

2020 E-commerce Payments Trends Report: China

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KEY TAKE AWAY



**Mobile and Livestreaming are the New
Online Sales Channels to Harness**



**5G Rollout is Set to Drive Mobile
Commerce Uptake in Underserved Regions**



**Local Influencers are Generating
Demand for International Products**

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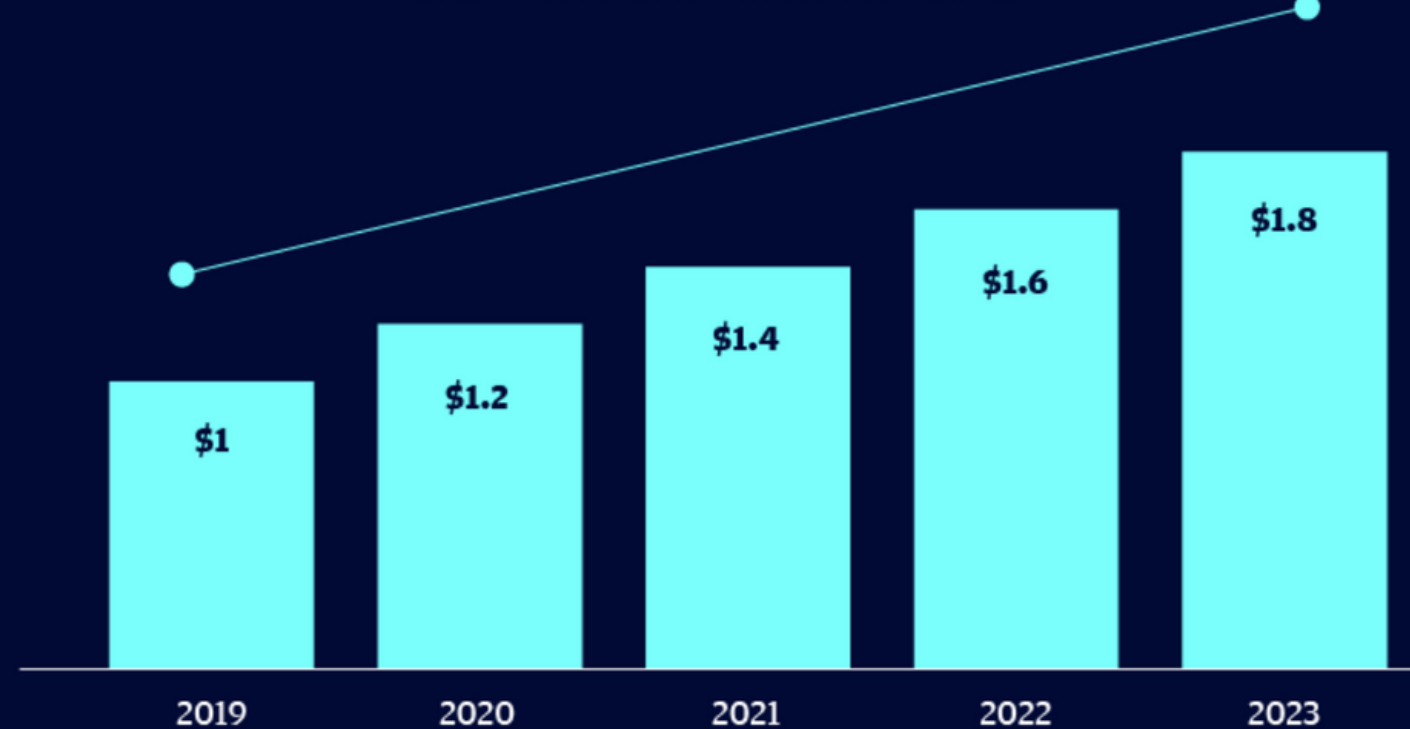
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Mobile and Livestreaming are the New Online Sales Channels to Harness

- Emphasizing good value, the availability of coupon deals, and the inclusion (or exclusion) of sales taxes and delivery costs can make or break a sale when selling via Chinese social commerce. Shoppers like to feel they are getting a bargain
- China is a mobile-first country. Sales via mobile devices take a 60 percent share of the overall e-commerce market, so merchant sites must be smartphone-ready and available as an app, as this is the preferred platform to access mobile commerce. Mobile commerce is expected to slightly outpace overall e-commerce, at a compound annual growth rate of 12 percent to 2023, when it will be a \$1.8 trillion market.

Forecast of mobile commerce market size (\$ trillions)

Forecasted CAGR for 2019-2023 is 12%

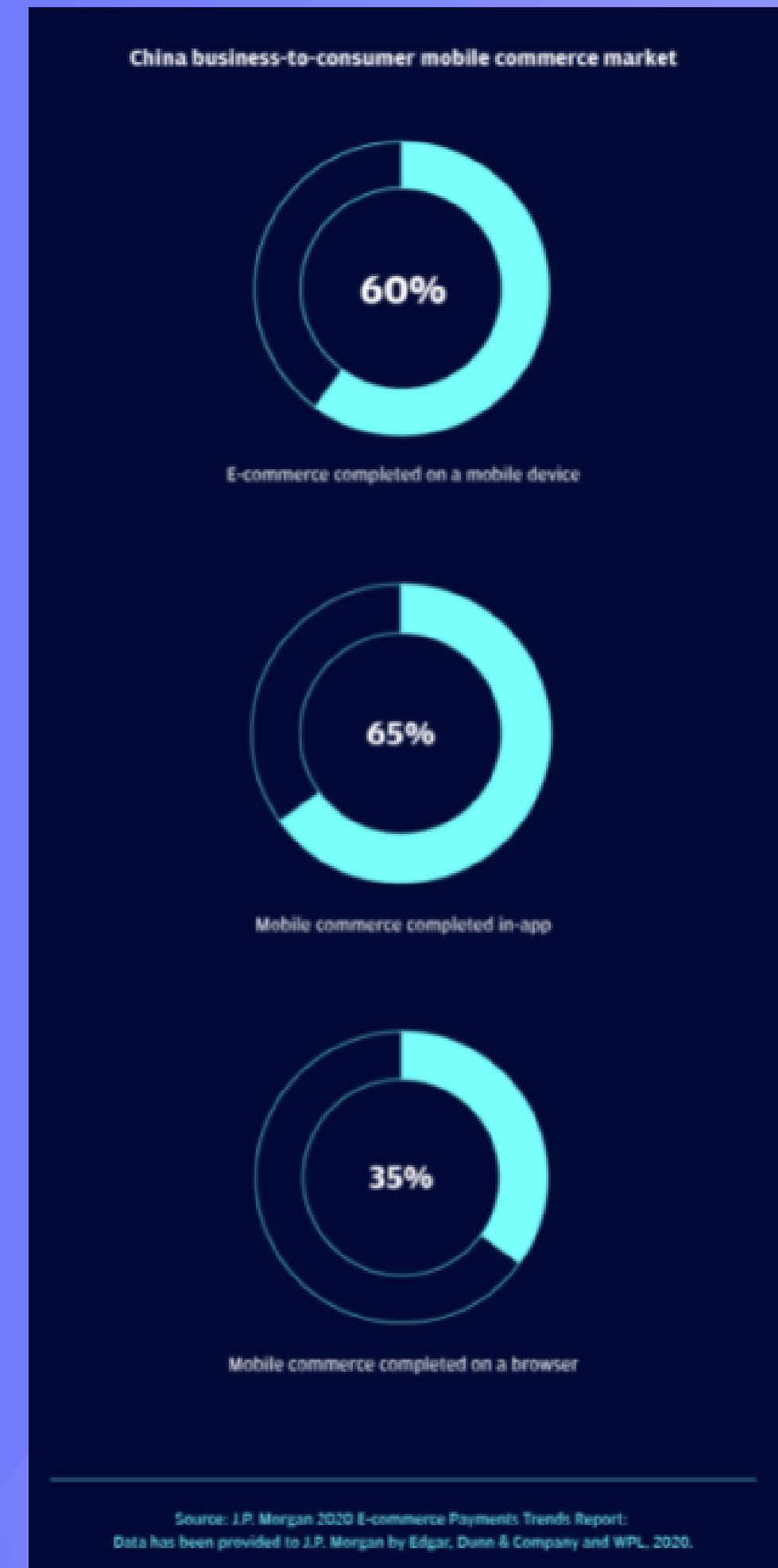


Source: J.P. Morgan 2020 E-commerce Payments Trends Report:
Data has been provided to J.P. Morgan by Edgar, Dunn & Company and WPL, 2020.

5G ROLLOUT IS SET TO DRIVE MOBILE COMMERCE UPTAKE IN UNDERSERVED REGIONS

- Due to China's large land mass and swathes of underpopulated rural areas, overall internet connection is low in comparison with other major global economies, at just 55 percent.²² A lack of landline-connected internet is driving uptake of smartphones and mobile internet in rural areas.
- The Chinese government has prioritized the development of 5G wireless technology, making the country a world leader in its rollout. As of November 2019, 5G's ultra-fast mobile internet speeds are now available across 50 large and mid-sized Chinese cities.²³ China's Ministry of Industry and Information Technology has prioritized 5G implementation across the country throughout 2020.²⁴
- Local apps are setting new global standards in social commerce. Douyin is social media app TikTok's Chinese platform. It boasts more advanced e-commerce features than the international TikTok app, such as allowing users to buy products they see streaming on the app in real time by tapping the video three times.²⁵

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LOCAL INFLUENCERS ARE GENERATING DEMAND FOR INTERNATIONAL PRODUCTS



- Perhaps due to the vast range of domestic goods available to Chinese shoppers, cross-border spending slightly lags behind the wider Asia-Pacific region. Japan (first) and U.S. (second) merchants are the most popular overseas shopping choices.
- Having a strong brand identity is a must when entering the Chinese market. Consumers respond well to Western brands that offer a clear point of difference to local products, often with celebrity backing.
- Viya is China's biggest livestreamer influencer by revenue, selling \$27 million in merchandise on Singles' Day 2019 alone.³⁸ She acts as a point of entry for major Western beauty brands wanting to sell products to Chinese audiences. International merchants could investigate similar deals with Chinese livestreamers relevant to their target markets.

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Let the catalysis begin



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