

Digitizing China's Retail Sector

中國零售業數碼轉型

In line with President Xi's development blueprint, China's consumer market is shifting towards sustainability and digitalization as discerning shoppers prioritize eco-friendly products and services

為配合國家主席習近平的發展藍圖，中國消費者市場正邁向可持續發展和數碼轉型，消費者亦優先考慮環保產品和服務

The great reopening of China is set to accelerate the country's post-pandemic recovery, and it is time for every enterprise to rethink its business model if it wants to thrive in the new normal. During the 20th National Congress of the Communist Party of China, President Xi Jinping set forth a long-term strategic blueprint for high-quality development, under which digitalization and green development will be among the most important trends that will reshape China's commercial sector going forward.

Accelerated Digital Transformation

The digital economy has become a key driver for China's economic growth. China's digital economy doubled from 22.6 trillion yuan in 2016 to 45.5 trillion yuan in 2021, and ranks second in the world. China also has the advantages that will enable it to continue to take a lead in digital transformation.

In terms of hardware, China has sped up the construction of digital infrastructure. As of today, China has built 2.3 million 5G base stations, accounting for more than

60% of the world's total. The number is expected to reach over 2.9 million by the end of 2023. In terms of software, the Central Government has been supportive of the growth of the platform economy, as proven by "green lighting" investment cases of large platform enterprises. It is predicted that the total scale of the platform economy will reach 100 trillion yuan in 2030.

For a long time, China's retail sector has been adopting new-generation digital technologies to optimize their supply chains. On-demand retail, or instant retail, is one of the latest examples. As an extension of home delivery services, on-demand retail is a new retail model that connects consumers and merchants through online platforms, where merchants aim to deliver products to their online consumers within 30 to 60 minutes. According to a report released by the China Chain Store and Franchise Association, the on-demand retail market has exploded, with a compound annual growth rate of 81% over the past five years. It is expected that the market size of on-demand retail will exceed 1 trillion yuan by 2025.

The growth of on-demand retail may pose a threat to traditional

retailers, in the sense that it has wider market coverage and greater geographical outreach. However, in the long run, open on-demand retail platforms allow offline enterprises that have undertaken digital transformation to tap into online market. The new model would facilitate the growth of offline enterprises and further transform the future of China's retail industry.

Even before the pandemic, China's retail industry had committed to improve the technical architecture of front-end activities. As the application of new technologies becomes more mature, digital transformation will be advanced to the middleware and back-end applications. By reshaping their supply chains, enterprises will be able to reduce operating costs and improve overall operational efficiency, taking their businesses to the next level.

Empowering Green Consumption

China has endeavoured to promote green and low-carbon development. In the past decade, the country has supported its 6.5% average economic growth

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with an average annual growth of 3% in energy consumption, and reduced its carbon intensity by 34%. Working towards the “30-60” decarbonization goals, the government is accelerating efforts to promote green consumption, laying a solid foundation for a full-scale green transformation and upgrading of the consumer market.

Empowered by digitalization, the retail industry has increasingly adopted digital solutions to increase production efficiency and reduce carbon emissions. For example, data-driven dashboards can summarize metric results and highlight eco-issues in operations, while cloud-based warehouse management systems help maximize storage capacity and increase operational efficiency. On the retail front, in-store technology

is used to interact digitally with shoppers, providing clear and detailed sustainability information of the products. E-commerce platforms have also launched carbon ledgers to promote greener lifestyles, by helping consumers track the carbon footprint of their online activities and rewarding them for adopting eco-friendly behaviour.

In the meantime, green consumerism has also been growing in popularity in society. Chinese consumers have been increasingly attached to eco-friendly products, and some are even willing to pay 10-20% more for such products. Indeed, organic and low-carbon lifestyle consumption has been rapidly expanding in China: Over the past five years, sales of related products on JD.com grew by 167%, and the number of consumers increased by 86%. Retail sales of

new-energy vehicles in China also hit a record high of nearly 5.67 million in 2022.

With growing environmental awareness, the green transformation of China’s consumer market has become both policy-driven and demand-driven. Green and sustainability are playing an increasingly important role in consumption decision making. Throughout the long journey to green development, enterprises may face huge challenges and difficulties in the process, such as high initial investments and long payback periods. However, the prospects are promising, and the returns could be enormous. By building an intelligent and sustainable supply chain, enterprises can stand out in the new normal.



隨着中國重新開放，疫後經濟復蘇進程勢將加快。企業要在新常態下蓬勃發展，現在正是反思商業模式的最佳時機。在中國共產黨第二十次全國代表大會上，國家主席習近平提出了高質量發展的長期戰略藍圖，數碼化和綠色發展將繼續成為重要趨勢，主導中國的未來商業發展。

加快數碼轉型

數碼經濟已成為推動中國經濟增長的重要引擎，其規模從 2016 年的人民幣 22.6 萬億元翻了一倍，於 2021 年達到人民幣 45.5 萬億元，位居全球第二。中國憑藉眾多優勢，將可繼續引領數碼轉型。

硬件方面，中國正在加快數碼基礎設施建設，至今已建成 230 萬個 5G 基站，佔全球總數六成以上，預計到 2023 年底將超過 290 萬個。軟件方面，中央政府大力支持發展平台經濟，並推出大型平台企業「綠燈」投資案例，預計平台經濟總規模將於 2030 年達到人民幣 100 萬億元。

長久以來，中國零售業積極應用新一代數碼科技來優化供應鏈，即時零售就是最新的例子之一。即時零售是透過網上平台連接消費者和商戶的新零售模式，較送貨上門服務更進一步，消費者在網上購物後 30 至 60 分鐘內，即可收到商戶寄出的產品。根據中國連鎖經營協會的數據，即時零售市場呈爆炸式增長，過去五年的複合年均增長率達 81%，市場規模可望於 2025 年前突破人民幣 1 萬億元。

即時零售的市場和地域覆蓋範圍更廣，或會對傳統零售商構成威脅，但長遠而言，已完成數碼轉型的線下企業可透過開放式即時零售平台進入線上市場。這一新模式將促進線下企業發展，進一步推動中國零售業的未來轉型。

即使在疫情爆發前，中國零售業已着力改善前台活動的技術架構。隨着新技術在前線零售的應用日趨成熟，數碼轉型將擴展至中介軟件和後台應用。透過重塑供應鏈，企業將能夠降低營運成本，同時提高整體營運效率，令業務更上一層樓。

推動綠色消費發展

中國一直致力推動綠色低碳發展。過去十年來，中國以年均 3% 的能源耗用量增長帶動經濟年均增長 6.5%，碳排放強度則下降 34%。為實現「3060」雙碳目標，政府正着力推動綠色消費，為消費市場全面綠色轉型升級奠定堅實基礎。

零售業積極進行數碼轉型，採用數碼方案來提高生產效率和減少碳排放。舉例說，數據儀表板可整合數據和關鍵指標，有助識別業務運作中的生態環境問題，雲端倉儲管理系統則有助提升儲存能力和營運效率。零售方面，零售店舖利用數碼技術與顧客互動，並提供清晰詳細的可持續性產品資訊。電商平台還推出了碳帳戶功能，幫助消費者追蹤網上活動的碳足跡，並獎勵環保行為，從而推廣綠色生活方式。

與此同時，綠色消費理念在社會上日益普及。中國消費者對環保產品的需求不斷增加，有消費者甚至願意為此支付一至兩成的溢價。事實上，有機低碳生活的消費規模在中國迅速擴大：過去五年，相關產品在京東平台的銷售額增長 167%，消費者人數則上升 86%。此外，中國新能源汽車零售銷量也在 2022 年創下近 567 萬輛的歷史新高。

隨着消費者的環保意識不斷提高，中國消費市場的綠色轉型不但由政策主導，亦以市場需求為導向。綠色和可持續發展元素在消費決策中擔當日益重要的角色。在綠色轉型的漫長過程中，企業可能要面對前期投資高昂、回收期長等重大挑戰和困難。然而，綠色發展前景可期，日後有望帶來豐厚回報。構建智能及可持續的供應鏈，將有助企業在新常態下脫穎而出。