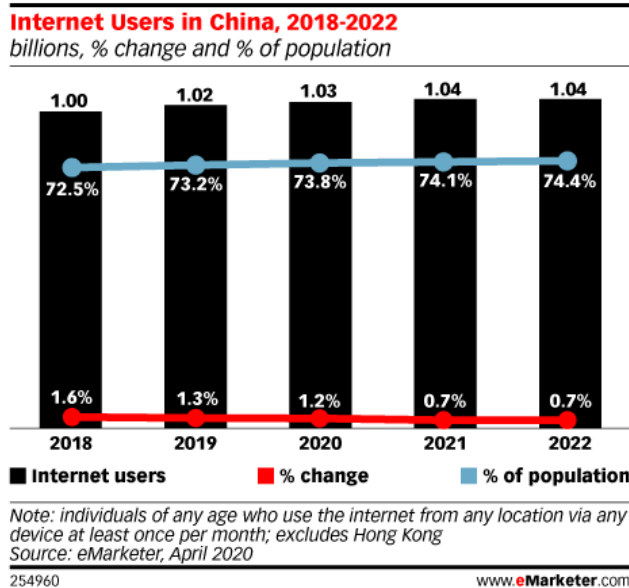


Urbanization is Driving a Wave of New Internet Users in China

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China's online population continues to grow at a healthy clip, despite the rate of expansion naturally slowing due to the now-enormous base effect. We estimate that 914.1 million people in China will be internet users in 2020, which represents 65.6% of the population. This figure should cross 975 million by 2022, even as growth rates decline from 4.5% this year to 3.1% in 2022.



China has rapidly become a nation of urbanites, and every year, fewer people live in areas deemed to be “rural.” This process is significant, because consumer access to and use of modern technology tend to rise as urbanization grows. Whether because of population transfers to existing cities or infrastructure and economic development in previously rural areas, 60.6% of China now lives in a district designated as “urban.”

China’s internet use has grown even faster than we previously projected, thanks to the speed of these population shifts and the central government’s efforts to solve the digital divide. Fiber-optic broadband has expanded rapidly in rural areas, and prices have declined as the service has matured, facilitating access for relatively poorer residents.

The coronavirus pandemic and resulting lockdowns across China did not significantly impact this forecast. Most non-internet users in China are offline for several reasons: poverty, lack of education or literacy, old age, lack of interest or lack of access to internet enabled technology and an internet service provider. An extended period of quarantine is not likely to resolve these barriers.