

# Research on the development and innovation of retail trade in China

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**Abstract:** China's retail industry is developing well, and strong market demand also provides a great guarantee for its development. In the new era, effective innovation is needed in the development of the retail industry, which has been a basic choice. In recent years, the retail industry has been innovating in development, and has achieved some good results. However, the development and innovation of the retail industry will be affected and restricted by various factors. Under such influence, many problems are likely to appear in the development and innovation of the retail industry, which increases the degree of responsibility of both. This article will specifically analyze the problems in retail development and innovation, and put forward more effective development and innovation countermeasures.

**Keywords:** Retail industry; Development; Consumption upgrade; Innovation

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On the whole, the development level of China's retail has been rising with its gradually growing scale. Under the market economy, the competition in the retail industry is fierce, which has also led to a more obvious hierarchy of retail development. The development and innovation of retail industry need to be better connected in the new era, trying to innovate in the process of development has become a basic choice. However, there are some difficulties in it, especially for the development and innovation of retail trade. Considering this, it is necessary to explore an effective way to the development and innovation of the retail trade.

## 1 Overview of China's retail trade development and innovation

In recent years, China's retail industry has been in continuous development, the annual nominal growth rate of total social retail sales of retail industry has been kept at about 8%<sup>[1]</sup>. In the analysis of the Figure 1. data, though the annual nominal growth rate of the total social retail sales has slowed down recently, there still maintains positive growth and the retail trade is also developing in a stable way. From 1978 to 2018, China's retail industry has developed for 40 years. From the reform and opening up until the end of the 1990s, the retail trade was in fluctuation, and in the end of the last century, the retail trade was in a state of rapid growth and rapid decline; from 1998 to 2008, the retail trade increasingly developed with the average growth rate of 13.15% promoting the retail trade scale to expand unceasingly; after the Financial Crisis in 2008, the retail trade growth rate has dropped to a certain extent, the transformation development has become specific choice in the development of the retail industry. The steady development lays an important foundation for the retail industry's innovation. It is the good situation of retail industry development that makes its innovation be concerned more. The development and innovation of retail trade relate closely for the former lays a solid foundation for innovation and the latter can stimulate its better development. As for the retail innovation content, the innovation of idea, pattern, management way, sales method and so on are all involved in the concrete retail innovation content <sup>[2]</sup>. Today, the retail industry has a huge theoretical space for development and innovation, but from a practical point of view, its development and innovation are both difficult. The formation of new business forms in the retail industry is often an crucial

symbol of development and innovation. However, under the influence of factors such as capital, talents and market environment, some problems often occurs in the

retail trade development and innovation. Whether related problems can be better solved will also become the key to the development and innovation of the retail industry.

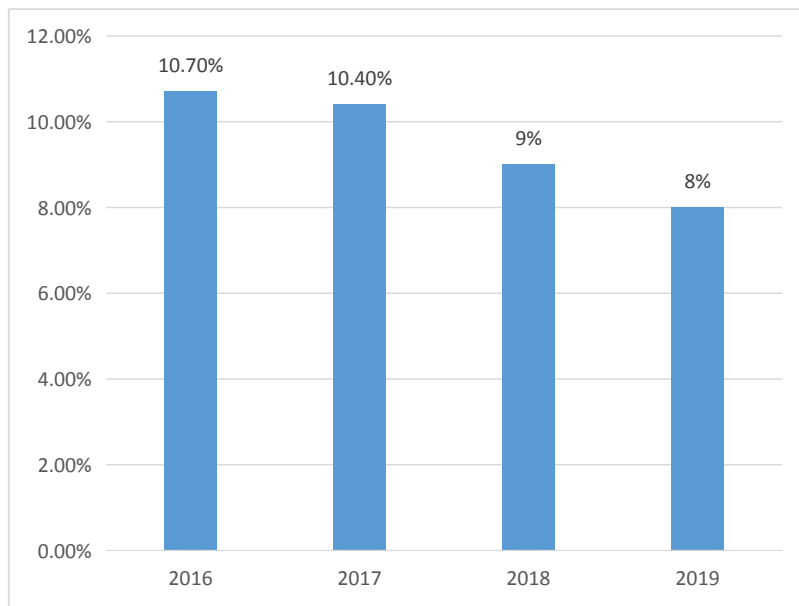


Figure 1. Annual nominal growth rate of the total social retail sales from 2016 to 2018(%)

## 2 Problems in development and innovation of China’s retail industry

### 2.1 Overdependence on Internet of retail development and innovation

Nowadays, the development and innovation of China’s retail industry rely on the Internet too much, internet-retail, as a new form of retail, is no longer a simple integration of retail and the Internet<sup>[3]</sup>. INTERNET-BASED B2C new retail structure has also basically formed (Figure 2.), to some extent, it is the Internet’s growing maturity that China’s retail industry has made continuous breakthrough in the development and

innovation in the last decade. However, it should be noted that the over-reliance on the Internet in the retail trade development and innovation makes the arrested development of other forms of retail trade. The over dependence on the Internet has brought about reform in the way of shopping and payment. Although the new online retail industry has developed rapidly, the impact on the traditional retail industry cannot be ignored, which is also one of its negative effects in the new era<sup>[4]</sup>. Internet can be an effective tool or technology choice in the development and innovation of retail trade, but it is not advisable to develop and innovate simply surrounding the Internet<sup>[5]</sup>.

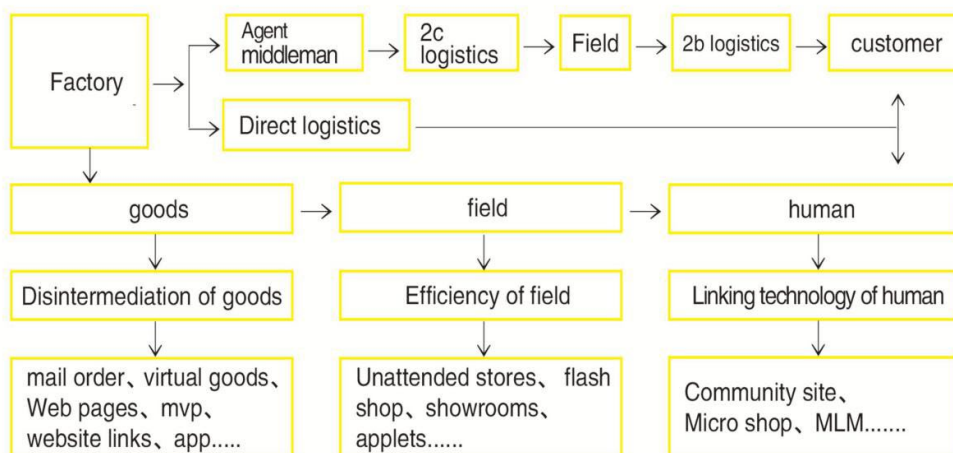


Figure 2. B2C Retail structure based on Internet

## 2.2 Sluggish of retail development and innovation from the perspective of consumption upgrade

There is a close relationship between consumer upgrading and the retail trade development and innovation and it can be found that they interact with each other. In the new period, the upgrading trend of resident consumption is still growing, but the development and innovation of retail trade are caught in a jam, which has become a specific problem in the current stage. Although the development and innovation of retail trade has greatly improved the convenience of consumers, the shopping experience has not improved properly, it shows that there still exists some space for improvement and optimization

in the consumption upgrade and innovation<sup>[6]</sup>. From the perspective of retail development and innovation effectiveness, retail development and innovation is more like application innovation of the Internet. With the increasing depth and width of Internet application, the pace of development and innovation of retail industry is gradually slowing down, and the practical retail innovation is increasing difficult<sup>[7]</sup>. As the consumption upgrade, the sluggish of retail trade development and innovation is further amplified, and as the demand for specific policies, talents, technology and funds increase, it will also be more difficult to promote further growth and innovation in retail.

**Table 1.** Different stage of consumption upgrade from 1978 to 2018

1978-1990	1990-1998	1999-2008	2009-2012	2018-X
Upgrade of consumption quantity	Upgrade of consumption quality	Upgrade of consumption structure	Upgrade of consumption experience	Consumption comprehensive upgrade
Open market	Department store	Supermarket chains	e-commerce	New retail store

## 2.3 Lack of comprehensiveness of retail development and innovation

The lack of comprehensiveness in the development and innovation of the retail trade is also identically significant, especially in the innovation, which can easily be covered up with the constantly growing scale of the retail trade<sup>[8]</sup>. In recent years, the Internet has become an effective carrier of the retail trade development and innovation, but the innovation focuses more on the retail, and innovation with the help of different forms of e-commerce has also become a considerable choice. At the same time, the retail industry specific business concept innovation has not received enough attention, and marketing innovation has not been promoted well. The innovation only in the retail sector increases the pressure of subsequent ones, and the lack of comprehensiveness will be more serious. What's worse, retail innovation is often led by a few large enterprises in which many offline retailers have a little sense of participation in it, indicating low comprehensiveness in the development and innovation of retail trade will probably exist for a long time in the future<sup>[9]</sup>.

development and innovation of China's retail industry and weaken the dependence of the retail industry on the Internet. For example, the integration of off-line retail resources and the support of high-quality retail enterprises can provide strong support for the development and innovation of multi-form pattern. In the "Suggestions on the classification of retail formats", the State Bureau of Internal Trade has classified China's retail stores into 8 kinds as department stores, supermarkets, large-scale comprehensive supermarkets, convenience stores, warehouse-style shopping malls, specialty stores, specialty stores, and shopping centers. In the specific development and innovation of retail trade, all forms of business should develop in harmony, and different forms of innovation should be tried in combination with different forms of business development, demand, environment and conditions. There can be a great balance between development of online and offline retail by creating a multi-industry pattern of retail development and innovation. After reducing the dependence of retailing on Internet, the choices of retailing development and innovation will be more and more diverse, and the pointcut will be further increased.

## 3 Countermeasures for the development and innovation of China's retail industry

### 3.1 The multiple formats' formation of retail industry's development and innovation

It is truly important to create a multi-form pattern of

### 3.2 Stronger support for the development and innovation of retail trade combined with the consumption upgrade trend

There has been an obvious and stronger trend of consumption upgrade, especially after people's

consumption preferences and habits have changed a lot driven by strong domestic demand. Consumption upgrade has a close relationship with the retail trade development and innovation, in the background of macro-economic development, the country takes the acceleration of consumption upgrade seriously. Therefore, it is necessary to strengthen the support for the development and innovation of retail trade. For example, the Ministry of Commerce or other departments can issue corresponding policies to guide traditional retail enterprises to carry out transformation and upgrade, and regional governments can also take measures like policy guidance and capital support according to the local conditions to promote the development and innovation of retail trade. In the basic trend of consumption upgrade, personalized consumption is becoming more and more prominent. Retail enterprises can also conduct personalized consumption and analysis through big data, and innovate from various product and service provision to meet the consumption upgrade trend and succeed in innovative development. After being able to keep up with the pace of consumption upgrade and cater to the trend of consumption upgrade for retail development and innovation, retail development and innovation can also reduce many problems.

### 3.3 The development and innovation of retail trade in multi-angle

There's no denying that the development and innovation of retail trade are under great pressure, and due to the rapid development of Internet economy, the development and innovation of retail trade based on Internet has been a common sense<sup>[10]</sup>. However, it is important to avoid the obvious limitation of the development and innovation of retail trade, which cannot focus on one or a few points but in many ways. For example, the innovation of the management idea and marketing method need more attention in the retail trade development and innovation, and be implemented in the specific retail enterprise with more diverse content and different plans on it. Looking back on the development process of retail trade, we can find that some new forms of development and innovation will be born after the development of retail trade and at the right time. However, the innovation value is closely connected with overall innovation, indicating that multi-angle development and innovation of retail industry is a totally basic choice, and it can also guarantee the "sustainable" development and innovation of retail

industry. Improve China's laws and supervision systems for Internet financial credit

Relevant departments should take responsibility to improve the laws and regulations related to the entire Internet financial system as soon as possible, regulate and restrict illegal acts. Internet financial platforms should pay attention to their business scope and the existing values to avoid credit deficiencies. At the same time, responsible departments should attach great importance to the supervision. They should clarify the related staff to supervise and formulate detailed and accurate rules to minimize risks in Internet finance.

## Conclusion

It is urgent to develop and innovate retail trade, which needs the effective guidance of the government and active participation of various enterprises in the industry. It can be predicted that factors to be considered and problems to be solved will increase with more and more retail trade forms. In this case, the development and innovation of retail industry need to be connected with the solution of specific problems. At the same time, attention should be paid to the innovation issues under the healthy development of the retail industry, closely linking development with innovation is also a key point for China's retail trade in the new era.

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