

CHINA

PAVE WAY FOR THE RISE OF THE DRAGON

China ranks relatively high on the Digital Consumer Index, some 10 points above the regional average. Nearly 60 percent of its 1.4 billion population is already connected to the internet. And that's set to rise to over 70 percent by 2022. What's more, a high proportion of internet users are also digital shoppers (72.8 percent today, 74.5 percent by 2022). That means an increase of 187 million new digital buyers in the next five years alone. Average online spend today stands at USD 633.80, which is projected to nearly double by 2022.

59% of all monthly purchases in China are digital compared to 42% in the US⁵⁴

The scale of China's population, of course, makes it a powerful market. But the demographics of that population also look set to have a decisive impact on the onward expansion of digital commerce. China's home to over 550 million millennials and members of generation Z. They are mainly responsible for the enormous rise in mobile connectivity and smartphone use, which are powerful drivers of digital commerce.

In addition, investments in 5G networks and connectivity in rural regions will significantly expand connectivity. It's an attractive proposition that's already seeing the internet and consumer giants seeking to take advantage.

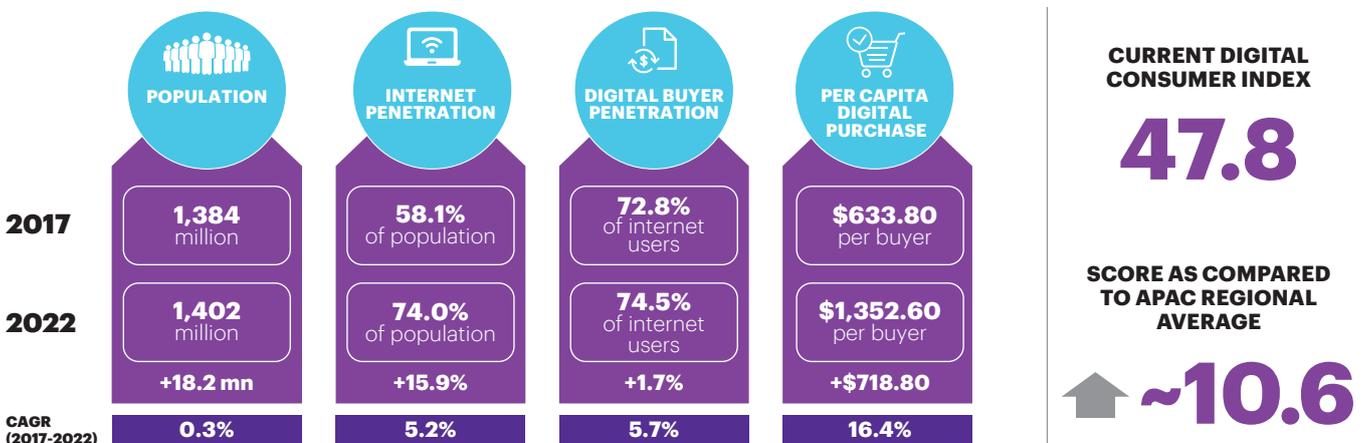
For example, Alibaba is working with Unilever to expand its base in rural areas. In combination with an economy that continues to grow at an impressive rate, it's easy to see why the expectations for this market remain extremely buoyant.

60% of millennials shop online every month⁵⁵

Much like their counterparts in other regional markets, over one-quarter of Chinese digital consumers will pay more for higher quality. 45 percent show little brand loyalty in the face of brand promotions. And 94 percent seek multichannel experiences spanning online or offline touchpoints.

CHINA BEATS ASIA'S DIGITAL PERFORMANCE SCORE BY 10.4 POINTS, DRIVEN BY MOBILE PENETRATION AND INCREASING MILLENNIALS

187 million new digital buyer opportunity in Chinese digital commerce market until 2022





TRENDS

Consumers moving towards premium, multi-channel experiences, not afraid to switch between brands

PREMIUMIZATION

27%

of consumers would pay a higher price if it ensures high levels of product options or quality

SWITCH BRANDS

45%

of consumers would switch brand based on promotions

MULTI-CHANNEL EXPERIENCE

94%

of consumers want multiple channel access (on-/offline) to services



DRIVERS

of digital commerce in CHINA

1 bn
INTERNET USERS
2022

1.5 bn
MOBILE
CONNECTIONS
2022

553 mn
MILLENNIAL &
GEN Z POPULATION
2016/17

6.7%
GDP GROWTH
2015-2016



DIGITAL HAS REVOLUTIONIZED THE CHINESE PATH TO PURCHASE FROM LINEAR TO DYNAMIC

Digital savvy consumers choose convenient ways to do their regular shopping & payments

61.7%

Prefer buying from online sites vs mall, owing to low prices offered

46%

of digital Chinese consumers find augmented reality feature an important function when deciding where to shop digitally

75%

Enrol for reward programs as they can exchange it for gifts or prizes

84%

Chinese interact with sales staffs when on an international trip/store

76%

Metro Chinese consumers are using or interested in using mobile wallets for making purchases

28%

of consumers follow fellow shopper's recommendation before making a purchase

61%

of Chinese digital consumers start their product search on Tmall/Amazon

55%

Chinese digital consumers are motivated to try new brands/shops, owing to positive online reviews and referrals

70%

of Chinese consumers consider real-time personalized offers an important attribute when shopping in-store