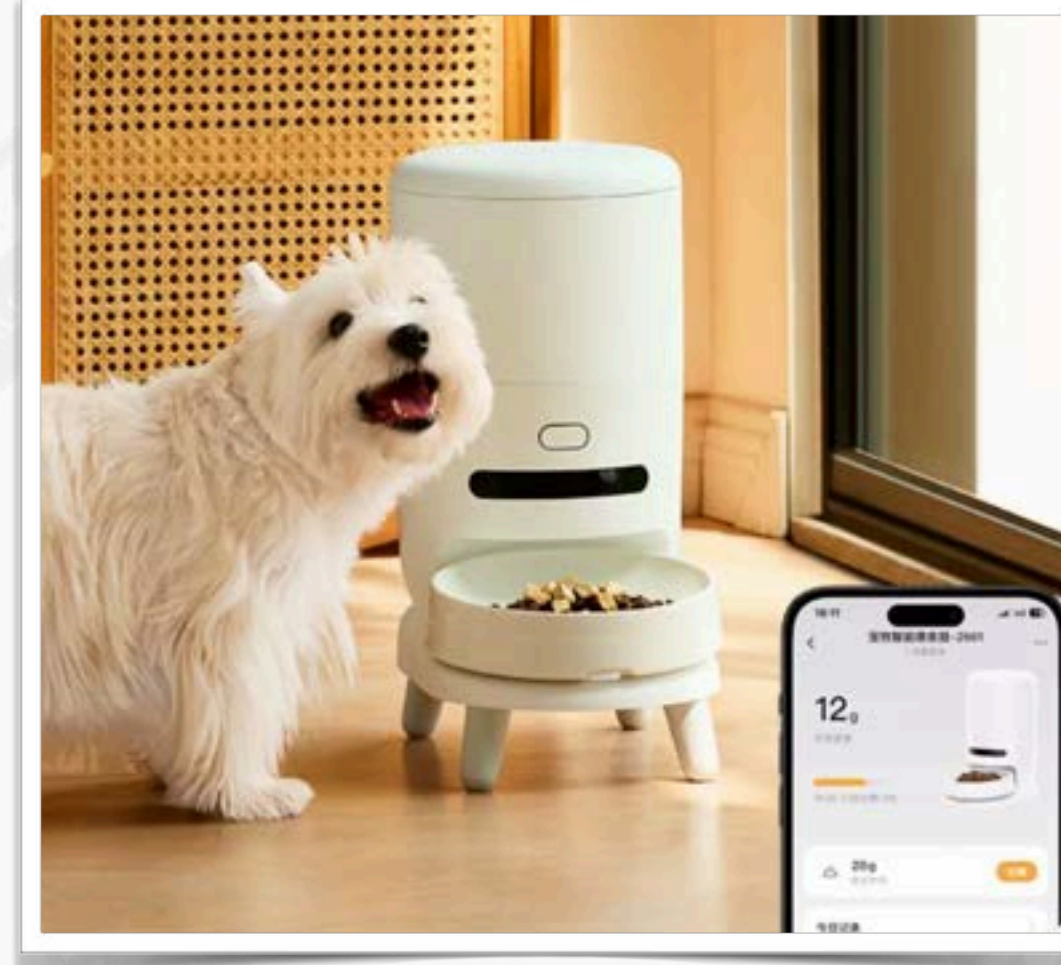
PET SUPPLIES CONSUMPTION

SMART PET PRODUCTS CONSUMPTION DURING TMALL 618 IN 2024



SALES OF SMART PET
DEODORIZER INCREASED BY

330%



SALES OF SMART PET
FEEDER INCREASED BY

230%



SALES OF SMART CAT
LITTER BOX INCREASED BY

140%



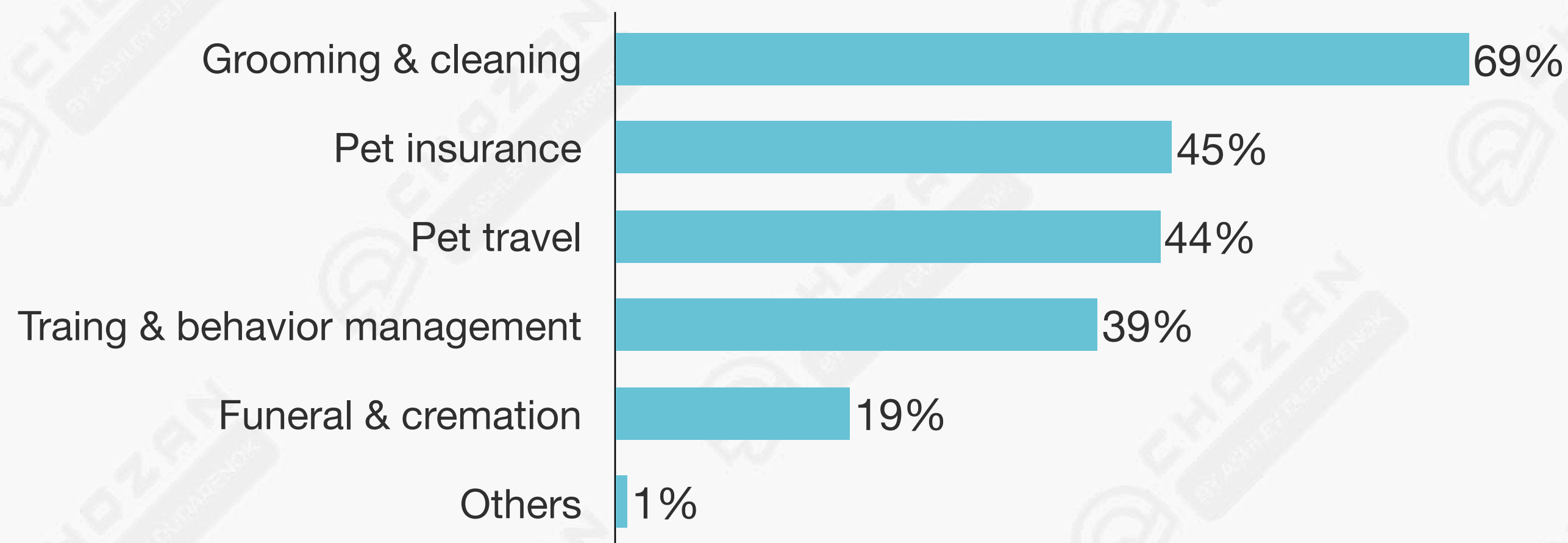
SALES OF SMART PET
DRYER INCREASED BY

120%

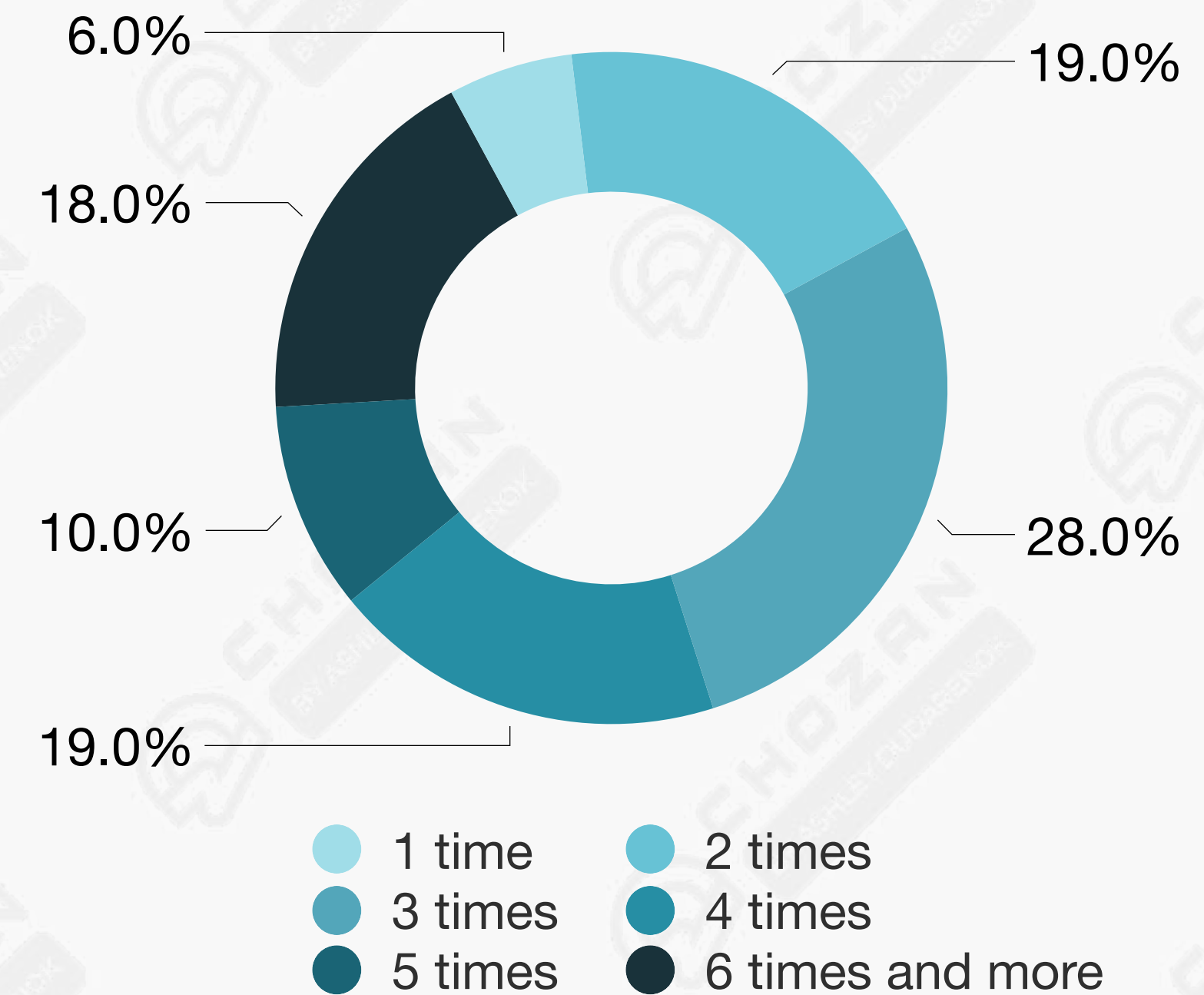
FORWARD LOOKING PER SERVICES CONSUMPTION

69% of consumers have used grooming and cleaning services for their pets, indicating that pet owners increasingly prioritize the appearance and health condition of their pets. Regarding the frequency of service consumption, three times a year accounts for the largest proportion, which may be related to the life cycle of pet fur growth.

MAIN PET SERVICE EXPENSE DISTRIBUTION



ANNUAL PET SERVICES FREQUENCY

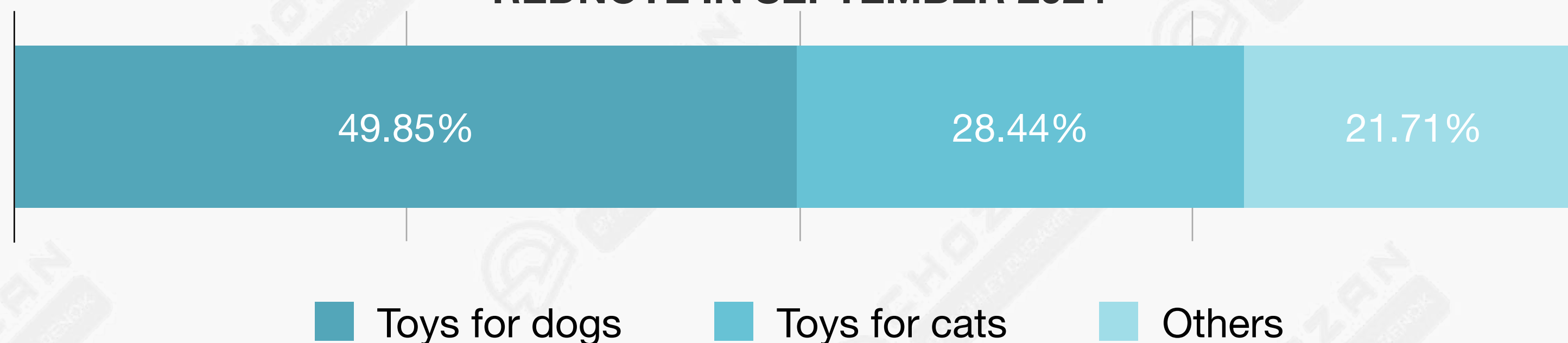


NEW PET-RELATED CONSUMPTION CATEGORY

As pet owners increasingly recognize that their pets require emotional care beyond basic material needs, they show a strong preference for products that cater to pets' emotional fulfillment.

In September 2024, the keyword "pet toys" on RedNote showed that dog toys accounted for nearly 50% of mentions. However, with the rising number of pet cats, cat-related toys are expected to gain more attention in the future.

PROPORTION OF POSTS CONTAINED 'PET TOYS' ON REDNOTE IN SEPTEMBER 2024



PET'S HIERARCHY OF NEEDS



EXPERT BITE

Q: WHAT ARE THE TOP FIVE PRODUCT CATEGORIES EXPECTED TO EXPERIENCE SIGNIFICANT GROWTH IN 2025 IN CHINA?

Despite slow economy, in 2025, China's market still hosts some exiting opportunities, driven by shifting consumer preferences, technological advancements, and sustainability imperatives. Here are a few. **The pet economy** is booming, evolving far beyond basic food and toys. Wearables like GPS trackers and health-monitoring collars, along with AI-powered pet care apps, are enabling owners to provide personalized care. Premium pet services, including pet hotels and wellness spas, are also gaining traction as pets become integral members of Chinese families. **Functional foods** infused with adaptogens, nootropics, and probiotics are surging in popularity as consumers prioritize holistic health. AI-driven wellness tech, such as personalized nutrition apps and at-home health diagnostics, is making preventive care more accessible. Traditional Chinese Medicine (TCM) is also being modernized, with tech-infused products like smart acupuncture devices gaining mainstream appeal. **Smart home technology** is becoming a household staple, with a focus on energy efficiency, convenience, and security. AI-powered appliances, smart lighting, and integrated home management systems are helping consumers reduce energy costs and carbon footprints. **Experiential Travel** is set to boom further. Post-pandemic, Chinese travelers are prioritizing quality over quantity, seeking wellness-focused adventures and authentic cultural experiences. Eco-lodges, rural retreats, and immersive heritage tours are all popular. Domestic tourism is also being reshaped by tech, with exoskeletons and AR enhancing on-site experiences.



ASHLEY DUDARENOK

Founder of ChoZan, Keynote Speaker, x10 Book Author, LinkedIn Top Voice

2

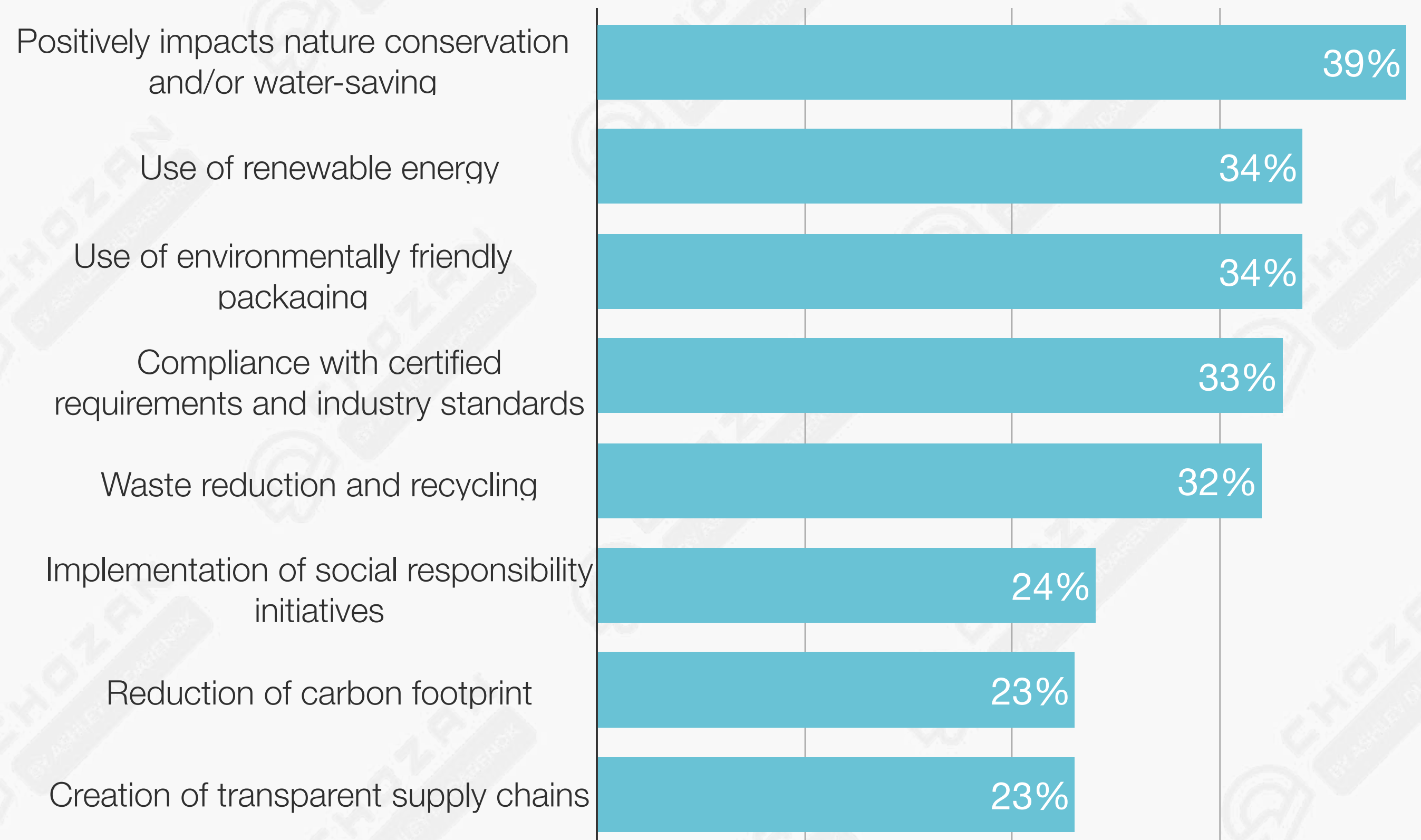
THE GREEN ECONOMY

CHINA'S GREEN ECONOMY IS GAINING MOMENTUM AS CONSUMER AWARENESS OF CLIMATE ISSUES RISES, WITH 50% OF DOMESTIC CONSUMERS PRIORITIZING SUSTAINABLE PRODUCTS AND LOW-CARBON TRAVEL OPTIONS.

CHINA'S GREEN ECONOMY

Chinese consumers increasingly prioritize sustainability, with **39%** valuing brand efforts in environmental protection and water conservation, and **34%** favoring recyclable packaging and renewable energy use. Chinese buyers show a stronger preference for sustainable initiatives, reflecting a growing alignment with "conscious consumption" ideals.

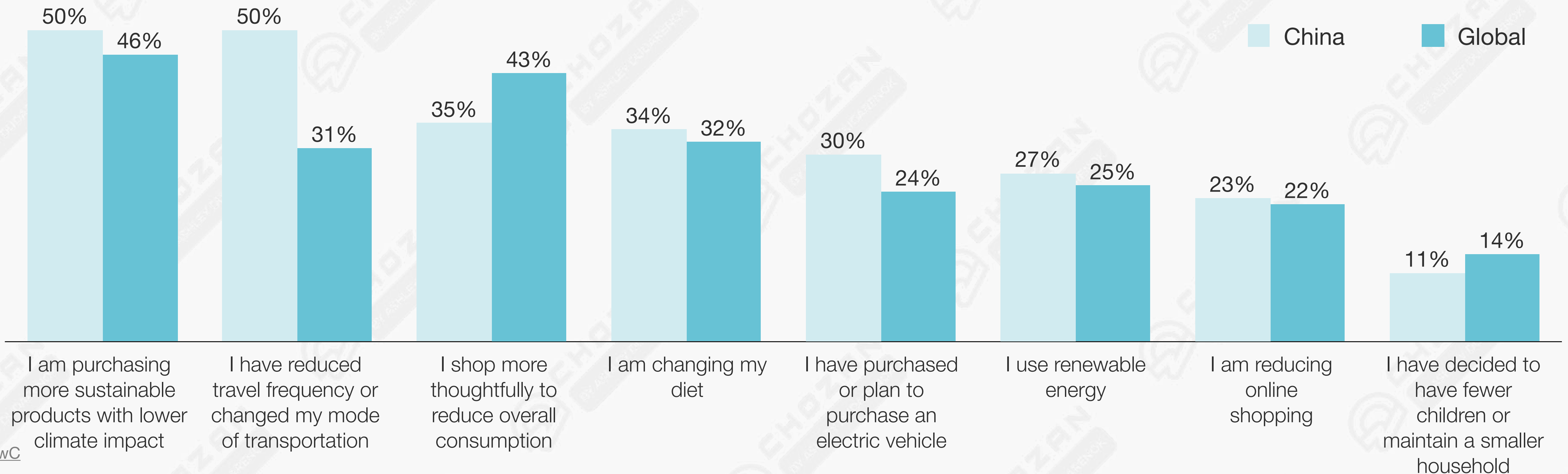
WHICH INFORMATION REGARDING A BRAND'S SUSTAINABILITY PERFORMANCE AND PRACTICES CAN ENHANCE YOUR WILLINGNESS TO PURCHASE ITS PRODUCTS?



GREEN CONSUMER BEHAVIOR

Chinese consumers demonstrate strong environmental awareness, with **50%** prioritizing sustainable purchases and reducing travel emissions, significantly higher than global averages.

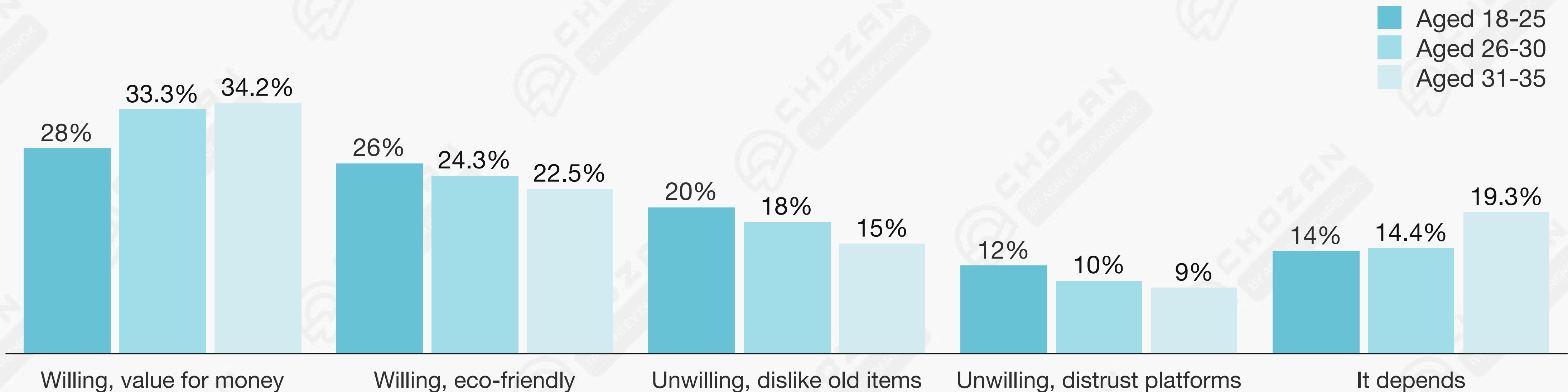
ACTIONS TAKEN TO MITIGATE THE IMPACT OF CLIMATE CHANGE



GREEN CONSUMPTION WILLINGNESS

From different age groups, the reasons for purchasing second-hand products vary slightly, with younger consumers showing a stronger willingness to choose second-hand goods for environmental reasons. This is mainly attributed to the fact that younger consumers have grown up in an era where environmental awareness and actions have been consistently emphasized across society, making it a priority in their purchasing decisions.

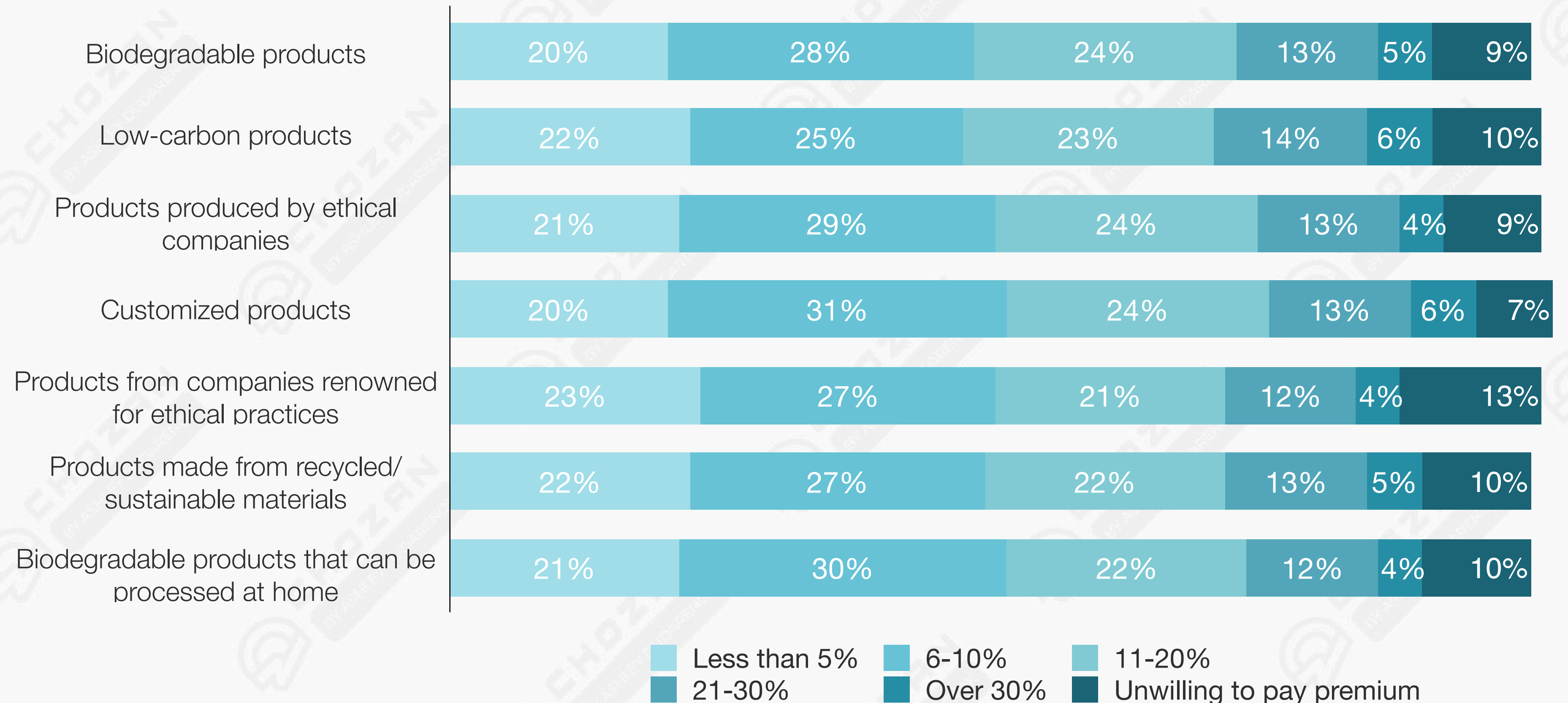
SHOPPING WILLINGNESS ON SECOND-HAND PLATFORMS BY AGE GROUP



GREEN CONSUMPTION

Chinese consumers show strong willingness to pay up to 10% above average prices for sustainable products. Notably, over **25% of Chinese respondents accept paying 11–20% more for such products**, reflecting growing emphasis on sustainability and ethical consumption.

HOW MUCH MORE ARE YOU WILLING TO PAY ABOVE THE AVERAGE PRICE FOR THE FOLLOWING PRODUCTS?

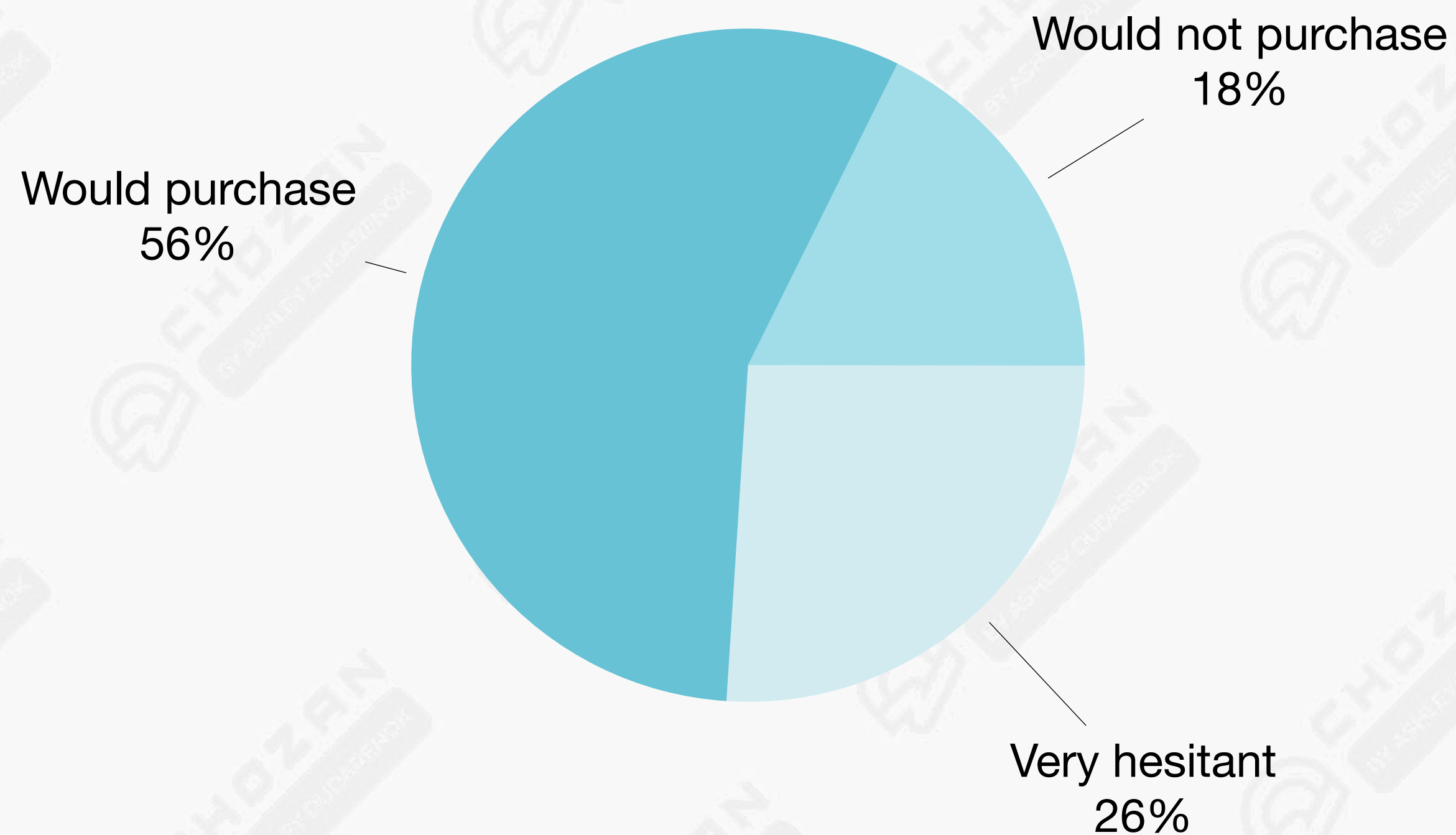


GREEN CONSUMPTION

YOUNG CONSUMERS ARE DRIVING THE RISE OF NEW ENERGY VEHICLES AND OPTING FOR SECOND-HAND MODELS

As energy-saving and eco-friendly products, new energy vehicles (NEVs) have become a popular choice among many consumers, with the penetration rate of new energy vehicles in China reaching 31.6% in 2023. At the same time, the more cost-effective second-hand new energy vehicles have also emerged as a new option for young car buyers.

YOUNG PEOPLE'S WILLINGNESS TO BUY SECOND-HAND NEW ENERGY VEHICLES



EXPERT BITE

Q: WHAT STEPS SHOULD BUSINESSES TAKE TO ALIGN WITH CHINA'S CARBON NEUTRALITY GOALS FOR 2060?

CEOs should establish clear, measurable sustainability goals that align with China's carbon reduction roadmap, guiding strategic initiatives and fostering long-term profitability. A key initial step is transitioning to renewable energy sources and enhancing energy efficiency within operations. In the coming years, businesses must prepare to participate in China's Emissions Trading Scheme to offset unavoidable emissions while gradually reducing their carbon footprint.

Implementing robust carbon footprint monitoring systems ensures compliance with regulatory requirements, while collaboration with government and academic institutions helps businesses stay informed about market trends. Over the long term, companies should redesign their operations to embrace circular economy principles, minimizing waste and optimizing resource use.



PEGGY LIU

Chairperson at Joint US China
Collaboration on Clean Energy

3

THE SPORTS, HEALTH & FITNESS ECONOMY

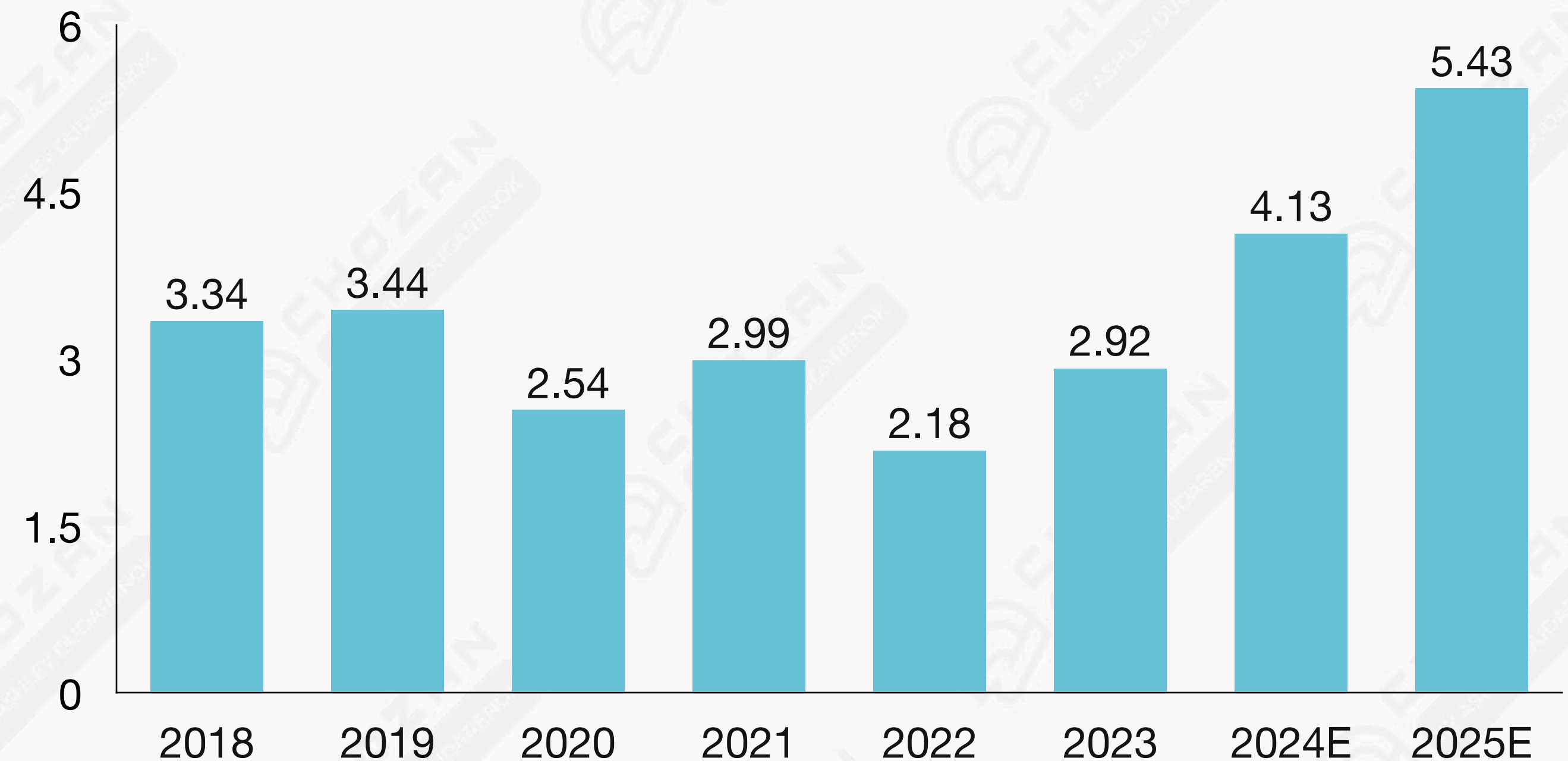
FROM THE SOARING SALES OF "OLYMPIC-INSPIRED" PRODUCTS TO THE BOOMING POPULARITY OF SPORTS, THE PARIS OLYMPICS IS NOT ONLY A GRAND SPORTS EVENT BUT ALSO A CATALYST FOR AN UNPRECEDENTED "SPORTS ECONOMY" IN CHINA.

CHINA'S SPORTS MARKET

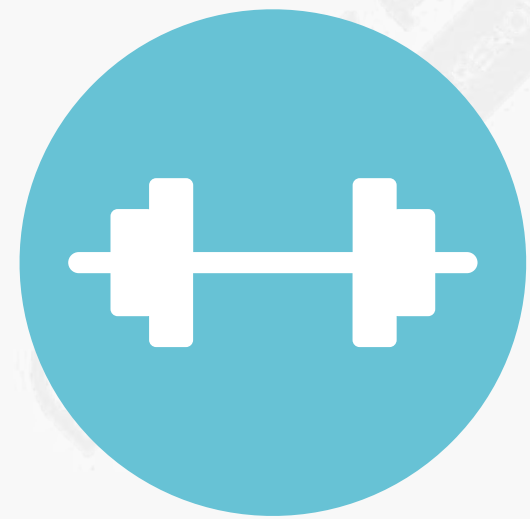
Sports events are the core of the sports industry, with the Olympic Games representing a top-tier event.

In China, the sports event market, heavily reliant on offline activities, has faced severe challenges due to macroeconomic factors. However, pent-up consumer demand from sports enthusiasts has gradually been unleashed in 2023, and the market is experiencing rapid growth driven by the influence of the **2024 Paris Olympics**.

SPORTS EVENT MARKET SCALE
UNIT: BILLION USD



EVER-INCREASING SPORTS CONSUMPTION



UP BY 127%

**THE NUMBER OF GYM
GROUP-BUYING ORDERS
ON DOUYIN**



UP BY 76%

**THE NUMBER OF TENNIS
COURTS GROUP-BUYING
ORDERS ON DOUYIN**



UP BY 68%

**THE NUMBER OF
BADMINTON COURTS
GROUP-BUYING ORDERS
ON DOUYIN**



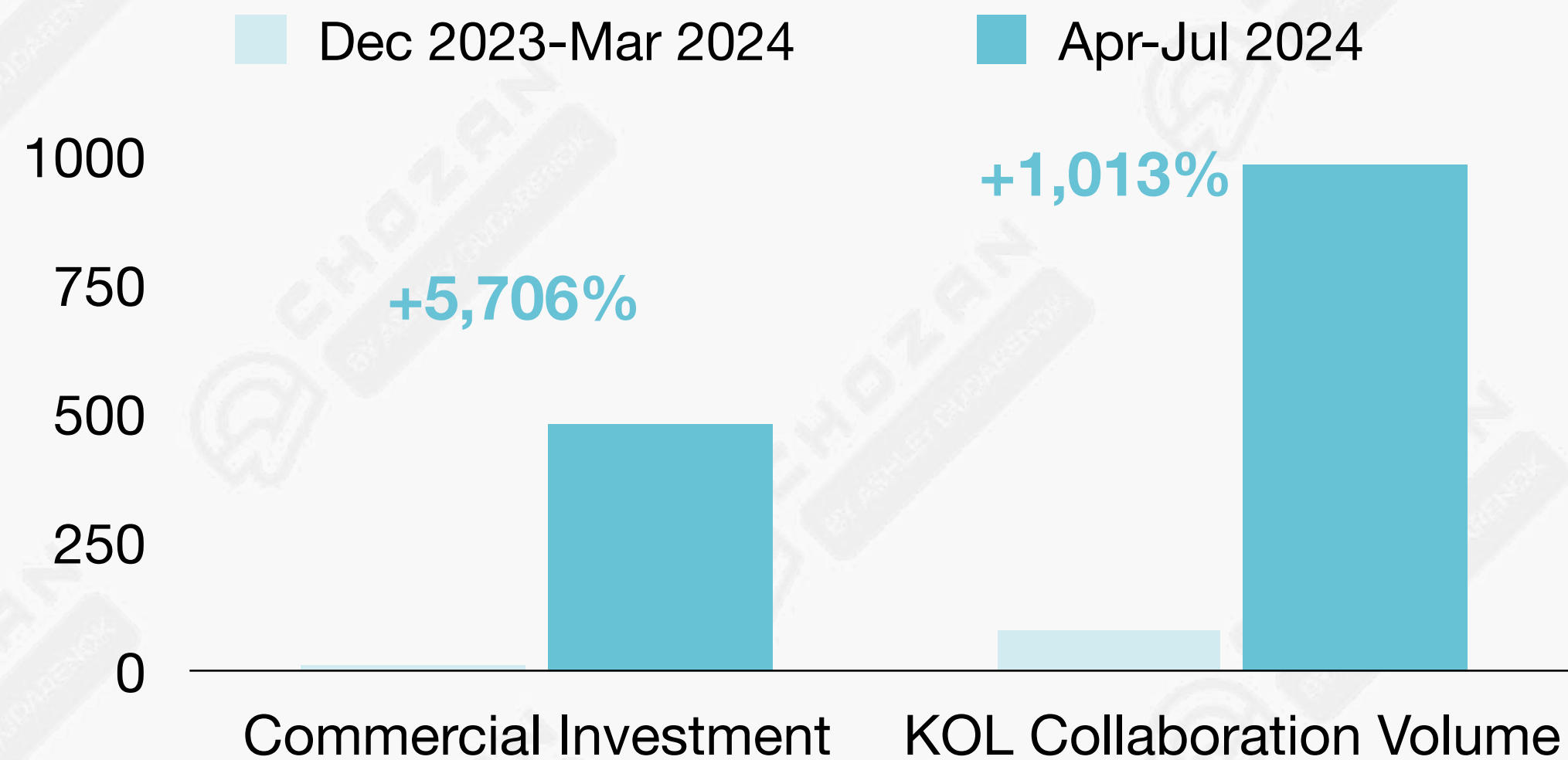
UP BY 66%

**THE NUMBER OF
SWIMMING POOLS
GROUP-BUYING ORDERS
ON DOUYIN**

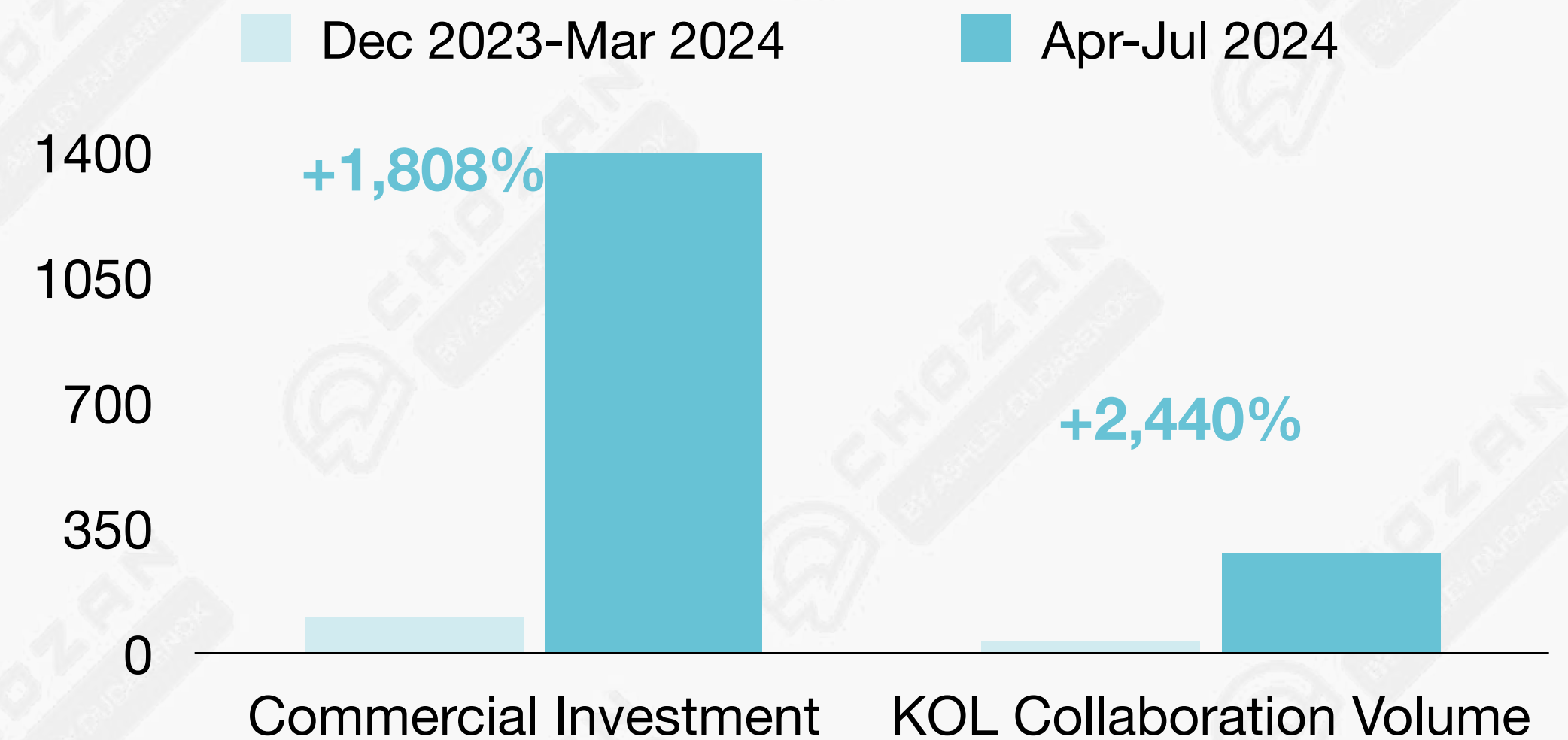
SPORTS-RELATED CONSUMPTION

The Paris Olympics fueled massive growth in digital marketing, with RedNote and Douyin seeing over **5,000%** and **1,800% increases** in commercial investment, respectively, alongside sharp rises in KOL collaborations.

COMMERCIAL INVESTMENT AMOUNTS AND KOL COLLABORATION ON REDNOTE



COMMERCIAL INVESTMENT AMOUNTS AND KOL COLLABORATION ON DOUYIN



SPORTS-RELATED CONSUMPTION

After the start of the Paris Olympics, athletes such as Sun Yingsha, Ma Long, Fan Zhendong, Pan Zhanle, and Zheng Qinwen received immense attention.

The “**athlete edition**” used by these popular athletes have quickly become hot sellers on e-commerce platforms. In addition to sports equipment and accessories, their apparel and gear have also gained significant popularity.

PRODUCT NAME	SALES VOLUME (UNITS)
Pan Zhanle Edition Speedo Swimming Goggles	3,000+
Zheng Qinwen Edition Wilson Tennis Racket	1,000+
Deng Yawen Edition Hair Tie	1,000+
Huang Yuting Edition Hair Tie	1,000+
Zheng Qinwen Edition Women's Tennis Shoes	1,000+
Huang Yaqiong Edition Yonex Badminton Racket	800+
Ma Long and Wang Chuqin Edition Table Tennis Apparel	500+

SPORTS-DRIVEN FOREIGN TRADE

61.6 BILLION RMB

(ABOUT 8.4 BILLION USD)

CHINA'S EXPORTS OF SPORTS GOODS
AND EQUIPMENT (JAN-JUN 2024)

80%

OF THE MASCOTS IN THIS PARIS
OLYMPICS WERE MADE IN CHINA, WITH
MOST OF THEM PRODUCED IN YIWU

7 BILLION RMB+

(ABOUT 955 MILLION USD)

ONLINE EXPORTS OF OLYMPIC-
RELATED PRODUCTS (JAN-AUG 2024)

5.02 BILLION RMB

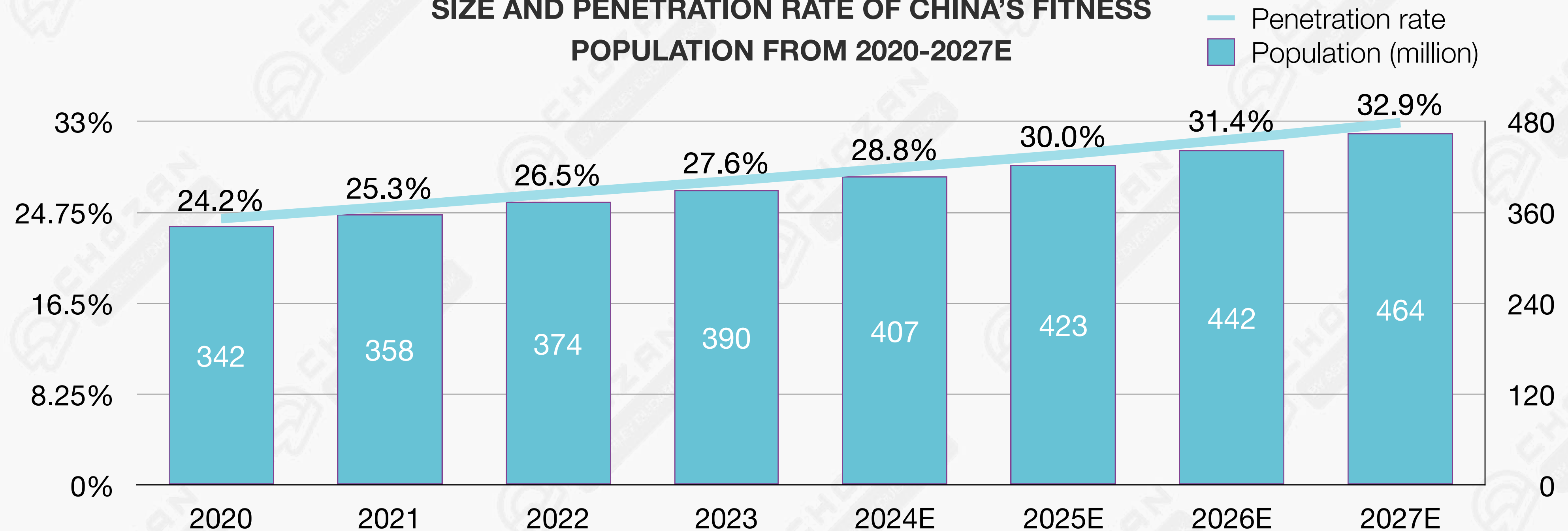
(ABOUT 684.91 MILLION USD)

OF SPORTS GOODS AND EQUIPMENT
EXPORTED BY YIWU

CHINA'S FITNESS MARKET

In a fast-paced, high-pressure lifestyle, sub-health and emotional distress are common, with **84.4%** of the population facing health problems; on the other hand, people's health awareness continues to improve, the penetration rate of sports and fitness people is continuing to increase.

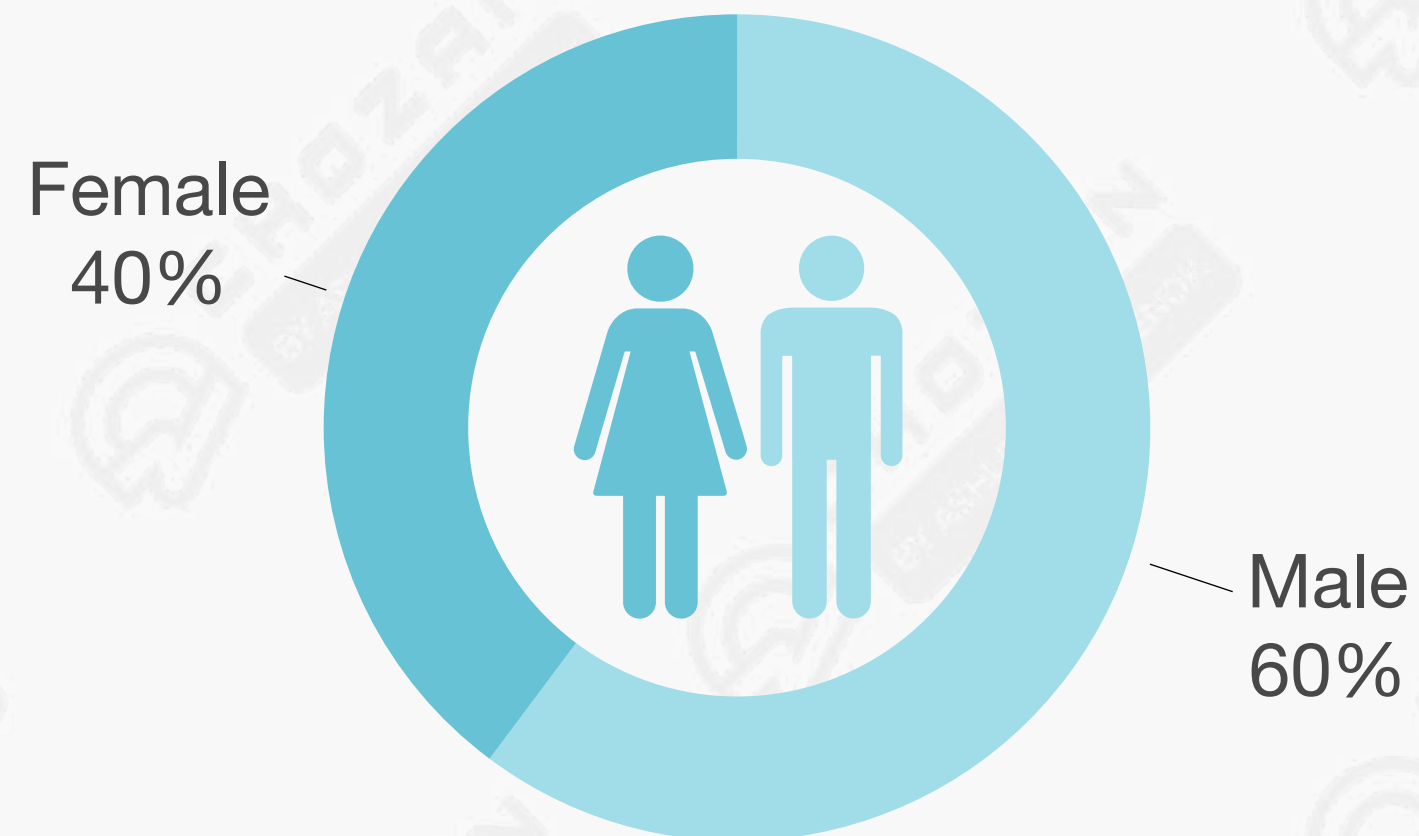
SIZE AND PENETRATION RATE OF CHINA'S FITNESS POPULATION FROM 2020-2027E



FITNESS FAN PROFILE

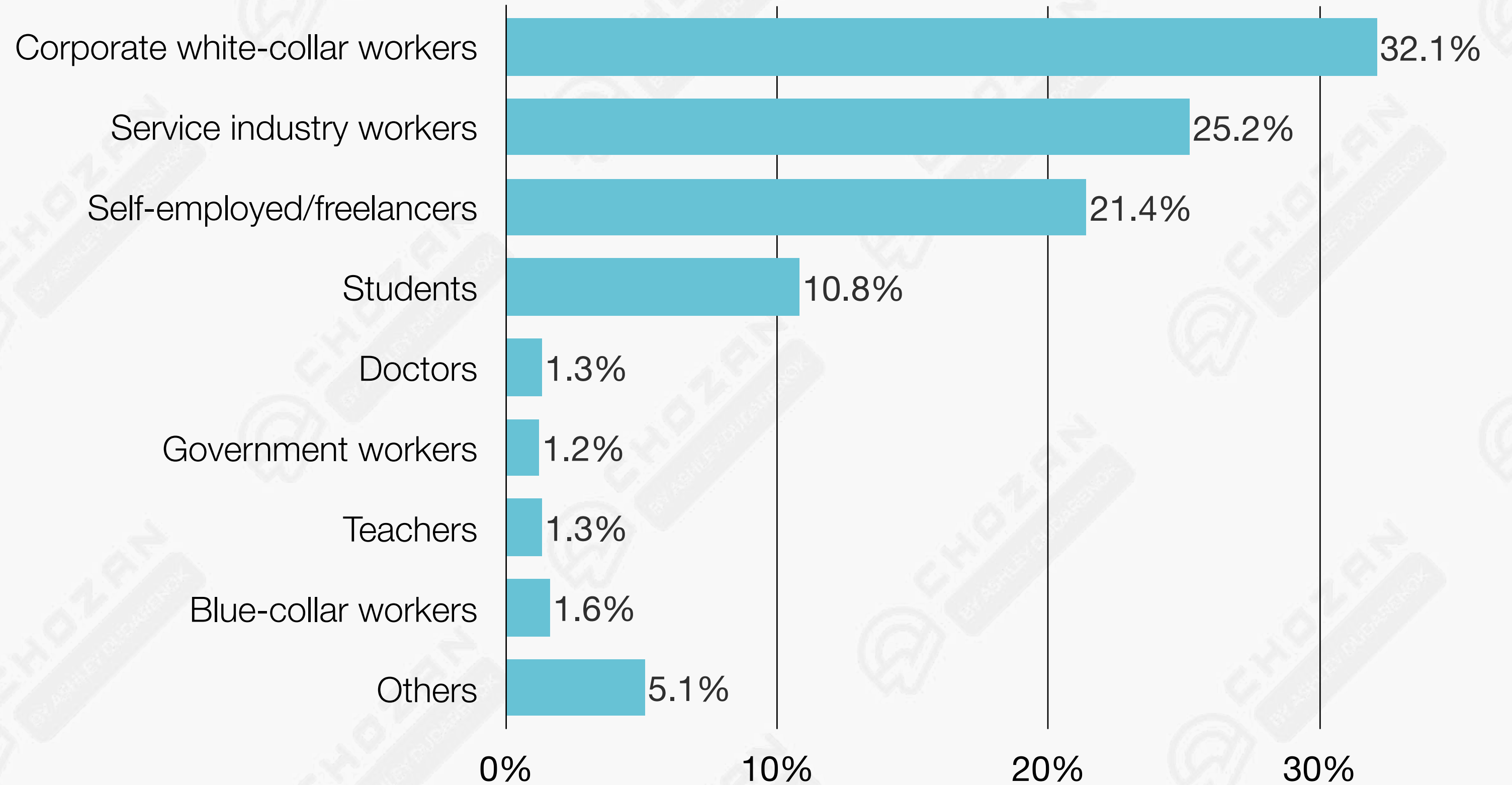
Among the occupational distribution of fitness fans, white-collar workers in enterprises account for the highest proportion, followed by service industry personnel.

FITNESS FAN GENDER DISTRIBUTION



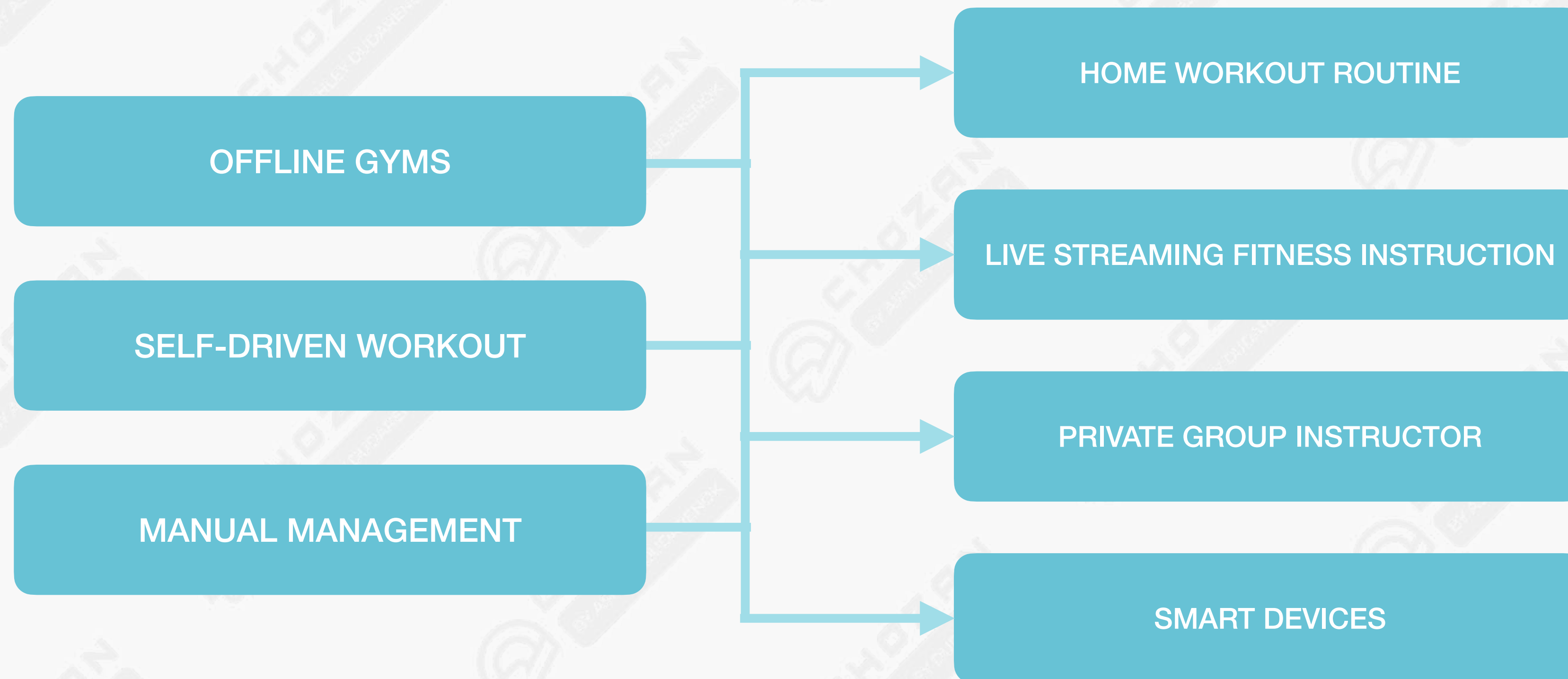
Source: Sohu

FITNESS FAN OCCUPATION DISTRIBUTION IN 2024



FITNESS HABITS

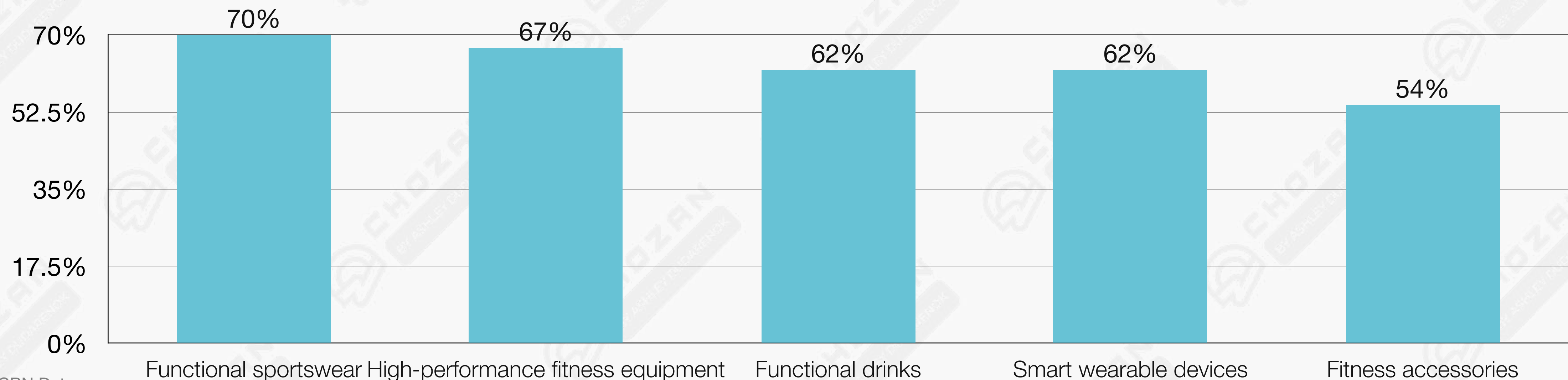
Fitness habits in China are shifting towards greater diversity and flexibility. Traditional offline gyms remain popular, but alternative workout methods such as home routines, live-streamed fitness sessions, private group instruction, and the use of smart fitness devices are rapidly gaining traction.



FITNESS CONSUMPTION

Fitness enthusiasts are increasingly embracing high-performance sports, fueling demand for specialized products such as quick-drying apparel, professional running shoes, and energy drinks. It highlights a growing consumer preference for more advanced and performance-driven fitness solutions.

TOP 5 PRODUCTS THAT FITNESS FANS CONSIDER PURCHASING FOR SPORTS

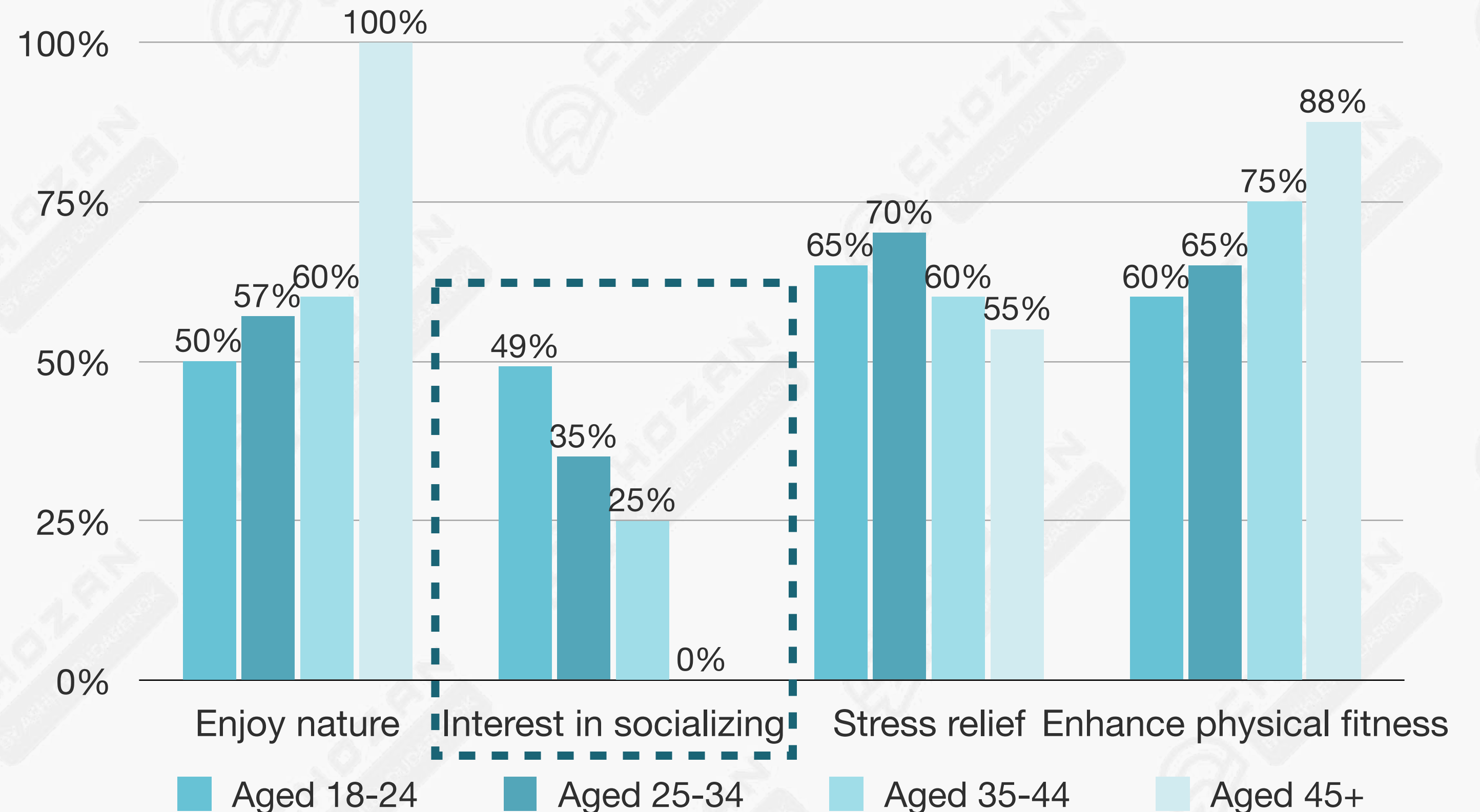


Source: [CBN Data](#)

FITNESS-RELATED SOCIALS

Outdoor gatherings for sports, or “fitness socials,” have emerged as a new trend among young people for socializing. These activities not only provide opportunities for making friends but also help participants connect with nature, relieve stress, and enhance physical fitness.

DEMAND OF FITNESS FANS AT DIFFERENT AGES



4

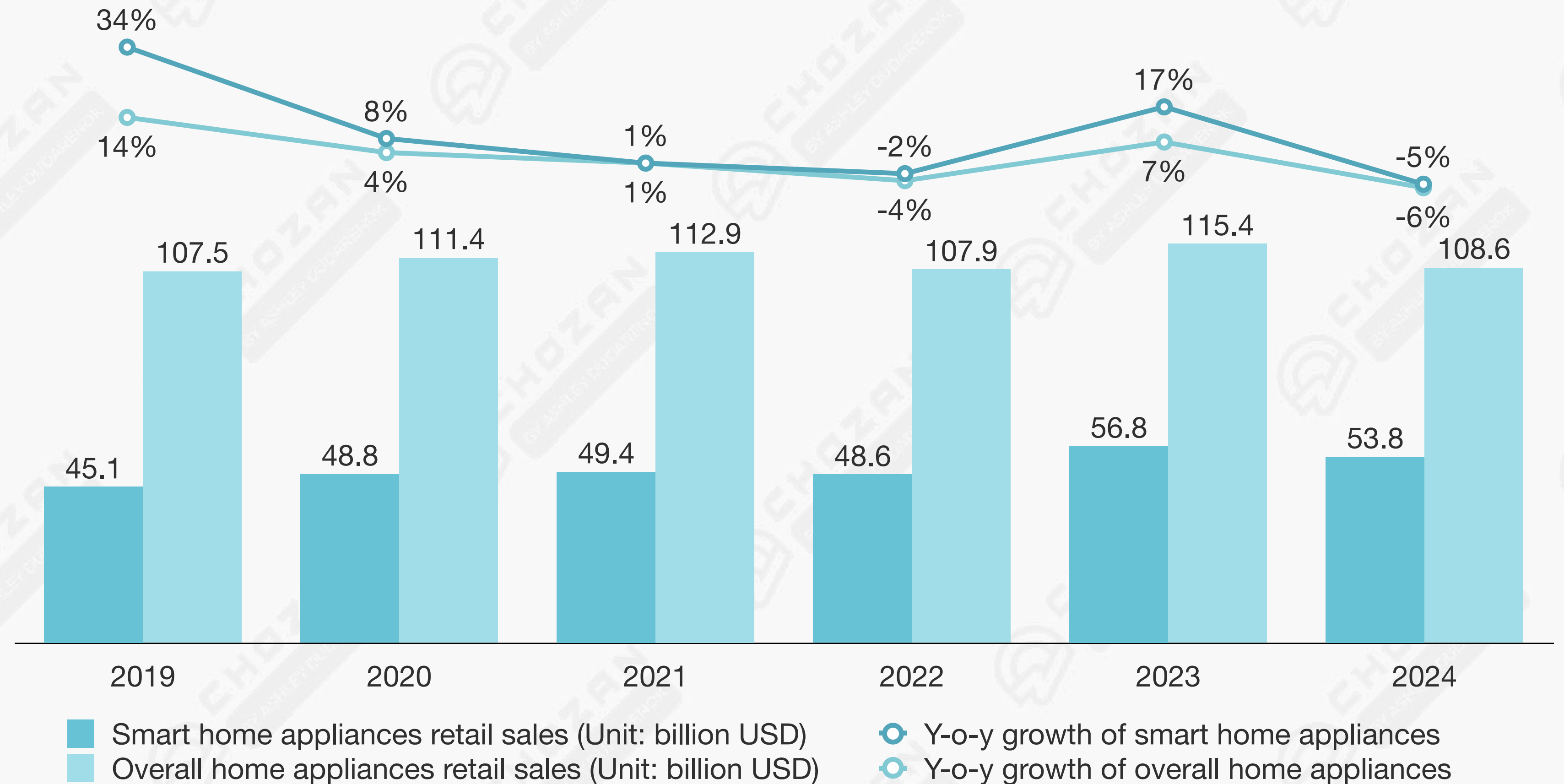
THE SMART HOME ECONOMY

SMART HOME APPLIANCES ARE MORE WELCOMED AMONG CONSUMERS IN HIGH-TIER CITIES AS THEY REPRESENT A SENSE OF RITUAL IN LIFE IN ADDITION TO HANDS-FREE CONVENIENCE.

CHINA'S SMART HOME APPLIANCES MARKET

China's smart home appliances market has grown at a faster pace than the overall home appliances market, and by 2024, smart home appliances will likely contribute about 50% of retail sales to the entire home appliances market.

CHINA'S SMART HOME APPLIANCES MARKET AND GROWTH

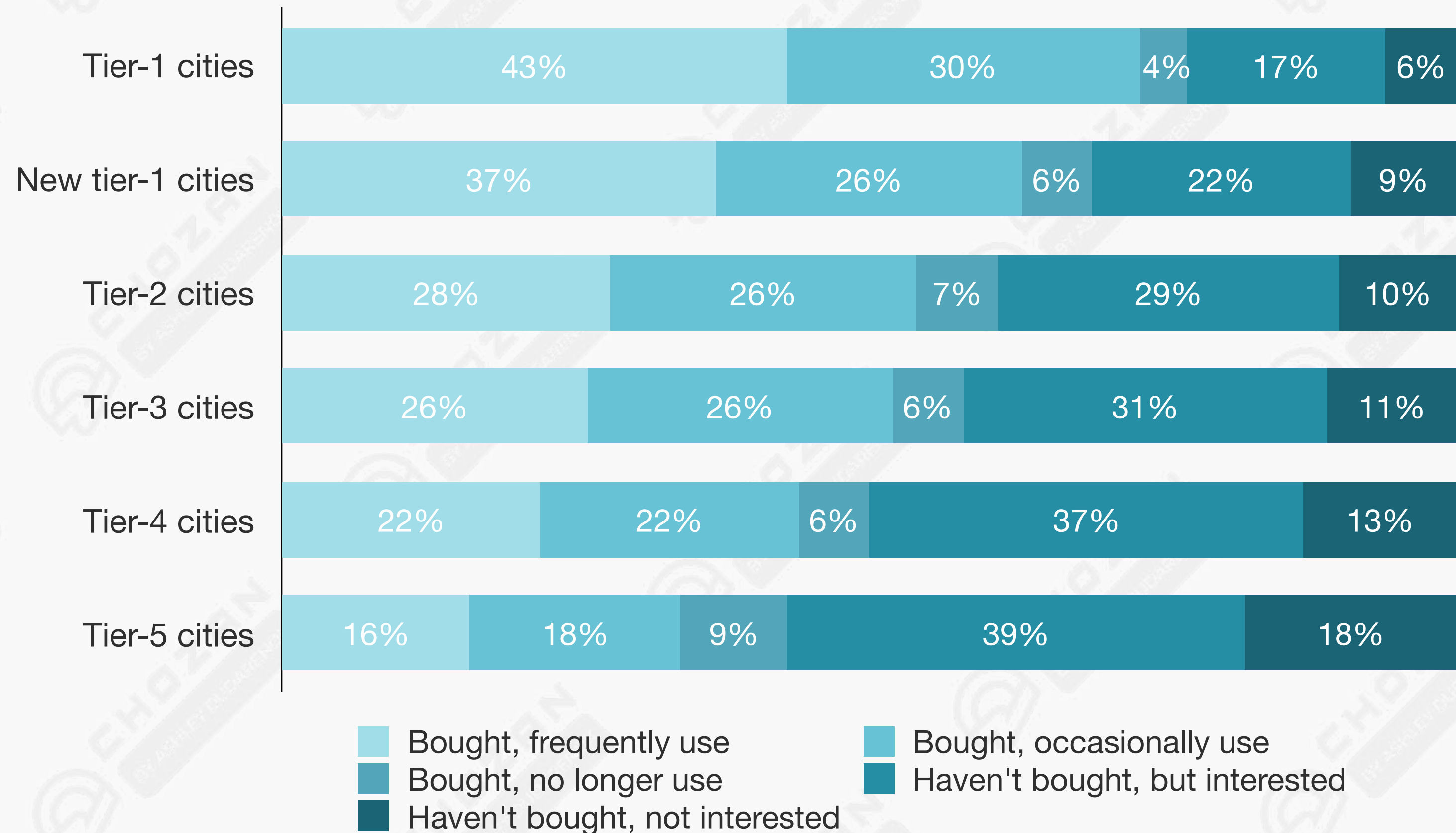


SMART HOME APPLIANCES CONSUMER DISTRIBUTION

In higher-tier cities, more than 60% consumers have bought smart home appliances and nearly half of them use it frequently.

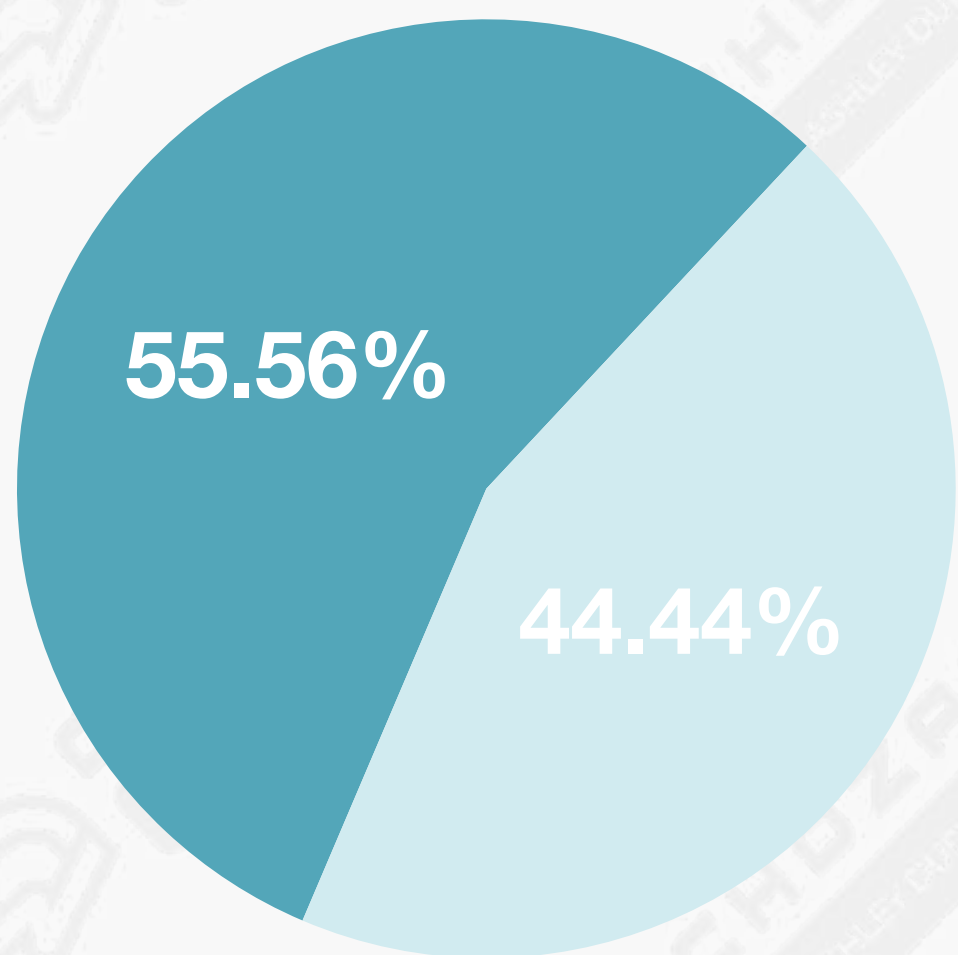
In lower-tier cities, consumers have demonstrate **great interest** in smart home appliances even though the penetration of smart home appliances is comparatively low.

SMART HOME APPLIANCES CONSUMPTION BY CITY



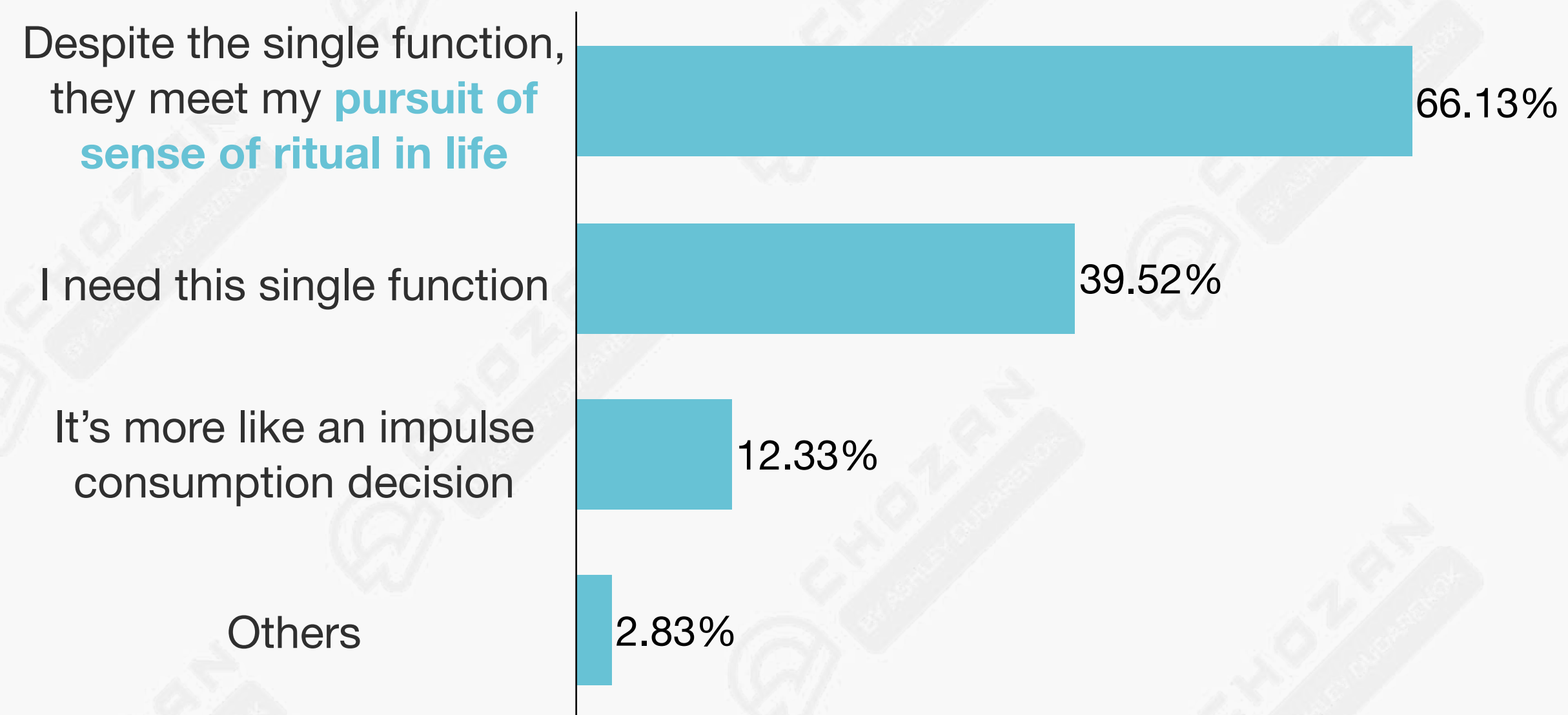
SMART HOME APPLIANCES CONSUMER ATTITUDE

Smart home appliances that are designed for specific scenarios, such as sparkling water machines and steak machines, can meet consumers' pursuit of sense of ritual - **emotional needs** and thus boost sales.



- Accept scenario / function-specific smart home appliances
- Not consider scenario / function-specific smart home appliances

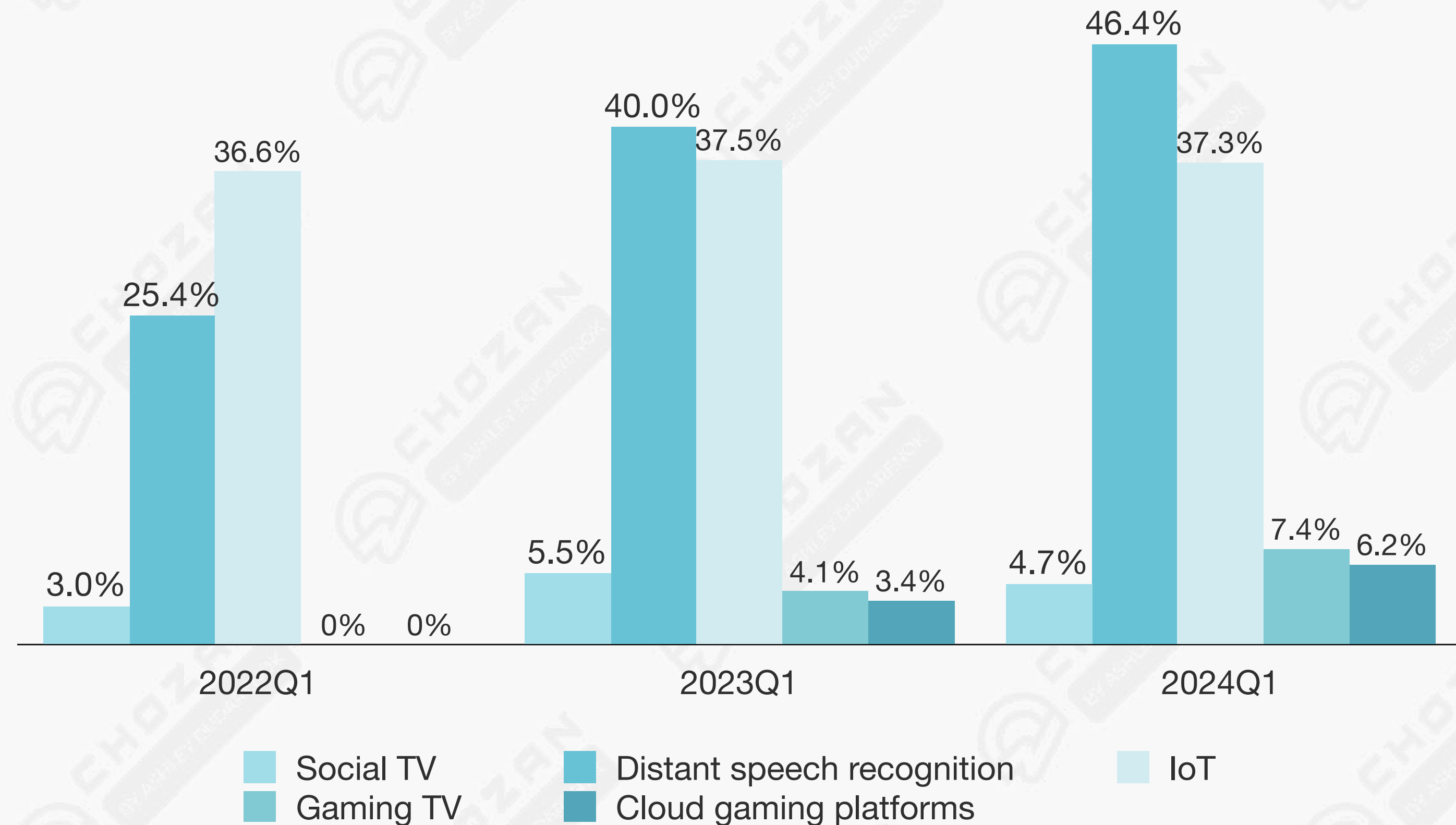
THE REASONS WHY CONSUMERS BUY SCENARIO-BASED SMART HOME APPLIANCES



SMART HOME APPLIANCES CONSUMPTION

SALES PROPORTION OF SMART TV WITH DIFFERENT FUNCTIONS

Consumer demand for distant speech recognition in smart TVs is rising as it frees their hands and maximizes the convenient experience. Their needs for gaming-related functions and specifications are steadily growing.

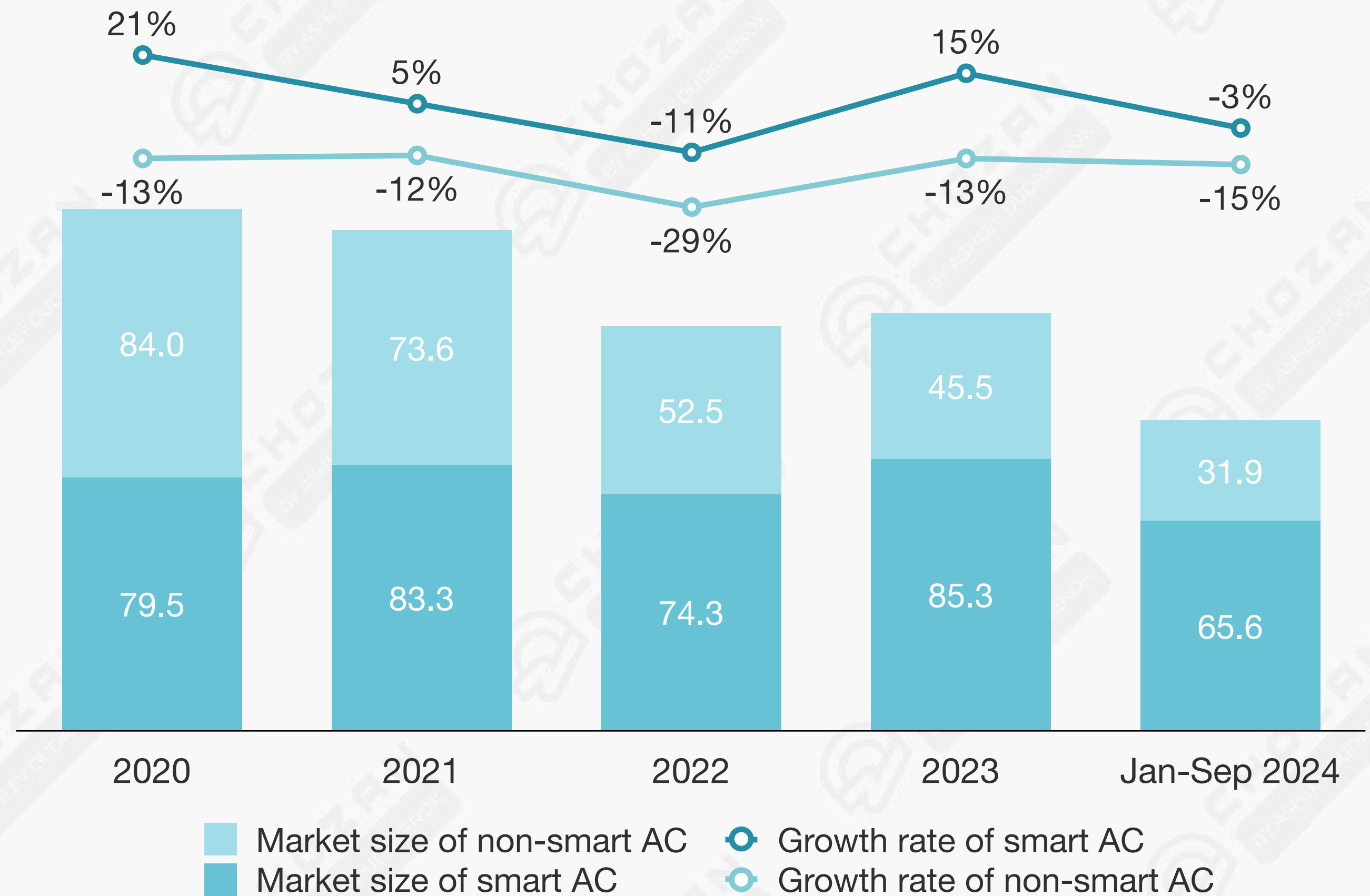


SMART HOME APPLIANCES CONSUMPTION

THE MOST WANTED FUNCTIONS FOR SMART AC

- REMOTE CONTROL VIA APP
- SMART VOICE-BASED INTERCONNECTIVITY
- SMART ELECTRICITY MANAGEMENT
- SMART MONITORING OF LIGHTING, NOISE, ETC.

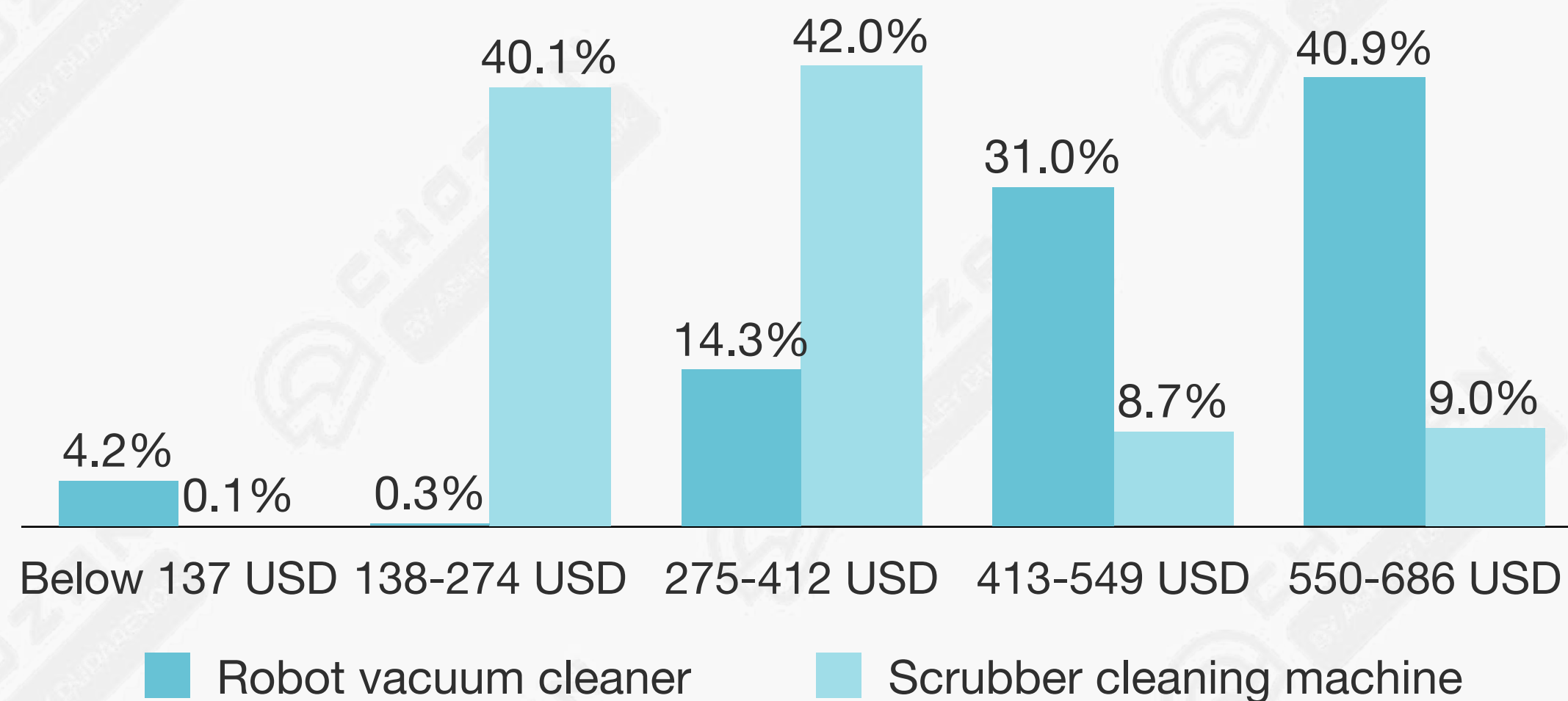
CHINA'S SMART AND NON-SMART AC MARKETS



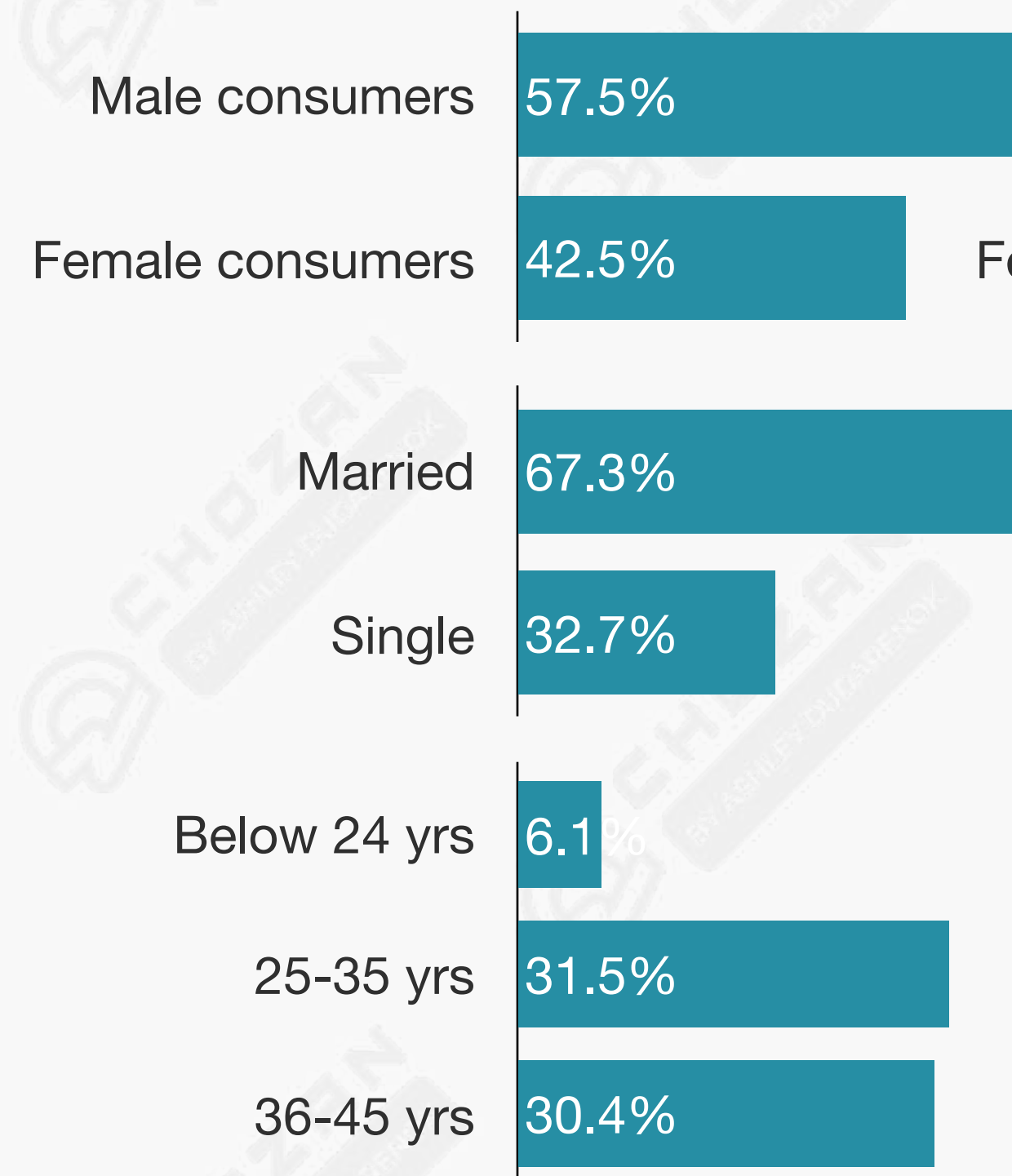
SMART HOME APPLIANCES CONSUMPTION

Both popular cleaning machines are welcomed by households, while the more intelligent robot vacuum cleaner with more functions costs relatively higher than scrubber cleaning machines which are more favored by married female consumers.

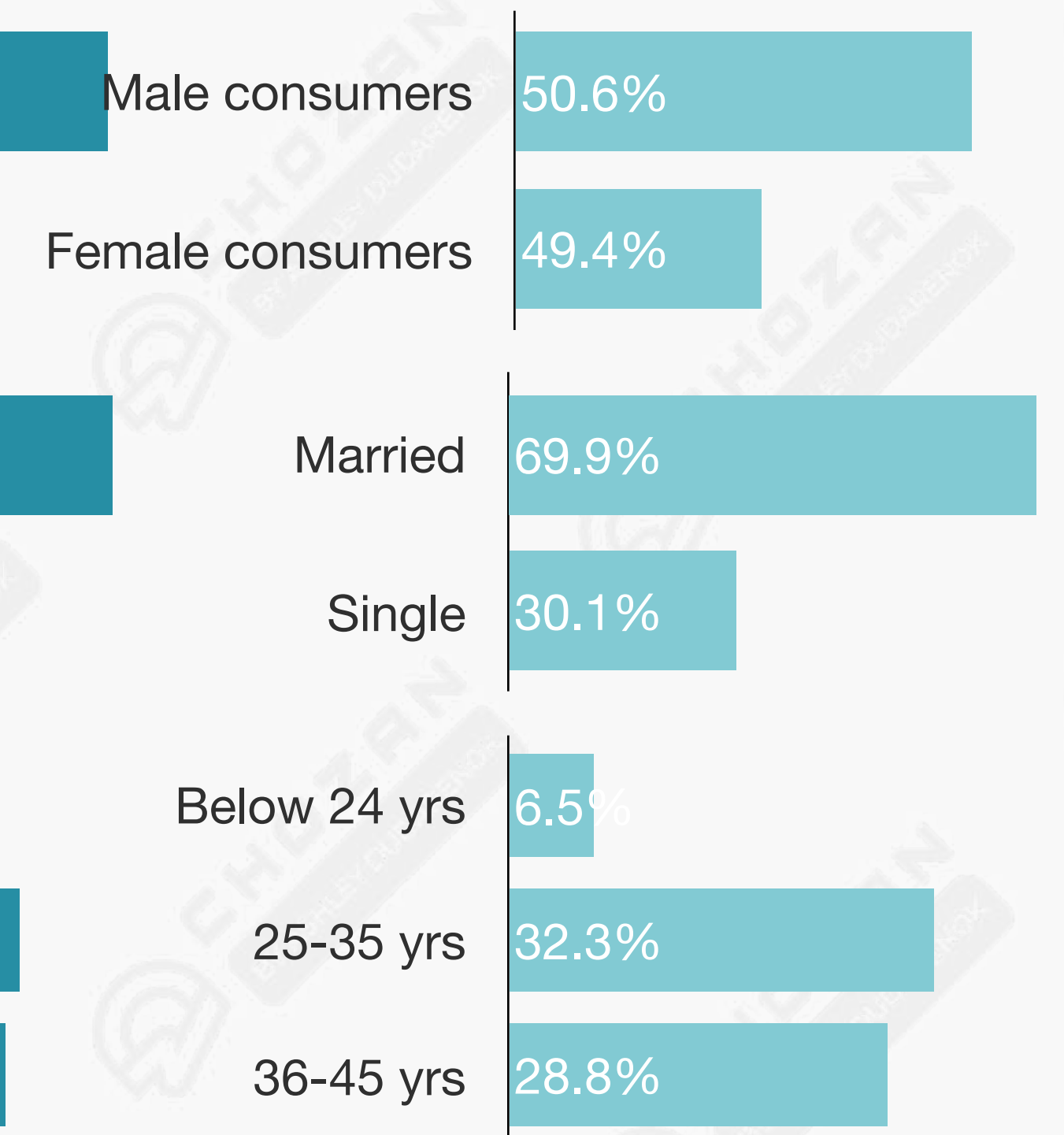
SALES PROPORTION OF CLEANING APPLIANCES AT VARIED PRICES ON DOUYIN



USER PORTRAIT OF ROBOT VACUUM CLEANER



USER PORTRAIT OF SCRUBBER CLEANING MACHINE



5

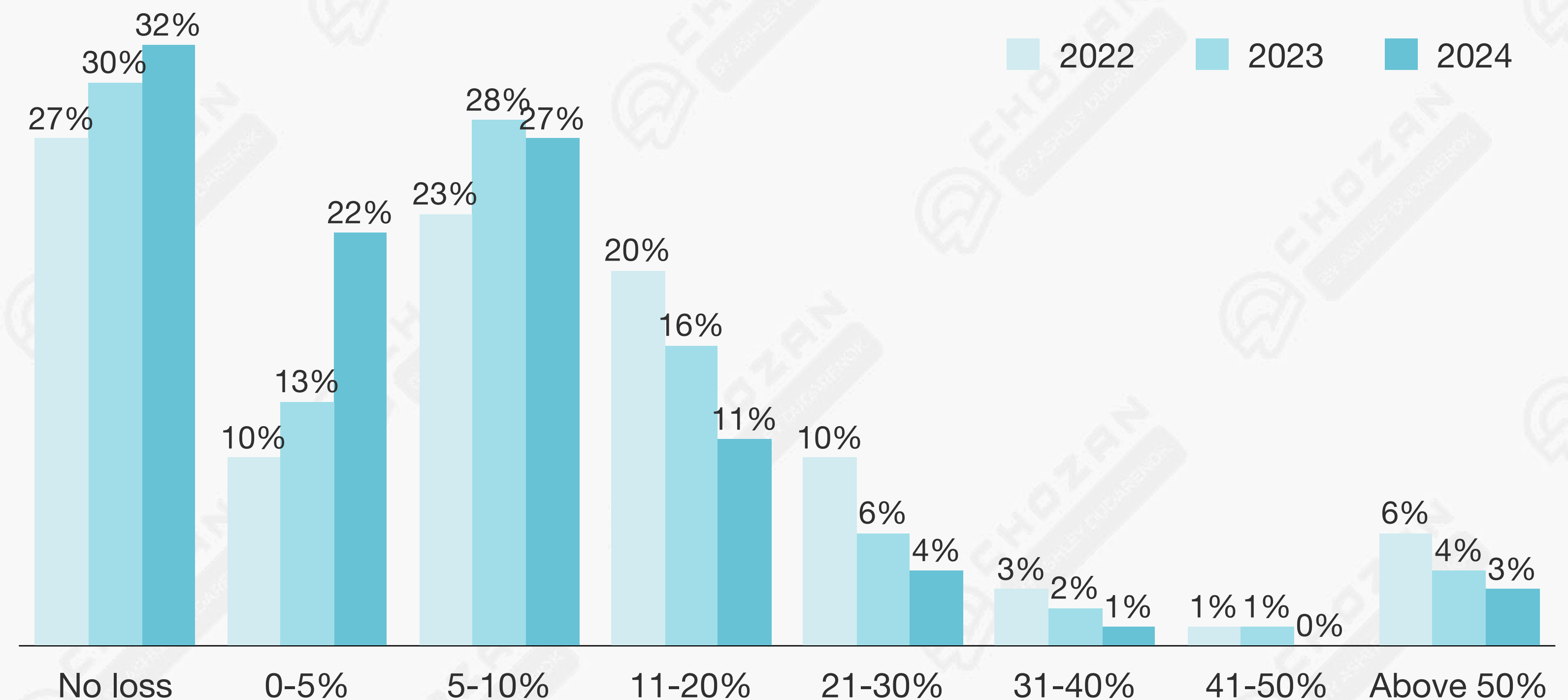
THE PERSONAL FINANCE & INVESTMENT ECONOMY

**CHINA'S PERSONAL
FINANCE TRENDS
HIGHLIGHT REDUCED
ENTHUSIASM FOR
FINANCIAL PLANNING,
A PREFERENCE FOR
CONSERVATIVE AND
RISK-AVERSE
INVESTMENT
STRATEGIES.**

CONSUMER ATTITUDE TOWARDS INVESTMENT

EXPECTED ANNUAL RETURN RATE FOR INVESTMENT AND WEALTH MANAGEMENT

The proportion of respondents expecting annualized investment returns of 5% or less (including “No loss”) has continuously increased for two consecutive years, showing that people’s expected investment returns gradually return to **rational levels**, and the gap between expected and actual returns continues to narrow.



CONSUMER ATTITUDE TOWARDS RISKS

EVALUATION OF PERSONAL RISK TOLERANCE LEVELS

Nearly half (49%) of respondents maintained their original risk tolerance levels, a significant increase from 35%, indicating growing confidence in their initial assessments.

I adhere to my original risk tolerance level

35%

49%

My actual risk tolerance is higher than my previous assessment

33%

25%

My actual risk tolerance is lower than my previous assessment

13%

9%

Not clear

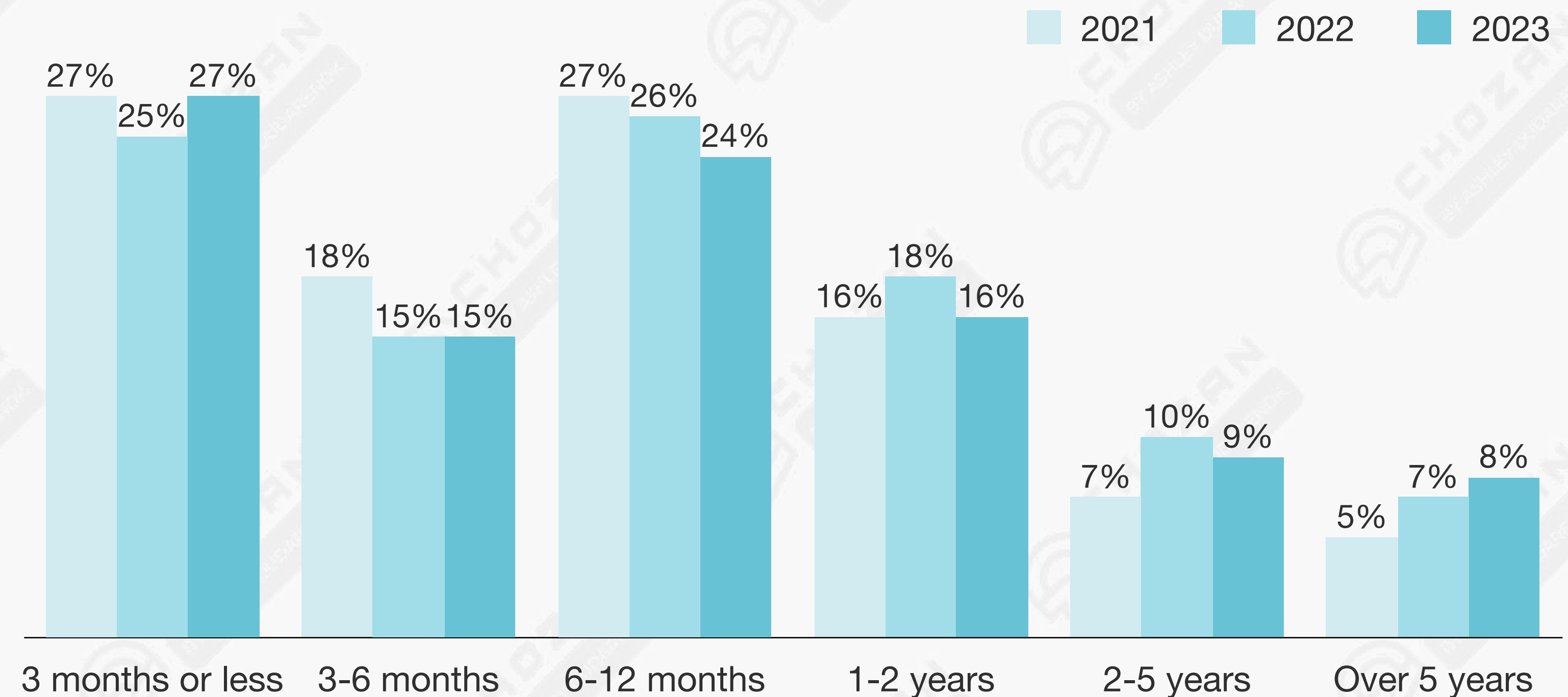
19%

17%

INDIVIDUALS' WEALTH MANAGEMENT

WILLINGNESS TO HOLD FINANCIAL PRODUCTS OVER TIME

Respondents' actual holding periods reflect a similar polarization trend: **an increase at both the shorter and longer ends**, and a decrease in the middle. This indicates a clearer polarization of willingness to invest in long-term financial products among residents.



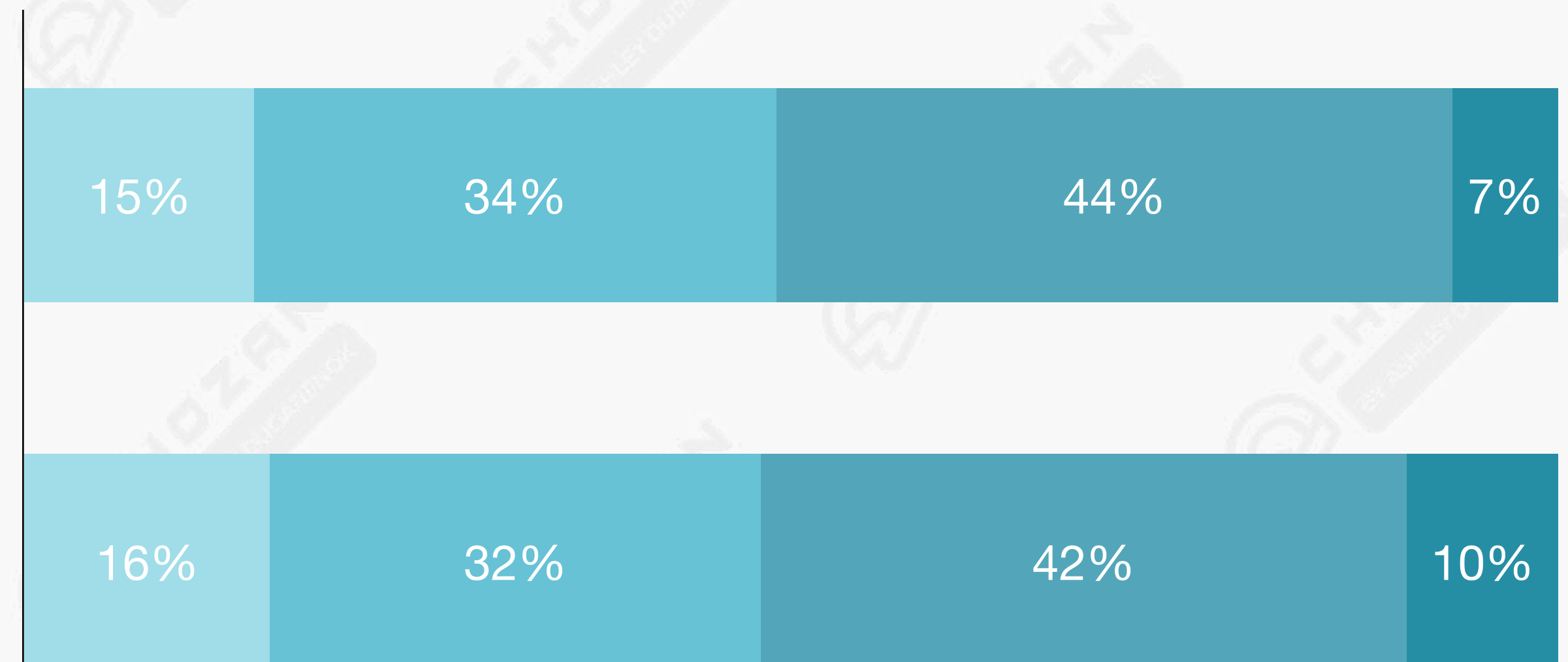
INDIVIDUALS' WEALTH MANAGEMENT PREFERENCES

Chinese investors are increasingly relying on self-research for financial decisions as trust in professional and non-professional channels declines. However, many lack confidence in their ability to evaluate financial products, showing a gap between preference and capability.

Respondents who prefer "self-research" on their ability to select financial products

All respondents

EVALUATION OF SELF ABILITY TO SELECT FINANCIAL PRODUCTS

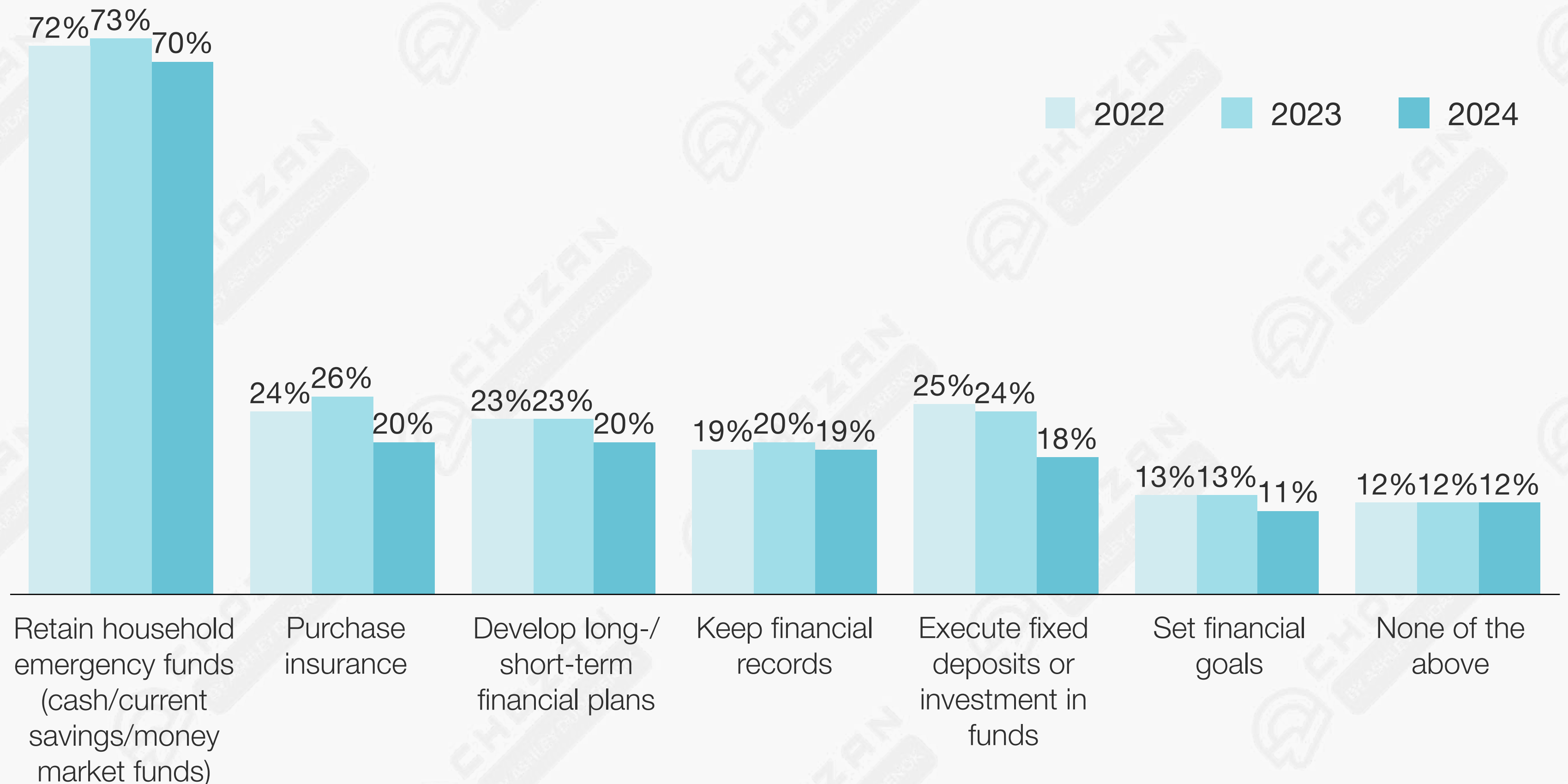


- Completely lack ability
- Relatively weak ability
- Have certain ability
- Very strong ability

HOUSEHOLD WEALTH MANAGEMENT

HOUSEHOLD FINANCIAL MEASURES TAKEN IN 2022-2024

The adoption of household financial management practices has declined, with 12% of respondents reporting no financial planning, goal-setting, or investment habits. Despite this trend, the importance of financial planning is more pronounced in challenging economic environments, highlighting the need for fostering better financial habits and awareness among households.



EXPERT BITE

Q: HOW WILL AI AND MACHINE LEARNING RESHAPE CHINA'S FINTECH ECOSYSTEM IN THE NEXT 5–10 YEARS?

AI and machine learning are set to significantly transform China's fintech landscape over the next 5 to 10 years, with developments diverging from Western markets. Key advancements will include hyper-personalized financial services through real-time risk assessments, enhanced fraud detection, and AI-driven wealth management tools targeting the growing middle class. Additionally, integration with smart city initiatives will optimize digital payments and automated financial decisions.

China's fintech ecosystem remains centralized, influenced by state-owned institutions and government policies, in contrast to the decentralized nature seen in the U.S. and Europe. The country's relaxed data privacy regulations facilitate faster AI adoption, while government priorities will shape the application of AI in maintaining financial stability and competitiveness. Ultimately, as China transitions to regulated innovation, its AI-driven digital finance ecosystem especially in payments, lending, and central bank digital currency will likely emerge as one of the most advanced globally.



ALVIN FOO

Co-Founder
at NASDEX and Metafyed

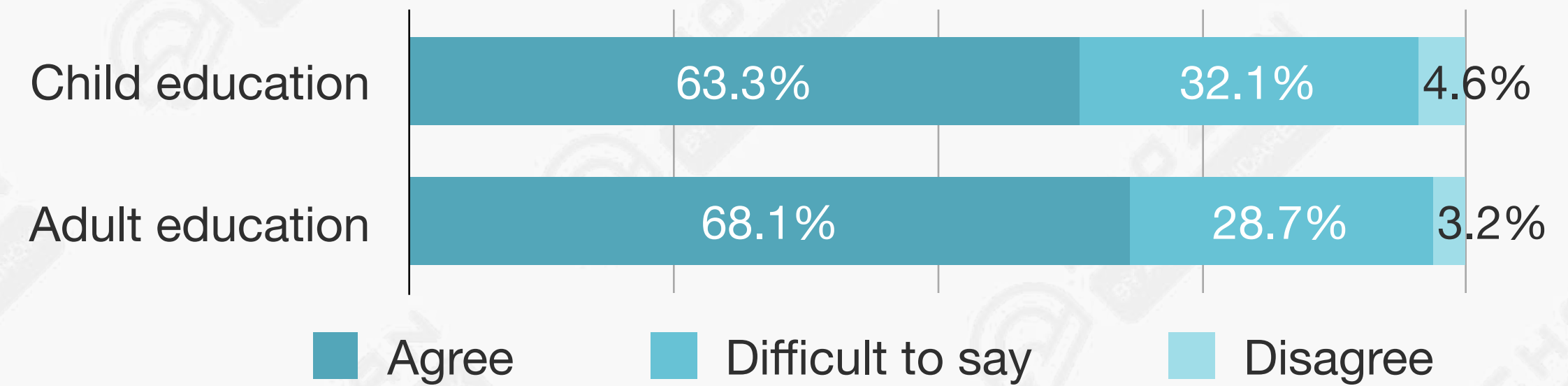
CRUCIAL INDUSTRY GUIDES

NAVIGATING PROMINENT SECTORS IN CHINA'S
EVOLVING MARKET

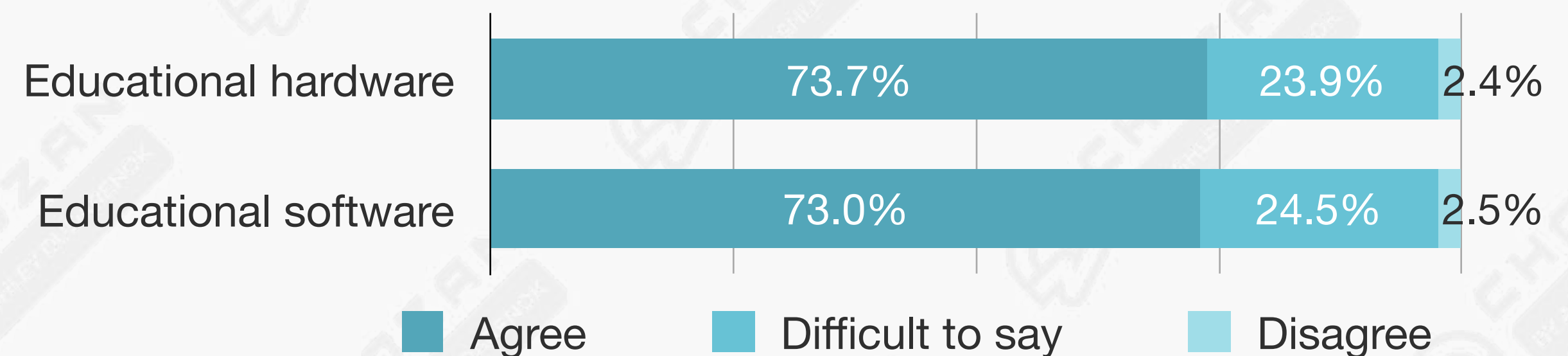
EDUCATION INDUSTRY GUIDE 2025

From the perspective of user opinions, parents and adult learners are actively embracing the influence of **AI trends on education and teaching**. They believe AI technology should be applied to education as soon as possible and agree that AI can promote the upgrade of educational products, improving learning efficiency.

OPINION: AI TECHNOLOGY SHOULD BE APPLIED TO EDUCATION AS SOON AS POSSIBLE

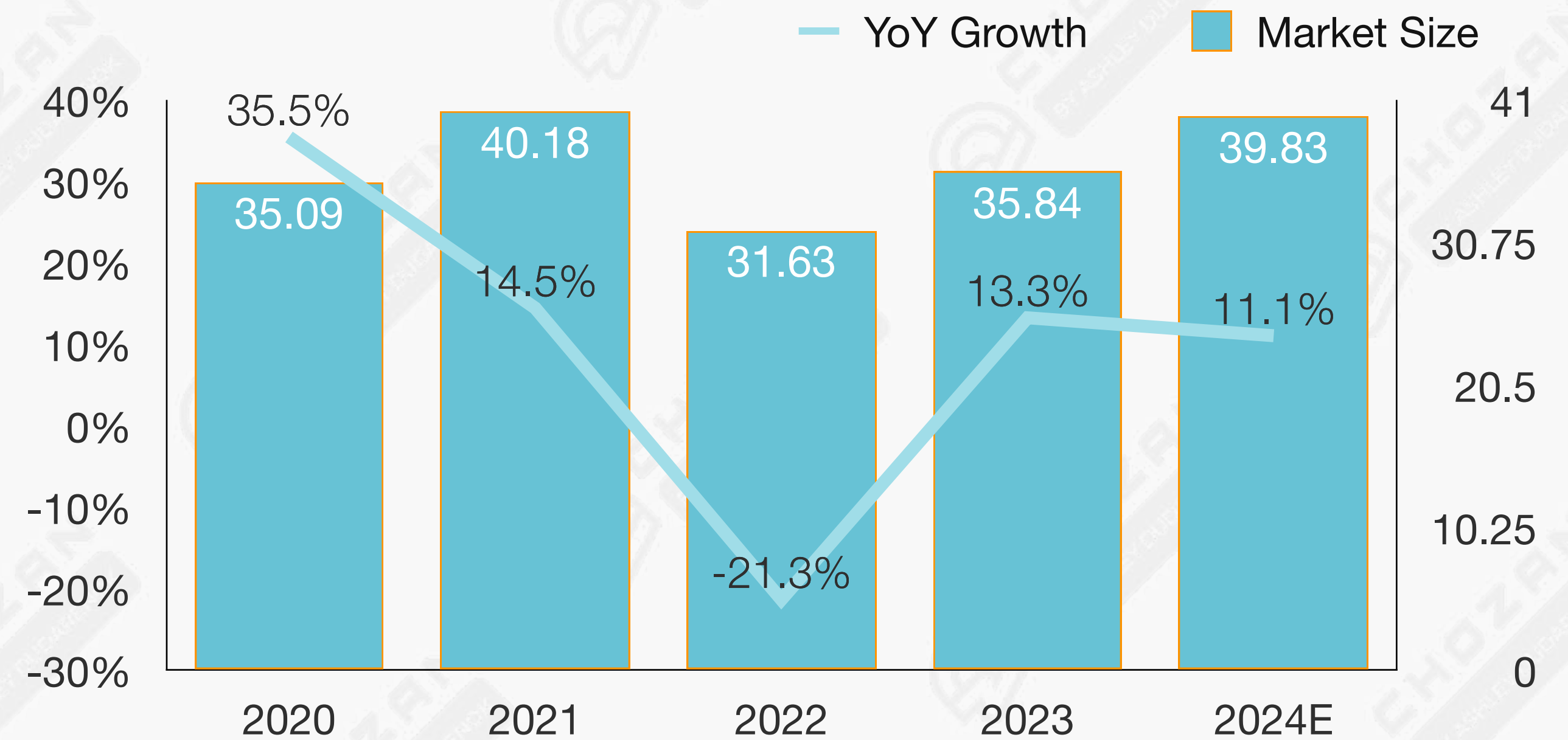


OPINION: AI CAN PROMOTE THE UPGRADE OF EDUCATIONAL SOFTWARE/HARDWARE AND IMPROVE LEARNING EFFICIENCY



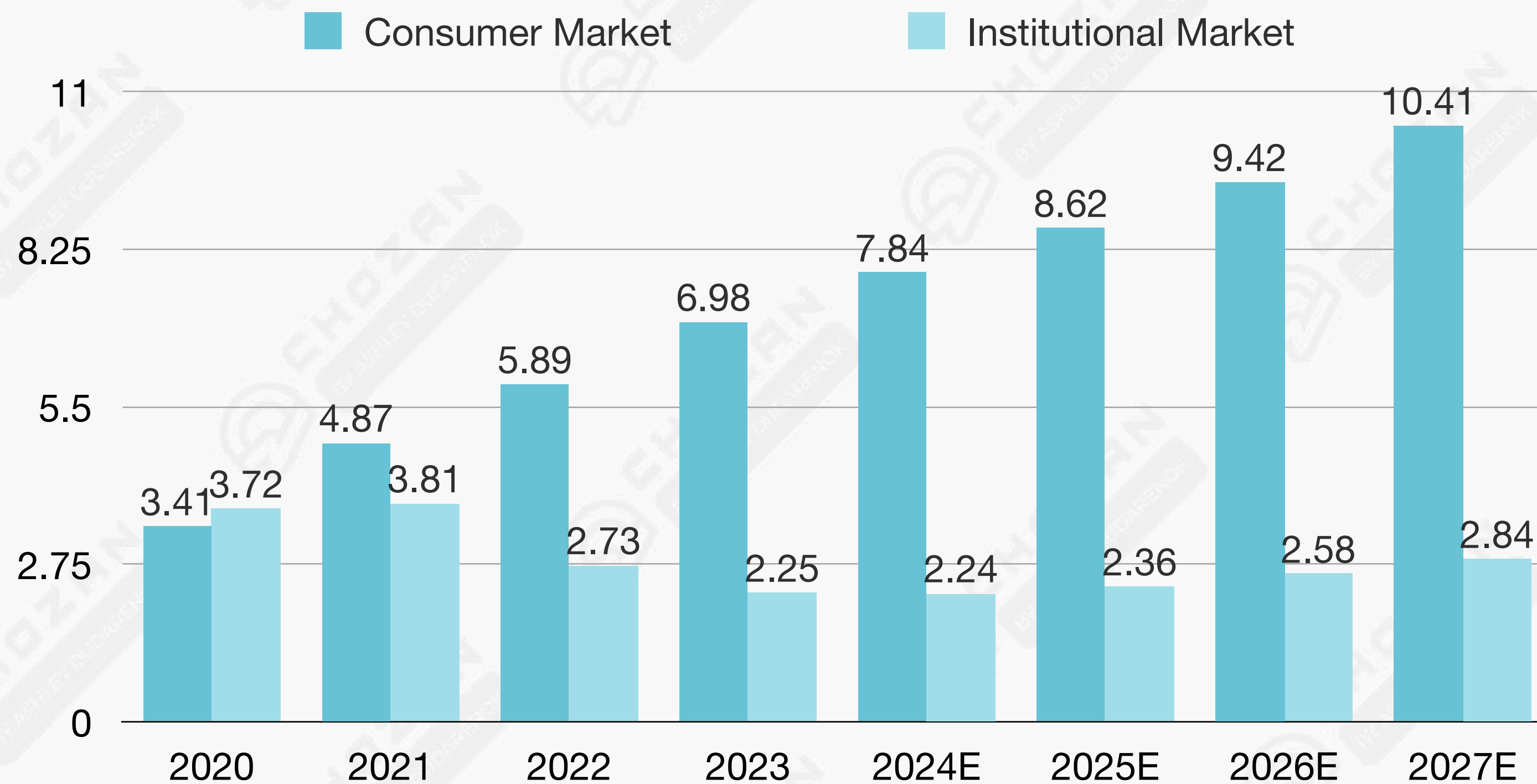
The scale of China's online education market reached 262.8 billion RMB (about 35.84 billion USD) in 2023, with AI contributing approximately 7%. The impact of AI technology on the online education market primarily manifests in areas such as enhancing the functionality of learning software and improving teacher efficiency. It is estimated that by 2027, AI's contribution rate to the online education market will rise to around **16%**.

**CHINA'S ONLINE EDUCATION MARKET SIZE
(UNIT: BILLION USD)**



In 2024, the education product market for both offline and online sectors is expected to generate over **70 billion RMB** (about 9.55 billion USD). While growth in traditional educational tools slows, there is significant demand for digital learning products like smart devices and educational robots. Despite government policy pressures and intense market competition, the market is stabilizing, with the development of XR technology and new educational tools driving steady expansion.

SIZE AND FORECAST OF CHINA'S INTELLIGENT EDUCATIONAL DEVICE MARKET (IN BILLION USD)





IFLYTEK - SPARK COGNITIVE MODEL

Developed by iFlytek, this model emphasizes **cognitive learning** and **natural language understanding**. It's recognized for its application in smart education, where it powers interactive learning platforms to simulate human-like tutoring experiences.



ZUOYEBANG - GALAXY MODEL

It supports personalized homework assistance and learning. It leverages advanced AI capabilities to provide **tailored problem-solving** and **educational support**, particularly for K-12 students. Its strength lies in addressing students' unique learning challenges efficiently.



YOUXUEPAI - SMART EDUCATION AI MODEL

It integrates AI into smart classroom solutions, offering tailored content recommendations and adaptive learning paths. It's widely used in **educational institutions** to support teaching efficiency and improve student outcomes.



XUE'ERSI - JIU ZHANG MODEL

Named after the ancient Chinese mathematical text, this model focuses on **advanced math** and **science education**. Its unique algorithms help students grasp complex concepts, enhancing STEM education with AI-assisted problem-solving.



NETEASE YOUDAO - ZI YUE MODEL

Inspired by Confucius ("Zi Yue" means "Confucius said"), this model specializes in language learning and translation. It provides precise, AI-driven tutoring, particularly for **language acquisition**, using contextual understanding and real-time feedback.



SEEVO - TEACHING MODEL

Designed for educational hardware integration, Seevo's model powers **interactive whiteboards** and other **classroom devices**. It enhances teaching by offering real-time insights and analytics, making traditional classroom learning more data-driven.

EXPERT BITE

Q: WHAT KEY 2024 TRENDS IN CHINA'S EDUCATION COULD SHAPE THE OVERSEAS MARKET IN 2025?

Shifting and More Diverse Destinations: Chinese families are exploring a wider variety of countries for education services, including less traditional options like Southeast Asia, the Middle East, and Europe. This diversification stems from factors such as affordability, safety, and unique cultural or academic experiences offered by emerging destinations.

Broader Motivations for Studying Abroad: While higher education remains significant, families are increasingly viewing overseas study as an opportunity for early exposure to global perspectives and life skills. This includes primary and secondary education, summer programs, and cultural exchanges, reflecting a growing emphasis on holistic development over traditional academic metrics.

Demand for Bilingual and International Foundations: There is a rising demand for education services that help students transition to overseas education systems, such as bilingual schools, international curriculums, or pathway programs. Institutions that can bridge these gaps through preparatory programs or collaborations with local schools have a strategic advantage.



DEANA GAOQIONG
CEO at China Gravy

EXPERT BITE

Q: WHAT CAN GLOBAL EDUCATION PLATFORMS LEARN FROM CHINA'S USE OF DIGITAL TOOLS, SHORT VIDEOS, AND AI?

China is using AI-powered platforms to personalize learning based on individual progress, preferences, and speeds. For example, Squirrel AI tailors lessons and provides real-time feedback, optimizing learning.

Tencent Classroom and VIPKid integrate gamified elements, quizzes, and live interactions to keep students motivated. Big Data is extensively used to track performance, identify struggles, and provide targeted interventions. Livestreaming offers real-time interaction between educators and students, creating an immersive learning experience.

Social features allow students to engage with peers, share progress, and collaborate, fostering community and peer-driven learning. China has pioneered low-cost, high-impact models like MOOCs and affordable micro-credentials to make quality education accessible to a wider audience.



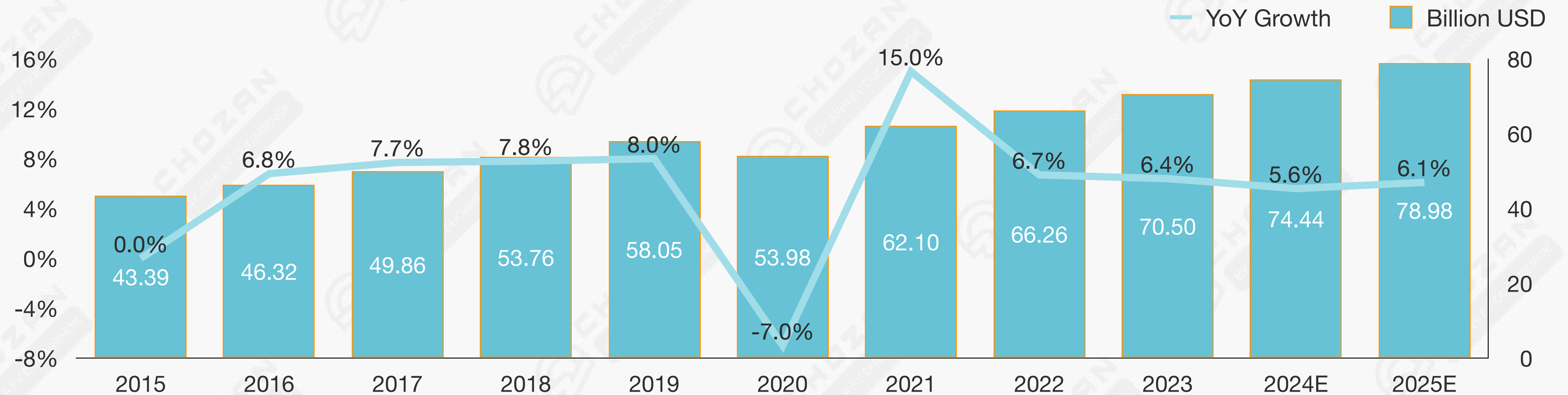
AICKY ZHANG

Head of Education Platform at
EU Project Innovation Centre

BEAUTY & COSMETICS INDUSTRY GUIDE 2025

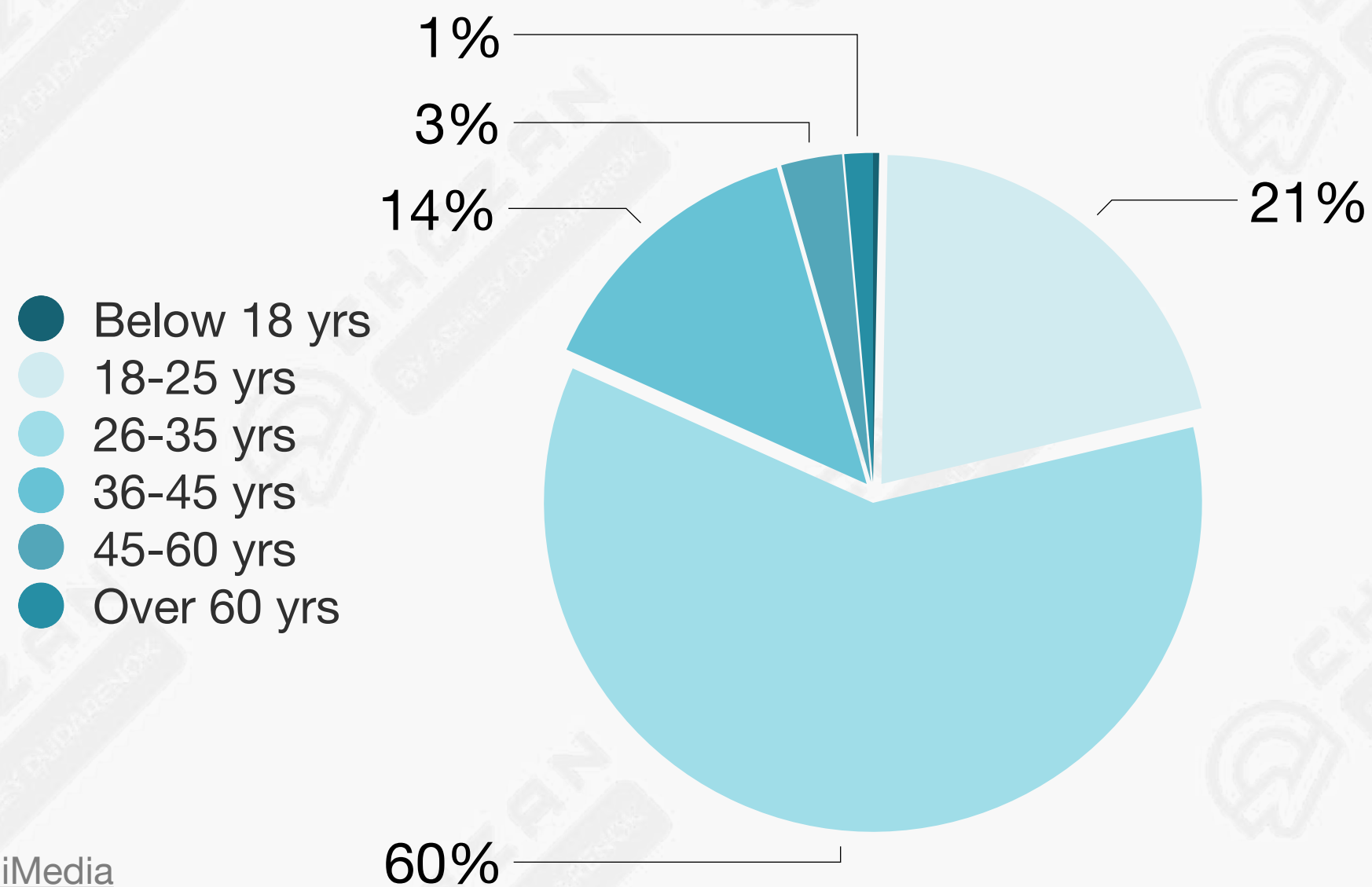
The market size of China's cosmetics industry reached about 70.5 billion USD in 2023, representing a year-on-year growth of 6.4%, and is expected to increase to 78.98 billion USD by 2025. Driven by **rising disposable incomes, heightened aesthetic awareness, and a stronger focus on self-care**, domestic cosmetics consumption continues to grow. The future of China's cosmetics industry is poised for more innovation and breakthroughs.

SCALE AND FORECAST OF CHINA'S COSMETICS INDUSTRY

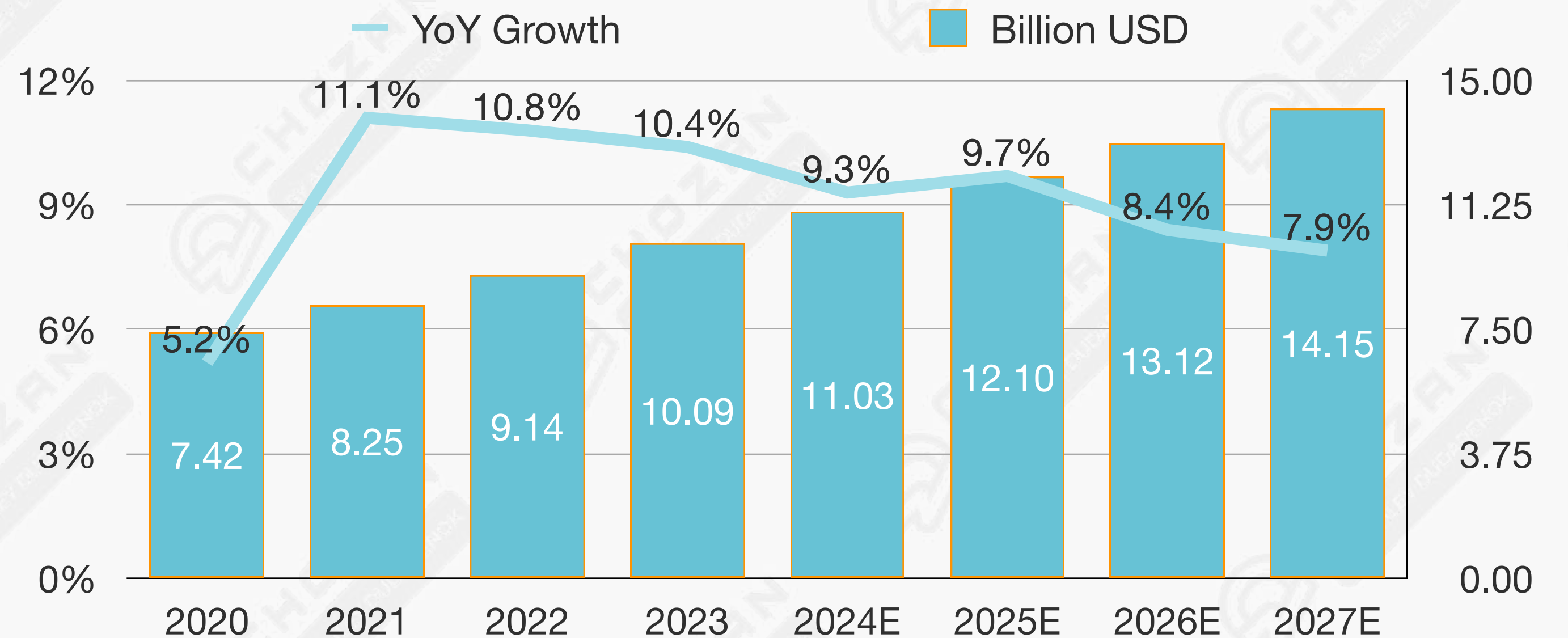


Over 60% of Chinese consumers begin paying attention to anti-aging information between the ages of 26 and 35. In 2024, China's anti-aging market will likely reach about 11.03 billion USD reflecting a year-on-year growth of 9.3%. As residents' income levels rise and the concept of anti-aging becomes deeply ingrained, consumer demand for anti-aging products is further unleashed.

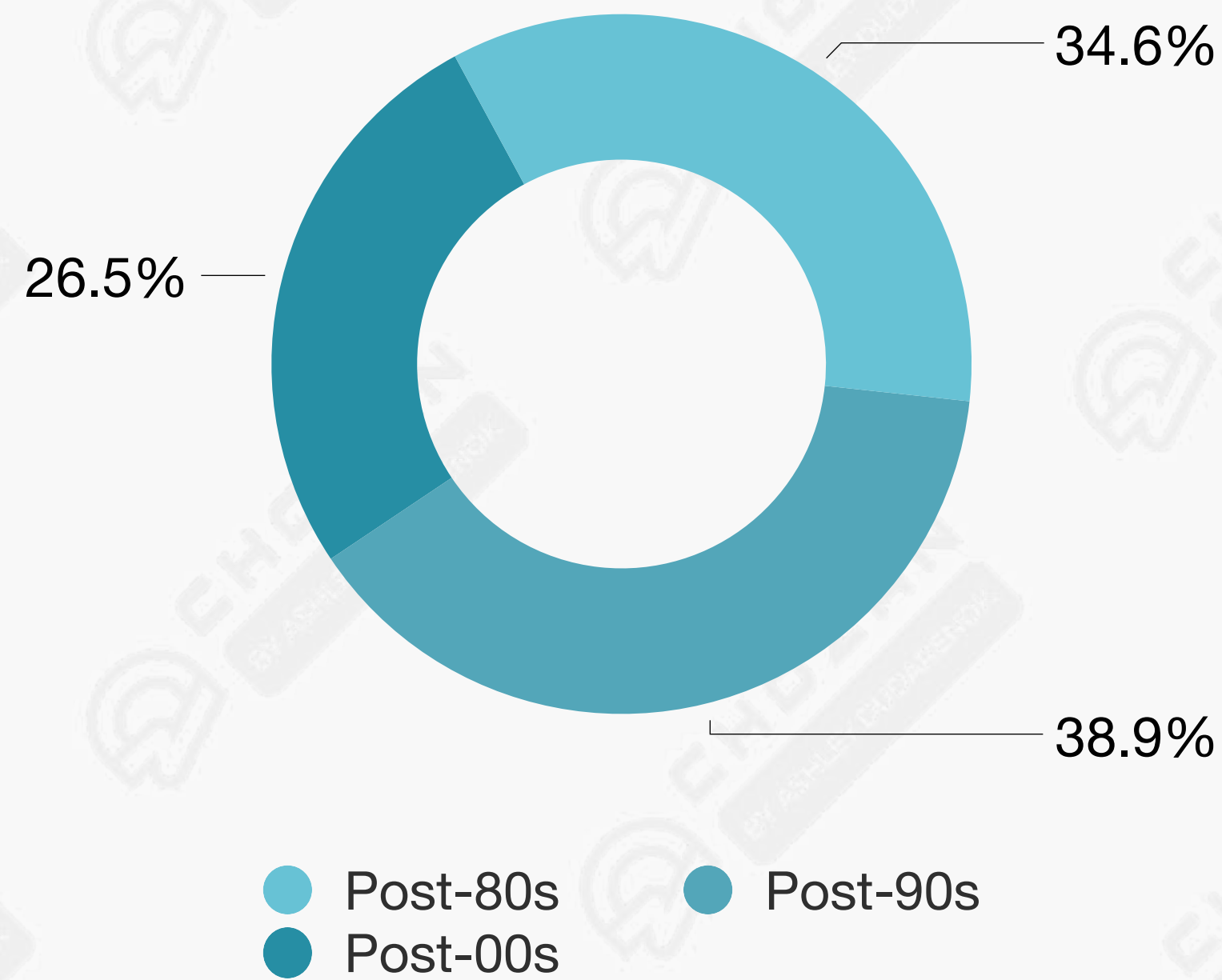
AGES OF CONSUMERS PAYING ATTENTION TO ANTI-AGING MESSAGES



SIZE AND FORECAST OF ANTI-AGING MARKET IN CHINA



YOUNG CONSUMER GROUP DISTRIBUTION



Pursuit of Novelty and Individual Expression

With the development of China's economy, young consumer groups are becoming more educated and have stronger spending power. They are eager to try new things, seeking diversity and individuality in consumption.

Emphasis on Quality of Life and Joyful Consumption

Young Chinese consumers focus on enhancing the quality of their lives, valuing a sense of ritual. They pursue enjoyable consumption experiences that bring happiness and a sense of "beautiful spending."

In 2024, the top factors Chinese consumers consider when purchasing cosmetics are product ingredients (58.8%), product efficacy (41.4%), and brand (37.0%). Chinese consumers place greater emphasis on the **practicality** and **safety** of cosmetics. On this basis, brand recognition plays a significant role in stimulating their purchasing intentions.

TOP FACTORS TO BE TAKEN INTO CONSIDERATION

Product Ingredients (58.8%)	Packaging (33.0%)
Product Efficacy (41.4%)	User Feedback (32.1%)
Brand (37.0%)	Usage Experience (17.6%)
Price (35.4%)	Discounts (17.0%)
Specification (34.2%)	

E-commerce, content sharing, and short video platforms dominate as the top sources of beauty and cosmetics information, highlighting the shift toward digital and influencer-driven marketing. Despite the dominance of online channels, offline stores remain significant. This trend pushes the beauty industry to focus on enhancing digital engagement, leveraging social media, and optimizing e-commerce strategies.



**E-COMMERCE
PLATFORMS**
44.34%



**CONTENT SHARING
PLATFORMS**
36.89%



**SHORT VIDEO
PLATFORMS**
35.92%



**OFFLINE PHYSICAL
STORES**
30.58%



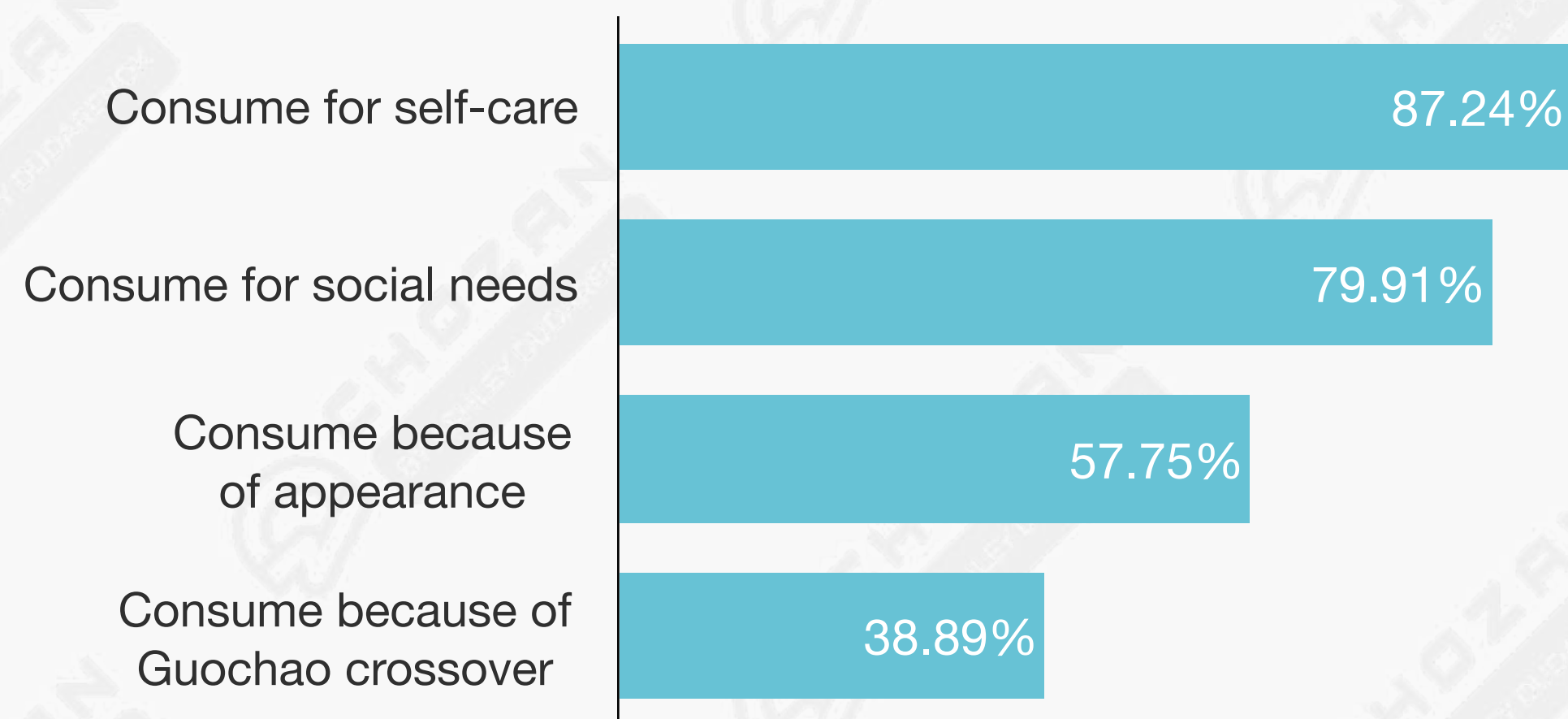
SOCIAL MEDIA
28.16%



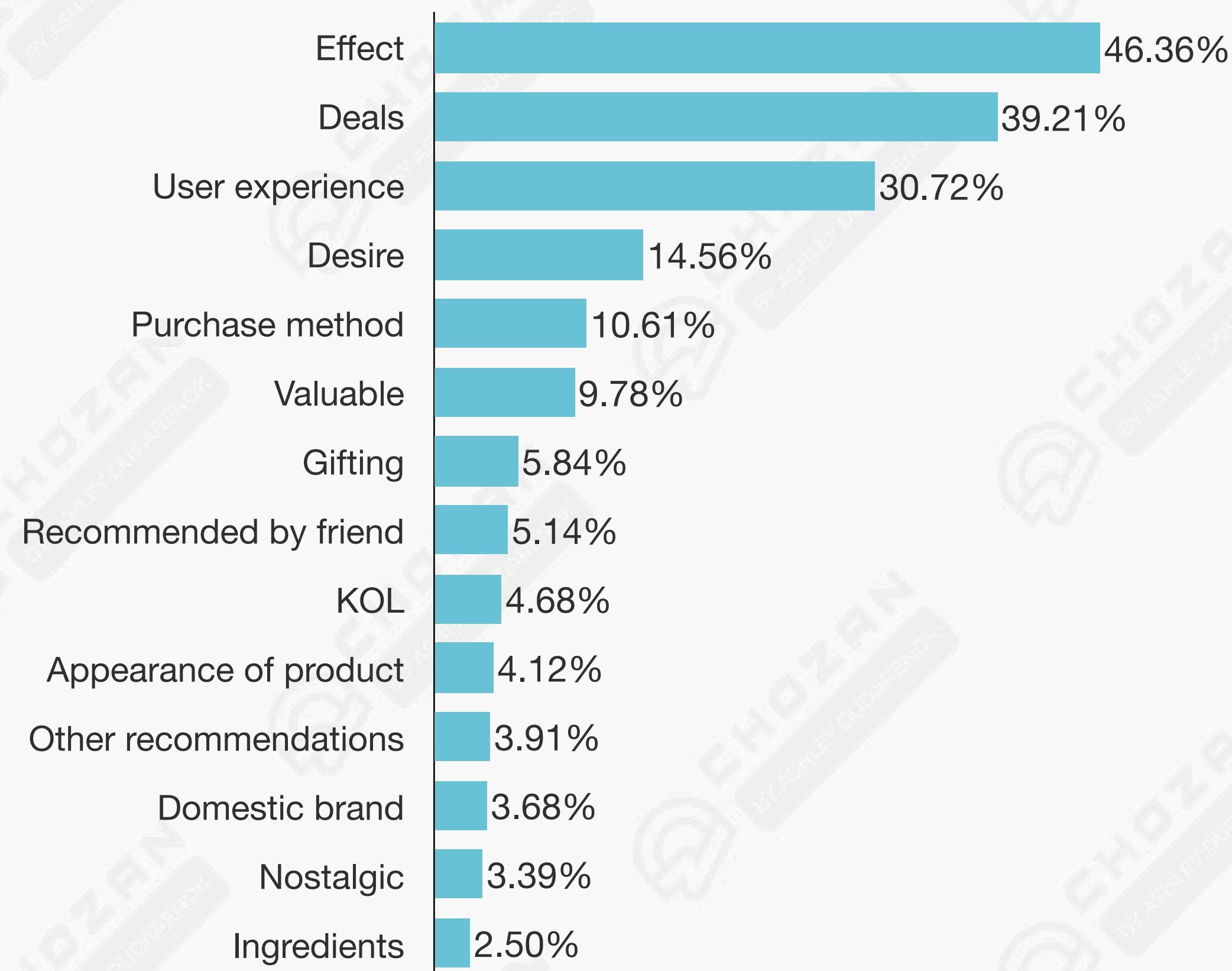
**BRANDS' OFFICIAL
WEBSITE**
27.99%

Skincare brands should target Gen Z according to their consumption values - they pay the most attention to effects and deals.

GEN Z'S CONSUMPTION VALUES



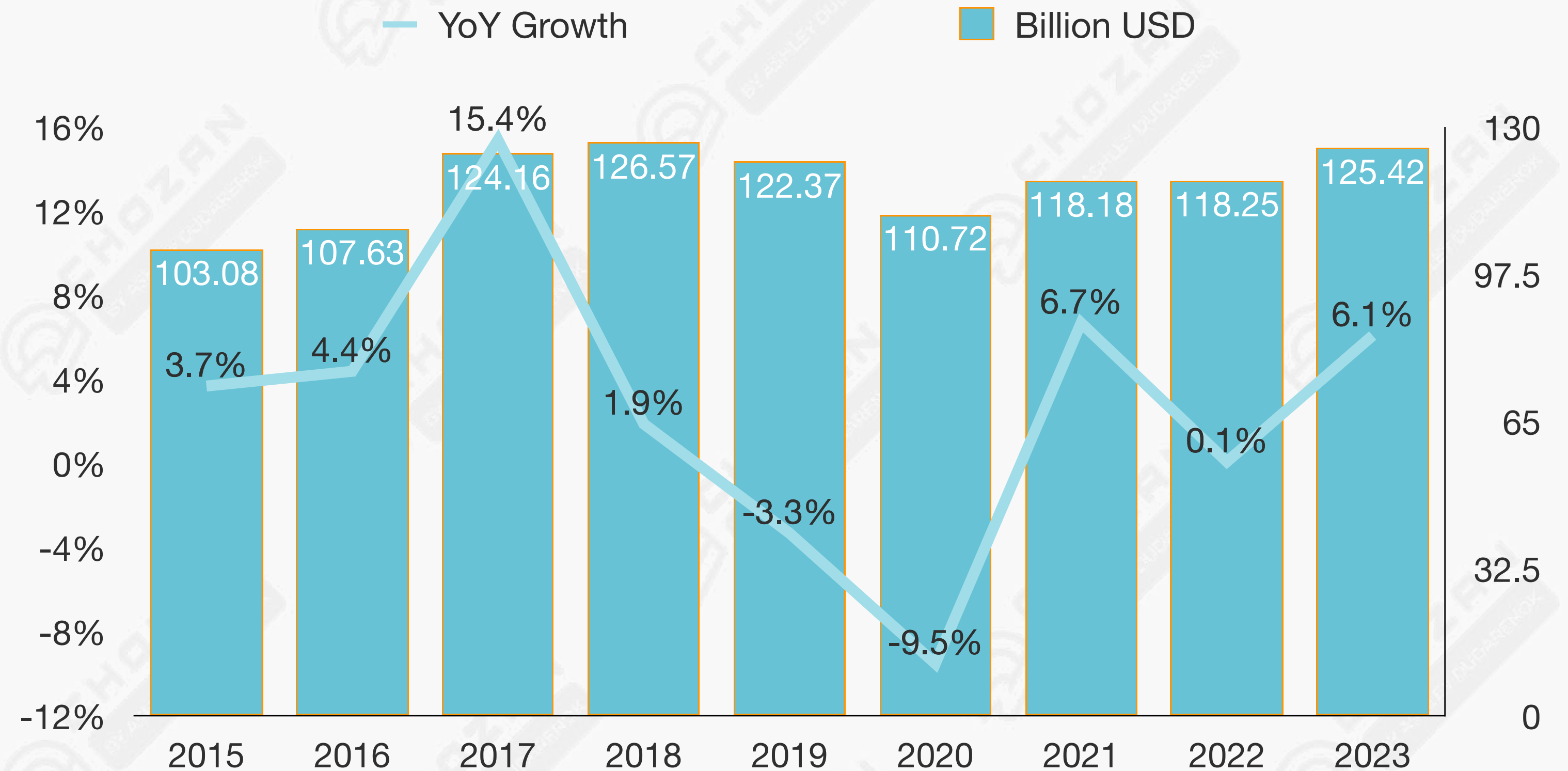
TOP SKINCARE CONSUMPTION REASON



ELECTRONICS & HOME APPLIANCES INDUSTRY GUIDE 2025

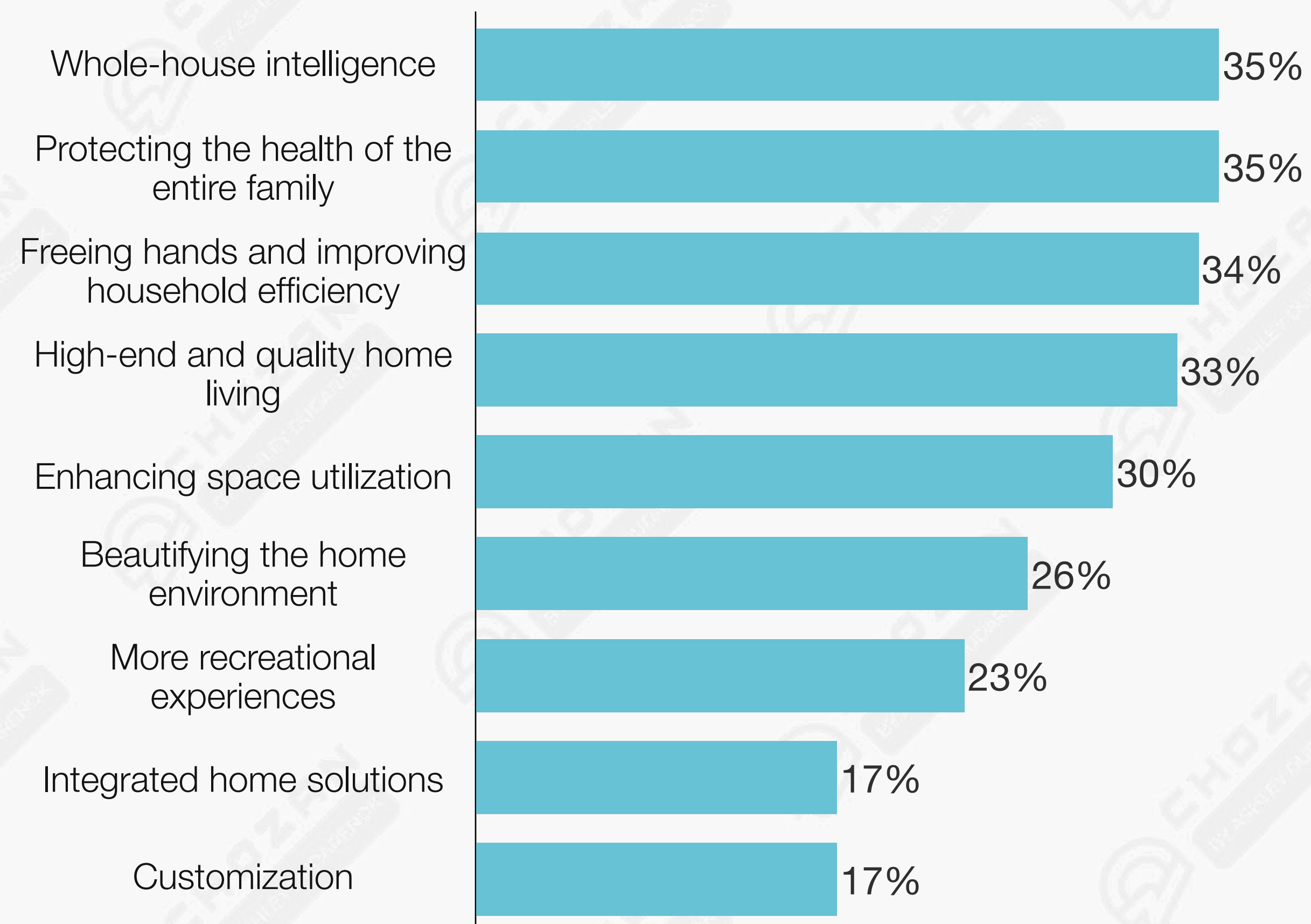
CHINA'S HOME APPLIANCES MARKET RETAIL VOLUME AND YOY GROWTH

In 2023, China's home appliance retail sales reached 919.6 billion yuan, with a compound annual growth rate of approximately 4.2% from 2020 to 2023. The industry as a whole is entering a phase where replacing existing demand becomes the primary focus, shifting the competitive emphasis from extensive growth to refined operations.



In the competitive stock market, the **intelligence** and **personalization** of home appliances have become key to attracting consumers.

CONSUMER NEEDS FOR HOME APPLIANCES



TOP 3 PRODUCTS WITH THE HIGHEST SALES GROWTH RATE IN JAN-MAY 2024



SALES OF CLOTHES DRYERS
INCREASED BY

41.9%



SALES OF COFFEE MACHINES
INCREASED BY

18.7%

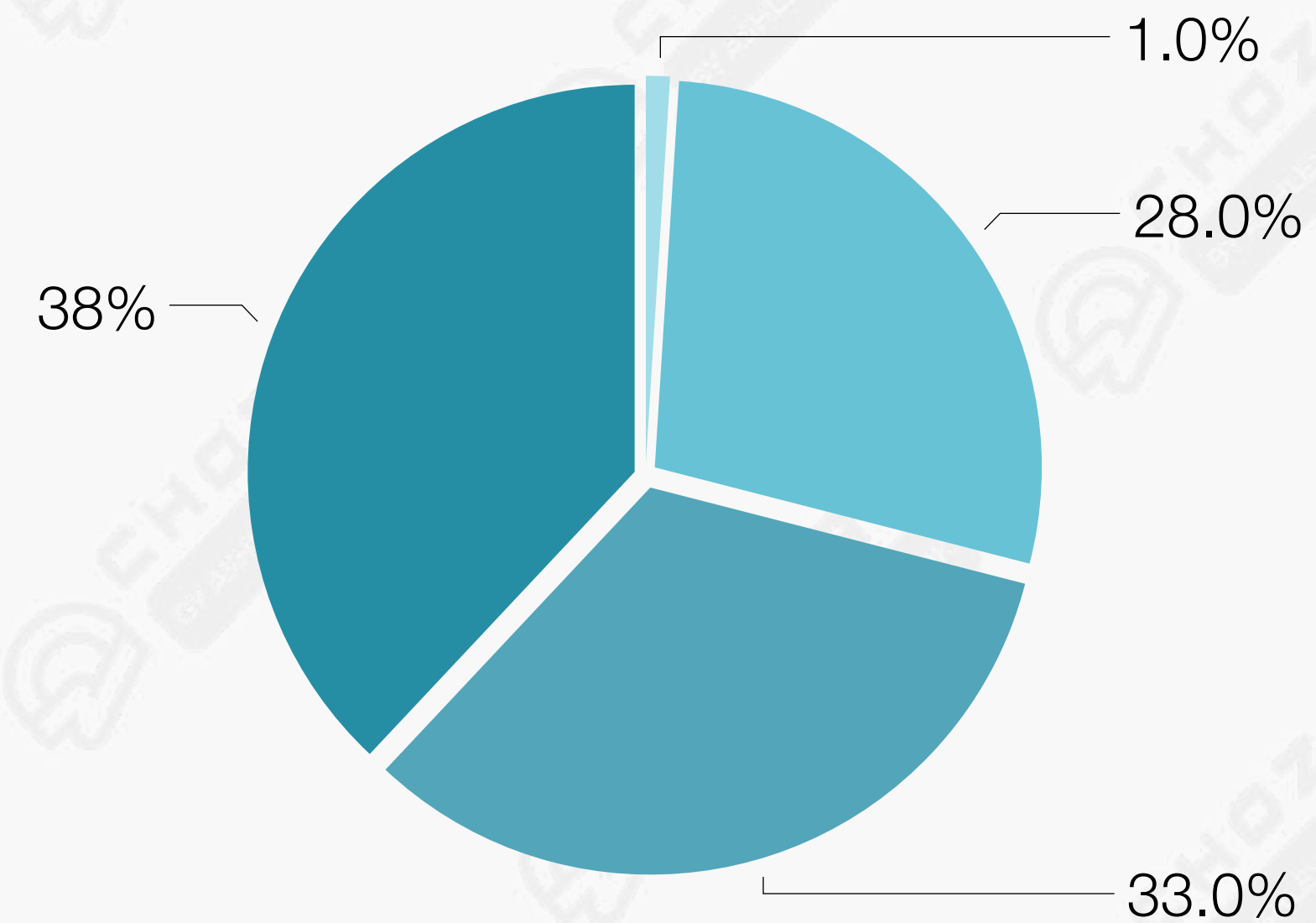


SALES OF DISH-WASHING
MACHINES INCREASED BY

13.8%

Consumers have high expectations for health-oriented home appliances, especially those with **sterilization** and **disinfection** functions. They believe that technology is a key driver for achieving health functionalities, enhancing home appliance upgrades, and improving user experiences.

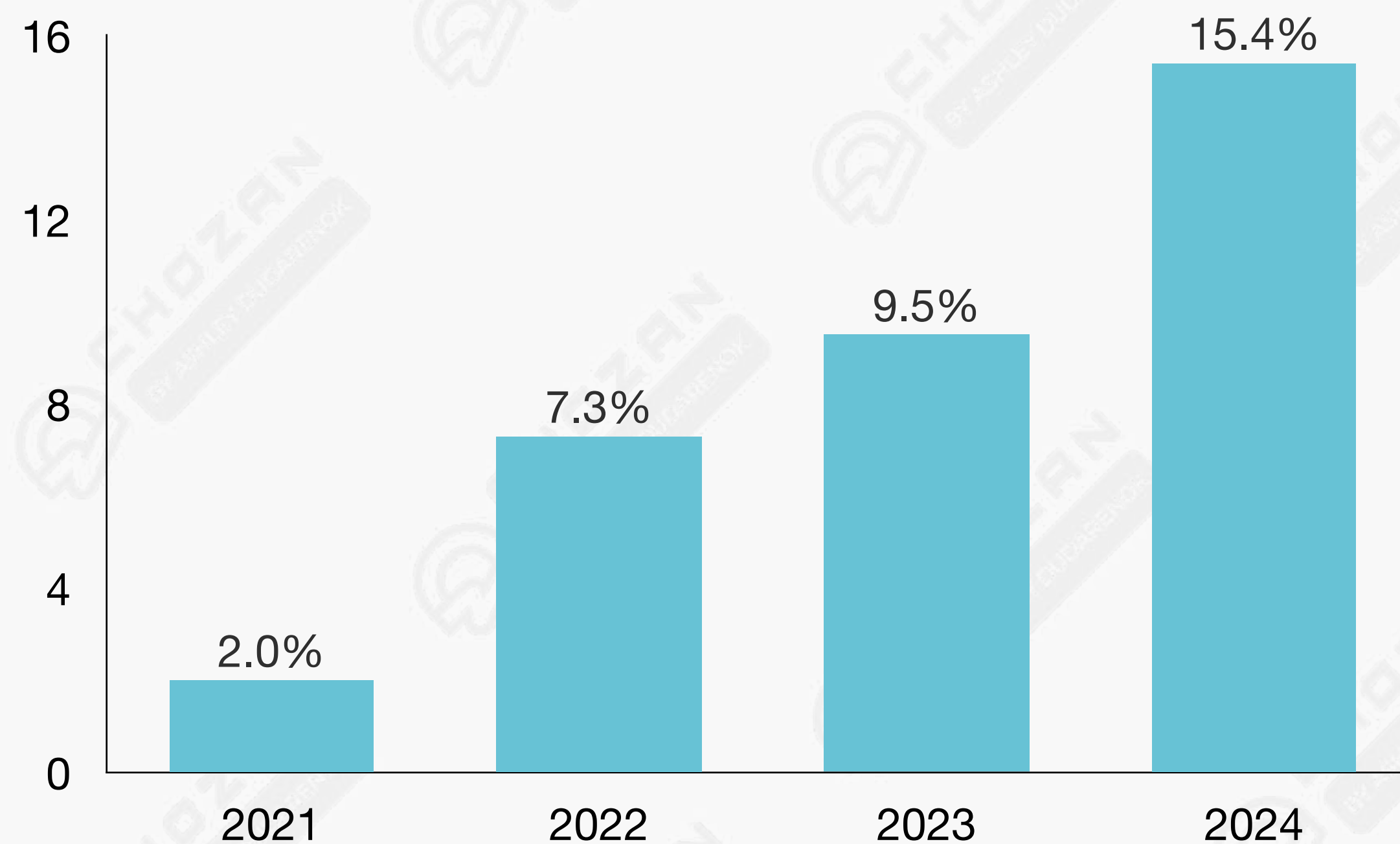
THE ROLE OF HEALTHY TECHNOLOGY IN CONSUMPTION DECISIONS



- Prioritize home appliances equipped with health technologies
- Take multiple factors into consideration, e.g. budget, appearance, reputation, etc.
- Only purchase home appliances with healthy technologies
- Care less about whether home appliances have healthy technologies

Changes in China's population structure and the segmentation of consumer groups have spurred the development of niche markets. These are underpinned by differentiated consumer demands, indicating that achieving precision in health-focused home appliance functionality will gain more market attention.

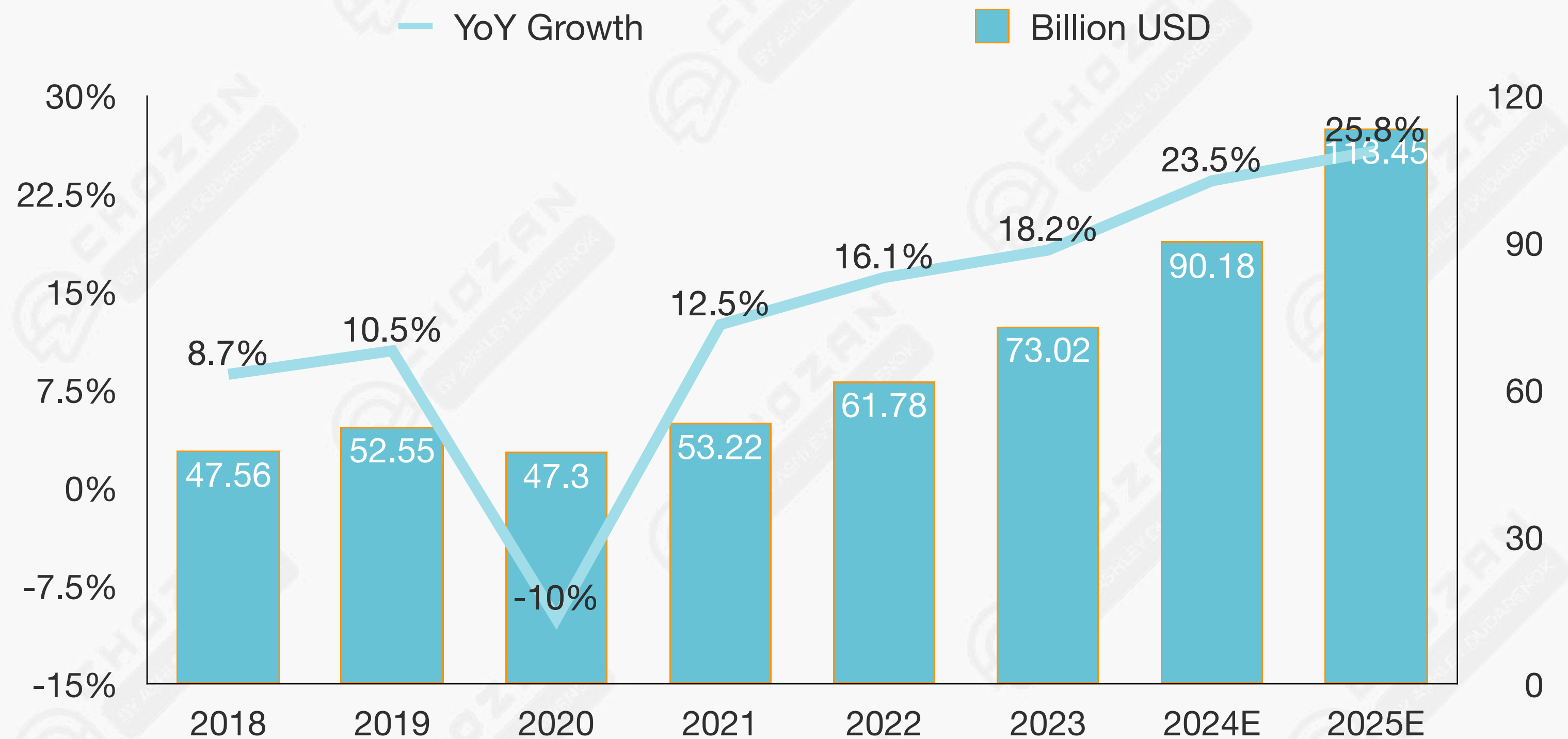
PROPORTION OF INTEGRATED WASHER-DRYERS IN THE CLEANING MARKET



The trend toward intelligent upgrades in health-focused home appliances is becoming increasingly evident. Consumers are placing higher demands on features such as remote control, environmental self-awareness, and self-cleaning.

As these technologies mature, smart home appliances will become essential partners in users' health management, with the market scale expected to expand accordingly.

SIZE AND FORECAST OF CHINA'S SMART HOME APPLIANCES MARKET (2018-2025)



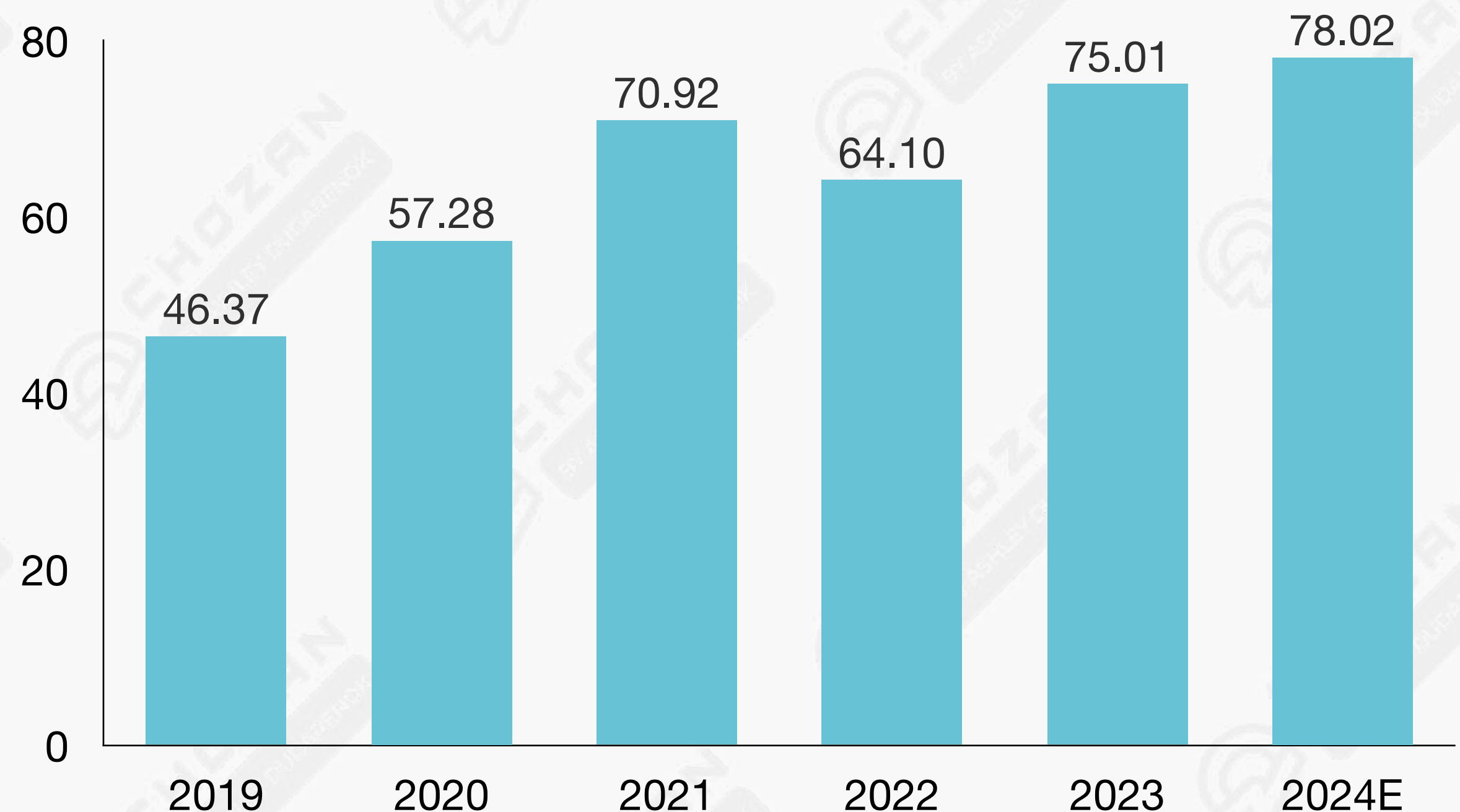
LUXURY INDUSTRY GUIDE 2025

CHINA'S LUXURY CONSUMPTION

CHINA'S LUXURY CONSUMPTION GROWTH SLOWS IN 2024

Chinese domestic consumers are projected to increase their luxury goods spending by 4% in 2024. Over the past five years, they have consistently contributed 20%-25% to the global luxury goods market. Compared to strong growth in previous years, 2024 saw the **slowest growth**.

**CHINESE CONSUMERS' SPENDING ON LUXURY
(UNIT: BILLION USD)**

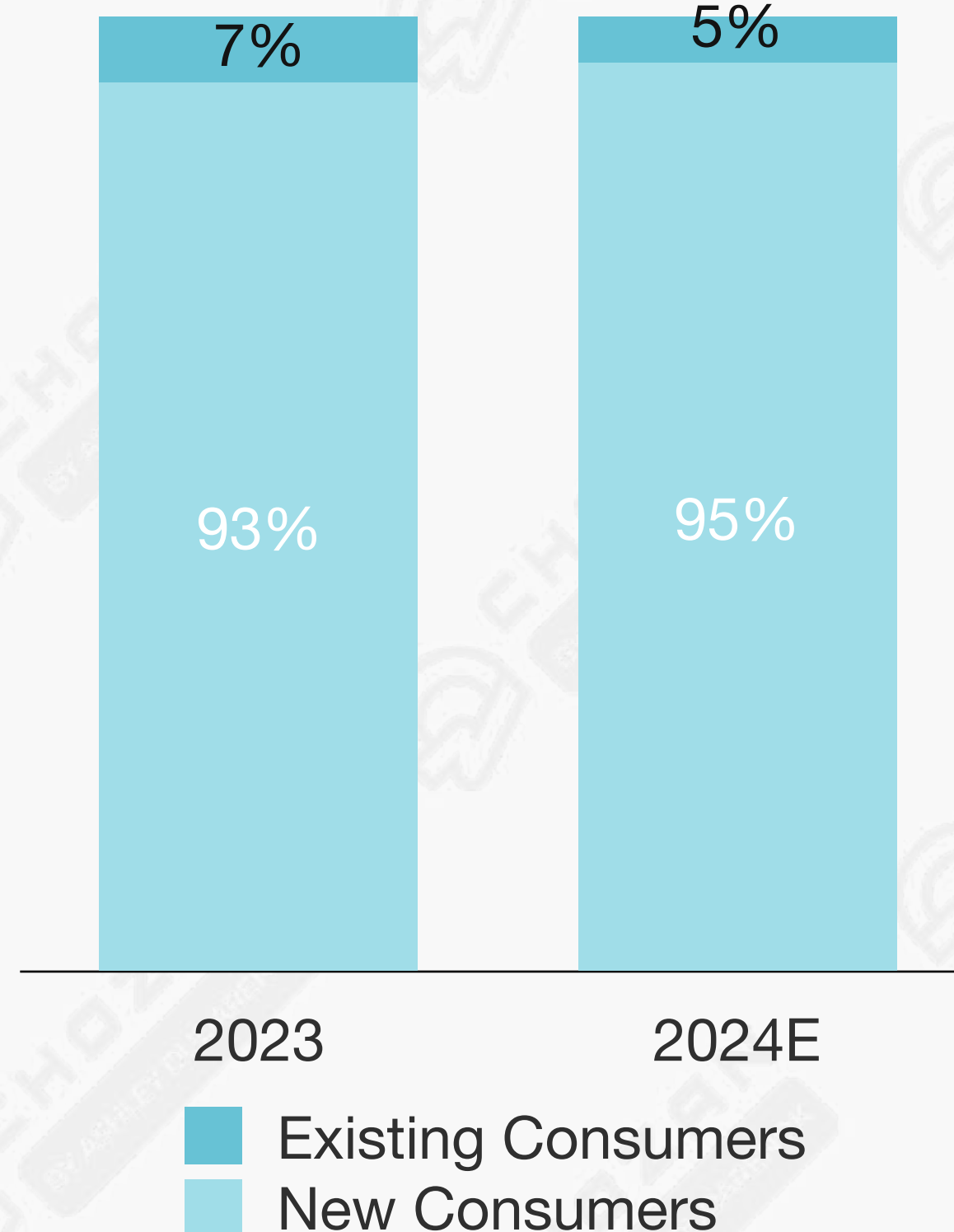


LUXURY CONSUMER GROUP CHANGE

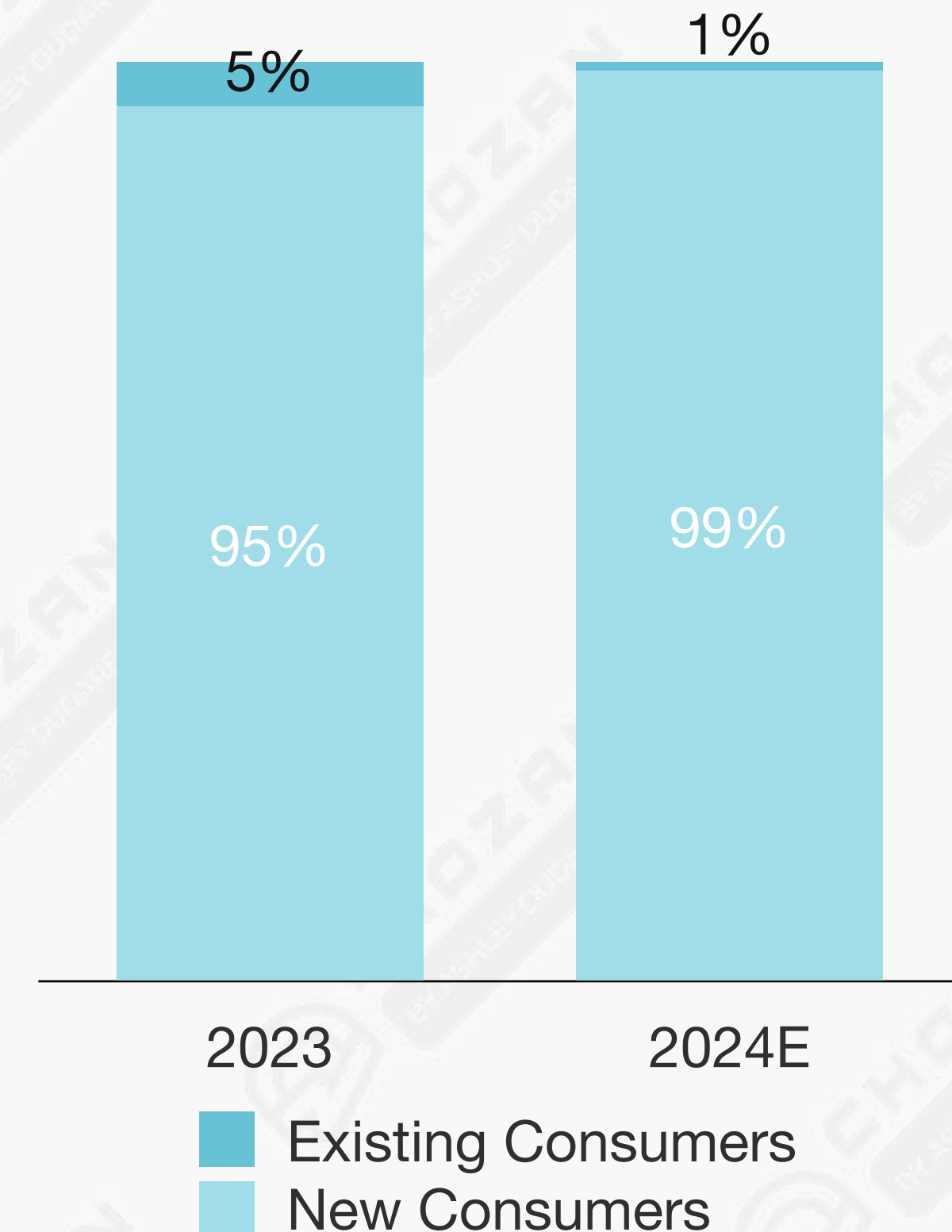
NEW CONSUMER GROUPS KEEP DECREASING

The overall influx of new customers has slowed down, with their contribution to business **decreasing by 4%** compared to last year. Average spending by new customers **dropped by 7%**, while that of existing customers fell by 1%, resulting in an overall **decline of 2%** in per capita spending.

NUMBER OF NEW VS. EXISTING CONSUMERS



SALES FROM NEW VS. EXISTING CONSUMERS



LUXURY CONSUMER EXPECTATION CHANGE

LUXURY CONSUMERS SEEK BRANDS THAT ADAPT, INSPIRE, AND CONNECT EMOTIONALLY

LUXURY CONSUMER EXPECTATIONS

1

RELEVANCE TO CURRENT TRENDS (84%)

Consumers expect brands to stay aligned with the latest social, technological, and cultural developments. Whether it's sustainability, digital innovation, or evolving lifestyle needs, brands that actively adapt to these trends are more likely to resonate.

2

LEADERSHIP IN AESTHETICS & QUALITY LIVING (82%)

A growing number of consumers view brands as symbols of quality and sophistication. They appreciate brands that inspire beauty, elegance, and an upgraded standard of living through exceptional product design and functionality.

3

DEEP CONNECTION WITH LOCAL CULTURE (80%)

Consumers value brands that engage meaningfully with local heritage and cultural narratives. This includes incorporating localized elements in branding, storytelling, and product design to forge emotional connections with their audience.

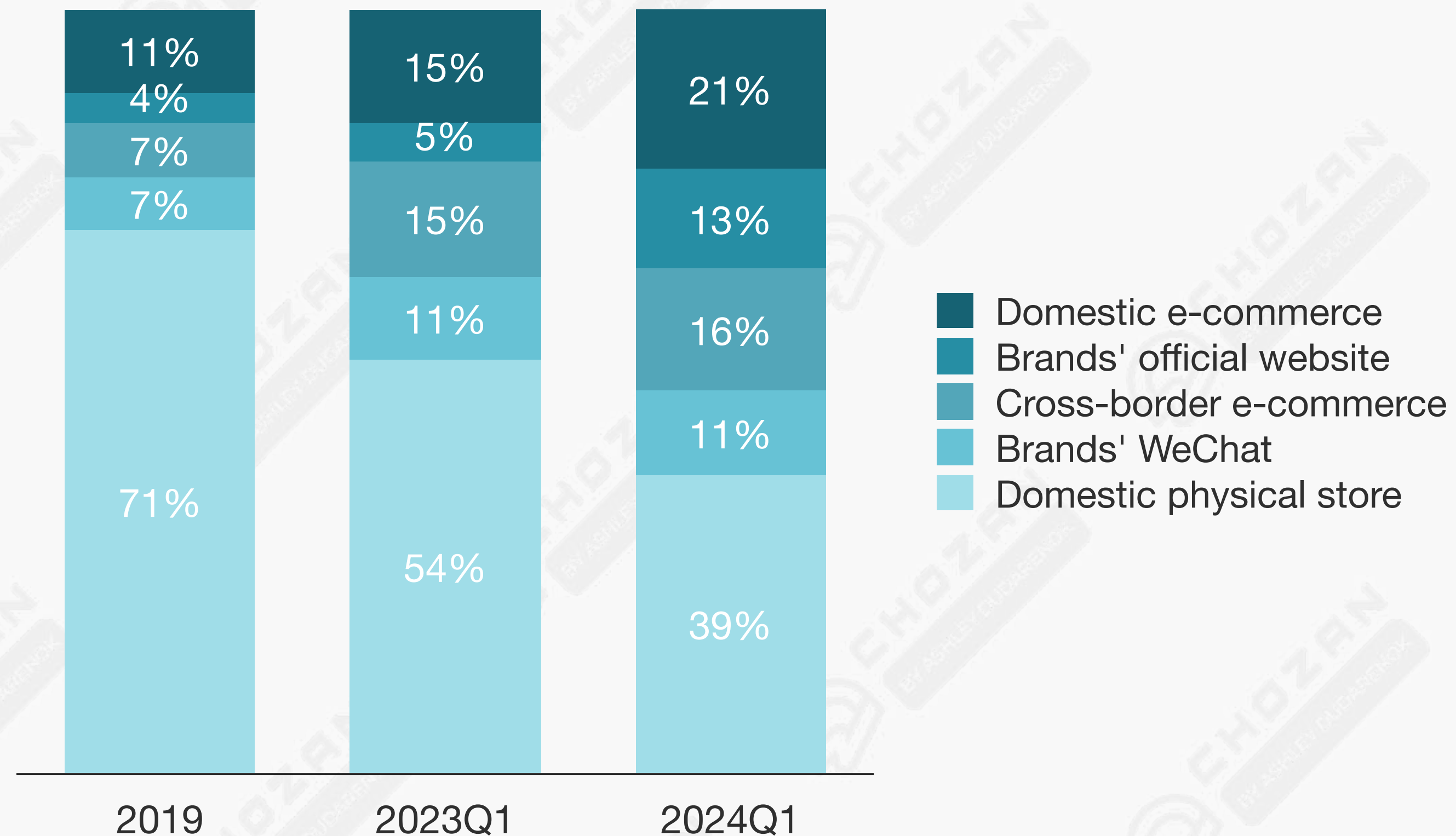
LUXURY CONSUMPTION CHANNEL CHANGE

CONSUMPTION CHANNELS ARE MORE FOCUSED ON DIGITAL PLATFORMS

In domestic consumption:

- The penetration rate of online shopping channels continues to deepen, increasing from approximately 30% in 2019 to around **60%** in 2024.
- The penetration rate of offline shopping channels began to **decline** after border reopening in 2023, as cross-border consumption gradually rebounded.

CONSUMERS' CONSUMPTION CHANNEL DISTRIBUTION



LUXURY CONSUMPTION CATEGORY CHANGE

LUXURY CATEGORIES HAVE VARIED PERFORMANCE

In 2024, high-value categories such as leather goods and jewelry will see significant growth. Categories like apparel and footwear, which cater to diverse scenarios, will continue to gain traction, with value-driven footwear achieving positive growth. However, accessories and watches as a whole are expected to remain relatively flat.

OBVIOUS INCREASE



LEATHER GOODS

+3%



JEWELRY

+2%

SLIGHT INCREASE



READY-TO-WEAR

+1%



SHOES

+1%

SLIGHT DECREASE



ACCESSORIES

-0.4%



WATCHES

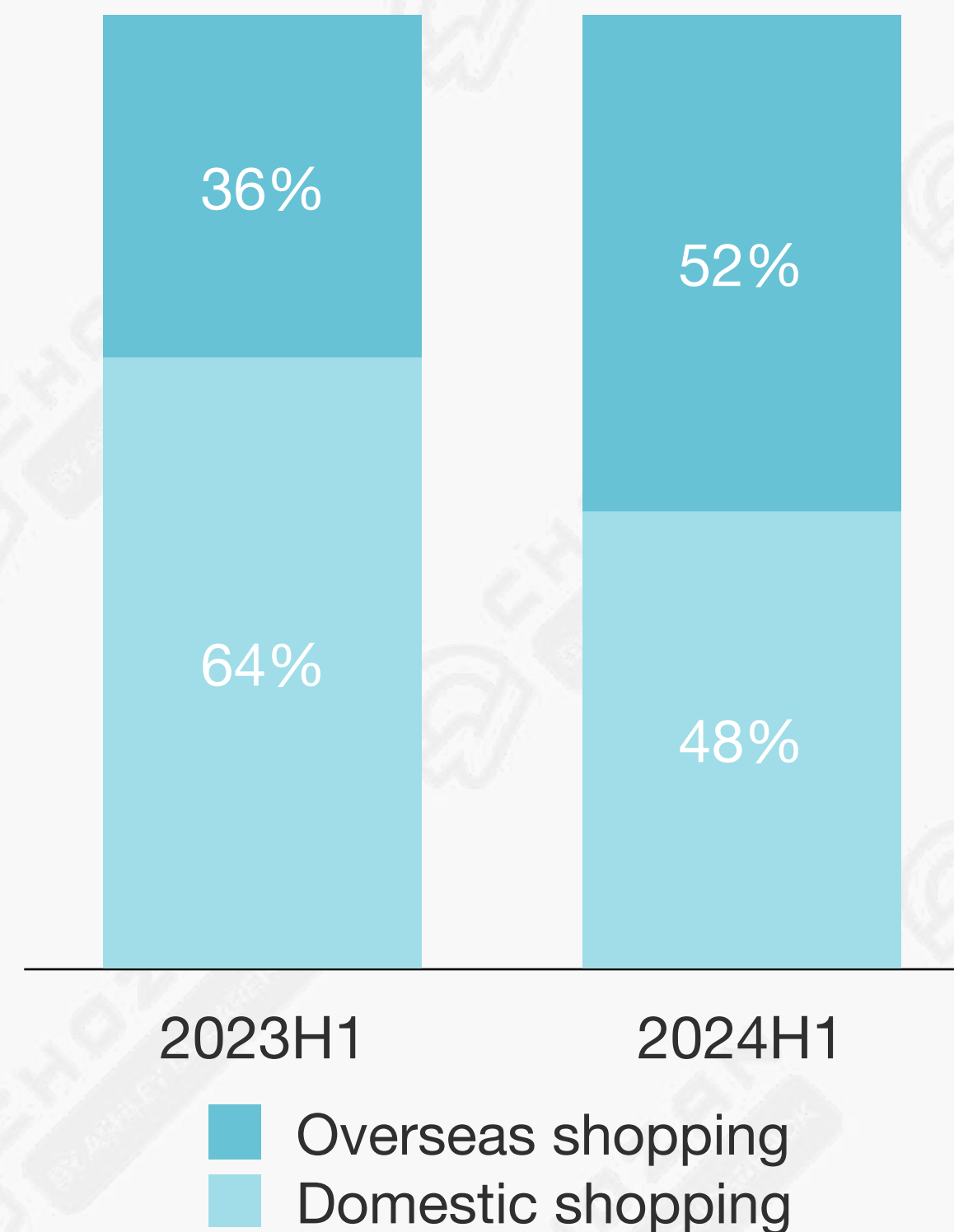
-1%

LUXURY CONSUMPTION LOCALE CHANGE

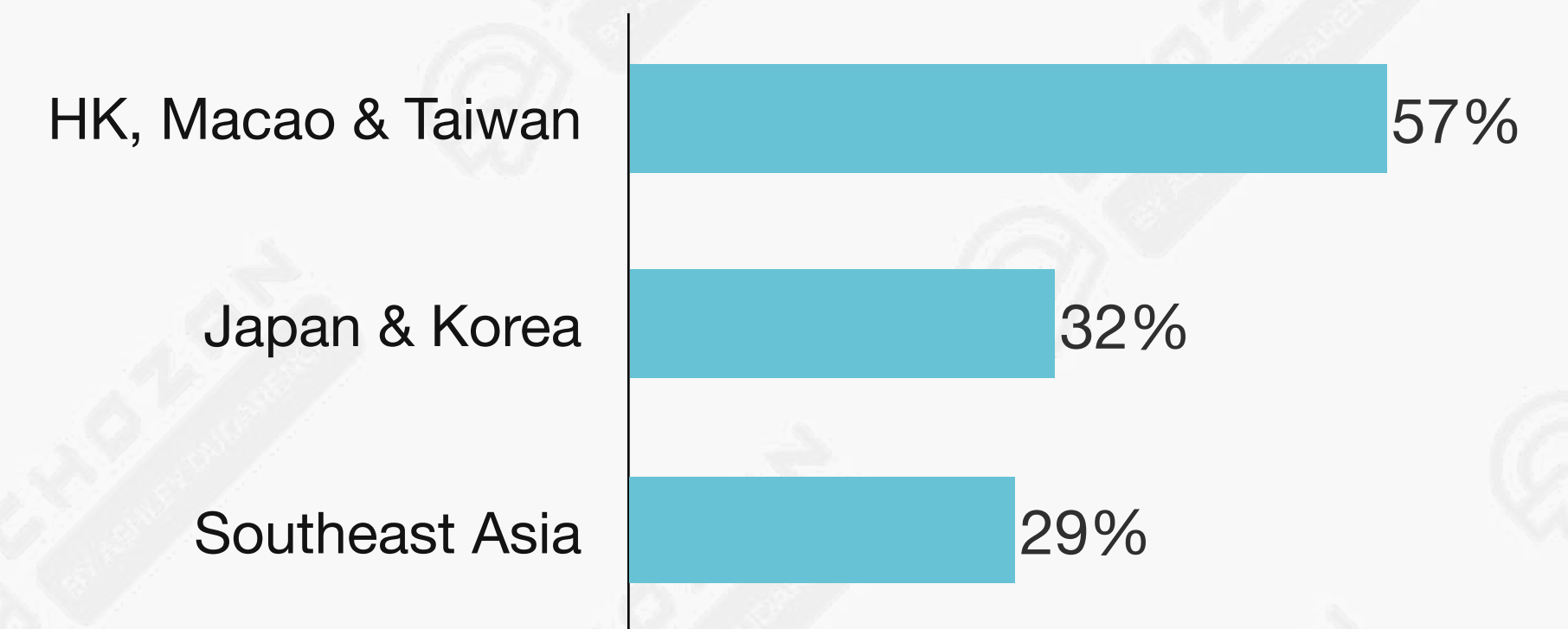
RISING OVERSEAS SHOPPING

By the first half of 2024, 52% of Chinese domestic consumers with luxury purchasing behavior have had overseas shopping experiences, reflecting a 16% increase in penetration rate. **Japan** and **South Korea** have replaced Southeast Asia to become the second most popular destinations.

NUMBER OF CHINESE CONSUMER SHOPPING DOMESTICALLY VS. OVERSEAS



TOP 3 OVERSEAS SHOPPING DESTINATIONS



EXPERT BITE

Q: HOW DO YOU SEE TMALL EVOLVING TO MEET THE NEEDS OF BOTH INTERNATIONAL BRANDS AND CHINESE CONSUMERS IN 2025?

I see luxury brands discovering nuanced segments via Tmall Luxury Pavilion. Emerging demographics are driving growth for luxury brands... High-spending female consumers from first-tier and lower-tier cities, along with outdoor enthusiasts, are gaining strength on our platform. As Chinese luxury consumers mature and value brand stories, Tmall Luxury Pavilion plays a critical role in conveying these narratives.

As the luxury market matures, Tmall Luxury Pavilion will help brands uncover insights and opportunities beyond transactions <...> Brands can reach consumers directly (DTC) with improved efficiency. We recently launched a targeting solution that enhances precision in reaching consumers. I expect Chinese luxury consumers to invest long-term in classic items instead of cheaper substitutes and to return to shopping luxury within China due to pricing levels abroad in 2025. These trends mean luxury brands need to invest more in the domestic market, especially on digital platforms.



ANNY LIU

General Manager at
Tmall Luxury Pavillion

EXPERT BITE

Q: WHAT SURPRISING CHINESE CONSUMER TRENDS IN 2024 REFLECT BROADER MARKET SHIFTS?

Economic uncertainties have led Chinese consumers to adopt "downgraded consumption" behaviors, with a strong preference for accessible luxury and meaningful purchases over extravagant or impulsive spending. **Millennials and affluent consumers are opting for "dupe" luxury products—affordable alternatives that mimic high-end brands in fashion, beauty, and jewelry.**

This trend indicates a shift in consumer priorities, with value and practicality outweighing brand prestige and exclusivity. Brands now need to highlight both the practical and emotional value of their products, connecting with consumers through authentic, diverse and personalized experiences. The other big thing in 2024 is that, while younger generations continue to shape trends, the silver-haired demographic presents a new growth opportunity.



SANDRINE ZERBIB
Founder of WZ Conseil, co-author of Dragon Tactics, 30 years in consumer business in China

EXPERT BITE

Q: HOW HAS THE DIGITAL LANDSCAPE FOR SELLING FASHION EVOLVED IN CHINA? WHAT STRATEGIES HAVE FASHION BRANDS USED TO SUCCEED IN CHINA'S POST-PANDEMIC MARKET?

China's fashion e-commerce has soared, with Tmall, Douyin, and Xiaohongshu (RedNote) now at the forefront of discovery and engagement. Livestreaming, short-form video, and user-generated content are critical to brand building. WeChat mini-programs have become essential, offering integrated shopping experiences. Brands that leverage social commerce and influencer marketing to create authentic, interactive campaigns stand out. In this highly competitive market, data-driven personalization and innovative storytelling remain must-haves for building brand loyalty.

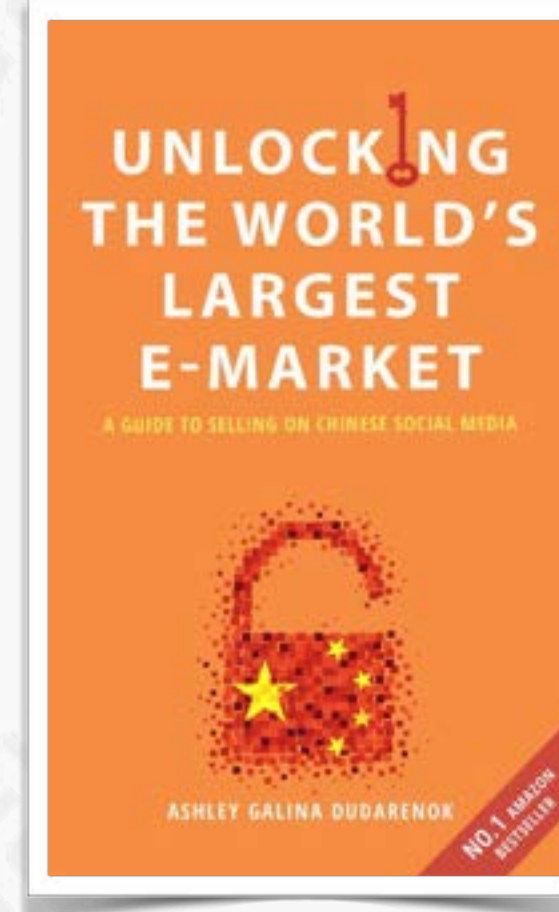
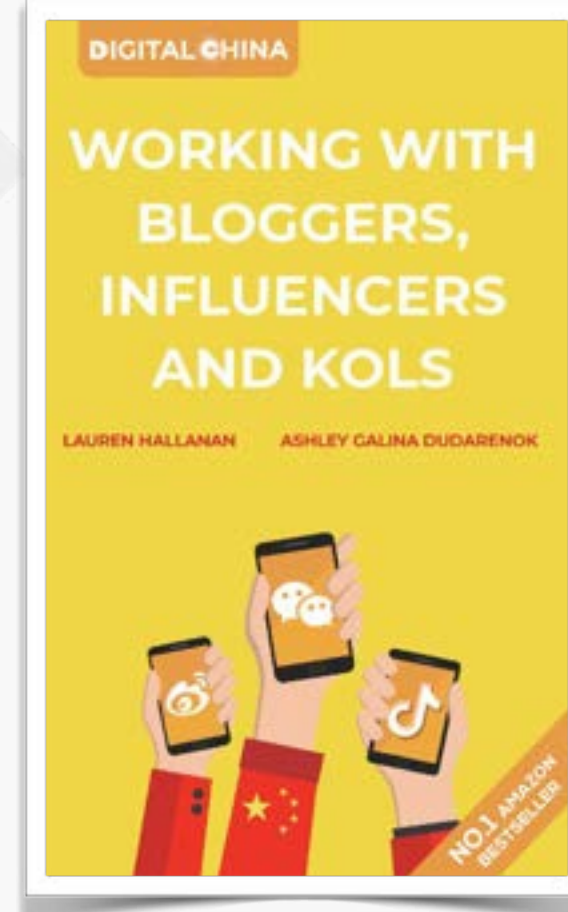
Top-performing brands have embraced a hybrid approach of online and offline experiences, leveraging pop-up stores and virtual events for deeper engagement. Targeted marketing speaks to localized trends, like outdoor fitness and athleisure, while highlighting wellness-related products. Strategic partnerships with local influencers and platforms help forge authenticity. Flexibility in supply chains and inventory planning has also proven critical, ensuring brands can respond quickly to shifting consumer demands in the post-pandemic era.



PATRICK STEIJLEN

CEO at Sinolync

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PART 5

THE FUTURE

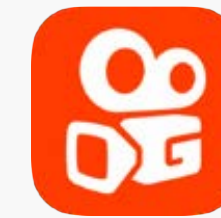
OF RETAIL

CHINA'S E-COMMERCE LANDSCAPE AND THE GLOBAL EXPANSION OF CHINESE E-COMMERCE GIANTS LEADING PLAYERS AND STRATEGIES

CHINA'S DOMESTIC E-COMMERCE

CHINA'S E-COMMERCE PLATFORM OVERVIEW

E-COMMERCE PLATFORM OVERVIEW



	TAOBAO	JD.COM	PINDUODUO	KUAISHOU	DOUYIN	WECHAT
FOUNDED	2003	2004	2015	2011	2016	2011
TYPE	C2C e-commerce platform	Largest online retailer	Largest agriculture and interactive commerce platform	Short video and e-commerce platform	Largest short video platform	Largest social media platform
TOP THREE FOCUSED INDUSTRIES	<ul style="list-style-type: none"> • Fashion & Apparel • Beauty & Personal care • Home & Lifestyle 	<ul style="list-style-type: none"> • Electronics & Appliances • Grocery & Fresh Food • Home & Furniture 	<ul style="list-style-type: none"> • Agriculture & Fresh Produce • Daily Essentials & Household Goods • Electronics 	<ul style="list-style-type: none"> • Food • Agriculture & Local Products • Electronics & Small Appliances 	<ul style="list-style-type: none"> • Beauty & Skincare • Fashion & Accessories • Food & Beverage 	<ul style="list-style-type: none"> • High-End Goods • Health & Wellness • Local Services
UNIQUE FEATURES	<ul style="list-style-type: none"> • Product diversity • Alibaba Ecosystem • Live streaming commerce 	<ul style="list-style-type: none"> • Fast logistics • Quality Assurance 	<ul style="list-style-type: none"> • Valuable price • Group buying 	<ul style="list-style-type: none"> • Live streaming commerce • KOL, KOS promotion 	<ul style="list-style-type: none"> • Live streaming commerce • Local group buying 	<ul style="list-style-type: none"> • Networks with friends • Largest user base
ACTIVE USERS	928 MILLION Monthly active users (2024.03)	507 MILLION Monthly active users (2024.03)	677 MILLION Monthly active users (2024.03)	695 MILLION Monthly active users (Q2 2024)	743 MILLION Monthly active users (Q3 2024)	1,382 MILLION Monthly active users (Q3 2024)
USER SPENDING POWER						

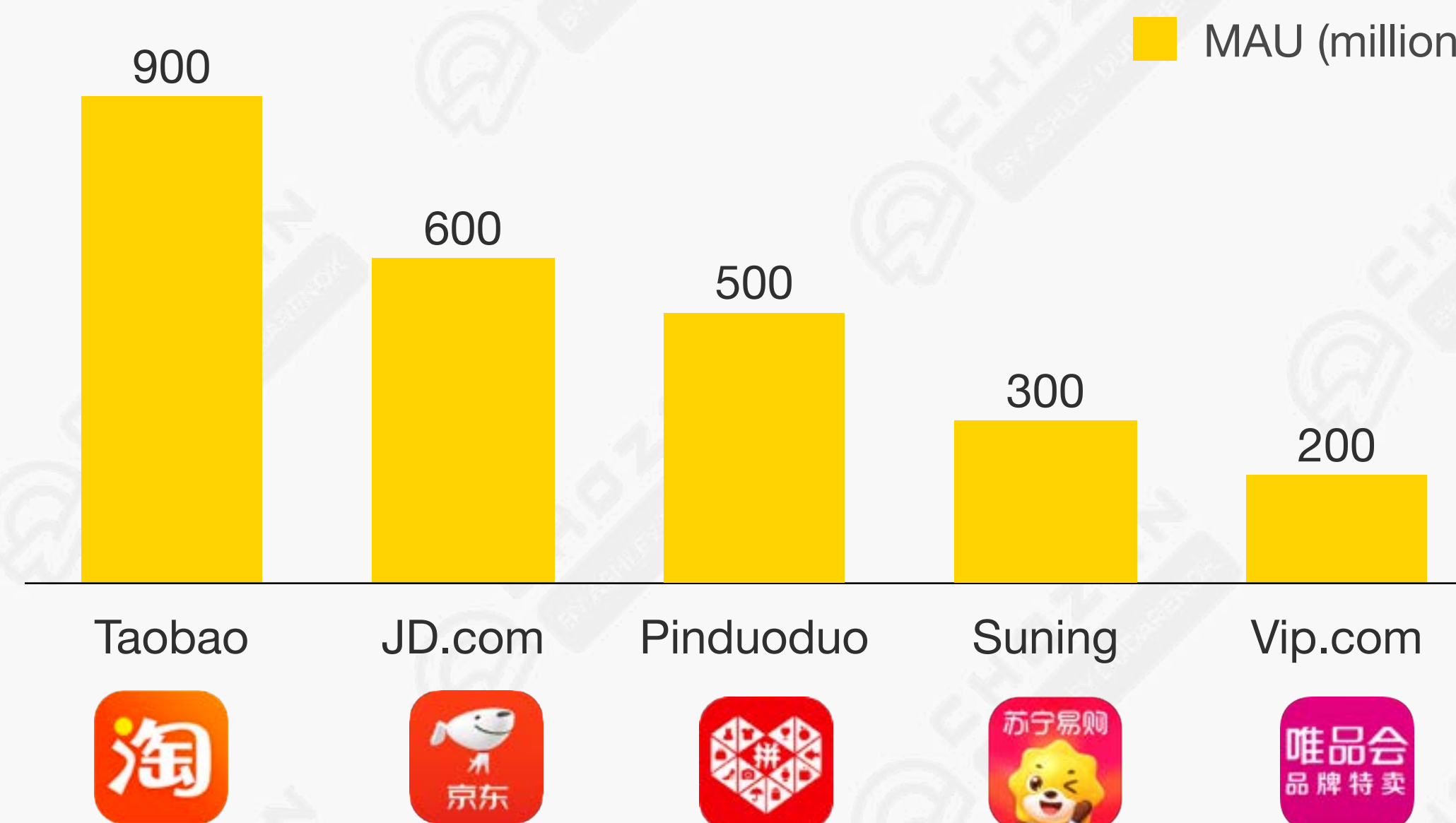
Source: QuestMobile 2024

CHINA'S TOP E-COMMERCE APPS

CHINA'S E-COMMERCE MARKET IS DOMINATED BY TAOBAO, WHICH SUNING AND VIPSHOP GROW IN NICHEs

The top Chinese e-commerce platforms include Taobao, JD, Pinduoduo, Suning, and Vip.com. Top e-commerce platforms focus on cultivating user stickiness, attracting the attention of users from mid-tier and long-tail platforms in the industry.

TOP 5 E-COMMERCE APPS WITH THE MOST USERS
(OCTOBER 2024)



CHINA'S E-COMMERCE APP USER PORTRAIT

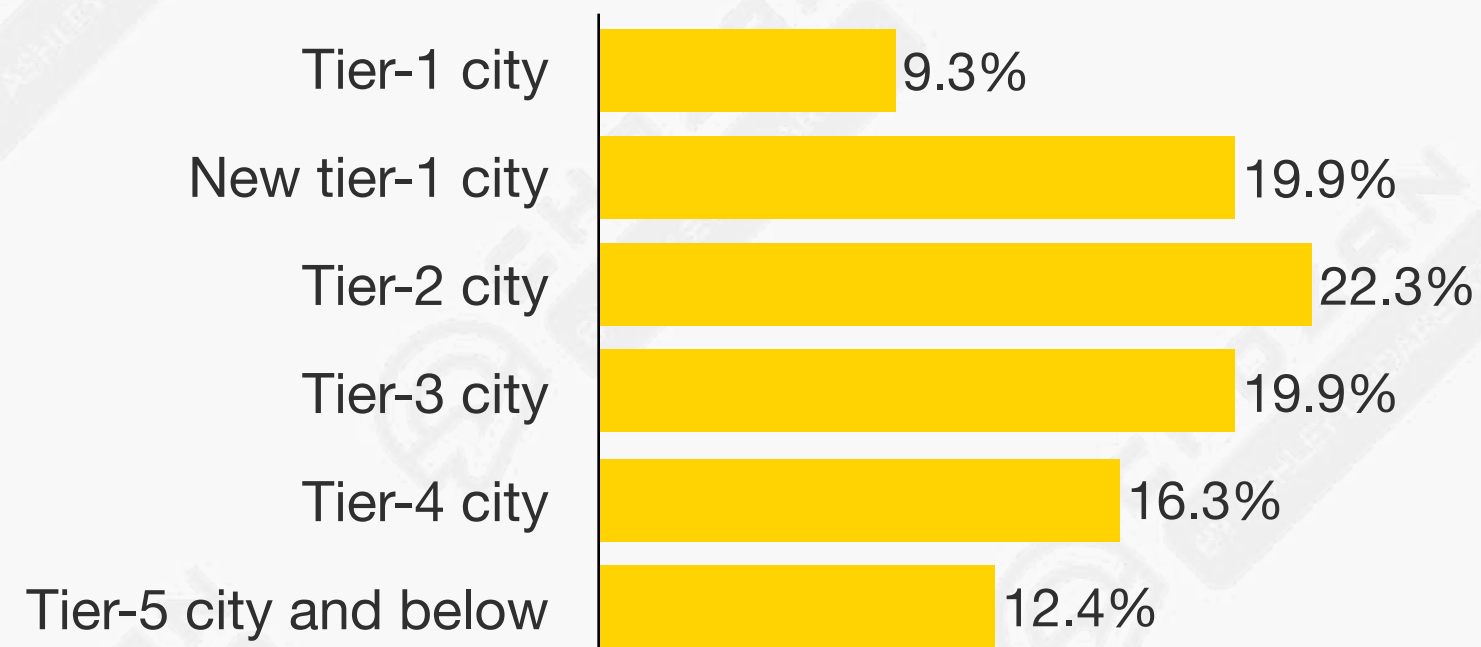
E-COMMERCE APPS GAIN TRACTION AMONG YOUTH IN LOWER-TIER CITIES

2024 E-COMMERCE APP NEW USER PORTRAITS

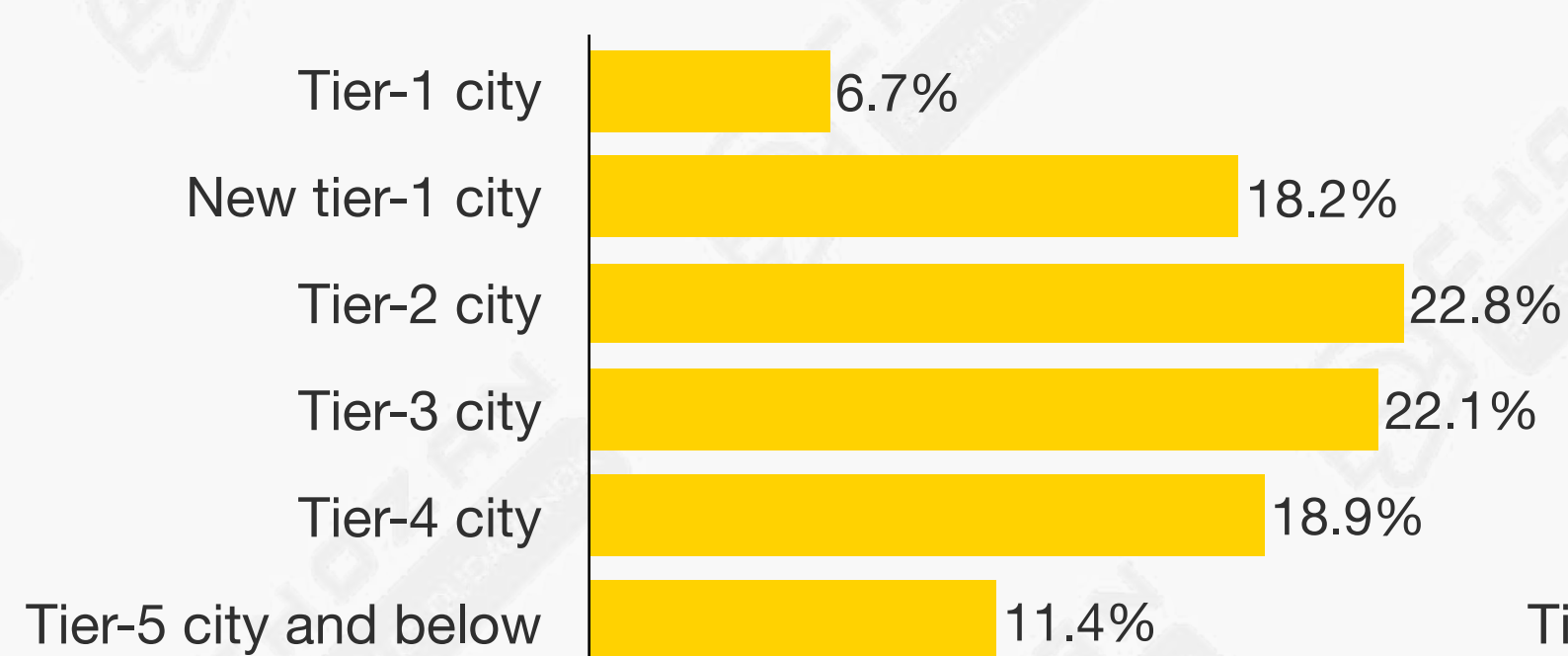
Lower tier cities have seen significant user penetration - especially among lower tier youth.



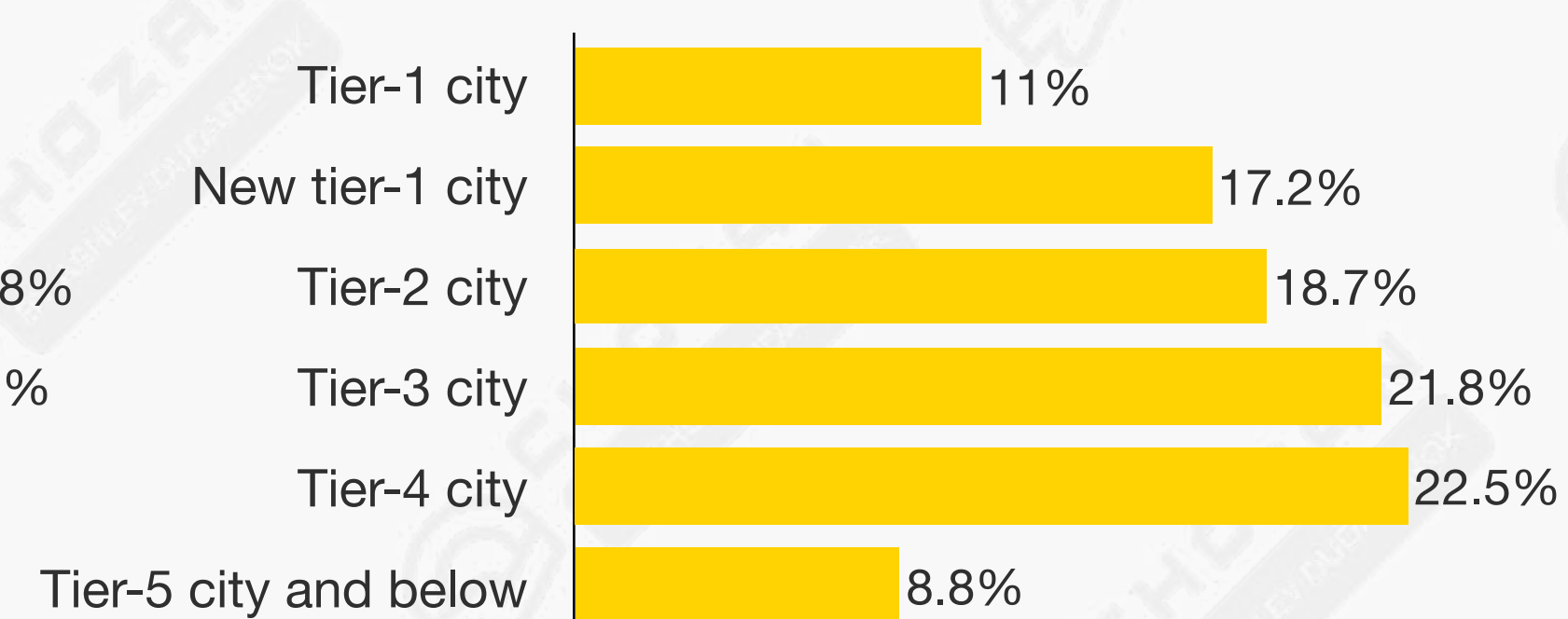
TAOBAO



PINDUODUO



JD

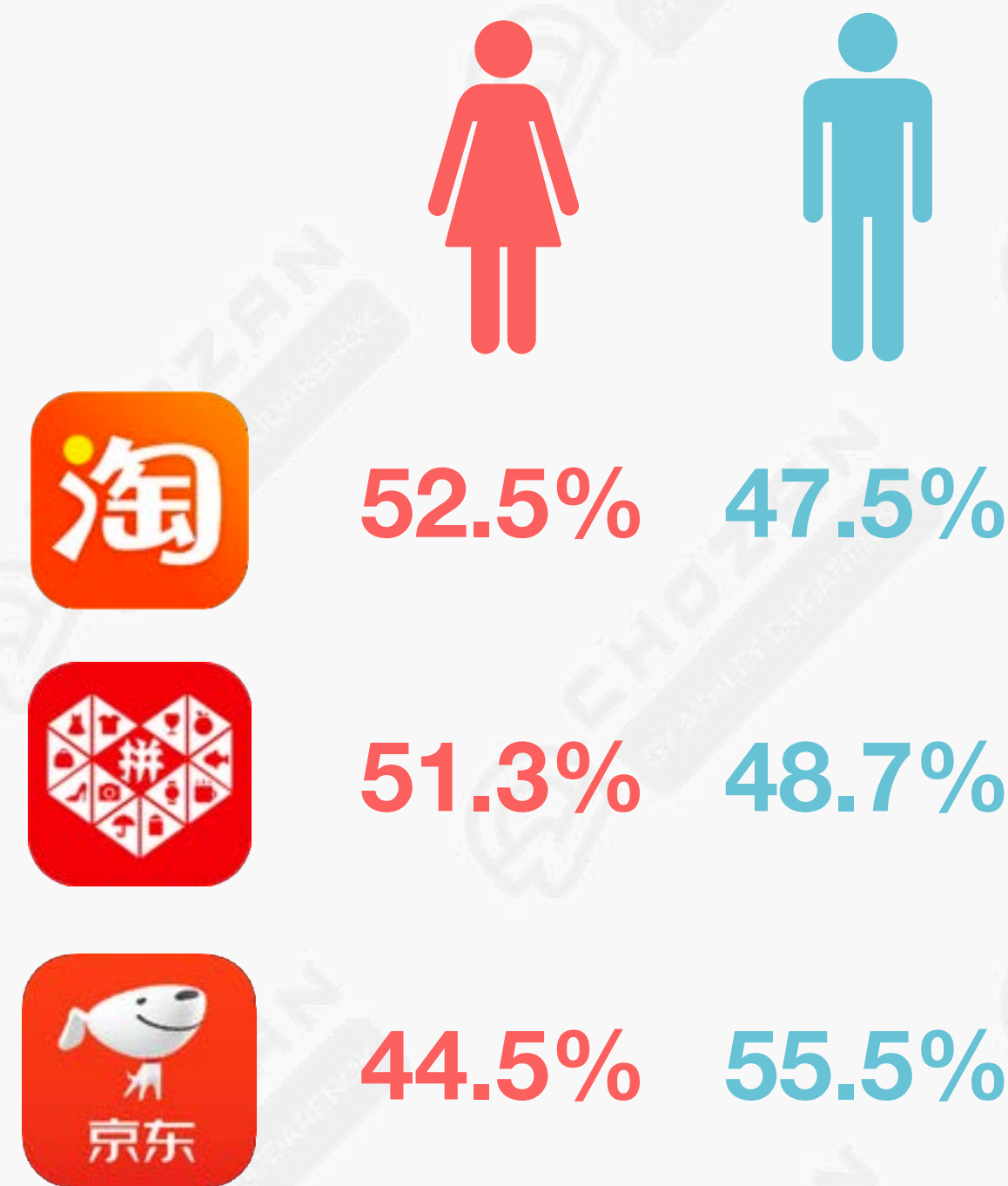


CHINA'S E-COMMERCE APP USER PORTRAIT

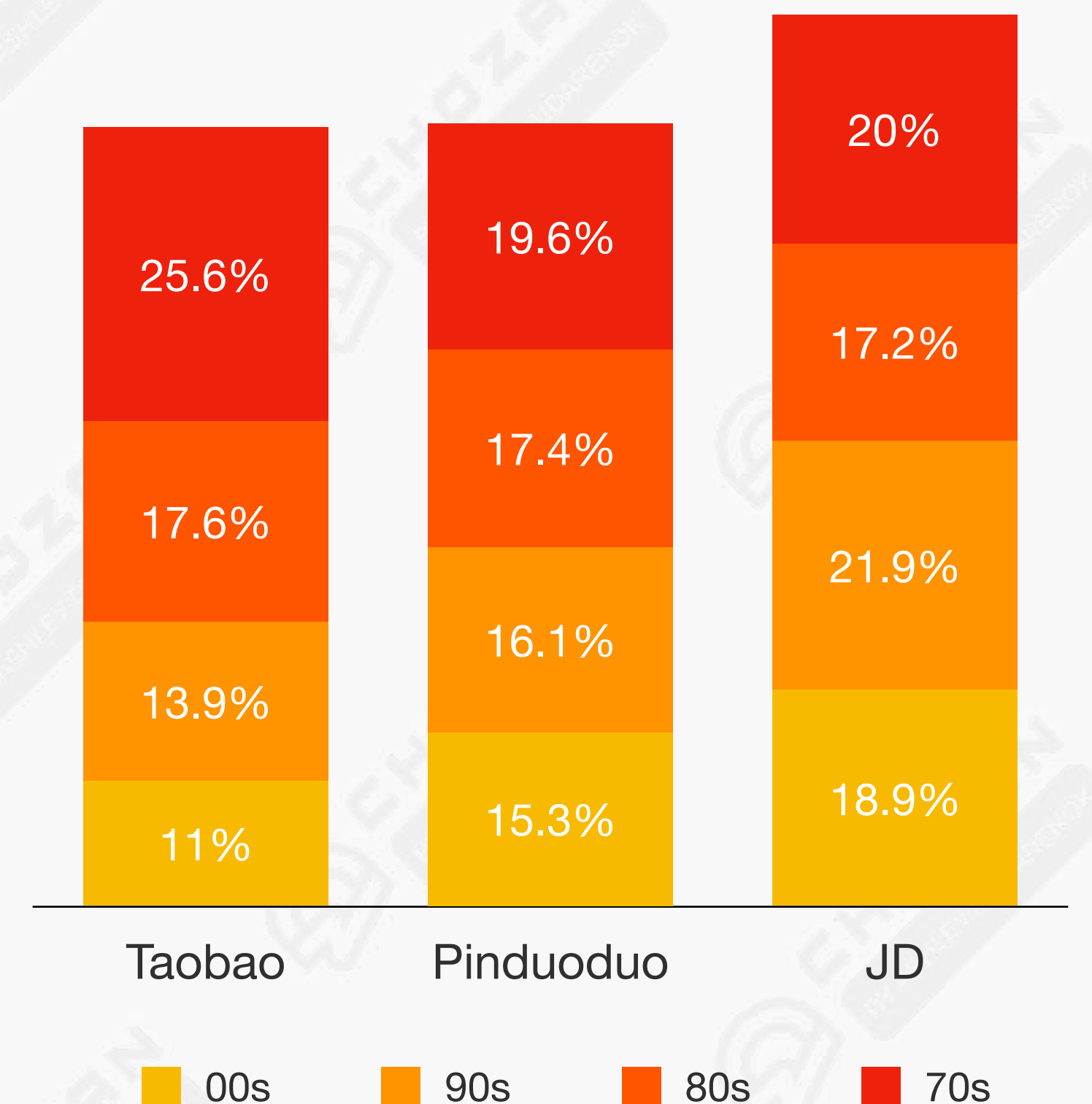
YOUNG USERS DRIVE E-COMMERCE GROWTH, BUT USER DEMOGRAPHICS REMAIN DIVERSE

Female consumers remain the major consumption power in China. New e-commerce users are mainly concentrated in the 00s and 90s age groups, indicating the high activity of the younger generation.

As the age increases, the proportion of new users gradually decreases, but users of all age groups account for a certain proportion, indicating the diversification of the age structure of e-commerce platform users.



AGE DISTRIBUTION OF NEW USERS



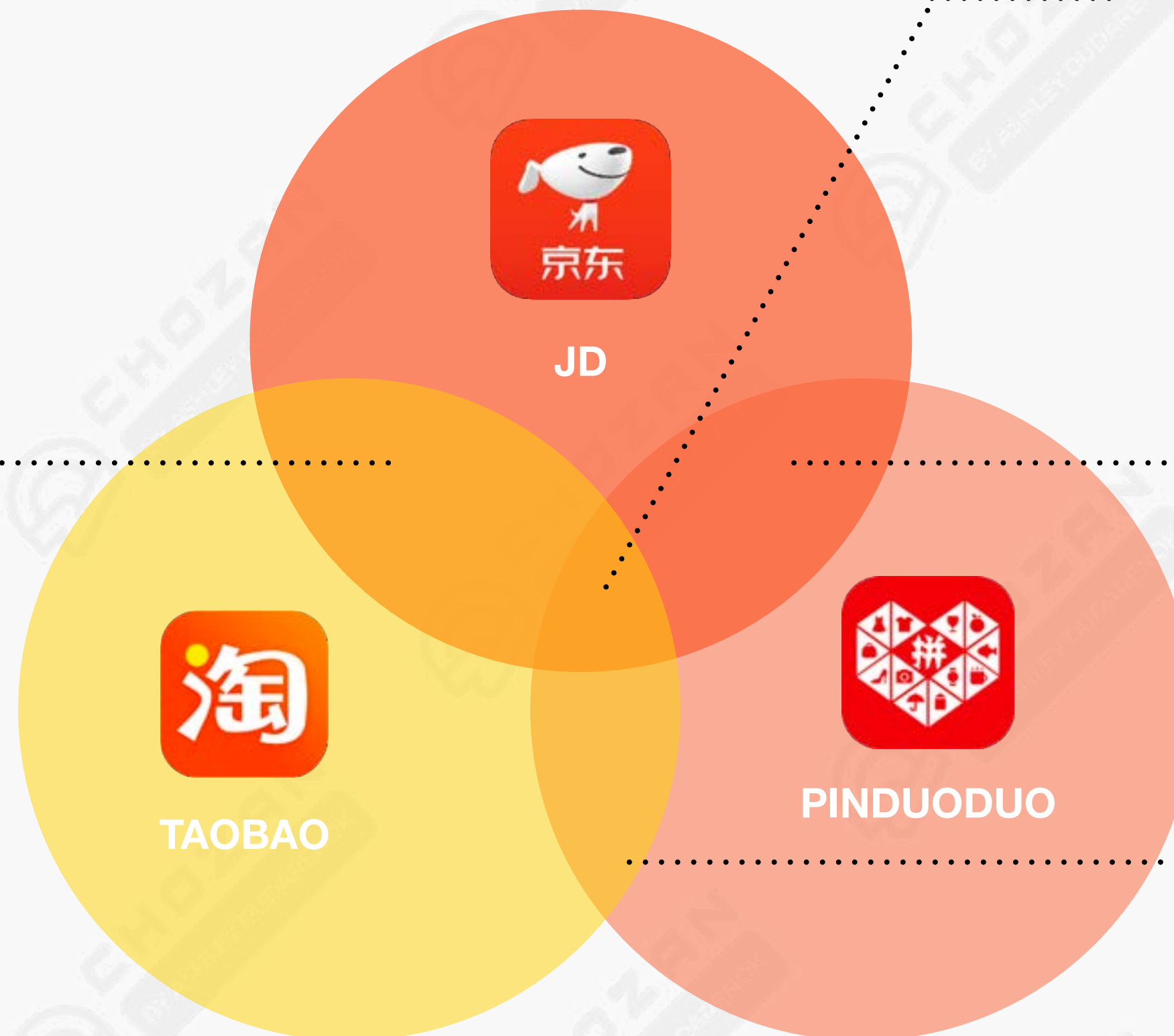
CHINA'S E-COMMERCE APP USER DISTRIBUTION

USERS TEND TO COMPARE PRICES ACROSS MAJOR PLATFORMS AND THEN MAKE RATIONAL PURCHASE DECISIONS

2024 E-COMMERCE APP USER OVERLAPPED DEMOGRAPHIC
(TAKE THE FIRST DAY OF DOUBLE 11 AS AN EXAMPLE)

Overlapped user of top three platforms reach **52.07** million, a year-on-year increase of **97.1%**

Overlapped user of Taobao and JD reach **113.34** million, a year-on-year increase of **83.6%**



Overlapped user of Pinduoduo and JD reach **75.04** million, a year-on-year increase of **86.6%**

Overlapped user of Taobao and Pinduoduo reach **180.91** million, a year-on-year increase of **17.3%**

CHINA'S E-COMMERCE PROSPECTS IN 2025

E-COMMERCE IN 2025 WILL SEE DEEPER LOWER-TIER CITY PENETRATION, MORE PRICE-CONSCIOUS CONSUMERS, AND LIVE STREAMING DOMINANCE

1 DEEPER PENETRATION IN LOWER-TIER CITIES

E-commerce platforms will further expand into lower-tier markets, driven by improved internet infrastructure and logistics, affordable products, and tailored marketing strategies.

2 MORE RATIONAL CONSUMPTION ON E- COMMERCE APPS

Consumers are becoming increasingly price-sensitive and platform-agnostic, often comparing deals across multiple platforms and prioritizing value, leading to intensified competition among e-commerce giants.

3 LIVE STREAMING AS THE DOMINANT CHANNEL

Live streaming e-commerce will solidify its position (with platforms like Douyin and Kuaishou leading the way) as a mainstream shopping experience, blending entertainment with instant purchasing to drive engagement and conversion.

EXPERT BITE

Q: WHAT ROLE WILL PHYSICAL RETAIL STORES PLAY IN CHINA BY 2025, ESPECIALLY AS E-COMMERCE CONTINUES TO DOMINATE?

Physical stores are no longer just about transactions; they serve a wider objective. They are spaces for brand immersion, providing hands-on experiences, engagement, and desire to buy. Flagship stores and concept spaces are increasingly resembling showrooms, allowing brands to connect with communities through localized storytelling and collaborations, fostering loyalty. They serve as qualitative touchpoints for validating a brand's value proposition in a market where Chinese consumers associate stores with authenticity and quality assurance, particularly in high-touch categories like footwear, luxury, and lifestyle.

These stores focus less on volume-driven space and more on strengthening emotional connections, elevating consumer experiences, and seamlessly connecting online and offline worlds. Ultimately, they complement e-commerce, playing a pivotal role in impulse purchase decisions, and are less price-driven than <...>.



OLIVIER LORANS

Senior VP
at Deckers Brands APAC

EXPERT BITE

Q: WHAT ARE THE BIGGEST E-COMMERCE CHALLENGES AND OPPORTUNITIES IN CHINA IN 2024?

China's economic deceleration has reduced consumer spending, impacting e-commerce growth. Major shopping events like Singles' Day show flat or minimal sales growth, reflecting dampened enthusiasm.

Big platforms like Alibaba and JD face strong competition from newer players like Douyin and Pinduoduo, which merge social interaction with online shopping, helping brands connect creatively. With many platforms competing, consumers seek cost-effectiveness but feel overwhelmed, leading to fatigue and loyalty shifts.

To navigate these challenges, successful companies shift from volume-driven growth to value creation, emphasizing technological innovation, particularly AI, and enhancing consumer experience. AI and big data are reshaping the industry by improving efficiency and personalizing experiences. By prioritizing these areas, brands can differentiate themselves and uncover growth opportunities in a competitive landscape.



SANDRINE ZERBIB

Founder of WZ Conseil, Co-author of Dragon Tactics, 30 Years in Consumer Business in China

EXPERT BITE

Q: WHAT SOCIAL MEDIA STRATEGIES DROVE CHINESE SOCIAL COMMERCE IN 2024, AND WHAT CAN OTHERS LEARN?

Chinese brands are nailing the art of blending social media with e-commerce. It's not just about being on platforms like Tmall, JD, and Douyin anymore – they're everywhere, including WeChat and Xiaohongshu (RedNote). And the hustle is real: many brands are live streaming for over 8 hours a day, sometimes on multiple platforms at the same time.

China's approach to social commerce is setting global trends, and there's a lot foreign companies can pick up. The secret sauce? Seamlessly combining social interactions with shopping to create fun, interactive experiences. Live streaming is a game-changer here – it's all about connecting in real-time, showing off products, and throwing in exclusive deals. It builds trust, gets people excited, and drives those sales like crazy.



ARTEM ZHDANOV

CEO at LaowaiMe,
Founder at EKD Media

EXPERT BITE

Q: WHAT 2024 SOCIAL COMMERCE TRENDS WILL SHAPE 2025, AND HOW CAN BRANDS ADAPT?

Live streaming will remain a dominant force in 2025. However, with the Chinese government emphasizing genuine online sales over the rapid-fire style that went viral in 2024, we are likely to see a shift toward more conversational and authentic content from livestream influencers. Live streaming continues to dominate China's e-commerce landscape, with the market size reaching nearly ¥5 trillion in 2023 and projected to surge to ¥8.16 trillion by 2026.

Additionally, brands eyeing the Chinese market must prioritize a digital-first strategy. As major luxury brands exit, the gap is being filled by domestic Chinese luxury and smaller, recognizable international brands leveraging digital-first approaches for market penetration. Live streaming, KOL collaborations, and social commerce will continue to be central to these strategies.



DRAGOS CACIO

CEO & Digital Strategist at
Crelong Media

CHINA'S OVERSEAS E-COMMERCE

CHINA'S OVERSEAS E-COMMERCE

CHINESE BRANDS EXPAND GLOBALLY THROUGH INNOVATION, SUPPLY CHAIN, TECHNOLOGY, AND E-COMMERCE STRENGTHS

FOUR KEY ELEMENTS FOR CHINESE BRANDS TO GO GLOBAL

PRODUCT STRENGTH

High-Tech Intelligent Products:

- Home Economy (mowing, snow removal, etc.): Ecovacs
- Aerial Economy: DJI, Insta360
- Humanoid Robots: Keyi Tech, Unitree Robotics
- Smart Home Appliances: Dreame Tech

SUPPLY CHAIN

Fully Integrated Industrial Chain:

- World-Class Industrial Capacity
- Comprehensive Industrial Categories
- Flexible Supply Chain: Combining “Manufacturing + Internet” for flexible production.

TECHNOLOGICAL POWER

Digitalization:

- Smart Manufacturing: Huawei, Lenovo (servers, solutions)
- Smart Factories: Lenovo (Brazil unmanned factory), BYD (prototype factories)
- AI: SHEIN (apparel design, personalized recommendations, pricing)

CHANNEL STRENGTH

“Online + Offline” Integration:

- Local + Cross-Border: Amazon, China’s cross-border e-commerce “Four Little Dragons” (Temu, Shein, AliExpress, TikTok Shop)
- Goods + Content: TikTok Shop (live streaming + e-commerce)

CHINA'S OVERSEAS E-COMMERCE PLATFORMS

"FOUR LITTLE DRAGONS" OVERVIEW AND COMPARISON



TikTok Shop

	TEMU	SHEIN	ALIEXPRESS	TIKTOK SHOP
FOUNDED	2022	2008	2010	2017
INTRODUCTION	A cross-border e-commerce platform launched by Pinduoduo	A Chinese e-commerce platform focusing on international B2C fast fashion	Under Alibaba, AliExpress is China's major cross-border e-commerce platform with the largest global user base	A short video platform launched TikTok's cross-border e-commerce channel
KEY FEATURES	Extremely low price, fast delivery	Fast update, wide selection, efficient delivery	Comprehensive products, large brand and user base	Promotion through short videos, large traffic
MAIN CATEGORIES	Daily necessities, apparel, electronics, etc.	Fast fashion, apparel	All categories	Apparel, home furnishings, cosmetics, etc.
OVERSEAS MARKET COVERAGE	82 countries and regions	About 150 countries and regions	About 220 countries and regions	Indonesia, Malaysia, Philippines, Vietnam, Singapore, Thailand, UK, US
MAJOR SALES MARKET	US (42%), Japan (10%), Germany (8%)	US (28.2%), Germany (6.6%), UK (6%)	Korea (85%)	Thailand (25.66%), Vietnam (20.79%), Malaysia (14.68%)
GMV IN 2024	USD54 billion (est.)	USD60+ billion (est.)	USD50 billion (est.)	USD33.2 billion



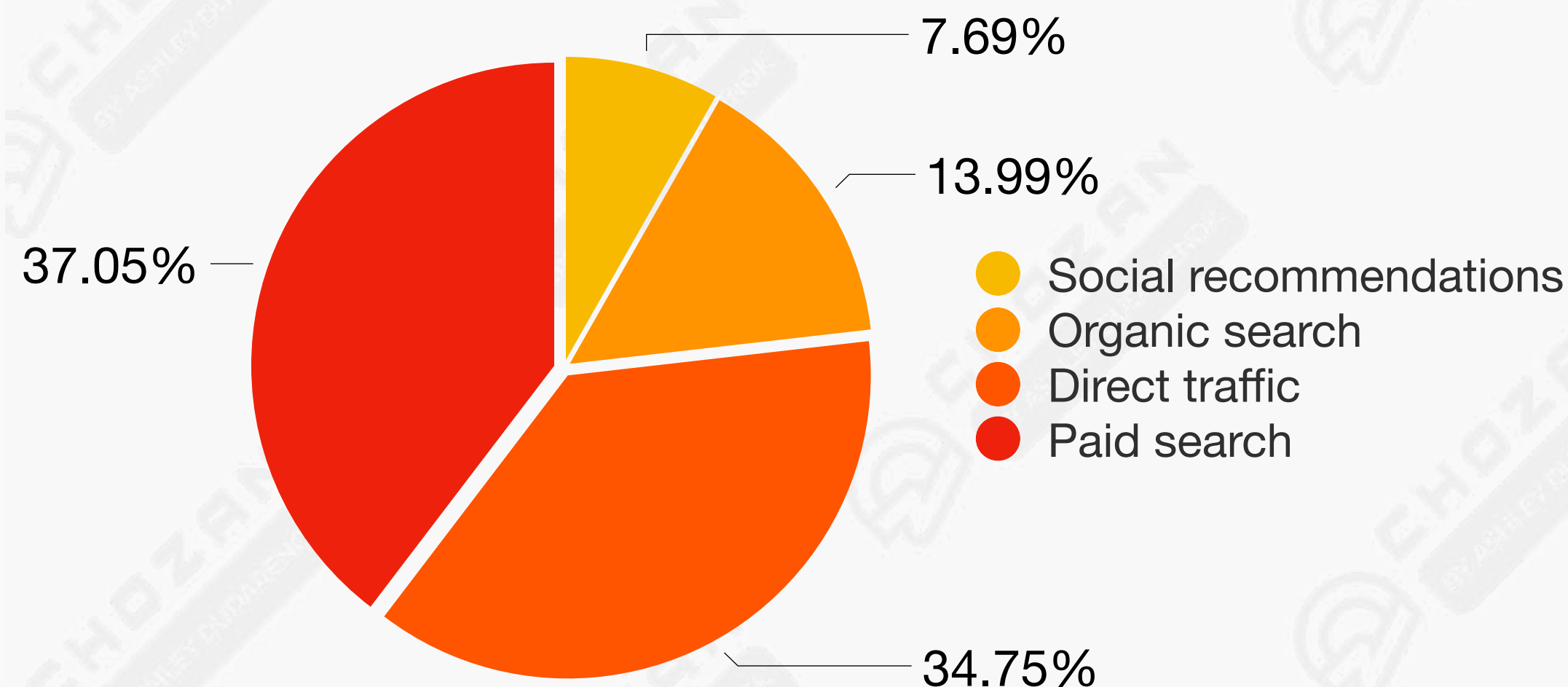
“FOUR LITTLE DRAGONS” - TEMU

TEMU ADOPTS THE “EXTREMELY LOW PRICE” STRATEGY TO WIN CONSUMERS

TEMU’S “EXTREMELY LOW PRICE” SYSTEM

Under its parent Pinduoduo, Temu adopts a flexible approach to acquire new customers, and paid search is the largest source of customer acquisition, with a proportion of **37.05%**.

TEMU CUSTOMER ACQUISITION SOURCES



Source: EmicsII Platform

1

PRICE COMPARISON WITH 1688

Direct price comparison with wholesale platforms such as 1688, squeezing the profit margins of middle distributors

2

PRICE RACING

Sellers are encouraged to lower their prices to gain more exposure opportunities. There are multiple quotes for one product, and the platform selects the lowest price.

3

STRICT SALES PROMOTION & EVALUATION SYSTEM

Slow-moving products with no dynamic sales in 14 days or sales of less than 30 pieces and sales of less than USD90 in 30 days will be required to reduce prices or withdraw from supply.

4

PRICE ASSESSMENT

Assess the lowest price of the product in the past 15 days and monitor the lowest real-time price of the same product on or off the site.

“FOUR LITTLE DRAGONS” - SHEIN

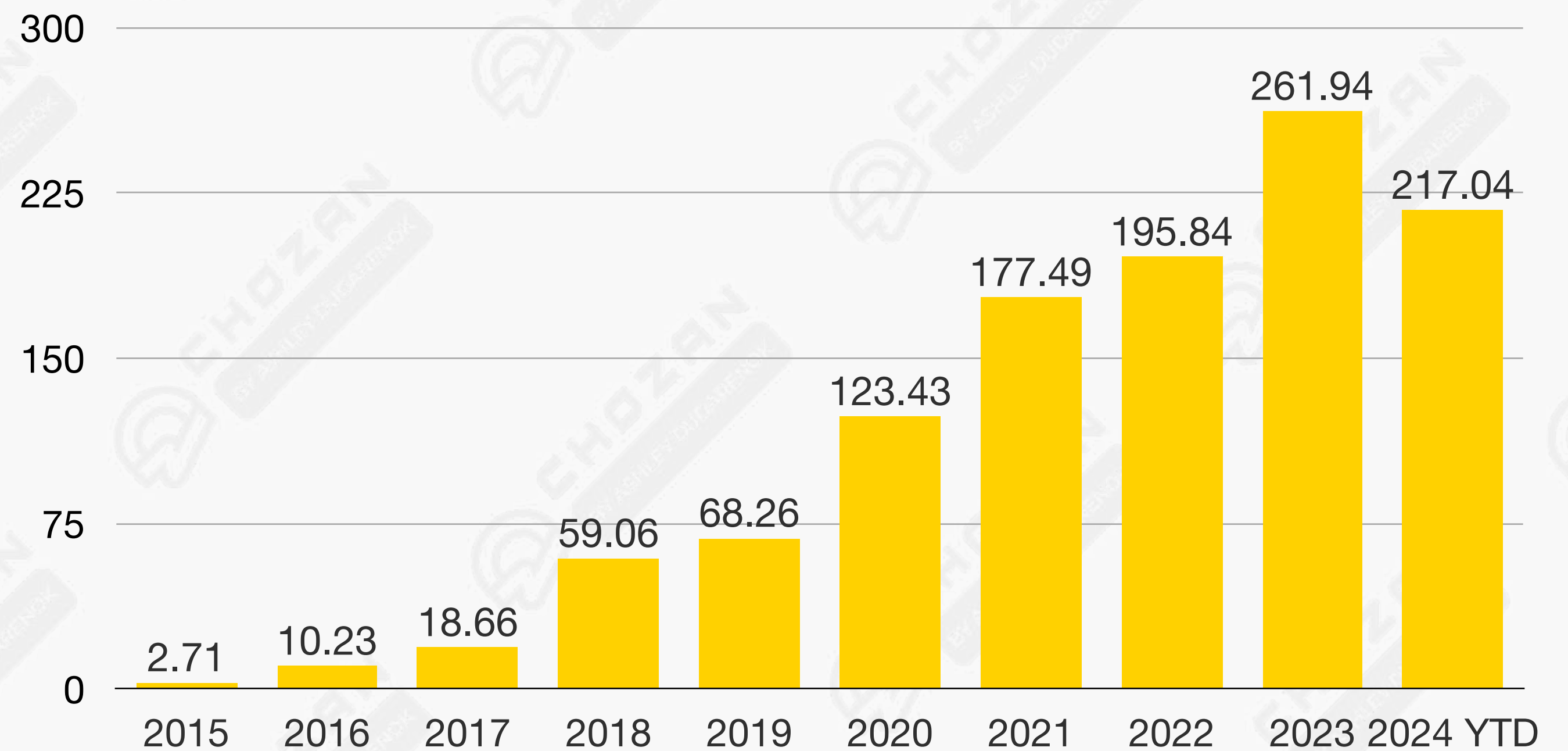
SHEIN’S FULLY-MANAGED MODEL DRIVES RAPID GROWTH



SHEIN’s rapid growth is mainly attributed to its unique **“Fully-Managed Hosting Model” (全托管模式)**, which has the following three advantages:

- **Large traffic:** It can leverage its extensive layout in social media, digital advertising and KOL cooperation to quickly bring conversions to products
- **Global market coverage:** It enables products to be seamlessly connected to global consumers, breaking geographical restrictions and quickly building an international sales network.
- **Fashion-related category advantage:** It has built long-term accumulated brand recognition in fast fashion and trendy accessories.

NUMBER OF APP DOWNLOADS OF SHEIN FROM 2015-2024 (IN MILLIONS)



“FOUR LITTLE DRAGONS” - ALIEXPRESS

ALIEXPRESS UTILIZES ITS GLOBAL LOGISTICS NETWORK TO COVER BROADER USERS



LOGISTICS ADVANTAGE

- **Global overseas warehouse:** Build multiple logistics lines by collaborating with the Cainiao network
- **Domestic premium warehouse:** Accelerate the timeliness of overseas consumers receiving goods

MARKET STABILITY

- **Overseas market accumulation:** Build presence in 220 countries and markets over long term
- **Global growth:** With a wide range of business, it has strong risk tolerance in face of uncertainty

ALL USER COVERAGE

- It has a long-standing overseas presence, a **broad user base across demographics**, and wide coverage of all age and gender groups.



3,200,000

PARCELS DELIVERED PER DAY ON AVERAGE



530 MILLION

VISITS BY CONSUMERS PER MONTH ON AVERAGE

“FOUR LITTLE DRAGONS” - TIKTOK SHOP

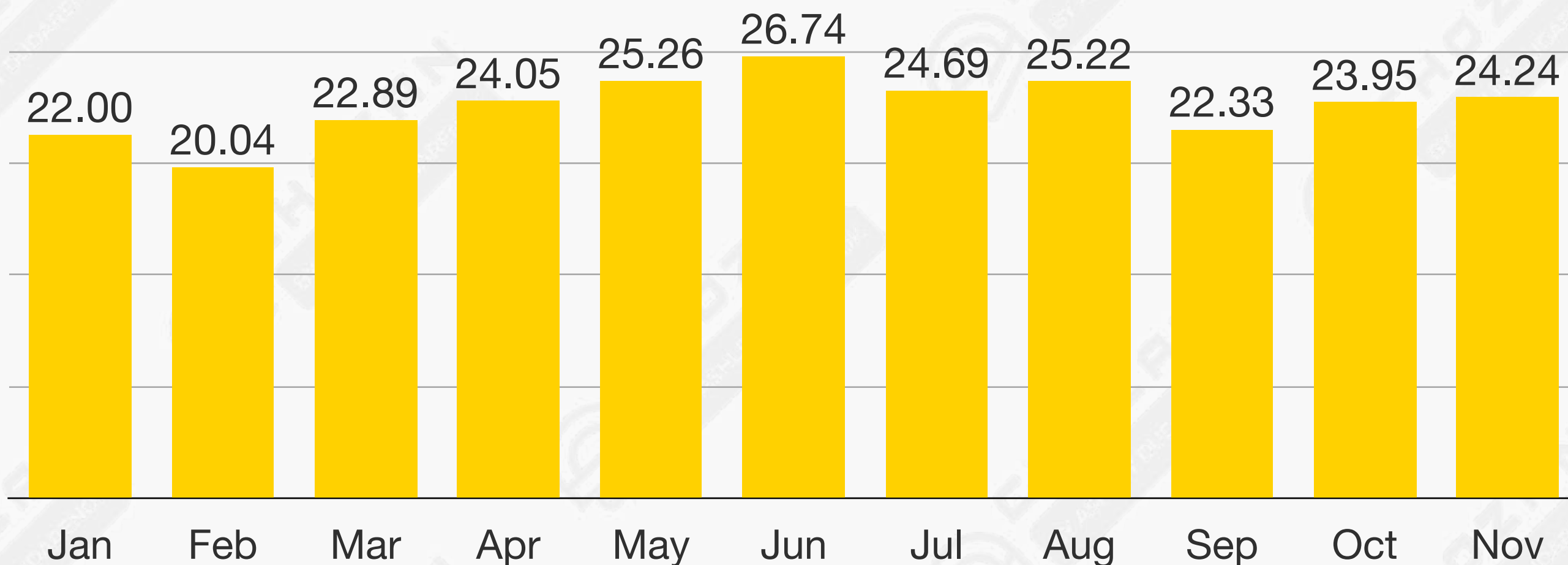
TIKTOK SHOP LEVERAGES ITS ADVANTAGES IN CONTENT TO CONVERT TRAFFIC



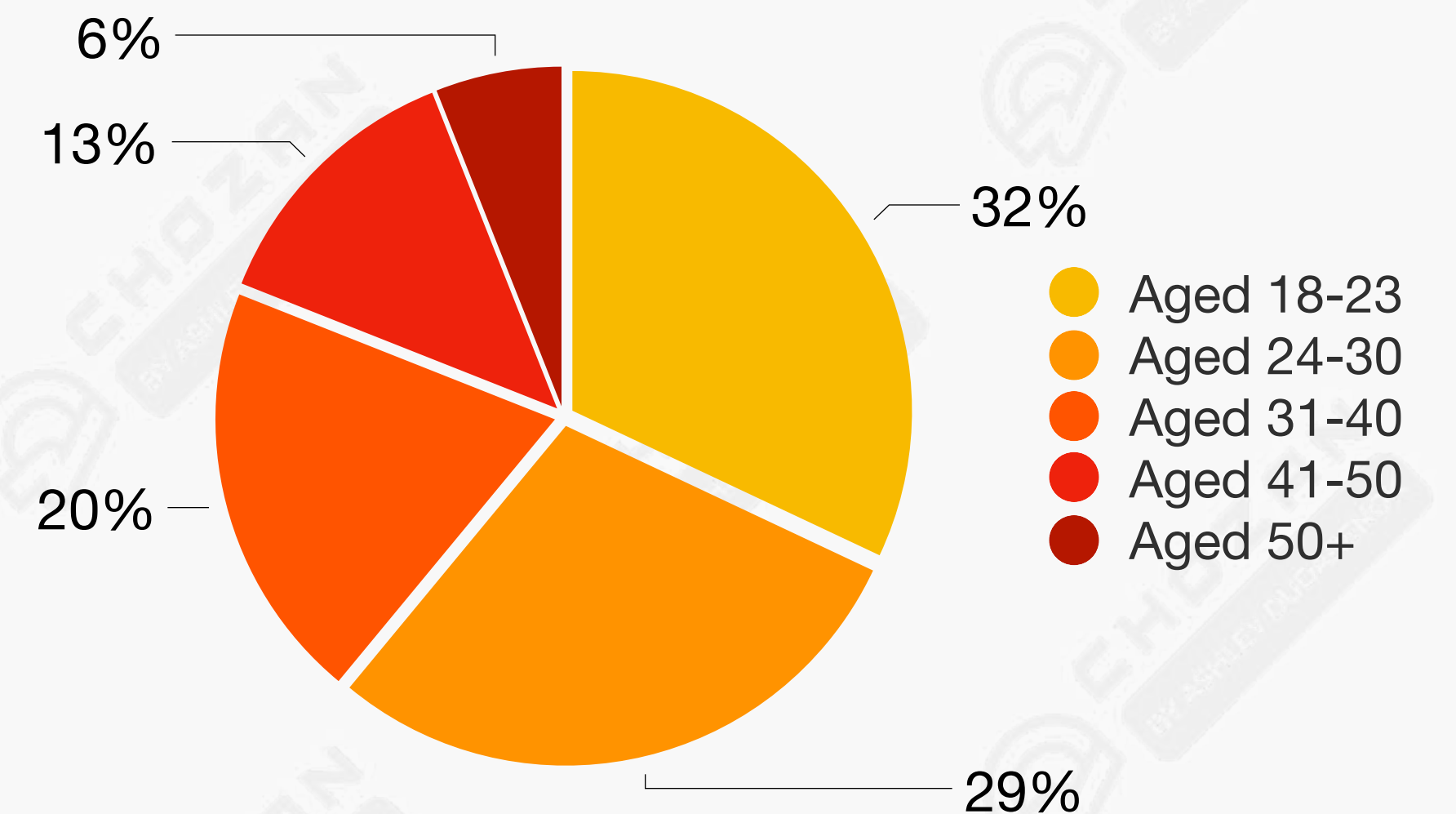
TikTok Shop

The average usage time per person remained stable between 20 and 26 minutes, with a peak of **26.74 minutes**, indicating that users were deeply immersed in the platform content. According to analytics, about **27%** of TikTok Shop users will make repeat purchases within five months after their first purchase, outperforming Walmart, Temu, SHEIN and Etsy. Dominance of young consumers also directly promotes high conversion rates and high repurchase rates.

TIKTOK'S AVERAGE USAGE TIME FROM JAN-NOV 2024 (MINUTES/DAY)



USER AGE DISTRIBUTION



HIGHLIGHTS FROM “FOUR LITTLE DRAGONS”

THEIR DOMINANCE STEMS FROM BLENDING SUPPLY CHAIN SUPREMACY, DATA-CENTRIC AGILITY, AND CULTURALLY NUANCED EXECUTION - A TRIFECTA REDEFINING GLOBAL RETAIL

1 HYPER-EFFICIENT SUPPLY CHAINS

Streamlined logistics drive cost-effective and fast deliveries worldwide - *Shein* refreshes 6,000+ new styles daily via AI-powered demand forecasting; *Temu* uses real-time data to optimize pricing and inventory; *AliExpress* guarantees 5-day global delivery with self-built logistics.

2 ALGORITHM-DRIVEN PERSONALIZATION

Advanced algorithms offer tailored experiences, boosting customer engagement - *TikTok Shop* converts viral content into sales via AI-curated feeds; *Shein* tailors product recommendations to micro-trends; *Temu* gamifies shopping (e.g., spin-to-win discounts) to boost engagement.

3 GLOBALIZATION STRATEGIES

Expanding into diverse markets with localized approaches and global reach - *TikTok Shop* adapts content to local cultures (e.g., U.S. holiday campaigns); *AliExpress* partners with regional logistics hubs; *Temu* subsidizes localized pricing to undercut competitors, while *Shein* scales sustainably via mini-hubs in key markets like Brazil.

EXPERT BITE

Q: WHAT CHALLENGES AWAIT FOREIGN COMPANIES IN CHINA'S 2025 SOCIAL COMMERCE, AND HOW CAN THEY OVERCOME THEM?

Most challenges in China's social commerce market haven't changed: local brands are strong competitors, and understanding Chinese culture and consumer behavior isn't easy. Since social commerce is all about content, it's hard for foreign companies to create content that matches what local brands do so well.

Geopolitical issues make things trickier. Chinese audiences are sensitive to global topics and have strong opinions. To succeed, foreign brands need to stay creative but play it safe to avoid any backlash.



ARTEM ZHDANOV

CEO at LaowaiMe,
Founder at EKD Media

CHINA'S LEADING E-COMMERCE GIANTS

1

ALIBABA

Alibaba started with the goal of becoming an online directory for China's manufacturers and sellers, and has since expanded its product range significantly. The Alibaba Group continues to connect with consumers and sellers in more effective and inventive ways. Two Alibaba market segments include Taobao which is more general and allows consumers to easily search any product they want, while TMall caters more towards premium and high-end product consumers. Tools and infrastructure support are provided by group ecosystem services such as Alibaba Cloud.



ALIBABA ECOSYSTEM OVERVIEW

AN ECOSYSTEM COVERS CONSUMERS, MERCHANTS, BRANDS, RETAILERS, THRID-PARTY SERVICE PROVIDERS, AND STRATEGIC PARTNERS

Alibaba is evolving from a single company into a new governance model of “1+6+N”. “1” represents Alibaba Group’s holding company, “6” refers to six major business groups, and “N” refers to various businesses such as Alibaba Health, Sun Art Retail, and Freshippo.



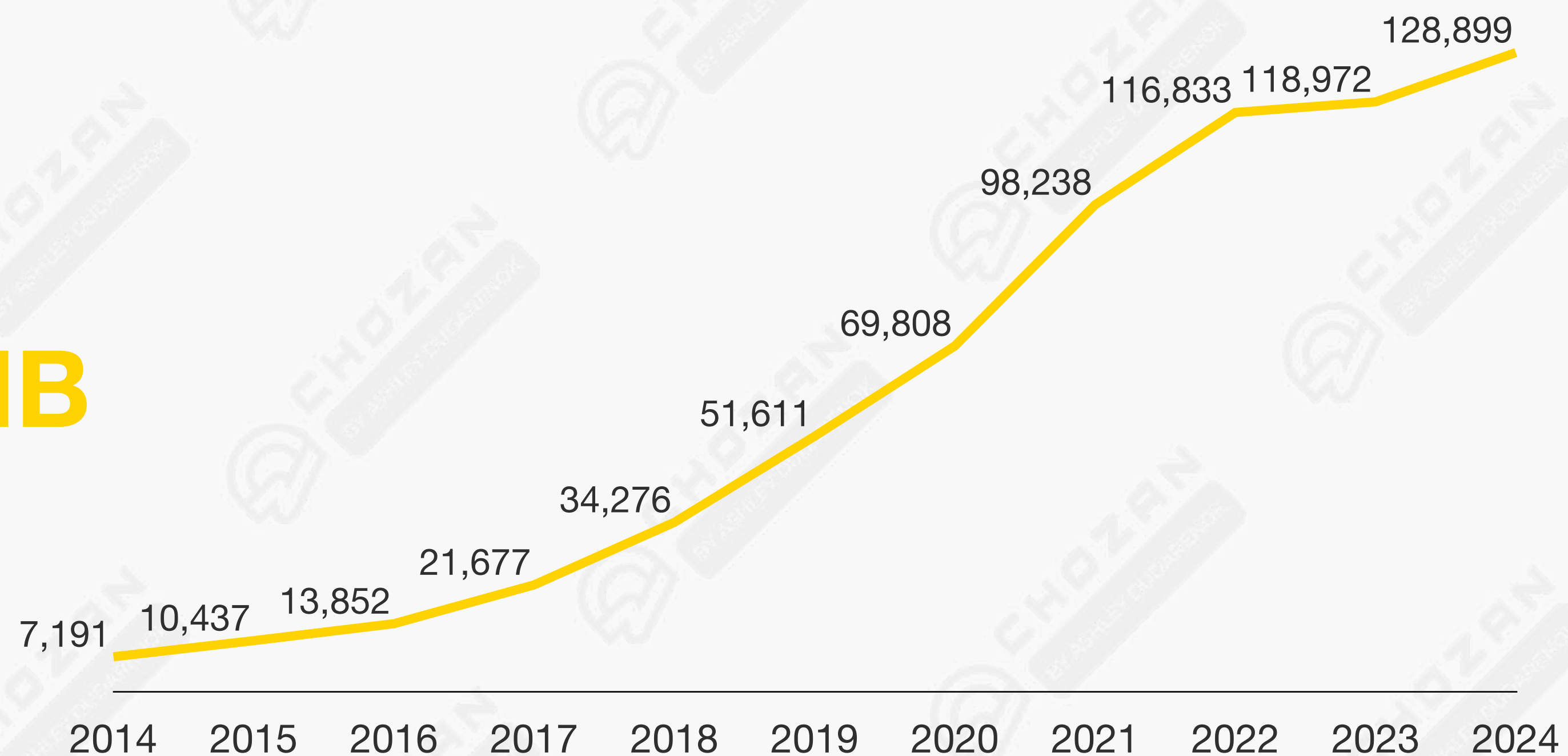
ALIBABA REVENUE RECAP IN 2024

OVERALL REVENUE IN 2024 (FISCAL YEAR)

Alibaba Group reported revenue of RMB 221.874 billion in the fourth quarter of fiscal year 2024, representing a year-over-year growth of 7%, exceeding market expectations. For the full fiscal year 2024, Alibaba Group achieved total revenue of RMB 941.168 billion.

941.17 BILLION RMB
(~128.9 BILLION USD)
REVENUE IN 2024

ANNUAL REVENUE OF ALIBABA GROUP FROM FINANCIAL YEAR 2014 TO 2024 (IN MILLION USD)



ALIBABA REVENUE RECAP IN 2024

REVENUE DISTRIBUTION IN 2024 (FISCAL YEAR)



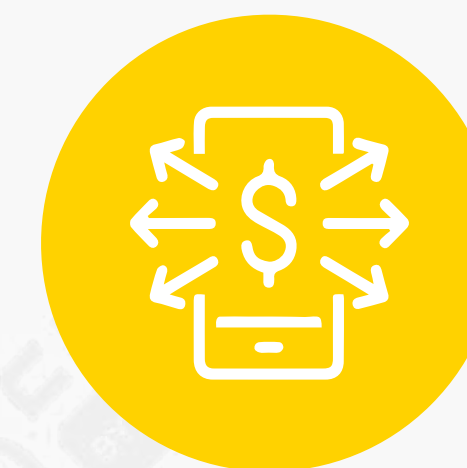
93.22 BILLION RMB
(~12.77 BILLION USD)

REVENUE FROM TAOTIAN GROUP
(INCLUDING TAobao AND TMALL
RETAIL PLATFORMS)



27.45 BILLION RMB
(~3.76 BILLION USD)

REVENUE FROM AIDC
(INCLUDING ALIEXPRESS, LAZADA
AND OTHER OVERSEAS
BUSINESS)



25.60 BILLION RMB
(~3.51 BILLION USD)

REVENUE FROM CIG
(INCLUDING ALI CLOUD)

ALIBABA MAJOR EVENT RECAP IN 2024

ALIBABA IS STRENGTHENING MARKET LEADERSHIP THROUGH STRATEGIC INVESTMENTS AND INNOVATIONS

E-COMMERCE STRATEGY ADJUSTMENT AND POLICY UPDATE

Alibaba has adjusted Taobao and Tmall's strategy, including optimizing the "refund only" policy while focusing on low-price strategies and core user experience. This aims to tackle competition from platforms like Pinduoduo and regain market leadership.

INCREASED INVESTMENT IN OVERSEAS E-COMMERCE PLATFORM LAZADA

In early 2024, Alibaba boosted its investment in Southeast Asian e-commerce platform Lazada to strengthen its presence in the region. On May 20, Alibaba injected an additional 230 million USD into Lazada.

ESTABLISHES LIVE STREAMING E-COMMERCE COMPANY

Taobao announced the creation of a live streaming e-commerce company to offer full-service management for celebrities, KOLs, and MCN agencies looking to start broadcasting on the platform.

INFLUENCE / IMPACTS

- It boosted user satisfaction in the short term, but profit margins were squeezed, reflecting the **normalization of low-price competition in the e-commerce industry**
- Enhanced Lazada's market competitiveness, helping Alibaba maintain a **leading position in Southeast Asia's e-commerce market**
- Better served Southeast Asian consumers and contributed to the region's digital transformation and e-commerce growth
- Facilitated the rapid development of quality live streamers, driving the growth of Taobao's live streaming business
- Enhances live streamer retention, strengthening **Taobao's competitiveness in the live e-commerce sector**

ALIBABA VISION FOR 2025 AND BEYOND

ALIBABA'S 2025 VISION FOCUSES ON TECH INNOVATION, GLOBALIZATION, AND SOCIAL RESPONSIBILITY

2025 STRATEGIC GOALS



Continue to expand **globalization** efforts



Continue strengthening **e-commerce, cloud computing and AI businesses** through innovation



Undertake social responsibilities, drive **sustainable development**, and reduce the impact on businesses on environment

2036 VISION



Serve **2 billion** global consumers



Enable **10 million** businesses to be profitable



Create **100 million** jobs

EXPERT BITE

Q: HOW CAN BRANDS USE ALIPAY EFFECTIVELY IN CHINA IN 2025?

In July 2024, Alipay launched the Alipay Tap! function, designed to offer a new in-store mobile payment experience for consumers in China. With the Alipay App, consumers can not only scan to pay but also tap to pay. By simply tapping their unlocked phones against a merchant's USB add-on at the cash register, they can complete payments without even opening the app.

In addition to providing users with an easy, convenient, and innovative payment experience, Alipay Tap! also streamlines the checkout process, boosting efficiency for merchants. It enhances their digital operations by integrating various digital services into the tap feature. These digital services, jointly launched by Alipay and industry partners, include tapping to order food at restaurants, checking in for offline conferences, unlocking vending machines, and renting power banks, among others.



ZHENG GAO

Product Manager At Alipay Tap!

EXPERT BITE

Q: WHAT DOES ALIBABA'S INTIME SALE REVEAL ABOUT ITS 2025 RETAIL STRATEGY, AND WHAT KEY TRENDS WILL SHAPE CHINA'S E-COMMERCE?

Alibaba is refocusing its efforts on areas that deliver the highest value impact to industries closely tied to its core businesses—e-commerce and cloud computing/AI. While department store chains are a part of the retail sector, Alibaba has shifted its strategy to act as a retail technology enabler, both online and offline. As a result, there is no longer a need to “own” brick-and-mortar shopping malls directly.

E-commerce and digital ecosystems will be defined by their ability to serve customer needs in the most efficient and intelligent ways. For retail consumers, this means not only delivering the most appropriate products in a cost-effective and expedient manner but also predicting and anticipating their needs before they are even aware of them. For merchants, it involves providing tools that maximize ROI and reduce operating costs. Addressing these needs requires leveraging actionable data and AI to empower both consumers and merchants to achieve results they never thought possible. Over the next 3-5 years, a company's technological prowess particularly around AI and its access to quality market data will dictate and shape their chance of success and the larger tech ecosystems in China and beyond.



BRIAN A. WONG

Author of *The Tao of Alibaba*

2

JD.COM

JD.com is the largest competitor to Alibaba, positioning itself as a retail firm (as opposed to a marketplace) with a market dominance on electronic goods. Its end-to-end logistics approach makes it easier for JD.com to verify suppliers/distributors and maintain control over goods sold, while a quarter of its inventory is sold through its own platform.



京东

JD.COM BUSINESS OVERVIEW

A RETAIL AND TECHNOLOGY ENTERPRISE CENTERED ON E-COMMERCE, LOGISTICS, FINTECH, AND OTHER DIVERSIFIED BUSINESSES

JD has three segments, **JD Retail**, **JD Logistics**, and **New businesses**. JD Retail, including JD Health and JD Industrials, among other components, mainly engage in online retail, online marketplace and marketing services in China. JD Logistics includes both internal and external logistics businesses. New businesses mainly include Dada, JD Property, Jingxi and overseas businesses.

1

JD
RETAIL



JDH 京东健康

京东工业品

2

JD
LOGISTICS

JDL 京东物流

3

NEW BUSINESS



京东国际



JD.COM REVENUE RECAP IN 2024

OVERALL REVENUE BY 2024Q3

Net revenues were 260.4 billion RMB (35.66 billion USD) for the third quarter of 2024, an increase of 5.1% from the third quarter of 2023.



204.6 BILLION RMB
(~28.02 BILLION USD)
NET PRODUCT REVENUE



260.4 BILLION RMB
(~35.66 BILLION USD)
NET REVENUE

55.8 BILLION RMB
(~7.64 BILLION USD)
NET SERVICE REVENUE

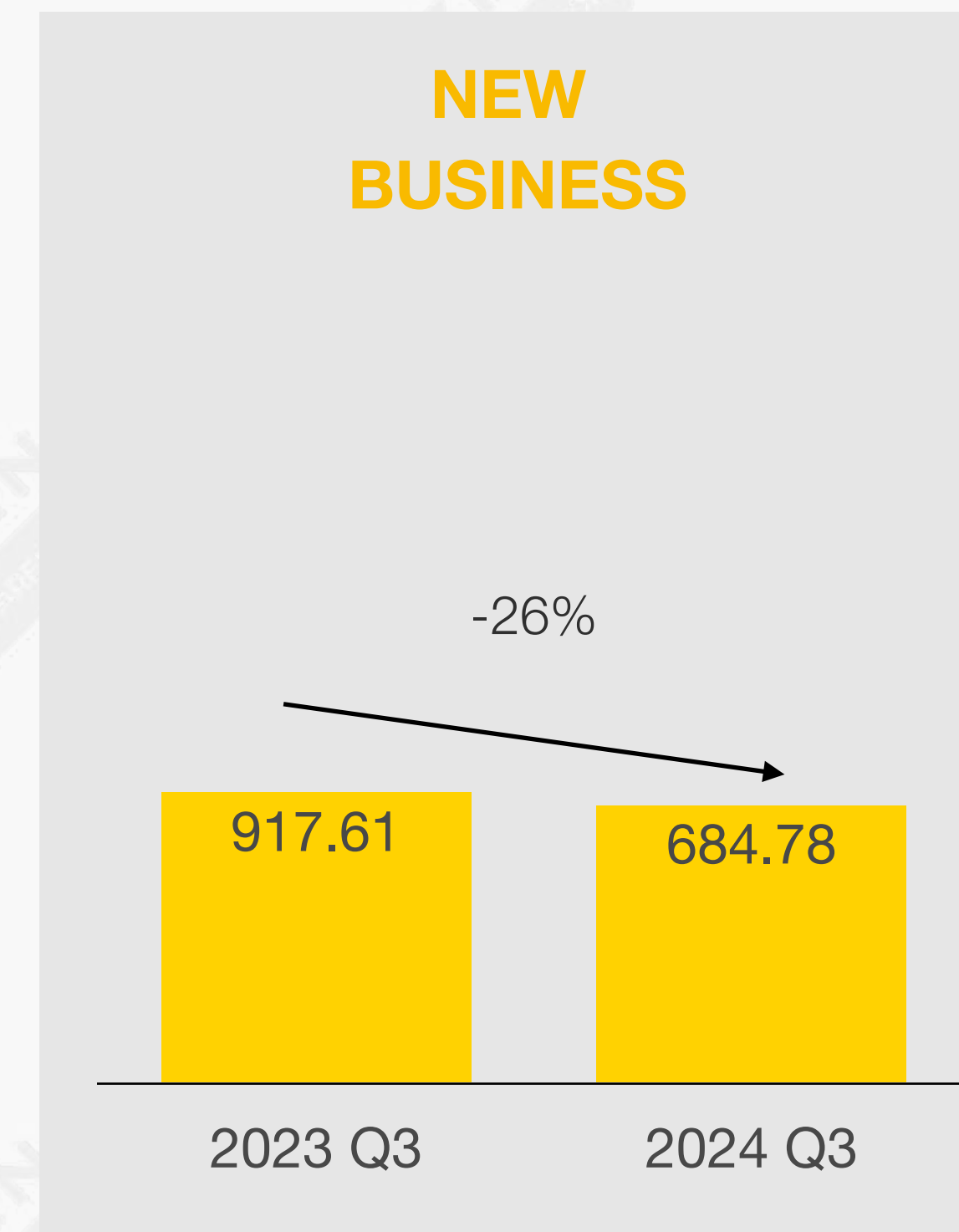
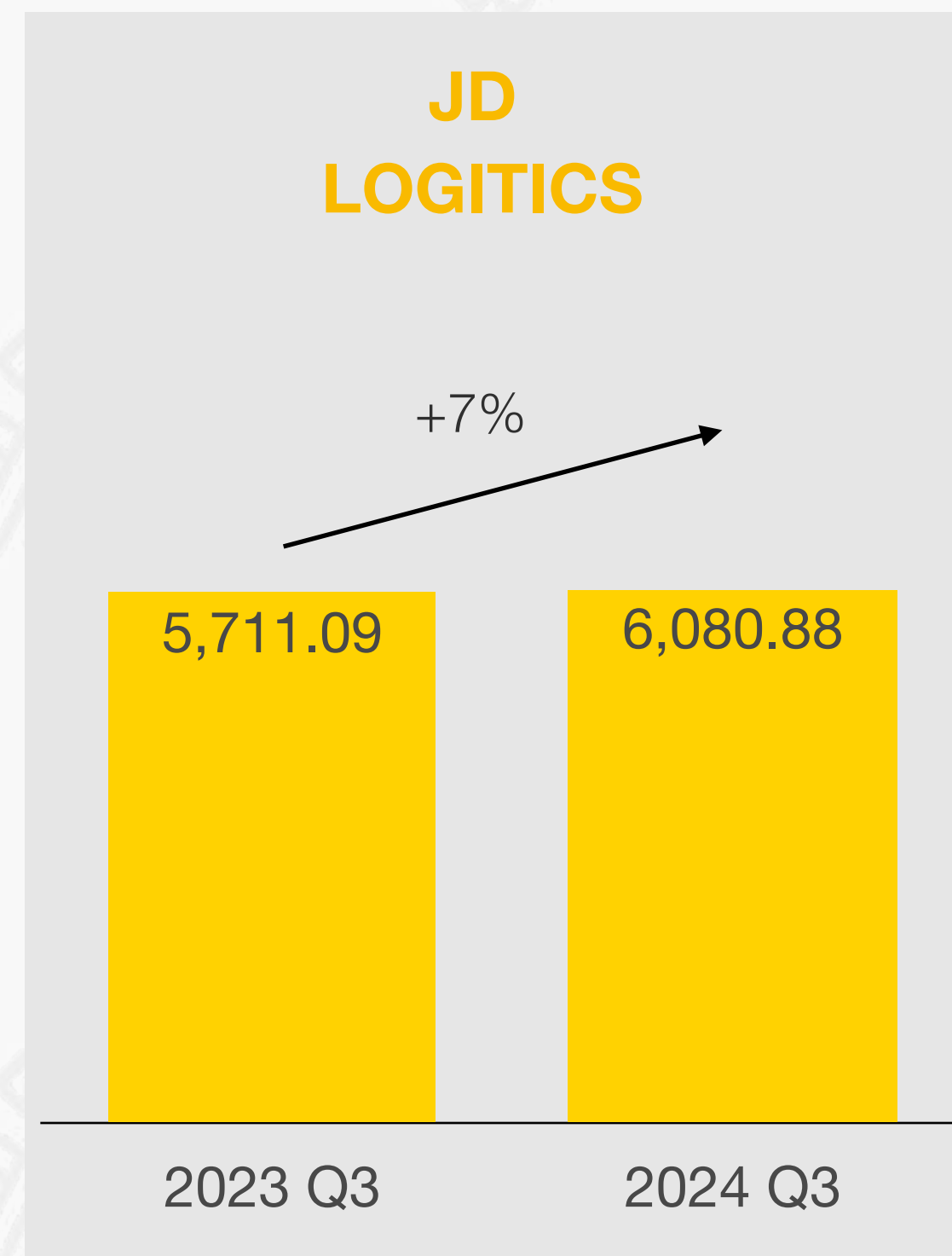


588.3 MILLION
ANNUAL ACTIVE CUSTOMERS

JD.COM REVENUE RECAP IN 2024

BUSINESS REVENUE BY 2024Q3

Both JD Retail and JD Logistics realized growth, due to omni-channel integration and AI-driven efficiency in supply chains, while new business' decline reflects that more focus should be put on on-demand delivery (Dada Group), cross-border commerce (JD International), and industrial solutions (JD Property).



JD.COM MAJOR EVENT RECAP IN 2024

JD IS EXPANDING ITS LOGISTICS AND B2B CAPABILITIES

JD INDUSTRIAL PLANS IPO IN HONG KONG

In September 2024, JD Industrial submitted a prospectus to the Hong Kong Stock Exchange for a mainboard listing. The IPO aims to raise funds to enhance supply chain capabilities and expand cross-regional operations.

LOGISTICS SYSTEM EXPANSION

JD expanded its logistics system by adding new domestic warehouses and venturing into international markets. Liu Qiangdong once stated that logistics is JD's "moat," and this move further strengthens JD's logistics leadership.

CELEBRITY ENDORSEMENT CONTROVERSY

In 2024, JD faced gender-related controversy over selecting Yang Li as its spokesperson, leading some users to question the brand's image. While the issue was eventually resolved, it impacted JD's brand trust.

INFLUENCE / IMPACTS

- This move marks JD's deeper expansion into the industrial e-commerce sector, offering **new investment opportunities** and **strengthening its competitiveness in the B2B market**
- Improved **logistics efficiency and service quality**
- Enhanced **market competitiveness** in the e-commerce sector
- Supported JD's **international market expansion** with a global logistics network
- The incident highlighted JD's shortcomings in **marketing strategy** and **user communication**, prompting more caution in future spokesperson choices and brand messaging

JD.COM VISION FOR 2025 AND BEYOND

JD'S 2025 VISION FOCUSES ON LOGISTICS, E-COMMERCE AND EMPLOYEES



LOGISTICS

- Establish a "**2-3 day delivery**" time-effectiveness circle for overseas warehousing and distribution
- Achieve a growth of **over 100%** in the area of overseas warehouses



CONSUMER ELECTRONICS

- JD.com will take the opportunity of **national subsidies** to expand its **market share**, and it is expected that the annual subsidy amount will increase significantly



EMPLOYEE INCENTIVES

- JD Tech has proposed that in 2025, the average salary of all employees will be equivalent to **20 months' pay**, sharing the fruits of success with all employees

3

PINDUODUO

Pinduoduo is a recommendation based third-party platform. Aggregating demand through team purchases, it socially connects demand products to corresponding potential customers as to avoid searching and scrolling through product options. The platform invests heavily into IP infringement minimisation as a priority to maintain the trust with and between customers and users, as well as associated brands/stores.



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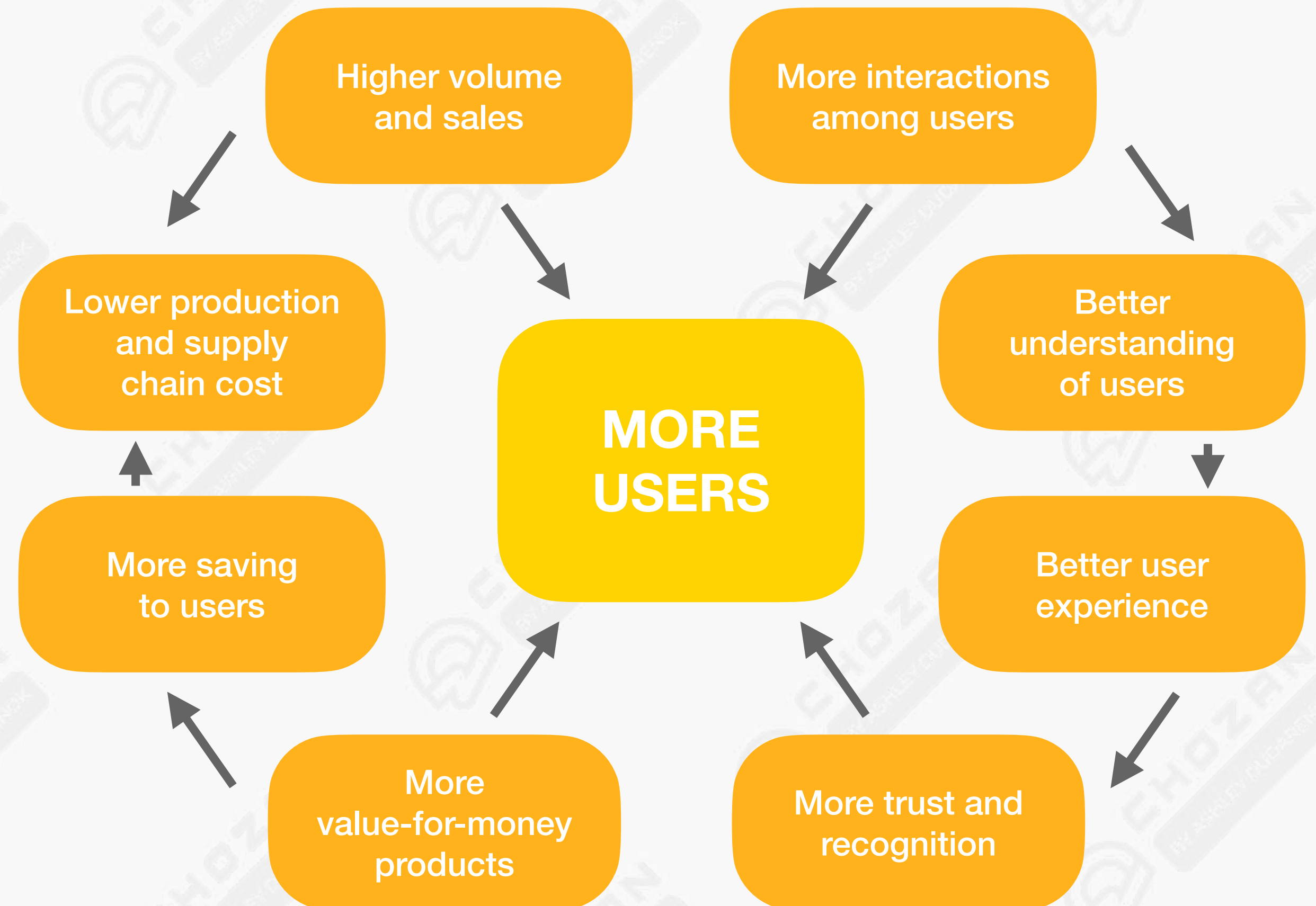
拼着买·才便宜

PINDUODUO BUSINESS MODEL

PINDUODUO'S TEAM PURCHASE ADVANTAGE

While most platforms often ignore the needs of the sinking market Chinese consumer, the team purchase function and associated deals contain universal appeal across age and income demographics as they provide **low-cost necessities**, such as household basics and food. The regularity of the deals and the frequently purchased items involved mean that customers are more likely to return to the Pinduoduo platform.

TEAM PURCHASE

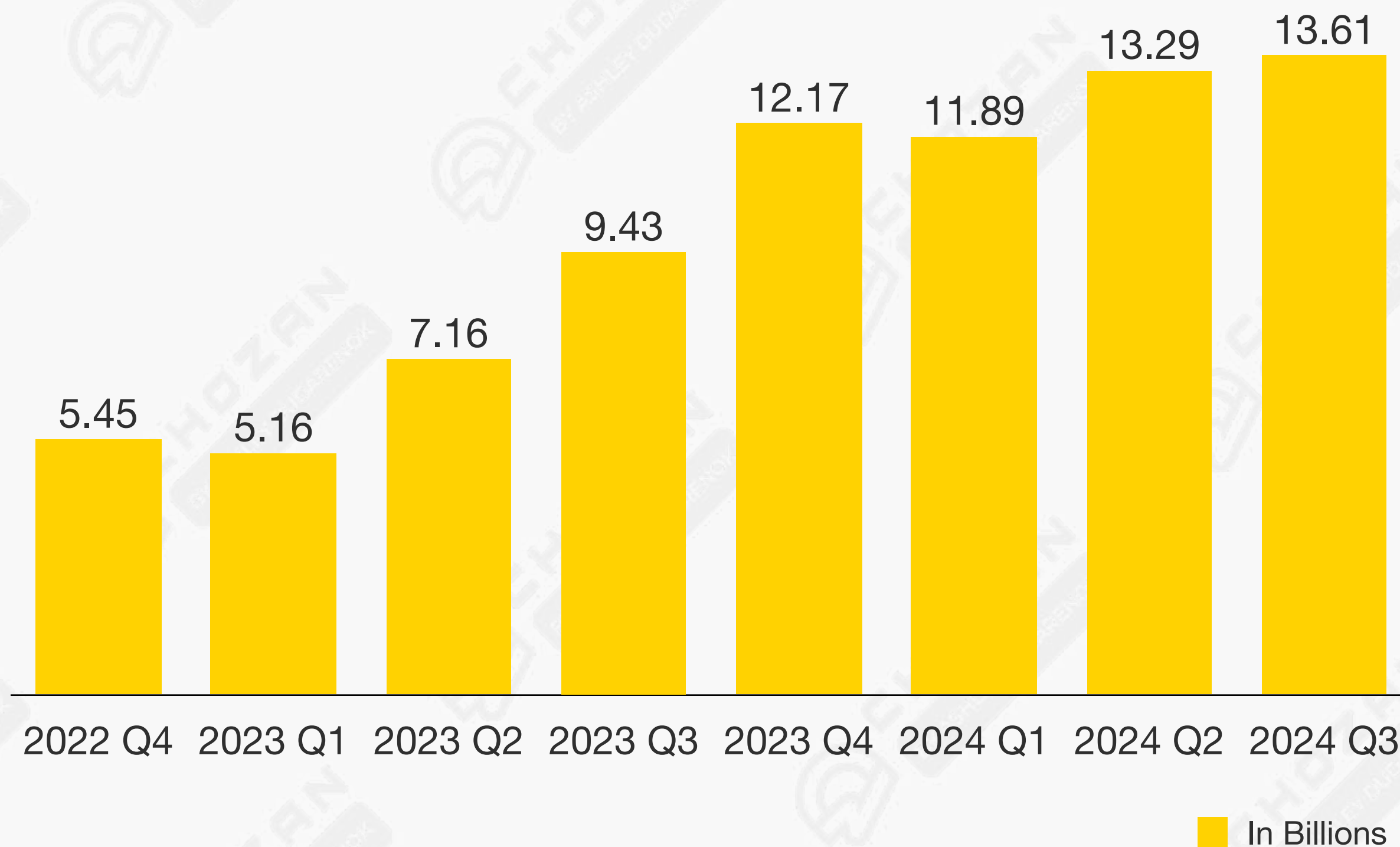


PINDUODUO REVENUE RECAP IN 2024

OVERALL REVENUE BY 2024Q3

Pinduoduo (PDD) released its third-quarter financial report for 2024, covering the period ending September 30. Benefiting from a steady recovery in macro consumer spending, Pinduoduo maintained solid performance, with total revenue for the quarter reaching RMB 99.354 billion, a year-over-year increase of **44%**.

PDD REVENUE FROM 2022 Q4 TO 2024 Q3 (IN USD)



PINDUODUO REVENUE RECAP IN 2024

OVERSEAS BUSINESS (TEMU) REVENUE IN 2024

Temu, the cross-border e-commerce platform under Pinduoduo, has been growing at an astonishing pace.

Temu's full-year GMV for 2024 is expected to reach **USD 54 billion**, with semi-managed sales projected to account for 30% of the total platform sales by the end of the year, exceeding USD 16 billion.



18 MINUTES

TEMU USERS SPEND TWICE AS MUCH THE TIME THAN OTHER E-COMMERCE APPS



54 BILLION USD

EST GMV OF TEMU IN 2024

PINDUODUO MAJOR EVENT RECAP IN 2024

TEMU'S RAPID GROWTH THROUGH MASSIVE AD SPENDING AND GLOBAL EXPANSION STRENGTHENS PINDUODUO'S INTERNATIONAL PRESENCE

LAUNCH OF "BILLION RMB DISCOUNT" POLICY

In the third quarter, Pinduoduo introduced a series of support policies, including the "Billion RMB Discount" and "New Quality Merchant Support Plan," which included reductions in technical service fees, promotion service fees, and store deposits, benefiting over ten million merchants.

TEMU RANKING SECOND IN GLOBAL E-COMMERCE

According to data, in January 2024, Pinduoduo's cross-border e-commerce platform, Temu, reached 467 million unique visitors, ranking second globally, just behind Amazon.

TEMU BECOMING THE LARGEST ONLINE ADVERTISER IN THE U.S.

In February 2024, Pinduoduo's Temu became the largest online advertiser in the U.S., with ad spending reaching 3 billion USD.

INFLUENCE / IMPACTS

- Lowered merchant operating costs, enhanced **platform diversity**
- Promoted **economic collaboration** between eastern and western regions
- Strengthened its competitiveness in the **domestic e-commerce market**
- This highlights Temu's rapid success, establishing it as a significant player in the **global e-commerce market**, boosting Pinduoduo's international image and laying a solid foundation for future market expansion
- This demonstrates Pinduoduo's **strong market promotion intent**, successfully attracting consumer attention to Temu and establishing a solid brand foundation for further penetration in the U.S. market

PINDUODUO VISION FOR 2025 AND BEYOND

PDD'S 2025 VISION FOCUSES ON A WIN-WIN E-COMMERCE COVERING MERCHANTS AND CONSUMERS

1

STRENGTHEN THE PROTECTION OF MERCHANTS' RIGHTS AND INTERESTS

- Continue to give play to the role of the "**Merchant Rights and Interests Protection Committee**", comprehensively study merchants' needs, collect their feedback, optimize their business experience, improve the merchant service mechanism, and continuously enhance merchants' satisfaction.

2

PROVIDE INCLUSIVENESS FOR CONSUMERS

- Bring more inclusiveness to consumers in the western region and across the country. Continue to promote the western region to enter a new stage of "**full free shipping**", enabling consumers to buy high-quality products at a lower cost.

3

PROMOTE INDUSTRIAL UPGRADING

- Increase **support for new quality merchants**, invest resources to help industrial belt merchants innovate in products and technologies, expand into broader markets, and drive local employment and the expansion of industrial scale.

EXPERT BITE

Q: HOW WILL CHINA'S DIGITAL PLATFORMS EVOLVE BY 2025 TO CONNECT BRANDS AND CONSUMERS?

China's digital platforms are evolving into personalized, immersive ecosystems, with AI and AR enhancing consumer engagement through features like tailored recommendations and virtual try-ons.

Dewu dominates the premium segment with authenticity-driven offerings, while Pinduoduo thrives on affordability and social commerce, reflecting the bifurcated consumer landscape.

Platforms like Xiaohongshu and Douyin are blurring the lines between offline and online by integrating influencer content, real-world discovery, and e-commerce functionality. Brands that adopt platform-specific strategies and embrace physical integration will define success in 2025's dynamic, digitally advanced market.



YERETH JANSEN

CEO at DARLING Shanghai

4

DOUYIN

Douyin, also known as TikTok in international markets, is a popular short-video social media platform that has taken the world by storm. Launched in 2016 by Chinese tech company ByteDance, Douyin allows users to create and share short videos with captivating effects, filters, and music.



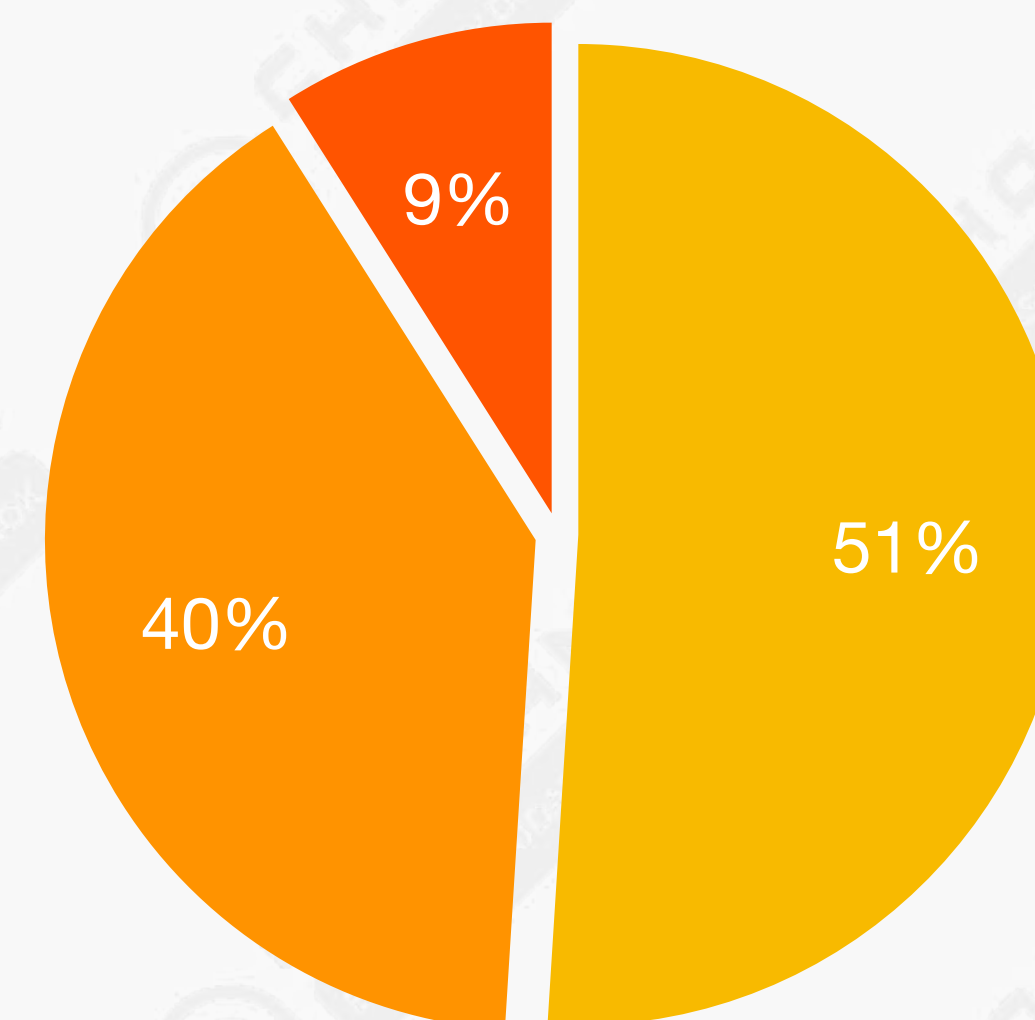
DOUYIN BUSINESS OVERVIEW

DOUYIN GMV MAINLY COMES FROM BRAND'S SELF-BROADCAST AND SHELF SCENARIOS

After nearly five years of development, Douyin e-commerce's dependence on top influencers and KOLs has significantly decreased, which is primarily due to the rise of the shelf e-commerce, i.e. search and recommendations-based e-commerce.

According to sources, in 2024, GMV from the shelf scenario may contribute **40%** and more to Douyin's overall GMV..

DOUYIN E-COMMERCE BUSINESS PROPORTION



- GMV from brand's self-broadcast and medium and small KOLs
- GMV from search and recommendations
- GMV from top KOLs/live streamers

DOUYIN GMV RECAP IN 2024

E-COMMERCE PERFORMANCE HIGHLIGHTS DURING DOUBLE 11

Douyin E-commerce's growth momentum remains strong. Take the 2024 Double Eleven as an example, official data shows Douyin Mall's GMV surged 91% YoY, search GMV rose 77%, and product card GMV grew 64%.



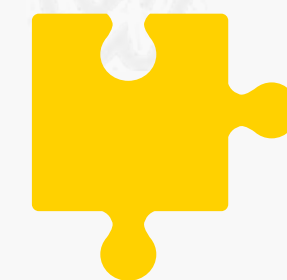
+91%

DOUYIN MALL GMV GROWTH YOY



+77%

SEARCH GMV GROWTH YOY



+64%

PRODUCT CARD GMV GROWTH YOY

DOUYIN GMV RECAP IN 2024

MERCHANTS REALIZED ROBUST PROFITABILITY ON DOUYIN E-COMMERCE

Brands on Douyin E-commerce are seeing significant profitability, with nearly 8,000 brands growing transactions by over 200% and 10,000+ brands doubling sales. This signals that merchants are leveraging Douyin's content system effectively, driving scalable growth beyond just viral moments.

+200%

TRANSACTION VOLUME OF NEARLY 8,000 BRANDS HAS INCREASED YOY

+100%

TRANSACTION VOLUME OF OVER 10,000 BRANDS COMPARED TO THE SAME PERIOD LAST YEAR

DOUYIN MAJOR EVENT RECAP IN 2024

DOUYIN HAS FURTHER ENRICHED ITS CONTENT DIVERSITY TO DRAW BORDER USER GROUPS

RISE OF ORDINARY PEOPLE AND MID-TIER KOLS

In 2024, Douyin witnessed the rapid rise of ordinary people (e.g. Kaifeng Wangpo “开封王婆”, Guo Youcai “郭有才” and so on) and mid-tier KOLs, who gained significant followings through unique creativity and talent.

LI ZIQI'S STRONG COMEBACK

In December 2024, after a three-year hiatus, Li Ziqi (known for creating food and handicraft preparation videos in her hometown) made a highly anticipated return on Douyin, quickly sparking massive reactions with over 100 million views and tens of millions of likes.

INFLUENCE / IMPACTS

- Broke the dominance of top KOLs, giving more individuals a chance to shine
- Enriched platform **content diversity**, catering to personalized user preferences
- Inspired **broader participation, boosting engagement** and **user retention** on Douyin

- Reinforced Douyin's role as a key platform for **cultural heritage** and **innovation**
- Demonstrated the platform's continued appeal to **high-quality content creators**
- Further promoted and revitalized China's traditional culture on Douyin

DOUYIN VISION FOR 2025 AND BEYOND

DOUYIN'S 2025 VISION FOCUSES ON FOSTERING A HEALTHY AND DIVERSIFIED E-COMMERCE ENVIRONMENT



E-COMMERCE

- **Expanding User Reach:** Refine user operations, enhance experience, and tap into older demographics
- **Scaling Live Streaming E-Commerce:** Improve features and content to attract more users and merchants
- **Boosting Search-Driven GMV:** Optimize algorithms to increase transactions via search



LOCAL LIFE SERVICES

- **Accelerating Monetization:** Attract paying merchants and optimize traffic for higher revenue
- **Adjusting Commission Policy:** Retain merchants, while cracking down on merchant behaviors that harm user experience, and enhance platform integrity



PLATFORM GOVERNANCE

- **Enhancing user trust and reputation:** Strengthen content moderation, combat misinformation and rumors, and foster a healthy community
- Governing misinformation and rumors and **upholding platform credibility and user rights**

5

KUAISHOU

One of China's most popular short-video sharing and live streaming social e-commerce platforms. Key opinion leaders (KOLs) control intense fan loyalty and trust, which makes Kuaishou an excellent promoter platform driving traffic to online stores. Recent decisions to massively increase investment by Kuaishou in live streaming infrastructure and capabilities indicates its increasing success.



KUAISHOU BUSINESS OVERVIEW

KUAISHOU HAS THREE MAJOR BUSINESSES: ONLINE MARKETING, LIVE STREAMING AND OTHERS (MAINLY E-COMMERCE)

ONLINE MARKETING

17.6 BILLION RMB
(~2.41 BILLION USD)
UP BY 20% YOY

Primarily attributable to its external circulation advertising, which was mainly placed by off-site merchants.

LIVE STREAMING

9.3 BILLION RMB
(~1.27 BILLION USD)
DOWN BY 3.9% YOY

As the company remains focused on building a healthy and sustainable live streaming ecosystem, the decline continued to narrow.

OTHER SERVICES

4.2 BILLION RMB
(~0.58 BILLION USD)
UP BY 17.5% YOY

Primarily due to the growth of its e-commerce business, which was driven by increases in the number of e-commerce monthly active paying users and monthly active merchants.

KUAISHOU REVENUE RECAP IN 2024

OVERALL REVENUE BY 2024Q3

In 2024 Q3, Kuaishou's total e-commerce GMV was 334.2 billion RMB (about 45.81 billion USD), representing an increase of 15.1% for the same period of 2023. The number of new merchants joining Kuaishou increased by over 30.0% year-over-year.



334.2 BILLION RMB

(~45.81 BILLION USD)

E-COMMERCE GMV IN 2024 Q3



+15.1%

YEAR-ON-YEAR GROWTH
 COMPARED TO 2023 Q3



+30%

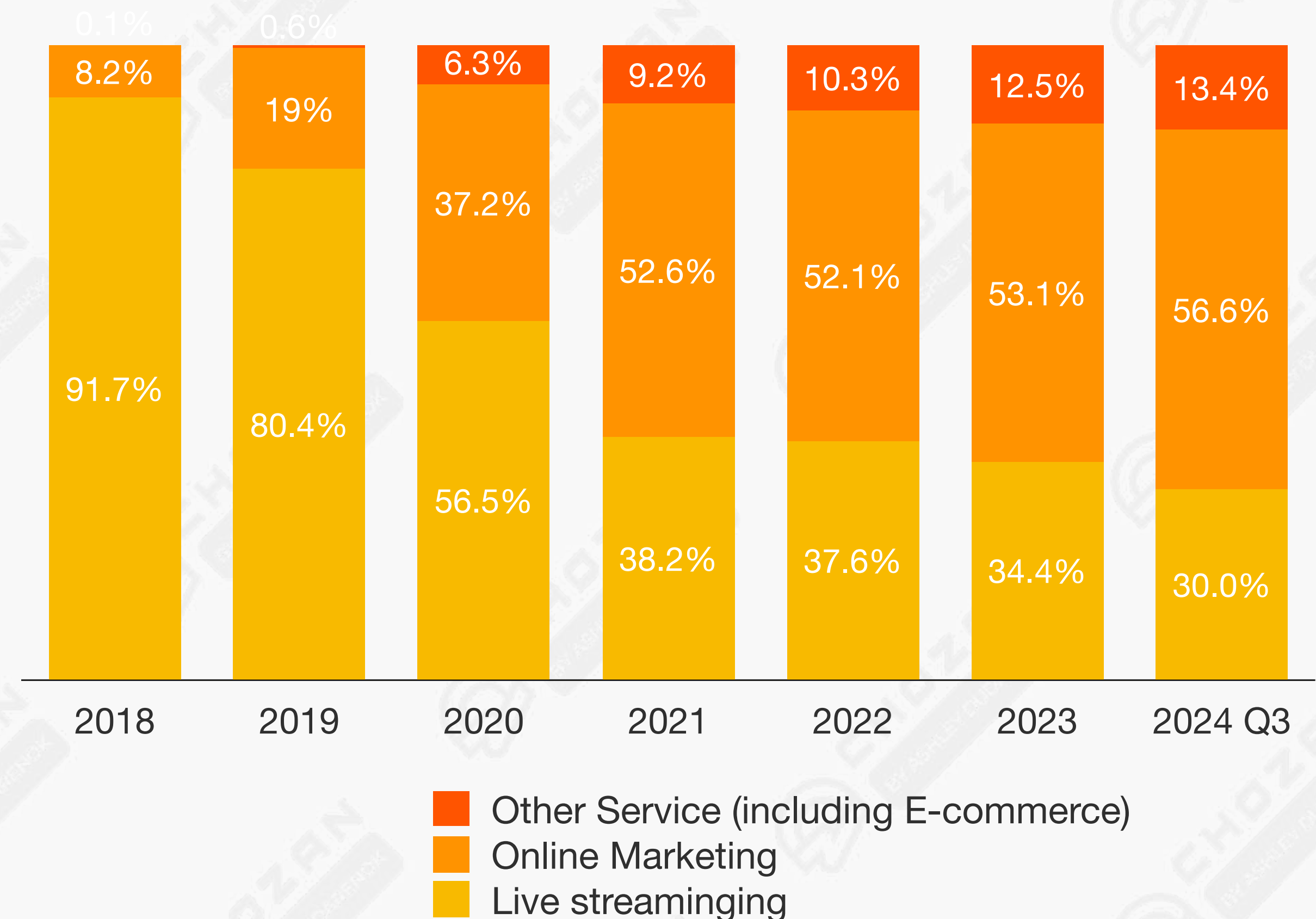
NUMBER OF NEW MERCHANTS
 ON KUAISHOU

KUAISHOU REVENUE RECAP IN 2024

BUSINESS REVENUE BY 2024Q3

In 2024 Q3, Kuaishou's total revenue increased by **11.4% to 31.1 billion RMB** (about 4.26 billion USD) from 27.9 billion RMB (about 3.82 billion USD) for the same period of 2023. Online marketing services and live streaming contributed 56.6% and 30.0%, respectively, to the total revenue.

REVENUE BREAKDOWN IN 2018-2024 Q3



KUAISHOU MAJOR EVENT RECAP IN 2024

KUAISHOU TIGHTENS DIGITAL HUMAN LIVE STREAMING SUPPORT WHILE FACING CREATOR SHIFTS

TECHNOLOGICAL INNOVATION AND TIGHTENING OF DIGITAL HUMAN LIVE STREAMING

In 2024, Kuaishou increased its investment in AI technology but also tightened the flow support for digital human live streaming. Since June 19, e-commerce live streams using Kuaishou's official digital human capabilities no longer receive extra traffic support.

HIGH-PROFILE LIVE STREAMER JOB HOPPING AND BANS

In 2024, notable events included popular game streamer Chen Ze's move from Kuaishou to Douyin, and the banning of influencer Qi Tiandao, with over 40 million followers, due to inappropriate content.

INFLUENCE / IMPACTS

- Encouraged more **authentic** and **engaging content** on the platform, enhancing user experience and trust
- Also posed a **challenge to merchants and creators** reliant on digital human live streaming, pushing them to explore more innovative and genuine live streaming methods
- Disrupted Kuaishou's user retention and creator ecosystem, prompting the platform to **strengthen creator management** and support to attract and retain quality creators
- Sparked public debate about platform regulation and streamer conduct, pushing for **industry self-regulation and standards**

KUAISHOU VISION FOR 2025 AND BEYOND

KUAISHOU'S 2025 VISION FOCUSES ON E-COMMERCE GROWTH, CONTENT UPGRADE AND GLOBALIZATION



E-COMMERCE

- Kuaishou plans to continue to expand the market share of its e-commerce business in 2025, especially in the fields of **local life services** and **pan shelf-based e-commerce**



CONTENT ECOSYSTEM

- Kuaishou will continue to optimize the **content ecosystem** and encourage high-quality content and goods to receive more traffic support and user trust



GLOBALIZATION

- Kuaishou will further expand **international markets**, enhance influence in both domestic and foreign markets, and improve the platform's global competitiveness

6






WECHAT

Since its official launch in 2011, WeChat has become the leading social media platform in China with more than 1.3 billion monthly active users. It is not only an app for instant messaging, but also social networking, information sharing, and campaign participation.



WECHAT BUSINESS OVERVIEW

WECHAT'S E-COMMERCE RELYS MAINLY ON CHANNELS AND MINI PROGRAMS

	 WECHAT CHANNELS	 WECHAT SUBSCRIPTION OA	 WECHAT SERVICE OA	 WECHAT MINI PROGRAMS	 WECOM
ACTIVE USERS	900M MAU (03/2024)	N/A	N/A	949M MAU (10/2024)	110M MAU (03/2024)
INTRODUCTION	Algorithmic short video and live streaming platform within WeChat	Content pushed in subscriptions feed (Maximum 1 push per day)	Content shows up in main "Chats" feed (Maximum 4 pushed per month)	"Light apps" integrated and easily shareable within WeChat	Enterprise WeChat account for team connect with customers
CONTENT FORMS	Short videos, live streaming	Posts containing up to 8 long richly formatted (HTML) articles with images, videos, animation and interactive elements		"Light apps" integrated with various WeChat functions, e.g. payments	Sales-oriented content (incl. Channels, OA and MP) for individual or group chats
MARKETING OPPORTUNITIES	Attract more followers by sharing content within the WeChat ecosystem and convert through e-commerce	Send frequent updates to followers	Build trust through content marketing, marketing automation and customer support	Deliver seamless O2O experience, loyalty programs and e-commerce	Integrate pre-sales, post-sales and customer support with WeChat

A CHANNEL FOR E-COMMERCE

A CHANNEL FOR E-COMMERCE

WECHAT BUSINESS RECAP IN 2024

WECHAT CHANNEL BECOMES A GROWTH ENGINE FOR BRAND MERCHANTS

Although it is not the major feature as Moment, WeChat Channel is driving strong brand monetization. According to data, brand merchants on the platform surged by 281%, while GMV grew 226% YoY.

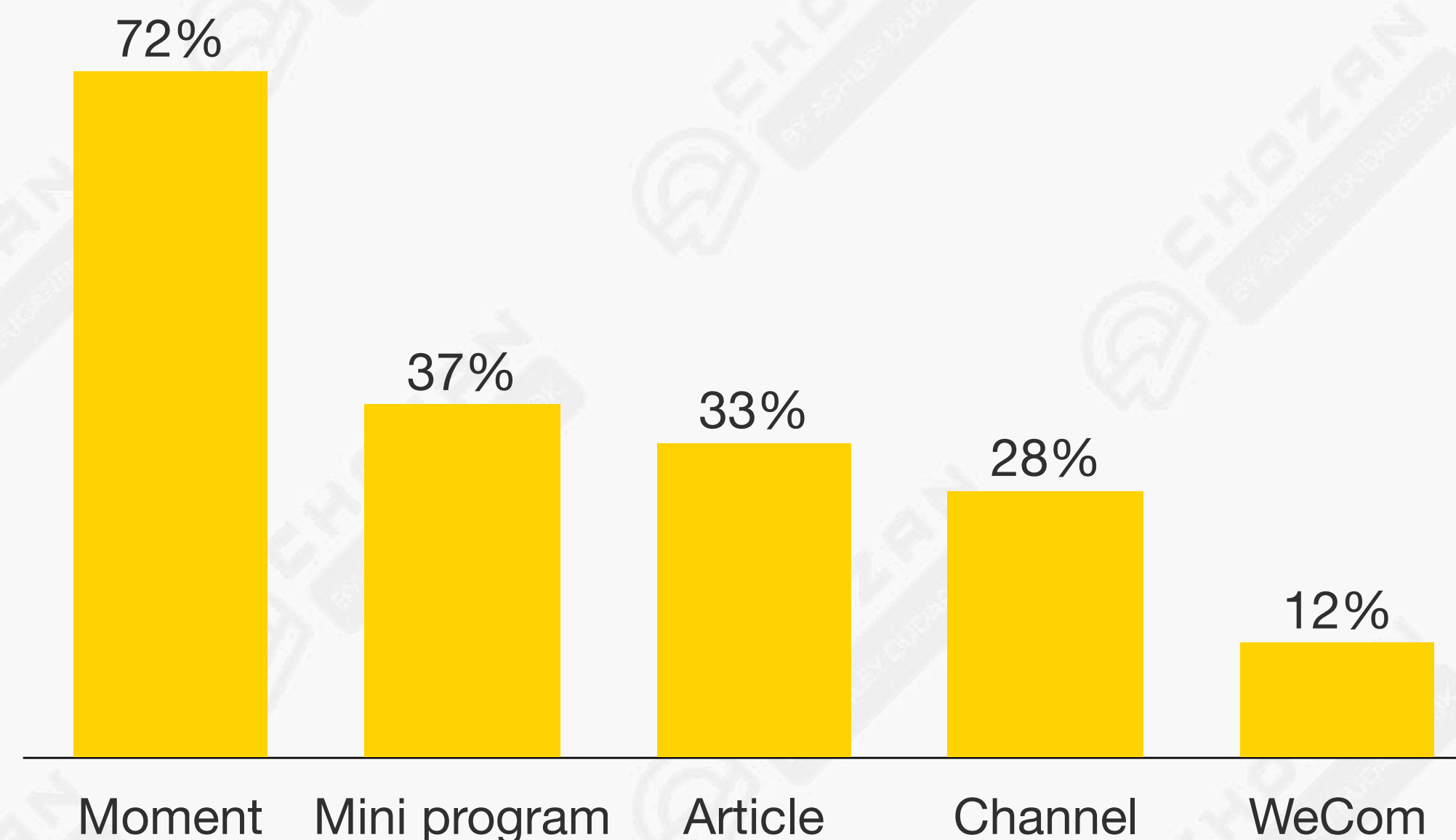
+281%

NEW BRAND MERCHANTS LAUNCHED ON WECHAT CHANNEL

+226%

GMV GROWTH OF BRAND MERCHANTS ACHIEVED ON WECHAT CHANNEL

PENETRATION OF DIFFERENT FEATURES OF WECHAT

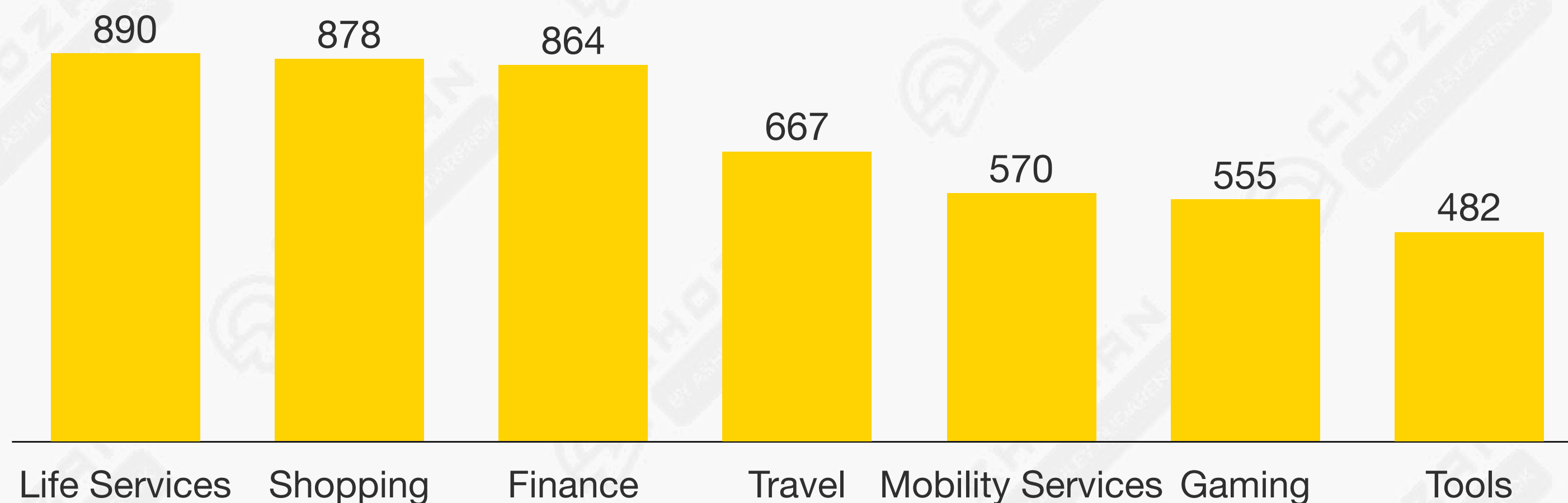


WECHAT BUSINESS RECAP IN 2024

WECHAT MINI PROGRAM BRINGS DIGITAL CONVENIENCE TO USERS

Life services (890 million MAUs) and mobile shopping (878 million MAUs) dominate WeChat Mini Programs, highlighting strong consumer reliance on digital convenience. The steady growth of these industries signals increased opportunities for brands to enhance engagement, drive conversions, and integrate seamlessly into users' daily routines.

TOP INDUSTRIES OF MINI PROGRAMS WITH THE LARGEST USER SIZE (IN MILLIONS) BY OCT 2024



949 MILLION

MONTHLY ACTIVE USERS BY OCT 2024

+3%

MONTHLY ACTIVE USERS, YOY GROWTH

WECHAT MAJOR EVENT RECAP IN 2024

WECHAT E-COMMERCE HAS BEEN ENHANCED THROUGH DIVERSIFICATION AND INNOVATION

WECHAT SHOPS (“微信小程序”) RETURN WITH UPGRADES FOR SELLERS

In 2024, WeChat Shops made a strong comeback with expanded access points and a new “Gift” feature. Additionally, WeChat Channel sellers were upgraded to “WeChat Shop Sellers,” integrating with Channel, accounts, search, mini programs, and more.

WECHAT AND TAOBAO PARTNERSHIP

In October 2024, WeChat announced a partnership with Taobao, allowing users to shop on Taobao directly within WeChat, streamlining shopping convenience.

RELAXED REQUIREMENTS FOR E-COMMERCE

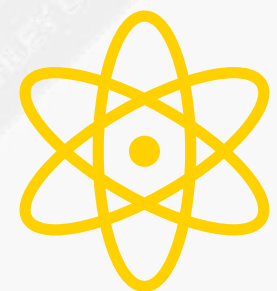
WeChat Channel eased fan requirements for merchants and influencers, eliminating fan thresholds for merchants and reducing the minimum follower count for influencers from 1,000 to 100.

INFLUENCE / IMPACTS

- **Broadened e-commerce participation** beyond influencers, enabling more small and mid-sized merchants to join
- The “**Gift**” feature leveraged high-frequency chat interactions, enhancing e-commerce value
- Enhanced **user experience** by streamlining shopping convenience
- Signaled rapid growth for social commerce, marking a significant step in the evolution of social-driven retail
- Attracted more merchants and influencers, **boosting traffic and monetization**
- Injected new vitality into the WeChat e-commerce development

WECHAT VISION FOR 2025 AND BEYOND

WECHAT'S 2025 VISION FOCUSES ON TECH EMPOWERMENT, E-COMMERCE EXPANSION AND USER EXPERIENCE UPGRADE



TECH-DRIVEN TRANSFORMATION

- **AI Agents Launch:** Fully launch AI agents in 2025, which will play key roles in chats, content generation, and information recommendation
- **Lowering Technological Barriers:** WeChat Cloud AI Code Assistant will be applied to mini program development for digital transformation



E-COMMERCE

- **GMV Target:** WeChat aims for a 600 billion GMV in 2025, with 1.8 million active merchants
- **Category Expansion:** Focus on food & beverages, beauty, and consumer electronics for growth



USER EXPERIENCE

- **Intelligent Services:** WeChat integrates AI and multimodal interactions for smarter services.
- **Privacy Protection:** Focus on safeguarding user privacy and data security amidst AI growth.

EXPERT BITE

Q2: WHAT'S YOUR TOP 3 DO'S AND DON'T FOR MARKETING ON WECHAT IN 2025?

We use long-form organic content to promote a lot of high-ticket services on WeChat such as B2B services, higher education. The content needs to stand out from AI-generated slop by having unique data, strong insight into the Chinese reader or personality.

Doing organic/content marketing on WeChat is a long-term process, so we recommend companies engage with it when they're willing to commit to a year or longer.

Remember to put your WeChat QR codes everywhere so people can follow you. They should be on your website, product packaging, ads in other places, etc.



TAIT LAWTON

Founder
at Nanjing Marketing Group

EXPERT BITE

Q: WHAT ROLE WILL AI PLAY IN SOCIAL COMMERCE IN 2025?

2024 has already seen a big leap in Gen AI usage and marketing tools. We will see this take over the Chinese market even more in 2025, with platforms like JD, Tmall, and Taobao pushing to analyze data better and offer personalized recommendations to their consumers as a way to sway the slowdown sales of their key promo dates like 11.11.

To top it off, Chinese consumers increasingly trust generative AI, with Gen Z being the top adopters, using it to do image searches, chatbots and voice-activated shopping. That means the traditional keyword-oriented sales search is insufficient for brands to stand out. Early adopters of the tech are setting the trend for what comes next. They are more prone to trust Gen AI (51%) for product reviews and Livestreaming avatars (31%, Bain China Consumers Survey).



DRAGOS CACIO

CEO & Digital Strategist at
Crelong Media

CHINA'S LIVE STREAMING E-COMMERCE REVOLUTION

TRENDS, OPPORTUNITIES, AND KEY PLAYERS

CHINA'S LIVE STREAMING E-COMMERCE MARKET

CHINA'S LIVE STREAMING E-COMMERCE SAW ROBUST GROWTH, WITH PROJECTIONS FOR FURTHER EXPANSION IN 2024

In 2023, China's live streaming e-commerce transaction volume reached 4.9 trillion RMB, marking a year-on-year growth of 40.48%. Analysts predict that the transaction volume will grow to 5.3 trillion RMB (about 722.11 billion USD) in 2024.

4,916.8 BILLION RMB

(~674.5 BILLION USD)

TRANSACTION SCALE OF LIVE STREAMING E-COMMERCE IN 2023

5,263.9 BILLION RMB

(~722.11 BILLION USD)

EST TRANSACTION SCALE OF LIVE STREAMING E-COMMERCE IN 2024

40.48%

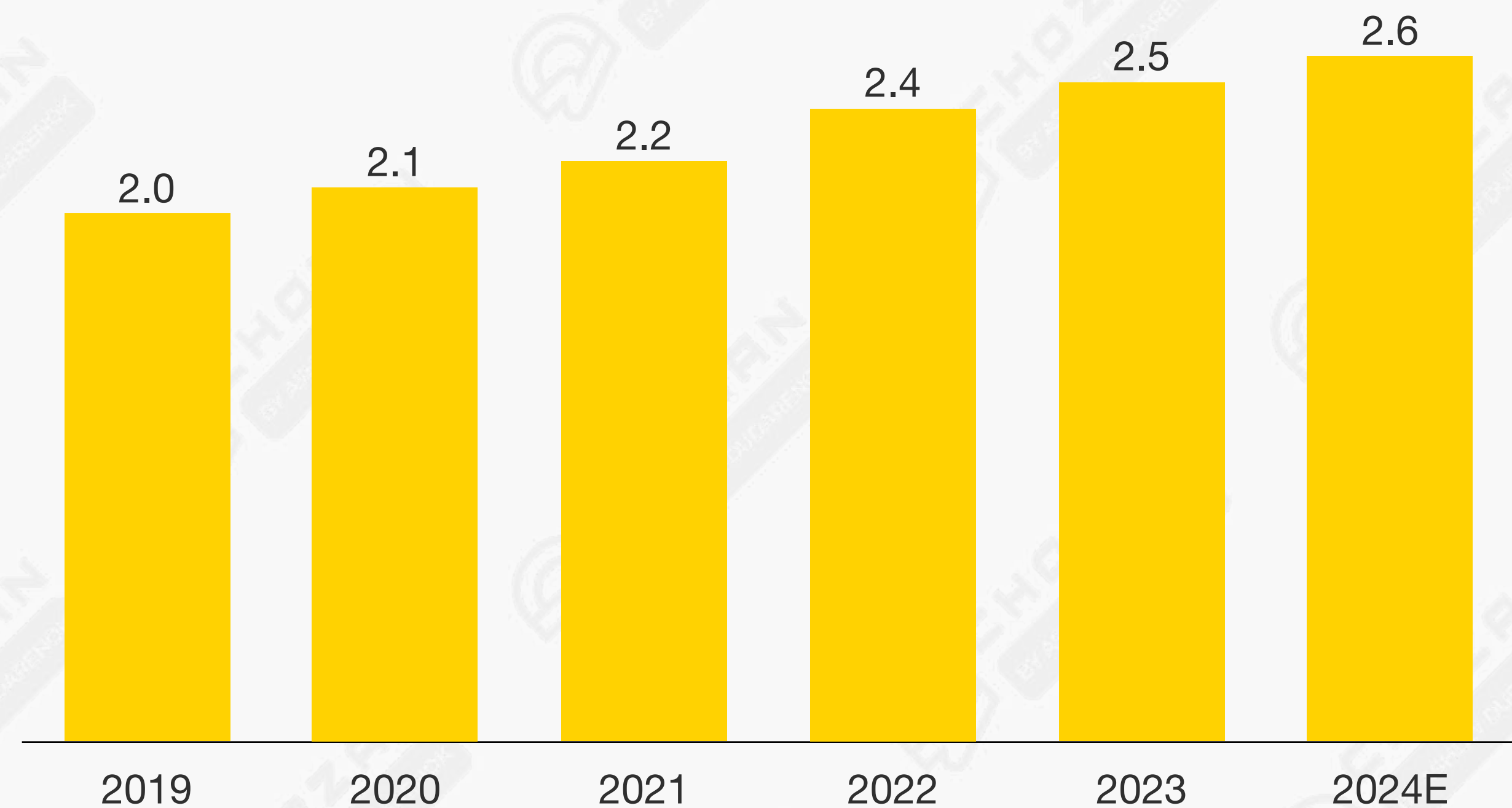
THE YEAR-ON-YEAR GROWTH RATE

LIVE STREAMING E-COMMERCE MCN

MCNS ARE CENTRAL TO LIVE STREAMING E-COMMERCE GROWTH, WITH INFLUENCER AND CONTENT RESOURCES

With the emergence of live streaming e-commerce, MCNs have quickly become key players in the industry due to their influencer resources, IP incubation capabilities, and content advantages. Currently, the number of MCN agencies in China is growing steadily, reaching approximately 25,000 in 2023. It is projected that this number will increase to **26,000** by 2024.

**NUMBER OF CHINA'S MCN AGENCIES
(UNIT: 10,000)**



LIVE STREAMING E-COMMERCE USERS

THE NUMBER OF LIVE STREAMING E-COMMERCE USERS IS EXPECTED TO CONTINUE RISING

In 2023, the number of live streaming e-commerce users in China reached 540 million, representing a year-on-year growth of 14.16%. Analysts predict that this figure will rise to 590 million in 2024.



540 MILLION

LIVE STREAMING E-COMMERCE
USERS IN 2023

590 MILLION

LIVE STREAMING E-COMMERCE
USERS IN 2024



14.16%

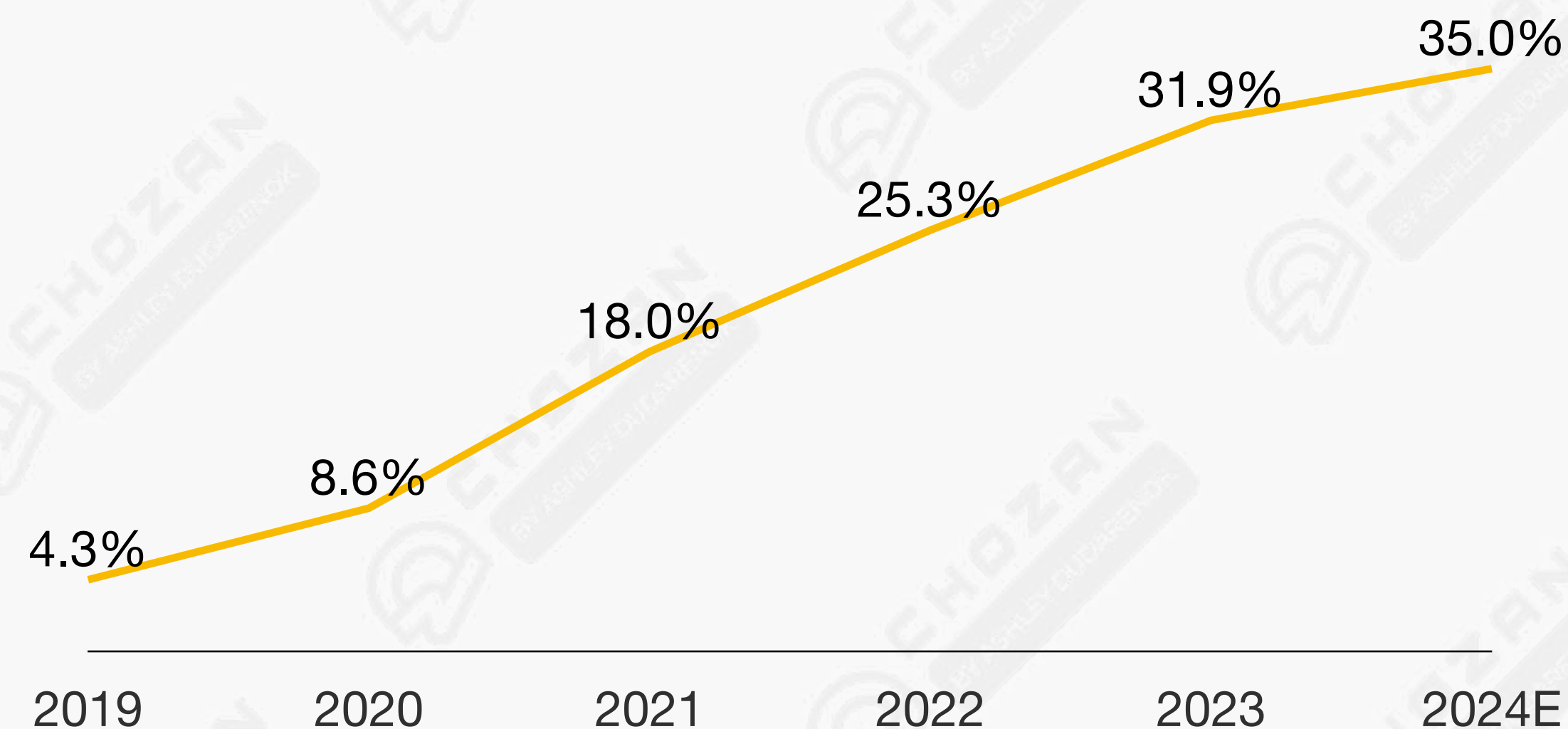
USERS INCREASE RATE

LIVE STREAMING E-COMMERCE PENETRATION

LIVE STREAMING E-COMMERCE'S HIGH PENETRATION INFLUENCES ONLINE RETAIL AND CONSUMER BEHAVIOR

Live streaming e-commerce is projected to achieve a **35%** penetration rate in 2024, highlighting its rapid expansion and deepening role in online retail, as well as its increasing influence on consumer purchasing behavior.

LIVE STREAMING E-COMMERCE PENETRATION 2019-2024



LIVE STREAMING E-COMMERCE PLATFORMS

TOP THREE LIVE STREAMING E-COMMERCE PLATFORMS IN CHINA

Chinese live streaming e-commerce market is mainly made up of three independent social platforms: Douyin, Kuaishou, and Taobao Live.



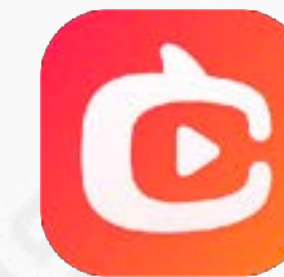
Douyin

INTEREST DRIVEN



Kuaishou

TRUST DRIVEN



Taobao Live

DISCOVERY DRIVEN

CATEGORIES OF LEADING SECTORS	Cosmetics, apparel	Food, daily necessities, apparel, shoes and hats, cosmetics	Women's clothing, cosmetics, jewelry, consumer electronics, food, mother & baby
CONSUMER PORTRAITS	New 1st tier and low-tier cities, female-dominated, post-80s and post-90s	Low-tier cities, Females aged 31-40	Females in post-80s and post-90s
LIVE STREAMING FORMATS	Short video & live streaming e-commerce, content-based	Live streaming shows, boost popularity, voice chat	Self-run live streaming
RISING OPPORTUNITY	Celebrity endorsement, self-run live commerce	Relationship matrix, strong trusts	Innovative gameplays of short videos and live commerce, local economy

DOUYIN E-COMMERCE STRATEGY

BRAND'S SELF-RUN LIVE STREAMING E-COMMERCE

“**FACT**” represents four major areas and methods to perform Douyin e-commerce. Among them, the “**field**”, which represents brands’ daily practices of self-run live commerce, is an important force for brands to grow in Douyin e-commerce.

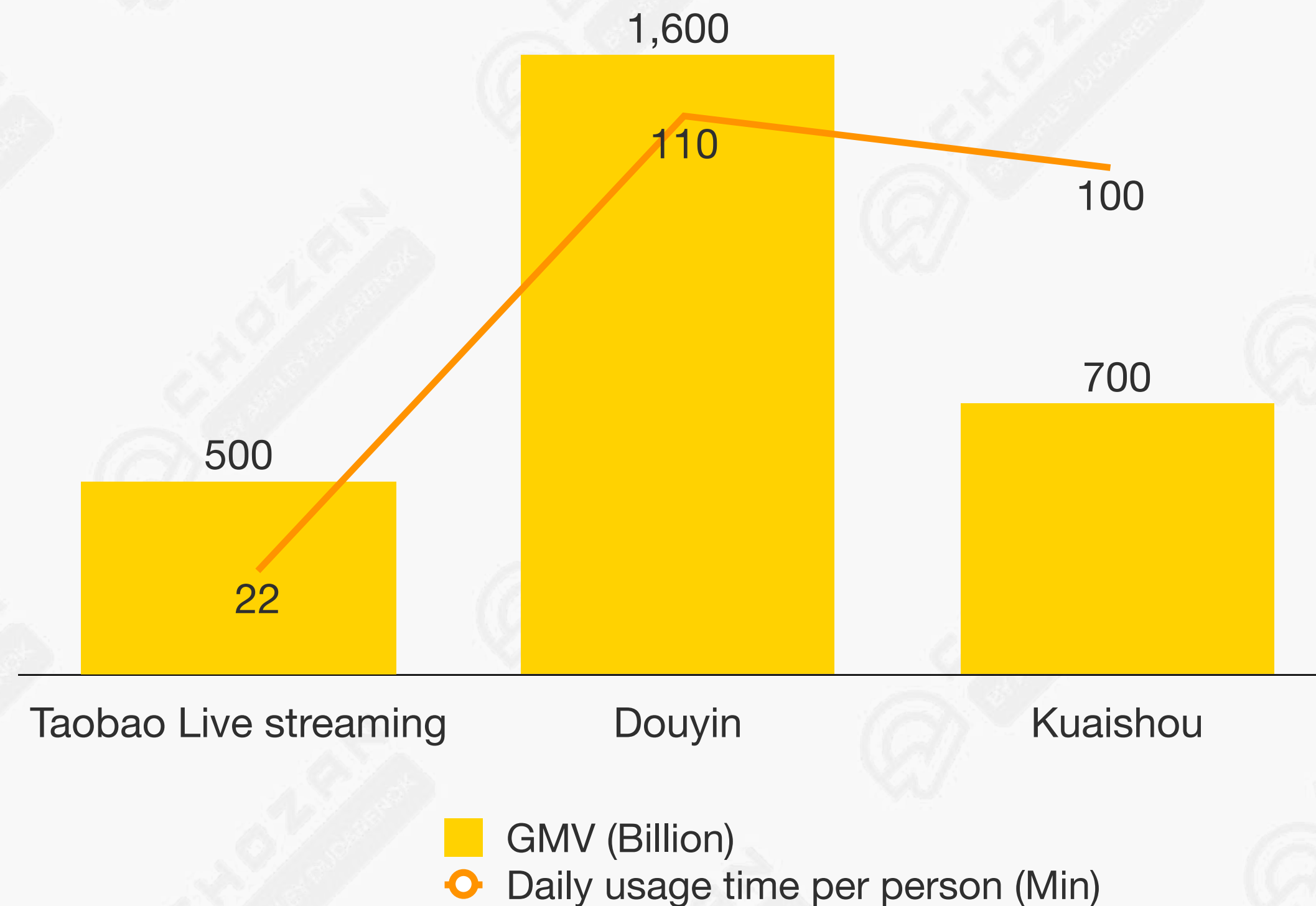


DOUYIN E-COMMERCE USERS

DOUYIN E-COMMERCE THRIVES DUE TO STRONG INFRASTRUCTURE, USER ENGAGEMENT, AND ALGORITHMS

Benefiting from the e-commerce infrastructures, user scale, and interest recommendation algorithm, Douyin live is rapidly emerging in terms of **sales volume** and **user stickiness**.

GMV AND USERS' AVERAGE DAILY USAGE TIME PER PERSON



DOUYIN E-COMMERCE PERFORMANCE

TAKE DOUBLE 11 AS AN EXAMPLE, DOUYIN DROVE MASSIVE SALES GROWTH, WITH NUMEROUS BRANDS EXCEEDING TARGETS

From October 8 to November 11, 2024, over 33,000 brands achieved **double** the sales compared to the same period last year, with nearly 17,000 brands experiencing sales growth of over 500%. More than 2,000 products surpassed 10 million RMB in sales. A total of 275 brands achieved over 100 million RMB (about 13.72 million USD) in sales through live streaming.

275

BRANDS ACHIEVED SALES REVENUE OF

100 MILLION RMB+

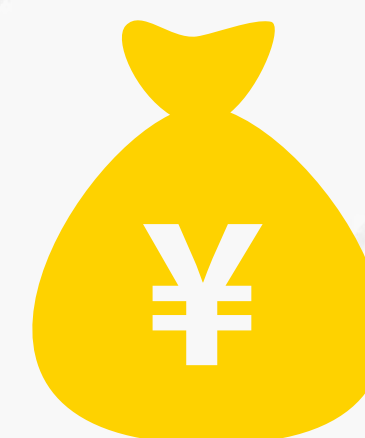
(~13.72 MILLION USD+)

THROUGH LIVE STREAMING DURING DOUBLE 11
IN 2024

KUAISHOU E-COMMERCE STRATEGY

AN EMPHASIS ON PRIVATE DOMAIN

As a trust-based platform, Kuaishou's private domains contribute more to the total e-commerce GMV than public domains, and consumers show a preference to buy from familiar live commerce anchors.



70%

GMV derived from
PRIVATE DOMAIN



41.4%

Users basically only buy from
FAMILIAR ANCHORS

KUAISHOU E-COMMERCE USERS

KUAISHOU'S USER METRICS REMAIN STRONG BUT SHOW SIGNS OF SLOWING GROWTH

In the third quarter of 2024, Kuaishou's average monthly active users (MAU) reached 714 million, a quarter-over-quarter increase of 3.17%, while average daily active users (DAU) hit 408 million, up 3.29% quarter-over-quarter. The user metrics have stabilized at record highs, although growth is beginning to slow.



+3.17%
GROWTH OF
MAU YOY



714 MILLION
MAU IN 2024 Q3

KUAISHOU E-COMMERCE PERFORMANCE

KUAISHOU E-COMMERCE SAW INCREASED GMV AND ACTIVE BUYERS IN 2024 Q3

In the third quarter of 2024, under the core strategy of "**great content + great products**," Kuaishou's e-commerce GMV reached 334.2 billion RMB (about 45.85 billion USD), representing a year-over-year increase of 15.1%. The number of monthly active buyers also grew 12.2% year-over-year, reaching 133 million.

+15.1%

**GROWTH OF
LIVE STREAMING E-COMMERCE GMV**

+12.2%

**GROWTH RATE OF
MONTHLY ACTIVE CONSUMERS**

TAOBAO LIVE USERS

CONSUMPTION PREFERENCE BY GENDER

Data from the transaction volume shows that the top categories preferred by male and female consumers are as follows:



PREFERENCE	
1	Cars
2	Home decorations
3	Consumer electronics
4	Outdoor activities
5	Education



PREFERENCE	
1	Women's wear
2	Bags and accessories
3	Shoes
4	Cosmetics
5	Lifestyle

TAOBAO LIVE PERFORMANCE

BOTH LIVE STREAMER AND BRAND LIVE STREAMING ARE GROWING

On November 11, a total of 119 Taobao live streaming rooms achieved sales exceeding 100 million RMB, while 1,212 rooms surpassed 10 million RMB in sales. Among them, 49 live streaming rooms with over 100 million RMB (about 13.72 million USD) in sales recorded growth rates exceeding **100%**, setting a new historical record.

Additionally, Taobao Live saw significant year-over-year growth in overall transaction value and the number of purchasing users.

119

LIVE STREAMING WITH SALES EXCEEDING 100 MILLION RMB DURING DOUBLE 11 IN 2024

69

BRAND SELF LIVE STREAMING WITH SALES EXCEEDING 100 MILLION RMB

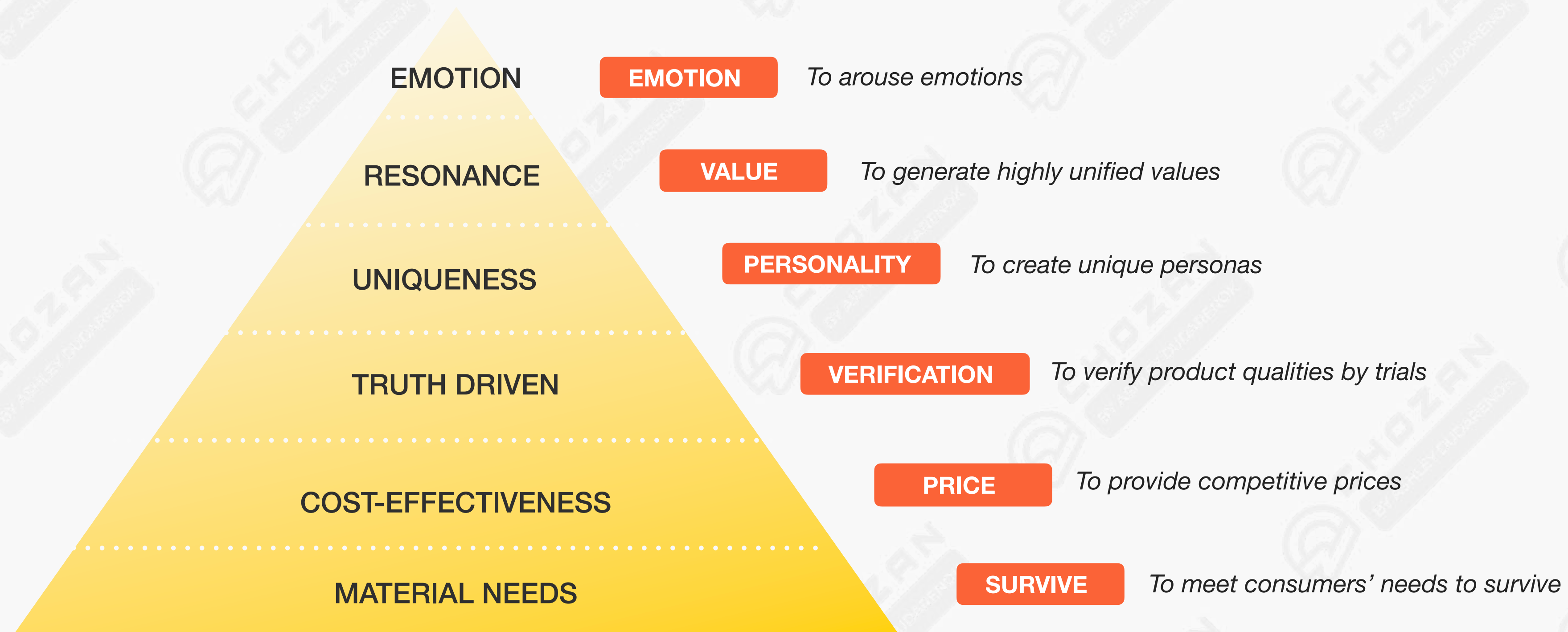
857

BRAND SELF LIVE STREAMING WITH SALES EXCEEDING 10 MILLION RMB

FUTURE OF LIVE STREAMING E-COMMERCE

CONSUMERS SEEK EMOTIONAL CONNECTIONS IN LIVE COMMERCE, MAKING VALUABLE CONTENT ESSENTIAL

In addition to material needs, consumers are paying a greater emphasis on emotional needs in live commerce. Consequently, providing valuable content that goes beyond promotional information is the key to winning consumers.



FUTURE OF LIVE STREAMING E-COMMERCE

VIRTUAL E-COMMERCE IS POISED FOR GROWTH, FUELED BY 5G AND AI TECHNOLOGIES

In the near future, driven by 5G, AR, and other technologies, virtual e-commerce will usher in a development bonus period.



PEOPLE

VIRTUALISATION

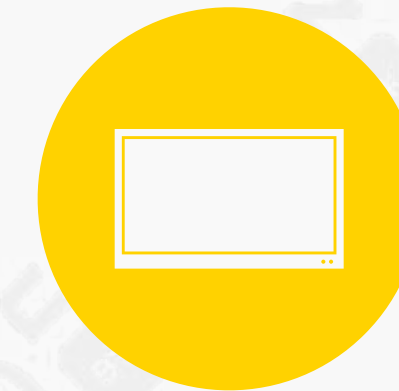
Replace human anchors with **digital virtual anchors**, which involve lower cost, lower risk, and higher efficiency.



PRODUCT

INTELLECTUALISATION

Develop an **efficient and intelligent collaborative supply chain** with smart factories, smart warehousing, and smart freight.



PLACE

DIGITALISATION

Leverage **digital scenes** to build up real-time rendering, immersive, low-latency, and free-roaming interactive experiences.

EXPERT BITE

Q: HOW WILL E-COMMERCE PLATFORMS EVOLVE TO ATTRACT CHINESE CONSUMERS IN 2025, AND WHAT STRATEGIES WILL BE MOST EFFECTIVE?

In 2025, Chinese consumers are likely to continue the trend of prioritising personalisation, premiumisation and sustainability. The “best bang for your buck” philosophy will be stronger than ever. Digital integration will remain a cornerstone, with e-commerce and social commerce driving purchasing behaviours. Health and wellness will play a significant role, as consumers seek products that enhance both physical and mental well-being. Additionally, experience-driven consumption will grow, with younger generations valuing services and exclusive offerings over material goods.

Brands can adapt by accelerating digital transformation, offering tailored and culturally resonant experiences and committing to sustainability initiatives. Leveraging data to provide personalised recommendations, enhancing online and offline shopping experiences and aligning with government initiatives to engage middle- and lower-income segments will also be key strategies.



JOSH GARDNER
CEO at Kung Fu Data

EXPERT BITE

Q: WHAT E-COMMERCE TRENDS COULD SHAPE CONSUMER BEHAVIOR AND BUSINESS STRATEGIES IN THE NEAR FUTURE?

For 2025, I believe that pricing and positioning strategies are all important. In a market where consumers are much more selective/prudent, brands must understand how to deliver more value and very specific value based on the unique needs of its customer cohorts. Im a brand guy first and foremost, so in past years, I would've said that storytelling was key, but the game has changed and, while messaging is important, positioning is now more important.

It is clear from our recent research that ecommerce will be relied on to make up for sub-par offline retail results in 2025. In this context, I would expect brands to continue leaning into community-focused sales tactics such as private traffic, group selling, livestream selling, trying to create community driven sales moments, which leverage group confidence and social proof.



CHRIS BAKER

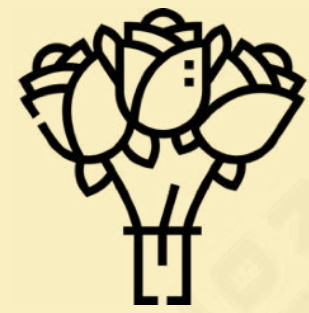
Founder at Totem Media

CHINA'S SHOPPING FESTIVALS

EVOLUTION, TRENDS, AND STRATEGIES FOR
SUCCESS

CHINA'S MAJOR ONLINE SHOPPING FESTIVAL OVERVIEW

CHINESE SHOPPING FESTIVALS IN CHRONOLOGICAL ORDER



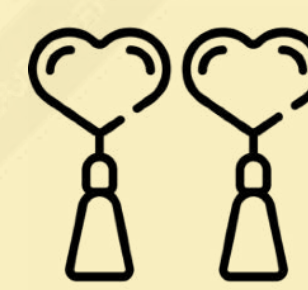
14 Feb

Valentine's Day



18 Jun

618 Mid-Year Shopping Festival



Late Aug

Qixi Festival (Chinese Valentine's Day)



1-7 Oct

Golden Week



12 Dec

Double 12 Shopping Festival

JAN

FEB

MAR

APR

MAY

JUN

JUL

AUG

SEP

OCT

NOV

DEC



Late Jan and/or early Feb
Chinese New Year (CNY)



8 Mar
International Women's Day



1-5 May
Labor Day Holiday



Mid Sep
Mid-Autumn Festival



11 Nov
Double 11 Shopping Festival

CHINESE NEW YEAR (CNY)

As the most significant holiday for Chinese, Lunar New Year or Spring Festival has always been one of the traditional peak consumption seasons. In 2025, with an extended holiday and being the first New Year after the pandemic, this year's Spring Festival saw numerous highlights in the consumer market. With remarkable performances from industries like tourism, entertainment, dining services, and retail, this year's Spring Festival consumer market showcased a unique feature of thriving business and service consumption, with online and offline consumption equally vibrant.



2025 CNY CONSUMER BEHAVIOR

CONSUMERS' BEAUTY UPGRADES TO HAVE THE SENSE OF CEREMONY DURING CNY

Before the Spring Festival, young people are upgrading their beauty routines by not only focusing on personal grooming (typically getting a beautiful manicure and/or haircut), but also including family members and pets. They are seeking out high-quality and cost-effective beauty services to have a fresh look during the festival.

1.5X

THE NUMBER OF HAIR AND NAIL GROUP PURCHASE ORDER INCREASE ON THE EVE OF CNY 2025

53.52 MILLION

VIEWS OF THE HOT TOPIC #NAIL STYLE FOR THE YEAR OF SNAKE# ON DOUYIN

+148%

THE NUMBER OF GROUP PURCHASE ORDER FOR PET GROOMING AND CLEANING SERVICES FOR CNY 2025

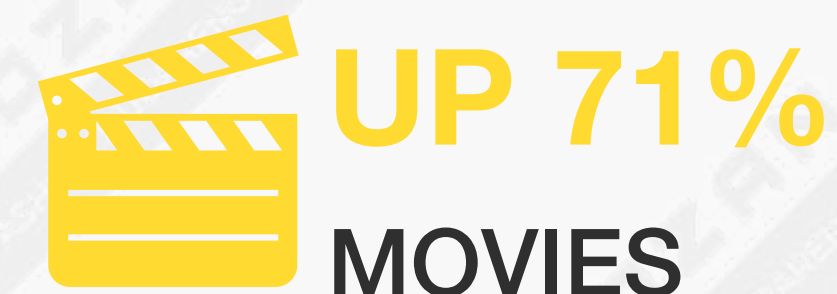
2025 CNY CONSUMPTION

DIVERSIFIED CONSUMPTION CATEGORIES DURING THE 2025 CNY

During the Spring Festival, **traveling** for the New Year and **returning home** for family visits became the main drivers of consumption growth, with both trends contributing to a flourishing market.

According to Douyin data, group-buying orders for dining, entertainment, and travel were nearly 1.5 times higher than last year, indicating a surge in consumer enthusiasm for a wide range of categories.

SIX CATEGORIES WITH OUTSTANDING CONSUMPTION GROWTH

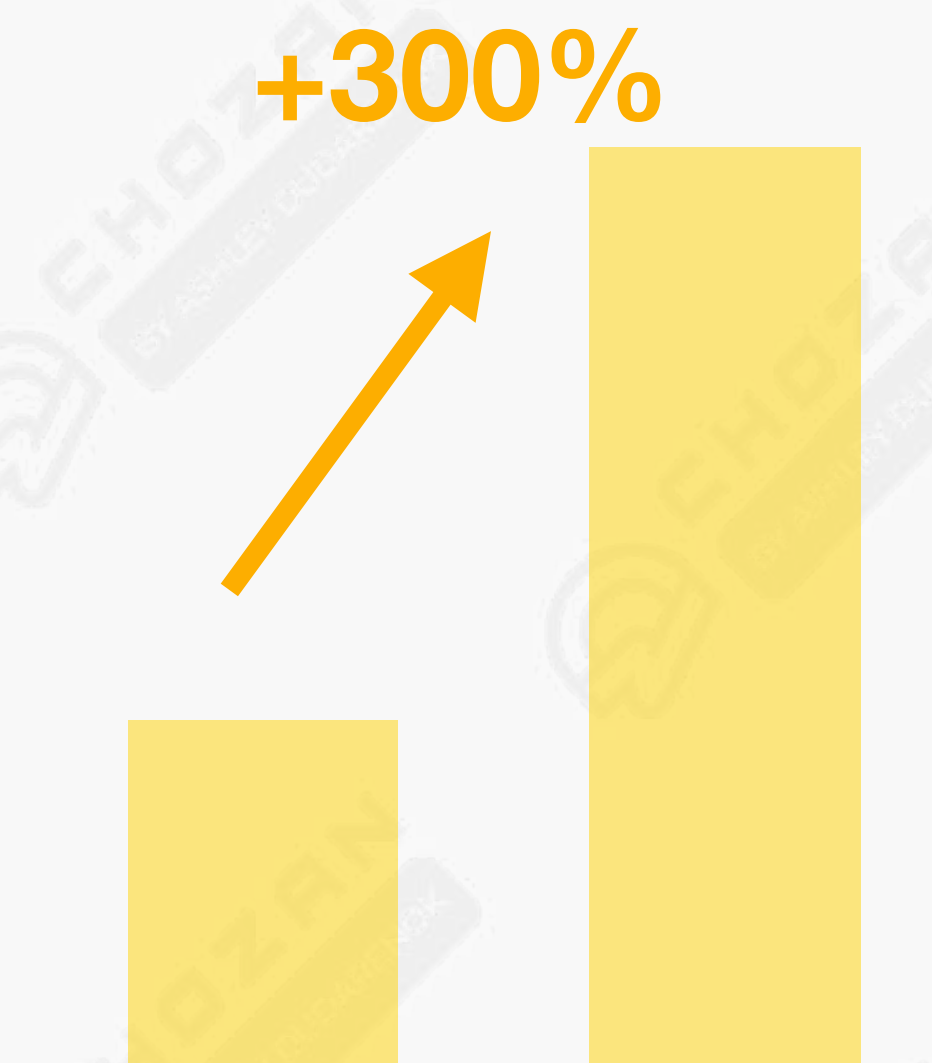


2025 CNY CONSUMPTION

CONSUMPTION ON HOME LIVING/CLEANING HAS RISEN

In the lead-up to the Chinese New Year, it is customary for people in China to thoroughly clean their homes. However, an increasing number are opting for professional cleaning services instead of doing it themselves. According to Meituan, searches for window-cleaning services surged by **300%** compared to the same timeframe in the previous month.

“WINDOW CLEANING” SEARCH VOLUME GROWTH ON MEITUAN



TOP 5 CITIES WITH THE HIGHEST DEMAND FOR HOME CLEANING SERVICES

Chengdu
Beijing
Shanghai
Chongqing
Xi'an

2025 CNY IS THE FIRST ICH SPRING FESTIVAL

CONSUMERS ARE EXPERIENCING INTANGIBLE CULTURAL HERITAGE (ICH) FEATURES DURING THE 2025 CNY

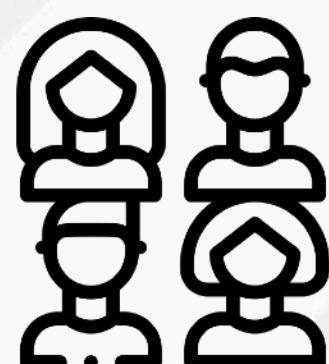
CNY is not only a time for family reunions but also a perfect opportunity for young people to unlock new experiences, especially the **intangible cultural heritage** (ICH)-themed experiences, which is featured by trips to ancient towns and small cities. And this year's CNY marks the first ICH spring festival, with ICH-related topics have attracted over 100 million views and growing group purchase orders.



+139%

(YOY INCREASE)

ICH-RELATED GROUP PURCHASE ORDER



+160%

(YOY INCREASE)

ICH-RELATED GROUP PURCHASE ORDER AMONG YOUNG CONSUMERS



+122%

(YOY INCREASE)

THE NUMBER OF CONSUMERS BUYING ICH-RELATED PRODUCTS

2025 CNY MARKS AN ALL-TIME HIGH TRAVEL BOOM

THE NUMBER OF TRIPS AND TOTAL EXPENDITURE DURING 2025 CNY HAVE REACHED RECORD HIGHS

According to China's Ministry of Culture and Tourism, China witnessed a record 501 million domestic tourist trips during the eight-day Spring Festival holiday, up **5.9%** year on year. Tourists spent over 677 billion RMB (about 94.43 billion USD) on their domestic holiday trips.

501 MILLION

DOMESTIC TOURIST TRIPS DURING THE 2025 CNY HOLIDAY

677 BILLION RMB

(ABOUT 94.43 BILLION USD)

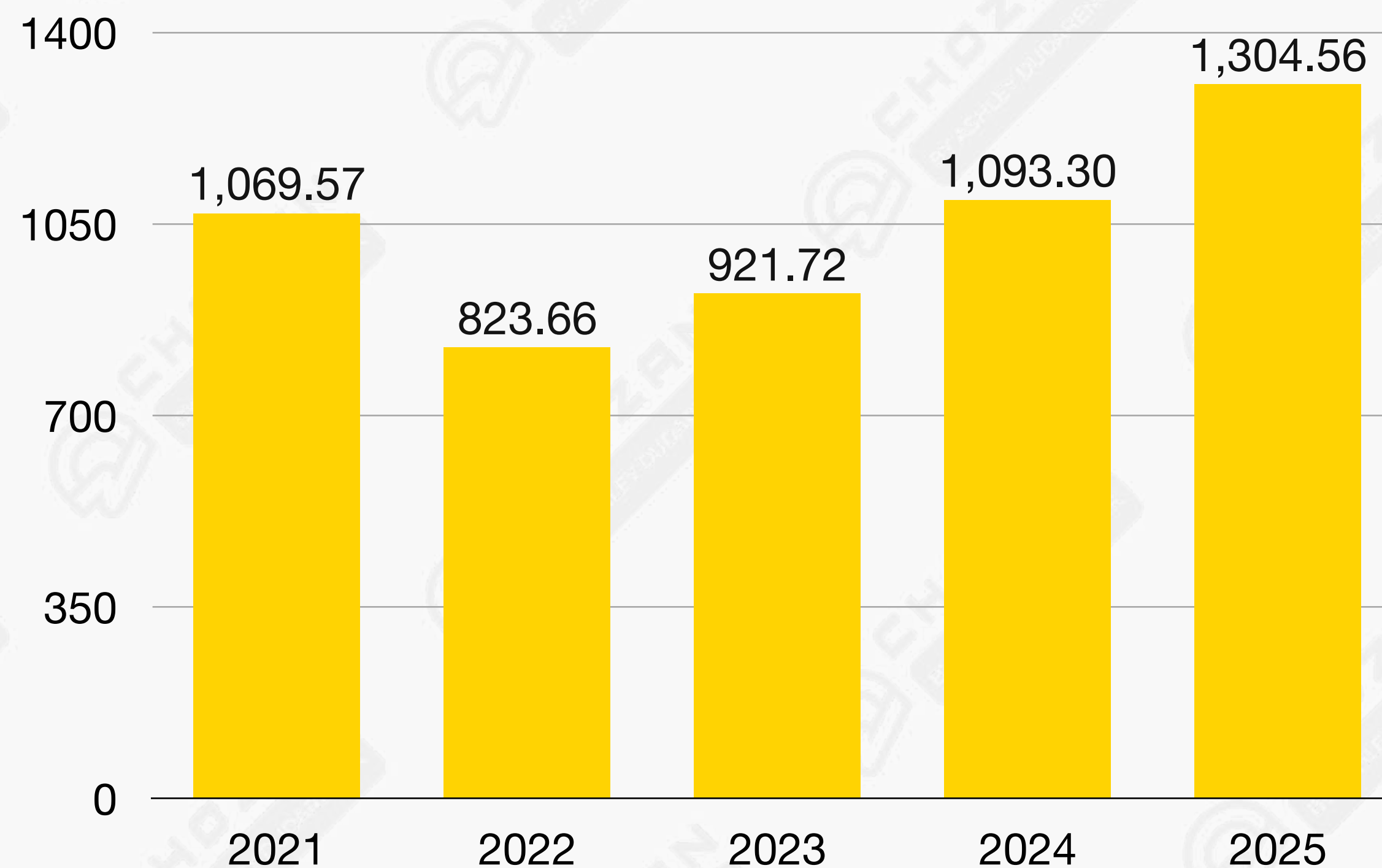
OVERALL SPENDING ON DOMESTIC TRAVEL DURING THE 2025 CNY HOLIDAY

2025 CNY SEES A RECORD-HIGH BOX OFFICE

2025 CNY MARKS THE STRONGEST SPRING FESTIVAL MOVIE SEASON IN CHINESE CINEMA HISTORY

As of February 5, 2025, the 2025 Spring Festival movie season concluded with a total box office of 9.51 billion RMB (about 1,304.56 million USD), breaking multiple historical records, including total box office, total number of viewers, and daily average box office.

**SPRING FESTIVAL BOX OFFICE IN RECENT FIVE YEARS
(UNIT: MILLION USD)**



WOMEN'S DAY

The Women's Day (March 8th) has become a major consumption event, driven by female empowerment and targeted marketing. Fashion, beauty, and personal care dominate purchases, reflecting women's focus on self-expression and quality of life. Online platforms like Taobao and JD.com lead in sales, with live streaming and low-price promotions boosting engagement.



WOMEN'S DAY ONLINE CONSUMPTION OVERVIEW

THE RISE OF THE "SHE-ECONOMY" BOOSTS WOMEN-FOCUSED MARKETING CAMPAIGNS AND SALES

Due to the continuous growth of "**she-economy**" and the rise of female power, the 38 promotion has been recognized as an annual S-level marketing campaign by major e-commerce platforms.

On March 4, Li Jiaqi's live streaming featured 327 beauty products from 132 brands, generating a GMV of over 907 million RMB (about 123.71 million USD). Among these, domestic brands accounted for approximately 320 million RMB (35.3% of the GMV), while foreign brands contributed 587 million RMB (64.7%).



907 MILLION RMB

(~123.71 MILLION USD)

GMV GENERATED IN LI JIAQI'S LIVE STREAMING



320 MILLION RMB

(~43.64 MILLION USD)

GMV (FROM DOMESTIC BRANDS) GENERATED IN LI JIAQI'S LIVE STREAMING

587 MILLION RMB

(~80.06 MILLION USD)

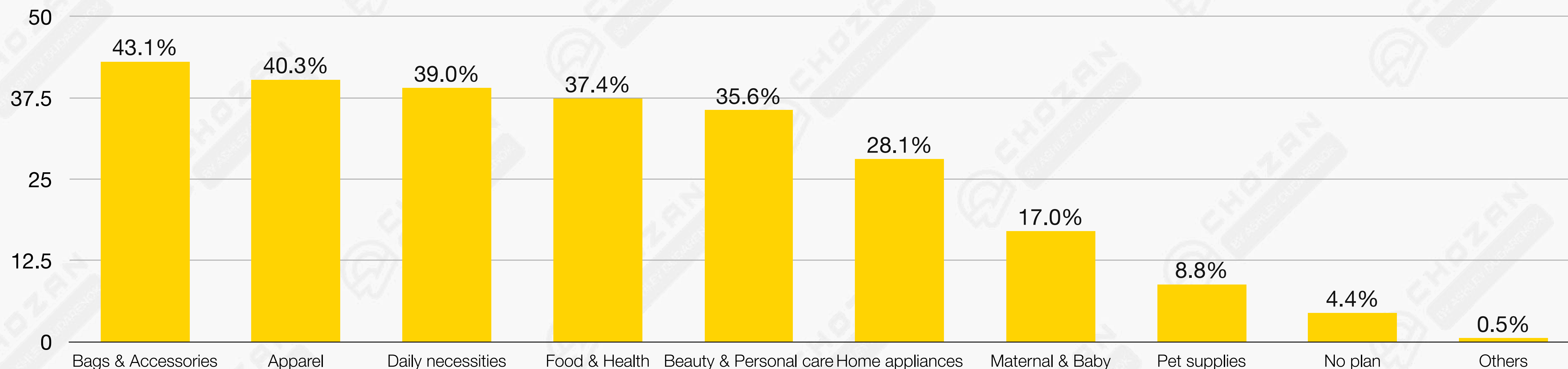
GMV (FROM FOREIGN BRANDS) GENERATED IN LI JIAQI'S LIVE STREAMING

WOMEN'S DAY CONSUMPTION CATEGORIES

FEMALE CONSUMERS PRIORITIZE FASHION, PERSONAL CARE, AND ESSENTIALS FOR QUALITY LIVING

Bags and accessories, clothing and shoes, and beauty and personal care accounted for 43.07%, 40.29%, and 35.56% respectively, reflecting female consumers' emphasis on fashion and attention to personal image. Additionally, 38.99% of consumers planned to purchase daily necessities, highlighting the consistent demand for essentials among women and their pursuit of a high-quality lifestyle.

PRODUCT CATEGORIES DURING THE WOMEN'S DAY



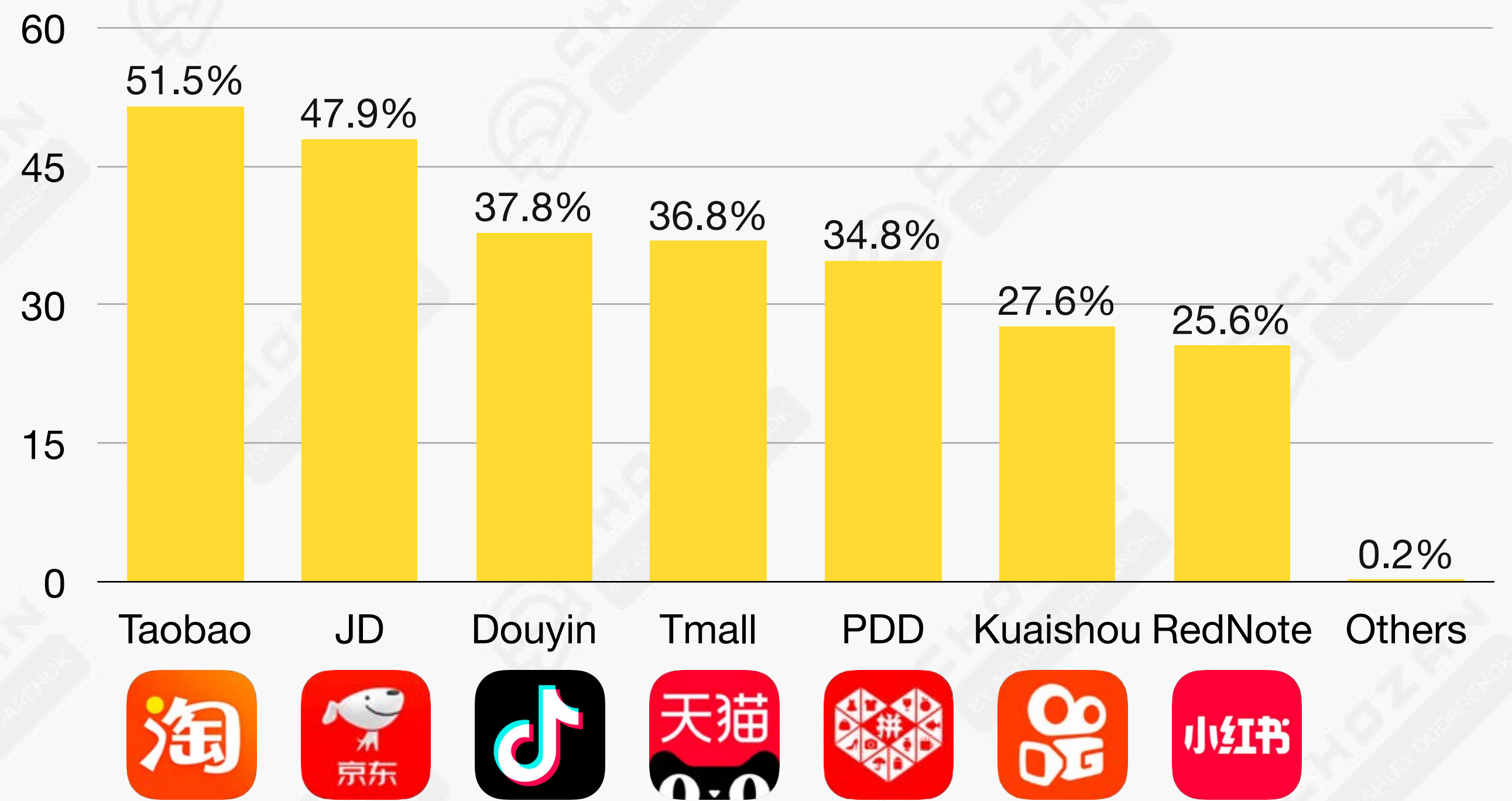
Source: iiMedia

WOMEN'S DAY CONSUMPTION CHANNELS

TAOBAO AND JD.COM LEAD, WITH GROWING INTEREST IN VIDEO-BASED PLATFORMS

Taobao led with 51.5% of consumers planning to shop there, followed by JD.com at 47.93%. Platforms like Douyin, Tmall, and Pinduoduo also had significant shares, reflecting a diverse consumer preference across traditional e-commerce and short-video platforms.

PREFERRED E-COMMERCE PLATFORMS DURING THE WOMEN'S DAY

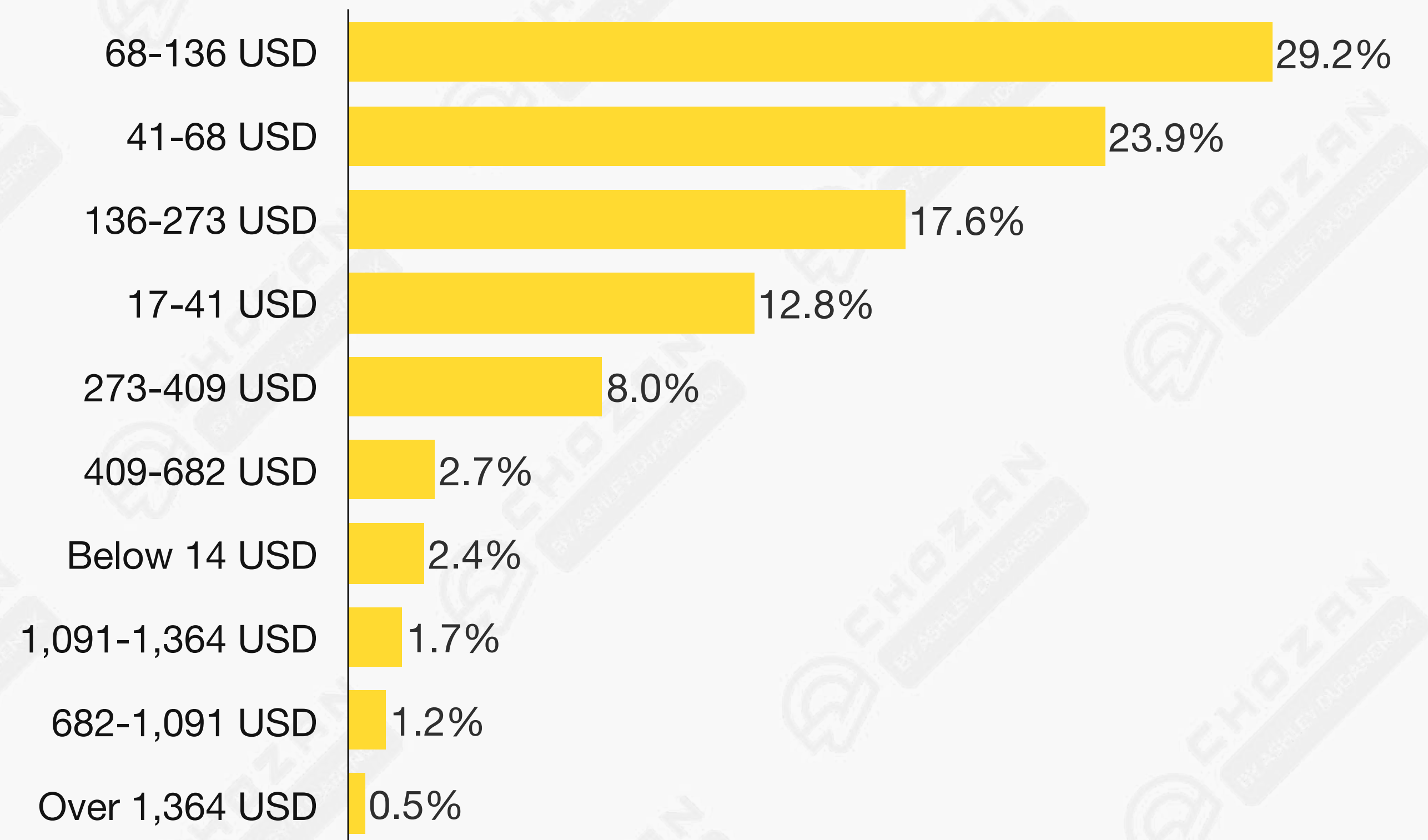


WOMEN'S DAY CONSUMER SPENDING

CONSUMERS BALANCE MODERATE INDULGENCE WITH FINANCIAL PRAGMATISM IN SHOPPING

The shopping budget reveals a trend of moderate indulgence balanced with financial pragmatism: over **70%** of consumers allocated mid-to-high budgets (501-1,000 RMB at 29.18%, 301-500 RMB at 23.89%, and 1,001-2,000 RMB at 17.58%), reflecting a focus on affordable luxury.

BUDGET DISTRIBUTION FOR ONLINE SHOPPING ON WOMEN'S DAY



WOMEN'S DAY - NEW DRIVING FORCE

DOUYIN DRIVES GROWTH ON WOMEN'S DAY, SETTING NEW RECORDS IN E-COMMERCE



Queen's Festival
(38女王节)

Douyin e-commerce achieves multi-dimensional growth, setting new records in consumer participation and spending scale.



43.27 MILLION

Total live streaming hours



+33%

YoY growth in average daily GMV



700+

Live streaming rooms with 10 million+ yuan GMV



+46%

YoY growth in average daily order volume

WOMEN'S DAY - CONSUMER MINDSET

FEMALE EMPOWERMENT MARKETING BOOSTS GROWTH, BUT THE "PINK TAX" REMAINS A CHALLENGE

Behind the rise of female empowerment marketing, an issue that cannot be ignored is gradually emerging—the **"Pink Tax."** On one hand, female empowerment marketing has driven the prosperity and growth of the women's consumer market, offering more choices and possibilities to female consumers. On the other hand, the existence of the "Pink Tax" forces women to face higher prices.

CONSUMER PERCEPTION REGARDING THE "PINK TAX"

Noticed price increases for holiday gift sets labeled as "goddess exclusive"

73.6%

Recognized that pastel-colored products were priced higher than similar plain-colored items

46.7%

Observed that certain women's products with similar functions were more expensive than men's

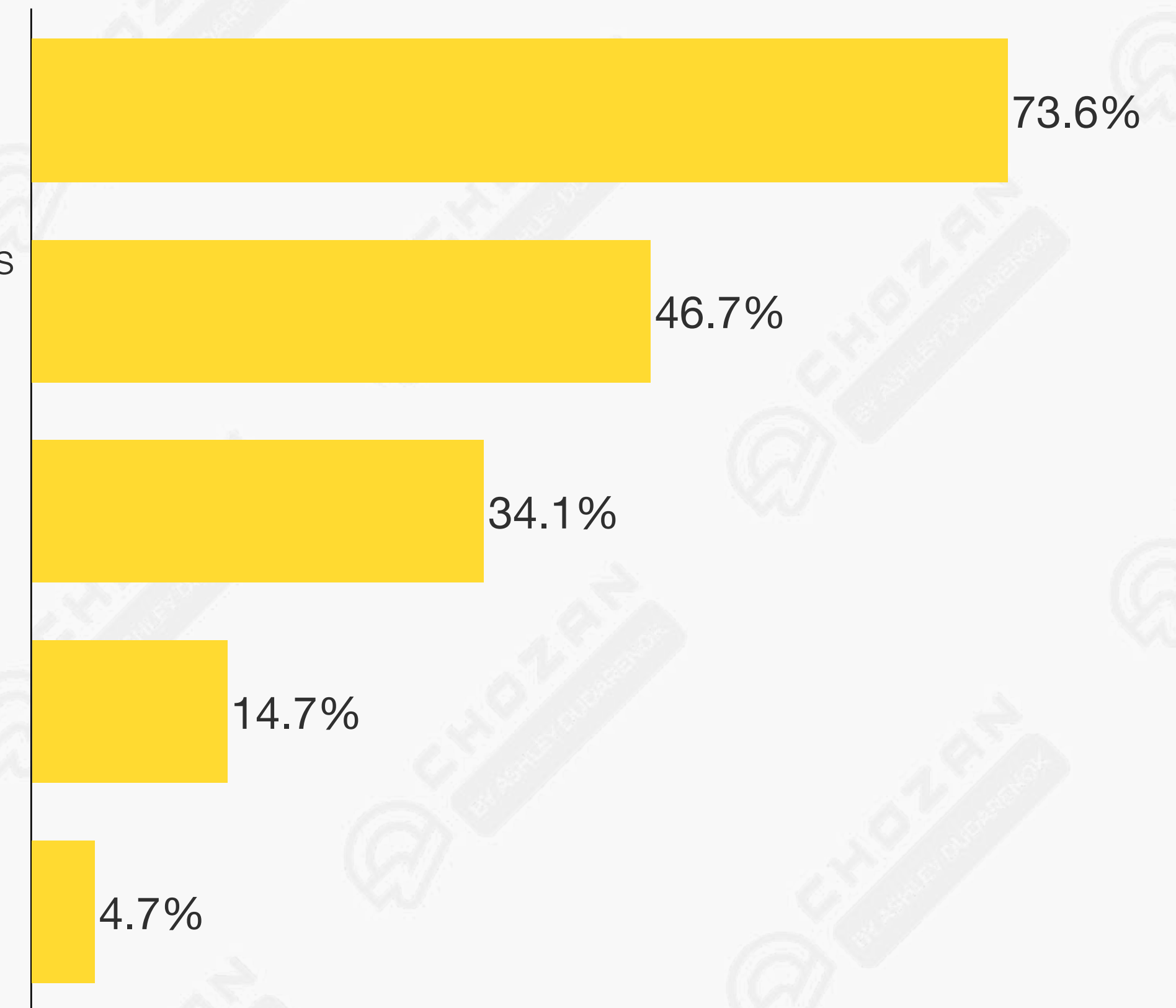
34.1%

Found that women's product bundles offered fewer items compared to men's for the same price

14.7%

No particular findings

4.7%



WOMEN'S DAY - BRAND MARKETING

MARKETING STRATEGY FOCUSES ON EMOTIONAL CONNECTIONS, EMPOWERING WOMEN'S SELF-SATISFACTION

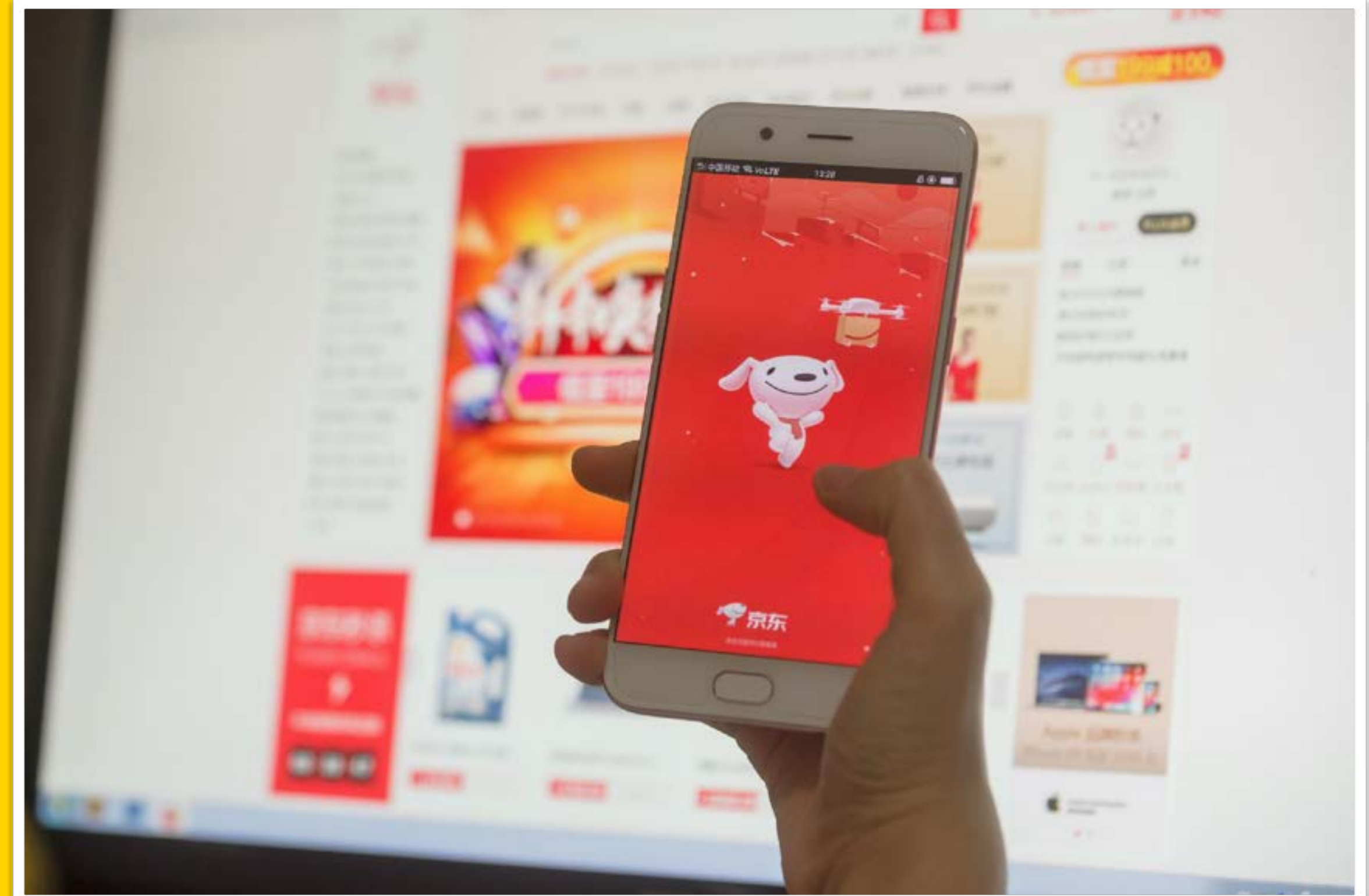
3.8 marketing strategy, more focused on the discovery of **women's self-satisfaction needs**, from the emotion to drive consumers, rather than just emphasize the goods itself to drive the benefit of the consumer.

Brands will choose to make a statement at this node to express their attitude proposition, reflect the brand's support for women and close the emotional distance with consumers.



618

The 2024 "618" Shopping Festival reflected shifting consumer behaviors, with overall sales slightly declining due to cautious spending and economic challenges. While traditional e-commerce platforms faced slower growth, newer formats like live streaming shopping and on-demand retail continued to gain traction, showcasing their potential to reshape the market. The event emphasized deeper discounts and extended promotional periods, signaling an evolving strategy by retailers to adapt to changing consumer preferences and drive engagement in a competitive landscape.

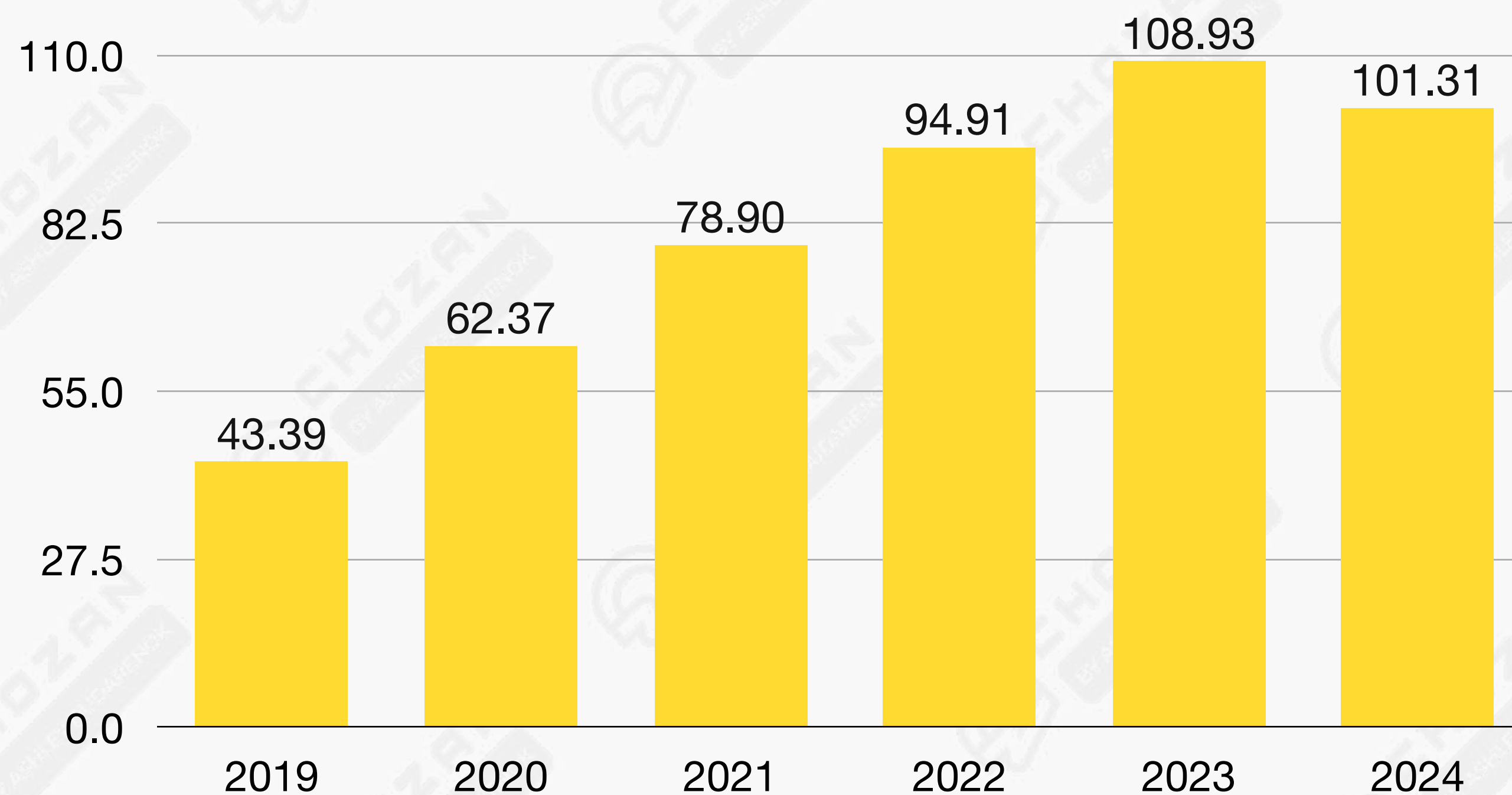


618 CONSUMPTION OVERVIEW

TOTAL SALES GMV DECLINED FOR THE FIRST TIME

The 2024 "618" shopping festival marks a turning point with total GMV decreasing for the first time, reflecting challenges in **consumer demand** and **market saturation**.

TOTAL SALES GMV DURING 618
UNIT: BILLION USD

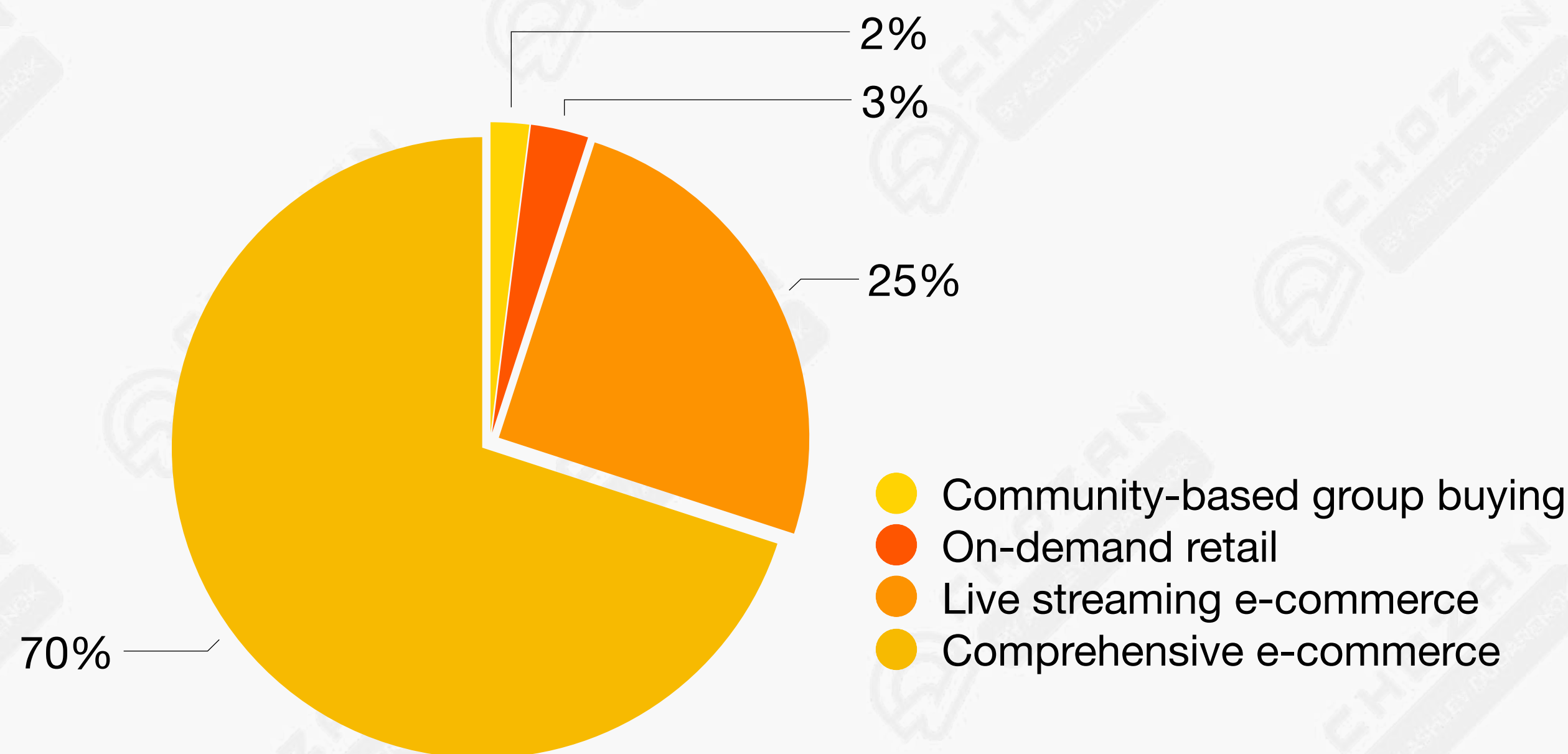


618 CONSUMPTION PLATFORM BY TYPE

COMPREHENSIVE E-COMMERCE DECLINES, WHILE LIVE STREAMING E-COMMERCE DRIVES GROWTH

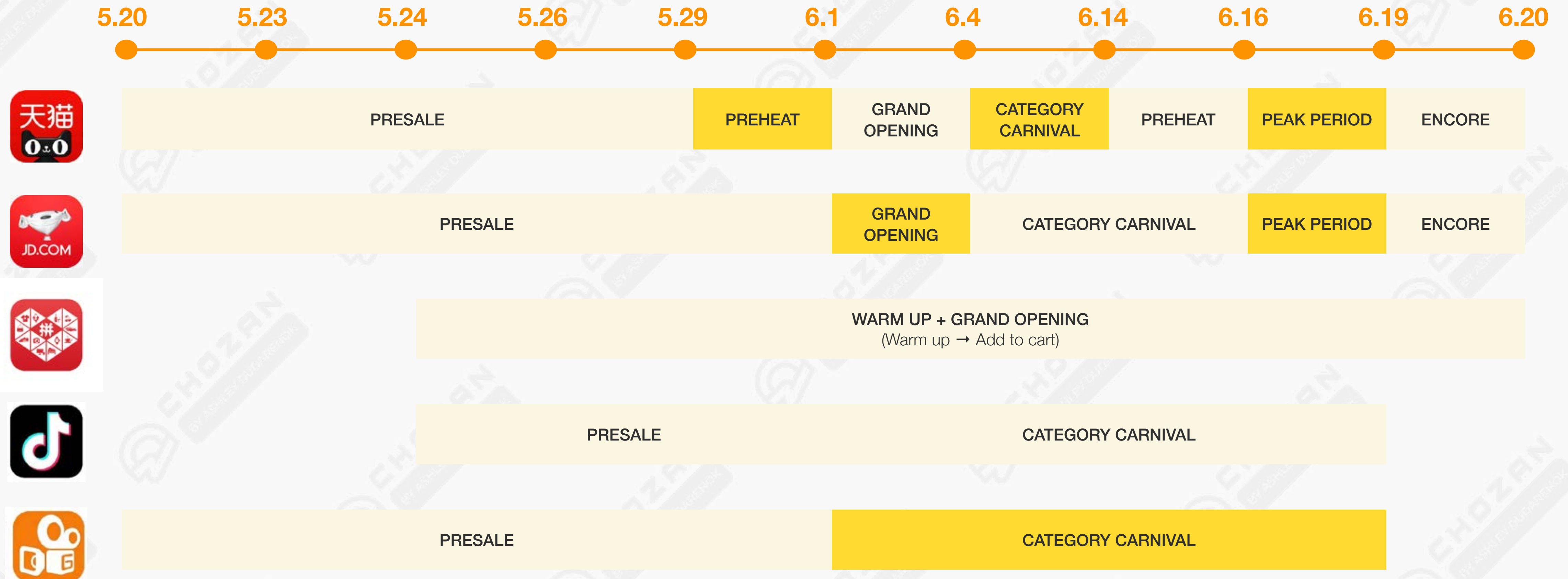
DIFFERENT TYPES OF PLATFORMS' SALES SHARE DURING 618

Comprehensive e-commerce remains dominant but is facing a decline, reflecting **saturation** or **intensified competition**. Live streaming e-commerce is emerging as a key growth driver, leveraging interactive and real-time consumer engagement.



618 CONSUMPTION PERIOD BY PLATFORM

THE CONSUMPTION PERIOD FEATURES MULTIPLE WAVES, OFTEN USING PRE-SALE STRATEGIES

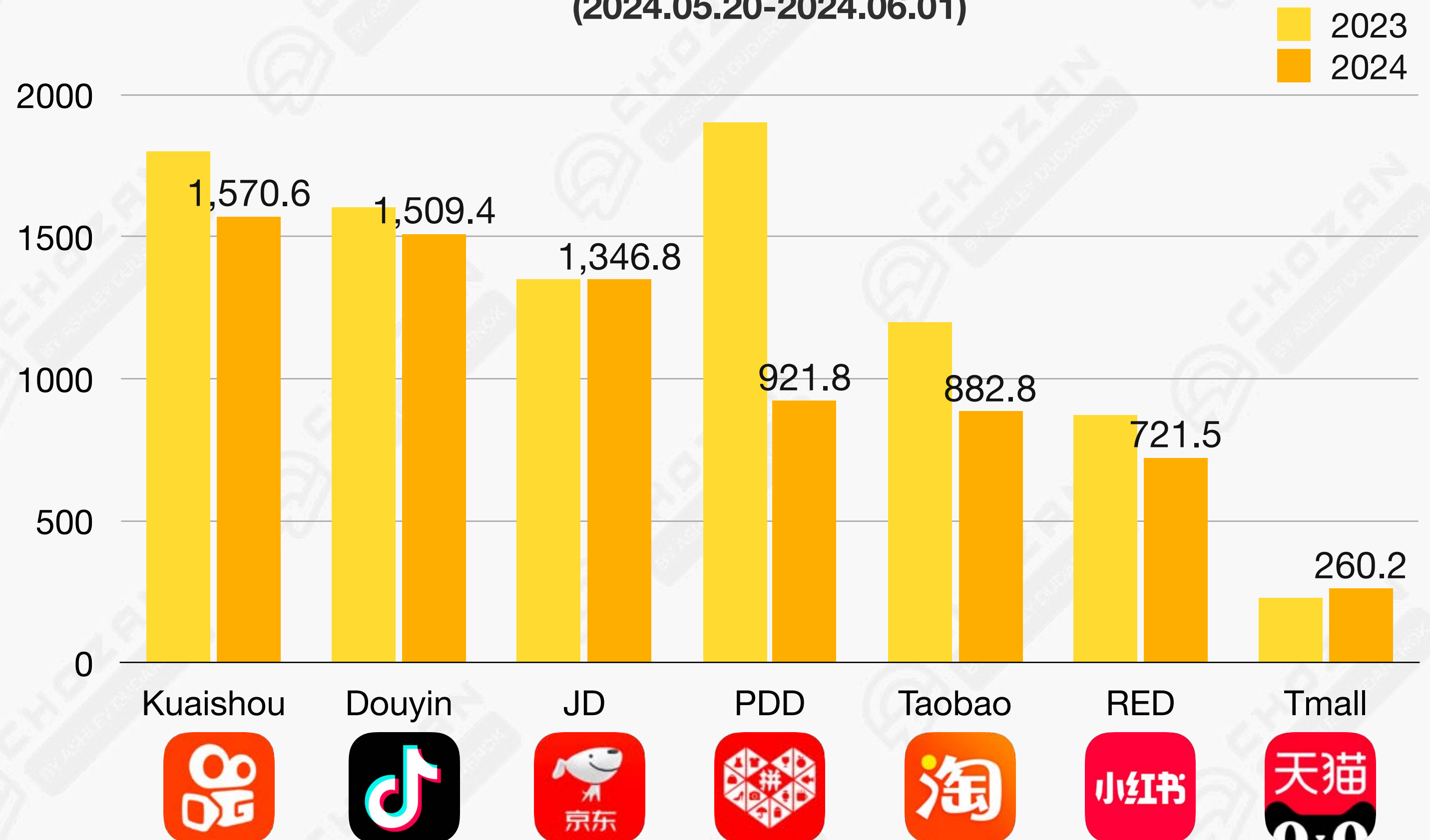


618 CONSUMER TRAFFIC BY PLATFORM

WHILE NEW USER ACQUISITION SLOWS, JD.COM, DOUYIN, AND KUAISHOU THRIVE THROUGH HEAVY MARKETING

While the overall efficiency of promotions in acquiring new users is declining, platforms such as JD.com, Douyin, and Kuaishou continue to attract a substantial number of new users, driven by significant marketing expenditures.

**NEW INSTALLATION SCALE OF APPS DURING 618
(2024.05.20-2024.06.01)**



618 CONSUMPTION ON TAOBAO/TMALL

TAOBAO/TMALL: SERVICE UPGRADES AND OPTIMIZED STRATEGIES DRIVE GROWTH AND USER ENGAGEMENT



365 BRANDS MADE OVER
(~136.39 MILLION USD)

1 BILLION RMB

OVER 36,000 BRANDS EXPERIENCED SALES GROWTH

DOUBLING



88VIP NEW MEMBERS INCREASED YEAR-ON-YEAR

65%



1.9 MILLION

SMALL AND MEDIUM-SIZED MERCHANTS'
TRANSACTION EXCEEDED

100%



SUBSIDIZED TRANSACTIONS ON TAOBAO INCREASED

550%+

618 CONSUMPTION ON JD.COM

JD.COM: CONTINUED LOW-PRICE STRATEGY, ENHANCED AI, AND EXPANDED USER REACH



500 MILLION+

USERS PLACED ORDERS



150,000+

SMALL AND MEDIUM-SIZED MERCHANTS' SALES GROW

50%



83 BRANDS ACHIEVED TRANSACTION VOLUMES EXCEEDING (~136.39 MILLION USD)

1 BILLION RMB



JD LIVE (JD'S LIVE STREAMING PLATFORM) SAW ORDER VOLUME GROW

200%+

618 CONSUMPTION ON DOUYIN

DOUYIN: LEVERAGED TRAFFIC TO BOOST LIVE COMMERCE DESPITE REGULATORY CHALLENGES

**TOP CATEGORIES DURING 618 DOUYIN LIVE STREAMING E-COMMERCE
(UNIT: 100 MILLION USD)**



59.3 BILLION RMB

(~8.09 BILLION USD)

LIVE STREAMING COMMERCE GMV



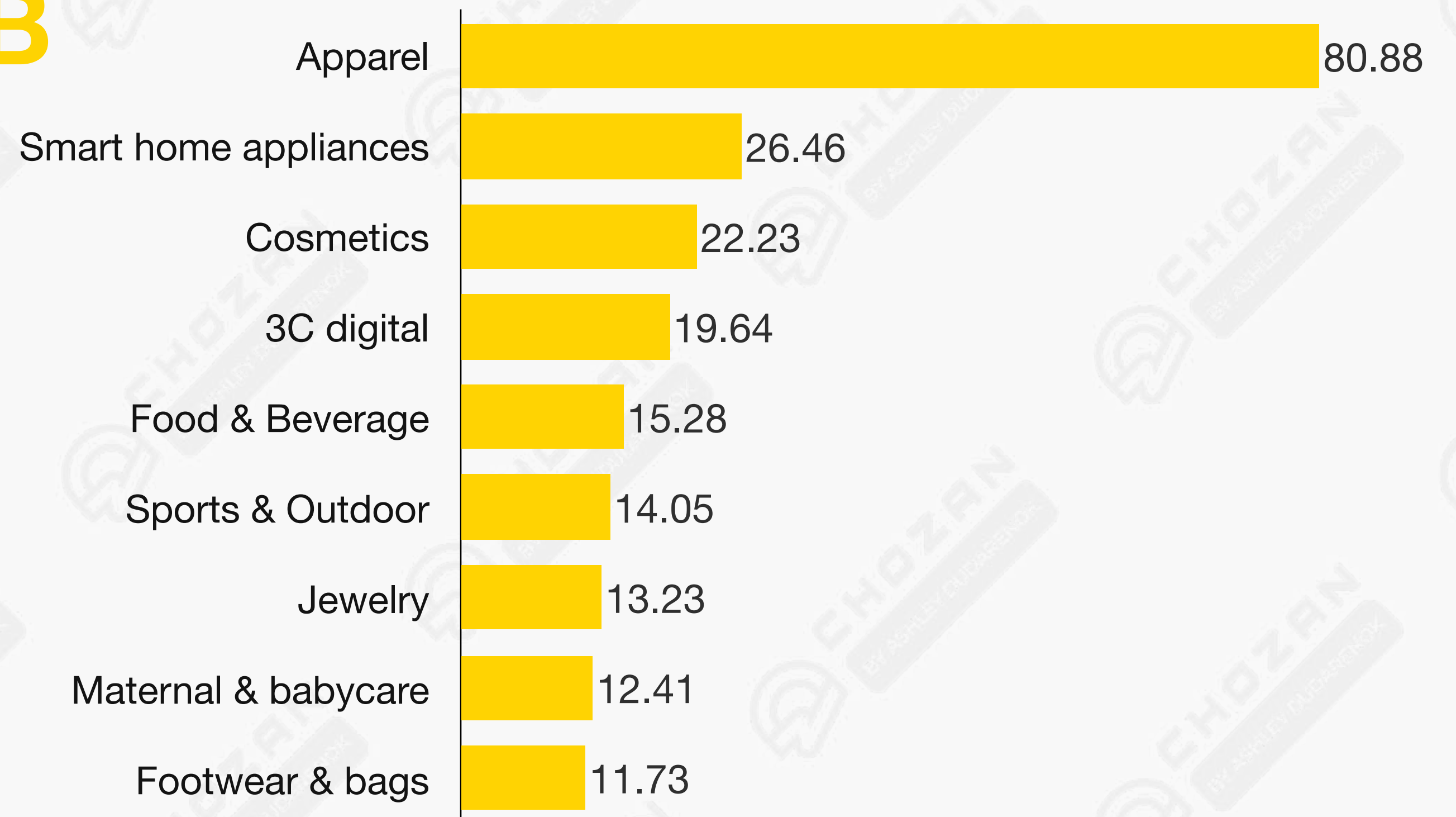
149 MILLION

HOURS OF LIVE STREAMING



1.5 MILLION

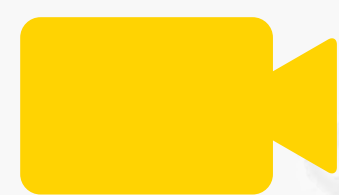
SMALL AND MEDIUM-SIZED MERCHANTS
ENGAGED WITH ITS INDUSTRIAL SUPPLY
CHAIN



618 CONSUMPTION ON REDNOTE

REDNOTE: THRIVED WITH UNIQUE “BUYER LIVE STREAMING + STORE BROADCASTING” MODEL

LIVE STREAMING ORDER INCREASED



5.4X

STORE LIVE STREAMING ORDER SURGED



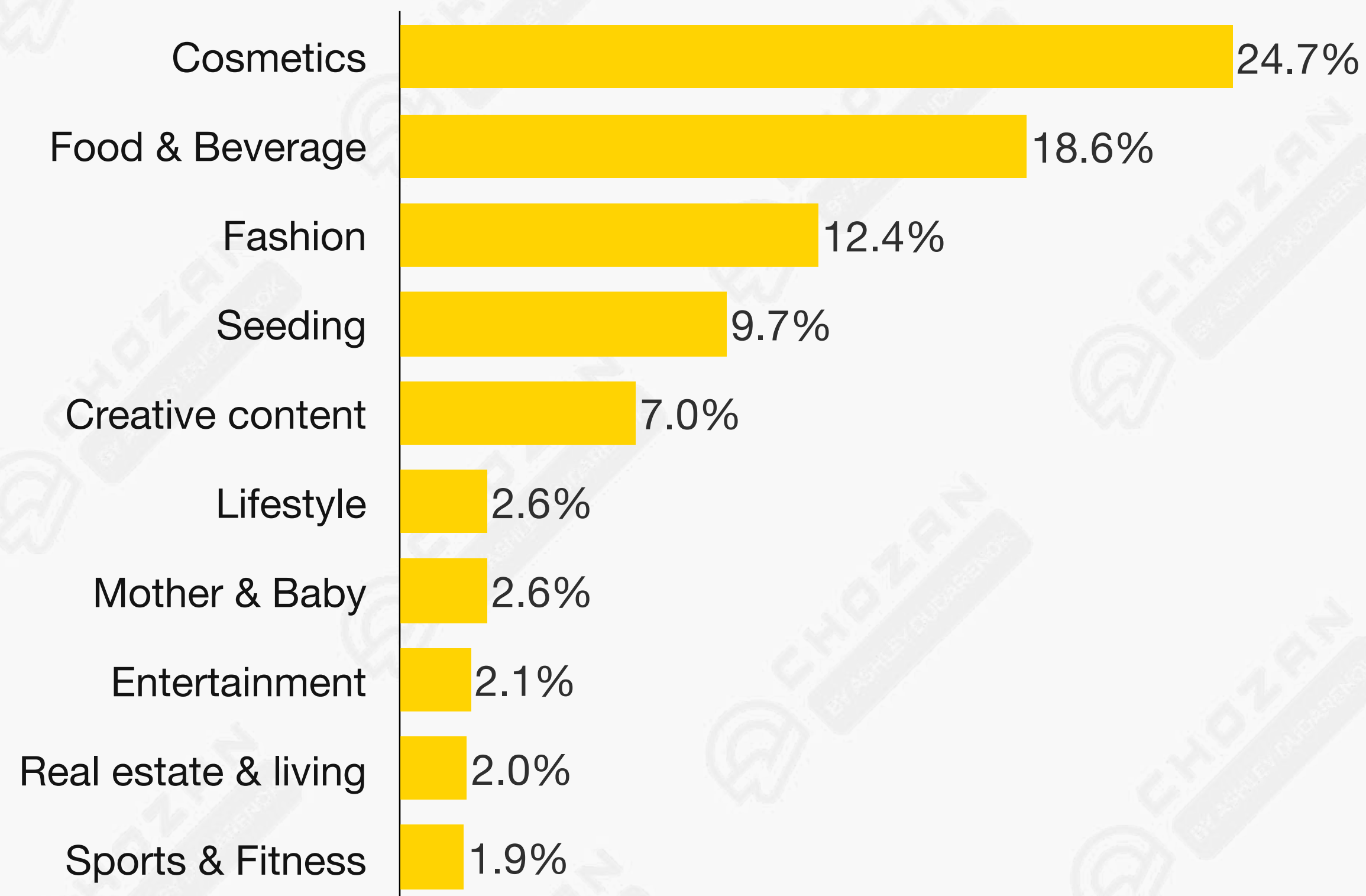
9.4X

MERCHANTS STARTING LIVE STREAMING FOR THE FIRST TIME GREW



4.5X

TOP 10 CONTENT TYPES COLLABORATED WITH KOL BY CONSUMPTION CATEGORY DURING 618



EXPERT BITE

Q: ARE SHOPPING FESTIVALS LIKE 11.11 AND 618 STILL VITAL FOR INTERNATIONAL BRANDS IN CHINA?

Absolutely. For international brands, campaigns like 11.11 are crucial to reach consumers and generate growth <...> They drive immediate transactions and help brands acquire new customers outside their typical base. For Tmall's luxury business, we saw strong growth in transactions and engagements during this year's 11.11, reflecting consumers' resilience... Consumers returned to classics, with the outdoors category growing 110% GMV year-over-year.

In terms of engagement, brands acquired new consumers <...> Active brand members increased by 30% year-over-year this 11.11. High-spending Very Important Customers (VICs) saw a 7% increase in average spending, with one in five trying new luxury brands. Consumers from lower-tier cities on Tmall Luxury Pavilion nearly doubled year-on-year.

Festivals like 11.11 are important for launching new products... Tens of thousands of new luxury products debuted, with Moncler achieving double-digit growth through a special collaboration. Lastly, 11.11 and 6.18 serve as testing grounds for long-term marketing strategies <...>



ANNY LIU

General Manager at
Tmall Luxury Pavillion

THE GOLDEN WEEK

China's Golden Week in 2024 saw robust domestic travel and consumption, fueled by the extended holiday period and multiple events. Domestic trips reached 765 million, surpassing 2019 levels, with total spending of 700.8 billion yuan, reflecting a significant recovery in the tourism sector.



GOLDEN WEEK CONSUMPTION OVERVIEW

DOMESTIC TRAVEL AND SPENDING SURGED, REFLECTING STRONG POST-PANDEMIC RECOVERY

According to estimates from the Data Center of the Ministry of Culture and Tourism, there were 765 million domestic trips nationwide, representing a year-on-year increase of 5.9% on a comparable basis and a growth of 10.2% compared to the same period in 2019. Domestic tourists' total spending reached 700.817 billion RMB, reflecting a year-on-year increase of 6.3% on a comparable basis and a growth of 7.9% compared to 2019.



765 MILLION

TOTAL TOURISTS



700.82 BILLION RMB

(~95.58 BILLION USD)

TOTAL CONSUMPTION



6.3%

SPENDING INCREASE 84% YOY

GOLDEN WEEK ONLINE CONSUMPTION

CONSUMERS HAVE INCREASED ACTIVITY, WITH WECHAT PAY TRANSACTIONS AND TRAVEL-RELATED SPENDING DOUBLING



THE TOTAL NUMBER OF STEPS TAKEN BY WECHAT SPORTS USERS REACHED

1.3 BILLION



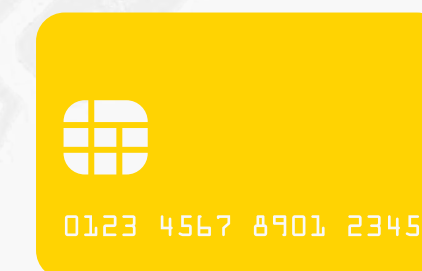
20%

INCREASE IN THE TOTAL NUMBER OF WECHAT PAY TRANSACTIONS COMPARED TO THE SAME PERIOD IN 2023



THIS IS EQUIVALENT TO CLIMBING THE GREAT WALL APPROXIMATELY

430,000 TIMES



DOUBLE

THE NUMBER OF TRAVEL-RELATED TRANSACTIONS VIA WECHAT PAY COMPARED TO THE WEEK BEFORE THE GOLDEN WEEK

GOLDEN WEEK OFFLINE CONSUMPTION

STRONG AND DIVERSE GROWTH IN OFFLINE CONSUMPTION DURING THE GOLDEN WEEK

美团

- **October 1–5:** Average spending in dining services increased by **33.4%** compared to the same period in 2023. Evening consumption surged by **44.8%**.
- **October 1–6:** Nationwide life services and store-based consumption grew by **41%**, with Shanghai, Beijing, Chengdu, Shenzhen, and Chongqing leading. Tourist spending per capita rose 69.6% year-over-year, with top provinces for tourist numbers being Guangdong, Shandong, Sichuan, Jiangsu, and Henan.



- **Holiday Period:** Sales during peak hours (7–10 AM, 1–4 PM, and post-10 PM) grew by **30%** week-over-week. Convenient store deliveries to hotels rose by **80%** week-over-week and **doubled** compared to last year.



- **Holiday Period:** Nationwide store visits increased by **200%**, with premium home appliances leading sales growth.

GOLDEN WEEK CONSUMER BEHAVIOR

GOLDEN WEEK SAW A SIGNIFICANT RISE IN INBOUND TOURISM, WITH MAJOR CITIES LEADING THE GROWTH

TOP 15 POPULAR LOCAL DESTINATION CITIES

Beijing	Chongqing
Shanghai	Guangzhou
Nanjing	Shenzhen
Xi An	Hangzhou
Chengdu	Suzhou
Qingdao	Zhuhai
Xiamen	Kunming
Zhangjiajie	



+78%

THE GROWTH RATE OF INBOUND TOURISTS



25%

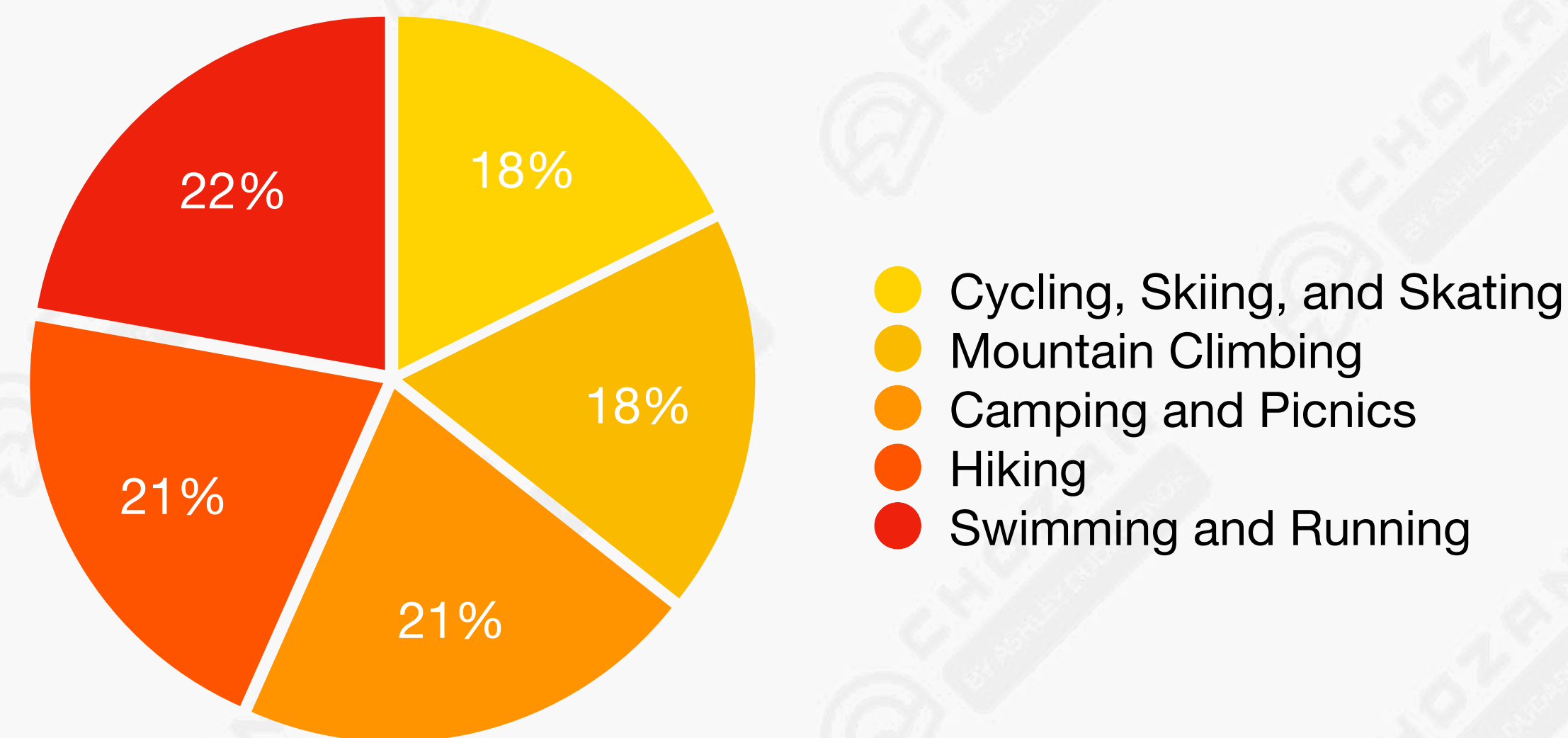
FOREIGNERS WHO ENTERED THE COUNTRY MORE THAN TWICE ACCOUNTED FOR

GOLDEN WEEK CONSUMER BEHAVIOR

INTERNATIONAL SPORTS EVENTS SPARKED A RISE IN OUTDOOR ACTIVITIES AND ACTIVE LIVING TRENDS

Fueled by international sports events, outdoor activities like swimming, running, and hiking (participation over 45%) became highlights of National Day consumption, showcasing a **surge in active lifestyle trends**.

TYPES OF OUTDOOR ACTIVITIES PEOPLE PLAN TO PARTICIPATE IN DURING THE GOLDEN WEEK



GOLDEN WEEK - CONSUMER PURSUITS

NEW TRAVEL TRENDS DURING THE GOLDEN WEEK

A SENSE OF VACATION

Emphasis on relaxation and leisure rather than hectic schedules. Tourists may enjoy extended stays at one place, indulging in spa treatments, beach lounging, or casual walks through nature.

A SENSE OF RELAXATION

Traveling without stress, prioritizing rest. Slow-paced tourism aligns with global wellness trends. It caters to those seeking peace, quiet, and mental rejuvenation, offering an escape from the pressures of daily life.

A SENSE OF EXPERIENCE

Prioritizing immersive, authentic experiences. Travelers focus on interacting with locals, participating in traditional crafts, or engaging in unique regional activities.

A SENSE OF EMOTIONAL CONNECTION

Building a personal connection with the destination and the journey. Emotional connection may come from revisiting a meaningful place, creating bonds with local communities, or simply relishing the small joys of travel.

EXPERT BITE

Q: WHAT KEY TRENDS WILL SHAPE CHINA'S E-COMMERCE, AND HOW ARE ALIBABA AND OTHERS ADAPTING?

E-commerce and digital ecosystems will be defined by their ability to serve customer needs in the most efficient and intelligent ways. For retail consumers, this means not only delivering the most appropriate products in a cost-effective and expedient manner but also predicting and anticipating their needs before they are even aware of them.

For merchants, it involves providing tools that maximize ROI and reduce operating costs. Addressing these needs requires leveraging actionable data and AI to empower both consumers and merchants to achieve results they never thought possible.

Over the next 3-5 years, a company's technological prowess particularly around AI and its access to quality market data will dictate and shape their chance of success and the larger tech ecosystems in China and beyond.



BRIAN A. WONG

Author of The Tao of Alibaba

DOUBLE 11

2024 marked the "longest Double 11 in history", with pre-sales starting on October 14, 10 days earlier than 2023, and running until November 11, stretching the event to nearly a full month. Double 11 in 2024 highlights new consumer trends, including a return to rational spending, a balance between price and quality, a focus on shopping experience and service, the integration of new technologies, increased emotional and spiritual consumption, and more refined live streaming e-commerce.

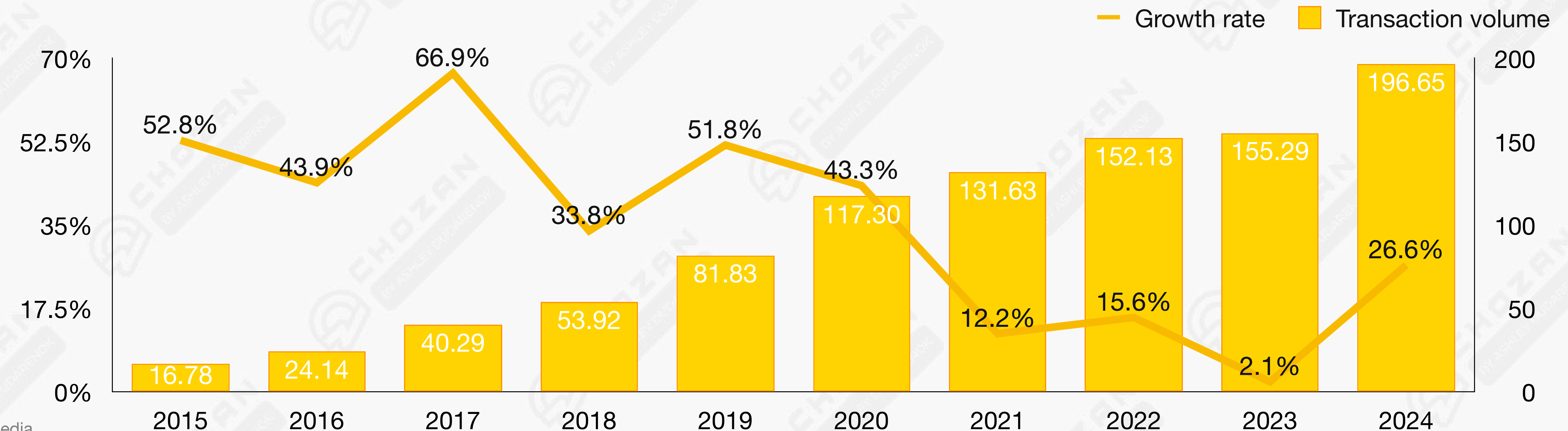


DOUBLE 11 CONSUMPTION OVERVIEW

THE DOUBLE 11 E-COMMERCE TRANSACTIONS HAVE SEEN IMPRESSIVE GROWTH OVER THE YEARS

The total transaction value of China's e-commerce platforms during the "Double 11" shopping festival has shown a year-on-year upward trend, increasing from 123 billion RMB in 2015 to 1,441.8 billion RMB in 2024.

TOTAL TRANSACTION VOLUME OF CHINA'S E-COMMERCE PLATFORMS DURING DOUBLE 11 (IN BILLION USD)



DOUBLE 11 CONSUMPTION TYPE

COMPREHENSIVE E-COMMERCE MAINTAIN ITS LEADING POSITION, WHILE LIVE STREAMING HAS EXPERIENCED STRONG GROWTH

COMPREHENSIVE E-COMMERCE



1,109.3 BILLION RMB
(~151.3 BILLION USD)

LIVE STREAMING E-COMMERCE



332.5 BILLION RMB
(~45.35 BILLION USD)

ON-DEMAND RETAIL



28.1 BILLION RMB
(~3.83 BILLION USD)

COMMUNITY-BASED GROUP BUYING



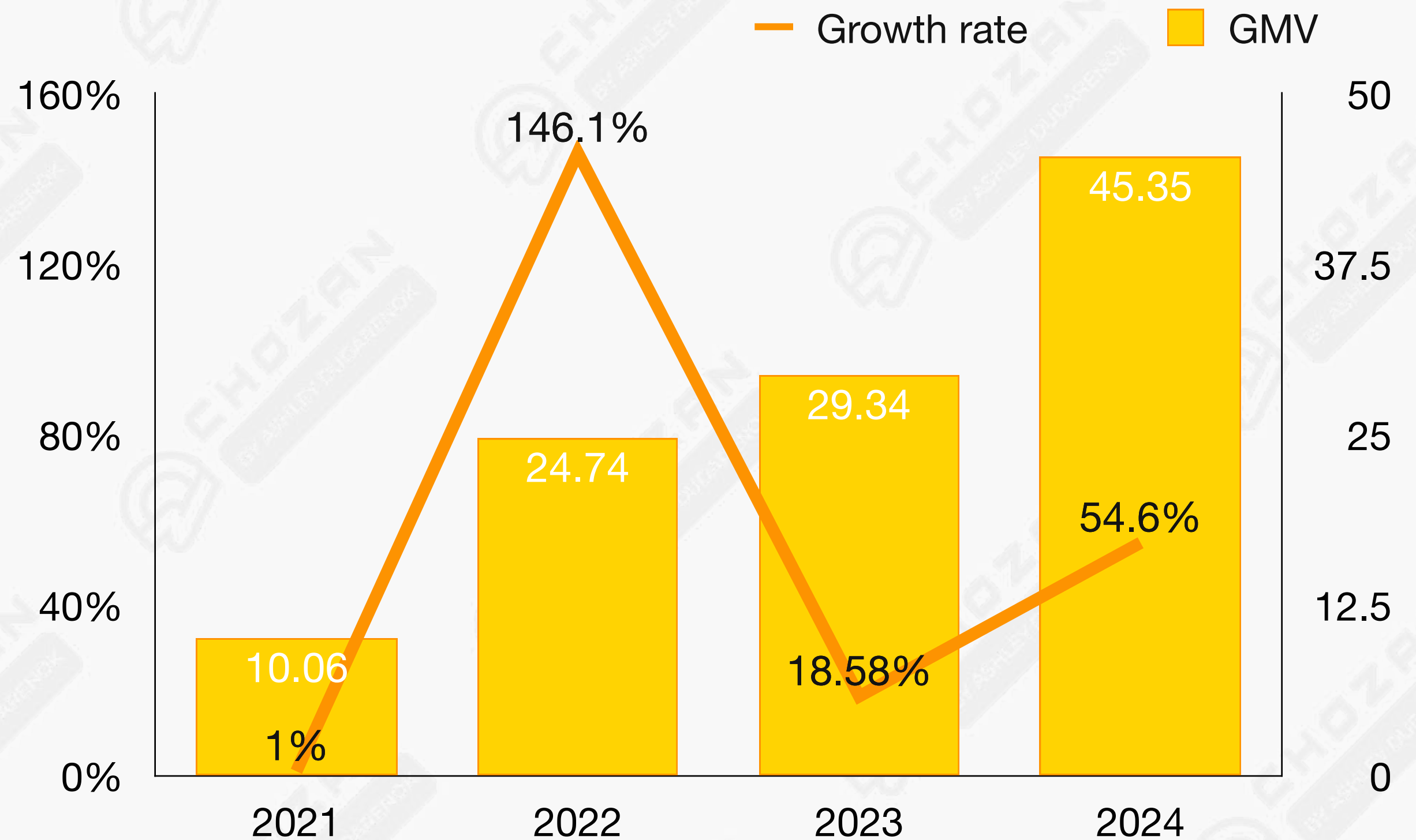
13.8 BILLION RMB
(~1.88 BILLION USD)

DOUBLE 11 LIVE STREAMING CONSUMPTION

LIVE STREAMING E-COMMERCE GREW SIGNIFICANTLY, WITH TOP PLATFORMS MAINTAINING DOMINANCE

GMV OF LIVE STREAMING E-COMMERCE PLATFORMS DURING DOUBLE 11 (IN BILLION USD)

In 2024, live streaming e-commerce sales reached **332.5 billion RMB**, marking a year-on-year growth of 54.6%. The overall market structure remained the same as last year, with Douyin, Kuaishou, and Taobao Live maintaining their leading positions in that order.

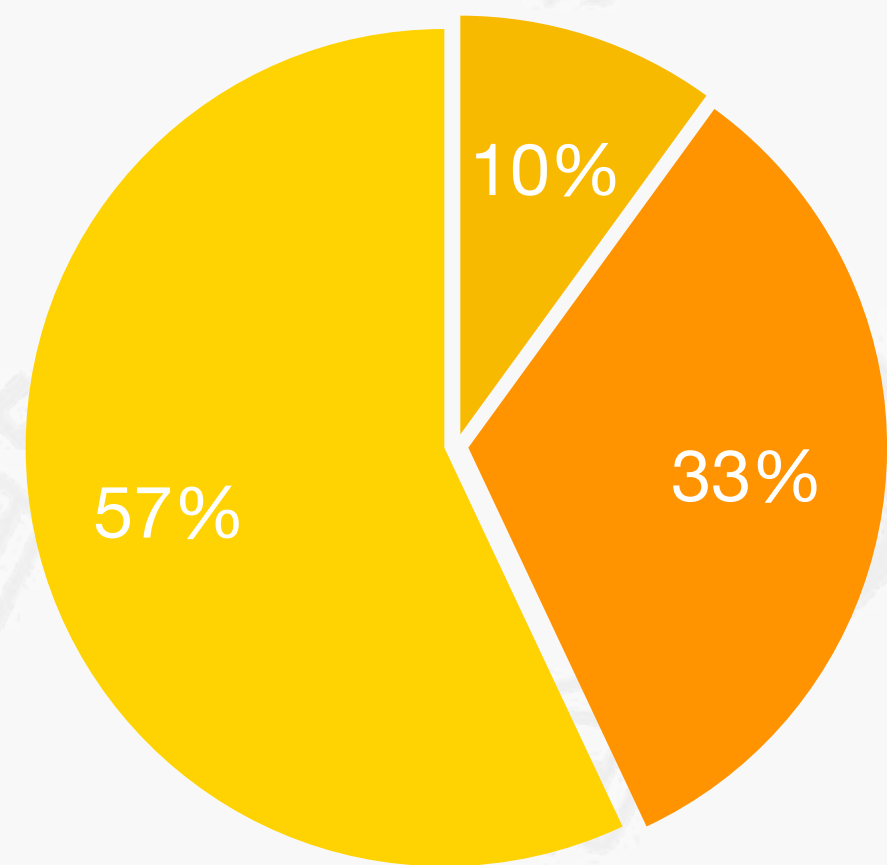


DOUBLE 11 CONSUMPTION PERIOD

GMV SALES IN THE FIRST WAVE MORE THAN DOUBLED ON A YEAR-ON-YEAR BASIS

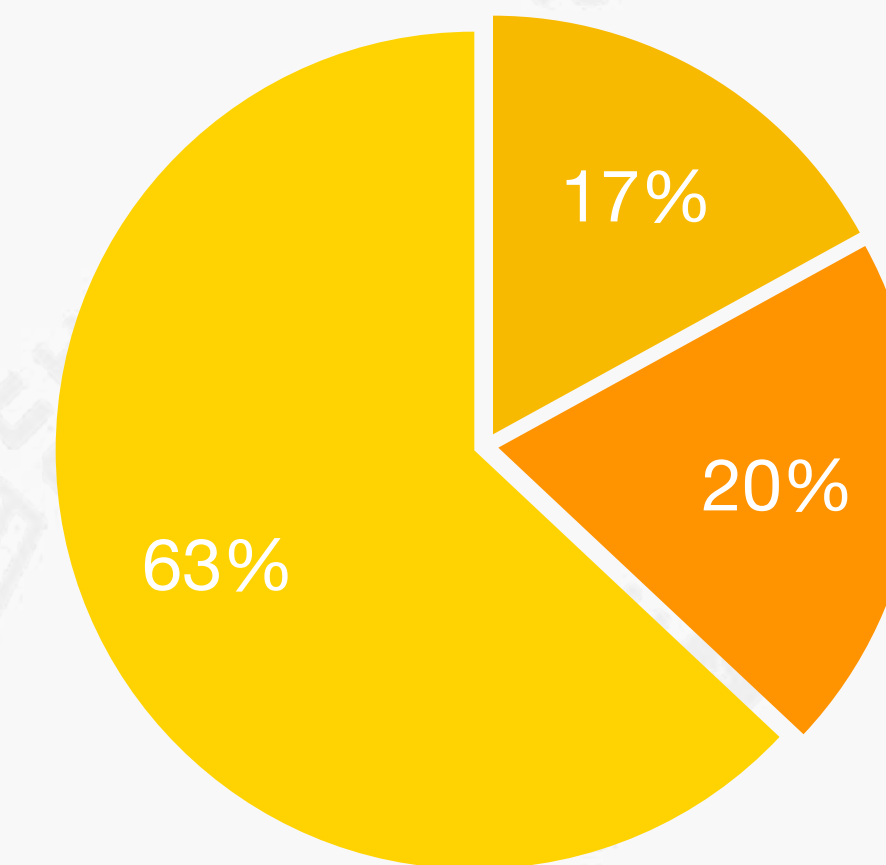
Comprehensive e-commerce platforms achieved sales of 678.5 billion RMB during the first wave of the 2024 "Double 11" shopping festival, with Tmall and JD.com accounting for 63% and 20% of the total, respectively. Compared to the first wave sales of 310.5 billion RMB in 2023, this represents a year-on-year growth of 118.5%.

FIRST WAVE OF DOUBLE 11 ACCOUNTED FOR THE SALES OF COMPREHENSIVE E-COMMERCE PLATFORMS IN 2023



● Others ● JD ● Tmall

FIRST WAVE OF DOUBLE 11 ACCOUNTED FOR THE SALES OF COMPREHENSIVE E-COMMERCE PLATFORMS IN 2024



● Others ● JD ● Tmall

**118.5%
YOY GROWTH**

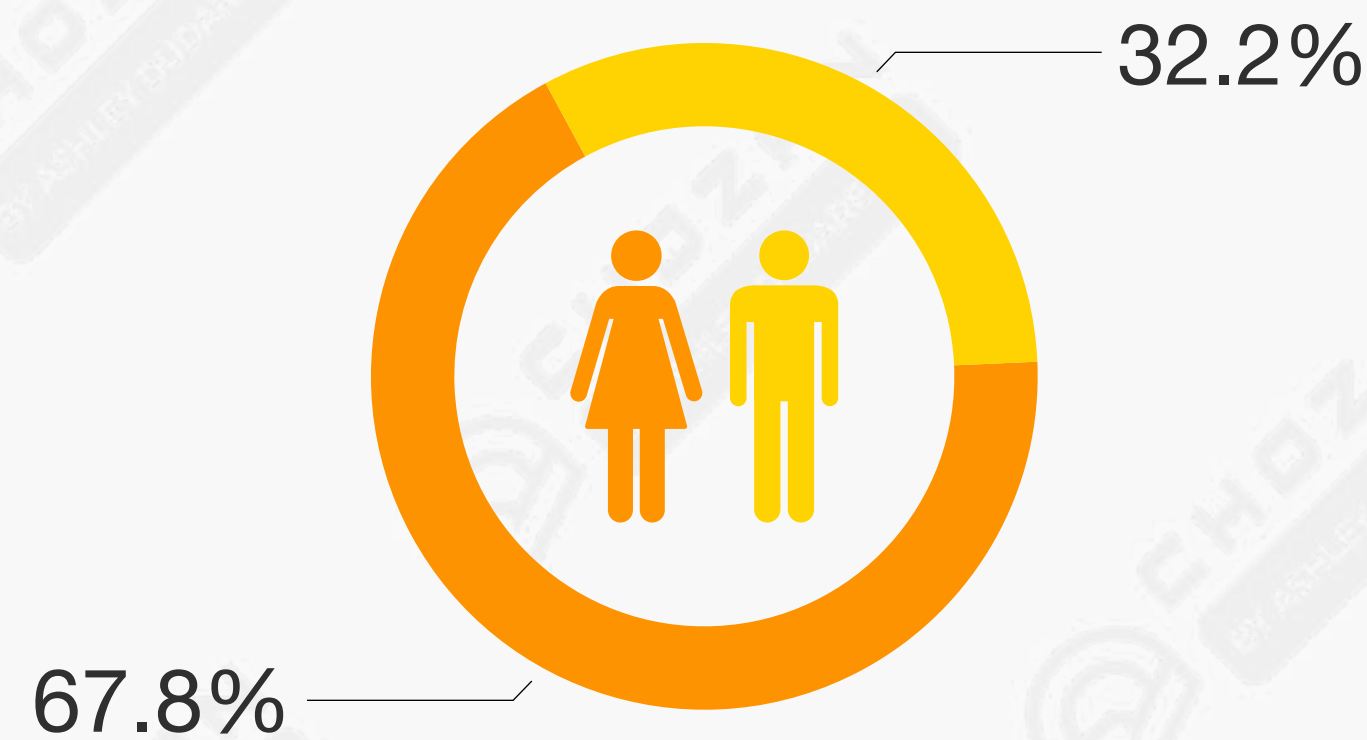


DOUBLE 11 CONSUMER PROFILE

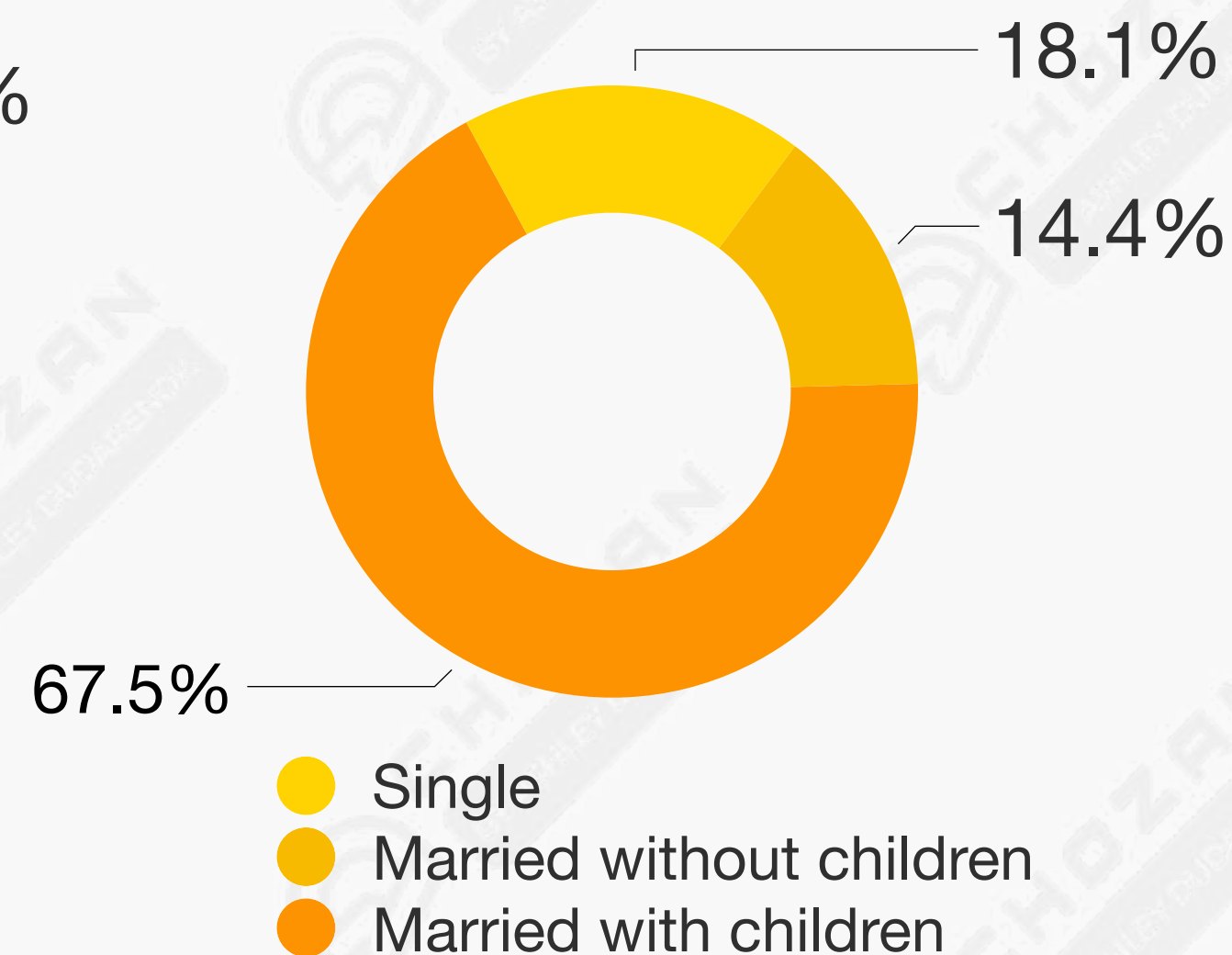
WOMEN, PARTICULARLY MID-AGED, DOMINATED SHOPPING

In 2024's "Double 11", **67.8%** of consumers were women, mainly aged 30-44 (62%), with married families with children comprising 67.5% of participants.

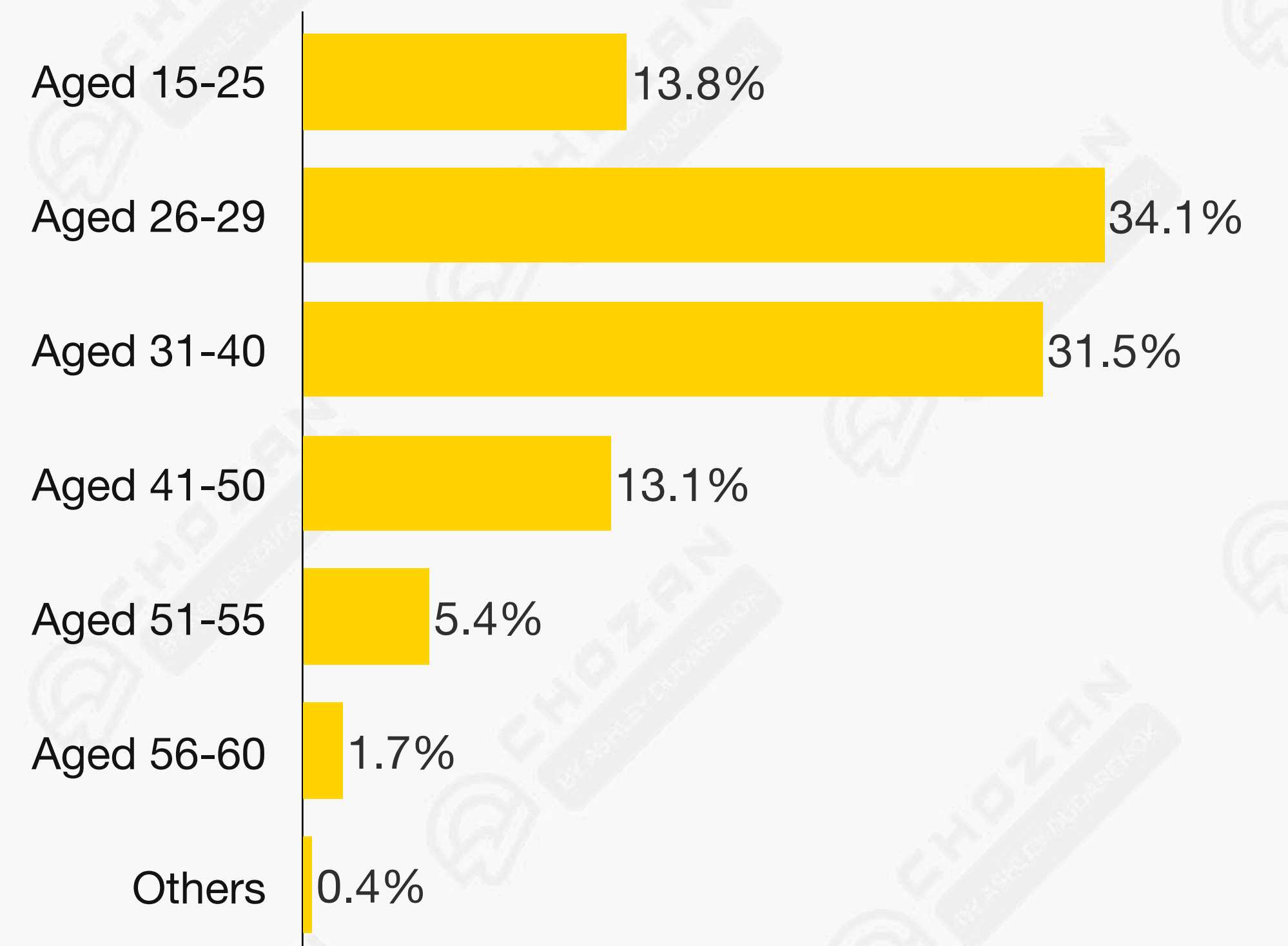
GENDER DISTRIBUTION



MARITAL STATUS



AGED DISTRIBUTION OF CONSUMERS

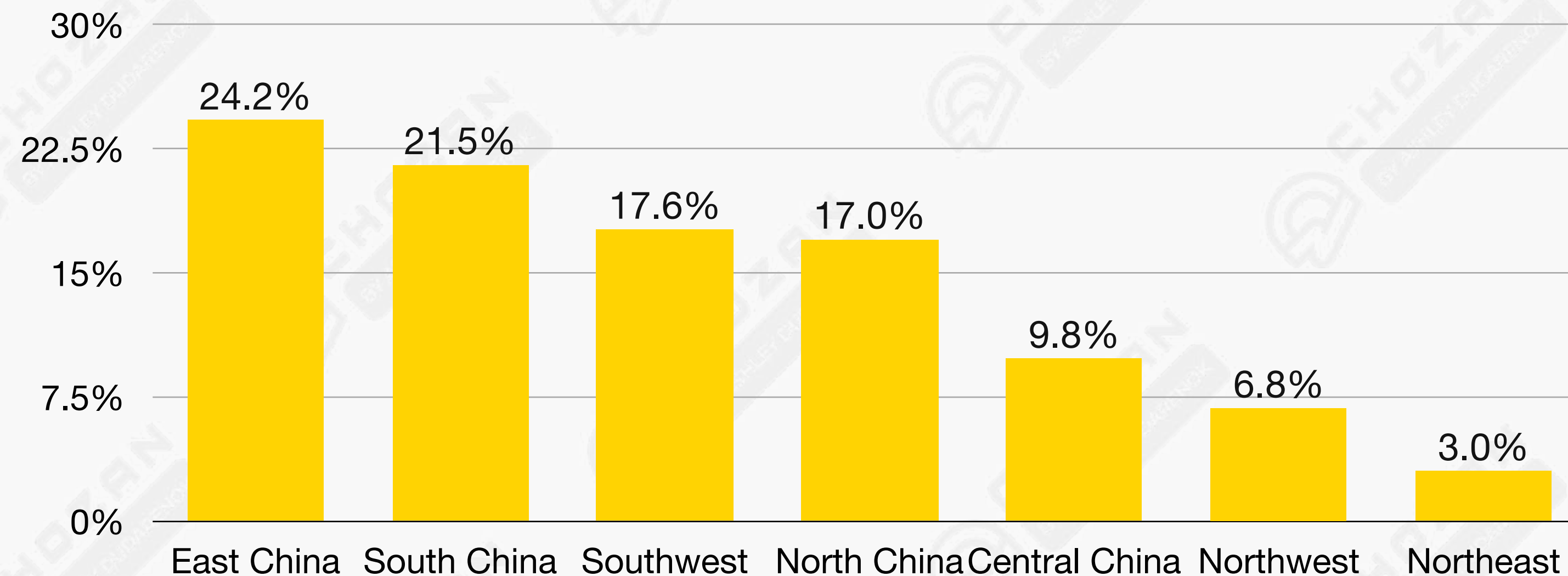


DOUBLE 11 CONSUMER DISTRIBUTION

DOUBLE 11 SHOWS STRONG REGIONAL DOMINANCE, WITH LOWER-TIER CITIES DRIVING GROWTH

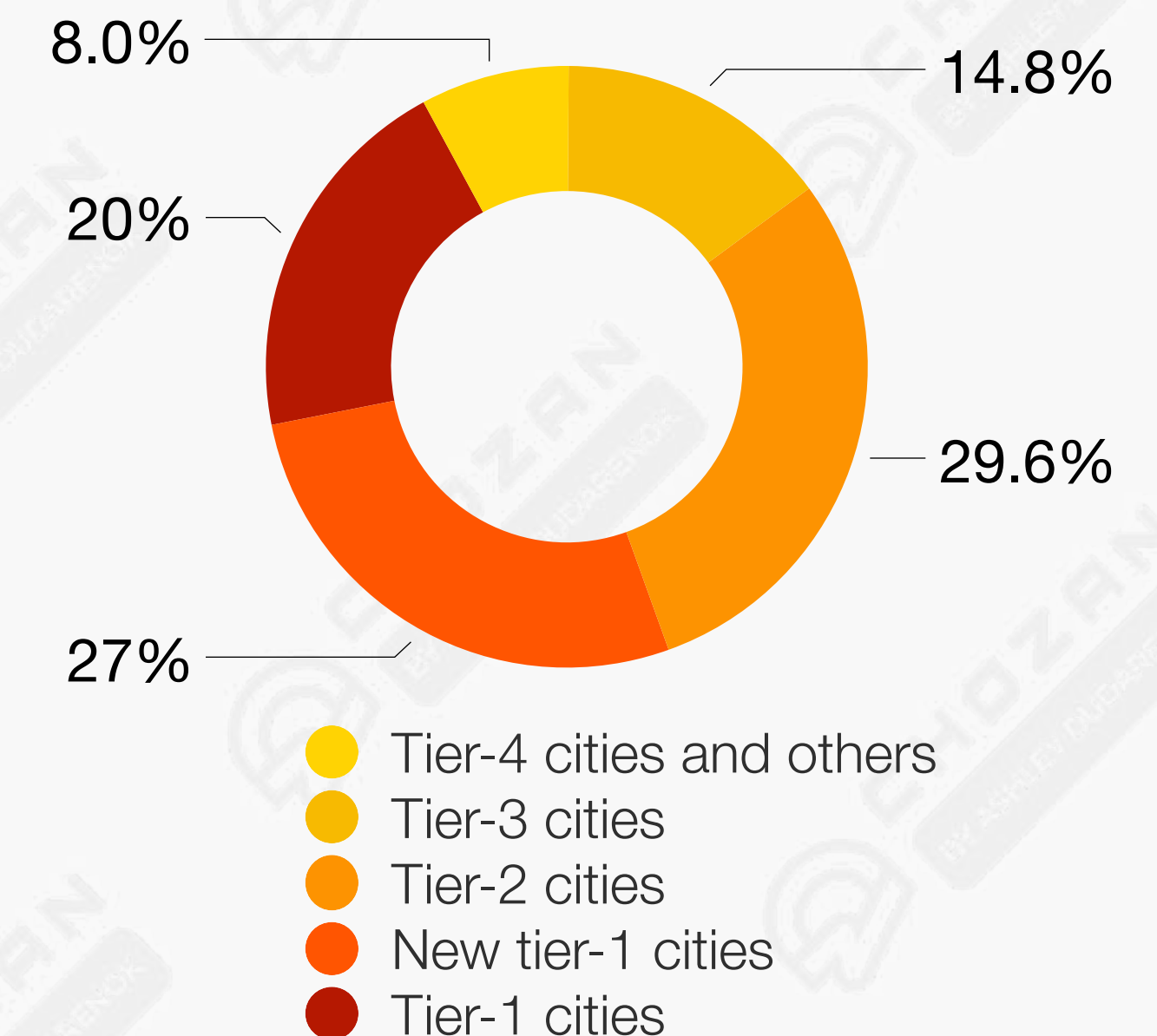
The consumer distribution reflects "regional economic dominance and tiered market expansion": East China led regionally (29.6%), followed by South China (24.2%) and Southwest China (22.5%), while Tier-4 cities and lower-tier markets drove 30% of participation —surpassing Tier-1 cities (3%)—highlighting the festival’s penetration into less urbanized areas.

REGION DISTRIBUTION OF CONSUMERS



Source: iiMedia

CITY DISTRIBUTION OF CONSUMERS



DOUBLE 11 CONSUMPTION ON TAOBAO/TMALL

TAOBAO/TMALL: ACHIEVED RECORD-HIGH GMV WITH STRONG PERFORMANCE, DRIVEN BY ITS 88VIP MEMBERSHIP SYSTEM AND EXPANDED PRODUCT LINES



NUMBER OF 88VIP MEMBERS THAT
PLACED ORDERS INCREASED

50%+



589 BRANDS MADE OVER RMB

100 MILLION

A YEAR-ON-YEAR INCREASE OF

46.5%



45 BRANDS MADE OVER

1 BILLION RMB
(~136.39 MILLION USD)

A NEW RECORD HIGH

DOUBLE 11 CONSUMPTION ON JD.COM

JD.COM: DELIVERED DOUBLE-DIGIT GMV GROWTH, LED BY 3C AND HOME APPLIANCES, SUPPORTED BY ITS "OMNICHANNEL + SUBSIDIES" STRATEGY



17,000+ BRANDS SAW THEIR SALES INCREASE BY

5X

30,000+ SMALL AND MEDIUM-SIZED MERCHANTS SAW THEIR SALES INCREASE BY

2X

TOP CATEGORIES ON JD DURING DOUBLE 11



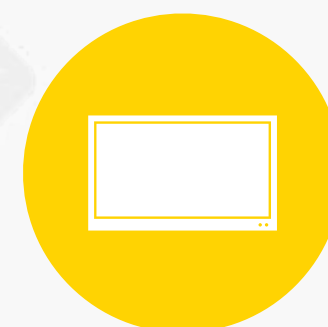
TOP 1

3C DIGITAL PRODUCTS



TOP 2

FASHION AND COSMETICS



TOP 3

HOME APPLIANCES

DOUBLE 11 CONSUMPTION ON PINDUODUO

PINDUODUO: SAW A SURGE IN ORDER VOLUME, LEVERAGING ITS "LOW-PRICE + QUALITY" STRATEGY



ORDER VOLUME IN THE FIRST ROUND

16.4 MILLION

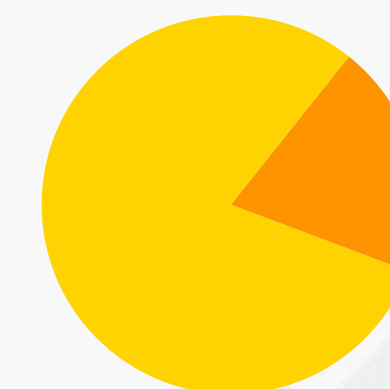
ORDER VOLUME IN THE SECOND ROUND

45 MILLION+



GMV IN THE SECOND ROUND INCREASED (COMPARED TO THE FIRST ROUND)

145%



TOP CATEGORIES IN THE SECOND ROUND

- **DIGITAL PRODUCTS (38%)**
- **FRESH PRODUCE AND FOOD (29%)**
- **BEAUTY AND PERSONAL CARE (17%)**

EXPERT BITE

Q: HOW HAS CONSUMER BEHAVIOR DURING DOUBLE 11 EVOLVED, AND WHAT DOES THIS REVEAL ABOUT SHIFTING SHOPPER PRIORITIES?

The most noticeable change has been the shift in purchasing methods - from traditional e-commerce browsing and searching to social commerce and livestreaming. While this transition has driven an increase in lower-priced purchases, consumer behavior has also evolved from price-driven decisions to more rational, value-focused shopping.

At the same time, shoppers are seeking "emotional value" -products that bring them joy, support self-improvement, or enhance personal expression. Long-standing trends, such as growing interest in hobbies, sports, outdoor activities, and pets, have become more mainstream. As a result, spending habits have become increasingly segmented and refined across various categories and scenarios.



MARK TANNER

Managing Director at
China Skinny

EXPERT BITE

Q: WHAT WAS THE MOST SUCCESSFUL PRODUCT LAUNCH IN CHINA IN 2024, AND WHAT DROVE ITS SUCCESS? HOW CAN BRANDS STAND OUT AS INTEREST IN SHOPPING FESTIVALS DECLINES?

In 2024, the Huawei Mate XT, the world's first tri-fold smartphone, was arguably the most successful new consumer product launch in China, with 3.7 million pre-orders. Its popularity can be attributed to its innovative tri-fold design, which offered a unique user experience as well as Huawei's strong national brand reputation, and effective influencer and digital marketing strategies.

We believe that the most attention grabbing strategy for brands is to create shopping festival-exclusive products and collections, like Moncler, Valentino or Burberry did during the 2024 Singles Day. One of the brands our company worked with, Jellycat, also released a limited edition romantic plush dog during Singles Day and which sold out in seconds.



GEORGE GODULA

Founder & Chairman at
Web2Asia

EXPERT BITE

Q: HOW CAN GLOBAL RETAILERS LEARN FROM CHINA'S SOCIAL COMMERCE, DIGITAL PAYMENTS, AND AI?

China is unique, turning negatives into e-commerce advantages. Its e-commerce benefits from a “last to market advantage.” Before e-commerce, China's retail infrastructure was underdeveloped, especially in 3rd and 4th tier cities, creating pent-up demand among millions. This demand accelerated growth, enhancing customer experience and innovation.

While Apple Pay captures 14% of US online payments, China never established a robust credit card system, with penetration below 20%. A government mandate for a cashless society means consumers primarily use Alipay and WeChat Pay.

China effectively uses AI-driven personalization, creating a “backwards-leaning” shopping experience. Personalization has replaced search, as consumers trust algorithms to present items rather than search themselves. This aspect could be transportable, relying on the accuracy of recommendations.



NOAH HERSCHMAN

Principal Industry Architect at
Microsoft



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FOR LATEST CHINA DIGITAL INSIGHTS**

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**SCAN THE QR CODE TO
ARRANGE A FREE CONSULTATION
ABOUT YOUR CHINA PROJECT**



PART 6

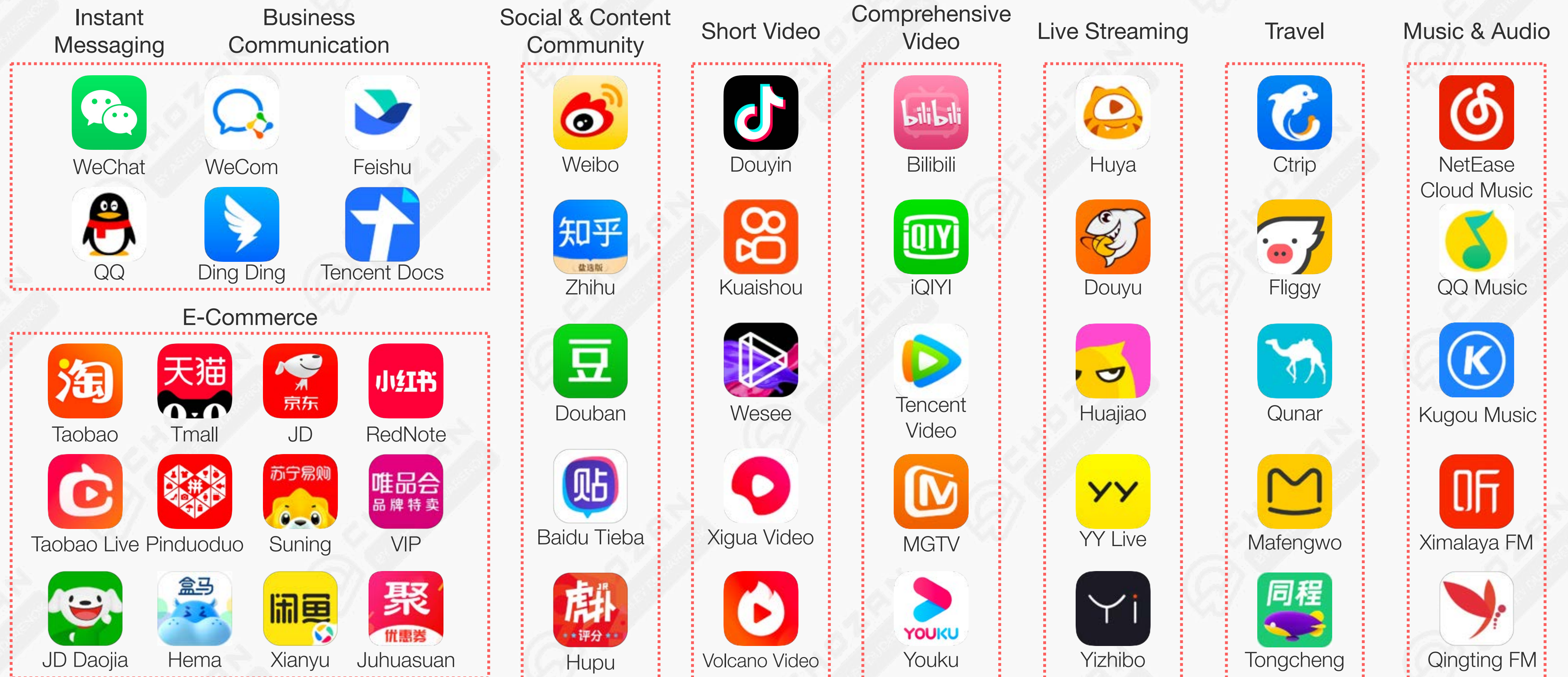
CHINA'S

MARKETING

CHINA'S DIGITAL MARKETING INSIGHTS

CHINA'S SOCIAL MEDIA

OVERVIEW OF CHINA'S SOCIAL MEDIA LANDSCAPE



CHINA'S SOCIAL MEDIA PLATFORMS

CHARACTERISTICS OF TYPICAL SOCIAL MEDIA PLATFORMS

	WECHAT	WEIBO	DOUYIN	KUAISHOU	REDNOTE	BILIBILI
DEMOGRAPHICS	Across all ages groups and locations	Post 85-00s, tier 1-3 cities	Post 70-00s, new tier-1 and lower tier cities	Post 85-00s, new tier-1 and lower tier cities	Post 90 and 00s, tier 1-3 cities	Post 90 and 00s, tier 1-3 cities
INDUSTRIES	All industries	Automotive, beauty, luxury, consumer electronics, gaming	F&B, beauty, consumer goods, clothing, consumer electronics	Automotive, consumer goods, baby & maternity, beauty, shoes & apparel	Beauty, fashion, lifestyle, home decor, pet, travel	Education, F&B, gaming, consumer electronics, automotive
CONTENT FORMATS	Texts & images, short videos, live streaming	Texts & images, trending topics, live streaming, short videos	Short videos, live streaming, playlet	Short videos, live streaming, playlet	Texts & images, short videos, live streaming	Videos, live streaming
MARKETING OPPORTUNITIES	Build trust through content sharing and marketing, deliver seamless OMO experience and loyalty programs	Share real-time updates, engaging conversations and participate in trending topics	Increase brand awareness with viral short videos and sell via embedded e-commerce	Increase brand awareness with viral short videos and sell via embedded e-commerce	Attract customers to know more about the brands and products via KOC reviews and recommendations	Advocate brand culture and value through entertaining content
ADVERTISEMENT TYPES	Interactive ads, incentive ads, cover ads, banner ads, carousel card ads	Feed ads, display ads, topic ads, search ads	Feed ads, display ads, interactive ads, search ads, influencer ads	Feed ads, display ads, search ads, live streaming ads, incentive ads	Feed ads, display ads, search ads, topic ads, influencer ads	Feed ads, display ads, search ads, video playback page, recommendation ads

DIGITAL MARKETING IN CHINA

NEXT STEPS OF DIFFERENT STAGES FOR DIGITAL MARKETING

CURRENT STAGE

NEXT STEP

IDEA STAGE

- Looking to enter China
- Have not conducted research on the China market as a whole or the designated industry there

- Set up a consultation to dig deeper into questions about China
- Take video courses to understand China's commercial landscape

RESEARCH STAGE

- Identified the target audience, competitors, best practices, brand positioning and USPs
- Have not established business in China yet

- Conduct market research to understand the audience
- Formulate China market entry strategy and come up with the brand marketing plan
- Consult TP teams to identify suitable e-commerce platforms
- Establish business in China
- Register trademark and related documents for brand launch

NEWCOMER

- Already established business in China
- Looking to kickstart marketing efforts
- Have no in-house Chinese marketing team for execution

- Set up social media accounts and e-commerce stores
- Launch campaigns to reach target audience
- Implement content marketing on digital channels to educate the audience

ESTABLISHED

- Already have an in-house Chinese team to execute daily marketing plans
- Looking to grow the brand in China and improve sales figures

- Reach a bigger audience and understand new consumer groups
- Branding update with theme campaigns
- Expand the range of social media platforms, such as niche platforms, vertical platforms, etc.

EXPERT BITE

Q: TOP THREE TIPS FOR EFFECTIVE SOCIAL MEDIA MANAGEMENT ON REDNOTE?

Expect First, understand why your audience is on Xiaohongshu. The typical Xiaohongshu user opens the platform and is looking to elevate their life in some way — whether that is staying up with the latest fashion trends, discovering the best skin care products, identifying the next dreamy travel location or getting study tips — users are searching for value, not only entertainment, ensure your content aligns.

Second, give users an irresistible occasion to create content around your brand. Whether this is through an offline location or engaging packaging, create a moment that your (potential) customer feels proud of — did they go somewhere, make something they can take a photo of, and share on Xiaohongshu? Lastly, don't confuse 'authenticity' for low-quality media, especially for premium brands. Xiaohongshu is a visual-first platform, invest accordingly.



OLIVIA PLOTNICK

Founder at Wai Social

EXPERT BITE

Q3: WHAT'S YOUR CHECKLIST ON HOW TO GROW ON REDNOTE IN 2025 STARTING FROM ZERO?

RedNote's algorithm makes it a lot easier to attract attention from strangers than WeChat's does. Do not avoid investing in RedNote. Videos can work well. Plus, short videos published on RedNote can be published on Douyin, WeChat and Bilibili as well.

If you can, turn yourself or another colleague into a niche influencer. Some people are scared to do this, but it's easier to gain traction as a real human than it is as a 'brand'. It's not intuitive, but for me, RedNote is the closest thing to LinkedIn for the purpose of hiring. It's not a dedicated professional network, but there are a lot of people on there that are in a productive mindset.



TAIT LAWTON

Founder
at Nanjing Marketing Group

EXPERT BITE

Q: HOW DID CHINESE BRANDS ADAPT THEIR BRANDING IN 2024 TO STAY COMPETITIVE?

In 2024, Chinese brands have been building competitive and differentiated brand equity through strategies centered on brand innovation, cultural exploration, and global influence.

Traditional industry brands are creating new visions and values to embrace the next wave of growth (e.g., Dongfeng Group); state-owned cultural and tourism brands are modernizing while staying deeply connected to their historical, geographical, and cultural roots, forming stronger connections with consumers (e.g., Guizhou Hotel); and Chinese brands are confidently challenging the European premium market landscape as part of their journey toward global brand recognition and influence (e.g., LONGi).

Brand development in China has never been more emphasized by corporate leaders, serving as a cornerstone for achieving phenomenal growth for Chinese companies.



VLADIMIR DJUROVIC

CEO of Labbrand Group

EXPERT BITE

Q: WHAT LESSER-KNOWN STRATEGIES CAN DELIVER MEASURABLE RESULTS FOR BRANDS STARTING SEO IN CHINA?

While obtaining an ICP license and local hosting are well-known, running a monolingual Chinese website is often overlooked factor for Baidu SEO. Multilingual sites can perform well but require much more effort to optimize for this monolingual search engine, which prioritizes native content.

Then integrating content into Baidu's ecosystem is also critical. Platforms like Baike, Zhidao, and Baijiahao dominate search results and are favored by Baidu's algorithms. Contributing authoritative content to these platforms boosts visibility and positions the brand in prime search result spaces, exposing it to a broader audience.



MARCUS PENTZEK

Director SEO at
Jademond Digital

CHINA'S KOL INSIGHTS AND STRATEGIES

UNLOCKING THE POWER OF KEY OPINION LEADERS
BRAND SUCCESS

CHINA'S KOL MARKET OVERVIEW

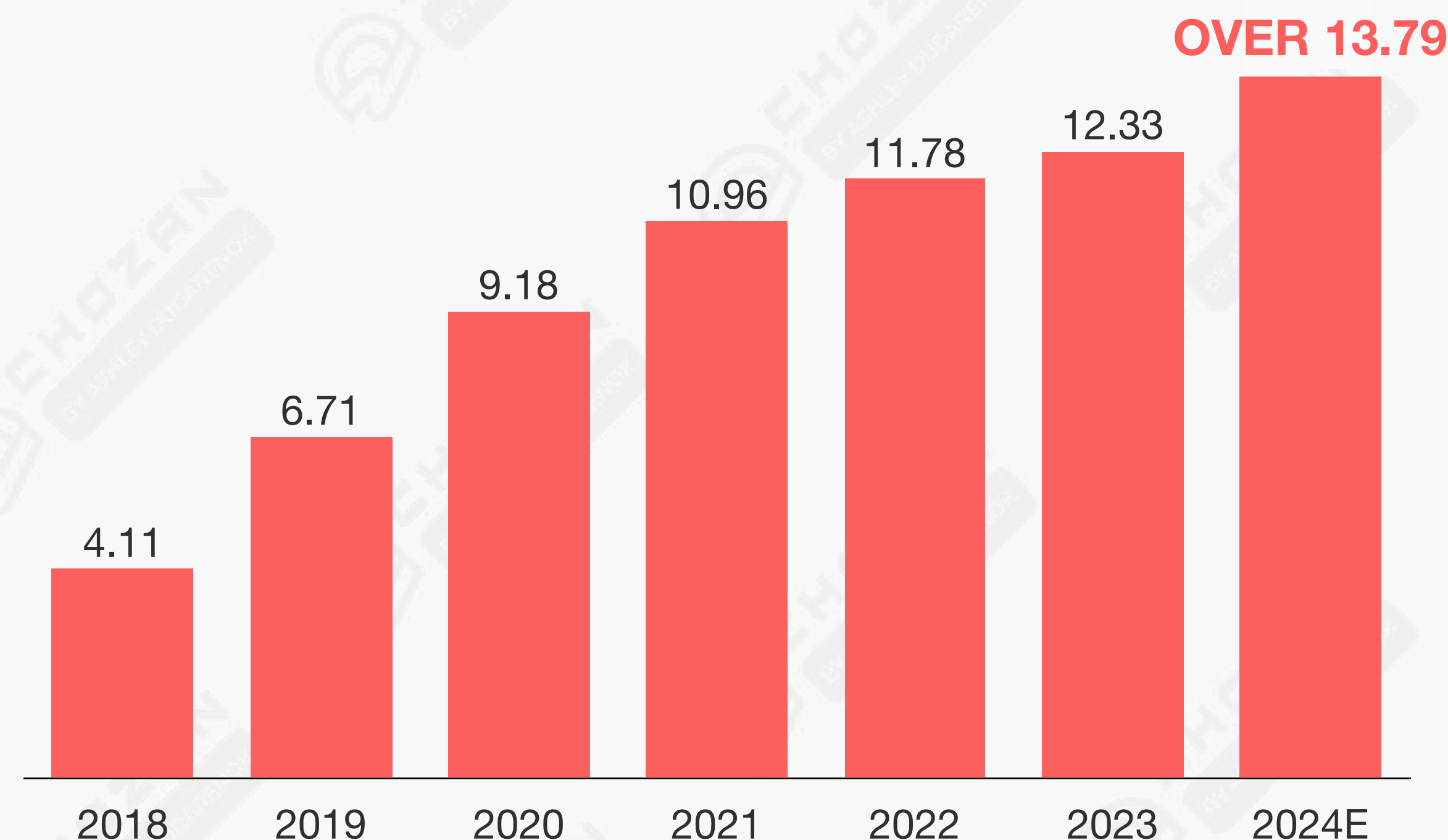
CHINA'S KOL MARKET IS RAPIDLY GROWING, WITH BRANDS PRIORITIZING SHORT VIDEOS AND SOCIAL MEDIA

Being the top category of advertising spending, the KOL market size is significantly growing to 90 billion RMB in 2023 and is estimated to top **100 billion RMB** (about 13.79 billion USD) in 2024. According to the survey, invest in KOL marketing, Short video marketing, and official social media account operation are the top 3 focus for brands.

TOP 3 FOCUS FOR BRAND MARKETING

- TOP 1**
KOL MARKETING
- TOP 2**
SHORT VIDEO MARKETING
- TOP 3**
OFFICIAL SOCIAL MEDIA ACCOUNT

KOL MARKET SIZE FROM 2018-2024E
(IN USD BILLION)



CHINA'S KOL CLASSIFICATION

It is commonly assumed that there are five tiers of KOLs (Key Opinion Leaders) on Chinese social media.

Tier 1 consists of top KOLs, Tier 2 includes Macro KOLs, Tier 3 covers Mid-tier KOLs, Tier 4 refers to Micro KOLs, and Tier 5 is made up of KOCs (Key Opinion Consumers). On platforms like Weibo, a Top KOL is defined as someone with more than 10 million followers.

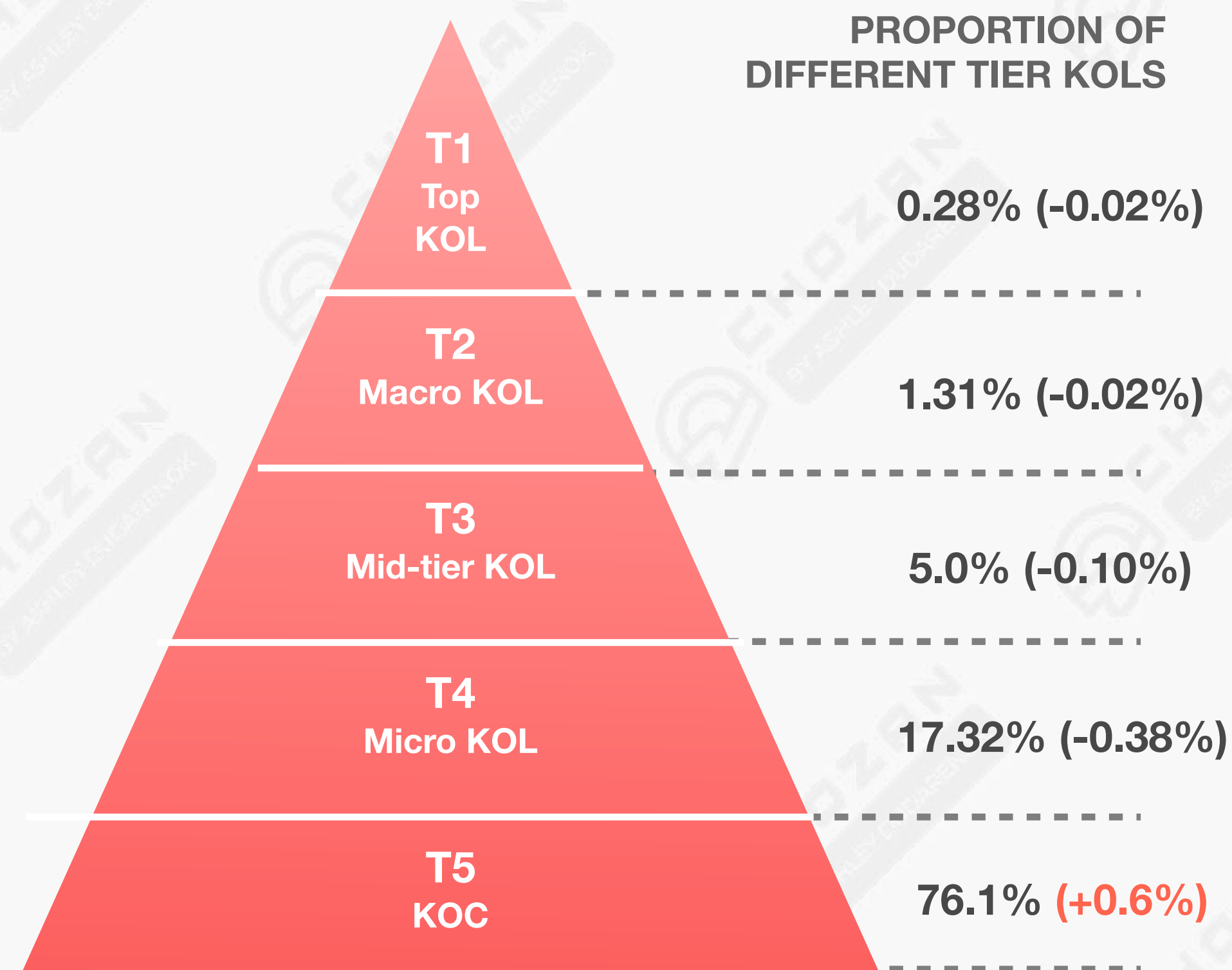
NUMBER OF KOLS BY TIERS

			 	
T1 >10M	T1 >100k	T1 >1M	T1 >5M	T1 >1.5M
T2 5M-10M		T2 500k-1M	T2 2M-5M	T2 1M-1.5M
T3 1M-5M	T2 60k-100k	T3 200k-500k	T3 500k-2M	T3 600k-1M
T4 100k-1M	T3 20k-60k	T4 50k-200k	T4 100k-500k	T4 200k-600k
T5 10k-100k	T4 0.5k-20k	T5 5k-50k	T5 10k-100k	T5 5k-200k

CHINA'S KOL GROWTH



In 2024, the total number of KOLs saw a increase by 14% year of year. Among the 5 tiers of KOL (KOC/Micro/Mid-tier/Macro/Top), the number of KOCs increased by 0.6% which kept the highest growth rate.

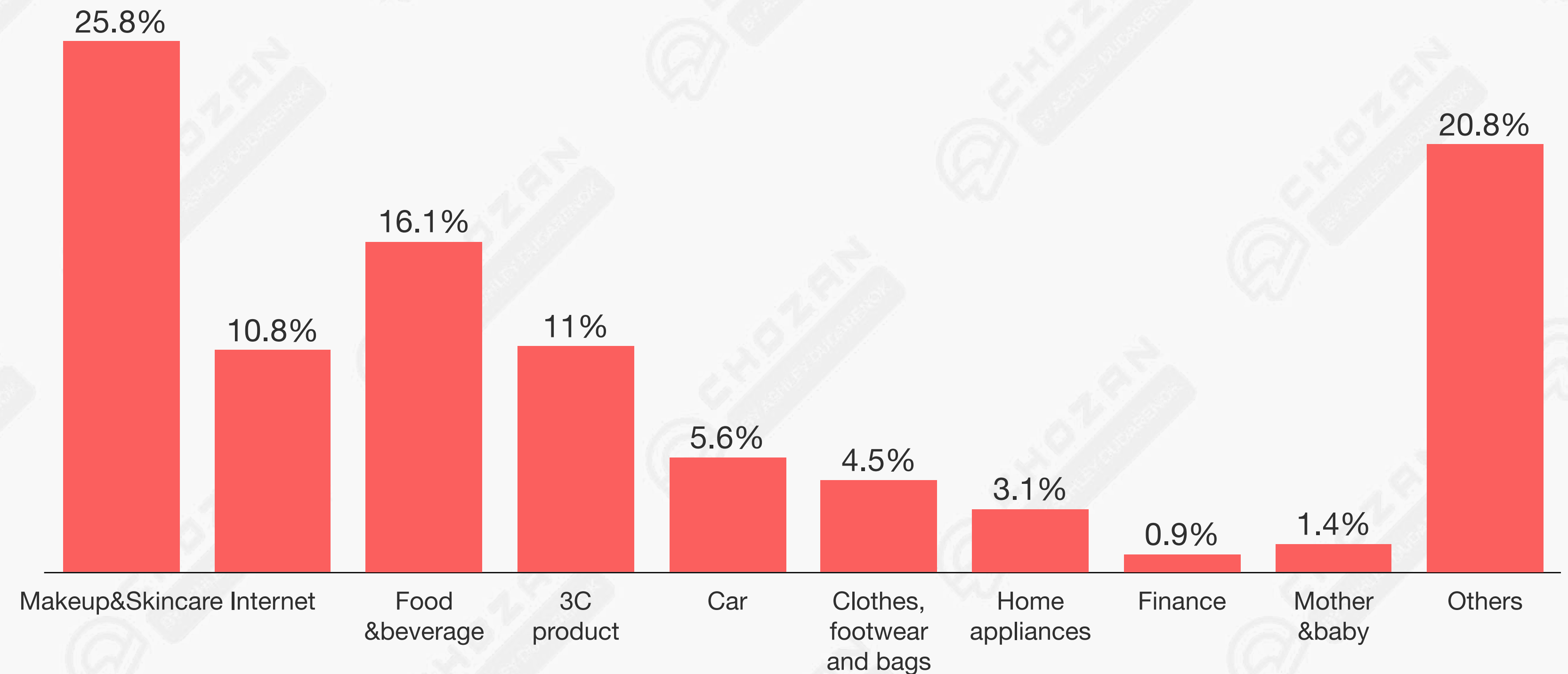


CHINA'S KOL INVESTMENT BY INDUSTRY

KOL INVESTMENTS ARE PRIMARILY FOCUSED ON MAKEUP, SKINCARE, AND INTERNET SECTORS

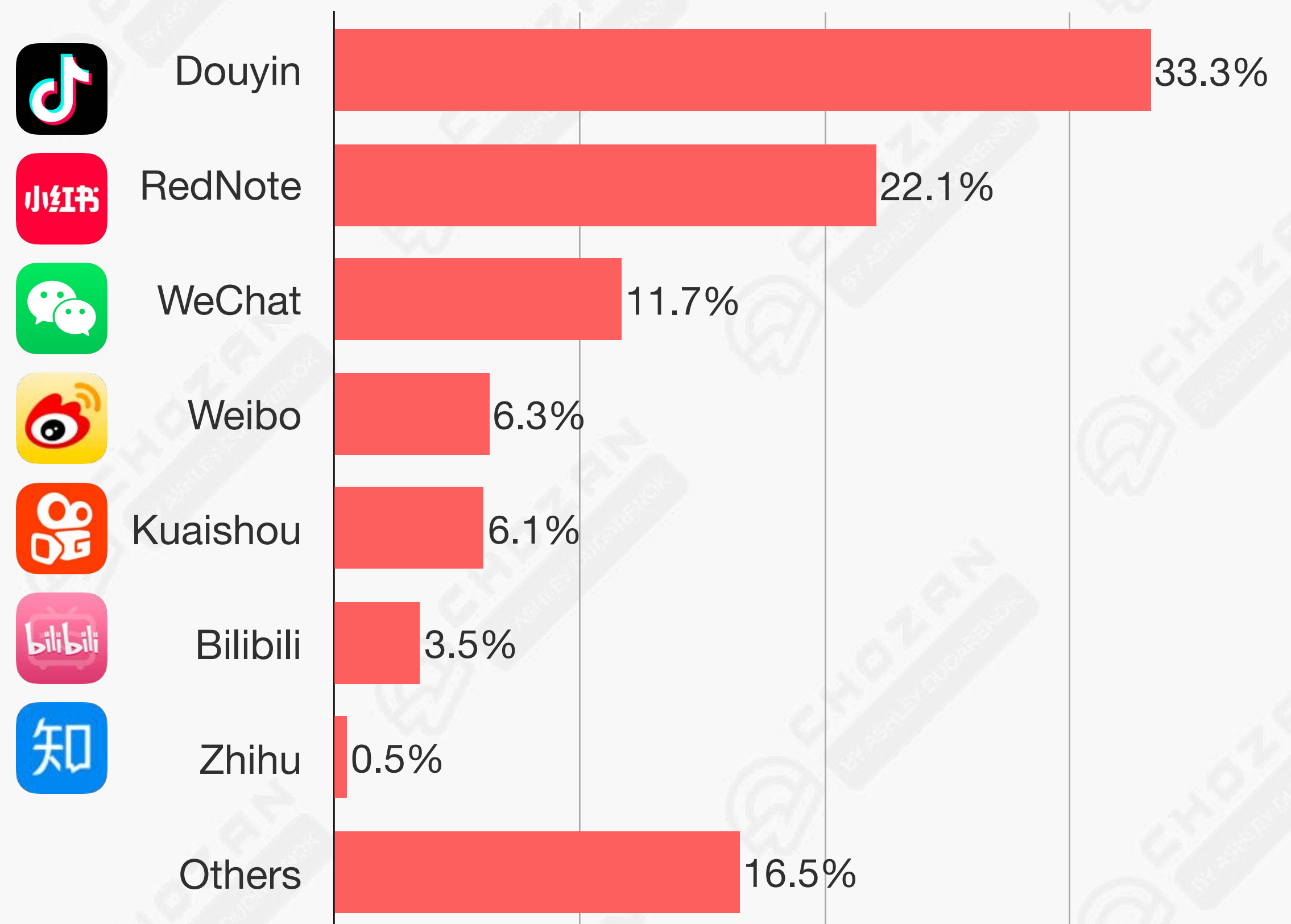
TOP 10 KOL INVESTMENT BY DIFFERENT INDUSTRIES

The KOL investment focus on the makeup & skincare, internet, and food&beverage industry, making up **52.7%** among all industries.



Looking at the overall landscape of KOL investment, advertisers prefer **Douyin** and **RedNote** the most, with increasing amount injected into those platforms. The following three are WeChat, Weibo and Kuaishou.

KOL INVESTMENT PROPORTION ON DIFFERENT PLATFORMS



CHINA'S KOL OPERATION BY PLATFORM



Types of KOLs present a healthy normal distribution, with a large number of KOLs. Advertisers have a good commercial understanding of KOLs on both platforms. **The commercial ecosystem is relatively mature.**



While maintaining the absolute advantages in **automobiles and 3C digital products**, advertisers have increased their attention to vertical fields such as celebrities, sports, and games, and empower marketing with **trending topics**.



Native KOLs have helped boost the potential growth of WeChat Channel. In addition, WeChat's **KOL growth system** and **advertising mutual selection platform** have brought more investment.



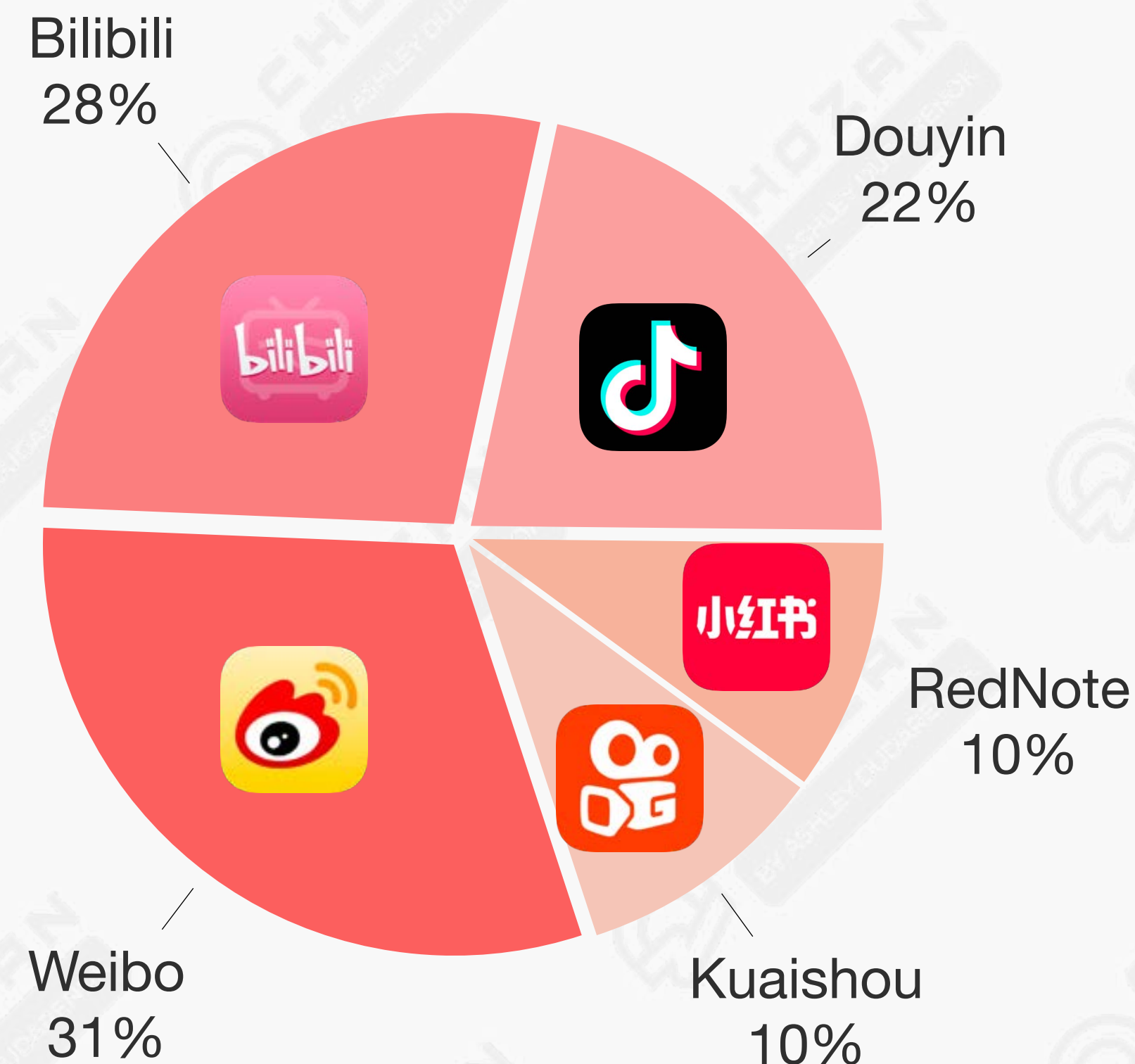
Focus on the penetration into **lower-tier markets**, support grassroots creators, and foster unique KOLs with communities and bonds between users. Advertisers' investment amount has risen by **2% year on year**.

CHINA'S NEW KOL - VIRTUAL HUMANS

With the sound development of AIGC, the commercial value of virtual humans has also rapidly soared. According to data, the number of virtual humans has increased by **292%** compared to last year.

Weibo and **Bilibili** are the main platforms for the development of virtual humans, accounting for nearly 70%, with respective shares of 31% and 28%. Currently, the virtual human presence on major platforms is primarily concentrated in the T4 and T5 (i.e. Micro KOL and KOC).

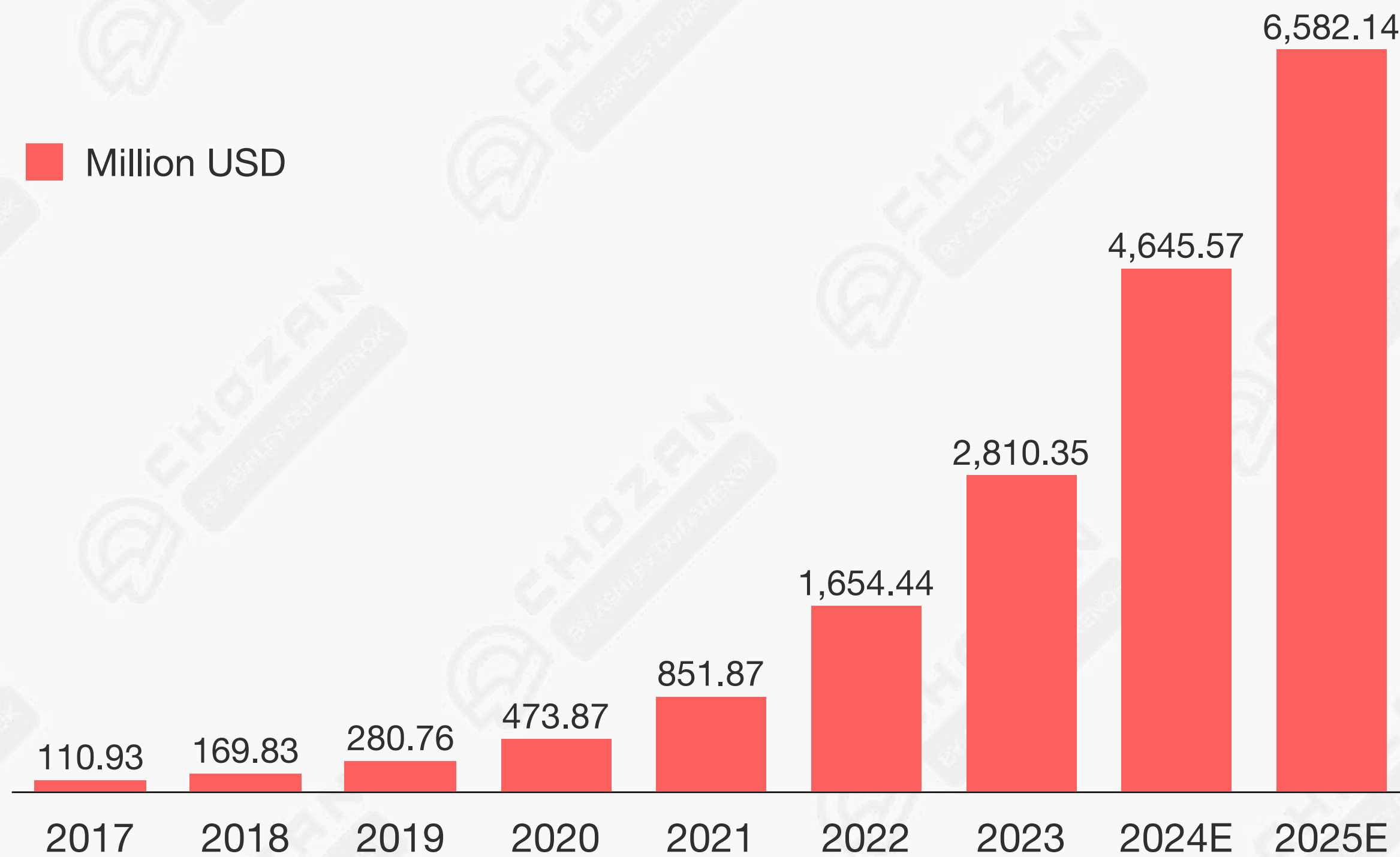
DISTRIBUTION OF VIRTUAL HUMANS ON SOCIAL MEDIA PLATFORMS



2017-2025 CORE MARKET SIZE OF VIRTUAL HUMANS

In 2024, the core market for virtual humans in China was valued at about 4,645.57 million USD, and it is expected to reach about **6,582.14 million USD by 2025**.

Virtual humans can effectively drive **content creation** and **peripheral products**, enabling continuous development of new trends in line with societal shifts. This suggests that the industry will maintain stable growth over the coming years.



1.0 VIRTUAL SINGERS



Luo Tianyi: A Chinese VOCALOID, China's biggest virtual idol.

2.0 VIRTUAL IDOLS



WXWZ boy group: a virtual boy group developed by TiMi Studio. It is based on their IP, Honor of Kings.

Ye Xiu: An Esports player of Glory. Awarded as "Most Popular Virtual drama Idol" in 2022

3.0 HYPER-REALISTIC VIRTUAL KOL



AYAYI: Was created in May of 2021 as first "meta-human" in China.

Ling: China's First AI Virtual Influencer, launched in May 2020.



VIRTUAL DOPPELGÄNDER - XIAO SA



In the Spring Festival Web Gala Show, Chinese state media (CCTV) introduced a **virtual doppelgänger** of host Sa Beining, nicknamed “Xiao Sa,” to co-host the event. While his appearance and gestures were impressively lifelike, he talked in a noticeably robotic timbre.

LIFELIKE VIRTUAL HOST - AI WANG GUAN



“AI Wang Guan,” based on the financial commentator Wang Guan, with **supernatural voice and expressions**, was the host and appeared in the same frame with financial commentator Wang Guan to interpret a series of policies and plans in this year’s National Two Sessions.



JD.COM



AI CEO Liu Qiangdong

VIRTUAL CEO OF JD IN LIVE STREAMING

In April, JD.com introduced an AI digital representative of its founder, Richard Liu (Qiangdong Liu), nicknamed “**procurement and sales manager Brother Dong** (采销东哥).”

The digital representative almost perfectly replicates Liu’s facial expressions, body language, gestures, and voice, capturing even the subtlest movements of his fingers. Behind this technology is **JD Cloud’s ChatRhino**, an advanced large language model (LLM) that brings the avatar to life.

20 MILLION+

VEWS WITHIN THE FIRST HOUR IN THE LIVE STREAMING

50 MILLION RMB

(~6.85 MILLION USD)

IN SALES THROUGHOUT THE LIVE STREAMING

7.6X

OVERALL ORDER VOLUME INCREASED COMPARED TO LAST WEEK

EXPERT BITE

Q: WHAT ARE THE 2024 KOL MARKETING TRENDS IN TRAVEL, AND HOW SHOULD BRANDS ADAPT FOR 2025?

For tourism destinations and hospitality brands in China and beyond, integrating KOL strategies is no longer optional—it's essential, and I see the same trend continuing the coming years. These KOLs craft niche-specific content, including articles, videos, and live streams, and the impact transcends conventional advertising boundaries.

I see more freedom given to influencers to act as ambassadors for both tourism destinations and luxury hotels, promoting through unique travel experiences. People look to and trust influencers online to give real, personal reviews and tell them what is good - this is a market that has exploded over the last five years. Remember there was even a whole "China Travel" craze/ campaign last year, though I do encourage people to have a look at the pre-COVID tourism numbers to get the full picture ;).



DIETER VANONCKELEN

Foreign KOL & Founder of
HeyChina Media Group

EXPERT BITE

Q: VIRTUAL KOLS STILL RELEVANT IN CHINA? HOW DO CONSUMERS PERCEIVE THEM?

Virtual KOLs continue to hold relevance in niche markets, especially among younger audiences. However, the bar has been raised - they must now deliver substance and avoid being perceived as gimmicky. Rather than replacing their more relatable human counterparts, virtual KOLs will most commonly complement them by offering scalability.

They enable brands to conduct cost-efficient, around-the-clock livestreaming while mitigating the risks associated with real-life influencers. The successful virtual KOLs will be those that consistently deliver quality, align with the brand's ethos, tell compelling stories, appear authentic, and forge genuine connections with their audience. They are particularly well-suited for communications centered on innovation, technology, and future-forward narratives.



MARK TANNER

Managing Director at
China Skinny

EXPERT BITE

Q: WHAT ARE CHINA'S RECENT SUSTAINABILITY ATTITUDE TRENDS, AND HOW MIGHT THEY EVOLVE BY 2025?

In China, environmental concerns have typically centered on visible impacts like air and water pollution. However, climate change became impossible to ignore in 2024, as the country experienced devastating flooding, record-high temperatures, and drought. As a result, fears regarding personal health and safety are expected to rise in 2025.

Key opinion leaders (KOLs) such as Li Ziqi (李子柒), Huang Wei (黄薇), and Yuan Jiajie (袁佳杰) are guiding the public towards a positive adaptation to climate challenges. They promote a deeper connection with nature, traditional practices, and sustainable living. This desire to reconnect with nature aligns with a broader trend of returning to traditional Chinese lifestyles. Influencers in wellness and spirituality advocate Daoist philosophies that emphasize harmony with nature through practices like meditation, tai chi, and the creation of green spaces in urban settings. Their influence resonates particularly with those seeking to escape the fast-paced urban life of modern China.



PEGGY LIU

Chairperson at Joint US China
Collaboration on Clean Energy

EXPERT BITE

Q: HOW CAN NICHE BRANDS IN CHINA BEST WORK WITH MICRO-INFLUENCERS AND KOCS?

Given that 87% of consumers aged 16-24 engaged in social commerce in 2024, up from 83% in 2023, authenticity and seamless integration are paramount to successful collaborations. Working with micro-influencers is challenging, as finding the right fit is crucial.

What should a brand consider when choosing a niche influencer? There are always numbers <...> Not just followers, but engagement percentage and conversion rate of online sales. The days of needing only 10,000 followers to become a capable KOL are gone. Brands must also examine the community around the KOL to ensure the fan base fits their buyer persona.

Finally, content alignment is essential <...> Many businesses focus solely on numbers without considering content. The KOL's content needs to be "on-brand." If it diverges too much and the brand tries to force adaptation, the project will likely fail. Viewers are more sensitive than ever to changes in content <...> They dislike brand deals unless they make perfect sense.



DRAGOS CACIO

CEO & Digital Strategist at
Crelong Media

CHINA MARKETING CALENDAR 2025

KEY DATES AND STRATEGIES FOR BRANDS
TO THRIVE

EDITORIAL CALENDAR

JANUARY 2025

JANUARY

Buzzwords and key themes to pay attention to:

- **New Year's Day:** holiday, life, new year,
- **Spring Festival:** getting together, family reunion, Spring Festival Gala
- **Ali Spring Festival's Shopping Festival:** discounts, time-limited offering

S	M	T	W	T	F	S
			1 New Year's Day	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28 Spring Festival Eve	29 Spring Festival	30	31	

EDITORIAL CALENDAR

CREATIVE REFERENCES

Spring Festival celebration
and promotion



Screenshot of Douyin's TVC with actor Fan Wei featuring the father, promoting its Spring Festival shopping event

JANUARY



Screenshot of Oreo interactive games of drawing lucky lots for next year in WeChat mini program

EDITORIAL CALENDAR

FEBRUARY 2025

FEBRUARY

Buzzwords and key themes to pay attention to:

- **Beginning of Spring:** hope, recovery, new life
- **Lantern Festival:** end of spring festival, family
- **Valentine's Day:** the romance economy, gifts, roses, dinners, hotels

S	M	T	W	T	F	S
						1
2	3 <i>Beginning of Spring</i>	4	5	6	7	8
9	10	11	12 <i>Lantern Festival</i>	13	14 <i>Valentine's Day</i>	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

EDITORIAL CALENDAR

CREATIVE REFERENCES

Valentine's Day promotion



Screenshot of Nayuki's limited products in the theme of Le Petit Prince

FEBRUARY



Screenshot of Tmall Supermarket x Douban group "persuasion report" and coupons for Valentine's Day

EDITORIAL CALENDAR

MARCH 2025

MARCH

Buzzwords and key themes to pay attention to:

- **Women's Day:** women power, feminism, queen's festival
- **Arbor Day:** environment protection, eco-friendly, ESG, carbon deduction
- **World Consumer Rights Day:** food safety, corporate social responsibility

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8 <i>Women's Day</i>
9	10	11	12 <i>Arbor Day</i>	13	14	15 <i>World Consumer Rights Day</i>
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

EDITORIAL CALENDAR

CREATIVE REFERENCES

Women's Day promotion and women's rights



Screenshot of Ding Ding's campaign - "Li Jia is Really a Jia" (meaning that women should take days off when they have periods every month)

MARCH



Screenshot of QUADHA's campaign - Women Power

EDITORIAL CALENDAR

APRIL 2025

APRIL

Buzzwords and key themes to pay attention to:

- **Fool's Day:** prank, surprise, fun, humor, tricks
- **Tomb Sweeping Day:** remembrance, ancestry, cultural reflection, family bonding
- **World Health Day:** wellness for all, healthy habits, nutrition, fitness
- **Earth Day:** environment protection, carbon offset, green energy
- **World Book Day:** knowledge, reading, education

S	M	T	W	T	F	S
		1 Fool's Day	2	3	4	5 Tomb Sweeping Day
6	7 World Health Day	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22 Earth Day	23 World Book Day	24	25	26
27	28	29	30			

EDITORIAL CALENDAR

CREATIVE REFERENCES

Earth Day Campaigns

Screenshot of Starbucks
“Tomorrow Latte”
campaign, give free
Caramel Mousse Latte
with oat milk to customers

YOU ARE INVITED
“明日的拿铁”
10天百万交接计划

星巴克准备了100万杯免费的燕麦植物基咖啡
邀请同样爱地球的你们来接力这杯对明天好的咖啡

4/12
4/21

1
把明天交给今天
在星巴克APP/微信小程序的啡快或专星送，
购买指定GOODGOOD星善食系列产品，
我们将送你一杯“明日的拿铁”
(焦糖慕斯燕麦拿铁) OATLY!

2
将它转送给亲友，
完成一次明日交接计划
成为“百万分之一”，
还有一份感谢礼在
4/22地球日等你开启

加入 #明日交接式# 接住 这杯明日的拿铁

活动详情请访问星享星或进店咨询 ©2022 Starbucks Corporation

APRIL



Screenshot of Xianyu's
Recycle Machine- customers
could get a blind box for
putting idle items there

EDITORIAL CALENDAR

MAY 2025

MAY

Buzzwords and key themes to pay attention to:

- **Labour Day:** holiday, relaxation, work-life balance, rejuvenation
- **International Youth Day:** youth power, innovation
- **Mother's Day:** mother, gratitude, maternal love
- **Food Festival:** foodie, delicious food
- **Network Valentine's Day:** confession, love, gifts
- **Dragon Boat Festival:** Zongzi, dragon boat, cultural heritage

S	M	T	W	T	F	S
				1 Labour Day	2	3
4 International Youth Day	5	6	7	8	9	10
11 Mother's Day	12	13	14	15	16	17 Food Festival
18	19	20 Network Valentine's Day	21	22	23	24
25	26	27	28	29	30	31 Dragon Boat Festival

EDITORIAL CALENDAR

CREATIVE REFERENCES

Mother's Day Campaign

Screenshot of Starbucks
"Tomorrow Latte"
campaign, give free
Caramel Mousse Latte
with oat milk to customers



MAY

Dragon Boat Festival



Screenshot of McDonald's cooperation
with an ancient village in Guangzhou to
hold a Dragon Boat Competition

EDITORIAL CALENDAR

JUNE 2025

JUNE

S	M	T	W	T	F	S
1 Children's Day	2	3	4	5	6	7 NCEE
8 NCEE	9	10	11	12	13	14
15 2025 FIFA Club World Cup Father's Day	16	17	18 6.18 Shopping Festival	19	20	21
22	23	24	25	26	27	28
29	30					

Buzzwords and key themes to pay attention to:

- **Children's Day:** innocence, childhood, joy
- **National College Entrance Examination (NCEE):** examinations
- **2025 FIFA Club World Cup:** sports, football legends, clubs
- **Father's Day:** fatherly love, gifts
- **6.18 Shopping Festival:** discounts, presale, live streaming

EDITORIAL CALENDAR

CREATIVE REFERENCES

JUNE

Children's Day Campaign



Screenshot of Tempo's edition-limited peripherals on Children's Day - a day not only for kids but also adults with a childlike heart

6·18 Shopping Festival

Tmall Global launched localized advertisement with International brands



EDITORIAL CALENDAR

JULY 2025

JULY

Buzzwords and key themes to pay attention to:

- **The CCP Anniversary:** mainstream theme, red spirit, patriotism, national progress
- **World Emoji Day:** emojis, icons, expressions
- **International Friendship Day:** friendship, celebration

S	M	T	W	T	F	S
		1 The Chinese Communist Party Anniversary	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17 World Emoji Day	18	19
20	21	22	23	24	25	26
27	28	29	30 International Friendship Day	31		

EDITORIAL CALENDAR

CREATIVE REFERENCES

CCP Anniversary

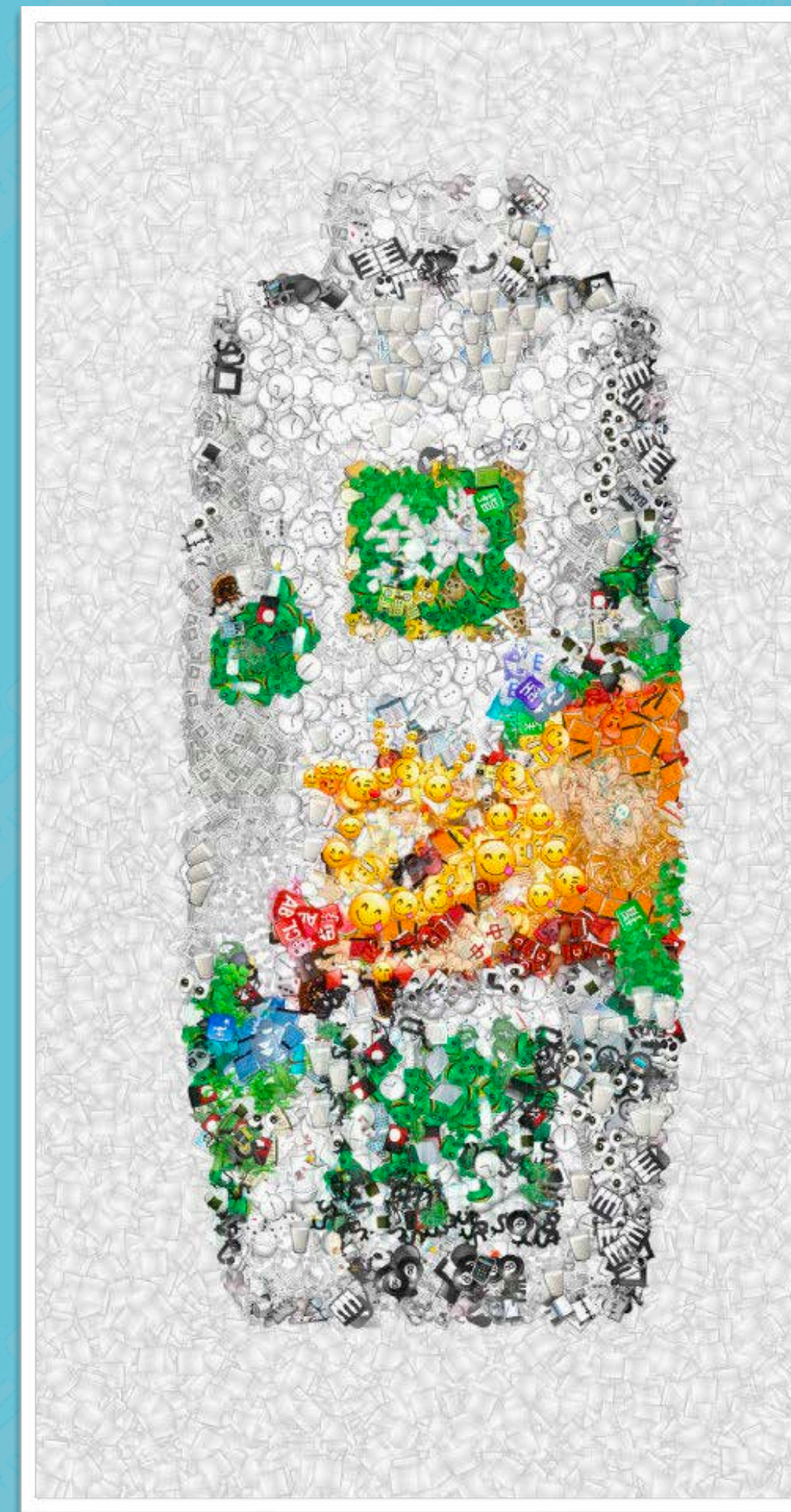
Screenshot of staff from Meng Niu, who are also the CCP member did volunteer work during pandemic



JULY

World Emoji Day

Screen shot of weibo post of the Liquid milk brand Satine from Yili on World Emoji Day



EDITORIAL CALENDAR

AUGUST 2025

AUGUST

Buzzwords and key themes to pay attention to:

- **Army Day:** military honor, heroes, patriotic duty
- **Liqiu (Start of Autumn):** harvest time, seasonal change
- **Qixi (Chinese Valentine's Day):** love, affection, romance

S	M	T	W	T	F	S
					1 Army Day	2
3	4	5	6	7 Liqiu (Start of Autumn)	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29 Qixi (Chinese Valentine's Day)	30
31						

EDITORIAL CALENDAR

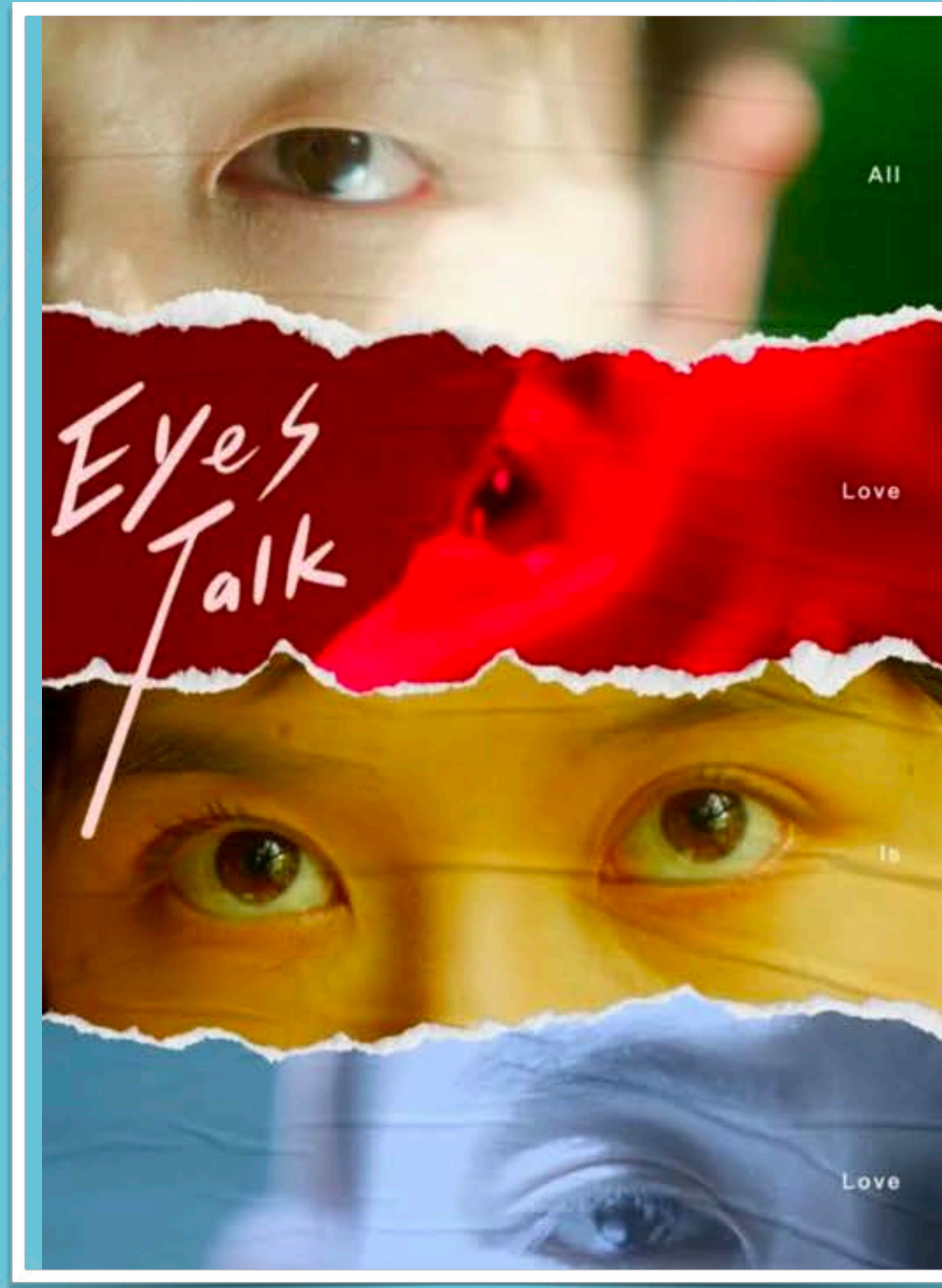
CREATIVE REFERENCES

AUGUST

Chinese Valentine's Day



Screenshot of Meituan's collaboration with Liu Yifei to promote its flowers delivery on Qixi



Screen shot of Budweiser "Eyes Talk" campaign during Chinese Valentine's Day

EDITORIAL CALENDAR

SEPTEMBER 2025

SEPTEMBER

Buzzwords and key themes to pay attention to:

- **The First Day of School:** new beginnings, fresh start, back to school
- **Teachers' Day:** guidance, mentorship, celebrating educators
- **National Tooth Care Day:** tooth health, dental hygiene, oral care
- **Qiu Fen (Autumn Equinox):** crab, equal day and night

S	M	T	W	T	F	S
	1 The First Day of School	2	3	4	5	6
7	8	9	10 Teacher's Day	11	12	13
14	15	16	17	18	19	20 National Tooth Care Day
21	22	23 Qiu Fen (Autumn Equinox)	24	25	26	27
28	29	30				

EDITORIAL CALENDAR

CREATIVE REFERENCES

Mid-Autumn Festival



Screenshot of a special dream night animation for the Mid-Autumn Festival made by Shanghai Animation Film Studio and Pokemon

SEPTEMBER



Screen shot of BEAST Mid-autumn Festival special designed products

EDITORIAL CALENDAR

OCTOBER 2025

OCTOBER

Buzzwords and key themes to pay attention to:

- **National Day:** golden week, travel, consumption
- **Mid-Autumn Festival:** moon cake, enjoy the glorious full moon, family reunion
- **World Day for the Eradication of Poverty:** donate, care for others, saving
- **Halloween:** parties and hang-outs, costume

S	M	T	W	T	F	S
			1 National Day	2	3	4
5	6 Mid-Autumn Festival	7	8	9	10	11
12	13	14	15	16	17 World Day for the Eradication of Poverty	18
19	20	21	22	23	24	25
26	27	28	29	30	31 Halloween	

EDITORIAL CALENDAR

CREATIVE REFERENCES

OCTOBER

Halloween

Mid-Autumn Festival



Screenshot of collaboration between China Minsheng Bank and Sam's Club - use word play and pun to promote credit cards for the Mid-Autumn Festival



Screenshot of Li Auto's AI-generated TVC centered on the Halloween theme

EDITORIAL CALENDAR

NOVEMBER 2025

NOVEMBER

Buzzwords and key themes to pay attention to:

- **Double 11 Shopping Festival:** the biggest online promotion, discounts, stockpile
- **Thanksgiving Day:** gratitude, family time, turkey feast, togetherness
- **Black Friday:** discounts, import products

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11 Double 11 Shopping Festival	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27 Thanksgiving Day	28 Black Friday	29
30						

EDITORIAL CALENDAR

CREATIVE REFERENCES

Double 11 shopping festival campaign



Screenshot of different brands' creative posts based on Tmall's logo - cat, showing their active participation in the Double 11

NOVEMBER



Screenshot of Tmall 2024 Harvest poster - encourage the live streamer to promote farm products

EDITORIAL CALENDAR

DECEMBER 2025

DECEMBER

Buzzwords and key themes to pay attention to:

- **Double 12 Shopping Festival:** discounts, stockpile
- **Winter Solstice:** dumpling, Tangyuan, prepare for spring festival
- **Christmas Eve and Day:** festive cheer, Santa Claus, decoration, joy and love

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12 Double 12 Shopping Festival	13
14	15	16	17	18	19	20
21 Winter Solstice	22	23	24 Christmas Eve	25 Christmas Day	26	27
28	29	30	31			

EDITORIAL CALENDAR

CREATIVE REFERENCES

Christmas campaign

Screenshot of Zeze
Christmas-themed Cat tree
product



DECEMBER

New Year's Eve campaign



Screenshot of PROYA offline and online campaign -
New Year's poetry exhibition

EXPERT BITES

Q1: WHAT'S YOUR TOP 3 DO'S AND DON'T FOR MARKETING ON BAIDU IN 2025?

When using Baidu ads to spearhead entry into the Chinese market, be sure to offer rapid support/sales, because you can gather a tremendous amount of feedback that way, and your Chinese competitors are probably responding to customers very quickly.

Take the competition seriously. Baidu ads are great, but also highly competitive. Understand your competitors and what they do better/worse than you do.

For Baidu SEO, it's tougher to get smaller websites to rank quickly than it is on Google. Try parasite SEO methods as well, meaning you should publish content on other platforms that rank well on Baidu.



TAIT LAWTON

Founder
at Nanjing Marketing Group

EXPERT BITES

Q: HOW CAN FIRMS IMPROVE CROSS-CULTURAL COLLABORATION BETWEEN CHINESE TEAMS AND FOREIGN HQS?

Improving cross-cultural communication requires a deeper understanding of different communication styles. This can begin with basic education on high- and low-context cultures, using moderated meetings to balance Western directness with the Chinese preference for preparation and culturally appropriate critique.

Clear roles, targets, and respect for differing decision-making processes—such as hierarchical versus egalitarian structures—are important. Personal visits are the decision making factor: not just top management like the CEO or GM, but also department heads from HQ should spend meaningful time in China, and vice versa - more than once a year and more than just a few days. Building relationships through time and interaction is critical for effective collaboration. Additionally, improving English proficiency on both sides continues to be a top recommendation.



MIRIAM WICKERTSHEIM

General Manager at
Direct HR

EXPERT BITES

Q: HOW CAN BRANDS LEVERAGE BAIDU AI SUMMARIES FOR GREATER VISIBILITY IN SEARCH?

Baidu AI summaries, a new SERP feature, appear above organic and paid listings for many informational queries. These AI-generated answers summarize top results, often from Baidu-owned UGC platforms like Baijiahao and Zhidao.

To appear in these summaries, brands must create high-quality content on Baidu's platforms, targeting relevant terms. Content should subtly highlight the brand without appearing promotional, as overly branded material risks removal. By engaging strategically with Baidu's ecosystem, brands can secure visibility in these high-impact summaries.



MARCUS PENTZEK

Director SEO at
Jademond Digital

EXPERT BITES

Q: HOW CAN EAST AND WEST BRIDGE GAPS IN 2025, AND OVERCOME MISCONCEPTIONS?

The biggest challenge in 2025 will be the polarising effect of panic. In East-West cooperation, the simple but unfortunate logic is as follows.

One: life and business are getting harder.

Two: Someone must cause the problems.

Three: Since we didn't cause them, "they" did.

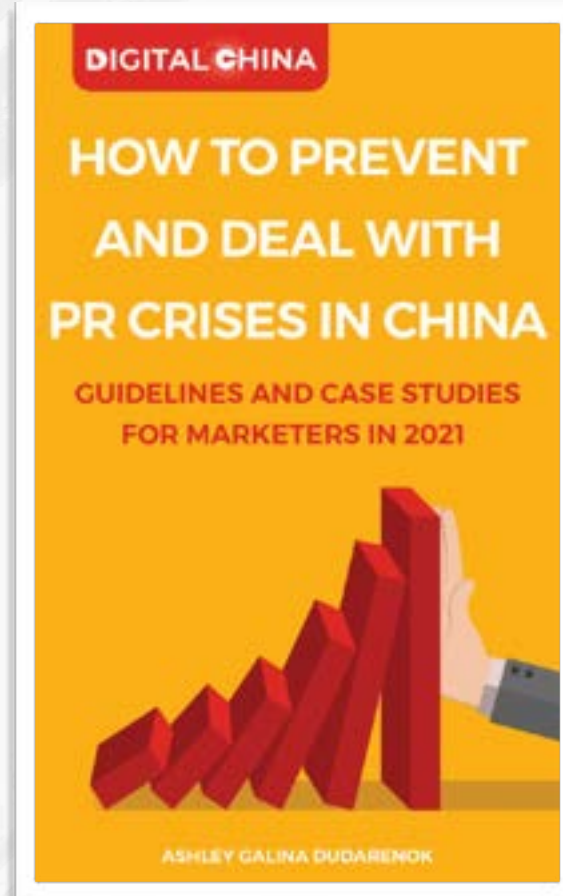
Seeking external enemies is the norm when people feel pressured, and we can already witness such polarisation on all levels of business. Remaining in one's silo is one approach. For those business leaders who want to keep playing a connecting role, the solution is also simple, but requires courage. Proactively engage the "other side". Research their ideas, seek dialogue and keep empathy above negative emotions when they say what you do not want to hear.



GABOR HOLCH

Founder of East-West Leadership
and Author of "Dragon Suit"

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FOR LATEST CHINA DIGITAL INSIGHTS





PART 7

LESSONS

FROM CHINA

“

**WHAT THE WORLD CAN LEARN
FROM CHINA'S HUMAN-CENTRIC
BUSINESS APPROACH, TECH
ECOSYSTEMS, AND AGILE
INNOVATION MODELS**

CHINA'S CUSTOMER-CENTRIC AND HUMAN-FOCUSED OPERATIONAL MODEL AND PRODUCT DEVELOPMENT APPROACH

TRADITIONAL CUSTOMER JOURNEY

TRADITIONAL CUSTOMER JOURNEYS HAVE LOTS OF REDUNDANT STEPS

TRADITIONAL PRODUCT-CENTRIC CUSTOMER JOURNEY



PRODUCT

AWARENESS

- Online ads
- Social ads
- PR
- Radio/TV
- Email
- Blog
- Media
- Direct mail

CONSIDERATION

- Social Media
- Research
- Reviews
- Community
- FAQ

DECISION

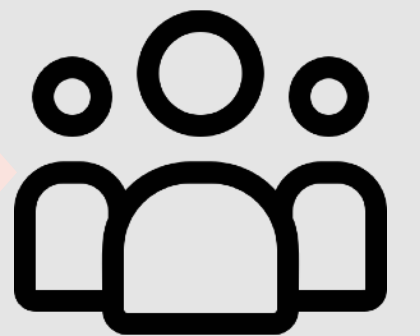
- Need / Want match
- Price / Timing
- Refund policy
- Delivery speed
- E-commerce
- Social-commerce
- Offline OMO

RETENTION

- Community
- Produce quality
- Recurring need
- Customer service
- Private pool
- Games and points

ADVOCACY

- Word of mouth
- KOC
- Social+ models



CUSTOMER

NEW CUSTOMER JOURNEY

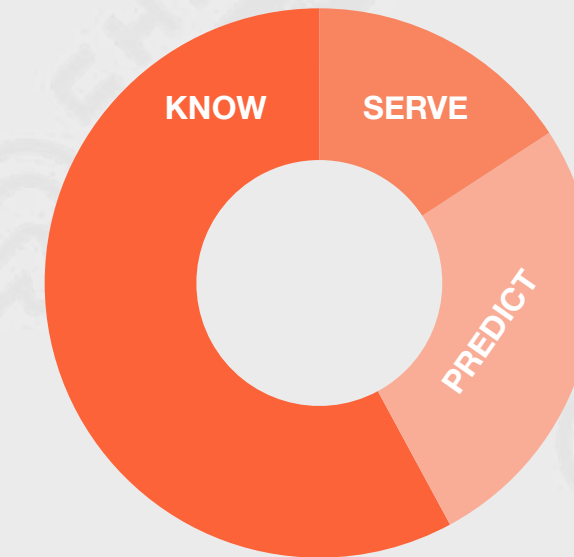
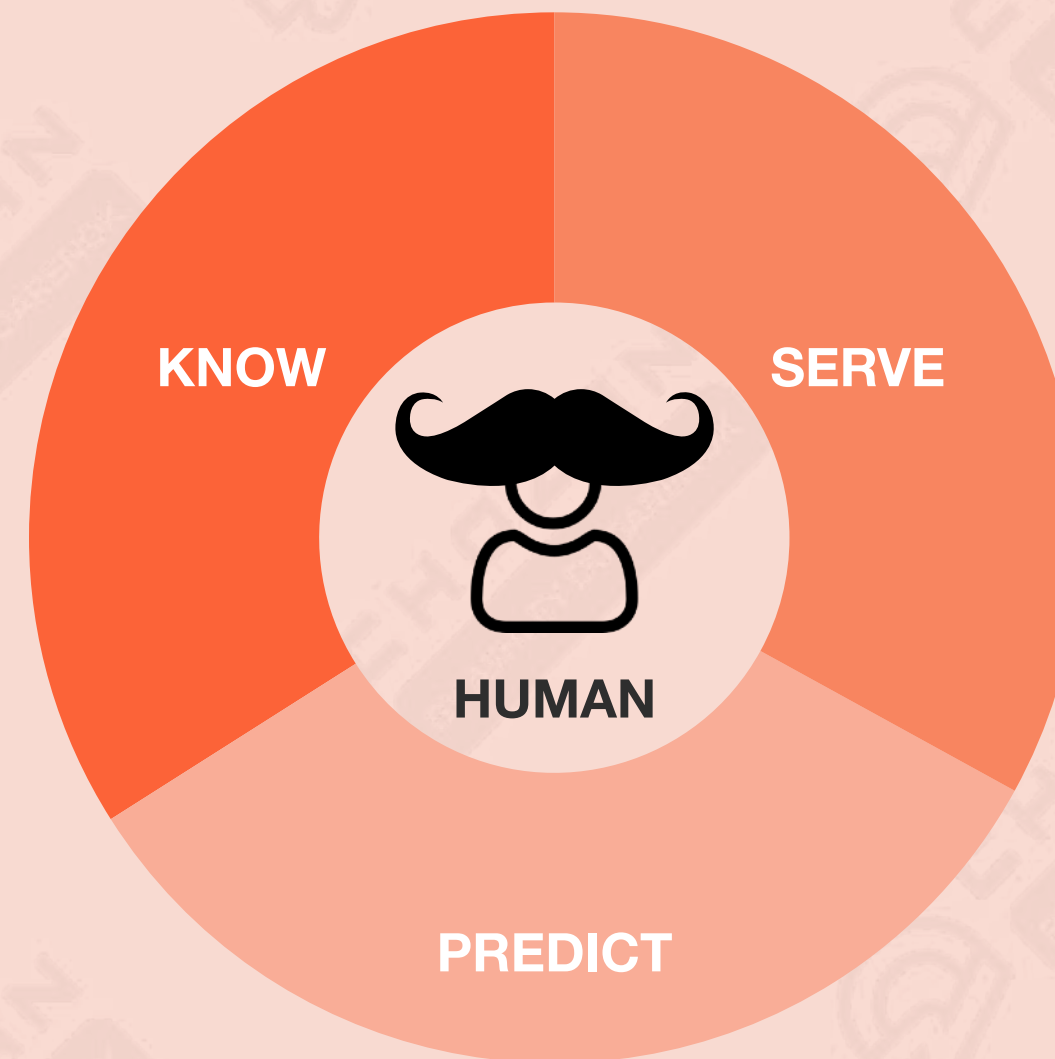
“LIFE OS” MODEL IS THE FUTURE ECOSYSTEMS ARE AFTER

HUMAN-CENTRIC APPROACH

ELEMENTS INVOLVED IN BUILDING THE “LIFE OS”

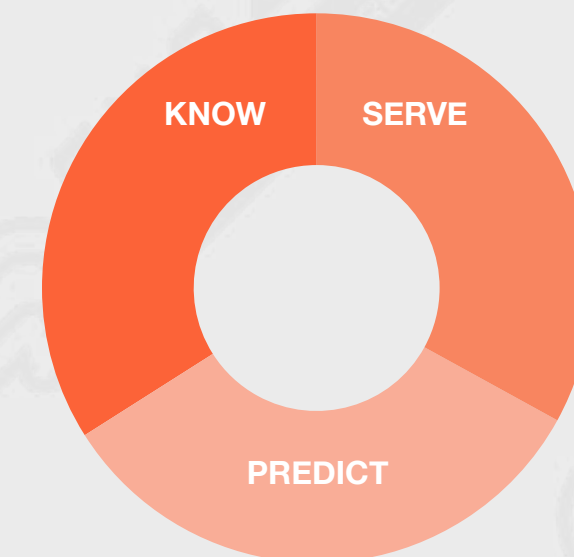
- Scenarios
- Customers
- Products / Services
- Technologies
- Policies, etc

These elements are distributed across three phases - know, serve, and predict - and are indispensable to each phase.



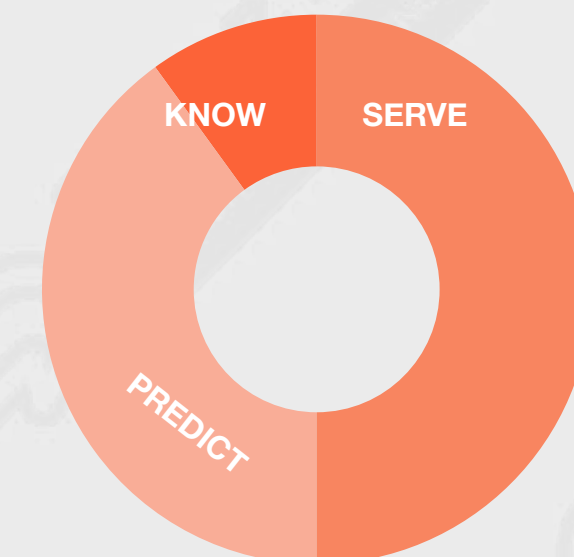
2024

In 2024 we are at a stage of active data collection and analysis.



2030

By 2030 the latest hype cycle will likely be over and ecosystems will focus equally on the job at hand though AI.



2040

By 2040 ecosystems will focus on services and predicting a need before it arises.

HUMAN CENTRICITY

THE GOAL IS TO BUILD AN OPERATION SYSTEM FOR LIFE (LIFE “OS”) FOR CONSUMERS

HUMAN CENTRICITY

1 HUMAN AS THE “CENTER”

Human centrality is putting a **HUMAN** — be it customer, employee, or other stakeholder — at the centre of every business consideration, strategy, decision and operation.

2 DATA-DRIVEN UNDERSTANDING

In most cases customer remains the focus. Human centrality then is about creating a **DATA-DRIVEN** deep understanding of the human behind the ‘customer’ — their needs, desires, psychology, daily routines, behaviors and more.

3 KNOW, SERVE AND PREDICT

Through data collection, analysis and modelling, the outcome is to get to **KNOW** each human better, **SERVE** them better and **PREDICT** them better.

4 THE GOAL’S “LIFE OS”

The ultimate goal is to transcend the current product/service box the business is operating in and become an operating system for life (**LIFE OS**) for the human interacting with an ecosystem.

HUMAN CENTRICITY

OVERVIEW OF HOW COMPANIES UNDERSTAND, SERVE AND PREDICT THEIR CUSTOMERS

1 KNOW YOUR HUMAN

- DATA COLLECTION & ANALYSIS
- CUSTOMER FEEDBACK MECHANISMS
- CUSTOMER ANALYTICS PLATFORMS
- CUSTOMER JOURNEY MAPPING TOOLS
- SOCIAL MEDIA LISTENING TOOLS
- SURVEY AND FEEDBACK AGGREGATION TOOLS
- GEO TRACKING & VIDEO INSIGHTS PLATFORMS
- DATA VISUALIZATION SOFTWARE
- FEEDBACK AGGREGATION TOOLS, ETC

2 SERVE YOUR HUMAN

- INFORMED INNOVATION
- DEVELOP BETTER PRODUCTS
- HUMAN-CENTRIC CUSTOMER SERVICE
- DELIVER PERSONALIZED & TECH-POWERED EXPERIENCE
- TAILORED RECOMMENDATIONS
- CUSTOMIZED MARKETING CAMPAIGNS
- REAL-TIME ADJUSTMENTS, ETC

3 PREDICT YOUR HUMAN

- PREDICTIVE ANALYTICS
- REAL-TIME DATA ANALYTICS
- SMART DEVICES AND TRANSPARENT DATA SHARING
- HYPER-PERSONALIZATION
- AI POWERED LIFE OS RECOMMENDATION SYSTEMS
- PERSONAL VIRTUAL ASSISTANTS, ETC

#1 KNOW “THE HUMAN”

TO UNDERSTAND USERS’ NEEDS IMMEDIATELY AND ACT ON IT

HOW DIFFERENT APPS “KNOW” YOUR PREFERENCE AT THE SAME TIME



For example, if a user searches for a product like a rice cooker on Taobao, they are tagged as “interested in rice cookers.” When the user later opens Weibo, which is connected to Alimama, the platform retrieves this data and delivers targeted rice cooker ads based on user preferences.

HIGHLIGHTS

- Each Internet Giant has its own advertising alliance. Alibaba has **Alimama**, Tencent has **Tencent Ads**, Bytedance has **CSJplatform**.
- **Massive apps** and **advertising alliances** are nested with each other, forming an intelligence network targeting consumers. No matter where you are, you can receive tailored advertisements.



Alimama



CSJPlatform



Tencent Ads

#2 SERVE “THE HUMAN”

TO DELIVER VALUE THAT GENUINELY IMPROVES USERS’ LIVES



MEITUAN DRONE DELIVERY



HIGHLIGHTS

- Meituan's drone delivery service has partnered with well-known food and beverage brands like KFC and Nayuki's Tea, offering up to 92,000 products.
- During the National Day Golden Week, Meituan expanded its drone services to the Badaling Great Wall.
- By the end of June 2024, Meituan's drones launched over 30 routes in key cities like Guangzhou and Shenzhen, completing more than 300,000 user orders.

300,000+

Meituan drones completed 300,000 orders by June 2024.

1100%+

During National Day in 2024, the average daily order volume for Meituan's drone service along the Great Wall route increased by over 1100%.

#3 PREDICT “THE HUMAN”

TO ANTICIPATE USER NEEDS AND PROVIDE A WIDE RANGE OF CHOICES



HIGHLIGHTS

BEFORE:
YOU FIND GOODS
Shelf type: Users search and make purposeful consumption

NOW:
GOODS FIND YOU
Promotion and customer acquisition through content recommendations

It **subverts product logic, shortens the user decision-making process.** For consumers, it provide personalized service and recommendations to enhance customer satisfaction and loyalty.

Douyin's local life information flow

DTC (DIRECT-TO-CUSTOMER) STRATEGY

THREE FEATURES OF THE DTC MODEL

1 REDUCING INTERMEDIARY CHANNELS

Gradually reducing dependency on traditional networks of “**brand → distributor/agent → retail store.**”

Emphasizing diverse new retail formats such as self-operated e-commerce, immersive experience stores, downstream pop-up shops, and more.

2 CONSUMER DEMAND-DRIVEN

Focusing decision-making on consumer needs as the starting point.

Striving for **precision, timeliness, and flexibility** in meeting customer requirements effectively.

3 INNOVATIVE MARKETING

In response to **new-generation consumer models**, emphasizing social interaction and leveraging new digital media platforms for marketing. Prioritizing brand philosophy, values, and consumer experiences.

DTC (DIRECT-TO-CUSTOMER) STRATEGY

TRADITIONAL MODEL VS. DTC MODEL

TRADITIONAL MODEL



- Using distributors/agents to handle product distribution and sales.
- Weak interaction between brands and end consumers, with limited understanding and control over consumer needs and trends.

DTC MODEL



- Establishing direct sales channels through e-commerce platforms or self-operated websites, emphasizing **“speed, flexibility, and directness.”**
- Directly acquiring consumer data and feedback for immediate insights.

DTC (DIRECT-TO-CUSTOMER) STRATEGY

EFFECTIVENESS OF THE DTC STRATEGY

FASTER RESPONSE TO USER NEEDS

- For companies transitioning to the DTC model, reducing intermediary layers helps shorten the distance between businesses and consumers. This enables more direct **communication** and **feedback** from end-users.
- Companies can quickly gather firsthand consumer data and apply it to product iteration and operational improvements, delivering solutions that more effectively meet user demands.

IMPROVED MARKET PENETRATION EFFICIENCY

- Unlike traditional industries, where market expansion relied on retail outlets and distributors, the DTC model utilizes **online channels** to swiftly **access lower-tier market consumers**.
- Leveraging data analytics, businesses can target niche markets and optimize resource allocation, thereby enhancing the depth and precision of market penetration.

ENHANCED CONSUMER-CENTRIC EXPERIENCE

- DTC brands place significant emphasis on building **omni-channel experiences** that seamlessly integrate online and offline ecosystems.
- By optimizing the consumer journey —discovery, purchase, usage, and repurchase cycles—DTC brands foster stronger emotional connections, ensuring a personalized and loyal customer base.

DTC STRATEGY CASE STUDY

TENCENT'S COLLABORATION WITH GAC GROUP

Tencent 腾讯



Tencent collaborated with GAC Group to implement a DTC strategy in the automotive sector. They digitized GAC's sales ecosystem in Southeast Asia, integrating localized online customer engagement and marketing.

RESULTS

- This approach enabled GAC to directly interact with local buyers, **gather real-time consumer insights**, and **optimize offerings**. In Thailand, their internet-enabled vehicles achieved notable success, driving rapid sales growth and brand engagement.

IMPACT

- The project **streamlined customer communication** and **boosted GAC's market adaptability**, demonstrating how the DTC model can improve operational efficiency in foreign markets.

DTC STRATEGY CASE STUDY

ALIBABA'S FRESHIPPO - ACCELERATED PENETRATION



Alibaba expanded its Freshippo (Hema) chain using a DTC approach by reducing reliance on traditional retail intermediaries and strengthening omni-channel integration. They tailored products to meet regional tastes and launched small-format stores in suburban areas to capture underserved markets.

RESULTS

- Freshippo's sales exceeding expectations, with a **20% growth in suburban regions**. Additionally, consumer loyalty increased due to targeted product offerings and a seamless online-to-offline shopping experience.

IMPACT

- By leveraging DTC, Alibaba accelerated market penetration in less saturated areas, efficiently broadening its consumer base.

DTC STRATEGY CASE STUDY

JD AND SHOPIFY'S STRATEGIC DTC COOPERATION



Shopify merchants on JD's cross-border platform

WHAT THEY DID

- **Accelerated Market Entry:** JD streamlined access for Shopify merchants into China through its JD Worldwide platform, cutting entry timelines from 12 months to just 3–4 weeks.
- **Optimized logistics:** JD utilized its extensive supply chain, including 1,300+ warehouses, to ensure efficient global delivery and reduced shipping times.
- **DTC Empowerment:** Both platforms utilized their expertise—JD's supply chain strength and Shopify's direct consumer interaction model—to enhance seller-consumer engagement.

RESULTS & IMPACT

- Access to JD's 550 million users **boosted Shopify merchants' revenue** in China.
- Faster market entry and logistics efficiencies **lowered operational costs.**
- **Cross-border sales increased**, enabling smaller merchants to scale effectively.

LESSONS FOR GLOBAL BRANDS

INSIGHTS FROM CHINA'S CONSUMER-CENTRIC PRACTICES

1

INTEGRATED OMNI-CHANNEL APPROACH

Ensure a seamless and consistent experience across various touchpoints, both online and offline. Embrace the convergence of traditional and digital channels to provide a cohesive brand experience.

2

PERSONALIZATION AND CUSTOMIZATION

Leverage data and insights to deliver personalized content, recommendations, and offers tailored to individual consumer preferences. Use targeted marketing campaigns to engage consumers at different stages of their journey.

3

CONTENT AND STORYTELLING

Create compelling and relevant content that educates, entertains, and resonates with consumers. Employ storytelling techniques to connect with consumers on an emotional level and build brand loyalty.

4

DATA ANALYTICS AND MEASUREMENTS

Leverage advanced analytics and tracking tools to monitor consumer behavior, identify trends, and optimize marketing efforts. Continuously measure and adapt strategies to align with the evolving consumer journey.

EXPERT BITES

Q: HOW DO CHINESE COMPANIES LIKE NIO, BYD, AND XPENG COMPARE TO THEIR GLOBAL COUNTERPARTS IN TERMS OF INNOVATION?

Chinese companies like BYD, NIO, and Xpeng are rapidly gaining ground on their global counterparts through substantial investments in R&D, focusing on electric and connected technologies with a strong emphasis on user-centric innovations.

BYD, leveraging its competitive advantage in battery technology and vertical integration strategy, is a leading player in providing affordable, high-quality EVs on a global scale.

Meanwhile, NIO, with its innovative battery-swapping technology, and Xpeng, renowned for its advanced autonomous driving features, exemplify the pioneering approaches that are challenging more established brands.



BILL RUSSO

Founder and CEO at
Automobility Ltd

EXPERT BITES

Q: WHAT ARE THE ESSENTIAL FACTORS FOR ENSURING LONG-TERM SUCCESS FOR OVERSEAS BUSINESSES OPERATING IN CHINA?

Be Flexible and Customer-Centric: For service-based businesses, understanding and adapting to evolving customer needs is crucial. Tailoring offerings to localized demands is vital for lasting relationships. Flexibility ensures relevance in a changing market.

Be Consistent and Persistent: China's rapid economic shifts require a steady presence. Consistency in service delivery and brand messaging fosters trust and builds credibility. Persistence in challenges shows commitment and resilience, valued by Chinese partners and customers.

Be Innovative Across Industries: Innovation extends beyond higher education to technology, healthcare, and lifestyle. Bringing cutting-edge approaches aligned with local expectations helps businesses stand out. In services, innovation means leveraging technology for better delivery and enhanced customer experiences.



DEANA GAOQIONG
CEO at China Gravy

EXPERT BITES

Q: WHAT STRENGTHS DO CHINESE TEAMS BRING, AND HOW CAN GLOBAL FIRMS LEVERAGE THEM?

China-based teams are often under-utilized for both global and local strategy. Few global organizations encourage their China teams to think beyond short-term objectives like quarterly or annual goals.

At YCG BridgeWorks, we emphasize the principle that “Good bridges work both ways.” If companies fail to implement systems that allow them to learn from China, they risk being blindsided by local competitors who operate faster and more strategically.

A classic example is Ford, which underestimated its Chinese competitors and suffered the consequences. Organizations must recognize the strategic value of their China-based teams and actively incorporate their insights into global planning.



ZAK DYCHTWALD

Author, HBR expert, and CEO of Young China Group and YCG BridgeWorks.

EXPERT BITE

Q: HOW HAVE THE EU AND CHINA SUCCESSFULLY COLLABORATED ON EDUCATION AND TECH INNOVATION?

The EU and China are engaged in several initiatives to enhance cooperation in education and technology. The EU-China Joint Strategy on Research and Innovation (2012) promotes collaboration through co-funded projects in digital technology, AI, and education, supported by technology transfer programs. Erasmus+ China facilitates student and faculty exchanges and joint degree programs in AI, Big Data, and eLearning. Both regions are investing in AI and digital education, with the EU focusing on digital skills and China on smart education, collaborating on personalized learning and smart classrooms.

China-EU innovation projects support high-tech cooperation, digital transformation, and the development of digital learning tools like MOOC platforms. Cross-border innovation hubs focus on smart education systems, automation, and immersive learning. Additionally, the Belt and Road Initiative enhances educational collaboration through technology exchanges and infrastructure investments. **[shortened and rephrased for brevity]**



AICKY ZHANG

Head of Education Platform at
EU Project Innovation Centre

CHINA'S TECH ECOSYSTEMS: BUILDING ECOSYSTEMS WORKING WITHIN THEM TO THRIVE WITHIN DYNAMIC AND EVOLVING ENVIRONMENTS

CHINA'S MAJOR ECOSYSTEMS OVERVIEW

ECOSYSTEMS ALWAYS EMPHASIZE DIVERSITY, INTERCONNECTION AND EVOLUTION



MAJOR FOCUS AREAS

- E-commerce
- Fintech
- Logistics
- Supply Chain
- Cloud Computing
- Big Data
- Digital Media & Entertainment



MAJOR FOCUS AREAS

- Social Network
- Digital Content and Entertainment
- Fintech
- Enterprise Services
- Investment and Incubation



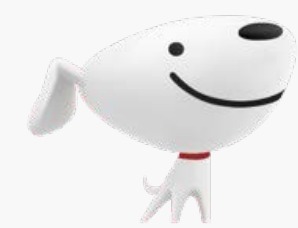
MAJOR FOCUS AREAS

- Content Creation and Distribution
- E-commerce
- Education
- Gaming
- Enterprise Services



MAJOR FOCUS AREAS

- Telecommunications Equipment
- Smart Devices
- Smart Car Solutions
- Cloud Computing
- AI & Big Data



MAJOR FOCUS AREAS

- E-commerce
- Logistics
- Supply Chain
- Financial Services
- Technological Innovation



MAJOR FOCUS AREAS

- Local Life Services
- Delivery Services
- Fresh Food E-commerce
- Financial Services
- Technological R&D

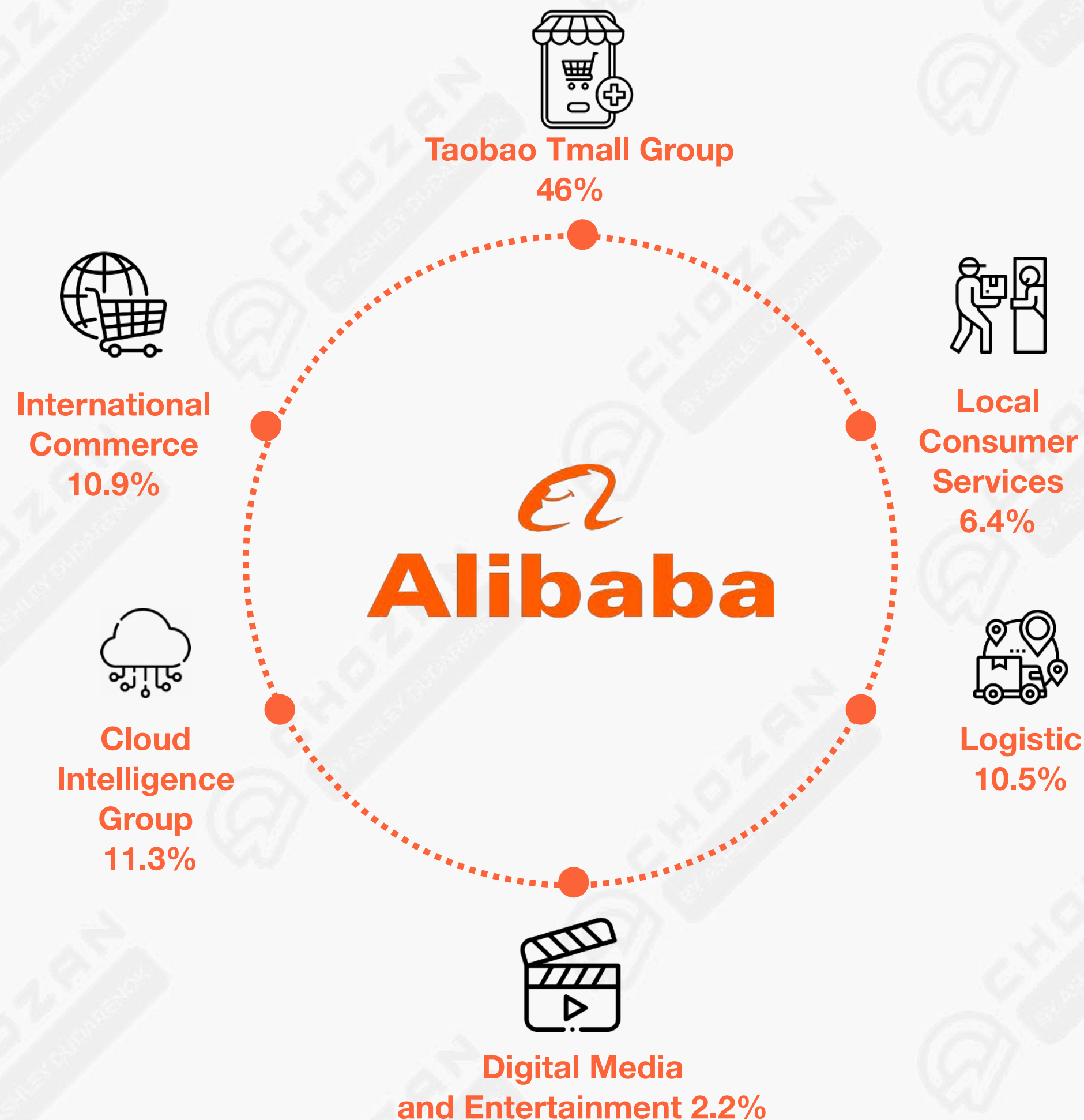


MAJOR FOCUS AREAS

- Comprehensive Financial Services
- Medical and Health
- Automobile Services
- Fintech and Digital Transformation
- Pension Services

ALIBABA

ALIBABA: EXPANDED FROM E-COMMERCE TO A BROAD RANGE OF SECTORS



VISION/ POSITIONING

- **To make it easy to do business anywhere.** (facilitator)
- **Largest retail commerce business in the world** (1.28 billion users; FY24 revenue: US\$130.35 billion)

ECOSYSTEM PHILOSOPHY

- **Core Business:** Retail. Building upon a focus on core retail operations, active expansion is being pursued in areas such as cloud computing, finance, digital media and entertainment, and logistics

AREA OF GROWTH 2024

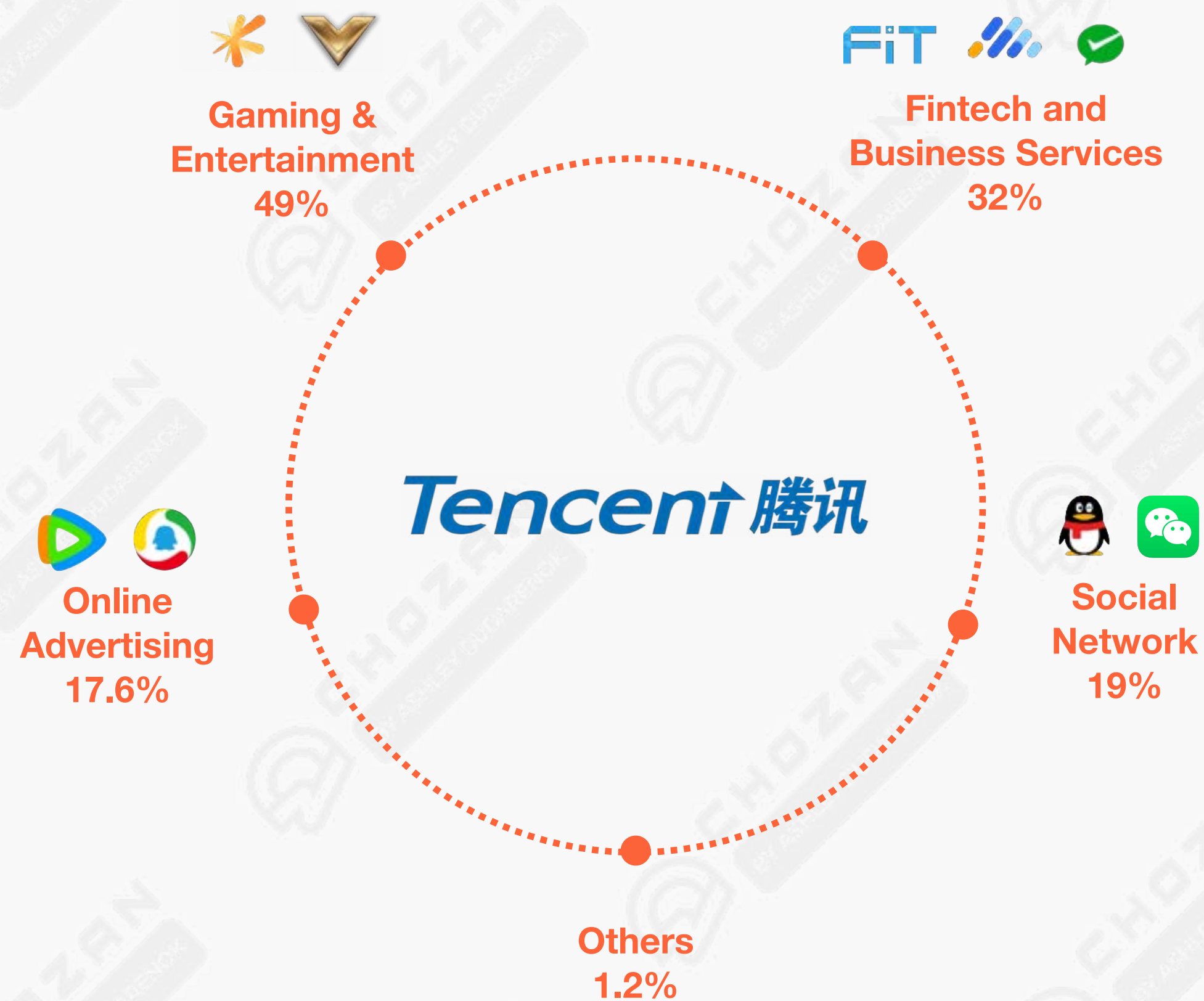
- **E-commerce:** Focus on core business
- **Diversifying offerings:** Cloud computing, fintech, logistics, and entertainment to serve the core retail business

AREAS OF CHALLENGE 2024

- **Competitive environment:** The rise of PDD and Douyin have made for an increasingly competitive business environment
- **Internal shifts:** Reorganize itself into six business groups

TENCENT

TENCENT: CORE VALUE IS THE TRAFFIC VALUE



VISION/ POSITIONING

- **Value for Users, Tech for Good**
- **User value** is their guiding principle, we strive to incorporate social responsibility into our products and services; promote technology innovation and cultural vitality;

ECOSYSTEM PHILOSOPHY

- **Core Business:** Social Networking, Entertainment, Corporate Development.
- Actively expanding into **fintech, cloud computing and AI** to enhance core services

AREA OF GROWTH 2024

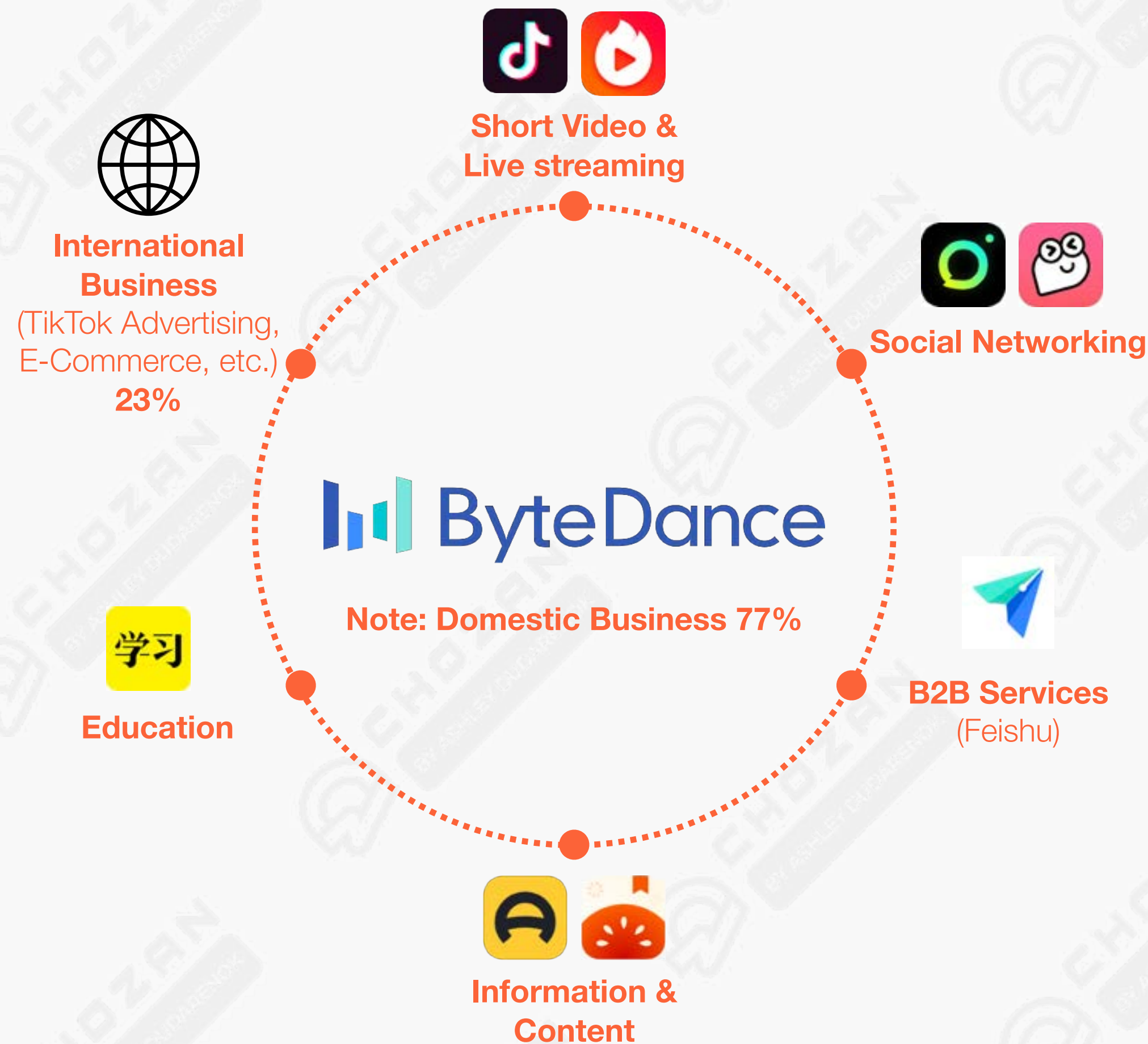
- **Entertainment**, with the gaming business, it is expected to see a maximum revenue growth of up to 17% in 2024 Q1.
- Tencent's overall business scale is expanding, and the control of costs is also continuing.

AREAS OF CHALLENGE 2024

- **Video games business** faces great challenges from competitors
- Fierce competition with ByteDance on the **short video industry**

BYTEDANCE

BYTEDANCE: FORAY INTO GENERATIVE AI



VISION/ POSITIONING

- Leverage **artificial intelligence** to deliver personalized content, aiming to **inspire creativity and enrich life**

ECOSYSTEM PHYLOSOPHY

- Emphasizes **innovation, adaptability, and a commitment to transparent AI governance**, ensuring its models align with societal norms and avoid harmful biases

AREA OF GROWTH 2024

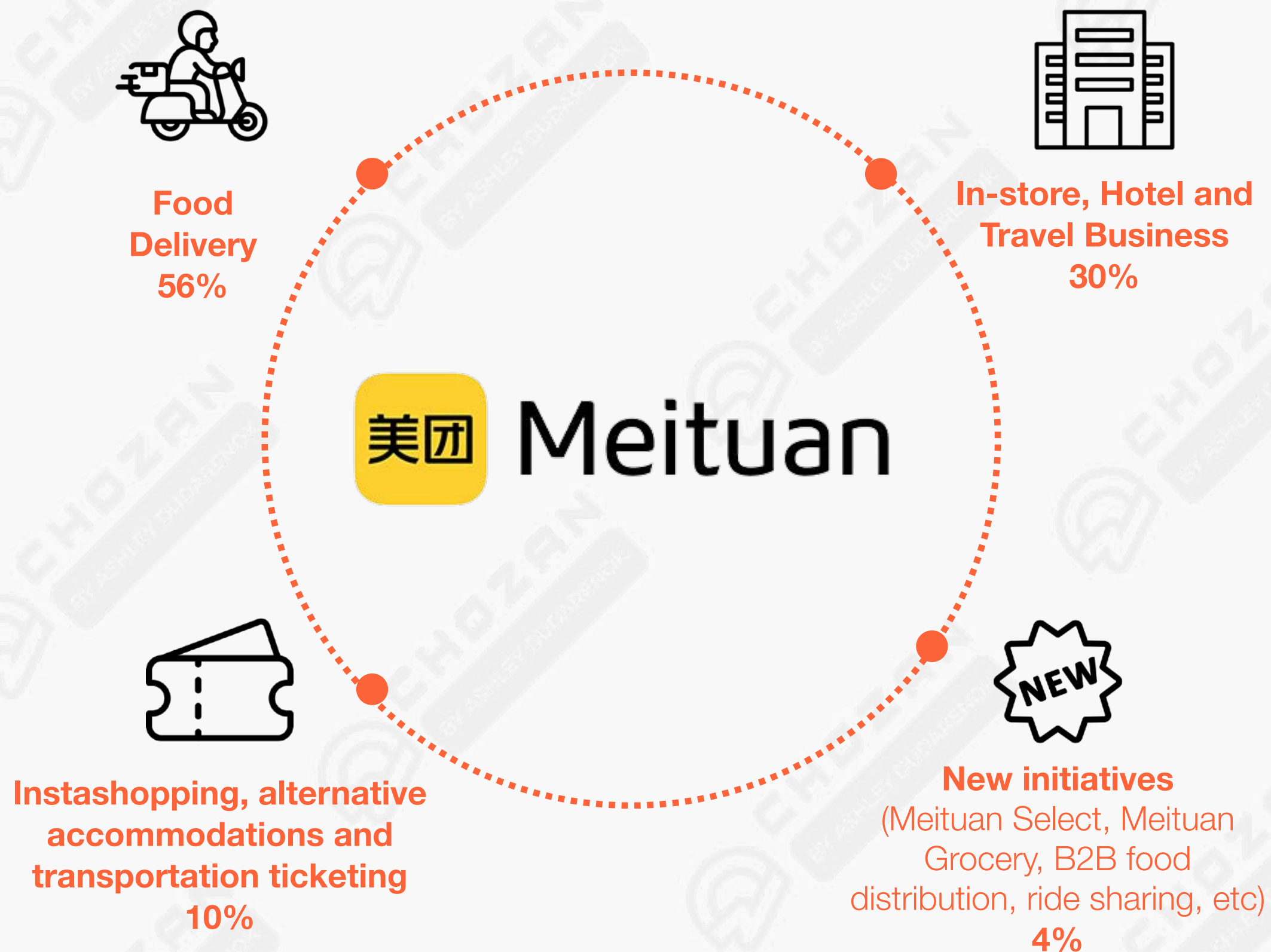
- Expand its **AI capabilities**, with plans to invest over **USD 12 billion** in AI infrastructure, including significant expenditures on **AI chips and model training**

AREAS OF CHALLENGE 2024

- **Regulatory scrutiny:** Particularly concerning data privacy and geopolitical tensions

MEITUAN

MEITUAN: ADHERING TO THE 'RETAIL + TECHNOLOGY' STRATEGY



VISION/ POSITIONING

- Adhering to the **'Retail + Technology'** strategy, Meituan commits to its mission that 'We help people eat better, live better'.
- Meituan is China's **largest food delivery service** and **online-to-offline (O2O) local service provider**

ECOSYSTEM PHYLOSOPHY

- Meituan has built a new infrastructure based on **local living**. Based on the capabilities of this ecosystem, Meituan's services are also expanding.

AREA OF GROWTH 2024

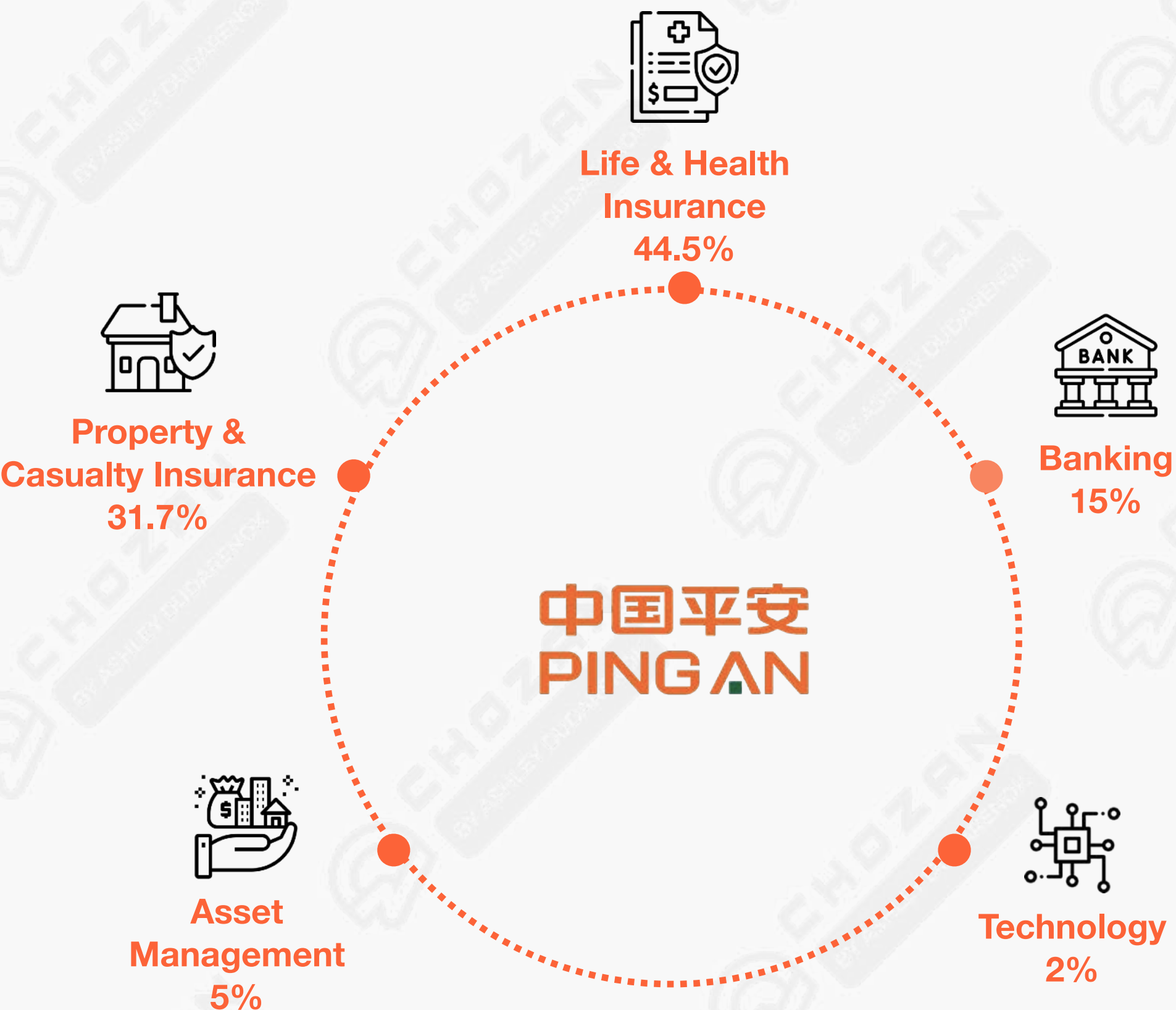
- Focus on the four key words: **local, retail, technology, and internationalization**

AREAS OF CHALLENGE 2024

- **Challenge from other Big Tech:** Previously, there was a fierce battle between Ele.me, Alibaba, and Meituan, and now we have TikTok, Pinduoduo, Xiaohongshu, Kuaishou, JD.com, and WeChat Video Accounts.

PINGAN

PINGAN: LIFE&HEALTH INSURANCE FOCUSED



VISION/ POSITIONING

- **Expertise makes life easier.**
- World-leading **technology -powered retail financial services group**

ECOSYSTEM PHYLOSOPHY

- **“Worry-free, time-saving, and money-saving”** integrated financial services
- Independent development of technology

AREA OF GROWTH 2024

- **Finance+ Technology** (insurance, banking, asset management etc)
- **Finance+ Ecosystem** (financial service, health care, auto service, real estate service, smart city)

AREAS OF CHALLENGE 2024

- **Political risk:** Relying on foreign investor HSBC, Thai Charoen Pokphan, etc.
- **Regulatory environment:** Ping An is navigating a complex regulatory environment in the financial sector, which may impact its business operations

SUMMARY OF CHINA'S MAJOR ECOSYSTEMS

THREE MAJOR HIGHLIGHTS

1

LEVERAGE TECHNOLOGY TO STREAMLINE AND/OR SCALE

The success of Chinese companies such as **Alibaba** and **Tencent** lies in their **tech-powered ecosystems**. Cloud computing, AI, fintech, and data analytics aren't just add-ons - they are at the **heart of operations**, driving everything from customer engagement to supply chain management.

2

CREATE ECOSYSTEM SYNERGY TO PROVIDE COMPREHENSIVE SOLUTIONS

Chinese giants like **Meituan** and **Ping An** excel at creating **synergistic ecosystems** where various business units - from insurance to food delivery - serve **complementary functions** that enhance overall customer experience and business scalability.

3

ADAPT OFFERINGS TO LOCAL CONSUMER BEHAVIOR

It's essential to **tailor products and marketing strategies** to align with the rapidly evolving Chinese market. This means **adapting offerings** and understanding the **deep integration of e-commerce, social media, and digital entertainment** - as seen in platforms like **Douyin** (ByteDance) and **WeChat** (Tencent).

EXPERT BITE

Q: AMID U.S.-CHINA TENSIONS, WHAT OPPORTUNITIES EXIST FOR AMERICAN FIRMS IN CHINA?

The days when all American companies must invest in China are over - the geopolitical risk is too high for companies operating in many sectors like semiconductors or AI <...> Chinese companies won't buy American technology anymore, even if they want it, because they worry America will ultimately ban sales and service of American tech to Chinese firms. As a result, Chinese companies are buying homegrown technology that they can rely on for a steady supply.

However, for American companies that operate in less sensitive sectors, China is the next China. We at the CMR estimate that the number of middle-class Chinese will double from 400 million to 800 million over the next decade. These consumers want high end toothpaste from Colgate, laundry detergent from P&G and sneakers from Hoka. **The key for American brands to succeed in China is understanding consumer wants in lower tier cities - that's where the real growth will be.** Companies need to adjust their product offerings, as well as sales and marketing to capture the swelling middle class.



SHAUN REIN

Author of "The Split: Finding the Opportunities in China's Economy in the New World Order"

EXPERT BITE

Q: HOW WILL CHINA'S TECH ECOSYSTEM EVOLVE BY 2025, AND WHICH TECHNOLOGIES OR SECTORS WILL GAIN PROMINENCE?

China has set a massive ambition to be the global AI leader by 2030.

In 2025 we are going to see the rich landscape of AI players – government, startups and big tech – leveraging their infrastructure advantages while pushing vertical applications of GenAI in a wide variety of traditional industries such as ecommerce, smart home, healthcare and financial services.

Moreover, it will be a critical year in AI chipset development and we will see if the high end AI chips coming from Huawei and Cambricon deliver on their innovation promise.



MARK GREEVEN

Professor of Management
Innovation and Dean of IMD Asia

EXPERT BITE

Q: WHAT KEY TRENDS IN CHINA'S TECH ECOSYSTEM EMERGED LAST YEAR, AND HOW MIGHT THEY SHAPE 2025?

In 2024, China's tech ecosystem was characterized by a dominance in electric vehicles, batteries, solar, robotaxi deployment, and advancements in the low-altitude economy with drones and flying taxis.

In 2025, Chinese large language models and humanoid robots are expected to become mainstream in B2B markets.

Key trends to watch include Chinese hidden champions expanding globally and the potential unfolding dynamics of a US-China BioTech and Currency War under Trump 2.0.



PASCAL COPPENS

Partner at nexxworks

EXPERT BITE

Q: HOW CAN GROWTH-FOCUSED COMPANIES COLLABORATE WITH CHINESE ECOSYSTEM PLAYERS FOR INNOVATION AND REACH?

Given my personal experience working in China for close to 20 years, witnessing the transformation and transition, it's evident on the ground that there thorough foresight, commitment and accountability measures to invest for the future 5-10 years from now, every single day. **Preparation vs. Reaction.** Example – end to end fully automated manufacturing value chain, made in China for China and rest of the world is now available across industries here. For example, international beauty brands are now tapping into Chinese OEMs/ ODM's and raw materials ecosystem to invent and innovate new skin care tech, anti aging formulas and production for their home countries and rest of the world. In some cases, doing R&D in China, shipping it to Europe for final production and sell it as 'Made in X Y country'. Such collaborations are becoming transparent with mutual respect on clear value exchange both parties bring in. Collaborations being made easier with making culture familiar, actively spending time to experience and co-create even on factory floors, experimenting with new business models like co-investment in R&D, % of sales, talent upskilling, learning expeditions in respective countries.



NISHTHA MEHTA

Corporate Innovation Coach,
CollabCentral Consulting

EXPERT BITE

Q: IS CROSS-GEOGRAPHY COLLABORATION EVOLVING BETWEEN CHINA AND THE WEST, PARTICULARLY IN TECH AND INNOVATION?

We identified three major trends shaping collaboration:

Transitioning from a “Vendor Mindset” to a “Partner Mindset”. Historically, China-based teams have been valued for execution, leaving them in a client-vendor framework. Both HQs and local teams recognize the need for more collaborative partnerships, but bridging this insight-action gap requires significant effort.

China excels at product but struggles with global management. China rigorously tests product quality and value, producing competitive offerings. However, Chinese companies often stumble in managing global teams that can't match China's speed and standards.

Being “in China” is about talent and competition, not just sales. As the local economy slows, the quality of talent and competition for product excellence are emerging as primary reasons for staying in China. Companies now view China as a hub for innovation and talent rather than just a market.



ZAK DYCHTWALD

Author, HBR expert, and CEO
of Young China Group and YCG
BridgeWorks

CHINA'S ECOSYSTEM FOUNDATION

FIVE CORE ELEMENTS OF AN ECOSYSTEM

1

HUMAN CENTRIC

TODAY THE FOCUS IS ON THE HUMAN. OLDER VERSION IS CUSTOMER CENTRICITY AND CUSTOMER JOURNEY WITHIN THE ECOSYSTEM

2

DATA AND AI

EXPAND BASED ON DATA COLLECTION, ANALYSIS AND IMPLEMENTATION OF PREDICTIVE ALGORITHMS AND AI

3

UNIFIED ACCESS

HAVE A STRONG UNIFIED ACCESS /ID WITHIN THEIR ECOSYSTEM

4

TECH DRIVEN

TECH COMPANY WITH ITS OWN TECH TEAM, STRONG CORE BUSINESS AND STRATEGIC NETWORK OF PARTNERS

5

CROSS-SECTOR INFLUENCE

NOT LIMITED TO UP/DOWN INTEGRATION, BUT ARE IMPACTING THEIR PEER INDUSTRIES

CHINA'S TECH-DRIVEN ECOSYSTEMS

ECOSYSTEMS STICK AND GROW BECAUSE OF DATA

USE DATA TO MAP DETAILED CUSTOMER JOURNEY

By analyzing **big data** from various touchpoints and interactions, mapping your customer journey, businesses can better know your customers.

DEVELOP PRECISE SITUATIONS AND SCENARIOS

According to the data collected, and precisely **identifying the consumer segmentation** and **situations smartly**, the business can design the consumer scenarios.

LAUNCH ADDITIONAL PRODUCTS AND BUSINESS ARMS

By identifying your target audience within each scenario, you can develop **additional offerings** seamlessly integrating with your core product and enhancing the overall user experience.

CHINA'S TECH-DRIVEN ECOSYSTEM TYPE

THREE MAIN TYPES OF ECOSYSTEM

1 PLATFORM-BASED ECOSYSTEM

- Focus on **B2C**, core services are for **daily life**
- **Software**, driven by **super apps and unified ID**
- Insert big influence on **retail marketplace** with effective payment services

 **ByteDance**

 **Alibaba.com**





2 INDUSTRY-BASED ECOSYSTEM

- Focus on **B2B**, solves **major industry problems**
- Big on **hardware**, driven by **innovations, government support**
- Powering **big picture transformation**, leading industries and infrastructure for the future, with **frequent government support**

 **中国平安 PINGAN**

SONY



3 BLENDED ECOSYSTEM

- **B2C & B2B**, empowers LifeOS scenarios
- software & hardware, driven by **technologies and human centricity**
- Starting from a **industry or platform ecosystem** and then becoming a blended one, powered by innovations and government support

 **HUAWEI**

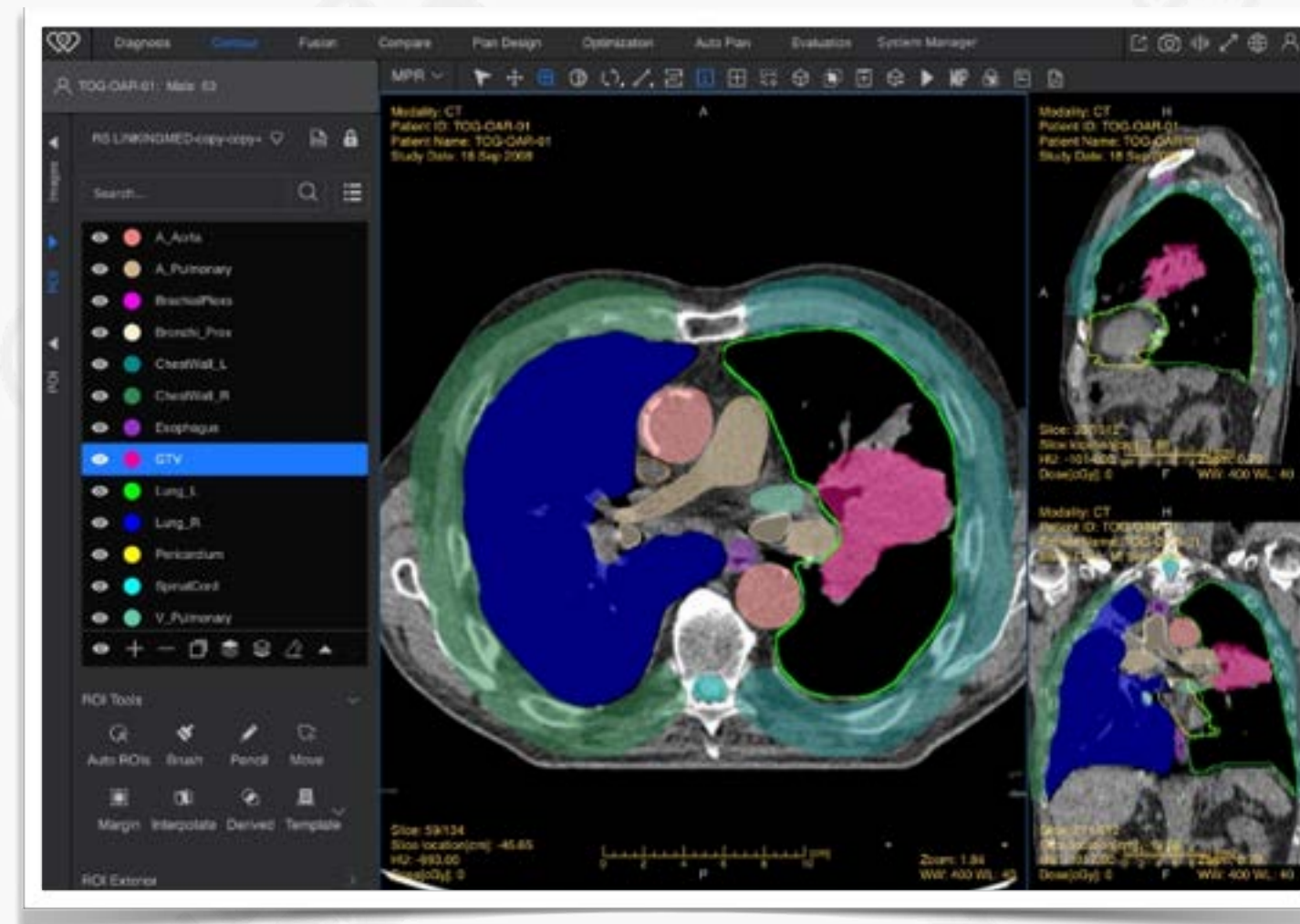


#1 PLATFORM-BASED ECOSYSTEM EXAMPLE



CASE STUDY: ALIBABA USES A UNIFIED ID TO CONNECT ALL WITHIN ITS ECOSYSTEM

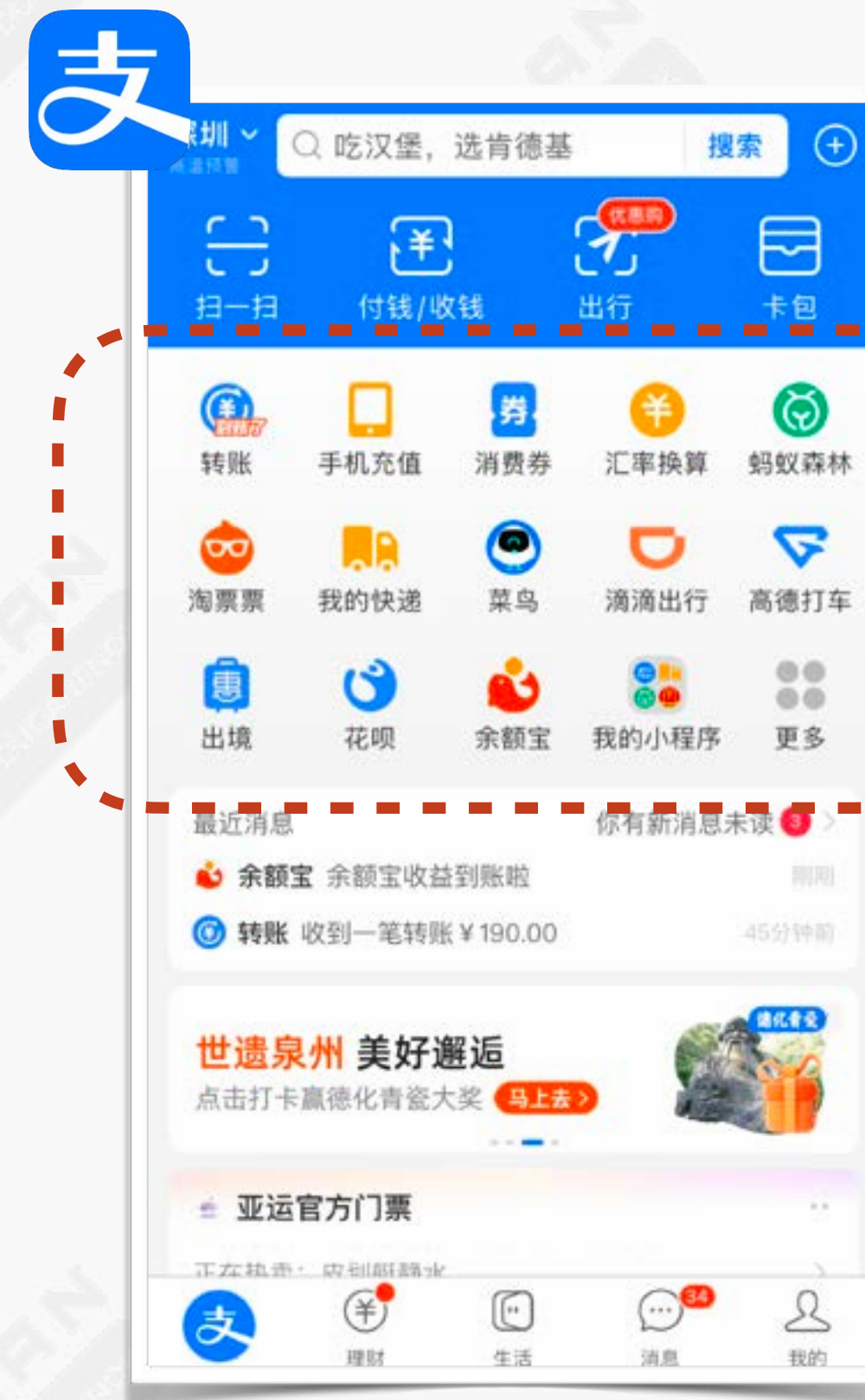
DATA AND AI



Alibaba Group's research institute DAMO Academy has developed an **AI-powered tool** that can screen for early signs of pancreatic cancer, one of the most fatal cancers worldwide.

The algorithm was validated in a clinical setting during the screening of over 20,000 patients. While running the tests, PANDA detected pathological changes as a result of pancreatic cancer in **31 patients** that doctors had missed.

UNIFIED ACCESS



Customer Experience:

Users have a seamless journey when using other apps and services without needing to download extra apps or re-register etc.

Ecosystem Success:

A unified ID and cooperation strategy opens traffic, technology and capabilities such as payments, Sesame Credit, face recognition and many other functions to partners.

#1 PLATFORM-BASED ECOSYSTEM EXAMPLE

美团 Meituan

CASE STUDIES: MEITUAN IS LEADING IN TECH-DRIVEN AND ALGORITHMS IN LOCAL LIVING

TECH DRIVEN



Drone Delivery

Meituan launches its drones in Shenzhen from five delivery hubs, linking 18 communities and office buildings with 11 routes.



Unmanned Delivery Car

As of the end of December 2023, the deliver cars providing regular services in over 100 communities, completed nearly 4 million deliveries.

DATA AND AI



Meituan published its algorithms for delivery

Meituan has publicly disclosed the **calculation rules** regarding delivery time for its riders. When a delivery rider accepts a new order, their delivery route may change. Therefore, when a new order appears, Meituan **calculates the additional delivery distance for many riders** and assigns the order to the rider with the smallest additional distance.

#2 INDUSTRY-BASED ECOSYSTEM EXAMPLE



CASE STUDY: PING AN LEVERAGES ITS AI POWER IN BOTH FINANCE AND HEALTHCARE

TECH DRIVEN



Ping An's AI Meeting Robot Supports Sales/Scaling Up/Internal Training

PINGAN Intelligent Visit Assistant integrates AI such as intelligent speech recognition, real-time Q&A with robots, intelligent dialogue assistance, and audio-video calls. It supports the core business scenarios of sales, recruitment, and training in life insurance.

DATA AND AI

Ping An's AskBob in a Hospital

PINGAN Good Doctor combines "**AI + healthcare**" to provide services such as family doctor consultations, consumer-oriented healthcare, health marketplace, and health management with interactive services.



#3 BLENDED ECOSYSTEM EXAMPLE



CASE STUDY: TENCENT'S ROBOTICS ENHANCE AUTOMATION AND HUMAN-MACHINE COLLABORATION

TECH DRIVEN



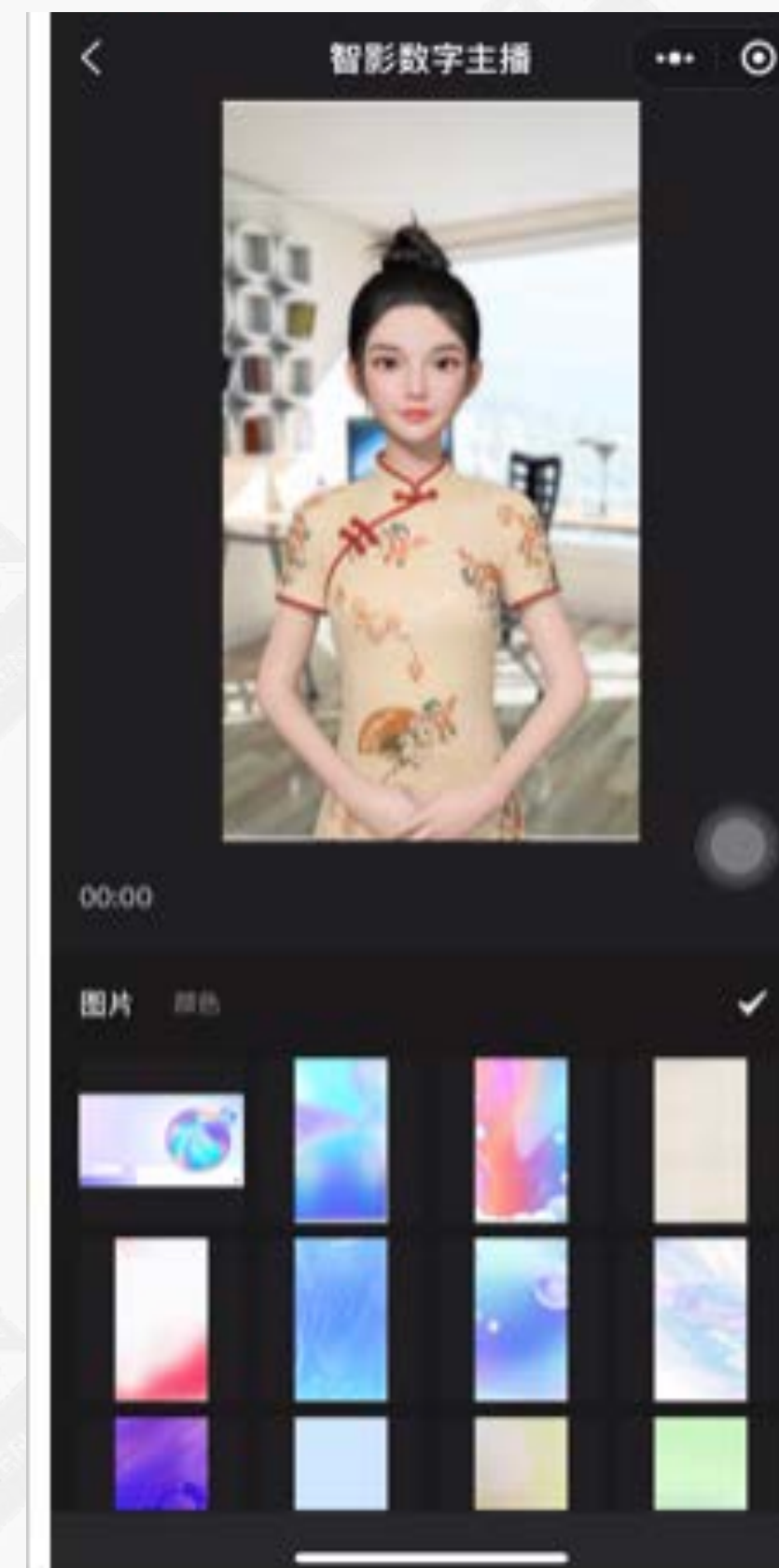
TENCENT ROBOTICS

The TRX-Hand has three fingers with eight independently controllable joints, which can easily grasp objects of different shapes and sizes, achieving difficult dynamic movements such as throwing and catching.



Max has both legs and wheels. It also has excellent autonomous learning abilities, great navigation performance, and high dynamic motions.

DATA & AI



TENCENT ZENVIDEO DIGITAL HUMAN

- Zenvideo offers avatars for 7*24 hours of live streaming
- Real live streamers can take over the interaction at any time, and a Q&A library is available as well
- A wide variety of 2D/3D digital human images available to choose
- Easily to create live streaming content by simply editing the digital human content, like a deck/ppt

COLLABORATION WITH ECOSYSTEMS

FIVE BENEFITS OF COLLABORATING WITH ECOSYSTEMS

1 ACCESS TO A DIVERSE NETWORK

Working within an ecosystem provides access to a diverse network of partners, customers, and resources, expanding the reach and potential for collaboration.

2 ENHANCED INNOVATION

Ecosystems foster innovation by bringing together different perspectives, expertise, and capabilities, leading to the development of novel ideas and solutions.

3 SHARED RESOURCES & EFFICIENCIES

Collaborating within an ecosystem allows for the sharing of resources, infrastructure, and costs.

4 INCREASED CUSTOMER VALUE

Ecosystems enable organizations to deliver comprehensive solutions by integrating products, services, and expertise from multiple participants.

5 MARKET OPPORTUNITIES & GROWTH

Being part of an ecosystem opens up new market opportunities, enables access to new customer segments, and facilitates business growth.

SUCCESSFUL COLLABORATION CASE STUDY

LUXURY BRANDS INTEGRATED INTO TMALL



**TMALL'S LUXURY PAVILION
METAVERSE**

HIGHLIGHTS

- **Tmall Luxury Pavilion connects luxury brands with Tmall consumers:** It has been live for 5 years, attracting over 200 luxury brands to open official flagship stores, bringing together five luxury giants including LVMH Group, Kering Group, Chanel, Hermès, and Richemont Group.
- In just the past year, there have been over **500 new product series** from international luxury brands globally debuted on Tmall Luxury Pavilion, with more than **50 million users** engaging in deep online interactions with brands through the platform.

COLLABORATION WITH ECOSYSTEMS

FIVE THINGS TO WATCH OUT WHEN COLLABORATING WITH ECOSYSTEMS

1

LOSS OF CONTROL

Collaborating within an ecosystem may involve sharing decision-making power, intellectual property, or customer relationships, potentially leading to a loss of control over certain aspects of the business.

2

DEPENDENCY ON PARTNERS

Relying on the performance and cooperation of partners, which can create dependencies and potential risks if a partner fails to meet expectations or withdraws from the ecosystem.

3

COMPATIBILITY CHALLENGES

Integrating different systems, processes, and technologies from various ecosystem participants can present technical challenges, requiring significant effort and resources to ensure seamless compatibility.

4

COMPETITOR COLLABORATOR

In some cases, working within an ecosystem means collaborating with competitors, which can create conflicts of interest and challenges in maintaining a competitive edge in the market.

5

GOVERNANCE & COMPLIANCE

Managing and governing an ecosystem with multiple participants requires establishing clear rules, agreements, and governance structures

UNSUCCESSFUL COLLABORATION CASE STUDY

CASE STUDY: KOSE - JAPANESE COSMETICS BRAND DECIDED TO QUIT TMALL

KOSE - JAPANESE COSMETICS BRAND

• KOSE CLOSES THE TMALL FLAGSHIP STORE

Kose shutting its flagship Tmall store. The J-beauty manufacturer said the closure was the result of a 'strategic adjustment' but that it had no further plans to adjust its online offer in China.

• WEAK SALES ON TMALL:

Kose brand's online channels now only retain the official WeChat mini-program, the Kose Official WeChat Store.

Kose Tmall store has been open for 14 years, its best-selling product was MAKE KEEP MIST setting spray, with over 60,000 units sold overall, while the sales of other products are mostly in the range of a hundred units.



KOSE TMALL FLAGSHIP STORE

COLLABORATION WITH ECOSYSTEMS

FOUR KEY STRATEGIES TO COLLABORATE WITH CHINESE ECOSYSTEMS

1

BUILD RELATIONSHIPS AND TRUST

In Chinese business culture, prioritize relationship-building by investing time and effort into establishing personal connections with potential partner

2

LEVERAGE DIGITAL PLATFORMS

Leverage highly digital Chinese ecosystems through partnerships and collaborations with digital platforms to reach a wider audience and benefit from their marketing, distribution channels, and user base.

3

CONTINUOUSLY LEARN AND ADAPT

Be open to learning from your Chinese partners and the market. Adapt your strategies based on market feedback, consumer insights, and changing dynamics to stay competitive and relevant.

4

CULTIVATE LONG- TERM PARTNERSHIPS

Nurture strong relationships, collaborate on joint initiatives, and support each other's business objectives for mutual growth

#1 BUILD RELATIONSHIPS AND TRUST

BUILD AUTHENTIC RELATIONSHIPS FIRST; BUSINESS IN CHINA FLOWS FROM TRUST

Relationship-building is crucial in Chinese business culture. Invest time and effort in establishing personal connections and cultivating relationships with potential partners. Attend industry events, trade shows, and networking opportunities to meet key stakeholders.

SVITLOGORIE COLLABORATES WITH HEMA ON LOCALIZING THE PRODUCT DEVELOPMENT



- Alibaba's Hema (Fresh Hippo) buyer discovered the Russian ice cream brand **Svitlogorie (Свитлогорье)** at 2021 China International Import Expo(CIIE).
- In April 2023, a batch of **180,000** ice cream orders was planned to be sold in one month but sold out in just 2 weeks.
- From March to June this year, Svitlogorie supplied **80 tons of ice cream** to Hema, accounting for **80%** of Svitlogorie's sales in China.
- Both parties have started collaborating on developing products that better suit the taste and consumption habits of Chinese consumers and will soon launch the first customized large-capacity sharing ice cream for families.

#2 LEVERAGE DIGITAL PLATFORMS

PARTNER STRATEGICALLY WITH DIGITAL PLATFORMS TO AMPLIFY REACH AND RELEVANCE

Leverage highly digital Chinese ecosystems through **partnerships** and **collaborations** with digital platforms to reach a wider audience and benefit from their marketing, distribution channels, and user base.

PARTNERSHIP BETWEEN AUDI AND TENCENT



The collaboration allowed Audi to further develop its product ecosystem for Chinese customers in a way that is tailored to their specific needs.

In 2021, Audi vehicles in China started featuring **in-car WeChat** (车载微信) and some other digital services from Tencent including QQ Music, Tencent Map and **WeScenario** (微信小场景) - a first of its kind cross-platform, light app ecosystem tailored to different driving scenarios.

#3 CONTINUOUSLY LEARN AND ADAPT

ALWAYS LISTEN, LEARN, AND ADAPT AS CHINA'S MARKET DEMANDS CONSTANT EVOLUTION

Be open to learning from your Chinese partners and the market. Adapt your strategies based on **market feedback**, **consumer insights**, and **changing dynamics** to stay competitive and relevant.

PARTNERSHIP BETWEEN TMALL INNOVATION CENTER AND QUAKER



- Under PepsiCo's umbrella, Quaker collaborated with TMIC (Tmall Innovation Center) to position their new product in the "Healthy-Black Food" category, combining Chinese health ingredients with Western cereals.
- They co-created the new product concept and selling points with 400 consumers through trend insights.
- The result was the successful launch of the "Five Black" cereal, which became a bestseller and contributed over 30% of the store's sales during Singles' Day in 2021.
- The product attracted a high proportion of new customers, accounting for 67% of sales.

#4 FOSTER LONG-TERM RELATIONSHIPS

CULTIVATE ENDURING PARTNERSHIPS; MUTUAL SUCCESS DRIVES SUSTAINABLE GROWTH

Aim for long-term partnerships and mutual growth. Invest in building strong, lasting relationships with your Chinese partners. Collaborate on joint initiatives, share resources, and support each other's business objectives.

JD X TENCENT - "JINGTENG PLAN"

Tencent 腾讯



JINGTENG PLAN 1.0: Starting in October 2015, JD and Tencent formed a partnership to establish an innovative **"Brand-Commerce"** business service platform for brands and merchants.

JINGTENG PLAN 2.0: In May 2016, the "Jingteng Plan" entered a second stage - the **"Jingteng Cube"**, where merchants can create a more targeted customer portrait.

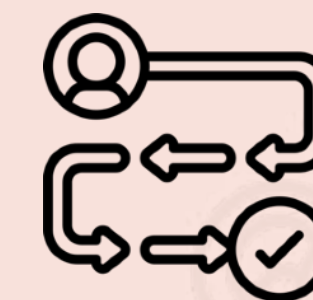
JINGTENG PLAN 3.0: From April 2018 to date, the **"Jingteng Plan 3.0"**, or the **"Jingteng Cube Plus"** achieved online and offline integration.



DATA



SCENARIO



JOURNEY

LESSONS FOR GLOBAL BRANDS

INSIGHTS ON BUILDING AND WORKING WITH TECH ECOSYSTEMS

1

SECURE KEY PARTNERS

Attract vital partners to your ecosystem by offering a compelling package

2

EFFECTIVE GOVERNANCE

Create a balanced governance model that combines open elements (attracting partners, encouraging innovation) with closed elements (consistency and alignment)

3

PRIORITIZE SCALE OVER SCOPE

Develop a clear value proposition with a limited scope before expanding the offering.

4

CREATE GROWTH, DATA AND COST FLYWHEELS

A successful business ecosystem relies on three mutually reinforcing flywheels.

EXPERT BITES

Q: HOW IS CHINA ADVANCING IN GLOBAL TECH, AND WHAT CAN OTHERS LEARN?

President Xi Jinping's strategic focus on innovation and technology will further boost its global competitiveness, especially in the area of artificial intelligence (AI), 5G, the Internet of Things (IoT), big data and the green economy.

China is set to formulate more than 50 national and industrial standards for AI by 2026 and develop a standard system to guide the high-quality development of the sector, which will further promote the country's technological progress, enterprise development and industrial upgrading.



MARTINA FUCHS

Business Journalist, Co-Founder of Frequency School, Board Member of Montreux Jazz Festival China

EXPERT BITES

Q: HOW CAN CHINESE COMPANIES THRIVE IN AN AI-DRIVEN, COMPETITIVE MARKET?

The low hanging AI fruit for most companies is personalization. You use AI capabilities (in both software and hardware) to shift from one-size fits all solutions to customized solutions. That is a big increase in the customer experience.

However, the biggest AI opportunity is to launch entirely new AI services that replace existing solutions. And make them obsolete. That is robotaxis replacing human taxis. ChatGPT services replacing search engines. Industrial robots replacing traditional manufacturing. Entirely new AI services are the big transformative opportunity, which is where leaders like Alibaba are focusing.



JEFFERY TOWSON

Partner at TechMoat Consulting

EXPERT BITES

Q: HOW WILL CHINA'S TECH LANDSCAPE EVOLVE AMID ECONOMIC CHALLENGES, REGULATIONS, AND INNOVATION EFFORTS?

China's technology ecosystem benefits from highly advanced and integrated manufacturing clusters, which accelerate product cycles and drive innovation faster than any other market in the world.

Additionally, its large domestic market enables scale without heavy reliance on external markets. As a result of China's regulations, its domestic AI is increasingly being applied to highly productive sectors such as industrial, medical, and manufacturing capabilities.

However, geopolitical tensions are affecting access to talent, capital, and the exchange of ideas. Over the next 1-3 years, China will face significant headwinds if these geopolitical challenges are not mitigated. In the long run, however, the market is likely to find its footing and make the necessary breakthroughs to sustain growth and development.



BRIAN A. WONG

Author of The Tao of Alibaba

EXPERT BITES

Q: WILL CHINESE TECH COMPANIES SHIFT HOW THEY COLLABORATE WITH INTERNATIONAL FIRMS BY 2025?

It is a continuing rebalancing of international relations. However international firms have no choice but to collaborate with Chinese tech companies inside China for the Chinese market; in particular with an eye on the fast evolving GenAI landscape that appears to follow a parallel track and tech stack in China.

Globally, we need to be careful to distinguish a wide variety of markets: markets in south east asia, middle east and latin America are welcoming Chinese technology, and related partnerships.



MARK GREEVEN

Professor of Management
Innovation and Dean of IMD Asia

EXPERT BITES

Q: WHAT FACTORS ARE KEY TO SUCCESSFUL COLLABORATION BETWEEN CHINESE AND WESTERN PUBLIC AND PRIVATE SECTORS?

Successful collaboration between Chinese and Western sectors requires navigating cultural, regulatory, and economic differences. Cultural understanding is crucial, including respecting norms, using effective communication, and leveraging bilingual capabilities. Regulatory compliance involves understanding legal frameworks, aligning on policy goals, and ensuring compliance with regulations.

Economic synergies can be achieved by leveraging complementary strengths, forming joint ventures, and investing strategically. Trust and transparency are essential, built through consistent communication and transparency in operations. Innovation and knowledge sharing can be facilitated through technology transfer and the establishment of joint innovation hubs.

Government and institutional support, through bilateral agreements and cultural exchange programs, can smooth the path for private sector collaborations. Adaptability and a proactive problem-solving approach are necessary to address changes and overcome barriers. Adhering to ethical standards and focusing on sustainability can strengthen partnerships and gain broader acceptance. In my experience, these elements can drive successful and sustainable collaborations. **[shortened and rephrased for brevity]**



PETER HELIS

International Executive
at Invest Guangzhou, Expert in
China Government Affairs

CHINA'S MANAGEMENT AND LEADERSHIP MODELS BUILT FOR SPEED, INNOVATION, AND CUSTOMER-CENTRIC DELIVERY

CHINESE MANAGEMENT AND LEADERSHIP MODELS

THREE FEATURES OF AN EFFECTIVE MANAGEMENT/LEADERSHIP MODEL

1

GRANTING EMPLOYEES AUTONOMY AT SCALE

To scale team autonomy up to groups of as many as several dozen people, notably at the **customer-facing end**.

2

SUPPORTING EMPLOYEES WITH DIGITAL PLATFORMS

To replace the bureaucracy with a **digital platform**, which centralizes shared services, data, and capabilities to enable **decentralized decision-making**.

3

SETTING CLEAR, BOUNDED BUSINESS OBJECTIVES

To severely limit managerial distraction by giving a leader a **clearly defined task, budget, and timeline** - typically to find a solution to a specific problem.

#1 GRANTING EMPLOYEES AUTONOMY AT SCALE

CASE STUDY: HAIER'S REN DAN HEYI MODEL

Haier

~~1920 Ford~~

~~1930 GM~~

~~1960 Toyota~~

~~2010 Spotify~~

2020 Haier ✓

REN DAN HE YI (人单合一)

- The “RenDanHeYi” (**people, needs, connections**) model aims to support every employee’s entrepreneurial dreams. Employees take P&L responsibility, create value for themselves, and cultivate lifelong Haier customers.
- “12,000 middle-level managers had to become entrepreneurs or leave. The organization became a platform without imposed leaders. Users are the leaders. 80,000 employees became 4,000+ microenterprises (MEs), each made up of less than 10 people.” — Zhang Ruimin

#2 SUPPORTING EMPLOYEES WITH DIGITAL PLATFORMS

CASE STUDY: SF DIGITAL PLATFORM

SF DIGITALIZATION

- Chinese companies use a three-system organizational structure: front end, back end, and middle system. The front end includes customer and partnership interfaces. The back end consists of long-term assets like databases, warehouses, and production plants.
- The middle system connects the front end to back-end resources and supplies necessary capabilities.
- The platform allows front-end employees to directly access resources and capabilities.



They introduced an automated delivery robot for office building called "**Fangtang**" in 2023. Delivery personnel can set the task in the system, and it will be automatically called for delivery.

- SF Express relies on a digital platform to **connect the front and back ends of their business**.
- The platform allows anyone responsible for a task to gather a team and work together, regardless of department or level.
- It provides necessary software, data, and tracks activities and progress until completion.
- The company has over 3,000 software engineers improving the digital platform.

#3 SETTING CLEAR, BOUNDED BUSINESS OBJECTIVES

CASE STUDY: BYD'S RAPID RESPONSE TO MASK SHORTAGE

BYD'S FAST MASKS PRODUCTION LINE

- Chinese companies have an advantage in execution compared to Western companies.
- This is partly due to a larger and more compliant workforce and a cultural emphasis on being a good follower.
- Chinese management adopts the concept of "**single-threaded leadership**" to encourage faster execution and decision-making.
- This concept was first applied at Amazon but has been embraced by Chinese companies.



Wang Chuanfu

- In January 2020, Wang Chuanfu tasked BYD executives and department heads with solving the mask shortage.
- The initial goal was to provide masks for BYD's 250,000 employees.
- A task force comprising department heads was formed to utilize existing resources.
- Within two weeks, a new production line in Shenzhen began manufacturing masks, increasing profits by over 160% and reaching a net profit of \$640 million by the end of 2020. By 2021, BYD was producing 50 million masks per day.

CHINESE MANAGEMENT AND LEADERSHIP MODELS

TWO MORE EFFECTIVE MANAGEMENT/LEADERSHIP MODELS

MATRIX MANAGEMENT MODEL

KEY FEATURES:

- **Dual Reporting:** Employees report to both a functional manager and a project manager, balancing both perspectives.
- **Flexibility:** Facilitates the sharing of resources across projects, enabling teams to work together on complex initiatives.
- **Collaboration:** Encourages communication and cooperation between different departments or teams.
- **Resource Optimization:** Maximizes the use of available resources by sharing them across multiple projects.

AGILE LEADERSHIP

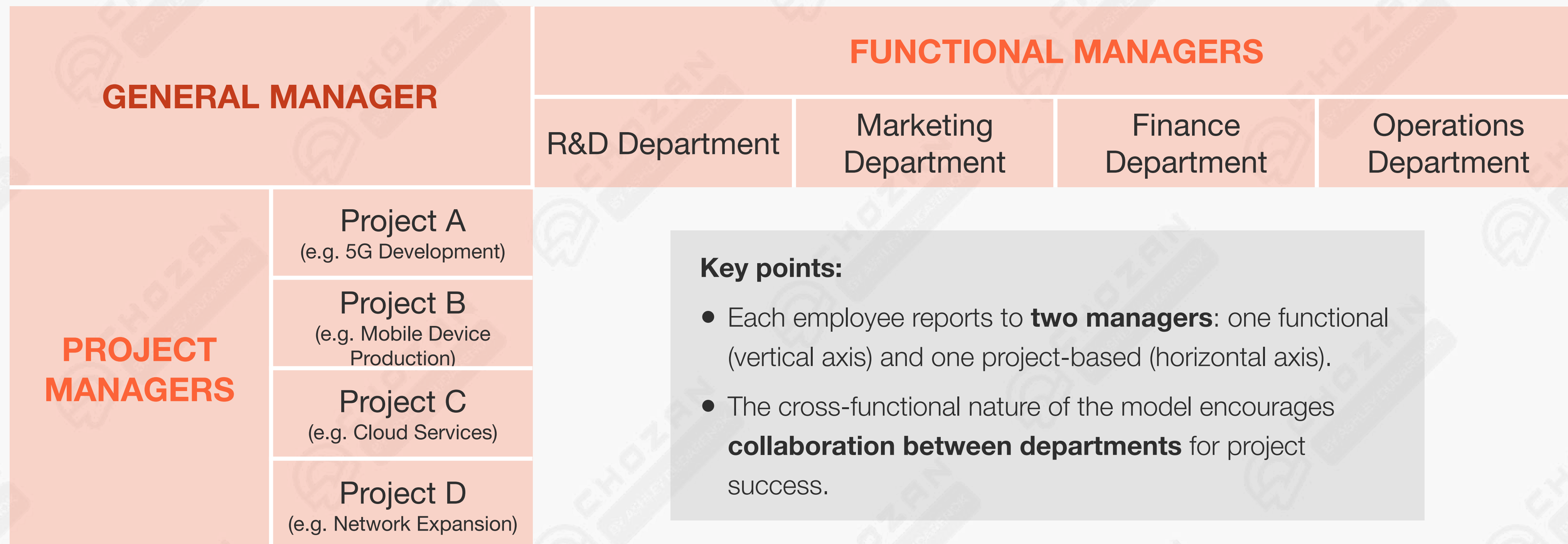
KEY PRINCIPLES:

- Actions speak louder than words
- Improved quality of thinking leads to improved outcomes
- Organizations improve through effective feedback
- People require meaning and purpose to make work fulfilling
- Emotion is a foundation to enhanced creativity and innovation
- Leadership lives everywhere in the organization
- Leaders devolve appropriate power and authority
- Collaborative communities achieve more than individuals
- Great ideas can come from anywhere in the organization

MATRIX MANAGEMENT MODEL

THE STRUCTURE EMPHASIZES VERTICAL AND HORIZONTAL MANAGEMENT AT THE SAME TIME

BASIC ORGANIZATIONAL STRUCTURE OF THE MATRIX MANAGEMENT MODEL



Key points:

- Each employee reports to **two managers**: one functional (vertical axis) and one project-based (horizontal axis).
- The cross-functional nature of the model encourages **collaboration between departments** for project success.

MATRIX MANAGEMENT MODEL

CASE: HUAWEI ENHANCES COMPETITIVENESS WITH BETTER FLEXIBILITY AT HOME AND ABROAD



HOW HUAWEI APPLIES THE MATRIX MANAGEMENT MODEL

1

FUNCTIONAL + PRODUCT-BASED STRUCTURE

Huawei combines a traditional functional structure with a product- or project-based structure. This enables both **innovation and efficiency**. For example, engineers report to their functional R&D team for their specific expertise but also collaborate with a product team focusing on a particular mobile device or 5G technology.

2

CROSS-FUNCTIONAL COLLABORATION

Huawei encourages collaboration between departments such as R&D, sales, and operations. This facilitates **better coordination, quicker decision-making, and a more integrated approach** to product development. Teams working on a project are composed of members from different functions, bringing diverse perspectives and expertise.

3

PROJECT OWNERSHIP AND INNOVATION

Teams are given a high degree of autonomy when managing specific products or solutions, which is crucial for innovation. Managers of specific product lines or projects, such as 5G, may have a lot of control over the resources allocated to them. This autonomy helps the company remain **agile and innovative** in highly competitive markets.

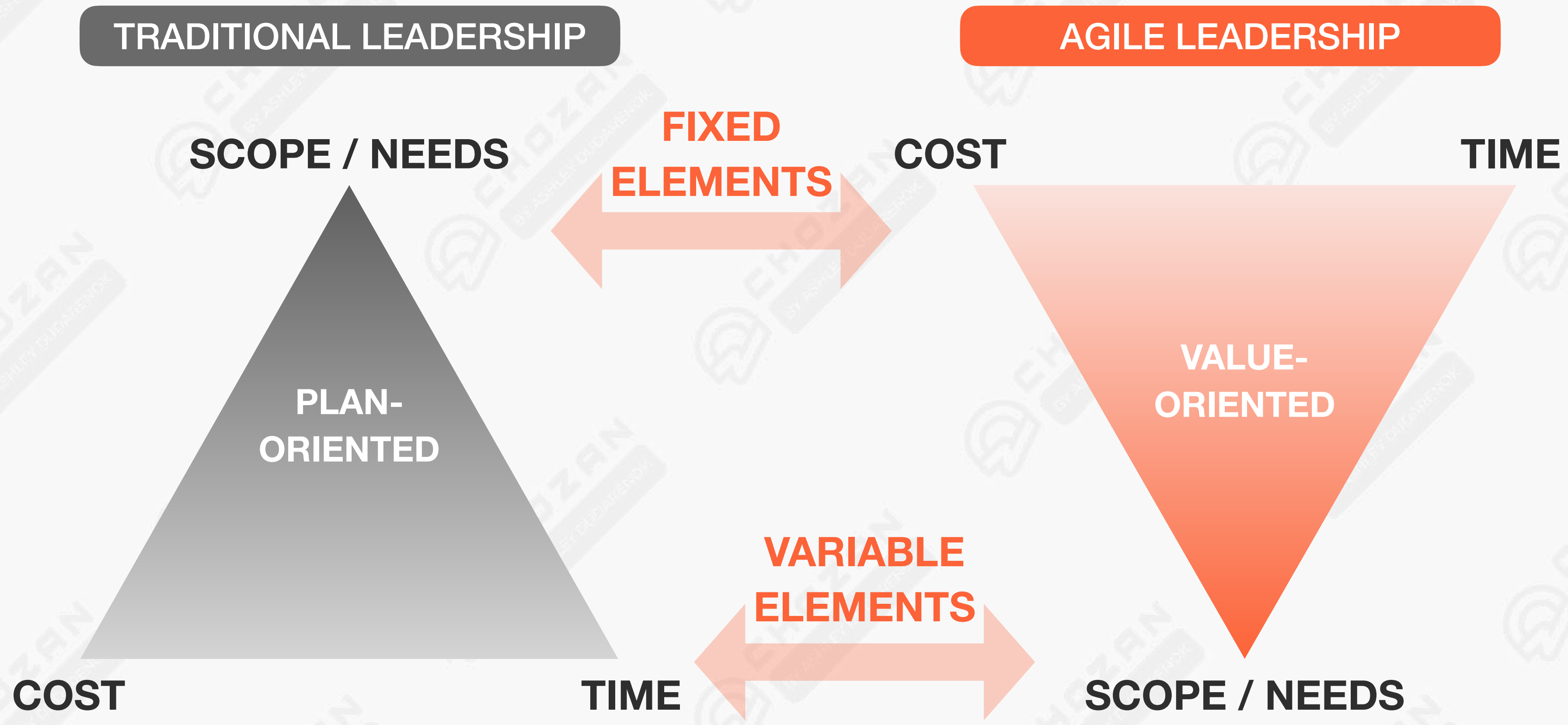
4

GLOBALIZATION

Given Huawei's global presence, the matrix model helps the company manage its international operations and develop products that **cater to different regional markets while maintaining efficiency**. Regional managers and functional managers coordinate and share resources, ensuring that local needs are met while keeping global strategies intact.

AGILE LEADERSHIP

AGILE LEADERSHIP ALLOWS ORGANIZATIONS TO DELIVER IN DYNAMIC ENVIRONMENTS



Agile leadership focuses on **iterative cycles**, continuously evaluating resources and priorities. This approach allows for quick pivots to meet evolving needs, delivering maximum value under constraints. Agile's adaptability ensures **faster responses, improved efficiency, and better alignment** with customer expectations, making it a superior model in dynamic environments.

AGILE LEADERSHIP

CASE: TENCENT REALIZES INNOVATION, SPEED AND ADAPTABILITY IN MULTIPLE BUSINESSES



COMPARISON OF OTHER LEADERSHIP MODELS ADOPTED BY TENCENT

PREDICTIVE LEADERSHIP	INCREMENTAL LEADERSHIP	AGILE LEADERSHIP
Requirements are predetermined before development begins.	Requirements are gradually refined during the delivery period.	Requirements are continuously refined in real-time during the delivery period.
Final deliverable is planned upfront and delivered as a complete product at the end of the project.	Final product is delivered in phases, each comprising complete subsets of the overall product.	Frequent deliveries of various subsets of products that provide value to customers
Changes are minimized.	Changes are periodically integrated into the project.	Changes are continuously integrated during the project.
Key stakeholders participate only at specified milestones.	Key stakeholders are regularly involved.	Stakeholders are continuously engaged throughout.

Advantages of Agile Leadership:

- Streamline communication and decision-making processes, allowing for quicker implementation of strategies and effective resource allocation
- Collect market and client feedback at a quicker pace, and thus make flexible adjustments

LESSONS FOR GLOBAL BRANDS

INSIGHTS ON CHINESE EFFECTIVE MANAGEMENT AND LEADERSHIP MODELS

1

EMBRACE ADAPTABILITY IN STRATEGY

Prioritize dynamic decision-making processes to respond quickly to market shifts and uncertainties. By adopting agile practices like iterative planning and real-time adjustments, businesses can maintain competitiveness in rapidly changing environments.

2

FOSTER CROSS- FUNCTIONAL COLLABORATION

Implement collaborative structures such as matrix management to encourage interaction across departments. This enhances innovation, eliminates silos, and improves efficiency in handling complex, global operations. Assign accountability clearly while ensuring shared ownership of outcomes.

3

FOCUS ON CUSTOMER DATA INTEGRATION

Leverage advanced analytics and real-time customer insights to guide leadership decisions. Build customer-centric systems that align product development, marketing, and operations with evolving consumer needs. Global brands can develop tools or platforms to enhance customer feedback loops.

4

INVEST IN DIGITAL TRANSFORMATION TOOLS

Drive operational efficiency through the adoption of AI, big data, and digital platforms for task automation and decision support. These tools streamline workflows, provide actionable insights, and enhance productivity, positioning organizations to outperform competitors.

EXPERT BITE

Q: HOW WILL CHINA'S UNIQUE LEADERSHIP MODELS CONTINUE TO SHAPE ITS DOMINANCE IN THE GLOBAL TECH ECOSYSTEM?

In 2025, China will accelerate its modernization under the “New Quality Productive Forces” initiative, shifting from rhetoric to measurable outcomes. Financial and policy support will prioritize R&D, automation, talent development, the green economy, entrepreneurship, emerging technology sectors, and innovation.

This will drive more Chinese business leaders to shift their mindset from quantity to quality, manual labor to automation, and capacity to productivity. I anticipate more strategic collaborations among Chinese businesses, fostering a competitive approach on the global stage.



PASCAL COPPENS

Partner at nexxworks

EXPERT BITES

Q: WHAT CHALLENGES DO GLOBAL COMPANIES FACE IN ADOPTING CHINESE LEADERSHIP MODELS?

First and foremost is the bias that Chinese leadership models are not suitable to non-Chinese organizations and driven by an out-dated view of top down leadership in China. While in fact, China has many progressive organizations, such as Haier and Xiaomi, who are solving universal management problems – such as bureaucracy and lack of autonomy – through new innovative leadership approaches.

One additional challenge is that most of these new leadership models and management innovations leverage advanced internal digital platforms that enable organizations to be much more modular in their setup; the reality is that many global companies are not yet digital ready (enough) for that. One great example of an exception is Mastercard, who has been a master of this.



MARK GREEVEN

Professor of Management
Innovation and Dean of IMD Asia

EXPERT BITES

Q: WHAT INNOVATIONS DRIVE CHINA'S RETAIL TECH LEADERSHIP AND SHAPE GLOBAL TRENDS?

The fundamental approach differs between Amazon and top Chinese e-commerce platforms. Amazon sees the end consumer as the customer and the seller as a necessary evil, while Chinese platforms view the seller as the customer, as they pay the fees. As Amazon's seller fees, particularly FBA fees, rise, it opens opportunities for more efficient Chinese marketplaces to enter the US and EU markets with lower prices.

Platforms like Shein and Temu have significantly lower seller fees, leading to cheaper end prices. This is supported by innovative supply chains; for instance, Shein reduces excess inventory and waste through on-demand production, creating small batches (100-200 pieces) initially. Shein also collects extensive user data via social media and its app, informing suppliers about customer preferences and enabling quick market adaptations. While Amazon offers limited sell-through data, there's ongoing concern that it may capture sellers' customers with its own knock-off brands.



NOAH HERSCHMAN

Principal Industry Architect at
Microsoft

EXPERT BITES

Q: WHAT SETS CHINESE AND WESTERN LEADERSHIP APART, AND HOW CAN FIRMS ADAPT TO RETAIN TALENT IN CHINA?

Chinese and Western leadership styles differ fundamentally. In times of economic growth, Chinese top talent prefers Western styles, perceived as more egalitarian, focusing on direct communication, short-term results, and task-centric decision-making. In slower growth periods, they are pragmatic, willing to adapt to successful companies.

Key questions include: Does the leadership team make sound strategic decisions? Are they committed to investing in China and addressing its unique needs? Are career paths clear, the business competitive, direct manager relationships strong, and compensation attractive? If these conditions are met, talent can adapt to different leadership styles.

To remain competitive, Western companies should clearly communicate their commitment to China, grant local autonomy, and hire leaders who understand both Chinese and HQ cultures.



MIRIAM WICKERTSHEIM

General Manager at
Direct HR

EXPERT BITE

Q: WHAT MISTAKES DO WESTERN LEADERS MAKE IN CHINA, AND HOW CAN THEY ADAPT FOR BETTER COLLABORATION?

A major challenge in international business with China today is that China-facing foreigners split into opposing camps. China's isolation and successes in developing competitive technology make investors and executives suspicious... Some fears are ungrounded, but that's how fear works. Conversely, expats committed to China lack empathy for those doubting Chinese exceptionalism. Consequently, neither side can mediate between the extremes.

Leaders serious about connecting opportunities must understand and address reasons for resistance... Sharing relevant data across digital barriers will be key in 2025, as China develops an insular data environment. Using recent visa-free travel to arrange visits to China and encouraging outreach from both Chinese partners and long-term expats is crucial.



GABOR HOLCH

Founder of East-West Leadership
and Author of "Dragon Suit"



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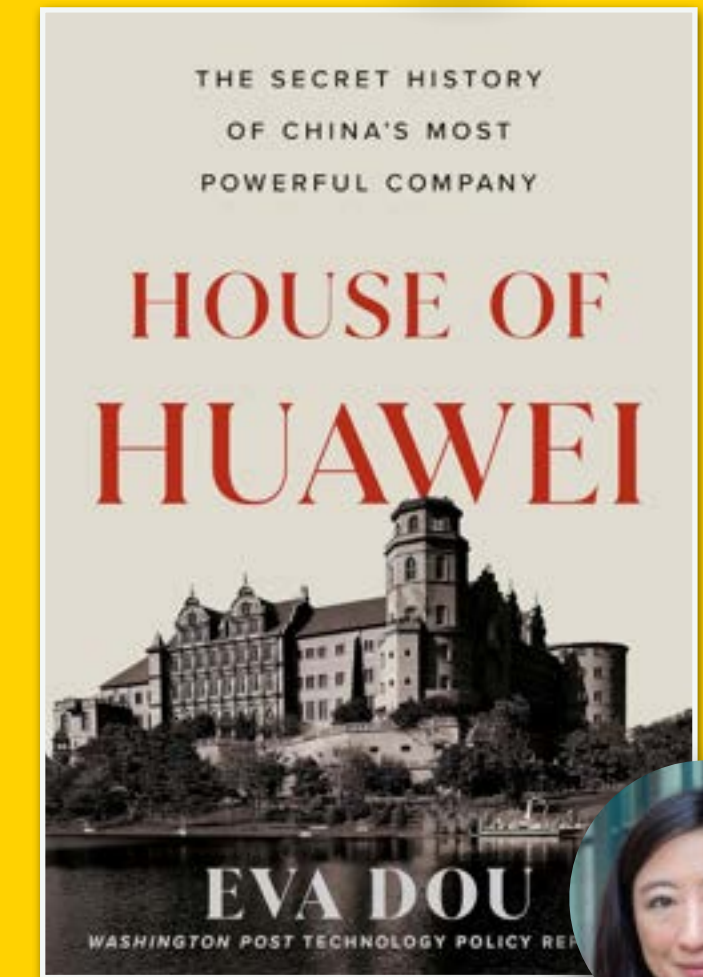
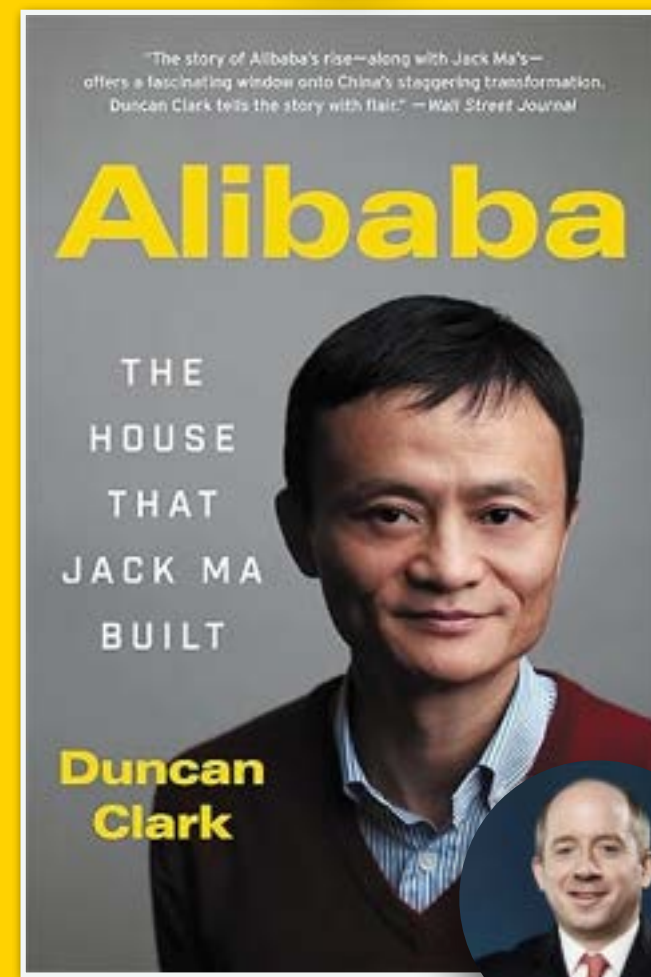
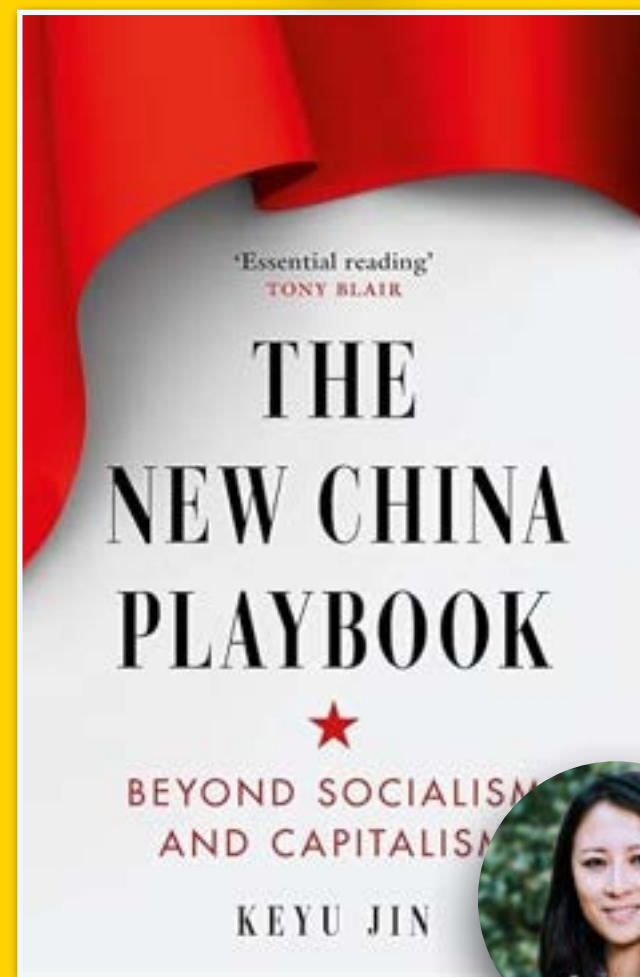
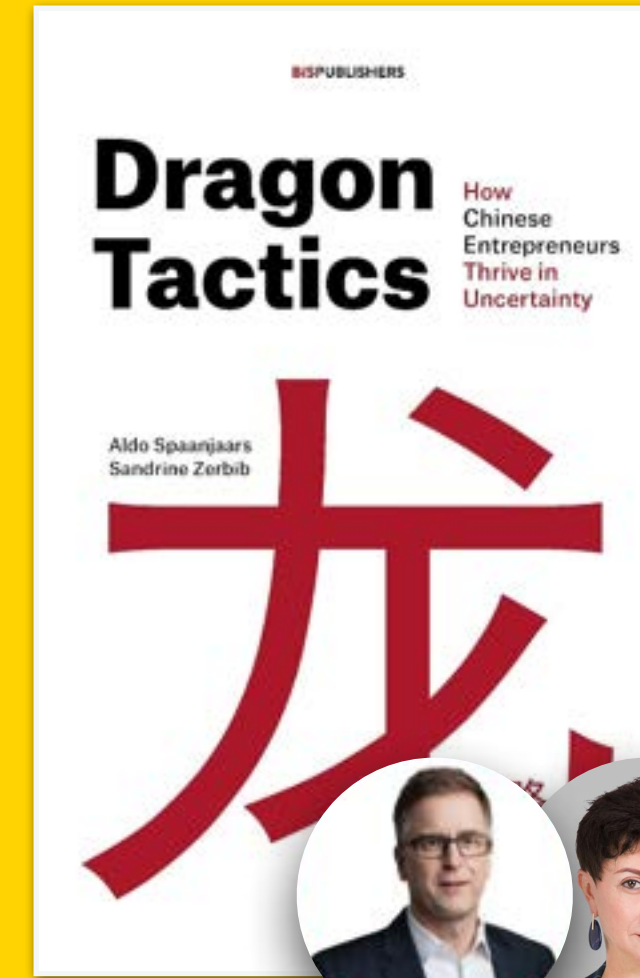
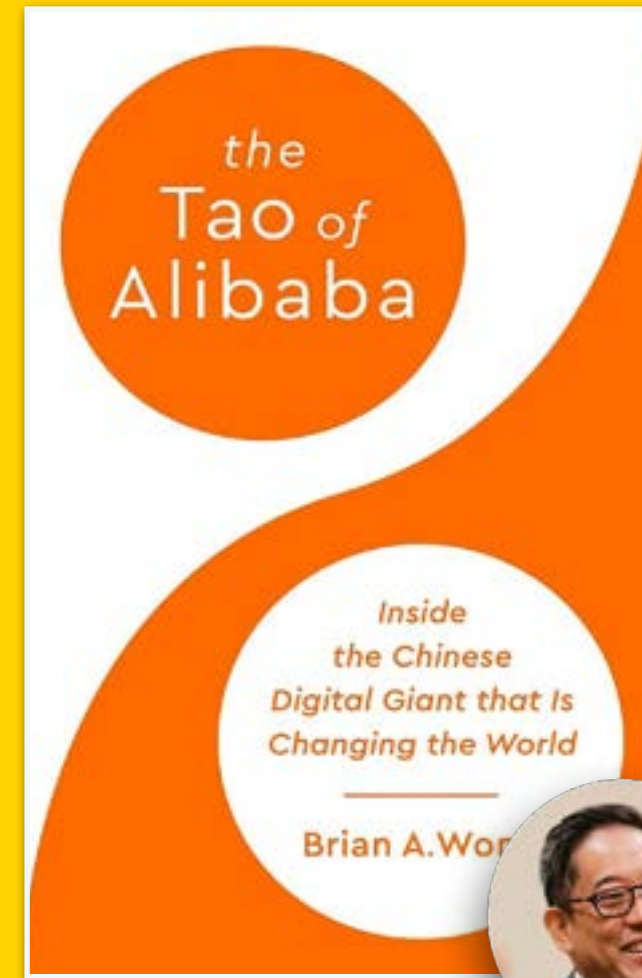
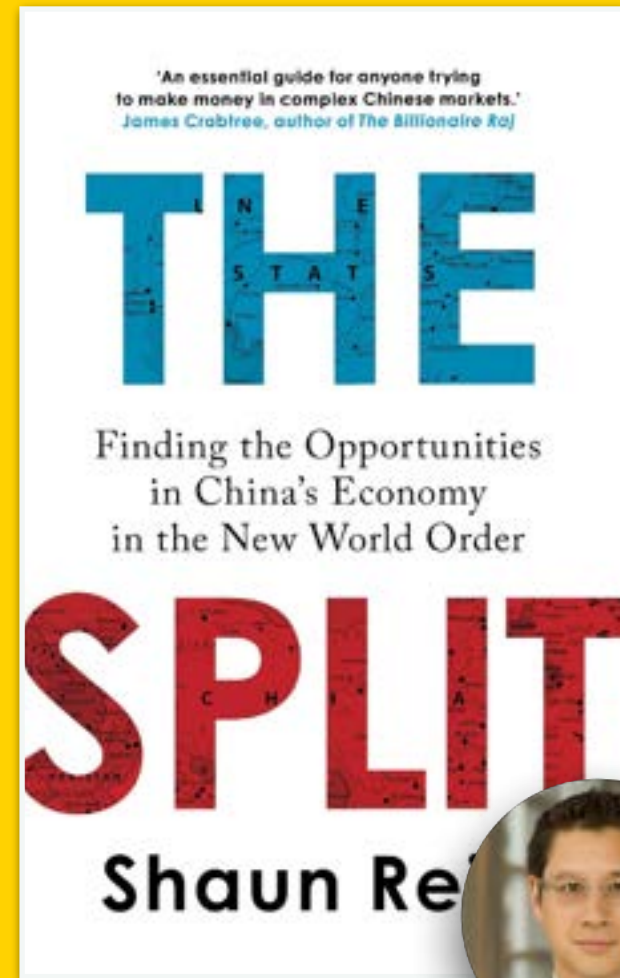
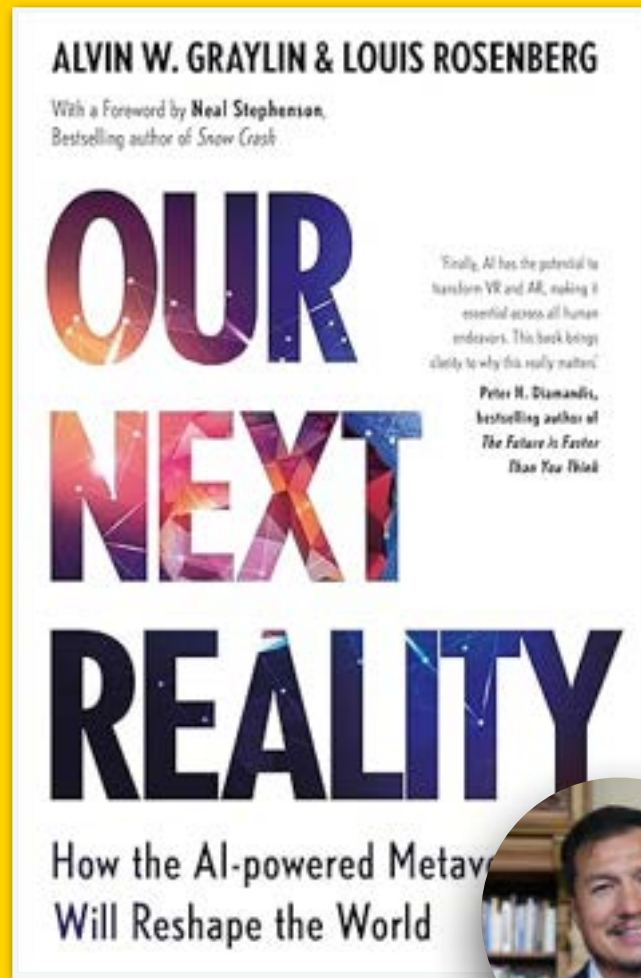
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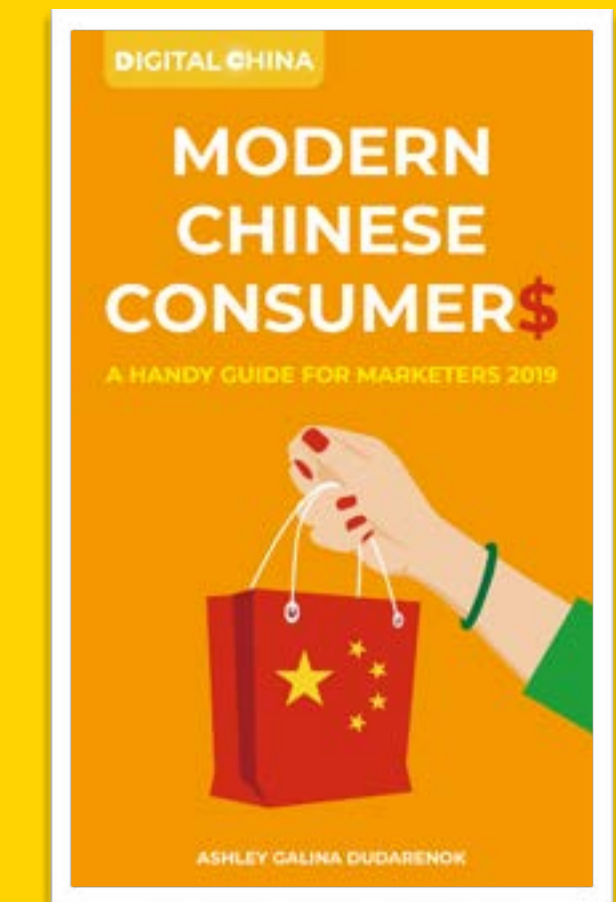
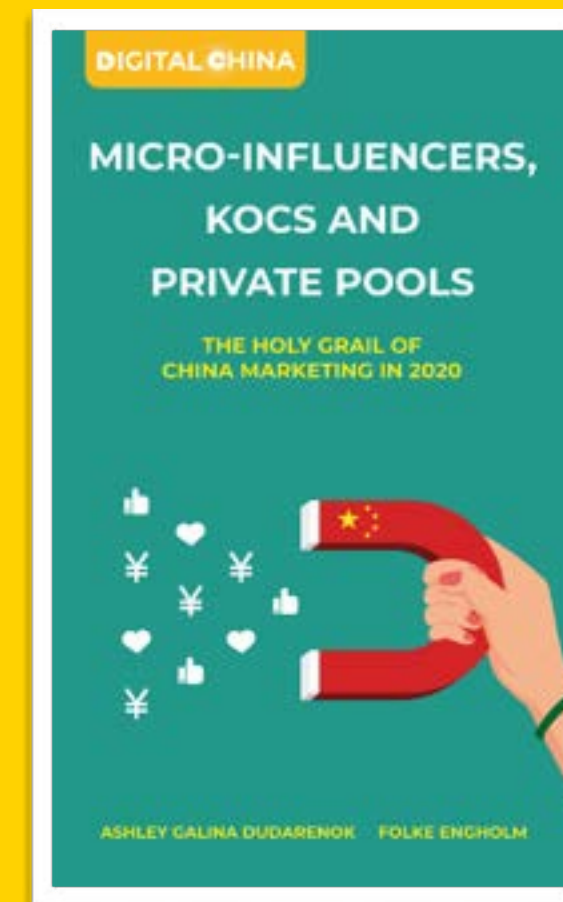
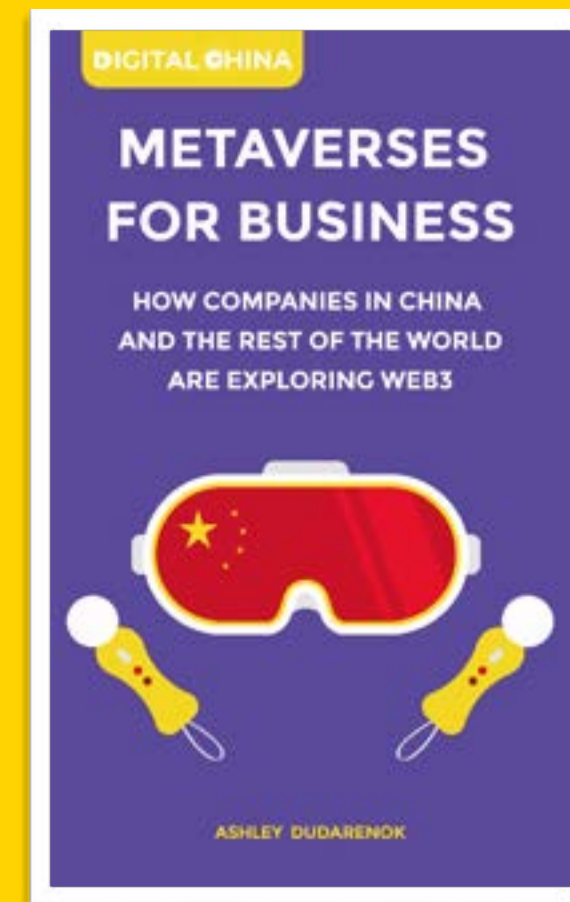
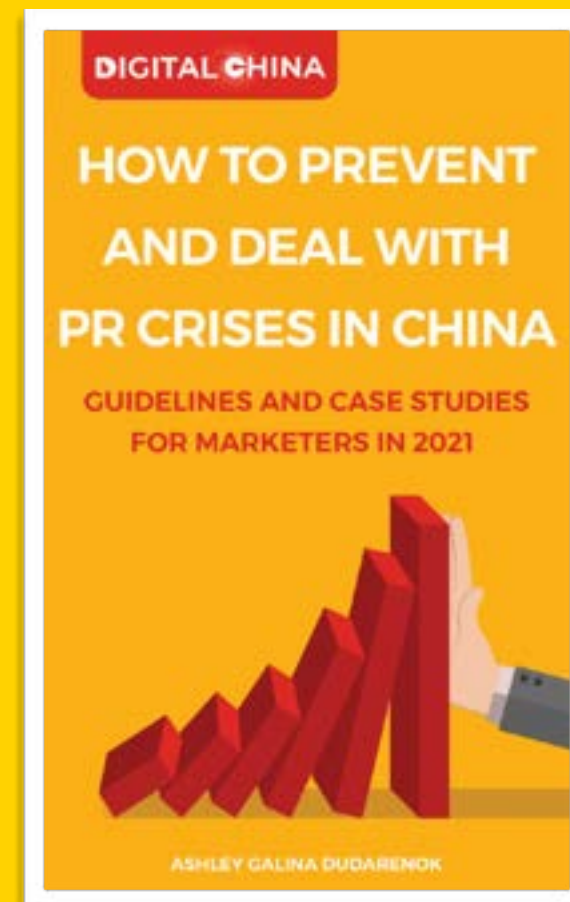
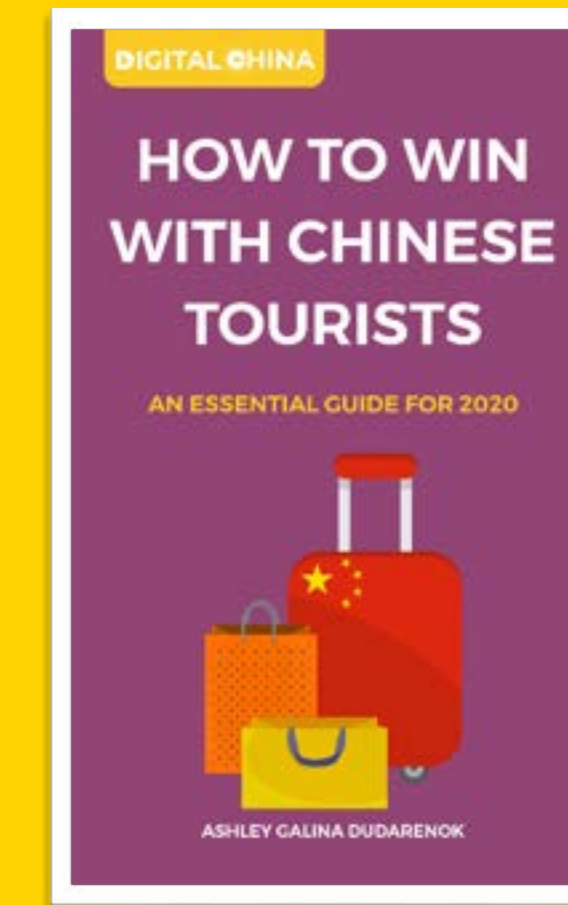
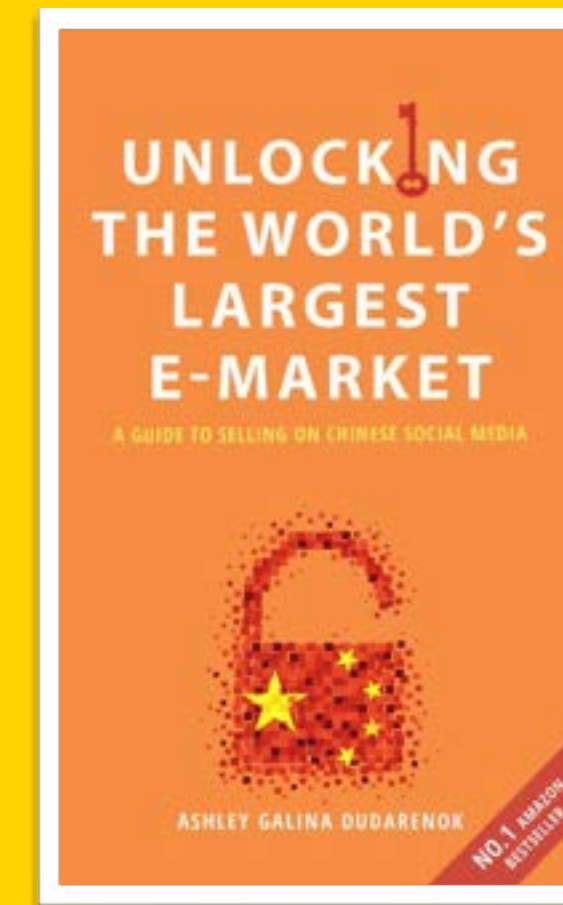
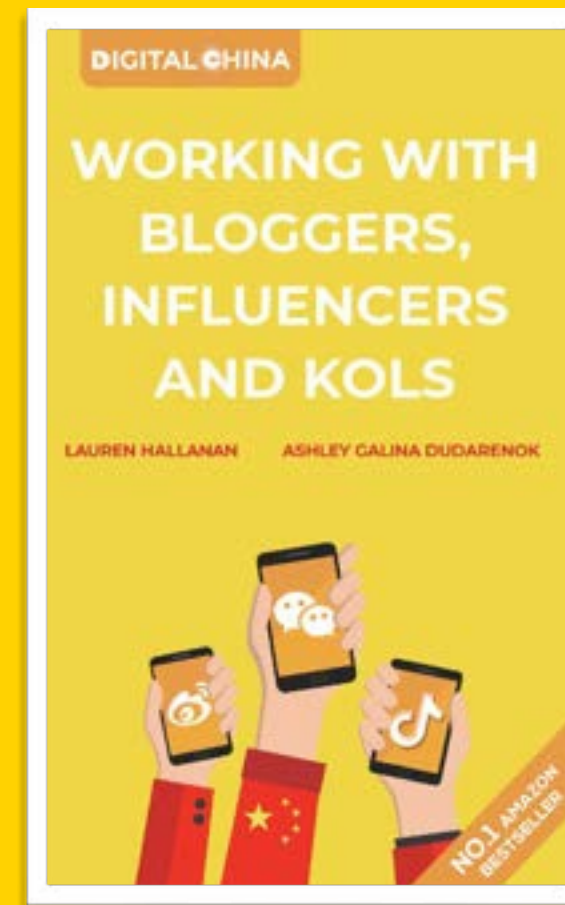
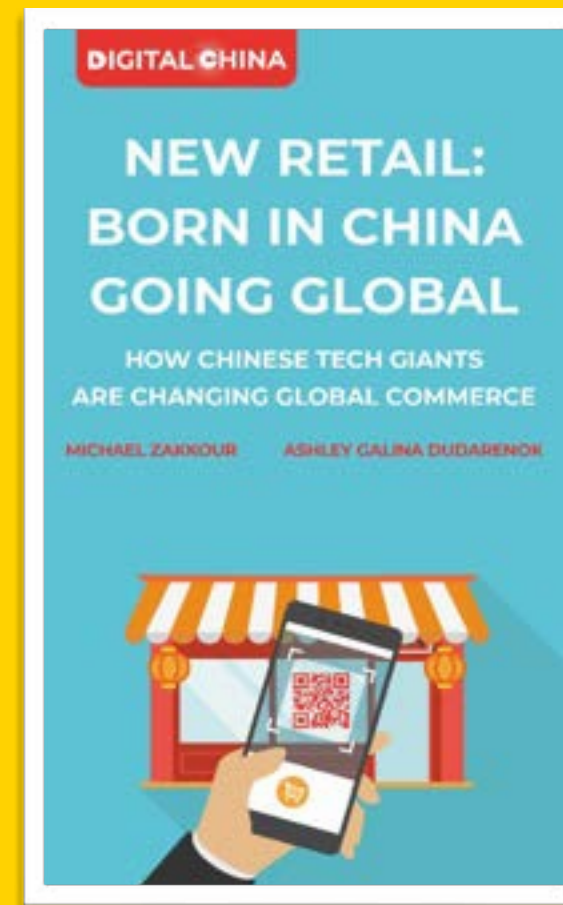
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RECOMMENDED READING



CHECK OUT A FEW MORE INSIGHTFUL BOOKS



ABOUT US

OUR LEARN FOR / FROM CHINA SOLUTIONS

REACH OUT TO TALK TO OUR TEAM ABOUT YOUR GOALS



● CHINA LEARNING EXPEDITIONS

We organize tailored learning tours to help leaders from world's top companies understand China's market, tech ecosystems, digital transformation, and competitors. Clients like Coca-Cola, InMobi and Deckers have joined us to get ahead.

● CHINA RESEARCH

We provide in-depth consumer and market research, trend analysis, and strategic advice to help you make better decisions. Brands like J&J and HSBC trust us to connect the dots in China's evolving landscape.

● CONSULTING & EXPERT CALLS

We deliver tailored advice and connect you with top industry experts in China to tackle your biggest challenges. Brands like DFS, Adobe, and Colgate-Palmolive have benefited from our support.

● TRAINING FOR TEAMS

We train global and local marketing, e-commerce, and commercial teams to excel in China. Companies like Disneyland, Richemont, and Shiseido have upskilled their teams with our help.



● SOCIAL MEDIA MARKETING

We help localize your messaging, build a strong brand image, and connect with your target audience on platforms like RedNote, WeChat, Douyin, and more. Clients like Crocs trust us to boost their presence in China.

● INFLUENCER MARKETING & CAMPAIGNS

We create goal-driven social media campaigns and connect you with the right KOLs and influencers for impactful collaborations.

● SOCIAL COMMERCE

We help brands kickstart and grow their presence in the China's social commerce space, especially on platforms like Douyin.

**GOT A QUESTION?
DROP US AN EMAIL BY
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● KEYNOTE SPEAKING

Ashley Dudarenok delivers fully customized keynote sessions packed with actionable insights and cutting-edge trends from China. Trusted by clients like Bank of America, BMW, Disney, and more, Ashley's talks cover:

● TRANSFORMATIVE TECH IN ACTION

Discover how AI, XR, and robotics are revolutionizing industries. Explore innovations from companies like DeepSeek, Unitree, and the Six Little Dragons are reshaping customer experiences and driving industry transformation.

● CHINESE CONSUMER EVOLUTION

Gain a deep understanding of China's evolving consumer landscape. From Gen Z trends to engaging aging demographics, discover how to create seamless customer journeys, build brand loyalty, and leverage personalization to connect with modern audiences.

● THE FUTURE OF RETAIL

Stay ahead in the ever-changing retail landscape with insights into social commerce, livestreaming, and omnichannel strategies.

WORK WITH US



ALWAYS ON TOP OF CHINA'S TECH & DIGITAL HOT TOPICS

Stay ahead. We keeping you on top of the latest trends, innovations, and shifts in China's dynamic digital ecosystem. From cutting-edge AI applications to the rise of OMO and social commerce strategies, we provide timely insights that empower businesses to navigate and thrive in China, the most fast-paced market in the world.



15 YEARS OF EXPERIENCE IN CHINA'S DIGITAL SPACE

Trust experience. Over the past decade and a half, we've witnessed and analyzed every major shift—from the rise of super apps like WeChat to the explosion of live-streaming commerce. This deep-rooted experience allows us to provide actionable insights, tailored strategies, and a nuanced understanding of what it takes to succeed in China's unique digital ecosystem.



TAILOR-MADE CHINA KEYNOTES & LEARNING EXPEDITIONS

No cookie-cutter content. Whether it's an engaging keynote to inspire your team or a hands-on learning journey through China's dynamic market, we customize every experience to align with your goals. Our programs are crafted to provide actionable insights, real-world strategies, and an insider's perspective on China's unique digital and tech ecosystem.

OUR TEAM

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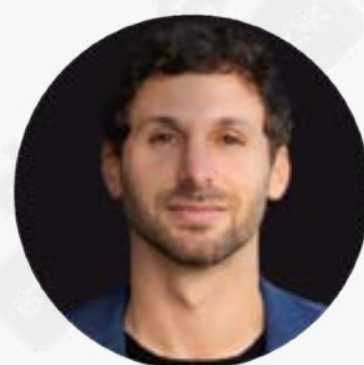
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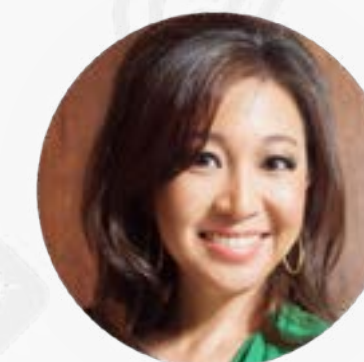
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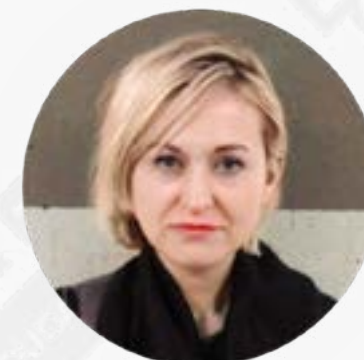
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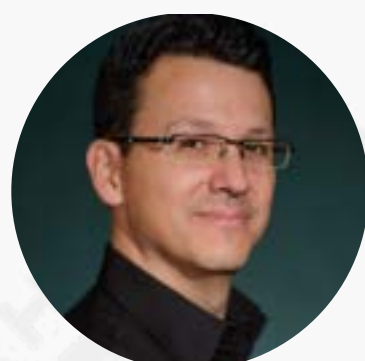
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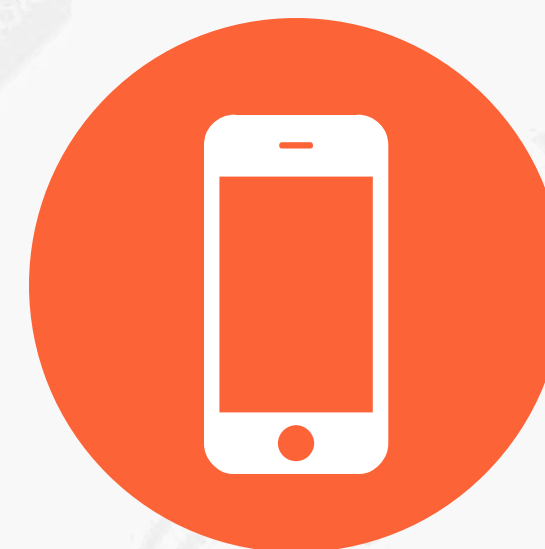
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