

Chinese New Year travel restrictions means more spending

This Chinese New Year has shown us that not being able to travel home for the long holiday period might not overall be such a bad idea for the economy. Spending has shot up in comparison to the last holiday period when Covid-19 was not even an issue for consumption



A woman shopping for Lunar new year decorations

Source: Shutterstock

+28.7%

Sales from big retailers and restaurants

During Chinese New Year 2021 vs 2020

Chinese New Year remains the big spending event of the year

Let's start with some numbers.

Big retailers and catering businesses experienced a 28.7% jump in sales this Chinese New Year at CNY821 billion, compared to 2020. Note, we can't make year-on-year comparisons because every

Chinese new year takes place on a different date and month.

These numbers tell us that Covid-19 hasn't hurt spending during this holiday period

Jewellery saw a substantial increase in sales - up 161%, which probably is a result of the Chinese New Year overlapping with Valentines Day.

Then comes clothing (+107%), home gym equipment (+49%), telecommunication electronics (+39%) and digital home appliances (+30%).

These numbers tell us that Chinese consumers are willing to spend on unnecessary items like digital equipment and are becoming increasingly health-conscious. Also, that Covid-19 hasn't hurt spending during this holiday period, which should imply job stability and expectations of wage growth in 2021.

+1.3

Time more spending on catering

In the New Year 2021 vs 2020

A big change for catering

Catering sales went up 1.3 times compared to the previous year. This is because people usually have meals at home during the holiday period but this year is different because more than half of the working population stayed in cities, where they tend to work rather than travel to their home towns in rural areas.

Mostly, these are young and middle-age group, who are more willing to spend at restaurants than the elderly population. And with such great price offers, we expect a similar story for beverages.

But can this be repeated in 2022?

Retailers and restaurants alike would like to repeat and even break these sales figures next year but can this happen? We think it is possible, but there needs to be a clear strategy.

Most working people seldom see their families who often live in rural areas and the Chinese New year holiday is a time for reuniting with their families. But the holiday period next year is likely to return to normal when the pandemic is under control and working people are once again likely to travel back home to visit their families.

However, retailers and restaurants can see the same jump in sales figures if they start delivering online order, including takeaway, but this requires a delivery workforce, which is still a challenge. Another costly strategy is expanding the sales network in increasingly affluent locations, like third and fourth-tier cities.

