

Guangzhou Wholesale Markets: Identity Crisis or Hybrid Approach?

A closer look at the conflicting Wholesale/Retail identities of China's wholesale businesses



Summa Cum Laude Honors Thesis

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Abstract

This thesis paper takes an in-depth look at the wholesale markets in China, specifically in the city of Guangzhou. During a trip in China, I found that the manner in which wholesale markets there conducted business was unusual compared to what we typically see in Western countries. In particular, it seemed that, despite officially being wholesalers, many businesses seemed to target end consumers to a certain extent to sell their merchandise. So, I attempt to answer the following question: is this behavior attributable to a wholesale/retail identity crisis or is it simply a hybrid approach to business?

To study this phenomenon, I employed one-on-one interviews with business owners in the Guangzhou wholesale markets. As I could not personally be in China during the research period, the actual interviewing was done for me by local Chinese proxies. The questionnaires were translated into Chinese, and then the data was translated back into English for analysis.

What I found was that there seems to be a lot of confusion when it comes to the way that Chinese wholesalers see themselves. However, when looking at what is actually happening, most of the business activity involves wholesale customers. Furthermore, I found a few interesting facts and concepts that are unique to those markets. This information will be very useful to anyone wanting to do business in China, especially in the business-oriented Guangdong province.

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Introduction

Last summer, I traveled around China to network and gain an understanding of the Chinese market. I witnessed many interesting and unique business phenomena. With its population of 1.3 billion and its relentless GDP growth, China is an unprecedentedly large and active country. Despite the recent media controversies about tainted products from China, this great country is now moving far beyond being simply the world's factory. Increasingly, Chinese firms are developing and manufacturing high-quality products and advanced technologies, striving to become an innovation leader.

While in China, I spent most of my time in Guangzhou, Guangdong province. Guangzhou is the 4th largest city in China and it is located just two train hours away from Shenzhen and Hong Kong. Guangdong province is the freest place to do business in China, and thus this is where most of the country's manufacturing and trade is conducted. The main spoken language is Cantonese; however, Mandarin is also used widely.

As I did business in Guangzhou, I explored a few of the city's wholesale markets. Those markets were very impressive. Spread throughout the city, one can find entire districts focusing on industries such as consumer electronics, clothing, IT equipment and so on. The markets are often enormous; the biggest I saw was seven stories high, each of which had the area of a mid-sized department store. What made those markets seem so big was that every store sold very similar products, usually only differing by brand or product line. Essentially, it seemed like a yearlong trade show exhibit.

However, something did not feel right. As I looked around, I was not sure whether I was standing in a wholesale market or in a mall. There were all sorts of people: teenage girls shopping for cellphones and MP3 players, business owners rolling out with stacks of computer monitors for their offices, couples buying cameras and, of course, wholesale buyers negotiating deals with their suppliers. The market's purpose was officially wholesaling; however, it seemed as if the store owners were signing contracts with executives one second and helping little girls pick the color of their new gadget the next.

This phenomenon, which I refer to as a conflicting wholesale/retail identity, is present in many large Chinese cities. In many cases, the very factories that produce the goods sold in China's wholesale markets are located in the same province, city, district or even in the same building as the stores. Unlike most Western wholesale markets, however, Chinese markets do not limit themselves to wholesale buyers. Many have a sales force, attractive displays, weekly ads and shopping websites. This leads me to my ultimate question about Guangzhou's wholesale markets: identity crisis or hybrid approach?

Research Plan

Objectives

The objective of this thesis, rather than being an attempt at proving a specific hypothesis, is to understand the dynamics of the Guangzhou wholesale markets and gain insights that will be instrumental to anyone intending to do business in China. As a guide for my research, I will attempt to answer the question of whether the markets under study have an identity crisis or a hybrid approach.

To begin my analysis of Guangzhou's wholesale markets, I needed to gather information about the types of customers/transactions and promotional activities in the city's wholesale environment, focusing on the conflicting wholesale/retail identity.

It seems rather intuitive that the first place to look for clues about whether a business does wholesale or not is in its customer composition. This, however, is a multi-faceted observation. In Guangzhou, a large volume of the business that occurs is conducted with foreigners who come to purchase in bulk and export the goods to their home countries for resale or processing. Thus, it seemed logical that the proportion of foreign buyers would have an impact on the markets' business activities. Furthermore, a breakdown of each business' customer composition allows comparing with other observations and determining whether there is a conflict of identity or not.

Looking at the actual transactions of the observed businesses gives insights about the differences in the way end consumers and wholesale buyers are treated. This includes information about pricing and quantity discounts. Normally, it would be expected that wholesale buyers pay the wholesale price and end consumers pay the market price. While it is very unlikely that this assumption would not hold, the possibility must be considered.

As a supplier, wholesalers should not typically have the need or desire to promote directly to end consumers. As I walked around the wholesale markets last summer, I saw many attractive displays and prices were displayed all over the walls inside and outside the buildings. If Guangzhou's wholesalers were deliberately attempting to attract retailing clientele into their businesses, then they would clearly have a confused wholesale/retail identity.

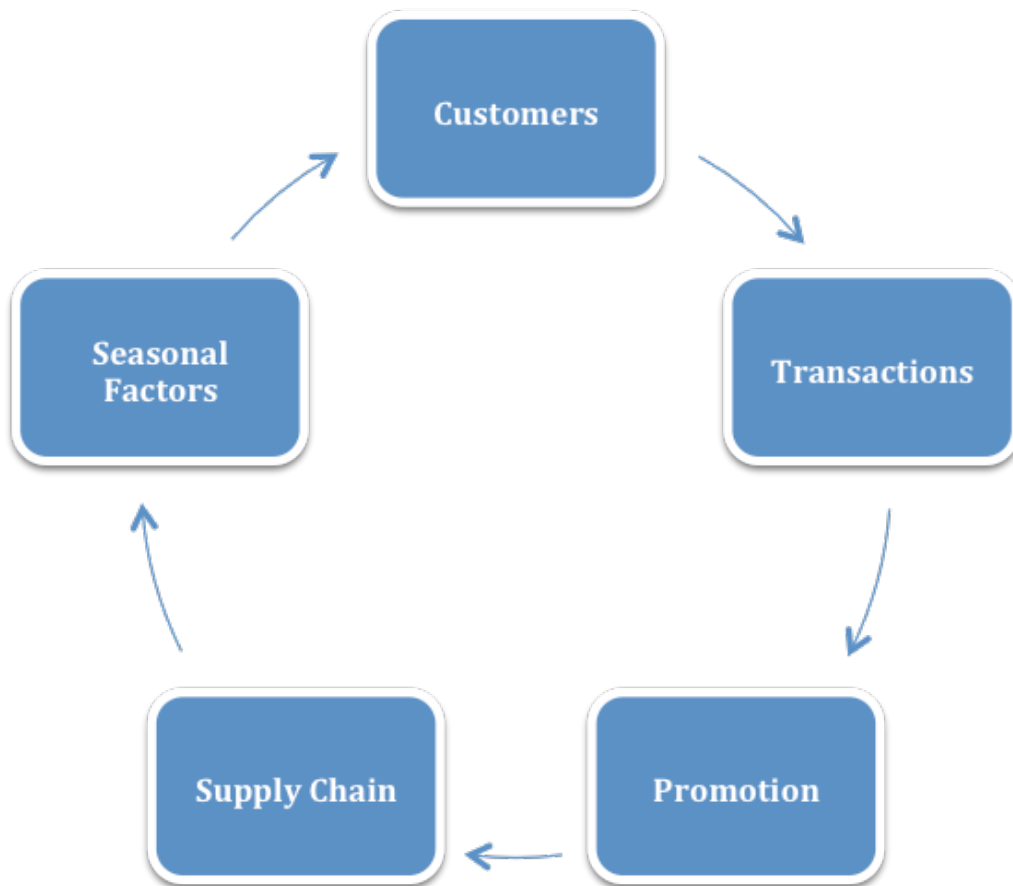
Next, I had to analyze the supply chains that bring products to the markets and obtain a general idea of how orders are handled and delivered to wholesale customers.

Wholesalers are by definition not at the bottom of the supply chain. In other words, there should be at least one intermediary between a given supplier and the end consumer. Furthermore, the higher a wholesaler is in the supply chain, the least likely it should be to sell products to individual consumers. By taking a look at the supply chain, it is possible to determine whether it makes sense or not that a given business makes its product lines available to retail customers.

When faced with a very large order, some wholesalers have the inventory to handle it themselves while others need to refer higher. In the cases where orders are referred higher, arrangements such as commissions are often arranged between distributors. This information is very useful to analyze businesses' relationships with their suppliers. Also, the way that orders are shipped may explain something about the businesses' relationships with other players lower in the supply chain.

Finally, in order to truly understand market dynamics in Guangzhou wholesale markets, it is essential to take a look at seasonal factors.

Guangzhou is the host of the semi-annual Canton Fair, the largest trade fair in all of China. Among China's largest trade events, the Canton Fair has the largest assortment of products, the highest attendance, and the largest number of business deals made at the fair. The Canton Fair's attendees come from 212 different countries and it has a business turnover of USD \$36.39 billion (Source: Wikipedia). Understandably, I had to observe the impact of those events on the wholesale markets under study.



Methods and Procedures

In order to gather information about different businesses in Guangzhou's wholesale markets, I employed one-on-one interviews with business owners. As a guideline for interviewing and data collection, I designed a questionnaire that covers the objectives mentioned above. See Appendix A (English) and Appendix C (Chinese) for the full questionnaires.

At first, the plan was to fly to Guangzhou myself and gather the data personally. However, my plans changed and I was not able to go to China. Nonetheless, I was not about to give up on studying this topic. So, for several months I attempted to assemble a team of on-the-ground Chinese researchers to go out and conduct interviews. After a long search and a few failed partnerships, I finally found two highly capable individuals to help me gather data. Shang Lin, who currently works for a foreign trade agency, helped me conduct interviews with some clothing wholesalers. Eric Tai, a successful businessman in Guangzhou, gathered interview data from top wholesalers in several of Guangzhou's industries. I am deeply thankful to both, as this would have not been possible without them.

In order to make this research feasible, everything had to be translated into Chinese for data collection, and then back into English for analysis. This was a significant task, given that it was important to maintain the clarity and accuracy of questions and responses despite the language barrier. Using my own Chinese language skills and the valuable help of some Chinese friends here in Gainesville, I was able to accomplish this challenging task with brio.

Questionnaires were sent out and interviews were conducted during the few weeks preceding this spring's Canton Fair. All interviews were conducted directly with business owners and entrepreneurs, and thus all responses are primary data. Interviews come from a variety of wholesalers across different industries, making up a fairly representative sample of the Guangzhou wholesale environment. In total, 14 businesses were interviewed and each interview lasted 30-45 minutes on average.

Analysis

Discussion of Results

The data from the interviews can be found in Appendix B (English) and Appendix D (Chinese). I will make frequent references to the English data table in discussing and analyzing the results of this study. Note that graphs with titles beginning with designations such as Q1, Q2, Q3 and so on are in direct reference to responses to interview questions (Q1 would mean Question 1).

First, let us begin by looking at the industries represented in the sample of businesses chosen for interviews.

Q1: Industry / Product Type

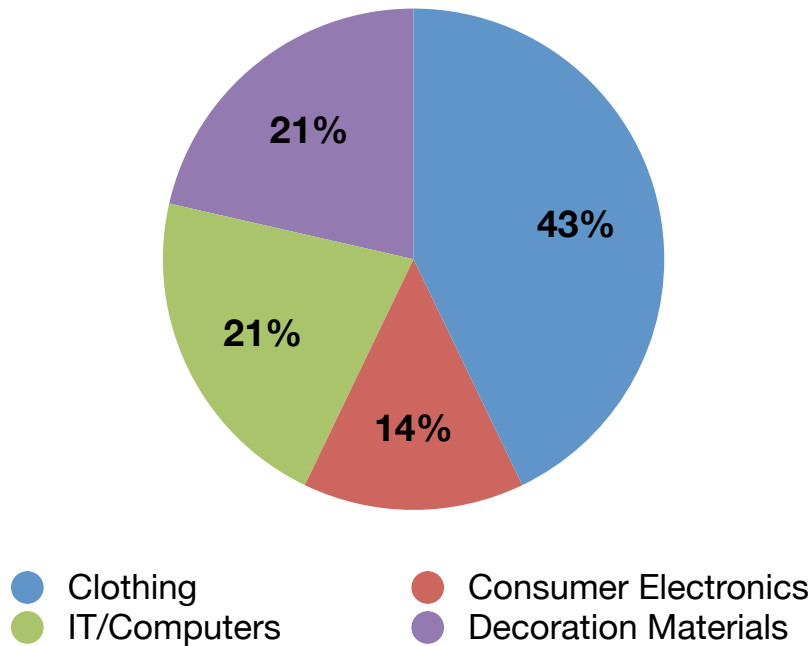


Chart Q1 shows the distribution of each business in the sample by industry. The sample is fairly balanced, with a majority of interviews coming from the Clothing sector. Note that the IT/Computers and Consumer Electronics categories are very closely related; businesses in those industries are often located alongside each other in the same wholesale markets. The Decoration Materials sector adds some variety to the mix.

Q2: Wholesale and/or Retail Identity

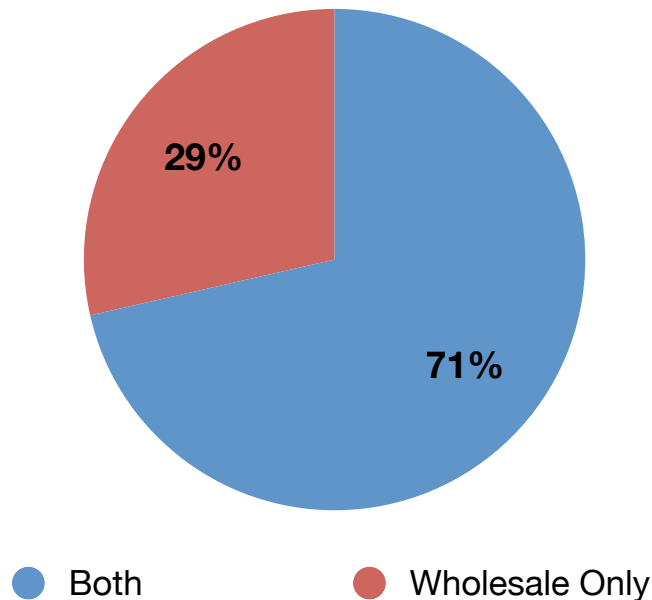


Chart Q2 gives the distribution of the interviewed businesses' wholesale and/or retail identities. Note that this data was obtained through direct questions, and thus reflects the objective responses of the interviewees. Also, the 71% that consider themselves as retailers do so in addition to considering themselves as wholesalers; of the 14 businesses interviewed, none said that they did strictly retailing. The 29%, on the other hand, refers to the businesses that claimed to do strictly wholesaling.

Q3: Proportion of End Consumers / Resellers

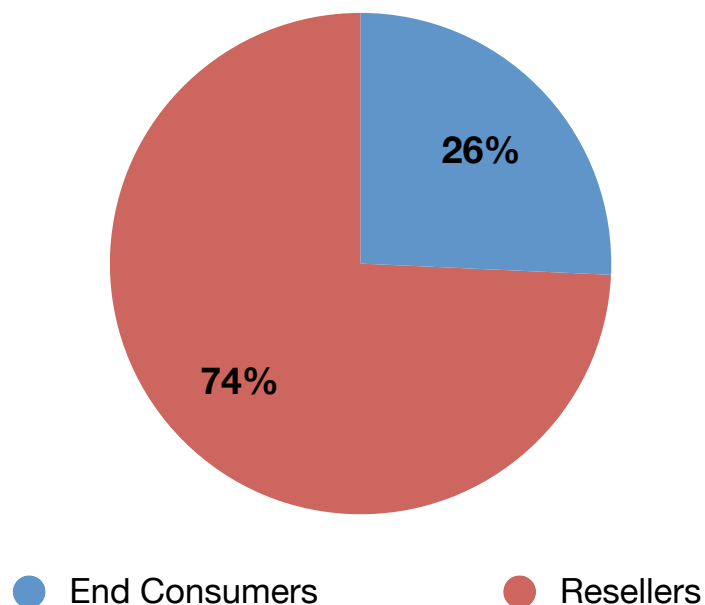
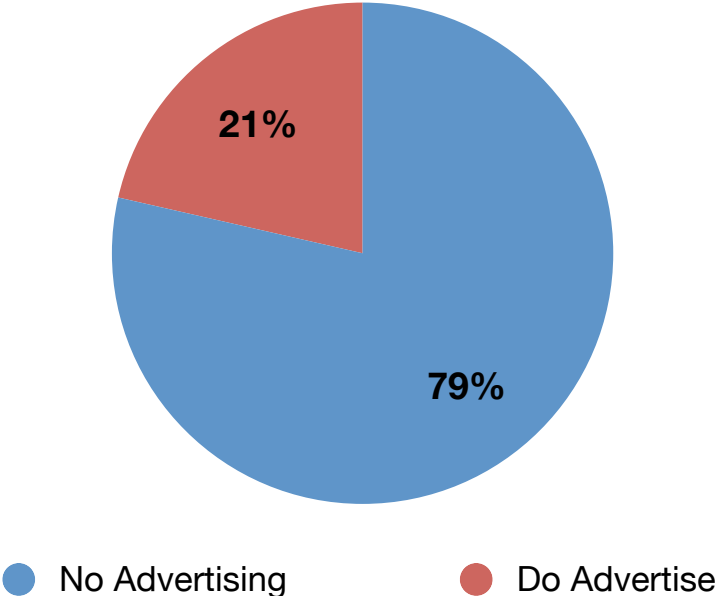


Chart Q3 represents the composition of the sample's clientele. Each business was asked to designate which proportions of their customers are end consumers and resellers, for a total of 100%. The numbers shown here are simply the sum of those proportions set back on a scale of 100%. The sample's customers are composed of 26% end consumers, meaning that over a quarter of their clientele are only buying for themselves. Considering the wholesaling nature of this business environment, these results are relatively high.

Comparing Chart Q2 and Chart Q3 yields very interesting results. As said before, 71% of the businesses interviewed consider themselves to be both wholesalers and retailers. However, only 26% of the sampled businesses' customers are end consumers, which is comparatively low. This shows that, despite seeing themselves and acting as a hybrid, some wholesalers in Guangzhou still have a predominantly wholesale customer base.

Q4: Advertising Activity



According to Chart Q4, 21% of the interviewed businesses advertise in some way or another. These numbers make sense, especially considering that the primary target audience of this advertising is usually other resellers. In many cases, it was reported that advertising was unfeasible or unattractive because of the considerable expense or the intensity of walk-by traffic bringing a constant flow of customers. Those findings somewhat contrast with my own observations from last summer; I found that the degree of promotion, especially when it comes to in-store displays and signage, was quite high. The media typically employed to advertise and promote are newspapers, trade publications, magazines, television and trade websites such as www.pconline.com and www.alibaba.com.

Q6: Availability of Quantity Discounts

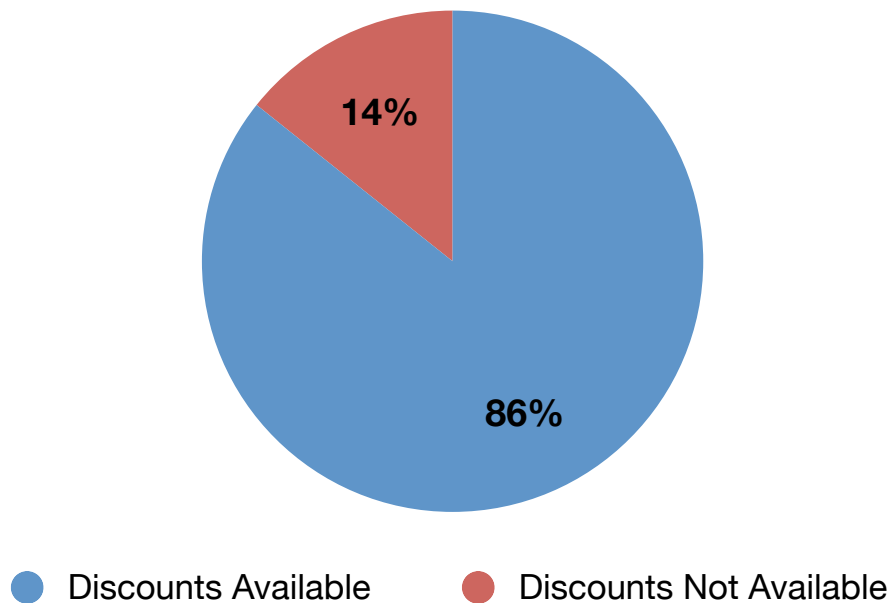
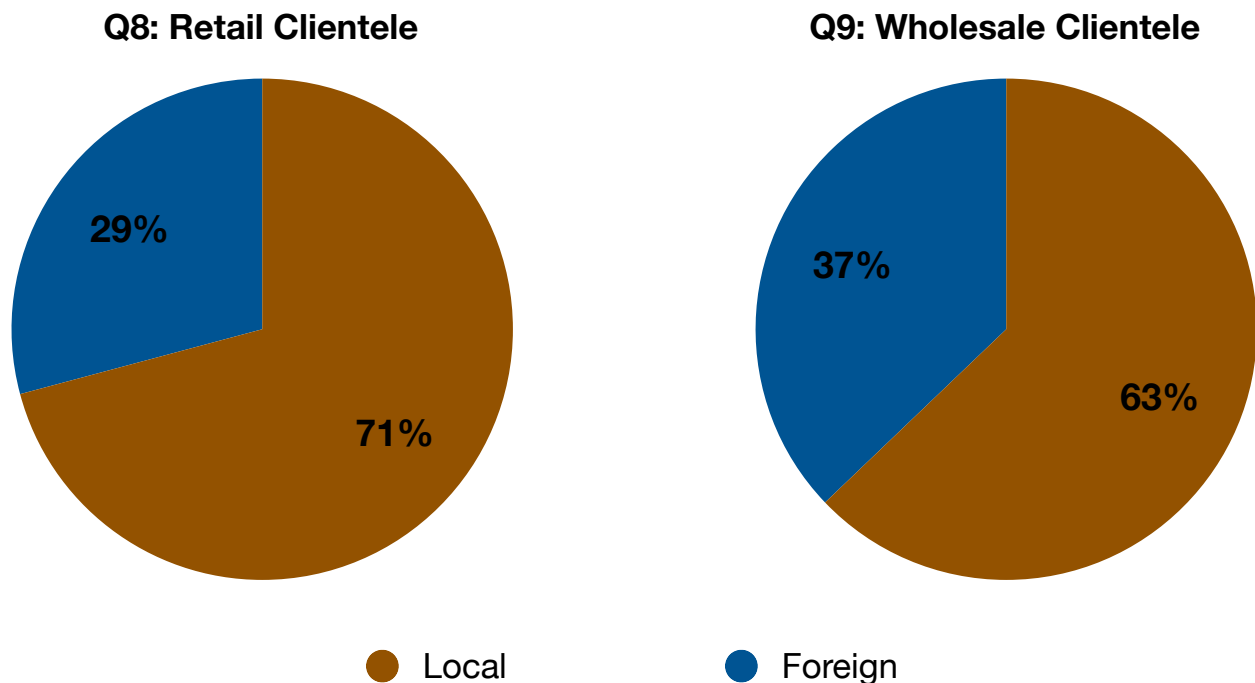


Chart Q6 shows the proportion of interviewed businesses that offer quantity discounts to their wholesale buyers. Typically, when quantity discounts are not available it is due to very low margins that prevent businesses from going lower; those wholesalers also have a very small clientele of end consumers. Also noteworthy, it is important to be wary when asking for lower prices in negotiating quantity discounts. It is common practice for wholesalers in those markets to take the initiative of quoting for generic products or knockoffs in order to reduce their price. This can easily cause to miscommunications, especially given the steep language barrier in China.

Retail customers typically pay the market price for the items they purchase, which is often much higher than the wholesale price. Some wholesalers require proof that a customer is a reseller to offer wholesale discounts, while others will do it for any large order. A common practice in wholesale markets is for neighboring businesses to “exchange favors” by selling each other their stock at the wholesale price. This way, if a customer requests a product but the business does not have it in stock, they can obtain it easily from another business in the surroundings. This type of collaboration is quite unique and offers an interesting perspective on the purpose of being part of a wholesale “market”.

Proportion of Local/Foreign Clientele for Wholesale and Retail



Charts Q8 and Q9 show the local/foreign proportion of the wholesale and retail clienteles. As expected, wholesale customers have a higher proportion of foreigners than retail customers. Nonetheless, a wholesaling market that is 63% local is a little surprising given the general perception of Guangzhou as an export city. This is interesting, since it shows that China is becoming increasingly more independent in terms of trading and beginning to import more goods. From my experience in China, I would assume that the foreign retailing customers are mostly composed of expats and travelers who do not want to deal with the risk of purchasing knock-offs and the dangers associated with shopping in often threatening Chinese back alleys.

Perhaps the most ironic finding of this study concerns the impact of the Canton Fair on Guangzhou's wholesale markets. Despite a wholesale clientele composed of 37% foreigners, none of the businesses interviewed said that the semi-annual event affects their customer composition. Even better, some even said that if there is any increase of demand during the fairs, it is because of an inflow of foreign retailing customers. This shows that, despite being the largest trade show in China, the Canton Fair is not that beneficial to local wholesalers. Rather, it is a meeting place for outside businesses wishing to trade. This is interesting, as it shows that the Guangzhou wholesale markets do not rely on seasonal factors to turn a profit – they stand on their own.

Q11: Location of Manufacturing

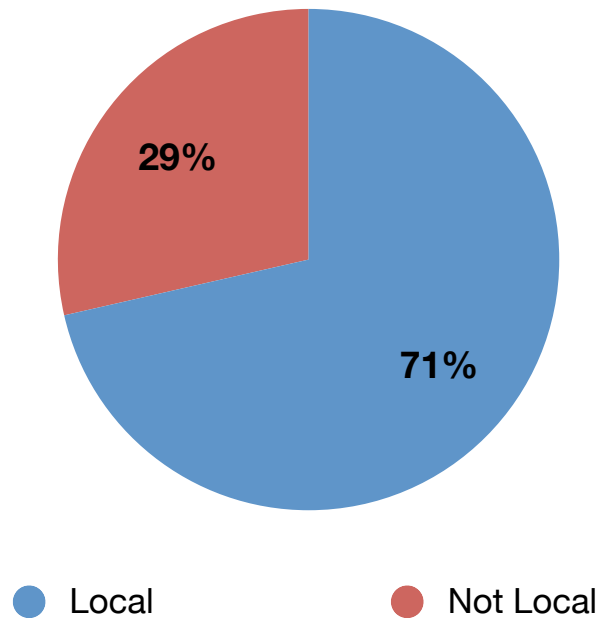


Chart Q11 shows the proportion of goods that are manufactured locally. Note that in most cases, “locally” was interpreted as Guangzhou and its surroundings. Shenzhen, for example, was considered as being outside. As expected, a vast majority of the goods sold in the wholesale markets are manufactured locally. Most of the products that are not fall in the computer and electronics categories; most of the high-tech manufacturing facilities for those industries are located in Shenzhen. Clothing, on the other hand, is predominantly manufactured locally.

In Question 12, I asked to describe the intermediaries in the supply chain between the interviewees’ businesses and the factories. Most wholesalers got their goods directly from the manufacturers, while the others had one intermediary in between or two at the most. This shows that those wholesalers exert considerable influence of the supply chain, which in turn should push their activities further towards wholesaling and away from retailing. On the other hand, this means that retail sales give those businesses unusually high margins, which explains the attractiveness of selling goods directly to end consumers.

Q13: Handling of Very Large Orders

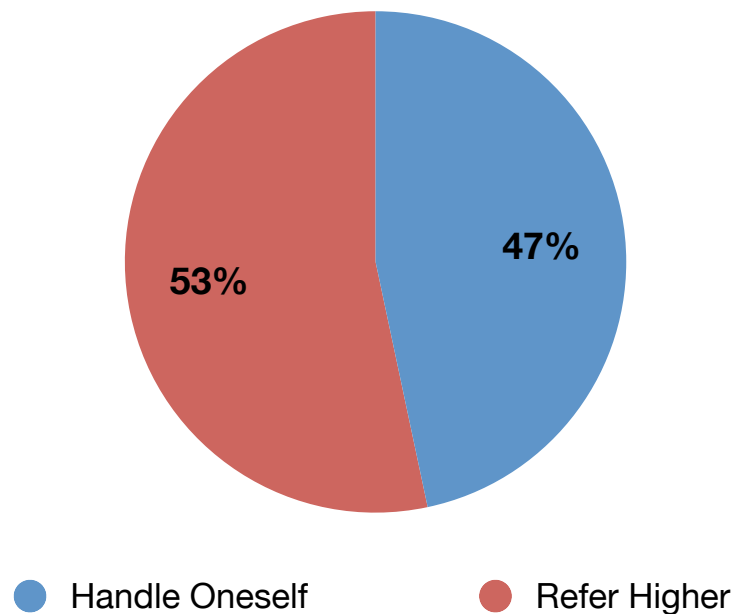


Chart Q13 shows the proportion of interviewed businesses that handle very large orders themselves and those that refer them higher. This is roughly equal, which I interpret as not making a significant difference. Something noteworthy, however, is that every wholesaler that ships uses a shipping agent; none have their own shipping infrastructure.

When asked to give more information about their business, most interviewees mentioned that they thought good quality and service are more important than low prices. Furthermore, some of the businesses strive to develop the distribution channels and the supply chain underneath them in order to drive more demand. In general, the businesses' storefronts tend to be tidier when there is a larger retail clientele. In addition, some industries such as home decorations have very attractive displays to demonstrate the quality and value of their product lines. The clothing industry varies considerably in this aspect, with such contradictions as untidy retail-oriented shops and very trendy, well-displayed stores that sell strictly to resellers.

Data Manipulation

Most of the businesses that see themselves strictly as wholesalers (Q2) are in the clothing industry (Q1), indeed do not have any end consumers (Q3), do not advertise (Q4), have a mostly local wholesale clientele, have their goods manufactured locally and get their merchandise direct from the factory. The only aberrant value is in the IT industry (E8), as it does advertise online and has its goods manufactured in Shenzhen.

The interviewed businesses with a proportion of end consumers of over 40% (Q3) come from a variety of industries. Oddly enough, those businesses do not advertise at all (Q4). Also, they all offer quantity discounts to bulk buyers (Q6). Their clientele tends to be a mix of locals and foreigners, both in retail (Q8) and wholesale (Q9). Goods are manufactured both locally and outside (Q11), and most get their merchandise direct from the manufacturer (Q12). There is generally an emphasis on service and quality (Q15). Finally, the data shows that the more retail-oriented businesses generally have tidier and better-organized storefronts (Q17).

The businesses that do advertise (Q4) come from diverse industries. Quite interestingly, they have a clientele composed of 90% resellers on average (Q3), the majority of which is local (Q8)(Q9).

Conclusions

Upon analyzing the data, we find that there is indeed quite a bit of confusion in the Guangzhou wholesale markets regarding the wholesale/retail identity of businesses.

While most businesses consider themselves to do both wholesale and retail, most of the clientele is actually composed of resellers.

The companies that advertise cater predominantly to a wholesaling market, which is highly unusual in contrast to conventional business practices. Furthermore, businesses in wholesale markets often exchange goods at their wholesale price in order to make up for each other's shortcomings in inventory; this cooperative practice is unique and very interesting.

Guangzhou's wholesale markets are composed of 63% local buyers, which goes against the general perception that, like Shenzhen and Hong Kong, Guangzhou is predominantly an exporting city.

Quite ironically and despite a wholesale clientele composed of 37% foreigners, the semi-annual Canton Fairs do not have a significant impact neither on sales volumes nor customer composition in the local Guangzhou wholesale markets.

Most of the wholesalers in Guangzhou get their goods directly from the manufacturer. Aside from high-tech industries, which typically have their factories in Shenzhen, most merchandise is produced locally in Guangzhou.

Businesses who define themselves as strictly wholesalers do business in a fashion that is very consistent with their claimed identity. For example, their clientele is mostly local resellers. Those who claim to do both, however, vary widely in their consistency and the clearness of their wholesale/retail identity.

Interestingly, businesses with a proportion of end consumers of over 40% do not advertise. Furthermore, they tend to keep a storefront that is tidier, better organized and more attractive.

Appendix A - English Questionnaire

Interview Questions

1. What is your industry and how would you describe the products that you sell?

Industry: _____

Description:

2. Do you consider outlets as yourself to traditionally do retailing to the end-consumer or wholesaling along the supply chain?

Retail: ____ Wholesale: ____

Explanation:

3. What proportion of your clientele do you estimate to be end-consumers as opposed to resellers? (*circle one pair*)

End-consumers: 0 10 20 30 40 50 60 70 80 90 100%

Resellers: 100 90 80 70 60 50 40 30 20 10 0%

4. How do you promote your products? Do you advertise?

Advertise? Yes No

Description:

5. (*If advertise*) Where do you advertise and who is your target audience?

Where? _____

Who? _____

6. Do you offer quantity discounts? What is your pricing scheme for resellers?

Quantity discounts? Yes No

Pricing scheme: _____

Appendix A - English Questionnaire

7. How does your pricing for consumers differ from that of resellers?

Answer:

8. What proportion of your retailing clientele do you estimate to be foreign as opposed to local? (*circle one pair*)

Local: 0 10 20 30 40 50 60 70 80 90 100%

Foreign: 100 90 80 70 60 50 40 30 20 10 0%

9. What proportion of your wholesaling clientele do you estimate to be foreign as opposed to local? (*circle one pair*)

Local: 0 10 20 30 40 50 60 70 80 90 100%

Foreign: 100 90 80 70 60 50 40 30 20 10 0%

10. How do the Canton Fairs impact the composition of your clientele and your sales volume?

Explanation:

11. Are the goods that you sell generally manufactured locally? (*Ask to elaborate*)

Manufactured locally? Yes No

Explanation:

12. What are the intermediaries between the factories where your products are manufactured and yourself? (*Ask to elaborate, with specifics if possible*)

Factory -> Intermediary 1 -> Intermediary 2 -> Intermediary 3 -> Business

Intermediaries:

- 1) _____
- 2) _____
- 3) _____
- 4) _____

Appendix A - English Questionnaire

13. When you get a very large order, do you refer the customer higher in the supply chain or do you handle the order yourself? Do you ask for commission?

Refer higher: ____ Handle yourself: ____

Commission? _____

14. How are large orders shipped to customers?

Answer:

15. Is there any more useful information you can offer us about the retailing or wholesaling identity of your business? About your supply chain?

Answer:

16. Is it all right if the American researcher conducting this study contacts you for more information? *(If yes, obtain contact information as well as English proficiency)*

Contact? Yes No

Name: _____

Email: _____

Phone: _____

Website: _____

Skype/MSN/QQ: _____

English: None Poor Average Good Fluent

17. *(Observe the outlet and determine whether it is a storefront catering to customers, as well as how the merchandise is displayed.)*

Notes:

Thanks for your time!

Question 1		Question 2		Question 3	
	What is your industry and how would you describe the products that you sell?	Do you consider outlets as yourself to traditionally do retailing to the end-consumer (R) or wholesaling along the supply chain (W)?		Proportion of end consumers?	Proportion of resellers?
		R	W	Explanation	
S1	Wholesale/retail clothing; Fashion clothing, Styles popular on mainland China, Young trendy clothing	Y	Y		10% 90%
S2	Clothing wholesale; All styles, exports and domestic, high flexibility for style design, main goal is the bottom line	N	Y	No retail infrastructure, wholesale price is low	0% 100%
S3	Clothing; mostly European, Japanese and Korean, sports and leisure styles	Y	Y	Wholesale; 炒货形式	10% 90%
E1	Digital industry; Handset	Y	Y	There are both retail and wholesale customers, both of which are central to the business model	50% 50%
E2	Electronics industry; Televisions, DVD players, Sound systems	Y	Y	There are regular retail customers in the market but main focus is on wholesale	10% 90%
E3	Clothing industry; T-shirts, suits	Y	Y	Both are regular customers	60% 40%
E4	Clothing industry; Jeans	N	Y	All wholesale, no retail	0% 100%
E5	Clothing industry; Leisure clothing	N	Y	Main focus is developing local area agents; no retail	0% 100%
E6	IT industry; wholesale and retail; computer accessories; digital products; PC and notebook; office accessories	Y	Y	Mainly decided by the specific needs of the Guangzhou IT market; Because there are too many products in the IT fields, one shop cannot take care of all customers; Acts as an agent for large wholesalers; Wholesale customers are usually other shop owners in the nearby area; Also sells products specifically for retail customers	90% 10%
E7	IT Industry; computer accessories; internet devices	Y	Y	Mostly wholesale, retail is relatively low	10% 90%
E8	IT Industry; Computer motherboard wholesale	N	Y	Provide supplies to industry agents	0% 100%
E9	Decoration materials; Doors; Flooring	Y	Y	Take orders; most wholesale, but occasionally retail	40% 60%
E10	Decoration materials; China tile; Mosaic tile	Y	Y	Has both wholesale and retail customers	60% 40%
E11	Decoration materials; Bathroom and Bathtubs	Y	Y	Both wholesale and retail, more wholesale	20% 80%

Question 4		Question 5	Question 6	
How do you promote your products? Do you advertise (A)?		(If advertise) Where do you advertise and who is your target audience?	Do you offer quantity discounts (D)? What is your pricing scheme for resellers?	
A	Description		D	Pricing Scheme
N	Because the store is in ShiSanHan, a well-known wholesale market in China. Rent is very expensive, unnecessary and impractical (impossible) to pay for advertising.		Y	If you buy the entire stock or the purchase of over 100 units, then it is called 打包价 and the margin is low
N			Y	Massive wholesale (entire stock), single unit profit is 0.5-5RMB
Y	Newspaper advertisement	Newspaper; Retail merchant	N	Relatively cheap price, when an order is not in bulk the wholesale and retail price are the same
N	Does not advertise, the customers walk in on their own	No consideration or planning	Y	Discounts are certainly available; No restrictions on purchases with intent of reselling
N	Advertising is unnecessary; the main focus is foreign customers; loyal customers often refer others by word of mouth; target market is mostly foreign buyers	Never thought about it, no plans	Y	Certain discounts are available, however they are not substantial; no restrictions on purchases with resale intent
N	Unnecessary	No plan, unnecessary	Y	Big discounts, no restrictions on purchases for resale
N	Unnecessary	Fashion magazines; Regional agents	Y	Small discount; area-specific restrictions on purchases for resale
N	Does not advertise or plan to do so	Promotes to local wholesale merchants (TV and fashion magazines)	N	Not a big difference; district-specific restrictions on purchases for resale
N	Usually advertising is carried out by companies higher in the supply chain	On Guangzhou's popular IT websites, such as www.pconline.com; website reaches different consumer segments, including students, office employees and shop owners	Y	Discounts are in function of profit margins; in purchases for resale, the retail price cannot be lower than the market price
N	Factory	Industry-specific magazines (subscribers are industry agents)	Y	Discounts depend on quantity; no restrictions on purchases for resale
Y	Advertises on www.alibaba.com and www.pconline.com.cn	Same as above; end consumers and industry agents; provide product confidence to end consumers so that industry agents can have an easier job	Y	Cannot give end consumers price below the market average
N	Confident in product quality	Building the company website, for potential customers	Y	No restrictions on purchases for resale
N	Mostly attracts customers with store display	No intention to advertise	Y	Discount for wholesale customers
Y	On www.alibaba.com; have sales on overstock items, for which they make in-store signage	Advertise on www.alibaba.com; customers that are interested, including both wholesale agents and end consumers	Y	Quantity discounts; no plans for purchases for resale

Question 7	Question 8		Question 9		Question 10
How does your pricing for consumers differ from that of resellers?	Proportion of local retailing clientele?	Proportion of foreign retail clientele?	Proportion of local wholesale clientele?	Proportion of foreign wholesale clientele?	How do the Canton Fairs impact the composition of your clientele and your sales volume?
There are many end consumers in the surrounding market, however this store does not aim to sell to retail customers. For small quantities, 10-20RMB is typically added to the purchase price	100%	0%	100%	0%	No
Does not sell to the end consumer	100%	0%	60%	40%	No, seasonal factors have a substantial impact
Almost the same	100%	0%	100%	0%	No distinction
Has a certain discount proportion	10.00%	90.00%	20%	80%	No influence
The price for regular retail customers is much higher	0%	100%	0%	100%	Does not affect the customers or sales volumes because not involved in the Canton Fair; trade show visitors do not go to this market
Big discounts for purchases for resale	0%	100%	0%	100%	No influence; target market unrelated to Canton Fair visitors
No end customers			90%	10%	No influence; main customers are domestic, therefore no customers from the Canton Fair
No end consumers			90%	10%	No big influence; demand may improve, though no strong correlation
End consumer: market price; purchases for resale: wholesale price	90%	10%	100%	0%	1) No influence on the customer composition; 2) A certain increase in demand, because Canton Fair brings in foreign retail customers
There is a certain difference in discounts	90%	10%	100%	0%	Not much influence on customer composition; may increase sales
No end consumers; resellers get different prices according to position in the supply chain	90%	10%	100%	0%	No influence on customer composition; increase in sales; Canton Fair brings decent additional traffic
Deeper discounts for wholesale buyers	80%	20%	40%	60%	May increase the sales volume
Purchases for resale have price advantages	100%	0%	50%	50%	Not much influence on customer composition; increase in sales
Purchases for resale have a price advantage	90%	10%	30%	70%	Not much influence on customer composition; increase in sales

Question 11		Question 12	Question 13		
Are the goods that you sell generally manufactured locally (L)?		What are the intermediaries between the factories where your products are manufactured and yourself?	When you get a very large order, to you refer the customer higher in the supply chain (R) or do you handle the order yourself (Y)? Do you ask for commission?		
L	Explanation		R	Y	Description
Y		1 or 2 intermediaries; sometimes take product directly to factory for estimate	X		Use an agent
Y		No intermediaries, directly takes the goods from the factory		X	Own process
Y	This city or this province	Usually has one intermediary	X	X	Own process, use agent
N	Shenzhen has a better production infrastructure	No, direct from manufacturer	X		Coordinate specific customer requests with factory
Y	Relatively complete production infrastructure; competitive advantage on price	No; direct from manufacturer (margins are low, multiple layers would not offer any advantages)	X		
Y	All sorts of local production infrastructure	No intermediaries; direct from manufacturer	X		
Y	Have a relatively complete production infrastructure and high quality technicians	No, direct from manufacturer	X		Coordinate customer requests with factory
Y	Relatively complete equipment, good technicians	Direct from factory	X		
N	Mostly produced in surrounding cities; there are only a few factories inside Guanzhou; most factories in DongGuan and Shenzhen	Intermediaries: According to differences between products, there are 3 levels of agents; 1) Sign retail contracts with factories directly, then resell products to lower-level agents; 2) The lower-level agents operate in the fashion as mentioned in 1; 3) No influence on market price, what is really affecting the prices is the position within the supply chain, whereas higher-level agents will get higher profit margins		X	1) If an agent is at the highest level, they have more decision autonomy; 2) Lower-level agents are more dependent on what happens higher in the supply chain
N	Guangzhou doesn't have a good production infrastructure; production is usually done in DongGuan and Shenzhen	1) The 双飞燕 keyboards and mice, and 兰欣 stereos are sold as a second-level agent. Third-level agent for other products; 2) Consumers are congregated in nearby market area; sales volumes do not meet the manufacturers' requirements	X		Otherwise no price advantage
N	Shenzhen has better production facilities	No intermediaries; highest level agent		X	Direct from manufacturer; communicate with factory about specific customer demands and prices
Y	Nanhai is near Foshan; has complete production infrastructure	No; direct from factory		X	Handle themselves; may adjust according to different requirements
Y	Relatively complete production infrastructure	No; directly from manufacturer		X	Communicate with factories about customers' specific requirements
Y	Relatively complete production infrastructure	No; direct from manufacturer		X	Communicate with factories about customers' specific requirements

Question 14	Question 15	Question 16	Question 17
How are large orders shipped to customers?	Is there any more useful information you can offer us about the retailing or wholesaling identity of your business? About your supply chain?	Is it all right if the American researcher conducting this study contacts you for more information?	(Observe the outlet and determine whether it is a storefront catering to customers, as well as how the merchandise is displayed.)
Freight shipping agent		Wu Ying Yun; English is bad	Store area is 2 square meters, the warehouse is somewhere else, lots of traffic; ShiSanHan sells the trendiest apparel
Freight shipping company		Wu Chaoyong; Cannot speak English	The store is located in the YuLong wholesale market, traffic is small, high proportion of foreign customers, mostly sells overstock from international companies, store area is relatively big, warehouse is somewhere else
No massive orders		Zeng Junru; 020-84016296; QQ 292306108; Cannot speak English	The store is located in a residential/commercial hybrid building; not in the business district; family-run business; don't have a warehouse; relatively small stock, no long-term storage; is an intermediary and 炒货; have their own suppliers and distributors
Directly send to the location specified by customers; usually local	Normal, ordinary wholesale; nothing specific; strive to improve quality and service	Yes; HanLe; 13711125668; Average	Storefront is relatively small; display of merchandise is decent; good for cellphone customers
Hire shipping agent to deliver directly to clients' specified location	Differentiate in terms of quality and service	Yes; Miller; 13560038968; Poor	Product displays are decent; spotlighted products are displayed prominently; store layout is relatively suitable for the market's usual clientele
Shipping agent; direct delivery to customers	Good service is more important than low prices	Yes; Mr. Zhang; 13527759068; None	Big store; products displayed by category; layout of shop is a little untidy; suitable for lower-level customers
Distribution is the direct responsibility of a shipping agency	Service and quality are the keys to success	Yes; Mr. Liu; 13719351997; None	Very small shop, quite disorderly, only most recent merchandise is well displayed, the shop's style fits the atmosphere of the market area
Shipping agency distributes products	Continues to develop new regional agents; may adjust business activities according to demand	Yes; Mr. Zheng; 13632363166; Poor	Very fashionable storefront; contemporary atmosphere; catered to customers' pursuit of fashion; merchant displays fit the style of the store well
Either use a shipping agent or hire a delivery vehicle	1) If the product is prominent and one's store is high in the supply chain, then they will continue to develop lower-level agents; in this way, product coverage can be increased; 2) For less advantageous products, refer higher in the supply chain to obtain more product information and get better margins; 3) Towards retail customers, provide the best after-sales service	Eric Tai; shangyuan138@hotmail.com; 0086-13926226168 13710442308; Avg.	Storefront layout is more suitable to end consumers
Shipping agent	Maintain good relations with other agents in the industry and improve after-sale service	Yes; 蓬; 15975603756; 657732837(QQ); None	The product arrangement is quite disorderly, suitable for wholesale customers but not end consumers
Shipping agent	Provide better after-sale service	Yes; Liu Yunfeng; 13288669177; None	写字楼; relatively untidy; suitable for wholesale
No shipping service	Has complete product lines, thus can provide customers with various options	Yes; Li Penglian; fstdj@163.com; 1382776618; Poor	Products display is orderly; demonstrates home decorations to customers
May help to find shipping agents for customers, if so requested	More attention given to service quality and long-term relationships between manufacturers and customers	Yes; Miss Chen; 0757-82271068; None	Displays are orderly; different product lines in different sections; provides good store ambiance
If customer so requests, help find shipping agency	More focus on service and long-term relationships between manufacturers and customers; product quality	Yes; Miss Peng; 13553340014; None	Displays are orderly; different product lines in different sections; provides good store ambiance

Appendix C - Chinese Questionnaire

采访问卷

1. 您从事什么行业？如何描述你们所销售的产品？

行业： _____

产品描述： _____

2. 您是使用传统的自己包办零售还是通过供应链批发？

零售： _____ 批发： _____

解释： _____

3. 在您的客户中，大约百分之多少的客户为终端消费者，百分之多少是转售者？
(请选择一组百分比)

终端消费者: 0 10 20 30 40 50 60 70 80 90 100%

转售者: 100 90 80 70 60 50 40 30 20 10 0%

4. 您如何促销您的产品？您为产品做广告吗？

广告？ 是 不是

描述： _____

5. (如果做广告)您在哪里为产品做广告？您的目标顾客群是谁？

哪里？ _____

目标顾客群 _____

6. 您提供大量购买的折扣吗？您针对转卖者的售价计划是什么？

批量折扣？ 有 没有

售价计划： _____

7. 您对终端消费者和转售者的价格有什么区别？

回答： _____

Appendix C - Chinese Questionnaire

8. 您估计在您零售客户中，外国和本地各占多少？（请选择一组百分比）

本地: 0 10 20 30 40 50 60 70 80 90 100%

外国: 100 90 80 70 60 50 40 30 20 10 0%

9. 您估计在您批发客户中，外国和本地各占多少？（请选择一组百分比）

本地: 0 10 20 30 40 50 60 70 80 90 100%

外国: 100 90 80 70 60 50 40 30 20 10 0%

10. 广交会对于您客户的结构和销售量有什么影响？

解释: _____

11. 您销售的货品是否在本地产地制造？（请详细描述）

本地制造? 是 否

解释: _____

12. 从制造您产品的工厂到您之间是否还存在其他中介？（如果有，请详细描述）

生产工厂-> 中介1-> 中介2-> 中介3-> 交易

中介:

1) _____

2) _____

3) _____

4) _____

13. 当您收到大额订单时，您是求助位于供应链更上端的消费者还是您自己处理？您使用代理吗？

求助上端消费者_____ 自己处理_____

是否使用代理? _____

Appendix C - Chinese Questionnaire

14. 您如何将大量订单运送给客户？

回答：_____

15. 您还能提供更多关于您交易的零售/批发特点吗？关于您的供应链的特点？

回答：_____

16. 您是否允许进行此次调研的美国研究者与您联系，以获取更多信息？（如果可以，请提供联系信息以及英语流利程度）

联系？ 可以 不可以

姓名：_____

Email: _____

电话：_____

网站：_____

Skype/MSN/QQ: _____

英语程度：不会 差 一般 好 流利

17. （观察店面情况是否迎合消费者，以及产品如何陈列）

记录

多谢合作！

Appendix D - Chinese Data

S1

- 1- 服装批发、零售；时装，中国大陆流行风格，适合青年人服装
- 2- 零售、批发
- 3- 10/90
- 4- 不是；因为商铺所在商业区为“十三行”全国闻名批发市场，知名度高，而且租金很贵，不需要也不可能再负担广告费用
- 5-
- 6- 有；整批货购买或者一百件以上价格称为“打包价”，利润很低
- 7- 不做零售或者单件价格加10~20元RMB，很多最终消费者光顾十三行
- 8- 100/0
- 9- 100/0
- 10- 无
- 11- 是
- 12- 1~2个中介；或者接单拿版去厂家定制
- 13- 使用代理
- 14- 货运公司代理
- 15-
- 16- 吴影芸；英语差
- 17- 商铺面积在2平方米左右，仓库在其他地点，客流量极大；“十三行”出售当季潮流服装

S2

- 1- 服装批发；各种风格服装，出口、内销，无风格局限，以利润为主
- 2- 批发；无零售形式，批发价格较低
- 3- 0/100
- 4- 不做广告
- 5-
- 6- 有；大量批发（整批货），单件利润在0.5~5RMB之间
- 7- 不出售给终端消费者
- 8- 100/0
- 9- 60/40（非洲，中东，南亚）
- 10- 无，季节影响较大
- 11- 是
- 12- 无中介，直接从厂家拿货
- 13- 自己处理
- 14- 货运公司
- 15-
- 16- 吴超永；不会英语
- 17- 商铺位于“御龙”批发市场，客流量小，客人中外国商人多，商品类型多为外贸单货尾。商铺面积相对较大，仓库在其他地点。

S3

- 1- 服装；主要经营欧、日、韩服饰，以休闲风格为主
- 2- 批发；炒货形式
- 3- 10/90
- 4- 是；报纸广告
- 5- 报纸；零售商
- 6- 没有；价钱相对便宜，在没有大数量区别下批发与零售价格相同
- 7- 差不多
- 8- 100/0

Appendix D - Chinese Data

- 9- 100/0
- 10- 没有区别
- 11- 是；本市或本省
- 12- 通常有一个中介
- 13- 自己处理、使用代理
- 14- 无大量订单
- 15-
- 16- 曾筠茹；020-84016296；QQ 292306108；不会英语
- 17- 商铺位于商住两用楼房，不在商业区，家庭式经营，无仓库。货存量较少，不囤积货物。为中间商，炒货性质，有自己固定的货源公司及下级分销商。

E1

- 1- 数码行业；手机
- 2- Yes；Yes；零售和批发的客户都占一定比例，所以两面都要抓住
- 3- 50/50
- 4- 不做广告，客户会找上门
- 5- 没有考虑，也没有打算
- 6- 肯定会有折扣。对于转售者没有任何要求
- 7- 有一定的折扣比例
- 8- 10/90
- 9- 20/80
- 10- 没有任何影响
- 11- 不是，深圳有比较完善的生产配套设施
- 12- 没有，直接厂家供货
- 13- Refer higher；和厂家协调客户的具体要求
- 14- 直接送到客户指定的地方，一般在本地
- 15- 都是一般的批发零售性质，没有什么特点，一般都是加强质量和服务
- 16- Yes；汉乐；13711125668；Average
- 17- 店面比较小，产品摆放还可以，对于手机这种产品的消费者来说，还可以

E2

- 1- 电器行业；电视机、DVD机、音箱
- 2- Yes；Yes；卖场里有一定的零售客户，不过最主要的是批发
- 3- 10/90
- 4- 不做广告，没必要，主要针对外国客户，客户会介绍客户过来，而这个卖场是针对外国客户的
- 5- 没有想过，没有打算
- 6- 有一定的购买折扣，但不会很多，对于转卖者没有任何要求
- 7- 终端消费者的价格会高很多
- 8- 0/100
- 9- 0/100
- 10- 对于客户结果没有影响。对于销售量也没有影响，产品不参展，交易会的客户很少会到本卖场订货
- 11- 是，有生产配套设施比较完备，有价格优势
- 12- 没有，直接厂家供货。（利润很低，多级代理没有优势。）
- 13- Refer higher；否
- 14- 找货运代理直接送到客户指定的地方
- 15- 以质量和服务取胜

Appendix D - Chinese Data

16- Yes; Miller; 13560038968; Poor

17- 产品排列还可以，要突出的产品一目了然，针对这个卖场的消费者，店面情况比较适合

E3

1- 服装行业; T-SHIRT、西装

2- Yes; Yes; 都有一定比例的客户

3- 60/40

4- 不做，没有必要

5- 没有打算，没有必要

6- 有很大的折扣，对于转售者没有要求

7- 转售者有很大的价格优惠

8- 0/100

9- 0/100

10- 没有影响，本卖场有自己固定的消费群体，跟交易会没有什么关系

11- 是，在本地有适合服装生产需要的各种配套

12- 没有中介，直接厂家供货

13- Refer higher

14- 找货运代理运到客户指定的地方

15- 服务好一点比价格更能让客户满意

16- Yes; Mr. Zhang; 13527759068; None

17- 产品分区陈列，店面很大，但比较杂乱，适合比较低层次的消费者

E4

1- 服装行业; 牛仔裤

2- No; Yes; 都是批发，不做零售

3- 0/100

4- 不做广告，没有什么必要

5- 时尚杂志; 区域代理

6- 有小量折扣。对转卖者有严格的区域销售要求，不能跨区域

7- 没有终端客户

8- 0/0

9- 90/10

10- 没有影响，主要集中本国客户，跟广交会没什么关联

11- 是，有比较完善的生产设施和高水平的技术人员

12- 没有，直接厂家供货

13- Refer higher; 跟厂家协调客户的具体要求

14- 直接让货运代理把货送到客户指定的地方

15- 以服务和质量取胜

16- Yes; 刘先生; 13719351997; None

17- 很小的店面，比较杂乱，只突出新的款式，跟整个卖场的风格相符合

E5

1- 服装行业; 休闲服饰

2- No; Yes; 主要发展区域代理，不做零售

3- 0/100

4- 没有做广告，没有打算

5- 电视或时尚杂志; 区域批发商

Appendix D - Chinese Data

- 6- 差别不大。对于转卖者有严格的区域要求，不能跨区域销售
- 7- 没有终端客户
- 8- 0/0
- 9- 90/10
- 10- 没有大的影响，销售量可能会提升，但一般没什么关系
- 11- Yes, 有比较完善的配套设施和技术人员
- 12- 直接厂家供货
- 13- Refer higher; 直接找货运代理发货
- 14- 直接找货运代理发货
- 15- 不断开发新的区域代理，根据销售情况调整区域代理
- 16- Yes; 郑先生; 13632363166; Poor
- 17- 很时尚的店面，比较有时代感，迎合消费者对时尚的追求，产品陈列也和店面的装修风格一致，很有心思

E6

- 1- IT行业; 电脑配件批发, 零售, 整机, 数码产品; 电脑配件批发零售, 整机 (PC整机, 笔记本), 数码产品, 办公耗材
- 2- Yes; Yes; 主要由广州IT市场的特点决定的, IT涉及的产品太多, 不可能面面俱到, 自己代理的产品以批发为主, 批发的对象为同行 (同个市场的商户), 其他产品主要针对零售客户
- 3- 90/10
- 4- 不是, 主要由产品的厂家做广告
- 5- 在广州的主流IT网站做。一般都会选择在www.pconline.cn; www.pconline.cn 浏览的顾客层次不一, 涉及的范围很广, 主要有公司员工, 同行和学生
- 6- 批量的价格会根据利润的多少有一定的折扣。对于转售者的要求是出售价格不能低于市场规定的价格, 即厂商规定的价格
- 7- 终端消费者: 市场价格; 转售者: 批发价 (与市场价格有一定的差额)
- 8- 90/10
- 9- 100/0
- 10- 1、对客户结构没什么影响。2、销售量有一定程度的提高, 广交会期间会增加一定量的外国零售客户
- 11- 否, 一般都是在周边城市生产, 广州的厂家少, 一般都集中在配套比较完备的东莞和深圳生产
- 12- 中介: 根据产品的不同, 分为总代理, 一级代理, 二级代理-----; 1) 总代理是和厂家直接签定销售协定, 然后再转售给其他级别的代理; 2) 低于总代理的代理的操作模式跟1一样; 3) 对市场价格没有什么影响, 受影响的是你从哪一级别的代理拿到的产品卖给终端消费者产生的利润有区别
- 13- 1、自己是总代理的自己处理。2、不是总代理的求助上端消费者
- 14- 直接包车或则找货运代理
- 15- 1、自己有优势的产品比如自己是总代理的时候不断的开发一二级代理, 增加产品的覆盖率, 进而提高产品的销售量。2、自己没有优势的产品积极向上端消费者靠拢, 获取更多的产品信息, 争取更优势的价格。3、对于零售客户提供最及时, 最好的售后服务
- 16- Eric Tai; shangyuan138@hotmail.com; 0086-13926226168 13710442308; Avg.
- 17- 店面摆设更适合终端消费者

Appendix D - Chinese Data

E7

- 1- IT行业; 电脑周边产品, 网络设备
- 2- Yes; Yes; 大部分批发, 零售比较少
- 3- 10/90
- 4- 不是, 厂家
- 5- 渠道杂志。(浏览人群是经销商); 渠道经销商
- 6- 有批量折扣。对转卖者没什么要求
- 7- 有一定的折扣区别
- 8- 90/10
- 9- 100/0
- 10- 客户结构没什么影响, 可以增加销售量
- 11- 不是本地制造。广州没有比较完备的生产链配套, 一般在深圳和东莞生产
- 12- 1) 双飞燕键盘鼠标和兰欣音箱是二级代理, 其他的是三级代理; 2) 客户集中在自己档口所在的卖场, 出货量还达不到做总代理的要求
- 13- 求助上端消费者, 要不没有价格优势
- 14- 货运代理
- 15- 跟渠道经销商搞好关系, 提高好的售后服务
- 16- Yes; 莲; 15975603756; 657732837(QQ); None
- 17- 产品排列比较杂乱, 适合批发不适合终端消费者

E8

- 1- IT行业; 电脑主板批发
- 2- No; Yes; 针对渠道经销商进行供货
- 3- 0/100
- 4- Yes; 在主流IT网站www.pconline.com.cn和www.alibaba.com.cn做广告
- 5- 同上; 终端消费者和渠道经销商。给终端消费者信心, 让经销商更容易开展工作
- 6- Yes; 针对终端消费者不能低于市场价格, 否则会影响产品的
- 7- 没有终端消费者, 转售者根据代理级别的不同价格有所区别
- 8- 90/10
- 9- 100/0
- 10- 客户结构没有影响, 销售量会提升。广交会带来一定的客户量
- 11- No; 深圳, 有适合生产的完善的配套设施
- 12- 没有中介, 直接是总代理
- 13- 直接跟厂家协调具体要求以及适当的价格优惠
- 14- 货运代理
- 15- 提供更好的售后服务, 给经销商最大的支持
- 16- Yes; 刘运锋; 13288669177; None
- 17- 写字楼, 比较杂乱, 适合批发

E9

- 1- 装饰材料; 门, 地板
- 2- Yes; Yes; 一般都是批发, 订单销售, 偶尔也会有零售
- 3- 40/60
- 4- 不做, 对自己的产品质量有信心
- 5- 做个公司网站; 对公司产品有兴趣的客户
- 6- 有, 对转售者没有要求
- 7- 转售者有较大的价格优惠

Appendix D - Chinese Data

- 8- 80/20
- 9- 40/60
- 10- 可以提高销售量
- 11- 是, 南海靠近佛山, 有配套完善的生产基地
- 12- 没有, 直接隶属厂家
- 13- 自己处理, 根据不同的要求作出调整
- 14- 客户自己搞定, 不提供运货服务
- 15- 直接面对消费者, 样品齐全, 可以为消费者提供多样化选择
- 16- Yes; 李朋联; fstdj@163.com; 13827776618; Poor
- 17- 产品陈列有序, 得体, 可以抓住消费者对家居装饰的品位要求

E10

- 1- 装饰材料; 陶瓷地砖, 马赛克地砖
- 2- Yes; Yes; 批发零售客户都有
- 3- 60/40
- 4- 主要通过店面陈列增加对客户的感官刺激从而提高销售量, 不做广告
- 5- 不会考虑做广告
- 6- 有批量购买的折扣, 针对转卖者没什么计划
- 7- 转售者拥有一定的价格优势
- 8- 100/0
- 9- 50/50
- 10- 客户结构没什么影响, 广交会期间销售量有所提高
- 11- 是, 有比较完善的生产设施配套
- 12- 没有, 直接厂家供货
- 13- 会和厂家协调客户的具体需求
- 14- 按客户要求找货运代理或则客户自己搞定
- 15- 就是买和卖的关系, 现在更注重服务质量, 协调好厂家和客户之间的关系
- 16- Yes; 陈小姐; 0757-82271068; None
- 17- 产品陈列有序, 不同系列的产品分区摆放, 可以给客户更好的感官刺激

E11

- 1- 装饰材料; 卫浴类(浴缸, 淋浴房等)
- 2- Yes; Yes; 批发零售客户都有。批发客户较多
- 3- 20/80
- 4- 通过www.alibaba.com.cn做广告。产品的促销主要是库存产品, 主要是在店面粘贴促销横幅
- 5- 都是在alibaba.com.cn上做广告; 对自己产品感兴趣的客户, 包括零售和批发商
- 6- 有批量购买的折扣, 针对转卖者没什么计划
- 7- 转售者拥有一定的价格优势
- 8- 90/10
- 9- 30/70
- 10- 客户结构没什么影响, 广交会期间销售量有所提高
- 11- 是, 有比较完善的生产设施配套
- 12- 没有, 直接厂家供货
- 13- 会和厂家协调客户的具体需求
- 14- 按客户要求找货运代理或则客户自己搞定
- 15- 就是买和卖的关系, 现在更注重服务质量, 协调好厂家和客户之间的关系, 保障产品质量以争取回头客
- 16- Yes; 彭小姐; 13553340014; None
- 17- 产品陈列有序, 不同系列的产品分区摆放, 可以给客户更好的感官刺激