

China's Internet World

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China with an Internet user base of 218 million has surpassed United States as the world's largest Internet population, generating much hype about a promising e-commerce scene with increased entrepreneurial opportunities. It is estimated by the end of 2008, China's internet population will hit 280 million.

For the past few years, the popularity of online shopping has grown tremendously and it has steadily becoming another source for ordering goods and services online. The increased adoption of credit cards provides e-commerce companies new cooperation opportunities with established banks to work on credit card loyalty and rewards program. Furthermore, consumers are exposed to both objective and biased opinions coming from the online forums and advertising mediums, resulting in greater information symmetry.

China's online gaming sector is another upcoming sector which will contribute to the global online gaming industry worth an estimate of US15 billion dollars. For instance, Electronic Arts, the world's leading video game publisher is set to enter China's online gaming market, a testimonial to the potential of the Chinese Internet market. Furthermore with the increased popularity of the online casual games for Chinese women, you see an increased consumer base for online gaming.

With the increased labour mobility, the Chinese people are often seeking the most economical form of communication with family, friends and colleagues. Therefore the internet provides a good source of stable and cheap means of communication. With the increased adoption of broadband Internet, Internet telephony could be the next big thing in China.

Though the market looks promising, but there are some challenges to tackle before the potential of this market can be fully realized. Firstly, many e-commerce sites' payment is still based on cash on delivery due to a lack of established pool of credit card users and trust related issues. Furthermore, depending on the distribution network of your products, you may find delivery of your product to your client in another city a challenge due to the inefficiencies of China's delivery system. However this can be solved with the sourcing of the right distribution partners who can aid your firm in delivering your product safely and on time to your customers. China is looking at devising better technological and legal tools to govern their next biggest market - the virtual world.

Last but not least, it will be beneficial for your firm to engage a good Chinese market research firm to assist you to perform the necessary market research to reaffirm your thought process, source for appropriate distribution partners and lastly market entry in to China's virtual world.

Source: Desmond Wang, Starmass International



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