

Why China Still Can't Build Global Brands *by Willem Smit and Michael Sorell*

Many economists argue that competitive nations' trade relationships foster strong global brands by exposing homegrown products to foreign markets. That would position China to become a brand powerhouse—but the fast-growing economy has no brands on Interbrand's global top-100 list. Neither

do Australia, Norway, and Ireland, for example, even though IMD's World Competitiveness Center gives them high competitiveness scores. One reason China lacks brand power is its B2B focus. Most of the 34 Chinese companies in the *Fortune* Global 500 sell to businesses, and building

brand recognition is much harder for B2B firms than for consumer companies. Given their current position, Chinese brands are unlikely to be dominant anytime soon—even if China's economy becomes the world's biggest.

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CULTURE *by Erin Meyer and Elisabeth Yi Shen*

China Myths, China Facts

Chinese business culture is unique, but not in all the ways outsiders tend to assume. To identify the most common myths, we interviewed dozens of North American and European expats as well as some Chinese managers now working in the West, all of whom have spent at least three years doing business in China. Our research uncovered three principal myths, perpetuated informally through stereotypes and formally through management-training programs.

Anyone working with the Chinese will find a multifaceted, fast-changing culture. As one respondent notes, managers can tap Eastern and Western strengths alike by learning the nuances of both business cultures and developing the flexibility to work in either one. “The Chinese will often pop in to see you with no appointment,” says one executive. “I’ve learned I can do this, too. If I have 30 minutes to spare, I just make a quick call from a taxi and visit someone working in the area.”

to plan. Things change the night before: speakers, topics, even venues. But it all always ends up working out fine.”

The part of the myth that's true: Business relationships and government policies are both built for the long term.

Myth: Risk aversion

Reality: Risk tolerance

“In the West we like to debate something, print it out, debate it again, do some analysis,” says British logistics executive Michael Drake. “But in China it’s, ‘Right, we’ve decided, boom, off we go!’” Many participants believe the appetite for risk is tied to growth. Edith Coron, a French intercultural consultant and coach, says, “In an environment where GDP is growing at over 10% a year, it’s understandable that the level of entrepreneurship and risk taking should be so high.” Chinese manager Wei Chen confirms, “We don’t want to lose a single minute. We have a lot of confidence, and we are very comfortable with risk.”

The part of the myth that's true: Chinese workers often hesitate to give individual opinions or brainstorm openly when more-senior people are present. ▾

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Myth: Collectivism

Reality: Individualism

Wei Chen, a Chinese manager in Paris's luxury goods sector, attributes the rise in individualism to citizens' suppression for many generations: “As a child I was punished for stepping out of the box and told to ‘be average.’ But we have left this mentality with a passion. In China, we are so eager to move ahead. Westerners often feel our style is pushy and aggressive.” An executive at a Canadian pharmaceutical company points out, “There is an intense self-interest [in China]—more important than company, community, or nation. It is like nothing I have experienced in the West. The U.S. is generally considered the most individualistic part of the world, but it has nothing on China.” Interview subjects cited the Cultural Revolution, the one-child policy, and mass migration to big cities as factors in the unraveling collective spirit.

The part of the myth that's true:

Decisions are often made in groups, and the Chinese are highly skilled at working in teams.

Myth: Long-term deliberation

Reality: Real-time reaction

Managers unanimously indicated that the speed of decision making and execution in China is extraordinary compared with the West, where “we spend time trying to predict the future and getting it wrong,” says Frédéric Maury, a French executive in technical services. “In China no one thinks about the future.” That’s hyperbole, perhaps, but a manager who has worked for the World Bank in China for a decade agrees with the sentiment, saying that ad hoc logistics are quite common but amazingly well executed. “I’ve attended dozens if not hundreds of workshops in China, and not one has gone according

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