



What's Unique About China eCommerce

November, 2018





The

Size

China eCommerce Market

In 2017, the Chinese e-commerce market was over \$1T USD, with strong demand and spending power for overseas premium products



800M
Internet Users

533M
Online Shoppers

22%
Total Retail Sales

China is $\frac{1}{2}$ of the world's e-commerce economy



Ecosystem

What Happens Inside

In China, eCommerce Platforms Dominate

B2C-All Categories



- Tmall sells almost everything, especially clothing
- JD is well-known for electronic appliances
- Suning and Gome are well-known for electronics and home appliances
- Amazon and Dangdang are well-known for books
- Vip is focusing on discounted cosmetics
- YHD is well-known for consumer goods (food)

C2C-All Categories



- Taobao is the absolute leader

WeChat



Vertical Platforms

Fashion



Mom & Baby



Cross-border



Fresh

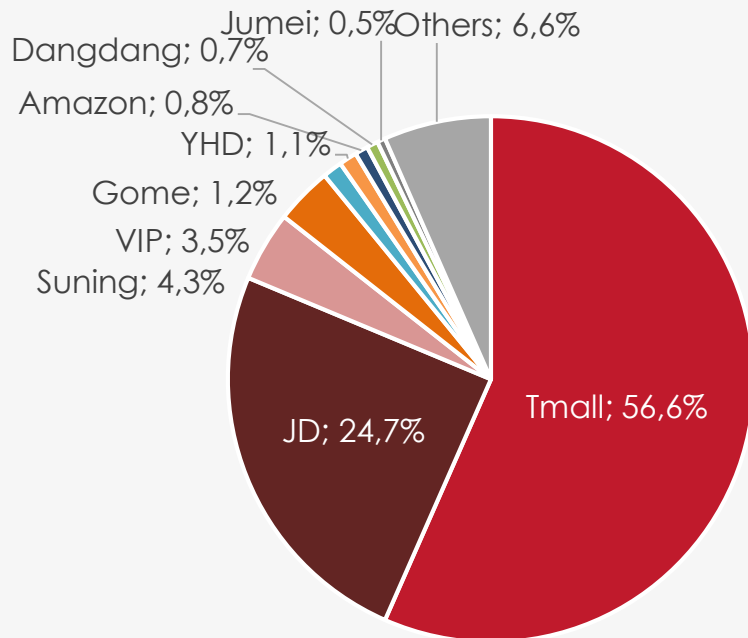


Deco ration



Tmall and JD Account for 81.3% of B2C the eCommerce Market

B2C Platform's Market Share by Value 2016



of Monthly Active Users (APPs)

In million, 2017.4

Tmall



JD



Suning



VIP



Gome



YHD



Amazon



Dangdang



Jumei



Others



WeChat

300.23* / 34.15

74.12

14.72

39.98

1.15

2.94

2.80

5.63

5.93

823.06

Note: 300.23 is Taobao's data and Taobao app has access to Tmall; Data sources: iResearch, Analysys, KFD Analysis

A blurred background image of a crowded public transit station, likely a subway or train. Several people are visible, many of whom are looking down at their mobile phones. The scene is captured with a shallow depth of field, making the people in the foreground and background out of focus. The lighting is somewhat dim, typical of an indoor transit space. A semi-transparent grey banner is overlaid across the middle of the image, containing the title and subtitle text.

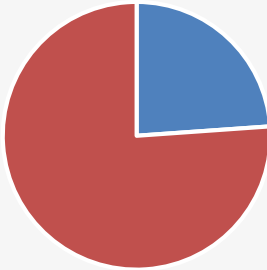
Mobile Trends

How Do They Use Their Phones?

Up to 76% of Sales Happen on Mobile

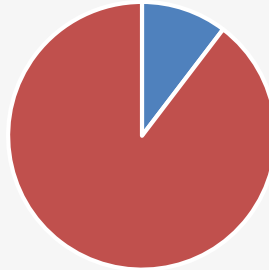
The majority of sales take place on mobile devices, regardless of category.

Daily Household Items Store



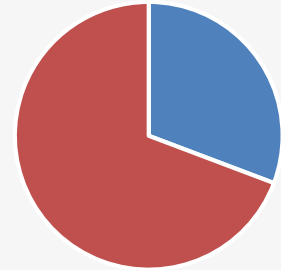
■ PC Revenue ■ Mobile Revenue

Milk and Dairy Store



■ PC Revenue ■ Mobile Revenue

Tools & Hardware Store



■ PC Revenue ■ Mobile Revenue

An Authentic Social Experience on Mobile



ASK EVERYONE – Ordinary shoppers can communicate with each other on every product page. It lets them get objective reviews and live Q&A on products. This often becomes a channel for shoppers to make sarcastic jokes about products or sellers.

WEITAO -Taobao has a Twitter functionality embedded into the mobile app itself. It helps consumers remember what they liked and lets sellers actively engage with consumers.





Entertain Me

How Much Fun Do You Make It?

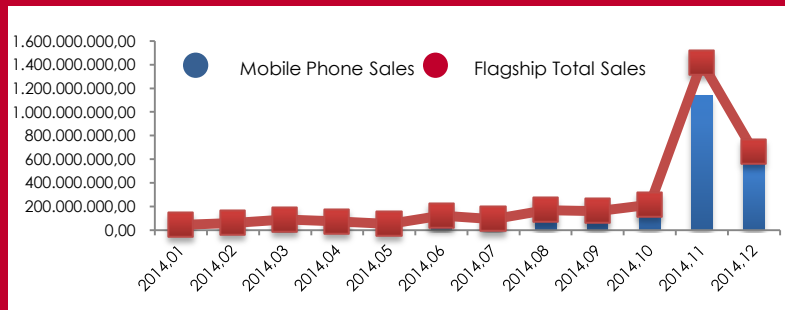
Half of annual sales through big events and product launches

+50% of traffic and transactions come through channels other than search engine results



11.11

1,418,321,368 RMB

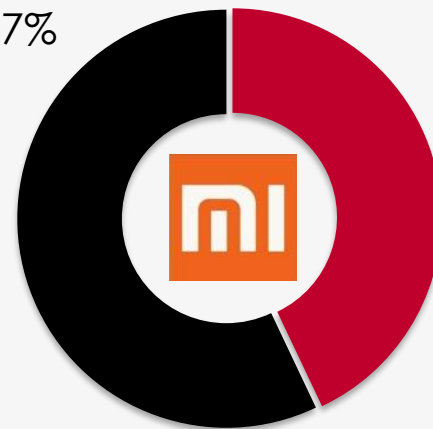


November Sales Revenue as
Share of Total Revenue

81%

3,440,830,926 RMB

57%



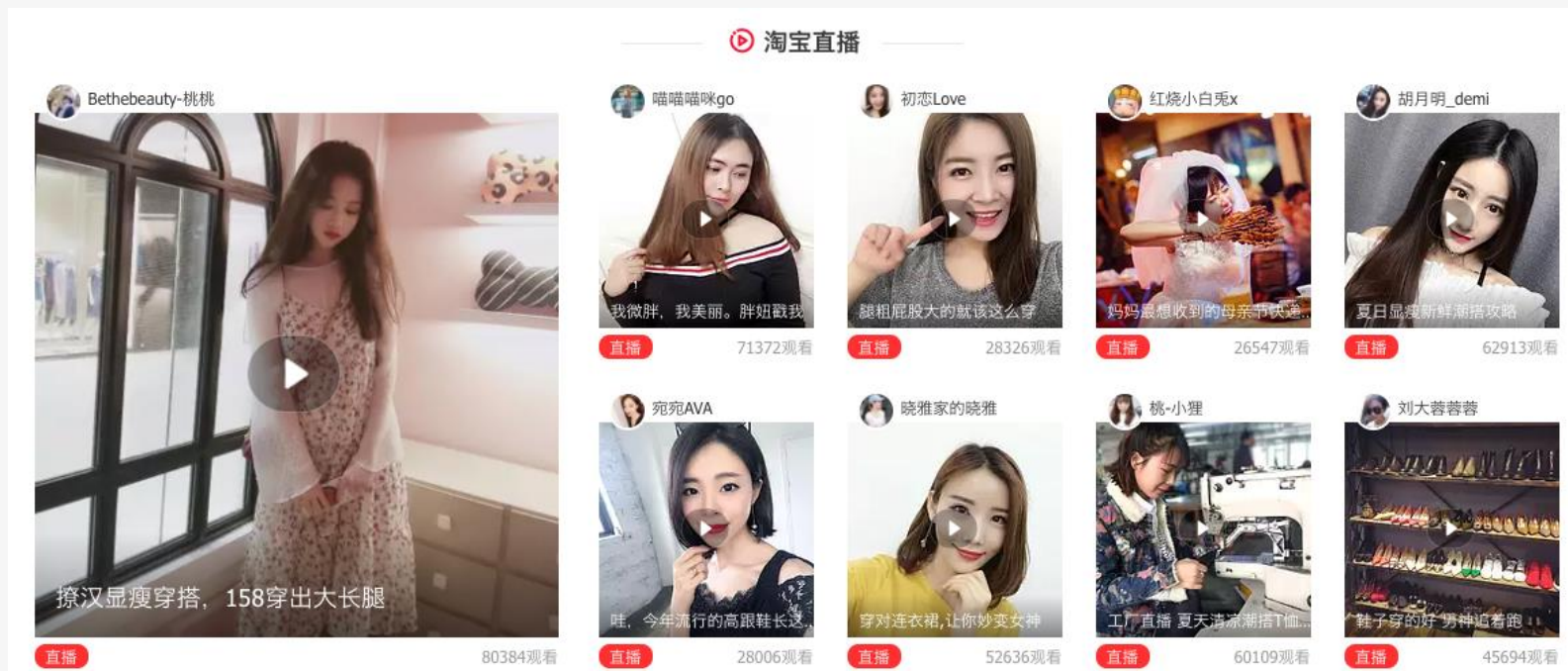
2,590,744,488 RMB
43%

● Xiaomi
Flagship's Mobile Phone Sales

● Xiaomi
Tmall Stores' Sales Revenue

People Watch Live Streams By KOLs and Brands

Taobao offers plenty of live stream channels not only for shopping but also for casual entertainment.



Shopping As Theater

You have to make it interesting to attract buyers into your store. These succeed in getting more traffic than their competitors.



30-day Volume: **26,834**
Average Volume of other First
Page listings: **9,846**

2.7X average volume

30-day Volume: **32,513**
Average Volume of other First
Page listings: **11,562**

2.8X average volume




Consumers Are Overly Skeptical

Top Question To Our CS Department: "IS IT REAL?"

淘宝网 Taobao.com

宝贝 prada 搜索


在结果中排除 请输入要排除的词



¥4400.00 包邮 1人付款

意大利正品代购prada BL0774 倒三角女十帆布大方包单肩斜挎包


frenzeld 意大利



¥3880.00 0人付款

香港代购正品普拉达1B0009女士方包斜挎包休闲单肩包空姐包


春燕小铺 香港 九龙



¥3280.00 包邮 0人付款

Prada普拉达1N1674 铆钉小肩包小方包长肩带 正品代购


佐佐lorenz 意大利



¥3184.00 包邮 0人付款

现货 Prada普拉达 咖啡经典标识单肩斜挎女十小包 现货正品BT0773


傲游全球购 香港 香港岛



¥149.00 销量: 335


100%真牛皮 四季皆宜 时尚小方包

¥128





¥99.00 销量: 152

BANDICOOT 时尚风格旗舰店



¥99.00 销量: 71



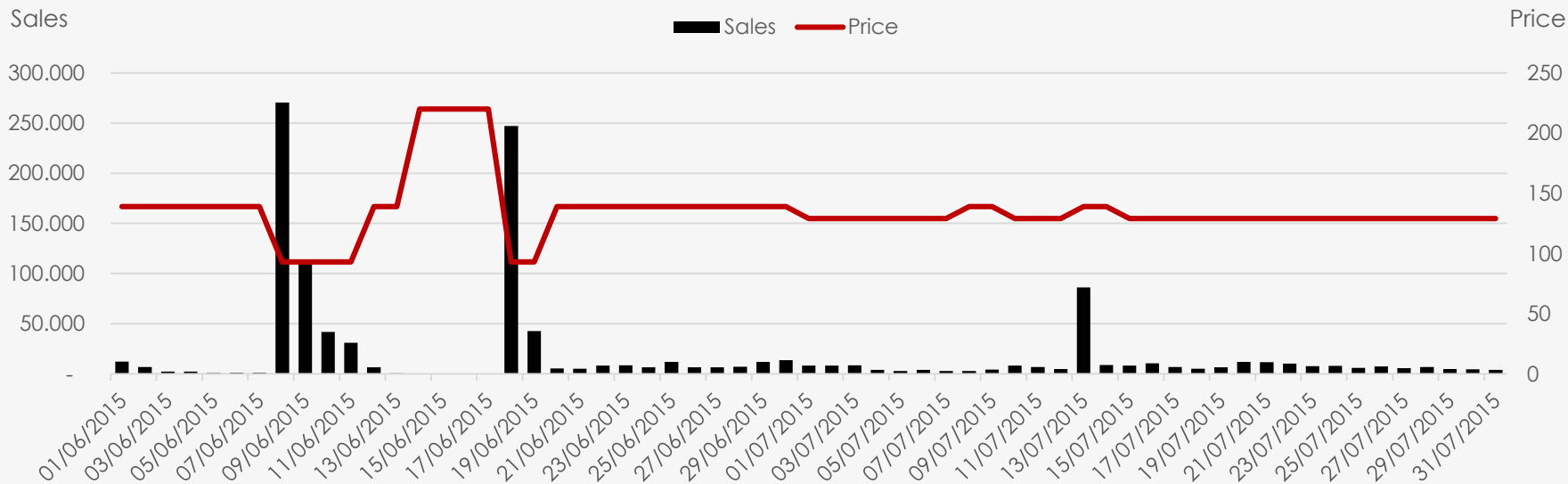


Chinese Consumers Are Spoiled Rotten

Price Cutting

Event Dependent

Low Sales At MSRP



Prime Location

Dòu Fǔ Kuài
豆腐块

宝贝 天猫 店铺

Beats

搜索

豆腐块

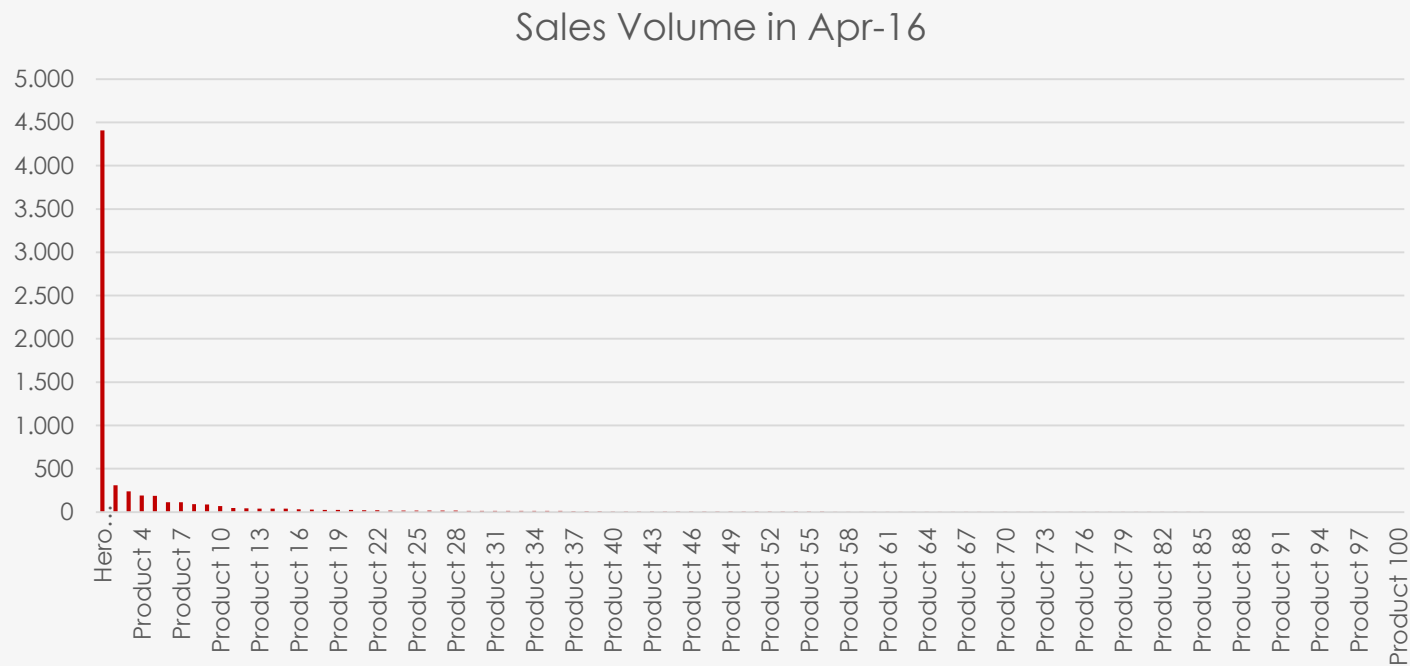
DFK

The First 2-4 Product Listings
Reserved For Tmall Stores

Searched Keyword: "Beats"
2015.10.09

Winner Takes All

Chinese Consumers know what they want. The hero products dominate all the sales of a store.

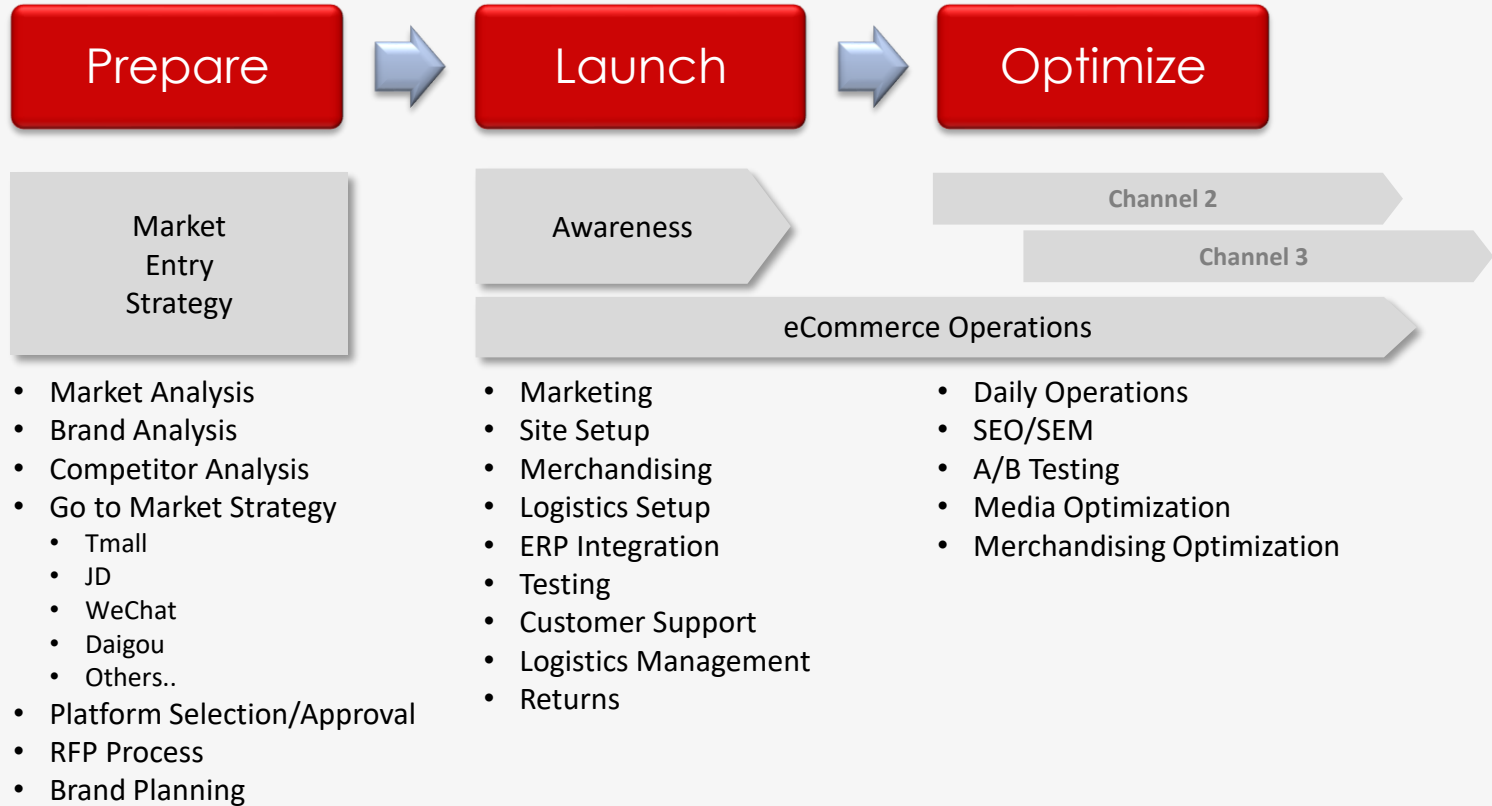




Where Does Success

Begin in China

Go-to-Market Approach



China Market Entry Strategy

Know

Your Brand Awareness



You

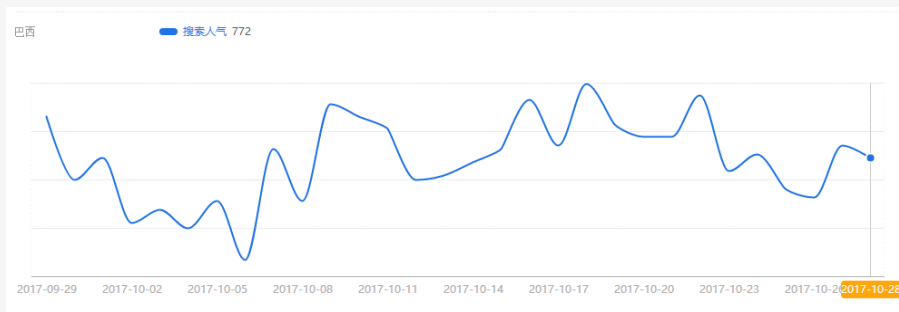
Competitor

Understand **HOW MUCH** traffic you **COULD BE GETTING**.



Brazil Search Traffic

Search index on 巴西(Brazil) is 800-1,500. Who has Pine Nuts?



Relative Keyword	Relative Keyword(English)	Search Index	Search Index Proportion	Click Ratio	Number of online Products	Click Index	Payment Conversion Rate
巴西松子	Basil pine nuts	50,949	25.73%	143.58%	2,344	42,250	14.79%

Range	Image	Product Name	Product Name (English)	Product Price (RMB)	Transaction Volume (Units)	Sales (RMB)	Lifetime Transaction Volume (Units)	Seller
2		【陆哥】17年新货巴西松子500g手剥松子坚果特产零食批发包邮	[Lu brother] 17 years of new goods Brazil pine nuts 500g hand peeling nut nuts specialty snacks wholesale Free shipping	¥ 138	7,092	978,696	628,609	盛隆食品专营店
1		天天特价2017新货进口坚果炒货零食干果特产手剥巴西松子原味500g	Day special 2017 new goods imported nuts roasted snacks dried fruit specialty products hand stripping paciflaxel flavor 500g	¥ 99	7,303	721,536	7,710	野果宝宝
6		【神品】17年新籽原味手剥松子500g干果坚果零食巴西松子包邮	[God] 17 years of new seeds original hand-made pine nuts 500g dried nuts nuts snacks Brazil pine nuts Free shipping	¥ 146	3,811	555,644	199,965	神品旗舰店

476k BRL

A woman with dark hair, wearing a light-colored long-sleeved shirt, is holding a white digital camera up to her eye, framing a shot of the Big Ben clock tower in London. The scene is outdoors on a cloudy day. In the background, other people and a yellow double-decker bus are visible, suggesting a busy tourist area. A semi-transparent grey banner is overlaid across the middle of the image, containing the text.

Understand

Who Your Customers Are

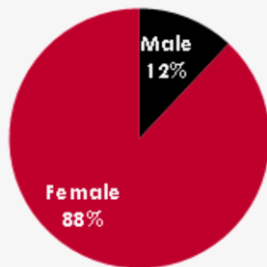
Your Customers

Understand **WHO** from **WHERE** bought **HOW MUCH**.

Gender Distribution

Gender	Percentage
Male	12.0%
Female	88.0%

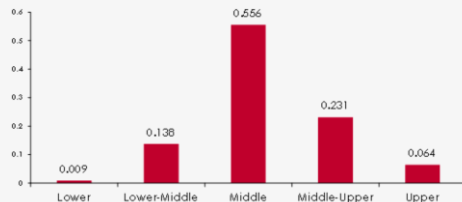
Search Gender



Age Distribution

Age	Percentage
18-24	38.3%
25-29	29.4%
30-34	18.4%
35-39	5.1%
40-49	5.6%
50-59	2.0%
>59	1.2%

Searcher Social Class





Benchmark

Against Your Competitors

Your Position

Understand **HOW MUCH** they **SOLD** vs. you.

序号 Rank	品牌 Brand	成交量 Transaction Volume (Units)	销售额 Revenue (RMB)	销售额 Revenue (USD)	高质宝贝数 "Hit" Products
1	Competitor 1	604,706	¥ 20,488,467	\$3,152,072	2,232
2	Competitor 2	477,833	¥ 36,281,432	\$5,581,759	2,071
3	Competitor 3	418,773	¥ 33,137,594	\$5,098,091	803
4	Competitor 4	403,754	¥ 41,249,893	\$6,346,137	86
5	Competitor 5	396,916	¥ 18,100,942	\$2,784,760	118
6	YOUR BRAND	353,846	¥ 16,294,243	\$2,506,807	3,977
7	Competitor 6	346,472	¥ 37,418,600	\$5,756,708	183
8	Competitor 7	332,522	¥ 27,309,630	\$4,201,482	1,959



Analyze

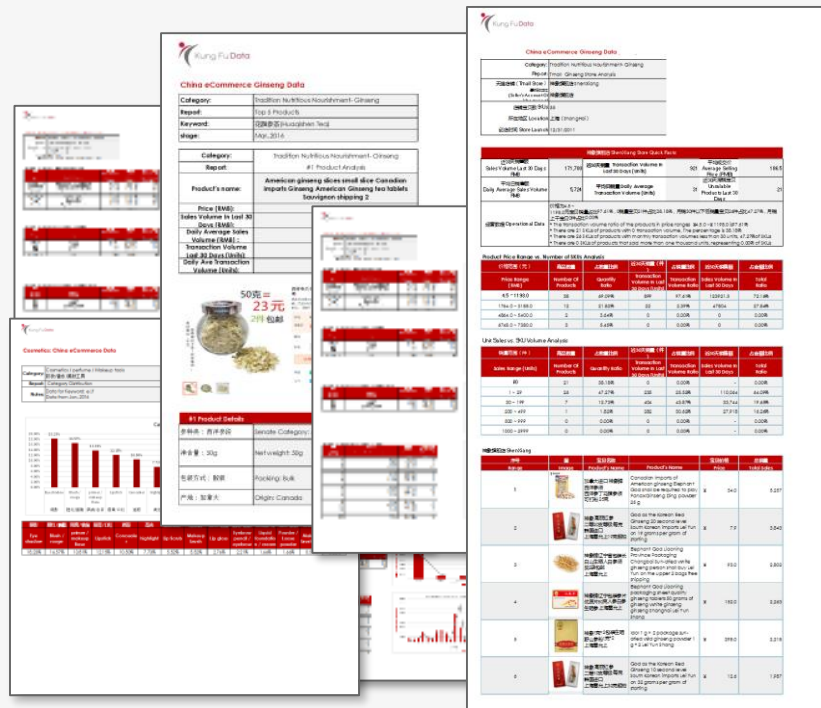
Everything About the Products



Product Positioning

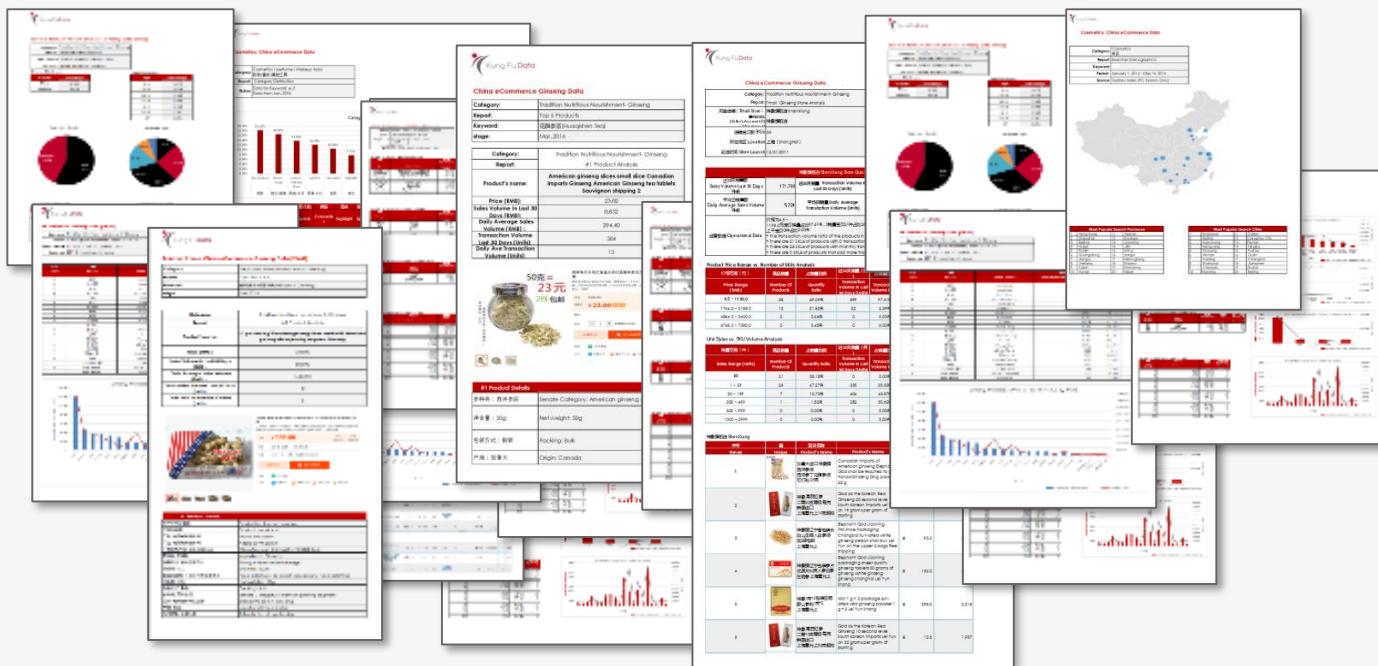
Detailed competitive **PRODUCT ANALYSIS**.

- Pricing
- Unit Volumes
- Data Trends
- Price Distributions
- Conversion Ratios
- Product Details
- Counterfeit Detection
- Distribution Channels
- And more



Success Failure

A **SUCCESSFUL** China eCommerce **ENTRY STRATEGY** is based on **PRECISE DATA**.





Q&A

James.eron@kungfudata.com

+1-415-770-2480