

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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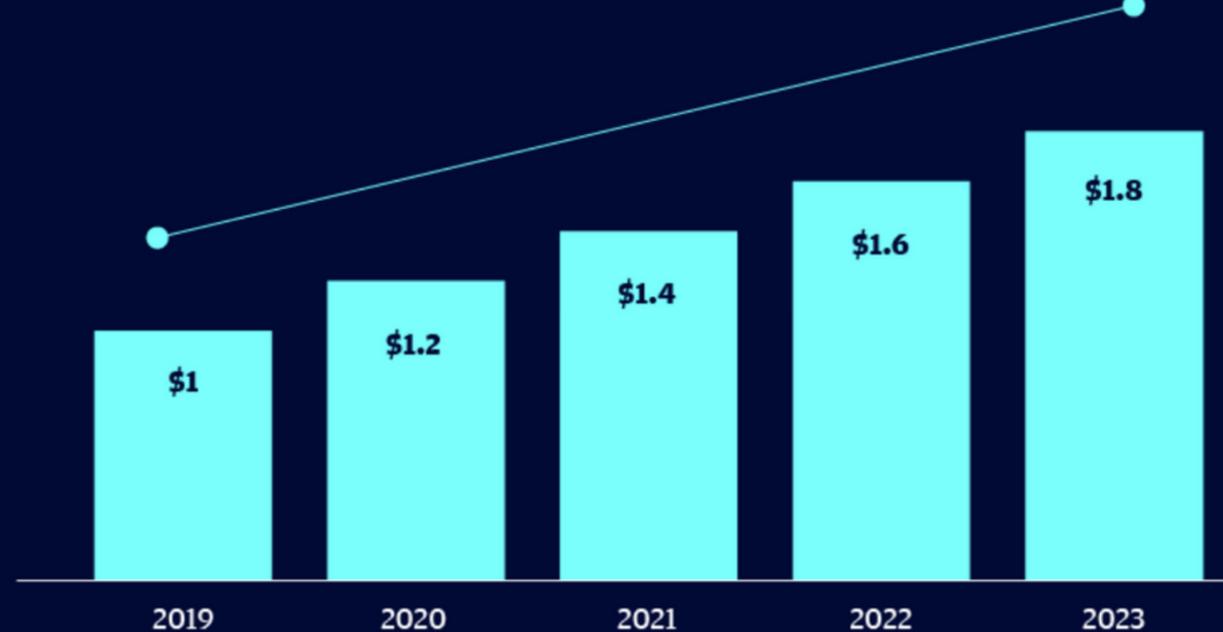
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Mobile and Livestreaming are the New Online Sales Channels to Harness

- 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%

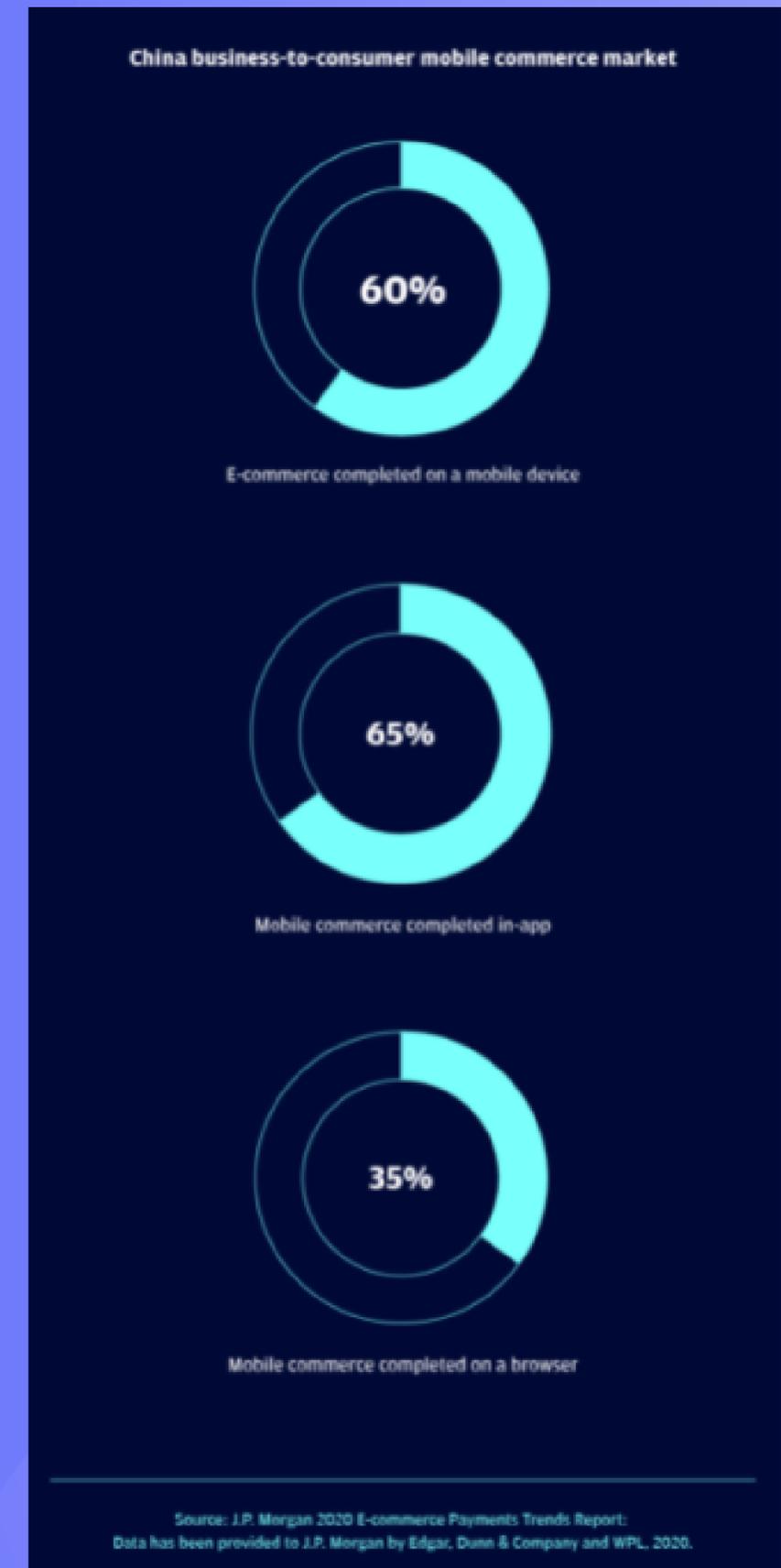


Source: J.P. Morgan 2020 E-commerce Payments Trends Report:
Data has been provided to J.P. Morgan by Edgar, Dunn & Company and WPL, 2020.

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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