

Trends in Business-to-Consumer E-Commerce

■ PRESENTER CLARK MENG | JD.COM

GLOBAL OUTLOOK FOR AQUACULTURE LEADERSHIP

GUANGZHOU, CHINA | DAY 2

HEALTHY FISH | HEALTHY PEOPLE | HEALTHY PLANET

Mr. Clark Meng



- Mr. Clark Meng is general manager of project development in the Fresh Business Unit at JD.com, China's largest business-to-consumer online retailer by transaction volume and revenue.
- He is responsible for innovation project, management of strategic suppliers, synergy with invested partners, global resources and overseas media for the Fresh Food Division.
- Previously, he worked at Walmart China for 17 years and Amazon for two years, focusing on merchandise management, including merchandising, category planning, strategic supplier development and pricing strategy.
- He graduated from Tangshan University and got his EMBA from CEIBS (China Europe International Business School).



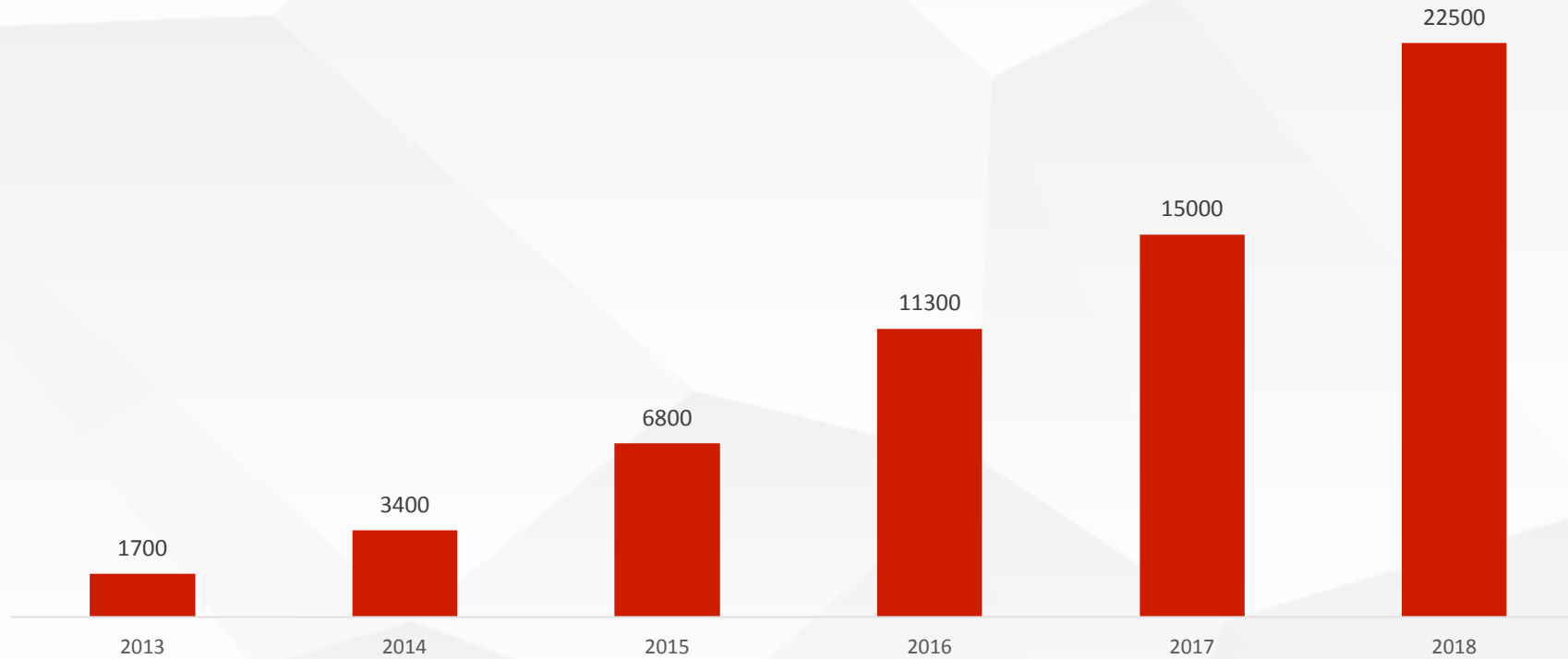
**EMBRACE
CHANGE**

**EMBRACE
INTERNET**

JD.COM 京东

Trillion-Dollar Gold Mine & Explosive Growth

Nielsen: Fresh E-commerce Market Potential
(In USD Million)

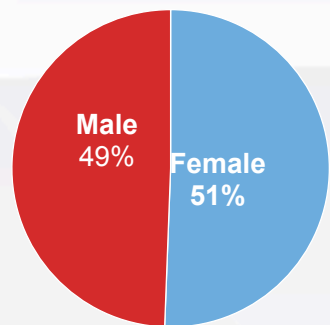


Source: Nielsen – China Fresh E-Commerce Development White Paper 2015.10

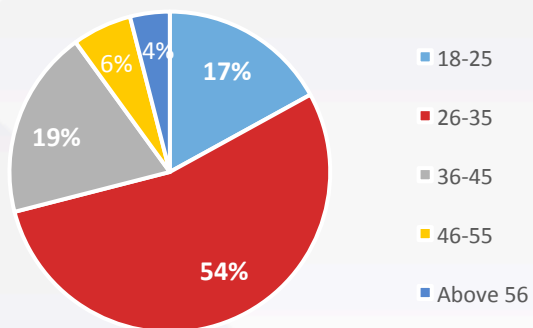
Nielsen predicts that China's fresh food e-commerce market will grow to sales of more than US\$15 billion in 2017 and more than US\$ 22.5 billion by 2018.

Target: People Who Care About Life, Safety and Quality

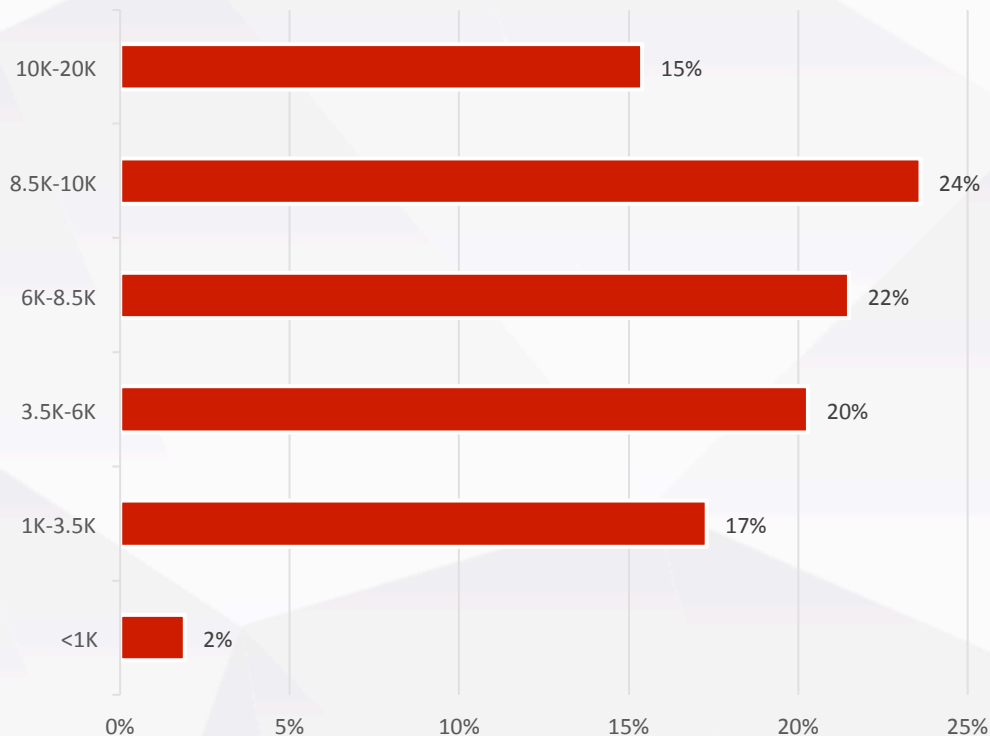
Gender



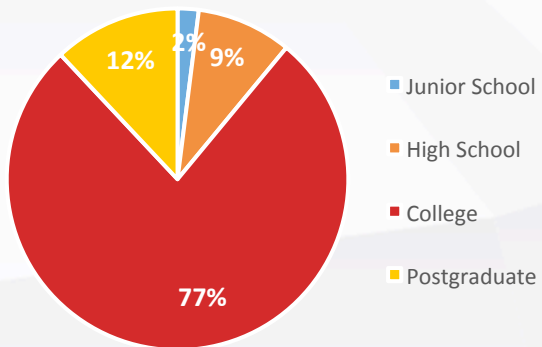
Age



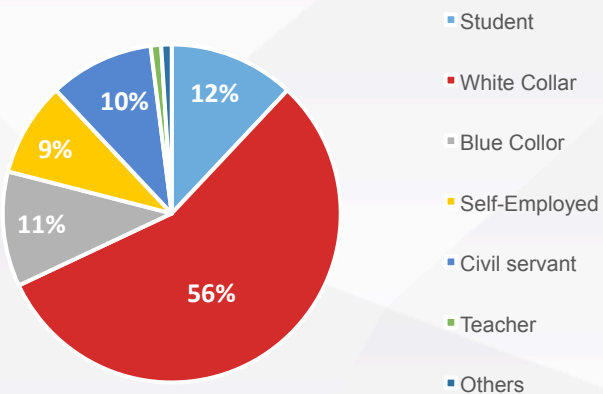
Income



Education



Occupation



1

Low Penetration

Less than 1% penetration rate means there is enormous room for future growth.

2

**Fierce Competition
Negative ROI**

Major players have joined the market, but most players have yet to make a profit.

3

**Lack of Clear
Profitable Models**

Fresh e-commerce requires complex infrastructure, making it difficult to build supply chains and maintain a low spoilage rate. As a result, the industry lacks a clearly defined business model.

4

Numerous Copycats

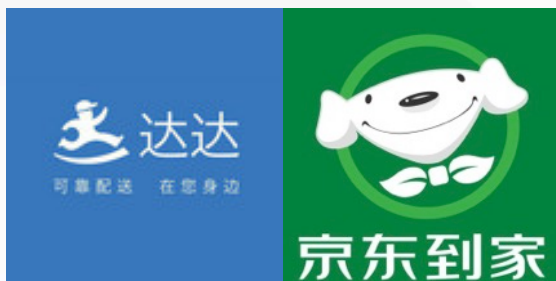
For every business model, there are scores of companies targeting similar customer bases with similar product lines.

Capital Drives Growth of Online Fresh

Fresh E-Commerce Funding Rounds				
Company	Investors	Funding (USD)	Stage	Year
Yiguo.com	Alibaba	10M	A	2013
	Alibaba YF Capita	Undisclosed	B	2014
Fields China	Undisclosed	5M	A	2013
Womai.com	IDG, SAIF Partners	100M	B	2014
Yummy77	Amazon	20M	Undisclosed	2014
Bee Quick	Crystal Stream,	10M	Angel	2014
	Sequoia Capital,	20M	A	2014
	Hillhouse, Sequoia	Undisclosed	B	2015
Fruit Day	JD, SIG, Clearvue	70M	C	2015
	Undisclosed	100M+	D	2016
Benlai.com	Undisclosed	10M+	B	2015
	JOYOUNG CO...	100M+	C	2016
Yiguo.com	KKR, Alibaba	15M+	C	2016
HeMaXianSheng	Alibaba	150M	A	2016

Source: Compiled from Public Sources

JD Groups and Partners



Others





**About JD
& JD FRESH**



FORTUNE

500

1

2016 Global **Fortune 500** Company

2

Global **TOP 10** Internet Company *

3

Largest Online Retailer in China

4

Largest Internet Company by Revenue in China

* Calculated by market value

Sustained and Rapid Growth

2016 Q2 Performance



GMV^[1]

USD 24 billion
Increase of **47%** YoY



Net Revenue

USD 10 billion
Increase of **42%** YoY



Fulfilled Orders^[2]

373 million
Increase of **56%** YoY



Active customer^[3]

188 million
Increase of **65%** YoY*



Merchants

100,000

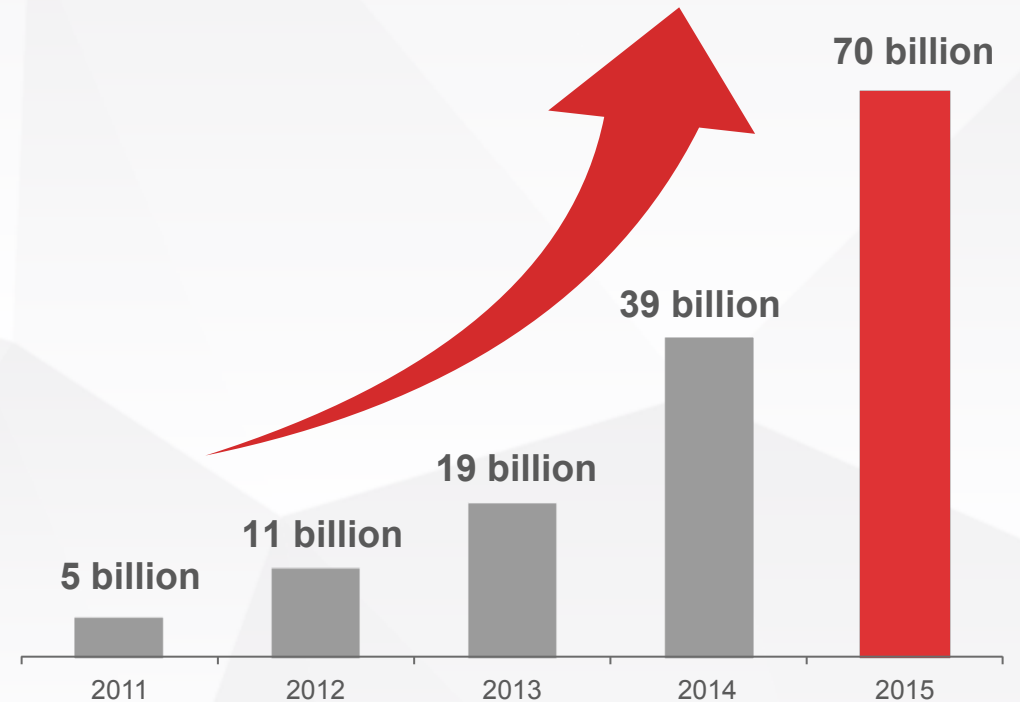


Employees

113,679

GMV for the full year of 2015 were **USD 70 billion**, an increase of **78%** from the full year of 2014.

Rapid Growth in GMV



Data source: JD.com's financial reports, as of June 30, 2016

Unit: USD



Connect people with safe, healthy and delicious fresh food. In Fresh, We Believe!

Our Comprehensive Shopping Platform

JD.COM 京东



- JD Mall has become China's largest retailer in **mobile phones**, **digital products** and **computers**. Our sales have surpassed any other platforms' online and offline sales.
- **JD Home Appliance** is now China's largest home appliance channel.
- JD Mall has become one of the China's largest retailers of **milk powder**, **diapers**, **imported milk**, **wine** and other fast moving consumer goods both online and offline.
- **JD Apparel** sales grew 100% year-on-year in 2015.
- **JD Fresh Food BU** can leverage JD global industry leading warehousing and delivery network, including a frozen and chilled ecommerce network which is on track to be China's largest, to provide the JD.com guarantee of safe, fresh produce.
- **JD New Markets Program** will help merchants better target new and developing markets within China.

Key Categories Under JD Fresh

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Produce



Seafood



Meat



Chilled & Frozen

Strategic Positioning at JD.com

JD.COM 京东

The screenshot shows the desktop version of the JD.com website. At the top left is the JD.COM logo with the slogan '多·快·好·省'. A search bar contains the text '游戏本' and a '搜索' button. Below the search bar are navigation links for '初复必备', '领优惠券', '花卉绿植', '5.2抢机票', '每50减20', '颈椎按摩', '品牌童装', '免费试用', and '导航仪'. A horizontal menu includes '全部商品分类', '服装城', '美妆馆', '超市', '生鲜' (highlighted with a red box), '全球购', '闪购', '团购', '拍卖', and '金融'. On the left is a vertical red sidebar with various product categories. The main content area features a large 'Fresh Food Entrance' banner with the headline '全世界最简单的西餐' and '2000箱蒙牛新品 或葵花籽油 买就赠'. Below the banner are several promotional tiles: '今日推荐' (Today's Recommendation), '5月不减肥 全年徒劳悲 体脂秤冰点价' (May no weight loss, all year's effort is in vain, body fat scale low price), '大牌清仓 抢完即止 限量清仓团 每天一期' (Big brand clearance, once sold out it's over, limited clearance group, one day a week), 'LEVIS周末专场 低至4折 买3免1' (Levi's weekend special, up to 40% off, buy 3 get 1 free), and '9.9元限时抢 谁戴谁尖叫 内部员工推荐 大牌免息' (9.9 yuan limited time offer, who wears who screams, internal employee recommendation, big brand interest-free).

Link: <http://www.jd.com>

The screenshot shows the JD.com mobile app interface. At the top, it displays the carrier '中国联通', time '17:35', and battery level '100%'. A search bar contains '524空调超级品类日 何须等到618'. Below the search bar is a promotional banner for '618狂欢预热 樱桃低至68.8元/3斤' with a 'Fresh Food Icon' label. A grid of icons includes '京东超市', '全球购', '服装城', '生鲜' (highlighted with a red box), '京东到家', '充值中心', '领京豆', '领券', '理财', and '全部'. A '京东快报' section shows a recommendation: '奇幻梦工厂玩具低至满199减100'. Below this is a '秒杀' (Flash Sale) section with a 16-point clock and various product cards with prices like '¥16', '¥799', '¥49.9', and '¥19.9'. At the bottom is a navigation bar with icons for '首页', '分类', '发现', '购物车', and '我的'.

Apple/Android App Store: JD

The desktop homepage features a clean, white layout. At the top left is the '京东生鲜' (JD Fresh) logo. A search bar contains '三文鱼' (Salmon) with a '搜索' (Search) button. To the right is a shopping cart icon labeled '我的购物车' (My Cart) with a '7' item count. Below the search bar, a row of category icons includes '新鲜水果' (Fresh Fruit), '海鲜水产' (Seafood), '猪牛羊肉' (Pork, Beef, Lamb), '禽类蛋品' (Poultry & Eggs), '新鲜蔬菜' (Fresh Vegetables), '速冻食品' (Frozen Foods), and '饮品甜品' (Beverages & Desserts). A large central banner for '遍寻天下鲜' (Searching for Freshness Everywhere) features a globe and various food items, with the text '京东自营商品全场七五折' (75% off on all self-operated goods). To the right of the banner is a featured product: '悦品王 进口英格兰鲜活面包蟹' (Yuepinwang Imported Fresh Bread Crabs from England) priced at 149.00元 with an '立即购买' (Buy Now) button. At the bottom, four service icons are displayed: '食品安全 精选生鲜 严格质检' (Food Safety), '全程冷链 自营物流 安全可控' (Full Cold Chain), '鲜活天然 绿色生态 京东精选' (Fresh & Natural), and '产地直采 限定产源 质量保证' (Direct Sourcing).

The mobile homepage is optimized for a smaller screen. It features a top navigation bar with the '京东生鲜' logo and a shopping cart icon. Below this is a horizontal menu with icons for '严格质检' (Strict Quality Check), '全程冷链' (Full Cold Chain), '鲜活天然' (Fresh & Natural), and '产地直采' (Direct Sourcing). A search bar contains '大闸蟹超值购' (Super Value Crab Purchase). The main content area includes a large banner for '遍寻天下鲜' and a featured product: '大闸蟹0元试吃' (Crab 0元 trial) with a '立即购买' button. Below this is a '每日必抢' (Daily Must-Have) section for '火龙果4个' (4 Dragon Fruit) priced at 39元. The bottom navigation bar includes icons for '首页' (Home), '自营速达' (Self-operated Express), and '分类' (Categories).

Guaranteeing Product Quality & Authenticity

JD.COM 京东

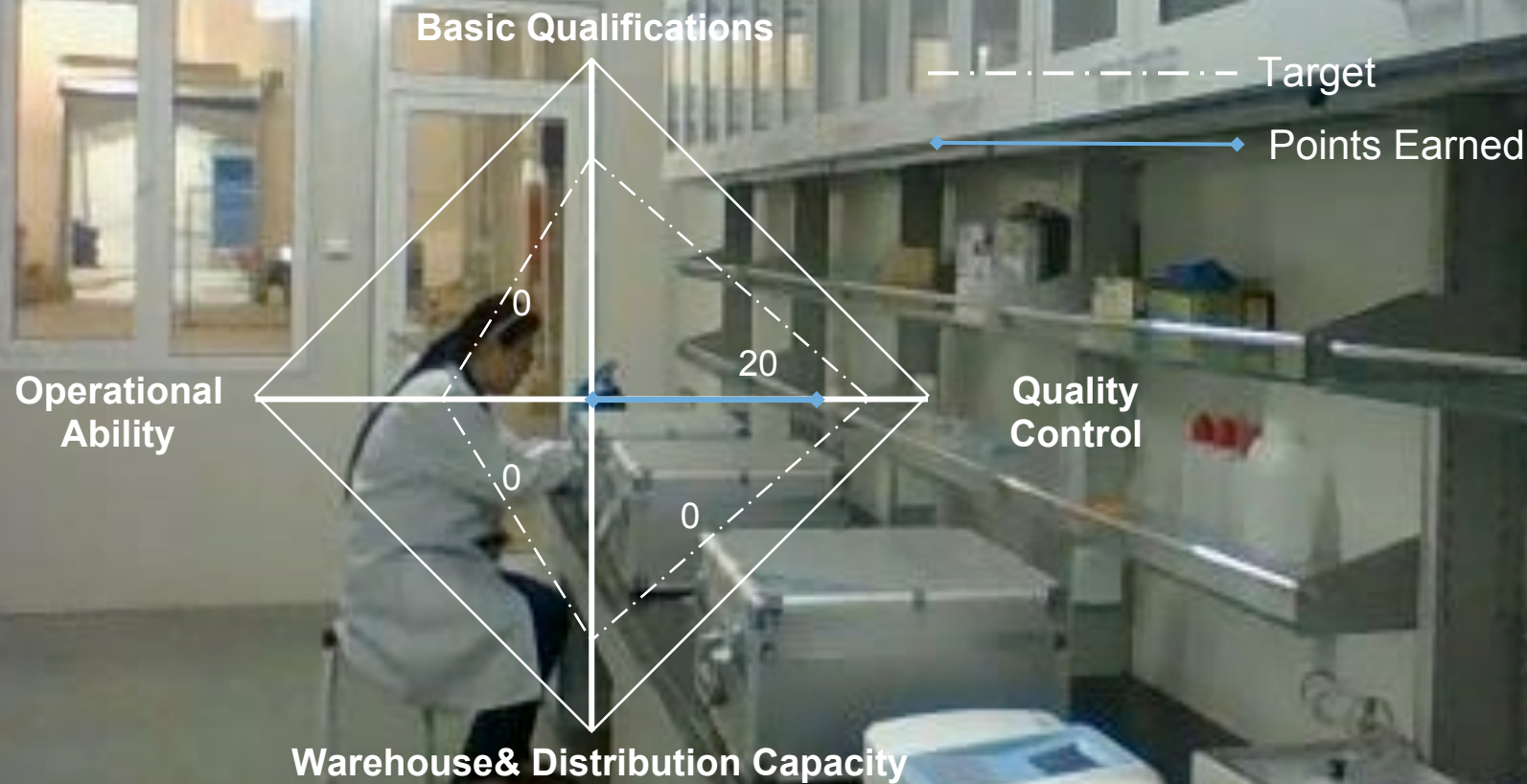
JD.com has a strict zero-tolerance policy toward counterfeit goods. We source products directly from world-leading global brands, and work tirelessly to eliminate counterfeits.



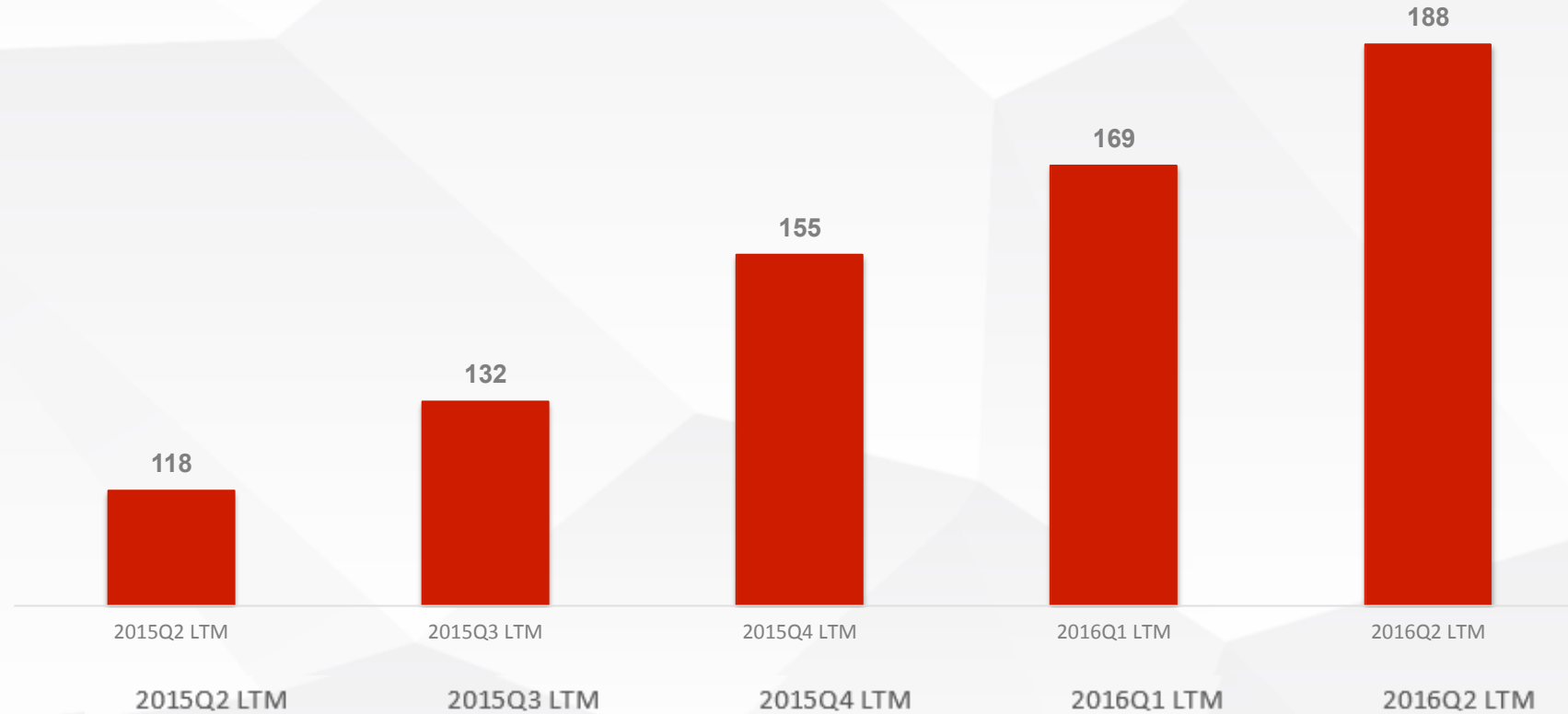
Onsite Inspection to Ensure Food Quality

JD Fresh Food
fresh.jd.com

Work with Top Suppliers Worldwide
Strict Process for Quality Assurance



Rapid Growth in Active Users (in millions)



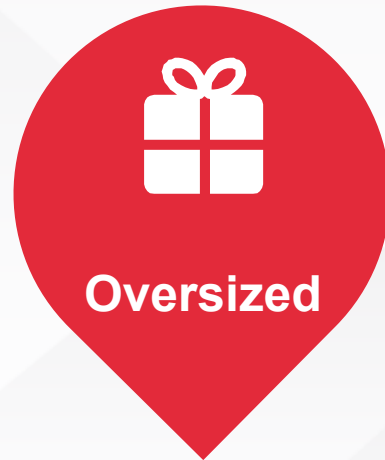
Source: JD.com 2015Q2 – 2016Q2 Financial Reports

JD.com's active user base has grown from 118 million in Q2 2015 to 188 million in Q2 2016, a nearly 60% increase in just a year.

Competitive Edge – Unparalleled Logistics & Fastest Speed of Last Mile Delivery

JD.COM 京东

Largest ecommerce logistics infrastructure in China



The leader in providing small-to-medium sized warehousing, oversized warehousing, cold chain delivery and frozen and chilled warehousing facilities, enabling truly global standard logistics services

- Over **85%** of direct sales orders were delivered with JD's same day- and next-day delivery service in 2015
- Express delivery service has been upgraded to **2 hours**
- **234** warehouses
- **6,756** delivery stations, pickup points, and pickup stations in **2,639** counties and districts
- Warehousing facilities covering an area of **5.2 million square meters**



Cities Covered
by Cold Chain Network:

100+



Just the Start – 618 Fresh Promotions

JD.COM 京东

500%

In 20 days, JD Fresh Food direct sales orders grew by 500% YoY

1000%

On the day, from midnight to 9AM, JD Fresh Food direct sales orders grew by 1,000%

43.5%

43.5% of JD Fresh Food customers are JD Gold and Diamond members





JD Fresh Food has signed cooperative agreements with ambassadors and counselors from 16 countries

Just the Start – Marketing & Promotion Activities

JD.COM 京东



Engine Starts with Top Brands in the Industry

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大洋世家
OCEAN FAMILY

浙江大洋世家股份有限公司
ZHEJIANG OCEAN FAMILY CO.,LTD.



Omega



浙江蓝雪食品有限公司
BLUE SNOW FOOD CO.,LTD.



**We Are A Group Of
Ordinary People,
Trying To Do
Something
Extraordinary...**

In Fresh, We Believe!

