

GOVERNMENT

## Retail takeaways from China's 20th National Congress opening day

October 18, 2022



*Beijing seeks to achieve common prosperity while asserting the effectiveness of "Dynamic Zero." What does this mean for luxury and retail?  
Image credit: Chinese Central Government official website*

By [Zihao Liu](#)

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

On Oct. 16, Chinese President and Secretary of the Chinese Communist Party (CCP) Xi Jinping **delivered** his report on behalf of the Central Committee of the CCP at the 20th CCP National Congress.

This outlined the "core mission" of the CCP: to lead the Chinese people in building a strong, modern socialist nation. This is also the "**second 100-year objective**" of the CCP, with the first mission being the creation of a moderately prosperous society.

Mr. Xi gave an overview of China's political, social and economic accomplishments in the past five years, as well as the big issues that need to be addressed in the future.

Notably, the report praises the country's persistence in carrying out the "Dynamic Zero" COVID-19 control policy, stating that it protected public health to the maximum extent and effectively "coordinated between pandemic control and socio-economic development."

Mr. Xi also noted the critical importance of **common prosperity**, highlighting the necessity of "raising the income of those with low income, expanding the size of those with middle-level income, and regulating the order of income distribution and the mechanism of wealth accumulation."

Additionally, there was a pledge to increase domestic demand and enlarge the "fundamental role of consumption in economic growth."

However, the report does not mention how long the government will continue its stringent COVID-19 control policy or when it will fully reopen its borders.

It is **highly unlikely** though there will be any significant changes immediately after the congress. For international lines, this is yet another indicator that they should adjust their retail strategies in the mainland for the new normal brought by "Dynamic Zero."

Moreover, luxury houses should consider how the report plans to **achieve common prosperity**. It clearly suggests that poverty relief and the enlargement of the Chinese middle class remain Beijing's priorities, and that wealth-flaunting and extravagant consumption will be discouraged.

As such, luxury labels' brand messaging here should emphasize what they offer in value to the average local shopper instead of exclusively serving the wealthy.

Partnering with the "correct" type of celebrities or KOLs is important as well, as there will be heavier scrutiny on how their wealth or influence has been accumulated.

At the same time, businesses can take comfort in the fact that the report underlines the role of domestic demand and consumption.

Promoting "high-quality development" is front and center of President Xi's message, and "high-quality" denotes China's economic pivot away from traditional manufacturing-based export to creativity and consumption, while also focusing on preventing environmental damage. This provides ample incentives and opportunities for brands to expand their **sustainability** footprints in the mainland and establish deeper emotional connections with its consumers.

*Published with permission from **Jing Daily**. Adapted for clarity and style.*

---

© 2022 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.