

ISO, International Shopfitting Organisation
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CHINA.

Short economic review of the shopfitting industry.

General economic situation, preliminary verbal report to be supplemented by e-mail comments below.

China is still considered a developing nation, and the years of modern (shopfitting etc.) industry history is only about 20 years old.

The crisis of 2008, culmination in most countries in 2009 had only very limited effect in China due to the constant growth of the home market, construction and trading as well, consumption stimulated by government initiatives and the inertia in the market and industry who got used to 10% growth rates year-on-year, 9% in 2009 and increasing.

But the growth in retail consumption is even more (closer to 20%, particularly in East China) such as food, groceries, clothes/sports, and more than anything: Consumer electronics! (Both Best Buy, USA and Media Markt, Germany have recently entered the competition). MANY Western companies are also benefiting from the positive situation and huge demand for well known brands.

So called tier 2 cities are now following lead (after tier 1: Beijing, Shanghai, Guangzhou) such as Wuhan, Ningbo, Xiamen, and now the chains are looking at, and investing in, tier 3 and 4 cities with names that most of us Westerners have never heard about, but all with a million population or more. The potential, optimism and growth is immense.

Many retail chains and production industries have doubled their sales a number of years, and must look at more controlled growth. The prices are consequently also going up, so is incomes and standard of living, and exports may suffer when domestic market consumes most of the growth.

Report by Sophia Zhao,
Export Director, Cemü, Shanghai

Minutes by Preben Bailey, ISO Secretary

Supplements by e-mail from Sophia Zhao June 5 after homecoming to China:

1: GDP of China in 2010 went up almost 9% compared to 2009. And in 2010 the top 100 retailers' turnover reached 1.6 billion RMB. This was an increase of 13.5% compared to 2009. The top 100 retailers reached a total of about 150.000 stores!

2. Governments of Tier 3 and Tier 4 cities have a very positive policy to foreign investors. That is also part of the reason why foreign retailers have outstanding performance in China. But the Top 10 retailers are still Chinese domestic brands.

3. Despite the rapid growth from 2000—2005 and the short duration of the financial crisis from 2008-2009, the industry is now going into a stage of steady growth. The competition is still harsh but players left in the game are proved to be most strong and potential.

With best regards.

Sophia Zhao

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