# WORLDFIRST

# The ultimate guide to sourcing on 1688



# Introduction

If you're looking to source products from China, you have likely come across 1688.com. The platform is China's leading online B2B marketplace for businesses dealing with wholesale orders and sourcing. 1688.com caters to businesses of all sizes, including those looking to open eCommerce stores and is a cost-effective option when considering wholesale marketplaces.

As an international payments expert, WorldFirst offers a dedicated payment solution for international buyers outside of China to pay suppliers when purchasing from 1688.com.

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# Background of 1688.com

As a subsidiary of Alibaba Group, 1688.com launched in 2010 with an initial focus on connecting local manufacturers, factories and wholesalers with local buyers.



When comparing prices on other B2B platforms, the products on 1688.com could be anywhere from 4% to 15% lower in most instances, and up to 40% in other cases. This is a substantial saving for small-to-medium sized businesses. Part of its appeal, also, comes from the ability to make small orders of as little as two pieces. As more merchants discover the benefits of purchasing from 1688.com, early adopters and those who are able to leverage the platform will gain an advantage over their competitors.

120M registered users

31M+

**50** industries

monthly web visits3

Including raw materials, industrial products, apparel, household goods, small commodities, electronics and food & beverage

10M suppliers

1,700 sub-categories

136 countries/regions

where account registrations are allowed

<sup>1</sup> Provided by 1688.com

<sup>2</sup> SinoInspection

<sup>3</sup> Using Similarweb, based on December 2022 data

# Types of sellers

#### **Wholesalers**



Wholesalers make up the bulk of shops on 1688.com. The majority have a minimum order quantity of only a few pieces, as well as a minimum spend amount. As a rule, wholesalers hold more inventory and stock than factories.

# Factories & manufacturers



Factories specialise in receiving production orders, with the minimum order quantity (MOQ) starting at 1,000 pieces in some cases. There is a 'Find a Factory' option in the 1688 app, which buyers can use to filter for factories in different categories. Generally, factories do not keep inventory but make products based on orders.

### **Brand owners**



Brand owners are similar to wholesalers in that they offer a low minimum order quantity. However, while wholesalers will often sell white label goods, branded stores on 1688.com will operate a storefront with their brand name and logo.

# Sourcing agents or virtual factories



Similar to a middleman, these merchants help buyers find a reliable supplier, negotiate the best price, assist with documentation, coordinate with the factory or perhaps oversee the production to ensure it aligns with specifications. As sourcing agents, they don't hold stock; rather, they help to secure products within the promised lead time.



# Why source from 1688.com?

There are several reasons
1688.com offers buyers an
advantage over other wholesale
sourcing platforms in China.



### Low, transparent prices

As the majority of suppliers on 1688.com are factories and wholesalers, customers are able to bypass export agents or trade companies who add on a service fee or margin. On other platforms, these factories often rely on trading companies to reach a global audience; on 1688.com, they have an online presence and listed contact details, allowing buyers to purchase goods directly at a lower price. Furthermore, strong competition and tiered pricing means prices are lower and the more units you purchase, the cheaper the per unit price.

## Variety of products

As the largest local wholesaling platform in China with dozens of categories listed, 1688.com allows buyers countless options when it comes to products and suppliers. The majority of factories in China are listed on 1688.com, which gives buyers a variety of choices, compared to attending a trade show or expo.

## Low min. order quantity

Unlike other wholesale websites with high minimum order quantities, many sellers allow buyers to purchase one or two pieces. This benefits small businesses who may not yet have the budget for large orders to purchase a wider range of products, while it allows more established businesses to evaluate the quality before committing to a large order.

## **High quality sellers**

Suppliers on 1688.com are required to have a Chinese business licence, with details listed on their store page, including the company's date of incorporation, registered capital and company address. Buyers also have the option of procuring from 1688.com's cross-border site, global.1688.com, which exclusively promotes reliable suppliers selling trending products in the global marketplace.

**Keep in mind:** 1688.com was originally developed as a platform for local Chinese suppliers to reach local buyers. As such, the website is listed in Chinese with no English support. Furthermore, the majority of the factories and suppliers won't have English speaking employees to assist with requests from overseas. There are tools to assist with the language barrier, Google Translate and Google Lens among them.

# How to get started

## **Opening an account**

All users must register for an account on 1688.com in order to begin purchasing. There are two ways to open a 1688.com account:

- Via Taobao on mobile: To register for an account on a mobile device, you will need to register via Taobao. Both Taobao and 1688 accounts may share the same details as they are both subsidiaries of Alibaba Group. If you already have a Taobao account, you can use those details to log into 1688.com.
- Via 1688.com on PC: To register via the website, visit www.1688.com and click on the 免费注册 tab, which means 'Sign up for free'.





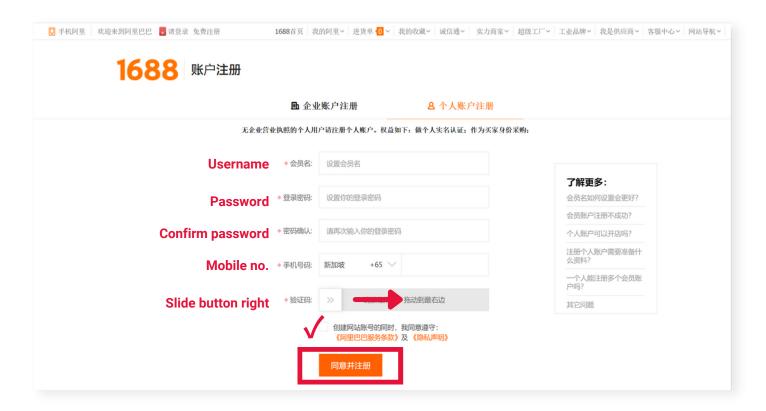
**Top tip:** If you can't read Chinese, use Google Translate to convert the page into English. Make sure you're using Chrome as your browser, right click and select 'Translate into English'.



 A pop-up will appear for a user agreement. Please select to register as an individual. (Again, use Google Translate to change the text into English if necessary.)



**Important:** Registering for a company account on 1688.com is meant for domestic suppliers and sellers only. Foreign companies or non-local individuals are required to register as an individual, even if doing so on behalf of a company.



• Fill in your information on the registration page and click 同意并注册, which means 'Agree and register'.



 You will receive a onetime password at the mobile number indicated for verification. Enter the code and submit by clicking 提交.

To activate your 1688 account, tick the check box to accept the agreement and click 'Confirm'

• Completing your profile (optional): 1688.com will request that you complete your account profile on the following page.



## Verifying your account

After registering for your 1688 account, you can choose to verify your account. While this is not mandatory, if you would like to use the 1688 KJB 跨境宝 solution, a verified 1688 account is necessary.

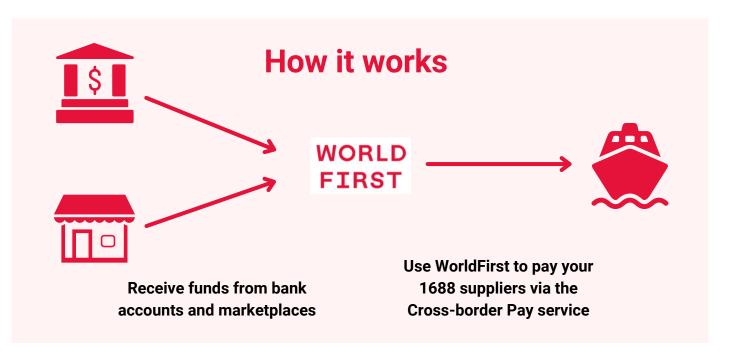
Other benefits of a verified 1688 account include the ability to unfreeze or restore your account in the event it is frozen or restricted.



#### What is the 1688 跨境宝 or Cross-border Pay solution?

The 1688 KJB solution is the official cross-border payment method provided by Alipay and 1688.com that allows foreign companies to pay suppliers on the platform. It guarantees the security of your 1688 account and prevents your accounts from being frozen.







#### How to open a personal Alipay account

#### On mobile:

- 1. Open Alipay mobile app (iOS and Android) and click 'Register'
- 2. Select your country code and your mobile number
- 3. Enter the verification code sent to your mobile number

#### On desktop:

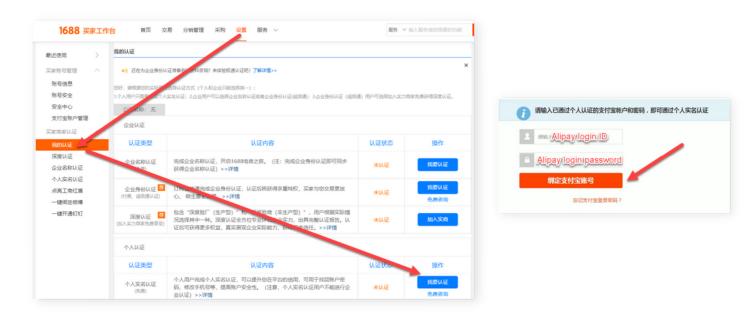
- 1.Log into www.alipay.com and select 'Register'
- 2. Next, click 'Personal Account' and select your nationality/region
- 3. Fill in your mobile number and enter the verification code sent to your mobile number



## **Verifying your identity**

For 1688 accounts opened by individuals based outside of China, the verification process requires you to connect with a verified personal Alipay account.

- Click on your account name and navigate to 账户管理 (account management)
- Under 我的认证 (my verification), go to 我要认证 under 个人认证 (verify using personal details)



- You will be redirected to the quick verification page. Enter your Alipay login ID and password, then click the orange button 'link to Alipay account'
- You are now verified and your Alipay account is connected to your 1688.com account

# Product sourcing

### How to source goods

With 50 industries represented on 1688.com and over 1,700 sub-categories, there's no lack of products to search for.

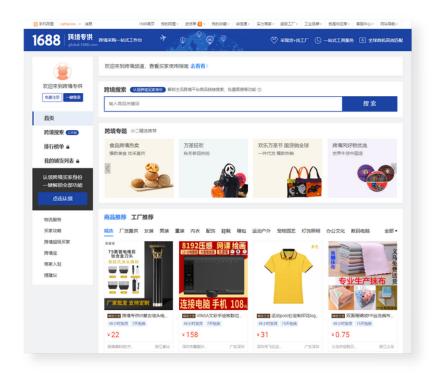
Top categories include fashion, accessories, sports equipment, home decoration, office supplies, automobile supplies food & beverage and raw materials.

The platform offers a convenient tool where buyers can upload an image of the product to return search results.



#### Global 1688.com

eCommerce sellers may want to consider the cross-border offshoot of 1688.com. The global site is targeted towards international trade and as such, filters suppliers who are willing to distribute overseas, can offer low MOQs and list trending goods.



### Using a sourcing agent

There are several ways to source on 1688.com as a foreigner. For those with little cross-border business experience or who are overwhelmed by the language barrier, sourcing agents can assist with language translations, timely delivery of your products and quality control. Agents generally charge a commission between one and three percent.

Sourcing agents will generally have a vast and reliable network of suppliers and manufacturers and can even negotiate on your behalf. If you feel confident in sourcing yourself, you'll need to take care of selecting a supplier, communication and payments on your own.

Some of the disadvantages of using a sourcing agent include: not having a direct line to your supplier and thereby creating communication lags, especially if your agent becomes unavailable; and not having a relationship with your supplier. This may become more important as your business grows and you want to control factors such as lead time and quality. Your agent might even switch suppliers without notifying you.



## Selecting a supplier

Visit the 1688 website. Once you have searched for your product, you can filter the search results by:

- Categories (商品分类)
- Cross-border capabilities (跨境特色), which includes international certification and patent certification

#### Other options include:

- MOQ: Enter your preferred MOQ in the field 起订量以下
- Time: Dispatch within 24 hours (tick checkbox 24小时发货; not available for cross-border delivery)
- Trustworthiness: This option is only available to suppliers who have achieved a certain standard in quality and timely delivery (tick checkbox 实力商家)
- Price
- Manufacturing time: Enter the maximum number of days in the field next to 上架 时间
- Location (所在地区): This allows you to filter by proximity to your logistics provider, potentially saving on shipping costs and time



**Top tip:** Don't forget to use Google Translate if necessary. You can also translate into other languages by clicking on the Google Translate icon on the right of the address bar and clicking on the three dots to select a different language.

As with all of Alibaba Group's brands, trust is an integral part of the platform. On a supplier's shop page, you can see how many years they have been operating on 1688.com their response rate, return



rate, other customers' rating and whether they offer buyer protection. You can also access a cumulative history of transactions from the last 90 days compared to the industry average. This will allow you to benchmark their service and capabilities against their competitors.

# Communication



Communication with suppliers is one of the most important but sometimes most difficult aspects of product purchasing. A sourcing agent can help with translations and requests; without one, you have to rely on digital tools and your own abilities.

You can communicate directly with factories and wholesalers, via the details listed on their shop profile. The majority will provide options for chatting via WeChat as well as Aliwangwang, the official chat tool on 1688.com.

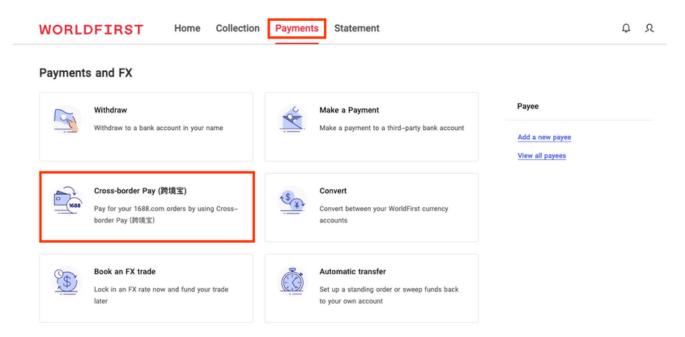
Most suppliers have a limited understanding of English or other languages, so it's important to keep communication simple, professional and concise.

# Some questions to ask include:

- ✓ Can products be sent outside of China or are they for domestic sale only?
- √ What is the return policy?
- ✓ What is the delivery timeframe?
- ✓ What is the inventory and/or manufacturing timeframe?
- ✓ Product certifications (if your product requires these)

Payment

The most cost-effective and secure way to pay cross-border suppliers is by using WorldFirst's Cross-border Pay (跨境宝) solution, which allows registered companies in select countries to authorise and automate payments using WorldFirst. Compared to bank transfers, the exchange rate is generally more competitive, with minimal fees.



# 1688 sourcing solution with seamless payment method



# Easy & Seamless

Frictionless procurement experience without worries of Alipay account suspension



#### 100% safe

The one-and-only fully compliant flow of funds to make 1688.com supplier payments



# No annual limits

No threshold limits for yearly foreign exchange payments



# Lower your costs

Competitive exchange rate for conversions to RMB Shipping

As shipping costs can vary widely depending on the delivery method, it is one of the most important aspects to consider when making a purchase. Below are the four most common methods of delivery from China to Australia.<sup>4</sup>

	ePacket	Air express	Ocean freight	Special line
Description	China's express postal service	International air carriers such as DHL, FedEx, UPS	Buyers purchase full containers (FCL) or partial containers (LCL) to travel by boat	Chartered flights and distribution channels along popular routes
Best for	Small, lightweight packages of low value	Urgent deliveries, items of value	Heavy or bulky shipments	Products destined for Amazon FBA warehouses, items of value
Cost	Low	High	Low	Medium
Delivery time	Regular	Fatest	Slow	Fast



### Have you considered a freight-forwarding partner?

Freight forwarders are intermediaries specialising in cross-border shipping. They take the headache out of getting your cargo from the factory to your warehouse with services that include preparation of documentation, insurance, customs clearance and storage options. They can also advise on the best shipping method for your cargo.



**Top tip:** Find out how to reduce shipping costs with our <u>handy guide</u>.

# How WorldFirst can help

WorldFirst is an international payments business helping online sellers and SMEs move money around the world. As part of Ant Group since 2019, we share a purpose 'to make it easy to do business anywhere' by offering inclusive and affordable services to small- and medium-sized businesses and online merchants trading globally.

With WorldFirst's World Account, paying suppliers on 1688.com is fast, seamless and secure. For more information on how WorldFirst can help your business, contact the local Australian team.

## Collect. Convert. Pay. Manage.



Collect international payments from global marketplaces



Convert money at a time and rate that suits you



Pay in multiple currencies from a single account



Manage your money and FX transactions all in one place

# Contact the WorldFirst Australia Team

More guides: <u>bit.ly/1688-step-by-step-anz</u>



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worldfirst.com/au/ 1688-supplier-payments/

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