

WECHAT EXCLUSIVE REPORT

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ABOUT THIS REPORT

On 18 May 2020, Tencent's WeChat, Tsinghua University's Tsinghua China Data Centre, and the Tencent Social Research Institute released **"The 2020 Pandemic and the QR Code Economy Report"**. The 104 page long Chinese report revealed that the WeChat QR Code Economy has played an effective role in mitigating the negative impact of the COVID-19 pandemic.

In this report we bring you the key messages.

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The WeChat Ecosystem
QR codes on WeChat
The value of the QR code economy

The QR Code Economy during COVID-19

Connecting users

Helping the nation shop online
Keeping students connected

Connecting enterprises

Transforming business models
Financial support for businesses
Vouchers to stimulate the economy

Connecting services

Digitalising healthcare
Digitalising public services

WHAT IS THE WECHAT QR CODE ECONOMY?



THE WECHAT ECOSYSTEM

More than
1.2 billion
monthly active users

More than
20 million
official accounts¹

¹ Subscription accounts for followers

More than
1 million
Mini Programs

More than
400 million
daily active users
of Mini Programs

More than
800 billion RMB
worth of transactions in 2019

More than
60 million
active users of
Wechat Work

2.5 million
companies used
WeChat Work

More than
50 million
monthly active
merchants on
WeChat Pay

1 billion
daily commercial
transactions on
WeChat Pay



THE WECHAT ECOSYSTEM



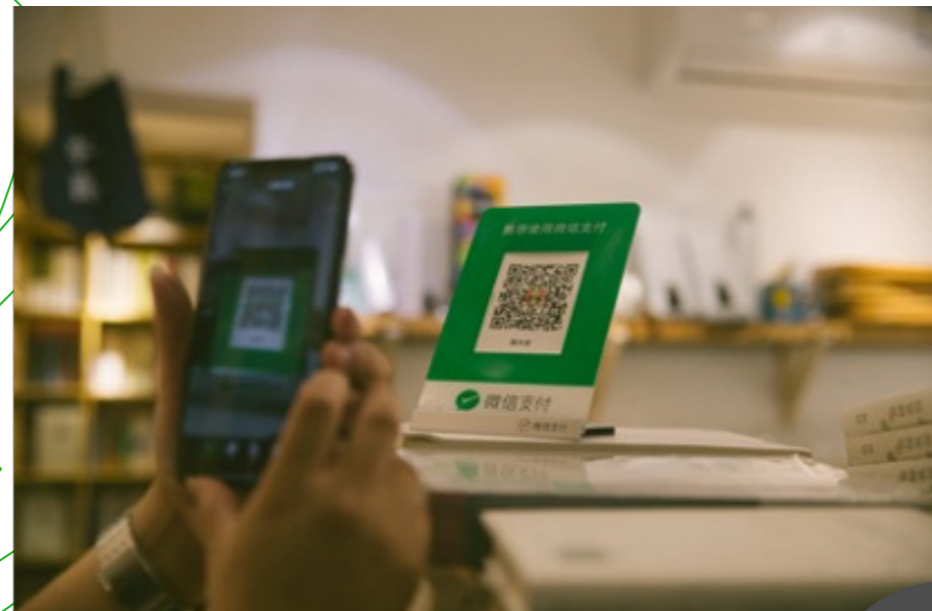
63 million

monthly active users
above the age of 55

The WeChat Ecosystem caters for the entire Chinese society.

In fact, as of September 2018, WeChat had 63 million monthly active users above the age of 55. Half of WeChat users aged over 60 are using WeChat Pay.

QR codes are multi-functional on WeChat and can be used to add friends, make payments, enter Mini Programs and access WeChat Work.



QR CODES ON WECHAT

The 'QR Code Economy' describes a new economic model that stretches across the WeChat ecosystem.

In 2019 alone, it reached 8.58 trillion RMB and generated 29.63 million employment opportunities.

8.58
trillion RMB

in 2019

29.63
million

employment opportunities

THE VALUE OF THE QR CODE ECONOMY

In Q1 of 2020, the value of the WeChat QR Code economy increased by 25.86% year on year, despite a Chinese GDP contraction amid COVID-19.

THE QR CODE ECONOMY DURING COVID-19



QR CODE
ECONOMY



THE QR CODE ECONOMY DURING COVID-19

**140 billion
times**

used

Saved an average of
29.2 hours
per person

During the COVID-19 pandemic, QR codes have not only helped to ensure a smooth, 'contactless' flow of information and data but have also reduced the cost and time for pandemic prevention and optimised the allocation of resources.

Between 23 January and 6 May 2020, governments, businesses, and individuals used WeChat QR codes over 140 billion times, leading to each person saving 29.2 hours on average.

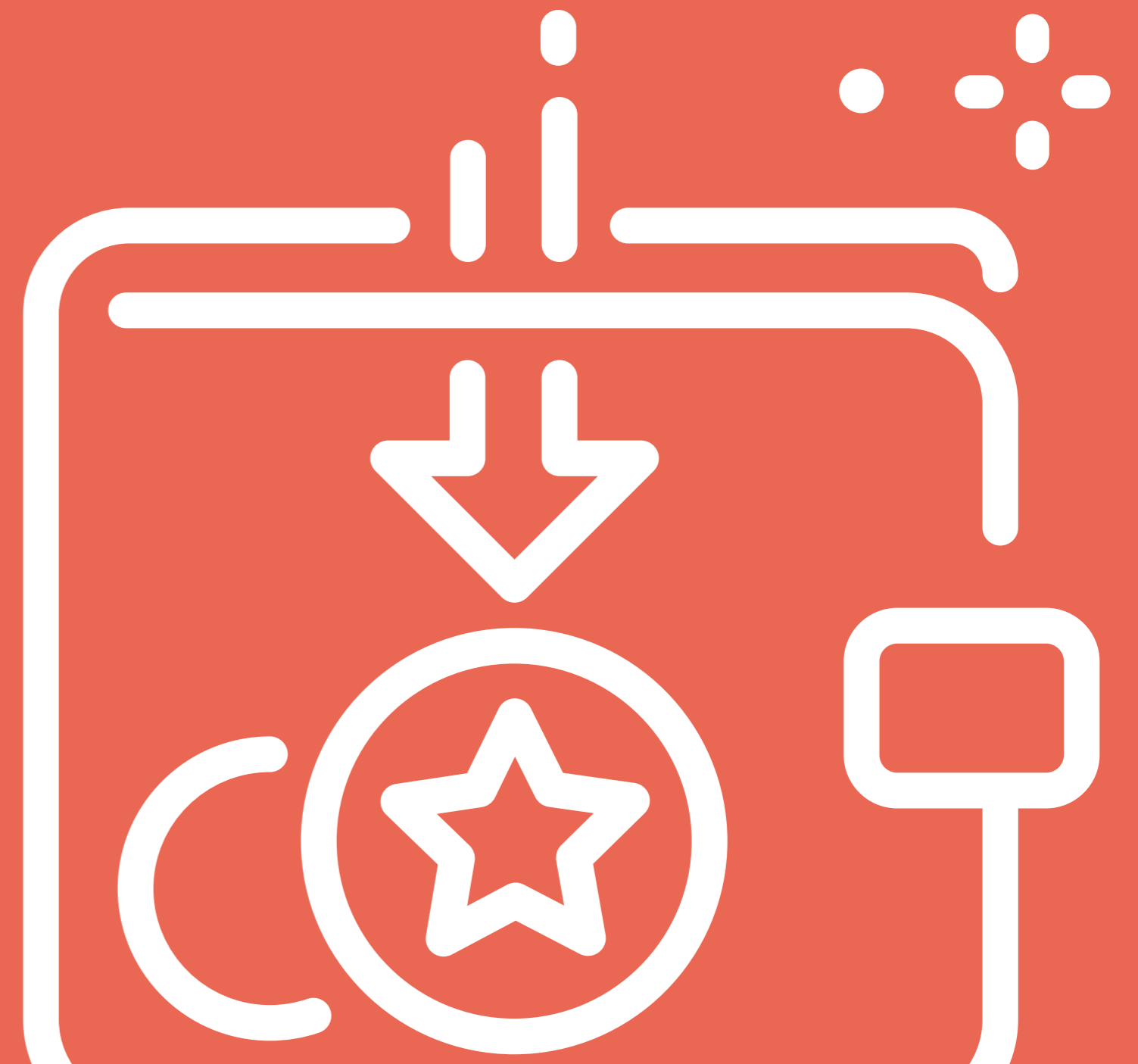
THE QR CODE ECONOMY DURING COVID-19

COVID-19 has accelerated digitalisation processes within all areas of society and the QR Code Economy is set to grow in tandem with the demand for digital infrastructure.

It is seen as a much needed 'stabiliser' of the economy and society, enabling governments, enterprises, and the public to fight the epidemic and resume work.

CONNECTING USERS

HELPING THE
NATION SHOP
ONLINE

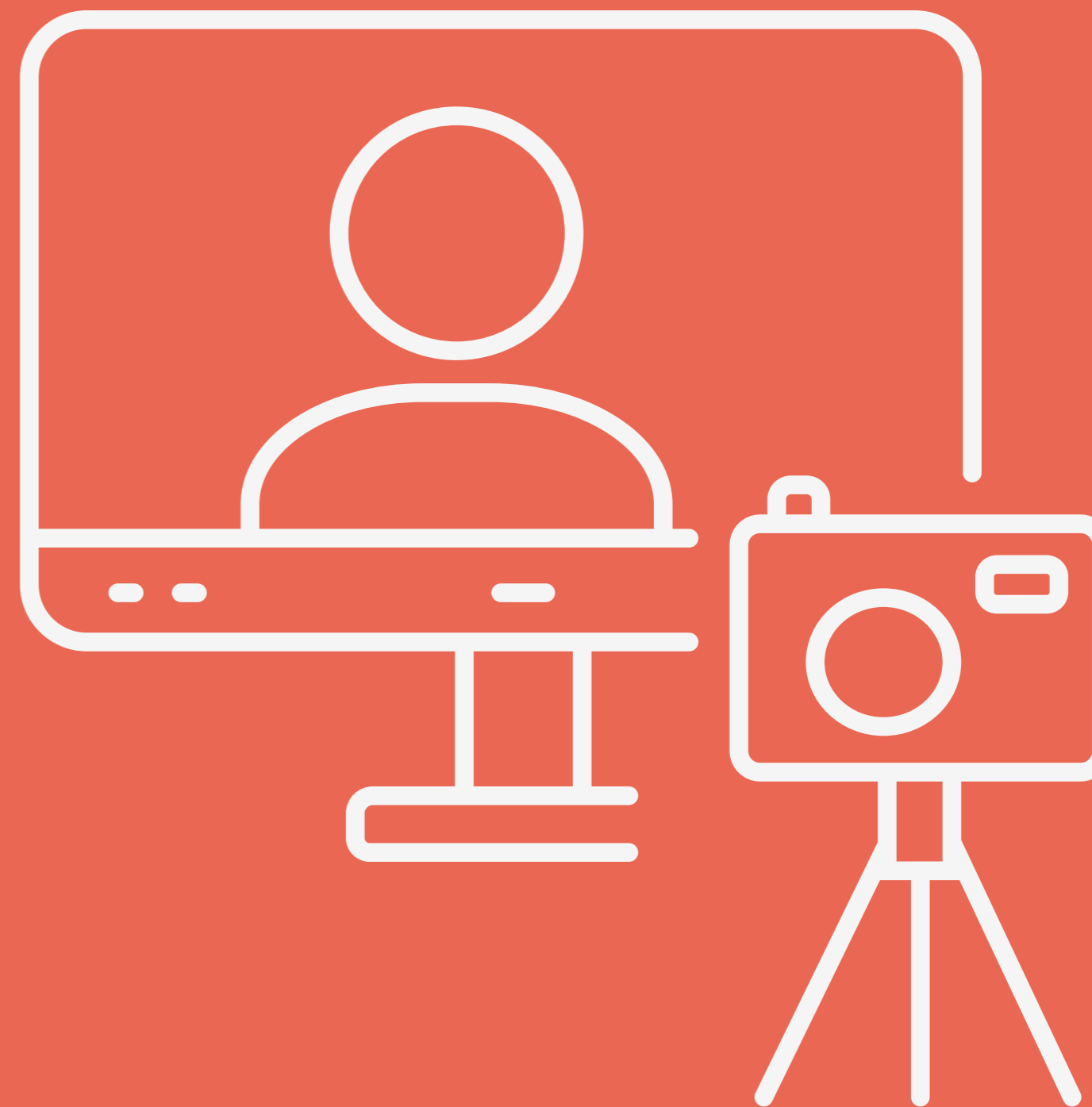


SOLUTIONS 2/2
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SOLUTIONS 2/2

Livestreaming on WeChat grew as a result of the growth in online retail and consumers being unable to see products in person. The feature allows merchants to display their products in situ while interacting with their audience in real time through their own WeChat Mini Program.

SUCCESSSES 2/3

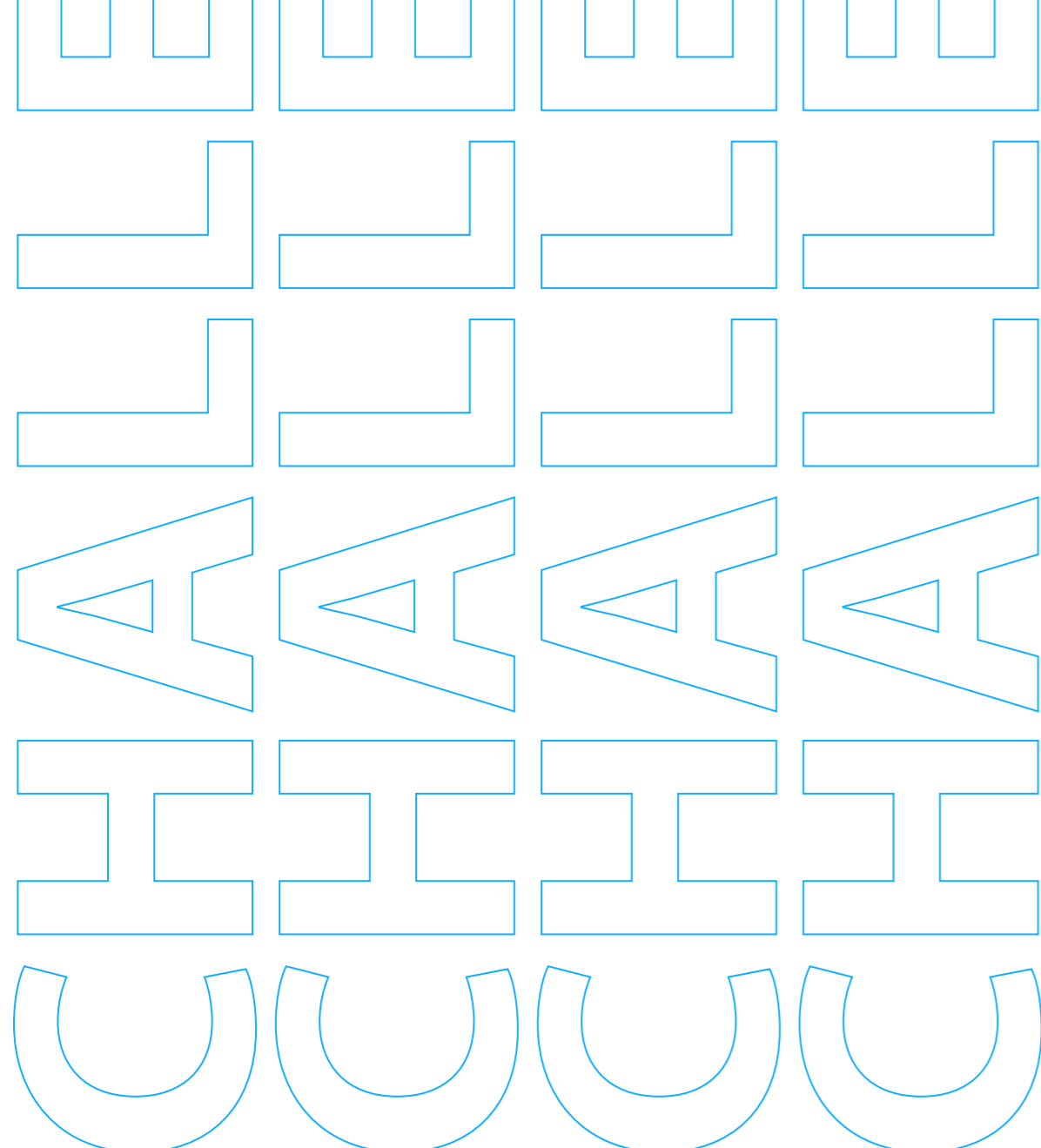
In terms of live streaming, following women's clothing brand Eifini's first livestream on 6 February 2020, the number of visits to its Mini Program rocketed by 566% and sales increased by 372% (MOM).



CONNECTING USERS

KEEPING
STUDENTS
CONNECTED





With all levels of educational facilities closing due to the virus, educators and students were required to move online.

There was pressure on the government and schools to continue providing the same level and variety of education during the outbreak.

CHALLENGES 1/2

CHALLENGES 1/2

CHALLENGES 1/2

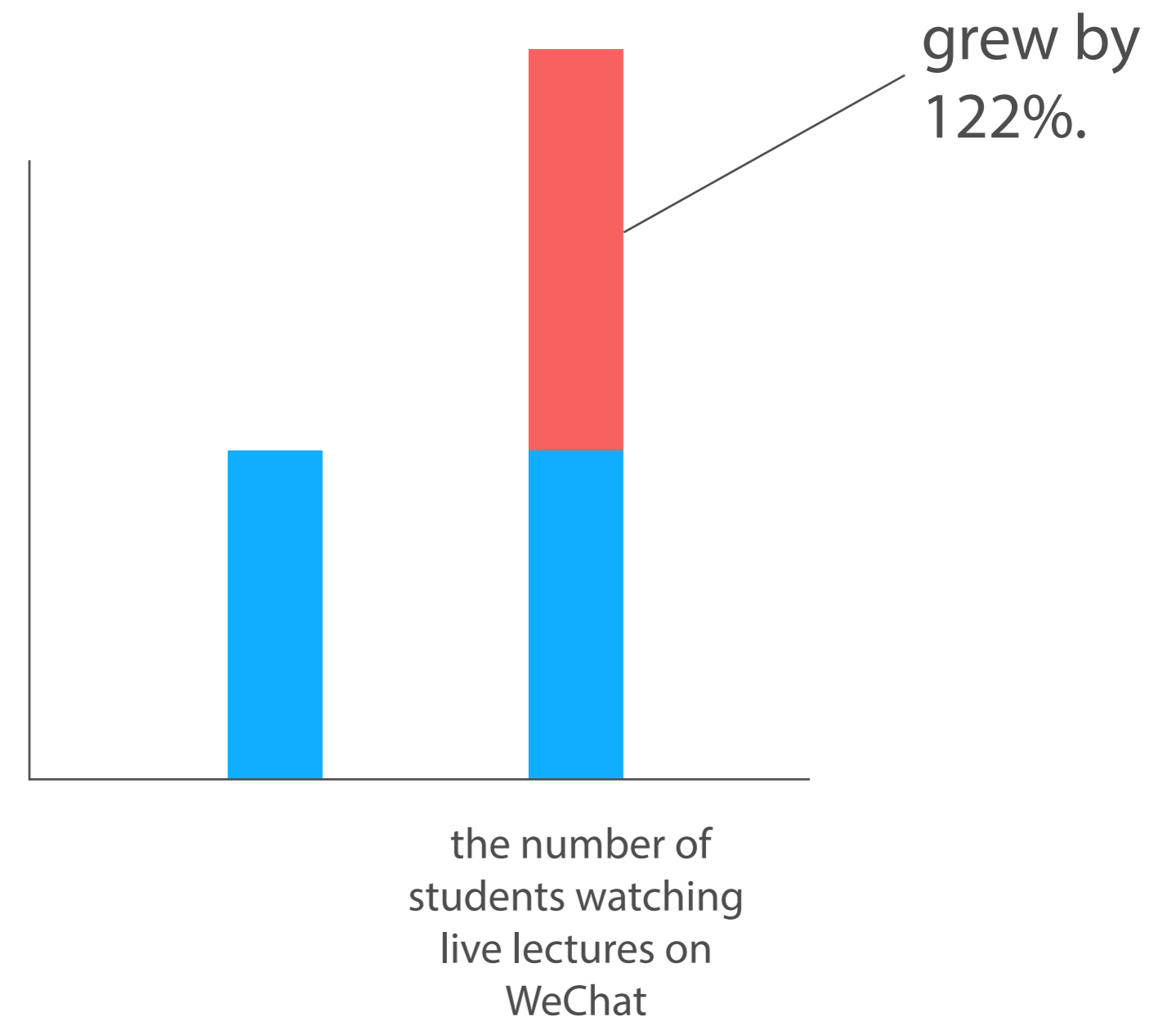
CHALLENGES 2/2



As people were stuck at home looking to learn new skills and take up hobbies, the demand for online educational content surged.

SUCCESSSES 1/3

Between December 2019 and January 2020, the number of active users on WeChat's Mini Programs related to education increased by 485% and the number of students watching live lectures on WeChat grew by 122%.



WeChat Work serves more than

100,000
schools

which it connects with

50
million parents

accounting for

18.8%
of the national total

SUCCESSES 2/3

**CONNECTING
ENTERPRISES
TRANSFORMING
BUSINESS
MODELS**



CHALLENGES 1/2

CHALLENGES

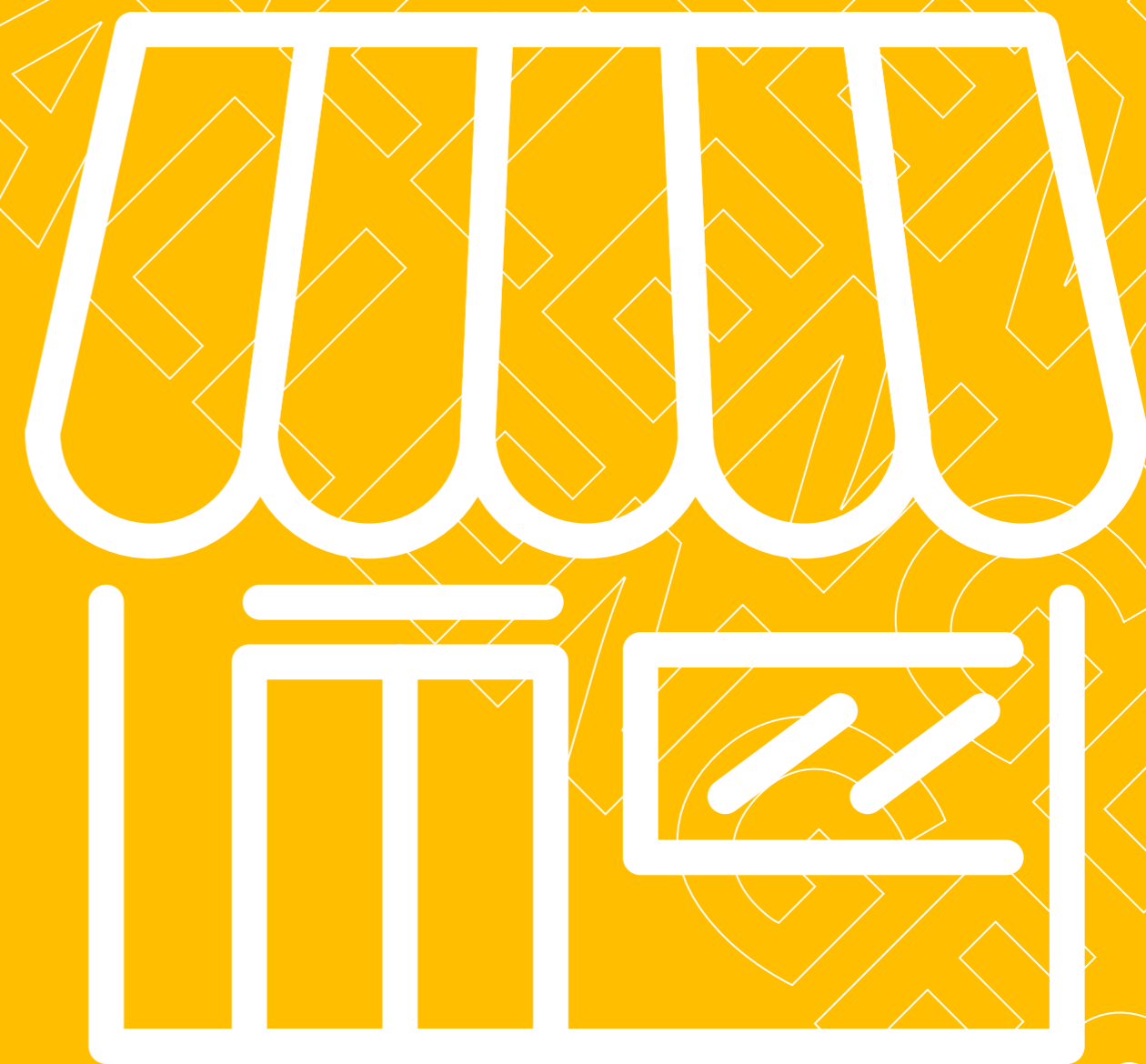
COVID-19 forced companies and individuals to operate remotely.

People had to switch to a new way of working, often, at home, with fewer resources and technology, and holding online meetings, events and conferences.

CHALLENGES 2/2

The pandemic also created difficulties in connecting businesses with consumers or other businesses. Retailers or merchants who relied on offline means to make a living prior to the outbreak found that they had a reduced, or no source of revenue.

Roughly 70% of physical stores were closed during the Spring Festival, and so many enterprises needed to find a way to maintain sales through other channels.



SOLUTIONS FOR BUSINESS

SOLUTIONS 1/2



The WeChat Ecosystem and QR code economy could facilitate working from home. WeChat reacted quickly to the heightened demand for online work and expanded capacity soon after the lockdown.



Smart data and “contactless” technology helped businesses resume operations and WeChat’s intelligent services provided analysis to optimise warehouse capacity, operation efficiency and improve delivery services.

SOLUTIONS 2/2

800

billion RMB

billion RMB

billion RMB

Thanks to WeChat Mini Programs being low cost, low threshold and fast deployment, these Mini Programs, which recorded a transaction value of over 800 billion RMB in 2019, helped businesses find new online revenue during the pandemic.

**During COVID-19, WeChat Work supported
group chats with**

10,000 people

SUCCESSES 1/2

WeChat Work increased its capacity during COVID-19 to support group chats with up to 10,000 people, video-conferencing for up to 300 people and livestreaming with tens of millions of viewers.

WeChat Work's conferencing tools were used by 220 million times during lockdown and daily users of work-related Mini Programs increased by 385% between 3 and 9 February 2020.

The number of new Mini Programs rose by 177% year on year in March, and 24% between March and April 2020.

Additionally, WeChat's QR codes enabled 3 million express delivery workers to resume work in March as they were able to operate contactless.



The number of new Mini Programs rose by

177%

SUCCESSSES 2/2

CONNECTING ENTERPRISES

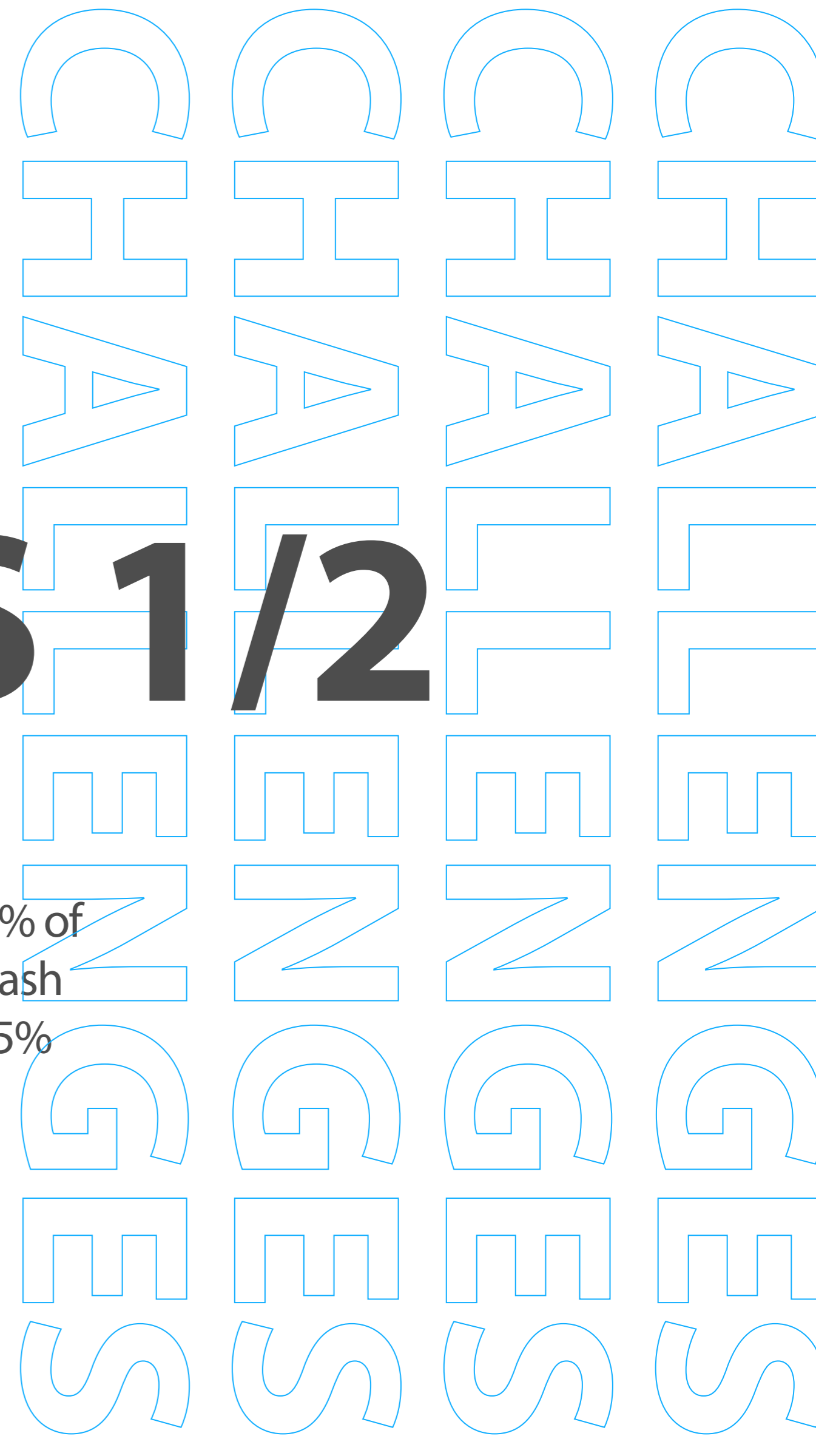
FINANCIAL SUPPORT
FOR BUSINESSES



CHALLENGES 1 / 2

Due to the reduction in offline retail, labour shortages and supply chain disruptions, many enterprises faced a decline in revenue.

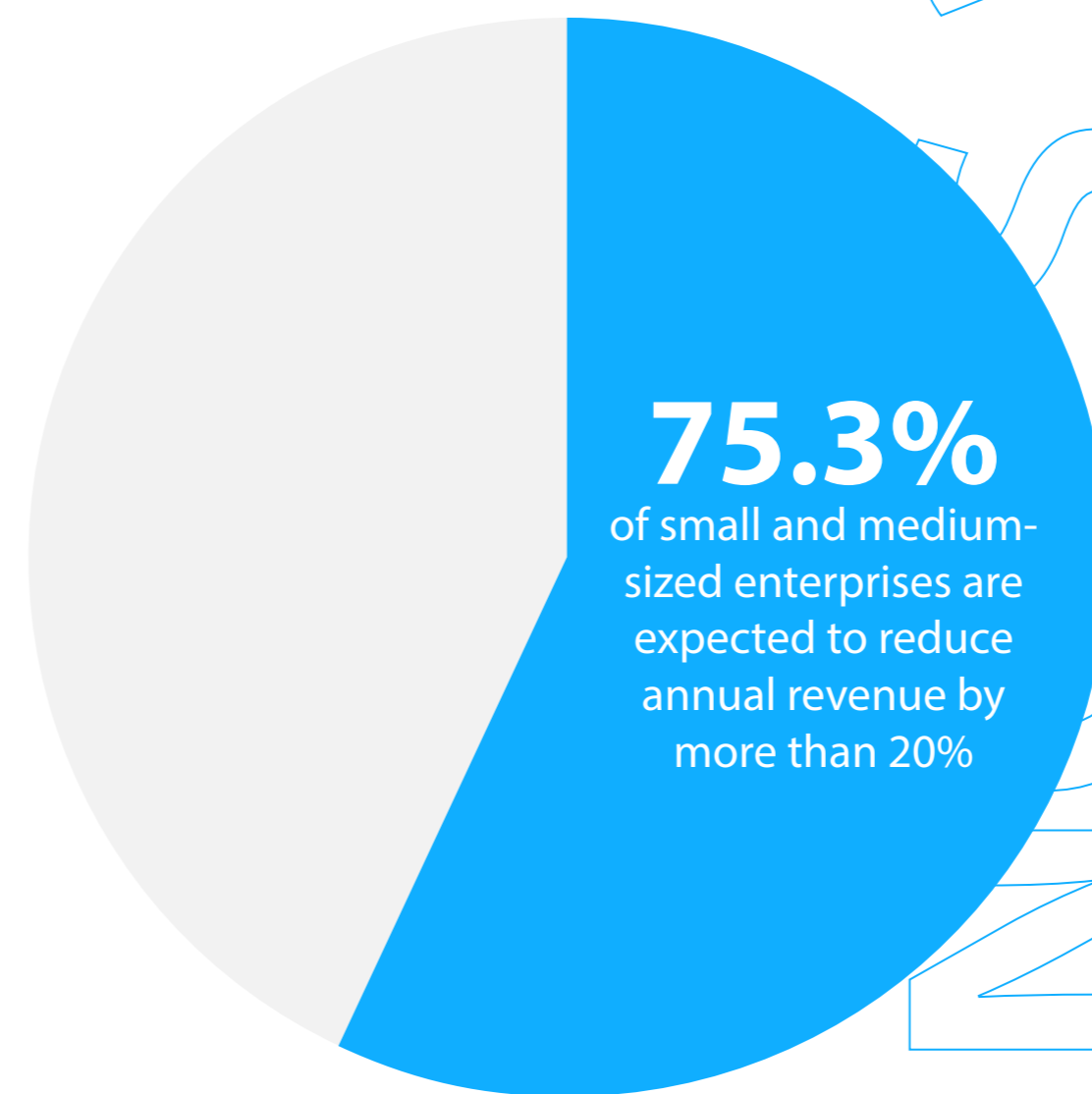
Amid the outbreak, 59.5% of SMEs were affected by cash flow constraints and 42.5% by insufficient demand.



CHALLENGES 2/2

75.3% of small and medium-sized enterprises are expected to reduce annual revenue by more than 20%.

As such, for many, this has meant insufficient funds to invest into adapting their business to the changing situation and concerns about their future.



SOLUTIONS



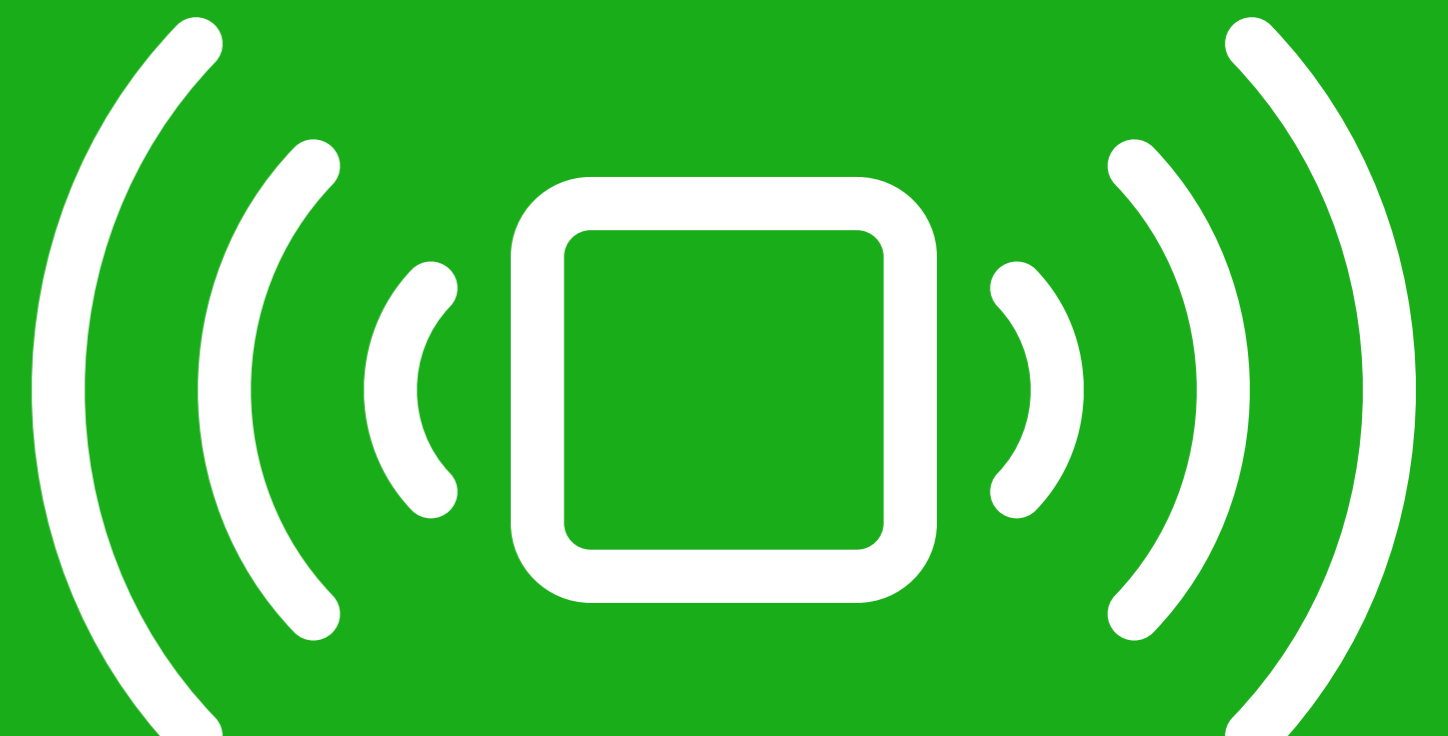
WeChat has provided resources and funds to help businesses digitalise and understand the WeChat ecosystem in order to adapt to changing demand.

They have:

- Reduced service fees
- Granted interest-free loans
- Provided free training
- Launched a feature on WeChat Pay to help individual merchants and enterprises apply for settlements

CONNECTING ENTERPRISES

VOUCHERS TO
STIMULATE THE
ECONOMY



20.5%

YOY drop in Jan-Feb 2020¹

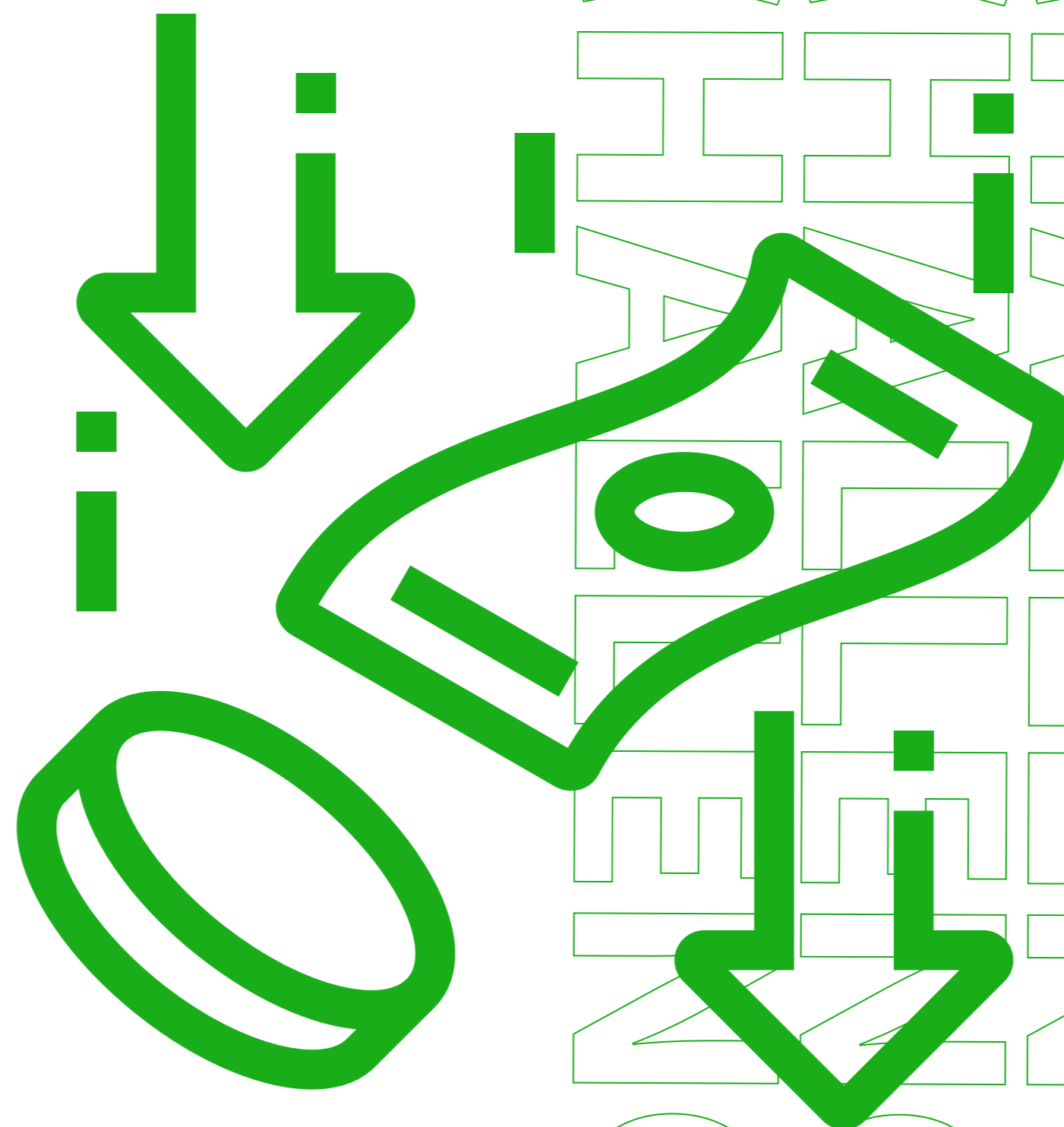
¹ According to the National Bureau of Statistics

Chinese Economy

6.8%

Contraction in Q1

CHALLENGES

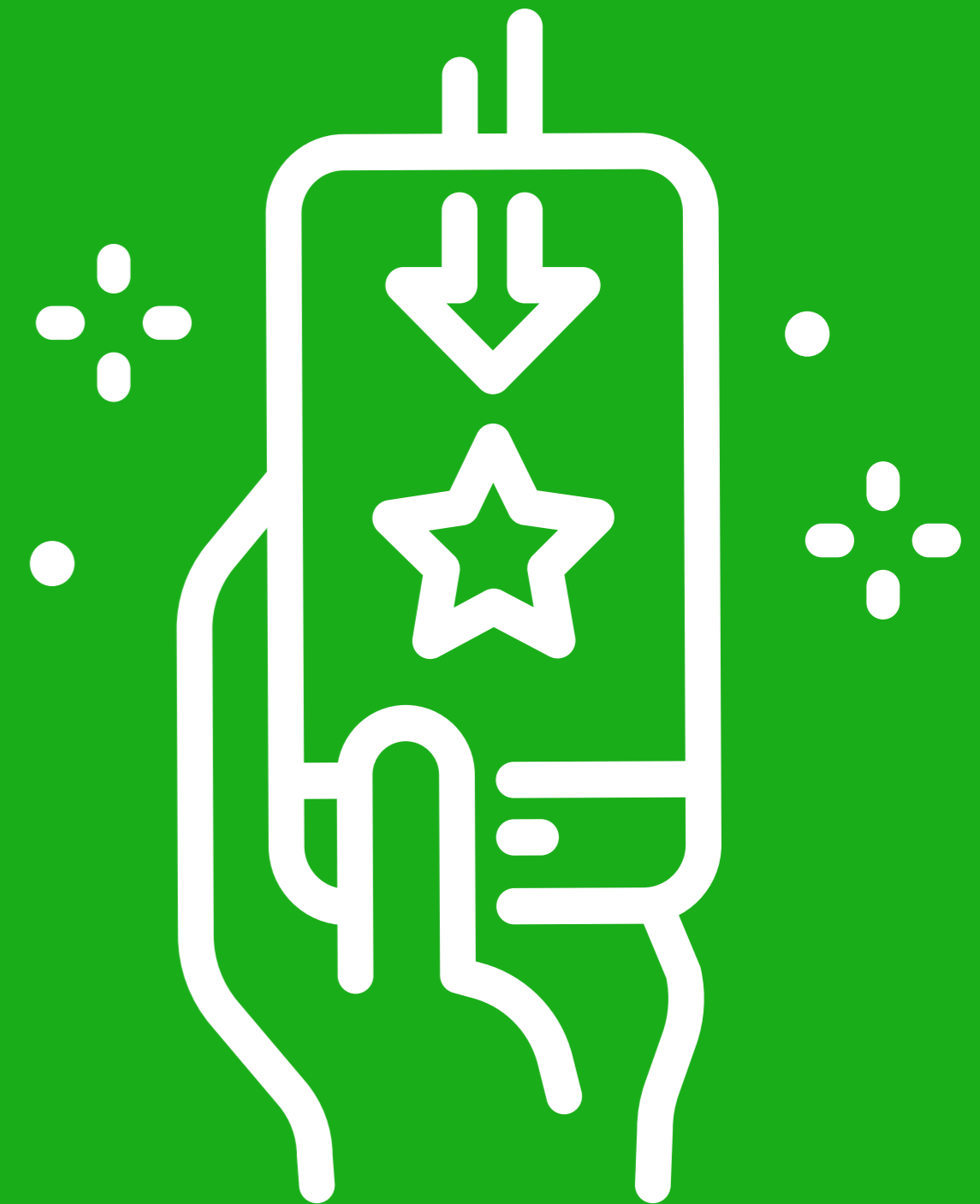


SOLUTIONS 2/3



The WeChat Ecosystem ensured the smooth implementation of the voucher policy.

Businesses and governments issue vouchers through their WeChat official account, which users can collect and use directly through WeChat Pay.



**900
million
RMB**

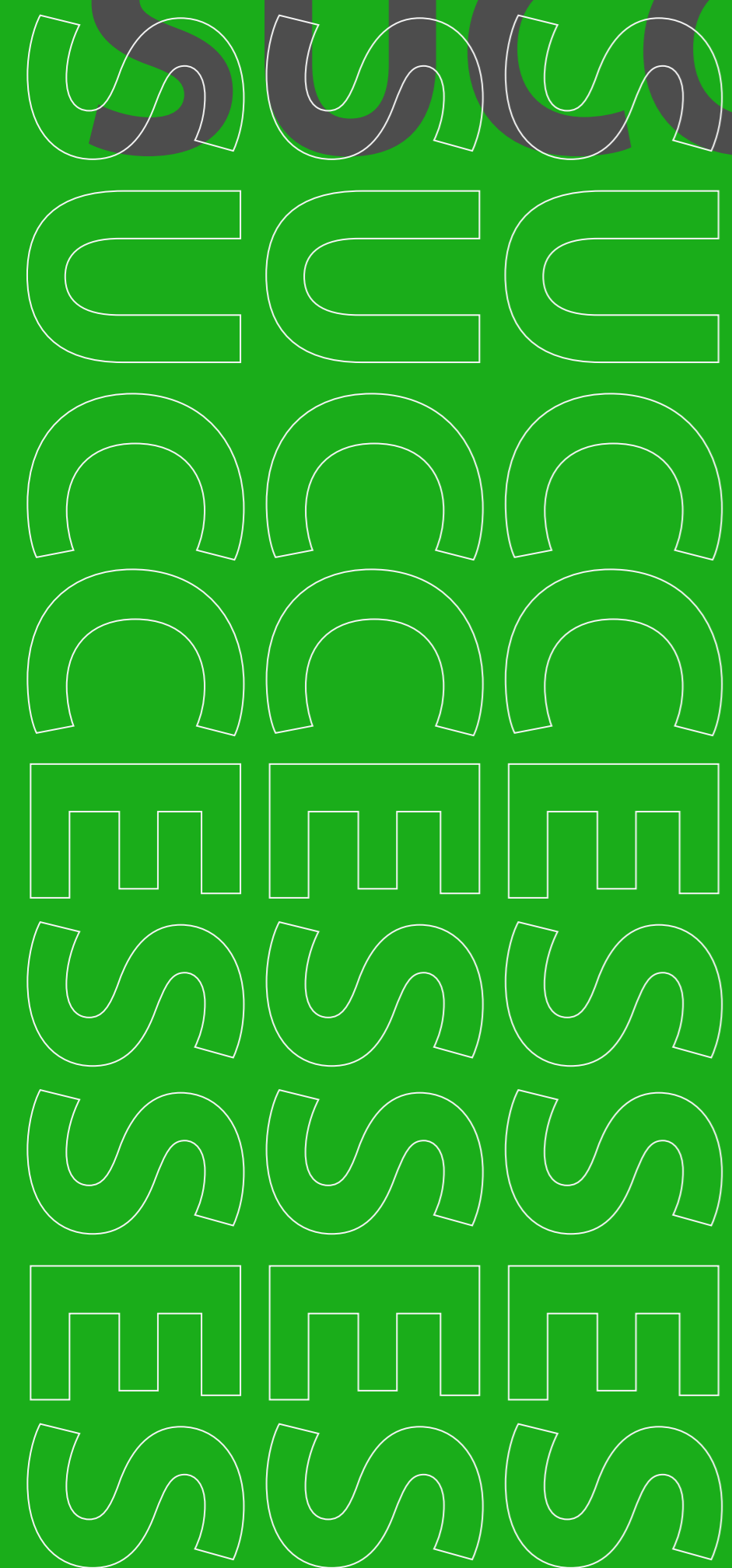
consumption driven by the
vouchers between
1 and 3 May

So far, leisure, entertainment, catering, hotels, and transportation sectors experienced the largest rebound under the stimulation of spending vouchers.

SUCCESSSES 1/2



SUCCESSES 2/2



In Wuhan alone, 1.36 million people had visited the Mini Program with 2.93 million attempts to grab the coupons within an hour of their release.

The vouchers, which were worth 28 million RMB, generated 320 million RMB worth of consumption in Wuhan from 19 April to 13 May, that is 11.4 times the value of the vouchers.



Vouchers worth
28 million RMB

generated
320 million RMB

**CONNECTING
SERVICES
DIGITALISING
HEALTHCARE**



CHALLENGES 2/2
CHALLENGES 2/2
CHALLENGES 2/2
CHALLENGES 2/2
CHALLENGES 2/2
CHALLENGES 2/2

The capacity of offline health services reduced as most medical facilities became concentrated on fighting COVID-19 and, to prevent the spread of the virus, people were urged not to attend in person.

CHALLENGES 2/2

The WeChat ecosystem made health services more accessible, with 31 provinces, autonomous regions and municipalities (except Hong Kong, Macao and Taiwan) launching special platforms on WeChat.

They answered public queries about the virus and provided accurate information about symptoms, treatments, and case numbers, as well as being a channel to communicate with professionals about other health-related problems.



CHALLENGES

CHALLENGES

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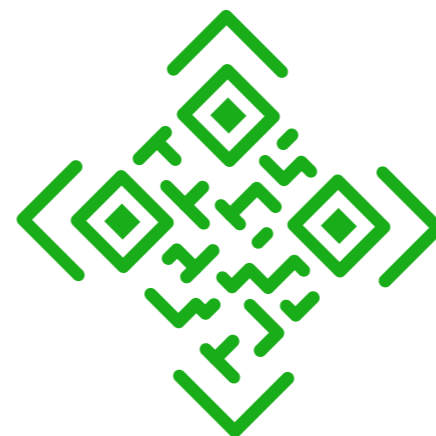
In a country of over 1 billion people, Chinese authorities faced the challenge of ensuring that all citizens continued to have access to government services, as well as relevant information about the virus.

The rapid and wide-scale response needed to fight the virus required efficient communication and coordination between different departments, regions, and levels of government.

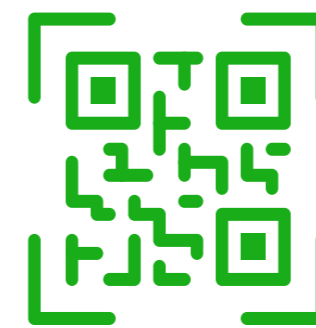
SOLUTIONS 1/2



The QR code economy helped the government's fight against the epidemic by modernising its governance and, thus, making it more efficient.



In fact, digitalising resource scheduling, epidemic information queries, epidemic trend analyses, emergency responses and scientific



decision-making was an important part of the Chinese government's epidemic control and prevention plan.

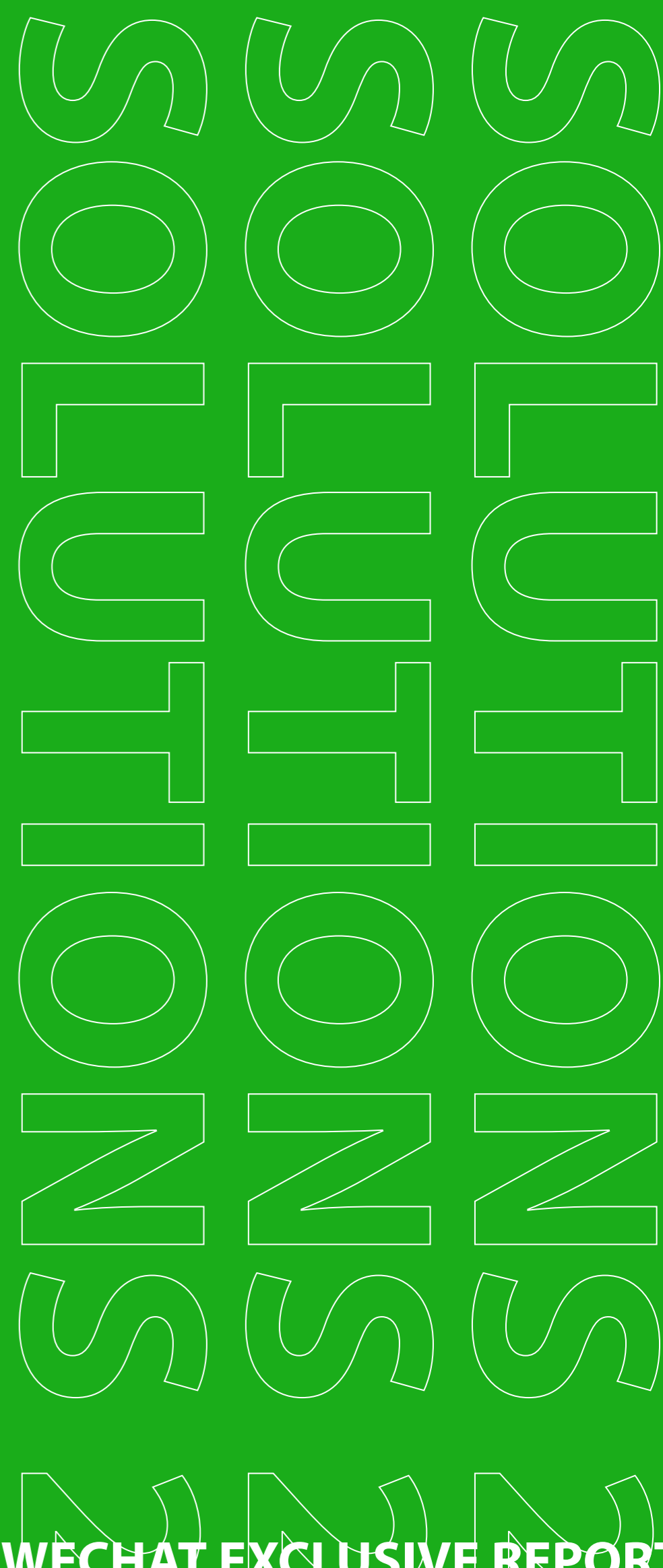
SOLUTIONS 2/2

SOLUTIONS 2/2

SOLUTIONS 2/2



WeChat's epidemic reporting feature provided a practical communication channel between the public and government as virus-related updates were communicated to the public through WeChat's Public Accounts and Mini Programs.



SUCCESSSES

In 2019, pre-pandemic,
over

45,000

municipal service Mini
Programs were visited

5.4

billion

times

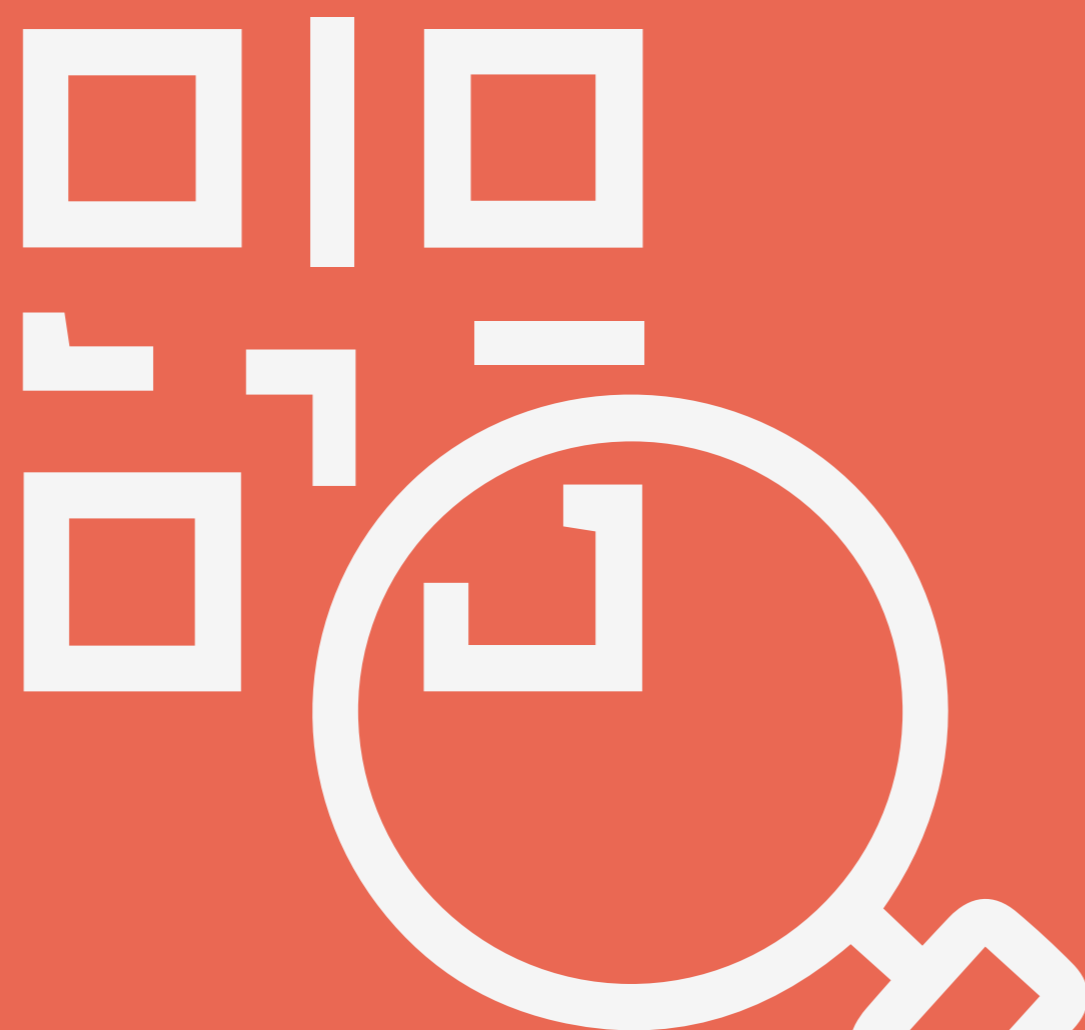
Mini Program

In 2019, pre-pandemic, over 45,000 municipal service Mini Programs were visited 5.4 billion times.

During the outbreak, 100 new government-related Mini Programs were added, and users increased by nearly 60% month on month.

THE FUTURE OF THE QR CODE ECONOMY

2/2



After the outbreak, the QR code economy will continue to become more diverse and penetrate into all areas of the society and economy and promote the overall digital transformation of living, production and governance methods.

Indeed, this year, WeChat launched its new infrastructure investment plan worth several trillion RMB to promote the prosperity of the digital economy.

