

Scale your business through B2B eCommerce in China

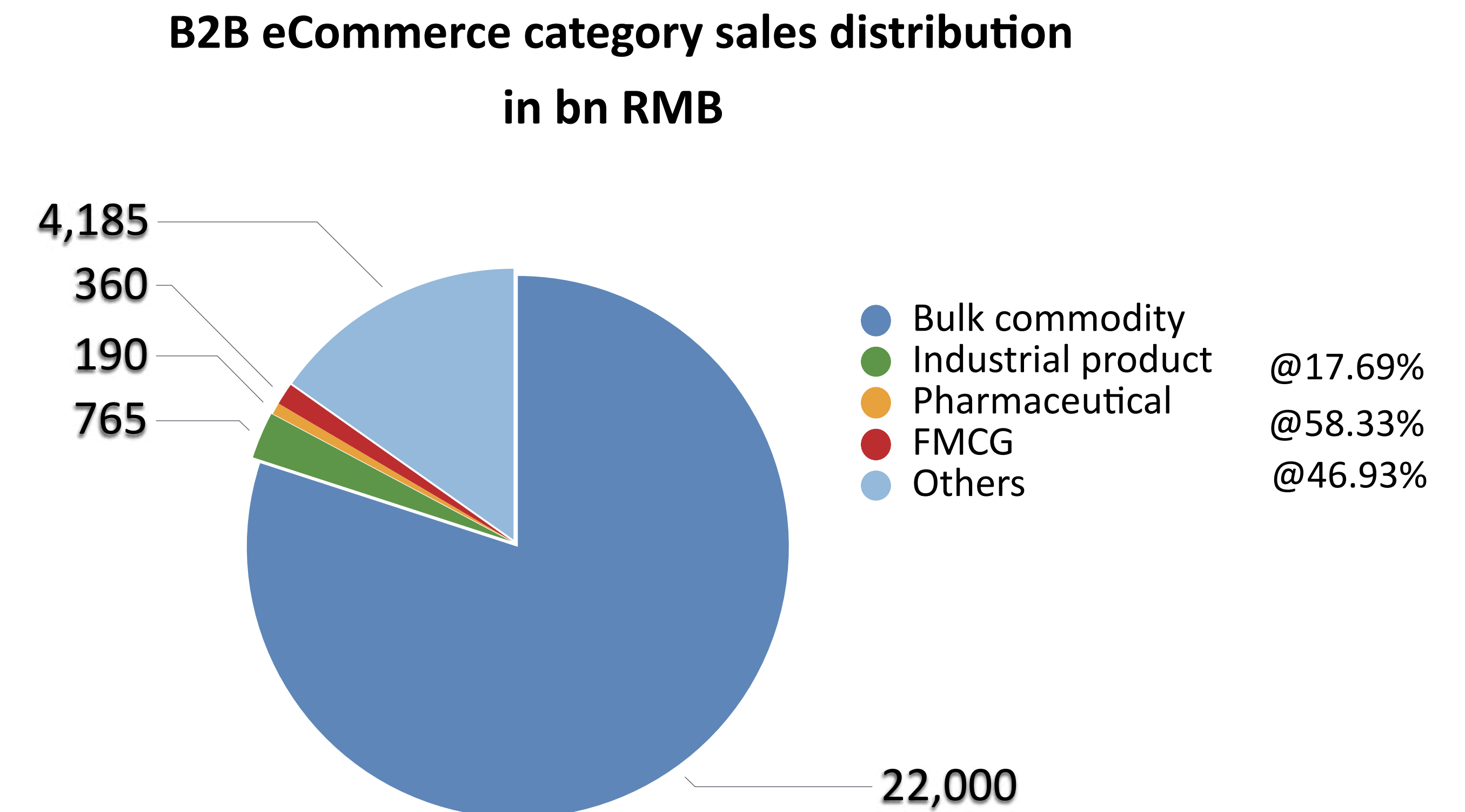
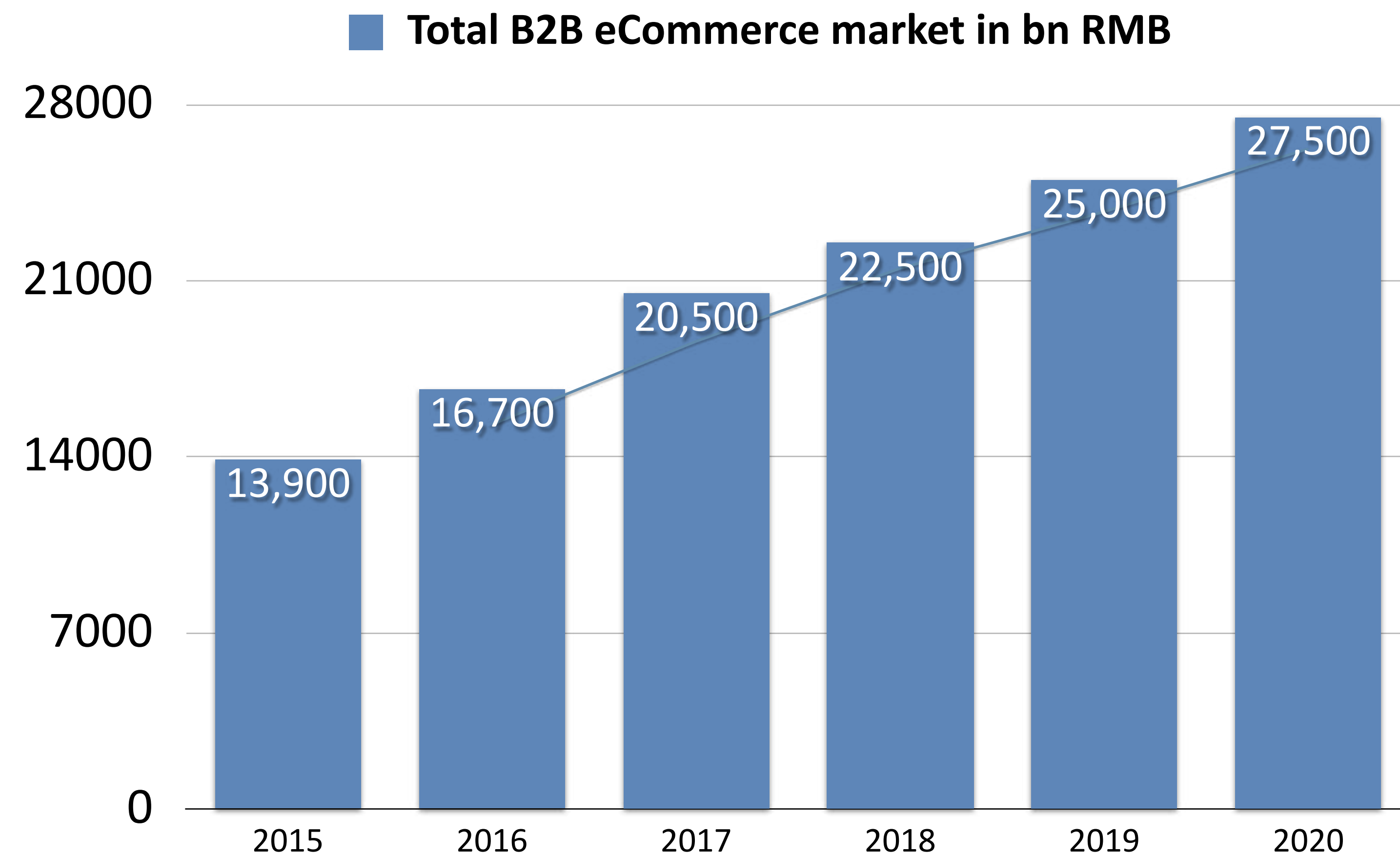
Date: Nov 24th 2021

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China B2B eCommerce Market and Landscape

China. A growing B2B eCommerce

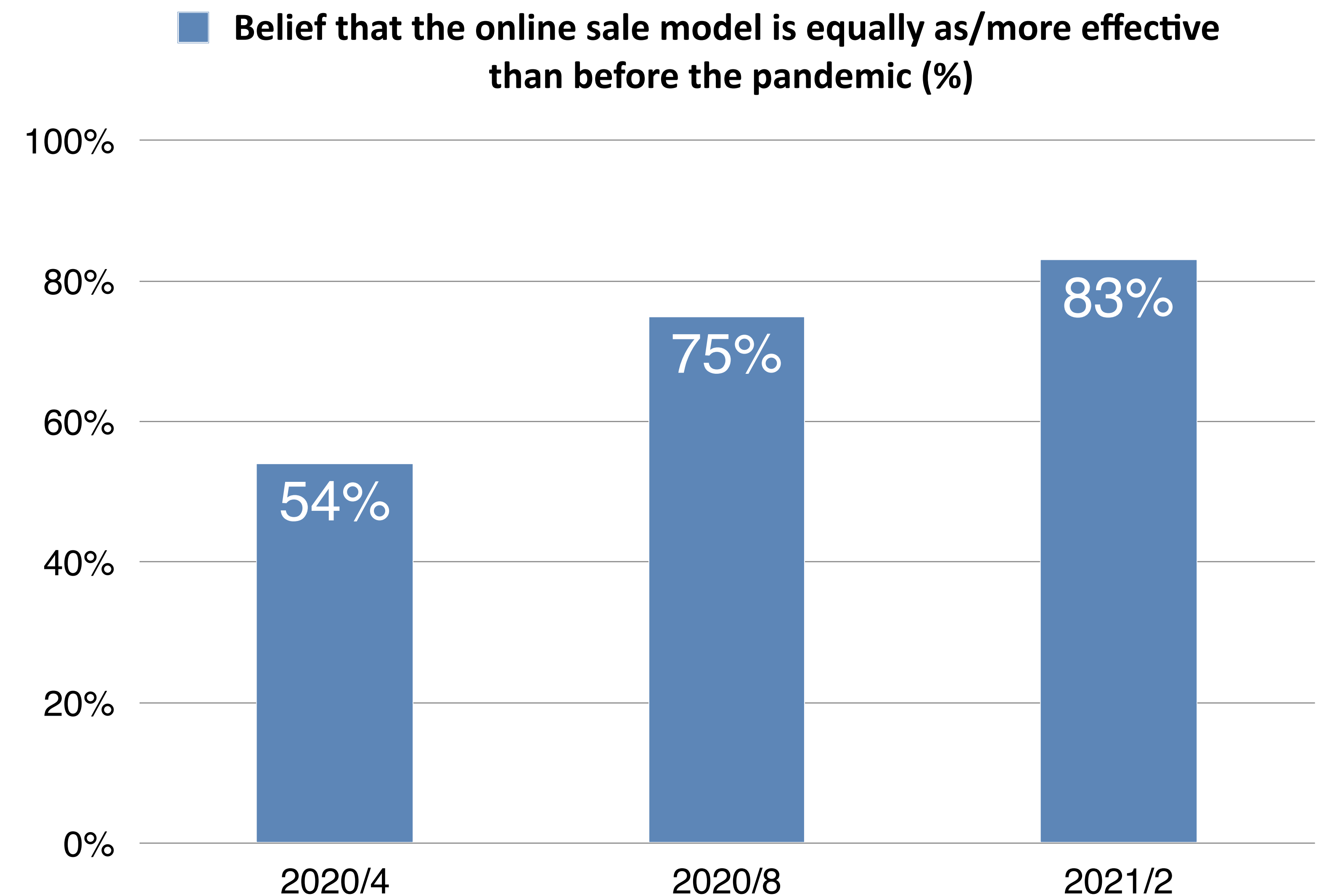
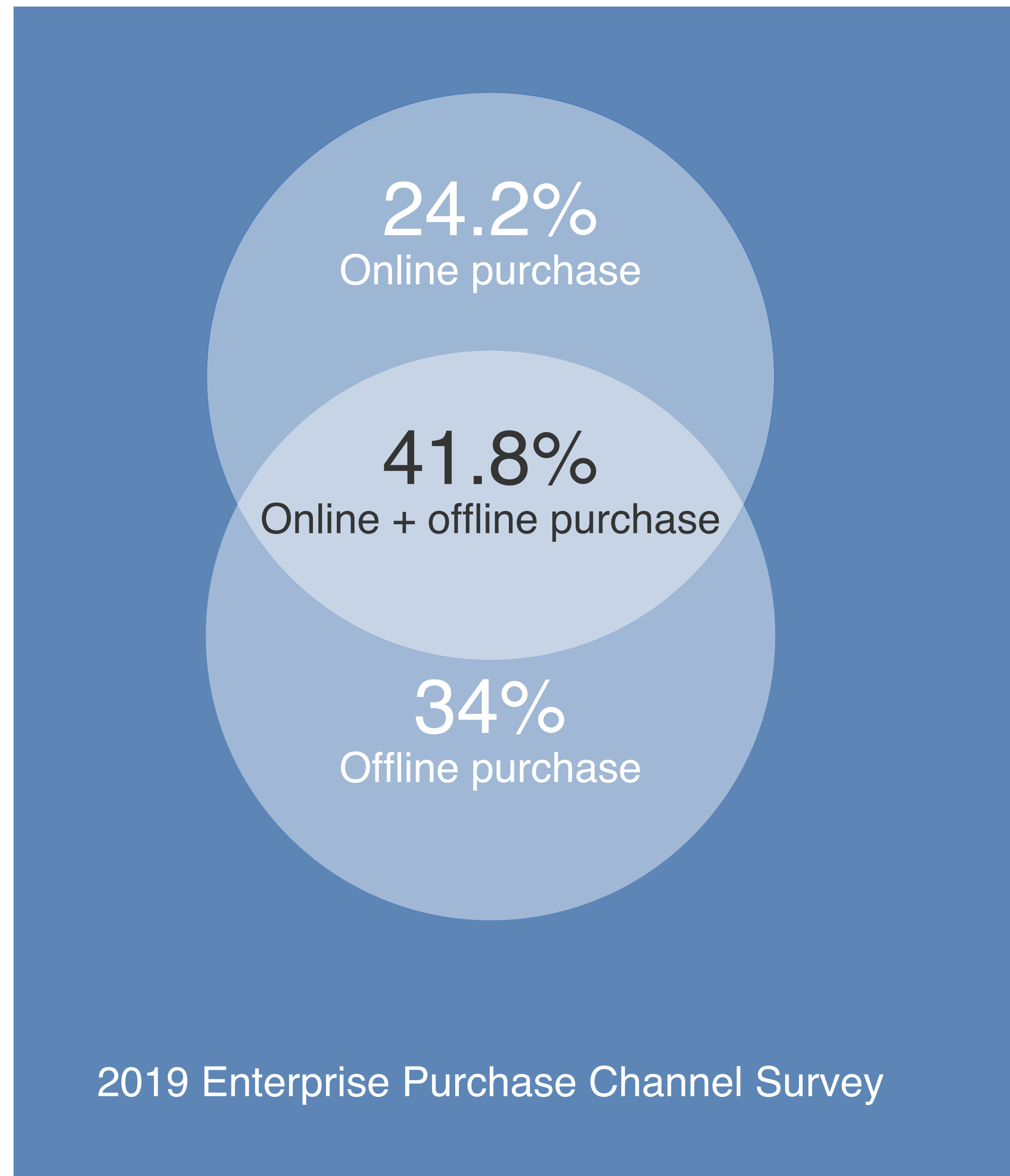


Source: 2020 China Industrial eCommerce Market Data Report by 100ec.cn

China's booming digital economy is a testament to the success of the eCommerce market. It was worth 39.2 trillion CNY in 2020¹, accounting for 38.6% of the value of the country's GDP,

According to the "2020 China Industrial eCommerce Market Data Report" released in May 2021, the value of **China's B2B eCommerce market** on the whole reached 27.5 trillion Chinese yuan (CNY) in 2020, a year-on-year increase of 10%. Among them, the value of the **Raw material (Commodity)** eCommerce market was 22 trillion CNY, accounting for 80% of the market. Additionally, the value of the **Industrial product** eCommerce market was 765 billion CNY, an increase of 17.69% year-on-year; and the value of the **Pharmaceutical** B2B eCommerce market was 190 billion CNY, an increase of 58.33% year-on-year. The market size of the online **corporate procurement market** was valued at 1,155 billion CNY, a year-on-year increase of 58.21%.

The changes in behavior and attitudes towards online purchasing in B2B



Source: Analysis of changes in B2B brand supplier attitudes on online sales models 2020.4 - 2021.2 (in China) by iiMedia Research 2020, 2

Important Key Words

Favorable policies

Rising costs

Distributor networks

Online purchasing habits for B2B

New technologies

Younger working force

Offline
services

Industry standards

High Potential Industries and Subcategories



4 Sub categories

The Compound annual growth rate of online transactions in the MRO (maintenance, repair and operations), Electrical engineering, Machinery Auto parts, and Chemical is projected to be around 40-50%

- **MRO** The penetration rate of MRO online transactions is expected to be the highest, products related security equipments and labor protection, industrial consumables, tools and meters will be the first to be driven online.
- **Electrical engineering** Growth is expected to be mainly driven by low-voltage electrical equipment, cables and other products
- **Machinery Auto parts** while products such as bearings, fastenings, valves and pumps are expected to drive growth in the mechanical parts sub industry
- **Chemical industry** will be driven by downstream products such as painting and plastics

China B2B eCommerce Channels

Branded B2B



Generic B2B



Vertical B2B



Social Commerce



H5

Mini Program

- **Integrate with Distributor Network**
- Integrate with 3rd party services
- Adapt & Iterate to new business models
- Multi-Catalog Pricing / RFQ
- Own Customer Data
- Need for creation own Private Traffic

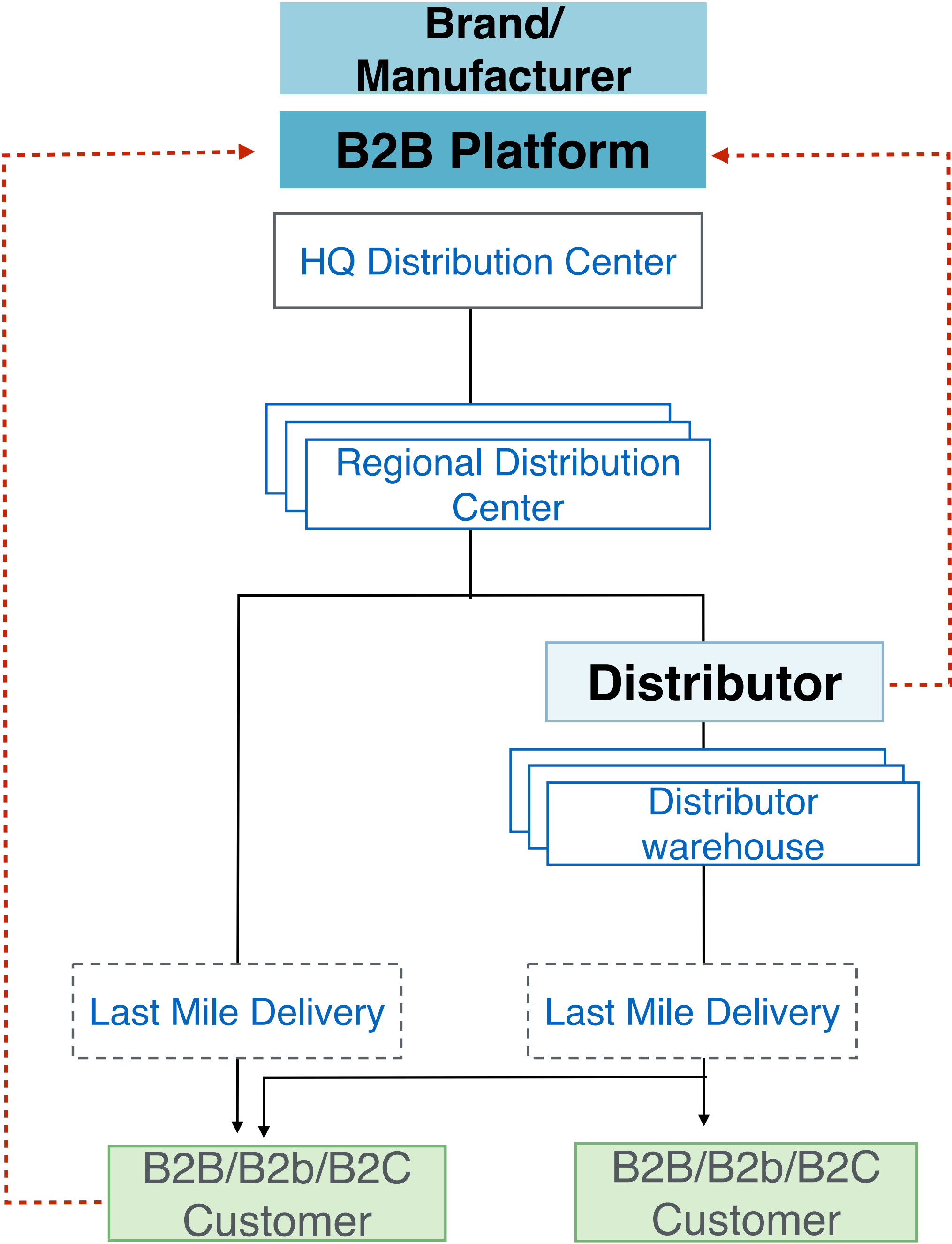
- **Large shopper base**
- High Public traffic
- Limited Multi Pricing / RFQ options
- Compete on price
- Shop / supplier model
- Middle Brand Identity
- Limited Product Catalog

- **Targeted shopper base**
- Relevant traffic
- Vertical Brand Eco system
- Higher Brand Identity
- Supplier model
- Limited Product Catalog
- Limited Multi Pricing / RFQ options

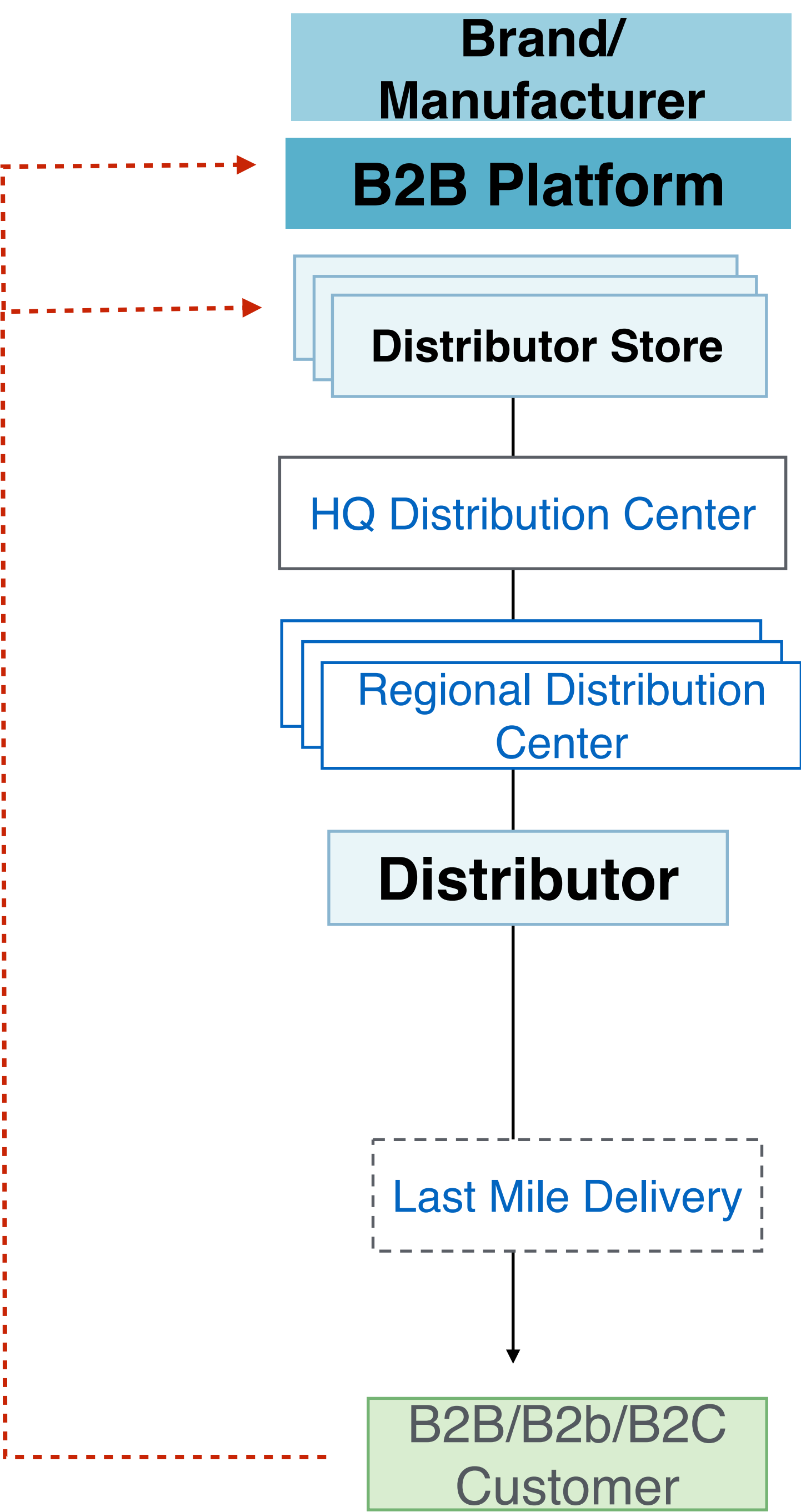
- **Connect to social ecosystem**
- Own Customer Data
- Impulsive Buying
- Excellent integration with content, video and LIVE stream methods
- 100% Mobile Commerce
- High Brand Identity

Branded B2B - integration with Distribution Channels

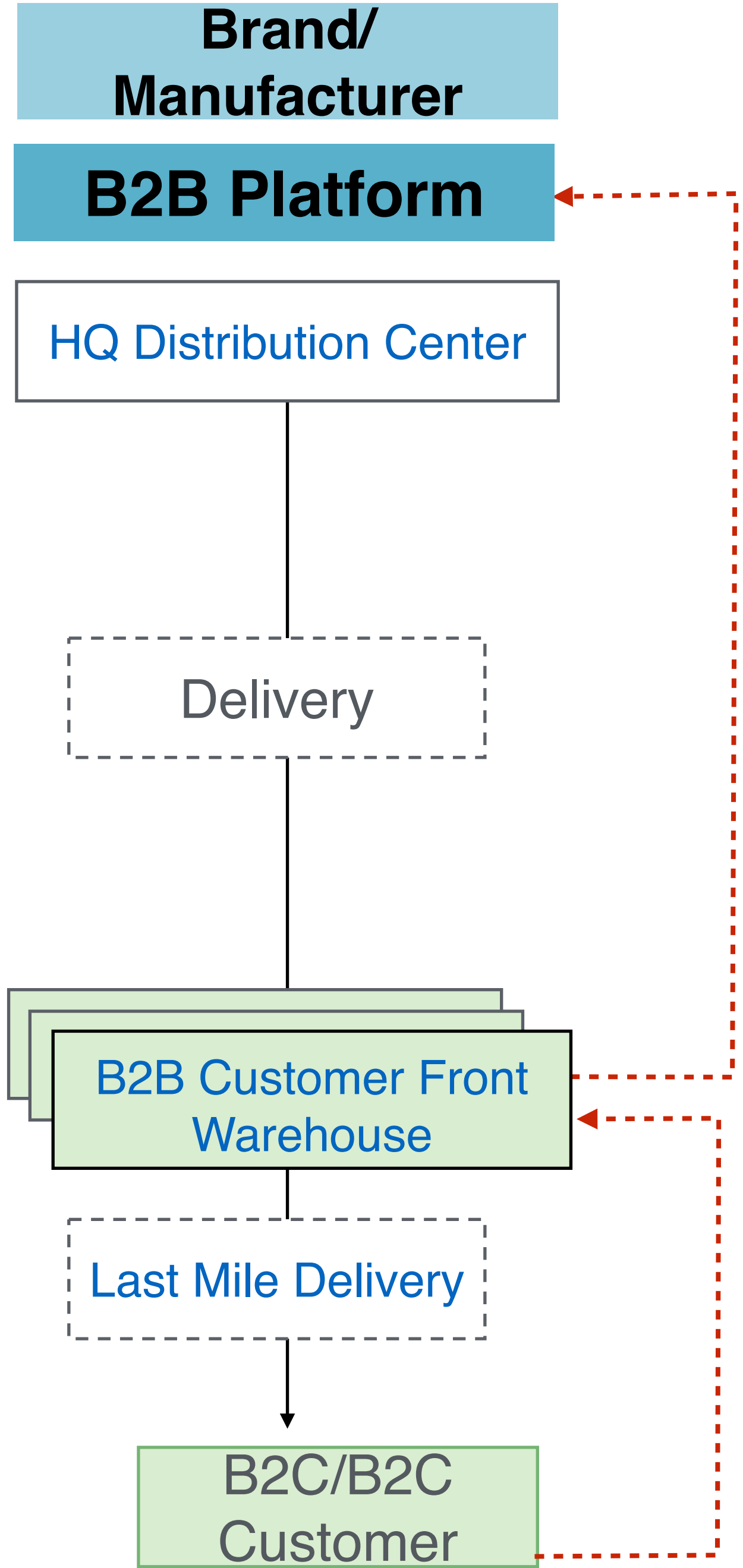
Hybrid Model



Distributor Model



New Retail Model



..... Order flow
—— Logistics flow

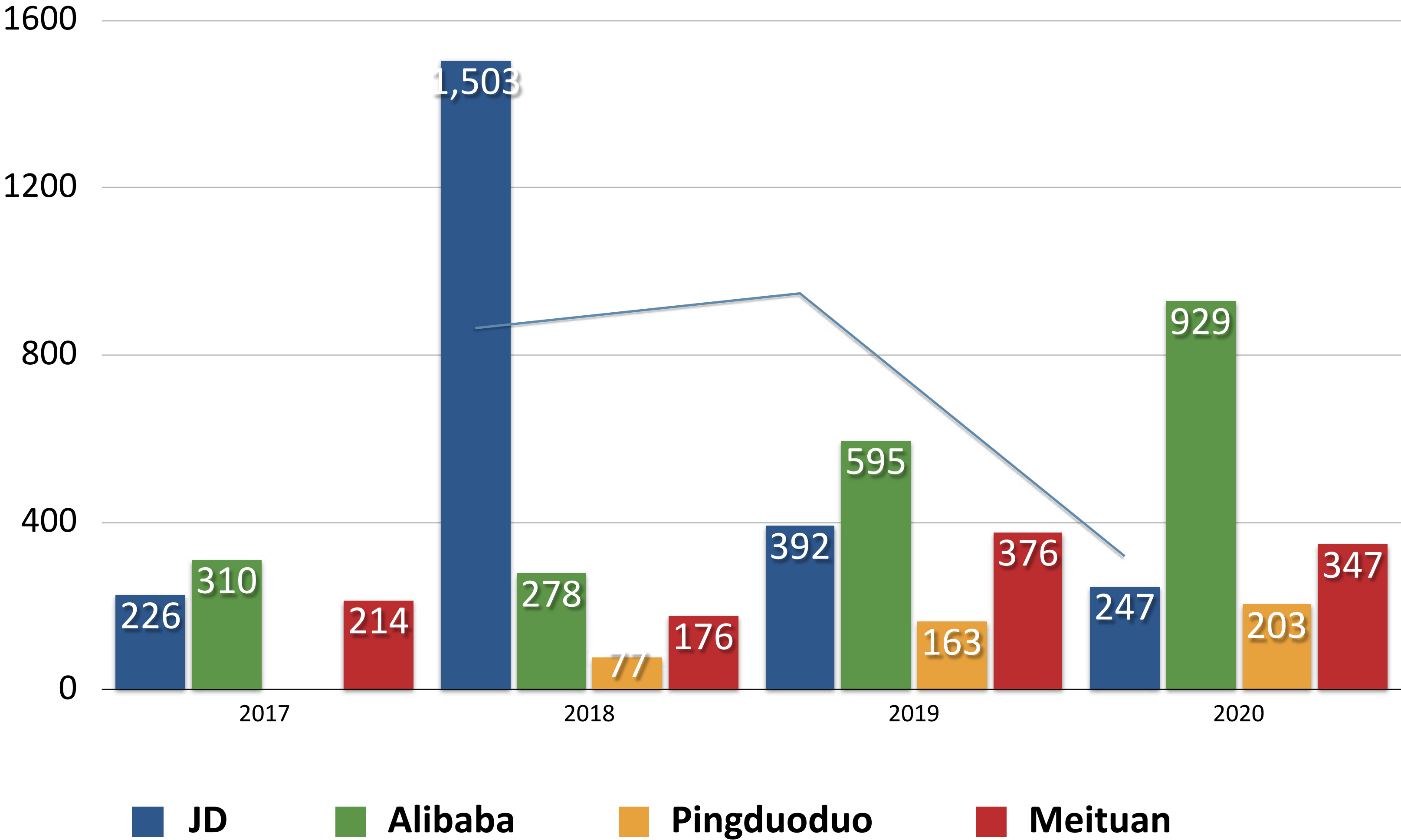
Warehousing & Logistics system

Ecosystem of B2B brand eCommerce platforms

<div>Payment</div>	Online	<div>           </div>
	Offline	Bank Transfer, Credit Limit
<div>Logistics</div>	Traditional Shipping	<div>     </div>
	Bulk Shipping	<div>       </div>
<div>Financial</div>	<div>      </div>	

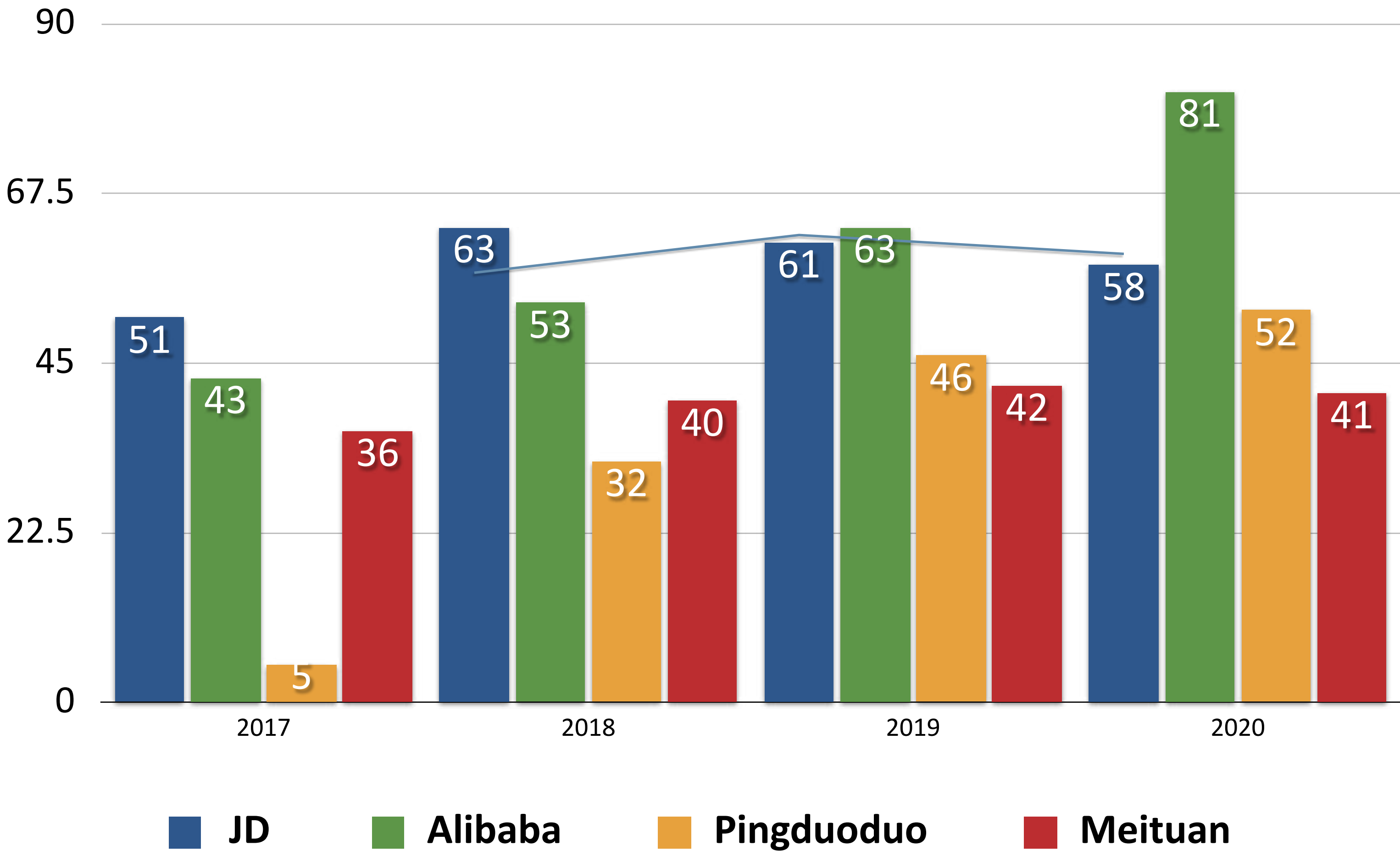
Marketplace Per user acquisition cost

User Acquisition Cost by yearly newly added active user in RMB



- * User acquisition cost = Marketing and Sales cost/ Newly added yearly active user
- * Newly added yearly active user = Number of active user in this year - Number of active user last year

User retention cost by yearly active user in RMB



- * User retention cost = Marketing and Sales cost/ yearly active user

Key Take Aways I

- Importance of Online Purchase has increased after pandemic
- Especially MRO, Electrical engineering, Machinery, Auto Parts & Chemical expected to grow by 40-50%
- 4 key approaches on eCommerce Channels
- How to integrate your distributors?
- Choose the right providers - Payment - Logistics - Finance
- Strategize your User Acquisition & Retention models

China B2B eCommerce Marketing

China Landscape | 2021

CHINA INTERNET USERS



1,440,000,000
CHINA POPULATION



939,800,000
INTERNET USERS



877,773,200 93.4%
MOBILE INTERNET USERS

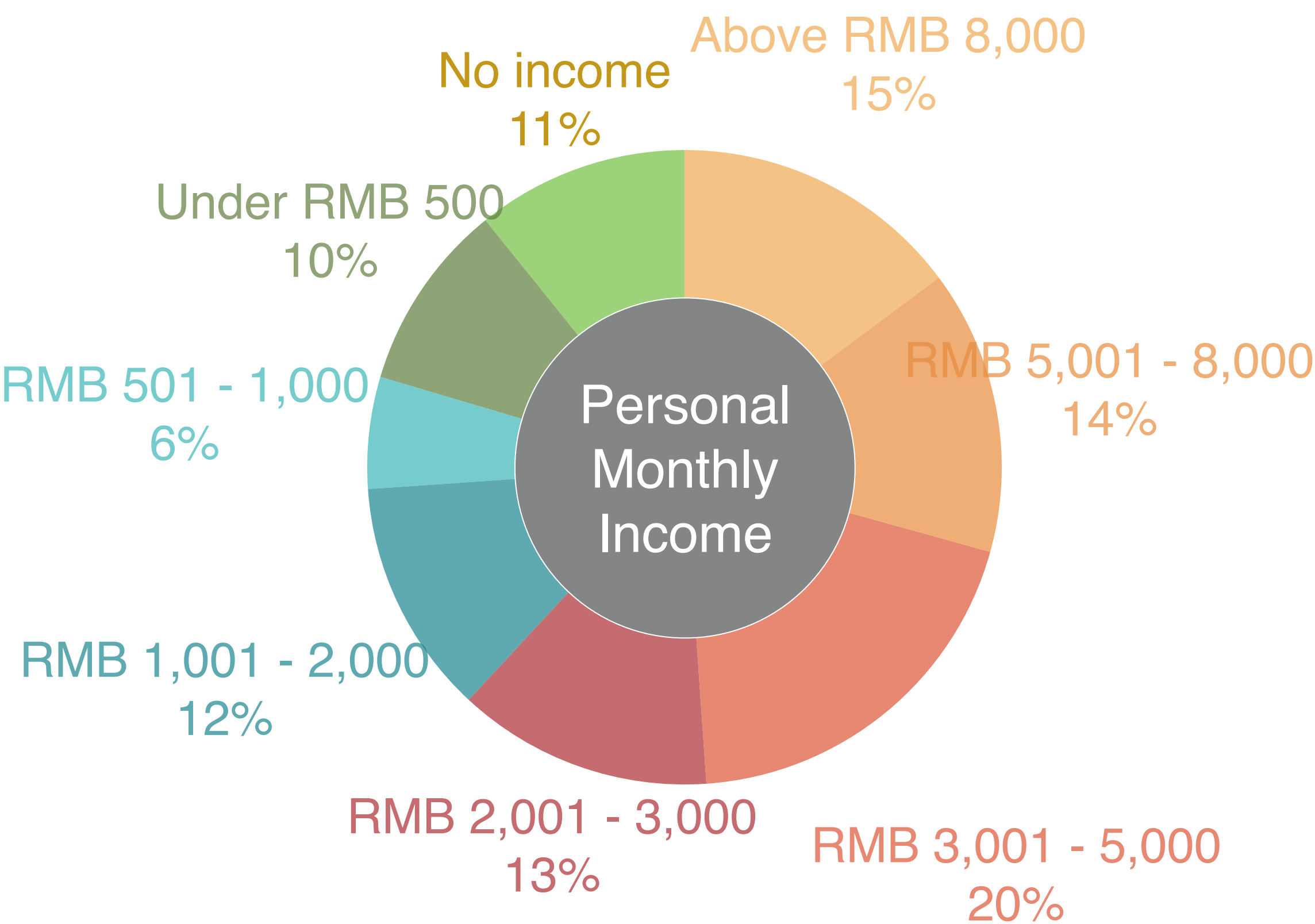
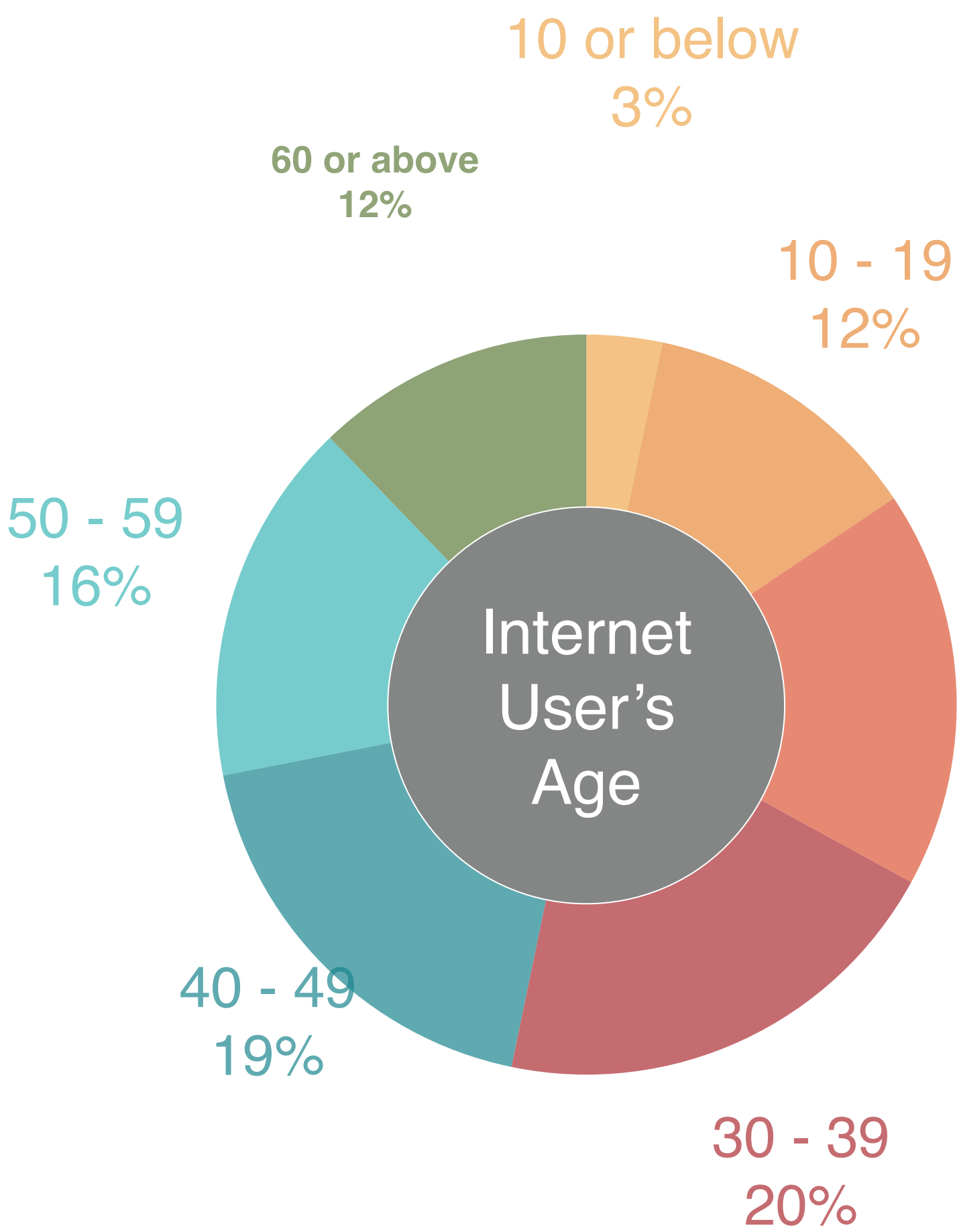


727,405,200 77.4%
ONLINE SHOPPERS

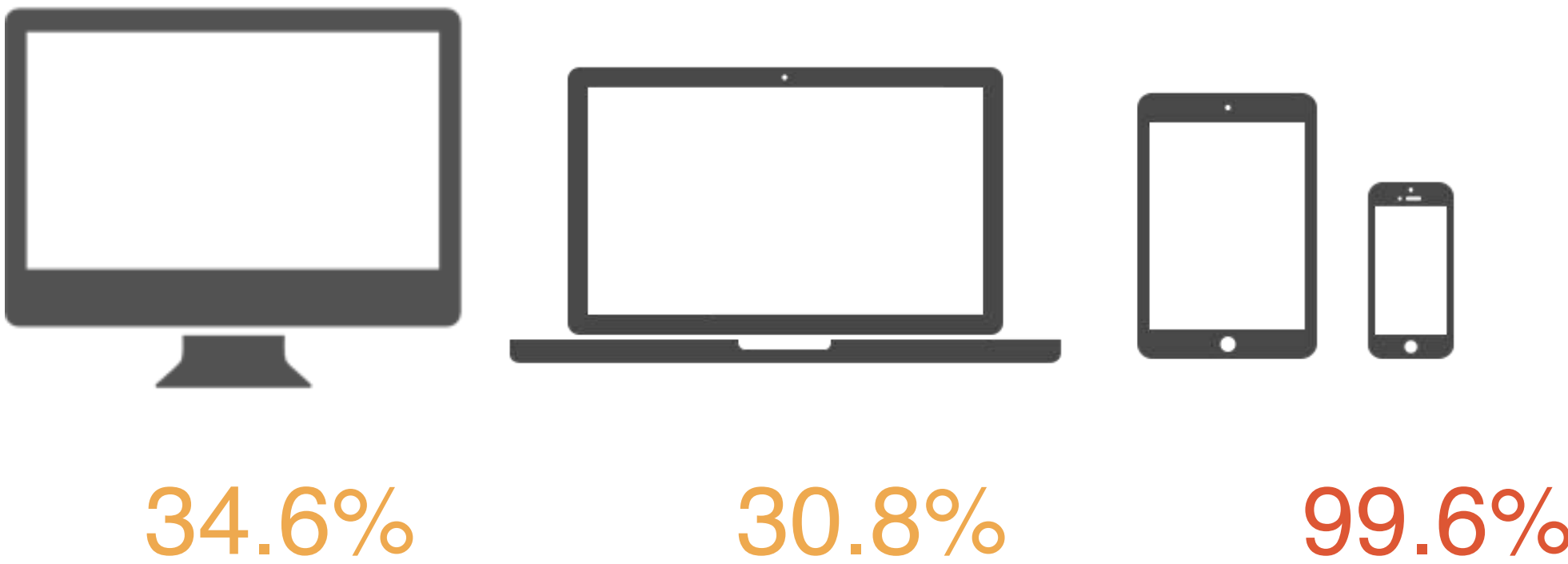


604,291,400 64.3%
MOBILE SHOPPERS













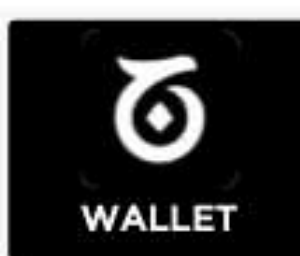






















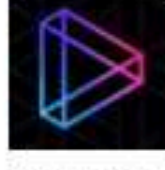

































Source: China Internet Network Information Center Q2 2021 / We Are Social / Statista



Mode of internet access - per device

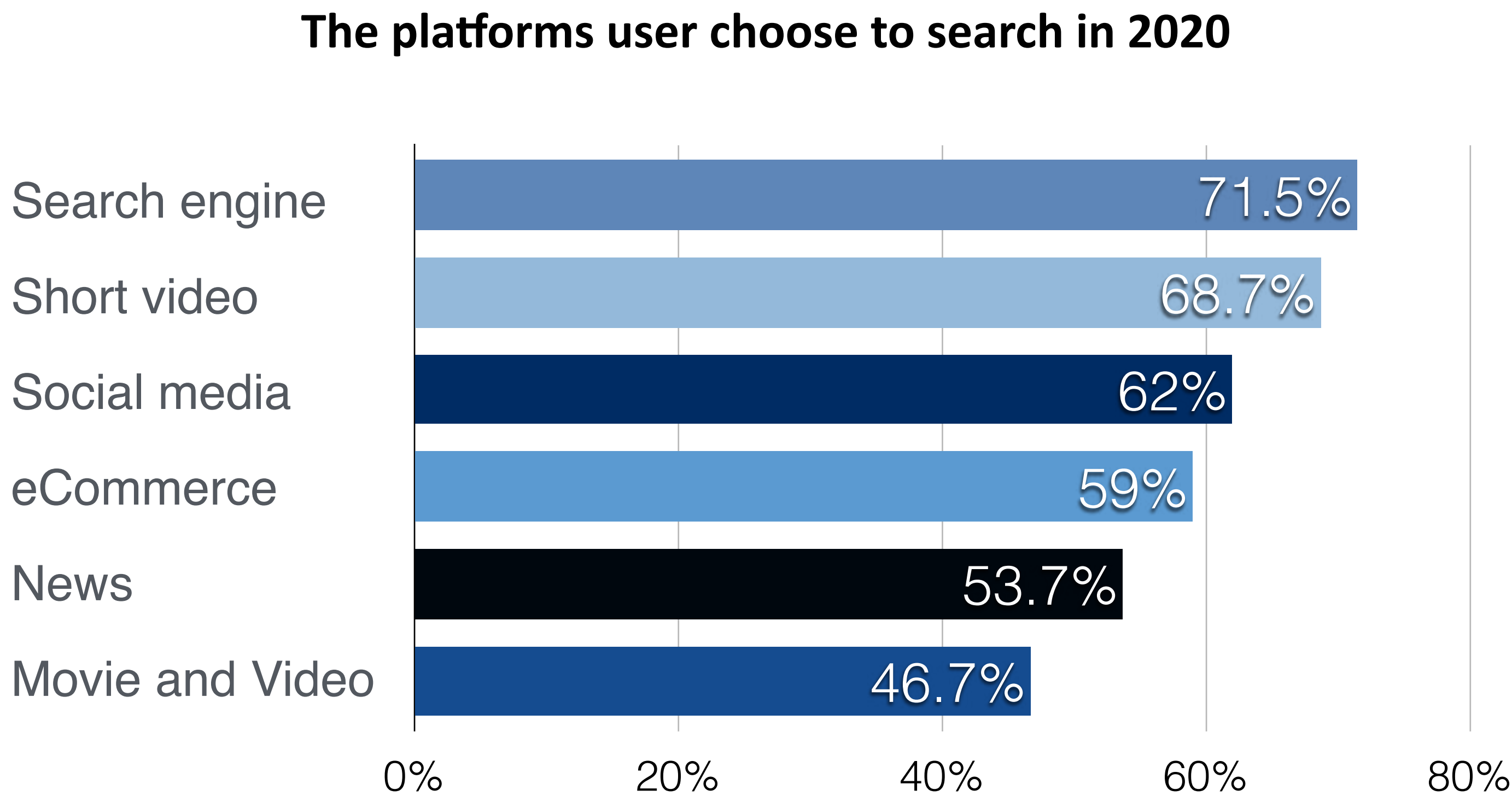


China Digital Landcape

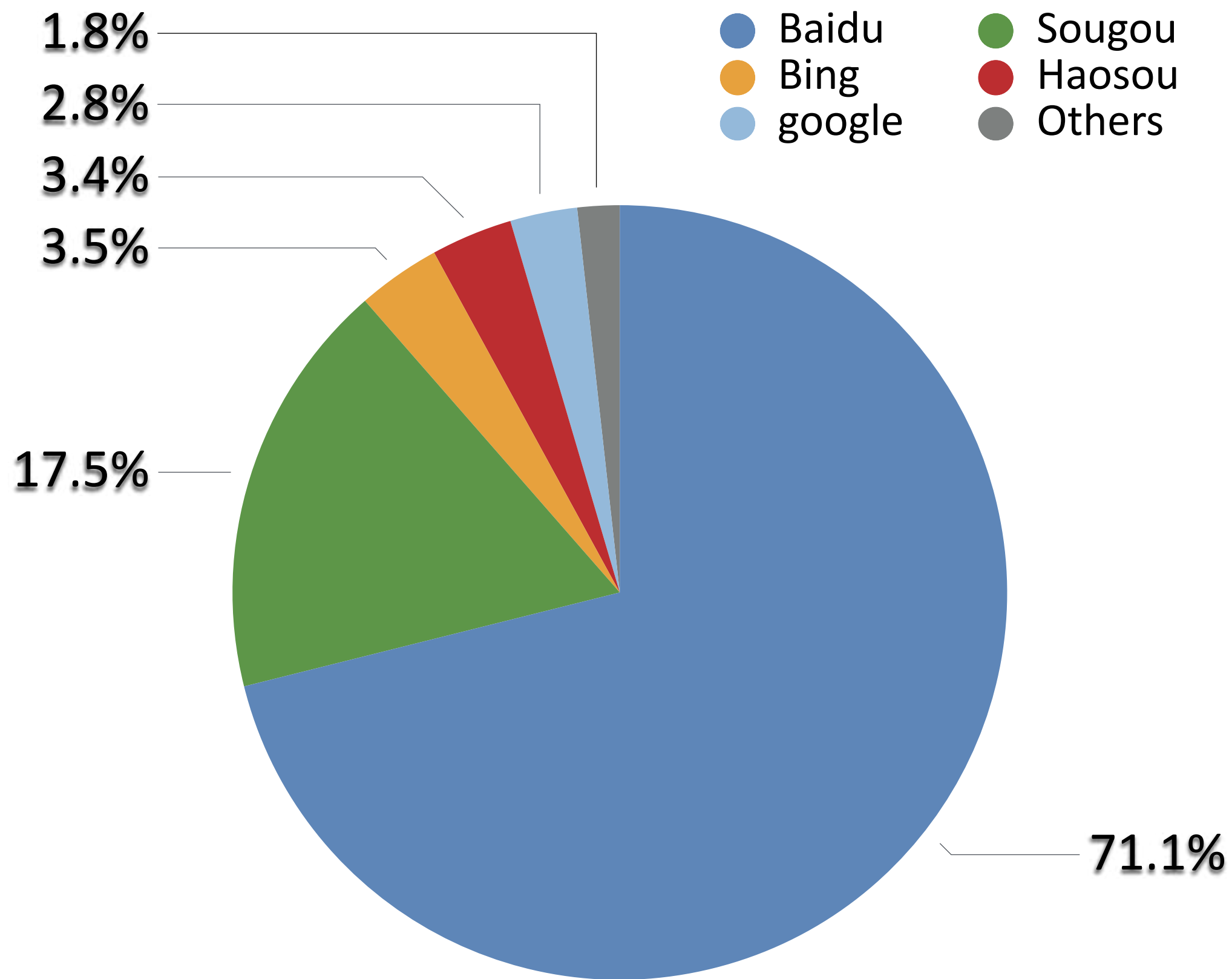
	Social (Community)	Video /Audio	Entertainment/News	Ecommerce	Payments
	 TIEBA	 HAOKAN  IQIYI  QUANMIN XIAOSHIPIN	 BAIDU  BAIDU NEWS  ZHIHU  YY LIVE	 BITAUTO  NUOMI  WOMAI	 WALLET
	 WEIBO  DINGDING  RED 	 YOUKU  BILIBILI	 XIAMI MUSIC <i>Shut down Feb 2021</i>	 TMALL  TAOBAO  JUHUASUAN  XIANYU  EL.E ME  KOUBEI  SUNING  HEMA	 ALIPAY
	 WECHAT  WECHAT FOR WORK  QQ	 TENCENT VIDEO  WEISHI  TING SHU  HIMALAYA  QUANMIN K GE  PITU  KUAISHOU	 QQ MUSIC  KUGOU  KUWO  QQ NEWS  DOUYU  HUYA	 JD  PINDUODUO  MEITUAN  MEIRI YOUXIAN  DIANPING	 WEPAY
 and others	 FEILIAO  DUOSHAN  FEISHU	 DOUYIN  HUOSHAN  XIGUA  FANQIE  JIANYING  FACEU  QINGYAN	 TOUTIAO  WUKONG Q&A <i>Shut down Feb 2021</i>	 ZHIDIAN  DONGCHEDI	 DOUYIN PAY

Source: 2021China Marketing & Media trends by Totem

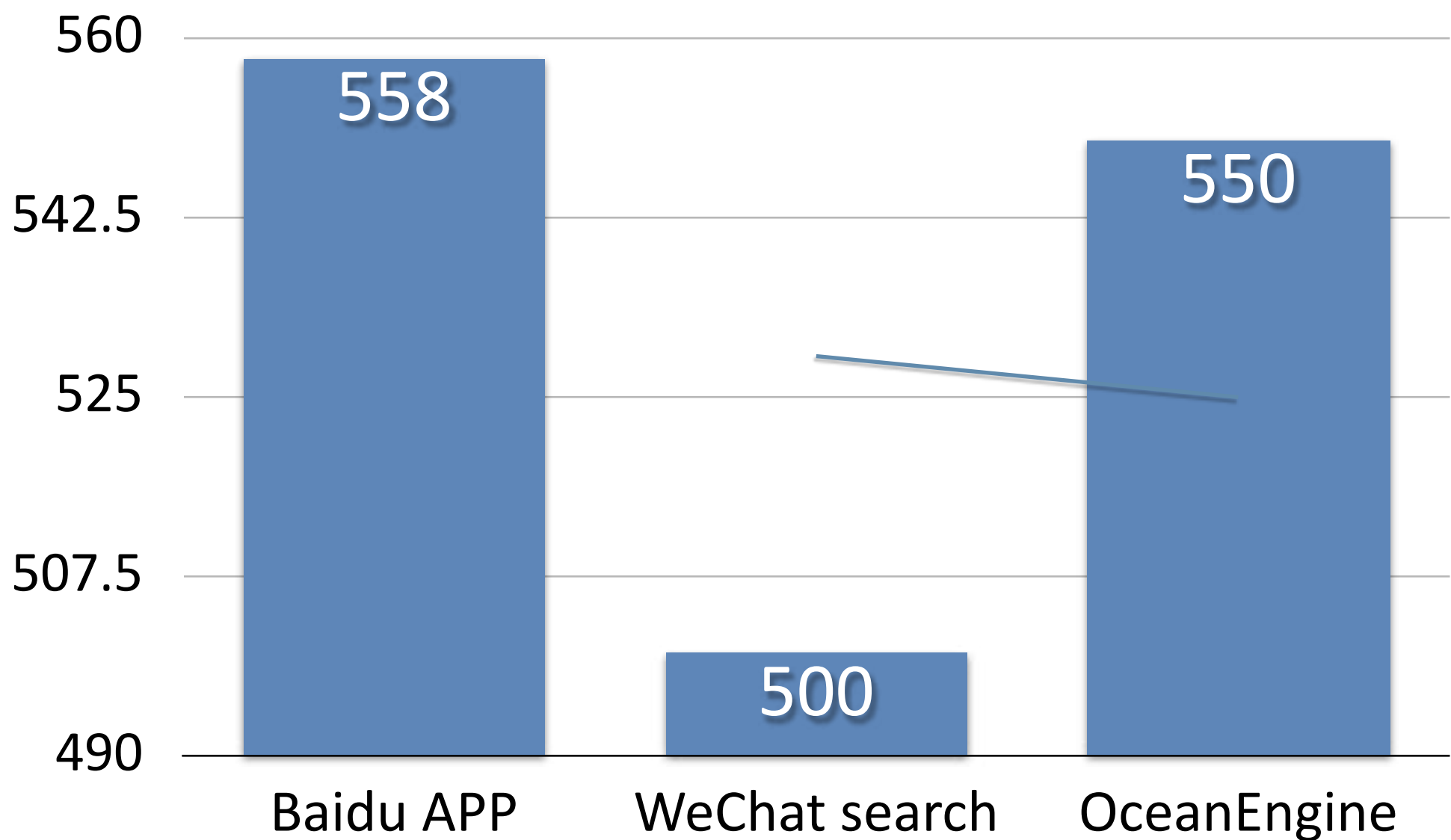
First touch point - Search



2021 first half year China Search engine market share



Active search user in Key platforms 2021.1 in MI



- The search behavior has changed from the original pure search engine platform to more diversified platforms such as knowledge and news, short video, and social media.
- The content platform is scattered and extended
- Information flow and General search are equally used for reaching new audience

Livestream and Short Video

BRAND
GROWTH



Livestream brand introductions and product demos from KOL accounts.

3rd Party KOLs/Media can kick-start awareness, interest in (a new) brand, product ...and/or widen appeal to new segments.

Brand storytelling and interest-based content creates meaningful, lasting engagement with audiences.



LandRover did a 30hour livestream to tell the story of its brand, and legacy on Douyin.



Austin Li, using his own channel to sell to his audience, helped create a hero product for Florasis. He is a true advocate for this brand but for other brands, it can be coldly transactional.

KOL Livestream sales spark the link between attention-action, to generate quick sales and ...ideally establish "hero products."

Institutionalized broadcasts by brands (customer service, product demos) - elevates consideration, re-enforces trust.



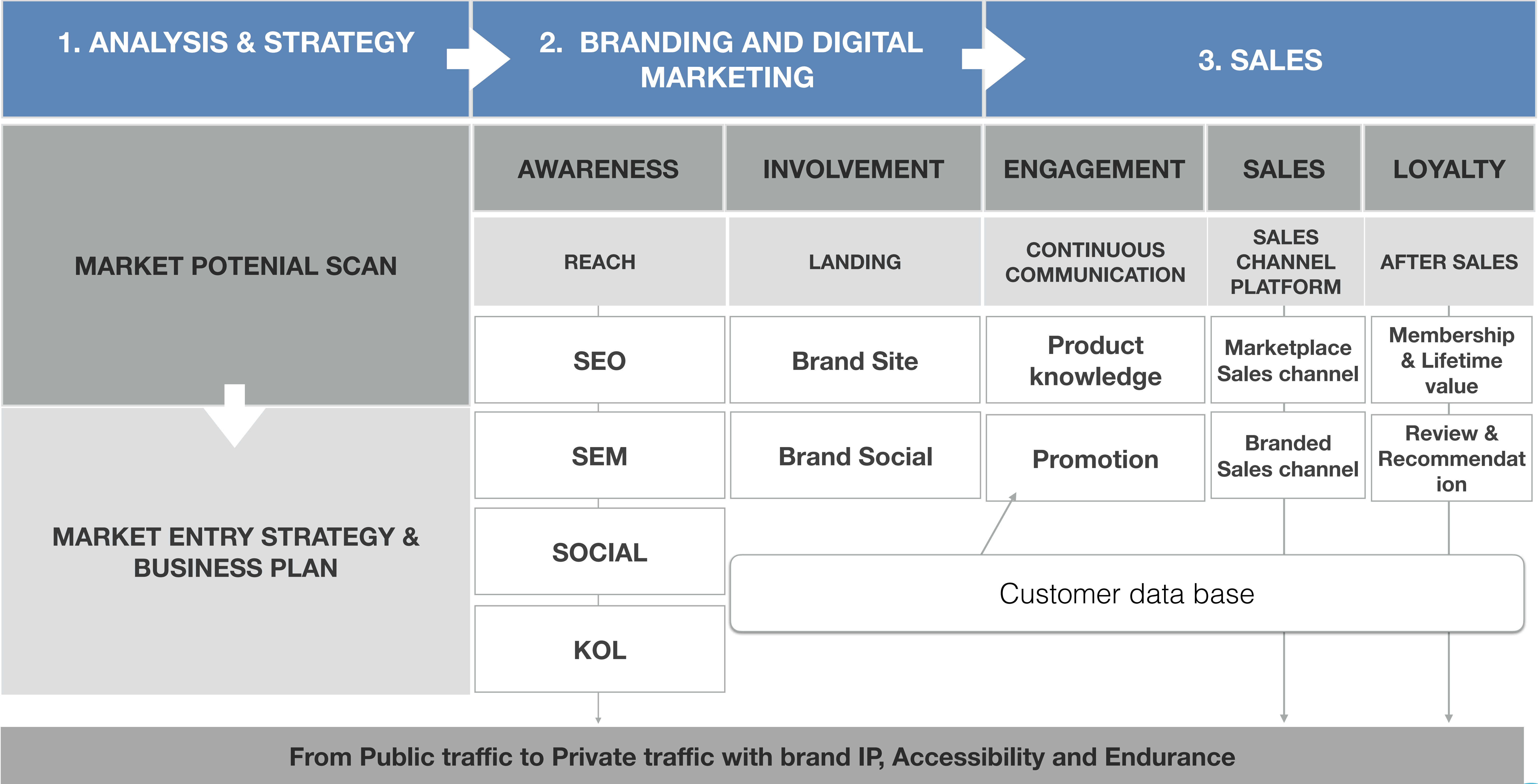
Beauty brands have institutionalized daily customer engagement, service and sales livestreams ...all from brand "owned" accounts.

CONVERT
SALES

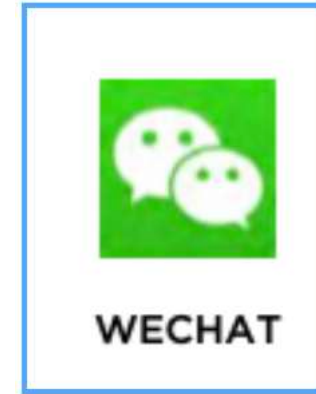
LOW EQUITY
(Rent Audience)

HIGH EQUITY
(Retain Audience)

Build the Holistic Strategy



To start with...



Social media



WeCom

- Official account for Branding in the largest social media community
- Continuous knowledge Education and Campaign
- Follower engagement for community building
- Sales follow up
- Customer services
- Enabling Social commerce



Search engine

- Ads(general search and Information flow) for instant traffic
- SEO for long term organic traffic
- Baidu Zhidao, Baidu Baike (wiki) for Branding & knowledge base

- Building Professional Branding and knowledge base for product/service
- Questions and Answers (Quora)
- Interacting with industry professionals



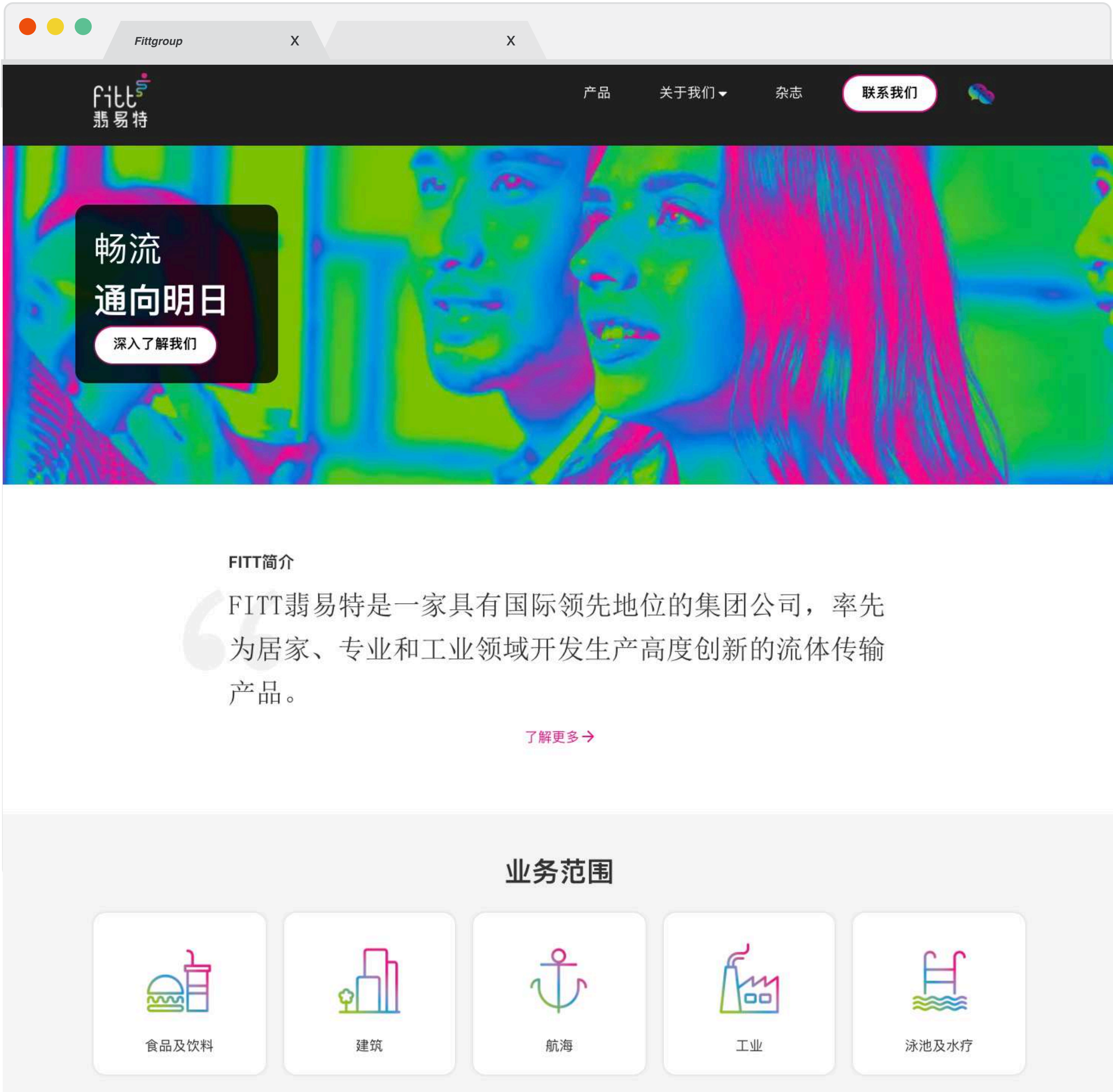
Content platform



Content platform

- Content distribution channel
- Ads(general search and Information flow) for lead generation

Concept, Design & Development | B2B | FiTT



FITTgroup

Italian company FITT is an expert manufacturer of PVC pipes and hoses came to TMO as its one-stop solution for Chinese B2B eCommerce. TMO centered its efforts around the official website of the brand, designing a clear, long-term digital marketing strategy and creating a reliable, timeless and artistic brand image. Through these efforts, TMO was able to help FITT China's B2B eCommerce localization take a strong first step.

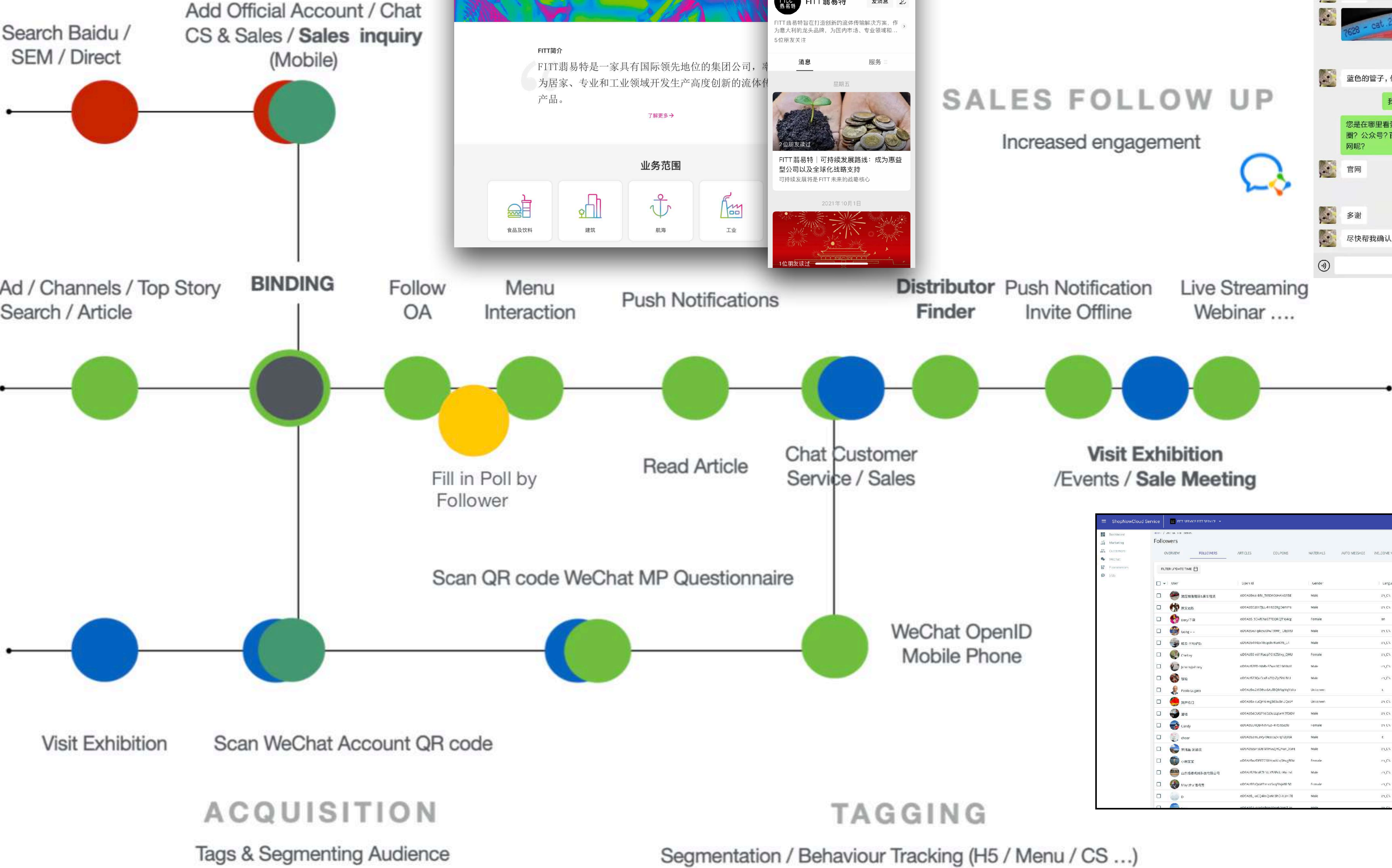
Case study - FITT - Product Catalog - Lead generation / Distributor recruitment



FITT Website

WECHAT

OFFLINE



SALES FOLLOW UP

Increased engagement



User	User ID	Gender	Language
13818277468	13818277468	Male	zh-CN
13818277468	13818277468	Male	zh-CN
13818277468	13818277468	Female	en
13818277468	13818277468	Male	zh-CN
13818277468	13818277468	Male	zh-CN
13818277468	13818277468	Female	zh-CN
13818277468	13818277468	Male	zh-CN
13818277468	13818277468	Male	zh-CN
13818277468	13818277468	Unknow	en
13818277468	13818277468	Unknow	zh-CN
13818277468	13818277468	Male	zh-CN
13818277468	13818277468	Female	zh-CN
13818277468	13818277468	Male	en
13818277468	13818277468	Male	zh-CN
13818277468	13818277468	Female	zh-CN
13818277468	13818277468	Male	zh-CN
13818277468	13818277468	Male	zh-CN

Case study - Italian PVC pipes and hoses Manufacturer - Product Catalog - Lead generation / Distributor recruitment



Official account



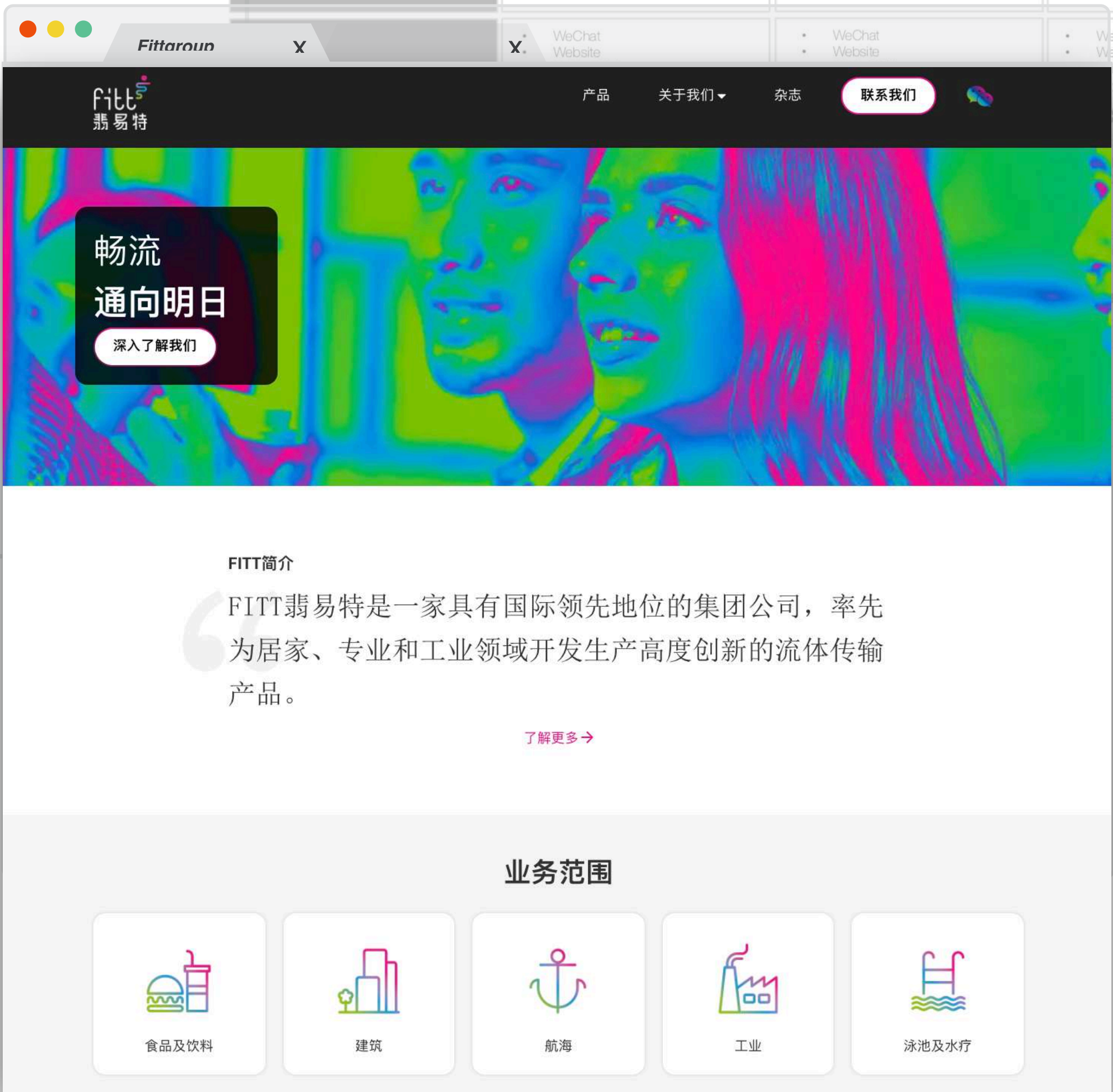
Moment Ads



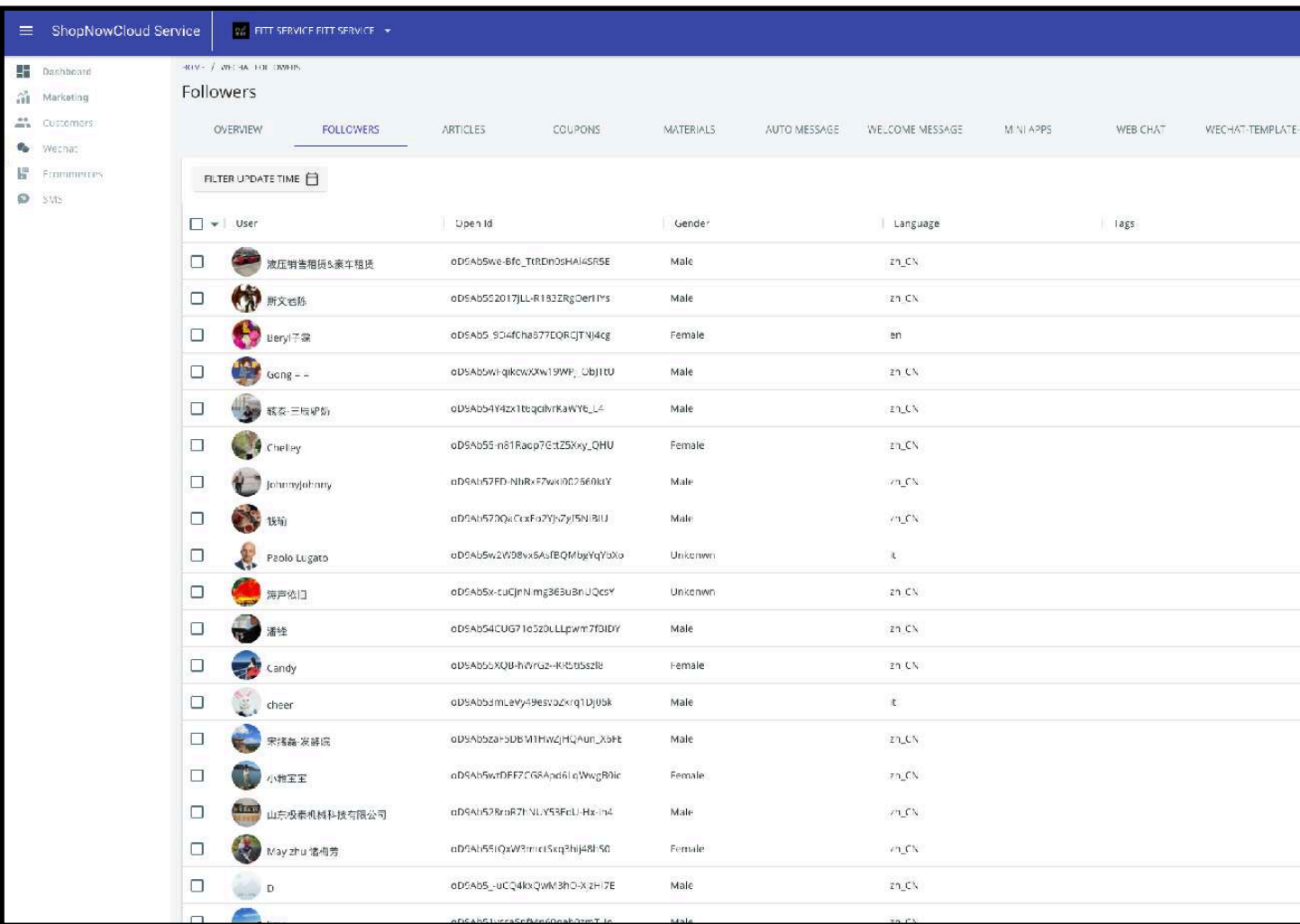
Search Ads

2021					
Jul	Aug	Sep	Oct	Nov	
N/A	Product	Product	Product & Credibility	Product & Credibility	
Special Communication Campaign					
N/A	Focus on introducing FITT products to customers	Focus on introducing FITT products to customers	Focus on introducing FITT products and credibility to customers	Focus on introducing FITT products and credibility to customers	Focus on introducing FITT products to customers
N/A	1. Refitex Premium Intro (Dynamic Article)	1. FITT Multiflex Family 2. Multiflex PU Wire & Xtreme Wire (Dynamic Article)	1. Marine Solutions (Dynamic Article) 2. ?? 3. ??	1. Pool & SPA Solutions (Dynamic Article) 2. ?? 3. ??	1. Refitex Premium launch 2. Pure Transparent (Dynamic Article)
	• WeChat Website	• WeChat Website	• WeChat Website • Baidu SEM	• WeChat Website • Baidu SEM	• WeChat Website • Baidu SEM
Campaign					
FITT people & QA			4. Customer survey results Q&A	3. Chris New Q&A	
Chat Hu & Zhidao			• Zhihu & Zhidao	• WeChat Zhihu	
Campaign					
Articles			Articles	Articles	
Chat			WeChat	WeChat	

Content Calendar

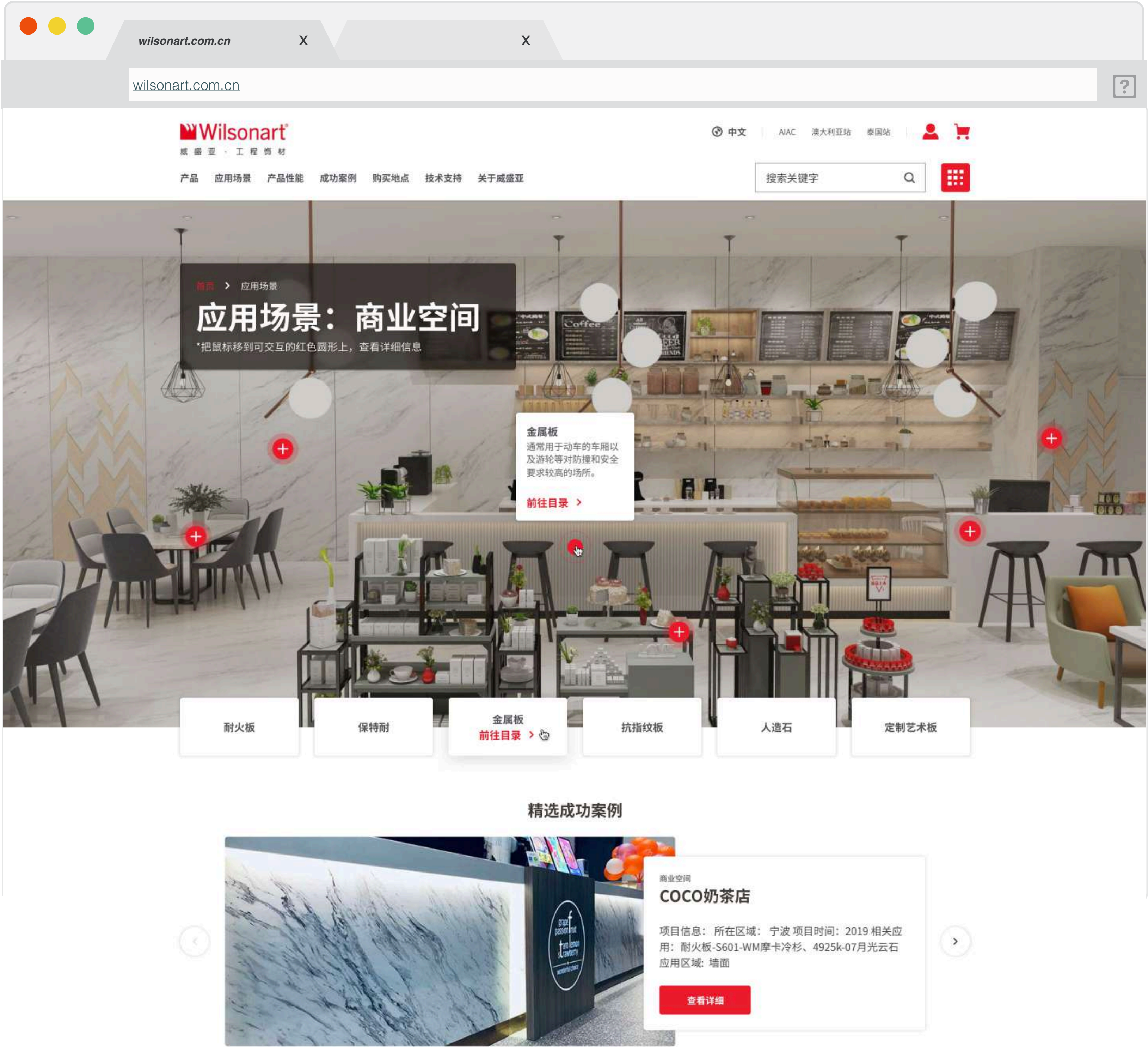


Brand website with online catalog and Lead form



CRM and customer data platform

Design & Development | B2B | WilsonArt



Wilsonart

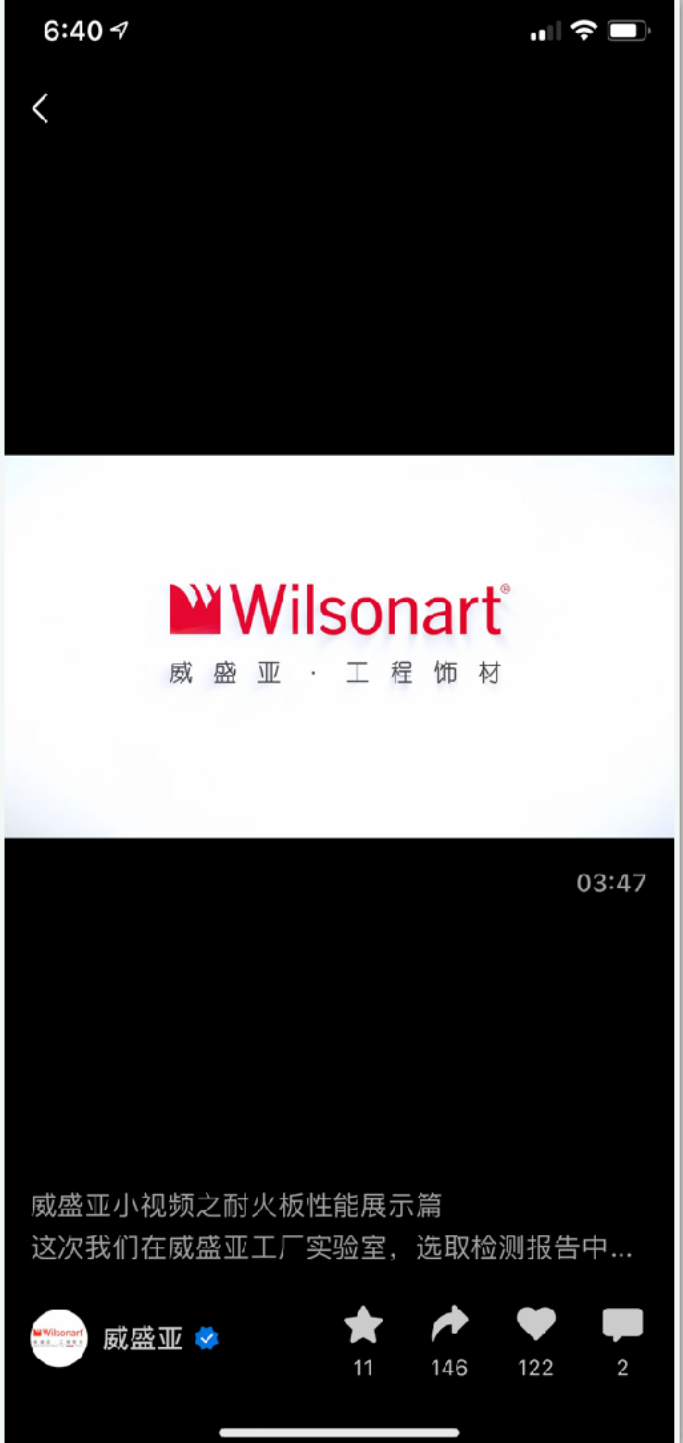
Wilsonart, a world-leading manufacturer and distributor of High Pressure Laminate, Quartz, Solid Surface, Coordinated TFL...who wanted to expand their digital capability to thrive into B2B eCommerce in China, Thai and Australia. For the first phase, the website will focus on the comprehensive catalog for more than 10k SKUs and Sample ordering.

To provide the excellent user experience for their product catalog, TMO used headless eCommerce setup for fast loading and smooth interaction.

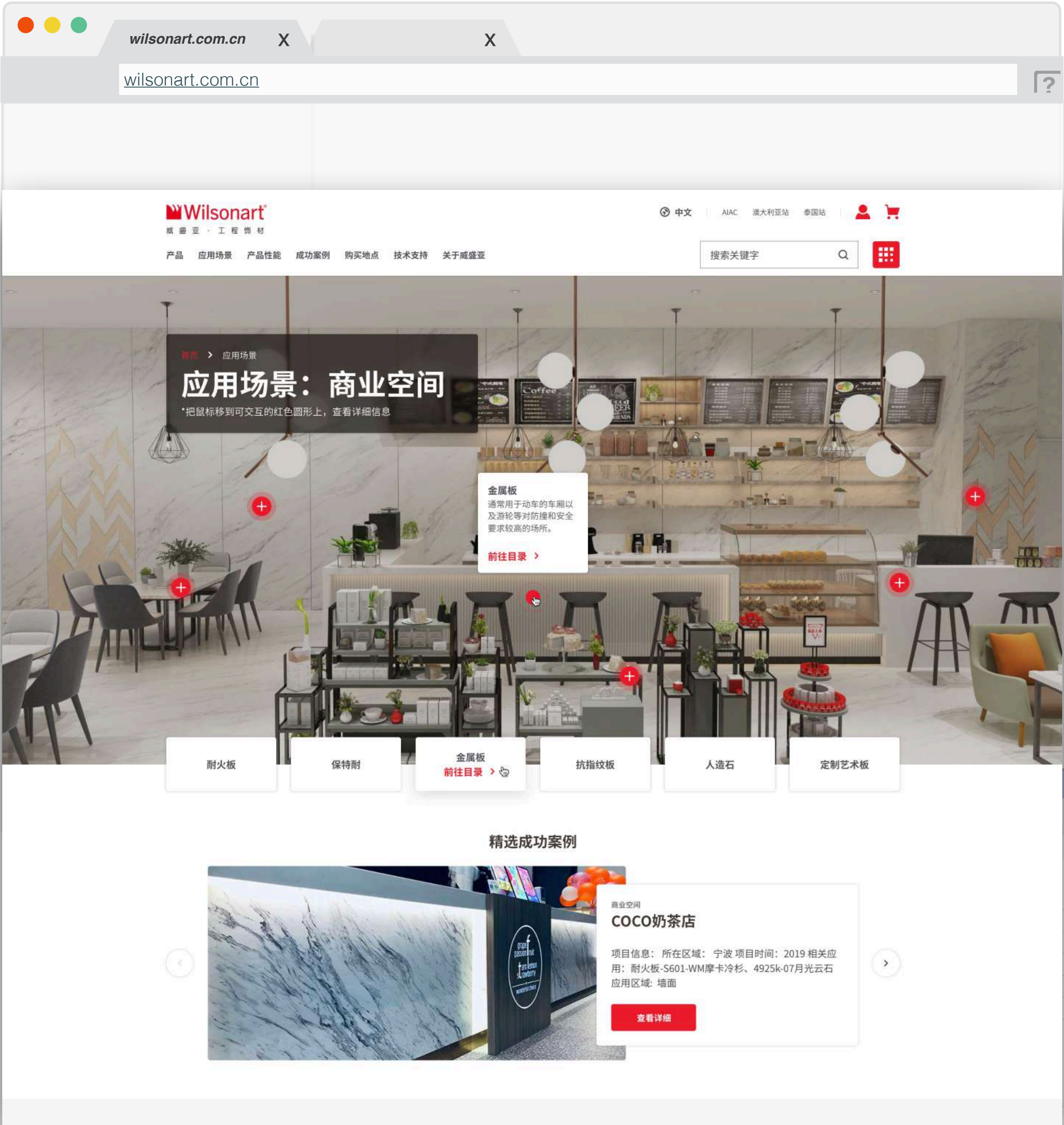
Case study - High Pressure Laminate Manufacturer - Product catalog - Knowledge - Sample ordering - Marketplace store



Official account



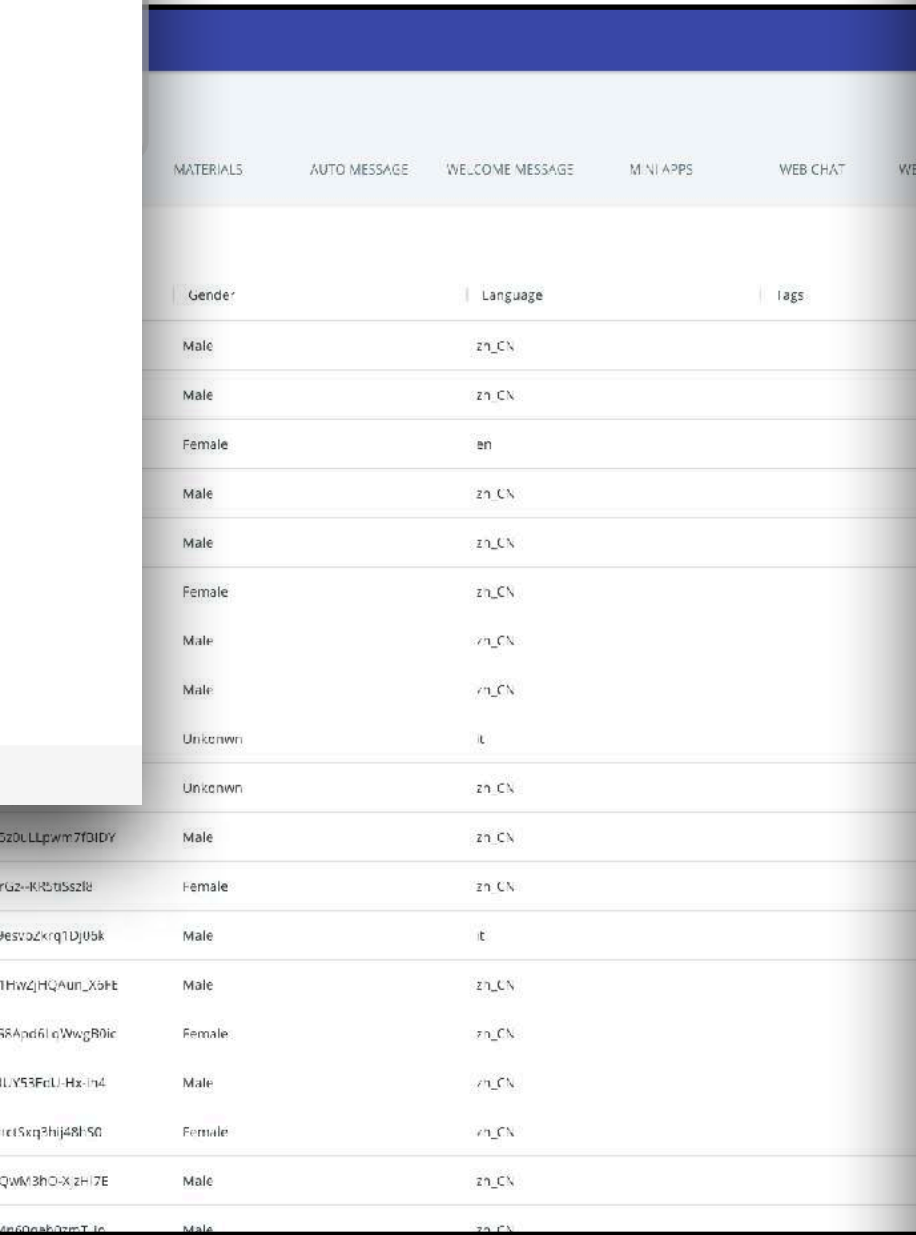
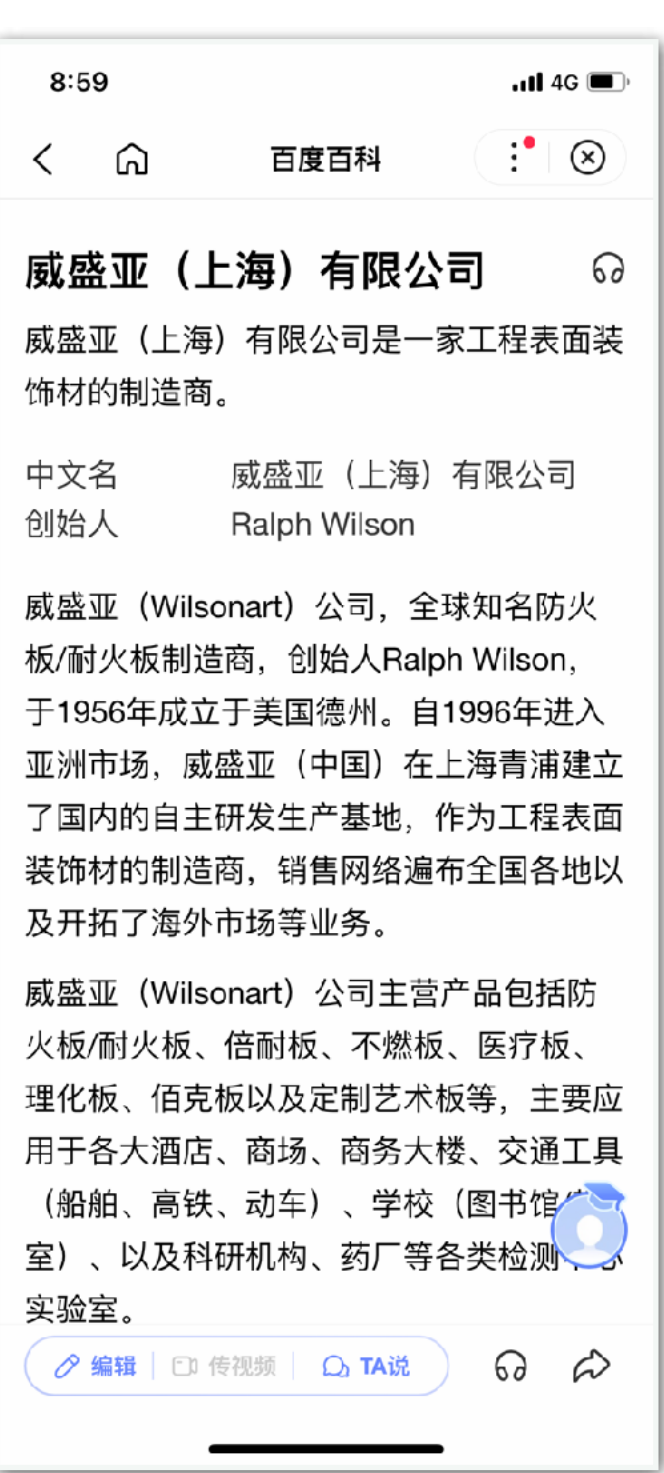
WeChat video



Brand website with online catalog and Sample ordering



Search Ads

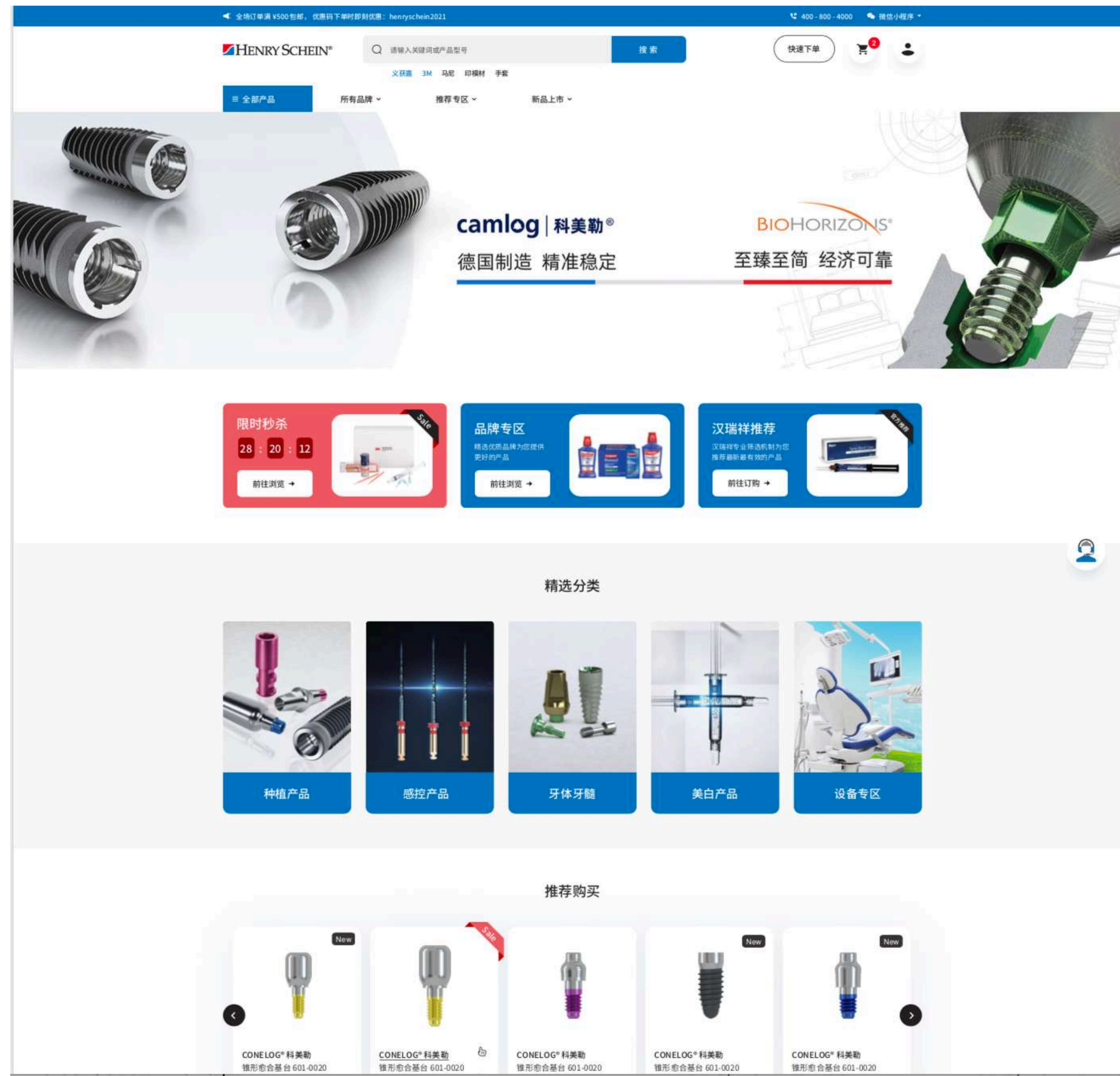


CRM and customer data platform



JD store

Consultancy Design & Development | B2B | Henry Schein



Henry Schein (in Dev process)

Henry Schein is a FORTUNE 500 Company and provides dental and medical solution for health care professionals globally. TMO helped the client to establish the B2B eCommerce Channel in China and Thai following the needs of Digitalization, and regional roll out to other SEA countries.

Common requirements gathered from each market and we defined them into a central eCommerce system covering UI design & workflow, core platform features and country localization. Moreover, defining and developing country specific localizations & custom market features for each market.

Case study - Dental and medical solution provider - B2B eCommerce - Digital Transformation



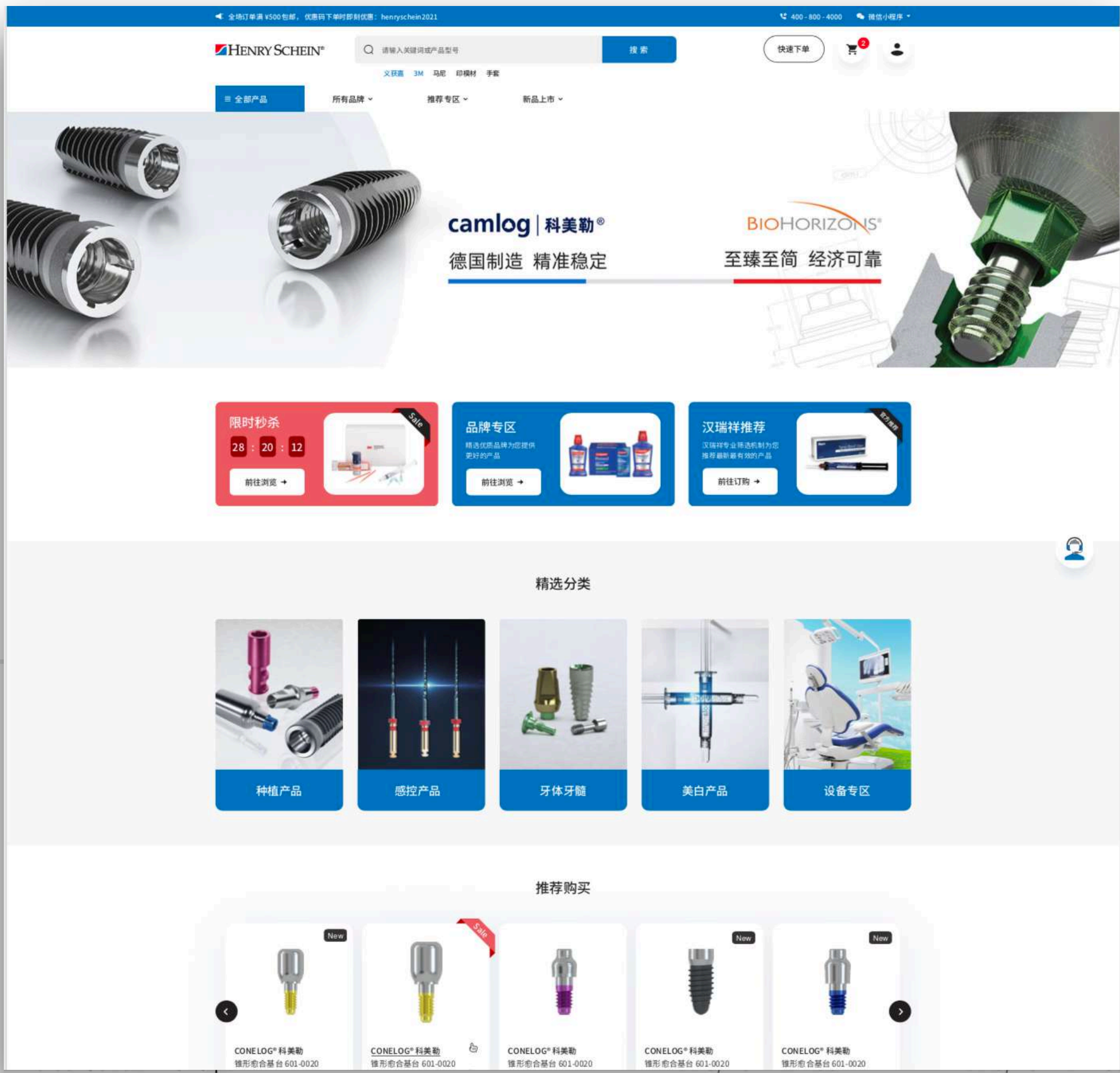
Official account



Mini Program



Platform video



Brand website with full B2B functionality



OMS / CRM / Data Mining

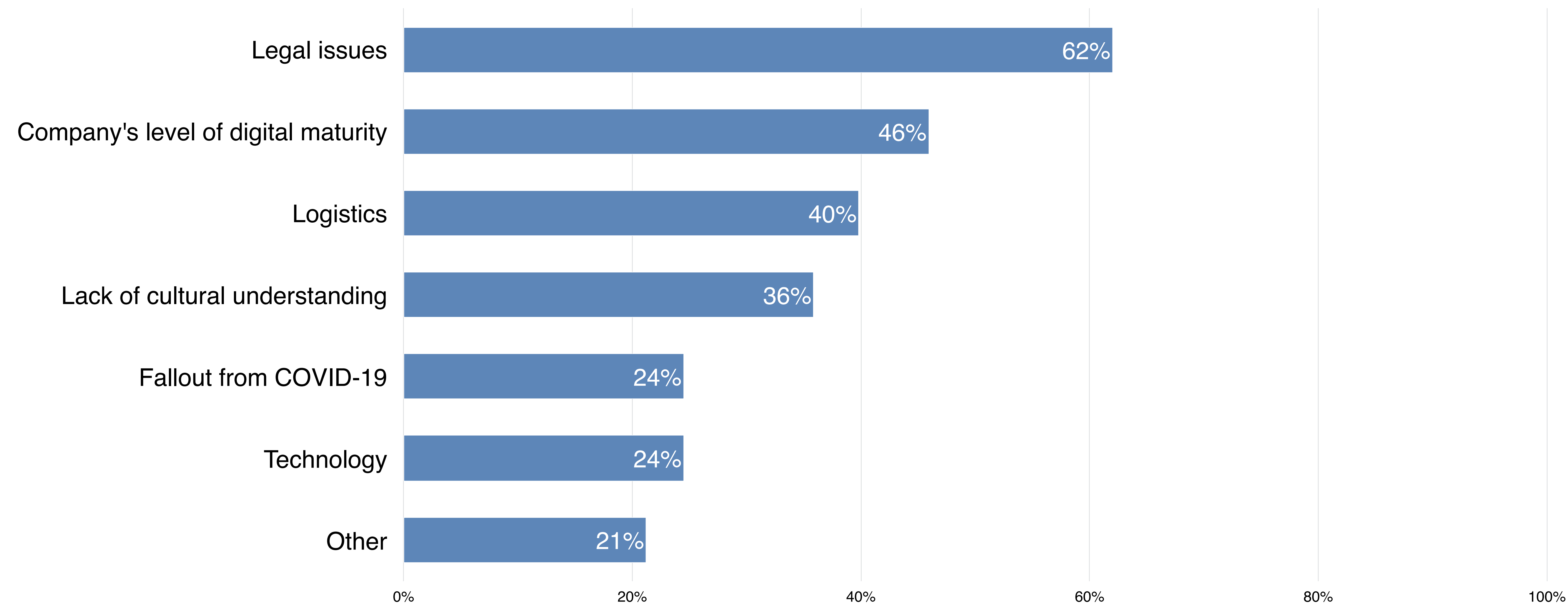
Warehouse Management
Logistics / Last mile delivery

ERP System

Key Take Aways II

- Highly Mobile Internet User & Shopper - Mobile is key - +65%
- Fragmentation between BAT-B - Social - Video News - eCom
- Consumer high search behavior - new trend Social / Video search
- B2B Brands should focus on “High Equity” Strategies
- Start with Large User Channels - Wechat / Baidu + Targeted Interaction Channels - Zhihu / Toutiao
- High Equity gathered around Content & Search-ability and Lead Scoring & Fast Response (linked to Wechat work)

B2B survey: Factors affecting company's expansion in China



Source: TMO B2B user survey 2021. Aug

TMO Group is a Digital Commerce Agency based in Shanghai, Hong Kong and Amsterdam, providing brands with the full range of services in Mobile Commerce, Social Commerce, Cross-border eCommerce and Global Commerce.

We provide integrated solutions for the entire eCommerce value chain and strongly advocate data-driven and user-centric experiences building & operating true omni-channel solutions.

Our recipe of success is to guide our clients every step of the way: from gathering market intelligence, business conceptualization and planning – to developing the solution and driving their business.



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JING ZHOU, Business Director is an expert in eCommerce strategy and digitalization. She has more than 10 years of professional experience in international marketing and B2B and B2C eCommerce. Her expertise specifically lies in eCommerce planning and strategic consulting for companies in the field.

Contact: jing.zhou@tmogroup.asia