



Stay Competitive & Thrive

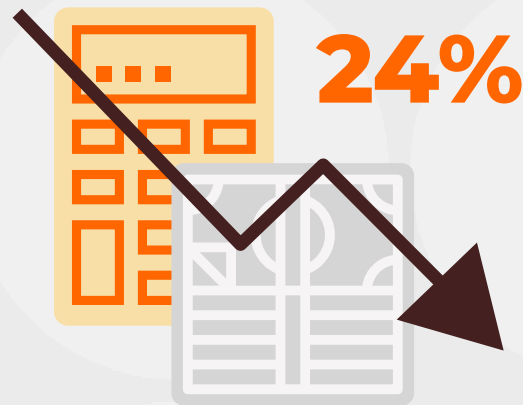
Alibaba.com's 2023 Sourcing Strategy for SMBs

Consumers are tightening purse strings: should businesses worry?

The US consumer index shows that consumer spending has been shrinking across the general market over the last year.

53% of people say they are “holding back on non-essential spending” while spending on essentials has dropped less. Grocery spending, for instance, is only down **24%**.

Source: PWC



Businesses should be optimistic despite decreased consumer spending

Sourcing activity on Alibaba.com is actually on the rise which shows a decent level of confidence from SMBs overall.

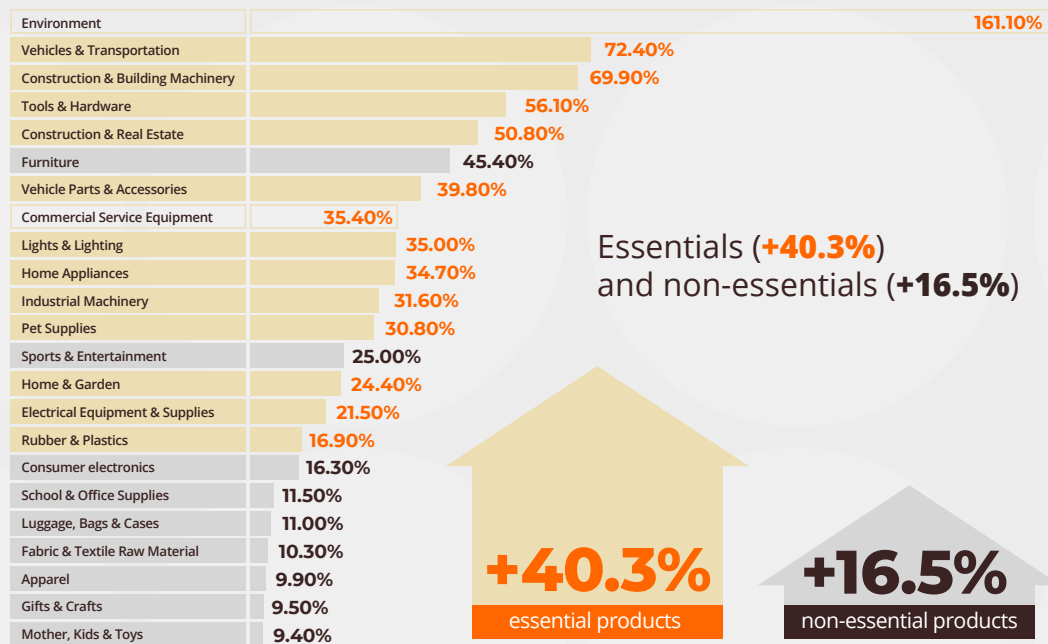
+28% Organic Unique Visitors* (YoY)

* Note: Alibaba.com Organic Unique Visitors are those who have sourcing intentions or find Alibaba.com after using a search engine, so they are not “referred” by any other website or advertisement.

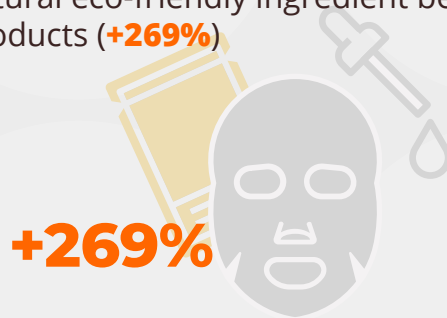


Growth rates in both essential and non-essential products signal opportunities across industries

With growth rates in both essential and non-essential products



Demand is surging in certain sub-categories of non-essentials like natural eco-friendly ingredient beauty products (+269%)



Note: essentials marked in yellow, non-essentials marked in grey (data source: Alibaba.com)

Beating competitor prices helps essential businesses win

If your products or services are essential, becoming the cost leader is a strong strategy

As the typical consumer is tightening their spending, bringing your overhead costs down and keeping your prices competitive should be your goal. In a recent focus group*, essential businesses told our team that “sourcing cost-effective products” is the #1 factor determining their success in 2023.

For example, in vehicle parts & accessories, products with “absolute cost advantage” received **11.7%** more inquiries than competitors without that advantage.



+11.7% inquiries

In the construction category, Spa Tubs had a **10.6%** increase in online orders, which corresponded with a **75.7%** decrease in YoY Average Transaction Value.



+10.6% online orders
-75.5% Average Transaction Value

* Data is from a focus group study on 60 US SMBs.

Product differentiation helps non-essential businesses win

For businesses selling non-essentials, making your products stand out is one of the best strategies to focus on

Just because consumers are constrained by their budget, doesn't mean they don't want a high-end product experience. Customizing your products, sourcing quality materials, and improving the packaging can all provide the look and feel of higher quality and help you build your reputation. Our respondents ranked "having a niche product" as the second biggest factor in their success in 2023, in a recent focus group*.

In consumer electronics, customizable products, had **110%** more inquiries.

+110%

* Data is from a focus group study on 60 US SMBs.

Apparel suppliers with higher ratings have **327%** more inquiries, than competitors with lower ratings.

+327%

What other buyers are saying...

**For essentials,
Keep your prices competitive**



Brandon Schlichter
Founder of InvestmentJoy

*Industry: Construction and Real Estate
Main product: PVT (Luxury Vinyl Tile)*

"My largest cost in rehabbing my rentals tripled over the last 3 years through retail channels. Alibaba.com has allowed me to go direct, cut through the supply chain, and reduce my cost by nearly 70%."

**For non-essentials,
Differentiate your products**



Amanat Anand
Co-founder of Soapen

*Industry: Personal Care
Main product: Mother kids & toys*

We found our supplier from Alibaba.com and it was the only supplier that was skilled enough to create a customized mold for our product, without having multiple engineers involved, in less than 30 days. Being able to build our niche product in such an efficient manner helped us gain more customers.

Keep your business competitive by sourcing on Alibaba.com



Grow with the latest trends

- Find new trends in the 3 to 4 million new products are regularly listed on Alibaba.com.
- Regularly find the latest innovations and unique production methods from experienced suppliers.



Grow by reducing your overhead

- Opt for sourcing directly from factories (access 200,000+ suppliers, of which 72% are manufacturers).
- Leverage promotional events like March Expo with over US \$200K+ of value in coupons and more than 3 million products available at their lowest price in the last 90 days.



Grow through higher efficiency

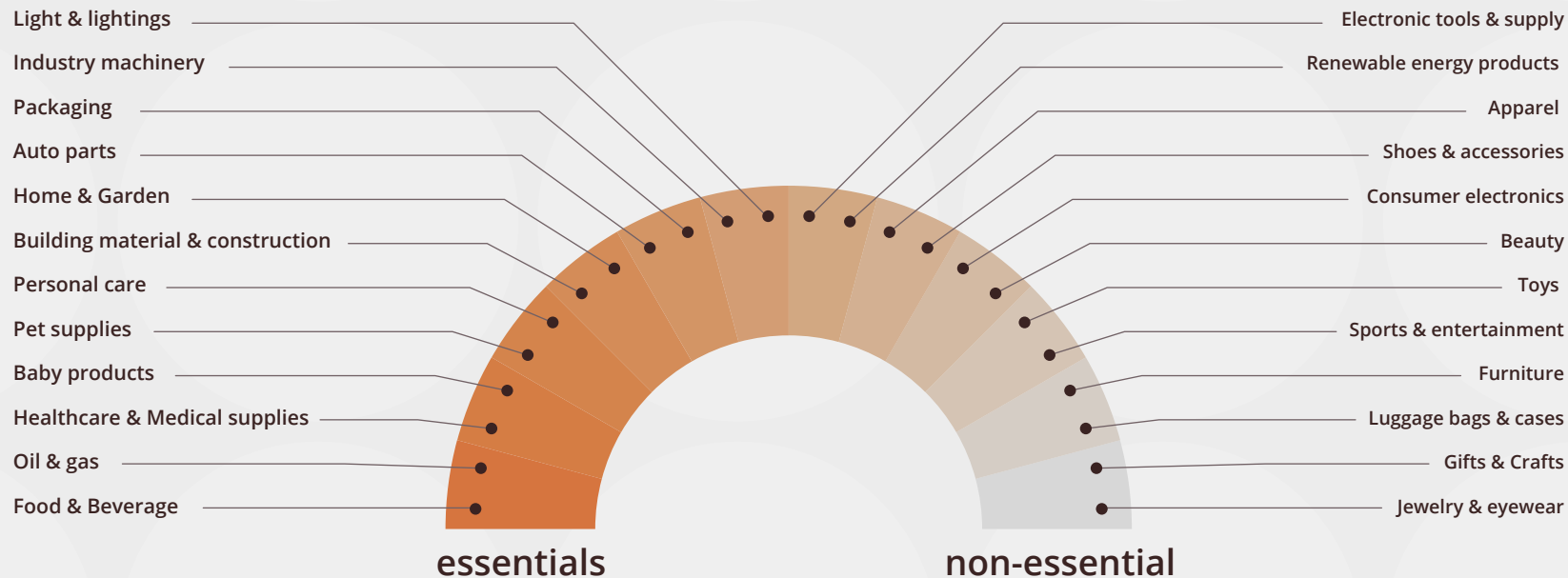
- Use sourcing tools like RFQ, LIVE, and Virtual Reality Showrooms to decrease the amount of time you need to spend sourcing products.



Grow steadily by protecting your business

- Whenever possible, secure your purchase with Trade Assurance, our payment-to-delivery order protection service. Leverage our flexible payment terms, on-time shipping, and Easy Return to minimize risks and make sourcing more predictable.

Essential & non-essential product categories sample



Disclaimer: We categorized products as either essential or non-essential based on data from various third party reports. These categorizations may vary from year to year due to consumer behavior changes.

About Alibaba.com

The first business unit of Alibaba Group, Alibaba.com, is the leading B2B e-commerce platform for global B2B trading. We provide one-stop B2B trading solutions that cover the entire value chain of cross-border trade, including sourcing, payments, logistics, and fulfillment. With more than 200,000 suppliers of different types, including manufacturers and exporters worldwide, Alibaba.com hosts over 200 million products to more than 40 million active global business buyers in over 40 categories. In today's complex and ever-changing business environment, Alibaba.com strives to empower global small to mid-sized enterprises to achieve digital transformation and seize global business opportunities.



Thank you!