

2017 Key business drivers and opportunities in cross-border ecommerce

2017年跨境电子商务的主要驱动力与机遇

在越来越竞争激烈的市场中向海外扩张

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Vice Chairman, WECIA (World Ecommerce Industry Alliance)

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CBEC | 全球跨境电子商务联盟
CROSS BORDER ECOMMERCE COMMUNITY



WECIA | 世界电子商务产业联盟
WORLD ECOMMERCE INDUSTRY ALLIANCE

CCEAA | 中国跨境电子商务应用联盟
CHINA CROSS BORDER ECOMMERCE
APPLICATION ALLIANCE



CBEC, CCEAA and WECIA will provide assistance for international trading and cooperation for companies globally and promote the e-commerce activities and cooperation for the alliance members to work with business communities and governments all over the world.

全球跨境电子商务联盟 / 世界电商产业联盟 / 中国跨境电子商务应用联盟，将吸纳五十几个经济相对活跃国家的电商企业，建立起遍布全球的服务网络，协助各国企业开展国际性的商务合作及交流，促进联盟成员同世界各国、各地区政府及企业界的交流与合作。



The market reinvigorated

AFTER GROWTH FLATTENED IN 2016, THIS YEAR SAW CONFIDENCE AND DEVELOPMENT RETURN

Compound Annual Growth Rate (CAGR) for cross-border ecommerce 2017-2022 is now **17%**.

That's higher than the **12%** CAGR predicted for ecommerce.

Cross-border online retail is now growing quicker than domestic ecommerce.

One Belt, One Road (OBOR)

CHINA'S ECOMMERCE MARKET IS NOW 39% OF THE WORLD'S TOTAL ONLINE RETAIL SALES – CREATING THE WORLD'S LONGEST TRADE ROUTE, CONNECTING 62% WORLD POPULATION MASSIVELY STIMULATING ONLINE SALES

While the US and UK look inward, China is now the hub for globalization of retail.

By pumping huge amounts of investment into the world's *biggest ever trade route, One Belt One Road*, while also owning 39% of online sales worldwide, *it is cementing its place as the world's most important ecommerce power.*

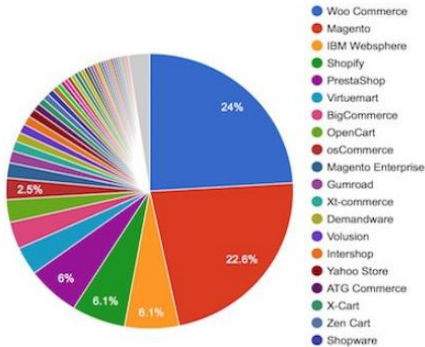


Online marketplace domination

BY 2020, 39% OF THE WORLD'S ECOMMERCE MARKET WILL BE CONTROLLED BY MARKETPLACES.

53% OF US CROSS-BORDER SELLERS ARE MARKETPLACES





Online marketplace domination - Open Source Platforms

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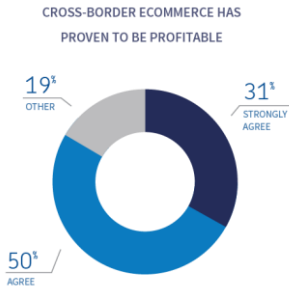
Amazon, the US ecommerce giant, purchased supermarket chain Whole Foods this year for USD13.4 billion, signalling a move into physical retailing.

Alibaba Group is now Asia's most valuable company, with market cap of USD442 billion.

Global cross-border survey

Optimism high, growth widespread and merchants feeling confident.

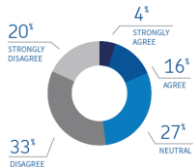
MARKET OVERVIEW



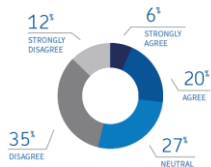
Last year, confidence took a dip with a 5% lower rate of agreement with this statement. In 2017, *confidence in international retail has made a notable return*, with a record number of our respondents agreeing that cross-border ecommerce has proven to be profitable.

Plus the number of respondents citing *complexity* as an issue when executing an *international omnichannel strategy has gone down too*.

CROSS-BORDER IS TOO COMPLEX SO WE
STICK TO THE DOMESTIC MARKET



OMNICHANNEL SHOPPING IS TOO COMPLEX
FOR OUR/OUR MERCHANTS' BUSINESSES



BIGGEST GAME CHANGERS

Online marketplaces
continuing to dominate



IoT



Rise in alternative payment methods



mCommerce



50% of retailers offering
international delivery



Easier entry to emerging markets



Greater knowledge of how to do
business internationally



China's 'One Belt One Road' scheme



Millennials/Gen Z comfort
with cross-border shopping



Blockchain's effect on cross-
border payments



The demand for
omnichannel shopping



Virtual reality offered by
brands around the world



GDPR's introduction



Mobile POS



Other



For the first time in four years, m-commerce was not cited by respondents as the most influential game-changer in cross-border retail.

Online *marketplace domination* is once again in evidence, *taking the top spot* in this category.

Last year, our respondents cited regulations as the main issue for concern.

This year, it has been bumped down to number 2 behind logistics and delivery.

Long delivery times and high shipping costs are both regularly cited by consumers when asked what turns them off buying from foreign sites.

BIGGEST PAIN POINTS



BEST PRACTICES FOR MOVING CROSS-BORDER

BEFORE WE/OUR MERCHANTS EXPANDED CROSS-BORDER,
WE/THEY INVESTED TIME AND RESOURCES TO UNDERSTAND
THE LOCAL CULTURE AND CONSUMER PREFERENCES



47% Strongly agree
28% Agree
19% Neutral
4% Disagree
2% Strongly disagree

Localization remains a hugely important part of moving cross-border amongst our respondents, while the importance of providing a *region's preferred payment methods* was underlined.

There was, however, agreement that *doing this was not always straightforward*

WE/OUR MERCHANTS RESEARCHED PREFERRED
ALTERNATIVE PAYMENT METHODS IN DIFFERENT
REGIONS BEFORE EXPANDING OUR BUSINESS THERE

Strongly agree 19%
Agree 44%
Neutral 27%
Disagree 10%
Strongly disagree 0%



IT'S COMPLEX TO PROVIDE CONSUMERS WITH A VARIETY
OF ONLINE PAYMENT METHODS



7% Strongly agree
36% Agree
28% Neutral
20% Disagree
9% Strongly disagree

PAYMENT SECURITY MARKET BY SIZE

COMPANIES ACROSS THE WORLD ARE SPENDING MORE AND MORE ON PAYMENT SECURITY

RETAIL: PAYMENT SECURITY MARKET SIZE, BY REGION, 2015-2022 (USD MILLION)

Region	2015	2016	2017-e	2022-p	CAGR (2017-2022)
North America	979.2	1,062.8	1,164.9	1,985.7	11.3%
Europe	502.0	564.5	643.7	1,446.6	17.6%
APAC	283.3	338.6	410.4	1,263.1	25.2%
MEA	149.7	170.7	197.3	469.7	18.9%
Latin America	158.7	185.1	218.5	578.2	21.5%
Total	2,072.9	2,321.7	2,634.7	5,743.2	16.9%

e: estimated; p: projected

Source: Secondary Literature IEEE-SA, Expert Interviews, and MarketsandMarkets Analysis

The European Union taking action

MAJOR DECISIONS AND REGULATION AIM TO CREATE A FAIRER ONLINE RETAIL WORLD BUT MERCHANTS MUST BE PREPARED

- In July, the EU fined Google a record USD2.7 billion, finding it guilty of deliberately giving prominence in shopping search results to its own services, breaching antitrust laws.
- PSD2: New regulation comes into force January 2018 to make payments safer for consumers but makes big demands of some merchants. ***Want to know if PSD2 will impact your business? Take the quick PSD2 test at the Acapture booth.***
- GDPR: New regulation to protect consumers will have a huge impact on how merchants can use people's personal data and is effective as of May 2018.





Consumer technology trends driving change

MORE CONNECTED CONSUMERS AND IMPROVED SERVICES

Data science, Internet of Things, AI/machine learning, Virtual Reality/Augment Reality and Blockchain are all changing how consumers shop online and how merchants provide services.

Though these trends make the consumer more available to the merchant, they also *raise the expectations of the buyer in terms of personalized services and flawless logistics.*

Ambitious merchants must be quick to adapt, using these *technologies to improve logistics and services.*

Key takeaways

Consumer technology is the key to better customer experiences and intelligent usage of consumer data.

Data science, VR, AI, machine learning and blockchain are all changing the way cross-border ecommerce works.

Ambitious merchants must be quick to adapt, using these technologies to improve logistics and services.





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Thank you!



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