

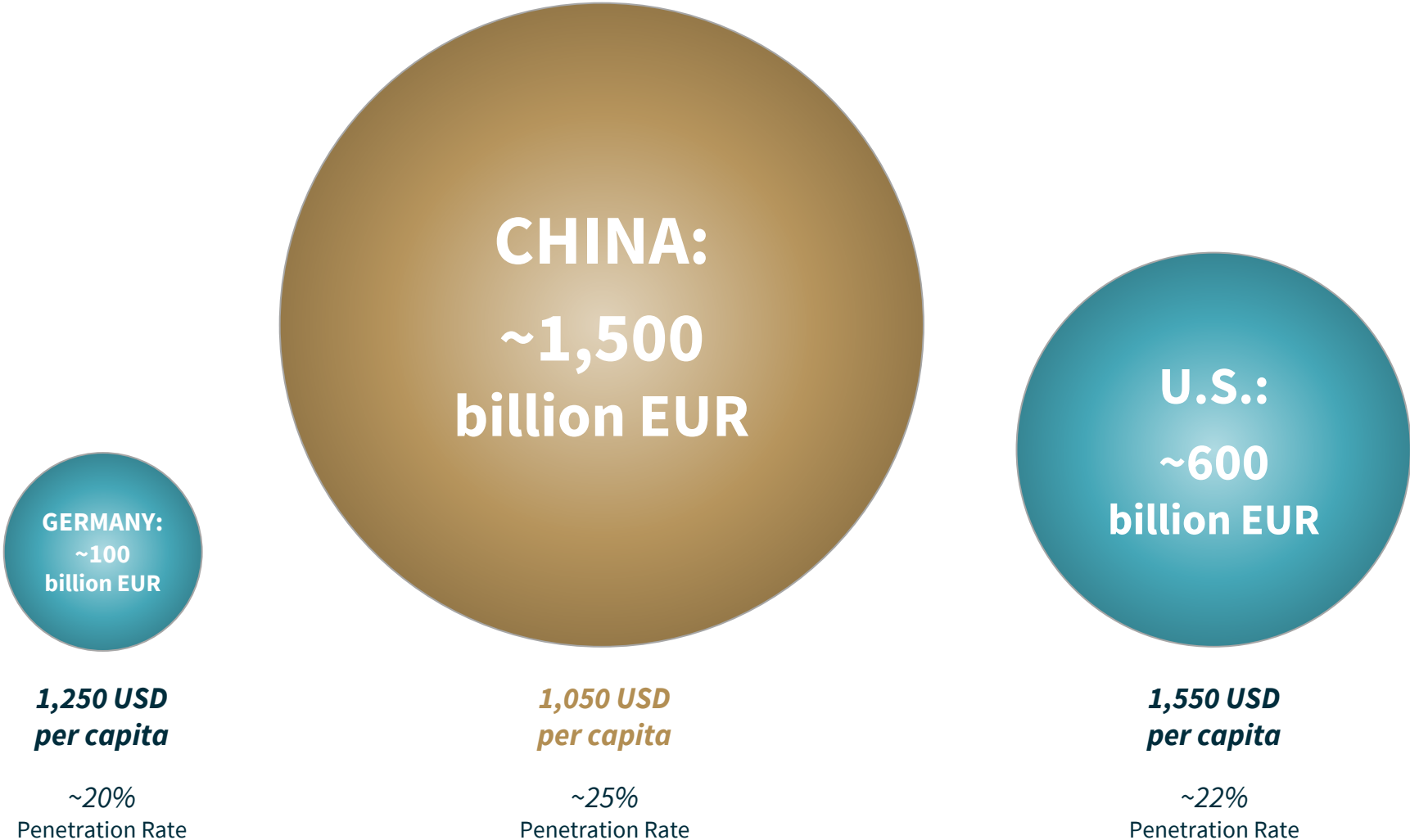
E-COMMERCE IN CHINA

Trends & How to Participate

23rd of April 2021

CHINA E-COMMERCE IN PERSPECTIVE

China is leading the world both in e-commerce volume and penetration, but still has growth potential

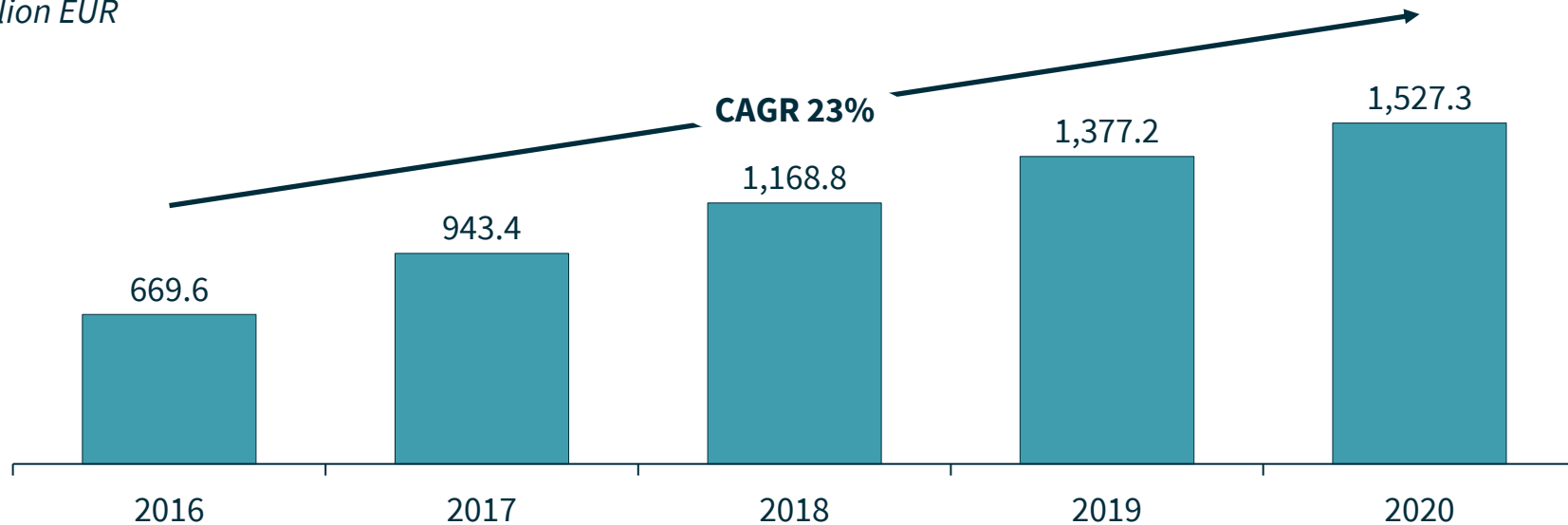


GROWTH OF CHINA E-COMMERCE

China's online retail sales continue to grow at a double-digit CAGR from 2016 to 2020

CHINA ONLINE RETAIL SALES DEVELOPMENT (2016-2020)

Unit: billion EUR



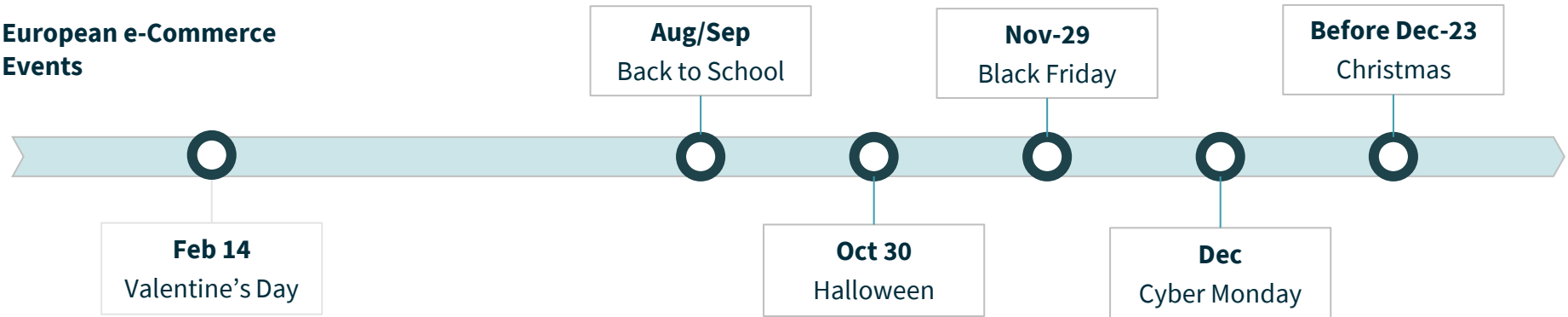
- **Double 11** shopping festival, the rise of **livestreaming**, and **further penetration of the lower-tier cities** contributed to the significant growth
- The **epidemic** has increased the penetration of the online shopping market, and online has become one of the **main channels for consumer goods**

E-COMMERCE EVENTS

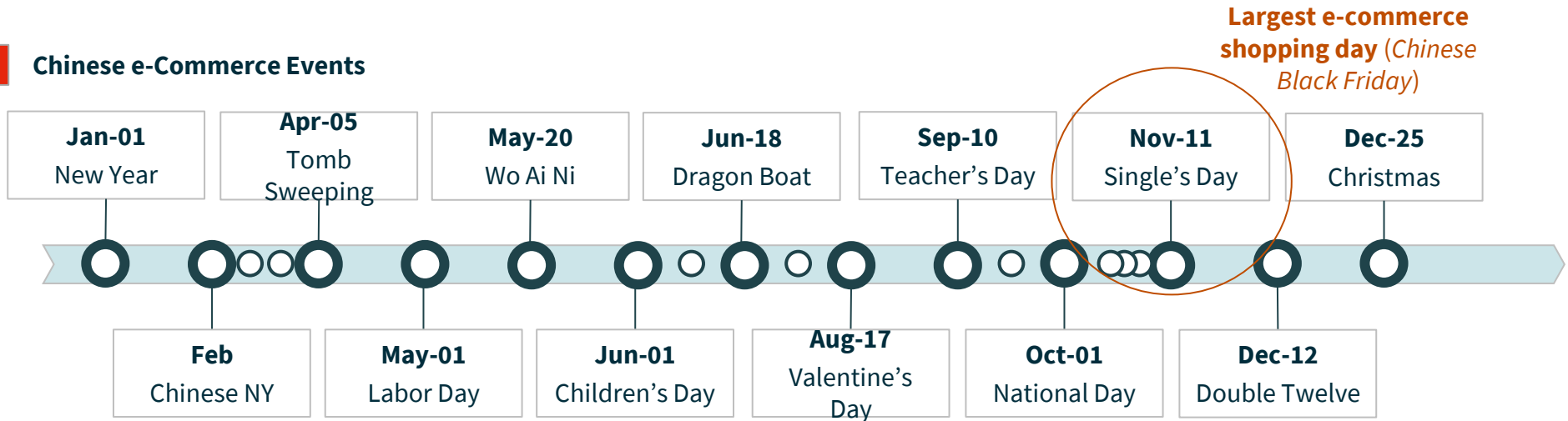
Large number of e-Commerce events are complemented by store activities and promotions



European e-Commerce Events



Chinese e-Commerce Events



Holistic e-commerce channels most important, while both social ecommerce & CBEC are growing fast

CROSS-BORDER E-COMMERCE

CBEC Platforms



GMV 20': 54 bln EUR

CAGR 16'-20': 27%

DOMESTIC E-COMMERCE

Holistic Platforms



GMV 20': 1,156 bln EUR

CAGR 16'-20': 22%

Social Commerce

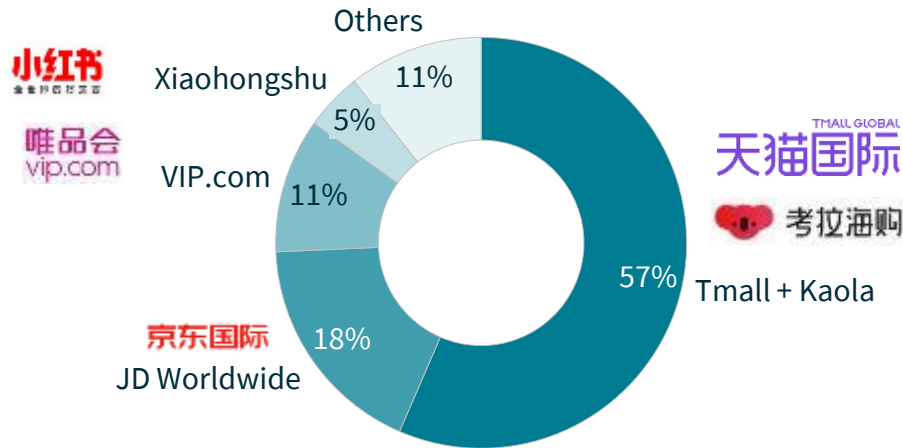


GMV 20': 171 bln EUR

CAGR 16'-20': 288%

CBEC is a convenient channel if brands has registration or certificate issues...

MARKET SHARE OF CBEC PLATFORMS 2020



Advantages

- + No legal entity in China required
- + Novelties, product testing and brand introduction
- + Avoid registration/ certificates (e.g., animal testing, CCC)
- + Less capital required

TMALL Global Operation Models

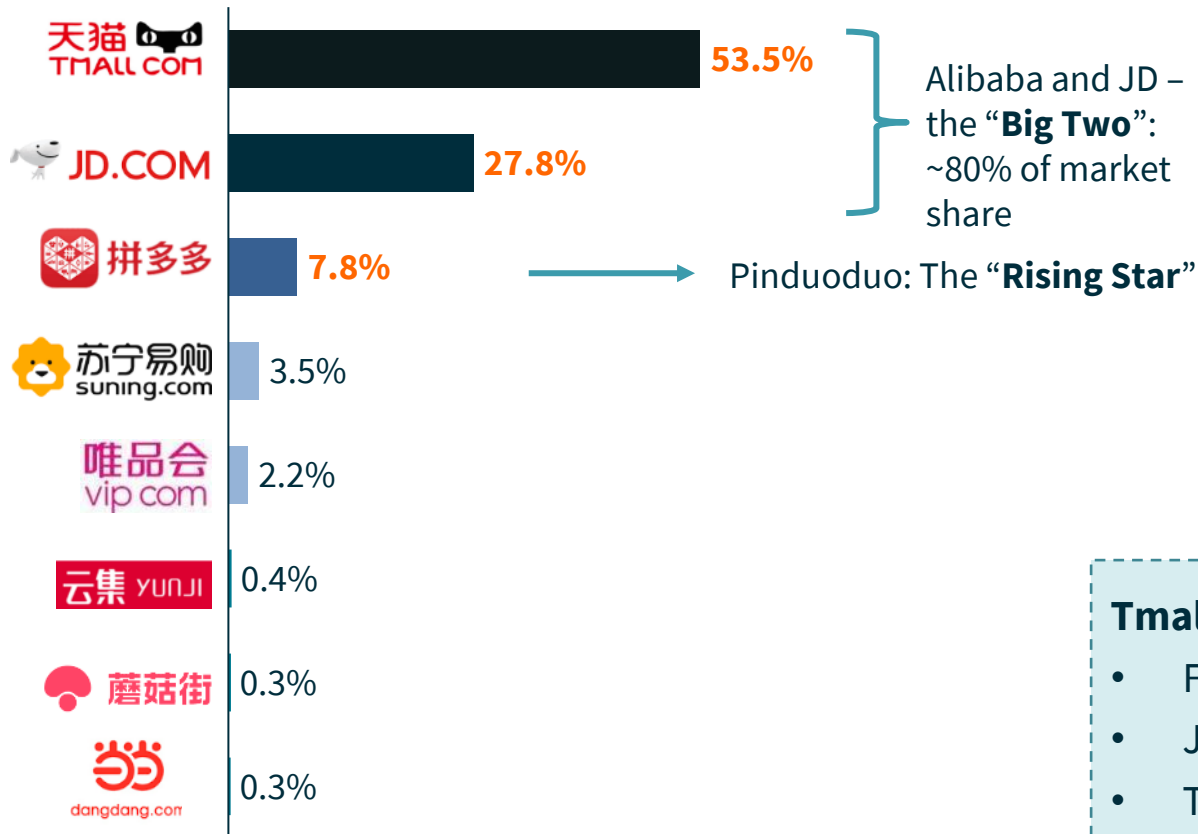
- Flagship store model (via TP)
- TMALL Direct Import Model (TDI)
- TMALL Overseas Fulfillment Model (TOF)

Shortcomings:

- Longer lead-time
- Higher costs (logistics/ warehousing)
- Returns are difficult to handle
- Consumer access is limited

Chinese e-commerce still largely dominated by Alibaba and JD, but new players are rising up

HOLISTIC E-COMMERCE MARKET SHARES 2020



Tmall and JD Store options:

- Flagship store (Tmall + JD)
- JD Self Operated/ Direct Sales
- Tmall supermarket

Highly dynamic with many new formats and players – Social Marketing is the key



New business models continue to emerge

- **Short video platforms** combine content marketing with in-app shopping to gain a large share of e-commerce market
- **WeChat Mini-programs** could benefit from the WeChat ecosystem for better customer acquisition that connect official accounts, Moments of Friends, and WeChat group within one-stop

BOOMING LIVESTREAMING

Livestream ecommerce as a business model is rapidly gaining popularity in China

LIVESTREAMING FEATURES

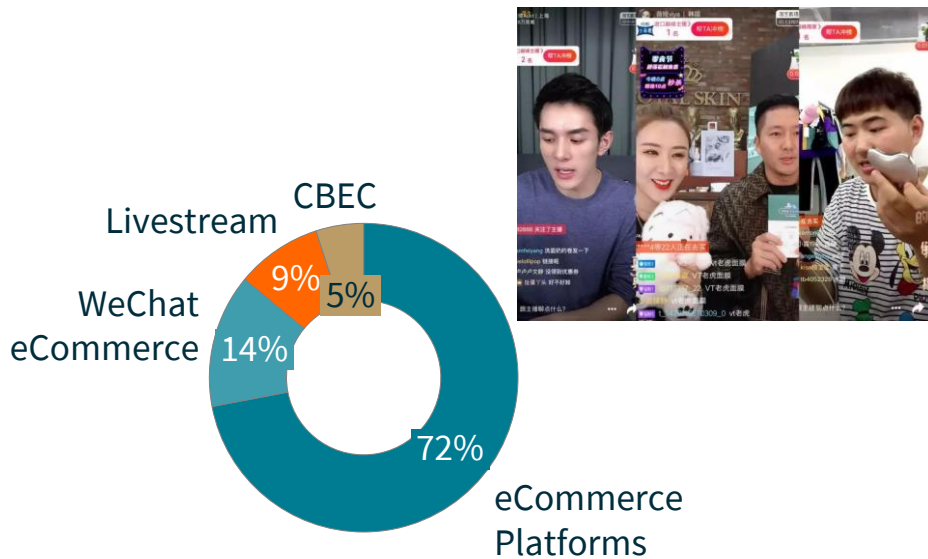
Integrated into various platforms

Mimics **in-store shopping experiences** by showing products in context

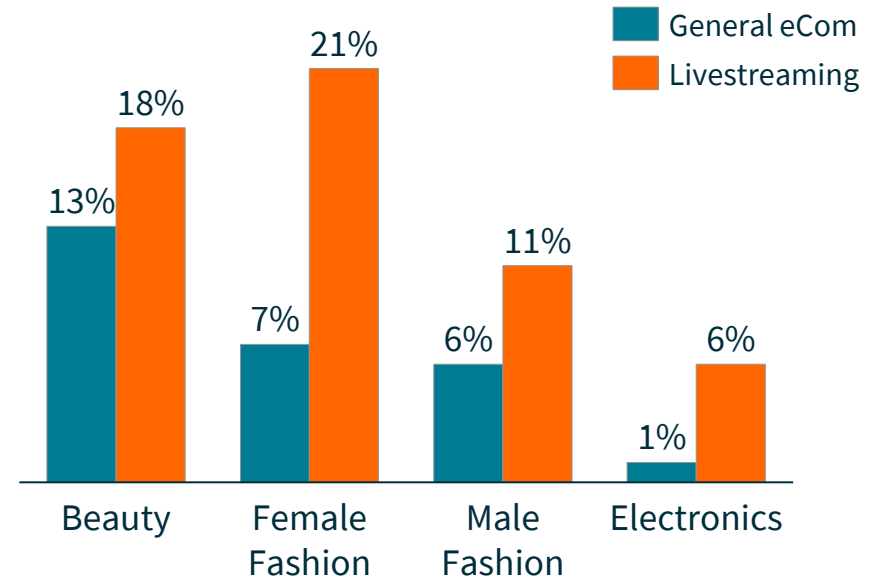
Highly interactive, social, & playful with gamification

Often reliant on **scarcity & urgency**

CHINA E-COMMERCE BREAKDOWN (2019)



CUSTOMER CONVERSION RATES (2019)



Online operation model can be divided into three approaches based on involvement of brand



1 WORK WITH TRADE PARTNERS

TP AS DISTRIBUTOR

- Online store operation is managed by distributors
- Sales data need to be provided by DP
- DP management need to be conducted to maintain online price system

Brand Involvement



TP AS SERVICE PROVIDER

- TP provides online services including full-fledged services or modular services
- Brand can access sales data
- Profit model: TP charges service fee and commission
- Appropriate TP selection essential

Brand Involvement



2 SELF-OPERATION

- Brand has own e-commerce team, operates entire process without 3rd-party involvement
- Data transparency: sales data and CRM can be controlled and conducted by brand
- Professional e-commerce team directly influence online sales

Brand Involvement



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FUNCTIONAL COMPETENCIES

- Strategy
- M&A
- Operational Excellence
- Digitalization
- Sustainability



EXPERTISE IN EMERGING MARKETS

- China
- India
- Southeast Asia
- Northeast Asia
- Russia
- CEE



INDUSTRY COMPETENCIES

- Mobility
- Industrials & Technology
- Building & Construction
- Energy & Environment
- Pharma & Healthcare
- Chemicals
- Consumer Goods
- Exhibition



EAC CONSUMER GOODS REFERENCES



How EAC supports German brands in CN with e-commerce

- Holistic eCommerce/ online go-to-market strategy
- Platform comparison and suitability
- Trade Partner Assessment, Prioritization and Management



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THANK YOU FOR YOUR ATTENTION!

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discussions!

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