

# Twelve Clues to Successful Marketing in China

## **Jamie Cawley**

*Associate Professor, SIVA, Shanghai  
(Shanghai Institute of Visual Arts)*

**Abstract:** China will soon be the biggest market in the world, but a market also where some well-respected companies have failed. Jamie Cawley, with 30 years' experience in Western marketing and after five years working in China, distils his learning into 12 clues to success. There are four clues on doing business in China, four on Chinese consumers and how they are changing, and, finally, four specific tips on how to make your campaign or launch a success.

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**Jamie Cawley** has had a long career in marketing, market research, and product development for many leading companies in Europe. In 2012, his wife took up a worldwide job based in Asia, and Jamie moved to Beijing to support her and their family. In 2014, they moved to Shanghai, where Jamie teaches branding and marketing in the nearby university town of Songjiang, as well as advising companies on marketing and business issues in China.

China is not yet the biggest market in the world but it very soon will be—and soon after that it will be much the biggest market in the world. Some Western companies have succeeded in China. For companies as varied as GM and Louis Vuitton, it is their largest market. Others, such as McDonalds and Marks and Spencer, have failed for very different reasons in this vast and growing market.

After a 30-year career in marketing in the West, I have lived, worked, and taught in China for five years. I have watched as companies entered or tried to develop their brands in China. Some of them paid me to advise them, so I have practical experience as well as observational knowledge.

China is not fundamentally difficult to understand, nor do the Chinese behave very differently to Westerners. But sometimes we Westerners make it seem odder than it is through our own biases and the initial feeling of strangeness in a land where everything is written in Chinese characters. But how strange can a country be where Downton Abbey, NBA, and Hip Hop are big and Manchester United have the largest fan base? But even

if much in China is familiar to you, I hope these observations will add to the way you see China, another view of this vital market. Not all of these comments apply all the time to everyone in China, but they are all things to think about in planning your Chinese business and marketing campaign.

I divide these into four clues about Chinese business in general, four clues about Chinese consumers, and four clues about getting marketing right in this similar-but-different culture.

## **FOUR CLUES TO DOING BUSINESS IN CHINA**

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### **Clue 1: Chinese Business Is in Its Victorian Phase of Development**

This stage is sometimes known in the US as the era of the Robber Barons, referring to people like Carnegie and Rockefeller at the turn of the twentieth century. Even the largest businesses are still largely under the control of their founder—and Chinese law requires you to have one of them as your Chinese partner.

These guys—and a surprising number of women—do not manage: they rule. When they arrive to work in the morning in their Mercedes Limo, they are met by trembling staff. One well-known local partner of the world's largest food marketing company has his Rolls-Royce Phantom kept in reception, so all can see it when they visit. These people are autocrats and their goodwill is essential. You will need to accept this and behave accordingly, avoiding arguing with them but using courtier-like techniques to get agreement—rephrasing the question to get a different answer, distracting them if they seem to be heading in a direction you wish to avoid, and so on. The good news is that they make quick decisions and things happen when they do—and happen so much faster than you think possible that you can run the risk of not delivering on your side in time, which can be a very bad failing. Their staff will do exactly what they are told to and you had better try to do the

same. You just need to know this and either accept it or get someone else to work in China.

You need to understand that this hierarchy system is very thorough—much as it used to be in the West even as recently as the 1960s. There are separate dining areas for different levels of management and staff and different parking places. The way juniors are, or can be, treated—and sometimes fired on the spot—makes many Westerners feel uncomfortable but you must learn to live with it: time will equalize people, not you. It works both ways: junior staff members quite often leave suddenly and without telling anyone. In many businesses, 10 percent or more of their staff will not return after the Chinese New Year holiday every year.

I have to deal with the issue of “Face” as it always comes up in discussions with Western businesses in China. To “lose face” is a real Chinese expression and means exactly what it does in the West. But the Chinese are no more sensitive than Westerners in general (unlike the Koreans and Japanese). All you must do is avoid unintentional arrogance and show Chinese managers the respect you would give any colleague. However, I have seen Western managers, often through nervousness and a desire to be clear, completely ignore important advice given by Chinese managers—by which I mean, talking over them as they are saying something important—or simply saying “We are not going to do it that way.” Treated with such contempt, anyone would become unhelpful and contrary-minded, and it is sad to see the Western manager, who has unwittingly brought this about, curse the Chinese as difficult. But some people simply do not know that they are doing it and, when it is suggested that their attitude was a problem, become upset and angry. Just check that you are treating Chinese managers with the seriousness you would give Western colleagues and you will be fine and the issues of “Face” will never arise.

In passing, an amazing number of Chinese managers turn up to meetings and spend the whole time messaging on their phones, not even bothering to conceal it. I do not know why they do this, why they think it is worthwhile to turn up but ignore everybody or why they think that we are will not be offended. But, when questioned, they simply have no idea what we are worried about. Westerners often grumble together about this habit but no one seems to have found a way to stop it.

### **Clue 2: Trust Does Not Exist in Chinese Business (Apart from within the informal associations described here)**

A deal must be clearly to the benefit of your Chinese associate and it must be equally clear that there is no way he or she can dump you and retain the business and profit. This is partially because the business has likely been created by a Robber Baron, but partially because of a difference in Chinese culture. In the West, cheating is a matter of humiliation if you are caught and, even when it is successful, you keep quiet about it. In China, it is a valid and useful tool that you boast to your friends about if it works and, if it fails and you are found out, you are annoyed rather than embarrassed. Many Chinese are brought up on the book *Romance of the Three Kingdoms* in which successful treachery is praised highly. Because people do not care about other's view of their dealings, the Chinese have no comprehension of the idea of "tipping" service people. The "red envelopes" of money and bonuses given at Chinese New Year are to encourage future work. Why else would you give anyone money? The Chinese regard it as simply bad business and weakness to give a sucker an even break.

There is a perception in the West that Chinese is an ornate language appropriate for a culture steeped in elaborate phrases. The way some common Chinese words are translated into English does

give that impression: "Fragrant Hills," "Tiger-Leaping Gorge," etc. Nothing could be further from the truth. The Chinese language is abrupt. The only phrase I know that translates word-for-word between Chinese and English is "long time, no see." The place we Westerners, romantics that we are, call "The Forbidden City," the Chinese call "Old Palace" (gu gong). Monday is "Day 1," July is "Month 7." Provinces have simple names, Hunan means "lake north," Shandong means "mountain east." Everyday conversations are so clipped that they sound like harsh arguments, especially in the Beijing accent, which can sound like a chain-saw at the best of times. The lesson is to be very simple and clear. No one says thank-you, unless there is a deep favor done.

### **Clue 3: Law Does Not Apply to Business—Yet**

Americans are particularly inclined to think a contract, even the small print, has some benefit. It doesn't in China. It can and will be ignored if the underlying business is no longer an advantage. If you go to court for a black-and-white breach of contract, you may find, as Honda did, that you are, nine years later, required to pay the legal costs you have caused your opponent.

Always remember that every business deal is based on, and only on, mutual benefit. If that ceases, the deal will cease and if you do not expect it, you may find that doors are, quite literally, locked to you and the equipment and stock inside inaccessible. When I have seen that this was about to happen, (because a contract was no longer profitable for the Chinese partner) more than once warnings have been met with complete incredulity: Westerners have simply refused to believe that the locks would be changed and several large gentlemen would bar their way into what had been their office. Some say this kind of behavior is changing and the law is getting more useful to an aggrieved party, others

say the Old Guard are mellowing with age. But don't bet the business on it.

#### **Clue 4: Informal Associations Are Vital**

In this Victorian environment, businesses form informal groups, buying, selling, and trading together for mutual support. If, for example, you want to find a supplier, you ask your Chinese associate and he will find a member of his informal group to meet your need. If you are not happy with them, you need to discuss it with your associate. Do not start looking for other quotations until your business partner says it is OK to do so—their ability to recommend your custom to others in the group is valuable to them and, if you are seen to ignore them when you have business to spread around, they will be very annoyed. Generally, you will find prices dropping and trouble melting away when the informal group is told of a problem. As a member of one of these groupings, you do not need the law; you and they will raise any problems within the group. They will then take a group view that you will then have to respect. Some Westerners cannot stand this opaque way of doing things. Some Western companies also require three quotes and audit trails to show independence. You need to make these different cultural systems work together somehow, because doing business outside the informal grouping is the fastest way to find out how sharp business practices can be here in China.

The vital nature of these informal associations, and the wider business community they link to, means that companies go a long way to keep their good name within them—selling at below cost, perhaps—as well as trading small favors. You, too, must play the game or explain in great detail why you cannot go along with their wishes and ask them to be patient. If, for example, a member of the group asks you to provide an internship in the United States or Europe for his son, you will have to apologize at length if your company's policy makes it impossible.

## **FOUR CLUES ABOUT CHINESE CONSUMERS**

### **Clue 5: The Different Generations in China Are Really Different**

The older group were brought up under Mao and the Cultural Revolution—hunger and fear were their teacher. Once you have been head-butted and elbowed by a tiny 80-year-old woman in a queue, you will understand that these are powerful teachers (on one occasion the woman was so tiny that she head-butted me in the ass). The old are disproportionately poor. They may have only a tiny state pension, around USD 80 a month, and no savings, so they are mostly dependent on money from their children—bad news for the childless. Unlike the youngsters, though, these folk watch TV and some have the money to buy things, so conventional advertising has some effect.

The middle-age group has seen astounding change. My Shanghai doctor, whose grown-up children are all over the world, told me that she first sat in a car aged 16. One friend told me that, as a teenager, he took the poster of Mao off his wall and replaced it with one of Michael Jackson. This group are deeply diligent, they work hard, save money, deeply respect their elders and teachers, and love luxury. For them, “Western” is a synonym for the good life.

The younger group I teach at the university are almost totally Westernized in their sense of entitlement. The fly home for the vacation and one obnoxious student puts his Porsche keys on the table in front of him when he arrives in my class. They never watch TV, unless they are visiting their parents or grandparents, but spend their whole lives looking at their phones.

Incidentally, all these groups have a very clear and generally accurate understanding of the world. The main TV news show, CCTV 1, 7.00 pm, is regarded very fondly and known to be the voice of government: 20 minutes on the good news from China, 10 minutes on nasty news from outside China. Unlike so many Westerners, they know the message is dictated by the messenger and

take it as such. Cable TV is widespread and offers access to 300+ TV channels including CNN, BBC, Fox News (!), Taiwan TV (in Chinese), etc. The lack of everyday access in China to Google, Facebook, and so on—the “Great Firewall of China”—is 90 percent a commercial decision to build, successfully, China’s own Internet services. As a result, China is the only country apart from the United States to have Internet giant corporations. All websites can be accessed with a VPN, legally available and some of them free, owned by about 1 in 200 of the population and about 50 percent of my students. During national Communist Party meetings, the squeeze is tightened and some of the cheaper VPNs give up. But afterwards they all work again.

### **Clue 6: The Chinese Love the Western Lifestyle**

For them, the Western life is the good life. This may get less so in future but, at the moment, it is a huge advantage for Western brands and companies. So much so, that some companies intentionally or unintentionally benefit from it. Dalie toothpaste (originally Darkie toothpaste, but let’s not go there) has, as its symbol, a man in a top hat, originally a minstrel. This convinces many that this is, a Western brand, unlike the “obviously Chinese” Colgate brand. Dalie has grown to brand leadership in the toothpaste market recently. Never promote your products as designed for—or even as especially suitable for—Chinese consumers. Unless it is a food ingredient—the Chinese are happy to believe that their cooking is the best in the world—“designed for China” is the kiss of death.

### **Clue 7: Chinese Households Consist of Mum, Dad, Children, Grandparents, and “Ayi”**

In the early days, I arranged a focus group discussion of mothers on the subject of buying baby and children’s products. It did not go well—either Grandma or the Ayi

was responsible for buying for the kids. The Ayi, which means Aunty, is the term for a lady, generally in her 50s and with grown-up children of her own, who does housework, often full-time and often living-in. Unlike the south Asian ‘Amah’, which means maid, Ayi is a perfectly accepted, respectable term for such a lady. Also, do not take the, now abandoned, one-child policy too seriously; many exceptions were allowed and many others happened anyway—the Chinese government estimates there were around 100 million unrecorded births. The main result of the policy is to utterly confuse age statistics, so do not believe everything you read about an aging population or male/female imbalance.

### **Clue 8: The Internet, the Internet, the Internet**

There are more-or-less no newspapers or magazines in China, except in hairdressing salons. They skipped that stage. By the time they were allowed to write anything interesting, the Internet was fully running and that is where pretty much all information is received. All the time, while walking, while driving (yes, much too much), and in theatre and movie performances, with the lit-up faces scattered throughout the crowd. Even in some of my lectures! It is also, famously, where most shopping is done, with even sectors like pet-foods being dominated by Internet sales. The Chinese expect groceries to be delivered anyway, so often it seems the main purpose of shopping malls, and supermarkets is to give people cheap, cool places to bring their kids when the temperature is above 30° C or 100° F.

## **FOUR CLUES TO SUCCESSFUL MARKETING IN CHINA**

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### **Clue 9: Remember the Size**

Take the whole of Europe. Add in the USA. Now double it. China is bigger than that. Guangdong province has four times the population of Britain. Urumqi, in

Xinjiang province, is closer to Moscow than to Beijing. Start with just one province or one major city—it will be enough. Nowadays you can make a major coup by going to what is called a “Tier two” city. There was a time when “Tier one” cities (the ones you have heard of) were much richer and more sophisticated than Tier two, three, or four cities (the Tiers are government designations) but there is very little difference now, other than that Tier 1 cities are always used to launch premium products and so are largely indifferent to them and their supposedly high visibility campaigns. Put your pop-up event in Hefe, Anhui province, and you will hit the local news in a way the same event in Shanghai would not at all.

### **Clue 10: Use the Language**

Many companies seem scared of the Chinese language, to feel that they will never understand it and that they have to accept their brand name and other writing in Chinese as given. Not so, as many successful brands demonstrate. Mercedes-Benz got their cars called “BenChe.” This solves the issue of anyone Chinese trying to get the whole of Mercedes-Benz out *and* means fast car. BMWs are “BaoMa,” precious horse. Best of all, the impossible-in-Chinese “Range Rover” is called “LuHu,” which sounds nice in Chinese and means “Road Tiger.” Unlike Cadillac, which did not bother to get a Chinese name and so is called “Ka-di-la-ke” (phonetically, in characters), which means nothing and sounds flabby, or “Bie-Ke,” the meaningless Chinese name for Buick. IKEA are called Yi-Jia, which means “Appropriate Home” and leads to a great sounding and looking (in characters) Chinese slogan, “Yi-jia jia-ju,” “Appropriate Home Furniture.” By contrast, the British store Marks and Spencer used the name “Maishi,” which in Chinese sounds so feminine that men had problems buying their clothes there, one reason why they no longer trade in China. There are so many good Chinese names and slogans still available,

one should be yours. Make sure you get one and you, like Road Tiger, can save millions in brand-building costs.

Westerners often misunderstand how the Chinese language and its writing work. All Chinese is written the same way but it's pronounced very differently in the many different dialects—some of which are so different, like Cantonese or Hakka, that they are called different languages. Just as the numbers in European languages—1,2,3. . . and so on are written the same in every language but are pronounced very differently, one, two, three, . . . un, deux, trois, . . . ein, svei, drei, . . . and so on, so the characters all have the same meaning in all the Chinese dialects but very different pronunciation. As a result, all Chinese films and TV are shown with subtitles (which can be read much faster than we can read English subtitles), which allow people of very different dialects to understand them. There is a government preferred dialect, the one we call Mandarin—they call it “putonhua”—but only 52 percent of the population speak it at all well. Almost all Chinese people have learned English at school but, having been taught it by someone who often had never heard it spoken and with little use later, many speak it very badly. It is cool to use English language in Chinese marketing but never rely on it to communicate important messages.

### **Clue 11: Keep an Eye on the Rate of Change**

In Western societies changes are, by comparison, glacial and much commented on. Generation Y segues into the Millennials on a slow wave of lifestyle articles. My students in China, on the other hand, gave up on cash in less than a year. They use their phones with Alipay or WeChat Wallet on them to pay for everything—so much so that, when I asked, only 2 out of 29 had used cash that week and, in one, case, it was because she had broken her phone. They have also moved—it seems completely—from Alibaba's cheap but dodgy

Taobao shopping site to their guaranteed T-Mall site almost overnight. Meanwhile, back in the real world, shopping malls have gone from being the Big New Opportunity to being a Big Old Problem in the few years I have been here.

### **Clue 12: Be Simple. Be Clear. Be Strong**

Chinese people, culture, and language, contrary to what many Westerners think, is plain, outspoken, and abruptly straightforward. No mincing around issues in China. If you transliterate Chinese closely into English, it sounds like a slap in the face. A few everyday remarks: “Why you so fat?” “They poor, they stupid.” So be simple and say out loud what you mean: “Our product is chosen by rich Americans. People will admire you if you choose it too.” Be clear: “Other products are cheaper than ours because they are badly made.” Be strong: “Our product is the best.” In passing, you cannot say your product is “better” in Chinese—you, literally, cannot say it—the language requires that you have to say what it is better than. You can say it is “best,” though. You have no idea until you run across this issue how many Western products use the weasel term, the floating “better”—“Now even better,” “It gets better and better,” “We make it better so it lasts

longer”—and how difficult it is to explain that this will not work in Chinese. In 2014 the Chinese tightened up their advertising claims supervision from more-or-less nothing to very tight indeed. The use of “Best” in advertising requires (Chinese sourced) supporting data in every case. So the problem is: can’t say “better” and not allowed to say “best,” yet I advise simple claims. There are solutions but you will need good-quality help to get them.

So these are my 12 clues to successful marketing in China. I hope you find them thought-provoking and useful. Although some of my colleagues also describe them as controversial and idiosyncratic, they will at least point you to some of the bigger minefields in marketing in China.

China should be a Western marketing man’s dream: a love of everything Western, few entrenched attitudes, instant access via the Internet to a big, increasingly rich market. But still too many Western managers scurry back into their Western-style hotel, clutching a uselessly over-lawyered partnership contract and a TV advertising script aimed at a target that do not watch TV anyway, scripts that do not give a simple, if crude, reason to buy the product. I hope you will be able to be bolder than these people.