

CAPITALIZING ON THE CHINESE ECOMMERCE BOOM



- Why China? Purchasing habits and product demand
- Payment Preferences
- Marketing Channels
- Case Studies
- Accepting payments from Chinese consumers in your online store

Purchasing habits and product demand

CHINESE CONSUMERS

GROWTH OF THE CHINESE E-COMMERCE CONSUMER BASE

CHINA 2010

140 MILLION
ONLINE SHOPPERS

1/3 OF TOTAL USER BASE

2015

520 MILLION
ONLINE SHOPPERS

2/3 OF TOTAL USER BASE

USA 2010

140 MILLION
ONLINE SHOPPERS

2/3 OF TOTAL USER BASE

2015

200 MILLION
ONLINE SHOPPERS

2/3 OF TOTAL USER BASE



The Chinese Online Shopper

- Predominately young: 60% are below the age of 30
- People in the high income bracket are more likely to shop online
- Reviews play a big part in the online shopping process
- Motivated by price
- Brand awareness and are showing a commitment to brand loyalty and repeat business.

SOURCE: IRESEARCH

New Online Customers



Top Shopping Categories for Chinese Consumer Demand:

Apparel, Brand Name, Children's products, Cosmetics, Electronics, Entertainment, Handbags, Jewelry, Shoes, Vitamins

Why purchase overseas?

authenticity, availability, cost, quality

- China is tracking to surpass the US as world's largest eCommerce market
- There are 591 million internet users in China, covering 44.1% population
- 271 million internet users regularly shop on the internet
- 47% of international ecommerce dollars are spent at U.S. merchants
- 95% of Chinese in Tier 1, 2 & 3 cities are actively engaged in social media

Spend Potential and Diversification

Chinese consumers are increasing their disposable income and spending in unique ways

- By 2020 there will be 800 cities in China with greater disposable income than Shanghai has today
- China has a strong gift giving culture which contributes to high spending of disposable income at international merchants
- Enabling Chinese consumers provides a diverse revenue source that is not tied to volatile U.S. consumer spending
- Travel to and spending in the U.S. from China continued to grow during the last recession

Opportunity to grow sales to Chinese consumers exists with or without shipping to China



Chinese Tourism Provides Significant Sales Uplift



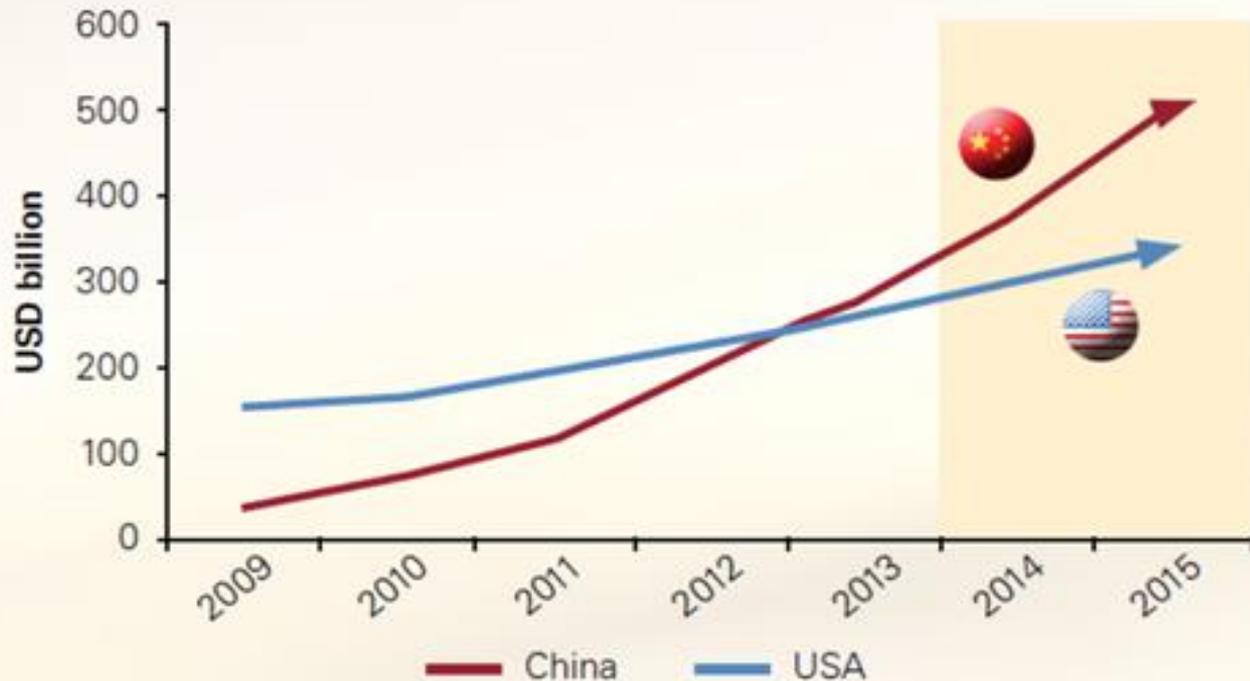
*The Chinese made 83MM trips abroad last year,
with the US being a top destination*

*Average leisure Chinese traveler spend
exceeds \$8,000/trip*

A primary reason to visit the US is to shop

*“Outside of the United States,
China is one of our top Asian
markets,” said Amtrak Chief of
Sales Distribution and Customer
Service Debbi Stone-Wulf. “We
want our Chinese-speaking
passengers worldwide to take
advantage of the many services
available to them on our
website.”*

Value of e-commerce transactions in the US and China, 2009-2015

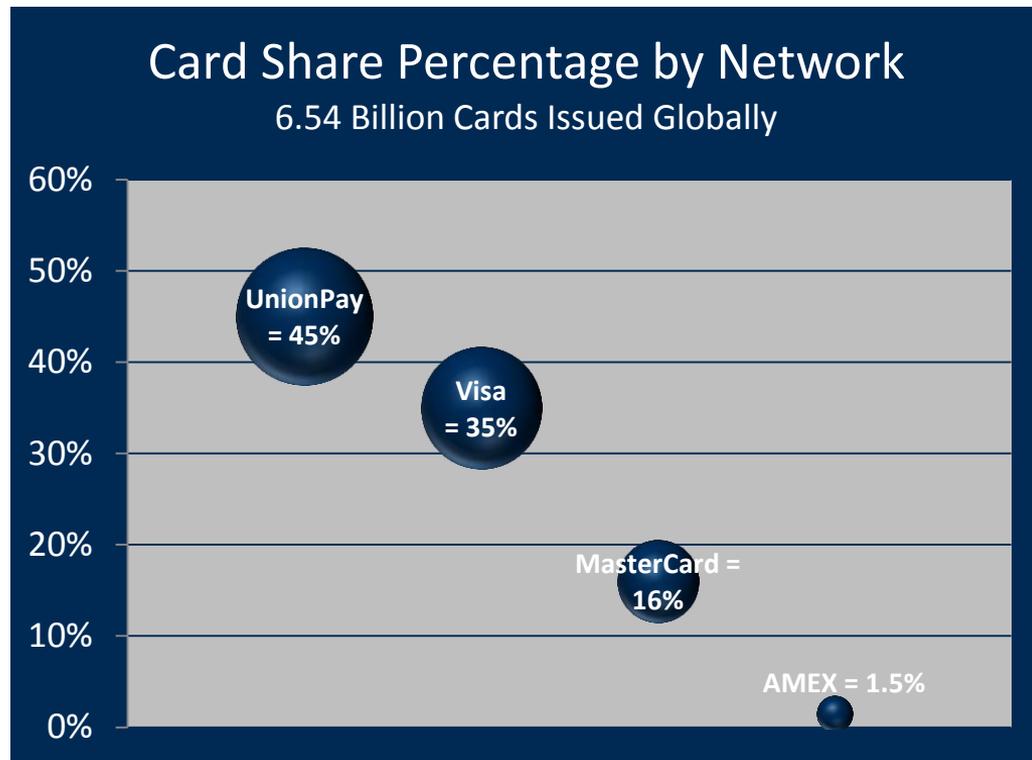
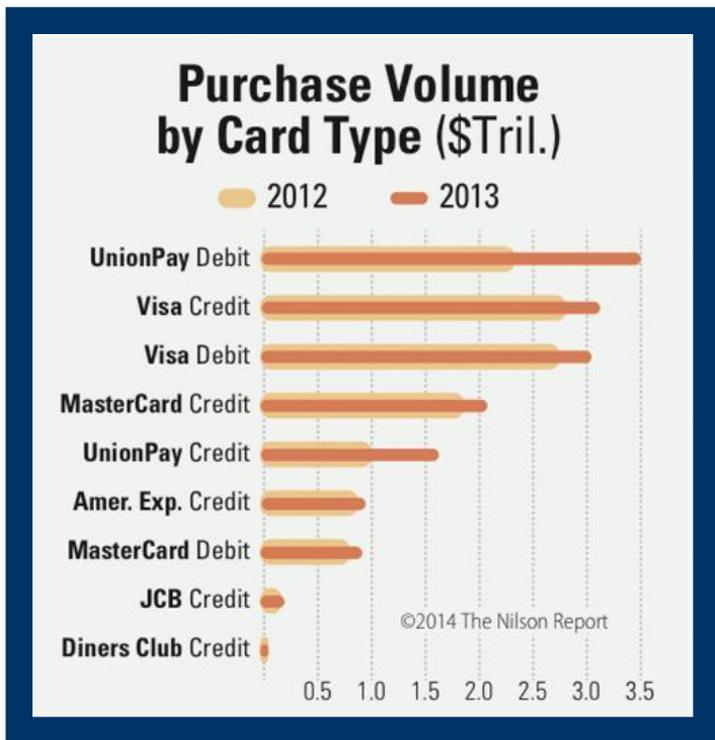


Source: KPMG analysis of US and Chinese e-commerce data from Statista, Bain & Company

Payment Preferences of Chinese Consumers

UNIONPAY INTERNATIONAL

UnionPay Debit is the most preferred method of payment globally



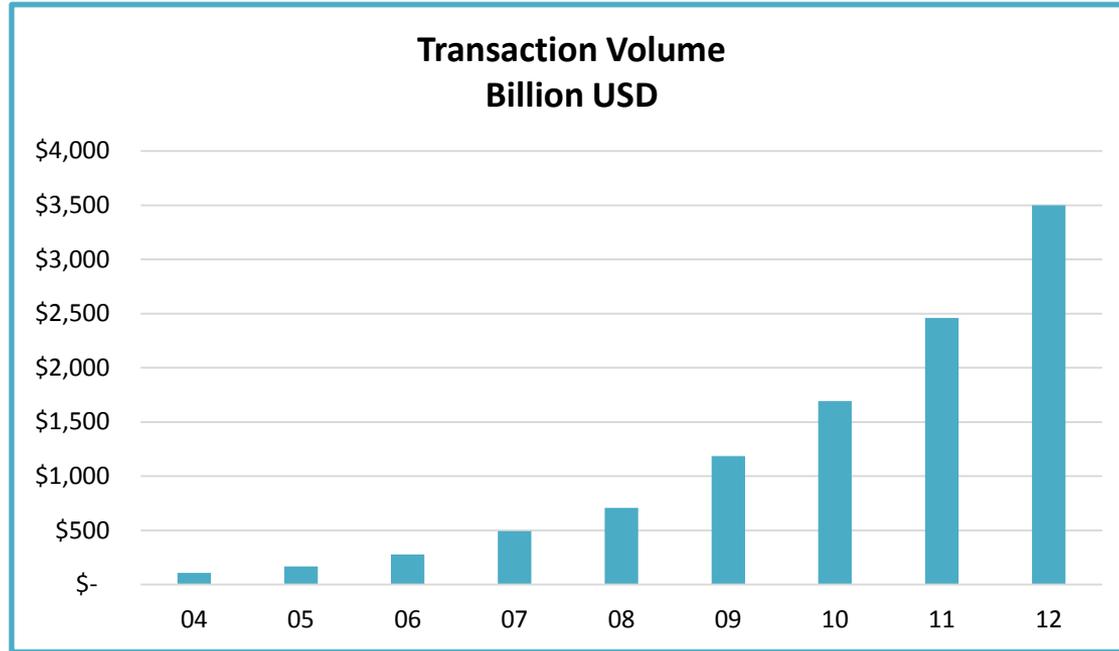
UnionPay



- ❑ Established in March 2002 and headquartered in Shanghai
- ❑ The largest bankcard association in the world
- ❑ 141 markets accept UnionPay Cards
- ❑ 30 markets issue UnionPay Cards
- ❑ Online payments growing by 200%
- ❑ Acceptance of UnionPay Cards (Mainland China)
 - 5.5 million merchants
 - 8 million POS
 - 484,000 ATM
- ❑ Acceptance of UnionPay Cards (Overseas)
 - 9.9 million merchants
 - 3.4 million POS
 - 1 million ATM



Growth of UnionPay Transactions



- UnionPay network processed **\$3.5 trillion** in 2012; **35 times** the volume just 7 years ago
- The average transaction was **\$319** for UnionPay; compared to \$80 for Visa and \$87 for MasterCard.
- UnionPay has 99% brand awareness and 100% banking penetration in China

Promoting your brand

MARKETING CHANNELS

Social Media Influence in China



Chinese Consumers who say they use social media to learn about products before purchasing



Chinese consumers who write product reviews after making a purchase



Sina Weibo
A twitter-like service
with >300 Million Users



WeChat
Mobile text & voice messaging service
with >600 Million Users

Holiday campaigns yield significant results

11/11

China's 'Singles Day'
occurs on
November 11
each year.

In 2013, Singles Day
online sales rose by
80% 2012 to over
\$5.7B – more than
triple the amount of
Cyber Monday sales in
the US.

Spring Festival (Chinese New Year)

Qingming

May Day (Labor Day)

Dragon Boat

Mid-Autumn Day

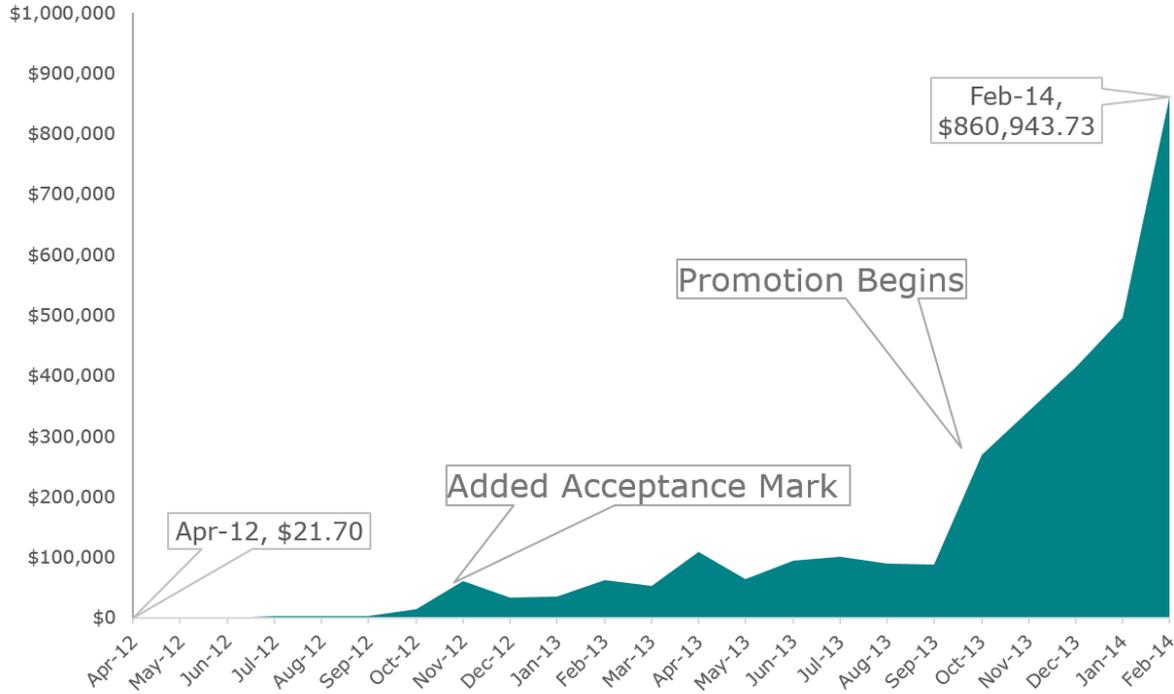
National Day

A look into merchant success

CASE STUDIES

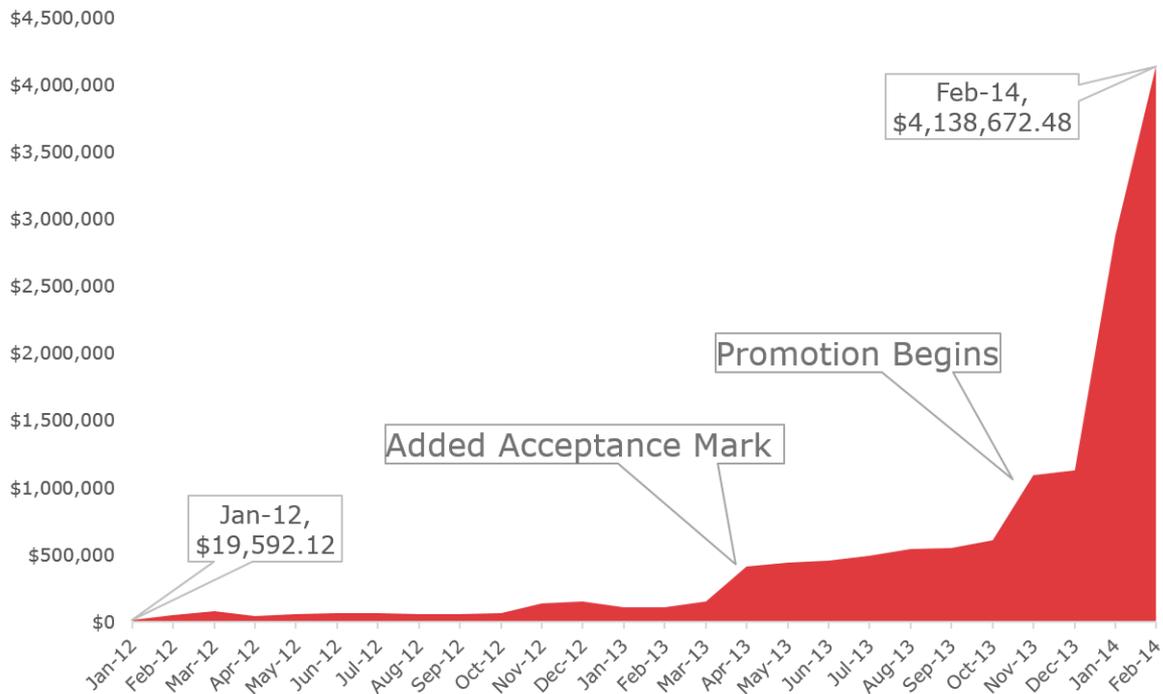
UnionPay Case Study

Medium US eCommerce Merchant



UnionPay Case Study

Large US eCommerce Merchant



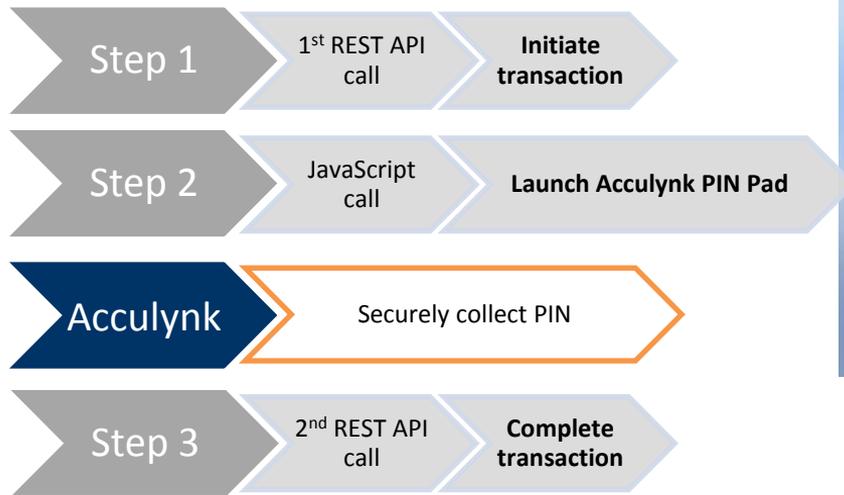
How to accept UnionPay in your online store

NEXT STEPS

Simple & Single Integration

Through a single integration, enable Internet PIN Debit in the US, International Debit, and, in the future, Card Not Present EMV transactions – with no additional technical effort required

PayLeap's transaction API consists of two REST calls and a JavaScript integration:



THE PAYLEAP ADVANTAGE FOR UNIONPAY TRANSACTIONS:

UnionPay International	Authenticated (Guaranteed Funds)		PINless	
Debit Cards (90%)	PaySecure	<ul style="list-style-type: none"> • Superior User Experience • No Redirect 	Non-Authenticated Debit	<ul style="list-style-type: none"> • Acculynk is the sole provider
Credit Cards (10%)	PaySecure	<ul style="list-style-type: none"> • Superior User Experience • No Redirect 	Express Pay	<ul style="list-style-type: none"> • Support for more currencies • Greater approval limits • Lower interchange

PayLeap is the sole provider to enable all 4 flavors of UnionPay acceptance.

Alternative providers have typically only connected to 1-2 of the options.

Additionally, via the connection to PayLeap, gain access to payments from other card networks worldwide.

Sign up to accept UnionPay today

<https://marketplace.commerceguys.com/extensions/payleap/>



PayLeap does it all. Take online payments? Check. Payments from mobile devices? Of course. Payments in person? Check. Payments over the phone or by mail? No problem. In addition to credit cards, PayLeap handles debit cards, checks, cash, gift cards, UnionPay (for international payments) you name it.

Our Payment Gateway Includes

- *Tokenization with one-time & recurring transactions*
- *PCI-Compliant hosted solution with CSS customization*
- *Mobile APIs*
- *RESTful API*
- *Internet PIN debit*
- *Free developer support*
- *Free fraud & risk management*
- *Client-side encryption*
- *Reporting API*
- *SDKs available in PHP, Ruby, Python, Java, and .Net*

