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Going-Global Seizing the Next Great Opportunity in Digital Trade

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Executive Summary

1 Asia-Pacific Cross-border Trade: Sustained High Growth

- Despite the recent slowdown in global economic growth, geopolitical conflicts, and protectionist policies, which have collectively decelerated international trade growth and cross-border capital flows, Asia-Pacific trade maintained growth momentum with strengthening regional cooperation. The region's abundant factor resources and vast market size, coupled with regional free trade agreements and digital technology enablement, have made it a vibrant area for trade and investment, with tightly integrated value chains.
- Currently, the development and application of digital technologies accelerated the restructuring and upgrading of value chains. On one hand, the rapid development and application of digital technologies provided more market participants with opportunities to engage in global value chains. On the other hand, the enhanced digitalization of various operational aspects not only increases the value-added creation of enterprises but also endows them with differentiated competitive advantages, making value chain restructuring feasible.
- Although the overall digitalization process in the Asia-Pacific region is progressing positively, uneven development of digital economy among countries affects the digital transformation of regional value chains. One effective measure to bridge the digital divide is to enhance innovation of technology platforms and foster regional cooperation among governments. Some Chinese internet companies have been engaging in digital economic cooperation abroad through "technology going global" and "capital going global", continuously bringing convenience to the production and lives of people in various countries.

2 Catching the Wave: A New Landscape of Chinese Trade

- Branding has also become an inevitable trend. An increasing number of Chinese foreign trade enterprises are shifting from product exports to brand going global, building their own brands, and exploring new foreign trade channels to enhance the profitability of cross-border goods.
- Emerging markets represented by Southeast Asia, the Middle East, and Latin America, with their vast market potential and promising development prospects, are attracting a growing number of Chinese enterprises seeking business opportunities. Thanks to this trend, the demand for high-quality local service ecosystems by trade entities will also rise. Further improving and enhancing local infrastructure such as logistics and capital flow will help unleash greater trade vitality and upgrade potential.



3 Going-Global Potential Index of Asia-Pacific Digital Trade

Based on the evaluation system described, the major economies in Asia can be categorized into four types regarding their going global environment for digital trade: high potential markets, mature markets, early-stage markets and budding markets. High potential markets include Indonesia, Malaysia, Vietnam, Thailand, and the Philippines. Mature markets include Singapore, Japan, and South Korea, and early-stage markets include Cambodia, Myanmar, and Laos, and Brunei is a budding market.

- ▶ The high potential markets are characterized by large populations and rapid development. The internet penetration rates in these regions have reached significant levels, and the gap with mature markets is closing rapidly.
- ▶ Mature markets are all developed countries with high levels of economic development and living standards, and they are very active in international trade. These countries have reached a mature level of digitalization, with internet and e-commerce penetration rates leading other Asia-Pacific countries.
- ▶ Early-stage markets are characterized by lower levels of digital trade market scale and market maturity. These countries have smaller economies and underdeveloped digital infrastructure, with extremely low internet penetration rates and outdated network environments, posing significant constraints on the development of digital trade. However, the e-commerce market scale and digital payment transaction volume in these countries have shown a strong growth momentum.
- ▶ In terms of overall market maturity and growth rate, the budding market remains at a relatively early stage.

4 Survey of Overseas Expansion of Digital Trade Enterprises

North American and the European markets are the top two regions where overseas enterprises conduct business, mainly because of their stable economic environment and high consumption capacity. Followed by Japan, South Korea, and Southeast Asia. Although the market size of Japan and South Korea is not as big as of North America and Europe, it still represents certain objective opportunities, especially for high value-added products. Although Southeast Asia has lower consumption levels and demand for high value-added products compared to Europe and America, they hold great potential for future growth. The regions with the lowest proportions are Central Asia and Africa, with the primary reasons of lower consumer purchasing power and immature market conditions.

Leveraging advanced digital technologies such as big data analytics, AI, and IoT, digital trade enterprises have established new business models and value chains, offering a more diverse range of products and services to global consumers. Big data analytics is currently the most prominent and widely applied technology, followed by AI, as these technologies are directly related to business optimization and the enhancement of customer experience. Next are the Internet of Things (IoT) and cloud computing services receive investments of enterprises in logistics, warehousing, and IT infrastructure.

However, with the rapid development of the market, these enterprises face numerous challenges, including policy uncertainty, data security and privacy protection issues, and intense market competition. But enterprise are also actively adjusting strategies to face with challenges, such as localized operation, establishment of independent websites, and focusing on in-depth and “refined” operations.

5 Key Factors for the Future Development of Digital Trade in the Asia-Pacific Region

- Cross-border payment providers have expanded from basic payment services to offering comprehensive cross-border financial services. Leveraging technologies such as AI, blockchain, big data and API, the focus has shifted to the business scenarios of merchants. By integrating the upstream and downstream supply chains (such as logistics, taxation, and advertising), to cover the growth cycle with one-stop cross-border professional services.
- Generative AI and Software as a Service (SaaS) are playing the most significant roles. On the one hand, businesses leverage the benefits of Generative AI in content creation to reduce costs and increase efficiency in marketing and sales; on the other hand, SaaS technology expands to both front and back ends, creating an integrated service model that includes traffic acquisition, advertising, and product design at front end, as well as payment processing and logistics at back end, providing a broader opportunity for independent website operators.
- The policy environment, service ecosystem and service model are moving towards deeper development. From a policy perspective, the implementation of the RCEP has heightened the focus of ASEAN countries on cross-border trade; In terms of the service ecosystem, Chinese high-quality e-commerce platforms provide cross-border sellers with a strong foundation for entering and developing the market by means of financial support, localized operations, and technology export; Regarding the service model, fully managed services and semi-managed services are promoting simultaneously, to offer greater flexibility.
- The concept of “localization” in cross-border e-commerce will further expand, encompassing the entire value chain from front-end operations (such as channels and marketing) to back-end supply chains (including raw material procurement, production, logistics, and warehousing) and enterprise management (such as team, legal, and tax affairs).
- The existing industry benefits are gradually diminishing, channel diversification, brand building, and “refined” operation have become crucial opportunities. In terms of channels, the trend of developing self-operated platforms (independent websites) is growing, with more traffic shifting to brand-specific independent websites. Additionally, the channel layout combining platforms and independent websites is adopted by more sellers. From brand building perspective, an increasing number of cross-border sellers are exploring branded, high-value-added products. Take “refined” operation side, cross-border e-commerce platforms and sellers have begun to think about how to optimize operation with digital tools.
- In the face of an increasingly complex international environment and stringent regulatory trends, compliance has become an unavoidable topic in the cross-border e-commerce industry. Cross-border trade compliance involves both e-commerce platforms and platform sellers, necessitating their joint efforts to collaborate in compliance work, to address compliance risks more effectively.

1. Asia-Pacific Cross-border Trade: Sustained High Growth

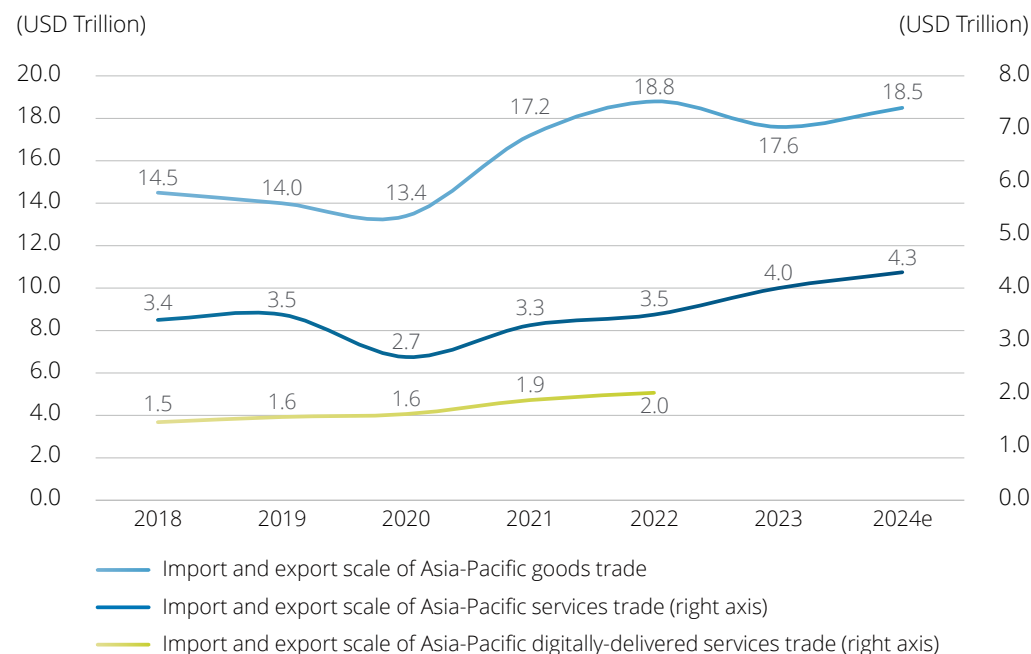


Asia-Pacific trade maintains growth momentum with strengthening regional cooperation

Despite the recent slowdown in global economic growth, geopolitical conflicts, and protectionist policies, which have collectively decelerated international trade growth and cross-border capital flows, the Asia-Pacific region has consistently remained a key driver of global economic growth. The region's abundant factor resources and vast market size, coupled with regional free trade agreements and digital technology enablement, have made it a vibrant area for trade and investment, with tightly integrated value chains. In 2023, the Asia-Pacific region's import and export trade in goods accounted for approximately 40% of global trade activities, reaching nearly USD18 trillion, a 30% increase from the USD13.7 trillion in 2013. Remarkably, during the challenging period of 2018-2023, marked by rising protectionism and the COVID-19 pandemic, Asia-Pacific trade in goods still achieved a compound annual growth rate of 4%. According to the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), although the scale of Asia-Pacific trade in goods declined in 2023, it is projected to reach USD18.5 trillion in 2024, reflecting a growth of 5.1%, outpacing the World Trade Organization's global trade growth forecast of 2.6%.

The Asia-Pacific region is also experiencing robust growth in digital trade. Currently, it accounts for one-quarter of the global trade in digitally-deliverable services. Between 2017 and 2022, the annual growth rate of digitally-deliverable services exports from the Asia-Pacific region was 10.3%, surpassing the global average of 7.1%. The increasing intra-regional demand is the primary driver of this region's digitally-deliverable services exports. According to UNESCAP's statistics, the share of intra-regional exports rose from 36% to 39% between 2015 and 2021. The top five export markets within the region are Hong Kong, China, Japan, Singapore, and Australia. Externally, the European Union (EU) and North America are the most significant trading partners, accounting for 27% and 20% of the Asia-Pacific region's export market, respectively.

Figure: Steady Growth in Asia-Pacific Trade Volume



Data source: UNESCAP, UNCTAD

Note: According to UNCTAD's classification, digitally-deliverable services trade primarily covers six categories: "insurance and pension services", "financial services", "charges for the use of intellectual property", "telecommunications, computer and information services", "other business services", and "audiovisual and related services".

The sustained vibrancy of Asia-Pacific trade and the continuous strengthening of regional cooperation can be attributed to several factors. Firstly, with economic growth and rising income levels, the Asia-Pacific region has evolved beyond its role as a manufacturing hub to become a new global consumption center in recent years, making intra-regional trade routes increasingly significant. According to a forecast by Standard Chartered Bank, the Association of Southeast Asian Nations (ASEAN), South Asia, East Asia, and the Middle East are expected to form significant global trade corridors by 2030, with average growth rates projected to remain above 6% from 2021 to 2030. Secondly, regional free trade agreements led by the Regional Comprehensive Economic Partnership (RCEP) and the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* (CPTPP) continue to yield policy benefits, gradually enhancing the regional value chain cooperation system. RCEP, which came into effect in 2022, is currently the world's largest free trade agreement, with all members committed to lowering tariffs, opening markets, and reducing standard barriers, thus contributing new momentum to global economic cooperation.

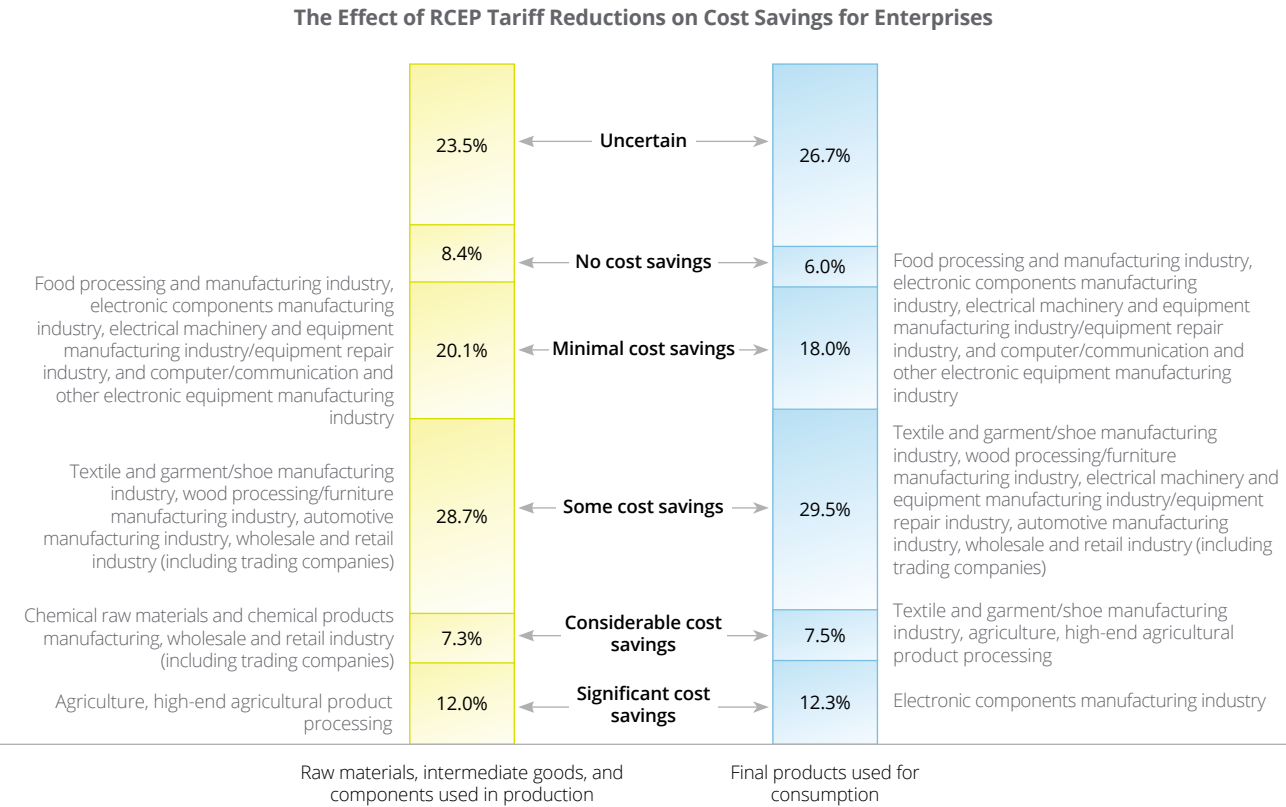
Figure: Major Global Trade Corridors by 2030

Trade Corridors	Average Growth Rate (2021-2030)	Trade Volume by 2030
Intra-ASEAN	8.7%	USD800 billion
South Asia-ASEAN	8.6%	USD300 billion
South Asia-The Middle East	7.0%	USD500 billion
East Asia-ASEAN	6.3%	USD2.1 trillion

Data source: *Future of Trade 2030: Trends and Markets* by Standard Chartered



Figure: RCEP Policies Release Benefits, and Nearly 70% of Enterprises Report Cost Savings in Trade



Data source: Enterprise Survey Report on China's One-Year Implementation of RCEP by the Ministry of Commerce of China

With the benefits of RCEP policies, Chinese businesses continue to expand their overseas operations. For instance, in the first half of 2024, the number of Chinese businesses conducting business overseas through WorldFirst grew by 76% year-on-year. Additionally, the number of sellers operating on more than two platforms increased by 17%, and those pursuing brand development surged by 138%. The top five categories of goods exported to RCEP regions included: “apparel, footwear, and accessories”, “household goods”, “consumer electronics”, “gifts, party supplies, novelties, and souvenirs”, and “automotive parts”.

Trade volumes in RCEP countries and regions have consistently grown, with emerging markets showing significant transaction volume increases. In the first half of 2024, the overall transaction volume of “micro multinational enterprises” in RCEP countries and regions increased by 190% year-on-year. Additionally, the transaction volume in emerging markets such as the Middle East, Latin America, and Africa also grew by more than 100% year-on-year.

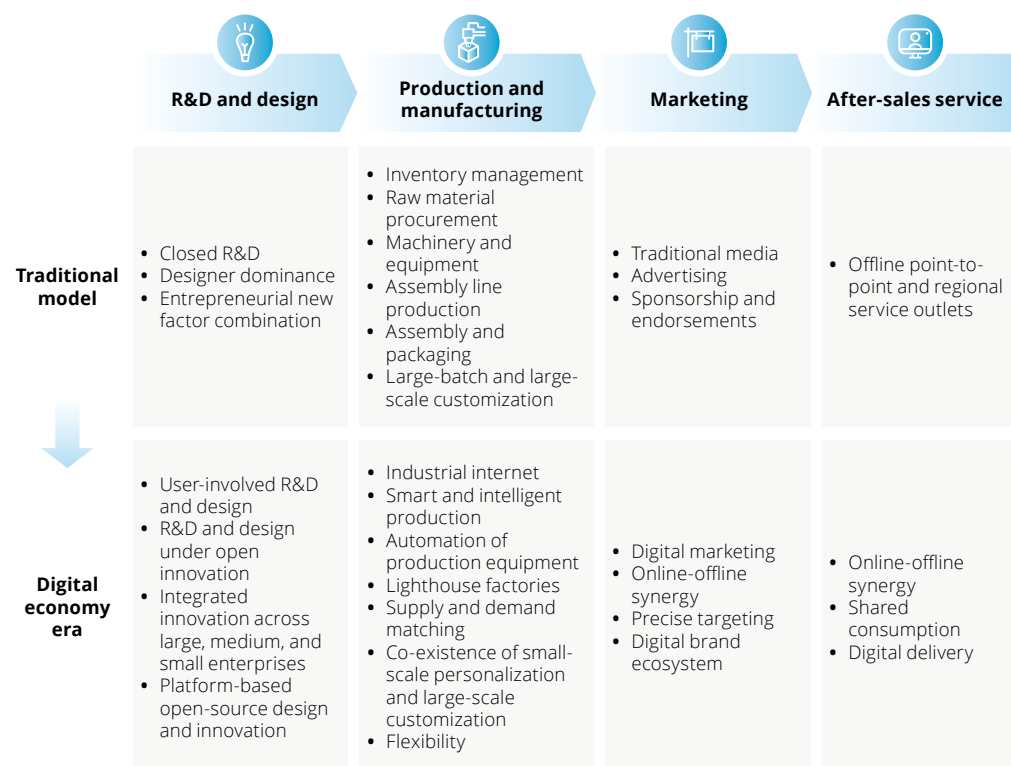
The development and application of digital technologies accelerate the restructuring and upgrading of value chains

Currently, digital technologies such as 5G, industrial internet, big data, artificial intelligence (AI), the Internet of Things (IoT), augmented reality (AR), cloud computing, and blockchain are empowering the real economy. These technologies are driving the evolution of international division of labor and the restructuring and upgrading of global value chains with new logic.

On one hand, the rapid development and application of digital technologies provide more market participants with opportunities to engage in global value chains. Digital platforms, exemplified by cross-border e-commerce, can transcend spatial and temporal constraints, reducing various costs and uncertainties associated with international transactions, thereby facilitating the interconnection of global participants. This is particularly beneficial for numerous small and medium-sized enterprises (SMEs), as the online, small-batch, and high-frequency nature of cross-border e-commerce offers them the chance to partake in the global division of labor. Consequently, an increasing number of SMEs are leveraging platform companies, their international service ecosystems, and digital tools to deeply integrate into global value chains.

On the other hand, digital technologies are revolutionizing enterprises' research and development (R&D), production, and marketing models. In R&D, companies use big data and cloud computing to collect and analyze consumer behavior data, and then optimize product design and development to meet the personalized demands of niche markets. In production, companies employ IoT technology to achieve industrial automation, replacing low-skilled labor with automated equipment to enhance efficiency and quality. In marketing models, companies utilize AI to analyze collected consumer data, enabling precise identification of target customer groups and personalized marketing, thereby improving the conversion rate of marketing activities. The enhanced digitalization of various operational aspects not only increases the value-added creation of enterprises but also endows them with differentiated competitive advantages, making value chain restructuring feasible.

Figure: Restructuring and Upgrading of Value Chains in the Digital Economy Era



Data source: Public information compiled by Deloitte

Uneven development of digital economy among countries affects the digital transformation of regional value chains

Although the overall digitalization process in the Asia-Pacific region is progressing positively, the level of digital economy development varies significantly among countries within the region. Some Southeast Asian nations face challenges such as inadequate digital infrastructure, a shortage of digital technology talent, and insufficient local digital production capabilities. These issues hinder the full realization of their development potential in terms of digital economy.

Firstly, the development of information infrastructure in some Southeast Asian countries lags behind. According to the ICT Development Index published by the International Telecommunication Union (ITU), the scores for the Philippines, Cambodia, Laos, and Myanmar generally fall within the 65-70 range, while Singapore and Malaysia score above 90. Secondly, constrained by education levels, most Southeast Asian countries lack skilled digital technology personnel, particularly in fields such as software engineering and data mining, which significantly hampers their digital economy competitiveness. A survey by the American research and education institution Wiley indicated that, aside from Singapore, Malaysia, and Brunei, other Southeast Asian countries rank poorly in terms of having sufficient talents with digital skills (such as computer skills, basic coding, and digital reading)¹. Additionally, the low level of digitalization among SMEs in Southeast Asia limits the depth and breadth of their digital economy development. A 2023 survey of SMEs in Singapore, Indonesia, Malaysia, Thailand, and Vietnam revealed that, except for Singapore, about 80% of SMEs in the other four countries were either “only digitalizing a few functions”, “just beginning digitalization”, or “not yet digitalized”. Furthermore, one-fifth of the SMEs in these countries only began digitalization in the past two years².

The lag in digital economy development has left these countries in a prolonged “offline” state, hindering their ability to participate in the global division of labor using convenient and efficient internet resources. Foreign contracting firms are unable to precisely manage and remotely operate production lines in these countries, nor can they sell products via cross-border e-commerce. This limitation restricts the digital transformation of regional value chains and may widen the “digital divide”, making it difficult to share the benefits of the digital economy. According to the Asia-Pacific Trade and Investment Report 2023/24 released by UNCTAD, UNESCAP, and UNIDO, in 2022, the top six economies accounted for 85% of the Asia-Pacific region’s digitally-deliverable exports, while the least developed countries contributed less than 1%.

One effective measure to bridge the digital divide is to enhance innovation of technology platforms and foster regional cooperation among governments. Some Chinese internet companies have been engaging in digital economic cooperation abroad through “technology going global” and “capital going global”, continuously bringing convenience to the production and lives of people in various countries. However, companies expanding overseas must be mindful of the complex factors involved in digital economy cooperation, such as financial, political, and cybersecurity issues. Additionally, digital sovereignty and data rule competition are becoming increasingly focal points of concern for countries.

¹ Wiley, Digital Skills Gap Index 2021, <https://dsgi.wiley.com/global-rankings/>

² TDCX, ASEAN SMEs: Small Business, Big Opportunity for Tech Providers, <https://www.tdcx.com/intuitreport/>

2. Catching the Wave: A New Landscape of Chinese Trade



Redefining internationalization through global operations

As the internationalization of Chinese manufacturers and traders reaches a more mature stage, an increasing number of enterprises are embarking on a deeper level of internationalization—transitioning from product export to establishing operations overseas. This involves contract fulfilment supported by the integration of “local entities, local operations, and local supply chains”. For instance, according to data from WorldFirst, the number of Chinese merchants using WorldFirst to expand their overseas operations in the first quarter of 2024 increased by 56% year-on-year³.

From the perspective of internal environment, on one hand, more domestic manufacturers now possess the capability to compete with global enterprises. On the other hand, with the increasing competition in the domestic market, enterprises seeking to achieve high-quality development and reduce cost pressures must explore broader overseas markets. Externally, the COVID-19 pandemic and geopolitical conflicts have exposed the fragility of cross-border supply chains. The vertical integration model, which ensures timely order fulfilment, has led many companies to establish vertical industry chains overseas. Additionally, since 2018, increasing trade frictions have subjected Chinese exports to tariff barriers and stricter origin regulations. To circumvent these barriers, many Chinese companies have started setting up factories abroad.

In the process of global operations, cross-border e-commerce enterprises need to deepen their localization by establishing overseas factories, forming local teams, and setting up physical companies. A localized entire value chain, from front-end operations (marketing, channels, etc.) to back-end supply chains (raw material procurement, manufacturing, logistics, warehousing, etc.), and corporate management (such as team management, legal affairs, tax issues, etc.), will be formed. The localization capability of these enterprises is beginning to cover the full value chain ecosystem. In the future, more Chinese cross-border e-commerce companies will actively implement localization strategies, continuously enhancing operational capabilities, investing in technology research and development, and building ecosystems for localization. These companies will evolve from enterprises being rooted in China and expanding overseas to localized businesses entrenched in the local market.

³ WorldFirst launches the “Universal Attraction Plan” to collaborate with hundreds of core ecosystem partners to support cross-border sellers, [www.cnstock.com, https://news.cnstock.com/news/zxk-202405-5229069.htm](https://news.cnstock.com/news/zxk-202405-5229069.htm), May 8, 2024

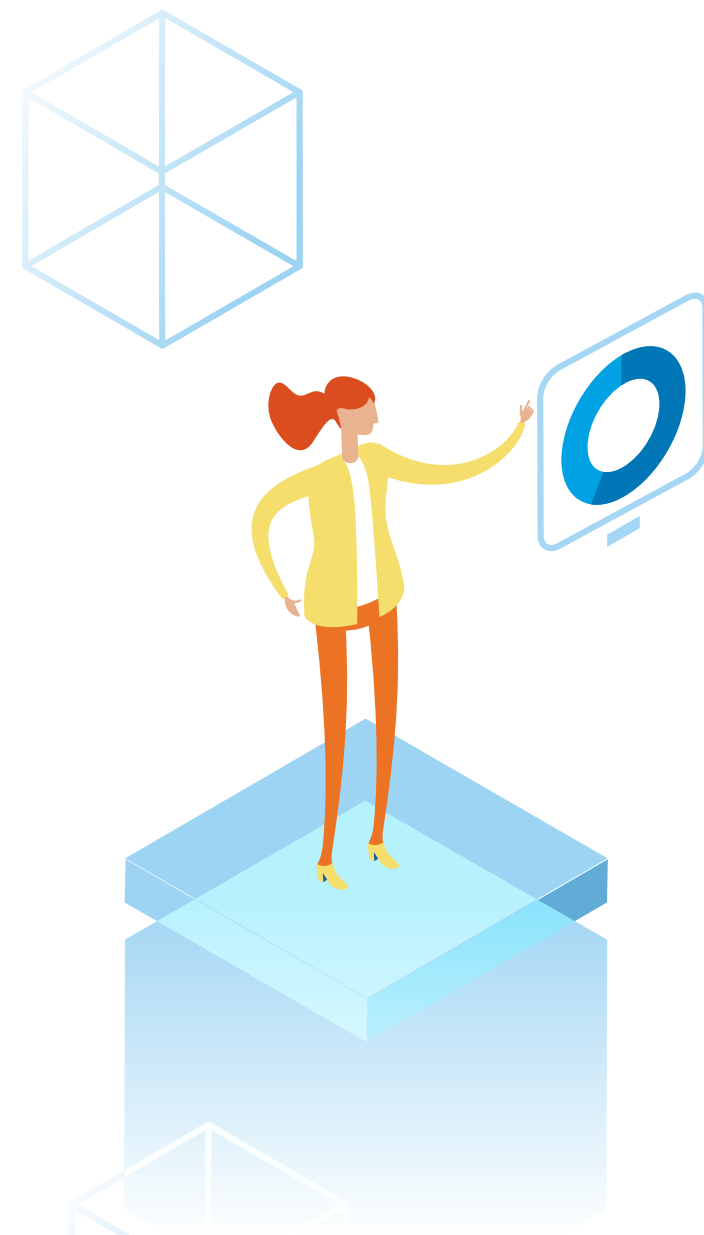


Intelligent manufacturing in China and brands going global

With the rise of China's digital economy driving the complexity of export technologies, Chinese product exports are undergoing a transformation and upgrade towards "Intelligent Manufacturing in China". In 2022, high-tech products accounted for 26.5% of China's total goods exports, a 9 percentage point increase since China joined the WTO. The proportion of high value-added export products is gradually increasing, thereby expanding profit margins for Chinese sellers. During this upgrading process, an increasing number of "hidden champions" are emerging, leveraging cross-border e-commerce platforms to achieve digital globalization. These companies focus on niche markets and specialized products, continuously innovating their technologies and upgrading their offerings to form international competitive advantages and escape the development dilemma of price competition. This further enhances China's participation in the global value chain and its position in the global division of labor.

Branding has also become an inevitable trend. As the overseas consumer environment evolves, consumers no longer settle for low-quality, generic products. With rising domestic production costs and intensified homogeneous competition, the profit margins for OEMs are continuously shrinking. Consequently, an increasing number of Chinese foreign trade enterprises are shifting from product exports to brand going global, building their own brands, and exploring new foreign trade channels to enhance the profitability of cross-border goods. According to data from the Ministry of Commerce, Chinese enterprises have made significant progress in brand building, with over 30,000 overseas trademarks registered by the end of 2023, compared to only 20,000 at the end of 2022⁴.

Cross-border e-commerce presents an excellent opportunity for Chinese enterprises to establish their brands internationally. Leveraging cross-border e-commerce platforms, businesses can directly connect with global consumers, offering customized products and services. This not only enables a swift response to market demands but also significantly enhances brand recognition and customer loyalty, addressing issues such as homogeneous competition and heavy reliance on external orders. Moreover, cross-border sellers are increasingly inclined to establish independent websites to promote their brands, test products, and cultivate private traffic and transactions, thereby solidifying their brand foundations. According to data from WorldFirst, in terms of payment receipts, the transaction volume growth rate of independent website sellers, especially branded sellers, reached 1.6 times in 2023, while the growth rate of boutique sellers was 2.6 times that of the sellers uploading products in bulk⁵.



⁴ The State Council Information Office held press conference on "Seek Progress While Maintaining Stability, Leverage Progress to Promote Stability, and Achieve New Breakthroughs in Advancing High-Quality Business Development", <http://www.scio.gov.cn/live/2024/33245/tw/>, January 26, 2024

⁵ "2024 could be a pivotal year for cross-border e-commerce! Three key words reveal industry trends", STCN, <https://www.stcn.com/article/detail/1091852.html>, January 14, 2024

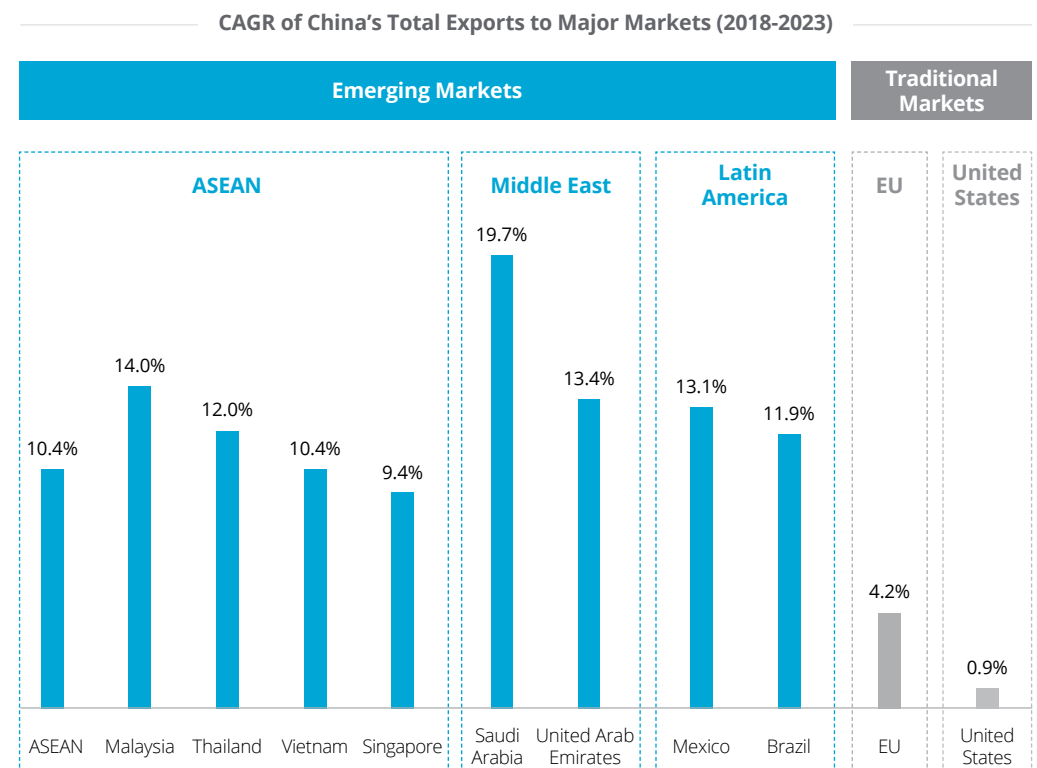
Heading to the next destination: emerging markets

From the perspective of export markets, in recent years, traditional European and American markets have shown sluggish growth due to factors such as the slowdown of major economies and the restructuring of global supply chains. In contrast, emerging markets represented by ASEAN, the Middle East, and Latin America have demonstrated strong growth. During the period from 2018 to 2023, China maintained high growth rates of exports to its major trading partners in ASEAN, the Middle East, and Latin America, with compound annual growth rates generally exceeding 10%. Notably, China's exports to Saudi Arabia saw a compound annual growth rate of 19.7%, while exports to the EU and the United States grew at only 4.2% and 0.9%, respectively. Furthermore, in 2023, ASEAN surpassed the United States to become China's largest export market.

On the other hand, e-commerce in these emerging markets is also flourishing. According to eMarketer, Southeast Asia and Latin America were the only two regions globally with e-commerce sales growth rates exceeding 20% in 2022, followed by the Middle East and Africa with a growth rate of 17%, significantly higher than the global average of 12.2%. In 2022, the growth rates of online consumers in key regions such as the Middle East, Africa, Latin America, and the Asia-Pacific were all above the global average and notably higher than in major e-commerce markets like North America and Western Europe. With the release of demographic dividends, emerging markets are expected to maintain high traffic growth in the future.

Overall, emerging markets represented by Southeast Asia, the Middle East, and Latin America, with their vast market potential and promising development prospects, are attracting a growing number of Chinese enterprises seeking business opportunities. Thanks to this trend, the demand for high-quality local service ecosystems by trade entities will also rise. Further improving and enhancing local infrastructure such as logistics and capital flow will help unleash greater trade vitality and upgrade potential.

Figure: Robust Growth in China's Exports to Emerging Markets



Data source: General Administration of Customs

Note: Although the growth rate of exports to Saudi Arabia is very high, it is largely due to a low base. China's exports to Saudi Arabia increased from USD17.4 billion in 2018 to USD42.9 billion in 2023.

Pooling efforts of new cross-border e-commerce forces

As global digital trade flourishes, cross-border e-commerce is experiencing a period of vigorous growth and competition. In addition to major platforms like Amazon, Walmart, and eBay, China's "Four Dragons" of going-global e-commerce platforms—SHEIN, AliExpress, TikTok, and Temu—are making their mark in markets worldwide. As Chinese cross-border e-commerce merchants explore diverse business models in their international ventures, we see a convergence of e-commerce platforms and independent websites, along with innovations in fully managed and semi-managed models.





The division of labor among platforms, sellers, and service providers is becoming increasingly specialized, with each excelling in their respective areas while maintaining excellent coordination to better serve these going-global sellers. Under this model of specialization and collaboration, sellers can focus more on product R&D and production, while outsourcing non-core activities such as logistics, payment processing, and marketing to professional service providers. Through close cooperation, platforms, sellers, and service providers form an efficient ecosystem that not only reduces operational costs but also enhances market responsiveness, collectively driving the prosperous development of cross-border e-commerce.

On one hand, traditional cross-border e-commerce platforms like Amazon are evolving, increasingly collaborating with independent websites. For example, Amazon launched the "Buy with Prime" service, extending its membership program to third-party e-commerce sites. This service also allows brands to create a "Buy with Prime" page on their Amazon storefronts and use Sponsored Brands ads to drive traffic. Shoppers can visit the brand's independent website and purchase products using "Buy with Prime". It helps increase consumer conversion rates by allowing products found on Amazon to be purchased directly from brand-independent websites while enjoying

Amazon's delivery network, wallets and trusted Prime services. On the other hand, independent websites are gradually embracing platformization. SHEIN, one of the "Four Dragons" of cross-border e-commerce, initially went global as an independent website. With its keen market insight and rapid product iteration capabilities, SHEIN quickly gained the favor of young consumers worldwide. However, as the market continues to evolve, SHEIN is also transitioning towards a platform model, introducing third-party sellers to diversify its product range and brands, thereby enhancing user engagement and market competitiveness. This shift not only reflects the flexibility and adaptability of independent websites in the market but also showcases the interaction and integration of different roles within the cross-border e-commerce ecosystem. By bringing in third-party sellers, SHEIN not only enriches its product line but also provides a platform for more small and medium-sized sellers to enter the international market. In addition to aiding SHEIN's growth, this mutually beneficial model also drives the upgrade and refinement of the entire cross-border e-commerce ecosystem.

In the rapid rise of the "Four Dragons", innovations in fully managed and semi-managed models have also emerged. Traditional foreign trade enterprises face numerous challenges when transitioning to cross-border e-commerce, such as compliance issues, cultural differences in foreign markets, operational costs, and lack of experience. The fully managed model has been developed to meet the needs of these enterprises. Under this model, merchants only need to supply goods and ship them in advance to the platform's warehouse. The platform then takes care of transportation, operation, and sales, with both parties settling accounts at agreed-upon intervals. This model allows foreign trade manufacturers to leverage platform traffic and one-stop services to expand overseas "with ease".

Figure: “Four Dragons” of Cross-Border E-commerce

	 TEMU	 TikTok Shop	 SHEIN	 AliExpress
Going-global time	Launched in September 2022	Ventured into e-commerce in 2021	Expanded overseas in 2012	Established in 2010
GMV	Expected to reach USD16 billion in 2023 Targeting USD 60 billion in 2024	Targeting USD20 billion in 2023 Targeting USD50 billion in 2024	USD45 billion in 2023 Targeting USD63 billion in 2024	Approximately USD29 billion in 2022
Major markets	North America	United States, United Kingdom, Southeast Asia	United States, Europe, Brazil	Russia, United States, Brazil, Spain, France
Key categories	Apparel, footwear, hats, outdoor sports articles, household goods	Beauty and personal care, fashion apparel	Expanding from fashion apparel to a full range of categories	Furniture, household goods, 3C digital products, apparel, footwear, hats, beauty and personal care, automotive parts, and more
Business model	Full managed + bidding mechanism	Merchant-operated + fully managed Higher requirements for livestreaming and content operation for self-operated merchants	Self-operated brands Platform-oriented model launched in 2023	Merchant-operated Fully managed + semi-managed model launched in 2023
Platform features	Fully managed + bidding model, maintaining Pinduoduo's low-price positioning	Combining content and e-commerce attributes, leveraging strong traffic for sustained growth	Fashion e-commerce platform with a “small order, quick response” model as a core competitiveness	Focusing on quality brands, partnering with Cainiao to enhance logistics fulfillment capabilities

Data source: Public information compiled by Deloitte

Additionally, cross-border e-commerce service providers in financial payments, logistics, and warehousing are creating an ecosystem-based service matrix and enhancing localized service capabilities overseas. Service providers are expanding their service boundaries, extending the service chain both upstream and downstream. For example, in the field of financial payments, under the background of payment compliance and globalized deployment of cross-border e-commerce sellers, there is a growing demand for diverse derivative services beyond multi-platform, multi-currency cross-border payment receipt services. These include customs clearance, export tax rebates, financial services, exchange rate management, fund management, insurance, and global acceptance. One-stop access to cross-border payment financial service providers is becoming the main trend in the industry's future development. At the same time, in response to the wave of overseas local business operations by Chinese enterprises, cross-border e-commerce service providers are focusing on improving their capabilities in local links, such as overseas market insights, payment environments, overseas warehousing and local logistics, overseas marketing, and compliance with local taxation and financial regulations. These efforts help businesses accelerate the implementation of localization strategies.

In summary, platforms, sellers, and service providers within the cross-border e-commerce ecosystem are continuously refining their roles and functions through specialization and collaboration. Together, they create favorable conditions for Chinese enterprises to thrive against global competition, using robust localization capabilities and one-stop solutions to help them navigate and compete internationally. The overseas expansion of Chinese cross-border e-commerce products and comprehensive services also generates new opportunities for more cross-border e-commerce market participants worldwide and broadens the scope for international e-commerce cooperation, collectively driving the prosperity of global digital trade.

3. Going Global Potential Index of Asia-Pacific Digital Trade

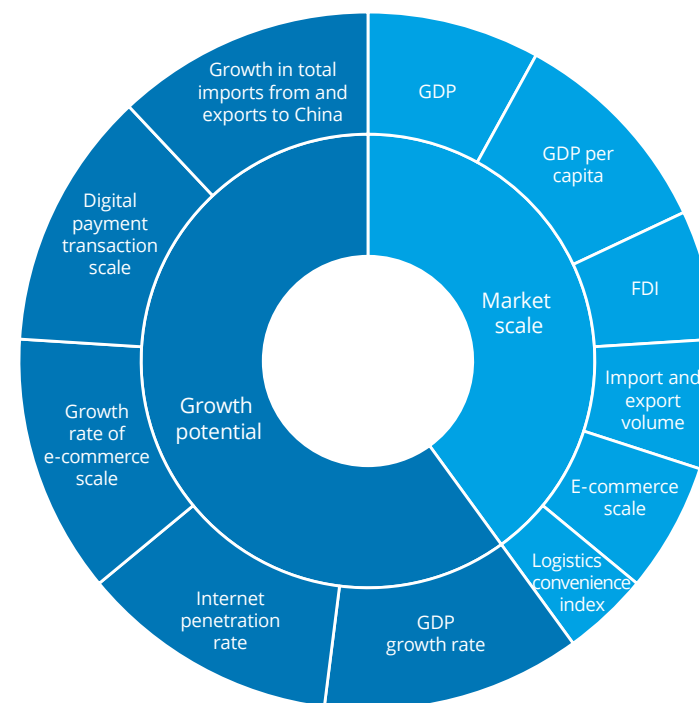


Going global potential for Asia-Pacific digital trade

The Asia-Pacific region is one of the fastest-growing areas for the global digital economy, with digital trade rapidly developing across various dimensions. Key aspects of current digital trade growth in the region include e-commerce, mobile payments, digital imports and exports, and cross-border e-commerce. Looking ahead, digital trade in the Asia-Pacific region is expected to maintain its high growth trajectory, continually unlocking significant potential. However, countries within the Asia-Pacific region vary in their stages of economic development and levels of digitalization. To comprehensively and objectively assess the digital trade environment and growth potential of each country, we have developed the Going Global Potential Index of Asia-Pacific Digital Trade for major countries in the region.

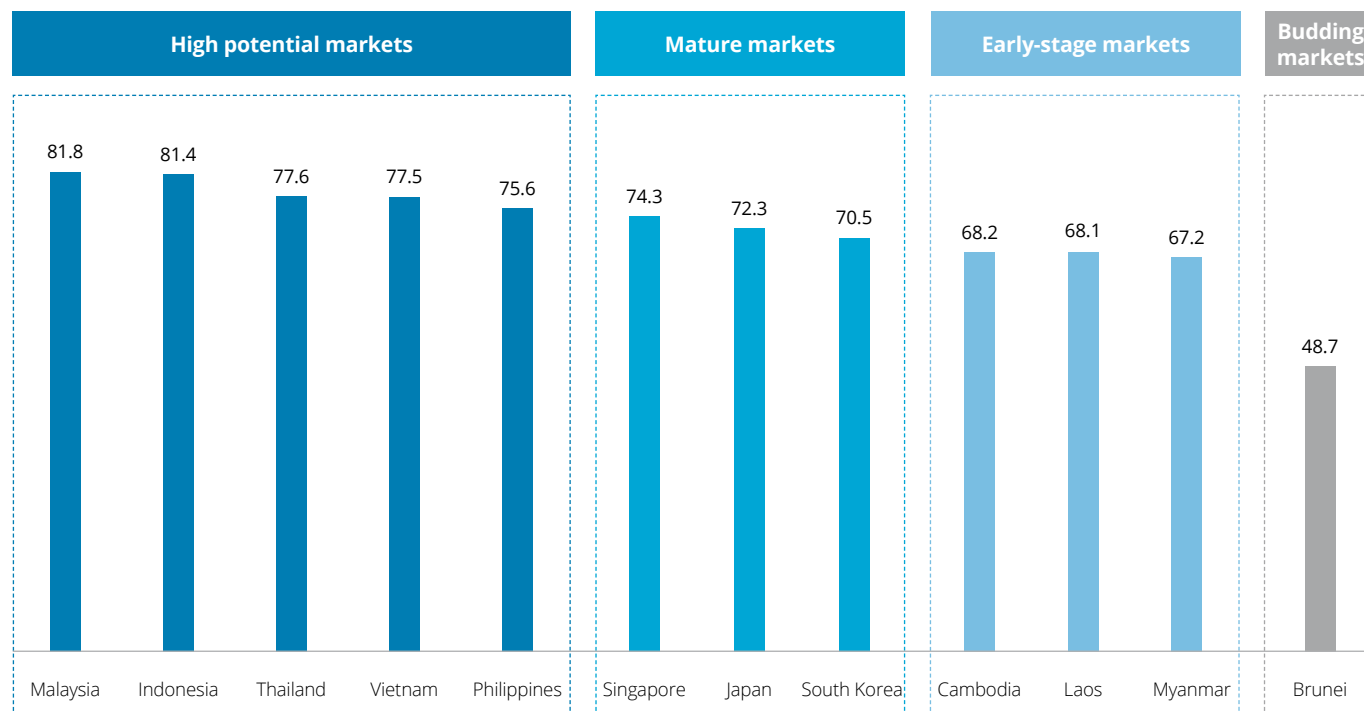
This chapter analyzes and compares the going global environment for digital trade of major economies in the Asia-Pacific region from two dimensions: growth potential and market scale. Growth potential is comprised of five secondary indicators, including GDP growth rate, growth of internet penetration rate, growth rate of e-commerce scale, digital payment transaction growth, growth in total imports from China. These indicators reflect the future digital trade growth potential. This dimension is more important in the index evaluation system, accounting for 60% of the total weight. Market scale is comprised of indicators such as GDP, GDP per capita, foreign direct investment (FDI), total import and export trade volume, e-commerce scale, and logistics convenience index, reflecting the market size and maturity of each region. This dimension accounts for 40% of the total weight. The raw data for each indicator is first converted into a score ranging from 0 to 100, forming the scores for the growth potential index and market scale index. These scores are then weighted for the two dimensions to obtain a country's overall score, which is used to be ranked and categorized. The higher a country's score, the more significant its development potential in the going global environment for global digital trade.

Figure: Going Global Potential Index of Digital Trade



Based on the evaluation system described, the major economies in Asia can be categorized into four types regarding their going global environment for digital trade: high potential markets, mature markets, early-stage markets and budding markets. High potential markets include Indonesia, Malaysia, Vietnam, Thailand, and the Philippines (scores above 75). Mature markets include Singapore, Japan, and South Korea (scores between 70 and 75), and early-stage markets include Cambodia, Myanmar, and Laos (scores between 60 and 69), and Brunei is a budding market (scores below 60).

Figure: Overall Scores of the Going Global Environment for Digital Trade of Major Economies in the Asia-Pacific Region



Data source: Wind, UN ComTrade, United Nations, Deloitte Research

Different markets exhibit distinct development characteristics:



High potential markets:

These markets have established a certain market scale and are experiencing rapid growth in the digital trade sector.



Mature markets:

These markets have a large market scale and are relatively mature, with more moderate growth.



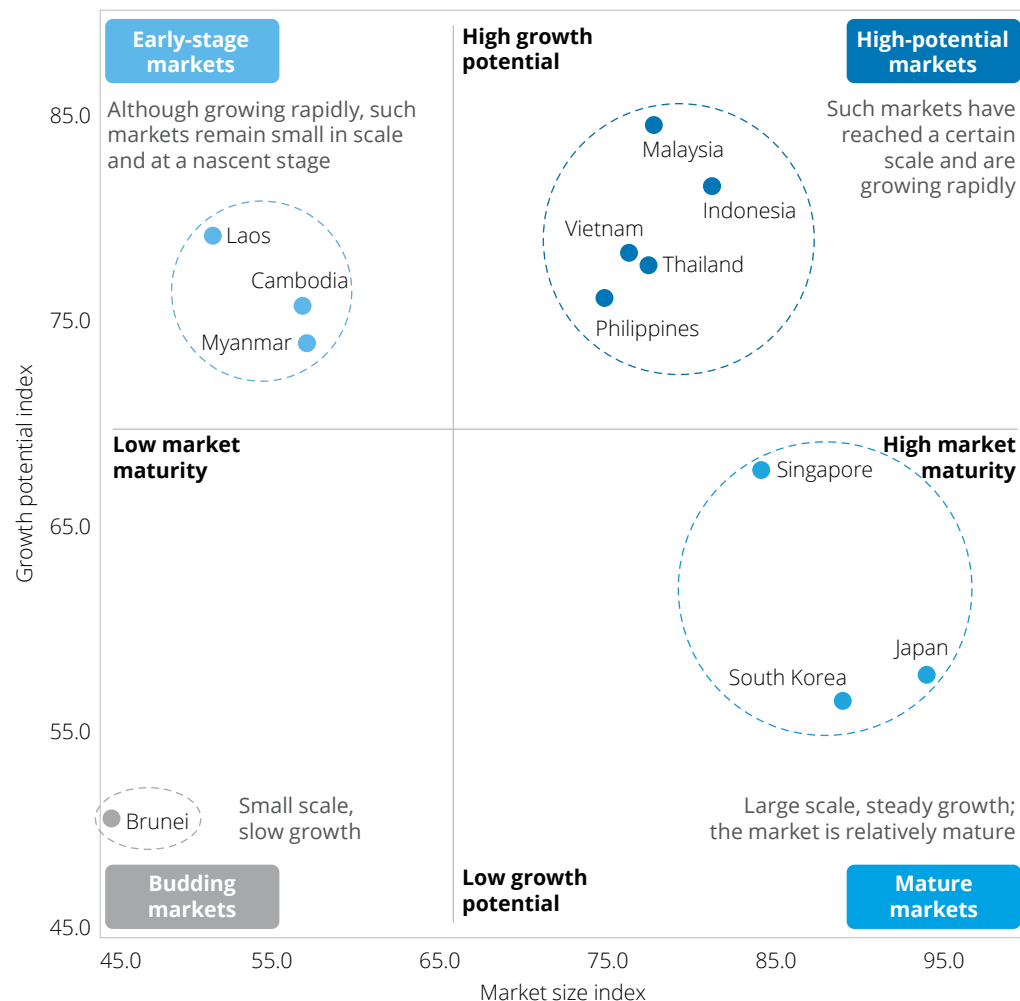
Early-stage markets:

These markets are seeing fast growth in digital trade but still have a relatively small scale and are in the early stage of development.



Budding markets:

These markets have a small digital trade scale, are immature, and exhibit low growth rates.

Figure: Development Comparison of Market Scale Index and Growth Potential Index by Region

Data source: Wind, UN ComTrade, United Nations, Deloitte Research

High Potential Markets

The five high potential markets are characterized by large populations and rapid development. The internet penetration rates in these regions have reached significant levels, and the gap with mature markets is closing rapidly. Although the e-commerce penetration rates in these countries are moderate, they are developing swiftly, showing strong growth momentum in digital trade. Several free trade agreements have been signed among Southeast Asian countries, such as the ASEAN Free Trade Area (AFTA) and the ASEAN-China Free Trade Area (ACFTA) agreement, which create a better environment for digital trade. Additionally, Southeast Asia is actively participating in regional free trade agreements, such as the Trans-Pacific Partnership (TPP) and the RCEP, providing a broader market and more favorable trade terms for digital trade.

Mature Markets

Mature markets are all developed countries with high levels of economic development and living standards, and they are very active in international trade. These countries have reached a mature level of digitalization, with internet and e-commerce penetration rates leading other Asia-Pacific countries. Each of these nations hosts internationally leading technology companies and invests actively in research and development of digital technologies, driving the growth of their digital economies and reinforcing their positions in the global digital trade industry. Japan and South Korea have a clear advantage in the scale of their e-commerce markets. Although Singapore's e-commerce market is smaller, it has a high proportion of cross-border e-commerce and has become an important exporter of international digital services.

Early-stage Markets

Early-stage markets are characterized by lower levels of digital trade market scale and market maturity. These countries have smaller economies and underdeveloped digital infrastructure, with extremely low internet penetration rates and outdated network environments, posing significant constraints on the development of digital trade. However, the e-commerce market scale and digital payment transaction volume in these countries have shown double-digit growth in recent years, indicating a strong growth momentum. Additionally, these countries have close trade relations with China. For instance, in Cambodia and Myanmar, China accounts for over 30% of their total import trade volume.

Budding Markets

Brunei is classified as an emerging market. In terms of overall market maturity and growth rate, it remains at a relatively early stage.

Analysis of core going-global countries in the Asia-Pacific region

Continuous digital penetration in Malaysia promotes its cross-border trade growth

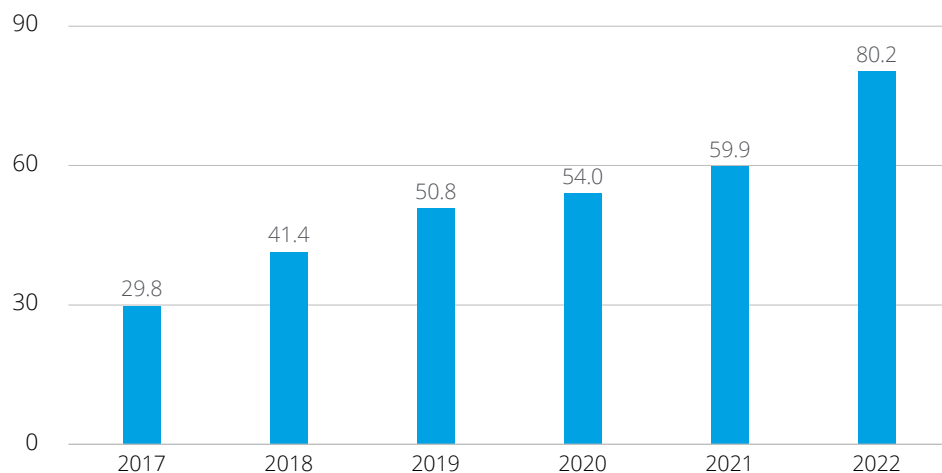
The digital economy has become a significant driver of Malaysia's economic growth. The e-commerce market in Malaysia has developed rapidly in recent years, with the gross merchandise value (GMV) of its e-commerce market reaching USD13 billion in 2023. This figure is projected to grow to USD16 billion by 2025 and USD25 billion by 2030. The contribution of e-commerce to Malaysia's GDP has increased significantly; in 2022, e-commerce accounted for 13.3% of Malaysia's GDP, up from only 8.6% in 2019. E-commerce is playing an increasingly important role in Malaysia's economy.

Digital delivery systems are gradually improving to support the development of digital trade. Malaysia has seen substantial development of digital payment systems in recent years, with a significant increase in the usage of digital payments. In 2022, the per capita digital payment transactions in Malaysia reached 291, up from 221 in 2021. The country boasts multiple digital payment service providers, including GrabPay, Boost, Touch 'n Go, and Maybank QR Pay. Notably, Touch 'n Go's TNG eWallet has over 20 million registered users, covering two-thirds of Malaysia's total population. Additionally, Bank Negara Malaysia has introduced a unified QR code payment system to facilitate consumer use of digital payments.

Digital free trade zone has been established to encourage SME participation in digital trade. The establishment of the Digital Free Trade Zone (DFTZ) is a significant initiative in Malaysia's digital trade development. The DFTZ provides a series of supportive measures for e-commerce businesses, including the establishment of logistics hubs and the provision of digital trade facilitation services, guiding SMEs to participate in the cross-border e-commerce industry and enter international markets. To ensure greater SME participation in the DFTZ, the Malaysian government has undertaken cross-departmental and cross-agency cooperation, involving the Ministry of Investment, Trade, and Industry, the Malaysia Digital Economy Corporation, and other departments and agencies, to facilitate SMEs' engagement in cross-border trade.

Malaysia is expected to become Southeast Asia's data center hub. The construction of data centers is a key focus in Malaysia's digital economy blueprint. The Malaysian government provides land, electricity, and a range of policy support for data center development, attracting numerous international companies to invest in building data centers. Major cloud service providers like Microsoft, Amazon, and Alibaba are planning to expand their investments in Malaysia. Additionally, digital infrastructure giants such as Equinix, AirTrunk, and GDS are also developing data centers in this country. According to Research and Markets, the size of Malaysia's data center market is projected to grow from USD1.313 billion in 2022 to USD2.252 billion by 2028, with a compound annual growth rate of approximately 9.4%.

Figure: E-commerce Market Size of Malaysia (in USD100 Million)



Data source: Statista, Deloitte Research

Thailand attracts numerous international tech companies, boosting digital trade development

Thailand strengthens digital infrastructure construction and elevates its digital ecosystem.

Thailand currently boasts solid digital infrastructure with high internet connection speeds and widespread accessibility. As the digital economy era progresses, Thailand is accelerating its pace of digital transformation. In response, the Thai government will initiate a new wave of digital infrastructure development, vigorously promoting new digital infrastructure in emerging fields such as cloud computing, AI, and 5G. Against this backdrop, the markets for cloud services, AI, and IoT in Thailand are experiencing continuous growth, the digital ecosystem is being consistently optimized, and the attractiveness of digital industry is expected to further increase.

Global tech giants are heavily investing in Thailand's digital industry, fostering the maturity of the digital trade sector.

Thailand's digital industry is showing tremendous investment potential. For instance, Alibaba Group has established a digital free trade zone in Thailand, constructing a 40,000-square-meter eWTP center aimed at accelerating Thailand's cross-border trade development. Google Cloud and Amazon Web Services (AWS) both plan to set up data centers in Thailand. Additionally, Huawei has committed to assisting Thailand in its digital transformation, helping it become a regional AI hub.

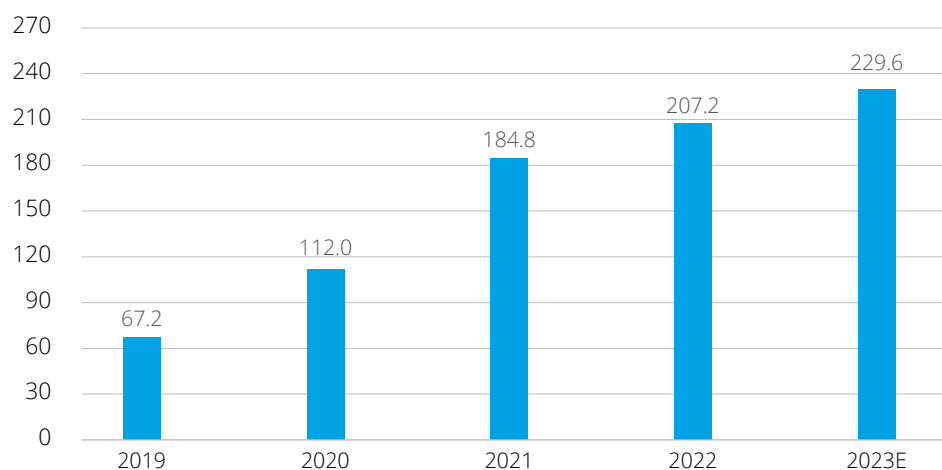
The Thai government is continually working to create an environment conducive to digital innovation for investors.

Thailand is one of the first ASEAN countries to focus on digital economy development. The Thai government has introduced policies and legislation such as the Electronic Transactions Act and the Personal Data Protection Act, and established relevant government agencies to build a digital ecosystem, ensuring the security of digital activities in Thailand. Furthermore, the Board of Investment of Thailand offers highly attractive incentives for the digital economy industry and provides reliable services for digital economy projects through initiatives like the establishment of international headquarters and trade and investment support offices. These efforts collectively create a favorable environment for the development of Thailand's digital economy and trade.

Extensive application of cutting-edge digital technologies empowers cross-border e-commerce of Thailand.

With the continuous improvement of digital infrastructure, digital technologies such as AI and cloud computing are becoming more widely used in the cross-border e-commerce sector. Alibaba's large language model for Southeast Asia, SeaLLMs, can provide local language support for e-commerce operations, reducing the language barriers that Thailand faces as a minority language country in its e-commerce development. Many Thai e-commerce enterprises are actively using AI tools to lower operational costs, and it is expected that more businesses will adopt automation technologies in their operations.

Figure: E-commerce Market Size of Thailand (in USD100 Million)



Data source: Statista, Deloitte Research

Vietnam is expected to become the leader in Southeast Asia's digital trade growth

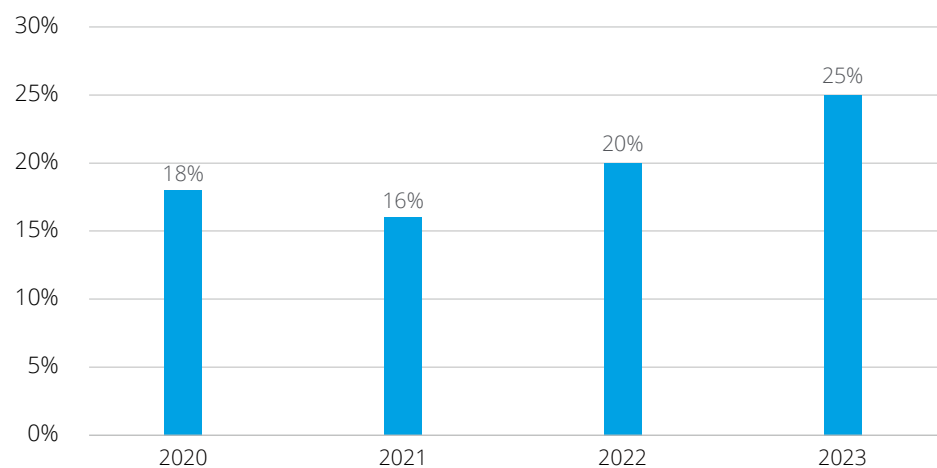
Vietnam is experiencing rapid growth in the digital economy, positioning it to become a future leader in Southeast Asia's digital trade industry. In 2022, Vietnam's revenue from digital economy was approximately USD148 billion, representing a 10% year-on-year increase. Of this, the value of goods transacted digitally was around USD23 billion, a 28% year-on-year increase. In 2023, the total value of Vietnam's e-commerce grew by 11%, with an expected compound annual growth rate of 22% by 2025. Vietnam has been the fastest-growing digital economy in Southeast Asia for two consecutive years (2022 and 2023), and this rapid growth trend is expected to continue in the coming years. Its growth rate of digital economy will remain ahead of the rest of Southeast Asia.

The government has introduced several policies to advance digitalization. In recent years, the Vietnamese government has released various incentive policies to strengthen infrastructure development and stimulate economic digitalization. Compared to other countries in the region, Vietnam has been proactive in promoting the digital economy. The government has approved the *National Digital Transformation Programme Through 2025, with an Orientation Towards 2030*, which aims to enhance the application of digital technologies. Additionally, the government has released the *National Digitalization Proposal*, striving for comprehensive digitalization of the economy and society by 2030.

The cross-border e-commerce management mechanism is becoming increasingly complete, and the market is entering a phase of regulated development. In 2023, the Vietnamese government introduced a new *Electronic Transactions Law*, which regulates policies related to electronic signatures, electronic contracts, and electronic trading platforms and systems. The guiding decree for the *Electronic Transactions Law* is expected to be introduced in 2024. The Vietnamese government will also strengthen tax management. A tax policy enacted in 2024 requires e-commerce sellers with annual online business revenues exceeding VND0.1 billion in Vietnam to pay the corresponding value-added tax and personal income tax. Non-compliant taxpayers will be restricted from leaving the country. As Vietnam's e-commerce market grows rapidly, the compliance process is also advancing, with the supervision and management mechanisms for cross-border e-commerce continuously being improved.

Continuous improvement of logistics services boosts e-commerce development. The development of cross-border e-commerce relies heavily on efficient and convenient logistics services and warehousing systems. The increase in e-commerce transaction volumes has led to a surge in transportation demand, posing challenges for e-commerce logistics services. Currently, Vietnam's logistics network and warehousing facilities have limitations, such as high logistics costs, inadequate logistics infrastructure, and slow delivery speeds, which to some extent restrict the growth of e-commerce in this country. Addressing the issues related to logistics and warehousing systems is a significant challenge that Vietnam's e-commerce sector needs to tackle. Future infrastructure development in Vietnam will focus on highways, railways, airports, and seaports.

Figure: E-commerce Revenue Growth Rate of Vietnam (%)



Data source: Statista, Deloitte Research

The status of Singapore as a central city drives the prosperity of digital trade

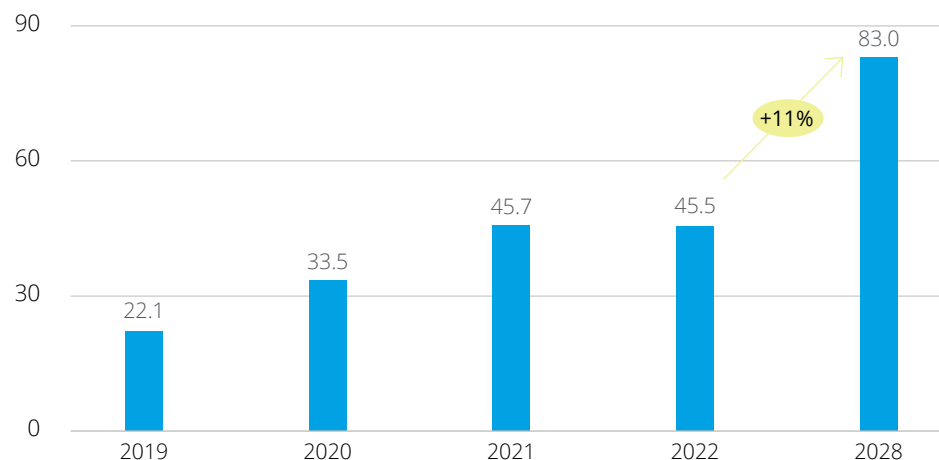
Singapore's position as a global commercial center and an international logistics hub underpins the foundation of digital trade. Its globalized orientation and premier business environment render Singapore one of the world's most attractive economies, consistently ranking at the top in global business environment indices and hosting the highest number of regional headquarters for multinational corporations in Asia. As a significant global trade and financial center, Singapore's per capita GDP exceeded USD80,000 in 2022, ranking first in Asia and sixth globally. Additionally, its unique geographical location has established Singapore as a critical international logistics hub. In maritime transport, Singapore has maintained the title of the "Top Global Shipping Center" for ten consecutive years. In air transport, nearly half of the world's population is within a seven-hour flight radius of Singapore. Singapore's logistics hub status enables it to play a crucial role in the global supply chain and attracts numerous cross-border trade and logistics enterprises. The highly developed economy and its status as a logistics hub provide fertile ground for the development of digital trade.

Singapore actively participates in the construction of the digital trade system and reduces digital trade barriers through trade partnerships. As one of the most forward-looking nations in the global digital economy, Singapore actively engages in the development of the digital trade system, and continually expands its digital trade partnerships. The *Digital Economy Partnership Agreement* (DEPA), signed with Chile and New Zealand, was the world's first agreement specifically addressing digital economy issues. Subsequently, Singapore has signed a series of digital economy trade agreements with Australia, South Korea, and the United Kingdom, and has piloted the first live digital trade with China across all links. The establishment of the digital trade system has reduced barriers for Singaporean companies engaging in digital trade with overseas partners, providing robust support for the growth of digital trade in Singapore.

The advantage of headquarters economy is leveraged, with influence spanning Southeast Asia. Although Singapore's domestic e-commerce market is not large, its advantages in trade, transportation, and digital infrastructure endow it with a pivotal role in Southeast Asia's digital trade. The headquarters of two cross-border e-commerce giants in Southeast Asia, Shopee and Lazada, are located in Singapore, with their influence extending across the whole Southeast Asian region. Additionally, there are comprehensive e-commerce platforms such as Qoo10, Ezbuy, and Carousell, alongside vertical e-commerce platforms like Zalora (fashion), Sephora Singapore (beauty), Redmart (fresh produce), and Pupsik (mother and baby products). According to Statista, Singapore's e-commerce market size is projected to reach USD8.3 billion by 2028.

Singapore adjusts and opens diverse payment policies to enhance its international digital trade competitiveness. In recent years, Singapore has introduced numerous policy initiatives aimed at advancing its digital payment ecosystem while opening up international markets. In 2022, the upgrade of e-wallets included the integration of several foreign e-wallets. In 2023, the enhanced QR code payment scheme, SGQR+, enabled merchants to accept up to 23 local and cross-border payment methods. Additionally, Singapore launched the world's first cross-border linkage of real-time payment systems, connecting PayNow with Thailand's PromptPay and Malaysia's DuitNow. These policy initiatives significantly reduce the difficulties merchants and consumers face in digital transactions, and encourage more merchants to adopt digital payments, thereby fostering the growth of digital trade. The improvement of the digital payment experience, and the convenience of cross-border payments will bolster Singapore's competitiveness in the digital trade sector.

Figure: Transaction Volume of Singapore's E-commerce Market (in USD100 Million)



Data source: Statista, Deloitte Research

Japan actively leads the formulation of global digital trade rules

Under the impetus of the government's digital strategy, Japan's potential of digital trade development is becoming evident. Japan boasts leading digital infrastructure domestically, with advantages in the digital trade industry chain. In recent years, the Japanese government has prioritized digital transformation as a key policy, establishing the Digital Agency and proposing the creation of special digital task forces to lead in digital transformation efforts. With governmental support, Japanese enterprises and institutions have made significant efforts to enhance the digital trade ecosystem. For instance, Japanese companies have invested 2.1 billion yen to establish the TradeWaltz, a trade data-sharing platform. In collaboration with various trading companies, banks, insurance companies, and shipping firms, this initiative aims to enhance the security and efficiency of trade operations through digitalization.

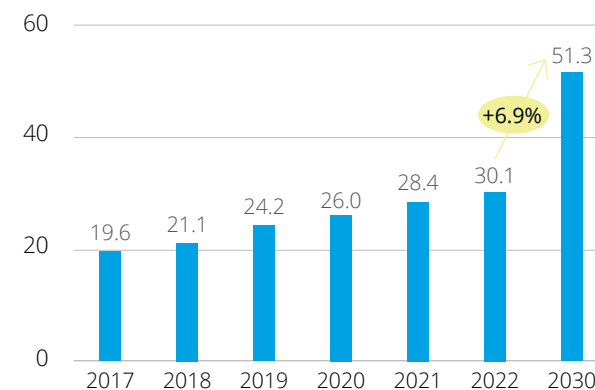
Japan plays a crucial role in the formulation of global digital trade rules. Firstly, Japan has participated in the development of numerous bilateral and plurilateral digital trade agreements. These include the implementation of the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* (CPTPP), the conclusion of the *EU-Japan Economic Partnership Agreement* (EPA), and the establishment of new digital trade rules through the *US-Japan Digital Trade Agreement* and the *UK-Japan Comprehensive Economic Partnership Agreement*, which address issues such as algorithms. Moreover, Japan occupies a proactive position within multilateral and plurilateral trade organizations. In addition to advocating its "Data Free Flow with Trust (DFFT)" concept at the G20, Japan co-leads the negotiations on the WTO Joint Statement Initiative on E-commerce as a convener.

There is significant room for growth in Japan's e-commerce penetration, with the cross-border e-commerce market expected to continue expanding. Although Japan is currently the world's third-largest e-commerce market, the well-developed offline retail sector remains highly attractive to Japanese consumers, resulting in a relatively low e-commerce penetration compared to other developed markets. According to Statista, in 2023, online retail accounted for 13.7% of total retail in Japan, whereas in China, it reached 47%, and in South Korea, 30%. Japan's advanced economy, large population, strong consumer spending power, and sophisticated logistics infrastructure provide the prerequisites for e-commerce market expansion. In recent years, Japan's e-commerce market has consistently shown an upward trend. With these numerous advantages, the potential of the e-commerce market, including cross-border e-commerce, is expected to be realized in the coming years.

The Japanese government is vigorously promoting cashless payments, laying the groundwork for e-commerce growth.

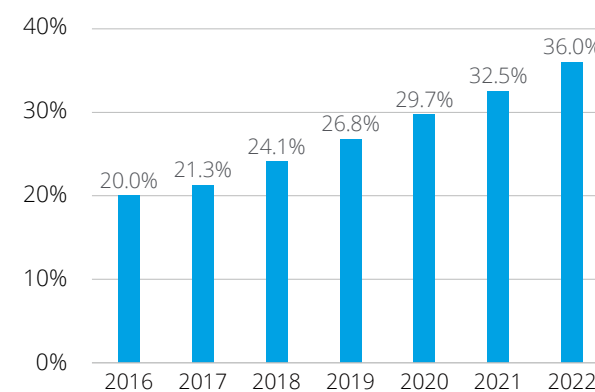
Japanese society still has a strong preference for traditional cash payments, a habit that has hindered the rapid growth of e-commerce. In recent years, the Japanese government has been actively promoting cashless payments and has set clear goals: achieving a 40% cashless payment ratio by the end of 2025 and an 80% ratio in the long term. Initiatives include reward points programs for cashless payments. According to data from the Ministry of Economy, Trade and Industry (METI), by the end of 2022, the cashless payment ratio in Japan had reached 36%, an 80% increase since 2016, suggesting that the short-term goal is achievable. The promotion of cashless payment policies is expected to accelerate the development of Japan's e-commerce and digital trade, thereby strengthening its competitiveness in the global digital economy.

Figure: Scale of Japan's Cross-Border E-commerce Market (in USD100 Million)



Data source: Statista, Grand View Research, Deloitte Research

Figure: Cashless Payment Ratio in Japan (%)



Data source: METI, Deloitte Research

Overseas enterprises contribute to rapid growth of South Korea's cross-border e-commerce

South Korea has released a new digital strategy to seize global leadership in the digital era. For a long time, South Korea has emphasized the development of the digital economy, but in recent years, the growth rate has slowed. To maintain its competitiveness in the digital age, the South Korean government officially launched the *Digital Strategy of the Republic of Korea* in 2022, which includes five major strategies and 19 specific tasks. In the coming years, South Korea will strive to build world-class digital capabilities and significantly expand its digital economy. With the implementation of this strategy, South Korea's position in the global digital economy is expected to be comprehensively enhanced.

South Korea's cross-border e-commerce market is poised for continued rapid growth. The country boasts well-developed digital infrastructure, high internet adoption among residents, and a high penetration rate of electronic payments, all of which provide a solid foundation for e-commerce development. In 2022, South Korea's e-commerce market was the fifth largest globally, with an e-commerce penetration rate that led the world. In the same year, online circulation accounted for 31.6% of the total market, the second highest globally. This advanced e-commerce market lays a strong foundation for cross-border e-commerce. In 2020 and 2021, South Korea's cross-border e-commerce export transactions doubled, reaching USD910 million in 2022.

Overseas e-commerce companies dominate South Korea's cross-border e-commerce market. Despite the advanced state of the domestic e-commerce market, the majority of the cross-border e-commerce market share is occupied by overseas companies. Particularly, the expansion of Chinese companies in South Korea's cross-border e-commerce market has significantly driven its growth. In the first three quarters of 2023, the cross-border sales amount from Chinese companies doubled, accounting for 46.4% of the total, surpassing the share of U.S. companies for the first time, which stood at 29.1%. Alibaba's AliExpress became the App with the most new users in South Korea, while Temu, a cross-border e-commerce platform under Pinduoduo, ranked second in terms of new users in the South Korean App market in 2023. Local companies lack a significant competitive advantage in the cross-border e-commerce market.

The online transaction system has been enhanced, and the payment process further simplified. Currently, credit card payments remain the primary method for online transactions in South Korea. However, the intense competition in the credit card market, with different cards using various rules and procedures, has increased the complexity of payments. Additionally, there are issues with low approval rates for cross-border payments, and the intricate payment processes have impacted South Korea's digital trade. To streamline payment processes, platforms like SSG Pay, Naver Pay, and Rocket Pay have started offering in-app purchase systems, allowing users to complete payments with simplified verification methods. Concurrently, the South Korean government is actively involved in the formulation of digital trade rules, aiming to improve the payment system through unified digital standards, thereby enhancing the competitiveness of South Korean e-commerce enterprises.

Figure: South Korea's Cross-Border E-commerce Export Transactions (in USD Billion)

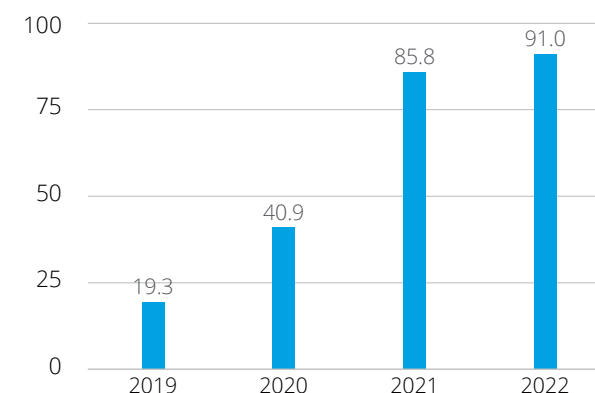
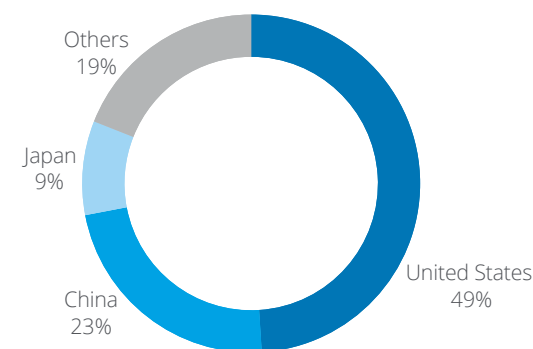


Figure: Market Share of South Korea's Cross-Border E-commerce in 2022



Data source: Korea Trade-Investment Promotion Agency (KOTRA), Statista, Deloitte Research

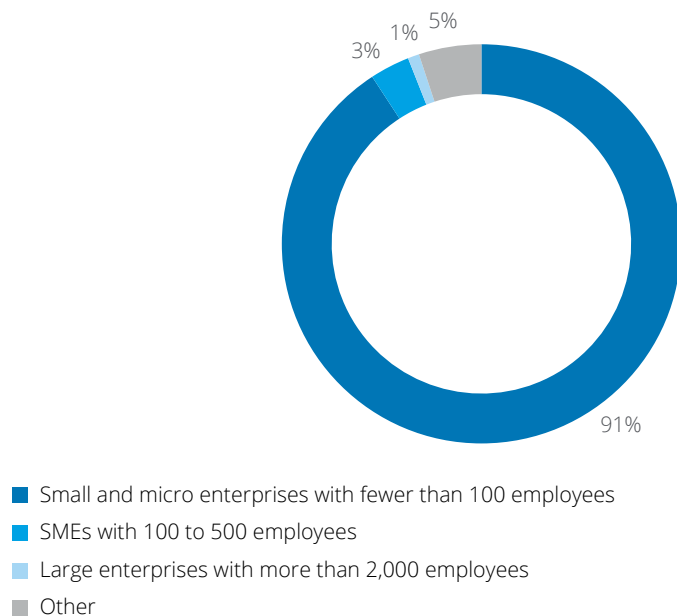
4. Survey of Overseas Expansion of Digital Trade Enterprises



Profile of going-global enterprises

Small and micro enterprises constitute the main component of going-global enterprises

Figure: Distribution of Enterprise Sizes

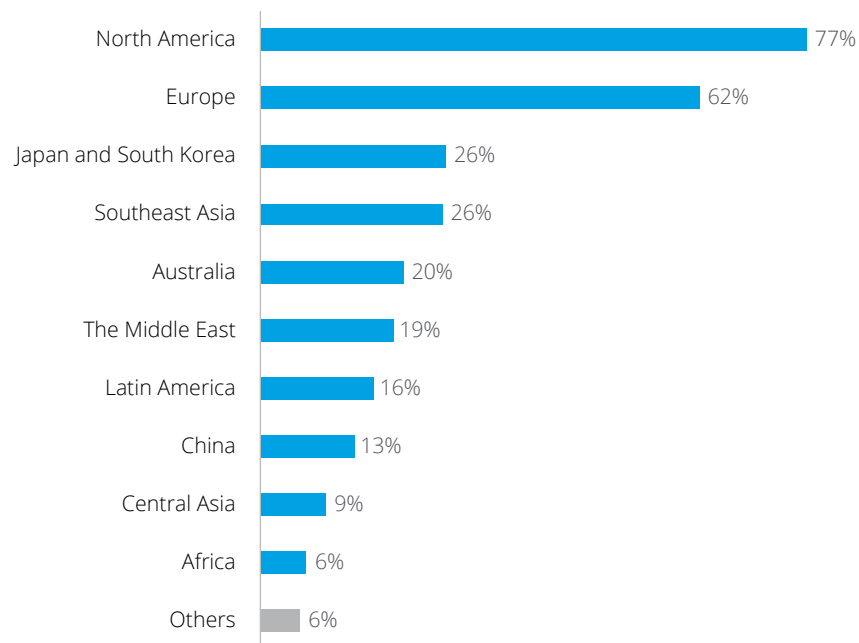


In the cross-border e-commerce sector, small and micro enterprises account for over 90%, making them the predominant component of digital trade enterprises going global. This significant proportion is likely due to the relatively low entry barriers and high overall flexibility of the cross-border e-commerce industry, allowing many small teams to quickly enter the market. However, this also implies intense competition within the industry. As a result, enterprises face numerous challenges in scaling up for stable development. Consequently, SMEs constitute only 3%, and large enterprises make up just 1% of the sector.



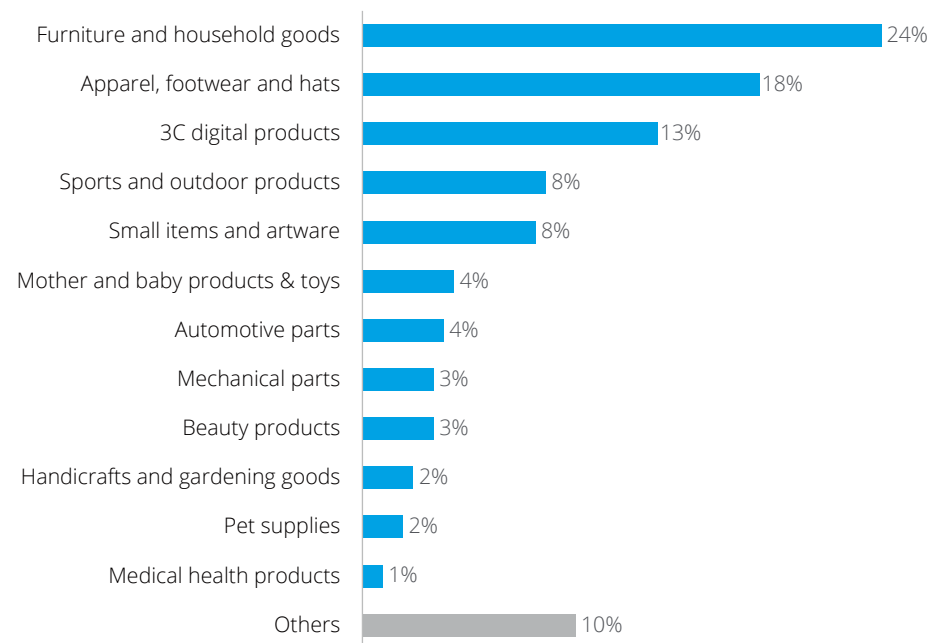
Industry and market distribution: North American and European markets occupy a dominant position

Figure: Primary Markets for Overseas Business Operations



From the distribution of regions where overseas enterprises conduct business, the top two markets are North America (77%) and Europe (62%), which are significantly ahead of other markets and constitute the primary targets for business coverage. Following these are the markets of Japan and South Korea (26%) and Southeast Asia (26%). The regions with the lowest proportions are Central Asia (9%) and Africa (6%). For the Central Asian and African markets, lower consumer purchasing power and immature market conditions are likely among the primary reasons for this distribution.

Figure: Categories of Products in Cross-Border E-Commerce



The top three mainstream demands are for furniture and household goods (24%), apparel, footwear and hats (18%), and 3C digital products (13%). The remaining demands are distributed among sports and outdoor products, small items and artware, mother and baby products & toys, automotive parts, and other categories. The lowest proportions are for pet supplies and medical health products, each accounting for only 1%.

Responses on future development trends

Industry enterprises hold an optimistic outlook on future development

Figure: Attitudes of Enterprises Towards the Development Trend of the Cross-Border E-Commerce Industry in the Coming Year (1 Being the Least Optimistic, 5 Being Very Optimistic)

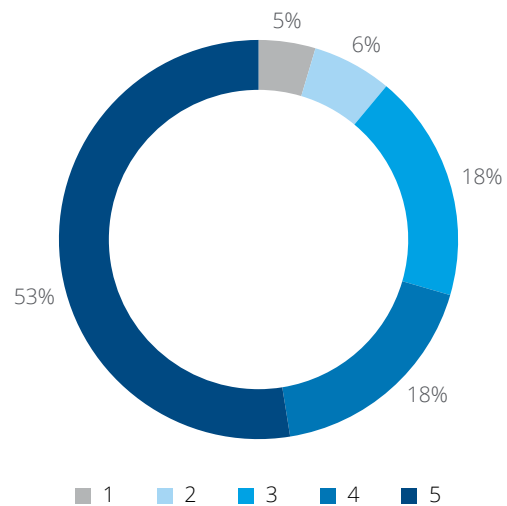
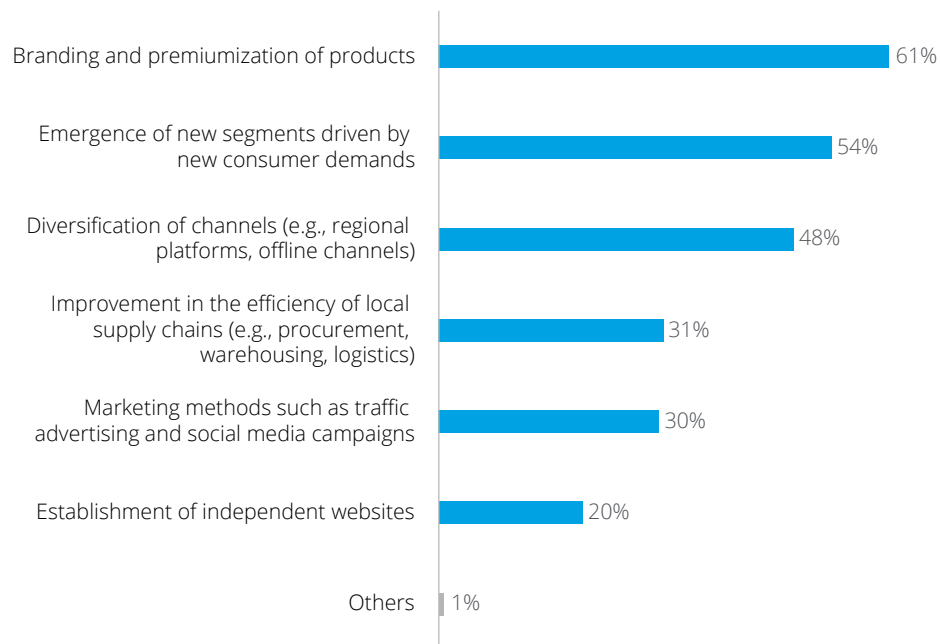
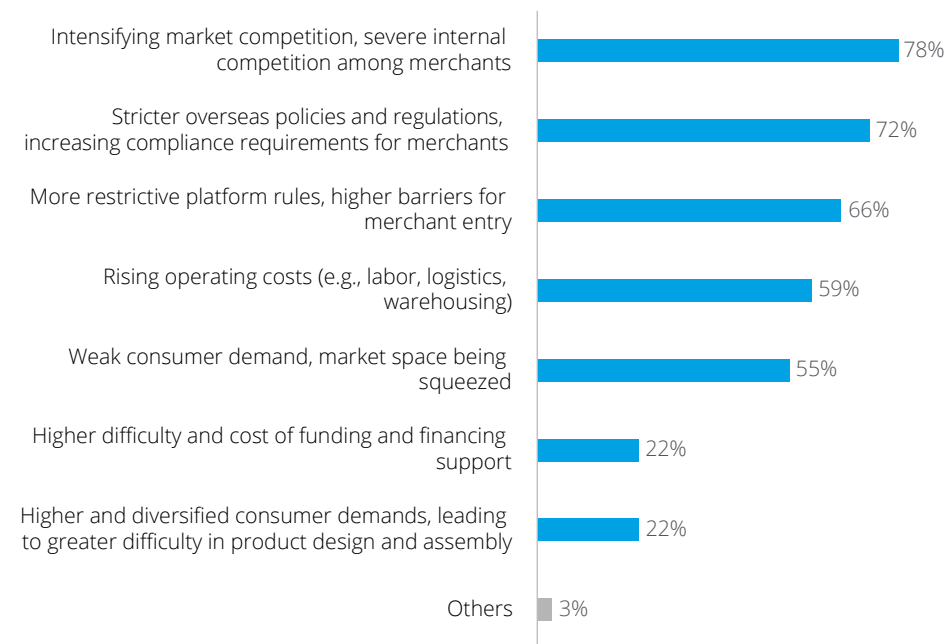


Figure: Major Drivers of Future Growth According to Enterprises

71% of the surveyed enterprises remain optimistic about the development prospects of cross-border e-commerce over the next year (scoring 4-5). This indicates that most companies are confident in the market demand, policy environment, and technological advancements, anticipating continued market expansion with significant growth in sales and profits. Enterprises believe that long-term brand building and meeting niche market demands are the primary drivers of future growth. Specifically, 61% of the respondents think that product branding and premiumization will be the main driving force, followed by the emergence of new segments driven by new consumer demands (54%) and the diversification of channel (48%). Overall, addressing specific customer needs, loyalty, and market coverage will be the focus of corporate growth. In contrast, supply chain efficiency (31%), marketing methods (30%), and establishing independent websites (20%) hold secondary positions.

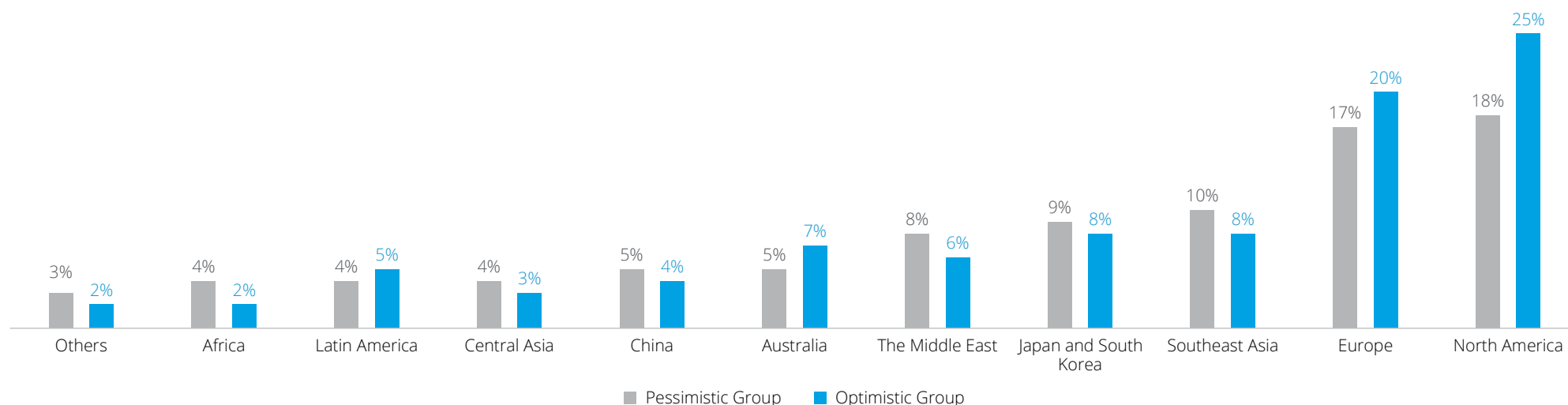
Figure: Main Reasons for Enterprises' Pessimistic Attitude

29% of the enterprises hold a relatively pessimistic attitude towards the future (scoring 1-3). The primary reasons for this pessimism are centered around the external environment, including intense market competition (78%), increasingly stringent cross-border compliance policies (72%), growing restrictive platform rules (66%), and weak consumer demand (55%). Additionally, rising operating costs are putting significant pressure on enterprises, and the entry barriers for new businesses are gradually increasing. Other reasons include the difficulty of obtaining financing support (22%) and rising consumer demands (22%).

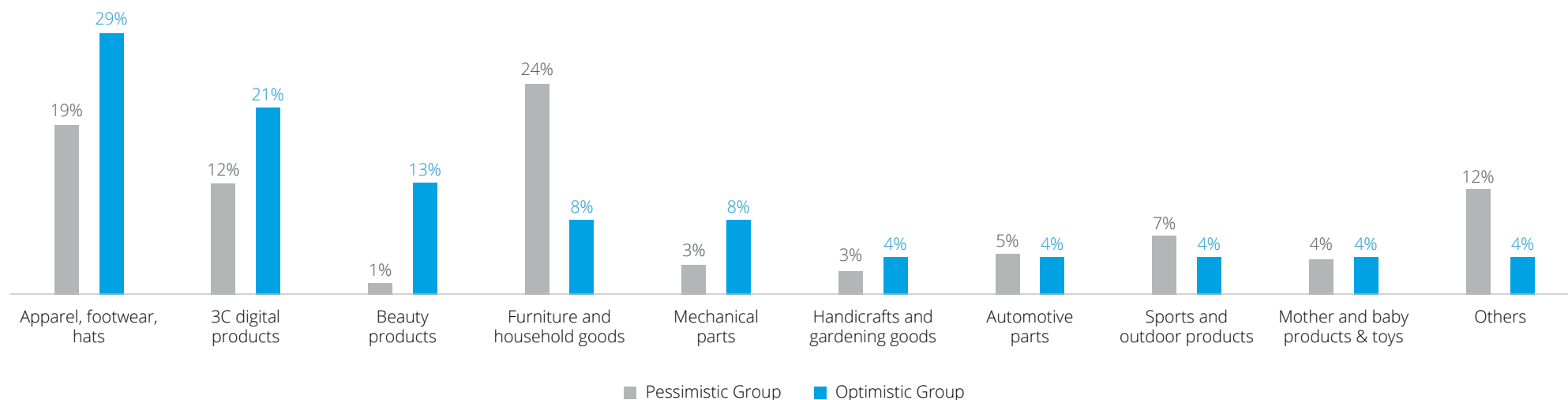
Cross analysis: North American, European, Latin American, and Australian markets show optimistic development trends

To better predict the development trends of various markets, we conducted a cross analysis combining the main markets and product categories involved in cross-border e-commerce with enterprises' attitudes towards future development trends. Enterprises that rated the industry's future development trends with scores of 4 and 5 were defined as the Optimistic Group, while those who rated it with scores of 1 and 2 were defined as the Pessimistic Group. Subsequently, we analyzed the development attitudes of both groups based on target markets and trade categories.

Figure: Analysis of Optimistic and Pessimistic Attitudes Based on Target Markets



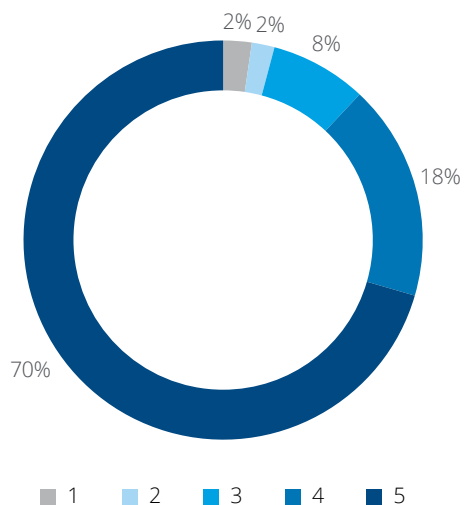
Through the analysis based on target markets, it is found that the optimism towards trade in the North American and European markets is higher than in other countries or regions. This indicates that despite the intensifying geopolitical and East-West competition, domestic cross-border traders continue to focus on the European and American markets. In-depth interviews reveal that the attractiveness of the European and American markets mainly stems from their stable economic environment and high consumption capacity. Although there have been some market fluctuations in these regions in recent years, the overall environment still provides good returns for cross-border e-commerce enterprises. Additionally, the advanced freight and logistics infrastructure, operational models, and value-added services in Europe and America continue to improve, greatly facilitating and benefiting the development of cross-border e-commerce. The consumption levels in the Japanese and South Korean markets are similar to those in Europe and America. Although the market size is not as large, it still represents certain objective opportunities, especially for high value-added products. Moreover, a considerable proportion of domestic cross-border traders also show optimism towards emerging markets such as Southeast Asia and the Middle East. While these regions have lower consumption levels and demand for high value-added products compared to Europe and America, they hold great potential for future growth. Overall, in the foreseeable future, Europe, America, Japan and South Korea remain ideal target markets for high value-added products in cross-border e-commerce, while regions such as Southeast Asia and the Middle East show significant growth potential.

Figure: Analysis of Optimistic and Pessimistic Attitudes Based on Target Markets

In terms of trade categories, furniture and household goods are currently the most favored export products in cross-border e-commerce. The primary reasons are the relatively low manufacturing threshold for these products and the easier achievement of industry standards and product specifications. Additionally, many overseas consumers frequently replace items in this category, leading to a constant global demand. Conversely, apparel, footwear, hats and 3C digital products have long been subjected to anti-dumping investigations and restrictions by Western countries. For instance, during the US-China trade war, the United States conducted anti-dumping investigations on Chinese-produced textiles, smartphones, and network communication equipment, even implementing laws like the *Secure and Trusted Communications Networks Act* to restrict its domestic consumers from purchasing 3C digital products made in China. Overall, due to trade barriers, the categories targeting high-value markets like Europe and America mainly consist of low value-added products. Therefore, Chinese cross-border e-commerce enterprises urgently need to explore other potential regional markets to enhance the value content of cross-border e-commerce trade.

Branding is the key factor for long-term development

Figure: Importance of Product Branding for Business Development According to Enterprises (Higher Scores Indicate Greater Importance)



Overall, there is a broad consensus among cross-border e-commerce enterprises on the importance of branding, with 88% (scoring 4 and 5) recognizing that branding is crucial for long-term business development. Branding not only helps businesses establish a differentiated competitive advantage in the market but also enhances customer loyalty and market share. This result aligns with the trend that enterprises believe product branding and premiumization will be the main driver of industry growth in the future.



Figure: Importance of Various Business Dimensions for Building a Brand According to Enterprises (Higher Scores Indicate Greater Importance) (Data Represent Averages)



Figure: Performance of Enterprises in Various Business Dimensions (Higher Scores Indicate Greater Importance) (Data Represent Averages)



Enterprises believe that high quality (4.75) and alignment with local needs (4.72) are the two most critical factors in building a brand. This indicates that when building a brand, companies place great emphasis on the quality of the product itself and its market adaptability. Additionally, businesses also highly value a deep understanding of local markets and consumers (4.57), localized services (4.48), and marketing strategies (4.44).

Moreover, according to the self-assessment of the surveyed enterprises, their performance in various dimensions generally aligns with their evaluation of the importance of each dimension. The more critical a dimension is considered, the more focus it receives, resulting in better performance. The only exception is the product variety dimension, which, despite not being ranked highly in importance, still receives significant attention from enterprises and ranks high in performance. This could be a strategy to increase diversity to cope with intense market competition.

Figure: Expected Degree of Investment in Brand Building in the Coming Year Compared to the Previous Year

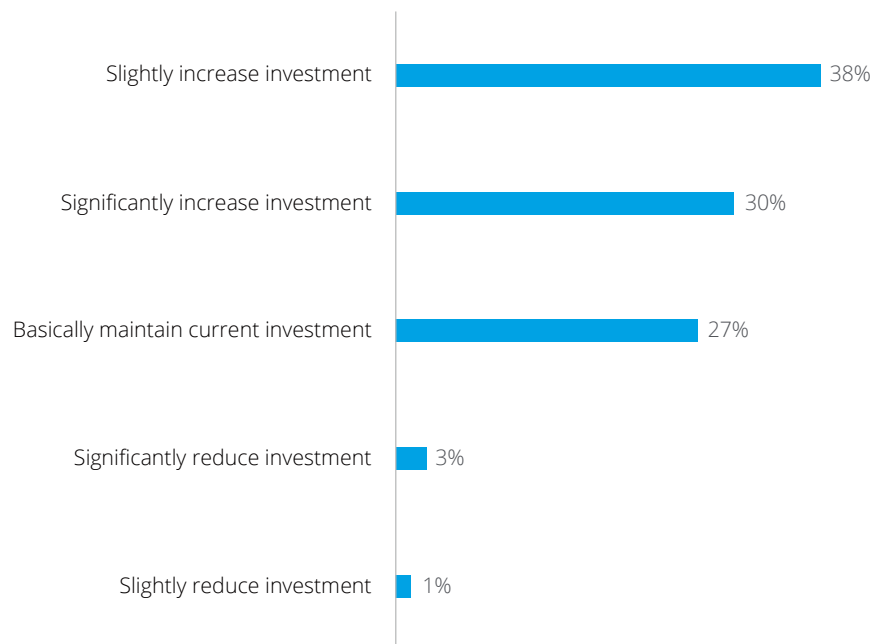
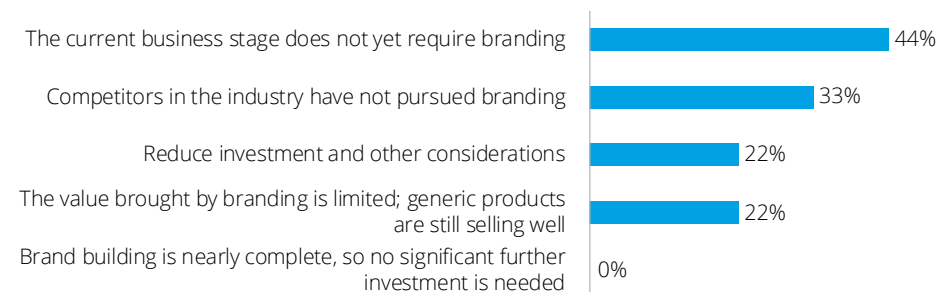


Figure: Reasons for Increased Investment

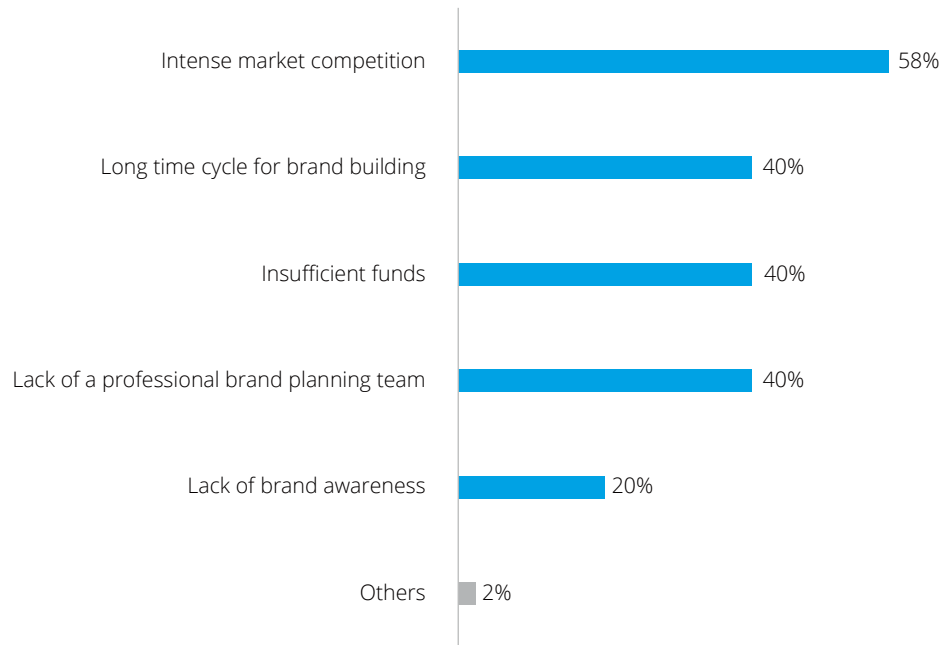


Figure: Reasons for Decreased Investment



In the coming year, enterprises generally have a positive outlook on investment in brand building, with nearly 70% of surveyed companies planning to increase their investment. Notably, 31% plan to significantly increase their investment, reflecting the critical role of brand building in enhancing competitiveness and achieving long-term development. This also indirectly highlights the promising future of the cross-border e-commerce industry. The primary reason for this proactive increase in investment is competitive pressure, with the main factor of brand building being the effort to gain a competitive advantage in the market (52%). Additionally, the noticeable effects of initial branding efforts leading to increased sales (43%) and consumer preference for branded products (39%) are also driving factors. Support and incentives from e-commerce platforms for branded products (19%) are considered a secondary factor.

Meanwhile, a significant proportion of companies (27%) plan to maintain their current level of investment, reflecting a cautious strategic approach. The proportion of enterprises planning to decrease their investment is very small (4%), with most of these companies being in the early stages of development where branding is not yet necessary (44%). Other reasons include the fact that competitors in the industry have not undertaken branding efforts (33%), the need to cut investments (22%), and the limited value brought by branding (22%). No company cited the completion of branding efforts with no need for further significant investments as a reason for reducing investment, indicating that there is still considerable potential for upward development among the surveyed enterprises.

Figure: Major Difficulties Faced by Enterprises in Brand Building

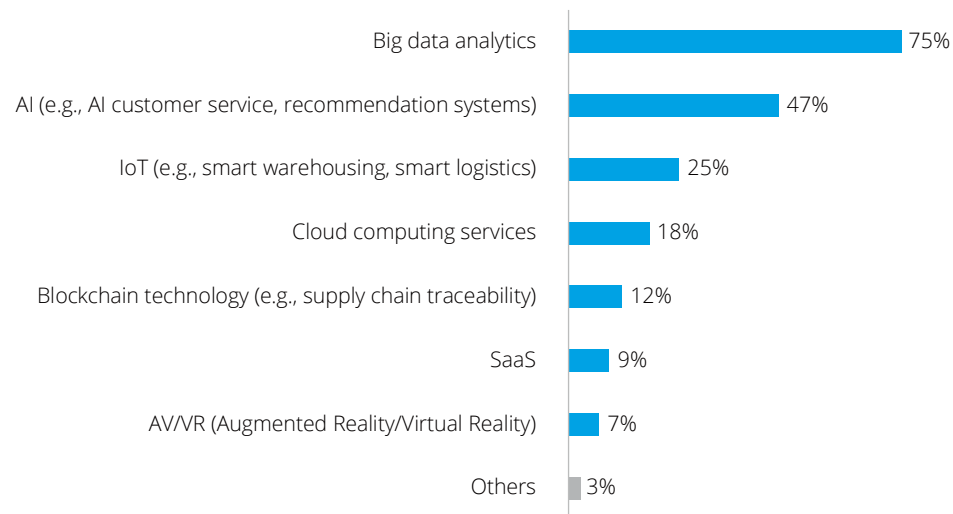
Increasingly fierce market competition has always been a key focus in the cross-border e-commerce industry. In the field of brand building, nearly 60% of enterprises consider intense competition as the primary difficulty. Additionally, 40% of the surveyed enterprises each believe that the long time cycle for brand building, insufficient funds, and lack of a professional brand planning team are major difficulties. Finally, the lack of brand awareness (20%) is considered a secondary difficulty affecting brand building.



Application of digital technologies in the digital trade industry

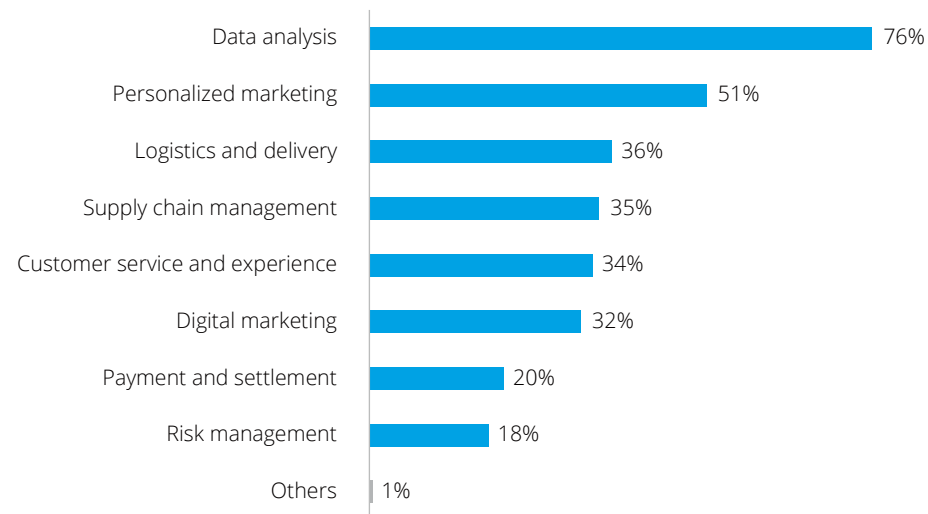
Big data analysis will lead the application of digital technologies in the cross-border e-commerce industry

Figure: Digital Technologies Applied by Enterprises



Big data analytics (75%) is currently the most prominent and widely applied technology, followed by AI (47%), as these technologies are directly related to business optimization and the enhancement of customer experience. Additionally, IoT (25%) and cloud computing services (18%) receive investments of enterprises in logistics, warehousing, and IT infrastructure. Although the application rates of blockchain (12%), SaaS (9%), and AV/VR (7%) technologies are currently lower, they may demonstrate more potential in future market development as these technologies mature and consumer demands increase.

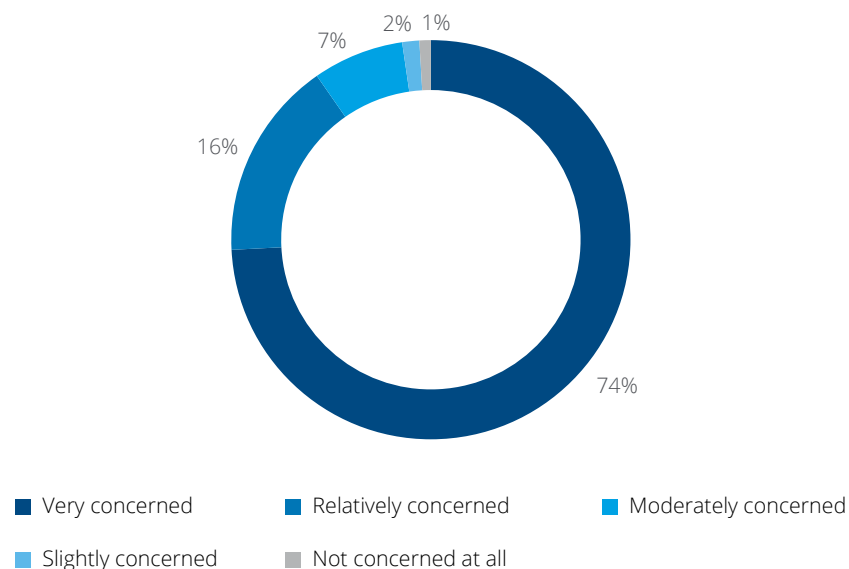
Figure: Main Application Scenarios of Digital Technologies in Enterprises



Cross-border e-commerce enterprises' prioritization and strategic choices in technology application are closely related to their actual business scope and application scenario needs. The high rates of application in data analysis (76%) and personalized marketing (51%) reflect the emphasis on customer insights and precise marketing. The use of technology in logistics (36%) and supply chain management (35%) shows a focus on efficient operations and cost control. The application of technology in customer service (34%) and digital marketing (32%) indicates a commitment to enhancing customer experience and brand awareness. Meanwhile, technology application in payment and settlement (20%) and risk management (18%) demonstrates the importance placed on security and stability by enterprises.

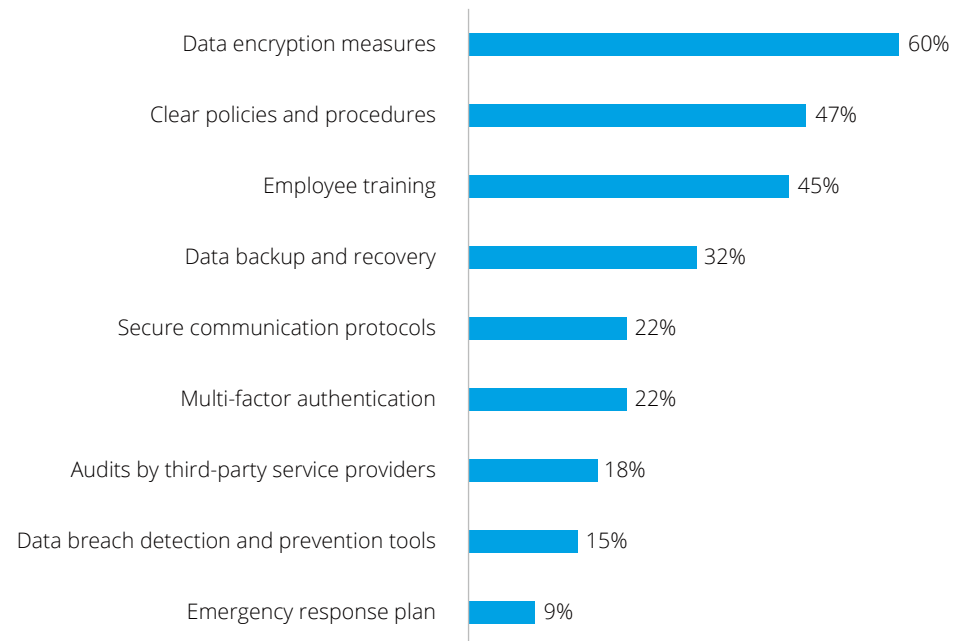
High emphasis on data privacy and security is a major development trend

Figure: Enterprises' Focus on Data Privacy and Security



Among the surveyed enterprises, a significant 90% are very or relatively concerned about data security, fully revealing the widespread emphasis on data privacy and security. As global data privacy laws and regulations continue to improve, enterprises are gradually enhancing their data privacy protection capabilities to meet stringent compliance requirements. This not only helps them gain customer trust but also effectively maintain their competitiveness, highlighting the importance of data privacy protection in the cross-border e-commerce industry.

Figure: Specific Measures Taken by Enterprises in Data Privacy and Security

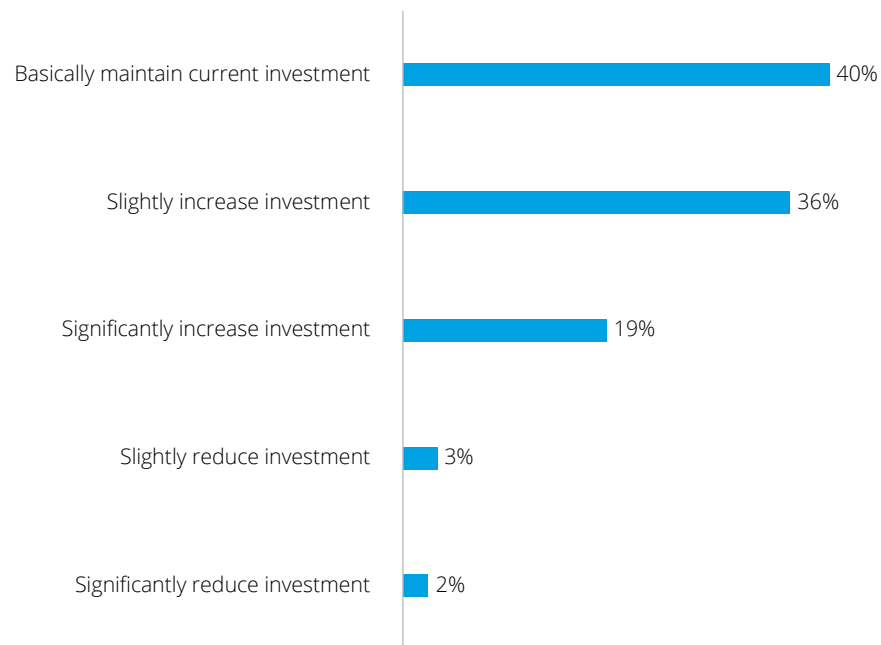


Enterprises have implemented a series of measures to ensure data privacy and security. Over half of the enterprises have adopted data encryption, which is widely regarded as a straightforward and effective method. Additionally, measures including clear policies and procedures (47%), employee training (45%), and data backup and recovery (32%) are also commonly used.

Overseas localization trends

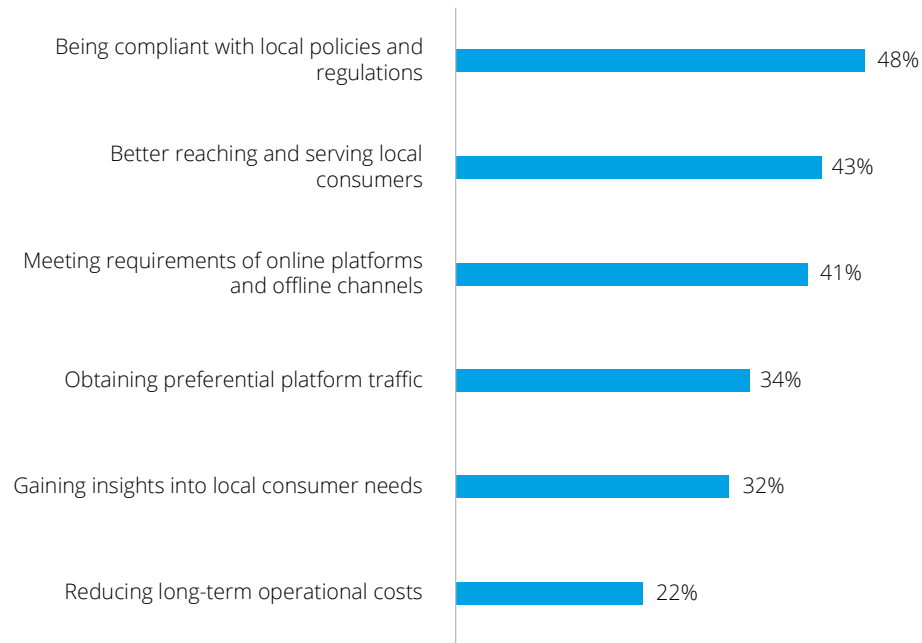
Enterprises hold a relatively optimistic attitude towards localized operations overseas, with maintaining or increasing investment being the main trend

Figure: Expected Degree of Investment in Overseas Localization in the Coming Year Compared to the Previous Year

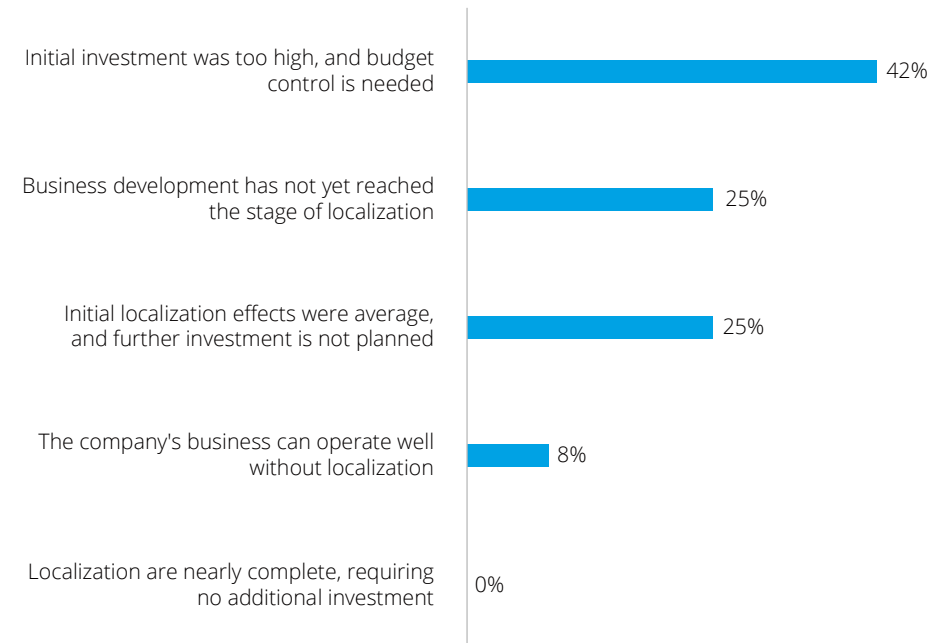


95% of the surveyed enterprises hold a stable and relatively optimistic attitude towards localized operations overseas, planning to maintain the current investment or increase investment in this area to varying degrees. This indicates that enterprises are not just satisfied with short-term market expansion but aim to establish long-term stable market share and brand loyalty through in-depth localized operations.



Figure: Reasons for Increased Investment

Compliance with local policies and regulations is the most significant issue enterprises encounter during the localization process. Thus, being compliant with local policies and regulations (48%) is the primary reason for increased investment. Secondary reasons include better reaching and serving local consumers (43%) and meeting the requirements of online platforms and offline channels (41%).

Figure: Reasons for Decreased Investment

A small number of enterprises (5%) plan to reduce their investment to varying degrees. The primary reason is that localized operations are a long-term endeavor that requires substantial upfront investment with limited immediate returns. It is necessary for enterprises to control budgets or adjust strategies. 67% of surveyed enterprises choose to reduce investment for this reason. Additionally, 25% of the enterprises indicate that their business development has not yet reached the stage of localization, which is another key factor for investment decrease.

Localized operations overseas are emphasized by enterprises, with investment focused on product and team localization

Figure: Are Enterprises Currently Engaged in or Planning Localized Operations Overseas?

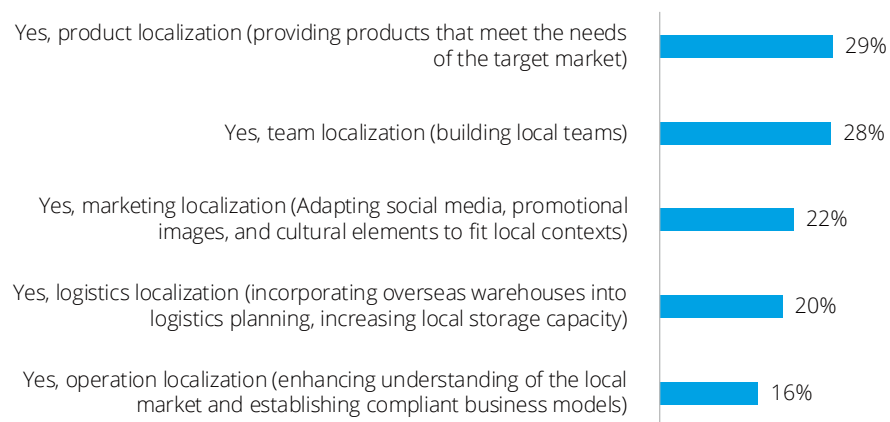


Figure: Effects and Benefits of Localized Operations for Enterprises/Desired Outcomes from Localized Operations

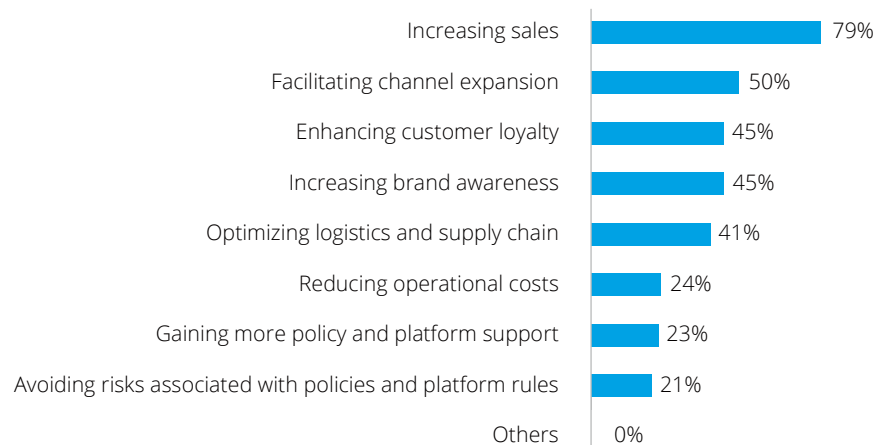
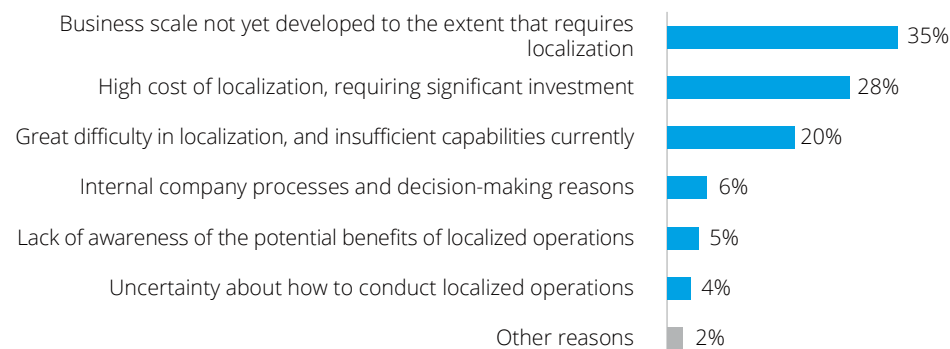


Figure: Reasons for Not Pursuing/Not Planning to Pursue Localized Operations



Currently, 38% of surveyed enterprises have opted not to pursue localized operations. In contrast, the remaining 62% have either implemented or planned to implement localized operations across various dimensions. This indicates that the majority of enterprises believe localization will enhance their market competitiveness and are prioritizing localization needs. To ensure success and stability in local markets, companies are concentrating their investments in core areas. For instance, 29% of enterprises aim to increase market acceptance and competitiveness through product localization, while another 28% focus on team localization to better understand and adapt to local markets.

Enterprises place significant emphasis on localized operations primarily because it can increase sales (79%), facilitate channel expansion (50%), enhance customer loyalty (45%), boost brand awareness (45%), and optimize logistics and supply chains (41%). Overall, localization helps businesses maintain their core competitiveness and seize more upward opportunities in the market.

Conversely, among the surveyed enterprises that chose not to pursue localized operations, internal and external factors both play a significant role. Internally, enterprises with inadequate business size might have not yet reached the stage that necessitates localization (35%), prioritizing the expansion and consolidation of their existing markets instead. Externally, high costs of localization (28%) and great difficulty in localized operations (20%) present practical challenges and risks, prompting these enterprises to temporarily refrain from localization. These choices reflect a cautious approach and strategic resource allocation by companies as they navigate international market expansion.

There is significant room for improvement in various aspects of localization efforts for enterprises

Figure: Importance of Different Dimensions in Various Localization Aspects (Higher Scores Indicate Greater Importance; Data Represent Averages)



Figure: Performance of Enterprises in Different Dimensions (Higher Scores Indicate Better Performance; Data Represent Averages)



In the process of localization, the most crucial aspect is thoroughly understanding local needs. This includes adjusting product design to meet local demands (4.31) and conducting research on the local market and consumers (4.3). However, enterprises have self-assessed their performance in these areas as relatively low, indicating significant room for improvement in understanding and adapting to local needs. Additionally, catering to local preferences is seen as a key aspect, such as offering payment methods commonly used in the local market (4.24), providing localized installation and after-sales services (4.21), and conducting social media marketing that aligns with local customs (4.2). Yet, on average, enterprises have rated their performance in these areas at only around 3.75. Overall, while enterprises have a clear understanding of the importance of various localization aspects, they still need to enhance their actual performance across these dimensions to effectively meet the challenges.

Legal compliance is an unavoidable and prominent issue for enterprises in overseas localization

Figure: Prominent Issues Faced by Enterprises During Practical Overseas Localization

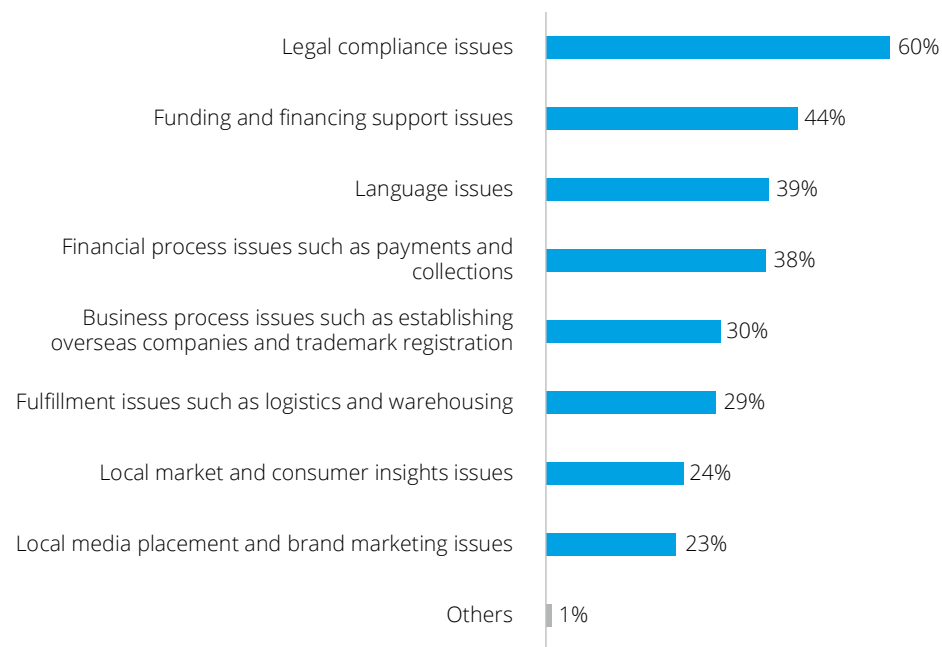
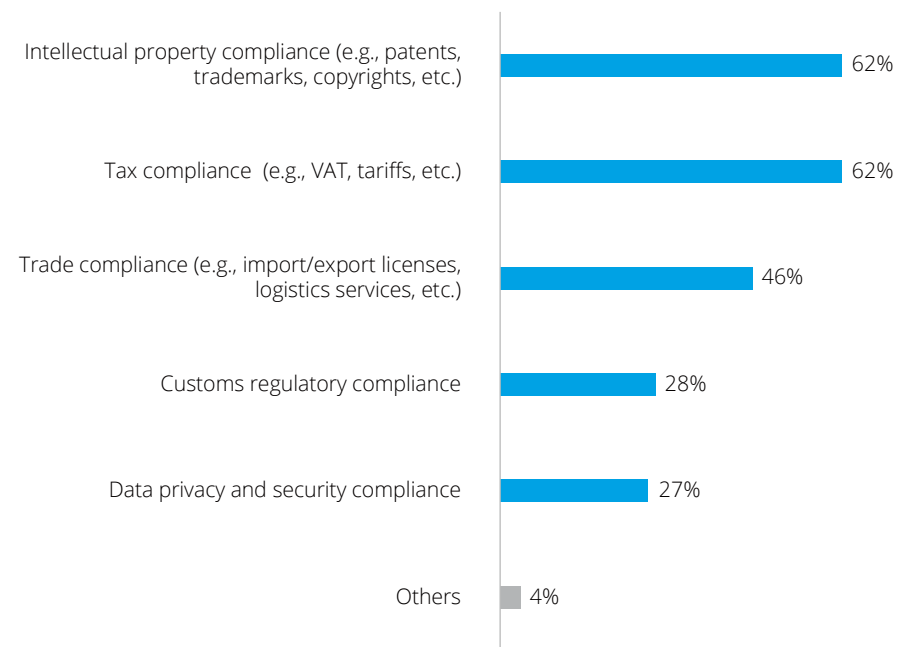


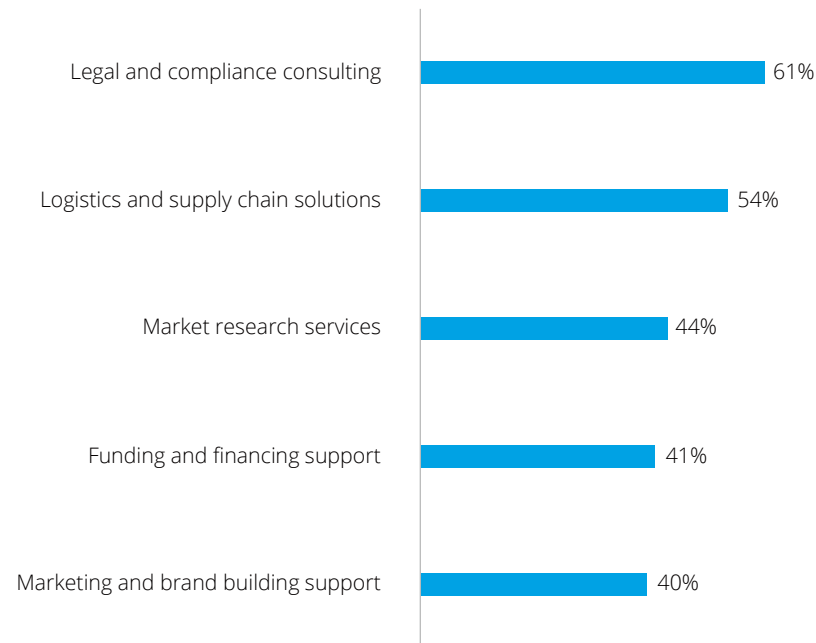
Figure: Most Common Compliance Issues Faced by Enterprises in Cross-Border E-Commerce



Laws and regulations in various countries have become increasingly comprehensive, such as Indonesia's *Minister of Trade Regulation No. 31 of 2023*, China's *E-Commerce Law*, and Vietnam's *Electronic Transactions Law*. 60% of surveyed enterprises agree that legal compliance is the most prominent issue encountered during overseas localization. The most frequently involved areas are intellectual property compliance (62%) and tax compliance (62%), followed by trade compliance (46%). Beyond compliance issues, other notable challenges include funding and financing support issues (44%), language issues (39%), and financial process issues (38%).

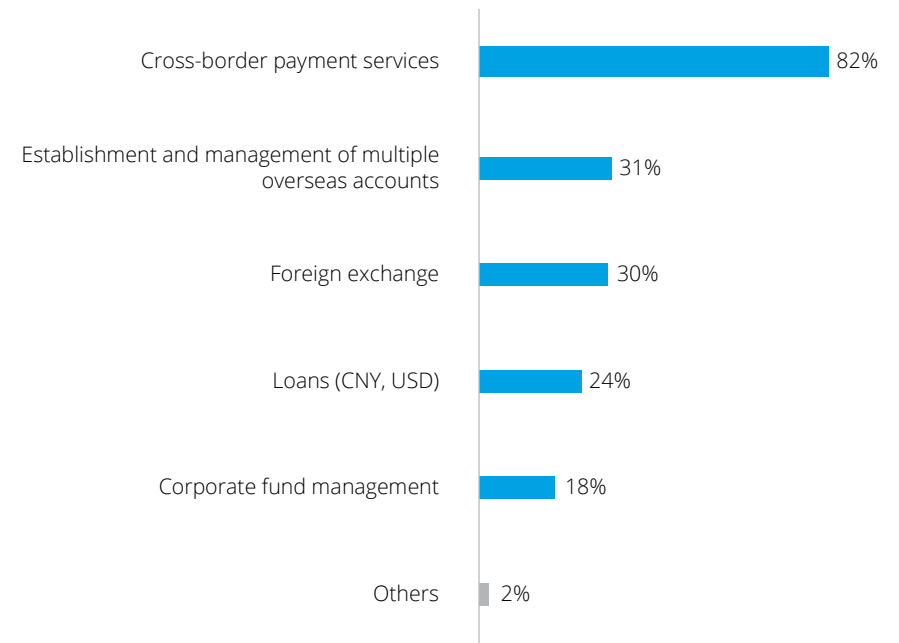
Overall, enterprises desire for legal and compliance consulting services. From a financial perspective, cross-border payment services are in the highest demand

Figure: Support and Services Most Desired by Enterprises for Overseas Localization



Given that legal compliance is a commonly encountered and prominent issue for enterprises, it is also the area where they most desire support. Following this, logistics and supply chain solutions are the next most sought-after. Other areas of demand are distributed across market research services (44%), funding and financing support (41%), and marketing and brand building support (40%).

Figure: Most Needed Financial Services for Enterprises in Cross-Border Operations

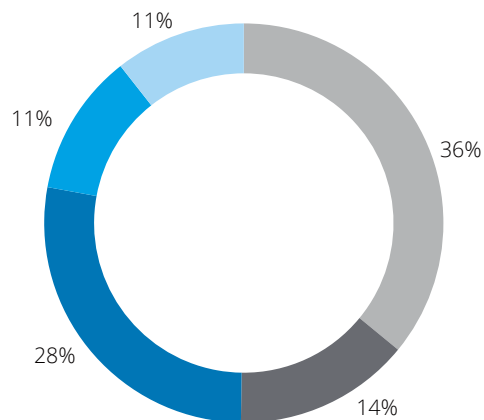


In cross-border operations, cross-border payment services are the most frequently utilized area, with as many as 82% of enterprises involving these services in their operations. This kind of services directly impact customer experience and the success of transactions, making it the most essential financial service. In comparison, services such as establishment and management of multiple overseas accounts, foreign exchange, and loans are considered secondary.

Strategic choices of digital trade enterprises

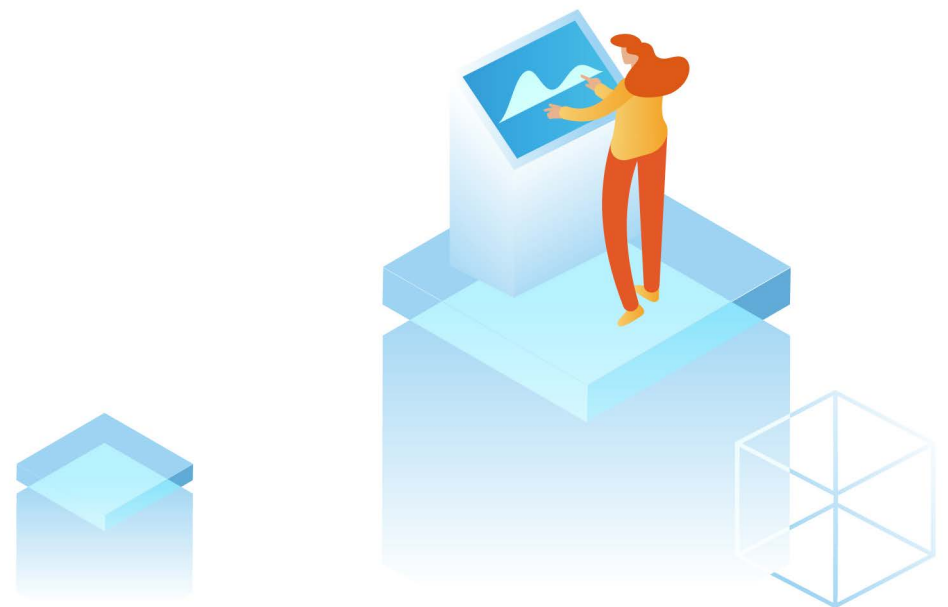
Independent websites are considered as a crucial component of enterprises' strategy planning

Figure: Whether Enterprises Have Established Independent Websites



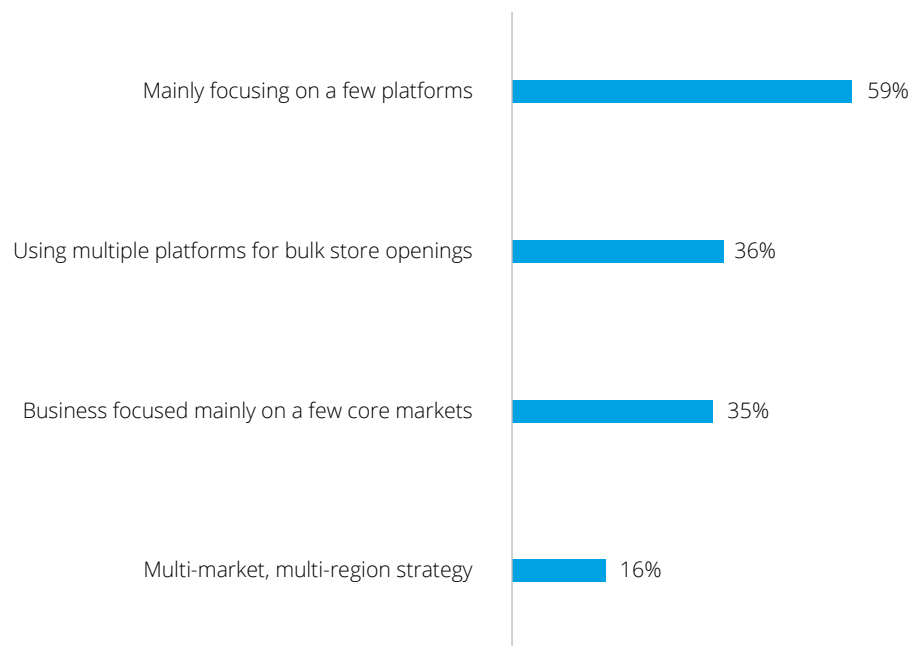
- No, but there are plans to build independent websites in the future
- No, and there are no plans to build independent websites in the future
- Yes, dominated by platforms
- Yes, a combination of platforms and independent websites
- Yes, but dominated by independent websites

Cross-border e-commerce enterprises show a clear trend and strategic choices regarding the establishment of independent websites. Currently, 86% of surveyed enterprises have either already established or planned to establish independent websites in the future. Among these, the majority adopt a cautious strategy, selling via platforms or combining platforms with independent websites. However, 11% of enterprises use independent websites as their primary sales channel, indicating that these enterprises recognize the importance of independent websites in brand building, market expansion, and user experience enhancement, and are actively planning for future development.



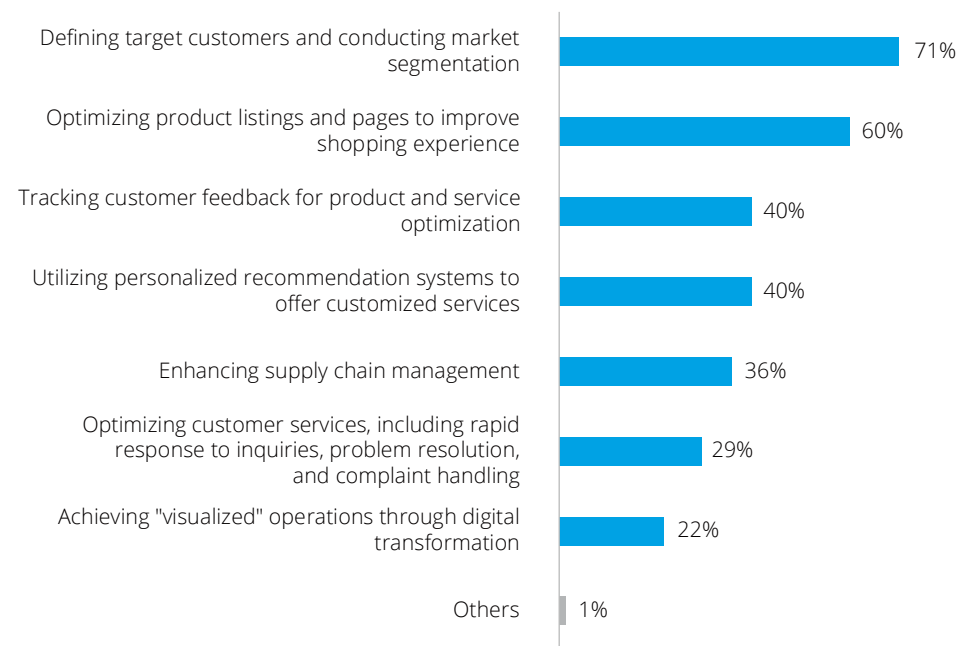
Focusing on in-depth and “refined” operations is the primary strategic choice

Figure: Enterprises’ Strategic Choices



Nearly 60% of enterprises prefer to concentrate on a few select platforms, mainly because these platforms offer more mature service chains, facilitating more efficient management and operations. Additionally, 36% of enterprises opt to open stores in bulk across multiple platforms, and 16% adopt a multi-market, multi-region coverage strategy to reach a broader market. Furthermore, 35% of enterprises focus their business efforts on their core markets.

Figure: Specific Measures Taken by Enterprises to Enhance Operating Management and Achieve “Refined” Operations



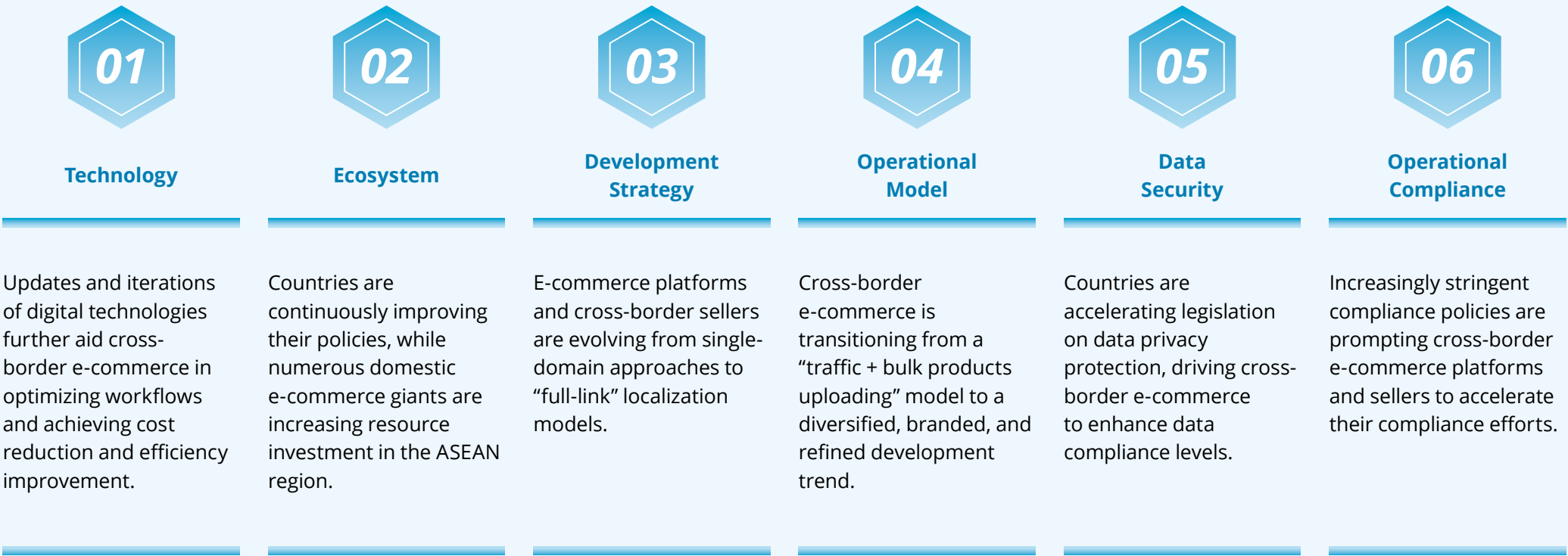
To enhance operating management and achieve “refined” operations, enterprises focus on segmentation and classification, primarily defining target customers and conducting market segmentation (71%) and further optimizing product listings and pages (60%). Additionally, tracking customer feedback for product and service optimization (40%), utilizing personalized recommendation systems (40%), and enhancing supply chain management (36%) are also effective measures.

5. Key Factors for the Future Development of Digital Trade in the Asia-Pacific Region



Under the impetus of globalization and digitalization, cross-border e-commerce platforms are undergoing unprecedented transformations. These platforms have evolved from their initial role as information hubs to the rise of transaction services, followed by the gradual perfection of service chains, and are now advancing towards a new stage of ecosystem development. In the future, the iteration of digital technologies, diversification of platforms, and multi-channel strategies by sellers will further drive new industry trends, providing enterprises with more options for strategic planning.

Figure: Trends in the Development of Cross-Border E-Commerce

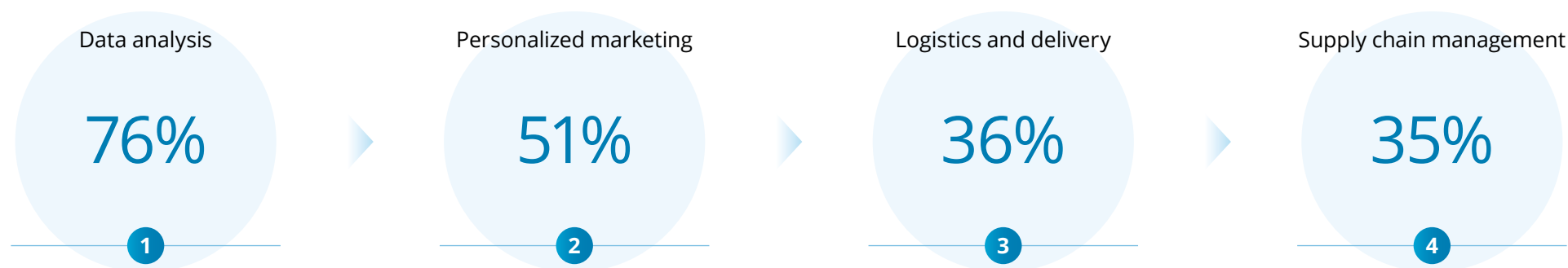


Source: Deloitte Research

Digital technologies further optimize key aspects of cross-border trade

The continuous integration of next-generation information technologies, such as AI, cloud computing, and blockchain, into various aspects of cross-border trade—including production, sales, payments, and logistics—has become a crucial driver of industry innovation and iteration. As industry competition intensifies, an increasing number of cross-border e-commerce businesses are shifting from extensive development to high-quality growth. Consequently, leveraging digital technologies to achieve intelligent and efficient key operations has become a strategic focus. From a technological perspective, Generative AI and Software as a Service (SaaS) are playing the most significant roles. Moreover, the maturity of digital technologies has further expanded the scope of cross-border payment services, meeting the needs of cross-border merchants to the largest extent.

Figure: Main Application Scenarios of Digital Technologies

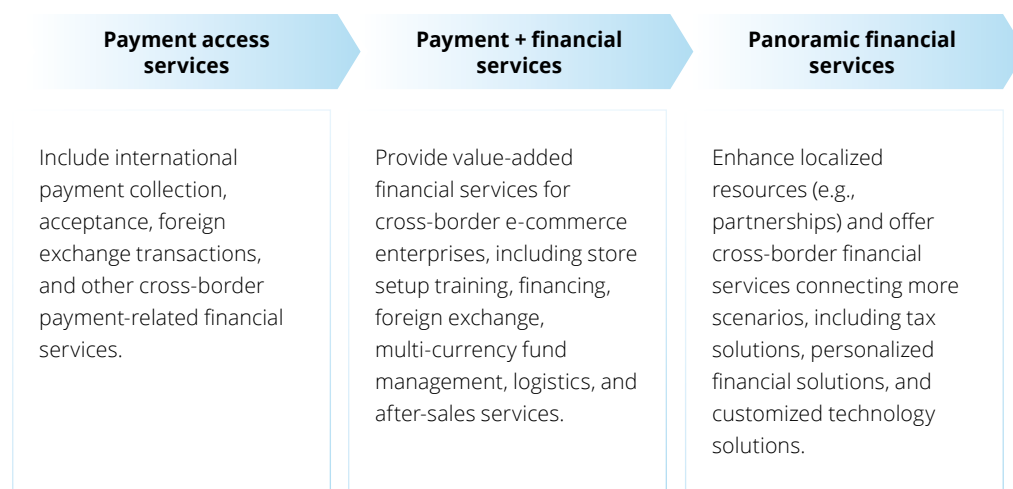


Source: Survey of Digital Trade Enterprises, Deloitte Research

Cross-border payment providers have expanded from basic payment services to offering comprehensive cross-border financial services, further enhancing the experience of cross-border sellers

Initially, the application of blockchain + payment overcame the limitations of traditional cross-border payment models by eliminating the need for intermediaries, reducing cross-border transaction costs, and increasing the credibility of the entire transaction process. This created a safer, more transparent, and efficient payment environment for cross-border trade. As the payment environment has improved, the business scenarios and needs of cross-border e-commerce have diversified, such as multi-business lines, multi-platform operations, and multiple accounts. Cross-border sellers no longer seek single-service solutions. Consequently, the cross-border trade payment sector has gradually incorporated more innovative and advanced transformations. Leveraging technologies such as AI, blockchain, big data, and API, the focus has shifted to the business scenarios of merchants. By integrating the upstream and downstream supply chains (such as logistics, taxation, and advertising), and covering the growth cycle with one-stop cross-border professional services, services required for local operations are thus provided.

Figure: Dimensions of One-Stop Cross-Border Professional Services



Source: External materials, Deloitte Research

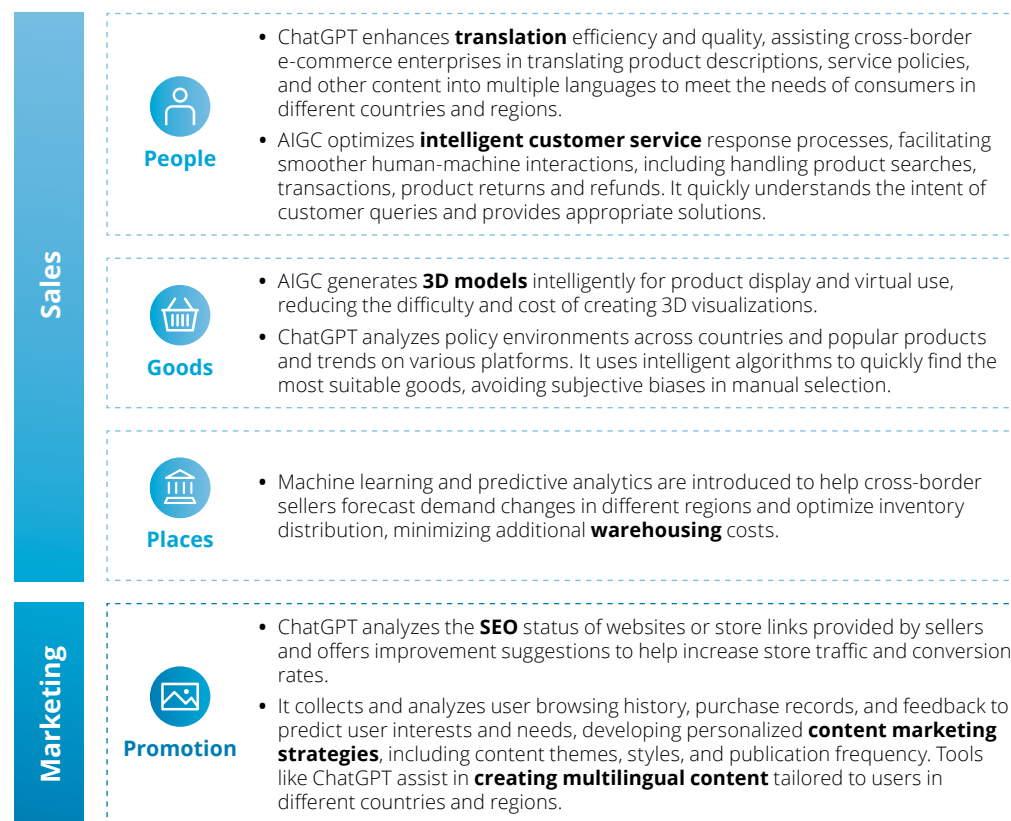
Cross-border payment providers currently offer a wealth of products and services for cross-border sellers by integrating technology and business, ensuring smooth international operations for Chinese merchants in business development, management and finance. For instance, WorldFirst, as Ant Group's cross-border payment platform, leverages advanced technologies such as security risk control, AI, privacy computing, and blockchain to provide one-stop cross-border professional services for SMEs in cross-border trade. WorldFirst has launched and upgraded its "Going-global Package", which supports merchants in opening multi-currency World Accounts in over 200 countries and regions, including Thailand, Malaysia, Vietnam, Singapore, and Indonesia in the ASEAN region. Leveraging Ant Group's robust global capital network, the World Account can be opened in as little as one minute. It supports receiving payments in over 30 currencies (most of which offer local T+0 settlement) and making payments globally in nearly 100 currencies (including CNY settlements into China), and offers professional currency exchange services with highly competitive rates. Additionally, WorldFirst will launch the World Card and App, allowing merchants to easily manage payments in all scenarios, including advertising placement, procurement, logistics and warehousing. Furthermore, WorldFirst has introduced the WorldTrade product, which encompasses trade fulfilment, payment, and transaction services. By utilizing secure risk control and intelligent fulfilment technologies, it supports seamless integration of business and capital flows, thereby improving payment efficiency. To address the fund management challenges faced by going-global merchants, WorldFirst has introduced the Fund Management Center, which enables automated management of global funds regarding receipt, management and payment through an open API platform, facilitating automated reconciliation, fund distribution, balance inquiries, bill reconciliation, and settlement amount acquisition through quick access to self-maintained standardized interface.

Generative AI assists cross-border e-commerce in reducing costs and increasing efficiency in marketing and sales

Previously, AI was applied in various aspects of cross-border trade, including product supply, platform management, and cross-border logistics, but it primarily focused on basic tasks, with its intelligent advantages not being particularly prominent. As the cross-border e-commerce boom is waning, leveraging digital technologies to empower marketing and sales, accurately target customers, and enhance consumer satisfaction has become a top priority. Data shows that e-commerce advertising spending exceeded CNY500 billion in 2022, and online content creation costs accounted for approximately 3%-5% of GMV⁶. With the iterative upgrade of AI technology, generative AI, exemplified by ChatGPT, has emerged, aligning perfectly with the next development focus of cross-border e-commerce. Its advantages in content generation, including text, images, and audio, will reduce costs and increase efficiency in areas such as intelligent customer service, content creation, smart product selection, and marketing promotion.

Currently, major cross-border e-commerce platforms such as Amazon and Alibaba International Station are actively exploring the development of AI services to provide broader opportunities for cross-border e-commerce merchants to save operational costs and improve efficiency. For instance, Amazon has launched an upgraded feature of creating listings by generative AI, which, in addition to retaining the text-based listing generation function, now includes capabilities to generate listings from images and URL links. The Alibaba AI Business team has introduced AI products with functionalities such as translation, marketing, localization content, and design, supporting various businesses of Alibaba International Station. **Many sellers have begun utilizing generative AI to enhance their sales and marketing processes,** such as optimizing listings, writing emails, and crafting advertising copy. However, due to the high costs associated with large models, the use of generative AI for 3D generation (e.g., virtual products) in cross-border e-commerce is still in the exploratory stage. The advent of generative AI enables even SMEs, which lack professional talent, to seamlessly communicate with overseas customers and launch products that align with international market trends, thus successfully expanding their global presence.

Figure: Main Application Scenarios of Generative AI



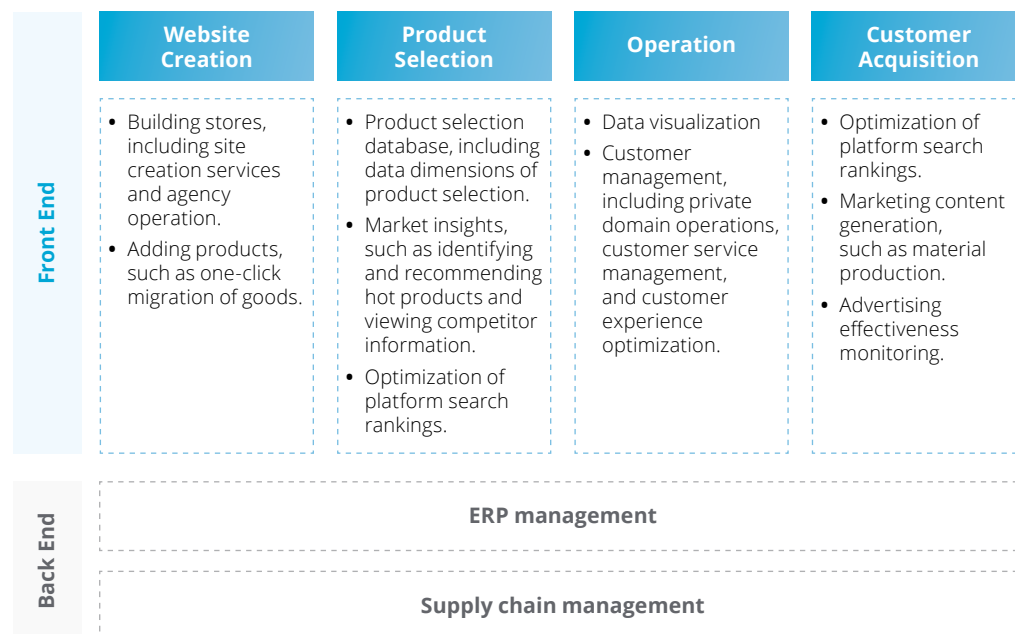
Source: External materials, Deloitte Research

⁶ 36Kr, "Cross-border e-commerce enters a new era of AI", August 2023

SaaS services provide independent website operators with broader development opportunities

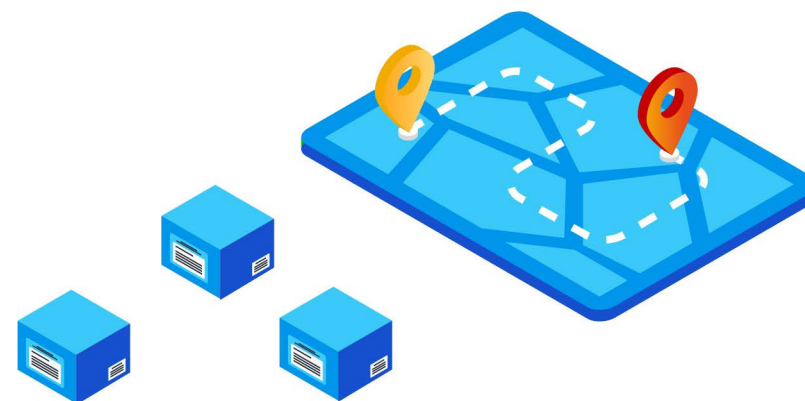
In the face of fierce competition, independent websites are becoming a new direction and trend in the development. Although independent websites have their own domain names, space, and pages, allowing for comprehensive and multi-channel online market expansion and traffic promotion, sellers face high costs when independently building e-commerce systems. In this context, leveraging third-party SaaS tools and services becomes particularly important. Initially, SaaS primarily offered information services for order management, inventory management, and data analysis during the sales process. As SaaS technology has matured, it is now extending to both the front and back ends, forming an integrated service model that includes traffic acquisition, advertising, and product design on the front end, as well as payment collection and logistics on the back end.

Figure: Integrated Service Ecosystem of SaaS in Cross-border E-commerce



Source: iResearch, Deloitte Research

Currently, sellers show a higher acceptance of SaaS services in areas such as website building, product selection, and ERP, mainly due to the more mature technology and the advantages of low barriers and ease of use. However, as independent websites gradually move towards branding, it is expected that more brand-oriented sellers will actively explore and adopt SaaS tools with richer functions, such as those for operation and marketing. The SaaS market for cross-border e-commerce independent websites is already showing a diverse competitive landscape, with some leading companies starting to deploy “integrated” SaaS services. For example, Alibaba International Station has launched the digital intelligence solution for independent websites—“OKKI”, which not only provides independent website building services but also aims to create a closed loop of cross-border business growth in four dimensions: marketing and customer acquisition, customer conversion, fulfillment, and compliance. Tencent Cloud has introduced a one-stop cross-border e-commerce solution, comprehensively covering the cross-border e-commerce operation process. It provides full-process services across website building, product selection, ERP, finance, logistics, and marketing, offering solutions suitable for different scenarios.



Continuous optimization of industry ecosystem promotes further development of cross-border trade

The cross-border trade ecosystem is a multifaceted and multi-format system, encompassing policy support, cross-border e-commerce itself, and a range of supportive services such as operational services, warehousing and logistics services, and payment and financial services. Currently, the policy ecosystem, service ecosystem, and service models are all advancing towards deeper levels of development.

Figure: Major Trends in the Cross-border Trade Ecosystem



Policy Ecosystem

The implementation of the Regional Comprehensive Economic Partnership (RCEP) further encourages ASEAN countries to focus on developing cross-border trade. Countries such as Vietnam and Thailand are currently formulating and refining cross-border e-commerce policies to enhance their local ecosystem for cross-border trade.



Service Ecosystem

Chinese high-quality cross-border e-commerce enterprises empower platforms, products, payments, and logistics through funding support, localized operations, and technology export. This helps cross-border sellers reduce overseas operational risks and address concerns.



Service Model

Recognizing the limitations of fully managed model for POP sellers, an increasing number of cross-border e-commerce platforms are adopting the semi-managed model, focusing on addressing supply chain gaps for POP sellers. In the future, diversified management models will offer cross-border sellers greater flexibility and choice.

Source: Deloitte Research

From a policy support perspective, the implementation of the RCEP has heightened the focus of ASEAN countries on cross-border trade.

Increasingly, countries are setting targets for the digital economy and e-commerce economy and are beginning to draft or refine preliminary cross-border e-commerce policies. For instance, the Vietnamese government has approved a national digital transformation plan, projecting that the digital economy will account for 30% of Vietnam's GDP by 2030. Concurrently, the government has approved a proposal for the management of cross-border e-commerce, which includes a series of management measures such as enhancing relevant laws and regulations, establishing a cross-border e-commerce database, and developing transactions, payments, and guarantee mechanisms. Similarly, Thailand has approved the first and second phases of the National E-commerce Development Action Plan, which includes vigorously developing e-commerce talent and promoting a supportive environment and system for e-commerce development. Currently, the Asia-Pacific region is the largest cross-border e-commerce market globally, with China, India, and ASEAN countries taking the lead. In 2023, the e-commerce market of Southeast Asia achieved the fastest growth rate globally, marking the third consecutive year it has been the region with the fastest-growing e-commerce in the world⁷.

In terms of the service ecosystem, Chinese e-commerce platforms are providing a robust foundation for cross-border sellers to enter and grow in the market. Currently, 38.5% of Chinese cross-border e-commerce enterprises have entered the Southeast Asian market, including giants such as Alibaba, Tencent, and Pinduoduo. High-quality cross-border e-commerce participation, including third-party platforms and independent websites, focuses on financial support, localized operations, and technical export, upgrading and empowering platforms, products, and logistics. For instance, **Lazada is a Southeast Asian e-commerce platform supported by Alibaba.** In terms of platform, the underlying technology and large middle platform are leveraged to enable rapid iteration of front-end products and accelerate the expansion of advantageous products. In terms of payment, Ant Financial technically supports payment security construction and launches localized payment applications. In terms of logistics, Lazada provides

a one-stop logistics solution for sellers. It has a self-built logistics network and warehousing that covers major cities and regions in Vietnam, offering services such as storage, packaging, shipping, and returns, thereby reducing sellers' operational costs and risks. Additionally, **SHEIN, operating under the "independent website" model,** after entering the Mexican market, has successively made deployments in marketing, payment, and logistics, including collaborating with local logistics companies to develop pickup models and partnering with local payment service providers to launch OXXO payment voucher services, quickly driving the development of e-commerce in Mexico. Next, SHEIN plans to establish factories in Mexico to shorten product delivery times and expand product varieties through localization strategies.

Regarding service models, third-party open platforms are introducing semi-managed services in addition to fully managed services to meet the development needs of different types of merchants. Since 2022, led by Temu, cross-border e-commerce platforms such as SHEIN, AliExpress, and TikTok Shop have successively adopted the "fully managed" model, followed by Southeast Asian cross-border e-commerce platforms Lazada and Shopee, which have also trialed fully managed model to lower the entry barriers for sellers. In 2023, Lazada became the first to launch fully managed services in Southeast Asia, offering comprehensive services such as operations, order management, logistics and delivery, and customer service. However, the "fully managed" model has gradually revealed its limitations, especially for sellers with strengths in product R&D, brand design, or e-commerce operations, such as POP merchants (merchants with self-operated modes). Therefore, following the fully managed model, major cross-border e-commerce platforms have successively introduced semi-managed services. For example, AliExpress has become the first platform in the industry to launch semi-managed services, bridging the supply chain gaps for POP sellers. With the deployment of more cross-border e-commerce platforms, it is expected that management models will become more diversified, further providing merchants with greater choices. Depending on their evolving capabilities, merchants can choose fully managed or semi-managed platform services at different stages.

⁷ eMarketer, "Global Retail E-commerce Forecast 2023", June 2023

The “localization” model becomes a priority development strategy in cross-border trade

For cross-border e-commerce, catering to the market and consumers to achieve localized development and further rapid market penetration through localization has become a key competitive edge, particularly in emerging e-commerce markets. Given the diverse consumer preferences across ASEAN countries, there is a heightened demand for comprehensive e-commerce localization services. In the future, cross-border e-commerce localization will further expand, encompassing the entire value chain from front-end operations (such as channels and marketing) to back-end supply chains (including raw material procurement, production, logistics, and warehousing) and enterprise management (such as team, legal, and tax affairs). Both e-commerce platforms and cross-border sellers need to better understand local market demands and make greater use of local resources to coordinate business development in the region. According to the survey, over 70% of respondents indicated that they are currently engaging in or planning to engage in localized operations overseas, with the top three areas of focus being product localization (19%), team localization (18%), and marketing localization (14%).



Figure: Key Dimensions of the “Localization” Strategy



Source: Deloitte Research



In terms of **team localization**, forming local teams is crucial for branding, product development, and sales. Consumer preferences and understanding of trends vary significantly across ASEAN countries. Local employees have the advantage in market insights and content creation for marketing. Additionally, local legal and regulatory issues, such as consumer rights and taxation, require specialized teams familiar with local laws and regulations.



Regarding **product localization**, cross-border e-commerce businesses leverage localized research teams overseas to consider the customs and aesthetics of the target market when formulating product strategies and selecting products precisely. For example, the diverse aesthetics in Southeast Asia lead to varied beauty product demands: Filipino consumers prefer Western-style makeup, favoring products like eyeliners, eyebrow pencils, and contour kits; Vietnamese consumers, influenced by South Korean and Japanese cultures, prefer dewy foundation, natural eye shadows, and bright lip colors; Thai consumers focus on achieving a creamy skin base.



In **marketing localization**, cross-border e-commerce enterprises need to understand the media habits of local users, including the types of content they engage with and the marketing channels they use. For instance, the younger demographic in Vietnam tends to use social media and livestreaming platforms, making mainstream social media like Instagram and TikTok ideal for enhancing brand exposure. Additionally, aligning promotions with local hot time nodes and traditional holidays (such as Vietnamese New Year, Indonesian Eid al-Fitr, and Thai Songkran) can be highly effective.



For **logistics localization**, incorporating the rental of public overseas warehouses or building self-owned warehouses overseas into logistics development plans can enhance local logistics and warehousing capabilities. In Southeast Asia, where infrastructure and transportation systems lag behind, leading to high transportation costs, establishing overseas warehouses is the most economical solution. Cross-border e-commerce businesses can also consider close partnership with local logistics companies to enhance supervision and feedback concerning last-mile delivery services.

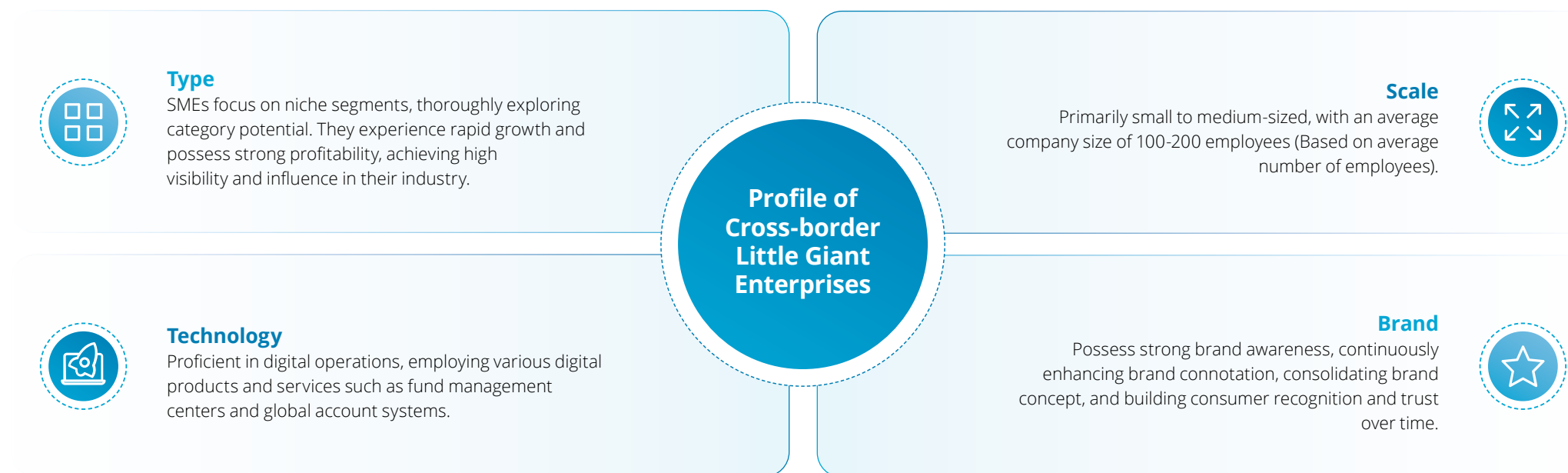


In **operation localization**, cross-border e-commerce enterprises should enhance their ability to adapt to local conditions. This involves fully understanding the local business environment and regulatory requirements to quickly establish compliant business models. For example, for re-entry into Indonesia, TikTok chose strategic cooperation with the local GoTo Group in e-commerce. Together, they take a series of supportive initiatives in marketing, branding, and internationalization to help local SMEs grow.

Industry players are moving towards diversified, branded, and refined development

Since 2020, advancements in digital technologies have lowered the barriers for SMEs to enter the cross-border e-commerce market. A large number of entrepreneurs and small businesses from the Asia-Pacific region have ventured into cross-border e-commerce, operating in multiple markets and becoming “micro multinational enterprises”. These entities provide diverse “locally made” and light customization services to global buyers. With the further improvement of cross-border e-commerce infrastructure and ecosystem, especially as major cross-border e-commerce platforms continue to expand their service scope, introduce diversified service models, and actively adjust their merchant recruitment policies, more “micro multinational enterprises” are experiencing rapid growth. Their product capabilities and user bases have significantly increased, gradually developing into “cross-border little giant enterprises”.

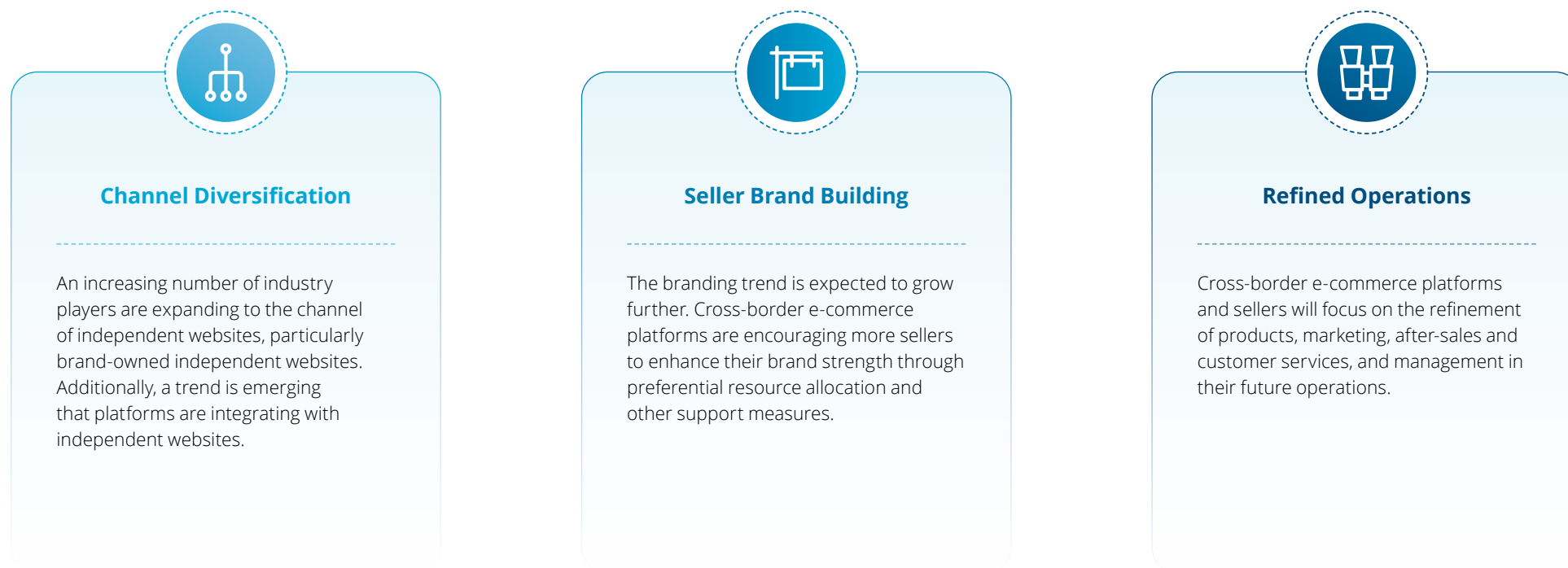
Figure: Profile of Cross-border Little Giant Enterprises



Source: External materials, Deloitte Research

While empowering global sellers on cross-border e-commerce platforms, more and more industry players are realizing that the current market dividends are gradually diminishing, and competition is shifting from new businesses to existing ones. Consequently, brand strength, channel efficiency, and operational capability have become crucial opportunities to break the competitive landscape, which will reduce risks, broaden income channels, and establish sustainable development models. In the survey, a quarter of respondents indicated that branding and premiumization of products constitute the main driver of future growth, followed by the emergence of new segments driven by new consumer demands (22%) and the diversification of channels (20%)⁸.

Figure: Key Aspects of Diversification, Branding, and Refinement



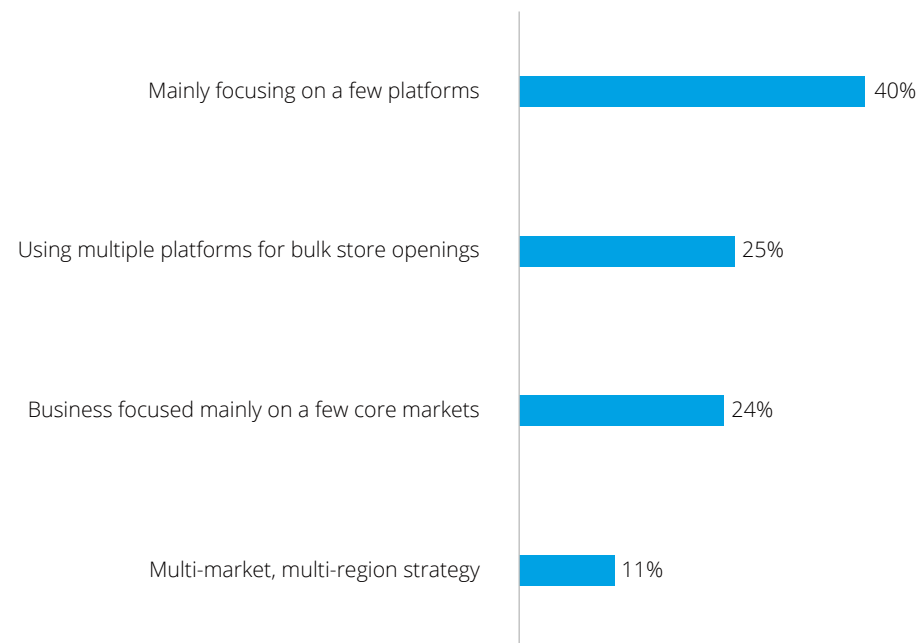
Source: Deloitte Research

⁸ Cross-border E-commerce Enterprise Survey, 2024

The trend of developing self-operated platforms (independent websites) is growing, with a combined layout of platforms and independent websites emerging

As homogeneous competition in cross-border e-commerce intensifies, the construction of independent websites has become a popular option for sellers to implement multi-channel strategies. The scale of China's cross-border e-commerce independent websites has increased from CNY0.2 trillion in 2016 to CNY1.1 trillion in 2021, and it is expected to reach CNY3.4 trillion by 2024, accounting for 35% of the cross-border e-commerce B2C market. In the survey, more than half of the merchants have already established independent websites, and 36% plan to do so. Notably, more traffic is being directed towards branded independent websites, enhancing the supply chain through deep connections with consumers, including product design, development, and brand marketing. For instance, Florasis, the global independent website established by the beauty brand Florasis, incorporates Chinese elements in its name, concept, and product packaging. The site's design, including fonts, colors, and images, is essentially brand-exclusive. Among merchants with independent websites, over 20% still primarily use platforms. However, due to uncertainties in platform compliance and market policies, the channel layout combining platforms and independent websites may be adopted by more sellers. The survey showed that 12% of respondents use a combination of platforms and independent websites, while 11% mainly use independent websites. This reflects the diversification of merchants' platform and market strategies, shifting from single to multiple platforms and markets. Currently, SHEIN, as China's largest fast-fashion cross-border independent platform, is actively deploying and implementing a new platform strategy, exploring third-party platform models, and empowering the globalization of third-party sellers and emerging brands while maintaining its own brand operations.

Figure: Platform and Market Strategies of Cross-border Merchants

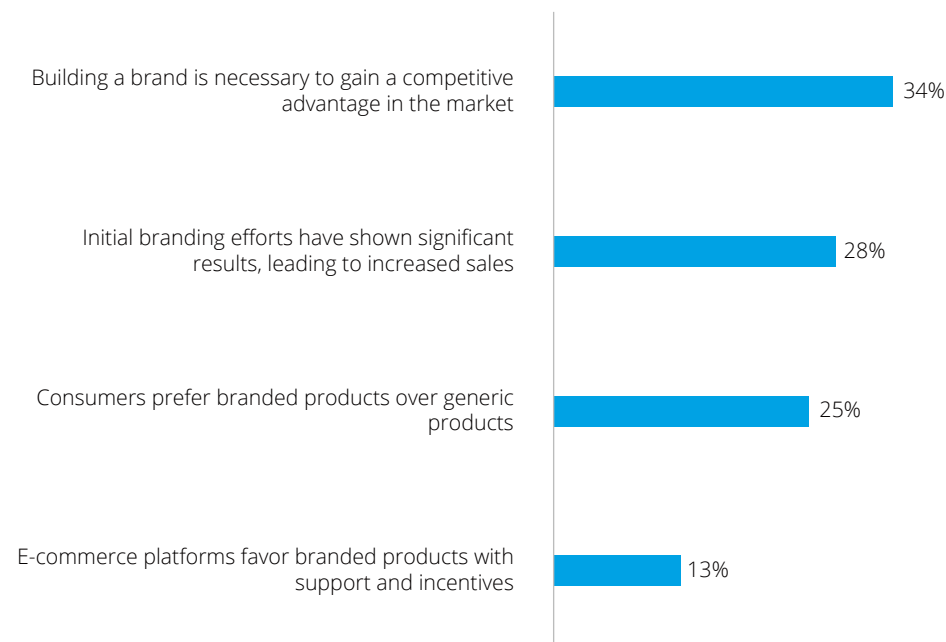


Source: Survey of Digital Trade Enterprises, Deloitte Research

Following the gradual decline of traffic dividends, brand-based development has become a crucial objective for cross-border sellers

Influenced by factors such as platform rules and industry maturity, an increasing number of cross-border sellers are transitioning from primarily offering generic, low-value-added products to exploring branded, high-value-added products. Data indicates that 39% of sellers increased their investment in brand building in 2023, significantly higher than in 2022⁹. Using trademark registration as a metric, nearly 40% of sellers in the cross-border B2C e-commerce sector had achieved a “trademark-oriented” layout in 2022. However, if brand awareness is used as a standard, less than 20% of sellers had effectively achieved brand development¹⁰. Over the next year, 69% of cross-border sellers plan to increase their investment in brand building, with 31% significantly increasing their investment¹¹. Currently, cross-border e-commerce platforms are also encouraging sellers to enhance their brand strength, providing more resources to support branded sellers. For instance, the cross-border e-commerce platform TikTok Shop has launched the Polaris Program, which intensifies support for brands going global. It will offer tailored support strategies and brand benefits based on different stages of brand development. In the future, brand-based development will undoubtedly be the choice for more cross-border sellers, binding consumers to their brands and further optimizing corporate profits. It is projected that by 2025, the branding rate in the B2C sector will reach 20%-30%¹².

Figure: Main Reasons for Increasing Brand Investment



Source: Survey of Digital Trade Enterprises, Deloitte Research

⁹ YUGUO, “2023 H1 Cross-border E-commerce Industry Trend Report”, August 2023

¹⁰ iResearch, “Research Report on China’s Cross-border Export E-commerce Industry in 2023”, February 2024

¹¹ Cross-border E-commerce Enterprise Survey

¹² iResearch, “Research Report on China’s Cross-border Export E-commerce Industry in 2023”, February 2024

The concept of “refined” operations is further deepening in response to the trend of intensified external competition in the cross-border e-commerce industry

Initially, the cross-border e-commerce sector experienced significant external dividends, so most platforms and sellers did not prioritize “refined” operations. However, as the industry gradually enters a relatively stable growth phase, there is increasing pressure on cross-border e-commerce platforms and sellers to consider how to optimize and enhance their operation and management practices. Solutions include adopting tools such as fund management centers to secure long-term value.

Figure: Key Dimensions of Refined Operations



1. Product Refinement

- **Platform sellers** can categorize products by conversion rates of each SKU into traffic drivers, main products, profit items, and slow movers. For boutique sellers, fewer SKUs can be used to address specific needs, allowing a focus on marketing and promotion.
- **Self-operated sellers (POP model)** should engage directly with end-users' demands and feedback on products to continuously optimize product features and uniqueness.
- **E-commerce platforms** should concentrate on supply chain development, as high quality and efficiency directly impact customer acquisition, usage frequency, user loyalty, and popularity on the user side.



2. Marketing Refinement

- **Targeted creative ads** should be designed based on regional and demographic differences. For example, consumers in the Philippines are highly receptive to foreign brands and are interested in new technologies and e-commerce; Vietnamese consumers prefer Western brands but are more conservative about new things; Thai consumers are interested in social shopping.
- **Digital tools** (e.g., AI, big data) are utilized to collect and analyze user data, which is used for marketing optimization. Additionally, website monitor and other marketing tools are employed to enhance coordination between different media channels.



3. After-Sales and Customer Service

- Continuous attention should be paid to logistics speed, product packaging, unboxing experience, usage instructions, return and exchange policies, after-sales support, and channels for complaints and feedback. For example, diverse language services are added for the Southeast Asian market, using Thai, Vietnamese, and other local languages to directly communicate with consumers to improve communication efficiency and enhance consumer experience. In addition, clear after-sales processes are established to respond flexibly to product issues. For high-priced items like household appliances, forming local maintenance teams can be considered.



4. Management Refinement

- **Digital transformation** should be leveraged to unlock data value and achieve end-to-end visibility, management, and predictability across the whole value chain including planning, production, and sales. For instance, use cloud platforms to integrate data from production, finance, warehousing, logistics, and consumption to understand overseas business needs and improve risk management capabilities.

Source: External materials, Deloitte Research

The importance of protecting data privacy and security is rising

Cross-border e-commerce platforms handle a vast amount of user data during registration, purchasing, and payment processes. Additionally, there is an exchange of consumer personal information between platforms and third parties such as logistics service providers, telecommunications service providers, and payment platforms. Against this backdrop, **consumers worldwide are increasingly emphasizing data privacy protection. Concurrently, countries across the Asia-Pacific region are accelerating the introduction of laws and regulations concerning data privacy protection.** Currently, most countries have established basic legislation on personal data compliance, such as Indonesia's PDP Bill and Thailand's PDPA, requiring e-commerce enterprises to protect users' personal information and prohibiting unauthorized data collection and use.

Figure: Current Status of Data Privacy Protection in Various Countries

● High ● Medium ● Low

Countries/ Regions	Regulatory Force	Specialized Legislation	Number of Regulations*	Data Types Involved	Local Storage Requirements	Scope of Regulation
Vietnam	● Established a unique compliance mechanism for personal data transmission.	✓	1	Personal Data	✓	● Regulates data subjects, data controllers, and data processors, with explicit requirements for extraterritorial use.
South Korea	● Requires consent from data subjects.	✓	5	Personal Data	×	● Regulates personal information controllers, but does not specify the scope of extraterritorial use.
Japan	● Requires consent from data subjects.	✓	3	Personal Data	×	● Regulates entities processing personal information.
Malaysia	● Requires consent from data subjects.	✓	7	Personal Data	✓	● Regulates processing, control, or authorization of the processing of personal data in commercial transactions.
Indonesia	● Requires consent from data subjects.	✓	4	Personal Data	×	● Regulates data subjects, data controllers, and data processors.
Philippines	● Requires that the data recipient's protection standards are not lower than those in the Philippines.	✓	2	Personal Data	×	● Regulates personal information controllers, but does not specify the scope of extraterritorial applicability.
Thailand	● Requires the recipient to have sufficient data protection standards.	✓	5	Personal Data	×	● Regulates entities both within and outside Thailand.
Singapore	● Ensures that the recipient does not violate privacy principles.	✓	2	Personal Data	×	● Regulates entities processing personal information in Singapore.
Mexico	● Ensures compliance with the guidelines and documents issued by the National Institute for Transparency, Access to Information and Personal Data Protection (INAI).	✓	2	Personal Data	×	● Regulates institutions processing personal data, but does not specify the scope of extraterritorial applicability.

*Including Specialized and General Regulations on Cross-Border Data

Source: Deloitte Research

Among the aforementioned countries (regions), all have specific requirements for cross-border data transfers. Notably, Vietnam enforces stricter data privacy and security protections, explicitly mandating local storage requirements. This means that data generated by users of services in Vietnam must be stored within the country for a specified period as determined by the government. Consequently, cross-border e-commerce enterprises must closely monitor the data privacy protection legislation, enforcement developments, and industry practices in their target countries. They should adopt targeted measures to continuously enhance their data compliance levels to avoid fines, imprisonment, and other legal repercussions. It is important to note that merchants adopting a fully managed model do not own the data; therefore, data security issues fall under the responsibility of the third-party platform. Conversely, self-operated platforms (POP model), which involve the entire chain including building their own websites, must consider data privacy and security issues.

For cross-border e-commerce enterprises, ensuring compliance with data privacy protection is imperative. In light of increasingly stringent regulations worldwide, enterprises should take several steps: Firstly, they should thoroughly review and identify the nature, scope, and types of personal data involved in their business, services, and products. Secondly, they need to make dynamic adjustments based on the data protection regulations of target countries and their own business development plans. This might include considering the deployment location of servers and establishing or adding data centers in necessary regions. For instance, in 2021, Alibaba Cloud announced the addition of one data center in Indonesia, the Philippines, and Thailand respectively to support localized ecosystem development. Thirdly, collaborating with third-party cybersecurity companies can be beneficial. Enterprises should develop emergency response plans for potential data breaches during cross-border transfers and ensure robust cybersecurity measures at critical points to prevent data damage or loss, which could lead to personal information leaks. Fourthly, enterprises should train personnel in key positions and critical areas, covering how to respond to emergencies and identify malicious software. Additionally, they can conduct policy and regulation training specific to the laws of particular countries and regions.



Stricter policies in target countries enhance the compliance of cross-border e-commerce

In the face of an increasingly complex international environment and stringent regulatory trends, compliance has become an unavoidable topic in the cross-border e-commerce industry. Currently, **cross-border e-commerce is experiencing compliance constraints both at the level of international trade and at the level of enterprise operation.**

Figure: Major Compliance Issues Faced by Cross-border E-commerce



Stricter compliance policies affect cross-border e-commerce platforms and platform sellers to varying degrees.

Unlike platform sellers, cross-border e-commerce platforms, with their long business chain and large scale, will face more extensive compliance scrutiny. This has compelled an increasing number of cross-border e-commerce platforms to establish guidelines regulating seller operations. For example, Amazon has introduced an “account suspension standard”, which categorizes violations to help sellers understand the safety status of their accounts. Furthermore, independent website merchants, who operate their own platforms, are likely to encounter more compliance issues. It is anticipated that these merchants will consider leveraging third-party compliance service providers to gain precise insights into compliance policies and assist in compliant operations of their stores.

Compliance in cross-border trade involves both e-commerce platforms and platform sellers, necessitating their joint efforts to collaborate in compliance work, in order to address compliance risks more effectively. On one hand, cross-border e-commerce platforms need to enhance communication with relevant departments in target markets to fully understand the laws, regulations, and standards, including consumer rights protection, product inspection, listing and sales requirements, and advertising considerations. Based on this understanding, they should establish comprehensive internal compliance management systems and processes. On the other hand, platforms should consider providing compliance training for sellers. For example, AliExpress offers intellectual property right training courses, which clearly define violations such as trademark infringement and patent infringement, thereby strengthening sellers’ awareness of intellectual property rights. For platform sellers, it is crucial to thoroughly understand and adhere to the platform’s rules, avoiding prohibited behaviors such as misleading product descriptions, product infringement or counterfeiting, and non-compliant inserts. This helps prevent risks such as account suspension, fines, and other penalties due to non-compliant operations.

Source: External materials, Deloitte Research

Conclusion

Policy encouragement and the accelerated innovation and application of new-generation information technologies are injecting new vitality into global trade development and opening up broader development space for cross-border trade. In recent years, the strength of cross-border trade policies has continuously increased. The RCEP not only deepens cooperation among Asia-Pacific and ASEAN member countries but also ensures strengthened collaboration in the field of e-commerce. Against the backdrop of improving policies, combined with the advantages of ASEAN countries, such as a youthful population structure, high internet penetration rate, and significant economic growth potential, emerging markets are gradually becoming the new “gold mines” for cross-border sellers. It is expected that the cross-border e-commerce market in the Southeast Asia will maintain a growth rate of over 20% in the coming years.

Digital technologies such as AI, big data, and blockchain are transforming the paradigm of trade and cross-border supply chains, providing more tools and means for the digitalization of the entire chain and all aspects of cross-border trade. For example, in the customer acquisition phase, cross-border e-commerce platforms, independent websites, and social media are gradually replacing traditional offline transactions, enabling merchants to directly reach foreign buyers online and connect with global consumers, efficiently matching user demands. In the transaction phase, third-party cross-border payment platforms utilize digital technologies to provide efficient and secure diversified payment methods. In the operation and management phase, various digital tools significantly enhance enterprise management efficiency and reduce operating and management costs. Medium, small and micro enterprises that previously could not participate in global trade due to high trade costs can now integrate into the global market through various digital technologies.

Currently, more and more Chinese cross-border e-commerce players are expanding into emerging markets, including Southeast Asia, the Middle East, and Latin America. The industry has evolved from building information platforms, developing transaction services, and improving service chains to ecosystem development. With the continuous improvement and upgrading of policies and technologies, the industry is now officially entering a high-quality development stage. Major platforms and service providers are intensifying their efforts in resource integration, enhancing the convenience of cross-border export businesses based on the accumulated experience in branding, channels, supply chains, and marketing. More cross-border e-commerce enterprises are establishing a presence in emerging economies such as ASEAN, helping to boost the local cross-border e-commerce industry. For example, Alibaba's AliExpress, Lazada, and TikTok Shop have become major trading platforms in the Asia-Pacific emerging economies. With integrated and diversified business models, they provide a variety of services for cross-border sellers to “go global”. Looking ahead, more platforms and sellers will join the cross-border e-commerce sector, ushering in competition based on comprehensive capabilities such as professionalism, product strength, brand power, and innovation. Cross-border e-commerce enterprises will need to establish differentiated competitive advantages, placing greater emphasis on product innovation to increase the added value of products.

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