# **Smart Sourcing Tips on Alibaba.com**

Hotel Equatorial Shanghai, China Aug 4, 2006



# **Today's Topic**

- I. What are Alibaba "Open Sesame" Events?
- II. Market Overview
- III. Alibaba Tutorial
- IV. Useful Tools and Resources



# What are Alibaba "Open Sesame" Events?



## What are Alibaba "Open Sesame" Events?





## Alibaba Open Sesame Event at Hangzhou

**Topic: How sourcing online can improve your business?** 

**Date: 23 June 2006** 

**Location: Hangzhou, China** 



Ice-breaking games

Alibaba staffs mingling with international buyers



## Alibaba Open Sesame Event at Milan

**Topic: E-sourcing, How internet can help your business grow?** 

Date: 13 July 2006 Location: Milan, Italy



Mr.Magani, Director, Masserini S.r.l who has joined Alibaba for 5 years share his online sourcing experience with other members

Over 80 international buyers attended the event





## Alibaba Open Sesame Event at Milan

**Topic: E-sourcing, How internet can help your business grow?** 

Date: 13 July 2006 Location: Milan, Italy



Mr. Passagrilli "Earliest member award" joined in 1999

Mrs. Van Cauwenbergh "Member coming from the furthest away"

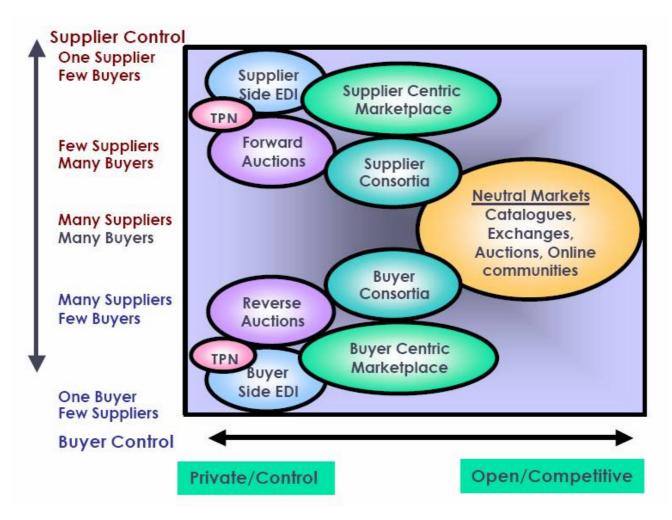




# **Market Overview**



# E-Marketplaces: Circa 2000 approach





# E-Marketplaces: The Alibaba Approach



#### A Hangzhou Teahouse

- A marketplace provides the "cups, tea and scenic surroundings" to facilitate match-making between buyers and sellers
- Customers bring the products and ideas
- The more, the better
- User generated content:
   For members, by members, of members



"Attract the shrimps (sic.) and the whales will come," - Jack Ma, CEO Alibaba.com



# **Traditional Sourcing Work Flow**

Search/
Discovery

**Evaluate** 

**Negotiate** 

**Transact** 

#### Average sourcing cycle: 3.3 – 4.2 months

- 52% of time spent searching for/identifying appropriate suppliers
- •18% of time spent on RFQ development/ RFQ response

- 20% of time spent on screening/sorting proposals
- •10% of time spent on contract negotiations

#### **Traditional Sources of Supplier Information**

- Referral (colleagues, associates)
- Trade shows
- Industry magazines, trade journals

- Industry associations
- Trade directories
- Existing suppliers

Source: The Aberdeen Group



# **Sourcing Today**

#### Buyers rating of importance of different sourcing resources

Resource	Rankin g
Alibaba.com	1.51
Existing Supplier	1.75
Internet (search, surf, etc)	2.19
Referral (associate, colleague)	2.38
Other Trading Sites	2.53
Trade Shows	2.62
Trade/Buying Agent	2.78
Industry Magazine	3.03
Industry Association	3.16
Trade Directory	3.3
Other sourcing/trade media	3.58

- A survey of Alibaba.com users reflects the shift to esourcing has already occurred among some buyer segments
- Traditional media, while still used is diminishing in importance as the internet becomes the tool of choice
- This trend is likely to continue as e-marketplaces grow in sophistication and functionalities

1 = highest importance

4 = lowest importance



# How online marketplaces can help

 E-Marketplaces can offer a platform to address buyers' key considerations:

Breadth and Depth

Trust and Credibility

Quality of Service

**Lowest Cost** 



# **Breadth and Depth**

#### The world's manufacturers at your fingertips



#### **Considerations**

- Vertical vs. Horizontal
- Domestic vs. International
- Biased vs. Neutral
- Private vs. Public

- A myriad of eMarketplaces exist today
- Vertical and horizontal markets allow a buyer to find virtually any product
- Most active marketplaces are those which have critical mass of buyers and sellers.
- Local language B2B sites may offer deeper market information than those attempting to be global through English language only.
- "The (sourcing) world is flat" thanks to the advent of eMarketplaces.



# **Quality of service**

#### Dependable supplier service is essential

- eMarketplaces enable suppliers to better serve buyer
  - Integrated communication platforms
  - Content management systems
  - Online resource centers/ forums for buyers and sellers
- Some eMarketplaces also offer offline services that enhance supplier customer service capabilities
  - Customer educational seminars
  - Alternative media/events (print, trade shows, sourcing meetings)





# Trust and credibility

#### **Know your supplier**

- Initial trust is established by quality content provided on website:
  - Individual company profile
  - Product specifications
  - Qualifications and industry standards
- Some marketplaces offer initial screening by providing third party authentication and validation (A/V) or user feedback systems to pre-screen suppliers
- No substitute for traditional due diligence





# Risks of online sourcing

- Valuable benefits also bring new hazard
- Fraud
- Identity theft
- Scam
- Counterfeit goods

#### **Precautions:**

- Use common sense and do not ignore standard due diligence trade practices
- Start with small volume orders and build up over time
- Stick with credible marketplaces with pre-qualification services
- Confirm contact details of business partner
- Consider doing due diligence using credit check or obtaining certificate of good standing from 3rd party



## Lowest cost

#### Increase your margins

- Breadth of supplier choices allows buyer to find best, most competitive pricing
  - Geography
  - Selection of suppliers
- eMarketplaces also allow buyers to go directly to suppliers thereby further reducing costs





#### Alibaba.com International



#### www.alibaba.com

#### **Key Information**

- World's largest business-to-business marketplace for global trade, where you can search for business opportunities or post information to attract potential trade partners.
- 2.3 million members (SMEs)
- 200+ countries and territories
- 32 categories

#### **Daily Web Statistics\***

- 5 million PVs
- 3,000 new members
- 550,000 unique visitors
- 1300 new companies listed
- 3,800+ new products listed



#### Alibaba.com China



www.alibaba.com.cn

#### **Key Information**

- China's largest business-to-business marketplace for domestic trade
- 12+ million registered members (SMEs) from all over China
- 30 categories

#### **Daily Web Statistics\***

- 46 million PVs
- 27,000 new members
- 3.3 million unique visitors
- 1,500+ new companies listed
- 210,000 + new products listed

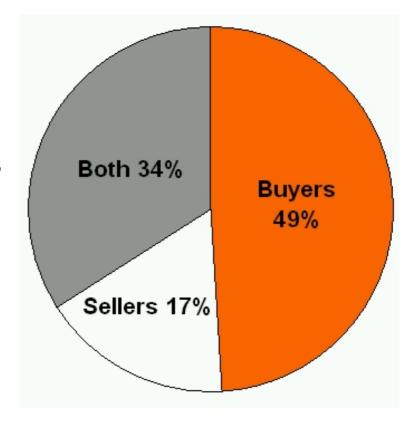


# Membership

- Suppliers: 395,000
  - Free supplier
  - Paid suppliers
    - Gold Suppliers: Paid suppliers in mainland China
    - TrustPass members: Paid suppliers outside mainland China

Buyers: 1,140,000

• Both: 800,000





## No. 1 B2B website

#### Alibaba's daily reach is around 15 times the 2<sup>nd</sup> largest B2B site

#### Daily Reach (per million)





# **Product categories: 32**

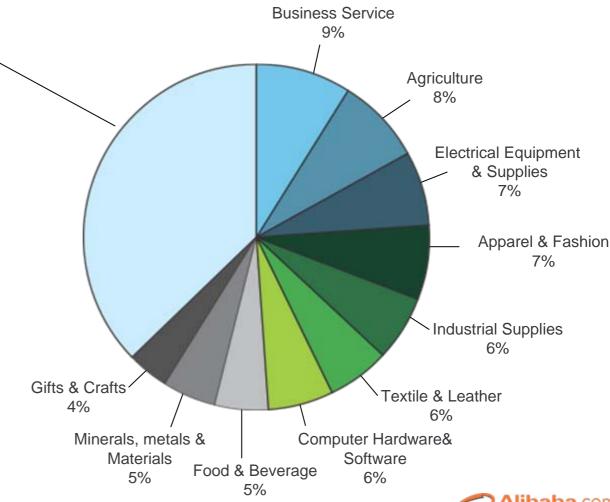
#### Other 22 Categories: 37%

Chemicals

**Automobile** 

- Offerfficals
- Construction & Real Estate
- Electronic Components & Supplies
- Energy
- Environment
- Excess Inventory
- Furniture & Furnishing
- Health & Beauty
- Home Appliances
- Home Supplies
- Lights & Lighting
- Luggage, Bags & Cases
- Office Supplies
- Packaging & Paper
- Printing & Publishing
- Security & Protection
- Sports & Entertainment
- Telecommunications
- Timepieces, Jewelry,Eyewear
- Toys
- Transportation

#### **Top 10 Categories**

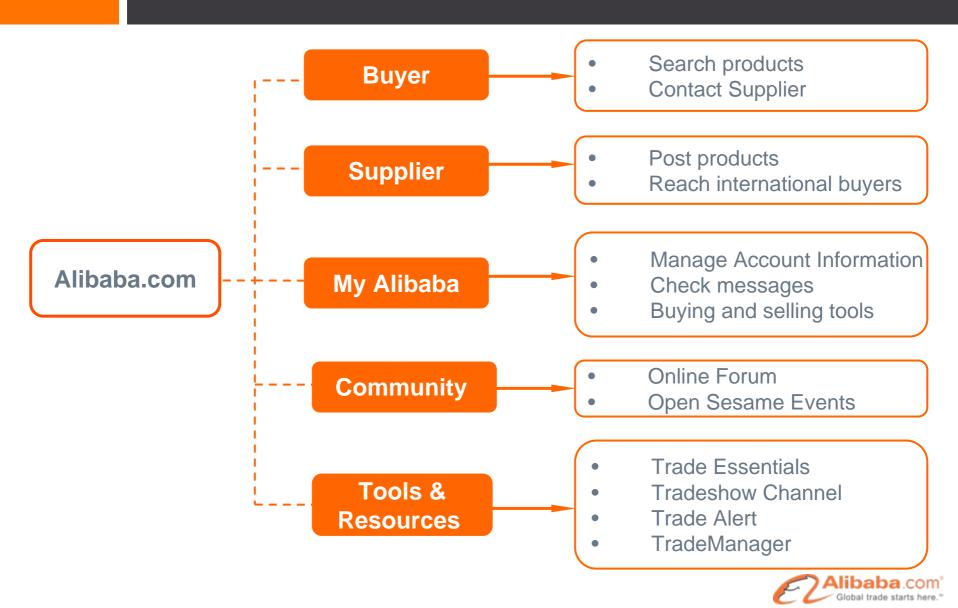




# **Alibaba Tutorial**



### The Alibaba Network



## **Terms and Definitions**

#### **Buying Lead**

 A Buying Lead is an invitation to sellers to contact buyers with appropriate product and price offerings. They are in the form of postings and hyperlinks on Alibaba.com.

#### **Selling Lead**

 A Selling Lead is an invitation to buyers to contact sellers with appropriate product and price requirements. They are in the form of postings and hyperlinks.



## **Alibaba Tutorial**

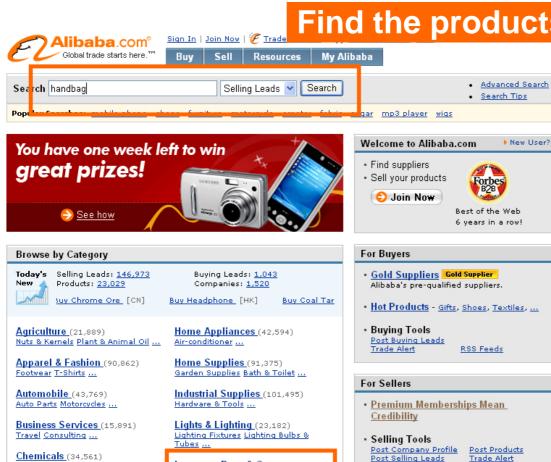
## **Case study: Sourcing Ladies' Handbags**





## Step 1 - Search & Browse

Find the products by Search or Browse



Luggage, Bags & Cases (24,717)
Handbags, Wallets & Purses ...

Minerals, Metals & Materials

Stationery Photography & Optics ...

Packaging & Paper (28,654)
Paper & Paper Products Packaging

Office Supplies (29,845)

(25,925) Iron & Steel ...

Rubber & Products Fine Chemicals ...

Computer Hardware & Software

Hardware Components Peripherals ...

Construction & Real Estate

Flooring & Tiles Pipe & Fittings ...

Electrical Equipment & Supplies

(71,830)

(37,528)

#### Resources

#### Trade Forums



 Who's the boss? Buyer or seller?





# **Step 2 - Sub-categories**

Sub-categories: Luggage, Bags & Cases

New

Today's Selling Leads: 3,277

Products: 748

Sell 5pc Luggage Set [CN]

Sell Su

Find the type of product you are looking for from the sub-categories

Bag & Luggage Agents (4)

Bag & Luggage Making Materials (308)

Bag Making Tools & Machinery (44)

Business Bags & Cases (1,220)

- Briefcases (491)
- Computer Bags (709)
- Others (20)

Digital Gear & Camera Bags (2,404)

- Camera/ Video Bags (350)
- CD/DVD Player Bags & Cases (133)
- Cell Phone Bags & Cases (701)
- MP3 Bags & Cases (949)
- PDA Bags & Cases (184)
- Othere (ez)

Handbags, Wallets & Purses (6,130)

- Coin Purses & Key Wallets (193)
- Ladies' Handbags (4,835)
- Wallets, Purses & Card Cases (999)
- Others (103)

<u>Luggage & Travel Bags</u> (2,608)

- Garment Bags (230)
- Luggage, Trolley Bags & Cases (1,613)
- Travel Bags (669)
- Others (96)

Parts & Accessories (435)

Special Purpose Bags & Cases (8,620)

- CD Bags & Cases (1,870)
- Cosmetic Bags & Cases (1,290)
- Eyeglasses Cases & Bags (334)
- Gaming Cases (178)
- Jewellery Cases/Boxes (1,303)
- School Bags (486)
- Shopping Bags (1,890)
- . Speciality & Promotional Bags (317)
- Tool Cases & Bags (488)
- · Watch Boxes, Cases (173)
- Others (291)

Sports & Leisure Bags (3,739)

- Backpacks (1,366)
- Cooler Bags (848)
- Picnic Bags (184)
- Shoulder Bags (374)
- Sports Bags (348)
- Tote Bags (403)
- Waist Bags (151)
- Others (65)

Others (248)



## **Step 3 - Search Results**

#### Refine search result by date & region





Sell Ladies' Handbag Jun 06, 2006
Product Name: Ladies' Handbag Place of Origin: China

Hengfeng Leather Manufacturing Co., Ltd.

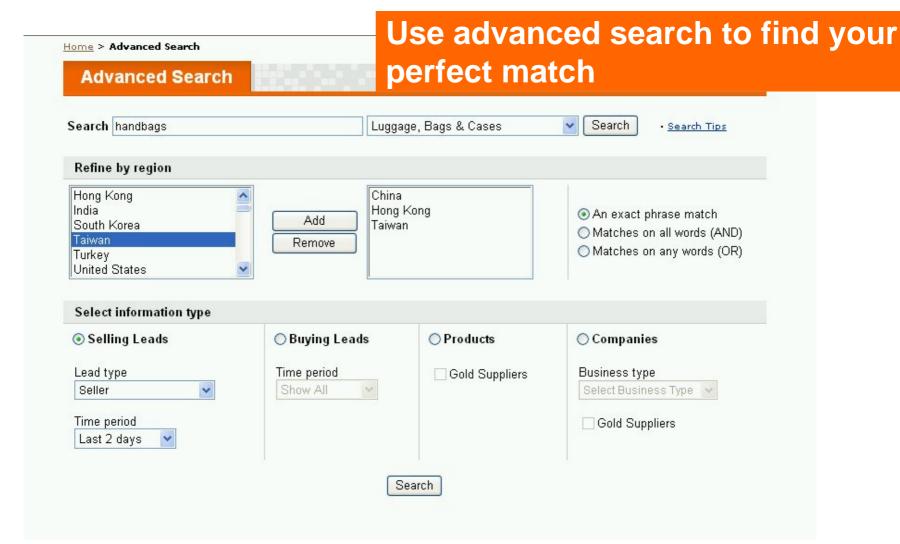
Features: 1) Materials: faux fur, metallic PU







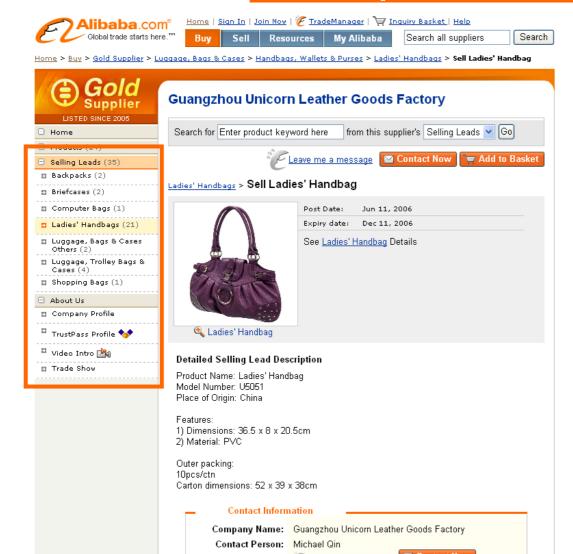
# Step 4 - Advanced Search





# **Step 5 - Product & Company Info**

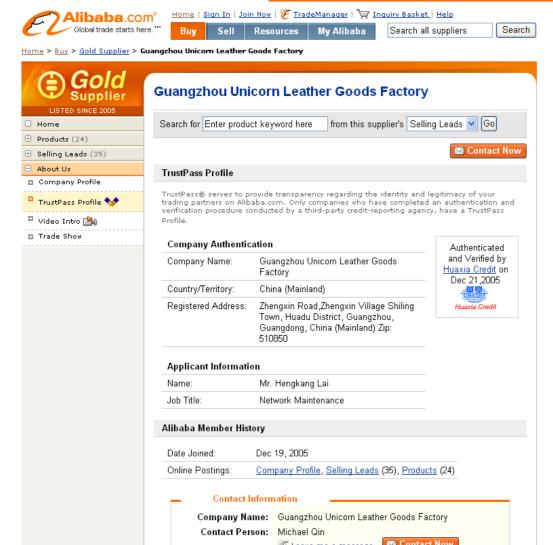
#### Review product and company information





# Step 6 - Gold Supplier & TrustPass

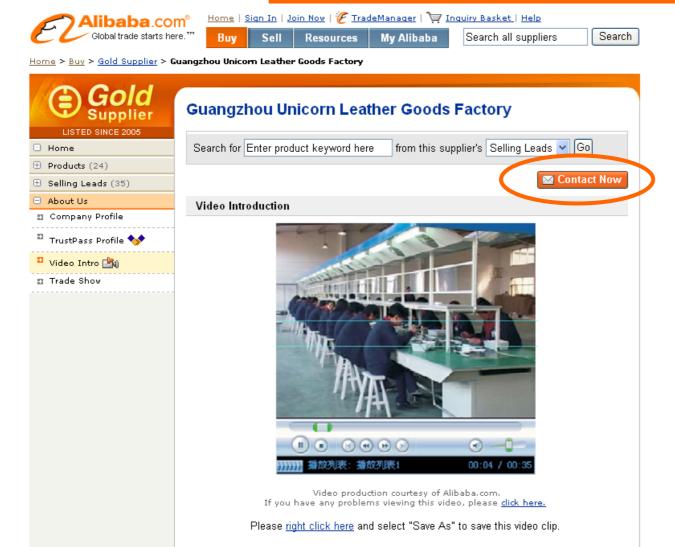
### Review supplier's TrustPass information





# Step 7 - Video Info

## Contact the supplier for further information





# **Step 8 - Inquiry**

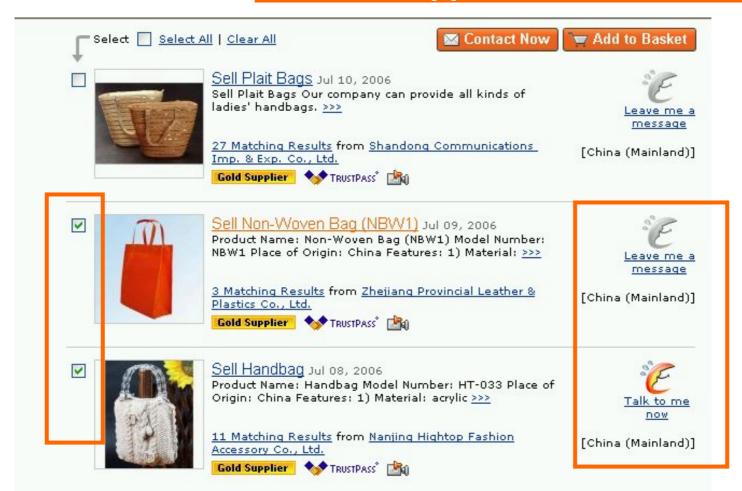
#### Fill in the form and send an inquiry to the supplier

To:	Ms.Charlene (Wenzhou Tao's Co., Ltd.)	
Price & Terms:	Incoterm Please Select Payment Please Select Initial Order Quantity (eg:10,000/pcs)	
Sample Terms:	Please Select	
Other Requests:	☐ Specifications ☑ Company Description ☐ Delivery Time	
* Subject: (5- 25 <mark>5 charactore)</mark>		
* Message: (20-300 characters) Character count:	Template Choices  Select  Tips: Please describe your quotation details such as: product specification, company description, payment terms, etc. State your information as clearly as possible to get prompt and precise replies.	
Browse:	Add Attachment  (JPG and GIF formats only)	
☐ I hope this inquiry can be replied to within 7 ✔ days.		
Please provide your contact information		
* Name:	<ul><li>Mr. First Name: Last Name:</li><li>Ms.</li></ul>	
* Company Name:	(4-100 characters)	
* Country/Territory:	<u> </u>	



# **Step 9 - Contact suppliers**

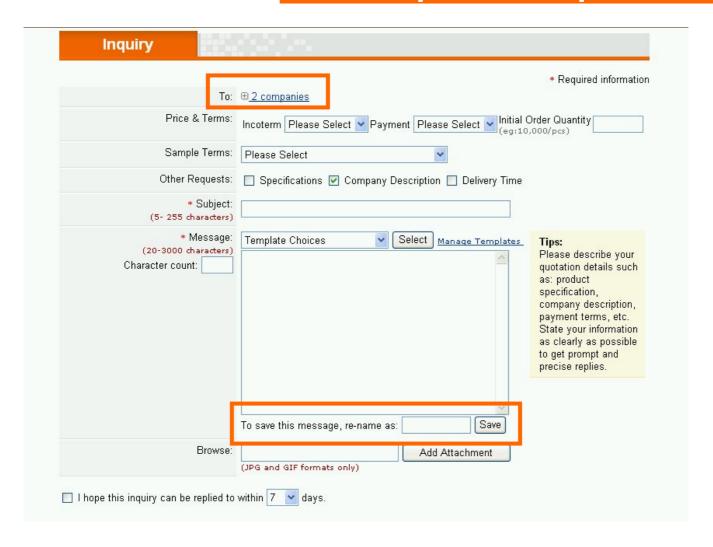
#### Contact suppliers in more efficient ways





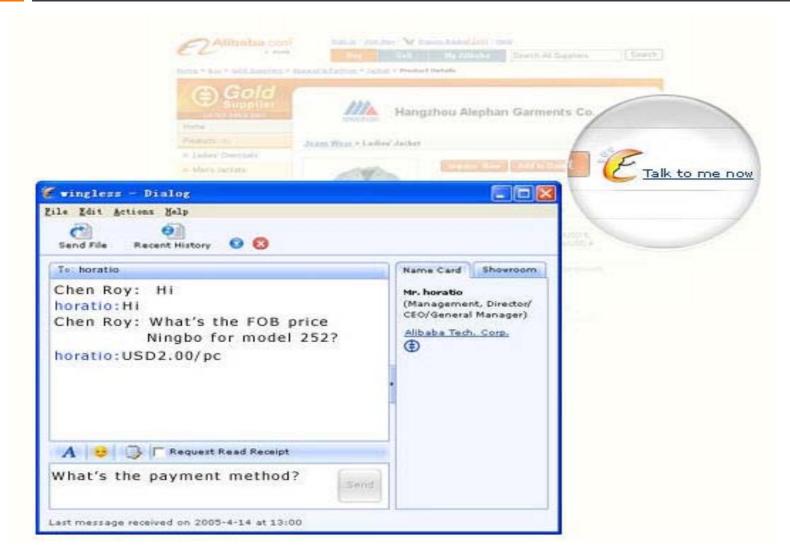
### **Step 10 - Multiple Inquiries**

### Send inquiries to up to 38 suppliers



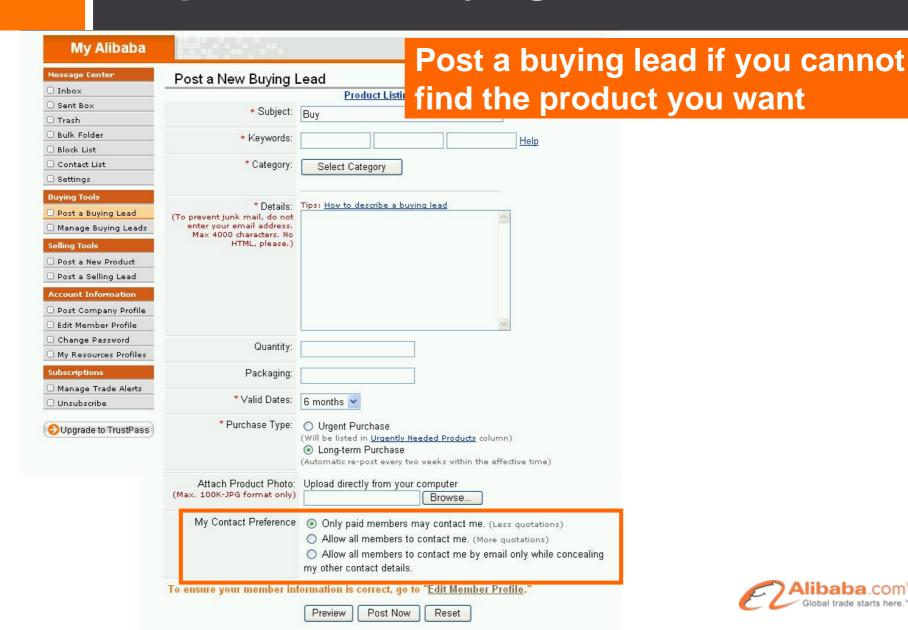


### **Step 11 - TradeManager**





### **Step 12 - Post Buying Leads**





### **Useful Tools and Resources**



### My Alibaba

# Manage your account information, messages and access buying tool here

Alibaba	- I TM	-				0 1 "		C1
Global trade start	s nere.	Buy	Sell	Resources	My Alibaba	Search all supp	liers	Search
ome > My Alibaba								
My Alibaba								
My Allbaba								
Message Center	Notice:	From Mai	v 20 <sub>-</sub> Tur	no 25. overv time	vou noet a Trada	Lead or add a Trac	loManagor (	ontact
□ Inbox				s of winning! <u>Clic</u>		Lead of add a frac	leivialiayei c	Jonitaci,
□ Sent Box	-	•						
⊡ Trash	Mess	ages						
⊡ Bulk Folder							Send M	
⊡ Block List	Messa	ge Status	8				Seug Mi	essage
Oontact List	<u>Unread</u>	<u>message</u>	<u>s in Inbo</u>	<u> </u>	14			
· Settings	Unread	message	s in Bulk	Folder	5			
Buying Tools	Unreplie	d			91			
⊇ Post a Buying Lead		_						
☐ Manage Buying Leads	Cont	acts						
Selling Tools	Contac	ts Status	;			A	dd new cont	act(s)
Post a New Product	Total on	ntooto			133			
☐ Manage Products	Total co	<u>ntacts</u>			133			
Dost a Selling Lead								
□ Manage Selling Leads	Buyir	na						
Account Information		Leads	Status				P	ost New
□ Edit Company Profile			, tatus		42 E.B.			
🖪 Edit Memher Profile	Eaiting	Required			43 <u>Edit n</u>	<u>ow</u>		

#### **Trade Alert**

 Trade Alert is a customized email that delivers information and business leads which match product keywords and categories of your choice. This information is sent directly to your email box.



My Alibaba

# Trade Alert delivers the latest buyer and Seller information directly to you

#### Message Center Subscribe to receive FREE Trade Alerts ■ Inbox \* Required information Sent Box □ Trash Set email preferences Bulk Folder Format: HTML Text Block List Contact List Frequency: Daily Weekly (Every Monday) Settings \* Email address: **Buying Tools** pollylau@gmail.com Post a Buying Lead Or, go to my Member Profile to change email address. Manage Buying Leads Selling Tools Post a New Product Set Trade Alerts preferences Post a Selling Lead Please include in my Trade Alerts: Select content **Account Information** New buy offers (Trade Leads posted by buyers) Post Company Profile New sell offers (Trade Leads posted by sellers) Edit Member Profile New products Change Password New companies My Resources Profiles I want to receive Trade Alerts matching this specific product keyword: Enter a product Subscriptions keyword: handbags Do not include (,) or (;). Subscribe Trade Alerts Keyword Tips: Dupgrade to TrustPass Enter only ONE keyword or keyword phrase at a time (example: red apple). Do not put in multiple keyword phrases (example: red apple computer desk fishing rod). Avoid keywords which are too specific (example: crankshaft Buick 231A).

Do not include the word "buyer" or "seller" in your keyword



### Select up to 5 categories

Sent Box Trash Bulk Folder Block List Contact List Settings	choose below. To make your Ti	andbags handbags" related content from the rade Alerts as relevant as possible,								
Bulk Folder Block List Contact List Settings	You entered the keyword(s): ha Your Trade Alerts will include "I choose below. To make your To	handbags" related content from the rade Alerts as relevant as possible,								
□ Block List □ Contact List □ Settings	Your Trade Alerts will include "I choose below. To make your Tr	handbags" related content from the rade Alerts as relevant as possible,								
○ Contact List ○ Settings	choose below. To make your Ti	rade Alerts as relevant as possible,								
· Settings			Your Trade Alerts will include "handbags" related content from the categories (maximum 5) you choose below. To make your Trade Alerts as relevant as possible, please select the categories							
	. 3 4	which best suit your requirement.								
Buying Tools										
	Recommended categories:									
□ Post a Buying Lead			_							
Manage Buying Leads	✓ Luggage, Bags & Cases	✓ Packaging & Paper	☑ Gifts & Crafts							
Selling Tools	▼ Toys	✓ Home Supplies								
Dest a New Product	Other categories to include:									
□ Post a Selling Lead	Agriculture	Apparel & Fashion	Automobile							
Account Information	Business Services	Chemicals	Computer Hardware & Software							
Dest Company Profile										
□ Edit Member Profile	Construction & Real Estate	Electrical Equipment & Supplies	Electronic Components & Supp							
□ Change Password	Energy	■ Environment	Excess Inventory							
	Food & Beverage	Furniture & Furnishings	Health & Beauty							
Subscriptions	Home Appliances	☐ Industrial Supplies	Lights & Lighting							
Subscribe Trade Alerts	Minerals, Metals & Materials	Office Supplies	Printing & Publishing							
Upgrade to TrustPass	Security & Protection	Sports & Entertainment	Telecommunications							
Opyrade to Hustrass	Textiles & Leather Products	Timepieces, Jewelry, Eyewear	Transportation							





Mr. Juan-Manuel Olivera-Silvera

**Company: Overstock.com** 

**Country: USA** 

"I have subscribed to the Alibaba email alert, which has allowed me to stay up to date with all new postings related to my products"

"I've been an Alibaba member for 10 months now and I have been using the website regularly to locate new suppliers. I found Alibaba very efficient and it allowed me to close many deals with over 20 suppliers, mostly from China but also Taiwan, Vietnam and Indonesia"







Home > TradeManager > For buyers

#### **TradeManager**



Search





#### Download Free!

- Less than 3 minutes to download!
- 2. Free to all Alibaba.com members!
- 3. Not a member? Join now!

For Buyers

For Suppliers

TradeManager gives buyers real-time access and control.

It's fast, effective and 100% free!



#### Benefit from real-time selling functions

#### Control your trade communications.

Talk to who you want when you want.

TradeManager gives you the power to find reliable suppliers and negotiate your way on your terms without face-to-face pressure.



#### Get product information fast.

Selling leads and quotations are delivered instantly. So is your subscription to Trade Alert, Alibaba's customized product email notification.





#### Conference in real time.

With TradeManager's live audio and video functions, you can see and hear live product presentations. Now, a trip to a supplier is as close as a trip to your desktop.



#### Manage your trade records.

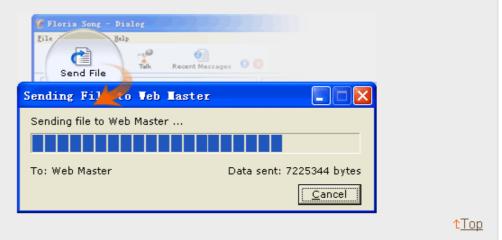
Easy-to-use archive functions allow you to store messages.







You can also send documents and photo files without any size limits.



#### Using TradeManager is easy!

- 1. Download, install and log in to TradeManager.
- 2. Search and find products, and communicate with suppliers.
- 3. Post buying leads and stay online with TradeManager. Suppliers will contact you.



### **Trade Show Channel**

### **Upcoming Featured Trade Shows available in this channel**



Hobbies and Toys



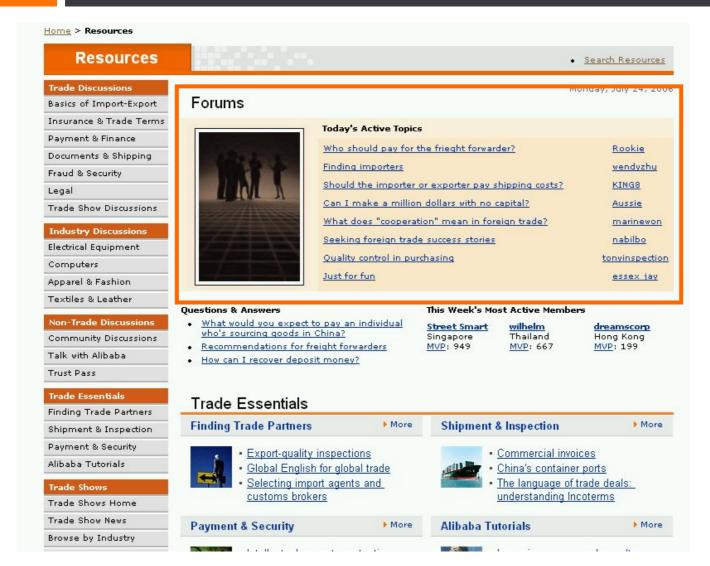
### **Trade Show Channel**

### Refine your search by Industry, Month and Location



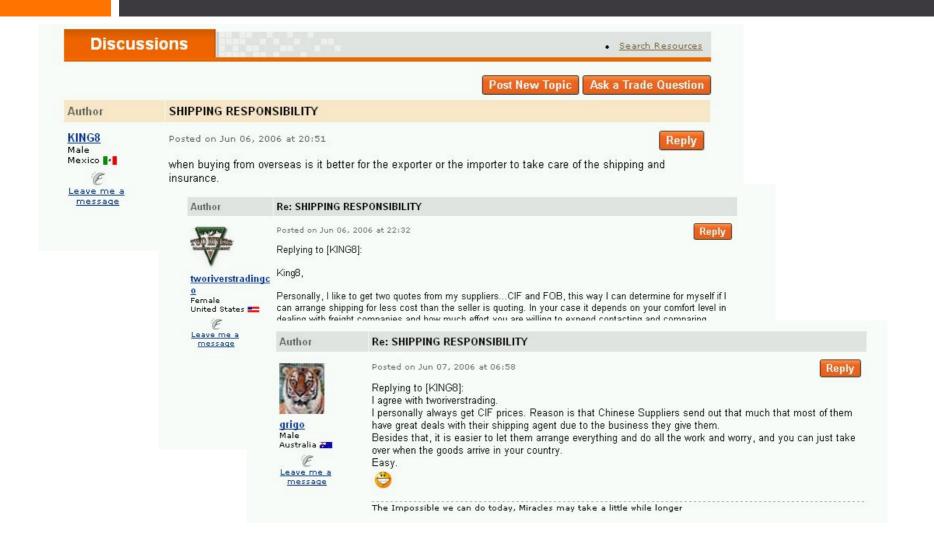


### **Resources Channel**





### Forum





### **Trade Discussions**





# Q & A



### **Alibaba International Service Team:**

### **Contact person:**

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# Thank You!

