



China Consumer Market – A Positive Future Outlook

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Agenda

1. China Consumer Market – A Positive Future Outlook
2. China's Rising Upper Middle Income Population
3. Huge Potential to Grow Private Brands and Advance Category Management
4. The New Chinese Consumer : Expand Offerings in Healthy choices, Sustainability and Imports
5. Hong Kong Retail Market



China Consumer Market – A Positive Future Outlook

China Retail Sales growth trails behind China GDP growth

1. **China total retail sales** of consumer goods reached RMB 50 trillion in 2025, a **3.7% increase**. This growth lags behind China's GDP growth of 5%.
2. The China Chain Store & Franchise Association's "**2024 Top 100 Chain Stores**" list reveals a rather stagnant landscape: almost **60%** of the top 100 chains either stood still or reduced their store count in 2024.
3. **Retailers face significant headwinds:** Weak consumer sentiment, fierce price wars among **instant retail** (即时零售) platforms, intense **market involution** (内卷). Many struggle to transition from **brick and mortar** to **omni-channel** or to substantially **reduce their reliance on slotting fees income model**.

Crucial questions may come to mind about the future of China's retail sector

Is the market approaching saturation?

Will the growth rates continue to decelerate?

Are we entering a "red ocean" of diminishing return?



Despite these challenges, China's economic data and PwC's proprietary studies suggest valid grounds for a more positive outlook, driven by four key factors:



Rising purchasing power of the **Upper Middle Income consumers**



Aggressive expansion by **successful international and domestic retailers** is a vote of confidence in China's consumer market



Chinese consumers outpacing global peers in **embracing health, sustainable and international products**, creating new opportunities



Potential **appreciation of Renminbi** could significantly boost consumer sentiment and unleash latent spending power

Key drivers impacting China consumer market

1

Rising purchasing power of the Upper Middle Income consumers

1. **China's disposable income** grew by an average of **5% annually from 2015 to 2024**.
2. Rapid Expansion of the **Upper Middle Income population**: This demographic reached 64 million households (**~180 million people**) in **2024** and is projected to increase by another 80% by 2029.
3. **Demand for premiumization**: There will be greater demand for high-quality, differentiated food and non-food products and services, especially within discretionary categories.

2

Chinese retailers have yet to reach maturity in category management, leaving ample room for private brand penetration

1. **Underdeveloped practices**: According to PwC's study of Category Management Practices in China, **category management**, despite its importance to the success of private brands, remains underdeveloped. China's **private brand penetration lags behind European or American markets**.
2. **Success through strategic focus**: Retailers that center their retail strategy around category management have overcome execution hurdles. By leveraging **technology-driven supply chains**, they achieve **accurate customer segmentation** and deliver merchandise portfolios -both online and offline - that resonate deeply with customers.
3. **Proof of concept**: The success of selective international and domestic retailers shows that a comprehensive transformation is achievable even in China's dynamic market. **Success requires endurance and an intense, multi-year focus on technology, data analytics and organisational change**.

Key drivers impacting China consumer market

3

The Profile of the New Chinese Consumer

1. **Health and sustainability focus:** PwC's Voice of the Consumer 2025 Global Survey – China Report reveals that Chinese consumers are **more health-conscious** than their global peers. They **strongly support sustainability** and are prepared to **pay more** for products that mitigate climate change impact.
2. **Balancing local and global tastes:** While the Guochao 2.0 wave (国潮) drives a love for local food, over a quarter of respondents frequently explore and **incorporate foods from other countries** into their diets.
3. **Unmet needs create opportunity:** Our findings indicate the consumer needs remain unsatisfied, signalling robust growth **opportunities for private brands, national brands, and international brands alike.**

4

Potential appreciation of the Renminbi

1. **Market expectations:** A number of investment houses project the Chinese yuan will strengthen in 2026.
2. **Strategic timing:** Research suggests the timing is right for appreciation. In a recent Financial Times article, **PAG Executive Chair Weijian Shan noted that “Conditions are ripe for the renminbi to significantly appreciate, but it needs to strengthen gradually to minimise the impact on the export sector”.**
3. **Economic stimulus:** A stronger yuan and a stabilized housing markets would boost consumer confidence , stimulate domestic consumption, and significantly revitalise the retail sector.

2

China's Rising Upper Middle Income Population

1. China’s real personal disposal income has grown steadily over the past decade

- 1. **Steady economic growth:** China’s GDP per capita has grown steadily over the past decade: rising by 63% from US\$ 8,175 in 2015 to US\$ 13,303 in 2024.
- 2. **Disposable income trends:** Real personal disposable income grew by an average of 5% p.a. from 2015 to 2024, and is forecasted to grow between 3.99% to 4.7% p.a. from 2025 to 2029.

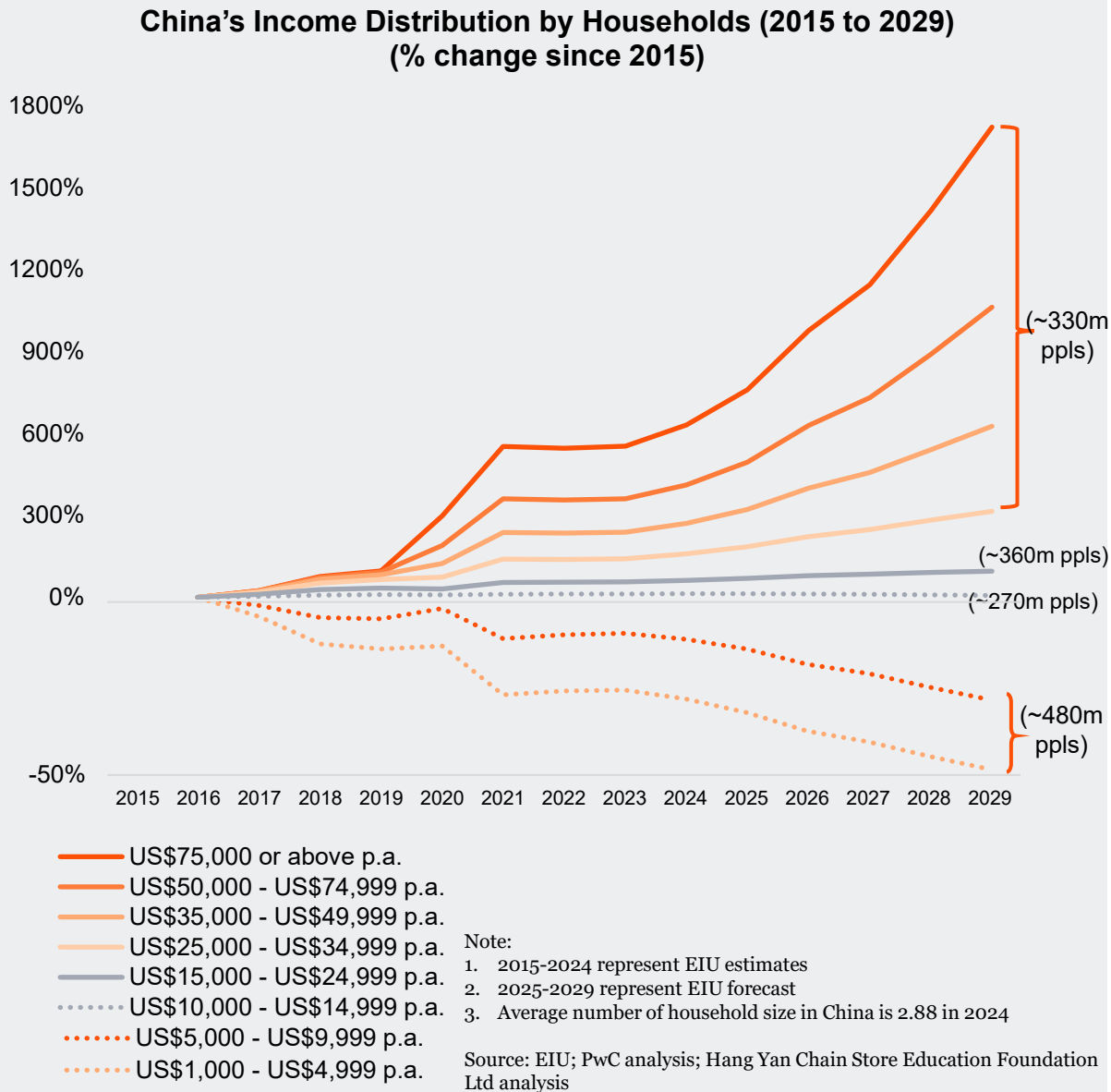
+63%

China’s GDP per capita has grown steadily over the past decade

China GDP growth and Real Personal Disposal Income growth

	GDP (YOY growth %)	Real Personal Disposal Income growth (% change pa)
2015	7%	7.11%
2019	6.1%	6.17%
2024	5.0%	5.44%
2025	5.1%	4.29%
2026	4.6%	4.06%
2027	4.5%	4.51%
2028	4.3%	4.7%
2029	4.1%	3.99%

Note:
2015-2024 represent EIU estimate
2025-2029 represent EIU forecast
Real personal disposable income (% change pa) : Real growth rate of total personal income after taxes and deductions, % change.
Source: : EIU; PwC analysis, Hang Yan Chain Store Education Foundation analysis



2. China ranks 2nd globally in the number of individuals with household disposable income of US\$35,000 pa or more

- Expansion of the upper middle income:** The rise of the upper middle income ¹ population is prominent. According to EIU estimates, the number of households with a disposable income of **US\$25,000 p.a. or more tripled in the last decade** (from 21 million to **64 million**) and is forecast to almost double to **116 million households (or 330m people)** in 2029.
- Market premiumisation:** The number of households with income exceeding **US\$35,000 pa reached 26.8million in 2024** and is expected to rise to **56 million (or ~ 161 million people)** in the next five years. This presents an attractive trend for operators of **premium and luxury brands**. China currently ranks second only to the **US** for individuals at this income level, followed by **Germany, Japan, the UK and France**.

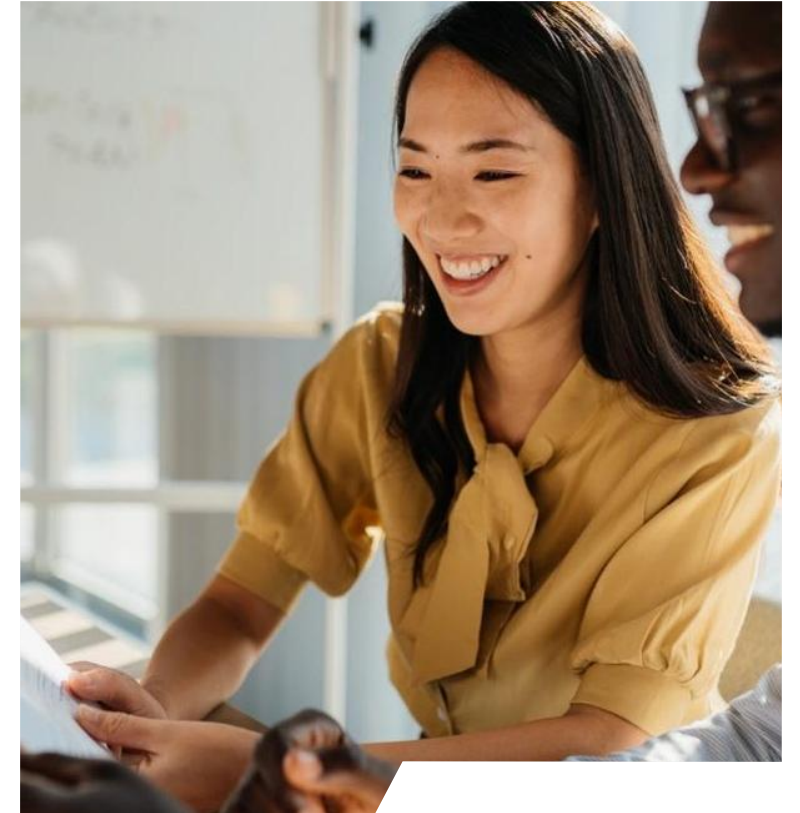
Source: 1. CEIC, China National Bureau of Statistics

Note: Disposal income per capita represents nominal disposal income (ie personal income after taxes and deductions)

<u>Disposal income per capita</u>	<u>Disposal household income per capita (household income x 2.88 headcount)</u>
Upper Middle: RMB53,359	~RMB154,000
Urban Upper Middle: RMB68,151	~RMB196,000
Middle: RMB33,925	~RMB98,000
Urban Middle: RMB48,508	~RMB140,000

3. Broad middle income spending power and the saving paradox

1. **Broad middle income spending power:** If the middle income and upper middle income population in 2024 are defined as having an income of **US\$15,000 p.a. or above**, this group comprises **167 million households** (480 million individuals), representing **35% of the total population** in 2024. These consumers are increasingly sophisticated and demanding, yet **attractive to both retailers and manufacturers with their rising spending power.**
2. **The savings paradox:** Despite this growth, falling property prices, economic slowdown in recent quarters has tempered consumer sentiment, resulting in cautious spending and heightened savings levels. By the end of 2024, personal **bank deposits reached US\$21 trillion, exceeding the national GDP of US\$19 trillion.**



4. China's income distribution by households (2015 to 2029)

Income Bracket (US\$p.a)	No. of households (million)			Change %		No. of households (%)		
	2015	2024	2029	(10 Year)	(5 Year)	2015	2024	2029
75,000 or above	0.3	2.4	6.1	631%	112%	0.1%	0.5%	1.2%
50,000 - \$74,999	1.3	6.7	15.3	412%	95%	0.3%	1.4%	3.1%
35,000 - \$49,999	4.8	17.7	34.6	271%	72%	1.1%	3.7%	6.9%
25,000 - \$34,999	14.4	37.2	59.6	160%	45%	3.3%	7.7%	11.9%
15,000 - \$24,999	63.7	103.7	125.1	63%	15%	14.6%	21.5%	25%
10,000 - \$14,999	87.1	99.1	93.9	14%	-5%	19.9%	20.5%	18.8%
5,000 - \$9,999	143.1	127.8	102.7	-11%	-17%	32.7%	26.5%	20.5%
1,000 - \$4,999	122.6	88.2	63.3	-28%	-24%	28.0%	18.3%	12.6%
Total	437.3	482.8	500.6	10%	3%	100%	100%	100%

Note:

1. 2015-2024 represent EIU estimates
2. 2025-2029 represent EIU forecast
3. Average number of household size in China is 2.88 in 2024

Source: EIU; PwC analysis; Hang Yan Chain Store Education Foundation Ltd analysis

5. While low-income households have reduced steadily, they still represent 33% of the population

- Poverty reduction:** Low-income households (with income of less than US\$10,000 p.a.) decreased by **50 million to 216 million from 2015 to 2024**. The EIU forecasts a further reduction to **166 million by 2029**. This represents a significant milestone, 50 million households (144 million individuals) lifted from the low-income bracket in past ten years.
- Affordability concern:** By 2029, for the remaining **33%** of the population, affordability is still a significant concern. This is a **compelling reason for retailers to develop private brands of “reasonable quality” products** that are **accessible** to this consumer group.
- Policy support:** China’s 15th Five-Year Plan (2026-2030) reaffirms the long-term goal of raising China’s GDP per capita to that of a **moderately developed** country by 2035. Expanding domestic demand remains the third pillar of this plan.
- Boosting confidence:** To boost consumer confidence, the Chinese leadership has implemented many initiatives to stabilise the **housing market** and **strengthen the social safety net**. This includes a nationwide childcare subsidy program, increased basic retirement pensions, and extended medical and pension insurance coverage to gig-workers – groups traditionally excluded from formal welfare systems ¹.

144m

individuals lifted from the low-income bracket in past ten years.

6. Private consumption is still low as a percentage of GDP but is forecast to increase by 3% to 43% in 2029

1. **Historical context:** China's private consumption (% of GDP) has traditionally been low (**40%**) compared to its Western counterparts (**68% in the US and 61% in the UK**).
2. **Growth forecast:** The EIU forecasts private consumption to increase to **43% by 2029**. Based on 2024 GDP, a one percentage point increase in private consumption will translate into US\$190 billion.
3. **The Yuan appreciation effect:** Should renminbi appreciate in the coming years, combined with government stimulus measures, consumer sentiment is set to turn around significantly.
4. **Strategic preparation:** Retailer and manufactures must prepare now to jointly tap this **latent spending potential**, targeting **both premium and mass-market segments**.

+1%

increase would translate into

\$190bn

Huge Potential to Grow Private Brands and Advance Category Management

3

Strategic Imperative to Advance Category Management & Private Brands

1. **Category management** is not new and involves making decisions on **1) supplier relations, 2) pricing, 3) assortment planning, 4) merchandising, and 5) private brand management**. However, in the 2000's when retailers' priority was rapid store expansion, income from suppliers' slotting fees was an effective business model at the time.
2. To **unleash the spending power** when consumer sentiment is weak, retailers need to ensure that the **right product** at the **right price** is available for their **target shoppers**, both **online or offline**, with a frictionless experience in the purchase journey.
3. **Category management** can enhance **customer satisfaction** and **improve retailers' performance**. Mastery of category management can empower the retailer to make optimal choices in selection of **categories**, size of **assortment** and balance between **national brands and private brands**. This departs from the **traditional retail model** which gives great freedom to suppliers to suggest products in return for slotting fees and other income.
4. **Retailer cannot achieve this** alone. Category management is a joint retailer-supplier process of managing **categories as strategic business units**, producing enhanced results by focusing on delivering value .



Study of category management practices in China

Objective	The objective is to better understand Chinese retailers' category management practices and provide actionable recommendations
Scope	Twelve grocery retailers covering 159 stores across Beijing, Shanghai, Guangzhou, Shenzhen, Wuhan and Chengdu
Four product categories	Low differentiation /innovation : Bottled Water High differentiation / innovation : Packaged Milk, Cooking Oil, Laundry Detergent
Data source	Hand-collected SKU-level data, planogram formats, stock-outs and interviews with executives from six retailers and two consumer goods manufacturers

PwC would like to thank China Chain Store & Franchise Association for their support of this study, as well as Professor Ananth Raman of Harvard Business School and Professor Yasin Alan of the Owen Graduate School of Management, Vanderbilt University for their insightful perspectives and analyses.

Chinese and Western retailers differ in the maturity of their category management practices

Chinese and Western retailers operate under similar category management decision pillars: supplier relationships, assortment, pricing, merchandising, and private brand development. However, their execution patterns differ:

Where Chinese retailers stands out

1. **Low stock-out:** Chinese retailers excel in maintaining low stock-out rates compared to their Western counterparts. Average stock-out **rate** remains low at ~**2%** across twelve retailers and six cities. Both retailers and suppliers set key performance indicators to continuously monitor inventory levels.
2. **Use of technology:** Chinese retailers are also early adopters of AI technology to improve sales and efficiency. Select retailers possess **strong tech-driven online-offline integration** with instant delivery capabilities.

Where Western retailers stands out

1. **Stronger retailer supplier relationship:** Western retailers hold stronger relationships with manufacturers.
2. **Mature private brands:** They have mature private brands, whereas these have **not yet reached maturity in China.**
3. **Category Captains:** Western retailers **rely heavily on category captains**, a concept Chinese retailers seem **hesitant to adopt.**

Reflection

- What Chinese retailers are going through right now mirrors the evolution of **American retailers in the late 1990s and 2000s.** Chinese retailers are now **acknowledging the importance** of a) category management, b) building stronger partnerships with suppliers to leverage their expertise, and c) developing strong private brand programs.
- Although it **took decades for Western retailers to achieve these goals**, advances in **information technology** might allow Chinese retailers to accelerate this pace and **shorten the traditional development curve.**

Key finding 1 : Retailer Supplier Relations in China

- Effective category management requires **long-term, trust-based collaboration between retailers and suppliers.**
- Strong supplier partnerships enable shared **category vision, co-developed innovations, and sustainable margin improvement** over time.
- **Key dimensions to balance**
 1. Negotiate cost distribution
 2. Private vs. National brands
 3. Category captainship vs. Autonomy
- In China, there is an increasing willingness among retailers and suppliers to **shift from conventional adversarial relationships to a more collaborative approach.**



Traditional retailers acted as distributors - charge slotting, display, and access fees for shelf space. Today, the focus has shifted to product profitability. Premium membership retailers rarely charge such fees, seeking differentiated hero SKUs instead.

– A leading domestic food and beverage supplier

Key finding 1 : Retailer Supplier Relations in China

For Retailers

1. **Partner with suppliers** to create **category-focused** or **niche-segment assortments**, enhancing experience and differentiation.
2. **Deepen cooperation** through AI, **big-data-driven demand forecasting**, and **data sharing** for precise marketing and product positioning.
3. **Make data-driven** rather than intuition-based **assortment decisions**, relying on POS data, elasticity estimates, and demand forecasting models to achieve better SKU productivity and lower stock-outs.

For Suppliers

1. **Compete through capability, not just access:** Success now depends on **co-developing products and insights**, not merely gaining shelf space.
2. **Build joint innovation capabilities**, agile **supply chains**, and shared **sustainability goals** to strengthen long-term ties.



P&G and Wal-Mart Case: The Pampers example

This initiative shifted the partnership from adversarial price negotiations to a shared value-creation model.

Outcomes: Margin conflicts were resolved without cutting P&G's price. Inventory turnover rose from 20 to 75 times per year, a result "thought to be impossible, but it happened." – Tom Muccio, team leader of the P&G – Wal-Mart Global Relationship

Trust building actions

- 1. Proximity & cultural understanding:** P&G team leader relocated from Cincinnati to Bentonville to understand Wal-Mart's culture and decision-making logic.
- 2. Incentive alignment:** Mapping the negotiation in the context of the recognition and reward systems of individuals at both organisations.
- 3. Shared data:** Ensure all parties have access to the same information, so decisions could converge naturally rather than being forced. Combine data sets (including company, customer, supplier) to tackle complex problems. Handle confidentiality with care.



Success was built on trust-building actions between P&G and Walmart and internal structural changes within the company.

Establishing a collaborative relationship between retailers and suppliers takes time and requires a strategic vision based on mutual understanding and trust

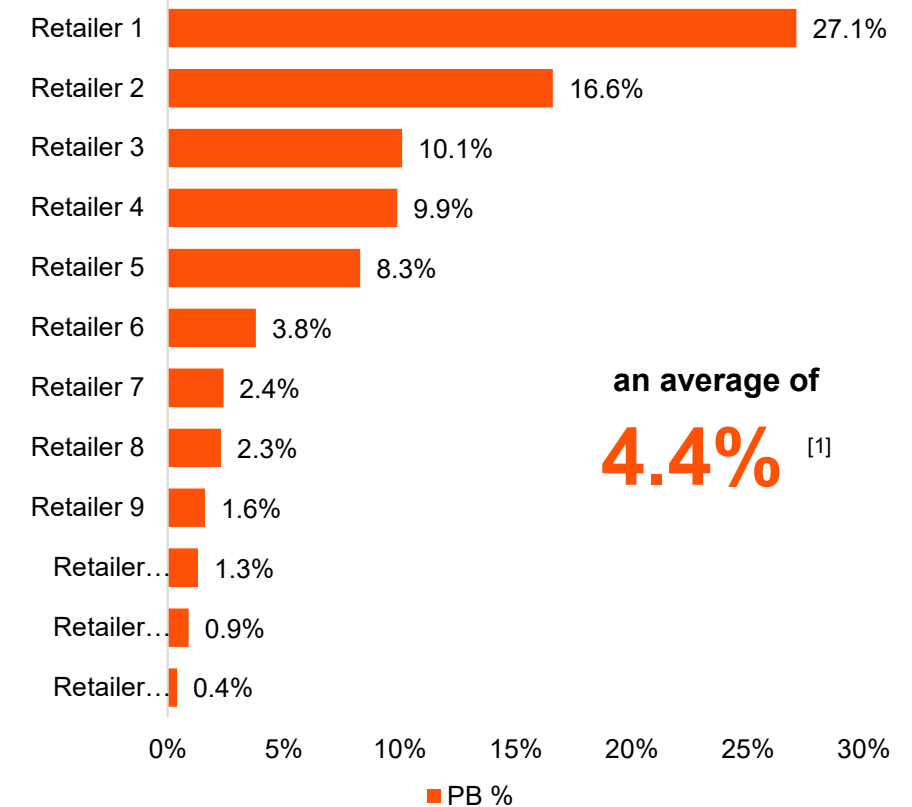
Structural change

- 1. Diagnosing internal inefficiencies and reorganise :** to ensure an integrated manufacturing, engineering, buying, and customer service, reducing cost and improving speed.
- 2. Embedding accountability & feedback loops.**

Key finding 2 : Private brands

- 1.Key part of category management strategy:** allowing retailers to **differentiate** and avoid direct price wars.
- 2.A strategic lever:** enhance category **profitability**, **shopper loyalty**, and retailer bargaining power, while optimising the portfolio balance between private and national brands.
- 3.Private brands portfolio:** launching private brands in one category **improves consumer perception** of the retailer's entire private brand portfolio, thus boosting sales across other categories as well.
- 4.Foreign retailers lead:** our study findings **reveal that foreign retailers** lead in private brands, accounting for over 40% of the Top 10 SKUs across four categories:
 - U.S: Store-brand sales hit a record high in 2024 at 20.7% dollar share
 - Western Europe: Private brand value share averages ~ 38 %.
- 5.China's private brand share:** ~5 % (top-100 supermarkets, latest public data 2022). **Chinese retailers have been stepping up** private brand offerings in the past few years, albeit much room to grow.

Private brand penetration by company (%)

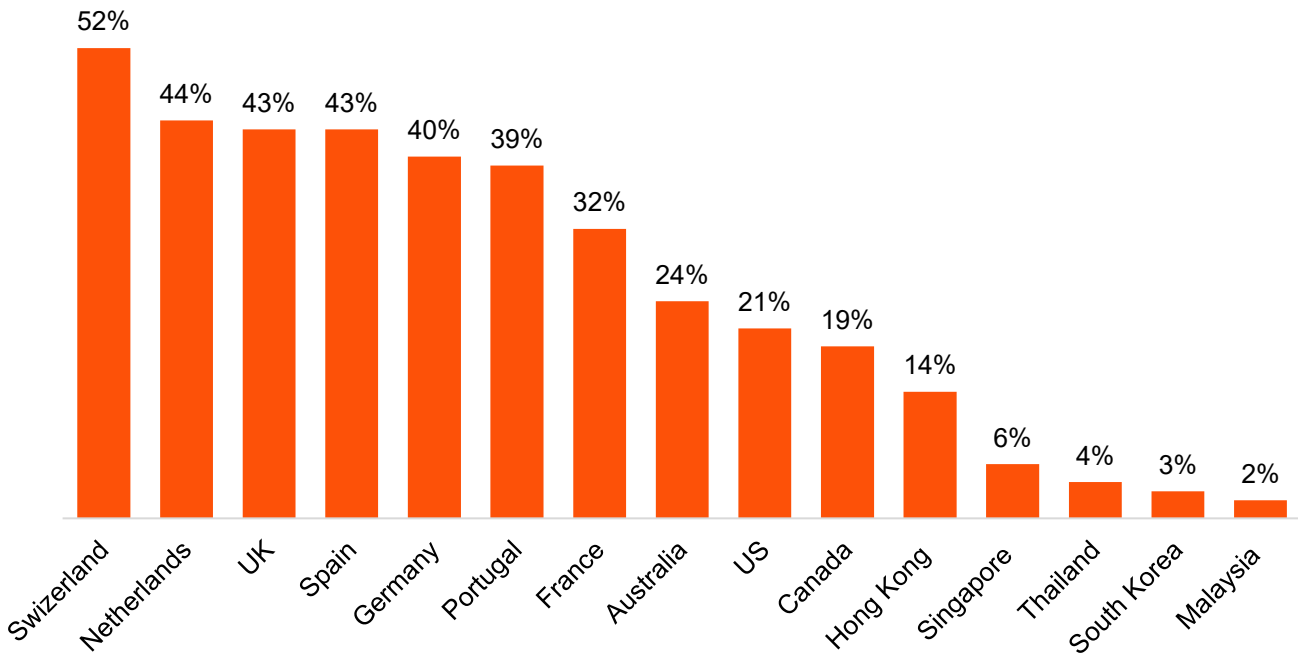


Source:

[1] 4.4% represents the average share of Private Brand SKUs among total SKUs across four categories in sampled stores, similar to Statista's 5.5% estimate for China (Share of sales of private label business in leading 100 supermarkets in China in 2022)

Key finding 2: Increasing private brand's share is a global priority

Market share of Private Brand worldwide [1]



Source:
[1] Private Label Manufacturer Association's 2024/2025 Private Label Report.

- 1.A global priority:** Increasing private brand share is a global priority to improve financial performance and customer loyalty amid inflation and weak consumer sentiment.
- 2.PLMA's 2025 Private Label Report:** US private brand sales in 2024 stood at **US\$271 billion**, an increase by 3.9% to **20.7%** in value compared to the previous year. Private brand sales have significantly increased over the past four years, totalling \$51.7 billion or **23.6%**.
- 3.Europe private brand penetration:** high at an average 38%, there has been notable growth. Spain and Portugal achieved 43% and 39% share respectively in 2024.
- 4.PLMA attributes this growth: value, quality, and innovation** that private brands provide, as consumers increasingly seek products that offer simple **health benefits and ethical choices**.

Key finding 2: Key to private brand success: value, quality and innovation

The key to private label success is



Obsessing over quality, innovating to excite shoppers, controlling costs, and keeping our customers at the centre of everything we do.

– **Dave Rinaldo, Aldi US**



The profitability of Our Brands is several hundred basis points higher than national brands.....once a customer tries Our Brands the repeat rate of customers coming back is incredibly high because what they find is there's no compromise on quality, and they have great value for the money.

– **Kroger's CEO Rodney McMullen**

Key finding 2 : Private brand strategy – Insights and Recommendations

1. The **perceived quality gap** between national brands and private brands is narrowing.
2. Private brand pricing and shelf presence must be managed at the **category level** - too aggressive a stance risks cannibalising national brands, while too cautious an approach misses profit opportunities.
3. Launching a **private brand in one category** improves consumer perception of the retailer's entire portfolio, boosting private brand sales in other categories as well.
4. Private brands are strategically valuable beyond category profits: they generate **cross-category loyalty** and justify loss-leader pricing
5. Retailers can maximise spillover effect by first introducing Private Brands in **categories that build trust** (e.g. fresh food), then expanding into other categories.
6. Private brands achieve **higher market share in low-differentiation, low -innovation categories**, where quality perception gaps are smaller (e.g. bottled water, and salt).
7. Innovation creates barriers to private brand penetration due to **knowledge and technical gap** between retailers and suppliers, higher R&D cost, and product development barriers.
8. Retailers should focus their private brand expansion efforts on **low-differentiation categories**, while **partnering with manufacturers for innovation-driven ones**.

Key finding 3: Category Captains

1. **The ‘category captain’ model**, whereby **a leading supplier** manages a product category **on behalf of the retailer**, can significantly enhance category performance. However, this concept is not **well understood in China**.
2. **A knowledge gap exists** between retailers and suppliers, especially for leading manufacturers which have built **deep expertise** in specific categories.
3. The combination of retailers’ lack of resources and manufacturers’ superior knowledge creates opportunities for supply chain collaboration.
4. **Benefits of category captains:**
 - significantly lift category performance (with sales growth of +19%).
 - significantly enhance retailers’ merchandising know-how, data analytics and shelf execution capabilities.
5. Many retailers manage some of their categories in collaboration with one of their leading manufacturers. Category captainship has been widely adopted by retailers in the US and Europe and has become a dominant strategy in retail management and a key component of category management.
6. **Category efficiency vs Redistribution** of values: Category captainship enhances category efficiency but redistributes values – much of the efficiency gain flows to the captain manufacturer, while retailers and competitive brands lose some of their control.
7. **Retailers must establish governance mechanisms** or multi-captain structures to retain strategic authority.

The future of category management in China - Recommendation

1. **The next frontier for category management** in China lies in combining **international best practice** (e.g. data-driven collaboration, trust based supplier partnerships, and mature private brand management) **with Chinese market realities** – such as regional diversity, evolving consumer trust, and omni-channel integration.
2. Our analysis reveals that variations within the Chinese landscape exceed the differences between local and international players – indicating that global know-how alone does not guarantee stronger execution in China’s complex market.
3. **“China can learn from China”**: Chinese retailers can identify and amplify domestic success cases in **assortment precision, private brand building, and supply chain agility** to accelerate capability development across sectors.



Source: A Study of Category Management Practices in China - Strategic Imperative to Advance Category Management & Private Brands, PwC

The future of category management in China – Recommendation

For Retailers

- 1. Identify and scale domestic best practice** across regions and store formats to reduce performance variation and improve category management consistency.
- 2. Enhance private brand penetration**, starting with low-differentiation categories (e.g., bottled water) with lower technical barriers, before expanding into innovation-driven ones.
- 3. Adopt a portfolio mindset in category decisions** - optimise the mix of national and private brands to maximise overall category performance, not just single-SKU profitability.
- 4. Strengthen supplier partnerships** to access category expertise and co-develop product, pricing, and planogram strategies.
- 5. Explore new forms of category captainship** that emphasise co-creation and data collaboration while preserving retailer autonomy.
- 6. Leverage data and digital tools** for end-to-end execution from assortment planning and pricing analytics to real-time stock monitoring and shelf optimization.

For Suppliers

- 1. Engage as strategic partners**, not just vendors, by collaborating closely with retailers to share consumer insights, category trends, and technical know-how.
- 2. Serve as category captains in selected categories**, to provide actionable advice on assortment, pricing, and merchandising that enhances overall category value.
- 3. Co-build data and analytics platforms** to enable transparent, performance-based collaboration and faster decision cycles
- 4. Invest in supply chain flexibility** and customisation, enabling quicker product development, regional adaptation, and responsiveness to retailers' needs.
- 5. Develop sustainable and differentiated product pipelines** that align with retailers' assortment strategies and consumer expectations for premium quality, functions, and emotional value.

4

The New Chinese Consumer :
Expand Offerings in Healthy
choices, Sustainability and Imports

PwC's 16th edition of Voice of Consumer Global Survey

This year marks the 16th anniversary of PwC's Voice of Consumer Global Survey, covering 21,075 consumers across 28 countries and territories. This year's findings reveal a **convergence of global trends alongside regional differences**.

1. Tech-Savvy Consumers :

- Usage patterns are remarkably similar across Chinese Mainland, Hong Kong and Global respondents.
- Almost half of them are comfortable using **GenAI to create personalised nutrition plans** (Chinese Mainland: **47%**, Hong Kong **45%**, Global **45%**).
- **36%** of Chinese Mainland consumers and **33%** of their global peers utilise **healthcare apps or wearables** for exercise instructions and monitoring.

2. Social Media Influence :

- Social media platforms are the primary source for consumers worldwide to learn about **corporate climate and sustainability initiatives** (Chinese Mainland **58%**, Hong Kong **66%**, Global **62%**) .



Economic sentiment & Five Faces of the New Chinese Consumer

1. Economic sentiment:

- Hong Kong consumers are more concerned about **economic instability**, which they consider as a major risk in the next 12 months (Chinese Mainland 41%, **Hong Kong 64%**, Global 46%).
- This sentiment likely reflects the Q1 2025 survey timing, following a YOY GDP decline and retail sales contraction in Hong Kong in 2024.

2. Shifting priorities:

- Chinese consumers are more increasingly focused on **nutrition, health and sustainability**.



a junior
bank officer,
Hong Kong

Value Seeker

“Every Dollar Counts”



an upper middle-
income interior
designer,
Shanghai

Experience-driven Gourmet

“Savoring the Moment”



a yoga
instructor,
Chengdu

Eco-sporty Wellness Advocate

“Healthy Planet, Healthy Me”



a content
creator & live
streamer,
Hubei

Tech-savvy Digital Native

“Life, Optimized”



a public
servant
retiree, Beijing

Traditionalist Domestic Brand Supporter

“Rooted in Culture, Focused
on Quality”

Key finding 1: Food, nutrition and health

- 1. **Health consciousness** on the rise among Chinese consumers:
 - **59%** of Chinese Mainland respondents exercise regularly
 - High avoidance of ultra processed foods (Chinese Mainland: 41%, Global 35%)
 - Frequent use of **supplements/vitamins** to support health (Chinese Mainland 38%, Global 30%)
- 2. **Market Opportunity:** Significant potential exists for domestic and foreign producers to supply nutritious, organic food that meets specific dietary needs.
- 3. **Leveraging “landmark produce” (地标商品) :** China boasts centuries of agricultural heritage with scientifically proven health benefits, including: Ningxia Hui Autonomous Region’s wolfberry (中宁枸杞), Yangbi’s walnut (漾濞核桃), Puer tea from Yunan (云南普洱) and Naval orange from Guangxi (富川脐橙).
- 4. **Farm-to-store connectivity:** Decades of highway and infrastructure investment have connected remote farm to urban stores. **Further enhancement in supply chains and marketing** efforts will make these regional specialties accessible across China.



Most important factors when choosing food items

	Chinese mainland	Global	Variance
High nutritional value	34%	27%	+ 7%
It's organic	25%	13%	+ 12%
Specific dietary needs	23%	11%	+ 12%

Source: PwC’s Voice of the Consumer 2025 Global Survey

Key finding 2: Chinese consumers are willing to pay a premium to support environmental health

- 1. Chinese consumers are translating environmental consciousness into **tangible actions**, such as buying only what they need to **minimise food waste** and prioritising **sustainable packaging**.
- 2. The key takeaway for brands is that Chinese consumers are **willing to pay a premium** for food that supports environmental health.
- 3. Rather than a vague “green” claim, Chinese consumers view this premium as an assurance of safety and a guarantee that their consumption causes no harm.



Taken actions to reduce impact on climate change with food you buy

	Chinese mainland	Global	Variance
Preference for sustainable packaging	43%	37%	+ 6%
Look for sustainable certification	36%	24%	+ 12%
Pay more for sustainable food	63%	44%	+ 19%

Source: PwC’s Voice of the Consumer 2025 Global Survey

Key finding 3: Chinese consumers actively seek information from different sources on corporate sustainability



Sources to learn information about a company’s climate and sustainability initiatives

	Chinese mainland	Hong Kong	Global
Product packaging & labelling	44%	38%	40%
Retail store displays	42%	29%	25%
Company website	37%	37%	37%

Source: PwC’s Voice of the Consumer 2025 Global Survey

- 1. They are actively seeking information on corporate sustainability, looking to verify claims and reward brands with transparent disclosure practices.
- 2. **Going the extra mile:** While company websites are a standard resource to learn about corporate climate and sustainability initiatives, Chinese Mainland consumers utilise physical touchpoints more than their Hong Kong or Global counterparts to verify sustainability:
 - **Product packaging & labelling**
 - **Retail store displays**

Key finding 4: Guochao 2.0 and the rise of Chinese brands

The evolution of “Made in China”	<ul style="list-style-type: none"> Half a century of manufacturing experience have resulted in high-quality, affordable products with significantly improved safety and reliability standards. Global consumers, long accustomed to “Made in China” goods, are now embracing “Chinese brands” recognised for quality, innovation and accessibility.
Going Global	<ul style="list-style-type: none"> A new wave of national brands and restaurant chains continue to expand internationally.
Domestic Dominance	<ul style="list-style-type: none"> Back home, the popularity of local brands aligns with PwC’s study of Category Management Practices in China. Domestic brands lead the top 3 rankings across four categories and account for 65% of the Top 10 SKUs in these categories.

Local brands lead Top rankings across categories:
TOP 10 SKUs brand by category

Rank	Package d Milk	Cooking Oil	Laundry Detergent	Bottled Water
1	Local	Local	Local	Local
2	Local	Local	Local	Local
3	Local	Local	Local	Foreign
4	Local	Local	Foreign	Local (HK)
5	Foreign	Local	Foreign	Local
6	Local	Foreign	Local	Foreign
7	Local	Local (HK)	Foreign	Local
8	Foreign	Local	Local	Foreign
9	Foreign	Foreign	Foreign	Local
10	Local (HK)	Foreign	Foreign	Local

Key finding 5: Domestic and international brands bring variety and enrich experience

Culinary exploration

- **Home and abroad:** 29 % Chinese Mainland consumers feel **cultural background** strongly dictates food choices.
- For **26%** respondents, while feeling cultural background has some influence on food choices they **frequently explore** foods from **other cultures**.
- **Brand switching:** Chinese consumers are much more willing to switch to a different brand if for **innovative products or international** culinary experiences
- **Success of retail strategy:** lies in the ability to discover and **source new products** from home or overseas, and **co-create innovative** products with manufacturers.

Outbound tourism and discovery

- **Chinese interest in cultural discovery:** Chinese strong interest for novel experience and to cultural discovery is fuelling a resurgence in outbound tourism. 2024 **outbound visitors** reached **146 million**¹, recovering to almost 85% of the 2019 pre-COVID peak.
- Overseas travel is becoming a **lifestyle staple**, with 20 countries or regions hosting over one million Chinese visitors each.
- Chinese tourists remain the **world’s leading spenders**, contributing US\$196 billion in 2023², or **US\$1,900 per visitor**. Driven by a growing **upper middle income** consumer, China is poised to retain such position.



Will switch from a food brand you usually buy to a different brand if

	Chinese mainland	Global	Variance
Innovative product	23%	14%	+9
Opportunity to try new or int'l culinary foods	23%	16%	+7

Source: PwC’s Voice of the Consumer 2025 Global Survey



Retailers in China have made tremendous progress during the last few decades.

The next few years will call for Chinese retailers to continue **innovating in product development and in business practices** to serve consumers better and improve business performance. Chinese retailers can identify innovative practices **within their own chains**. They should also seek to adopt innovative practices that have worked for other retailers — **in China and elsewhere**. The future is very exciting.

Professor Ananth Raman

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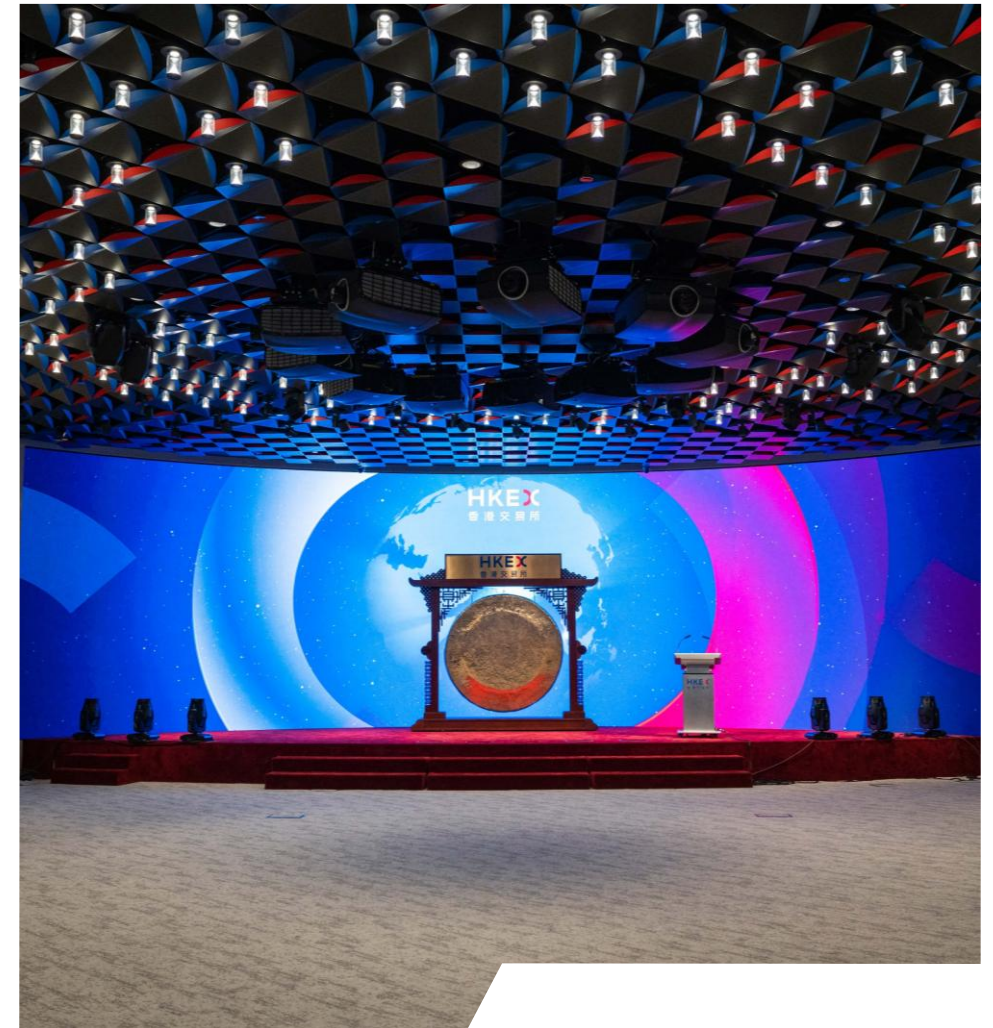


5

Hong Kong Retail Market

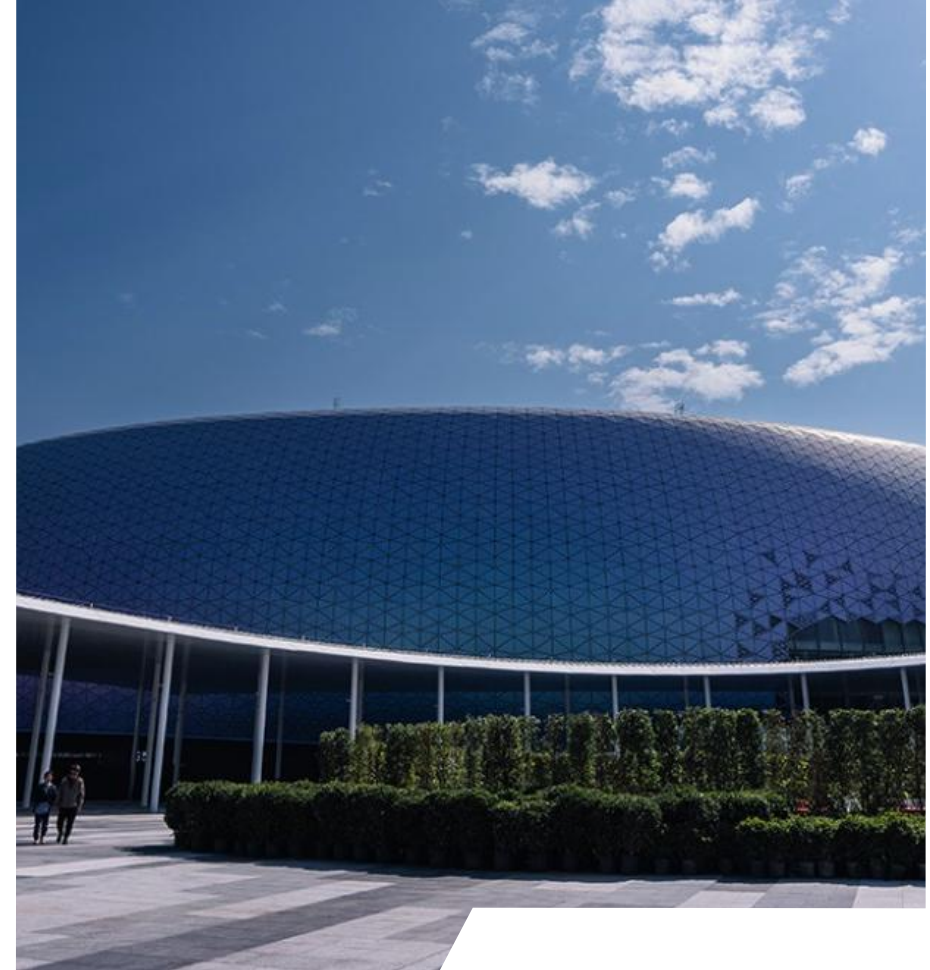
1. Economic rebound and IPO resurgence

1. Hong Kong's economy rebounded in the second half of 2025 with GDP growth of **3.8% in Q3**.
2. This was fuelled by **a revitalised IPO market**, hitting second highest level of funds raised in nearly 5 years.
3. Beyond tech and biotech companies, listings were dominated by **restaurants** and **branded manufacturers** often featuring a great go-global growth story. The trend of some **A-share listed companies** actively seeking **dual listing** in Hong Kong is gaining momentum.
4. **Retail sales** in the month of **Sept** and **Oct** has **YoY growth by 6%**, reflecting the improved sentiment and increased inbound tourism.



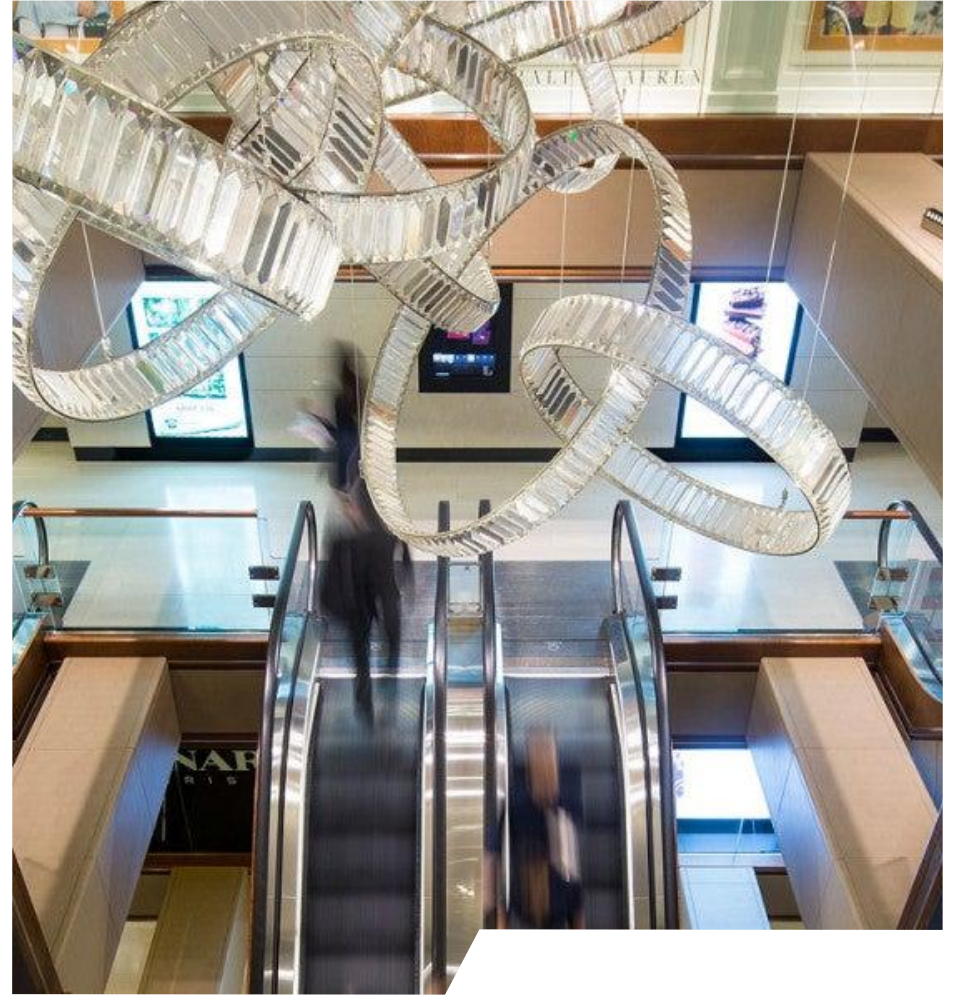
2. Destination of sports and entertainment tourism

1. **Visitor arrivals** rose by 12% in the first nine months of 2025, led by non-mainland travellers.
2. The early 2025 opening of the 50,000-seat **Kai Tak Sports Stadium** has enabled the city to host mega sports and entertainment events previously impossible to stage, driving **repeat tourism**.
3. **The Wine & Dine Festival** regained popularity with **30%** increase in daily visits from last year and **40%** sales growth.
4. Looking ahead, **Winterfest** – with strong participation from retailers and hotels – is poised to ride this momentum and attract even more tourists.



3. Pre-eminent art & culture hub with culinary excellence

1. **Hong Kong is redefining its luxury landscape.** The new Asia Pacific headquarter for Sotheby's and Christie's, alongside Hong Kong Land's US\$1 billion "Tomorrow Central" project will cement the city as a hub for Ultra-High-Net-Worth individuals.
2. In the culinary world, while Tokyo is home to the largest number of **Michelin stars restaurants**, Hong Kong is a strong contender and ahead of Singapore with 95 Michelin-starred restaurants.
3. Combining sports, entertainment, art & culinary in one city – and if supplemented by service levels commensurate with its premium positioning - Hong Kong can further elevate its attractiveness as a **premier tourist destination**.



4. Hong Kong's elevated status as headquarter of an intergovernmental body

1. This year, Hong Kong became home of the **International Organisation for Mediation** (IOMed), the first intergovernmental body dedicated exclusively to international mediation.
2. This milestone is expected to drive demand for **mediation and legal services** and **attract top professionals**, reinforcing the city's position as a leading dispute resolution hub.
3. In the **QS World University Rankings 2026**, Hong Kong boasted the highest concentration of global top 100 Universities, including HKU, CUHK,. HKUST, Polytechnic U and City U.

This academic strength, combined with a growing professional class in law, finance and family offices , positions Hong Kong as a prestigious global talent hub vital to future economic growth.



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