

Financial Crisis Forces China Enterprises to Re-evaluate Marketing Strategies **B2B Suppliers Prefer Mix of Offline and Online Channels**

BEIJING, China (Syndacast) March 19, 2009 -- As competition increases and production costs rise, China B2B suppliers must continuously evaluate their marketing strategies to attract new customers, according to a recent report by Analysys International. The report recommends that enterprises select a strategy that utilizes two or more marketing channels in order to generate the most effective buyer inquiries.

With the current financial crisis curtailing demand, reducing orders and closing export factories, enterprises are paying more attention to the effectiveness of their marketing strategies. In a strong economy, they may tolerate receiving a large number of buyer inquiries and converting a low percentage into orders. But during an economic crisis, the quality of inquiries has greater impact on the bottom line -- resulting in either extra costs for processing numerous irrelevant inquiries or additional sales revenue from successful inquiry-to-order conversions.

China's B2B service providers offer four main types of marketing channels: websites, trade shows, print publications and pre-screened private meetings. Some providers offer all four channels, while the majority focuses on a single channel or just a few channels.

Analysys International Survey Findings:

Results from the March survey of more than 200 China enterprises indicate that those who use multiple marketing channels convert more inquiries into orders. And whether they are used alone or together, offline channels are much more effective than websites.

Inquiry Rankings of Four Marketing Channels:

Marketing Channel	Inquiry Relevance Rank	Inquiry Conversion Rank	Inquiry Quantity Rank
Pre-screened Private Meetings	2	3	4
Trade Shows	1	2	3
Print Publications	3	1	2
Websites	4	4	1

Source: Analysys International 2009

The previous table shows that each single-channel marketing strategy delivers a different quantity and quality of inquiries. While all channels have strengths and weaknesses, it is clear that pre-screened private meetings, trade shows and print publications generate more effective inquiries in terms of relevance and conversion. Websites are at an obvious disadvantage for inquiry quality.

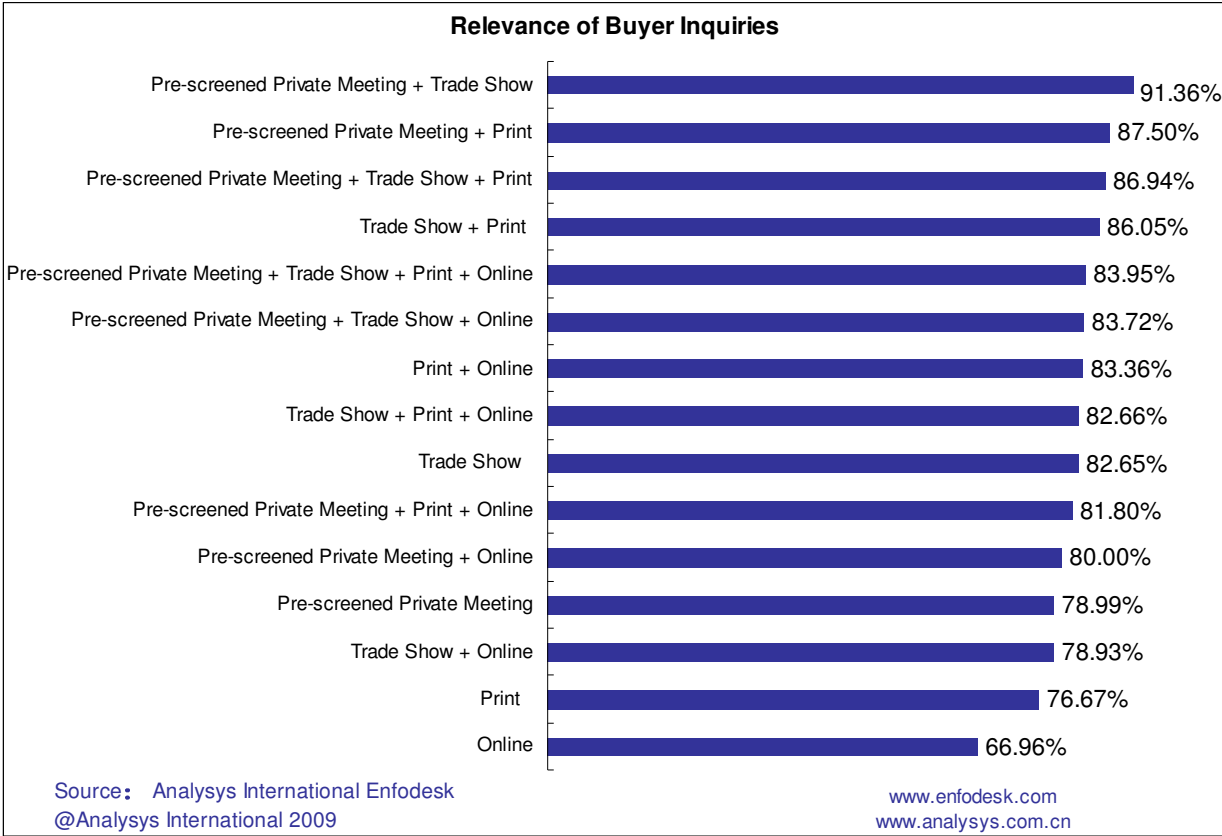


Chart 1: Relevance of Buyer Inquiries

Chart 1 shows that the combination of pre-screened private meetings and trade shows generates the most relevant inquiries. Various other combinations of offline channels round out the top three.

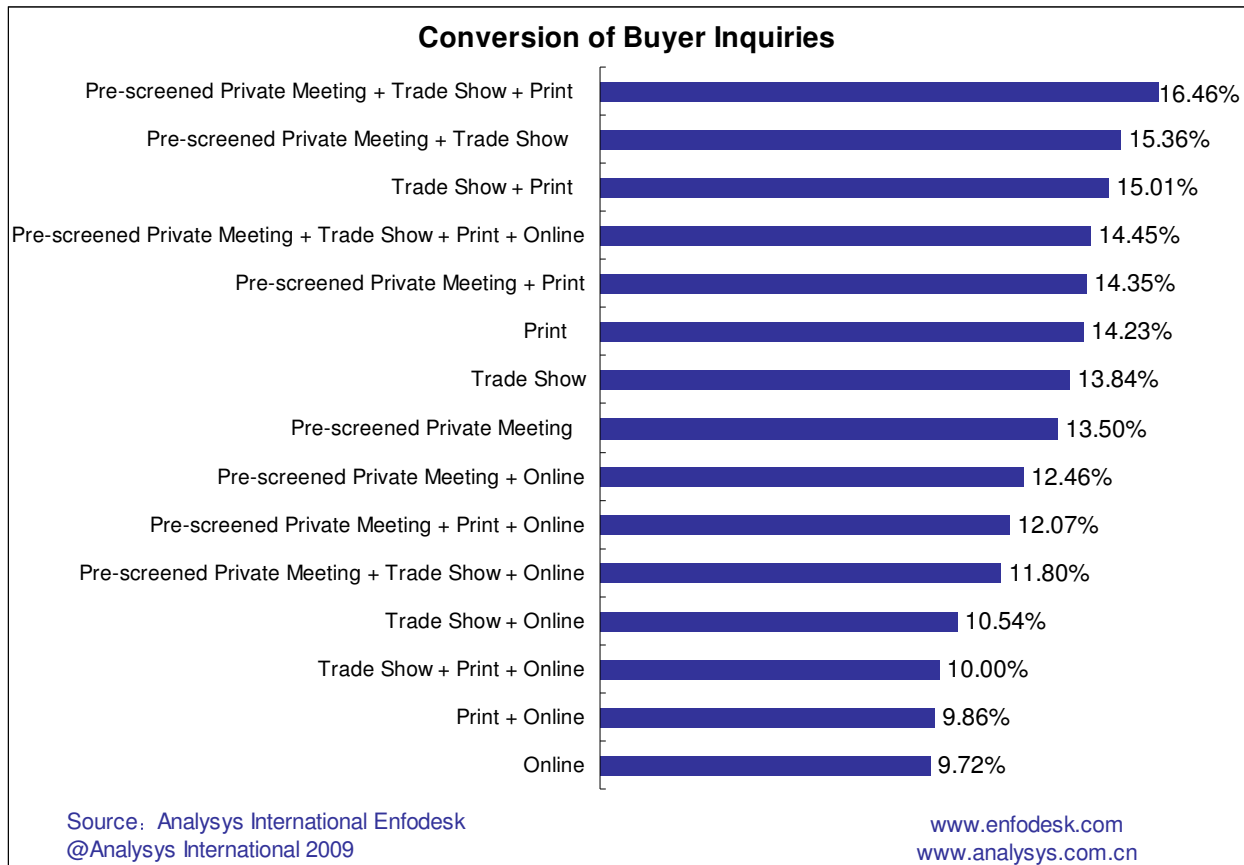


Chart 2: Conversion of Buyer Inquiries

Chart 2 shows that the combination of all three offline channels, pre-screened private meetings, trade shows and print publications, delivers the highest conversion rate -- nearly double that of the online-only channel. Again, various other combinations of offline channels round out the top three.

Therefore, *Analysys International* describes pre-screened private meetings, trade shows and print publications as "high-value" channels. This is supported by the satisfaction ratings from 1 (least satisfied) to 5 (most satisfied) of each channel by survey respondents. See Chart 3 below.

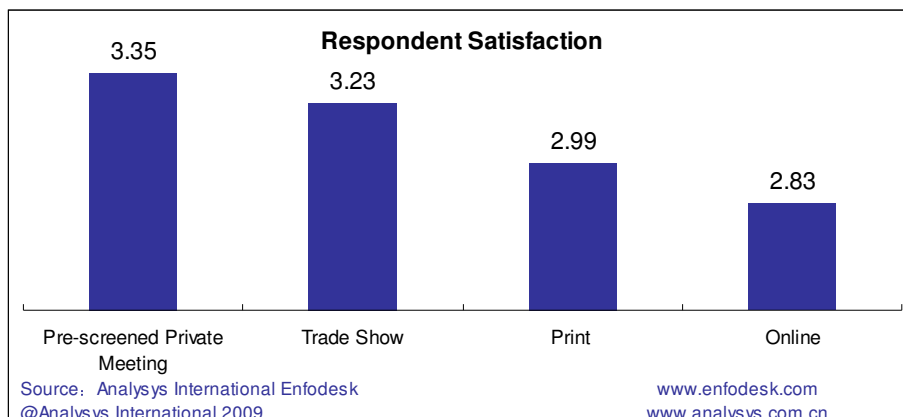


Chart 3: Respondent Satisfaction

Chart 3 further supports the notion that offline channels, particularly those featuring face-to-face interaction between suppliers and buyers, deliver more effective inquiries than online.

While all four channels are valuable, it is only possible to achieve a balance between quality and quantity of inquiries by using a multichannel strategy. Enterprises using more than one channel, particularly a "high-value" channel, receive more relevant and successful inquiries.

In fact, 75% of respondents currently utilize two or more marketing channels, and only 25% utilize one channel. All surveyed enterprises are active users of China's four leading B2B service providers: Alibaba, Global Sources, Hong Kong Trade Development Council (HKTDC) and Made-in-China.

Their service offerings plus those of other providers are summarized below:

Service Provider	Online	Print	Trade Shows	Pre-screened Private Meetings
*Alibaba	Yes			Yes
BusyTrade	Yes			
ECVV	Yes			
*Global Sources	Yes	Yes	Yes	Yes
*HKTDC	Yes	Yes	Yes	
Hui Cong	Yes	Yes	Yes	
*Made-in-China	Yes			
Toocle	Yes		Yes	

Source: Analysys International 2009

* B2B service providers that are included in the Analysys International survey

Analysys International Recommendations:

1. B2B suppliers should match their multichannel marketing strategies to their own capabilities and needs. The degree of that match will determine competitive advantage -- ultimately by helping to convert buyer inquiries into orders.
2. B2B service providers should develop offline services in order to improve client return, especially during the economic crisis. It is no longer sufficient to offer a single-channel approach, particularly if that channel is online.

Note: Analysys International defines B2B business as marketing communication activities conducted by third-party service providers that allows business partners such as buyers and suppliers to obtain information about each other, or to communicate information to each other about their own products and services via online platforms or

offline ones such as pre-screened private meetings, trade shows or print publications.

About Analysys International:

Analysys International is the leading advisor about technology, media and telecom (TMT) industries in China. We provide data, information and advice to 50,000 clients worldwide representing 1,500 distinct organizations, deliver over 150 consulting engagements a year, and hold more than 20 events that draw in over 8,000 attendees. Our clients include executives from technology vendors, vertical information technology enterprises, professional service companies, the investment community and government agencies. Our mission is simple and clear: we help our clients make better business decisions.

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SOURCE: Analysys International