



WHERE TO START IN CHINA

**SETTING UP AND RUNNING
SUCCESSFUL ONLINE MARKETPLACE
STORES IN CHINA**

If You Want To Enter China, Start Thinking In Terms Of **NICHES**

I recently met with a potential client who owns a successful swimwear brand. Globally, they are crushing it...but the majority of sales are to “tanning” nations. Demographics are ideal.

Even using Chinese models, beach culture in China isn't ready. He's insistent. But I'm quite sure it is a BAD idea. Saying “no” to entry required ZERO data analysis. One walk in China on a sunny day and you can see Chinese women under umbrellas hold a different view. The sun is the skincare equivalent of a death sentence.

Now this isn't always true (e.g. full body suits could work). But the general idea that masses of Chinese women will wear skimpy bikinis isn't right.

As it turns out, he's got deep experience in Shanghai. So after arguing for 2 hours, he mentioned that his partner has secured a license to operate food trucks.

Now THAT is a good idea: Shanghai is desperate for late night snacks. I can't imagine the party crowd won't make this 100% successful.

Thriving in China is about acceptance and flexibility over force of will.

Niche hunters win.

The rest ice skate uphill. If most aspiring entrants thought this way, success rates would be much higher.

YOU KNOW YOU'VE GOT
A **WINNER** IF...



UNIQUE PRODUCT

- Category leader in home market
- Product is niche, one of a kind
- Right product-market fit, not “me too”

CONTROL OVER CHANNELS

- Competitive supply chain, high quality
- Inventory and price controls
- Minimal channel conflict

PRE-ACTIVATION

- Known to enthusiasts, hobbyists or professionals, iconic
- Bought by Chinese travelers, traders and overseas students

SOLID MARKETING PLAN

- Competent marketing team
- Will invest (enough) in activation
- Can afford the long game

UNIQUE PRODUCT

First of all, we're looking for some type of uniqueness. Don't come to me with a vitamin C tablet. There are already a thousand brands selling vitamin C tablets. I need to see something that is unique.

You need to be a leader in your own way. Either you've created your own sub category, you have an iconic product, you're in a great position, or you're just lucky and Chinese tourists buy your stuff.

The latter happens all the time. If you're in the fortunate position of living in a popular destination for Chinese tourists, you just need to get your products out in front of them. Activation happens like that everyday. You must also have product market fit. "Me too" products don't fare well.

CHANNEL CONTROL

You absolutely need control of your channels. By that I mean, you don't want to be in a situation where a parallel importer can buy the product and cut you on price in China. You will never win against these traders. So that's another thing everyone has to understand - that you're supply chain and centralized inventory and price control goes along with uniqueness.

PRE-ACTIVATION

Arguably the most important consideration for a brand looking to enter China is pre-activation: Are you known through word of mouth?

That could be because travelers, traders, or students buy your product and sell it to their friends through the Daigou networks.

Another option is having a niche. For example, one of my clients is in the motorbike category. If you buy a motorbike, and you're going to buy a uniform to protect yourself in a race, they're one of the three brands available to buy. So they're already activated and known to hobbyists and enthusiasts. So if you're in that kind of iconic or specialized space and your products are good, you have a great shot at the title.

SOLID MARKETING PLAN

And last, you need a solid and clear marketing plan that includes activation budgets, and professional brand assets that we can actually use.

SO WHERE DO YOU BEGIN? HERE'S YOUR SELF CHECKLIST.



Do I Know Where My Brand Stands In the Market?

I mean that very specifically... Have you looked at the data that's available to understand if it's a viable option? Have you determined if it's something that you can do successfully?



Do I Have A Clear & Realistic Business Case?

If you don't, then you need to bring in help. There are a lot of people that will facilitate this for you, companies that can help you build a business case and look at the commercial viability of the project over time.



Do I Have The Right Resources?

This depends very much on where your activation level falls. Some brands are just lucky. We see this often in brands from Australia and New Zealand because there's so much cross-border trade, a lot of brands are accidentally activated. So when they look at a launch in China, it's not expensive at all, where as others might be starting from zero and require more financial investment.

1

Do I Know Where My Brand Stands In the Market?

How do you tell if there's a market for your product...in China?

Of course there IS market for your product, but that isn't the real question. The real question is whether you can build a SUSTAINABLE presence here.

China's ecommerce market is awesome... with over USD\$2 trillion in sales 2019. As such, it would be "easy" to show data that confirms you have struck gold.

BUT...we aren't in the business of telling people what they want to hear. We tell the TRUTH about their potential. We size it as we see it. That's because we have P&L responsibility if they say, "yes" (and make nothing if they don't).

To us, your "market" is a dynamic sub-category in a competitive platform that captures the nuances, preferences and tastes of 600 million consumers. So many factors contribute to success in that environment...product-market fit is only one of them.

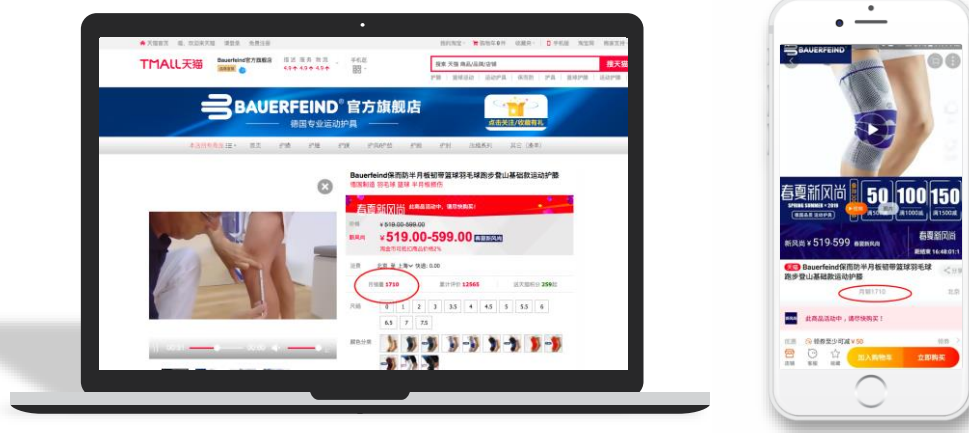
After we get through our checklist, you'll know if you have a green light. There is no easy way to do that work. Whether you hire us or not, work with folks who have your best interests in mind.

You'll know because they don't flatter. They tell the truth (even if it's unpopular.) They look at the hard facts and help you decide. Then they take responsibility for your success. That's when you know you have a winner...and not one day sooner.

DEVOTE TIME TO RESEARCH

Knowing where your brand stands is absolutely critical. Fortunately, Alibaba publishes sales volumes for every single product listing. That means every consumer shopping on the platform, and even your competitors could see how much you sold during the last 30 days.

Figure 1: Sales Volumes are All Published on Tmall



Source: Kung Fu Data Analysis

So you can do some desk research and look at how your competitors are perceived in China. You can see their store sales, their ratings and reviews, and you can even look at their store history. It is totally transparent, giving you amazing amounts market research opportunities.

Another tip is to carefully go through all the customer reviews. Chinese consumers love to share reviews after purchasing. Take a look and see what they say about the your products, about your competitor's products, and understand their values. They could be very different from what you think.

Figure 2: Listen to Live Consumer Voices

Example: Customer Reviews on a Belgian Craft Beer Brand

"This Belgian beer is **very good**. Taste it! It has a strong wheat flavor, a lot of foam and **alcohol level is higher compared to domestic beers**."

"I don't have much to say about the taste of the beer! I would **rather spend additional 15 yuan** to drink one bottle of this kind, **than to drink three bottles of domestic industrial beer**! I will definitely purchase again next time!"

"Taste is very **rich and delicate**. Five points for the value."



CONSUMERS KNOW THAT ** IS
NOT JUST A MASS BEER BRAND LIKE TSINGTAO OR BUDWEISER**

Source: Kung Fu Data Analysis

Every day I see foreign brands come into China without taking the time to identify their true target customers...and the worst part is they think they HAVE.

A brand I spoke with recently told me they were targeting 20-30 year old Chinese millennials.

...But there are 400 million of them! It is the equivalent of targeting "Europe." Assuming people born on certain dates all want the same stuff is like tuna fishing from the beach with a cane pole and carp bait. It doesn't work.

So you need to get very specific in terms of WHO your minimum viable market is. That "who" has individual beliefs, values, wants and needs. And you must choose desirable attributes for your brand that attract enough of them to your cause so you can earn a living. You also need to make sure that "tribe" is filled with early adopters who send the right SIGNALS to the larger community you want to reach later.

Then rollout commerce when you are absolutely ready to do so AFTER you have activated your fan base and gained some traction.

...OR ASK THIRD PARTIES

Of course, you can use third parties if you don't have time and resources to do the research.

For example, our team works with hundreds of brands exploring China ecommerce opportunities. Most of them come in blind, not knowing anything about the market they are going into. After they talk to us, 9 out of 10 brands are shocked to see the results.

These are some of the data points we provide our clients:

- *Industry Sales*
- *Search Trends*
- *Competitor Sales*
- *Major Players*
- *Transaction*
- *Success Cases*
- *Top Products*
- *Consumer Profile*

The best thing about going to agencies is that they are often very open in sharing data, because it's the first bridge with clients and opportunities to build trust.

So if you are small, find a trusted partner in China, and let them make introductions that are going to be valuable to you.

Figure 3: Kung Fu Data's Market Entry Consulting Deliverables



Source: Kung Fu Data Analysis

2

Do I Have A Clear & Realistic Business Case?

Our new client has been fumbling in China for some time. Perhaps it was predictable. After all, organizational hubris can be an incurable disease.

They ignored the obvious signs. They've been disrupted. Competition is coming from everywhere. They let digitalization happen and decided to take part in a small way instead of serving people the way they wanted to be served.

So what do you do when your sales are abysmal (and declining)? You are hamstrung by the old ways of doing things? Your legacy culture is weighing you down?

STOP!

Do the research. Run an audit. Figure out what changed. Get professional help. Find out where you need to be and when you need to be there and re-engage at **POINT OF INTEREST**.

China is simply too big and diverse to think things will stay the same. Consumer behavior often changes overnight.

Acceptance of this truth is hard. Trying something new is uncomfortable. But when you finally do it, you enter a fertile land where rivals aren't necessarily willing to go. Here you can plant the seeds of success...and win again.

HOW MUCH GROWTH CAN I EXPECT?

Building a business case for China is probably where managers and executives struggle the most. How do you justify spending a significant amount of company resources? How do you know you're making the right decision to enter China, an increasingly competitive market? You need to have hard numbers on everything from market data to pricing and budgets.. and they all have to be realistic.

Below is an example of a P&L exercise we did with one of our clients that had a unique positioning in the market.

Figure 4: Sample P&L for Running a Tmall Store

***** Tmall FLAGSHIP STORE - SALES FORECAST** Unit: RMB

CATEGORY	2021		2022		2023	
REVENUE	3,492,000	100%	7,409,000	100%	11,985,000	100%
COGS	2,841,240	81%	4,311,780	58%	5,394,750	45%
TP Services	1,479,360	42%	1,792,720	24%	2,158,800	18%
KFD Service Fee	1,200,000	34%	1,200,000	16%	1,200,000	10%
KFD Commission	279,360	8%	592,720	8%	958,800	8%
Warehousing/Logistics	69,840	2%	148,180	2%	239,700	2%
Platform Commission	174,600	5%	370,450	5%	599,250	5%
Marketing	1,117,440	32%	2,000,430	27%	2,397,000	20%
In-platform Media Spend	628,560	18%	1,185,440	16%	1,797,750	15%
In-platform Content Mkt	488,880	14%	814,990	11%	599,250	5%

- ***'s 2019 brand sales on T&T platforms were RMB 559K, mostly sold by Taobao resellers.
- Currently, *** shows very low brand awareness level on T&T platforms as well as other online channels in China. The brand needs to invest vast amount of resources in brand activation. We expect approx. 30% of in-platform marketing investment to be made on year 1 in order to drive traction and growth within T&T platforms. *** will most likely lose money on Year 1.
- However, *** does not have direct competitors on Tmall, meaning the brand could become a leader of its own category "****" or "*****". Once its positioning is clearly communicated to Chinese consumers, growth is just a matter of time.
- Once the brand is properly activated, we expect the flagship store will achieve over 7M in sales on year 2, similar to its competitor *** FS store's first year sales.

Source: Kung Fu Data Analysis

I chose this case because it's basically the bare minimum to make money if you are not going to do a million USD in Year 1 (or at least a half million). It depends. If you are in cosmetics and you have a 98% margin, you can do a half million in revenue. But if you are a regular company with lower margins, this is kind of the minimum to break even. You have to know at every level of scale what your throw off is going to be.

AM I CLEAR ON MY PRICING STRATEGY?

In addition to producing a P&L and the inputs required to scale, you also have to be concerned with your price strategy. Below is an example of a brand with two different pricing policies between JD and Tmall. Such price conflict across channels confuses consumers on what is the right price for purchasing the product .

Figure 5: Price Differences on Tmall vs JD



Source: Kung Fu Data Analysis

If you don't do marketplace commerce, you don't understand how complicated it can be and how disruptive it is to your existing ecosystem. It's something that you have to get right from day one, and this is where product-market fit matters. How you're going to market and engage with consumers is your number one priority at all times, unless you're already pre-activated and your brand is already big with Chinese consumers.

YOUR ACTIVATION PLAN IS YOUR #1 PRIORITY

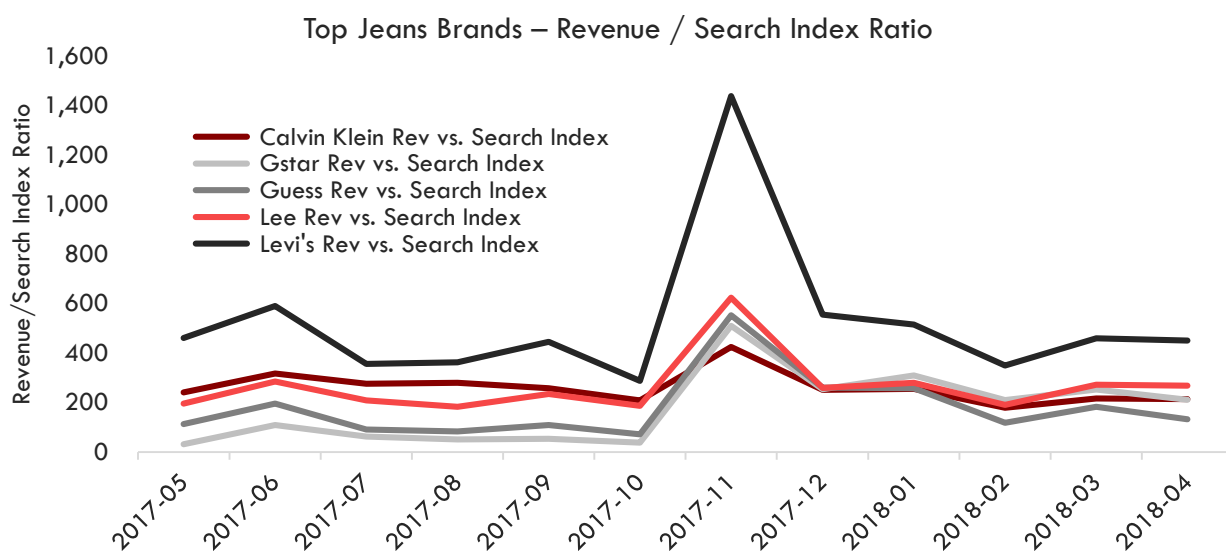
If you are new to the market, you have to think differently. Your activation plan is your number one priority.

Several years ago, we were doing a market entry consulting project for a start-up brand selling fashion jeans. They wanted to know what the competition looked like on Tmall, and what would be the right strategy to enter the China market. Our final report was over 100 pages long, but it was one graph that drove the executive decision to “hold” their China entry plan.

We found out high search indexes were HIGHLY correlated to brand revenue. They were absolutely unknown in China. No one was talking about their brand or products. Setting up an online commercial channel at this level of awareness was a suicide for them.

The brand decided to set up a local China team to focus on brand activation efforts instead of going straight to commerce. They started from 0. Fast forward 18 months, their search index is over 10,000 on Alibaba now. That’s when we say you have a chance to win on Tmall.

Figure 6: High Search Indexes are Highly Correlated to Brand Revenue



Source: Kung Fu Data Analysis

MY PRODUCTS ARE SOLD BY UNAUTHORIZED RESELLERS!

I get questions often along the lines of “What am I going to do about the unauthorized resellers?” Think about it this way: If there's no reseller activity, it's usually not a project worth doing. The smaller you are, the less people care. It's an index. So when there are resellers and daigous already selling your products online, it means people have started to care about your brand, and they want to buy your products.

Figure 7: Example – XX Brand is Dominated by Daigous



Source: Kung Fu Data Analysis

3

Do I Have The Right Resources?

Brands are rejected by Tmall for many reasons: “documents aren’t clear,” “stamped position is wrong,” “both versions needed,” “just not fit for Tmall.” Different managers approve each step and each has unique criteria.

I constantly hear stories of brands getting a “no” and throwing in the towel. This isn’t because Alibaba blocks them. Most are led astray by folks who can’t navigate administrative complexity.

Flawed thinking, incompetence, and competing agendas...these are the real reasons for rejection. The cases below are from 2018 and ALL have LAUNCHED flagships:

Apparel Brand: rejected three times. Once as a bad fit for Tmall Global; the latter due to low brand awareness. They asked the brand to submit credentials, client list, financial report and references. Timeline: two extra months. Result: APPROVED.

Footwear Brand: rejected twice. Asked to provide a certificate that proves relationship between brand’s Shanghai branch and Chinese head office. Ownership unclear. Registered capital levels too low. Timeline: six extra months. Result: APPROVED.

Beverage Brand: rejected once. Asked to prove the relationship between three different companies. IP rights to sub brands a mess. Timeline: five extra months. Result: APPROVED.

WHAT YOU NEED TO SET UP AN ONLINE STORE



Entity & Trademark

Do I have a Chinese entity? Is my trademark properly registered in China?



3PL & Inventory

Does my logistics partner have experience in China ecommerce? Do I have enough inventory for events?



Timing & Budget

Is my launch schedule realistic? Am I clear on the investments?



Customized Assets

Are my assets China-friendly? Do they resonate well with the Chinese consumers?



Clear Structure

Am I clear on my distributor network in China?



Local Teams & Partners

Do I have an experienced local team in China? Are my partners trustworthy?

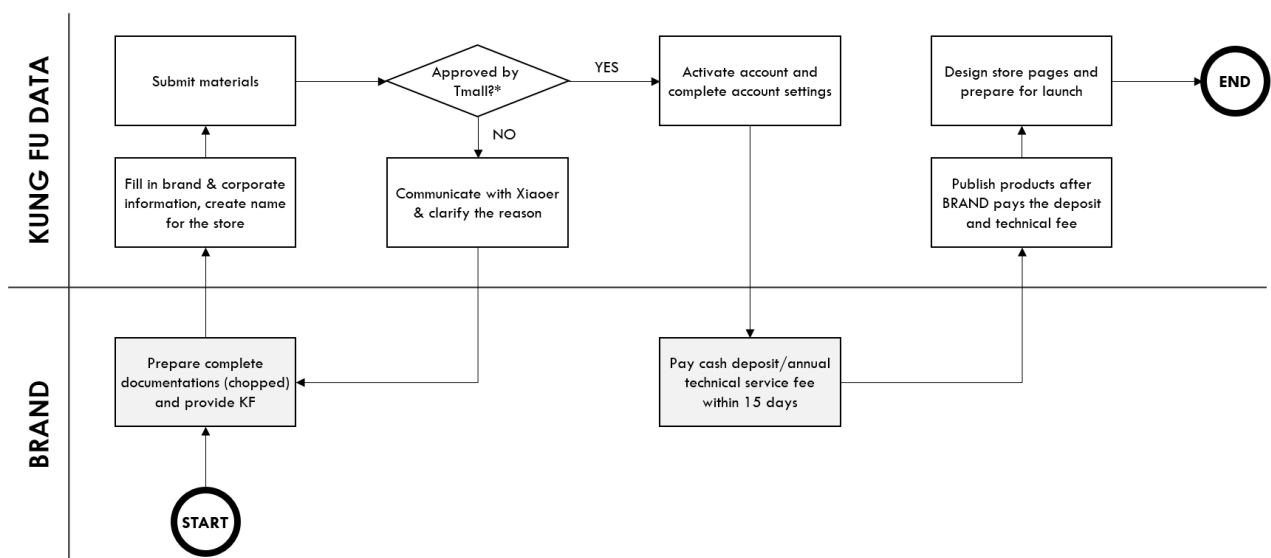
MAKE SURE YOUR DOCUMENTS ARE CHINA-READY

Someone on my compliance team caught a client's attorney trying to submit fake documents in their Tmall application. Of all the things that go wrong, the worst is a FOREIGNER submitting fake documents. In a country where professional forgery is considered an art form, the whole point of Tmall is to give brands a special status with consumers. Consumers know that they are dealing with authorized entities that have permission to sell the brand's products in China. When consumers shop the Tmall listings, they know (at least in principle) the merchant in question is legitimate.

Alibaba has created an unusually tough application process. The documentation clients need to get approval often makes my eyes bleed. Their compliance team is well trained and diligent. They review every document. They can reject you for any reason.

I find it highly ironic that foreigners (even attorneys) think they can get away it. They didn't want to bother to use an original stamp and so photo-shopped in a chop. Of course, our client was appalled. And they fired the attorney. But think about every case where a brand doesn't catch lethal errors. You could be blacklisted...forever.

Figure 8: Application Process on Tmall



Source: Kung Fu Data Analysis

Below is a list of documents you need to submit when applying to open a Tmall flagship store in the Women's Wear category. For more details on each category, please visit <https://bit.ly/3fpSFW1>

Tmall Entry Requirements – Women's Wear Category

1	<p>A scanned copy of Company's Business License</p> <ul style="list-style-type: none"> The products sold in-store should be within the scope of the business license. Registered capital should be at least 1 million RMB.
2	A scanned copy of Permission of Bank Account Ownership
3	A scanned copy of the legal representative ID card (front and back)
4	A scanned copy of the contact's ID card (front and back)
5	Authorization issued by the merchant to Alipay
6	<p>A scanned copy of Trademark Registration Certificate or Trademark Registration Application Acceptance Notice issued by the State General Administration of Trademarks</p> <ul style="list-style-type: none"> In case of alteration, transfer or renewal, please provide the certificate of change, transfer, renewal or acceptance notice issued by the General Administration of trademark.
7	<p>Exclusive Authorization</p> <ul style="list-style-type: none"> If a flagship shop is authorized by the right holder, please submit the exclusive authorization letter (If the authorized party is a natural person, a photocopy of the identity card with an actual signature is required.)
8	<p>Customs Declaration Form</p> <ul style="list-style-type: none"> Stores selling imported goods are required to provide a scanned copy of the customs declaration form of the Customs of the People's Republic of China from the past year. The corresponding brand name and product name should be displayed on the customs declaration form
9	<p>Test report</p> <ul style="list-style-type: none"> The goods in the store (each brand) must provide at least one inspection report issued by third party authorities.
10	Product List

* All submitted materials need to be stamped with the official seal of the entity opening the store.

Figure 9: Application Document Samples

* All submitted materials need to be stamped with the official seal of the entity opening the store.

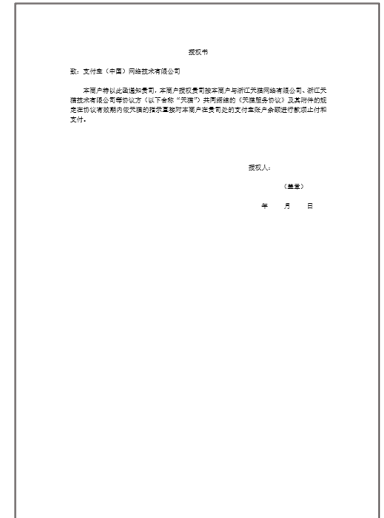
Company Business License



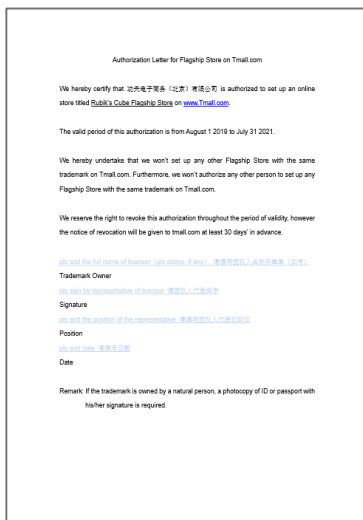
Trademark Certificate



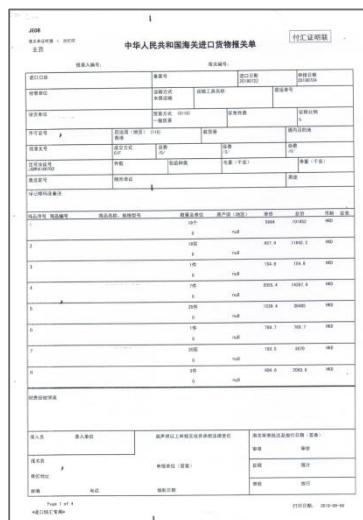
Alipay Authorization



Exclusive Authorization



Customs Declaration Form



Test Report



CASE STUDY: DON'T LET SQUATTERS STEAL YOUR SALES

Squatting is a very real problem for brands in China. Unauthorized sellers can squat on your traffic, IP, trademark, exclusive rights...all sorts of things.

Over the past several years I have seen countless versions of this. One example was an American personal care brand. They failed to do the basic research to understand how consumers were searching for them online in China. When consumers searched, there were 4 characters they were consistently using to identify the brand.

Instead of doing local research, they hired a fancy agency and a law firm in New York to actually design a name for the product...without realizing they were already popular in China. It's extremely hard to change the way people think about your brand. For example, Coke is Coke. So, when they launched their Tmall store with a fancy new "Chinese" brand name, they got no traffic or revenue. They of course wondered what was going on.

So, when we came in the first thing we noticed was they didn't own the rights to their own name. The distributor who registered the 4 characters Chinese consumers were searching can keep them registered forever. Don't let it happen to you. Protect yourself from squatters...get your trademarks, do the research.

PLAN A REALISTIC TIME FRAME

We normally say you need 3-6 months to launch a store. This is a very realistic milestone schedule. Yes, you can do it in a month. Actually it only takes two to three weeks to get the approval. If you have an organized business, you could theoretically put up a store within 30 days. Have I ever seen that happen in six years? Nope.

Let's start with your product photographs. They are probably not China-friendly. You are going to need 360 degree videos and localized content on your brand. So there's going to be a period of time where someone does the localization and someone creates these brand assets. You will also need to sort out your inventory, wherever you're producing the products, you need to be clear on when and how it's going to come in, you need to take care of the ERP integration with the warehouse, and so on.

...But honestly, the biggest problem is the documents. It's having valid documents, licenses and trademarks that are legitimate, that allow you to launch a store.

Figure 10: Flagship Store Launch Key Milestones

* Subject to change depending on the readiness of the documents

ITEM	DETAILS	MONTH 1				MONTH 2				MONTH 3			
		W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
ENTRY PREP	Assess prerequisites	█											
	Complete negotiations and sign contracts with KF		█										
STORE APPLICATION	Prepare all required documents for Tmall/JD store set-up	█											
	Open Alipay/JD Wallet compatible bank account	█											
	Sign Tmall/JD agreement & Register Store			█									
INVENTORY & MERCHANDISING	Plan product offerings (SKUs) and product categories	█											
	Book inventory before store opening					█							
MARKETING & STORE SETUP PREPARATIONS	Set marketing & promotion budget								█				
	Prepare digital assets (marketing materials)	█											
	Build store page with products & product detail pages					█							
	Brand and product training, refund policy setup						█						
	Key contact setup (CS, logistics etc.)									█			
3PL SELECTION & SYSTEM INTEGRATION	Select 3 rd Party Logistics Partner					█							
	Sign contract					█							
	ERP Integration (if necessary)					█							
STORE LAUNCH	Store soft opening & test operations										█		

Source: Kung Fu Data Analysis

KNOW YOUR COSTS

Every year, my business helps countless brands prepare for their launches online in China. I'm constantly asked "How much does it cost to launch in China?" This is the answer I give them...and it holds true for any consumer retail brand:

It depends on many factors.

The biggest are how popular your brand is with Chinese consumers, channel exclusivity, platform support, and the nature of your product. Specialty brands with leadership positions have a high chance of success. They often "own" a niche and have few competitors.

For example, we have a client in outdoor safety, a global top five. Enthusiasts in China love them. Their reputation is gold. Brands like this can often launch on a dime and have a healthy P&L after a short ramp up.

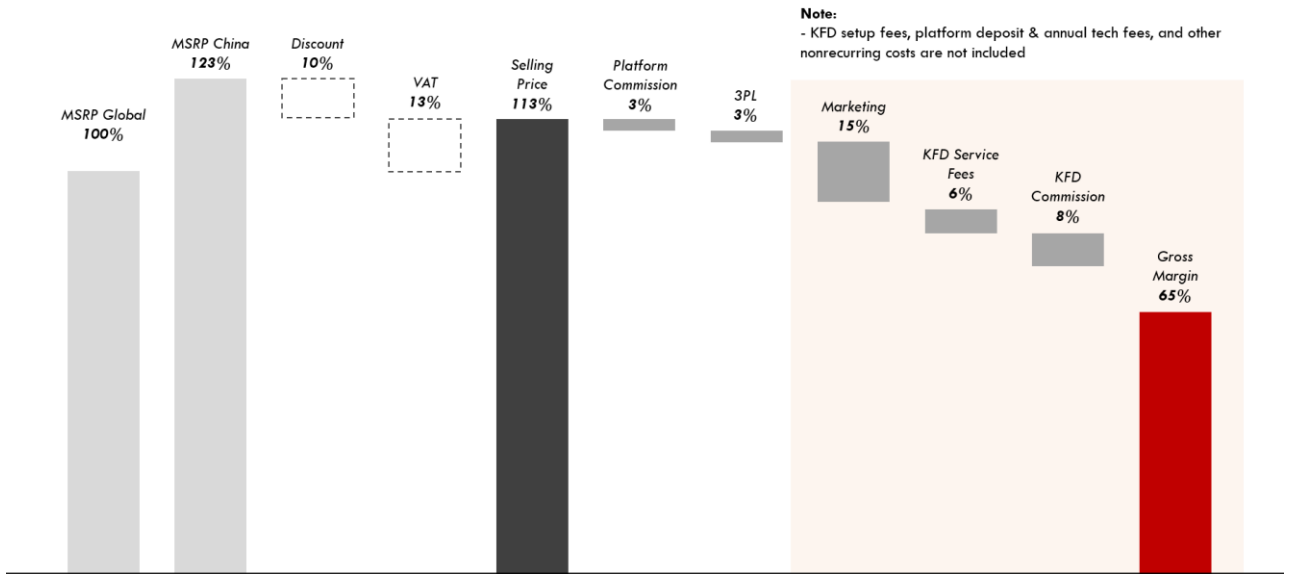
By contrast, brands with low awareness need to focus on activation. To gain traction, they may need to try many techniques and invest in a range of activities both in and out of China.

Bottom line? Stronger brands have an easier time while the rest may find it costly or time consuming. Where you fall in the spectrum of awareness, positioning, price, structure and platform support determines expenses.

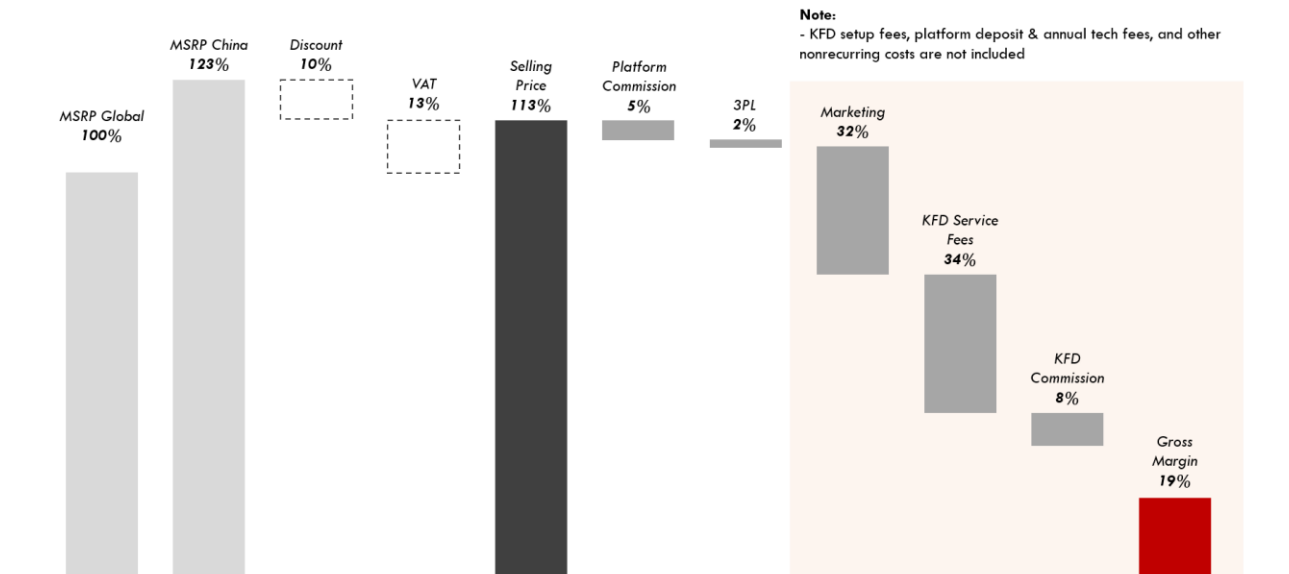
To "do it right" you need to invest a minimum of 25% of sales during the period. Our average client looks like this: 55-70% Y1, 40-55% Y2, 25-40% Y3 (all-in cost excludes inventory purchase).

Figure 11: Sample Cost Waterfall - Highly Activated Brand vs Start-up Brand

Year 1 Cost Waterfall, Highly Activated Brand



Year 1 Cost Waterfall, Start-up Brand



DON'T FORGET... YOU ALSO NEED TO PAY JACK MA

Entering Tmall isn't free. You need to pay a security deposit which is refundable when you shut down the store. You also need to pay annual technical service fees, which is also refundable if certain conditions (DSR, annual sales etc.) are met. The fees differ depending on which category you are entering. Below is an example of a brand entering the Women's Wear category. Let's see how much this brand has to pay Jack Ma upon launch.

Figure 12: Platform Fees (Example: Women's Wear Category)

	Security Deposit	Annual Fee	Commission	
	¥ 50,000	¥ 60,000	5%	
Category	Software service charge rate	Annual fee for software services	Enjoy 50% annual discount for annual sales	Enjoy 100% annual discount for annual sales
Women's Wear/Female Boutique	5%	¥60,000	¥360,000	¥1,200,000

Source: Alibaba

For a brand launching a store in the Women's Wear category, it has to pay RMB 50,000 for security deposit, RMB 60,000 for annual technical service fees, and 5% commission on every successful transaction. Annual fees could be refunded depending on your sales – in the case above, your store has to achieve over 1.2 million RMB in annual sales to get a refund.

THE HIDDEN FEE Tmall **DOESN'T** WANT YOU TO KNOW ABOUT

Taobao has a rewards program letting shoppers earn reward points whenever they make a purchase... but the accounting for it often comes as a surprise.

Shoppers earn points on every valid purchase. Much like a cashback program, the points can be spent in any store regardless of where they were earned.

"As a merchant, won't I lose money if someone spends all their points in my store?"

Don't worry. Alibaba will pay you for any items that shoppers purchase with points. Instead, you'll lose money through

every transaction in your store. Merchants are charged for the points the moment they are issued to customers. So even if your customers don't spend those points anywhere, your store still has to pay for them in advance.

This fee shows up in Alipay's cash flow statement alongside every fulfilled transaction. Google will translate this as "withholding rebate points." This only costs 0.5% in most categories. But having no say in the matter AND seeing no mention of it on Tmall's platform commissions page makes for quite an unpleasant surprise.

Figure 13: The Hidden Fees in Tmall

Month-end reconciliation work could be painful especially with these “unprecedented fees”.

Item	Description	Charge Model	Cost
Tmall Commission	Tmall’s cut on every sale. The percentage depends on the product category. Usually it’s 2-5%.	Every Order	2-5%
Alibaba Rewards Program fee	Mandatory contribution to Tmall’s customer reward points system. Almost all categories pay 0.5% on top of the Tmall commission.	Every Order	0.5%
Credit Card Transaction Fee	Charged when the customer uses a credit card. Does not apply to purchases using debit card or Alipay cash balance.	Applicable Orders	1%
Insurance Fee for Returns	Insurance against shipping fees from excessive returns. The amount ranges from ¥ 0.1 to ¥ 1. This fee is mandatory during some major events that tend to have high return rates.	Optional; Mandatory during some events	¥ 0.1-¥ 1
TBK Commission	Cost-per-sale commission paid to affiliates that helped generate sales. Paid out only when transaction is confirmed valid.	Applicable Orders	5%
Ant Credit Pay	Transaction fee for orders paid using Ant Credit Pay—Alipay’s own credit service.	Applicable Orders	0.8%
Public Donations	Small donation to Tmall’s poverty alleviation plan. Many stores participate for the goodwill and improvement in search ranking.	Optional	¥ 0.02

Source: Kung Fu Data Analysis



OPPORTUNITY FAVORS THE PREPARED MIND

COVID-19 plunged us into a new reality where everything changes in real time. Disruption isn't a pitch at a start up event. It's your life.

And I think the biggest lesson we'll learn from China is...the value of moving FAST.

I see this every day at work. The minute we get used to existing systems, things change. And I'm not talking about a slight shift...

I mean an overnight disruption. There is an event...a new app being introduced or a huge change in consumer behavior and you have to learn a new game.

And the nice thing is whenever the game changes, you have a chance to really grow.

Opportunity favors the prepared mind.

Early adopters often become market leaders. It's a cycle that repeats.

Have you taken the right position...not as an incumbent defending your turf, but a fresh face seeing opportunities to break the status quo?

Right now we're at a pivotal moment. And it's probably time to fill your cup.



ABOUT US

Kung Fu Data's only goal is to help brands succeed in China regardless of what stage they are at: Whether it's ecommerce advisory or activating and optimizing a Tmall store, we leverage data and relationships to create that success.

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