LESSONS FROM CHINESE PLATFORMS

What other companies can learn from the China platforms’ response to COVID-19

Covid-19: What to do Now, What to do Next
Compared with the rest of the world, China is months ahead in dealing with COVID-19. The first identified case of the disease has been traced to Hubei Province, where it was recorded on 17 November 2019.1 Since then, more than 1.2 million cases have been reported worldwide2, with many more expected. COVID-19 has affected communities and industries across the globe. And it continues to evolve with unprecedented speed and reach. Lives and livelihoods depend upon governments and businesses balancing health, social, financial and economic risks. And they have to do that in a rapidly changing environment with incomplete information.

One thing we do know is that Chinese platform companies have played a vital role in the effort to slow the spread of COVID-19. They supported communities while the country was in lockdown, providing valuable information, and helping connect friends, families, experts, and governments. They’ve entertained people, helped them to learn, and kept small businesses alive. Along the way, they’ve faced new challenges and inevitably made mistakes. But they’ve also demonstrated how digital platforms generally can move quickly, operate flexibly and serve as a powerful resource in these testing times.

What can other platform companies learn from the Chinese experience?

Platforms there have taken on four major roles that, together, provide a playbook for platforms in the rest of the world as the pandemic spreads:

Create community and share information

Fight for trust

Support social welfare

Help ecosystem partners and workers
Create community and share information

With regional and national lockdowns in place, people can be desperate for both information and community. These demands can quickly overwhelm the capacity of normal channels, especially when human contact is so severely limited. In this environment, digital platforms come into their own, helping to make society, business and individuals more resilient and responsive.

Platforms’ distributed nature means fewer bottlenecks, and their already widespread adoption means more infrastructure capacity and the ability to share information throughout communities. In China, existing groups (like gaming and social shopping) became emotional lifelines for people stuck at home. And at the same time, local and special interest communities sprung up to keep people connected. Platforms enabled all these responses, contributing critical capability and information when and where it was most needed.

Baidu, for example, helped people access testing faster by adding a geospatial layer into its mapping products that showed where ad hoc and permanent fever clinics were operating.3 Real-time information on road closures and population density in public places allowed people to get to clinics quickly and in greater safety.

Tencent launched a real-time COVID-19 tracking map on January 23 that became the easiest and fastest way to see where outbreaks were happening.4 TouTiao and Watermelon Video offered more than 100 best-selling video-learning courses free of charge from February 1 to March 1, helping people to stay engaged and productive from home.5

5 https://www.sohu.com/a/380334839_114731
In addition, new demand for offline-to-online services has created spikes in the use of platforms during lockdowns. Offline businesses have adopted streaming models at unprecedented rates. Gyms are streaming classes, museums are offering tours, and nightclubs are streaming DJ sessions. Fifty million students and 600,000 teachers in China used the live-streaming feature on Dingtalk, Alibaba’s enterprise communication app, to hold online classes as schools in China reopened after the extended Spring Festival holiday.6

While offerings at this point are largely rudimentary, with most providing simple video-chat interfaces, wide exposure and success may drive further platform advances and services that will continue when the pandemic subsides.

**Keep**, a popular fitness & gym app, closed its physical centers and instead launched live training broadcasts on its app for at-home classes and on-demand fitness courses. As a result of increased at-home training, there was also exceptional demand for its fitness gear sold online.7

One of China’s leading new retailers, **Freshhema**, quickly pivoted its model as in-store shopping volume plummeted while online shopping and delivery services surged. They required customers to pre-order by midnight for next-day pickup, and essentially moved all in-store employees to support online shopping.8

China’s example shows that, in these times of isolation and containment, people still need connection and community engagement. Platforms can play a fundamental role in enabling these shifts. Even in an already advanced mobile and digital economy such as China, there is plenty of scope for moving many aspects of everyday life to the online world.

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6 [https://technode.com/2020/02/12/50-million-students-used-alibabas-dingtalk-on-first-day-of-school/](https://technode.com/2020/02/12/50-million-students-used-alibabas-dingtalk-on-first-day-of-school/)
7 [https://baijiahao.baidu.com/s?id=1658887142260179789&wfr=spider&for=pc](https://baijiahao.baidu.com/s?id=1658887142260179789&wfr=spider&for=pc)

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As platforms become ever more critical to daily life, they inevitably attract would-be fraudsters. **Liewang Platform**, a website where Chinese internet users can report online fraud, recorded a 47 percent year-on-year increase in cases from January 24 to March 13. This was the period when the pandemic wreaked havoc in China, confining hundreds of millions of people to their homes.9 According to Liewang Platform, gaming platforms experienced the highest volume of fraudulent activity.

Platforms have also had to aggressively monitor and remediate an onslaught of fake news stories. These have ranged from conspiracy theories about the virus’s origin to a variety of ineffective home remedies. Social media platforms have struggled to take down rumors and hate speech without restricting legitimate and necessary communications. The use of blanket keyword bans has been criticized for being too restrictive.10

As well as fake information, product fraud has also risen rapidly. **Alibaba’s Taobao** marketplace said in February that it had taken down 570,000 listings for fake or substandard masks. According to a report co-published by China’s Ministry of Public Security and internet giant Tencent Holdings, as of February 24, more than 7,500 COVID-19-related fraud cases, involving more than 192 million yuan (US$28 million), have been reported in mainland China.11

Convincing people to accept fact-based guidance from health officials and share it back to their community is a critical success factor in reducing infection rates. Speed is essential. That means speed in identifying and isolating cases, speed in getting the population to know what to look for, and speed in getting protective gear into the hands of the people who need it most. Platform trust is essential to make all this happen.

9. [https://www.scmp.com/tech/enterprises/article/3076889/online-game-players-were-top-target-scammers-during-chinas](https://www.scmp.com/tech/enterprises/article/3076889/online-game-players-were-top-target-scammers-during-chinas)
To support health agencies and government in controlling the outbreak, platforms in China have undertaken innovative measures in order to help their communities and save lives – some of which may have been uneconomic in the short term. Such steps may be the right thing to do as a responsible business. They also may be prudent in the longer term. In a crisis, integrity of a brand can be shored up or tarnished. Acting publicly to help the community during COVID-19 can build customer trust, attract talent, strengthen relationships with merchants and advertisers, and even attract support from governments.

In China we saw three common approaches to supporting social welfare:

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<th>Offer no- or low-cost options</th>
<th>Establish relief activities</th>
<th>Support local government</th>
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<td>1</td>
<td>including new products, services and delivery models</td>
<td>setting aside funds to support the medical community, vulnerable groups, kids out of school or charities</td>
<td>with tools, talent and/or infrastructure to help speed identification and isolation of infected people</td>
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Support social welfare
Several platforms offered free or very low-cost services during the lockdown. Meituan suspended charging for bicycles in Hubei Province, and collaborated with psychological counseling agencies to deliver no-cost services through their popular Dazhong Dianping mobile delivery app. Platforms launched new products, services and delivery models. For example, Meituan Maicai offered contactless distribution, using lockers for delivery and pick-up in Beijing, Shanghai and Shenzhen.12

Almost every platform set up relief funds, setting aside billions of RMB to support the medical community, vulnerable groups, kids out of school and charitable organizations, among others. Taobao set up a 1 billion RMB “agriculture fund” to promote slow-moving agricultural products, supporting farmers and helping people get access to food.13 Social-shopping site Pinduoduo followed suit, collecting data to match unsold agricultural products with consumers.14

Many platforms supported government initiatives with tools, talent and/or infrastructure. Baidu launched a no-cost intelligent call platform in more than ten areas for COVID-19 prevention and control. It enables outreach to speed identification and isolation of infected people and supports self-diagnosing.15 Ride-sharing firm Didi set up driver volunteer teams in several cities to coordinate transportation with government.16

Tencent-owned WeChat launched a close-contact detector to help people identify if they had been in contact with an infected person. And the health QR codes they developed became the mechanism through which authorities allowed people in or out of cities. The red, yellow or green status was given to users, according to whether they had been in close contact with someone with the virus.17

12 https://baijiahao.baidu.com/s?id=1657396386952211676&wfr=spider&for=pc https://we.qq.com/cmsid/20200731A0C8L80
14 https://baijiahao.baidu.com/s?id=16585629526686472120&wfr=spider&for=pc
15 http://k.sina.com.cn/article_1784473157_6a5ce64502001p603.html?from=news&subch=onews
16 https://www.sohu.com/a/377855687_120388781
Help ecosystem partners and workers

Another key element of Chinese platforms’ response strategy was to support their own ecosystem of alliance partners who were facing supply chain disruption, job loss, business shutdowns and cancellations. Platforms recognized that keeping their ecosystems robust was a life-or-death mission for their own businesses. They acted aggressively to help with financial, operational and technology incentives. Because of their focus on ecosystem health and activity, platforms were willing to offer uneconomic short-term support to maintain the stability of the system.

Alibaba and Ant Financial launched 20 special measures to support small and medium-sized enterprises. These included eliminating platform service fees for Tmall merchants in the first half of 2020, subsidizing the collection and delivery of goods and providing low-interest loans. Tencent, ByteDance, Baidu, Didi and Meituan all offered products for free to SMBs during the outbreak period. For example, Baidu allowed free use of 240 AI tools to help SMBs blunt the impact of lost workers from COVID-19. Tencent offered seven online collaboration tools at no cost. Going a step further, ByteDance made its enterprise communication and collaboration platform Feishu (Lark) free for all users, with no limit to scale.


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Learn and move forward

While the economic ramifications from COVID-19 will be felt for many months ahead, it appears that the Chinese platform companies have weathered the storm.

Despite having made significant investments of time and money, the large platforms are poised to come out of the lockdown even stronger than they were at the outset. Many new competitors have been weakened or closed altogether, talent is looking for stability and the weeks that customers have spent on platforms have reinforced online habits.¹⁹

Tencent stock has rebounded nearly to pre-crisis levels. Alibaba, Meituan, and Baidu have also risen. Alibaba and Didi have recently announced new investments in ecosystem partners.²⁰ China is learning that restarting a national economy is at least as hard as shutting it down, but things are slowly coming back online, consumers have returned, and the local outlook is positive.²¹

Platforms have begun to adopt a more competitive stance. They are revisiting challenges they faced during the lockdown from operations to technology, and from ecosystems to security, and taking steps to become more adaptable and stable.

Investors continue to look for opportunities. Tiger Global Management led Chinese private equity firms Hopu Management Investments and Boyu Capital in a US$100 million investment in [Perfect Diary]. The fundraising valued the company at US$2 billion. Perfect Diary’s sales grew 250 percent year-on-year in both January and February.²²

Heytea, one of China’s largest tea chains, is closing a new round of financing, valuing the company at US$2.3 billion, nearly double its 2019 valuation, according to tech media company 36Kr. While the epidemic has badly affected business at Heytea’s 400 shops, the chain is recovering as more and more shopping malls return to regular opening hours. In recent weeks, Heytea’s sales have already bounced back to about 70 percent of their normal volume.²³

²⁰ [https://www.thestreet.com/investing/alibaba-and-tencent-remain-willing-to-cut-large-checks]
²² [https://jingdaily.com/how-far-can-chinese-unicorn-perfect-diary-go-with-new-capital/]
²³ [https://technode.com/2020/03/30/how-is-the-new-unicorn-bubble-tea-chain-gems-2-3-billion-valuation/]

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How Accenture can help

Applying the learnings from China, we can help global platforms respond to the pandemic now and plan the necessary actions after the COVID-19 pandemic is over.

**NOW**

- **Deploy Your COVID-19 Response Globally:** We can help develop new software and platform products, test, and market your services so they can benefit the people who need them most, quickly, and across the globe.

- **Prevent Fraudsters from Abusing Your Platform:** Not every open hand is reaching out with good intentions. We can help authenticate users, verify content and news, and support product authenticity efforts so that your platform remains safe and trusted among its users.

- **Identify Ways AI Can Help:** AI can be utilized in a number of different scenarios such as quickly analyzing patterns and helping connect people to vital health and collaboration services. We can help engineer new AI solutions, develop the APIs for AI use cases, and support your developer community.

**NEXT**

- **Accelerate Out of the Lockdown:** As we’ve seen in China, platform companies that study society’s needs and develop solutions quickly will likely emerge even stronger after the pandemic lockdowns. We can help speed time-to-market and ensure products and offerings developed in response to COVID-19 stay relevant post-pandemic with expanded feature sets.

- **Safeguard Against Fraud Going Forward:** We can help review and update policies, run models to help detect security vulnerabilities, and develop solutions to flag and stop deceitful attempts to infiltrate your platform.

- **Productize AI Solutions for Ongoing Value:** Many technology and process solutions developed as a result of COVID-19 can both benefit businesses and consumers. We can help you further integrate AI across your platform and discover new applications to continue assisting your customers, developers, and partners.
WHAT WILL BE MOST IMPORTANT?
STAYING CONNECTED AND COLLABORATING ACROSS THE WORLD AT SPEED.

There will be many more lessons to be learned from China. And other platforms will undoubtedly create more new and unique ways to help communities and businesses address the needs created by the pandemic.
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To help our clients navigate both the human and business impact of COVID-19, we’ve created a hub of all of our latest thinking on a variety of topics.

Each topic highlights specific actions which can be taken **now**, and what to consider **next** as industries move towards a new normal.

From leadership essentials to ensuring productivity for your employees and customer service groups to building supply chain resilience and much more, our hub will be constantly updated. Check back regularly for more insights.

VISIT OUR HUB HERE
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