Cross Border e-Commerce - Empowering SMEs to Access Global Markets

Submitted by: ABAC China
Cross Border e-Commerce
Empowering SMEs to Access Global Markets

2014 iSOM
Ms. Dianc Wang
ABAC China
Makati City, the Philippines

Agenda

Mainstreaming SMEs to Global and Regional Markets

1. The Solution to Mainstream SMEs to Global Markets
2. The Real Life Stories of How SMEs succeed in Global Markets
3. The Capacity Building Program to Implement the Solution
2014 Goals

1. Enhancing SMEs’ access to finance
2. Enhancing SMEs’ integration into global value chains & international markets
3. Promoting innovative growth

Cross Border e-Commerce in China

- Online Merchants: $+ million in 2012
- Num of SMMEs: 58+ million in 2012
- Micro-Loans to Online SMMEs: Q1 2013 (in 1 quarter)
  - 1 million approved loans
  - 250,000+ SMMEs
  - $2 billion
- Single Day Online Sales: up to $13 billion in 2014
- Job Opportunities Created:
  - E-Commerce: 1.8 million +
  - Related Industries: 16.3 million +
- Online Transactions: ~ $1.6 trillion in 2013
- Online Transactions: Can reach $420 – $650 billion in 2020
- Cross Border e-Commerce
- 5-6% of retail sales
- 60% YoY increase
- 90% on Marketplace Platforms
- CAGR 120% since 2003

Source: McKinsey Global Institute, AliResearch, China Ministry of Commerce
Cross Border e-Commerce Trading

Estimated to Increase 300% YoY, to Reach $307 Billion USD in 2018

In Six Key Markets (the USA, the UK, Germany, Brazil, China & Australia)
Cross Border e-Commerce Ecosystem

2,000+ Micro Loans per Year

21 Min Instant Micro Loan:
- No Guarantor, No Collateral
- Apply Automatically
- 80% Goods Value, Less Than 1/2 Hour
- Same Day Exchange Rate
- Success Rate 99%
- Annually 2,000+ Approval Cases
**Six Fold Profit Margin:**
- Profit Margin increase 6 times
- Annual Sales from 0 to 10+ Million USD in 1 Year
- Market Coverage from 20 to 100 Countries
- Employees from 0 to 30+ in 1 Year

“I thought it was just a long shot, but today, cross border e-commerce brings me six fold increase in profit margin, $10+ million annual sales, with orders from 100+ countries,”

**Cross Border e-Commerce : Bypass Middlemen**

Traditionally

<table>
<thead>
<tr>
<th>Factory</th>
<th>Export Organizations</th>
<th>Import Organizations</th>
<th>Wholesalers</th>
<th>Retailers</th>
<th>Customers</th>
</tr>
</thead>
</table>

Now

<table>
<thead>
<tr>
<th>Factory</th>
<th>All - in - One Platform</th>
<th>Customers</th>
</tr>
</thead>
</table>
Cross Border e-Commerce: Increase Profit Margin

Traditionally
- Domestic Channel: 12%
- Overseas Channel: 50%
- Overseas Retail: 25%
- Manufacturing Cost: 8%
- Net Profit: 5%

Now
- Online Payment: 4%
- Logistics: 10%
- Web Store: 20%
- Manufacturing Cost: 12%
- Net Profit: 54%

Increasing Margin from 5% to 54%

Cross-Border e-Commerce Training (CBET) Workshop

Jun 23 – 26, 2014 | DONGGUAN, CHINA

Organizer: ABAC China
Sponsors: MasterCard
          Songshan Lake
          DHgate.com
Endorsed by: ABAC, MIIT
50 Attendees from 10 APEC Economies

- The Philippines
- Brunei
- Indonesia
- Singapore
- Hong Kong, China
- United States
- Canada
- Slovenia
- Chile
- China

Platform Trends

Global Selling  3rd Party Trading Assistance  Global Logistics  Internet Finance  Online Marketing  Int’l Payment  Global Buying  Trends
**Participants Feedback**

**CBET Attendee from Indonesia**

“It's surely a great opportunity for us to learn more on how Chinese cross-border e-commerce companies deliver a good business......*That should be held more often*, so more people aware and have more knowledge......”

- Izmir Putra, COO of UKMMarket.

**CBET Attendee from the Philippines**

“ I am writing you to show you that *we are very serious in our intention to bring CBET to the Philippines offline* and will support ABAC Philippines for the e-learning.”

- Arlene Padua-Martinez MD at Post10 Worldwide Inc

**CBET Interest Groups**

- ABAC Indonesia
- APEC Papua New Guinea
- APEC Malaysia
- APEC Brunei
- APEC Korea
- APEC Peru
- APEC Mexico
- APEC Philippines
**Summary**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross Border e-Commerce – SMEs: Wings to Access Global Markets</td>
<td></td>
</tr>
<tr>
<td>Case Studies: Real-life Stories of People Succeeding through e-Commerce</td>
<td></td>
</tr>
<tr>
<td>CBET Workshop: Capacity Building Program to Implement</td>
<td></td>
</tr>
</tbody>
</table>

---

**2014 iSOM, The Philippines**

Diane Wang  
diane@dhgate.com  
ABAC China