New Marketing Channels in China

Presented by

China’s Premier Online Shopping Destination

2014 USDA Agricultural Outlook Forum

February 20th, 2014

Presenter: Gary Clubb
November 11
On this day each year, history is made...

11.11 2011: ¥5 billion
11.11 2012: ¥19 billion
11.11 2013: ¥35 billion

- ¥35 billion by Tmall + Taobao
- >2.5x Cyber Monday 2013 ($2.3B)
- ¥100M RMB in first 55 seconds
- >400 million total UV in 24 hours

2012 $19.1 billion
Agenda

China Ecommerce

- Introducing Tmall
- Opportunity in Foods on Tmall
- Joining Tmall
China to be World’s Largest Ecommerce Market

In just a few years time, China’s ecommerce market size will **surpass** that of the United States.

![World Ecommerce Market Share Breakdown](chart)

Source: JP Morgan, 2012
In the US, ecommerce was **evolutionary**...

...In China, ecommerce is **revolutionary**

**Transaction Size of China Online Shopping Market**

<table>
<thead>
<tr>
<th>Year</th>
<th>Transaction Size (billions RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>¥56</td>
</tr>
<tr>
<td>2008</td>
<td>¥128</td>
</tr>
<tr>
<td>2009</td>
<td>¥263</td>
</tr>
<tr>
<td>2010</td>
<td>¥461</td>
</tr>
<tr>
<td>2011</td>
<td>¥785</td>
</tr>
<tr>
<td>2012</td>
<td>¥1,304</td>
</tr>
<tr>
<td>2013e</td>
<td>¥1.8 trillion</td>
</tr>
<tr>
<td>2014e</td>
<td>¥2,450</td>
</tr>
<tr>
<td>2015e</td>
<td>¥3,020</td>
</tr>
</tbody>
</table>

Source: iResearch Consulting Group, 2013
Shift in Consumer Demand: The Rise of B2C

Business to Consumer (B2C) ecommerce market set to overtake C2C (Consumer to Consumer) over the next few years.

Source: iResearch Consulting Group, 2013
Agenda

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Tmall’s B2C Market Share

Tmall is Asia’s largest B2C site, and is set to overtake Amazon as the world’s largest in 2014.

Source: iResearch Consulting Group, 2013
Tmall: China’s Premier Online Shopping Destination

1,000,000,000,000 RMB in merchandise volume sold on the Tmall and Taobao platforms in 2012

100,000,000 Average daily visitors to Taobao/Tmall platforms

70,000 International and Chinese branded storefronts
Marketing to Tmall Shoppers

Chinese consumers use Tmall to **shop** for a variety of products, **discover** new brands, and **follow** the latest consumer trends.
International Brands on Tmall
Agenda

1. China Ecommerce
2. Introducing Tmall
3. Opportunity in Foods on Tmall
4. Joining Tmall
Consumer pays presale deposit ➔ Seller knows precise demand ➔ Fresh product shipped according to demand ➔ Consumer receives product
Northwest Cherry Promotion

Cherries sold: **168 metric tons**
Total Shoppers: **84,531 people**
Total Sales Volume: **15 million RMB**

- Equal to **9 years** worth of cherry sales at a medium size super market

**Summer 2013**

Round 1: **6/27 – 7/8**
Round 2: **7/22 – 7/31**
Marketing Behind the Sales
Marketing Behind the Sales

中国上海

美国农民感恩回馈
世界最好的车厘子再次预售
Alaskan Seafood Promotion

October 14th – 25th

Total Seafood: 50 metric tons
Total Shoppers: 33,759 people
Sales Volume: 6 million RMB

- Equivalent to 5 months worth of seafood sales at Sam’s Club
Marketing Behind the Sales
New Marketing Resource: Tmall’s USA Country Pavilion

- Fixed resource for promoting US specialty foods
- Support pre-sale promotions and standard product sales
- Feature regional specific food information
Agenda

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<table>
<thead>
<tr>
<th>Tmall.com</th>
<th>Tmall Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chinese legal entity</td>
<td>International legal entity</td>
</tr>
<tr>
<td>China-based product</td>
<td>Internationally sourced product</td>
</tr>
<tr>
<td>Fulfilled domestically</td>
<td>Fulfilled from abroad</td>
</tr>
<tr>
<td>Payment in CNY</td>
<td>Payment in local currency</td>
</tr>
</tbody>
</table>
Merchants selling through Tmall Global enjoy:

- Exclusive marketing and promotional opportunities
- Exclusive badge on product listings in search results on Taobao and Tmall
- Consumers reassured that genuine product is coming directly from overseas
Final Points

- Start **now** and learn by doing
- Leverage your **strengths**, outsource the rest
- Work with Tmall to **identify** marketing **opportunity**
- Focus on **marketing exposure**, the sales will follow
- Be **reactive** to the market environment
More info:
http://about.tmall.com/