Guest,

Welcome to:
A Fresh Perspective on Doing Business in China – An Exporting Opportunity

Presented by
Lighthouse Consulting Services, LLC

Featured Guest: Casey W. Xiao-Morris
Founder and Owner, Leverage China, LLC
cxmorris@leveragechina.com
www.leveragechina.com

Host: Dana Borowka, MA
CEO, Lighthouse Consulting Services, LLC
Author of Cracking The Personality Code
(310) 453-6556, ext. 403
dana@lighthouseconsulting.com
China’s Emerging Markets:
A Tremendous Exporting Opportunity

- China is the world’s second largest consumer market after the U.S.
- Population: 1.3 Billion, roughly 20 percent of the world’s population
- China has an $11 trillion economy
- It has multiple sub economies, each more than a trillion dollars in size
China’s Emerging Markets: A Tremendous Exporting Opportunity

- Chinese consumption is projected to grow an additional $2.3 Trillion by 2020
- Some are booming, some declining. Some are globally competitive
- Emerging senior market - 210 million in 2015, 260 million by 2020
- Increasingly independent women participating in the workforce, is already high—67 percent

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Chinas Emerging Markets: A Tremendous Exporting Opportunity

- China's millennials, 200 million – The 'want generation' – most optimistic consumers
- New babies per year - 13 million and increasing
- 300 million will move out of poverty
- 54% of urban households will be considered upper middle class by 2022
- Online evolution
Online Evolution

- 700 million internet users
- 360 million online shoppers
- Online retail is $570 billions in size
- Online shopper penetration rate is 51.8% (it is 80% in the US)

It all happened in the past 6 years or so
Online Opportunities

- Online market solves distribution issues that prevented certain products and services from entering China
- Market entry meets low barriers – not limited to consumer goods
- 30% of online business is non-consumer goods
- China's online consumer market will be 24% of private consumption by 2020

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Online Opportunities

- Market research is less expensive and more real-time
- Increase market share through digital marketing
- Social media selling
  - WeChat – 600 Million users, wechat shops, a New York realtor sold an upscale apartment in Manhattan via WeChat posting
- A faster, and cheaper way to build presence – e.g. Costco and Macy’s
5 Potential Obstacles

- Adapting to differences between the U.S. and China—business culture, market environment, consumer behavior, and laws
- Starting from scratch
- Disrupting your existing routine
- Allocating insufficient resources
- Unrealistic expectations
7 Best Practices

1. Investigate and confirm the opportunities
   - Will you have customers there?
   - What are the true costs of entering the market?
   - How competitive is your market in China?

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7 Best Practices

2. Readiness
   - Is this the right time?
   - Is your company’s top management committed?
   - Does your company have sufficient financial resources?
   - Are you exposed to any risks?
   - What does it take to get your supply chain ready?

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7 Best Practices

3. Finding the most effective approach
4. Enter the market in phases, a long term play
5. Localize or fail
6. Choosing the right partners
7. Do a good job understanding competitions and challenges