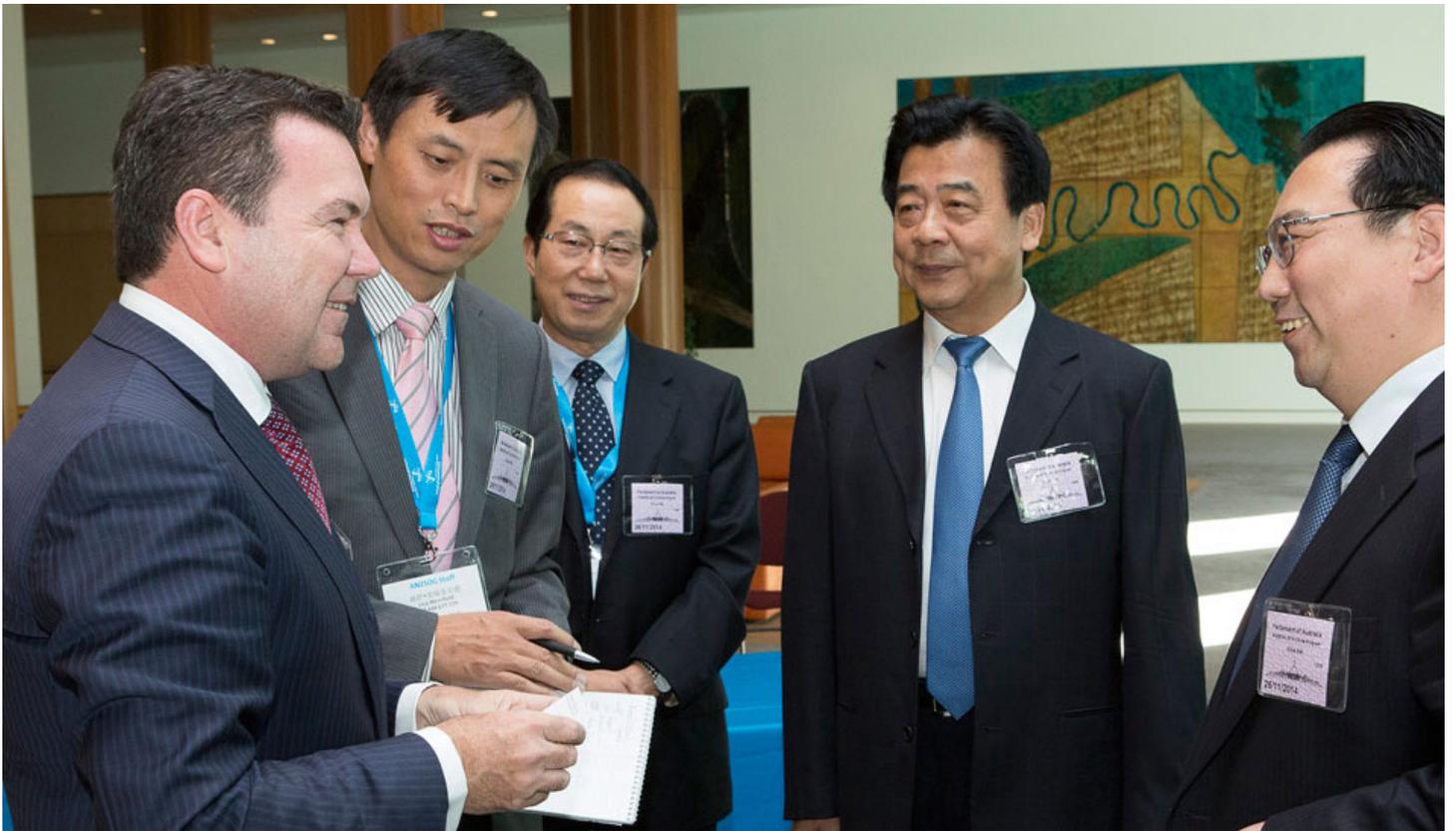


4 Keys to Unlocking the Chinese Market

How can you get your foot in the door that opens to an 8,000-year-old culture, a population of 1.4 billion, and a thriving economy with a GDP of \$19.4 trillion? Start here. This is your culturally-appropriate, contextually-relevant, opportunely-timed guide to a rewarding entry into the Chinese market.



1. Master good guanxi

“Guanxi” is one of the most crucial ingredients to a strong relationship in China. Although directly translating into “relationships” or “connections”, the meaning of guanxi is far more complex. In China, a business relationship goes beyond transactional; it’s a trusted alliance that solidifies over time on a personal level, characterised by a familiarity that is both obliging and respectful, and regulated by face. Foreigners that don’t fully grasp the concept of guanxi may misunderstand it as bribery or nepotism; which is a shame – guanxi is, in essence, a richer version of a mutually-beneficial friendship.

A Case Study:

A large foreign manufacturer we worked with in China had established good guanxi through playing the gifts-and-banquets game in their network. But an order from their remote head office – with limited understanding of the cultural depth of guanxi – eliminated the wining and dining budget. It wasn’t long before hurdles started appearing – slower responses from distributors, less orders coming in, and more competition at stockists. That’s testament to the ramifications of a deflated guanxi.



2. Win face

In China, “losing face”, “saving face”, and “giving face” are all very real concepts. Face or “mianzi” is an intrinsic part of Chinese culture in both business and personal relationships. Roughly translating as “reputation” – although far more nuanced than that – face is the social standing of a person in society, also reflecting their honour, dignity, and trustworthiness. Losing face can have some grave consequences, therefore, winning and giving face are top priorities to succeed.

How to give face

- / Give compliments and acknowledgements in public
- / Remember people’s names and formal titles, and address them appropriately
- / Express your appreciation through gifts, gestures, and special arrangements

How to avoid causing loss of face

- / Avoid open conflict. Don’t challenge or confront someone in public
- / Avoid saying “no”. Instead, use softer language, like “I’ll think about it”
- / Be sensitive to nuances and non-verbal cues, such as long pauses or facial expressions. This is where the majority of communication occurs

3. Understand the consumer culture

China is embracing a new lifestyle, with previously forbidden doors opening to new buying opportunities. Because of this, businesses might mistakenly think that a new market made up of 1.4 billion people is now up for grabs. Not so. The reality of the market numbers, while still potentially huge, is much lower. To get a more realistic idea of market size, you need to first understand China’s buying culture.

The Numbers

- / China has the highest working population in the world of around 807 million people
- / In 2018, China’s average annual wage was 82,461 yuan (AU\$17,065)
- / In 2018, China’s Annual Household Expenditure per Capita reached \$5,626
- / Online shopping in China totalled 9.01 trillion yuan (AU\$1.87 trillion) in 2018.

The Insights

- / Foreign companies are currently targeting the under-40 age group. However, with a growing ageing population, China is becoming similar to Europe and Australia, where the focus has shifted to the over-50 bracket – some blue sky opportunities exist in this group
- / Companies need to develop markets outside of the Big Four (Beijing, Shanghai, Shenzhen, Guangzhou) as China’s middle-class consumer base is starting to spread out
- / More people in China are spending on personal healthcare and nutrition
- / China is modernising, but not necessarily Westernising. Foreign companies have an opportunity to succeed if they’re able to retain some traditional flavour in their offering.

4. Maintain a digital presence

Tapping into China’s 610 million online shoppers is the Holy Grail of your digital strategy. Even if your business isn’t in retail, these active digital users can propel your business forward. However, this tremendous opportunity comes with its fair share of challenges. China has a complex regulatory, business, and cultural background. Digital tactics that have been successful in the West have proven to be less effective in China, meaning you’ll need to tailor your digital strategy to suit the environment.

Strategies to digital success in China:

- / Capitalise on digital guanxi, aligning yourself with strong Chinese partners through plug-ins and brand endorsements
- / Get active on China’s online platforms, such as Sina Weibo (China’s Twitter and Facebook combined), WeChat, Baidu (like Google), and Youku (China’s Youtube)
- / Integrate popular third-party platforms, such as Tmall for e-commerce, rather than having to convert consumers to shopping on your website
- / Ensure an excellent mobile experience, as that’s where most transactions happen

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