



LACHANCE INTERNATIONALE INC.

China Market Testimonial

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Biography

- Grew up in China
- Graduated from McGill Bachelor of Commerce in International Business
- Worked at an import company and a trading company
- Worked at Bombardier Supply Chain for 8 years
- Working at Lachance Internationale Inc.

Why China

- The world's fastest growing major economy – lots of opportunities
- The world's largest economy by purchasing power parity – huge market
- The world's second largest economy by nominal GDP
- Knowing both Canadian and Chinese culture, and the languages
- Networks in China

How did it happen

- Foreign products are booming in Chinese market
- Helped a Quebec cidery to do business development in China

Strategy

- Market analysis (SWOT) – refer to Slide 6&7
- Pricing Strategy - refer to Slide 8
- Define Target Clients
- Tasting survey
- Branding

SWOT

■ Strength:

- good quality/ made from 100% apple juice
- original packaging and made in Canada
- four flavors/ no artificial colors or flavors

■ Weakness:

- the packaging isn't Chinese consumer's taste
- Cost is higher than the competitors
- Majority Chinese consumers don't know the product, takes time to educate the market

SWOT

- Opportunity:

- Apple cider trend starts in China, has great potential
- Chinese consumers recognized imported products

- Threat:

- Too many imported drinks, competition is high

Pricing Strategy

- CIF x currency convert rate at the port date
- Customs duty: 40% (CIF Yuan x 40%)
- Value added tax: : (CIF Yuan + customs duty) x17%
- Consumption tax:[(CIF Yuan + customs duty)/(1-10%)] x 10%
- Cost after tariffs: CIF Yuan +customs duty+ VAT+ Consumption tax
- In land transportation, inventory cost, overhead cost, advertising cost, customs broker cost, other associated cost(port cost, testing cost and etc.)
- Profit

Challenges

- The diversities of the market, no standard
- Good quality, high price, not well-known brand
- Unique product, majority of Chinese consumers don't know the product

Recommendation

- Register your brand in China
- Conduct due diligence of your potential partners
- Select a strategic partner
- Consult with people who have done business with China while encounter problems in the execution phase
- Download WeChat on your phone for easier communication; Facebook and Google are blocked in China