China has become a synonym for future business growth. It is the business nirvana of the 21st century. It is the place to be. Companies are scrambling to get a share of the action. Not a day passes without some company making an announcement of an investment in their future which involves China.

Their reason for this scramble is the expectation of gaining vast increases in shareholder value. Reported performance would suggest that these expectations are difficult to realise. Anecdotal evidence would suggest that decreases in shareholder value rather than increases in shareholder value should be the expectation. Why is this? One reason for this is poor marketing performance. Comparing companies that have been successful with those that have not suggests that better preparation directed at understanding the market context, marketing operating requirements (this includes marketing management) and their surrounding culture would have seen fewer red faces at senior management level and less red ink at shareholder level.

There is not enough space here to discuss all the market context, marketing operations and cultural contexts impacting on performance in China in this article. However, a number of the more important considerations are discussed below.

Australians and Chinese share the same commercial values
The Chinese business environment in which marketing operations are embedded is the same as any Western business environment. Chinese business is there to make money. Chinese buyers are there to satisfy their needs. Chinese management is searching for profit and consumers are searching for value!

China is many markets
• Don’t miss the diversity
Assuming China is one market is, in many cases, a damaging assumption. China is a vast collection of many markets. Market differences within China are as great as those found across the countries of Europe. In China many cities are so large that market segments within them exist as economically viable units. This is somewhat different from Australia where the principal problem is finding, not segments, but economically viable segments. Competition is ferocious. The craziness of cities like Shanghai and Beijing is that a bottle of water may cost $0.50 to $15.00 depending on the level of competition and buyer affluence in complex, relationship based distribution networks.

This problem is compounded when working between cities. Differences between Beijing and consumers in Shenyang consumers are considerable. Consumption priorities, for instance food and clothing, show dramatic differences due to sub cultural influences and great differences in income levels.

• Market Research will be expensive
Because of the diversity research in one city does not guarantee success in another city. To deal with the diversity in China within the budget of most Australian companies’ requires highly targeted or cleverly stratified research. To test and understand the diversity and variability in China requires very large sample sizes. This is not the case in the Australian market were sample sizes of 500 suffice in most cases.

• Focus on realistic expectations
China has great potential but the streets are not paved with gold. In order to cope with this diversity for most Australian companies a one city entry strategy is obligatory. And for many a one segment entry strategy is obligatory.

Chinese are different and the same
• differences v. commonalities
The opposite of the above problem is seeing the diversity and missing the commonalities. Treating each Chinese person as different is as bad as treating them as the same. It is true that dealing and relating to Chinese from different areas requires some adaptation. However, care must be taken to ensure that this adaptation does not decline into a patronising sensitivity to assumed cultural differences between the Chinese.

- **good results can’t be rushed**

One distinct difference between Australian education system and Chinese education system is the process of data, analysis of data and the decision-making process. On the one hand the Australian educated manager is inclined to be confident and brash on the other hand the Chinese manager is inclined to be cautious and considered. You should not expect rapid acceptance of what appears to you to be an outstanding offer.

The value of your knowledge and experience change once they are in a different market

The belief that Australian companies know how to do it better has been a common attitude exhibited by expatriate managers. This hubris is often reinforced by the common Chinese approach to Australian managers. Chinese are educated to be modest towards other people especially towards “foreign guests”. Sensitivity to this politeness has often lead Australian managers to believe that they are more advanced and more superior to their Chinese counterparts. Chinese management will politely say to Australian management that the Australian management system is more advanced than the Chinese system. It is unwise to accept that this as their true belief. This is simply politeness. The reality is that the Chinese have thousands of years of management experience working in some of the largest organisations the world has ever seen. In China, middle management can constitute control over thousands of employees compared to the tens or hundreds of employees controlled by middle management and Australian companies.

One interesting question arises when companies utilise an employee who has been educated in both systems. Do they get the best of both approaches? Unfortunately this is not guaranteed. As one senior executive of the largest Australian company operating in China stated; “I employed four Chinese all of whom had MBA’s from Australia and they failed badly. They seem to have picked up the bad habits from both sides.” So what is the answer? The answer is your recruitment process. If you are recruiting human capital of a specific value, you must ensure your recruitment officer is capable of recognising this value.

**China: the paradox**

China is a paradox. You need to see on one hand the differences and on the other hand the commonalities among people in order to succeed. This is the difficulty in dealing with the Chinese market. Garry Titterton, the Asia-Pacific CEO of D’Arcy Masius Benton and Bowles articulated this paradox.

“The challenges facing multinationals are rigorous. China is more complex than Europe there is a huge ignorance of the complexity in China. China is a place we have to be very patient and you got to build overtime. You can’t go in and invest short-term and then pull out and then try to get back in again. It’s about being consistent, steady, building a reputation building confidence and then the rewards will come.”

The complexity he mentions relates to the diversity in the markets and referring to the time to penetrate markets he refers to the common cautious approach of the Chinese in their business relationships. Thus, diversity and commonality must be managed in China to be successful.

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