

Online Payment and E-Commerce in China 2012

Online Payment and e-Commerce in China 2012 is the newest addition to our series of reports covering online payment and payment providers in China.

In the past few years, China's e-commerce market has been expanding rapidly. When this report was first published in 2009, only 50.6% of all payment transactions were processed through an online payment channel. Today, more and more payments are occurring online: 73.9% of transactions are processed online and only 11.6% of transactions are cash on delivery.

In this report we identify the characteristics of the Chinese online payment market and China's B2C e-commerce market. We identify the problems payment providers and online merchants face, and we explain the solutions that are key to overcoming these problems. Ultimately, this report provides the reader with a deeper understanding of e-commerce and online payment in China today while simultaneously displaying the trends that help shape future developments in the market.

The data is developed from our systematic and rigorous methodology, where we carried out 100 in-depth interviews with leading online merchants across a variety of sectors.

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Highlights of Online Payment and E-Commerce in China 2012 include:

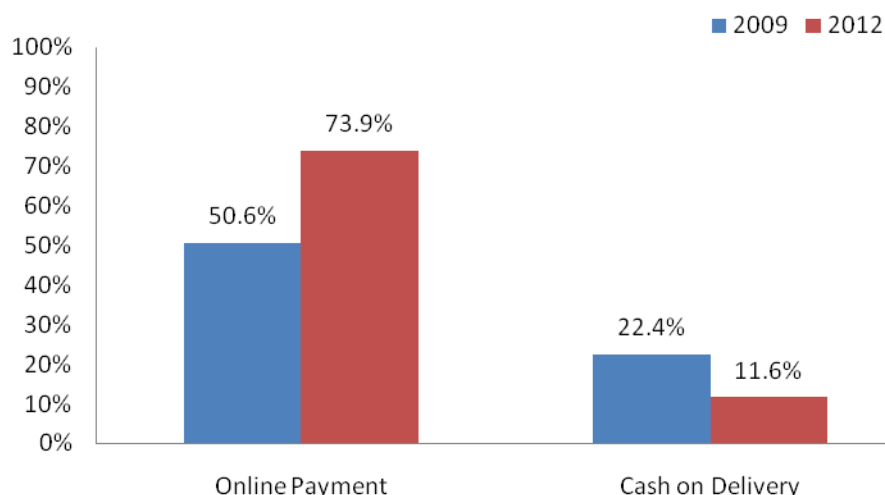
- Key factors shaping the development of online payment and e-Commerce in China
- Analysis of 100 interviews conducted with Chinese online merchants
- Profiles of key payment providers in China
- Trends and developments in online payment and e-commerce in China
- Forecasts of online payment and e-Commerce in China

Report Extracts

Cash-on-Delivery (COD) Halved since 2009

When we first published this report in 2009, only 50.6% of transactions were processed through an online payment channel, and cash on delivery still accounted for nearly a quarter of transactions. As we predicted, more and more payments are occurring online: today, 73.9% of transactions are processed online and only 11.6% of transactions are cash on delivery. The e-commerce market in China is growing at a rapid rate and Chinese consumers are shifting to payment channels that provide the same conveniences enjoyed by their counterparts around the world.

Figure: Average Online Sales Revenue by Sector (%)

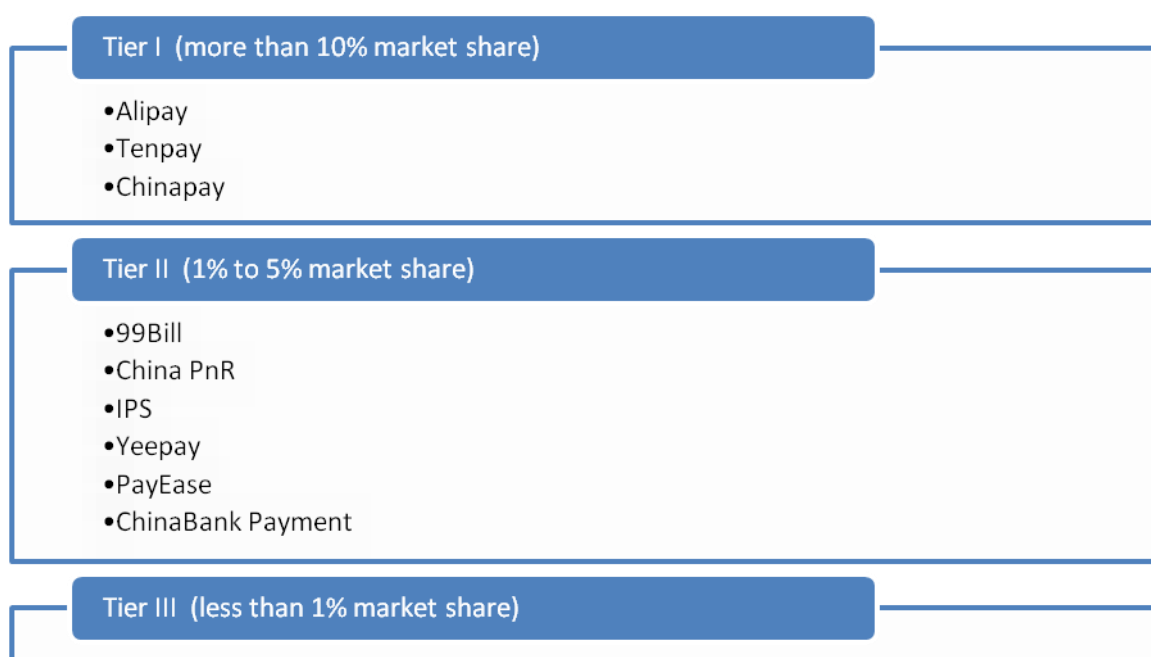


Source: Maverick China Research, 2012

China's Third Party Payment Providers

Although there are currently more than 100 licensed online payment providers operating in China today, the majority service niche markets and offer limited services; only eight or so payment providers have managed to gain actual traction. In the last three years it has become clear that Alipay sits comfortably in first place amongst payment providers, by far the largest provider in China in terms of users, merchant partners, and transaction volume. Alipay is followed by Tenpay and 99Bill, but China's smaller payment providers are still solidifying their positions in the e-commerce market.

Figure: China's Third Party Payment Providers by Market Share



Source: Maverick China Research, 2012

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