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.
What is the WeChat QR code economy?
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

More than 1 million Mini Programs

More than 400 million daily active users of Mini Programs

More than 60 million active users of WeChat Work

More than 2.5 million companies used WeChat Work

More than 50 million monthly active merchants on WeChat Pay

More than 1 billion daily commercial transactions on WeChat Pay

More than 800 billion RMB worth of transactions in 2019

¹ Subscription accounts for followers
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.
COVID-19 has forced the WeChat Ecosystem to rapidly expand and upgrade its software which has also led to WeChat’s average usage time increase by over 30%.
For years, QR codes have played an essential role on WeChat, forming digital connections between people, things, and places with the convenient and cost-effective scan of a code.

QR codes provide extensive scope to develop the economy and employment opportunities.
QR codes are multi-functional on WeChat and can be used to add friends, make payments, enter Mini Programs and access WeChat Work.
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.

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
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.
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
Forcibly so, COVID-19 changed purchasing habits and lifestyles.

As people could not leave their homes, they turned to e-commerce channels to buy groceries and other essential items and retailers had to find new platforms and ways to attract Chinese consumers.
WeChat Mini Programs and WeChat Groups became key channels to buy and sell food.

As of 14 February, visits to supermarket Mini Programs increased by 115% year on year. Mini Programs offered delivery services and an option where users could collect pre-ordered food by scanning a QR code.

As China recovers from COVID-19, many companies are resuming offline business where the QR code economy remains important.
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.
In February 2020, seven merchants recorded monthly sales of over 100 million RMB on their WeChat Mini Programs and some saw sales increases of 1100% compared to December 2019.
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).
Compared with February, WeChat Pay transactions at offline supermarkets increased by 68% in March and 14% in April.

Between March and the May Day holiday, offline transactions on WeChat increased by:

- 521.6% in the leisure and entertainment industry
- 216.25% in the catering industry
- 48.44% in the retail industry
- 64.48% in the travel industry
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.
As people were stuck at home looking to learn new skills and take up hobbies, the demand for online educational content surged.
The QR code economy was vital in moving all stages of education online and helped 265 million students switch to online courses during the outbreak.

WeChat facilitated online lectures, classes, and homework, as well as communication with parents and payment of fees.
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.
Over 20,000 institutions have received online payments through WeChat Pay.

More than 1 million students have used the QR code feature for contactless registration.
CONNECTING ENTERPRISES
TRANSFORMING BUSINESS MODELS
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.
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.
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.
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 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.
CONNECTING ENTERPRISES
FINANCIAL SUPPORT FOR BUSINESSES
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.
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.
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
WeChat Pay offered subsidies of up to 500,000 RMB for enterprises facing financial difficulties. WeChat also set up a 200 million RMB fund to provide service providers and developers with the support to rapidly develop Mini Programs for epidemic services.

**SUCCESSES**

- WeChat Pay offered subsidies for merchants of up to 500,000 RMB
- WeChat set up a fund of 200 million RMB
CONNECTING ENTERPRISES VOUCHERS TO STIMULATE THE ECONOMY
Chinese Economy

6.8% Contraction in Q1

20.5% YOY drop in Jan-Feb 2020

1 According to the National Bureau of Statistics
To encourage spending and to help businesses back on their feet, local governments across China launched voucher schemes.

Over 10 billion

vouchers distributed via WeChat

SOLUTIONS 1/3
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.
As millions of consumers and merchants already use WeChat Pay, the integration of the spending vouchers has been seamless and easy. As a result, they are accessible to different ages and groups within Chinese society. Vouchers can also be issued to target specific groups using WeChat’s data.

200 RMB spending vouchers were sent to frontline medical staff by Chengyang District

42% are above 40 years old
So far, leisure, entertainment, catering, hotels, and transportation sectors experienced the largest rebound under the stimulation of spending vouchers.

900 million RMB consumption driven by the vouchers between 1 and 3 May

SUCCESES 1/2
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.
CONNECTING SERVICES
DIGITALISING HEALTHCARE
As China was the first country to experience an outbreak of COVID-19, there were many unknowns about the virus and misinformation was spread among the public on social platforms.
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.
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.
**SUCCESSES**

Nearly 800 healthcare-related Mini Programs were added during the pandemic and the number of new users increased by 347%.

Over 1,000 hospitals handled 130,000 health queries through WeChat Work. It also temporarily increased its meeting capacity to 300 people to support medical experts holding conferences and training.
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.
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.
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.
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.
WHAT DOES THE FUTURE HOLD FOR CHINA’S QR CODE ECONOMY?
The QR code economy has been essential in helping China fight the virus, invigorate the economy, and aiding the transition to online retail, working and learning.

As a result of COVID-19, the QR code economy has expanded and stimulated a new demand for infrastructure, especially big data, which 54.8% of companies have said they will increase their use of in the future.
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.