

EBAY ASIAN EXPORTERS' INDEX

AUGUST 2011

Connecting the world's manufacturing engine to buyers around the globe

Managing Director, eBay Asia Pacific

140 million parcels – and counting

Vice President for Cross-Border Trade

The world's most exciting ecommerce markets:

China and Hong Kong

APAC export snapshot: who's selling what and where

Korea, Japan, India, Thailand, Singapore, Malaysia, Philippines, Indonesia and Vietnam



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SURVEY METHODOLOGY

The information in this Index is based on internal eBay data – as well as on data compiled from an online survey conducted in China.

The internal data citing year over year sales growth looks at large eBay Asian exporters with an annual turnover greater than US\$100,000. Other internal data cited, relating to areas such as category, the eBay sites on which Asian exporters sell, and buyer locations is derived by looking at the top 3,000 sellers in each Asian exporter market featured in this Index.

The China survey was sent to 2,539 sellers, of whom 1,674 were China-based, 839 were based in Hong Kong and 16 were based in both China and Hong Kong. All sellers

had sales of over \$US100,000 a year. The response rate was just under 19%, with a total number of 473 respondents completing the five-minute survey (China: 361, Hong Kong: 109 and three sellers who sell from both China and Hong Kong.)

Conducted by Nielsen between 17 May and 2 June 2011, the survey aimed to provide insights into the profiles of eBay exporters in mainland China and Hong Kong, the current state of their businesses, their outlook for the coming year and how the economy, ecommerce and government policy will impact their businesses.

WE'D LIKE TO HEAR FROM YOU

Thank you to all business owners who contributed to the eBay Asian Exporters' Index. If you would like more information on this publication please email us at mediaapac@ebay.com

The eBay Asian Exporters' Index is produced by Businesswriters & Design for eBay.

CONNECTING THE WORLD'S MANUFACTURING ENGINE TO BUYERS AROUND THE GLOBE



JAY LEE

From its earliest days, international trade has been one of the most appealing features of eBay's global marketplace. Today it is a significant and growing opportunity, representing 20% of our sales in the last quarter of 2010.

In Asia, eBay's export business is particularly strong, led by China and Hong Kong. Large Asian exporters with annual turnovers of more than \$100,000 are experiencing phenomenal year-on-year growth of 26% across the region. What's more, 200 of these exporters, again predominantly based in China and Hong Kong, recorded annual turnovers of more than US\$1 million.

eBay began focusing on Asian exports around five years ago. This business is based around entrepreneurial sellers listing directly on eBay websites such as eBay.com (United States), eBay.co.uk (United Kingdom), eBay.com.au (Australia) and others.

This *Index* provides a snapshot of eBay's Asian export business. It focuses primarily on China and Hong Kong, but also covers the wider region.

Supporting cross-border exports

We believe eBay is uniquely positioned to support cross-border exports. First, eBay is probably the only truly global ecommerce company, with a presence in 39 markets worldwide and over 97 million active users. Second, PayPal is the leading payment service to facilitate global ecommerce with over 100 million active users, available in 190 markets and in 25 currencies. Finally, connecting eBay and PayPal's large global buyer base directly with the world's manufacturing engine room in Asia, particularly China, allows significant price advantage by eliminating middlemen.

Overlapping inventories

In the past two years, eBay has significantly extended its footprint into Southeast Asia, Taiwan, India, Japan and Korea. Each market has a unique supply, which is why Asia can participate in almost every category you find on eBay. But there are commonalities among various markets. For example, there is a significant overlap of inventories between Hong Kong and China because half of the supply is from the Pearl River Delta in the southern part of the country.

Generally speaking, though, there are more differences than commonalities between one market and another. Thailand carries the largest supply of gemstones, Singapore is strong in watches and Malaysia in text books. Taiwan is strong in toys and automobile parts. Hong Kong has some of the best deals on photographic equipment, while China is great for fashion and consumer electronics. Fashion also leads

"Asian exporters with annual turnovers of more than \$100,000 are experiencing phenomenal year-on-year growth of

26%
across the region"

the way in Japan and Korea, while India can offer great value on fine hand-crafted jewellery and diamonds, as one might expect from the world's largest diamond-cutting nation.

Asian exporters are helping to create tremendous value for buyers in destination markets. Sellers are primarily small businesses and entrepreneurs, but increasingly we're seeing some local large merchants adopting eBay as a distribution channel for international expansion. >

eBay, the Asian exporters' primary channel

eBay's export business is neither widely well known nor understood – which is partly why we have surveyed sellers in China and Hong Kong. Not only did we want to gain insights into these sellers' attitudes and experiences for our own future planning, we wanted to be able to share these insights more broadly.

And what fascinating insights they are! According to the Nielsen survey, large China and Hong Kong sellers derive on average 71% of their total business sales from eBay. They employ on average 10 staff and expect to grow that by another six in the next 12 months.

Recognising the vast opportunities in online commerce, but cognisant of intensified market competition and the rising cost of doing business, these sellers are looking to eBay and governments to assist them where possible to facilitate a fair, transparent and more efficient platform for the benefit of both buyers and sellers. eBay is already investing significantly in this facilitation and expending much energy in staying abreast of new innovations and trends.

Four fundamental trends

As we see it, there are four fundamental trends impacting the way eBay does business: the increasing use of mobile devices to shop and pay online, the growing interaction between online and offline or local shopping, the increasing role of social media in online shopping and the expanding trade in digital products such as e-books and movie downloads.

Of particular importance for Asia is mobile technology which is putting the Asian seller in the pockets of millions of people around the world. eBay mobile applications for the various mobile devices have been downloaded over 45 million times and eBay anticipates sales through mobile devices will reach over US\$4 billion by year's end.

With new trends and technology emerging all the time, deciding what's important and what requires attention could be challenging. But if we're ever uncertain, we always remind ourselves of principle number one: to view the world through the eyes of the sellers – and their customers. That, we have always believed, is our path to continuing success.

JAY LEE

Managing Director eBay Asia Pacific



JEFF LIAO

EXPORT HUBS

China

www.ebay.cn

Hong Kong

www.ebay.com.hk/export/index.html

www.ebay.com.hk/export

Korea

www.ebay.co.kr

Japan

www.ebay.co.jp

India

www.ebay.in/globaltrade

South East Asia

sea.ebay.com

140 MILLION PARCELS – AND COUNTING

Exporting is a much more complex trade than domestic ecommerce. Why? Because of factors like time zones, language barriers, greater distances and cultural differences, all of which are generally not an issue in domestic trading.

So it's especially pleasing for us that eBay's export business – particularly in Greater China – is showing such promise. It's rewarding to know, too, that a significant number of new buyers come to eBay through Asian exporters and have their first experience on the site buying from them.

Pleasingly, the numbers just keep growing! Offering their products to the global marketplace through their listings, primarily on the US, UK and Australian sites, these sellers will be shipping more than 140 million parcels from Asia this year. We expect this to exceed 200 million next year.

It is our belief that the strong growth Asian exporters are experiencing on eBay is set to continue. In fact we've only just begun to tap the opportunities that exist in offering more discounted, better quality Asian products on eBay to delight buyers around the globe.

Engaging with Asia

Australia provides one of the best examples of how to engage with exporting countries. On the back of a strong Australian dollar, high consumer demand and an under-developed local ecommerce sector, imports are growing fast. Today Australia is the second largest trading corridor for eBay Asian exporters. This would not have been possible without close collaboration and comradeship between the exporting and importing countries.

Nor would it have been possible without the willingness of sellers to adopt the tough

quality control and security measures and enforcements eBay has established. These are designed to ensure buyers get the greatest value on a wide selection of items from trusted Asian sellers by providing full transparency throughout the transaction, as well as checks and balances about product quality and authenticity.

The opportunity in North America and Europe is equally significant, as consumers are seeking to drive their dollars further against a back-drop of economic uncertainty.

Cross-border teams

eBay's burgeoning success is also attributable in large measure to our cross-border teams who have worked tirelessly to build a sustainable export business.

Take the Shanghai-based customer service centre. Our people there provide customer service in seven different languages, seven days a week, 365 days a year. Meanwhile our seller account management teams in seven office locations across 11 countries focus on seller development, spending 80% of their time at exporters' businesses, learning about their needs and helping them understand how to adapt to the eBay system.

Sharing data and information

eBay's online export hubs provide sellers with everything they need to know about cross-border selling and how to be successful on eBay. In particular, they learn about exporting on eBay through our Cross Border Trade University, through real-time online webinars and through world-class offline seller acquisition seminars all over the region. These seminars run almost every week, attended by 200 to 300 targeted merchants.

We share information with sellers, such as what products are moving faster at what price points and in which countries, so they can adjust their inventory and marketing accordingly. In doing this, we have created a tightly bound and interactive Asian exporters' community in which sellers across the region can meet and share best practices.

Meantime we're making rapid progress in other areas of our business. For instance we have developed innovative seller services to

overcome inherited structural barriers while partnering with importing countries to improve the buyer experience.

For example on the shipping front, eBay, the US Postal Service, and China Post Express & Logistics Corporation have established a far-reaching shipping alliance that is leading to more stable and affordable China-to-US online trade.

As you will read in the report, a similar alliance has been established with Hongkong Post and the US Postal Service for Hong Kong exporters. Among other advantages, the agreements let US buyers track packages from eBay sellers in Greater China.

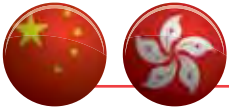
Building a global business

eBay provides a marvellous platform through which Asian exporters can reach a wider market. We're optimistic that, together with PayPal, eBay can further build its global business through international trade. We are committed to investing in the world's most dynamic economies to support the ecommerce market – and the many, many opportunities that lie ahead.

JEFF LIAO

Vice President for Cross-Border Trade

THE WORLD'S MOST EXCITING ECOMMERCE MARKETS



CHINA AND HONG KONG

China and Hong Kong are among the world's most exciting ecommerce markets, thanks to eBay's burgeoning relationships with, and the dynamic growth of, Asian exporters.

Consider these facts:

- Sales from large China exporters on eBay grew by 34%. In Hong Kong, a more established export hub for eBay, large exporters grew by 14%.
- The Asian exporter with the largest turnover on eBay is based in Hong Kong and this year recorded sales of over US\$21.7 million. Another 90 Hong Kong-based exporters turned over more than US\$1million.
- In China, 65 exporters turned over more than US\$1million, with the largest recording annual sales of over US\$14.3million.
- Computers are the top-selling items among China exporters on eBay. In Hong Kong photographic items top the list.

What our top sellers say

According to the Nielsen survey conducted with large exporters in China and Hong Kong, eBay is vital in providing access to global buyers, delivering 71% of all sales. The remaining 29% of sales are derived from a combination of the exporters' own websites, other websites, offline stores and other sources.

eBay was launched in Hong Kong several years ahead of the China launch. Given that we have been operating in Hong Kong longer, it follows that Hong Kong sellers have more experience selling on eBay (5.7 years), compared with their counterparts in China (3.5 years).

Employment. Asian exporters are providing significant employment opportunities, particularly in China.

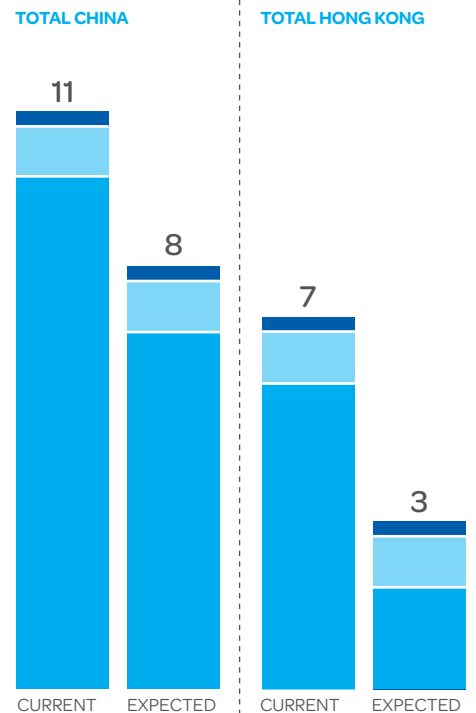
With lower operating costs and wages in China, exporters there are currently employing on average 11 staff with Hong Kong exporters employing on average seven. Most are employed on a permanent full-time basis. Nine out of 11 in China and six out of seven in Hong Kong are full-time employees.

Moreover, prospects for employment growth are encouraging. All exporters intend recruiting new employees in the next 12 months. In China 84% will grow their staff numbers by an average of an extra eight people (six full-time). In Hong Kong, 60% anticipate growing staff by an extra three people (two full-time).

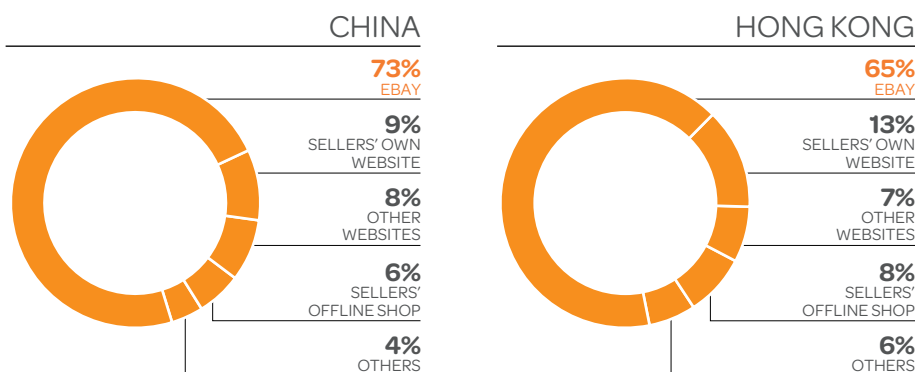
Of particular note are China exporters with annual sales over US\$450,000. They currently employ on average 28 staff and intend taking on a further 12 in the next 12 months.

TOTAL NUMBER OF EMPLOYEES – CURRENT AND EXPECTED TO EMPLOY IN THE NEXT 12 MONTHS

- Current unpaid helpers
- Current permanent part-time staff
- Current permanent full-time staff



TOTAL BUSINESS SALES BREAKDOWN BY CHANNELS (% RESPONDENTS)





CASE STUDY:
GAVIN YIN, VANCL

A WINNING COMBINATION

What do you get when you combine one of the world's newest, most exciting apparel brands with the global muscle of eBay? A thrilling export success story, with huge growth potential.

The partnership between eBay and Vancl – a China clothing, shoes and

accessories company – has developed with the kind of speed we've come to expect in the rapidly changing digital world. With an eye to expanding overseas, Beijing-headquartered Vancl started working with eBay in late 2009 and launched its eBay store in May 2010.

In just 12 months, the eBay business, which lists on the US, UK and Australian sites, has grown from zero to recording daily transactions of US\$1,200. Fifty percent of Vancl's global sales come from eBay, with the majority of buyers located in the US, Europe and Russia.

Vancl's aim now is to gain resources and promotional strength from eBay sites and attract buyers from around the globe to increase its brand awareness and sales.

The company is confident there is enormous potential for further expansion and expects to hit monthly sales of US\$100,000 on eBay next year – a significant achievement seeing as, of Vancl's 6,000 staff, the eBay team comprises just three people.

"eBay has helped promote Vancl's brand to many major markets," says Channel Business Development Manager

Gavin Yin, who adds that working with eBay account managers has been a great help.

Vancl's total China online sales last year were US\$300 million, up 300%, and it is targeting global annual sales target of US\$1.5 billion.

The company was founded in 2007 as a specialty men's shirt retailer. Since then it's become the number-one apparel enterprise in China, offering a vast selection of designer fashion, good customer service and fast delivery. Back in September 2009, it already had a market share of 28.4%, according to an e-business report from iResearch Consulting Group.

Operating entirely online, its focus is to bring quality men and women's fashion, shoes (the biggest line), and other lifestyle goods at reasonable prices to customers. Its shipping solution is to dispatch

directly from China via EMS, China Post's shipping service. Its designers come from around the globe, including Spain, Japan, and Korea.

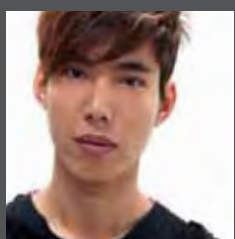
"We're known for offering great styles and great quality at great prices with exceptional customer service," says Gavin Yin.

He strongly recommends eBay and suggests that it undertake more partnership programs with brands like Vancl to help them go global, particularly now that buyers are more comfortable shopping online.

"The door-to-door model of online shopping saves time and money that could be spent in offline shops, especially in big cities where traffic is bad and countries where gas price is high," he says. "Unpredictable weather, like the big snows in the US last winter, is another influential factor."

LENGTH OF BUSINESS OPERATION ON EBAY (% RESPONDENTS)

| | | TOTAL CHINA | TOTAL HONG KONG |
|---------------------|-----------|-------------|-----------------|
| Less than 12 months | 1 | 2 | 1 |
| 1-3 years | 50 | 57 | 28 |
| 4-6 years | 34 | 34 | 37 |
| 7-10 years | 12 | 8 | 25 |
| Over 10 years | 3 | 1 | 10 |
| Average | 4.1 years | 3.5 | 5.7 |



CASE STUDY:
BONS HO, DZONE2

WHY DZONE2 CHOSE EBAY

Dzone2 – seller of cameras and photographic equipment headquartered in Hong Kong – recently decided to close its own website and focus its online presence entirely on eBay.

Why? "It's quicker and easier to sell through eBay than spending time and effort promoting our own site," explains Head of Operations Bons Ho.

Dzone2, which started life as a wholesale trading company, started selling on eBay seven years ago. It opened a retail shop at the same time and has since expanded to eight retail outlets in Hong Kong, with plans to increase that to 11 by the end of the year.

Dzone2 generates monthly sales of between HK\$5 million and 6 million. Bons expects growth to double in the next year, and triple within 18 months.

The company employs 18 people in its eBay operation. Because space is limited, Bons favours improving processes rather than employing more people. That's why he's taken up the service offered by eBay whereby our personnel come into the company and work alongside employees to integrate processes such as shipping labels and improve efficiencies.

This business support is one of eBay's strengths, says Bons, though its ability to provide a platform to connect sellers with millions of buyers around the globe is for him its number-one attraction.

Dzone2 lists primarily on eBay's US, UK and Australian sites. Most buyers are in the US, followed in order by the UK then Australia.

Sales growth. The claim by one-third of respondents that their sales have not grown in the past 12 months may well be as a result of the tougher conditions eBay imposed on sellers. These conditions, aimed at improving service levels from Asian exporters, resulted in many sellers slowing sales in order to improve fulfillment and customer service before ramping up again.

It is encouraging therefore to see that, notwithstanding these tough conditions, most sellers (60%) recorded sales growth. Sales from large China exporters on eBay grew by 34%. In Hong Kong, a more established export hub for eBay, large exporters grew by 14%.

Business outlook. Overall, Asian exporters are optimistic and recognise the vast opportunities that exist online, particularly with the consumer acceptance of, and trend towards ecommerce.

Most, however, are cautious about how market and economic factors such as bricks and mortar retailers moving online, rising costs and fluctuating foreign exchange will impact their businesses.

Naturally, the past year's eBay sales performance has some impact on their business outlook. Those that enjoyed sales growth in the past 12 months are more optimistic about the business outlook versus those who have not grown.

The rate of growth is also a factor. Exporters whose sales have grown faster in the past year are not only more optimistic about the business outlook, they expect to hire more people in the coming year to cope with business expansion. This is reflected by exporters whose sales have grown 30% or more, indicating their intention to hire an average of between eight and nine employees, with the majority of them being permanent full-time staff.

Factors influencing growth. The rising cost of postage, supplies and rent/property, coupled with tougher market conditions such as the appreciation of the renminbi and intensified competition from major and international retailers, could potentially limit the growth of exporters' businesses, according to our survey.

Top concerns are exchange rates (65%) and postage costs (63%), followed by competition from international retailers and sellers (59%) and cost of supplies and major retailers moving online (58%).

On the positive side of the ledger, 61% of exporters feel that the availability of suitable staff, improved consumer demand (58%) and availability of training specially designed for online operators (40%) will help them grow.

Growth plans. To grow their businesses over the next 12 months, exporters primarily seek to expand existing categories with more product lines. An average of 75% of Hong

Kong and China exporters indicated they would do so. This figure was particularly high among China exporters, with 81% of those with annual turnovers of US\$250,000 and US\$450,000 and 91% of exporters turning over more than US\$450,000 looking to bring more product lines into existing categories.

Larger sellers in both Hong Kong and China are also more willing to adopt warehouse or other innovative logistic solutions and invest in operational efficiency.

Sixty-two percent of exporters from both regions have plans to expand into other categories.

Notably, the China exporters are more open than their Hong Kong counterparts to extend the selling corridor to other countries, leveraging the low operation and sourcing cost in China to gain higher profit margins.

Not surprisingly, exporters in both regions who've seen sales growth of more than 50% are taking a more proactive and aggressive approach to further expand existing categories, maximizing the growing demand of the category, while at the same time extending into new categories.

PLANS TO GROW YOUR BUSINESS IN THE NEXT 12 MONTHS (% RESPONDENTS)

| | | TOTAL CHINA | TOTAL HONG KONG |
|---|----|-------------|-----------------|
| Expand existing categories with more product lines | 73 | 74 | 71 |
| Expand into other categories | 62 | 63 | 59 |
| Expand the selling corridor to other countries | 46 | 50 | 33 |
| Adopt warehouse or other innovative logistic solution | 34 | 35 | 30 |
| Invest in operation efficiency (eg. develop own API) | 23 | 24 | 19 |



PLANS TO GROW YOUR BUSINESS IN THE NEXT 12 MONTHS, BY GROWTH OF EBAY SALES (% RESPONDENTS)

| | GROWTH OF EBAY IN THE PAST 12 MONTHS | HAS NOT GROWN | LESS THAN OR UP TO 15% | UP TO 30% | UP TO 50% | UP TO 100% OR MORE |
|---|--------------------------------------|---------------|------------------------|-----------|-----------|--------------------|
| Expand existing categories with more product lines | 73 | 64 | 70 | 71 | 88 | 89 |
| Expand into other categories | 62 | 62 | 54 | 66 | 76 | 68 |
| Expand the selling corridor to other countries | 46 | 34 | 41 | 55 | 55 | 68 |
| Adopt warehouse or other innovative logistic solution | 34 | 28 | 33 | 36 | 31 | 52 |
| Invest in operation efficiency (eg. develop own API) | 23 | 12 | 15 | 36 | 40 | 36 |

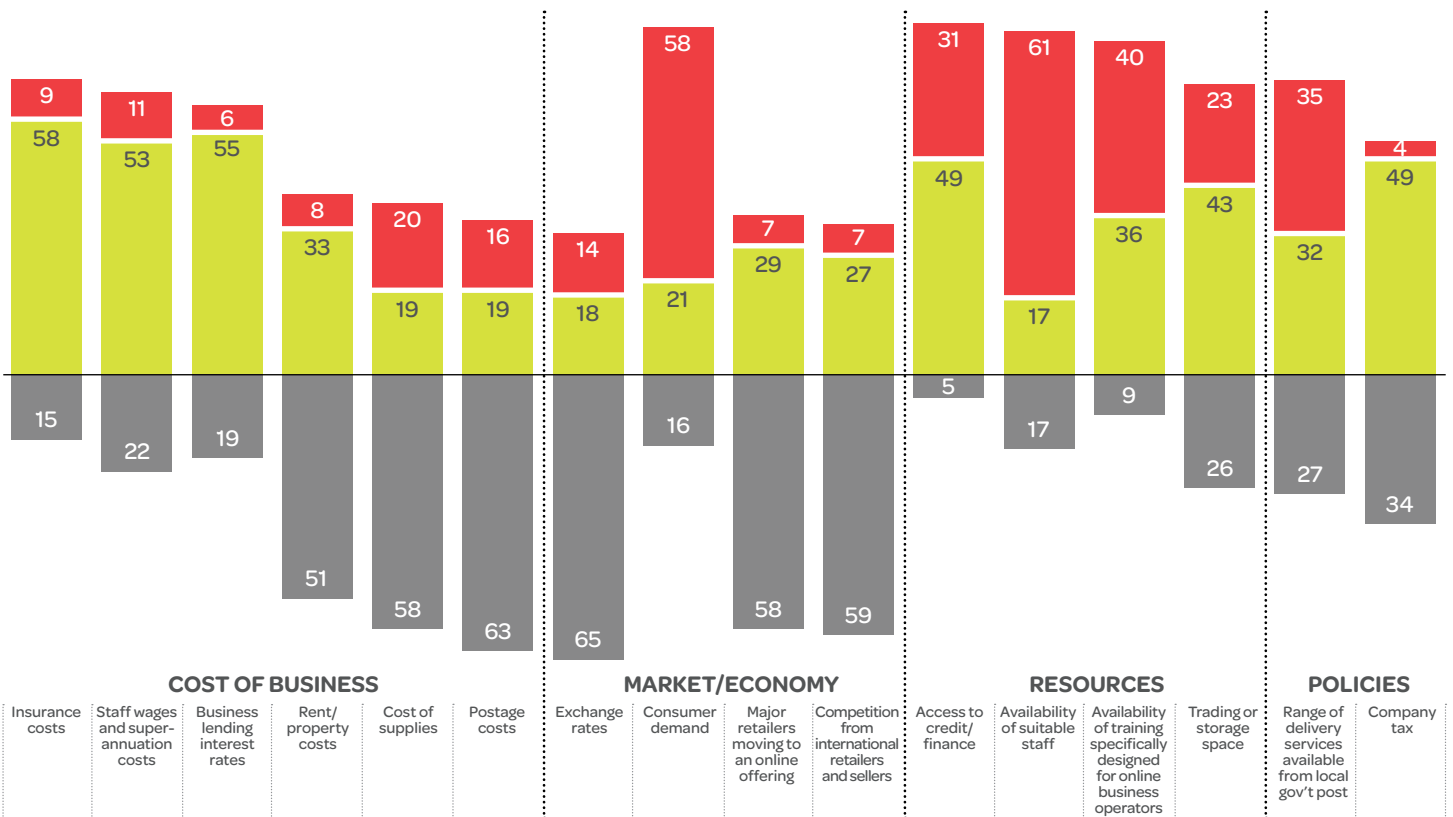
GROWTH OF EBAY SALES IN THE PAST 12 MONTHS (% RESPONDENTS)

| | | TOTAL CHINA | TOTAL HONG KONG |
|------------------------|----|-------------|-----------------|
| Has not grown | 31 | 30 | 33 |
| Less than or up to 15% | 22 | 20 | 29 |
| Up to 30% | 16 | 17 | 13 |
| Up to 50% | 11 | 12 | 5 |
| Up to 100% | 6 | 8 | 3 |
| Up to 200% | 3 | 4 | 3 |
| Up to 500% | 1 | 2 | 1 |
| More than 500% | 1 | 1 | - |
| Refused / Don't know | 9 | 7 | 13 |

} 60%

INFLUENCE OF DIFFERENT FACTORS ON THE GROWTH OF BUSINESS

■ Limit the growth ■ Neither increase nor limit ■ Increase the growth



CASE STUDY: MORPHY FAN, M2CMART

A GENUINE GLOBAL PHENOMENON

M2Cmart was established in Guangzhou in 1995 and moved online in 2009, selling electronics, home appliances and household items.

The company decided to list on eBay's US site in July 2010, giving it another channel on top of its own website. Now, around 50% of M2Cmart's sales come from eBay, with most buyers based in the US, says Morphy Fan, Head of Business

Development. In the past 12 months, and more particularly in the first half of last year, sales grew 100% month-on-month.

Morphy attributes the stellar first-half performance to an eBay trading assistant. These are experienced sellers who offer their services to individuals or businesses wanting to sell on eBay. "This helped us get a decent start," says

Morphy. "In fact after we decided to run the eBay store ourselves, growth has been slower."

For this reason, he sees eBay-specific selling skills crucial to success and would like to see the organisation providing even more help in training large merchants.

He is optimistic about the coming year. Buyers in Western countries like the US are more likely than

domestic buyers in China to shop online, he says "and shopping online is now a genuinely global phenomenon."



CASE STUDY:
DEGANG ZENG, CSST

KEEPING AN EYE ON GLOBAL BUSINESS

Not only is eBay the leading ecommerce market place with huge transaction volumes, outstanding coverage around the globe and millions of buyers, it also enables companies to engage with end consumers so they can understand their needs and develop customised products especially for them.

So says Degang Zeng, eCommerce Manager for China Security & Surveillance Technology (CSST), China's largest manufacturer and seller of security and surveillance products.

CSST's export department ran along traditional lines until it began receiving queries from overseas buyers interested in ordering products like those being sold on eBay. "That's how we learned about eBay and cross-border ecommerce," Degang says. "It drove the birth of our own ecommerce department."

In late 2010, the company established a department to lead international ecommerce. Six months ago it set up its eBay stores to sell security products such as monitors, cameras and alarms direct to consumers.

As a listed company, CSST believes ecommerce will continue to impact hugely on traditional business models, as well as individuals' lives. "We decided to catch the trend in this early phase so we can accumulate enough experience and build a solid competitive edge when ecommerce becomes the mainstream model," Degang says.

The company is market leader in China, provides services to many Fortune 500 companies and sells through offline channels such as supermarkets and shopping malls in many countries. Despite this, it recognised it had limited experience in managing online retail, so sought experienced partners and hired trading assistants to manage its eBay stores. "By combining the trading assistants' strengths in online retail and our advantages in design and manufacturing as well as capital investment, we expect sustainable growth of our business on eBay," says Degang.

CSST now has 10 people working on its eBay stores and lists only on the US site, with American buyers representing the company's largest market. However,






many of its products are listed via partners on other websites as well.

Before establishing its eBay stores, the company spent time and resources seeking to better understand overseas consumers' behaviour, which is very different from that of domestic buyers. For CSST, one of eBay's real attractions is that it allows the company to test the waters in overseas markets with newly developed products – and capture consumers' feedback on their shopping and user experience in a timely way.






"The eBay team has helped us a lot with account management, store operation and partner selection," says Degang.

He would, though, like to see eBay ensuring it doesn't change its policies too frequently, allowing large merchants more flexibility and offering them more express channels to differentiate their services from those provided by consumer sellers. Shipping, too, remains a challenge for exporters. But it also provides an opportunity. "It has always been our objective to ship products to our buyers in a better, faster manner."

THE TOP 5 CATEGORIES OF SALES FROM CHINA EXPORTERS ON EBAY:

-  COMPUTERS
-  CLOTHING & ACCESSORIES
-  JEWELLERY, GEMS, WATCHES
-  CELL PHONES & ACCESSORIES
-  CONSUMER ELECTRONICS - OTHER

THE TOP 5 CATEGORIES OF SALES FROM HONG KONG EXPORTERS ON EBAY:

-  PHOTO
-  COMPUTERS
-  CELL PHONES & ACCESSORIES
-  JEWELLERY, GEMS, WATCHES
-  CLOTHING & ACCESSORIES



"For the past year, eBay has really helped me a lot with my overseas sales. It enlarged my global market and earned me many new customers. The most important thing is to know how to maintain high customer service standards."

Hong Kong eBay Seller



SALES FROM TAIWAN EXPORTERS ON EBAY GREW 51% YEAR-ON-YEAR.

THE TOP 5 CATEGORIES OF SALES FROM TAIWAN EXPORTERS ON EBAY:

-  CLOTHING & ACCESSORIES
-  AUTO PARTS
-  PHOTO
-  SPORTING GOODS
-  COMPUTERS



CASE STUDY:
SHAN WU
E.AUTO.BAY2008

CONTACT WITH THE WORLD

The second largest category on eBay for Taiwanese exporters is auto parts. Like many of his fellow sellers there, Shan Wu decided the best way to start an international business would be to list on eBay. So in 2008 he started selling auto exterior parts on the US, UK, French, German and Spanish eBay sites.

His reservations about competing with other domestic sellers and

international shipping costs have long been overcome. Now he and his 15 staff work with Chunghwa Post's Express Mail Service to ship his products around the world and this year they will start using a US storage hub to better manage shipping costs.

Like other large exporters (overall sales from Taiwanese exporters grew a phenomenal 51% year-on-year) Shan's decision

to move onto eBay has been well vindicated. Over 70% of his sales come from eBay and his business is enjoying annual growth of 40%.

"Thanks to the contact it provides with worldwide buyers, its easy system and PayPal, eBay is definitely the best way to start an international business," says Shan, adding that he would like to see eBay launching in more Asian markets.

APAC EXPORT SNAPSHOT:

WHO'S SELLING WHAT AND WHERE

After China and Hong Kong, the top Asian exporters by sales are Japan, Thailand and Korea.











The top five eBay Asian exporter markets by sales come from:

1. China
2. Hong Kong
3. Japan
4. Thailand
5. Korea

Most popular

Items purchased from Asia are highly skewed to technology and fashion.

The top 10 categories by sales from Asian exporters on eBay are:

-  1. Clothing and accessories
-  2. Jewellery, gems, watches
-  3. Photo
-  4. Computers
-  5. Cell phones and accessories
-  6. Auto parts
-  7. Consumer electronics – other
-  8. Toys
-  9. Sporting goods
-  10. Health and beauty

For Asian exporters, the US eBay site is by far the most popular site on which to list followed by the UK and Australia.

The next most popular sites are Germany, eBaymotors.com, France, Canada, Spain, Italy and Ireland.

Though the US may well be the biggest selling site, the fastest growing is Australia.

The top 10 eBay sites where Asian exporters sell are:

1. eBay.com (United States)
2. eBay.co.uk (United Kingdom)
3. eBay.com.au (Australia)
4. eBay.de (Germany)
5. eBaymotors.com (United States Motors site)
6. eBay.fr (France)
7. eBay.ca (Canada)
8. eBay.es (Spain)
9. eBay.it (Italy)
10. eBay.ie (Ireland)

On the buying side, Australia also became the second biggest buyer country after the US – surpassing the UK in 2010, while Brazil and Russia are the two fastest-growing buyer countries.

Buyers from everywhere

While the majority of Asian export transactions happen on the US site, buyer origins are much more diverse.

This can be attributed to eBay being among one of the world's most familiar brands, attracting buyers in markets where eBay branded websites don't exist such as the Russian Federation and Brazil. Another factor is eBay's inclusion of listings by sellers who ship globally from one marketplace into another. This is typically done when supply on the domestic eBay site is not sufficient to meet demand and a global supply can fill the gap.

eBay Asian exporters sell to consumers all over the world, with the top ten countries by customer purchases being located in:

1. United States
2. Australia
3. United Kingdom
4. Germany
5. Canada
6. France
7. Spain
8. Brazil
9. Italy
10. Russian Federation

The biggest shipping challenges

The main customer pain points in export are longer shipping times and higher shipping costs.

To meet the demands of eBay buyers in the US and help Asian exporters capture further ecommerce opportunities, in August 2010 eBay launched an ePacket shipping product connecting China Post with US Postal Services. This offers local pick-up service and label printing, coupled with online tracking and pre-customs declaration for a 7 to 10 days guaranteed delivery period and at 30-50% discounted price compared with many equivalent services.

ePacket has manifestly proved its worth. It is already processing over 30,000 parcels a day and is available in more than 20 provinces. Nearly 40% of eBay sellers in China are using it to ship to the US, with over 80% of items delivered in five to 10 days.

The improved tracking abilities that it offers are of critical importance. Nevertheless infrastructure, even in China, remains underdeveloped, which is why eBay has developed a locally built tracking hub to integrate six regional shippers in China.

In Hong Kong eBay has launched e-Express, an exclusive premium shipping option for Hong Kong-based eBay sellers in partnership with Hongkong Post and the US Postal Service (USPS).

Sellers there can choose the e-Express service via a fully integrated platform at www.shippingtool.ebay.com.hk. This enables them to synchronise their eBay transactions, get tracking numbers instantly, print shipping labels and have the tracking numbers uploaded to eBay automatically. It's a cheaper, faster service than regular Registered Airmail to US destinations for packets below two kilos, has full track-and-trace ability, offers online customs clearance to save time, and features an additional insurance option.

eBay is currently working to expand postage partnerships throughout the rest of the region, seeing improved postal tracking and delivery times as key enablers of its export business.



KOREA

South Korea is among the most advanced ecommerce markets in the world, with online sales comprising almost 12% of all retail. eBay is a domestic market leader with its popular Auction and Gmarket marketplaces. Interestingly, South Korean sellers have only recently started to take advantage of eBay's global footprint, increasingly focusing on export opportunities.

Today sales from large South Korean exporters are the fastest growing in the Asia Pacific region. From July 2010 to June 2011 sales grew an impressive 102%.

Korean fashion is particularly popular and is fast gaining a reputation for its quality and reasonable prices. Also gaining popularity across Asia and Europe is Korean pop stars' memorabilia.

Most Korean exporters target the US market, but they are starting to recognise the growth potential in Europe and Australia.

Clothing and accessories top the export sales categories, followed by photo, health and beauty, jewellery, gems and watches and consumer electronics.



CASE STUDY:
SANG-GEUN CHANG
(SECOND FROM LEFT),
BECOMEUS

UNFORGETTABLE SHOES, FROM BOSNIA TO BOTSWANA

Sang-geun Chang's goal is to make shoes that people won't forget, and will be popular forever.

Judging by recent performance, the young entrepreneur is well on his way to achieving his goal. His Alanalice shoe brand – shoes with 'killer heels' of 13 cm or higher – is bringing in monthly sales of US\$60,000 through his eBay store becomeus.

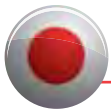
Sang-geun opened his eBay store in 2003, three years after opening a local online shopping mall to sell his designer shoes, and around 35% of his sales now come from eBay. His listings on the US and UK sites, and occasionally on the Australian site, bring buyers primarily from those countries, but his export market is growing. Instead of being limited to the Korean market, he has expanded his network to the world thanks to eBay. He and his eight staff now send his quirky shoes to over 90 countries. Even Botswana orders 20 to 30 pairs on a regular basis.

"I think eBay sellers have a higher chance of success in countries with less developed retail channels because buyers there are more likely to depend on global online retailers, while customers in advanced economies have more online and offline alternatives," Sang-guen said in a recent interview with a Korean daily newspaper.

His most memorable moment on eBay came when Aida Korman, a well-known Bosnian fashion designer, asked him to make shoes for her fashion show.

It's the kind of high-profile publicity a young fashion entrepreneur dreams of. Now, having overcome early shipping problems by offering buyers a variety of delivery options, Sang-guen is expecting stellar growth of 250% in the coming year.

What's the secret of his success? One ingredient is the "pickiness" of Korean buyers, Sang-geun says. It meant that trading new-and-in-season fashion items online flourished there earlier than in other countries. "They kind of trained us," he says. "Now we can deliver what we have with better agility and accuracy."



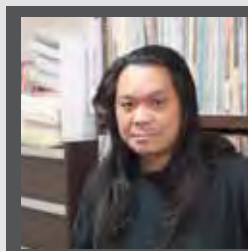
JAPAN

Like Korea, Japan is particularly successful in high-end fashion. Its export market is characterised by its items' high average selling price and the quality of its service.

Japanese sellers have the distinction of being rated among the best by eBay buyers globally. And nearly half of items sold in Japan are from top-rated sellers on eBay – more than any other exporting country in Asia.

Given the extremely high buyer satisfaction Japanese sellers provide, it is not surprising that sales from large Japanese exporters on eBay grew 13% this year.

Along with clothing and accessories, particularly second-hand branded items such as luxury handbags, and photographic equipment, top-selling items include collectibles, music and antiques.



CASE STUDY:
YUJI MATSUMOTO,
MAXIMUM RARE

VINYL TRADE IS SWEET MUSIC FOR YUJI

Tokyo-based Yuji Matsumoto began selling second-hand vinyl records on a Japanese auction site in 2001. Just over a year later he decided to list Maximum Rare on eBay's US and Canadian sites – and his business has taken off.

Consider these figures:

last June his sales of vinyl records and CDs for the month were US\$30,567. This year's monthly June sales were US\$61,663 – a 100% increase. And things continue to look up. In the first 11 days of July this year, Yuji had already recorded sales of US\$34,747.52. Little wonder then that he's aiming to grow his business by 60% in the next 12 months.

"I have tried other ecommerce platforms, but I mostly depend – 99% – on eBay," he says. "It enables me to connect with a huge market and brings huge opportunities."

Yuji attracts much interest from Europe. Japan is famous for unique, high quality and rare vinyl and CD pressings. These are highly sought after by music fans and collectors around the world.

To retain this interest and continue his growth trajectory, he needs to find other best-selling genres or artists, he says.

But the most important aspect of business for a seller like Yuji who handles so many transactions each month, is maintaining his top seller status.

To be successful, sellers need to win and maintain the confidence of buyers always. Just one dispute can impact a top seller rating, and cash flow, Yuji points out. To avoid jeopardising his ratings he always provides refunds or accepts returns.

"I can recommend eBay with 100% confidence for sellers who take care of their customers," he says.



INDIA

The Indian export market presents a story of exuberant growth, driven mainly by artisans and small-scale manufacturers empowered by eBay to access world markets.

Unlike many other markets where exporters deal in mass manufactured products, Indian exporters largely sell in categories catering for hand-crafted products.

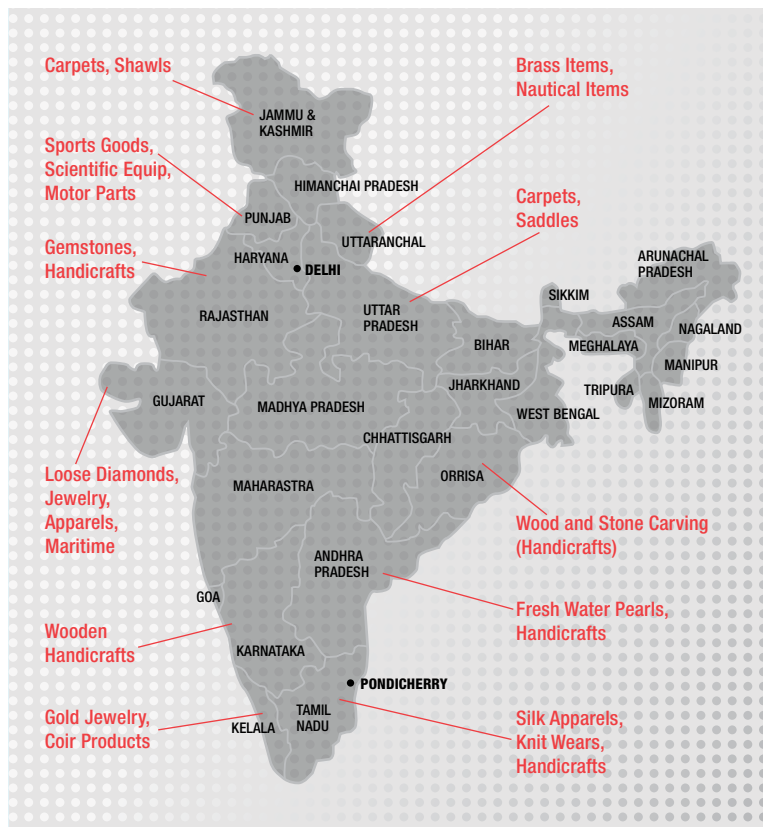
Indeed, India has a unique strength in hand-crafted value-oriented product lines such as diamonds, jewellery, ethnic Indian clothing and handicrafts and its eBay exporters are capitalising on global demand for centuries-old, India-inspired designs across these categories.

eBay is also helping Indian exporters create a global market for categories where the country has developed particular manufacturing expertise in the recent past: scientific, laboratory and measuring instruments; optics; leather products, including sporting goods; and specialty apparel such as Bollywood inspired fashions like silk sarees, salwar kameez and kurtis.

Again these products lines command a higher than average selling price as there is a strong design and hand-crafted component in their manufacture.

Sales from large Indian exporters on eBay grew 85% year-on-year, the second fastest across the Asia Pacific region.

The biggest selling items are jewellery, particularly diamonds, followed by photographic equipment, clothing, particularly ethnic Indian clothes, and collectibles such as coins, stamps, Bollywood posters and LP records.



CASE STUDY:
AMBESH KHANNA,
SOLITAIREWORLD,
KHANNAJEWELS
& ESTATEJEWELLES

A SPARKLING FUTURE

More than 85% of the world's diamonds are now cut in India. That's a staggering figure in itself, but even more surprising perhaps is how many of these diamonds are now sold online.

One of the largest operating sellers of online diamond jewellery in India – and one of the first to move onto eBay – is Ambesh Khanna. Through his three eBay stores, *solitaireworld*, *khannajewels* and *estatejewelles*, he sells diamond, estate and Victorian jewellery, diamond engagement and wedding rings and fancy coloured and loose diamonds. The business has been exporting since 2000 but Ambesh admits frankly that success only arrived with the advent of eBay in India.

"eBay changed our business model – and our lives!", he says.

Now listing on the US, UK, Canadian, Singapore and Australian sites, the business attracts its major buyers from the US, Germany and the UK. And Australia, because of its strong economy, is emerging as a big market for diamond jewellery. "But the great part of eBay is that even small countries like Finland, Norway and Belgium bring a good amount of business," says Ambesh.

An enthusiastic advocate of online selling, Ambesh says the business uses other Indian portals to sell its products, but more than with 90% of its sales come via eBay. "There's no market like eBay. All others have miles to go before they evolve to the same degree."

Moving online has put paid to the headaches of offline

trade, he says. "When we were operating offline we had problems with payment credit cycles, order procurements, travelling expenses and debt notes."

In the early days, Ambesh had a few reservations about eBay – but now his confidence has grown "by leaps and bounds". With an office staff of six and another six people in the workshop, the company has seen steady growth in the past eight years. Though conditions have been tougher in recent times, eBay continues to provide a window to the world and universal opportunities, he says.

"eBay is like a big think tank. Every year they come up with better policies and safeguards to protect buyer interests and to encourage trust and faith. They're visionary in the online retail field and will continue to be so."

"I have recommended them to many people based on my own journey and I know more than a bunch of people who, on my recommendation, are working full-time on eBay and making a fortune. I will continue to recommend it. Growth is always cherished when shared."

For his part, Ambesh is concentrating on bringing more clarity to his product descriptions and will be working hard to better understand market sentiments, new trends and emerging markets. A global buyer needs a fair-priced product, delivered on time, in a secured zone, he adds. The location of the product is no deterrent with global couriers.

"Our product, diamond jewellery, is the most economical in India. Fair-priced courier companies with good logistical support help deliver on time. eBay provides a perfectly secured zone with top seller programs to showcase the best, and encrypted PayPal payment gateways. It is the destination for global shopping"



SOUTH EAST ASIA

Within south east Asia, Thailand, Malaysia and Indonesia supply the world with products such as jewellery and watches, clothing and accessories, books and automotive parts.

eBay entered the south east Asian market by launching local eBay sites in Singapore [ebay.com.sg] in 2001, followed by Malaysia [ebay.com.my] and Philippines [ebay.ph] in 2004.

In Thailand and Vietnam, we launched co-branded ecommerce sites with local partners, Shopping.co.th in Thailand [2007] and Chodientu.vn in Vietnam [2008].

Indonesia

With 39 million people now on the internet, Indonesia has the largest number of internet users within south east Asia. Sales from Indonesian exporters on eBay grew 17% year-on-year, with clothing and accessories topping its list of categories followed by jewellery, gems and watches, computers, sporting

goods, and cell phones and accessories. The country is fast becoming a large manufacturing hub for fashion and with major internet companies entering the domestic ecommerce markets, it is only a matter of time before Indonesian online sellers adopt export selling on a broader scale.

Philippines

While Filipino sellers are yet to exploit the full benefits of exporting on eBay, a significant number are achieving success in export markets with vintage watches, handicrafts and collectibles such as stamps. The latter is now the third most popular export category after jewellery, gems and watches and toys. Sporting memorabilia and clothing and accessories are fourth and fifth in the Philippines' top five categories.

Vietnam

Like the Philippines, handicrafts are a popular item for our Vietnam exporters, along with, more unusual items such as

Latino dance dresses and fishing tackle. Sales from Vietnamese exporters on eBay grew 61% year on year with the top categories being sporting goods, computers, clothing and accessories and musical instruments.

In south east Asia, we expect to see increasing potential and growth in the following categories:

Automotive parts: We're seeing strong demand from US buyers for Japanese designed/manufactured, as well as second-hand, automotive parts. Thailand has an abundant supply of Japanese parts as several Japanese car manufacturers are located there. Malaysia, on the other hand, is a big importer and exporter of used parts.

Fashion: A noteworthy feature of the fashion industry is the number of high-quality brands listing on eBay. For example, Malaysia's high-fashion shoe brand Lewré, a prodigy of Jimmy Choo, has recently started selling on eBay. Lewré,

the brainchild of founder Lew Fong Voon, was launched in Malaysia in 1997 as an international shoe brand. Within ten years, it had attained global recognition with 20 outlets in 14 countries. Indonesia, too, is fast becoming a manufacturing hub and we see many opportunities for growth there.

Jewellery and watches: Thai sellers, who have excellent access to gold and silver products, are continuing to drive sales in this category. There is a supply gap for watches and we are currently finding more watch businesses to fill this gap.

Technology and books: In the technology category, we are bringing in new supply from large south east Asian electronics businesses, while Malaysian and Thai sellers are seeing a strong demand from US buyers for international editions of textbooks.



THAILAND

Thailand is a significant and growing market for eBay in south east Asia.

Sales from Thai exporters on eBay grew 17% year-on-year. After jewellery, gems and watches, the top Thai categories are clothing and accessories, books, autoparts, and sporting goods.



CASE STUDY:
SUNAMORN (RUJ)
WICHAINIT
EGEMDIAMOND &
GEMSPORIUM

A GEM OF A BUSINESS

Twenty years ago, Sunamorn (Ruj) Wichainit, founder and owner of the gemstone and jewellery seller egemdiamond group, established a family business in Thailand's Chantaburi province, trading and supplying quality gems to large companies and manufacturers.

Despite the business' informal structure – it wasn't set up as a company or a partnership, but was purely a family concern involving all members of the Wichainit clan – it quickly made a name for itself.

The family's point of difference was bringing in "hard" as opposed to the locally, more easily found "soft" gems. "We brought product variety to the market," says Ruj. "We also sourced gems from places like Africa which other gem sellers couldn't or wouldn't dare do. This was our strength."

When the family learned that gems could be sold on eBay,

they decided to give it a try and in 2008 were one of the first businesses among Chantaburi's gem-seller community to go online.

It wasn't long before they were achieving impressive results – so much so that three months ago they decided to expand their product line to fine and fashion-finished jewellery. This is sold through their two stores egemdiamond and gemsporium.

The business lists only on the US eBay site. "The US market is the biggest source of our income, the place where any kind of gems can get sold," says Ruj. "It's also a market the family knows well. From our experience, it's quite challenging to sell to other markets because only particular gems sell – and that couldn't support our whole business [to the extent that the US market does.]"

The business continues to supply gems, and even finished

jewellery, to its existing offline clients but between 90% and 95% of its sales now come via eBay. The 43 people working in the business include Ruj, his father and brother, 20 administrative and packing staff and 20 gem cutters and jewellery setters.

Running an export jewellery business on eBay is much more difficult than running a tech business, says Ruj. First there are eBay policies that have been implemented to ensure a secure and legitimate diamond trade. Then there are the high operating and inventory costs that come with having to hold loose gemstones and gold and silver reserves, and supply certification.

Account management and tax calculation is another headache, particularly for auction-based sellers like egemdiamond, although a recent investment in better IT systems is gradually getting things on the right track.



SINGAPORE

At close to 80%, Singapore's internet penetration rates are high. While it has limited resources of its own, the country is nevertheless a convenient, stable trading hub within south east Asia and buys and resells goods from other manufacturing heavy weights such as Japan and China.

With a small domestic market, eBay sellers in Singapore prefer to sell internationally to buyers in the US, UK and Australia and Europe and provide a significant supply of watches to the global market. After jewellery, gems and watches, its remaining top categories are clothing and accessories, business items (office and industrial), toys and computers.



CASE STUDY: JESON WU (SECOND FROM RIGHT), WATCHES BAY

SATISFACTION IN SINGAPORE

In 2006, Singapore-based Jeson Wu registered with eBay to clear stocks of MP3 players from a retail business which he had decided to close down. Within a month, Jeson had sold all the stock on eBay and recouped his investment.

Amazed by this success, Jeson began to research other products he could sell in the world's largest online marketplace. When he decided there was an opportunity to build a profitable business selling watches, he launched Watches-Bay in October 2006.

At first Jeson ran the enterprise from home. But he soon realised that he needed support to meet the rapidly expanding demand. Within six months he had brought in a partner, Jason See, rented office space and begun to hire full-time staff.

Today Watches-Bay has three full-time and two part-time employees handling administration, customer service and logistics for the eBay operations. Meanwhile Jeson has opened two retail stores in Singapore with plans to open another two by the end of 2011.

Exports and cross-border trade account for a significant proportion of Jeson's business, with most of his customers based in the US, Australia and Europe. In 2010, Jeson set up eBay stores on the Australian (eBay.com.au), UK (eBay.com.uk) and German (eBay.com.de) sites, making it even easier to sell to his target markets. Sales have boomed. The business now turns over US\$1.5 million annually.

In February 2011, a special event boosted revenue even

further. When Watches-Bay was selected to participate in a watch sale on the Australian eBay site the company broke its monthly turnover record.

What does Jeson believe is the key to success in ecommerce? Customer satisfaction and retention. That's why Watches-bay offers clients custom-made packaging to ensure products never arrive damaged, has embraced 24-hour fulfilment policies and checks in with each customer who's made a purchase after 30 days.

"eBay's 97 million active users around the planet make it the most effective and efficient marketplace for selling to global customers," he says.



MALAYSIA

Malaysia is growing as a manufacturing hub as many businesses relocate their operations there following the rising cost of doing business in China.

Sales from Malaysian exporters on eBay grew 20% year-on-year, with books topping the export categories, followed by clothing and accessories, autoparts, sporting goods and jewellery, gems and watches.



CASE STUDY: NG CHONG GUAN, JDM MOTORPARTS

JDM-MOTORPARTS REVS UP SALES THROUGH EBAY

Until recently, one of the biggest challenges for large Malaysian auto parts merchant, JDM-Motorparts, was getting its car components to overseas buyers. That was until owner Ng Chong Guan signed up his business with eBay in December 2010. Now his export business has shifted into top gear.

"Sales on eBay have been very encouraging with close to 90% of my listings converting into sales transactions in the first month since signing on," he says.

JDM-Motorparts exports and imports high-performance used petrol and diesel engines, as well as all kinds of vehicle components and accessories. Established in 1999 with three employees, the company at first worked mainly with Japanese companies disassembling vehicles in Japan, with the parts then shipped to Malaysia and exported on to the US. Today it employs over 100 people, principally serving large dealers in the US and South America via container exports.

Though Ng did have an online presence previously – marketing through the Malaysian domestic online marketplace mudah.my – eBay has opened up a significant new revenue stream and provided his business with access to new customers beyond Malaysia, he says. Currently around 60% of his business is export-based, but with the additional access to foreign markets eBay is offering, he expects this proportion to grow significantly.

"eBay has been particularly valuable for the clearance of stock that can no longer be sold via our current sales channels and which represents an additional source of income," he says. "We hadn't realised eBay would be so convenient for doing research, and their team have been great in giving us advice."

As a result, he is now able to reach out to new customers in the US as well as in other markets like Armenia, India, Kazakhstan, Russia, Sweden and Ukraine, he says.

Another great advantage of eBay, he adds, is that it's such an easy program in which to participate, requiring minimal investment. "That's another reason why it's a good channel for generating alternate income streams."

Ng is so confident about his business potential on eBay that he is targeting US\$2 million worth of sales within the first year and 1,000 listings on multiple sites.

