

**How China's emerging  
digital channels are  
transforming  
engagement for the  
digitally native consumer**



# Executive summary

COVID-19 has had an unprecedented impact on global consumers. In many cases it has brought into play new consumer trends such as at-home consumption, greater awareness of hygiene, mental well-being and the prioritization of building immunity to diseases. Being the first major global economy to be hit by the pandemic, China was also the first to resume in the consumer market under the post-pandemic new normal. This has made China a bellwether for the establishment of some of the behaviors that are likely to stay in a post-pandemic world.

China was however already leading the world in digital behavior because of its integrated digital infrastructure that has enabled cashless transactions and the integration of social and shopping platforms into a single customer experience. Two particular digital trends in China have seen significant acceleration in the country during the pandemic. These are live commerce and community group buying. These trends take online social interaction to new levels and extend the reach of e-commerce to more consumers. As each trend becomes more mainstream in Chinese shopping culture, the rest of the world will be watching to see how this will ultimately shape the habits of global consumers.

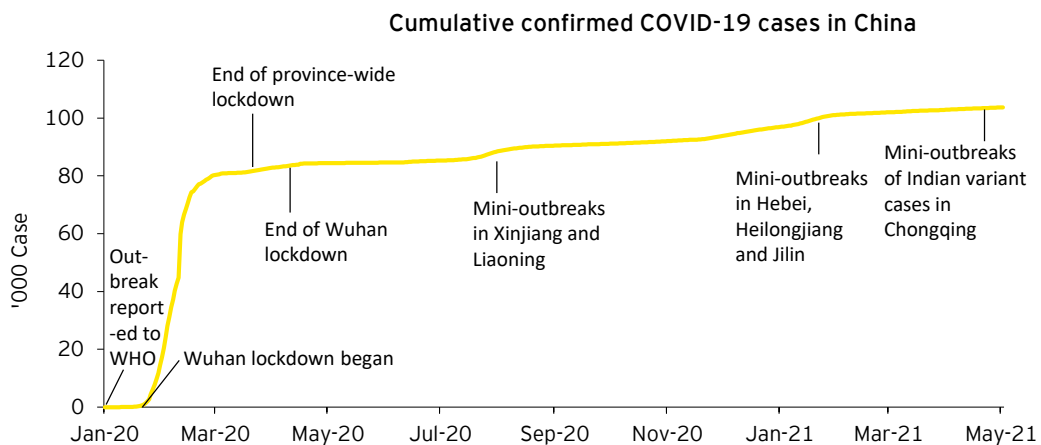
# 1

## The post-COVID-19 consumers in China

### The first major economy to emerge from the pandemic

China demonstrated remarkable resilience in 2020 as it became the only major economy to bounce back quickly from the COVID-19 pandemic. This is due to the decisive actions of the Government against the virus. *Soon after reporting the discovery of the virus to the World Health Organization in January 2020, China announced a city-wide lockdown in Wuhan.* The lockdown measures were proven effective with less than 800 new COVID-19 cases found in China per month since April 2020. While the country has remained cautious, the swift response allowed China to return to relative normality ahead of the rest of the world.

Fig 1 China came out of the worst stage of its COVID-19 outbreak in April 2020

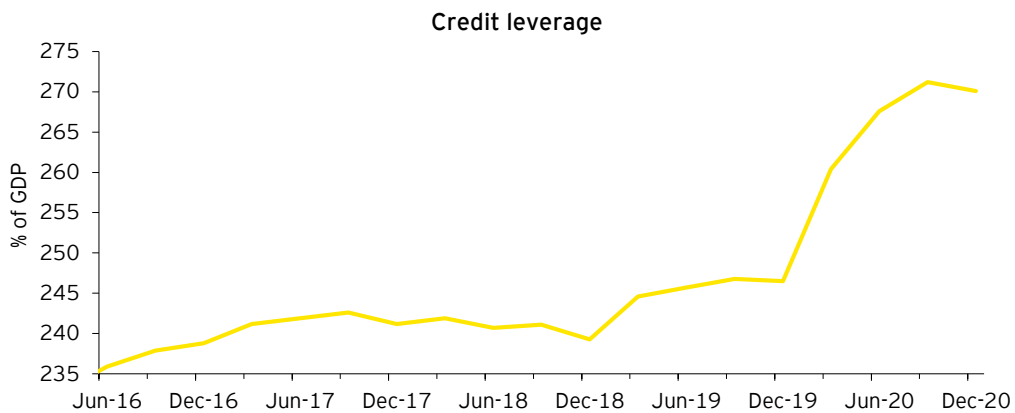


Source: WHO

## Decisive government action supported the economy

Government measures against economic fallout following the outbreak were drastic. Faced with plummeting output during a pandemic-hit 1Q2020, Beijing announced a fiscal stimulus in May 2020 to boost infrastructure investment and resumed industrial production. Total social financing, a measure of China's market liquidity, expanded by 13.3% year-on-year (YOY) in 2020<sup>1</sup>. The economy's credit leverage also increased to 270.1% of gross domestic product (GDP) in 4Q2020<sup>2</sup> from 246.5% in 4Q2019, with the increase coming mostly from the corporate sector. By end-2020, China's economic growth had stabilized to the point at which policymakers were able to discuss the possibility of withdrawing stimulus efforts.

**Fig 2 China's credit leverage jumped to 270.1% of GDP in 4Q2020 in response to stimulus measures**



Source: Wind

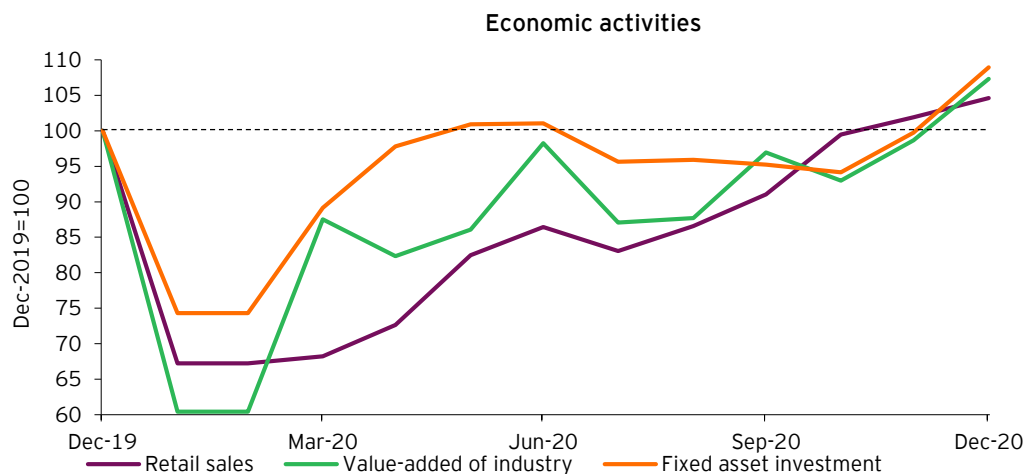
1. [www.ndrc.gov.cn/fggz/fgzh/gnjijc/hbjr/202101/t20210128\\_1266088.html](http://www.ndrc.gov.cn/fggz/fgzh/gnjijc/hbjr/202101/t20210128_1266088.html)
2. [www.ce.cn/xwzx/gnsz/gdxw/202102/09/t20210209\\_36304529.shtml](http://www.ce.cn/xwzx/gnsz/gdxw/202102/09/t20210209_36304529.shtml)

## A robust recovery in the second half of 2020

The end of the lockdown led to an immediate release of pent-up demand, particularly in the luxury sector. When a world leading luxury fashion brand reopened its flagship store in Guangzhou in April 2020, it recorded sales of US\$2.7m on a single day according to news reports<sup>3</sup>. According to Alibaba's Tmall shopping platform, growth in China's luxury market sales approached 50%<sup>4</sup> in 2020, while that of the rest of the world contracted. This led to China's share in the global luxury market in 2020 growing to 20% from 11% in 2019.

By end-2020, most economic activities had returned to, or exceeded, pre-COVID-19 levels. China's GDP expanded by 2.3%YoY in 2020, and it is expected to rise further to 8.4%YoY in 2021 compared to 6.0%YoY globally<sup>5</sup>. Domestic travel, a lagging indicator due to contagion concerns, reached 94.5% of the pre-COVID-19 levels during the Qingming Festival in early April 2021, according to China's Ministry of Culture and Tourism<sup>6</sup>.

**Fig 3 Economic activity recovered to pre-COVID-19 levels by end-2020**



Note: Fixed asset investment was adjusted for seasonal pattern  
Source: Wind

3. [wwd.com/fashion-news/fashion-scoops/hermes-hauled-in-2-7-million-in-one-china-store-on-saturday-sources-1203559738/](http://wwd.com/fashion-news/fashion-scoops/hermes-hauled-in-2-7-million-in-one-china-store-on-saturday-sources-1203559738/)
4. [www.alibabagroup.com/en/news/press\\_pdf/p201216.pdf](http://www.alibabagroup.com/en/news/press_pdf/p201216.pdf)
5. [www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021](http://www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021)
6. [www.xinhuanet.com/english/2021-04/06/c\\_139861893.htm](http://www.xinhuanet.com/english/2021-04/06/c_139861893.htm)

## A conducive policy environment for digital consumption

Partly in response to turbulence in international markets and a robust rebound of domestic demand, the Government stated that China will establish “dual circulation” as a leading growth engine in the 14th Five-Year Plan for National Economic and Social Development (14FYP)<sup>7</sup>, which will shape China’s development in 2021-2025 and beyond. Under the “dual circulation” initiative, domestic and foreign markets can boost each other, with the domestic market as the mainstay of the initiative, to start a new journey of building a modern socialist country. Other key initiatives in the 14FYP included industrial innovation and digitalization, under the notion that “digital technology will fully integrate into every single aspect of social interactions and daily lives”. These have driven a supportive policy environment that is likely to extend China’s comparative advantage in consumer technology for years to come.

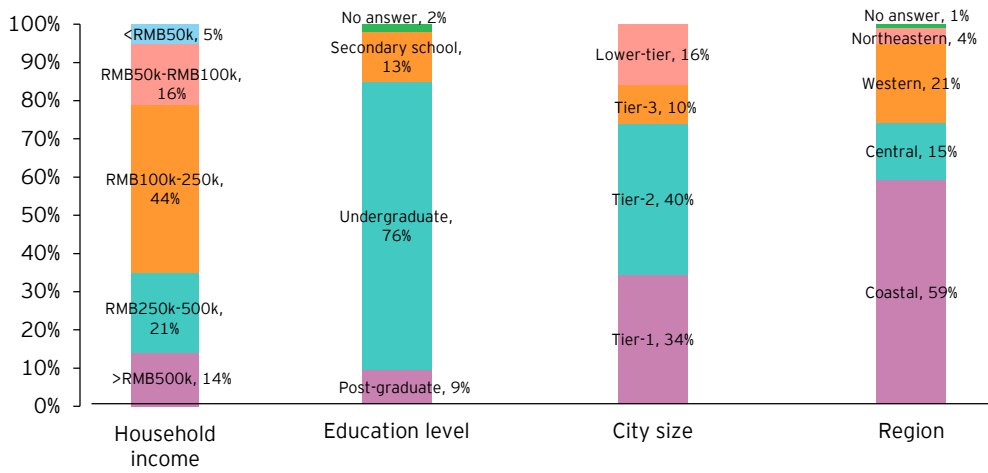
## COVID-19 accelerated China’s digital behavior

As the pandemic accelerated China’s digital adaptation, China’s rapid recovery also gave a good reason for its consumers to be optimistic. The EY Future Consumer Index (FCI) is a regular survey on consumer behaviors and sentiments around the world since April 2020 to keep track of their emerging responses to the pandemic. With more than 1,000 respondents from China that are predominantly educated, with upper-middle to high-income and located in top-tier cities in coastal areas, it can provide a unique perspective of the leaders in China’s consumerism. For example, the FCI found that consumers in China are significantly more upbeat on both the outlook of their national economy and their personal finances than their global counterparts. Barring other demographic considerations, this will likely lead to a strong incentive for discretionary spending. This also gives Chinese consumers higher expectations of experience through sales services and product customization.

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7. [www.xinhuanet.com/2021-03/13/c\\_1127205564.htm](http://www.xinhuanet.com/2021-03/13/c_1127205564.htm)

**Fig 4 Profile of Chinese respondents in the FCI survey**



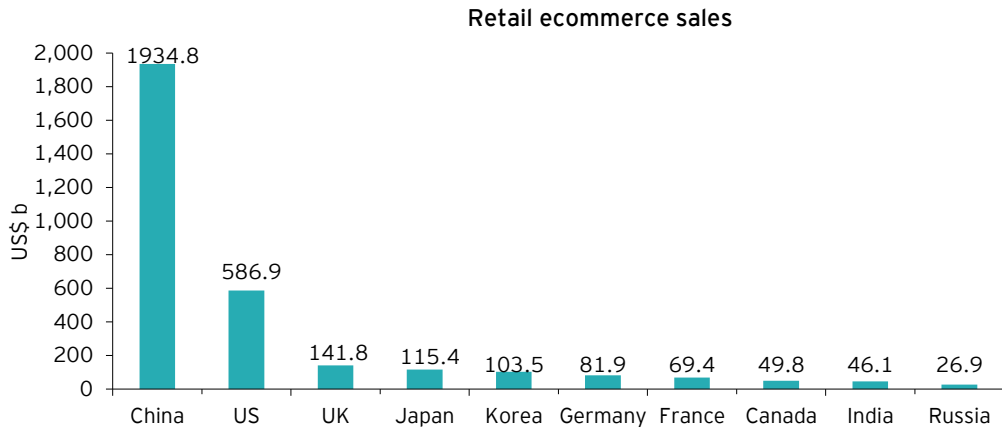
Source: EY

## The digitally native Chinese consumers

Although COVID-19 was an accelerating factor in driving digital behavior, Chinese consumers were already more digitally receptive than their global peers. Even before COVID-19, China had already surpassed the world in digital development and adoption. In 2020, around a quarter of China’s retail sales were done online. Around 48% of them are expected to spend more on experience in the future, much higher than global average. This trust in digital extends to luxury purchases too, with 24% of Chinese consumers are willing to shop for luxury items primarily through online retailers. This shift to digital has not been lost on corporates. The EY Capital Confidence Barometer<sup>8</sup> survey found that 50% of senior executives surveyed in China agree that their companies have increased strategic focus and investments in the area of digital transformation.

8. [www.ey.com/en\\_gl/ccb](http://www.ey.com/en_gl/ccb)

**Fig 5 China's e-commerce sales are ahead of the world in volume**



Source: eMarketer

## Accommodative stance toward data sharing

The rapid expansion of China's e-commerce market can partially be attributable to the consumers' receptiveness toward data sharing. The FCI found that 74% of Chinese consumers would be willing to share some form of data for a tailored online experience compared to a global average of 59%. Considered an important commodity behind national economic development in the 14FYP, data sharing creates a fertile ground for the development of big data analysis and artificial intelligence. Integrating data within the digital ecosystems that make up Chinese technology infrastructure has also enabled data to provide consumers with seamless experience across channels using a range of technologies such as facial recognition. Data enables the evaluation of credibility of individuals, businesses, and governments as part of China's social credit system, and was arguably an important factor behind its effective control of the COVID-19 outbreak. It is important to note, however, that consumers will expect companies to use personal data responsibly. The consequences of companies that breach this trust can be devastating and in April, the Government announced new regulations to monitor data collection and protect personal data<sup>9</sup>.

9. [www.cnbc.com/2021/04/12/china-data-protection-laws-aim-to-help-rein-in-countrys-tech-giants.html](http://www.cnbc.com/2021/04/12/china-data-protection-laws-aim-to-help-rein-in-countrys-tech-giants.html)





# Live commerce

## The explosion of live commerce in China

With China leading the world on digital adoption and data usage, it is of little surprise that e-commerce is leading in defining new ways of shopping and buying. This means that the rest of the world took note as live commerce began to make inroads in China. Live commerce (defined as live video streaming and e-commerce shopping services wrapped in one platform) enables consumers to log into an e-commerce website or social media channel and make real-time purchases while watching live demos and interacting with the host. The concept began in March 2016, when MOGU, a social media fashion content provider, embedded a shopping feature within its livestreaming interface, allowing customers to purchase while watching live content.

What started as an experiment to interact with consumers in a live show has transformed into a multi-billion-dollar industry in the space of few years. In May 2016, Taobao launched Taobao Live, an exclusive live commerce platform. JD.com followed by launching its own platform in September 2016. The trend gained further traction in 2018 when Taobao Live's annual gross merchandise volume (GMV) exceeded RMB100b (US\$14.3b)<sup>10</sup>. In the same year, Douyin (owned by ByteDance, known as TikTok overseas) and Kuaishou entered the industry, while Alibaba launched another platform, AliExpress Live. The trend reached a tipping point in 2019 when total live commerce sales reached RMB434b (around US\$63b)<sup>11</sup>, accounting for 4.1% of China's total retail e-commerce sales.

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10. [polymathv.com/why-live-commerce-is-the-future-of-online-shopping/](https://polymathv.com/why-live-commerce-is-the-future-of-online-shopping/)

11. [technode.com/2020/06/12/livestreaming-in-china-only-for-sales-or-is-there-brand-value/](https://technode.com/2020/06/12/livestreaming-in-china-only-for-sales-or-is-there-brand-value/)

In early 2020, live commerce was set for solid growth which COVID-19 accelerated it. People in lockdown went online, spending time on social media and live streaming, while limited access to physical stores drove online shopping. By combining shopping and leisure, live commerce created an interactive at-home shopping experience for consumers. Data from China's Ministry of Commerce shows that over 10m livestreaming e-commerce programs were broadcast in the first half of 2020, generating over 50b views<sup>12</sup>. Taobao Live, which has a live commerce market share of around 80%<sup>13</sup>, generated over RMB400b (US\$61.7b)<sup>14</sup> in GMV in 2020.

Despite rapid growth, live commerce still accounts for less than 10% of China's retail e-commerce market. But with consumers growing in confidence, it has significant upside potential. According to the latest FCI survey<sup>15</sup>, 42% of respondents in China have already purchased through live broadcast, and 66% of the respondents are either satisfied or extremely satisfied with their live broadcast shopping experience. By 2021, all the major e-commerce platforms and social media channels had already jumped on the live commerce bandwagon.

## A channel primed for further growth

The pandemic-related acceleration of live commerce has been further buoyed by other factors including solid macro-economic tailwinds to support consumption and China's integrated digital infrastructure. The key enabler for live commerce, however, is China's integrated digital infrastructure. China has surpassed the world in digital development and adoption, especially in e-commerce and cashless payment. In the latest FCI survey, 77% of Chinese consumers responded that they expect that their experience of using technology will only improve in the future compared with the global average of 65%, while 71% of them intend to go cashless in the future.

The interoperability of e-commerce, social media and payment platforms enables seamless live shopping experiences in which users can engage with sellers and make purchases in real time without having to exit the stream they are watching. High levels of aftersales services such as quick and low-cost delivery, efficient returns management and effective handling of complaints have also bolstered trust in live commerce.

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12. [www.chinabankingnews.com/2020/10/22/chinas-live-streaming-e-commerce-market-set-to-breach-1-trillion-yuan-in-2020/](http://www.chinabankingnews.com/2020/10/22/chinas-live-streaming-e-commerce-market-set-to-breach-1-trillion-yuan-in-2020/)

13. [pandaily.com/top-3-e-commerce-livestreaming-platforms-in-china/](http://pandaily.com/top-3-e-commerce-livestreaming-platforms-in-china/)

14. [www.scmp.com/tech/big-tech/article/3131447/alibabas-taobao-live-reports-over-us60-billion-gmv-2020-china](http://www.scmp.com/tech/big-tech/article/3131447/alibabas-taobao-live-reports-over-us60-billion-gmv-2020-china)

15. [www.ey.com/en\\_gl/future-consumer-index](http://www.ey.com/en_gl/future-consumer-index)

Another differentiating factor is that live commerce benefits from its own network of influencers known as Key Opinion Leaders (KOLs), the most successful of whom have reached celebrity status. KOLs can transform a live stream into something that is engaging and entertaining. By elevating shopping experience, KOLs also drive sales making them highly sought after. Top influencers like Austin (Jiaqi) Li and Viya Huang can attract more than 35m viewers and generate millions in sales<sup>16</sup>.

As well as the growth of live commerce channels, there are further strategic benefits that they can bring. These include conversion rates that are six times higher than conventional marketing<sup>17</sup>, high levels of traffic generation (driving other revenue and brand opportunities), and options for smaller merchants to reach a broader audience with less investment. Additionally, many brands and retailers often used live commerce platforms to clear excess inventory in bulk by offering discounts. However, many companies have gradually shifted toward a more holistic value creation strategy through product and channel differentiation.

## Fast growth comes with pain points

Live commerce is promising, but challenges to the channel remain, particularly in achieving profitability and navigating mounting regulation.

Despite overall growth, some companies face considerable margin challenges driven by high return rates and production costs. To drive up sales and viewer numbers, KOLs - including Key Opinion Sellers (KOS) and Key Opinion Customers (KOC) - often negotiate with brands to offer substantial discounts on products or services for their shows. A lot of effort and money go into broadcasting a successful live commerce session: selecting the right KOLs, curating merchandise (top KOLs select 1 in 10 products pitched to them<sup>18</sup>) and personalizing it for consumers. These factors cost money, and, when combined with the cost of returns and risk of unsuccessful live stream margins can suffer, even if growth is strong.

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16. [pandaily.com/the-hottest-e-commerce-live-streamers-in-china-2020/](https://pandaily.com/the-hottest-e-commerce-live-streamers-in-china-2020/)

17. [polymathv.com/why-live-commerce-is-the-future-of-online-shopping/9](https://polymathv.com/why-live-commerce-is-the-future-of-online-shopping/9)

18. [www.forbes.com/sites/michellegreenwald/2020/12/10/live-streaming-e-commerce-is-the-rage-in-china-is-the-us-next/?sh=6a77e8456535](https://www.forbes.com/sites/michellegreenwald/2020/12/10/live-streaming-e-commerce-is-the-rage-in-china-is-the-us-next/?sh=6a77e8456535)

Rapid growth has also increased misuse of the live commerce channel, forcing regulators to step in to curb malpractice and issue guidelines to improve measures. The top priorities of regulators are to address antitrust issues with large platforms seeking to monopolize the market, to prevent price dumping activities and counterfeit products, to manage data adulteration (falsifying numbers), to enforce product safety, and to control the promotion of unlawful products and content. Chinese regulators have already acted to draft "Online Live Marketing Management Measures" for trial implementation from 25 May 2021<sup>19</sup>.

## The world is catching up

The prolific growth of live commerce in China is already globalizing. Amazon led the movement in the US with "Amazon Live" in 2019, which live streamed video shows hosted by in-house talent and brand sellers. Since then, a host of companies like TalkShopLive, Brandlive, CommentSold, NTWRK, Dote, Popshop Live, and Buywith have entered the US domain. Qurate retail, the owner of QVC and Home Shopping Network, which pioneered the live TV shopping concept, features multiple live shows on its platform, run by experts and top influencers.

COVID-19 related lockdowns boosted shoppable streaming around the world encouraging global companies and platforms to join the movement. Instagram introduced its Live Shopping feature to help brands sell products during Instagram Live broadcasts, and Facebook added live selling features to its platforms. Since its launch in November 2020, a live commerce website in the UK, OOOOO, has over 200k downloads in the country. Google's Shoploop videos expanded on this trend while numerous retailers and brands such as Walmart, Kohl's, Tommy Hilfiger, Levi Strauss, H&M, Shiseido, and Monki experimented with their own live commerce events.

Despite rising popularity, live commerce outside China remains nascent. Digital infrastructure and shopping ecosystems in other countries are less integrated than in China and consumers are more resistant to new ways of shopping. In China, 45% of consumers are always on the lookout for new brands and the latest trends compared with 30% of consumers globally. This is particularly true of Chinese millennials, 55% of whom are always looking out for new brands and trends. The US live commerce market was estimated to be worth around US\$6b in 2020<sup>20</sup>, less than one-tenth of China's live commerce market. However, the trend is catching up and, just as China reached a tipping point, so too would other countries in the coming few years.

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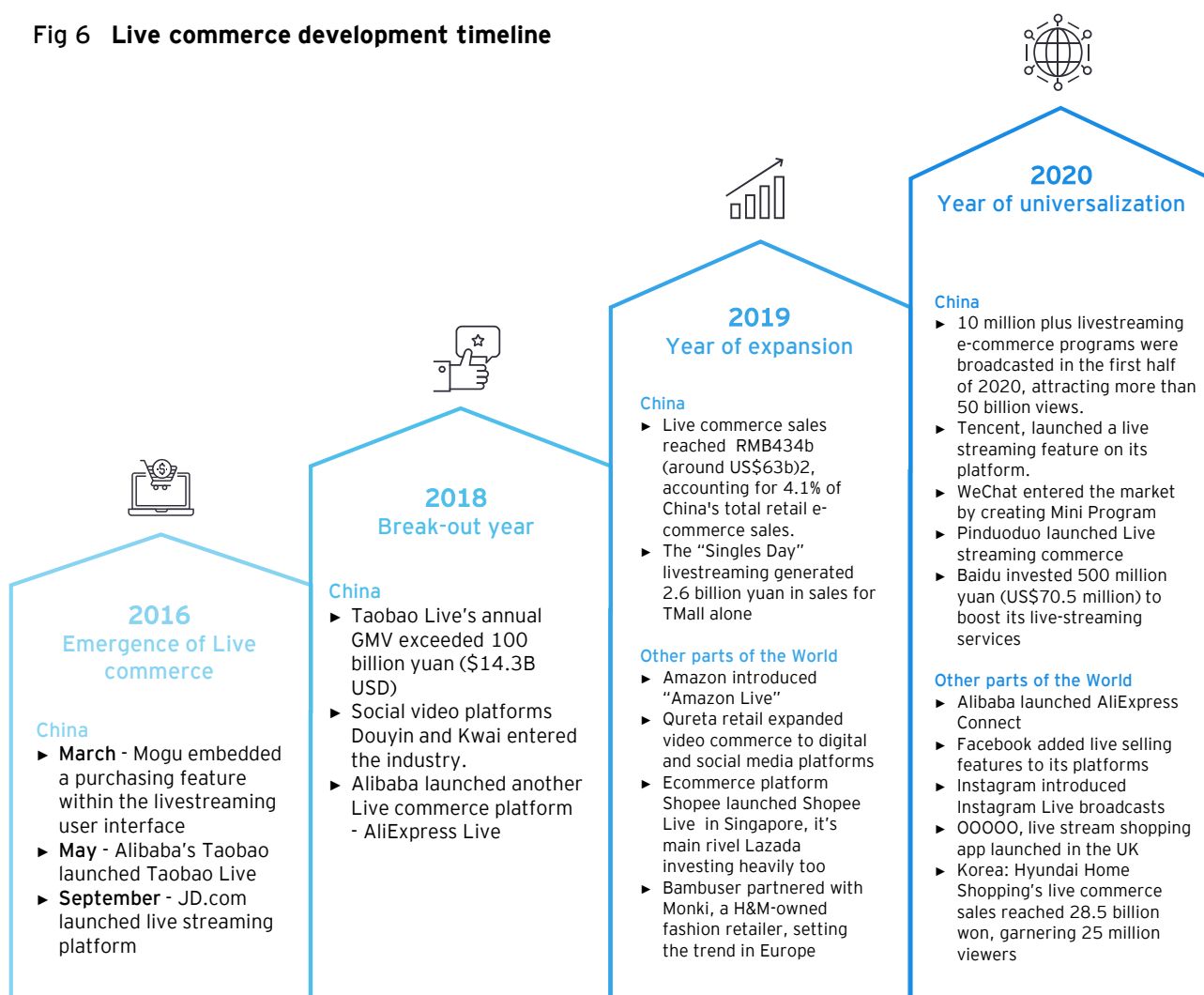
19. [www.cac.gov.cn/2021-04/22/c\\_1620670982794847.htm](http://www.cac.gov.cn/2021-04/22/c_1620670982794847.htm)

20. [www.nytimes.com/2021/03/14/business/amazon-ecommerce-livestreaming.html](http://www.nytimes.com/2021/03/14/business/amazon-ecommerce-livestreaming.html)

From a regional perspective, live commerce adoption is typically higher in Asian countries. In the Philippines, 60% of retailers have invested in live selling, while close to half of the retailers in Singapore, Thailand and Vietnam have tapped into the trend. Regional platforms like Shopee and Lazada have rolled out their own live commerce offerings while in South Korea, companies like Hyundai Home Shopping, LF Corp and TMON are leading the market.

There remains significant opportunity for Chinese platforms to develop their presence in other countries. As part of its global expansion plan, Alibaba launched AliExpress Connect, an affiliate platform, in May 2020<sup>21</sup>, to connect influencers across regions with premium AliExpress merchants and brands.

**Fig 6 Live commerce development timeline**



Source: EY

21. [www.bloomberg.com/news/articles/2020-05-27/alibaba-courts-tiktok-instagram-influencers-for-global-push](https://www.bloomberg.com/news/articles/2020-05-27/alibaba-courts-tiktok-instagram-influencers-for-global-push)

# 3 Community Group Buying

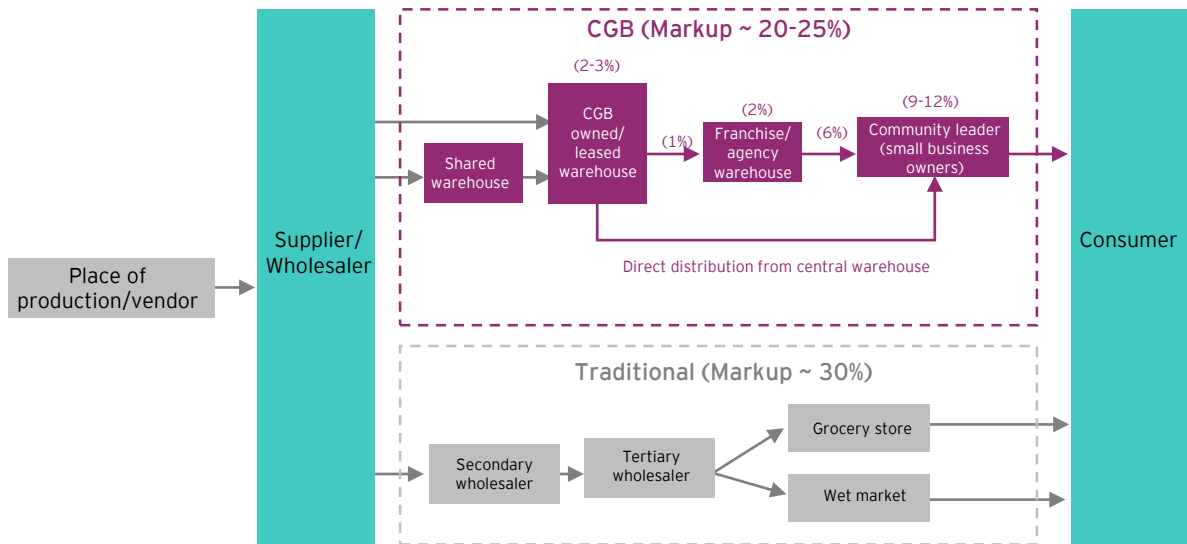
## A fast-growing phenomenon

As live commerce moves to the mainstream, another fast-growing trend in China is approaching its own tipping point. Community group buying (CGB), which allows communities to collectively buy products through platforms, is a fast-growing phenomenon, particularly in lower tier cities. According to the FCI survey<sup>22</sup>, 67% of Chinese consumers have either made a purchase via CGB or are familiar and agree with the business model. CGB connects sellers with community groups who pool their buying power into bulk orders of essentials such as fresh food and groceries to drive down prices and delivery costs. The model leverages “mini-apps” within established platforms such as WeChat. Typically, a community leader (usually well-known figures to the local community such as shopkeepers) maintains a WeChat group of up to 500 local members. Orders are placed with the community leader through mini-apps. Once collective demand reaches a certain level, the order is confirmed with the platform and delivered in bulk to the community leader who distributes individual orders and acts as point of contact to resolve disputes with sellers.

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22. [www.ey.com/en\\_gl/future-consumer-index](http://www.ey.com/en_gl/future-consumer-index)

**Fig 7 CGB business model and value chain**

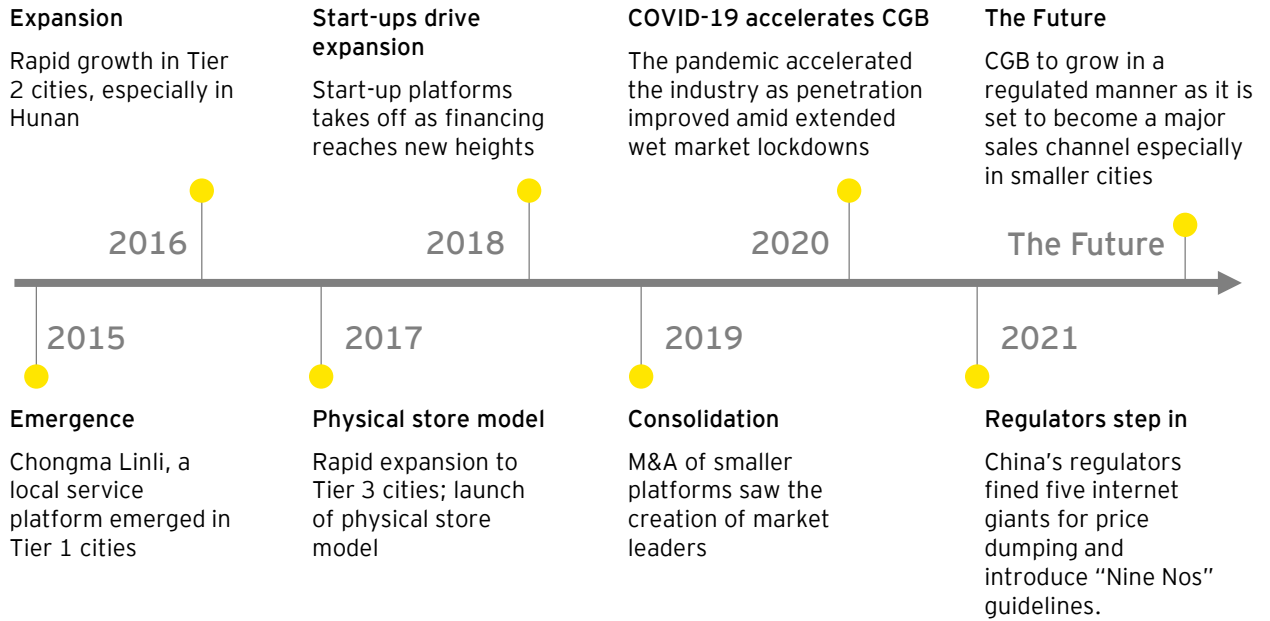


Source: CITICS research

The origins of CGB can be traced back to 2015, when Chongma Linli, a community based local service platform focusing on Tier 1 cities emerged, but CGB quickly caught up in other cities with consumers finding the services beneficial, cost effective and timely. The year 2018 saw a surge of start-ups and attracted the attention of larger players looking for new market opportunities. Start-ups and existing platforms successfully raised funds to expand operations, driving a wave of consolidation which saw the emergence of several regionally dominant players. During Covid-19, restrictions to movement and fear of infection drove a surge in demand, especially fresh food, through CGB platforms. The value of CGB sales is expected to grow to RMB1.5t (US\$231.7b) in 2021 and RMB5t (US\$ 771.5b) by 2025<sup>23</sup>.

23. [m.hibor.com.cn/wap\\_detail11.aspx?id=3759cab809dc72297f1a86ca74b04827](http://m.hibor.com.cn/wap_detail11.aspx?id=3759cab809dc72297f1a86ca74b04827)

**Fig 8 Consumer group buying timeline**



Source: EY

## A direct and far-reaching service model

CGB provides a viable digital channel for consumers in lower tier cities, who are attracted by lower prices. Lockdowns during COVID-19 also acted as an accelerating factor and demonstrated other benefits such as quick and convenient delivery coordinated by a local trusted figure. Using platforms like WeChat balances high digital take-up with traditional community values to increase the appeal to Chinese consumers. Lower tier cities are also growing quickly, with the FCI<sup>24</sup> finding that around 21% of Chinese consumers are thinking of moving out of urban centers.

Weaker e-commerce penetration and poor last mile logistics in lower tier cities have traditionally constrained opportunities to apply models that might work in Tier 1 cities. CGB has helped platforms overcome these challenges by opening doors to previously untapped markets. High conversion rates, short repeat order cycles, demand consolidation and coordination by community leaders have delivered rapid growth. Moreover, CGB eliminates the middleman in the fresh food value chain and connects the consumer to the farmer through the platform. This benefits the farmers who enjoy better prices and direct access to consumers, and the consumers enjoy lower prices that are not marked up significantly. The size of the market makes it attractive for larger players and start-ups to meet unmet demand by adapting existing channels and platforms rather than creating new ones.

24. [www.ey.com/en\\_gl/future-consumer-index](http://www.ey.com/en_gl/future-consumer-index)



## Uneven demand presents challenges

While the benefits are clear, not all community groups are equally profitable or active. Providers need to ensure a minimum amount of repeat business to ensure profitability, which requires scale to deliver margin and growth. If these requirements are not met quickly, the service falters. Platforms try to overcome this challenge by mandating minimum order quantities, but another challenge comes from a combination of low quantities and low geographical concentration which increases warehousing and distribution costs and complexity.

Platforms are trying to improve operations in lower tier cities, where supply chains and logistics are less developed. However, low levels of automation in processing orders can lead to higher error rates which undermine efficiency and drive up costs. Additionally, infrastructure challenges like inadequate cold chains and outdated warehousing in lower tier cities require investment. Competition is also accelerating. Low barriers to entry attracted start-ups, but established platforms are upping the ante by applying deep discounts and acquiring community leaders. This is driving consolidation, especially as loss-leading incentives are being aggressively pursued by some platforms to drive out smaller players.

As a result, local vendors can find it difficult to compete and some of these practices have been brought to the attention of regulators. China's State Administration for Market Regulation (SAMR) imposed large fines in March 2021<sup>25</sup> on leading platforms for price dumping. The "Nine No's"<sup>26</sup>, jointly introduced by the SAMR and the Ministry of Commerce along with anti-monopoly guidelines for internet platforms will impact the market expansion strategies of larger platforms.

## How EY can help

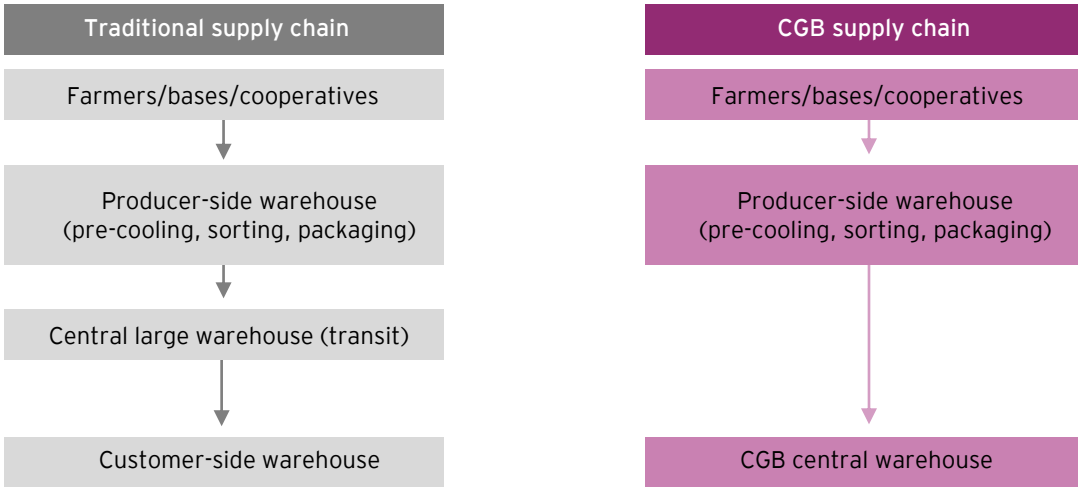
EY teams has recently worked with one of the largest community group buying platforms in China and helped them establish standard operating procedures for their key business areas such as procurement, sales and marketing and logistics as well as embedding necessary controls throughout each process. Moreover, in order to enhance network protection and better mitigate cybersecurity risk, EY teams also helped the CGB company build their cybersecurity framework.

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25. [www.samr.gov.cn/xw/zj/202103/t20210303\\_326445.html](http://www.samr.gov.cn/xw/zj/202103/t20210303_326445.html)

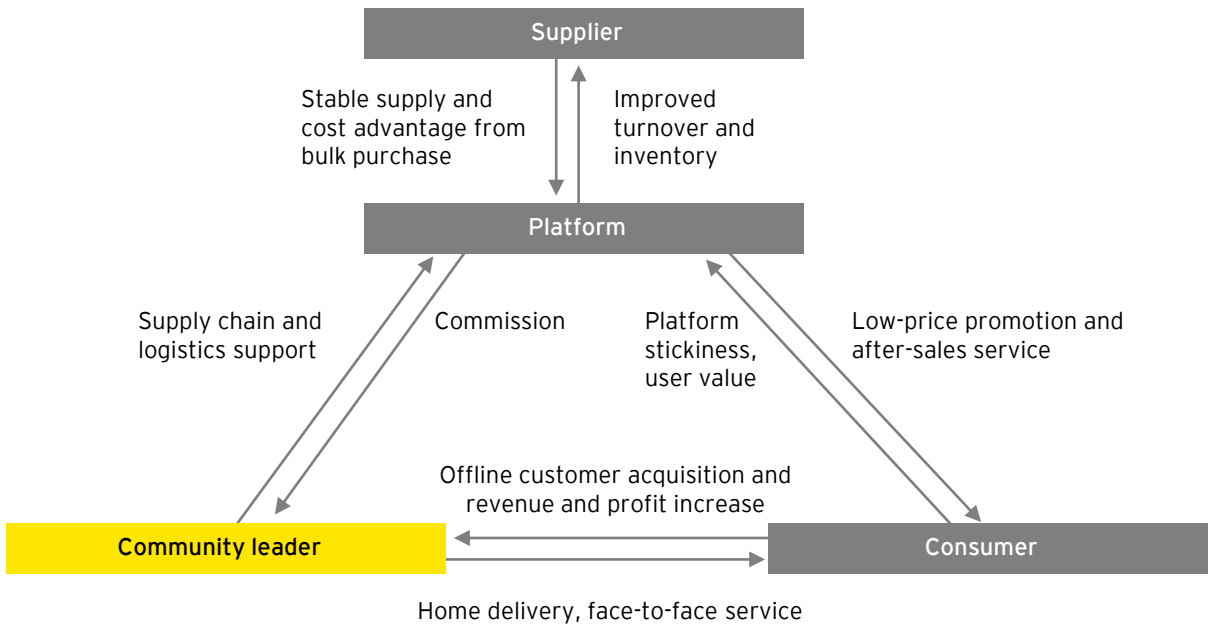
26. [www.samr.gov.cn/xw/zj/202012/t20201222\\_324567.html](http://www.samr.gov.cn/xw/zj/202012/t20201222_324567.html)

**Fig 9 Traditional agricultural produce supply chain vs. the CGB supply chain**



Source: Grassroots research, CITICS research

**Fig 10 Role of the community leader in the CGB value chain**




Source: CITICS research

# 4 Conclusion

CGB operates on a very different value proposition to live commerce, CGB is based on coordinating with community leaders to deliver staple goods cost-effectively, in bulk, through digital channels to meet the needs of consumers. Conversely, live commerce builds fantastic digital experiences which blend shopping with leisure to drive discretionary purchases through a network of celebrity-status influencers. However, despite the differences between the two activities, they are both well suited to the Chinese market and have established commonalities to support their rapid growth. Both combine technology and tradition by using China's integrated digital ecosystem to connect platforms with people using local, regional or national influencers to coordinate efforts.

The success of these and other innovative practices in China is built on established technology infrastructure, receptiveness toward digital channels and the trust that consumers have in the people that help organize them, whether it is a local shopkeeper coordinating a community of hundreds or a KOL attracting millions through a live-streamed sale.



# Appendix: Key characteristics of the Chinese consumers in the EY Future Consumer Index

## About the EY Future Consumer Index

In the past three years, we imagined what the future consumer could look like and what it could mean for businesses today - as part of the FutureConsumer.Now<sup>27</sup> program. We identified probable and plausible future scenarios and created consumer personas. This has provided a unique way of understanding real-time consumer changes.

The COVID-19 crisis has accelerated these changes. It will have a lasting impact on how consumers shop, what they buy and how they consume everything from products, media to social experiences. Companies urgently need to anticipate what kind of consumers are emerging, so they can make it through the current crisis and build the capabilities to remain relevant in future. We created the EY Future Consumer Index (FCI)<sup>28</sup> to answer that call with distinctive, valuable and actionable insights.

Administered to over 10,000 respondents around the world since early 2020, the FCI survey tracks changing consumer sentiments and behaviors over time and identifies emerging consumer segments. It gives us longitudinal indicators and a unique perspective on which changes are temporary reactions to the COVID-19 crisis, which point to more fundamental shifts, and what the post COVID-19 consumers would be like. By comparing the results from respondents from the rest of the world with those from China, we are also able to identify the unique perspectives of China's consumers with their early recovery from COVID-19 and more advanced e-commerce development.

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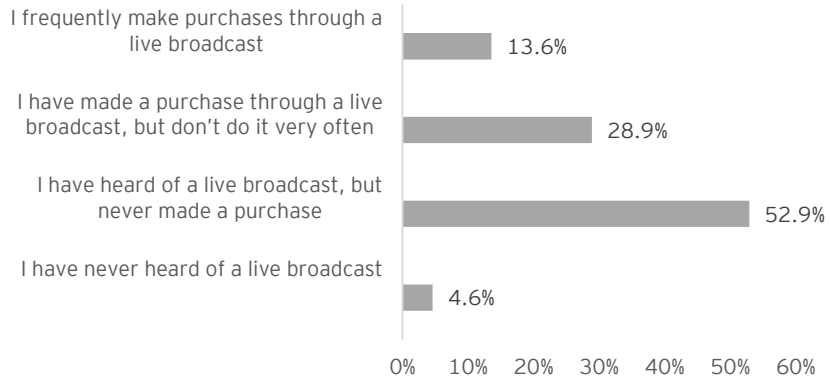
27. [www.ey.com/en\\_gl/future-consumer-now](http://www.ey.com/en_gl/future-consumer-now)

28. [www.ey.com/en\\_gl/future-consumer-index](http://www.ey.com/en_gl/future-consumer-index)

## Questions specifically on China's live commerce and CGB

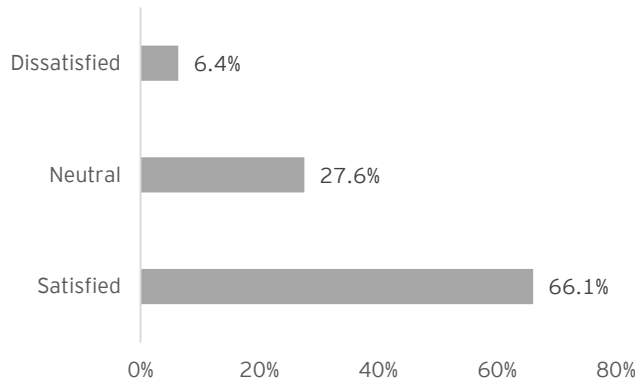
### Q1.

What is your experience shopping through a live broadcast?



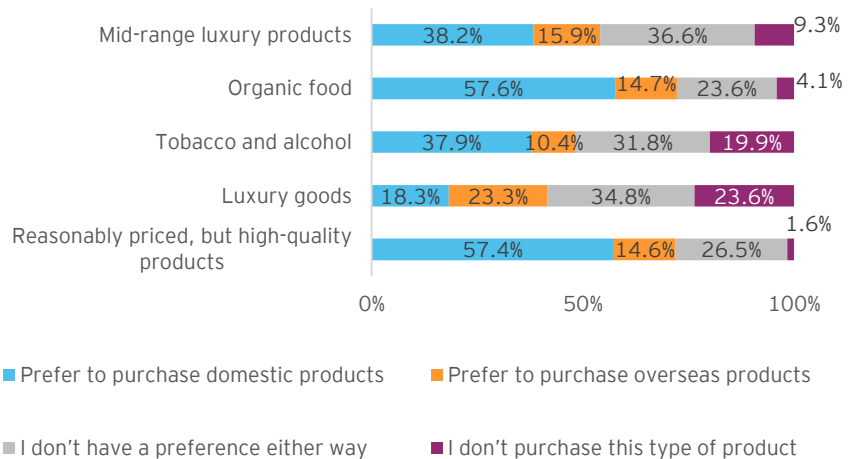
### Q2.

How satisfied were you overall with the live broadcast shopping experience?



### Q3.

In which category would you purchase domestic products?



Remark: Percentages may not add up to 100 due to rounding  
Source: EY Future Consumer Index

## Questions specifically on China's live commerce and CGB

### Q4.

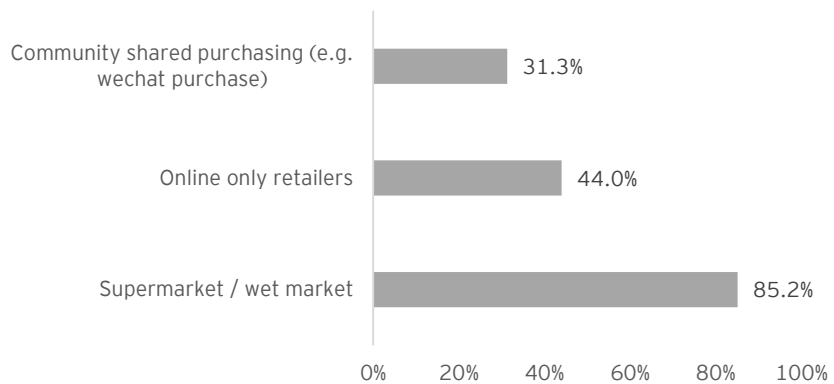
For luxury goods, where do you think you will primarily shop in the future?



### Q5.

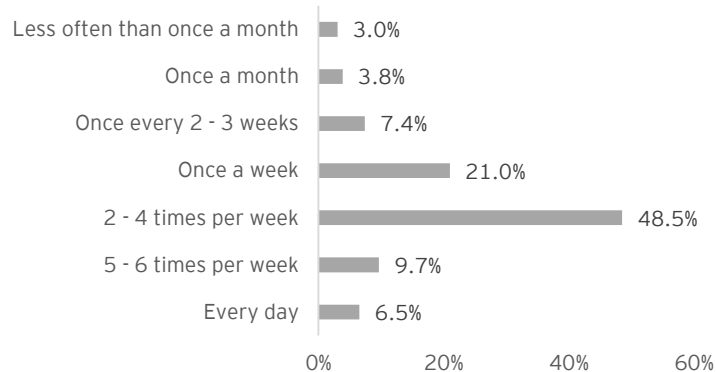
When shopping for groceries, where do you usually shop?

Note: This was a multiple-choice question where the user could select multiple answers. Therefore, the total will not add to 100%.



### Q6.

How often do you visit the supermarket?

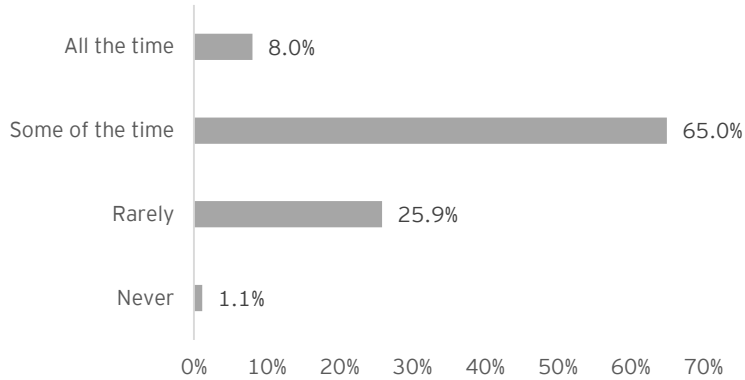


Remark: Percentages may not add up to 100 due to rounding  
Source: EY Future Consumer Index

## Questions specifically on China's live commerce and CGB

### Q7.

How often do you purchase supermarket house brand or other brand products?



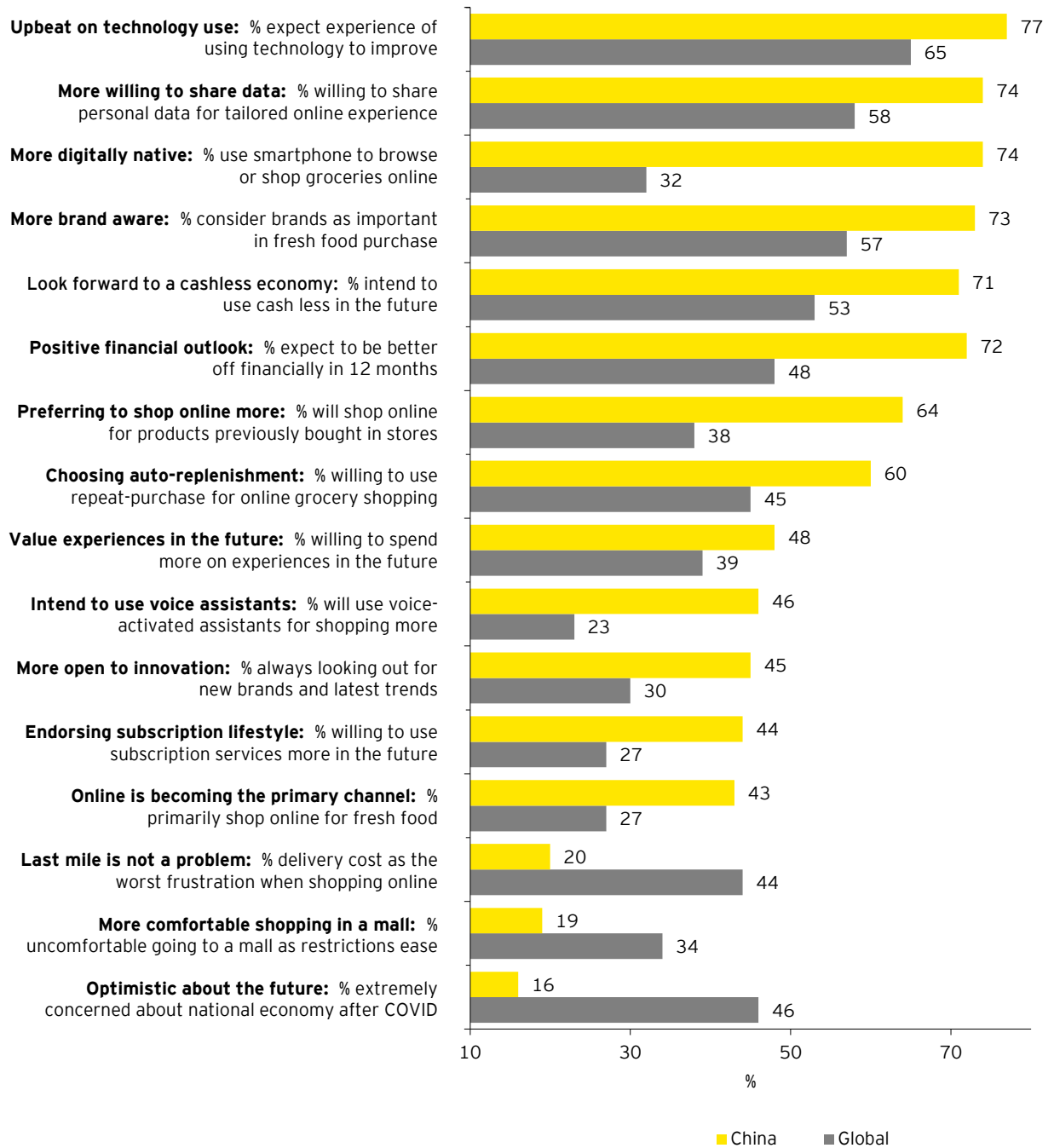
### Q8.

Which of the following applies to you in relation to community shared purchasing (e.g. wechat purchase)?



Remark: Percentages may not add up to 100 due to rounding  
Source: EY Future Consumer Index

## The unique perspectives of the China consumers



Source: EY Future Consumer Index



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