

ConnexX Marketing & Advertising

Disclosure of Daigou Market Secret: The Barrier to Enter Chinese Market Has Been Higher

Introduction

Astounding market momentum from the Daigou potential has led to buyers outside of the Chinese market to utilise a selling point from distributing local Australian products to China. The booming forecast and potential consumer power have led to an increase in Australian businesses tailoring to the Daigou target market. However, the barrier to entry into the Chinese market will gradually be higher.



Will Australian brands keep exciting Chinese customers in the future?

In 2018 the market value of the Daigou business was estimated to profit over \$850 million dollars; with the most popular purchases being baby formula, skin care and health care. This is due to the high standard of Australian made products, ensuring quality, and green sustainability to the table. This is why baby formula is seen as such a strong pillar for the industry. With the phenomenon of the Chinese middle-class growing health conscious these habits have been reflected into the purchase of health products such as vitamins from Blackmores; labelled as a wonder product.

[ConnectX](#) works closely with various Australian brands and diversified distribution channels that have witnessed dozens of brands emerging monthly. Many of these brands in the Daigou industry are Chinese lead companies who understand the Chinese oriented market rules more so than Australian led ones. These businesses are willing to invest a great deal of their money and time in the Daigou business; trying to familiarise with the distribution network that the industry brings including live broadcasts to the influencers social followers, B2B and individual sales. Many Australian brands have been tailored for the Daigou market, and have become well-known to the Chinese markets more so than to local Australians.

Australian brands still strongly believe that the 'Australian Made' verification tag will bring organic excitement to Chinese consumers which it previously had. But in fact, as the market transforms and competition increases it costs a lot more to stand out amongst the crowd. The Chinese consumer power is changing and they are swamped with 'Australian Made' products and have already formulated their brand loyalty to what they know and trust rather than what the Daigou industry markets them.

You should do further job rather than advertising – brand value is your final proposition

Based on [ConnectX](#)'s experience as a professional marketing agency, a successful brand not only invest great budget on advertising, instead, they have the sense to build the solid brand value appealing to the public about their brand story. These stories would eventually be transformed into brand value.

There are already over 300+ Daigou retail business based in only Sydney area, many being emerging businesses that have had rapid growth in the short term (established within 3 years). These businesses spend a great deal of investment on marketing & advertising, boosting sales for months. However, we have found this kind of growth is not as sustainable as we thought.

Using Celebrity influencers and KOL only generates short term boosting; lasting 3-6 months not creating the brand loyalty they need to sustain themselves. The market place is impetuous and businesses are expected to see sales conversion in the short run to be classified as a success. Daigou distributors stock up on Chinese celebrity endorsed products, which works for a truncated time. After the short run of popularity, the distributors are forced to sell the remaining stock at a lower price, sometime even lower than the official retailer, leading to disorderly value within the market.

The brand value is what the consumer rates not necessarily what it is valued at market price. Case studies have shown the effects of advertising and the revenue can only be sustainable for a few months. The brand value is what establishes itself in the market. Great brand value creates the demand for the G&S, which entails much more than what it actually is worth or costs; thus, investment on brand management is necessary.

So, ask yourself a question before entering into the market: Quick fast revenue or long-term brand loyalty? So long as you want to control or lead the market, you have to think about your future business plan seriously.

ConnectX's suggestion for you - how to enhance your brand value so as to let your brand to a higher level?

As a sophisticated marketing group, we always suggested our customers do not only look at short-run benefits, but aim at investing in long term public relation construction.

You need have your distinct brand story ready, and asking yourself why should the public care about your story? One way is to build a sustainable brand portfolio on a social media platform designed for your target market. In China, effective social media channels include Baidu (Chinese searching engine), Weibo (Chinese Twitter) and the Redbook (beauty and travelling review). These channels are holy grails for the Chinese community and are sought for in their efficiency and effectiveness.

Secondly it would be the production of high-quality products. Australian local health products have a great reputation internationally on their natural products approach. As an effect Australian brands represent this value and would not tarnish the culture that has been built up within the community.

Thirdly, it would be the interaction and communication you have with your Daigou community. It all comes down to building the relationship of trust and this can be done through communicating the uniqueness, history and story behind the brand. The more genuine you are, the better it will assist in creating the connection needed behind the brand and the consumer. So, go out your office and venture onto your next Daigou expo to connect with your audience.

Lastly, we will definitely combine the use of traditional marketing strategies with our distinct distribution channel directing to Chinese market so as to effectively improve the conversion rate. Whether implement advertising or public relations strategies, it is virtual a concept after all. The key to ensure a brand penetrates the market completely and permanently is to actualize the transformation from online to offline real industry – to enhance the conversion rate.

By all mean, only the brand with strong brand value could differentiate themselves from the fierce market then dominate the market in the long run. “Australian Made Product” was well-known in the worldwide especially for Chinese Market, for its effectiveness and safety – it can even be considered as the signature or mark for the nation. Moreover, Product manufacturing is indeed the leading industry of Australian. Thus, [ConnectX](#) sincerely hopes all Australian manufactures can continue their consistent high quality and security. For certain brands in healthcare industry who lowered the overall quality of the industry for the sake of profit, we hope they think more about Australia's reputation and industrial value.

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