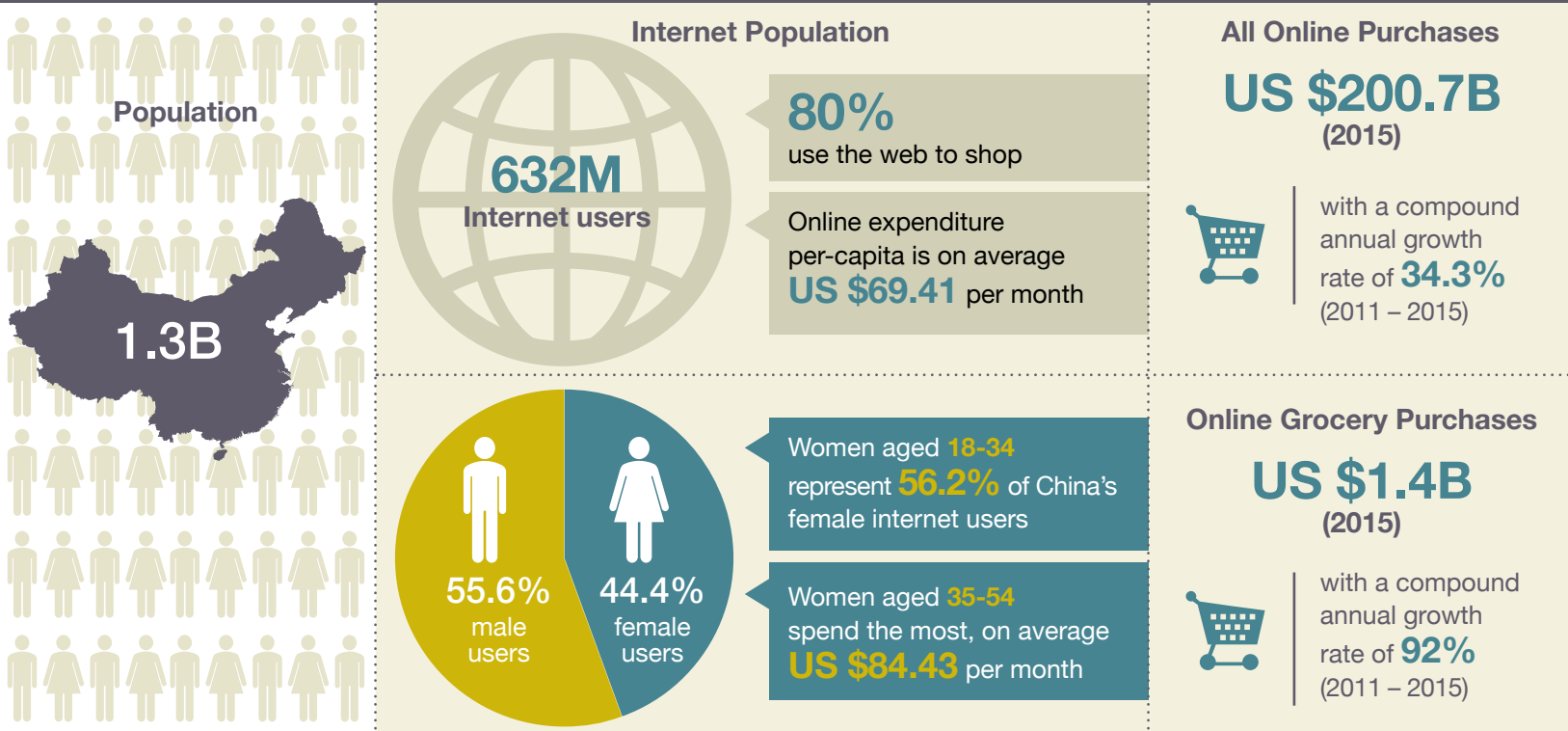


AN OVERVIEW OF E-COMMERCE TRENDS IN CHINA

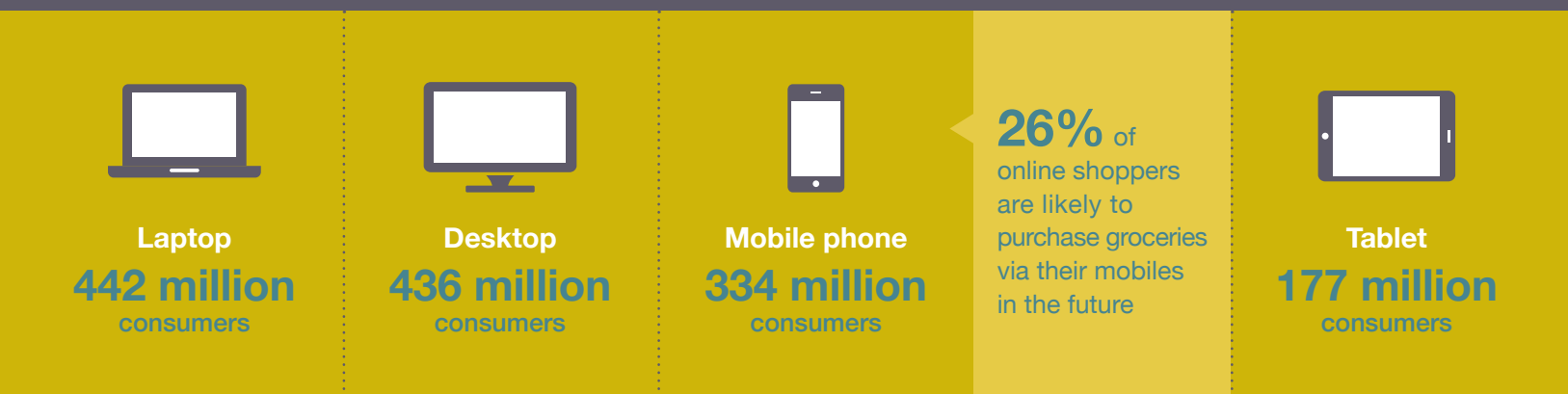


BASIC ELEMENTS TO CONSIDER FOR SMALL-AND MEDIUM-SIZED ENTERPRISES (SMEs)
DOING BUSINESS IN CHINA VIA E-COMMERCE CHANNELS

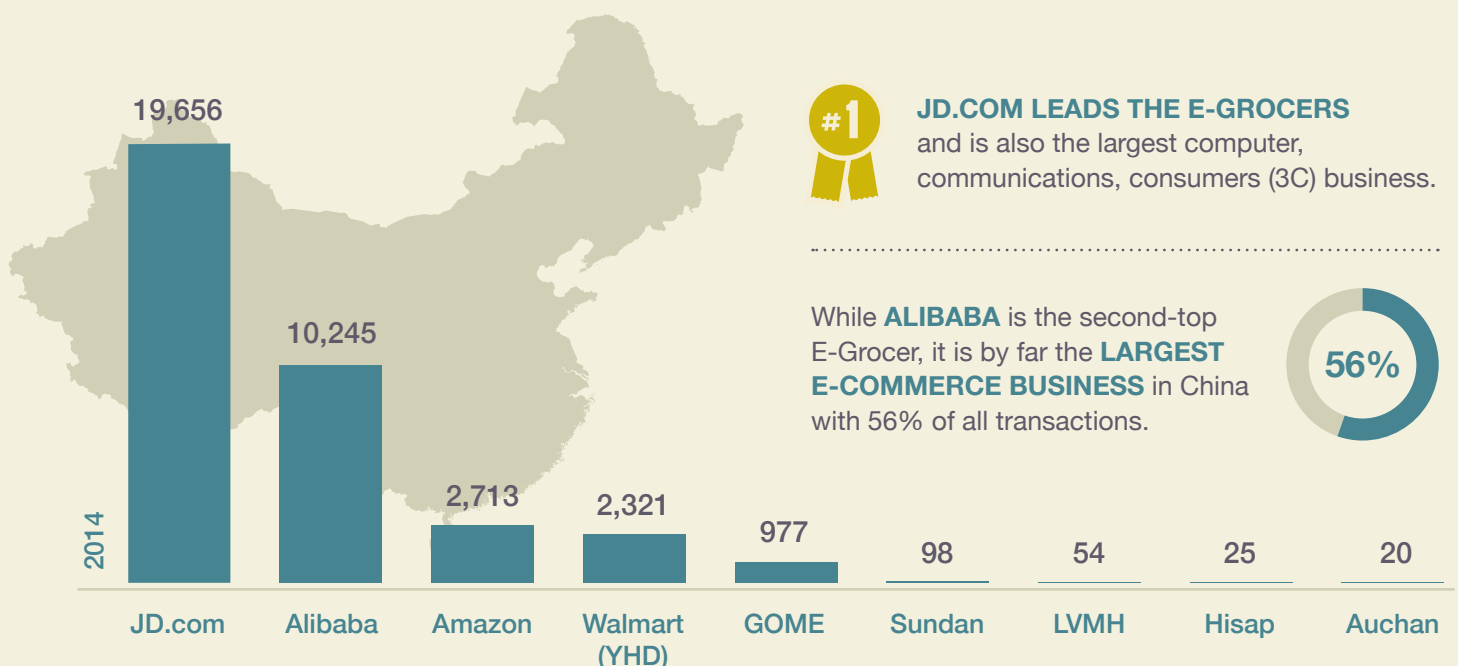
QUICK STATS



TOP METHODS OF ACCESSING THE INTERNET FOR SHOPPING



CHINA'S TOP INTERNET E-GROCERS US\$ Millions





THE E-COMMERCE MARKET

SMEs can benefit from the increase of internet access in China because Chinese consumers are better able to compare prices and have more options to reach quality goods.

CHINESE SHOPPERS WANT ►

- a variety of options;
- extensive product information;
- flexible delivery times;
- easy return access to the closest location;
- value for money; and
- multiple price ranges.

Logistical space now costs **4X LESS** than a decade ago.

Chinese consumers are used to fast service and quick delivery of their online purchases. Holding inventory inside the country can help to expedite transactions and meet consumer expectations.

UNDERSTANDING CHINA'S ONLINE MARKETPLACE



SETTING UP A PHYSICAL SUPPLY CHAIN CAN BE VERY EXPENSIVE.

A "Digital First" strategy can help SMEs that are unsure of demand to avoid the upfront costs of going the physical route.

SMEs can promote their brand in China online and measure demand by leads, requests for information about the products and gauge interest through analytics.

Building and hosting your web site in China can significantly reduce import risks.

Typical E-Grocers will take **30% to 40%** of transaction values.



SMEs can avoid paying transaction fees by setting up stand-alone processes, which assist with brand-building and maintaining control of all stages of distribution.

COMPANY SPOTLIGHT ON YIHAODIAN (YHD)

YHD IS A CHINESE E-GROCER OWNED BY WALMART, FOCUSED ON SEAFOOD, MEATS, AND FRUIT.

YHD

► Highlights Canadian products in their virtual "Country Pavilions"

Actively seeks to expand their selection of Canadian products.



► Their sales increased with a compound annual growth rate of **94%** from 2010 to 2015.

► They have an efficient supply chain and provide timely delivery, supported by 7 distribution centres in 5 major cities and 138 distribution stations in 34 cities.



► They are innovative in creating brand awareness with virtual stores, and online / offline marketing strategies and events.



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