Global Cross Border B2C e-Commerce Market 2020: Report highlights & methodology sharing

Apr. 2016
Cross border B2C e-commerce market 2020: report highlights

Cross border B2C e-commerce market forecast by region (US$ bn)

- MiddleEast & Africa
- Mid-eastern Europe & Central Asia
- Latin America
- North America
- Latin America
- Western Europe
- Asia Pacific

Infrastructure readiness

Ease of cross border trade
Tariff, Regional economic integration & single market

Penetration of mobile Internet

Demand – supply dynamism

Local industry structure
Development level of consumer goods & services sector

Development of retail industry
Potentials for B2C e-commerce growth

Sizing of local consumption market
‘Long tail’ customers to be addressed internationally


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Cross border B2C ecommerce market definition: in context of global consumer goods trade

Trading (cross border)
- Traditional offline trader

Distribution
- Traditional offline distribution

End-user / consumer

Producer

1. Traditional cross border goods trade
2. e-commerce of imported goods (B2C)
3. Cross border B2B + offline retail
4. Cross border B2C e-commerce

Integrated e-commerce platform
- Cross border ecommerce platforms (Alibaba, Amazon)
- Online stores of foreign branded producers
- Foreign store websites + agents
- …
<table>
<thead>
<tr>
<th>Criteria selection</th>
<th>Definition of ‘cross border’</th>
<th>Major concerns of the definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑️</td>
<td>Transaction parties in different economies</td>
<td>Could via agents: to cover Haitao type of deals</td>
</tr>
<tr>
<td>☑️</td>
<td>By products: origin, brands, etc.</td>
<td>Might not really cross border ‘online’</td>
</tr>
<tr>
<td>☐️</td>
<td>Whether cross border shipment of goods involved</td>
<td>Might not really ‘B2C’</td>
</tr>
<tr>
<td>☐️</td>
<td>Whether cross border payment involved</td>
<td>Localization of payment might lead to misjudge</td>
</tr>
<tr>
<td>☐️</td>
<td>Whether cross border transmission of data / info involved</td>
<td>Too vague to define</td>
</tr>
</tbody>
</table>

**Market definition in the report: Cross Border B2C e-Commerce**

**Scope of delivery:**
- Physical products
- Digital contents
- Services (OTA, etc.)

**Type of sellers:**
- Cross border platforms
- Foreign distributors (e.g. retailers)
- Foreign producers / service providers

**Delivery methods:**
- International parcels
- Delivery from bonded warehouses (to distinguish between country border and customs border)

**Payment:**
- Banking card
- 3rd party payment platforms
Our methodology for market sizing and forecast

B2C EC market size (historical)

Cross border B2C EC size (historical)

Cross border B2C EC market forecast

Leveraged existing market stats

Data validation & cross check: Consistency of definition among different data sources, etc.

Economies whose cross border B2C e-commerce market data are available:

- Data validation
- Calculation of Cross border B2C penetration (Cross border B2C as % of total B2C e-commerce market)

Economies whose cross border B2C e-commerce data are unavailable:

- Benchmark against economies with existing data and calculation of cross border market size based on existing penetration data

Regression based forecast modelling:

- Correlational analysis to identify the major indicators impacting the Cross Border B2C penetration
- Regression analysis to develop the forecast model based on prioritized indicators
- Leverage the existing forecast of indicators to develop the penetration value forecast
- Forecast of cross border B2C market size based on existing B2C market forecast and projected cross border penetration ratio

Forecast validation & adjustment

Data & forecast validation & adjustment:

- Field validation: via expert interview, etc.
- Top down – Bottom up validation: data of economies vs. regional aggregates, etc.
- Relevant market cross check: B2C e-commerce vs. retail sales, cross border e-commerce vs. total cross border trade, etc.
Cross border ecommerce market measurement: rough ideas from private sector point of view

Following experiences in other industries, a global industry body of (cross border) e-commerce might play an constructive role:

• Constituents of a private sector driven industry body:
  – Key industry players: major cross border ecommerce platforms
  – National / regional industry associations
  – Players in relevant services sectors: payment, logistic services, etc.

• A Specialized Statistics Committee / work group to work on global market stats:
  – Standardization of market definition and statistical methodology
  – Request members to contribute market data
  – Consolidation and validation of contributed data
  – Coordinate with public sector for further validation: customs, etc.
Another aspects of private sector data: rich and insightful data from e-commerce platforms: case of Alibaba (1/2)

53 Countries / Regions

2000+ Categories

5400+ Brands
Another aspects of private sector data: rich and insightful data from e-commerce platforms: case of Alibaba (2/2)

2015 GMV Top 10 on Tmall Global by brand origin

United States
Japan
Germany
Korea
Australia
Netherlands
France
United Kingdom
Italy
New Zealand

Top categories of Tmall Global

- Maternal & baby
- Apparel/footwear/bags
- Nutrition
- Beauty & personal care
- Home
- Packaged food & drink
- Others

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Thank You & Questions

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