Charting new paths to sustainable growth in the next retail evolution
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>2</td>
</tr>
<tr>
<td>The big picture: macroeconomic factors underpinning the development of consumer market</td>
<td>5</td>
</tr>
<tr>
<td>Four pillars of change that are transforming the market and their business implications</td>
<td>11</td>
</tr>
<tr>
<td>Pillar I: Consumer behaviour shifts are crystalising</td>
<td>12</td>
</tr>
<tr>
<td>Pillar II: Refocus on brand values that matter</td>
<td>21</td>
</tr>
<tr>
<td>Pillar III: New supply chain reality altering spending patterns</td>
<td>25</td>
</tr>
<tr>
<td>Pillar IV: Consumer metaverse and store transformation</td>
<td>31</td>
</tr>
<tr>
<td>Conclusion and recommendations</td>
<td>36</td>
</tr>
<tr>
<td>About the survey</td>
<td>39</td>
</tr>
<tr>
<td>Contact us</td>
<td>39</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>40</td>
</tr>
<tr>
<td>References</td>
<td>40</td>
</tr>
</tbody>
</table>
Foreword

Charting new paths to sustainable growth amid current market uncertainties has never been more important. In the wake of COVID-19 resurgence in many cities in China, we are witnessing new waves of disruption, at a much faster pace, that challenge our traditional assumptions about the core drivers of demand: price, quality and convenience.

Despite the early day success of China’s efforts in reining in the virus spread and keeping its economy intact, the outbreak of new Omicron variants since the second half of 2021 and recent lockdown of a number of key cities pointed to mounting pressure on the country’s quest for economic recovery.

Many retailers and manufacturers went into self-preservation mode. They began simplifying their supply chains, streamlining their product lines and cutting down on non-core service. It was a reasonable response to the urgency and uncertainty of the crisis, and consumers might have given companies a pass if their favourite products weren’t readily available.

However, we only witnessed more uncertainties in recent months apart from the ongoing pandemic - geopolitical tensions, energy crisis, spiking inflation, supply chain issues, climate change, and above all, fear of global recession - and as a result many companies have yet to fully re-engage with their customers, whose impatience and dissatisfaction are only growing by the day. The combined effect of these threats cast a shadow over the short-term market prospect for consumers and retailers.
The negative sentiment is being felt in the word’s biggest consumer market by population. China’s monthly retail sales registered subdued year-on-year growth from March to May after a rebound in Q1. China’s e-commerce space, one of the key indicators of the country’s economic health, also experienced a slowdown in growth. Syntun estimated that online e-commerce platforms - including Alibaba’s Tmall, JD.com and Pinduoduo - together achieved RMB582.6 bn (US$86.75 bn) in sales during this year’s 618 Shopping Festival, nearly flat compared with last year’s RMB578.5 bn.1

With the benefit of hindsight, the revelation is clear: brands and retailers can no longer afford to be a bystander and play defense, hoping their customers will come back when things normalise. More than ever, companies must think and act on their feet – from innovating their customer acquisition model to exploring alternative revenue sources – in order to remain relevant. However, ensuring quick responses to changing market environments doesn’t mean that brands should only focus on their short-term strategy. They will need to account for market changes in their medium- to long-term strategy to future-proof their operations and anticipate new trends. If they don’t step on the gas pedal to capitalise on new market changes such as ESG and advanced technology, their competitors certainly will.

1 618 is the largest mid-year shopping festival in China after Singles Day. Originally started by JD.com, a China e-commerce platform, as a shopping event on June 18th, 2010, the online shopping gala has grown in popularity attracting other platforms since then.
In last year’s issue, we revealed that many pandemic-induced consumer changes are still sticking - some have translated into long-term shift in consumer behaviour. We learned that Chinese consumers are becoming more “phygital” in their choice of channels, more accepting of domestic brands, as well as more conscious of the social and environmental impact of their consumption.

PwC’s 2022 Global Consumer Insights Survey reveals that, over the past year most of these existing trends, coupled with new risks as varied as geopolitics, inflation, resurgence of Covid-19 cases - are crystalising and redefining what success means for retailers.

Where Chinese consumers spend their money is being influenced by lifestyle changes due to new ways of living and working. They are feeling inflationary pressure albeit less than their global counterparts and are tightening their purse strings; they are rebalancing their spending across categories; they desire domestic products with a good story to tell; they have higher expectation on brand trust and data privacy.

Consumers change and adapt, so should retailers. As market volatilities continue to unfold, the ultimate question for retailers is, are they standing on the right side of the upcoming trends as consumption patterns evolve, and what are in their strategy toolbox to keep them on track for sustainable growth in the new era?

We welcome you to read this report for an overview of our China-specific findings and see how these insights can help brands and retailers chart new paths of sustainable growth in the next retail evolution.

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Over the past several months there has been no shortage of news headlines that keep people awake at night and feeling anxious about the future. Businesses and consumers alike are anticipating a global economic downturn, which may well be on the horizon given the recent market volatilities. A recession in major markets will inevitably affect consumer behaviours.

Chinese businesses, including those in the consumer space, are less optimistic about near-term economic prospects, compared to their global counterparts, according to PwC’s 25th CEO Survey. 62% of Chinese CEOs said they expect global economic growth to improve during the year ahead, a drop of 9 percentage points from a year earlier. Similarly, Hong Kong CEOs are less optimistic than a year ago with 68% expecting the global economy to improve over the next 12 months.
1. Uncertain economic outlook translates into weak retail sales

At the macroeconomic level, China is facing downward economic pressure as some major indicators have seen slower increases, coupled with decline of activities in the manufacturing and services sector. The national GDP slowed down to an annualised growth of 2.5% in the first half of 2022, from a 8.1% annual expansion in 2021. The dented economic situation translated into weaker-than-expected spending in the retail space.

Source: National Bureau of Statistics of China
Growth momentum is expected to rebound in the second half of 2022, aided by a slew of policy stimulus to mitigate the economic downturn.

Hong Kong, as an open economy that is highly dependent on the service sector, also faces economic headwinds amid restricted travel and low domestic consumption. The continued border restrictions and social distancing measures added to the challenging environment.

2. Inflationary pressure and falling equites dent consumer spending

China's annual inflation rate climbed to 2.5% in June 2022 from 2.1% in the prior month and above market forecasts of 2.4%. The figure still compared favourably to 9.1%, 8.6%, and 9.4% seen in the US, Eurozone, and the UK respectively in the same period. The price hike was mainly driven by rising costs in food, commodity and energy. It is expected that accommodative policies and the pent-up demand from the potential 'reopening effect' in the second half of 2022 might further drive up inflation.

While inflation is still relatively tame in China compared to other economies, Chinese consumers are already reacting to inflationary pressure by spending less as seen in the slowing growth in e-commerce sales. The increase in the cost of manufacturing (as measured by PPI) also added to cost pressure for most retailers, especially brands with physical presence and low price-setting power.
The setback of global equity markets in recent months triggered by monetary tightening and falling confidence also erased some of the wealth effect that was responsible for boosting consumption in the past couple of years.

3. “Dual circulation” as major policy lever to boost consumption in economic clusters and lower-tier cities

With international border restrictions, China’s dual circulation strategy will be vital to stimulating the domestic consumption of goods and services. In the first year of China’s 14th Five-Year Plan, domestic consumption was established as a significant contributor, 79.1%, to economic growth, an increase of 4.4 percentage points from 2020.

2022 marks the second year of the 14th Five-Year Plan (2021-25), as the country further promotes regional economic integration, with major cities leading the development of city clusters and driving consumption. The Greater Bay Area (GBA) represents one of the most vibrant and dynamic growth engines to power the country’s consumer market.

One of the biggest moves to supercharge domestic consumption is through the countrywide adoption of New Energy Vehicles (NEVs). The State Council has announced renewed policy support for this industry, with an estimated increase in vehicle and related sales by about RMB200 bn (US$29.83 bn) this year. In addition to an extension of the tax exemption, China is launching a campaign to promote NEVs in its vast countryside. The ‘going to the countryside’ campaign has enabled more than 20 local and international carmakers to offer 70+ models for car buyers in rural areas.
4. Common prosperity and the aspiring middle class

Through its ‘common prosperity’ initiatives, China is set to further expand the country’s growing middle class while narrowing the overall wealth gap. The support for China’s 400 mn middle-income spenders is favourable for consumer electronics and luxury brands, and will fuel growth in segments, including new energy vehicles and alternative power generation, that receive government subsidies.

Another important outcome of the ‘common prosperity’ drive is the increasing call for the country’s wealthy individuals and corporations to ramp up their philanthropic efforts. That means brands wishing to gain support of their customers will have to revisit and step up their corporate social responsibility programmes and charitable activities, both in terms of time and money.

5. Tougher operating environment fueling M&As and industry consolidation

A more challenging environment also led smart investors to seek values through mergers and acquisitions (M&A), as the recent financial market turmoil and increase in distressed-asset sales provided good buying opportunities. As the following chart suggests, the consumer sector was the highlight of outbound M&A activities in 2021, followed by the high technology and financial sector, with deal volumes primarily fueled by activities in key domestic themes such as industrial and technology upgrades and the dual-circulation initiatives in the consumer sector.iii

**Mainland China outbound deals by industry sector – value**

Source: Thomson Reuters, CV Source and PwC analysis
6. More policy efforts and clarity to spur consumption growth

There is no doubt that, given the annual GDP growth target of 5.5% and the likely continuation of the zero-COVID strategy, China will turn its attention inward to regional economic clusters and introduce more assertive measures to promote private consumption and upgrading. It is also possible that border reopening will happen in phases after China announced in June 2022 to shorten the quarantine requirements from 14 to 10 days for inbound visitors.

In fact, we have seen evidence of measures introduced in Mainland China and Hong Kong to boost domestic consumption in recent months, with notable ones including:

<table>
<thead>
<tr>
<th>Mainland China</th>
<th>Hong Kong</th>
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<tbody>
<tr>
<td>• Boost personal incomes through multiple channels, improve the income distribution system, and increase people’s spending power. Examples include policy support to drive consumption in the NEV industry, support for the construction of charging facilities while also reducing charging fees.</td>
<td>• New leadership of the sixth term government of HK is expected to ramp up measures to aid economic recovery and financial market stability.</td>
</tr>
<tr>
<td>• Promote the deep integration of online and offline consumption, promoting recovery of life service consumption, and developing new models of consumption, such as domestic tourism and duty-free shopping as seen in Hainan Free Trade Port.</td>
<td>• Roll out of a new round of HK$10,000 consumption voucher scheme in two instalments to boost spending. The first HK$5,000 voucher was disseminated in April with the second half disseminating in the second half of this year. It is expected to benefit about 6.6 mn people.</td>
</tr>
<tr>
<td>• Continue to boost consumption of green, smart home appliances to stimulate the buying power of consumers. Replacement of old items is expected to play a key role in boosting buying power.</td>
<td>• Launch of the 2022 Employment Support Scheme (ESS) for the second year, under the Anti-epidemic Fund to provide wage subsidies and job protection to employees during the pandemic.</td>
</tr>
<tr>
<td>• Reinforce the importance of ESG to satisfy consumer demand and achieve carbon neutrality goals, for example, regulation for environmental disclosure like the Measures for Enterprises to Disclose Environmental Information by Law recently coming into effect.</td>
<td></td>
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</tbody>
</table>

In sum, these underlying forces are driving new changes in China’s economy as it aims to stabilise and rebalance growth along its path to recovery, and as a secondary effect transform the consumer market in a number of ways, as summarised in four pillars of change in the next section.
Four pillars of change that are transforming the market and their business implications

Pillar I: Consumer mind and behaviour shifts are crystalising

Pillar II: Refocus on brand values that matter

Pillar III: New supply chain reality altering spending patterns

Pillar IV: Consumer metaverse and store transformation
Pillar I: Consumer mind and behaviour shifts are crystalising

Clearly, consumer expectations are shifting as inflation, supply chain challenges, awareness and activism around environmental, social and governance (ESG) issues, and a possible recession reshape the reality they are facing. We found that some of the consumers’ mind and behaviour shifts developed during the pandemic have lasting impacts on retailers.

Spending expectations over the next 6 months

Q. Thinking about your spending over the next 6 months, to the best of your ability, please describe your expectations on spend across the following categories.

(only showing ‘Expect an increase in spend’ responses)

Source: PwC’s 2022 Global Consumer Insights Survey
Downturn in planned expenditure with more frequent purchases

With the exception of groceries, we see that Chinese consumers are generally expending less on discretionary items as inflation finds its way into purchasing decisions. 44% of Chinese consumers expect to spend more on groceries over the next six months, partly driven by concern over more frequent lockdowns, while a growing number of respondents expect to spend less on non-essential items such as fashion, health and beauty, and consumer electronics.

Despite lower spending in many categories, Chinese consumers have become more frequent shoppers, both online and at physical stores, over the past 12 months. The increase in shopping frequency, combined with lower purchase amounts, might point to a more conservative and less sporadic spending pattern for non-discretionary items, instead of making larger one-time purchases.

44% of Chinese consumers expect to spend more on groceries over the next six months.

Source: PwC’s 2022 Global Consumer Insights Survey

Shopping frequency of Chinese consumers in the last 12 months

Q. In the last 12 months, how often have you bought products (e.g. clothes, books, electronics) using the following shopping channels?

<table>
<thead>
<tr>
<th>Month</th>
<th>Physical Stores</th>
<th>Online via Mobile Phone or Smartphone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 2021</td>
<td>49%</td>
<td>57%</td>
</tr>
<tr>
<td>Jun 2021</td>
<td>53%</td>
<td>61%</td>
</tr>
<tr>
<td>Dec 2021</td>
<td>50%</td>
<td>61%</td>
</tr>
<tr>
<td>Jun 2022</td>
<td></td>
<td>66%</td>
</tr>
</tbody>
</table>

Source: PwC’s 2022 Global Consumer Insights Survey
In other words, Chinese consumers are selective about their spending amid an uncertain economic outlook, the price tags are equally important as non-price attributes – at least for now. But this should not be viewed as the same as consumption downgrading where consumers substitute with products of lesser quality and preference. Rather, consumers are asking for better products at every price point to make sure that every purchase they make can be justified, and what they buy is worth the money.

Savvy luxury brands, in particular, will take advantage of cautious spending and market lower-priced items. Given increasing demand, particularly from the younger generation, for affordable luxury in the form of entry-level accessories and gifts, brands will come up with creative offerings to appeal to budget-conscious customers.

**Pandemic-induced increases in consumer behaviour**

Q. As a result of the pandemic overall, how has your consumer behaviour changed across each of the following activities?

(only showing ‘increases’)

<table>
<thead>
<tr>
<th>Activity</th>
<th>China</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooking at home</td>
<td>59%</td>
<td>58%</td>
</tr>
<tr>
<td>Shopping online</td>
<td>58%</td>
<td>63%</td>
</tr>
<tr>
<td>Doing recreational/leisure activities at home</td>
<td>55%</td>
<td>50%</td>
</tr>
<tr>
<td>Buying from retailers that provide an efficient delivery or collection service</td>
<td>46%</td>
<td>48%</td>
</tr>
<tr>
<td>Shopping across a variety of retailers</td>
<td>34%</td>
<td>33%</td>
</tr>
<tr>
<td>Buying from retailers that are local to me</td>
<td>34%</td>
<td>36%</td>
</tr>
<tr>
<td>Buying from independent business</td>
<td>32%</td>
<td>29%</td>
</tr>
<tr>
<td>Shopping in physical stores</td>
<td>25%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Source: PwC’s 2022 Global Consumer Insights Survey
Group-buying and live-streaming to gain traction amid an uncertain economic outlook

In particular, the Shanghai lockdown has further accentuated the important roles played by community group buyers\(^2\). With their extensive network and polished consumer-to-manufacturer (C2M) model, these entrusted buyers serviced almost the entire 25 mn population of Shanghai, providing the basic necessities to maintain the stability of people’s lives.

With its growing importance during the pandemic, community group buying seems to offer a secure answer, sometimes the only viable one, to consumers’ quest for a cost-effective, efficient, safe and secure purchasing channel for daily necessities. Even as the pandemic recedes, the focus on value-for-money and the discount retailing are likely to fuel demand for group-buying as many people learned how it works and have experienced the savings. For retailers, rising customer acquisition costs across traditional e-commerce channels make group buying an attractive marketing option.

Similarly, livestream e-commerce offers consumers another channel for time and cost-saving as they face an uncertain economic outlook. With the highly saturated livestream industry in China, competition has become fierce between brands and platform operators, leading to lower average prices and more frequent promotions, giveaways, and time-sensitive coupons.

As Chinese live-streamers are bracing for new regulations on viewer protection, IP infringements by hosts and application of tax rules, the industry is poised for a more sustainable course of growth with greater standardisation, as well as a more even distribution of traffic among market participants, with traffic from top influencers trickling down to other streamers following a crackdown.

\(^2\) Group buying is a e-commerce model where a product or service discounts from a base price are made available during a specific sign-up window based on whether sufficient number of consumers can be reached to meet a sign-up threshold.
Nevertheless, the popularity of live streamers and influencers have underscored the growing importance of private traffic over the years. In particular, the stellar growth of multi-channel networks (MCNs), defined as private entities that work with social media platforms to attract new followers and provide the platform with influencers and content, means that brands that wish to leverage private traffic should collaborate with MCNs for lower costs and streamlined services of their KOLs and KOCs.

Livestreaming, when executed strategically, can unleash the full potential of private traffic for brands. For example, Chinese tutoring giant New Oriental succeeded in attracting millions of views on Douyin, the Chinese version of TikTok, since June 2022 with its teacher-hosts selling products in both Chinese and English. Dong Yuhui, one of the platform’s livestreamers, attracted nearly a mn viewers to his teaching channel, where he sells farm products while teaching English in a humourous and passionate way.

**Hybrid working unleashes new consumption possibilities**

According to our survey, 42% of Chinese consumers (Global: 29%) currently adopt the hybrid work model as required by their employers, where they split their work week between their home and workplace, while only 37% (Global: 47%) currently are required to be physically located at their place of work.
Trip.com Group, China’s largest online travel services operator, has formalised a hybrid work policy across its global operations since March 2022. The flexible work schedule allows its 33,400 employees worldwide to perform their jobs remotely for up to two days each week.iv

The prevalence of the hybrid work model has given rise to rural urbanites, who are basically city dwellers moving out to the countryside as companies loosen location requirements for their employees.v Rural migration is at full speed as people are moving to less populated communities with more affordable prices, cleaner air, and a slower pace of life, all while saving commute time.

Among the growing number of rural urbanites are millennials who, instead of subscribing to the ‘996 work culture’vi are now seeking a delicate balance between life and work with what is referred to as the ‘45-degree lifestyle’vii.

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vi China’s 996 work culture is a schedule that requires employees to work from 9am to 9pm, 6 days a week, amounting to a 72-hour work week. This lifestyle is most often required of those in the tech industry.

vii 45-degree lifestyle refers to the lifestyle adopted by those who wish to learn and grow but do not wish to burnout or adopt a completely laidback attitude. Adoptees are looking to maintain a balanced and healthy lifestyle.
There is a need for retailers to proliferate their e-commerce distribution and develop strong logistics networks in lower-tier cities and rural areas if they want to reach rural urbanites. The mindset shift of young consumers also translated into a surplus of leisure time to engage in health-related and self-improvement activities such as balcony gardening, cooking, rural homestays, and glamping. It is also a wake-up call for companies, as socially responsible entities, to revisit their very own work culture and employee welfare in a bid to reinvent the social contract with employees that would lead to more balanced and productive outcomes in the post-pandemic era.

**Domestic brands securing both consumers’ heart and pocket**

After years of Guo Chao (National Trend) development, Chinese brands are becoming more appealing to local consumers, and their popularity gained further traction during the pandemic, partly due to the disrupted availability of foreign brands, and the depreciating yuan making imported goods more expensive.

During 2021 ‘Double Eleven’ Festival, domestic brands accounted for 45% of total sales, a year-on-year increase of 17%, among all the brands with a turnover of over RMB100 mn on Taobao. The top five best-selling brands in the mobile phone, jewelry, and snacks categories are all domestic labels.

**Inclination of Chinese respondents to purchase from foreign or domestic brands**

Q. Relative to last year and considering all else as equal, are you now more inclined to buy from foreign or domestic brands?

<table>
<thead>
<tr>
<th>Inclination</th>
<th>Jun 2022</th>
<th>Dec 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am more inclined to buy from domestic brands</td>
<td>45%</td>
<td>35%</td>
</tr>
<tr>
<td>I am indifferent as to whether the brand is domestic or foreign</td>
<td>33%</td>
<td>41%</td>
</tr>
<tr>
<td>I am more inclined to buy from foreign brands</td>
<td>21%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: PwC’s 2022 Global Consumer Insights Survey
Our study reveals that compared to last year, 37% of Chinese respondents said they are more inclined to purchase domestic brands, up 10 percentage points, while fewer are indifferent as to whether the brand is domestic or foreign (33%).

These findings echoed with the success stories of some domestic labels, like Li-Ning and Anta Sports, which have earned widespread support by becoming symbols of patriotism. We are beginning to see more merits behind the popularity of homegrown brands apart from their emotional appeal to nationalistic Chinese consumers.

Some domestic brands employ elements of local cultural heritage to emotionally connect with their customers. For example, Wangfujing Department Store recreated features of Beijing’s old town on one of its underground floors, where shoppers can experience a slice of traditional life in Beijing. The exhibit is designed with narrow corridors, shops and artifacts constructed to resemble the city’s rich history and culture.

In fact, the surveyed consumers also cited various reasons for their willingness to pay more for domestically produced or sourced products apart from merely supporting local economy. They are willing to pay a premium for local products with shorter delivery time, convenient purchase options, and those with higher perceived quality.

Chinese consumers cite various reasons for their willingness to pay more for domestically produced or sourced products.

- 50% I can purchase them more quickly/ conveniently
- 46% Shorter delivery time for products
- 43% To support my local economy
- 39% Goods produced locally/domestically are higher quality
- 39% To know where/how the good are produced
- 39% I am patriotic and want to support my country
- 37% To reduce my carbon footprint

Source: PwC’s 2022 Global Consumer Insights Survey
Chinese brands have long passed the test of price-to-performance, where consumers opt for the most affordable product given the same physical attributes. Some have evolved to demonstrate higher quality-to-price, which is a broader measure of product quality, experience, functionality, brand identity, and any aspects that are valued by consumers, relative to price. Gen Z, in particular, are more conscious about a brand’s quality-to-price measure and are more willing to pay similar prices for domestic brands, if they can prove their worth in terms of quality, design and cultural heritage.

Chinese brands are holding strong despite market turbulence and regulatory crackdown, with 8 domestic consumer labels making to the 2022 Top 100 most valuable brands list compiled by Kantar BrandZ. In particular, Chinese brands are penetrating international markets with their localisation strategy, leveraging on the strength of their e-commerce business model, as seen in the success of fast fashion brand, AllyLikes, and cosmetics company, Florasis, making inroads to overseas market and gaining popularity globally. These e-commerce players typically have strong digital capabilities to experiment with channel innovations like gamification, virtual communities, live-streaming and social commerce to better appeal to consumers across a wider geographical base.

### 2022 most valuable global brands

<table>
<thead>
<tr>
<th>Examples of top Chinese brands</th>
<th>Rank</th>
<th>Brand value (US$ mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tencent</td>
<td>#5</td>
<td>214,023</td>
</tr>
<tr>
<td>Alibaba</td>
<td>#9</td>
<td>169,966</td>
</tr>
<tr>
<td>Moutai</td>
<td>#14</td>
<td>103,380</td>
</tr>
<tr>
<td>Meituan</td>
<td>#51</td>
<td>45,051</td>
</tr>
<tr>
<td>TikTok</td>
<td>#53</td>
<td>43,483</td>
</tr>
<tr>
<td>JD</td>
<td>#60</td>
<td>36,812</td>
</tr>
<tr>
<td>Haier</td>
<td>#63</td>
<td>35,152</td>
</tr>
<tr>
<td>Huawei</td>
<td>#67</td>
<td>32,672</td>
</tr>
</tbody>
</table>

Source: Kantar BrandZ

However, success is not a guaranteed outcome for those leveraging the National Trend. For many young brands, their existence is rather short-lived. Some managed to achieve initial success with hugely popular and personalised items, but due to the lack of continuous innovation, or loss of control over product quality, they failed to consistently appeal to consumers. In addition, some new brands are overly dependent on specific social media platforms or KOLs for the marketing of their products, without which they are not able to tell consumers their unique brand story and realise the full values of their brand.

To alleviate their bottleneck in brand development, an aspiring local brand should focus on the core fundamentals of their market positioning, focus on their audience, achieve brand differentiation, and avoid being replaced by competing products. Secondly, brands should enhance their product innovation capabilities, increase R&D investment, and continuously create new products that meet the actual needs of consumers. Finally, new brands should not only take sales growth as a long-term development goal, but also consider creating unique brand values by taking root in the ‘National Trend’ culture.
Pillar II: Refocus on brand values that matter

Sustainability as a brand-defining attribute

As consumer concern on climate change intensifies, sustainable consumption is likely only to grow both as a disruptive force and a driver of value in the coming years. However, rising prices may temporarily deter consumers from choosing green products that usually come with a higher price tag.

Our survey reveals that although inflation is still a major concern for Chinese consumers, they are willing pay a price premium for products that exhibit certain desirable attributes. 50% of respondents are willing to pay a higher than average price for a product that has a traceable and transparent origin, while others are willing to do so for products that are bespoke or custom made (47%), or made from recycled, sustainable, or eco-friendly materials (45%).

In general, the willingness of Chinese consumers to pay more for ESG-friendly products is driven by the search for ‘better-for-me’ products – whether they are produced from a better source or made from materials that contain less ‘harmful’ materials to human. For products that are ‘better for environment and society at large’, consumer awareness is on the rise especially among younger consumers in high-tier cities, who are more likely to opt for products they believe will make a difference in the environment and society, albeit at a higher price.

It is encouraging to see that consumers are perceiving locally-sourced products or food to be of higher quality. They are becoming more confident about the safety standard of locally-sourced food and feel that such products will be ‘fresher’, due to their closer geographic proximity to local dairy farms and fresh produce. The source-local trend has also driven growing upstream M&A activities in China’s agriculture sector as retailers seek to consolidate their upstream supply chains and investors go value-hunting.

Inclination by Chinese respondents to pay higher than average prices by factor

Q. To what extent would you be willing to pay a higher than average price for a product that is...

(only showing ‘To a great extent’ responses)

- Has a traceable and/or transparent origin: 50% in China, 45% globally
- Bespoke or custom made: 47% in China, 45% globally
- Produced/sourced locally to you (e.g. from a local farmer’s market): 45% in China, 45% globally
- Produced/sourced domestically i.e. not imported from overseas: 45% in China, 45% globally
- Made from recycle sustainable or eco-friendly materials: 45% in China, 31% globally

Source: PwC’s 2022 Global Consumer Insights Survey
Clearly, consumers are attaching higher importance to the degree of ESG involvement exhibited by retailers. As our study indicates, ‘governance’ is perceived as a more influential factor than ‘environmental’ and ‘social’. When specifically asked about governance factors, over half of Chinese consumers state that a company being transparent around its business practices would positively influence their choice to buy their products.

Therefore, socially conscious consumerism will continue to grow as Chinese consumers gravitate towards brands that are ESG-conscious. They are eager to take action based on the brand’s perceived ESG performance, either by rewarding it with a purchase or, conversely, by boycotting it online or offline. With more people seeking brands that they trust and that align with their values, brands will have to articulate meaningful value propositions to win customers.

According to PwC’s 25th CEO Survey, in line with the national ‘double carbon’ commitments, 85% of Mainland Chinese CEOs have either made (51%) or are working towards making (34%) net-zero commitments. Over half (58%) of Chinese CEOs cited switching to renewable energy and improving energy efficiency as a top priority. This was followed by reducing the company’s waste and water consumption (56%), and designing more sustainable products and services (52%).
Brand trust as a renewed competitive advantage

Factors that impact brand’s perception of trust

Q. Thinking about a brand that you regularly buy products/services from, to what extent do the following impact how much you trust the brand? The brand…

(only showing 'To a great extent' answers)

- Protects my personal data: 51% (China), 58% (Global)
- Always meets my expectations: 50% (China), 53% (Global)
- Offers me new, enjoyable and innovative products/services: 47% (China), 43% (Global)
- Offers a seamless experience (e.g. digital, in-store etc.): 46% (China), 43% (Global)
- Provides exceptional customer service: 46% (China), 52% (Global)

Source: PwC’s 2022 Global Consumer Insights Survey

When asked about the key factors that impact how much consumers trust a brand that they regularly buy products or services from, 51% of respondents (7 percentage points lower than Global) say protection of personal data asserts the strongest impact, followed by the brand’s ability to meet expectations (50%), and the availability of new, enjoyable and innovative products and services (47%).

While protection of personal data remains the top factor to engendering brand trust, it is shown to be significantly more important in impacting the extent to which consumers trust. In fact, 63% of consumers in China said they are open to sharing their personal data only if it won’t be shared or sold to other companies or third-party providers, while 60% said they will only do so where there is a clear data security policy.
Conditions that increase Chinese consumers’ willingness to share their data

Q. Thinking about your consumer data, to what extent do you disagree or agree with the following statements in relation to sharing it with organisations?

(only showing ‘Agree’ responses)

- 41% I am open to sharing my data without any concerns
- 60% I am open to sharing my data, where there is a clear data security policy
- 52% I am open to sharing my data, if I get financial compensation
- 63% I am open to sharing my data, if it won’t be shared with or sold to other companies or third party providers
- 55% I am open to sharing my data, if I get a better customised/personalised experience
- 49% I am open to sharing my data with those I trust

Source: PwC’s 2022 Global Consumer Insights Survey

Consumers will gravitate towards brands and communities whom they trust and perceive as ethical and responsible in their use of consumer data. With China’s first data privacy law - Personal Information Protection Law (PIPL) having come into effect in November 2021 and more new related laws having been released lately, building consumer trust via data protection has never been more important. Brands have traditionally harnessed data to enhance operational efficiency and provide better consumer experience, rather than improving privacy. It will be a vast blue ocean for those who can sail comfortably through the nuances of data application and trust at the same time.
Pillar III: New supply chain reality altering spending patterns

Supply chain chaos forcing retailers to explore vertical integration

For many retailers, the current market uncertainty has raised doubts about the resilience and sustainability of their supply chain setups. The latest pandemic outbreak in various parts of the country, including Shenzhen, Shanghai, and more recently Beijing, has led to supply shortages in some areas and a logistics bottleneck along the East coast as production facilities shut down or implemented close-loop management while restrictions were imposed on truck drivers and other logistics workers.

Supply chain disruptions continue to impact the sourcing of raw materials and transportation of finished goods to customers. As a result, some of the world’s biggest retailers, particularly those with exposure to the Chinese market, such as IKEA and Walmart, are either acquiring their own containers or chartering ships to get high-priority goods in on time.

Retailers have been reworking their business model to mitigate supply chain disruption through vertical integration. Where backward integration enables them to not only secure key inputs for production, but also ensures more sustainably sourced materials with increased transparency. On the other hand, forward integration will enable companies to control how products are distributed. Having a well-integrated supply chain will satisfy both consumer and brand demands for reinforced sustainability practices and disclosure.
**Impatient consumers are seeking alternative sourcing options**

Many consumers are also personally impacted by the chaos in the global supply chain, beyond just rising grocery prices. In terms of online shopping experience, aside from grocery costs, ‘products taking longer time to deliver than told at the time of purchase’ (46%) and ‘being given a longer-than-expected delivery time’ (45%) have the greatest impact on consumer experience. The sentiment is similar for in-store shopping experiences. With the exception of increasing grocery costs, Chinese consumers are most impacted by larger queues at store locations and the unavailability of products.

**Critical factors that deter Chinese consumers’ purchases from physical stores**

Q. Which of these issues is having the greatest impact on you when purchasing a product in physical stores?

- Rising prices for groceries: 43%
- Larger queues in-store and/or busier store locations: 33%
- A product taking longer to be delivered than you were told at time of purchase: 30%
- Reduced product ranges available: 27%
- Unable to purchase a product due to it being out of stock: 26%

**Critical factors that deter Chinese consumers’ online purchases**

Q. Which of these issues is having the greatest impact on you when purchasing a product online?

- A product taking longer to be delivered than you were told at time of purchase: 46%
- Being given a delivery time for a product that is longer than you would reasonably expect: 45%
- Rising prices for groceries: 41%
- Products being lower quality than usual (e.g. change of supplier): 39%
- Significant unavailability of your favourite goods/groceries: 36%

Source: PwC's 2022 Global Consumer Insights Survey
But what actions are consumers taking as a result of these supply side issues? The highest percentage of respondents (45%) said they would switch to buying products online, followed by using more comparison sites to look for availability (42%), shopping at multiple different retailers to meet their needs (39%) and changing the brand of the products they buy (34%).

Supply shortages are forcing businesses to pivot and provide new solutions for customers to access products and services. For example, e-commerce behemoths are competing on the timeliness of their last mile deliveries. In 2021, JD.com partnered with Dada Group, China’s leading local delivery platform, to introduce one-hour delivery for its consumers through its ‘Shop Now’ feature, enhancing the speed and accessibility of products sold via their network.

It’s also forcing consumers to either pay a premium for their go-to products or switch to cost-effective options, such as renting or buying them second-hand. This will drive the growth of ‘re-commerce’ and P2P marketplace, where consumers are moving from an ‘owning’ to an ‘experiencing’ mindset. Second-hand marketplaces are gaining popularity. For example, Alibaba’s Idle Fish sells everything from used electronic gadgets to pre-owned designer gear.

However, cost is not the only thing driving re-commerce. As the younger generation are increasingly conscious of the social impact and sustainability of their purchases, the popularity of re-sale apps is rising. Many brands, like Apple, are already capitalising on this segment to encourage resale through the company rather than third-party sources and promote their ‘environmentally-friendly’ image.
Closing the supply chain loop with circularity

Resale is not the only initiative gaining traction. ESG and the broader theme of sustainability are also starting to drive change in not only how items are bought, but also how they are designed, used and recycled.

Prioritising renewable inputs

Renewable, bio-based and recycled materials are seeing a rapid growth curve in every category, from alcohol to cosmetics. New or recycled materials create raw material supply and manufacturing location considerations – both of these lead brands to think of product driven transformation. Cosmetics innovator Shiseido is leading in this space by redesigning packaging to be plastic free.

Maximising product use

With the recent years spent on reducing cost at the sake of durability, some brands like Patagonia have been increasingly leveraging repairs and exchange platforms as a way to engage current and future consumers. This focus on extending the product life cycle also means that retailers are pivoting towards a more experience-driven model to maximise the utilities and values of the product itself over its extended life cycle.

Recovering by-products and waste

In the past, a lot of consumer goods have been down-cycled into less valuable products, reducing the overall utility of the initial product. Initiatives, like the Adidas ‘Made to be Remade’ program which collects products from customers in store, uses a reverse logistics supply chain to clean, separate and recycle components, which are subsequently fed into raw materials, and reused to make new shoes and garments. These types of initiatives are appearing across many sectors, including the Hong Kong Government Reverse Vending Machine Pilot Scheme.

With supply chain issues and ESG concerns impacting the way consumers shop, the big question for retailers is how they can introduce circularity (ensuring end products go back into the supply chain without wastage) into each node of their supply chain operations and what can be done to maximise outcomes using the 3 Rs: Reduce, Reuse and Recycle.
3 principles in driving circularity

- Prioritise renewable inputs
- Maximise product use
- Recover by-products and waste

1. Circular sourcing
2. Sustainable design
3. Resource efficiency
4. Product as a service

Raw material (Source) → Design/R&D → Manufacturing → Deliver/distribution → Usage/consumption → Wastage

1. Recycling after consumption
2. Recycling from manufacturing
3. Refurbishing/remanufacturing (upcycling)
4. Reuse/Redistribution
5. Usage optimisation/maintenance
6. Sharing/virtualising
7. Consumption

10 strategic areas to facilitate circularity

1. Utilisation of renewable, bio-based, or recycled materials
2. Design products with raw materials which can be effectively disassembled, reused, repaired and up-cycled
3. Optimise usage of raw materials/resources (minimise waste) in the production process
4. Provide a service in areas that were traditionally sold as products; increases the product lifecycle through repurposing at the end of usage
5. Share durable assets to increase their lifetime
6. Increase performance/efficiency of a product and prolong life through maintenance
7. Purchase and sell second-hand and previously owned products to increase product lifecycle
8. Remanufacture products or components for a new usage, instead of down-recycling
9. Waste or by-products from manufacturing become the inputs for another product
10. Recycle discarded materials after the end of consumption

Source: PwC’s The Road to Circularity
Addressing these supply chain pain points will form a new source of competitiveness for retailers. Localisation and end-to-end digitisation will become the norm. Distributors should use data to improve supply chain visibility, hone operations and rethink investments in e-commerce 3.0, C2M and direct-to-consumer (DTC) models. Such software will enable brands to assess beyond the basic tier 1 suppliers to uncover underlying ESG issues that could be catastrophic for their reputation.

For example, Pingduoduo facilitates direct sales between small-scale farmers and consumers, transforming the food supply chain in China, while PepsiCo launched two direct-to-consumer sites to speed up the delivery of their specialised products.

To reduce uncertainties along various nodes of the supply chain, online retailers are tapping into blockchain technology for higher visibility. Alibaba applies the blockchain technology to imported goods, making the whole process, which includes production, overseas warehousing, international logistics, customs and inspection, transparent to consumers. Walmart uses blockchain technology to realise end-to-end traceability of products, including of sliced mangoes; it covers the whole chain from the mango’s origin in Mexico to the shelves of their stores in China.

Some traditional retailers such as supermarkets are also working hard to upgrade their last-mile delivery capabilities. For example, Hong Kong’s ParknShop, plans to invest more than HK$200 mn in digital transformation, including the construction of its Super EDC, an e-commerce distribution centre expected to open in the fourth quarter of 2022.†
Pillar IV: Consumer metaverse and store transformation

As China continues to scale its digital economy, years of convergence between physical stores and e-commerce over multiple devices and channels have redefined what most retailers understand as the omnichannel experience. But advances in VR, 5G, Web 3.0 and blockchain, in what’s now known as the metaverse, are changing that equation.

Chinese consumers, especially the NextGen cohort, have their own expectations from the metaverse. Gen Alpha, currently aged 0-12, will be the first generation to grow up in the metaverse. They will most likely prefer digital goods to physical goods.

According to a Citibank report, the metaverse could reach a market value of anywhere between US$ 8 tn and US$13 tn by 2030, when the global GDP will be over US$150 tn. Third-party research house Gartner forecasted that by 2026, 25% of the world’s population will work, shop, study, socialise or entertain in some form of the metaverse for at least one hour every day, and 30% of enterprises will have launched related products and services.

What does the metaverse ecosystem look like?

1. Infrastructure
2. Developer tools
3. Creator economy
4. Human interface
5. Virtual worlds

It’s easier to think of the metaverse as five key layers that make it a reality. At the core of it are infrastructure and developer tools that facilitate the entire system.

1. The infrastructure provides the platform to send and receive data. It includes 5G and cloud computing among others.
2. The developer tools on the other hand includes the means with which developers can build the metaverse environment.
3. The next layer is the creator economy which enables users to create new assets and experiences themselves.
4. The human interface layer encapsulates the hardware that enables access to the metaverse.
5. The topmost layer are virtual worlds which are access points for users to enter and engage in the metaverse.

Source: PwC’s What is the metaverse? And why, and how should you engage?
Rewiring the retail space with virtual consumption

The pandemic drove a change in shopping behaviours and promoted ‘at home’ recreational activities. Chinese consumers reported higher usage of VR for entertainment, experiences or purchasing products.

As is the case with many new technologies, consumers in China are early adopters and engage with VR significantly more than consumers in other regions. 36% of surveyed Chinese consumers said they used a VR headset to play games or watch movie or TV shows over the last six months (compared to only 16% globally), while 23% purchased digital products or non-fungible-tokens (NFTs) (compared to 10% globally). The use of VR was also most popular among Gen Z and young millennials, both students or full-time employees, as well as those working in a hybrid model.

Engagement with virtual reality

Q. In the last 6 months, which of the following activities have you participated in via virtual reality?

<table>
<thead>
<tr>
<th>Activity</th>
<th>China</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used a VR headset e.g. to play games or watch a movie/TV show</td>
<td>36%</td>
<td>16%</td>
</tr>
<tr>
<td>Purchased products as a result of testing them/browsing stores via VR</td>
<td>25%</td>
<td>10%</td>
</tr>
<tr>
<td>I have heard of virtual reality but I have never used it</td>
<td>23%</td>
<td>34%</td>
</tr>
<tr>
<td>Purchased digital products/non-fungible-tokens (NFTs) e.g. avatars, digital artwork, digital real estate</td>
<td>23%</td>
<td>10%</td>
</tr>
<tr>
<td>Joined a virtual world e.g. to experience a retail environment, a concert, etc</td>
<td>23%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: PwC’s 2022 Global Consumer Insights Survey
To say that traditional services are being 'virtually enhanced' and transformed would be an understatement. Brands are fortifying their products and service offerings to enable digital access. Even industries that would typically suffer from restricted access in the physical world have identified opportunities for innovation.

For example, with the resurgence of COVID-19 cases, Chinese consumers are increasingly drawn to ‘cloud tourism’. This form of online tourism with network and VR technology as the carrier has brought new opportunities to an industry battered by the pandemic. According to China Youth Daily, 84% of respondents said cloud tourism has enriched their tourism experience, and 75% were willing to accept cloud tourism as a novel form of entertainment.

The metaverse has the potential to unearth new ‘virtual needs’ through the creation of rare digital items in the form of NFTs as related technologies continue to develop. It is worth noting that despite China’s ban on cryptocurrency, tech companies have established their own platforms that enable the sale of digital collectibles, which are NFTs traded without the use of any cryptocurrencies and are not open for resale.

Gucci’s sale of rare virtual items on Roblox as well as Balenciaga skins and apparel on Fortnite show the appeal of marketing via virtual worlds. Sandbox and Decentraland, Ethereum-based platforms in which users can buy virtual plots of land, are becoming a novel venue for companies to advertise, host events, and interact with their customers virtually. Other examples include museums appealing to art collectors with digital collectibles of their exhibitions. Beijing’s Poly Art Museum released a 360-degree digital collectible of the Bronze Sculpture of a Tiger Head accompanied by a narrative developed by the museum.

Meanwhile, similar to how the DTC business model allow brands to sell directly to consumers. D2A (Direct to Avatar) could be the next channel evolution, bypassing humans completely, and selling straight to our avatars. Virtual items sold via D2A are on the rise as digital identity in the metaverse is becoming as important as in real life among some demographics. In fact, virtual idols are being created as a medium to attract younger generations of users. For example, China’s first meta-human launched by Ranmai Technology recently took on the role of digital manager for Tmall Super Brand Day. Another example is Luo Tianyi, a 15-year-old virtual performer, whose Weibo account has reached more than 5 mn followers.¹
What does the metaverse mean for the future of brick-and-mortar stores?

Subject to their own digital setup, marketing objectives, and preferences, consumer brands have numerous ways to give full play to the metaverse trend. They can engage consumers one-on-one via AR/VR-based advertising, avatar assistants, and meta stores; connect their consumers with one another to build virtual communities and host virtual events, as well as to monetise customer relationships through membership, avatar skins, and collectibles, among other means.

Rather than replacing physical retail outlets, the metaverse is likely to incrementally reshape the strategies and physical operations of retailers to create “the store of the future” to better serve consumers’ real and virtual needs, subject to new regulations in this area.5

What is the role of meta for consumer brands and retailers?

**Engage consumers – one-on-one.**

- Advertising
- Product placements
- AR/VR catalogues
- AR/VR try-on services
- Avatar assistants
- Meta stores

**Connect consumers – with each other.**

- Games
- Virtual events
- Virtual experiences

**Monetise customer relationships.**

- Gaming skins
- Virtual products
- Collectables
- NFTs
- Twin products (e.g. physical and digital pairs)
- Membership
- A virtual world

Interactive and immersive experiences – or sensorial experiences – have value in their own right in the metaverse.

Source: PwC’s What is the metaverse? And why, and how should you engage?

Drawing many of its interactive features from the gaming world, the metaverse will further promote the transformation of store. Retailers can enrich their customers’ experiences by fostering communities in the metaverse where people - in the form of avatars immersed in interactive virtual reality - come together and discuss shared interests while navigating a new world of possibilities. Consumer brands like Lululemon have already cultivated vibrant communities through in-store yoga classes, and has the first mover advantage to bring these communities into the metaverse.

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5 More recently, the Guangzhou Huangpu District and Guangzhou Development Zone jointly released Measures for Promoting the Innovation and Development of the Metaverse (also referred to as the “10 Metaverse Measures”), the first policy of its kind in the Guangdong-Hong Kong-Macao Greater Bay Area
How are brands and retailers starting to play in the metaverse?

<table>
<thead>
<tr>
<th>Role of meta</th>
<th>Apparel</th>
<th>Health and beauty</th>
<th>Home</th>
<th>Food and beverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engage</td>
<td>Balabala</td>
<td>Laneige</td>
<td>John Lewis &amp; Partners</td>
<td>Heinz</td>
</tr>
<tr>
<td>Connect</td>
<td>Forever 21</td>
<td>P&amp;G</td>
<td>Samsung</td>
<td>Carrefour</td>
</tr>
<tr>
<td>Monetise: virtual products</td>
<td>Zara</td>
<td>MAC</td>
<td>West Elm</td>
<td>Miller Lite</td>
</tr>
<tr>
<td>Monetise: NFTs</td>
<td>Nike</td>
<td>Clinique</td>
<td>Disney</td>
<td>TamJai International</td>
</tr>
<tr>
<td>Monetise: Virtual World</td>
<td>Balenciaga</td>
<td>Estée Lauder</td>
<td>LEGO</td>
<td>Stella Artois</td>
</tr>
</tbody>
</table>

Brands and retailers are adopting a mix of complementary (and often integrated) meta initiatives to engage, connect and monetise customer relationships.

Source: PwC’s What is the metaverse? And why, and how should you engage?

L’Oreal’s newest flagship store in Shanghai is a harbinger of physical brick-and-mortar experience combined with digitally powered interactions. The metaverse-themed store features a mix of interactions powered by the brand’s WeChat mini-programmes, through which it can offer shoppers personalised recommendations and enable digital in-store gamification.

This has demonstrated the importance of the omnichannel experience, which has only grown as the metaverse ecosystem expands in scope. However, the role of the physical store is still indispensable as the offline component can deliver something that the online world can’t replicate, especially in higher-engagement categories where consumers demand a more personalised, curated store experience.

In summary, the consumer metaverse, though still at its infancy, can offer novel opportunities to brands in much the same way that e-commerce had revolutionised their operation model. As technological advances gather pace, heritage brands must be prepared for the next stage of physical store transformation. This means upgrading both on and offline experiences to stay relevant to local consumers.

Due to the novelty and complexity of the metaverse ecosystem, it also means retailers should seek partnerships or third-party support to strengthen their metaverse strategy, whether it is determining the way of accounting for metaverse related income and expenses, enhancing and ensuring cybersecurity and data privacy, or dealing with tax nuances in the digital world.
Conclusion and recommendations

As the world is finding its way back to normal, and consumers readjusting to new disruptions brought by current market volatilities in the global economy and geopolitics, we see brands are looking beyond the short-term horizon to pivot towards structural trends that they think are here to stay.

The current crises accentuate the shortcomings in business strategy and execution. Business as usual will no longer work. Embracing macro-complexity and the changing competitive landscape as the new normal will be the way forward. We advise brands and retailers to take bolder steps to instil agility and resilience into their business model for sustainable growth.
Ensure you have a sound and well-executed home strategy

In light of reduced reliance on foreign markets for growth and China’s heightened focus on domestic consumption and regional economic clusters, Chinese retailers are likely to find more opportunities at home, where long-term success hinges on their ability to develop and execute domestic market strategies, and agility in responding to demand fluctuations and pandemic-induced supply chain disruptions. While it may be easier to determine a strategy that focuses on short-term growth, it is equally important to determine a long-term, future-proof strategic roadmap that accounts for different market scenarios.

Enhance customer communities to tell your brand stories

It is more essential than ever for brands to tell a good story about their products and brands values they represent. Loyalty programmes are one of the most effective means for brands to do just that. It helps establish contact with consumers, and in the process of interacting with them, membership operation will affect customers' perception of the brand. Therefore, enterprises should regard membership operation as one of the key links in systematic brand building, continuously communicate brand positioning during the operation process to reinforce users’ awareness of your brand.

Reinvent the social contract with your employees

Take care of your employees, and they will look after your customers. With a paradigm shift in the workforce, now might be a great time to focus on improving employee communication, engagement, and empowerment, since the battle to acquire and retain customers will only intensify.
Building agility and resilience into your supply chain

The ongoing disruption in global supply chain represents a perfect opportunity for brands to build, innovate, and enhance the resilience of their supply chain. They can do so by re-examining every node in their supply chain to develop a deeper understanding of sourcing and potential disruption risks, while identifying redundancies and alternative sourcing practices that promote resilience. Stakeholder focus on ESG issues is also urging companies to increase transparency and accountability within their supply chains.

Engage and retain your customers with private traffic

As consumer attention is increasingly spread across major apps and platforms, private traffic may just be a way out for brands who wish to have more cost-effective acquisitions with high ‘customer stickiness’. Small brands can leverage private traffic to cultivate engagement with their target audience in a more controlled and relatively less costly way, usually through social media apps such as WeChat, Douyin and Kuaishou.

Develop your own unique metaverse strategy

The vastness of the metaverse offers limitless opportunities to consumer-facing companies - from creating virtual showrooms for their products and amplifying customer experience through gamification to offering virtual collectibles as reward to foster loyalty. Before hopping onto the bandwagon you will need to determine what you are trying to achieve in the virtual world - whether it is establishing a brand presence or engaging with customers in a new channel - and how this aligns uniquely with your product offerings and brand values.
About the Survey

The 2022 Global Consumer Insights Survey is a biannual study seeking to keep a closer watch on changing consumer trends. For our June 2022 pulse survey, we polled 9,069 consumers across 25 territories (Australia, Brazil, Canada, China, Egypt, France, Germany, Hong Kong SAR, India, Indonesia, Ireland, Japan, Malaysia, Mexico, Philippines, Qatar, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Thailand, United Arab Emirates, United States, Vietnam).

We have adopted a ‘pulse’ approach since 2021 in order to remain attuned to changes in the worldwide landscape and connected to the behaviour of the global consumer. This semiannual study seeks to keep a closer watch on changing consumer trends. It was put into the field in late autumn 2021 and in spring 2022.

Among the 9,069 participants globally, more than 500 consumers are from China covering 52 cities. The survey was translated into 14 languages and fielded in March 2022. The respondents were at least 18 years old and were required to have shopped online at least once in the previous year.

This survey and its analysis were undertaken by PwC Research, our global centre of excellence for primary research and evidence-based consulting services. For more, visit: www.pwc.co.uk/pwcresearch

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