



Tapping into cross-border e-commerce in China

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Foreword

This eBook provides a general overview for international brands on how to access the Chinese e-commerce market. China is now the world's largest B2C (business-to-consumer) e-commerce market, accounting for 30% of total retail sales in the country. Chinese consumers spend online on average USD \$2,058 per year, 50% of which (USD \$1,018) is on mobile phones.

As per Statista's report, 83.8% of the Chinese internet users shop online, purchasing products from local and international brands. The number of e-commerce users is expected to grow by 24% to 1,224 million users in China by 2025. This growth is driven by the rise of China's middle class.

Cross-border e-commerce makes up 13.5% of China's total e-commerce market, with Japan (24%), Australia (14%) and the US (12%) ranked as the top 3 countries Chinese consumers shop from. Overseas merchants need to take practical steps and grasp the right sales channels, payment partners, logistics platforms to tap into the Chinese market, and scale up their business.

We've put together this eBook to provide a general overview of China's exciting and competitive landscape. Divided into five easy-to-digest chapters, you can read it from beginning to end, or dip into specific sections using our handy index below to guide you. Insider opinions from industry experts that drive right decisions are also included inside!

Please note that this e-book is provided for general informational purposes only and is not intended to address the particular circumstances of any specific entity or individual. Market trends and statistics, especially those of a foreign jurisdiction, are dynamic, subject to change, and are influenced by many external factors, such as international relations and politics. Please ensure you thoroughly conduct your own research and seek professional advice before entering a foreign market for business purposes.

E-commerce and cross-border e-commerce in China

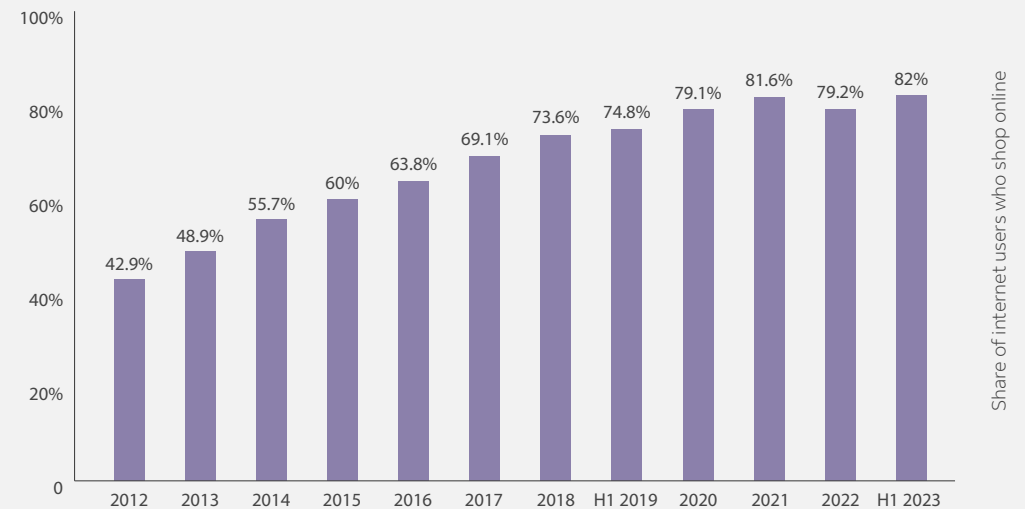
Section 1

As per the [Statista](#) Digital Market Outlook report, China is the largest e-commerce market in the world with over 1,25,366 billion generated in revenue last year. This number is expected to grow by 24% to 1,224 million users by 2025.

By the end of this year, the global e-commerce market is projected to be worth [US\\$4.23 trillion](#) in revenue. China remains by far the largest e-commerce market worldwide with a revenue of over US\$1.5 billion and is predicted to reach [US \\$3.3 trillion](#) by 2025.

In the last ten years, the Chinese e-commerce market has experienced an exponential rise. Figure 1.0 shows a snapshot of the penetration rate of China's online shopping since 2012. According to Statista, the penetration rate of online shopping in China hit 82% in 2023, and is expected to hit an astonishing 83.9% by 2025.

Figure 1.0: Penetration rate of online shopping in China from 2012 to June 2023



China's e-commerce market potential:

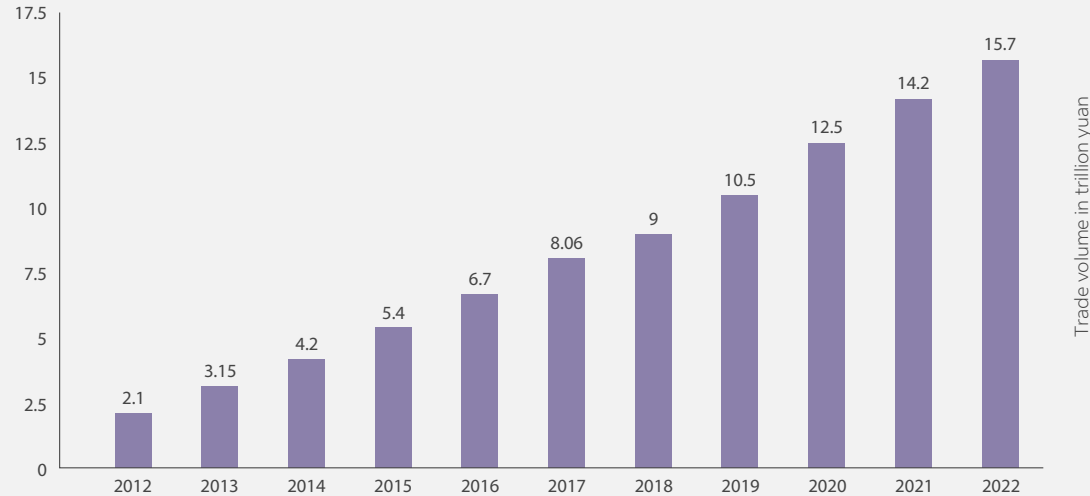
- The number of eCommerce users is expected to grow by 24% to 1,224 million users in China by 2025
- 35% of online shoppers in China have a high household income
- 68% of the population in China shops online
- Smartphones are the most frequently used devices for online shopping in China

1.1

Where does China's cross-border e-commerce stand?

The trade volume of China's cross border e-commerce players in 2022 was 15.7 trillion Yuan, a 10.56% year-on-year increase over last year. In that same year, the number of cross-border users in China reached 168 million.

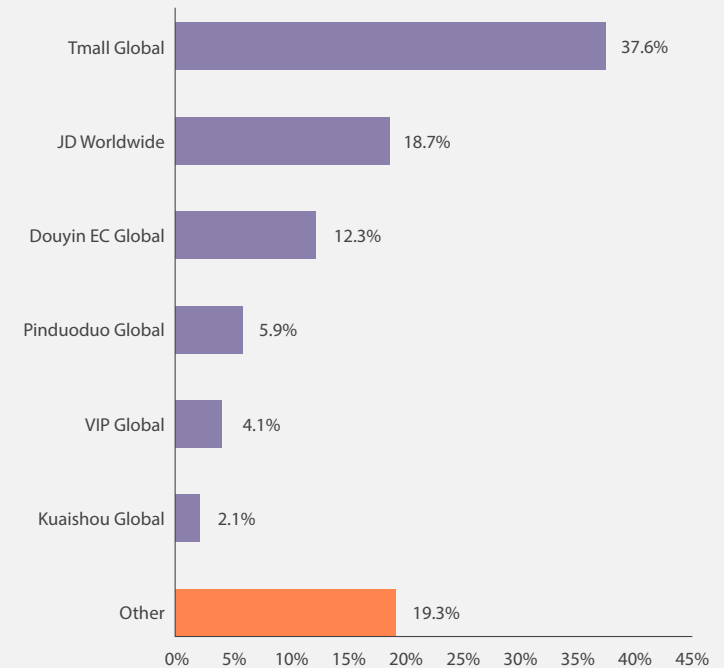
Figure 1.1.1: Trade volume of China's cross-border e-commerce players from 2012 to 2022 (in trillion yuan)



The cross-border import market has been growing even faster with the prevalence of online shopping and cross border logistics:

- The total cross-border e-commerce grew by 10.56% in 2022
- In 2023, Alibaba's cross-border platform, Tmall Global, held a 37.6% share of the total market in China's import cross-border B2C e-commerce sector.

Figure 1.1.2: Market share of import cross-border B2C e-commerce retailers in China in 2023

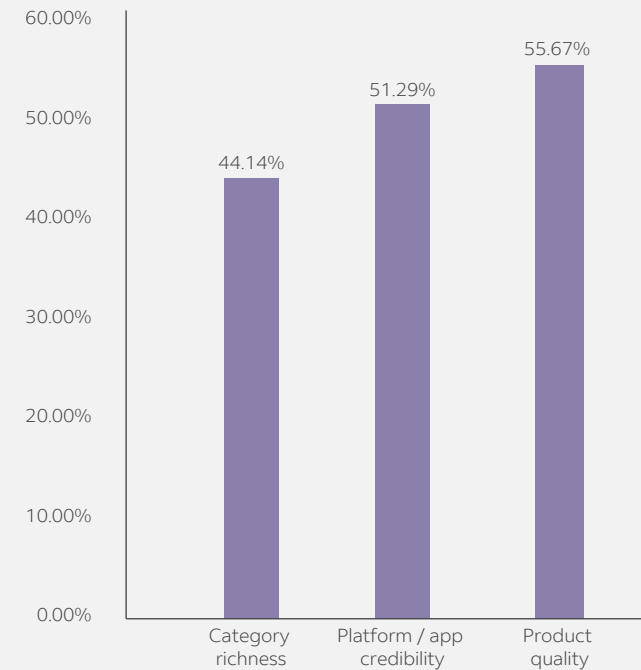


1.2 Selecting international brands - key criteria



When Chinese consumers purchase overseas goods from cross-border platforms, 55.67% of them value "product quality". Platform / app credibility is also a key attribute that ensures that they are not only getting the right product but also that it's genuine.

Figure 1.2.1 : Top 3 reasons for Chinese consumers to purchase goods from cross-border platforms



Source: iResearch -2021 China cross border e-commerce Industry white book

1.3

China's cross-border e-commerce - challenges faced

Order cancellation was another major issue facing international companies.

In order to achieve a direct cross-border route-to-market in China and cut out retailer margins, brands should develop their own (or partnered) capability within international tax, customs, and logistics.

WeChat Pay and Alipay contribute to over 90% of Chinese consumers' mobile payment. Therefore, your business needs to adopt to a localized payment option.

91% of shoppers will abandon retail sites if they don't offer fast, free or flexible shipping. Also, if you plan to ship directly to Chinese consumers from overseas warehouses, it will take more than 3 days. This could be a cause for customer dissatisfaction.



1.4

China's cross-border e-commerce market opportunities



In the past few years, the number of middle- and high-income class people in China have grown exponentially. The number of online shoppers in China crossed 900 million last year (Figure 1.4.1)

Figure 1.4.1: Number of online shoppers in China from 2013 to 2023 (in millions)

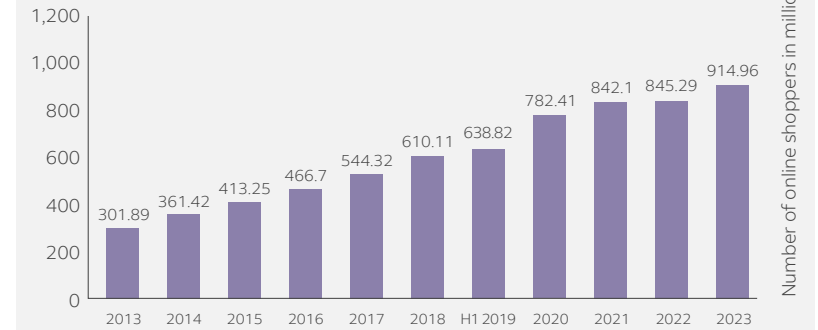
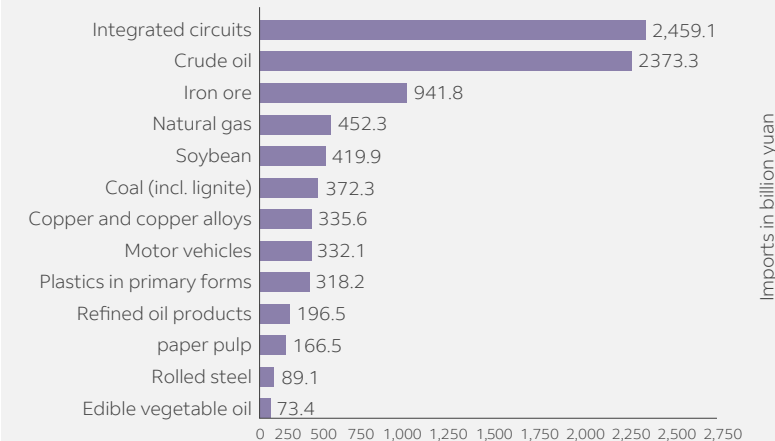


Figure 1.4.2 : Major goods imported to China in 2023 (in billion yuan)



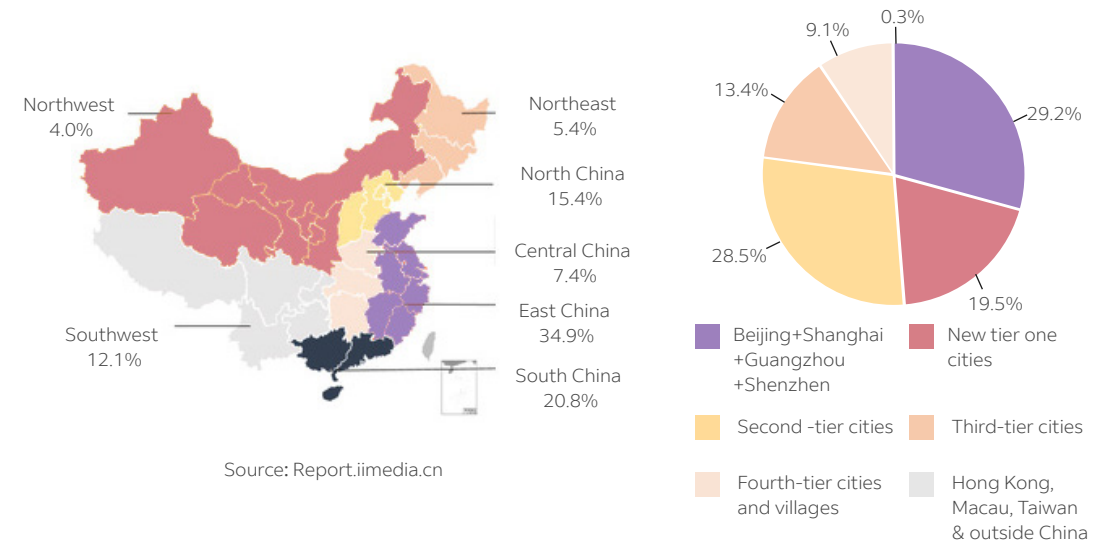
With the diversification of available products, such as sporting goods and electronic products, etc. the proportion of male consumers has been increasing.

With the increasing consumption level of the younger generation. Gen Z will soon become the main force of cross-border shopping.

Among those rapidly increasing young cross-border consumers (as shown in figure 1.4.3), the first-tier cities such as Beijing, Shanghai, Guangzhou, and Shenzhen make up the majority of cross-border shoppers, accounting for 29.2% of the total cross-border shoppers.

Consumers from more developed regions, such as Central South, and Southern China also have a desire to buy international products, which is the perfect reflection of their economic status and high purchasing power. Consumers between 26 and 40 years are the main cross-border shoppers, and the percentage of females is slightly higher than males.

Figure 1.4.3: China's Urban & Regional Cross-Border E-commerce User Distribution



Key takeaways



China is the largest e-commerce market in the world and is expected to reach RMB21.4 trillion (US\$3.3 trillion) by 2025.



China's online retail sales in 2023 totaled 15.42 trillion yuan (\$2.1 trillion), which is an 11% increase from the previous year.



The pandemic caused some disruptions however China's cross border e-commerce continues to grow.

Sales channels and platforms to get started

Section 2

2.1 Types of cross-border e-commerce platforms in China



Direct to consumer model

It is a trade between a business and a consumer. In this model, shoppers buy merchandise directly from online shopping websites, apps, or WeChat mini programs owned by merchants.



Business to consumer model

Businesses work with a third-party shopping platform to sell products. In this model, shoppers purchase merchandise via stores owned by merchants or their partners on third-party platforms.

D2C Model

Overseas merchants, such as [Lux](#), [Gucci](#), etc. have all developed their own D2C (Direct to Consumer) channels, websites, apps, or WeChat mini programs, to sell directly to customers in China.



Pros:

- Flexible and independent management
- No extra commissions and management fees
- Loyal customers



Cons:

- Limited product offers
- Large initial investment and opportunity costs
- Self order fulfilment

B2C Model

[Tmall Global](#), [JD Worldwide](#), [Kaola](#), [Vipshop](#), Little Red Book and [Amazon](#) are the top platforms, among many others. These platforms bring together many different merchants under one roof, providing consumers with a rich selection of merchandise, ranging from daily necessities and sportswear to electronics and luxury items, essentially making these platforms a one-stop shopping marketplace.



Pros:

- Small opportunity costs and low operation and capital risks
- Quick business start
- Large selection of merchandise
- Large customer base



Cons:

- Lengthy application process
- Platform commission and management fees
- Operation restrictions and mandatory marketing events

Cross-border marketplace platforms:

Based on trading types, B2C (Business to Consumer) e-commerce platforms are divided into four categories - comprehensive, vertical, group-purchase, and social.

Comparison of different types of B2C (Business to Consumer) marketplace platforms

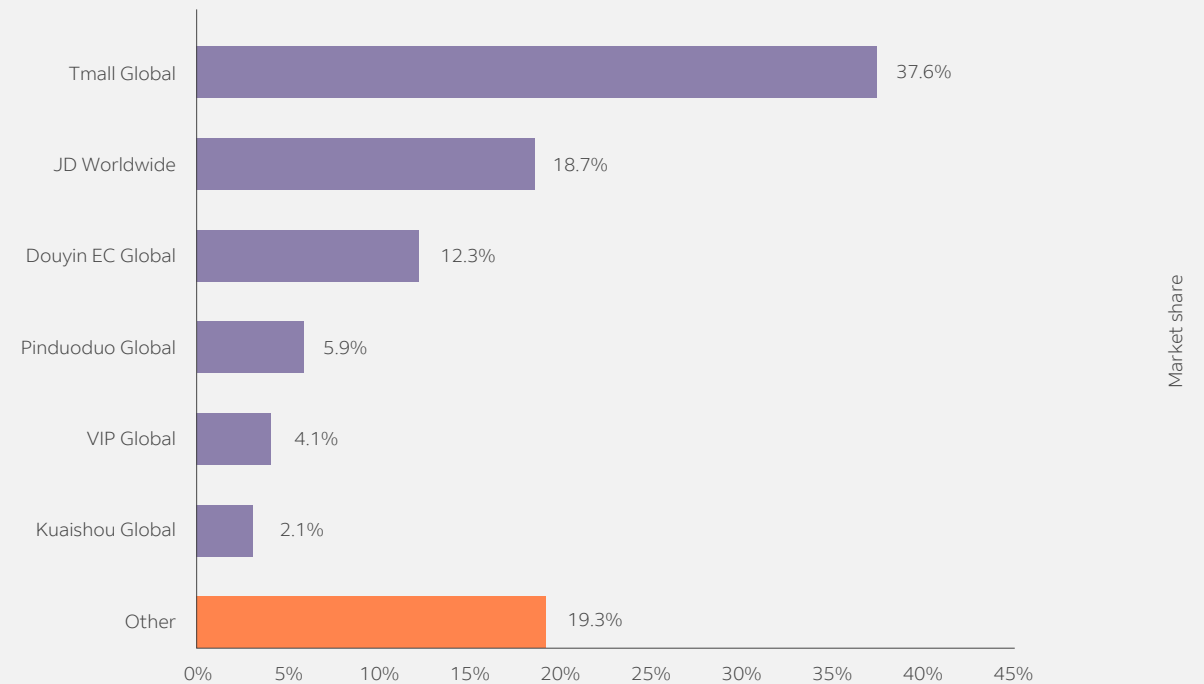
	Comprehensive	Vertical	Group purchase	Social
Features	Large variety of products & large customer base.	Specific and small product categories.	Low price, low-end product categories.	Large amount of UGC content and reviews. Synergetic combination of branding and sales channel.
Main product categories	Comprehensive product ranges covering all FMCG products.	Cosmetics, luxury goods, and maternity and baby products.	Clothes, food & groceries.	Food, cosmetics & clothes.
Advantages	Good reputation and credibility, powerful in-platform marketing tools & a large customer base.	High customer loyalty & good conversion rates.	Competitive price advantage, large customer base & high referral rate.	Large user bases for branding. Influencer marketing and livestreaming with high conversion.
Challenges	Complex application process & competitive price pressure.	Small customer base & small platform size.	Low customer loyalty. Average product quality.	Limited e-commerce functions. Underdeveloped regulation system.
Channels	Tmall Global , Kaola , JD Worldwide , Suning Global , and Amazon China .	Vipshop Global , yMatou , and Beibei Global .	Pinduoduo .	Xiaohongshu (Little Red Book) .

2.2 Top cross-border e-commerce platforms

In Q1 In 2023, as shown below, the top three platforms owned over 65% of the market share. Tmall Global held 37.6% market share, followed by JD Worldwide and Douyin EC Global at 18.7%, and 12.3% respectively.



Figure 2.2.1 : Market share of import cross-border B2C e-commerce retailers in China in 2023



Five top cross-border e-commerce platforms in China

	Tmall Global	Kaola	JD Worldwide	VIP International	Little Red book
Parent company	Alibaba	Alibaba	Jingdong	VIP	Alibaba Invested
Founded	2014	Acquired by Alibaba in 2019	2015	2008	2013
Market share	38%	24%	20%	9%	2%
Size	Largest cross-border marketplace for foreign brands. Over 800 million buyers, 150,000 merchants and 30,000 international brands.	More than 25,000 products from more than 10,000 brands from over 80 countries.	10 million SKUs from nearly 20,000 brands.	Over 30,000 cooperated brands, 340 million registered IDs & 83.9 million active users.	300 million registered users with 85 million monthly active users.
Positioning / How platform markets itself	A platform for the world's top brands selling quality products.	A platform that provides a wide variety of imported products with assured quality at fair prices.	Most trusted retail platform in China. Quality first and user first.	Provide customers with authentic products, an unparalleled shopping experience, and unbeatable prices.	A first-party distributor offering its brands an "all-inclusive platform", without having to worry about customer service or delivery.
Target companies	Overseas companies with physical presence abroad and overseas registered trademark.	Has its own operations and allows foreign registered companies to open their own stores.	Overseas companies with over 500,00 RMB in capital that may or may not have physical presence.	Self operated.	Foreign companies more interested in marketing purposes.

*Information is general in nature. Please conduct your own research to ensure the most updated information.

Source: 1. <https://www.tmogroup.asia/tmall-global/#:~:text=In%20China's%20eCommerce%20market%2C%20Tmall,buyers%2C%20and%20over%20150%2C000%20merchants.> 2. <https://jdcorporateblog.com/jd-worldwide-sees-sales-growth-at-anniversary-event/>

	Tmall Global	Kaola	JD Worldwide	VIP International	Little Red book
Target customers	Mostly middle class young women living in large cities in China looking for premium foreign products.	20-45 middle class.	High income people living in tier 1 and tier 2 cities.	High income white collar.	Women between 24 and 35.
Product category	1,476 product categories. Top three include: 1)Beauty and personal care 2)Nutrition and health care 3)Maternity and baby products	Beauty, mother and baby care, personal care, home, health care, consumer electronics, affordable luxury, food, clothing and shoes, sports and outdoor, watches and accessories.	From nutrition and healthcare to home appliances and car-related items.	Apparels, shoes & bags, cosmetics, maternal and child products, home goods and foods.	Beauty, fashion, travel and food.
Operations	Inside China or overseas.	Inside China or overseas.	Inside China or overseas.	In-house logistics system.	Inside China or overseas.
Warehouse	Outside china or bonded warehouse.	Bonded warehouse.	Outside China or bonded warehouse.	12 overseas warehouses and 11 in China.	N/A
Delivery	From overseas or bonded warehouses.	From bonded warehouses.	Global shipping and warehouse.	All products are sourced and bought directly from overseas.	N/A

2.3

How to choose the right platform to start with



1. Analyze local market

- Do market research to thoroughly understand the local market
- Carefully choose the right product offerings to meet the demands of local customers



2. Select right platform

- Do diligent research on each platform. Consider its credibility, customer service capabilities, logistics, payment systems, etc.
- Understand platform specialties and target groups
- Consult with specialists if needed
- Choose the platforms that match a business's product offerings and target customers
- Compare the different costs of the selected platforms and the marketing tools they can provide



3. Apply for license

- Consult local specialists to go through the application process
- Prepare legal documents
- Submit application

2.4 Key considerations before starting to sell

To better understand the steps mentioned above, let's look at a payment gateway software by Samarkand Global called Nomad Checkout, which operates through a business collaboration with FedEx & SF Express.



Speed up the delivery time

Nomad checkout operates through a business collaboration with SF Express and FedEx, the fastest and most reliable delivery agents in China. Delivery within 7 days is normal and acceptable for most consumers.



Reduce import taxes

Nomad checkout offers consumers the special CBEC tax rate of 9.1% for most products versus 20% for postal orders or 23.1% vs 50% for high end cosmetics. This is a significant tax saving.



Optimize the high shipping cost

Nomad's collaboration with SF Express and FedEx gives them access to direct airline rates and optimized end-to-end cost and tariff discounts of up to 83%.



Remove exchange rate issues

At checkout the costs are shown and charged in RMB. Costs are broken down to show product cost, shipping cost and duty.



Chinese language

Nomad checkout process is in Chinese and supports local payment options through WeChat, Alipay and UnionPay. Data collection and processing is all made in Chinese and uses trusted Chinese delivery agents, alongside their customer service in China. This all serves to increase the confidence of the consumer.



Speed up checkout loading speed

Nomad checkout is optimised to avoid the slow loading speeds caused by the China firewall. The site loads in just a few seconds which lowers the bounce rate on the website.

Key takeaways



Selecting the right platform is critical for a business to sell its products successfully.



The application process is complex and needs local expertise including language translation.

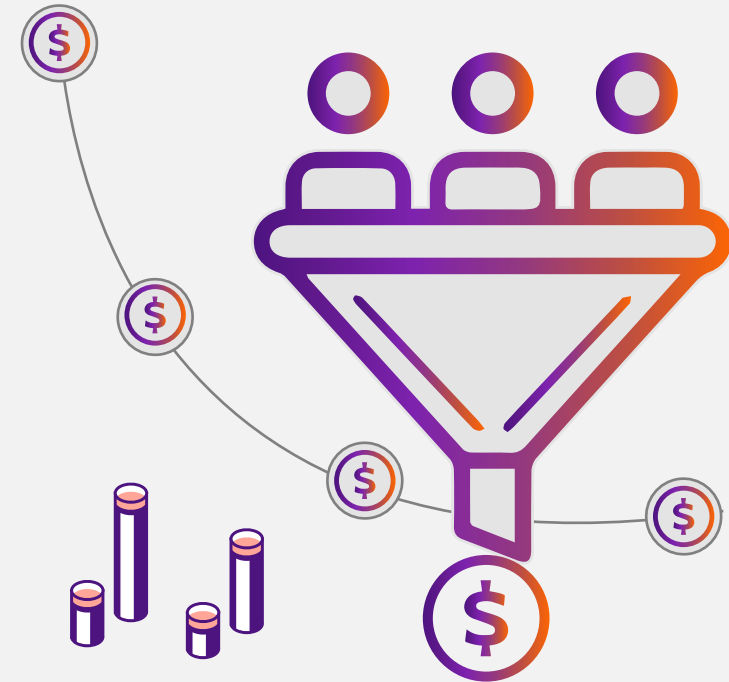


To reduce the opportunity costs, finding a good partner is always a good idea.

Building demand and converting sales

Section 3

China's cross-border e-commerce offers vast opportunities for international brands. According to the latest customs statistics, since the beginning of this year, China's imports and exports have continued to improve. In the first two months of 2024, China saw its imports and exports reach 6.6 trillion yuan (about 930 billion U.S. dollars), a historical high for the same period. It is estimated that China's foreign trade will basically maintain the upward momentum in the first half of 2024. The growth rate of China's trade with Belt and Road partner countries is higher than the average level. Cross-border e-commerce, market procurement and other new foreign trade models have seen strong momentum. China's size and diverse consumer base demand a deep understanding of local expectations and shopping behaviors to ensure success.

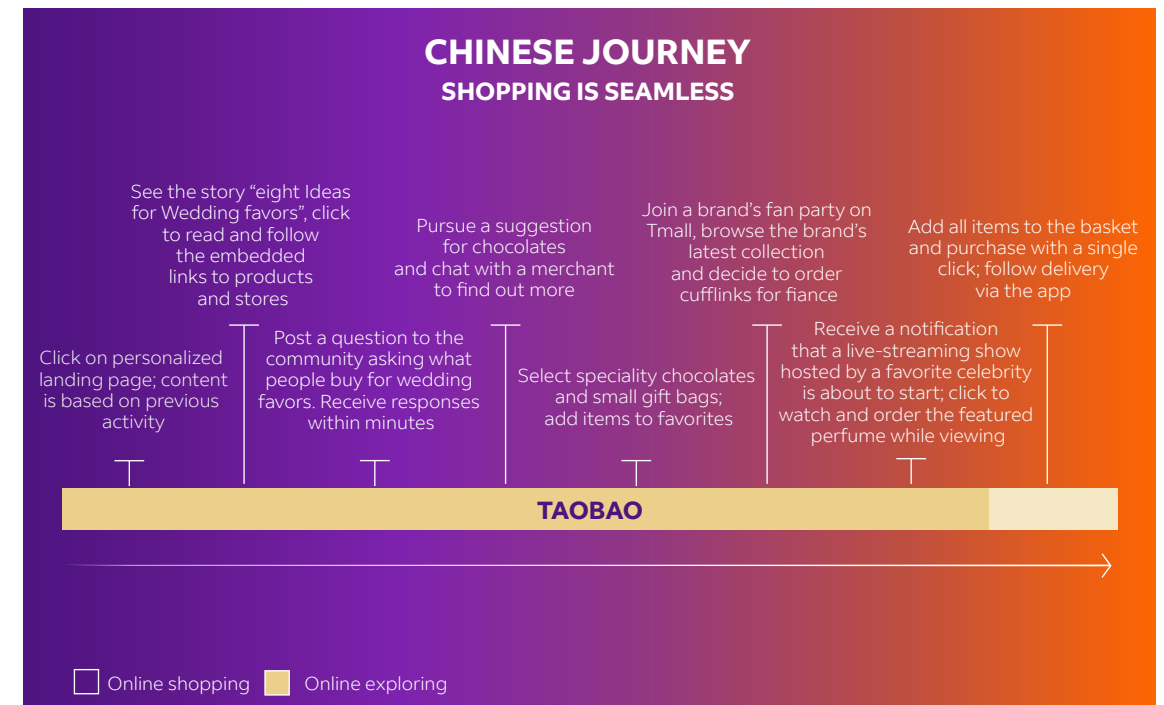
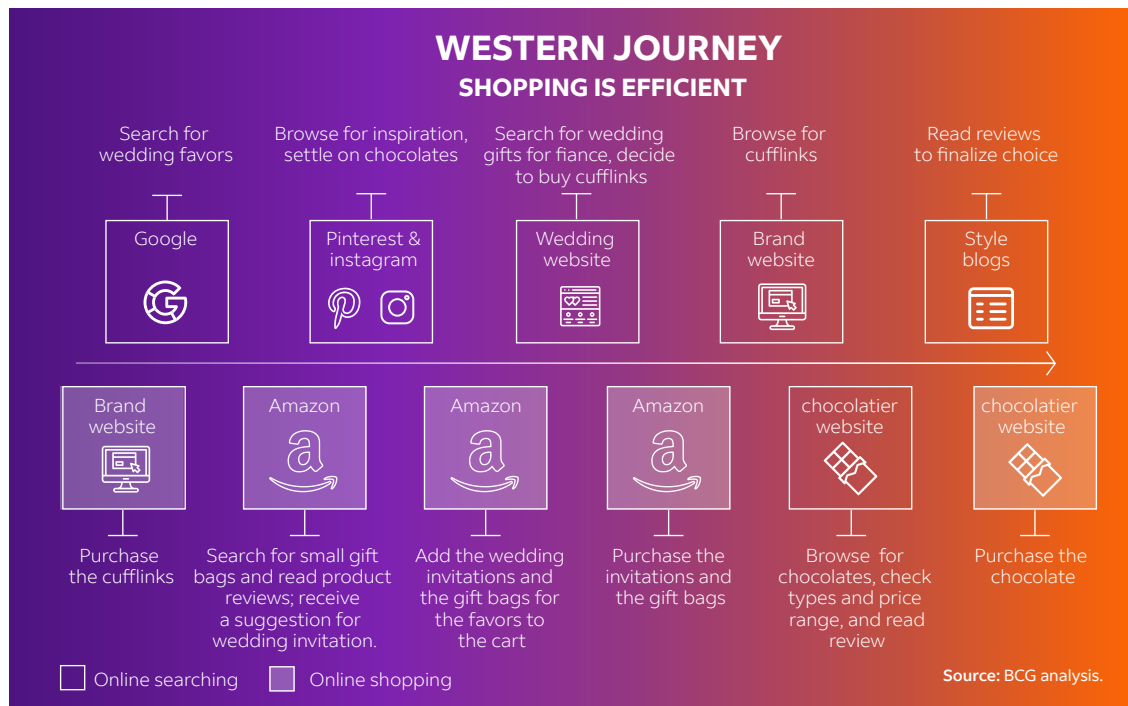


3.1 Chinese consumers' cross-border shopping behaviour

According to recent surveys, customers in China like to spend their time in a discovery-driven online environment.

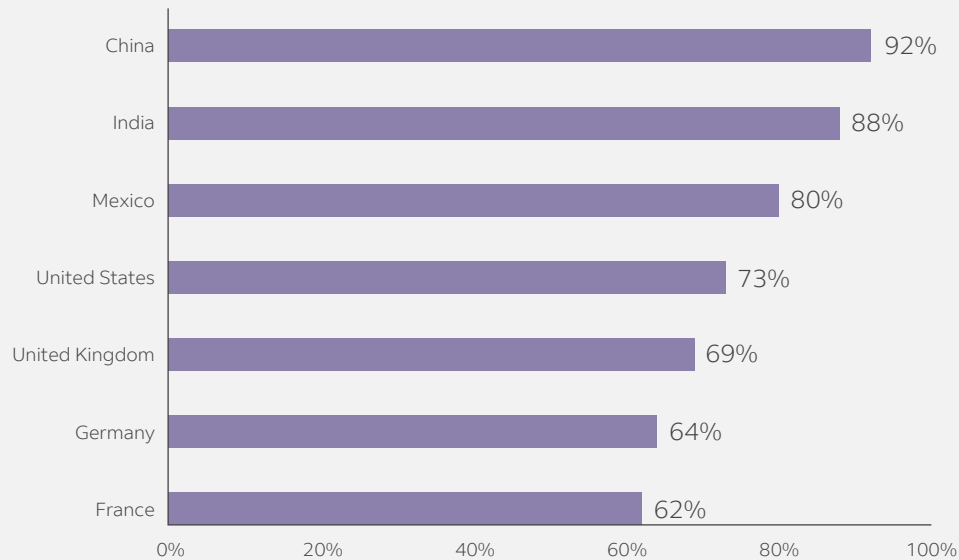
E-commerce players in China optimize their platforms for customer involvement, blurring the lines between entertainment and e-commerce, as well as online and offline commerce. Shopping is a group activity, not a solo one.

Search vs highly personalised discovery



Smartphones are leading global online shopping, with China showing high adoption rates due to accessibility and convenience. They are most popular in China, where 92% of respondents to the [2023 Statista Global Consumer Survey](#) said they use their phones to shop.

Figure 3.1.1: Usage of smartphones for online shopping, 2023



Chinese consumers discover new brands via diverse digital channels and content, including online marketplaces, social media, music videos, fashion shows, makeup tutorials, and news websites.

China's interconnected digital platforms enable content-led discovery, allowing customers to easily buy items they see via embedded purchase links. This seamless "buy what you see" approach enhances product placement and purchase simplicity beyond what's seen in Western countries.

App-based social commerce has rapidly advanced in China, particularly among young consumers who prefer cosmetics as their go-to product.

3.2 What can brands do to meet consumers' expectations?

The e-commerce market in China is very dynamic and fast paced. Chinese consumers are sophisticated and have unique expectations. International brands need to thoroughly understand them to win the market.

Key moves to make:

- Build strong brand awareness with local digital channels
- Adopt a mobile-first mindset
- Focus on speed and respond to the market rapidly
- Provide high quality products with competitive prices
- Create a good shopping experience that prompts positive customer reviews
- Continuously innovate



*Information is general in nature. Please conduct your own research to ensure the most updated information.

Source: 1. <https://www.schroders.com/en-us/us/individual/insights/china-e-commerce-is-it-time-to-look-beyond-regulatory-pressures/>

Major Chinese holidays and key shopping events

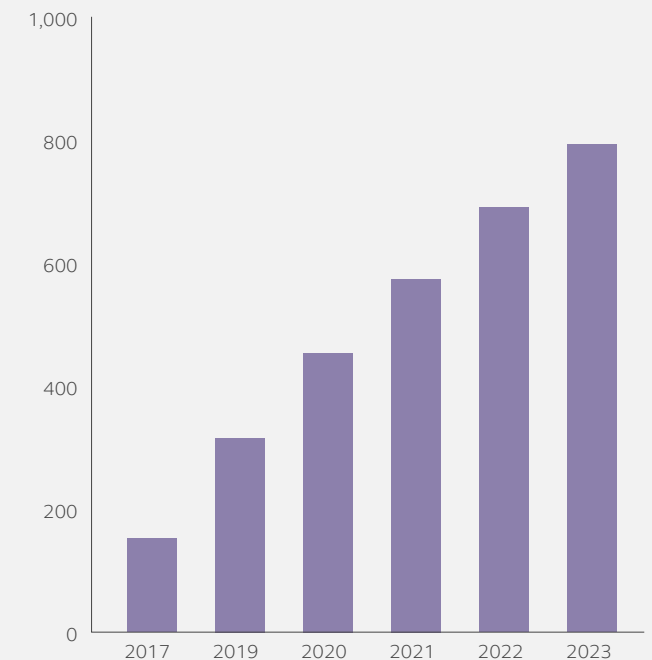
Spotlight: “Singles’ Day” (11.11)

Since the early 1990s, Singles’ Day, aka Double Eleven, has long been a holiday for students to celebrate their singledom. Inspired by the sales success of JD’s 618 campaign, the Chinese e-commerce titan Alibaba kicked off its Singles’ Day sales promotion in 2009. The idea behind Singles’ Day is celebrating being single by shopping online and indulging oneself. Other e-commerce platforms gradually joined the battle, offering various discounts and promotions.

Big shopping events in China:

China has many shopping events throughout the year to boost consumption. Many shopping events coincide with traditional Chinese holidays, such as the Chinese New Year and the National Day. International brands should keep track and offer discounts during these events. We have listed the [major shopping events](#) in China on the next page. All participating merchants provide discounts on their products during these events. Furthermore, amazing annual discounts are provided by merchants during 11.11 and 6.18.

Figure 3.3.1: Gross merchandise volume of main online shopping platforms during China’s midyear shopping festival* from 2017 to 2023 (in billion yuan)



Big shopping events in China

January or February



Chinese New Year

February 14



Valentine's Day

March 8



International Women's Day

June 18



6.18

July 7



Chinese Valentine's Day

September



Mid-autumn Festival

October 1



National Day

November 11



Singels Day (Double 11)

December 12



Couples Day (Double 12)

3.4 Digital marketing channels



When an international brand is ready to expand its business in China, they need to consider how to brand their products to appeal to Chinese consumers and how they will compete with similar local brands and international brands.

The [Chinese digital marketing landscape](#) is vast and the channels are totally different to rest of the world.

Figure 3.4.1: Share of online advertising revenue in China in 2023, by industry

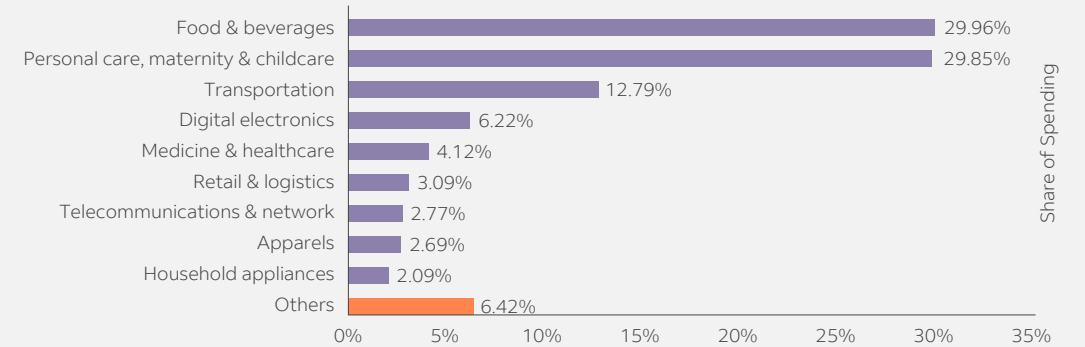
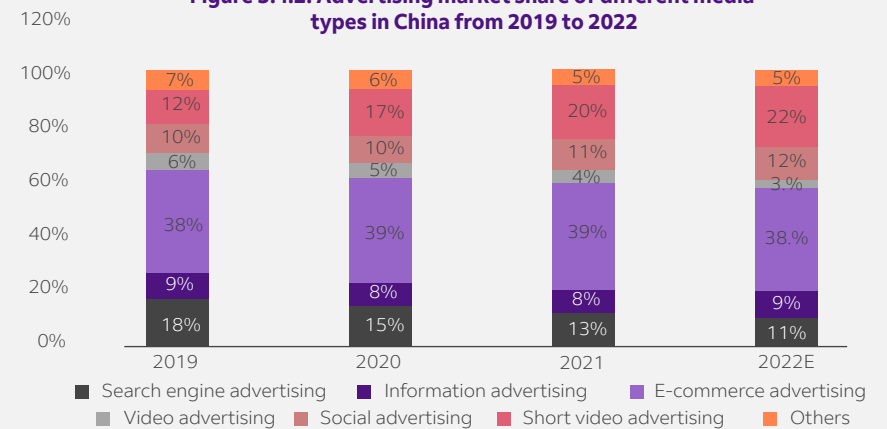


Figure 3.4.2: Advertising market share of different media types in China from 2019 to 2022



Source: iResearch, research on China's e-commerce market in 2020

Here are the most popular digital channels businesses are leveraging:

Search Channels:

Baidu is the dominant search engine in China. [In January 2024, Baidu accounted for 70% of the market share.](#) Baidu news feed ads (similar to Google Ads) can help international brands especially new entrants, to selectively target their audience. Like Google, merchants can optimize their Chinese website for SEO in China which will enable them to drive more traffic and generate sales.

Tips:

- Baidu favors websites with content written entirely in Chinese
- Paid advertising: Familiarize yourself with Baidu Phoenix Nest, a Google Ad like bidding system



Figure 3.4.3: Market share of leading search engines in China from January 2019 to January 2024

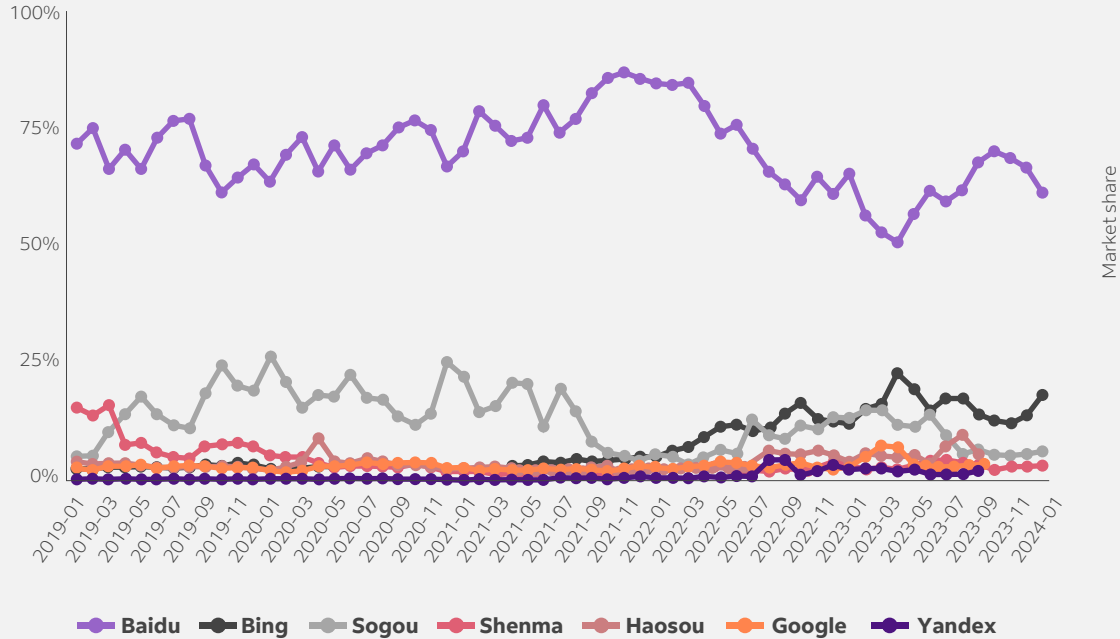
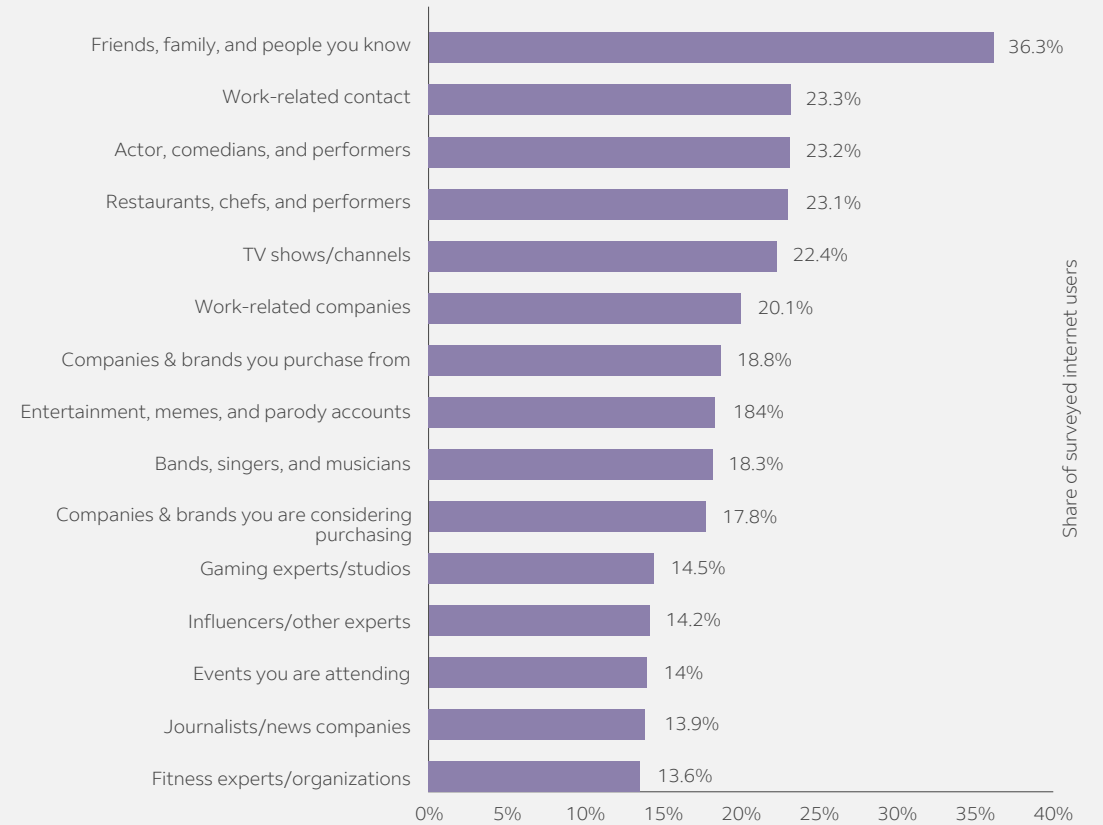


Figure 3.4.4: Share of internet users following social media in China as of 3rd quarter 2023, by social media account type



Source: 1. <https://www.statista.com/statistics/253340/market-share-of-search-engines-in-china-pageviews>

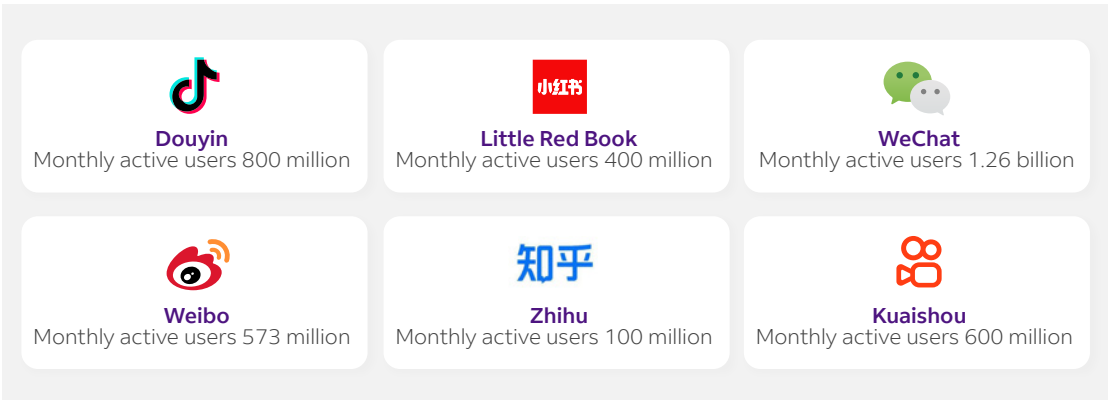
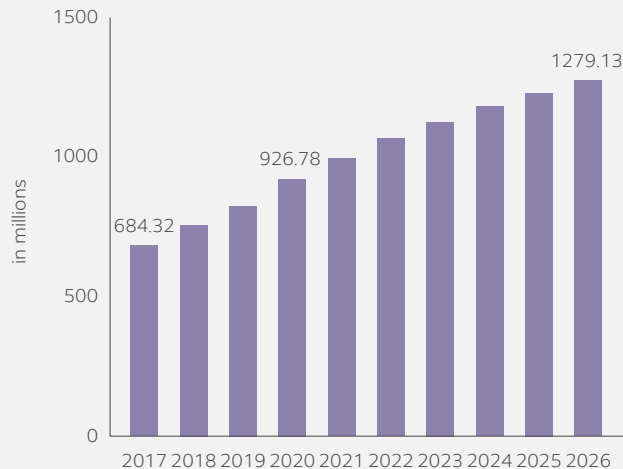
3.5 Overview Of Social Media Landscape

Around 90% of the Chinese population uses the internet. Social networking plays a huge role among netizens, especially the younger generation. In fact, after the '90s, Gen Z is the biggest portion of social media users. To maximize social media marketing in China, it is necessary to create content that targets this group to lead to positive results efficiently. Chinese social media ecosystem not only serves as a way to communicate online, but also as one of the main sources of news and entertainment, shopping advisors, dating channels, and e-payments.

China social media users

There were around 926.8 million social media users in China in 2020 and it is expected to grow significantly.

Out of the 904 million Chinese people now using the internet 897 million people are on a mobile is used in China.



Overview Of Social Media Landscape:

- 1.AI Integration and Personalization:** Advanced AI technologies are increasingly used to personalize user experiences. Expect highly tailored content, recommendations, and advertisements based on user behavior and preferences.
- 2.E-commerce and Social Media Convergence:** Social commerce continues to rise, with platforms integrating more e-commerce features, allowing users to shop directly through social media apps.
- 3.Short-Video and Live Streaming Domination:** Short-video and live streaming content remains at the forefront, driving user engagement and offering lucrative opportunities for influencer marketing.
- 4.Rise of Niche Platforms:** While giants like WeChat and Douyin dominate, there's a growing trend towards niche platforms catering to specific interests and communities, offering more targeted marketing opportunities.
- 5.Enhanced AR and VR Experiences:** Augmented Reality (AR) and Virtual Reality (VR) are being more widely adopted, offering immersive and interactive experiences that redefine content consumption and user interaction on social platforms.

Celebrities and opinion leaders are the main communicators of product information. In fact, 49% of Chinese consumers depend on KOL recommendations, and 84% trust online reviews by peers.

KOLs promote live-streaming and content style to drive sales significantly in one day. Several industries are involving KOLs in their marketing strategy

Live streaming in China has become the most popular video format because it is more engaging and interesting and keeps the user glued to the screen, also giving the possibility to send messages and receive a live response and the possibility to see the product in person and evaluate whether to buy it or not.

In 2019, Chinese users who saw live streaming exceeded 504 million and are forecasted to reach US\$76.42 billion by 2025

China's Short Video market is expected to reach US\$134.30 billion in 2025.

Percentage of live streamers

Apparel and fashion is by far the leading category in livestream events



35.6%
Apparel and
fashion



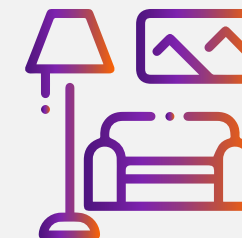
7.6%
Beauty



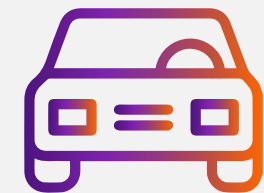
7.4%
Fresh food



4.6%
Consumer
electronics



3.6%
Furnishing
and home decor



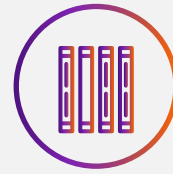
0.2%
Automobile & local
online-to-offline sales
(eg. tickets, experiences)

% of livestreamers*

*Share of livestreaming by category = $1/2 * (\text{number in category livestreaming} / \text{total number livestreaming} + \text{viewers of category livestreaming} / \text{total viewers})$.

Source: Everbright Securities, iResearch. McKinsey analysis.

Key takeaways



In a huge and challenging market like China, a single channel of promotion is insufficient to effectively and realistically target potential consumers.



There are many large shopping events that merchants can leverage to expand their brands and increase sales. The biggest ones are Single's Day (Double 11) and 6.18.



China's digital landscape is distinctively different from those in the rest of the world.



Many cross-border shopping platforms have developed their own powerful marketing tools.



In 2021, WeChat led other platforms with respect to number of active users – 1.27 billion



Social sharing and short videos have rapidly become major digital assets for marketing campaigns in China.



Douyin led the way in number of impressions per post from the top-tier influencers in China



Live commerce has gained huge popularity for increasing brand exposure and massive sales in China.

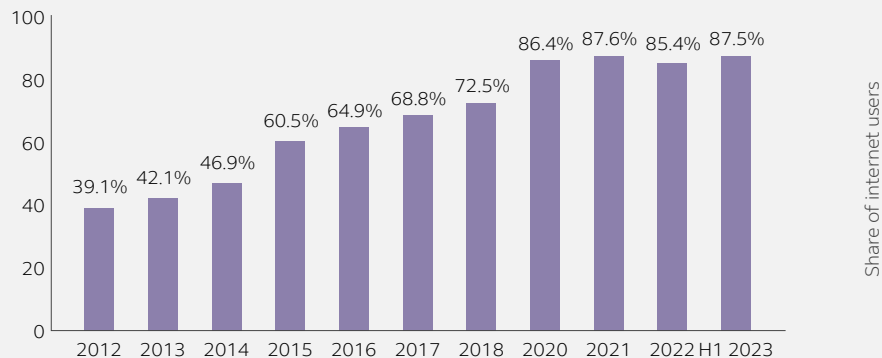
Current state of payments in China

Section 4

4.1 Current payment tools

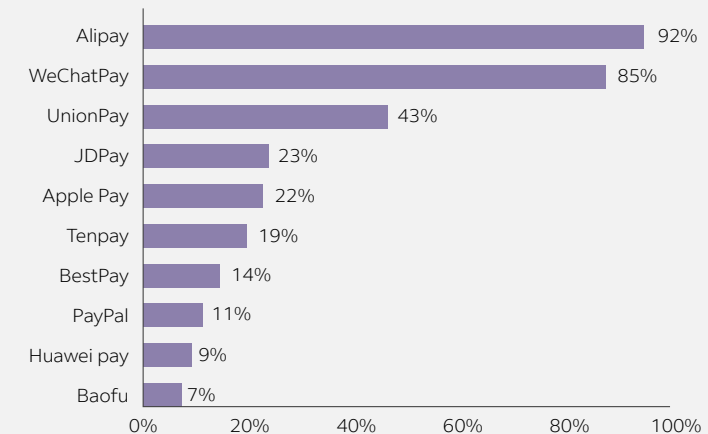
The rapid growth of Chinese cross-border e-commerce has opened a huge market for the online payment service business. There were over 87.5% users in China who used online payment tools.

Figure 4.1.1: Penetration rate of online payment in China from 2012 to the first half of 2023



In the online payment category, Alipay and WeChat Pay take the lead among all payment services in China.

Figure 4.1 : TOP 10 Most used online payment services in China, 2024



Fast and easy payment apps on online devices are as indispensable for eCommerce as a functioning delivery system. In China, with its high smartphone penetration, transferring money quickly is an important part of everyday life.



Digital Wallets

These services allow customers to deposit money in a bank account. Afterward, the money is kept in escrow and released to the seller only after the customer has received the goods.

The escrow system has cultivated a sense of protection among vendors and buyers, encouraging them to do more business. This has since become one of the biggest trends in the China eCommerce market. Multiple other platforms have also developed their own versions of digital wallets to foster a seamless eCommerce experience within their ecosystem, such as [Alibaba's Alipay](#), Tencent's [WeChat Pay](#).

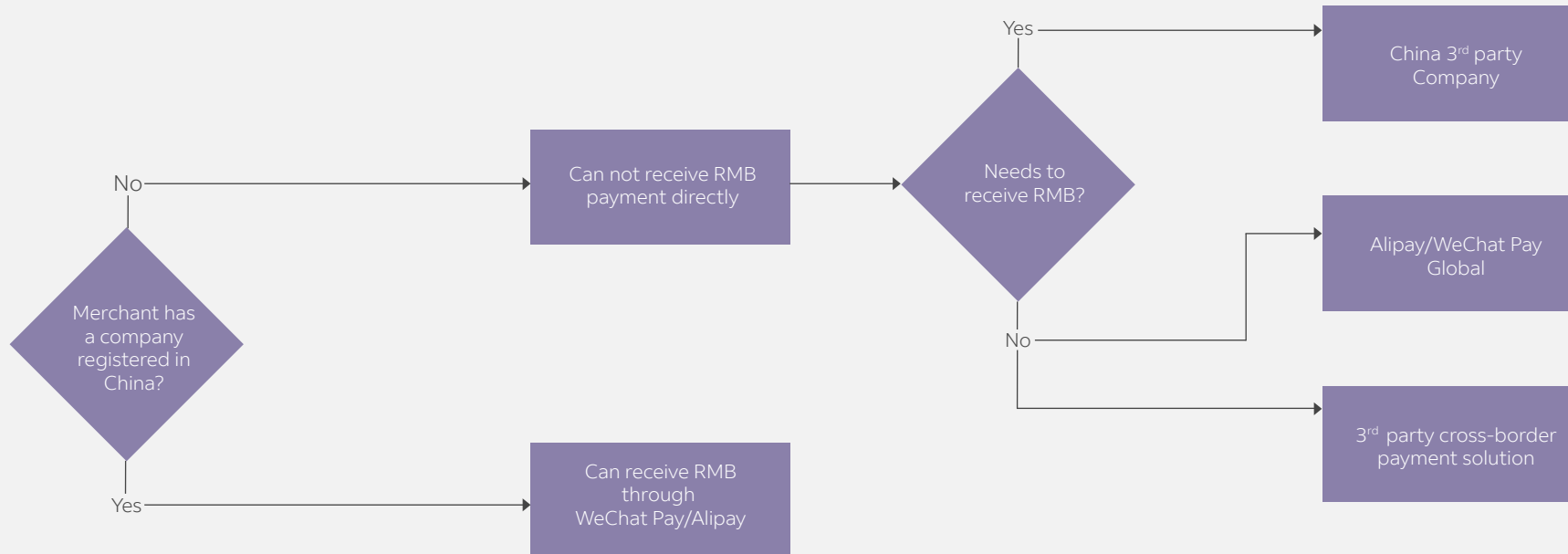


QR Economy

Along with these mobile payment apps, QR codes are also a very prevalent part of the eCommerce market in China. QR codes integrate well with digital wallets and provide [a smooth contactless flow of information and data](#). By reducing unnecessarily close interactions, QR codes have helped save time and costs for preventative measures.

Money withdrawal from third-party payment tools

The below flow chart shows a general flow explaining how a merchant can receive payment with different currencies.



For example, when an international merchant opens a store on Tmall and wants to receive a foreign currency as payment, they need to register on Global Alipay, and link the Global Alipay account to their bank account outside China. When the transaction takes place, Alipay collects RMB and deposits it in the merchant's Global Alipay account, after charging a fee. Once the account balance reaches the recommended minimum balance, Alipay will transfer the money to the merchant's bank account in the right currency within two days.

Key takeaways



WeChat Pay and Alipay are the two main choices for Chinese consumers. Merchants may want to consider integrating them into their online sales systems.



When choosing the third-party payment method, merchants can choose to receive RMB or their local currency.

Expectations from Chinese consumers on e-commerce delivery

Section 5

5.1 Decoding China (By Zono's)

Learn how to give your Chinese customers the best possible international shopping experience and familiarize yourself with the basics of importing in this excerpt from Zonos' cross-border country guide for [China](#). Zonos cross-border products provide automated solutions to help businesses handle the complexities of international transactions, imports, and shipments.

Landed Cost

Chinese consumers ordering cross-border appreciate being made aware of the [total landed cost](#) they will need to pay to receive their package, which can include duties, taxes, and fees.

China's de minimis rule: Orders where the combined duty and tax total does not exceed 50 RMB will not incur duty and tax.

- Duties: Average rate is 12.5%. Duty is applied to the [CIF](#) (cost, insurance, freight) value of the import
- Taxes: China levies a 9 -13% value-added tax (VAT) on the CIF value of the import. China also applies a 25% parcel tax on all imports and a consumption tax ranging from 1- 56% on qualifying imports
- Fees: Carrier and/or government fees may apply to imports into China

Important shipping considerations

When shipping to Chinese consumers, it's important to stay compliant with China's General Administration of Customs' [documentation requirements](#), [prohibited and restricted items](#), and [other legal regulations](#) to avoid a negative customer experience.

Customs clearance

In addition to cost transparency, Chinese consumers care about timely delivery. Customs clearance can slow delivery times, but this can be avoided by shipping [Delivered Duties Paid \(DDP\)](#).

Using software that allows customers to pay the total landed cost in your checkout provides transparency and allows you to ship DDP, speeding up customs clearance. (To ship DDP with FedEx, use the bill shipper billing option.)



5.2 Shipping options in China

Driven by the explosive development in the last 10 years, e-commerce in China is now at the forefront of global ecommerce. At the same time, the shipping industry has also gone through rapid development. The leading shipping companies have been continuously improving their service quality and lowering the shipping costs, which in turn enables them to build high entry barriers for other competitors.

For merchants that sell on the e-commerce platforms in China, goods are distributed mostly by local private owned shipping companies, regardless of whether the goods come from bonded warehouses or free trade zones. Businesses partner with shipping companies and shoppers normally don't have a choice of selecting the delivery company.

Postal Vs Express Mail

[China Post](#) is the official postal service in China, offering both domestic and international mail and parcel services. According to China Post, a parcel transported via China Post will generally take between 7-70 days for delivery.

Short for Express Mail Service, EMS is faster than China Post, but much more expensive. An EMS parcel from China is usually promised to reach its destination country within 7 working days.

*Information is general in nature. Please conduct your own research to ensure the most updated information.

Source: 1. <http://english.chinapost.com.cn/>



In 2023, China's express delivery volume was the highest in the world for the 10th year in a row. Express courier firms nationwide handled 132 billion parcels in 2023, up 19.4 percent compared to the previous year. The sector raked in total revenue of 1.2 trillion yuan during the period, up 14.3 percent year on year.

Looking forward, the ministry will accelerate China's transformation into a transport powerhouse, increase effective investment, lower the cost of logistics and promote global transport cooperation.

FedEx as a world-class logistic carrier [offers a variety of shipping services](#) to serve worldwide shipping needs, whether you're sending critical documents, packages, or freight internationally.

Consumer expectations – increasing your conversions

Today, simply tracking a package isn't enough in China. Foreign retailers and brands that want to thrive need to invest in people, processes and tools that positively impact last mile delivery and customer loyalty.

While “free shipping” or an economical option is a necessity, express also needs to be a part of that option to increase total conversion. A 25-45% increase in conversion has been recorded, based on offering fast-shipping – and depending on additional variables.

[FedEx compatible software solutions](#) have FedEx integrated in to provide access to shipping and other services you want, directly from the software.

Nomad checkouts, a simplified D2C solution takes away the largest barriers to expanding your business to China. It operates through a business collaboration with SF Express and FedEx - the fastest and most reliable delivery agents in China.

Be flexible with your shipping options while letting your customers have a choice. With Easyship you can provide tailored shipping quotes to your customers in their shopping cart (taxes and duties included). Easyship shows the cheapest, fastest and best value shipping options at store checkout. It has known to decrease customer inquiries on shipping by 43%.

How shipping speeds can help your business



There are few things more important to your customer's experience than shipping. A research study reveals that 73.6% of shoppers believe shipping is key to their overall shopping experience. So much so, that 83.5% are unlikely to shop with a brand again after a poor shipping experience.

Consumers have increased expectations for clear and transparent communication, one study finding 60.7% of customers are more likely to make a purchase if they see delivery times in their shopping carts. And 47% will avoid re-ordering because of a lack of delivery transparency.

Adding shipping speeds at checkout is one way to communicate your delivery promise to customers. Including those sought after ETAs will help establish trust with your customers, reduce cart abandonment, and help you improve fulfillment operations.

5.3 Warehousing in China



The Chinese government has established the following customs supervised areas: bonded zone, free trade zone, and free trade port. A comprehensive [bonded zone](#) is a special customs supervision area established by the Chinese government, similar to the free trade zones (parks) that are commonly seen internationally.

Free trade ports were created with an aim to meet higher international standards of trade and investment.

Free Trade Zones were introduced by the Chinese government in 2013 to boost foreign direct investment in selected regions. Within these zones, goods may be imported, produced, and re-exported without the intervention of the local customs. The goods are not subject to the corresponding custom duties until they reach the customers.

Specifically, these special zones provide the following benefits:

Bonded zone	Temporary storage for goods (2-3) years. Better custom duties and export/import duties. No VAT and sales tax for goods made and traded with the zones.
Free trade port	Special tax benefits for international shipping companies. Efficient, open and free ecosystem for business.
Free trade zones	Fast and streamlined customs clearance. Nearby hubs with multiple logistics providers to choose from. Lower corporate tax rates. Faster VAT refund. No fees for converting major currencies. Unlimited storage time.

As of February 2022, China had built [161](#) comprehensive bonded zones and [21](#) free trade zones. Located within bonded zones, [bonded warehouses](#) were designed to store taxable goods before paying for the duties; to ensure fast arrival of products from overseas. Only after a Chinese shopper places an order on a cross-border e-commerce channel, the product is cleared for customs.

Bonded warehouses provide the following benefits:

Low cost	Commodities are shipped in bulk from overseas. This reduces shipping costs, which benefits both merchants and consumers.
Fast delivery	Shoppers can quickly receive their orders shipped from bonded warehouses.
High quality assurance	The goods in bonded warehouses need to meet high-quality standards and are subject to strict inspection by the Chinese Customs and Commodity Inspection Departments.
Good services	Consumers are protected by China's Consumer Laws and can return faulty goods to domestic bonded warehouses or platforms.

Hong Kong Warehouses Vs China Bonded Warehouse

Let's compare the fees when using a bonded warehouse in China to a Hong Kong warehouse, in the first year of operations. Keep in mind that the inbound logistics fees for the goods or the costs for the bonded trucks, for example, have not been included.

- Product: Whey Protein
- Single Unit Weight: 1 kg
- Outer Box Weight: 6 kg (6 bags)
- Quantity of Single Units: 1,000 pcs / the first year
- Volume: 3.37 m³

	Bonded Warehouse (US\$/unit)	Hong Kong Warehouse (US\$/unit)
Bulk shipment	0.81	0.77
Storage	1.82	6.82
Pick & pack	0.89	1.79
Last mile delivery	1.00	3.34
Total Cost	4.52	12.72

As you can see in this example, the fees are comparatively low when using the bonded model.

5.4 Cross-border e-commerce shipping modes

International brands can choose to sell their products either through [cross-border e-commerce channels](#) in China or sell directly from the sellers' home countries. As shown below, international sellers have their products delivered to customers through different approaches.



*Information is general in nature. Please conduct your own research to ensure the most updated information.

Source: 1. <https://marketingtochina.com/cbec-cross-border-e-commerce-the-ultimate-guide/>

5.5 Important shipping considerations

When shipping to China, keep in mind that China's customs procedures are strict and some goods, such as food and cosmetics, are highly regulated. So, find out in advance what paperwork you need to prepare, and if your parcel will be shipped through express or formal clearance.



What documents do I need to provide when shipping to China?

The most important documents are the air waybill, commercial invoice and packing list (if shipping multiple boxes). Regulated goods will require extra paperwork. All information on the commercial invoice needs to be accurate, in English, and consistent with the details on the air waybill. Costs on the commercial invoice can be in any currency, usually the currency in which the transaction was made.



Packing list for larger shipments

If you're sending multiple boxes, or your shipment weighs over 100 kg, include a packing list so the Chinese customs authorities can conduct the physical inspection quickly and easily. The list must clearly and accurately describe the parcels and their contents. This includes the quantity of goods, the packing method, and the net and gross weight for each carton. It also needs to be signed by the shipper or bear the company stamp.



What is the CCC Mark?

The China Compulsory Certification (CCC) Mark is a safety and quality label for regulated products, like electronics, that enter China for use or sale.



What is CIQ?

International shipments entering China are controlled and inspected by China Inspection and Quarantine (CIQ), a department within China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ).

CIQ works separately from China Customs to ensure imported goods comply with Chinese regulations including labelling, packaging and safety requirements.



Customs clearance in China

China Customs is the shortened name of the General Administration of Customs China ([GACC](https://www.gacc.gov.cn/)). After a shipment is checked by CIQ it will then pass through China Customs via express or formal clearance.



Express clearance

Express clearance is a streamlined process with minimal paperwork for three categories of goods: CAT A (documents), CAT B (personal effects, gifts and online purchases) and CAT C (samples and low-value items).



Formal Clearance

Formal Clearance, also known as freight mode, or CAT D clearance, is for shipments of dutiable goods with a high value, or that are regulated or sent in bulk, such as cosmetics, food or toys.

*Information is general in nature. Please conduct your own research to ensure the most updated information.

Source: 1. <https://www.aqsiq.net/ciq.htm> 2. <https://www.gacc.gov.cn/>



Any additional documents for Chinese customs clearance?

Yes, for formal clearance in China additional documents are almost always required. Here's a list of extra documents that may be needed, depending on the shipment:

- If the shipment is a purchase by a private individual, (e.g. webshop order) – Proof of payment such as an invoice or receipt
- For all shipped goods that are purchased – A sales contract as proof of the agreed price, payment and transaction
- If the goods have been shipped before the receiver has paid for them – A purchase order as proof that an order has been placed, even if no payment has been made yet
- For products that require the [CCC Mark](#) (e.g. electronics) – A declaration of conformity confirming that the goods adhere to Chinese standards and norms. This document is a prerequisite for the CCC Mark and is often also required for customs clearance
- If you're shipping a complex product that requires detailed explanations to understand its function and composition (e.g. mechanical parts, medical devices or medicines) – An information bundle such as data sheets or technical literature (often referred to as a customs handbook or E-handbook) that provides information about the product's use and composition. This is to help customs authorities determine tariff codes

To avoid customs delays, the receiver should provide their documents for the sender to include in the shipping paperwork.



Chinese registration and licenses for formal clearance

There are also a number of documents and licenses that are always required for formal customs clearance in China. The most important are:

- The receiver (importer) must be registered with China Customs and must provide their Customs Registration number (CR number) for shipping paperwork
- The receiver must have an Import and Export Business License, issued by China's Ministry of Commerce ([MOFCOM](http://english.mofcom.gov.cn/)), that allows Chinese businesses to trade goods internationally
- The receiver must grant power of attorney to their customs broker, authorizing them to act on their behalf
- If the shipped goods have additional regulations in China (e.g. food), the receiver must provide a special import license granted by the relevant regulatory authority (e.g. The Ministry of Agriculture and Rural Affairs for food)

Key takeaways



The shipping industry is well established in China and importing is relatively easier. This is due to the rapid expansion of China's cross-border e-commerce.



Most domestic shipping is conducted by private local shipping companies while the major international shipping companies are responsible for international deliveries.



The Chinese government has built infrastructure that benefits duties, to boost import commerce. International merchants should take advantage of the cost benefits they provide.

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