





China Key Facts

- Population of 1.3 Billion
- City Tier System (Unofficial)
 - Indicator of population, consumer sophistication, income levels, and business opportunities
 - Tier 1: Guangzhou, Shanghai, Beijing, Shenzhen
 - There are 300 Tier 3 cities with populations of 1 to 3 million

Chinese Peanut Industry

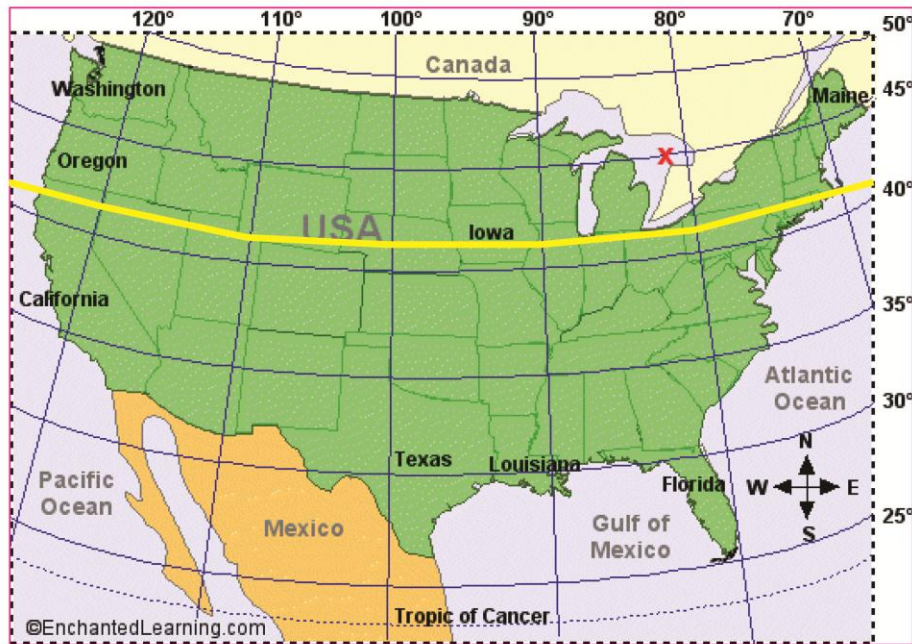
- Production of 12 to 14 million metric tons
- 20 million peanut farmers
- Internally, 65% consumed as oil; 35% edible
- Production not keeping pace with demand
 - Land and labor costs
- Edible oil outlook bearish; peanut oil stable
- Chinese peanut quality poor due to handling, low OL ratios and PV, low consumer expectations



Map 1: Agroecological zones of peanut production in China



Adapted from Peanut Breeding and Cultivation by Feng Haishen









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U.S. Opportunities

- Raw peanut sales
- U.S. branded products

Raw Peanuts

- Challenges
 - Price will always be an issue
 - Import duties add further price pressure
 - The Chinese Chamber said to not expect relief
 - The consensus was the “gray market” wasn’t worth it
 - Competition
 - Internal market
 - Other origins- India and Argentina primarily
 - Consumers and industry
 - Don’t recognize that peanuts are as healthy as other nuts
 - Accustomed to getting product that is not fresh
 - Maybe why peanuts are considered inferior

Raw (cont.)

- Opportunities
 - As the world's low cost producer, Chinese buyers see the U.S. as a potentially reliable, cost-competitive supplier
 - They see potential benefits to having a supply that is fresh (Low PV, FFA)
 - Support the shellers where requested and then stay out of their way

Your next great market?



Getting U.S. Brands to China

- How can we connect U.S. brands to Chinese consumers?
- Over 600 million Chinese are online
- Over 300 million shop online
 - Over half use a smart phone to shop
- 10% of retail sales online; 20% by 2017
- Can B2B or B2C Platforms take away logistical challenges, currency and credit risks
 - Alibaba's Tmall, JD.com, Amazon

Costco 'shocked' by one-day sales of \$3.5M on Alibaba's Tmall site

BY **TRICIA DURYEE** on December 29, 2014 at 12:06 pm

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The screenshot shows the Costco Wholesale Tmall storefront. At the top, there's a navigation bar with the Tmall logo and search bar. Below it, a large banner features the Costco logo, a family of four, and the text '世界超市 到我家' (World Supermarket to my home). The main promotional text reads '开幕盛惠' (Grand Opening Special Offer) and '1折秒杀·爆款包邮' (10% off flash sale, hot items free shipping). A red button says '收藏店铺 送10元 折价券' (Follow store, get 10 yuan discount coupon). The bottom section lists benefits: '100% 原厂正品' (100% original factory genuine), '提供最合理的价格和最优质的商品' (Providing the most reasonable prices and the highest quality goods), and '最高规格的服务' (Highest standard of service).

Costco will expand more heavily into China after it sold \$3.5 million worth of goods over a 24-hour period with the help of Alibaba.



In other countries, e-commerce is a way to shop, in China it is a lifestyle.

-Jack Ma, Alibaba founder

[illegible]



士力架(小) 100g 3/2

士力架(小) 100g 3/2





品名
Product Name
规格
Specification
零售价
Retail Price
产地
Place of Origin
编号
S.N.
监督电话
Complaint
监督
Supervision

燕莎友谊商城
¥156.00

American Heart Association
CERTIFIED
Meets Criteria For Heart-Healthy Food

16 OZ (1 lb) 454g

Almonds

Almonds

扁桃仁

燕莎
YOUTI





Thank you