



Asia-Pacific B2C E-Commerce Awakens

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Japan and South Korea rule, but not for much longer.

In 2006, B2C e-commerce sales for the five major markets in the Asia-Pacific region totaled only \$59.1 billion, and Japan accounted for a tiger's share of the sales.

But things are changing.

eMarketer forecasts that B2C e-commerce sales in the region will grow at a 23.3% annual rate, reaching \$168.7 billion in 2011.

B2C E-Commerce Sales* in Select Countries in the Asia-Pacific Region, 2006-2011 (billions and % change)**

2006	\$59.1
2007	\$73.3 (24.0%)
2008	\$97.7 (33.3%)
2009	\$124.1 (27.0%)
2010	\$145.5 (17.2%)
2011	\$168.7 (15.9%)

Note: converted at average annual exchange rates (projected for future years); total B2C e-commerce sales include all purchases made on a retail Web site, regardless of device used to complete the transaction; *includes online travel, event ticket and digital download sales; **Australia, China (excludes Hong Kong), India, Japan and South Korea
Source: eMarketer, January 2008

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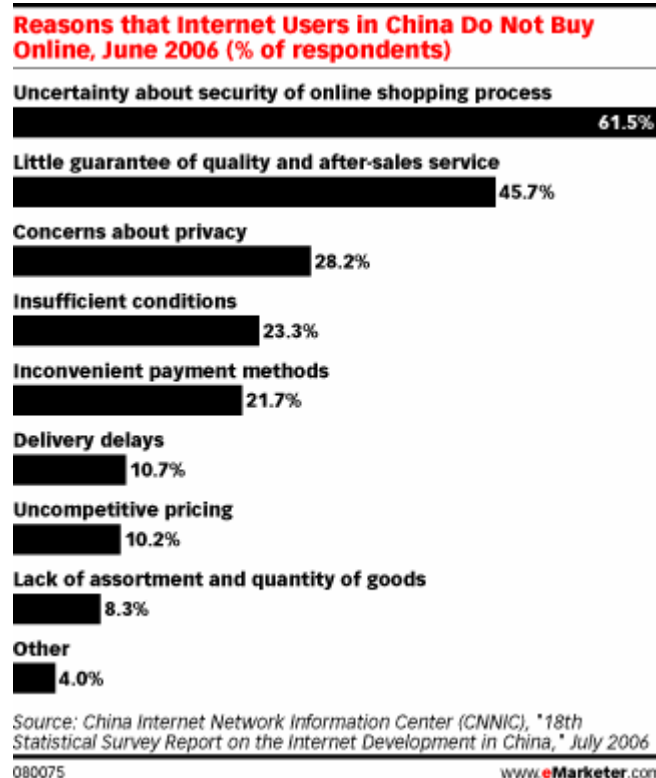
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"Japan was the largest market in the region, by far, with a 62.3% share of online sales in 2006," says Jeffrey Grau, eMarketer Senior Analyst and author of the new report, [Asia-Pacific B2C E-Commerce: Focus on China and India](#). "But by 2011, Japan and South Korea, the region's other mature market, will both lose share to two up-and-coming online markets—China and India."

Both China and India are growing rapidly, but they are far from reaching their vast potential.

"A number of hurdles, common to both countries, must be cleared to ensure sustainable long-term growth," says Grau. "Immature online payment systems, poor delivery networks and distrust between buyers and sellers, to name just a few."

According to a [China Internet Network Information Center](#) survey, the top reason that Internet users in China do not buy online is uncertainty about the security of the online shopping process.



Smaller developing countries in the region, such as Thailand, the Philippines and Malaysia, are also on track to become viable e-commerce economies.

"For Western e-commerce firms with global aspirations, the challenge is to decide what to do in this region and how to do it," says Grau. "These markets are very different, so prospective entrants must seek local solutions."

Before jumping in, however, companies should be warned that it will take longer for e-commerce to advance from its formative stage in India and China and other developing countries in the region than it did in advanced industrialized countries like the US, Japan and Western Europe.

"Most countries in the region, particularly China and India, lack a nationwide credit card system or an efficient delivery network," says Grau, "essential infrastructures that have greatly facilitated e-commerce growth in more advanced countries."

In addition, in developing countries, the online shopping process is often at odds with traditional business practices. B2C transactions in China and India are conducted on a cash-basis, requiring e-commerce companies to provide alternative-payment methods, such as cash on delivery and wire transfers.

"Still, no matter what the obstacles, the markets of the region are simply too big to be ignored," says Grau.

Top 15 Countries Worldwide, Ranked by Internet Users, January 2006 & January 2007 (thousands of unique visitors and % change)

	January 2006	January 2007	% change
1. US	150,897	153,447	2%
2. China	72,408	86,757	20%
3. Japan	51,450	53,670	4%
4. Germany	31,209	32,192	3%
5. UK	29,773	30,072	1%
6. South Korea	24,297	26,350	8%
7. France	23,712	24,560	4%
8. India	15,867	21,107	33%
9. Canada	18,332	20,392	11%
10. Italy	15,987	18,106	13%
11. Brazil	12,845	14,964	16%
12. Spain	12,206	12,710	4%
13. Russia	10,471	12,707	21%
14. Netherlands	10,772	11,077	3%
15. Mexico	8,624	10,149	18%
Total Worldwide	676,878	746,934	10%

Note: ages 15+; home, work and university locations; excludes traffic from public computers (eg Internet cafes) and access from mobile phones or PDAs

Source: comScore World Metrix as cited in press release, March 6, 2007

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Proceed, but do so with caution. Download the new eMarketer report, [Asia-Pacific B2C E-Commerce: Focus on China and India](#), today.