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# GREATER CHINA EXPORTERS' INDEX

大中华区外贸电子商务报告

NOVEMBER 2012



Breathtaking growth

PayPal and eBay success  
contributes to Chinese economy

Strategies for growth

PayPal and eBay help to  
maximize export sales

Support and solutions

# ENABLING GLOBAL COMMERCE OPPORTUNITIES FOR GREATER CHINA BUSINESSES

Five years ago, eBay had a vision to partner with entrepreneurs across Greater China to enable their businesses to sell products all over the world. Together with PayPal, eBay set out to revolutionize the way Chinese businesses interact with international buyers.

This endeavour, particularly in the past 12 months, ending 30 June 2012, continues to gain momentum at a time when other export-focused businesses in Greater China are slowing down. eBay and PayPal's export sales, in contrast, have experienced stellar growth – with the potential for continued expansion extremely promising.

Specifically, data from this year's *Greater China Exporters' Index* show:

- Cross border online sales from China are experiencing strong growth. PayPal merchants with annual sales over US\$100,000 outside of eBay, or 'large PayPal merchants', grew 35% in the 12 months to 30 June 2012. In Mainland China alone these large PayPal merchants grew 48%.
- eBay sellers with annual sales over US\$100,000, or 'large eBay sellers', who use PayPal as their primary payment method, are experiencing even healthier growth of 68% year on year. In Mainland China these sellers' sales have grown 93%.
- Over 7,500 large eBay sellers and large PayPal merchants across Greater China achieved annual turnover in excess of US\$100,000.

- The number of large eBay sellers and large PayPal merchants with revenues of more than a million dollars was 598.

## CONTRIBUTING TO THE OVERALL ECONOMY

eBay and PayPal are enabling Chinese businesses to sell to consumers around the world via their global platforms and systems.

eBay accounts for 77% of sales for large eBay sellers across Greater China; clearly we are fundamental to their business success. These sellers have an average of nine employees each and intend to employ another seven people in the coming 12 months.

PayPal is also fundamental to the success of online cross border selling, accounting for 92% of all payments received by large eBay sellers.

PayPal has over 117 million active accounts, supports payments in 25 currencies and is available in 190 markets. This global reach helps both large eBay sellers and large PayPal merchants to service buyers almost everywhere.

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## LEADING MOBILE COMMERCE

Together eBay and PayPal have some of the world's leading mobile commerce applications, with over 100 million downloads. Mobile commerce is becoming an increasingly important channel for consumers, with some industry pundits anticipating that sales via mobile devices will account for 50% of all online sales in the coming years. eBay and PayPal mobile applications are putting Greater China businesses in the pockets of millions of consumers worldwide.

## PROVIDING TOP-CLASS SERVICE

The bulk of large sellers' turnover comes from selling high volumes of great-value products to consumers all over the world. Savvy customers in both traditional and emerging markets are seeking value and finding it, courtesy of Greater China's eBay and PayPal entrepreneurs.

Most importantly, customers are enjoying a positive buying experience and feeling confident enough to return repeatedly to sellers from Greater China. This gives us, and sellers, enormous satisfaction.

The aim is to make eBay and PayPal the most cost-effective way of building a global sales channel. eBay and PayPal's account management teams work hard to help sellers grow their businesses everyday.

At eBay the team educates sellers from Greater China about managing overseas customer expectations and how to deliver customer service that generates repeat business.

Sellers have embraced these lessons, and customers worldwide now rate their services favorably compared with sellers located in their own countries. This is a remarkable feat given the importance of shipping time in eBay's ratings system.

## ENCOURAGING A GLOBAL PERSPECTIVE

PayPal encourages large merchants to embrace a global perspective when conducting their business and emboldens them to take advantage of emerging markets. It educates and advises merchants continually about acceptable practices and laws in different regions. It identifies key buyer trends, and offers guidance about how to market to different cultures.

PayPal has also created a *One Stop Solution* (OSS) service aimed at helping Chinese SMEs start up and grow their cross border businesses. Its success is evidenced by the fact that the average sales volumes of merchants using OSS grew up to 250% in the first 100 days.

With new markets emerging in South America, Eastern Europe and the Middle East, large Greater China sellers are increasing their global reach. Unsurprisingly, as a result, large eBay sellers cite 'consumer demand' as the number-one reason they are optimistic about business prospects.

All the signs, as outlined in this report, indicate that there is still a vast amount of untapped opportunity for sellers from Greater China who partner with eBay and PayPal. For them, and us, the future remains bright.

**JOHN LIN**  
VICE PRESIDENT  
EBAY, GREATER CHINA

**ALAN TIEN**  
GENERAL MANAGER  
PAYPAL CHINA

**KERRY WONG**  
MANAGING DIRECTOR  
PAYPAL HONG KONG, KOREA AND TAIWAN



JOHN LIN



ALAN TIEN



KERRY WONG

## SURVEY METHODOLOGY

The information in this Index is based on internal eBay and PayPal data as well as data compiled from an online survey conducted by Nielsen on behalf of eBay in Greater China.

The survey was sent to 3,489 eBay sellers, of whom 2,525 were Mainland China-based, 833 were based in Hong Kong and 131 were based in Taiwan. All sellers had sales of over US\$100,000 a year. The response rate was 23%, with a total of 809 respondents completing the 10-minute survey (Mainland China 588, Hong Kong 180, Taiwan 41).

Conducted between 24 July and 16 August 2012, the survey aimed to provide insights into the profiles of large eBay sellers in Mainland China, Hong Kong and Taiwan. It investigated the current state of their businesses and their outlook for the coming year, and investigated how sellers believe the economy, e-commerce and government policy will impact their businesses in the months ahead.

Thank you to all business owners who contributed to the *Greater China Exporters' Index*. If you would like more information on this publication, please email us at [mediaapac@ebay.com](mailto:mediaapac@ebay.com)

Information presented in the 2012 *Greater China Exporters' Index* should not be contrasted with data from the 2011 Asian Exporters' Index as each publication uses alternate methodology and data sources and cannot be compared on a like-for-like basis. The 2012 *Greater China Exporters' Index* looks at eBay businesses selling out of Mainland China, Hong Kong and Taiwan, while the 2011 Asian Exporters' Index looked at the eBay businesses across Asia.

The eBay *Greater China Exporters' Index* is produced for eBay by Businesswriters & Design.



# WHAT YOU SHOULD KNOW ABOUT EBAY AND PAYPAL IN GREATER CHINA



## BUILDING A GLOBAL BRAND

- Greater China PayPal merchants with annual sales over US\$100,000 = **35% business growth\***

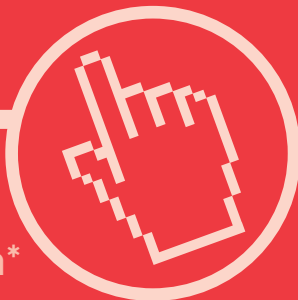
- Mainland China PayPal merchants with annual sales over US\$100,000 = **48% business growth\***

*\*Excludes PayPal Merchant sales on eBay*

- Greater China eBay sellers with sales over US\$100,000 = **68% business growth\***

- Mainland China eBay sellers with sales over US\$100,000 = **93% business growth\***

*\*We choose to focus on sellers with sales of over US\$100,000 because these figures represent a sizeable business. All these eBay sellers use PayPal as a payment method*



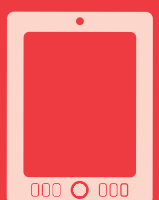
# 92%

OF ALL PAYMENTS RECEIVED BY LARGE EBAY SELLERS IS VIA PAYPAL



## FIVE FUNDAMENTAL TRENDS

- 1/ Mainland China business grows at greater velocity
- 2/ New non-traditional markets emerge
- 3/ Mobile mania continues unabated
- 4/ Value prices, large volumes
- 5/ Shipping is No.1 logistic issue





# 100,000 ePacket parcels a day

- For trade between China and the US, the ePacket solution, available to eBay sellers in more than 40 Chinese cities, processes 100,000 parcels a day.
- Six in 10 eBay large sellers use it to ship to the US and over 80% of items are delivered within 10 days.



Where is Greater China PayPal merchants' growth coming from?

- Argentina – 96%
- Israel – 72%
- Ukraine – 71%
- Russia – 69%
- Japan – 57%
- UK – 42%
- Germany – 40%
- USA – 25%
- Canada – 24%
- France – 23%



## 9 AVERAGE NUMBER OF PEOPLE EMPLOYED BY LARGE EBAY SELLERS

When asked what made significant contribution to their online business success, large eBay sellers said:

- Payment by PayPal = 83%
- ePacket/e-Express = 55%
- eBay consultation service = 47%



## TOP CATEGORIES FOR LARGE EBAY SELLERS

1. Consumer electronics
2. Clothing and accessories
3. Cell phones and accessories
4. Jewellery, gems, watches
5. Auto parts



# 77%

believe PayPal's payment system is more secure than other payment systems for Mainland China sellers to sell to overseas buyers, according to a PayPal seller survey



Large eBay sellers are dependent on eBay for **77%** of total sales

# 元

# BREATHTAKING GROWTH

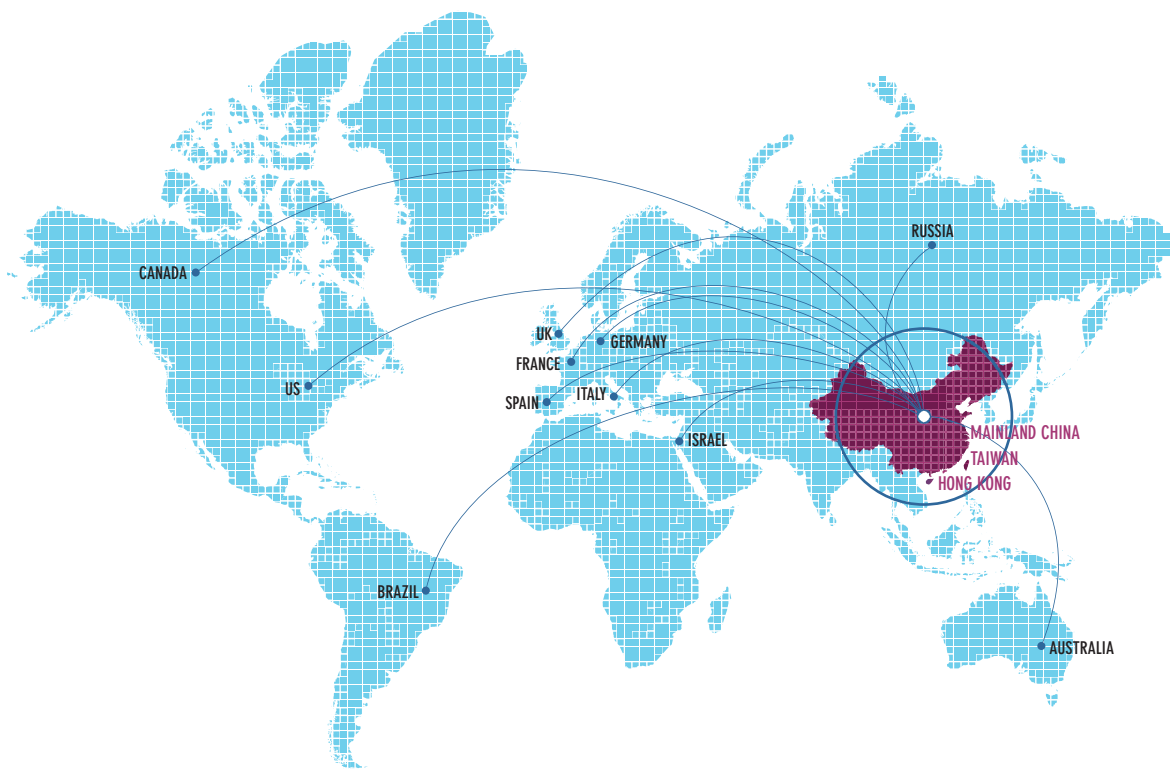
**3,709** PAYPAL **+** **3,835** EBAY  
**merchants\*** **sellers**  
 have annual turnovers of  
 over **US\$100,000** a year

\*excluding eBay sellers

Business is booming for Chinese entrepreneurs who use eBay and PayPal as a global sales channel. With cross-border trade reaching beyond traditional markets into new regions, large sellers' sales volumes are expanding at a breathtaking rate.

This is the clear signal from internal data and surveys that eBay and PayPal have conducted of their Greater China business users. Specifically, eBay sellers with annual sales over US\$100,000 have grown 68% in the past year across Mainland China, Hong Kong and Taiwan. Mainland China large eBay sellers alone have seen volumes increase by 93% year on year.

At the end of June 2012, 263 sellers experienced annual turnover of over one million US dollars and there were 3,835 large eBay sellers (sales of US\$100,000 or more).



## MAINLAND CHINA

- 1 US
- 2 UK
- 3 Australia
- 4 Germany
- 5 Canada
- 6 France
- 7 Russia
- 8 Spain
- 9 Brazil
- 10 Israel

## TAIWAN

- 1 US
- 2 Australia
- 3 UK
- 4 Canada
- 5 Russia
- 6 Brazil
- 7 France
- 8 Germany
- 9 Spain
- 10 Italy

## HONG KONG

- 1 US
- 2 Australia
- 3 UK
- 4 Germany
- 5 France
- 6 Canada
- 7 Spain
- 8 Russia
- 9 Italy
- 10 Brazil

TOP BUYER LOCATIONS FOR LARGE EBAY SELLERS

eBay sellers in Greater China rely on PayPal as their primary method to receive payments. However, there is another group of PayPal cross border merchants in Greater China who sell via other channels outside of eBay such as their own website or other marketplaces.

These PayPal merchants are also reporting strong growth over the same period with 335 generating sales of over a million dollars and 3,709 large PayPal merchants (sales of US\$100,000 or more). As well, large PayPal merchants across Mainland China, Hong Kong and Taiwan grew 35% year on year. Mainland China PayPal merchants grew 48%.

## REACHING A WORLD OF NEW CUSTOMERS

For Chinese sellers wishing to transact with the rest of the world, eBay and PayPal are positive enablers, helping businesses to reach potential customers in unprecedented numbers.

Traditional markets like the United States, the United Kingdom, Australia and many countries in Europe remain ongoing eBay strongholds, but eBay's vision of opening new markets across the globe is paying dividends.

eBay data reveals that Israel this year joined other emerging markets like Russia and Brazil in the ranks of Mainland China's 'Top 10' buyer locations. PayPal is seeing new emerging markets in Argentina, Ukraine and Japan experiencing strong growth in sales from China.

Greater China's entrepreneurs depend on eBay to build their businesses, and to help their enterprises flourish. The 2012 eBay survey shows that large eBay sellers derive 77% of their income courtesy of the eBay marketplace.

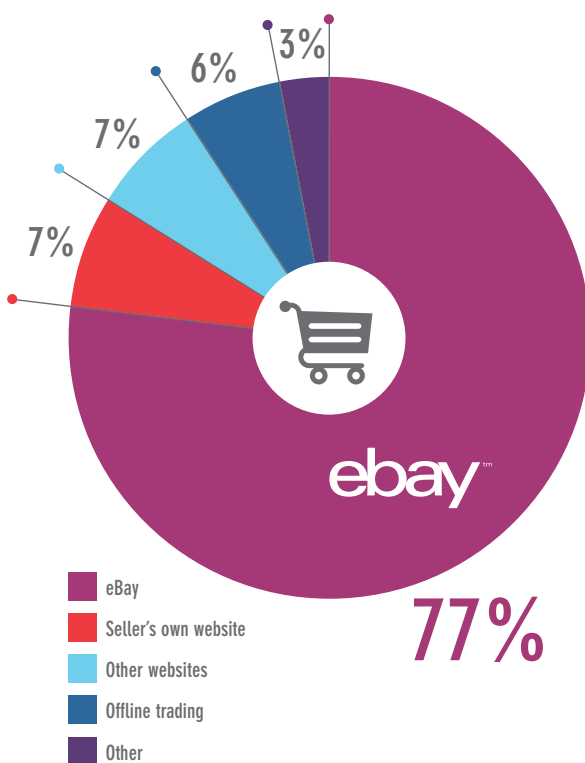
Large sellers in Mainland China are most dependent on eBay as their key sales channel, with 80% of their total business coming from eBay, significantly higher than large Hong Kong (72%) and Taiwanese sellers (60%).

Moreover, as customers typically seek to pay for goods or services in their own currency, the service provided by PayPal – trusted and secure, and available in 25 currencies – makes it even more attractive for international buyers to do business with China.

eBay and PayPal are delighted to partner with Greater China's entrepreneurs in a year of unprecedented prosperity.

“The overall support and attention eBay provides us has been extremely positive. Our sales jumped over 500% in 2011”

eBay seller



## TOTAL BUSINESS SALES BREAKDOWNS BY CHANNELS



**HARDY LIAO, SKG**  
User ID:  
skg\_limited

### CASE STUDY: OPENING UP THE WORLD

Headquartered in Foshan, South China, electronic goods company SKG was founded in 2007 and today sells millions of steam irons, electric kettles, rice cookers and other items through 120 retail outlets in Greater China.

In late 2011, bolstered by rapid success, SKG decided to venture online. It subsequently launched a store on eBay to take its brand to the world.

“The results were almost instantaneous, and pleasantly surprising,” says SKG’s Marketing Director Hardy Liao. “As a result of our eBay partnership sales have grown and there’s been a big surge in interest from distributors all over the globe.”

eBay’s UK site (ebay.co.uk) has been an especially successful channel for SKG, with distributor interest adding to the company’s already strong sales volumes and healthy margins. It now has four warehouses for inventory in England, Germany, the US and Australia, and is focused on fresh strategies to give it a competitive edge. These include

improved product quality and swifter deliveries from shopping cart “click” to any householder door.

“Meanwhile our market share is climbing and our brand name is becoming well-known,” says Hardy. “Our challenge now is to keep improving our distribution channels and customer service capability.”

With one eye always firmly on the future, Hardy is seriously considering other eBay-enabled commerce platforms such as mobile-friendly sites. “We’ll continue to leverage our eBay partnership to build our brand in the global market and to pursue excellence and innovation,” he adds.

# PAYPAL AND EBAY SUCCESS CONTRIBUTES TO CHINESE ECONOMY



**84%**  
of large eBay sellers  
in Greater China  
expect to hire  
more staff in the  
next 12 months

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“So far our eBay sales have not dropped despite the overall poor economic environment”

eBay seller

According to Forrester research the internet accounts for 6% of retail sales and influences another 37%, via price comparison and research undertaken by consumers before buying an item in store. Online sales are likely to influence an increasing proportion of transactions as internet user numbers grow, along with confidence about purchasing online.

This augurs well for small and medium-sized enterprises in China. They now have a new, easily accessible business model that enables them to expand beyond their domestic market, to compete globally and to grow their profitability.

## DOUBLE-DIGIT GROWTH

How is double-digit growth possible in a world still feeling the effects of a global economic downturn and Euro crisis?

In the case of large eBay sellers and PayPal merchants the downturn appears to have provided them with increased opportunities. Not so surprising when one considers the unbeatable value that businesses are able to pass on to global consumers by giving them more direct access to the world's manufacturing hub in China.

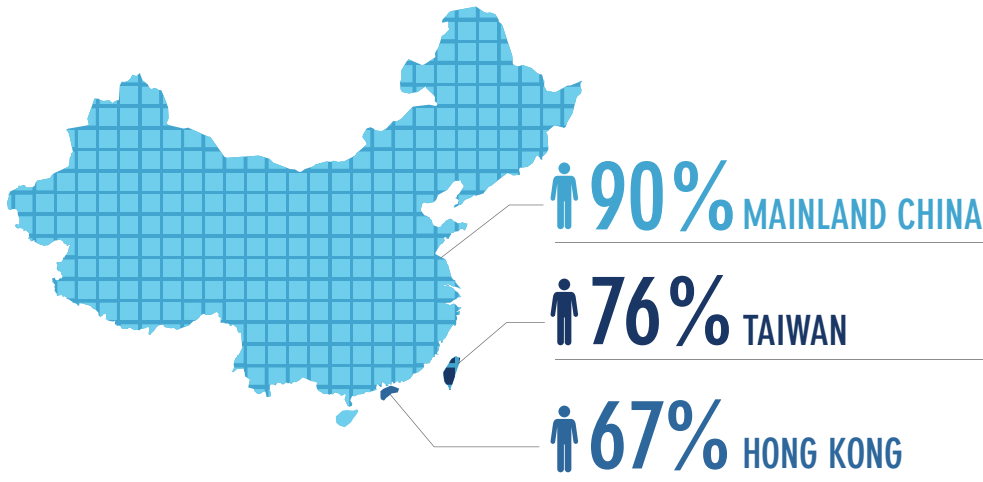
## CREATING EMPLOYMENT OPPORTUNITIES

As business success transforms the workplace of China's small to medium-sized enterprises, the economic benefits of e-commerce are becoming abundantly clear.

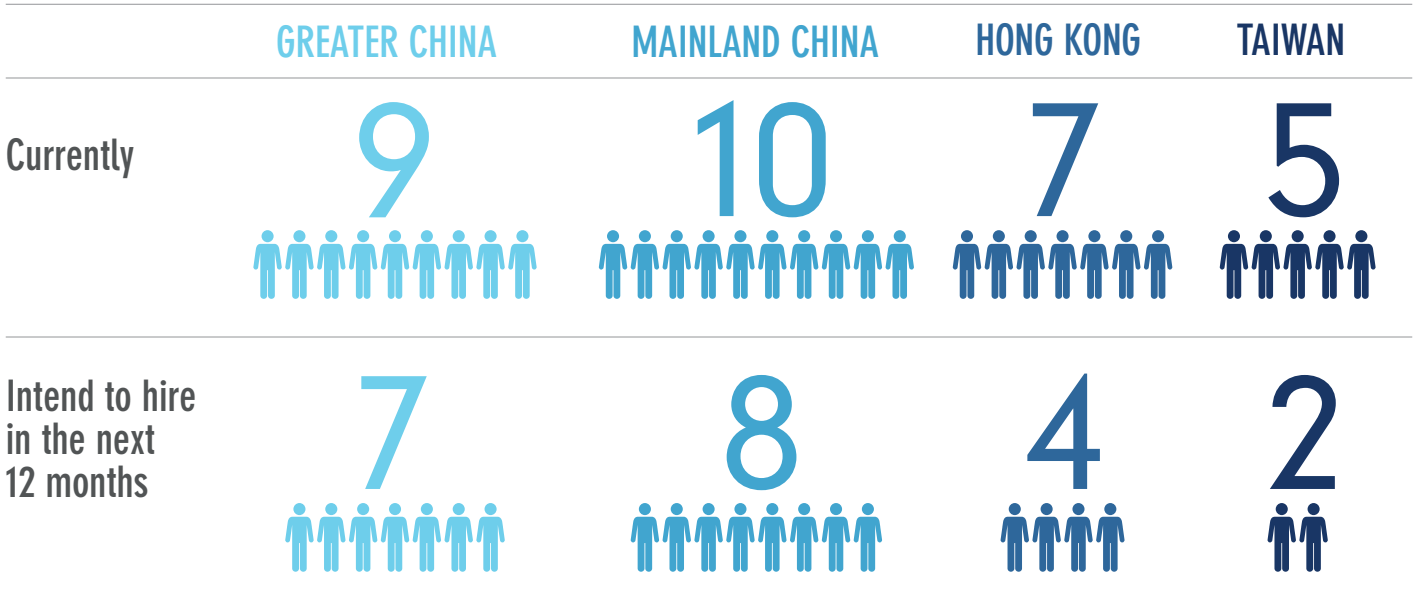
This year's eBay survey illustrates how success fuels optimism, which also typically leads to workforce expansion. Across Greater China, large eBay sellers employ nine people on average and they intend to hire seven more in the coming year.

Mainland China leads the way, with 90% of large eBay sellers expecting to employ more new staff. Seventy-six percent of Taiwan and 67% of Hong Kong entrepreneurs echo the same sentiments.





% OF LARGE EBAY SELLERS RECRUITING IN THE NEXT 12 MONTHS



NUMBER OF PEOPLE LARGE EBAY SELLERS EMPLOY



VICTOR SHU,  
DIRECTOR  
Chinahighlights

CASE STUDY:

A TRUSTED PARTNER

China Highlights was the first tour operator in China to partner with PayPal, back in 2004. After China joined the World Trade Organisation (in 2002) more people around the world sought to visit China, and China Highlights jumped at the opportunity.

The company went with PayPal as its preferred payment platform because the United States was, and still remains, its biggest overseas market. However, business has expanded to

such an extent that the US accounts for only half China Highlights' business today.

"We have many new customers from Europe, South America, the Middle East and Australia, thanks largely to the many new websites we have launched in different languages. Given that PayPal has 117 million+ active users in 190 countries and supports 25 currencies, we integrate PayPal solutions in all these websites," says Director of China Highlights, Victor Shu.

He points out that competition in China's tourism industry is fierce which is why his company focuses a lot of attention on customer

service. Currently, its rate of customer referral is around 75% and Shu would like to keep it that high, or higher!

"We value our partnership with PayPal because it adds a level of trust to our brand. Many of our customers prefer not to disclose their credit card details online. For these reasons, it makes sense to offer our customers an extra layer of trustworthiness and security, and partnering with PayPal does that."

# STRATEGIES FOR GROWTH

**Economic uncertainty appears to be creating a more hard-headed business approach among large eBay sellers with 39% expressing an optimistic outlook.**

Even among those who had a neutral or pessimistic outlook across Greater China, large eBay sellers have definite plans and strategies for growing their businesses.

In the eBay survey sellers typically cited more than one strategy for growth. These included strategies for expanding into other product categories and selling to new markets. Around seven in 10 respondents propose to expand their existing product categories.

## MOST POPULAR CATEGORIES

Consumer electronics, cell phone accessories and clothing are among the most popular product categories sold by large Greater China's sellers, and this trend seems likely to continue, judging by responses to this year's survey.

Across markets, large eBay sellers point to similar concerns over increasing cost of business (postage, supplies and rent) in a more challenging business environment (international competition, online offering of major retailers and exchange rates). Yet many remain optimistic about consumer demand.

Cost competitiveness also featured high in a PayPal survey of Mainland China merchants. According to the survey, export oriented merchants stated increasing cost of goods/inflation (62%) and strengthening Chinese Renminbi currency (44%) as their top barriers to growth.

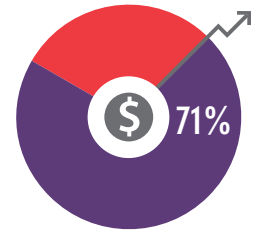
## MOBILE MOMENTUM

With mobile phones and tablets revolutionizing how people shop and pay, it's become imperative for Greater China sellers to stay abreast of global shopping trends.

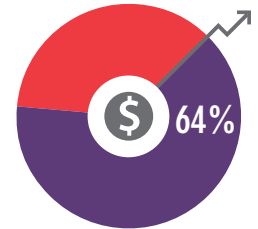
As a global leader in mobile commerce, eBay stays ahead of the curve by using consumer insights to give shoppers what they want, when they want it, wherever they are. eBay's continuous innovation creates a consistently good consumer experience across multiple platforms, streamlined through its suite of apps, downloaded over 100 million times.

**6 in 10**  
The number of eBay sellers who plan to expand into other product categories

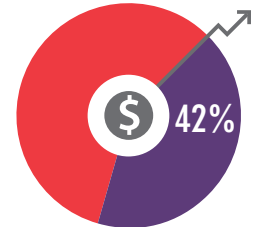
## % GREATER CHINA LARGE SELLERS



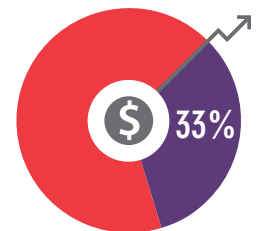
Expand existing categories



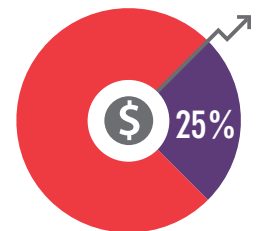
Expand into other categories



Expand the selling corridor



Adopt warehouse or other innovative logistic solution



Invest in operational efficiency

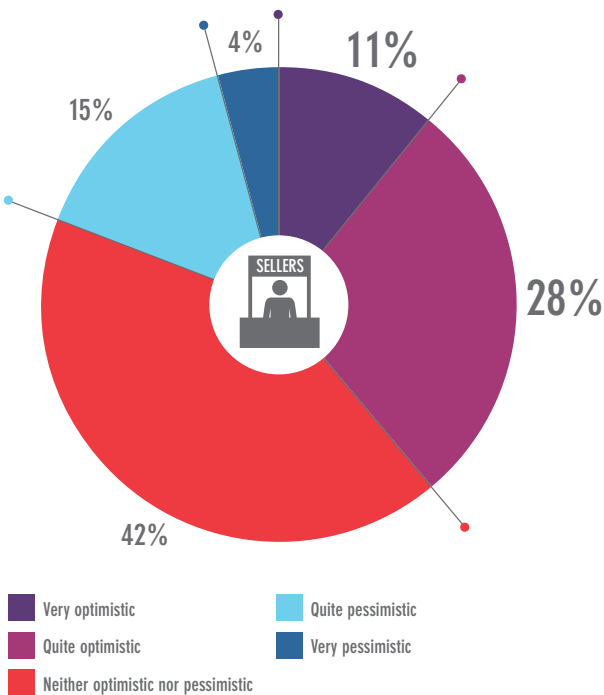
## PLANS TO GROW BUSINESS IN THE NEXT 12 MONTHS

eBay's iPhone app, for example, is the ultimate 'power app'. Users can browse over 350 million listings on eBay, comparison shop with a built-in barcode scanner and uncover eBay's *Daily Deals*.

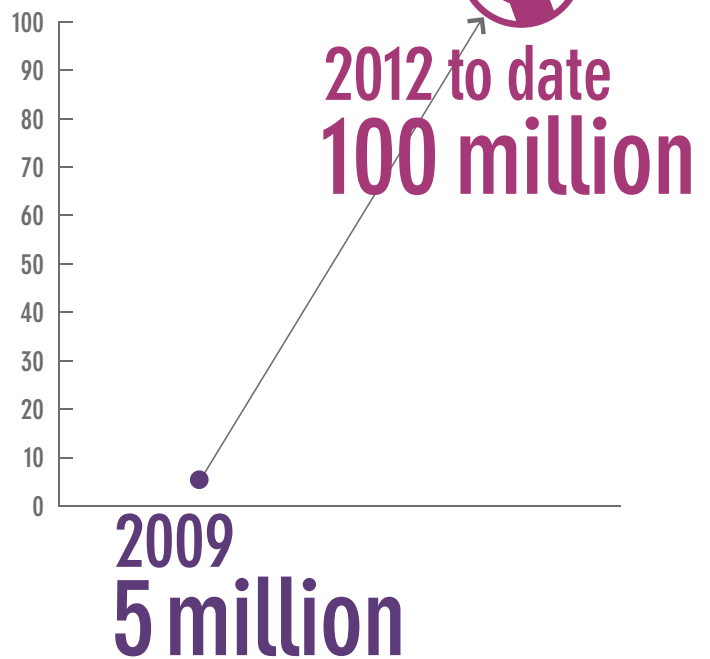
eBay offers tailored shopping experiences in eight languages and 190 countries, plus integration with PayPal, so large Greater China sellers can sell around the clock every day of the year.

"In 2012 eBay expects US\$10 billion in sales via mobile devices"

% LARGE EBAY SELLERS



Million



GREATER CHINA BUSINESS OUTLOOK

EVOLUTION OF MOBILE COMMERCE: NUMBER OF EBAY MOBILE APP DOWNLOADS



CASE STUDY:

ELECTRONICS DRIVE CHINA TRADE



China's electronics industry has played a major role in opening up world markets and driving expansion for sellers and large merchants alike. Take Kevin Chien of Taiwan. Kevin is so enthusiastic about the business opportunities the eBay platform presents that he's written a book titled: *Exploring online business opportunities via eBay: from auction to global trade*.

Kevin's company, Webtai Trading, was established eight years ago, and has

enjoyed strong growth every year selling computers, cameras and other items to customers round the world. Building a successful enterprise in this way is a dream come true, Kevin says. He always wanted his own international trading business, but lacked the means and capital until he discovered eBay.

Shanghai entrepreneur Jerry Zhang had a similar vision to build a great company selling globally. Having launched Yinyuan Electronics in 2006, he had much to learn about trading internationally, particularly to the US, but eBay helped him find solutions and overcome obstacles, he says. Today Yinyuan Electronics sells an average 32,000 to 40,000 items

a month, with 90% of its sales through eBay. Its customer service has been enhanced by specifically designed software created in collaboration with eBay.

In addition to those entrepreneurial businesses founded through eBay, an existing large enterprise that has partnered with eBay is TCL Communication (alcatelglobe). TCL joined eBay in May 2012 and is currently recruiting people to operate its eBay store. The fast-growing mobile phone vendor sees big opportunities ahead, according to overseas business manager Jim Yang. It will be particularly targeting sales of its TCL and Alcatel One Touch mobile devices to US customers via eBay.

# PAYPAL AND EBAY HELP TO MAXIMISE EXPORT SALES

**Emerging countries in Latin America and Eastern Europe are growing much faster than developed Western nations, presenting fresh online export opportunities for Greater China's entrepreneurial sellers.**

At a recent *China Cross-Border E-commerce Insights* conference hosted by PayPal, it was revealed that Chinese exporters using PayPal's global payment platform grew by 20-40% to traditional Western markets (US and Western Europe) and increased even faster (by 60-100%) to emerging markets in Latin America, Eastern Europe and Asia Pacific. Argentina was top of the new overseas export market list with 96% growth, followed by Israel (72%), Ukraine (71%) and Russia (69%).\*

In the past 12 months eBay has also focused strongly on targeting and growing new consumer regions on behalf of its Greater China sellers. It's not surprising then that respondents to the eBay survey cite 'consumer demand' as their number-one opportunity to grow their businesses in the next 12 months.

Specifically, 57% of large eBay's sellers expressed optimism about the potential of worldwide consumer demand.

Sellers are also predominantly positive about the availability of suitable staff to grow their businesses. In a bid to strengthen their export skills, many intend to access training specifically designed for online business operators.

With this in mind, eBay's account managers have worked hard to educate sellers about how to manage customer expectations and deliver an excellent level of customer service.

With a nod to China Post's increasing support of exporter trade, many respondents also note that an improved range of local postal delivery services makes it easier to do business.

More easily accessed credit and finance was another popular route to expansion, according to the survey results.

\* July 2011 – June 2012



## TOP FIVE FACTORS LIKELY TO FACILITATE ONLINE BUSINESS GROWTH

|   | GREATER CHINA % |
|---|-----------------|
| Consumer demand                                       | 57              |
| Availability of suitable staff                        | 57              |
| Availability of training for online e-commerce        | 42              |
| Range of delivery services from local government post | 30              |
| Access to credit/finance                              | 30              |

## SHIPPING STRATEGIES

Cross border trade between China and the rest of the world accounts for huge shipping volumes. eBay vendors are predicted to ship more than 200 million items to buyers across the globe in the next 12 months.

As trade with emerging markets booms, eBay continues to seek logistical solutions for handling the immense number of goods involved.

For trade between Mainland China and the United States, eBay has already developed the ePacket solution connecting China Post with US Postal Services. Currently, ePacket processes 100,000 parcels a day and is available to sellers in more than 40 Chinese cities. Six in 10 eBay sellers in China are using it to ship to the US, with over 80% of items delivered within 10 days.

In Hong Kong, eBay has launched e-Express, an exclusive premium shipping option for Hong Kong-based eBay sellers in partnership with Hongkong Post and the US Postal Service (USPS). Sellers there can choose the e-Express service via a fully integrated platform that enables them to synchronize their eBay transactions, get tracking numbers instantly, print shipping labels and have the tracking numbers uploaded to eBay automatically.

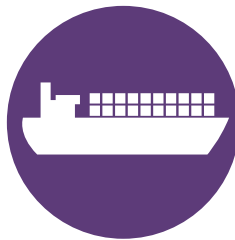
With volumes to Russia and South America having increased dramatically in the past 12 months, eBay is now looking at solutions and strategies for shipping to these regions. It is also developing a solution for Taiwanese sellers transacting globally.

So far, eBay's focus on shipping solutions has paid dividends, resulting in dramatically improved shipping times which the company hopes will contribute to greater customer satisfaction and repeat business for its vendors.

As demand is unlikely to plateau any time soon, eBay continues to explore ways to make business more successful for its Greater China merchants.

“Despite the shrinking global economy, there was little impact on our online business. We hope eBay continues promoting to global markets in this period of economic recession”

eBay seller



# 2012/2013 projected: 200 million +

CROSS-BORDER TRADE: NUMBER OF PARCELS  
EXPEDITED ANNUALLY FROM GREATER CHINA



**BEN YIP,  
MILLION TOP**

User ID:  
Dailytrade

### CASE STUDY:

## 'WE OWE OUR SUCCESS TO EBAY'

Ben Yip, founder of Million Top, believes his company largely owes its success to eBay. It currently sells 70% of its products via eBay, and 20 to 30% of these purchases are made via mobile phones, a trend he expects to escalate.

Based in Hong Kong, Million Top mostly sells watches, along with some jewellery lines, and since 2008 has also been selling its own custom-designed Shark watch. Over 500,000

Shark timepieces have been sold on eBay since then.

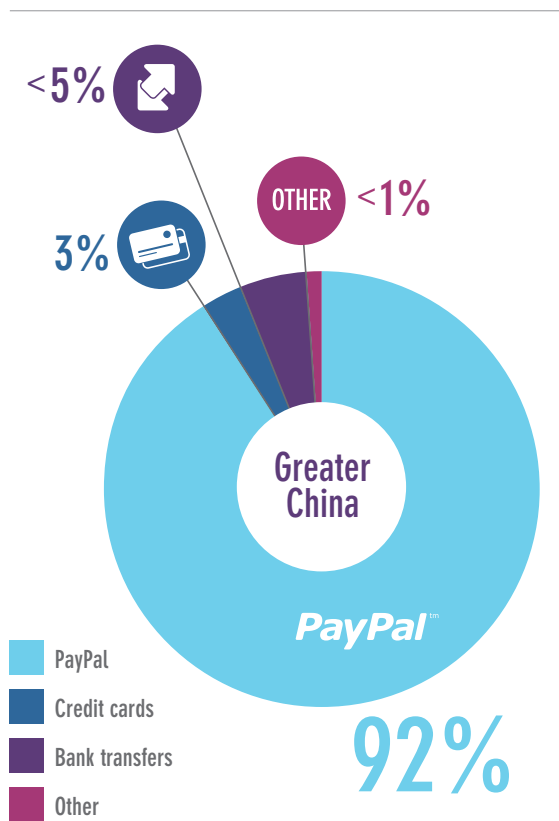
“eBay provides a lot of support and ready-made tools to help us upload listings swiftly, making it easier for customers to locate items,” says Ben. “Also PayPal is securely connected so we never have to worry about receiving money for our goods.”

Ben particularly appreciates the attention eBay pays to purchase disputes. It has an excellent mechanism in place to resolve buyer/seller differences, he adds. Moreover it routinely promotes Million Top products in various regions with “daily deals” and similar programs.

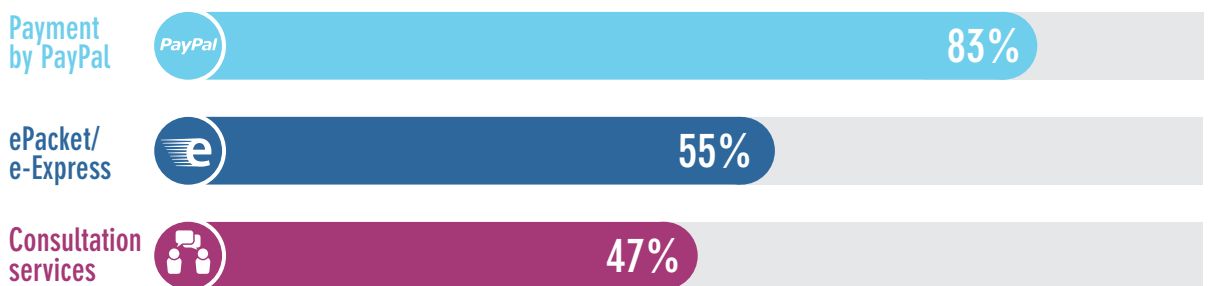
Most of all, Ben is grateful that eBay offers access to a huge global market that allows his company to sell 24 hours a day, every day. Despite the global financial crisis, the US remains Million Top's number-one market, while Russia and Brazil are growing rapidly.

“Logistics remain a great challenge,” concedes Ben, who believes one way to meet consumer expectations is to establish warehouses in local regions. “We're learning all the time and we'll continue to upgrade our commitment to higher product quality, improved customer service and better, faster delivery options.”

# SUPPORT AND SOLUTIONS



## EBAY SALES BY PAYMENT METHODS



## WHAT EBAY MEASURES HAVE HELPED SELLERS WITH THEIR ONLINE BUSINESSES?

Global consumer confidence has declined in recent months, thanks to the ongoing Euro crisis, lacklustre US job growth and China's downward GDP revision for 2012, according to the Nielsen Consumer Confidence Index conducted in the second quarter of 2012.

For large eBay sellers, however, worldwide economic restraint is seen more as a positive than a negative, with large numbers expressing confidence about their future. Specifically, many large Greater China entrepreneurs believe that their online businesses are likely to benefit from the downturn, given that consumers may turn to online shopping to save money and find great deals.

Furthermore, the greater the YOY growth of their eBay businesses, the more likely sellers are to feel upbeat about the future, as the eBay survey responses illustrate.

In addition to shipping solutions, sellers would like eBay to provide them with avenues such as forums to meet other online sellers, improved platforms to enhance the online shopping experience, assistance with staff training and channels to recruit suitable staff.

Notwithstanding this, the measures eBay takes continually to help sellers' online businesses, particularly in a volatile economic market, was acknowledged in this year's survey. Alignment with PayPal was considered critical, as were eBay's postage initiatives, while almost one in two large sellers paid tribute to eBay's consultation services.

## PAYPAL BOOSTS TRADE

eBay is proud to partner with PayPal in providing further business-enhancing services to Greater China's sellers.

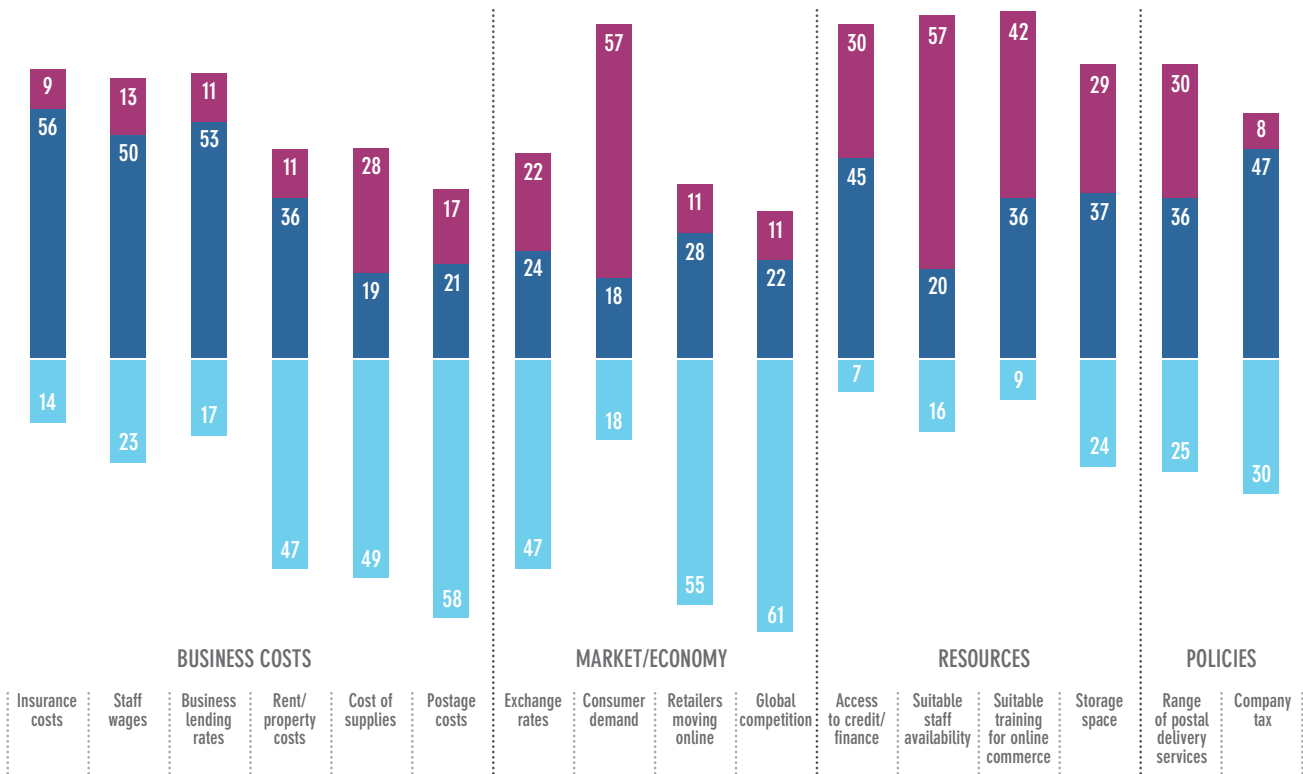
With over 117 million accounts and support for 25 currencies, PayPal helps Chinese merchants expand their presence across the globe in 190 markets. In addition, PayPal has over 14 years of experience in fraud prevention and risk management to enable more secure transactions between Greater China merchants and global customers.

In collaboration with merchants, PayPal orchestrates various joint promotion campaigns, including:

1. *Exclusive preferential packages*, designed in collaboration with sellers, to effectively increase the purchase interest of new customers
2. *Region-specific marketing activities* in response to preferences and patterns in different overseas markets.
3. *Business-specific e-marketing* to capture B2B or B2C customers, or both.

### % OF SELLERS WHO BELIEVE FACTOR WILL

■ LIMIT GROWTH ■ NEITHER SUPPORT NOR LIMIT GROWTH ■ INCREASE GROWTH



## INFLUENCE OF DIFFERENT FACTORS ON FUTURE BUSINESS GROWTH



WU HONGBO  
Gofavor.com

### CASE STUDY:

## SMALL ORDERS EQUAL BIG BUSINESS

In 2009, Wu Hongbo and his business partners faced a conundrum. They had set up a commodities market website providing information for buyers looking to source items at China's Yiwu Market in Zhejiang province. But B2B sales were on a downward trend, and they sought fresh opportunities.

Then one day they met Mr Zhang, Business Development Manager of PayPal China. Zhang's advice was simple: "More and more foreign consumers prefer online shopping. Why would anyone stay with a B2B wholesale model?"

Wu found Zhang's remarks enlightening. After further consultations with PayPal, Wu and his colleagues chose to sell jewelry – which had a high unit price and low shipping costs – online.

In 2010, as a first step, they launched their online shop on eBay, viewing it to be an established, safe global trading platform. The store was a success, and Wu and his partners decided to follow it with another, independent online store, using PayPal's global payment platform. In March 2011, Gofavor was born.

Wu and his partners discovered that foreign buyers pay more attention to the entire shopping experience and after-sales service than domestic buyers, so they improved their levels of service in these areas. As most of Gofavor's customers are in Europe and North America, their marketing team made special effort to research consumption habits of foreign

consumers, and launched tailored promotional campaigns to suit Western seasonal trends and holidays. They have also established a loyalty system, offering customers regular discounts and product updates.

Wu and his partners now plan to take the business to the next level. They are expanding their range to include apparel and manicure and household products, making their store more comprehensive and appealing to female shoppers. Wu recently set up an office in Shanghai.

"When you do business online, you can aim at buyers and market segments you see most appropriate, shaping your own style," says Wu, who compares e-commerce to 'the wide blue ocean'. "If we hadn't learned from PayPal about foreign trade and electronic commerce, we wouldn't have found a way out of our business slump so quickly."

