2018

Research Report On Chinese Consumer Cross-Border Purchasing Behavior

July, 2018

adstochina.westwin.com

Statement

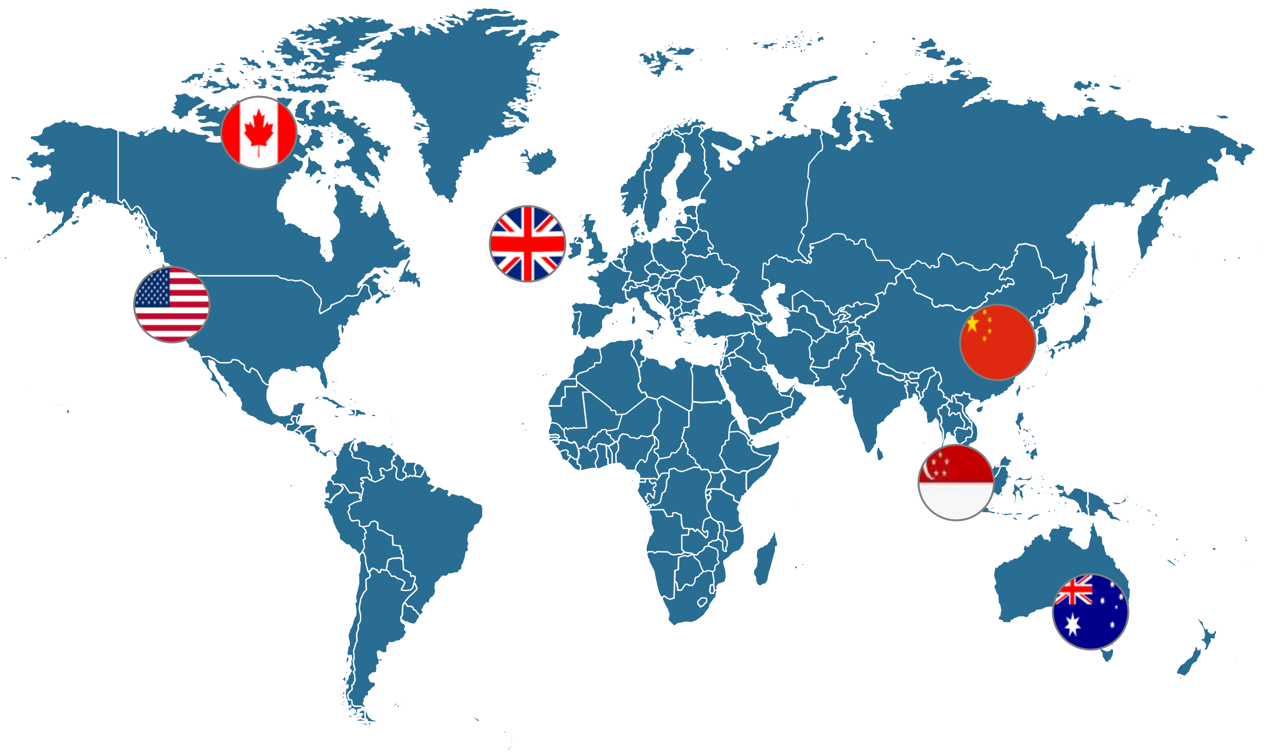
1. All data in this white paper is sourced. The data is valid only under the research objectives and scope of Chinese Consumer Cross-border Purchasing behavior.
2. This white paper captures only a part of the research data and opinions for the presentation. To get further detailed data and content, please contact Westwin.
3. "PURCHASING" in this report includes three types of behavior: "CROSS-BORDER PURCHASE" refers to purchases taking place within China's border through cross-border purchasing channels and methods; "OUTBOUND PURCHASE" refers to purchases outside China's border done by consumers coming from China; "OVERSEAS PURCHASE" refers to purchases taking place outside China's border done by Chinese overseas residents.

CROSS-BORDER PURCHASING RESEARCH STATEMENT

The project samples consist of Chinese consumers currently residing in the following countries:
China, Australia, Canada, Singapore, United Kingdom, United States

Definition of CROSS-BORDER PURCHASING

CROSS-BORDER PURCHASING refers to the consumers of one country purchasing goods from other countries via online or offline channels.



Note: Countries listed here with no particular order, all maps and national flags are only indicative of the survey area, without any added value judgment.

Research Methodology

Online Questionnaire Survey

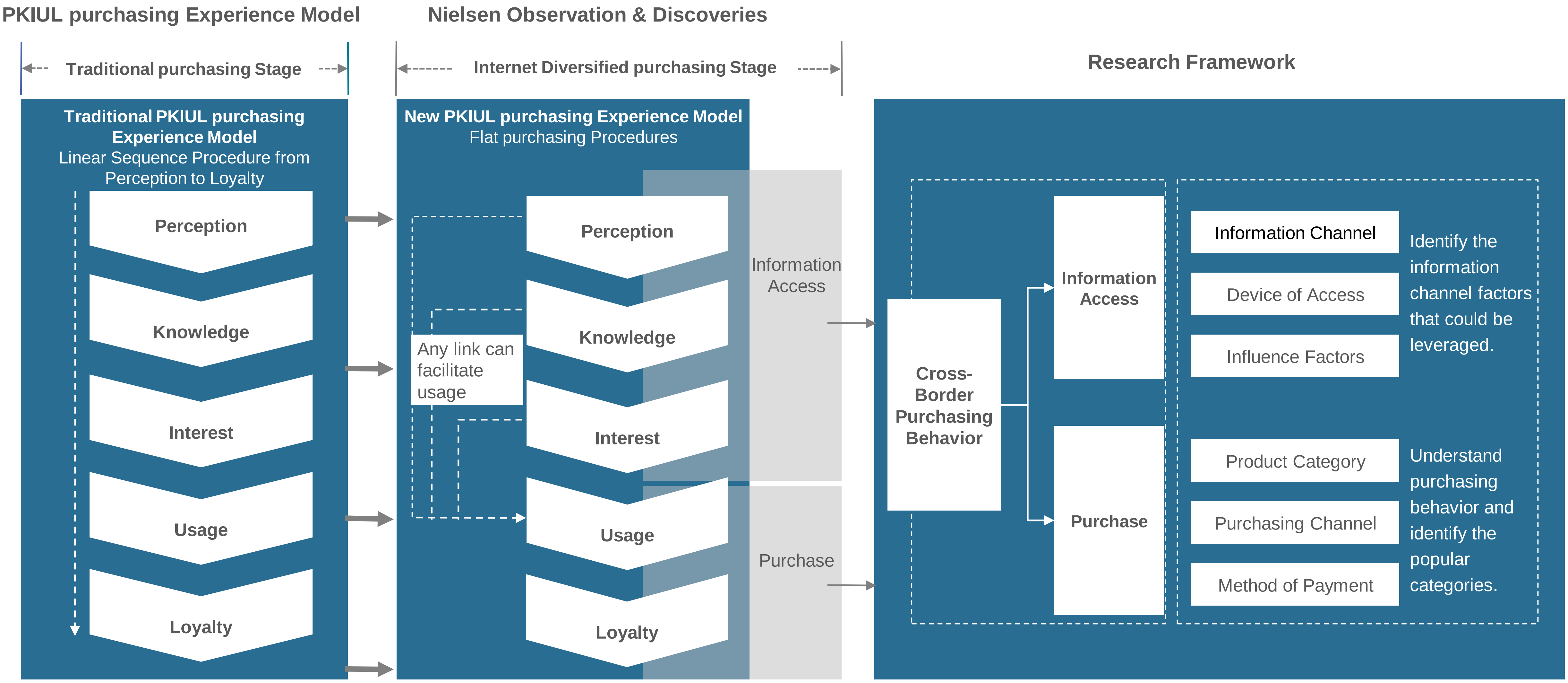
- Valid sample: 630
- Sample coverage: China/Canada/Singapore/Australia/United States United Kingdom

In-depth Interview

- Valid samples: 19
- Sample coverage*:
  - ➢ 6 Chinese Cross-Border e-commerce purchasers
  - ➢ 6 Chinese outbound tourists
  - ➢ 5 Chinese overseas residents
  - ➢ 2 Cross-Border e-commerce experts (director level or above, both from China's top 3 cross-border e-commerce platforms)

**Note: This study does not include overseas residents from countries and regions other than China.*

ANALYTICAL MODEL AND RESEARCH FRAMEWORK



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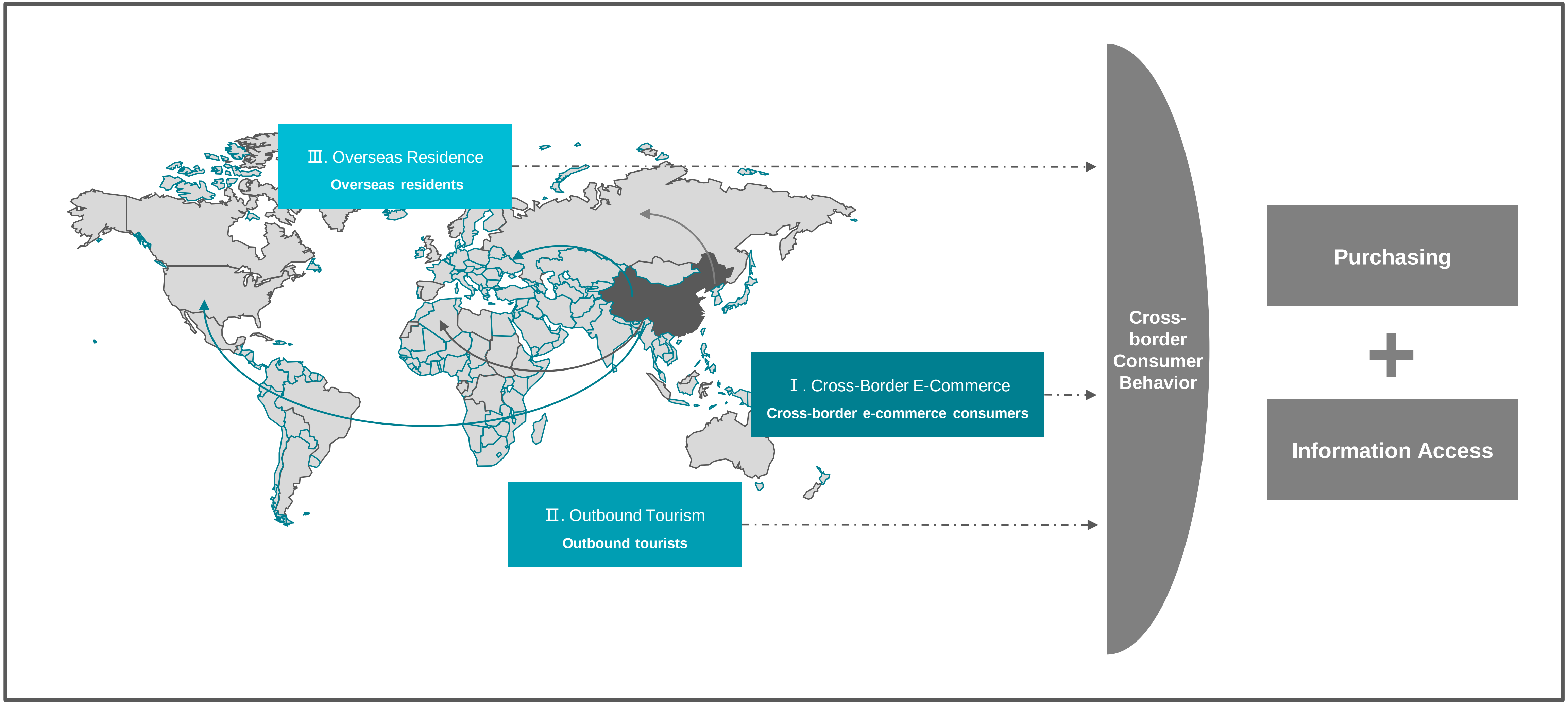
THE CROSS-BORDER CONSUMERS CAN BE DIVIDED INTO THREE GROUPS



THE CHINESE CROSS-BORDER PURCHASING MARKET IS LARGE-SCALE WITH PROMISING FUTURE GROWTH POTENTIAL

Cross-Border purchasing Scenarios	China's cross-border purchasing market is large-scale	China's market has great potential
Cross-border E-commerce purchasing	The scale of cross-border imports was **1.5 trillion RMB** in 2017.	Consumers with cross-border e-commerce purchasing experience account for the following percentage of the total e-commerce consumers base: **34%** In 2016; **67%** In 2017
Outbound Tourism	In 2017, the number of cross-border tourists in China has reached **130 million**. Compared with the same period of the previous year, it increased by **7.0%**. The total spending of outbound tourism has reached **115.29 billion US dollars**.	Estimated outbound tourism spending will reach **12.25 billion US dollars** in 2018, with an increase of **4.30%** compared to 2017.
Overseas Residence	In 2017, Chinese overseas residents (including overseas students, workers etc.) spent about **84.25 billion US dollars**.	Estimated spending of overseas residents will **reach 88.56 billion US dollars** in 2018, with an increase of **5.12%** compared to 2017.

Source: The data on this page comes from the "Nielsen 2018 China Consumer Cross-border Purchasing behavior Research Project - In-depth Interview"

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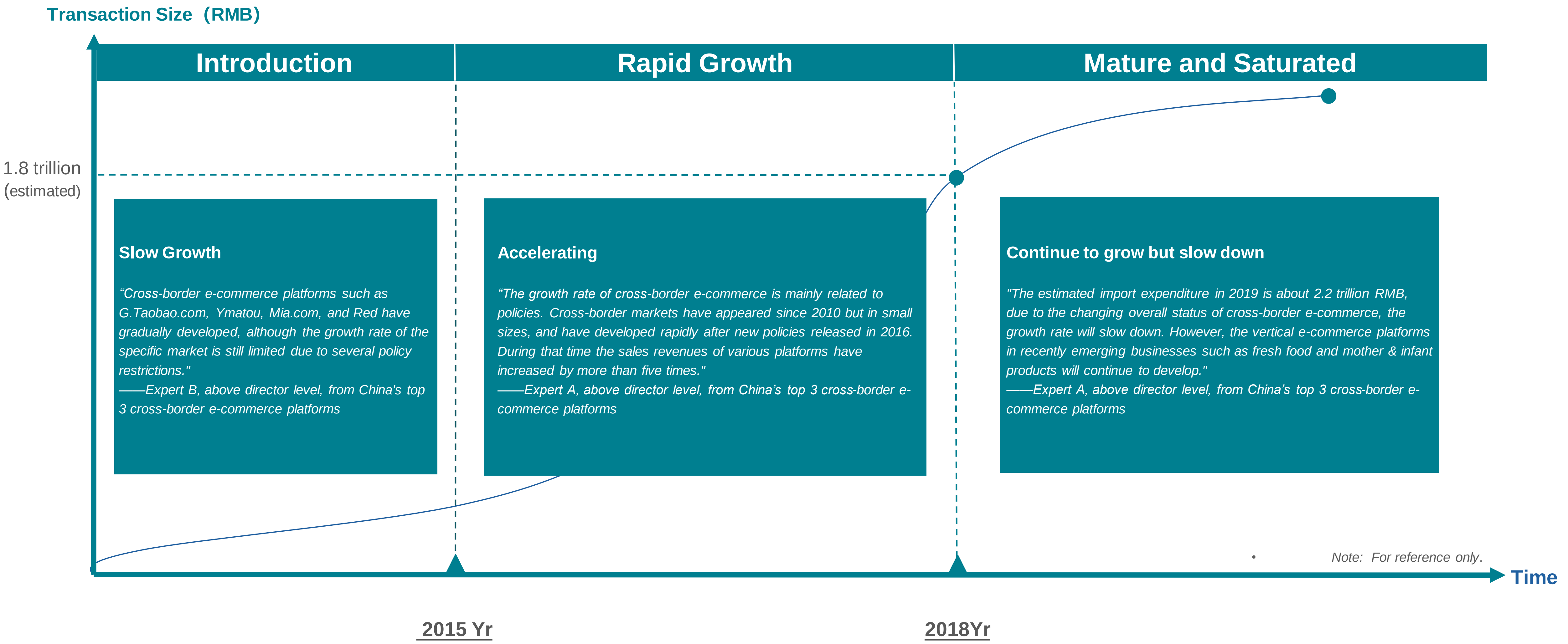
DEVELOPMENT: CHINA'S CROSS-BORDER (IMPORT) E-COMMERCE SECTOR IS IN THE MATURE AND SATURATED PHASE



Slow Growth

"Cross-border e-commerce platforms such as G.Taobao.com, Ymatou, Mia.com, and Red have gradually developed, although the growth rate of the specific market is still limited due to several policy restrictions."
——Expert B, above director level, from China's top 3 cross-border e-commerce platforms

Accelerating

"The growth rate of cross-border e-commerce is mainly related to policies. Cross-border markets have appeared since 2010 but in small sizes, and have developed rapidly after new policies released in 2016. During that time the sales revenues of various platforms have increased by more than five times."
——Expert A, above director level, from China's top 3 cross-border e-commerce platforms

Continue to grow but slow down

"The estimated import expenditure in 2019 is about 2.2 trillion RMB, due to the changing overall status of cross-border e-commerce, the growth rate will slow down. However, the vertical e-commerce platforms in recently emerging businesses such as fresh food and mother & infant products will continue to develop."
——Expert A, above director level, from China's top 3 cross-border e-commerce platforms

Note: For reference only.

Source: The data on this page comes from the "Nielsen 2018 China Consumer Cross-border Purchasing behavior Research Project - In-depth Interview"

CROSS-BORDER E-COMMERCE PURCHASING OVERVIEW

Average Experience in Cross-border E-commerce Purchasing

4.5 years

Cross-border E-commerce Purchasing Experience

	2-5 years	5-8 years	8+ years
Male	77%	19%	3%
Female	65%	32%	3%

Mostly within 2-5 years experience. Significantly more **female consumers** with over 5 years+ experience.

Average Purchasing Frequency Over the Past 12 Months

15 times

% of High-frequency Purchasers (>20 times/Year)

Male	23%
Female	29%
With children	31%
Without children	17%

More **female** high-frequency purchaser than male.

Purchasing frequency of **consumers with children** is 82% higher than those with no children.

Average Spending In Cross-border E-commerce Purchasing Over the Past 12 Months in RMB

13K

Average Spending in RMB

Male	￥12,257
Female	￥13,689
With children	￥14,464
Without children	￥9,774

Female consumers spend more than male.

Average spending by **consumers with children** is 48% higher than those with no children.

Base: Cross-border e-commerce consumers N=94
Cross-border e-commerce consumers male=47, female=47
Cross-border e-commerce consumers who have children = 65, no children = 29
Q25: Cross-border e-commerce purchasing experience, Q24 Cross-border e-commerce purchasing frequency in the past 12 months, Q26 cross-border e-commerce purchasing amount in the past 12 months

CONSUMER CHARACTERS

KEY FINDINGS

1

26% of the cross-border consumers are high frequency purchaser

- Average frequency of cross-border purchasing is 15 times during the past 12 months, more than one purchase per month.
- 26% are high-frequency purchasers, i.e. those who have completed more than 20 purchases through cross-border purchasing in the past 12 months.

2

Cross-border e-commerce consumers have higher purchasing power than average

- 53% spent more than 10,000 RMB and 15% spent more than 20,000 RMB on cross-border e-commerce in last 12 months.
- The average annual expenditure on cross-border e-commerce is 13,000 RMB, more than the average annual expenditure on overall online purchasing (12,000 RMB) *.

3

Female consumers and consumers with children are the main contributors to cross-border e-commerce

- Female consumers and consumers with children show higher purchasing frequency and annually spend more in total than others.

*Source: *Source - iResearch "2017 China's E-commerce purchasing Guide Report"*

CHARACTERISTICS OF COSMETICS AND APPAREL & FOOTWEAR CONSUMERS

NO.1 Cosmetics

Behavior:

More females than males, whilst the latter also show a high demand.

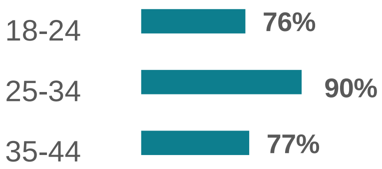
Category Purchasing:

Color Cosmetics 88%

Facial Care 77%

Hair Care 58%

NO.2 Apparel & Footwear



Behavior:

25-34 year olds purchase more apparel and footwear.

Category Purchasing:

Apparel 87%

Footwear 68%

Accessories 58%

Note: the ranking on this page are sorted according to the categories that consumers have purchased in the past 12 months.
Base: Cross-border e-commerce consumer N=94
Q38: The cross-border E-Commerce consumers by sub-categories of cosmetics, Q36 cross-border E-Commerce consumers by sub-categories of apparel and footwear, Q37 cross-border E-Commerce consumers by sub-categories of electronic products, Q40 cross-border E-Commerce consumers by sub-categories of food breakdown

CHARACTERISTICS OF ELECTRONIC PRODUCT AND FOOD CONSUMERS

NO. 3 Electronic Products

Behavior:

More males than female, and the former is the main force for electronic product purchasing.

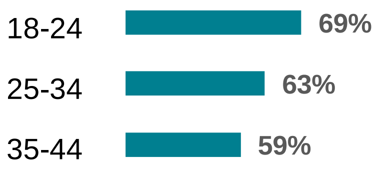
Category Purchasing:

Household Appliance 74%

Headphone 70%

Camera 63%

NO. 4 Food



Behavior:

18-24 year olds purchase more food, the rates of the three groups converge.

Category Purchasing:

Beverage 71%

Snacks* 65%

Candies and Chocolates 57%

Note: the ranking on this page are sorted according to the categories that consumers have purchased in the past 12 months.
Base: Cross-border e-commerce consumers N=94
Q38: The cross-border E-Commerce consumers by sub-categories of cosmetics, Q36 cross-border E-Commerce consumers by sub-categories of apparel and footwear, Q37 cross-border E-Commerce consumers by sub-categories of electronic products, Q40 cross-border E-Commerce consumers by sub-categories of food breakdown
** Snacks including nuts, puffed food, biscuits, not including chocolates and candies, below the same.*

TOP CROSS-BORDER E-COMMERCE PURCHASING PLATFORMS

Cross-border e-commerce platforms

Tmall Global	JD Worldwide	Amazon	Kaola	Suning	vip.com	Red	Jumei Youpin	YMatou

Consumer usage:

	Tmall Global	JD Worldwide	Amazon	Kaola	Suning	vip.com	Red	Jumei Youpin	YMatou
The First Tier (selected>80%)	90%	90%	80%						
The Second Tier (selected>50%)				65%	61%	61%	57%		
The Third Tier (Others)								46%	39%

Key Criteria of choosing E-commerce platform

Authenticity with guaranteed quality	69%
More categories and bigger selection	58%
Well-known and trustworthy platforms	66%
Convenient payment methods	54%

Base: Cross-border e-commerce consumers N=94

PLATFORM CHOICES BY PRODUCT CATEGORIES

cosmetics	Tmall Global 53%	vip.com 39%	Kaola 38%	JD Worldwide 38%
Apparel & Footwear	Tmall Global 63%	JD Worldwide 47%	Amazon 41%	Kaola 32%
Electronic Products	JD Worldwide 70%	Tmall Global 54%	Amazon 46%	Suning.com 35%
Food	Tmall Global 73%	JD Worldwide 62%	Amazon 32%	Kaola 32%

Tmall Global is the most preferable cross-border e-commerce platform among all.

Tmall Global is the first choice for cosmetics, apparel & footwear and food purchase.

JD Worldwide is popular for electronic product purchase.

Despite overall lower usage than the 1st tier players, **vip.com** ranks higher in cosmetics purchase.

Base: Cross-border e-commerce consumers N=94
Q33: Websites selected by cross-border consumer population to purchase cosmetics, clothing & footwear, electronic products, and food

PURCHASING CATEGORIES AND PLATFORMS

KEY FINDINGS

1

Cosmetics, apparel & footwear, and electronic products account for the most cross-border e-commerce purchases; food purchase sees a growth potential

- Among all categories purchased through cross-border platforms, cosmetics (84%), apparel & footwear (82%) and electronic products (74%) account for the most.
- Consumers of all ages are purchasing food, indicating a growth potential for the category.

2

Quality assurance is the most important factor for consumers to choose a cross-border e-commerce platform

- Tmall Global, JD Worldwide, and Amazon are more favorable than other e-commerce platforms.
- Product authenticity and quality guarantee (69%) is the most important factor in choosing a platform.

3

Males have shown growing potential to purchase cosmetics

- 77% male cross-border consumers would buy cosmetics, leads to a big market for this category.
- Cosmetics purchases are spread out among different platforms, each platform has its opportunities.

ALIPAY IS THE MAJOR PAYMENT METHOD, SPEED AND CONVENIENCE ARE THE MAIN CONSIDERED FACTORS

Alipay 91%

Alipay is the most popular payment method for cross-border e-commerce consumption, with a wide range of applications.

Bank Cards 68%

Including Visa credit cards, Master credit cards, Union Pay cards, etc.

WeChat Pay 64%

Key Considerations of Payment Methods

Base: Cross-border e-commerce consumers N=94
Q45: Cross-border e-commerce consumer payment methods, Q46 Reasons of choosing payment methods by cross-border e-commerce consumers

PAYMENT METHODS

KEY FINDINGS

1

Alipay is the key payment method for cross-border e-commerce purchasing

In recent years, Alipay has become the most frequently used payment method for cross-border e-commerce purchasing in China. Nielsen's research found that Alipay creates added-values such as price deductions and coupons in the payment process to improve consumers' willingness and enhance their payment frequency on the platform.

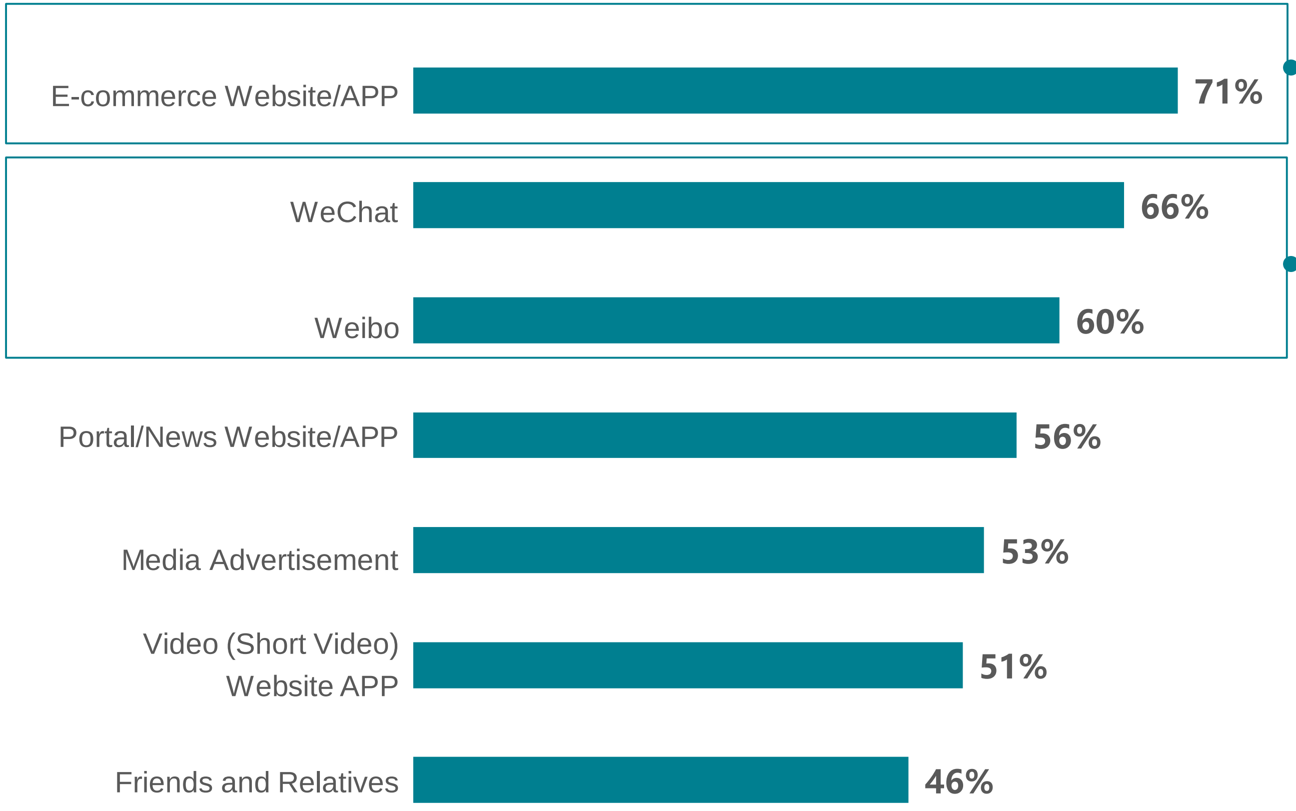
2

Convenience and safety are most important in choosing the payment methods

When purchasing through cross-border e-commerce platform, consumers tend to choose a method that can make payments quick, easy and safe. Alipay, WeChat Pay and other mobile payment methods are widely used in cross-border e-commerce.

E-COMMERCE WEBSITES AND SOCIAL MEDIA ARE THE MOST IMPORTANT CHANNELS FOR RECEIVING ADVERTISEMENT

Top Channels Where Cross-border E-commerce Consumers Receiving Advertisement



Cross-border e-commerce consumers mainly receive advertisements through e-commerce websites/APPs.

WeChat and Weibo as Chinese social media platforms are two of the main channels for cross-border e-commerce consumers to receive advertisments.

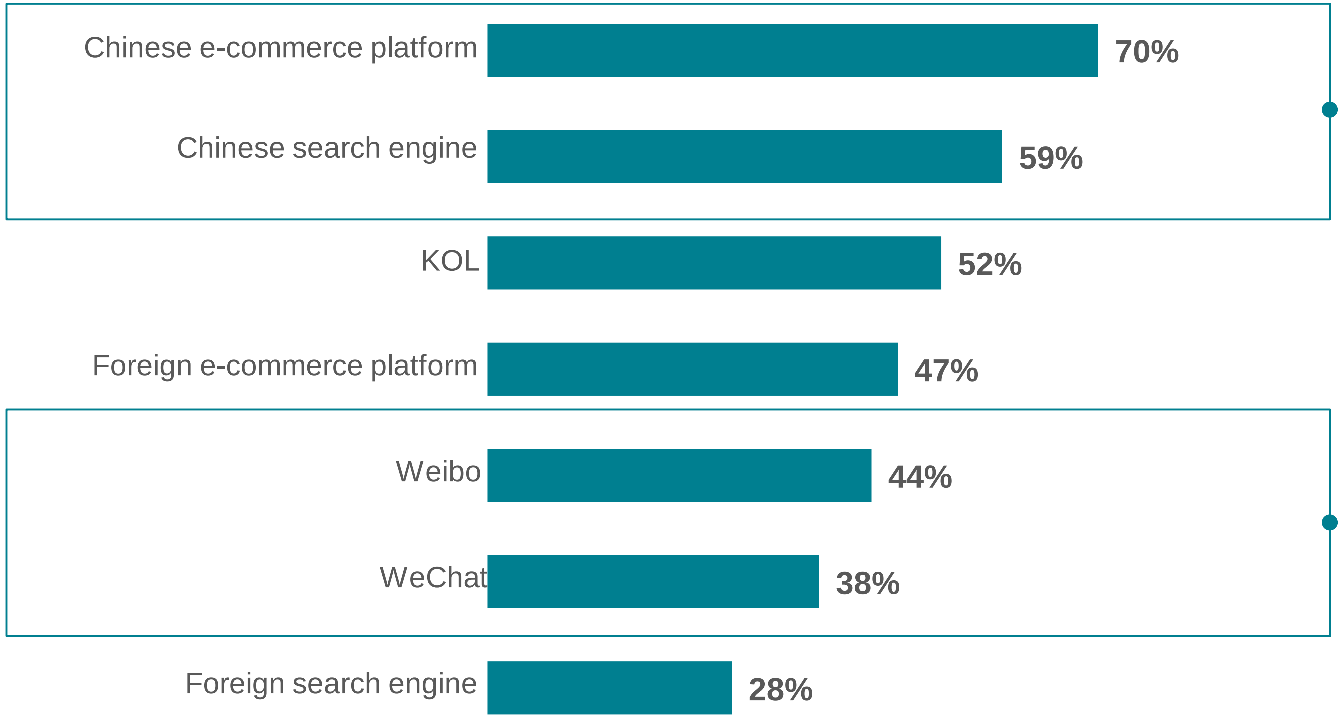
More WeChat users are middle-aged in comparison. As for advertisement reaction, 72% of the consumers between 35-44 years of age show higher engagement than consumers between 18-24 years of age, which is at 59%.

Weibo audiences tend to be younger. 74% of young consumers between 18-24 years of age and 75% of the consumers between 25-34 years of age receive product advertisements via Weibo, which is significantly higher than the 35% of the middle-aged consumers between 35-44 years of age.

Base: Cross-border e-commerce consumers N=94
Q44: Channels for Cross-border e-commerce consumers to receive advertisement

CHINESE E-COMMERCE PLATFORMS AND SEARCH ENGINES ARE IMPORTANT CHANNELS FOR CONSUMERS TO SEARCH FOR INFORMATION

Channels where cross-border e-commerce consumers searching information



Chinese e-commerce platforms and search engines are the main channels for consumers to search information:

71% of males obtain product information through Chinese search engines, which is significantly higher than the 48% of females.

67% of the respondents between 25-34 years of age and between 35-44 years of age obtain product information through Chinese search engines, which is significantly higher than the percentage of the younger consumers (41%).

With the diversification of e-commerce purchasing, social media platforms for example Weibo and WeChat play a more important role as information channels:

67% of the consumers between 18-24 years of age and 52% of the consumers between 25-34 years of age obtain product information via Weibo, which is significantly higher than 17% of the consumers between 35-44 years of age.

More than 40% of the consumers between 25-34 years of age use WeChat in searching for product/brand information, which is higher than the rate of consumers between 35-44 years of age at 33%.

Base: Cross-border e-commerce consumers N=94
Q42: Information channels for cross-border e-commerce consumers to obtain information

SMARTPHONES ARE THE MOST COMMONLY USED BROWSING DEVICES

Devices Used For Information Browsing

Smartphone

89%

Consumers between 18-24 years of age rely on mobile devices to a higher degree and use smartphones to view information at a high rate of 92%.

Laptop/Desktop Computer

83%

Male consumers use laptops/desktops more (97%) than females (70%).

Tablet

38%

Base: Cross-border e-commerce consumers N=94
Q43: Terminals/devices for cross-border e-commerce consumers to obtain information

DEVICES USED FOR INFORMATION ACCESS AND BROWSING

KEY FINDINGS

1

Chinese e-commerce platforms have integrated functions of "advertisement contact, information searching, purchasing" as a whole

Chinese cross-border e-commerce platforms act also as a form of traffic entrance, and thus consumers can be contacted by advertisement, and completed information searches and purchases within those websites; while overseas cross-border e-commerce platforms represented by Amazon rely on external traffic to a higher degree.

2

Chinese social media is an important information dissemination channel for cross-border purchasing in China

Chinese social media such as WeChat and Weibo, plays an important role in information dissemination on cross-border e-commerce products. More than 60% of consumers will react to product advertisements on WeChat and Weibo and nearly 40% of consumers will search for product information on the two platforms. The audiences age on Weibo, mainly between 18-24 years of age, is relatively younger than the audience age on WeChat, mainly between 25-34 years of age.

CONSUMERS ARE MOST INFLUENCED BY OPINION LEADERS

Opinion Leaders* 67%

75% of the consumers between 25-34 years of age tend to be influenced by KOLs, the rate is significantly higher than 54% of the consumers between 18-24 years of age.

Product Discount 65%

E-commerce Platform Recommendation 58%

Advertisement/Creative Event 38%

47% of postgraduates are easily affected by advertisements/creative events, and the percentage is significantly higher than the 20% of undergraduates.

Brand Story/Culture 25%

31% of the young consumers between 18-24 years of age are easily influenced by the brand stories/culture.

Brand Spokesperson 23%

TV Show Sponsorship 14%

Base: Cross-border e-commerce consumer population N=94
Q35: Factors that attract shopping
**: Opinion leaders can be friends, relatives, colleagues, KOLs (Key Opinion Leaders), internet celebrities, etc.*

PURCHASE INFLUENCING FACTORS

KEY FINDINGS

1

Opinion leaders have strong influence and impact

Opinion leaders such as famous bloggers on social media are important sources of information. They can influence the consumer behavior of most people. With their credibility and influence, Opinion leaders can easily and quickly call upon their followers, friends and relatives to respond.

2

Individuals with a high educational background and young consumers pay more attention to the culture and creativity of certain products

Postgraduates are more likely to be influenced by advertisements and event creativity than undergraduates, preferring new and distinctive forms of advertisement activities that extend as a manifestation of their taste and identity; the consumers between 18-24 years of age and the consumers between 25-34 years of age are more likely to be influenced by brand stories and culture to make purchasing choices.

SUMMARY OF CROSS-BORDER E-COMMERCE PURCHASING BEHAVIORS

Purchase

Cross-border E-commerce Purchasing Behavior

An Overview of Cross-border E-commerce	Consumers have an average experience of **4.5 years** for online cross-border purchasing, making **15** purchases over 12 months, with an annual expenditure of **13,000 RMB**. **Female and consumers with children** demonstrate a higher frequency of purchasing and spend larger amounts of money on cross-border online purchase.
What To Buy	**Cosmetics, apparel & footwear, electronic products and food** are the most purchased categories on cross-border e-commerce platforms.
Where To Buy	**Tmall Global, JD Worldwide,** and **Amazon** are the most popular online platforms for consumers. **Vip.com** shows an outstanding performance in the category of cosmetics.
How To Pay	**Alipay** is the preferred payment method for cross-border e-commerce consumers, **speed and convenience** are the key decision factors in payment methods.

Information Access

Media Exposure In Cross-border E-commerce

Media For Consumer Information Access	The cross-border e-commerce consumers mainly receive advertisements (product/brand) information through **Chinese e-commerce channels and Chinese social media platforms** (e.g. WeChat and Weibo). Consumers choose Chinese e-commerce platforms most often when searching for product/brand information. In addition, **the impact of Chinese search engines and opinion leaders is also large in terms of** information channels.
Device For Consumer Information Access	**Smartphone** is the most commonly used browsing device for cross-border e-commerce consumers. **Males** particularly prefer to use a **laptop or desktop computer** to search for product and brand information.
Promotional Information	Purchasing choices by cross-border e-commerce consumers are **most affected by Opinion leaders.**

Source: data on this page is from the Nielsen 2018 China Cross-Border purchasing Research Project - Quantitative Questionnaire

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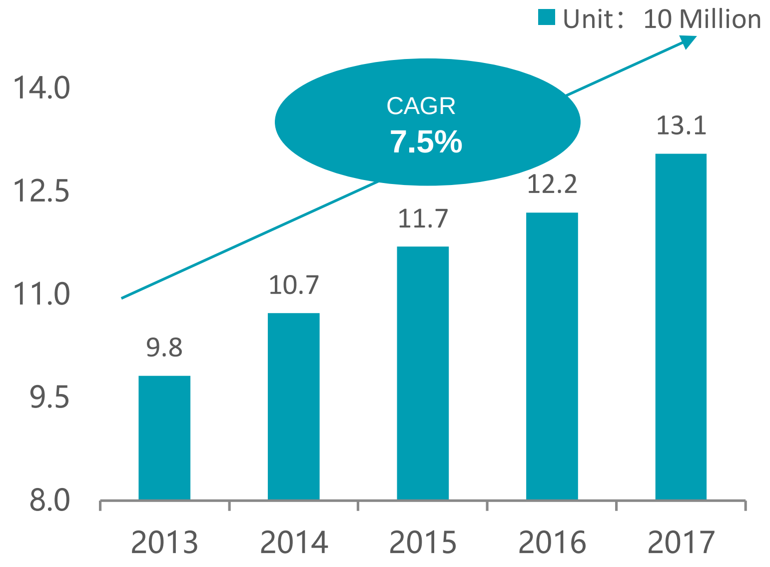
THREE KEY TRENDS IN OUTBOUND TOURISM: GROWING DEMAND, STRONG CONSUMPTION POWER, SELF-GUIDED

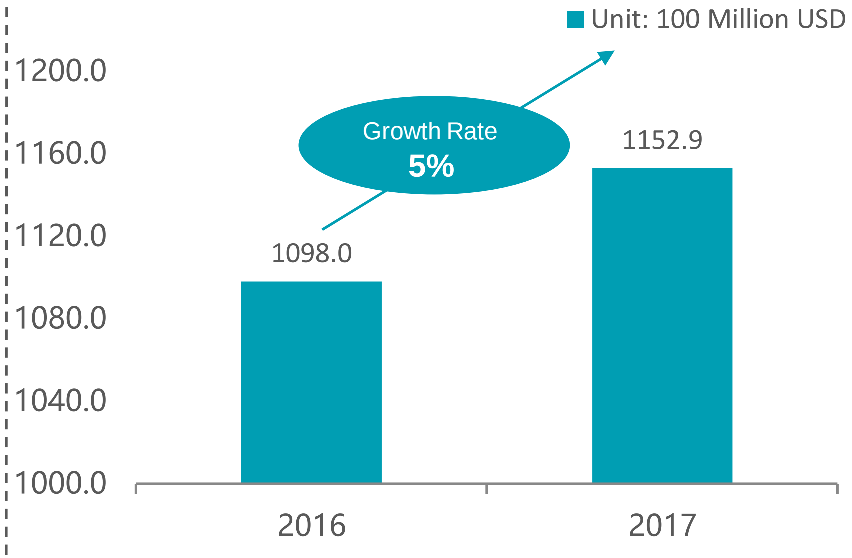
Number Of Outbound Tourists From China Each Year



China currently presents a growing trend of outbound tourism

The number of outbound tourists from China has grown rapidly each year, reaching 130 million in 2017.

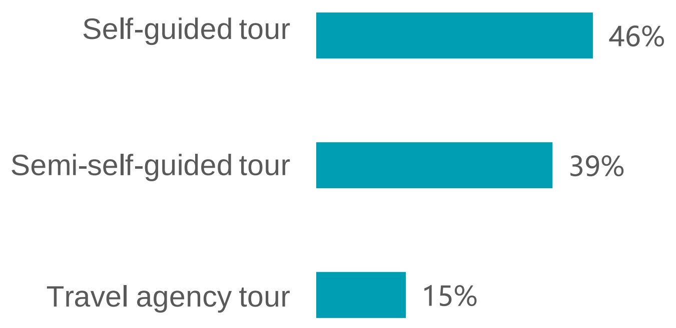
Outbound Tourist Expenditure



The outbound tourism market has a large potential for purchasing

In 2017, China's outbound purchasing was 115.29 billion US dollars, ranking first in the world, at an increase of 5% from 2016.

Method Selection Of Outbound Tourism



More consumers choose (semi-)self-guided tours to lead journeys

The percentage of (semi-)self-guided tours is already over 85%, which means that a large number of tourists make their own travel plans.

Base: outbound tourism Population N=101

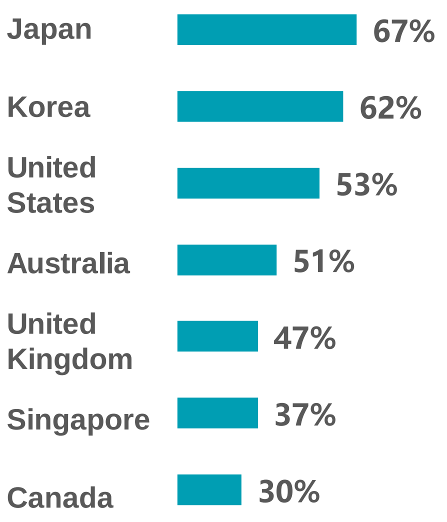
*Source: *Source - China Tourism Statistical Communique*

**Compound Average Growth Rate (CAGR), or CAGR, refers to the annual growth rate of an investment over a specified period of time. It is obtained by the Nth root of the total growth rate. N is equal to the period of the relevant period ,years*

OUTBOUND TOURIST PURCHASING OVERVIEW

Countries Visited By Outbound Tourists

High frequency countries selected by outbound tourists

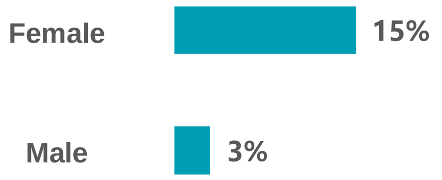


When choosing a destination country for outbound tourism, the most frequently selected countries are Japan, South Korea, and United States.

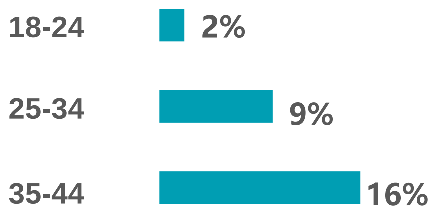
Among the respondents who have been to the United States, 59% said they hope to go to the United States again.

Average Frequency Of Cross-border Tourism In The Past 12 Months

Characteristics of high frequency (5 times and above) outbound tourists



Females have higher rates of high-frequency outbound tourism than males.



The percentage of high-frequency tourists (5 times and above) among 35-44-year-olds is much higher than that of other age groups.

Average Expenditure Of Outbound Tourism In The Past 12 Months

Average expenditure in RMB

18-24	￥13527.40
25-34	￥19187.98
35-44	￥20788.85

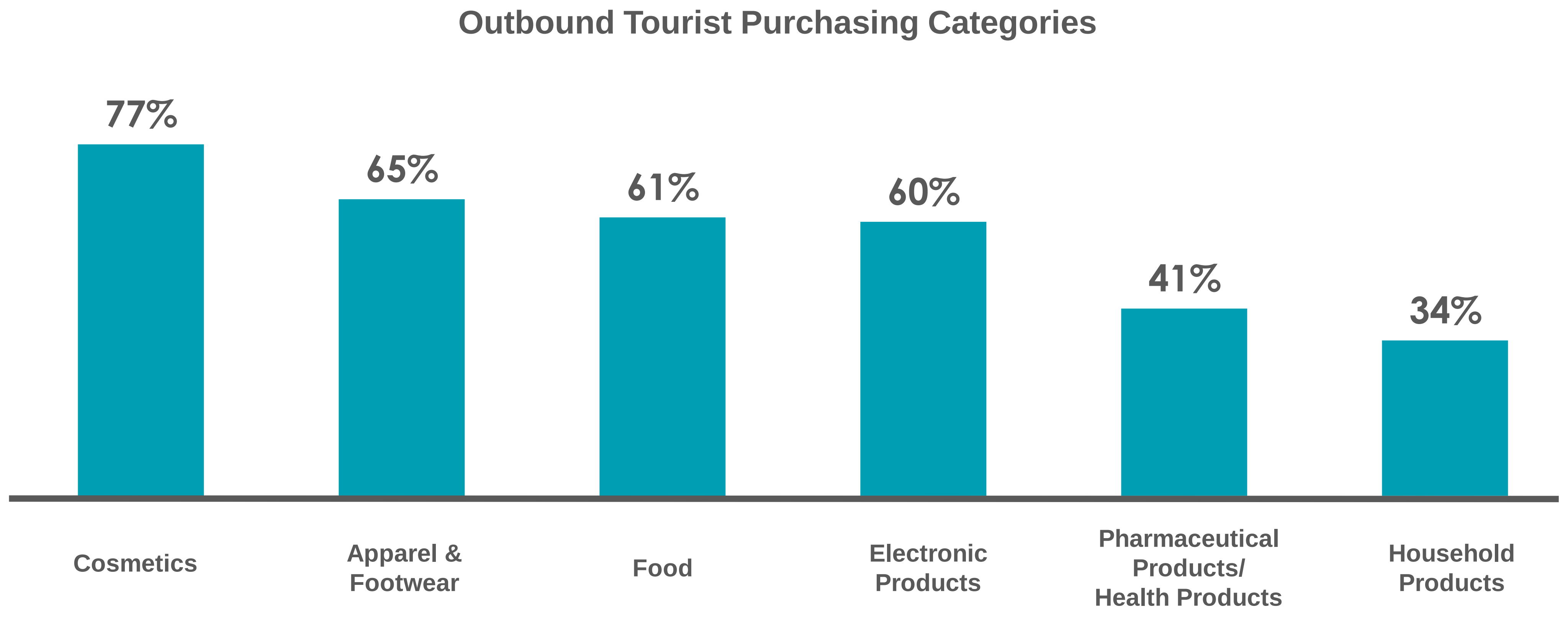
Consumers between 25-34 and 35-44 years of age spend more than other groups.

With Children	￥19811.37
Without Children	￥13505.31

Consumers with children spend more money per year than other groups.

Base: Outbound tourissts N=101
Outbound tourist consumers Male=34, Female=67
outbound tourism consumer groups Young people = 36, middle-aged youth = 33, middle-aged people = 32
outbound tourism consumers have children = 70, no children = 31
Q27: Number of outbound tourism, Q28: Shopping amount per outbound tourismism, Q48: Which countries have been visited

COSMETICS, APPAREL & FOOTWEAR, FOOD AND ELECTRONIC PRODUCTS ARE THE MAIN CATEGORIES OF OUTBOUND TOURIST PURCHASING



Base: outbound tourists N=101
Q56: purchasing categories of outbound tourists

CHARACTERISTICS OF COSMETICS AND APPAREL & FOOTWEAR CONSUMERS

NO.1 Cosmetics

18-24	72%
25-34	70%
35-44	89%

Behavior:

35-44 year olds purchase more & have a stronger desire for skincare.

Category Purchasing:

Facial Care 86%

Color Cosmetics 78%

Hair Care 55%

NO.2 Apparel & Footwear

18-24	76%
25-34	90%
35-44	77%

Behavior:

25-34 year olds purchase more apparel & footwear.

Category Purchasing:

Apparel 84%

Footwear 69%

Handbag 58%

Note: the ranking on this page are sorted according to the categories that consumers have purchased in the past 12 months.
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CHARACTERISTICS OF FOOD AND ELECTRONIC PRODUCT CONSUMERS

NO.3 Food

18-24	63%
25-34	59%
35-44	60%

Behavior:

All ages purchase food without a significant difference.

Category Purchasing:

Beverage 78%

Snacks 71%

Candies And Chocolates 67%

No.4 Electronic Products

18-24	69%
25-34	63%
35-44	59%

Behavior:

18-24 year olds purchase more electronic products, other age groups share similar purchasing rates.

Category Purchasing:

Smartphone 59%

Smart Device 59%

Camera 54%

Note: the ranking on this page are sorted according to the categories that consumers have purchased in the past 12 months.
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THE FOUR MAJOR PURCHASING CATEGORIES BY COUNTRY

NO. 1 Cosmetics

United States 58%

United Kingdom 51%

Australia 28%

NO. 2 Apparel & Footwear

United States 55%

United Kingdom 43%

Australia 32%

NO. 3 Food

United States 61%

Australia 40%

Canada 37%

NO. 4 Electronic Products

United States 78%

United Kingdom 26%

Canada 19%

The United States is a popular country for outbound tourism.

The United States is the preferred country for outbound tourists to consume cosmetics, apparel & footwear, food, and electronic products; followed by the United Kingdom and Australia.

Base: Outbound tourists N=101
Q57: Countries that are preferred for purchasing (a category)

PURCHASING CATEGORIES AND CONSUMER BEHAVIORS

KEY FINDINGS

1

Self-guided/semi-self-guided tourism has become a new trend

The percentage of semi-self-guided & self-guided cross-border tourism has reached 85%, which also means that self-guided tourism leads to stronger and more independent consumer choices.

2

Cosmetics are popular for outbound tourist purchasing

Among the six major consumer categories covered in this survey, tourists prefer to purchase cosmetics overseas; among them, the consumers between 35-44 years of age are particularly willing to purchase cosmetics.

BANK CARDS HAVE BECOME THE MAIN PAYMENT METHOD, SPEED AND CONVENIENCE ARE THE MAIN CONSIDERED FACTORS

Bank Card

Including Visa credit cards, Master credit cards, Union Pay etc.

77%

Debit cards/credit cards have become the preferred payment method for cross-border tourist payments.

Alipay

69%

Due to a limitation of application scenarios, Alipay is not used as often as bank cards during cross-border tourism; in spite of this, Alipay is still one of the main payment methods for outbound tourists.

Cash

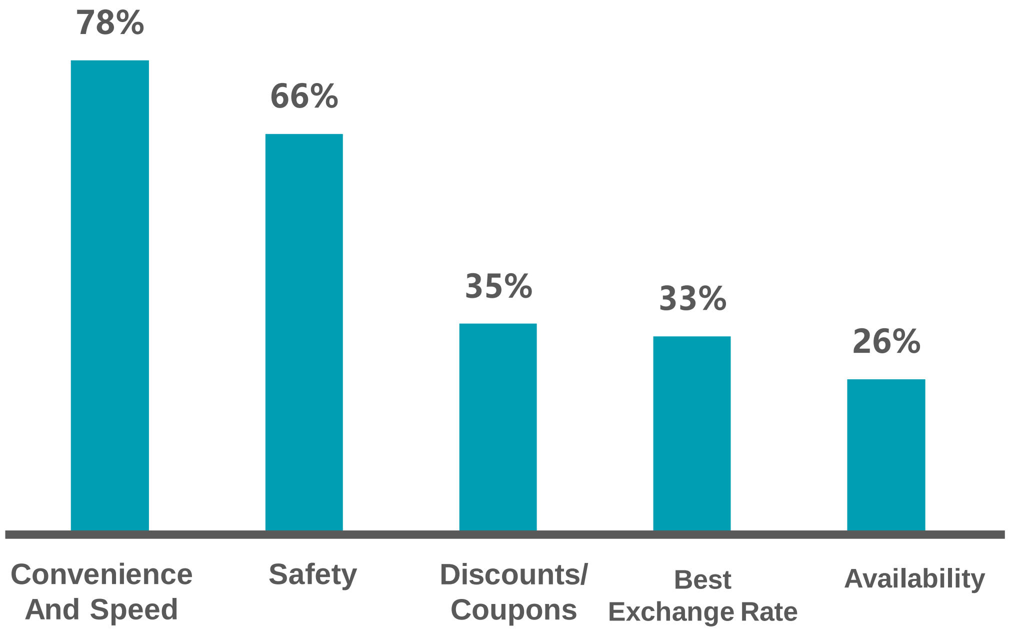
50%

WeChat

46%

59% of male outbound tourists choose to use **WeChat Pay,** which is higher than the share of 33% of female tourists.

Key Considerations of Payment Methods



Base: Cross-Border Tourists N=101
Q67: Overseas purchasing Payment Methods of Outbound Tourists, Q68 Reasons of Choosing Payment Methods by OutboundTourists

PAYMENT METHODS

KEY FINDINGS

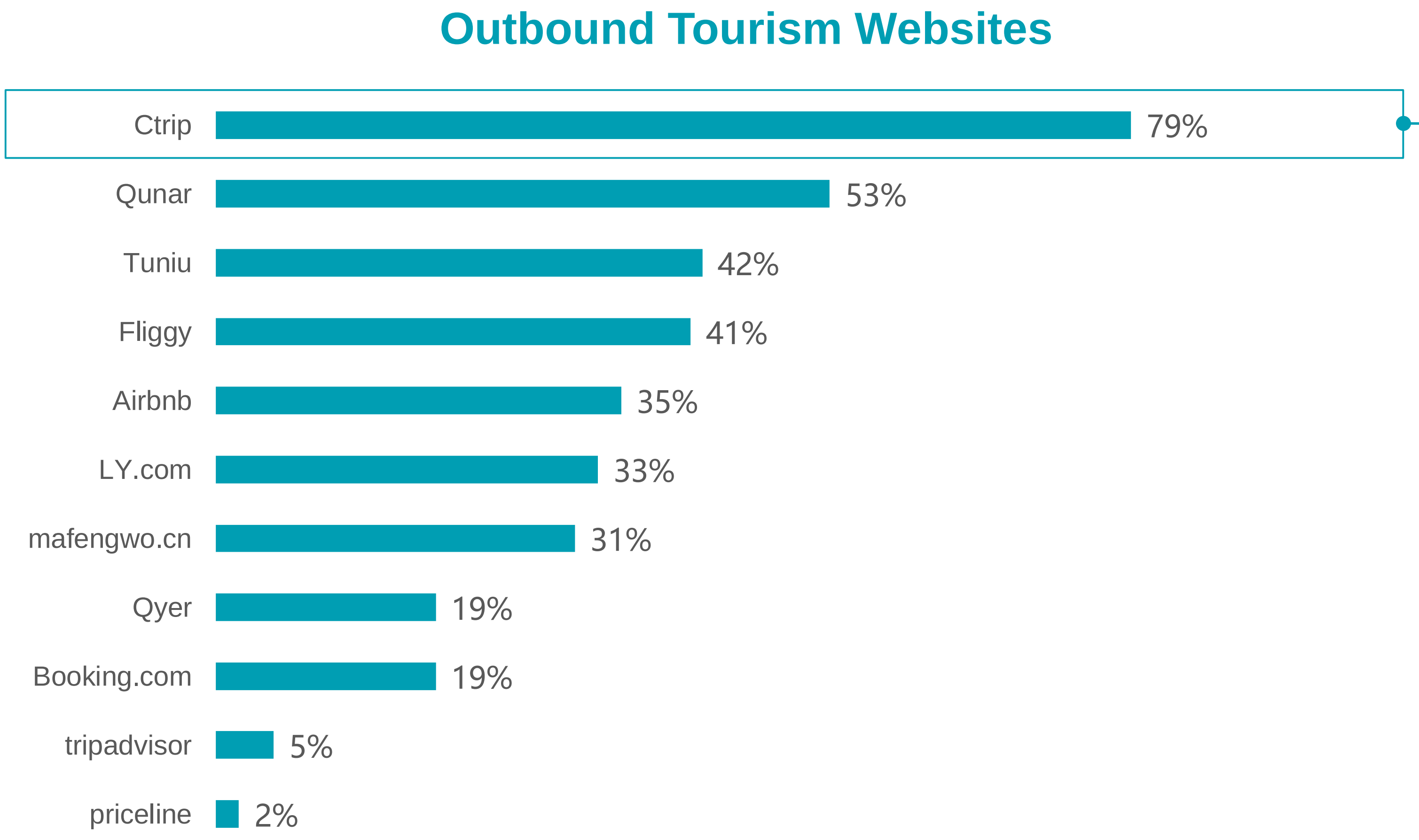
1

Chinese mobile payment methods connect both “payment tool” and “media provider” functions, creating strong convenience for outbound tourists.

With the increase in the number of outbound tourists from China, domestic mobile payment methods have begun to emerge overseas. Alipay, for example, currently covers 200 countries in the world*. It works overseas with the same convenience as it does domestically, which is received well by consumers. In this survey, 69% of consumers like to choose Alipay when purchasing overseas. In addition, as a comprehensive platform, Alipay’s local recommendation feature has evolved beyond the role of a simple payment tool and become a comprehensive travel assistant to further attract consumers.

Source: *Provided by Alipay

CTRIP IS THE MOST POPULAR TOURISM WEBSITE



Ctrip is the preferred website and the value of commercial advertisements is worth paying attention to.

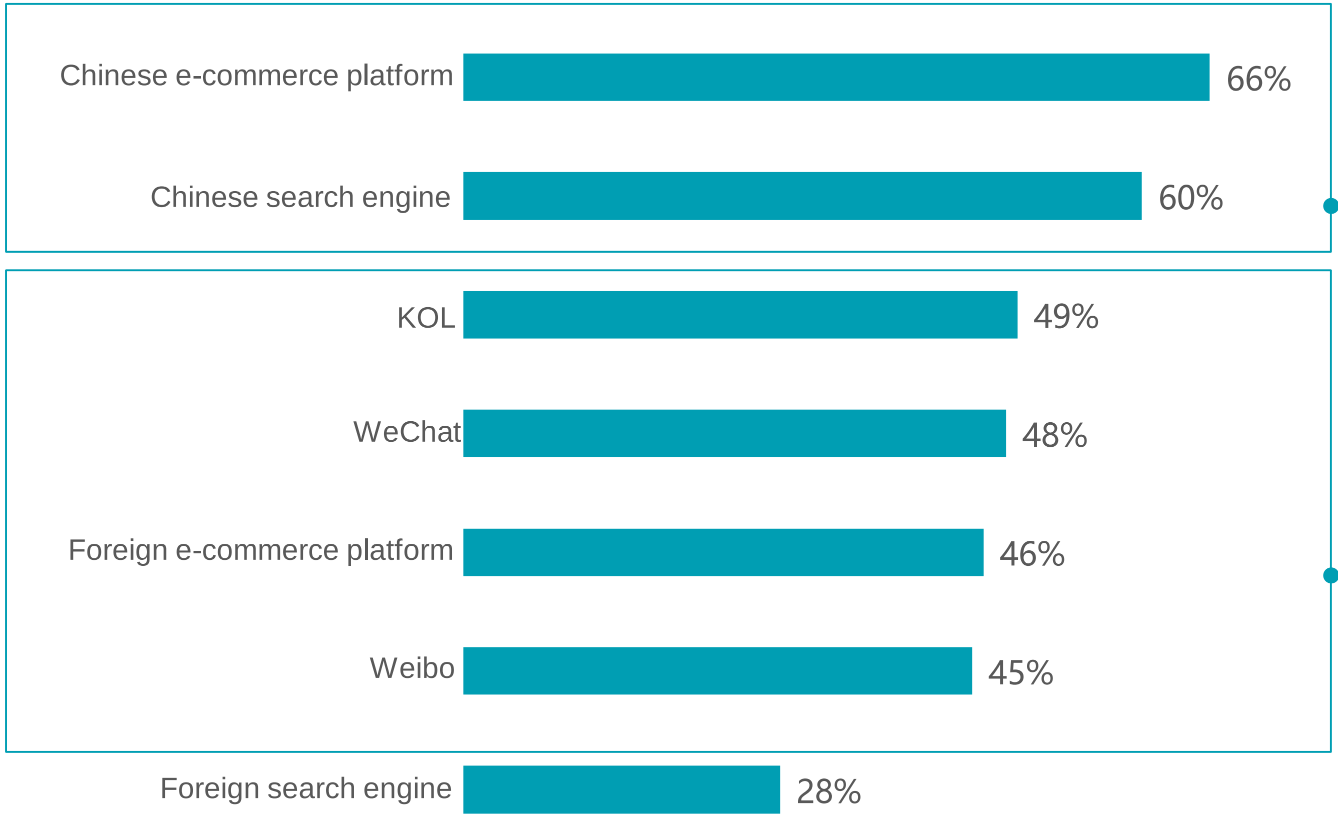
91% of outbound tourists between 25-34 years of age choose to arrange their travel through **Ctrip**, which is more than the share of 71% of the consumers between 35-44 years old.

84% of **consumers with children** partaking in outbound tourism choose **Ctrip** to book airlines and hotels, which is significantly higher than those without children.

Base: outbound tourists N=101
Q54 Booking Website/APP of outbound tourist groups

CHINESE E-COMMERCE PLATFORMS AND SEARCH ENGINES REMAIN THE MAIN SOURCES OF INFORMATION

Information Channels For Outbound Tourism



The consumers between 35-44 years of age tend to obtain information through Chinese e-commerce platforms and search engines

73% of consumers between 35-44 years of age choose to obtain product information through Chinese search engines/KOLs, which is higher than the rate of the young consumers at 48%.

Social media represented by WeChat & Weibo has built influence, especially among the young consumers between 18-24 years of age

More than 50% of 18-24 year olds choose to check cross-border product information via Weibo (52%) and WeChat (50%).

Base: Outbound Tourists N=101
Q65 Information Channels of Outbound Touritsts

INFORMATION ACCESS

KEY FINDINGS

1

'Ctrip' is the primary choice for travel planning among outbound tourists

Outbound tourists from China are highly reliant on the use of "Ctrip", which is much more dominant than other platforms. When booking an outbound tour, 79% of people will choose to use Ctrip.

2

Chinese social media (e.g. WeChat and Weibo) is one of the key channels for information access by outbound tourists

Overall, social media, for example Weibo and WeChat, has become a means to search for product/brand information overseas at a scale of over 40% for outbound tourists; more than 50% of the consumers between 18-24 years of age obtain product/brand information overseas from Weibo and WeChat, showing that social media is a key channel for information access for younger consumers.

SMARTPHONES ARE THE MOST COMMONLY USED BROWSING DEVICES

Devices Used For Browsing Information

Smartphone

86%

The consumers between **18-24 years of age** account for the highest percentage of mobile use, reaching **87%**.

Laptop/Desktop Computer

78%

The percentage of **males** using **a laptop/desktop computer** to browse information is **91%**, far exceeding the female usage rate of 64%.

Tablet

35%

Females use **tablets** at the rate of 62%, which is far higher than the rate of males at 35%.

Base: outbound tourists N=101
Q66 DevicesI/equipment for outbound tourists browsing information

OPINION LEADER IS THE MAIN DRIVER FOR PURCHASING

Opinion Leaders 61%

78% of the high-income consumers(with a monthly income exceeding 30,000 RMB) is influenced by opinion leaders.

Product discount 54%

Consumers aged between 25-34 and 35-44 are responsive to product discounts at rates of 68% and 60% respectively.

Brand stories/culture 42%

Students (57%) & first-tier city consumers(47%) are significantly more affected by brand story/culture.

Advertisement/Creative Event 41%

The attractiveness of creative advertisement is much higher for **students** (86%) than other groups.

Tour Guide / Guided Tour 30%

Brand spokesperson 24%

Program Sponsorship 17%

Base: outbound tourists N=101
Q64: Factors to attract overseas purchasing

BROWSING DEVICES AND PURCHASING INFLUENCES

KEY FINDINGS

1

Mobile phones are the main devices for outbound tourists to browse advertisement information

With the popularity of smartphones and the trend for smartphone large screens, the key information browsing channel of consumers has gradually shifted from PCs to smartphones. 86% of outbound tourists use smartphones to search for information, while only 35% of tourists use laptops and desktops.

2

Different groups have significant differences in the driving forces behind their purchasing during outbound tourism

The high-income consumers: ‘Opinion leaders' has a significant impact on outbound tourism & purchasing for the high-income respondents.

The consumers between 25-34 years of age: 'product discounts' serve as a positive driving force for the respondents aged between 25-34.

Students: 'brand stories and culture' as well as 'advertisements and creative events' drive purchasing levels for students.

SUMMARY OF OUTBOUND TOURIST PURCHASING BEHAVIORS

Purchase

Purchase behavior during outbound tourism

Overview Of Outbound Tourism & purchasing	**Self-guided/semi-self-guided tourism** has become a new trend. Cross-border travelers demonstrate **a high level of purchasing capacity.**
What To Buy	**Cosmetics, apparel & footwear, food, electronic products** are the most purchased categories during outbound tourism.
Where To Buy	When purchasing cosmetics, apparel & footwear, food, electronic products and pharmaceutical products/health care products, **the United States** is the most selected destination by consumers.
How To Pay	**Traditional bank card or credit card payment** is still the main payment method for consumers when travelling and shopping abroad, but the Chinese mobile payment app, **Alipay,** has gone abroad and has been widely used in outbound tourist purchasing.

Information Access

Media exposure during outbound tourism

Media For Consumer Information Access	Among outbound tourist purchasing , **'Ctrip'** is the primary choice of travel scheduling by the majority of consumers, indicating good advertisement value. The social media platforms represented by **WeChat and Weibo** have begun to take shape as information channels for young consumers.
Devices For Consumer Information Access	**Smartphones** are the main devices for outbound tourists to browse advertisement information. **Males** particularly prefer to use **laptop/desktop computers** to search for product/brand information.
Promotion Information	**Opinion leaders** has a large scale impact on shaping purchase decisions of outbound tourists. **Students** tend to be easily influenced by **'brand stories/culture' as well as 'advertisements/creative events'.**

Source: The data on this page is from the Nielsen 2018 China Cross-border purchasing Research Project - Quantitative Questionnaire.

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ONLINE PURCHASES ARE FOCUSED ON APPAREL & FOOTWEAR AND ELECTRONIC PRODUCTS, WITH OFFLINE PURCHASES LARGELY CENTERED ON FOOD

Base: Overseas residents N=450
Q71: Offline purchase category
Q83: Online purchase category

AMAZON AND OTHER INTERNATIONAL E-COMMERCE PLATFORMS ARE THE MOST COMMONLY USED ONLINE SHOPPING CHANNELS

Online shopping platforms in various countries

United States		Australia		Canada		United Kingdom		Singapore	
Amazon	78%	**eBay**	73%	**Amazon**	78%	**Amazon**	65%	Qoo10	80%
Wal-Mart	65%	Cloes	60%	**Wal-Mart**	64%	**eBay**	52%	Lazada	73%
Target	53%	Woolworth	60%	BestBuy	49%	Tesco	50%	Carousell	68%

Base: Overseas residents N=450
Q78-Q82: E-commerce Platform for U.S./Australia/Canada/UK/Singapore

BANK CARDS ARE THE MAIN PAYMENT METHOD, WITH CONVENIENCE AS THE KEY CONSIDERATION FOR THEIR CHOICE

Bank Card 64%

Including Visa credit cards, Master credit cards, UnionPay cards etc.

PayPal 61%

Cash 27%

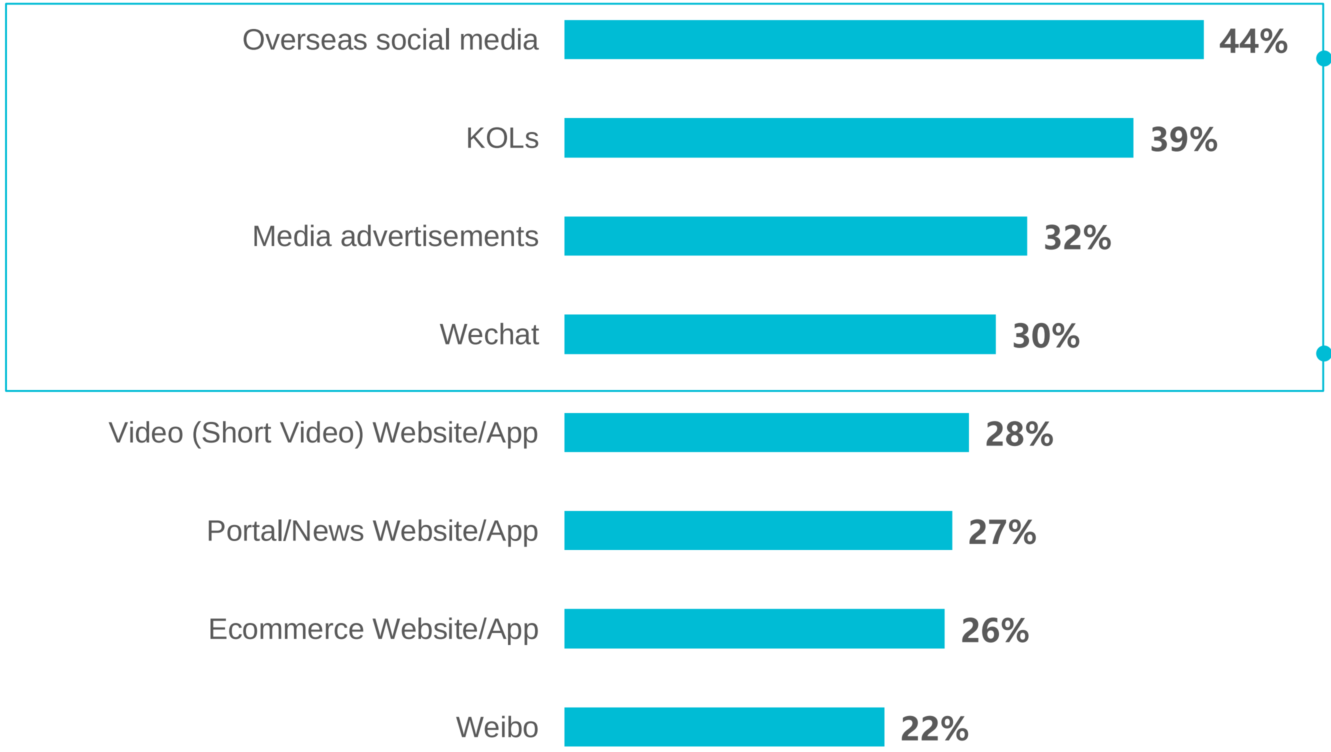
69% of overseas residents or 70% of immigrants are more dependent on the use of **bank cards** and **PayPal**, exceeding the percentages of overseas students and staff.

Key Considerations Of Payment Methods

Base: Overseas residents N=450
Q94: Residents' payment method
Q95: Reasons for choosing a payment method

OVERSEAS SOCIAL MEDIA IS THE MAIN MEDIUM FOR PRODUCT ADVERTISEMENT TOWARDS CHINESE OVERSEAS RESIDENTS

Advertisement Contact Channels for Overseas Residents



Overseas social media is the main ad channel.

Although living abroad, overseas residents will still contact **Chinese social media** to obtain product advertisement information. Among them, **WeChat** has a important position.

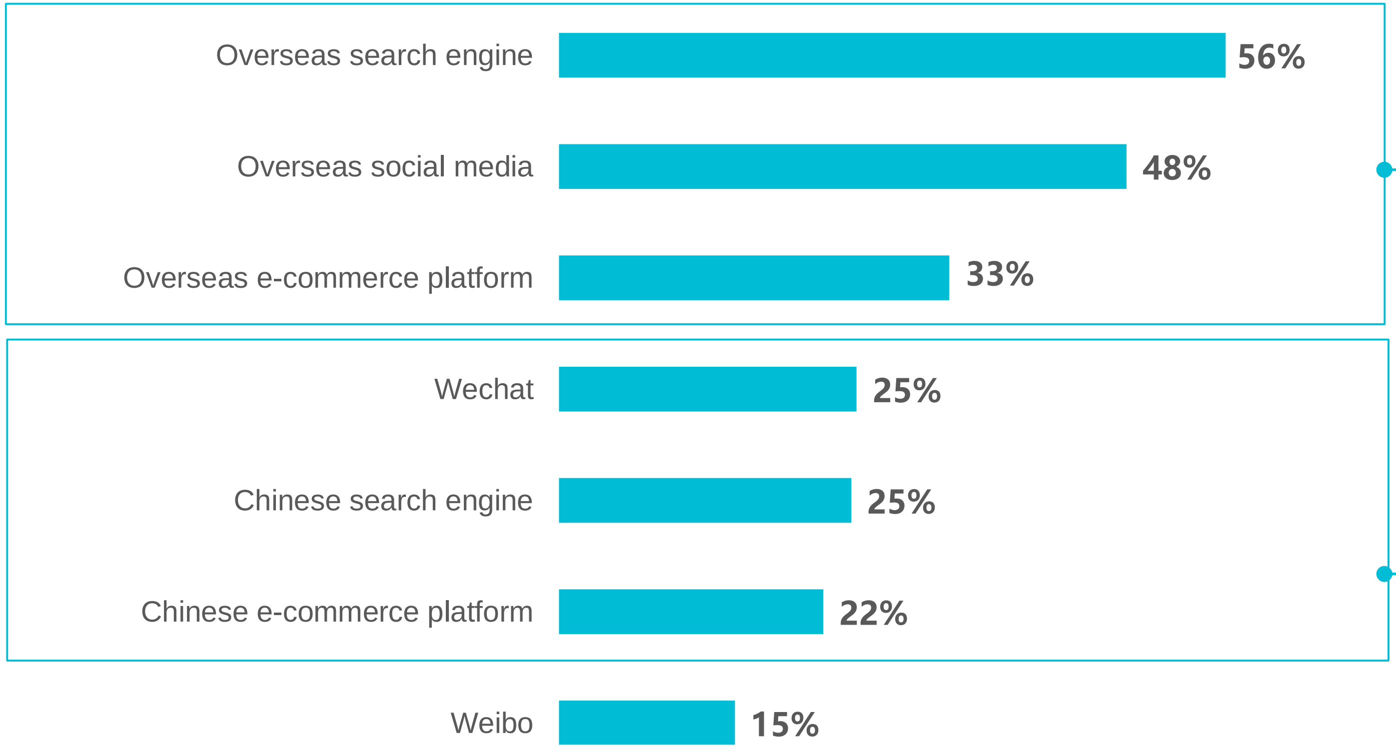
The proportion of **overseas students** and **long-term residents/immigrants** receiving advertisement information on WeChat is significantly higher than the average level of the consumers, reaching 39% and 35% respectively.

*Note: the trend is in line with Nielsen's findings that social media platforms are among the most important media sources worldwide.

Base: Overseas residents N=450
Q93: Access to advertisement

LOCAL CHANNELS ARE THE PRIMARY SEARCH CHANNELS FOR CHINESE OVERSEAS RESIDENTS

Information Searching Channels for Overseas Residents



When searching for product information, local channels are more convenient, so most overseas residents choose to search for information on **local search engines, social media, and e-commerce platforms.**

A significant number of overseas residents use **Chinese social media, search engines and e-commerce platforms** to access information.

Base: Overseas residents N=450
Q91: Understanding the channel

PCs ARE THE MOST COMMONLY USED BROWSING DEVICES FOR OVERSEAS RESIDENTS

Devices Used For Information Browsing

Laptop/Desktop Computer

70%

Smartphone

67%

Tablet

38%

Overseas residents over 5 years and immigrant consumers prefer to use PCs (up to 81%), this situation is significantly different from China's cross-border purchasing consumers and outbound tourists.

The overseas working consumers (64%) and overseas students (66%) are more dependent on smartphones, thus making their user habits similar to those in China.

Base: Overseas residents N=450
Q92 Overseas ResidentsTerminal/Equipment To Browse Information

PURCHASING AND INFORMATION ACCESS

KEY FINDINGS

1

Chinese overseas residents have clear and different purchasing preferences in online and offline product categories, and different online platforms show a relatively high ratio of consumer concentration

- Chinese overseas residents mainly purchase apparel & footwear and electronic products; For food, offline purchases are preferred.
- The leading online platforms are Amazon, eBay and other large international e-commerce platforms.

2

Chinese social media is still an important advertisement channel among Chinese overseas residents

- In order to keep in touch with friends and relatives and to synchronize information in China, overseas residents still maintain the habit of browsing Chinese social media platforms and search engines.
- Chinese internet platforms still have influence on Chinese overseas residents. In the case of WeChat, 30% of overseas residents still receive advertisement information through the platform, with this ratio growing up to 40% among the population who have lived overseas for only 1-5 years.

OVERSEAS RESIDENTS ARE MOST LIKELY TO BE INFLUENCED BY PRODUCT DISCOUNTS

Product discount 61%

68% of the unmarried population is attracted by product discounts, significantly more than the population with a different marital status

Opinion Leaders 42%

Brand Story/Culture 40%

Males, at 45%, prefer brand stories and culture in their purchase decisions, compared to females at 34%

Advertisement/Creative Event 30%

Postgraduates (35%) and PhDs (35%) are significantly more attracted by advertisement/ creative events than other consumers

Brand Spokesperson 21%

TV Show Sponsorship 18%

Base: Overseas residents N=450
Q90: Factors attracting purchasing in home country

SUMMARY OF OVERSEAS RESIDENTS' PURCHASING BEHAVIORS

Purchase

Purchasing behaviors of overseas residents

What to buy

Overseas residents prefer to do more offline shopping on products related to **daily supplies**. **Food** is the largest category of those.

In terms of online shopping, **apparel & footwear, electronic products, and household products** are the most popular categories for overseas residents.

Where to buy

Amazon, eBay, and Wal-Mart are widely selected shopping platforms for overseas residents.

How to pay

Bank cards and PayPal are the most commonly used payment methods for overseas residents. **Convenience and Speed** are the main reasons for them to choose a specific payment method.

Information Access

Media exposure of overseas residents

Media for consuming information Access

Overseas social media is the most important channel for overseas residents to be contacted by advertisement.

In terms of active searches, **overseas search engines/social media/e-commerce platforms** are still dominant, and **WeChat** has performed well for a Chinese media platform.

Devices for consuming information Access

Laptop/desktop computers are the main devices for overseas residents to browse product information, followed by **smartphones.**

Promotion information

Product discount are the strongest factor to attract overseas residents to purchase, followed by **Opinion leaders.**

Source: The data on this page is from the Nielsen 2018 China Cross-border purchasing Research Project - Quantitative Questionnaire.

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CROSS-BORDER E-COMMERCE CONSUMERS & OUTBOUND TOURISTS HAVE SIMILAR PURCHASING PREFERENCES

TOP4 Purchase Categories

Cross-border E-commerce	Outbound Tourism	Overseas Residence
Cosmetics 84%	Cosmetics 77%	Apparel & Footwear 67%
Apparel & Footwear 82%	Apparel & Footwear 65%	Electronic Products 61%
Electronic Products 73%	Food 61%	Food 58%
Food 63%	Electronic Products 60%	Household Supplies 58%

ALIPAY PLAYS AN IMPORTANT ROLE IN PAYMENT METHODS AMONG CROSS-BORDER E-COMMERCE/TOURISM CONSUMERS

Key Payment Methods (Selection ratio >=50%)	Cross-border E-commerce	Outbound Tourism	Overseas Residence
	Alipay 91%	Bank Card 77%	Bank Card 64%
	Bank Card 68%	Alipay 69%	PayPal 61%
	WeChat Payment 64%	Cash 50%	Cash 27%

CROSS-BORDER E-COMMERCE AND OUTBOUND TOURIST PURCHASING BEHAVIOR IS CONSISTENT IN THE ACCESS OF INFORMATION

Product Information Channels	Cross-border E-commerce	Outbound Tourism	Overseas Residence
1st >50%	Chinese search engines / Chinese e-commerce platforms / Opinion leaders	Chinese search engines / Chinese e-commerce platforms / Opinion leaders	Foreign search engines
2nd 30-50%	Foreign e-commerce platforms, Chinese social media platforms (WeChat, Weibo)	Foreign e-commerce platforms, Chinese social media platforms (WeChat, Weibo)	Foreign social media platforms, foreign e-commerce platforms
3rd <30%	Foreign search engines	Foreign search engines	Chinese search engines, WeChat, Chinese e-commerce platforms, Weibo

The study found that the channels to obtain information are consistent for both **cross-border e-commerce consumers** and **outbound tourists**; channels for overseas residents are slightly different.

SMARTPHONES ARE THE MAIN DEVICE CATEGORY FOR BROWSING PRODUCT INFORMATION FOR CROSS-BORDER E-COMMERCE/TOURISM CONSUMERS

Main payment method (Select ratio >=50%)	Cross-border E-commerce	Outbound Tourism	Overseas Residence
	Smartphone 89%	Smartphone 86%	Laptop/Desktop Computers 70%
	Laptop/Desktop Computers 83%	Laptop/Desktop Computers 78%	Smartphone 67%
	Tablet 38%	Tablet 35%	Tablet 38%

OPINION LEADERS & DISCOUNTS ARE MOST APPEALING FACTORS TO CONSUMERS

Cross-border E-commerce Consumers Behavior	Outbound Tourists Behavior	Overseas Residents Behavior
Opinion leaders 67%	Opinion leaders 61%	Product Discount 61%
Product Discount 65%	Product Discount 54%	Opinion leaders 42%
E-commerce Platform Recommendation 58%	Brand Story/Culture 42%	Brand Story/Culture 40%
Advertisement/Creative Event 38%	Advertisement/Creative Event 41%	Advertisement/Creative Event 30%
Brand Story/Culture 25%	Tour Guide/Group Tour 30%	Brand Spokesperson 21%

Common Characters:
"Opinion leaders" & "product discount" are the most attractive driving factors.

Unique Characters:
“Brand story/culture” is particularly attractive for cross-border tourists and overseas residents.

SUMMARY OF PURCHASING BEHAVIORS

Purchase

Purchasing behavior

What To Buy	**Cosmetics, apparel & footwear and electronic products** are the main purchasing categories of cross-border e-commerce and cross-border tourism. Overseas residents consume more to meet **the needs of daily life**, the main purchase categories are **food, apparel & footwear, and household products.**
How To Pay	**Alipay** plays an important role of payment among cross-border e-commerce/tourism consumers; the media value of Alipay deserves attention.

Information Access

Media Exposure

Media For Consuming Information Acquiring	**Chinese e-commerce platforms** are the primary sources of product information for cross-border e-commerce consumers and outbound tourists, followed by **Chinese search engines and Opinion leaders.** The main information channel of overseas residents is still **overseas media.**
Devices For Consuming Information Acquiring	**Smartphones** are the main devices for cross-border e-commerce consumers/outbound tourists to browse product information. Among overseas residents, **laptop/desktop computers** share the highest percentage of browsing contacts.
Promotion Information	**Opinion leaders and product discount rates** are more attractive to outbound tourists and overseas residents in making their purchase decisions.

Source: The data on this page is from the Nielsen 2018 China Cross-border purchasing Research Project - Quantitative Questionnaire.

SUMMARY OF CHINESE CONSUMER CROSS-BORDER PURCHASING BEHAVIORS

Summary

1. **An increasing number of consumers are spreading their purchasing power globally.**
   Special attention ought to be paid to female consumers and consumers with children, who are two main purchasing forces behind cross-border e-commerce and outbound tourism.

2. **Product categories are constantly being enriched for Chinese cross-border consumers.**
   Traditional categories such as cosmetics, apparel & footwear are the main categories of cross-border purchasing. Food, as a emerging category, contains great business opportunities.

3. **Chinese cross-border consumers utilize various digital means to facilitate cross-border purchasing.**
   Younger consumers have already shown significant involvement on Chinese social media platforms (WeChat and Weibo, etc.) and their marketing value for advertisement is outstanding.

Thank You!