



# TAIWAN

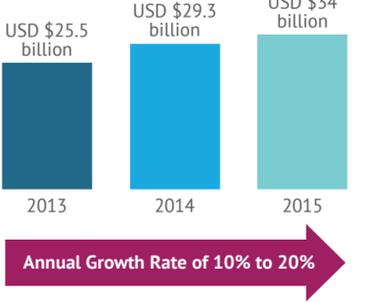
## 9 Fast Facts on Taiwan's eCommerce Market

Taiwan's robust online infrastructure has catapulted the country to rank among some of Asia Pacific's key eCommerce markets such as South Korea, Japan, Singapore and Hong Kong, in terms of internet penetration and smartphone adoption. In 2014, Internet World Stats reported that Taiwan's internet penetration rate reached 80%, while market intelligence agency HKTDC Research revealed that its smartphone adoption rate reached 50% in the same year. Taiwan's penchant for online connectivity and mobile technology has made it a market ripe for continued eCommerce growth, with revenues projected to hit USD \$34 billion by 2015. A key driver for this growth has been the mobile sector; smartphone users accounted for 49.5% of all Taiwanese online shoppers in 2013, surpassing desktop users (42.7%) and tablet users (32.1%). As Taiwan's online sector continues to grow, businesses can expect continued gains in the eCommerce market, strongly supported by growing strides in mobile development.

### 1 HIGH GROWTH RATES FOR ECOMMERCE

Taiwan's eCommerce market is growing at a rapid pace, driven mostly by high internet penetration and widespread smartphone adoption. Yahoo! Taiwan Holdings Ltd. project that Taiwan's online retail space will eventually outperform traditional retail stores, accounting for more than 50% of the estimated USD \$126 billion retail sector. According to Taipei's American Chamber of Commerce, Taiwan's eCommerce sector enjoys an estimated annual growth rate of 10% to 20% and is projected to reach USD \$34 billion annually by 2015.

#### Projected eCommerce Growth (2014)

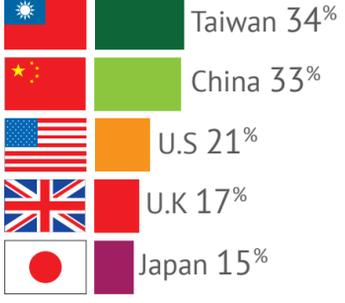


### 3 A MOBILE READY NATION

Taiwan boasts one of the region's highest mobile penetration rates (45%) and smartphone penetration rates among its adult population (50%). In 2013, Google and market research firm Ipsos found that 70% used their smartphones to make purchases online. Mobile commerce revenue for online retailers like online shopping portal UDN Shopping is going up, with a 25% increase in mCommerce sales (2013). Google's 2014 Consumer Barometer Report revealed that 34% of Taiwanese smartphone users used their devices during their purchase journey, outranking China (33%), US (21%), UK (17%) and Japan (15%). However, Payers reported in 2014 that Taiwan continues to fall behind in terms of mobile payment adoption (25%), compared to Hong Kong (65%), China (55%) and Singapore (53%).



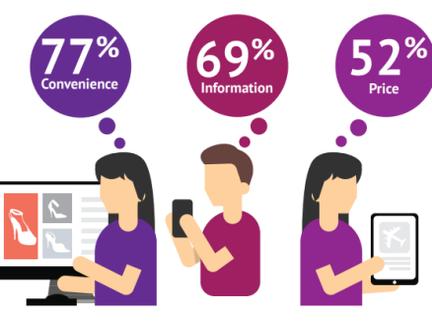
#### Smartphone Usage in Purchase Journey



### 6 UNDERSTANDING THE TAIWANESE ONLINE SHOPPER

Taiwanese online shoppers research across multiple channels before making a purchase decision. In 2014, Nielsen found that 68% of Taiwanese online shoppers engaged in webrooming, while 52% engaged in showrooming. Taiwanese shoppers also prize convenience, information and affordability when shopping online; 77% considered shopping online convenient, 69% read product reviews online prior to purchase and 52% believed that online stores offered better deals than physical retailers.

#### Reasons for Shopping Online (2014)



### 8 TOP ONLINE SHOPPING CATEGORIES

In 2014, Nielsen reported that Taiwanese shoppers favour a wide variety of product categories when shopping online. Clothes and accessories are the most popular product category (45%), with tours and hotel reservations (42%) and airline reservations (38%) following close behind. Fast-moving consumer goods (FMCG) are also a significant product category among Taiwanese online shoppers (32%).

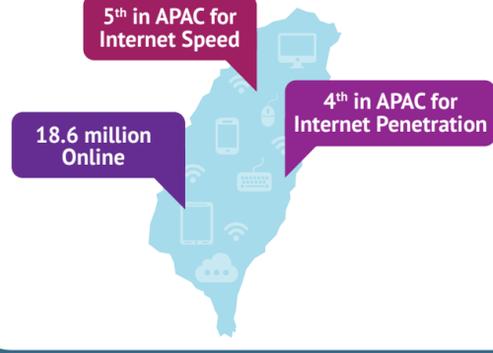
#### Top Online Shopping Categories (2014)



### 2 ONE OF THE MOST CONNECTED MARKETS

Taiwan is considered to be one of the most highly connected markets in Asia; 50% of the population used at least three devices in 2014. Internet World Stats supports this, with Taiwan ranking 4th in Asia Pacific in terms of internet penetration (80%). According to cloud services provider Akamai, Taiwan also ranked 5th in Asia Pacific in terms of average internet speed in 2014.

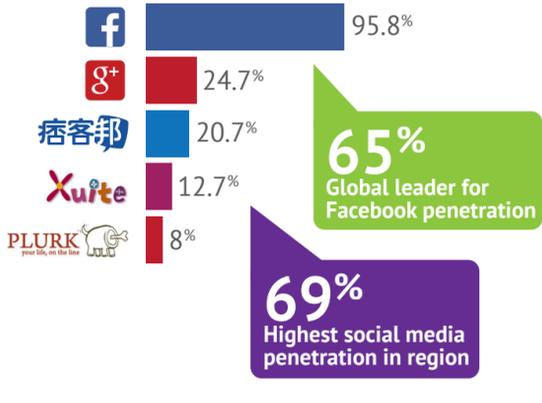
#### Internet Connectivity in Taiwan



### 4 SOCIAL MEDIA TAKES OVER TAIWAN

In 2014, Taiwan Network Information Centre reported that social networking was the most popular smartphone activity (64%). In the same year, Taiwan had the region's highest social media penetration rate (69%), ahead of Brunei (67%), Hong Kong (61%) and Singapore (59%), well above Asia's average social media penetration rate (35%). Taiwan also has the highest Facebook penetration rate globally (65%), leading eCommerce businesses to move into the social commerce space. In 2013, Rakuten Ichiba Taiwan partnered with Singaporean search engine ViSense and Asian fashion network Clozette to launch OShare, a social commerce site.

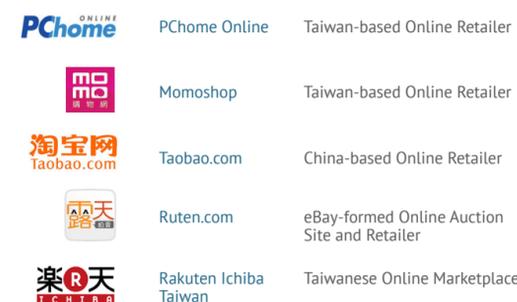
#### Most Popular Social Media Sites (2014)



### 5 POPULAR ECOMMERCE PLATFORMS

Recognizing Taiwan's eCommerce potential, eBay formed online auction site and retailer Ruten.com.tw to compete against China-based retailers such as Taobao.com. Local eCommerce players like PChome Online and Momoshop are also growing key market players; consolidated revenue of PChome Online reached \$16.3 billion TWD in 2013, while Momoshop ranked as Taiwan's third largest online shopping site in 2014 (Taipei Times).

#### Popular eCommerce Websites in Taiwan



### 7 POPULARITY OF CROSS BORDER ECOMMERCE

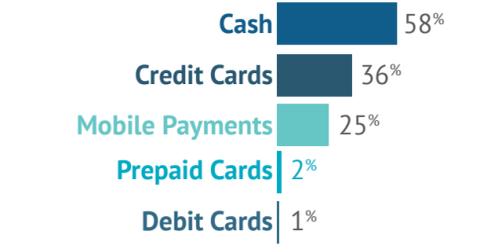
According to a 2014 Marketing Intelligence and Consulting Institute survey, Taiwanese internet users actively shop online across borders on international eCommerce sites in China (50%), Japan (48.9%) and North America (27.4%). The popularity of cross border transactions has become a significant driver for eCommerce growth, according to the Institute of Information Industry (2014).



### 9 CASH IS BIG BUT MOBILE PAYMENTS TO DOUBLE

In 2014, Nielsen reported that cash was the leading payment method amongst Taiwanese online shoppers (58%), followed by credit cards (36%). With mobile device adoption growing significantly across Taiwan, online data and analysis service Timetric highlighted that mobile payments was preferred by 25% of Taiwanese shoppers (2013), with a prediction that it will double by 2017. This is due to further growth in smartphone ownership and continued improvements in electronic payment methods such as contactless transaction technology as well as more lenient regulations on third-party payment collections.

#### Preferred Payment Methods (2014)



SOURCES: Akamai, eBay, Econsultancy, Google Consumer Barometer Report, HKTDC Research, Institute of Information Industry, Internet World Stats, Ipsos, Marketing Intelligence and Consulting Institute, New Kinpo Group, Nielsen, Payers, Statista, Taipei American Chamber of Commerce, Taipei Times, Taiwan Network Information Centre, Timetric Yahoo! Taiwan.

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