

Guanxi on the Web: Ten Keys to Putting the Right Face Toward China

By Richard Tindal, Vice President, NeuLevel

Since China was officially invited to join the World Trade Organization in November 2001, American businesses have been inundated with stories about the economic promise of China. As we've all read, it's not just hype. Consider:

- The number of commodity categories subject to import licensing has declined 50 percent over the last year.
- Total import tariffs on electronic products were lowered from 16.2 percent to 10.7 percent in 2002.
- By 2005 there will be zero import tariffs on all information technology products.

As enticing as these facts sound, the majority of American businesses are unaware of how they can best capitalize on the potential of the Chinese marketplace. This began to change in mid-March when the Chinese government made its Internet address, .CN, available to businesses and organizations worldwide. In doing so, it removed one of the biggest barriers to doing business in China. .CN, China's Internet address, is a recognized and respected brand that allows businesses and organizations to build *guanxi* (pronounced gwan-SHEE) between themselves and their Chinese prospects.

To understand what the Internet is like in China, rewind back to the mid-1990s in the United States. Most of us were beginning to discover this new thing called e-mail and early adopters were dragging their companies kicking and screaming onto the Web. In China today:

- Most Chinese access the Internet via dial-up connections – even from work.
- Only 5 percent of the Chinese population is “online” – however, the country ranks second in terms of number of Internet users.
- The number of online users is growing at a rate of more than 50 percent per year.
- The profile of Chinese early adopters is educated, influential and financially successful.
- It's not uncommon for an office to have one Internet-enabled computer that everyone shares.

If that were the only difference, it would be easy for American companies to chart their online course, sit back and wait for the revenues to come rolling in over the next three to five years. However, the current state of the Chinese Internet is only one area that needs to be addressed. There also are significant cultural differences that can affect a business's ability to succeed online in China. Following are ten keys that will help any business, regardless of size or offering, get off on the right online foot in China.

- 1. Get a .CN** – There are many reasons to secure a www.yourcompany.CN Web address. First, more than 60 percent of Chinese Internet addresses end in .CN, making it the default URL for all things Chinese and saying to your customers that you are serious about doing business with them. With a population and range of businesses as vast as China's, it won't be long

before all the “good” names are no longer available. If your business or organization has a trademark name to protect, it’s imperative that you reserve it now, since a challenge later will mean working within the Chinese government system to resolve the dispute.

2. **Get Your Name Right** – Work with a translator to determine how your name translates into Chinese and if it needs to be “tweaked” before you launch your site. Remember the lesson from Chevrolet’s Nova launch, which didn’t sell in Spanish-speaking countries: *no va* in Spanish means “does not go”. Don’t make a similar mistake in China!
3. **Design for Dial-up** – Since most Internet users in China dial-up, it’s important to design your Web site appropriately. Also, keep in mind that even though communication is instant, it still needs to travel from here to China, halfway around the world. Graphics should be simple, and focus on the feeling and mood you are communicating.
4. **Don’t Speak English** – Unlike many countries where regardless of native language, English is the default language of business, this is not the case in China. To complicate matters, software-based translation programs are still too flawed for effective use for building your Web site or translating e-mail communications. The answer is to find a service in China or America that can handle the translations effectively and with a high degree of cultural appropriateness.
5. **Be Patient** – The Chinese are willing to change, but they like to do things at their own pace and often find the fast-moving, deadline-oriented attitude of Westerners and their businesses insulting. A prospective customer may choose to engage in several months of e-mail dialogue before requesting specifics about your products or services.
6. **Tell Them About Your Company** – It’s important to the Chinese to work with businesses they are comfortable with and respect. Provide information about your company, its philosophy, its employees and the types of customers you serve.
7. **Register with Chinese-Specific Search Engines** – China has its own set of search engines. If you want your prospective Chinese customers to find you, make sure you take time to register your site in these, as well as the traditional Western search engines.
8. **Arrange to Exchange Funds Offline** – Currently, the Chinese banking system doesn’t offer the “instant approvals” and electronic funds transfer capabilities of its Western counterparts. However, when the opportunity does come over the next few years, being poised to take advantage of improved transactions will drive success for many companies doing business in China. E-commerce does take place in China; in 2002, it was valued at \$479 million and is projected to grow to more than \$20 billion by 2005.
9. **Keep the Due Diligence** – Just because China’s Internet is a new and unexplored market that is growing rapidly inside the world’s fastest-growing economy doesn’t mean businesses can

throw caution to the wind. Learn everything you can about business in China before pouring large amounts of risk into this great opportunity.

10. Build Guanxi – In China, *guanxi* is the idea of the network of relationships among various people that do business. The Chinese prefer to do business with people they know and trust – and while you won't develop *guanxi* overnight, you can be certain that if you aren't trying to build friendships and trust, you will find your Chinese venture short-lived.

Not sure if your business fits in the world's sixth largest and fastest growing economy? Currently there are several key vertical markets in great demand in China: professional services, especially business and financial consulting; software development companies, both off-the-shelf and custom; telecommunications equipment and services; Western consumer goods; advertising and marketing, both online and off; and international travel.

For a free copy of "NeuLevel's Guide for International Business People," which offers a detailed snapshot of the Chinese marketplace, or to learn more about how to register a Chinese domain name, visit www.getmy.cn.

About the Author

Richard Tindal is responsible for creating and maintaining all relationships with registrar partners and global marketing channels. Prior to joining NeuLevel, Mr. Tindal was Vice President of International Operations for Melbourne IT, where he established the company's presence in the United States and Europe, in addition to managing sales and customer relationships with large value-added resellers (VARs) worldwide. Mr. Tindal has also worked at Texas Instruments Inc., where he was responsible for introducing new digital communications products to customers in Europe, the Middle East, Asia and Latin America.