

## Welcome to IF Consulting's weekly e-mail newsletter

November 1, 2002

Our regular email tackles the topical issues that surround all marketing channels and their underlying strategies.

This newsletter is also available as a PDF on our Website (<http://www.i-f.com/E-comLinks02.htm>) if you want to download a version for your hard copy file.

### The key to China's market: Chinese channel partners

A little knowledge can be a dangerous thing when it comes to setting up business China, according to BHP Billiton's China Manager, Clinton Dines

Terms such as partnerships, joint ventures and relationships are used between foreigners looking at commercial opportunities in China and the Chinese they are doing business with. However, among themselves, the Chinese are a little more blunt and use the term "li yong wai zi" for a potential joint venture – which literally means the utilisation of foreign investment.

According to Dines, China's progress as the world's fastest developing market has led to many representatives of large companies knowing just a little about China, whereas in the past they knew nothing. However, these companies are trying to set up deals with the Chinese without local help and that's leading to big risks, and mistakes are being made. Dines believe that these people are asking the wrong questions and making false assumptions. This situation, combined with headquarters authority, means that the opinions of the Chinese staff are often neglected and that is why so many companies are having trouble operating in the Chinese market.

[http://www.bossmag.com/magarticle.asp?doc\\_id=20481&listed\\_months=0](http://www.bossmag.com/magarticle.asp?doc_id=20481&listed_months=0)

### IF Comment

The Chinese market is like any other market in the world – the article referred to above just highlights the importance of adapting to market realities.

The key to success in working in new markets is being able to partner with people that can provide the linkage between your company and the local environment. People in China are not difficult - they just have their own goals and objectives that are suited to their business environment. Those who simply wish to impose the rules from head office on each market, in the name of standardization and a common approach, will achieve just that - at the expense of sales. It is up to the-organization entering a new market to recruit local channel partners and staff whose goals are aligned with its own.

It would be wise for companies considering starting up in a new country to recruit channel partners, such as importers or distributors, who have demonstrated business success in the local market. In this way, the company can learn by working alongside channel partner operatives and gain successful experience and understanding of local market conditions. The channel partner would also gain by learning about the systems and processes that have



Marketing Channel  
Strategy Consultants  
Maximizing shareholder value  
through creating the best routes  
to market

IF Asia Pacific Pty Ltd

An International IF Company

ABN 38 970 704 536

390 St Kilda Road Melbourne

Victoria 3004 Australia

Telephone +61 3 9867 8822

Facsimile +61 3 9866 3969

email [channels@i-f.com](mailto:channels@i-f.com)

[www.i-f.com](http://www.i-f.com)

USA

Europe

Australia

Latin America

made the company a success. After sufficient experience has been gained, the company can then consider establishing its own local presence.

Recipe for foreign market success – Take head office ideas  
Marinate with local style  
Get local chefs to cook  
Make sure it is well cooked and ensure no left overs

## Snippets

A study by Forrester Research released this week found that sales by U.S. online retailers dropped in the past quarter, for the first time in e-commerce history. Some retailers, such as Amazon.com and Overstock.com are selling more than ever, the e-commerce industry as a whole is suffering from the effects of a drop in consumer confidence and spending.  
<http://www.forbes.com/newswire/2002/10/29/rtr771207.html>

Malaysian company Education Ventures is offering entrepreneurs an opportunity to participate in a franchise scheme where they could co-own and operate an established kindergarten. Education Ventures currently operates a network of 22 Child Enrichment Centre kindergartens, two private primary and secondary schools, as well as an art and design college.

<http://biz.thestar.com.my/news/story.asp?file=/2002/10/30/business/ajedventures&newspage=Search>

IBM's Chief Executive, Samuel Palmisano, has announced a new \$10 billion business strategy aimed at getting corporate customers to pay for their computing power in a similar way they purchase power from utilities – as they use it.

<http://www.iht.com/articles/75510.htm>

## Share the Knowledge.

If you have colleagues who would be interested in receiving our weekly email please forward this e-mail to them.

IF Consulting publishes "Our View", a quarterly review of topical marketing channel issues. Samples are available on our website. To receive "Our View", please return this email with your address details.

To unsubscribe, please reply with "unsubscribe" AND a copy of the email address to be removed.

IF Consulting is a leading international marketing channel strategy consulting firm with over 30 years experience in a vast number of industry sectors. See our website for further information.

<http://www.i-f.com>



**IF|Consulting**