

# ***What You Must Know To Benefit From China's E-Commerce Boom***

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# 1

## **Western brands entering China through eCommerce**

Since the pandemic stopped Chinese consumers from "buying overseas products abroad", cross-border e-commerce has become a highland for foreign brands. More than 29,000 brands across 5,800 categories had joined China cross border eCommerce at the end of 2020, over 80 percent entering China for the first time.

# Western Brands that entered China through eCommerce



## Wrong, there are big opportunities for niche brands to enter China

While the definition of a niche brand for Chinese consumers is quite subjective and depends on the consumer's level of sophistication, the general sentiment is that labeling something as “niche” makes the brand, or product, feel more premier (“高级”), which is the new equivalent of “premium” and “bespoke”.



## Do not miss the train to take off with the eCommerce boom in China!



## 2

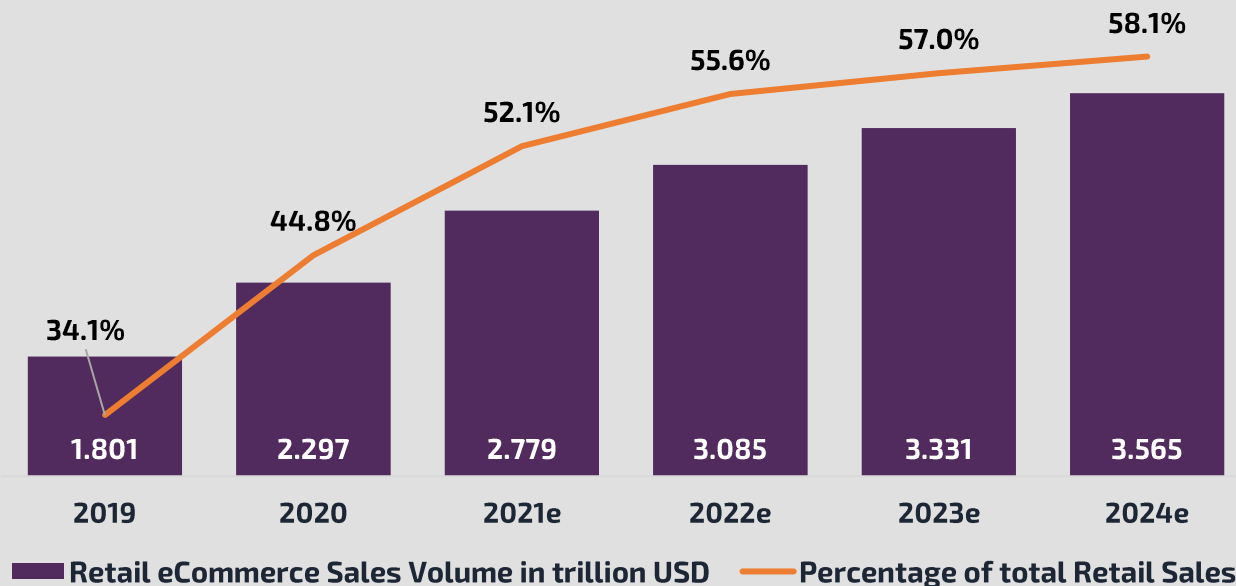
### **China's eCommerce is booming**

In 2021, **China eCommerce** accounts for **more than 50% of the national retail sales**, up from 44.8% in 2020.

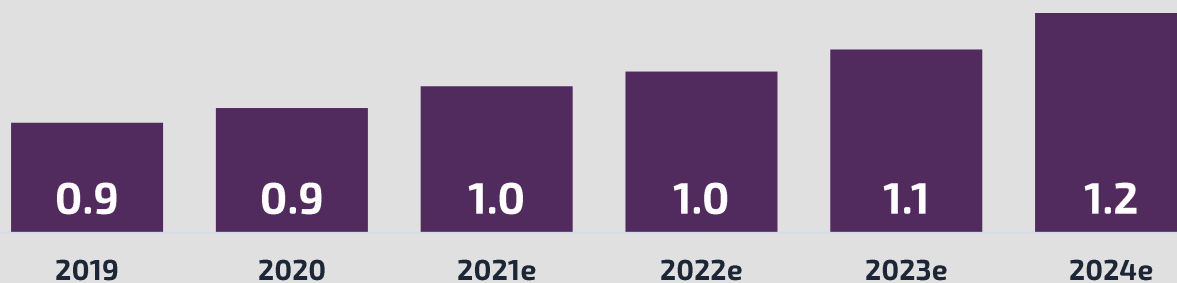
As eCommerce consumption has been heating up in China, so has the competition. Brands understanding how to thrive in this digital ecosystem will be the ones winning in the China market.

# eCommerce Growth

## Retail eCommerce Sales in China by Year



## Chinese Digital Buyers in bn



## Above 50% of Chinese retail sales in 2021 will be eCommerce

In 2020, eCommerce sales grew by 27.5% to \$2.3 trillion. For 2021 further strong sales growth above 20% is expected. This will make China the first economy in the world to have more online than stationary retail sales.

Future Chinese eCommerce has a predicted CAGR of 11.7%, to reach \$3.6 trillions in 2024, in which case it would equal 58.1% of total retail sales.

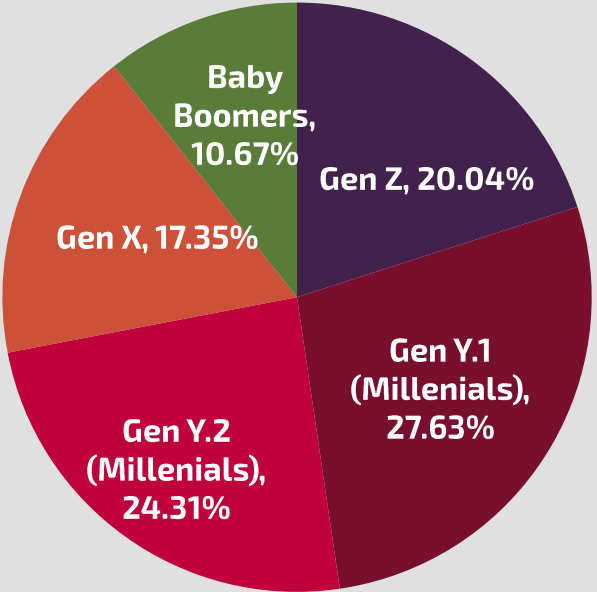
## Future growth coming from rural shoppers starting to buy online

In 2020, 64.3% of the Chinese total population had been already digital buyers. This growth had mainly come from urban shoppers.

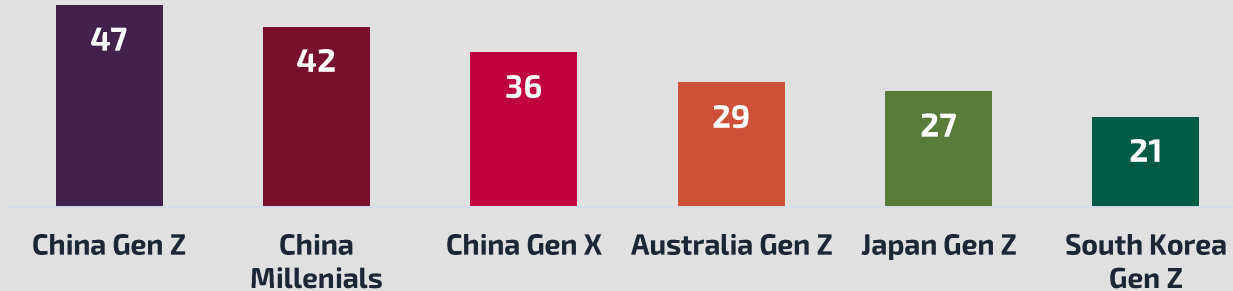
Until 2024, 300 million rural Chinese will become first time digital buyers, which will raise the number of total digital buyers above 1.2 billion.

# Online Shopper Demographics

## Digital Buyers in China by Generation, 2019



## Percentage of Respondents who strongly agree that they "buy products on the go"



Sources: eMarketer, December 2020 | McKinsey China Consumer Report, December 2020

## Millennials represent the majority of digital buyers

Millennials, aged 25-44, represent 52% of all digital buyers in China. Moreover, since the pandemic, 70% of millennials interviewed by McKinsey have shifted from "buying online only for themselves" to "buying necessities for the whole family", as they are supporting their elderly and less tech-savvy family members.

## China's Gen Z are most likely to buy products spontaneously

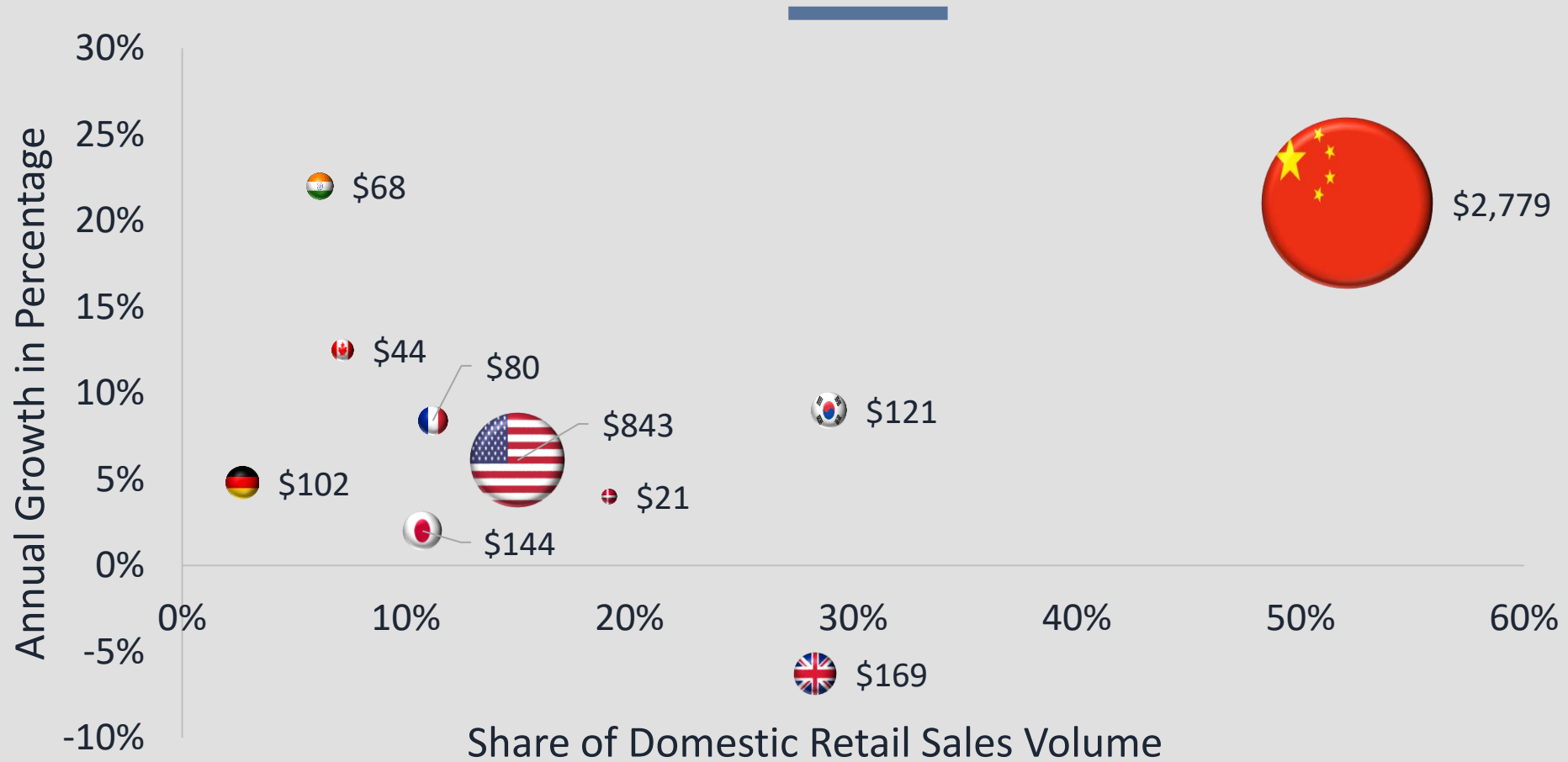
Within China, the Gen Z consumers, aged below 25, are have the strongest habit of purchasing products spontaneously while on the go. However, even China's Gen Y and Gen X consumers are generally more likely to purchase products online spontaneously compared to the youngest Gen Z consumer generations of other Asian economies.



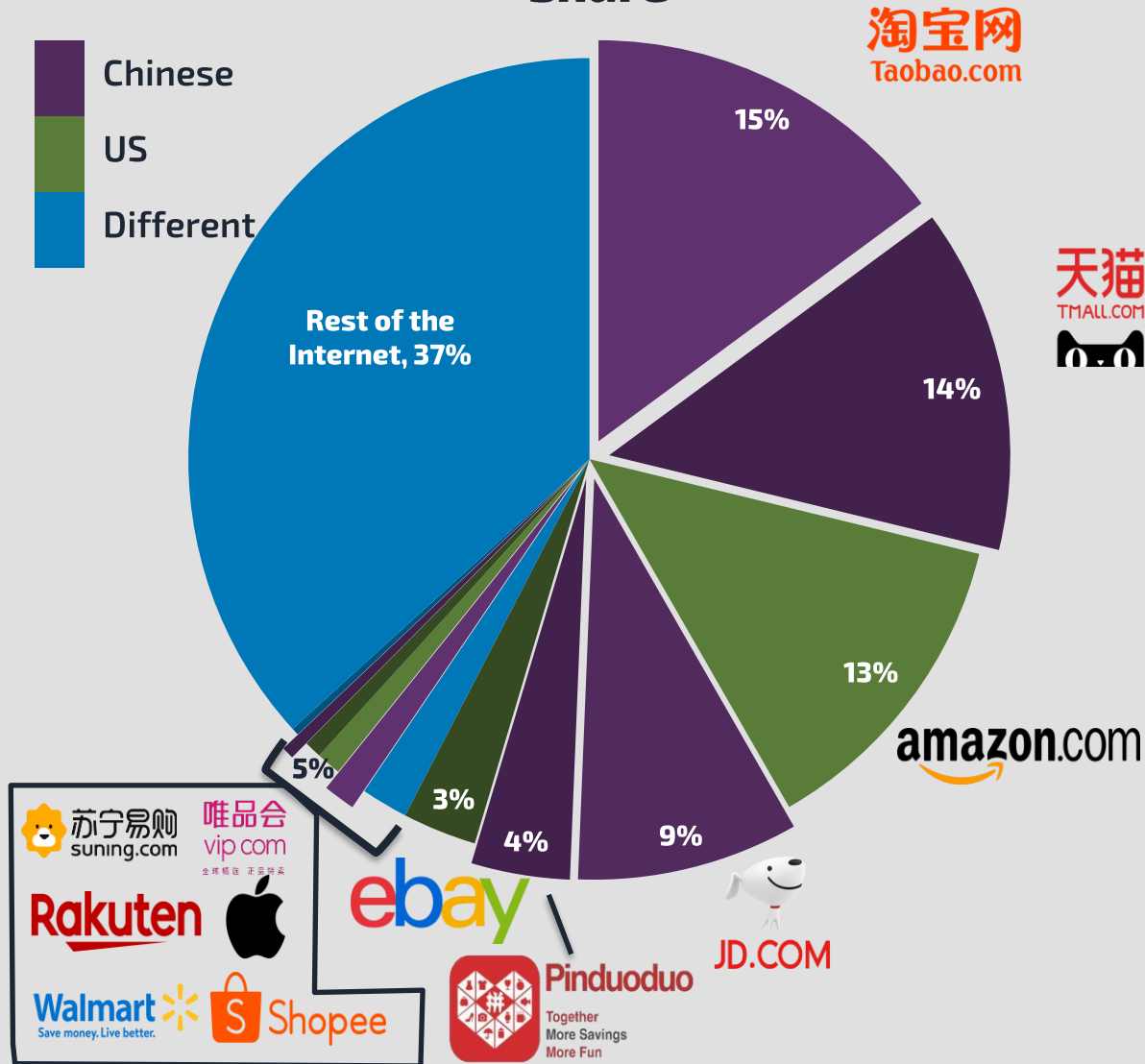
**“Multinationals such as Unilever, L’Oréal and Adidas make more revenue in Asia than in America and their bosses turn to there, not to California or Paris, to see the latest in digital marketing, branding and logistics.”**

—The Economist, January 2021

# Forecast 2021 eCommerce by countries in bn USD



## Top 12 B2C eCommerce Marketplaces by global market share



### Alibaba is the Biggest Platform

Taobao and TMALL both belonging to the Alibaba Group have a combined global market share of 29%, while only operating in China.

### Half of the Platforms are Chinese

Six of the twelve leading global B2C platforms are from China, with a total market share of 45%. Biggest competitors to Alibaba are JD.com, Pinduoduo, Vip.com and Suning.

### US companies still globally influential

Amazon and Ebay still dominate the eCommerce space in Europe, while Chinese companies are fighting for the domestic market.

### New Platforms in Rising Markets

New eCommerce companies in South America (Mercado Libre), India (Jio) and South East Asia (Grab and Sea) are already adopting Chinese type of eCommerce approaches.

# What made Chinese eCommerce possible?



## Emergence of Alibaba

The national eCommerce champion gave Chinese an easy to use, affordable and reliable access to almost all consumer goods imaginable.



## Delivery Workforce

China's millions of migrant laborers enabled same-day deliveries for small delivery fees. Making eCommerce attractive for first time buyers.



## Digital Payments

Not only Alibaba's Alipay, but also the Tencent's WeChat Pay made mobile payments easy-to-use, fast and available for everyone.



## Smartphone Adaption

China's consumers skipped PCs and went straight to smart phones. Today, 80% of Chinese eCommerce is mobile, around the clock and on the go.

**“I hope 15 years later people forget about eCommerce – because they think its like electricity.”**

—Jack Ma, January 2015 at the World Economic Forum in Davos

# What are the trends for 2021?



## Livestreaming

With the rise of influencers, live-streaming became the marketing norm in China. The total scale of China's live streaming doubled to USD 134.2 billion in 2020. In 2021 over 40% of digital buyers will purchase from live streamers.



## Social Commerce

Online Sales assisted, shared and contributed by friends and family will keep their strong influence on the Chinese eCommerce. This market segment grew by 44% in 2020 and is expected to further grow by 35% in 2021.



## Grocery Shopping

Partly due to the pandemic, e-groceries sales had a sales increase of 32% between January and March 2020. While the Virus was suppressed in China rather quickly this impact will stay relevant in 2021.



### 3

## Get in touch with West meets East

Breaking into the China market successfully can seem like an almost impossible task to foreign companies with limited or no experience of doing business there.

West meets East Business Consulting offers comprehensive services to support clients in accessing the **Chinese market** smoothly and effectively. Our areas of expertise include market entry support, marketing and sales support, China e-commerce, business development, strategic partner scouting, and goods sourcing from China.

In addition, we offer our clients regular seminars in the relevant business areas.

# Your Gateway to

**West meets East helps Western FMCG brands to access the China market.**

**By choosing innovative, high-quality and healthy European FMCG brands, West meets East contributes to improving the standards of living in China.**

**West meets East is based in Frankfurt and Shanghai with a multinational team to localize Western products and develop branding solutions for the China market.**

# China

## **China Expertise**

Multilingual and cross-culture understanding with offices in both the West and in China. Exclusive partnerships with Ministry of Commerce, wholesalers, distributors, e-marketers in China. We have successful marketing cases and satisfied customers with long-term cooperation.

## **Tailor-made Solutions**

Every customer is unique. We listen carefully to our clients' needs. We always act in their favor. We develop customer-centric solutions which are individually adapted according to the customer's wishes. We often go even beyond our scope of work to serve for the benefit of our customers.

## **Young and Dynamic**

We perfectly understand the world's most powerful consumers' behavior which are the Chinese Millennials and GenZ. As your fast-moving dynamic partner for the China market, we solve for all matters of concern for you with our highly engaged and experienced teams.

## **Trustworthiness**

Transparency is also very important for us. Our clients trust us because they value our openness and willingness to explain each step what and why we do it. Our frequent feedbacks and recommendations are highly appreciated by our clients. These allow us to build customer trust and loyalty.

# Unlock your China potential and contact us!



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