

# Cross Border e-Commerce China

Aug 2018



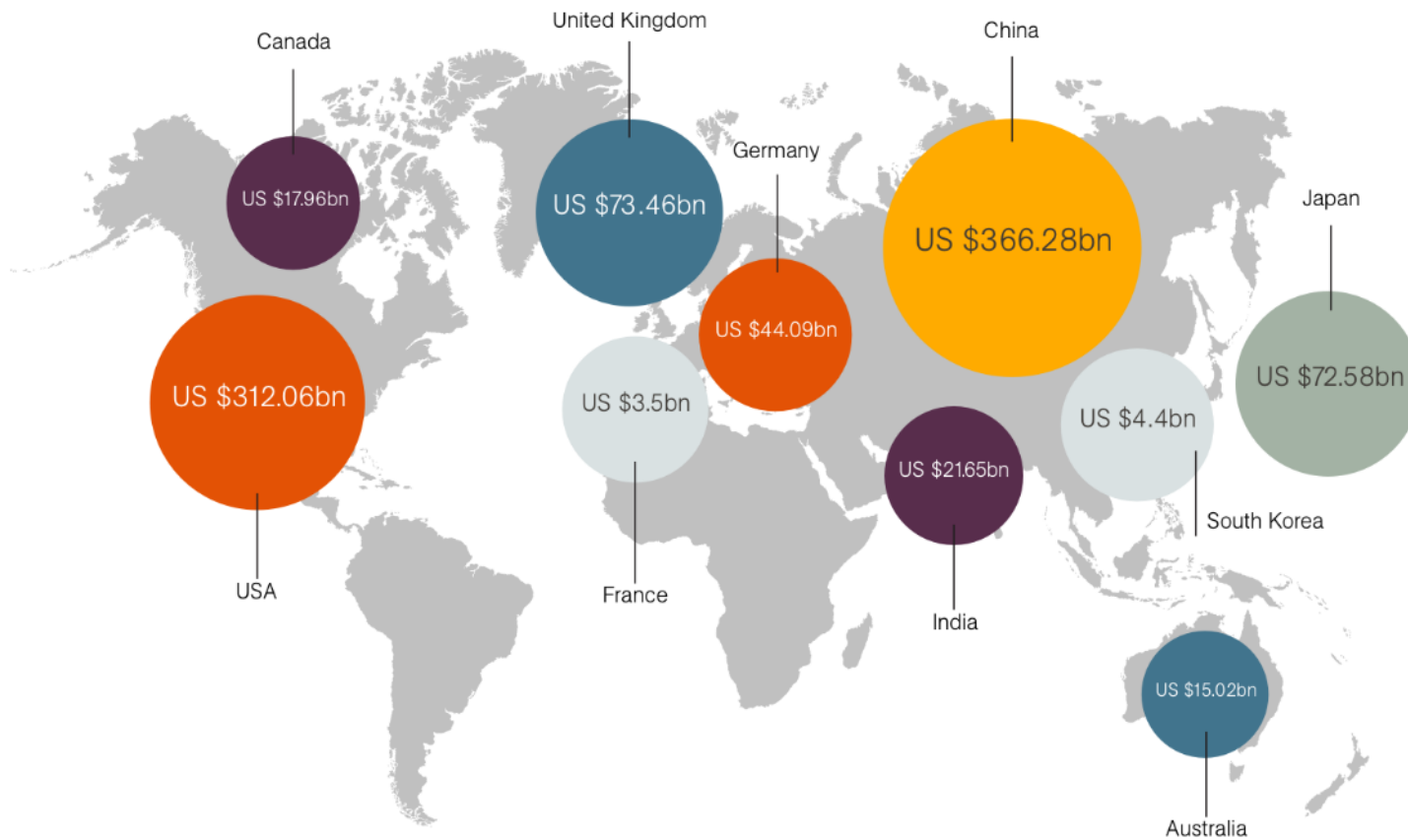
Australian Government  
Australian Trade Commission



Australia  
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# Global Opportunity

## 2016 RETAIL E-COMMERCE SALES WORLDWIDE



### Total Retail Sales, by Country

2018, billions

#### Australia

\$311.44

#### China

\$5,243.01

#### India

\$1,124.00

#### Indonesia

\$282.27

#### Japan

\$1,284.91

#### US

\$5,276.68

#### UK

\$585.87

Source: eMarketer, June 2018 (see below for notes and methodologies).

www.eMarketer.com

### Retail Ecommerce Sales, by Country

2018, billions

#### Australia

\$16.69

#### China

\$1,526.70

#### India

\$32.70

#### Indonesia

\$10.92

#### Japan

\$109.26

#### US

\$525.69

#### UK

\$120.81

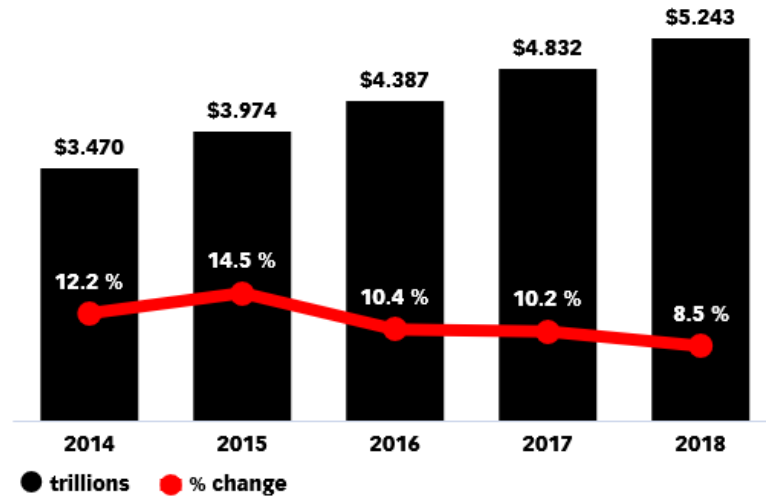
Source: eMarketer, June 2018 (see below for notes and methodologies).

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# China – Growth opportunity

## Retail Sales

China, 2014-2018

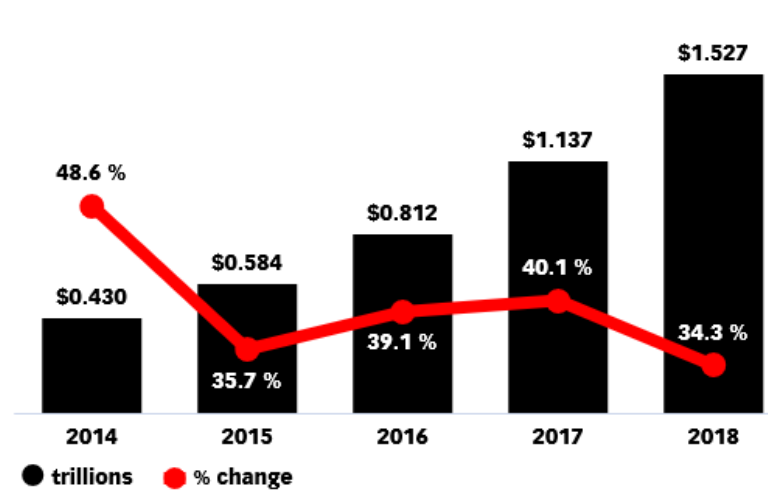


Source: eMarketer, May 2018 (see below for notes and methodologies).

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## Retail Ecommerce Sales

China, 2014-2018

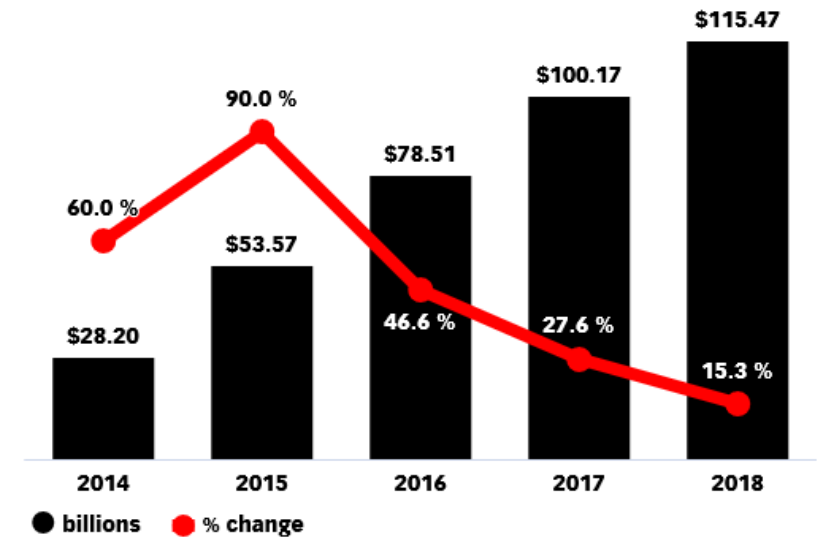


Source: eMarketer, May 2018 (see below for notes and methodologies).

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## Cross-Border Retail Ecommerce Sales

China, 2014-2018

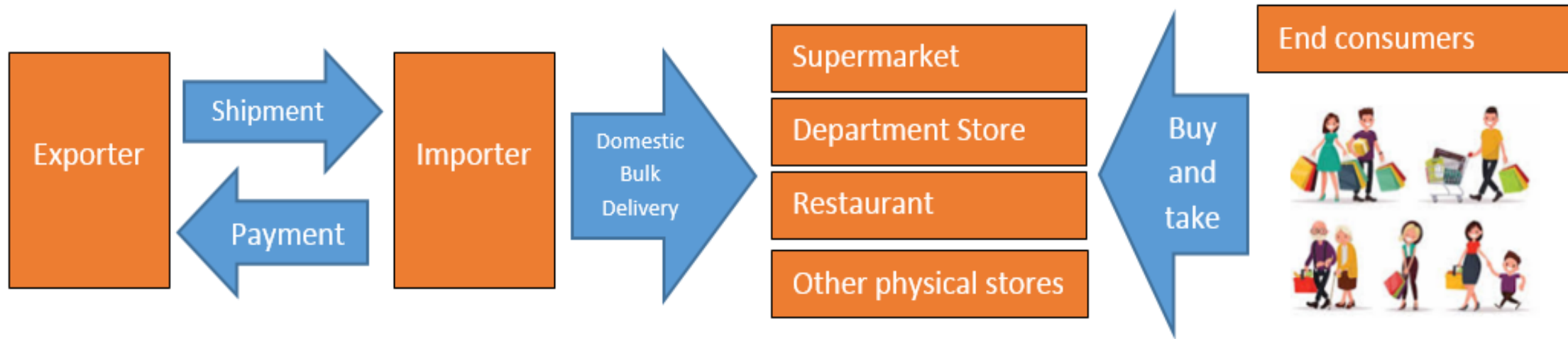


Source: eMarketer, November 2017 (see below for notes and methodologies).

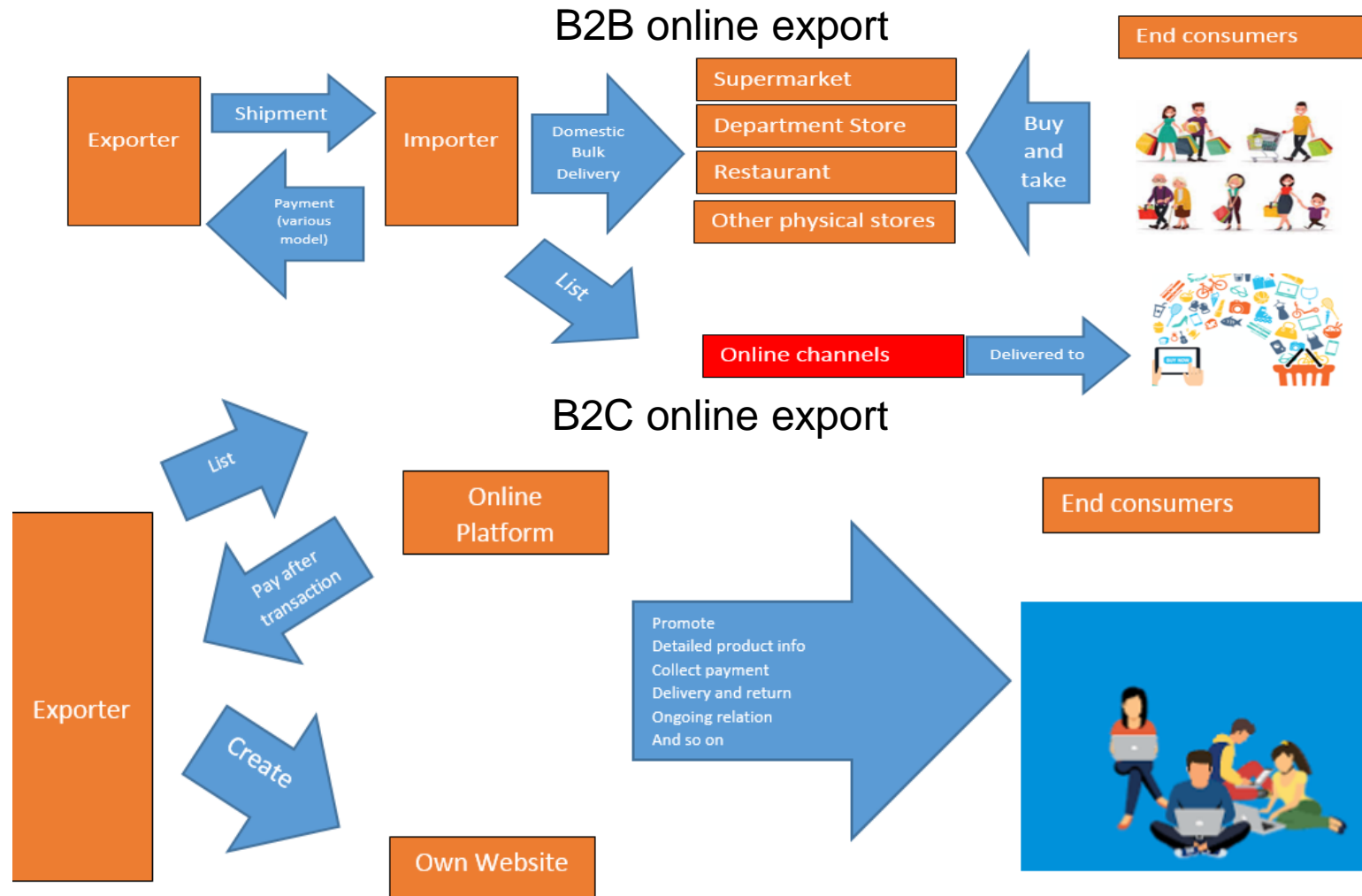
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# Differences between offline and online

## B2B offline export



# Differences between offline and online



# Developing an online export strategy

**STEP 1**

 **RESEARCH AND SELECT TARGET MARKETS.**  
[Skip to section >](#)

**STEP 2**

 **DETERMINE BUSINESS MODEL AND PROVIDERS.**  
[Skip to section >](#)

**STEP 3**

 **SET UP AND MAINTAIN ONLINE PRESENCE.**  
[Skip to section >](#)

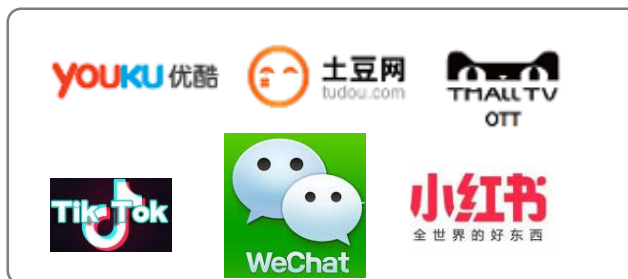


# More than just platforms

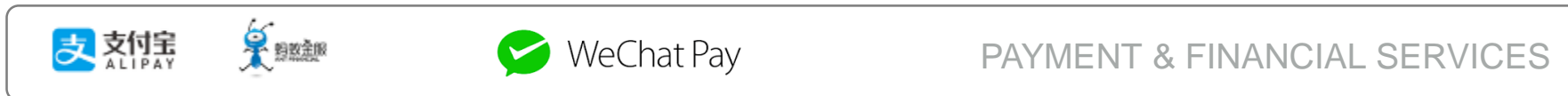
## CORE COMMERCE



## MOBILE MEDIA & ENTERTAINMENT



## LOCAL SERVICES



## PAYMENT & FINANCIAL SERVICES



## LOGISTICS



## MARKETING SERVICES DATA MANAGEMENT PLATFORM



## CLOUD COMPUTING

# Where digital buyers are buying from

STEP 1

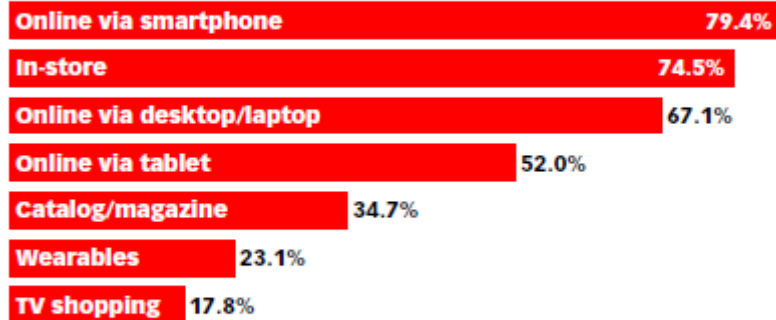


RESEARCH AND SELECT TARGET MARKETS.

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## Devices/Channels Used by Internet Users in China to Purchase Products, Sep 2016

% of respondents



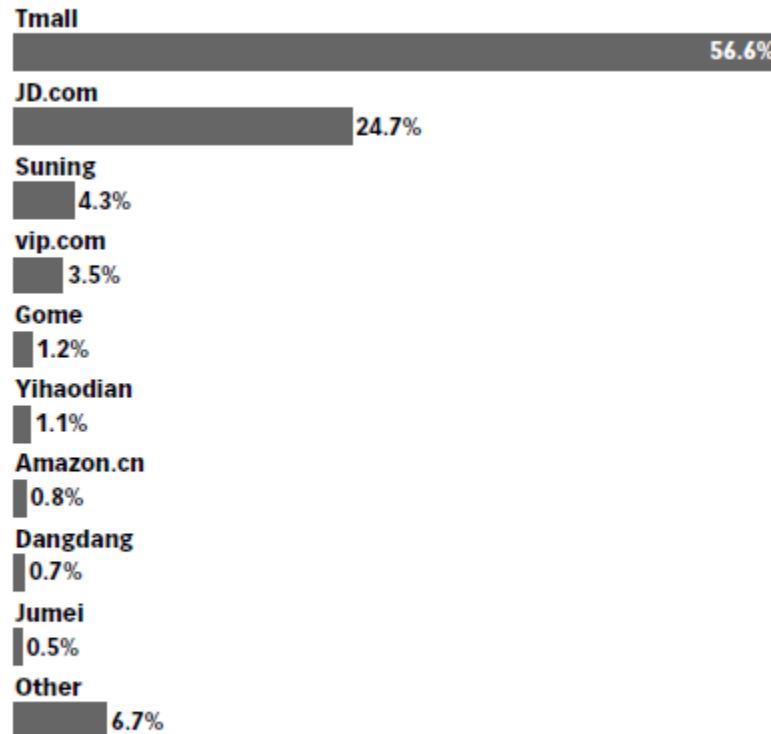
Note: ages 18+ who have made digital purchases; monthly  
Source: PricewaterhouseCoopers (PwC), "Total Retail 2017: Report on UK findings," Feb 23, 2017

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## Retail Ecommerce Sales Share in China, by Site, 2016

% of total



Note: via any device; includes marketplace (e.g., Tmall) and direct sales (e.g., Amazon, JD.com) sites; excludes C2C and travel; numbers may not add up to 100% due to rounding

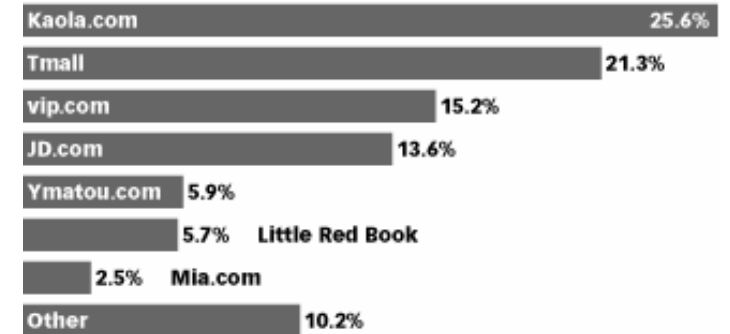
Source: iResearch Consulting Group as cited in press release, Feb 14, 2017

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## Cross-Border Retail Ecommerce Sales Share in China, by Site, Q3 2017

% of total



Source: iiMedia Research as cited in press release, Nov 10, 2017

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# Business Model



DETERMINE BUSINESS MODEL AND PROVIDERS.

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Flagship Shop on major sales platform	Distributor selling onto platforms	Direct purchasing platform	Selling from your own website
Very Costly	Distributor takes care of most operations	Platform takes ownership and risk, manages platform operations	Use of tech apps such as shopify or magento
Good for established brands with multiple SKUs	Suits brands with low knowledge of target market	Suits brands with low knowledge of target market	Good for markets where consumers are looking for branded sites
Think of it as a store in Westfield	Distributor to set price strategy	Discuss with platform on pricing and brand image	Need to handle supply chain from begin to end
Good for brand recognition	Distributor to set Brand image	Platforms are be very selective about which brands they take on	Full control of your branding and pricing
Requires a TP	No TP required	No TP required	No TP required
Requires marketing for your online store	Distributor decides which product to market	Can pay extra to market your brand	Requires marketing for your own website



# Most used marketing tactics in China

## Marketing Tactics that Most Interest\* Cross-Border Digital Buyers in China, March 2018

% of respondents

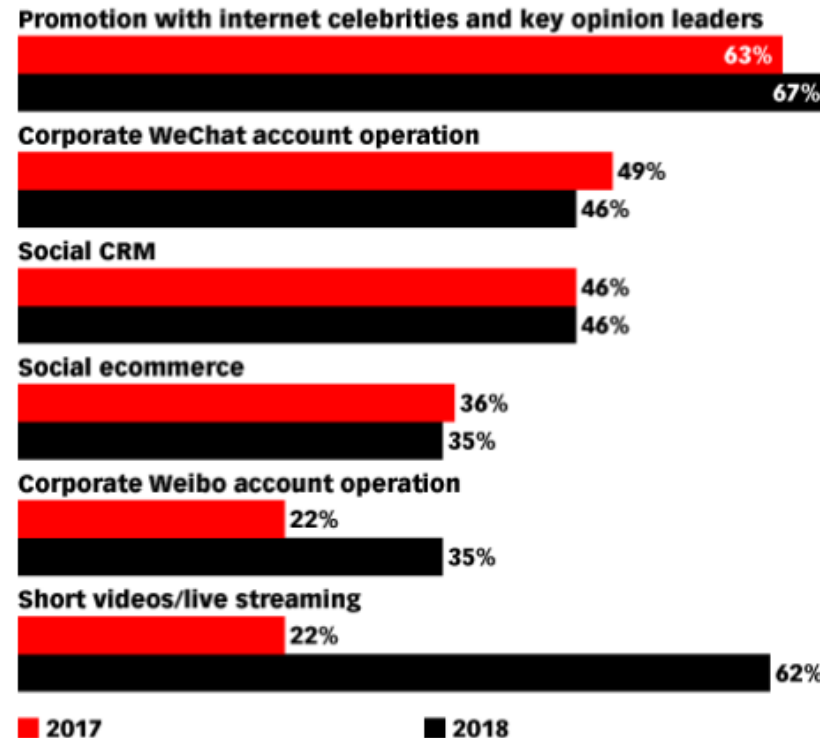


Note: n=2,000; \*while shopping on cross-border retail ecommerce sites  
Source: iResearch Consulting Group, "2018 China Cross-Border Retail Ecommerce Industry Development Research Report," May 2, 2018

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## Leading Social Media Marketing Tactics Among Marketers/Media Agency Professionals in China, 2017 & 2018

% of respondents



Note: 2017 n=93; 2018 n=90  
Source: AdMaster and TopMarketing, "2018 Digital Marketing Trends Report," Jan 3, 2018

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## Internet Users in Select Countries Who Are Receptive to Select Social Media Brand Promotion Tactics, May 2017

% of respondents

	China	US	Japan	UK	France	Germany
Product placement/branded content	87%	50%	42%	42%	31%	30%
Celebrity recommended brands	78%	38%	35%	32%	27%	21%
Micro-influencers/online celebrity recommended brands*	63%	49%	39%	38%	29%	34%

Note: \*bloggers, vloggers, live-streamers, etc., also known as "wanghong"  
Source: A.T. Kearney, "Global Future Consumers Study," May 16, 2018

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## Influencers/Sources that Impact Buying Decisions According to Internet Users in China, by Age, May 2017

% of respondents in each group

	Gen Z (1-19)	Millennials (20-36)	Post-60s, -70s (37-52)	Post-40s, -50s (53-71)
Friends	89%	92%	85%	85%
Respected professionals	87%	84%	79%	72%
Celebrities	75%	67%	56%	43%
Online celebrities/micro-influencers*	67%	64%	51%	40%

Note: \*bloggers, vloggers, live-streamers, etc., also known as "wanghong"  
Source: A.T. Kearney, "Global Future Consumers Study," May 16, 2018

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# How to market on the platforms

According to JD.com's 2017 report :

- 25% of their consumer will finish video content on the product page
- Home appliance, Food and Auto parts are the top three categories with short videos
- Average length viewed by consumers are 51 seconds
- High quality video can increase conversation rate up to 18%





# Social Media - WeChat

Three main types of WeChat commercial accounts:

## Subscription Accounts

Subscription accounts are added to a WeChat user's Friends list and allow users to consume content and download branded apps from various companies. This account type is a fairly basic service that doesn't offer unique experiences or support mobile payments or customized menus. Additionally, subscription accounts are less visible than service accounts but do allow brands to conduct daily outreach.

## Service Accounts

Service accounts are displayed alongside a user's personal contacts and offer a broader range of features and, importantly, access to WePay-based mobile payments, making them highly useful as a customer service and sales channel.

## International Accounts

Tencent allows foreign companies to apply for an official international WeChat account, but accounts set up outside of mainland China are only viewable to international WeChat users, not to those in China, so for the purposes of reaching consumers in the country they are not applicable.

Account	Mainland China WeChat Account	International WeChat Account
License required	Chinese business license	Foreign business license
Verification Cost	300 RMB/year	132 AUD/year
Set up time	1-5 working days	2-3 months
Account type	Subscription, Service, Corporate Account	Only Service Account
Account ownership	The third party	You
Pros	Fast setup	100% own the account
Cons	Ownership belongs to the third party	Long setup time
Users access	Users in China and not in China can access WeChat Official Account registered inside China	China WeChat users* cannot access international WeChat Official Account registered outside of China

Three core effort of using WeChat:

- Getting users to follow a brand's official account and then supplementing this connection with the company's official Weibo account
- Activate the audience through ad spending and innovative use of content and advertising
- Continuously monitor and analyze the audience to adjust the campaign to keep users actively coming back to the WeChat account through promotions and special offers.

# Social Media - KOL

STEP 3



SET UP AND MAINTAIN ONLINE PRESENCE.

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KOL: key opinion leader who are bloggers, online content creators, vloggers, live streamers as well as traditional celebrities.

According to big data firm CBNDData, the influencer economy in China is estimated to be RMB116.0 billion (\$17.16 billion) in 2018, doubling in size from RMB58.0 billion (\$8.58 billion) in 2016.

Which platforms do they operate on:



# Social Media – WeChat/Weibo

STEP 3



SET UP AND MAINTAIN ONLINE PRESENCE.

[Skip to section >](#)



- Strength is in communication and commerce
- Lacks simplicity when it comes to content discovery.
- For example, it takes additional clicks to arrive at content on accounts you follow.
- According to WeChat marketing agency WalktheChat, the asking price for a message from a good KOL ranges from RMB5,000 (\$740) to RMB50,000 (\$7,397).
- The price depends on the number of average views, how many followers, position of post, delivery time and amount of content.



- Content-sharing and discovery is straight-forward and easy on Weibo.
- When it comes to promotional content, KOLs on Weibo can choose from an array of ways to share their content—e.g., video, photo or text
- It can then be linked to an external site, such as a brand's website or product page, or an ad can run alongside their posts.
- Weirenwu – content management system
- Weibo charges a 100% commission based on the fee paid to KOLs declared by brands.

# Social Media – Little Red Book

全世界的好东西

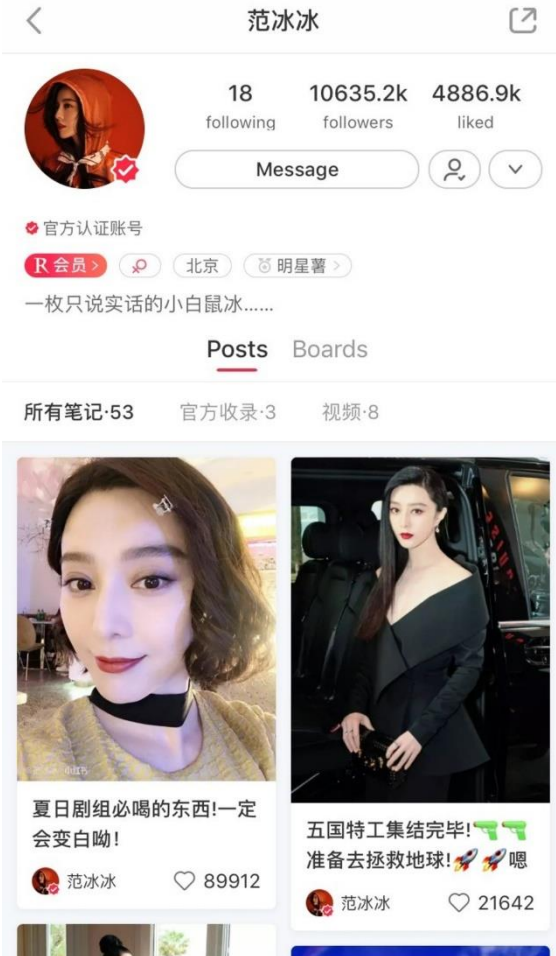
STEP 3



SET UP AND MAINTAIN ONLINE PRESENCE.

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## SOCIAL MEDIA + MARKETPLACE



Little Red Book is a leading social commerce app and product-oriented content discovery platform in China. The app combines ecommerce with social elements, where users can post product reviews as a video (including live), photo or text. The site is host to some of the biggest celebrities in China such as Fan Bingbing.

Post-sharing is not allowed (to prevent spamming) and neither are display ad services. Authentic interactions and KOLs remain key drivers of product discovery. This is how Little Red Book builds such a robust content discovery platform with a vibrant online community of like-minded shoppers.

According to WalktheChat, Little Red Book charges a 15% to 20% sales commission.

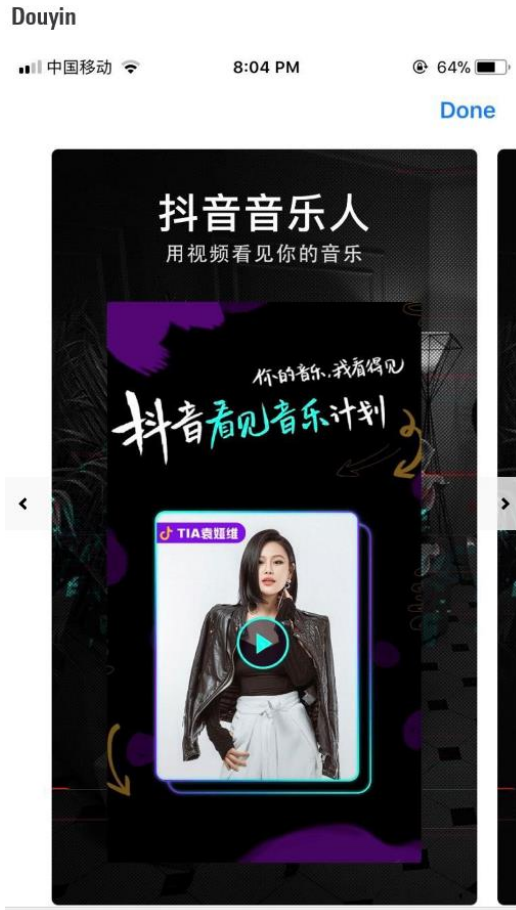
# Social Media – Douyin (Tik Tok)

STEP 3



SET UP AND MAINTAIN ONLINE PRESENCE.

[Skip to section >](#)



According to official data released in June 2018, the number of monthly active users on Douyin exceed 300 million, with users 24 to 30 representing over 40% of the audience. The app also has a considerable following among those younger than 24.

This short-form video app (known as Tik Tok overseas) has become one of the most popular digital platforms in China since the beginning of 2018. And for influencers and brands wanting to target millennials and Gen Z, the app cannot be overlooked.

Brands can work with influencers in several ways. Some influencers promote brands by creating their own video content, while others share video ads provided by brands. Douyin influencers charge roughly RMB0.03 per follower, according to those interviewed for this report.

However, Douyin’s meteoric rise is not without its drawbacks. “On Douyin, many KOLs are overnight sensations,” Parklu’s Whaley said. “While this might be great for general awareness, it’s not great for one of the key value propositions of KOLs: trust.”



# Social Media – Live streaming

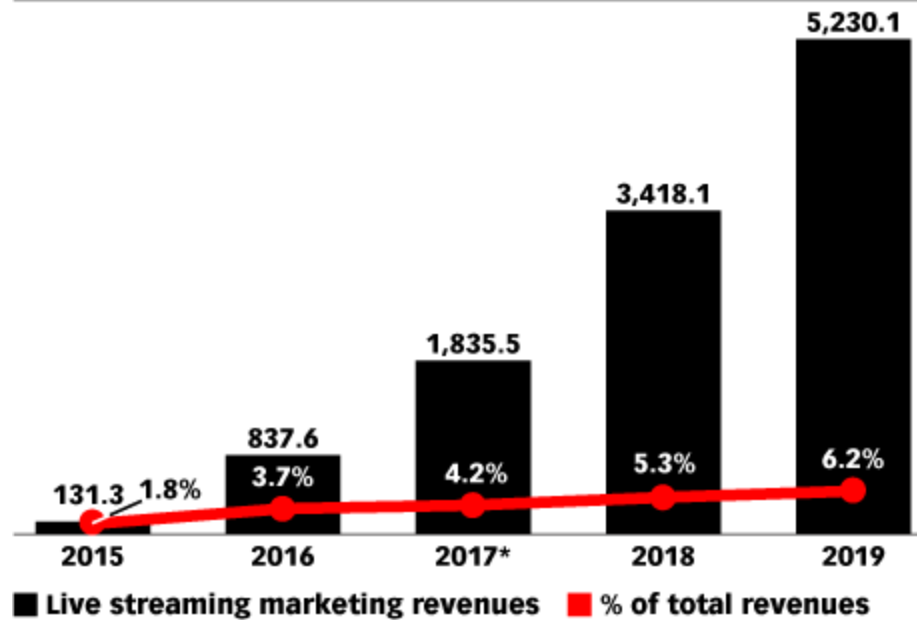


SET UP AND MAINTAIN ONLINE PRESENCE.

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## Live Streaming Marketing Revenues in China, 2015-2019

millions of Chinese yuan renminbi and % of total revenues



Note: \*estimate

Source: iResearch Consulting Group, "2018 China's Live Streaming Marketing Market Report," March 27, 2018

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"On ecommerce live streaming platforms, KOLs can directly promote a product and make a call to action without seeming forced because people who are on the platforms watching live streams are already in the shopping mindset,"



## New Retail



# Australian based referrals

## Platforms



## Logistics



## Marketing



## Aggregator



## Consultant



## FinTech



# Brand Australia

天猫国际

## 国家地区馆

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- 日本馆 >
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- 澳大利亚馆 >
- 英国馆 >
- 法国馆 >
- 德国馆 >
- 台湾地区馆 >

<p>TOP 1</p> <p>善存 (Centrum) 维生素女士</p> <p>¥109</p>	<p>TOP 1</p> <p>swisse 葡萄籽精华片14250mg</p> <p>¥149</p>	<p>TOP 1</p> <p>Swisse 钙加维生素D片 150片</p> <p>¥109</p>	<p>TOP 1</p> <p>普丽普莱(Puritan's Pride)叶</p> <p>¥89</p>	<p>TOP 1</p> <p>美国进口 健安喜 (GNC) 三倍</p> <p>¥189</p>
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EUROPE > 欧洲

AUSTRALIA > 澳新

USA > 美洲

# Useful tools - Austrade

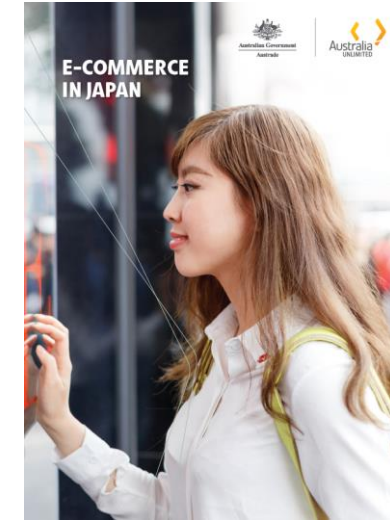
<https://www.austrade.gov.au/ecommerce-guide/>



Austrade EMDG includes online marketing costs



## Market e-Commerce reports



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**Thank you**  
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