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Foreigners Doing Business in China: 11 Important Concepts

By Tony Liu

1. It's no longer safe to assume China is a poor country. China's economy is growing rapidly and so is the middle- and upper- class. This is creating new opportunities to sell western products because upscale consumers are increasingly willing to pay more.
2. The common stereotype is that Chinese are strongly influenced by Confucianism, and with their long history and special traditions, they are more conservative and "provincial." But for many reasons, including the lack of emphasis on religious belief in China today, young Chinese people are fashion oriented, more open-minded, more audacious, more enterprising, and more luxurious than ever before.
3. Though Chinese people often emphasize group interest over the individual, personal interests still play a significant role, especially in the case of key government officials.
4. Nearly every large business in China is controlled by the government. Thus it is vitally important to develop strong relationships with the Chinese government if you want to build a big enterprise in China. Personal relationships are very important.
5. Usually, Chinese businesspersons are fairly patient and cunning. They gather considerable amounts of information before making a decision, they always gather much information from different companies and analyze them, then choose a best business partner. During a negotiation, the Chinese are very tactful and indirect. So even they say no, you may still have a chance. They also like to bargain.
6. Generally, Chinese love Western commodities. They believe that the quality of western products is better than those of China.
7. Though China is not a developed country in many fields, it is more advanced than most westerners assume, especially in lighting, electrical appliances, new



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materials, audiovisual products, telecommunications, etc. Because there is much information about the west in movies and the media, Chinese understand the west better than westerners understand Asia.

8. Chinese imitate western fashions, so western-style commodities have huge sales volume and popularity there.

9. Chinese like new and high technology products, they are also willing to pay much more money to buy products with famous brands. They believe that the famous branded products are status symbols.

10. When doing business with Chinese, if you give a small advantage to the key delegate in a group, do not let him or her lose face, and this will improve your business success rate.

11. Because of the complex language, characters and cultural background, use of a native Chinese with fluent communication skills is not optional, but mandatory.

China is a huge and promising market, and the Chinese are eager to do business with westerners. So if you strive to understand Chinese people, their society, and their different cultural assumptions, you will do well.

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Thanks for requesting this paper. For a long time, I didn't think much about China, but suddenly became interested when my brother moved there to teach English.

He lives in Lijiang, in the southwest corner of the country, and you can read the travelogue of my first trip at www.tannah.net/asia.

Anyway, since then I've traveled there a second time, and I have a consulting client in the controls industry who operates a Wholly Owned Foreign Subsidiary ("WOFE") factory in Suzou New District.

But perhaps most importantly, I've become friends with quite a few Chinese MBA students at the University of Illinois here in Chicago. Every month, about 40 new Chinese students enter this program and study in the US for a year.

These students are not your typical "grad students." They are the cream of the crop – normally only one in 100 applicants gets accepted to this program. These students are usually in their 30's or 40's, have many years of practical business experience, and are well connected in the government.

Therefore, these students are an outstanding resource for any Western company that wants to do business in China. These brief papers are my way of introducing you to these and other sharp individuals.

If you're going to do business in China, then having a person on your side with that kind of background is not just a luxury—it's mandatory.

So if you like what you read, and if you're pursuing business ventures in Asia, contact my office. It may be possible to connect you with a well-educated, well-connected, English speaking Chinese citizen who can walk you through the minefield of Chinese business.

This could be as simple as a ½ hour telephone consulting session, or it could be as involved as you desire. If you're interested, call my office at (708)788-44661 or send an email.

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