

e-commerce

INTENSITY

with enough intensity
and we will set the
to the world.



Global Internet Market 2016



\$4.2T

5.3% of GDP

Global Internet Market 2016



Intensity	2009	2016
Total Internet Market in Trillion	\$2.9	\$4.2
% to GDP	2.95	5.3

Source: Boston Consulting Group, EIU

Internet Economy as % of GDP (2016)



UK: 12.4%

SK: 8%

China: 6.9%

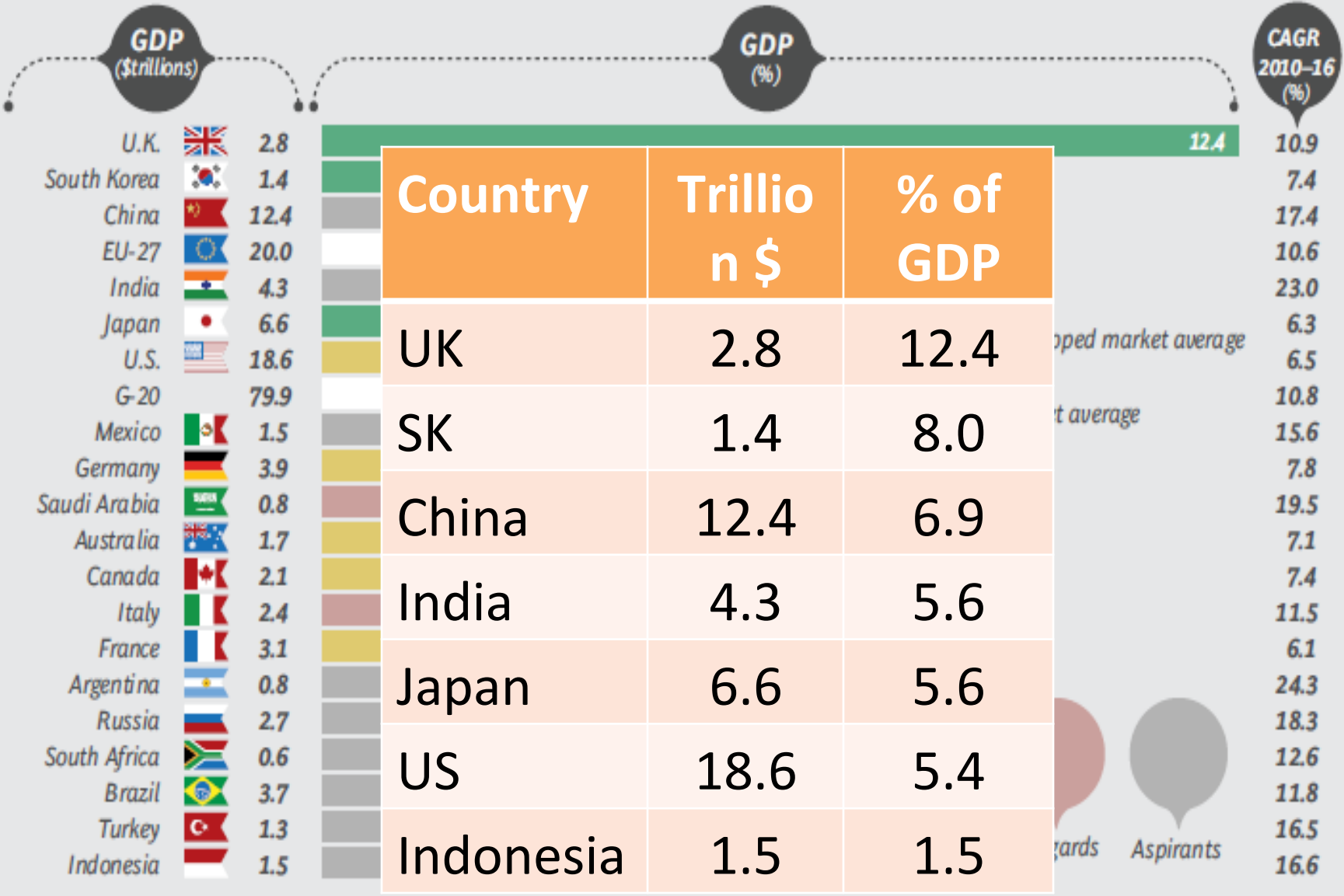
Japan: 5.6%

India: 5.6%

US: 5.6%

EXHIBIT 5 | The Internet Economy Will Account for 5.3% of GDP in the G-20 Countries in 2016

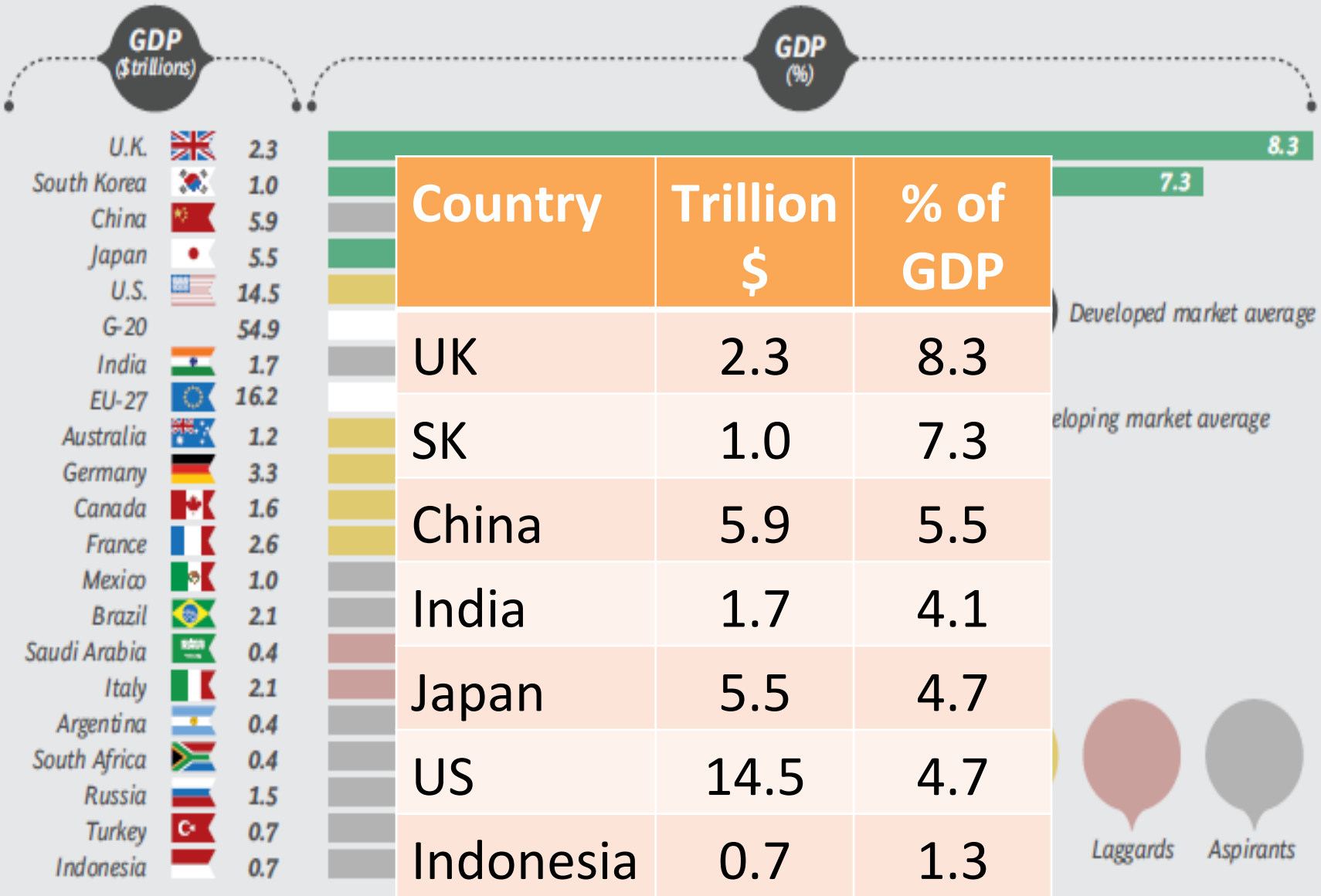
Internet economy as a percentage of 2016 GDP



Source: Economist Intelligence Unit; Organisation for Economic Co-operation and Development (OECD); country statistical agencies; BCG analysis.

EXHIBIT 4 | The Internet Currently Accounts for 4.1% of GDP in the G-20 Countries

Internet economy as a percentage of 2010 GDP



Sources: Economist Intelligence Unit; Organisation for Economic Co-operation and Development (OECD); country statistical agencies; BCG analysis.

Global Internet Market 2016



Intensity	2016
Total Internet Market in Trillion	\$4.2
Ecommerce B2C Sales Worldwide in Trillion	\$2.1
Others	\$2.1

B2C Ecommerce Sales Growth Worldwide, by Country, 2012-2017

% change

	2012	2013	2014	2015	2016	2017
China*					14.1%	29.4%
Indonesia					10.0%	22.0%
India**					15.5%	20.0%
Argentina					10.0%	10.0%
Mexico					10.0%	5.0%
Brazil					10.0%	6.0%
Russia					10.0%	5.2%
Italy					10.0%	10.6%
UK					10.2%	8.2%
Canada					10.5%	11.5%
Spain					10.0%	8.0%
Sweden					10.0%	8.4%
US***					10.0%	10.4%
Norway					10.1%	7.2%
Denmark					10.5%	5.9%
France					10.5%	7.1%
Netherlands					10.3%	5.3%
South Korea					10.3%	3.6%
Germany					10.5%	6.1%
Japan					10.5%	5.0%
Australia					10.0%	4.2%
Finland					10.7%	2.5%
Worldwide	22.3%	18.3%	20.2%	17.7%	15.9%	14.8%

Note: includes products and services ordered and leisure and unmanaged business travel sales booked using the internet via any device, regardless of the method of payment or fulfillment; *includes sales from businesses that occur over C2C platforms; excludes Hong Kong; **digital travel sales represent roughly 70% of B2C ecommerce sales; ***excludes event tickets

Source: eMarketer, Jan 2014

Countries with a high Internet contribution to GDP correlate to those with a strong Internet supply ecosystem

Internet contribution to GDP

%

7.0

6.0

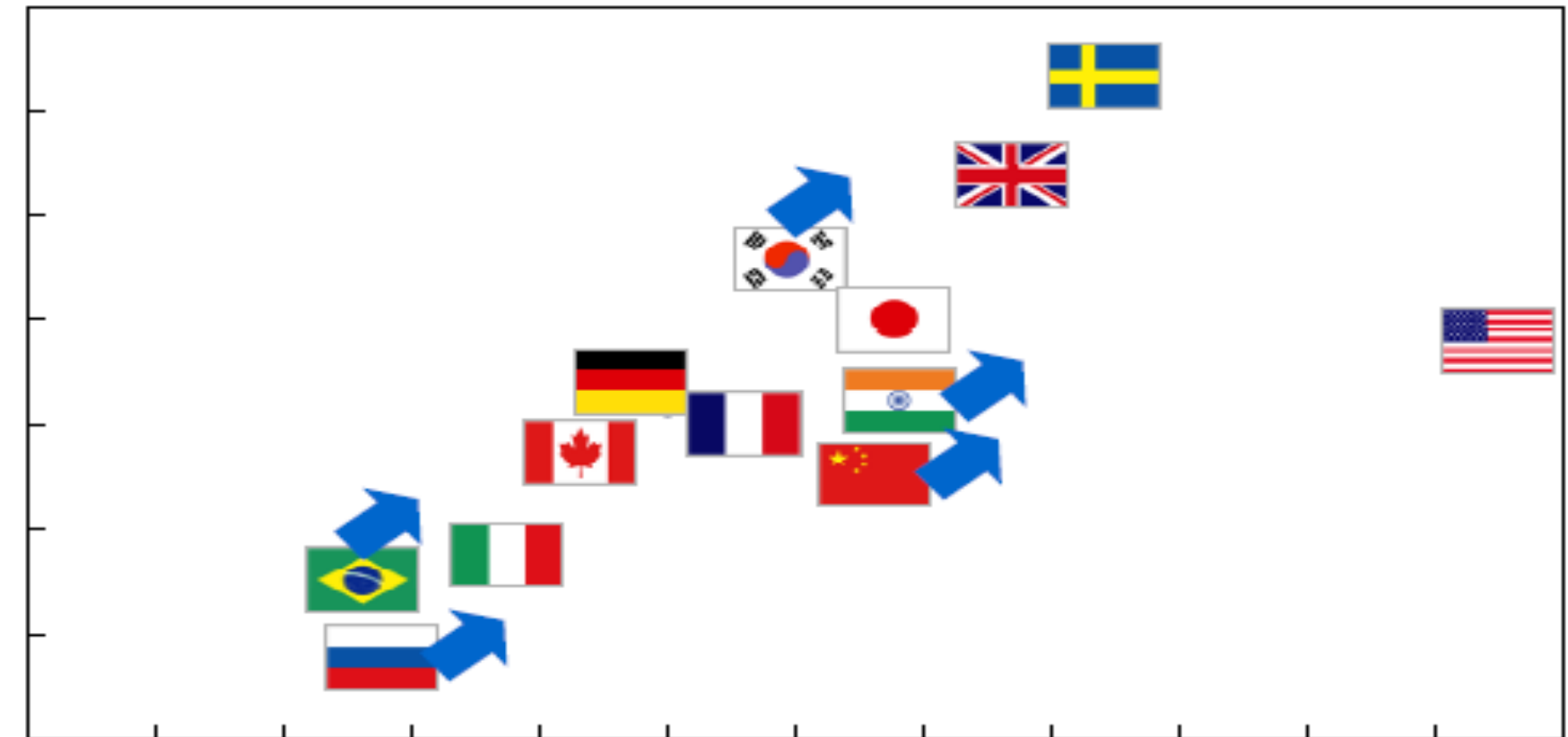
5.0

4.0

3.0

2.0

1.0



0

5

10

15

20

25

30

35

40

45

50

55

60

McKinsey Internet ecosystem supply index

Online Market: Strategies for Growth

Private sector should lead.

Governments should avoid undue restrictions on ecommerce

Where government involvement is needed, its aim should be to support rather than control

Governments should recognize the unique qualities of the internet.

State of E-Commerce in the Philippines

Ph Internet Market 2014



P1.0T

8 to 13% of GDP

Ph Internet Market 2014



P.15T ?

1.5% of GDP

Online Purchases	Percent
#1: Airline Tickets and Reservations	59
#2: Clothing Accessories and Shoes	57
#3: Tourist and Hotel Reservations	53
#4: Event Tickets	50
#5: Mobile Phone	44
#6: Personal Care	43
#7: Cosmetics	43
#8: E-books	43
#9: Sporting Goods	42
#10: Electronic Equipment	41

Source: Nielsen Global Survey, Q1 2014

Extent of Online Engagement in the Manufacturing Industry (Index Weighted to Actual Values, 12 months)

Online Revenues

33%

Online Purchases

35%

Online Payments

15%

Extent of Online Engagement in the Retail/Wholesale Industry (Index Weighted to Actual Values, 12 months)

Online Revenues

21%

Online Purchases

24%

Online Payments

32%

Extent of Online Engagement in the Services Industry (Index Weighted to Actual Values, 12 months)

Online Revenues

8%

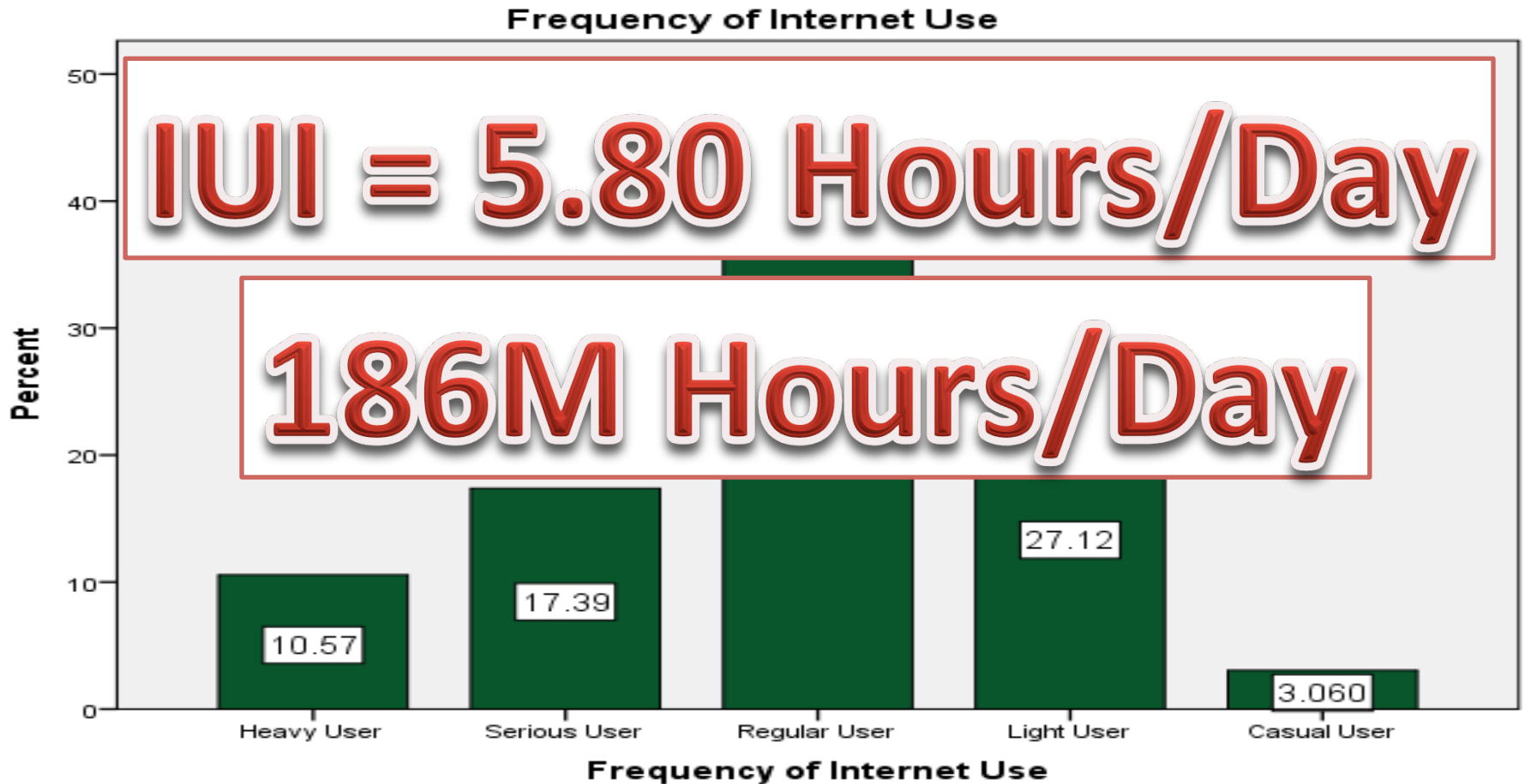
Online Purchases

15%

Online Payments

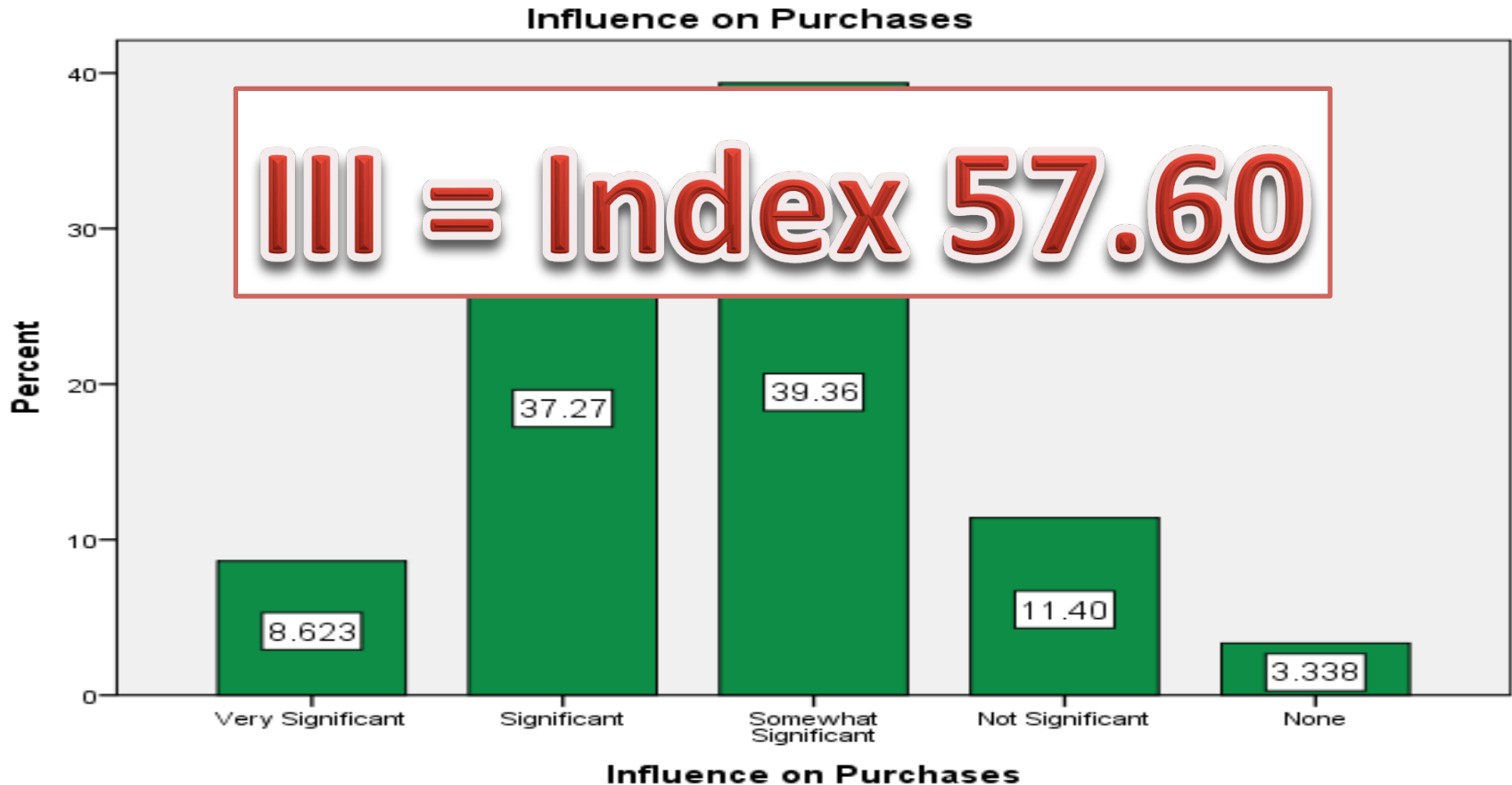
21%

Frequency of Internet Use as Stated by 719 Digital Stakeholders from Seven Events in 2014



Q1. How frequently do you use the internet (whether by phone or computer or other means) in a typical day)?

Influence of Internet on Purchase Decisions as Stated by 719 Digital Stakeholders from Seven Events in 2014



Q2. To what extent does the internet (including search and social media) influence your actual purchases and decision to purchase?

Internet Purchase Intensity: Percent of Personal Purchases Done Online as Stated by 719 Digital Stakeholders from Seven Events in 2014

Per Capita Consumption at Constant 2000 Prices = \$1,000 in 2011

At 32M users, consumption is about \$32B or P1.4T

At 29.61%, B2C consumption online is around P408B in 2011 or P486B in 2014

Q3. Of the total amount that you yourself spent last month, about how many percent (whether for your personal use or for the household) were done online (including orders via email and/or debit, credit card, paypal)?

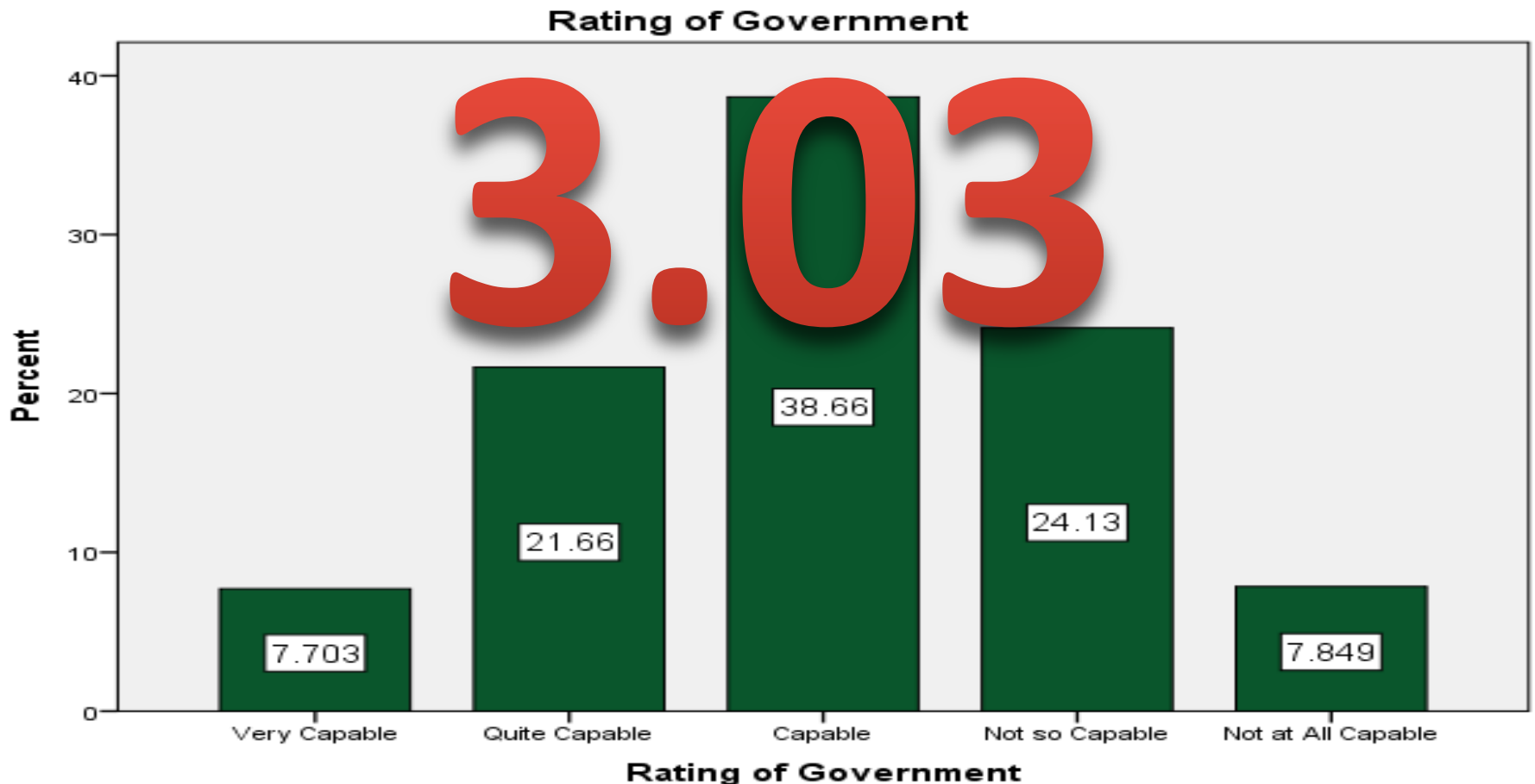
Internet Payment Intensity: Percent of Payments Done Online as Stated by 719 Digital Stakeholders from Seven Events in 2014

**IP_aI =
20.15%**

Q4. Of the total number of times that you paid a bill or bought something last month, how many percent were done using internet banking (including mobile, paypal, credit card) to pay for your bills and purchase online?

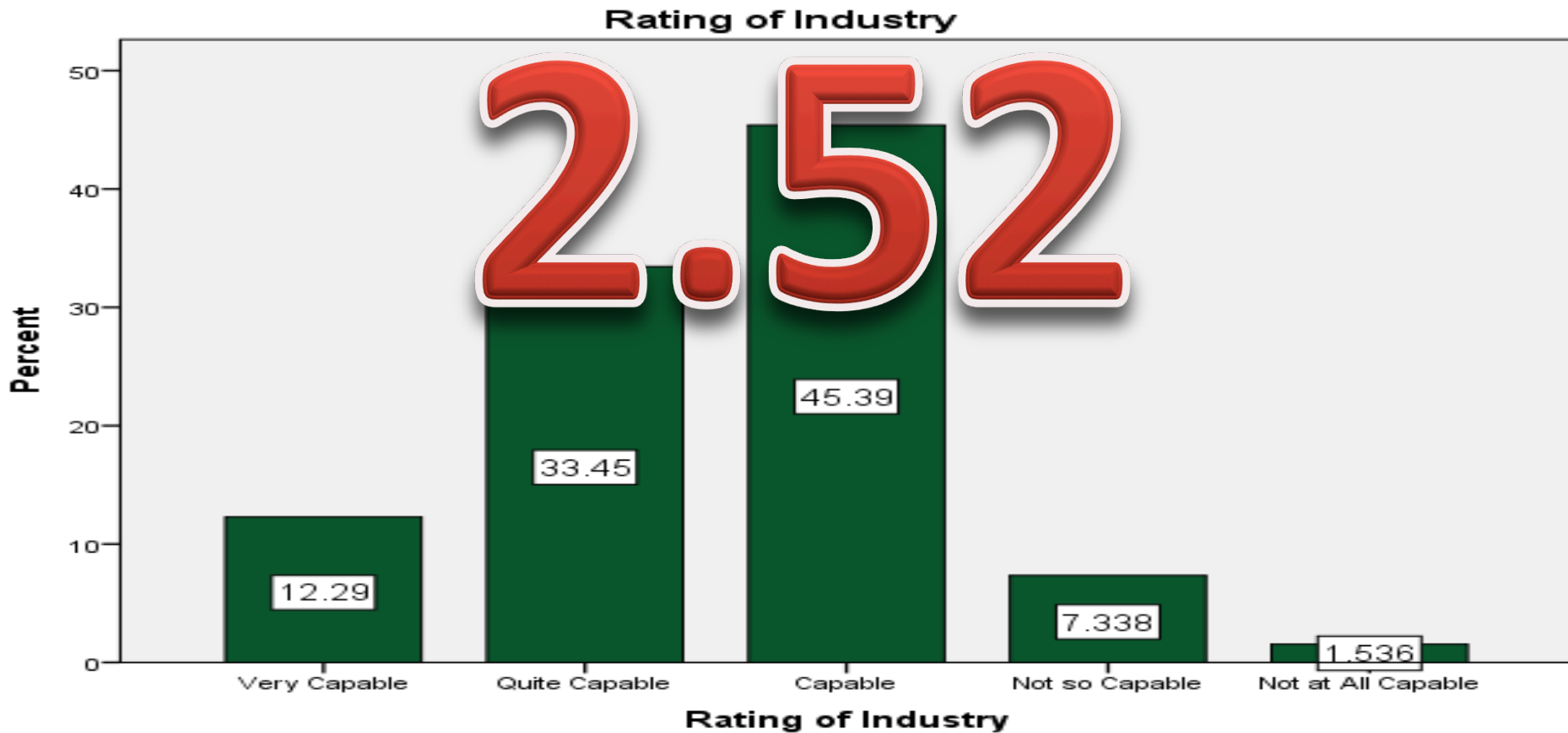
E-COMMERCE MATURITY SCORECARD: Local Government

Perceived E-Commerce Readiness of the Local Government as Evaluated by 719 Digital Influencers from Seven Events in 2014 (on a scale from 1 to 5 with 1 as very capable)



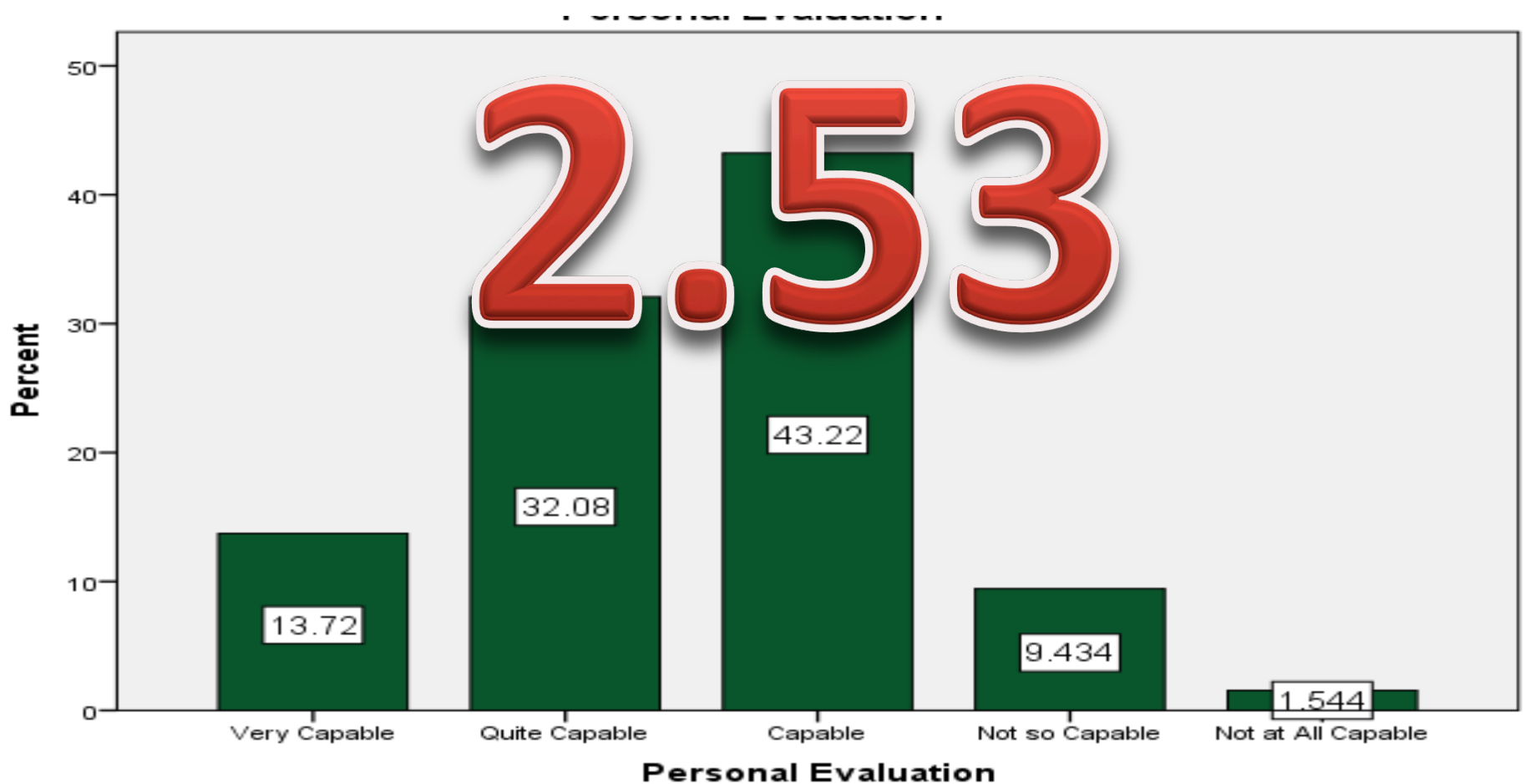
E-COMMERCE MATURITY SCORECARD: Local Companies

Perceived E-Commerce Readiness of the Local Government as Evaluated by 719 Digital Influencers from Seven Events in 2014 (on a scale from 1 to 5 with 1 as very capable)



E-COMMERCE MATURITY SCORECARD: Personal Assessment

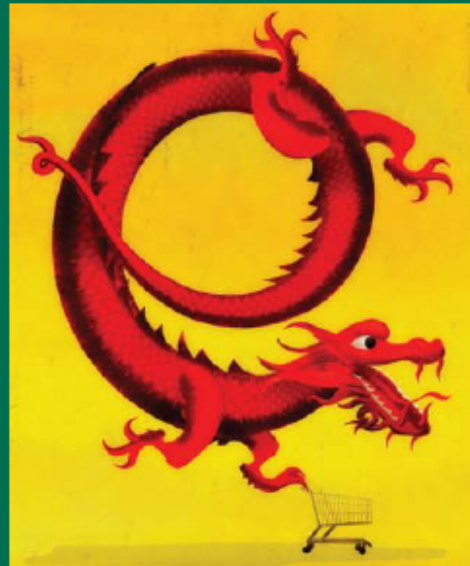
Perceived E-Commerce Readiness of the Local Government as Evaluated by 719 Digital Influencers from Seven Events in 2014 (on a scale from 1 to 5 with 1 as very capable)



Where to? How to?

The World's Next E-Commerce Superpower

Navigating China's Unique Online-Shopping Ecosystem



THE BOSTON CONSULTING GROUP

China Internet Market 2016



RMB2T

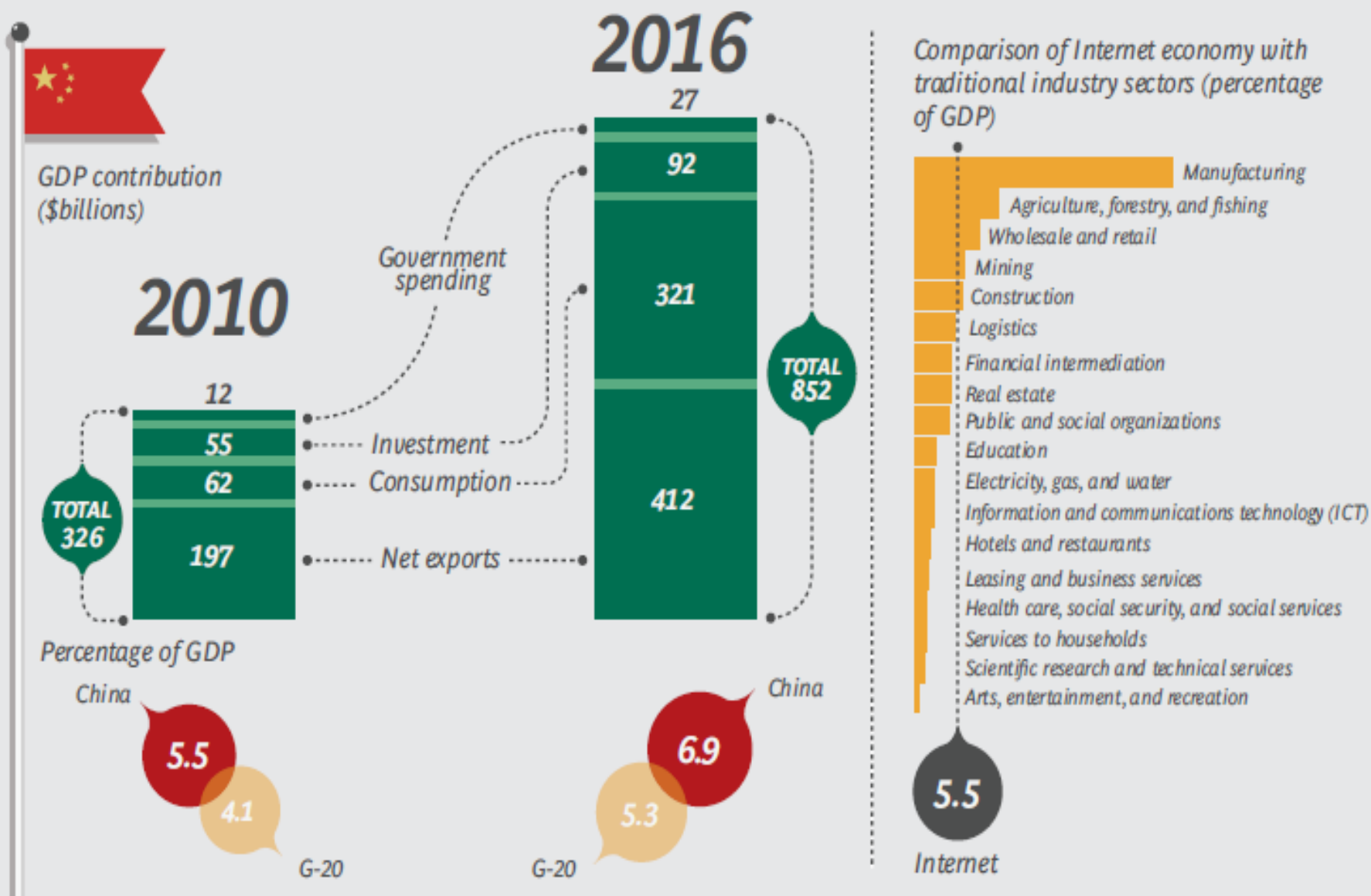
7% of GDP

China Internet Market 2016



1. Expanding e-commerce follows an exponential growth in internet users
2. Internet penetration rate by 2015 is expected to be at 51% from 38% in 2011
3. In 2014, 7% of online shoppers account for 40% of total online spending
4. In 2011, Chinese consumers spent 1.9 billion hours per day online

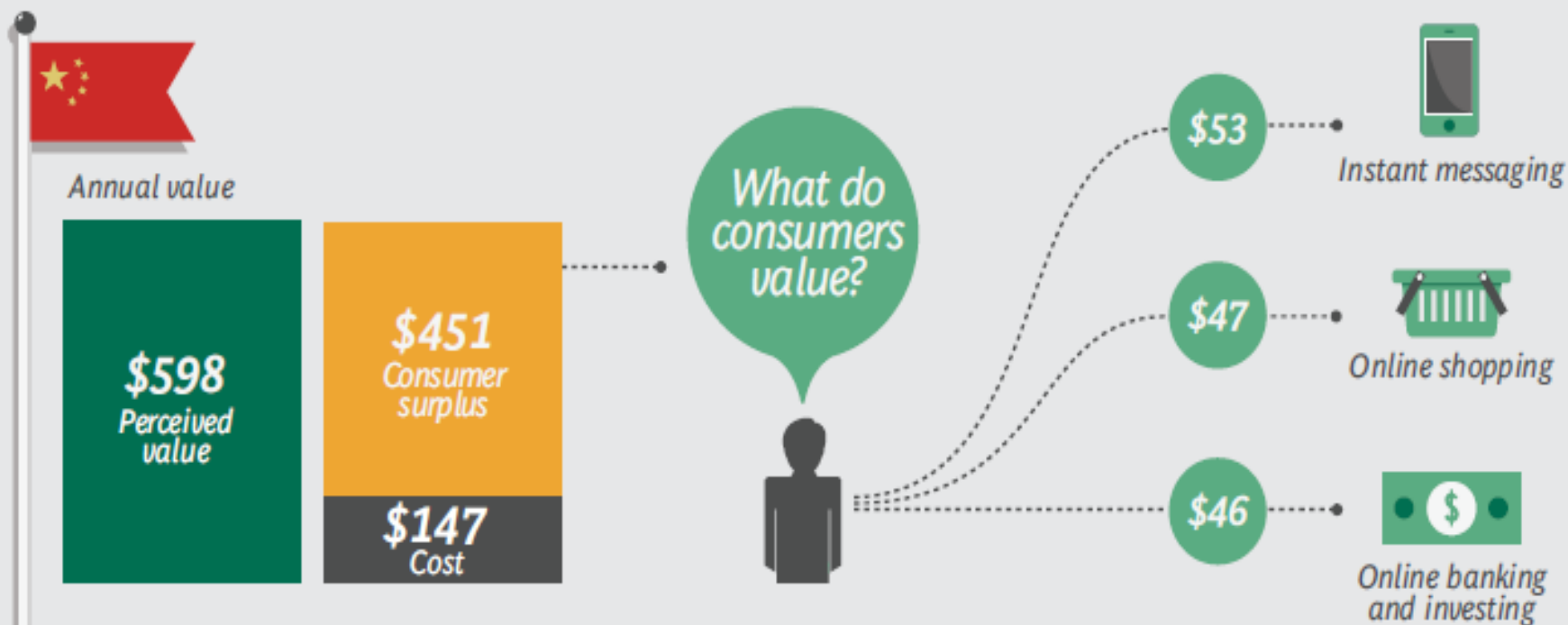
China's Internet Economy



Sources: Economist Intelligence Unit; Ovum; Gartner; Euromonitor International; Organisation for Economic Co-operation and Development (OECD); Magnaglobal; CCB; Chinese government; iResearch; China Information Almanac; BCG analysis.

Note: Some columns may not add up to total contributions due to rounding.

China's Consumers Benefit from the Internet



Percentage of people willing to give up a key lifestyle habit instead of the Internet for a year



China Internet Market 2025



22% of GDP



From a consumer-oriented Internet ...

632 million

Chinese Internet users in 2014

700 million

Active smart devices

~US\$300 billion

2013 e-tailing sales

... to a more enterprise-driven Internet

7–22%

The Internet's contribution to the total GDP increase expected through 2025

Up to 22%

The Internet's contribution to China's productivity growth by 2025

RMB 610 billion

Potential annual savings in health-care expenditures by 2025

RMB 10 trillion

Annual GDP at stake by 2025, equivalent in size to Australia's current GDP

