

## Analysis of Cross-border EC market in China


### 1. Fast growth of China Cross-border EC market

- China Cross-border EC market increased by about 30% in 2015 (e-retail of cross-border EC rise by over 40%) and the market size amounted to over 5 trillion yuan, accounting for nearly 17% of the total foreign trade. The volume is expected to reach 6.5 trillion yuan in 2016 (19% of foreign trade and CAGR of 30%).

**China Import & Export Trade Data 2012-2018**

**Cross-border EC Data 2010-2017**

Source: State Statistics Bureau, iResearch, CECRC



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### 2. Product portfolio of China cross-border EC

- Export product:**
  - Electronic product, fashion items are the top 2 categories; home & garden, auto parts, pet supplies, sports and collectibles are growing faster;
  - Upgrading from low-value, non-brand items to high-end, high value-added and branded products.



1	Apparel & accessories
2	Mobile
3	Sports
4	Beauty
5	Jewelry
6	Consumer electronics
7	Shoes
8	Auto parts
9	Home & Garden
10	Bags

Source: eBay and Aliexpress

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### 3. Product portfolio of China cross-border EC

#### ■ Import product:

- Changing from special offer products such as infant & mom, healthcare products and cosmetics to multi-choice products such as home & garden, food, apparel, electronic items;
- Changing from price-sensitive to quality and brand oriented; Changing of origin countries from US, DE, AU, HK to more resources, including JP, KR, GB, IT, ES etc.



Note: screenshot from kaola.com

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Facts about China Post Cross-border EC business



**中国邮政**  
 CHINA POST

### Overview of China Post cross-border EC business

- Started cross-border EC shipping(mainly postal channel) in 2010 and gradually expanded to major business areas, featured by:
  - Diverse channel: postal and commercial
  - Value-added services: bonded solution, warehousing and local delivery, consolidation and returns, and
  - Multilevel shipping service: premium, standard, economy

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Facts about China Post Cross-border EC business


**中国邮政**  
 CHINA POST


### Participation in four business models of cross-border EC

Export	General export	<ul style="list-style-type: none"> <li>■ Export items processed in <b>37</b> postal OEs, <b>19</b> commercial express supervision centers, numerous cross-border e-commerce zones;</li> <li>■ Provide merchants with ems, e-series product (ePacket, eParcel, e-EMS), commercial express, parcel service via postal and commercial channel.</li> </ul>
	Bonded export	<ul style="list-style-type: none"> <li>■ Provide bonded warehousing and local delivery for merchants in <b>9</b> bonded gateways.</li> </ul>
Import	General import	<ul style="list-style-type: none"> <li>■ Imported postal or commercial items processed in <b>37</b> postal OEs, <b>19</b> commercial express supervision centers, numerous cross-border e-commerce zones.</li> <li>■ EDI exchange with customs to speed up clearance for inbound commercial express items.</li> </ul>
	Bonded import	<ul style="list-style-type: none"> <li>■ Bonded customs supervision and clearance and domestic delivery in <b>9</b> bonded gateways.</li> </ul>

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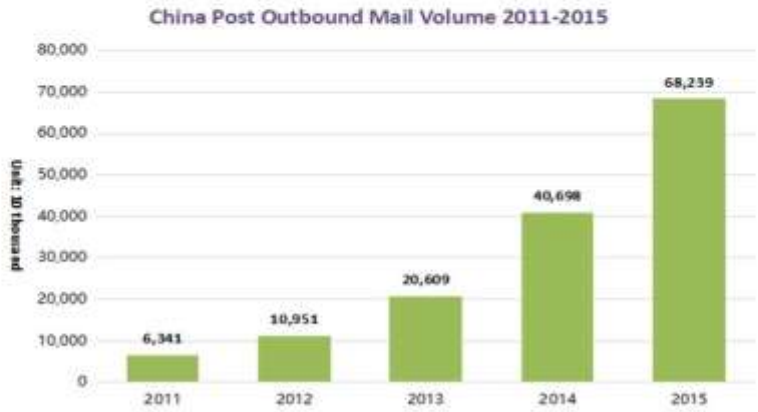
## Facts about China Post Cross-border EC business



### Figures of China Post cross-border EC business

- China Post cross-border EC business maintained high-speed growth for years. The export volume in 2015 totaled **680 million items**, increasing by **ten fold** over 2011 and **67.7%** over 2014.


China Post Outbound Mail Volume 2011-2015



Year	Volume (10 thousand)
2011	6,341
2012	10,951
2013	20,609
2014	40,698
2015	68,239

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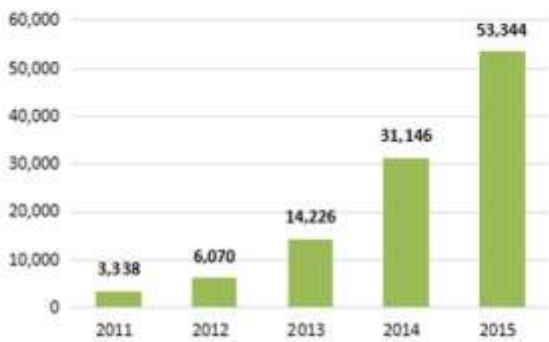
## Facts about China Post Cross-border EC business



### 1. Small packet service

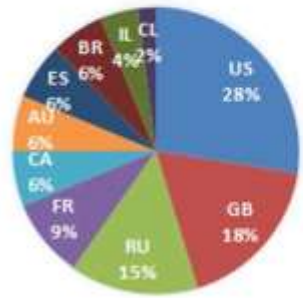
- China Post collected about **670 million lightweight items** (small packet **530 million**, rising by **71%**).

China Post Outbound Small Packet Volume 2011-2015 ( 10 thousand )



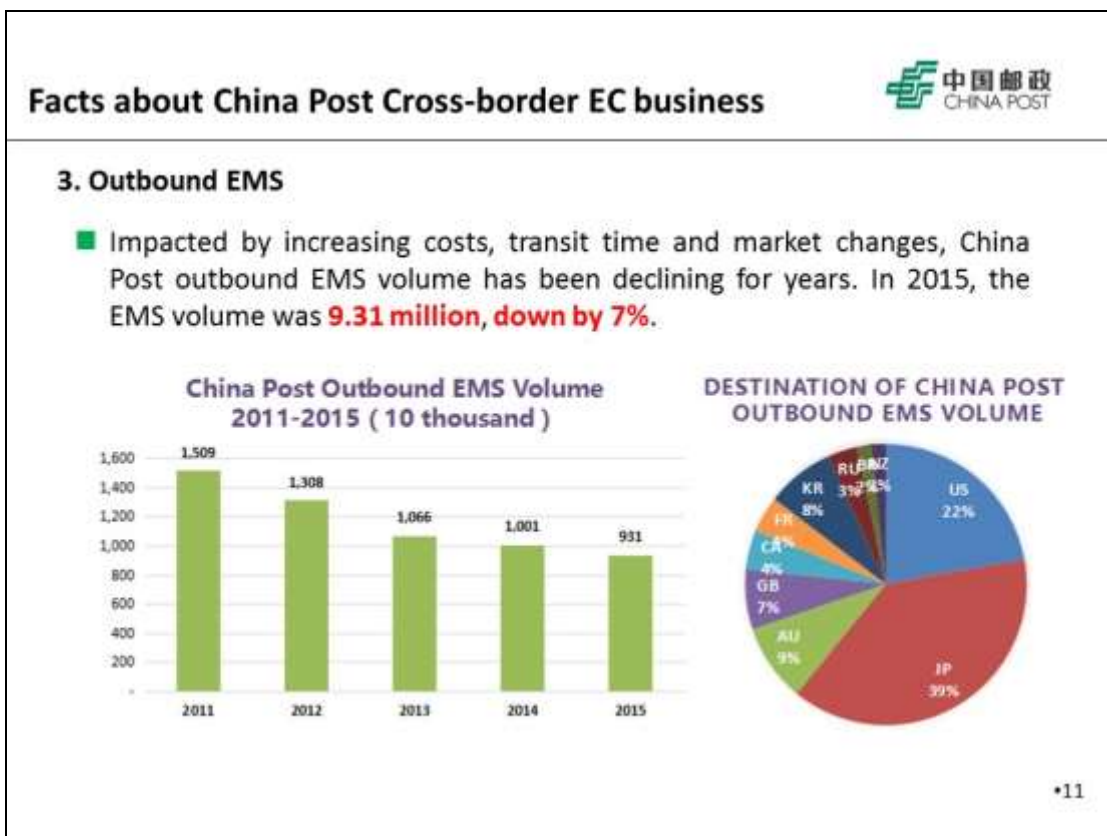
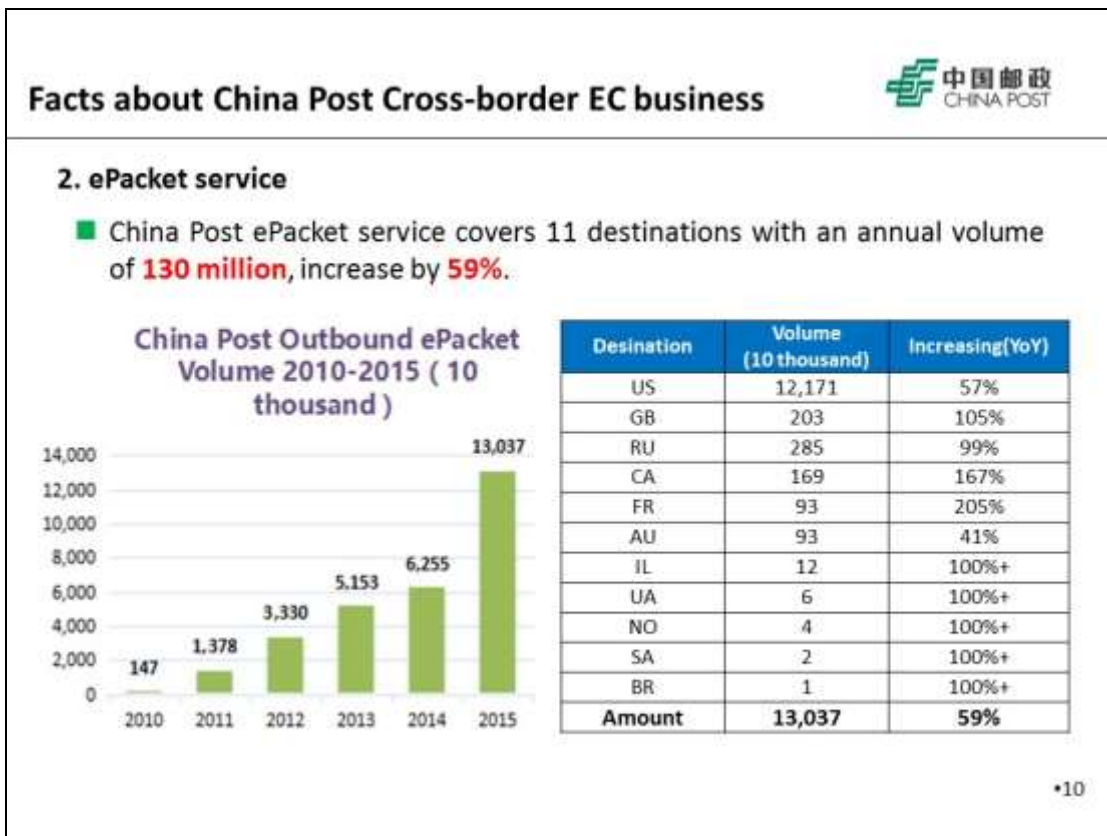
Year	Volume (10 thousand)
2011	3,338
2012	6,070
2013	14,226
2014	31,146
2015	53,344

DESTINATION OF CHINA POST OUTBOUND SMALL PACKET VOLUME



Destination	Percentage
US	28%
GB	18%
RU	15%
FR	9%
CA	6%
AU	6%
ES	6%
BR	4%
IL	2%
CL	2%

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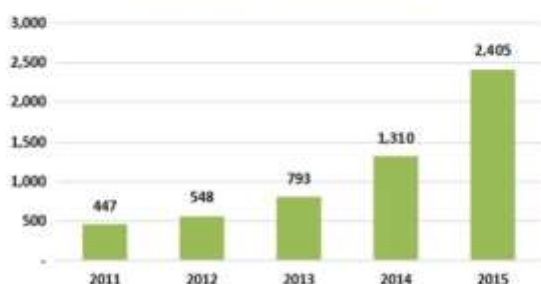
## Facts about China Post Cross-border EC business



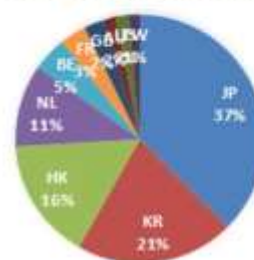
### 4. Inbound EMS

- Benefiting from the surging demand of overseas high-quality products by Chinese consumers, inbound EMS maintains rapid growth. The volume reached **24.05 million** in 2015, up by **84%**. As the largest destination of Inbound EMS, China accounts for approximately **38%** of the total EMS volume in the world.

China Post Inbound EMS Volume  
 2011-2015 ( 10 thousand )



DESTINATION OF CHINA POST  
 INBOUND EMS VOLUME



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## Opportunities for posts in Cross-border EC market



### 1. Market trends of outbound cross-border EC

C2C slow growth, B2C quick increase, B2B to explore new business model;  
Aliexpress, wish, eBay transforming to B2C;

Growing categories of export items with more added value, increasing branded products and wider destination markets.

Increasing concentration rate and size of marketplaces (Amazon, Aliexpress, eBay, Wish, lazada), faster growth of mobile marketplaces such as Wish.

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## Opportunities for posts in Cross-border EC market



### 2. Market trends of inbound cross-border EC

Consumers of imported items are multiplying and extending from the first-tier cities to second and third-tier cities. More Chinese consumers began to know and purchase overseas items.

Consuming ideas and habits are maturing and people began to put more focus on quality, variety, personality.

Diversification of imported products, changing from special offers to multiple categories of items, such as home & garden, food and apparel.

More merchants or marketplaces are emerging. Large e-commerce Marketplaces and proprietary e-commerce companies will maintain rapid growth.

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## Opportunities for posts in Cross-border EC market



### 3. Opportunities for postal operators-OUTBOUND

#### ■ Outbound opportunities:

- Chinese government encourages the development of cross-border EC and supports postal operators to play more important role in cross-border shipping.
- Growth of cross-border e-retail will generate huge demand for shipping. Postal service is the ideal choice for cross-border shipping with wider coverage, simple clearance and relatively lower rate.
- China Post has established close partnership with local branded companies and EC companies and will help these companies to sell globally via EC.

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## Opportunities for posts in Cross-border EC market



### 4. Opportunities for postal operators-INBOUND

#### ■ Inbound opportunities:

- Expanding consumption for overseas products will drive the growth of inbound shipping. Postal channel is more suitable for personal item shipping with simple customs clearance.
- China Post could operate multi-mode of inbound shipping services and individualize shipping solution for merchants of postal partners. China Post works closely with inbound EC companies and marketplaces and could assist companies in opening shops or companies in China.

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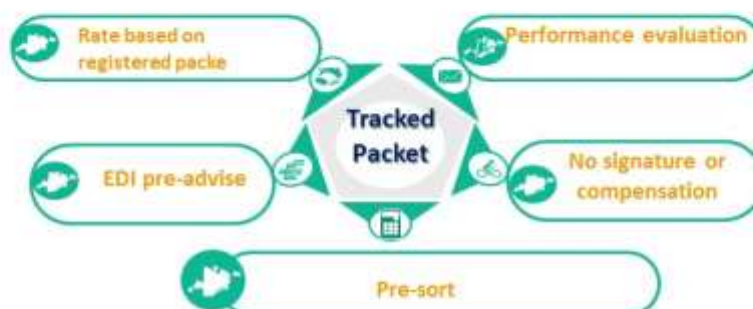
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## Proposals for postal cooperation in Cross-border EC market



### 1. Launch tracked packet service

- Reinforce cooperation between posts to transform registered small packet (change the high-cost features of registered packet, such as signature, compensation and inquiry) and provide the e-commerce merchants with low-cost tracked packet.
- Features of tracked packet: basic tracking scans (EMD and EMH or EMI), no signature, no compensation for loss or damage, stable transit time (E2E 15-20 days).



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## Proposals for postal cooperation in Cross-border EC market



### 2. Expand the coverage of ePacket service

- ePacket is targeted at comparatively high value EC items (max 2kg). China Post is planning to expand the coverage of ePacket (both inbound and outbound ePacket) to more countries and bring benefits to more postal partners.
- **Features of ePacket:** Pickup and processing in express networks to ensure fast transit (E2E 10-12 days); inject the items into postal partners' enhanced packet networks to ensure quick clearance and delivery; full track without compensation and inquiry service.



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## Proposals for postal cooperation in Cross-border EC market



### 3. Proposal for commercial channel cooperation

- Commercial channel is a supplement to postal channel for cross-border shipping. Postal operators may share experiences on commercial channel and explore the opportunities for cooperation in this field. China Post and some other postal operators has accumulated rich experience in commercial channel business. China Post is willing to provide commercial channel solutions for postal partners.
- **Proposed solutions:**
  - China Post to provide postal partners with bonded solution, commercial clearance and delivery across China;
  - China Post to provide product exhibition and logistics service for postal partners and their customers;
  - China Post to help postal partners and their customers to open shops in Tmall or JD, and enter bonded zones or cross-border EC zones;
  - Postal partners to provide commercial clearance, warehousing and local delivery for China Post merchants.

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## Conclusion



The future of postal business and postal network relies on the contributions of all postal operators.

We hope that postal partners could work more closely to seize the opportunities of cross-border EC and improve the capabilities of postal networks.

I believe postal networks will become the main shipping channel for cross-border EC through our unremitting efforts

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**THANKS**  
谢谢聆听

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