Reference materials

China: From follower to leader in the digital economy

By Wang Ying

[China: From follower to leader in the digital economy - CGTN](https://news.cgtn.com/news/2021-12-24/China-From-follower-to-leader-in-the-digital-economy-16fDlYMaMX6/index.html)

***Editor's note:****Wang Ying is the vice president of ChinaEU, a non-profit international association, and the executive chairman of the New Economy Association. The article reflects the author's opinions and not necessarily those of CGTN.*

On December 22 at the 2021 World Digital Economy Forum, China officially released the "Jointly Building a Digital Community with A Shared Future Initiative," which captured worldwide attention. This initiative represents China's response to the complex international situation in the global digital economy. As a responsible power, China now provides a "blueprint" for the development of the digital economy reflecting a willingness to work together with countries around the world to build a healthy digital community and provide constructive solutions for governance of the internet economy.

In recent years, China's digital economy has developed rapidly and has gradually become one of the dominant forces in the national economy.

According to the global digital economy white paper released by the China Academy of Information and Communications Technology, China's digital economy in 2020 experienced strong growth, reaching 39.2 trillion yuan ($6.2 trillion), accounting for 38.6 percent of GDP, an increase of 2.4 percentage points from the previous year. The digital economy of China's service industry, manufacturing industry, and agriculture accounted for 40.7 percent, 21.0 percent, and 8.9 percent of the industry's added value, respectively. This also greatly contributed to the effective COVID-19 prevention and control measures as well as to stabilizing economic and social development.

Furthermore, the structure of the digital economy continued to be optimized and upgraded. According to the core digital industry statistical classification by the National Bureau of Statistics of China, China's digital economy is mainly driven by two segments: Firstly, industrialization of digital products and services and secondly, digitization of traditional industries. The scale of the industrialization of digital products and services has reached 7.5 trillion yuan ($1.2 trillion), accounting for 19.1 percent of the digital economy, 7.3 percent of GDP, and a nominal year-on-year increase of 5.3 percentage points.

More importantly, the digital transformation of traditional industry is also accelerating. The white paper shows the size of the economy generated by the digitization of traditional industry has reached 31.7 trillion yuan, accounting for 80.9 percent of the digital economy, 31.2 percent of GDP, and a nominal year-on-year increase of 10.3 percent, which provides strong impetus for the sustainable and healthy development of the digital economy.

The report also pointed out that in 2020, China's digital economy ranked second in the world, with nearly $5.4 trillion, behind the United States. In terms of growth rate, China's digital economy grew by 9.6 percent year-on-year, one of the highest in the world.

China has become an important source of innovation in the global digital economy. This means that the era of China as a "follower" is over, and it will gradually become a "leader."

China then will take the lead in entering the "uncharted waters" in the era of fierce competition in the formulation of international digital rules and accelerated reshaping of the international order in cyberspace. In the past 10 years, the world has seen China's new formats and models in the digital economy, such as e-commerce, mobile payment and bicycles sharing. More recently, in the past three years, China has made further advancements in information aggregation, data sharing and AI analytics, which have been applied to the fight against the COVID-19 epidemic, thus making it possible to allocate resources efficiently in the society, improve the normal flow of goods and develop remote office work.

Looking ahead, in the next five to 10 years China will not only inject a steady stream of vitality into the recovery and development of the world economy, but also will provide the world with a "Chinese example" and "Chinese plan" of digital economy innovation. In addition, China, as a major country, will also take on the responsibilities of actively participating in the formulation of international taxation rules and strengthening the formulation of international governance rules for the digital economy.

For China, this is a huge responsibility and challenge. According to the country's future digital economy plan, it will not only be necessary to further increase the scale of the country's digital economy development, but also do a good job in the role of a world leader. These are necessary goals to empower the transformation and upgrading of traditional industries, give birth to new industries, new business models, and new models for the world and at the same time enhance the service awareness of global business formats, facilitate win-win cooperation in the global digital economy and promote the solution of problems related to global digital economy governance.

In terms of creating a good environment, China needs to work with other countries on the basis of conscientiously summarizing practical experiences and strive to form a new global rule system that is practical and acceptable to everyone.

From the perspective of global governance, China should join forces with other countries to implement the five sectors mentioned in the "Jointly Building a Digital Community with A Shared Future Initiative": Firstly, global digital economic cooperation; secondly, global digital trade rules; thirdly, global digital economic development opportunities; fourthly, digital technology solutions; and fifthly, win-win digital innovation and development.

As to China's digital economy perspective, it needs to pay special attention to the following three points:

The first is necessary to focus on accelerating the deployment of China's digital economy in the service sector, especially in the IT and Internet service industries such as artificial intelligence, big data, and cloud computing.

The second is to pay more attention to the development of international cooperation in the development of the digital economy, especially to promote the international development of the service sector of the digital economy.

The third is to closely follow the progress of the international reform of digital taxation, strengthen theoretical research and practical exploration of digital taxation, actively participate in the formulation of international taxation rules, and combine the development of the global digital economy to jointly build a standardized, fair, scientific, and reasonable digital tax system.

The digital economy has increasingly become the leading force to promote economic development. China is discussing with countries around the world and issued the "Jointly Building a Digital Community with A Shared Future Initiative" to create a more harmonious and win-win ecosystem for the development of the digital economy in the post-epidemic era. China will provide useful experience in its leading role for the development of digital industries around the world, join forces with all countries in the world and make active efforts and contributions to the governance of the global digital economy.

*(If you want to contribute and have specific expertise, please contact us at opinions@cgtn.com.)*

**EXECUTIVE VOIC**

**THE ROLE OF BIG DATA IN THE DIGITAL ECONOMY**

Before talking about big data and its role in the digital economy, it is necessary to understand the very subject of such an economy. So, the digital economy is a system of economic, social and cultural relations based on the use of digital information and communication technologies.

The main wealth of such an economy is data. The main emphasis is on the collection and processing of large amounts of data (Big Data).

Big data carries value for any modern company. In the US, there are special exchanges for the sale of anonymized data. As marketer Clive Humby said back in 2006, “Data is the new oil.” Also learn more about data management services.

**WHY BIG DATA IS A COMMODITY**

We are accustomed to shopping for food or clothes, books or leisure items. Speaking of B2B, organizations buy office furniture or CRM systems from each other. So why don’t companies sell de-identified data about their customers to other organizations?

Of course, big data is different from the typical goods and products that we see every day. I would like to highlight a number of features that characterize the commercial nature of Big Data in relation to the digital economy.

**Lots of wording**

What is Big Data? Just a lot of data? Or some special technology for working with big data? Is user data considered large? While participating in the Working Group on Big Data at IRI, my colleagues and I faced this problem.

**Tight control**

Even the most dangerous goods (like weapons) are not controlled in the same way as data. If information about hundreds of thousands of customers falls into the hands of attackers, then they will be able to find out everything about these people. That is why in order to create exchanges for the sale of data, it is necessary to finalize  the legislation .

**Low analytical culture in companies**

Unfortunately, companies have an extremely low culture of working with data. My experience shows that small and medium-sized businesses collect data (on customers, sales, employees) at most, but do not use it to test business hypotheses and increase the overall profitability of the organization.

**A fair amount of skepticism**

This paragraph logically continues the previous one. So far, only large businesses are working with big data and predictive analytics.  Medium, and even more so small businesses do not understand the full value of Big Data, and also cannot use modern solutions due to their cost.

**REASONS TO USE BIG DATA IN BUSINESS**

In my article, I highlighted a number of key reasons why you should use big data in business, regardless of its size and scope.

**Better customer understanding**

Big data can reveal a lot about what makes your customers buy the products and services you offer. Based on information from your own website, social networks and other public online sources, you can track your customers’ behavior and group them based on actions towards your brand.

**Development of targeted marketing messages**

The key to understanding your customers is the answer to the question “How and when do they shop?”, “What is valuable to them?”. Based on this information, you can develop more effective marketing messages for the market and reduce customer acquisition costs. Big data can help your company (regardless of size) decide when, where and how to target leads and what content will perform best in the current time frame.

**Launching new products to the market**

This reason is especially important for online products and services, as customer user data can help you understand what works and what doesn’t. How long do your customers use the product? What motivates them to continue using the product or vice versa – to refuse? With this information, you can increase your existing product targets and make new products with better results.

**Quick idea check**

The peculiarity of small businesses is greater flexibility compared to corporations. With big data, you can quickly capitalize on insights, test them, and bring products to market before your larger competitors take action.

**Customer Journey Optimization**

The customer journey is a marketing term. Big data just gives you insight into the customer journey and user experience. How do consumers perceive our brand? How do they travel through your site? How long does it take to turn them into a sale? With this information, you can find points of interest along the way from impression to conversion, and make improvements along the way.

**Improving business processes within the organization**

Looking at the data on existing business processes within the company, collected by the company over the years, as well as analyzing them, you can not only find weaknesses in business processes, but also optimize them or redo them from scratch. Big data can help you predict how many customers are forecast for the next quarter and help stock your stores.

The benefits of big data are clear, but many small organizations hold back from this level of analytics for fear of wasting time and money. However, those companies that do take the plunge often achieve their targets, especially as their business grows more and more data-driven.

**How to organize the sale of big data**

For the successful use of big data in the development of companies, special exchanges for buying and selling Big Data are needed. Similar exchanges exist in Western Europe and the USA.

The operation algorithm of such an exchange is simple. On the one hand, there are companies that have large amounts of customer data at their disposal. On the other hand, there are companies that would benefit from this data, due to the similarity of the audiences.

Having come to the exchange, the seller company offers anonymized (this is extremely important) data to organizations interested in this. Those, in turn, use the acquired data in advertising, marketing and customer analytics.

For example, knowing that 3% of all 40-year-old men from London watch football every Friday and buy 3 bottles of Late Knights Worm Catcher 5%, based on the data, you can advertise this beer at a higher discount from another retailer, which purchased the depersonalized data.

**Conclusion**

Big data in the era of transnational companies and international cooperation has ceased to be a national treasure. The role of big data is to be a liquid commodity, a necessary condition for increasing the profitability of organizations through personalized customer service and predictive analytics.

For the digital economy, it is extremely important not only to legitimize a single definition of big data, but also to achieve the emergence of exchanges for the sale of data. This will become a fundamental factor of competitiveness in the world market, as well as a big step in supporting national business within the country.

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