

# China visit

## Les Proberts China impressions Nov 2009

Recently I had the pleasure of spending 2 weeks in China on business. While I have been lucky enough in the past to have travelled throughout Asia and a lot of the world in my travel industry days this was my first real visit to mainland China and it was an amazing and unforgettable experience.

My visit was to learn more about Technoform a global leader in the window industry with manufacturing plants in China, Japan and Hong Kong and in fact around the world. I am working with Technoform helping them launch their world leading technology in the Fenestration (window industry) to the Australasian industry.

I thought some of you may enjoy reading some of my thoughts and impressions about the opportunities in China as no doubt in the future China will play an even bigger part in the world and in all our lives.

### Impressions

One reads so much about the huge development going on in China but to see it first hand is very impressive. The overwhelming feeling is one of massive development with huge infrastructure developments going on everywhere, a significant pollution issue in terms of air quality and people..... just so many people everywhere.

We arrived at Shanghai airport (departing NZ at midnight Friday a 12.5 hour pleasant flight, I had 3 seats to myself so could stretch out arriving 45 minutes late at around 7.45am Saturday) We came from clear blue sky's through a huge blanket of fluffy white clouds that we just skimmed over for ages it was an amazing sensation and we came out the other side to grey skies with very poor visibility. The airport was modern and very efficient and interestingly due to the bird flu virus all customs and officials were wearing masks. The airport is huge modern and very efficient.

My Technoform driver was waiting with my name on a banner and the transfer via a modern VW to Suzhou was 2 hours all the way on very modern motorway in most parts 4 and 5 lanes wide. The amazing thing was that alongside this massive motorway a second motorway was being built on stilts. (Imagine 6 lanes each way from Auckland to Hamilton) Everywhere there is a massive amount of new roadway and infrastructure development going on and most motorways were tolled (we must have gone through 4 or 5 toll ways)

I was taken to a very nice western style hotel the Landmark Skylight Pearl Hotel. It had free very high speed internet (YouTube was barred but I could watch Top gear from the UK streamed online via the BBC) and CNN on TV.

Suzhou is an extremely attractive city. The old city is ancient dating back over 2500 years to the Ming dynasty but the new city is an incredibly modern well planned city that started building 15 years ago as a

JV with the Singapore government. Suzhou is 42% covered by water and is referred to as the “oriental Venice”. It has many attractive parks, streams, lakes and many trees. There are also modern sculpture pieces scattered throughout the city parks. At night the city really lights up with buildings everywhere showcased via lighting including some amazing neon. Even the parks have trees that light up and the street lighting is astonishing

With a population of around 5.9m people (2.17 m in the city itself) many streets are wide..... 4 lanes with a further 2 lanes dedicated to bicycles and motor scooters (zillions of these) in many cases the centre strip is planted with trees and also the roads are edged with trees which makes a very attractive and clean layout. There are very modern high rise apartments everywhere 30 – 50 stories but in nice planted settings. The architecture is stunning very modern and Western in style.

The traffic is amazing especially in the old city which is totally jammed. Pedestrian crossings mean nothing (seems you get extra points for hitting a pedestrian on a crossing) Scooters and these amazing electric bikes (you can buy one for under NZD 300) are everywhere so crossing the road is an “adventure” every time you cross it. Parking seems totally haphazard with cars regularly parked across pedestrian crossings

Eating is a big deal. There are restaurants and stalls everywhere. Just about every type of food you can imagine, surprisingly there was a huge Mexican restaurant next to my hotel. Food and transport are very reasonably priced and taxis are numerous and can be hailed in the street, have metered fares and are very cheap by our standards.

I visited a large hypermarket not far from my hotel one. Sunday. It was absolutely packed, I have never seen so many people in one place and it had unbelievably 110 check outs! It sold everything (from motorbikes to toads!) but what fascinated me was the wet fish area. They had tanks of live fish, live turtles and these huge ugly toads (which apparently are excellent eating tasting like chicken), live eels and every sort of fish you could imagine. The store was so large some supervisory staff were actually on roller blades! A big issue for nz companies selling into the Chinese market is simply coping with the massive volume. A niche strategy is probably the only realistic answer.

China is a shoppers paradise! People in the streets were fashionably dressed, the shops ran from small stalls to massive very modern department stores the range of restaurants huge! From the flashiest of cars to ancient rickshaws the contrasts everywhere are amazing

Some prices are amazingly cheap like knock off CD's for \$3, DVD's from around \$1, mens designer shirts for \$10, brand name leather handbags under \$50, good shoes for \$50 - \$75 but a lot of smaller sizes! While in Shanghai within walking distance of my hotel was a 5 story department store but it was divided into hundreds of independent stalls each around 6\*3 metres full of traders selling everything you could think of. Many were replicas of famous brands but of very surprising quality. Tailors who make made to measure suits overnight, lots of pearls (at very good prices Suzhou is a famous pearling area) every type of clothing you could think of, travel goods, watches and jewellery. They love to bargain (as I do!) and my proven bargaining technique follows :

- 1) Make your list of what you want. Don't get distracted (which is very easy to do) and concentrate on what you want to buy
- 2) Visit several stalls and listen to other people bargain for the item you wish to buy. Establish the going local rate in local currency. You need to visit at least 3 stalls to get a feel for rates. Don't bargain at this point just listen to other people ....you can always return.
- 3) Offer a price about 30-50% cheaper than the best price you have heard for the item. The store owner will then come back with a price in local currency displayed in a calculator. Throw your hands up in horror come up a little and let them come back several times.. When you have got them as low as they are willing to go walk out, hang firm. They hate to lose a sale and will chase you and come back with a "last offer" . Close your deal. Its lots of fun

If you don't like bargaining there are plenty of large fixed price department stores. Some things are surprisingly expensive. As an example I am a tool nut and thought well if Bunnings buy their stuff from China its got to be cheap in store there. I visited a huge B+A store but was surprised to find many items more expensive than at home. Apparently the Chinese shop in Do it yourself stores but as labour is cheap get professionals to do the work.

The one child policy is very evident. You see Mum and Dad (and often grandma and grand dad dotting on children in stores and parks. They are referred to as "little emperors!" There is still a very strong tradition of looking after extended family and a very big emphasis on education with a growing 76% literacy level amongst the adult population. One thing that did surprise me is that apparently the Chinese are now encouraged to retire at 50 -55 years to help young peoples employment. It is mandatory for women to retire at 55 and men at 60.

Shanghai is Chinas biggest city. It is one of the worlds biggest ports and is growing at a break neck speed as the city gears up for the world expo in 2010. The famous Bund is a fascinating area. This was the gateway to China for Western countries and beginning last century , Britain , France and Germany had large compounds and built magnificent buildings all trying to outdo each other trading tea and opium. The city was known as the wickedest in Asia. Today these old buildings form a backdrop across the river to magnificent modern skyscrapers. The downtown shopping area is very modern, lovely big open pedestrian malls, digital signage is very prominent and the underground metro is very modern and efficient with signage in Chinese and English

World Expo begins in Shanghai May 01 2010 and will run for 184 days finishing Oct 31. The theme is "Better city better life" and around 200 countries are expected to participate (NZ will have a substantial presence) and the expectation is for 70 million visitors. It will be a truly amazing event.

This really is a country of opportunities and when you consider that China is now home to a quarter of the world's population and has a rapidly growing aspirational middle class you can see why it really is the economic engine room of the world. They expect GDP to grow of 8% next year (recession what recession!) and the sheer scale of everything is simply astonishing .

Shortly China will be the worlds biggest motorcar market overtaking the USA, there are already 860 million cell phones in circulation (the cell phone shops are everywhere and astonishing in their choice of phones)and before long China will be the world's largest English speaking nation

As I keep saying its getting into your head how big the place is and how many people but the following helps a bit to understand it. According the People's Daily Newspaper, China had more than 660 cities by the end of 2002, of which 10 had populations of more than 4 million each in the urban area; 23, between 2 and 4 million; 138, between 1 and 2 million; 279, between 500,000 and 1 million; 171, between 200,000 and 500,000; and 39, less than 200,000.

In the USA there are 9 cities of over 1m people , In the UK 2 cities, In china 171 cities have over 1m people!

Every month they sell 900,000 cars

There are now 338m internet users (the worlds largest number) and the country has 287 TV channels!

And here's a good one if you if you had a t shirt design and sold it to only 1 person in 1,000,000 people you still would have sold over 1300 t shirts!

My impressions of Suzhou were nothing but positive a most attractive and fascinating city with the contrast of the very ancient and the totally modern

The industrial park where Technoform is located was situated was a 30 minute bus ride away from the city where people live. The company runs a dedicated bus service for employees morning and night as do most companies. A substantial hot meal was supplied free to all workers every day. The factory was modern and immaculate, the offices comparable to anything in the West with very fast broadband coffee machines and even a tea lady. Again the industrial park is attractive and well planned with modern plant and lots of trees .There are some huge factories here such as Samsung who have 3 large facilities in Sushou, 3M, Bosch, Fuji film, Diako etc

Staff were without fail extremely friendly and helpful and many speak very good English. The training programme they devised was excellent giving a very good overview of the company the culture and the philosophy. Everyone is very proud of Technoform and the culture throughout the business was exceptionally positive . There is obviously a very genuine desire to be the best , have a zero defect policy. Quality features very highly in everything the company does and this seemed to be true in most of the places I visited.

## **SUMMARY**

China is currently an extraordinarily exciting place. The rate of progress is astounding and there is a real "can do" attitude. People are friendly and English in the cities is fairly widely spoken. The contrast of tradition and modernity is everywhere. I was constantly surprised at the level of sophistication. The shopping value is incredible (you could fund a trip on the shopping savings) and Expo 2010 is an added reason to visit.

The market is huge and for progressive and innovative NZ businesses there are fantastic opportunities.

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