

# Q1 2015 China E-commerce Report (Brief Edition)

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Overview of China E-commerce Market

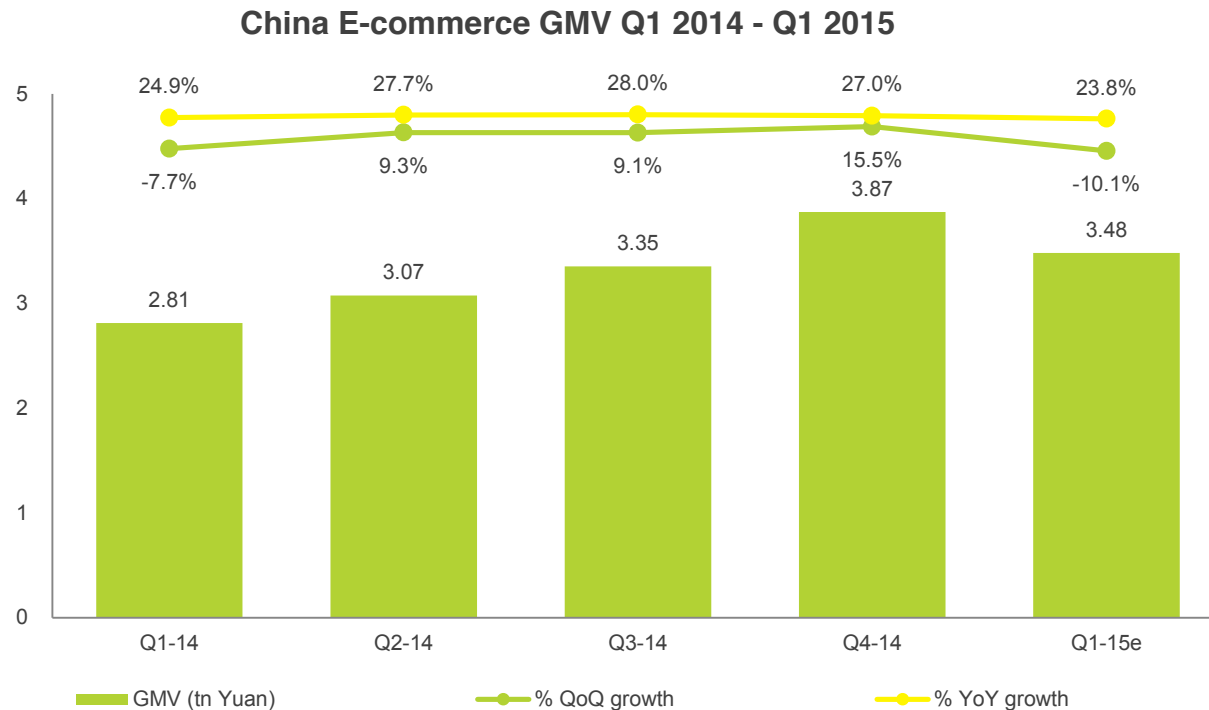
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Performance of China E-commerce Segments

# Overview of China E-commerce Market

## 3.48 Trillion Yuan GMV With Steady Growth

According to the data released by iResearch, China e-commerce GMV reached 3.48 trillion Yuan in Q1 2015, increasing 23.8% from a year earlier and decreasing 10.1% over the previous quarter. iResearch believes that the first quarter is the traditional off-season for China domestic and foreign trade, and the declining QoQ growth of B2B e-commerce and online shopping GMV led to the decrease of QoQ growth of the overall e-commerce GMV. Additionally, YoY growth of the e-commerce market fell slightly compared with that in Q1 2014, implying that China e-commerce market had stepped into maturity.



Note: The quarterly GMV of China e-commerce market excludes the GMV of O2O sector and online car rental sector.

Source: The data is based on the financial results published by enterprises, interviews with experts and iResearch statistical model.

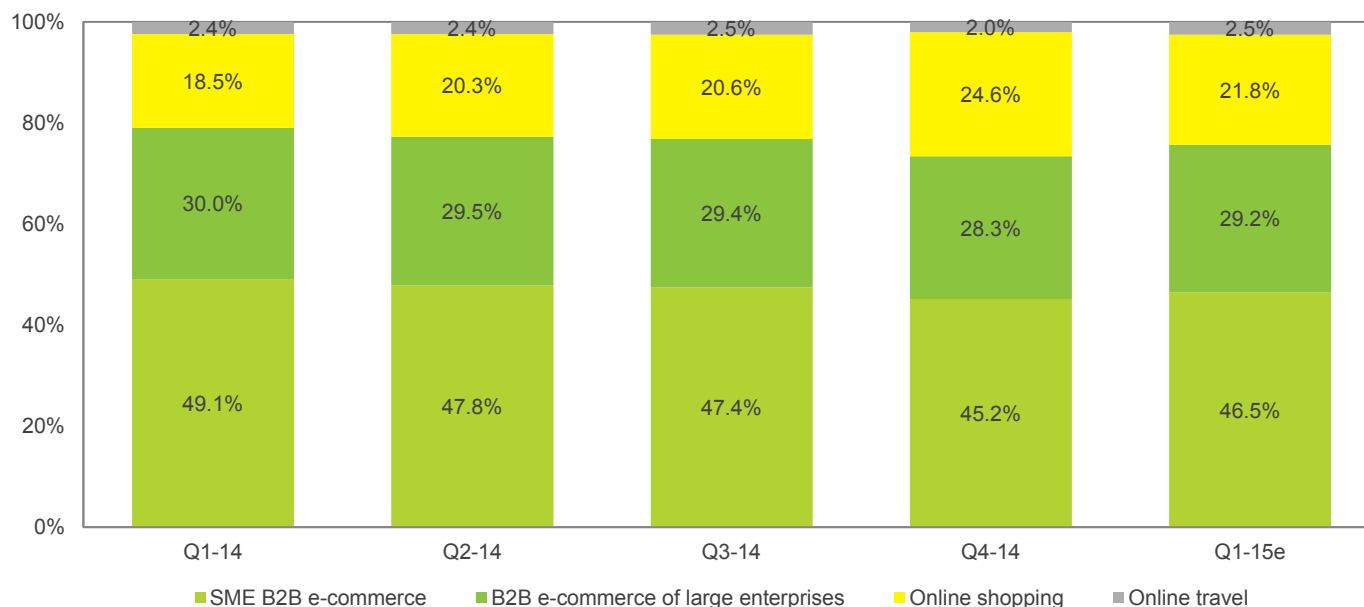
# Overview of China E-commerce Market

## B2B Was Still the Principal Part of China E-commerce Market

According to the data released by iResearch, among e-commerce market segments, B2B e-commerce dominated the whole e-commerce market in Q1 2015 by occupying 75.7% of the overall GMV, in which SME B2B e-commerce contributed 46.5%. Furthermore, the proportion of online shopping increased to 21.8% in Q1 2015 from 18.5% in Q1 2014.

From the perspective of the development of e-commerce market segments, B2B e-commerce operators, especially SME B2B e-commerce operators constantly sought for diversified operation and profit models in recent years, which guaranteed the stable growth of B2B e-commerce. Online shopping kept developing rapidly. Based on the existing huge user base and merchants, enterprises in the market accelerated improvement of e-commerce ecosystem while actively seeking for the integration of global quality resources. Besides, benefiting from the surging mobile Internet and online travel enterprises' subsidy, online travel GMV maintained stable growth in Q1 2015.

Market Share of China E-commerce Segments by GMV Q1 2014 - Q1 2015



Source: The data is based on the financial results published by enterprises, interviews with experts and iResearch statistical model.

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Overview of China E-commerce Market

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Performance of China E-commerce Segments

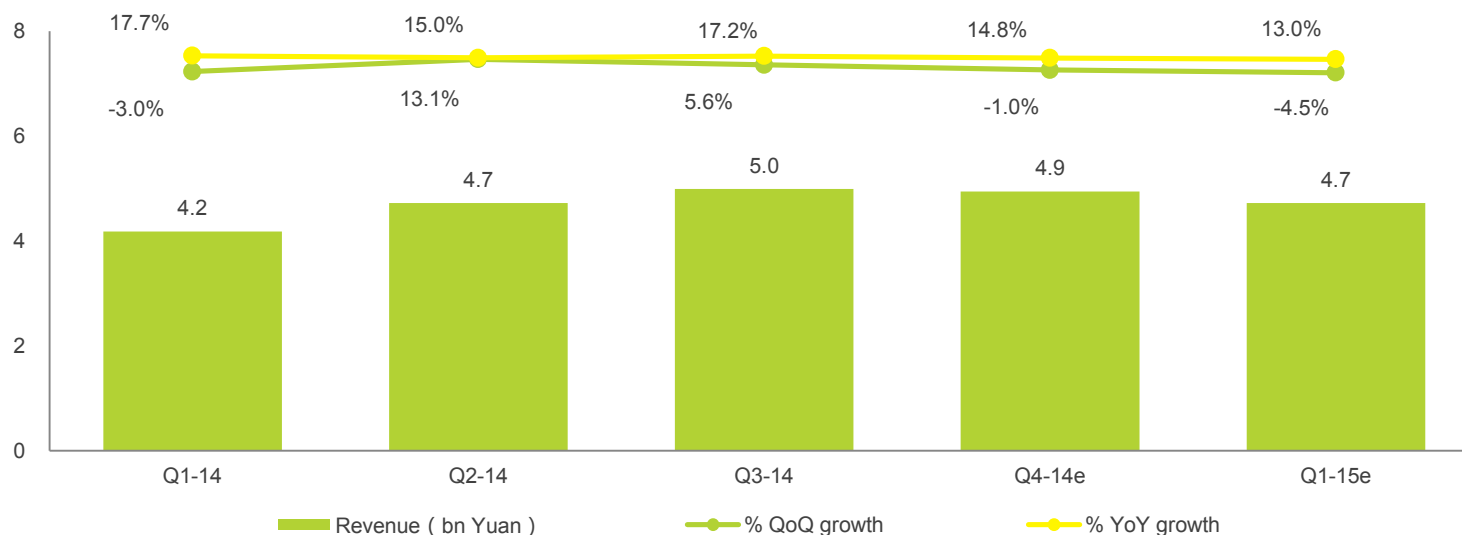
# Performance of China B2B E-commerce

## Stable Growth of SME B2B E-commerce Platform Revenue

The revenue of China SME B2B e-commerce platforms totaled 4.72 billion Yuan in Q1 2015, rising by 13.0% YoY but declining 4.5% QoQ. Generally speaking, the revenues increased in some degree over the past year.

iResearch ascribes the situation to three factors. 1. Industrial off season: due to the Spring Festival in Q1 which is the off season of e-commerce, the revenue experienced some decline comparing with preceding quarter; 2. Influence of import and export market: according to the latest data released by General Administration of Customs, the total import export value of China amounted to 5.54 trillion Yuan in Q1 2015, dropping 6% YoY. It somewhat reflects the foreign trade status of SMEs and also has some impact on their online trading; 3. Stable development of B2B e-commerce platform services: generally speaking, the value-added services provided by B2B e-commerce platforms covering advertising, information, transaction and other financial services are developing stably and some operators rolled out services such as credit guarantee, transaction insurance and financing since early 2015 to promote online transaction and value-added services, which guarantees the steady YoY growth of B2B e-commerce revenue to some extent.

China SME B2B E-commerce Operators' Platform Revenue Q1 2014 - Q1 2015



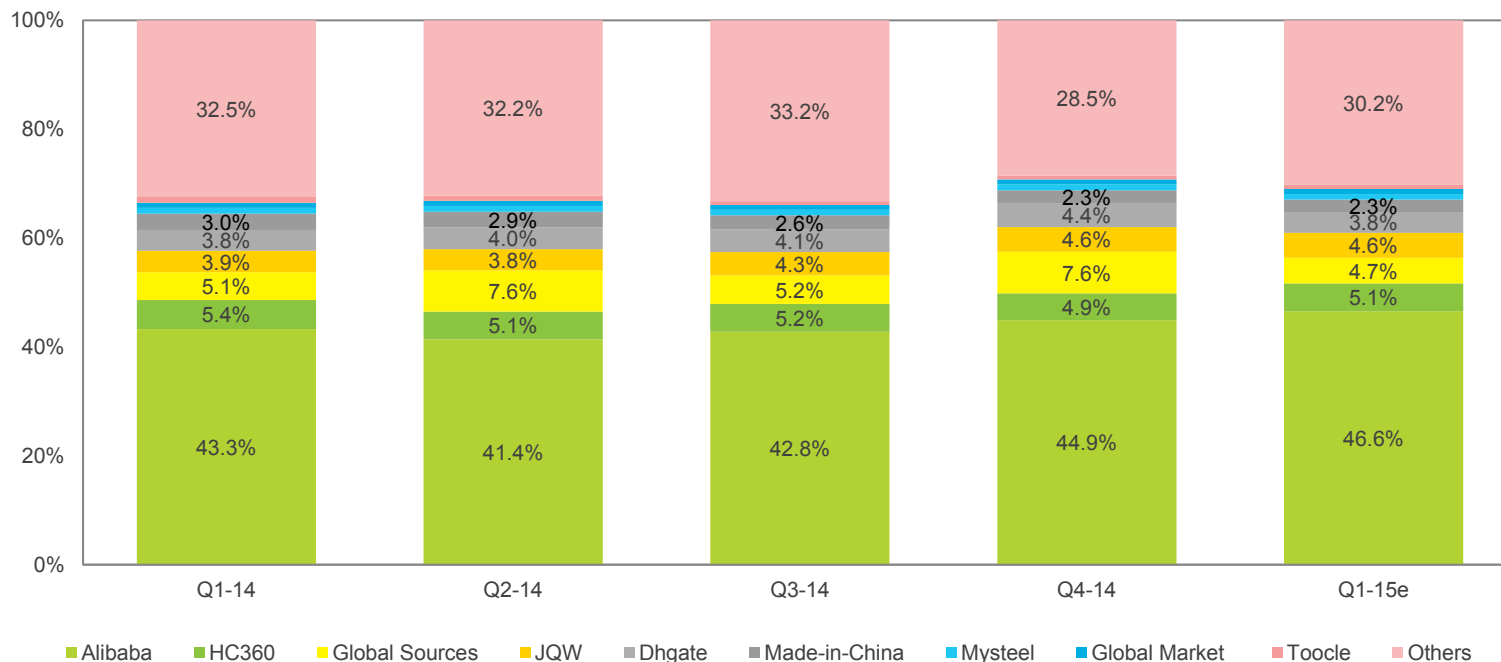
Note: The revenue calculated by iResearch includes the revenue of general B2B platform consulting services and self-run business of platform operators.  
Source: The data is based on the financial results published by enterprises, interviews with experts and iResearch statistical model.

# Performance of China B2B E-commerce

## A Market Led by Alibaba

In terms of the market share of China SME B2B e-commerce platform operators, the top9 operators jointly occupied 69.8% of the market share in Q1 2015. Specifically, Alibaba showed obvious advantage in this sector with 46.6% market share. HC360 and Global Sources ranked second and third with respective share of 5.1% and 4.7%. The share of Global Sources declined a little comparing with that in Q4 2014. Generally speaking, the various exhibitions held by Global Sources have some impact on its platform revenue, as the revenue in Q4 2014 was pushed up by the China Sourcing Fair to some extent, while Q1 2015 saw relatively less revenue due to the just normal operation; 3. Other B2B e-commerce operators ran stably with minor change in market share.

**Market Share of China Major SME B2B E-commerce Operators by Platform Revenue  
Q1 2014 - Q1 2015**



Note: The revenue calculated by iResearch includes the revenue of general B2B platform consulting services and self-run business of platform operators.  
Source: The data is based on the financial results published by enterprises, interviews with experts and iResearch statistical model.

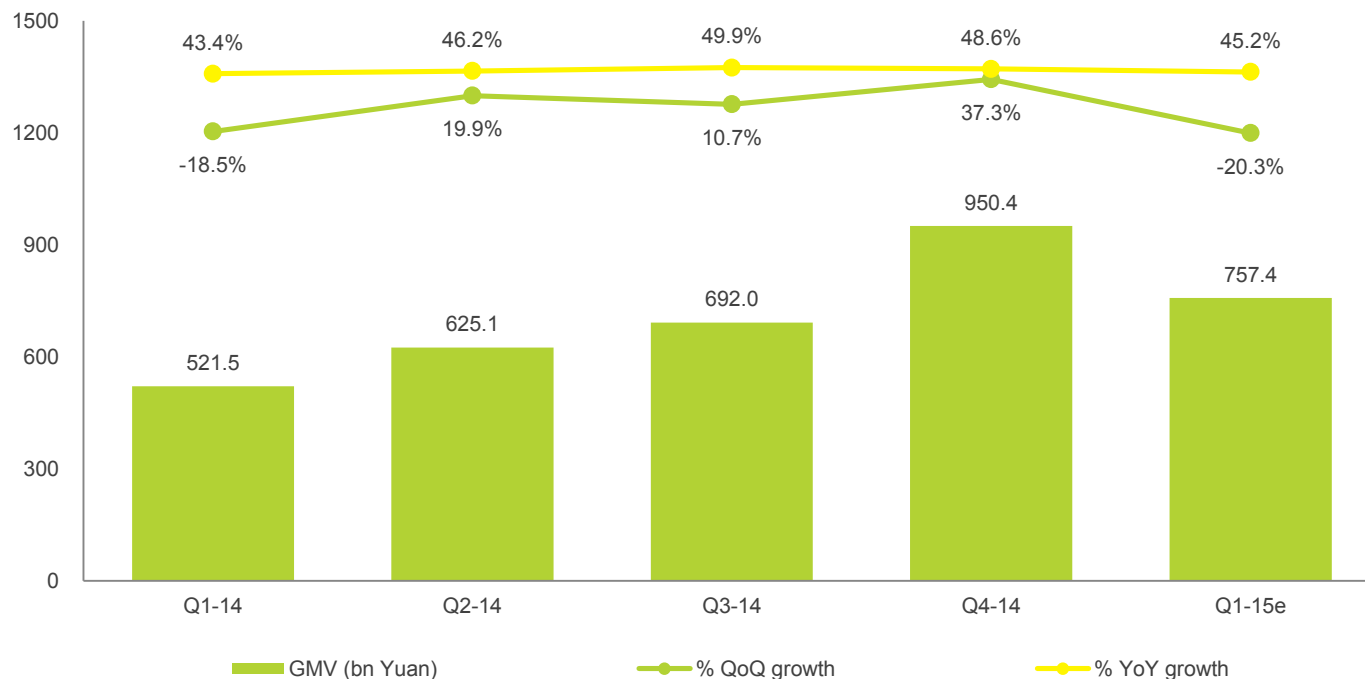
# Performance of China Online Shopping Market

## 757.41 Billion Yuan GMV With 45.2% YoY Growth in Q1

According to iResearch data, China online shopping GMV hit 757.41 billion Yuan in Q1 2015, up 45.2% YoY. The total retail sales of consumer goods in Q1 2015 released by National Bureau of Statistics reveals that online shopping GMV accounted for about 10.7% of total retail sales of consumer goods.

iResearch believes that there is somewhat off season and peak season for online shopping industry. Influenced by Spring Festival, the QoQ growth of GMV declined a little in Q1, but it still progressed rapidly on the whole.

China Online Shopping GMV Q1 2014-Q1 2015



Note: GMV of online shopping refers to the sum of C2C business GMV and B2C business GMV.

Source: The data is based on the financial results published by enterprises, interviews with experts and iResearch statistical model.



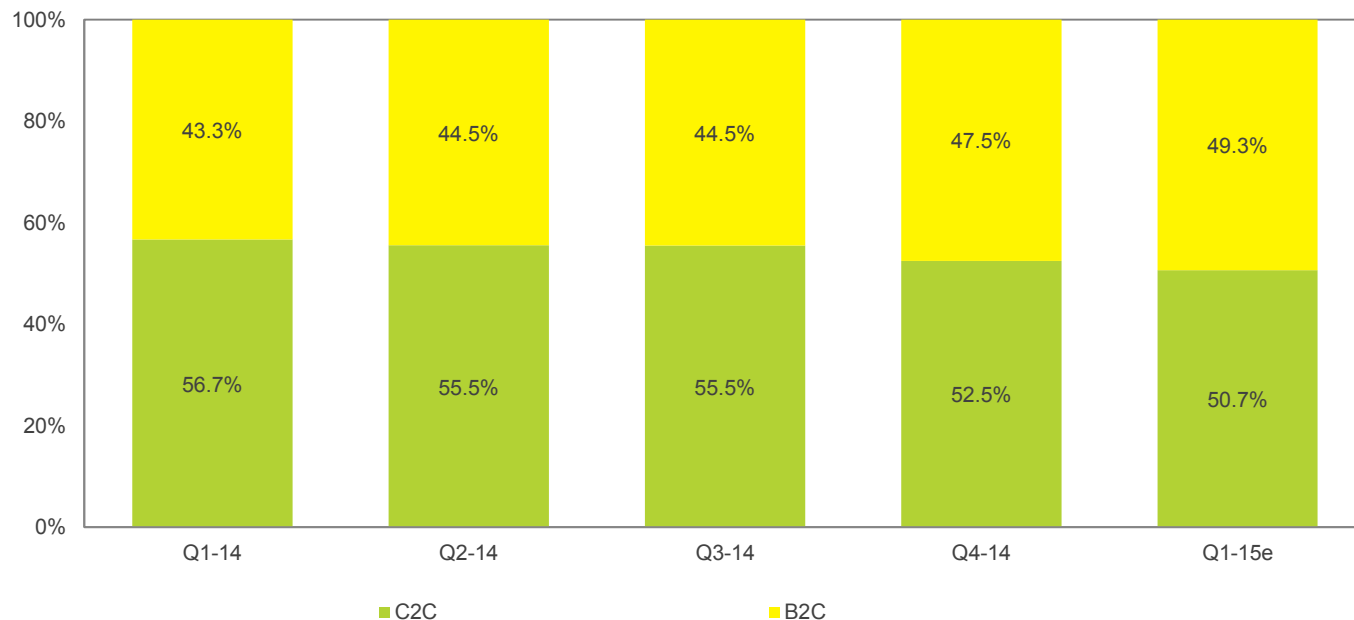
# Performance of China Online Shopping Market

## B2C Outpaced C2C and Occupied Nearly Half of the Market

According to iResearch data, the GMV of China B2C online shopping market amounted to 373.71 billion Yuan in Q1 2015 and accounted for 49.3% of the overall online shopping GMV, which was 6% higher than that in Q1 2014. B2C is about to surpass C2C to become the main force of China online shopping market. In terms of growth, B2C sector grew 65.4% in 2014 comparing with previous year, which was more than twice as fast as the growth of C2C sector, so it had become the main growth engine of the whole online shopping market.

iResearch believes that the impressive progress of B2C online shopping market was jointly contributed by people's strong demand for branded goods, the effort of B2C platforms in enriching goods categories, as well as the e-commerce of large numbers of traditional companies.

China Online Shopping Market Structure Q1 2014 - Q1 2015



Source: The data is based on the financial results published by enterprises, interviews with experts and iResearch statistical model.

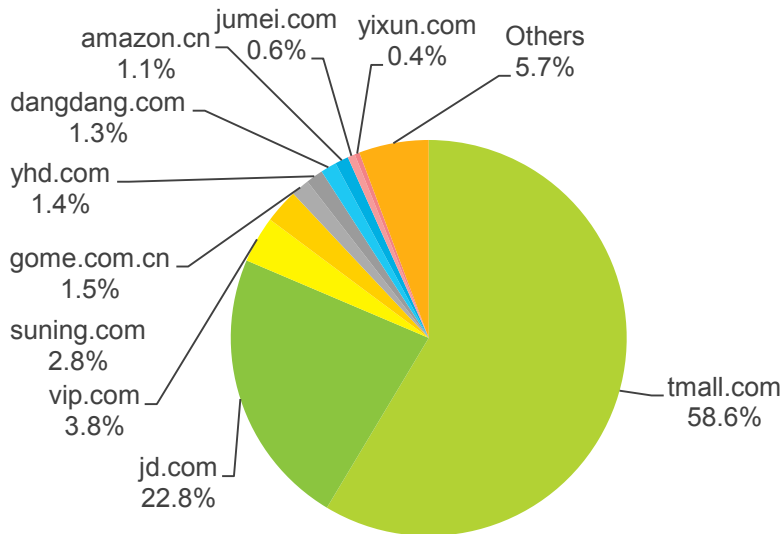
# Performance of China Online Shopping Market

## Tmall and JD Still Dominated the Market

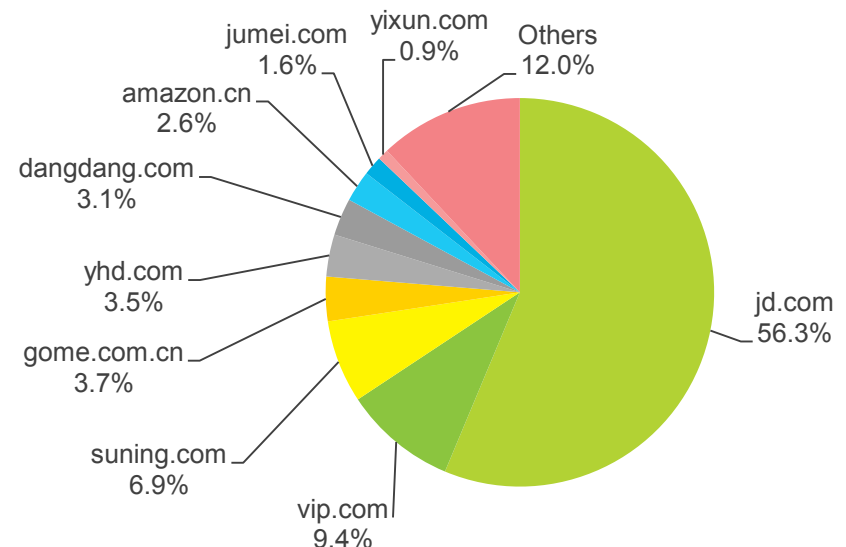
In Q1 2015, B2C market were still dominated by Tmall and JD which respectively captured 58.6% and more than 20% of the market share. As for other operators, Vip, Suning and Gome all outpaced the progress of the overall B2C e-commerce market. In independent B2C e-commerce market, JD, Vip and Suning took up 56.3%, 9.4% and 6.9% of the market share respectively, and Xiaomi maintained its steady growth. Generally speaking, with the active market arrangement of different operators, the market was rather brisk.

iResearch analyzes that with the development of online shopping market, the main players have accumulated large numbers of users. At the present stage, they will keep expanding user coverage through exploring lower-tier cities and global market. On the other hand, they will enrich goods categories, import high quality goods from abroad, increase operation efficiency and improve user experience so as to enhance the user stickiness and ARPU of existing users and finally maintain their core competence in the market.

**Market Share of China B2C Shopping Sites by GMV in Q1 2015**



**Market Share of China Independent B2C Shopping Sites by GMV in Q1 2015**



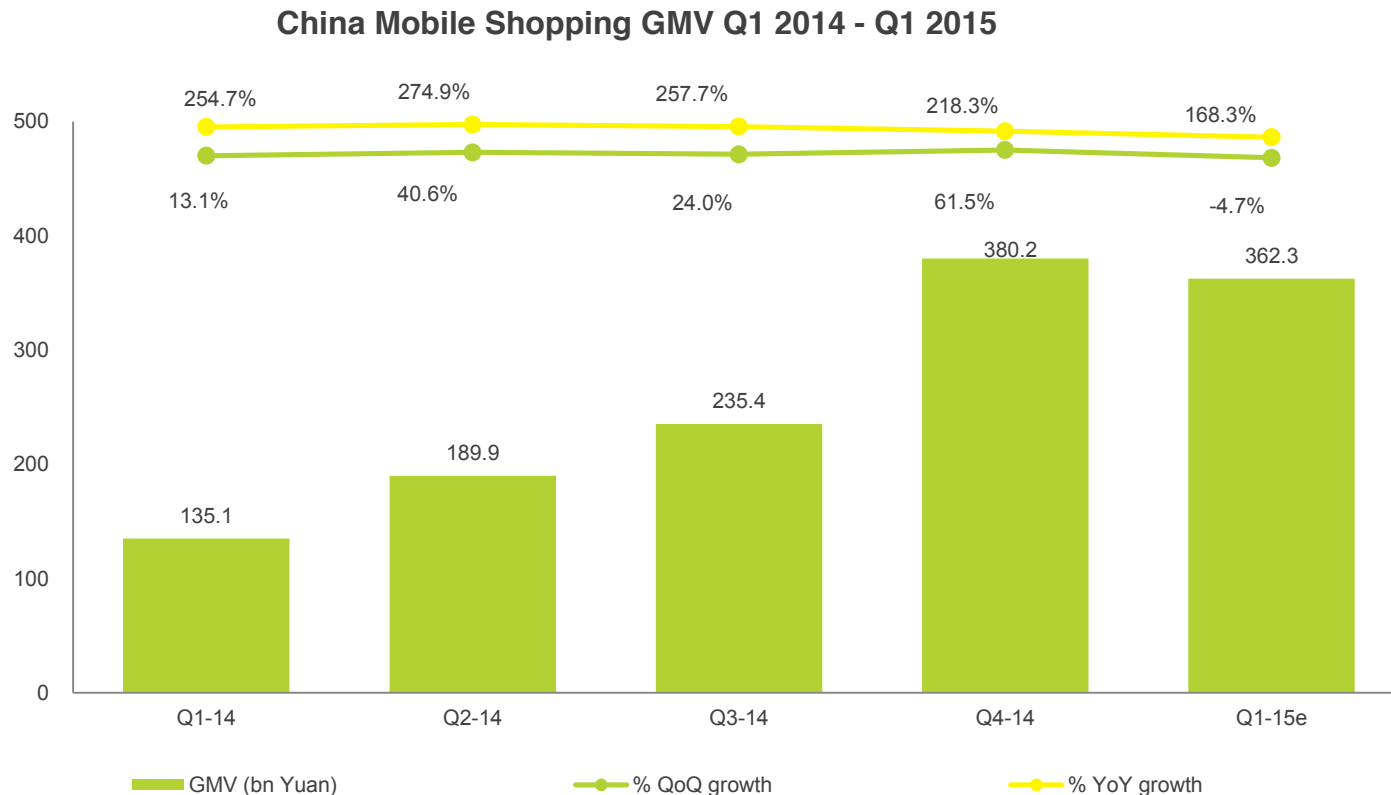
Note: GMV of B2C operators with compound sales channels here only refers to its online sales amount.

Source: The data is based on the financial results published by enterprises, interviews with experts and iResearch statistical model.

# Performance of China Mobile Shopping Market

## 362.34 Billion Yuan GMV With High-speed Growth

According to iResearch, China mobile shopping GMV amounted to 362.34 billion Yuan in Q1 2015 and its QoQ growth decreased slightly because of the Spring Festival off-season. However, its YoY growth rate was 168.3%, much higher than the 45.2% YoY growth of online shopping market. It is expected that Q2 2015 will continue to see such impressive YoY growth of mobile shopping GMV.



Source: The data is based on the financial results published by enterprises, interviews with experts and iResearch statistical model.

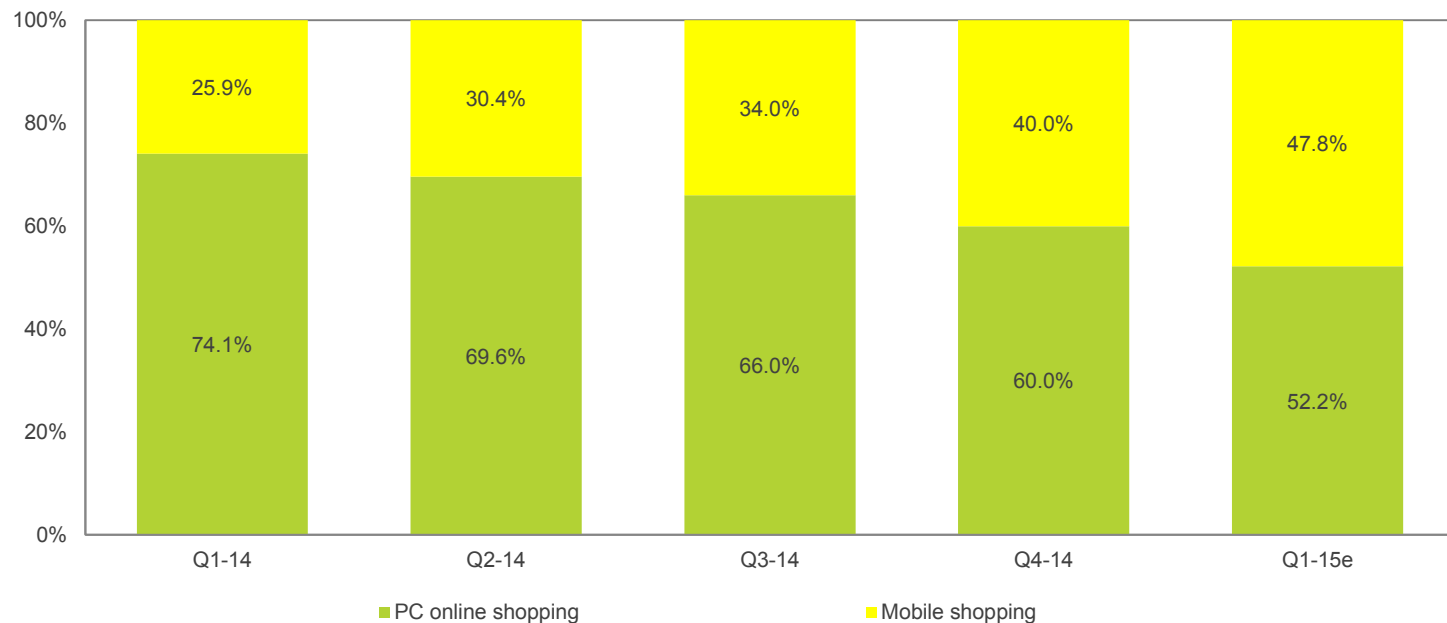
# Performance of China Mobile Shopping Market

## 47.8% of Online Shopping Market Share

China mobile shopping GMV accounted for 47.8% in China online shopping market in Q1 2015, rising by 22% from a year earlier.

iResearch believes that on the one hand, China mobile shopping experienced remarkable development in 2014 and Internet users gradually get used to mobile shopping. Meanwhile, the traffic of PC online shopping increased slowly. Thus, online shopping competition expanded to mobile sector. On the other hand, since early 2015, major e-commerce platforms and traditional brand owners accelerated their arrangement of mobile business by enriching the business and improving services, which helped to keep the fast growth of mobile shopping GMV. It is predicted that the proportion of mobile shopping in online shopping GMV will exceed 50% in 2015.

**Share of PC Online Shopping and Mobile Shopping by GMV Q1 2014 - Q1 2015**



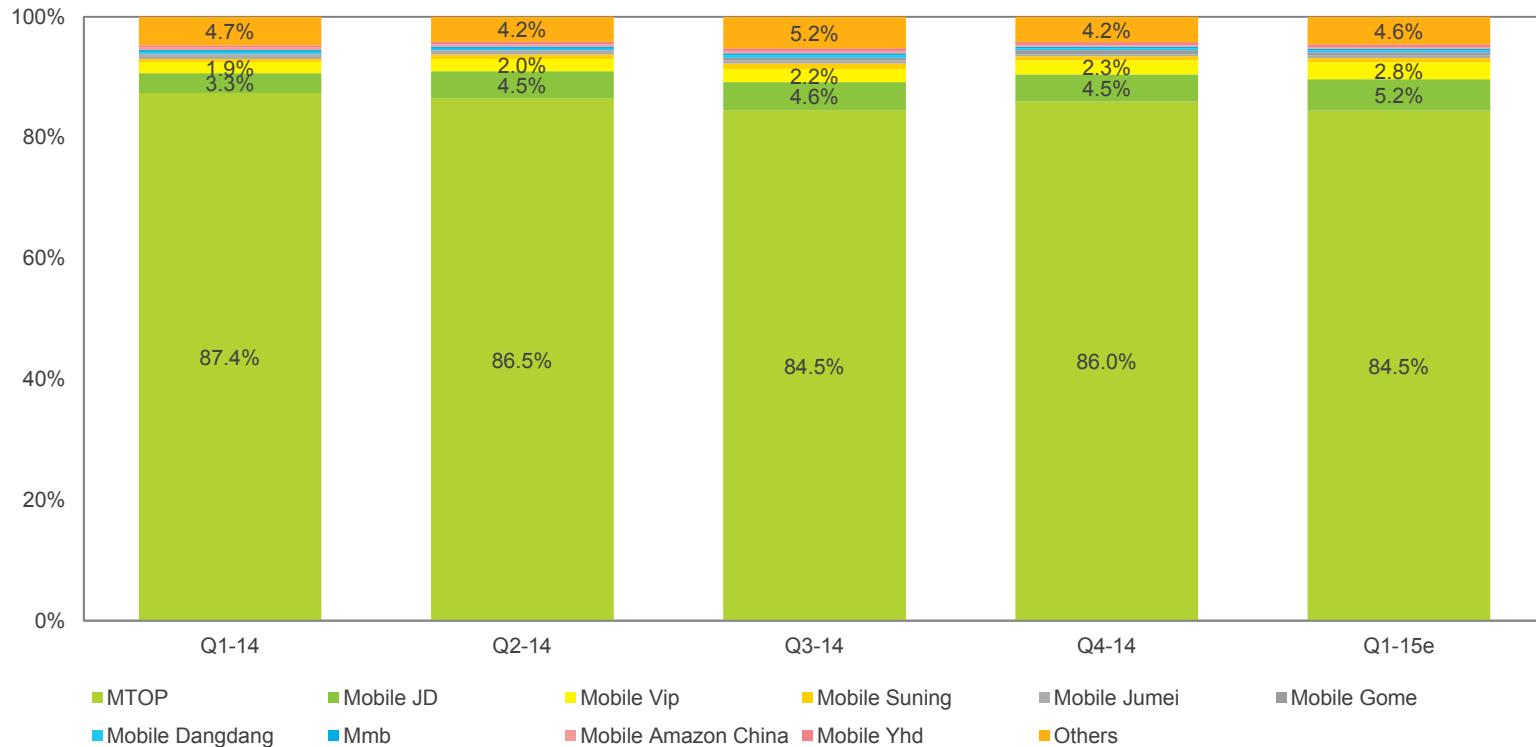
Source: The data is based on the financial results published by enterprises, interviews with experts and iResearch statistical model.

# Performance of China Mobile Shopping Market

## Alibaba Took the Largest Share in the Market

MTOP (the mobile platform of Taobao) took the top position in mobile shopping market by occupying 84.5% of the market share. JD and Vip had certain rise in market share, holding 5.2% and 2.8% respectively. Moreover, other enterprises, excluding the core enterprises, also had certain growth in their joint market share, rising from 4.2% in Q4 2014 to 4.6% in Q1 2015.

Market Share of China Mobile Shopping Operators by GMV Q1 2014 - Q1 2015



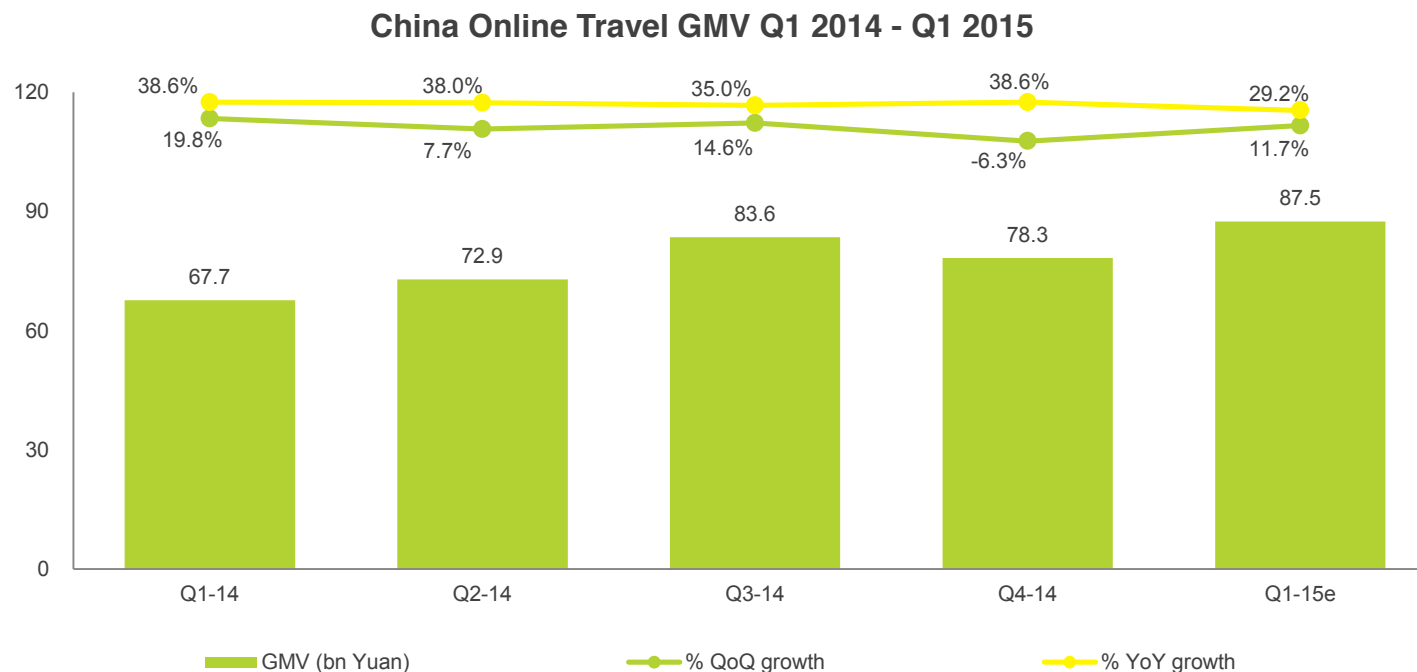
Source: The data is based on the financial results published by enterprises, interviews with experts and iResearch statistical model.

# Performance of China Online Travel Market

## More Than 80 Billion Yuan GMV in Q1

China online travel market GMV attained 87.5 billion Yuan in Q1 2015, rising by 29.2% from a year earlier and 11.7% over the preceding quarter.

iResearch believes that the stable growth of China online travel market in Q1 2015 was mainly driven by three factors: 1) Good performance of travel market during Spring Festival. Tourists were eager to going on a trip and major online travel enterprises increased subsidies to raise their market shares which obviously stimulated tourism consumption; 2) Mobile travel apps boosted online travel market by meeting tourists' diverse demands. Moreover, new business models were brought out to improve online travel penetration as well.



Note: Online travel GMV refers to total value of travel products including air tickets, hotel rooms, vacation tours, etc. booked and successfully transacted online or via Call Center from online travel service providers. It includes online directing selling of suppliers and online distribution of third-party OTAs.

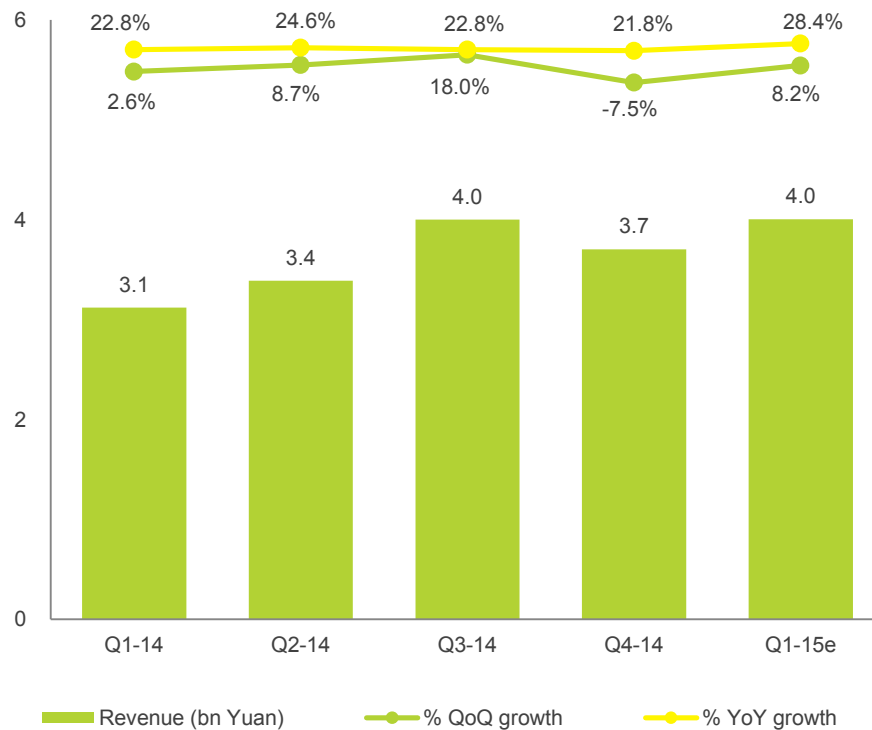
Source: The data is based on the financial results published by enterprises, interviews with experts and iResearch statistical model.

# Performance of China Online Travel Market

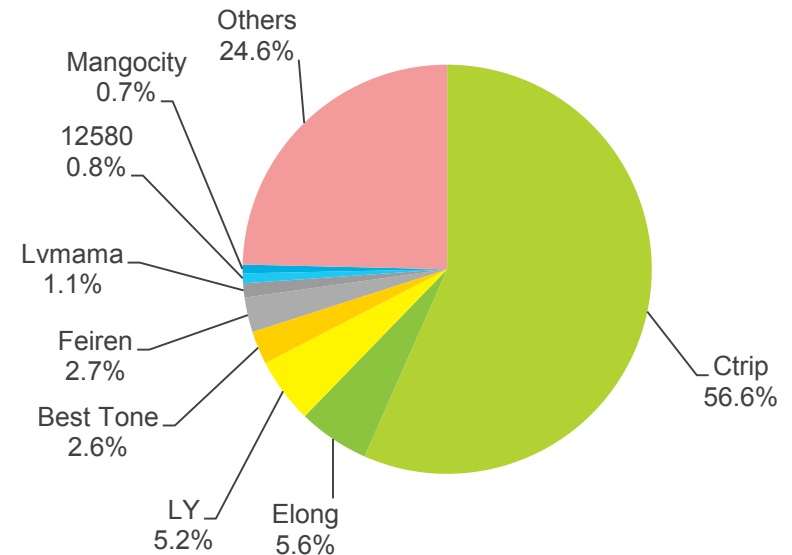
## Decentralized OTA Market and Fierce Competition

iResearch data indicates that the revenue of China OTAs amounted to 4.01 billion Yuan in Q1 2015, increasing 26.4% compared with a year ago. This market was relatively scattered. Except Ctrip, the major OTAs including Elong, LY, Best Tone, Feiren, Mangocity and 12580 all experienced decline of market share, while the proportion of other OTAs' revenue rose further.

China OTAs Revenue Q1 2014 - Q1 2015



Market Share of Major OTAs by Revenue in Q1 2015



Note: Revenue refers to the total commission revenue of third-party OTAs. As booking through Call Center remains as the main channel, the revenue of the affiliated enterprises of China Telecom such as 118114 and 12580 is included.

Source: The data is based on the financial results published by enterprises, interviews with experts and iResearch statistical model.

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Data related to operators' revenues and market forecasts are mainly obtained through interviews related to the industry, marketing survey, secondary sources and other research methods, some of which have not been directly confirmed by the related operators. Some data published in this report is based on sampling method and is therefore influenced by sample structure. Due to the limitation of research method, sample size and scope of data collection, part of the data may not precisely reflect real market situation. This report is for reference only and iResearch is not liable for the accuracy of the data in this report.

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