

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 2/17/2014

GAIN Report Number:

China - Peoples Republic of

Post: Beijing ATO

Womai U.S. Fruit Promotion Hits Chinese New Year Demand

Report Categories:

Agricultural Trade Office Activities

Export Accomplishments - Events

Export Accomplishments - Other

Approved By:

Ralph Bean

Prepared By:

Ralph Bean/Wang Tong

Report Highlights:

ATO recently launched an online promotion for U.S. fresh fruit on online platform Womai.com. Timing coincides with the Chinese New Year, when red-colored fruit are especially popular.

ATO Works With COFCO's E-Commerce Platform:

Enabled by high the consumer densities and relatively low delivery costs in China's urban areas, E-commerce is rapidly scaling heights unseen in the U.S. This has been particularly true with E-commerce in food, as even highly perishable products like meat and seafood are now available online. One recent promotion for Chinese hairy crabs offered guaranteed delivery of live mitten crabs (any crabs dead on delivery could be returned for refund). This is, in part, driven by the high reputation of online retailers, in comparison to both traditional wet markets (where the origin and handling of products is murky at best) and conventional retail (where a string of scandals relating to fake or expired foods has undermined consumer confidence). By contrast, e-commerce providers have centralized management and a good reputation with consumers.

Womai.com is one of China's emerging online retailers, with a specific focus on food, including sensitive products such as fresh fruit. Womai is an arm of state-owned import powerhouse COFCO. Originally an import monopoly, COFCO has a distribution network that runs nationwide, and decades of experience in working with food products. In addition to establishing Womai to compete in the e-commerce arena, COFCO, traditionally focused on bulk commodities, has been expanding its interest in high-value and shelf stable products. COFCO plays an unusual and important role in China, as it can market to a very large audience of small-scale retailers that want to stock imports, but lack the wherewithal to import themselves, or the financial resources to work with a specialty importer.

Where ATO Comes In

ATO Beijing has been working with Womai.com on several fronts. Initially, work focused on providing Womai with introductions to local importers to supply new SKUs for their online sales operations, and several potential suppliers in the U.S. for direct sourcing. With an increasing amount of U.S. product moving through this channel, ATO most recently teamed up with Womai to help launch a promotion for U.S. fresh fruit during the Chinese New Year holiday. Especially favored are red pears. Red-colored fruit (also including apples and cherries) are strongly favored during New Year, in keeping with tradition. This promotion featured 20 products, including 8 new-to-market items, and netted \$29,500 in sales over two weeks. ATO is currently working with a U.S. company to better understand the Chinese market in terms of tastes and pricing structures as they develop a line of own-brand coffee drinks for COFCO.

Along with Amazon.CN, Womai.com is one of the few online retailers to undertake direct sourcing from the United States.