
Doing Business in China

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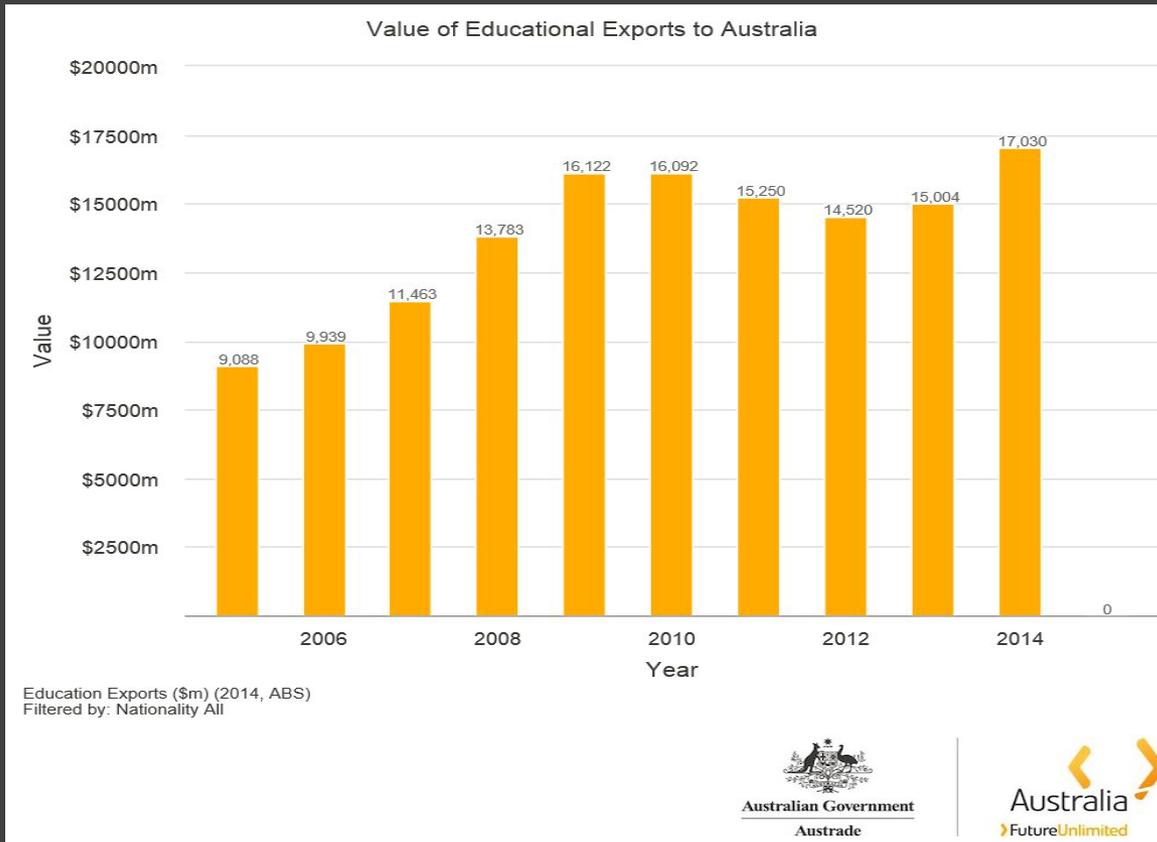
Department of Primary Industries, Parks, Water and Environment

29 September 2016

Outline

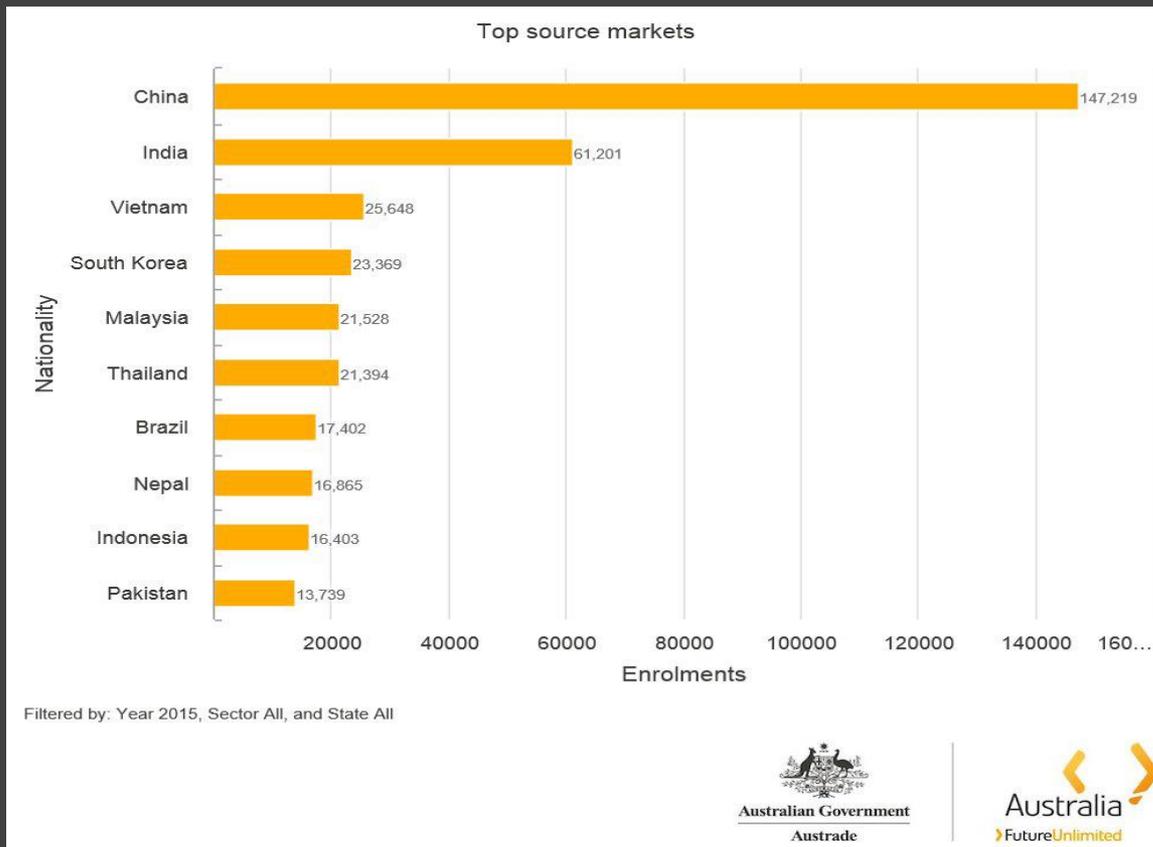
- China is our largest source of international students
- Develop your understanding of Chinese business culture
 - Fundamental cultural difference
 - Key business culture
 - Basic business etiquette
 - China is not one market but many
- Some useful digital marketing tools

Education is Australia's Third Largest Export Earner



After Iron Ore and Coal, Education Services is Australia's third largest export earner valued over \$17 Billion Dollars in 2014

China is Our Largest Market



Of the total of 543,123 international students in Australia 147,219 (27%) are from China

A snapshot of China

POPULATION - 2015


1.368
BILLION

GDP GROWTH 2015


6.9%

GDP GROWTH FORECAST (IMF)
 6% (2017), 6.3% (2020)

RELIGION



BUDDHIST 18%, CHRISTIAN 5%,
 MUSLIM 2%, FOLK RELIGION
 32%, UNAFFILIATED 32%

CLIMATE



EXTREMELY DIVERSE
 TROPICAL IN THE SOUTH TO
 SUB-ARCTIC IN THE NORTH

GNI PER CAPITA (PPP) - 2014*


US\$13,130
 INCOME LEVEL
UPPER MIDDLE
*Gross National Income (Purchasing Power Parity) World Bank

CAPITAL CITY


BEIJING

CURRENCY



RENMINBI (RMB)

FISCAL YEAR



CALENDAR YEAR

facturing
 atin and
 of more
 iostly



Fundamental challenges: The cultural difference

- Cultural gaps between Chinese and Australians are large!
- One doesn't know what one doesn't know!
- It can have a huge impact!
- Opportunity costs may be huge!

Hence unless you are aware of the differences, you will be struggling!



A visual comparison between Chinese and Western culture

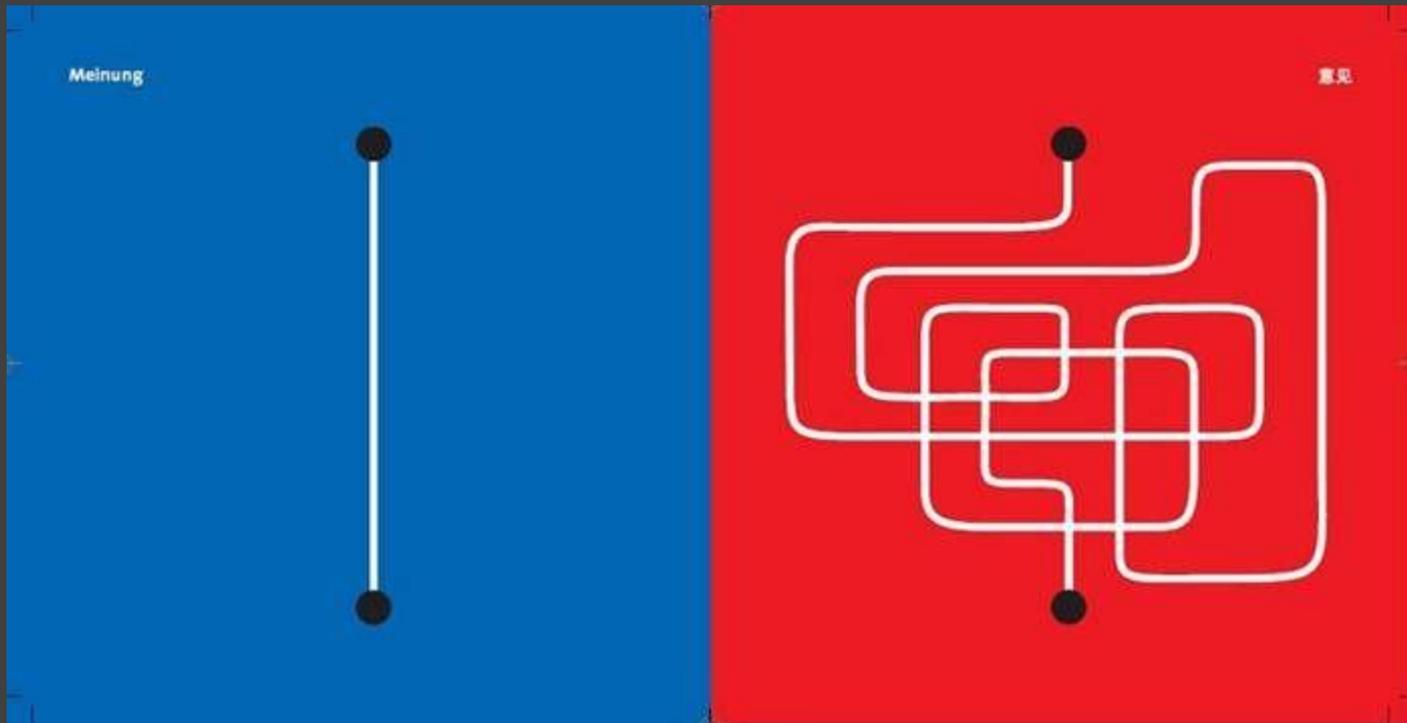
Blue

Western culture

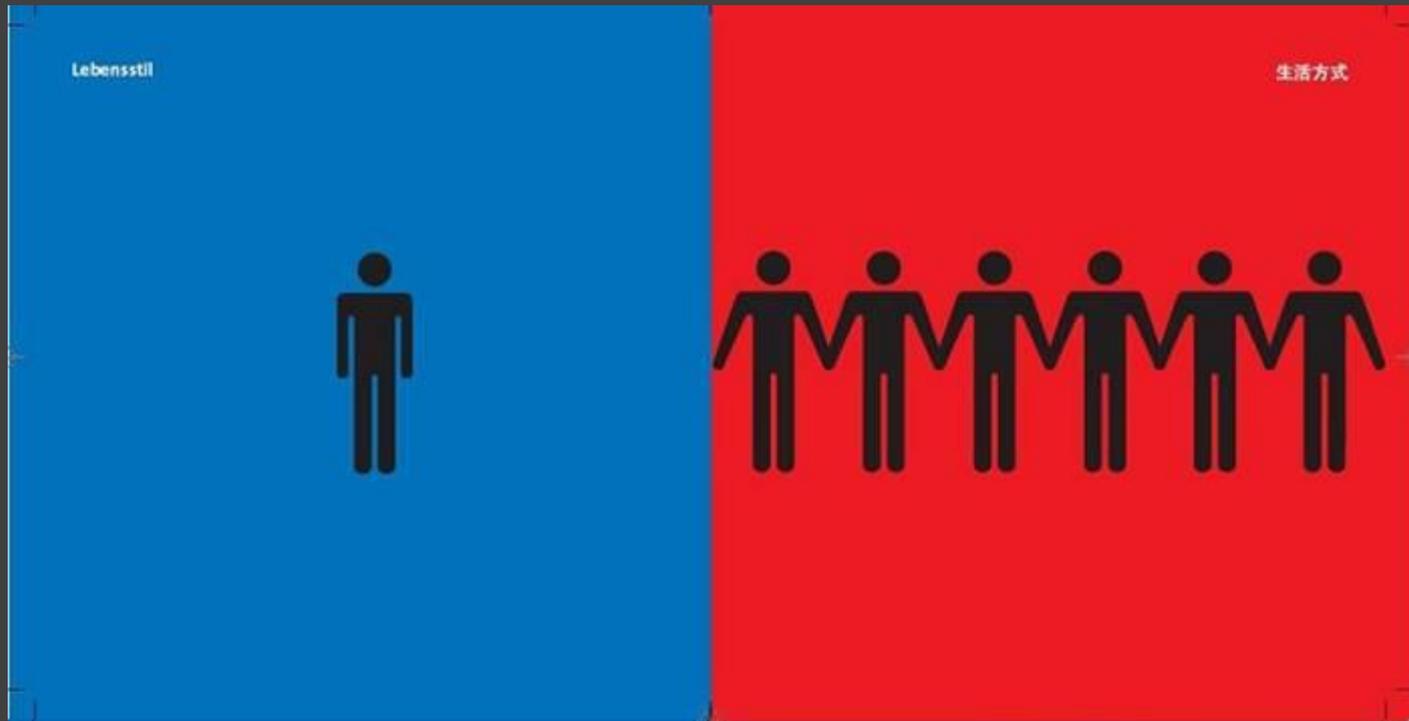
Red

Chinese culture

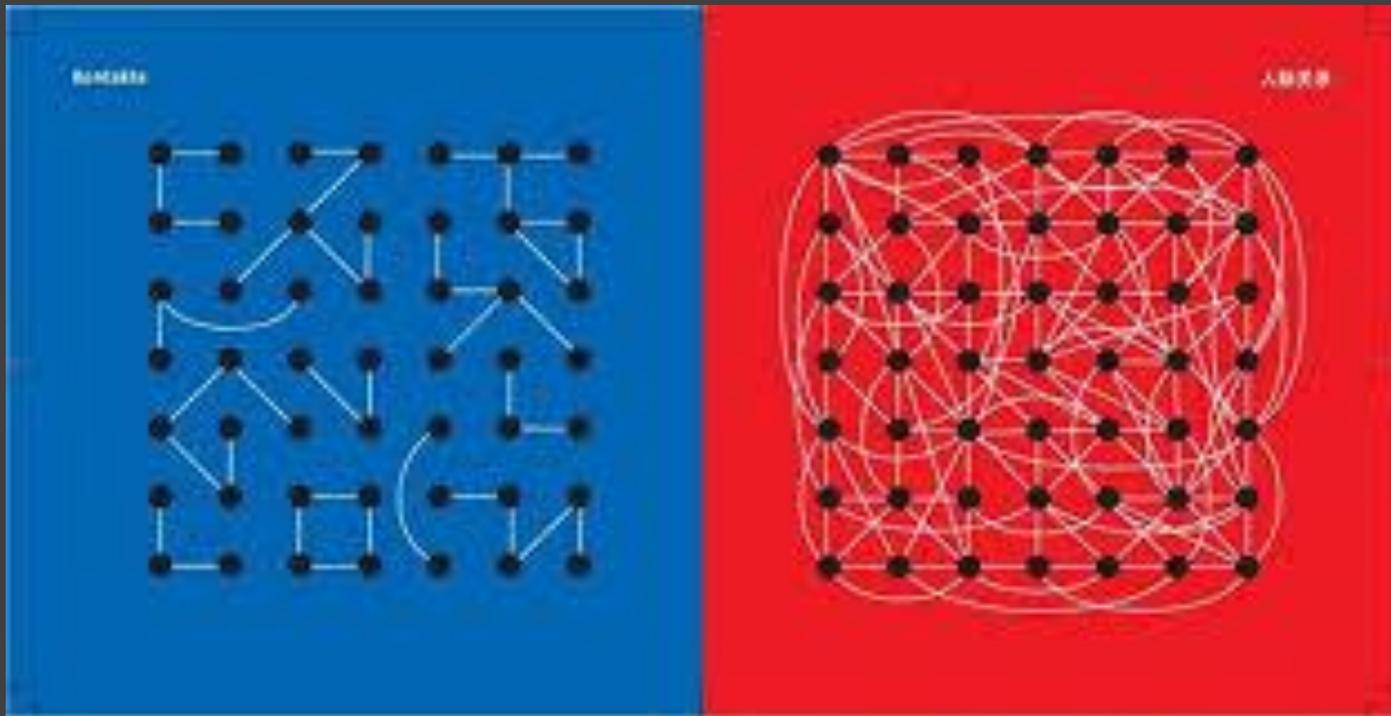
Opinions



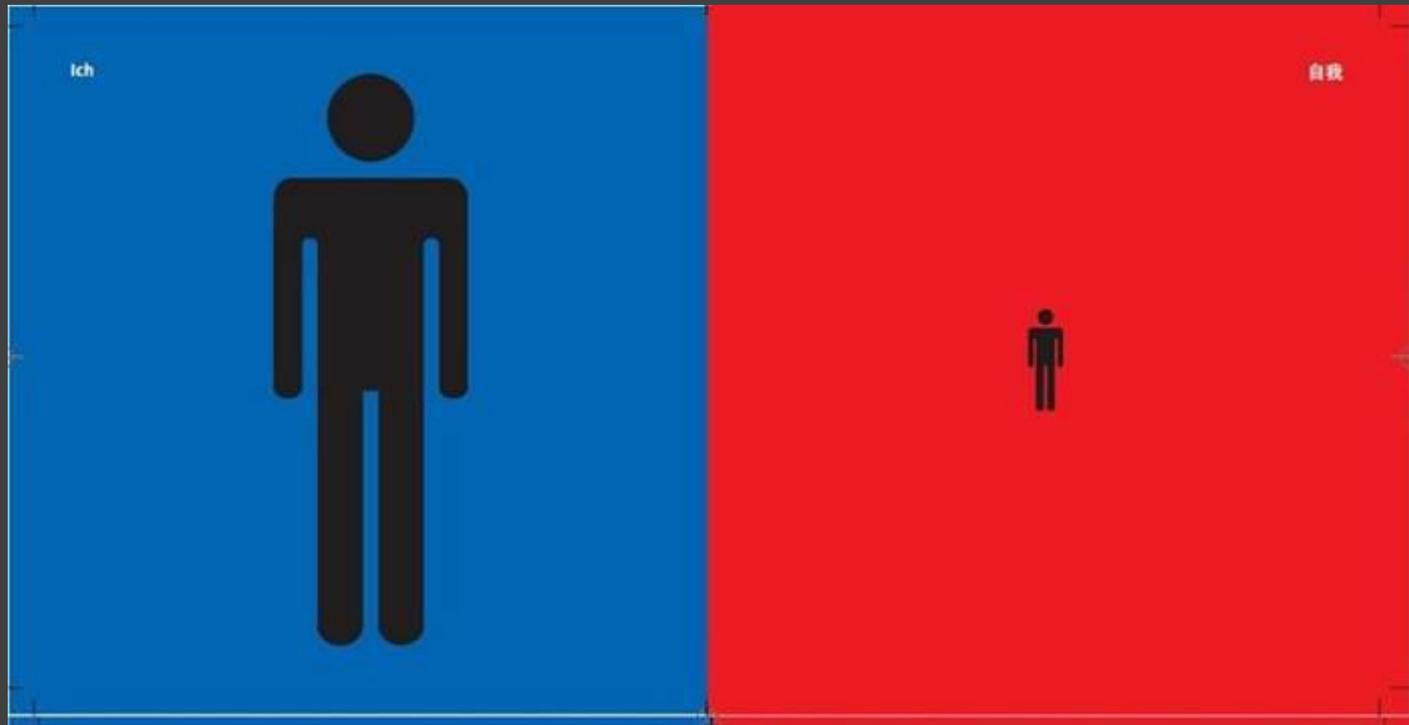
Lifestyle



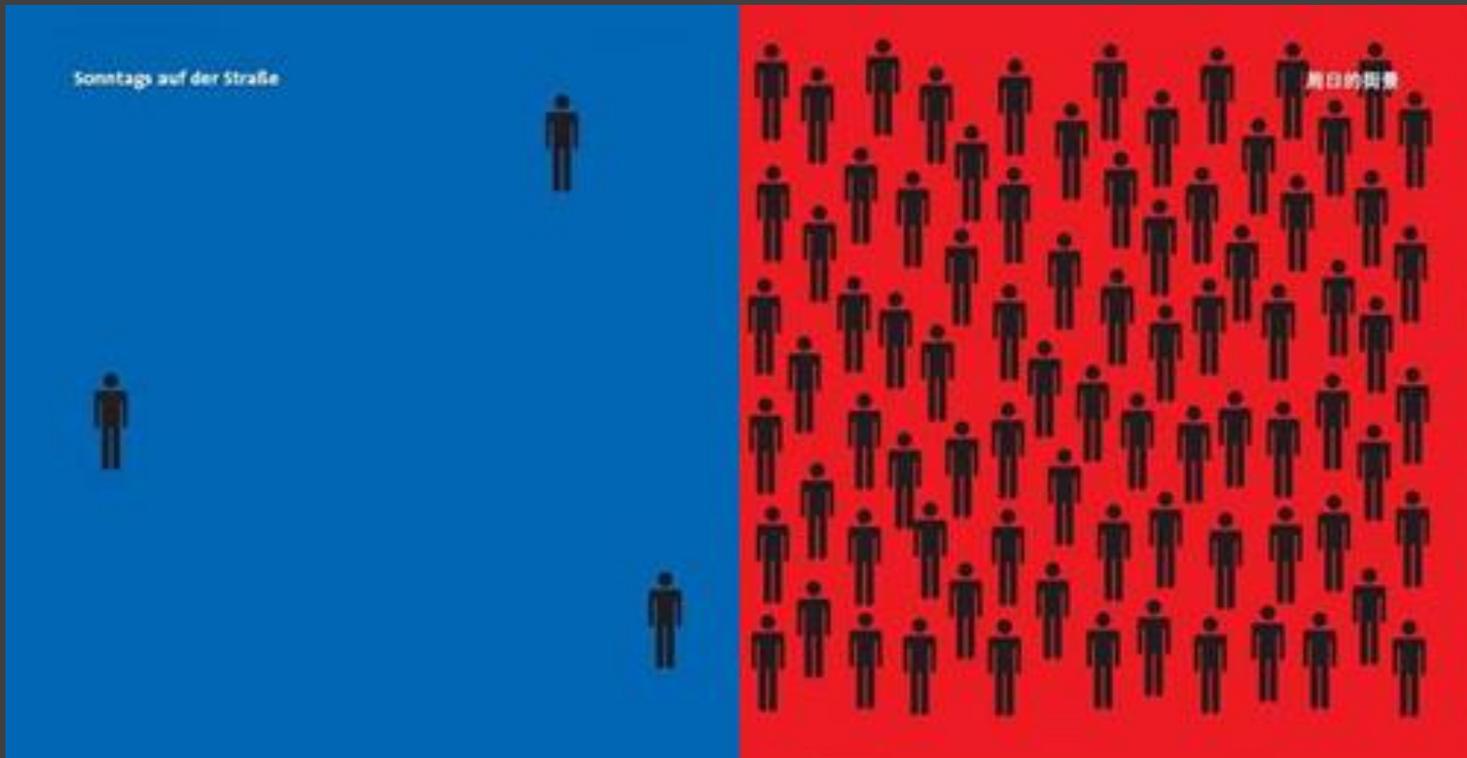
Connection and Contacts



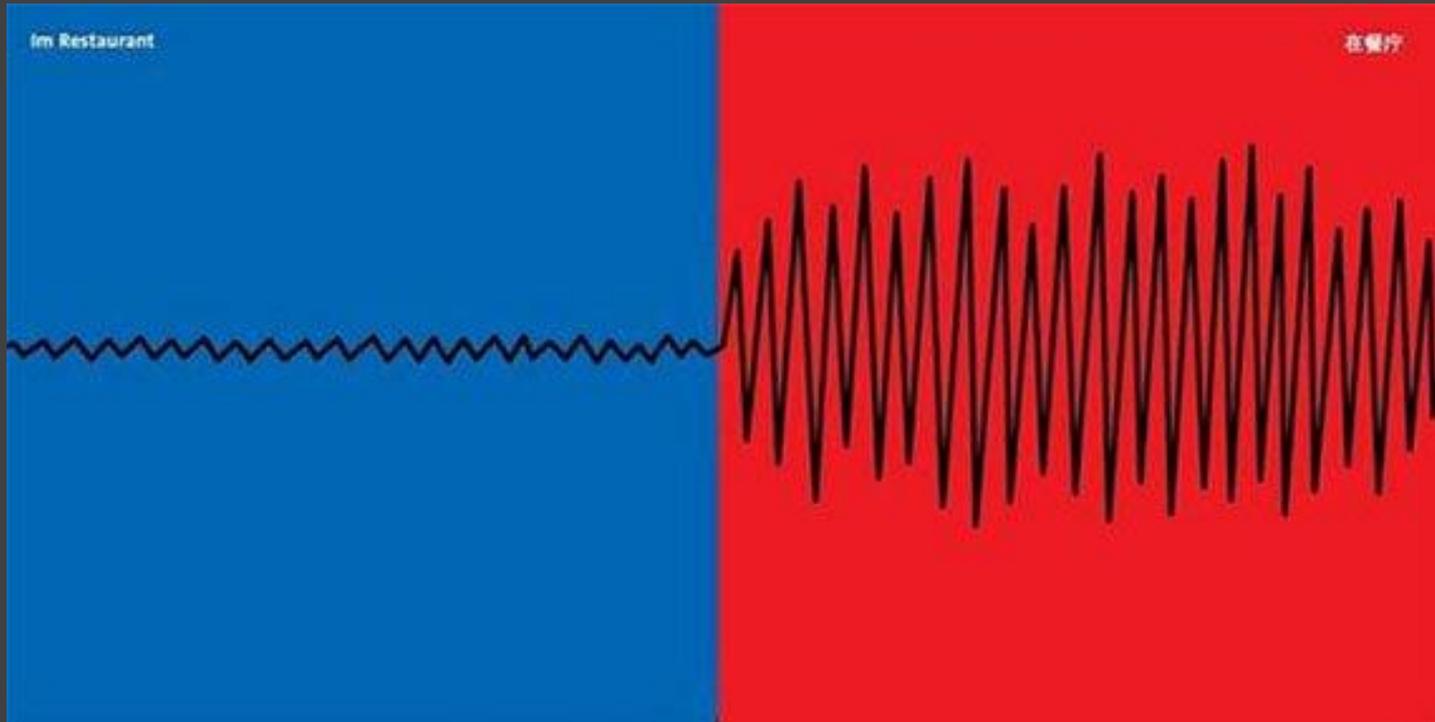
Sense of self



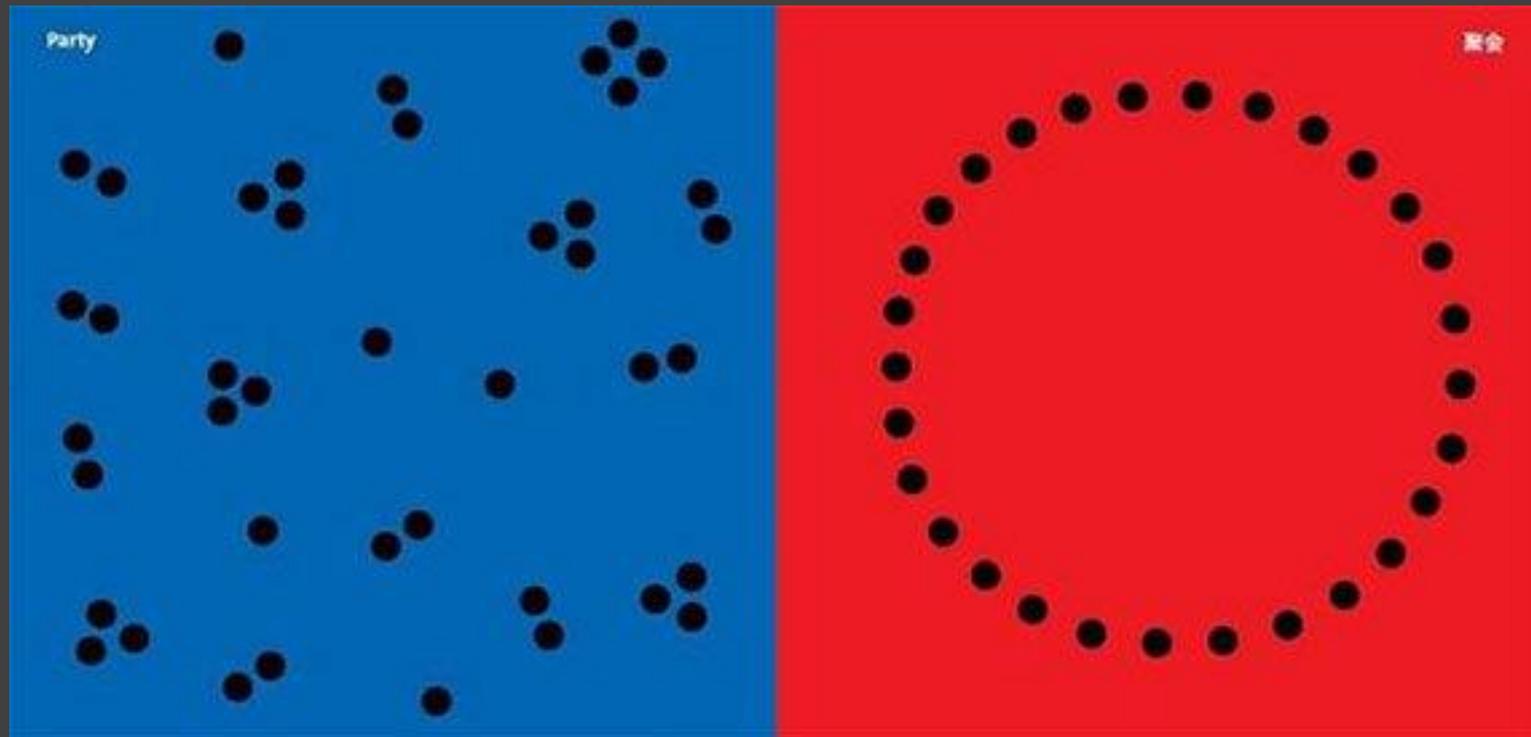
Sunday on city street



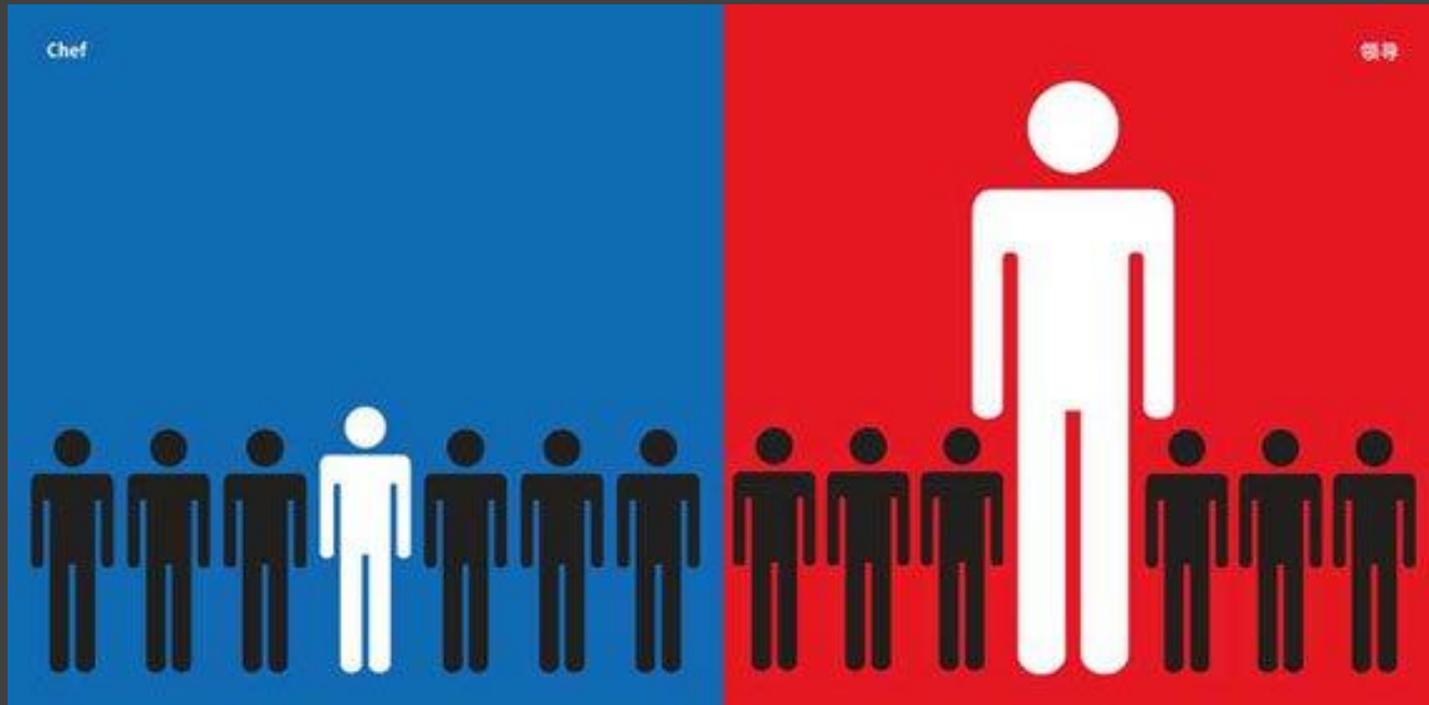
Noise level inside a restaurant



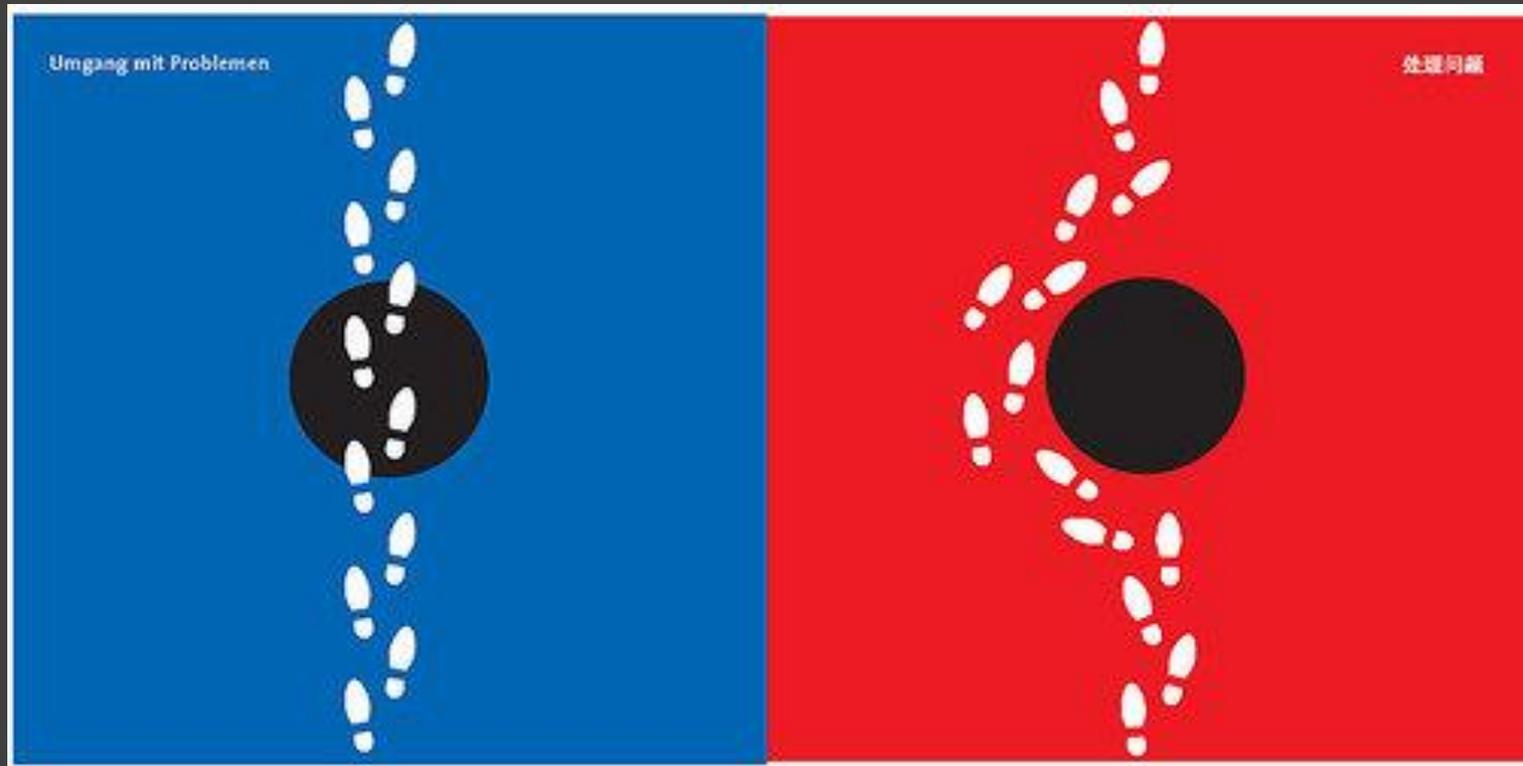
At a party



The boss



Handling problems



Key Business Culture

- Guanxi (Relationships)
- The 'Face' (mianzi) concept
- Understand the Chinese communication style
- Negotiation with Chinese
- China, not one market but many

Guanxi 关系

“Guanxi 关系 is a relationship built on a practised form of respect and obligation that adheres to Confucian hierarchical values where favours are given and received only when there is mutual benefit involved and in accordance to how people conduct themselves based on the five sets of relationships set out by Confucius:

- 1) Ruler to Ruled
- 2) Father to Son
- 3) Husband to Wife
- 4) Elder Brother to Younger Brother
- 5) Friend to Friend.



Relationships and Trust

- Relationships are the key to doing business in China
- Chinese do most of their business based on relationships
- Need to be of two way benefits
- **Be patient, be patient**



The Importance of "Face"

The concept of 'face' roughly translates as 'honour', 'good reputation' or 'respect'.

It is critical you avoid losing face or causing the loss of face at all times.



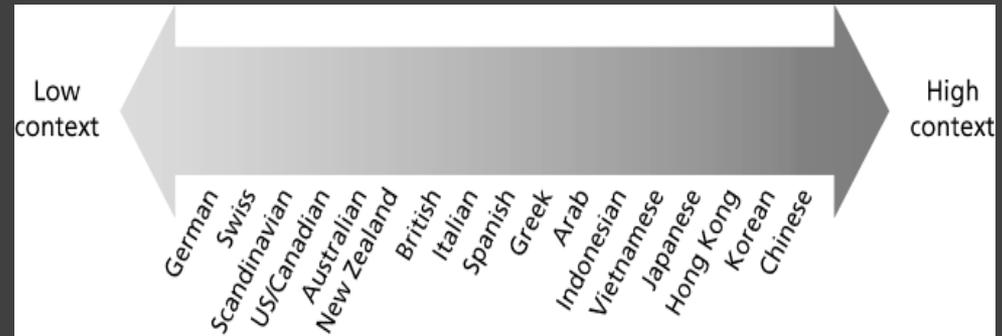
Mianzi (Face) 面子

More important than life itself

The image features a blue background with a faint map of China. At the top left is a light blue puzzle piece icon. Below it, the text "Mianzi (Face) 面子" is written in a light blue font. In the center, the phrase "More important than life itself" is displayed in white. Surrounding this text are several colorful Peking Opera masks, each with unique patterns and colors like red, yellow, blue, green, and black.

Understand the Chinese communication style

High Context – Chinese



- Wordy, hidden meaning between lines, hidden agendas
- Not direct, what is not being said can carry more meaning than what is said
- People are deeply involved with each other
- Showing little non-verbal/facial expression
- 喜怒哀乐，不形于色 (xi nu ai le, bu xing yu se)
- Observing non-verbal more

The 5 meanings of 'YES'

It is rude and blunt to say 'NO'

- Yes, I agree with you. I will do this.
- I heard the sound you just made
- I am still here
- To keep harmony I will say yes, but I will work out what to do later.
- I can't say no because you will lose face. It is a no but I will say yes.



Negotiation with Chinese

- Chinese: supporting evidence first, then leading to conclusion, no particular order of the importance of information
- Negotiation is an ongoing game, signing of a document is the start of the process not the end
- Negotiating with multiple partners simultaneously
- Invest in preparation and research
- Bi-cultural negotiator is crucial !



China, not one market but many

- Policy differences
- Sub-cultures between regions
- Dialects and languages
- Tiers of cities and provinces



Basic business etiquette

- Greetings and Introductions
- Attending and Conducting Meetings
- Dining with Chinese
- Gift giving





Food and Hospitality



- Part of doing business is sharing meals together, almost always banquets
- At formal dinners seating is important, wait to be told which is your seat
- Try everything if you can
- Food and health are strongly connected
- Toasts are important usually 3 from the host and 3 in return from the honoured guest
- Don't drink alone

Two interesting soups from the south.
Budda Jump Over the Wall Soup and Scorpion Soup



Being aware of superstition

Numbers

- 8 The best number signifying prosperity and wealth.
- 4 The worst number signifying death.
- 6 A good number signifying things will go smoothly.
- 9 A good number signifying things will last a long time.

Colours

- Red The best colour, signifies good luck and prosperity
- White The worst colour, signifies death
- Yellow/gold Very good colours, signifying wealth



Elevator in
Shanghai – all
numbers
containing 4 have
been excluded

Some useful digital marketing tools

- Search engine and internet
- Social media in China



Search engines in China

Top Chinese Search Engines:

| Search Engines | Market Share |
|----------------|--------------|
| Baidu | 71.35% |
| 360 Search | 13.28% |
| Sogou | 12.37% |
| Others | 3.00% |

Data source: [China Analysys](#)

Social media in China

- Tencent Wechat or QQ (Mobile communication & private social networking app)
- Weibo (equivalent of Facebook and Twitter in China)
- Renren (equivalent of Facebook in China)
- Youku & Tudou (equivalent of YouTube in China)

**BY 2017 IT IS PREDICTED
THAT THERE WILL BE**

**745 MILLION
CHINESE MOBILE
NETIZENS**



Questions?



Thank you
