



Expand Your  
Horizon



# Doing Business with China







# China's Achievements

- China has demonstrated in the past 30 years the great economic success story of mankind
- A Soviet-styled planned economy has transformed into a vibrant market-orientated economy
- 600 million people have been lifted out of poverty



# Seizing the Opportunities

- Biggest market in the world, GDP growth 6%
- Open-minded consumer, willing to try new products and services
- High innovation and leader in AI, digital economy and new technology:
  - manufactory to service economy
  - Made-in-China to Invented-in-China



# Biggest Challenges

- Fierce competition
- Constant changes
- High speed

# A Whole Different Game

- Language and cultural barriers
- Role of the state and state-owned enterprises
- Lack of transparency and not matured systems (bribery, corruption and fraud.)



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# Do Your Homework

## CHINA

Given China's sheer size, complex and changing business environment, as well as culture and language barriers, it is not an easy market to enter and exit with a quick win. To succeed in China requires careful business planning and execution. Foreign companies need to take time to build up their business network and credentials and to demonstrate their commitment.





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# China is not 1 Market



- Tier 1, 2, 3 cities
- North, South, East and West
- Coastal vs. Inland cities



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# Cultural Differences

## Intercultural Communication & Understanding

### Influences

- Long history
- Confucius, Daoism, Buddhism
- Women (father, husband, child)
- Elders
- Pictographic language
- Study / education
- Family ties
- Zhongguo (middle kingdom)
- Patriotism

### Behaviours (business context)

- Patient
- Group orientation
- Hierarchy
- 'Guanxi' (networks/relationships)
- Bonding
- Modest
- Decision-making
  - Simplicity v's complexity
  - Employment, technology
- Contract (only the beginning)
- 'Face'
- Personal relationships

# Avoid Language and Culture Faux-pas

- 4 is regarded as unlucky, 6, 8 and 9 is regarded as very lucky
- Red and Yellow/Gold are regarded as lucky, but avoid white, which is associated with mourning.
- Gifts: no knives, clock, umbrella or fan



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# Guanxi - Building Relationships

## CHINA

Building relationships is by some distance the best way to overcome many of the obstacles to doing business in China. In a highly competitive business environment, it is more important than ever for us to understand the business culture of our target markets.



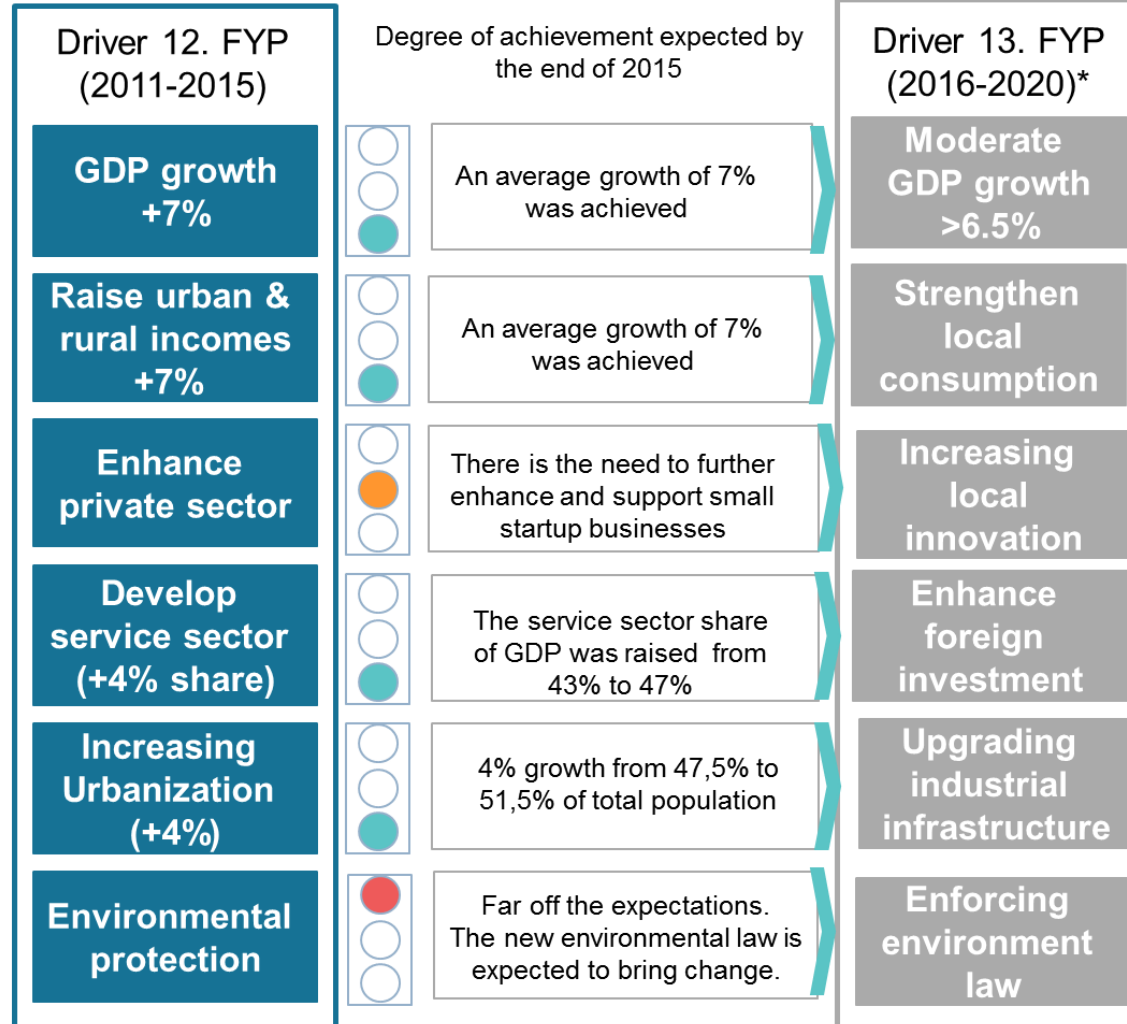
# Major Endeavours

- 5 years plan, 100 years plan
- Made-in-China 2025 (Industry 4.0)
- Belt-Road Initiative



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# China's 12<sup>th</sup> 5YFP





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# Made in China 2025

## The Ten Key Sectors



New information  
technology



Numerical  
control tools



Aerospace  
equipment



High-tech ships



Railway  
equipment



Energy saving



New  
materials



Medical  
devices



Agricultural  
machinery



Power  
equipment



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# Belt and Road Initiative







# Summary

- Do your homework
- Strategic approach with management and resource-commitment
- Find experts, partners and networks to support you
- Most important: open-mind, patience and persistence



# China: Opportunity or Threat?





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# Contact Me

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in business with China  
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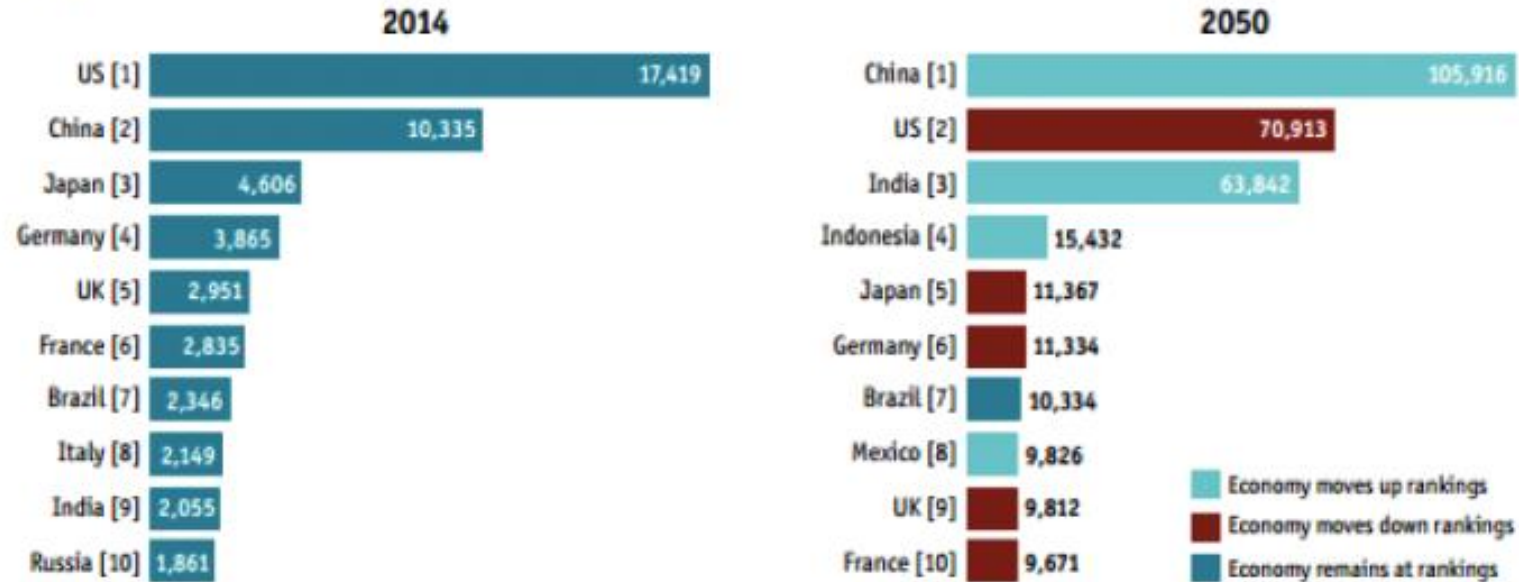
# Appendix



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# Top Ten Economies in 2050

Nominal GDP  
(US\$ bn)



Source: The Economist Intelligence Unit.



# Covid-19 Impact

- Globalization and export will go down to focus on domestic growth
- Speed of economy recovery (China and the world)
- US election?



# Covid-19 Opportunities

- Enterprise digitalization
- 5G and smart cities
- Medical and Health