

**WHAT CHINESE WANT:  
SELLING HEALTH,  
BEAUTY & LIFESTYLE  
CROSS-BORDER**

# How to enter China?

## 2020 SINGLES DAY SHOPPING FESTIVAL



- In terms of the performance of **sports brands**, Chinese domestic brands **Li Ning and Anta** performed particularly well. Their sales only behind Nike and Adidas and are expected to catch up in the future.
- In the **food category**, among the top 10 brands, **8** of them are domestic brands.

performance of Chinese brands during the 2020 Singles Day shopping festival



Company	Valuation
特斯联科技	100
便利蜂	100
百果园	100
泡泡玛特	100
极智嘉	70
完美日记	70
Perfect Diary	
科大讯飞	70
翱捷科技	70
多点	70
中关村科金	70
闪银奇异	70
启明医疗	70
喜茶	70

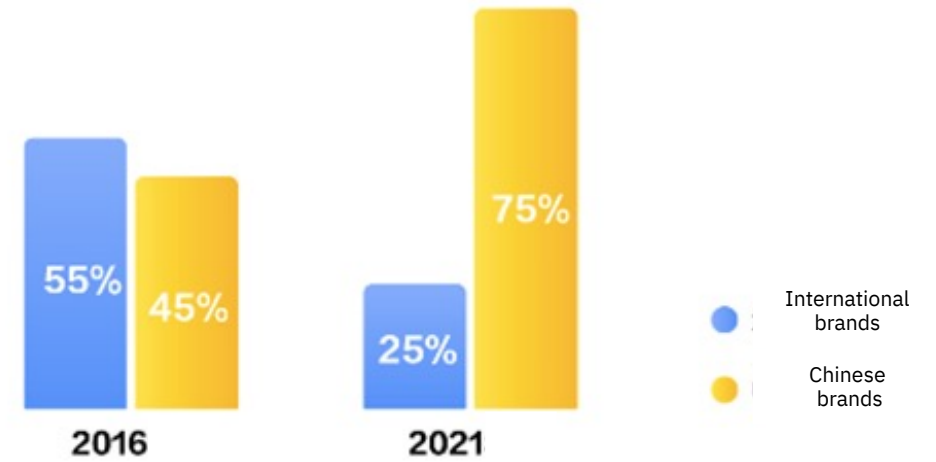
- Chinese beauty startups **Perfect Diary and Florasis** are **No. 1 and No. 2** in cosmetics sales, respectively.
- For brands, the key to success is investing heavily in well-designed digital marketing campaigns across China's many social media platforms, including Tmall's own extensive built-in social features.
- In the "Hurun Greater China Unicorn Index 2019 Third Quarter" report released by the Hurun Research Institute, Perfect Diary ranked 6th in the new unicorn list with a valuation of **7 billion yuan**.

# Changing Consumers

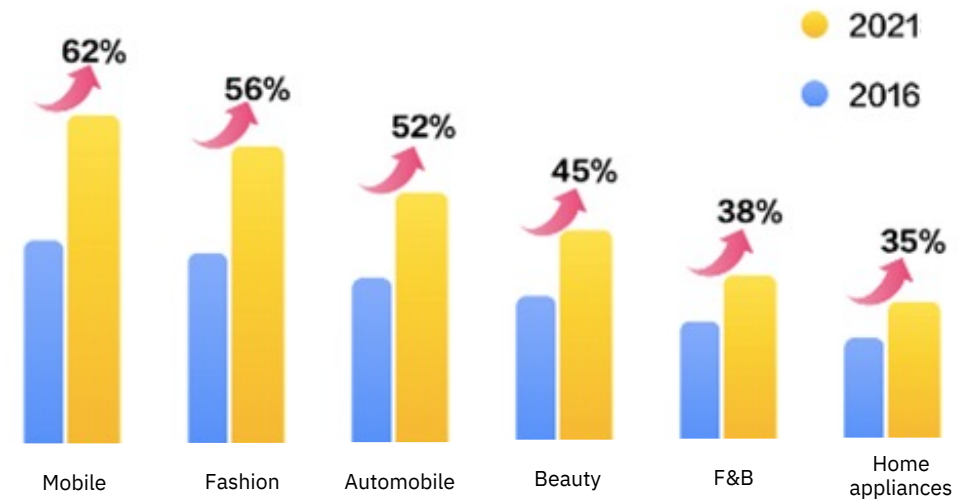


- With the passage of time, consumers' perceptions gradually differ and change. **Comfort and personal preferences** have become the primary considerations.
- In traditional consumption concepts, consumers tend to follow the buying trends of the market. Nowadays, many people are beginning to understand and buy **niche brands**.

- Recently, **Chinese Fad (Guochao)** is on the rise. Whether it is international fashion week or street shooting, the frequency and proportion of Chinese Fad (Guochao) are increasing.



\* Brand index on Tmall 2016 vs 2021



\* Chinese brands reference trend in categories

# Chinese Cross-Border eCommerce Model



## MAIN ADVANTAGES

- Preferential duty rates.
- No need for a license to operate a business in the country.
- A way for international brands to test the China market with relatively less significant investment.
- Sensibility of Chinese consumers to certain categories of foreign goods such as health supplements.

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- Tmall Double 11 US\$84.54 billion in gross merchandise volume
- Participating Chinese consumers: 900 million Chinese consumers, participating brands 290k+
- 2.32 billion delivery orders
- 350 self-driving robots were used to deliver parcels nationwide



## SOLID EXISTING INFRASTRUCTURE



- Large platforms such as Tmall Global of JD Worldwide have their own logistics networks in order to support the Brand's business.
- These warehouses are well integrated with the main online retail platform, to ensure efficient goods delivery.

## SUPPLY CHAIN OVERVIEW

Overview of the flow of goods through the cross-border model.

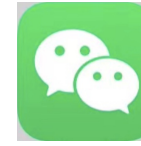


China's cross-border e-commerce imports and exports reached 1.69 trillion yuan (about 260.9 billion U.S. dollars) in 2020, up 31.1 percent year on year. Over the past five years, China's cross-border e-commerce has grown by nearly 10 times.

# SELLING CROSS-BORDER

## Social Commerce

- **Platforms:** Tmall, WeChat, Douyin, XiaoHongshu (Red)
- **Features:** Chinese platforms promote the concept of social commerce. The functions of each platform are diversified.
- For example, WeChat is not only a social platform, but also a legal opportunity for WeChat business to do business. Xiaohongshu (Red) and Douyin are the most popular platforms on which consumers can also socialize and shop. The diversity of platform functions gives consumers a better application experience, but also brings convenience to consumers.



## SELLING CROSS-BORDER Live Streaming : Health supplements

- Livestreaming is ever-popular in China, and some of the so called "Key Opinion Leaders" have turned themselves in successful celebrity streamers.
- With daily streaming sessions, hundreds of brands sponsored per year and enormous sales generated, streamers are a channel that brands must consider when approaching Chinese ecommerce, including in cross-border.



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