

F R O S T & S U L L I V A N



Market
Engineering

Market Study of Online Marketplace for Consumption in China

Presented to



Date : 2025-11-19

For and on behalf of
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

Name: Charles Lau
Title: Executive Director

Confidential

Terms and Abbreviations (1/2)

Terms:

- **Compound Annual Growth Rate (CAGR):** The term for interest rate at which a given Present Value (PV) would "grow" to a given Future Value (FV) in a given amount of time. The formula for calculating CAGR is: $(FV/PV)^{(1/\text{number of years})-1}$
- **App:** Application software designed to run on smartphones and other mobile devices
- **Blockchain:** A system in which a record of transactions made in bitcoin or another cryptocurrency are maintained across several computers that are linked in a peer-to-peer network
- **B2B:** Business-to-business, a form of commerce transaction between businesses
- **B2C:** Business-to-customer, a form of commerce transaction in which business sell products or services directly to customers
- **Big Data Analytics:** The use of advanced analytic techniques against very large, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences, and other useful information that can help organization make more informed business decisions
- **SaaS:** Software as a service, a software deployment model under which cloud providers license software applications to users as a service

Terms and Abbreviations (2/2)

Abbreviations:

CBIRC	China Banking and Insurance Regulatory Commission	CCB	China Construction Bank
CCCPC	The Central Committee of the Communist Party of China	FSP	financial service provider
GMV	Gross Merchandise Value	PBOC	The People's Bank Of China
R&D	research and development	SME	Small and Medium Enterprises
O2O	Online to offline		

Overall Assumptions and Methodology

Methodology:

In preparing the report, Frost & Sullivan has relied on the statistics and information obtained through primary and secondary research.

- Primary research includes interviewing industry insiders, competitors, downstream customers and recognized third-party industry associations.
- Secondary research includes reviewing corporate annual reports, government authorities, and Frost & Sullivan in-house research database.

Assumptions:

The market size and forecasts were modeled by Frost & Sullivan based on the following assumptions.

- Government policies on the online marketplace for consumption market in mainland China discussed in the report will remain consistent during the forecast period;
- The online marketplace for consumption market in mainland China will be driven by the factors which are stated in the report.
- China's economy is likely to maintain steady growth from 2025 to 2029.
- China's social, economic, and political environment is likely to remain stable in the forecast period.

Research Scope

Market of Online Marketplace for Consumption

Research Period

- Base year: 2024
- Historical: 2020 to 2024
- Forecasting: 2025E to 2029E

Service Market Scope

- Online Marketplace for Consumption

Geographical Scope

- Mainland China

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1	Overview of Macro Economy in China
2	Market Analysis of Online Marketplace for Consumption in China
3	Competitive Analysis
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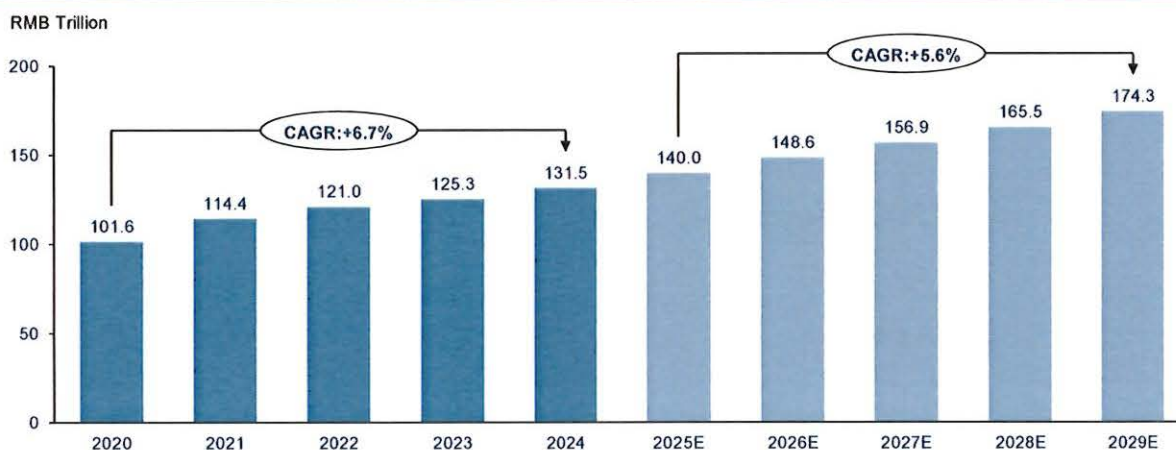
1. Overview of Macro Economy in Mainland China

Overview of Macro Economy in Mainland China

Nominal GDP and Growth in Mainland China

- In the past decade, to achieve continued strong economic growth, the Chinese government adopted a series of economic stimulus policies such as the Four-Trillion-Yuan Economic Stimulus Package and the Revitalization Plans for Ten Key Industries. The government persists in a proactive fiscal policy and a prudent monetary policy, at the same time, boosting economic growth by establishing the 14th Five-Year Plan and On the Decision to Speed Up the Cultivation and Development of Strategic Emerging Industries. As a result, China's nominal GDP increased from RMB 101.6 trillion in 2020 to RMB 131.5 trillion in 2024 with a CAGR of 6.7% from 2020 to 2024.
- Going forward, the Chinese government is expected to carry out continued reform and adjustment to maintain good economic growth, balance of economic structure and efficiency improvement. Thus, the nominal GDP in China is expected to increase further to RMB 174.3 trillion in 2029, representing a CAGR of 5.6% from 2025 to 2029.

Nominal GDP, Mainland China, 2020-2029E



Source: IMF, NBS, Frost & Sullivan

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Overview of Macro Economy in Mainland China

Population and Urbanization Rate in Mainland China

Urban and Country Population, Mainland China, 2020-2029E



Highlights

- The total population of China decreased from 1,412 million in 2020 to 1,409 million in 2024, representing a CAGR of -0.05%, and is expected to decrease to 1,401.4 million in 2029.
- Metropolitan area and urban agglomeration become important engines of the development of China's macroeconomy and the urbanization rate in China is expected to continuously grow toward the developed economies' levels. China's urban population has been steadily increasing. In 2024, the urbanization rate in China is as high as 66.9%. The urbanization rate is anticipated to grow continually in the forecast period, filling the growing demand of household consumption. By 2029, the urbanization rate is expected to reach 71.7%, which contributes to the rising consumption demands.

Source: National Bureau of Statistics of China, Frost & Sullivan

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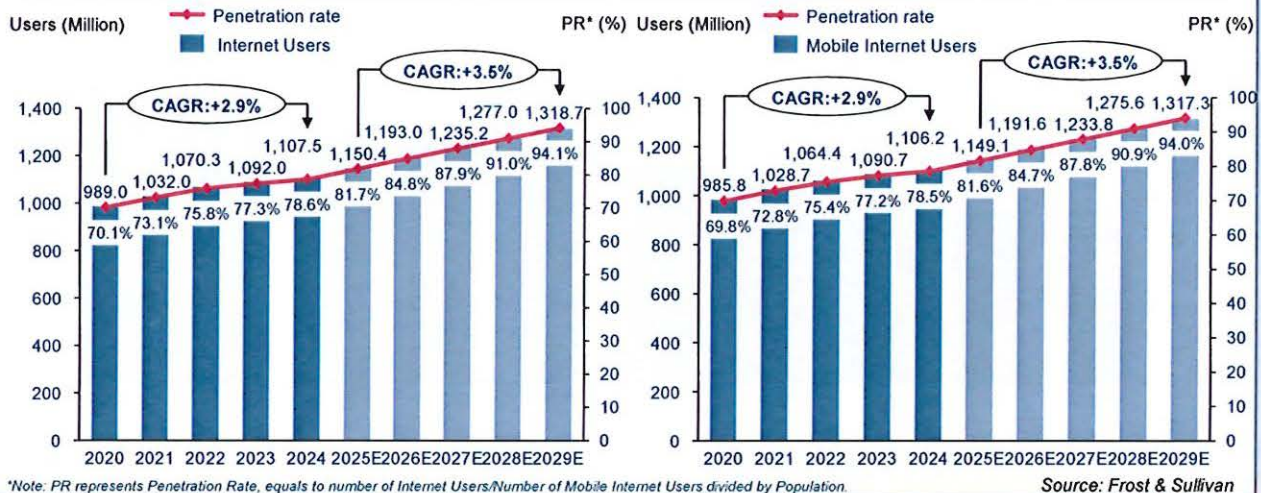
Overview of Macro Economy in Mainland China

Number of Internet Users and Mobile Internet Users & Penetration Rate in Mainland China

- With the government's continuous efforts on the development of relevant network infrastructure, more people having access to internet in China. In recent years, mobile devices are becoming more prevalent in China with growth coming from new mobile phone users in the younger and older age segments. The robust growth of mobile devices promotes mobile Internet usage.
- The number of Internet users has increased from 989.0 million in 2020 to nearly 1,107.5 million in 2024, representing a CAGR of 2.9% from 2020 to 2024. The penetration rate of internet users has risen from 70.1% in 2020 to 78.6% in 2024. It is expected that this trend will continue and the penetration rate to reach 94.1% in 2029.
- By comparison, the number of mobile Internet users has increased from 985.8 million in 2020 to nearly 1,106.2 million in 2024, representing a CAGR of 2.9% from 2020 to 2024. The penetration rate of mobile Internet users increased from 69.8% in 2020 to 78.5% in 2024. With continual improvement of features and applications, mobile Internet penetration rate is expected to further increase to 94.0% in 2029.

Number of Internet Users, Mainland China, 2020-2029E

Number of Mobile Internet Users, China, Mainland China, 2020-2029E



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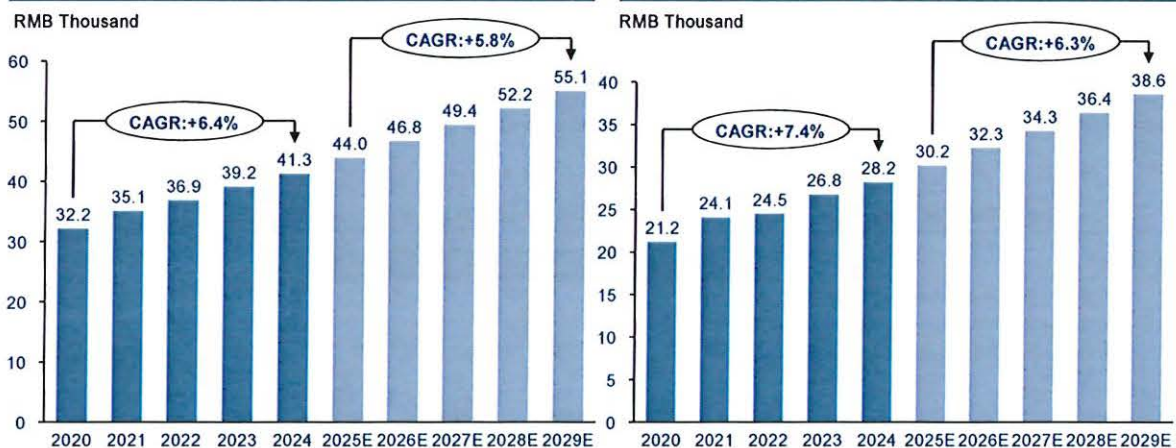
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Overview of Macro Economy in Mainland China

Per Capita Annual Disposable Income and Consumption Expenditure in Mainland China

Per Capita Annual Disposable Income, Mainland China, 2020-2029E

Per Capita Annual Consumption Expenditure, Mainland China, 2020-2029E



- With the development of China's macro economy, per capita annual disposable income in China increased from RMB 32.2 thousand in 2020 to RMB 41.3 thousand in 2024 with a CAGR of 6.4% from 2020 to 2024. Driven by the 14th Five-Year Plan in China, per capita annual disposable income in China is expected to grow steadily in the future, and will reach RMB 55.1 thousand in 2029, representing a CAGR of 5.8% from 2025 to 2029.
- The increase of disposable income in China leads to the increase of both material and cultural demands. Per capita annual consumption expenditure in China increased from RMB 21.2 thousand in 2020 to RMB 28.2 thousand in 2024, representing a CAGR of 7.4% from 2020 to 2024. Together with the development of China's overall economic level, per capita annual consumption expenditure in China is expected to increase to RMB 38.6 thousand in 2029, representing a CAGR of 6.3% from 2025 to 2029.

Source: Frost & Sullivan

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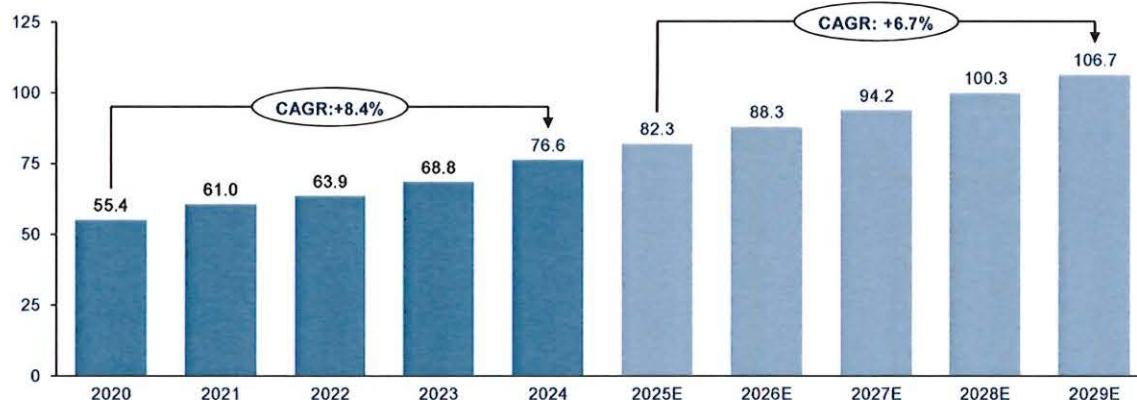
Overview of Macro Economy in Mainland China

Value-added of Tertiary Industry in Mainland China

- Driven by the growth of macro economy and the development of sub-industries such as wholesale and retail, accommodation and catering, financial services, etc., China's value-added of tertiary industry has increased from RMB 55.4 trillion in 2020 to RMB 76.6 trillion in 2024, representing a CAGR of 8.4%.
- Going forward, the value-added of tertiary industry in China is expected to reach RMB 106.7 trillion in 2029, representing a CAGR of 6.7% from 2025 to 2029.

Value-added of Tertiary Industry*, Mainland China, 2020-2029E

RMB Trillion



Note:

- (1) Tertiary industry refers to service industry, including sub-industries such as wholesale and retail, accommodation and catering, financial services, real estate, transport, post and telecommunication services, computer services and software, education, culture, sports and entertainment, etc.
- (2) Value-added of tertiary industry is the growth value of the tertiary industry in a given annual cycle compared with the last liquidation cycle.

Source: Frost & Sullivan

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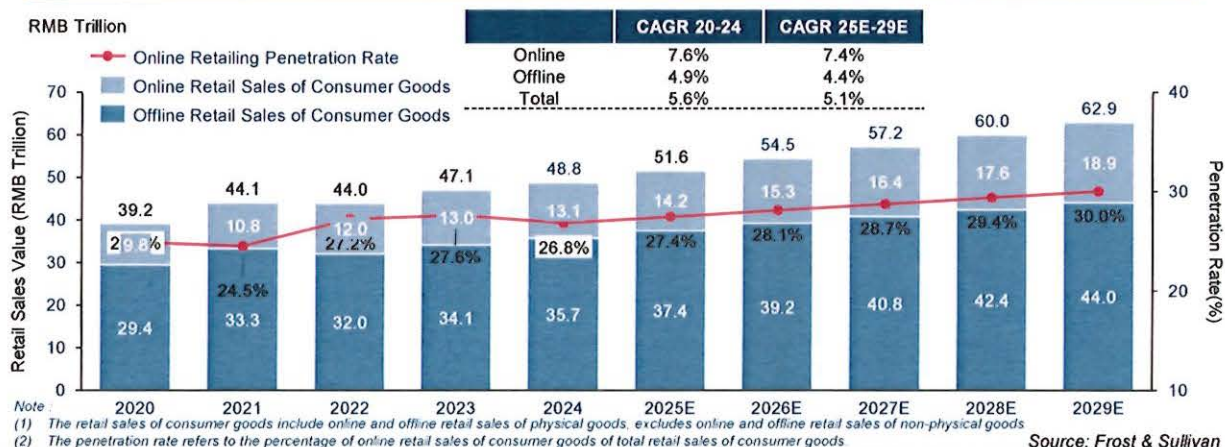
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Overview of Macro Economy in Mainland China

Online and Offline Retail Sales of Consumer Goods in Mainland China

- China's online and offline retail market has experienced rapid growth, driven by increasing per capita disposable income and enhanced mobile technology. China's offline retail sales of consumer goods has increased from RMB 29.4 trillion in 2020 to RMB 35.7 trillion in 2024, representing a CAGR of 4.9%. China's online retail sales of consumer goods has increased in a faster pace from RMB 9.8 trillion in 2020 to RMB 13.1 trillion in 2024, representing a CAGR of 7.6%.
- China's economy is expected to climb in a relatively rapid speed, and China's retail sales of consumer goods is expected to realize steady growth in the future. The retail sales of consumer goods in China is expected to reach RMB 62.9 trillion in 2029, representing a CAGR of 5.1% from 2025 to 2029. Especially for China's online retail sales, which is expected to become an important force for employment and consumption, and made positive contributions to promoting the construction of a new development pattern in China, is expected to realize a CAGR of 7.4% from 2025 to 2029.

Retail Sales of Consumer Goods (Breakdown by Online and Offline), Mainland China, 2020-2029E



Note:

- (1) The retail sales of consumer goods include online and offline retail sales of physical goods, excludes online and offline retail sales of non-physical goods.
- (2) The penetration rate refers to the percentage of online retail sales of consumer goods of total retail sales of consumer goods.

Source: Frost & Sullivan

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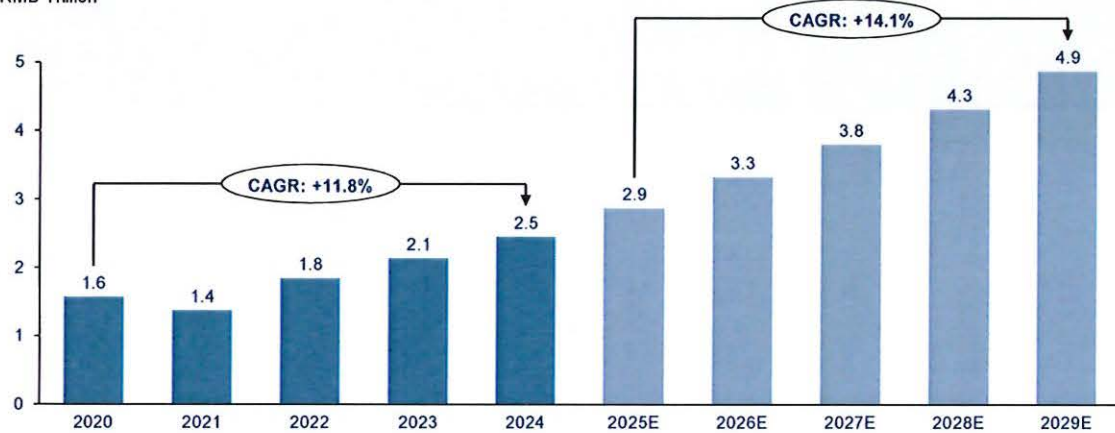
Overview of Macro Economy in Mainland China

Corporate Expenditure on Software and Software Services in Mainland China

- In recent years, China's total corporate expenditure on software and software services has experienced rapid growth. Especially for China's financial service industry, which is undergoing significant changes, driven by the emergence of new technologies and proliferation of data. The fast adoption of technologies paves way for unprecedented opportunities for enterprise digital solution providers who are the key enablers of this wave of structural reform of China's financial service industry.
- Total corporate expenditure on software and software services in China increased from RMB 1.6 Trillion in 2020 to RMB 2.5 Trillion in 2024, representing a CAGR of 11.8% from 2020 to 2024. Meanwhile, driven by the fast development of IT cloud services, it is expected that the expenditure on software and software services will grow faster than the expenditure on hardware. Therefore, the corporate expenditure on software and software services is estimated to reach RMB 4.9 Trillion in 2029, with a CAGR of 14.1% from 2025 to 2029.

Total Corporate Expenditure on Software and Software Services, Mainland China, 2020-2029E

RMB Trillion



Source: Frost & Sullivan

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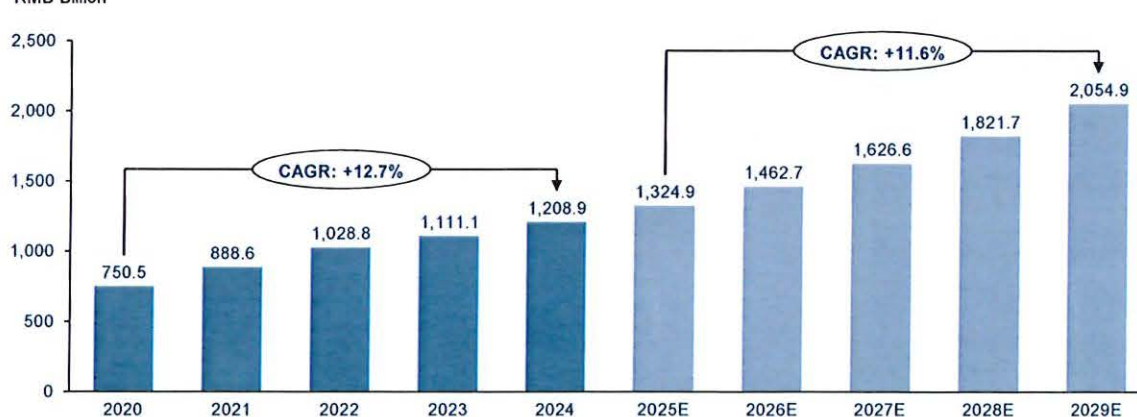
Overview of Macro Economy in Mainland China

Market Size of Digital Marketing Industry in Mainland China

- In line with the consumption upgrade and growing disposable income, the expenditure in digital marketing has been steadily increasing. Driven by the expansion of the retail market and the merchants' increasing willingness to engage in digital marketing, the demand for online marketing channels with high conversion rate has increased.
- The market size of digital marketing industry increased from RMB 750.5 billion in 2020 to RMB 1,208.9 billion in 2024, representing a CAGR of 12.7% from 2020 to 2024. With the continuous development of macro economy and the booming of innovative digital marketing solutions, the market size of digital marketing industry is expected to further increase to RMB 2,054.9 billion in 2029, representing a CAGR of 11.6% from 2025 to 2029. Thus, digital marketing solution providers are expected to obtain sufficient market opportunities in the sustained high growth market.

Market Size of Digital Marketing Industry (by Revenue), Mainland China, 2020-2029E

RMB Billion



Source: Frost & Sullivan

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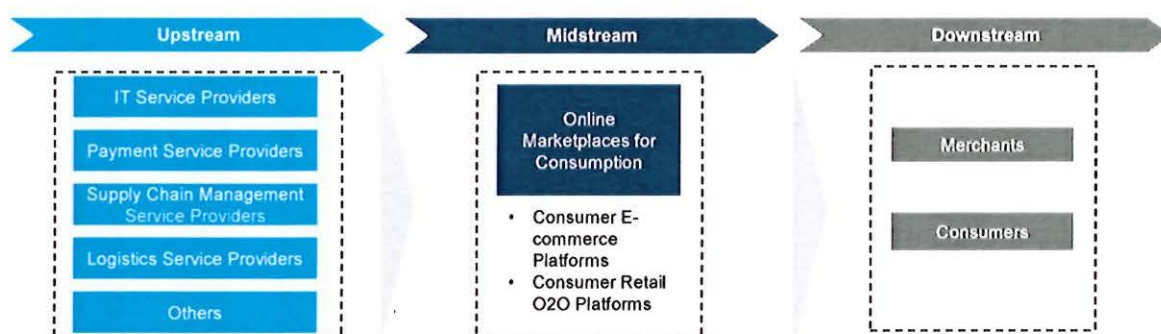
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2. Market Analysis of Online Marketplace for Consumption in China

Market Analysis of Online Marketplace for Consumption in China Definition and Value Chain Analysis of the Market of Online Marketplace for Consumption

- Online marketplaces for consumption refer to online platforms that provide matching services between goods and end consumers in consumption-related industries, including e-commerce and online to offline merchandise purchase.
- Upstream participants in the value chain of the market of online marketplace for consumption mainly consist of IT service providers, payment service providers, supply chain management service providers, logistics service providers, and others. Online marketplaces for consumption locate in the midstream of the industry, and can be mainly categorized into consumer E-commerce platforms and consumer retail O2O platforms. Downstream participants of the industry mainly include merchants and consumers.

Industry Value Chain of the Market of Online Marketplace for Consumption



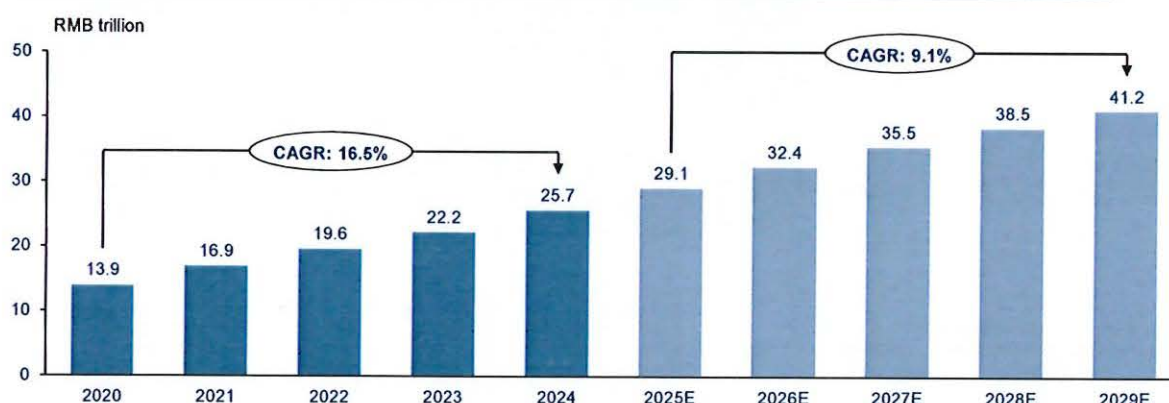
Source: Frost & Sullivan

Market Analysis of Online Marketplace for Consumption in China

Market Size of Online Marketplace for Consumption in China

- In terms of GMV, the market size of online marketplace for consumption in China increased from RMB 13.9 trillion in 2020 to RMB 25.7 trillion in 2024, with a CAGR of 16.5% during the period. The rapid growth was mainly contributed from the development of innovative technology including big data, cloud computing, and AI, the increasing diversification of consumer demands, as well as the favourable policy environment. In the forecast period, driven by the deeper application of emerging technologies in the industry, the market size of online marketplace for consumption in China is expected to further grow from RMB 29.1 trillion in 2025 to RMB 41.2 trillion in 2029, with a CAGR of 9.1%.

**Market Size of Online Marketplace for Consumption
(by GMV)*, China, 2020-2029E***



* Market size of online marketplace for consumption includes GMV generated from e-commerce and online to offline merchandise purchase

Source: Frost & Sullivan

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Market Analysis of Online Marketplace for Consumption in China

Policies and Regulations of the Market of Online Marketplace for Consumption in China (1/2)

Policies and Regulations	Execution Date	Issued Department	Main Content and Emphasis
Opinions of the General Office of the CPC Central Committee and the General Office of the State Council on Accelerating the Development and Utilization of Public Data Resources	2024-09	General Office of the CPC Central Committee, General Office of the State Council	To establish a system and rules for the development and utilization of public data resources, and thus stimulate the real economy, expand customer demand, create more investment space and enhance governance capabilities. Steadily promote the open access of public data by defining the rights, responsibilities, and scope. The platform for public data shall be enhanced, and an open directory shall be compiled, published, and dynamically updated. An acceptance and feedback mechanism for open access to public data shall be encouraged to improve its integrity, accuracy and timeliness.
Guiding Opinions of the National Development and Reform Commission, the National Data Bureau, and the Ministry of Natural Resources of Deepening the Development of Smart Cities and Promoting the Citywide Digital Transformation	2024-05	National Development & Reform Commission, National Data Bureau, Ministry of Finance, Ministry of Natural Resources	To facilitate and promote the construction of digital China, through strengthening the construction of urban digital infrastructure, promoting the integration and sharing of data resources, and improving data management as well as application capabilities. Build an intelligent center for urban operation and governance with unified planning, unified architecture, unified standards, and unified operation and maintenance. Create a common support platform for online and offline linkage and service management collaboration. Promote the integrated deployment of digital resources such as algorithms and models, and explore the establishment of shared collaboration mechanisms such as common components. It aims to build and improve infrastructure and build a data element enabling system for supporting urban digital transformation.
Notice by the National Development and Reform Commission and the National Data Bureau of Issuing the Implementation Plan for Digital Economy to Promote Common Prosperity	2023-12	National Development & Reform Commission, National Data Bureau	To promote the in-depth integration of the digital technology and the real economy. Facilitate the digital development of industrial chains by constructing a roadmap for the development of digital transformation. Create digital transformation application scenarios, improve the transformation service system, and promote the formation of an integration ecosystem for large, medium and small enterprises supported by the platform.

Source: Frost & Sullivan

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Market Analysis of Online Marketplace for Consumption in China

Policies and Regulations of the Market of Online Marketplace for Consumption in China (2/2)

Policies and Regulations	Execution Date	Issued Department	Main Content and Emphasis
Interim Measures for the Administration of Generative Artificial Intelligence Services	2023-08	National Development and Reform Commission, Ministry of Education, Ministry of Science and Technology, Ministry of Industry and Information Technology, Ministry of Public Security	Provides support for the legal and compliant development of generative artificial intelligence (AI), in order to promote healthy development and standardized application of generate AI. In the process of algorithm design, training data selection, model generation and optimization, and service provision, generate AI service providers shall take effective measures to prevent discrimination based on ethnicity, religion, country, region, gender, age, occupation, health etc. When data labeling is carried out during the research and development of generative AI technology, the provider shall formulate clear, specific and operational labeling rules, conduct data labeling quality assessments, sample and verify the accuracy of the labeled content, provide necessary training for labeling personnel, and supervise the labeling process. If the provider finds illegal content, it shall promptly take measures such as stopping generation and transmission, eliminating, rectifying like model optimization training, and reporting to relevant authorities.
Measures for the Administration of Internet Advertising	2023-05	State Administration for Market Regulation	To provide a basis for regulating Internet advertisement using algorithm recommendation or other methods, it is required that advertising operators and publishers shall establish, improve and implement the registration, review and file management system for Internet advertising business. The relevant rules of the algorithm recommendation service and advertising placement records should be recorded in the advertising file.
Provisions on the Administration of Internet Pop-up Information Push Services	2022-09	CAC	Promote the healthy and orderly development of Internet news information services, improve content management of pop-up information push, and the work processes such as information screening, editing and push. Clearly inform users of the form, content frequency, cancellation channels etc. of the pop-up information push service through service agreements. It is not allowed to set up algorithm models that induce users to become addicted, over-consume etc.

Source: Frost & Sullivan

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Market Analysis of Online Marketplace for Consumption in China

Market Driver Analysis of the Market of Online Marketplace for Consumption in China (1/2)

Drivers of Online Marketplace for Consumption Market in China			
Main Drivers		Influence (1-2 years)	Influence (3-5 years)
1	Technological Advancement and Digital Infrastructure Development	High	High
2	Increasing Diversification of Consumer Demands	High	Medium
3	Favorable Policy Environment	High	Medium



Drivers	Description
Technological Advancement and Digital Infrastructure Development	The comprehensive coverage of 5G networks has enhanced data transmission efficiency, enabling high-bandwidth applications including 4K live streaming and VR shopping. Artificial intelligence has deeply penetrated the entire consumption process, from intelligent customer service to personalized recommendation systems, with algorithms achieving high-precision matching based on user profiles. Blockchain technology applications in product traceability and payment security have established more trustworthy transaction environments. And cloud computing infrastructure improvements ensure stable platform operations during peak periods. These technological innovations have not only optimized user experience but also restructured the matching efficiency of participants, goods, and scenarios, providing fundamental support for expansion of the market of online marketplace for consumption.
Increasing Diversification of Consumer Demands	Consumer demand has evolved from purely functional satisfaction to a comprehensive pursuit of quality, personalization, and experiential engagement. On the one hand, personalized needs have become increasingly prominent, with consumers seeking unique products to express their identity and aesthetic preferences. On the other hand, experiential consumption is rapidly growing in importance, as the emotional value and psychological fulfillment derived from the shopping process itself gain greater significance. To meet these evolving demands, leading online marketplaces have introduced various innovative initiatives, including brand-exclusive zones and limited-edition collaborative products, thereby forging stronger connections between consumer needs and goods.

Source: Frost & Sullivan

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Market Analysis of Online Marketplace for Consumption in China

Market Driver Analysis of the Market of Online Marketplace for Consumption in China (2/2)

Drivers of Online Marketplace for Consumption Market in China

	Main Drivers	Influence (1-2 years)	Influence (3-5 years)
1	Technological Advancement and Digital Infrastructure Development	High	High
2	Increasing Diversification of Consumer Demands	High	Medium
3	Favorable Policy Environment	High	Medium



Drivers	Description
Favorable Policy Environment	➤ Supportive policies also promote the development of the market of online marketplace for consumption in China. For instance, the "Guiding Opinions of the Ministry of Commerce and Other Seven Ministries and Commissions on Vigorously Developing Digital Consumption and Jointly Creating a Better Life in the Digital Age", issued in August 2025, aims to expand the consumption of digital products, and release the consumption potential of products such as AI mobile phones, computers, and wearable devices. Furthermore, other supportive policies have also significantly contributed to the growth of the market of online marketplace for consumption in China.

Source: Frost & Sullivan

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Market Analysis of Online Marketplace for Consumption in China

Development Trend Analysis of the Market of Online Marketplace for Consumption in China (1/2)

1 Accelerated Adoption of the O2O Model

- The accelerated adoption of the O2O model is profoundly reshaping the growth dynamics of the online consumption market. By leveraging digital technologies to seamlessly merge online traffic with offline services, this model effectively addresses modern consumers' growing expectations for instant gratification and immersive shopping experiences, such as real-time order tracking, in-store digital interactions, and personalized promotions. Simultaneously, it enables merchants to optimize customer acquisition by utilizing data-driven insights from online platforms to target potential buyers more precisely, while offline touchpoints enhance brand trust and conversion rates through tangible service experiences.

2 Deeper Application of AI Technology

- The market of China's online marketplace for consumption is undergoing intelligent transformation, with AI technology being deeply integrated throughout business operations. Big data-powered recommendation systems have significantly enhanced product matching accuracy, leading to higher conversion rates. And in customer retention, predictive AI marketing proactively identifies at-risk users and implements personalized retention strategies, substantially improving user stickiness. This evolution reflects the market's shift from traffic competition to retention-focused strategies.

Source: Frost & Sullivan

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Market Analysis of Online Marketplace for Consumption in China

Development Trend Analysis of the Market of Online Marketplace for Consumption in China (2/2)

3 Accelerated Expansion to Lower-tier Cities

- As infrastructure continues to improve and consumption habits evolve in the market of online marketplace for consumption in China's lower-tier cities, these emerging markets demonstrate robust growth potential. Online marketplaces are adjusting their strategies by optimizing supply chains and implementing localized operations to better serve these regions. For instance, lower-tier cities exhibit distinct consumption characteristics compared to first-tier markets, with greater emphasis on cost-effectiveness and higher responsiveness to social-driven marketing and influencer recommendations. Meanwhile, rising demand for quality products and services reflects the ongoing consumption upgrade in these areas. Major marketplaces are adopting differentiated operational approaches to cater to the diverse needs of consumers across city tiers.

Source: Frost & Sullivan

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Market Analysis of Online Marketplace for Consumption in China

Overview of Urban Consumption Infrastructure Market in China

Overview of Urban Consumption Infrastructure Market

- Urban consumption infrastructure refers to the digitalization solutions under the urban consumption proprietary app and website connecting online and offline consumption channels through data, algorithms, front-end tools, and so on, and enabling enterprises to increase customer conversion rate, expand their user base and improve operational efficiency.
- Driven by the trend of "consumer spending upgrade" (消费升级) and boom in "new consumer spending" (新消费), the urban consumption infrastructure market in China grew from RMB 24.4 billion in 2020 to RMB 57.5 billion in 2024, with a CAGR of 24.0%, and is expected to further grow to RMB 126.5 billion in 2029, representing a CAGR of 15.9% from 2025 to 2029.
- In the PRC, government agencies often collaborate with platform operators to distribute consumption coupons, leveraging the abundant consumption scenarios and product supply available on these platforms to further enhance consumer willingness and stimulate market vitality.

Market Drivers

- Progression of Urbanization.** The development of China's macro economy has promoted the progression of urbanization and increase of per capita disposable income, driving the development of urban consumption and the establishment of urban consumption infrastructures in turn. China's urbanization rate of resident population increased from 61.7% in 2020 to 66.9% in 2024, which leads to an increasingly concentrated population in urban areas who demands more advanced consumption infrastructures.
- Development of Technologies.** The innovative technologies have become the cornerstone of a urban consumption that uses big data, cloud computing, artificial intelligence and the IoT to construct the urban consumption infrastructures.

Development Trends

- Expanded Deployment of Urban Consumption Infrastructures.** The development of China's macro economy, the progression of urbanization, and the trend of consumption upgrading will continuously promote urban consumption, and the booming of "new consumption" is expected to drive the rapid expansion of employment for urban consumption infrastructures. In the future, the urban consumption market will show more demands for related infrastructures, not only from the government, but also from the business entities as well as downstream customers.
- Increasing Importance of Digital Solution Service Providers.** As one of the core participants in urban consumption infrastructures field, consumption-related digital solution providers are expected show more and more importance, since the development of technologies allow more diversified supporting forms from digital solution service, and with the maturity of urban consumption market, the downstream consumers also ask for more innovative digital solution services with higher-quality.

Source: Frost & Sullivan

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3. Competitive Analysis

Competitive Analysis

Competitive Landscape of the Market of Online Marketplace for Consumption in China

- The competitive landscape of the online marketplace for consumption market in China is characterized by a high level of market concentration. Leading companies in the online marketplace for consumption market benefit from strong brand equity, established user bases, and mature ecosystems. These leading platforms possess significant advantages in technology, logistics, and merchant networks. Intense competition among top platforms drives continuous innovation, while economies of scale further reinforce their market positions.

Major Online Marketplaces for Consumption



Characteristics

Leading companies in the online marketplace for consumption market typically demonstrate strong brand recognition, advanced technological infrastructure, and large and active user base. They offer diversified product categories, seamless user experiences, and integrated payment and logistics systems. These platforms often leverage data analytics and AI to optimize operations, personalize recommendations, and drive user engagement.

Note: Companies listed are illustrative examples only, instead of all players in the segment.

Source: Frost & Sullivan

Competitive Analysis

Ranking of Online Marketplace for Consumption in China

Top 5 Online Marketplaces for Consumption (by GMV), China, 2024

Rank	Company	GMV (RMB Trillion)	Market Share
1	Alibaba	8.0	31.3%
2	Pinduoduo	4.8	18.6%
3	JD.com	3.8	14.9%
4	Douyin	3.0	11.8%
5	Kuaishou	1.4	5.4%
	Others	4.7	18.0%
	Total	25.7	100.0%

- In 2024, the top 5 online marketplace for consumption companies by GMV in China are Alibaba, Pinduoduo, JD.com, Douyin, and Kuaishou. Alibaba was the largest online marketplace for consumption company with RMB 8.0 trillion GMV in 2024, capturing a market share of 31.3%. Following closely behind were Pinduoduo with a GMV of RMB 4.8 trillion, JD.com with RMB 3.8 trillion, Douyin with RMB 3.0 trillion, and Kuaishou with RMB 1.4 trillion in 2024. In 2024, the Company's GMV accounted for approximately 0.03% of the total GMV in the online consumption marketplace.

Source: Frost & Sullivan, company annual reports

Competitive Analysis

Entry Barriers of the Market of Online Marketplace for Consumption

Technology Barrier

- Establishing a competitive online marketplace for consumption typically requires substantial investment in technological infrastructure. This includes developing a stable and user-friendly platform, ensuring data privacy and transaction security, and enabling seamless integration with payment systems and logistics providers. In addition, continuous maintenance and updates are necessary to meet evolving user expectations and industry standards. These technological demands may present challenges for new entrants, particularly those lacking the necessary technical expertise or capital resources.

1

Track Record and Experience Barrier

- In the online marketplace for consumption, credibility and user trust are often built over time through consistent service quality, reliable transaction handling, and positive customer experiences. Established players may benefit from accumulated operational know-how, brand recognition, and historical performance data, which can contribute to user retention and platform growth. New entrants typically need time and resources to build similar levels of trust and market presence. The absence of a track record may limit a new platform's ability to attract vendors, users, and partners in the early stages of development.

2

Entry Barriers

Regulation Barrier

- China's online marketplace sector is governed by strict regulations covering areas such as consumer protection, data privacy, fair competition, and taxation. Regulatory compliance requires businesses to establish sound internal systems and keep pace with evolving policy standards. For new entrants, unfamiliarity with these legal requirements may lead to operational delays and added compliance costs.

3

Talent Barrier

- The development and operation of a successful online marketplace require talent in areas such as software engineering, user experience design, data analytics, and platform operations. Established companies often have greater access to experienced teams due to their brand, stability, and compensation capabilities. For new entrants, recruiting and retaining qualified personnel can be a challenge, especially during the early development phase.

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Source: Frost & Sullivan

4. Appendix

Appendix (1/4)

Top 5 Online Marketplaces for Consumption (by GMV), China, 2024

Rank	Company	GMV (RMB Trillion)	Market Share
1	Company A	8.0	31.3%
2	Company B	4.8	18.6%
3	Company C	3.8	14.9%
4	Company D	3.0	11.8%
5	Company E	1.4	5.4%
	Others	4.7	18.0%
	Total	25.7	100.0%

- Company A, a company listed on the New York and the Hong Kong Stock Exchange, was established in 1999 in Hangzhou, China, and is a global trade platform provided e-commerce service.
- Company B, a company listed on the Nasdaq Stock Exchange, was established in 2015 in Shanghai, China, and is a newly social commerce player advanced in C2M trade mode.
- Company C, a company listed on the Nasdaq Stock Exchange and the Hong Kong Stock Exchange, was established in 1998 in Beijing, China, and is a technology and services enterprise with supply chain at its core.
- Company D was established in 2012 and is a private company in Beijing, China, and is a social video-driven shopping platform.
- Company E, a company listed on the Hong Kong Stock Exchange, was established in 2011 in Beijing, China, and is a tech-driven retail innovator that leverages short-video and live-streaming ecosystems.

Source: Frost & Sullivan, company annual reports

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- In 2024, Company A was the largest online marketplace for consumption company with RMB 8.0 trillion GMV in 2024, capturing a market share of 31.3%. Following closely behind were Company B with a GMV of RMB 4.8 trillion, Company C with RMB 3.8 trillion, Company D with RMB 3.0 trillion, and Company E with RMB 1.4 trillion in 2024. In 2024, the Company's GMV accounted for approximately 0.03% of the total GMV in the online consumption marketplace.
- Online marketplace for consumption refers to online platform that provide matching services between goods and end consumers in consumption-related industries, which includes both e-commerce and online to offline merchandise purchase. Yangxiaomie is considered as an e-commerce platform, and Consumption Guide facilities online to offline merchandise purchases. Therefore, the market of online marketplace for consumption is a broader and more comprehensive concept that captures consumption-related apps these days and represent both business segments of the Company.
- From a technical perspective, since the prices of products on every e-commerce platform are subject to real-time fluctuations.
- The Company conducts deep dive analysis on existing customers with higher repurchase frequency and delivers personalized one-to-one marketing interventions tailored to their purchasing behaviours, which differentiates itself from most of the other e-commerce platforms, as confirmed by Frost & Sullivan. In addition, the Company analytically offers its customers with higher repurchase frequency progressively enhanced coupon rewards under its tiered loyalty incentive program, which differs from other e-commerce platforms that tend to distribute coupons primarily to new users to incentivize purchases as confirmed by Frost & Sullivan.
- The ARPU of Yangxiaomie Users was RMB10,327.01, RMB14,813.37, and RMB21,297.57 in 2022, 2023, and 2024, respectively, which is significantly higher than industry average.
- The slight decline in the overall repurchase rate in 2024 can be attributed to a substantial influx of new customers in the beginning of 2024 because new customers generally have lower repurchase rate as confirmed by Frost & Sullivan.
- The consumer demand for daily necessities and consumer goods will outperform that for bulk commodities, such as automobiles.
- In 2023, after the COVID-19 pandemic, against the backdrop of an overall downward trend in the macroeconomy, financial institutions tightened their credit policies and became more stringent in the qualification review of borrowers. As a result, both the number of users who could obtain credit facility from financial institutions and the credit amount witnessed a significant decline.
- In 2024, the PRC government successively introduced policies to boost consumption. These included the "Action Plan for Promoting Large-scale Equipment Upgrades and Trade-in of Consumer Goods (《推动大规模设备更新和消费品以旧换新行动方案》)" jointly issued by 14 departments including Ministry of Commerce, the "Opinions of the State Council on Promoting the High-quality Development of Service Consumption (《国务院关于促进服务消费高质量发展的意见》)" launched by the State Council, as well as various corresponding activities carried out by local provincial governments. The consumer loan policies of financial institutions showed a loosening trend thereafter, and the proportion of users who used instalment payments for shopping in 2024 increased significantly compared to 2023.
- As to the period of observation by Frost & Sullivan, from a technical perspective, since the prices of products on every e-commerce platform are subject to in-time fluctuations, it is not practical to obtain specific data that would enable us to conduct in-time price comparisons between the goods on Yangxiaomie and those on other e-commerce platforms.
- The distribution of government discount coupons is generally guided [nationally] by the Ministry of Commerce, with local governments and commerce departments formulating local regulations and [designating partners to facilitate the distribution of such coupons]. Weidaoyun had been well trusted by the relevant government authorities.
- For instance, in 2024, the automobile consumption coupons issued by governments at all levels in Beijing were distributed exclusively through fewer than ten designated institutions. As such, the collaboration with Weidaoyun, which had been one of the very few long-term partners of local government departments in discount couple distribution. Further, the distribution of government discount coupons is dictated by local government in terms of quantity and timing, not controlled by Weidaoyun and/or the Group.

Source: Frost & Sullivan

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- Differentiated Retention Mechanisms for Repeat customers: Yangxiaomie deploys deep dive analysis on repeat customers with higher repurchase frequency and delivers personalized one-to-one marketing interventions tailored to their purchasing behaviors, which differentiates itself from most of the other e-commerce platforms as confirmed by Frost & Sullivan. In addition:
 - (a) 1-on-1 Dedicated Shopping Guidance: Repeat customers receive personalized, real-person customer service support supported by a shopping behavior prediction model that identifies high-average revenue per user ("ARPU")-potential users. The frequency of 1-on-1 engagement is dynamically tailored to individual customer feedback and repurchase patterns – a service seldom available on competing platforms given that the return on investment for such services is low for platforms with relatively low ARPU as confirmed by Frost & Sullivan;
 - (b) "Lower Prices with Higher Engagement" Model: Unlike industry norms where coupons are predominantly allocated to new customers, Yangxiaomie rewards loyal customers with substantial tiered coupons scaled to their repurchase frequency, creating a unique "spend more, save more" experience.
- By precisely targeting potential users with competitively priced mainstream goods and subsequently applying differentiated retention strategies, Yangxiaomie cultivates loyalty among its users. The ARPU of Yangxiaomie Users was RMB10,330, RMB14,813, and RMB21,296 in 2022, 2023, and 2024, respectively, which is significantly higher than industry average as confirmed by Frost & Sullivan.
- The share of China's market of online marketplace for consumption as in China's total retail market reached 36.9% in 2024, and such a share is expected to further increase in the forecast period. In terms of GMV in 2024, the top five enterprises in China's online marketplace for consumption are Alibaba Group Holding Limited (stock codes: BABA on the New York Stock Exchange and 9988 on the Hong Kong Stock Exchange), Pinduoduo Inc. (stock code: PDD on NASDAQ), JD.com, Inc. (stock code: JD on NASDAQ), ByteDance (HK) Ltd., and Kuaishou Technology (stock code: 01024 on the Hong Kong Stock Exchange). The Group's GMV (calculated as the sum of the GMV of both Yangxiaomie and Consumption Guide) accounted for 0.03%.
- Although the e-commerce giants possess concentrated market shares and dominate a large portion of the market, there are still numerous small and medium-sized e-commerce platforms that are deeply engaged in their respective niche markets. These platforms exhibit differences from the giants in terms of scale and competitive strategies.
- The aforementioned small and medium-sized e-commerce platforms include NetEase Yanxuan (网易严选), Mushroom Street (菌菇街), DeWu (得物), and Freshippo (众马鲜生). Similar to the Company, these platforms have their own characteristic communities, distinctive membership services, and a highly loyal user base. Due to the large number of players in the market, it is difficult to provide an accurate ranking for these platforms.
- In addition, it should be noted that there are around 200 online marketplaces with GMV scale from multiple billions to tens of billions in China in 2024.
- According to Frost & Sullivan, distribution of government discount coupon represents a highly effective strategy for driving traffic, converting them into registered users and enhancing the Group's brand recognition. Further, the distribution of government discount coupons is dictated by local government in terms of quantity and timing, and the use and redemption of such coupons are driven by consumer spending patterns which are not controlled by Weidaoyun and/or the Group.
- The distribution of government discount coupons is generally guided by the Ministry of Commerce, with local governments and commerce departments formulating local regulations, specific work documents, notifications, and related activities to promote consumption. According to Frost & Sullivan, the nature of government discount coupons is governmental subsidy to consumers. Furthermore, historically, very few institutions had been selected and approved by the government authorities to distribute discount coupons. For instance, according to Frost & Sullivan, in 2024, the automobile consumption coupons issued by governments at all levels in Beijing were distributed exclusively through fewer than ten designated institutions. As such, the collaboration with Weidaoyun, which had been one of the very few long-term partners of local government departments in discount couple distribution. According to Frost & Sullivan, distribution of government discount coupon represents a highly effective strategy for driving traffic, converting them into registered users and enhancing the Group's brand recognition.

Source: Frost & Sullivan

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- According to Frost & Sullivan, these policies not only provided direct financial incentives to consumers, such as purchase tax reductions and trade-in subsidies, but also created a favorable market environment for the automobile industry and fostered a more sustainable and technologically advanced automotive market in the long term.
- Auto Partner A is approved to handle the redemption of government discount coupons across various geographical areas by relevant local commercial bureaus.
- The issuing institutions of government discount coupons typically include provincial, municipal, district and county-level local governments, as well as government departments for commerce, culture and tourism, according to Frost & Sullivan.
- According to Frost & Sullivan, distribution of government discount coupon is an effective way of attracting traffic, converting them into registered users and establishing our branding.
- In 2025, government subsidies for promoting automobile consumption have been increasingly being given in the form of direct subsidies instead of distribution of regional discount coupons, there are various service providers that can provide us with such services.
- As Frost & Sullivan confirmed that there is no material discrepancy upon comparing the fee arrangements between our Group and the two merchants and the pricing models adopted by our peers, our PRC Legal Advisor is of the view that such charges would hardly fall within the scope of the unreasonable charges under the Guidelines. Thus, our Directors are of the view that the Guidelines would have no material impact on our operations and would have no adverse impact on our financial performance.
- based on the confirmation from Frost & Sullivan that (i) there was no significant differences between our fee charges and those of our industry peers or similar products, and (ii) we do not impose any other additional fees, so our fees will not fall into the category of unreasonable fees specified in the Guidelines for Online Transaction Platforms' Compliance in Charging Fees.
- Comparable companies in the online marketplace for consumption sector in China recognize revenue on a gross basis, in which revenue is the value transacted on their platforms. We recognize revenue on a net basis where the portion of total transaction we keep is recognized as revenue. To stay in line with the industry norm, we calculate ARPU by dividing the transaction value by the number of paying users.
- It is respectfully submitted that the products available for sale on the Group's apps include regional specialty items such as Wuchang rice from Northeast China and Tan Sheep from Ningxia, all of which fall under the category of "local specialties." As such, the Group is expected to benefit from the Opinions on Guiding Online Trading Platforms to Play an Active Role in Traffic and Support the Development of Small, Medium and Micro Business Entities, which encourage online platforms to expand the supply of "specialty products and services," including "cultural-tourism goods, handicrafts, and local specialties."
- According to Frost & Sullivan, all the calculation basis of the key operating metrics for Yangxiaomie are in line with industry norm.
- According to Frost & Sullivan, all the calculation basis of the key operating metrics for Consumption Guide are in line with industry norm.
- In addition, according to Frost & Sullivan, the service fee that the Group charges Auto Partner A during different time periods is in line with the industry norm.

Source: Frost & Sullivan

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Thank You

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