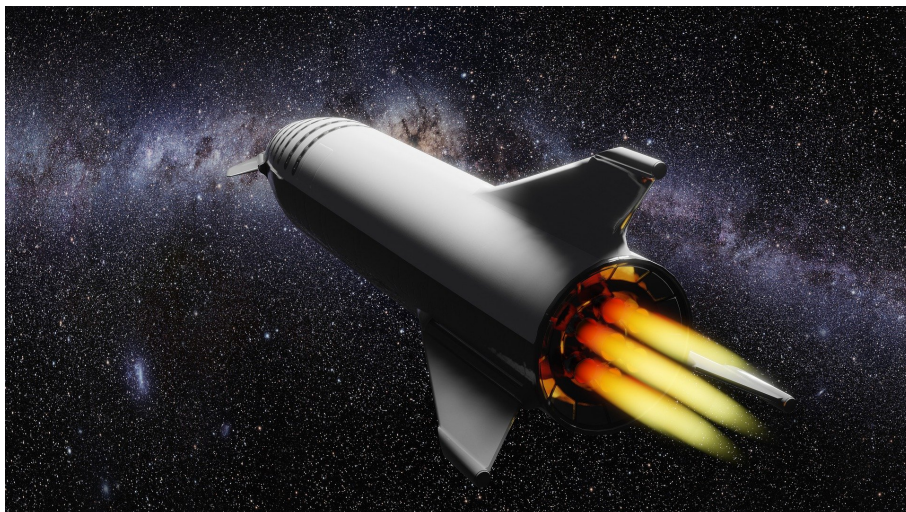


HOW TO LAUNCH YOUR PRODUCT/SERVICE IN CHINA IN 90 DAYS



How to launch your product/service in China in 90 days

90 days from now, what would have happened for you to consider your products/services launch in China a success?

This is a quick step by step guide to help you create the confidence you need to have a successful start in China in 90 days!

Step 1: Market Research - figure out how Chinese market is different from your home market



China has 1.4 billion people. Chinese culture plays an important role in how your business operates in China, what Chinese customers expect from you and how you approach them.

Chinese customers have a different buying behavior and expectation of customer service. Chinese market leapfrogs in ways you wouldn't have expected 5 years ago.

In the B2C business, on the Chinese e-commerce website, you will find that the product description (e.g., photos, videos, texts) is much more detailed than what you will find on the western e-commerce websites.

Over the past 3 years, Chinese consumers shifted from search-based shopping & entertainment to recommendation-based shopping and entertainment driven by KOLs (Key Opinion Leaders) and KOC (Key Opinion Consumer) and live streaming.

Live streaming has expanded from consumer sectors to traditional industries spurred by the Covid-19 lockdowns. Pinduoduo, hosted a 7 hour live streaming session for an ancient town in Hunan Province on April 26, 2020 with over 350,000 people taking the “virtual tour”. 23 global car brands, including BMW and Audi, went on Taobao Live to sell cars, with the platform hosting around 100 live streaming events during the last two weeks in February 2020.

In the B2B area, in particular in the industrial space, over the past 20 years, China has been catching up with western economies in terms of factory and warehouse automation.

Over the past 5 years, China’s tech giants like Alibaba and JD.com have not only caught up with their western counterparts like Amazon in their warehousing automation level, but also have gone beyond it from data analytics and AI perspective!

As a result of leapfrogging in automated warehousing industry, only 13% of the market represents low automation in China versus 33% in Europe. Offering simple software based directed picking solution for the warehouse isn’t going to help you achieve as much revenue in China as you may expect in the European market.

Understanding intimately your target clients’ profile in China and what digital tools they are accustomed to communicating with you is critical.

Emailing isn’t how the majority of the Chinese customers communicate with businesses in China no matter if you’re in B2C or B2B sector. Talking to sales, training, product development, customer service staff and the owner of the company can often be done via these free messaging applications. You can share text, voice, video, picture and other files and arrange internal and external meetings via WeChat or DingTalk. The expected response time is often much shorter than what you see in the west.

To summarize, conducting a market study prior to entering the Chinese market could provide you with the key drivers of growth to your operations in China. These include an in-depth discovery of distribution networks and a clear vision on how to sell in China. By conducting a comprehensive overview of your competition framework, it helps your business to identify what your competitive edge can be in China. These formulate valuable insights regarding your Chinese customer target and pave way to an effective and successful expansion in China.



Step 2: Build a Digitally empowered & Culturally and Politically Sensitive Strategy



China's digital economy surged in 2020 and currently makes up nearly [40%](#) of the country's GDP.

Are you familiar with China's digital ecosystem? Instead of using Google, most people use Baidu as their main search engine. Instead of Amazon, they rely on Alibaba, JD.com, Pinduoduo, Little Red Book in China. Instead of WhatsApp, Facebook, Twitter and Instagram, people mainly use WeChat and Weibo in China.

No matter if you're a B2C or B2B business, it's important to understand that Chinese customers may be more digital than you think. While building a go-to-market strategy, you need to consider digital tools that are relevant for your business, and able to help you market, serve and grow your business. Consider partnering with digital companies, no matter if it's digital giant like Alibaba and Tencent, digital startups on AI (e.g., Megvii) & video marketing (e.g., Douyin).

After you have assessed the effectiveness and suitability of each digital tool for your business, you need to select the companies you want to partner with and build a comprehensive and digitally empowered go-to-market plan based on the market research and the uniqueness of your strengths.

Another highly important factor to keep in mind while building your marketing & communication strategy is to follow China's politically correct standard. This is not only to avoid the pushback from authorities but also to prevent consumers especially generation-z from expressing their national pride by taking decisions not to engage with the brand.

In March 2021, western brands like H&M, Nike and Adidas came under pressure in China for refusing to use cotton produced in Xinjiang region, where they accused Chinese government for its repression against ethnic minorities. The fabrication of "forced labor" in Xinjiang has spurred thundering condemnation by Chinese netizens and shoppers. More than 40 Chinese celebrities abolished contracts with these brands. In just 24 hours H&M has been all but wiped out from China's digital world. You can't buy its clothing wear on the major e-com platforms including Alibaba and JD.com. You can't use Didi Chuxing (the most widely used ride sharing service) to take you to its physical shops.

Do not impose the western ideology on the Chinese market. What's considered normal in the west isn't often considered normal in China.

Contrary to the belief of foreigners who think China's international image is damaged by issues related to Hong Kong, Xinjiang and the South China Sea, the majority of the population in China, especially younger people like generation-z, have grown more supportive of their government.

Eventually, Chinese market may look bigger than what you're used to accommodate. However, you need to understand which part of the market is ideal for you to tap into. Are you looking to serve all industries and price segments (low, mid and high) or are you looking for specific niches that present the biggest opportunity for you?

Remember that your resources are limited at the beginning. So, identifying the sweet spot for your business in China and leveraging local partners is paramount for you to reap the initial wins within a relatively shorter amount of time.

Step 3: IP Protection



China has been chronically abused of IP infringement. Concerns have always been raised towards difficulties in obtaining IP rights due to local juridical protectionism, challenges in obtaining and justifying evidence, small damages award, and a perceived bias against foreign organizations.

As they made tremendous progress over the years on IP protection, they recognized the need to begin to protect their own IP.

In order to mitigate local juridical protectionism, major cities including Beijing, Shanghai and Guangzhou have set up their own intellectual protection tribunals to ensure a fair adjudication process in IP cases. These courts can better provide judges and technical investigators with the required expertise to deal with the complex nature of caseloads in relation to IP infringement. This ensures that both domestic and foreign litigants receive fair treatment.

On a mission to counter difficulties in obtaining evidence, the Supreme Court in China has given plaintiffs the rights to order the defendant to provide specific documentary evidence that is under their party's control.

With regards to minimal damages awards which turns businesses away in pursuing intellectual property charges in China, President Xi has ordered a major reform which aims at punishing infringements of IP rights and forcing infringers to pay a hefty price. This was reflected in



recent changes in policy change of the fourth Patent Law amendment, raising statutory damages awarded to the plaintiff. Average damage awards for patent infringement by the Beijing IP Court have been three-folded from 450,000 RMB (\$70,000) in 2015 to 1.9 million RMB (\$217,000) in 2019.

China in 2017 filed the most patents of any country in the world. Over 42% of patents was filed by China. In AI, China is already leading. Since 2014, China has led the world in the number of first patent filings in AI, followed by the US.

In an effort to create a better IP protection for both domestic high-tech companies and foreign companies, the Chinese government has made IP protection a priority in its 14th Five Year Plan (2021-2025).

While the system is far from perfect, the impact of recent reforms in protecting intellectual property rights should not be understated. The changes represent a positive trend in China's commercial environment. In order to better protect your intellectual property and enjoy protections brought by the latest reforms, it is highly advisable to register your IP in China in both English and Chinese languages before you enter the Chinese market. ([link](#)).

Step 4: Partnerships



No matter if you decide to do export business, set up a JV (joint venture), branch office or WFOE (wholly owned foreign enterprise in China), it's important to consider partnerships with local digital tech companies, suppliers, sales/distribution, manufacturers, investment firms and governments.

If you don't have a local team initially, you will rely on local partners to help you manufacture and sell your products. Selecting the right partners will be paramount for your success. As China is huge, no single distributor can claim they can reach every part of the country. Find multiple distributors and distribution channels to represent you.

Even if you intend to hire a local team at a later stage, partnerships with relevant industrial parks, incubation/accelerator centers, digital tech companies, suppliers and governments are still crucial for you to be integrated into the local ecosystem and always stay up to date.

It's often underestimated by foreign companies the required human resources and capital required to succeed in China. Having a foothold in the Chinese market isn't cheap as some may have imagined and isn't for the heart fainted. Depending on where you plan to set up your company, the cost of employees can be as expensive or even higher than the cost of employees in some Eastern European countries ([link](#)).

Partnering with Chinese investors and institutions regardless if they are private, SOE or governments can help you gain access to contacts which are critical for your business.

Selecting investors that match your requirements and are experienced in your sector isn't an easy task. As you may have known, a lot of relationships in China are built on trust. And building trust takes time.

Although a compelling pitch deck is the basis for funding, firstly you need to access a pool of investors who are interested in your business idea. "Guanxi" – or relationship network is the only way to get the attention of potential investors.

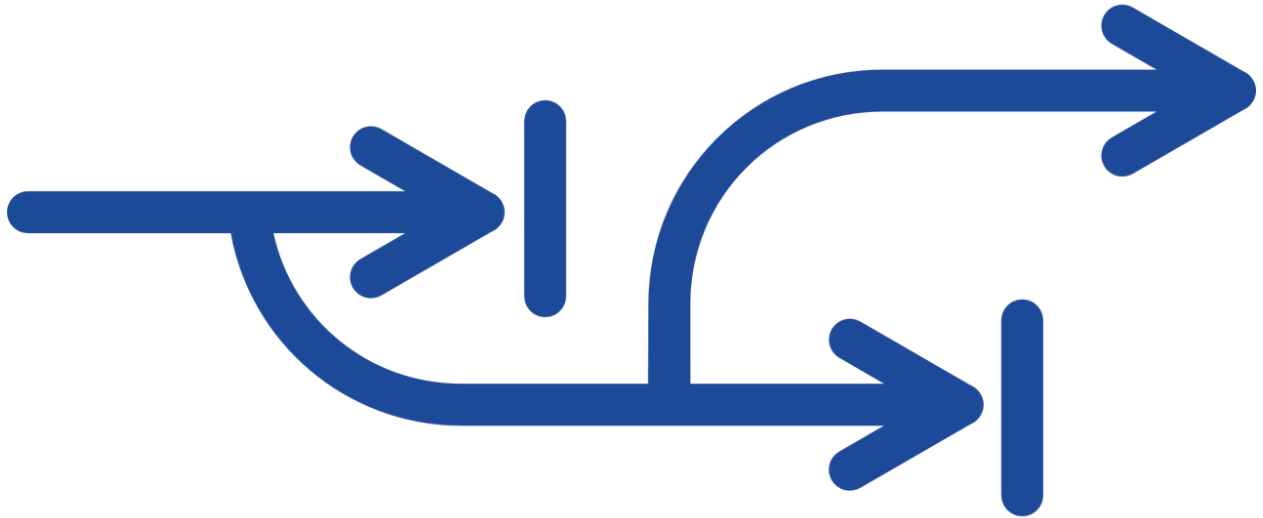
Leveraging a local incubation center, accelerator center or technology/industrial park is also a good option to help you gain access to capitals. Alternatively, you can use an investment search agent.

Chinese government plays an important role in your business in China. Its policies may favorably or unfavorably impact your business. Being up to date about the laws and regulations and having a local specialist to guide you throughout your expansion is very important.

All in all, finding a partner to leverage its resources and network in China not only can ease your way in to the market, but also saves time and effort which will increase the chance of success for your expansion.



Step 5: Constantly adapting your strategy / go at China speed



Chinese markets change rapidly at all levels, regulation, consumer behavior and enterprises.

When Pinduoduo (a Chinese discount e-commerce company) was launched in 2015, there was little room for a new e-com platform in China as Alibaba's Taobao & TMall as well as JD.com dominated the entire e-com market in China, just like how Amazon dominates the e-commerce industry in the U.S.

5 years later, Pinduoduo has more active users than Alibaba's brands although they have less sales.

Pinduoduo's business model focuses on social commerce and gamification. Shopping is fun and you can invite your friends to play games and shop together on Pinduoduo.

It offers huge team discounts when a buyer enrolls a group of friends to purchase the products together.

Using AI algorithm, Pinduoduo presents the users the products that they're likely to like instead of letting users do their own search.

It embraces the consumer to manufacturer model in order to offer their clients huge discounts. For example, during its one-day campaign in China's Hebei province in 2018, it has sold more than 165 tons of garlic directly from the farmers and the price is 76% less than the garlic price in the grocery store!

If you want to stay ahead of the game, better be open-minded, flexible and willing to adapt your product, service and brand strategy as the market changes!

