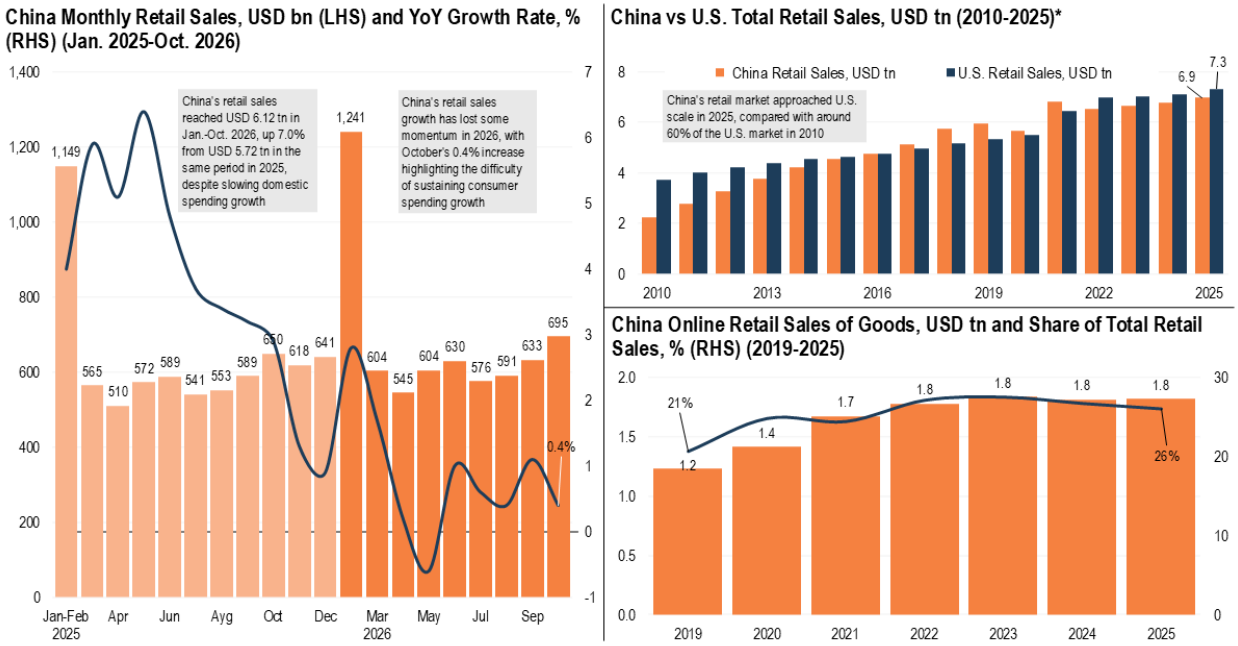
China's Retail Market Nears U.S. Scale as Domestic Consumption Growth Slows

China's consumer market has grown to rival the U.S. in scale, but slower spending growth and an increasingly mature e-commerce sector are reshaping opportunities for businesses



Note: *China's retail sales include catering, while U.S. retail trade excludes food services, limiting direct comparability. Online retail sales cover physical goods only. January-February retail sales are reported as a combined period by China's National Bureau of Statistics. USD values are converted from local currencies. Source: National Bureau of Statistics of China, U.S. Census Bureau, ANDAMAN PARTNERS Analysis

China's retail market has expanded dramatically over the past 15 years, approaching the size of the U.S. market even as consumer spending growth has slowed.

In 2010, China's retail market was around 60% the size of the U.S. market. By 2025, the two were approaching parity, with China's retail sales reaching USD 6.9 trillion compared with USD 7.3 trillion in the U.S. This growth reflects the enormous expansion of consumer spending in China, driven by rising incomes, urbanisation and the development of modern retail networks.

Online shopping has been central to this transformation. Sales of physical goods through digital channels in China reached approximately USD 1.8 trillion in 2025, accounting for 26% of total retail sales, up from 21% in 2019. E-commerce is no longer an emerging trend in China, but an established part of everyday consumer life.

Yet the latest figures reveal a more challenging environment. Retail sales totalled USD 6.12 trillion in January-October 2026, up 7.0% in USD terms from a year earlier, but underlying spending growth has weakened. In October, retail sales grew just 0.4% year on year.

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For international businesses, China remains an enormous consumer market with sophisticated digital shopping channels. But opportunities increasingly depend on understanding what consumers want, where they shop and how carefully they spend. The market's size remains a major attraction, even as the era of rapid, broad-based growth gives way to more selective competition.

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