

THE TALE OF DIGITAL ECONOMY IN CHINA

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AliResearch
阿里研究院



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2016年11月11日

24:00:00 2016 11.11 Global Shopping Festival total GMV is RMB 120.7 billion.

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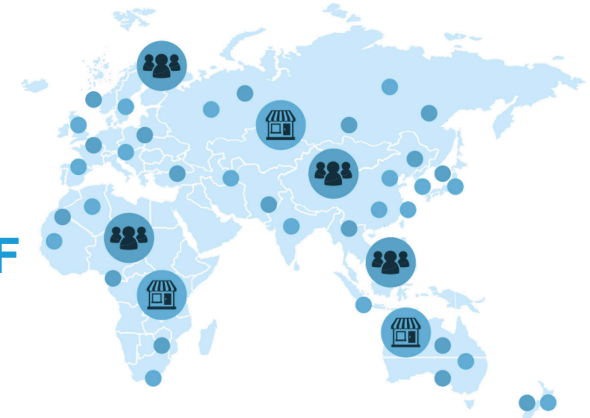
A glance at Alibaba



TENS OF MILLIONS
OF MERCHANTS



HUNDREDS OF
MILLIONS OF
CONSUMERS



CORE COMMERCE



DIGITAL MEDIA & ENTERTAINMENT



LOCAL SERVICES



A glance at China's digital economy

Retail sales



USD 486 billion

Walmart's annual sales in 2016

Money market fund AuM

USD 150 billion

JPMorgan U.S. Government Money Market Fund in Apr 2017

Peak clearing capacity

15,000 transactions per sec

Interbank card clearing in 2016



USD 547 billion

Alibaba's annual GMV(total transactions) in 2016

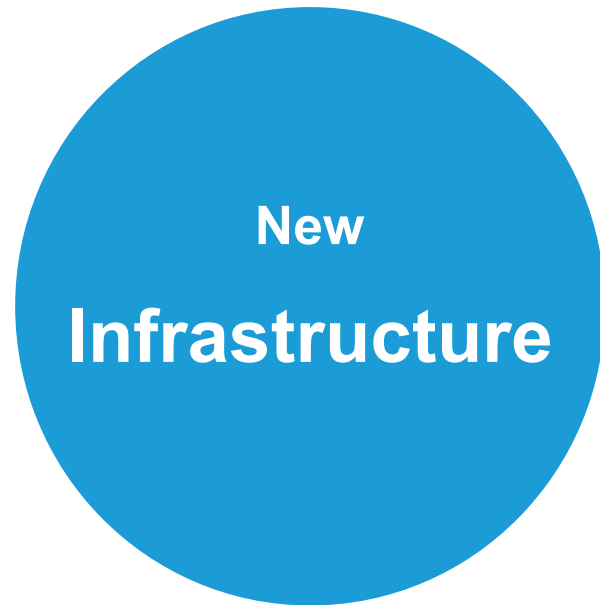
USD 165 billion

Alibaba's Yuebao in Apr 2017

120,000 transactions per sec

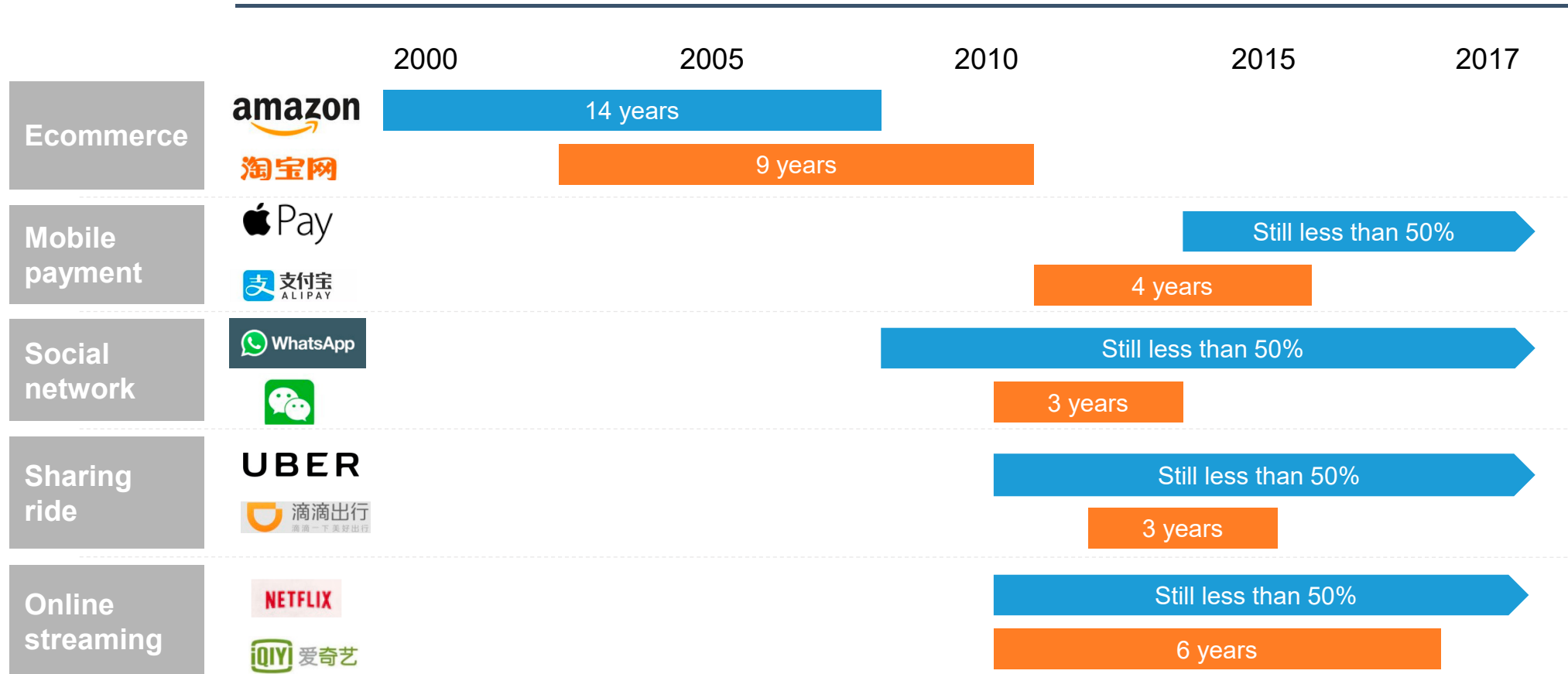
Payment clearing in Alibaba's Nov 11 Shopping Festival in 2016

Digital economy has been changing China's economic landscape in three dimensions



Digital technology has rapidly penetrated in China

Time for user penetration¹ to reach 50%

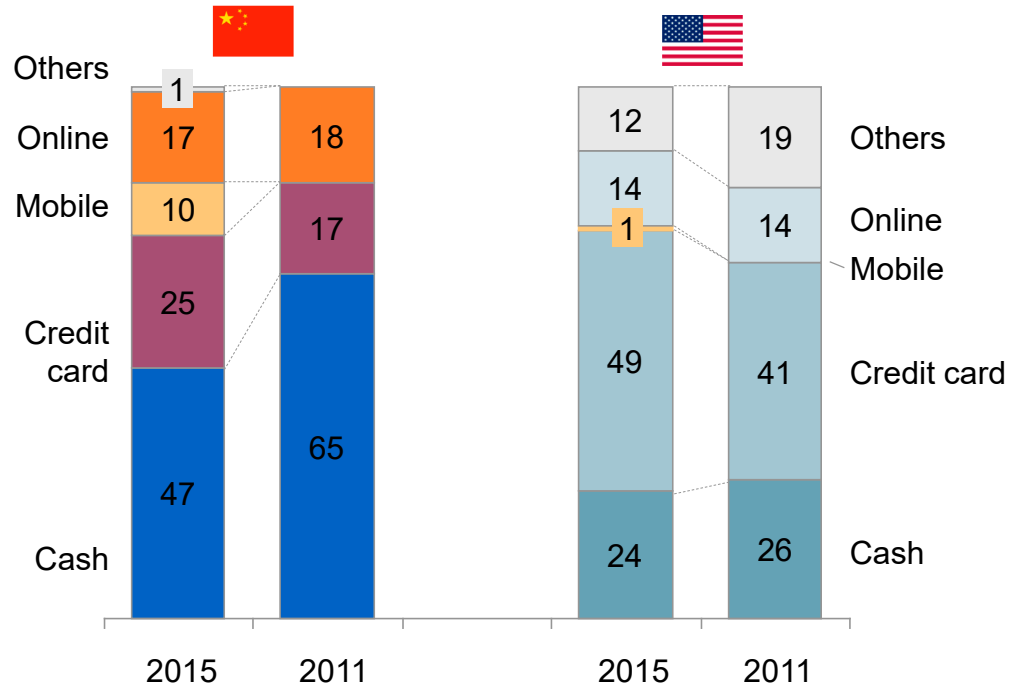


¹ User penetration is calculated as number of registered users divided by number of internet users

Mobile payment has experienced explosive growth in China

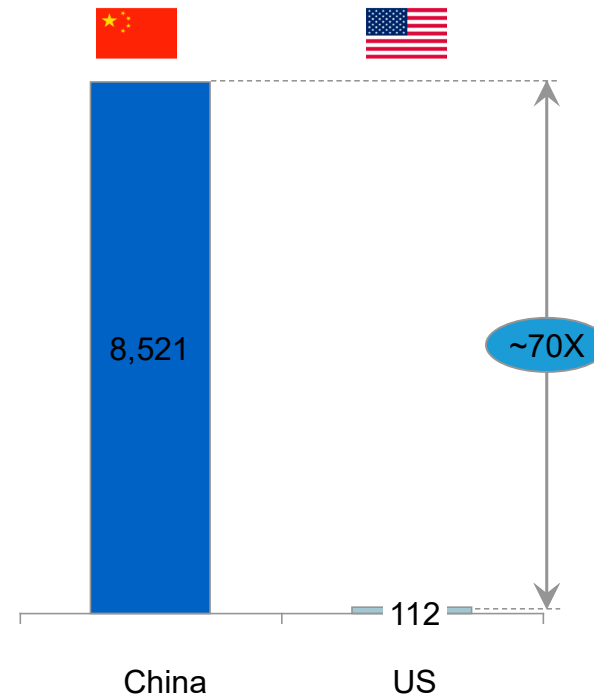
Mobile payment has replaced the role of cash

2015 vs 2011 payment channel share (%)



Amount of mobile payment in China is 70 times of US

3rd party mobile payment amount (USD billion)



Digital services/infrastructure cover almost every aspect of life in China

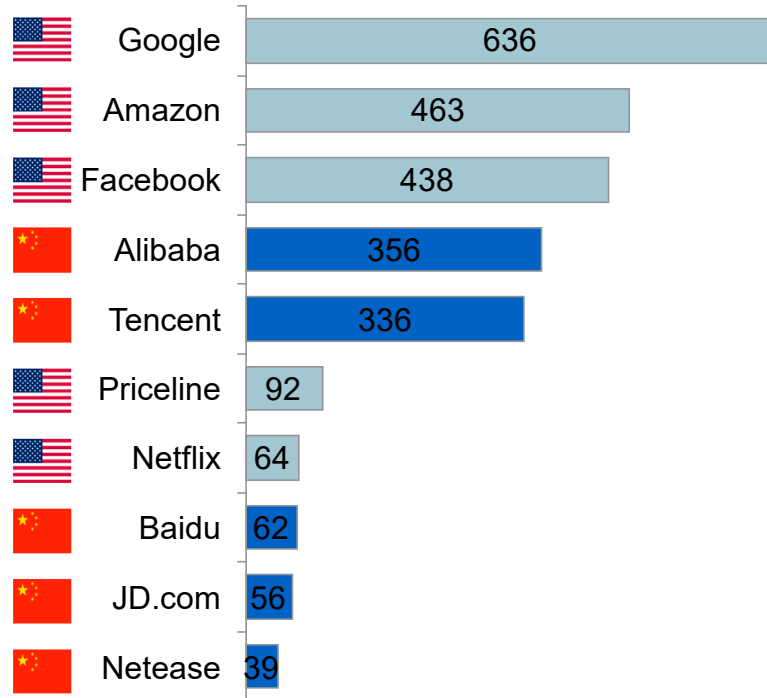


<p>EDUCATION</p> <p>校 University 校 Tuition 心 Donation</p> <p>安全 Safety 教育 Primary education 运动 Sports</p>	<p>SHARING RIDE</p> <p>扫一扫就骑走</p> <p>立即扫码开锁</p> <p>享50万骑行安全保障, 详见</p>	<p>PUBLIC SERVICES</p> <p>Social insurance Tax</p> <p>Employment Visa</p> <p>Passport Marriage</p> <p>Green account Other services</p>		<p>CAR OWNER</p> <p>Driver license ETC bill</p> <p>Annual inspection Traffic tickets</p> <p>Gas Driver information</p> <p>Online appointment Other services</p>	
<p>INSURANCE</p> <p>Car Accident Health Travel</p> <p>Life Property Store owner Charity</p>				<p>TRANSPORTATION</p> <p>Subway Train Real-time bus status Air tickets Bank</p> <p>Bus Public transport card Airport info Gas Route design</p>	
<p>CHARITY</p> <p>Donation Forest donation</p>	<p>UTILITIES PAYMENT</p> <p>Power TV</p> <p>Water Landline</p> <p>Mobile Internet</p> <p>Gas Property management</p>				
<p>HEALTHCARE</p> <p>Hospital</p> <p>On-line appointment Ask a doctor</p> <p>Diagnosis of pregnant woman report Intelligent pre-check</p> <p>AED map More services</p>			<p>Mother & baby care</p> <p>New-born check Pregnant woman guide Vaccine</p> <p>健康资讯</p> <p>Famous doctors' tips Daily health tips</p>		<p>Health finance</p> <p>Health insurance</p>

Chinese internet/digital technology companies have emerged as one of the powerhouses in the world

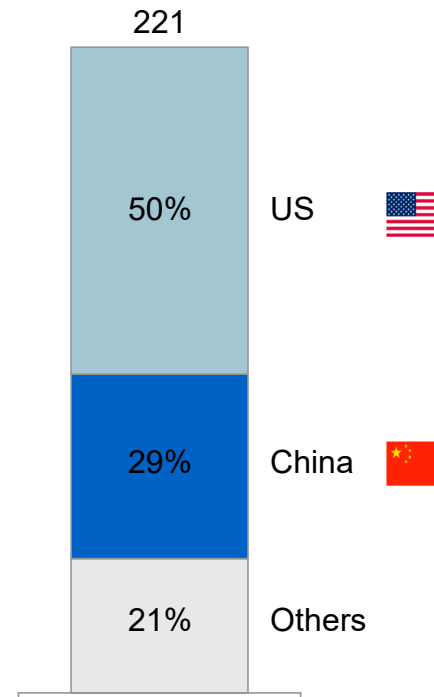
5 out of the 10 largest listed internet companies are from China (as of Jun 30, 2017)

Global top 10 internet market caps (USD billion)

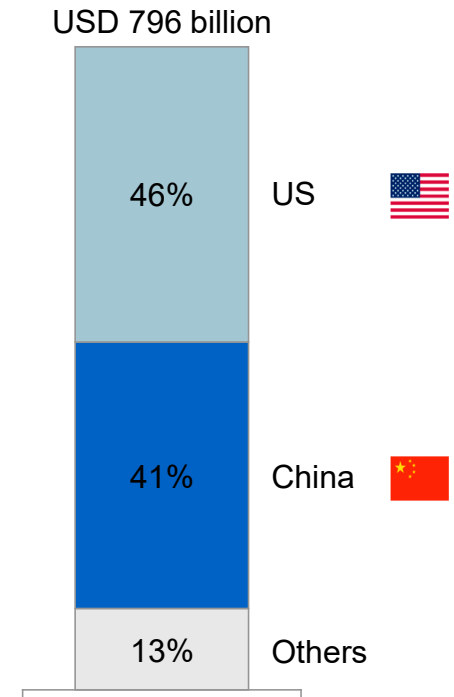


Valuation for Chinese unicorns is largely equivalent to US as of 2017

of unicorns



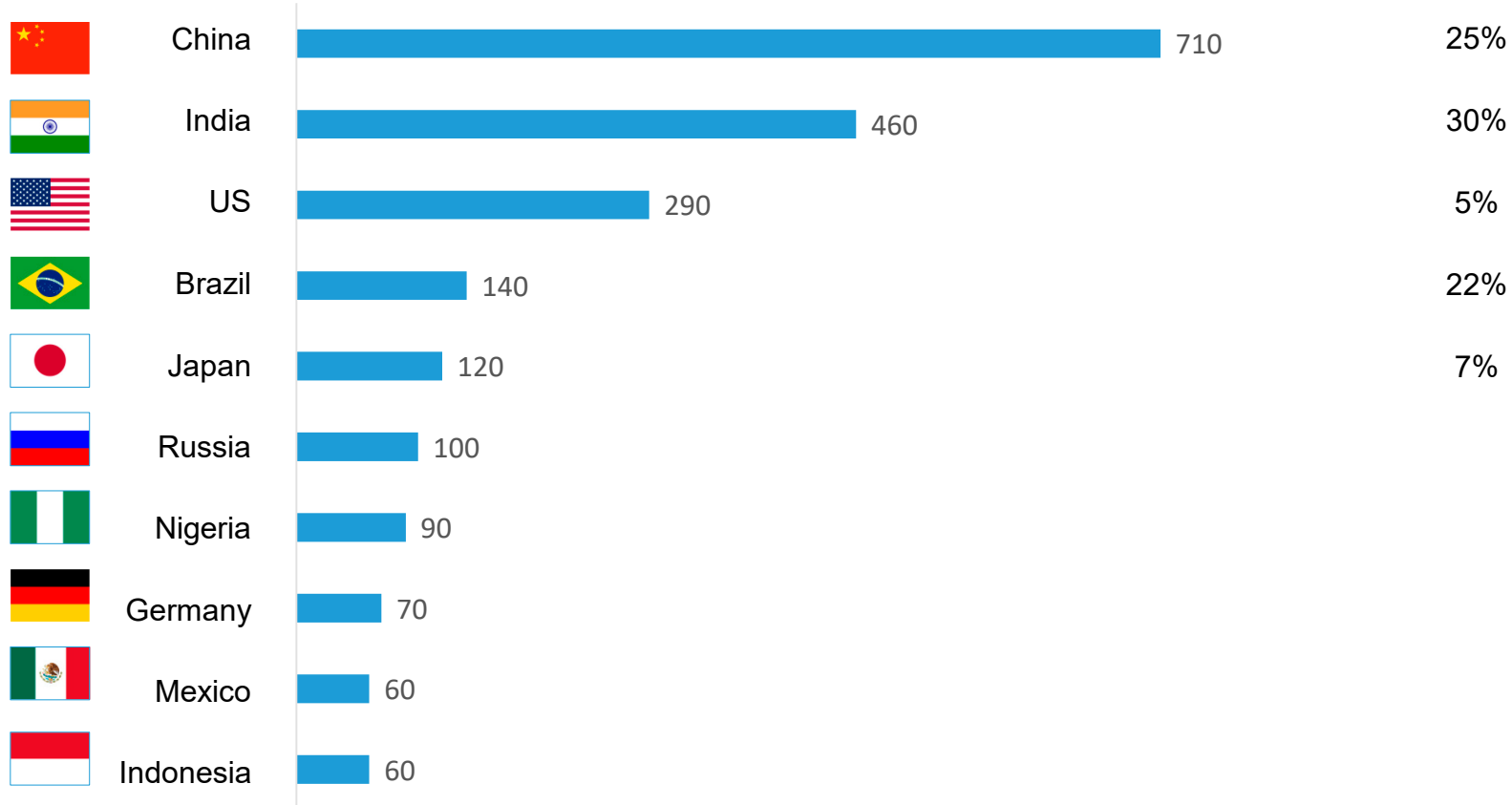
Valuation of unicorns



China has the largest internet population in the world

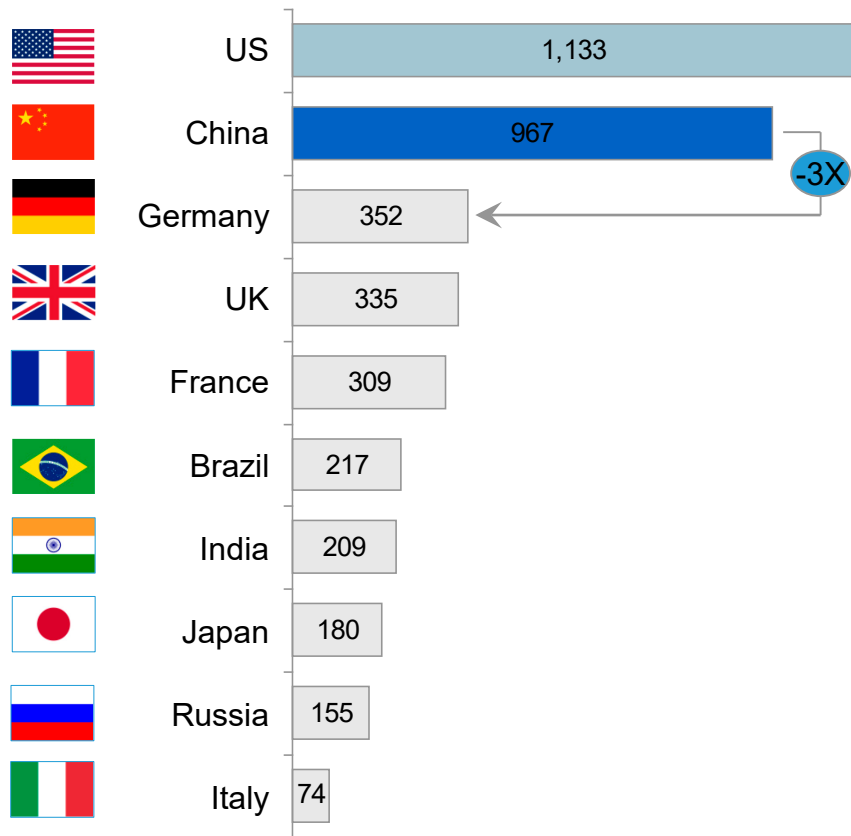
Top 10 countries by # of internet users (million)

CAGR

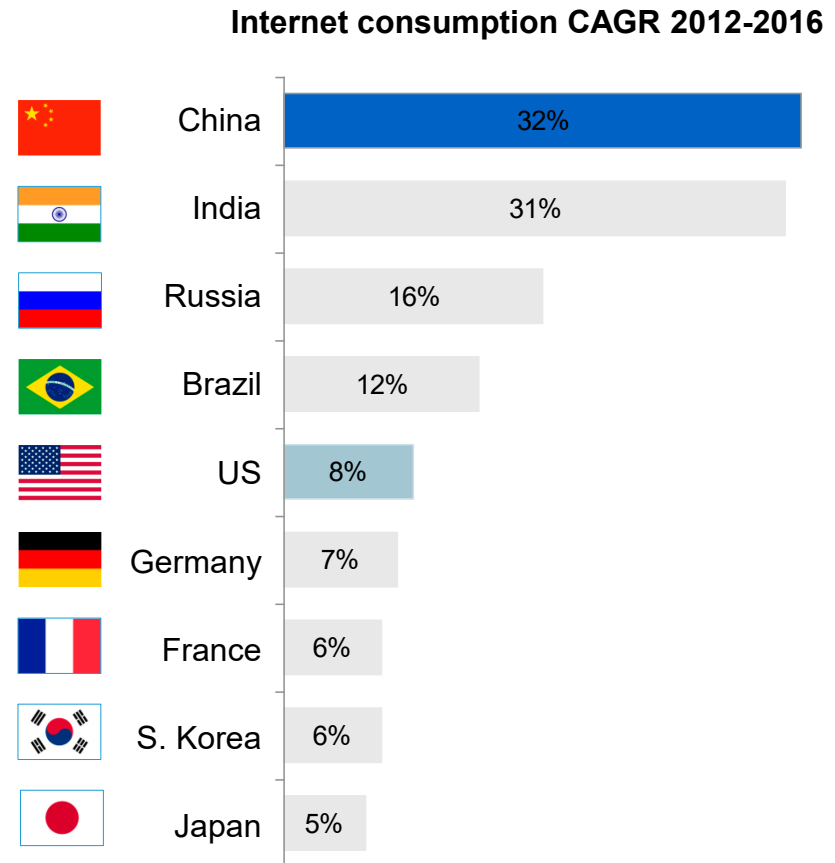


China's internet consumption is largely equivalent to US while its total private consumption is only 30% of US

Top 10 countries by internet consumption (USD billion)

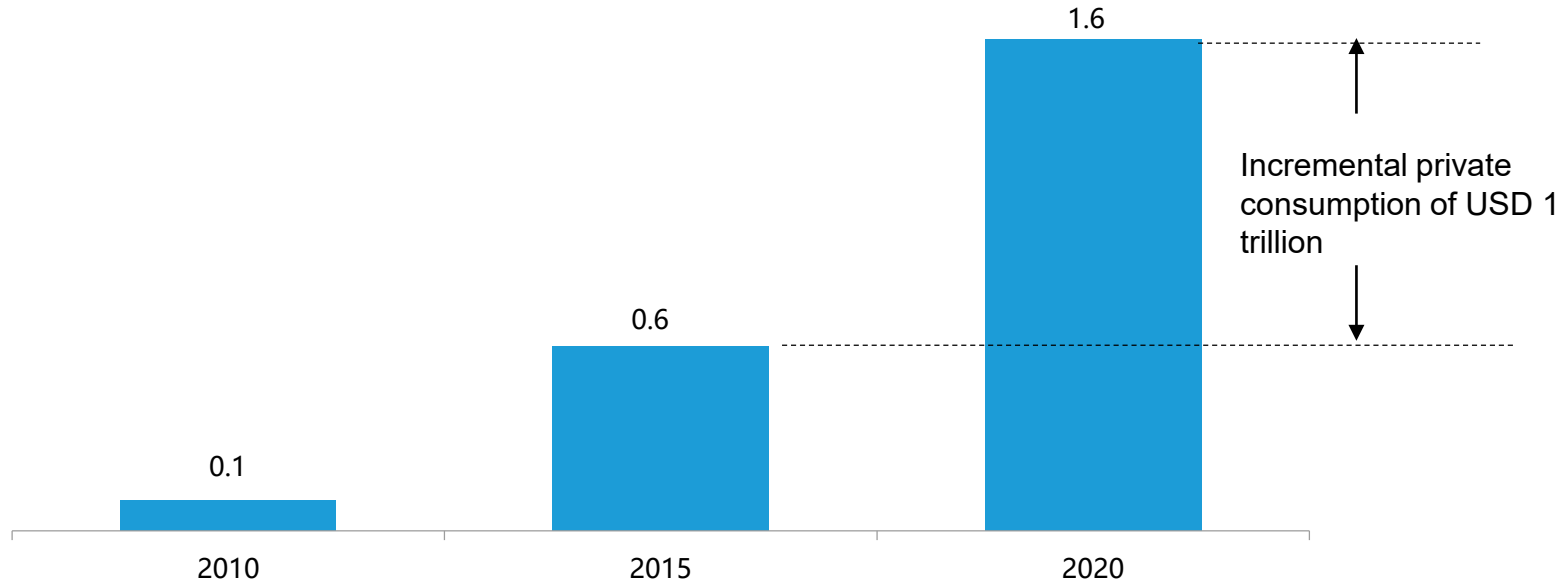


China's internet consumption grows fastest in the world



Internet consumption will account for 42% of added private consumption over 2015-2020

China's private consumption
(USD trillion)

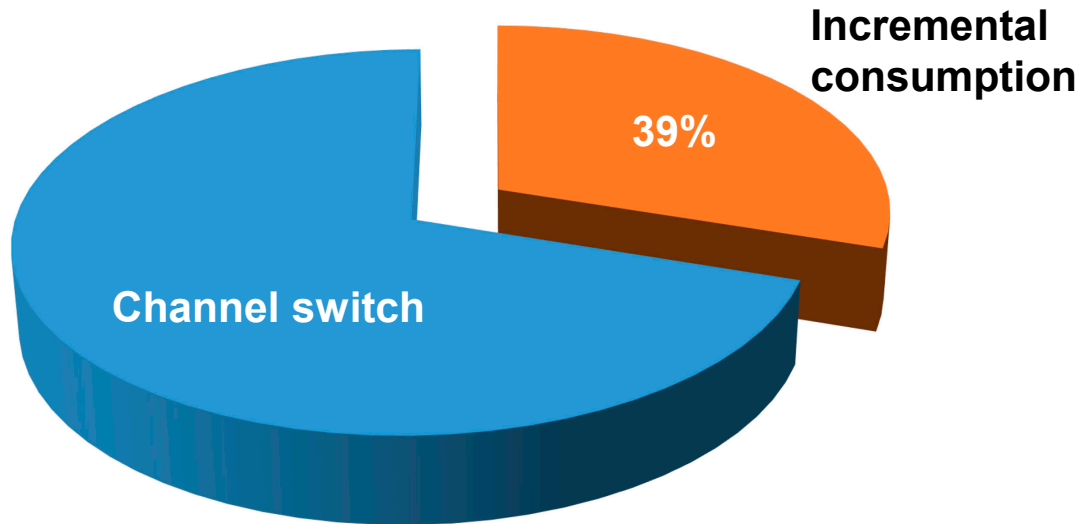


42%

of added private consumption comes from internet consumption

Internet does not only change shopping channels but creates new needs

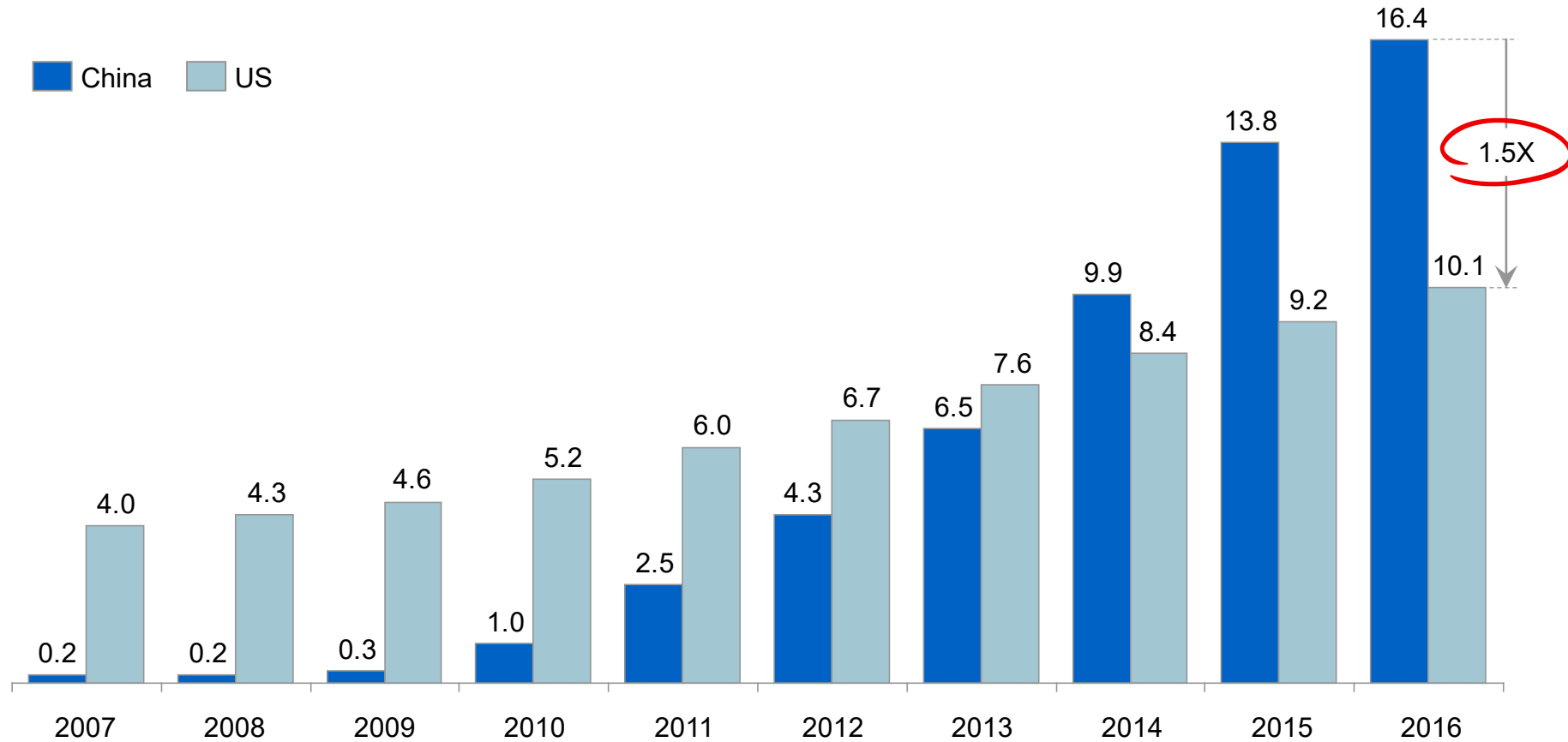
Anatomy of USD 100 internet spending



- Among USD 100 spending, **39%** is incremental
- In low tier cities and rural area, the incremental consumption can be as high as **57%**.

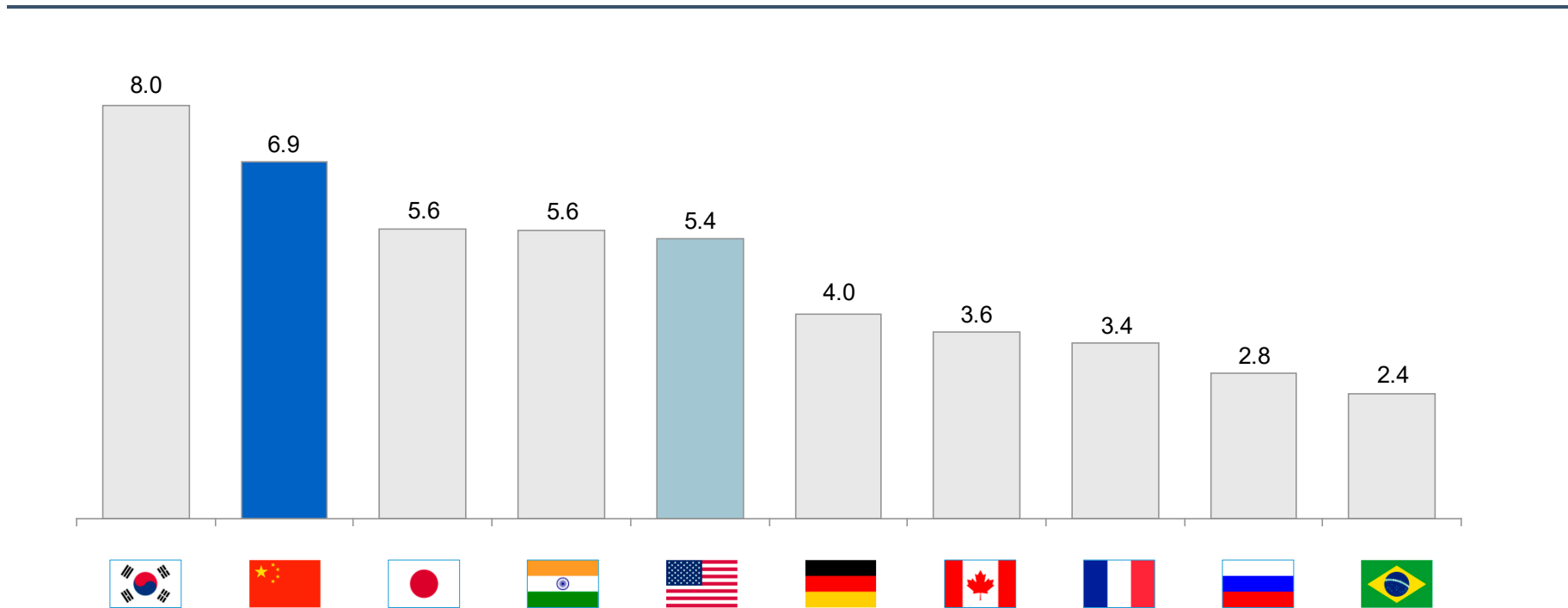
Penetration of China's ecommerce is 1.5X of US

Share of ecommerce retail in total retail sales (%)



China's e-GDP accounts for 6.9% of national total

2016 eGDP share (% , 2016)



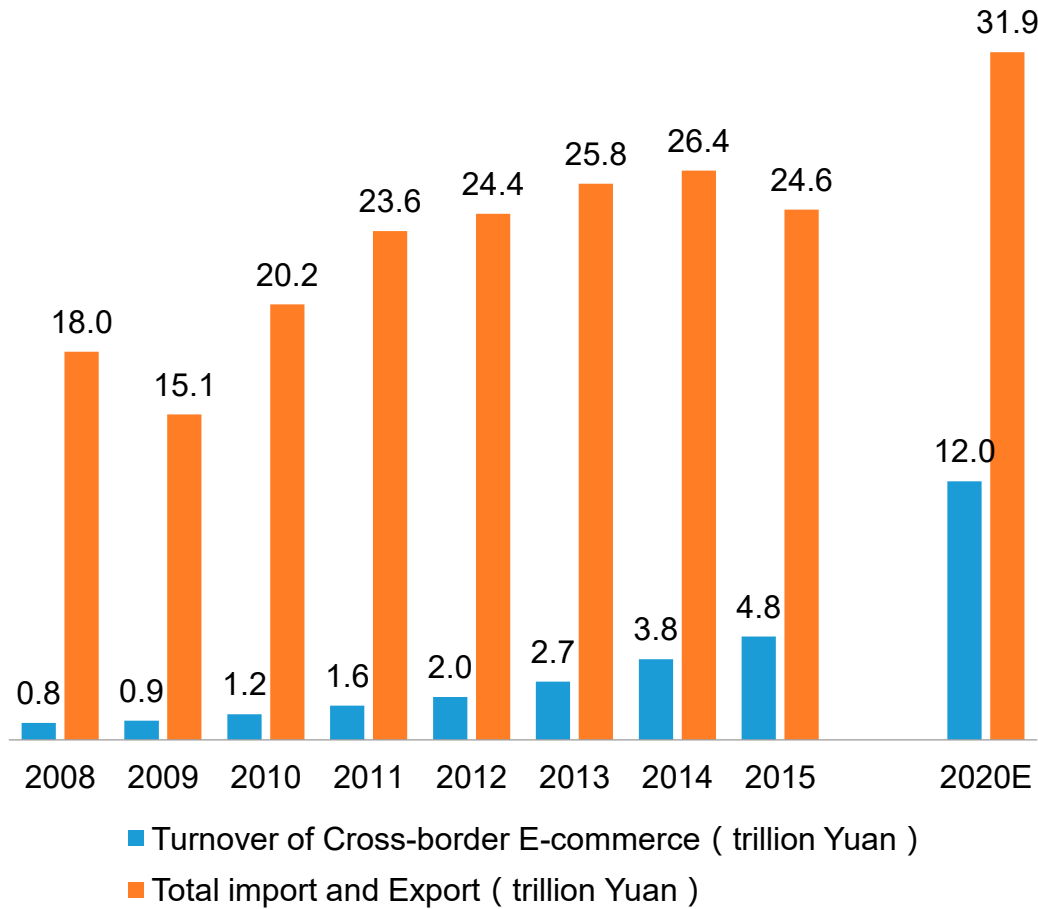
- eGDP, proposed by BCG, calculates digital/internet-related expenditure in private consumption, investment, government expenditure, net export.
- Excluding ICT products export, China ranks 1st (6.4%), S. Korea ranks 3rd (5.8), and India ranks 8th (3.2%).

A mobile phone is all you need to do business globally

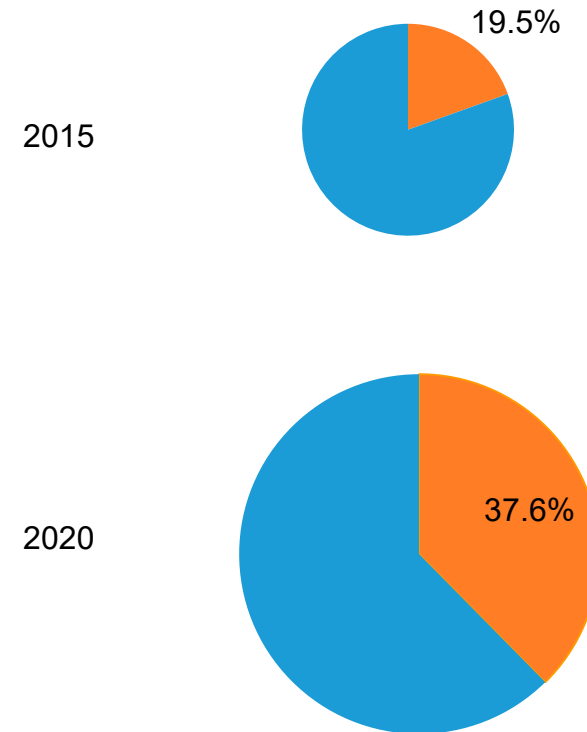


China's cross-border e-commerce grows at ~30% p.a.

China's cross-border e-commerce and total international trade volume



Proportion of e-commerce in total import and export volume in China



Digital economy drives inclusive growth



10 million MSMEs on the platform

Alibaba platform accommodates 10+ million merchants, among which 97% employ less than 5 persons and 95% invest less than RMB 30,000.

30.83 million job opportunities

Alibaba retail ecosystem creates 30.83 million job opportunities in China, including 11.76 million transaction-related ones and 19.07 million indirect ones.

RMB 10 billion sales by disabled entrepreneurs

As of 2015, there were more than 316,000 disabled sellers on the Taobao retail platform. In 2015, the total transaction volume was more than RMB 10 billion.

6 million woman entrepreneurs

49.4% of the active online stores owners in the Alibaba retail ecosystem are female and contribute to 46.7% of the total sales. Taobao store is the top priority for more than 6 million women who want to start their own business.



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