

Delivery Matters

Understanding the needs of online shoppers in China in 2015



China Edition



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Online shopping 

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Delivery matters in China



Welcome to our first International Delivery Matters report.

We've been producing research like this for the UK for the past seven years, helping retailers like you understand consumers' habits and preferences when they shop online. We're now widening our scope, with five new international reports focusing on China, Australia, the USA, France and Germany. All reports will be available to download at royalmail.com/deliverymatters

So does delivery matter in China?

Absolutely. China is the world's second largest, and fastest growing, economy. Annual retail sales have grown by almost 15% year on year for the last four years, making **China the largest ecommerce market in the world.** In 2013, the total online retail transaction value in China exceeded USD 295 billion, and boasted triple the growth rate of overall retail sales in China. M-Commerce accounted for USD 37.8 billion of this figure*. UK brands are enduringly popular with Chinese consumers and

third-party platforms like Tmall can take British products to market quickly and easily. China presents a real opportunity for UK's etailers.

That said, getting started as an exporter can feel daunting, but at Royal Mail we're here to help. We believe 'international' is just another post code and can help businesses like yours offer an excellent delivery service, building trust with your customers while keeping costs under control. This research is a great place to start. We hope it helps you understand the needs of online shoppers in China and gives you more confidence in accessing this vibrant, profitable market.

Nick Landon Managing Director of Royal Mail Parcels

Our research was independently conducted by Hall & Partners in April 2015. To help us explore similarities and differences, we sometimes compare results to UK research which was also carried out by Hall & Partners in April 2015.

*Source: IMRG China Passport 2014 Cross-Border Trading Report

China – key highlights

Online shopping is growing in China. On average, online shoppers shop more frequently, buy more items and spend more money than those in the UK.



Mobile is the device of choice for online shopping, and fast, efficient transactions are the name of the game.



Cart abandonment is seen less frequently than in the UK. When shoppers do abandon their purchases, it's usually because they've found a better deal elsewhere.



As in the UK, online shoppers often prefer free or inclusive shipping.

The trends

81%
of online shoppers say they're shopping more than they used to, with urban customers shopping more than those from the suburbs.

Frequency of online shopping >

Online shoppers in China shop frequently: 12% shopped more than 20 times in a three month period, while 32% shopped more than ten times – this is considerably more than the UK.

China

More than 20 times	12%
10-20 times	32%
0-9 times	56%

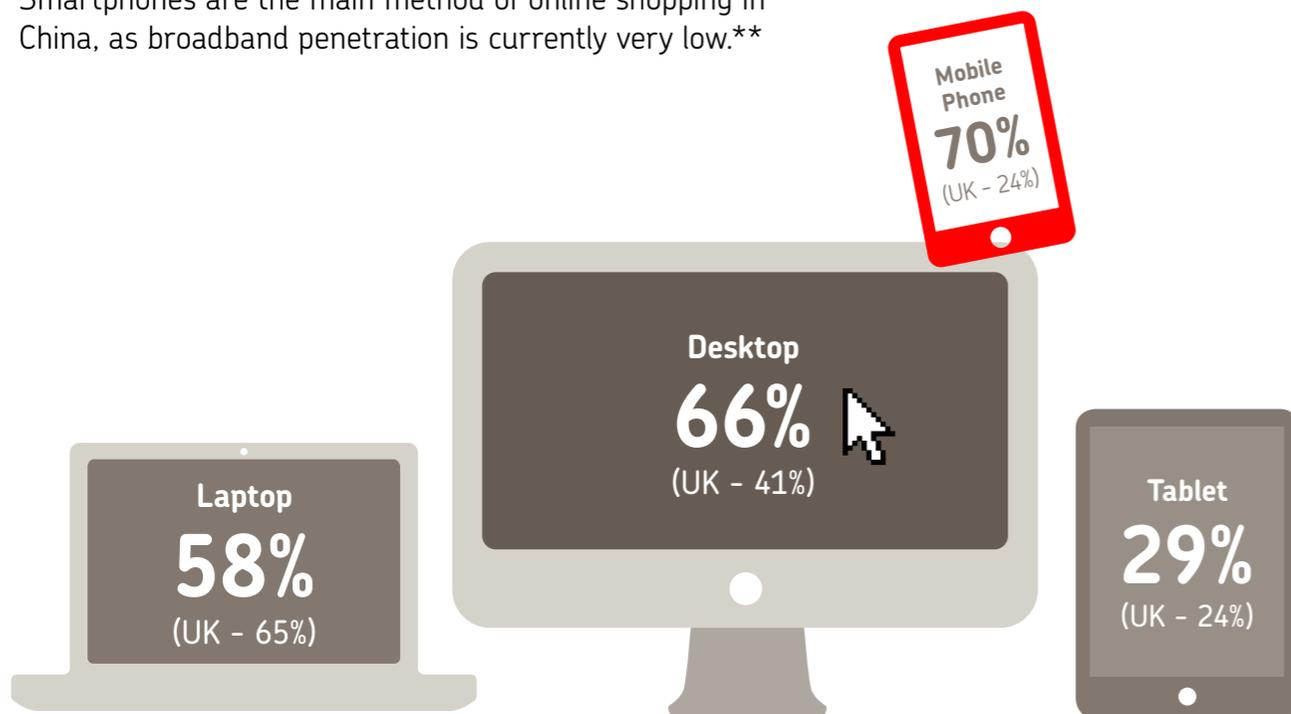
UK

More than 20 times	6%
10-20 times	21%
0-9 times	73%

Shop mobile

Mobile is the device of choice to shop online, significantly more than the UK.

This means the 70% of online shoppers who use their smartphones to shop, want fast, efficient transactions. Smartphones are the main method of online shopping in China, as broadband penetration is currently very low.**

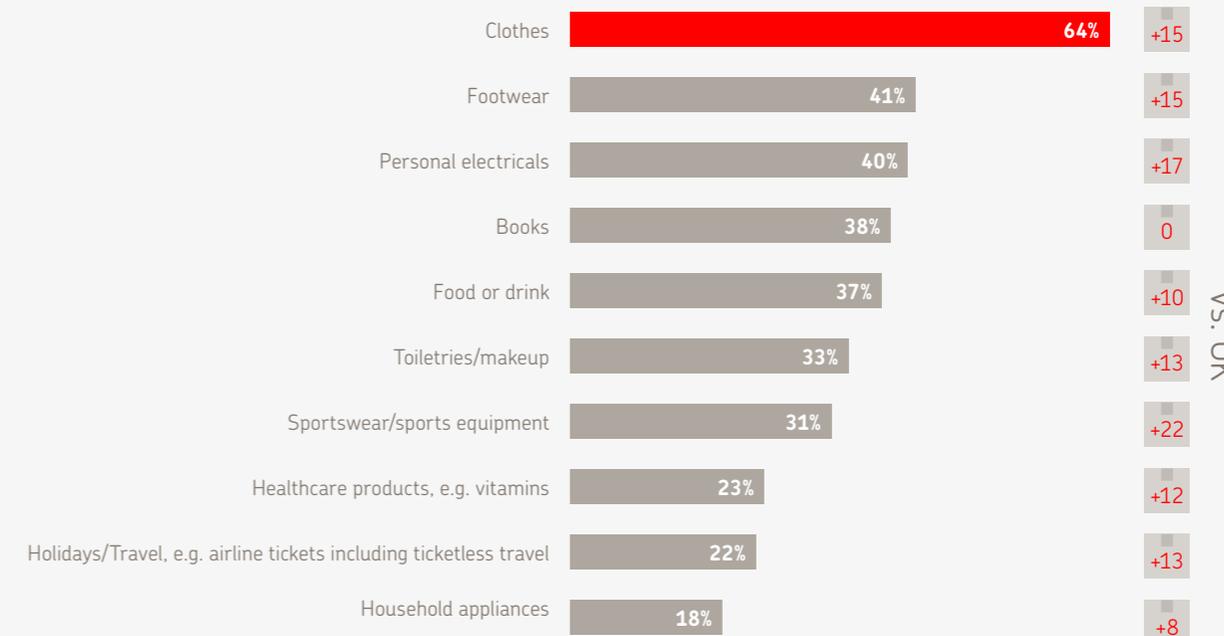


So what do online shoppers buy in China?



Products bought online in the last 3 months

As well as shopping more on their smartphones, online shoppers in China make significantly more purchases online than in the UK. Clothes and footwear are the most popular items.



The trends

They also spend more online, with an average spend of **£375** compared with only **£287** in the UK.



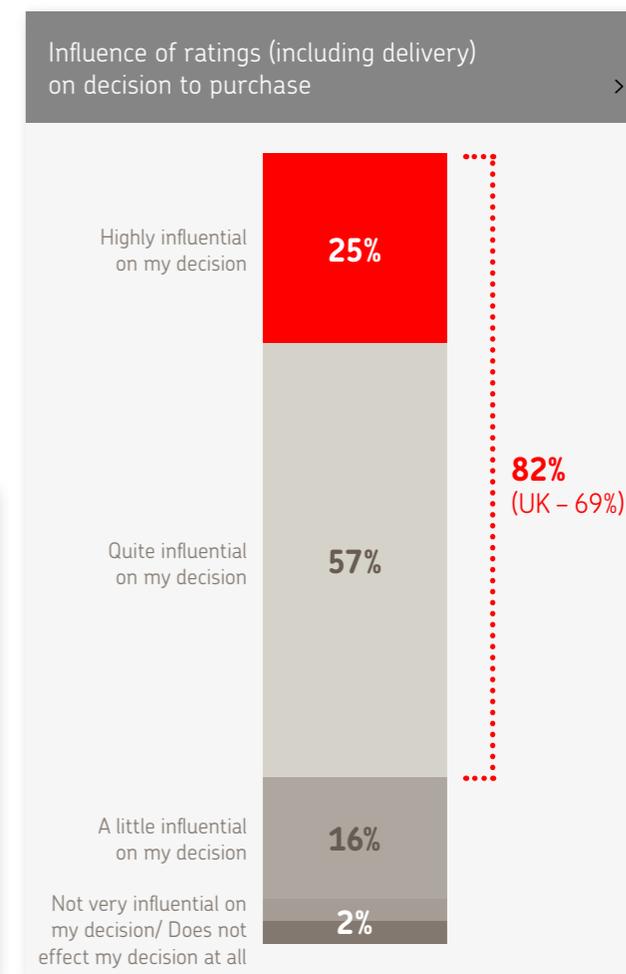
Key

- £500+
- £201 - £500
- £101 - £200
- Under £100



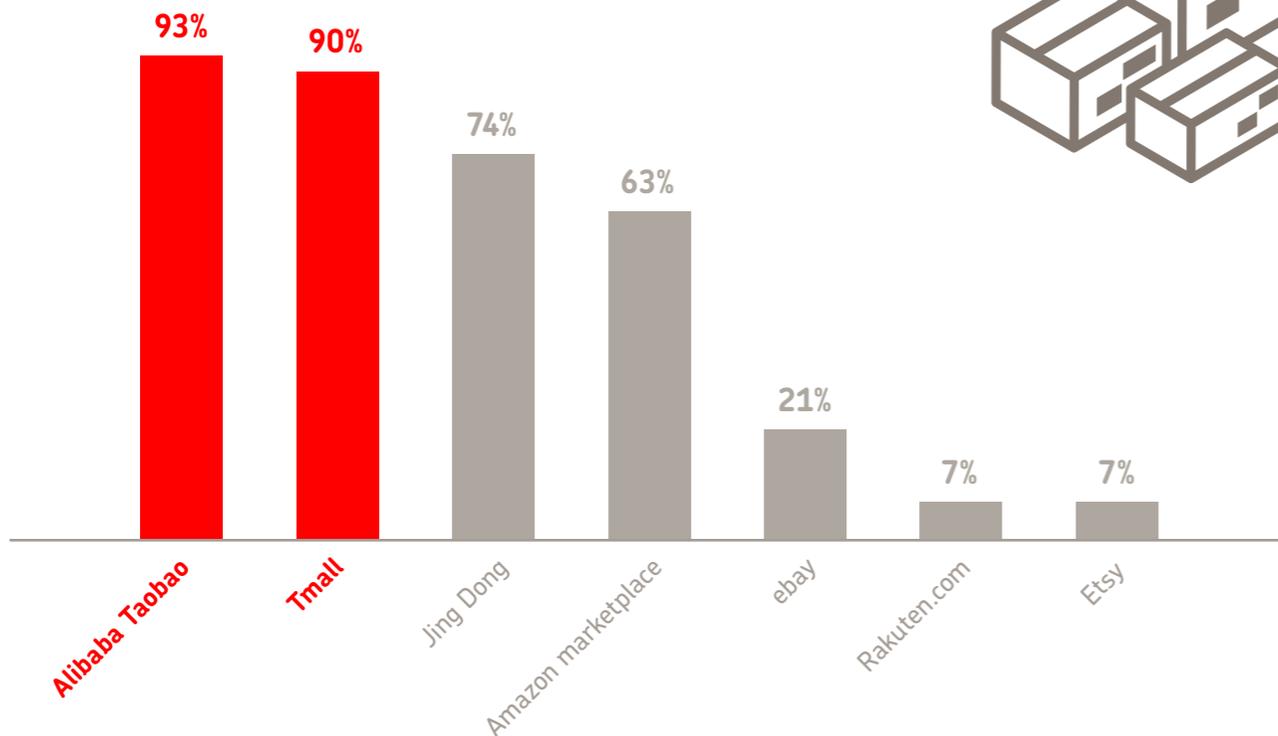
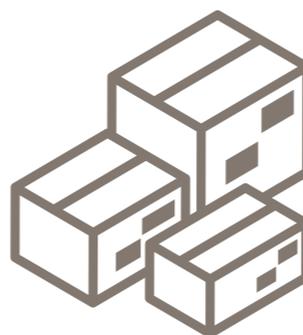
Online marketplaces

Online marketplaces are huge in China. 90% of online shoppers use them and for 82%, seller ratings (including delivery) have a big impact on their purchase decisions – much more than in the UK.



Online marketplaces

The two most popular marketplaces are run by Alibaba: Taobao is consumer-to-consumer, while Tmall is business-to-consumer.



Q. Which marketplaces have you ever bought from?

Alibaba Taobao, Tmall and Jing Dong are based in China. The remaining marketplaces are based outside China.

Cart abandonment

Cart abandonment is less of a problem within China – only 13% of shoppers say they frequently abandon their purchases (versus 21% for UK shoppers). This suggests they already know what they want to buy and are less likely to be ‘just looking’.



When they do abandon their cart, it's usually because they found a **better deal elsewhere**. **Free delivery** seems to be the norm, so abandonment because of delivery charges is a much smaller issue than in the UK.

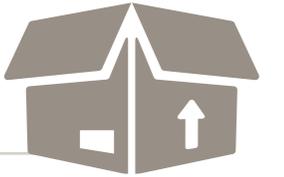


Preference for home delivery

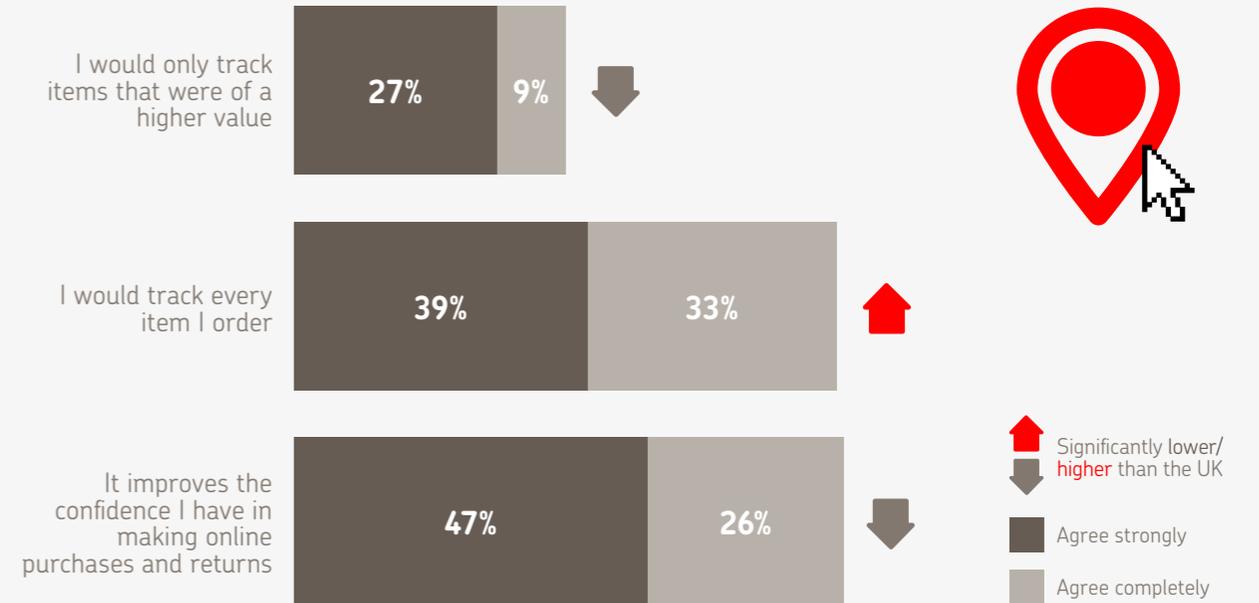
When it comes to delivery location, half of online shoppers would prefer to have purchases delivered to their homes, while just over a third prefer having items delivered to their work. Perhaps that isn't surprising, when the average commute time within some of the main cities is 90 minutes.



Delivering confidence



Tracking is important to online shoppers in China. Most would like it as an option, mainly for reassurance. Most online shoppers say they track every single item they order, not just high-value items.



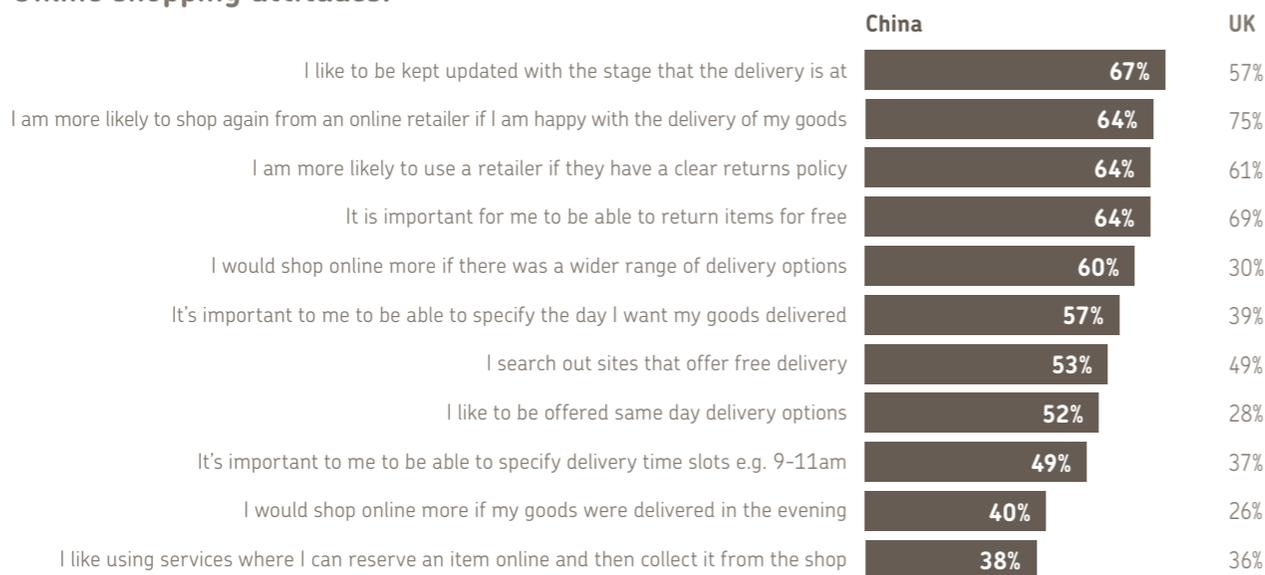
Delivering confidence



Compared to the UK there appears to be a greater demand for control over deliveries.

That's because online shoppers in China love to have information about their order's progress. They want to feel in control, to a greater extent than seen in the UK.

Online shopping attitudes:



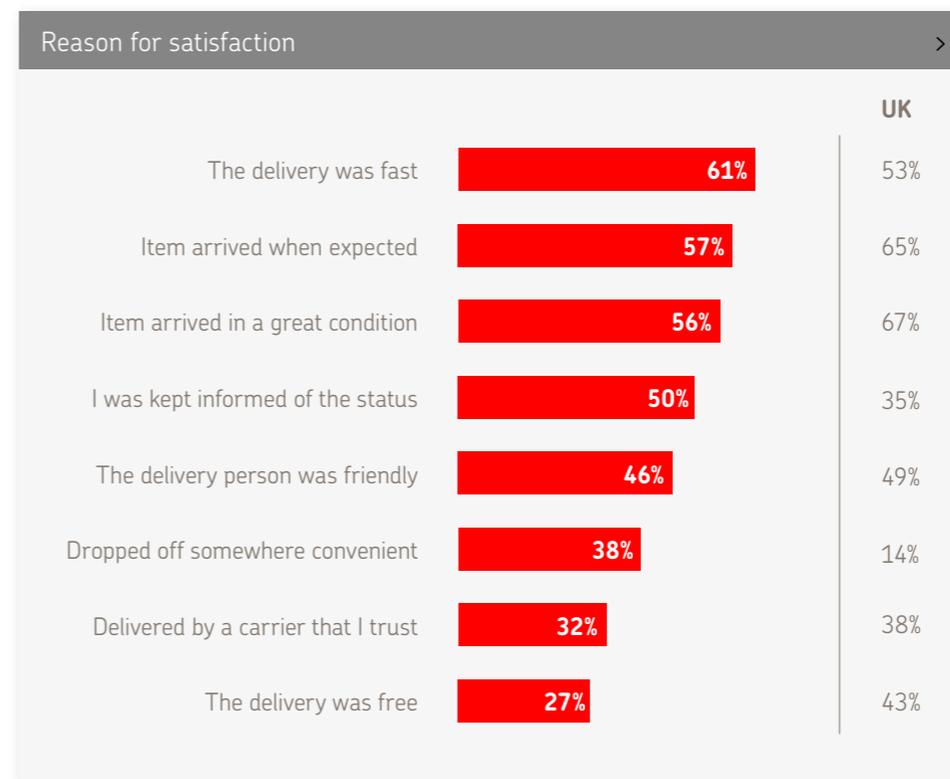
■ Figures for agree strongly/agree completely

Q. These are some statements that some online shoppers have made about shopping on the internet. Please indicate how strongly you agree with each statement.

Delivery satisfaction

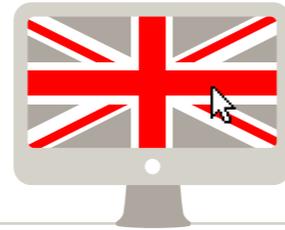


When it comes to feeling satisfied, speed is everything – it's most cited as the primary reason for feeling satisfied with a delivery.



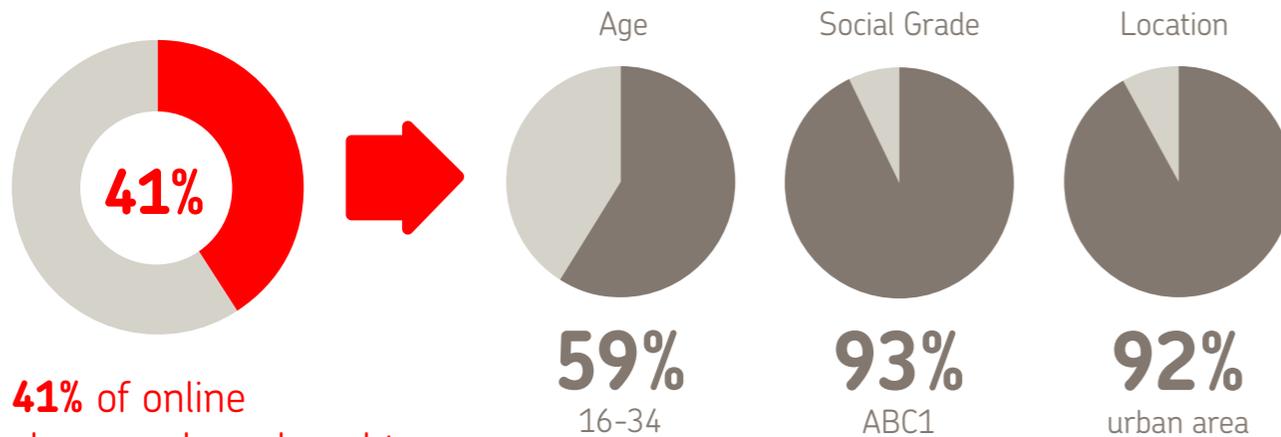
Online shoppers in China place a greater emphasis on speed, delivery status and convenience.

China ♥ UK



Great news for UK retailers: Online shoppers in China love products from the UK. **4 in 10 bought something from the UK in the last three months.** Most of these shoppers live in an urban area and a majority are aged between 16 and 34.

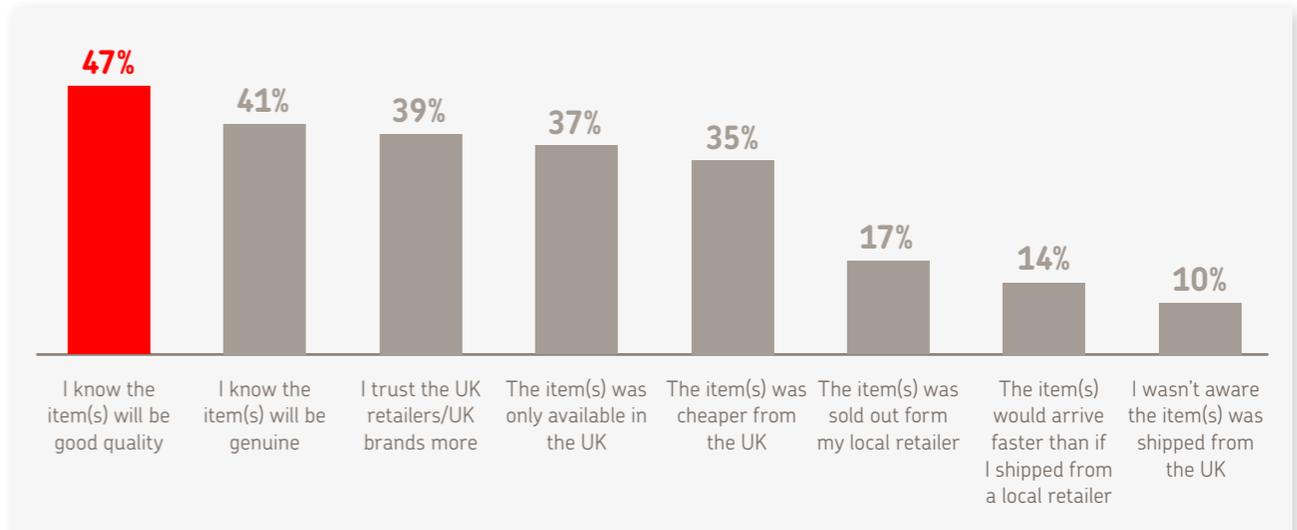
Shopping online for items from the UK



41% of online shoppers have bought an item from the UK

Q. Have you shopped online from a UK website within the last 3 months?
By this we mean via a computer, laptop, tablet, mobile or other internet device.

Quality and authenticity are the main reasons for buying from the UK.



The most popular retailers are seen as quintessential British brands – think well-known high street names, luxury retailers and sporting brands – names shoppers trust.

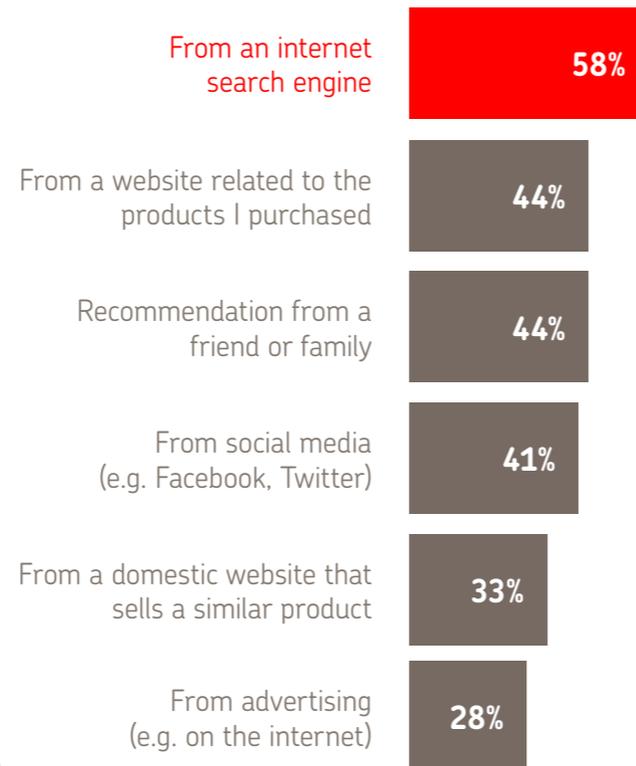
Most popular UK retailer websites



Searching for UK items online

Search engines are an important way for online shoppers to find UK goods – over half of online shoppers use search engines to find UK websites.

How do you find out about UK websites you can purchase your desired items from?



The key search engines in China include **Baidu**, **360 search** and **Sogou**.

Search

Clothes are the top item purchased from UK retailers

Healthcare products is a popular category too and online shoppers who shop more frequently also love to buy jewellery and electrical goods.



Top 5 items bought from the UK

In the last 3 months

1. Clothes



2. Healthcare products



3. Toiletries



4. Items only available from UK

5. Books

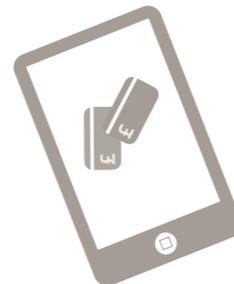


UK retailers are sought after



Almost two-thirds of online shoppers who have bought from a UK website purposefully sought out UK retailers. When shopping for items from the UK, purchases appear more considered and shoppers are less likely to abandon their cart.

The message is clear – online shoppers in China know what they want and value UK products.



Getting over the obstacles: encouraging customers to shop more

Some online shoppers do think purchasing from the UK is a risk.

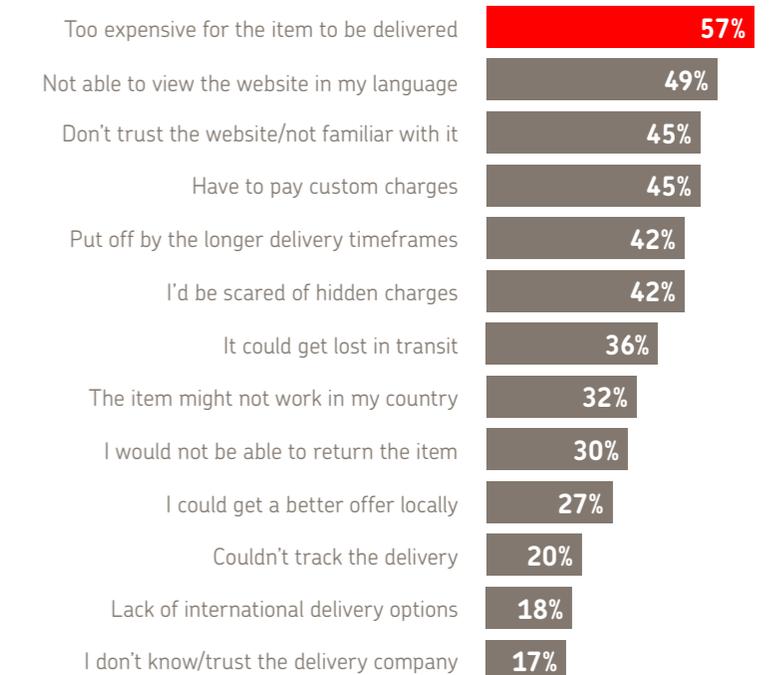
Barriers are mainly due to concerns around high international delivery costs and language. So by offering lower delivery costs or having a website in the shoppers own language means you can increase their likelihood of purchasing from your website.

Risks of purchasing from a UK website

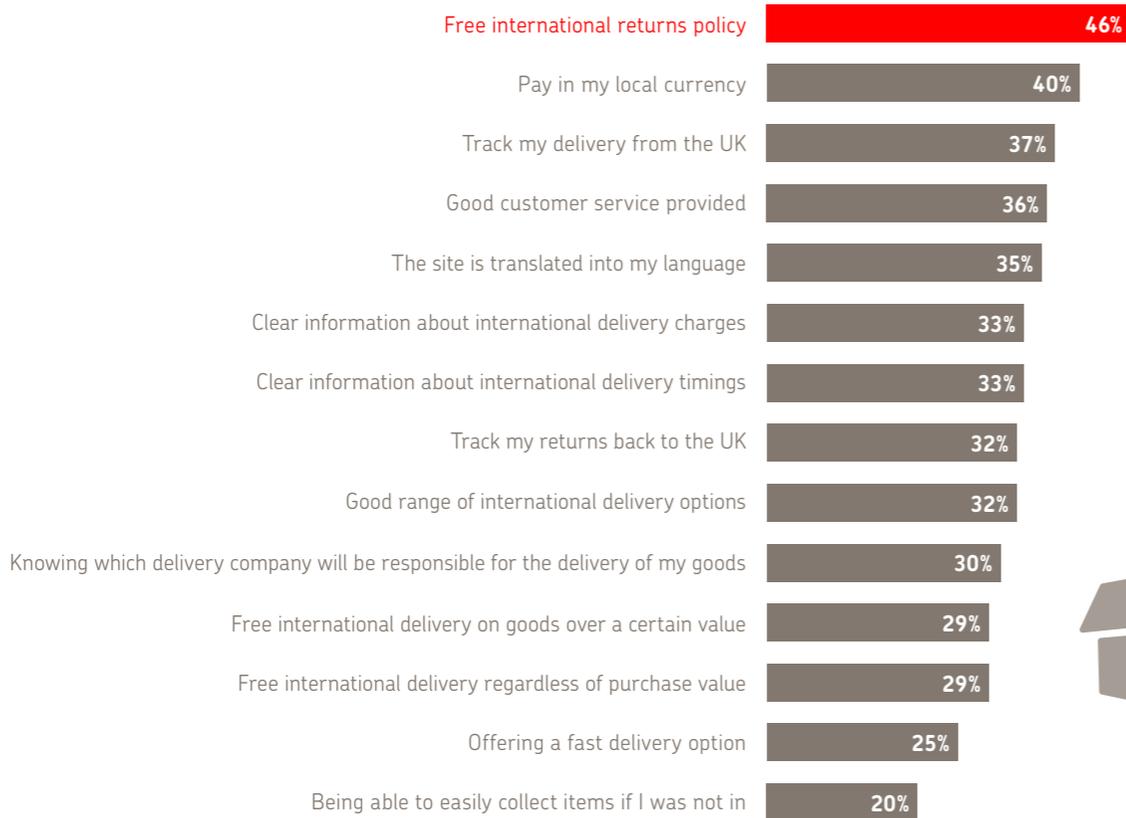
33% →

do consider it to be a risk to purchase goods online from the UK

Barriers to purchasing from the UK:



Reasons for shopping more from the UK



Free returns, local currency payment and tracking are all key areas to help drive online shopping from the UK.

Returning items bought from the UK

Of those who purchase items from the UK, only one fifth have returned items, significantly less than local market shoppers, which may be associated with a lower frequency of purchase.



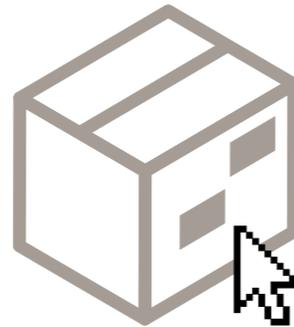
While cart abandonment is lower in China overall, online shoppers do have concerns about international delivery costs when they're ordering from the UK.



We help you deliver to China

Thanks for reading – we hope you found it useful. If you want to find out more about how we can help with your deliveries to China, contact your Royal Mail Account Manager or call us on **08457 950 950***.

To find out more about our research into the needs of online shoppers in the UK, USA, Australia, France and Germany, visit royalmail.com/deliverymatters.

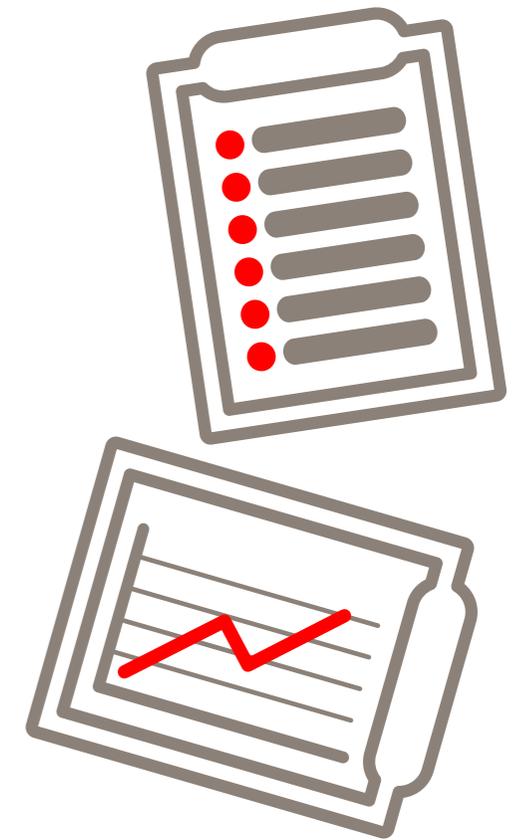


*Calls may be recorded, monitored and used for training and compliance purposes. Calls cost 5p per minute plus your telephone company's network access charge.

About this research

1,500 online shoppers who had purchased items online in the last three months (other than groceries) completed a 15–20 minute online survey between 15 April and 29 April 2015.

The survey was conducted in the shopper's native language. The sample reflected the population density and internet penetration across China. China is a diverse country – as our survey focused on online shopping, internet access was a main sampling requirement.



About this research

Who we spoke to

Tier 1	64%
Guang Zhou City (including suburbs)	21%
Beijing City (including suburbs)	21%
Shanghai City (including suburbs)	21%
Tier 2	27%
Wu Han City (including suburbs)	5%
Chang Chun City (including suburbs)	2%
Cheng Du City (including suburbs)	7%
Nan Jing City (including suburbs)	8%
Xia Men City (including suburbs)	4%
Tier 3	3%
Shaanxi province	3%
Tier 4	6%
Jiangxi province	3%
Shandong province	3%



Tier 1: Represent the most developed areas of the country with the most affluent and sophisticated consumers.*

Tier 2: Consumer behaviour is evolving very fast in 2nd tier cities and, in general, tends to mimic 1st tier's trends.*

Tier 3: Generally lag behind 1st and 2nd tier ones in terms of economic growth and development.*

Tier 4: Made up of many smaller cities which lag behind in terms of economic growth and development.*

Tier system considering factors:

- Population size
- Development of services
- Infrastructure
- Cosmopolitan

*www.sinostep.com / www.nexus-pacific.com

Our products



We have a range of tracked and signed options, delivering to over 220 countries and territories worldwide. We deliver to Europe in 3-5 days and the rest of world in 5-7 days. We offer up to £50 inclusive compensation with extra cover up to £250 available.



In China we offer a range of parcel delivery services, including International Standard from £4.10, as well as International Signed. We work closely with China Post making sure we have the expert, local knowledge we need to deliver in China. We have also recently launched our shop front on Alibaba's Tmall Global e-marketplace, providing British retailers and exporters an accelerated opportunity to access the China market. Talk to your Account Manager for more information about prices and any volume related discounts we can offer.



Making it easy to access China

You can now send 1,000 or more Tracked items across UK, International and Returns services and by combining volumes you can benefit from a better price.

Our despatch solutions **Despatch Manager Online (DMO)** streamlines order management and despatch through an online tool. Our **Shipping API** uses API technology to interface with your order processing systems. They're both available free to Royal Mail contract customers.



Royal Mail



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