



# China's Connected Consumers 2016

***A mobile evolution***



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## About this Survey

KPMG International commissioned Intuit Research to conduct an online survey of global consumers on their current and future online shopping behaviours and preferences. In total, 18,340 qualified surveyed responses were received. The respondents are located in more than 56 countries, and each had purchased at least one consumer product online in the past 12 months.

Out of the global surveyed responses, 2,560 were from China. This report analyses the findings from these specific respondents.

In addition to examining the online shopping behaviours and decision processes of the respondents, the survey also explored their future plans for online purchases, preferences for payment options, and factors affecting their attitudes towards the companies they buy from.

# EXECUTIVE SUMMARY



**Jessie Qian**  
Head of Consumer  
Markets (China),  
KPMG China

China is at the forefront of mobile evolution in e-commerce. As smartphone penetration among consumers continues to grow, e-commerce is fast transforming into mobile commerce, or 'm-commerce'. Take last year's Singles' Day festival for example, where Alibaba reported record high total mobile sales. We expect this year's Singles' Day to produce figures in line with this positive trend.

Our latest *China's Connected Consumers* report reveals that China has established itself as a major player in the digital era. The annual report, now in its third year, has tracked and discussed the behaviours and preferences of China's consumers, and we are clearly seeing signs of a mobile evolution. More than 90 percent of the China respondents in our study made at least one online purchase using a smartphone in the past 12 months. This is a staggering figure, especially when compared to other markets – especially the US and UK – where consumers made purchases with their smartphones far less frequently.

The dramatic rise in online and mobile activity points to a Chinese consumer who is increasingly sophisticated, influential and hungry for information. The average consumer also has a higher propensity to spend, and expects to be able to shop for a greater variety of products.

Importantly, the survey also finds that Chinese consumers are extremely connected, and actively interact with brands and each other on the internet. This is bringing the importance of digital media and online platforms to the fore.

On the other hand, our survey finds that consumers also regularly visit brick-and-mortar stores. This underscores the need for brands to focus on both online and offline platforms and create effective online-to-offline strategies to adapt to changing consumer demand and remain competitive.

Interestingly, the survey shows that payment options is an important factor for consumers in deciding which company or website to buy from when shopping online. Our study finds that bank credit cards and Alipay are still likely to be the preferred method of payment in the near future, while payment options provided by messaging platforms are gaining in prominence. Most notably, consumers in China expect to pay with cash less frequently in the coming year, indicating that cards and electronic payment mechanisms are becoming the norm.

The internet is not just a convenient place for consumers to research and purchase items. It is also a popular avenue for shoppers to share their feedback via social media channels post-purchase. Our survey finds that consumers in China are much more vocal than in 2015 about sharing their opinions on their purchase online. With high consumer engagement on online platforms, social media is becoming an essential and influential tool for brands to keep consumers updated on their products and services, as well as to win new customers.

With smartphone use in China skyrocketing, we expect m-commerce to increasingly become the norm. We see a number of multinational companies looking to secure an online footprint in China to capitalise on the m-commerce boom. It is vital that companies understand both the value and potential of digital platforms, and openly embrace the mobile evolution. They must therefore look to provide consumers with a truly integrated and connected experience throughout the entire shopping journey – from initial product research, to purchase, final payment and post-purchase feedback.

## 01

## Mobile evolution in China



“ Nearly a quarter of China’s consumers prefer to use mobile phones to make their online purchases, compared to 5.2 percent and 8.5 percent of consumers in the US and globally, respectively. ”

As China’s online retail market soars to new heights, smartphone penetration among consumers is also rapidly increasing, essentially transforming e-commerce into mobile commerce (m-commerce). The impact m-commerce is having in China is evident from last year’s Singles’ Day festival, where Alibaba recorded total mobile sales of approximately USD 9.8 billion (RMB 62.6 billion), representing 68.7 percent of total sales in 2015, and a 158 percent increase in total mobile sales from 2014<sup>1</sup>. A number of multinational companies are actively seeking to secure an online footprint in China to capitalise on the m-commerce boom.

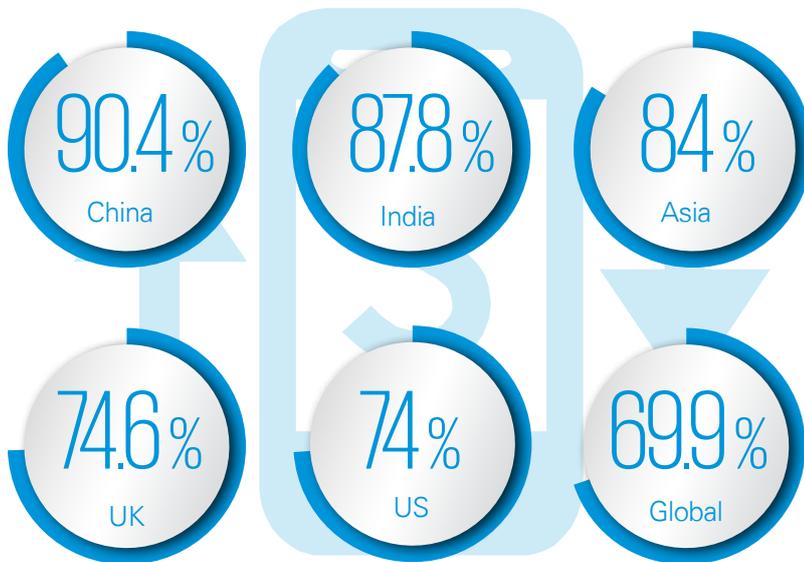
One of the drivers for m-commerce growth is that consumers in China have a high level of confidence in the security of third-party payments. In addition, e-commerce is making shopping more convenient and accessible to consumers in China – especially those in third or fourth tier cities, who may not have much access to physical stores.

Our survey results support the view that China’s consumers are leading the global transition towards m-commerce. In fact, more than 90 percent of the China respondents made at least one online purchase using a smartphone in the past 12 months. This is in stark contrast to other markets – especially the US (74%) and UK (74.6%) – where consumers made purchases with their smartphones less frequently (see Figure 1.1). This is also higher than the Asian average of 84 percent, as well as India (87.8%), another high-growth economy. In addition, nearly half the China respondents purchased a product online at least two to three times a month in the past year, dwarfing the global average of 27.9 percent (see Figure 1.2).

China’s flourishing online and mobile markets have been aided by the country’s steady GDP growth rate of 6.7 percent this year, which has been largely driven by consumption. According to data from the National Bureau of Statistics (NBS), consumption contributed to 66.4 percent of China’s GDP in 2015, up 15.4 percentage points from 2014. Furthermore, Beijing’s 13th Five-Year Plan aims to continue this trend through supply-side reforms to provide better goods, boost online shopping and stimulate the service sector. Through this government-backed strategic focus on stimulating domestic consumption, e-commerce is undoubtedly becoming a new growth engine.

1. 'Alibaba Group Generated USD 14.3 billion of GMV on 2015 11.11 Global Shopping Festival', Alibaba Group, 12 November 2015, <http://alibabagroup.com/en/news/article?news=p151112>

► **Figure 1.1 : Consumers who used a smartphone at least once to make an online purchase in the past 12 months**



“ More than 90 percent of the China respondents made at least one online purchase using a smartphone in the past 12 months. ”

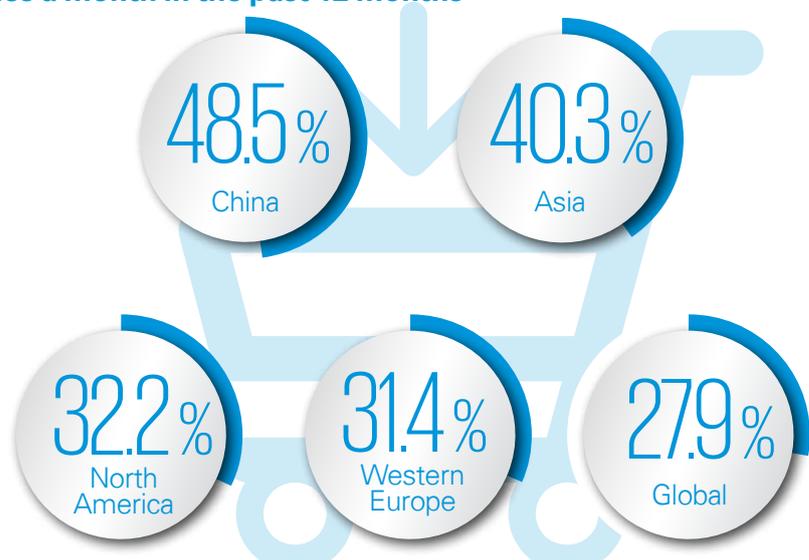
Source: KPMG Survey analysis, 2016

“Some people say e-commerce doesn’t contribute to economic growth because people stop going to malls and buy cheaper goods online. On the contrary, e-commerce is making a lot of positive contributions to the economy,” says Jessie Qian, Partner-in-charge of Consumer Markets at KPMG China. “E-commerce is bringing goods to consumers in a more convenient and cost-effective way, and is a very meaningful channel to increase domestic consumption. Three or four years ago, some companies in China might not have been 100 percent sure about the value of e-commerce. But now, FMCG manufacturers and retailers view it as essential, and we see a lot of our clients putting very high growth targets into e-commerce.”

NBS data also shows that total retail sales of consumer goods reached RMB 30.09 trillion in 2015 – an increase of 10.7 percent from 2014 – while online retail sales jumped 33.3 percent year-on-year to hit RMB 3.88 trillion in 2015<sup>2</sup>. The findings from this survey indicate that this momentum is set to continue in China’s booming e-commerce market, especially as domestic marketplaces such as Alibaba and JD.com become more prominent. According to Alibaba, total sales on Singles’ Day last year was USD 14.3 billion (RMB 91.2 billion), a whopping 60 percent increase compared to 2014. We expect this positive trend to continue this year as China’s consumers rapidly enter the Digital age. Building on this momentum, Alibaba recently announced plans to launch a number of pilot programmes for Singles’ Days shoppers, including one in Hong Kong.

“ Nearly half the China respondents purchased a product online at least two to three times a month in the past year, dwarfing the global average of 27.9 percent. ”

► **Figure 1.2 : Consumers who purchased a product online at least 2-3 times a month in the past 12 months**



Source: KPMG Survey analysis, 2016

<sup>2</sup> ‘China’s Economy Realized a Moderate but Stable and Sound Growth in 2015’, National Bureau of Statistics of China, 19 January 2016, [http://www.stats.gov.cn/english/PressRelease/201601/t20160119\\_1306072.html](http://www.stats.gov.cn/english/PressRelease/201601/t20160119_1306072.html)

The meteoric rise in online and mobile activity points to a Chinese consumer that is increasingly sophisticated, hungry for information, more likely to spend and keen on accessing a greater variety of products. The survey finds that consumers opt to shop online primarily because of the ability to shop at all hours, compare prices and secure better deals, as well as the convenience of not having to travel to a physical store. Although desktops and laptops are still the most commonly used devices for shopping, with smartphone use in China skyrocketing (see Figure 1.3), we expect m-commerce to become the preferred medium for many consumers throughout their entire shopping journey, encompassing initial product research, purchase and final payment, as well as post-purchase feedback.

The survey also finds that Chinese consumers are actively interacting with brands and each other on the internet. This is bringing digital media to the fore, and companies operating in China need to embrace the growing influence of m-commerce and carefully develop strategies to enhance the overall shopping experience for consumers.

### ▶▶ Figure 1.3 : A mobile evolution

China's consumers have firmly entered the mobile era. According to data from the Ministry of Industry and Information Technology (MIIT), China's mobile users exceeded 1.3 billion at the end of 2015, with 29.6 percent of them using 4G<sup>3</sup>. Furthermore, China sold 457 million smartphones in 2015, up 17.7 percent from 2014<sup>4</sup>.

Market research company eMarketer estimates that mobile commerce sales accounted for almost half the share of e-commerce sales in 2015<sup>5</sup>. This year, retail mobile commerce sales in China are forecasted to grow by 51.4 percent to account for 55.5 percent of retail ecommerce sales in the country in 2016. By 2019, mobile users in China are expected to spend nearly \$1.5 trillion on mobile commerce.

Retail m-commerce sales in China, 2014-2019						
	2014	2015	2016	2017	2018	2019
Retail m-commerce sales (billions)	\$180.40	\$333.99	\$505.74	\$737.07	\$1,039.84	\$1,410.72
% change	211.5%	85.1%	51.4%	45.7%	41.1%	35.7%
% of retail ecommerce sales	38.1%	49.7%	55.5%	61.0%	66.3%	71.5%
% of total retail sales	4.7%	7.9%	10.9%	14.5%	19.0%	24.0%

Source: eMarketer

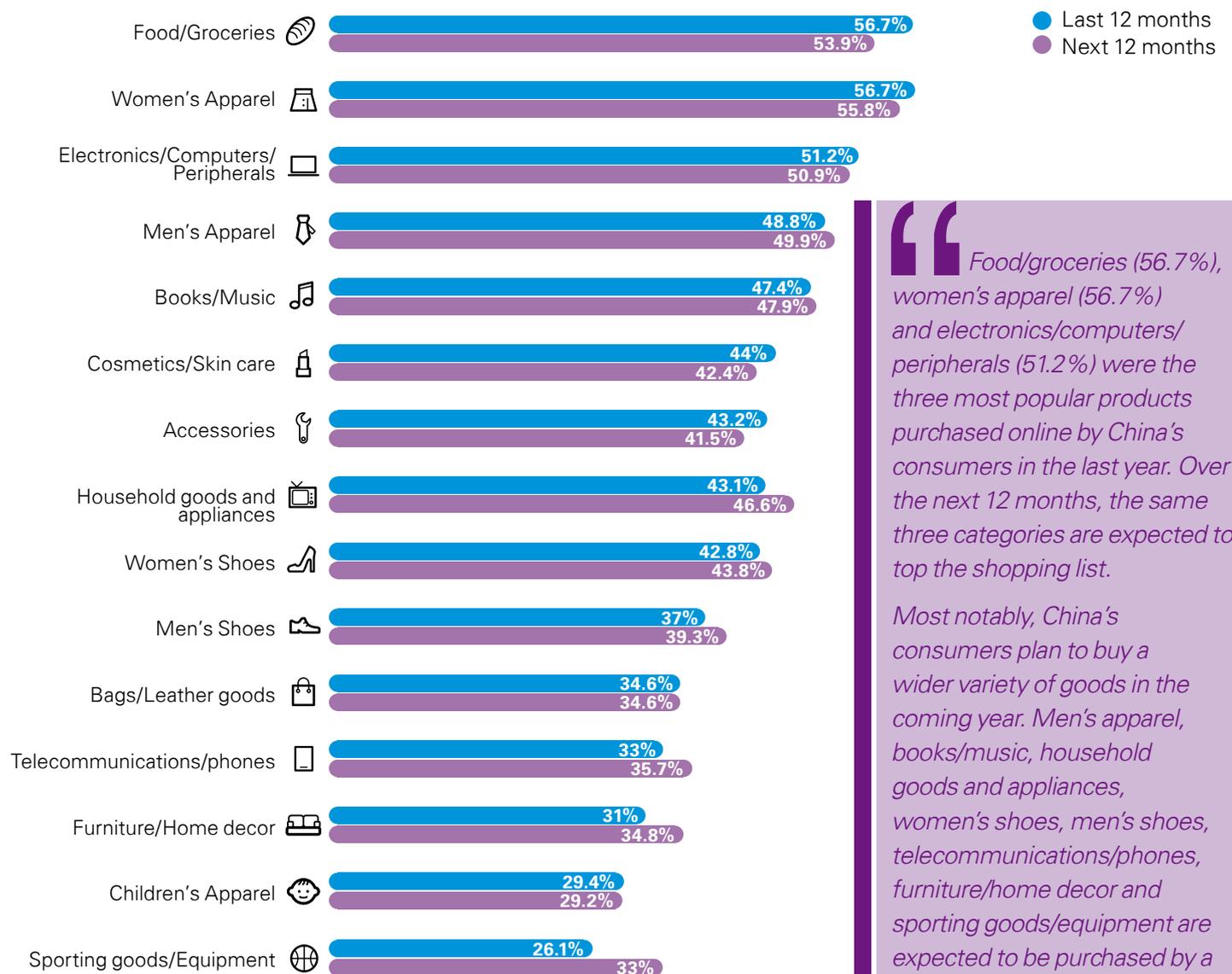
**Note:** Converted at exchange rate of US\$1 = RMB 6.15. Includes products or services ordered using the internet via mobile devices, regardless of the method of payment or fulfillment. Includes sales on tablets. Excludes travel and event tickets. Excludes Hong Kong.

3. '2015 operations report for the telecommunication industry', MIIT, 21 January 2016, <http://www.miit.gov.cn/n1146312/n1146904/n1648372/c4620679/content.html>

4. 'Notice of the Ministry of Industry and Information Technology on the Quality of Telecommunications Services (No. 1 of 2016)', MIIT, 28 January 2016, <http://www.miit.gov.cn/n1146285/n1146352/n3054355/n3057709/n3057719/c4625586/content.html>

5. 'Ecommerce Turns into Mcommerce in China', eMarketer, 23 March 2016, <http://www.emarketer.com/Article/Ecommerce-Turns-Mcommerce-China/1013736>

▶▶ **Figure 1.4 : Most popular products purchased online by China's consumers**



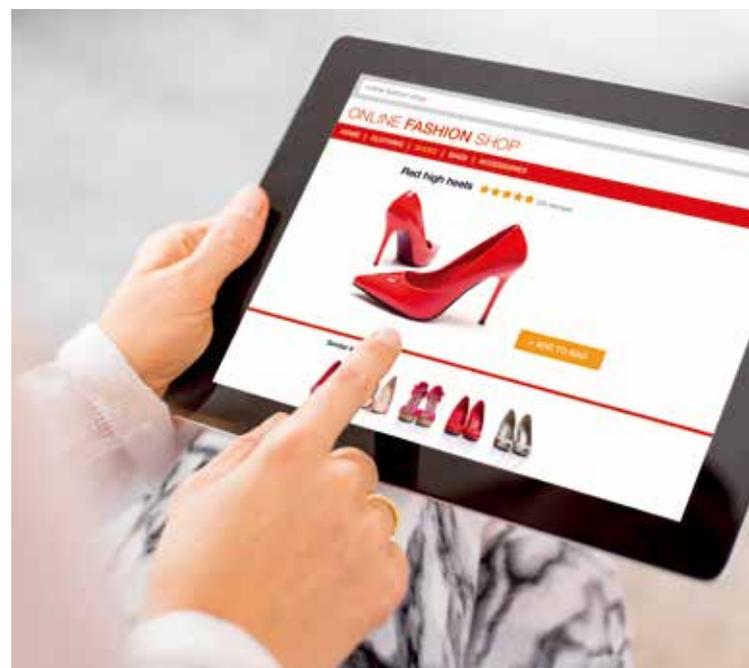
Source: KPMG Survey analysis, 2016

Food/groceries (56.7%), women's apparel (56.7%) and electronics/computers/peripherals (51.2%) were the three most popular products purchased online by China's consumers in the last year. Over the next 12 months, the same three categories are expected to top the shopping list.

Most notably, China's consumers plan to buy a wider variety of goods in the coming year. Men's apparel, books/music, household goods and appliances, women's shoes, men's shoes, telecommunications/phones, furniture/home decor and sporting goods/equipment are expected to be purchased by a greater number of shoppers.

E-commerce is bringing goods to consumers in a more convenient and cost-effective way, and is a very meaningful channel to increase domestic consumption. Three or four years ago, some companies in China might not have been 100 percent sure about the value of e-commerce. But now, FMCG manufacturers and retailers view e-commerce as essential, and we see a lot of our clients putting very high growth targets into e-commerce.

**Jessie Qian,**  
Head of Consumer Markets (China),  
KPMG China



# 02 Preparation and research

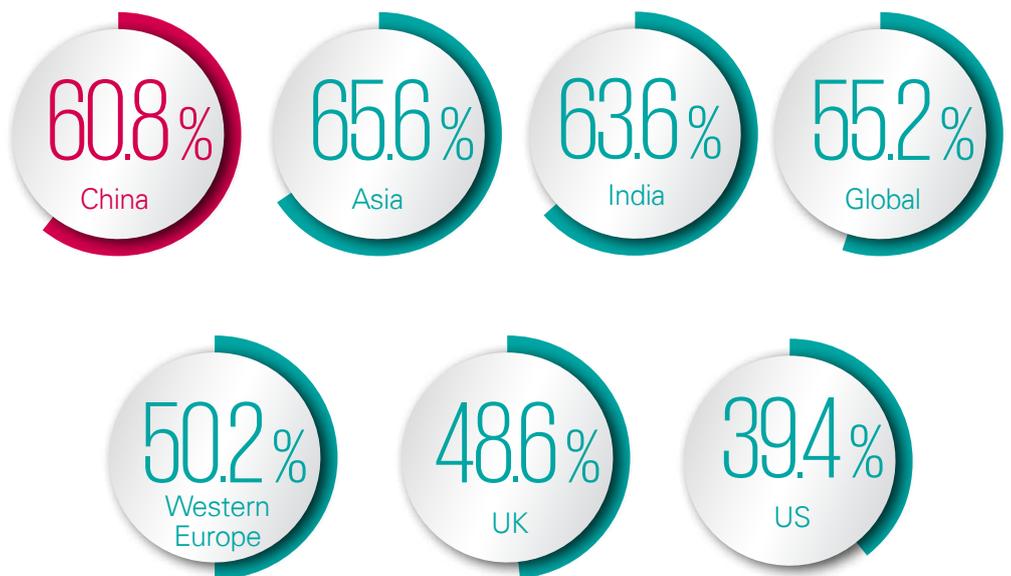


While consumers in China frequently research and purchase products online, our survey finds that they also regularly visit brick-and-mortar stores. As a result, companies are increasingly recognising the need to focus on both online and offline platforms and create a truly integrated omni-channel shopping experience.

When researching their potential purchase, our study shows that China's consumers predominantly choose to browse online. Nearly two-thirds of the survey respondents went online to search for reviews and recommendations when researching products, with a significant number also visiting the company's website (see Figure 2.1). In comparison, 48.6 percent and 39.4 percent of the survey respondents from the UK and the US, respectively, conducted an online search. However, more consumers in India (63.6%) – and in Asia (65.6%) in general – research products online than in China. Importantly, the results show that even if consumers end up buying a product at a physical store, a majority of them will have explored websites and compared prices online before making their purchase.

▶▶ **Figure 2.1 : Consumers who did an online search for reviews and recommendations when researching products**

“ Nearly two-thirds of the China survey respondents went online to search for reviews and recommendations when researching products, with a significant number also visiting the company's website. In comparison, 48.6% and 39.4% of the survey respondents from the UK and the US, respectively, conducted an online search. ”



Source: KPMG Survey analysis, 2016

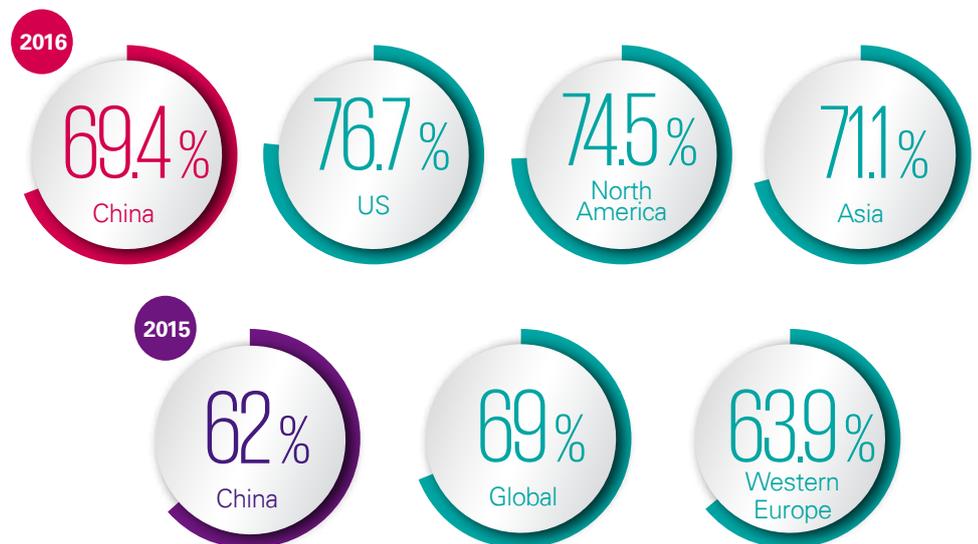


Furthermore, online research is not limited to the confines of the home or the workplace. In fact, nearly 70 percent of the China respondents have looked up a product on their smartphone or tablet while in a physical shop, further underpinning the convergence of the online and offline worlds. While this finding is in line with the global average, a larger number of consumers in China research products on their smartphones while in a physical shop compared to last year (see Figure 2.2).



►► **Figure 2.2 : Consumers who have looked up a product on their smartphone while in a physical shop**

“ Nearly 70 percent of the China respondents have looked up a product on their smartphone or tablet while in a physical shop. While this finding is in line with the global average, a larger number of consumers in China research products on their smartphones while in a shop compared to last year. ”



Source: KPMG Survey analysis, 2016

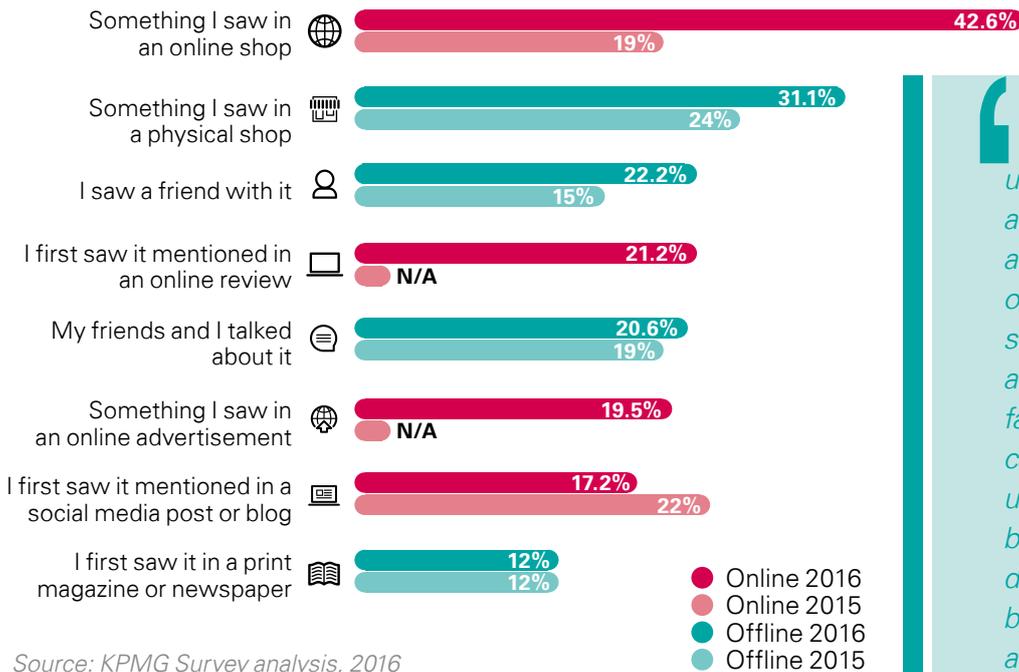
Given the convergence of digital and physical shopping channels in China, brands and retailers need to devise an effective online-to-offline (O2O) strategy to adapt to changing consumer preferences and remain competitive. Retailers that develop platforms with both online and offline elements are best positioned to provide the best consumer experience. For those who find it more convenient to shop on the internet, an online platform can supplement their entire shopping journey. On the other hand, some shoppers prefer to use online platforms as a source of information and price comparisons, before going to a physical store to test out products before making a purchase.

# 03 Purchase



Creating a comprehensive O2O strategy is vital as our survey finds that consumers in China are influenced by both online and offline factors when deciding what to buy. Compared to last year, the number of consumers who bought a product after seeing it in an online shop increased from 19 percent to 42.6 percent this year (see Figure 3.1). Similarly, 31.1 percent of consumers were triggered by something they saw in a physical shop, up from 24 percent last year. The findings underscore the need for brands to not only focus on developing online platforms, but to also establish a strong physical presence where buyers can touch, feel and experience the products. As highlighted in last year's report, as proof of this trend, we continue to see a number of online platforms launching pop-up shops in malls or cooperating with physical stores to give buyers a real world experience of their products.

▶▶ **Figure 3.1 : Main triggers for online purchasing in China**



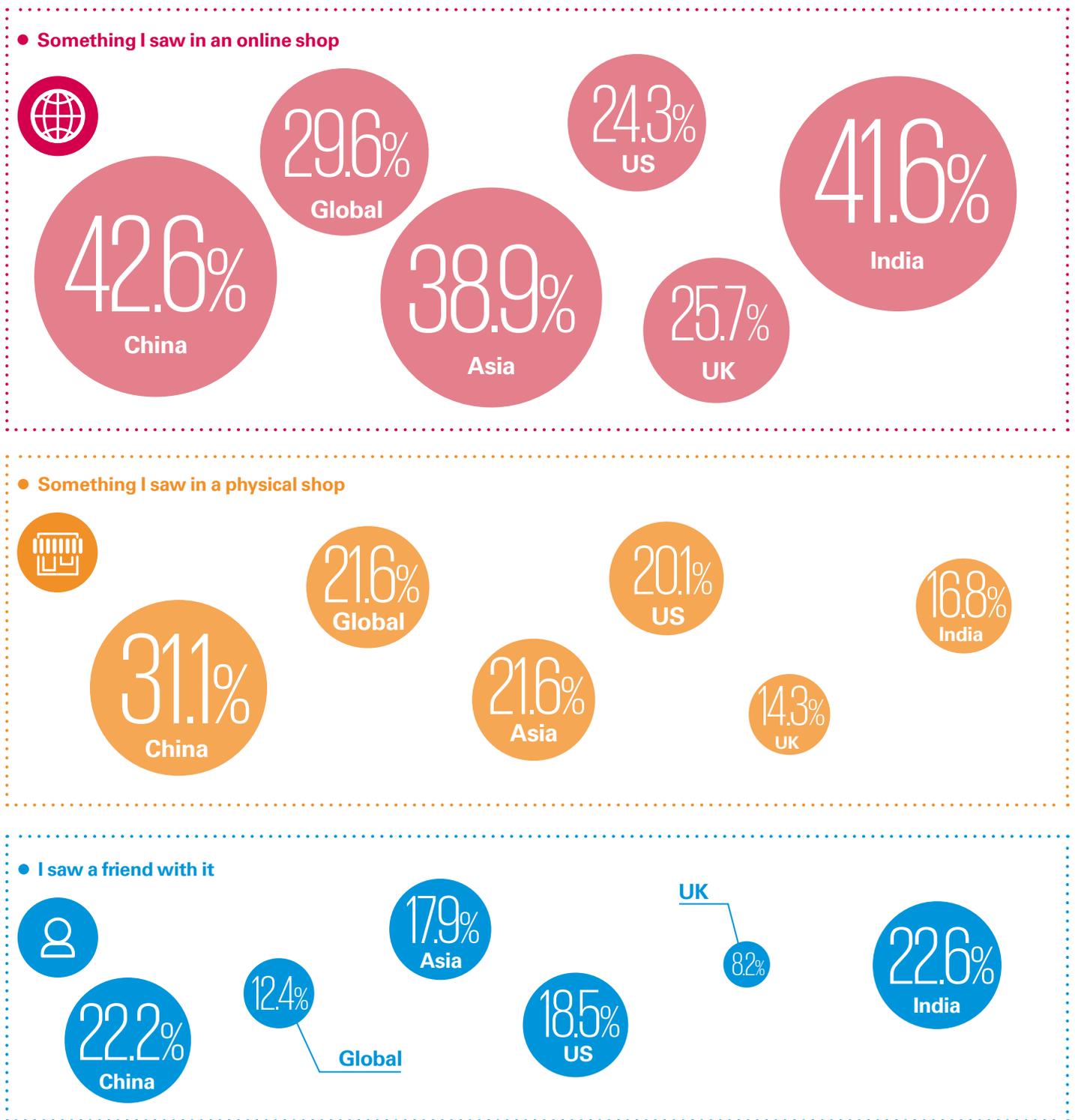
Source: KPMG Survey analysis, 2016

“ Today’s retail market is undergoing profound disruption and we are seeing technology advances in mobile, the power of analytics and demographic shifts reshaping our markets and the competitive landscape faster than many companies can respond. The findings underscore the need for brands to not only focus on developing online platforms, but to also ensure they have a strong physical presence with the likes of pop-up shops where buyers can touch, feel and experience the products. To be in the forefront, retailers need to take steps to transform their companies into digital-first, customer centric and fully integrated omni businesses.”

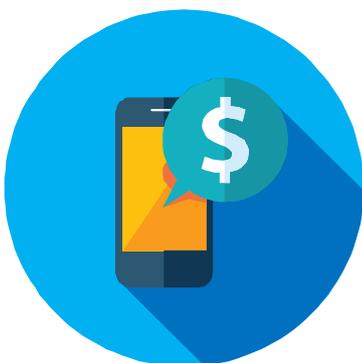
**Anson Bailey,**  
 Head of Consumer Markets  
 (Hong Kong), KPMG China



►► Figure 3.2 : Regional comparison of the top three triggers for online purchasing



Source: KPMG Survey analysis, 2016

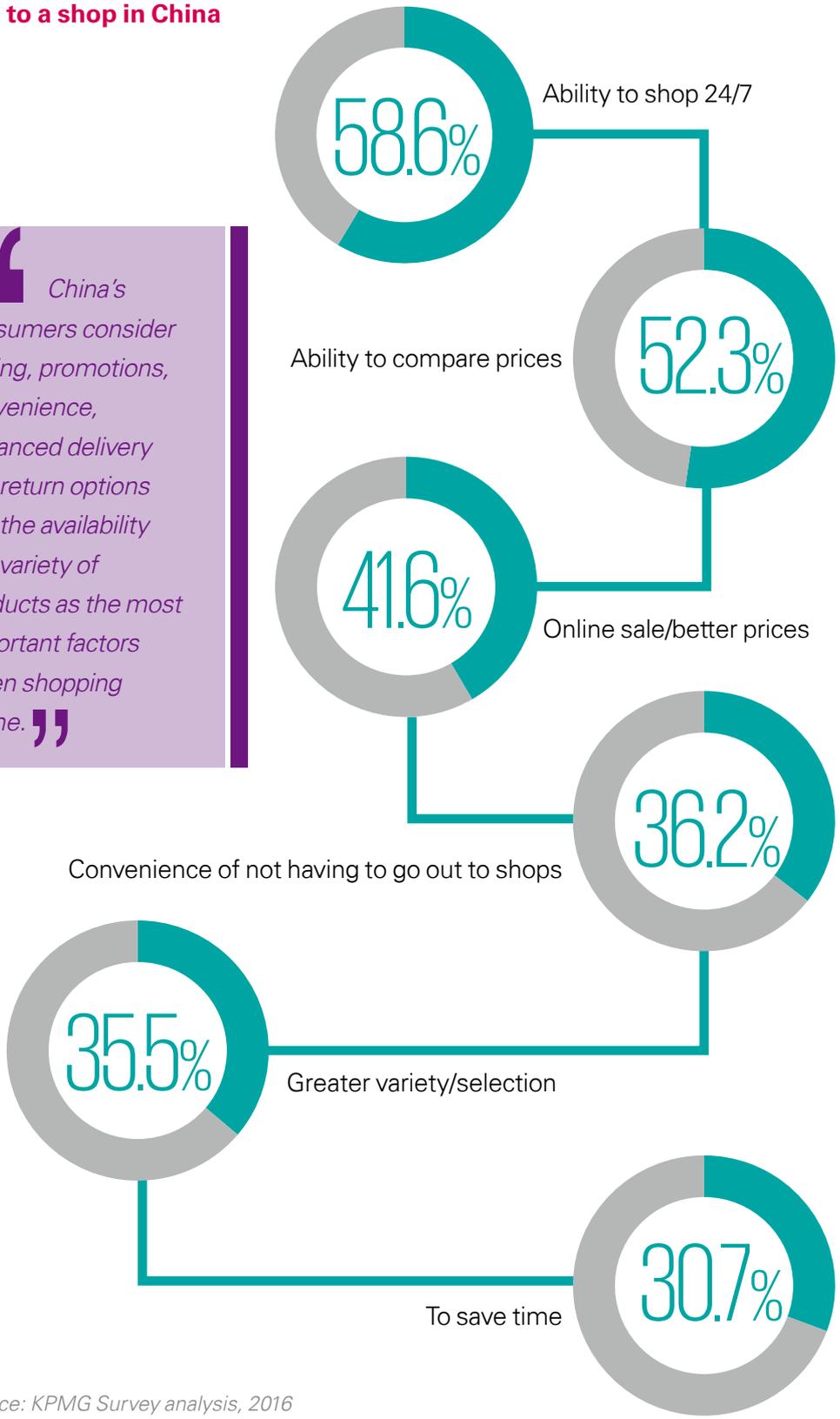


“ Compared to last year, the number of Chinese consumers who bought a product after seeing it in an online shop increased from 19 percent to 42.6 percent this year. Similarly, 31.1 percent of consumers were triggered by something they saw in a physical shop, up from 24 percent last year. ”

When it comes to purchasing goods, our survey finds that China's consumers consider pricing, promotions, convenience, enhanced delivery and return options and the availability of a variety of products as the most important factors when shopping online (see Figures 3.3 and 3.4). They also want to know as much information about the product as possible before making a purchase, and value service, experience and the atmosphere when choosing where to shop.

▶▶ **Figure 3.3 : The top reasons for buying a product online rather than going to a shop in China**

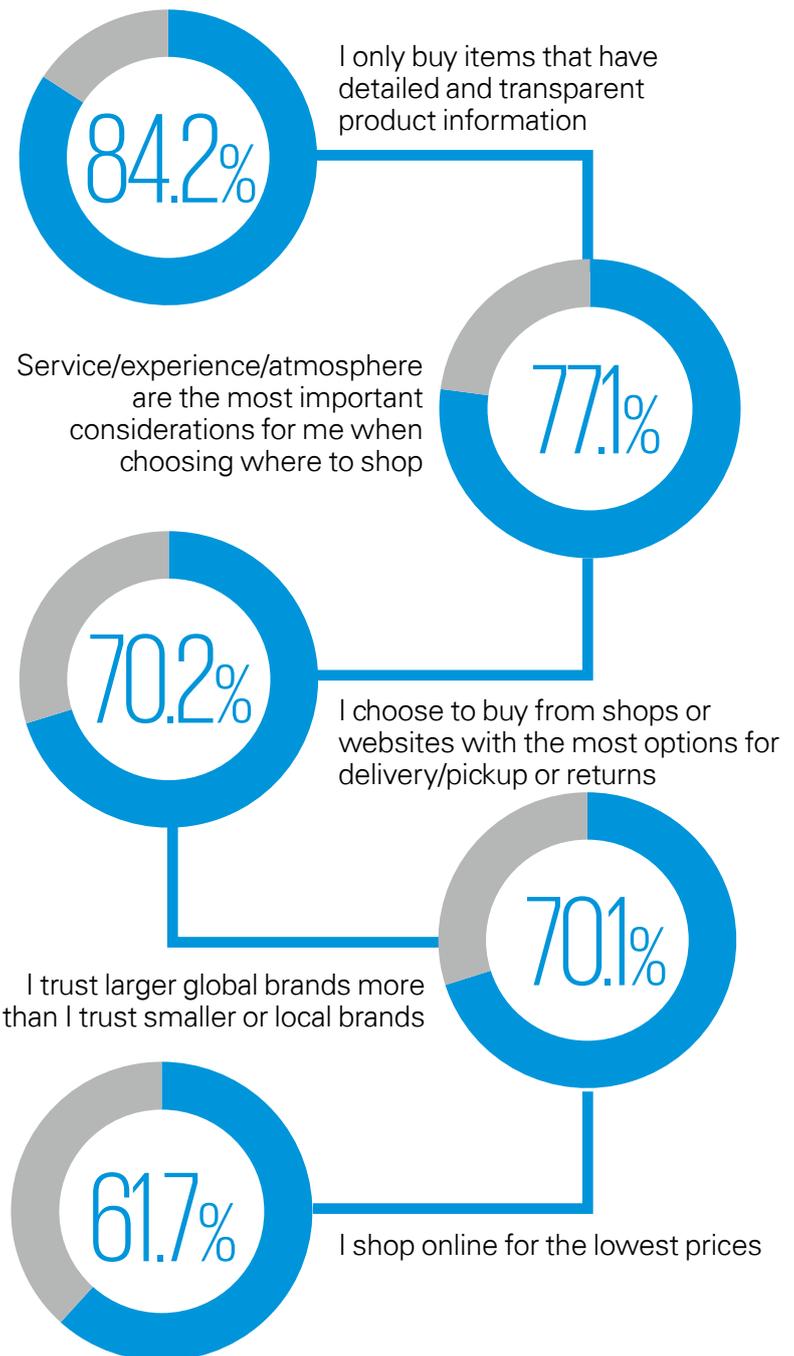
“ China's consumers consider pricing, promotions, convenience, enhanced delivery and return options and the availability of a variety of products as the most important factors when shopping online. ”



Source: KPMG Survey analysis, 2016



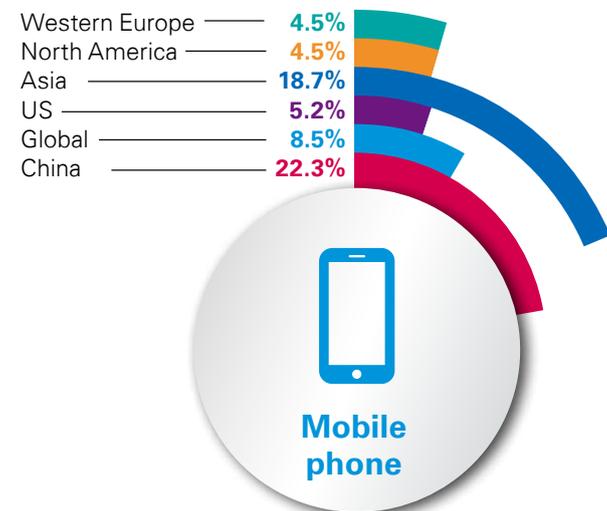
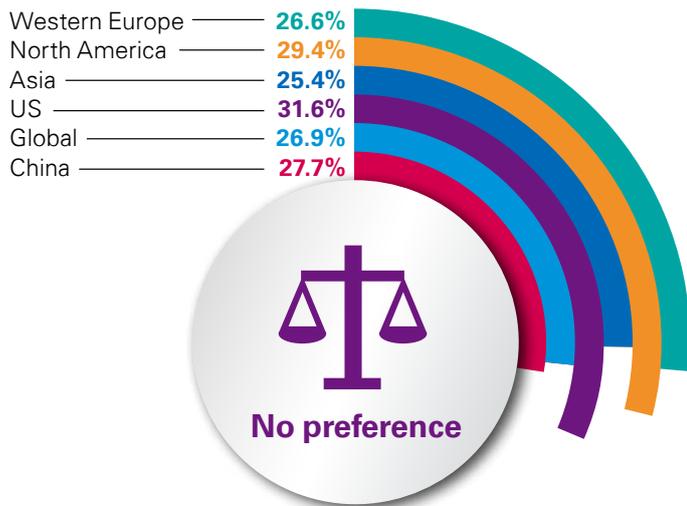
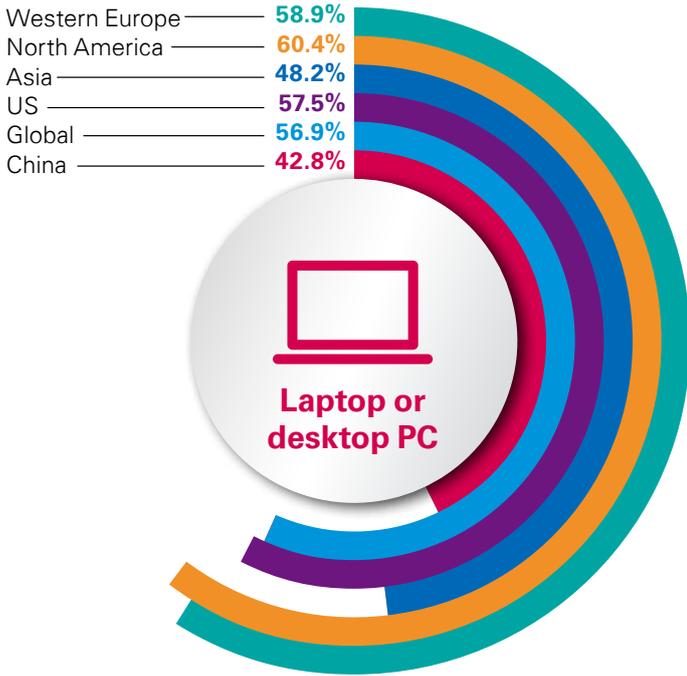
▶▶ **Figure 3.4 : Key drivers when shopping for products online in China**



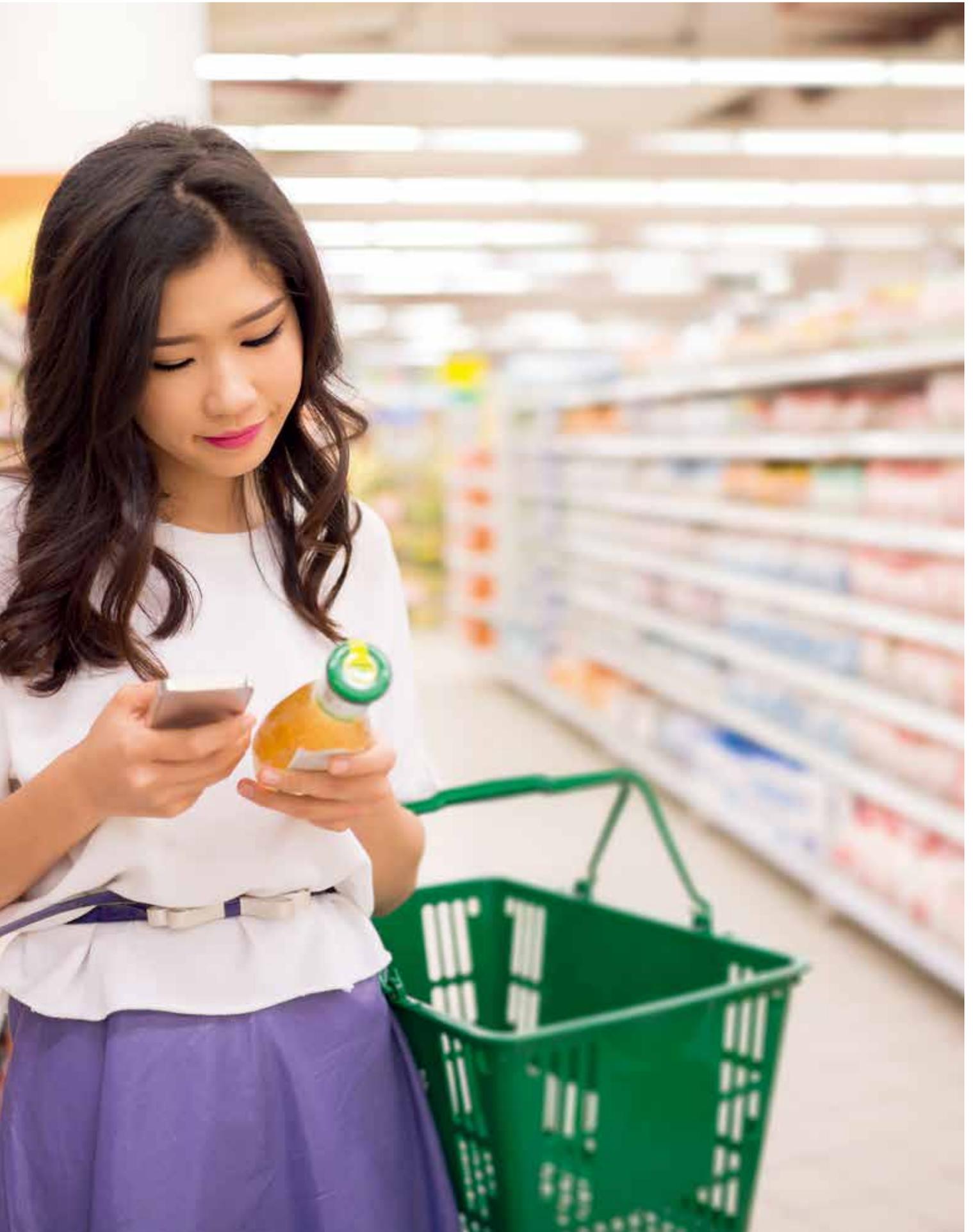
Source: KPMG Survey analysis, 2016

While laptops or desktop PCs are still the most prevalent device of choice to make online purchases, mobile phones are gaining traction. Nearly a quarter of China's consumers prefer to use mobile phones to make their online purchases, compared to 5.2 percent and 8.5 percent of consumers in the US and globally, respectively (see Figure 3.5). In fact, more than 90 percent of the China respondents said that they had used a smartphone to make an online shopping transaction in the past 12 months.

▶▶ **Figure 3.5 : Preferred device to use for online purchases**



Source: KPMG Survey analysis, 2016



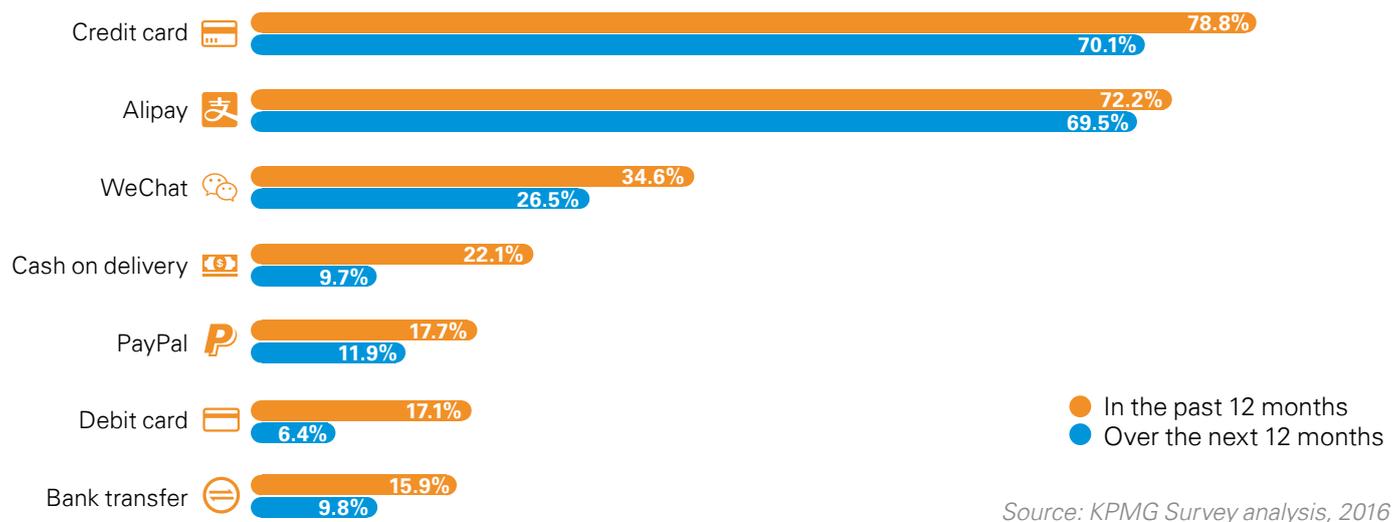
# 04 Payment



Since the middle of last year, foreign companies have been able to apply for licences for bank card clearing businesses. We expect to see more competition between the local and international players in the market for e-commerce payments.

Interestingly, the survey shows that about a third of consumers find payment options the most important factor in deciding which company or website to buy from when shopping online. Bank credit cards and Alipay are the most preferred means of payment for e-commerce transactions, while some consumers are also starting to use payment options provided by messaging platforms, such as WeChat, Sina Weibo and Tenpay. Together, these three brands take up 47.5 percent according to the survey, and are gaining prominence in China's payment market.

▶▶ **Figure 4.1 : Top methods used to pay for online purchases in China**



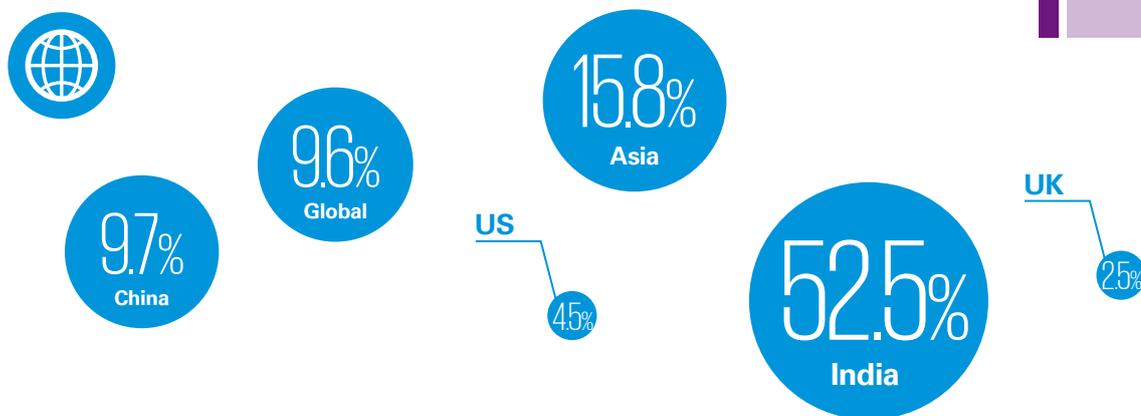
Over the next 12 months, bank credit cards and Alipay are still likely to be the preferred payment alternative to cash. Most notably, while cash on delivery was used relatively often as a means of payment over the past 12 months, consumers in all major markets expect to pay with cash less frequently in the coming year (see Figure 4.2). In China, only 9.7 percent of the survey respondents expect to use cash in the next 12 months, compared to 22.1 percent this year. Interestingly, more than half of India's surveyed consumers still use cash to settle payments, although this figure is expected to drop from 65.9 percent to 52.5 percent in the coming year. Furthermore, while the number of consumers using Alipay is projected to remain steady, the decrease in consumers planning to pay for goods with cash suggests that other cards and electronic payment methods are becoming the norm. One reason for this is that consumers in China have greater confidence in the security of third-party payments compared to their counterparts in the West, says KPMG China's Qian. "Furthermore, credit cards have not been readily available for some Chinese consumers, so third-party mechanisms are becoming an alternative way of making payments in a convenient and secure environment," adds Qian.

▶▶ **Figure 4.2 : Past and expected use of cash on delivery to pay for online purchases**

● 2015



● 2016

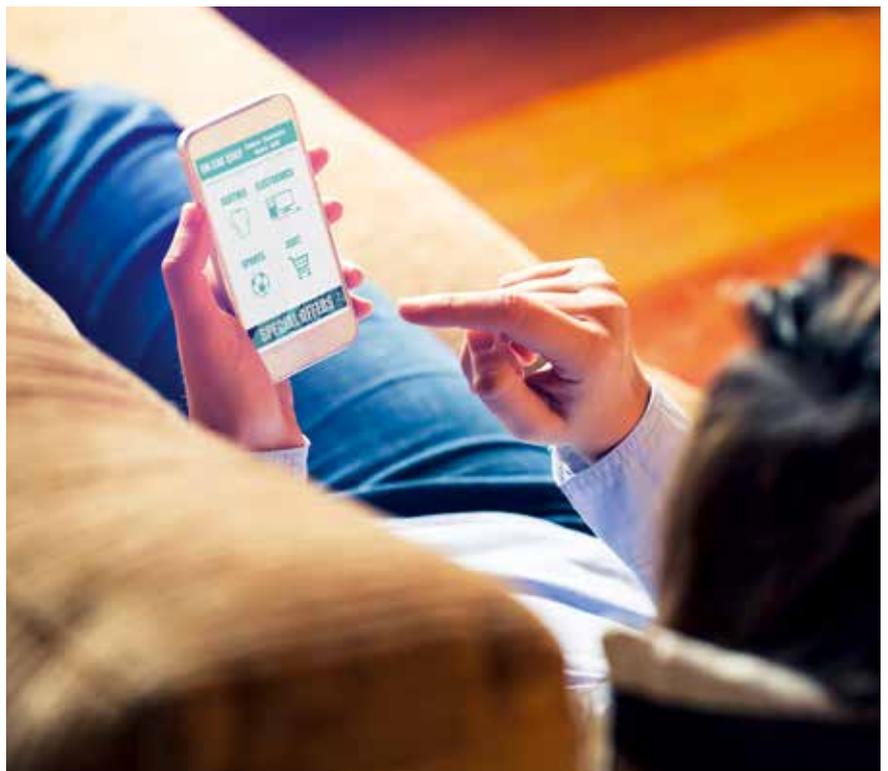


“ Consumers in all major markets expect to pay with cash less frequently in the coming year. In China, only 9.7 percent of the survey respondents expect to use cash in the next 12 months, compared to 22.1 percent this year. ”

Source: KPMG Survey analysis, 2016

“ Consumers in China have greater confidence in the security of third-party payments compared to their counterparts in the West. Furthermore, credit cards have not been readily available for some Chinese consumers, so third-party mechanisms are becoming an alternative way of making payments in a convenient and secure environment. ”

**Jessie Qian,**  
**Head of Consumer Markets (China),**  
**KPMG China**



# 05 Post-purchase feedback



The internet is not just an essential and convenient place for consumers to research and purchase items. It is also becoming the preferred avenue for shoppers to share their feedback post-purchase. Our survey shows that more than half of the China respondents share their purchase, views, opinions or other feedback online, with a large proportion of them choosing to do this on the website where they bought their product from. In comparison, the global average is 30.7 percent, while 39.5 percent, 43.4 percent, 16.7 percent and 62.5 percent of consumers from the US, Asia, UK and India, respectively, share their views online. China's consumers are also much more vocal than last year, when only 41 percent of the respondents shared their feedback online.

►► **Figure 5.1 : Consumers who shared their purchase, views, opinions or other feedback online after buying a product**



“More than half of the China respondents share their purchase, views, opinions or other feedback online. In comparison, the global average is 30.7 percent, while 39.5 percent, 43.4 percent, 16.7 percent and 62.5 percent of consumers from the US, Asia, UK and India, respectively, share their views online.”

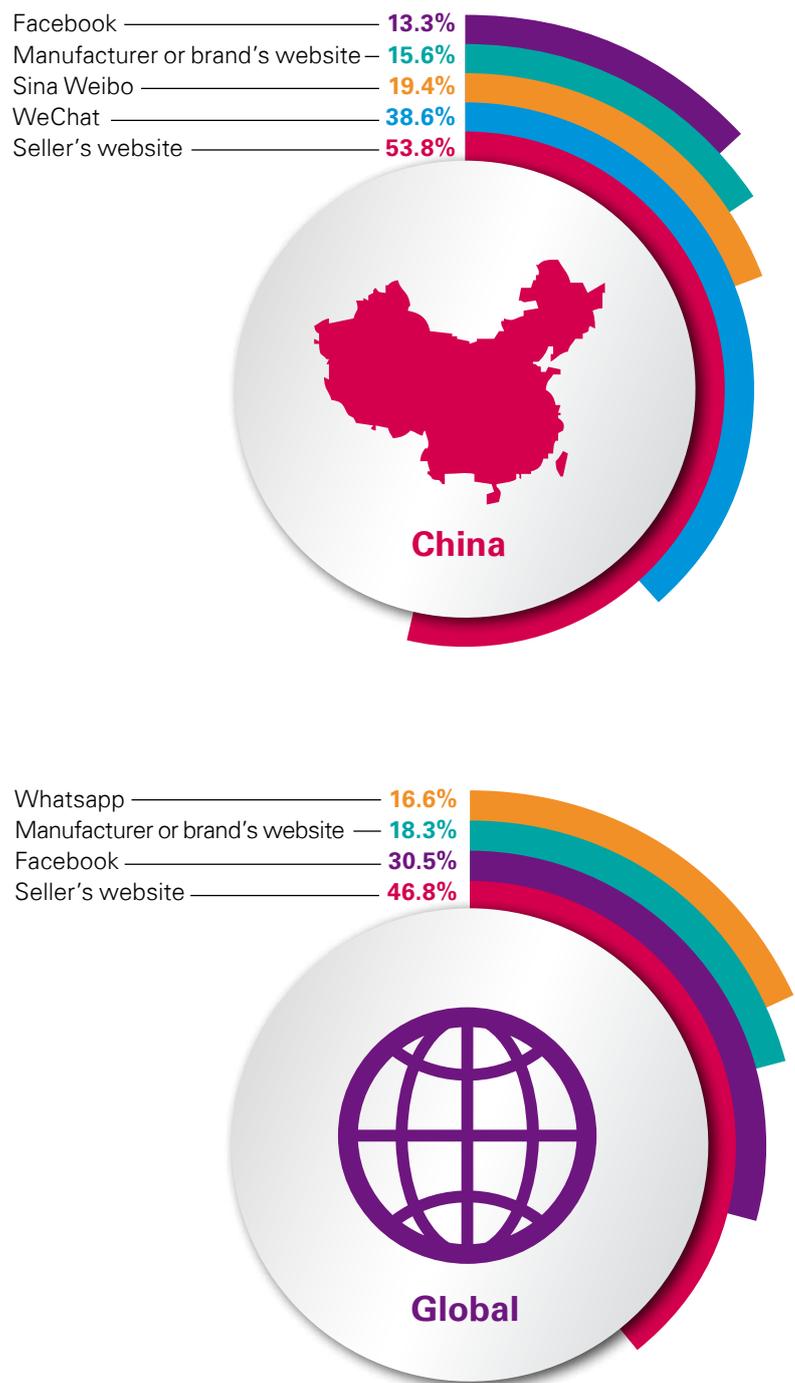
Source: KPMG Survey analysis, 2016

With consumers actively engaging with online platforms – and increasingly accessing these platforms through their smartphones – social media is becoming an essential and influential tool for companies to educate consumers on their products and services, as well as to win new customers.

The survey results further underscore the significance of social media, with nearly two in three consumers conducting online searches for reviews and recommendations during the research process, and more than a third speaking with their friends or family about the planned purchase.

Many brands are picking up on this trend, and are harnessing social media, championing brand ambassadors and winning celebrity endorsements as part of their O2O strategy to drive both online and offline sales. Some brands collaborate with Key Opinion Leaders (KOLs) – which include celebrities, industry experts and online bloggers – to help drive awareness and generate interest in the brand and its products. Furthermore, companies can also use data analytics technologies to track how much online traffic the KOLs generate and better predict their return on investment.

▶▶ Figure 5.2 : Top websites for sharing feedback



Source: KPMG Survey analysis, 2016

In order to thrive, it is becoming increasingly important that companies understand the value and potential of social media. Companies need to go beyond merely establishing a social media presence, and instead embed themselves in online communities by closely following social media patterns and trends, becoming more responsive to consumer feedback, and educating their existing and potential customers on their products and services.

# 06 Strategy

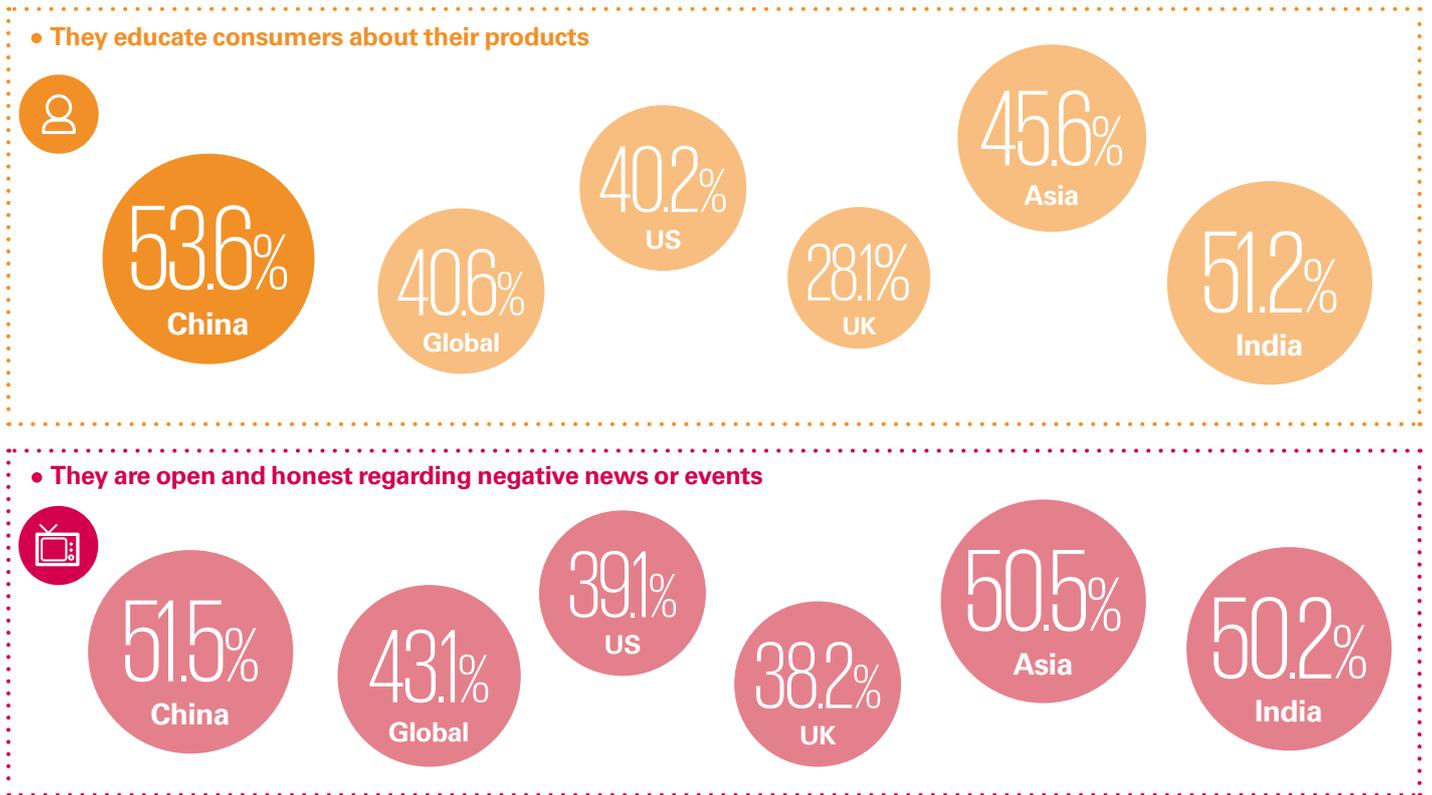
The consumer market in China is becoming increasingly competitive, with multinationals and local brands – each with their own strengths – vying for the same piece of the pie. Local brands nowadays sometimes have better market intelligence and distribution channels than foreign brands, and can often offer high quality products and better pricing. Coupled with the increasing purchasing power of the average Chinese consumer, the rapid urbanisation of China's population and Beijing's 13th Five-Year Plan strategy to spur domestic consumption, the retail market is bound to grow exponentially. To stay ahead of the competition, companies need to create a brand that consumers can trust, reward customers for their loyalty, foster innovation and regularly develop new and unique products. They should also seek to provide excellent customer support and offer exclusive promotions to loyal customers.

►► **Figure 6.1 : Which of the following types of companies are you most likely to be loyal to? One that:**

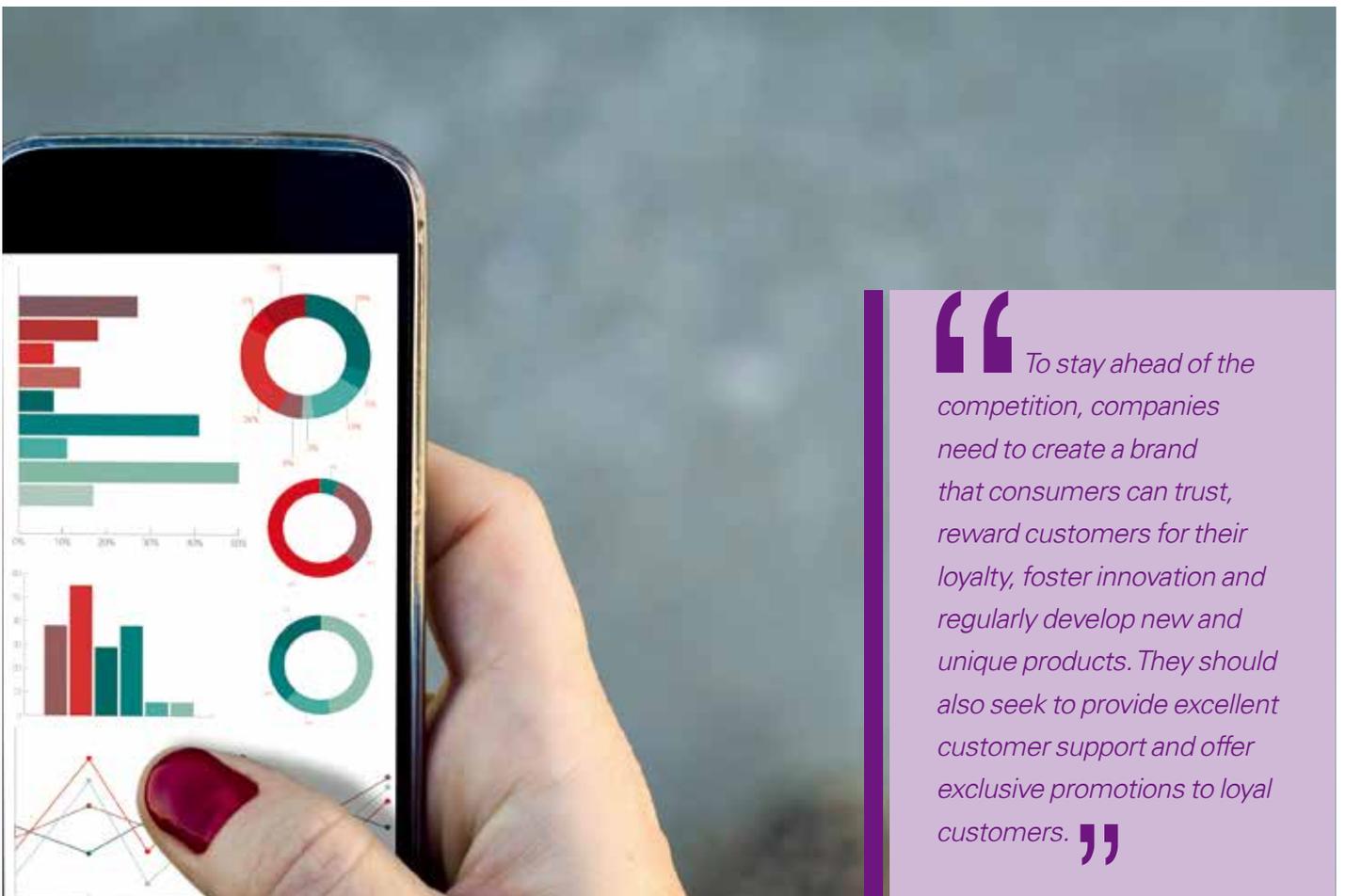


Source: KPMG Survey analysis, 2016

► Figure 6.2 : The most important attributes of the companies or brands that consumers trust the most



Source: KPMG Survey analysis, 2016



In an increasingly competitive global consumer market, the successful brands and retailers will be the ones that understand that consumers' shopping habits and expectations are rapidly evolving. The typical consumer in China expects retailers to provide detailed and transparent information about their products, as well as real-time information on their stock levels (see Figure 6.3). In order to enhance their offering in these areas, companies should consider harnessing the power of data and deploying data analytics technologies to improve their operational efficiency and generate growth. China is at the forefront of the use and sophistication of data analytics tools, and companies are realising the value of historical information to better understand spending patterns, predict future consumer behaviour and create personalised customer experiences.

▶▶ **Figure 6.3 : How has an increasing amount of information about companies, products and prices affected your shopping habits and expectations?**

“ The typical consumer in China expects retailers to provide detailed and transparent information about their products, as well as real-time information on their stock levels. ”

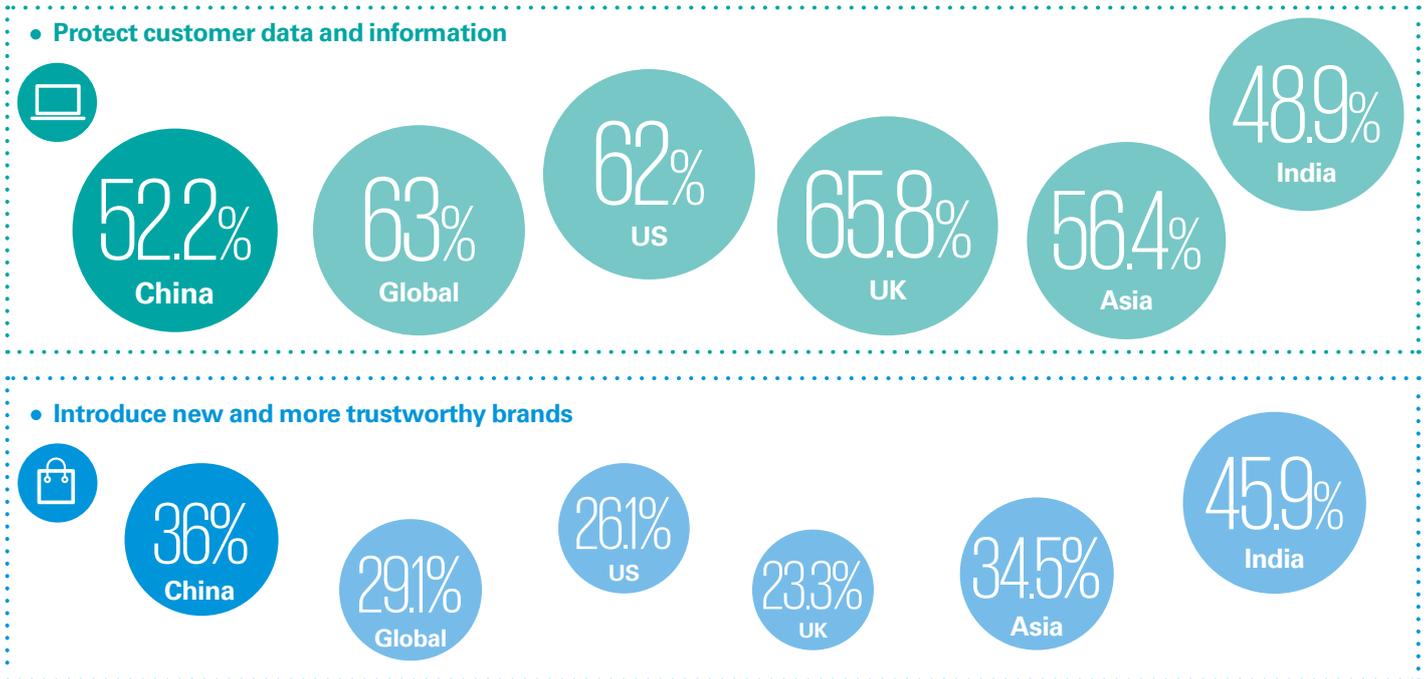


Source: KPMG Survey analysis, 2016

Furthermore, with the surge in smartphone activity in China set to continue, brands should ensure that they create seamless online and mobile-friendly platforms, and develop effective O2O strategies to enhance the overall shopping experience, drive sales and build brand value. As highlighted in last year's report, for online channels, integration might include encouraging people to sample products in physical stores, or enabling shoppers to check on real-time stock availability. On the other hand, brick-and-mortar stores could urge customers to become members of online communities to get better promotions and updated product information, download brand apps or use QR codes to instantly access web pages.

At the end of the day, the Chinese consumer has an abundance of choice in the market, which presents both opportunities and challenges to retailers. For brands to grow and win new customers in China, the key lies in truly knowing who their customers are, and understanding their demands and shopping preferences. With the right strategy in place – and the products to support it – retailers have ample opportunity to succeed in China's rapidly expanding and fast-evolving retail market.

## ►► Figure 6.4 :What should companies focus on in order to build consumer trust?



Source: KPMG Survey analysis, 2016

## ►► Figure 6.5 : Most likely factors to motivate consumers to try a new brand or shop



Source: KPMG Survey analysis, 2016

“ With the surge in smartphone activity in China set to continue, brands should ensure that they create seamless online and mobile-friendly platforms, and develop effective O2O strategies to drive sales as well as brand value. With the right strategy in place – and the products to support it – retailers have ample opportunity to succeed in China’s rapidly expanding and fast-evolving retail market. ”

**Jessie Qian,**  
Head of Consumer Markets (China),  
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# About KPMG

KPMG China operates in 16 cities across China, with around 10,000 partners and staff in Beijing, Beijing Zhongguancun, Chengdu, Chongqing, Foshan, Fuzhou, Guangzhou, Hangzhou, Nanjing, Qingdao, Shanghai, Shenyang, Shenzhen, Tianjin, Xiamen, Hong Kong SAR and Macau SAR. With a single management structure across all these offices, KPMG China can deploy experienced professionals efficiently, wherever our client is located.

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## Acknowledgments

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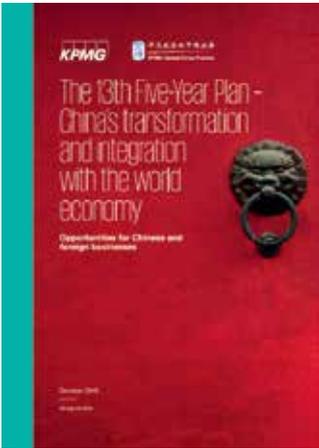
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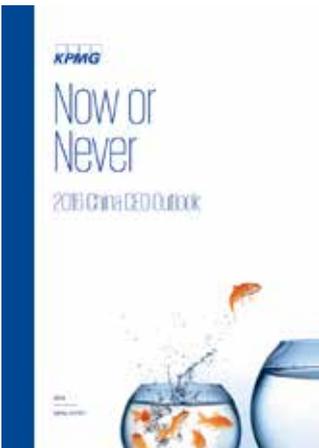
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