CHINA CO-OP’S MARKETING SYSTEM AND INTERNATIONAL BUSINESS
Cooperative Movement: a review

Marketing & Logistics of China Co-op

China Co-op International Business
China Fed. of Supply & Marketing Cooperatives:
- 32 Provincial and Metropolitan Federations of SMCs
- 335 Prefectural Federations of SMCs
- 2,403 County Federations of SMCs
- 24,950 Primary SMCs
- 245,000 Farmers’ Specialized Cooperatives

China Co-op Group:
- 959 companies owned by provincial federations
- 3,041 companies owned by prefectural federations
- 14,461 companies owned by county federations

China Co-op Today:
- Including 17 son companies.
Breakdown of turnover by product purpose
Breakdown of sectors by number of entities

- Marketing Consumer goods: 26%
- Marketing Inputs: 19%
- Manufacture: 7%
- Hotels: 2%
- Logistics: 1%
- Finance: 0%
- Real Estate: 1%
- Others: 19%
- Re-usables: 9%
- China Co-op Today
Breakdown of turnover by channel

- Chain store + distribution: 20%
- Wholesale market: 15%
- B2B trade: 34%
- International trade: 4%
- E-commerce: 3%
- Others: 24%
## Marketing and Logistics System

### Chain Store Systems

<table>
<thead>
<tr>
<th></th>
<th>Inputs</th>
<th>Consumer Goods</th>
<th>Re-usable</th>
<th>Agro and Food</th>
<th>Fireworks</th>
<th>Pharmacies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chain store head offices</td>
<td>2484</td>
<td>1541</td>
<td>544</td>
<td>819</td>
<td>969</td>
<td>99</td>
</tr>
<tr>
<td>Distribution Centers</td>
<td>6318</td>
<td>2434</td>
<td>265</td>
<td>989</td>
<td>1723</td>
<td>83</td>
</tr>
<tr>
<td>Business Outlets</td>
<td>373000</td>
<td>383000</td>
<td>44000</td>
<td>54000</td>
<td>184000</td>
<td>7426</td>
</tr>
</tbody>
</table>
Marketing and Logistics System

SUGUO HYPER MARKET/SUPERCENTER IN JIANGSU
Convenience Stores and Community Supermarkets
Distribution Centers are supporting forces to hypermarket, supermarket and convenience stores.
Wholesale markets serve resellers and other buyers
Industrial buyers (B2B) are important buyers of cotton, yarns, grains, rubber, chemicals, electric and machines. Also important in international trade.
Marketing and Logistics System

E-commerce through private website
E-commerce through third-party website
www.taobao.com
E-commerce through third-party website
www.jd.com
Export Structure of China Co-op

- Agro Input: 59.9%
- Chemical: 4%
- Textile: 3%
- Food & Beverage: 29%
- Machine & Electricity: 3%
- MSC: 1%
- Mineral: 2%
- Ag. Non Food: 2%
Import Structure of China Co-op

- Agro Input, 37.5%
- Ag. Non Food, 32%
- Electronics, 10%
- Machine & Electricity, 10%
- Food & Beverage, 6%
- Miniral, 9%
- Chemical, 2%
- MSC, 0%
Advantage of Made-in-China

- Labor
- Raw Material
- Technology
- Product
- Management
- Business Cluster
- Supporting System
- Scale
Advantages in C2C Trade

- The diversity of ICA members in different countries and sectors allows the trade among cooperatives based on comparative advantage.

- C2C trade means lower transactional cost and lower risks
Co-ops are united in concept but separated in business

The first and very basic barrier that co-op to co-op trade is the fact that they are united from the point of concept, but from that of information and business relations, they scattered and separated.

- Many cooperatives tend to operate locally and regionally.
- Co-ops do not know each other due to limited information, weak co-op identity
- The non-cooperative companies who offer competing products and services are easier to find.

It is important that cooperatives are connected not only in organizations but also in business relations.
Co-ops do not appear as competitive as non-cooperative businesses

Reasons:

- Weak marketing, including strategy for product advertisement, promotion for local retailers.

- Weak business capacity, for example, to supply according to the buyer’s requirement on quality, standard, packing, delivery, and payment.

- Weak brand visibility and co-op identity, as shown in using .coop
China Co-op actions to promote C2C trade
China Co-op actions to promote C2C trade

China Co-op with Turkey, Iran, Malaysia and Sri Lanka cooperatives
December 2014
China Co-op actions to promote C2C trade
Comprehensive on-line solution to trade

China Co-op actions to promote C2C trade

Services include:
1. Custom clearance
2. Government procedures
3. Payment and financing
4. Logistics
5. Insurance
6. Customer resources management

www.shimaotong.com
Cross-border E-commerce

China Co-op actions to promote C2C trade

Features:

- Fast track for custom and inspections
- Duty free or low rates
- Targeted at consumers shopping online
- Quick, small and repeated purchase.
- Especially for food, beverage, home products, etc.
- Import & Export

| Product                | Description          | Price  
|------------------------|----------------------|--------
| WMF 锈钢压力锅4.5L    |                     | ¥999   |
| Lalique免敏洗手液    |                     | ¥35    |
| 德国stein电热水壶1.7L |                     | ¥395   |
| Swisse蔓越莓胶囊      |                     | ¥135.82|
| 嘉宝DHA+益生菌米粉1段 | 227g                | ¥29.5  |
| 花王婴幼儿牙膏草莓味|                     | ¥18    |
| 韩国进口宝宝纯巾74抽 | 99%纯水棉柔巾     | ¥18    |
| 荷兰Linda成人奶粉    |                     | ¥68    |
China Co-op actions to promote C2C trade

Procedures:

1. User registration
2. Choose products
3. Order Confirmation and custom review
4. International shipping from supplier/bond warehouse
5. Domestic shipping
6. Delivery
7. Tracking system
1. **Strategies from top cooperatives** are important and make them know to members.
2. **Actions to facilitate the trade** among co-ops, a step-by-step method may work better.
3. **Infrastructure for business**, include business portal website, member list and catalogue, by ICA and/or apex cooperatives are necessary.
4. **Exhibits that are widely participated** by cooperatives and by real business managers around the world are valuable.
5. **Business round-tables or similar events** to promote real business by provide a chance for real business managers to meet for business.
Strategy 2020 for China Co-op

Thank you!