

CHINA PRE-TRIP

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As I was reading the New York Times this morning, I came across an article criticizing a video “reenactment” Tiger Wood’s car crash made by Hong Kong- based Next Media.¹ The video takes whatever facts are available in a given story and simply make up the rest. What’s more, the company turns out about 20 videos a day, mostly on local Taiwan and Hong Kong stores. They employ a staff of writers, animators, and even actors which they capture the motion of. I have never heard of this company before today.

There is a large news industry in America, and that is what I hear. When I travel abroad, I can find other English language sources. The Economist, published in Britain, presents an international point of view on global trade and development. CNN International, which I get a chance to watch on cruise ships, is very different from domestic CNN. Some shows are the same from the domestic network, but many stores are reported from an international point of view. Stories are in a 7 minute format; whereas the US networks have stores which seem to be a maximum of 3 minutes. Even these short stores are being replaced by prime-time opinion mongers such as Keith Olberman and Bill O’Reily. And these are the sources in English. I know nothing about what the Chinese or Japanese media reports due to the language barrier. It’s very important to get an international perspective if you care about global trade.

One of the best ways to familiarize oneself with an international perspective is to actually visit. I can spend an hour reading architectural plans for a complex site, but everything becomes

¹ http://www.nytimes.com/2009/12/06/business/media/06animate.html?_r=2&hp *In Animated Videos, News and Guesswork Mix.* December 5, 2009

much clearer the minute I step on it. Pictures help, but they are only taken from certain perspectives. You need to look around the corner to get the real story about how something is built. Tool such as Google Earth and Google Street View help ² However, I find that they best used after visiting to retrace your steps. Then you can use the internet to find the history of the places you visited.

The United States owes a lot of money to China. This gives China more influence than it ever had. Many news articles take some time to joke about this. An article about a panda from the national zoo being sent back mentioned that “the U.S. doesn't owe the Chinese just a handful of black and white bears but about 800 *billion* in greenbacks -- the news lends itself to snarkiness.”³ Recent articles about the war in Afghanistan talked about how the surge of additional troops will be funded by money borrowed from China. In the long term, we are going to have deal with these issues.

China is in a period of rapid economic growth for good or for bad. It takes China less time to build a highway than it takes the US to file the final paperwork to start to build one. The Chinese government is eager to tear down traditional houses to build new Opera houses or stadiums. That sort of spirit was last seen in the United States in the 1960s. From those projects which indiscriminately tore down everything in their path we are left with such jewels as the Central Artery and Government Plaza in Boston. Today those projects have been replaced, or are planning on being replaced by new developments which are built on a human scale.

² <http://maps.google.com/maps?ll=39.902314,116.38487&z=16&t=h&hl=en>

³ <http://www.sphere.com/2009/12/04/opinion-as-butterstick-goes-so-goes-the-nation/>

And this rapid expansion is not just in China. Time Magazine has a story this week about state run companies making large investments in Papua New Guinea.⁴ These investments come in so large and so fast, the people are often ignored. The governments are happy about the money coming to them, but the locals are feel that they are shut out and that the Chinese took over their country. Almost everything is imported from China, including the labor. The Chinese don't care much for the local laws; every few months hundreds of Chinese workers are busted for working illegally, while other Chinese open stores without the proper permits. A Chinese-born engineer working on the mining project make statements about the natives not seen in the west since World War II; "the natives were completely uncivilized and running around almost naked. All they do is chew betel nut and act lazy, they don't know how to work hard like we Chinese do." The Chinese have no problems dealing with another autocrat governments and corrupt officials, as long as they make money.

Doing business with Chinese companies is not as easy as doing business with the companies in the US. Where can you find out who is selling what. How do you know who to trust? Some websites, like Alibaba.com, have been set up to help connect US wholesalers to Chinese manufacturers. In fact, many US companies are simply importers and marketers of products manufactured under contract in China. In some cases, they may even outsource the engineering of their product to companies such as Quanta. In that case, all they do is the marketing and reselling to retailers. In the future, I may own or work for one of these companies.

In addition, I want to find out what makes a consumer brand successful in China and how that differs from the United States. Because I live in the US, Apple products make perfect sense to

⁴ <http://www.time.com/time/magazine/article/0,9171,1943087,00.html>

me. Nokia has not had much success in the United States. I always scratch my head at the latest priority format from Sony. A television sold on Alibaba is advertised with the image of a woman wearing little clothes standing in front of a Mercedes.⁵ A US company would not advertise their products in such a way. The same out of the ordinary imagery can be found in the dollar store on products purchased directly from Chinese wholesalers. Would the same thing be acceptable in China? What images are needed to sell it in China? A cute mascot? Do the Chinese care about quality? Support? A brand?

It is clear that China will play increasingly larger role in the world. It has plenty of money to loan to the United States and invest worldwide. It makes these changes at blinding speed, without regard for the rights of others or history, or the environment. We cannot trust our media to provide a fair coverage of these changes; regardless, personal experience is the best way to learn about something. I may someday be looking for Chinese partners to build my physical products. I do not want to go in blindly. In addition, I may be someday selling my products in China and around the world. In order to do this, I must understand what makes sells in China.

⁵ <http://wholesale.alibaba.com/product-gs/261169729-1-DIN-GPS-Media-Player-with-7-Inch-Touch-Screen-and-DVB-T-wholesalers.html>