

HOW TO REACH CHINESE E-CONSUMERS

A PRACTICAL GUIDE FOR SMALL BUSINESSES



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Centre

TRADE IMPACT
FOR GOOD

How to reach Chinese e-consumers

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.

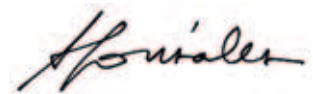
Within China, clusters of firms have formed in distinct geographical locations, sharing expertise and common logistics platforms. Assisted by favourable government policies, they continue to develop their e-commerce export business: both business-to-business (B2B) and business-to-consumer (B2C). Domestically, 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.



Arancha González
Executive Director
International Trade Centre

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

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Acronyms and abbreviations

Unless otherwise specified, all references to dollars (\$) are to United States dollars, and all references to tons are to metric tons.

AQSIQ	General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China
B2C	Business to consumer
B2B	Business to business
C2C	Consumer to consumer
CIQ	China Inspection and Quarantine
ID	Identity document
IP	Intellectual property
KOL	Key opinion leader
LDC	Least developed country
Tmall	Tao Bao Mall
JD	Jingdong
TP	Tmall Partner
VAT	Value added tax

Executive summary

China is now the world's largest e-commerce market and growing fast: online retailing is expected to grow from 17% of total retail sales in 2017 to 25% by 2020.

This growing market is inevitably the focus of attention of foreign brands wishing to capture market share. So far, the ability to sell and market goods to Chinese consumers has been a specialist area, limited to well-known international brands with local distribution partners.

The peculiarities of the Chinese market, beginning with an understanding of local language, culture and consumer needs, are not widely understood or mastered. Restrictions for access to local marketplaces mean that there are only a limited number of options to market goods in China: so far, these channels have remained relatively opaque to outsiders. This is now changing as a new segment of e-commerce begins to achieve widespread acceptance – cross-border e-commerce offers Chinese consumers the ability to purchase goods for direct import from abroad. In just a few years, this has achieved a high degree of awareness in China: according to Nielsen's online shopper trend report, the proportion of consumers who had recently made a cross-border e-commerce purchase reached 67% in 2017, compared with only 34% in 2015.

Service partners handling the local logistics, payments and listings are supporting cross-border e-commerce sites in China. They are referred to as Tmall Partners after the leading domestic e-commerce platform, Tmall (Tao Bao Mall, owned by Alibaba). Tmall Partners facilitate entry into the Chinese cross-border e-commerce marketplaces (including sites other than Tmall) on behalf of foreign clients.

The Chinese Government is facilitating the development of cross-border e-commerce by simplifying and reducing import taxes on goods (with a limitation in annual value to each consumer).

These changes open the door to much greater participation by foreign firms in the domestic Chinese e-commerce market. Before this potential can be realized, however, there is a significant amount of preparation required. Studying the market and understanding local demand and price points is a good starting point: a niche of high disposable income Chinese consumers are willing to pay premium prices, but it is important to understand how they judge quality. Crucially, any firm wishing to sell its products directly on e-commerce sites must prove that it owns the trademark or the right to be trading in the goods. For small foreign firms, registering a trademark acceptable in China is a critical step.

Effective analysis to select the appropriate marketplace for different kinds of goods is an important step – aided by a number of online tools described in this guide. Registering to open an account on e-commerce sites requires careful preparation of the required information about the company and documents such as proof of trademark ownership. In many cases, Tmall Partners can assist with these requirements. The amount of duties and taxes payable on import depends on the manner in which the goods are shipped into the country: the most favourable way to do so is under the cross-border e-commerce agreements when taxes and duties are as low as 11.9%.

Achieving sales in cross-border e-commerce requires an understanding of Chinese social media and buying habits in e-commerce: in particular, around festivals and holidays, and the major annual sales event 'double 11' (11 November). Chinese consumers are most active around these times – and most willing to explore new and prestigious foreign goods.

To master these, as with many other details of marketing towards Chinese consumers, there is no substitute for having local experience. This guide recommends working with a Chinese partner or at the very least having a Chinese-speaking associate within the team.

Finally, the guide provides step-by-step examples in relevant areas for how firms can research and prepare their goods for export into China. A case study shows how the Royal Mail facilitated small firms in the United Kingdom to access a jointly managed Tmall store. The guidelines give ideas on researching marketplaces, selecting partners and understanding import requirements.

E-COMMERCE IN CHINA

What is cross-border e-commerce?

Cross-border e-commerce, in the broad sense, means selling to customers via online channels across national borders. In China, the term has a specific sense: it is used to describe the activity of selling products to Chinese consumers via online stores, shipping products across borders through international couriers. The products do not enter China before the order is submitted, and they are delivered one by one to each customer. Warehouses and inventory can physically be in the retailer's own country, in Hong Kong SAR, or in one of China's free trade zones.

Cross-border e-commerce can refer to online trade between a business (retailer or brand) and a consumer (B2C), as is the case on Tmall.hk and JD worldwide (Jingdong). It can also be between two businesses, often brands or wholesalers (B2B), as is the case on Alibaba.com. The third type of e-commerce is between two private persons (C2C), as is done via marketplaces such as Taobao.com.

Why cross-border e-commerce?

Cross-border e-commerce is a specific government policy rolled out in China to give foreign brands easier access to the vast Chinese consumer market. It is a cooperation venture between several government departments, particularly the State Administration of Taxation, Chinese Customs, and the major Chinese cross-border e-commerce sites mentioned (Tmall Global and JD Worldwide).

Cross-border e-commerce eliminates the requirement to be a local company to sell imported goods. Sales transactions are done directly by the brands to customers in China. The Chinese customer is the importer on record for cross-border e-commerce in China.

This business model offers advantages for both buyers and sellers. Sellers (both retailers and brands) can expand their business outside their often-saturated home market and tap into new markets. Buyers can have more variety than that in the domestic market.

Statistics and potential

A joint research project by Alibaba and consultancy firm Accenture has predicted that global cross-border e-commerce retail transactions are expected to hit \$994 billion by 2020, with China's e-commerce market to grow tenfold.

This growth is from a 2014 global base of \$240 billion. The Asia-Pacific region is expected to contribute as much as 48% of total value, thanks to the development of internet networks and high adoption of smartphones.

Figure 1: Cross-border e-commerce development, 2015/2020



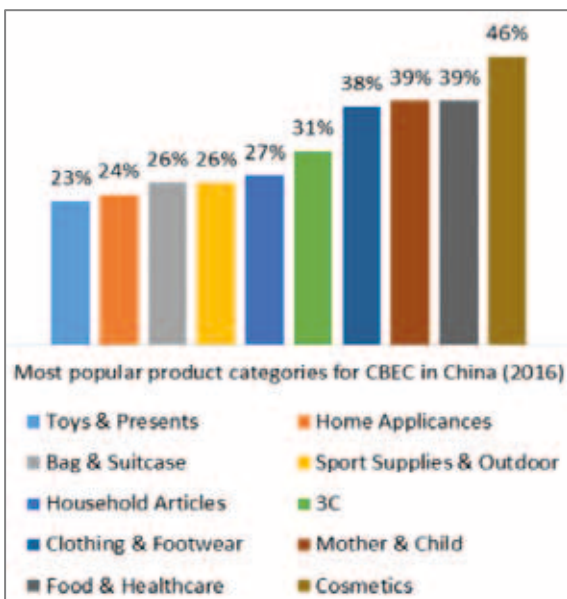
Source: Alipay, McKinsey.

Note: ~22 indicates that the share of cross-border e-commerce business in 2020 is an estimate (at 22%).

The trends for 2017 were:

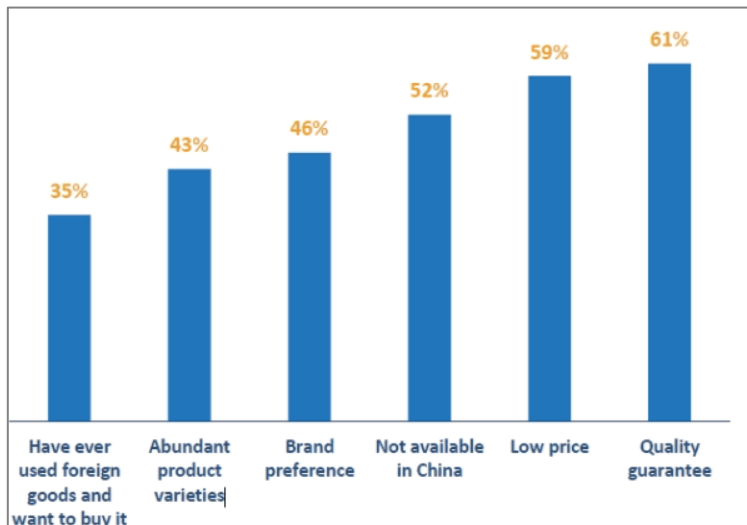
- Cross-border e-commerce will continue to grow and is expected to reach a ¥ 7.5 trillion volume in 2017 (€0.96 trillion or \$1.13 trillion);
- In 2017, 58 million Chinese customers were expected to engage in cross-border transactions;
- In the first half of 2017, 36.9% of orders were between ¥300 ¥1,000 (\$45 to \$150);
- Among cross-border buyers, the frequency of purchase was high: 65% of users purchased cross-border at least once a month; 11.6% did so more than once a week;
- The top product categories are cosmetics, food and healthcare, mother and child, clothing and shoes, and electronics (3C – computing, communication and consumer) products.

Figure 2: Most popular products (business to consumer)



Source: iResearch, 2016.

Figure 3: Motivations of buyers (business to consumer)



Source: iResearch, 2016.

China is expected to become the largest cross-border B2C market in the world by 2020, with more than 200 million shoppers purchasing \$245 billion worth of imported goods online.

Business to consumer users are growing faster than the overall cross-border market, although the growth rate is expected to decline as the number of cross-border buyers converges with the overall number of e-commerce users. By 2018, China will potentially have approximately 74 million B2C buyers.

Figure 4: Cross-border transactions in China (¥ trillion)



Source: iiMedia Research.

The cross-border e-commerce market is expected to reach ¥7.5 trillion (\$1.13 trillion) in 2017, (this includes both B2C and B2B cross-border e-commerce).

Access to the Chinese market

By using cross-border e-commerce, in contrast to domestic e-commerce, brands can avoid the need to establish a legal or physical business presence in Mainland China preceding their e-commerce ventures. The most significant advantages are reduced import taxes and faster product compliance checks applied to certain products under China's Postal Tax Policy.

Whereas traditional (offline) channels of trade require different levels of procedures to export goods to China (such as China Inspection and Quarantine (CIQ) compliance checks and product registrations), these requirements are not mandatory for cross-border e-commerce.

According to experts' estimations, a seller exporting via the cross-border e-commerce scheme can save up to 30% in logistics and fiscal costs compared to exporting using traditional processes. Product clearance and dispatch times at the border are considerably faster. After a Chinese consumer places an order through cross-border e-commerce sites, the products go through customs clearance directly at the bonded area and are released faster for last mile delivery. Consumers will normally receive their goods within two to three days from the order date.

To conclude, cross-border e-commerce gives foreign companies a new way to access the Chinese online consumer market directly, faster and in a cost-effective manner.

RULES AND COMPLIANCE

The shifting sand of rules and practices

With more than 1.4 billion people, the Chinese market is an enormous market opportunity. However, it does not necessarily follow that a foreign seller will succeed even if only a small percentage of the population could be reached.

To achieve success, a company has to be very flexible and must keep updated with e-commerce regulations and trends, as they are constantly changing. Opening an online store takes time and financial investment, and requires understanding of and conformity with many procedures. It also requires that a foreign company adapt its strategy to the local habits of the Chinese market.

Overall, in Asia, doing business does not fully rely on a purely corporate and legalistic basis. People and companies rely to a much greater degree on “human connections” (referred to as *guanxi* in Chinese) in conducting business. Networking is, therefore, very important to facilitate entry to the market. Because the rules are not well defined or well understood, a foreign business will often have the feeling that it is operating in a so-called grey area.

A positive factor for success is a foreign company assisted by native Chinese partners to help close deals, and understand the local culture and complexities of the market. The Chinese partner can also compensate for the compliance barrier of certain marketplaces. For example, the local marketplace Taobao.com and social media WeChat (see chapter 4 for more details) require having the national identification card of a Chinese citizen.

In such situations, a foreign company has three options (e.g. to open a Taobao store):

- Hire a Chinese employee;
- Hire a Chinese intern;
- Use a third-party service provider.

In all cases, the responsibility is shared with the partner whose name and identification information is used. At the same time, the foreign company will be fully responsible for the operations and remain the owner and the responsible party for the trade, payment and products.

Product requirements

After being in contact with marketplaces or others online distributors, a seller will need to prepare its products and company to sell in China.

Before reaching the Chinese customs and inspection authorities, exporters to China need to prepare and present the usual export documentation, which should include at least the following:

- Certificates of origin
- Customs declarations
- Sales contracts
- Bills of lading
- Commercial invoices
- Packing lists

In addition to the traditional export and import documents, different types of certifications or permits may be needed depending on the product type. Import permits and certifications are usually delivered by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ).

Certain products, such as food or animal products, need to be inspected before customs authorities can do the import clearance. The authority in charge of this type of inspection is also the AQSIQ. This authority is in charge of national import and export commodity inspection and has offices or representations in municipalities and port provinces. The AQSIQ also relies on networks of distribution centres and affiliated China Inspection and Quarantine (CIQ) centres. In many cases of food products, an import licence must be applied for and obtained before importing products to China.

Some of these import authorizations and certificates are:

- **China Compulsory Certification (CCC)** is a standardization certification similar to the European CE certificate. It usually applies to electronic and electric devices.
- **China Energy Label (CEL)** is an energy consumption label and certification that is compulsory for electronic products.
- **China Food and Drug Administration (CFDA)** is a certification for medical devices.
- **China Inspection and Quarantine (CIQ)** can provide a declaration in order to attest that a given product does not require any CCC document and, therefore, the item can be released for customs clearance.

More information can be found on [the AQSIQ authority's official website](#)² and additional guidance can be obtained from freight forwarders or import and certifications agents such as [China Certification](#).³

Intellectual property

Similar to building a house, the foundations need to be in place. It is very important to have the right protection for a company and a brand as well as any specific design aspects of what is offered. This intellectual property measure is a key market preparation step before a company takes any physical product into China.

Intellectual property concerns three overlapping areas between trademark, design and copyright protection. They are collectively known as trademark protection. The main factors to consider are as follows:

- A trademark could be a word or a graphic, such as a logo. In some cases, there is only a graphic mark with no word; an example would be the Nike Swoosh. Either the word or the word and the graphic can be registered.
- The product's design, shape or patterns may also be important as part of the branding and can be registered. That is the case with the Toblerone and KitKat brands.
- Graphics and, in some cases, shapes can be registered as trademarks with or without a word (e.g. the Nike Swoosh).

Such possibilities of protection give rise to a set of choices for sellers that can appear complex and confusing. Namely, for what to register, and whether to register as a trademark or a graphic or both, it is better to work with a trademark attorney who can coordinate with their attorneys in China.

² <http://english.aqsiq.gov.cn/>.

³ <https://www.china-certification.com/>.

There are no countries where trademark registration is legally compulsory before trading. However, retail partners and marketplaces in China usually want to see the mark registered before concluding commercial terms.

Word marks should be registered as trademarks, and, where budget is limited, any logo or variation can be submitted as part of the application. If the logo graphic is important in itself, and where funds are available, separate registration of both the word and the graphic may be best.

The main advantage of trademark registration is that the seller keeps the rights alive indefinitely. Trademark registration rights are limited to the classes covered. Therefore, careful attention needs to be paid to which product classes are chosen in the application.

Sellers are advised to secure trademark registration as a minimum. Trademarks last for 10 years before requiring renewal and can be registered for as little as \$250. Trademark attorney fees need to be added to this cost. The trademark would be secured internationally provided filings are made in other markets before the end of the six months, for which additional fees may be due. The danger of delaying registration, whether as a trademark or a graphic, is the difficulty stopping copying or registration by someone else, which could result in a loss of ability to trade or at least the loss of the ability to use the trademark.

There is an additional level of registration that is possible, called “design” registration, where the shape, design or pattern of the product is integral to the trademark. Design application costs \$800, but annual fees are payable, and, in most cases, designs need to be renewed every 3–5 years. As a guide, a figure of \$1,400 per country should be budgeted to register the design in each country selected. Local attorneys will usually be required for handling national applications. In China, national trademark application requires the use of a China-registered attorney.

Trademarks

A trademark, or at least proof of a trademark, application is often required by online marketplaces in China. Tmall and JD require a trademark before accepting a new brand or product. Customs authorities may also inquire about trademark documentation during the import and clearance process.

Besides being required by different stakeholders in a China market access project, trademarks are also important to protect one brand and to build trust with Chinese consumers. A trademark is, therefore, an almost inevitable requirement before thinking of the Chinese market.

Local registration and international extension: In addition to national registration in China, it is also possible to use a local filing in the enterprise’s country and use the Madrid Protocol (international trademark system) application, which is done directly via the World Intellectual Property Organization (WIPO). Registration can be cheaper, as a local attorney is not required. It is also possible to cover several classes in one application, whereas national applications are a single class (see <http://www.wipo.int/madrid/en/>).

Search existing and similar marks in China: [The Trademark Office of the State Administration For Industry and Commerce of the People’s Republic of China website](#)⁴ (English version) can be used for research. Within the links section is a useful free search tool for trademark searching. Please note that the search function does not always work smoothly.

China national trademark registration: Consider registering a Chinese name translation or transliteration of the mark, as most consumers will not read or recognize an English or Latin brand name and will give it a nickname that may not be desirable.

⁴ <http://www.saic.gov.cn/english/Links/>.

Trademark classes: Classes are specific fields or categories in which a mark can be registered. Be aware of classification nuances. China operates an unusual and not entirely logical set of sub-classes, so it is important to ensure that the correct ones are registered.

Registration costs: National China registration fees are applicable for each classification. The costs increase if a brand needs to be protected in multiple classes.

Trademark non-use ruling: Non-use of a trademark period in China is only three years, compared to five years in most other countries. Such a rule can be useful when faced with an unauthorized registration. These are seldom used and are what is called “trademark squatting”. They may already be a couple of years old if the opportunist could see the brand outside China.

Hong Kong coverage: Registration in China does not cover Hong Kong, which requires registration separately. Hong Kong is not a member of the Madrid Protocol, so must be covered with a local filing and government fees start at \$290 for one product class.

Copyright option: China is one of the very few countries where copyright (which could include the shapes of products, designs on packaging and so forth) can be registered and doing so provides additional benefits against copying.

Trademark enforcement: Once a trademark is registered, the holder of the mark can apply to the local enforcement and customs offices, which will help police the mark in well-known counterfeit markets and at the borders. A policing service is possible in the UNITED KINGDOM and may be possible in other countries such as China. Here are some links to trademarks information: [China Trademark registration EU SMEs guidebook](#), [China Trademark Registration Certificate](#), [trademark fees](#) and [design patent guide](#).

Trademark registration

Sindhiya brand case study: This section offers step-by-step guidance on how to prepare for trademark registration in China. We use a real example of an application from a Bangladesh-based company called Sindhiya, which produces and distributes herbal-based cosmetic and health products. The application is prepared and followed up by a China-based intellectual property law firm.

A company can register multiple brands in multiple classes, and each brand can be registered as an English or Latin character version and as a Chinese version. A company may register its company name as a brand, but may also want to register its product names. In this case, we are registering the company name as it appears on all products and the product names are generic names.

Step 1: Fill in the company and trademark information form

Before starting a trademark application, a business needs to fill in a general information form that requires information about the following.

Trademark specimen: It is the visual representation of the trademark. It can be an image or text using a specific style unique to the brand. Here, the company needs to provide a high-definition picture of the logo or device mark.

Colours claimed: For some trademarks, a company may claim to be using a specific spectrum of colour, such as the specific red colour of the Coca-Cola brand. Unless the mark uses specific and unique colours, it is suggested to file the mark in black and white, as it may provide broader protection of the mark. Here, the applicant needs to circle “YES” to claim a colour or “NO” to apply as a black and white colour.

Applicant’s name: It should be the company name as specified in the company registration document.

Applicant’s name in Chinese: If applicable and a Chinese version of the company name has been adopted, enter the Chinese characters here. Otherwise, leave blank. The IP partner may propose a transliteration of the company name in Chinese.

Applicant's address: This should be the company's registered address, as mentioned in the certification of registration.

Applicant's address in Chinese: If the company has a China-based address, it can be included; otherwise, this field is to be left blank.

Priority claimed: Priority right can be claimed where any trademark applicant first filed a trademark application in a foreign country within the preceding six months and filed an application in China for registration of the same trademark in respect of the goods or services in the same class.

Class and designated goods and services: The classification of goods or services is based on the 'Nice Classification, 10th Edition'. The applicant may identify one or more classes he is interested in, but it is advisable to obtain the advice and selection priority of a China-based IP partner. If none of the classes make sense for the applicant, this field can be left blank, and the IP partner will study and suggest the best classes to go for.

Important: In the classes field, the applicant can also describe the type of products or services that are to be distributed with enough details as to the composition and functionalities of the product or service, so that the IP partner may select the most appropriate class or set of classes. If the company has a website, a brochure or technical documentation on its products and services, it is strongly advised to share them with the IP partner.

Step 2: Sign a power of attorney with the intellectual property partner

The image shows a standard Chinese Power of Attorney form for trademark registration. It includes fields for the applicant's name, address, and signature, and a detailed list of powers granted to the agent, such as filing, managing, and defending trademark applications.

Any Chinese national trademark application must be registered through a local IP lawyer. The IP partner, therefore, prepares and applies on behalf of the foreign applicant. The Chinese IP partner will be the first point of communication with the Chinese IP authorities. To do so, the IP partner needs to provide the proof that he has been assigned this task and duty by the foreign applicant. By filling in and signing the power of attorney, the applicant is officially appointing the IP partner and delegating to them the authority to represent the applicant in the application for the trademark. The following information needs to be filled in:

- Country of registration of the applicant company;
- Trademark name in English or Chinese transliteration;
- Select for which activities the applicant is giving power of attorney. At least the trademark registration should be checked;
- Applicant's full name followed by "on behalf of Company Name";
- Fill in applicant's official address (as in company certificate);
- Sign and date and apply company stamp if available.

Step 3: Copies of company documents

The IP law firm will need a copy of the applicant's company documents.

Certificate of incorporation: This is the document provided by the local authority in charge of company formation and registration. It can be named differently in some countries, for instance, "registration certificate" in Commonwealth countries, or "Certificat Négatif ou d'immatriculation" in West African Francophone countries. This document displays the date of the company's registration along with the basic information

about the company's registered address, the company name and trading name if different, the registration number, the fiscal identification number (in some cases) and the stamp and letterhead of the registration authority.

The IP partner needs to receive the copies in digital format in colour. A signed English copy is required if the initial documents are in another language. A self-translation from the original language to English can be presented as a word document beside or joined to the original language document.

Step 4: Review of proposed classes

The World Intellectual Property Organization (WIPO) link below leads to the 19th edition of the 'Nice Classification' for international trademarks. A given product or service may fall under more than one class and some classes may overlap. The applicant should at least be able to identify the most appropriate class in general terms and request the IP partner to advise on different or complementing classes. Once the class or classes' numbers are identified, this information can be added to the application form.

In the case of the trademark Sindhiya, Class 3 and potentially Class 5 have been identified.

Class 3: Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics and hair lotions; dentifrices.

Class 5: Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic food and substances adapted for medical or veterinary use, food for babies; dietary supplements for humans and animals; plasters, materials for dressings; material for stopping teeth and dental wax; disinfectants; preparations for destroying vermin; fungicides and herbicides.

Initial research in these classes has found no prior identical or similar marks being registered. The subject mark should, therefore, be available for application. However, this cannot be confirmed with certainty, because, due to the China Trademark Office (CTMO) database update delay, the search does not cover the application(s) filed in the latest 4–6 months.

The search is somewhat subject to IP attorneys' opinions on the trademark similarity, and it is possible that the examiners have different opinions or decisions in the examination. Despite the thoroughness of an IP attorney effort in conducting the subject searches, there may still be certain inherent limitations due to which a potential conflict may not be absolutely eliminated.

Given these circumstances, IP partners often have a policy to conduct a trademark search by two different trademark attorneys to keep the result as accurate as possible. This way, they can compare and align their opinions and former application histories and experiences to better serve the applicant.

To search for a trademark, visit the [World Intellectual Property Organization](http://www.wipo.int/classifications/nice/nclpub/en/fr/home.xhtml).⁵

Step 5: Review of transliteration options

It is important, as far as possible, to invest in the transliteration of a foreign brand into Chinese. This is to avoid the Chinese consumer market or importers choosing a wrong or detrimental transliteration, which can reduce the message carried by the brand.

To see transliteration propositions for our Sindhiya case, please refer to Annex II.

⁵ <http://www.wipo.int/classifications/nice/nclpub/en/fr/home.xhtml>.

Step 6: Trademark submission confirmation and Tmall brand approval

As the process of a trademark registration may take up to 14 months before the China IP office delivers the final certificate, the applicant is encouraged to obtain from the IP partner a proof of application submission and payment of registration fees. This information and document can then be presented to Tmall or other Chinese marketplaces to have the brand name accepted and start listing products online.

Step 7: Reception of the trademark certificate

Once the trademark application process is finalized and no objections from other parties claiming the same trademark in the same classes have been raised, the Chinese IP authorities will deliver the certificate of the trademark. Such certificate is valid for 10 years.

Import taxes and duties

On 8 April 2016, the Chinese Government introduced a new tax regime for cross-border e-commerce, facilitating fairness of trading. A whitelist of more than 1,100 commodity items has been published, mostly focussing on these product categories: clothing, food and beverages, personal electronics, shoes, hats, fashion accessories, children's toys and certain types of cosmetics.

The value of imported commodities shall be set to a limit of ¥2,000 per single transaction and limit of ¥20,000 per individual per annum. Transactions within this limit enjoy zero import tariffs, but are still levied with import value added tax (VAT), charged at 70% of the taxable amount.

Besides personal effects, there is no more tax exemption for goods with a taxable amount of less than ¥50. This means that the import will benefit from a reduced import sales tax of 11.9% (instead of 17%) if sold through cross-border e-commerce.

If a Chinese consumer orders goods over the transaction limits, the goods will be classed as 'personal effects' (for one item) or traditional trade (for multiple items > ¥2,000) and no longer subject to the preferential cross-border e-commerce tax rates.

Delivering parcels into China

The seller will need to determine the best type of shipping and delivery for each type of order.

If the buyer is willing to share his or her national ID copy, B2C and bonded warehouse methods are the most cost-effective options for both taxes and transport costs and delays. However, the B2C and bonded warehouse options require CIQ clearance.

If import certifications and buyer identity documentation are not available, the seller has only postal shipping as an option unless he or someone travels physically to China to import as "personal entry".

Depending on the shipping method used, the taxes and import requirements for a given product may change. Table 1 summarizes these differences.

Table 1: Transport modes in China

Attributes	Postal	Personal entry	B2C	Bonded warehouse
Tracking	Tracked	Tracked	Tracked	Tracked
Last mile	CN Post, EMS	Varies	Varies	Varies
Logistics cost	High costs	Cheapest	Cheapest	Lowest-cost option
Duties and VAT	15%, 30% and 60%	15%, 30% and 60%	11.9%	11.9%
De minimis	¥ 50	¥ 50	No de minimis	No de minimis
Percentage of items checked	Random inspection	Duty always paid	Duty always paid	Duty always paid
Duty at delivery	Not paid in advance; customer may reject order	Duties prepaid	Duties prepaid	Duties prepaid
Speed and reliability	Delays during busy periods (e.g. 11/11)	Delivery times more consistent	Stable shipping time	2–3 days shipping time
CIQ clearance	Not required	Not required	Required	Required
Animal testing	Not required	Not required	On specific items	On specific items
Data requirements	No data required	Personal ID info only	Personal ID and payment details	Personal ID and payment details
Suitability	High-value items (less likely to be taxed)	For duty paid in advance. More consistent. Cheaper.	Lowest tax level if tax is an issue, and can't get under the de minimis	Small stock; high volume; very fast shipping. Heavy items. Overstock risk.

Source: Avenue51 corporate brochure, 2017.

Order fulfilment

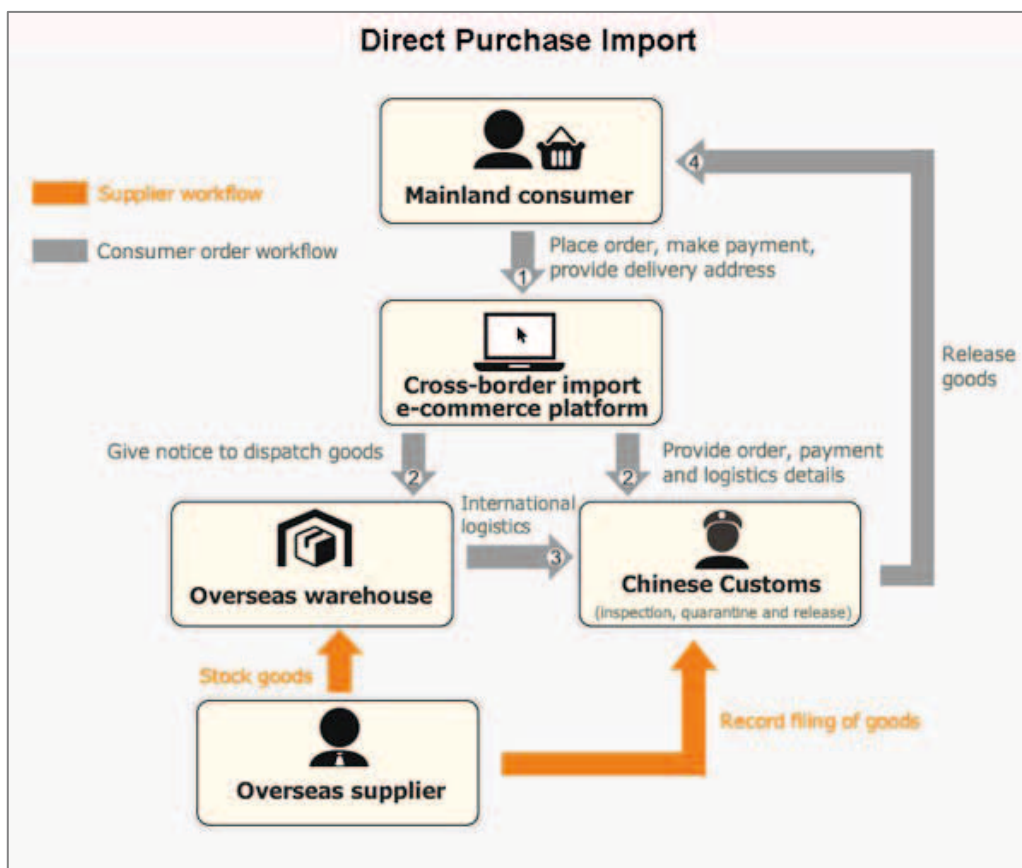
Export strategy

There are four different ways to export goods into China.

Stock held in China: This logistics solution is suitable for a mature company that can hold and control stock in China. This is the fastest way to deliver to the final customer. However, it is also the riskiest one, as it means incurring costs before selling the product. The business will need to ensure that the inventory will not remain unsold for a long period (due to storage fees and product degradation).

Hong Kong as a consolidation gateway: Hong Kong allows international companies to import and store inventory of products in its territory without applying import taxes and duties. This option allows a foreign seller to ship a given inventory or a consolidated number of orders in bulk to Hong Kong, where the palette can be separated into individual parcels already labelled for the final Chinese consumer. The individual parcels are then shipped to China via the Hongkong Post.

Figure 5: Direct import of goods



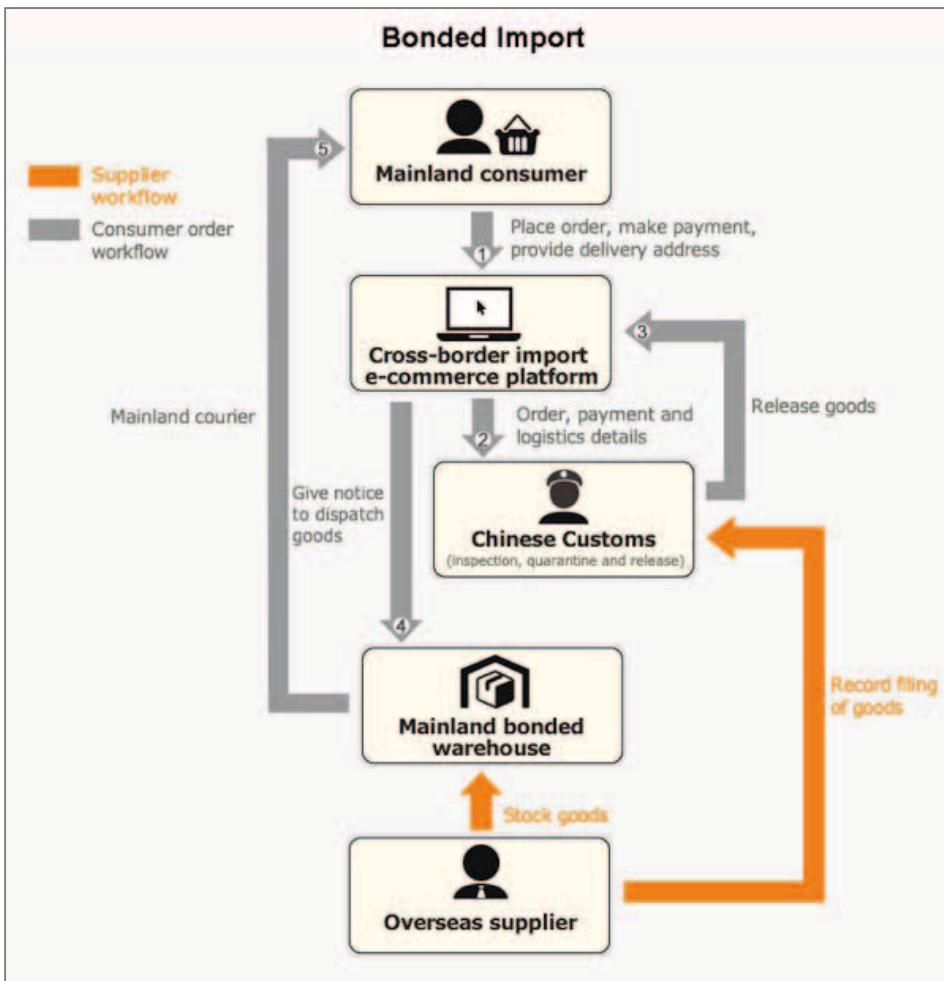
Source: <http://economists-pick-research.hktdc.com/business-news/article/Research-Articles/Mainland-Cross-border-E-Commerce-Opportunities-for-Hong-Kong-Businesses/rp/en/1/1X000000/1X0A3HYN.htm>

Step-by-step order packing and shipping

To make sure that products get to the final destination without any trouble, it is essential to get the paperwork and shipping documentation right. Courier companies such as DHL, UPS or FedEx or third party providers will handle everything and deliver to the final customer's door.

Shipping of parcels should follow a packaging preparation process. Below is an example of packing a parcel to be sent via EMS (carrier) through Hongkong Post.

Figure 6: Bonded import of goods



Source: <http://economists-pick-research.hktdc.com/business-news/article/Research-Articles/Mainland-Cross-border-E-Commerce-Opportunities-for-Hong-Kong-Businesses/rp/en/1/1X000000/1X0A3HYN.htm>

Step 1

Check the weight and size limit of the posting destination (Mainland China, Chinese Taipei or Hong Kong SAR, etc.).

Step 2

Fill in the posting form.

- A. Sender's full name, address and telephone number or fax number must be completed.
- B. Addressee's full name, address, including the country of destination, city, postal code, telephone number or fax number must be completed.
- C. Tick the appropriate box specifying the category of item.
- D. Detailed description, quantity and unit of measurement for each article (e.g. 1 electrical toy car with two pieces of AA batteries detached, or 3 pieces of cotton shirt for men).
- E. Senders of commercial items, if known, indicate the HS tariff number (which must be based on the [Harmonized Commodity Description and Coding System](#) developed by the World Customs Organization) and the country where the goods originated (including production, manufacture or assembly).
- F. The net weight of each article (in kg).
- G. The total weight of the item (in kg).
- H. The declared value of each article, indicating the currency used (the declared value must be the same as that in the invoice or it may delay customs clearance).
- I. The total value of the item, indicating the currency used.
- J. The number of certificates and invoices attached.

- K. If insurance is required for the shipments or not.
- L. Date and signature.
- M. The personal data provided in the packaging will be used by the Hongkong Post for processing the parcel. The sender and receiver information may be used for promotional and analysis research by the Hongkong Post. If such information is not to be shared, one needs to check the related box "✓".

Step 3

Fill in applicable customs declaration form.

- A. Sender's full name, address and customs reference (if any) MUST be completed.
- B. Addressee's full name and address, including the country of destination, MUST be completed.
- C. Indicate the importer's reference (if any) and tax code, VAT number and importer code (if applicable).
- D. Indicate the importer's telephone, fax and e-mail (if known).
- E. Give a detailed description of each article in the parcel.
- F. Indicate the quantity of each article and the unit of measurement used.
- G. Indicate the net weight of each article (in kg).
- H. Indicate the total weight of the item (in kg).
- I. Give the value of each article, indicating the currency used.
- J. Give the total value of the parcel, indicating the currency used.

- K. Senders of commercial items MUST indicate the HS tariff number, which must be based on the [Harmonized Commodity Description and Coding System](#) developed by the World Customs Organization.
- L. Senders of commercial items MUST indicate the country where the goods originated (including production, manufacture or assembly).
- M. Indicate the amount of postage paid for the item posted and specify any other charges, e.g. insurance.
- N. Tick the appropriate box or boxes specifying the category of item.
- O. Provide details if the contents are subject to quarantine (plant, animal or food products, etc.) or other restrictions.
- P. If the item is accompanied by a licence or a certificate, please tick the appropriate box and state the number. Seller MUST attach an invoice for all commercial items.
- Q. Not required to fill in (reserved for postal/customs administration).
- R. Write down the date and sign.

Step 4

Prepare the commercial invoice.

A commercial invoice is required if the posted item is not a document. The required number of copies of the invoice should be enclosed in an envelope and attached securely to the item sent.

COMMERCIAL INVOICE							
Date				Invoice No.			
Exporter Address City/State/ZIP Code Country Phone/Fax Contact Person				Consignee Address City/State/ZIP Code Country Phone/Fax Contact Person			
Tax ID No (EIR)	Total Gross Weight	Transportation		Tax ID No (EIR)	Terms of Sale:		
Other	Total # of Pieces	AWB/BL #		Currency			
Commodity Description	HS	Country of Manufacture	Qty	UOM	Unit Price	Total Amount	
These commodities, technologies, or softwares were exported from the United States in accordance with export administration regulations. Diversion contrary to United States law prohibited. We certify that this commercial invoice is true and correct.				Subtotal			
				Freight Cost			
				Insurance Cost			
				Total Invoice Value			
I/we hereby certify that the information on this invoice is true and correct and that the contents of this shipment are as stated above.							
Name		Signature			Date		

Each invoice should have a company letterhead (not applicable to personal items), typed in English (handwritten is not valid) and provide the following information:

- Item number and information;
- Sender's company, name, address and telephone number;
- Addressee's company, name, address and telephone number;
- Country and city of destination;
- Goods' description with true value, quantity and precise description (e.g. 1 silk scarf, and 3 bags, etc.);
- Sender's signature, date and company chop (company stamp or seal, not applicable to personal items) in blue ink;
- Terms of delivery (e.g. CFR, D/C or FOB, etc.).

Step 5

Before posting, the carrier label tracking barcode label must be affixed to the lower left corner of the item and the designated space on the address pack (post office copy) for identification purposes. The shipper can obtain this label from a carrier directly or print it through an online carrier system.



POTENTIAL PARTNERS

We have seen that cross-border marketplaces are the best way to start selling in China. However, it can be difficult to do so as a foreign seller. The following section presents a non-exhaustive list of potential partners who can assist in accessing the Chinese market.

Operational agencies: Tmall Partners

Tmall Partners (TP) help foreign firms develop business in China through local e-commerce marketplaces – including Tmall and its competitors. TPs are agencies certified by Tmall to help sellers with their marketing, logistics, IP protection, IT development and more. Tmall Global accepts foreign merchants *only* if they work with a TP. Such agencies are selected by multiple criteria, including years of experience working with cross-border e-commerce in China, bonded warehousing options and multilingual skills of staff, etc.

One of the most important reasons for collaborating with TPs is that they speak the local language. They can assist international brands with quick responses to consumers. They are experts in the local market, knowing exactly how Chinese consumers behave and what they expect. Finally, they have a rich experience working with foreign brands, being able to bridge the gap between a brand image abroad and in China.

The term TP is now a common word to talk about a third-party operations provider. Besides basic store set-up, TPs can assist with almost everything. Below is a list of the tasks TPs perform for foreign merchants:

- Analyse the product's potential, brand in China and select the relevant platforms;
- Complete negotiations and sign contracts;
- Determine compatibility and resource requirements (warehouse, stock, company and brand registration, etc.);
- Help to handle the process of trade registration if needed;
- Store application with merchant and product information;
- Alipay overseas account application;
- Store preparation and launch;
- Order fulfilment, strategic eStore planning, marketing and store operations;
- Customer service and online chat.

How TPs invoice merchants:

- A commission on sales revenues (percentage);
- Approximately \$6,500 a month for store operations: strategy, market research, store management, support with the marketplace team, daily store operations, store design and campaign pages, marketing management, customer service in Chinese and return management.

A list of Alibaba-selected TPs for Tmall can be found at <https://goo.gl/VzTTNJ>.

A list of Taobao-certified partners can be found at <https://goo.gl/JvesMh>.

A seller can contact the agencies directly and present their project. TPs will be able to give an answer about the product's potential in China and accept or reject serving the foreign business.

Logistics partners

Following is a list of selected import and export logistics services providers who have expertise in cross-border e-commerce. They will help to choose the right logistics solution and to manage local warehousing, fulfilment operations and logistics software integrations.

These logistics service providers will not necessarily have a subsidiary in the seller's origin country, but most will be able to propose a hub in the area of the Republic of Singapore or another part of South Asia.

- ChUnited Kingdomou1出口易: <http://www.chUnited Kingdomou1.com/>
- 4PX递四方: <http://www.4px.com/>
- SFC 三态: English <http://www.sendfromchina.com>, Chinese: <http://www.sfcservice.com/>
- YDF logistics 易达丰: <http://www.ydflogistics.com>
- Yanwen 燕文: <http://www.yw56.com.cn>
- Easy Storage 好易仓: <http://en.easystorage-china.com>
- Dafang大方物流 <http://www.dafanglogistics.com>

Payment solutions providers

A seller can receive payments from different payment systems such as Alipay and WeChat Pay. There are a few third-party payment solutions that can help receive the payment in a fast and easy way, in the expected currency and by bank transfer to the seller's origin country bank account. The two large international payment aggregators who can accept Alipay and WeChat payments are [Stripe.com](https://stripe.com)⁶ and [Adyen.com](https://www.adyen.com).

Based on 2017 (Q1) data, Alipay keeps leading the market with a market share of 34.71%. UnionPay is not left far behind 22.44%, while Tencent Holdings Limited (WeChat Pay) takes a market share of 15.37% (source: 易观智库 analysis).

As a foreigner seller, to receive payment, one will have to open a Chinese domestic bank account or a digital payment solution account such as Alipay and WeChat Pay.

Alipay is available for sellers from all LDC Asian countries except Nepal and Myanmar.

⁶ <https://stripe.com/global> and https://www.adyen.com/landing/fr_FR/online/global/whitepaper-china-payment-guide.

Table 2: E-commerce payment solutions in China

Payment services	Alipay	JD Pay	Tenpay (WeChat Pay)
Commission	1%	Negotiated by seller	0.6%
Currency paid to seller	USD, EUR, JPY, GBP, CAD, AUD, SGD, CHF, SEK, DKK, NOK, NZD, THB, HKD		\$, €, £
Bank account required for service to pay seller	An account in any of the currencies above	\$	¥ or \$
Settlement period	21 days	Monthly	Immediately
Settlement amount	\$5 000	Negotiated by seller	\$5 000
URL	https://global.alipay.com	http://www.jd.hk/service/joinus.html	http://global.tenpay.com

E-commerce integrators

An e-commerce integrator is a technical solution provider that does the coordination between a company's e-commerce site and back-end information. There are various integrations such as an enterprise resource planning (ERP) system or a customer relationship management (CRM) platform. The integrator also has the technology feed between the marketplace and the warehouse with the stock outside China and delivers it to the end consumer.

An integrator provider can manage, optimize and list all the product information directly by connecting the product feeds to the target marketplace. They then keep inventory in sync and product orders organized, and use in-depth analytics to sell smarter in multiple marketplaces.

Following are a few integrators that can help to manage product information and data feeds:

- Anatwine: <http://anatwine.com>
- Avenue51 (partner for Royal Mail store on Tmall): <http://www.avenue51.com>
- ChannelAdvisor: <https://www.channeladvisor.com>
- ChannelGrabber: <https://www.channelgrabber.com>
- Expandly: <http://www.expandly.com>
- Neteven (partner with Magic Panda on Tmall): <https://www.neteven.com>
- We are Pentagon: <https://wearepentagon.com/>
- PlentyMarkets: <https://www.plentymarkets.co.United Kingdom>
- Seller Express: www.sellerexpress.com
- StoreFeeder: <http://www.storefeeder.com>
- Volo: <https://www.volocommerce.com>

PREPARING PRODUCTS FOR SALE

Studying the market

Before selling in China, a seller must find out if there is a demand from Chinese consumers for the product. Even if the brand is not yet famous in the origin country or China, a product may have an interest for a specific target. How to know if there is a demand for a product or brand in China?

Research competitors and demand

A seller can check WeChat Index to get a sense of the popularity of a brand on China's largest social app. The measure does not mean much in itself, but can be interesting if compared with the main competitors.

Scan this mini-programme QR code with the personal WeChat account and write down the name of the brand and competitors.



One simple way to have a first insight into the demand of a given product in a market is to check the popularity of the keywords related to the product in online search engines. Search by keywords related to a product or brand name on the two major search engines (in Chinese): [Baidu](#) and [Sogou](#).

We will focus here on Baidu, as it is the biggest research tool (after Tmall.com for product research). Baidu has three free tools: Baidu Zhishu (Index), Baidu Keywords Planner and Baidu Analytics. These three powerful tools are not limited to search engine marketing implementation; they can also help small and medium-sized foreign companies to understand the market and target audience.

Baidu Index 百度指数 (index.baidu.com or zhishu.baidu.com) provides insight into the relative volume of searches for specific keywords on Baidu. With this tool, foreign companies could get industry insights and consumer interests, even before they enter the China market or develop a localized marketing strategy. The results can then be analysed for actionable insights: historical and forecasting search trends, users' interests and needs, and audience and industry traits.

Keyword search with the Baidu Analytics tool

Step 1

On the [Baidu Index portal](#), in the top right corner, click 注册 (Registration).



Step 2

Enter a username, Chinese phone number, password and verification code received by SMS, and then click 注册 (Registration).

The image shows the Baidu registration form. At the top left is the Baidu logo and the text '注册百度帐号' (Register Baidu Account). The form contains several input fields: '用户名' (Username) with the placeholder '请设置用户名' (Please set a username) and a note '设置后不可更改 中英文均可，最长14个英文或7个汉字' (Cannot be changed after setting, Chinese and English are acceptable, maximum 14 English characters or 7 Chinese characters); '手机号' (Mobile Number) with the placeholder '可用于登录和找回密码' (Can be used for login and password recovery); '密码' (Password) with the placeholder '请设置登录密码' (Please set a login password); and '验证码' (Verification Code) with the placeholder '请输入验证码' (Please enter the verification code) and a button '获取短信验证码' (Get SMS verification code). Below the input fields is a checkbox labeled '阅读并接受《百度用户协议》及《百度隐私权保护声明》' (Read and accept the Baidu User Agreement and Baidu Privacy Policy Statement). At the bottom of the form is a large blue button labeled '注册' (Register), which is highlighted with a red box.

Step 3

Once a business has a Baidu Index account, it can start using the tool click on 趋势研究 (Historical & Forecasting Search Trend). It shows historical changes and forecasting trends for specific keywords (for example, coconut oil 椰子油 keyword research).



Step 4

Click on 需求图谱 (User Interests & Needs). This insight identifies internet users' interests related to a specific search term. It can help companies better understand users' concerns and needs and provides a clear picture of extended and related interests.

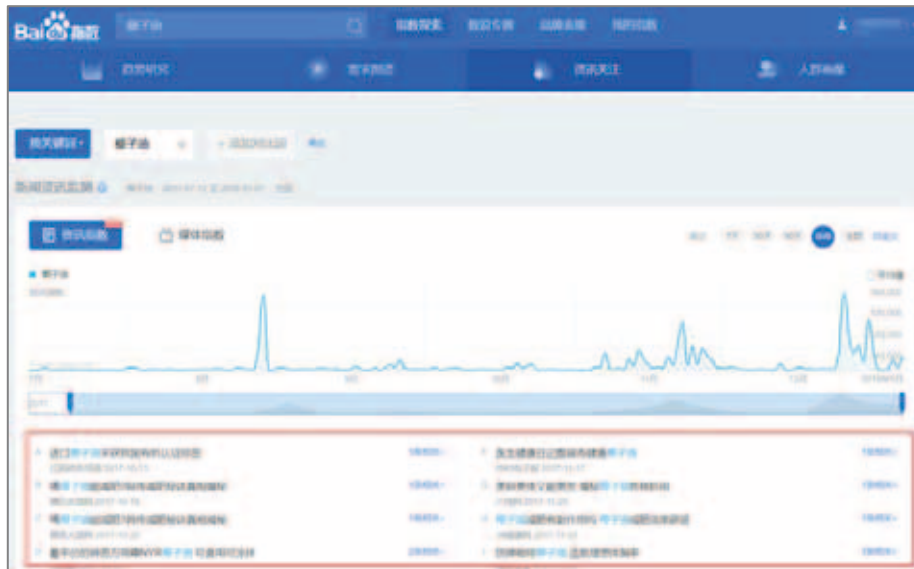
From this report, we know that “effect and using of coconut oil” is the term that consumers care about the most.



Step 5

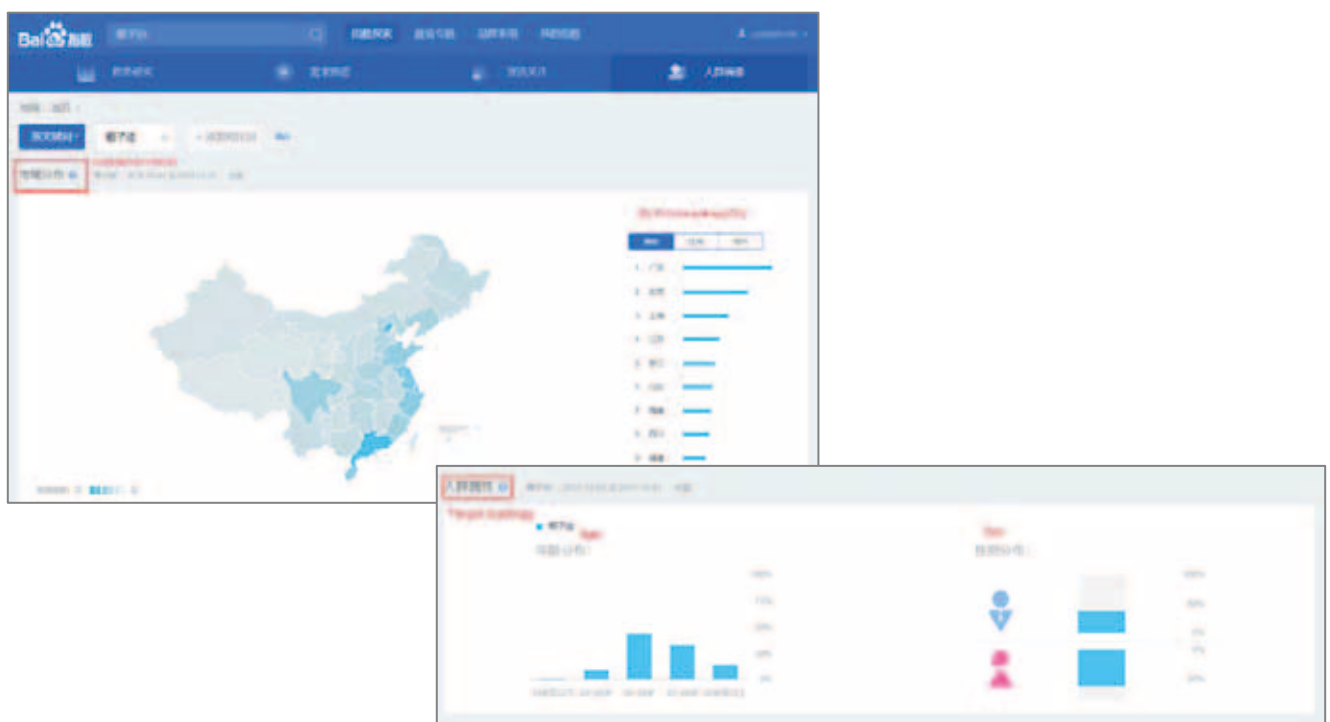
Click on 咨询关注 (Related Searches).

Similar to Google Trends, Baidu Index provides the top 15 related search queries by their search popularity and top 15 related queries by rising rate. Using the same example with coconut oil, we find that the most popular related queries are about the import certification and coconut oil's health benefits.



Step 6

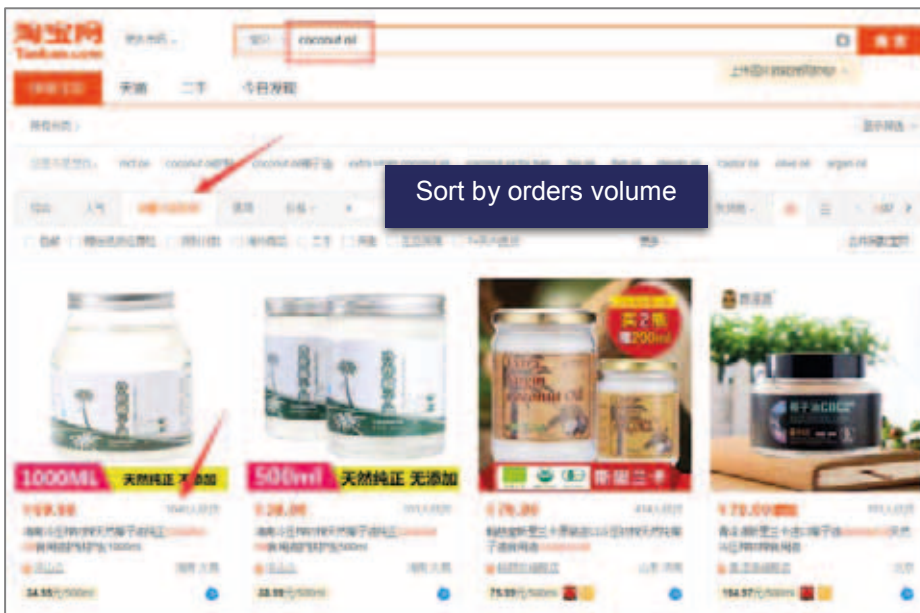
Click on 人群画像 (Audience Traits). This insight provides clear demographic data of audience, including ages and gender.



Product demand and feedback: Taobao Daigou (代购)

Daigou is the phenomenon of Chinese people living abroad and bringing back goods during their trips to China, which are then sold in B2C marketplaces like Taobao. Daigou is a very good indicator of your potential sales in China: checking the sales volume from Daigou gives a clear indication on the search volume on Taobao, and, therefore, of the success of a potential store in marketplaces.

Enter the brand or a product name (in Chinese) in [Taobao](#). Below, we will take this example: coconut oil, in Chinese 椰子油. Try both key phrases in Taobao in the navigation bar: “coconut oil” and “椰子油”.



Learn about the target customer

Go further with the research by clicking on [the coconut oil product link](#). There is a lot of very valuable information and Chinese consumers are used to reading extensive product information and content on a product page.

The product capacity is information that is pushed in front of the page: Chinese consumers are attracted by big capacity.

Promotion is the key to attract customers.

7 024 comments
2 289 total orders

1000ML 天然純正 不添加

5 669 people added the product to their wish list

1 070 products in stock. Stock capacity is a vital element.

Seller information: There are the notes given by customers on product description, service and logistics.

The left button is to enter in the seller shop.

Here is the product short description. Chinese consumers won't scroll the page if this part is not complete.

Take a look at the feedback to see how you can copy or improve your service compare to current seller.

本店

本店搜索

生产许可证编号: SC10246000500514 产品标准号: NY/T230-2006 厂名: 文昌丰年椰正准椰子加工专业

厂址: 海南省文昌市丰年镇码头村委会 厂家联系方式: 18897261988 配料表: 椰子油

储藏方法: 避光阴凉干燥 保质期: 360 食品添加剂: 无

净含量: 1000ml 包装方式: 包装 品牌: 椰椰椰香

系列: 椰子油 规格: 瓶 产地: 中国大陆

省份: 海南省 城市: 文昌市

生产日期: 2017年11月01日 至 2017年11月11日

To know the consumers' satisfaction criteria, look at the feedback they write after receiving their parcel.



Here are the notes about a few subjects, the first ones are:

- The quality is good
- The taste is good
- The packaging is good
- The smell is good
- The delivery service is good

These criteria are what Chinese people focus on when they order a product.

The first picture uploaded by one of the customer shows very important things:

- The packaging with bubble wrap protection
- The gifts offered
- The picture of the product

Make good packaging and add a gift to your parcel: your customer will appreciate your service and give good feedback.

Product and seller page content

The Chinese consumer has an appetite for information and will analyse and have an opinion about just about every aspect of the product, the selection of materials used to make that product, the packaging and how much they like it.

Product images: Chinese consumers focus on detail. The seller has to be prepared to commission and produce a minimum of 6–20 images depending on how much detail one wants to show. As a general guide, you will need 70% more images for China than other markets. Below are some example images.



Product information: Pay greater attention to the detail of each element that makes up the finished product. The quality and quantity of information and content about a product and a brand plays an important role in consumers' decision-making when it comes to selecting the seller they will buy from.

Translation content: Invest in well-written Mandarin content about the product and the brand. Translation from the origin language in Mandarin is a good way to write the story of a product, but not enough. The content should be adapted for the Chinese consumer, who has his own typical culture and background (see our example below).

Product size: For clothes and shoe products, be prepared to offer smaller size ranges for women, men and children. The climate in China varies, so ensure the product and its parts and packaging can withstand fluctuations in temperature.

Product packaging: The product should ideally be presented in a loose-fitting pouch, a bag made of a good-looking material or a box. If possible, the seller should add the certificate of authenticity and of origin in the product packaging. This will increase the engagement and enjoyment consumers feel when they open the parcel.

Box packaging: A barcode sticker must be placed on product's bag; this will help partners like the warehouse to manage the stock quantity better. A label with the brand is normally also added to the exterior of the box.

We follow with our example of coconut oil. The most important information is in red in a promotion advertisement; Chinese consumers are used to being surrounded by promotion codes and gifts, etc. At the beginning of a campaign, it is advisable to focus on promotions and discounts, and to offer gifts to the final customers.



Information about the product to **reassure the client**:

- Natural product
- No long stock to guarantee the freshness of the product
- Certified product



Focus on **the product packaging**. This is a very important element for Chinese consumers: the product packaging and the box packaging must be attractive and made with quality materials.

Tips: Chinese consumers tend to like heavy products and packaging, because they feel that it is a guarantee of quality.



Now the description of the product starts with the **“why”**.

Why is coconut oil a good product? Because it is fresh, good for health and natural.

Regarding the product description, write as many details as you can about the advantages of the product and why it is something they need in their life.



Add **high-definition pictures** to illustrate the quality of your product.

Chinese consumers tend to be unconfident about the quality of products. The product description goal is to show its origin and prove by pictures, certificate and a story that this is the most fresh and natural coconut oil they can find online.



Family is at the centre of **Chinese culture**. It is a good way to convince that this coconut oil is the best one: everyone in the family can use it (children, parents and grandparents).

Keeping informed about Chinese culture is the best way to know how to reach your final customers quicker.

Some specific categories

Try to find a way to leverage any knowledge Chinese consumers have about the origin country. This means one can begin to build trust in the product and brand based on what they know or have heard.

Jewellery

Chinese consumers feel jewellery is more exotic if it is from another part of the world. Use the heritage of jewellery making or stone cutting expertise in the origin country to emphasize the quality of artisanship, and build quality and design.

Chinese consumers view a box as superior, but it will increase shipping costs due to volumes.

Keep in mind that the Chinese consumer may use or wear the product more than in other markets. Occasional use in some markets may be daily use in China. Check the product durability.

Food and beverage

Chinese consumers want to understand where their food and drink come from. Use this as an opportunity to explain the steps ensured to achieve and maintain quality. For example, how is the base product cultivated or raised, and how is it processed?

Many sellers offer two-for-one promotions or multi-product promotions. Experiment with this and keep in mind that it may be one consumer buying the product, but they could be sharing it with some else too. This is a good way to increase trial of the product.

All agricultural-based products packaged and imported in China must possess the original labelling in Chinese to include the name of the product, the ingredients, date of manufacture and expiration date.

Additionally, the name of the manufacturer, the name and address of the distributing importer, storage dates and instructions and the country of origin must be provided on the delivery box.

Gifting and handicraft

Explain the history behind the product. It gives a sense of heritage and tradition, which are two factors that Chinese consumers appreciate.

Take the opportunity to explain how much detail goes into making the products. What may feel like information overload to a Western user will most likely not be in China.

Cosmetics

Explain the ingredients in the product, why they were chosen and what they do.

Explain the product benefit in a clear, direct and easily understood way. One can use celebrity endorsement from the origin market to reinforce how special it is.

HOW TO SELL

About cross-border marketplaces

Cross-border e-commerce gives a great opportunity to sell in China, but the firm has to be suitably prepared. Although marketplaces offer one of the best ways to enter the Chinese market, not all are accessible to foreigners. This guide introduces a variety of marketplaces.

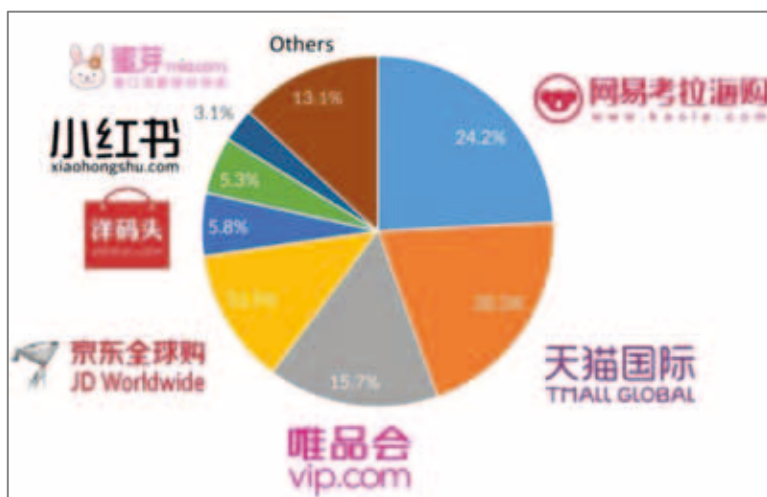
Chinese e-commerce platforms come in different shapes and sizes. From payment terms to upfront costs, logistics, product niche and additional services, each platform has a unique formula. Certain platforms appeal to customers who are more price sensitive than others are and some platforms are more selective in their product offering. Despite the significant awareness and market power of Tmall Global and JD.com, there are other e-commerce websites in China from which to choose.

To prepare to sell in China, one has to choose the platform that suits the selected products and the seller budget capacity. For example, not all foreign suppliers are suited to selling on Tmall Global and JD.com due to the high entry costs and the fierce competition found on these sites as a result of the high number of suppliers. Some e-commerce platforms also prefer to work directly with suppliers, whereas other websites require a third party to manage international logistics, customs clearance and storage, and prefer to work with trading companies and not direct suppliers.

It is also possible to work with a niche platform (or “vertical”). A few of these focus on niche categories such as mother and baby products (Mia) and fresh food (Yihaodian), which are especially well suited to small-sized suppliers and more specialized product categories.

You can refer to the table in Annex I: “Marketplaces and information” for complete comparison and application information.

Figure 7: Major cross-border e-commerce platforms



Source: iMedia Research.

Differences between marketplaces

B2C generalist marketplaces

Tmall Global 天猫国际

Launched in 2014, Tmall Global has dominated China's online retail space as one of the leaders in B2C cross-border e-commerce for imported products. Tmall Global allows international brands without physical operations in China to sell directly to Chinese consumers.

Tmall Global operates on an online mall method where suppliers must open their online store page. The marketplace provides a sub-domain for each store and links it to Alipay (Alibaba's online payment platform) and Alibaba's fulfilment network of delivery vehicles. A seller can outsource the design of their online shopfront, customer service, digital marketing and management of promotions to a third party, known as Tmall partner.

Tmall Global is a high potential e-commerce platform. However, it is also one of the most competitive platforms for suppliers to open an online store in China and its broad user base tends to be more sensitive to price than other more niche platforms. Tmall Global is, therefore, well suited for larger brands with a marketing budget to invest in stronger visibility (including home page visibility and driving traffic to their online store) and who have a lower cost of production to sell cheaply and in high volume.

For payments, Tmall supports Alipay and bankcards (Alipay being much more popular).

Tmall 天猫

Tmall is the most visited B2C online retail website in China. It is the domestic B2C marketplace version of Tmall Global. To open a store via Tmall.com, there must be a business entity located in Mainland China holding a Chinese retail business licence.

Table 3: Comparing Tmall and Tmall Global

	Tmall	Tmall Global
Website	https://www.Tmall.com/	http://www.Tmall.hk
Applying channel	Merchants can apply	Tmall Global no longer accepts any public application; merchants can only apply through invitation
Targeted merchants	Local business with a Chinese retail business licence	Overseas companies without Chinese licences
Entry requirement	1. Presence in Mainland China: three years or sufficient expenditure to gain traction in China's market	1. Presence in Mainland China: 0–2 years
	2. Operations location: Mainland China	2. Operations location: Mainland China or abroad
	3. Stock location: Mainland China	3. Stock location: Abroad

	Tmall	Tmall Global
Store type	<p>Flagship store</p> <p>To open a marketplace, the merchant must have a Class 35 trademark or “service mark” in Hong Kong for the brand. If the merchant is the owner of the service mark, they must also provide a trademark registration certificate. If the merchant is not the owner, they must provide the service mark and evidence of their exclusive authorization to operate a store on Tmall.hk/Tmall.com.</p>	
	<p>Specialty store</p> <p>To open a specialty store, the merchant must have evidence of the product source and invoices for the products purchased. The name of the shop shall not infringe the legitimate rights of others. Specialty store types may sell products of up to two categories.</p>	
	<p>Franchise store/authorized store</p> <p>To open an authorized store, the products must have a trademark registration in Hong Kong. If the merchant is not the owner of the trademark, they must also provide evidence of authorization to operate a store on the Tmall.hk platform.</p>	
Trademark	Registered in China	Registered in China
Shopping experience	–	Before confirming an order, firms sign an agreement that confirms that the product is genuine
Logistics	Tmall provides quick delivery within 72 hours	Orders are shipped directly from outside China
Warehouse	In China	Outside China
Import tax impact	Customs duties/VAT/income tax	Personal parcel tax
After sales service	Return/refund within seven days	Products will be returned to the Chinese-based warehouse, and overseas brands must provide Chinese-language customer service
Corporate bank account	Chinese bank	Home country bank account
Alipay account	<p>After signing up to Tmall or Tmall Global, the foreign company must open an Alipay account to be able to receive payment.</p> <p>Chinese consumers can pay for products through Alipay in ¥. Alipay then converts the ¥ into foreign currency and remits it to the company’s foreign bank account, which means there is no need to open a Chinese bank account. Alipay charges a service fee of between 1.8% and 3% of the transaction value. The higher the monthly transaction value is, the lower the fee.</p>	
Deposit	<p>\$7 000–\$23 000 (¥50 000–¥150 000) based on different categories.</p> <p>This one-time fee (frozen on merchant’s Alipay account) is used as collateral in the case of any damages incurred by Tmall.com or any customer, unfrozen upon termination of the Tmall.com Service Agreement.</p>	<p>\$25 000</p> <p>This one-time fee is used as collateral in the case of any damages or expenses incurred by Tmall Global or any customer as a result of merchants’ breach of the terms and conditions of the Tmall Global Merchant Service Agreement and other rules and policies of Tmall Global.</p>
Commission charge on sales	<p>0.5%–5%</p> <p>Tmall and Tmall Global charge a commission fee based on the category of the product sold. The commission fee is calculated using the product price and the logistics cost: Commission fee = Product price + Logistics fee * Applicable commission rate</p>	
Annual technical and service fee	¥30 000–¥60 000 based on different categories	\$5 000–\$10 000 based on different categories

JD Worldwide 京东全球

JD.com is China's second-leading B2C e-commerce platform and a leader in logistics and end-to-end services for international suppliers. This e-commerce marketplace has a wide range of product categories, including cosmetics, fresh food, clothing and apparel, mother and infant, home and lifestyle and much more. The fastest-selling products in growth and volume are cosmetics, fresh food and electronics.

One of JD.com's strengths is that the platform is connected with China's major social media platform, WeChat. Merchandise listed on JD.com can, therefore, be accessed within the confines of the WeChat app, and JD.com accounts for approximately 32% of e-commerce sales processed through WeChat.

JD Worldwide is the cross-border platform of JD.com and is open to brands, franchisees, retailers and traders that are legally registered outside China selling products that originate from outside China. JD Worldwide provides global shipping and warehousing solutions that ensure products from regions around the world be delivered to the doorsteps of customers in China with ease.

For payments, JD.com supports WeChat Pay, JD Pay and bank cards (WeChat Pay being the most popular option).

Important note: Success on Tmall and JD will depend on the overall marketing strategy, which may include traditional PR, programmatic advertising, influencer marketing and, of course, the choice of a good Tmall Partner.

Amazon China 亚马逊

As an American company and the only notable foreign technology company operating in China's competitive e-commerce space, Amazon.cn launched its foray into the China market after acquiring the e-commerce website Joyo.com (卓越网) in 2004.

Amazon has high exposure in China despite remaining in the shadow of Alibaba's Tmall and JD.com with less than 3% of the market share in China for online retail. The marketplace has a strong reputation in China in the area of premium and authentic imported products and is less attractive to price-sensitive customers than other e-commerce platforms such as Tmall and JD.com.

Amazon China operates primarily on two models:

Foreign suppliers can elect to import their products into China via a trading company or importer or through their entity (including logistics, warehousing and customs clearance) and sell on Amazon on a consignment basis.

The second option is Amazon's end-to-end services: logistics, warehousing, customs clearance, marketing services and after sale services on behalf of the supplier and operates on a pre-purchase basis where Amazon buys inventory outright from the supplier. To apply for this model, Amazon will ask to review sales data from the home country or from other global Amazon platforms (if applicable).

There are two ways to subscribe to Amazon.cn; one is to open a new country if you are already an Amazon seller in another country, and the second is to send a request for a first seller account.

Here is a [list of countries that will be accepted to open a seller account on Amazon](#).

B2C hypermarkets

Hypermarket platforms have a business model based on sourcing and direct buying from suppliers. This type of marketplace also provides the opportunity to sellers to open a store and sell products that are not owned by the hypermarket.

Kaola 考拉 Baby products and cosmetics

Kaola.com is the e-commerce branch of NetEase, one of the largest internet technology companies in China. Kaola is a cross-border platform selling mostly Western brands. It lets sellers showcase their products across many online forums, portals and marketing channels.

Kaola offers three business models: wholesale buying, an online marketplace or integration with a seller's own website. The main cooperation model is direct purchasing with self-operated, or operated by third-party merchants at the platform.

Yangmatou 洋码头 Cosmetics, fashion and food

Launched in 2009, Yangmatou is the first mover in China cross-border e-commerce.

Yangmatou offers a wide range of goods on the site, but it focuses primarily on the most popular categories: baby products, cosmetics, nutrition products, clothes, shoes and handbags.

Yangmatou's business model is to source and buy products from suppliers directly; the mandatory requirement for overseas buyers is to prove their overseas residency.

Yihaodian 一号店 Food and groceries

Yihaodian ("Number One Store") was founded in 2009 and is now owned by the US retail giant Walmart. Yihaodian's online hypermarket stocks most products that can be found in major Chinese supermarkets, such as fresh food, clothing, electronics, health care products, furniture, pet products, cosmetics and toys, etc. The platform is licensed to import food and beverage products directly from overseas.

With a similar logistics system to JD, Yihaodian owns seven warehouses and operates more than 200 distribution centres in 40 cities. Yihaodian allows foreign enterprises to sell tax-free and to be exempt from China's domestic product standards through cross-border e-commerce. Enterprises are often free from VAT, licences or permits, and Chinese label requirements.

B2C vertical marketplaces

Miya 蜜芽 Baby products

After launching only recently in 2015, Mia.com has quickly become the leading e-commerce platform in China for mother and infant products. The Mia.com e-commerce platform is a by-product of the Mia store that first became popular on Alibaba's Taobao.

Mia's major direct competitors in the infant and mother category of e-commerce are [Xiaomabao](#) and [Baobaoshu](#).

The pre-purchase model is better suited for international suppliers. Mia purchases products outright from the supplier and takes care of end-to-end services, including logistics, warehousing, customs clearance and marketing, etc.

Xiu 走秀 Fashion luxury

Xiu.com is a Chinese cross-border online retailer that sells mid-range to luxury products, including apparel, shoes, bags, beauty, accessories, jewellery and watches. It offers a drop-ship model for partner brands, which makes it a low-cost option for entering the Chinese market.

Xiu.com is willing to handle the marketing budget if the brand commits to them exclusively and agrees not to sell on other platforms. Brands are advised to reinvest 30% of turnover in their marketing. Without exclusivity, Xiu.com will offer a basic promotion on the site for free.

Shangpin 尚品 Fashion luxury

Shangpin is Xiu.com's competitor and one of China's leading mid- to high-end fashion and luxury online platforms, selling products from more than 1,400 brands. It offers a drop-ship model for Western brands.

Flash sales marketplaces

Vipshop 唯品会 Fashion luxury

Founded in 2008 and listed on the New York Stock Exchange (NYSE), Vip.com (Vipshop Holdings) is an e-commerce website providing short-term offers on popular branded products to female consumers in China. The short-term duration of pricing places the platform in the category of flash sales. The window for online flash sales is normally 4–5 days, but can be up to 12 days.

Vipshop has a large portfolio of brands on its website, including Calvin Klein, UGG Australia, GAP, Tommy Hilfiger and Nautica, and offers a range of popular female products in clothing, cosmetics and accessories.

Vipshop Global has an office in London and will either buy products or operate with consignment.

B2B domestic marketplaces

Alibaba's B2B e-commerce platform is 1688.com, which is one of the original two Alibaba platforms, alongside Alibaba.com. While Alibaba.com focuses on Chinese companies selling B2B globally, 1688 has traditionally served Chinese companies selling B2B domestically. However, 1688's range of imported products has begun to grow recently.

It is the top B2B e-commerce platform in China and dominates this category of e-commerce. However, in the e-commerce ecosystem, the wholesale platform represents only a small market share of total imported products – 1688 is far less prominent in the domestic China market than Alibaba's Taobao, and Tmall platforms for imported products. Furthermore, products that are to be listed on the 1688 platform must be registered in China.

For now, 1688 accepts many seller countries, including Cambodia. However, countries like Myanmar, Bangladesh, Nepal, the Lao People's Democratic Republic and Afghanistan are not yet visible on the list.

C2C marketplaces

Taobao 淘宝 is ideal for small to medium-sized businesses with little to no experience in the China market. In June 2017, Taobao had around 467 million visitors, which makes it the third most visited website in China after Baidu.com with 2.15 billion visitors and QQ.com with 866 million visitors.⁷

Sellers on Taobao enjoy traffic from three channels: Taobao, Tmall domestic and Tmall Global. As one of Alibaba's chief online e-commerce platforms, Taobao mainly focuses on the Chinese consumer to consumer (C2C) business where Chinese customers interact with each other directly.

For any enterprise looking to reach China's market and capitalize on its e-commerce infrastructure, Taobao should be an essential part of an entry strategy. Taobao is not a cross-border marketplace; therefore, all the content has to be in the Chinese language. The assistance of a Chinese native speaker is required to open the store and assist with the content and promotion activities.

Taobao was created by Alibaba in 2003 to fight off the presence of eBay in China and to have e-commerce opportunities reach even remote and rural areas of the country. It was extremely successful. Today, Taobao is the most popular e-commerce platform in China, with about 760 million products listed.

Taobao is an ideal starting place for any foreign seller looking at promoting their products in China. It is similar to eBay regarding the account opening process. A firm can create an account and a store and start quickly listing products online. Regarding upfront cost, Taobao is also one of the cheapest marketplaces to access. The downside, however, is that Taobao has a reputation for cheap copies and ferocious price competition.

Taobao store creation

To open a Taobao C2C account, one will have to create a personal profile (not a business profile, which is the case for Tmall).

To open a personal shop or store, a seller must have his or her Taobao account "verified". The verification process can be done via the linkage of a certified Alipay account (Zhifubao 支付宝: Alipay Chinese name). To get an Alipay account certified, a seller needs to input the real name information, national identification (ID) number, a phone number, the front and back photocopy of an ID card, ID expiring date, bank account details and account number. A seller also needs to upload his or her photo to their Taobao account. Unfortunately, only Chinese residents can do the above-cited procedures for now. A foreign seller must achieve the cooperation of a Chinese citizen to accomplish the account opening procedures.

Step 1: Go to Taobao World

Visit the Taobao World version of the website at this address: <https://world.taobao.com>. Select the country China (中国打击) to go back to the local website. The first pages are only in the Chinese language; the Google Chrome translation tool can automatically translate the pages and the navigation into Mandarin.



⁷ Source: SimilarWeb.

Step 2: Create a free personal account on Taobao



Navigate to the subscription page and click on 免费注册 (subscribe for free).



Accept the terms and conditions.

At this stage, the English version is available if needed. The seller needs to fill in the telephone number and continue to the next steps to finish the registration.

Next, the seller must follow the instructions and fulfil the following tasks:

- Input a mobile number and drag the slider to the right;
- Key in the verification code that is sent to the mobile via text message;
- Choose a username and password.

Congratulations – now your Taobao account is set up.

Step 3: Create a store on Taobao

Now that the personal account is opened, the seller needs to go back to the home page and click on **免费开店** (Create a seller account).

免费开店

开店条件检测

申请开店认证

选择所在地: 中国大陆 **香港/澳门** 台湾 海外

认证: 请确认您的支付宝账户, 请及时进行支付宝实名认证 - 立即认证

状态	认证名称	操作
未认证	支付宝实名认证	立即认证
未认证	店铺认证	立即认证

支付宝实名认证

通过认证, 可证明您的真实身份, 保障合法权益

立即认证

支付宝实名认证

通过认证, 可证明您的真实身份, 保障合法权益

支付宝实名认证

通过认证, 可证明您的真实身份, 保障合法权益

The Alipay account authentication confirmation can take 48 hours.

Step 4: Taobao store authentication

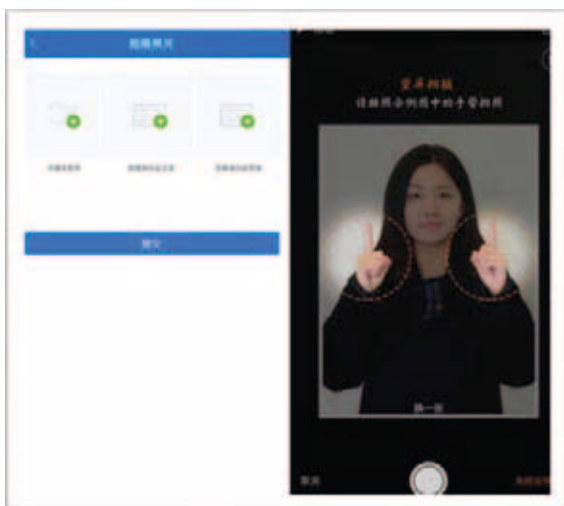
For a Taobao account authentication to happen, a seller will need to inform and upload a real individual photo and individual national ID card.

There are three ways of authentication: through the computer, through a mobile phone or via an Alipay account.



Fill in a mobile number to get the verification code, and type the code into “finish mobile verification”. If a phone number was already added to the Taobao or Alipay account, this number will be used automatically to validate the account.

Fill in real contact address (business address); a seller can use the default receiving address specified on the Taobao account.



Take photos according to the requirement.

The Taobao account authentication confirmation may take 48 hours.

After finishing all the authentication steps above, it is easy to start setting up a Taobao store. The seller needs to go back to the home page and click on **免费开店** (Create a seller account). This time, the seller will see that both the Alipay and the Taobao authentication are done (it shows two green signals). Then the user can click on the **创建店铺** (Set up a store) icon at the bottom.

To create a store, it is advisable to do so with a Chinese partner. Here is a training video to help in creating a shop: <https://v.qq.com/x/page/g0510fgjshb.html>.

App and social media

Xiao Hong Shu 小红书 Generalist

Xiao Hong Shu is not just an online shopping site; it's a hybrid of social media and e-commerce platforms. Think of it as Pinterest, but with the ability to buy and sell products. Users share photos of products they like or have bought, and other users can view these products and can click on a purchase button to buy them.

Xiao Hong Shu is a great platform for any foreign business to get started, especially for fashion or luxury apparel companies, which can entertain interactive communication with a Chinese consumer base.

Pinduoduo 拼多多 Generalist

Pinduoduo (PDD) was founded in September 2015. It is a social e-commerce platform that mainly engages in B2C-group buying activities. Through the creation of buying groups with families and friends, buyers can buy high-quality goods at relatively lower prices. The way the communication is made and shared creates a new concept of social network as well as a new way to run online sales.

All the sales are fulfilled via a Mobile app rather than via websites. The official site is only for introduction and current information about Pinduoduo. Most of the interaction is done through the app version.

Pinduoduo uses WeChat to bring Tencent Holdings' (WeChat holding company) social world and Alibaba's marketplace approach together.

Opening a shop on Pinduoduo is free. Only a returnable security deposit is required; funds are returned to the seller when he or she decides to close the shop.

WeChat store 微店 Generalist

WeChat is the number one communication channel in China. The app, owned by Tencent Company, started out as a messaging app and quickly extended its functions to include social media and services. One of the greatest values of a WeChat shop is that it gives customers simple access to products in addition to a super simple way to pay (WeChat Wallet) all included within the app.

A seller can create a WeChat shop inside the WeChat app or can also set one up via a third party platform such as Weidian (WeChat's largest).

Important note: WeChat international account registration does not allow Chinese domestic WeChat users to have access to an international account. One will have to create a Chinese WeChat account to reach local consumers (Chinese company registration needed or Chinese citizen's ID card).

Strategy to access marketplaces

The links or email addresses helpful when opening an account or submitting documents for account opening are listed in Annex I: 'Marketplaces and information'.

Opening an account

Here is some advice regarding the information to prepare:

- Company name and a copy of the company's business licence;
- Website or brand product information;
- Brand or company profile: a short description of the history;

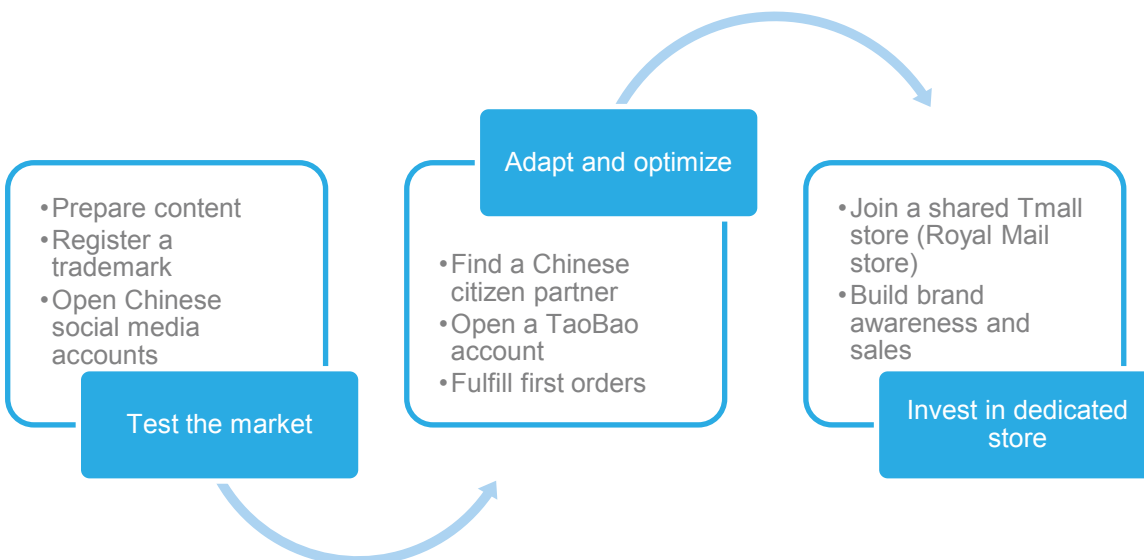
- The company website, corporate physical store location and supplier level (brand side, distributor, regional agency and provincial agency, etc.) operating product categories (men or women, etc.);
- Contact information: contact person, contact number and e-mail address;
- Important note: on the company description, the seller needs to put forward his or her own story, the brand story and the product story. If the seller is part of an international organization project or has been certified or awarded by a recognized institution, it is a great plus;
- The important point is that everything is negotiable in China. In the brand and product descriptions, one has to emphasize the intensity and duration of work put into creating the product. Chinese consumers love brand stories: a good objective is to make the decision-maker dream. The person who will read the brand story has to be convinced in a few lines that the product will be suitable for their final customers.

Aiming big and starting small

Tmall and JD.com dominate the landscape as of 2017. However, trying to go straight to the most prominent marketplaces can prove expensive and painful for small and medium-sized enterprises from developing countries. The cash flow and financial requirements involved with the opening of the account are by themselves the first barrier.

Accessing Chinese e-consumers via online marketplaces can be done in a gradual manner, where an enterprise can test the market response, understand the market access requirements, and adapt and improve its offering before scaling the investment in accessing the Chinese market. Figure 7 presents such gradual steps and offers some indicators as to when a small business can plan the next leap forward in the Chinese e-commerce ecosystem.

Figure 7: Accessing Chinese e-consumers via online marketplaces



Case study: How to join the Royal Mail Tmall store



The Royal Mail Tmall store sells British brands and products on Tmall, the largest marketplace in China. Royal Mail buys UNITED KINGDOM companies products at an agreed price in sterling, which covers logistics, duties, marketplace commission fees, translations and product listings, customer services and more.

The project is supported by the British Department for International Trade as a solution to facilitate access to Tmall and other Chinese marketplaces in a cost-effective and shared way for British brands. The programme is advertised on the following link: <https://goo.gl/6qCiqf>.

The company Avenue51 (a full-fledged integrator and certified Tmall Partner) was appointed to run the branded storefront for Royal Mail on Tmall in autumn 2014. The service was launched in spring 2016. Royal Mail storefronts now run on a number of Chinese e-marketplaces.

In summary, there are four phases: company profile phase, product profile phase, registration with the e-marketplace and on-boarding stage to the e-marketplace. The on-boarding stage has two elements: consumer-facing and back end interface with the e-marketplace.

The registration and on-boarding phases require the seller to provide a significant amount of details. Sellers should note that the level of detail required goes a lot further than is normally required for a distributor or agent.

Phase 1: Company application

Avenue 51 will profile the business using the below-listed questions. This service is fulfilled by a third party company. This is primarily to understand the size of the business, whether the seller has existing commercial interests in China and what production capacity the seller has.

1. What is your role in the company?
2. How did you hear about the Royal Mail store?
3. What is your annual business turnover?
4. What is your brand name?
5. Are you the brand owner? If NO, do you have authorization from the brand owner to sell the product on an e-commerce platform into China?
6. Does the brand have a trademark registered in the UNITED KINGDOM?
7. What products are you interested in selling on the RM storefront?

8. Are these products made in the UNITED KINGDOM? If NO, where are they made?
9. Are you currently selling into China? If YES, please provide details of volume and channels.
10. Do you have existing IP or trademark registrations in China? If YES, please provide details.
11. Do you have any issues relating to the use of your trademark in respect of the goods in China?
12. Are your goods stocked in the UNITED KINGDOM in sufficient quantity to allow 1–2 day dispatch?
13. Does your business stock more than five of each product you want to sell?
14. Have you held any discussions with Alibaba or Tmall or has your brand or products previously been rejected by the platform?

Phase 2: Product profile

Avenue 51 will ask the seller to provide specific details about the company.

This is primarily to assess the product range the seller wants to offer and whether they can deliver the product to the Avenue 51 warehouse in London in the volumes and timelines required. The details required are as follows:

- **Company profile:** Contact name, contact e-mail, contact phone number, company name and company website.
- **Legal entity:** Sole trader, partnership, Ltd Liability or PLC, and provide Companies House number
- **Sector:** Arts and entertainment, baby and toddler, business and industrial, clothing and accessories, electronics, furniture, hardware, health and beauty, home and garden, media, office supplies, software, sporting goods, toys and games, or vehicles and parts

Business description: The brand is trademark registered. The seller is the brand owner or is authorized to sell this brand.

Capacity: The seller is able to allocate 1,000 units of stock for demand and deliver. Sellers need five items of each stock keeping unit (up to five) to be stocked in the London warehouse prior to launch on the platform.

Ongoing stock management: Sellers must be able to assure collection by Royal Mail Parcelforce from their warehouse within 24 hours of receiving an order.

Phase 3: Registration

Avenue 51 applies to register the seller on the e-marketplace and manages the seller submission process. In order to complete this, companies must provide a significant level of detail before the platform will make the decision to list them. This is largely so that the e-marketplace can run a check against counterfeit and grey market goods, but also to see what level of consumer demand is depending on product, price and category information.

A summary of the details a seller must provide is as follows:

- A letter on a company letterhead that confirms the seller is the owner of the trademark or is the legally appointed entity allowed to sell the brand. This is an anti-counterfeiting measure.
- A letter signed by the company directors on a company letterhead that they agree to trade on the platform.
- A letter that provides the company's VAT and registration number where it is registered.

- The registration process is a lengthy one and, unless all the required detail is supplied in a timely manner, significant delays will occur.
- A high-resolution example of the brand logo.
- High-resolution images of five products that the seller wishes to sell on the e-marketplace. This is not necessarily the final selected group of products, but the e-marketplace will want to see what they look like.

Phase 4: On-boarding preparation to store

There are two steps to this process – preparation for the consumer-facing side and preparation of the data for the e-marketplace:

Consumer-facing side

Avenue 51 prepares product imagery and product text in Mandarin for placement on the storefront.

Avenue 51 prepares launch activity for new product on the storefront. They will also advise at this point what investment a seller could make in social media.

Avenue 51 launches the product and manages the purchase and fulfilment process.

Preparing data for the e-marketplace

Due to the extremely deep level of information that Chinese consumers require about a product and also to meet the e-marketplace's data entry and shipping requirements, sellers must prepare a specific form for each SKU.

This depends on the category. Food and beverage and fashion categories require a lot more detail than some others do. For example, not only standard international size details as expected in all export markets, but also specific detail about inside leg measurements on trousers or the strength of yarn used to sew a button onto a garment.

This will be specific to each seller and Avenue 51 will advise on best practice as well as provide the necessary forms for completion by the seller.

Costs and commissions

The cost structure is based on a set-up fee and an ongoing monthly retainer.

Set-up fee

The £2,500 set-up fee includes:

- Registration of the seller's brand on the e-marketplace;
- Upload of product images for five SKUs;
- Translation and upload of product text in Mandarin for five SKUs;
- Preparation of sales team to answer customer questions.

Retainer fee

This is £100 per month for customer service, which includes:

- Maintenance of product images and text;

- Sales team service (pre- and post-sales);
- Returns management.

Avenue 51 buys the seller's stock at a 35% discount off the UNITED KINGDOM retail price less VAT.

For planning purposes, sellers need to understand that the goods they sell to Avenue 51 are priced ex-works direct to the consumer; i.e. not wholesale, but retail.

More detail is available at <http://avenue51.com/Tmall>.

Key learning

As explained earlier, it is important that sellers understand that, if they do not invest in additional marketing outside the storefront, the site's commercial success will be limited.

Avenue 51 can advise on best practice and share the learning from their portfolio of clients.

Sellers are advised to set clear objectives. Three simple ways to do this and monitor return on investment could be:

- Seller presence, but no additional spend on Tmall marketing;
- Seller presence with additional e-marketplace marketing, but no marketing outside the e-marketplace;
- Seller presence with additional e-marketplace marketing and social media marketing outside the platform.

Results achieved

The below brands have used the storefront for a range of strategic goals. For example, to grow brand awareness, to gain data-led insights into Chinese consumer behaviour and to position the brand at the premium end of the market through linkage to the Royal Mail brand, which helps them leverage the consumer's view that products sent from abroad are better quality and can, therefore, sustain a premium price:

- Waitrose (food and beverage)
- Yoomi (baby and accessories)
- Monica Vinader (jewellery)
- Cambridge Satchel Company (fashion and accessories)
- Linwoods (food and beverage)
- Works with Water (beauty)
- Clarks (fashion and footwear)

PROMOTION AND COMMUNICATION

Chinese festivals

Achieving a product listing in a Chinese marketplace is a great first step to entering the market. However, it is not enough to raise awareness among local consumers. Chinese festivals are really important in the Chinese culture and present an opportunity to capture interest. Every marketplace organizes special promotional campaigns for a few key dates of the year.

A seller has to be aware of the Chinese festival agenda and organize campaigns to match the offering with the various themes of the festivities. For all the items that are relevant to a given event, the seller should invest more time and resources to build hampers or gift packages with an adaptation of packaging or by adding relevant special wish cards (“Happy Chinese New Year”, for instance). Festival-related campaigns are a great way to get a brand known and appreciated by consumers.

Table 4: Key Chinese festivals

	Date	Chinese festivals	Date	China marketplaces special promotion	Date	International festivals
January	–	–	–	–	1	元旦节 New Year Promotion
February	16	春节 Spring Festival (Chinese New Year)	22-8 March	京东蝴蝶节 JINGDONG Butterfly Festival Focus on women’s cosmetics	14	情人节 Valentine's Day
March	2	元宵节 Lantern Festival	3–8	苏宁易购闺蜜节 SUNNING Girlfriend Festival	8	国际妇女节 International Women's Day
			21	321 阿里大促 321 ALIBABA B2B Big Sales		
April	1	清明节 Qingming Festival	18	国美在线418周年庆 GUOMEI 418 Annual Festival	1	复活节 Easter Day
May	13	母亲节 Mother’s Day	18–22	贝贝母婴节 BEIBEI Mums and Babies Fest	1	国际劳动节 International Labor Day
June	17	父亲节 Father’s Day	6	淘宝66大促 TAOBAO 6.6 Festival	–	–
	1	儿童节 Children’s Day	18	天猫618理想生活狂欢节 TMALL Ideal Life Festival	–	
	18	端午节 Dragon Boat Festival	18	京东618品质狂欢节 JINGDONG Quality Festival	–	
July	18	七夕情人节 Chinese Valentine’s Day	–	–	–	–

August	3	男人节 Men's Day	1-16	唯品会撒娇节 Vipshop Serenade Festival	-	-
September	24	中秋节 Mid-Autumn Festival	-	-	3	美国劳动节 USA Labor Day
October	1	国庆节 China National Day	-	-	31	万圣节前夕 Halloween
November	-	-	11	天猫双十一购物狂欢节 TMALL Double Eleven Global Festival	22	感恩节 Thanksgiving
	-	-	18	阿里大促销 ALIBABA Big Sales	23	黑色星期五 Black Friday
	-	-	-	-	25	网络星期 Cyber Monday
December	-	-	12	天猫双十二购物狂欢节 SMALL Double Twelve Festival	24	平安夜 Christmas
	-	-			31	新年前夕 New Year

Double Eleven Global Festival

Of all the Chinese festivals, a focus on the Tmall festival is important, because it is the biggest online event of the year: merchants prepare all year for this day, and some make more than 80% of their annual sales on the day. The Double Eleven Global Festival (11.11) is a bigger event each year, but 2017's record far surpassed the previous ones in China and worldwide.

During these special 24 hours, e-commerce companies run promotions and discounts through the major local and cross-border platforms. The adrenaline of sales start with the pre-sales three weeks before 11 November and, until midnight of that day, consumers are rushing to validate their online shopping carts and benefit from the sales and discounts offered.

More than 140,000 brands participated in 11.11 in 2017, and millions of Chinese diaspora consumers from other countries around the world took part, making it an impressive cross-border event.

General statistics of 11.11, 2017

Statistics are based on a study of more than 20 marketplaces (Tmall, Jingdong, Sunning, Guomei, Amazon, Jumei, Vipshop, M6go, Mia Baobei, Supermall, Guojimami, Muyinzhijia, Leyou, Kaola, Alibaba, DHgate and AliExpress, etc.).

It also covered 1,854 product categories, 52,186 brands and 10,560,000 products:⁸

- The total global merchandise value (GMV) of all platforms reached more than 250 billion yuan (\$38 billion): 43.5% more than 2016.
- It took five seconds to reach 10 billion yuan sales revenue vs 52 seconds in 2016.
- The total number of parcels delivered reached 1.38 billion.
- Ninety-one per cent of purchases were made on a smartphone.
- Alipay (Chinese PayPal) recorded 256,000 payment transactions per second.
- Home appliances and mobile were the two best-seller categories: 20.2% and 8.7% respectively.
- Guangdong was the top province that had the most purchases. Shanghai was the first city before Beijing and Hangzhou.
- Alibaba (Alibaba international platform) possessed 34.6% of exports, taking the lead of all Chinese export platforms.
- T-mall and JD Worldwide marketplaces took the biggest share of B2C cross-border purchases in China (5.5% and 5.7% respectively).
- Regarding logistics, in eight hours, the customs import volume reached 5 million yuan.
- Within the first nine hours and 36 minutes, delivery of orders by Cainiao from the Alibaba Group had exceeded 467 million yuan, surpassing the volume of the whole day in 2015.
- Seventy-two-hour delivery was achieved from China to France, Spain, Netherlands, and Russian Federation.

The five major marketplaces that accounted for 90% of the total sales are:

- Tmall (66.2%)
- Jingdong (21.4%)
- Suning (4.3%)
- Vipshop (3.4%)
- Amazon (2%)

Cross-border sales statistics

Following are statistics about the top sales during the 11.11 to help understand the ecosystem of brands and products more liked by Chinese consumers:

- Top product categories for cross-border import sales are baby and maternity products, milk, cosmetics, beverage and electronics.
- Top 10 cross-border export countries: Australia, Brazil, Chinese Taipei, France, Hong Kong SAR, Japan, Russian Federation, Singapore, Spain.
- Top five cross-border import countries: Australia, Germany, Japan, Republic of Korea, United States.
- Top three marketplaces for cross-border export sales: Alibaba.com (34.5%), AliExpress.com (20.4%) and DHgate.com (17.2%). It is interesting to see that Alibaba.com and DHgate are B2B marketplaces; the export market is clearly leading by wholesale cross-border platforms.

⁸ iiMedia, Ebrun and Xingtutu data.

Figure 8: Top five brands by product categories Tmall



Source: Tmall statistics.

Offline promotion

Doing both online and offline promotion is a good way to expose a range of products to a wide audience. Offline promotion through events is another channel to increase online exposure to potential customers and show what the business is offering. Chinese consumers spend a large portion of their day promoting on social media what they have physically done during their day.

When an enterprise encourages its audience at a physical event to interact with the brand on the social network and online, it creates great digital content and exchanges online about the brand. When online users discover the online social interactions about a brand, and if they can find the link to the product page on online marketplaces like Taobao, these visitors can quickly transform into customers.

There are a number of such events, almost every week, in China. These can be exhibitions, trade fairs, conferences, ground promotion activities, business banquets and charity events, etc. A list of thematic events in China is maintained at <https://goo.gl/VW3gL2>. This can help to find the right events for the right product categories.

A few specialized consulting companies can also help to build an offline strategy and increase product visibility.

The role of social media

China has one of the largest and fastest evolving social media landscapes in the world. Consumers spend a significant amount of time on their devices. The volume of content they share and the exchange of opinions about brands and products increases exponentially.

Social media links to marketplace listings

Successful market entry is not only about channel selection for sales, but is also about channel selection for audience development. Think of social media platforms as one type of channel and key opinion leaders as another type of channel.

Key opinion leaders (KOLs) are individuals who have developed an online audience of followers in a specific field, for example, fashion, food, beauty or travel. They command significant audiences who look up to their opinions, advice and tips. Sellers use KOLs to promote their products on a paid-for basis. Chinese consumers often respond better to a third-party endorsement than direct seller communication.

The key thing to remember is that KOLs are active on multiple social media platforms. They will use different social media platforms to engage in different ways with their fan base. As a seller, one can start a presence on a social media platform, but this will need to be done in Mandarin. To understand which KOLs are the main influencers in given categories will require research and comparison of their audiences' size and interactivity.

Table 5: Chinese social media platforms

Platform	Audience (users)	Account opening requirements	What to post	Network type
WeChat	889 million	Business licence of a company in China. China-based bank account. The Chinese ID of a Mainland China citizen with a WeChat Pay account linked. The process usually takes up to two weeks. ¥ 300 verification fee.	<ol style="list-style-type: none"> 1. Stories and events 2. Products news 3. Brand-related blogs 4. User guide and how-to(s) 	Chinese Facebook
Sina Weibo	297 million	Sign up via Facebook, e-mail address or China mobile phone number. To upgrade to Weibo business certificate account: China company business licence	<ol style="list-style-type: none"> 1. Stories and events 2. Post brand-related news 3. #Hashtags of hot topics 4. Post nice photos 5. Engage and chat 	Chinese Twitter
Qzone	200 million	Facebook + China phone number	<ol style="list-style-type: none"> 1. Stories and events 2. Post brand-related news 	Instant message
RenRen	80 million	Sign up via e-mail, China mobile phone number, WeChat account or Sina Weibo account	<ol style="list-style-type: none"> 1. Stories and events 2. Product news 3. Brand-related blogs 4. User guide and how-to(s) 	On campus
Douban	45 million	Sign up via e-mail, China mobile phone number, WeChat account or Sina Weibo account	<ol style="list-style-type: none"> 1. Stories and events 2. Products news 3. Post brand-related blogs 	Content
Pengyou	5 million	Sign up via China mobile number	Daily lifestyle and images	Friends and family
51.com	8 million	Sign up via China mobile number	Daily lifestyle and images	Game
Kaixin001	55 million	Sign up via China mobile number	Daily lifestyle and images	Game

Social media tips

One has to research which social media channel best matches the consumer profile for the concerned product. This may be based on gender, age or interests.

One can find out which KOLs the competition are using and see if those KOLs can accept to promote a new brand.

A seller can also see what content consumers like best. For example, should a product be promoted through short audio-visual films or still images?

It is necessary to find out which social media platforms the e-marketplaces use for their communications and for which consumer type.

When preparing to shoot product photos, it is good to use the opportunity to make short films about the products to save money and time and to capture rich media content. It is important to realize that Baidu is China's equivalent to Google. A seller needs to have the brand and products listed in Baidu's search results.

Annex I: Marketplaces and information

	GENERALIST MARKETPLACES		
	Tmall Global	JD Worldwide	Amazon.CN
Chinese name	天猫国际	京东全球	亚马逊
Website	https://www.tmall.hk/	https://www.jd.hk/	https://www.amazon.cn/
Type	B2C	B2C, pre-purchase	B2C
Business model	Cross-border marketplace	Cross-border marketplace, hypermarket	Cross-border marketplace
Main product categories	Generalist (focus on fashion, baby, cosmetics, electronics and food)	Generalist (focus on electronics and home appliances)	Generalist
Product positioning	Premium, luxury	Premium, luxury	Economy, mid-range, premium
Seller company business location	China or abroad	China or abroad	China or abroad
Buyer location	China	China	China
Registered users	350 million	120 million	Not published
Commission	0.5%-5%	2%-10%	8%-15%
Membership fee	Annual fee: \$5,000-\$10,000	Annual fee: \$1,000	NONE
Deposit	\$25,000	\$10,000-\$15,000	NONE
Payments terms	14 days	14 days	14 hours
Logistics support	Fulfilled by seller or marketplace	Fulfilled by seller	Fulfilled by marketplace (FBA) or seller
How to apply	Submit brands via online form	Submit brands via online form or e-mail	Submit brands, products via online form
Online form, information	Tmall Global: https://goo.gl/Lp6qps	JD Worldwide: https://goo.gl/yauF52	Open Account: https://goo.gl/mtebSz
	Tmall: https://goo.gl/98oDiL	JD direct sales: https://goo.gl/K11CTy	Sellers portal: https://goo.gl/GRc9RN
E-mail	apply.tmallglobal@service.alibaba.com	worldwide@jd.com	

	HYPERMARKETS		
	Kaola	Yangmatou	Yihaodian
Chinese name	考拉	洋码头	一号店
Website	https://www.kaola.com/	http://www.yamatou.com/	http://channel.yhd.com/import.html
Type	B2C	C2C	B2C
Business model	Hypermarket, cross-border marketplace	Hypermarket, cross-border marketplace	Hypermarket, cross-border marketplace
Main product categories	Baby, cosmetics, food	Baby products, cosmetics, bags, home	Food, groceries
Product positioning	Economy, mid-range, premium, luxury	Economy, mid-range, premium	Economy, mid-range, premium
Seller company business location	China or abroad	China or abroad	China
Buyer location	China	China	China
Registered users	30 million	not available	90 million
Commission	2%-10%	Negotiable	1%-6%

	HYPERMARKETS		
	Kaola	Yangmatou	Yihaodian
Membership fee	NONE	Negotiable	Annual: \$1,500 (negotiable)
Deposit	NONE	\$1,500	\$3,300 (negotiable)
Payments terms	30 days	Negotiable	
Logistics support	Fulfilled by marketplace or seller	Fulfilled by marketplace or seller	Fulfilled by marketplace or seller
How to apply	Submit brands, products via online form	Submit brands, products via e-mail	Submit brands, products via e-mail
Online form, information	Partners portal: https://goo.gl/Gf2f6G	Seller portal: https://goo.gl/qnY3rj	Xue.yhd.com
E-mail	-	seller@ymatou.com; biz@ymatou.com	liujian3@yhd.com

	VERTICALS		
	Mia	Xiu.com	Shangpin
Chinese name	蜜芽宝贝	走秀	尚品
Website	https://www.mia.com/	http://www.xiu.com/	http://www.shangpin.com
Type	B2C	B2C	B2C or B2B (to negotiate)
Business model	Domestic marketplace, pre-purchase	Cross-border marketplace	
Main product categories	Mother and baby products	Fashion, accessories	Fashion, accessories
Product positioning	Economy, mid-range, premium	Mid-range, premium, luxury	Mid-range, premium, luxury
Seller company business location	China or abroad	China or abroad	China or abroad
Buyer location	China	China	China
Registered users		12 million	32 million
Commission		Pricing is set by agreement between Xiu and partner brands	0.0%
Membership fee		NONE	NONE
Deposit		NONE	NONE
Payments terms		30 days	30 days
Logistics support		Fulfilled by seller (to negotiate)	Fulfilled by seller
How to apply	Submit brands, products via e-mail	Submit brands, products via online form or e-mail	Submit brands, products via e-mail
Online form, information	https://goo.gl/fAuw3W	https://goo.gl/tA9bsr	https://goo.gl/U1P5p7
E-mail	bd@mia.com	business@xiu.com	zhaoshang@shangpin.com

	FLASH SALES	WHOLESALE (B2B)	C2C
	VIP.com	Alibaba.com.cn	Taobao
Chinese name	唯品会	1688 阿里巴巴	淘宝
Website	http://global.vip.com/	https://www.1688.com	https://world.taobao.com
Type	B2C	B2B	C2C
Business model	Flash sales, pre-purchase	Marketplace	Domestic marketplace
Main product categories	Fashion, accessories	Generalist	Generalist
Product positioning	Mid-range, premium, luxury	Economy, mid-range, premium	Economy, mid-range
Seller company business location	China or abroad	China	China
Buyer location	China	China	China

	FLASH SALES	WHOLESALE (B2B)	C2C
	VIP.com	Alibaba.com.cn	Taobao
Registered users	60 million	120 million	150 million
Commission	VIP pre-purchases products from suppliers and then adds on 20%-35%	NONE	NONE
Membership fee	NONE	Annual IT fee: \$4,500-\$9,000	NONE
Deposit	NONE	NONE	NONE
Payments terms	30 days	14 days	Instant with Alipay
Logistics support	Fulfilled by marketplace	Fulfilled by seller	Fulfilled by seller
How to apply	Submit brands, products via online form or e-mail	Create your store online (in Chinese)	Create your store online (in Chinese)
Online form, information	Seller portal https://goo.gl/Tvbx93 Info & support http://ir.vip.com	https://goo.gl/nNBxvv	https://helpcenter.taobao.com
E-mail	brand@vipshop.com		

APP/SOCIAL MEDIA HYPERMARKETS

	Pinduoduo	Xiaohongshu	Weidian (WeChat Store)
Chinese name	拼多多	小红书	微店
Website	https://www.pinduoduo.com/	http://www.xiaohongshu.com/	https://www.weidian.com/
Type	APP	APP	B2C
Business model	Social media, group buying	Social media, marketplace	Domestic social media
Main product categories	Generalist	Generalist	Generalist
Product positioning	Economy, mid-range, premium	Economy, mid-range, premium	Mid-range, premium, luxury
Seller company business location	China or abroad	China or abroad	China or abroad
Buyer location	China	China	China
Registered users	N/A	N/A	963 million
Commission	NONE	NONE	NONE
Membership fee	NONE	NONE	NONE
Deposit	NONE	NONE	NONE
Payments terms	N/A	N/A	Instant with Wechat pay
Logistics support	Fulfilled by marketplace or seller	Fulfilled by marketplace or seller	Fulfilled by seller
How to apply	Create your store online (in Chinese)	Create your store online (in Chinese)	Create your store online via your Wechat account
Online form, information	https://goo.gl/t5pAvc -	Registration: https://goo.gl/MjgzBQ Seller info: https://goo.gl/9PrpJK	http://apply.wechat.com/ -

Annex II: Brand transliteration for Sindhiya

Option 1: 森黛雅

Phonetics: Seng Dai Ya

The first character means "forest", the second one means "a kind of cosmetic material or colour" and the third one means "elegant". The choice of characters is considered for connecting Sindhiya with natural skincare products. The advantage of Option 1 is that the mark delivers the message of Sindhiya being natural and beautiful. Also, each character of this mark is popular for a skincare product. However, it appears that other third parties have not pursued the combination of these three characters as a trademark and it is still available for application.

Option 2: 仙婊亚

Phonetics: Xian Di Ya

The first character means "immortal", the second one means "sister" and the third one means "Asian". The choice of characters is considered for connecting Sindhiya with women and its source area. The advantage of Option 2 is that the first two characters are not commonly used for skincare products, but have a positive meaning. Also, the mark delivers the message that Sindhiya is from Asia.

Option 3: 信迪雅

Phonetics: Xin Di Ya

The first character means "trust", the second one has several meanings, such as "truth", "inherit" and "enlighten", and the third one means "elegant". The choice of characters is considered for connecting Sindhiya with a sense of beauty and optimism. The advantage of Option 3 is that all three characters are commonly used when expressing noble morals in China.

Based on discussions with the IP partner and, as far as possible, using the feedback of Chinese consumers' or contacts' feedback, the applicant may decide on the most appropriate Chinese transliteration of the brand. It is also important to identify the specific target segment that the brand is addressing; if women are the main consumers, option two may connect better to the theme of femininity.



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The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations.