Amazon China published a report on cross-border online shopping trend 2016 in early 2017. The report, based on an in-depth analysis of Amazon Global Store (AGS)'s massive data and a survey of consumer behaviors, showed four characteristics and trends in cross-border online shopping among Chinese online shoppers, namely cross-border online shopping was getting increasingly widespread and normal, young shoppers were making up the majority of the cross-border online consumers, cross-border online shoppers preferred high-quality products all the more, and free shipping service was unleashing consumption potential.

In 2016, Amazon’s AGS sparked continued explosion in cross-border online shopping, leading to a dramatic growth in the number of active AGS users. In December 2016, the number of active AGS users was 23 times that of active users upon the launch of AGS in 2014. The launch of the Amazon Prime service has given significant boost to shoppers' consumption passion. The average frequency of cross-border online shopping by users every month after a trial use of the Amazon Prime service increased notably, and across the Amazon AGS, the average sales volume on each order placed by an Amazon Prime subscriber was much higher than that of an order from a non-Prime subscriber, a convincing sign that the launch of Prime has greatly unleashed the shopping potential of consumers.

Elaine Chang, Amazon vice president & Amazon China president, said, “2016 was a year when Amazon was further promoting its international brand strategy with continued efforts. We rolled out innovations adapting to the needs of local consumers in China, including launching the Amazon Prime service, the global first free shipping service, and added the commodities on U.K. sites to the AGS, achieving the AGS' transition from single site to diversified sites. We are much inspired by Chinese consumers' preference for and support of AGS. In 2007, we will maximize our advantages of global resources to promote the development of cross-border online shopping in China, and through offering more innovative products and services, bring more choices of high-quality international products and more excellent experience of faster cross-border shopping and delivery to Chinese consumers.”

According to the report issued by Amazon China, the cross-border online shopping in China demonstrates four characteristics and trends in 2016:

1. **Cross-border online shopping was getting increasingly widespread and normal, with Black Friday getting more popular among Chinese consumers**: In December 2016, the number of active AGS users was 23 times that of active AGS users upon the launch of AGS in 2014. A survey of consumer behaviors conducted by Amazon China showed that consumers with less than two years’ cross-border online shopping experience accounted for more than 50% of the total, evidencing that the launch of AGS had attracted a tremendous number of newcomers. Since Amazon launched its Prime member service in China, the orders placed by
registered members have come from more than 380 cities and regions across the nation’s 31 provinces, municipalities and autonomous regions, including even the city of Sanya, Hainan in the south, Greater Khingan Mountains in Heilongjiang in the north, the Kashi region of Xijiang in the west and Shuangyashan, Heilongjiang in the east.

With the popularity of cross-border online shopping growing, the concept of Amazon Black Friday shopping spree has been widely accepted among consumers. The Black Friday in 2016 was a spectacular day for Amazon China, which saw sales double those of 2015, and 6 times those of November 11 (also known as the Singles Day). The Amazon Hong Kong/Bonded Warehouse also reported a surprise performance. The sales on that day even rocketed to 12 times those of the Black Friday in 2015.

2. Young shoppers were making up the majority of the cross-border online consumers, with families becoming the major group of cross-border online shoppers: A younger age, a high level of education and a high income remain the three major features of Amazon China’s cross-border online consumers. Nearly 80% of consumers are below the age of 35; more than 90% have at least a bachelor’s degree; consumers with monthly salaries above 5,000 yuan accounted for 62% of cross-border online shoppers in 2016, a nearly 10 percent increase from 53% in 2015. Families have become the major group of cross-border online shoppers, and those with kids accounted for 84% of the total group. The family group has become the dominant one in cross-border online shopping. The shift from meeting individual demand to meeting family demand was one of the key factors explaining why the products for cross-border shopping grew diversified and became closely tied to daily life. Cross-border online shopping has gradually become part of daily life for most, instead of previously an occasional attempt to try new things.

3. Cross-border online shoppers preferred high-quality products all the more, with consumers focusing equally on quality and price for the first time: Amazon’s e-commerce trend report released in 2015 revealed that among the other factors, Chinese consumers focused most on price in cross-border online shopping. In the 2016 report, price and quality are listed as the two most critical factors in cross-border online shopping for the first time. This means that consumers are in the rising pursuit of product quality. Despite the big trend, male and female users showed a difference in the focus on quality and price as male ones focused more on price while female ones valued quality more.

4. Free shipping service was unleashing consumption potential: During the Black Friday and Christmas holiday seasons in 2016, Amazon AGS sold and shipped over 1 billion items of Prime commodities and FBA (Fulfillment by Amazon service) commodities across the globe. According to Amazon China’s AGS data, across the Amazon AGS, the average sales volume on each order placed by an Amazon Prime subscriber was much higher than that of an order from a non-Prime subscriber. This is a convincing sign that the launch of the Prime member service has greatly unleashed the consumption potential of consumers. At the same time, according to a survey of consumer behaviors conducted by Amazon China in 2016, Amazon users claimed the average frequency of cross-border online shopping every month after a
trial use of the Amazon Prime service increased fairly, and more than 90% of consumers said they would recommend the Amazon Prime member service to their friends or families after a trial use of it.

Geographically, first-tier cities, largely the cities in southern China, still lead the increasingly popular cross-border online shopping trend. The top ten cities contributing to Amazon AGS sales in 2016 were Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Hangzhou, Nanjing, Tianjin, Wuhan and Suzhou. Suzhou ranked among top ten for the first time.

In terms of product category, apparel and shoes at AGS were top two most popular categories among Chinese consumers. Maternal and child products and cosmetics were even a highlight, rising to the third and fourth place respectively in 2016 from the 8th and 9th place in 2015. The top ten brands at AGS most popular with Chinese consumers in 2016 were Calvin Klein, Comotomo, Thermos, Nautica, Timberland, Tommy Hilfiger, Enfagrow, LEE, Crocs and Clarks. Except Calvin Klein, Comotomo, Thermos and Crocs, other brands are all newcomers to the top 10.

The cross-border Prime products most popular with Chinese consumers included Drops Baby D3, Bad Air Sponge, Thermos Foogo Vacuum Insulated Stainless Steel Soft Spout Sippy Cup, L’il Critters and OLAY Regenerist Micro-Scruputing Cream from Amazon U.S., and Delonghi mini Me Coffee Maker, Philips Sonicare DiamondClean Rechargeable Electric Toothbrush and standard brush head, Oral-B Genius 8900 electric rechargeable toothbrush and Clarks Edgewick Plain from Amazon U.K.