Changzhou: Profile of a Consumer Market

1. Economic Overview and Development Planning

Changzhou is a city with the sixth largest economy in Jiangsu province. In 2014, its GDP was Rmb490.2 billion, representing an increase of 10.1%. Reckoned in terms of its permanent population, Changzhou's per capita GDP was Rmb104,423. The output value of industrial enterprises above a designated scale amounted to Rmb1,119.5 billion in 2014, an increase of 11.2% over the previous year, while the proportion of heavy industrial enterprises dropped from 81.3% in 2011 to 77.9%.

The output value of high-tech enterprises above a designated scale was Rmb480.3 billion, and its percentage in the total output of industrial enterprises above a designated scale increased from 41.0% to 42.9%. In 2014, the services sector economy of Changzhou exceeded the industrial economy for the first time. In terms of value-added, the share of the services sector in the city's GDP was 47.0% compared with 45.3% of the industrial sector.

![Changzhou's GDP in recent years](chart)

Source: Changzhou Statistical Yearbook 2014 and Communiqué of Changzhou Municipal Statistics Bureau

In the first quarter of 2015, there were 98,000 private enterprises in the city, an increase of 10.9% from the end of 2013. The share of the non-state economy in the city's GDP, in
terms of value-added, increased 10.1% to Rmb330.9 billion, accounting for 67.5% of the region’s GDP.

According to Changzhou City Master Plan (2011-2020), Changzhou will form a layout of "One City, Two Sub-cities". "One City" means downtown, including the five groups of Zhongxin (Central), Gaoxin (new and high-tech), Chengxi (West City), Hutong and Chengdong (East City). Its main functions are residential, public services, commerce and finance, cultural tourism, technology R & D and high-tech industries. The key plan is to construct the "two circles" (city river and Beijing-Hangzhou Grand Canal cultural scenic areas), "five zones" (Sanpian historical and cultural street district and North City modern tourism zone, Yancheng Ruins Park and West Taihu ecological resort), "one town" (science education town featuring vocational education and R&D), "three parks" (Changzhou National New- and Hi-Tech Industrial Development Zone, Chengxi Industrial Park, Chengdong Industrial Park), and "three centres" (administrative centre, business and trade centre and cultural centre).

"Two Sub-cities" refers to the New North City and New South City. The New South City is mainly made up of Changzhou West Taihu ecological resort and Wujin new and hi-tech industrial development zone. Its main functions are high-tech industry, modern logistics, residential and leisure industries. With Metro New City as the core, the New North City’s main functions are business and trade, residential, docks and advanced manufacturing.

2. Changzhou’s Consumer Market

2.1 Growth in Retail Sales

In 2014, total retail sales of consumer goods in Changzhou amounted to Rmb180.4 billion, an increase of 13.0% over the previous year. Retail sales of wholesale and retail enterprises, accommodation and catering services above a designated scale amounted to Rmb104.6 billion, up 14.7%. In respect of product categories, cultural, sports and entertainment consumption shows rapid growth, with retail volume of cultural office supplies at Rmb3.71 billion, up 42.0%; sports and entertainment goods at Rmb400 million, an increase of 38.8%.

Changzhou's retail sales rank fifth in Jiangsu, but in terms of permanent population, its retail sales of consumer goods per capita were comparable with Suzhou’s, the biggest consumer market in the province, which suggests that consumers in the city have great spending power.

In terms of consumption structure, Changzhou registered increases across the board in its eight major categories of consumption expenditure in 2014, showing rapid growth in expenditure on education, culture and entertainment, up 13.5%, household goods and services spending up 9.8%, transportation spending up 9.3%, and medical and health care spending increasing by 9.0%. The remaining four categories include food, tobacco and wine growing 6.0%, clothing up 5.4%, housing up 5.1% and other goods and services growing by 3.6%. With the rapid growth in rural residents’ income, consumption concepts of rural and urban residents are getting closer. Of the six expenditures, the per capita growth of rural residents’ consumption is higher than that of the urban residents.

The proportion of people aged 60 or above with household registration accounts for 21.2% of the total population, exceeding the 11.2% standard for an aging society. On top of this, the whole society is aware of health care, people pay more attention than
ever to the health of their own family and friends. Pharmaceuticals, especially Chinese medicine – mainly for health nurturing, are booming. Retail sales of Chinese and Western medicine by pharmaceuticals enterprises above a designated scale achieved Rmb7.81 billion, an increase of 15.7% year on year.

2.2 Per Capita Disposable Income and Consumption Expenditure

In 2014, the per capita disposable income of urban households in Changzhou was Rmb39,483 and per capita consumption expenditure was Rmb23,590.
3. Characteristics of Changzhou’s Consumer Market

3.1 Population Structure

Changzhou had a permanent population of 4.696 million in 2014, representing an increase of about 16% over the 2005 figure. Relative to its total population with household registration of 3.686 million, Changzhou holds great appeal to the migrant population.

According to China’s sixth population census, among the permanent population in 2010, 51% were male, 11.5% were aged 0-14, 78.7% were aged 15-64, and 9.8% were aged 65 or above.
Among the city's permanent population, 11.7% had university education, 17% had senior high school education, 41.8% had junior high school education, and 21% had primary school education. Compared with the fifth census 10 years earlier, the number of people with university education increased from 4,517 to 11,716 per 100,000 people.

There were 1.554 million households in Changzhou. An average household had 2.71 persons, 0.28 fewer than the census 10 years earlier.

3.2 Characteristics of Consumers

With the changes in market supply and consumer demand, the growth momentum of Changzhou consumer market is gradually shifting from the basic necessities of life to technology, education, culture and health, and personalised, diversified consumption gradually becomes mainstream in the consumer market.

Consumption rises steadily

In food and beverage consumption, the growth rate of Changzhou’s high-end food and beverage sector is slowing down, while low-end mass catering, which is mainly for private consumption, shows rapid development and is gradually becoming the main force in food consumption. At the same time, the rise in popularity of new consumption patterns, such as group buy and WeChat mobile apps, is effectively boosting the rapid growth in mass catering. Changzhou’s food consumption increased by 25.5% in the first quarter of 2015. Improvement in living standards in the city leads to growing awareness of health and increasing spending on health care every year.

Education, culture and entertainment expenses top growth league

With the improvement of income and living standards, demand for education, culture and entertainment, sports and fitness, and other cultural consumption is growing among Changzhou residents. Surveys show that watching TV, surfing the Internet and reading are the most common leisure activities in Changzhou, followed by going to the cinema, bars, various kinds of exhibitions and watching sports. For example, during the two weeks after the Chinese New Year's Day, Changzhou people spent a total of Rmb28.26 million in cinemas, ranked No. 25 in the country. The box-office figure not only represents the top-rank among cities of the same level, but also exceeds some provincial capitals, such as Harbin and Lanzhou. Located in Changwu book city, Changzhou’s first 24-hour bookstore, Qingguo Shufang (青果書房), opened for operation in February 2015, and has become popular as a gathering place for reading enthusiasts.

Robust tourism consumption

Changzhou has neither notable natural scenery nor historical sites and scenic spots, but this city which, in everybody's eyes, is devoid of traditional tourist resources, has created tourist attractions, such as the Universal Dinosaur Town, Yancheng Chunqiu Amusement Land and Xixi Valley (環球動漫嬉戲谷) over the past decade or so. The city has become known nationwide as the "creative tourism city". Major tourist attractions in Changzhou during New Year's Day holiday, the Spring Festival, Lantern Festival and the winter festival, offer a series of convenience and discount measures to holiday seekers, as well as a series of activities in the areas of tourism and culture. People’s desire to travel and consumer demand are both enhanced, sustaining economic growth in holiday travel. Within the seven-day Spring Festival Golden Week in 2014, the city's 67 resorts received
2.877 million visitors, an increase of 9% year-on-year, generating tourism receipts of Rmb122 million, up 17.64% year-on-year.

Mobile payment ratio tops province thanks to e-commerce boom

According to Alipay data, payment on the platform was Rmb20,943 per capita in Changzhou in 2014, an increase of nearly 22 times from 10 years earlier and ranking fourth in the province. The proportion of mobile payment reached 61.2%, ranking first in the province. In addition to going online to experience great change in lifestyle, many people in Changzhou also got involved in e-commerce.

In Changzhou, a number of branded e-commerce enterprises with local specialties and a certain influence in the industry are also rising. Local B2C e-commerce platform, TaoChangzhou (www.taocz.com) boasts a network of 5,000 local businesses and small to medium enterprises, becoming the largest urban consumer e-commerce platform in Changzhou. E-commerce agency Lanhuoyi (www.lanhuoyi.com) established its east China operations centre in Changzhou, providing network operation services to large integrated platforms including Tmall, Alibaba and Dangdang.

Retail formats

The daily shopping and consumption of fashionable goods by Changzhou residents are basically in line with major cities like Shanghai and Hangzhou. Whether in the new communities formed in recent years, or the in old districts, the local areas are dotted with shopping districts, providing comprehensive range of shops and places to eat.

The successive opening of new department stores, commercial districts in Changzhou have intensified competition in the retail industry. Traditional stores strive to upgrade and seek new ways of operating. For example, the Golden Eagle Department Store launched the goodee mobile app (Zhangshang Jinying), and counter mobile POS direct payments as a response to the impact of e-commerce. Changzhou Taifu Department Store has evolved from a large, comprehensive traditional department store to a themed and boutique department store, and is continuing to migrate from traditional e-commerce to mobile, creating a ‘Online Taifu’ to nurture younger consumer groups of the post-1980s or 90s generations.

According to Changzhou Bureau of Commerce data, Changzhou supermarkets show rapid development, having over 300 local supermarket stores, including Xinte, Mingdu and Ruihetai. Retail outlet networks consisting of a variety of formats, including vegetable markets, hypermarkets, chain supermarkets and community stores, have been able to meet the needs of residents within a 15-minute radius.

As the city grows, Changzhou’s ‘community commerce’ has witnessed significant changes. Doorstep supermarkets and vegetable markets are giving way to urban complexes with total floor space of tens of thousands of square metres. In March 2015, Changzhou’s first community complex, the Qinglongyuan neighbourhood centre, opened for business. Situated in the large community Qinglongyuan, the commercial complex adopts a new business model, designed specifically for Qinglongyuan area residents, creating a one-stop business, leisure, dining, education, recreation, and creative and cultural services. It is replacing the traditional small and scattered format of community commerce.
4. Profiles of Changzhou’s Major Commercial Districts

The northern, southern and central parts of Changzhou have seen relatively rapid commercial real estate development, while the eastern and western parts have been slower in this respect. In the eyes of Changzhou people, downtown Changzhou still means the commercial district, with Nandajie (or South Street) as the centre, including Injoy International Plaza, Future City, Fengchen International Plaza and New Century Plaza. Wanda Xinbei district has become the new commercial centre of the north. Fengchen International Plaza and Wangjiao Plaza (旺角廣場) in the neighbourhood are boosters for the entire commercial circle. Because of its long history and commercial heritage, Hutang-Tesco district in the south is the traditional commercial district in the heart of Wujin people, which has already formed a fixed business model with Yaohan. Focus Square and Injoy Lifestyle Plaza further inject vitality to the old commercial district. In recent years, as the government has vigorously promoted development of the south, Wujin has increasingly become an important prime district. Overall, in Changzhou, a layout of city-level commercial centre supported by two large sub-city level centres has been formed.

City-level commercial centre: Nandajie commercial district

As the earliest commercial district in Changzhou, Nandajie has a history of over a century. Today, it continues to host the earliest of Changzhou’s traditional businesses, mainly in the department store sector. Bringing together many old and well-known stores, it has developed into the busiest and most established commercial district in the city. Nandajie forms the axis of the commercial district, with Nandajie pedestrian street in the south and Landmark shopping street in the north, catering to consumption by the general population, as well as shoppers seeking for fashionable style and quality.

Nandajie pedestrian street has a gross floor area of 40,000 square metres, with boutique shops on the first and second floors, food street on the third floor and large sales outlets in the 20,000-square-metre basement. It has brought in the more popular design concepts of European and American shopping malls, having leisure, shopping, dining, travel, offices and entertainment under one roof, patronised mainly by students.

As the largest integrated shopping street district in Yanling West Road, Landmark shopping street is home to a great variety of businesses including eating, drinking, recreation, music and shopping. Department stores, the China Film Oriental International Cinema and a riverside bar street, play a very important role in increasing the consumption and popularity of the commercial street. Landmark is currently shifting away from Nandajie’s young customer base by adjusting its focus to the middle-range market, such as increased experiential consumption, including early childhood centres and fitness clubs, as well as carrying popular brands and nurturing core competitiveness.

The status of Nandajie commercial district in downtown Changzhou as a classic commercial street cannot be downplayed. Even though the development of commercial real estate in recent years has given rise to a number of mature business districts, the largest flow of visitors is still found in Nandajie during the holidays.
New North City sub-commercial centre: Tongjiang Road commercial district

In recent years, the New North City has prospered, with the Changzhou municipal government moving north, along with the city’s economic development. With a step-by-step implementation of development plans, urban complexes including Xinbei Wanda Plaza, Fengchen International Plaza and Yuexing Global Harbor, are vying with one another, setting up new stores. Tongjiang Road Xinbei has become a new commercial district in the New North City.

The Tongjiang Road commercial district has a full suite of facilities in its vicinity, including Changzhou Metro North Station, Changzhou Hi-Tech Zone administration centre, Changzhou Grand Theatre, Olympic Sport Centre and Renmin Square. Tongjiang Road commercial district is gradually maturing with urban development to occupy an important position in Changzhou’s commercial sector. Urban complex, Yuexing Global Harbor, is turning the traditional concept of shopping mall into one of carnival for sightseeing, shopping and entertainment, aiming to bring far-reaching effects to one-hour living circle cities, such as Zhenjiang, Yangzhou, Taizhou and Wuxi.

Changzhou New North City also has a dinosaur-themed recreational business park - Dino Water Town. Inside Dino Water Town are the Golf Hotel, Dino Valley Hotspring and
Dinosaur Town Theater. Covering catering, entertainment, recreation, arts, shopping, amusement and hotels, the New North City will become a major commercial centre for Changzhou or even the whole of Eastern China.

**New South City sub-commercial centre: Wujin commercial district**

The commercial sector of Wujin has been developing rapidly in recent years, with both Injoy and Wanda setting up stores. The growing maturity of Wujin gives rise to the commercial districts of Hutang-Tesco, Renmin Road and the emerging Pan-Yancheng, each located in a different part of Wujin.

Hutang-Tesco commercial district - Hutang-Tesco is the commercial centre of Wujin, with well-established facilities in its vicinity, comprising Yaohan, Focus Square, Injoy Lifestyle Plaza, etc. With a large number of residential developments in the vicinity of the Tesco area, it has been an unbeatable commercial hub.

Renmin Road commercial district - Renmin Road in Wujin has been a relatively busy area, comprising two commercial properties, namely Wujin Wanda and Wujin Injoy Plaza. The two properties offer mutual benefits, largely competing with Hutang-Tesco and expected to become the new centre of Wujin.

Pan-Yancheng commercial district - The Pan-Yancheng commercial district covers part of the living circle of Yancheng block, as well as Wuyi Road. The Yancheng block focuses on tourism, with brands like Yancheng Chunqiu Amusement Land and Yancheng Wildlife World. Currently, Changzhou Sijiqing garment city has started operation in the Pan-Yancheng commercial district, as well as new commercial project Coco City, which encompasses children's entertainment and catering, complementing surrounding residential areas, villas, international style street, Metro supermarket and Markor Furnishings, forming a diverse community commercial network.

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