

CONSUMER BEHAVIOUR  
REPORT JUNE 2020

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# 8 Important Chinese Consumer Trends Revealed after 618 Shopping Day

JD In-Depth Report June 2020

# JD.COM 618 REVENUES GROW 33% AMID COVID-19 PANDEMIC RECORD-BREAKING YEAR FOR JD.COM



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618, happening on June 18th, is the second biggest shopping festival in China after Single's Day. First launched by JD.com, the festival has broken new records this year, amid the COVID-19 pandemic.

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# 8 Important Consumption Trends

-  1. "REVENGE" CONSUMPTION
-  2. TRADE-IN CONSUMPTION
-  3. "VALUE-PROTECTED" CONSUMPTION
-  4. GLOBAL BRANDS GROWTH
-  5. ON THE CUSP OF A 5G REVOLUTION
-  6. CONSUMER CONFIDENCE IS BACK
-  7. LESS "ONE SIZE FITS ALL"
-  8. YOUNG CONSUMERS MORE MATURE

# "REVENGE" CONSUMPTION

There has been an all-around increase in electronics products, fresh food and household daily use products. The rebound of large household appliances once affected by the epidemic is quite apparent, among which the trend is most obvious in China's central and southern provinces. T

In the realm of non-standard products and services, the migration of consumption and services to online has been further accelerated. Transaction volume of fresh products in many provinces have increased more than 100% compared with the same period last year, among which durian ranked first with a growth rate of 332%. The central and western regions, as well as lower tier cities, have already become the main driving force of growth.



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# "TRADE-IN" CONSUMPTION

JD's trade-in service (in which users can sell back their old products and get discounts and coupons towards new ones) and its full-price trade-in service (in which users can buy a product now, and trade it in for the newer product at a later date) is increasingly popular.

The number of users participating in the program for air conditioners increased 390% YOY, while mobile phone trade-in users increased 170% YOY. More than 80% of consumers who bought iPhone 11 chose JD's full-price trade-in program.

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# "VALUE-PROTECTED" CONSUMPTION

Data indicates consumers are more likely to buy value-protected goods which can "pay for tomorrow". JD's new real estate model launched at the end of May, and the associated 1000 properties on offer attracted a lot of attention during 618.

Total 118 times more Moutai was sold this year as compared with the same period last year. In addition, the total amount of insurance provided by JD-Allianz exceeded RMB 4.5 billion yuan. The number of people buying insurance services increased by 109% compared with the same period last year, and the number of inquiries increased by 65% compared with the same period last year. A total of 5.64 million goods were insured.



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## GLOBAL BRANDS GROWTH

International brands have actively participated in JD's 618 Grand Promotion this year. Transaction volume of Apple products in the first hour on June 1st was three times that of the same period last year. In addition, L'Oréal, Lancôme, SK-II and other international brands firmly ranked in the top three on the day.

Sales of international watch brands are particularly of note – year-on-year growth increased over 50%, further highlighting the opportunity for brands in China amidst global uncertainties.

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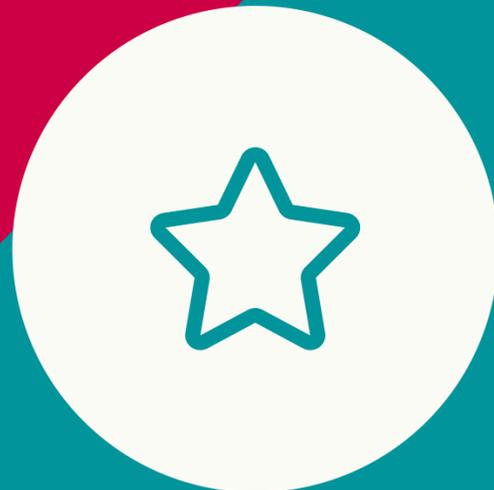
# 5G REVOLUTION

This round of economic recovery, there is high optimism towards 5G, big data, and AI seen as representing the “new infrastructure”. 5G base station construction programs have been deployed in various places, and there is increasingly wider acceptance of 5G among consumers. As such, the 5G mobile market has seen significant activity. On Just 1st, sales of 5G mobile phones were 14 times higher than on the first day of the Singles Day (November 11th) shopping festival last year, among sales of which Xiaomi, vivo and other domestic brands were a highlight. Some brands even gave users unlimited 5G insurance coverage packages. Sales volume of 5G network cards has also increased significantly.



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# CONSUMER CONFIDENCE IS BACK



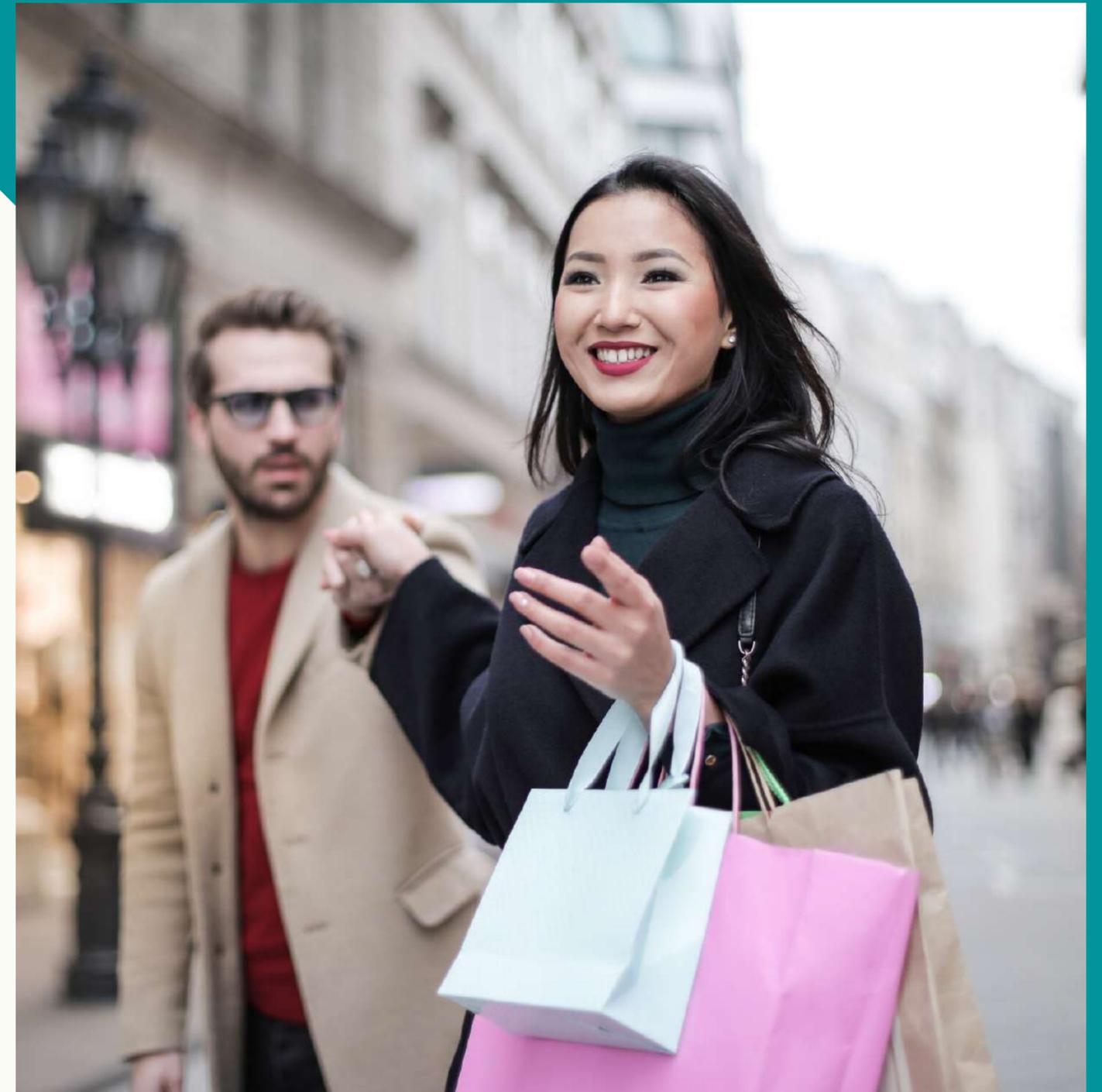
COVID-19 has drawn increasing attention to taking care of one's health. On June 1st, transaction volume of health services increased by 128% compared with the same period last year; physical examination packages increased by 126%; maternity services increased 14-fold; nutrition and health products increased 135%, and cross-border imported health products increased 210%.

# LESS "ONE SIZE FITS ALL" SOLUTION

## It's all about Custom

While the epidemic has accelerated consolidation of production capacity resources in the industry. JD Super, JD's online supermarket, sold more customised goods (defined as JD's C2M, exclusive brand, new product debut, exclusive distribution and exclusive specifications) than on the whole day in 2019.

JD consumers are also seeking differentiate products. Sales of e-Sports displays increased 236% YOY, cooking items such as electric ovens, air fryers, multi-purpose pans and chef-style machines increased by more than 200% compared with the same period last year.



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# YOUNG CONSUMERS MORE MATURE

Data indicates that young consumers are taking on more responsibility post-epidemic. Since the beginning of this year, more than 70% of post-1995 consumers have shifted from “buying only for themselves” to “buying necessities for the whole family”. At the same time, middle-aged and elderly female users have made a significant shift from online to offline. Awareness of the need to protect the family has also been strengthened – data shows a 34-fold increase in transaction volume of disposable cleaning products and a 340% increase in sterilization products YOY.



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These 618 data are another data-point showing the resilience of the Chinese e-commerce sector. Amid a global pandemic, the growth of Chinese online sales is actually accelerating.

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