DOI: 10.53469/jgebf.2026.08(01).03

Growth Targets, Integrated Markets, and the Upgrading of the Distribution Industry: A Policy Linkage Analysis

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Abstract: ***This paper constructs an evaluation index system for the optimization of the distribution industry structure. Using panel data from 31 provinces in China between 2016 and 2023, the study employs a two-way fixed effects model to empirically analyze the impact and mechanism of setting economic growth targets on the optimization of the distribution industry structure. The findings indicate that setting economic growth targets not only directly promotes the optimization of the distribution industry structure but also indirectly facilitates it through the mediating channel of commodity market integration. These conclusions remain robust after relevant tests. Accordingly, the paper suggests that local governments should establish economic growth targets oriented toward high-quality development, accelerate the integrated development of trade and distribution markets, and promote the scaling-up, momentum enhancement, and intelligent transformation of the distribution industry.***

1. Introduction and Literature Review

Setting economic growth targets is an effective means and key link to evaluate government performance and has gradually developed into an important mechanism for government macroeconomic regulation (Zhao Zhihua and Chen Zitao, 2024). The macroeconomic growth targets set by the government not only provide policy guidance for the development of the distribution industry but also effectively stimulate market demand, thereby driving the optimization of the distribution industry structure and high-quality development. Against this backdrop, an in-depth discussion on the impact and mechanisms of setting economic growth targets on the optimization of the distribution industry structure is of far-reaching significance for accelerating the construction of a modern distribution system, promoting the transformation and upgrading of the distribution industry, and better leveraging the fundamental role of the distribution industry.

The academic community has accumulated a wealth of research on the setting of economic growth targets and the optimization of the circulation industry structure, providing an important foundation for this paper to explore the relationship between the two. On the one hand, scholars have focused on the impact effects of setting economic growth targets. First, the impact of setting economic growth targets on investment in technological innovation is not a unidirectional linear effect but rather a U-shaped curve relationship (Zhao Zhihua and Chen Zitao, 2024); second, the higher the economic growth target, the more it will constrain the transformation of urban industrial structures toward the tertiary industry, which is more pronounced during economic downturns (Ling Jiaheng and Chen Zhou, 2024); third, local economic growth targets also significantly drive the integration of commodity markets, with every 1% increase in local economic growth targets leading to a corresponding increase in the degree of commodity market integration (Gao Shan et al., 2024); finally, environmental and economic target settings have a significant impact on the performance of coordinated pollution and carbon reduction management, with PM2.5/PM10 concentration targets positively correlated with the performance of coordinated pollution and carbon reduction management, while economic growth targets are negatively correlated with the performance of coordinated pollution and carbon reduction management (Li Hongxia et al., 2022). On the other hand, research on optimizing the structure of the circulation industry mainly focuses on the core influencing factors and optimization strategies, forming the following key viewpoints: first, the optimization process of the circulation industry's industrial structure relies more on improving technical efficiency, with technological advancements promoting overall positive changes in industrial structure (Gao Jiajia and Zhao Gongmin, 2020); second, to optimize the structure of the circulation industry, continuous support for technological progress must be provided, promoting the dual circulation of technology and value, thereby enhancing the total factor productivity level of the commerce and trade circulation industry (Yang Huifang, 2022).

A review of the literature reveals that there is a wealth of research on the impact effects of setting economic growth targets and the influencing factors of optimizing the circulation industry structure, but there is still a lack of research incorporating both into a unified analytical framework. Existing theoretical studies indicate that setting economic growth targets helps alleviate the misallocation of production factors such as labor and capital, thereby promoting the integration of commodity markets and creating a freer and more efficient circulation environment (Zhao Zhihua and Chen Zitao, 2024). The improvement of the circulation environment will benefit the expansion of the circulation industry scale, enhance development momentum, and promote digital transformation, thus driving the optimization of the circulation industry structure. Therefore, as an important measure of the construction of a unified large market, the integration of commodity markets may transmit the industrial promotion effects of setting economic growth targets, indirectly empowering the optimization of the circulation industry structure. For this reason, this paper empirically studies the impact of setting economic growth targets on the optimization of the circulation industry structure and the role of commodity market integration within it, aiming to expand the research perspective on setting

economic growth targets and provide theoretical references for promoting the optimization of the circulation industry structure.

2. Theoretical Basis and Research Hypotheses

2.1 Economic Growth Target Setting and Optimization of the Distribution Industry Structure

The optimization of the distribution industry structure refers to the process of adjusting and improving the organizational forms, industrial structure, market layout, service functions, etc., of the distribution industry through various means and measures to achieve growth in the scale of the distribution industry, enhance momentum, and improve information and intelligence levels. As an important component of the national economy, the development of the distribution industry has always been driven by government macro-control. The setting of economic growth targets is one of the important means of government macro-control, referring in this article to the expected economic growth targets formulated by local governments based on economic development strategies and goals, comprehensively considering various economic factors and conditions. Its positive impact on the optimization of the distribution industry structure is mainly manifested in: First, providing policy guidance for the development of the distribution industry. Accompanying the setting of economic growth targets, there are usually a series of policy measures; policies encouraging innovation and technological development may directly or indirectly promote the rapid development of e-commerce and the logistics industry, thereby driving the transformation and upgrading and structural optimization of the distribution industry; Second, stimulating market demand potential. The setting of economic growth targets affects consumer expectations and market demand, with higher economic growth targets generally able to stimulate consumption, thereby increasing market demand for goods and distribution services, thus promoting the optimization of the distribution industry structure; Third, assisting industrial transformation and upgrading. The setting of economic growth targets takes into account ecological and environmental considerations. Under the concept of green development, economic growth targets emphasize green growth, which may encourage the distribution industry to adopt more environmentally friendly technologies and materials, reduce carbon emissions, and thereby drive the green transformation and development of the distribution industry, which is conducive to optimizing the structure of the distribution industry. In summary, hypothesis H1 can be proposed: the setting of economic growth targets has a significant positive impact on the optimization of the distribution industry structure.

2.2 The Mediating Effect of Commodity Market Integration

The integration of commodity markets involves merging multiple commodity markets or sales channels into a unified market or channel to improve efficiency, reduce costs, enhance competitiveness, and elevate consumer experience. It represents a key objective and essential content in the construction of commodity market integration. The integration of commodity markets cannot be achieved without government macro-control and cross-regional collaboration among governments in different areas. On one hand, setting economic growth targets will promote the integration of commodity markets at the policy environment level, with mechanisms as follows: First, achieving economic growth targets often requires technological innovation, but the time, capital, and human costs of technological innovation are high. Companies may share technical resources through mergers or cooperation, so setting economic growth targets can promote inter-enterprise cooperation while helping companies improve production efficiency, reduce costs, and drive commodity market integration. Second, setting economic growth targets might intensify price competition; similar companies may lower prices to capture market share, which could push less efficient companies out of the market, thereby promoting market integration. On the other hand, the integration of commodity markets also benefits the optimization of the distribution industry structure, for the following reasons: First, the integration of commodity markets affects resource allocation. Commodity market integration emphasizes efficient and high-quality resource integration, so resources may flow more to areas that can improve circulation efficiency and reduce costs, driving the distribution industry toward higher value-added directions and achieving structural optimization. Second, to gain potential benefits from commodity market integration such as transaction convenience and expanded market space, distribution companies may actively seek methods like mergers and acquisitions or strategic alliances to optimize supply chains, reduce costs, and improve efficiency. This helps the distribution industry achieve intensive development, further promoting structural optimization in the distribution sector. In summary, hypothesis H2 can be proposed: The integration of commodity markets plays a significant mediating role in the impact of economic growth target setting on the optimization of the distribution industry structure.

Table 1: Evaluation Index System for Structural Optimization of the Distribution Industry

Dimension Layer	Indicator Layer	Attribute
Scale Dimension	Retail Sales of Social Consumer Goods / Tertiary Industry Output Value	+
	Number of Employees in the Circulation Industry / Total Employees at Year-End	+
Momentum Dimension	Natural Logarithm of Number of Express Deliveries	+
	Natural Logarithm of Express Delivery Revenue	+
Networking Dimension	Online Retail Sales / Retail Sales of Social Consumer Goods	+
	Mobile Phone Penetration Rate	+

3. Research Design

3.1 Model Construction and Variable Definition

This paper follows the research methods of existing literature to construct a two-way fixed-effects model to examine the impact relationships among economic growth target setting, commodity market integration, and optimization of the distribution industry structure, with the formula as follows:

$$LYH_{i,t} = \alpha_0 + \gamma_1 ZSM_{i,t} + \gamma_2 Z_{i,t} + c_i + \partial_t + \theta_{i,t} \quad (1)$$

$$SZH_{i,t} = \beta_0 + \beta_1 ZSM_{i,t} + \beta_2 Z_{i,t} + c_i + \partial_t + \theta_{i,t} \quad (2)$$

$$LYH_{i,t} = \omega_0 + \omega_1 ZSM_{i,t} + \omega_2 SZH_{i,t} + \omega_3 Z_{i,t} + c_i + \partial_t + \theta_{i,t} \quad (3)$$

Equation (1) is the baseline effect regression equation, while Equations (2) and (3) are the mediating effect regression equations. The subscript i 、 t represents provinces and years, respectively; γ_1 、 ω_2 represents the baseline effect coefficient and mediating effect coefficient, respectively; c_i 、 ∂_t represents regional and time fixed effects, used to control for the influence of heterogeneity factors at the regional and time levels on the explained variable; $\theta_{i,t}$ is the random error term. $LYH_{i,t}$ is the explained variable, optimization of the distribution industry structure; $ZSM_{i,t}$ is the core explanatory variable, economic growth target setting; $SZH_{i,t}$ is the mediating variable, commodity market integration; $Z_{i,t}$ is the control variable that may affect the optimization of the distribution industry structure. Drawing on the research of Gao Shan et al. (2024) and Du Jiang and Li Xiaochao (2021), this paper incorporates innovation foundation (symbol CXJ, measured by the number of valid invention patents), capital investment (symbol ZTR, measured by the stock of capital in the distribution industry for the year), urbanization rate (symbol ZHL, measured by urban resident population/total resident population), and education level (symbol EDU, measured by regional per capita education expenditure) as control variables. The measurement methods for other major variables are as follows:

Optimization of Distribution Industry Structure (LYH). Optimization of the distribution industry structure is generally reflected in multiple dimensions such as scale growth, momentum enhancement, and networking development of the distribution industry. Compared to single indicators, the comprehensive index of optimization of the distribution industry structure can more accurately and systematically represent the optimization of the distribution industry structure in various regions. Therefore, drawing on the research of Du Jiang and Li Xiaochao (2021), this paper constructs an evaluation index system from three aspects: scale, momentum, and networking, as shown in Table 1. This paper uses the entropy method to estimate weights and measures the comprehensive index reflecting the optimization of the distribution industry structure.

Economic Growth Target Setting (ZSM). Local governments typically refer to previous economic growth performance when setting current economic growth targets, so the level of economic growth target setting depends on the gap between current and previous economic growth performance. Referring to the research of Zhao Zhihua and Chen Zitao (2024), the proxy indicator for economic growth target setting is calculated as the logarithm of the ratio of the current period to the previous period's regional gross domestic product index, with the formula as follows:

$$ZSM_{i,t} = \mathrm{Ln}\left(\frac{100+GDP_{i,t}}{GDP_{i,t-1}}\right) \quad (4)$$

In Equation (4), $GDP_{i,t}$, $GDP_{i,t-1}$ represents the regional GDP index of i region for the years t and $t-1$, respectively, and $ZSM_{i,t}$ denotes the economic growth target set for i region in year t. The larger the value of $ZSM_{i,t}$, the higher the economic growth target set by the region, and the more difficult it is to achieve.

Commodity Market Integration (SZH). Commodity market integration reflects the degree of free flow of commodity factors between regions, generally measured through trade flow methods, production methods, and price methods. Given that both trade flow and production methods are susceptible to the influence of commodity substitution elasticity, this paper follows the approach of Wang Jiawei et al. (2023) and adopts the price method to calculate the commodity market integration index, with the formula as follows:

$$\triangle P_i = \frac{\sum_j^n \left(\ln\left(\frac{R_i}{R_j}\right) - \ln\left(\frac{R_{i-1}}{R_{j-1}}\right)\right)}{n} = \frac{\sum_j^n \left(\ln\left(\frac{R_i}{R_{i-1}}\right) - \ln\left(\frac{R_j}{R_{j-1}}\right)\right)}{n} \quad (5)$$

$$SZH_{i,t} = \sqrt{1/\triangle R_i} \quad (6)$$

In Equations (5) and (6), R_i 、 R_{i-1} 、 R_j 、 R_{j-1} represents the current and previous periods' commodity retail price indices for i and j regions, respectively, ΔP_i denotes the average difference in commodity retail price indices between i region and other regions, and $SZH_{i,t}$ refers to the commodity market integration index of i region.

3.2 Data Description

Due to inconsistencies in statistical standards for earlier data, this paper selects the 31 provinces of China from 2016 to 2023 (excluding Hong Kong, Macao, and Taiwan due to statistical reasons) as the research subjects. Regarding data sources, information on economic growth targets was obtained by analyzing provincial government work reports: for provinces setting a range as their target, the lower limit of the range was used; for provinces setting vague goals like "steady growth" without specific numerical values, the average of the two adjacent years was used instead. Data for all remaining variables were sourced from the "China Statistical Yearbook" and provincial statistical yearbooks.

4. Analysis of Research Results

4.1 Descriptive Statistics of Variables

Table 2 describes the statistical indicators of the main variables. Among them, the standard deviation and mean of the economic growth target setting are 1.958 and 0.586 respectively, intuitively reflecting that there are significant differences in economic growth target setting among different provinces; the maximum value of the optimization of the circulation industry structure is 1.000, and the minimum value is 0.105, indicating that the optimization of the circulation industry structure has significant regional heterogeneity. In addition, to preliminarily estimate the correlation between commodity market integration and economic growth target setting and optimization of the circulation industry structure, this article divides the data of economic growth target setting and optimization of the circulation industry structure into high and low groups according to the median, and then performs kernel density estimation of commodity market integration, with results. This indicates that both economic growth target setting and optimization of the circulation industry structure are correlated with commodity market integration to some extent.

4.2 Baseline Regression Analysis

Table 3 describes the baseline effect test results of economic growth target setting on the optimization of the circulation industry structure. Among them, column (1) does not control any control variables or fixed effects of regions and years, and the data show that the structure of the circulation industry gradually optimizes with the increase in economic growth target setting; columns (2), (3), and (4) sequentially consider fixed effects and control variables, and it can be observed that although the model specification forms vary, the regression coefficient of economic growth target setting remains robust, thereby confirming the aforementioned hypothesis H1. From column (4), we know that for every 1 percentage point increase in economic growth target setting, it will lead to a corresponding increase of 0.007 percentage points in the comprehensive index of optimization of the circulation industry structure, and this effect reaches a significance level of 0.001.

4.3 Robustness Analysis

First, change the measurement method of the explained variable. Technically, the optimization of the circulation industry structure represents the improvement of total factor productivity in the circulation industry, so the total factor productivity of the circulation industry can be used as a proxy indicator for the optimization of the circulation industry structure to replace the aforementioned measurement indicators. The test results are summarized in column (1) of Table 4. Second, replace the sample. Given that first-tier cities such as Beijing, Shanghai, Guangzhou, and Shenzhen have strong economic foundations and rapid development speeds, there may be particularities in setting economic growth targets, which could lead to "noise" interference in the research conclusions. Therefore, the special samples mentioned above were removed for sample replacement, with test results summarized in column (2). Finally, change the control variables. According to research by scholars such as Gaoshan et al. (2024), Du Jiang, and Li Xiaochao (2021), apart from the control variables mentioned earlier, the level of openness, government support, and human capital also significantly influence the optimization of the circulation industry structure. Thus, this paper selects the level of openness (total foreign investment / regional GDP), government support (government expenditure on the circulation industry / regional GDP), and human capital level (regional bachelor's degree rate) to replace the previous control variables for estimation. The test results are summarized in column (3). Overall, the regression coefficient of setting economic growth targets remains robust across all three columns, confirming that setting economic growth targets positively affects the optimization of the circulation industry structure with high robustness.

Table 2: Descriptive Statistics of Variables

Variable	Mean	Standard Deviation	Minimum	Maximum
ZSM	0.586	1.958	5.068	16.000
SZH	0.603	0.135	0.174	0.984
LYH	0.531	0.237	0.105	1.000
CXJ	0.589	0.087	0.372	0.818
ZTR	0.519	0.057	0.255	0.804
ZHL	0.106	0.167	0.028	0.205
EDU	0.271	0.075	0.152	0.975

Table 3: Baseline Regression Results

Variable	(1)	(2)	(3)	(4)
ZSM	0.009*** (0.004)	0.008*** (0.002)	0.011*** (0.005)	0.007*** (0.004)
Constant term	0.605*** (0.338)	0.579*** (0.331)	0.742*** (0.315)	0.443*** (0.231)
Control variable		Yes	Yes	Yes
Regional fixed effects			Yes	Yes
Year fixed effects				Yes
R^2	0.605	0.682	0.717	0.793

Note: ***, **, and * represent significance levels of 0.001, 0.01, and 0.05 respectively; figures in parentheses are robust standard errors, as below.

Table 4: Results of Robustness Test

Variable	(1) Change measurement method	(2) Replace sample	(3) Replace control variable
ZSM	0.012*** (0.005)	0.014*** (0.008)	0.010*** (0.006)
Constant term	1.451*** (0.056)	2.032*** (0.048)	0.355*** (0.062)
Control variable	Yes	Yes	Yes
Regional fixed	Yes	Yes	Yes
Year fixed	Yes	Yes	Yes
R^2	0.542	0.589	0.614

4.4 Mediation Effect Analysis

Further empirical analysis on the mediation effect of commodity market integration was conducted through an econometric model, with results summarized in Table 5. In column (1), the regression coefficient of the economic growth target setting is significantly positive at the 0.001 level, indicating that setting economic growth targets can significantly promote commodity market integration. In column (2), the regression coefficient of commodity market integration is 0.011, which is significantly positive, suggesting that commodity market integration can significantly and positively influence the optimization of the distribution industry structure. Overall, the higher the economic growth target setting, the more it promotes commodity market integration, which in turn drives the optimization of the distribution industry structure. This means that commodity market integration plays a significant mediating role between economic growth target setting and distribution industry structure optimization, validating hypothesis H2. The reason for this phenomenon may be that setting economic growth targets helps promote enterprise technological innovation, thereby facilitating commodity market integration. Commodity market integration, in turn, optimizes resource allocation and supply chain efficiency, promoting the upgrading and intensive development of the distribution industry.

5. Conclusions and Practical Implications

The main conclusions obtained in this paper are as follows: First, setting economic growth targets significantly drives the optimization of the distribution industry structure, specifically reflected by the fact that as provinces set higher economic growth targets, the index of distribution industry structure optimization shows a year-on-year upward trend. The marginal contribution of this conclusion lies in empirically testing the industrial empowerment effect of setting economic growth targets. Second, commodity market integration is the main mechanism through which setting economic growth

targets influences the optimization of the distribution industry structure. Specifically, raising economic growth target settings can accelerate commodity market integration, thereby assisting in the optimization of the distribution industry structure. Therefore, local governments need to strengthen the construction of a unified large market and focus on commodity market integration when setting economic growth targets. Third, after undergoing a series of robustness tests such as changing measurement methods, replacing samples, and altering control variables, the conclusion that setting economic growth targets significantly and positively impacts the optimization of the distribution industry structure remains robust.

The above research conclusions have important practical implications for local governments to set economic growth targets, strengthen commodity market integration, and optimize the circulation industry structure: First, with high-quality development as the guiding principle, reasonably set regional economic growth targets. On one hand, determine a reasonable growth rate according to the stage of economic development in the region. For underdeveloped areas, a higher growth rate is needed to narrow the gap with developed regions; for developed areas, more emphasis should be placed on the quality and sustainability of growth. On the other hand, risk control must be emphasized. When setting growth targets, potential economic risks such as financial market volatility and international trade frictions should be considered to ensure the stability and sustainability of economic growth. Second, deepen factor market reforms and accelerate the integrated construction of trade and commerce circulation. First, improve the market access system, simplify administrative approval processes, lower market entry thresholds, and encourage more enterprises to participate in market competition; second, establish a unified market supervision system, strengthen market regulation, crack down on unfair competition and market manipulation, and maintain market order; third, enhance policy support by using fiscal, taxation, financial, and other policy tools to provide policy support and a favorable business environment for the integrated construction of the trade and commerce circulation market, improving circulation efficiency. Third, promote the scale growth, momentum enhancement, and intelligent development of the circulation industry, and continuously optimize the structure of the circulation industry. First, explore the formation of a diversified market through models like cross-border e-commerce and overseas warehouses, broaden sales channels, meet the needs of different markets, and expand the scale of the circulation industry; second, optimize supply chain management. Through supply chain integration, improve the transparency and response speed of the supply chain, reduce inventory overstock, enhance the flexibility and stability of the supply chain, and boost the momentum of the circulation industry's development; finally, adhere to innovation-driven technological advancement. Utilize modern information technologies such as big data, cloud computing, artificial intelligence, and the Internet of Things to improve the intelligence level of the circulation industry, reduce costs, and innovate circulation models.

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