



Digital Economy Revitalizes Rural China

China Taobao Village Research Report (2009~2019)

Jointly Issued By

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Key Findings

- In 2019, the numbers of Taobao villages and Taobao towns in China have risen to 4,310 and 1,118 respectively, compared with 3,202 villages and 363 town in the previous year.
- In 2019, there were 95 Taobao Village Clusters, 33 Large Taobao Village Clusters, and 7 Super-large Taobao Village Clusters.
- In 2019, over 400 Taobao Villages traded goods overseas via Alibaba's cross-border e-commerce platform, AliExpress, with annual sales totaling more than \$100 million.
- In the past year, annual sales from online stores in Taobao Villages and Taobao Towns had exceeded 700 billion yuan, accounting for almost 50% of China's rural online retail sales. The number of active online stores reached 2.44 million, creating over 6.83 million jobs.
- In 2019, more than 800 Taobao Villages were dispersed throughout provincial-level impoverished counties, an increase of more than 200 when compared with 2018 figures; 63 of the Taobao Villages were situated in national-level impoverished counties, an increase of 18 compared with 2018 figures. The annual turnover of Taobao Villages in national-level impoverished counties was approximately 2 billion yuan.
- In 2019, there were 1,573 Taobao Villages in Zhejiang Province, accounting for more than one third of all Taobao Villages. It was followed by Guangdong, Jiangsu, Shandong, Hebei, Fujian and other coastal provinces.
- Taobao Towns are set to become a core part of e-commerce development in central and western regions. In 2019, there were 210 Taobao towns in central and western regions, but only 156 Taobao Villages. That fact that there are more Taobao Towns than Taobao Villages indicates e-commerce development is mainly based on towns and townships in central and western regions, and is not limited to villages. In terms of infrastructure, express deliveries, faculties, land and various other aspects, towns and the counties support the development of villages as their regional centers.

- Taobao Villages have made significant economic and social contributions, which have boosted workers' incomes, incentivized people to return home to establish their own companies, facilitated flexible employment, industrial prosperity, poverty alleviation, and rural revitalization.
- Over the next decade, it is expected that over 20,000 Taobao Villages and more than 5,000 Taobao Towns will be formed in China, which will generate more than 20 million new jobs and enable more young people to return home to establish their own businesses. It is anticipated that Taobao Villages will gradually become the mainstream.

Taobao Villages over the Past Decade

1. Changes in quantity and scale

(1) More than 4000 Taobao villages

The decade from 2009 to 2019 was a significant one, particularly in regard to the development of Taobao Villages¹ in China. From the first three² Taobao villages established in 2009, up to 4,310 Taobao Villages spread throughout 25 provinces, autonomous regions and municipalities by 2019, Taobao Villages currently account for almost 1/150 of the total number of administrative villages in China. This qualitative leap is reflected in both quantity and in terms of distribution range. The little sparks from ten years ago have since developed into a bonfire!

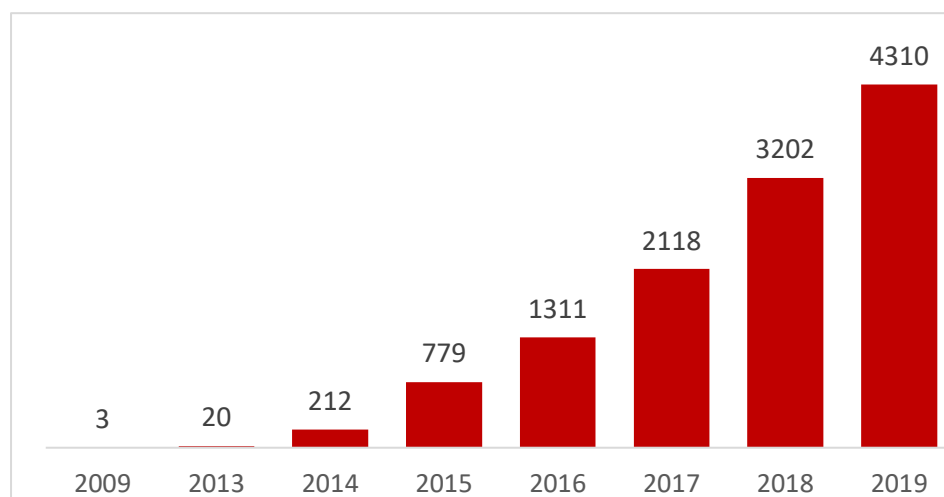


Figure 1. The number of Taobao Villages in China

Source: AliResearch

In 2019, Taobao Villages were widely distributed throughout 25 provinces, autonomous regions and municipalities. Most Taobao villages are located in eastern coastal areas. There are 4,113 Taobao villages located throughout six coastal provinces (Zhejiang, Guangdong, Jiangsu, Shandong, Hebei and Fujian), accounting for 95.4% of the total number of Taobao Villages in China. Among them, there are over 1500 Taobao Villages in Zhejiang Province. In 2019, there were more than 150 Taobao

1 Taobao Village: The identification criteria of Taobao Villages by Ali Research include: (1) business site: administrative villages in rural areas; (2) sales scale: annual sales of e-commerce amounts to 10 million yuan; (3) scale of online business: the number of active online stores in the village reaches 100, or the number of active online stores reaches 10% of that of the local households.

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Villages in central, western and northeast regions. Henan Province, a central and western province, stood out with 75 Taobao Villages. Moreover, numerous Taobao Villages were established in Heilongjiang Province this year, which further increases the distribution of Taobao villages at a provincial level (Table 1).

Table 1. The number of Taobao Villages in different provinces from 2014 to 2019

Province/Year	2009	2013	2014	2015	2016	2017	2018	2019
Zhejiang	1	6	62	280	506	779	1172	1573
Guangdong		2	54	157	262	411	614	798
Jiangsu	1	3	25	127	201	262	452	615
Shandong		4	13	63	108	243	367	450
Hebei	1	2	25	59	91	146	229	359
Fujian		2	28	71	107	187	233	318
Henan			1	4	13	34	50	75
Hubei			1	1	1	4	10	22
Jiangxi		1		3	4	8	12	19
Tianjin			1	3	5	9	11	14
Anhui					1	6	8	13
Beijing				1	1	3	11	11
Liaoning				1	4	7	9	11
Hunan				3	1	3	4	6
Sichuan			2	2	3	4	5	6
Jilin				1	1	3	4	4
Guangxi						1	1	3
Chongqing						1	3	3
Guizhou						1	1	2
Shanxi				1	1	2	2	2
Shaanxi						1	1	2
Xinjiang						1	1	1
Yunnan				2	1	1	1	1
Ningxia						1	1	1
Heilongjiang								1
Total	3	20	212	779	1311	2118	3202	4310

Source: AliResearch

From an urban perspective, the three cities with the largest number of Taobao Villages are Jinhua, Wenzhou and Heze. In fourth to tenth place are Taizhou, Quanzhou, Ningbo, Suqian, Jiaxing, Hangzhou and Dongguan. Home to the largest number of Taobao Villages in their respective provinces are Jinhua, Heze, Quanzhou, Suqian, Dongguan and Xingtai.

Table 2. The Ranking of Cities by the number of Taobao villages in 2019

Province	City	No. of Taobao Villages	Ranking
Zhejiang	Jinhua	334	1
Zhejiang	Wenzhou	324	2
Shandong	Heze	307	3
Zhejiang	Taizhou	260	4
Fujian	Quanzhou	205	5
Zhejiang	Ningbo	175	6
Jiangsu	Suqian	174	7
Zhejiang	Jiaxing	171	8
Zhejiang	Hangzhou	167	9
Guangdong	Dongguan	148	10
Jiangsu	Suzhou	135	11
Jiangsu	Xuzhou	130	12
Guangdong	Guangzhou	124	13
Guangdong	Jieyang	108	14
Guangdong	Foshan	98	15
Hebei	Xingtai	98	15
Guangdong	Shantou	94	16
Guangdong	Chaozhou	92	17
Hebei	Shijiazhuang	74	18
Guangdong	Zhongshan	56	19
Jiangsu	Wuxi	56	19
Zhejiang	Huzhou	53	20

Source: AliResearch

The characteristics of cluster developments and the fission growth of Taobao Villages have been reinforced.

In 2015, the first batch of 25 Taobao Village Clusters³ emerged in China. Taobao Villages were subsequently formed in succession in Yiwu in Zhejiang, Cao County in Shandong, Jinjiang in Fujian, Puning in Guangdong, Shuyang, and Suining in Jiangsu. Since then, the characteristics of Taobao Villages' cluster development and fission growth have been reinforced on an annual basis. In 2018, there were 76 "Taobao Village Clusters" and 21 "Large-scale Taobao Village Clusters"⁴ in China. More than

³ Taobao Village Cluster: In the same county, district or county-level city, if the number of Taobao villages reaches or exceeds 10, it will be called "Taobao Village Cluster".

⁴ Large Taobao Village Cluster: In the same county, district or county-level city, if the number of Taobao villages reaches or exceeds 30, it will be called "Large-scale Taobao Village Cluster".

100 of the "Taobao Village Clusters" were in Yiwu, Zhejiang and Cao County, Shandong, which subsequently became "Super-large Taobao Village Clusters".⁵

In 2019, there were 95 "Taobao Village Clusters" in China, 19 more than in 2018. The number of Taobao villages held within these clusters accounted for 76% of all China's Taobao villages. The proportion has increased year-on-year and in 2019, a 3 percent increase over 2018 was recorded.

In 2019, there were 33 "Large Taobao Village Clusters", 12 more than in 2018; and there were 7 "Super-large Taobao Village Clusters", 5 more than that in 2018.

In addition to Yiwu in Zhejiang and Cao County in Shandong, which evolved to become a "Super-large Taobao Village Cluster" in 2018, the number of Taobao Villages in Yongkang, Wenling, Cixi and Yueqing in Zhejiang and Suining in Jiangsu grew to more than 100, thus becoming the latest "Super-large Taobao Village Clusters". In addition, the number of Taobao villages in Haining, Ruian and Xiaoshan in Zhejiang reached 90, 88 and 87 respectively.

Table 3. Top 10 China Taobao Village Clusters in 2019

Province	City	County	No. of Taobao Villages	Local Specialties
Zhejiang	Jinhua	Yiwu	164	Miscellaneous goods
Shandong	Heze	Cao	124	Costume & Woodwork
Zhejiang	Jinhua	Yongkang	124	Gym equipment/hardware
Zhejiang	Taizhou	Wenling	118	Shoes
Jiangsu	Xuzhou	Suining	112	Furniture
Zhejiang	Ningbo	Cixi	111	Home appliances
Zhejiang	Wenzhou	Leqing	102	Electrical and electronic products
Zhejiang	Jiaxing	Haining	90	Leather/fur/ home fabrics
Zhejiang	Wenzhou	Ruian	88	Shoes/auto spare parts
Zhejiang	Hangzhou	Xiaoshan	87	Apparel/bathroom accessory

Source: AliResearch

(2) More than 400 "cross-border Taobao villages"

In 2019, 474 Taobao Villages sold their products overseas via Alibaba's cross-border e-commerce platform, AliExpress, with annual sales totaling more than \$100 million.

⁵ Super-large Taobao Village Cluster: In the same county, district or county-level city, if the number of Taobao villages reaches or exceeds 100, it will be called "Super-large Taobao Village Cluster".

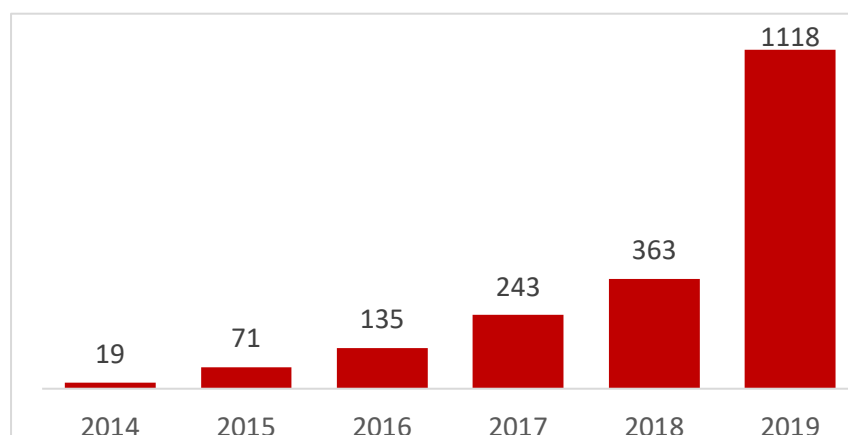
In terms of regional distribution, villages executing cross-border e-commerce are mainly located in coastal areas, especially in cities with a history of foreign trade, such as Guangzhou, Qingdao, Ningbo and Jinhua. The existing foreign trade system, human resources, information network and other associated capabilities provide favorable conditions for the further development of cross-border e-commerce.

(3) More than 1000 Taobao Towns

Over the last two years, we have discovered that e-commerce development is grounded on towns and townships in some rural areas, and is not limited to villages. In terms of infrastructure, express delivery, capabilities, land and other aspects, towns and counties act as centers, which has radiated to the villages and driven their development. Accordingly, AliResearch has redefined its definition of a "Taobao Town": a town with annual sales of e-commerce exceeding 30 million yuan and more than 300 active online stores is called a Taobao Town, whether there is a Taobao Village or not. With this new definition of Taobao Towns, many new discoveries can be attained.

The number of Taobao Towns in China increased from 363 in 2018 to 1118 in 2019. Of these, the number of Taobao Towns in central and western regions is 210, or 19% of the total; the number of Taobao villages in central and western regions is just 156, accounting for less than 4% of the total. There are more Taobao Towns in central and western regions than Taobao villages, which indicates that in central and western regions, the development of e-commerce concentrated on towns and townships is taking shape.

Figure 2. The Number of Taobao Towns from 2014 to 2019



Source: AliResearch

"Taobao Towns" first emerged in the following 12 provinces and autonomous regions: Anhui, Jiangxi, Hunan, Hubei, Sichuan, Shanxi, Shaanxi, Yunnan, Guizhou, Guangxi, Heilongjiang and Jilin.

The three cities with the largest number of Taobao Towns are Quanzhou, Heze and Jinhua, and the fourth to tenth cities are Taizhou, Wenzhou, Suzhou, Jiaxing, Ningbo, Langfang and Dongguan. The cities with the largest number of Taobao Towns in their provinces are Quanzhou, Heze, Jinhua, Suzhou, Langfang, Dongguan, and Zhengzhou.

Table 4. City Ranking by the number of Taobao Towns

Province	City	No. of Taobao Towns	Ranking
Fujian	Quanzhou	54	1
Shandong	Heze	47	2
Zhejiang	Jinhua	42	3
Zhejiang	Taizhou	39	4
Zhejiang	Wenzhou	38	5
Jiangsu	Suzhou	35	6
Zhejiang	Jiaxing	33	7
Zhejiang	Ningbo	30	8
Hebei	Langfang	29	9
Guangdong	Dongguan	28	10
Hebei	Cangzhou	28	10
Zhejiang	Hangzhou	26	11
Hebei	Xingtai	25	12
Jiangsu	Suqian	25	12
Guangdong	Jieyang	24	13
Jiangsu	Xuzhou	23	14
Hebei	Baoding	22	15
Fujian	Fuzhou	20	16
Hebei	Shijiazhuang	20	16
Guangdong	Zhongshan	18	17
Jiangsu	Wuxi	17	18
Zhejiang	Huzhou	14	19
Guangdong	Huizhou	13	20
Guangdong	Shantou	13	20
Henan	Zhengzhou	13	20

Source: AliResearch

2. Characteristics of Spatial Distribution

(1) The Pattern and Regional Gradient in China

Through in-depth analysis of historical data, it has been discovered that despite Taobao Villages still being highly clustered in eastern coastal areas – the total amount of Taobao Villages in these areas accounts for over 95% of the total – the spatial distribution of Taobao Villages since 2017 has begun to show a pattern in line with China's economic and geographical gradient pattern of "East-Central-West".



Distribution of Taobao Villages in 2014 Distribution of Taobao Villages in 2016 Distribution of Taobao Villages in 2018

Figure 3. Distribution of Taobao Villages in 2014, 2016, 2018.

The spatial distribution of Taobao Villages over the last ten years has revealed a clear trend in that they first spread from Zhejiang at the center to eastern coastal provinces, and then on to central and western regions. In 2019, there were 1,573 Taobao villages in Zhejiang Province, which accounted for more than one third of China's total. This clearly signifies a dominant position for Zhejiang Province, which is followed by Guangdong, Jiangsu, Shandong, Hebei, Fujian and other coastal provinces (see figure 7). The rise of central provinces represented by Henan, Hubei, Jiangxi and Anhui has gradually reinforced the fact that there has been an emergence of gradient pattern, indicating "East-Central-West".

(2) Cluster and Fission

Taobao Villages, which are highly concentrated in the eastern coastal areas, are not evenly distributed geographically. Three distinct cluster regions have been formed, namely, the northern cluster region, which consists of northern Jiangsu, southwestern Shandong and central-southern Hebei; the central cluster region, which consists of Zhejiang province and southern Jiangsu; and the southern cluster region, which comprises the Pearl River Delta, Chaoshan region and the southeastern region of Fujian.

Taobao Villages and Towns have penetrated eastern coastal areas densely, which is closely associated with the fission growth of new Taobao Villages. Despite the number of Taobao Villages and towns increasing at a rapid rate, there has been no significant expansion in terms of spatial distribution; but there has been growth within a specific range. Most new Taobao Villages emerged originally in highly concentrated areas, approximating the fission proliferation of cells. From 2014 to 2019, the number of provinces with Taobao Villages had increased from 10 to 25. However, the total number of Taobao Villages in 15 new provinces was only 82, or 2.0% of the total number of newly enlarged Taobao Villages. Compared with 2018, 94% of new Taobao Villages were still located in the eastern coastal areas in 2019.

(3) Revitalization on the Edge

The rapid development of Taobao Villages facilitated via e-commerce is undoubtedly an important development that could be termed as being a "revitalization on the edge". Coincidentally, this new revitalization on the edge also stemmed from villages that were lagging behind in terms of their economies and social development. A large number of Taobao Villages and Towns are concentrated in the periphery of urban areas. The first group of grassroots entrepreneurs returning home to participate in e-commerce were marginalized in the city, and the main products from Taobao villages were mostly low-cost blue ocean products. Thanks to these marginal characteristics, Taobao Villages gained resilience in terms of their growth and prosperity, and subsequently became an important force for change within urban and rural social and economic landscapes. Taking the Yangtze River Delta (Jiangsu, Zhejiang and Shanghai) as an example, which has the highest density of Taobao Villages. Taobao Village locations have deviated away from the metropolis on two clear fronts. Firstly, Taobao Villages and their clusters are mostly located in the peripheral areas of the metropolis. Secondly, other Taobao Villages and their clusters are mostly located on the edge of urban regions in the Yangtze River Delta.