

E-commerce in China

why and how it worked

A presentation at the WTO Public Forum
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China has a huge e-commerce market

Retail e-commerce sales
(rank by 2019 projections)

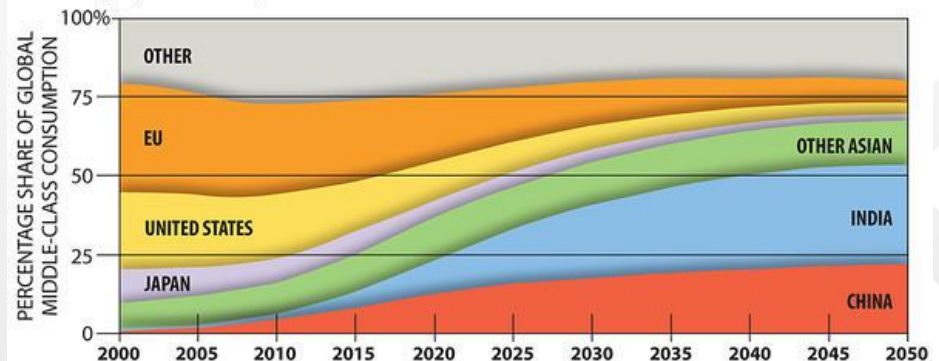
	2019	2015
China	\$1,973.04	\$672.01
U.S.	\$534.95	\$340.61
U.K.	\$143.19	\$99.39
Japan	\$134.10	\$89.55
Germany	\$87.54	\$61.84

Source: eMarketer, Dec 2015

- 4.4 out of 7.5 billion people and 48% of world's internet users in Asia
- 721 million internet users in China (52%)
- Rising middle class spending
- Transformation to a “consumption-driven” growth model
- A large manufacturing base

The global middle-class wave

Global middle-class consumption will shift heavily toward China, India, and other Asian countries (excluding Japan) as the high-income countries see their share decrease.



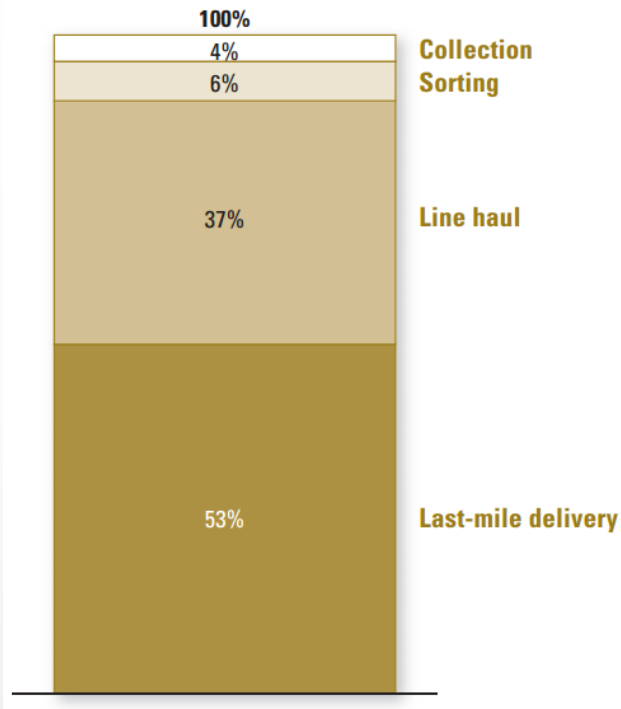
SOURCE: H. Kharas (2010), 'The Emerging Middle Class in Developing Countries,' OECD Development Centre Working Paper No. 285

RICH CLABAUGH/STAFF

Source: OECD Development Centre

...and many big cities

Cost structure per parcel (illustrative)



Source: A. T. Kearney analysis

Number of cities with population over 1 million

China	105
India	58
Latin America	67
U.S.	45
EU	34
Japan	8

Source: the Globalist



Leapfrog with e-payment

Share of individuals with credit card

Japan	66
U.S.	60
Korea	56
China	16

Source: UNCTAD E-commerce Readiness Index

- mobile payment covers 27% of China's population

In 2015

- credit card per person dropped from 0.34 to 0.29
- mobile payment users increased by 64.5% to 357.7 million
- Preferred payment options:
e-payment 79.5% > cash 79%

Source: Financial Times



Regulators kept an open mind



...and regulated what is necessary

What you ordered



What you might receive



What you ordered



What you might receive



SMEs adopted “Internet Thinking”

Internet thinking: traffic, conversion rate, followers, thumbs-ups



Blockbusters: most sold, but not necessarily most profitable



Honey pots: huge discounts to attract customers



Meatballs: not attractive, but can fill stomach!



Transaction records are the most valuable asset online!

Platforms adapted to local markets

- Big internet companies are not yet everywhere
- Next billion internet users come from developing countries
- More and more success stories: flipkart, Mercado Libre, Netshoes, Taobao
- Protectionism won't work, because companies are becoming nationless and technology evolve rapidly





TRADE IMPACT
FOR GOOD

Thank you!
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