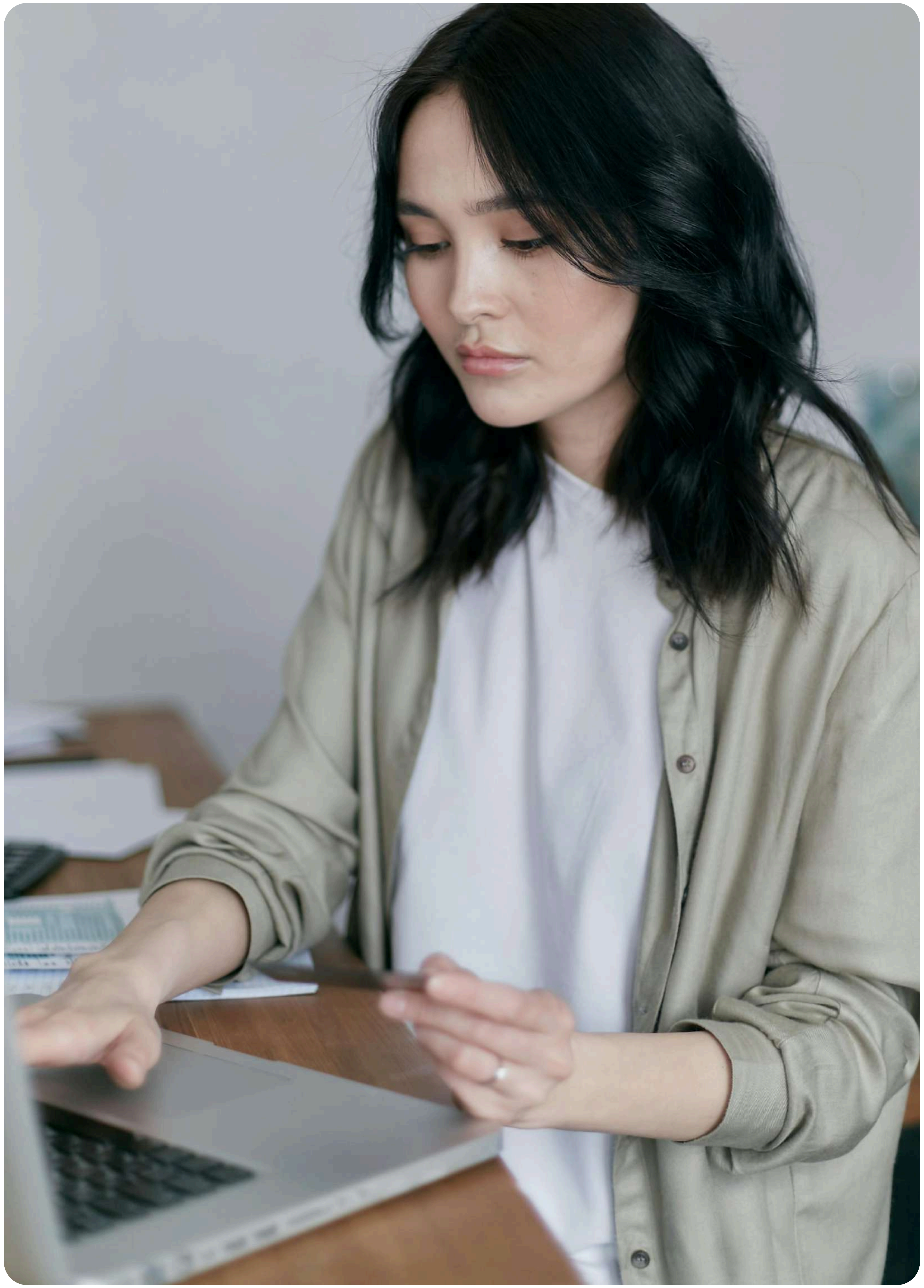


aspire

Hong Kong E-commerce Pulse Check 2025

Understanding the current state of financial friction

In partnership with stripe

Executive summary

Hong Kong's e-commerce sector is showing remarkable resilience, with 64% of merchants expecting revenue growth in 2025 despite ongoing macro uncertainty. Yet beneath this optimism lies a critical vulnerability: 91% are losing 1-10% of monthly revenue to payment friction, including failed transactions, hidden fees, chargebacks, and settlement delays that are silently eroding the margins founders are fighting to protect.

To understand how Hong Kong's e-commerce businesses are navigating this complex landscape, Aspire and Stripe commissioned research surveying 100 merchants across 14 product categories in November 2025. The findings reveal a sector in transformation—one where growth is fuelled by aggressive channel diversification, cross-border expansion, and strategic product repositioning.

The study shows merchants are adapting fast. Social commerce has displaced traditional e-commerce, cross-border is now universal, and businesses are simultaneously shifting to defensible niches while launching value lines to retain volume amid weakening consumer spending.

But as merchants focus on new channels, product strategies, and regional expansion, financial infrastructure has remained largely overlooked. Issues across payments, FX, settlements, and integrations are now emerging as one of the biggest barriers to sustained e-commerce growth — quietly eroding margins even as top-line sales rise.

Key findings

1. Merchants are shifting product strategies to protect margins. To navigate persistent challenges in the macroeconomic environment, 73% moved from mass to niche categories, while 53% shifted from premium to value positioning.

2. Social commerce has displaced traditional e-commerce. 44% of merchants now rely on Instagram, Facebook, and Xiaohongshu as their primary sales channel. TikTok Shop and livestream are the fastest-growing channels, with 70% expecting social and live sales to grow 11-50% year-over-year.

3. Cross-border is the default growth strategy. 100% of surveyed merchants are selling internationally, with Southeast Asia, Mainland China, and Japan-Korea leading expansion plans. But logistics remains the biggest barrier (51%), ahead of marketing or duties.

4. Payment friction is costing merchants up to 10% of revenue every month. 91% lose 1-10% of monthly revenue to failed payments, hidden fees, chargebacks, and settlement delays.

In this report, we unpack how e-commerce founders are adapting, where growth is coming from, and the hidden risks that could define the year ahead — and offer actionable insights to help merchants navigate these shifts with greater clarity and confidence.

Methodology

Aspire’s Hong Kong E-commerce Pulse Check 2025 is based on survey responses from 100 Hong Kong e-commerce businesses, collected in November 2025. Respondents typically fall within the HKD 1–10 million annual revenue range and represent a wide mix of categories, including beauty, fashion, home and living, lifestyle, pet care, baby and kids, creative goods, sporting goods, and F&B.

All insights are self-reported and focus on five areas shaping their operating environment: macroeconomic pressures, pricing and product strategies, social commerce growth, cross-border expansion, and the operational and financial friction influencing profitability and scale.

Insight 1

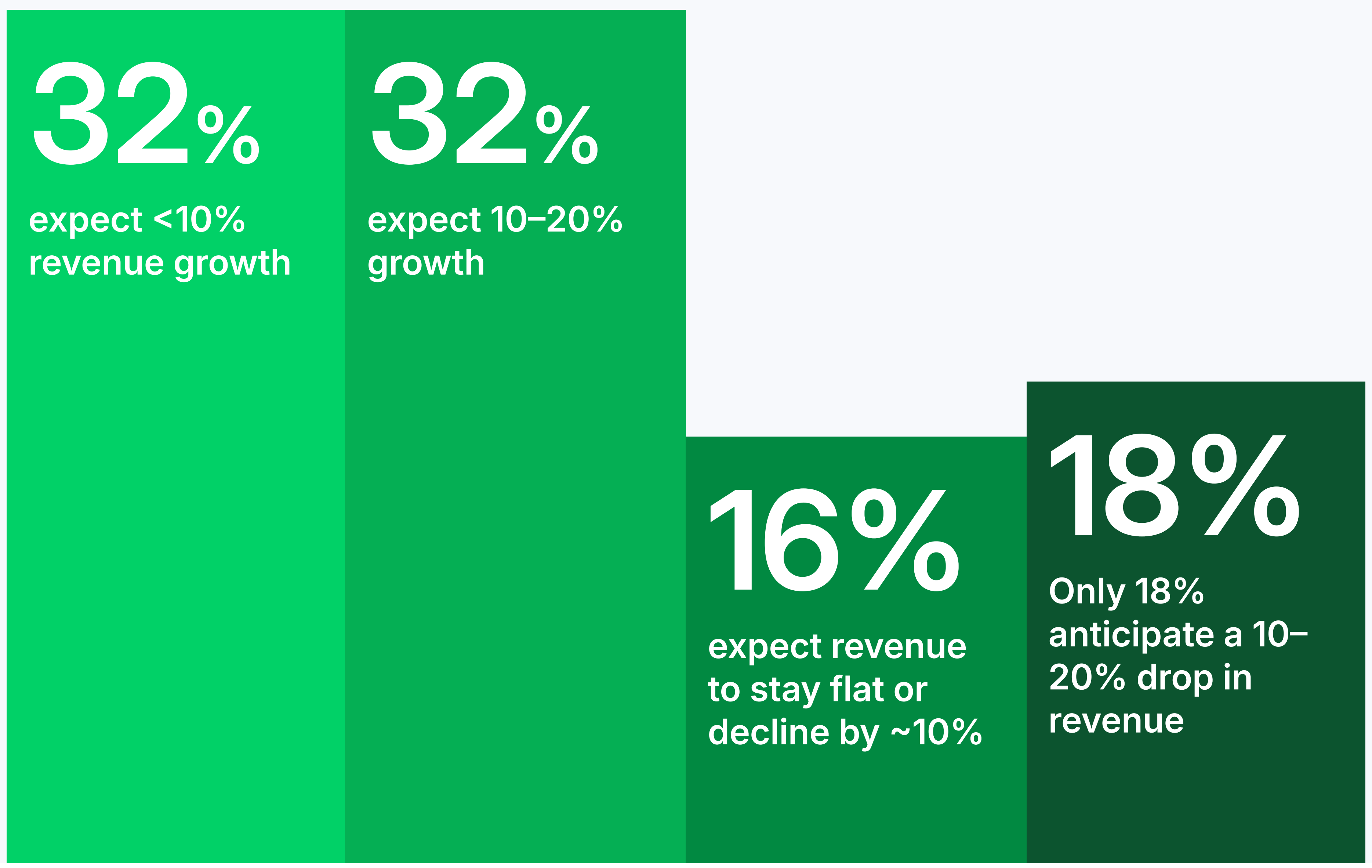
A measured approach to macroeconomic pressures

Despite ongoing volatility, 64% of Hong Kong merchants expect revenue to grow in 2025 compared to 2024. When asked to rate macroeconomic impact on their business, 63% described conditions as "neutral"—neither positive nor negative. Only 23% felt significantly negative pressure.

Drilling down, the data shows that the most significant pressures shaping merchants' operating environment are a slowdown in consumer spending (32%), inflation and rising operating costs (31%), and higher rents and logistics expenses (32%).

But this environment has not dampened expectations. Revenue sentiment remains cautiously optimistic, with 32% anticipating growth of 10–30% and another 32% expecting more modest gains below 10%, signalling that while merchants recognise the challenges ahead, most still see room for forward momentum.

Revenue growth expectations vs. macro impact sentiment



Looking ahead, 62% are carrying this optimism into 2026, while 32% are somewhat pessimistic about the growth environment for e-commerce. Only a minority (6%) feel very pessimistic about the industry's prospects.

Two strategic shifts define 2025

With consumer spending under pressure and operating costs rising, Hong Kong merchants are rewriting their playbooks. Rather than simply cutting prices or raising them across the board, Hong Kong e-commerce merchants are taking a far more strategic approach. The data shows two clear pivots emerging in 2025: shifts in pricing architecture and category positioning are helping businesses protect margins while staying relevant to increasingly value-conscious consumers.

1. Premium → Value

High inflation and weakened discretionary spending are pushing e-commerce businesses to broaden their price architecture. Over half of merchants (53%) have repositioned premium SKUs or introduced more accessible price points to preserve volume as willingness to pay softens.

Crucially, this is not simply discounting. Fifty six percent launched entirely new "value" lines or bundles — strategic product extensions designed to maintain accessibility without eroding brand positioning.

At the same time, merchants are using a mix of tactics to protect margins under inflationary pressure:

This is a delicate balancing act: raising prices where the brand can sustain it, adding value lines where needed to maintain volume, and absorbing costs to protect loyalty.

2. Mass → Niche

31%

are moving from mass categories into more defensible niches

44%

are transitioning from physical to digital channels

23%

are expanding physical touchpoints such as pop-ups and hybrid formats

Many Hong Kong e-commerce merchants are moving out of crowded, price-compressed categories into more differentiated niches where margins are more defensible. As many as 31% say they are actively shifting from mass categories into niche segments as part of their 2025 strategy.

This shift is happening alongside broader changes in channel strategy, with 44% moving from physical to digital channels, and 23% are expanding physical touchpoints such as pop-ups and hybrid formats.

Taken together, the data shows merchants are not choosing between scale and differentiation — they are deliberately combining both to stay competitive in a tougher operating environment.

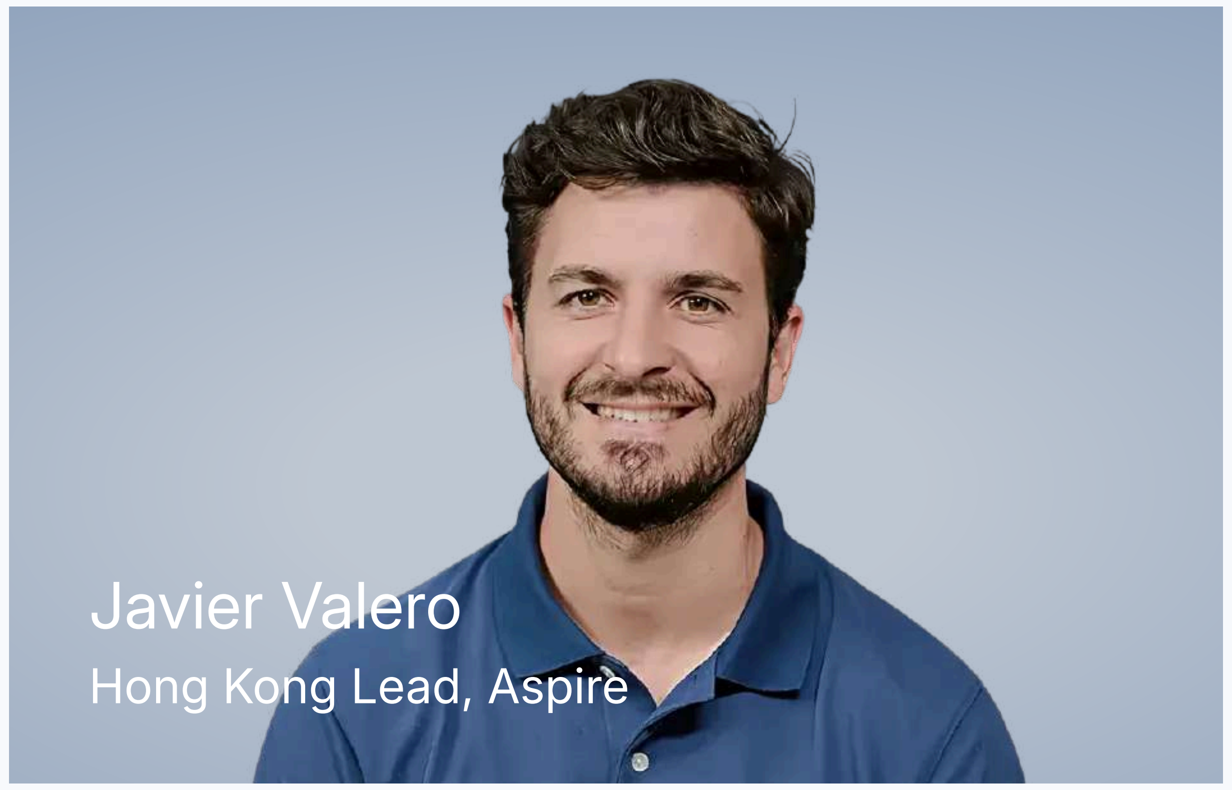
The appeal of niche positioning is clear and increasingly strategic for Hong Kong merchants navigating margin pressure amid a challenging operating environment:

- Higher pricing power: Niche SKUs command stronger margins than commoditised alternatives.
- Lower direct competition: Smaller, more loyal customer bases reduce reliance on price-driven competition.
- Better performance in discovery-led commerce: Platforms like TikTok, Instagram, and Xiaohongshu reward specificity — making niche products disproportionately visible and shareable.

The new baseline for Hong Kong merchants

“For Hong Kong merchants, these pressures have become the baseline. Rather than waiting for consumer confidence to rebound, founders are generating their own momentum, diversifying into new channels, expanding cross-border, and repositioning their product architecture to stay ahead of shifting demand.

What's significant here is that these aren't opposing strategies—they're complementary. Merchants are simultaneously carving out defensible niches (where they can charge more) and launching value lines in core categories (where they need volume).”

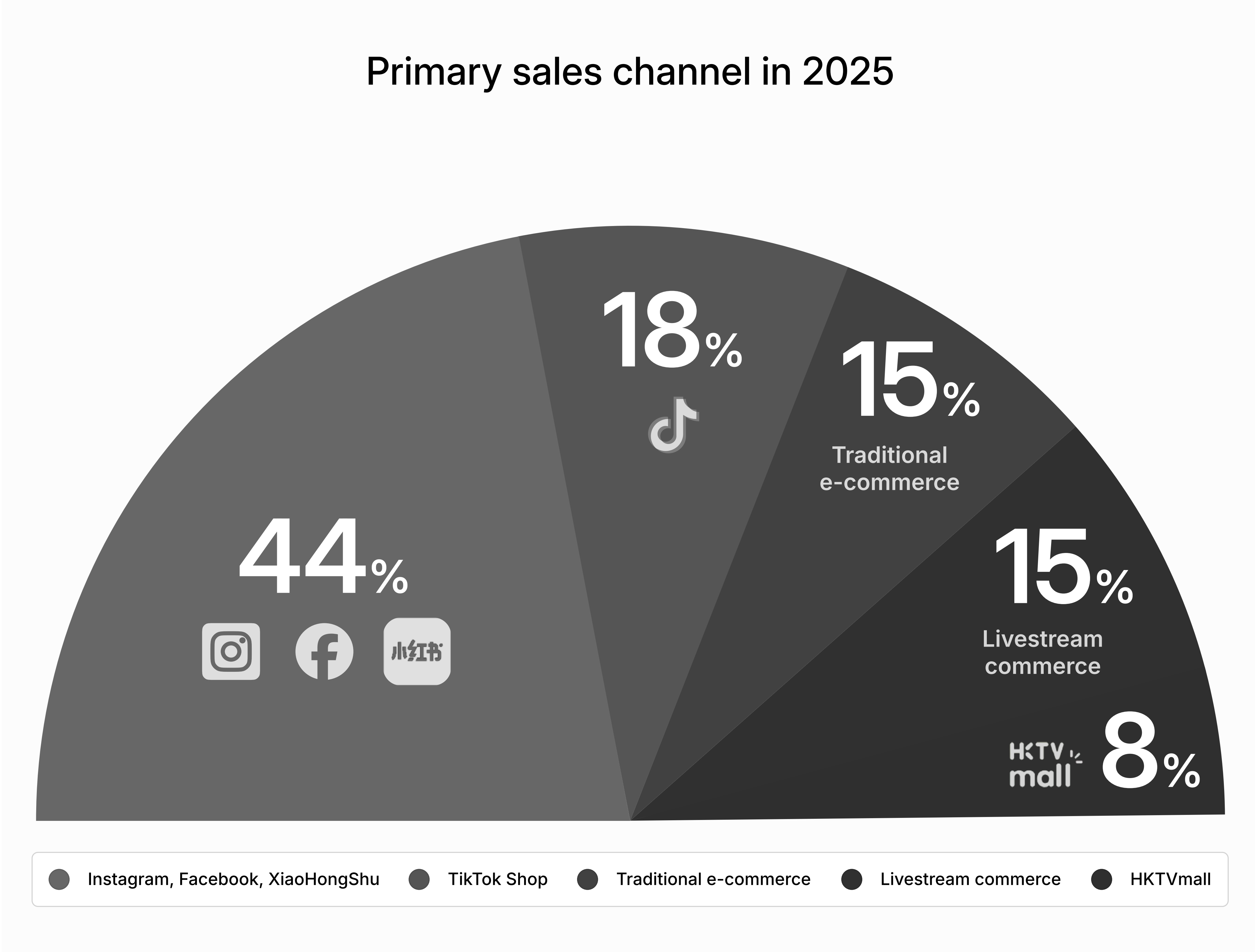


Insight 2

Social commerce displaces traditional e-commerce

The most significant shift in Hong Kong's e-commerce landscape is the rise of discovery-led commerce. Traditional platforms — once the backbone of online retail — are rapidly losing ground to social shops, and live streaming, where products are surfaced through algorithms, creators, and real-time engagement.

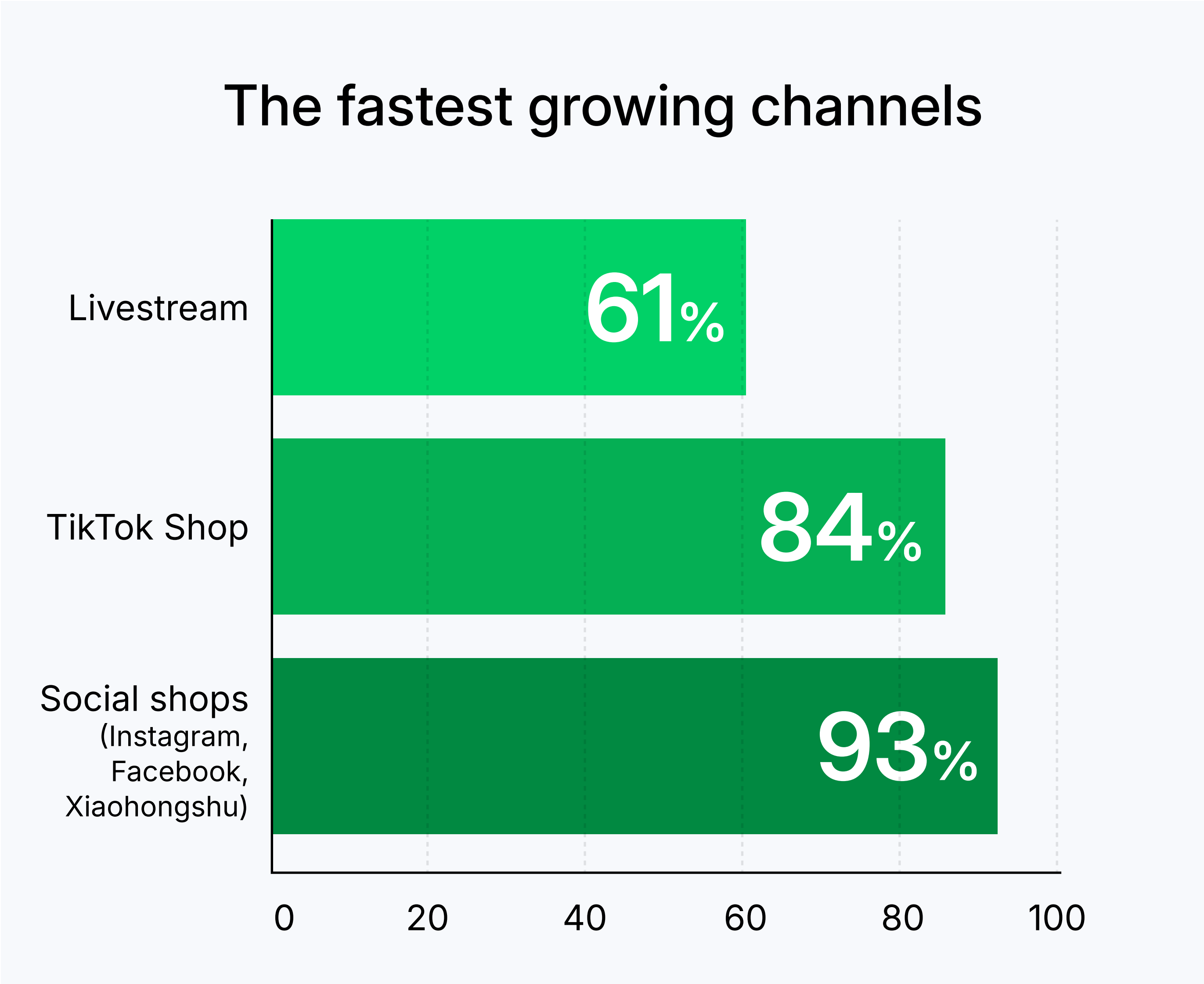
When asked to name their primary sales channel in 2025, merchants selected:



In total, only 23% of merchants still rely on traditional e-commerce platforms as their main channel. The remainder have shifted decisively toward discovery-led environments, where consumers can more easily find their products.

Fastest-growing channels reflect this shift

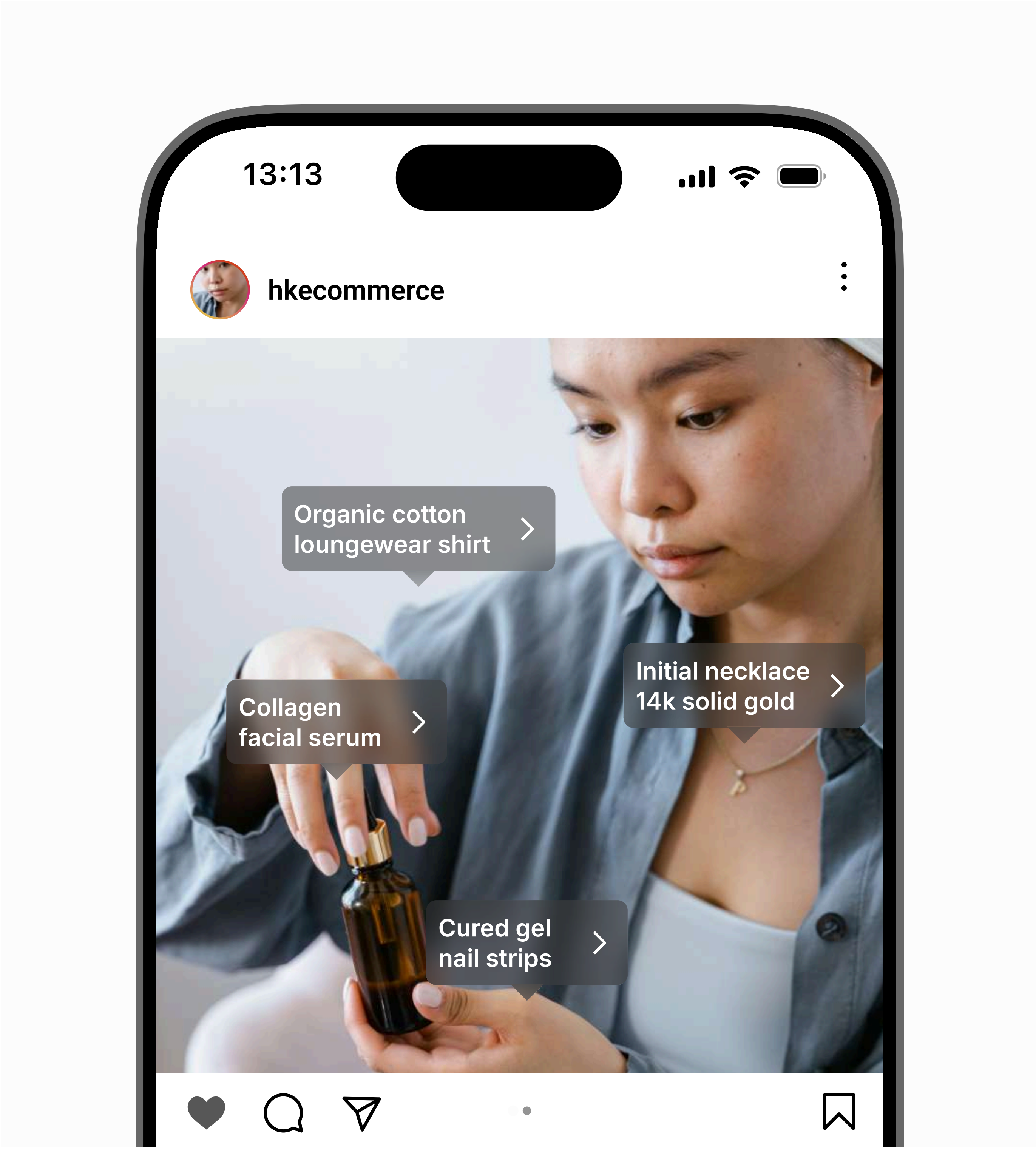
When asked which channels are growing fastest, the data becomes even more striking:



Conversely, only 4% of merchants said their own site/app was their fastest-growing channel, and just 3% cited HKTVmall — Hong Kong's largest e-commerce marketplace.

These findings underscore just how quickly discovery-led platforms have overtaken traditional, intent-driven e-commerce.

What is discovery-led commerce — and why does it matter?



Discovery-led commerce refers to channels where customers encounter products via algorithmic feeds, creator content, and personalised recommendations. Rather than arriving with clear purchase intent, consumers discover products in the flow of social activity.

This shift matters because it changes the mechanics of e-commerce entirely:

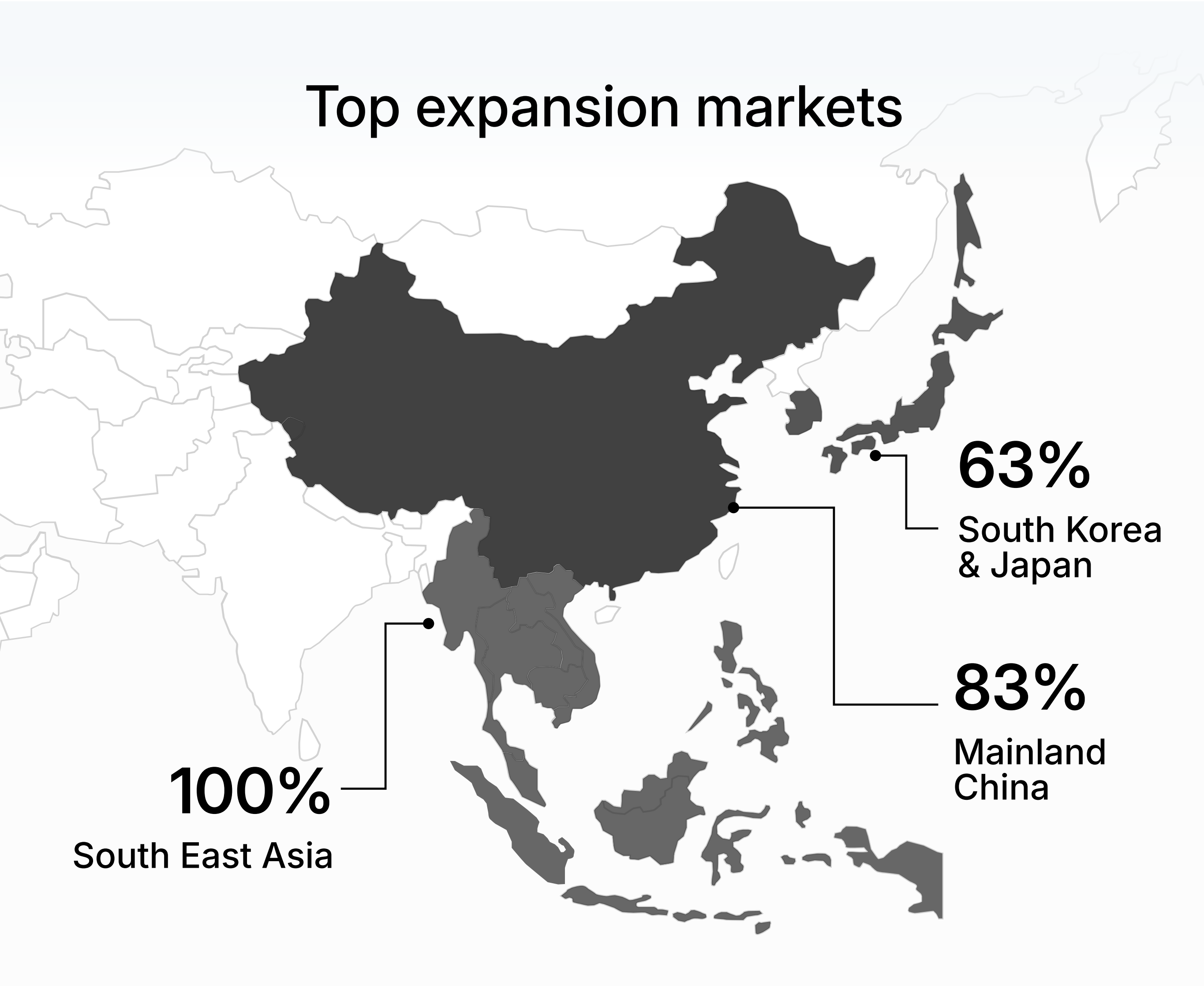
- Customer acquisition becomes content-driven, not search-driven.
- Merchandising becomes continuous and dynamic, shaped by trends and algorithms.
- Operations must adapt to sharper demand spikes, shorter product cycles, and real-time engagement.

In short, the centre of gravity has moved from intent to inspiration.

Insight 3

Cross-border remains a key theme

As discovery-led channels fuels business at home, Hong Kong merchants are increasingly looking beyond the city for sustainable growth. Cross-border markets now represent the clearest path to scale, with 100% of merchants looking beyond Hong Kong.



The pull toward Southeast Asia, Mainland China, and Japan–Korea is driven by consumer demand, platform maturity, and cultural proximity.

Southeast Asia offers a natural extension for Hong Kong brands: a fast-growing middle class, high mobile-first adoption, and established e-commerce rails through Shopee, Lazada, and TikTok Shop's regional footprint.

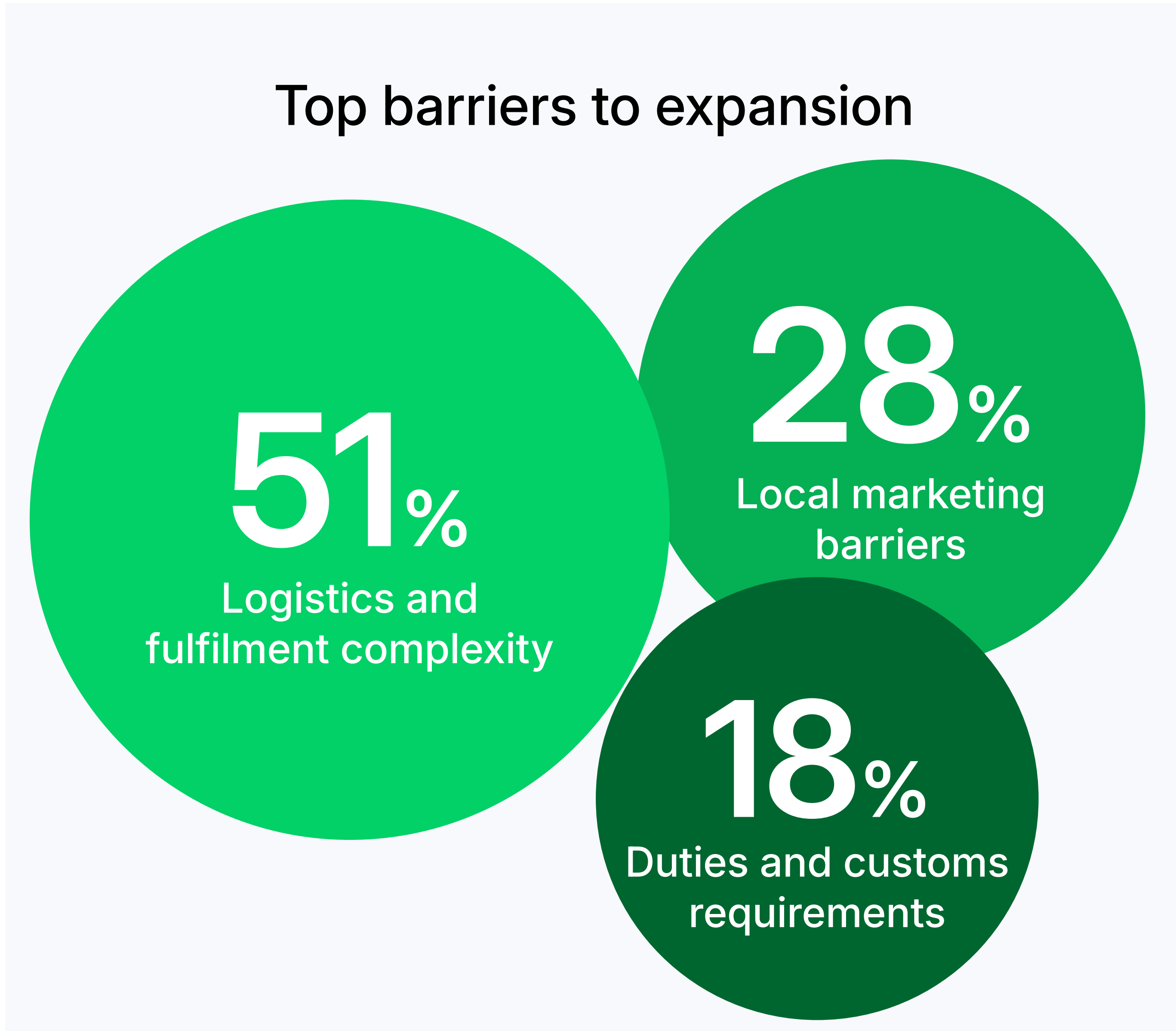
Meanwhile, Mainland China presents a unique opportunity enabled by cultural familiarity and content-driven platforms like Xiaohongshu and Douyin, which give Hong Kong merchants direct access to millions of consumers without traditional distribution barriers.

Japan and Korea, for their part, attract brands with their strong spending power, appetite for quality and niche products, and deep e-commerce penetration.

Barriers to expansion

Expansion comes with its own operational barriers. It means managing an expanded mix of sales channels, navigating multiple currencies, complying with diverse tax and duty rules, and adapting to market-specific fulfilment, shipping, and returns expectations. In many cases, brands are also entering entirely new creator ecosystems, each with its own norms, partner structures, and performance dynamics.

As merchants scale into multi-market operations, new layers of complexity emerge. The top obstacles cited were:

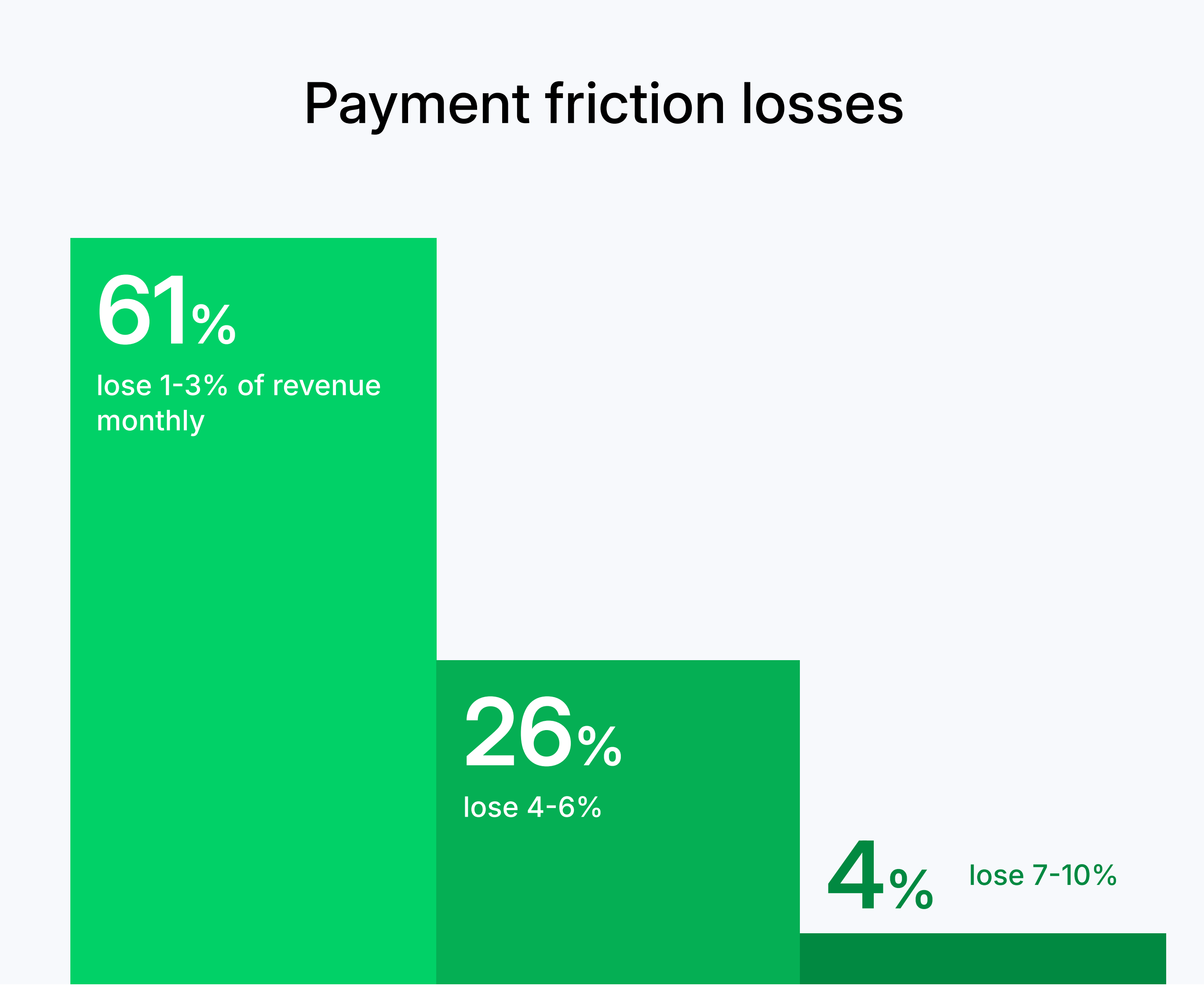


Insight 4

Payment friction is costing merchants up to 10% of revenue

Hidden financial friction has become one of the biggest barriers to e-commerce profitability in Hong Kong. According to the study, 91% of merchants lose 1-10% of revenue every month due to payment friction including failed transactions, abandoned checkouts, chargebacks, and settlement delays.

In a market where most merchants expect single- to low double-digit revenue growth, losing up to 10% has far reaching implications.



When asked to identify the biggest sources of payment friction, merchants we spoke to mentioned:

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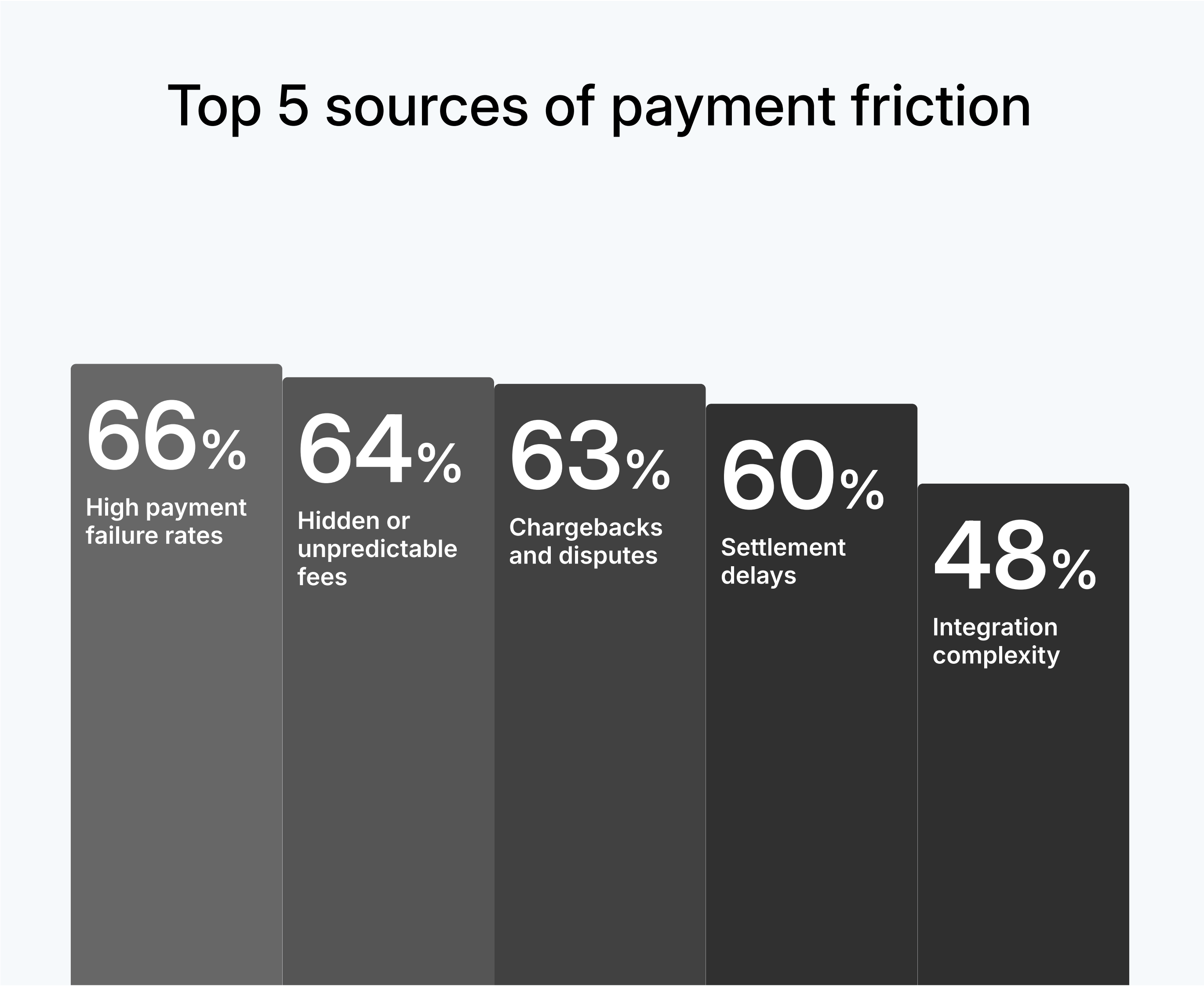


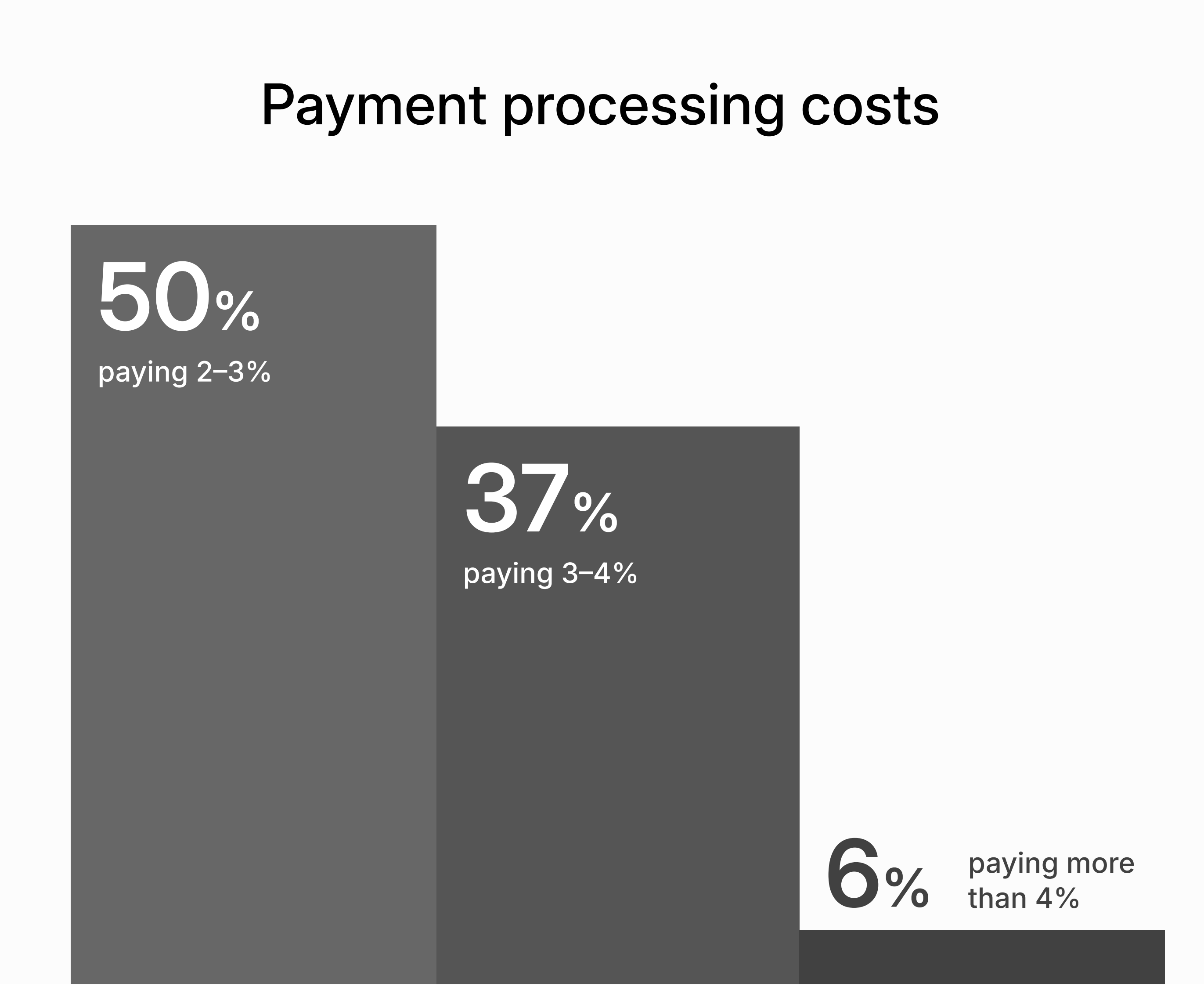
What this means for e-commerce merchants

The biggest pain points merchants face today are high payment failure rates, hidden fees, chargebacks, settlement delays, and the complexity of managing multiple payment providers.

Each of these issues hits a different part of the business: failures hurt conversion, hidden fees erode margins, chargebacks drain time and revenue, settlement delays slow cash flow, and fragmented systems make reconciliation a constant burden. On their own, each issue is costly. Together, they form a structural ceiling on growth, limiting how much revenue merchants can capture, reinvest, and scale, even when demand is strong.

Rising payment costs are adding up

Beyond friction, the baseline cost of accepting payments is already eating into margins. 93% of merchants now pay 2–4%+ of revenue in processing fees alone, with:



The main drivers behind these rising costs are consistent across the market:

For cross-border merchants, the impact is even more pronounced. FX spreads, multi-currency settlement delays, and higher chargeback rates amplify these costs, making international expansion significantly harder to scale profitably.

The payment paradox

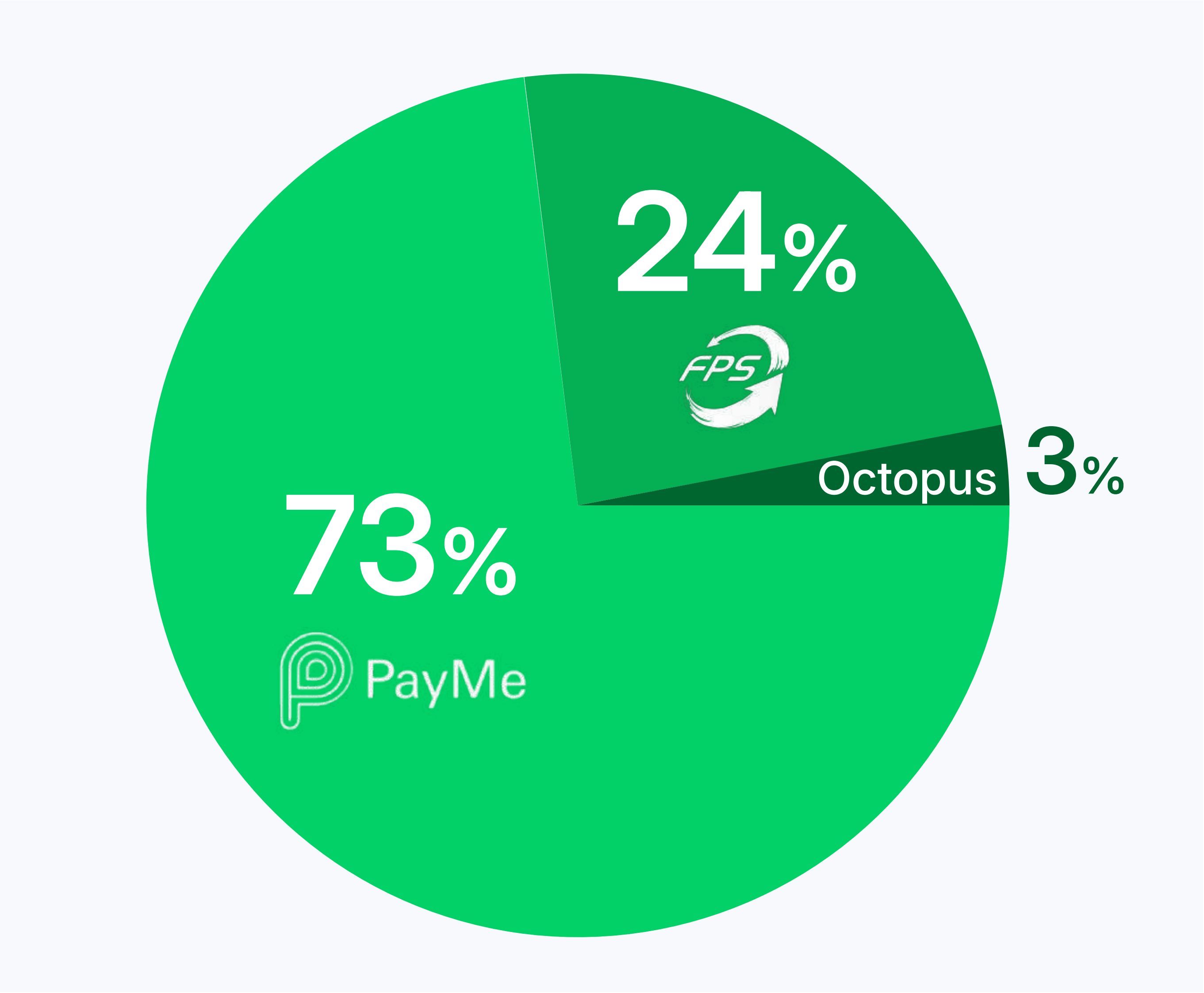
When asked which operational factors fuelled their 2025 growth, merchants overwhelmingly pointed to commercial levers: new channels (73%), CRM and retention (58%), creator and live commerce (53%), and conversion optimisation (49%).

Yet only one merchant out of 100 cited payment innovation as a growth driver.

This gap highlights a critical blind spot: while merchants pour resources into acquiring and converting customers, payment friction is quietly eroding 3–6% of the revenue they work so hard to generate. Payments are still treated as an after thought rather than a strategic lever — and it’s becoming a costly mistake.

What top-converting payment methods reveal

In Hong Kong, consumer preference at checkout is clear:



PayMe's dominance makes sense: it is frictionless, mobile-first, and ubiquitous. But it highlights a core challenge — the methods that convert best locally are not the methods merchants need regionally.

But cross-border merchants require much more:

- Multi-currency accounts
- Transparent FX
- Settlement consistency
- Regional wallet integrations
- Local card acceptance

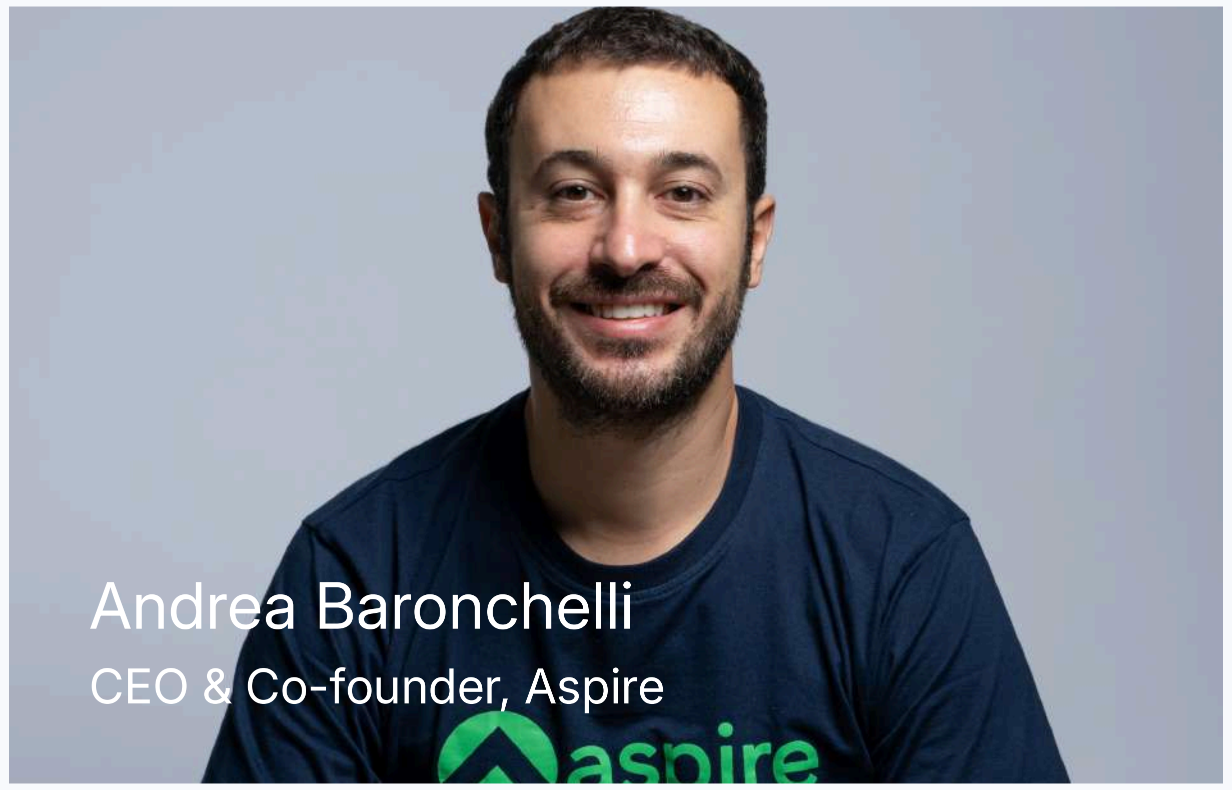
This is why 97% of merchants cite "FX and cross-border fees" as a top cost driver. They are caught between a seamless local system and a fragmented regional one.

Modernising the financial stack

"The data tells a remarkable story of Hong Kong merchants navigating macroeconomic challenges with speed and agility. They are reshaping product lines, adjusting pricing, and leaning into discovery-led commerce — yet payment friction continues to undercut these gains. What stands out in this year's findings is not just how quickly merchants are adapting, but how much growth is being held back by outdated financial infrastructure.

As businesses expand across channels and markets, the financial layer becomes more complex — more currencies, more settlement timelines, more fees, more reconciliation. Without transparent, integrated, and cross-border-ready systems, merchants are forced to spend time solving operational problems that should no longer exist.

The next wave of e-commerce growth will not come from adding more channels alone. It will come from reducing the hidden friction underneath them. Merchants who modernise their financial stack — from payments to FX to settlements — will be the ones who scale faster, preserve margins, and unlock the full potential of regional expansion."



About aspire

Aspire is the all-in-one finance platform for modern businesses globally, which has helped over 50,000 companies save time and money with international payments, treasury, expense, payable, and receivable management solutions - accessible via a single, user-friendly account. Headquartered in Singapore, Aspire has 600+ employees across nine countries, clients in 30+ markets and is backed by global top tier VCs, including Sequoia, Lightspeed, Y-Combinator, Tencent and Paypal

About stripe

Stripe is building programmable financial services for millions of businesses globally. Millions of companies use Stripe to accept payments online and in person, embed financial services, power custom revenue models, and build a more profitable business.

Headquartered in San Francisco and Dublin, Stripe processes over $1.4 trillion of payments annually, equivalent to 1.3% of global GDP. Stripe users include half of the Fortune 100, 80% of the Forbes Cloud 100 and every single company on the Forbes AI 50 that accepts online payments does so with Stripe.

Through its scale and investments in R&D—particularly artificial intelligence and stablecoins—Stripe accelerates the utility of frontier technology in the global economy.

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