# Pulse of China


## China 2024 Economic Review

**February 2025**


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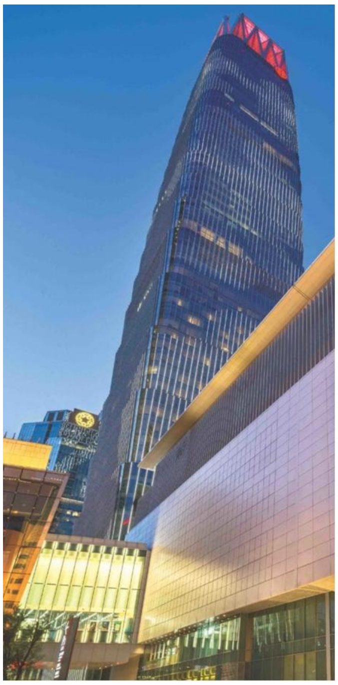
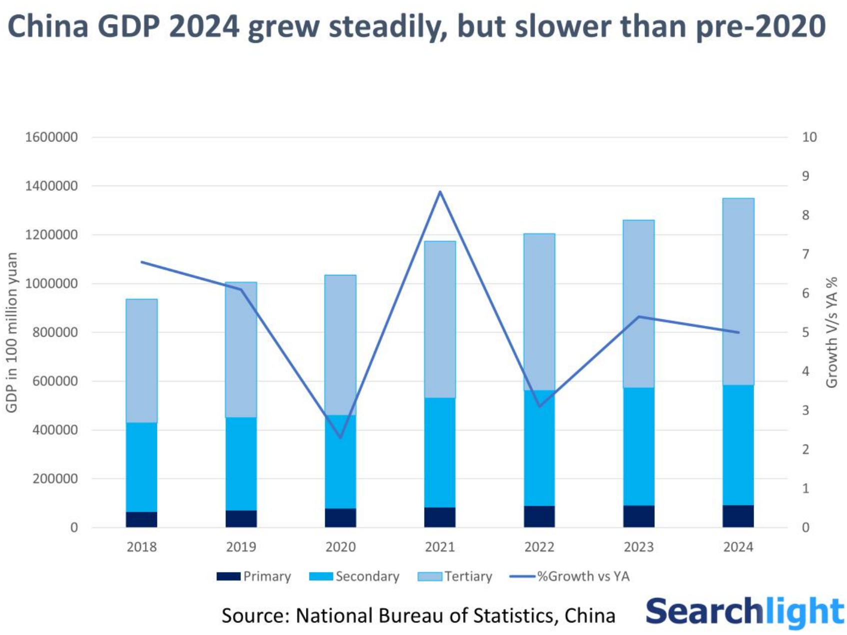
*China economy 2024 review – healthy and growing , albeit at a more modest pace*

The economic data for the full year 2024 is out and the picture it paints is encouraging.






Of course, growth rates of 5% are not as exciting as the heady days of the late ‘90s and early noughts when it was much higher, but there is still steady growth happening. Also, like all evolving economies, as the economy grow the proportion of GDP from the tertiary (service) sector is greater than the secondary (manufacturing) and primary (agriculture) sectors.

**Consumer retail spending in 2024**

The risk in looking only at overall GDP data is, of course, that it can sometimes move on a different trajectory than consumer spending. We took a look at consumer spending across 2024 to see where that was heading. These figures exclude a category labelled as “catering” in the statistical report, which we assume links to F&B service. What we’re examining is the purchase of retail consumer goods.

Some of the interesting findings from doing that are:

1. Consumer spending in 2024 is around 3.2% greater than in 2023. 2023 growth rates were higher, given that it was the first year after all COVID measures were withdrawn and life returned to normal in China. However, 3.2% is also lower than the GDP growth rate, which suggests that some of the economic growth is being driven by government spending and that consumers are still conservative in their outlook.

2. One little sidelight that we found quite fascinating was the peak months for consumer retail spending. Given that nearly half of China retail is online and that two major shopping festivals

in June and November drive a lot of the volume there, we were expecting to see June and November as peak months for consumer spending. While June is the biggest month in the first half of the year, October and December are both bigger than November and June. There are a few potential reasons for this:

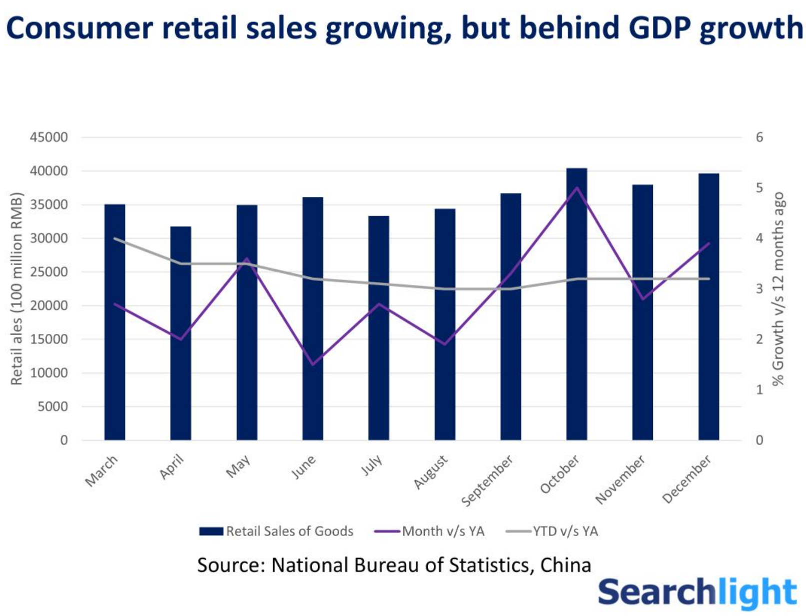
1.Singles Day is now a shopping festival that extends from mid-October to November 11

2.December has 12.12 (a smaller shopping festival) as well as Christmas and New Year shopping – while these festivals are not significant in China, in the larger cities there is still a consumer group who see them as occasions for gifting

3.With CNY falling in January, December is when people start shopping for gifts and CNY items

4. Given that there are now promotions on e-commerce almost every month, perhaps consumers no longer feel the need to skew their purchases heavily towards 6.18 and 11.11 as they used to

There isn't a direct link between this macroeconomic data and specific data for 11.11 from the key ecommerce platforms, so we can only speculate as to reasons. However, it does seem as if the trend for shopping festivals to bring out major peaks in consumer spending is flattening out over time.




**A closer look categories of consumer retail spending in 2024**

One of the interesting tables on the National Bureau of Statistics website delved into details of various categories of consumer spending and how they've fared compared to 2023.

The categories where spending grew significantly (around 10% or more) in 2024 are grains & foodstuffs, sports and leisure equipment, household appliances and communications appliances. We saw during COVID that there was a lot of interest in exercise and home cooking, which appears to have been sustained.

There haven't been any categories that shrank significantly, but cosmetics, jewellery, automobiles, newspapers and magazines are all stagnating or slightly decreasing in spend. The trend for home decoration that we saw during COVID also seems to have petered out with building and decorations declining by 2%.

| Consumer spending by category 2024 (100 million RMB) | | Growth % v/s 2023 |
|---|---|---|
| Grain and Oil, Foodstuff | 21736.8 | 9.9 |
| Beverages | 3200.3 | 2.1 |
| Tobacco and Liquor | 6159.0 | 5.7 |
| Garments, Footwear, Hats, Knitwear | 14690.5 | 0.3 |
| Cosmetics | 4356.5 | -1.1 |
| Gold and Silver Jewelry | 3299.8 | -3.1 |
| Commodities | 8091.2 | 3.0 |
| Sports and Recreational Articles | 1415.4 | 11.1 |
| Newspapers and Magazines | 1767.7 | -1.6 |
| Household Appliances and Video Equipment | 10307.5 | 12.3 |
| Traditional Chinese and Western Medicine | 7156.7 | 3.1 |
| Cultural and Office Appliances | 4327.4 | -0.3 |
| Furniture | 1691.1 | 3.6 |
| Communication Appliances | 7901.6 | 9.9 |
| Petroleum and Related Products | 24001.7 | 0.3 |
| Building and Decoration Materials | 1692.2 | -2.0 |
| Automobile | 50313.5 | -0.5 |
| Others | 5146.0 | 4.3 |

Source: National Bureau of Statistics, China

### About Searchlight Consulting

Set up in early 2020, Searchlight is a boutique management consulting firm headquartered in Shanghai. We focus on helping brands understand and prioritize their opportunities and overcome their barriers to growth. We do this by working closely with our client teams over an extended period, facilitating their process of decision-making, building capability by guiding and training their teams, and also helping with organization redesign if necessary.

Our team of 14 associates covers a wide range of specialist areas – business management, brand management, marketing, communication, media, HR, CRM, sales management, technology. Each of us has at least 20 years of work experience, a large part of that in China

We coach and assist client teams to make quality decisions for the business. We also assist in the design of organizational processes and financial models, especially building internal and external capabilities for strategy implementation.

We've worked with both international and local brands, startups, and public listed companies - J&J, Hollister Medical and Pandora as well as SUNNER Foods (a listed food processing company that has become one of the fastest growing B2C brands now) and startups like Little Ondine, LeBunna and Youxin coffee. For more about us visit [www.searchlightchina.com](www.searchlightchina.com)