

HOW TO REACH CHINESE E-CONSUMERS

A PRACTICAL GUIDE FOR SMALL BUSINESSES



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A practical guide for small businesses

About the paper

This report helps small businesses tap into the Chinese e-commerce market, which is the world's largest.

The publication recommends cross-border e-commerce, which allows opening stores in marketplaces rather than opening Chinese sites. It provides systematic instructions on the process, including logistics and payments.

This publication is a complement to a prior introductory paper titled *E-Commerce in China: Opportunities for Asian Firms* in cooperation with AliResearch, which can be download from this link: <https://goo.gl/fPWA9f>.

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Foreword

Chinese consumers are some of the most eager and forward-looking e-commerce participants. It is therefore not surprising that the Chinese e-commerce retail market is estimated to be the world's largest, accounting for nearly 50% of global online retail sales.¹ The country is also the source of many of the products that drive international e-commerce: through Alibaba and other online platforms, including Amazon, Chinese firms are shipping goods ordered over the Internet around the world.

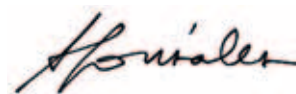
Within China, clusters of firms have formed in distinct geographical locations, sharing expertise and common logistics platforms. Assisted by favourable government policies, they continue to develop their e-commerce export business: both business-to-business (B2B) and business-to-consumer (B2C). Domestically, the development of e-commerce has transformed the retail sector, and, at just more than \$1.1 trillion, online B2C sales represent more than 17% of the country's total retail sector: according to the investment bank, Goldman Sachs, double digit annual growth in revenues is expected to grow this share to 25% by 2020.

This offers powerful opportunities to small firms that can navigate this fast-growing market. Serving Chinese consumers offers great attraction to small producers in the region, many of which have unique products that could find attractive market niches in China. However, the market remains somewhat impenetrable – even beyond the real issue of understanding local language and culture. Foreign firms cannot register directly on the biggest e-commerce platforms and smaller firms are unlikely to get distribution deals. However, thanks to an increasingly popular form of online marketplace provided by cross-border e-commerce platforms, foreign sellers can now open a store and ship goods directly into China.

This report provides step-by-step instructions on how to sell in these marketplaces. Our goal is to share this information and, through our supporting work with enterprises in other Asian countries and beyond, facilitate successful examples of small foreign firms entering the Chinese market through digital channels. The first such small firms are beginning to build their presence, and we aim to support the scaling up of this success.

We are grateful to the Ministry of Commerce of the People's Republic of China for financing this study, and the small firms in six Asian least developed countries – Afghanistan, Bangladesh, Cambodia, the Lao People's Democratic Republic, Myanmar and Nepal – which have shared their experiences in accessing the Chinese market.

This practical guide is a complement to a joint study with Alibaba, *E-Commerce in China: Opportunities for Asian Firms*, published in 2016. We hope that this guide helps small and medium-sized enterprises take advantage of the new opportunities by reducing the sometimes real and assumed complexities of e-commerce in China.



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¹ eMarketer Report, Worldwide Retail and Ecommerce Sales: eMarketer's Estimates for 2016–2021, 18 July 2017.

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