Insights into Consumption of Imported Goods in China

- 2016 Tmall Global Annual Data Report

CBNData 第一财经商业数据中心 × 天猫国际 TMALL GLOBAL

CONTENTS

An Overview of Imported Goods Consumption in China

Favorable policies help cross-border e-commerce to maintain steady development.

The main mode of cross-border e-commerce during this period was mainly about "entrusted purchasing," and a small number of high-income women have begun to engage in cross-border online shopping.

The model began to transfer to bonded import, collected goods import, and little package post mail. Cross-border B2C platforms led by Tmall Global appeared around 2014.

Lifting the tariff will boost cross-border e-commerce consumption. With tariff rate changes, the categories will be more abundant. Logistics system and business model will be expanded following the trend of an increase in the choices of goods.

Early stage of cross-border e-commerce

Before 2012

- 1994.11 *Circular of the General Administration of Customs on Adjusting the Limits and Exemptions of Personal Articles in Inward and Outward Mail*
- 2004.7 Announcement No.43, 2010 of the General Administration of Customs of the People's Republic of China (Concerning the Issues for Adjusting Measures for the Management of Personal Postal Delivery Items)

Development stage of cross-border e-commerce

2012-2015

- 2012.5 *Notice on the Implementation of National E-commerce Pilot Work* by National Development and Reform Commission
- 2014.2 Announcement No. 12, 2014 of the General Administration of Customs of the People's Republic of China on "Addition of Customs Supervision Codes"
- 2014.7 Announcement No. 56,57 of the General Administration of Customs
- 2015.6 *Guidance on the Promotion of Healthy and Rapid Development of Cross-border E-commerce* by the State Council

Mature stage of cross-border e-commerce

After 2016

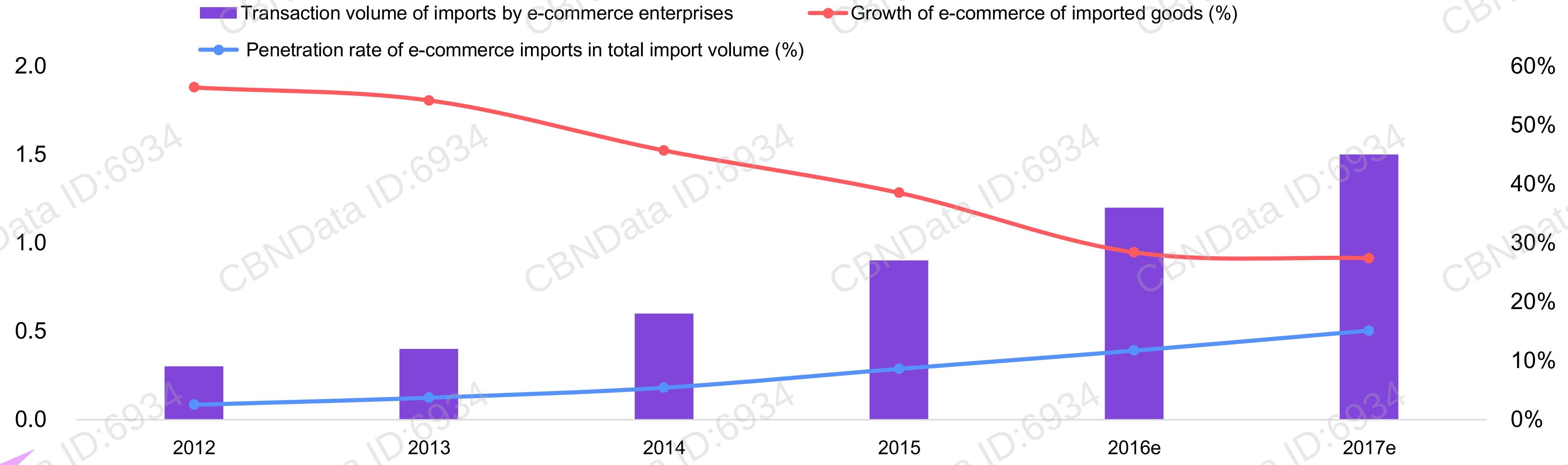
- 2016.3 *Notice on Import Tax Policies for Retails in Cross-border E-commerce* by Ministry of Finance
- 2016.4 *Cross-border E-commerce Retail and Imported Goods List* by Ministry of Finance
- 2016.9 Released by *G20 Global Trade Growth Strategies*
  Released by B20 *2016 B20 Policy Proposal Report*

Source: Internet data

Consumption upgrade becomes a new driver for market growth, Chinese consumers' demand for imported goods increases.

- The total volume of imports by e-commerce enterprises maintains a stable growth of more than 30%, and the market enters a period of rapid growth.
- Retail dominates cross-border e-commerce, and the increase of penetration in total imports shows that domestic consumers are increasingly interested in buying imported goods online, shifting from price-sensitive to quality-conscious.

China's cross-border e-commerce between 2012 and 2017e



Source: iResearch

Tmall Global continues to upgrade the supply of imports. Ability to capture china’s new wave of middle class consumption will be crucial for future success.

Covered countries and regions

63

20% new countries of origin joined in

Product categories

3700+

1700+ categories newly introduced

Introduced brands

14500+

80% of them were imported to China for the first time

Note: the data displayed on this page is a comparison with those of Tmall Global in 2015

Change in family circumstances, the aspiration to experience new things and quality consciousness are three key motivators for imported goods consumption.

Change in family circumstances

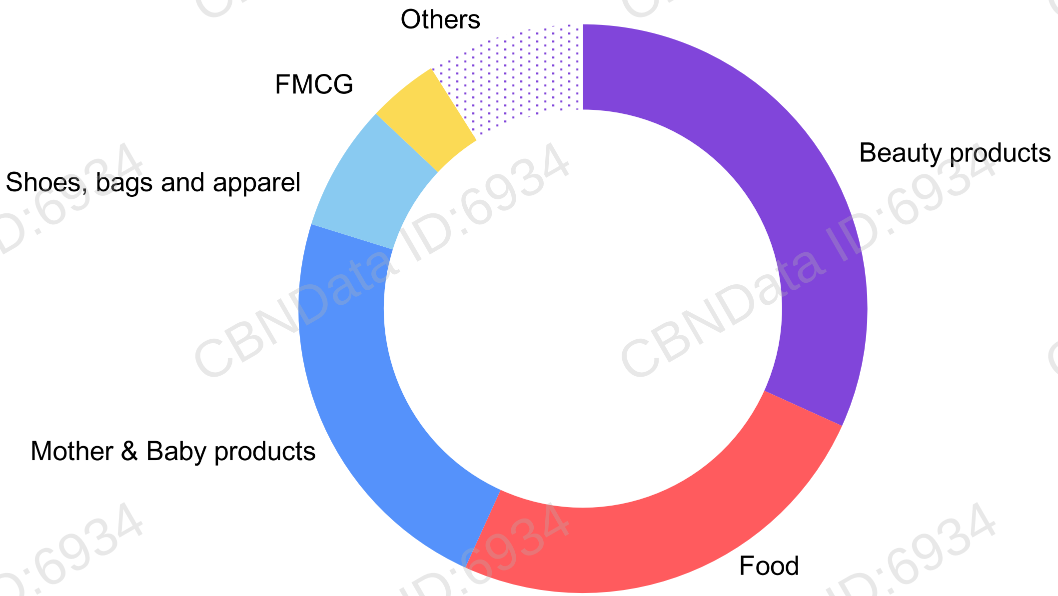
Aspiration to experience new things

Quality consciousness

Tmall Global has shown significant cyclical sales growth since its official launch in early 2014; in 2016, the proportion of beauty care products soared, ranking first.

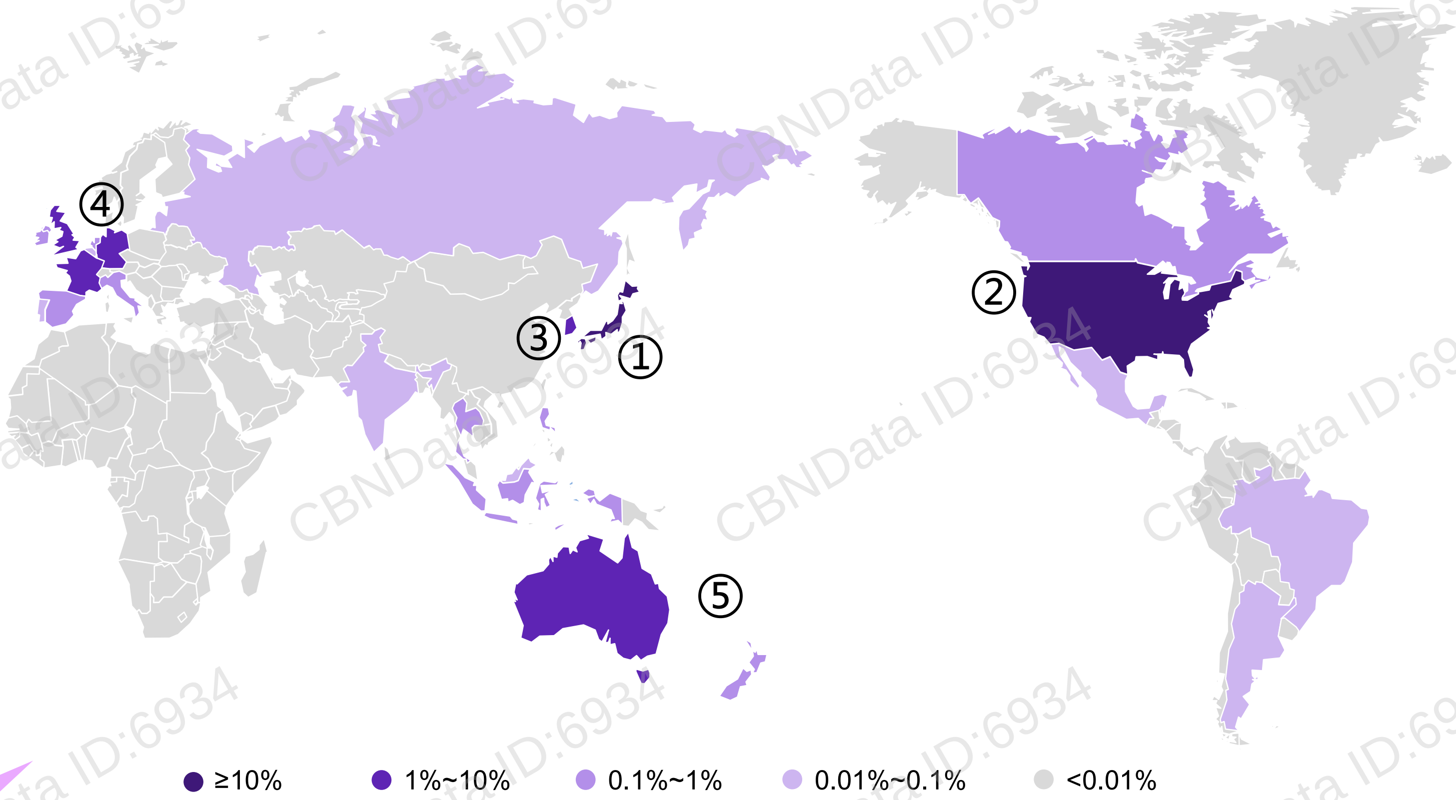
- Food, beauty products and mother&baby products are the main categories driving sales.
- Since 2016, beauty products' share has been soaring and leapt to first place, while FMCG's has risen significantly.

Tmall Global sales in 2016 by product category

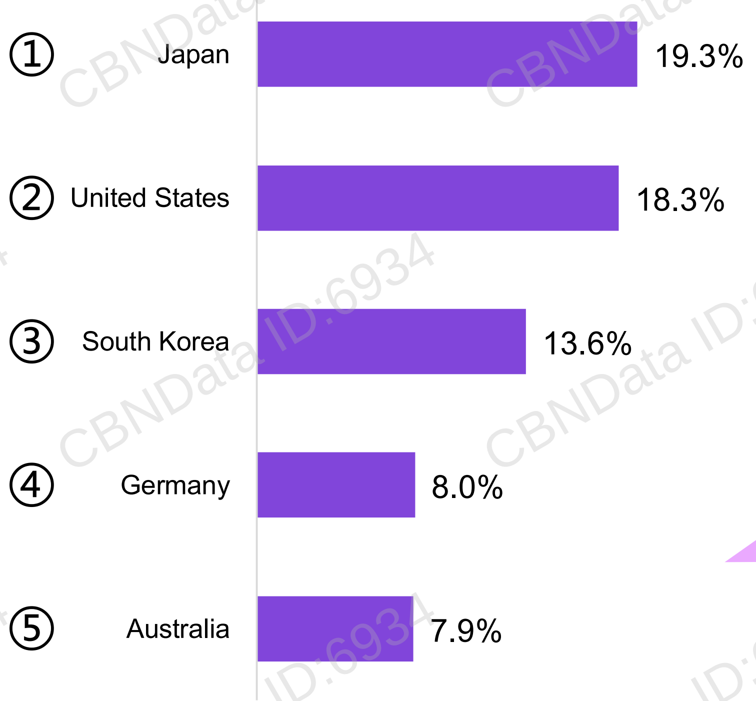


Products from Japan, the United States, South Korea, Germany and Australia are more favored by consumers on Tmall Global, and products' origins are concentrated. In addition, it is worth noting that preference for Western European products has risen collectively.

Heat map showing countries of origins of products sold on Tmall Global in 2016



Countries on origins of Top 5 best-selling products of Tmall Global in 2016



The top 3 categories account for the majority of sales from a particular country of origin, showing clear country identification with products,e.g. Japan and South Korea's beauty products, health products from the United States and Australia and kitchen utensils from Germany.

The most popular categories of top 5 countries of origin of Tmall Global in 2016

1 Japan Top 3 categories
Beauty skin care / body building / essential oils
Diapers / body care & hair care / feeding / baby cots&stroller
Cleaners / sanitary towels / toilet papers / aromatherapy

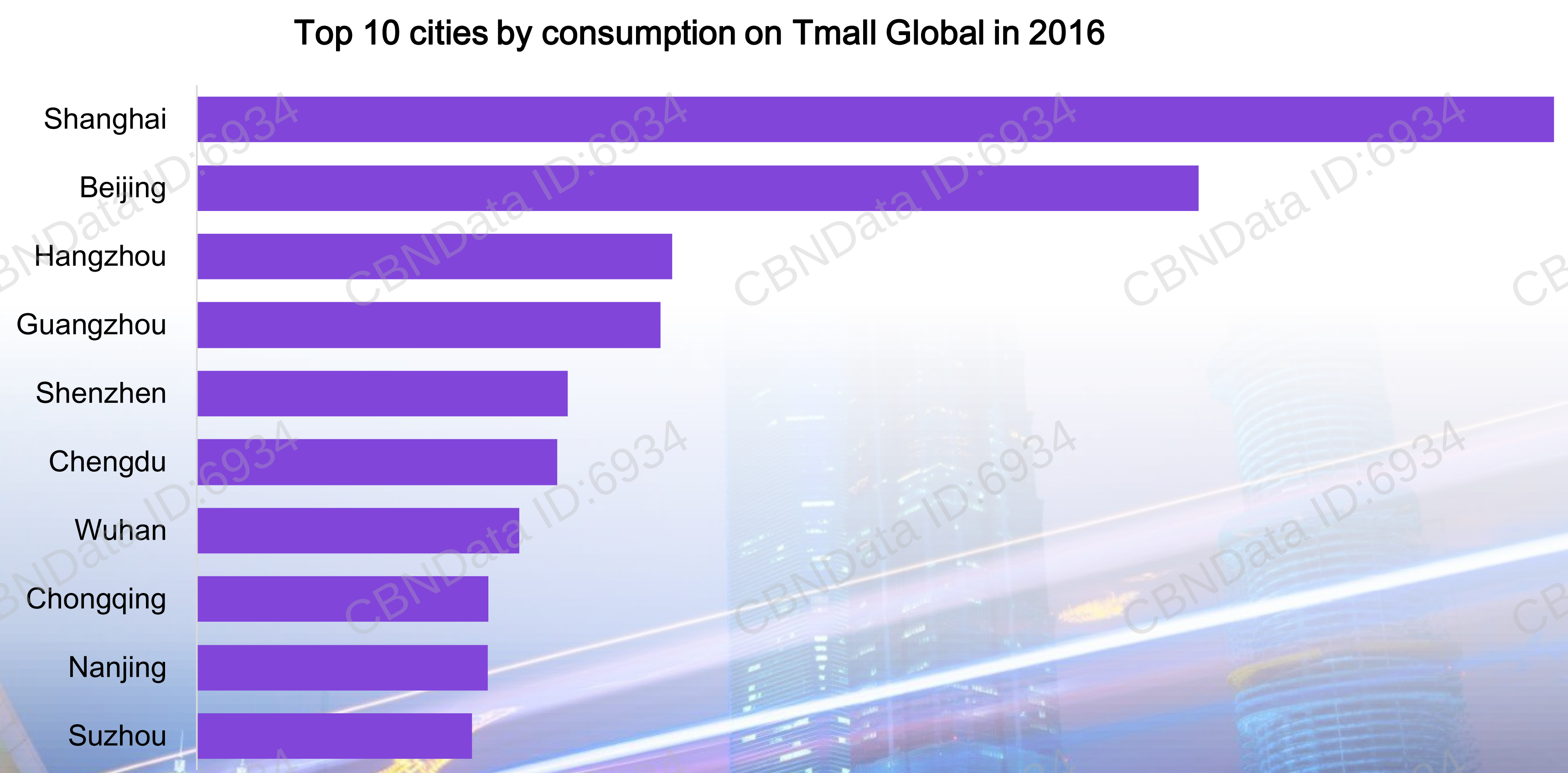
2 USA Top 3 categories
Health food / dietary nutritional supplement food
Baby formula/ complementary food / nourishments / snacks
Bags and suitcases, leather goods / female bags / male bags

3 South Korea Top 3 categories
Beauty skin care / body building / essential oils
Makeups / perfumes / beauty tools
Women's apparel / women's accessories

4 Germany Top 3 categories
Baby formula/ complementary food / nourishments / snacks
Kitchen supplies / cooking utensils
Health food / dietary nutritional supplement food

5 Australia Top 3 categories
Health food / dietary nutritional supplement food
Baby formula/ complementary food / nourishments / snacks
Coffee / cereal / instant drinks

Top 10 cities by consumption on Tmall Global in 2016

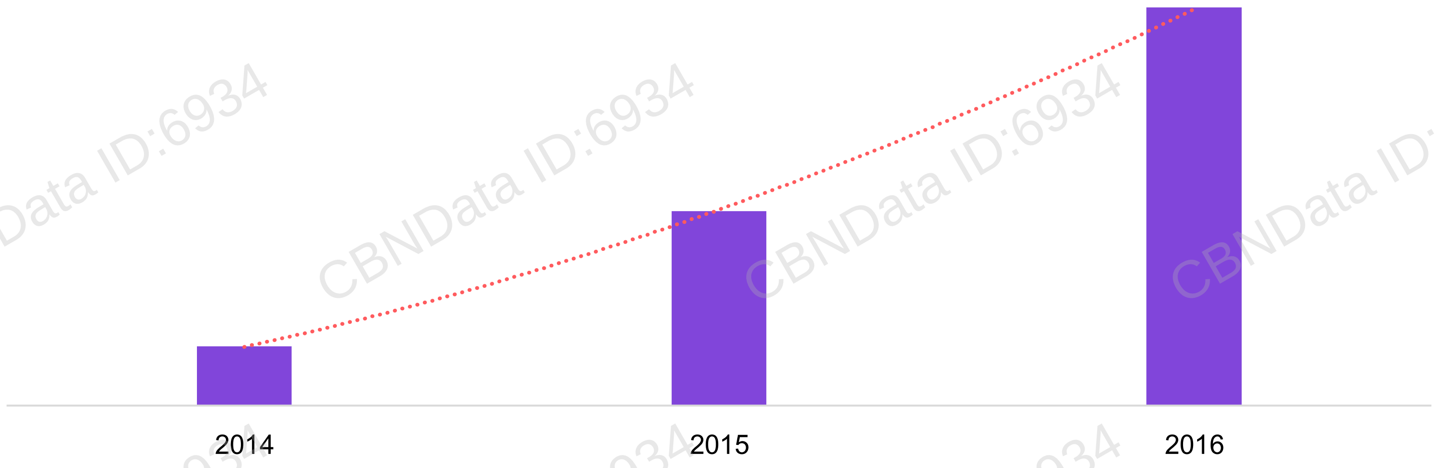


Consumer Groups: Expansion of consumer population of Imported Goods

A large number of new customers swarmed into Tmall Global in 2016, and the total number of customers doubled over the previous year.

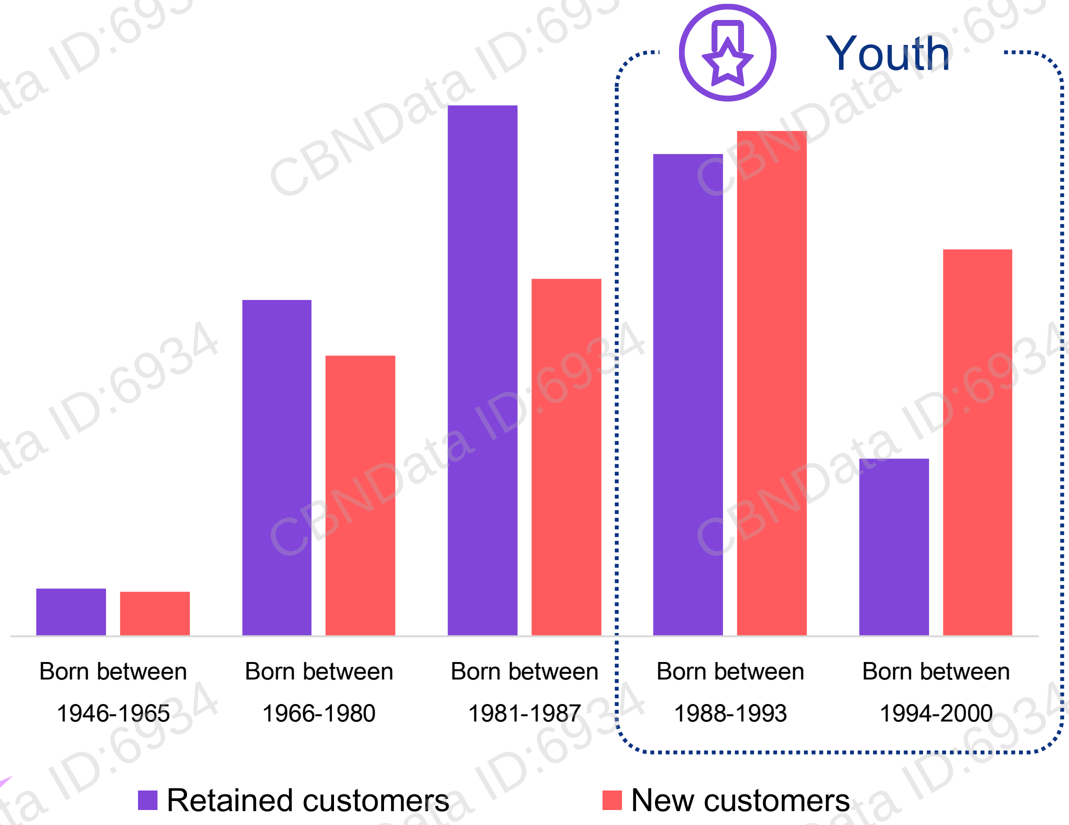
- Tmall Global provides domestic consumers with access to international brands and imported products without the risks of lack of information typically associated with purchasing through a third party buyer. In particular, in 2016 when Tmall Global continued to evolve, many brands entered China for the first time, attracting a large number of first-time buyers.

Tmall Global consumer base between 2014 and 2016

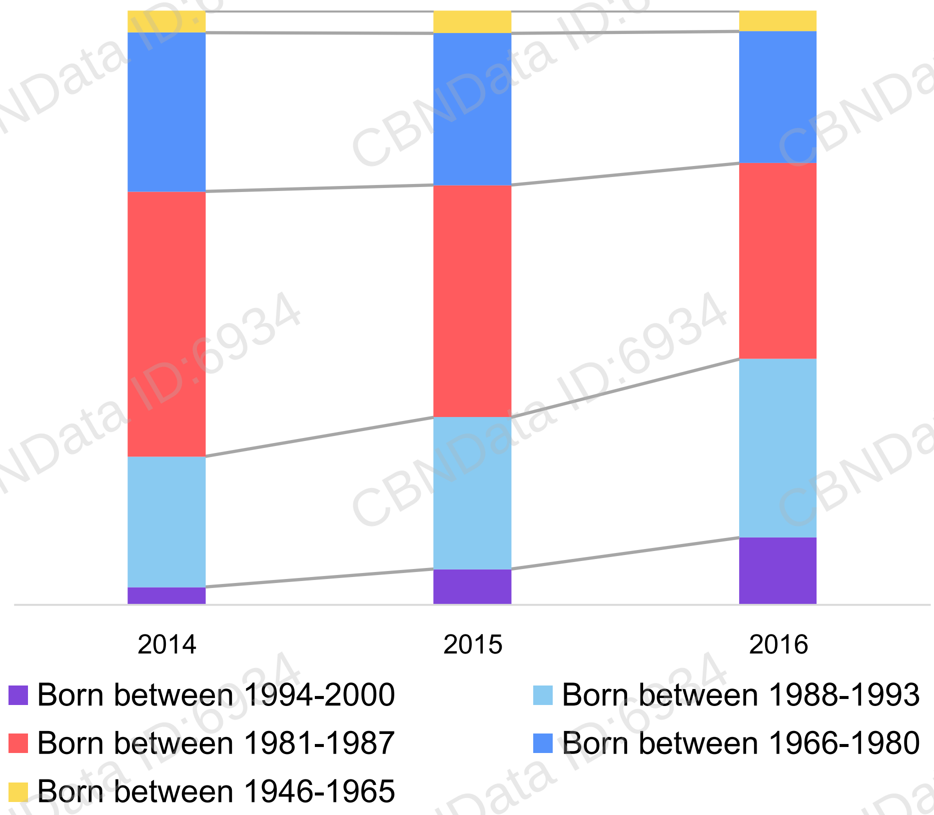


Those born between 1988-1993 and 1994-2000 account for more than 50 percent of total new consumers. Young people are a new force on the platform, giving rise to a changing dynamic of consumption.

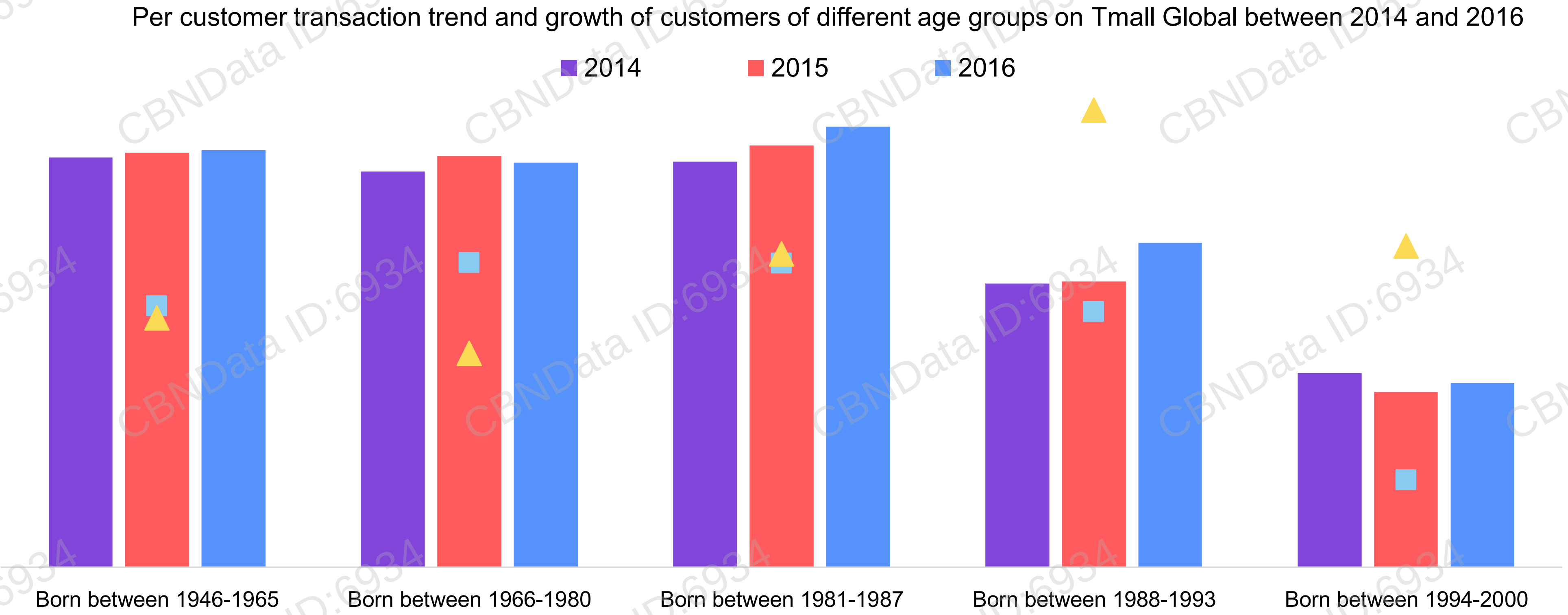
Consumer population by age on Tmall Global in 2016



Proportion of consumers of different age groups on Tmall Global between 2014 and 2016

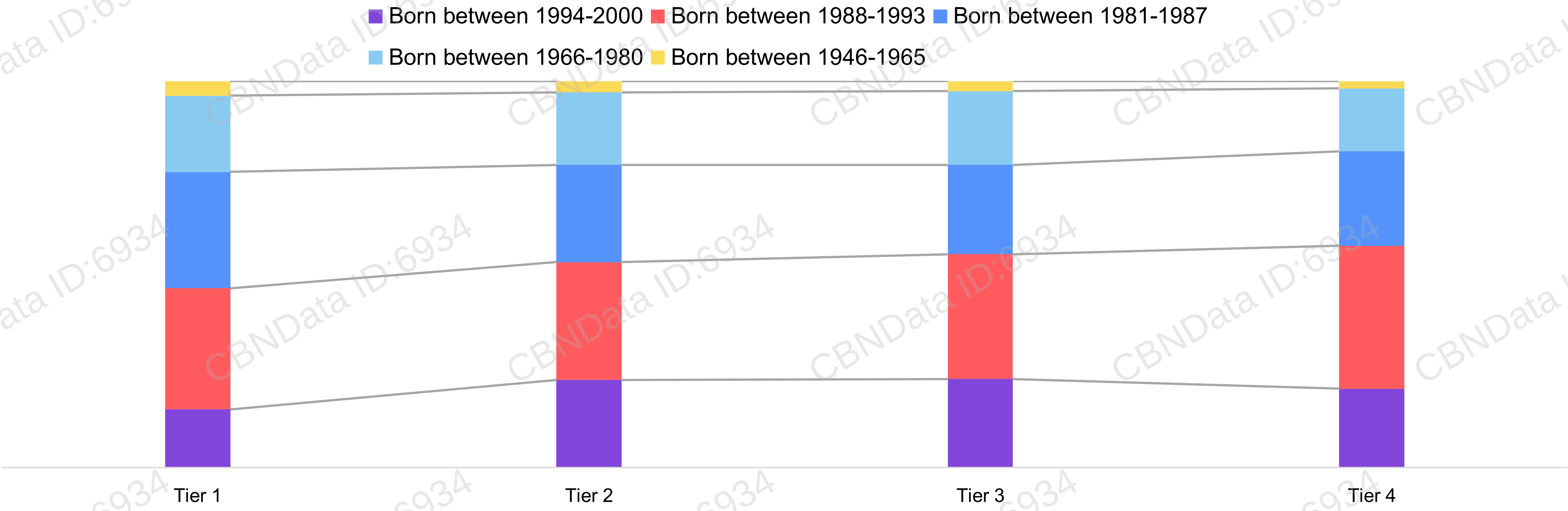


Those born in the 1990s begin to work unleashing strong spending power on Tmall Global, and the increase in the amount per transaction was most noticeable; those born between 1995 and 2000 have limited money and are still getting used to buying from online platforms overseas.



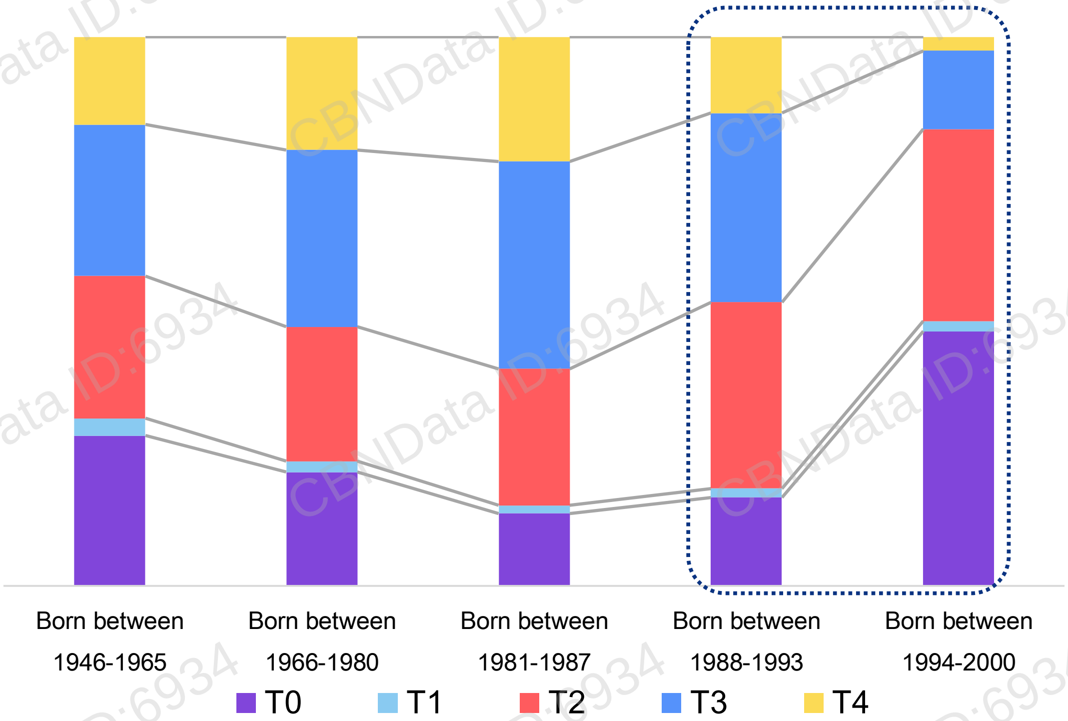
The main reason for the geographic expansion consumer: the young people as the main consumer groups in third and fourth tier cities account for significantly higher proportion than in first and second tier cities.

Proportion of Tmall Global consumers of different age groups and from different cities in 2016

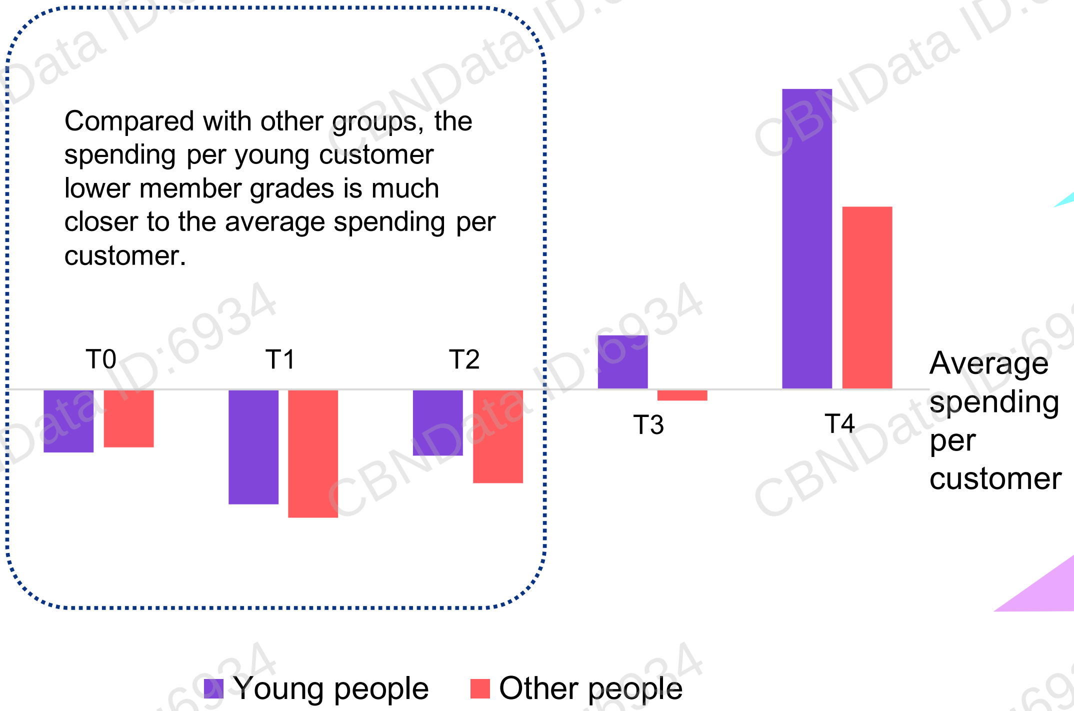


Young netizens have lower threshold to conduct online shopping and cross-border e-commerce and hence their consumption experience is evenly distributed on Taobao and Tmall. Spending per entry-level customer is closed to the average consumption power.

Proportion of different member grades of consumers at different age group on Tmall Global in 2016



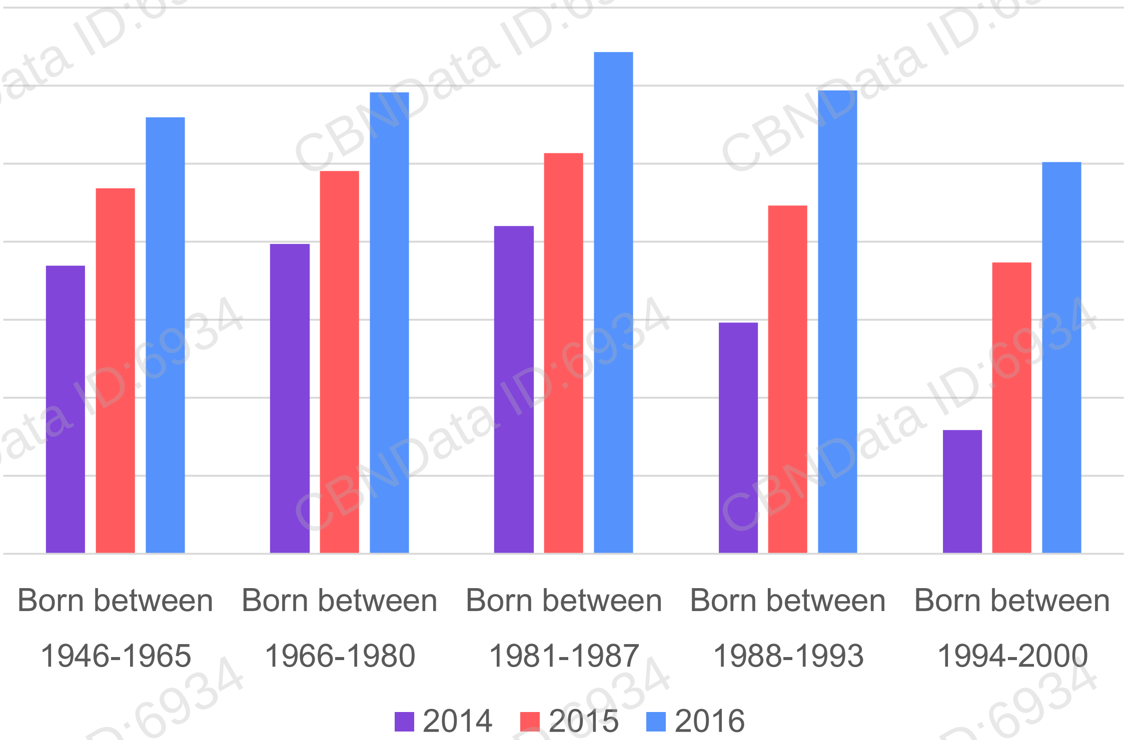
Discrepancy of spending per young and other consumer of different member grades on Tmall Global in 2016.



Note: with the average spending per customer as baseline, the difference of consumption power between different member grades will be larger if single spending particular member deviates further from the average.

Young people's consumption on Juhuasuan is far lower than that of other groups, and they are spending more on body care and makeup products.

Proportion of consumption by Tmall Global consumers of different age groups on Juhuasuan between 2014 and 2016



Top 10 categories of consumption at Juhuasuan by young Tmall Global consumers on Juhuasuan in 2016

Online cross-border consumption of young people shows distinct characteristics.

People Born in the 1990s

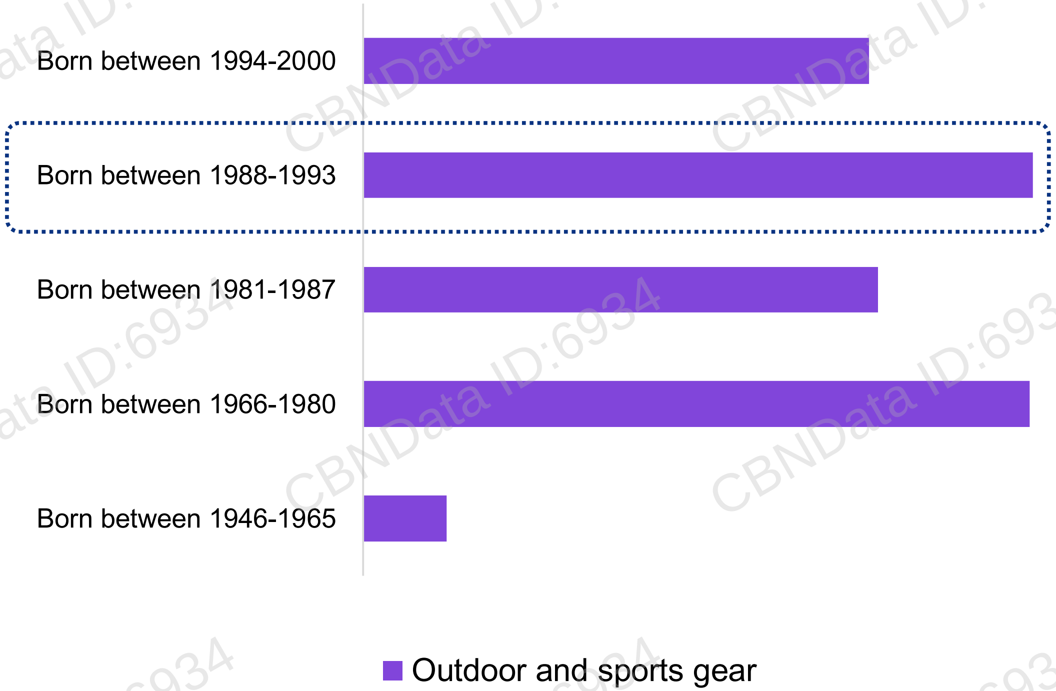
- Shoe lovers
- New force
- Pet lovers
- Home lovers
- Developing a career
- Alcohol lovers
- Singles
- Newly wedded
- Sports lovers

People born after 1995

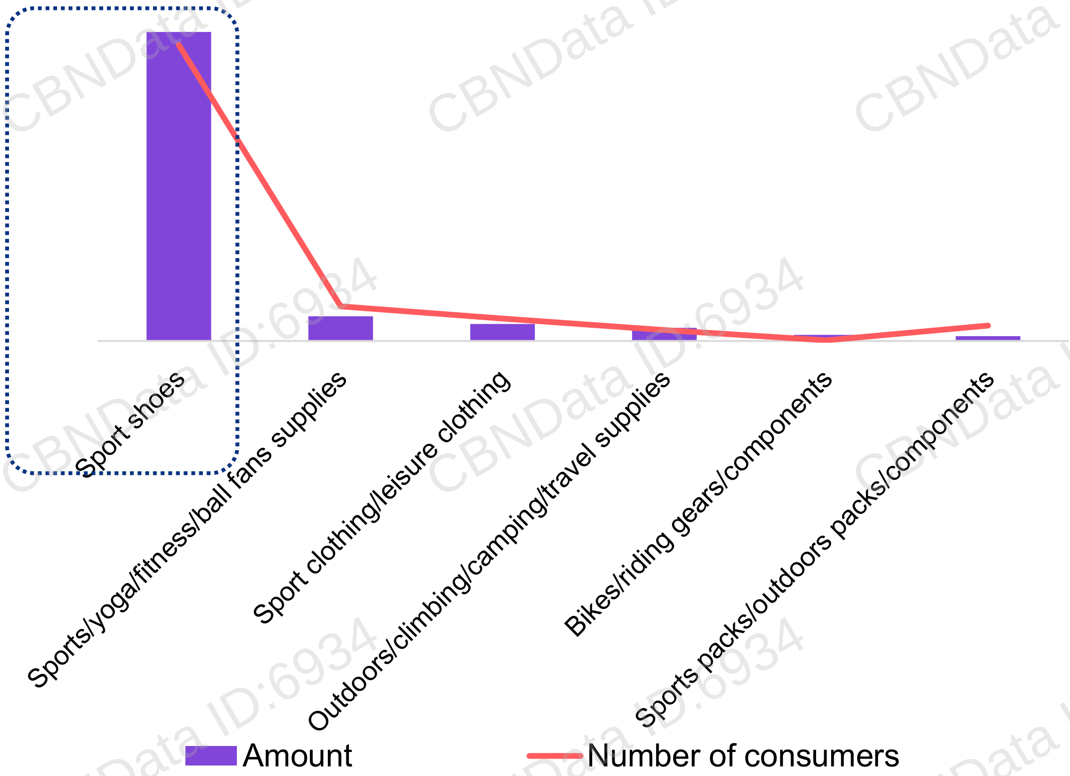
- Pocket money
- Cross-border shoppers
- ACG Group
- Original natives
- Students
- Toy models
- Fans
- Beauty lovers
- Celebrity Fans

Sports lovers: People born in 1990s spend more on sports and outdoor products and sports shoes are the major consumption category.

Proportion of Tmall Global consumers of outdoor and sports products in 2016



Comparison of consumption amounts and number of consumers born in 1990s of different outdoor and sports products on Tmall Global in 2016

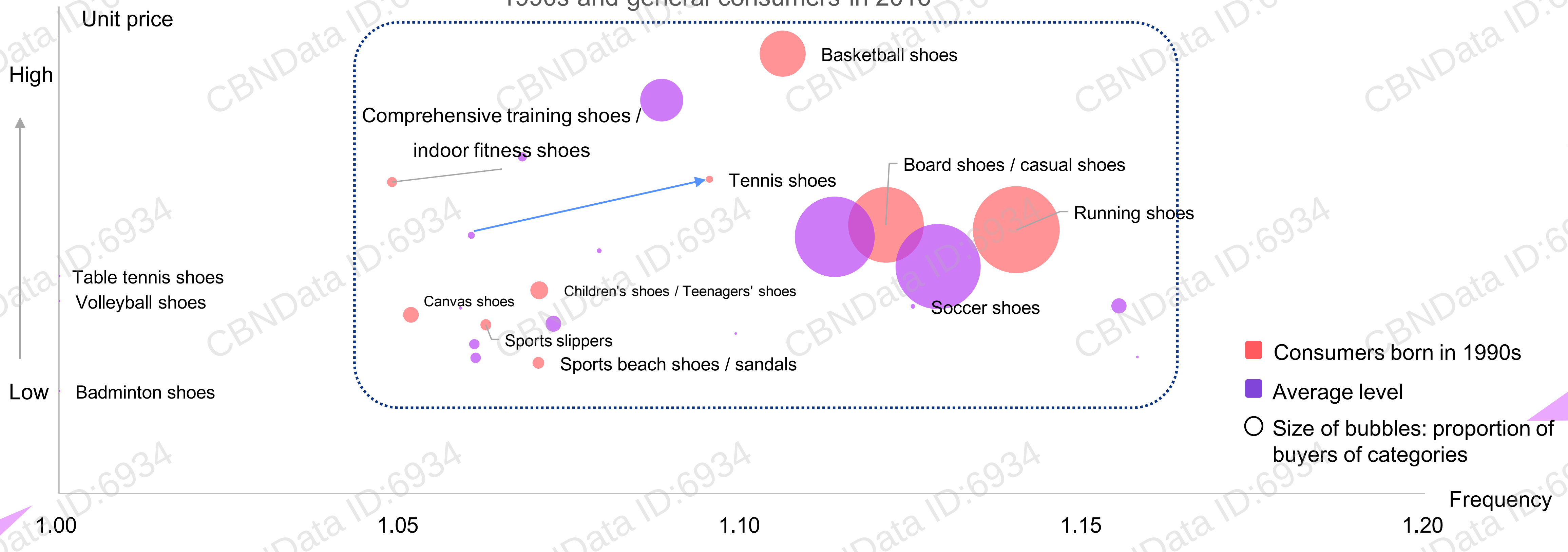


People born in 1990s

Students born after 1995

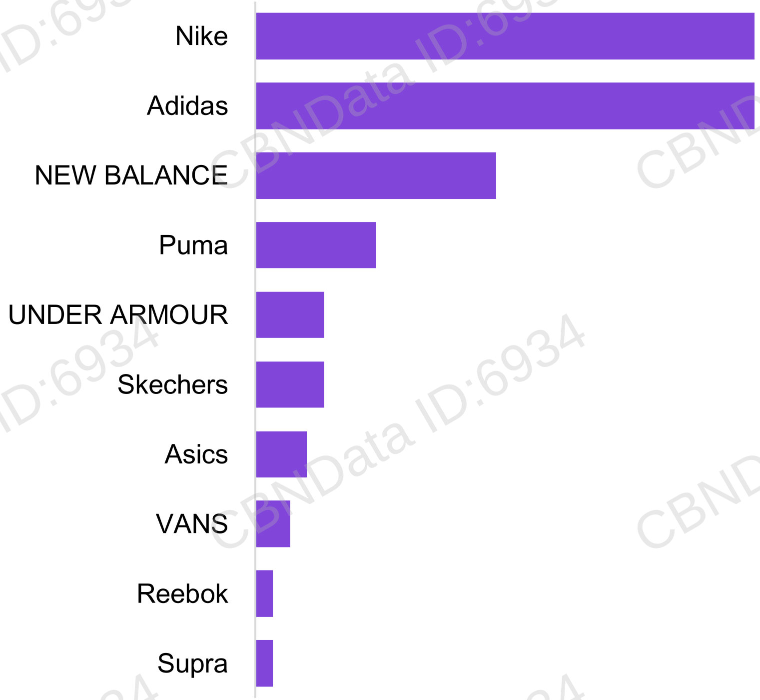
Sports lovers: The frequency of consumers born in 1990s buying the same type of shoes and their average spending is higher than that of other consumers. The purchase of basketball shoes, running shoes, and Skate shoes by them is significantly higher than average consumers in terms of frequency and spending.

Comparison of purchase frequency and average spending between Tmall Global consumers born in 1990s and general consumers in 2016

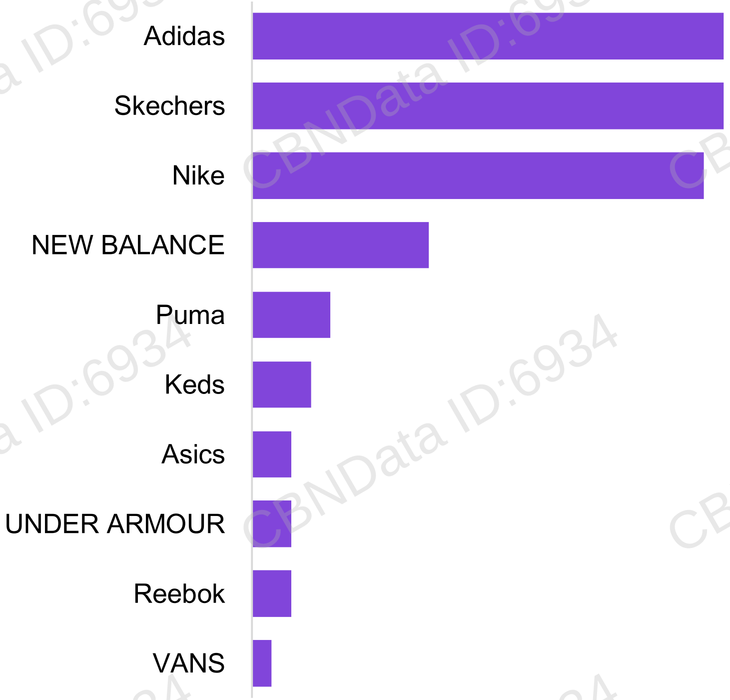


New sports lovers: Adidas and Nike are the favorite brands of consumers born in 1990s and girls favor Skechers.

Top 10 brands of male sports shoes purchased in 2016 by Tmall Global consumers born in 1990s



Top 10 brands of female sports shoes purchased in 2016 by Tmall Global consumers born in 1990s

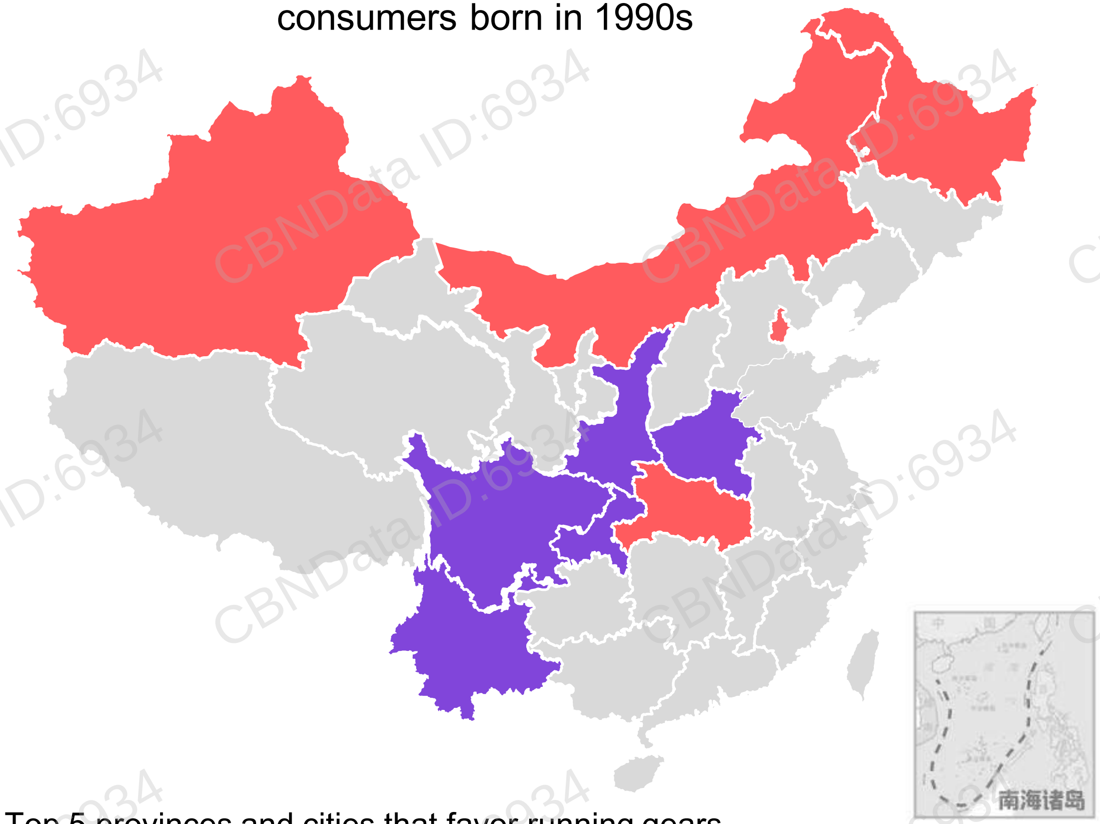


Sports lovers: among males born in 1990s, those in North China favor basketball and those in South China like running better.

People born in 1990s

Students born after 1995

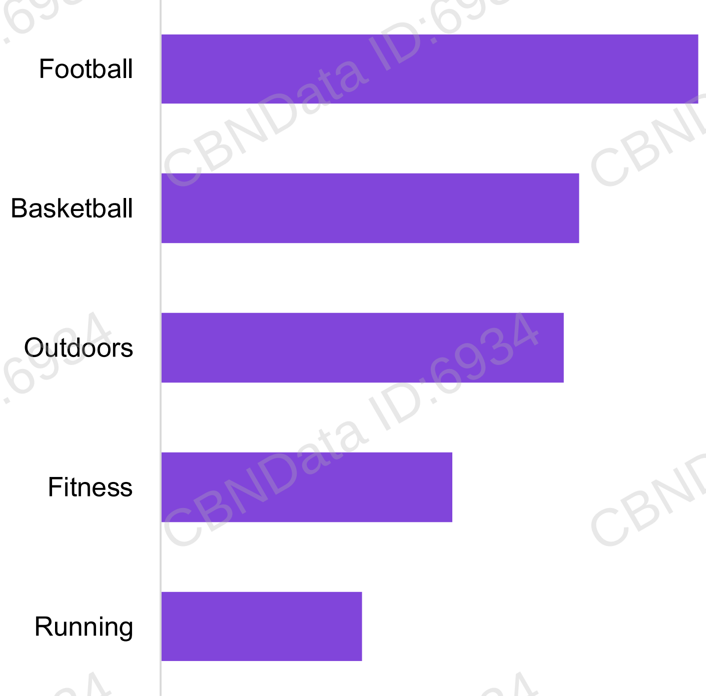
Preference for different sports gear in 2016 by Tmall Global consumers born in 1990s



Top 5 provinces and cities that favor running gears

Top 5 provinces and cities that favor basketball gears

Top 5 sports favored by Tmall Global consumers born in 1990s in 2016

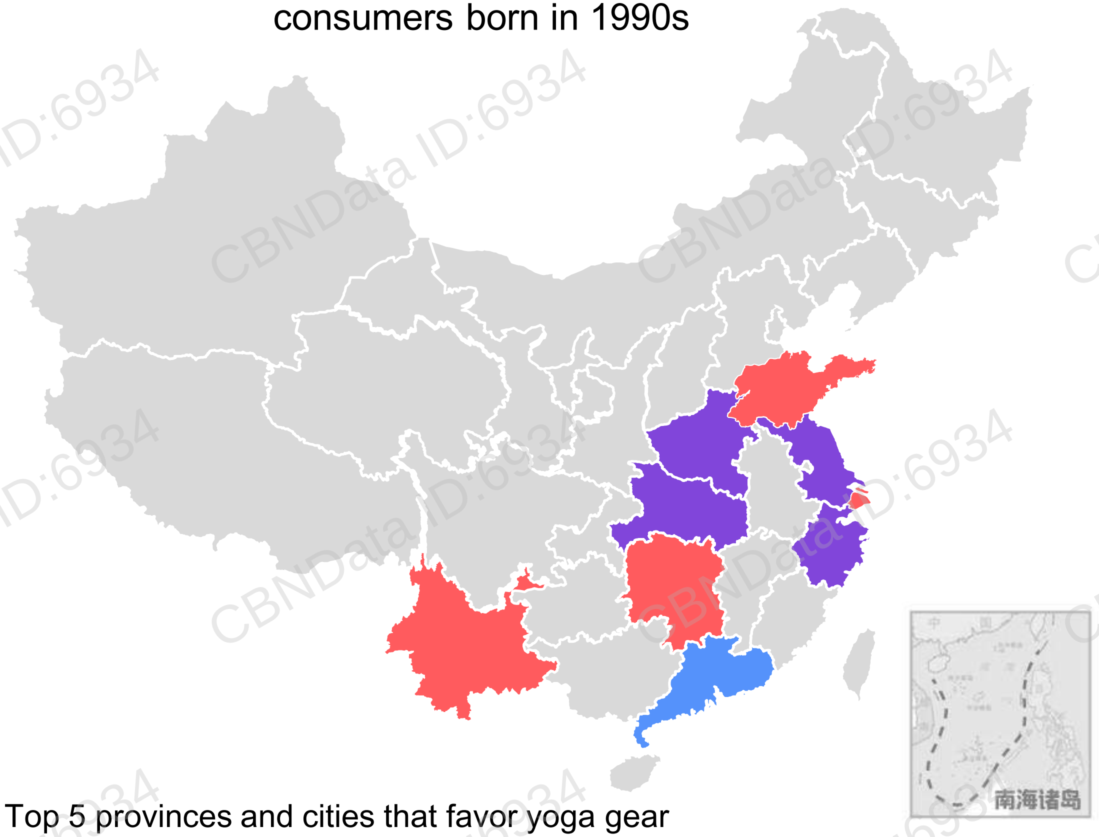


People born in 1990s

Students born after 1995

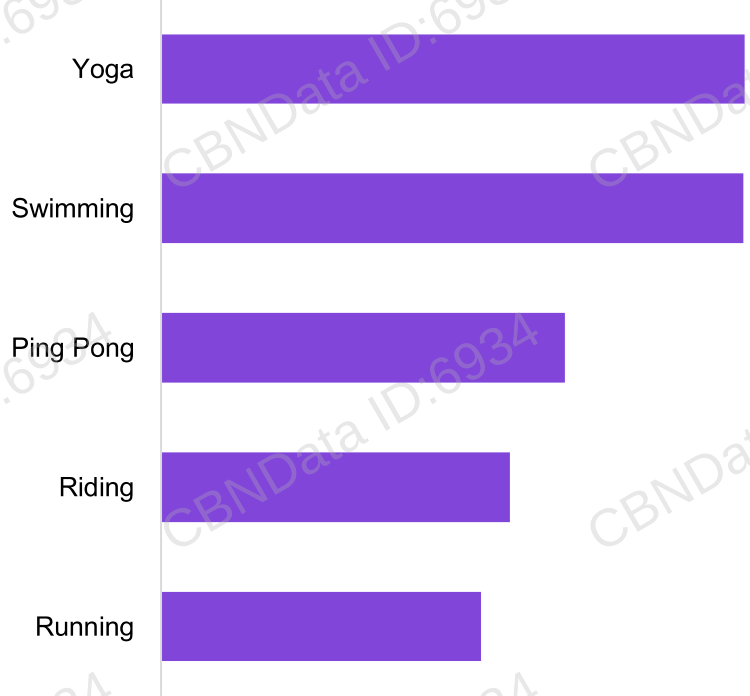
Sports lovers: Girls born in 1990s love personal sports and those in Southeastern China noticeably favor yoga and swimming.

Preference of different sports gear in 2016 by Tmall Global consumers born in 1990s



- Top 5 provinces and cities that favor yoga gear
- Top 5 provinces and cities that favor swimming gear
- Provinces that favor both yoga and swimming gear

Top 5 sports favored by Tmall Global consumers born in 1990s in 2016

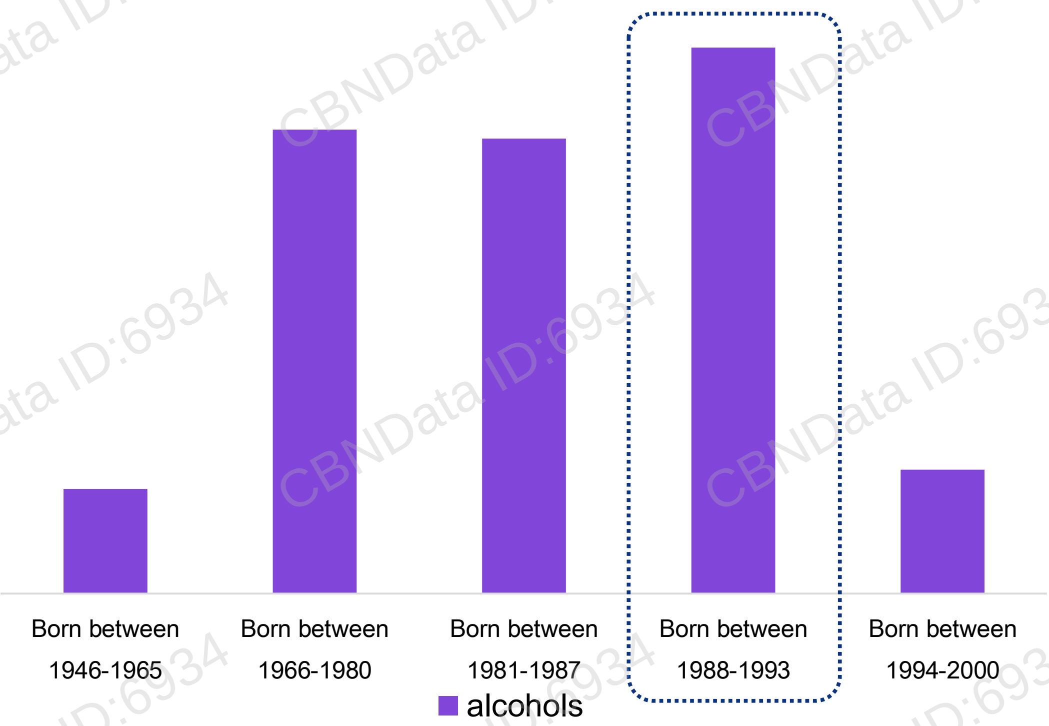


Alcohol lovers: wine is the most consumed alcohol by both genders, accounting for 90%; men’ s consumption of imported beer and whiskey is higher than women.

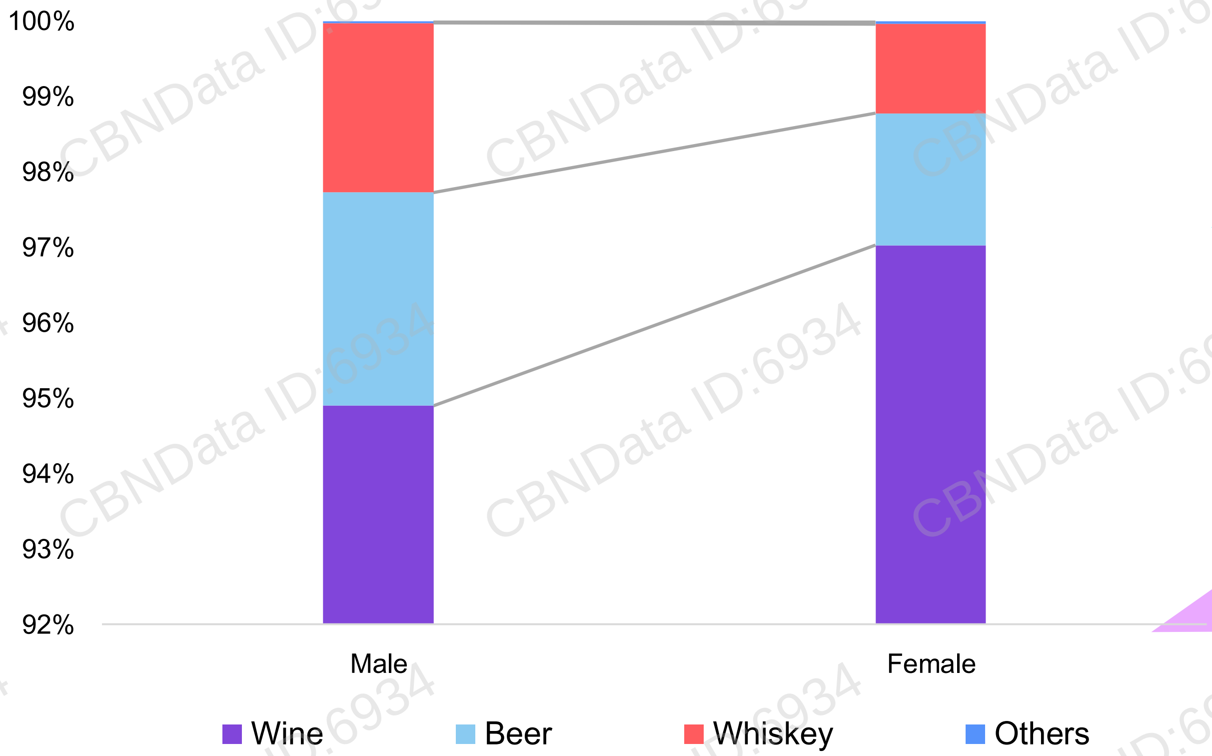
People born in 1990s

Students born after 1995

Proportion of alcohol consumers of different age groups on Tmall Global in 2016



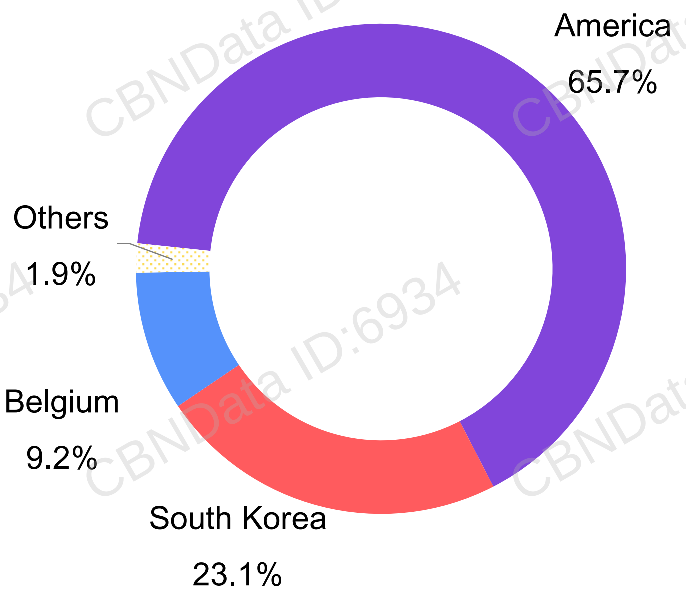
Proportion of alcohol consumption by Tmall Global consumers born in 1990s and of different genders in 2016



Alcohol lovers: consumers born in 1990s love American beers, ranking first; France is undoubtedly the most popular country of origin for wine.

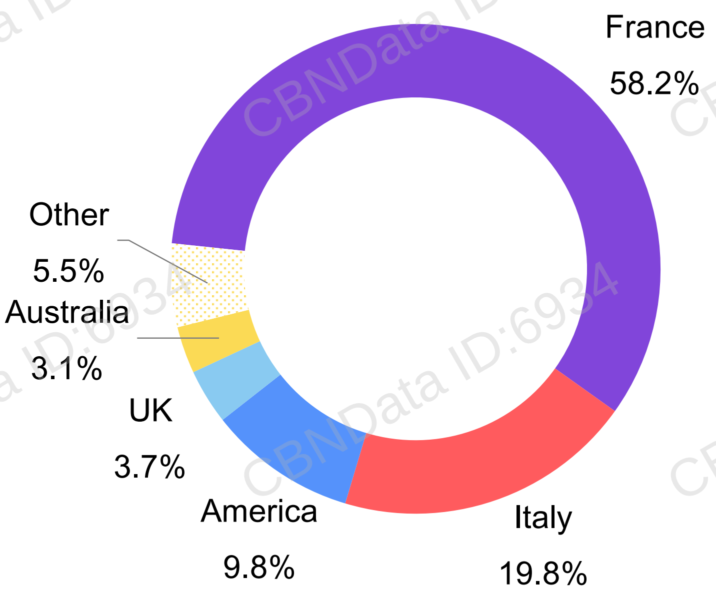
Countries of origin of beers purchased by Tmall

Global consumers born in 2016



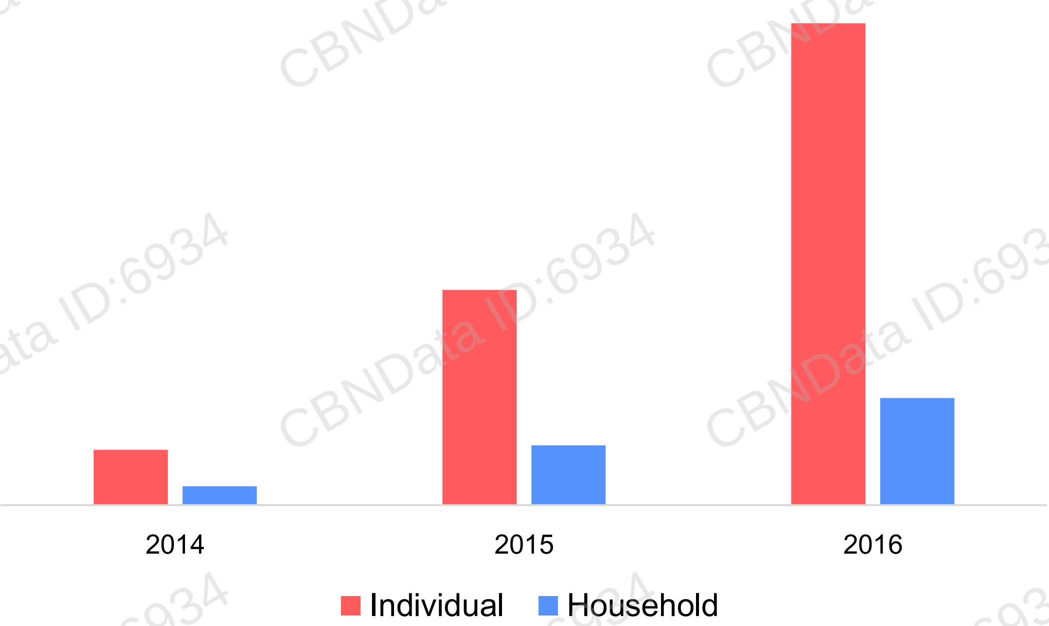
Countries of origin of wine purchased by Tmall

Global consumers born in 2016

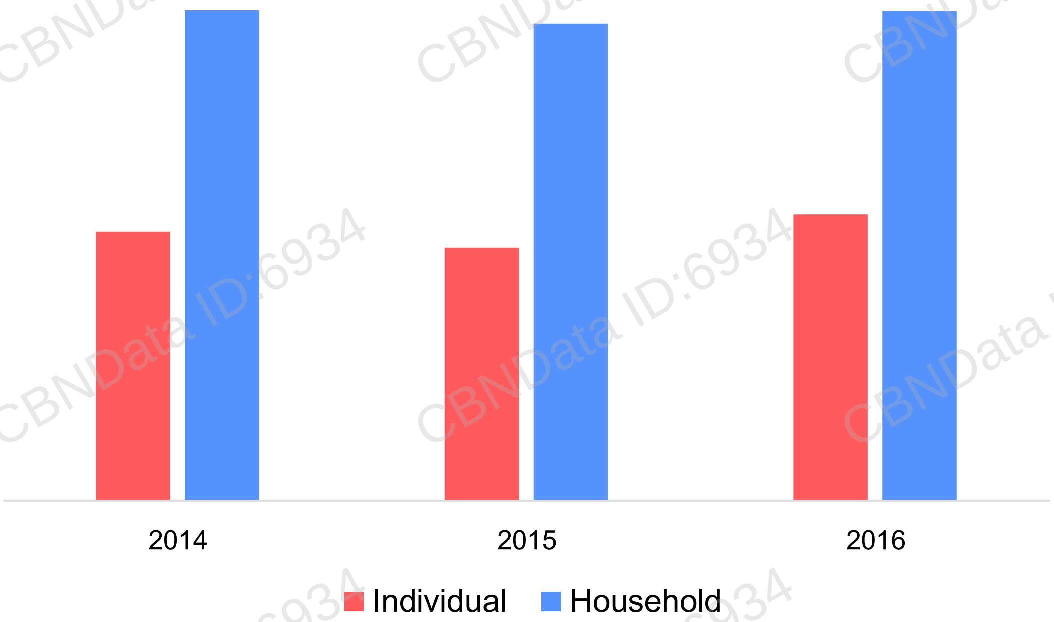


Singles vs. newly-weds: In 2016, the number of individual consumers born in 1990s is five times that of household consumers; the spending per household consumer is two times that of individual consumers.

Number of Tmall Global individual consumers and household consumers born in 1990s



Comparison of spending per individual consumer and household consumer born in 1990s on Tmall Global



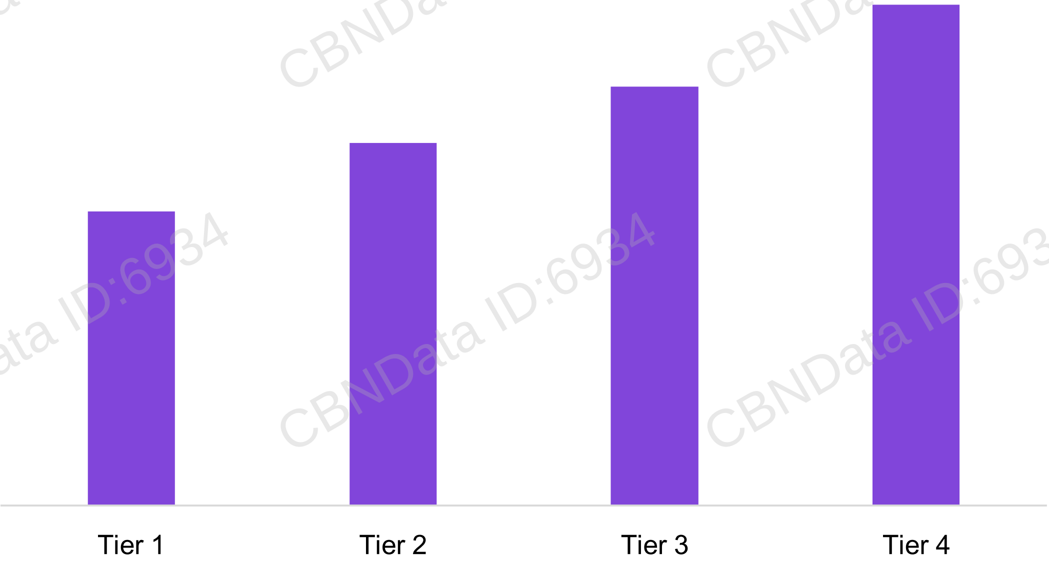
CBNData 第一财经商业数据中心 TMALL GLOBAL 天猫国际

People born in 1990s

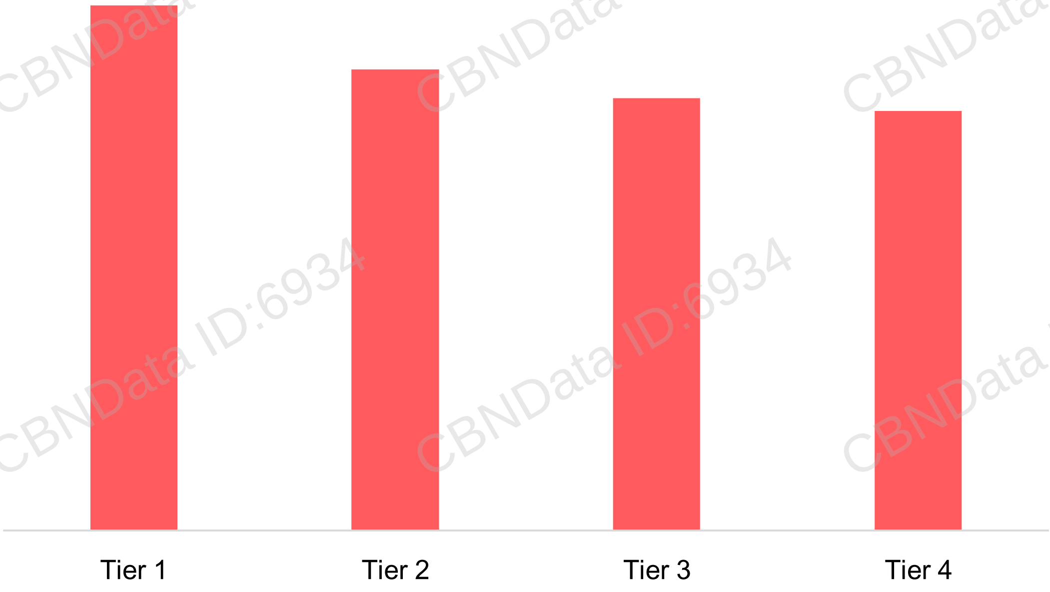
Students born after 1995

Singles vs newly-weds: household consumption spending by consumers born in the 1990s is higher in first and second-tier cities and the proportion of newly-weds is higher in third and fourth tier cities.

Number of Tmall Global household consumers born in 1990s from different tiers of cities in 2016



Comparison of spending of Tmall Global household consumers born in 1990s from different tiers of cities in 2016

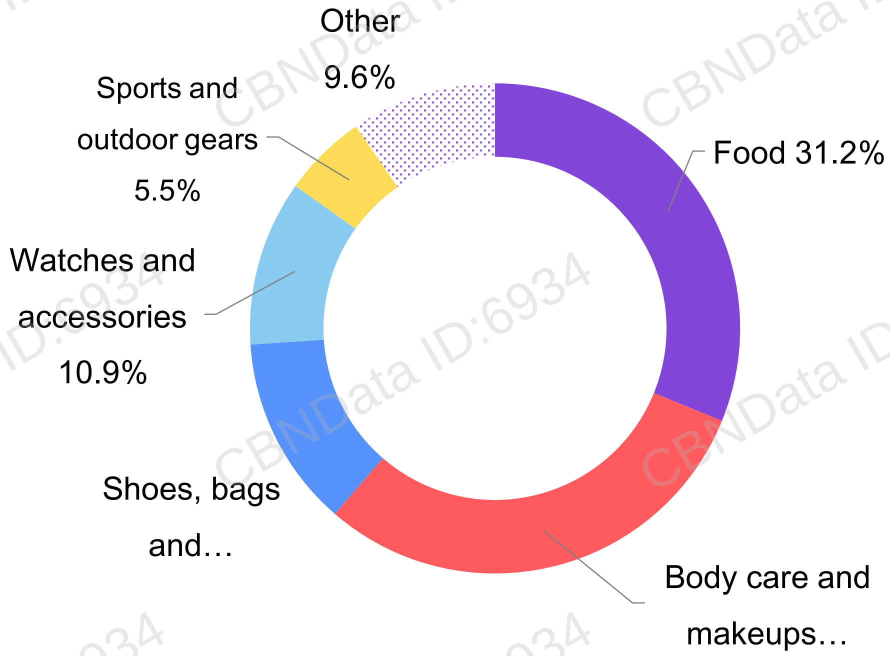


Singles vs newly-weds: consumption by single males born in 1990s is mainly food, drinks, clothing and sports; proportion of mother and baby products increased to eighty percent for those early married.

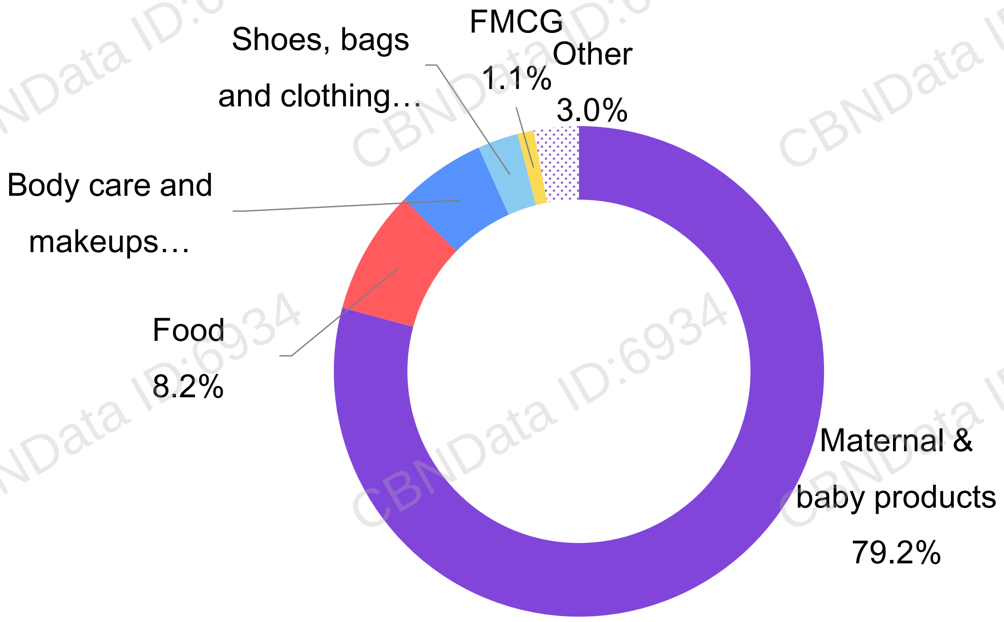
People born in 1990s

Students born after 1995

Categories of products by Tmall Global individual male consumers in 2016



Proportion of categories of products by Tmall Global household male consumers born in 2016

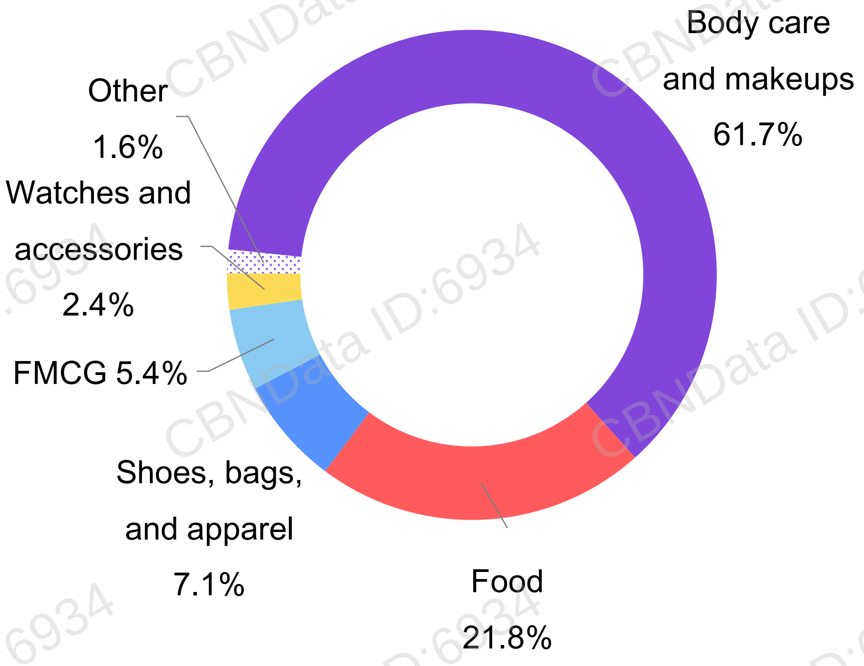


People born in 1990s

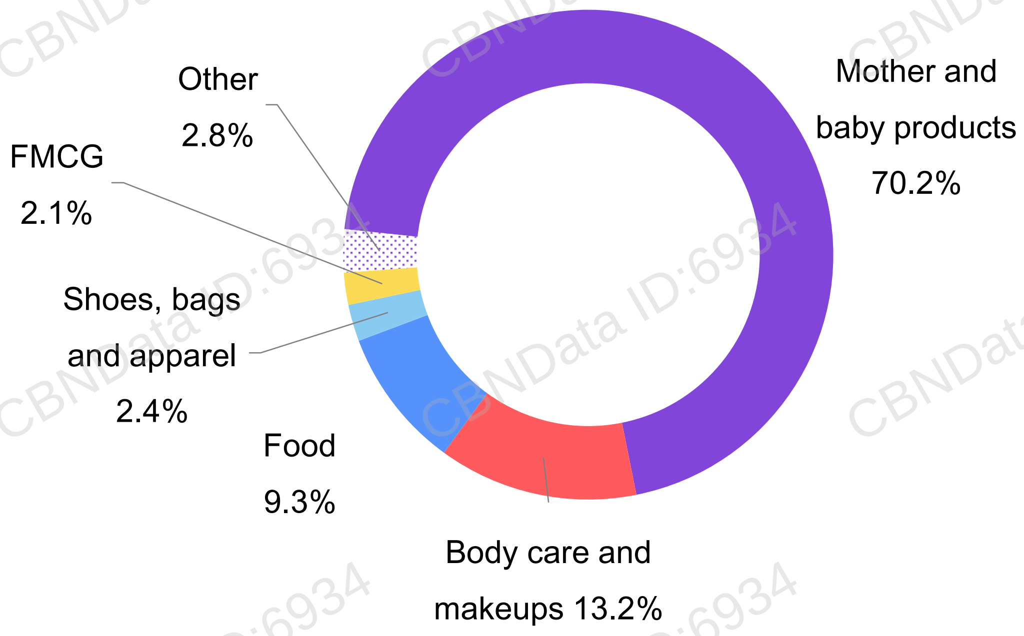
Students born after 1995

Singles vs newly-weds: Single girls born in the 1990s mainly buy makeup shoes and food; 70% of what housewives buy are mother and baby products, slightly less than that of males.

Categories of products by single female consumers on Tmall Global in 2016



Categories of products by housewives on Tmall Global in 2016



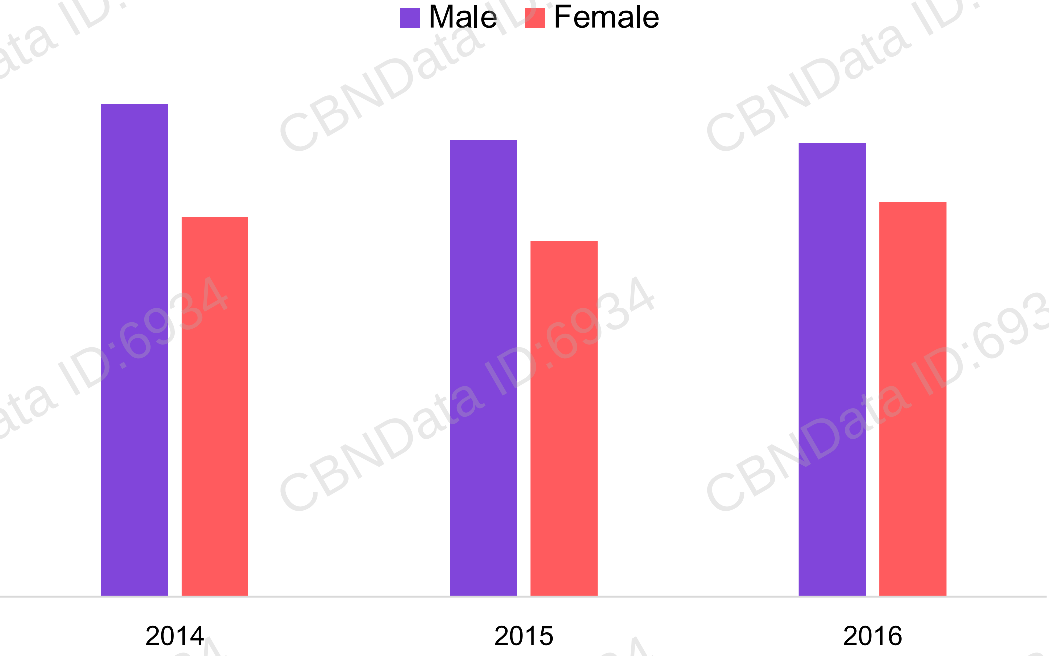
CBNData 第一财经商业数据中心 TMALL GLOBAL 天猫国际

People born in 1990s

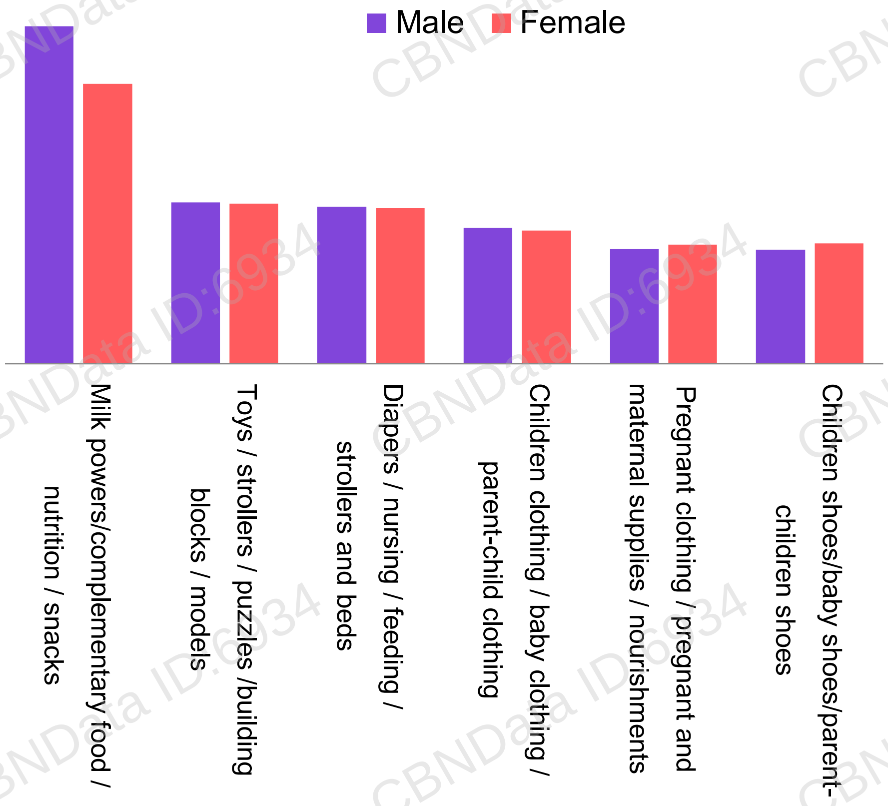
Students born after 1995

Singles vs newly-weds: the spending on mother and baby products by males born in the 1990s is slightly higher than that of females in a household; for mother and baby products, males spend more on baby food, supplies and toys while females are more willing to buy clothing and accessories.

Spending per household consumer on mother and baby products on Tmall Global born in 1990s



Spending on different categories of mother and baby products per household consumer born in 1990s on Tmall in 2016

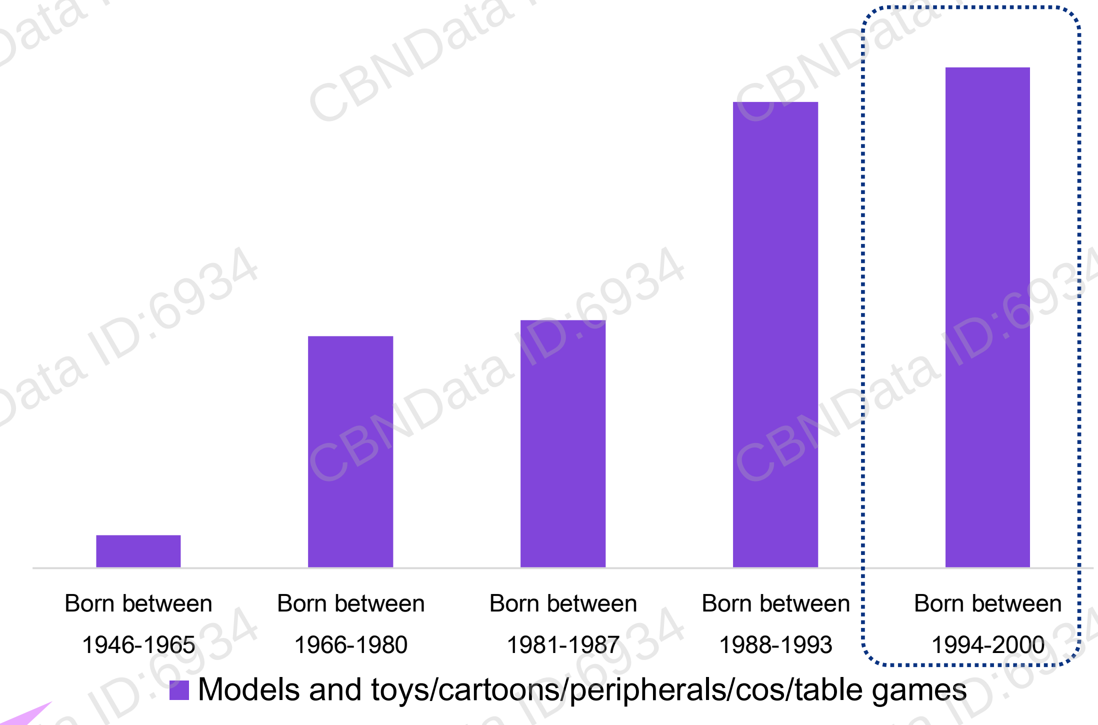


ACG Group: students born after 1995 contributes which are the highest proportion of consumption for toys and cartoons most associated with ACG; cartoon cushions and stuffed toys are the most purchased sub-categories.

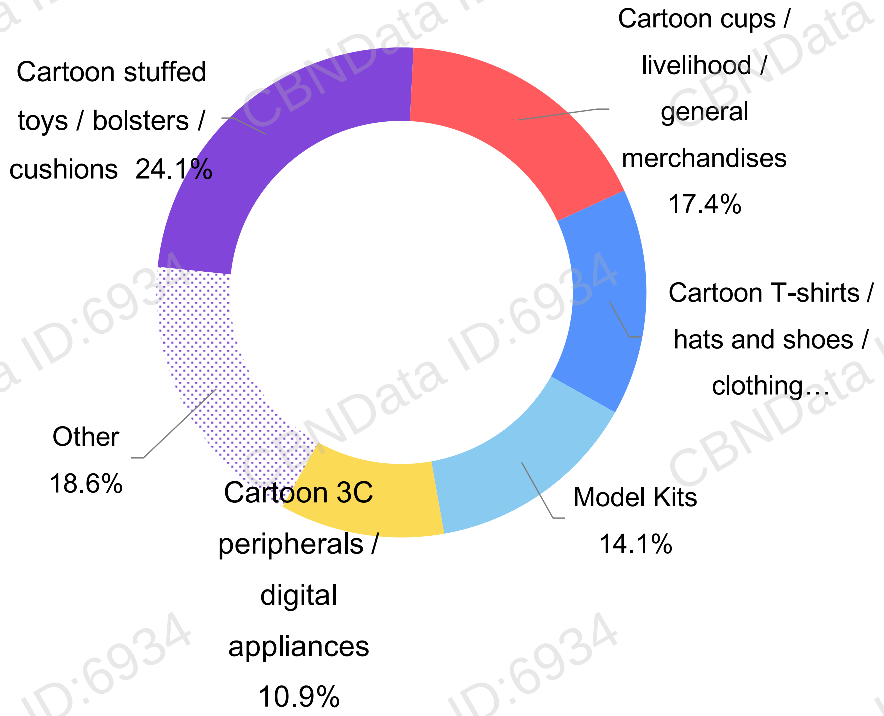
People born in 1990s

Students born after 1995

Number of toys and cartoons by Tmall Global consumers of different age groups in 2016



Proportion of toys and cartoon branded goods purchased by Tmall Global consumers born after 1995

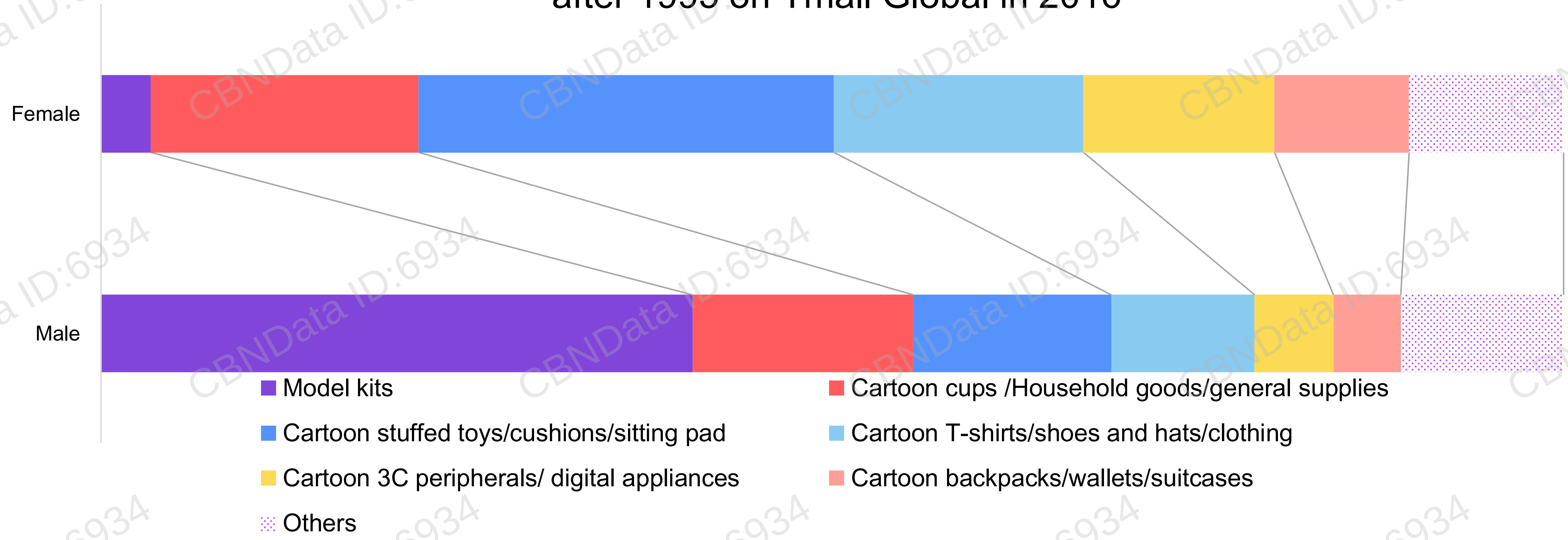


ACG Group: Males born after 1995 prefer model kits while females like cartoon branded stuffed toys and cushions.

People born in 1990s

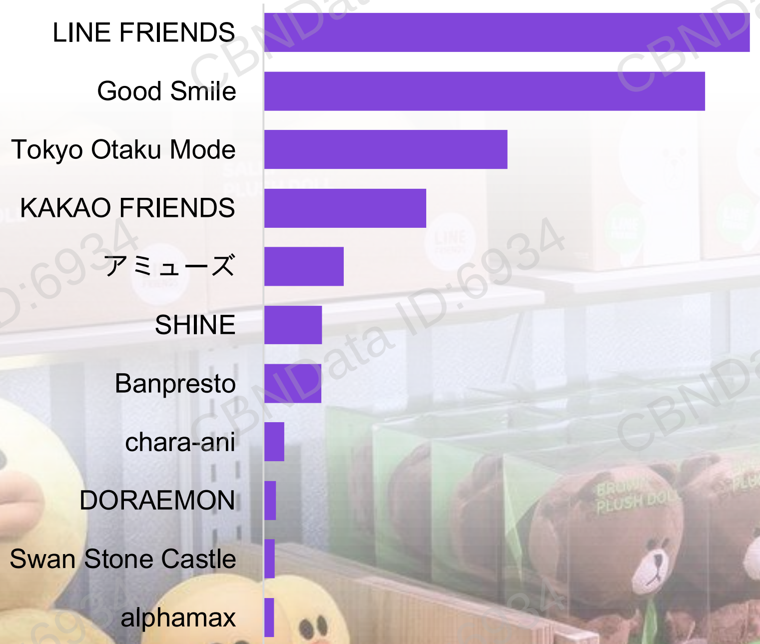
Students born after 1995

Proportion of consumption of model kits, cartoon sub-category by students born after 1995 on Tmall Global in 2016

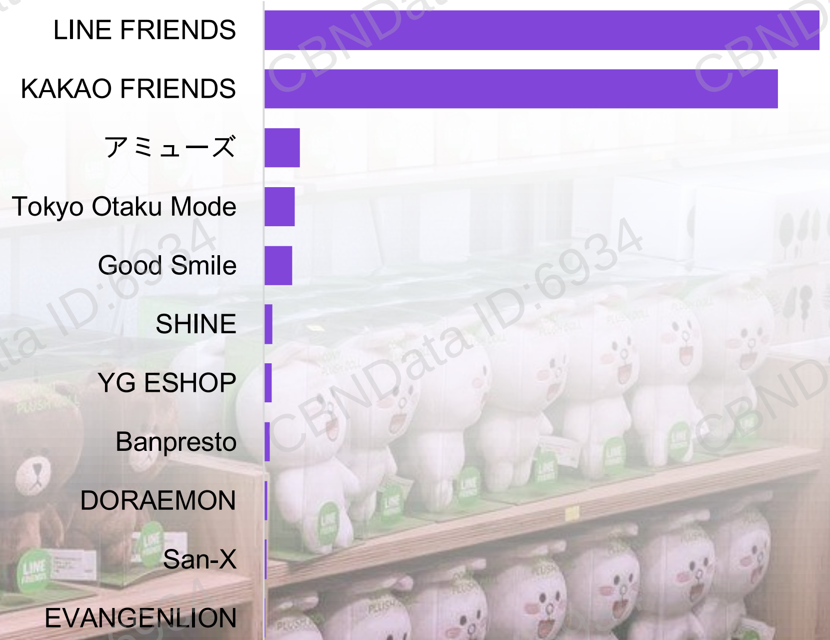


ACG Group: South Korean brands represented by Line Friends are influential among students born after 1995 thanks to their outstanding brand images; the performance of brand from Japan, where ACG is a leading industry, is quite noticeable among the top 10.

Top 10 preferred brands in 2016 of model kits and cartoon category by male Tmall Global consumers born after 1995



Top 10 preferred brands in 2016 of model kits and cartoon category of female Tmall Global consumers born after 1995

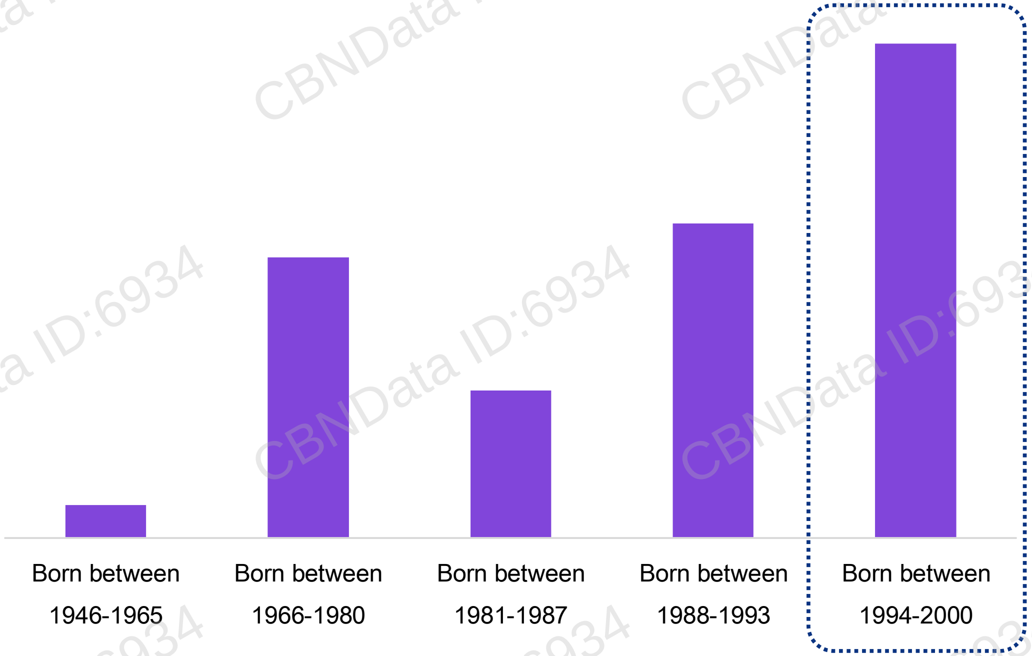


People born in 1990s

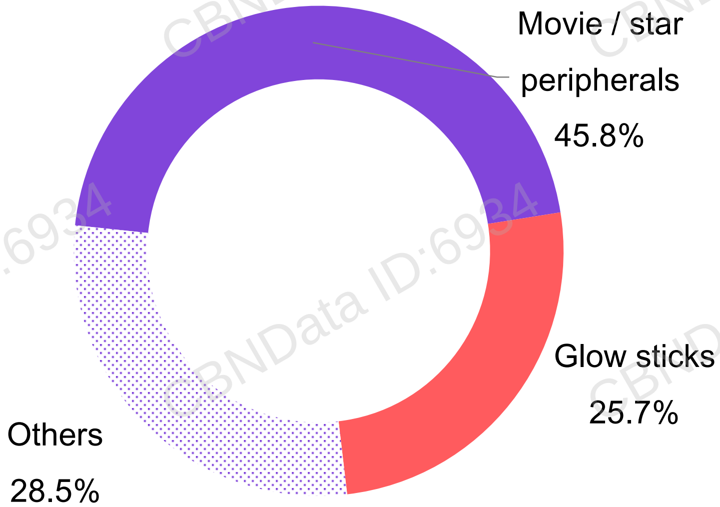
Students born after 1995

Celebrities Fans: those born after 1995 consume the most star-relevant imported products; they mainly purchase star peripherals and official glow sticks for official concerts.

Proportion of spending per consumer on star-relevant products by age group on Tmall Global in 2016



Proportion star-relevant products purchased in 2016 by Tmall Global consumers born after 1995



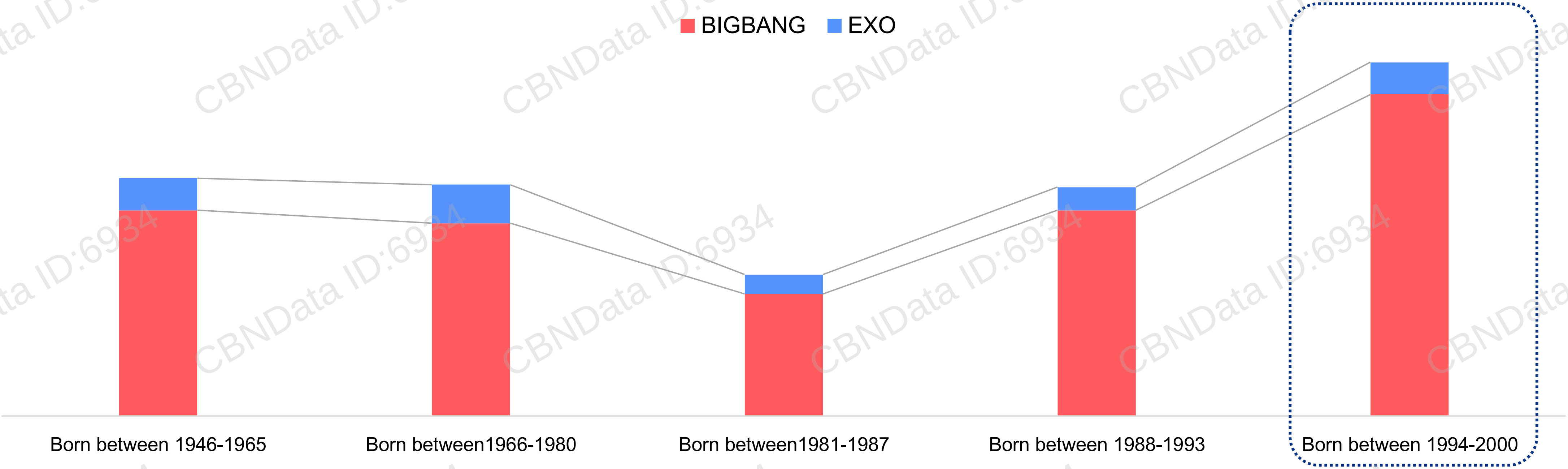
Celebrities Fans : star-relevant consumption by those born after 1995 on Tmall Global platform is mainly related to EXO and Big Bang.

People born in 1990s

Students born after 1995

Proportion of star-relevant consumption

by Tmall Global consumers of different age groups in 2016

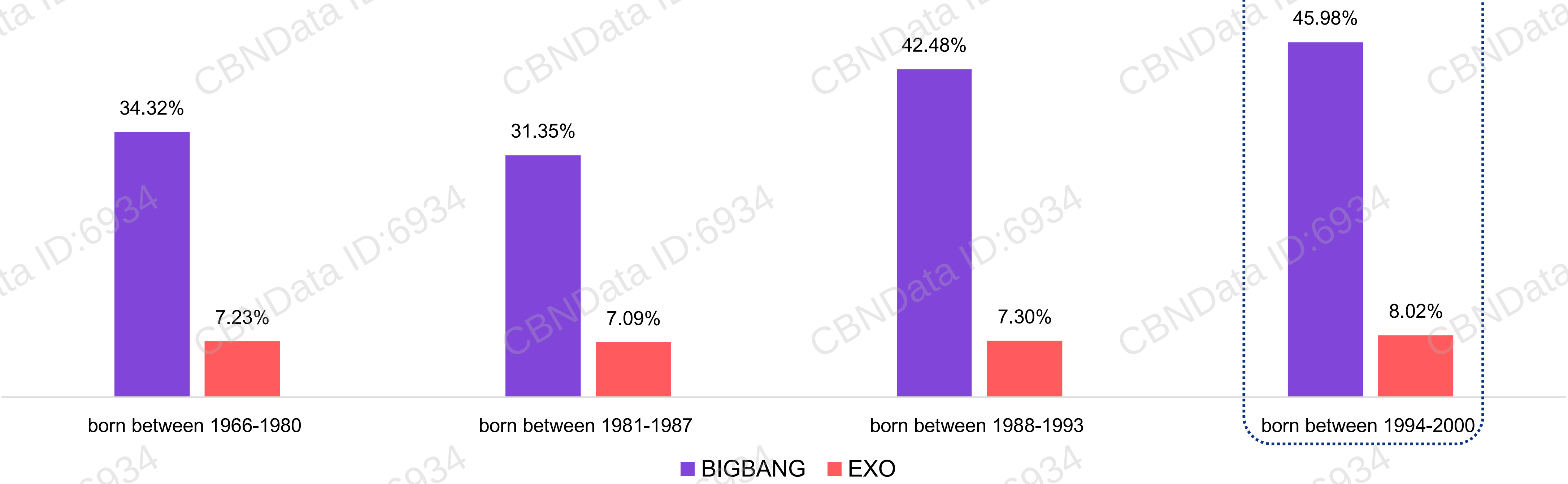


Celebrities Fans : An official glow stick is priced at more than RMB 100 and is mainly sold to loyal fans. Big Bang glow sticks were the most popular and the students born after 1995 were the biggest consumers.

People born in 1990s

Students born after 1995

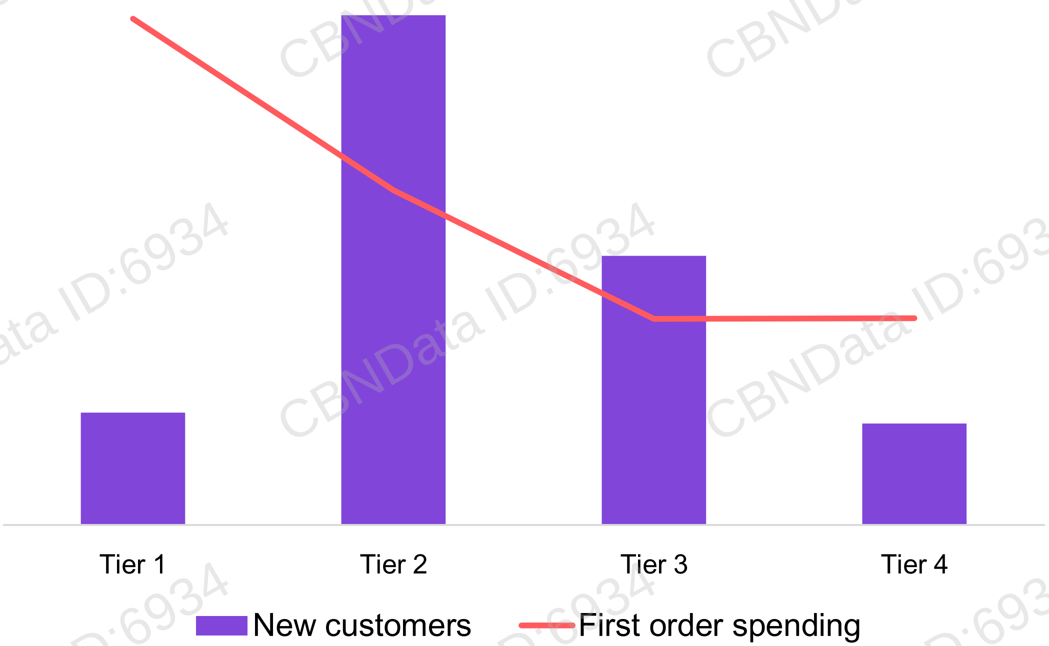
Tmall Global consumers of different age groups buying official glow sticks Related to Big Bang / EXO in 2016



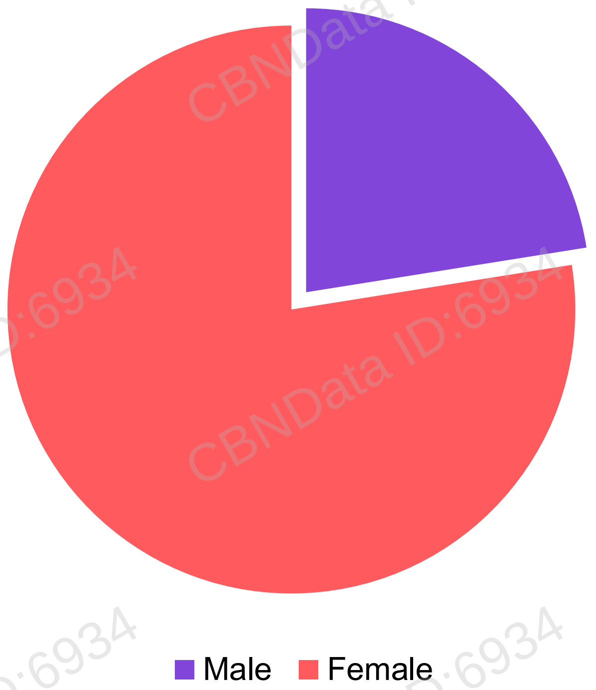
大数据 · 全洞察

Pocket money of those born in 2000s: More than 850,000 consumers born in 2000s have made a purchase from Tmall Global for the first time in 2016 and they mainly come from second and third tier cities, the number of female consumers is three times that of males; the first online purchase is on average more than RMB 100.

Spendig per new consumer born in 2000s on Tmall Global by city tiers in 2016

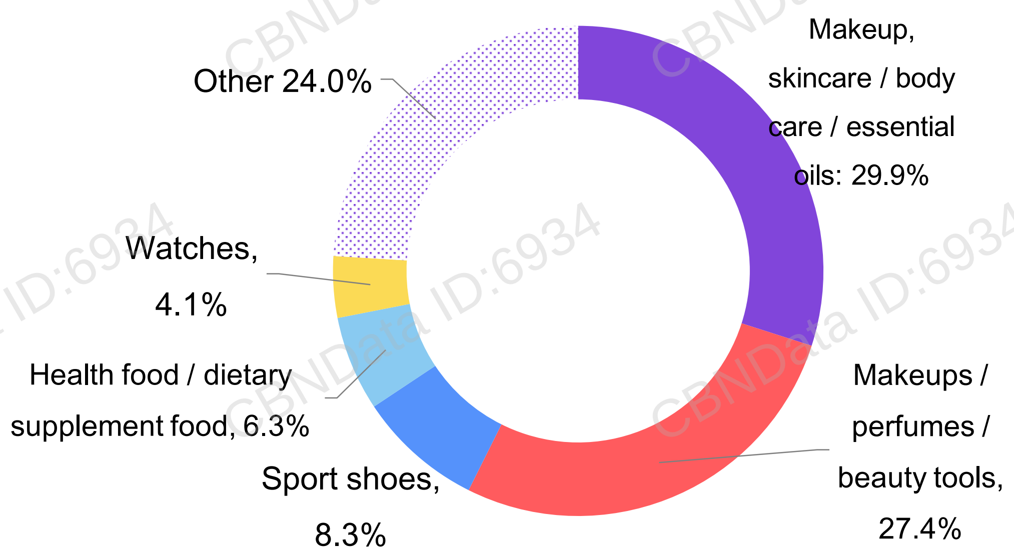


Gender split of Tmall Global consumers born in 2000s making their first purchase in 2016

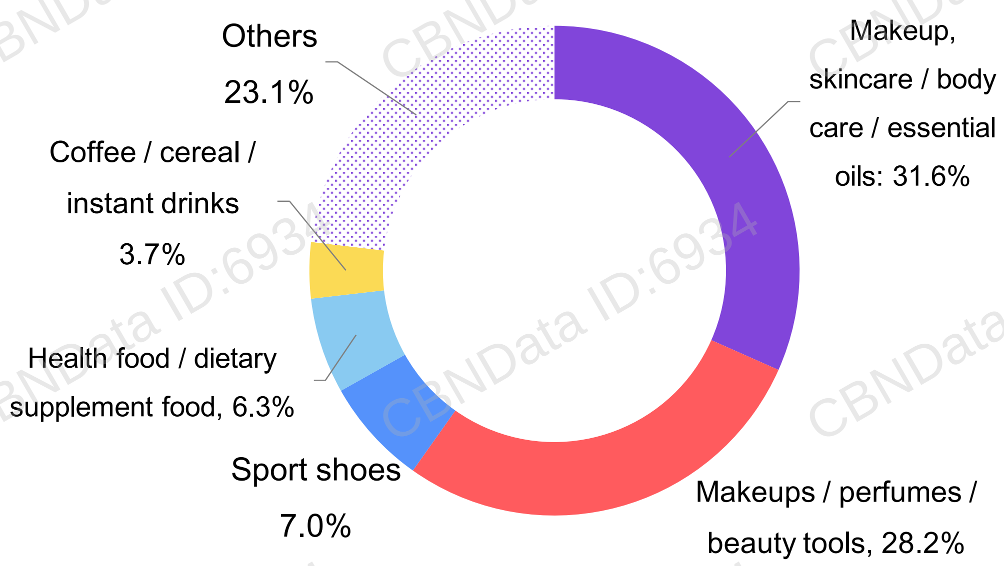


Pocket money of those born in 2000s: generally, consumption concentrates on body care and makeups; the preference for first-time purchase is more diverse. Sport shoes account for a relatively high proportion among first time buyers.

Preference for first-time purchase in 2016 by Tmall Global consumers born in 2000s

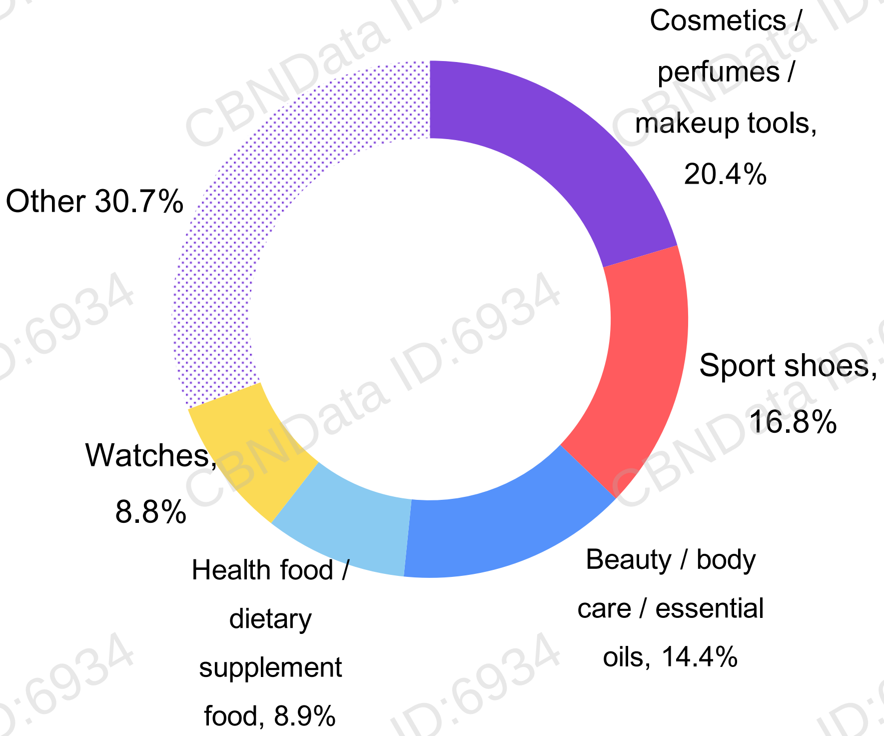


Preferred categories in 2016 for Tmall Global consumers born in 2000s

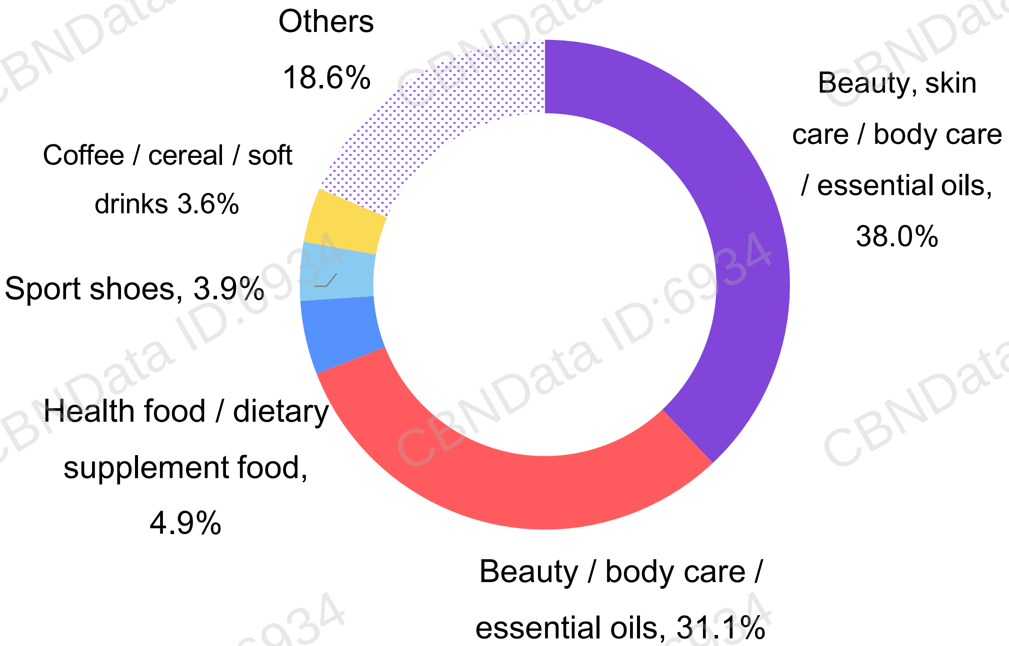


Pocket money of those born 2000s: the categories of the first purchase by males are more diverse and a long-tail effect can be observed; consumption by females concentrates on makeups and skin care products; one out of five males buys makeup in the first order.

Categories of first purchase in 2016 by male Tmall Global consumers born in 2000s



Categories of purchase in 2016 by female Tmall Global consumers born in 2000s

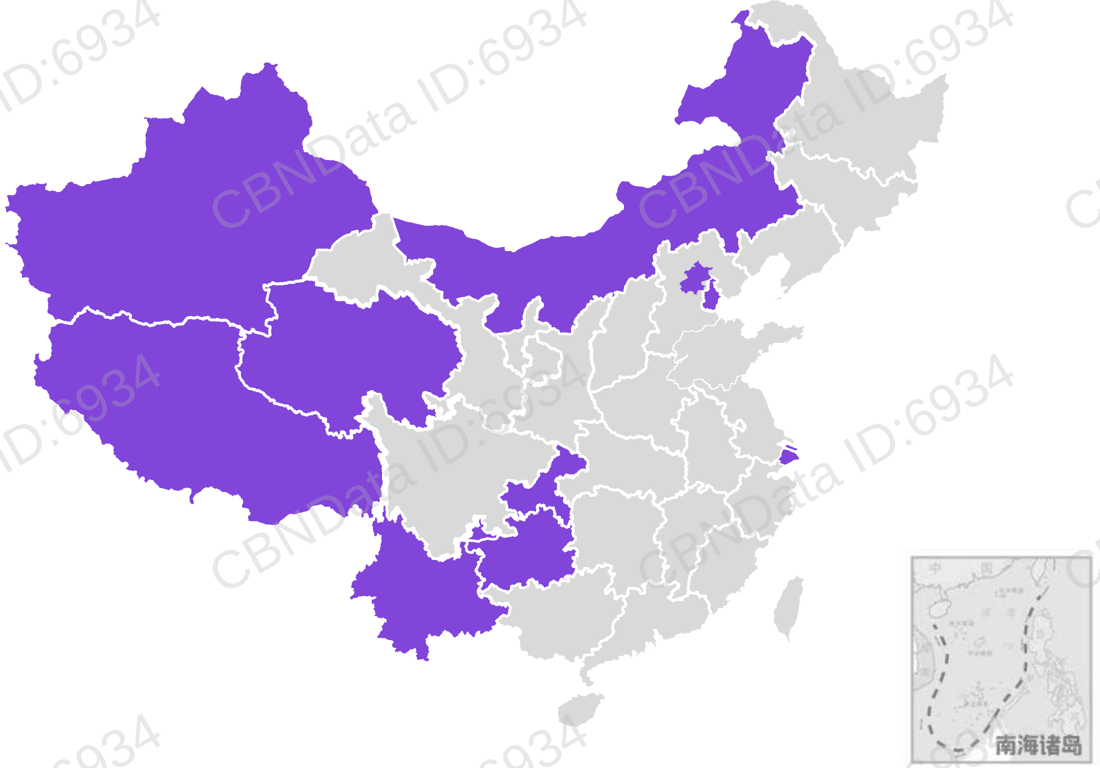


Pocket money of those born in 2000s: high-consumption consumers born in 2000s live in Southeastern and Southwestern China, and their consumption standard is close to that in Beijing, Shanghai and Guangzhou.

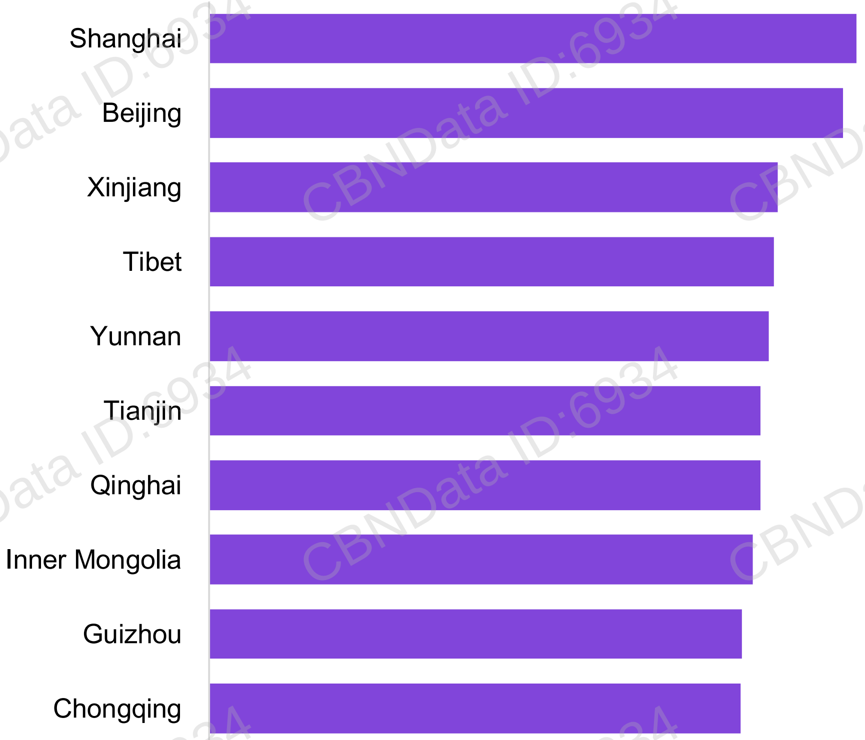
People born in 1990s

Students born after 1995

Top 10 provinces and cities with highest spending made by Tmall Global consumers born in 2000s



Top 10 provinces and cities with highest spending made by Tmall Global consumers born in 2000s



Consumption Upgrade: Growing Accustom to Consuming Imported Goods

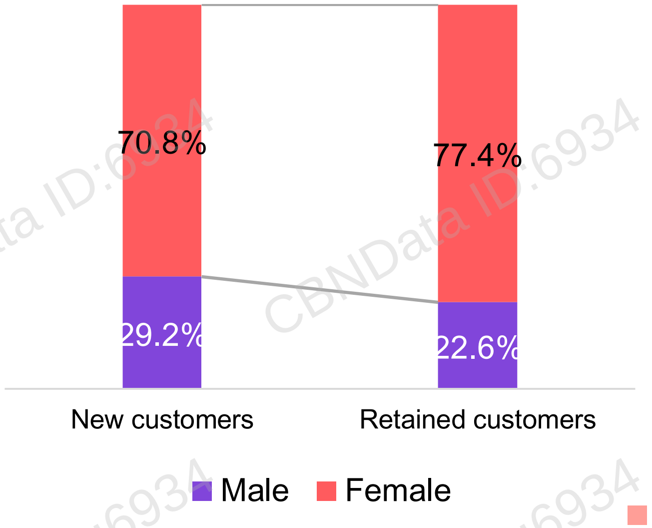
Males are to a higher proportion in terms of new customers of Tmall Global in 2016, showing a trend of rejuvenation and urban channel settlement.

New customers

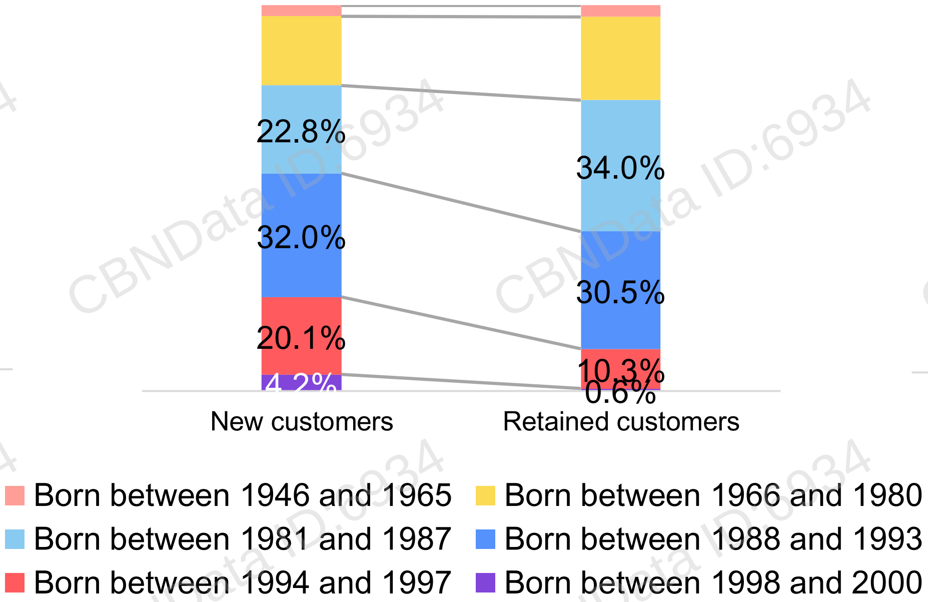
Retained customers

- **The population structure of Tmall Global has broadened significantly.**
- **Tmall Global has brought cross-border consumption to more young consumers and consumers in third and fourth tier cities in 2016.**

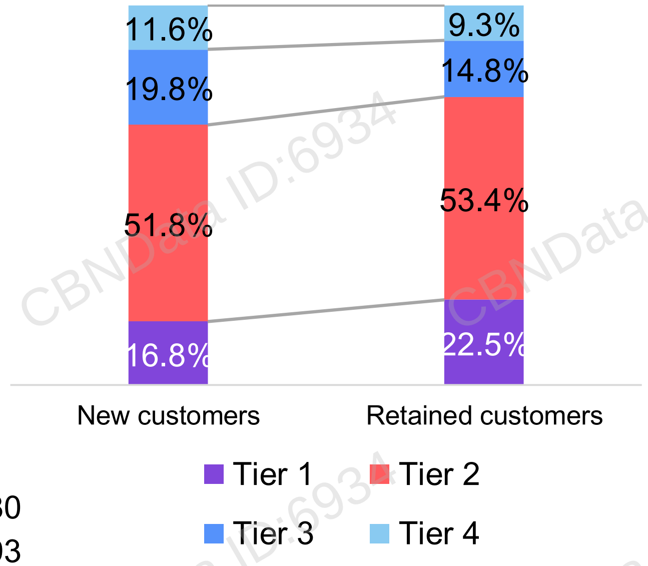
New customers / retained customers of Tmall Global in 2016
Gender distribution



New customers / retained customers of Tmall Global in 2016
Age distribution



New customers / retained customers of Tmall Global in 2016
City tier distribution



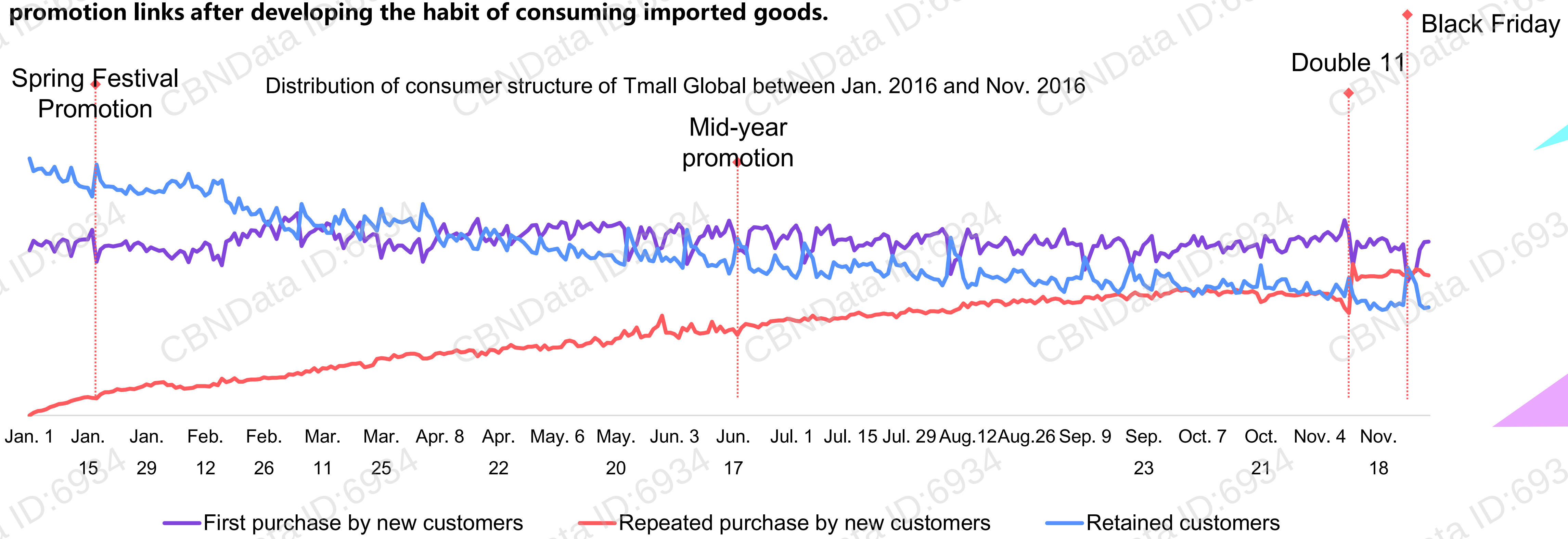
New consumers no longer concentrate on promotion links after they started to get familiar with Tmall Global.

New customers

Retained customers

- Since April, new and initial customers have surpassed retained customers and became the key driver of Tmall Global. At the same time, new customers have developed a habit of consuming imported goods and made repeated purchases from Tmall Global. The three consumer groups have been well matched in strength since October.
- The proportion of retained consumers increases after big promotions on the platform. Consumers will pay more attention to promotion links after developing the habit of consuming imported goods.

Distribution of consumer structure of Tmall Global between Jan. 2016 and Nov. 2016



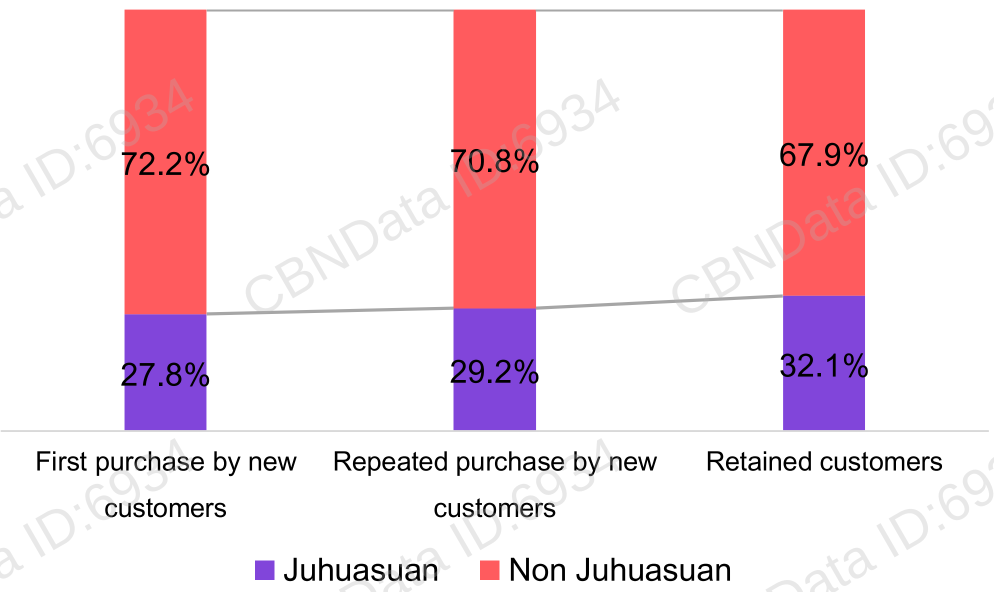
New consumers joined Tmall Global mainly because of specific circumstances instead of promotions, and they pay attention to promotions after developing a habit of buying imported goods.

New customers

Retained customers

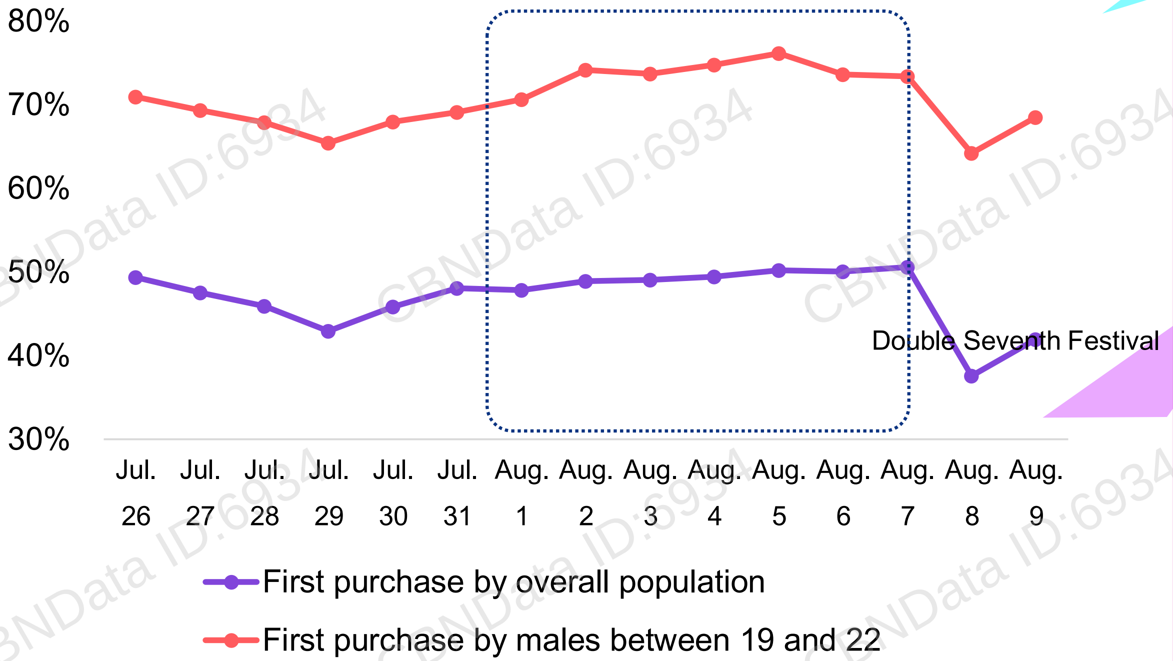
- New consumers' preference to Juhuasuan is lower than retained consumers, and the preference of first time buyers is even lower.

Proportion of consumption amounts by new / retained Tmall Global consumers from Juhuasuan in 2016



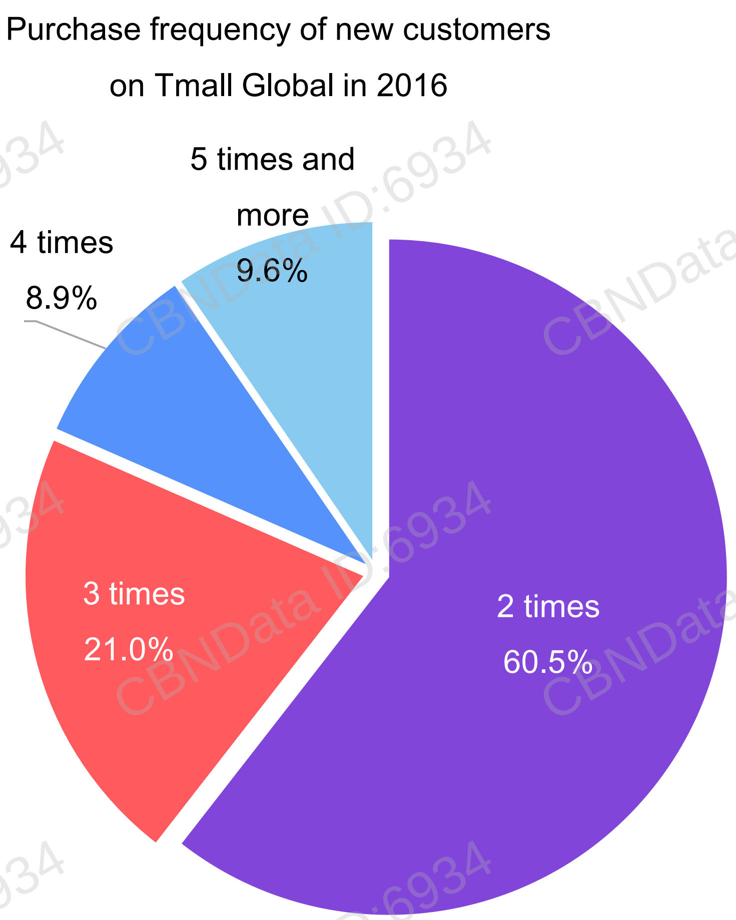
- New customers making the first purchase are mainly due to specific circumstances;
- During the week before the Double seventh Festival for example, makeup on Tmall Global platform will attract more new customers, particularly young females, compared with other times.

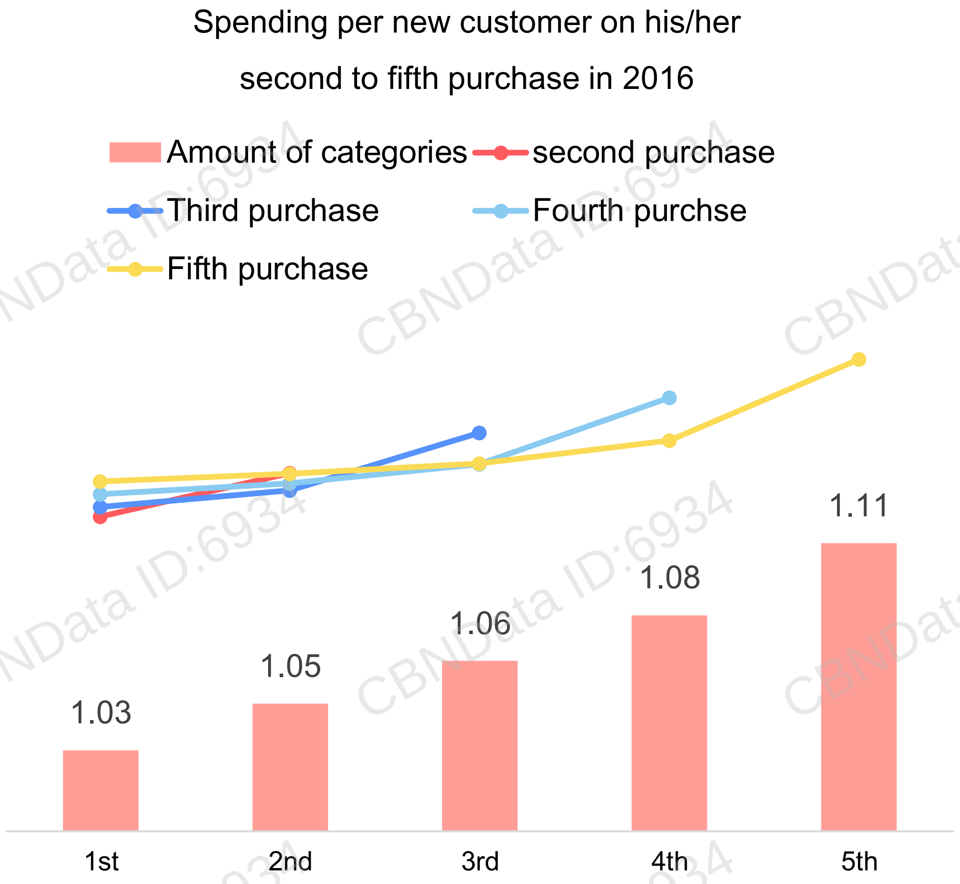
Proportion of initial consumers of makeup between Jul 25, 2016 and Aug. 9, 2016



Almost 40% of new customers have made more than 3 purchases. The spending per customer rises and the categories of goods purchased increase.

New customers
Retained customers

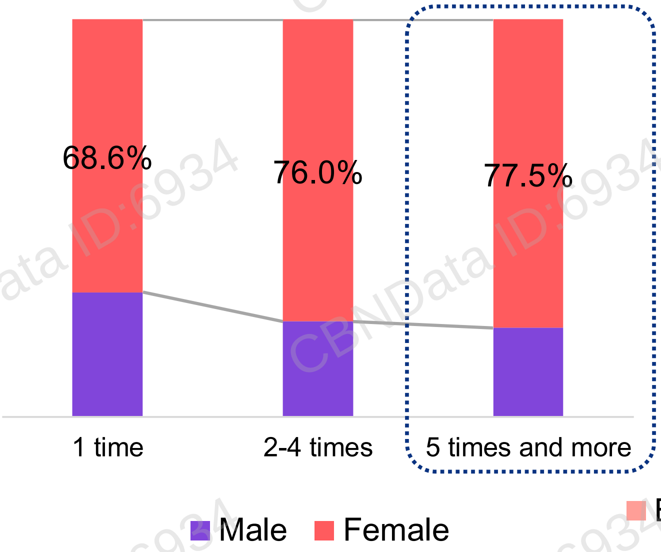




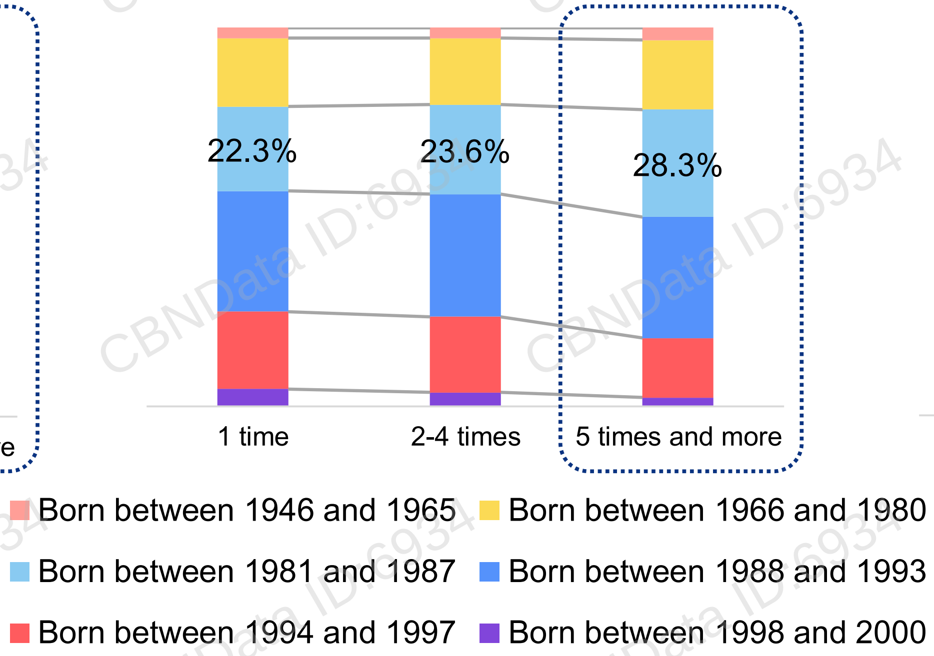
Female consumers born in the 1980s and from first and second-tier cities are the most loyal among new customers of Tmall Global in 2016.

- **Among new customers showing strong loyalty on Tmall Global in 2016, females and those born in the 1980s account for the highest proportion, and the proportion of high-tier cities, particularly first-tier cities is also higher.**

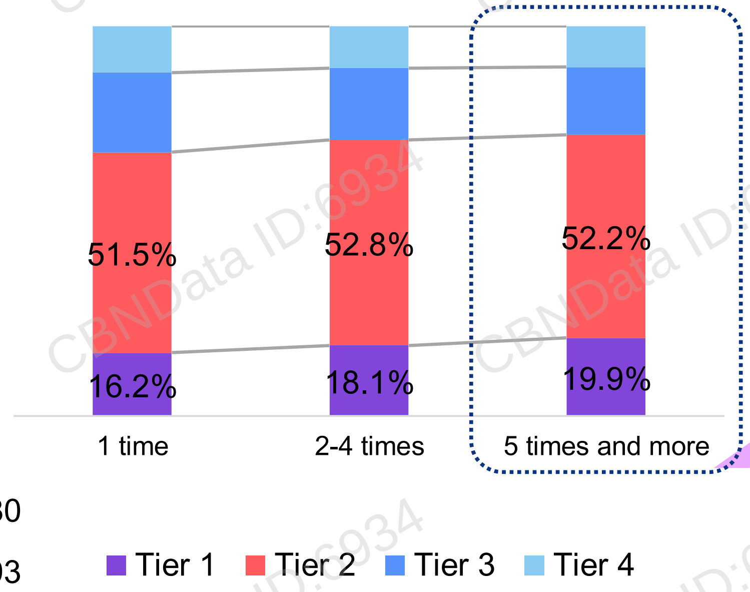
Gender distribution of new customers with different purchase frequencies on Tmall Global in 2006



Age distribution of new customers with different purchase frequencies on Tmall Global in 2006



City tier distribution of new customers with different purchase on Tmall Global in 2006

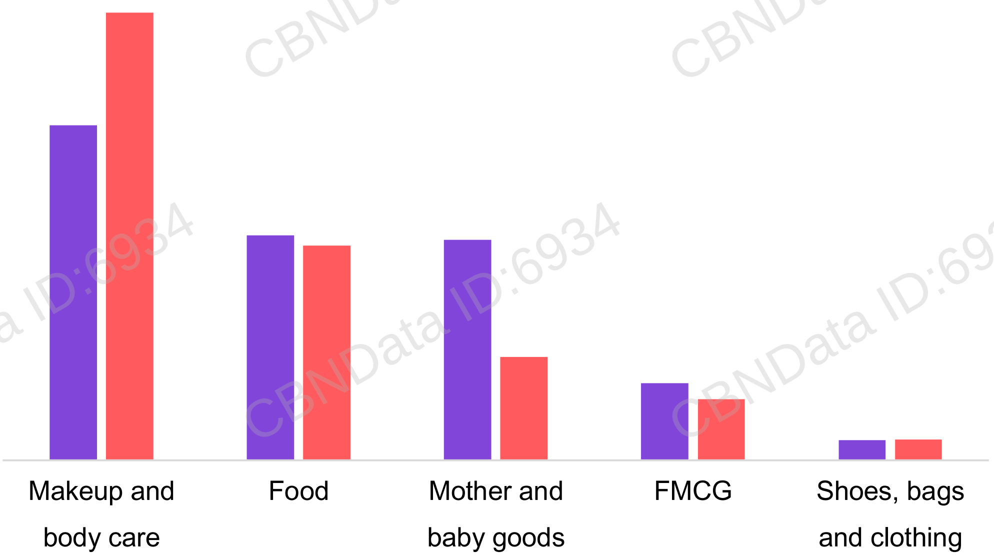


New customers

Retained customers

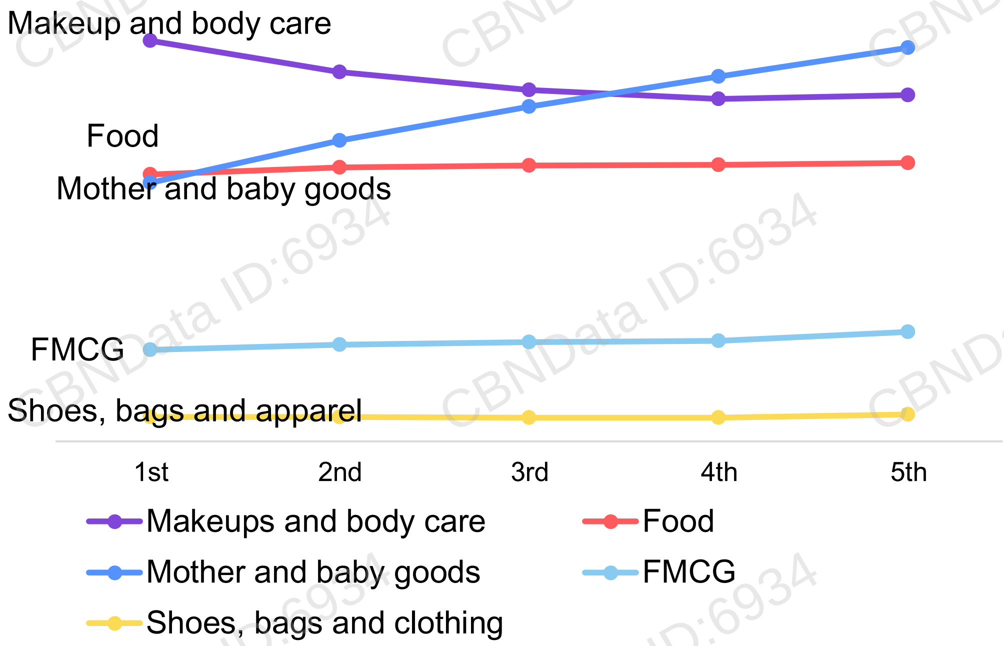
The proportion of females born in 1980s from first or second tier cities to buy mother and baby products for the first time is higher than that of other groups, and the proportion of mother and baby products continues to rise in repeated purchases, showing that the rigid demand of those products is one of the reasons for their higher consumption stickiness.

Top 5 categories of products purchased for the first time by females born in 1980s from first or second tier cities in 2016



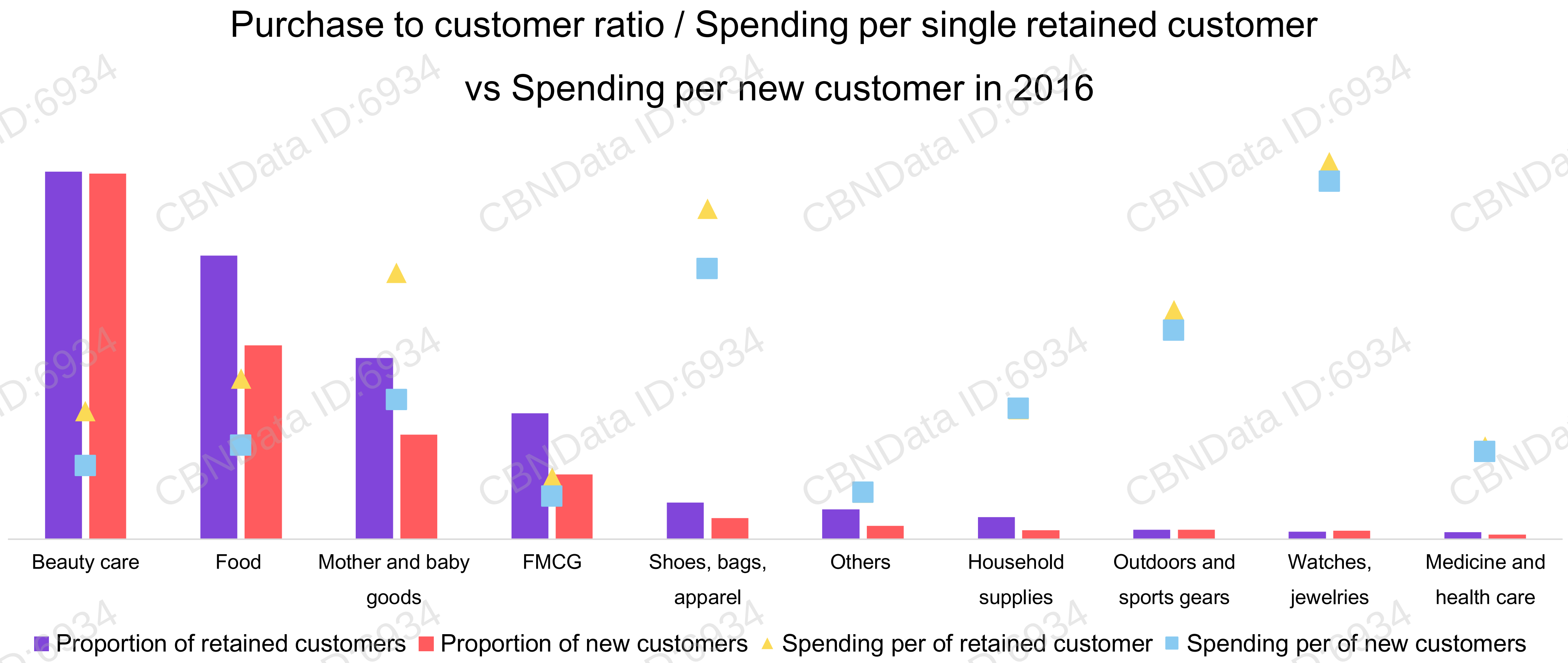
Note: data processing is based on ratio of purchases to customers

Top 5 categories of products purchased for the first to fifth time by females born in 1980s from first or second tier cities in 2016



Note: data processing is based on ratio of purchases to customers

The ratio of purchase to retained customers is higher than that of new customers and the spending per customer is higher; therefore, it can be expected that there will be a huge consumption potential.

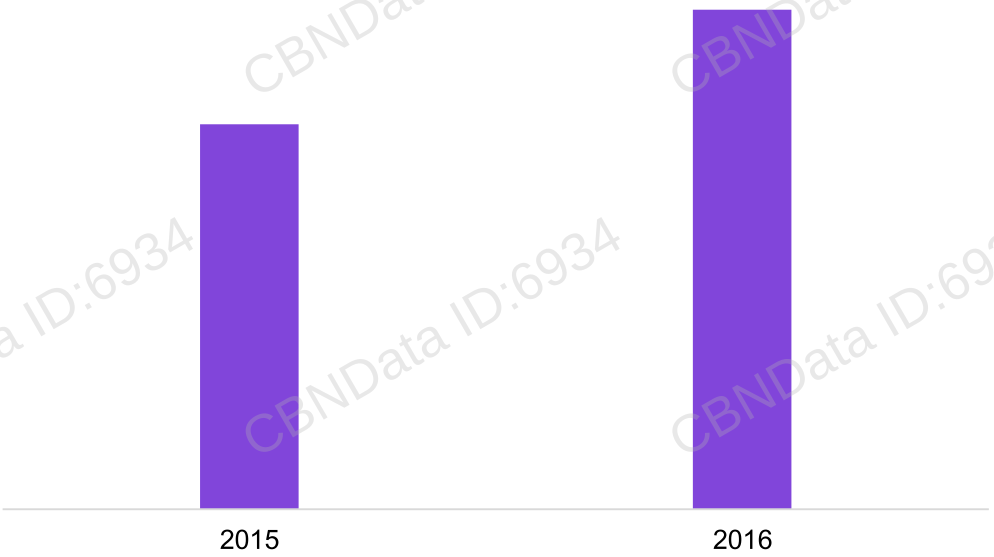


Spending per customer and purchase frequency of retained customers have been promoted greatly in the two years, indicating upgraded consumption power.

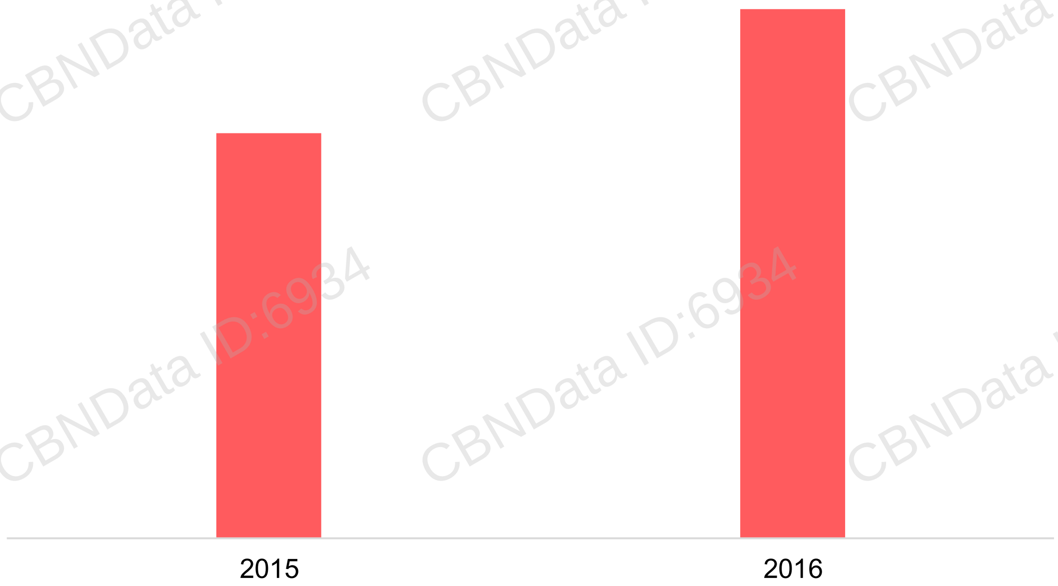
New customers

Retained customers

Spending per of retained customer between 2015 and 2016



Average purchase frequency of retained customers between 2015 and 2016



The consumption upgrade of retained customers demonstrated three characteristics in terms of category, and the habits of those born in 1980s in first and second-tier cities stands out.

New customers

Retained customers

Attention to health

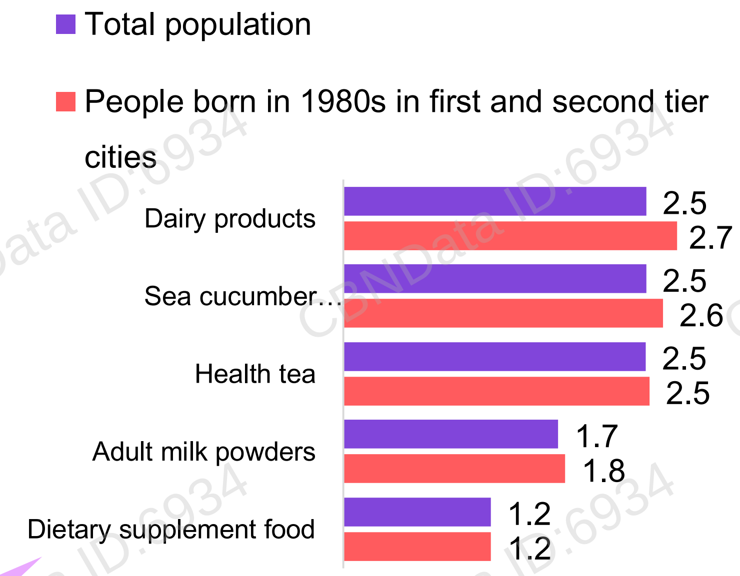
Worry-free

Small and beautiful

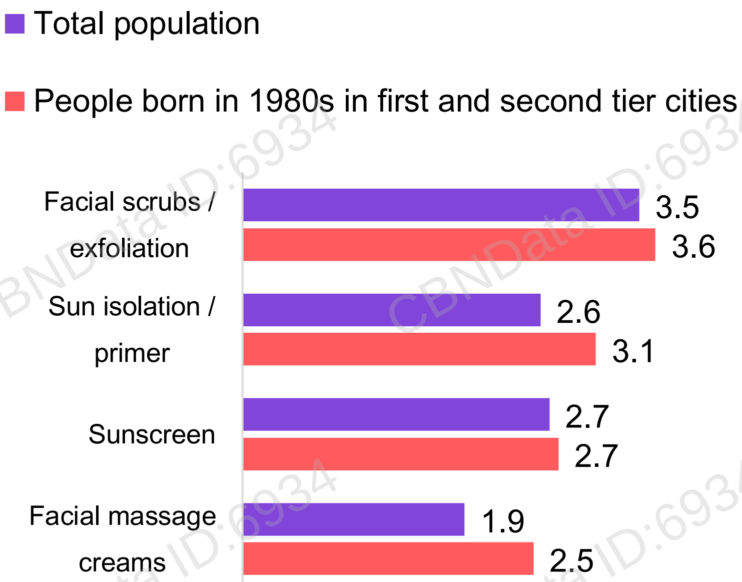
Attention to health: retained customers have already developed a habit to buy imported goods are setting higher requirement of body and skin care, as well as sleep quality, particularly those born in the 1980s and from first or second-tier cities.

- Among the fastest growing categories purchased by retained customers in the last two years, the developments in health food, skin care products and bedding articles are observable, implying that they are more demanding of body and skin care, as well as promotion in sleep quality.
- Compared with the whole consumer base, those born in the 1980s in first or second-tier cities have put forward higher requirements for improved sleep quality, body and skin care.
- Compared to the whole consumer base, those born in the 1980s and from first or second-tier cities have shown even higher requirements for health.

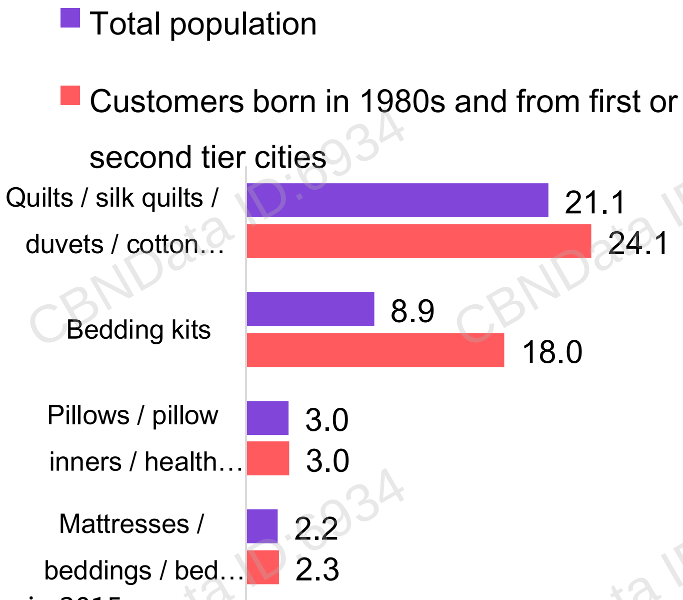
Growth coefficient of health food purchased by retained customers in 2016



Growth coefficient of cosmetics purchased by retained customers in 2016



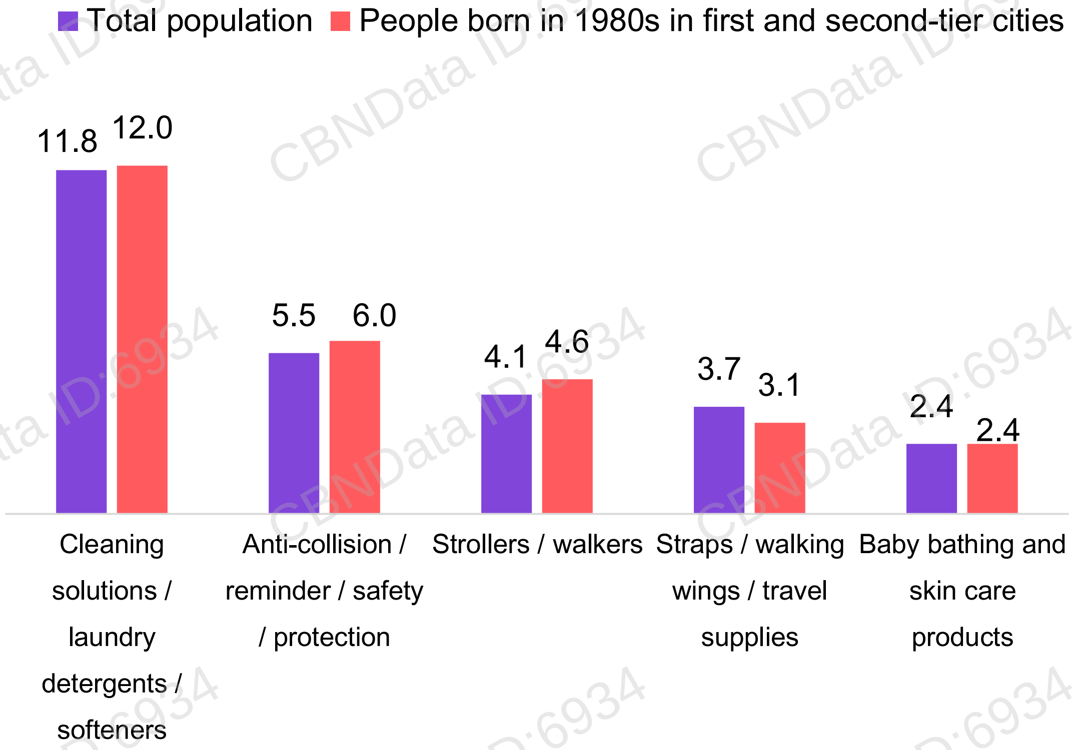
Growth coefficient of bedding articles purchased by retained customers in 2016



Note: growth coefficient = consumption volume in 2016 / consumption volume in 2015

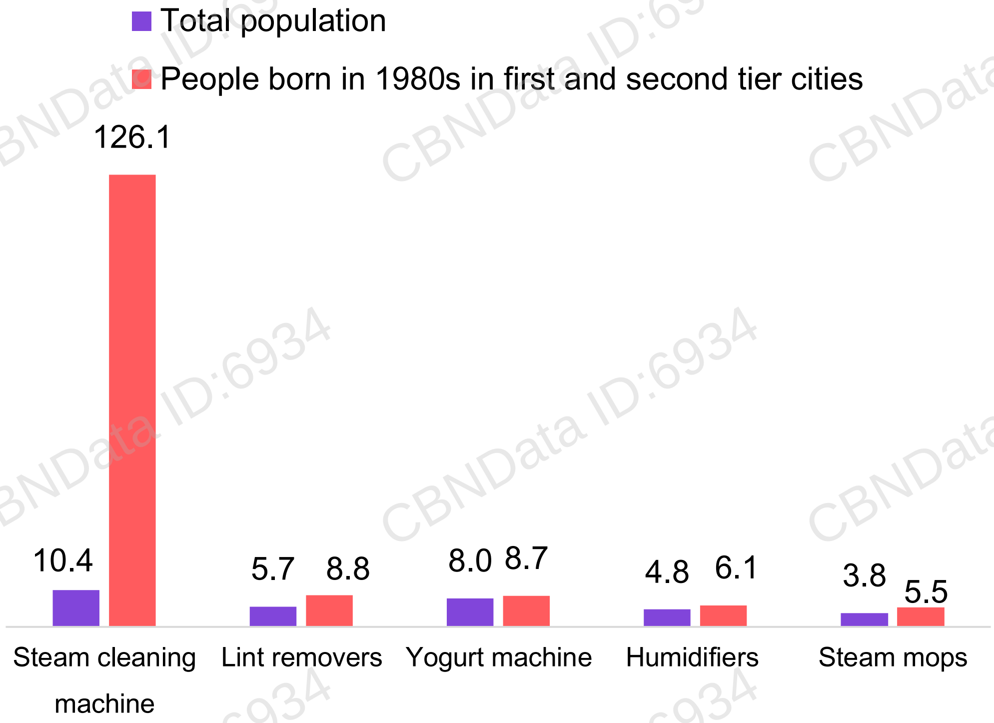
Worry-free: While more professional baby products reassure parents, small functional home appliances make life more stress-free and refined.

Growth coefficient of some mother and baby products purchased by retained customers in 2016



Note: growth coefficient = consumption volume in 2016 / consumption volume in 2015

Growth coefficient of home appliances purchased by retained customers in 2016



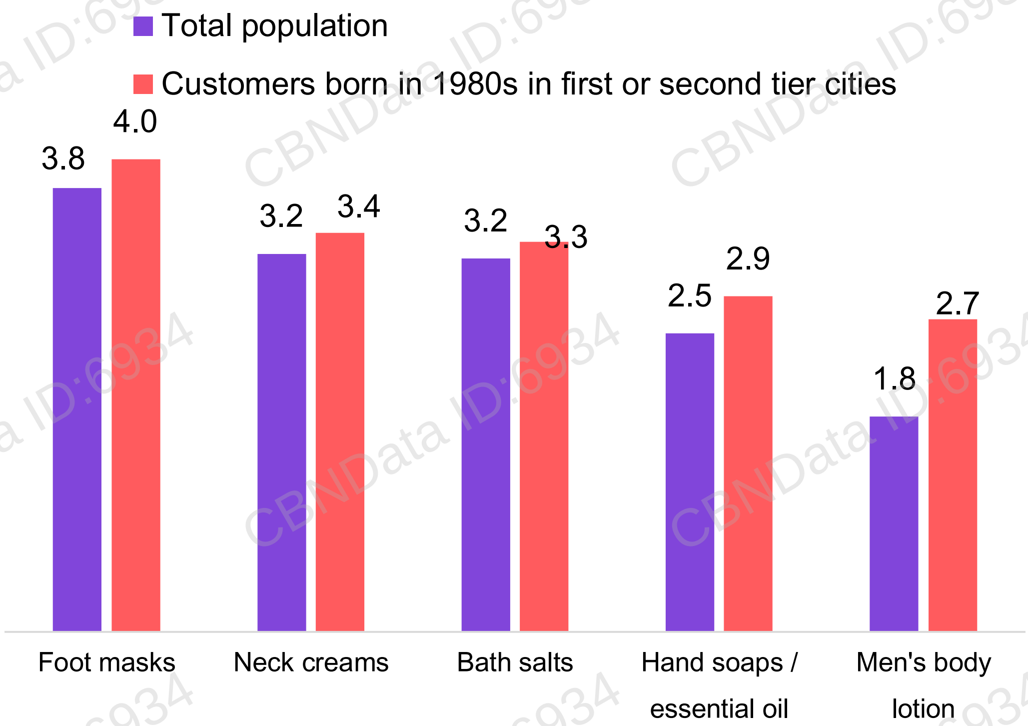
Note: growth coefficient = consumption volume in 2016 / consumption volume in 2015

Small and beautiful: sub-categories and niche brands grow fast and are sought-after, particularly by customers born in 1980s in first or second tier cities.

New customers

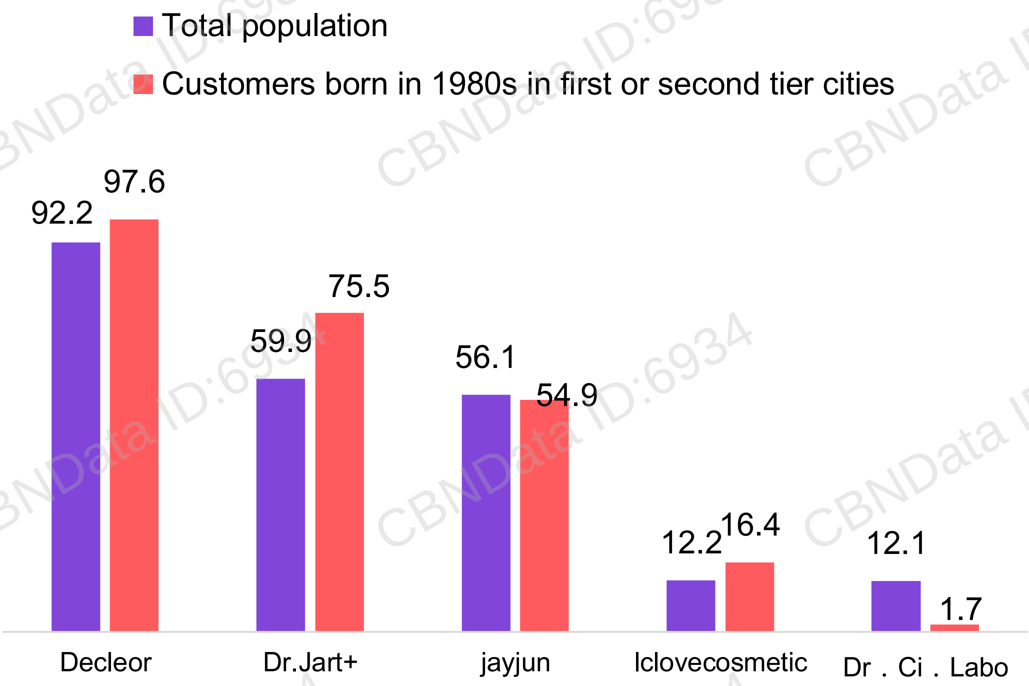
Retained customers

Growth coefficient of some makeup sub-categories purchased by retained customers in 2016



Note: growth coefficient = consumption volume in 2016 / consumption volume in 2015

Growth coefficient of some niche makeup brands purchased by retained customers in 2016



Note: growth coefficient = consumption volume in 2016 / consumption volume in 2015

Consumption Motivation: Diverse Consumer Demands

Change in family circumstances, aspiration for new experiences and quality consciousness are three key motivations of consumption of imported goods.

Change in family circumstances

- Consumers are changing their identity and willing to buy more imported goods online.
- Key words: new parents; mother and baby products

Aspiration for new experiences

- Try new products and experience a different life.
- Keywords: people born in 1990s; electronic beauty appliances

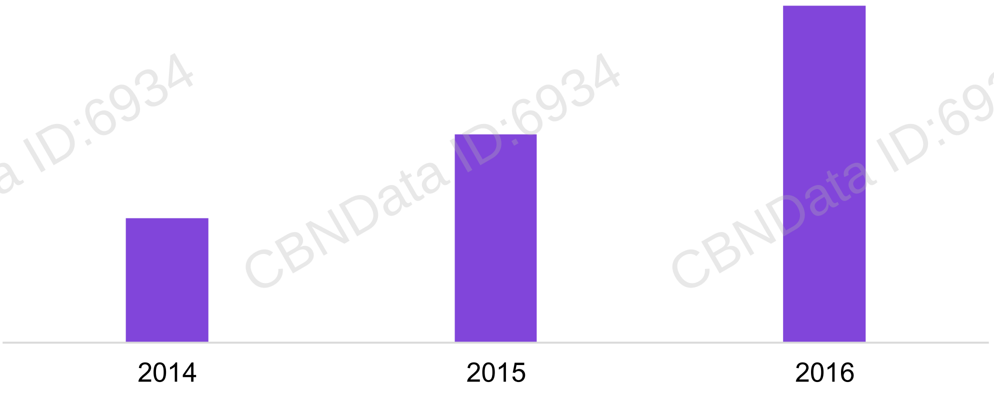
Quality consciousness

- When regular consumers of imported goods bring their consumption habits to Tmall Global, categories of consumer goods and brands are more abundant.
- Key words: Regular consumers of imported goods; diversification

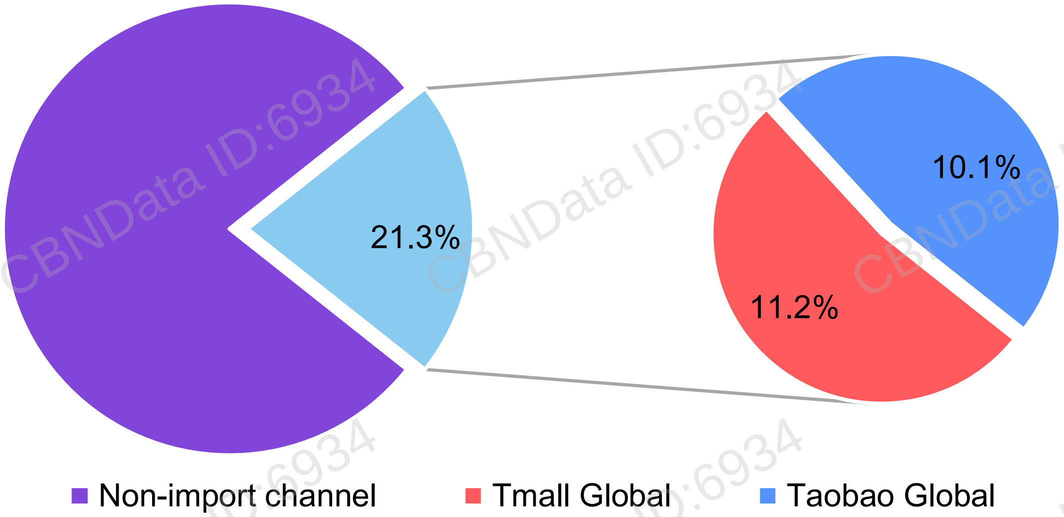
Change in family circumstances, such as becoming new parents drives consumers to buy more imported goods.

- The proportion of imported products brought online by consumers who became parents in 2016 increased significantly.
- The consumption of imported Mother and baby products accounts for 21% of the total imported sales, and more than half of the consumption comes from Tmall Global.

Consumption of imported products by new parents between 2014 and 2016



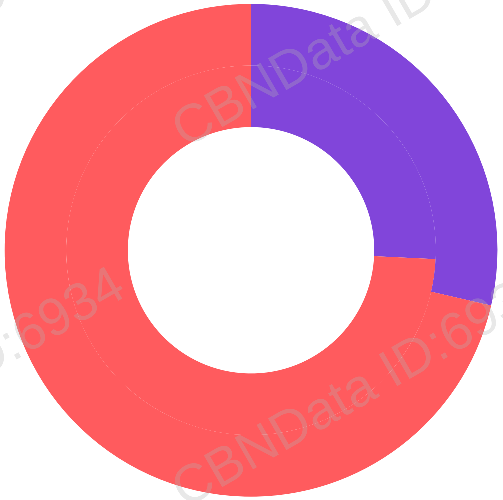
Consumption of imported Mother and baby products by new parents between 2014 and 2016



Note: Consumption of imported products includes Tmall Global and Taobao Global.

Mothers born post 1980 in first or second-tier cities prefer imported Mother and baby products.

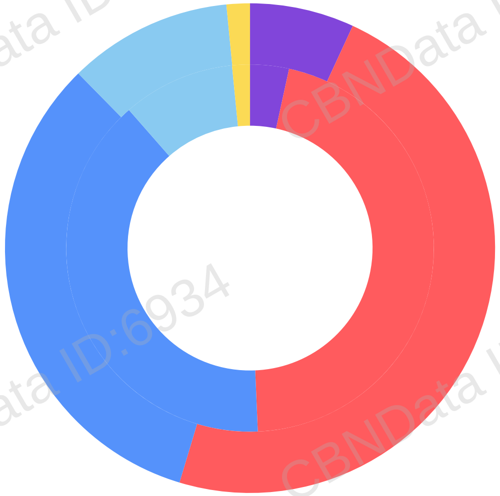
Consumption of imported products vs consumption of non-imported products in 2016
Gender distribution of new parents



Inner ring: Consumers of imported products
Outer ring: Non-consumers of imported products

Male Female

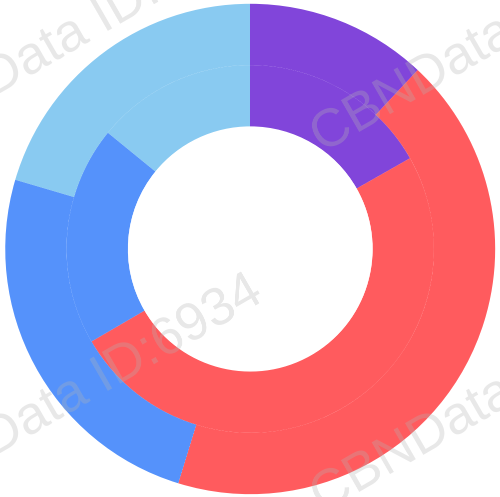
Consumption of imported products vs consumption of non-imported products in 2016
Age distribution of new parents



Inner ring: Consumers of imported products
Outer ring: Non-consumers of imported products

19-22 23-28 29-35 36-50 51-70

Consumption of imported products vs consumption of non-imported products in 2016
City distribution of new parents



Inner ring: Consumers of imported products
Outer ring: Non-consumers of imported products

Tier 1 Tier 2 Tier 3 Tier 4

Change in family circumstances

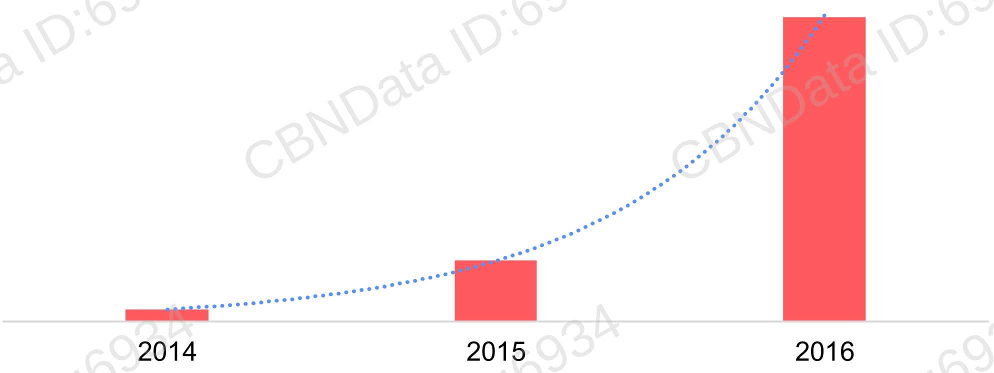
Aspiration for new experiences

Quality consciousness

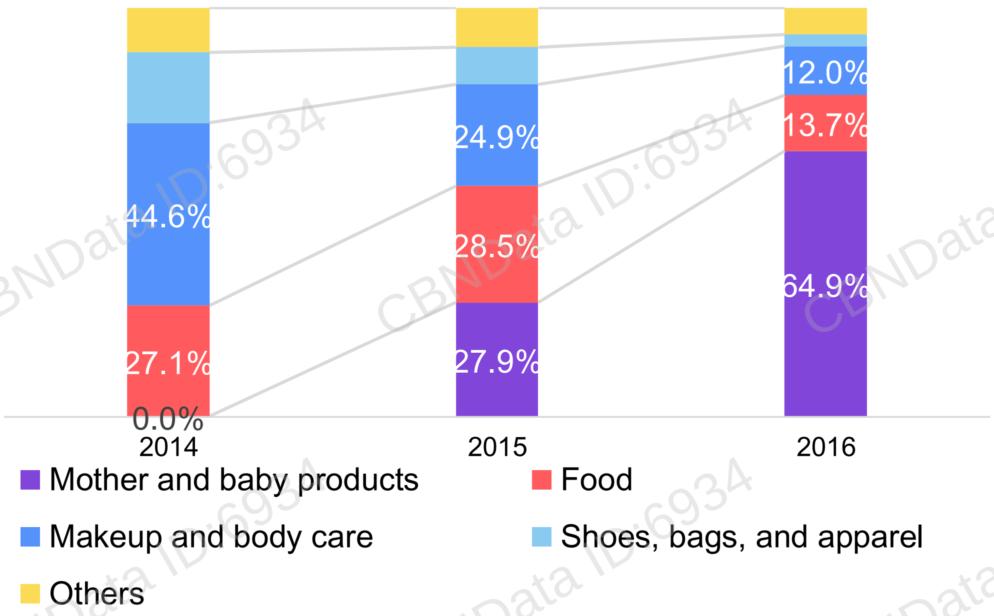
Consumption by new parents on Tmall Global has grown 24 times in three years, far more than average, of which Mother and baby products are the biggest driver of growth.

- Consumption by new parents between January 2016 and November 2016 is 25 times of that for the year of 2014, and the growth is far more than the consumption growth by the rest of the consumer base.
- Year-on-year variations of category structure: proportion of Mother and baby products has increased to nearly 30% in 2015, and to over 50% in 2016. The arrival of a baby makes new parents lower their individual and household consumption.

Total of consumption on Tmall Global by new parents between 2014 and 2016



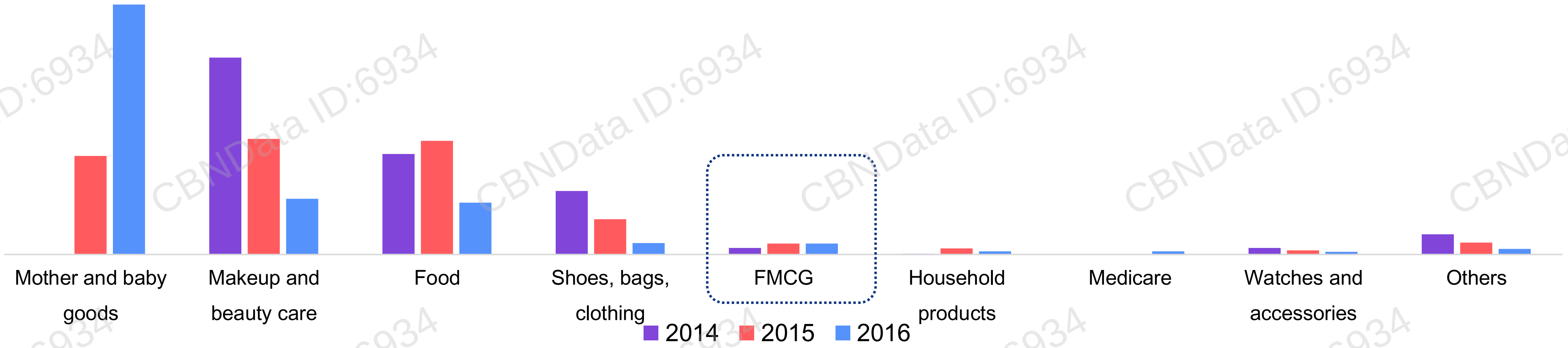
Consumption pattern of new parents on Tmall Global between 2014 and 2016



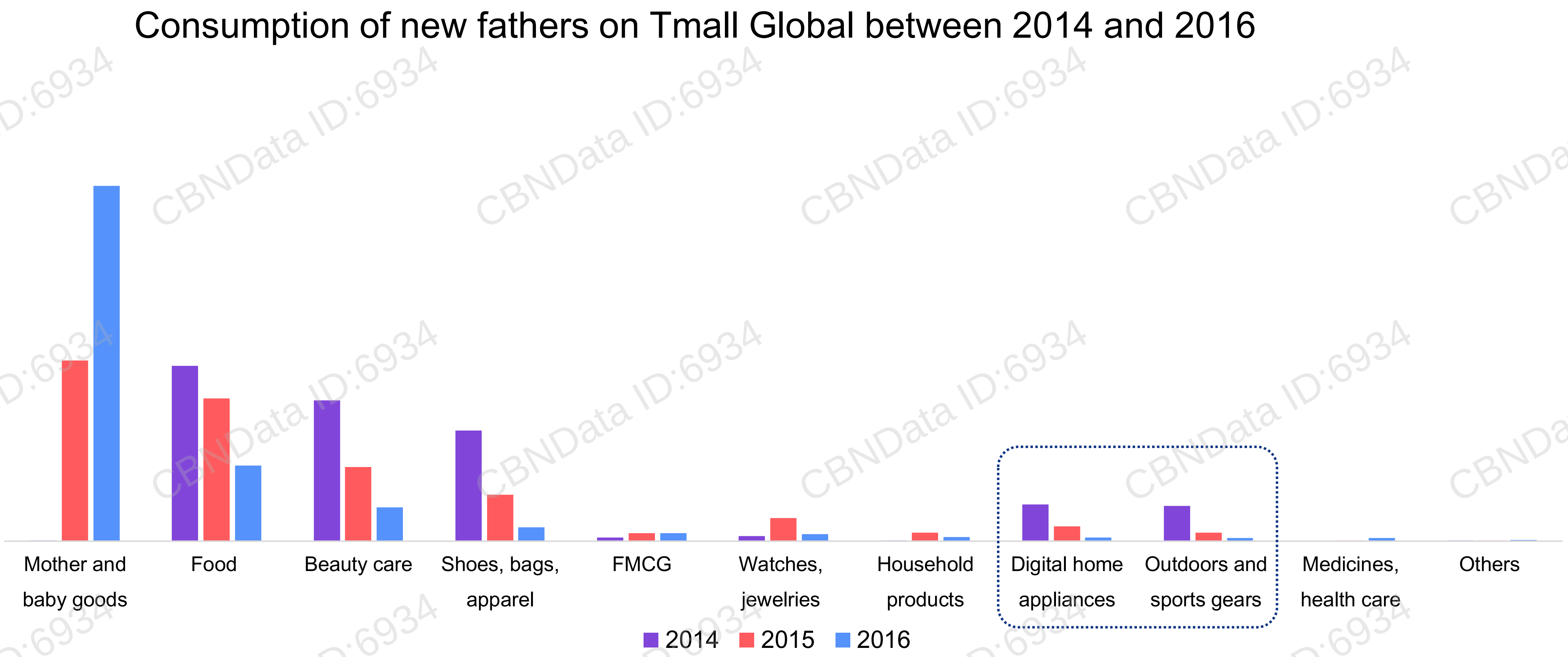
New parents began to spend less on themselves and increase spending on their children.

- Once married, female consumers increase spending on food, FMCG and household products; when they become parents, the baby becomes the priority, consumption of mother and baby products and FMCG has squeezed spending on other categories.

Consumption by category of new mothers on Tmall Global between 2014 and 2016



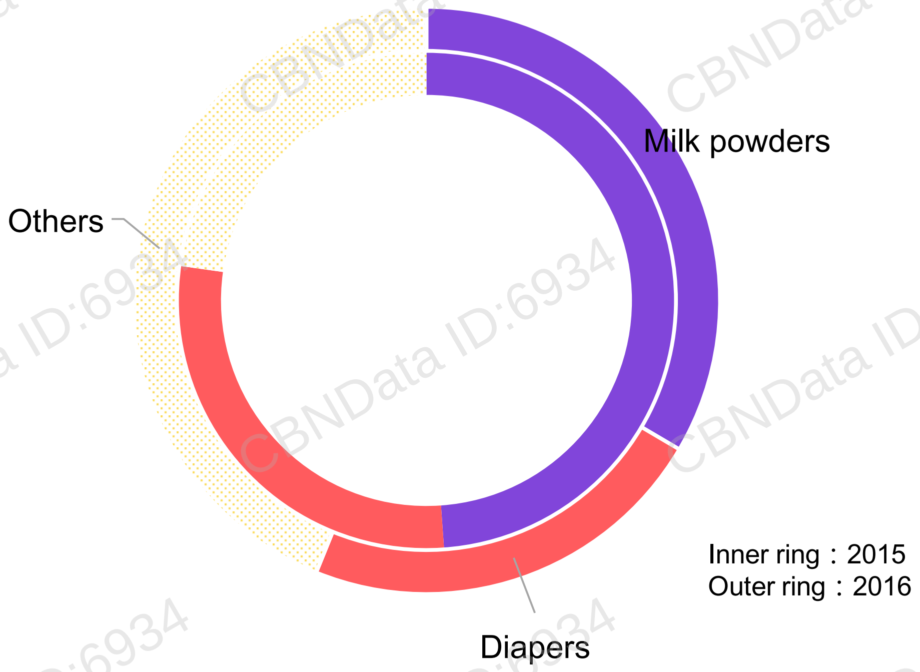
New fathers spend more on Mother and baby products and less on digital and home appliances, outdoors and sports gears.



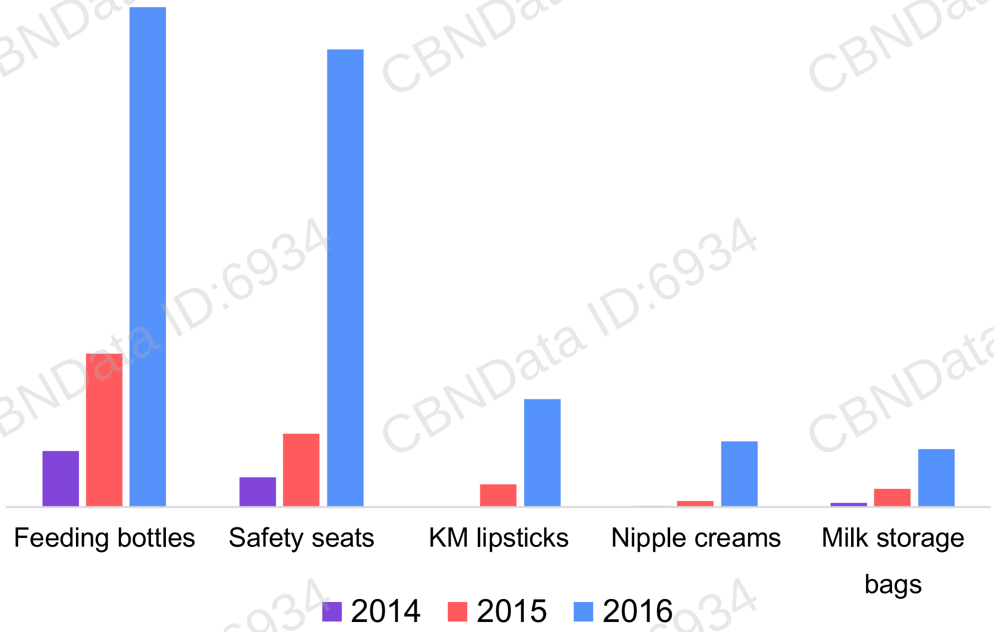
Change in family circumstances
Aspiration for new experiences
Quality consciousness

Baby formula and diapers are top-selling products with a clear concern about product safety.

Sales of Mother and baby product consumption from Tmall Global between 2015 and 2016



Sales of new products under the Mother and baby category on Tmall Global between 2014 and 2016



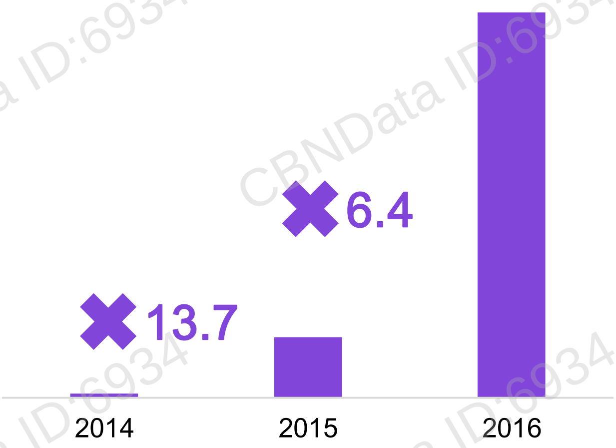
Aspiration to experience new things drives consumers to buy imported goods; people born in after 1990 in first or second-tier cities are becoming the major force in exploring new areas.

Change in family circumstances

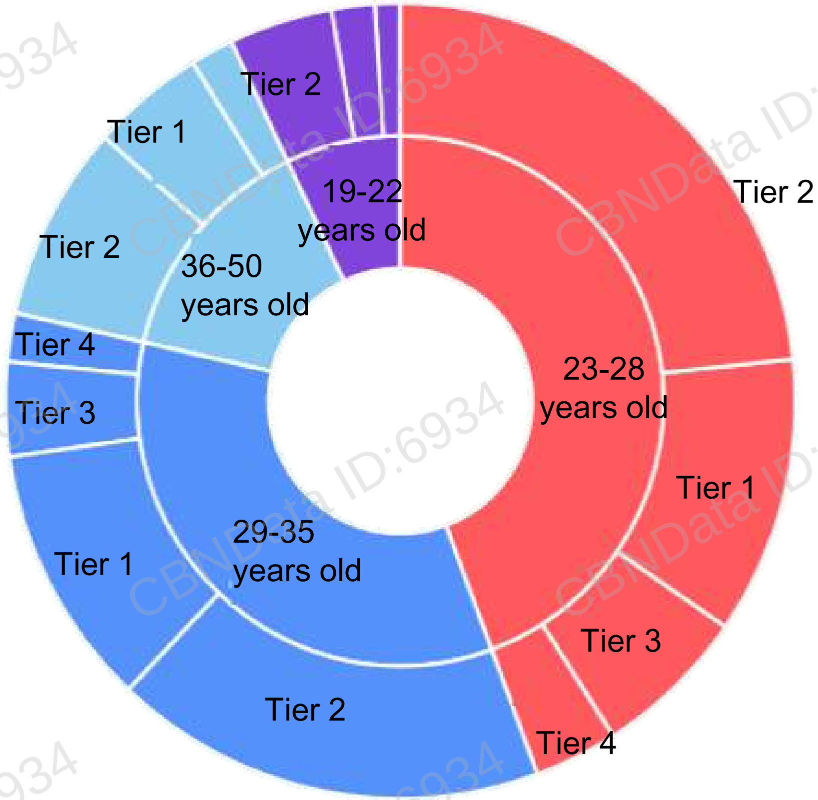
Aspiration for new experiences

Quality consciousness

Sales of beauty gadgets on Tmall Global between 2014 and 2016



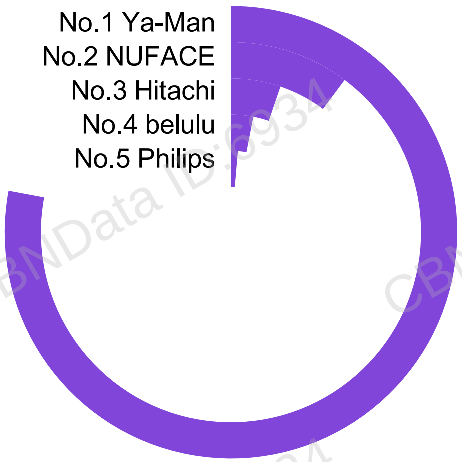
Consumption of beauty gadgets on Tmall Global by age groups and tiers of cities in 2016



Consumers' favorite beauty gadget brand is Ya-Man. Its popular HRF-10T model alone accounts for a market share of nearly 80%.

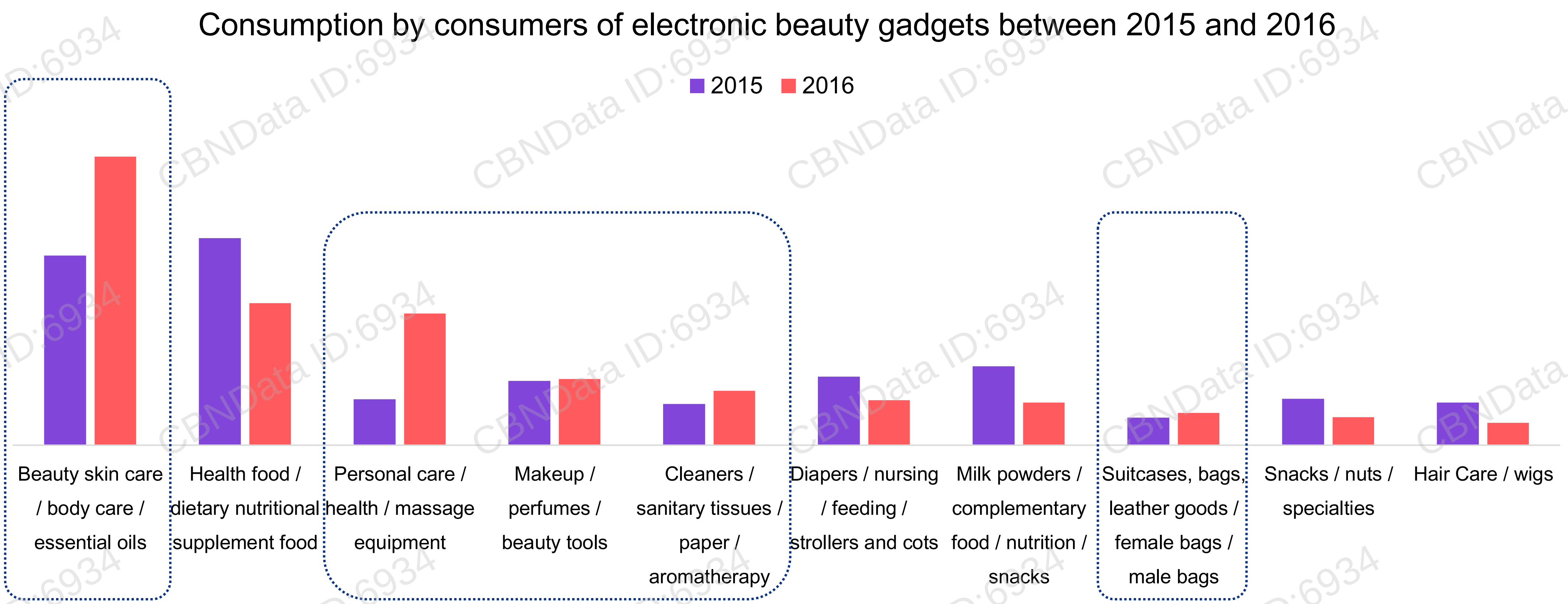
- The beauty gadget market is highly competitive; Japanese brand Ya –Man grew rapidly, to become the most popular brand in 2016
- The Ya-Man HRF-10T model alone contributed half of the total market sales.

Top 5 beauty gadget brands in 2016



Ya-Man HRF-10T

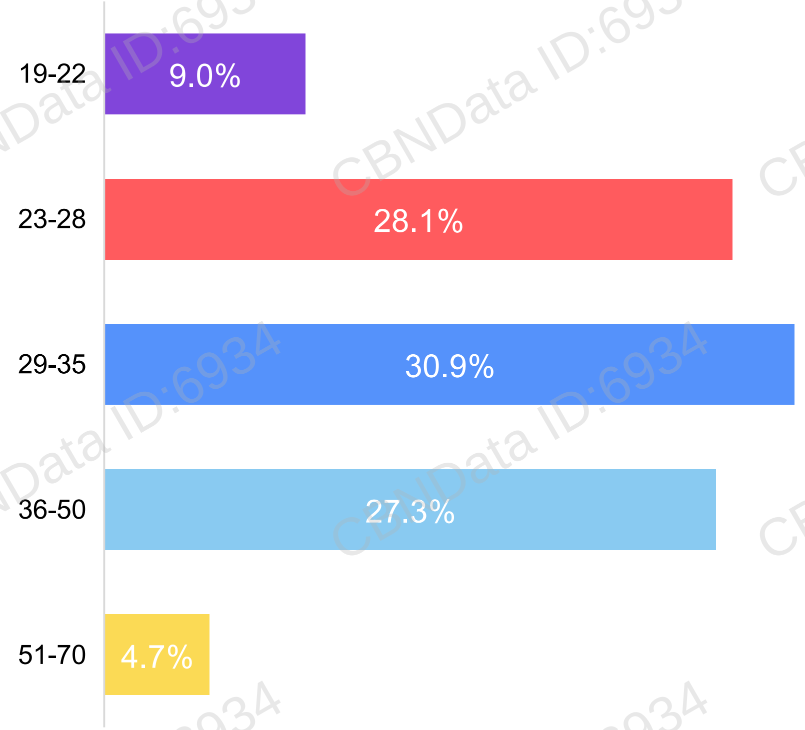
Beauty gadget consumers spend more on beauty products and less on other categories. Product categories continue to expand.



Those born post 1980s and 1990s buy for their parents to ensure they are using quality products.

- **In 2016, sales of hair-dye increased 242% compared from 2015**
- **Sales of Joint supplements grew 220%**
- **Sales of calcium supplements grew 194%**
- **Sales of latex pillows grew 111%**

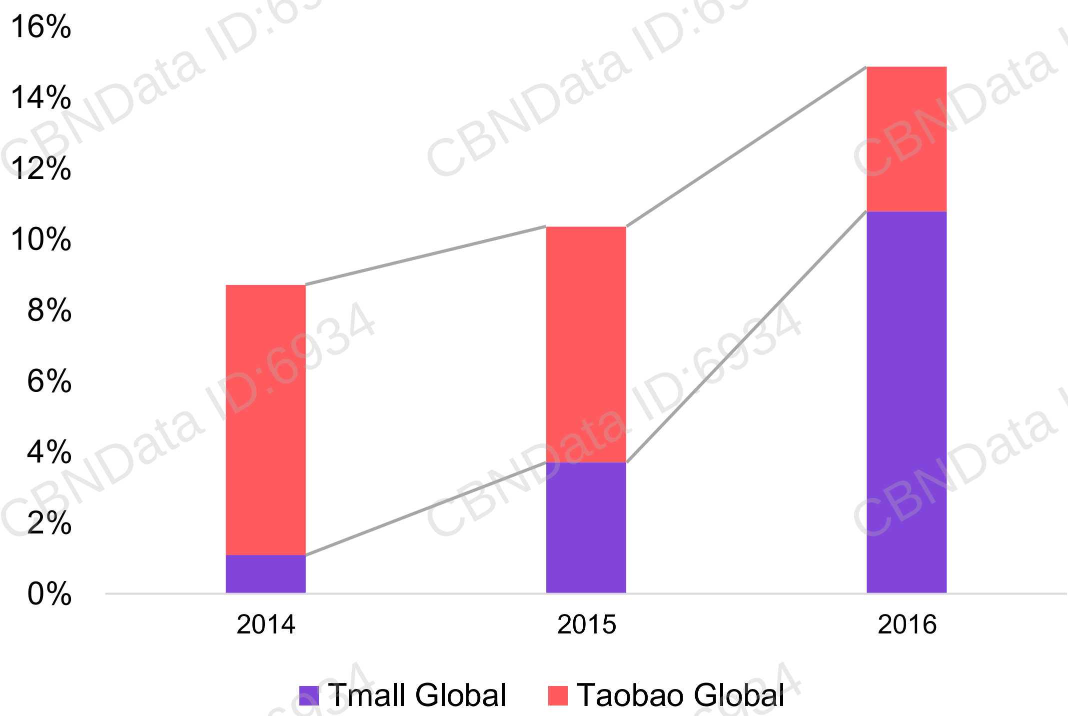
Sales of elderly care categories on Tmall Global in 2016



People who previously had bought from overseas online platforms now buy imported good from Tmall Global.

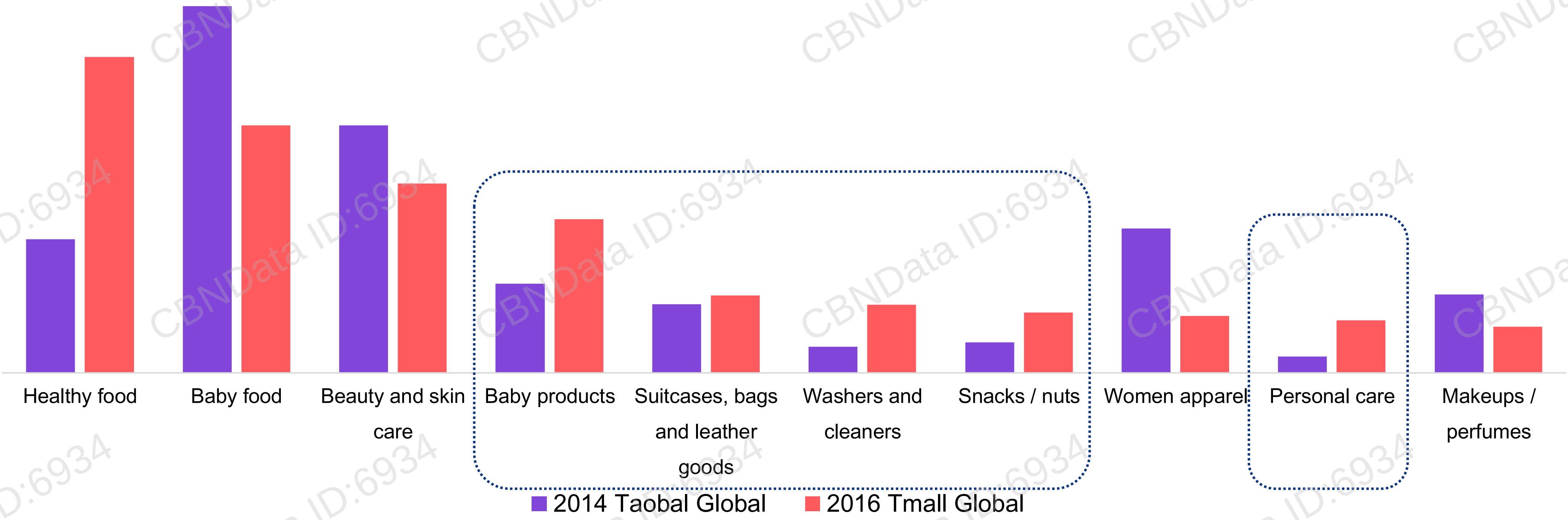
- **Regular cross-border consumers: they used to buy imported products via Taobao Global, and now they buy from Tmall Global.**
- **The proportion of consumption of imported goods by this group of people increased between 2014 and 2016. The consumption of imported goods via Tmall Global rose sharply and the original channels of overseas third-parties are in decline.**

Consumption of imported products by regular cross-border consumers between 2014 and 2016



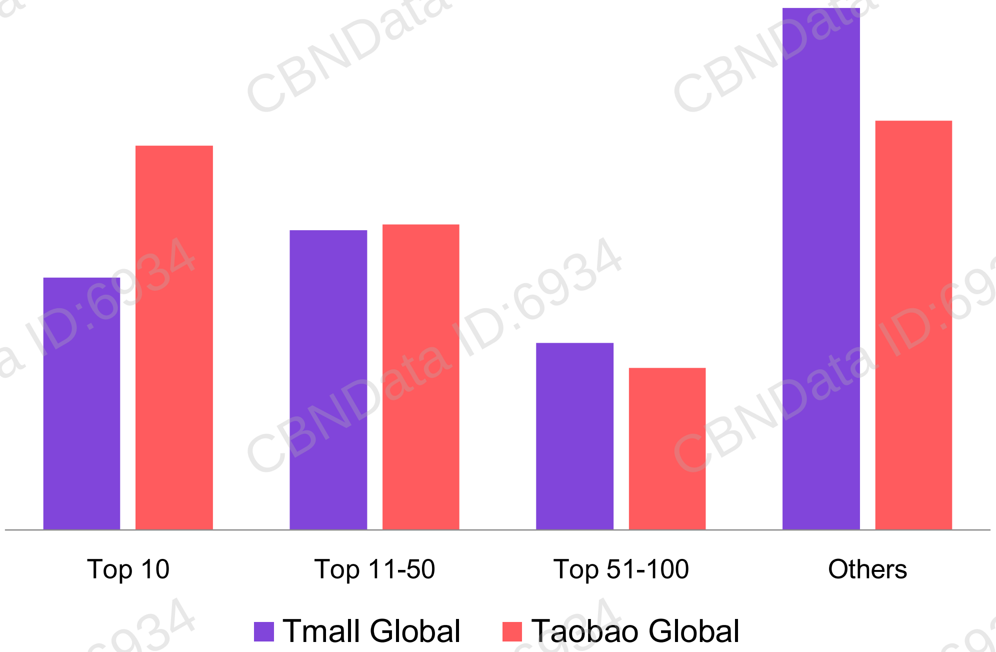
The regular imported goods consumers buy a wide rage of products from Tmall Global.

Top 10 categories consumed by regular cross-border consumers on Tmall Global in 2016 vs. Consumption of same categories on Taobal Global



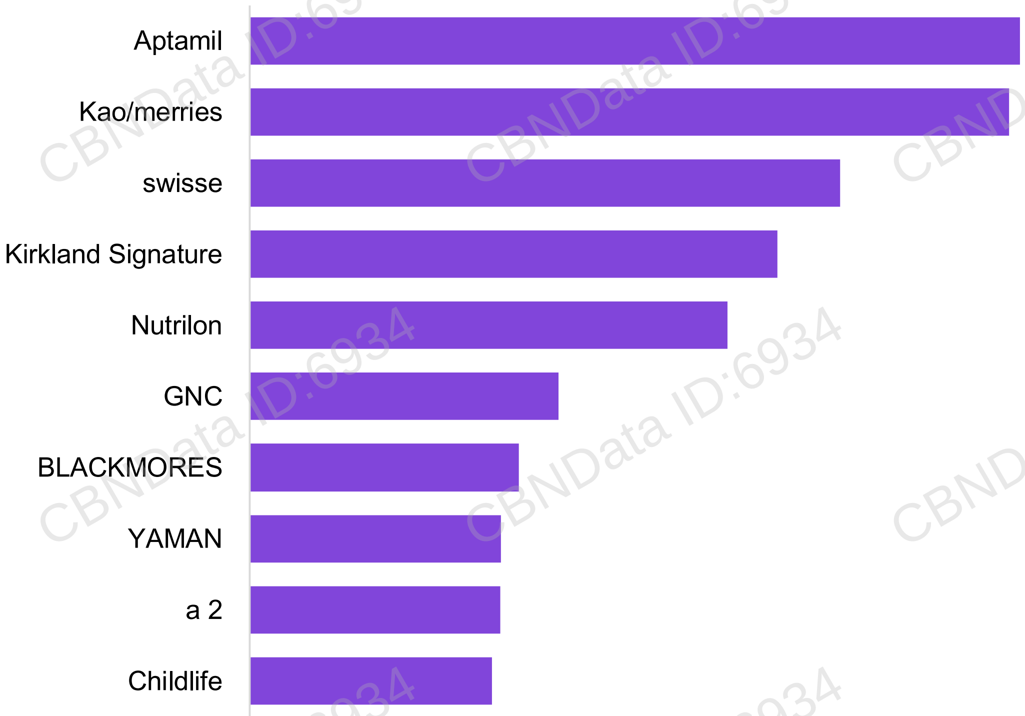
Cross-border consumers purchase a wide range of products, brand concentration has decreased significantly. Aptamil and Kao/merries are their favorite brands of imported goods.

Brand concentration of consumption by regular cross-border consumers



Notes: brand concentration is sequenced by sales volume of brands, taking into consideration the share of sales in each ranking section.

Top 10 brands of consumption from Tmall Global by regular cross-border consumers in 2016



Event:
Impact on Import Consumption Decisions

Consumption of imported goods by consumers is influenced various factors.

The Ministry of Finance, the General Administration of Customs and the State Administration of Taxation jointly issued a circular that cross-border e-commerce retail import tax policy will be implemented from April 8, and the postal tax policy will also be adjusted simultaneously.

- Post tax rates will be applied in 3 tiers: 15%, 30% and 60%
- The definition of trading imported goods by cross-border e-commerce enterprises are clarified.

Tax type

- Tariff + import VAT + Sales tax

Tax amount

- Tax amount less than 50 yuan is no longer exempt
- Consumption limit is set:

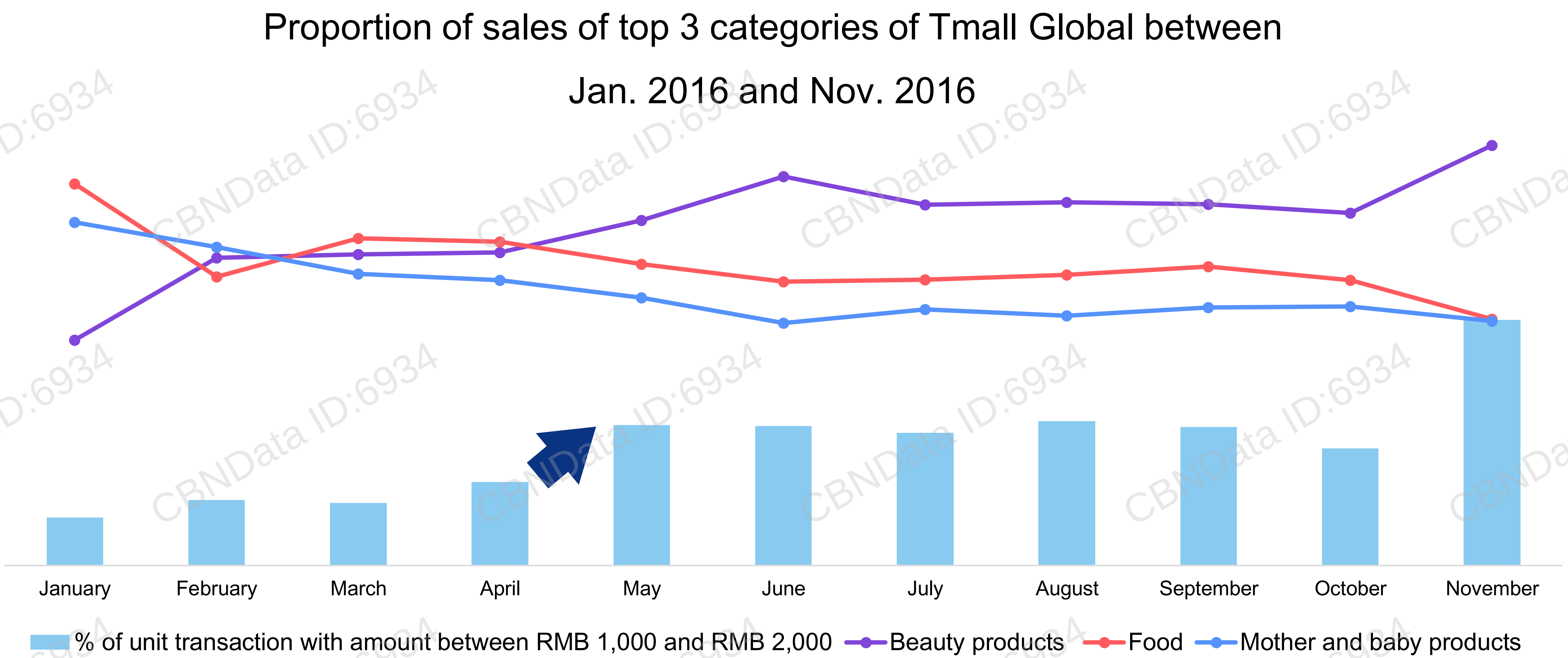
Tariff + import VAT + consumption tax

When the limit is not exceeded
The tariff rate is 0, the import value-added tax and sales tax shall be levied at 70% of statutory tax payable

When the limit is exceeded
Levied according to full import amount

Source：The Beijing News

Beauty products became the top-selling category on Tmall Global since May; unit transactions with amount between RMB 1,000 and RMB 2,000 for the top 3 categories also witnessed a substantial increase.

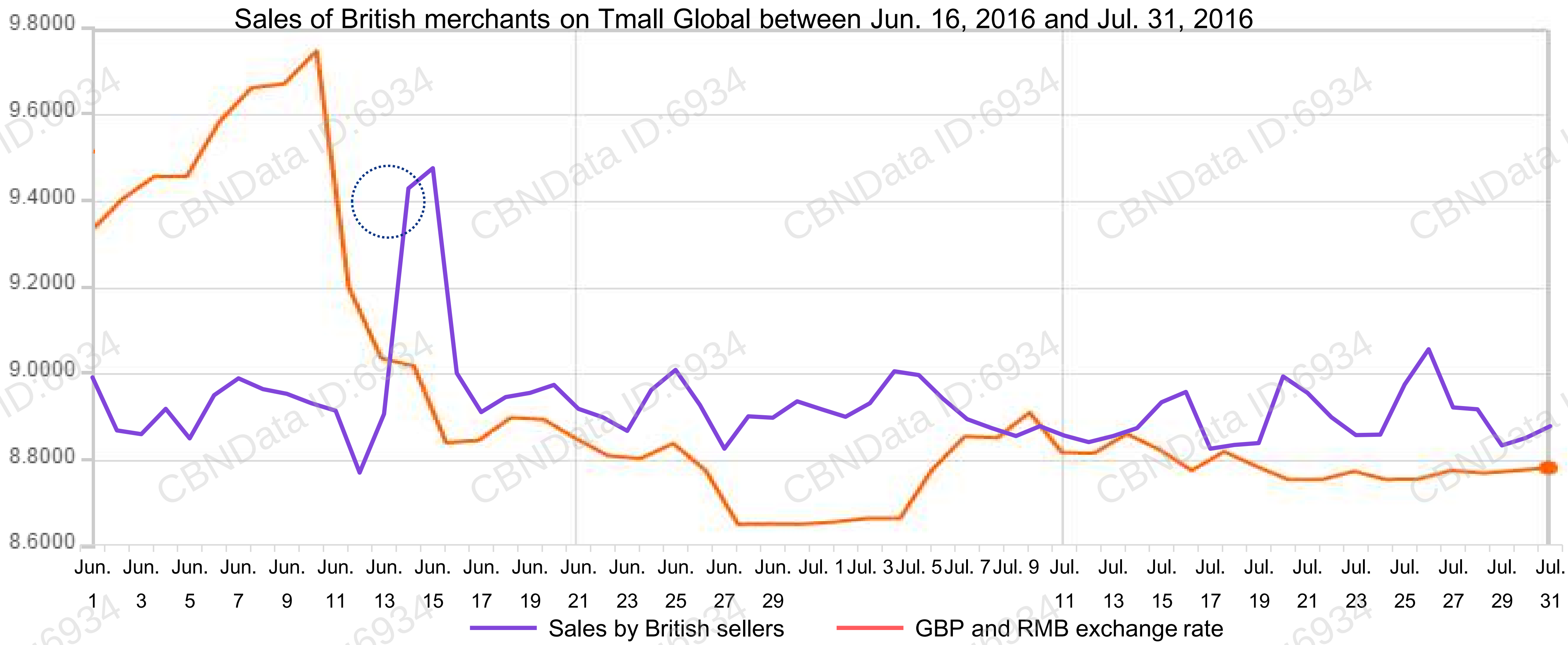


International events also affect consumers' decision-making. On June 23, Britain held a referendum to decide whether or not it should leave the EU.

National policy
International events
Entertainment culture
Current topics

National policy
International events
Entertainment culture
Current topics

On June 23, the date the referendum was held in Britain, sales by British merchants dropped slightly; on June 24, when the decision to leave the EU was confirmed, the pound plummeted and sales by British merchants rose accordingly.



Data Source：Historical exchange rate | OANDA

National policy
International events
Entertainment culture
Current topics

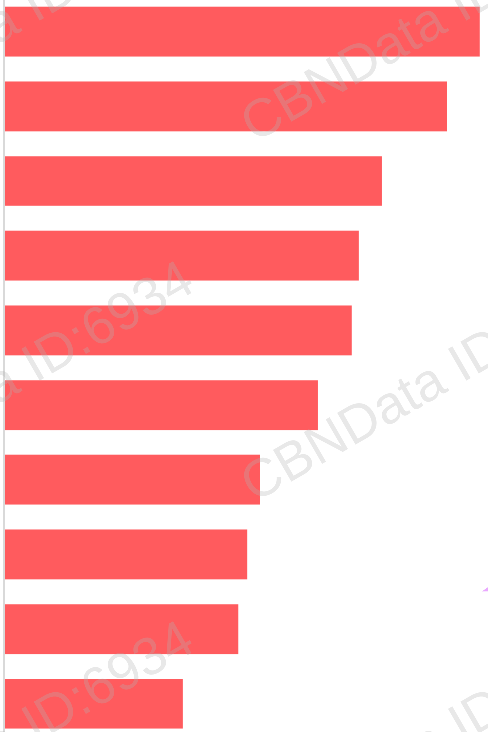
After the Brexit referendum, the most popular British goods were whey protein and Queen combs. LUSH and Myprotein are the favorite British brands among Chinese consumers.

Top 10 British products on Tmall Global by sales volume between Jun. 24 and Jun. 26

	2016		
▲	3	1	Whey protein
▲	9	2	Combs / make-up combs /…
▲	6	3	Womens bags
▼	2	4	Plush fabric toys
▼	1	5	Infant formula
▼	5	6	Shampoo
—	7	7	Dog food
▲	11	8	Masks
▲	23	9	Children's cutlery
▼	4	10	Flat shoes

Top 10 British brands onTmall Global by sales volume between Jun. 24 and Jun. 26

	2016		
▲	7	1	LUSH
▲	4	2	Myprotein
▲	19	3	Tangle Teezer
▲	9	4	AA SKINCARE
▼	3	5	JELLYCAT
▼	1	6	Cow & Gate
▲	10	7	Cambridge Satchel
—	8	8	Fish4Dogs
▼	2	9	M&S
▼	5	10	Clarks



National policy
International events
Entertainment culture
Current topics

Entertainment consumption has witnessed rapid growth in the past two years. According to statistics, in 2016, the popular Korean series "*The Descendants of the Sun*" recorded 4.012 billion viewers, and 14.7 billion Weibo views, making it the best performing Korean drama in China on Weibo.

Weibo data of "*The Descendants of the Sun*" between Feb. 2016 and Jun. 2016

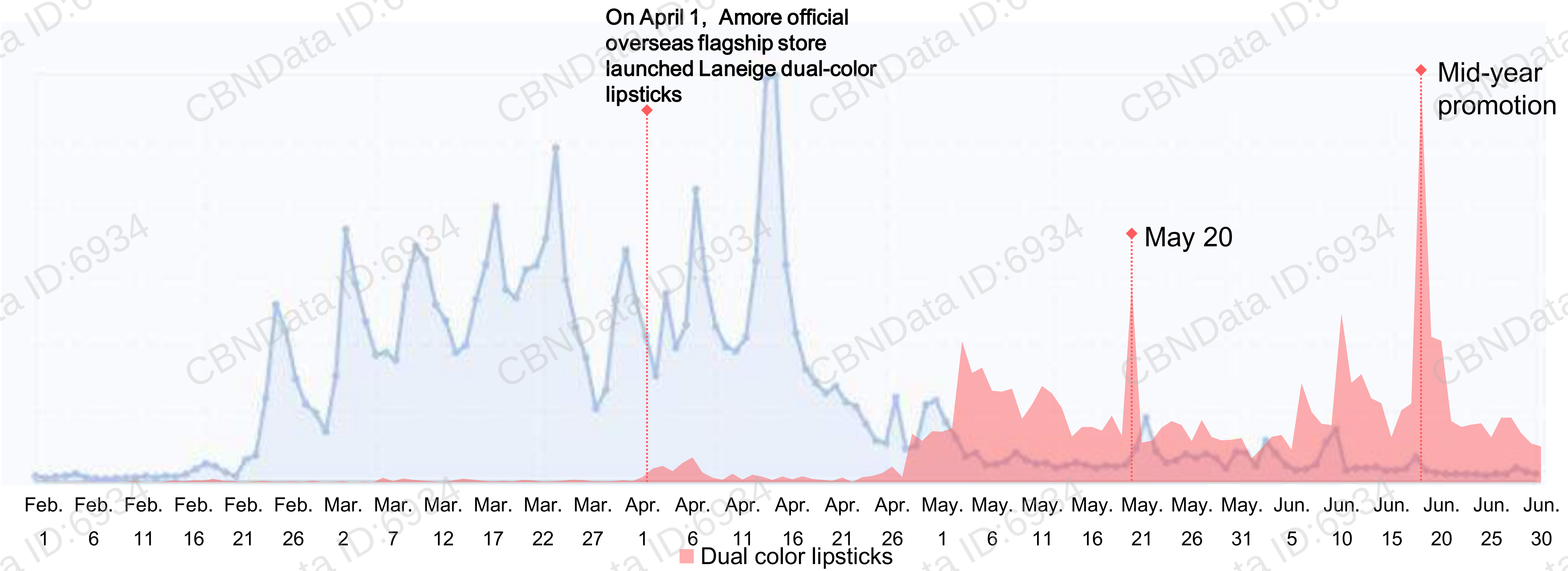
- Views：**14.7 billion**
- Subtopics：**812**
- Mentions：**3.48 million**

Source: Weibo data

National policy
International events
Entertainment culture
Current topics

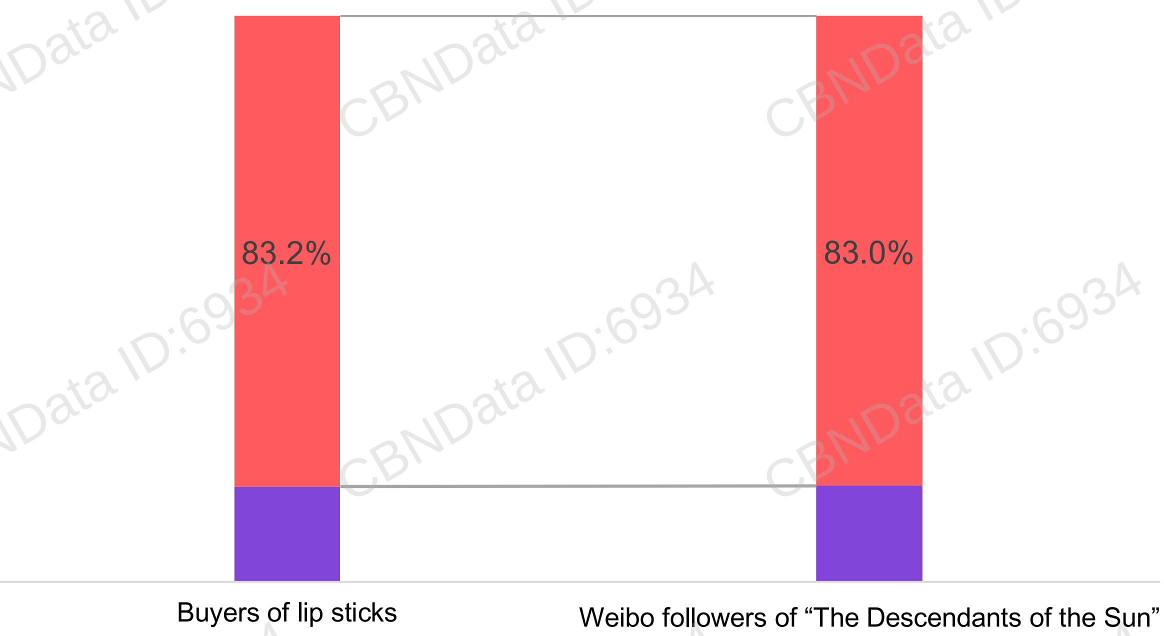
The Laneige lipsticks was used by Song Hye Kyo in the drama became popular. It an instant hit when launched on April 1 in Amore' s official overseas flagship store on Tmall Global and its popularity has soared since April 25 peaking during the mid-year promotion.

Sales volume of dual-color lipsticks on Tmall Global between Feb. 2016 and Jun. 2016



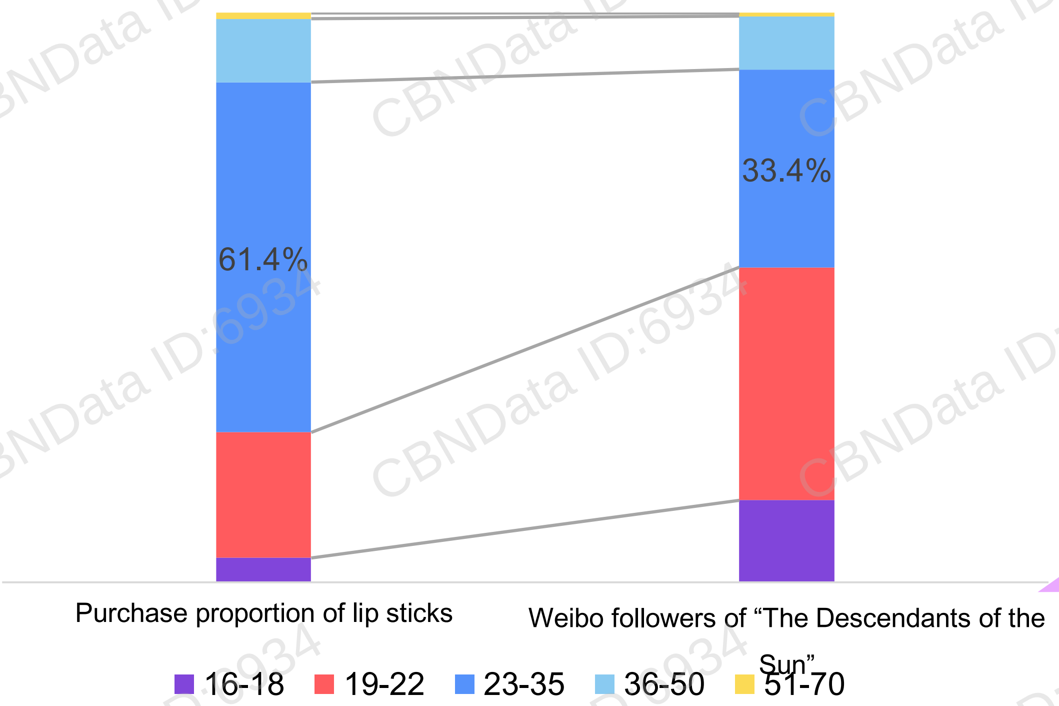
The gender composition of consumers who bought dual-color lipsticks is consistent with that of the fans of "*The Descendants of the Sun*". In terms of age structure, those between 23 and 35 years old with a higher consumption power contributed most to the sales.

Gender distribution of Tmall Global consumers of dual-color lipsticks in 2016



Source: Tmall Global, Weibo data

Age distribution of Tmall Global consumers of dual-color lipsticks in 2016



Source: Tmall Global, Weibo data

In addition to the two-color lipstick, the Yves Saint Laurent stars series is the biggest selling lipsticks.

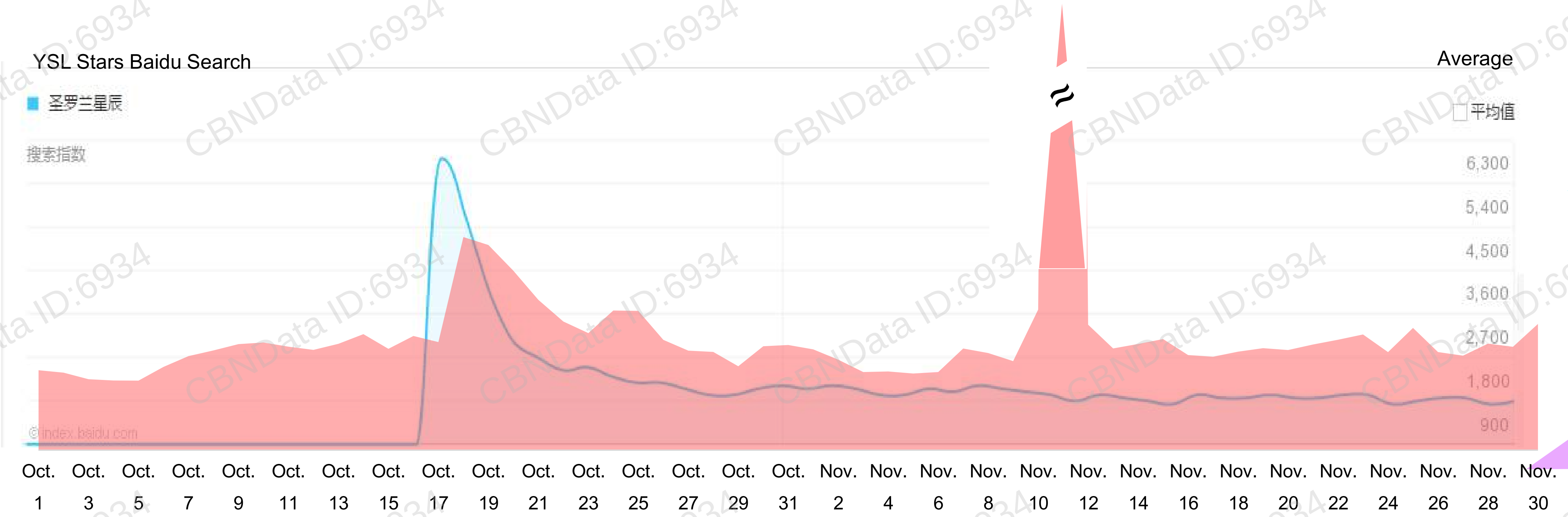
Baidu data of YSL Stars between Oct. 2016 and Nov. 2016

YSL Stars Baidu Search

Source: Baidu data

On Oct 18, the sales of YSL lipstick, driven by social media promotion, almost doubled compared with the day before.

Sales volume of YSL on Tmall Global between Oct. 2016 and Nov. 2016

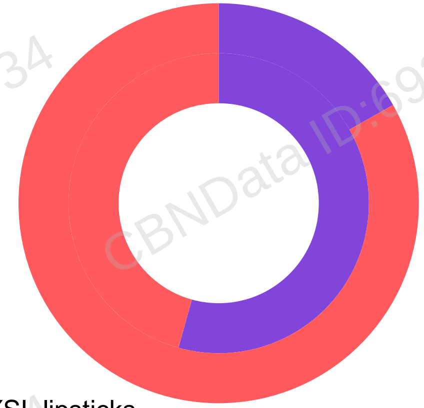


Note：Alibaba Group 11.11 Global Shopping Festival data was not fully reflected in this chart

Yves Saint Laurent Stars lipstick and '*The Descendants of the Sun*' cover very different age groups. Consumers of Yves Saint Laurent are redominantly male, 80% of them were born post 1990.

- YSL Star Series is a typical case of driving sales of multiple series of the brand by a single product, while in the case of the popular drama, the single product of the brand promotes sales of similar products of different brands.

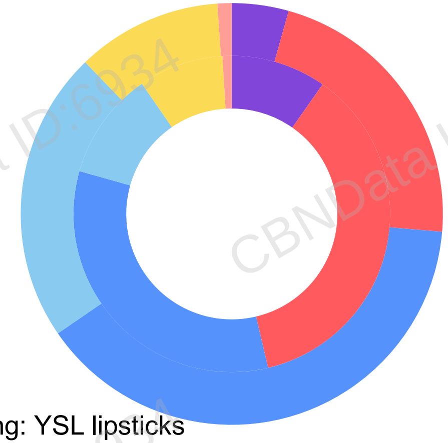
YSL lipsticks vs dual-color lipsticks
Distribution of Gender somposition of consumers



Inner ring: YSL lipsticks
Outer ring: dual-color lipsticks

Male Female

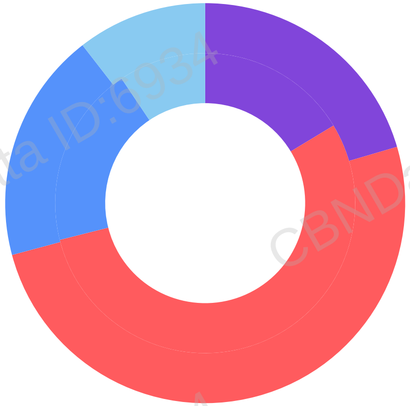
YSL lipsticks vs dual-color lipsticks
Distribution of age of consumers



Inner ring: YSL lipsticks
Outer ring: dual-color lipsticks

16-18 19-22 23-28
29-35 36-50 51-70

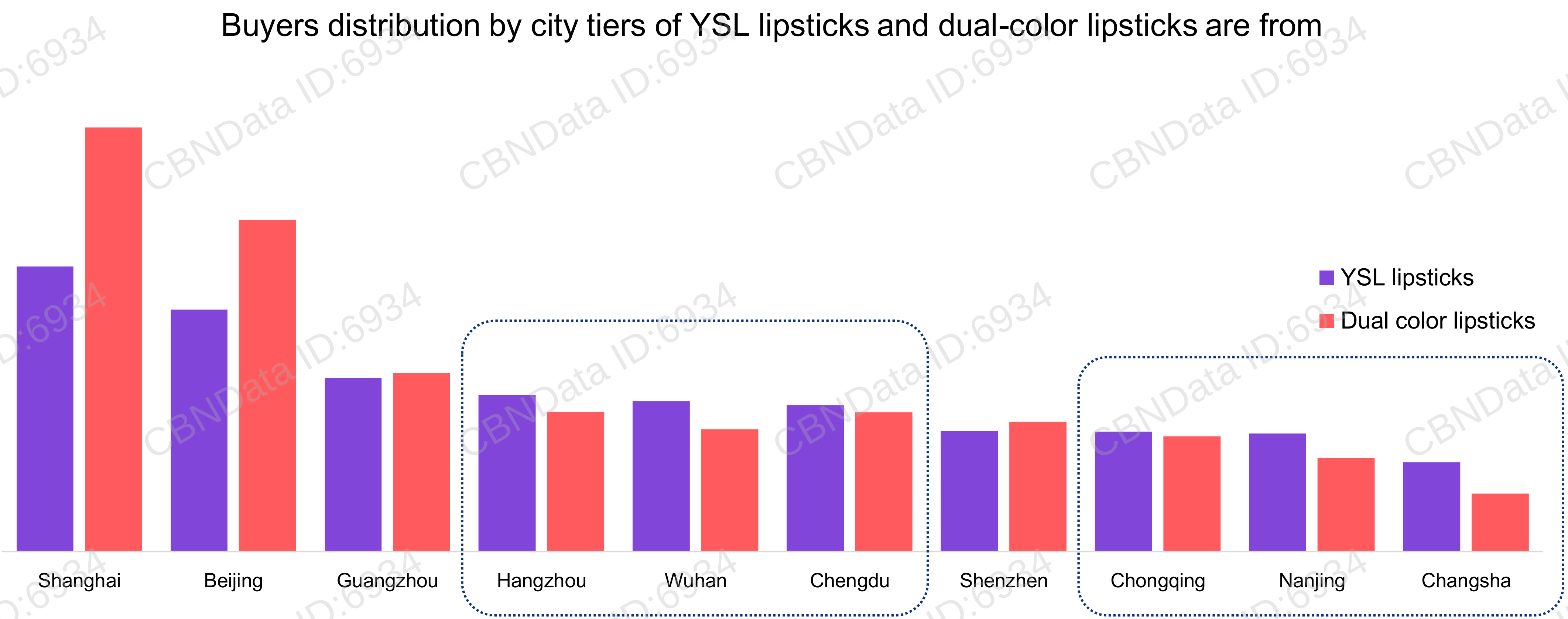
YSL lipsticks vs dual-color lipsticks
Distribution of City tiers of consumers



Inner ring: YSL lipsticks
Outer ring: dual-color lipsticks

Tier 1 Tier 2 Tier 3 Tier 4

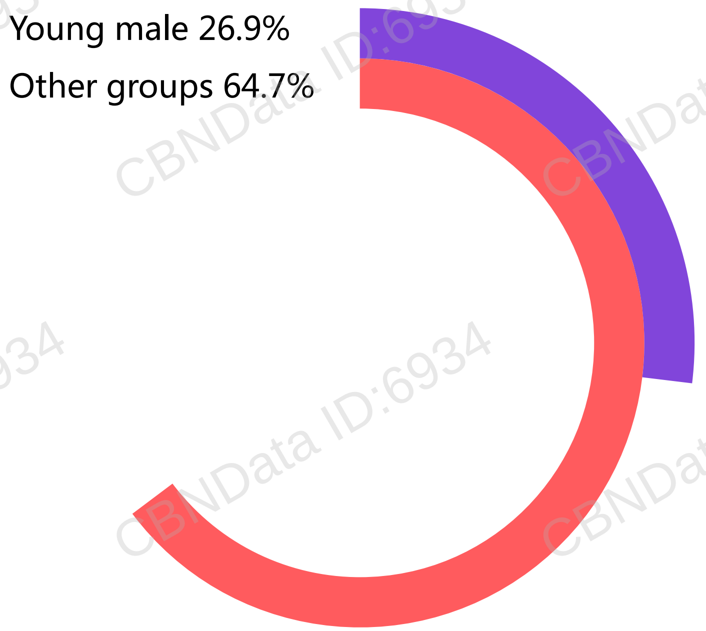
Compared with dual-color lipsticks, more YSL lipsticks buyers are from second-tier cities.



Note: cities shown in the chart are top 10 cities where consumers of YSL lipsticks are from

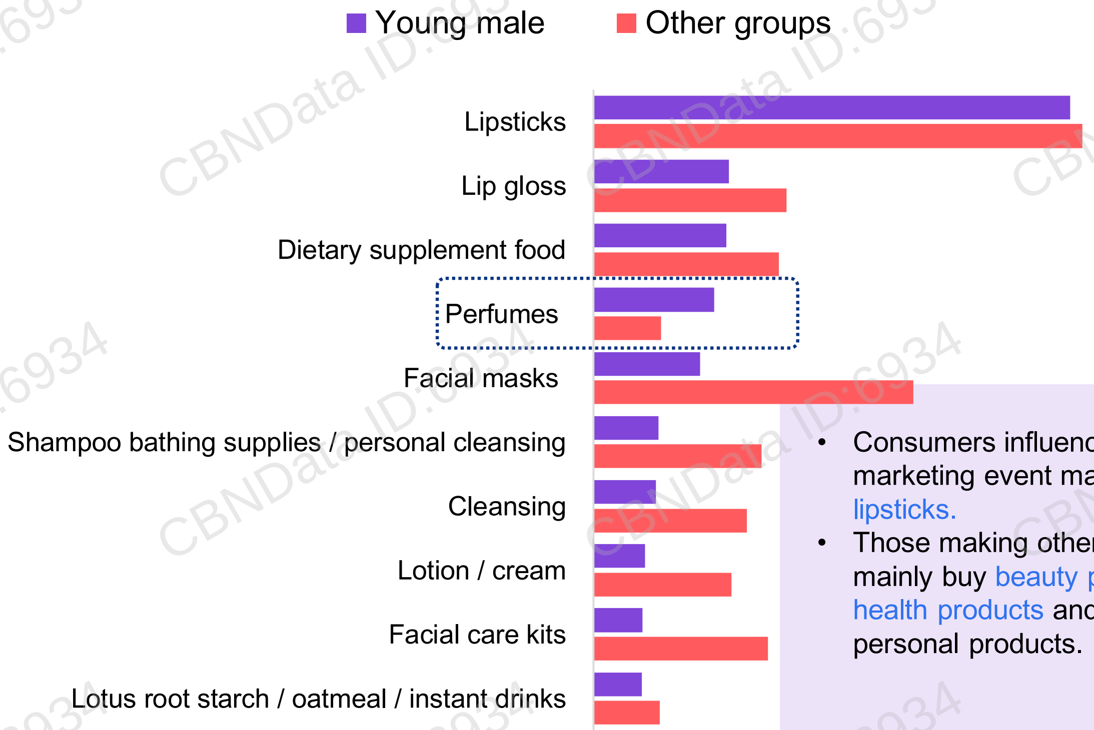
Among the young male buyers of the YSL lipsticks, more than 2/3 of them made that single purchase in 2016, showing how successful this marketing event was as most of the buyers were single.

Other purchase behaviors among consumers of YSL lipsticks in 2016



Note: young male is defined as those who are 28 years old or below

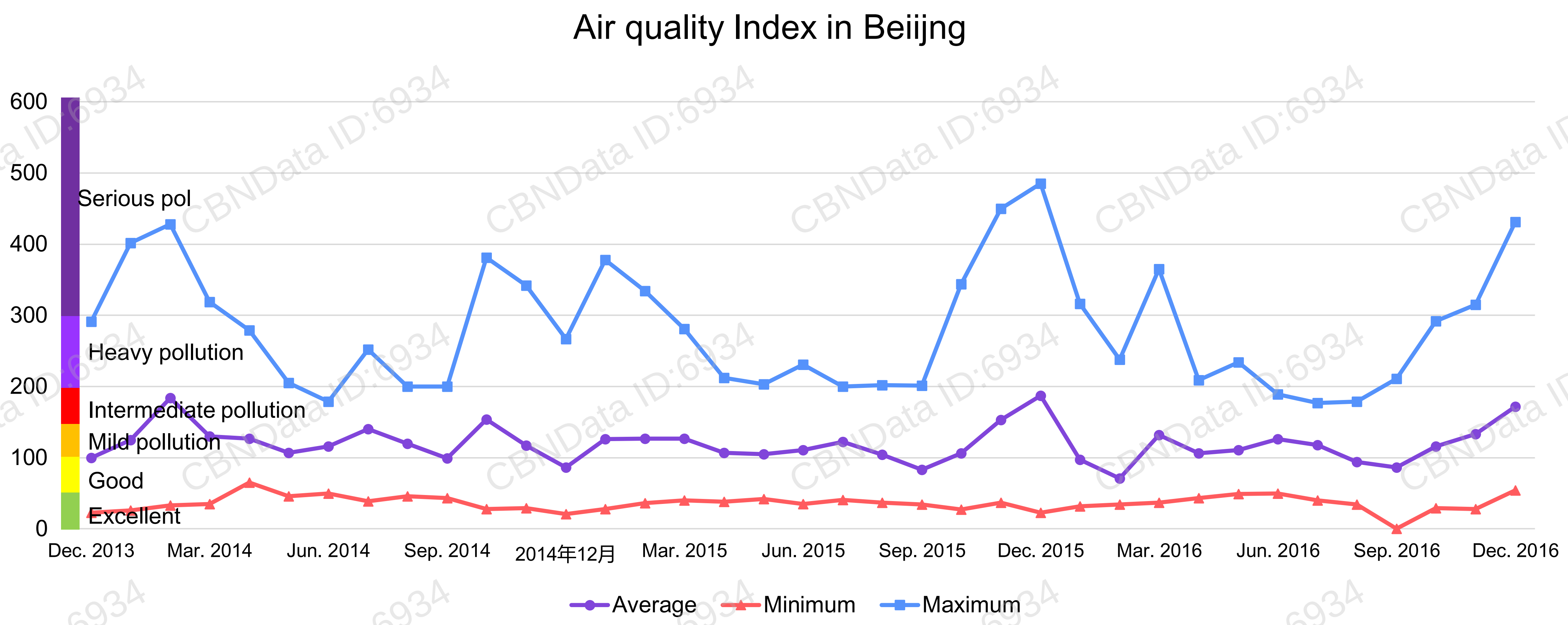
Other purchases by consumers of YSL lipsticks in 2016



- Consumers influenced by YSL marketing event mainly buy lipsticks.
- Those making other purchases mainly buy beauty products, health products and other personal products.

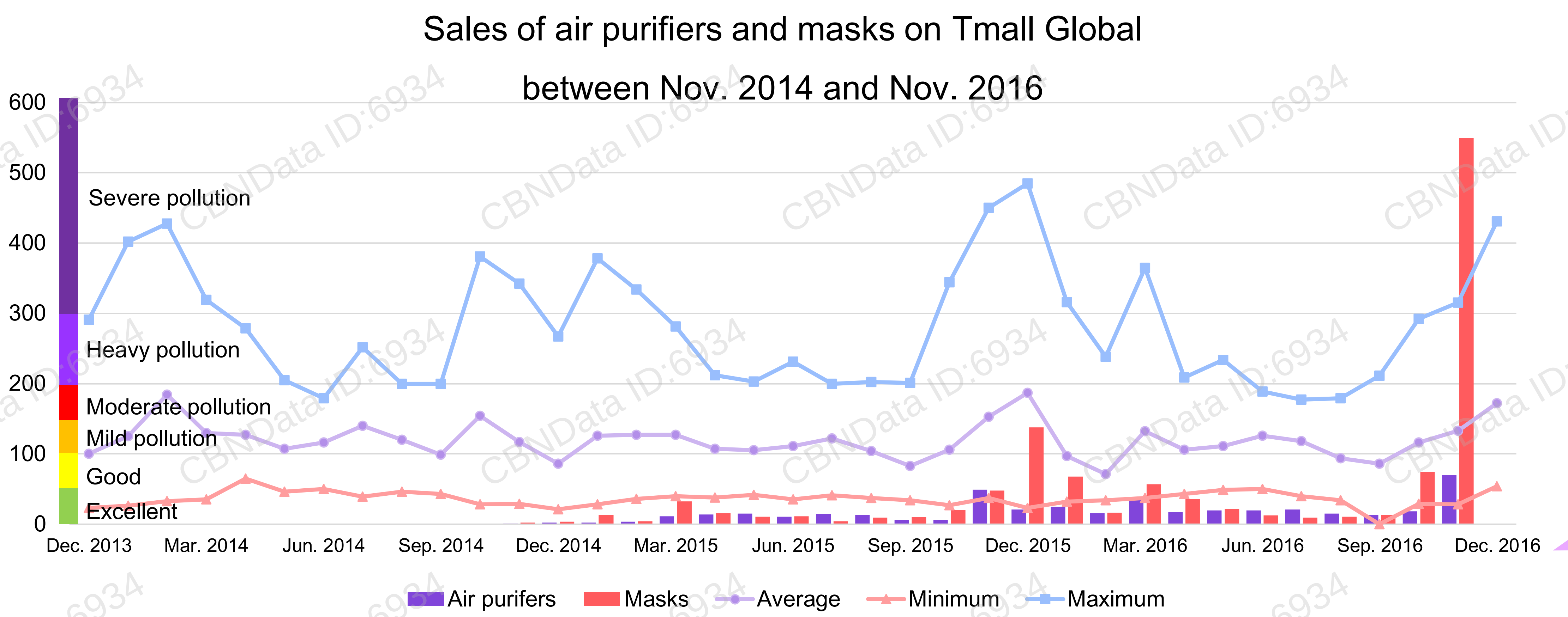
Note: Top 10 products purchased by consumers of YSL lipsticks are shown in the chart.

In recent years, smog has become a hot topic every winter. Beijing for example, experienced severe pollution in November.



Source: historical data PM2.5

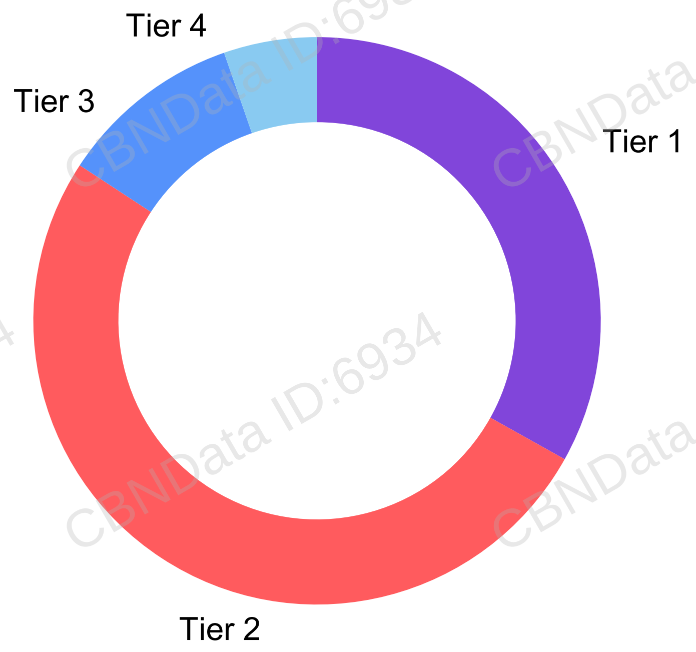
Sales of imported air purifiers and masks fluctuated in line with air pollution level and reached a peak during Double 11 in 2016.



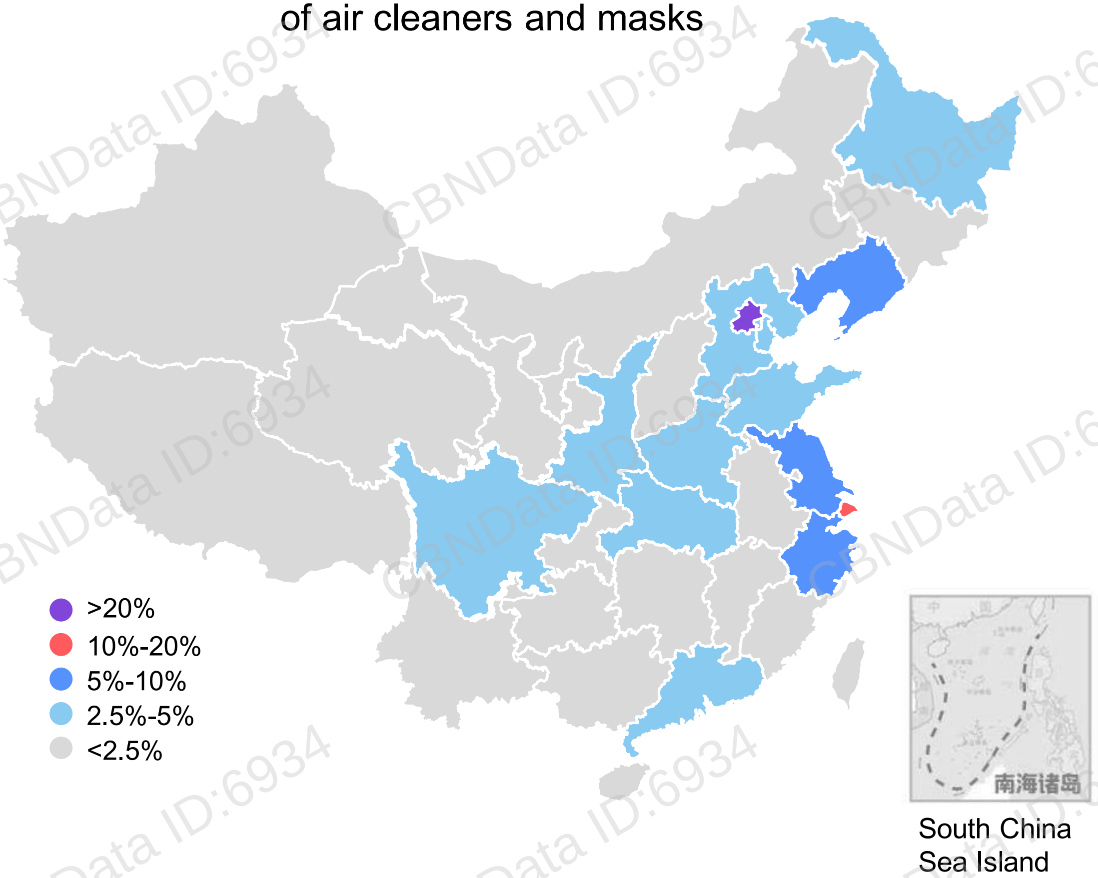
Source: historical data PM2.5

First- and second-tier cities that are more affected by smog, eg: Beijing and Shanghai, are the main consumers of air purifiers and masks.

Consumers of air purifiers and masks, distribution by city tiers on Tmall Global

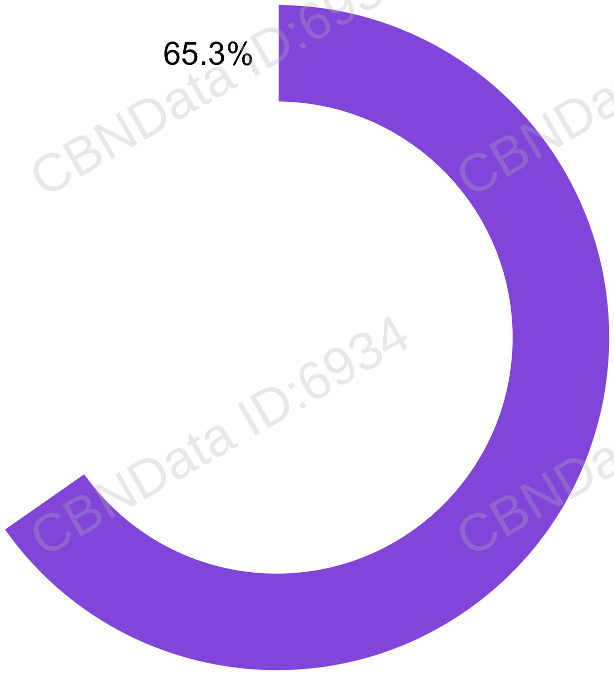


Distribution of regions of Tmall Global consumers of air cleaners and masks



Most consumers of air purifiers and masks made other purchases on Tmall Global from diverse categories such as personal care, health products, beauty products and food.

Proportion of air purifiers / mask consumers who have made other purchases in 2016



Proportion of air cleaner / mask consumers who have purchased other products in 2016

Note: top 10 categories of products purchased by young male consumers of air purifiers and masks are shown in the chart.

Scan for more reports

Scan and check

The Official Website of CBNData

The Official Wechat Account of CBNData

Statement:

Source: Alibaba Big Data brings together basic information and behavioral data of 439 million consumers, more than 10 million merchants and 1 billion products, and offers a full range of insight into consumer characteristics and industry trends, facilitating informed decision-making in business

Notes:

- This report cover only 31 provinces and municipalities in mainland China unless otherwise specified.
- Data time dimension: Between January 2014 and November 2016. Unless otherwise specified, 2016 in this report refers to Jan-Nov 2016.
- City tiers: Based on commonly used shipping addresses of consumers in the recent 6 months;
- Population label: Based on consumer's purchasing behavior on the platform in the previous year;
- The data used in this report are desensitized to protect consumer privacy and confidentiality of merchants.

Introduction to CBNData:

CBNData is a strategic data platform integrating data visualization, business analysis reports and data automation terminals. Based on Alibaba's commercial database, CBNData is capable of outputing data analysis of industrial economic panorama and insights into industries and enterprises so as to fully meet the data needs of the business world. With the core product of professional data reports, CBNData is building a data integration marketing communication system through data activities, data e-commerce training and data marketing products. By integrating the advantageous resources of the country's biggest financial media group and multiplication effects brought by media and data, it enhances the operation efficiency of China's business world. Since December 2015, CBNData has consecutively published more than 100 business data reports and established brand advantages in the field of business data.

Author of report: Zhu Xiaoying Xia Zhicheng
Visual design: Zhuang Congting
Contact us: data@dtcj.com
Business cooperation:BD@dtcj.com
Join us: HR@dtcj.com

CBNData

第一财经商业数据中心

Full Insights into Big Data