

the Hong Kong business environment is transparent and straightforward. Many smaller companies have had their first Asian exporting success in Hong Kong, and have used it as a stepping stone to the mainland China market."

1.2 Billion Customers?

China has been luring business people from the West for centuries, not least because of its huge size. But viewing China as a single market of 1.2 billion potential customers is extremely misleading.

- Since China began opening up twenty years ago, some areas of the country - especially the cities and coastal regions - have developed rapidly, while other areas continue to lag behind. Per capita income rates in China's wealthiest cities now approach the levels found in the so-called Asian tigers. In such places, the consumer market is thriving and may constitute a realistic export target.
- About 70 percent of China's population still lives in rural areas. Consumer preferences and purchasing power in these areas will differ markedly from China's cities.
- Chinese tastes differ widely from place to place within China, and from the West. Consumer attitudes differ. Extremely successful Western products have had to be adjusted to sell in China. This applies equally to your marketing strategy.

China's market characteristics are rooted in its culture and current economic conditions. What sells like hotcakes in Toronto or Moosejaw may not even be understood in Chengdu or Wuhan. One of the commonest mistakes of foreign businesses entering China is a failure to do appropriate market research. Skilled consultants can provide this service – use them!

Regional Markets

China is a big country hampered by challenging infrastructure. Finding an export market in one part of the country doesn't guarantee success anywhere else.

- It is useful to see China as a number of large regional markets. Many Chinese provinces have populations and areas comparable to those of the European nations. Look at the Chinese market as you would at the European Community, a collection of markets, each of them with distinct and different characteristics.
- Exporters should focus on one of China's regional markets and not on the nation as a whole. A company successful in one of the large metropolitan regions (Beijing, Shanghai, Chongqing, for example) may not even need to explore other regions to expand its business.